

The Economist

WEEKLY COMMERCIAL TIMES

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

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

INDEX TO VOLUME CXIII.

BEING FROM JULY TO DECEMBER, 1931, INCLUSIVE.

LONDON:

PUBLISHED AT THE ECONOMIST OFFICE,
8 BOUVERIE STREET, FLEET STREET, LONDON, E.C. 4.

MCMXXXI.

INDEX TO THE ECONOMIST

FOR THE HALF-YEAR ENDING DECEMBER, 1931.

(L) = LETTERS TO THE EDITOR.

(R) = REVIEWS OF BOOKS.

ACCOUNTANTS. Incorporated Accountants' examinations, 30

Abbey Road Building Society. Dividend rates, 1209

ABNORMAL IMPORTATIONS ACT, 1931, 952, 993, 1923, 1060, 1220, 1221

Aerated Bread Co. Accounts, 1025, 1085, 1154

AFRICA, EAST. Report on closer union, 854

African and European Investment Co., Ltd. Meeting, 37

Agar, Cross and Co., Ltd. Meeting, 1202

AGRICULTURAL CREDIT. Foundation of International Agricultural Mortgage Credit Co., 9

AGRICULTURE. Mr Baldwin on tariffs, 214
League report on the world crisis, 257
Quota and protective measures, 950, 1000, 1062, 1166

United States: Estimated cereal crops, 265

Value of British produce, 1925-30, 704

Ailsa Investment Trust, Ltd. Meeting, 138

ALCOHOL. Industrial alcohol and the Distillers Co., 135, 140

Allsopp (Samuel) and Sons, Ltd. Accounts, 1247; meeting, 1204

Amalgamated Dental Co., Ltd. Accounts, 48; meeting, 88

AMERICA, SOUTH. Banks: Anglo-South American Bank. Accounts, 656, 704; meeting, 778

— Bank of London and South America, Ltd. Meeting, 1200

Bonds outlook, 774

Defaults and prices, 524

Economic report, 778; *Monthly Supp.*, 4, 12, 20, 28, 36, 44

Exchange restrictions, 895

Foreign relations: U.S.A. policy, 346

Railway results, 135

Sovereignty question, Gran Chaco, 62

American Telephone and Telegraph Co. Accounts, 1248

Anglo-Argentine Tramways Co., Ltd. Accounts, 136, 150, 983; moratorium, 1139

Anglo-Dutch Plantations of Java, Ltd. Accounts, 84; meeting, 191

Anglo-Ecuadorian Oilfields, Ltd. Meeting, 1036

Anglo-Foreign Newspapers. Accounts, 321; meeting, 363

Anglo-Oriental Mining Corporation, Ltd. Accounts, 34; meeting, 38

Anglo-Persian Oil. Dividend and share offer, 1026

Anglo-Siam Corporation, Ltd. Accounts, 1211

Anglo-Spanish Construction Co., Ltd. Meeting, 241

Ansells Brewery, Ltd. Accounts, 983; meeting, 1091

Aramayo. Accounts, 85

ARGENTINA. Economic report, 22, 224, 306, 569, 664, 866, 1129

Politics: Elections, 900, 1060

Railways: Investment outlook, 75, 403, 818

— Labour position, 825

Argentine Great Western Railway Co., Ltd. Meeting, 927

Argentine Land and Investment Co., Ltd. Accounts, 727

ARMISTICE DAY, 899

ARTIFICIAL SILK. Review of position, 184

Assam Railways and Trading Co., Ltd. Meeting, 780

Associated British Cinemas, Ltd. Meeting, 451

Associated Electrical Industries, Ltd. Board changes, 835

Associated Portland Cement Co. Purchase of "Red Triangle," 283

Atlas Electric and General Trust, Ltd. Accounts, 834, 876

Aurochs Investment Co., Ltd. Accounts, 924

Austin Motor Co., Ltd. Accounts, 672, 682, 683

AUSTRALIA. Banks: General review of situation, September, 1931, 1063

— Returns, 471

— Australian Bank of Commerce, Ltd. Accounts, 246; merger, 539, 884

— Commercial Bank of Australia, Ltd. Accounts, 247

— Commercial Banking Co. of Sydney, Ltd. Accounts, 247; *opp.* 688

— Commonwealth Bank report, 559

— National Bank of Australasia, Ltd. Accounts, 95

— Union Bank of Australia, Ltd. Accounts, 151; meeting, 241

Economic report, 311, 320, 513, 762, 898, 1030, 1137

Finance: Budget, 114

— Debt conversion, 305, 320, 389, 405, 427, 485

Politics: Election result, 1225

— New South Wales and Mr Lang, 234, 320

AUSTRALIA (continued):—

Politics: Scullin ministry defeated, 1002

Securities, outlook for, 965

Stocks, improved values, 725

Trade returns, 513

Australian Mercantile Land and Finance Co., Ltd. Accounts, 973, 981

AUSTRIA. Banks: Credit Anstalt, support schemes, 16, 166, 758, 1062

— National Bank returns, 42, 91, 146, 195, 244, 329, 368, 449, 491, 536, 583, 631, 679, 731, 783, 881, 930, 979, 1039, 1095, 1150, 1206

Economic report, 174, 432, 564, 614, 660, 710, 758, 803, 807, 859, 907, 957, 1008, 1068, 1123, 1178

Foreign relations: Customs Union with Germany, Hague decision, 468, 474

Automatic Telephone Manufacturing Co. Share purchase, 136

B

BAKING INDUSTRY. Price question, 168

BALKAN CONFERENCE, 802

BANK FOR INTERNATIONAL SETTLEMENTS. Accounts, 90, 288, 490, 678, 929, 1149

Board meeting, November, 1931, 901

Foreign exchange restriction conference, 804

Position in the world crisis, 1931, 644

BANKS, GENERAL.

BANKING SUPPLEMENT, October 10, 1931

Advances analysed, 1929-30, 114

Bankers, political attacks on the, 701

British banking and the crisis, 1931, *Bank Supp.*, October 10Clearing returns, 41, 90, 145, 194, 195 (monthly), 243, 288, 327, 328 (monthly), 367, 408, 448, 490, 534, 535 (monthly), 582, 630, 678, 729, 730 (monthly), 782, 830, 880, 929, 931 (monthly), 978, 1038, 1094, 1149, 1205, 1206 (monthly), 1244; *Monthly Supp.*, 8, 16, 24, 32, 40, 48

Clearing returns: analysis, 1919-31; 114

Dividends, interim, 81

Macmillan Committee report, 106, 108, 114, 133; *Banking Supp.*, October 10Notes in circulation (various countries), *Monthly Supp.*, 6, 14, 22, 38, 46

Notices, 45, 93, 148, 197, 246, 291, 331, 370, 451, 495, 538, 585, 676, 681, 728, 785, 834, 934, 981, 1041, 1098, 1153, 1209, 1246

BANKS, GENERAL (continued):—

Rates, 43, 92, 147, 196, 245, 289, 329, 338, 410, 449, 493, 537, 584, 632, 680, 732, 784, 832, 881, 932, 980, 1040, 1096, 1151, 1207, 1245; *Monthly Supp.*, 8, 16, 24, 32, 40, 48

Review of first half-year, 1931, 161

World financial crisis, 1931, 644; *see also* ECONOMICS: world crisis

Bank of England: credit of £50 millions (France and U.S.A.), 256, 275 (L), 312 (L), 421, 559, 605, 751, 851

— Discount rate, 165, 215 (4½ to 6 per cent.), 556

— Weekly return, 41, 90, 145, 194, 242, 288, 327, 366, 408, 447, 490, 534, 582, 630, 678, 729, 782, 830, 879, 929, 977, 1037, 1094, 1149, 1205

Bank of London and South America. Accounts, 1064

Barclays Bank, Ltd. Accounts, 150

British Overseas Bank, Ltd. Accounts, 1064, *opp.* 1104, 1154, 1174; meeting, 1195

Commercial Bank of Scotland. Accounts, 1119

District Bank, Ltd. Accounts, 94

English, Scottish and Australian Bank, Ltd. Meeting, 1030

Lloyds Bank, Ltd. Accounts, 150

Martins Bank, Ltd. Accounts, 94

Midland Bank, Ltd. Accounts, 197

National Bank of Scotland, Ltd. New branch, 495; accounts, 1153, 1174; meeting, 1201

National Provincial Bank, Ltd. Accounts, 94

Royal Bank of Scotland. Accounts, 954, 982; meeting, 1003, 1028

Westminster Bank, Ltd. Accounts, 94

Williams Deacons Bank, Ltd. Accounts, 150, 331

Barclay, Perkins and Co., Ltd. Meeting, 39

Barrow Haematite Steel Co., Ltd. Meeting, 187

Bass, Ratcliff and Gretton, Ltd. Accounts, 972, 981

BEER. Taxation position, 1062

BELGIUM. Banks: Banque Belge pour l'Etranger. Accounts, *opp.* 988, 1005

— National Bank returns, 42, 91, 146, 244, 289, 328, 367, 409, 448, 491, 535, 583, 631, 679, 730, 783, 831, 881, 930, 979, 1038, 1095, 1150, 1206

Economic report, 222, 566, 810, 1011

Belgo-Canadian Pulp and Paper Co. Position in Canadian company, 286

Bellman (Mr H.) Building societies and prudent lending, 1136

Bentley Motors, Ltd. Rolls-Royce purchase, 1086

Beveridge (Sir W.). "Tariffs," 696 (R)

Bevin (E.) and Cole (G. D. H.). "The Crisis," 701 (R)

Birmingham Small Arms Co., Ltd. Accounts, 982, 983

Bisichi Tin Co. (Nigeria), Ltd. Accounts, 365; meeting, 407

Blakeslee (G. H.). Foreign interests in China, 752

Blue Cross Line. Issue, 406

Bonn (Dr. M. J.). Money and depression, 167

Bonn (Dr. M. J.). Review of the essentials of the German financial situation, 104

Bovril, Ltd. Service arrangements by Estates Control, Ltd., 39

BRAZIL. Finance: Reforms, 168, 210, 443; redemption of debts suspended, 443, 625, 773

Stocks and the Niemeyer report, 235

BREWING INDUSTRY. Company profits, 1137; taxation of beer, 1062

Shares and taxation, 1184

British American Tobacco. Accounts, 1240

British Burmah Petroleum Co., Ltd. Meeting, 1146

British Celanese, Ltd. Accounts, 826, 834, 875; bond redemption proposal, 321, 404

British Columbia Power Corporation, Ltd. Dividend tax relief, 96

BRITISH EMPIRE. Economic report. *Monthly Supp.*, 4, 12, 20, 28, 36, 44

Gold standard and the Dominions, 699

Monetary and financial policy, 855

Statute of Westminster, 946, 1000

Trade relations and Mr Thomas's tour, 950

British International Pictures, Ltd. Accounts, 364; meeting, 325, 451

British Metal Corporation. Control of Huntington, Heberlein, 247

British Oak Insurance. Accounts, 472

British Steamship Investment Trust, Ltd. Meeting, 240

Broken Hill Proprietary. Accounts, 777

Broken Hill South. Accounts, 1140

Brooks (Collin). "Something in the City: men and markets in London," 665 (R); "This tariff question," 964 (R)

Brown (John) & Co., Ltd. Accounts, 33; meeting, 35, 37

BUDGET (SECOND), 1931, 460, 485, 503, 511, 521 (L)

Buenos Aires Great Southern Railway Co., Ltd. Accounts, 777; meeting, 829

Buenos Aires and Pacific Railway, Ltd. Meeting, 878

Buenos Aires Western Railway Co., Ltd. Accounts, 776; dividend, 403; meeting, 829

BUILDING SOCIETIES. Question of prudent lending, 1136

BULGARIA. Banks: National Bank returns, 43, 91, 195, 244, 329, 410, 449, 492, 583, 632, 680, 784, 832, 931, 979, 1039, 1096, 1151, 1207, 1245

Economic report, 354, 715, 961

Finance: 7 per cent. Settlement Loan, 1926, 48

Politics: elections, 13

— Malinoff ministry, 64

BULLION. Weekly returns, 44, 93, 148, 197, 246, 290, 330, 369, 411, 450, 493, 537, 585, 633, 681, 733, 785, 833, 882, 933, 981, 1041, 1097, 1152, 1208, 1246

BURMA. Round Table Conference, 387, 1001, 1171

Burma Corporation. Accounts, 974

Burns (Dr. C. D.). "Civilisation on trial," 226 (R)

Burton (Montague), Ltd. Accounts, 626, 634

Butler (H. B.). "Unemployment problems in the United States," 163 (R)

C

Cables and Wireless, Ltd. Accounts, 184, 248, 774; meeting, 239. Review of its organisation, 228

Calico Printers' Association, Ltd. Accounts, 404, 538

Cam and Motor Gold Mining Co., Ltd. Accounts, 726; meeting, 780

Camp Bird, Ltd. Meeting, 1201

CANADA. Banks: Bank of Montreal. Accounts, 150, 1098

— Returns, 243, 409, 582, 783, 1038

The Beauharnois affair, 301

Census, 1931, 1173

Economic report, 71, 175, 272, 355, 476, 568, 761, 912, 1072, 1234

Export of gold prohibited, 752

Railway problems, 998, 1112

Stock market report, 233, 402, 445, 576, 772, 873, 1022, 1239

Trade: anti-dumping duties, 1004

Wheat pools, 169

Canada Power and Paper Co. Reorganisation, 286

Canadian Eagle. Accounts, 827

Canadian Pacific Railway. Accounts, 971

Cannan (Dr. E.). Population problems, 609

CAPITAL. British overseas assets, 342, 434 (L), 510

Holding companies abroad, 650

Issues, revival in new, 1024

Issues. Weekly report, 35, 34 (monthly), 85, 137, 187, 237, 286 (monthly), 286, 322, 365, 406, 446 (monthly), 446, 488, 532, 559 (nine months, 1912-13, 1928-31), 580, 627, 675 (monthly), 676, 727, 777, 828, 876 (monthly), 877, 926, 975, 1027, 1087, 1139 (monthly), 1141, 1194, 1223 (review of 1931), 1242; *Monthly Supp.*, 8, 16, 24

Use of our income from foreign investments, 510

CAPITALISM. State monopolies in Yugoslavia, 343

Carreras, Ltd. Accounts, 1138; meeting, 1243

CEMENT. Associated Portland Cement buying "Red Triangle," 283

CENSUS, 1931, 60

Central Argentine Railway, Ltd. Accounts, 726; meeting, 781, 878

Central Uruguay Railway Co. of Monte Video, Ltd. Meeting, 1199

Charterhouse Investment Trust, Ltd. Accounts, 972, 982; meeting, 1093

CHILE. Banks: Central Bank returns, 43, 92, 147, 245, 289, 368, 492, 536, 584, 731, 832, 881, 932, 1096, 1151, 1207

Bonds position, 723

Finance: Review of position, 30, 183, 364, 398

Industry: Nitrate developments, 357

Naval mutiny, 468

Politics: Revolution, 214

CHINA. Bonds and Manchurian dispute, 723

Economic report. *Monthly Supp.*, 4, 12, 20, 28, 36, 44

Floods, 388, 510

Foreign interests, investments, trade, etc., 752

Foreign relations: Japan, 510

Politics: Developments July, 1931, 264, 510; developments December, 1170

CHINA (continued):—

- Politics: relations between Canton and Nanking, 802
- War in Manchuria, 510, 555, 605, 653, 852
- War in Manchuria and the League, 692, 750, 797, 892, 945, 999, 1058, 1116, 1164, 1225
- Chrysler Motor Corporation. New models, accounts, etc., 186
- City and International Trust, Ltd. Accounts, 684; meeting, 629
- CIVIL SERVICE. Royal Commission's report, 216
- Civil Service Co-operative Society. Harrod's purchase, 724
- CIVILISATION. "Civilisation on trial," 226 (R)
- CLOTHING. Ready-made trade, 64
- COAL INDUSTRY. Company results, 81
- Costs and proceeds first quarter, 1931, 14; costs and proceeds second quarter, 1931, 655
- Hours and wages: Negotiations, July, 1931, 14, 56
- Humber exports, 1003
- International conference on European export trade, 427, 655
- Poland: Exports, 805
- Production statistics (also LIGNITE). *Monthly Supp.*, 5, 13, 21, 29, 37, 45
- Reorganisation schemes, 114; report of Reorganisation Commission, 341
- Review of situation, 1930-31, 390
- Weekly report, 48, 96, 152, 199, 248, 293, 332, 373, 413, 452, 496, 540, 587, 635, 684, 735, 788, 837, 884, 936, 985, 1043, 1100, 1156, 1211
- COATES (Dr. W. H.). Taxation survey, 1173
- Cohen, Weenen and Co., Ltd. Accounts, 496, 578
- Cole (E. K.). Issue, 1088
- Cole (G. D. H.). Economic objectives of Labour policy, 697
- Cole (G. D. H.) and Bevin (E.). "The Crisis," 701 (R)
- Colne Valley Water Co. Charges reduced, 1248
- COMMERCIAL TREATIES. France and Irish Free State, 17
- COMMODITY MARKETS. Price developments and gold standard suspension, 558
- Price developments, 63; U.S.A., 156, 204, 219, 252, 296, 336, 376, 416, 456, 500, 544, 592, 640, 688, 740, 792, 840, 888, 940, 988, 1048, 1104, 1160, 1216
- Weekly report, 48, 96, 152, 199, 248, 293, 332, 373, 413, 452, 496, 540, 587, 635, 684, 735, 788, 837, 884, 936, 985, 1043, 1100, 1156, 1211, 1248
- COMPANIES. Accounts: Kysant trial, 211
- Directors' responsibilities, 916
- Dividend announcements, 46, 94, 149, 198, 248, 292, 332, 370, 413, 446, 488, 540, 634, 683, 733, 786, 834, 883, 934, 982, 1041, 1098, 1154, 1194, 1246
- Holding companies and their accounts, 25, 1131
- Holding companies abroad, 650
- Industrial shares and "anti-dumping," 1023, 1083
- Law reform suggestions, 275 (L)
- Notices, 47, 95, 149, 246, 292, 331, 372, 451, 495, 539, 682, 733, 787, 835, 883, 935, 984, 1043, 1098, 1154, 1247
- Preference shareholders' rights, 1075 (L)

COMPANIES (continued):—

- Profit and loss accounts, 47, 95, 151, 199, 247, 292, 332, 372, 412, 452, 495, 539, 586, 634, 683, 734, 787, 835, 884, 935, 984, 1042, 1099, 1155, 1210, 1247
- Profits of industrial companies, 33, 58, 236, 486, 625, 648, 682, 923, 1137
- Publicity of accounts, 1239
- Reserves, secret, 127, 134
- Secret reserves, 1023
- Share yields: Actuaries' index, 723
- Consett Iron Co., Ltd. Accounts, 96
- Consolidated Goldfields of South Africa. Accounts, 487, 1026; meeting, 1092
- Consolidated Main Reef Mines and Estate, Ltd. Accounts, 488, 497
- Consolidated Tin Smelters, Ltd. Meeting, 287
- Constable, Hart and Co. Accounts, 486
- CO-OPERATION. C.W.S. accounts, 65
- COPPER. American conference, 974
- Production and prices, 490, 827, 877, 1078, 1248
- Union Minière du Haut-Katanga, 1078
- Cordoba Central Railway Co., Ltd. Meeting, 246
- COSACH. Dividends postponed, 31; Lautaro Nitrate and bond service, 626, 925
- COST OF LIVING, 168, 348, 512, 753, 953, 1228
- Monthly Supp.*, 5, 13, 21, 29, 37, 45
- COSTS. Russia: Finances and reduction of costs, 60
- COTTON INDUSTRY. Crop. U.S.A., 64, 389, 470, 903, 1004, 1119
- Indian Budget, 1931, and Lancs., 607
- International Congress: Decisions, 14
- Lancashire and dumping, 952
- Lancashire industrial history, 1600-1780, 816 (R)
- Loom statistics, international 116
- Prices and production, 265, 306
- Prices and production: Regulation scheme abandoned, 654
- Prices and profits, 443, 522 (L)
- Production costs, 64, 168, 953
- Reorganisation schemes: More looms and labour problems, 14, 217, 347, 427, 470, 512, 558, 1002, 1053, 1119, 1167, 1171, 1227
- Review of second quarter, 1931 (Lancs.), 115; (September), 704, 855
- Spinners' scheme, 1931, 218
- Statistics, international, 470
- Weekly report, 49, 97, 153, 200, 250, 294, 333, 374, 414, 453, 497, 541, 588, 636, 685, 737, 789, 838, 886, 937, 986, 1045, 1102, 1157, 1212, 1248
- Courtaulds. Accounts, 184
- Covent Garden Properties Co., Ltd. Meeting, 240
- Crabtree (Mr J. A.). Business forecasting, 624
- CREDIT. Agricultural, international, 9
- Treasury credits from New York and Paris, 256, 275 (L), 312 (L), 421
- Crittall Manufacturing. Accounts, 1241
- Crocker (W. R.). "The Japanese Population Problem," 397 (R)
- Crosse and Blackwell, Ltd. Accounts, 185
- Crosses and Winkworth. Amalgamation, 530
- CUBA. Politics: Revolution, 346

- Cunard Steam Ship Co. Suspension of work on giant liner, 1169, 1190
- White Star negotiations, 1190
- CYPRUS. Disturbances, 798, 852, 952

- CZECHOSLOVAKIA. Banks: National Bank returns, 43, 146, 195, 244, 329, 409, 449, 492, 536, 583, 631, 679, 731, 784, 831, 931, 979, 1039, 1151, 1207, 1245
- Economic report, 353, 663, 714, 1012, 1233

D

- Dalgety and Co., Ltd. Accounts, 973, 982, 1024; meeting, 976
- DANZIG. Banks: Bank of Danzig returns, 92, 289, 492, 584, 680, 784, 931
- De Beers Consolidated. Accounts, 1140
- Debenhams, Ltd. Accounts, 538
- Debenhams Securities, Ltd. Accounts, 1246
- DEBTS, INTERNATIONAL. President Hoover's moratorium offer, 3, 55, 61, 80, 88, 103, 159, 207, 212, 213, 303, 305
- U.S.A. and war debts—the position summarised, 1163, 1219
- War debts due to Britain, 113
- DEMOCRACY. Economy and, 299
- Deaman Picture Houses, Ltd. Accounts, 1248
- DENMARK. Agriculture: problems and position after suspension of gold standard, 749
- Banks: credit policy, 705
- National Bank returns, 146, 328, 491, 679, 930, 1150
- Economic report, 565, 617, 761, 961, 1069
- Dennis Brothers, Ltd. Accounts, 1025, 1154
- DEPRESSION. "The way to recovery," Sir G. Paish, 313 (R)
- World crisis: an industrial diagnosis, 22 (L), 167. See also ECONOMIC SITUATION and ECONOMICS
- DISARMAMENT. Armaments, tariffs and confidence, 275 (L), 509
- Armaments trade, Signor Grandi's scheme, 852, 951
- British armaments returns, 387
- Comparative armament expenditures, 11, 105
- Franco-Italian naval conversations, 557
- Review of international position, 4, 105, 1052
- St. Paul's Service, 1171
- Distillers Co., Ltd. Arrangement with United Molasses Co., 135, 140
- Accounts, 82, 94, 135; meeting, 140
- DISTRIBUTION. United States and Europe: problems, 896
- Docks. Port charges, 427
- Wage cuts, 1118
- Dorman Long and Co., Ltd. Accounts, 1086, 1100, 1191. Branch opened, 451
- Drapery Trust. Accounts, 285
- DRUNKENNESS. Statistics, 1930, 349
- DUMPING. Soviet, 23 (R)
- Dunlop Rubber Co., Ltd. Stock transfer fees, 96

E

- East Surrey Water Co. Issue, 187
- Eastbourne Corporation. Interest warrants, 1153
- Eastwoods, Ltd. Accounts, 444
- Ebbw Vale Steel, Iron and Coal Co. Accounts, 80, 94
- ECONOMIC HISTORY. "The cotton trade and industrial Lancashire, 1600-1780," 816 (R)
- ECONOMIC SITUATION. National crisis: gold standard suspended and developments, 547, 548, 550, 551, 552, 554, 557, 560, 571, 576, 595, 601, 701. See also ECONOMY
- British Empire, *Monthly Supp.*, 4, 12, 20, 28, 36, 44
- Europe, *Monthly Supp.*, 4, 12, 20, 28, 36, 44
- Far East, *Monthly Supp.*, 4, 12, 20, 28, 36, 44
- General, *Monthly Supp.*, 1, 9, 17, 25, 33, 41
- ECONOMICS. Business forecasting, 970
- Distribution problems: Europe and U.S.A., 897
- "Everybody's business," H. Withers, 914 (R)
- World crisis: an industrial diagnosis, 22 (L), 167
- Diary of the crisis, 603, 644, 647, 698, 749, 799, 850
- Report of British Committee (International Chamber of Commerce), 553
- Resolutions of International Chamber of Commerce, 803
- World Social Economic Congress: international economic planning, 428
- ECONOMY. Parliamentary crisis, 299, 300, 339, 379, 383, 386, 459, 503
- Protests against cuts, 509, 557
- Report of Sir George May's Committee, 255, 260, 265, 282, 299
- Edmundson's Electricity Corporation, Ltd. Meeting, 144
- EGYPT. Banks: National Bank returns, 147, 492, 731, 932, 1151
- Finance: position as regards sterling, 607
- Politics: elections, 124 (L)
- Parliament reassembles, 1226
- Elder-Dempster and Co., Ltd. Accounts, 184, 248
- ELECTION, GENERAL. Stock Exchange "majorities," 722, 873
- Fiscal question, 645, 691
- The question and the crisis, 596, 604, 671
- The unwanted election, 643, 743
- Voters' verdict, 795, 801, 802
- Electric and Musical Industries, Ltd. Accounts, 1085, 1100
- Formation, 48, 152
- ELECTRICITY. Central Electricity Board: National power scheme, 849
- Production index. *Monthly Supp.*, 2, 10, 18, 26, 34, 42
- Supply company prospects, 1024
- Eliacheff (B.). "Le dumping soviétique," 23 (R)
- English Sewing Cotton Co., Ltd. Accounts 83, 198
- Equity and Law Life Assurance Society. Officials, 187
- Estates Control, Ltd. Meeting, 39; service arrangements with Bovril, Ltd., 39

- ESTONIA. Banks: Bank of Estonia returns, 92, 147, 244, 289, 368, 410, 449, 492, 536, 584, 632, 731, 784, 832, 881, 932, 979, 1039, 1096, 1207

- EUROPE. Disorders in Central Europe, 309
- Eastern Locarno? 899, 914 (L), 962 (L), 1016 (L)
- Economic report. *Monthly Supp.*, 4, 12, 20, 28, 36, 44
- International Relations: Britain's rôle, 420
- League reports on European union, 505
- South-Eastern European finance, 951
- Unemployment: I.L.O. report on international action, 16
- EXCHANGES, FOREIGN. Analysis of premium and discount against sterling, 753
- Restriction Conference, 804, 1056
- Scandinavian, 954
- Weekly report, 2, 54, 102, 158, 205, 254, 298, 338, 378, 418, 458, 502, 546, 594, 642, 690, 742, 794, 842, 890, 942, 990, 1050, 1106, 1162, 1218

- EXHIBITIONS. Trade ships, 349, 435 (L)

F

- FACTORY ACTS. Review of Redgrave's, 276 (R)
- FILM INDUSTRY. British finance, 314, 364
- Financial Newspaper Proprietors, Ltd. Accounts, 1100
- Fine Cotton Spinners' and Doublers' Association, Ltd. Accounts, 382
- FINLAND. Banks: Bank of Finland returns, 92, 147, 244, 329, 368, 410, 449, 492, 536, 632, 680, 731, 784, 832, 931, 979, 1039, 1207
- Economic report, 71, 567, 864
- First British Fixed Trust. Accounts, 972
- First Co-operative Investment Trust, Accounts, 675
- FISHING INDUSTRY. Deep sea returns, 754, 1121
- Food. Foodstuff prices and Government, 652
- (Overseas produce) weekly report, 50, 99, 154, 202, 251, 295, 334, 375, 415, 455, 498, 542, 589, 639, 686, 738, 790, 839, 887, 938, 987, 1046, 1103, 1158, 1214, 1248
- FORECASTING. Business forecasting, Mr Crabtree's paper, 624
- Mr Glenday on business forecasting, 970
- FRANCE. Banks: Bank of France returns, 42, 91, 146, 194, 243, 289, 327, 367, 409, 448, 491, 535, 583, 631, 679, 730, 783, 831, 881, 930, 978, 1038, 1095, 1150, 1205
- Bank of France and sterling, 1119
- Economic report, 18, 68, 118, 170, 220, 267, 308, 351, 429, 517, 561, 612, 658, 708, 755, 805, 858, 905, 955, 1006, 1066, 1176, 1230
- Finance: Budget, 517, 658, 755, 905, 955
- Caisse d'Amortissement report, 429
- Foreign relations: France and the world crisis, 462

- FRANCE (continued):—
- Foreign relations: Germany, ministerial visits, 604, 612, 613
- M. Laval at Washington, 744, 754, 796

- Moratorium for Germany, 3, 35, 61, 103, 153, 207, 212, 213
- Gold flow, 215
- Industry: Textile troubles, 428
- Paris Bourse report, 77, 132, 282, 576, 623, 671, 722, 772, 821, 873, 919, 967, 1022, 1082, 1136, 1187
- Politics: Socialist-Radical congress, 900
- Trade: Agreement with Irish Free State, 17
- Anglo-French trade and sterling, 655
- Foreign returns, 1930-31, 347
- Unemployment statistics, 258
- Wines and tariffs, 954
- Franklin (E. L.). On silver, 1002
- Fraser (L. M.). "Protection and Free Trade," 522 (R)
- Fras. Hinde and Hardy. Accounts, 322
- Friary, Holroyd, and Healy's Breweries, Ltd. Accounts, 321, 332
- Furness, Withy and Co., Ltd. Accounts, 134, 150, 183, 1042; meeting, 190; issue, 1194

G

- Galloway Water Power Co. Issue, 1027
- Garnage (A. W.), Ltd. Reconstruction, 775
- Garnsey (Sir Gilbert). "Holding companies and their published accounts," 1131 (R)
- Gaumont-British Picture Corporation, Ltd. Accounts, 578, 629, 634; meeting, 626
- General Electric Co. Meeting, 35, 36
- GERMANY. Banks: developments after crisis, 215, 264
- Reichsbank returns, 42, 91, 146, 194, 243, 328, 367, 409, 448, 491, 535, 631, 679, 730, 783, 831, 881, 930, 979, 1038, 1095, 1150, 1206
- Berlin Bourse report, 77, 132, 576, 671, 821, 873, 919, 967, 1022, 1082, 1136, 1187
- Constitution: suggested union of Prussian and Reich Governments, 391
- Economic Report, 19, 63, 69, 104 (by Dr. M. J. Bonn), 119, 171, 220, 268, 309, 351, 391, 439, 474, 518, 562, 613, 658, 709, 756, 806, 859, 906, 956, 1007, 1067, 1122, 1176, 1230
- Finance: balance of payments, 1926-30, 14
- Diary of the crisis, 104, 160, 213
- Foreign credits, the "standstill" agreement, 513, 518, 804, 951, 1062, 1108, 1170
- Investment position, 177, 773
- International credits (Basle) committee, 264, 305
- report, 340, and *Supp.*, August 22
- International rediscount credits to the Reichsbank, 2, 61, 103
- New Emergency decrees, 390, 1115, 1170

GERMANY (continued):—

Finance: President Hoover's moratorium offer, 3, 55, 61, 103, 159, 207, 212, 213, 305.
 — Reparations — Special Advisory Committee convened, 992, 1115
 Foreign relations: British ministers' visit, 214
 — Italy, 304, 802
 — Customs Union with Austria, Hague decision, 468, 474
 — France and ministerial visits, 346, 604, 612, 613
 Politics: Brüning Cabinet reconstructed, 701, 750, 1170
 — Prussian referendum, 263, 304
 — Reparations-debts crisis, 851
 — Two legal decisions, 1000
 Property mortgages as loan security, 752
 Stock Exchanges reopen, 480
 Trade: export surplus, 1928-31, 1172
 Gestetner (D.). Accounts, 530
 Gilson (Mary Barnett). "Unemployment insurance in Great Britain," 125 (R)
 Glenday (R. G.). Business forecasting, 970
 — World crisis: an industrial diagnosis, 22 (L)
 Globe Telegraph and Trust Co., Ltd. Meeting, 40
 Godalming Gas and Coke Co. Issue, 1194
 GOLD. Canada: export prohibition, 752
 Cape gold sales, 703
 France: imports, 215
 Mining: outlook for "Kaffirs," 529
 — Rand December dividends, 1241
 Output. Transvaal, 117, 137, 307, 372, 560, 754, 877, 1065, 1248
 Prices and movements, 44, 93, 148, 187, 246, 290, 330, 369, 350, 411, 493, 537, 586, 633, 681, 733, 785, 833, 882, 933, 981, 1041, 1097, 1152, 1208, 1246
 The gold rush and the international situation, 746
 World distribution, 216
 Gold Fields, Rhodesian. Accounts, 777
 GOLD STANDARD, 503, 521 (L)
 Developments abroad after British suspension, 600, 656, 694, 749, 904
 Dominions, position of the, 699, 902
 Japan suspends, 1172, 1190
 Reserve return, 537, 732, 1208 (India)
 Suspension, 547, 548, 550, 551, 552, 554, (India) 557, 557, 560, 571, 576
 Goldsbrough Mort. Accounts, 579
 Goode, Durrant and Co., Ltd. Meeting, 1036
 Goodenough (Mr.). On sterling and the gold standard, 652
 Gourju (P. E.) and Parkinson (H.). "Financial and Stock Exchange Reform," 182 (R)
 GOVERNMENT. Report on Government Scientific Establishments, 66
 Gowers (Sir Ernest). Coal industry re-organisation, 114
 GRAIN. Prices and production, 1926-31, 902
 GRAIN TRADE. Weekly report, 50, 98, 154, 201, 250, 294, 332, 374, 414, 454, 497, 542, 588, 638, 685, 737, 790, 838, 886, 937, 986, 1046, 1102, 1157, 1213, 1248
 Gramophone Co., Ltd. Accounts, 1100

GRAMOPHONE INDUSTRY. Company mergers, 48, 152, 825
 "Independent" company profits, 284
 Grainge Trust, Ltd. Meeting, 87
 Great Universal Stores. Issue, 137
 GREECE. Banks: Bank of Athens. Meeting, 39
 — Bank of Greece returns, 43, 91, 146, 195, 244, 289, 368, 410, 449, 492, 536, 632, 680, 731, 784, 832, 881, 931, 979, 1039, 1096, 1151, 1207
 — Ionian Bank. Accounts, 1174
 Economic report, 714, 864, 1071, 1180
 Finance: Debts and reparations, 65.
 — Debt service returns, 331
 Foreign relations: Turkey, 702
 GREENLAND. Sovereignty question, 62, 125 (L)
 Gresham Fire and Accident. Accounts, 472
 Gresham Life Assurance. Accounts, 472
 Grosvenor House (Park Lane), Ltd. Accounts, 539
 Guinness (Arthur), Son and Co., Ltd. Accounts, 284, 292

H

Hall's Oxford Brewery, Ltd. Meeting, 1203
 Harrisons and Crossfield, Ltd. Accounts, 579, 727; meeting, 728
 Harrods. Civil Service Co-operative purchased, 724
 Harrods (Buenos Aires), Ltd. Accounts, 1247
 Hawthorn Leslie. Accounts, 531
 Henley's (W. T.) Telegraph Works Co., Ltd. Accounts, 32, 45; meeting, 143
 HIDE, LEATHER TRADES. Weekly report, 51, 99, 156, 202, 251, 296, 336, 376, 416, 456, 500, 543, 590, 639, 688, 739, 791, 839, 888, 940, 988, 1047, 1103, 1158, 1215
 Hilton (Prof. John). Wages and the gold standard, 1004
 HONG KONG. Economic report, 394, 815, 1182
 HONOURS LIST. Dissolution, 951
 HOOVER, (President). Moratorium offer, 3, 55, 61, 80, 88, 103, 159, 207, 212, 213, 303, 305; banking consortium plan, 646, 666
 Horden Collieries, Ltd. Accounts, 924, 934
 Horne (Mr H. S.). Resignation from British Cement Products—and the epilogue, 135
 HOTELS. London companies' results, 1240
 HOURS. Five-day week in British industry, 348
 HOUSING. Building costs, 514
 Rent decontrol question, 217
 Howard and Bullough. Merger, 875, 924
 Hoyle (Joshua) and Sons, Ltd. Accounts, 934
 HUDSON'S BAY. History of the company, 73 (R)
 Hudson's Bay Co., Ltd. Accounts, 134, 150, 935; meeting, 235, 238

HUNGARY. Banks: General Creditbank. Accounts, 325
 — National Bank returns, 43, 91, 146, 195, 244, 329, 368, 409, 449, 492, 536, 583, 631, 679, 731, 783, 831, 930, 979, 1039, 1095, 1150, 1206, 1245
 Economic report, 70, 166, 616, 661, 711, 758, 808, 860, 908, 958, 1009, 1124, 1179, 1231
 Finance: moratorium, 1226, 1231
 — Review of the situation, 216, 392, 428, 465, 803, 845, 913 (L)
 Trade, 1927-30, 847
 Huntington, Heberlein and Co., Ltd. Control by British Metal Corporation, 247
 Huxley (Professor). Population problems, 609
 Hydro-Electric Securities Corporation. Capital scheme, 1209

Imperial Airways, Ltd. Accounts, 673, 682
 Imperial and International Communications, Ltd. Accounts, 98, 184, 247, 248, 411, 628, 774, 835, 1043, 1248
 — Exhibit at Grocers' Exhibition, 539
 — Exhibit at Shipping Exhibition, 496
 — Rates, 734
 — Review of its organisation, 228
 Imperial Smelting Corporation, Ltd. Meeting, 1147
 IMPORTS. "Abnormal" Imports Act, 943, 952, 993, 1060, 1220, 1221
 — and industrial shares, 1023
 INCOME. Redistribution—Professor John Hilton, 1004
 Ind, Coope and Co., Ltd. Accounts, 1154; meeting, 1147
 Independent Investment Co. Accounts, 923

INDEX NUMBERS. Business activity, Monthly Supp., 3, 11, 19, 27, 35, 43
 — The Economist, 259, 426, 558 (September 18), 601, 654, 704, 901
 INDIA. Banks: Imperial Bank returns, 42, 91, 145, 194, 243, 289, 327, 367, 409, 448, 491, 535, 583, 631, 679, 729, 783, 831, 880, 930, 978, 1038, 1095, 1150, 1205
 — Imperial Bank returns (half-year), 150
 Currency returns, 44, 93, 148, 196, 246, 291, 331, 370, 411, 451, 494, 537, 585, 633, 681, 733, 785, 833, 883, 931, 1041, 1097, 1152, 1209
 Economic report, 813
 — effect of British crisis, 597
 Finance: British Government and India's credit, 12
 — Budget and Lancashire, 667
 — Federal Finance Sub-Committee report, 748
 — gold standard suspension, 557
 Kashmir incidents, 844, 900
 Labour: report of Royal Commission, 12, 160
 Minorities question, 844
 Politics: Developments in July, 1931, 113; developments in December, 1170

INDIA (continued):—

Round Table Conference: Names of Delegates, 166, 262
 — Mr Gandhi's visit, 304, 387, 509;
 Italian interview, 1226
 — proceedings, 468, 695, 844, 900, 944, 991, 1051; review of the position, 1115
 India Rubber, Gutta Percha, and Telegraph Works Co., Ltd. Meeting, 1199
 INDUSTRIAL PROFITS, 33, 58, 236, 486, 625, 648, 682, 923, 1137
 Initial Services (1928), Ltd. Meeting, 533
 INSURANCE. British companies in the U.S., 301, 385
 Effects of gold standard suspension, 649
 Group pensions, 1064
 1930 review of progress and prospects, Supp., July 11.
 National Health Insurance doctors and certification, 559
 Share index, 826
 International Agricultural Mortgage Credit Co., 9
 International Automatic Telephone Co. Share purchase, 136
 INTERNATIONAL CHAMBER OF COMMERCE. Europe-U.S.A. reports, 896
 International crisis, resolutions on, 803
 Silver enquiry report, 902, 1002
 INTERNATIONAL LAW. British Year Book, 1931, 312 (R)
 International Nickel Co. Accounts, 935
 INTERNATIONAL RELATIONS. Armaments, tariffs and confidence, 275 (L)
 Sovereignty questions. East Greenland and Gran Chaco, 62
 World crisis and problems, 603, 1219
 International Sleeping Car Trust. Accounts, 82
 International Tea Co.'s Stores, Ltd. Accounts, 32, 45; meeting, 89
 International Telephone and Telegraph. Exchange of shares with Kreuger and Toll, 82
 INVESTMENTS. Actuaries' Index number, 723
 Rise in British Industrials (Sept., 1931), 722, 772
 "Stable" groups enquiry, 362
 INVESTMENT TRUSTS. Slump effects, 724
 IRAQ. Great Britain, the League and the future, 854, 951
 IRELAND. Politics: border incidents, 346
 IRELAND, NORTHERN. Economic report, 763
 IRISH FREE STATE. Banks: Provincial Bank of Ireland, Ltd. Meeting, 188
 Economic report, 122, 188, 395, 611, 905, 1235
 Politics: Public Safety legislation, 745
 Trade: agreement with France, 17
 IRON AND STEEL INDUSTRY. Census of production, 1930, 1227
 Production statistics, 115, 348, 512, 704, 903, 1173
 — Monthly Supp., 5, 13, 21, 29, 37, 45
 Protection question, 1054
 Spottliff: depression, 470
 Share values, 874, 1017
 Weekly report, 49, 98, 152, 200, 249, 293, 333, 373, 413, 452, 496, 540, 587, 635, 684, 736, 788, 837, 885, 936, 985, 1044, 1101, 1156, 1212
 ISLAM. Politics 1109
 Italo-Belgian Bank. Accounts, 983, 1120
 ITALY. Banks: reorganisation, 856, 904, 910

ITALY (continued):—

Banks: Bank of Italy returns, 42, 146, 194, 289, 328, 409, 448, 535, 583, 631, 730, 783, 881, 960, 1038, 1095, 1150
 — Banca Commerciale Italiana, re-organisation, 856, 904
 Companies: Gas Company's promotions and failures, 84
 Economic report, 173, 393, 615, 659, 712, 759, 861, 910, 1070, 1232
 Fascism: oath and academic liberty, 1227
 Finance: Fascism and depression, 467, 764 (L)
 Foreign relations: Germany, 304, 802
 — U.S.A., Signor Grandi's visit, 702, 951
 Politics: Fascism and Catholicism, 225 (L)
 — Papal Encyclical on Fascism, 57, 225 (L)
 — M. Salvemini on Fascism at home, 72 (L), 176 (L), 396 (L)
 J
 JAPAN. Banks: Bank of Japan returns, 43, 92, 147, 245, 329, 368, 449, 492, 632, 731, 832, 881, 932, 1039, 1096, 1151, 1207, 1245
 — Yokohama Specie Bank, Ltd. Accounts, 539
 Bonds and Manchurian dispute, 723, 767
 Economic report, 66, 272, 433, 767, 866, 1127
 — Monthly Supp., 4, 12, 20, 28, 36, 44
 Finance, national accounts, 607, 655, 1063
 Gold standard suspended, 1172, 1190
 Politics: new government, 1171
 Population problems, 397 (R)
 War in Manchuria, 510, 555, 605, 653, 852
 — and the League, 692, 750, 797, 892, 945, 999, 1058, 1116, 1164, 1225
 JAVA. Banks: Bank of Java returns, 42, 91, 146, 194, 244, 289, 367, 409, 449, 491, 631, 679, 730, 783, 831, 881, 930, 979, 1038, 1095, 1150, 1206
 Jews. 17th Zionist Congress, 62, 166
 Johannesburg Consolidated Investment Co., Ltd. Accounts, 487, 499.
 Meeting, 1033
 Jones (R. E.). Merger with Slaters, 283, 363, 404, 445
 JUTE. Weekly report, 98, 201, 294, 374, 454, 542, 638, 737, 838, 937, 1045, 1157
 K
 "KAFFIRS." Price outlook, 529
 Kalgurli, South, Accounts, 136
 KOREA. Riots, 113

Kreuger and Toll. Exchange of shares with International Telephone, 82
 — Profits and share position, 442
 — Swedish Match Co.'s dividend postponed, 674

Krumat Pulai. Accounts, 186
 Kysant (Lord). Trial and appeal, 183, 211, 874

LABOUR PARTY. Conference programme, 604, 652
 Economic objectives, by Mr G. D. H. Cole, 697
 Future of the Opposition, 893

Lake View and Star, Ltd. Accounts, 1141; meeting, 1146

Lampert and Holt. Accounts, 673

LAND TAX, 39

LATVIA. Banks: Bank of Latvia returns, 92, 147, 196, 244, 329, 368, 410, 449, 492, 536, 584, 632, 680, 731, 784, 832, 881, 931, 980, 1039, 1096, 1150, 1206
 Minorities, 72

Lautaro Nitrate Co. Accounts, 1209

"Cosach" bonds, 626, 925
 Dividends postponed, 31

LEADING ARTICLE (too general to fall within the subject-headings of this index). De minimis, 1224

LEAGUE OF NATIONS, 899; Assembly, Twelfth, 467, 473, 515, 560, 609

Import restrictions, report on, 853
 Manchuria question, 692, 750, 797, 892, 945, 999, 1058, 1116, 1164

Leethems (Twilfit), Ltd. Meeting, 677

Leith (C. K.). "World Minerals and World Politics," 273 (L)

Levy (Prof. H.). German view of the pound, 715 (L)

Lewis Berger and Sons, Ltd. Accounts, 972; meeting, 1147

LIBERAL PARTY. Leadership question, 853
 Secessions, 11

Licences and General Insurance. Accounts, 706

LITHUANIA. Banks: Bank of Lithuania returns, 92, 245, 410, 492, 584, 932, 1039

Memel, development of, 1120

Littlehampton Gas Co. Issue, 1088

LOANS. War Loan Conversion, 529, 672

LOCAL GOVERNMENT. Economy schemes, 425

Loan debts, 265

Municipal elections: Socialist reverse, 853

Loder (J. de V.). "Bolshevism in Perspective," 1016 (R)

LONDON. Passenger Transport Bill and the Metropolitan, 922, 1084

Transport merger terms, 31

London Express Newspaper. Accounts, 579

London Maritime Investment Co., Ltd. Meeting, 927

London and Thames Haven Oil Wharves, Ltd. Meeting, 533

Low Temperature Carbonisation, Ltd. Accounts, 1153
 Lucas (Joseph), Ltd. Accounts, 775
 Luipaards Vlei Estate and Gold Mining Co., Ltd. Meeting, 1092, 1146

M

MACDONALD (Rt. Hon. J. R.). Seaham, 425
 MACMILLAN COMMITTEE. Report on banking reform, 106, 108, 114, 133. *Banking Supp.*, October 10.
 Magadi Soda Co., Ltd. Debenture offer, 1086, 1210
 MALAYA, BRITISH. Constitutional developments, 514
 Malaya General Co., Ltd. Meeting, 1148
 Malayan Plantations, Ltd. Accounts, 674; meeting, 677
 Manchester Ship Canal Co. Accounts, 187
 MANCHURIA. Economic data, 996
 — see also CHINA
 MANGANESE. Production and price, 349
 Mann (J. de L.) and Wadsworth (A. P.). "The Cotton Trade . . . 1600-1780," 816 (R)
 Marconi's Wireless Telegraph Co. Accounts, 184
 MEAT. International trade, 1930, 265
 MEMEL. Development of, 1120
 Mercantile and General Insurance. Accounts, 515
 MERGERS. Catering companies, 283, 363, 404, 445
 Cotton trade, 530
 Gramophone companies, 48, 132, 825
 Metal companies, 247
 Textile machinery companies, 875, 924, 984
 METALS. Weekly report, 49, 97, 153, 200, 250, 293, 333, 373, 414, 453, 497, 541, 588, 636, 685, 736, 789, 837, 885, 936, 986, 1044, 1101, 1156, 1212, 1248
 Metropolitan Railway. Position under London Passenger Transport Bill, 922
 Meux's Brewery Co., Ltd. Accounts, 539
 Mexican Eagle. Accounts, 827
 Mexican Railway Co., Ltd. Accounts, 1098; meeting, 1145
 Millars' Timber and Trading Co., Ltd. Accounts, 187; meeting, 241
 Millon and Askam Hematite Iron Co., Ltd. Accounts, 1246. Merger, 936
 MINERALS. "World Minerals and World Politics," 273 (L)
 MINES (Miscellaneous). Output statistics, 46, 372
 MINORITIES. India, 605, 844
 — Latvia, 72 (L)
 Poland, 426
 Mitchells and Butlers, Ltd. Accounts, 236, 248; meeting, 323
 Modder East. Accounts, 487
 Mogyana Railways Co. Coupon payment, 835
 MONEY. Analysis of premium and discount against sterling, 753
 Bank and exchange rates, 43, 92, 147, 196, 245, 290, 330, 368, 410, 450, 493, 537, 584, 632, 680, 732, 784, 833, 882, 932, 980, 1040, 1096, 1151, 1207, 1245. *Monthly Supp.*, 6, 14, 22, 32, 40, 48

MONEY (continued):—

British Empire currency scheme, 855
 Causes and problems of world depression — Dr. M. J. Bonn, 167
 Credit (France and U.S.A.) to Bank of England, 256, 275 (L), 312 (L)
 Depreciation of currency and exports, 1074 (L), 1129 (L), 1182 (L)
 Fiduciary issue, 256, 275 (L), 312 (L)
 Future of currencies and the gold standard, 694
 Insurance and the pound, 649
 The national crisis and London's monetary policy, 598
 The outlook for sterling, August, 1931, 383, 434 (L); November, 851, 952, 1060
 The pound: stabilisation, 1003
 — views of Prof. Rist, 599
 — views of Prof. Levy, 715 (L)
 Prices and policy, 1118
 Review of first half-year, 1931, 5
 Sterling and the gold standard—Mr Goodenough, 652

MONEY MARKET. Weekly report, 1, 53, 101, 157, 205, 253, 297, 337, 377, 417, 457, 501, 545, 593, 641, 689, 741, 793, 841, 889, 941, 989, 1049, 1105, 1161, 1217

Montevideo Gas and Dry Dock Co., Ltd. Accounts and remittance of funds, 982

Morgan (Henry). On secret reserves, 1023
 Morrow (Dwight). Obituary notice, 653

MOTOR INDUSTRY. American cars and British market, 705
 American production, 1173
 British firms and shares, 717
 British motor market, 651, 700
 Chrysler and American trade, 186
 Commercial cars, 903.
 — shares, 922
 Ford plans, 283, 970 (Italy)
 Rolls-Royce purchase of Bentley, 1086
 Tyne production (British) 1924-30, 116

Mount Lyell. Accounts, 975

Mozambique, Companhia de. Customs returns, 496

N

NATIONAL ACCOUNTS. Revenue returns, first quarter 1931-32, 12, 15
 — first six months 1931-32, 606, 608
 Weekly returns, 40, 89, 144, 193, 242, 287, 326, 366, 407, 447, 489, 533, 581, 629, 728, 781, 829, 879, 928, 977, 1037, 1093, 1148, 1204, 1244

NATIONAL DEBT. Floating Debt return first half-year 1931, 12
 Returns, 41, 89, 144, 193, 242, 288, 326, 366, 407, 447, 489, 534, 581, 629, 728, 782, 830, 879, 928, 977, 1037, 1094, 1148, 1204, 1244

NATIONAL INCOME. Survey by Dr. Coates, 1173

National Provident Institution. Accounts, 169.

NATIONAL SAVINGS CERTIFICATES. Sales and receipts, 35, 85, 137, 187, 237, 286, 322, 365, 406, 446, 488, 532, 580, 628, 676, 727, 777, 828, 877, 926, 954, 1027, 1088, 1141, 1194, 1242

National Shipbuilders' Security. Accounts, 320

NETHERLANDS. Amsterdam Stock Exchange report, 132, 359, 528, 576, 623, 671, 722, 772, 821, 873, 919, 967, 1022, 1082, 1136, 1187

Banks: Netherlands Bank returns, 42, 91, 146, 244, 328, 409, 448, 491, 535, 583, 631, 679, 730, 831, 881, 930, 979, 1095, 1206

Economic report, 19, 173, 393, 519, 564, 614, 661, 712, 759, 809, 862, 909, 959, 1010, 1069, 1124, 1179

New Jagersfontein. Accounts, 877

New Modderfontein Gold Mining Co., Ltd. Accounts, 579; meeting, 1035

New York Metropolitan Life. Accounts, 1064

NEW ZEALAND. Banks: Niemeyer report, *Banking Supp.*, October 10
 — Bank of New Zealand accounts, 150, 203
 — National Bank meeting, 139

Economic report, 116, 123, 139, 520, 1128
 Finance: Budget, 520
 — national economy scheme, 389
 — Treasury Bill issue, 1194

NEWSPAPERS. Rothermere group dividends, 321
 Niemeyer (Sir Otto). Brazil's finances, 168, 210
 New Zealand report, *Banking Supp.*, October 10

Nirmala (Java) Plantation and Lands Co., Ltd. Meeting, 189
 NITRATE. Chilean developments, 357
 Cosach and Lautaro dividends postponed, 31, 626, 925
 Norman (Mr Montagu). Notice of his health, 347

NORWAY. Banks: Bank of Norway returns, 91, 289, 328, 368, 409, 491, 583, 631, 679, 731, 783, 831, 930, 979, 1039, 1095, 1150, 1206
 — suspension of payments, 1228
 Finance: 6 per cent. Loan 1921, 48

Nourse Mines. Accounts, 580

O

Ohlsson's Cape Breweries, Ltd. Meeting, 40

OIL. Distribution alliance, 973
 International grouping, production and prices, 1236

Outputs, 86, 137, 365, 446, 494, 580, 677, 788, 834, 984, 1088, 1156, 1248
 Production restriction by force of arms in U.S.A., 365, 405, 486

Stabilisation scheme, 627

OILS (VEGETABLE) AND OLSEEDS. Weekly report: 51, 99, 155, 202, 251, 295, 335, 375, 415, 455, 498, 543, 589, 639, 687, 739, 791, 839, 887, 939, 987, 1047, 1103, 1158, 1215

Orient Steam Navigation Co., Ltd. Meeting, 1198

P

Pahang Consolidated. Accounts, 1140
 Paish (Sir George). "The way to recovery," 313 (R)

PALESTINE. Muslim Congress, 1226
 Politics: tension between Arabs and Jews, 388
 Zionist Congress, 62, 166

PAPACY. Appeal for a crusade of charity and help, 653
 Bomb in St. Peter's, 168, 225 (L)
 Encyclical on Fascism, 57

Relations between the Vatican and Italy, 425
 PARAGUAY. Finance: loan bond tenders, 248

PARKINSON (H.) and Gourju (P. E.). "Financial and Stock Exchange Reform," 182 (R)

PARLIAMENT. The alignment of parties, September, 1931, 419

Cabinet secrets and electioneering, 751
 Censure debate, December, 1931, 1114
 Economy crisis and developments, 299, 300, 339, 379, 383, 388, 419, 459, 466, 503, 521 (L)

Electoral reform Bill and the House of Lords, 112

Emergency session's progress, 604

Ministerial appointments, September, 1931, 469

National Government and election question, 508

Review of the session (to summer, 1931), 208; position at adjournment, 262; legislative record of the Labour Government, 386; National Government's task, 843, 891; review of first session, 1107

Patterson (Professor E. M.). The German crisis, 212

Pease and Partners. Accounts, 32

P. and O. Banking Corporation, Ltd. Meeting, 138

Peninsular and Oriental Steam Navigation Co. Accounts, 1085, 1100, 1137; meeting, 1142

Perak River Hydro-Electric Power Co., Ltd. Meeting, 976

PERAST. Banks: Imperial Bank, meeting, 87

Economic report, 87

Peruvian Corporation, Ltd. Accounts, 973, 982

Peter Jones, Ltd. Issue, 83, 85, 137

PETROL. Distribution methods, 422

Price cut, 185

Pinchin, Johnson and Co., Ltd. Board changes, 496

PLATINUM. Amalgamations proposed, 445

POLAND. Banks: Bank of Poland returns, 43, 92, 195, 244, 329, 449, 492, 583, 632, 731, 784, 931, 1039, 1096, 1151

Coal exports, 805

Economic report, 271, 567, 617, 911, 1125

Finance: gold standard, 656

"Huta Pokoj" failure, 1228

Industry: textile difficulties, 307

Minorities, 426

Trade: exports to Russia, 705

POLITICAL PARTIES. Election question and the crisis, 596, 804

"Politics and the younger generation," A. L. Rowse, 765 (R)

POLITICAL SCIENCE. Politics of Islam, 1109

POPULATION. Census, 1931, 60

Japan's problems, 397 (R)

Problems: Two British Association papers, 609

Port of London Authority. Accounts, 530

PORTUGAL. Banks: Bank of Portugal returns, 42, 146, 244

Politics: Insurrection, 426

POTATOES. Production and imports, 1063

Power Corporation of Canada, Ltd. Accounts, 496

PRICES. Baking industry question, 168

Commodity price developments and gold standard suspension, 558

Commodity prices: U.S.A., 156, 204, 252, 296, 336, 376, 416, 456, 500, 544, 592, 640, 688, 740, 792, 840, 888, 940, 988, 1048, 1104, 1160, 1216

Foodstuffs and Government, 652

Monetary policy, 1118

Retail. *Monthly Supp.*, 5, 13, 21, 29, 37, 45

Review of first half-year, 1931, 8

Weekly (food, textiles, minerals and miscellaneous), 52, 100, 156, 204, 252, 296, 336, 376, 416, 456, 500, 544, 592, 640, 688, 740, 792, 840, 888, 940, 988, 1048, 1104, 1160, 1216

Wholesale: *Economist* index number, Sept. 18, 558, 601, 654, 704, 753, 803, 1117

— Sterling and world prices, 601, 654, 704, 753, 803, 901, 1001, 1117

— *Monthly Supp.*, 5, 13, 21, 29, 37, 45

PRODUCTION. Returns, 389, (international) 511, 1008, 1172 (international)

PROFITS. Industrial, 33, 58, 236, 486, 625, 648, 682, 923, 1137

PROTECTION. "Abnormal" Imports Bill, 943, 952, 1060

See also TARIFFS.

R

RAILWAYS. Electrification: Weir proposals criticised, 218

Shares and earnings, 233, 277, 282, (1923-1930) 315

Traffic figures, computation of, 970

Traffic returns and "devalorisation," 624

Traffic returns (Great Britain and Ireland): First half-year, 1931, 30

— 45, 86, 149, 198, 237, 291, 331, 370, 412, 451, 494, 538, 586, 628, 676, 735, 786, 828, 883, 926, 983, 1043, 1088, 1153, 1211. *Monthly Supp.*, 8, 16, 24, 32, 40, 48

— (Overseas), 45, 86, 149, 198, 237, 291, 331, 370, 412, 451, 494, 538, 586, 628, 676, 735, 786, 828, 883, 926, 983, 1043, 1088, 1153, 1211. *Monthly Supp.*, 8, 16, 24, 32, 40, 48

Reinsurance Corporation. Accounts, 656

REPARATIONS. France's policy, 1059

Special Advisory Committee convened, 92, 1170

"Young" bonds, interest payments, 723

RETAIL TRADE. Distribution problems: Europe and U.S.A., 896

Return of shop profits, 1929-31, 404

Rhodesian Railways. Accounts, 33

Rhodesian Anglo-American, Ltd. Accounts, 84; meeting, 88

Rhodesian Selection Trust. Accounts and debenture issue, 445

Rhokana Corporation. Accounts, 1193

Rio Tinto. Accounts, 532

Rist (Prof. C.). French view of the pound, 599

Roan Antelope Copper Mines, Ltd. Accounts, 1140; meeting, 1243

Rolls-Royce, Ltd. Purchase of Bentley Motors, Ltd., 1086

ROUMANIA. Banks: Bank of Roumania, Ltd. Meeting, 143

— National Bank returns, 329, 368, 492, 680, 731, 832, 1039, 1207

Economic report, 20, 270, 520, 812, 1013

Politics: Elections, 13 ?

Rowse, A. L. "Politics and the Younger Generation," 765 (R)

Royal Dutch. Dividend, 876

Royal Mail Steam Packet Co. Accounts, 1190, 1209

Kylsant trial, 183, 211, 874

Meeting, 1240

Moratorium, 971, 1084

RUBBER. Company statistics, 371, 437, 836

Position in Malaya, 1168

Price and production, 303

Review of position and depression, 437, 1192

Weekly report, 52, 99, 156, 204, 252, 296, 336, 376, 416, 456, 500, 544, 592, 640, 688, 740, 792, 840, 888, 940, 988, 1048, 1104, 1160, 1216, 1248

RUSSIA. Banks: State Bank returns, 43, 289, 449, 680, 881, 1096

"Bolshevism in Perspective," 1016 (R)

Economic report, 350, 424

Finance: national income, 1120

Industries: costs problem, 60

Trade bills, 658, 764, 848

Trade, dumping, 23 (R)

— imports from Poland, 705

S

Ste. Madeleine Sugar Co., Ltd. Meeting, 779

SALTER (Sir Arthur). On British crisis, 557, 560

On silver, 16

San Francisco Mines. Accounts, 727

San Paulo (City of) Improvements and Freehold Land Co., Ltd. Meeting, 581

SAN PAULO, STATE OF. Bank of: bond drawing, 451

— Coffee loan, 1930, 95, 1248

Sangers, Ltd. Accounts, 48

Santa Gertrudis Co., Ltd. Meeting, 1202

Savory and Moore. Issue, 628

Schroder (Baron Bruno). Stock Exchange values in the slump, 442

SCIENCE. Report on Government Scientific Establishments, 66

Scottish Temperance and General. Accounts, 656

Scottish Tube Co. Share exchange offer, 1210

Scrutton (Sir T. E.). "The Contract of Affreightment," 436 (R)
 Second Alliance Trust. Accounts, 531
 Second Co-operative Investment Trust. Accounts, 1026

Securities. Outlook for gilt-edged stocks after gold standard suspension, 618
 Values (various countries). *Monthly Supp.*, 8, 16, 24, 32, 40, 48
 Week's movements (London), 28, 78, 130, 180, 230, 280, 318, 360, 400, 440, 482, 526, 574, 620, 668, 720, 770, 822, 870, 920, 968, 1020, 1080, 1134, 1188

Selfridge Provincial Stores, Ltd. Accounts, 532, 538
 Sheepbridge Coal and Iron Co., Ltd. Accounts, 578, 633

Shell-Mex and B.P., Ltd. Formation, 973
 Shell Transport and Trading. Dividend, 876

Shell Union Oil Corporation. Accounts, 322
 Sherwood Starr. Accounts, 675

SHIPBUILDING INDUSTRY. Quarterly returns, 115, 704
 Wages dispute, 389

SHIPPING FREIGHT INDEX NUMBER, 65, 306, 471, 655, 904, 1062

SHIPPING INDUSTRY. British port charges, 427

Charterparties, etc., 436 (R)
 Laid-up tonnage returns, 217, 805

Passenger fares, North Atlantic, 116, 348
 Wage agreement in British Mercantile Marine, 1172

World's merchant fleets, 162

Stores. Multiple increase in ready-made clothing trade, 64

Showell's Brewery Co., Ltd. Meeting, 1203

SILVER. Address by Sir A. Salter, 16
 Inquiry by International Chamber of Commerce, 902, 1002

Position of the investor, 1193
 Price reaction, 953

Prices and movements, 44, 93, 148, 197, 246, 291, 330, 369, 411, 451, 494, 537, 585, 633, 681, 733, 785, 833, 882, 933, 981, 1041, 1097, 1152, 1208, 1246

Sinai Mining. Accounts, 925

Singer and Co., Ltd. Accounts, 444; meeting, 489

Slaters and Bodega, Ltd. Accounts, 983; merger of R. E. Jones, 283, 363, 404, 445, 983

SNOWDEN (Rt. Hon. P.). Peerage, 951

SOCIAL SERVICES. Financial return, 1929-30, 1118

SOUTH AFRICA. Banks: Reserve Bank returns, 42, 91, 145, 194, 243, 289, 327, 367, 409, 448, 491, 535, 582, 630, 679, 729, 783, 831, 880, 930, 978, 1038, 1095, 1150, 1205, 1245

Standard Bank of South Africa, Ltd. Accounts, 151; meeting, 189

Economic report, 122, 189, 311, 477, 799, 865, 1073

Finance: Cape gold sales and London, 703

Gold standard position, 902

Tariffs position, 799

South African Breweries, Ltd. Meeting, 143

South Durham and Cargo Fleet. Accounts, 1191

South Essex Waterworks. Issue, 1194

South-West Suburban Water. Issue, 828

SOVEREIGNTY. East Greenland and Gran Chaco questions, 62, 125 (L)

SPAIN. Banks: Bank of Spain returns, 91, 146, 244, 289, 329, 368, 449, 491, 536, 631, 679, 831, 930, 979, 1039, 1095, 1150, 1207

New law, 1228

Economic report, 353, 811, 912

Politics: Catalonia, 112, 345, 388

Catalonia plebiscite, 263

Constituent Assembly elections and sequel, 13, 214

Debates on the constitution, 654, 751, 854, 1117

Outlawry of ex-King Alfonso, 1001

Syndicalism, 467

Spiers and Pond, Ltd. Meeting, 40

Spillers, Ltd. Accounts, 236

Splintex Safety Glass Scheme. Accounts, 725

Stamp (Sir Josiah). Prices and monetary policy, 1118

Standard Motor Co., Ltd. Accounts, 787

Stanton Ironworks Co., Ltd. Accounts, 496

STATE. Government scientists, 66

Staveley Coal and Iron Co., Ltd. Accounts, 486, 495

STEEL INDUSTRY. Mr Baldwin on a tariff, 13

Mr Runciman and tariffs, 1118

Stewarts and Lloyds. Share exchange offer, 1210

Stock Conversion and Investment Trust. Reorganisation, 444

STOCK EXCHANGE. The "bear" defended, 1239

City men and markets: Mr Collin Brooks, 665 (R)

General Election, 671, 821, 824, 873

"Introductions," 35, 86, 137, 187, 237, 286, 322, 365, 406, 446, 488, 532, 580, 628, 676, 727, 777, 828, 877, 926, 975, 1027, 1088, 1141, 1194, 1242

Price quotations, 320

Quotations, conditions of granting of, 233

Reform proposals, 182 (R)

Restrictions on business: cash basis, etc., 624, 772, 922, 1239

Saturday reopening, 362, 442

Situation during international financial crisis, July, 1931, 132, 182, 282; British crisis, 362, 403, 442, 485, 529, 571, 576, 873

Values, Actuaries' Index, 284, 442

Weekly report, 26, 76, 129, 178, 229, 278, 316, 358, 399, 438, 481, 525, 572, 619, 667, 718, 768, 820, 869, 918, 966, 1018, 1078, 1132, 1186, 1238

STOCK MARKETS. Book by Mr Collin Brooks, 665 (R)

Hoover agreement results, 80

Outlook for gilt-edged stocks after gold standard suspension, 618

Weekly report, 2, 54, 102, 158, 206, 254, 298, 338, 378, 418, 458, 502, 546, 594, 642, 690, 742, 794, 842, 890, 942, 990, 1050, 1106, 1162, 1218

Strand Hotel, Ltd. Accounts, 1042; meeting, 1090

Sub Nigel. Accounts, 627

SUDAN. Economic report, 471

Sudan Plantations Syndicate, Ltd. Accounts, 778, 788

SUGAR. Company finances, Anglo-Dutch group of sugar-beet companies, 30

Company report, 779

Report on British beet sugar industry, 7 (R)

Salphide Corporation. Accounts, 1242

Sun Life Assurance Co. of Canada. Accounts, 508

SWEDEN. Banks: Bank of Sweden returns, 42, 91, 145, 195, 241, 289, 328, 367, 409, 449, 491, 536, 583, 631, 679, 730, 783, 831, 930, 979, 1039, 1095, 1150

Economic report, 21, 120, 475, 662, 713, 760, 810, 863, 960, 1010, 1126

Gold standard suspension, 904

World crisis, 506

Swedish Match Co. Dividend postponed, 674

SWITZERLAND. Banks: fusion of Union Financière and Comptoir d'Escompte, 495

Swiss National returns, 42, 91, 146, 194, 244, 289, 328, 367, 409, 491, 535, 583, 631, 679, 731, 783, 831, 881, 930, 979, 1038, 1095, 1150, 1245

Union Bank. Accounts, 266, 287

Companies: foreign holding companies, 650

Economic report, 222, 433, 563, 664, 1012, 1233

Sydney, City of. Issue, 187

SYRIA. Constitutional progress, 1060

T

TAILORING INDUSTRY. Ready-made trade, 84

TANGANYIKA. Economic report, 1222

Government stock issue, 85

Tanganyika Concessions, Ltd. Accounts, 236; meeting, 239

Taqaah and Abosso Mines, Ltd. Meeting, 142

Tariff Reinsurances. Accounts, 472

TARIFFS. Agriculture: Mr Baldwin on, 214

Anglo-French and Anglo-Belgian conversations, 1059

Mr Baldwin's Tariff Commission scheme, 165

Depreciation of sterling and import restrictions, 752

Drawbacks and anti-dumping duties, 1061

Europe: the position in, 420

Fruit, vegetable and horticultural products: emergency duties, 1057

General election and fiscal policy, 645, 691

League report on import restrictions, 853

Permanent tariff board and modified protection advocated, 140

South African lesson, 799

"Protection and Free Trade"—L. M. Fraser, 522 (R)

"Tariffs: the case examined, by a committee of economists under the chairmanship of Sir William Beveridge," 696 (R)

TARIFFS (continued):—

"This tariff question"—Collin Brooks, 96 (R)

"Through tariffs to prosperity"—H. G. Williams, 765 (R)

Tate and Lyle, Ltd. Accounts, 1025, 1100; meeting, 1089

TAXATION. Incidence of: Second Budget, 1931, 511, 606

Survey by Dr. Coates, 1173

T.U.C. Policy, 701

TEA. Production and share position, 479, 726, 800

Telephone and General Trust. Issue, 137

TELEPHONE AND TELEGRAPH INDUSTRY. Kreuger and Toll's interests, 82

Telephone share purchase, 136

Tendring Hundred Waterworks Co. Issue, 975

Textile Machinery Makers. Merger, 875, 924, 984

TEXTILE TRADES. Devaluation of sterling and its effects, 607, 673

Ready-made clothing, 64

THOMAS (Rt. Hon. J. H.). His position and the N.U.R., 426

Thomas (Richard) and Co., Ltd. Accounts, 1138, 1209, 1240; meeting, 1203

Thornycroft (John I.) and Co., Ltd. Accounts, 875, 934; meeting, 928

Threlfall's Brewery Co., Ltd. Meeting, 240

Tilling (Thomas). Accounts, 924; issue, 924

TIMBER TRADE. Report, 202, 375, 590, 791, 1048

TIN. Dredging results, 34, 1193

International agreement, 38, 128, 405, 1241

Production and control, 128, 868, 1026, 1087, 1241

Tokyo Electric Light Co., Ltd. Accounts, 628

Toogood and Sons, Ltd. Accounts, 404

Tootal, Broadhurst, Lee. Accounts, 285

TRADE. Balance of Trade, U.K., 1928-1930, 463, 503, 815 (L), 1110

Britain's balance of payments, 1110

British exhibition ship, 349, 435 (L)

"Buy British" Campaign, 949

Conditions of trade revival, 356 (L)

Exports and employment, 224 (L), 275 (L)

Foreign policy in regard to France and Belgium, 1059

Home Statistics. *Monthly Supp.*, 1, 9, 17, 25, 33, 41

Overseas, January-June, 1931, 107, 155, 187; July, 305, 335, 343; August, 470, 543; September, 703, 738; October, 804, 894, 939, 948; November, 1117, 1215

Overseas. *Monthly Supp.*, 7, 15, 23, 31, 39, 47

TRADE UNION CONGRESS. Manifesto on taxation, 701

TRADE UNIONS. Bristol conference, 468

Membership statistics, 753

TRADE UNIONS. Weekly returns, 45, 86, 149, 198, 237, 291, 331, 370, 412, 451, 494, 538, 586, 628, 676, 735, 786, 828, 863, 926, 983, 1043, 1088, 1153, 1211

TRANSPORT. Area Traffic Commissioners and their functions, 384

London Passenger Transport Bill and the Metropolitan, 922, 1084

Road transport policy, 947

TRAVEL. Credits from U.S.A. and France, 421

TREASURY BILLS. Week's tenders, 41, 89, 144, 193, 242, 288, 326, 366, 408, 447, 490, 534, 581, 629, 677, 728, 782, 830, 879, 928, 977, 1037, 1094, 1148, 1204, 1244

Trepca. Accounts, 1242

Trinidad Leaseholds. Accounts, 974

Triplex Safety Glass. Accounts, 935

Tronoh Mines. Accounts, 84

Trust Co. of London and Scotland, Ltd. Meeting, 36

Tuck (Raphael) and Sons, Ltd. Meeting, 780

TURKEY. Economic report, 813, 1014, 1072, 1181

Foreign relations: Greece, 702

U

UNEMPLOYMENT. Disallowed benefit inquiry, 511

Insurance: "Anomalies" Bill, 62, 112, 165

Review of Miss Gilson's book, 125 (R)

International Action: I.L.O. report, 16

Returns, 168, 348, 512, 753, 953, 1228

Seasonal workers and benefits, 428

Statistics and benefit rules, 1228

Unilever. Share position, 626

Union Castle Mail Steamship Co., Ltd. Dividend decision, 1210, 1246

Union Cold Storage Co., Ltd. Accounts, 185, 197

Union Minière du Haut-Katanga. Production, 1078

United Africa Co., Ltd. Accounts, 1138, 1247; reconstruction, 1191

United Dairies, Ltd. Accounts, 775, 788, 875; meeting, 878

United Dominions Trust, Ltd. Meeting, 192

United Drapery Stores, Ltd. Accounts, 884

United Molasses Co. Accounts, 674; arrangement with Distillers Co., 135, 140

United Railways of the Havana and Regla Warehouses, Ltd. Accounts, 825, 1246

UNITED STATES. Agriculture: Estimated cereal crops, 265

Banks: Concentration movements, 423, 507

Bankers' Trust Co. Accounts, 787

Central Hanover Bank and Trust Co. Accounts, 787

Chase National Bank. Accounts, 683, 687

City Bank Farmers' Trust Co. Accounts, 151

Federal Reserve returns, 42, 90, 145, 194, 243, 288, 327, 367, 408, 448, 490, 534, 582, 630, 678, 729, 782, 830, 880, 929, 978, 1038, 1094, 1149, 1205, 1244

Guaranty Trust Co. Accounts, 683

Mr Hoover's banking consortium plan, 646, 666, 706

National finance and money problems in the world crisis, 1931, 646, 666, 702

UNITED STATES (continued):—

Banks: National City Bank of New York. Accounts, 96, 121, 151, 707, 787

Capital issues, 349

Walker (Peter) and Robert Cain and Sons, Ltd. Accounts, 1025; meeting, 1091
 Wallpaper Manufacturers, Ltd. Accounts, 875, 883, 982, 984; meeting, 1029
 Walsall, County Borough of. Issue, 137
 Wanderer Consolidated. Accounts, 827
 Wankie Colliery Co., Ltd. Accounts, 975, 1246; meeting, 1090
 Ward (Thos. W.), Ltd. Accounts, 679, 727
 Waring and Gillow, Ltd. Accounts, 184, 197, 235; meeting, 241
 Watney, Combe, Reid and Co., Ltd. Accounts, 285, 292; meeting, 225
 Weardale Steel, Coal and Coke Co., Ltd. Accounts, 1154
 West Surrey Water Co. Issue, 1027
 WESTMINSTER, STATUTE OF, 946, 1009
 WHEAT. Crop outlook: international, 63
 — U.S.A., 116

WHEAT (continued):—

Prices and production, international, 855
 Russia—production, 1931, 1003
 Wheeler (Sir Arthur). Trial of, 874
 Whitehall Electric Investments, Ltd. Meeting, 38
 White Star-Canard negotiations, 1190
 White Star Line. Accounts, 529, 626
 Whitehead Iron and Steel Co., Ltd. Accounts, 1246
 Whitworth and Mitchell, Ltd. Accounts, 495, 531
 Williams (H. G.). "Through Tariffs to Prosperity," 765 (R)
 Wiluna Gold Corporation. Accounts, 406
 Witbank Colliery. Accounts, 926
 Withers (Hartley). "Everybody's business," 914 (R)
 WOOL TRADE. Weekly report, 50, 97, 153, 201, 250, 294, 334, 374, 414, 453, 497, 541, 588, 636, 685, 737, 790, 838, 886, 937, 986, 1045, 1102, 1157, 1213

Y

YUGOSLAVIA. Banks: National Bank returns, 43, 146, 195, 214, 329, 363, 410, 449, 492, 536, 583, 631, 680, 731, 784, 831, 931, 979, 1039, 1096, 1151, 1207
 Economic report, 223, 568, 961
 Industry: state capitalism, schemes, 343
 Politics: elections, 900, 1014 (L)
 — new constitution, 469

Z

Zambesia Exploration Co. Accounts, 236
 Zinc Corporation, Ltd. Accounts, 35; meeting, 88

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, JULY 4, 1931.

No. 4,584

TABLE OF CONTENTS.

The Money Market	1	Foreign Stock Exchanges—	
Leading Articles—		New York	27
Hope Deferred	3	Investment Notes—	
Disarmament or Re-Arma- ment?	4	Sugar-Beet Company Fin- ance	30
The Monetary Half-Year	5	Half-year Railway Traffic	30
The British Beet-Sugar Industry	7	Chilean Bonds	30
Prices: the Half-Year Re- viewed	8	The "Cosach" Announce- ments	31
Agricultural Mortgage Credits	9	London Transport Merger	31
Notes of the Week—		International Tea Com- pany's Stores	32
A Liberal Secession	11	W. T. Henley's Telegraph Works	32
Comparative Armament Expenditures	11	Pease and Partners	32
Mr MacDonald and India's Credit	12	John Brown and Company	33
The Quarter's Revenue	12	Industrial Profits—Second Quarter	33
The Floating Debt	12	Rhodesia Railways	33
The Indian Labour Report	12	New Capital Issues in June	34
Spain at the Polls	13	Anglo-Oriental Mining Corporation	34
The Rumanian and Bul- garian Elections	13	Tin Dredging Results	34
Mr Baldwin on a Steel Tariff	13	Zinc Corporation	35
The Coal-mining Parleys	14	Company Meetings of the Week	35
Coal Costs and Proceeds	14	Capital Issues	35
Cotton Trade and More Looms	14	Company Meetings, &c.	36
International Cotton Deci- sions	14	Government Returns, &c.—	
Germany's Balance of Pay- ments	14	National Accounts	40
The Revenue	15	Treasury Bills by Public Tender	41
European Union and Un- employment	16	The Bankers' Gazette—	
Sir Arthur Salter and Silver	16	Bank of England	41
The Credit-Anstalt	16	Bankers' Clearing Returns	41
New Franco-Irish Commer- cial Agreement	17	Provincial Clearing Re- turns	41
Overseas Correspondence—		Overseas Bank Returns	42
United States	17	Loan and Discount Rates	43
France	18	Rates of Exchange	43
Germany	19	Overseas Bank Rates	43
Holland	19	Bullion	44
Roumania	20	Gold and Silver Prices	45
Sweden	21	Company News—	
Argentina	22	Summary of Balance Sheets	45
Letters to the Editor—		Weekly Traffic Returns	45
The World Crisis: An In- dustrial Diagnosis	22	Dividend Announcements	46
Books and Publications—		Mining Output Statistics	46
Soviet Dumping	23	Profit and Loss Accounts	47
Books Received	24	Reports and Notices	47
The Stock Exchange—		Commercial Reports—	
Holding Companies and their Accounts	25	Market Summary	48
The Week in the Markets	26	The Coal Trade	48
London Active Security Prices and Yields	28	Iron and Steel	49
New Issue Prices	30	Other Metals	49
		Textiles	49
		The Grain Markets	50
		Other Foods	50
		Miscellaneous Commodities	51
		Prices Current	52

THE MONEY MARKET.

THE turn of the half-year was negotiated by the market with less ease than had been anticipated in most quarters a week ago. The usual borrowing on weekly terms from the Bank of England began on Thursday of last week, and, in consequence, advances over the week-end were obtainable readily at 1 per cent.; but up to Monday the amount taken from the Bank appeared to be small. On

GUARANTEED INCOME

You can secure this
 (1) FOR YOUR WIFE AND FAMILY
 By effecting a "FAMILY
 PROVISION" Policy.
 (2) FOR YOURSELF
 By purchasing an Annuity.

Write for
 (1) New "Family Provision" Scheme leaflet
 or (2) New "Immediate Annuity" leaflet
 to The Manager

EQUITY & LAW
LIFE ASSURANCE SOCIETY
 18 Lincoln's Inn Fields, W.C.2
 Established 1844 Funds £9,300,000



What of the individual
 investor

who during the past year has seen
 the value of his Securities crumble
 to the extent of 20 per cent. or more?

There is only one sure and certain method
 by which the depreciation in the capital value of
 investments can be covered and that is by Life
 Assurance. To restore the value of your Estate
 at an expenditure of a few pounds per cent. is
 surely purchasing peace of mind at a cheap rate.
 Under the Distinctive System of this Institution you can
 obtain at early and middle ages for the same premium
 about £1,500 with right to bonus for £1,000.
 as is charged elsewhere for £1,000.

Particulars and rates on application
The Scottish Provident Institution
 3 Lombard Street, E.C.3
 London (City) Office
 HEAD OFFICE: 6 St. Andrew Square, EDINBURGH
 FUNDS £22,500,000

BANCA COMMERCIALE ITALIANA.

Limited Company Incorporated in Italy.

Established in 1894. Head Office: MILAN.
 Capital 700 million Lira. Reserves 580 million.
 Deposits 8,480 millions.

Branches in every centre of commercial and
 industrial importance in Italy; also in London,
 New York, Istanbul (Constantinople), and Izmir
 (Smyrna).

Affiliated and Auxiliary Institutions in France
 (Paris and Riviera), Switzerland, Czecho-
 Slovakia, Poland, Yugoslavia, Austria, Hungary,
 Bulgaria, Roumania, Greece, Egypt, Morocco,
 U.S.A., Brazil, Argentina, Chile, Uruguay, Peru,
 Colombia, Ecuador, etc.

London Office:

32, Threadneedle Street, E.C.2.

A. JOEL, Manager.

Correspondents to the Italian Treasury.

Monday, however, the Clearing Banks called in funds somewhat heavily, and new money until Wednesday commanded up to 3 per cent., while recourse to the Bank was had for a large amount, borrowing extending to eight days. On Tuesday, "window-dressing" operations by the Clearing Banks were heavier than expected; the foreign exchange settlement was large and for outside money overnight $3\frac{1}{2}$ per cent. and more was frequently paid. Further borrowing from the Bank was necessitated, in some cases up to nine days. On Wednesday there was a reversion to conditions of extreme ease, balances being offered down to 1 per cent. The plethora of conditions of short credit were accentuated, of course, by the fact that, since end half-year borrowing from the Bank had begun unusually late, no loans fell to be repaid until Thursday, when day loans were called $1\frac{1}{2}$ per cent.

Last Friday applications for the £40 millions of Treasury bills available amounted to £68 millions, against £58 millions offered for the £35 millions of bills placed a week ago. The average rate of discount worked out at £1 19s. 9.87d., as compared with £2 1s. 11.22d. on the previous Friday. Following this result the market rate of discount weakened fractionally, and on Monday, though $2\frac{1}{2}$ was nominally quoted, the competitive rate was not really better than 2 per cent., while "hot" Treasury bills were dealt in at $1\frac{1}{2}$ per cent. Forward business in full-dated bills for delivery after July 1st was transacted down to $1\frac{3}{4}$ per cent. Since this figure would be anomalous, given the continuance at 2 per cent. of the Clearing Banks' minimum charges to the market for weekly fixtures, the decline reflected somewhat optimistic anticipations that there might be a reduction of Bank rate to 2 per cent. on Thursday of this week.

	June 11, 1931.	June 18, 1931.	June 25, 1931.	July 2, 1931.	Previous Rate and Date Changed.
Bank Rate	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	3 (May 14, '31)
Banks' Deposit Rate..	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
Discount / Call	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
Houses / Notice	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (May 1, '30)
Market rate (3 months' bills)	$2\frac{1}{8}$ - $2\frac{3}{8}$	$2\frac{1}{8}$ - $2\frac{3}{8}$	$2\frac{1}{8}$ - $2\frac{3}{8}$	$1\frac{1}{2}$	...

By Thursday morning the absence of progress in the negotiations at Paris between Mr Mellon and the French Cabinet, and the consequent obscurity of the financial outlook in Central Europe, led to a fairly general feeling that there would be no change in the official rate until the situation was clearer. Thus the "no change" decision on Thursday occasioned little disappointment or surprise. Notwithstanding the Bank's decision, however, the market rate of discount remained weak under pressure of the ample supplies of money, combined with renewed buying of bills by the Clearing Banks, who bid extensively for September and October Treasuries down to $1\frac{1}{2}$ per cent. This quotation led to considerable speculation whether the Clearing Banks, in order to replenish their bill portfolios, would find it necessary to reduce by at least $\frac{1}{4}$ per cent. their charges to the market even were Bank rate not reduced. The week's Bank return, analysed on p. 41, reflects the normal influence of the turn of the half-year. Discounts and advances were up by £24.7 millions, and bankers' deposits by £37.8 millions. The reserve had declined to 46.2 per cent., as compared with 59.1 per cent a week ago.

An event of the week which may become historic as the opening of an era of closer central banking co-operation was the joint extension by the Bank for International Settlements, the Federal Reserve Board, the Bank of England and the Banque de France of rediscount credits of the nature of \$100 millions to the Reichsbank. The timeliness of this co-operative assistance is significantly illustrated by the fact that, in spite of this credit, of which some 60 per cent. appears to have been used over the end of the month, the reichsmark, as described below, failed to hold its initial "Hoover" improvement and

slowly relapsed until on Thursday a quotation of 20.50 $\frac{1}{2}$ was reached, while the daily demand on the Reichsbank for foreign currency continued into July.

Following June's accretion to American gold stocks of some £28 millions, the flow has been continuing this week; but there are definite signs that the Federal Reserve Board are pursuing a deliberate cheap-money policy designed both to check this flow and co-operate with President Hoover's plan of salving the financial position in Central Europe and to stimulate domestic industrial recovery. Although irresponsible rumours that the Federal Reserve Bank of New York might reduce its rediscount rate to 1 per cent. this week were not taken seriously here, no small significance is read into the news that the Federal Reserve Board have for the first time for a number of months been engaged in open-market operations designed to broaden the basis of credit. The adoption of a "cheap-money" policy by the American authorities has a dual significance for Lombard Street. It not only makes the way easier, in the absence of untoward political developments, for a reduction of the Bank of England's discount rate, but also gives promise that the coming seasonal strain on sterling normally exerted by the financing of the import of primary commodities will be lightened, because, in view of the conditions in New York, a greater share than ever of the financing will be handled on the other side of the Atlantic.

The Foreign Exchange market was relatively quiet this week, pending the result of the negotiations with France with regard to the Hoover proposals. Such movements as there were were mostly against sterling, but no sensational changes were recorded. The New York rate went from 4.86 $\frac{1}{2}$ to 4.86 $\frac{3}{4}$, Montreal following suit in improving from 4.89 $\frac{1}{2}$ to 4.88 $\frac{1}{2}$. Paris gained five points at 124.25 and Brussels improved sharply from 24.92 $\frac{1}{2}$ to 34.90 $\frac{1}{2}$. Milan was better at 92.90, against 92.84 last week. Madrid was again rather erratic and reflected the political uncertainty by moving from 50.00 to 49.50 when the elections were known to have passed off without disturbance, only to weaken again to 51.30 against 51.70 last week. Amsterdam moved rather sharply in our favour from 12.08 $\frac{1}{2}$ to 12.09 $\frac{1}{2}$. Berlin was unchanged on balance at 20.50 $\frac{1}{2}$. Switzerland, after touching 25.15 $\frac{1}{2}$, improved to 25.11 $\frac{1}{2}$ against 25.10 in the previous week. In the Scandinavian currencies Stockholm moved from 18.14 $\frac{1}{2}$ to 18.13 $\frac{1}{2}$. Oslo lost $\frac{1}{2}$ at 18.16 $\frac{1}{2}$, whilst Copenhagen was unchanged at 18.16 $\frac{1}{2}$. The South American exchanges were variable, Rio gaining $\frac{1}{2}$ d. at 34 $\frac{1}{2}$ d., Buenos Aires losing $\frac{1}{2}$ d. at 35 $\frac{1}{2}$ d. after being 36 $\frac{1}{2}$ d., whilst Montevideo was weaker by $\frac{1}{2}$ d. at 28 $\frac{1}{2}$ d. The Far Eastern exchanges were generally firm and steady, the rupee remaining at 1s. 5 $\frac{3}{4}$ d. and the yen at 2s. 0 $\frac{3}{4}$ d., but Batavia lost a point at 12.10 $\frac{1}{2}$. In the forward market one month's dollars were in greater demand at $\frac{1}{2}$ cent premium, but three months' delivery weakened by $\frac{1}{2}$ d. to $\frac{3}{4}$ cent premium. Forward Paris was weaker at 7 and 27 cents premium, as was Brussels at $\frac{1}{2}$ centime and 3 centesimi discount, against 10 and 30 last week. Madrid was firmer at $\frac{1}{2}$ peseta discount for one month and $\frac{1}{2}$ peseta discount for three. Amsterdam was fractionally weaker at $\frac{1}{8}$ cent and 1 $\frac{1}{8}$ cents discount for one and three months respectively. Berlin was quoted at par for one month and one pfennig discount for three. Switzerland from par for both deliveries went to $\frac{1}{4}$ centime and 1 centime premium. The silver market was quiet on the whole, but prices advanced by $\frac{1}{2}$ d. to 13 $\frac{1}{2}$ d. for both deliveries as a result of considerable Chinese buying. The Chinese silver exchanges were firm, Hong Kong gaining one penny at 1s. 0 $\frac{1}{2}$ d., whilst Shanghai was unchanged at 1s. 4d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Boulevard Street, London, E.C.4.

HOPE DEFERRED.

THE announcement, now nearly a fortnight old, of Mr Hoover's proposal, that there should be a suspension for one year of all inter-Governmental payments, was hailed so ardently with relief and a sense of escape from grave risk of imminent disaster, that the first signs of difficulties raised by France with regard to the application of the moratorium did not dispel the atmosphere of reassurance and renewed confidence which the American President had engendered. Even a week ago it was generally felt that the project for a "year of grace" should be still-born. That feeling has persisted; but as day has succeeded day, without evidence of any close approach to agreement between Paris and Washington, the truth of the old proverb concerning the deferment of hope has been sadly illustrated.

The tale of events may be taken up from Friday, June 27th. On that day the official text of the French reply to President Hoover was read by M. Laval, the Prime Minister, to the French Chamber. The Note began by declaring that France was "in agreement with the lefty sentiments" which inspired the American proposal. The French Government was prepared to propose to the Chamber that France should abstain provisionally, during the period of one year, from retaining any payments from the Reich.

"But in view of the nature of the engagements freely undertaken, and only recently signed, under the Young Plan, and the solemnity with which it recognised the final and non-postponable annuities, by which the necessary permanence of the principle of reparations was shown, there would be a grave risk of shaking confidence in the value of signatures and contracts, and thus of frustrating the end in view, if, in the proposed suspension of payments, the non-postponable annuity were treated in the same way as the conditional annuity."

The French Government, therefore, considered that "a moral interest of the first order" required that payment of the unconditional annuity should in no way be deferred even during the moratorium year.

Moreover, in the opinion of the French Government the dangers at present threatening the economy of Germany and Europe were due notably to restrictions of credits or to withdrawal of foreign funds. The solution, therefore, lay not simply in a diminution of the charges on the Reich budget, but in the extension of credits. The French Government was ready to place at the disposal of the B.I.S. a sum equivalent to one year's French share of the unconditional annuity, with the exception of the funds necessary for the execution of the remainder of the contracts for deliveries in kind now proceeding. The funds paid over to the B.I.S. could be immediately utilised "for the improvement of credit in Germany as well as in the countries of Central Europe . . . [but] it goes without saying that the sums thus employed would become available again on the expiry of the period of one year."

The French Government also considered that all necessary precautions must be taken that these sums, as well as those accruing from the alleviation of the Reich budget, should be utilised only for economic ends. Finally, before the expiry of the moratorium year, there should be an examination of the measures to be taken by France Germany for the resumption of her public debt was desired to recall that the amount of her public debt was about four times that of the debt of the Reich.

It was at once apparent that the attitude of the French Government represented, in several respects, a considerable divergence from the lines of President Hoover's proposal; and the difficulties of the situation thus disclosed were not lessened by the tenor of Friday's debate in the Chamber. Nationalist sentiment ran high; M. Briand significantly effaced himself; and though the Chamber, by 386 votes against 189, approved the terms of the reply to Mr Hoover, and "placed its trust in the Government for assuring the preservation of the unconditional annuity," the Government was saved only by the support of 107 Socialists. The Radicals, led by M. Herriot, joined with the Right in an anti-Government vote.

Meantime, on Saturday, conversations had begun between the French Cabinet and Mr Mellon, who had crossed from London to Paris on Thursday to conduct negotiations on behalf of Mr Hoover's Government. The conversations continued day after day without definite news of tangible results, but it was understood that the American Government took exception to the French proposal that the funds paid by Germany during the moratorium year to the B.I.S. should be utilised for the benefit of Central European countries as well as Germany, and were unable to agree that the reimbursement by Germany of the payments postponed should be carried out within a shorter time-limit than twenty-five years. By Tuesday night a deadlock appeared to have been reached. The French negotiators seem to have been willing to concede the spreading over two to five years of the reimbursement of the suspended payments, but they complicated the issue by introducing the extraneous contention that if, at the end of the moratorium year, Germany had recourse to the Young Plan safeguards and declared a suspension of transfers, France should then be absolved from carrying out her obligation under the Young Plan to make good the guarantee fund with the B.I.S. in respect of the unconditional annuities. Meanwhile, the tone of the French Press was becoming more and more hostile to the United States and the Hoover scheme, and the position of M. Laval was rendered still more difficult by Tuesday's debate in the Senate, where the interpolation of M. Lémery ("courageously combating as always," in the words of the *Journal des Débats*, "la politique de liquidation de la guerre") led to a vote of confidence in the Government by 197 votes to 5, but only after M. Flandin, speaking for the Government, had shown that the Cabinet recognised the strength in the Senate of the opposition to further concessions by France towards meeting Mr Hoover's views.

When the conversations in Paris were resumed on Wednesday afternoon, Mr Mellon presented a Note, or rather *aide-memoire*, from the American Government, reviewing the situation. The gist of the communication was as follows:—

French qualifications appeared to withhold the intended relief to Germany, and not to conform to the spirit of the President's proposal, which contemplated a complete suspension of all payments on inter-governmental debts during a period of one year. The American Government considered that all postponed payments should be funded over a long period of, say, twenty-five years, and should bear interest at the average rate paid by the creditor Governments on their own public debts at the end of the preceding fiscal year. Since the French Government insisted that, as a matter of principle, the unconditional annuities should be paid without interruption, the American Government was willing to agree that the payments should be made to the B.I.S., provided they were immediately reloaned to the German Government.

The French proposal that the sums paid to the B.I.S. should be reloaned to German industrial and financial concerns rather than to the German Government would be incompatible with the President's proposal of relief to governments. The French Government's suggestion that \$25 millions of the unconditional annuities paid into the B.I.S. should be available for loans to Central European countries would be a violation of the broad proposal of the President to suspend all payments of inter-government debts.

The proposal of the French Government that funds paid during the moratorium year by Germany into the B.I.S., and credited to France, should relieve France of any future obligations in respect of The Hague agreement guarantee fund appeared to the American Government to be inconsistent with the French suggestion that the payment by Germany into the B.I.S., during the moratorium year, would be a mere matter of form, in order to assure the continuity of unconditional payments. Moreover, this proposal would involve a modification of the Young Plan itself; and this the American Government, not being a signatory, could not undertake to negotiate.

Failing Mr Hoover's scheme, Germany would unquestionably give notice of postponement of all the conditional annuities. In this event, France would receive, in unconditional payments from Germany, approximately \$105 millions, but would be obliged to pay \$216 millions, including war debt annuities to Great Britain and the United States and her obligations to the guarantee fund.

The terms of this communication revealed only too clearly the extent of the gap which Mr Mellon and M. Laval had still to bridge when they re-assembled once

more on Thursday night, after a meeting of the French Cabinet had been held in the morning; and though we are far from being unsympathetic towards the French point of view (we feel, indeed, that the political difficulties of M. Laval have been perhaps insufficiently appreciated both in Washington and in London), it is impossible not to regret that France, whatever the moral force behind her claims, should have taken on herself the responsibility of creating this prolonged *impasse*, with all its attendant risks of endangering the economy of Europe.

Let us endeavour to do full justice to the French standpoint. France is entitled to argue that, whereas the Hoover Plan (which would impose on the French Treasury a sacrifice heavier than that falling on any other European budget) would give Germany a year's complete remission of payments, it is questionable, at least, whether Germany need find it *economically* impossible to transfer the unconditional 1931-32 annuity. She may arraign gross German blunders of policy—the foolish pocket-battleship programme, the Stahlhelm demonstrations—as justifying her inclination, as a nation with war debts against her own account, to look critically at what she considers to be undue relief to the Reich Treasury. Above all, she may legitimately point out that Mr Hoover has asked her to agree to a step which (let us be frank) would to some extent prejudice the whole future of reparations, but that he has given Europe no guarantee that there will be more than one year's truce for war debts.

But, when all is said, the most sincere friends of France must deplore the position into which deputies and newspapers in Paris have combined to force M. Laval. There have been three cardinal factors in the position which France has ignored. Firstly, at the moment when the American offer was made, Central Europe was heading swiftly for complete financial breakdown. Secondly, from the moment President Hoover made his offer, it became impossible *politically* for the German Government to assent to an arrangement substantially less favourable to Germany without the gravest risk of being driven from office by irresistible revolution; and the resulting chaos would spell "Good-bye to All That" in the sphere of reparations. Thirdly, though there is logic in the French complaint that Mr Hoover, tied by "anti-debt-revisionism" in his own Congress, has asked M. Laval to risk, for the larger future, more than he dare venture himself, French opinion failed to give due weight to the enormous significance of the real departure taken by American opinion when Mr Hoover's proposal, for all its formal denial that permanent debt remission was contemplated, met with a chorus of enthusiasm in the United States. The French insistence that America is thinking solely in terms of her endangered Central European investments is neither generous nor well-founded. There was the beginning of a genuine re-orientation of the American attitude to Europe's economic difficulties; and that vital, promising development France has already gone far to check.

As we go to press, though the eventual upshot of the British proposal of a conference of all Young Plan signatories has yet to be learnt, there is still room for hope that wiser thoughts and wider vision will still prevail in Paris. Appreciating fully, as we do, the moral right of France to legitimate compensation for her ravaged territory, we should lend no support to the proposition that the Young Plan should be incontinently scrapped, and that Germany should henceforth be absolved from every pfennig of reparations. We do not believe that Dr. Brüning's Government would put such a proposition forward. But the worst way to sustain moral rights is to risk an immediate cataclysm by insistence on assurances and safeguards for to-morrow. France would have done better for the world and herself had she met America's gesture with unqualified readiness to contribute generously to the rehabilitation of Europe which is ultimately vital to her own well-being. The surest safeguard for the future, had France but seen it, lay in the welcome willingness to take the lead in common sacrifice and co-operation which Mr Hoover's offer revealed on the part of the American nation.

DISARMAMENT OR RE-ARMAMENT?

The lesson of history is that after every great war the world enjoys immunity from a recurrence of a general state of warfare for a limited number of years. This being so, it is a matter for sober reflection that the political and psychological phenomena, in this matter of armaments and war, have not been different in kind during this present "post-war period" from the phenomena which have characterised the similar post-war periods in the past; for example, the interlude of peace after the Napoleonic Wars which ended in the wars of 1848-71, or the interlude of peace after the wars of Louis XIV. which ended (in spite of Walpole's efforts) in the wars of 1739-63. Is the Great War of 1914-18 to be followed, after the present lull, by another crop of wars, ending perhaps in the downfall of Western civilisation?

"Unthinkable!" we are tempted to protest. A society so civilised as ours will never commit social suicide with its eyes open. This time we are on our guard. As proof that we are on the alert and have been up and doing there are the solid results of our labours during the past dozen years: the League of Nations; the Kellogg Pact; the Naval Limitation Treaties of Washington and London; and the work of the Preparatory Commission which has made the convening of next year's Disarmament Conference possible. Surely we are entitled to congratulate ourselves? Surely, this time, we have got the evil under control?

Yet, before we congratulate ourselves, we should perhaps pause. If either John Bright or Sir Robert Walpole could have returned to earth to listen to the debate in the House of Commons at Westminster on this last Monday, June 29, 1931, he might well have exclaimed, either mournfully or cynically: "I recognise these accents. These are echoes of speeches that once fell, in St. Stephen's, from my own lips. Even so did I hope and pray in my day. My hopes were disappointed and my prayers unanswered." The fact is that, if we look our present situation in the face, it is not yet really different in kind from the corresponding situation on the morrow of great wars in the past. Then, too, there was the same immediate revulsion against war in the hearts and minds of a generation which had directly experienced its horrors; and there was the same immediate pause in the competition of armaments between Powers that had just overtaken their resources in the last bout of belligerency. There were even schemes, less systematic and less energetically pushed, but not very different in character and not different at all in intention, from our own post-war schemes, for a rational, organised, co-operative perpetuation of peace. Now, on these previous occasions, the forces that worked together for peace on the morrow of a great war proved ineffective for the preservation of peace as soon as the direct psychological and material effects of the last war had worn off. As soon as a generation that had never yet fought had grown to manhood, and as soon as the public finances of the late belligerents had recuperated, the peace movement collapsed and the Powers went to war with one another again.

What is the destiny of our own peace movement to-day? Have we, in our generation, the will and the wisdom and the ability to do what our forefathers each time failed to do—that is, to continue our advance when the tide that flowed with us in the first stage of our advance is ebbing? Can we implant the will to peace in a rising generation that has not known war? Can we prevent the Governments from spending their resources, as these gradually recuperate after we emerge from our inevitable series of post-war depressions, in first accumulating and eventually utilising fresh armaments?

Thus we are approaching the crisis of the peace-or-war question of our time. Next year's Disarmament Conference will show whether the temporary lull of the last dozen years is to be converted into a lasting state of disarmament and security or is to be followed by a new bout of competitive arming which will culminate in further warfare. There is no possibility that *vis inertiae* will do our business for us by automatically maintaining the post-

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:
8 KING WILLIAM STREET, LONDON, E.C.4

war *status quo*. We have either to achieve something much better or else to resign ourselves to relapsing into something much worse.

This, at least, can be said: the comprehensive limitation, on an agreed ratio, of the navies of the three Oceanic Naval Powers, offers a framework within which the rest of the disarmament picture could assuredly be filled in next year. But, unfortunately, this Anglo-Japanese-American understanding has one weak spot; for one of the parties, the British Commonwealth, has to take account not only of the Japanese and American Navies, but of the French and Italian Navies; and "the escalator clause" in Part III. of the London Naval Treaty of 1930 expressly provides for the tragic possibility that the Anglo-Japanese-American agreement might have to be thrown back into the melting-pot if, for example, the maximum tonnage for destroyers which the British Commonwealth has accepted *vis-à-vis* America and Japan were to become unacceptable to us *vis-à-vis* France through the increase in the tonnage of the French submarine flotilla.

Thus the achievement of a comprehensive naval limitation between the three Oceanic Powers will not be fully assured until it is supplemented by a similarly comprehensive naval limitation, on an agreed ratio, between the British Commonwealth, France and Italy. We failed to achieve this supplementary agreement in London last year. Then we thought, for a moment, that we had achieved it last March—only to be disappointed again. Why cannot France agree in this matter with us? Because she cannot agree with Italy. And why cannot France and Italy agree with one another? Because the French and Italian navies in the Mediterranean are adjuncts to their land forces on the European Continent. And so we came to the obstacle of Continental European armaments—the obstacle which at present is preventing progress, and which may defeat the movement for disarmament and security altogether unless we secure a substantial first instalment of reduction in Continental European land armaments (beyond those which were singled out for limitation in the peace treaties) at the World Disarmament Conference next year.

The crux is this: the state of affairs set up by the four European peace treaties has been maintained so far not by the consent of the vanquished, and not by the machinery of the League of Nations, but by the combined military supremacy, on the Continent, of France and her allies—Poland, the Little Entente and Belgium. We may assume that this attempt to preserve *ad infinitum*, without revision, the strict terms of a particular peace settlement, by the sanction of superior military force, will prove just as impracticable this time, when France has embarked upon it, as it proved when Germany tried it after 1871 or when Austria tried it after 1815. The peace settlement of 1918-20 is bound, like all the European peace settlements that have gone before, to pass away sooner or later, by one means or another. Either the recent Continental victors will renounce their temporary

superiority of armaments, and will take the initiative in a pacific revision of the treaties in friendly agreement with the rest of the world; or (as history shows) they will eventually be confronted with a counter-coalition which will gradually outstrip them in number and in strength as, with the passage of time, the iron boots of the *status quo* pinch more and more nations' feet. Here, staring us in the face, if things go wrong next year, is the road to a fresh competition in armaments leading towards another Great War.

In the light of this, what is the significance of the debate in the House of Commons last Monday? The rather surprising unanimity of all speakers (apart from Mr Churchill's inevitable solo) gives food for thought, both to ourselves and to our Continental neighbours. The debate showed that there is an agreement among all parties in Great Britain (and we believe that there is the same feeling, *mutatis mutandis*, in the Dominions, in Japan, and in the United States) that, in one sense, the anticipatory unilateral disarmament which has been carried out by the Oceanic Naval Powers is nearing its furthest possible limits. The feeling of the House was summed up by Sir Herbert Samuel. "He thought they were all agreed that disarmament could not be merely one-sided. There might be all sorts of risks we could not at present foresee . . . If these risks were realised, and we, trusting all would be well, had disarmed while others remained armed, we might be leading our country into an appalling catastrophe . . ." The moral is clear. Though unilateral disarmament may be impracticable, neither we nor other nations can rest content with the progress towards reduction of fighting forces so far achieved. Neither we nor our neighbours can afford to allow the World Disarmament Conference of 1932 to be anything short of a striking success.

THE MONETARY HALF-YEAR.

FROM the history of the London money market during the first half of 1931 there emerge two distinct phases, although the usual elements of prolonged economic depression in the shape of idle funds and generally low money rates were common to both. The first phase lasted from the middle of January until the beginning of May, and was characterised by the steps which the Bank of England was constrained to take, through the exercise of its indirect influence over the market, to correct the persistent underlying weakness of sterling and to check the drain on its gold holdings. The second phase, inaugurated by the relaxation of market control and the reduction of Bank rate to the lowest point reached since October, 1909, was one in which the dominant factor was no longer the quotation for sterling on Paris and New York, but the growing financial crisis in Central Europe the decline in the value of the Reichsmark, and the out

flow from Germany of disquietingly large sums in gold both to London and other centres.

In the following table we show, at fortnightly intervals, the course of the three leading exchange rates, of the Bank of England Issue Department gold stocks, and of Bank rate and market rate during the past six months. Ignoring day-to-day fluctuations, the figures give a clear picture of the trend:—

MONETARY INDICATORS.

	Dollar.	Franc.	Mark.	Bank England Issue Dept. Gold.	Bank Rate.	Market Rate.
December 31, 1930 ...	4.85½	123.66	20.38½	£ Mn.	%	%
January 15, 1931 ...	4.85½	123.83	20.42½	147.6	3	2½
January 29, 1931 ...	4.85½	123.91	20.43½	144.5	3	2½
February 12, 1931 ...	4.86	123.95	20.44½	139.5	3	2½
February 26, 1931 ...	4.85½	123.98	20.43½	140.5	3	2½
March 12, 1931 ...	4.85½	124.16	20.41	140.8	3	2½
March 26, 1931 ...	4.85½	124.21	20.39	140.9	3	2½
April 9, 1931 ...	4.85½	124.25	20.40	143.6	3	2½
April 23, 1931 ...	4.86½	124.44	20.42½	145.3	3	2½
May 7, 1931 ...	4.86½	124.24	20.41½	146.3	3	2½
May 21, 1931 ...	4.86½	124.27	20.47½	149.0	2½	2
June 4, 1931 ...	4.86½	124.25	20.50	151.0	2½	2
June 18, 1931 ...	4.86½	124.25	20.50	160.9	2½	2
July 2, 1931 ...	4.86½	124.23	20.50½	163.3	2½	1½

The year began with the influence of post-Oustrie repatriations of French balances held abroad still operative on sterling, and, notwithstanding the reduction of the Banque de France rate to 2 per cent. on January 2nd, gold continued steadily to leave the Bank of England for Paris at an average rate of about £300,000 per working day during the first fortnight of January. The daily rate of withdrawal was then limited by the capacity of refiners to deal with the standard gold delivered by the Bank of England; but on January 14 it became known that the Banque de France was making arrangements henceforward to accept standard gold, as well as fine gold, against its purchases. This change, which came into effect from January 16th, resulted in the immediate disappearance of the premium on fine gold in London and the raising of the franc quotation to 123.83; but it took several days before the franc rose to the gold point of 123.89 thus re-established. The removal of the physical limitation upon daily withdrawals led, meanwhile, to a further rapid loss of nearly £4 millions in gold from the Bank of England. In addition, as January went on, the weakness of sterling against the dollar became accentuated by considerable withdrawals of American money from the Continent through London. Under these circumstances, with the gold holding in the Issue Department below £140 millions the Bank decided to intervene, and, during the last week of January, sold bills heavily in the open market at 2½ per cent.

Although the normal contraction in the volume of outstanding Treasury bills at this season of the year was an obvious obstacle to the effectiveness of the Bank's intervention (comparative Floating Debt figures will be found in a Note of the Week), the policy of the authorities, although somewhat unpalatable to the market, was successful in the early attainment of its immediate objectives. As will be seen from the table above, the dollar and the franc responded quickly to the increase brought about in the market rate of discount, and the loss of gold was stopped. Apart from a few arrivals of South African sovereigns, the Bank did not, for some time, succeed in adding to its gold stocks by purchases in the weekly market, and the necessity to continue the "pegging" of market discount at a rate substantially above those existing in New York and Paris was emphasised by the steady discount on the £ in terms of forward francs and dollars. On March 17, however, by which time a sufficient amount of French short money had been attracted to London, and retained there, to bring the franc quotation to 124.20, the Bank succeeded, for the first occasion since March 25, 1930, in securing the bulk of the weekly shipment of bar gold from South Africa; and further acquisitions of Cape gold in the course of the next six weeks, supplemented by arrivals from the Argentine and other quarters, enabled the Bank to view the position with greater assurance. At the same time there was always the risk that, should there be a substantial diminution in the margin painfully established between London rates and those in Paris and

New York, the proceeds of sterling bills bought on French and American account earlier in the year might be withdrawn on their maturity, and, although the normal seasonal expansion in the offerings of Treasury bills after the end of the revenue year lessened the need for positive "hidden hand" operations in the market, the influence of the Bank continued, up to the end of April, to be exercised steadily against any relaxation in the "pegged" rate of 2½ per cent. for three-months' bills, especially since gains by way of Cape gold were offset to some extent by "ear-marking" on Argentine account. At the end of April, however, the New York Federal Reserve Bank reduced its buying rate for bankers' acceptances to the low figure of 1½ per cent., and, on May 7th, following a further reduction to 1¼ per cent. in the bankers' acceptances rate, the rediscount rate in New York was reduced from 2 per cent. to 1½ per cent. The lead from New York was swiftly followed in London. On May 8th, market rate was "unpegged," and fell at once to 2½ per cent., and on May 14th Bank rate was reduced from 3 per cent. to 2½ per cent.

Following this reduction, notwithstanding the fact that the Clearing Banks decided to adhere to 2 per cent. as their charge for weekly loans, market rate rapidly fell away by the end of May to 2 per cent., the influences behind the reduction being the greater ease of money, the further reduction in rates in New York, and the fact that the Bank of England's gold stocks were now comfortably over the conventional "datum" level of £150 millions. The cheapening of money rates, however, was not destined to bring tranquillity to the world's principal financial centres, and though the repercussions of the Central European crisis which developed in June had no marked effects directly on discount market conditions in London, the foreign exchanges became the subject of anxious attention, while the whole question of short credits abroad gave rise to natural uneasiness. By June 6th, following the disclosure of the difficulties of the Credit-Anstalt, reichsmarks, under pressure of steady sales, had depreciated to 20.49½, while the rise, from similar causes, in the quotation for Swiss francs enabled Switzerland to acquire a large portion of that week's Cape gold in London. By June 8th, the inflow of bar gold from Germany to the Bank of England had begun; withdrawals of foreign credits from Germany, accompanied by signs of a domestic flight from the mark, gained in volume daily, and the Bank of England return on June 11, by which time the reichsmark had fallen to 20.52½, showed that the Bank had added £5.4 millions on the week to its gold stocks, of which over £4 millions represented sales by the Reichsbank. The history of the Central European crisis during the remainder of the month—a crisis illustrated by the raising of the Reichsbank rate from 5 per cent. to 7 per cent. on June 13th, while Bank rate in Austria and Hungary rose to 7½ per cent. and 7 per cent. respectively—has been told at length in these columns and need not be repeated here. To this extent it directly affected the London discount market in that, despite the pressure of superabundant funds seeking employment, market rate was maintained at 2½-2¾ per cent. until the closing days of June, when anticipations that Bank rate would be reduced on Thursday, July 2nd, led to business in bills for July, delivery being done round 1½ per cent.

In the following table we give our usual calculations of daily average rates during the half-year:—

DAILY AVERAGE FOR FIRST HALF-YEAR.

	1927.	1928.	1929.	1930.	1931.
Bank rate	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Market rate (3 months)	4 16 0	4 10 0	5 5 1½	3 16 9	2 17 2
Margin	4 3 3	4 1 0	5 1 5	3 0 0	2 8 0
Short loans	0 12 9	0 9 0	0 4 6	0 16 9	0 9 2
Deposit rate	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Margin	3 17 6	3 13 0	4 8 2	2 19 9	2 1 8
	2 16 0	2 10 0	3 5 11	1 16 9	1 0 0
	1 1 6	1 3 0	1 2 3	1 3 0	1 1 8

It will be seen that the margin between the short-loan rate and market rate of discount was 6s. 4d. per cent. as compared with only 3d. per cent. in the first half of 1930, while the margin between market rate and Bank rate

narrowed from 16s. 9d. to 9s. 2d. per cent. The period, however, during which market rate was "pegged" represented for brokers a considerable contraction in the volume of business, and having regard to the fact that profits arising from the capital appreciation of bills were substantially less than a year ago the six months under review were not generally profitable for the market. On the other hand, the increase in the margin between the deposit rate allowed by the banks and the minimum rate charged for the bulk of their advances should have done something to compensate the banks for diminished profits in other branches of their business.

Regarded, however, from a wider standpoint than that of the internal conditions of the London money market, the first half of 1931 must be judged as a period in which disequilibrium in the world's monetary situation was seriously accentuated. In the final table we give a fuller list of the movements on balance of the principal foreign exchanges:—

Centre.	Method of quoting.	Par Level.	Rate, June 30, 1930.	Rate, Jan. 1, 1931.	Rate, June 30, 1931.
Paris	Francs to £1	124.21	123.72	123.66½	124.25½
Berlin	Marks to £1	20.43	20.39	20.38½	20.49½
Vienna	Schillings to £1	34.58½	34.42	34.48½	34.62½
Amsterdam	Florins to £1	12.107	12.09½	12.09½	12.09
Copenhagen	Kroner to £1	18.159	18.16½	18.16½	18.16½
Milan	Lire to £1	92.46	92.79	92.74	92.94
Switzerland	Francs to £1	25.22½	25.07½	25.04½	25.11½
Madrid	Pescetas to £1	25.22½	44.45	46.30½	50.50
Lisbon	Pence to escudo	4.50	108½	108½	110
New York	Dollars to £	4.86½	4.85½	4.85½	4.86½
Buenos Aires	Pence to dollars	47.58	39½	35½	36½
Rio de Janeiro	Pence to dollars	18	5½	4½	3½
Monte Video	Pence to dollars	51	42½	35½	28½
Valparaiso	Dollars to £	40	39.95	39.89	39.95
Calcutta	Pence to rupee	10	1/5½	1/5½	1/5½
Hong Kong	Ster. to dollar	...	1/6½	1/5	1/4½
Shanghai	Ster. to taels	...	2/0½	2/0½	2/0½
Kobe	Ster. to yen	24.58	2/0½	2/0½	2/0½

Apart from the depreciation of the Reichsmark, outstanding features are the decline in the value of the peseta as the result of uncertainty regarding the political future of post-revolutionary Spain, and the failure so far of plans projected for the revalorisation of the currency to materialise; the weakness of the Far Eastern exchange rates; and the heavy depreciation in South American currencies. The last-named movement, arising from the acute economic depression in countries largely dependent on exports of agricultural and pastoral products, was unfortunately paralleled in January by a serious widening in the discount on the Australian pound, and since the beginning of February the official Australian rate on London has stood at over Aus. £130. As a result, more-over, of the untoward strain on the exchanges, caused first by the difficulties of primary producing countries and secondly by the "confidence crisis" in Central Europe, the mal-distribution of gold during the past six months has been intensified. The latest returns of central banks available indicate that during the first 25 weeks of 1931 the United States gained on balance £95 millions and France £24 millions of gold, whereas Germany lost £39 millions, and the Argentine, up to the end of April, had lost £17 millions. In addition, at the end of June Australia was in process of shipping a further £5 millions from her depleted gold reserves to cover the repayment of her Treasury Bills held in the London market and maturing at the end of the half-year. The only solid satisfaction to be derived from the monetary history of the past six months is that recognition of the gravity of the June crisis led not merely to Mr Hoover's historic moratorium offer, but to clear evidence that the principal central banks of the world were determined, in joint consultation, to take as effective steps as possible to prevent a monetary cataclysm. The timely assistance afforded by the Bank of England to the Austrian National Bank, followed by the agreement whereby the Bank of England, the Banque de France, the New York Federal Reserve Bank, and the B.I.S. undertook to re-discount the Reichsbank's bills in order to enable that institution to surmount end-June demands without being forced either to restrict credit to a damaging extent or, alternatively, to allow its reserve to fall below the legal minimum, is of good augury for the future.

THE BRITISH BEET SUGAR INDUSTRY.

At a time when commodity prices have an almost unprecedented news value by reason of their spectacular downward movements, and when schemes for restriction of output are under discussion on all sides, it may seem on the face of it remarkable that the British Government should be paying sugar factories to produce one of the foods of which the stocks are already particularly excessive. The appearance this week of a most comprehensive report* on the sugar beet industry offers a timely opportunity for examining the situation in respect of the sugar subsidy.

Attempts were made to establish sugar beet cultivation in Great Britain as early as the beginning of the nineteenth century, but a hundred years passed before the movement gained much impetus. In 1913 a small Government grant was made to the Sugar Beet Growers' Society, but the industry failed to establish itself. Renewed efforts were made after the war, partly with the object of making the country more self-sufficing, partly on general grounds of encouraging an industry which appeared suited to the country and might be expected to employ labour and mitigate the agricultural depression, and partly for the technical reason that sugar beet is a very beneficial crop for ground which is subsequently to be sown to cereals.

In 1922 the industry, still in an embryonic stage and by no means financially successful, secured the remission of the Excise duty, and in that year, for the first time, one factory made a profit. In 1924 the Government's intention of providing a subsidy was announced, and by the British Sugar (Subsidy) Act of March, 1925, a subsidy was granted for ten years, from and including the 1924-25 season, at the rate of 19s. 6d. per cwt. of sugar produced during the first four years, 13s. for the next three years, and 6s. 6d. for the last three years. The subsidy was coupled with a minimum price of 44s. per ton of beet of 15½ per cent. sugar content, to be paid to farmers for the first four years.

As a result there is not a county in England and Wales where this crop has not been successfully grown, though the bulk of it is grown in East Anglia. The number of growers has increased from 4,039 in 1924 to 40,415 in 1930, and over the same period the acreage has increased from 22,637 to 348,920 and the number of factories in operation from 3 to 18. The output of sugar has risen from 13 thousand tons in 1923 to 420 thousand in 1930. It is estimated in the report that beet growing gave 60,000 man-years of employment in the years 1924-29 and provided over £5½ millions in wages on field work alone. A further £3 millions were paid in wages at the factories. About 70 per cent. of the employment afforded is necessarily of a seasonal character, but the factories tend to employ the same men year after year, and it is hoped that as the industry progresses it may be practicable to evolve a system of agreements between factories and farmers which will tend to eliminate the casual character of much of the work.

Much information is given in the report as to the comparative efficiency of the industry in this and other countries. The yield of beet per acre has risen from 8.1 to 8.8 tons between 1924-30 and the yield of sucrose from 3.027 to 3.288 lbs. On the average of 1925-29 both were substantially lower than in any of the other producing countries, and it is admitted in the report that during the earlier years of the subsidy the high prices induced many farmers to grow beet on unsuitable land. The wide range of results obtained in different areas shows how great is the room for improvement, and suggests that the subsidy is maintaining in operation growers who are unsuitable. Net costs per ton at the farm have fallen, and are now lower than in France and the United States, though higher than in Belgium, Holland, Czechoslovakia or Germany.

The hoped-for effect of beet growing in improving the yield of cereal crops has, so far as can be ascertained, been realised where cereal crops are still grown, but un-

* Report on the Sugar Beet Industry at Home and Abroad. H.M. Stationery Office, 6d. net.

fortunately the extent of this advantage has been somewhat curtailed by a tendency among farmers to give up not only the cultivation of other root crops but also cereal growing, in favour of beet cultivation. For this same reason, the amount of employment afforded by the industry can, as Sir Herbert Samuel recently pointed out in the House, by no means be regarded as a net contribution to the solution of the unemployment problem. This reservation has to be borne in mind in considering the statement in the report that every acre under beet provides $7\frac{1}{2}$ man-years of agricultural employment and $1\frac{1}{2}$ man-years of factory employment.

Such brief extracts do less than justice to a very thorough and illuminating report, but so far as they go they suggest that the sugar beet industry is establishing itself, though somewhat slowly; that it has still some long way to go before it will be on a competitive footing; and that its development has not been free from those wastes which inevitably attend the artificial promotion of any branch of economic activity. Its contribution to the nation's food supply in an era of peace cannot be taken very seriously with the sugar market in its present condition, its net contribution to employment is small, and though any contribution would be welcome were it obtained at a reasonable cost, that, of course, is a vital condition. What, in fact, has been the cost? The table below shows the burden on the Exchequer for each year of the subsidy:—

ESTIMATED REVENUE ABATEMENTS AND STATE ASSISTANCE TO THE BRITISH SUGAR BEET INDUSTRY.

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	Total
Home-grown sugar produced in each manufacturing campaign (in terms of white sugar)	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
	23,885	51,574	153,296	189,149	193,644	288,324	418,000	1,318,052
Revenue, if charged full duty (11/8)†	£ ml.	£ ml.	£ ml.	£ ml.	£ ml.	£ ml.	£ ml.	£ ml.
Excise duty actually chargeable	0-28	0-60	1-79	2-21	2-26	3-36	4-95	15-45
Revenue abatement	0-23	0-38	1-13	1-40	1-09	1-59	2-28	8-10
Subsidy‡	0-05	0-22	0-66	0-81	1-17	1-77	2-67	7-35
Total assistance retained by sugar beet industry	0-51	1-12	3-32	4-21	2-82	4-23	6-14	22-36
Passed on to consumer	0-56	1-34	3-98	5-02	3-99	6-00	8-81	29-71
	0-56	1-34	3-98	5-02	3-54	5-33	7-83	27-61
	...	...	...	...	0-45	0-67	0-98	2-10

* Provisional during year. † Based on actual output, not on quantities on which duty paid. ‡ Includes subsidy on molasses.

Thus nearly £30 millions has in effect been paid to the industry by the State, of which just over £2 millions have been recovered by the taxpayer in his capacity of consumer. This represents a payment of about 2½d. per lb. for sugar produced—a payment equal to the average retail price of refined sugar in 1930. The expensiveness of this proceeding was well illustrated by Sir Herbert Samuel who, basing his calculation on figures which are largely corroborated by the report, stated in the House some three weeks ago that for every additional man brought into employment the expenditure was about 25s. per working day.

The dividend figures for one group of companies given in a note in our Stock Exchange section suggests that the beet sugar companies are profiting considerably at the expense of the taxpayer. Certainly, according to the table of combined accounts published in the report, they did very well last year. The eighteen factories combined earned, on a share capital of £4,658,140, a trading profit of £1,738,936, of which they distributed £481,408 in dividends. Yet the gap between the price which the factories were prepared to pay for beet in 1931 and the price which the farmers could accept was so wide, in view of the reduction of the subsidy to its final stage of 6s. 6d., that a compromise has had to be effected, subject to parliamentary approval, upon the basis of an advance of 1s. 3d. per cwt. by the Government, to be repaid if the price rises above 7s. 9d. and to be diminished by the amount of any rise in

price above 6s. 6d. The advance, which is to be limited to 300,000 cwt. per factory, is to be conditional upon the guarantee of a fixed price to farmers for all beet offered, up to factory capacity. All the factories except the five comprising the Anglo-Dutch group and one other have accepted these terms. The Anglo-Dutch factories have arranged instead to operate without provision for dividends, reserves or depreciation, and to pay the whole net proceeds of manufacture to the growers.

This new agreement further increases the cost of the subsidy, for it is difficult to anticipate such a rise in sugar prices as would lead to the repayment of the whole advance. In view of the profits being made by the factory companies, combined with the fact that, to quote the report verbatim, "up to 31st March, 1930, in order to enable the factories to pay the farmers £18 millions for their beets, at a price, incidentally, which is roughly double that paid in Continental countries, £16 millions had been paid by the State in subsidy apart from the benefit the industry has derived from the preferential rate of excise duty," it is high time to consider very seriously whether the country can afford this agreeable but costly hobby.

PRICES: THE HALF-YEAR REVIEWED.

THE immediate stimulus to confidence—reflected less in an actual increase of purchases for consumption than in the rapid closing of "short" positions—given to markets by Mr Hoover's moratorium offer of June 20th, resulted in a sharp recovery in the price of a number of leading commodities. Non-ferrous metals were most affected by the "bullish" movement, but cotton, cocoa and linseed oil were also prominent in the advance. The closing days of the month, however, witnessed a sharp reaction occasioned partly by the slow progress made in the Franco-American negotiations with regard to the application of the Hoover Plan, and partly by the clearer recognition that the moratorium itself would only be one step on what is bound, in any case, to be a long upward road towards trade recovery. Moreover, the influence of the "Hoover markets" by no means extended to all commodities; significantly it had little effect on the grain market. In the event, as the following table shows, the net result of Mr Hoover's announcement by June 30th had been no more than to arrest the renewed decline in prices disclosed by our Index Number during the course of the second quarter of the year:—

1927 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1924	114.2	106.7	136.8	119.4	105.6	115.7
" 1929	96.9	85.8	92.2	95.6	90.5	92.4
" 1930	81.0	77.2	64.4	83.6	81.6	77.6
End June, 1930	82.2	77.8	66.5	82.8	84.1	78.8
" Dec., 1930	70.0	71.0	51.4	78.0	75.2	68.7
" Jan., 1931	67.4	69.5	49.2	75.3	72.6	66.3
" Feb., 1931	66.4	68.0	50.6	76.9	72.7	66.5
" Mar., 1931	66.9	67.0	53.7	74.5	69.9	66.2
" Apr., 1931	70.0	66.6	50.8	72.0	68.6	65.4
" May, 1931	69.0	63.5	48.2	69.5	68.2	63.6
" June, 1931	68.8	60.2	48.4	72.4	68.7	63.6

The changes in the index figure of each of the five groups as compared with the position a month ago, at the end of March, and at the close of 1930, can be seen more clearly from the following summary:—

INCREASE (+) OR DECREASE (−) PER CENT. COMPARED WITH				
	Month ago.	End March, 1931.	End December, 1930.	
Cereals and meat	− 0.3	+ 2.8	− 1.7	
Other foods	− 5.2	+ 10.1	− 15.2	
Textiles	+ 0.4	− 9.9	− 5.8	
Minerals	+ 4.2	− 2.8	− 7.2	
Miscellaneous	+ 0.7	− 1.7	− 8.6	
Complete index	...	− 3.9	− 7.4	

In the cereals and meat group during June declines in the price of English barley and oats, and of beef, English mutton, and Danish bacon more than offset slight rises in the case of wheat, maize, potatoes and imported mutton. Among "other" foods, a marked recovery in the price of cocoa was outweighed by heavy falls in those of tea and coconut oil. In the textile group the reaction

from the initial optimism following the moratorium proposal still left cotton prices on a higher level than a month ago, but wool was cheaper. Among the minerals, non-ferrous metals still held, on balance, a fair part of the ground gained, and in the miscellaneous group, higher prices for linseed oil and rubber counterbalanced cheaper leather and tallow. Details of the month's, and of the half-year's changes, are given below:—

	Inc. (+) or Dec. (−) per cent. compared with			Inc. (+) or Dec. (−) per cent. compared with	
	Month ago.	Six months ago.		Month ago.	Six months ago.
Wheat, Foreign	+ 1.0	+ 6.1	Flax	− 2.9	− 4.3
Wheat, English	+ 4.3	+ 1.3	Hemp	+ 3.3	− 21.7
Flour	− 2.4	− 9.6	Jute	...	+ 3.2
Barley	− 2.5	− 22.2	Textiles	+ 0.4	− 5.8
Oats	+ 1.5	− 4.2	Pig iron	...	− 7.9
Maize	− 1.2	− 11.2	Steel rails	...	− 2.3
Rice	+ 5.9	+ 50.0	Iron bars	− 6.1	− 12.9
Potatoes	− 3.0	− 1.5	Timber, English	...	− 4.9
Beef, English	− 6.2	− 19.7	Timber, Swedish	...	− 15.2
Beef, Argentine	− 7.1	− 4.8	Coal, Welsh exp.	− 7.1	− 7.7
Mutton, New Zealand	+ 7.3	− 6.4	Coal, Durham gas	+ 12.3	− 2.9
Bacon, Danish	− 7.1	− 4.1	Coal, household	+ 3.1	− 19.9
Cereals and meat	− 0.3	− 1.7	Lead	+ 24.4	− 2.8
Tea	− 24.4	− 45.6	Tin	...	− 7.2
Coffee	− 3.4	− 19.2	Copper	...	− 7.1
Cocoa	+ 18.9	− 11.1	Spelter	...	− 5.5
Sugar, cane	...	− 2.4	Minerals	+ 4.2	− 7.2
Sugar, refined	+ 2.5	+ 6.4	Timber, English	...	− 7.1
Cheese, Canadian	− 5.3	− 6.6	Timber, Swedish	...	− 15.2
Butter, Danish	− 4.2	− 19.7	Cement	...	− 4.5
Coconut oil	− 23.1	− 25.9	Hides	− 4.5	− 4.5
Tobacco	...	...	Leather	...	− 6.4
Other foods	− 5.2	− 15.2	Petrol No. 1	...	− 8.7
Cotton A.	+ 13.1	+ 1.6	Petroleum oil	...	− 3.7
Cotton E.	+ 5.8	+ 7.1	Linseed oil	+ 14.3	− 20.0
Cotton yarn	+ 4.3	...	Tallow	− 6.4	− 20.6
Cotton cloth	+ 1.7	− 2.9	Rubber	+ 3.8	− 23.5
Wool, English	− 8.7	− 22.2	Soda, crystals	...	...
Wool, Australian	− 4.5	− 4.5	Sulphate of ammonia	...	− 6.7
Wool tops	− 8.3	...	Creosote	...	...
Silk	+ 2.8	− 14.0	Miscellaneous	+ 0.7	− 8.6

Reviewing the half-year as a whole it will be seen that the only commodities to show an appreciable recovery are English oats and potatoes. A small upward movement on balance is to be seen in the case of imported wheat, refined sugar, Egyptian cotton, and jute; but in many leading commodities the decline, following the catastrophic fall already witnessed in 1930, has attained serious dimensions.

To illustrate the position further we show below a list of the cash quotations for a number of typical commodities at the end of the past five half-years:—

	1929.		1930.		1931.
	End June.	End December.	End June.	End December.	End June.
Wheat, Canadian, per qr.	48/3	55/6	39/−	24/6	26/−
Beef, English sides, per 8 lbs.	6/−	5/8	5/8	5/3	5/2
Mutton, New Zealand, per 8 lbs.	4/8	4/10	3/10	3/11	3/8
Tea, Indian auction average, per lb.	1/3	1/1½	1/1½	1/2½	7½d.
Sugar, granulated, per cwt.	23/5½	22/9	21/9	19/6	20/9
Cotton, American middling, per lb.	10-30d.	9-42d.	7-58d.	5-34d.	5-43d.
Cotton yarn, 32's twist, per lb.	15-00d.	13-87d.	11-50d.	9-00d.	9-00d.
Wool, Australian, per lb.	41d.	33d.	27d.	22d.	21d.
Jute, per ton	£30/5/−	£27/15/−	£22/5/−	£15/10/−	£16/−/−
Pig iron, Cleveland No. 3, per ton	72/6	66/6	63/6	58/6	58/6
Coal, best Welsh, per ton	20/−	20/−	20/−	20/−	20/−
Tin, standard, per ton	£201/10/−	£178/2/6	£136/12/6	£116/10/−	£113/2/6
Copper, per ton	£73/19/3	£49/5/−	£46/10/−	£37/5/−	£37/5/−
Linseed oil, per ton	£30/10/−	£45	£22/10/−	£18/−/−	£18/−/−
Rubber, plant. sheet, per lb.	10-62d.	8-06d.	6-25d.	4-25d.	3-25d.
Cement, Portland, per ton.	47/−	47/−	47/−	47/−	47/−

The extent of the fall which has taken place in the average level of wholesale prices (it should be borne in mind that the prices on which the *Economist* Index is based are largely those of primary products) can be, perhaps, more readily appreciated from the following summary of aggregate movement related to the average of 1924. The decline in wholesale food is calculated by taking a weighted average of the two food groups in our index number, and the corresponding movements in the

Stock Exchange

orders on Stockholm are executed with the least possible delay on telephone Stockholm 0101; or by cable:

KREDITBOLAGET

SKANDINAVISKA KREDITAKTIEBOLAGET

cost of living and of retail food are computed from the official figures published by the Ministry of Labour:—

MOVEMENTS RELATED TO AVERAGE OF 1924.

Aggregate Percentage fall to—	Wholesale Prices.	Cost of Living.	Wholesale Food.	Retail Food.
January 1, 1926	7.9	...	7.5	...
" 1927	12.6	...	10.5	3.7
" 1928	14.5	4.0	12.5	6.6
" 1929	18.0	4.6	15.0	8.4
" 1930	23.7	5.1	20.0	9.6
" 1931	40.6	12.6	36.5	20.1
July 1, 1931	45.1	17.1*	41.2	25.4*

* June 1st.

The fall in retail food and in the cost-of-living index during the first five months of 1931 (the figure for the end of June is not yet available) has happily shown signs of acceleration, but the divergence of movement between wholesale and retail prices during the past six and a half years is still very marked.

In the concluding table we show the course of our index number since March, 1931, expressed as a percentage of the average for 1913.

1913 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1924	159.9	169.9	210.6	145.2	131.5	159.3
" 1929	135.6	136.8	141.9	116.2	112.7	127.2
" 1930	113.4	122.9	99.1	101.6	101.5	106.8
End June, 1930	115.1	124.0	102.4	100.7	104.7	108.5
" Dec., 1930	98.0	113.2	79.1	94.8	93.7	94.6
" Mar., 1931	93.6	106.8	82.7	90.6	87.1	91.1
" April, 1931	98.0	106.1	78.2	87.5	85.4	90.0
" May, 1931	96.6	101.2	74.2	84.5	84.9	87.5
" June 1931	96.3	95.9	74.5	83.0	85.6	87.5

The question whether greater confidence, resulting from the successful negotiation of even the first steps towards cutting through the tangle of international indebtedness, can succeed in bringing about a substantial or permanent recovery in prices, or whether other action, concerted internationally, to this end (e.g., by the world's principal central banks) will be required, is one which is likely increasingly to attract attention in all countries. As matters stand, the depression of primary prices to an average level of 12½ per cent. below that which existed in 1913 is putting a strain on the world's economy whose ultimate consequence, if no recovery takes place at an early date, cannot lightly be contemplated.

AGRICULTURAL MORTGAGE CREDITS.

DESCRIBING in last week's issue of the *Economist* the course of the discussions at the May session of the Commission of Enquiry for European Union, we referred to the suggestion of the French delegate that the economic difficulties of the Eastern European grain-growing countries should be met in part by recourse to the International Agricultural Mortgage Credit Company. The genesis of the International Company, the form in which its structure and methods of operation have been approved, and its potentialities and limitations, merit consideration; and the Secretariat of the League has now published the relevant documents*—the Convention

* Official Number, C.375, M.155.

whereby the Company is created, its Charter and its Statutes—assembled in handy form.

The question of the better organisation of agricultural credits arose first last year at the Preliminary Conference with a View to Concerted Economic Action, and was referred by the Council of the League to the Financial Committee. In its first report to the Council, dated January 27, 1931, the Financial Committee expressed the view that

"the obstacles which have, so far, impeded a flow of capital to Eastern Europe are not only, or even mainly, of such a character that they can be made to disappear by technical financial measures only. It is undoubtedly, in the first place, considerations of a political nature which at present keep capital away from that part of Europe. . . . Further, the position of agriculture is only one facet of a general depression affecting the raising of capital for all purposes, and cannot be effectively treated in isolation and apart from general measures of financial consolidation and reconstruction."

Nevertheless, the Committee was of opinion that improvements in the machinery available for international agricultural credits should be devised, and advocated the creation of a special international institute which would borrow on its own credit in the international markets, and would lend on first mortgage security (for the most part in the form of long-term credits) the money so obtained, utilising national or local institutes as intermediaries. The task of working out the details of such an institution was entrusted to a special Delegation of the Committee. The Delegation, whose Chairman was M. ter Meulen and the British representative, Sir Henry Strakosch, functioned with commendable rapidity, so that on May 11th the Financial Committee was enabled to present to the Council of the League a complete scheme. This was examined and endorsed by the Commission of Enquiry for European Union at its third session, and formally adopted by the Council on May 21st.

The scheme provides for the foundation of an International Mortgage Credit Company with headquarters located at Geneva, and whose objects are:—

"1. To make long-term loans with amortisation, or medium-term loans with or without amortisation, to mortgage or agricultural credit companies or institutions which, either directly or through other companies having their registered offices in the same country, make loans upon first mortgages on immovable property which is the subject of agricultural cultivation or used for the purposes of such cultivation.

"2. To create and negotiate bonds the sums repayable on which may not exceed the amount of the debts due from the national companies to the International Company and secured by first mortgages registered in the name of the national companies, belonging to them or held by them as security."

The authorised capital of the International Company is fixed, in the first instance, at 250 million gold Swiss francs in shares of 2,500 francs, of which ten thousand are to be A shares (carrying one vote per share at general meetings), and 90,000 B shares, carrying one vote for every 15 shares. Transfers of A shares are to be subject to the approval of the Board.

In order to furnish the International Company from the outset with a reserve which should command the confidence of investors in its bonds, Article 5 of the Convention provides that the contracting Governments shall advance between them (in proportions corresponding to their normal League contributions) the sum of 25 million gold Swiss francs, to be gradually repaid by the Company. The 10,000 A shares, which are to be issued at once, will be offered for subscription in each of the countries whose Governments are parties to the Convention, in proportion to the amounts contributed by the several Governments to the aforesaid advances. The B shares are to be offered, in due course, as and when the Board thinks fit. Preference will be given to subscriptions for A shares from mortgage or agricultural credit companies.

The Board of the International Company is to consist of a President and Vice-President, appointed by the Council of the League, together with 16 directors, of whom one is to be appointed by the International Institute of Agriculture, and one by the B.I.S. Nine directors are to be appointed to start with by the Organisation Committee, charged by the League Council with the task of establishing the Company, and subsequently are to be elected by the general meeting. These directors are to be chosen from among officers of loan, mortgage, or agricultural credit companies, or from among persons with special knowledge and experience of banking; the remaining five directors are to be co-opted by the Board. Where there is not upon the Board any national of a country which has contributed to the original advances, that country may appoint an assessor to take part in Board meetings in an advisory capacity. All the directors must ordinarily be resident in Europe, and the Board is to appoint an Executive Committee consisting of the President and either five or seven directors, subject to the proviso that not more than two-fifths (or alternatively three-sevenths) of the Executive Committee may be nationals of

countries in which national agricultural credit companies have been approved by the International Company for the receipt of loans.

The International Company may issue bonds (registered or bearer) up to a total amount not exceeding ten times the total nominal amount of the paid-up capital and the special reserve fund of 25 million francs. The interest payable on the bonds and their maximum period of redemption is to be at the discretion of the Board. From the proceeds of the bonds issued by it, the International Company will accord to national companies approved by it loans repayable by annual amortisation within not more than 30 years. The national companies must formally undertake to use the sums lent them exclusively for loans secured by first mortgages on real property forming part of an agricultural undertaking, and such loans may not exceed 50 per cent. of the estimated value of the property offered as security. The interest and capital of the bonds issued by the International Company shall be guaranteed by a sole charge on the interest and capital of the bonds which are issued by the national companies, as aforesaid, and delivered to the International Company.

The Board of the International Company will appoint representatives to examine and supervise the operations of the national companies. It may require that the Governments of countries whose national companies desire loans shall take particular legislative measures to render more effective the mortgage security; and it may also require a guarantee by the Government of the borrowing country in respect to the bonds given by the national company. These bonds must be expressed in a currency having a parity with gold fixed by law. The maximum margin between the rate of interest at which a national company borrows from the International Company, and the rate of interest at which the national company, in its turn, lends out the sums received, must be agreed by the International Company. In addition, the International Company may make to a national company medium-term loans with or without amortisation.

The accounts of the International Company are to be audited by auditors appointed by the Financial Committee of the League, and thereafter are to be presented to the Council of the League. The treatment of the International Company's profits is to be as follows:—

(1) The first charge on net profits, after providing for amortisation, is to be the repayment of the special advances originally given by the Governments, i.e., the special reserve fund is to be maintained at 25 million gold Swiss francs by allocations to make good withdrawals.

(2) 5 per cent. of the remaining net profits are to be used to build up a legal reserve fund, until that fund is equal to 10 per cent. of the issued capital.

(3) Thereafter, a dividend of 6 per cent. shall be paid on the shares of the company.

(4) From the residue, 75 per cent. shall be allocated to the redemption of the Government advances (including a 5 per cent. bonus), and after the advances have been completely repaid, the said 75 per cent. of the profits shall be placed to reserve. The remaining 25 per cent. may be used at the discretion of the Board to bring the dividend on the company's shares up to 10 per cent., until the advances of the Governments have been entirely repaid, and thereafter up to a maximum of 12 per cent.

By Article 2 of the Convention the Swiss Government undertakes to grant the International Company a constituent charter much on the lines of that granted to the B.I.S., and providing somewhat similar safeguards with reference to amendment of the Company's statutes. By Articles 7 and 8, the contracting Governments undertake that no tax on income or profits, turnover or capital, shall be imposed on the International Company, and that the holders of the shares and bonds issued by the International Company shall not be taxed by reason of the receipt of dividends or interest, when taxes. The operations of the International Company, from first to last, are to be exempt from stamp duties, etc.

The Convention is open to signature by European Governments until September 30, 1931, and it is to come into force as soon as the amount of the Government advances paid up has reached the sum of 25 million francs. At the request of half of the contracting Governments, the Council of the League may call a conference with a view to revising the Convention, but such revision would require unanimous agreement. Otherwise, after 30 years, there may be revision by a majority vote.

The scheme thus evolved appears to have considerable merits. Inasmuch as the International Company will be, in large measure, under the control of the League, it should be less exposed to possible criticisms which might be levelled against a similar institution established by private enterprise—e.g., favouritism of particular countries or discrimination influenced by political prejudices. In the second place, though even 25 million gold francs is a not negligible sum for the contracting Governments to have to find at a moment when national Budgets are already strained, the Financial Committee were undoubtedly right in emphasising that the first years of a mortgage credit company are usually the most difficult, and that if the company is to obtain resources of sufficient magnitude, and with sufficient speed, to enable it to give timely assistance to the hard-pressed agricultural countries of Europe, the establishment, from the outset, of

this special reserve is a necessary substitute for "good-will," which otherwise would take many years to establish. Moreover, the mere fact of Government generally contributing to the initial resources of the International Company is itself a psychologically useful symbol of readiness to co-operate internationally in reconstruction.

It may be well not to lose sight of two elements of risk in the whole plan. The first, viz., the danger lest agriculturalists should utilise the credits which they obtain in holding up stocks, is perhaps not very substantial; for, though the International Company cannot exercise any close control over the use to which the ultimate borrowers put the funds obtained, agriculturalists would not be very likely to utilise, for this undesirable purpose, money obtained on long-term first mortgages. The second risk is more serious. As the Commission of Enquiry for European Union has recognised in its report* of May 20, it would be very regrettable if the effect of the establishment of the International Company were to encourage "an injudicious increase of agricultural production." The great need is to bring about not simply increased agricultural production, but an essential change in the character of production. Output requires to be more diversified; higher value agricultural products, such as meat, milk, fruit, etc., should be substituted for those crops of which there is, at present, a serious excess. Here, however, it may pertinently be argued that one of the serious obstacles which stand in the way of greater diversification of agricultural production is lack of capital—a lack which, it is hoped, the International Company will help to make good. Upon the extent to which the International Company can bring about greater variety in Eastern European agriculturalists' output, partly by alleviating the present heavy burden of interest charges and partly by the supervision which it will exercise over the operations of the national agricultural credit companies, will depend the success of this interesting experiment in international co-operation.

Notes of the Week.

A Liberal Secession.—Sir John Simon, who some months ago openly dissociated himself from Mr Lloyd George's policy of maintaining the Government in office on terms, has now taken the further step of writing to the chief Liberal Whip asking that the official whip should be no longer sent to him. In taking this step Sir John, who has retired to the Liberal back benches in the House of Commons, has been joined by two other prominent Liberals, Sir Robert Hutchinson, the late Whip, and Mr Ernest Brown, and is likely to be followed by a small group of Liberal members. At the same time, Lord Allendale has resigned the treasurership of the Liberal Party. The various letters, in which these Liberals explain the step that they are taking, emphasise in a variety of phraseology that they can no longer tolerate Mr Lloyd George's policy towards the Labour Government. For Sir John, who calls the position "humiliating," the last straw was apparently the compromise over the land tax, by which Mr Snowden was enabled to save at least the principle of double taxation. But this, we imagine, was not so much in itself a vital cause for withdrawal as an awaited occasion for making definite the breach on general policy which has been steadily widening. It remains to be seen what body of followers, in the House and in the country, Sir John will carry with him into his position of independent Liberalism. If the proceedings at the recent meeting of the National Liberal Federation at Buxton be a true guide he will find no very great army of Liberals ranging itself behind him; for the feature of that meeting was the surprisingly overwhelming support forthcoming for Mr Lloyd George's leadership and policy. Whether the land tax compromise has influenced the views of the rank and

THE BRITISH LINEN BANK.

Incorporated by Royal Charter, 1746.

Capital and Reserve Funds, £3,600,000.

Head Office: 38, St. Andrew Square, Edinburgh

OVER 200 BRANCHES IN SCOTLAND

LONDON OFFICE: 38, Threadneedle St., E.C.2

Every description of Banking Business transacted.

file of Liberals as strongly as it has those of Sir John Simon remains to be seen. Meanwhile the Liberal secessionists do not promise to be sufficiently numerous to imperil seriously the life of the Government. It must, however, be recognised that profound dissatisfaction has been caused among Liberals at Westminster and elsewhere by the extremely and unnecessarily truculent attitude adopted towards them by Mr Snowden, and their chagrin will not be wholly soothed by their success in their object of securing exemption for playing fields and recreation grounds.

Comparative Armament Expenditures.—In the debate on disarmament in the House of Commons on Monday, June 29th, to which reference is made in an article on a previous page, the Prime Minister, in the course of a forceful *exposé* of British policy and achievement in the field of armament reduction, gave some striking figures to illustrate his argument. From them we have compiled the following table of comparative naval expenditure of the chief Powers at various dates:—

NAVAL EXPENDITURE.

(In £ millions.)

	1914.*	1924.	1930.
United Kingdom	51.5 (76.6)	56.0	52.4
United States	30.0 (42.0)	70.0	78.0
France	26.7 (29.2)	13.8	24.3
Italy	13.3 (18.2)	9.8	16.9
Japan.....	8.5 (15.4)	23.0	26.0

The figures in brackets represent the present currency value of the actual 1914 expenditure.

figures of comparative budgetary expenditure on armaments are tricky things; but the Prime Minister went on to point out that in 1914 Britain possessed 89 capital ships, 131 cruisers, and 298 destroyers (excluding 70 torpedo boats); while to-day she has only 15 capital ships, 59 cruisers and 120 destroyers; her submarines number 40 less than in 1914; and her naval personnel has been reduced from 151,000 in 1914 to 99,453 in 1924 and 93,630 to-day. Turning to Britain's Army expenditure, Mr MacDonald gave a figure of £28.8 millions in 1914 (equivalent to £40 millions at to-day's price level), of £45 millions in 1924, and £40 millions in the current budget; while Army "strength" has declined from 186,240 in 1914 to 161,600 in 1924 and 148,800 in 1931. While the last seven years has seen a fall of £5 millions in Britain, the Army expenditures of France, Italy and the United States have risen since 1925 by £20.8 millions, £15.4 millions and £15.7 millions respectively. Air Force comparisons present difficulties, but the Prime Minister claimed that while our Air expenditure was only £2 millions higher than ten years ago, America was now spending £20 millions more than in 1922, and France £4 millions more than in 1929. "My attention," said the Prime Minister, "has been drawn to a poster—not published in this country—declaring that, in disarmament, again, Great Britain is just the old perfidious diplomatist. That is absolutely and maliciously untrue." Provided the figures given above possess the rough accuracy which the Prime

Minister vehemently claimed for them, they explain the feeling expressed by all parties in the House of Commons that in the matter of reduction Britain cannot go very much further, unless and until general reduction by international agreement is undertaken. It would be regretted, however, if this led to the feeling that we have only to sit back and wait for others to act.

Mr MacDonald and India's Credit.—The Prime Minister surprised and intrigued both the House of Commons and the City last Friday by making a statement which was construed to mean that under certain circumstances the British Government would come to the support of the credit of the Government of India. "It will not be possible," said Mr MacDonald, "to introduce the proposed constitutional changes if financial stability is not assured, and His Majesty's Government are determined not to allow a state of affairs to arise which might jeopardise the financial stability and good government of India." In the event, therefore, of need arising, the Government would, apply to Parliament for authority to enable them to give financial support under suitable conditions to the Indian Government "for the purpose of maintaining the credit of the country pending the settlement of the constitutional problem and the formulation of provisions which will ensure the maintenance of India's credit in the future." Doubts as to the precise meaning of this statement led to a crop of questions in the House of Commons on Wednesday, when the Prime Minister, while not explaining the precise nature of any possible steps which he may have in mind, allayed exaggerated interpretations by insisting that the contingency might never arise, and that in any case, if action in support of Indian credit proved desirable, Parliament would be consulted. We may take it, then, that the Prime Minister has not pledged the Government to any definite commitments, but has merely taken the opportunity to let it be known that, so far as lies within the power of the British Government, the success of the Round Table Conference will not be allowed to be jeopardised by the recurrence, during the course of the negotiations, of doubts regarding India's credit and financial stability. If that is the limited meaning of Mr MacDonald's statement, it will meet with general approval. If a deeper meaning lies behind, it would be well for a full explanation to be given without delay.

The Quarter's Revenue.—It cannot be said that Mr Snowden's current budgetary year has started auspiciously. The Revenue return for the three months ended June 30th shows that total income amounted to £145.6 millions, against £153.3 millions in the corresponding quarter last year; whereas total expenditure amounted to £233.7 millions, against £234.7 millions a year ago. Thus the deficiency which is normally recorded in the first quarter of the Revenue year amounts, up to date, to £88.1 millions, against £81.4 millions last year. In addition, the quarter's loans to the Unemployment Fund amounted to £12.6 millions, or £8.6 millions more than in the corresponding quarter of 1930. Figures relating to the first quarter of the fiscal year do not provide safe data for confident deductions as to the eventual results of the twelve months, but an examination of tax revenue, as shown in greater detail below, is not very reassuring:—

Tax Revenue (excluding self-balancing accounts.) (Million £.)

	Year's Receipts.			Three Months' Receipts.		
	Actual 1930-31.	Estimated 1931-32.	Estimated Inc. (+) or Dec. (-)	To June 30, 1930.	To June 30, 1931.	Inc. (+) or Dec. (-)
Customs	121.4	125.7	+4.3	29.3	28.9	-0.4
Excise	124.0	119.8	-4.2	29.1	27.3	-1.8
Motor Duties	4.9	5.0	+0.1	0.8	0.8	...
Income Tax	256.1	258.0	+1.9	22.1	19.8	-2.3
Sur-Tax	67.8	72.0	+4.2	10.0	11.2	+1.2
Estate, &c., Duties	82.6	90.0	+7.4	22.9	19.6	-3.3
Stamps	20.7	24.0	+3.3	3.9	2.6	-1.3
Tax	5.0	2.2	-2.8	...	...	...
Land Tax, &c.	0.8	0.8	...	0.1	0.1	...
Total Tax Revenue...	681.3	697.5	+16.2	118.2	110.3	-7.9

Such a small proportion of the year's income and surtax is paid in the June quarter that receipts to date have little significance. It is noteworthy, however, that Estate duties, from which Mr Snowden anticipated an increase of £7.4 millions, have so far yielded £3.3 millions less than a year ago. Still more ominous is the fact that Customs are £450,000 down, instead of displaying any of the expected tendency towards better performance; while of the estimated decline of £4.2 millions in the year's yield from Excise, £1.8 millions has already been realised. Finally, Stamps, in regard to which Mr Snowden showed a far from warranted optimism, are down by £1.3 millions. Unless there is a remarkable recovery in trade and in financial turnover, Mr Snowden's chances of having his anticipations of revenue realised look more precarious than ever; while, on the other side of the account, though there may be some saving in the budgetary provision for the Debt charge, the Chancellor has yet to provide for an additional expenditure of some £5 millions on transitional benefit, in consequence of its prolongation for a further six months beyond next October. When account is taken of anticipated losses in respect of reparations and war debts, the position is not such as to justify complacency.

The Floating Debt.—During the past half-year movements in the Floating Debt have followed their normal seasonal tendency—i.e., the volume of Treasury bills outstanding fell substantially between the end of December and the close of the revenue year, while the June quarter witnessed the usual expansion of debt to cover deficiency of Revenue. Comparative figures are given below:—

	FLOATING DEBT. (000's omitted.)			
	June 30, 1930.	Dec. 31, 1930.	Mar. 31, 1931.	June 30, 1931.
Bank of England Advances	12,920	26,250	Nil	14,290
Public Debt Advances	63,770	50,700	24,500	45,700
Treasury Bills outstanding	614,590	690,235	569,425	616,905
	691,280	767,185	594,825	676,895

In the first half of 1930, the proceeds of the 4½ per cent. Conversion Loan issue were utilised in part to redeem Treasury bills. During the March quarter of this year, there was no similar operation, and the shrinkage in the outstanding total of Treasury bills between December 31st and March 31st amounted to only £121 millions, as compared with £191 millions a year ago. On the other hand, as the result partly of an increase in the Revenue deficiency, and partly on account of Treasury borrowing to finance the Unemployment Insurance Fund, the increase in the volume of bills between March 31st and June 30th was over £47 millions, in comparison with less than £26 millions in the second quarter of 1930.

The Indian Labour Report.—So completely have the Simon Commission's Report, and the Round Table discussions, filled the Anglo-Indian picture, that the work of another important Royal Commission on Indian labour conditions had practically escaped public notice. But the publication of its Report*, on Thursday, is a sharp reminder that the constitutional is not the only problem awaiting solution in India. The Report runs to 580 pages, and the summary of recommendations is given under 353 headings. Both the survey and the proposals cover so vast a field of social, industrial and economic conditions, that comment must of necessity await fuller opportunity for study. Suffice it for the moment to say that the Report is a document, which, for many reasons, possesses profound importance. The composition of the Royal Commission is such as to lend weight to its conclusions. Under the chairmanship of Mr J. H. Whitley, late Speaker of the House of Commons, was assembled a body consisting of four Englishmen and one English woman and six Indians, among the latter being Mr Srinivasa Sastri and Sir Ibrahim Rahimtoola, now President of the Legislative

* Cmd. 3883. H.M. Stationery Office. 4s. 6d.

Assembly. Some light is thrown upon the extent of the Commission's labours by the mere facts that 1,000 witnesses were examined, and 16,000 miles covered in the course of first-hand investigations into labour conditions. Recommendations touch the life of the Indian worker at many vital points. They affect factory and housing conditions, child and woman labour, wages, transport, health, labour organisation and representation, and, not least, the great problem of the stranglehold of the moneylender. The Report, indeed, constitutes a vast charter of social reforms, and however much some may sympathise with the caveat entered by Sir Victor Sassoon as to the essential differences between Eastern and Western conditions, it is a thorough, painstaking and comprehensive survey, which must command the earnest attention both of the British and of the Indian Government.

Spain at the Polls.—The general election for the Spanish Constituent Assembly was duly held last Sunday, June 28th, and the Republican Government is to be congratulated on the orderliness with which, on the whole, the proceedings were conducted. It is true that violent encounters, resulting in injuries and even in a few deaths, are reported from here and there—particularly from Barcelona, a city in whose streets political violence is unhappily traditional. Yet these incidents were few and insignificant in comparison with the strength and vehemence of the political antagonisms which the Spanish Revolution has let loose: the issues of Republicanism versus Monarchism, Syndicalism versus Capitalism, and Laicism versus Clericalism. The most serious threat to the internal peace of Spain was a plot organised by Major Franco, who, not content with his share in the late revolution of Madrid, planned to start a new revolution on election day in Seville, with the intention of declaring a Syndicalist Republic in Andalusia, and then marching—or flying—upon the capital. Once again, in Major Franco's scheme, the Air Force was to give the lead. But, perhaps fortunately for himself, as well as for his country, Major Franco broke his leg in a flying accident on the eve of the polling; and his scheme petered out when the police removed him from his bed at the local aerodrome, where he was planning operations by telephone, to a bed in a hospital. The people of Seville showed their lack of inclination to convert the bourgeois into a syndicalist republic by voting, by an overwhelming majority, for the parties represented in the present Republican Government. Indeed, the Government parties, i.e. the Republican Conservatives and the Moderate Socialists have won decisive victories throughout Spain—with the notable exception of Catalonia, where Colonel Marcial's followers have practically swept the board. Thus Catalonia has declared her wish for the maximum possible measure of Catalan national self-government within an all-Spanish Federal Republic; and when the Catalan deputies meet their colleagues in the Constituent Assembly, it is to be hoped that this question will be settled with wisdom and good-will on both sides. Evidently Catalan nationalism is not to be denied. Since the establishment of the Irish Free State the Catalans have found themselves the last nationality in Europe whose national existence still lacks political and territorial expression. (Even the Ukrainians have a state of their own within the framework of the U.S.S.R.) They will assuredly demand something in the nature of dominion status, and their Castilian neighbours will be well advised to grant it with a good grace—the more so as there will be one restraining factor in Catalan minds: that is, the desire to retain a privileged position for Catalan manufactures in the Spanish market.

The Rumanian and Bulgarian Elections.—The recent elections in Rumania and in Bulgaria have followed noticeably different courses. In Rumania, where the first free and uncorrupt elections in the national history were held under the auspices of the National Peasant Party in 1928, there has been a disappointing relapse to the electoral methods of the old regime—methods, that is, of intimidation and chicanery. Even so, in spite of the

manful efforts of Monsieur Argetoianu, who is "the strong man" standing behind Professor Jorga's Prime Ministerial chair, and also in spite of a constitution which gives four-fifths of the seats in the chamber to a coalition which has polled less than half the elector's votes, the Government have secured only a bare majority for their own personal supporters, and will, therefore, have to depend, for an assured majority, upon their allies the Liberals. The Liberals were the creators of the old corrupt regime, and for decades they were its sole beneficiaries. Moreover, they have retained a strong and effective party organisation, whereas the present Government's political following is as haphazard a team as the Government are themselves. Accordingly, in this partnership under the sign of the old regime restored, the Liberals may be expected to gain the upper hand. But this prospect holds out no promise of political progress or even stability. For the country, having once had a taste of better things, will not permanently tolerate a return to the old state of affairs. The eclipse of the National Peasant Party is a double misfortune for Rumania—not only because this party was sound and healthy in itself, but because its failure to hold its own at Bucharest may have, for its eventual consequence, the return of some more radical party by some revolutionary process. Meanwhile, in Bulgaria, a general election has led to the replacement of Monsieur Liapchev's Government by a new Ministry, under the Prime Ministership of Monsieur Malinov, representing the parties of the Left, which form the so-called National Bloc. The Ministries of Agriculture, Education and Public Works in the new Cabinet are held by members of the Agrarian Party (the followers of the late Monsieur Stambulisky), which thus returns to office for the first time since the Stambulisky regime was overthrown by force. The one post which has not changed hands is the Ministry of War, which is still held by General Kisiov—who is said to have received, and to have rejected, a suggestion that the parties of the Left should be prevented, by a military *coup d'état*, from reaping the fruits of the elections. Thus, in Bulgaria, the principles of constitutionalism and democracy have secured a victory at a moment when they have suffered a setback in the neighbouring country on the other side of the Danube. It will be interesting to watch the effect upon the respective fortunes of these two Balkan peoples.

Mr Baldwin on a Steel Tariff.—If the two qualities of confused thought and *non sequitur* be adopted as the test of merit, we are inclined to give to Mr Baldwin the prize for 1931 for the best speech among all those delivered by platform Protectionists. He has earned it fairly and squarely by his speech last Saturday at Himley Park, which he devoted mainly to the urgent need of the steel trade for Protection. Columns of space would be required to follow Mr Baldwin through his welter of fallacies, and we will confine ourselves to pointing out some of his more glaring sins of omission and commission. In ascribing our steel trade's difficulties to Free Trade, he neglected to mention that the corresponding trades of the Protectionist producing countries were as hardly hit by the decline in world demand; and he ignored the large proportion of our imports which represents semi-raw materials. In inveighing against "cheapness" and its effect on unemployment, he apparently forgot that the number of workers employed in the chief steel-using industries outnumber perhaps seven-fold the number in the steel trade itself. Nor did he explain that wages in the steel trades in other countries which enjoy the "blessings" of Protection were lower than those paid in Britain. So much as a sample of Mr Baldwin's notable, if convenient, omissions. What he did say is equally remarkable. "Cheap goods," remarked Mr Baldwin, "mean cheap men." A neat aphorism, no doubt, but one which contrasts strangely with the Protectionist's "mass-production" argument that cheap goods and high wages can be jointly secured. Again, if competing finished imports are shut out, as Mr Baldwin promises to shut them out if he is given power, their transference to foreign markets would make the task of our

[July 4, 1931.]

exporters proportionately more difficult. Apart from these numerous plunges into commonplace fallacy, Mr Baldwin's speech was also noteworthy for a renewed attempt to explain away the present economic depression of high-Protectionist countries by the thinnest of thin pleas that the slump developed here earlier than abroad. If Mr Baldwin's advisers can supply him with no more cogent arguments for a tariff, he would be wise to cancel the remaining engagements in his nation-wide speaking campaign.

The Coal-mining Parleys.—Had not the centre of the stage been fully occupied by the drama of the Homeric contest between Washington and Paris, public attention would have been absorbed by the critical eleventh-hour negotiations that have been taking place this week in London to decide the question of peace or war in the British coalfields, when the Act of 1926 expires on July 8th, and, failing legislation to the contrary, the legal maximum working hours are due to revert to seven per day. The industry has an ill-starred tradition of deadlock protracted to the ultimate verge of disaster, and up to a late hour on Thursday the issue between the owners and the men remained in the balance. There is but little to add to the description of the attitude of the two parties, which, in anticipation of this week's discussions, we outlined a week ago. Apart from the special difficulty involved in the Scottish spreadover, and the fact that the Yorkshire miners derived no benefit from the hours provision of the 1930 Act, the main point in dispute lay in the insistence of the Miners' Federation that the future of the level of wages should be the subject of national negotiations between the M.F.G.B. and the Mining Association after the expiry of the period of twelve months for which the owners had eventually agreed to guarantee the stabilisation of wages provided there were no shortening of working hours below 7½ per day. The mineowners appear to have conceded this much to the miners, that they have agreed to meet them nationally and discuss generally the industry's economic problems; but the question is still in dispute whether the discussions are to include directly the national negotiation of wage levels. On Thursday evening it was officially stated that the owners and men had failed to agree, and that the Premier had informed the Miners' Executive that there was no other course open to the Government but to proceed with legislation.

Coal Costs and Proceeds.—The statistical summary published by the Mines Department for the first quarter of this year shows that, while there has been a slight fall in the amount of coal raised for commercial disposal, as compared with the preceding quarter, profits per ton were 3d. higher, though, as the following table shows, both tonnage and profits were far below the level of the first quarter of 1930:—

Period.	Tonnage Disposed (Mill.)	Costs per Ton.		Proceeds per Ton.	Profit per Ton.	Output per Man-shift.	Earnings per Man-shift.
		Wages.	Total.				
1st quarter 1930.	60 6	s. d.	s. d.	s. d.	s. d.	cwts.	9 3
2nd "	51 6	9 2	13 4	14 5	1 1	21-94	9 3
3rd "	50 1	9 5	14 1	13 11½	-0 2½	21-32	9 3
4th "	52 6	9 3	14 0	13 9	-0 2	21-34	9 4
1st quarter 1931.	52 2	9 2	13 6	14 3	0 9	21-78	9 2

The downward movement in wages costs which began in the second quarter of 1930 continued. The improvement in output per man-shift, on the other hand, was checked, and earnings consequently declined. The increase in profits per ton was shared by all districts, except Northumberland, South Wales and Yorkshire, but in Scotland, Durham and the Western district they are still very much below the average of the coalfields as a whole.

Cotton Trade and More Looms.—Our Manchester correspondent writes:—The general question of working more looms to an operative in the Lancashire cotton industry was discussed by representatives of the employers and

operatives at a meeting in Manchester on Tuesday. Both the Cotton Manufacturers' Association and the Operative Weavers' Amalgamation had their leading officials present, and, in an official statement after the meeting, Mr John Grey, the Chairman of the Manufacturers' Association, said that they had been discussing in a quite informal way and without prejudice the general question of an endeavour to seek a reduction in the costs of production and, more particularly, the lines of possible economies to be affected by running more looms to a weaver, and the circumstances and conditions which would govern the adoption of any of these methods. Mr Grey pointed out that the whole discussion had ranged round the subject in a general way and in a friendly atmosphere. Neither side committed itself to anything definite, "but on the whole," said Mr Grey, "you may take it that the whole question has been approached by both sides in the knowledge that the industry is in a serious condition and that whatever can be done in a friendly co-operative spirit to improve matters will receive the sympathetic consideration of both sides." It was decided to hold further meetings on the subject, but no dates have been fixed.

International Cotton Decisions.—A number of important resolutions on cotton matters were passed at the International Cotton Congress held in Paris last week. The Congress, which represented more than twenty nations engaged in the spinning and manufacturing of cotton, gave consideration, writes a correspondent, to the situation arising from the fact that approximately 3,000,000 bales of American cotton were controlled by the United States Government and the Cotton Co-operative Association, and the Conference appealed to the Farm Board that, as a corrective measure to recent intervention, it should announce a definite programme whereby the cotton would be sold outright daily in stated amounts that would not be large enough to disturb the market. Moreover, it was the considered opinion of the Congress that no fixed price should be set, and that the cotton should be sold daily in fixed amounts which would give the various Co-operative Associations the average price for the period during which the cotton is to be marketed. A resolution was passed expressing the Conference's satisfaction with the measures taken by the Indian Government, in conjunction with the Indian Central Cotton Committee, for the improvement of Indian cotton. With regard to cotton propaganda, a small committee was appointed, consisting of three representatives from England, one each from France, Germany, Italy and Switzerland, and three from the remaining European countries for the purpose of considering the subject in all its aspects and to report to the International Cotton Committee at its next meeting.

Germany's Balance of Payments.—According to the provisional figures of Germany's balance of foreign payments for 1930, published in the June issue of *Wirtschaft und Statistik*, her passive balance on current items was lower than in any year since 1926. Figures for the last five years are shown below:—

GERMAN BALANCE OF PAYMENTS. (In millions of marks.)					
	1926.	1927.	1928.	1929.	1930.
Merchandise, including reparations in kind	+ 793	- 2,960	- 1,285	- 44	+ 1,555
Shipping, insurance and other services	+ 403	+ 307	+ 305	+ 325	+ 201*
Services in connection with reparations	+ 83	+ 205	+ 175	+ 188	-
Interest	+ 175	+ 345	+ 563	+ 800	-
Reparations payments	- 1,191	- 1,584	- 1,999	- 2,501	- 1,694
Total of current items	- 85	- 4,377	- 2,367	- 2,432	- 763
Gold and foreign exchange movements	- 568	+ 452	- 933	+ 165	+ 120
Long-term loans and credits	+ 1,376	+ 1,210	+ 1,268	+ 229	+ 967
Movement of securities	-	+ 555	+ 430	+ 185	- 162
Other movements of foreign investments in Germany	-	-	- 43	- 10	-
Other movements of German investments abroad	-	- 57	-	-	-
Short-term movements of capital	+ 147	+ 1,779	+ 1,535	+ 256	+ 737
Capital movements unaccounted for	- 870	+ 443	+ 1,175	+ 915	- 923
Total of capital movements	+ 85	+ 4,377	+ 3,567	+ 2,832	+ 763

* Partly estimated.

July 4, 1931.]

THE REVENUE.

I.—An ACCOUNT of the TOTAL REVENUE of the UNITED KINGDOM, in the undermentioned periods of the Year ending March 31, 1932, as compared with the corresponding period of the preceding year.

	Quarter from April 1 to June 30, 1931, compared with the corresponding Quarter of the preceding Year.				Period from April 1 to June 30, 1931, compared with the corresponding Period of the preceding Year.			
	Quarter ending June 30, 1931.	Quarter ending June 30, 1930.	Increase.	Decrease.	Period ending June 30, 1931.	Period ending June 30, 1930.	Increase.	Decrease.
Ordinary Revenue.	£	£	£	£	£	£	£	£
Inland Revenue—	19,818,000	22,089,000	...	2,271,000	...	...	...	...
Income Tax	11,180,000	10,030,000	1,150,000	...	...	...	...	...
Sur-tax, including Arrears of Super-Tax	19,630,000	22,920,000	...	3,290,000	...	...	...	...
Estate, &c., Duties	2,580,000	5,900,000	...	1,320,000	...	...	...	...
Stamps	...	...	...	...	...	...	...	...
Excise Profits Duty and Corporation Profits Tax	130,000	130,000	...	...	...	...	...	...
Land Tax and Mineral Rights Duty	...	...	...	...	...	...	...	...
Total Inland Revenue	53,338,000	59,069,000	1,150,000	6,881,000	...	...	...	...
Customs and Excise—	28,860,000	29,310,000	...	450,000	...	...	...	...
Customs	27,300,000	29,100,000	...	1,800,000	...	...	...	...
Excise	56,160,000	58,410,000	...	2,250,000	...	...	...	...
Total Customs and Excise	787,000	801,088	...	14,088	...	...	...	...
Motor Vehicle Duties (Exchequer share)	3,300,000	2,800,000	500,000	...	...	...	...	...
Post Office (Net receipt)	270,000	260,000	10,000	...	...	...	...	...
Crown Lands	9,383,915	9,383,453	462	...	...	...	...	...
Receipts from Sundry Loans	5,768,796	5,334,282	434,514	...	...	...	...	...
Miscellaneous Receipts	129,007,711	136,057,823	2,094,976	9,145,088	...	...	...	...
Total Ordinary Revenue	13,100,000	13,700,000	...	600,000	...	...	...	...
Self-Balancing Revenue.	3,480,000	3,558,912	...	78,912	...	...	...	...
Post Office	16,580,000	17,258,912	...	678,912	...	...	...	...
Motor Vehicle Duties apportioned to Road Fund	145,587,711	153,316,735	2,094,976	9,824,000	...	...	...	...
Total Self-Balancing Revenue	...	...	...	...	...	...	...	...
Total	...	...	...	...	...	...	...	...

(See preceding columns.)

II.—An ACCOUNT showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the Quarter ending June 30, 1931, as compared with the corresponding period of the preceding year.

RECEIPTS.	Quarter ending June 30, 1931.	Quarter ending June 30, 1930.	ISSUES.	Quarter ending June 30, 1931.	Quarter ending June 30, 1930.
Ordinary Revenue, as shown in Account I	£ 129,007,711	£ 136,057,823	Ordinary Expenditure.	£ 109,089,993	£ 109,177,248
Self-Balancing Revenue, as shown in Account I	16,580,000	17,258,912	Interest and Management of National Debt	1,248,597	1,142,416
Total Revenue	145,587,711	153,316,735	Payments to Northern Ireland Exchequer	452,585	574,505
Temporary Advances Repaid—	...	...	Total	110,791,175	110,894,169
Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	...	...	Supply Services—	...	...
Road Fund	...	...	Army, Navy and Air Votes	26,410,000	27,920,000
Money Raised by Creation of Debt—	...	...	Civil and Revenue Votes (excluding Post Office)	69,806,650	69,095,300
(a) For Capital Expenditure Issues—	...	...	Total, Supply Services (excluding Post Office)	96,216,650	97,015,300
Under the Post Office and Telegraph (Money) Act, 1928	2,050,000	2,750,000	Total Ordinary Expenditure	207,007,825	207,909,469
(b) Under the Unemployment Insurance Acts, 1920 to 1931	12,540,000	3,980,000	Self-Balancing Expenditure.	...	...
(c) For other issues—	...	...	Post Office	13,100,000	13,700,000
By Treasury Bills	627,008,000	626,875,000	Road Fund	3,480,000	3,558,912
By 4½ per cent. Conversion Loan, 1940-44	...	46,541,883	Total Self-Balancing Expenditure	16,580,000	17,258,912
By 5 per cent. Conversion Loan, 1944-64	12,950,000	10,850,000	Total Ordinary and Self-Balancing Expenditure	223,587,825	225,168,381
By National Savings Certificates	202,435,000	185,730,000	New Sinking Fund (1928)	10,134,226	9,554,882
(d) Ways and Means Advances	...	...	Total, including New Sinking Fund	233,722,051	234,723,263
Repayments—	30,133	49,389	Temporary Advances	...	...
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	1,002,700,844	1,030,291,402	Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	8,612	18,458
	...	...	Under the Unemployment Insurance Acts, 1920 to 1931	12,640,000	3,980,000
	...	...	Road Fund, under Section 27 of the Finance Act, 1928	1,676,000	...
	...	...	Issues to meet Capital Expenditure—	...	...
	...	...	Under the Post Office and Telegraph (Money) Act, 1928	3,050,000	2,750,000
	...	...	Redemption of Debt—	...	...
	...	...	Treasury Bills paid off	579,945,000	601,195,000
	...	...	Principal of 4 per cent. War Loan, 1929-42, paid off	350,000	...
	...	...	Principal of National Savings Certificates paid off	8,850,000	9,150,000
	...	...	Principal of Treasury Bonds paid off	24,568,113	24,568,113
	...	...	Ways and Means Advances Repaid	166,945,000	157,570,000
	...	...	Balances in Exchequer—	...	...
	...	...	June 30, 1931.	June 30, 1930.	...
	...	...	Bank of England	2,002,362	1,961,991
	...	...	Bank of Ireland	503,362	499,791
	...	...	Total	2,505,724	2,461,782
	...	...		£ 1,008,692,387	£ 1,036,416,616

Mem.—Floating Debt outstanding March 31, 1931 £594,325,000

	1931.	1930.
	June 30.	June 30.
Ways and Means Advances outstanding:—	£ 14,290,000	£ 12,920,000
Advances by Bank of England	45,700,000	63,770,000
Advances by Public Departments	*616,905,000	614,590,000
Treasury Bills outstanding	676,895,000	691,280,000
Total Floating Debt outstanding	£872,570,000	...

Net increase ...

* Includes £49,000 the proceeds of which were not carried to the Exchequer within the period of the account.

Treasury, June 30, 1931.

This reduction in the passive balance was due partly to the drastic contraction of imports, which very much more than balanced the sharp fall in exports, and partly to the reduction in reparation payments which was brought about by the adoption of the Young Plan. Shipping, on the other hand, yielded a net income less than half that of any of the preceding four years, largely owing to the slump in freights. The passive balance on account of interest payment again rose slightly, though not nearly so much as in the years immediately preceding; the rise was due entirely to the increase in long-term foreign loans, and there was a slight diminution, owing to the low money rates prevalent abroad, in the payment of short-term interest. The net balance of these items was a debit figure of 763 millions on current account. Of this only Rm. 120 millions was met by the export of gold and foreign exchange. Long-term loans, notably the Young loan, the Swedish Match loan, and the Siemens loan, accounted for a net import of Rm. 967 millions. German sales of securities abroad amounted to 1,013 millions, and purchases to 1,175 millions, so that there was, on balance, an outward movement, the first since these figures began to be compiled in 1927. The figure of 737 millions for net inward movements of German capital from abroad is composed of 800 millions compensation for German property sequestered in the United States, less a payment of 63 million marks to the B.I.S. The decline in the net import of short-term capital was due to the heavy withdrawals of short-term money last autumn. Whereas in 1929, 1,575 millions of short-term money were imported, and only 483 millions exported, last year 1,191 millions were imported and 1,167 millions exported. When those capital movements which are known, or can be estimated, are set off against each other, there remains an outward movement of capital of 923 millions unaccounted for. *Wirtschaft und Statistik* utters a warning against construing this figure as an indication of the dimensions of the "1930 flight of capital," for in it are comprised all the errors and omissions under the other headings, while, on the other hand, part of the flight of capital is already accounted for under the headings of short-term movements of capital, and purchases and sales of securities.

European Union and Unemployment.—Among the various documents which have been laid before the Commission of Enquiry for European Union, writes a correspondent, one which has attracted little public attention is the report of the Unemployment Committee of the International Labour Office on the possibilities of international action in connection with unemployment in Europe. Many of the Committee's recommendations follow familiar lines: the need for international collaboration in organising the labour market and promoting the international movement of labour; the desirability of developing existing systems of insurance and relief, and so on, but it also advances an interesting proposal which is less familiar. The idea that public works, contemplated by individual municipalities and governments, should, as far as possible, be held back in times of boom and be proceeded with in times of unemployment, in order in some degree to equalise the labour market, has long been advocated by economists, but the I.L.O. now puts forward the suggestion that governments should collaborate to promote works of an international character which would not only provide employment in times of depression, but would be of permanent benefit to all the countries concerned. Possible schemes of this character would be the development of a co-ordinated network of trans-European arterial roads; the co-ordination of the various local waterways into a European system; the substitution of automatic for screw coupling on all European railways, and a system of international electric power supply. Such developments would, while promoting the political and economic solidarity of Europe, at the same time help to create that demand for raw materials which would be an almost indispensable complement to any purely monetary action which might be taken in an endeavour to raise "primary" prices on the world's markets.

Sir Arthur Salter and Silver.—In a recent address to the Academy of Political Science, Sir Arthur Salter discussed the project for calling an international conference to discuss remedies for the fall in the value of silver. Examining, first, the causes of the fall, he attributed it less to increased production than to the change-over, in one silver-using country after another, to a gold standard and to the substitution in European countries of paper and base metal for silver token coins. Adjustment of production to this diminished demand is, as Sir Arthur Salter pointed out, difficult, if not impossible, because some three-quarters of the output of new silver is a by-product of other metals. The consequences of the depreciation of silver to the persons most immediately concerned are undeniable; people who receive their incomes in terms of silver are having their purchasing power severely reduced; the trade of silver-using countries, notably China, is dislocated by fluctuations in the gold-silver exchange; savings, in countries where silver is the customary medium for storing value, are greatly reduced; and producers of silver are suffering heavy losses. As to the world in general, however, Sir Arthur Salter expressed the view that the importance of the part played by the depreciation of silver in bringing about or perpetuating the present depression has been exaggerated. Though China includes some 20 per cent. of the world's population she only imported, before the depression, about 2½ per cent. of the world's exports. Moreover, the silver-using countries have not on the whole reduced their imports to any greater extent than the gold-using countries, and Sir Arthur Salter gave further figures on similar lines in support of his contention that, though the fall in the price of silver has undoubtedly reduced the purchasing power of silver-using countries, it has not done so to anything like the extent that some people suppose. On the proposal for a world conference on silver, he suggested that such conferences do a disservice to the cause of international co-operation if they are held without adequate preparation and reasonable prospects of result, and, after examining the proposals which would probably be laid before such a conference, as, for example, agreements to restrict sales of silver, or to increase its use for currency purposes, reached the conclusion that even if the countries involved could be convinced that such schemes were in their own interest, the effect might not be the one desired. As Sir Arthur Salter pointed out, most of such proposals put the cart before the horse; the suggestion for the adoption of a bi-metallic currency, for example, is inspired, not by a belief that bi-metallicism is the system most conducive to prosperity, but by a desire to find employment for silver; and Sir Arthur advanced the very sound suggestion that if the causes of the depression were tackled first the recovery of silver would be incidentally promoted.

The Credit Anstalt.—Further steps by the Austrian Government for the support of the Credit Anstalt were announced last Saturday. The Government has now undertaken to guarantee to Austria, in addition to its existing commitments (which solely concerned foreign creditors) all the sums deposited on current account with the bank, together with savings deposits and savings certificates. So far as can be judged, the total foreign debts of the Credit Anstalt are as follows:—

Due to:—	£
Great Britain	27,000,000
United States	24,000,000
France	6,000,000
Holland	6,000,000
Switzerland	6,000,000
Germany	5,000,000
Other countries	2,000,000
Total	76,000,000

It seems possible that part, at least, of the amount owing to Switzerland represents credits given indirectly on American account. The figures are interesting as showing the enormous preponderance of British and American money which has been absorbed in financing Central Europe. The Government have decided to appoint a

governing committee, to be presided over by their representative, Dr. Spitzmuller, and they have further instructed Dr. Spitzmuller to take steps towards the reduction of salaries and certain pension rights. If necessary, alterations will be made by a special Act of Parliament.

New Franco-Irish Commercial Agreement.—The new commercial and shipping agreement which was signed between the French and the Irish Free State Governments last week, writes our Paris correspondent, is the direct outcome of sharp protests raised by the French rather over a year ago, when proposals were laid before the Free State Parliament for increasing import duties on French wines to prohibitive levels. The new agreement gives both countries the status of the most-favoured-nation. Special clauses are included eliminating the play of the M.F.N. clause so far as Imperial Preference privileges are enjoyed by Ireland as a member of the British Empire, and in respect of the special arrangements existing in connection with trade between France and her protectorates and colonies. Under the new agreement Free State products enter France and her colonies under minimum tariff duties. The new convention incorporates and applies to the commercial relations of the two countries the essential dispositions of the conventions signed at Barcelona and Geneva concerning freedom of transit and simplification of Customs formalities (certificates of origin, commercial travellers, etc.). It also effectively ensures protection of marks of origin for Irish products. The agreement will especially benefit French exports of wines and brandies to Ireland and Irish exports of ham, bacon, lace and whisky to France.

Overseas Correspondence.

UNITED STATES.

Market Rise on Hoover Proposal — Prices — Capital Issues — Revenue — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, June 23.

THE enthusiasm with which the markets received President Hoover's proposals for a year's postponement of debt payments was an agreeable surprise to everyone. Sharply rising prices for securities and commodities have, of course, strengthened the position of those favouring the plan. The country's eyes have been opened to the importance of matters which have hitherto been largely ignored. It is likely that opposition to the plan here will be half-hearted, as opponents are now in the position of defence against forces making for rising markets.

In some quarters there is a tendency to demand proof as to how many dollars in foreign trade this country can expect in return for postponement of a year in collection of the \$245,000,000 which would be paid by foreign Governments on the debts, but the markets have paid slight attention to this aspect of the situation. They have correctly caught the more important psychological factor involved. The view that debt postponement will not only be a constructive step in working the world out of the business depression, but will remove the danger of economic and political collapse in Germany and possibly other countries, is the prevailing one among business and financial leaders and politicians.

It is unlikely that President Hoover will call a special session of Congress to act on debt remission; Congress will have convened in regular session before the next payments would be made. Congressional leaders are likely to give their support to the plan, and Wall Street in particular feels that France will swing round. At any rate, sympathy with the French opposition is rather low at the moment.

No credit* has yet been granted by the Federal Reserve Bank to the Reichsbank, although they have stood ready to lend. With the arrival this week of \$14,600,000 in gold from Germany and the rise in the mark above the gold

point, bankers look for no further shipments. Releases of gold from earmark at the Reserve since the first of the month total \$89,556,000, part of it Bank of France gold, but all for the account of the Reichsbank. These releases grew progressively smaller last week, amounting to but little over \$1,000,000 last Saturday. None is reported for this week.

Bankers here expect that Germany will require credits over the mid-year settlements* and that the Reichsbank probably will ask for a credit at the Reserve Bank this week. It would, of course, be granted. The amount of \$300,000,000 mentioned in cables from Germany is considered larger than will be needed, but it is believed something additional may be put on for effect. Commercial and private banks also are ready to join a credit if necessary.

While it is recognised that no real change in trade conditions has taken place, sentiment has been greatly heartened by firmer commodity prices. This is especially true of the cotton, grain, silver and copper markets, though wheat has had a setback on advice that the Farm Board will continue to dispose of its huge supplies. Last week most of the commodity price indices advanced for the first time in several months. The fall in May was as severe as for any preceding month. The Bureau of Labour Statistics index dropped 2½ per cent. to 71.3. A year ago it was 89.1. The farm products group again was the hardest hit, and declined 4½ per cent. Wholesale commodity price changes by groups follow:—

	(1926 = 100.0.)	May, 1930.	April, 1931.	May, 1931.
All commodities	89.1	73.3	71.3	71.3
Farm products	93.0	70.1	67.1	67.1
Foodstuffs	92.0	75.6	72.9	72.9
Hides and leather products ..	102.6	87.3	87.3	87.3
Textile products	84.6	67.6	66.3	66.3
Fuel and lighting materials ...	78.0	61.6	60.9	60.9
Metals and metal products ...	96.8	88.7	87.8	87.8
Building materials	92.9	80.9	78.4	78.4
Chemicals and drugs	89.9	80.1	79.1	79.1
House-furnishing goods	96.2	90.8	89.2	89.2
Miscellaneous	77.5	63.9	62.8	62.8
Raw materials	87.8	68.3	66.5	66.5
Semi-manufactured articles ...	83.5	71.1	68.9	68.9
Finished products	91.0	77.1	75.1	75.1

Improvement in the bond market is reflected in new security issues. A large public utility loan is announced for this week, and if the market holds several new offerings will be made. Government bonds are slightly easier on sales by banks which over-subscribed the recent long-term issue and in anticipation of firmer money rates around the mid-year. While no one expected that the rapid pace in the share market could be maintained, the feeling is fairly strong that prices will maintain a permanently better level than they held during the extremes of pessimism. The psychological effect of the sharp rise in markets here and abroad has been tremendous.

Income-tax collections for the second quarter are running nearly as well as estimated—somewhat under \$300,000,000—and it is now thought the Treasury deficit for the fiscal year ended June 30th will be between \$850,000,000 and \$900,000,000. Some headway has been made in expense cutting. Tax collections for the year to date are \$1,819,289,000, against \$2,355,262,000 last year, and Customs receipts have fallen from \$574,814,000 last year to \$367,586,000. The Treasury is, of course, facing knotty problems next year, with the probable loss of \$245,000,000 in foreign debt principal and interest payments, the prospect for smaller income-tax collections, short-term issues to refund and \$1,933,000,000 of First Liberty Loan bonds callable. However, the market will be able to absorb a large amount of long-term financing, and if trade begins to improve Government financing problems will be solved without trouble.

Business news is rather meagre, and under the surface no great change has taken place. The steel and motor industries have receded a little farther, and railroad traffic is not doing much better than holding its own. Wheat

* The subsequent co-operation of the Federal Reserve Bank with the Bank for International Settlements and the Bank of England is referred to elsewhere in this issue. [Ed. Econ.]

[July 4, 1931.]

harvest is progressing in the south-west, but the outlook is only fair in the north-west. Crops in the main portions of last year's drought sections are excellent, and that is perhaps the most encouraging factor in the situation. Bank suspensions increased in May, numbering 87 against 64 in April, but they were mostly small institutions. The Chicago failures this month have been followed by scattered casualties in the West, but no alarm need be felt over that aspect of the situation.

The anticipated reduction in savings bank deposit rates is taking place. Four of the leading New York institutions have announced reductions to $3\frac{1}{2}$ per cent. for the quarter beginning with July, against the former rate of 4 per cent. Other doubtless will follow, and the trend is downward throughout the country.

FRANCE.

Mr Hoover's Proposal — Coal Output — Coal Prices and Foreign Competition.

(FROM OUR CORRESPONDENT.)

PARIS, July 1.

The Franco-American negotiations in regard to the Hoover moratorium offer are still continuing, at the moment of writing, but it is clear that there is no prospect of the Washington proposal being accepted by this country, unless it is substantially modified to meet French needs. Early last Saturday, after an all-night debate, the Chamber of Deputies, by a majority of 386 to 189, approved the French reply to Washington (intimating acceptance of the offer in principle, subject to safeguards for the future), and insisted as a condition precedent that the intangibility of the unconditional annuities provided for in the Hague agreement must be assured. Yesterday this attitude was confirmed by the Senate by 191 votes against three (the Radicals abstaining in the Upper House after voting against the Government in the Chamber for a reason still obscure). The resolutions were based in each case on the principle of "respect for treaties as the only solid basis of international relations." M. Laval's declaration, therefore, that if Mr Hoover has entrenched himself behind his Congress, the French Ministry is entrenched behind its Chambers, is incontestably confirmed and would seem to be a complete answer to foreign criticism of "French intransigence." The line adopted by M. Laval during the negotiations has undoubtedly the support of French opinion of all shades, with the exception of a negligible minority (whose chief objection appears to be that the official opposition to acceptance of Mr Hoover's "ultimatum," as it is called here, should have been more emphatic still). The French Press, both in Paris and the provinces, is equally unanimous.

Rightly or wrongly, French opinion is convinced that a Hoover moratorium, void of all safeguards as to future compliance of Germany with her obligations, would be merely the immediate prelude to a total and final tearing up of both the Young Plan and the Hague agreement, and would soon be followed by the abrogation of the whole Versailles Treaty. Now that the far-reaching effects that would attend merely the application of the Hoover "offer," in its original crude form, are being realised, French opinion is becoming more and more convinced that the American proposal was born of an astute utilisation by the German leaders of American anxiety to protect the large amount of capital invested by the United States in Germany. That this anxiety is well founded nobody here doubts. The repeated threats by Dr. Schacht that Germany will avoid the bankruptcy, if necessary, have sunk deeply into the French mind, and this, rightly or wrongly, is one of the underlying factors of the present situation. At the same time, it is widely felt here that a second German collapse would probably affect France less than any other leading nation, while its effects on Germany

herself would be much more serious than the previous financial débâcle. This in itself, it is pointed out, would probably cause the leaders of the Reich to hesitate a long time before again resorting to such a doubtful step. It is held, further, that the outcome of another German collapse would be so deadly to American interests that there is little fear that no other way out will be found. The suggestions in the American Press that, in the event of France failing to accept the Hoover offer, her credit would be seriously prejudiced if she suspended her debt payment to the United States simultaneously with the granting of a Young Plan moratorium to Germany, are not regarded seriously here; nor is the spectre of a possible Russo-German Bolshevik alliance.

Mr Hoover hinted, when the French Ministers first officially asked Mr Mellon that Germany should be required to pledge herself to resume reparation payments after the Hoover moratorium year, that this was a matter that concerned France and Germany alone. The suggestion was immediately acted upon. M. Briand last week formally invited MM. Brüning and Curtius to come to Paris for a conversation on Chequers lines with a view to a general betterment of Franco-German relations. The German Ministers' reception of the overtures from the Quai d'Orsay is regarded as scarcely in accordance with the spirit of the invitation. Their reply appears to have been that they are prepared to come to Paris after the present Franco-American negotiations have been brought to a successful conclusion.

The Belgian reply to Washington, demanding the qualification of the Hoover offer by similar safeguards to those asked for by France, has evidently encouraged the French leaders. The French Budget for 1931-32 provides for a total sum of 1,959,500,000 francs to come from sources due to the execution of the peace treaties, after deducting from the total of 4,643,800,000 francs due to France (from Germany, Roumania, Yugoslavia and Greece) the debt payments due by this country to the United States and Great Britain, and other adjustments. On this basis of calculation the acceptance of the original Hoover offer would involve the French Government in the necessity of imposing some £16,000,000 of additional taxation to meet the deficit in the current year's budget under this heading alone.

Adjustment by the Chambers this week of Supplementary Credits authorised during the past financial year, after the passage of the budget, and dealt with during the first quarter of the current year (down to June 30th), shows that, after deducting various annulments of unexpended credits, a further 943,615,284 francs should be added to the expenditure effected during 1930-31. This will bring the net deficit for the past year to 2,800,000,000 francs.

Coal production figures for May, which were made known yesterday, show that the total output of the French collieries was 4,095,245 tons. Labour engaged was 288,377 units, against 291,187 in April and 297,345 in May last year. The average daily output in May was 900 tons more than in April, but 3,330 tons less than in May, 1930. The output of metallurgical coke by the colliery plants was 399,000 tons, or 27,000 tons less than a year ago.

Officially, French coal selling prices remain at the reduced level to which they were brought three months ago, simultaneously with the last cut in wages. These official prices, however, in no way rule in areas where competition with foreign imported combustibles exists. Theoretically, French selling prices are now 6 per cent lower than in the first quarter of the year. In reality, they are even larger. Dutch and Belgian coal cuts average at least 15 per cent., and in some of them now being offered here at over 30 francs a ton below local French rates, and in many cases the difference is as much as 50 francs a ton. So far as the Dutch and Belgian collieries are concerned, this policy appears to be proving successful, inasmuch as the volume of output continues unchanged in those countries, whereas in all others it is substantially diminished. The Northern Miners' Federa-

July 4, 1931.]

THE ECONOMIST.

19

tion is insisting that the coalowners shall cut profit rates immediately, and is appealing to the Government, "which can and must enable unemployment among the miners and its repercussions to be avoided." As short time, even in the worst cases, is still limited to two days a fortnight, the alarm of the miners' unions appears to be exaggerated.

GERMANY.

Hoover Proposal — Condition of Reichsbank — Roumanian Treaty — Banking Conference.

(FROM OUR CORRESPONDENT.)

BERLIN, June 30.

The negotiations between Washington and Paris are being followed here with great anxiety and little satisfaction, for, whatever the outcome, the discussion has already robbed Mr Hoover's offer of much of its original force as a stimulus to recovery. Germany has done everything in her power to remove the psychological difficulties in the way of France's agreeing to the scheme. Dr. Brüning's impromptu speech over the wireless on Tuesday night, in which he suggested a Franco-German Chequers, has not been appreciated at its true value. The offer was made with especial emphasis and with the greatest warmth, but that did not prevent M. Laval from telling the Chamber what line he meant to take with the Chancellor, from making it clear, in fact, that the friendly, informal discussions for which the British Government had set the pattern at Chequers were to be turned into a higgling over demands and counter-demands.

The first result of this method may well be the postponement of the visit to Paris of the German Ministers until the end of July, after the return visit of Mr MacDonald and Mr Henderson to Berlin. The Paris visit will, on the other hand, be immediately followed by a visit of the two German Ministers to Rome. The Government of the Reich does not wish to concentrate European co-operation in any one particular direction.

Meanwhile the German Government, contrary, apparently, to French wishes, is holding completely aloof from the direct negotiations between Washington and Paris. This is the only possible attitude. France and America know that certain modifications in accordance with French wishes are acceptable to Germany, but Germany shares the American view that every material encroachment on the Hoover Plan, as applied to herself, would seriously damage its economic and psychological value. America, too, must be aware how greatly the effect of its action would be weakened by compromise.

The German foreign exchange market has not yet quite recovered its equilibrium. The symptoms of panic have completely disappeared, but the demand for foreign exchange has not yet quite ceased, still less is there any question, in spite of the restriction of credit, which certainly was very mildly exercised, of appreciable quantities of foreign exchange returning to the Reichsbank. On Saturday the bank again had to part with 50 millions, and on Monday some further 20 millions are believed to have been withdrawn. These are not very large sums, but they make a serious difference, in the present strained conditions of the Reichsbank.

The cause of the further withdrawals is not quite clear, but in all probability they have been mainly due to end-of-month requirements. The bank is fortified against end-of-June withdrawals by the rediscount credit of 100 million dollars which the Bank of England, the Federal Reserve Bank, the Bank of France and the B.I.S. placed at its disposal. (It is assumed that the Bank of France is also temporarily financing the 25 per cent. quota of the B.I.S.) The credit only runs until July 16th, as it is assumed that by then the Hoover Plan will be in force, and also that end-of-month money will by then to a large extent have returned to the Reichsbank. It means, however, that the Reichsbank can increase its note issue for the month-end by a milliard without going below the 40 per cent.

minimum, to which the reserve has nearly fallen according to the return of June 23rd. This last return showed the devastating effects of the crisis in their full extent. The total losses of gold and foreign exchange since June 1st amounted to 1,250 millions, and must since have risen to over 1,300 millions.

The Germano-Roumanian trade treaty was initialled in Geneva on June 18th. It is the first German trade treaty to provide for preferential duties: Germany grants preferential rates on specified quotas of Roumanian fodder barley and maize without receiving any industrial preferences in return, but the practical value of the preference on maize is diminished by the fact that Germany already has an import monopoly, so that the duty is not as decisive in determining the origin of purchases as it would be under private enterprise. None the less, Germany has taken her stand in this treaty on the platform laid down at the League of Nations conference of November, 1930, for the benefit of the south-eastern agricultural States. The treaty can only come into force in its present form if no other parties to treaties with Germany object to it on the basis of most-favoured-nation clauses. If they did, Germany and Roumania would have to get to work all over again to frame a new treaty without preferences. The November resolutions are thus being tested, and it will now be seen whether they were just a cheap form of consolation to the small agricultural States of South-East Europe or whether they were inspired by a genuine will to help.

Dr. Brüning and the President of the Reichsbank, Dr. Luther, both spoke at the meeting of the Central Association of German banks. Dr. Brüning referred to Mr Hoover's intervention as an act of rescue and a public recognition of economic interdependence. The mutual recommitments of State and private economy must give place to co-operation for the removal of evils, and in this, too, he saw a model worthy of emulation in America. "The simple formula of increasing productivity by wage reductions and yet further wage reductions offers no solution. The purchasing power of the population would be more and more contracted by such a process, and productivity most seriously damaged, unless spontaneous help were forthcoming at the same time, in the shape of really important measures in which the banks would co-operate."

Dr. Brüning also uttered a warning against allowing too great an expansion of short-term credits in the future. Undertakings which German economy could not finance itself must be met by long-term loans. Dr. Luther emphasised the determination of the Reichsbank to protect the mark in all circumstances, without regard to any other considerations, and declared that the withdrawals of gold and foreign exchange during the spring had shown that the Reichsbank was in a position to fulfil this task in any conditions. The meeting was wholeheartedly in accord with the Chancellor's view that Germany must never again receive a large volume of short-term foreign credit.

HOLLAND.

Depression — Note Circulation — Rubber and Tin Restrictions — Capital Issues — Foreign Trade.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, June 14.

The annual reports of our large exporting companies, such as Phillips Lamp Works, show that the world-wide depression has been a very severe impediment to the sale of their goods, while the low selling prices have seriously encroached upon the profits. There have been substantial reductions in the rates of dividends, and, as a result of this, among other factors, the revenue from income tax threatens to suffer a pronounced setback. The State revenue for the first four months of the year was 1,775,846 guilders in arrears of estimates, and amounts to

14,880,812 guilders less than in the corresponding four months of 1930.

No signs of trade improvement are yet forthcoming. The number of unemployed at the end of March was 116,259 men and 6,045 women. Prices are falling continuously. The index for wholesale prices was 102 in April, as compared with 122 for April, 1930. It is remarkable that the note circulation of the Netherlands Bank does not show a corresponding decrease, but, on the contrary, a further increase. At the beginning of this month the bank-note circulation was 885.7 million guilders, as compared with 846.5 at the beginning of June last year. This high circulation of bank notes has, however, failed to arrest the decline of prices.

The Dutch Minister of the Colonies has once more nominated a commission to investigate the rubber problem and to formulate a practicable and efficient plan for ameliorating the distress of the rubber planters. The commission is said to have submitted a scheme for the consideration of the Minister. The opposition in rubber circles appears to have subsided somewhat, so that it is not altogether out of the question that co-operation from the Government may indeed be secured. Apart from the opposition of several large planters, another complication is the attitude of American rubber planters in Sumatra who produce for use in their own factories and who accordingly could not be expected to join readily in a restriction scheme. Many Dutch rubber producers are working at a loss of 1d. to 2d. per lb., but are continuing operations in the hope that they will be able to realise at a higher price the stocks they are accumulating if a rubber restriction scheme does come into force.

While the plans for rubber restriction are thus still pending, tin restriction is in full operation. So far, however, this has only been of slight benefit to prices. For this reason a new international tin conference was held at the Hague this month, at which it was decided to propose to the various governments concerned that further restriction of production by an additional 20,000 tons be recommended, and also that the possibility of utilising tin for new purposes be explored.

Great liquidity has continued to characterise the Amsterdam money market, apart from a slight tightening of rates towards the end of last month. On the capital market there was a decided increase in demand in May, but it was met without any rise in rates. The securities market accordingly proved to have a much bigger absorption capacity than could have been assumed from the operations during the first four months of the year. The high total of flotations in May was solely due to very considerable demands for account of municipal and other public bodies. In May, issues to a total of 173 million guilders were offered for subscription here; conversions are not included in this amount, so that this represents the net figure.

Activity in conversions was also very large. The nominal amount was over 330 million guilders, including a Netherlands State Loan of 277.6 million guilders and the conversion of shares in the "State" railroad and the "Holland" railroad into debentures for a total amount of 40.5 million guilders. In addition, the 7 per cent. loans of the Société Hydro-Electrique de la Cère were converted.

Last month's net total of over 173 million guilders new issues brings the aggregate for this year so far to 253½ million guilders, so that the flotations of this year are now not much behind the figure for the corresponding period last year. The following table sets forth the amounts issued in the first five months of recent years (in thousands of guilders):—

	(Thousands of Guilders.)			
	1928.	1929.	1930.	1931.
January	34,737	68,209	51,037	10,444
February	55,116	101,588	55,485	14,200
March	92,688	25,820	74,664	32,473
April	38,734	16,762	55,700	22,769
May	77,433	57,547	34,826	173,653
Totals	298,708	269,926	271,712	253,539

There has been very little change in the proportion between issues of shares and of bonds, as shown below:—

	(Thousands of Guilders.)		
1931.	Shares.	Bonds.	Total.
January	...	10,444	10,444
February	240	13,960	14,200
March	1,020	31,453	32,473
April	1,068	21,701	22,769
May	5,067	168,586	173,653
Totals	7,395	246,144	253,539

The balance of trade in the Netherlands still presents a gloomy aspect, though April was not as unsatisfactory as the preceding month. In comparison with April, 1930, the value of imports declined by 35 million guilders and the value of exports by 23 millions. The value of imports in the first four months of the year was 188 million guilders less than in the corresponding period of 1930, while exports declined by 132 millions for the same period. The balance of imports over exports was lower, however, having declined from 257 million guilders in January-April, 1930, to 201 millions in 1931. Comparative figures are shown below:—

	(In thousand tons.)		(In million guilders.)	
	Imports.	Exports.	Imports.	Exports.
April, 1930	2,441	1,303	204	142
March, 1931	2,259	1,440	167	116
April, 1931	2,336	1,415	169	119
January-April, 1930 ...	10,136	5,330	852	594
January-April, 1931 ...	9,189	5,452	664	462

In terms of quantity the imports of manufactured articles decreased, while the exports increased, but the value was 100,000 guilders lower in both cases, so that exports suffered by the decline in prices more than imports.

ROUMANIA.

Parliament — Report of Mr Auboin — Proposed Banking Law — Harvest Prospects.

(FROM OUR CORRESPONDENT.)

BUCHAREST, June 19.

THE newly-elected Parliament was opened on June 15th. The leaders of the various parties have made their public declarations outlining the policy they intend to adopt. In consequence it is possible to see a little more clearly with regard to the immediate development of the political situation. The coalition formed by the Government with the help of the Liberal Party and a few other small groups has now come to an end and each group resumes its entire freedom of action. The result is that the Government has a small but definite majority over all the other parties combined. The Liberals, as the next strongest party, will form the nucleus of the Opposition. It is not expected that it is their intention to cause the Government any embarrassment, at any rate in the near future; but their leader, Mr Duca, has made it very clear that he is a factor that the Government has to take seriously into account. The National Peasant Party is a declared enemy of the present regime, and will let no opportunity slip by of heckling the Government on any question that may arise. The Government will not be on a bed of roses, and will require no mean skill to keep their ship afloat. For the moment their immediate fate seems to depend greatly upon how they tackle the grave financial problems which confront them.

The royal message to Parliament contains nothing unexpected, its main points having been alluded to in various election speeches and declarations made by the Government candidates. It touches on the necessity of economy, foreshadowing the revision of the budget; from information which has been received through various channels, it appears that a reduction of some two to three

thousand million lei is aimed at. These economies, however, are in no way to affect the organisation and development of the national defence. A short but important passage is devoted to the agricultural situation: measures are to be devised to lighten the burden of indebtedness and taxation which weighs upon agriculture, to facilitate the sale of agricultural produce, even if this should involve substantial sacrifice on the part of the State, and finally to provide new and modern machinery and cheap credit.

The Government is to introduce legislation to encourage the creation in industry of organisations which will pave the way towards rationalisation and exercise an effective control over prices of industrial products. The message further states that it is intended to modify at an early date the existing law affecting commercial credit. The important problem of road improvement and transport is also mentioned. With a view to securing markets for Roumanian produce, the system of commercial conventions is to be completed. The message, of course, deals with the great problems of the day only in a very general way. Events will show whether the Government will be capable of attacking these problems efficiently enough to raise the country out of the present state of economical depression.

The ninth quarterly report of Mr R. Auboin, technical adviser of the National Bank, gives, as usual, a comprehensive account of the economic situation of Roumania. It emphasises the fact that the stabilisation of the currency is satisfactorily maintained, as is shown by the very moderate fluctuations in the proportion of the bank's reserves to its liabilities. On the other hand, the report reveals the difficult situation of the Treasury by stating that the major part of the recent foreign loan of the Monopoly Institute was utilised as cover for the foreign commitments of the State. In the remarks concerning the general situation, the report points to the favourable trade balance of last year, and, at the same time, it states that to a great extent the difficulties from which the country is suffering are due not so much to the agricultural crisis as to the delay in the measures taken by Roumania for the improvement of its finances and the modernisation of its credit system. The budget deficit for 1930, concerning which so much has been said to the detriment of Roumanian credit abroad, is stated to amount to little more than 2,000 millions, but the budget for 1931 is considered too optimistic, especially in view of the small Treasury receipts for the first quarter of this year.

According to recent Paris reports on the progress of the new banking law, which is in course of preparation, it appears that it is intended to create a special Council which is to exercise a general supervision over the banks. Banking business is only to be carried on by companies which must be inscribed in a special register of banks and which must have the special authority of the Council of supervision. Foreign banks established in Roumania will have to conform to the law; at least a third of the members of the Board and their accredited auditors must be Roumanian citizens. The law provides the establishment of a minimum capital, according to the town or district, ranging from 10 millions for Bucharest, 8 millions for towns next in importance, to 2 millions in rural districts. The proposed law in its present form is a panicky measure and as such is heartily condemned by most people of judgment. It is more than probable that it will be amended in many essential respects before it is submitted to Parliament.

Rough estimates of the area sown this year compared with that of 1930 and the average for 1925 to 1929 are given in the following table:—

	Average.		
	1925-29.	1930.	1931.
	Hectares.	Hectares.	Hectares.
Wheat	279,970	274,605	280,601
Rye	24,107	21,887	25,932
Barley	1,662,720	1,855,596	1,569,859
Oats	1,130,365	1,087,057	884,978
Maize	4,292,016	4,426,089	4,176,551

The harvest prospects are on the whole good.

SWEDEN.

Stock Exchange — Foreign Trade — Prices — Production.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, June 13.

THE closing of accounts for April showed the blackest Stock Exchange month since the great collapse at the beginning of the crisis. Although developments, broadly speaking, were more tranquil in May, the continued depression forced down the level of prices even more than in April. On the decline of "A" list shares by 316,000,000 kronor in April, there followed in May a decline of 319,000,000 kronor. Since the beginning of the year the fall up to the end of May amounted to 478 million kronor, a figure which is in striking contrast to the rise last year of 440 million kronor in the period from January to May.

It might have appeared as though the decline had thereby reached bottom, but there followed upon this heavy and unexpected decline a new and still more serious unloading in the first days of June, an unloading which in its dimensions considerably exceeded that of the collapse at the beginning of the great crisis in 1929. On two days alone, June 1st and 2nd, there occurred a fall in prices so catastrophic in extent that the value of the "A" list shares sank by a further 243 million kronor. This pessimism was in a high degree a reflection of developments on the foreign Stock Exchanges, as the Stockholm Stock Exchange is now feeling fully the effects of the intimate relations with leading foreign exchanges which it has created of recent years. It is, however, also to a considerable extent an effect of domestic economic developments and the domestic outlook of the prospects of the immediate future.

The effects of the depression have become considerably worse of recent months. It appears most clearly, perhaps, in the figures for foreign trade, which for April (the last available figures) showed an unusually depressing result. Not only were shipments of our leading exports considerably reduced, but the volume of imports indicated that employment in industry was declining. Shipments of timber were 57 per cent., of pulp 53 per cent., of newsprint 42 per cent., and of iron ore 55 per cent. of last year's shipments. Exports of matches were reduced 53 per cent., pig iron 39 per cent., electrical machinery, motors and separators 45 per cent., and ball bearings 57 per cent. Telephones and bacon were two rare exceptions, and showed an increase of 30 per cent. and 40 per cent. respectively. Exports of butter, on the other hand, were still slightly below those of last year. For the first four months of the year the passive balance amounted to 147 million kronor, a figure which of recent years has only been exceeded in 1928, the year of the great strike. During the same period last year the passive balance was 96 million kronor, and two years ago 73 million kronor. A consequence of this development is that the balance of payment has become considerably more unfavourable than is usual at this time of the year, though the continued rise in exports of capital has contributed to this result.

Prices, after showing for some months a steadier tendency, have again begun to fall. *Svensk Finanstidning's* weekly price index (1913 = 100), which only included raw materials, showed only a slightly falling tendency from December to April. In May the fall became more marked, and the index number this week fell to 97. Nevertheless, the production figures for the most important branches of industry maintained higher levels than might have been expected, though a progressive slowing down of production was clearly visible. As a rule, *Svensk Finanstidning's* index number is unchanged in April, and in favourable years it even rises. Last year, for example, it remained at 149, as in March. In 1929 it rose from 135 to 146. This year, on the other hand, it declined from 122 to 120.

The cause of the decline in April is to be found primarily in the decreased production of pulp. The unfortunate developments shown in the timber market this year, not only in greatly reduced sales, but also in the catastrophic fall in prices, have naturally involved a still further cur-

tailment of sawing. For April the figure was only 96 per cent. of 1923-24 (the basis of the production index number), whereas a year ago the figure was 133 per cent. As regards the pulp industry, the reduction in output concerning which agreement was reached in the autumn was seriously begun in the month of April. This explains why the volume of production sank to only 41 per cent. of the 1923-24 figure, as against 196 per cent. a year ago. The effect of this curtailment would have been still more apparent but for the fact that, at the same time, the iron industry was able to increase its output to some extent, and since January gradually increasing employment has been found in this industry. Output in April rose from 90.97 per cent. of the 1923-24 figure to 119 per cent. Employment in the metal industry is active, owing, no doubt, to the large railway electrification plan for which the Riksdag has granted the means.

ARGENTINA.

Political Situation — Foreign Trade — Cereals —
Exchange — Money Market.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, June 2.

CURRENT Argentine conditions at the beginning of June, though undoubtedly difficult, suggest that, in the matter of finance, the worst has been passed, although general opinion has by now realised that recovery will be both slow and painful. In the first place the political uncertainty is giving place to a more reasoned view of the position. Reorganisation of the two main party groups, the Radicals and the Conservatives, is being taken in hand on normal lines, and meanwhile the Provisional Government pursues a diplomatic course of action, merely emphasising its firm intention of using whatever influence it possesses to prevent a return to the abuses of the Irigoyenist regime. In this it has the full support of all men of goodwill, and, meanwhile, continuous efforts are made to meet the financial difficulties incidental to falling exchange and the detrimental effect caused in foreign markets by sensational Press reports of current business conditions. These reports have been officially and emphatically contradicted, not only by Ministerial speeches, but also through a formal message addressed to the exchanges of London, Paris, Berlin and New York by the President of the Buenos Aires Bolsa de Comercio.

Figures covering Argentina's foreign trade for 1930 have recently been published and are distinctly unsatisfactory, the unfavourable trade balance for that year amounting to \$125,078,564 gold, with a total decrease of some \$300,000,000 gold in the value of exports and \$120,000,000 gold for imports, both in comparison with the 1929 figures. For the first four months of 1931, however, comparison with the corresponding period of 1930 is more favourable, the figures reading as follows:—

	First Four Months.	
	1930.	1931.
	\$ Gold.	\$ Gold.
Imports.....	267,294,282	208,745,436
Exports.....	251,416,253	219,445,626
Trade Balance.....	- 15,878,029	+ 10,700,190

The trouble is that, under the existing fiscal system, reduction of imports perforce spells diminished revenues, and one of the chief preoccupations of the Government at the present time concerns the manner in which liabilities due in July and September are to be met. Presumably, renewal will be possible, though at enhanced rates, and, meanwhile, severe economy is being exercised in every department of state. This course will be continued when the Budget for the current year is finally drafted and approved.

Exports of cereals continue to be heavy, and 2,660,000 tons of maize, over 2,000,000 tons of wheat, and close upon 1,000,000 tons of linseed, have been shipped during the current year. As there are available for future export at least two and a half million tons of wheat, seven and

a half million tons of maize, and half a million tons of linseed, to say nothing of the exports of meat and general produce, there is every reason to expect an improvement in the exchange during the latter half of the year, the more so since the reduction of imports is likely to be cumulative. Unfortunately, there is little probability of any marked improvement in cereal prices, which, at the month-end, in Buenos Aires, were \$5.60 for spot wheat, \$3.90 for maize, and \$10.55 for linseed, all per 100 kilos. Weather conditions have been excellent for the shipment of maize, and, at the same time, the substantial rebate in railway freights conceded by the companies, together with the special credit facilities granted by the Banco de La Nacion, have done much to put heart into the Argentine farmer, who now sees himself in a position to harvest and dispose of his maize without loss, even at its present quotation.

The weakness of exchange, which at the month-end was quoted at 34½d. on London and \$144.60 on New York, banks' cable drawing rates, has not had a proportional upward effect on cereal prices, whereas it naturally handicaps importers and adds to the depression in quotations for Argentine national bonds held abroad. In New York first-class Argentine securities have been marked down to an unreasonable extent, and the same may be said of current quotations for Argentine railway shares in London. The drop in open charter rates for spot steamers amounts to more or less 2s. per ton, but several fixtures on the San Lorenzo range for boats to load during the latter half of June have been booked round about 18s. Last, but not least, the tension on the local money market is now somewhat less, although great care is being taken not to abuse the faculty of rediscount. At the close of May this item stood at \$106,311,523 paper, and, although further operations are bound to take place in June it is evident that the greatest care will be used by the Banco de La Nacion when availing itself of this facility.

Letters to the Editor.

THE WORLD CRISIS: AN INDUSTRIAL DIAGNOSIS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Both prior to Great Britain's return to the gold standard in 1925, and in the crisis year of 1929, grave apprehensions were officially expressed by industry regarding the trend of world monetary affairs. The somewhat striking confirmation which predictions made on those two occasions has received in subsequent events suggests that an analysis of the events of the post-war period from an industrial angle may possibly throw light on the conflict between the two economic schools of thought at present contending regarding the part played by monetary policy. The industrial approach to the problem differs fundamentally from the economic in that industrialists are unable to regard "stability," whether of money or prices, as the ideal to be aimed at. Just as we cannot be said to enjoy physical peace until we are physically dead, so it is true that an industrial system cannot in a practical sense enjoy the blessing of economic stability unless it is economically-speaking dead. For so long as progress is going on the price-level can never be truly stable. There must always be forces pulling it—and keeping it—out of adjustment.

The best that we can hope to secure is that the pull of progress is not too violent or uneven; but pull there must be if industrial evolution is to go on. Similarly, saving and investment must never exactly balance. Investment must always be moving a little ahead.

The trouble is that these two things tend to get too far out of adjustment, with the result that, sooner or later, the march of progress is brought up with a jerk by the banking system, which performs the useful function of stopping the process before it gets to the point beyond which recovery is impossible, as used to happen before the modern gold standard came into being.

Industry's ideal is orderly progress, not stability. Business experience shows that orderly progress whether of an individual firm or an industry, is only possible if there is, working ahead of current operations, a production plan and a marketing programme preparing the way for future expansion. I may instance the American Telephone and Telegraph Company, which is reputed to work upon a twenty-year plan of future

developments, with the first five years of the twenty definitely budgeted for.

Now, while at first sight it may seem bizarre to suggest that, before the war, the finance houses and investment institutions of the City of London were in essence engaged in operating a similar sort of plan—though on a grander scale—an examination of the detailed working of the pre-war system of international trade does, I suggest, reveal something closely approximating to it.

The gold standard was the vital link assisting to keep the balance between production and consumption in the main world commodity markets at all stages of the plan, and preventing long-term development in any one direction getting too far ahead. On this view the difficulties of our post-war situation are attributable to the circumstances that (1) the war destroyed the pre-war plan of orderly progress so completely that it has proved impossible to restore it; and (2) that the temporary handing over of the sceptre of financial authority to the U.S.A. since the war has meant that the gold standard has been, in part, diverted to foster a development plan along American lines instead of being recombined in furtherance of a common international plan.

I may interrupt to observe that I have singled out the U.S.A., not because hers is the sole responsibility, but because—owing to her enormous internal market—she has been uniquely able to superimpose on the international plan a local internal plan of her own. This is confirmed by the circumstance that, even before the war, the United States enjoyed independent local secondary business cycles at intervals roughly midway between the major international movements: a failure to appreciate this may possibly account for underestimates of the duration of the present depression by American forecasters.

British Free Trade policy contributed to the orderly working of the pre-war plan by assisting prices to conform to certain basic essentials of long-term progress. (1) Orderly production and marketing of consumption goods over a period of years is only possible if these are marketed at prices which are gradually falling over the period. Naturally, if prices generally are rising, due to some common monetary cause, then this fall need be a relative one only. The short explanation of the need for this fall is that wages and incomes change but slowly over a period of years, and consequently they can only be made to buy more goods if those goods are sold at cheaper prices.

If at any period during the plan we interfere by temporarily increasing the purchasing power of consumers by, say, over-extension of instalment finance, the first thing that will happen is that producers who have been budgeting for falling prices at that stage will make larger profits than they anticipated. If this continues, other producers will come into the field, and this will push costs of production up till ultimately the margin this will push costs of production up till ultimately the margin of profit may be almost destroyed. The final result is general over-production coupled with prices which are unremunerative to producers and beyond the capacity to pay of consumers, once the temporary inflation of their purchasing power ceases. An important secondary effect is that preparations in process for making goods at still more economical prices at a later stage—an essential feature of a long-range production plan—will be interrupted, if not abandoned.

(2) The second essential relates to capital development, i.e., the starting of new industries, the exploitation of new inventions and the development of new markets. The rule here is that this work also must be planned over a period of years in such a manner that the products to which it gives rise can be marketed, either at gradually falling prices, or in such a way as to displace in more or less orderly manner existing goods, as to inventions and markets which become obsolescent. The short explanation in this case is that, as the total purchasing power changes but slowly (except during periods of inflation), "new" products can only be sold in growing quantity if they are substituted for "old," or if both are sold at correspondingly lower prices.

A temporary inflation of credit during any year of this part of the plan leads to over-development of equipment of the type proper to that stage of the plan, to the detriment both of orderly progress during subsequent years and the maintenance of current stability. Having regard both to the fact that such movements, once started, tend to grow cumulatively, and that the aggregate fund of money is more or less limited, periodic crises resulting in the hold up of the long-range plan of development are not surprising. The extent of the hold-up will depend on the circumstances in each case. The effect of money inflation on such a plan is to encourage extension forward of planning, while money deflation leads to a contraction. Inflation, also, has what may be termed the "static" effect of facilitating the liquidation of past debts and mistakes; this accounts, in the main, for its popularity as a nostrum.

On the above view the first remedy for a depression is to prune off the excessive growth of the previous boom and allow the time for the correction of maladjustment. To encourage new investment before this has been done merely bolsters up

the status quo, and postpones a fall in rates of interest to the level appropriate to a resumption of orderly progression in the next stage of the long-term plan. If maladjustment has gone so far that recovery is impossible, then, to judge by past experience, a resort to inflation may avert collapse.

But inflation is not always as simple in operation or speedy in result as is commonly supposed. Taking the period 1890-6, when conditions were in many respects very similar to those of the present day, I find that the inflation, which began with the expansion of the gold holding of the Bank of England in 1893-96, took some two years to produce a material effect on rates of interest, home investment and the prices of constructional materials, and a further two years before that effect reached its maximum intensity via a domestic building boom and the South African War. And it took nearly twenty years for this effect to work itself out in general prices and international investment; while the inflation responsible for the present breakdown of consumption industries in the U.S.A. was set going some five to ten years ago.—Yours, etc.,

Federation of British Industries,
21, Tothill Street, S.W. 1.
June 18, 1931.

ROY GLENDAY.

Books and Publications.

SOVIET DUMPING.*

THE problem of Soviet "dumping" is among the main irritants of current controversy. Its political repercussions are out of all proportion to its economic consequences. It is but one of a score of inter-related factors by which the world's trading equilibrium has been disturbed. Yet the attention it is receiving rests, undoubtedly, on an intelligible basis. For it is not what this "dumping" is now, but what it threatens to become, that startles the imagination. If the Five-Year Plan succeeds, and the Ten-Year Plan which is to follow it, the distortion of commercial relationships will be infinitely greater than it is now. The question may then well arise whether the plan-economy of Russia and the capitalist economy of Western Europe can co-exist in amity.

To the ordinary student of affairs, two separate questions pose themselves. What is dumping? And what are the facts as regards Russia? Dr. Eliacheff faces them both, in his clearly-argued, if definitely tendentious, book. He admits, quite frankly, that it is not possible to find water-tight economic criteria which apply, without qualification, to the facts of the present case. If by "dumping" is merely meant the under-selling of a competitor—though it be on a spectacular scale—there is nowhere in the realm of foreign trade where one can definitely draw the line. On this basis, Japan "dumps" her toys and Czechoslovakia her boots. If, on the other hand, one's definition has reference to cost of production and the price of the product in the home market, how can one apply it to Russia? With production and distribution everywhere controlled, the internal price-level loses all significance. This is what has happened in Russia. Her means of production are collectively-owned and her supplies universally rationed. Under such conditions the relationship between effort and its reward becomes purely arbitrary. So that Dr. Eliacheff truly says:—

"One must first of all get it into one's head that it is impossible to determine, with any sort of precision, what the cost of production in the U.S.S.R. is, in the technical and quantitative sense in which one uses that term in other countries."

He is thrown back, therefore, upon other tests, which he brings to bear in the course of an elaborate statistical argument. These have reference, not to cost of production, but to selling price.

"We have been able to establish"—runs his conclusion—"on the evidence of Soviet documents, two undeniable facts: the one, that goods are sold in Russia at a price sensibly higher than in Europe or

* "Le Dumping Soviétique." By Boris Eliacheff. With a preface by M. Etienne Fougère. Paris. Marcel Giard. 220 pp. 15 francs.

losses of associated companies had been provided for and that profits from which "Shell" dividends were payable were the result of trading operations and not reserve appropriations was a confession of the complete mysteriousness of the "Shell" accounts.

The second method is less common, but it will be found that some of the big insurance companies and banks which have fully-owned undertakings carried on as separate companies, publish the accounts of these undertakings separately. Unless some essential detail is given showing the financial relation between the holding company and its subsidiaries, including the nominal amount of shares held in the subsidiaries and their cost of acquisition, the shareholders can have no idea from this form of accounts of the real financial position of the group as whole.

The third method is an advance on the second, but from the shareholders' point of view still makes unintelligible reading, for it may happen that one of the subsidiaries holds some of the parent company's shares which appear in the statement of the subsidiaries as an asset. In a consolidated balance sheet of the whole undertaking, the holding by subsidiaries of the parent company's shares would be deducted from the issued capital of the holding company. Further, this third method does not always show separately the amount of the minority or outside shareholders' interest, as would be shown clearly in a consolidated balance sheet.

The presentation, with the "legal" balance sheet, of a consolidated balance sheet and consolidated profit and loss account raises many accounting problems—for example, the liabilities and assets in the consolidated balance sheet will have to be computed on the same basis, and the accounts of the subsidiaries will have to be made up to the same date, which is not always practicable, especially when the subsidiary companies are trading in widely different fields of business—but if this method has been successfully adopted in America for many years, the British companies and their accountants can hardly claim that it is impracticable in Great Britain. To quote Sir Gilbert Garnsey, the consolidated account enables the shareholders

"to see at a glance the total interest (capital and revenue) accruing to minority or outside shareholders in the subsidiary concerns and what perhaps is most important of all, what surplus is available for the shareholders of the parent institution for dividend purposes. Further, it also shows what assets are available against the investments and how much, if any, is represented by goodwill or even losses. There is also an advantage in the fact that inter-company indebtedness, shares, purchases, sales and dividends are eliminated and the figures shown on a net basis, while all profits and losses are automatically taken up. Without some such consolidated statement it is extremely difficult to follow the figures from a mere perusal of the separate balance sheets, especially if the position is complicated by one of the subsidiary concerns being also a holding company."

An illustration of the uninformative nature of a holding company's accounts, which do not follow the method of the consolidated balance sheet, and profit and loss account, which may be found in the accounts of the Unilever group, which publishes the accounts of its five principal subsidiaries in addition to the parent holding companies, Unilever Limited, and Unilever N.V. A shareholder, if he desired to know the exact position of the group as regards its holding of stocks of raw materials last year, would have been utterly bewildered. No stocks appear in the parent companies' balance sheets, and the amount of stocks in the balance sheet of Lever Brothers, which itself is a holding company, is the inconsiderable amount of £1,421,867. And yet we know from the directors' report of the previous year that, at December 31, 1929, their stock-in-trade amounted to approximately £16 millions, so that a decline of 33 per cent. in the value of raw materials would have involved an inventory loss of over £5 millions. Nevertheless, nothing is said in the report of the two parent companies as to the basis on which stocks have been valued. We do not suggest that the consolidated balance sheet and consolidated income account are practicable in the case of the Unilever colossus, but it serves to illustrate the need for directors to supplement the "legal" balance sheets with some form of consolidated statement of assets and income.

The accounts of the Imperial Chemical Industries, to take another example, show how shareholders and in-

vestors may be made suspicious by uninformative accounting. The belief was strongly held at one time last year that Imperial Chemical Industries had brought a capital profit, obtained by the sale of some of its investments, into their own trading profit and loss account. This was denied by Sir Harry McGowan at the general meeting in April, when he clearly explained that the profits realised on investments had been applied to assets in the balance sheet and had not been brought into the profit and loss account. If a consolidated balance sheet and profit and loss account had been published, this rumour could never have become current, nor, we think, would the shares of the parent company have been subjected to such persistent "bear" selling.

On account of the case pending against Lord Kylsant and Mr Moreland, we cannot deal with the position of the Royal Mail Company's accounts, but it will suffice to say that companies incorporated by Royal Charter are not even subject to the Companies Act, and can avoid even the inadequate requirements of the "legal" balance sheet as revised in the Companies Act, 1928. Up to quite recently, it was the practice of shipping companies incorporated by Royal Charter to show the whole of their assets in one meaningless item of many millions of pounds in the balance sheet.

The slump in company earnings and values to-day makes the question of intelligible accounting a matter urgent enough for the House of Commons to deal with. Sir William McIntock, in an address to the Birmingham Chartered Accountants Students Society this year, dealt with the question of the valuation of "assets," and remarked that the Companies Act of 1928 had gone a little way towards remedying this position, but only a little way. "Company directors," he said, "are, perhaps naturally, inclined to take advantage of this situation to hide unpleasant facts from shareholders, but the auditors will not escape their share, and more, of the blame when any troubles come to light. Unfortunately, the auditors have very little discretion in such cases, except by taking an extra-legal view of their duties, and it may be that the time has come for a new kind of professional etiquette in such matters which might be observed by members of the various accountant bodies." If Parliament will not act, then chartered accountants as a body will have to lead the way.

THE WEEK IN THE MARKETS. THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
July 8.	July 9.

THE uncertainty regarding the outcome of the French negotiations over the Hoover proposals had a sobering effect upon a market which only a week before had been buoyant with new hopes, and the general tendency was to mark time and await events. Nevertheless, public interest increased somewhat, and this kept prices steady when professional profit-taking might have resulted in a set-back.

The gilt-edged market was in cheerful mood, and several Home Government stocks hardened under the lead of 5 per cent. War Loan. At first the appearance was subdued, owing to the uncertainty of the world outlook, and renewed rumours regarding an impending Conversion operation, but these influences were counteracted by the influx of gold, and talk of a Bank rate reduction which did not, however, materialise. As a result of the Prime Minister's recent statements, in the House of Commons, to which reference is made in a Note of the Week, inquiries were forthcoming for Indian stocks, and the Australian stocks showed to advantage, under the lead of the Commonwealth 5 per cents.

In the foreign market, German bonds came on offer at first owing to the protracted Paris bargaining and the continued strain on the Reichsbank; while other European stocks were hesitant. Several South American stocks gained ground on anticipations of the result of the conference between the United States Treasury and bankers regarding Latin-American short-dated credits

Argentine stocks firmed on an improvement in the peso, but later sagged slightly. Chilean bonds were uncertain, but Brazilian firmed up later in the week under the lead of the Funding Loan.

Home rail stocks received little attention during the week, but prior charges were firm. Ordinary shares gathered a few points, but were generally listless, though no appreciable decline followed the publication of unfavourable traffic figures. The week opened with a good trade in Argentine rails, but the weakening of the peso had its effect, and these stocks afterwards lost ground. Other foreign rails showed little tendency to alter.

The undertone in the industrial market was less steady than last week. On Monday shares were fairly quickly absorbed, but later showed signs of awaiting a definite lead. International stocks were generally firm, and gained strength on buying orders from New York. Brazil Tracings were an especially good feature. After initial eases, Swedish Match firmed slightly, but were mostly inactive, dealers preferring to await European developments. Electrical supply shares were satisfactory, Bournemouth and Poole strengthening on news that the Bournemouth Corporation had granted an extension of the company's rights. Henley's were not affected by the report, but Callenders and Associated failed to hold the improvement which they showed earlier in the week. Iron and steel shares were dull, but N.C. Metal met with inquiries. After giving a mixed display, Textiles and Rayons strengthened under the lead of Courtaulds. Motors lost ground, and breweries were irregular. Tobaccos eased slightly, but shipping shares received inquiries, as did some insurance shares. Records were good, and Dunlops and Imperial Chemicals improved.

Satisfactory advices from New York caused oil shares to hold most of the ground they had gained during the previous week. Later, Royal Dutch, Burmahs and Mexican Eagles had a healthier appearance, Paris coming in as a buyer. The reduction in the United Kingdom rubber stocks increased the public interest and caused rubber shares to rise, and prices were maintained despite a diminution in activity later in the week. Tea shares became slightly irregular after a period of animation during which a substantial increase occurred in the volume of transactions.

The mining market was generally listless, attention being mainly given to speculative counters. Kafirs were not active, and moved in narrow confines, a few only finding higher levels on encouraging advices from Johannesburg. Paris showed little interest in the London market, and consequently price movements were few. "Johnnies" were in demand, but later receded. General Mining were unchanged, but Rand Mines were bought.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	June 25, 1931.	June 26, 1931.	June 29, 1931.	June 30, 1931.	July 1, 1931.	July 2, 1931.
Government and Municipal Loans	1,383	1,551	1,728	1,379	1,642	1,483
Transport, Communications, and Public Utilities	1,008	1,061	1,225	953	814	851
Commercial and Industrial Banks, Insurance and Financial	1,886	2,020	2,644	2,030	1,466	1,534
Mineral	639	666	794	537	483	442
Chemical	605	638	712	545	410	380
Mines (including Nitrate)	240	233	229	167	113	113
Oil	140	269	413	267	118	132
Rubber, Tea and Coffee						
Total	5,801	6,438	7,745	5,878	5,046	4,935

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 6.)	Lowest of 1931. (May 19.)	June 25, 1931.	June 26, 1931.	June 29, 1931.	June 30, 1931.	July 1, 1931.	July 2, 1931.
78.3	54.5	61.7	63.4	63.9	63.9	63.7	63.6

FOREIGN STOCK EXCHANGES.

NEW YORK.

After the exciting events of last week, the tone of the New York Stock markets appeared hesitant, and the bears made tentative advances on selected stocks. Prices rose and fell with the conflicting rumours regarding the progress of the Hoover Plan, but by mid-week much of the original confidence which the scheme inspired had been dissipated by the reserved attitude of France. The opinion strengthened that while the acceptance of the moratorium should provide a much needed stimulus to market activity, its effects had already been sufficiently discounted in view of underlying economic conditions. The approaching publication of the second quarter's earnings figures restrained the more ardent spirits, while rails continued in a depressed condition, despite the satisfactory dividend announcement of the Atchafalaya and Santa Fé. The market was unfavourably affected by the announcement of the Interstate Commerce Commission that opposition to the proposed freight rate increase will not be heard until August 31st. Elsewhere there were a number of soft spots. Copper issues declined despite an increase in the price of the commodity, for it was recognised that at prevailing prices few companies could expect to make adequate profits. Oil shares were firmer, the figures for the daily average production showing a decline.

	June 18, 1931.	June 25, 1931.	July 2, 1931.		June 18, 1931.	June 25, 1931.	July 2, 1931.
U.S. 3½% T. Bds.	107½	106½	106½	Natl. Biscuit	64½	68	62½
U.S. 4½% '32-47	102½	102½	102½	Phelps Dodge	12	16	15
Do. 4½% '32-47	103½	103½	103½	Pullman	35½	39½	39
Do. 4½% '33-38	104½	104½	104½	Sears-Robinson	50½	56½	57
Atchafalaya	151½	165	166½	Studebaker	16½	18½	19½
Ohio & Ohio	34	37½	37½	Un. Fruit	54½	57	55½
Brie	18	22	24½	U.S. Leather	51	7½	7½
Illinois Central	45	50	52½	U.S. Rubber	11½	15½	15½
N.Y. Central	84½	93½	92½	U.S. Steel	87	98½	102½
Pennsylvania	47½	49½	49½	Westinghouse	55	67½	70½
Southern Pacific	71½	83	84½	Woolworth	66½	68½	70½
Southern Ry.	31	35	36	Am. Tel. & Tlg.	167½	178½	180½
Union Pacific	154½	167	168	Interboro R.T.	26½	24½	22½
Am. Can.	99½	109½	111½	Int. Tel. Tele.	27½	33½	34½
Amer. Smelting	28½	37½	37½	Radio Corp.	14½	20	20½
Anaconda	201	308	293½	Utilities P. & L.	22½	24½	24½
Bethlehem Steel	41	47½	51½	W. Union Tlg.	106	115½	116½
Chrysler Motor	17½	22½	22½	Associated Gas "A" ..	16½	17½	14½
Corn Produce Rf.	63½	70½	74½	Pan. Amer. B.	25	25	25½
Kesteven Koolak	128½	150	148	Shell	21	25½	26
Gen. Electric (New)	38½	44½	43½	Shell Union	5½	7½	7½
Gen. Motors	33½	38½	38½	Standard Oil	7½	10½	10½
Int. Harvester	39½	46	46½	Std. California	34	38	37½
Montg. Ward	18	21½	21½	Do. N.J.	34½	40½	38½

x Ex dividend.

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	June 17.	June 24.
33 Industrials	134.5	218.9	98.2	174.1	99.6	84.1½	94.5
33 Rails	127.8	173.5	89.1	145.6	92.0	74.4	80.1
34 Utilities	177.6	330.4	153.2	267.4	158.1	150.9	163.7
Total, 404 stocks	140.3	228.1	105.5	184.2	107.6	93.1	103.3
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.92%	6.39%	5.59%

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	June 17, 1931.	June 1, 1931.	June 19, 1931.	June 20, 1931.	June 22, 1931.	June 23, 1931.	June 24, 1931.
140.2	92.7	101.3	99.9	99.8	106.0	107.0	109.5	115.6

TOTAL DEALINGS IN NEW YORK.

	June 25, 1931.	June 26, 1931.	June 27, 1931.	June 29, 1931.	June 30, 1931.	July 1, 1931.	July 2, 1931.
Stock Exchange—Shares (Thous.)	4,300	3,100	1,900	2,100	1,900	1,700	1,300
Bonds (Value Thous. \$)	11,217	12,852	6,327	9,136	10,298	9,935	8,994
Over-the-Counter—Shares (Thous.)	690	480	350	400	350	310	260

* 2-hour session.

THE ECONOMIST.

THE ECONOMIST.

THE ECONOMIST.

THE ECONOMIST.

THE ECONOMIST.

THE ECONOMIST.

THE ECONOMIST.

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Am't. paid.	Price, June 24, 1931.	Price, July 1, 1931.
Buenos Aires Gt. Southern 5½% deb.	95	35	1-1½ dis	1-1½ pm
Central American Exploration.....	96	40	12-10 dis	1-1½
Osoach 7% Ster. Bonds.....	96	40	90-95	8-6 dis
De Beers 5½% Ster. deb.	87	35	82-83	82½-83½
Greek 6% Ster. Bonds.....	100	55	14-1½ dis	par-1 pm
India 6% 1933-34.....	97½	67½	19-17 dis	19-17 dis
London Power 5% deb. 1972.....	100½	104½-106½	104½-106½	104½-106½
Met. Water Board (D).....	101	15	101-102½	102-102½
Middlesex 4½% 1950-70.....	99	44	1-1½ pm	1-1½ pm
New Zealand 5% 1932-34.....	98	50	101-103	101½-103½
Odams Press 7% (B) deb.	100	50	3 dis-par	4-1 dis
Panama Corporation 8% deb.	100	50	par-6d. pm	5 dis-5 pm
Pratt & Whitney 6% Red. pref.	100	50	5 dis-5 pm	5 dis-5 pm
Rhokana Corp. 7% deb.	100	50	5 dis-5 pm	5 dis-5 pm
Blo Clara Rly. and Invest. 5% deb., 1962-72.....	103	95-97	95-97	95-97
S. Essex Water 5% pref.	111½	104-106	104-106	104-106
S. Essex Water Ord.	111½	111-115	111-115	111-115
Woolworth (F. W.) Ord. (5/-).....	42	41	14d-4½d.	5½-5½ pm
Woolworth (F. W.) 5% Cum. Pref. £1	41	10/-	10½d.-1½ pm	1½-1½ pm

INVESTMENT NOTES.

Sugar-Beet Company Finance.—Elsewhere in this issue we discuss certain important aspects of the beet sugar industry in the light of the report issued on Tuesday by H.M. Stationery Office. In the table which we print below, the comparative results of the Anglo-Dutch group of companies, which operates factories at Cantley, Kelham, Ely, Ipswich, and King's Lynn, are shown for the past two years. The sharp decline in world sugar prices has brought about a reduction of profits in each case, the aggregate decline being in the neighbourhood of 29 per cent.:

Name of Company.	Net Profit, 1929.	Ordinary.		Net Profit, 1930.	Ordinary.	
		Earned.	Paid.		Earned.	Paid.
Ely Beet Sugar.....	£ 131,490	29.2	12.5*	£ 61,241	13.6	12.5*
English Beet Sugar.....	155,318	31.1	25.0*	124,090	24.8	20.0*
Ipswich Beet Sugar.....	66,396	16.6	12.5*	62,047	15.5	12.5*
King's Lynn Beet Sugar.....	56,787	12.6	10.0*	45,487	10.1	10.0*

* Tax free.

It will be seen that the dividends ranging from 10 per cent., free of tax, to 20 per cent., free of tax, have been maintained in all cases. Last year 61 per cent. of the aggregate net earnings was distributed to shareholders, while for the year to March 31st last the proportion was raised to 85 per cent. At the same time, the aggregate amount placed to reserves and development account declined from £158,741 to £51,615. In view of the fact that the industry is being heavily subsidised and cannot be regarded as having outgrown the experimental stage, the directors' policy of distributing so large a proportion of earnings in a critical year may seem unduly liberal. It is noteworthy, however, that during the current year the group is operating its factories on the basis of applying the whole of the net profits, after providing depreciation, in payment to farmers for beets delivered. Another report which has recently been issued is that of the Lincolnshire Sugar Company, which was incorporated as recently as 1927 and has not paid a preference share dividend since its first operating year. Trading profits declined from £76,000 to £67,800 in 1930 and net profits from £48,800 to £21,300, though the net profit of a subsidiary, the Second Lincolnshire Sugar Company, rose from £9,100 to £24,500, enabling that company to write off the whole of its preliminary expenses, totalling £14,500.

MEMBER, INVESTMENT STUDENT,
WOULD BE INTERESTED TO LEARN
OF SUITABLE APPOINTMENT.

Box 98, The Economist Office, 8, Boulevard St., London, E.C. 4.

Half-year Railway Traffic.—A review of the traffic receipts of the "Big Four" railways for the past twenty-six weeks can hardly be other than gloomy. The aggregate takings of the four lines show a decline of £7,947,000 compared with the similar period of 1930, although the first half of last year revealed in its turn a drop of £3,124,000 as compared with 1929. "Passengers" and "merchandise" both account for a greater proportion of the half-year's decline than in 1930, while "coal and coke" accounts for only 14 per cent. of the £7,659,000, against 29 per cent. of the decline last year. Declines in total receipts of a little over 11 per cent. are shown by the London and North Eastern and Great Western, while Midland and Scottish receipts have fallen off 8.9 per cent., and those of the Southern 5 per cent. The latter company actually shows an increase of £57,000 in its coal and coke receipts, a reflection, no doubt, of Kent coalfield developments.

	HALF-YEAR TRAFFIC. (£'000 omitted.)				Total.
	L.M.S.	L.N.E.R.	G.W.R.	S.R.	
1930, compared with 1929.					
Passengers.....	511	153	131	21	816
Merchandise.....	613	470	291	25	1,399
Coal and coke.....	503	206	110	90	909
Total.....	1,627	829	532	136	3,124
1931, compared with 1930.					
Passengers.....	828	759	460	411	2,458
Merchandise.....	1,991	1,523	657	171	4,342
Coal and coke.....	146	584	474	57	1,147
Total.....	2,965	2,866	1,591	525	7,947

That shareholders have little confidence in the ability of the railways to balance their traffic losses by "economies" is indicated by the severe slump in quotations from the highest of last year:—

	1930.		1931.		Present Price.
	High.	Low.	High.	Low.	
L.M.S.R. Ord.....	57½	31	34	15½	18½
L.N.E.R. Def.....	13½	5½	6½	2½	4
G.W.R. Ord.....	94	62½	69½	41½	50½
S.R. Def.....	32½	21½	23½	11½	16

Though in all cases prices stand above the lowest of the year, the improvement is probably due rather to the better tone of the markets generally, under the benign influence of the Hoover plan, than to any optimism with regard to the immediate earning power of the railways. Actually, London Midland and Scottish and London and North Eastern are not expected to earn their second preference dividend requirements.

Chilean Bonds.—It is announced that the Chilean Government is arranging for a delegation of British and American banking experts to visit Chile for the purpose of investigating the country's financial position and devising ways and means of providing for the Government's external obligations. It is understood that funds are in hand for the debt service of July 1st, but that the Government is without the requisite foreign exchange to meet the additional payments which fall due in August. Recently Chilean bonds have been a reactionary market in anticipation of a temporary default, although present prices are above the worst. The following table shows the highest and lowest prices recorded this year for the principal dollar and sterling issues, and the current prices together with the running and redemption yields:—

		1931.		Present	Yield %
		High.	Low.	Price.	Red.
Sterling.					
Chile 5% 1909.....	1955	84½	61	73	7 0 8
Chile 7½% 1922.....	1956	104½	80	90	8 12 5
Chile 6% 1928.....	1961	94	63½	72	8 10 2
Dollar.					
Chile 6%	1961	86	62	62	9 13 6
Chile 6%	1963	87	63	63	9 10 6
Chile Mortgage Bk. (Guaranteed)	1962	85	60	60	10 0 0

A report has been prepared by the National City Company which, while not disguising the serious condition of Chilean Government finances, affords some grounds for confidence in the outcome of the experts' investigations. In 1930 there was an unfavourable trade balance of approximately \$8,500,000—this for the first time since 1919. For the first three months of 1931 exports again declined

on account of the lower sales and lower prices of copper and nitrate, but by restriction of imports the country managed to secure a favourable trade balance of just over \$1,000,000. The external debt service of the Chilean Government, however, requires approximately \$40,000,000 a year. It is, therefore, clear that the balance of international payment is heavily against Chile. The Central Bank has been obliged to draw deeply on its gold reserves abroad to meet the current demand for foreign exchange bills. The gold holdings in the Bank of Chile have now been reduced to \$28,000,000, and it is considered inadvisable to meet debt charges by further gold shipments. By way of protection, the Central Bank has increased its rediscount rates to 9 per cent. to member banks and 10 per cent. to the public. The national budget has been upset, not only by the fall in revenues, but by the fact that, in the hope of obtaining permanent finance, the Government attempted to carry both the ordinary and extraordinary budget out of its ordinary receipts in the first few months of this year. As the prospects of permanent financing failed to materialise, the Government became faced with a substantial cash deficit. How these difficulties are to be solved it will be the task of the banking experts to discover, but the fact that Chile is the only one of the South American Republics which has never defaulted in its obligations to foreign bondholders entitles her to the utmost consideration.

The "Cosach" Announcements.—The news that the directors of "Cosach," the company recently formed under the aegis of the Chilean Government to unite the nitrate interests of the country, have decided to defer the payment of the dividend due on July 1st in respect of the company's 7 per cent. cumulative preferred shares, and that the Lautaro Nitrate Company is proposing to follow its example with regard to its 7 per cent. £5 cumulative preferred shares, came as an unpleasant reminder to the market that all is not yet plain sailing in the nitrate world. The *raison d'être* of the postponement would appear to be the short time which has elapsed since the formation of the merger company and the consequent necessity of conserving cash resources. Few voices will be found at this juncture to criticise this action. The directors reiterate their utmost confidence in the eventual ability of the company to set the industry and itself on permanently stable foundations. Shareholders are informed that the company is participating in the nitrogen conference now being held to allocate markets outside the United States, and substantial progress is stated to have been made towards an agreement restoring the Chilean industry to its proper position in the European nitrogen market. At the same time, the Lautaro directors announce that the company's new plant, which was intended to be in complete operation by July 1, 1932, is already producing with most satisfactory results, the output for June having reached 17,000 tons. It is anticipated that production will be increased to approximately 30,000 tons this month and that the plant will be quickly brought to full capacity. In view of the fact that the potential world production of the commodity is considerably in excess of demand, particularly in a period of agricultural crisis, it is clearly essential that producers should proceed along lines of "planned" rather than competitive distribution. Though the International Nitrate Conference at Scheveningen has to overcome important obstacles before a further satisfactory arrangement is concluded, the alternative to agreement would be so disastrous for all concerned that no fear need be felt as to the ultimate outcome. The price and production convention, which expired this week, has been provisionally extended pending a more permanent solution of outstanding problems.

London Transport Merger.—The proposed terms which were published this week for the exchange of Central London Railway "guaranteed assented" stocks for stocks of the London Passenger Transport Board should prove very acceptable to the holders. These "assented"

stocks of the Central London Railway were guaranteed a 4 per cent. dividend by the Underground Electric Railways Company of London and the right to 40 per cent. of the amount paid in dividends in excess of 4 per cent. on the nominal amount of the deposited stocks (ordinary, preferred ordinary and deferred ordinary). The total dividends received by the "assented" stockholders in respect of 1929 and 1930 were at the rate of £4 8s. 2d. per cent. on their guaranteed assented stocks. Under the proposed terms of exchange, the existing assented stocks will be converted into the like nominal amounts of a single similar Guaranteed Assented stock issued against and secured by the Transport C stock, which will be issued at the rate of 92½ per cent. for each £100 of the deposited ordinary, preferred ordinary and deferred ordinary Central London stocks. The new Guaranteed Assented stock will carry fixed interest at 4 per cent. per annum guaranteed by the new Transport Board, this guarantee ranking as a charge on the Board's revenues next after the interest on the B stock and in priority to the interest on the C stock. In addition to the guaranteed dividend, the Guaranteed Assented stockholders will be entitled to receive 40 per cent. of the excess over 4 per cent., if any, of the income received by the trustees in respect of the Central London ordinary, preferred ordinary or deferred ordinary stocks deposited. In addition, holders of the new Guaranteed Assented stock will be given an option of surrendering their holding of such stock to the trustees and receiving in exchange Transport C stock at the rate of £92 10s. for every £100 Guaranteed Assented stock surrendered. As regards income, the effect of these proposed terms is that a holder of £100 of the new Guaranteed Assented stock will receive £4 5s. during the next two years (while the interest on the Transport C stock is at the rate of 5 per cent.), and in subsequent years a minimum of £4 8s. 8d. and a maximum of £4 12s. 5d., according as the Transport C stock is receiving 5½ per cent. or 6 per cent. He has, in addition, a valuable option, which he did not



SALMON P. CHASE, Secretary of the U.S. Treasury under LINCOLN

THE CHASE NATIONAL BANK

of the City of New York

(Incorporated with limited liability under the National Bank Act of the U.S.A.)

COMMERCIAL CREDITS: FOREIGN
EXCHANGE: FACILITIES FOR
EVERY TYPE OF INTERNATIONAL
BUSINESS.

Total Resources at 25th March, 1931, Exceeded
\$2,500,000,000

NEW YORK CITY OFFICES:

Head Office - - - Pine Street corner of Nassau
Equitable Trust Branch - - - 11 Broad Street
Forty-five other branches in Greater New York

FOREIGN OFFICES:

HAVANA - Cuba. CRISTOBAL - Canal Zone
PANAMA CITY - Republic of Panama

OFFICES OF REPRESENTATIVES:

LONDON - - - - - 10 Moorgate, E.C.2
PARIS - - - - - 41 Rue Cambon
BERLIN - - - - - Unter den Linden 57
ROME - - - - - Piazza Mignanelli 3

LONDON OFFICES:

10, MOORGATE, E.C.2 & BUSH HOUSE,
ALDWYCH, W.C.2

possess before, of exchanging into Transport C stock which would increase his income to £4 12s. 1d. for the first two years, and to a minimum of £5 1s. 6d. or a maximum of £5 11s. in subsequent years. It is announced that the holders of the 4½ per cent. first mortgage and the 5 per cent. "A" debenture stock of the London and Suburban Traction Company have agreed to the proposed terms of exchange, but the meetings to confirm the terms for holders of Metropolitan District Railway 3½ per cent. assented first preference stock and Underground Electric Railways income debenture stock have had to be adjourned in the absence of a quorum. For convenience we give the following table showing the terms of the exchange of these stocks:—

Company.	Existing Stock.	Transport Stock.	Earliest Redemption Year.	Return.
London & Suburban Traction.....	4½% 1st Mort. 1950.	£100 "A"	1985	£4 10 0
Ditto	5% "A" Deb. 1934.	£100 "B"	1965	£5 0 0
Underground Electric	6% 1st Inc. Deb. 1945	£60 "B" £55 "C"	1965	£3 0 0 £2 15 0 £3 6 0
Metropolitan Dist.	3½% Assented 1st pref.	£75 "B"	1965	£3 15 0

Details of the terms of exchange of other stocks of the Underground appeared in the *Economist* of June 27th and May 9th.

International Tea Company's Stores.—There is nothing depressing about the latest accounts of this increasingly prosperous company. For the period May 5, 1930, to May 2, 1931, a record profit of £820,164 is announced, exceeding the total for last year by £64,805. After deduction of the usual charges, the net profit stands at £656,806, as against £591,597. The preference dividend, on a capital augmented by an issue of "A" shares in April, 1930, requires £130,771, while the ordinary dividend of 30 per cent. paid for the last two years is maintained, being amply covered by earnings. The sum of £150,000 is again placed to reserve account, and £123,504 is carried forward, against £132,297 brought in.

	Year to April 30,		
	1929.	1930.	1931.
Profit	£ 675,920	£ 755,359	£ 820,164
Fees	6,000	6,000	6,288
Depreciation	50,000	72,500	75,000
Interest	47,202	29,537	9,102
Insurance, &c.	26,082	30,725	32,968
Taxes	25,000	25,000	40,000
Net profit	521,636	591,597	656,806
Brought forward	131,120	131,756	132,297
Preference divs.	71,000	81,300	130,771
No. of times covered	7.3	7.3	5.0
Ordinary dividend:—			
Amount	300,000	359,756	374,828
Earned %	48.8	46.2	42.1
Paid %	30	30	30
Reserve	150,000	150,000	150,000
Carried forward	131,756	132,297	133,504

In the following table the percentage earnings and dividends on the company's ordinary capital are set out for the past ten years.

ORDINARY CAPITAL.					
Year to	Earned	Paid	Year to	Earned	Paid
Apr. 30.	%	%	Apr. 30.	%	%
1922	24.8	16	1927	40.8	22
1923	31.2	18	1928	45.2	25
1924	33.4	19	1929	48.8	30
1925	31.9	20	1930	46.2	30
1926	35.2	20	1931	42.1	30

The balance sheet reveals a high degree of liquidity and reserves totalling £772,568. At their present price of 22s. 6d. the 5s. ordinary shares give a yield of about 7 per cent., allowing for the final dividend.

W. T. Henley's Telegraph Works.—In view of the world depression the accounts of this old-established company will be considered very satisfactory. For the year to March 31st last net profit, after deduction of the usual fixed charges, including an amount provided for obsolescence of lead presses, totals £248,556, compared with £241,350 for 1929 and £263,980 for 1928. Dividend on the 4½ per cent. preference capital is nearly 28 times covered, and the company is able to repeat its dividend of 30 per cent. on the ordinary capital with a comfortable margin to spare. The sum of £50,000 is again placed to reserve account, while £567,286 is carried forward, against £572,630 brought in:—

	Year to March 31,		
	1929.	1930.	1931.
Trading profit	£ 354,567	£ 374,264	£ 349,089
Fees	8,750	8,609	7,500
Depreciation	6,750	6,750	6,750
Income tax	47,829	49,767	78,395
Net profit	27,258	24,788	7,888
Brought forward	263,980	284,350	248,556
	529,931	542,280	572,630
Preference dividend	9,000	9,000	9,000
No. of times covered	29.3	31.6	27.6
Ordinary dividend:—			
Amount	195,000	195,000	195,000
Earned %	41.5	45.9	38.2
Paid %	30	30	30
Reserve	47,631	50,000	50,000
Carried forward	542,280	572,630	567,186

This report states that the depreciation in the value of the materials which the company uses has been met out of reserves previously established for such an eventuality, while a reserve has also been made in the accounts to provide for possible losses in connection with considerable sums of money which the company holds at its overseas branches. The company's subsidiary—Henley's Tyre and Rubber Company—is stated to have made a satisfactory profit, which, however, has not been brought into the accounts of the parent company. The balance sheet reveals a strong liquid position and reflects the conservative financial policy of past years. At their present price of 5½ the £1 ordinary shares give a yield of 5½ per cent., allowing for the final dividend and cash bonus of 4s. 6d. per share.

Pease and Partners.—The accounts of this northern iron and steel combine for the year to March 31st last show a further falling off in earning power, and emphasise the need of an early capital reconstruction. The 1930 trading profit of £29,829 has given place to a trading loss of £134,584; while, after deduction of interest and debenture charges, the net loss is no less than £276,622, as compared with a deficit of £95,148 in 1929. The results for the past three years are shown in the following table:—

	Year ended March 31,		
	1929.	1930.	1931.
Trading loss	£ 100,286	Cr. 29,829	£ 134,584
Interest	86,324	85,293	84,493
Depreciation	36,005	39,684	57,545
Net loss	222,615	95,148	276,622
Dr. balance of profit and loss account	1,060,634	1,155,782	1,432,404

In September last an advisory committee was appointed to consider what steps should be taken to secure the financial and commercial rehabilitation of the company. A scheme of arrangement granting a moratorium to the company in respect of certain secured and unsecured creditors' claims has since been completed, and received the sanction of the court on June 23rd. The balance sheet does not, of course, disclose a liquid position. The overdraft with Barclays Bank remains at £1,250,000, and there are secured loans (from banks and the Royal Exchange Assurance) of £517,100. It will be seen that the loss carried forward amounts to £1,432,404. The ordinary shares have at present a market price of 1s. per share.

John Brown and Company.—The accounts of this shipbuilding and steel company once again reflect the severe decline of the heavy industries. Net profit for the year to March 31st last fell by £13,653 to £10,532, which sum was carried forward. No dividend was declared on any class of shares. With certain modifications, the scheme of arrangement submitted to debenture-holders and shareholders in June of last year, has been carried into effect. The company's heavy steel interests have been amalgamated, the Sheffield and Scunthorpe interests being transferred to Thos. Firth and Sons, now known as Thos. Firth and John Brown, 85 per cent. of whose ordinary capital is held by John Brown. This step is expected to make possible the introduction of very important economies. The shipbuilding and colliery activities of the company are still far from satisfactory. During the year, however, two destroyers were delivered to the Admiralty and the Canadian Pacific steamer "Empress of Britain" was completed, and has since been delivered. The company has secured the order of the Cunard Company for the new giant Atlantic liner. As a result of the rationalisation scheme the balance sheet shows important changes. Land, buildings and machinery have been reduced by £1,555,378 to £1,692,100, but the formation of Thos. Firth and John Brown and Company has accounted for an increase of £735,247 in investments in subsidiaries, now standing at £2,138,516. Other investments have been written down from £2,125,000 to £459,000. At the general meeting on Wednesday of this week, Lord Aberconway described the present dearth of orders in the shipbuilding industry as unparalleled in the history of this country. The amount of new tonnage ordered from British shipyards during the past six months was 45,850 tons. The average for the same six months for the five preceding years was 522,230 tons. The British percentage of the merchant shipping of the world was now barely 30 per cent., as compared with 42 per cent. in 1914. He added that the National Shipbuilders Security, Ltd., continued its activities, but that its resources were limited, and that it could not be expected to have any material effect on the general situation. Lord Aberconway saw no immediate prospect of improvement in the iron and steel trades.

Industrial Profits—Second Quarter.—In the *Economist* of June 6th we indicated that the 217 reports received by us during April showed a decline of 10.49 per cent. in profits, and the 211 reports received during May a decline of 23.2 per cent. During the month of June 192 reports came to hand, showing a decline in profits of 21.93 per cent. From the following table it will be seen that the comparative net profit figures of the 620 companies whose reports have been received during the second quarter of this year show a decline in profits of 19.34 per cent. Some 338 relate to the last calendar year.

Group.	Number of Companies.	Net Profit (after payment of Debenture Interest). Reports received during April, May and June, 1931.		Increase or Decrease.
		1929-30. £	1930-31. £	%
Breweries.....	14	3,815,000	3,455,308	- 9.43
Canals and docks.....	3	43,916	55,427	+ 26.22
Electric lighting and power.....	12	865,536	817,435	- 5.56
Financial, land and investment.....	22	1,689,872	1,521,008	- 9.91
Gas.....	6	846,281	921,693	+ 8.91
Hotels, restaurants, &c.....	10	1,325,593	1,284,899	- 3.07
Iron, coal and steel.....	40	5,205,767	3,408,215	- 34.53
Motor and cycle.....	8	612,366	114,087	- 81.38
Oil.....	14	17,571,391	14,491,023	- 17.53
Rubber.....	138	1,974,821	Dr. 2,17,026	- 110.99
Shipping.....	13	1,235,619	917,310	- 25.76
Shops and stores.....	18	2,053,893	2,042,849	- 0.53
Tea.....	68	2,259,222	1,727,117	- 23.55
Telegraphs and telephones.....	6	873,340	898,197	+ 2.84
Textiles.....	13	4,532,156	1,687,642	- 62.76
Tariffes.....	14	951,912	913,095	- 4.07
Tramway and omnibus.....	14	4,521,624	4,124,403	- 8.78
Trusts.....	57	402,870	380,731	- 5.49
Waterworks.....	7	28,609,474	25,507,723	- 10.84
Other companies.....	157			
Total.....	620	79,390,653	64,051,136	- 19.34

The only important groups which show an improvement in profits are gas and telegraphs. Some of the heaviest declines are recorded by the oil companies, Anglo-Persian, Shell Transport and Burmah Oil all announcing greatly

reduced profits, though Lobitos enjoyed a small advance. J. and P. Coats, in the textile section, suffered a considerable decline in earnings.

Rhodesia Railways.—Although the amount of traffic carried by this important railway was heavier during the year ended September 30th last than for the preceding twelve months, there was a decrease in gross revenue of £19,270, as a result of the general reductions in goods and mineral rates made in October, 1929, and January, 1930, under the terms of the Railway Acts. The report states that of the 10 per cent. increase in working expenditure, amounting to £165,099, £52,603 was due to extra contributions to the pension fund, while the remainder was attributable to the additional tonnage carried. The net earnings of £878,842 were £184,369 lower than in 1929. The sum of £377,467, against £609,872, is earned for ordinary dividend, which absorbs £192,000 as compared with £197,000. After bringing in a reserve of £207,732 no longer required, there is transferred to reserve account £380,120, against £363,782.

	Year to September 30.		
	1928.	1929.	1930.
Revenue	£ 2,526,331	£ 2,702,208	£ 2,682,950
Expenses	1,300,918	1,358,163	1,550,095
Depreciation, &c.	293,421	235,337	249,625
Other income	241,716	177,748	161,760
Taxes	214,539	199,501	91,561
Debenture interest	471,529	471,529	571,529
Directors' fees	...	5,554	4,433
Earned for dividend	487,640	609,872	377,467
Ordinary dividend	164,600	197,000	192,000
Debenture discount, &c., written off	36,014	9,095	12,286
Staff pension fund	40,000	40,000	...
Reserve	247,013	363,782	380,120
Reserve written back	...	...	207,732
Undistributed surplus	13	Dr. 5	791

THE STANDARD BANK OF SOUTH AFRICA LIMITED

Bankers to the Imperial Government in South Africa; and to the Governments of Northern Rhodesia, Southern Rhodesia, Nyasaland and Tanganyika.

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£3,164,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

Board of Directors.

William Reiersen Arbuthnot, Esq. Rt. Hon. the Earl of Athlone, K.G. Rt. Hon. Lord Ralfour of Burleigh. Stanley Christopherson, Esq. Edward Clifton-Brown, Esq. Robert E. Dickinson, Esq.	Horace Peel, Esq. Rt. Hon. the Earl of Selborne, K.G. William Smart, Esq. Rt. Hon. Lord Sydenham. G.C.S.I., F.R.S. Sir Roderick Roy Wilson.
---	--

Joint General Managers in South Africa—James S. Shiel, G. F. Le Sueur, W. K. Robertson.
Deputy General Managers in South Africa—Francis E. King, Herbert G. Hoey.
Assistant General Manager in South Africa—E. C. Frost.
London Manager—Lectram Lowndes.
Secretary—T. D. Williams.

Head Office: 10 CLEMENTS LANE, LOMBARD STREET, and 77, KING WILLIAM STREET, LONDON, E.C. 4.
London Wall Branch: 63, LONDON WALL, E.C. 2.
West End Branch: 9, NORTHUMBERLAND AVENUE, W.C. 2.
NEW YORK AGENCY: 67, WALL STREET.
HAMBURG AGENCY: SOHLENBURGER-STRASSE 49-53.
Bank of British West Africa, Ltd., 49-53, SOHLENBURGER-STRASSE
Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST and CENTRAL AFRICA.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the World. The closest touch with Trade and Industrial conditions is maintained, with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

THE STANDARD BANK MONTHLY REVIEW is sent post free on application. It gives the latest information on all South, East and Central African matters of Trade and Commercial Interest.

The gross revenue of the Mashonaland Railway Company fell from £1,780,732 to £1,675,691, while working expenses rose from £1,077,391 to £1,254,122. The surplus consequently declined by £281,772 to £421,569. The net revenue account reveals a debit balance of £80,132, which is charged to reserve and reduces that item to £548,328.

New Capital Issues in June.—In the following table we show the new capital raised in London by issue to the public or to shareholders, in June, and in recent years:—

	(000's omitted)				
Monthly Average.	United Kingdom.		British Possessions.	Foreign Countries.	Total.
	£		£	£	£
1924	7,051		6,023	4,370	17,444
1925	12,918		5,077	1,356	19,351
1926	10,765		4,431	4,036	19,232
1927	17,240		8,318	4,039	29,597
1928	21,965		5,263	3,526	30,754
1929	16,502		5,081	2,186	23,769
1930	14,220		5,121	2,975	22,316
Monthly Average.					
	Govt. Other.				
Jan.-Mar., 1930...	450	24,326	5,360	1,120	31,256
Jan.-Mar., 1931...	2,000	7,013	5,112	1,847	15,972
Apr.-June, 1930...	567	10,233	7,025	7,796	25,621
Apr.-June, 1931...	1,117	4,401	6,751	1,055	13,323
April, 1930	450	10,223	1,228	10,869	22,770
April, 1931	800	714	5,226	304	7,044
May, 1930	500	15,821	16,438	893	33,652
May, 1931	1,450	381	10,045	11	11,887
June, 1930	750	4,656	3,410	11,625	20,441
June, 1931	1,100	12,107	4,983	2,850	21,040

Issues of new capital in June, though few, were mostly of an important character. Purchases of National Savings Certificates exceeded encashments by £1,100,000. The only other Government to raise money was that of New Zealand, which offered £5,000,000 in 5 per cent. bonds at £99. The Middlesex County Council issued £2,500,000 in 4½ per cent. stock at £101, and £3,000,000 5½ per cent. debentures at £95 were offered by the Buenos Aires Great Southern Railway. The largest offer of the month was made by Woolworths, with £4,860,000 in £1 preference shares at par and 2,250,000 5s. shares at £2 per share.

Anglo-Oriental Mining Corporation.—The slump in the tin industry will have prepared the shareholders of the Anglo-Oriental Mining Corporation for an unpleasant report, but it will probably come as a shock to find that the net profits have fallen from £96,465 to £34,379. The payment of preference dividends, which require nearly £60,000 net per annum, was therefore passed in the second half of last year. The balance sheet will give the shareholders a further shock, for investments stand (at cost) at £1,570,673, whereas the market value is less than £945,000. Even after deducting investment reserves (£125,000) and the balance at the credit of the appropriation account, the depreciation on these investments would amount to about £400,000. The trading results for the past two years compare as follows:—

	Year to Feb. 1930.	Year to Feb. 1931.
Net profits	96,466	34,379
Taxation reserve	10,000	...
Investment reserve	15,000	2,500
Earned for dividends	71,466	31,879
7½ per cent. pref. dividends paid	60,000	29,063*
Earned for further pref. dividend	2,866	...
Extra pref. dividend paid	3,229	...
Earned on ord., per cent.	4.4	Nil
Paid per cent.	5	Nil
Carried forward	82,043	84,859

* For half year, to 31 Aug., 1930.

The Anglo-Oriental Mining Corporation now holds approximately 30 per cent. of the total issued ordinary capital of the London Tin Corporation, its principal asset. It also holds the entire issued capital of Anglo-Oriental (Malaya), which acts as technical manager to companies owning 37 tin dredges, and of the Anglo-Oriental and General Investment Trust. Through the latter it holds 70 per cent. of Anglo-Oriental India, Limited, which is concerned primarily with the management of the business of D. Waldie and Company (manufacturers in India of red lead and other chemical products) and the marketing of the products of the Indian Copper Corporation. As a result of the substantial interest acquired in the Anglo-Oriental Mining Corporation by New Consolidated Goldfields, Mr Oliver Hoare has joined the board of directors. At the general meeting on Tuesday of this week, Mr Howeson expressed confidence in the outcome of the drastic measure of output restriction imposed under the International Tin Agreement concluded in April. He stated that the unrestricted output of Malaya, Bolivia, the Dutch East Indies and Nigeria was approximately 162,000 tons of metal in 1929, and that the output of these countries had now been reduced to a yearly rate of 106,000 tons, so that whatever individual companies had produced in the first three months, these countries, as a whole, would have to cut their 1931 output by 56,000 tons a year. This does not promise well for the companies which took advantage of the delay in the introduction of the tin restriction scheme by increasing their output in the first three months of this year. While the immediate outlook is far from encouraging, Mr Howeson looks for an improvement in tin prices as soon as the International Agreement has had time to make its restrictions felt. The first signs of world trade recovery, if we are to believe the hopeful directors of the Anglo-Oriental, may be shown in the tin industry. The £1 7½ per cent. participating preference shares of the Anglo-Oriental Mining Corporation are at present quoted at 8s., and the 5s. ordinary shares at 5s. 6d., as compared with high levels of 12s. and 8s. 3d. respectively this year.

Tin Dredging Results.—Our mining correspondent writes:—The effects of the fall in tin prices with restriction of output are vividly reflected in the tin company reports lately issued. In the case of the Idris Hydraulic, the net profit amounted to only £7,430, as against £38,840. One dividend of 2½ per cent. was paid, in place of 20 per cent. Kinta earned £8,440, against £34,800, and the shareholders received 5 per cent., as compared with 20 per cent. The operating report showed an increase in the yardage treated, with a substantial decline in both the average yield and the average costs. In the case of the Tanjong, also, the dividend was cut by three-quarters to 5 per cent., the net profit being £5,000, against £15,400 in 1929. With this company there was an appreciable falling off in the quantity of ground treated, an improvement in the yield per cubic yard and some expansion in the cost ratio. With an additional dredge running for the whole of the period, Bangrin Tin Dredging produced 854 tons, or 155 tons more than in 1929, but owing to the fall in the metal the profit amounted to no more than £14,500—insufficient to provide the normal allowance for depreciation, which was £24,200 in 1929. Last year a substantial economy was effected in the working cost ratio. The parent company, the Siamese Tin Syndicate, fared rather better than its subsidiary. The accounts showed a profit of £21,900, as against £51,900, but the latter figure was arrived at after deduction of £22,300 for depreciation, whereas any allowance of the kind for 1930 is considered by the directors to be unnecessary. A balance dividend is declared of 5 per cent., making 10 per cent. for the year. The net cash assets, irrespective of the 40,000 Bangrin shares held, amount to £64,000—equivalent to about 2s. per share. As a result of the suspension of operations for three months, the output, at 1,298 tons, fell 368 tons short of the 1929 total; nevertheless, an appreciable economy was effected in the expenses per cubic yard dredged.

Zinc Corporation.—So great was the fall in metal prices last year that the mining operations of this company resulted in a loss of £41,900. Consequently the shareholders would probably have gone without a dividend but for the receipts in the shape of dividends, interest and the like. These totalled £113,800—a small reduction from the 1929 amount. The net surplus amounted to £68,400. Of this the fixed dividend (20 per cent.) on the preference shares absorbed £49,140, and by drawing to same extent upon the carry-forward, as well as by reducing the plant appropriation, the directors were able to pay a further 3½ per cent. on the preference capital and 7½ per cent. on the ordinary. Our usual table follows:—

	Years ending December 31.		
	1928.	1929.	1930.
Net profit	255,534	246,050	68,380
Brought forward	42,103	45,022	60,130
Unexpended appropriations for new plant	76,289	75,490	50,920
Dividends	228,900	206,430	82,840
Total on preference ... %	40	37½	23½
Total on ordinary ... %	40	35	7½
Appropriation for mine development	100,000	100,000	70,000
To general reserve	...	21,655	...
Carried forward	45,022	38,474	26,590

It should be noted that the operating results have been arrived at after allowing over £146,000 to reduce the lead on hand to £11 per ton, zinc to £10, and silver to 1s. per oz. These prices, of course, are substantially below those at present ruling, although in the meantime values have been lower. Of the sum named, £102,000 was debited to revenue account, the balance being taken from reserves for contingencies not now required. A further substantial reduction was effected in working costs, the rate for the year being 29s. 8d., as against 31s. 11d. for 1929; in April last the ratio was only 23s. 8d., although the mine is shut down for one week out of four. Material changes are shown in the portfolio. Holdings in associated companies (at cost less amounts written off) now figure at £579,800 against £357,500; investments stand at £421,300 in place of £564,800. The market value of the investments is stated to exceed the book value. At 2,880,000 tons the ore reserves on the lead lode show a further moderate increase. The fixed dividend on the preference shares for the current half-year has been declared, but naturally there is no interim distribution on the ordinary. The company, however, will have a different tale to tell for 1931 should the present recovery in metals be sustained.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Bank of Athens, Globe Telegraph and Trust, Whitehall Electric Investments, Trust Company of London and Scotland, African and European Investment, General Electric, John Brown and Company, Barclay Perkins and Company, Anglo-Oriental Mining, Ohlsson's Cape Breweries, Estates Control, and Spiers and Pond. At the annual meeting of the General Electric Company Sir Hugo Hirst said that they had used the period of depression for further technical research and development, and as a result, they had been successful in getting important contracts for the further development of the grid, which in some way compensated them for the outfall in orders in turbines and turbo-generators. Presiding at the annual meeting of John Brown and Company, Lord Aberconway said that, before the contract could be completed for the new Cunard steamer, arrangements had had to be made with the Government for the insurance of the ship and with the Southern Railway Company for the provision of a new dry dock at Southampton, and also arrangements for safe launching from their building berth and her passage down the Clyde into open waters. Excellent progress was being made with this vessel, which would be the

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to June 30, 1931, £89,273,491.
Total, including conversion, recorded January 1 to June 27, 1931, £99,170,476.

National Savings Certificates.
Net sales, ten days ended June 27, 1931, £350,000.
Total net receipts, April 1, 1931, to June 30, 1931, £4,100,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
£	£	£	£	£	£
To Shareholders only.					
Associated London Properties, £160,000 6½% Mt. Deb. Stk. at 98½	160,000	...	156,600	8,000	146,800
Bargang Tea, £13,000 8% Notes at par	13,000	...	13,000	13,000	...
Total offered to shareholders only, week ended July 4, 1931	173,000	...	169,600	21,000	148,806
Total Offered for Subscription—Including Conversions.					
Jan. 1 to date—					
1931	99,690,076	89,793,091	1930	454,888,784	267,800,700
1930	251,716,472	173,256,198	1929	488,764,940	285,239,400
1929	207,636,078	176,310,478	1928	693,100,056	369,058,073
1928	251,270,328	251,270,328	1927	...	355,167,970
1927	218,631,797	218,631,797	1926	...	230,782,600
1926	132,373,088	132,373,088	1925	...	232,214,500
1925	116,274,740	116,274,740	1924	...	209,326,101
1924	117,087,640	117,087,640	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	69,436,524	5,832,786	14,523,781	89,793,091
1930	140,204,594	14,149,987	18,901,617	173,256,198
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,167,970
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	6,547,183	...	6,876,940
South Metropolitan Electric Light and Power, £500,000 4½% Deb. Stk. at 95%...	465,000	96½	483,750
Primitiva Holdings, 250,000 6% Red. Cum. Pref. £1 at par	250,000	21/3	265,625
Total for week ended July 4, 1931	715,000	...	749,375
Total to date, 1931	7,262,183	...	7,626,315
Total to date, 1930	16,303,378	...	17,985,457

[Other Stock Exchange information, including the latest weekly traffic returns, summary of balance sheets, reports and notices, dividend announcements, mining output statistics, and profit and loss figures, will be found on page 45 under the heading "Company News."]

BARCLAYS BANK LIMITED

Executor and Trustee Business transacted. Every class of Banking Business undertaken. Agents and Correspondents throughout the world.

HEAD OFFICE:
54, LOMBARD STREET, LONDON, E.C.3
And over 2,100 Branches in England and Wales.

COMPANY MEETINGS, &c.

GENERAL ELECTRIC COMPANY, LIMITED.

GRATIFYING RESULTS.

The annual general meeting of the General Electric Co., Ltd., was held, on the 30th ultimo, at Magnet House, Kingsway, London, Sir Hugo Hirst, Bart. (chairman and managing director), presiding.

The Chairman, in the course of his speech, said: I regret that I cannot, as on previous occasions, point to the year's result as another record, though it is the best year in our history, with the exception of last year. Our total net profits are down by some £57,000, or about 4½ per cent. Considering, however, the economic conditions in the world under which we have been working, I feel that the result is none the less gratifying.

We have used the present period of depression in the search for new fields to conquer. Equally so, we have used the period under review for further technical research and development, and, as a result, we have been successful in getting important contracts for the further development of the grid, which in some way compensated us for the outfall in orders in turbines and turbo-generators.

We have made progress in the construction of turbo-alternators; in the electrification of ships; and, after years of experiment, in developing highly satisfactory mercury rectifiers. Equally so, progress has been made in the construction of transformers. We have also supplied fifty-six motor coaches for the Buenos Aires Central Terminal Railways, and the electrification of the Altrincham line—the first suburban railway to be operated at 1,500 volts d.c.—has been an outstanding success. We have made further progress in the telephone field, in radio, in cables, and in lighting, and we have made further progress in the development of new alloys for heating elements, in industrial domestic water-heating and industrial electric furnaces; in short, in every branch of the electrical industry. All this progress brings new hope for new and useful activities of our company.

Our efforts in export have been unabated, although we have to admit to a considerable set-back in volume during the last year. The fall in prices of primary products has reduced the purchasing power of all overseas countries. In consequence a depreciation in exchange has taken place which aggravated the position, and so still further curtailed the amount available for the purchase of imports. Added to this are the difficulties which have been created by political troubles in South American States, in India and China, and, finally, our chief market—Australia—has for the time practically closed her door to our products by prohibitive tariffs and by her desire to produce certain electrical commodities. As I indicated last year, we have taken advantage of this desire by interesting ourselves jointly with others in a lamp factory and by having acquired an interest in the Hecla Company, to which I have referred previously. This depression, however, has not made us less active. We have sent personal representatives to a number of countries where we are not directly represented, with a view to opening trade. We have even ventured to do trade on the Continent in certain specialties, not without success, and we have been prominent amongst the manufacturers of this country to make a dignified display in the Buenos Aires Exhibition, to the success of which H.R.H. the Prince of Wales contributed so much, and from which we have every reason to hope for better results in the Argentine in the future.

Generally speaking, I am sure you will admit that the report of our activities during the year is not at all bad, and inspires us with new hope for the future. Whilst we deplore the poor state of trade to-day many of us do not realise that, in spite of it, we are employing more people in industry to-day than we did in 1924, the best post-war year for employment. We are not down and out; we are depressed through heavy taxation; we are depressed by the effects of free imports; we suffer from the apathy and depression which permeates the whole world at the present moment, but things are not irreparable.

On the whole, we can compare favourably to-day with any country in the world. An effort of greater economy, abolition of abuse of the dole, security of our home market, would enable us to balance things at home; and if something were to happen to give new hope to this dispirited world, enterprise would get a fillip, we might even march on the road to prosperity—perhaps the Hoover Declaration will prove such a fillip. But whatever happens, we electrical people have no reason to be downhearted. Electricity has ceased to be a luxury; current and commodities are getting cheaper, and the electrical industry can even gather strength in times of depression when the world looks for cheaper means of production and application. If the industry aims at cheap electricity supply, the manufacturers aim at standardisation and mass production. Our field for a generation or two is inexhaustible.

The report and accounts were unanimously adopted.

TRUST OF LONDON AND SCOTLAND, LIMITED.

RESULTS OF A DIFFICULT YEAR.

The second annual general meeting of the Trust Company of London and Scotland, Limited, was held, on the 29th ultimo, at 25-31 Moorgate, London.

The Secretary (Mr H. J. Vennils) having read the notice convening the meeting, and Sir John Mann, representing the auditors, Messrs Mann, Judd, Gordon and Company, having read the certificate of his firm,

Mr W. W. Paine (the chairman) said that the net revenue for the year amounted to £39,651. The corresponding figure for the 16 months to May 31, 1930, was £39,902, but, in making any comparison it must be borne in mind that only three-fifths of the capital was paid up to March 15, 1929, and that the revenue for the first 16 months, therefore, represented the return on three-fifths of the capital for 16 months, and on the whole capital for 12 months. The accounts showed that there was a considerable reduction in the expenses of management for the year ended May 31, 1931, as compared with the previous account. He thought that, in present conditions, they might consider a reduction of only about £250 in net revenue as not unsatisfactory, but nevertheless, in view of the many cases in which companies of all classes were finding it necessary to pass or to reduce their dividends—a feature which was likely to be accentuated during the current year—the directors had felt it prudent to adopt a conservative policy; and recommended a dividend for the year at the rate of 3 per cent. (less tax) upon the ordinary stock.

VALUATION OF HOLDINGS.

Since the date of the last balance sheet, which, after the heavy fall in the autumn of 1929, showed a depreciation in their securities of about 9 per cent., there had been a steady world-wide and continuous fall in the price of practically every class of security, except those known as "gilt-edged." Valuations of the Trust's securities were made on November 21, 1930, and on March 11, 1931. Since the former date—that is, in a period of six months—there had been a fall of 14 per cent., of which no less than 10 per cent. had occurred since March 11th last. It had been impossible, in face of such a universal and catastrophic fall in the price of all securities (other than gilt-edged) to avoid a heavy depreciation in a company like theirs, which was formed at the date of almost the top level of prices, and was presenting its accounts at the date of about the lowest level of prices since the war. The depreciation had also been accentuated in their case by the fact that, in accordance with the policy declared in the prospectus, they had invested about 50 per cent. of their funds in ordinary shares. Market values at the present time were largely a reflection of the state of business and sentiment on the Stock Exchange, and were affected by conditions quite unconnected with the intrinsic value of the securities themselves. It was satisfactory to know that since the date of the report there had been a considerable improvement in the market value of their securities.

THE OUTLOOK.

The directors felt that, with a return to normal conditions, a large part of such depreciation should be recovered, for their investments were carefully chosen and were widely spread both geographically and in regard to the nature of the various undertakings in which the funds were invested.

Sooner or later there must be a recovery from the present depressing conditions, but whether or not this country would participate in that recovery seemed to depend upon our own people, and especially upon our own Government.

The directors had created a first issue of £250,000 debenture stock, bearing interest at 5½ per cent. per annum, repayable at 101 per cent. on June 1, 1970, or, at the option of the company, at the same price on or after June 1, 1960, on three months' notice. They had already placed £103,080 of that issue at a net price to the company of 99 per cent. Further stock would be sold as opportunity offered.

There seemed to be a very favourable prospect of securing a return of from 6 to 6½ per cent. on a very carefully selected list of securities, and as they did not propose, under present conditions, that this should involve any increase in the cost of management, the difference between those rates and the 5½ per cent. which they should have to pay on the debenture stock, would add to their net income for the benefit of the ordinary stock.

Mr Alfred Shepherd seconded the motion, which was carried unanimously, without question or comment.

The retiring director, Mr Alfred Shepherd, and the auditors, Messrs. Mann, Judd, Gordon and Company, having been re-elected, a hearty vote of thanks to the chairman and directors closed the meeting.

AFRICAN AND EUROPEAN INVESTMENT COMPANY, LIMITED.

POTENTIALITIES OF THE COMPANY'S HOLDINGS.

The twenty-sixth ordinary general meeting of African and European Investment Company, Limited, was held, on the 26th ultimo, at the Cannon Street Hotel, London, Mr C. F. Rowsell (chairman of the London Board) presiding.

The Chairman, in moving the adoption of the report and accounts, said that the past year and the conditions which had continued up to to-day had been times of unprecedented difficulty owing to the almost catastrophic fall in the price of all commodities. The trade of the whole world had been put out of gear, and a period of depression of exceptional length had occurred. Whether they had now reached the lowest point of the depression and might look forward to improving times he was not sufficiently courageous to prophesy, but he looked forward to a recovery within a reasonable time. He anticipated that this country would certainly lead the way, and that South Africa would be ready to take advantage of any improvement, probably more quickly than any other of the Dominions.

Having regard to the very exceptional conditions, the accounts certainly made a very fair showing. The profit for the year was 100,382, as against £124,769 last year. The earnings of the year justified a dividend of 5 per cent., but in view of the exceptional times the directors had considered it best in the interests of the company to defer the question of dividend until they could see their way more clearly.

The outstanding feature this year was their interest on the Far Eastern Rand; anyone who had watched developments there would realise the great potentialities of the company's various holdings.

DEVELOPMENT OF GROOTVLEI.

With regard to the Grootvlei Proprietary Mines, Limited, in view of the enormous expense involved in the development of deep-level properties, the present area was not in itself sufficient, and an arrangement had been come to with the Government by which a further 2,500 claims would be granted to the company. The Government required very substantial guarantees, and, if they had developed that property independently, that further risk would have had to be taken. Following on negotiations started about two years ago with Sir Henry Strakosch, of the Union Corporation, Limited, who controlled the Geduld property and the East Geduld Mine, with a view to coming to some arrangement by which the development of the Grootvlei mine could be undertaken from the Irives from the East Geduld property, a very satisfactory arrangement had been made with the Union Corporation, Limited, and East Geduld, under which the immediate development of the Grootvlei property was secured. He was convinced that this company would make from their interests in the Grootvlei Proprietary Mines very large profits in the future.

COAL AND STEEL INTERESTS.

He had on many occasions dealt with the ever-improving prospects of the Vereeniging Estates, Limited. It now controlled the coal output of upwards of 3,000,000 tons per annum. Its prosperity arose from substantial contracts extending over many years, the principal one of which was with the Victoria Falls and Transvaal Power Company, Limited. The Vereeniging Estates had successfully equipped its property to meet all the demands of the company without at any time failing in its regular supply of coal. All the many and valuable interests of the company were progressing satisfactorily, including the coal companies controlled by it. He had every confidence that the estimates which they had given of the Vereeniging Estates would be more than fulfilled in the future.

He was glad to be able to strike a pleasant and hopeful note with reference to the Union Steel Corporation (of South Africa), Limited. After long negotiations, arrangements had been come to between that company and the South African Iron and Steel Industrial Corporation, Limited, by which they would in future work together harmoniously. The results were already evident, and they had made a profit of £3,700 for the first quarter of the current year, after making all administrative expenses and debenture interest. He charged all administrative expenses and debenture interest. He felt that they were justified in anticipating a prosperous future for that company and a great increase in the value of their interest in it.

With regard to their great landed interests, they owned nearly 3,000,000 English acres of land spread over the whole of South Africa, and it was almost impossible for any discovery to be made in South Africa which did not, directly or indirectly, affect their interests.

The report and accounts were adopted.

JOHN BROWN AND COMPANY, LIMITED.

LORD ABERCONWAY'S REVIEW OF A DIFFICULT YEAR.

The ordinary general meeting of John Brown and Company, Limited, was held, on the 1st instant, at the Central Hall, Princes Street, Westminster, London, the Rt. Hon. Lord Aberconway, P.C. (chairman of the company), presiding.

The Secretary (Mr J. F. Bridge) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said:—During the past twelve months the amalgamation scheme, which was approved by all concerned and sanctioned by the High Court on August 7, 1930, has been carried into effect, and the whole of our steel manufacturing assets at Sheffield and Scunthorpe have been transferred to Thos. Firth and Sons, Limited, under the changed name of Thos. Firth and John Brown, Limited. The position now is that, except as shareholders in Thos. Firth and John Brown, Limited, John Brown and Company, Limited, no longer have any direct interests at Sheffield.

By this scheme a measure of true rationalisation is being carried into effect under the most favourable conditions. Substantial economies have already been effected, without any loss of efficiency, and these economies will be reflected in the profits earned when a revival of trade takes place, and our company should then benefit materially, since, as the result of the amalgamation, we now own 1,300,125 out of the 1,450,000 ordinary shares issued by Thos. Firth and John Brown, Limited.

Turning to our shipbuilding trade, this has been suffering, like all the heavy industries in the country, from shortage of orders, a position greatly accentuated during the past year. The present dearth of orders is unparalleled in the history of the country. This is mainly due to the economic depression that has set in like a pall over the whole world. There are already more than enough ships to deal with the existing passenger and cargo traffic in its reduced volume. We are suffering more than foreign countries. Nationalist sentiment in developing Continental shipyards has greatly increased competition for any new warship work for the lesser Powers.

THE NEW CUNARD.

For these reasons we have during the year secured no order beyond the very important order for the new steamer for the Cunard Company's express Atlantic services. Before the contract could be completed, arrangements had to be made with the Government for the insurance of the ship, and with the Southern Railway Company for the provision of a new dry dock at Southampton, and also arrangements for safe launching from our building berth and for passage down the Clyde into open waters. Excellent progress is being made at Clydebank with this magnificent ship, which, when completed, will be the largest vessel afloat.

During the year we delivered to the Admiralty two destroyers and also, to her owner, a fine yacht. In addition, we have completed the 42,500 tons "Empress of Britain" for the Canadian Pacific Steamships, Limited.

COAL, IRON AND STEEL TRADES.

The coal position throughout the year has been affected by the quota system, which limits the output of each colliery for the purpose of avoiding an excess over the amount of coal that can be absorbed in the country and by the limited opportunities for export, owing to the large production in Westphalia and in Poland. The effect has been to maintain prices, but at the same time, since the financial results of a colliery depend upon working full time in order to provide for fixed charges, in this respect the trade is suffering from enforced restriction. The balance of advantage is, however, undoubtedly on the side of the new statutory conditions, when they become fully operative. The immediate prospects of the coal trade, however, cannot be regarded as favourable. In the depressed condition of our industries, the production of coal is in excess of the country's requirements, and, as regards export tonnage from Yorkshire, we are faced by heavy export charges to the coast and heavy railway rates to London and the south, as compared with Durham and Northumberland.

There is no immediate prospect of improvement in the iron and steel trades. The depression in the shipbuilding industry has direct influence on orders for high-class forgings and castings required for hulls, machinery and equipment as well as armour. There has also been a marked shortage of orders placed by home and foreign railways, and every department of our general trade is suffering from the unrestricted foreign competition to which the steel trades are subjected. This results in forcing down prices. To make the position worse, we find that India and our Colonies, tempted by lower prices, give large orders for railway material and steel products to our Continental competitors.

Reviewing the past year, I can only say that the conditions under which we are now working are entirely beyond the control of our company or of anyone associated with it.

The report and accounts were adopted.

WHITEHALL ELECTRIC INVESTMENTS, LIMITED.

STRONG POSITION DISCLOSED.

The ninth ordinary general meeting of the Whitehall Electric Investments, Limited, was held, on the 2nd instant, at Winchester House, Old Broad Street, London, E.C.

The Hon. Clive Pearson (the chairman), in the course of his speech, said: The net revenue for the year, after charging debenture interest and providing for income tax, amounts to £443,143. The preference dividend absorbs £187,500, and the dividend on the ordinary shares, at 5 per cent., requires £250,000. This results in a balance of £5,643, which, with the amount brought forward from last year, leaves the carry-forward at £118,426.

The investments of your company and of the subsidiary companies—Hallminster Investments, Limited, and Whitehall Canada, Limited, have a total cost of £12,831,894.

These investments may be analysed as follows:—

Temporary investments, including British funds and short-term credits	£ 3,100,000
Foreign Corporation and Foreign Government stocks...	1,990,000
Commercial and industrial securities	1,680,000
Investments in electrical undertakings, including our associated undertakings in Athens, in Spain, and in the West of England	6,060,000

In the matter of valuation, our investments in associated companies have been taken at cost, and our remaining securities have been taken at market prices. The quoted investments have not escaped the effect of the world-wide depression of the last twelve months, and at the date of the balance sheet depreciation thereon amounted to £850,000. In times such as those through which the world is passing, it seems to me that, in distinction to the prices at which securities may be appraised by a nervous market, the more practical and a true test, from the point of view of an investment company, is whether and to what extent there arises a reduction in income. Applying this test to our own investments, we find that we are suffering by an amount equal to less than 3 per cent. of the company's total income.

In regard to the electrical companies in Devon and Somerset, the necessary statutory orders have now been obtained. The area covered embraces the towns of Bideford, Minehead, Sidmouth, Exmouth, Teignmouth and Paignton, and the population served amounts to some 200,000.

Good progress has been made in the change-over of the distribution systems from direct current to alternating current, and generally in increasing the capacity of the mains. Considerable advance has also been made towards the provision of supplies to the rural areas, and in the inter-connection of the various companies. A bulk supply of power from Exeter Corporation is now being taken; the main sub-station designed for an eventual capacity of 9,000 k.w. has been completed and approximately 60 miles of 33,000-volt transmission line has been built. A two-part tariff has been introduced, and the hire-purchase of electrical appliances is being made available.

The present income from these West of England companies is small, inasmuch as the enterprises are in the development stage, but there are good prospects that, in due course, we should obtain a satisfactory yield upon our investment.

In Athens the past year has been one of study and reorganisation, and, as a result, there has been drawn up a comprehensive scheme of development, the main features of which are the transfer to the company's supply of a large number of consumers hitherto served by private distributors, and the reinforcement and extension of the transmission and distribution systems. The provision of these new works will call for further capital, and a financial scheme has been prepared whereunder your investment in this undertaking will be substantially increased.

The company has acquired a substantial interest in a company which operates in an extensive area in the South of Spain, having a population of about 350,000. This company owns two hydro-electric plants with a capacity of 6,200 h.p., and a thermic plant of 2,300 h.p. To meet the growing demand, a new hydro-electric plant of 14,000 h.p. is under construction, which it is hoped will be ready for service early next year. An extensive irrigation scheme is now being studied, which will call for the use of a considerable amount of electric power.

Generally in regard to our prospects, your directors regard the position of the company as a strong one, and I would reiterate what I have said upon other occasions, that I have the fullest confidence in the future of your company.

The Chairman concluded by moving the adoption of the report and accounts, which was seconded by Sir Clarendon G. Hyde and carried unanimously.

The payment of the dividend on the preference shares was confirmed, and a dividend of 5 per cent. for the year was declared on the ordinary share capital.

ANGLO-ORIENTAL MINING CORPORATION, LIMITED.

INTERNATIONAL QUOTA AGREEMENT.

EFFECT OF STATUTORY RATIONALISATION.

The third ordinary general meeting of Anglo-Oriental Mining Corporation, Limited, was held, on the 30th ultimo, at the Institute of Chartered Accountants, Moorgate, London, E.C.

Mr John Howeson (the chairman), who presided, said it had been a year of unrelieved misfortune for the producers of nearly all basic commodities, arising in the main from causes altogether beyond their control. In non-technical terms the kernel of the trouble, as he saw it, was the sterilisation of more than 60 per cent. of the existing supplies of gold by the United States and France, with a resultant unexampled commodity slump, and forced sellers of practically everything but gold. The tin industry, in particular, had been unduly handicapped at the beginning of the débâcle by the excessive weight of stocks accumulated during two such successive years of over-production. Nevertheless, tin had led the way with concerted measures to meet, by voluntary curtailment of output, conditions which were constantly deteriorating. Those determined efforts on the part of the industry had made possible the statutory rationalisation which happily was now an accomplished fact. That four separate Governments, representing the producers of 86 per cent. of the world's normal output of tin, should have come to complete agreement was sufficiently momentous, but it should be noted that, unlike voluntary agreements, there could be no defaulting and no backing out in this case, and unsaleable tin could be prevented from coming on the market. That there should have been a certain amount of organised opposition to Government intervention was not in the least surprising, but it was exceedingly unfortunate that it should have been the means of delaying the starting of the quota scheme, a delay which has proved very costly to producers.

WORKING OF THE INTERNATIONAL AGREEMENT.

In considering the working up to date of the international regulation of the production and export of tin, it had to be understood that individual mining enterprises in Malaya had not been restricted as to the amount they produced in the first controlled quarter to the end of May, because the individual quotas had not been issued within that period. But they were definitely prohibited from producing and exporting more than their quotas during the first six months. It must also be borne in mind that the unrestricted output of Malaya, Bolivia, the Netherlands East Indies and Nigeria was approximately 162,000 tons of metal in 1929, and the output of those countries had now been reduced to a yearly rate of 106,000 tons, so that the signatories as a whole would cut their 1929 output by 56,000 tons a year, and there would be that much less metallic tin coming on the market. It was not easy to compute the current rate of consumption, but for the first five months of this year deliveries had averaged approximately 10,000 tons a month, so that, with even the present very depressed state of the world's industries, the rate of absorption must, in fact, be greater than the restricted production.

At the same time, they must not depend solely on the natural growth of industry for their markets; they must try to foster old and create new uses for their product; the one aspect of the tin situation on which all the leaders of the industry were agreed was the necessity of research for the preservation of existing and the discovery of new markets.

THE ACCOUNTS.

As to their accounts, the net revenue of £48,399 represented less than half the earnings of the preceding year, due entirely to the very heavy falling off in the dividends received during the period. It was with reluctance that the directors recommended the shareholders to deny themselves any immediate return, but they were not yet out of the trough of an unexampled depression, and, although it would only require some £29,000 to pay the preference dividend for the second half-year, the directors felt it would be most inadvisable to deplete the corporation's resources even to this extent. They were, however, hoping that conditions might before very long improve, and the carry-forward of £84,859 was sufficient to meet that liability as well as practically the whole of the dividends payable in respect to the preference shares up to the end of the current financial year.

As to the prospects of an improvement, President Hoover's dramatic gesture had already inspired throughout the world a change of sentiment which had given fresh hope to the most hardened pessimist; in the case of their own particular industry it should accelerate the effects of the quota agreement by encouraging consumers to restock and even to buy well ahead of their more immediate requirements.

The report and accounts were unanimously adopted.

BANK OF ATHENS.

FINANCIAL AND ECONOMIC CONDITIONS.

At the annual general meeting of the Bank of Athens, held on March 28, 1931, the report of the directors for the year 1930 was submitted to the shareholders, and was substantially as follows:—

The past year, from the point of view of politics, both home and foreign, and the national finances, has witnessed satisfactory conditions—an atmosphere of calm and safety has continued; the balancing of the Budget has been fully assured; the trade balance has considerably improved; the cover for money in circulation has been duly maintained; progress has been made as regards "productive works," and the establishing of refugees—and the head of the Government has been able to come to satisfactory agreements with neighbouring nations, which one may hope will result in profitable relations and at the same time stop the armament rivalry which has been the cause of such heavy expenditure and the deflection of so much precious energy from its normal course.

On the other hand, economic uncertainty has considerably increased, extending to all forms of social activity and weakening private fortunes, the basis of public wealth. Greece has not escaped the effects of this exceptional crisis. Our country, however, let us point out, is among those which, up to the present, have felt it least, but her commerce, industry and agriculture have nevertheless felt deep perturbations, the effects of which are too evident to need stressing here.

In view of these conditions we have had to exercise extreme prudence in all our dealings, and business has necessarily shown some falling off. Every effort, however, has been made to cut down general expenses, and a saving of Drs. 10,917,000 has already been accomplished under this heading. As you will see from the report, the amount available for distribution in respect of the year 1930, after deducting general expenses and other primary charges, amounts to Drs. 54,110,000, including the balance carried forward from last year, and we propose to pay, in addition to the interim dividend of Drs. 5 already distributed, a final dividend of Drs. 30. The amount carried forward to next year's account amounts to Drs. 4,125,906.

In conclusion, we would say that we have absolute confidence in the future of our bank and feel sure that it is well equipped to take its part in the economic revival which we hope is not far distant.

ESTATES CONTROL, LIMITED.

NEW SERVICE ARRANGEMENTS WITH BOVRIL, LIMITED.

Lord Luke, presiding at the twenty-seventh annual general meeting of Estates Control, Limited, held on the 30th ultimo, at 152 Old Street, London, said the investments and stock of raw material had increased from £779,618 to £805,509; otherwise the balance sheet showed little change.

Investments now stood at approximately £600,000, the larger part of which consisted of shares and debentures in companies with which Bovril, Limited, had business relations inclusive of their holdings in Argentine Estates of Bovril and Bovril Australian Estates.

As regards the profit and loss account, some comment had been occasioned by the fact that although this was a company in the successful Bovril group, profits should apparently have been reduced from £78,000 to £69,000 and then to £52,000.

In the first place, he had to point out that whilst the £78,000 covered a period of sixteen months, the £69,000 was earned in only twelve months, ending March, 1930.

SMALLER PROFIT EXPLAINED.

The reason why they only showed a profit of £52,000 for these last twelve months was quite easily explained. Their profits, apart from investment income, were to a considerable extent derived from the services rendered by the company to Bovril, Limited. These had not been curtailed, but as a matter of policy it had been decided to charge less for them. For while they had been anxious to avoid raising their ordinary dividend beyond 75 per cent., their profits had year by year exceeded the amount required, and the simplest way to avoid this was to reduce the charges to Bovril, Limited (with their 16,000 stockholders), who were the sole owners of the equity after dividends on the preference and preferred ordinary shares had been met.

During the last 23 months, interests, including those of Estates Control and Bovril, Limited, had taken him round the world. He had been in Canada, New Zealand, Australia, South America, and had recently back to North America. In each and every place the prevalent idea was that they had more than their share of the world's troubles.

The report and accounts were adopted.

BARCLAY, PERKINS AND COMPANY, LIMITED.

BURDEN OF PROPOSED LAND TAX.

MR E. W. GIFFARD'S STATEMENT.

The thirty-sixth ordinary general meeting of Barclay, Perkins and Company, Limited, was held, on the 29th ultimo, at the Cannon Street Hotel, London. Mr Edward W. Giffard (chairman and managing director) presided.

The Secretary (Mr. E. P. Pullan, F.C.I.S.) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said that the profits for the year amounted to £407,879, and they proposed to pay a dividend of 7 per cent., less tax, on the ordinary shares, making 11 per cent. for the year.

Continuing, he said: As foreshadowed in my speech last year, considerable expenditure has been, and is still being, incurred in enlarging our bottling plant to cope with the London trade of our associated companies which we have taken over, and for our new larger brewery. The issue of £150,000 of debenture stock was made largely to meet this expenditure. We are continuing our policy, as and when opportunity offers, of improving our houses.

We still await the report of the Royal Commission on Licensing, which, there are reasons to believe, will not be issued until the autumn. I shall not attempt to forecast the future. For the year under review our sales show a slight decrease, and unless there is a revival of trade we cannot look for any great improvement in sales. As far as can be seen, the cost of materials will be slightly higher than last year, but still very reasonable.

THE LAND TAX PROPOSALS.

There is one thing on which I should like to say a few words, because I do not think it is appreciated by the public, and that is the seriousness of the proposed new Land Tax. The Budget statement this year did not disclose any new special taxation on our industry, as some had feared, but a new impost, affecting us in common with other owners of land, has been brought forward in the new Land Tax proposals embodied in the Finance Bill. The proposal, as introduced in the House of Commons, was to levy a tax at the rate of 1d. in the £ on what is called the "land value," i.e., the capital value of all land, with certain exceptions which, I need hardly say, do not include us. This land value tax will hit us by inflicting additional taxation upon the sites of our brewery and of the associated companies' breweries, and upon the sites of every single licensed house, whether tied or free, in which we and they are interested.

CONFISCATION BY INSTALMENTS.

Schedule "A" tax is already being paid in respect of each one of these properties at the crushing rate of 4s. 6d. in the £, and schedule "A" is a land tax. To impose a further tax under the guise of "Land Value Tax," as now proposed, can appropriately be termed "confiscation by instalments." The Budget proposals really amount to a double taxation of landed property.

There may be modifications of the proposal as introduced in the House of Commons, and others may follow before the proposal finally reaches the Statute Book, but modifications can only mitigate the evil; they cannot eradicate it. If the proposal is inequitable, modifications can only vary the extent of the damage to follow.

All one can say, therefore, at the moment is that, owing to the tax, our profits are bound to be adversely affected to an extent unknown, and this must ultimately react on the prosperity of the trade in general. The impost, however, will not come into operation until 1934.

A VICIOUS KIND OF TAX.

To my mind it is a further tax upon industry, and one of the most vicious kind, because the amount of the tax will not be dependent on the ability to pay. Once the tax is instituted, there is nothing to prevent future Governments increasing it in the same way as the income tax has been increased, and property owners will be taxed out of existence. Another direction in which we shall suffer will be that foreign countries, which are doing all they can to reduce taxation, will find it still easier to compete with us in export markets, where competition is already very keen. I have dealt at some length with this question, as I do not believe the seriousness of it is fully appreciated by the general public, and the more it is ventilated the better. (Hear, hear.)

I now move: "That the report and statement of accounts for the year ending March 31, 1931, as now submitted, be received and adopted."

Lieutenant-Colonel H. F. Barclay seconded the resolution.

The resolution was carried unanimously, the formal business was transacted, and a cordial vote of thanks was passed to the staff and employees.

GLOBE TELEGRAPH AND TRUST COMPANY, LIMITED.

GOVERNMENT ATTITUDE TOWARDS THE MERGER.

LORD MIDLETON ON BURDEN OF TAXATION.

The fifty-eighth ordinary general meeting of the Globe Telegraph and Trust Company, Limited, was held, on the 29th ultimo, at Winchester House, Old Broad Street, London.

The Rt. Hon. the Earl of Middleton, K.P. (the chairman), who presided, said that the final dividend of 3s. 6d. per share net now proposed, making a total of 8½ per cent. net for the year, represented a return on the ordinary shares of £10 19s. 4d. per cent. gross. The £70,000 paid in income tax was the equivalent of 3 per cent. net on the ordinary shares, and, in view of the present unparalleled expenditure of the country, and the absence of any consensus of parties to reduce the crushing burden of income tax, the directors felt it right to warn the shareholders that the question of paying future dividends less tax might have to be considered seriously. The prosperity of the company had been built up on the large holdings in the old cable companies, and still depended on the income received from Cables and Wireless, Limited, into which those holdings had been converted. For two years past, however, the merger had unfortunately been faced by an unexampled slump in trade, and an experience of fifty years of growing traffic and prosperity had been replaced by a fall in traffic of unexampled severity. Their experience was not singular; all of their greatest competitors had suffered similar falls, and the returns of one of the largest showed that they had operated at an actual loss for the first three months of this year. The Governments of the Empire had been inclined to treat the merger as if it were a gold mine, and possibly the universal fall in receipts from the communications might induce a more sympathetic attitude than had been the case in the last two years. The present time was not without anxiety for many old-established concerns which had seen their hardly-earned prosperity affected by this world-wide depression. Cable receipts had notoriously been an index of trade, and they could only do all possible to modify the present setback, and ensure a return as early as possible to the conditions which had enabled them to maintain such satisfactory dividends in the past.

The report and accounts were adopted.

SPIERS AND POND, LIMITED.

STRONG FINANCIAL POSITION.

The forty-seventh ordinary general meeting of Spiers and Pond, Limited, were held on the 1st instant, Mr J. Douglas Broad (the chairman) presiding.

The secretary (Mr J. P. Pearson, A.C.A.), having read the notice convening the meeting and the auditors' report,

The Chairman, in moving the adoption of the report and accounts, said the profit for the year was £96,439, as compared with £108,438, a reduction of £12,000, not unexpected having regard to the state of trade during the year. As shareholders would readily realise, the period under review had been one of extreme difficulty. Trade generally had been bad and they had had the added difficulty of closing down an important (important certainly in the sense of magnitude) branch of their business, with its necessary departmental reorganisation—the Southern Railway contract. That contract expired at the end of December, and, though they had not even yet finally settled the account, he was glad to say there was not now much outstanding.

The prospects for this year were not bright, the world depression still continued, and also the habits of the people were changing more and more with the increased facilities for travel, especially by road. The tendency was to take no heed for the morrow, but to wait and see what the morrow brought forth. This tendency created increased chance-trade as against previous bookings of accommodation, which meant increased cost, as it was necessary to prepare against the possibility of that all too rare occurrence, fine weather.

However, the company's hotels were all in good fettle. The improvements foreshadowed at the last meeting with regard to South Kensington Hotel had been carried out and the increase in the business of that property fully justified the outlay. They were anxious to carry out similar improvements to some of their other properties, but they felt that it was desirable to go slow until the future looked brighter. Personally, he was, he said, no pessimist, but until confidence was restored in the markets of the world it was advisable for trading companies of the nature such as their own to carefully guard and maintain their cash resources. He was glad to say that their financial position remained strong.

The report and accounts were unanimously adopted.

The retiring directors were re-elected and the auditors reappointed.

OHLSSON'S CAPE BREWERIES, LIMITED.

DIVIDEND MAINTAINED.

The ordinary general meeting of Ohlsson's Cape Breweries, Limited, was held, on the 2nd instant, at 6, Bloomsbury Square, Holborn, London.

Mr W. D. Buxton (the Chairman), in the course of his speech, said: I do not anticipate that you, or any of our shareholders—impressed as they must have been by what we have heard since we met last year about the all-round depression in trade—could expect to find that our business was not to some extent affected by it. It has been, as the profit on trading and rentals for the year amounted to £153,098, as against £172,658 last year. Though the effects of the fall in the price of commodities have been less pronounced in South Africa than in many other countries, I think that the following statistics of overseas trade for the calendar years 1929 and 1930, which have been supplied to me by our general manager, sufficiently show how its prosperity has been impaired.

The exports of merchandise and of diamonds in money value were down 25 per cent. and 54 per cent. respectively, while, to indicate the drop in the value of imports, I take as typical the case of motor vehicles and accessories, which declined from approximately 7 millions in 1929 to 3 millions in 1930. The reduced spending power of the community has had its effect upon our business. So far, however, as the actual profit on the sale of beer is concerned, we were almost abreast of the previous year's figures. The fall in values has, however, reacted upon retailers, and, in many cases, has recoiled in turn upon our own business, and the losses incurred in that respect approximate very closely to the amount by which this year's profits fall short of those of the previous year.

I think we may consider ourselves fortunate that we are not only able to maintain the rate of dividend on our ordinary shares, but have, in addition, a balance of profit which we have applied to the strengthening of our business.

The quality of the beers is excellent, as we can ourselves test from time to time by samples which are regularly sent over to us from each of the brewing centres. The reports we receive from our own managers are not encouraging with regard to the immediate future, though we hear from other quarters that there is some sign of improvement in general conditions of trade. If, and when, it does come, we are equipped in every respect to take full advantage of it. The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the eight days ended June 30, 1931, amounted to £8,827,300 against ordinary expenditure of £14,132,700. After allocating £2,046,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £21,603, the operations for the eight days, as shown below, increased the National Debt by £7,373,000 to £7,630,649,000*.

(000's omitted.)

Bank of England Advances.....	+14,250	Treasury Bills	- 9,157
Public Department Advances.....	+ 750	Road Fund.....	- 750
National Savings Certificates.....	+ 350		
P.O. and Telegraph Money.....	+ 1,900		
	+17,250		- 9,927
			* Adjusted figure.

164 Branches
in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30):
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

A complete analysis of the National Debt at June 30, 1931, is shown below:—

NATIONAL DEBT—(Million £).

	Aug. 1, 1914.	Dec. 31, 1919.	Mar. 31, 1920.	Mar. 31, 1921.	Mar. 31, 1922.	Mar. 31, 1923.	Mar. 31, 1924.	Mar. 31, 1925.	Mar. 31, 1926.	Mar. 31, 1927.	Mar. 31, 1928.	Mar. 31, 1929.	Mar. 31, 1930.	Mar. 31, 1931.	June 30, 1931.
2½% and 2½% Consols	573	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Term Annuities.....	30	20	13	12	12	12	12	12	12	12	12	12	12	12	12
4% Consolidated Loan	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
4% Conversion Loan	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Other Funded Debt.....	15	15	14	14	14	14	14	14	14	14	14	14	14	14	14
4½% Conversion Loan	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
5% War Stock	...	63	63	63	63	63	63	63	63	63	63	63	63	63	63
4½% War Stock	...	13	13	13	13	13	13	13	13	13	13	13	13	13	13
4% and 5% War Stock	...	2,047	2,109	2,154	2,253	2,264	2,171	2,087	2,087	2,087	2,087	2,087	2,087	2,087	2,087
National War Bonds	...	1,509	706	556	194	354	353	342	342	342	342	342	342	342	342
4% Funding Loan	...	409	390	389	385	381	378	374	374	374	374	374	374	374	374
4% Victory Bonds	...	360	482	454	675	681	542	607	607	607	607	607	607	607	607
Treasury Bonds	...	20	323	15	15	16	16	...	...	...	...	...	...	...	...
Exchequer Bonds	...	267	375	372	362	361	358	372	376	376	376	376	376	376	376
National Savings Certs.	...	1,306	1,111	1,103	1,097	1,087	1,076	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068
Other Debt*	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
American Loan (Anglo-French).....	...	51	...	...	...	...	...	...	...	...	...	...	...	...	...
Treasury Bills	15	1,107	565	599	527	700	589	570	597	597	597	597	597	597	597
Temporary Advances	1	243	139	117	162	37	49	25	60	60	60	60	60	60	60
Other Capital Liabilities	654	8,033	7,558	7,555	7,528	7,500	7,470	7,413	7,499	7,499	7,499	7,499	7,499	7,499	7,499
Total Liabilities	711	8,079	7,633	7,653	7,631	7,620	7,597	7,546†	7,631	7,631	7,631	7,631	7,631	7,631	7,631

* Includes debt to American Government.

† Adjusted figures.

The aggregate revenue and expenditure to June 30, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JUNE 30TH. (000's omitted.)

Expenditure	207,008	Revenue	129,008
New Sinking Fund	10,134	Decreases in balances.....	3,486
		Net amount borrowed	84,648
	217,142		217,142

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-stand- ing—	June 30, '30.	Mar. 31, '31.	June 30, '31.	June 30, '31.	June 30, '31.
Advances by Bank of England ..	12,920,000	...	14,290,000	+14,290,000	...
Advances by Public Departments	63,770,000	24,500,000	45,700,000	+750,000	...
Treasury Bills outstanding	614,590,000	569,825,000	616,905,000*	-9,115,000	...
Total Floating Debt	691,280,000	594,325,000	676,895,000	+5,925,000	...

* Includes £49,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on June 26, 1931, and the total amount applied for was £68,220,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 9s. 11d., about 52 per cent., and above, in full, and Saturday at £99 10s. 1d., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
June 5	45,000,000	56,160,000	2 3 7-89
June 12	35,000,000	56,900,000	2 2 11-59
June 19	40,000,000	58,440,000	2 1 11-22
June 26	40,000,000	68,220,000	1 19 9-87

The OCEAN ACCIDENT AND GUARANTEE CORPORATION, Limited.

ASSETS £29,046,500

CLAIMS PAID £256,933,000

Accidents and illness. Fidelity Guarantees.

Employers' Liability. Motor Cars. Public Liability.

Surgery. Fire. and Insurance of Boilers, Engines, Inspection and Insurance of Lifts.

Executive and Trustships.

Head Office: 28-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, July 1, 1931.

ISSUE DEPARTMENT.

Notes issued—															
In Circulation	357,429,453	Government Debt	11,015,100												
In Banking Department...	65,842,287	Other Government Securities...	231,356,521												
		Other Securities	13,534,928												
		Silver Coin	4,092,981												
		Amount of Fiduciary Issues ...	260,000,000												
		Gold Coin and Bullion	163,271,740												
			842,271,740												

BANKING DEPARTMENT.

Proprietors' Capital	14,553,000	Government Securities	32,930,906
Reserve	3,449,351	Other Securities—	
Public Deposits	11,490,117	Advances	£34,319,300
Other Deposits	£99,401,807	Securities	28,746,172
Bankers'	34,091,264	Notes	65,065,472
Other Accounts	133,493,071	Gold and Silver Coin	65,842,287
7-Day and other Bills	2,494		1,149,368
	£162,988,033		£162,988,033

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

Both Departments.	Amount, June 24, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	357,429,453	+ 5,597,797	- 6,153,555
Public deposits	11,490,117	-13,759,071	- 180,481
Bankers' deposits	99,401,807	+37,758,021	+ 15,096,561
Other deposits	34,091,264	+ 571,272	+ 3,971,430
Seven-day bills	2,494	+ 1,134	+ 60
Total, outside liabilities	502,415,135	+29,169,153	+ 4,791,145
Capital and rest	18,002,351	+ 71,639	- 1,953
Government debt and securities ..	275,302,927	+ 1,675,145	- 17,679,718
Discounts and advances	34,319,300	+24,686,046	+ 4,402,480
Other securities	42,281,170	+ 2,467,130	+ 11,244,279
Silver coin in issue department	4,092,981	+ 4,949	+ 370,949
Coin and bullion (bank's reserve) ..	164,421,108	+ 407,522	+ 7,193,100
Reserve of notes and coin in banking department	66,991,655	- 4,190,275	+ 13,346,555
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	46½%	- 12½%	+ 6½%
(b) Gold stocks to deposits and notes ("reserve ratio")	32½%	- 1½%	+ 1½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.							
May 20	410,173	351,541	14,966	56,834	34,026	1,190 in	3
27	411,017	354,860	17,449	54,761	33,820	684 in	2½
June 3	411,876	356,371	6,548	72,209	33,920	886 in	2½
10	415,256	354,251	9,627	69,561	33,287	3,375 in	2½
17	420,926	352,266	15,017	71,446	33,681	5,640 in	2½
24	422,894	352,832	25,249	61,664	33,570	1,863 in	2½
July 1	423,272	357,429	11,490	99,402	34,091	362 in	2½

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.				Reserve & the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.		Govt. Securities.	Dis- counts & Advan- ces.	Other Securities.		
1931.	\$	\$	\$	%	\$	\$	\$	%	
May 20	242,136	13,775	151,206	32½	31,880	6,996	25,890	89,665	56½
27	245,727	10,177	152,078	32½	31,215	6,825	28,553	57,218	53½
June 3	244,194	11,707	152,334	32½	38,496	7,106	28,311	56,963	50½
10	244,624	11,275	155,288	33½	33,121	6,597	28,526	62,037	55½
17	243,701	12,207	161,987	34½	30,646	9,395	28,044	69,721	58
24	243,227	12,685	164,014	34½	30,401	9,633	27,129	71,186	59½
July 1	242,372	13,535	164,421	32½	32,331	34,319	28,746	66,992	46½

[July 4, 1931.]

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank for International Settlement and of the Banks of Denmark and Canada appeared in the *Economist* of June 13; National Bank of Egypt in June 20; Roumania, Finland, Estonia, Lithuania, Spain and Latvia in June 27.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

RESOURCES.	July 3, 1930.	June 11, 1931.	June 18, 1931.	June 25, 1931.	July 2, 1931.
Total gold reserve	2,933,410	3,277,000	3,352,290	3,382,590	3,412,040
Gold in circulation	264,410	184,750	185,390	197,680	150,200
Bills bought in open market	157,480	127,220	106,810	106,390	103,340
Total U.S. Govt. securities	595,950	599,020	599,020	618,500	663,400
Total bills and securities	1,031,150	912,680	900,450	947,330	927,540
Total resources	4,983,260	4,995,800	5,165,870	5,127,170	5,206,500
LIABILITIES.	July 3, 1930.	June 11, 1931.	June 18, 1931.	June 25, 1931.	July 2, 1931.
Federal Reserve notes in actual circulation	1,432,250	1,641,950	1,668,310	1,674,190	1,738,400
Deposits—Memberbank—reserve account	2,406,380	2,397,860	2,401,100	2,457,470	2,389,210
Total deposits	2,473,760	2,440,010	2,442,500	2,556,840	2,500,850
Capital paid in and surplus	446,560	442,950	442,950	442,880	442,810
Total liabilities	4,983,260	4,995,800	5,166,870	5,127,170	5,206,500
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	80.7%	84.4%	85.2%	84.1%	84.4%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

RESOURCES.	July 3, 1930.	June 11, 1931.	June 18, 1931.	June 25, 1931.	July 2, 1931.
Total gold reserve	48,620	29,000	33,260	34,060	183,400
Total U.S. Govt. securities	55,790	31,790	32,810	35,190	33,700
Total bills and securities	200,070	145,170	145,170	151,420	167,740
Deposits—Memberbank—reserve account	309,730	207,610	214,810	229,410	235,220
Total resources	1,010,280	1,003,740	1,053,050	1,119,480	1,030,090
Ratio of total res. to dep. and Federal Res. note liabilities combined	81.2%	91.2%	91.3%	90.4%	89.7%

FEDERAL RESERVE MEMBER BANKS.

RESOURCES.	June 18, 1930.	May 20, 1931.	May 27, 1931.	June 3, 1931.	June 10, 1931.	June 17, 1931.
Loans	17,128	14,905	14,815	14,730	14,641	14,582
Investments	5,989	7,803	7,785	7,807	7,811	7,843
Demand deposits	13,638	13,757	13,625	13,605	13,552	13,555
Time deposits	7,228	7,409	7,399	7,347	7,325	7,325
Due from banks	1,375	1,724	1,732	1,718	1,793	1,555
Federal reserve borrowings	3,117	3,670	3,632	3,705	3,698	3,392
Other resources	44	28	29	45	59	57
Total resources	44	28	29	45	59	57

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

ASSETS.	June 6, 1930.	May 8, 1931.	May 15, 1931.	May 22, 1931.	June 5, 1931.
Gold coin and bullion	6,991	6,204	6,166	6,184	6,583
Subsidiary coin	159	19	326	331	328
Bills discounted	7,550	6,917	6,612	7,004	7,067
Investments	1,121	1,859	1,859	1,859	1,859
LIABILITIES.	June 6, 1930.	May 8, 1931.	May 15, 1931.	May 22, 1931.	June 5, 1931.
Capital	1,000	1,000	1,000	1,000	1,000
Reserve	720	720	720	720	720
Notes in circulation	8,369	7,533	6,858	6,544	8,143
Government deposits	1,375	1,563	2,208	2,339	1,498
Bankers' deposits	4,910	4,849	4,523	4,997	4,736
Ratio of cash reserves to liabilities to public	46.9%	45.4%	46.1%	45.2%	45.7%

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

ASSETS.	June 6, 1930.	May 8, 1931.	May 15, 1931.	May 22, 1931.	June 5, 1931.
Total securities	29,602	29,247	29,326	29,654	30,217
Loans	14,110	12,105	12,094	11,875	10,235
Overseas credits	32,114	29,095	29,835	29,417	29,958
Overseas bills	3,705	4,351	4,238	4,716	3,754
Dead stock	2,818	2,754	2,851	50,01	37,92
Balance with other banks	21,50	21,40	21,51	2,75,91	2,75,77
Other resources	11,798	11,773	15,226	15,399	15,683
LIABILITIES.	June 6, 1930.	May 8, 1931.	May 15, 1931.	May 22, 1931.	June 5, 1931.
Capital paid up	5,620	5,620	5,620	5,620	5,620
Reserve	5,320	5,400	5,400	5,400	5,400
Total deposits	81,391	78,351	82,433	80,743	81,391
The above includes—					
Deposits in London	1,031	3,071	2,963	1,998	921
Advances in London	2,174	3,018	3,017	2,018	973
Overseas, etc., at other banks in London	158	163	104	146	186

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

ASSETS.	June 30, 1930.	June 15, 1931.	June 23, 1931.	June 30, 1931.
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212
Gold and bullion	2,618,874	1,765,571	1,411,173	1,421,095
Of which deposited abroad	149,788	198,112	117,688	177,041
Reserve in foreign currencies	459,045	104,309	99,594	299,574
Bills of exchange and cheques	1,783,605	2,032,654	2,349,775	2,652,327
Silver and other coin	142,521	199,151	214,476	77,991
Notes of other German banks	4,443	17,826	22,708	2,318
Advances	18,828	154,848	136,651	355,179
Investments	101,022	102,729	102,916	102,765
Other assets	589,270	573,975	579,980	855,863
LIABILITIES.	June 30, 1930.	June 15, 1931.	June 23, 1931.	June 30, 1931.
Reduced capital	122,788	150,000	150,000	150,000
Increase of capital (shares not yet issued)	177,212	177,212	177,212	177,212
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	4,685,436	3,888,610	3,725,580	4,294,685
Other daily maturing obligations	491,624	323,620	433,043	397,949
Other liabilities	213,622	251,480	263,919	587,147

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

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

ASSETS.	Position, May 28, 1930.	June 26, 1930.	June 4, 1931.	June 11, 1931.	June 18, 1931.	June 24, 1931.
Gold	232,650	734,190	847,690	860,429	873,839	873,839
Foreign bills and balances abroad	697,600	785,027	731,098	727,707	737,949	737,949
Silver and other coin						
Securities						
Notes in circulation	934,150	2,902,372	3,230,565	3,219,642	3,186,058	3,193,311
Current accounts	112,125	166,683	100,543	155,913	178,124	199,957

(a) Complete return not available. (b) In thousand francs.

BANK OF FRANCE.—In francs (000's omitted).

ASSETS.	June 27, 1930.	June 5, 1931.	June 12, 1931.	June 19, 1931.	June 26, 1931.
Gold	44,052,192	55,933,295	56,138,495	56,525,260	56,425,623
Foreign bills	6,904,665	5,463,621	5,572,777	5,737,337	6,419,089
Sight deposits	16,844,106	20,825,450	20,724,317	20,572,588	19,955,637
Bills discounted	6,144,874	4,553,964	4,531,734	4,481,928	5,388,343
Commercial bills discounted					
Advances against sec.	8,594,858	8,282,397	8,282,397	8,282,397	8,282,397
To the State	2,692,646	2,869,084	2,865,949	2,792,972	2,778,704
Other advances					
Other assets (excluding forward exch.)	2,870,675	4,485,461	4,097,530	4,026,917	3,628,141
LIABILITIES.	June 27, 1930.	June 5, 1931.	June 12, 1931.	June 19, 1931.	June 26, 1931.
Notes in circulation	72,593,950	77,803,172	77,011,977	76,474,805	76,927,419
Public deposits	4,927,953	9,646,577	9,335,716	9,312,337	9,513,117
Private deposits	9,797,215	12,006,596	13,047,727	13,771,584	14,600,396
Other liabilities	2,784,892	2,568,617	2,817,779	2,858,853	2,837,003

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

ASSETS.	Position, May 30, 1914.	June 16, 1930.	June 1, 1931.	June 8, 1931.	June 15, 1931.	June 22, 1931.
Gold	163,092	431,927	449,978	449,980	478,481	497,182
Silver	8,436	26,210	38,212	38,629	40,428	40,652
Home bills discounted	153,504	51,898	43,722	45,457	44,919	44,051
Foreign bills		237,518	224,666	224,987	225,641	228,434
Loans and advances						
In current acct.		89,084	131,555	95,104	95,043	95,798
LIABILITIES.	Position, May 30, 1914.	June 16, 1930.	June 1, 1931.	June 8, 1931.	June 15, 1931.	June 22, 1931.
Notes in circulation	316,632	806,568	886,840	853,036	849,649	842,343
Deposits	5,016	55,595	41,410	39,068	75,436	101,842

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

ASSETS.	Position, May 30, 1914.	June 28, 1930.	June 6, 1931.	June 13, 1931.	June 20, 1931.	June 27, 1931.
Gold	22,971	139,204	161,800	161,100	161,000	160,600
Silver	29,785	24,221				
Discounts, advances, and other investments	77,567	151,702	113,100	113,200	109,800	112,400
LIABILITIES.	Position, May 30, 1914.	June 28, 1930.	June 6, 1931.	June 13, 1931.	June 20, 1931.	June 27, 1931.
Notes in circulation	109,499	273,847	249,600	248,300	243,800	240,300
Deposits and bills payable	11,250	52,956	32,400	33,300	36,000	37,500

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

ASSETS.	Position, May 31, 1914.	June 23, 1930.	May 30, 1931.	June 6, 1931.	June 13, 1931.	June 20, 1931.
Gold	171,175	578,888	642,780	652,548	680,033	831,780
Foreign bills and balances abroad		325,206	309,965	326,858	368,497	378,311
Discounts		36,180	35,992	25,263	24,930	25,481
Advances	103,000	44,476	42,049	45,315	44,737	46,278
LIABILITIES.	Position, May 31, 1914.	June 23, 1930.	May 30, 1931.	June 6, 1931.	June 13, 1931.	June 20, 1931.
Notes in circulation	275,925	842,463	989,819	966,343	962,595	915,065
Deposits	33,750	180,047	146,711	190,854	266,615	399,619

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	June 20, 1930.	May 31, 1931.	June 7, 1931.	June 14, 1931.	June 21, 1931.
Gold, coin and bullion	5,207,600	5,315,500	5,318,200	5,323,300	5,332,000
Foreign bills and balance abroad	4,892,400	4,105,900	4,098,100	3,989,740	3,962,400
Other cash	227,700	260,700	328,400	284,300	271,200
Gold deposited abroad due by the State	1,795,800	1,774,700	1,774,700	1,774,700	1,772,800
Discounts	2,786,300	2,741,000	2,668,800	2,668,800	2,607,300
Advances	1,099,200	1,095,500	1,183,700	1,226,100	1,350,600
Credit with "Istituto di Liquidazione"	743,000	626,200	626,200	737,100	827,100
Government securities	1,139,800	1,214,300	1,216,000	1,218,100	1,216,900
LIABILITIES.	June 20, 1930.	May 31, 1931.	June 7, 1931.	June 14, 1931.	June 21, 1931.
Notes in circulation	15,484,000	14,671,700	14,722,100	14,630,000	14,336,300
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,511,600	1,487,000	1,652,500	1,629,800	1,637,700
Ratio of reserve to note and sight liabilities combined	58.40%	57.24%	56.23%	56.58%	56.42%

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

BALANCE SHEET—Continued (Units omitted).					
ASSETS.	June 28, 1930.	June 6, 1931.	June 13, 1931.	June 20, 1931.	June 27, 1931.
Gold	242,828	239,339	239,236	238,861	238,860
Government Securities—Swedish	22,132	3,211	3,150	2,975	2,927
Other Swedish bonds quoted on foreign bourses	62,992	62,744	54,607	54,607	54,607
Other Swedish bonds quoted on foreign bourses	113	84	84	1,491	2,316
Bills payable in Sweden	93,373	213,767	208,120	216,923	226,736
" " abroad	114,742	79,670	82,000	91,649	94,634
Balance abroad	210,291	135,094	140,769	137,217	135,182
Advances made on Government securities and bonds	44,414	42,538	35,446	44,188	36,809
LIABILITIES.					
Notes in circulation	562,123	519,856	513,367	530,734	527,878
Government deposits	160,598	230,995	219,567	226,197	217,751
Private deposits	23,776	8,146	9,021	6,631	10,251

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	July 2, 1930.	July 3, 1931.	June 10, 1931.	June 17, 1931.	June 24, 1931.	July 1, 1931.
Call money	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Time money (90 days) "mixed coll."	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Bank acceptances:—						
Members—eligible, 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Non-members—eligible, 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Ineligible, 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Commercial accept. 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2

	Par Level.	July 2, 1930.	June 17, 1931.	June 24, 1931.	July 1, 1931.
London—					
60 days		4-8666	4-831	4-831	4-831
Cable		4-8666	4-866	4-866	4-866
Cheques		4-8666	4-866	4-866	4-866
Paris		3-918	3-918	3-918	3-918
Brussels		13-90	13-951	13-92	13-92
Switzerland		19-30	19-39	19-41	19-39
Italy		5-263	5-233	5-233	5-233
Berlin		23-31	23-83	23-74	23-74
Vienna		14-07	14-11	14-03	14-06
Madrid		19-30	19-43	19-43	19-43
Amsterdam		40-195	40-19	40-24	40-22
Copenhagen		26-80	26-76	26-77	26-76
Oso		26-85	26-79	26-80	26-80
Stockholm		1-297	1-297	1-297	1-297
Athens		100	100	100	100
Yokohama		49-85	49-44	49-35	49-35
Hong Kong		30-90	30-40	30-25	30-25
Shanghai		36-60	36-75	36-87	36-87
Calcutta		103-65	103-65	103-65	103-65
Buenos Aires		32-42	32-42	32-42	32-42
Rio de Janeiro		12-125	12-02	12-02	12-06
Valparaiso		12-02	12-02	12-06	12-06

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Sucres to £	24-3325	Sight London	24-59
Venezuela	Bolivares to £	25-25	"	27-85
Colombia (Bogota)	Pesos to £	5	"	5-04
Nicaragua	Colonas to £	4-8665	"	4-92
Salvador	Colonas to £	9-73	"	9-90
Bolivia	Bolivianos to £	13-33	"	13-46

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

	Buying.	Selling.	Buying.	Selling.
Union of South Africa.				
From March 16, 1931.				
South Africa on London.				
Buying.	14% dia.	1% dia.	par to 1% pm.	1 to 1% pm.
30 days	14% dia.	1% dia.	1% dia.	1% dia.
60 days	14% dia.	1% dia.	1% dia.	1% dia.
90 days	14% dia.	1% dia.	1% dia.	1% dia.
180 days	14% dia.	1% dia.	1% dia.	1% dia.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.	Australia and New Zealand on London.
	Buying.	Selling.
London on Australia and New Zealand.		
Buying.	13% dia.	1% dia.
30 days	13% dia.	1% dia.
60 days	13% dia.	1% dia.
90 days	13% dia.	1% dia.
180 days	13% dia.	1% dia.

All rates (Australia and New Zealand) now based on £100—LONDON

Barclays Bank, Ltd., announce the opening of a new sub-branch at 1 Chester Street, Saltney, Cheshire.

The Westminster Bank announces the opening of a new branch at 211 New North Road, N.I.

The Midland Bank announces the opening of new offices as follows: Clapton branch, 95 Lower Clapton Road, London, E.5; Worcester Park branch, 16 Station Parade, Chooam Common Road, Worcester Park, Surrey. An office of the Midland Bank will be open in the grounds of the Royal Agricultural Show at Warwick from 10 a.m. to 6 p.m. daily, from July 7th to July 11th, inclusive. This office will be under the supervision of the manager of the Warwick branch.

The board of directors of the Bank of London and South America, Ltd., announce that Mr Leonard D. Curllife, in the desire to curtail his City activities, has tendered his resignation of his seat on the board, which has been accepted with regret. Mr Gerald MacTier Sheppard, of Messrs. Knowles and Foster, and Mr Francis Adams Beane, a chief general manager of Lloyds Bank, Ltd., have been elected directors.

BULLION.

The following statistics of imports and exports of gold for week ended July 2, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From:	To:
Germany	Germany
Netherlands	Netherlands
France	France
Venezuela	Switzerland
Argentina Republic	Czechoslovakia
Irish Free State	British India
British India	Other countries
Straits Settlements	
Australia (Ded.)	
New Zealand	
Canada	
Other countries	
Total declared value of imports	Total declared value of exports

GOLD MOVEMENTS.

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

1931.	ARRIVALS.	1931.	WITHDRAWALS.
June 26 Bars bought	30,500	June 26 Bars sold	2,000
Sovs. from abroad	9,500	27 Bars sold	6,995
27	Nil	Sovs. for export	4,000
29	Nil	29 Sovs. for export	7,000
30 Bars bought	602,594	30 Sovs. set aside	750,000
Foreign coin bought	11	Sovs. for export	4,000
July 1 Sovs. released	500,000	July 1 Sovs. for export	6,000
2 Foreign coin bought	54	2 Bars sold	47,204
Sovs. from abroad	72,000	Sovs. from export	13,000
Total	1,214,659	Total	840,199

Net arrivals, £374,460.

Messrs Samuel Montagu and Company write as follows on July 1, 1931:—

GOLD.

The Bank of England gold reserve against notes amounted to £162,894,416 on the 24th ultimo (as compared with £160,926,376 on the previous Wednesday), and represents an increase of £15,268,794 since December 31, 1930. In the open market yesterday bar gold was available to the value of about £691,000, of which £575,000 was from South Africa, £84,000 from the Straits Settlements, £17,000 from Australia, and £15,000 from New Zealand. There was little demand, and the price was fixed at 84s. 9½d. per fine ounce, at which £81,000 was taken for the Continental trade and £5,000 for the Home trade. The Bank of England secured about £603,000 at the statutory buying price. Movements of gold at the Bank of England during the week have resulted in a net influx of £362,417. Receipts totalled £1,146,412, of which £636,901 was in bar gold and £500,000 in sovereigns "released," whilst withdrawals consisted of £750,000 in sovereigns "set aside," £27,000 in sovereigns taken for export, and £6,995 in bar gold.

SILVER.

The week under review has been quieter, although prices have shown some fluctuation. The most important move was a rise of ½d., which carried quotations to 13½d. for both cash and two months' delivery on the 27th ultimo. This followed the Prime Minister's statement regarding Indian finances, which may have influenced the Eastern markets, as the rates from those quarters showed substantial improvement and bear covering orders were received, principally from China. The rise proved overdone and prices have since eased, yesterday's fall of ½d., owing to the absence of buying, bringing quotations down to 13½d., but a slight recovery to 13½d. ensued to-day. America has again offered freely, particularly at the higher rates, showing, however, some reluctance at yesterday's decline; but the Indian Bazaars have, on the whole, been inactive. Whilst it is not anticipated that there will be any important setback in prices, the market must still be considered as dependent to a large extent on the outcome of the political negotiations.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 2nd ultimo to mid-day on the 29th ultimo:—

IMPORTS.	£	EXPORTS.	£
U.S.A.	10,558	British India	23,650
Other countries	8,083	Other countries	6,111
	18,641		29,761

INDIAN CURRENCY RETURNS (in laos of rupees).

	June 22.	June 15.	June 7.
Notes in circulation	15,275	15,351	15,564
Silver coin and bullion in India	12,888	12,858	12,775
Silver coin and bullion out of India	1,850	2,023	2,046
Gold coin and bullion out of India	537	450	743
Securities (Indian Government)			
Securities (British Government)			

The stocks in Shanghai on the 27th ultimo consisted of about 82,600,000 ounces in sycee, 159,000,000 dollars and 3,260 silver bars, as compared with about 83,100,000 ounces in sycee, 160,000,000 dollars and 3,540 silver bars on the 19th ultimo.

Statistics for the month of June last are appended:—

	Cash.	Two Months.	BAR SILVER per oz. std.	BAR GOLD per fine oz.
Highest price	13½d.	13½d.	85s. 0½d.	84s. 9½d.
Lowest "	12½d.	12½d.	84s. 9½d.	84s. 11-07d.
Average "	12-707d.	12-695d.		

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash.		Cash.
1931.	s. d.	d.		d.
June 26	84 11	13 1/2	July 11, 1925	34 1/2
" 27	84 11	13 1/2	" 2, 1926	30 1/2
" 29	84 9 1/2	13 1/2	" 1, 1927	26 1/2
" 30	84 9 1/2	13 1/2	" 5, 1928	27 1/2
July 1	84 11	13 1/2	" 4, 1929	24 1/2
" 2	84 11 1/2	13 1/2	" 3, 1930	15 1/2

NOTICES.

An extension is announced of the safe deposit facilities at the head office building of the Midland Bank in Poultry, London, E.C.2.

The London office of the Bank of New South Wales has received a cable from head office in Sydney, advising that Mr James Burns has been appointed director in place of Sir Alexander MacCormick resigned.

A branch office of Dominick and Dominick, of New York, members of the New York Stock Exchange, has been opened at Pinner's Hall, Austin Friars, London, E.C.2. The office is under the direction of the Hon. Michael S. Scott and Mr Frank Smith, acting as joint managers.

Mr S. Sloan Colt, formerly vice-president of the Bankers' Trust Company, has been elected president in succession to Mr Henry J. Cochran, who now becomes vice-chairman of the board of Bankers' Trust Company. Three executives who have preceded Mr Colt in the presidency of the company will participate with him in the active management. They are Mr Cochran, Mr Seward Prosser (who has been elected to the newly created position of chairman of the managing committee), and Mr A. A. Tilney, who becomes chairman of the board. Important additions to the directorate are also announced. These include Mr S. Parker Gilbert (partner of J. P. Morgan and Company, and former Agent-General for Reparations), Mr Charles D. Hilles (New York representative of the Employers' Liability Assurance Corporation of London, and director of various American railway, industrial and insurance companies), and Mr Alfred L. Loomis (of Bonbright and Company, Inc., who is a director of many of the country's leading public utility corporations).

Company News.

SUMMARY OF BALANCE SHEETS.

W. T. HENLEY'S TELEGRAPH WORKS COMPANY, LIMITED.

March 31, 1931.		ASSETS.	
LIABILITIES.	Compared with March 31, 1930.	Amount.	£
44% cum. pref. (5%)	200,000	Properties & plant	984,365 + 7,417
Ord. shares (£1)	650,000	Investments on	472,137 + 200,098
44% deb. stk.	150,000	British Govt. stks.	
Creditors	1,130,799 - 131,810	deb. stk.	35,043 + 419
Unclaimed divs.	1,187	Shares in subsid-	252,000
Reserve	600,000 + 50,000	aries	
Obsolescence pro-	20,000 + 20,000	Debt and shares	119,242 + 3,840
vision	713,437 - 5,443	in other cos.	502,092 - 183,494
Profit and loss		Stocks	665,782 - 121,594
		Debtors	7,551 - 21,131
		Bills receivable	
		Treasury bills and	
		cash	426,024 + 53,685
Total	3,464,236 - 68,440	Total	3,464,236 - 68,440

INTERNATIONAL TEA COMPANY'S STORES, LIMITED.

May 2, 1931.		ASSETS.	
LIABILITIES.	Compared with May 3, 1930.	Amount.	£
6% 1st pref. £1	600,000	Goodwill account	Nil
7% " A " pref. £1	1,368,161 + 62,690	Freeholds at cost	1,626,511 + 13,965
Ord. shares (£5)	1,249,438	Long leaseholds at	132,260 + 16,224
Creditors	472,432 - 25,914	cost	604,897 + 2,179
Outstanding pref.	46,551 + 15,775	Fixtures, &c.	916,131 - 89,599
divs.	20,603 - 3,992	Debtors	395,109 - 2,327
Loans	3,126,343 + 5,519	Advances to sub-	96,022 + 96,022
divs.	672,509 + 50,000	sidiaries	
Reserve	100,000 + 100,000	Shares in subsid-	684,730 + 309
Dividend reserve	398,402 + 16,207	aries at cost	
Profit and loss		British Govt. se-	284,613 + 284,613
		curities	
		Dominion Corpora-	19,801 + 19,801
		tion stock	480,655 - 125,956
		Cash	
Total	5,240,729 + 220,085	Total	5,240,729 + 220,085

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended June 26, 1931.	Miles Oper.	Week ended June 26, 1931. (000's omitted.) ^a					Aggregate 26 weeks, 1931. (000's omitted.)				
		Passen- gers, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- gers, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Month.
(c) Week ended June 27, 1931.											
		£	£	£	£	£	£	£	£	£	£
Great Western...	3,761	235	194	110	304	539	5,173	4,916	2,726	7,642	12,815
Do. for 1930...	3,761	260	208	105	313	573	5,633	5,573	3,200	8,773	14,406
L. & N. Eastn. (c)...	6,349	373	317	206	523	896	7,760	8,793	6,218	15,011	22,771
Do. for 1930...	6,349	406	370	229	599	1,005	8,519	10,316	6,802	17,118	25,637
Lon., Md., & Scot. ...	6,958 ^b	571	451	206	657	1,228	11,697	12,027	6,601	18,628	30,365
Do. for 1930...	6,956 ^b	613	528	208	736	1,349	12,525	14,018	6,747	20,765	33,290
Southern	2,180	344	75	31	106	450	4,500	2,774	1,840	832	2,672
Do. for 1930...	2,179	365	83	26	109	474	4,685	2,011	775	2,786	10,477
Total of above...	19,255	1,523	1,037	547	1,584	3,101	31,904	27,576	16,377	43,953	75,805
Do. for 1930...	19,238 ^b	1,644	1,189	568	1,757	3,403	34,362	33,918	17,524	49,442	83,858
Metropolitan (c) ...	59	32-4	...	...	3-9	36-3	818-0	...	...	101-7	919-7
Do. for 1930...	59	33-4	...	...	4-0	37-4	850-7	...	...	104-1	954-8
Undgd. R.R. (c) ...	...	324-8	...	...	...	324-8	7619-2	...	...	...	7619-2
Do. for 1930...	...	326-4	...	...	...	326-4	7765-1	...	...	...	7765-5
Green Buses, &c. ...	...	28-1	...	...	...	28-1	594-0	...	...	...	594-0
Lon. & Sb. Grp. (c) ...	...	48-0	...	...	...	48-0	1,117-6	...	...	...	1,117-7
Do. for 1930...	...	47-4	...	...	...	47-4	1,151-8	...	...	...	1,131-1
* B.I.R. & C.O.D. (b) ...	80	3-6	...	...	...	4-2	55-9	...	...	17-5	73-4
Do. for 1930...	80	3-6	...	...	...	4-2	60-4	...	...	19-7	79-8
* G. Northern (b) ...	562	11-8	...	...	13-5	25-3	247-0	...	...	378-7	625-9
Do. for 1930...	562	13-6	...	...	14-3	27-9	271-9	...	...	377-8	649-1
* Gt. Southern (b) ...	2,188	29-3	...	...	34-7	64-0	666-9	...	...	948-7	1615-5
Do. for 1930...	2,188	32-9	...	...	40-6	73-5	640-8	...	...	1,132-5	1,772-2

De Beers Consolidated Mines, Ltd., have been appointed London secretaries to the Consolidated Diamond Mines of South-West Africa, Ltd., as from July 1, 1931, and the London Transfer Office will be removed to 15 St. Swithin's Lane, London, E.C.4, on that day.

CITY: 14, Bishopsgate.
Baker & Howard, 6, Fenchurch Buildings.
P. W. Cooper & Co., 11, King Street, Cheapside.
Davies & Co., Bishopsgate.
Leathwait & Simmons, 3, Throgmorton Street.
Pottle & Son, 15, Cullum Street.
Willing & Co., Ltd., 50, Cophall Avenue & 123, Moorgate.
PARIS: Messageries Hachette, 111, Rue Réaumur.
W. H. Smith & Son, 248, Rue de Rivoli.
W. Dawson & Sons, 123, Rue Albouy.
Galignani Library, 23, Rue de Rivoli.
BRUSSELS: W. H. Smith & Son, 78, Rue du Marché aux Herbes.
AMSTERDAM: Van Gelderen, Prinsengracht 43.
GENEVA: Agence Naville, 3 & 7, Rue Levrier.
NEW YORK: The International News Co., 137, Varick Street.

GOVERNMENT, &c.

KINGDOM OF BULGARIA 7% SETTLEMENT LOAN, 1926.—Statement showing the amounts received from the revenue assigned to the service of the loan under Chapters 15, 16 and 21 of the Budget:—

Period.	Chap. 15. Alcohol.	Chap. 16. Salt, &c.	Chap. 21. Matches.	Totals.
April-March, 1927-28	£ 63,256	£ 409,051	£ 155,167	£ 627,474
April-March, 1928-29	75,721	467,895	155,767	699,383
April-March, 1929-30	85,836	512,879	164,255	762,970
April-March, 1930-31	68,885	505,994	152,281	727,160

The amount required annually for the service of the loan is approximately £250,000. For the purpose of conversion the levy has been taken at 675 to the £1.

NORWEGIAN 6 PER CENT. LOAN OF 1921.—We are informed that the amount of bonds of the above loan which bondholders have deposited with Hambros Bank, Ltd., and Barclays Bank, Ltd., in respect of the option given to them to retain their bonds at the reduced interest rate of 4½ per cent. per annum amounts to £3,187,160, out of a total of £3,749,320 nominal bonds outstanding.

BANKS.

BARCLAYS BANK LIMITED.—Mr Anthony William Tuke, a local director of the bank at Luton, and Mr Norman Shillingford Jones, an assistant general manager of the bank, have been appointed additional general managers.

MISCELLANEOUS.

THE AMALGAMATED DENTAL COMPANY, LIMITED.—Results of 1930 trading show (subject to completion of audit) profits £208,420, against £212,649 in 1929. The directors recommend payment of balance dividend of 4 per cent. (making 8 per cent. for the year) on the preference ordinary shares, and 3d. per share free of tax (being at the rate of 6.4516 per cent. gross), on the deferred ordinary shares; £15,000 placed to reserve, against £20,000.

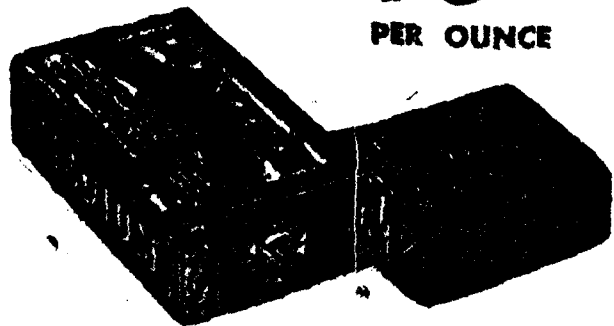
SANGERS, LTD.—The second annual report and accounts of Sangers, Ltd., shows a trading profit for the year ended March 31, 1931, of £74,874, i.e., a slight reduction of £1,518 on last year's figure of £76,392. Deducting directors' fees and income tax and adding the amount brought forward, there is a balance of £88,196, of which preference dividends to January 31, 1931, absorb £14,531.

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

In the calm contemplation of a pipe of good tobacco new hopes are born and life's little problems are viewed in their true perspective.

110½
PER OUNCE



N.C.T. 2.

and the 7½ per cent. interim dividend on the ordinary shares £14,531, leaving £59,133. £5,000 has been written off goodwill (last year £614 in addition to £15,385 from share premium account). Since the incorporation of the company in 1929, goodwill has been written down by £71,000. It is proposed to pay a final dividend on the ordinary shares of 10 per cent., making 17½ per cent. for the year (last year same), leaving to be carried forward (subject to two months' accrued preference dividend) £34,758 (last year, £30,872). Meeting at Holborn Restaurant on July 8th, at noon.

THE GRAMOPHONE MERGER.—The directors of Electric and Musical Industries, Ltd., which was the company formed to acquire the shares of the Gramophone Company, Ltd., and Columbia Graphophone Company, Ltd., have declared that the offer made to the shareholders of the two companies respectively on April 30 last is now binding, thus making the amalgamation of the two companies effective. The response to the offer, it is stated, has been very satisfactory, and figures are promised shortly. Shareholders who have not yet accepted the offer may still do so, but the special register which was opened in connection with the merger will be closed on July 14. Those who do not accept before that date will receive instead of a certificate of registration a receipt issued by Messrs. Morgan, Grenfell and Company, who were appointed registrars in connection with the merger, and this receipt can be exchanged in due course for share certificates of the new company. The directors of Electric and Musical Industries, Ltd., will proceed to the first allotment of shares of the company on July 15, and share certificates will be ready for issue within seven days thereafter.

Commercial Reports.

MARKET SUMMARY.

Following upon the almost general improvement last week, the tendency of prices in the principal commodity markets has been irregular. Whereas in some cases there has been a slight reaction, in others the upward movement continued. On the whole, however, prices are on a definitely higher level than a fortnight ago. No improvement has become noticeable in the coal trade. In Germany, the members of the old Ruhr coal syndicate, at their meeting at Essen on June 30th, decided, with the exception of one, to extend the syndicate until 1942. The iron and steel industries continue depressed, but an encouraging feature is the increase in inquiries, particularly from abroad, and the hardening of Continental prices. Non-ferrous metals continued to advance until last Monday, when a reaction became noticeable. Tin is now well above the low level of recent weeks, but copper was cheaper than last Wednesday. Among textile raw materials, cotton continued to advance, and the demand for piece-goods has broadened. The downward movement of wool has been arrested, but business in finished goods shows little improvement. Rayon piece-goods have been in better demand. Hemp shows some improvement, but jute prices are lower. Among cereals, wheat has been slightly easier on the week, but in most other foodstuffs the recent advance has been maintained. Among miscellaneous commodities, rubber has been firmer and hides were dearer.

THE COAL TRADE.

SHEFFIELD.—Export business for steam coal continues depressed, sales having steadily shrunk since the subsidy under the five counties plan ceased. South Yorkshire coal is being under-quoted by other districts. Demand for industrial fuels is severely restricted and does not expand. There is over-production of secondary coals and blast furnace coke. Tempted by the lower prices a good many householders have been getting in stocks of coal. Best steams are quoted at 17s. 6d. and 18s. f.o.b., best ordinary house at 18s. 6d. to 20s. at pits and blast furnace coke at from 10s. to 11s. 6d. at ovens.

GLASGOW.—As a result of the continued restriction of outputs, the supply of coal is now more in line with demands, and the market is now a good deal steadier on the whole. There has, however, not been a great deal of improvement so far as business is concerned, although within the past week some covering purchases, prompted by the possibility of fresh trouble over the wages and hours question, has given the market a fairly busy appearance at times. Washed nuts are now strongly held in all districts, with singles and pearls scarce in one or two quarters. Among round coals, Fifeshire steams are fairly well stemmed, but Lothian steams are in need of business, and the same may be said of most qualities of Lanarkshire coals. Current prices for the shipping trade are approximately as follows (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s.; splint best, 16s.; splint second, 14s. 6d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 11s. 6d.-12s.; doubles, 11s.-11s. 6d.; singles, 10s.; pearls, 9s. 3d.; dross, 9s. FIFESHIRE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 12s.; third-class steam, 10s. 3d.-10s. 6d.; trebles, 11s. 6d.-13s.; doubles, 10s. 9d.-11s.; singles, 10s.; pearls, 9s. 3d. LOTHIAN.—Prima steam, 10s. 9d.-11s.; secondary steam, 10s. 3d.-10s. 6d.; trebles, 12s.; doubles, 11s.; singles, 10s.; pearls, 8s. 9d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 12s.; trebles, 11s. 6d.; doubles, 11s. 3d.; singles, 10s.; pearls, 9s. 3d.-9s. 6d.; dross, 9s. 6d.

CARDIFF.—There has been no improvement this week in the state of business in the South Wales coalfield. Shipments are being fairly well maintained on the recent reduced basis, but current inquiries are extremely scarce and prices for all grades are at the minimum schedule figures. The output continues in

excess of the demand, and stocks are heavier than ever. Tenders for the supply of 100,000 to 200,000 tons of locomotive coal for the Egyptian State Railways during the three months ended October next were opened in Cairo on Tuesday, when it was announced that the lowest offers were those of T. Beynon and Company, Ltd., Cardiff, who quoted 24s. 1d. c.i.f. and 17s. 8d. f.o.b. for supplies of 100,000 tons. The c.i.f. price is the lowest tendered since the war, and compares with 25s. 5d. obtained for a contract for 100,000 tons delivered between May and September this year. The following are the current approximate quotations: Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. 6d. to 17s. 9d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; best small steams, 13s. 6d.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; patent fuel, 19s. 6d. to 20s. 6d.; foundry coke, 27s. 6d. to 34s.; pitwood, ex ship, 21s. 6d. to 22s.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron continues depressed, and transactions are on a smaller scale than ever. Local makers still adhere to the official prices that have ruled so long, with the result that Midland iron is coming into the district in increased quantities and Continental iron threatens to become a serious competitor as it was during the second half of last year. Export business in Cleveland iron is reduced to very small dimensions, the quantity shipped abroad during June being 3,601 tons against 4,031 tons the previous month. Tuesday's weekly market was only poorly attended, and business was confined to small lots for early delivery, no one being inclined to discuss forward contracts. Official prices remain: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s., f.o.b. or f.o.t. In hematite a fair trade is passing for early delivery, mostly to home consumers, but a few lots have also been sold for export. Prices are steadier, and 62s. 6d. is now the ruling figure for ordinary mixed numbers for delivery over a month or two, and 62s. 9d. to 63s. for further ahead. In the finished trades new business of importance is not coming forward freely, but some improvement in demand is looked for after the meeting of the British steel makers in London on July 10th, when prices are expected to be reduced. Local sheet mills are only indifferently employed notwithstanding recent price cuts. 24-gauge galvanised corrugated steels are obtainable at £9 15s. to £10, and 24-gauge black sheets at £8 for home and export. The ore market continues almost idle. The present rate of exchange favours shippers, but consumers are unable to take advantage of spot cargoes which are offered from time to time at very low prices. The Best Bilbao rubio is nominally 15s. c.i.f. for early delivery, and the rate of freight, Bilbao-Middlesbrough, for prompt tonnage is 4s. 3d. Coke continues to be freely offered at 15s. delivered works for good blast-furnace qualities for early delivery. The number of furnaces in blast in the district is unchanged at 22.

SHEFFIELD.—Business in a few special lines of steel and engineering is brisker, and there is a more confident tone about, but the situation as a whole has undergone no marked change for the better. Production continues at a very low level, and unemployment remains at previous high figures. Makers of rust-resisting and high-speed tool steels are experiencing severe competition from France and Scandinavia, but a reduced tonnage of special constructional steels is coming into this country from foreign sources. Home prices of such steels have been brought down considerably. Demand continues poor for acid and basic steels in crude forms. Exports of most kinds of manufactured steel have shrunk further. All cases of improvement relate to home trade. Indian pig-iron continues in evidence and competes with British material in England, America and Italy. Several large steelworks have resumed after a stoppage for stocktaking with the same output as before. A revision of controlled prices is under consideration. Costs of production at steel and iron works is appreciably lower than a year ago, and the benefits of derating are not operating fully. The departments concerned with shipbuilding and railways are extremely short of work. Demand from the automobile industry is disappointing.

GLASGOW.—Business remains very quiet in West of Scotland iron and steel circles, and steelmakers in particular are finding it increasingly difficult to obtain enough work to keep employed such plants as are at present in operation. Makers of semis are also badly off for work, but are finding Continental competition less keen than a few weeks ago, Continental prices being firmer and makers disinclined to quote for forward delivery. Sheetmakers are not able to keep all mills running, but the export demand for black has been rather better during the present week and the home demand both in black and galvanised is satisfactory. It has been announced that a large firm of tube makers in Coatbridge have received an order for piping from the Coatbridge and Airdrie Electricity Department, the value of which is estimated at approximately £100,000.

CARDIFF.—The position in the South Wales tinplate trade has undergone no material change during the past week. Prices of tinplates have hardened slightly and have been quoted up to 14s. per basis box compared with 13s. 6d. a week or two ago, but this increase in price is due chiefly to the rise in the price of tin. Inquiries from South America, South Africa, and Canada are fairly active, though business continues very restricted, but German competition on the Continent is increasing and exports from that country in the five months ended May were 6,000 tons, or 37 per cent. greater than those in the corresponding period last year. Galvanised sheets are unchanged at £9 15s., while local steel bars have been quoted at £4 17s. 6d. and foreign bars at £3 15s.

OTHER METALS.

TIN.—Non-ferrous metals continued to advance at the end of last week, reaching their highest level on Monday, when tin (standard cash) was quoted at £118 5s. to £118 10s. per ton. Later in the week, however, the metal receded from this level, which was hardly justified by actual conditions. According to the London Metal Exchange, the world's visible supply at the end of June (excluding "carry-over in Straits"), at 51,626 tons, shows an increase of 395 tons on the month, and the "carry-over in Straits" at 7,200 tons was 332 tons higher. Wednesday's official closing quotation for "standard cash," at £113 2s. 6d. to £113 5s. per ton, compares with £107 17s. 6d. to £108 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 32,192 tons, show an increase of 298 tons on the week.

COPPER.—Since Monday, when "standard cash" copper was quoted at £40 7s. 6d. to £40 10s. per ton, there has been a sharp reaction in prices at the London Metal Exchange and, in contrast to tin, on Wednesday's quotations were lower than on the corresponding day last week. Last Monday, Copper Exporters, Inc., again raised its minimum price for "electrolytic," c.i.f., Continent, from 8.775 cents per lb. to 9.275 cents per lb. Wednesday's official closing price for "standard cash" in London, at £36 to £36 2s. 6d., compares with £37 12s. 6d. to £37 15s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 16,241 tons, show an increase of 557 tons, while stocks of rough copper, at 1,235 tons, were 1 ton smaller. According to the Metallgesellschaft A.G., the daily average smelter output of copper in May at 3,787 metric tons shows a decline of 66 tons as compared with that of the previous month.

LEAD.—Lead has been slightly firmer. Wednesday's official closing quotation for "soft foreign" in London, at £13 to £13 17s. 6d., compares with £12 15s. to £13 2s. 6d. on the corresponding day last week. In New York prices advanced further, and "spot" at 4.40 cents per lb. shows a rise of 0.15 cents on the week.

SPELTER.—In sympathy with other metals spelter was strong at the beginning of the week, but following heavy liquidation, prices declined. Wednesday's official closing quotation in London for "good ordinary brands," at £12 11s. 3d. to £13 2s. 6d., compares with £12 16s. 3d. to £13 on the corresponding day last week.

OTHER NON-FERROUS METALS.—Aluminium, antimony, nickel and quicksilver show no improvement. The quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, remained unchanged. Antimony again changed hands at £23 to £23 10s. per ton for "foreign," while quicksilver remained unchanged at £17 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Spot sales for the week June 25th to July 1st (inclusive) are 32,000 bales, of which 16,090 are American, 1,850 Brazilian, 1,100 Argentine, 4,250 Peruvian, 5,500 Egyptian, 1,350 African, 950 East Indian, 680 Russian, and 230 sundries. Imports for the same period are 42,284 bales, of which 6,325 are American, 4,625 Peruvian, 4,900 Egyptian, 533 African, 25,004 East Indian, and 897 sundries. Quotations, July 1st: American Middling, 5.40; Egyptian F.G.F. Sakel, 8.35; F.G.F. Uppers, 6.52; Brazil Fair, 5.45; Peru G.F. Smooth, 5.85; West African Middling, 5.45; and East African G.F., 6.45.

Manchester.—The Manchester market has continued to present a more active appearance. The higher level of raw cotton prices has been maintained and although many operators have acted cautiously, the demand for piece-goods has broadened and for several markets there has been a better turnover. There has been more inquiry in light bleaching fabrics for India and useful sales have taken place. Transactions have also been mentioned in dhooties and prints. A feature of interest has been the increased demand for China and freer buying has been recorded in a wide

Trade with South America

The Bank of London & South America Ltd. offers a complete banking service to commercial houses which are engaged in trade with the Latin-American countries. With branches at every strategic point, the Bank is singularly well equipped to supply the very latest



information on local markets and trade conditions, to help and advise, and to undertake banking business of every description. For the convenience of its clients a Monthly Review of Market Information is issued free on application and Status Reports on S. American firms are supplied on request.

BANK OF LONDON & SOUTH AMERICA LIMITED

6, 7 & 8 Tokenhouse Yard, London, E.C.2
MANCHESTER: 24, Charles Street.
BRADFORD: 23, Broad Street.
Affiliated to Lloyds Bank Limited.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.		LARD—		Wool—		Market Hides, London—	
GRAIN, &c.		Irish bladders		English Southdown, washed		Best heavy ox and balf	
Wheat, No. 2, N. Man. 496 lb.	26 0	American, boxes, 56 lbs.	45 6 46 9	Lincoln hog, washed	10 1/2	Best cow	0 3/4 0 3/8
Eng. Gas. av., per cwt.	6 1	POTATOES—		Queensland, wcd. superombg.	21	Best calf	0 6 0 8
Barley, Eng. Gaz. av.	6 5	Good English, per cwt.	14 0 16 0	N.S.W. greasy, super	11	INDIGO—	
Oats	6 9	SPICES—		N.Z., gray, half-bred 50-56	9	Bengal gd. red-vio. to	
Maize, La Plata, landed, 480 lb.	17 0	Pepper, per lb.		Crossbred 40-44	8	fine—per lb.	
Flour, Lon. stan. ex mill, s. d.	21 3 0 0	Muntok, fair White	0 8 1/2 0 0	Topa		Sole Bends 8/14 lb.	
240 lb.	21 3 0 0	Black Lampong	0 7 1/2 0 0	Merinos 70's	25	per lb.	
Rice, No. 2 Burma, per cwt.	6 10 1/2 0 0	Cinnamom—1st sort, per lb.	0 7 1/2 0 0	Crossbred 48's	11 1/2	Bark Tanned Sole	
Sago, Pearl, per cwt.	16 6	Cloves—Zanzibar, per lb.	0 8 1/2 0 0	" 64's	23 1/2	Shoulders in DS Hides	
Tapioca, per cwt.	17 6 0 0	Ginger—per cwt.	0 8 1/2 0 0	" 46's	10 1/2	Do, Eng. or WS do.	
E.I. flake, fair spot	20 0 0 0	African	24 0 0 0	MINERALS		Belles from DS do.	
Medium pearl	20 0 0 0	Jamaica, ord. to good	40 0 80 0	COAL—		Do, Eng. or WS do.	
MEAT—		Nutmegs 65s	1 1 0 0	Welsh, best Ad'ty, ton		Dressing Hides	
Beef, per 8 lbs.		SUGAR—		Durham, best gas, f.o.b.		Ro. Eng. Calf, 20/30 lb.	
Argentine long sides		(Only, 11s. 8d. per cwt.)		Tyne		Aust. Bends	
Mutton, per 8 lbs.		B.W.I., crystallised	18 3 21 3	Sheffield, best house, at		Lined, baked, p. ton net	
English wethers		Java, white, c. & f. India	7 10 1/2 0 0	pils		Rape, refined	
N.Z. frozen		REFINED—London	7 10 1/2 0 0	IRON AND STEEL		Cotton-seed, crude	
Pork, English, per 8 lbs.		Yellow Crystals	19 10 1/2 0 0	Pig, Cleveland No. 3, ton		Coconut, crude	
OTHER FOODS.		Cubes	24 3 24 9	Barn, M'brough		Palm	
Irish		Crushed	22 9 23 3	Steel Plate, heavy		Oil Cakes, Lined, Eng.	
Danish		Granulated	20 6 21 3	Tin Plate (20 by 14),		per ton	
Canadian		Home Grown (June)	19 9 10 1/2	per basis box (2/3)		Oil Seeds—Lined—	
Dutch		TEA		Copper, Electrolytic, ton		La Plata, p. ton	
HAMS—Irish		Indian—per lb.		Sheets (strong)		Calcutta—per ton	
Canadian		Pekoe	0 4 1 5 1/2	Standard		Turpentine, per cwt.	
American		Broken Pekoe	0 4 1 5 1/2	Lead Eng. Pig		Motor spirit, No. 1, London	
BUTTER—		Orange Pekoe	0 5 2 2 1/2	Soft Foreign		Petroleum, Amer. rfd.	
Irish creamery per cwt.		Broken Orange Pekoe	0 5 2 2 1/2	Spelter G.O.B.		Fuel oil, in bulk, for	
Australian		Ceylon—per lb.		Tin—English ingots		contract, ex instal.,	
New Zealand		Pekoe	0 5 1 11 1/2	Standard cash		Thames	
English Cheddars		Broken Pekoe	0 5 1 8	MISCELLANEOUS		Furnace ... per ton	
Dutch		Orange Pekoe	0 6 1 11 1/2	CHEMICALS—		Diesel	
OOO—		Broken Orange	0 5 2 5 1/2	Acid, citric, per lb. less 5%		Lubricating oil ex store,	
Duty, British grown,		TOBACCO—		Nitro		London—per ton	
11s. 8d.; foreign, 14s. cwt.)		(Duty 8/10-9/10 per lb.,		Oxalic, net		Pales	
Acra, f.f., per cwt.		Empire growths, 6/9-7/6		Tartaric, English less 5%		Reds	
Trinidad		Virginia leaf		Alum, lump, per ton		Cylinder	
Grenada		Common to fine	0 8 2 6	Ammonia, carb., ton		ROBIN	
COFFEE—		Rhodesian leaf	0 8 1 3	Sulphate		American	
(Duty, British grown,		Nyasaland leaf	0 7 1 0	Arsenic, lump		RUBBER—	
11s. 8d.; foreign, 14s. cwt.)		East Indian leaf	0 3 1/2 0 0	Bleaching powder, per cwt.		St. ribbed smoked sheet	
Santos, sup., c.&f. cwt.		strips	0 5 1 0	Borax, gran.		Fine Hard Para	
Colombian, good		COOTON—		Do. powder		per lb.	
Costa Rica, med. to good		Mid-American	5-40	Nitrate of Soda		SHRILLO	
East Indian		Sakellaria, f.g.f.	8-35	Potash Chlorate, net		TN Orange	
Kenya, medium		Yarns, 32's twist	15	Sulphate		W. Aust. M.-O.-P.	
BEGGS—		60's twist	9 1/2	Sal-Ammoniac		TALLOW—	
English		FLAX—		Soda Bicarb.		London Town per cwt.	
Danish		Livonian ZK	33 10 0 0	Crystals		Swedish u/s 3 x 8	
FRUIT—		Perman RD	31 0 0 0	Sulphate of Copper per ton		Do. 2 1/2 x 7	
Oranges		Siameta Medium 1st sort	41 0 0 0	CEMENT—		Can'n Spruce, Dia.	
South African		HEMP		Portland, best Eng. pr. ton		Pitchpine	
Lemons, Sicilian		Italian P.O.	31 0 0 0	COPIA		Rio Deals	
Malaga		Manilla, July-Sept. "J2"	18 10 0 0	S.D. Straits c.f.f., per ton		Teak	
Apples: Amer. (var.) bria.		N.Z.	nom.	Smoked South Sea		Honduras Mahg. logs	
(var.) boxes		Sisal, African, July-Sept.	15 0 16 0	DRUGS—		African	
" Australian		Mexican	nom.	Camphor		Amer. Oak Boards	
Onions		Native 1st mks. ... per ton		Japan, refined		Do. Ash	
Valencia, case, 4s.		c.f.f. H.A.R.B.	216/2/6	Castor-oil		English Oak Planks	
Egyptian Bags		Dalsee 2/3 c.f.f. Dundee	214/15/0	Sulphur		Do. Ash	
Grapes, Lisbon		SILK—		West salted—Australian		Dry and Drysalted Caps.	
" Almeria		Canton	7 0 9 0	West Indian			
		Tunash	3 6 5 0	Cape			
		Japan	8 6 11 0				
		Italian—Raw, fr. Milan	8 6 10 6				

from 1d. to 1d. per lb. was made in the price of cows. Calfskins sold at last week's figures. The tone at the Leeds auctions was stronger than that at Manchester; practically all classes and weights in ox and heifers were from 1d. to 1d. per lb. dearer, while cows were from 1d. to 1d. per lb. up. Calfskins also made higher figures. The sheepskin market remains quiet, with low prices being realised. More activity has been displayed in the imported hide market, and with a better feeling apparent amongst buyers moderate advances have been made on most descriptions. In the South American market the United States and Europe have been interested in wetsalted hides, and sales of Argentine ox have been made at 5 1/2 d., with light ox and cows changing hands at 5d. Considerable advances have been recorded on sales of dry River Plates, B.A. Americanos having realised up to 6d., with Inservibles changing hands at just under 4d. There is a better tone in the market for African hides, and although dealings have not been on the same scale as those for other descriptions, a fair amount of business has been transacted. In Capes, 6d. and 5d. has been paid for drysalted 20-30 lbs., firsts and seconds, and a penny more for drys. The improvement in the market is also reflected in the position of Australian hides, better business having been done at

rather higher figures. Although the turnover in regard to sole leather has not shown any large improvement on that of the preceding week, a fair quantity has gone into consumption. A noticeable feature of the inquiry has been the better call for medium weights in dry hide bonds. These have been a rather poor sale for several weeks past, but of late some quite decent-sized parcels have changed hands, although there has been no improvement in the sale of light and heavy weights. English and wetsalted bonds are also wanted in medium selections, in addition to which there is a dropping sale for certain of the heavier selections. No headway is made in regard to offal; pinned shoulders have received a fair amount of attention, but other classes of this stock are a very poor market. Medium-sized parcels of upper leathers are changing hands all the time and, generally speaking, the turnover is up to the average of recent weeks. Glace kid and willow calf continue to be the mainstay of the market, in addition to which sales of patent are made fairly regularly. Slightly more attention has been paid to suede, in addition to which small sales have been made of white leathers for shoe purposes. Fancy upper leathers, however, are not a good market, as business in regard to most descriptions is restricted to very small quantities. Heavy upper stock also is on the quiet side; orders are scarce and usually for limited supplies.

RUBBER.—Last week's advance in prices has been maintained. Production is now on a lower level and the outlook is a little more encouraging. Wednesday's official closing price for standard ribbed smoked sheet, at 3 1/2 d. per lb., shows a rise of 1/4 d. as compared with the corresponding day last week. In forward positions, business has been done at 3 1/2 d. to 3 3/4 d. for July; at 3 1/2 d. to 3 3/4 d. for October-December, against 3 1/2 d. to 3 3/4 d.; at 3 1/2 d. to 3 3/4 d. for January-March, 1932, against 3 1/2 d.; and at 3 1/2 d. to 3 3/4 d. for April-June, as against 3 1/2 d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,992 tons; delivered, 2,806 tons; stocks at the end of last week, at 136,527 tons, show a decrease of 814 tons, as compared with the preceding week.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, JULY 11, 1931.

No. 4,585

CHRISTIANIA BANK
OG KREDITKASSE
OSLO

Established 1848.

Paid-up Capital and Reserve Funds,
Kr. 40,000,000.—

Oldest Norwegian Private Joint Stock Bank.
Direct correspondents throughout the country.
Offering complete services to banks and firms
doing business on Norway.

Correspondence invited.

CREDITO ITALIANO

Limited Company Incorporated in Italy.

Capital fully-paid : : : Lire 500,000,000
Reserve : : : Lire 300,000,000

Head Office of the Bank: MILAN.

THE BANK HAS BRANCHES AND CORRESPONDENTS
THROUGHOUT ITALY.London Branch: 2 ROYAL EXCHANGE AVENUE,
E.C. 3.

Transacts a general Foreign Banking Business.
STERLING DRAFTS AND DOCUMENTS ON ITALY
COLLECTED ON SPECIALLY FAVOURABLE TERMS.
CORRESPONDENT OF THE ROYAL ITALIAN TREASURY.

Telegrams: "Credito, London."
Telephone: Avenue 5081-6.

Terms of Subscriptions to
"THE ECONOMIST"
QUARTERLY - 14s. 6d. HALF-YEARLY - £1 9s. 0d.
YEARLY - £2 18s. 0d.

Colonies and Abroad, £3 18s. 0d. per annum.
Single Copies, post free, 1s. 1d.

Cheques and Post Office Orders to be made payable to the
Economist Newspapers, Ltd.
Office: 8, Boulevard Street, London, E.C. 4.
Telephone No.: City 8300-2.

Copies of "THE ECONOMIST"
may always be obtained in the

CITY:
14, Bishopsgate.
Barber & Howard, 6, Fenchurch Buildings.
P. W. Cooper & Co., 11, King Street, Cheapside.
Davies & Co., 92, Bishopsgate.
Leathwaite & Simmons, 34, Throgmorton Street.
Fettle & Son, 15, Colman Street.
Pottle & Son, Ltd., 50, Copthall Avenue & 123, Moorgate.
Waring & Co., 111, Rue Réaumur.
W. H. Smith & Son, 245, Rue de Rivoli.
W. Dawson & Sons, 15, Rue Albouy.
Galloway Library, 224, Rue du Marché aux Herbes.
W. E. Smith & Son, 74, Rue Levis.
AMSTERDAM: Van Goyenkamp, Prinsengracht 43.
BRUSSELS: Agnew & Sons, 3 & 7, Rue Levis.
SERIAL: The International News Co., 151, Varick Street.

TABLE OF CONTENTS.

The Money Market	53	Investment Notes—	
Leading Articles—		Markets and the Hoover	
Hope Revived!	55	Agreement	80
A Year's Truce in the		Ebbw Vale	80
Coalfields	56	Bank Interim Dividends	81
The New Papal En-		Coal Company Results	81
cyclical	57	Distillers	82
Industrial Profits	58	Vocalion's Unfavourable	
Population Changes	60	Experience	82
Russia's Costs Problem	60	International Telephone	
Notes of the Week—		and Kreuger and Toll	82
A Week of Crisis Con-		International Sleeping	
tinued	61	Car	82
The "Anomalies" Bill	62	English Sewing Cotton	83
East Greenland and Gran		Italian Gas Company	
Chaco	62	Scandal	84
The Seventeenth Zionist		Tronoh Group Results	84
Congress	62	Anglo-Dutch Plantations	84
The Wheat Outlook	63	Rhodesian Anglo-Ameri-	
Commodity Price De-		can	84
velopments	63	Aramayo	85
The Economic Situation		Company Meetings of the	
in Germany	63	Week	85
New Government in		Capital Issues	85
Bulgaria	64	Oil Outputs	86
American Cotton Crop	64	Weekly Traffic Returns	86
Cotton Trade Production			
Costs	64	Company Meetings, &c.	87
Ready-Made Clothing	64	Government Returns, &c.	88
Shipping Freight Index			
Number	65	The Bankers' Gazette—	
Co-operative Trade Re-		Bank of England	90
turns	65	Bankers' Clearing Re-	
Greek Finance	65	turns	90
United States New Cap-		Provincial Clearing Re-	
ital Issues	66	turns	90
Conditions in Japan	66	Overseas Bank Returns	90
Government Scientists	66	Loan and Discount Rates	92
Overseas Correspondence—		Rates of Exchange	92
United States	67	Overseas Bank Rates	92
France	68	India: Remittances to the	
Germany	69	Home Treasury	93
Hungary	70	Bullion	93
Finland	71	Gold and Silver Prices	93
Canada	71		
Letters to the Editor—		Company News—	
Latvia and Her Minorities	72	Summary of Balance	
Fascism at Home	72	Sheets	94
Books and Publications—		Dividend Announcements	94
Hudson's Bay	73	Reports and Notices	95
Books Received	74	Profit and Loss Accounts	95
The Stock Exchange—		Commercial Reports—	
The Argentine Railway		Market Summary	96
Outlook	75	The Coal Trade	96
The Week in the Markets	76	Iron and Steel	96
London Active Security		Other Metals	97
Prices and Yields	78	Textiles	97
New Issue Prices	80	The Grain Markets	98
Foreign Stock Exchanges—		Other Foods	99
New York	77	Miscellaneous Commodi-	
Paris	77	ties	99
Berlin	77	Prices Current	100

The position on Tuesday and Wednesday was similar, but on Thursday day-to-day money was generally obtainable at $1\frac{1}{2}$ - $1\frac{3}{4}$ per cent., old day-to-day loans from lenders other than the clearing banks being renewed at the lower figure. So far there have been no indications of an alteration of clearing bank policy in regard to weekly loans, for which the charge of 2 per cent. (somewhat anomalous in existing circumstances) continues to be made.

The discount rate has been subject to the conflicting influences, firstly, of the expectation that Bank rate would be reduced as soon as relaxation in the tension of the Central European situation warranted such a step, and, secondly, the growing recognition that that tension is as yet far from being relaxed. Last Friday's applications for the £40 millions of Treasury bills available totalled nearly £71 millions, and the whole of the bills were allotted at an average rate of discount of £1 18s. 3.45d., as compared with £1 19s. 9.87d. a week before. On the following day hopes of a successful conclusion to the Paris conversations were reflected in the weakening of the rate on 90-day bank drafts to $1\frac{1}{2}$ - $\frac{7}{8}$ per cent., while business in the new Treasury bills for next week's delivery was reported at a fraction over $1\frac{1}{2}$ per cent. On Monday and Tuesday the clearing banks were buying August maturities at $1\frac{1}{2}$ per cent., but on Wednesday uneasiness as to the German situation, in view of the continued drain on the Reichsbank's foreign exchange resources, led to most dealers quoting a full $1\frac{1}{2}$ per cent. for 90-day bills, and by Thursday afternoon a rate of $1\frac{1}{2}$ per cent. was generally effective. Thus the position of a week ago was approximately restored.

	June 18, 1931.	June 25, 1931.	July 2, 1931.	July 9, 1931.	Previous Rate and Date Changed.
Bank Rate	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	3 (May 14, '31)
Banks' Deposit Rate..	1	1	1	1	1 (May 1, '30)
Discount of Call	1	1	1	1	1 (May 1, '30)
Houses' Notice	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (May 1, '30)
Market rate (3 months' bills)	$2\frac{1}{2}$ - $3\frac{1}{2}$	$2\frac{1}{2}$ - $3\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ - $1\frac{3}{4}$	...

Although on Tuesday the Bank of England secured £797,000 in bar gold at its statutory minimum price, the remainder being taken for the home and continental trades, earlier expectations that Thursday might witness a reduction in Bank rate were checked, partly by the continued weakness of the Reichsmark, which touched momentarily on Wednesday 20.52 $\frac{1}{2}$, recovering on Thursday to 20.50 $\frac{1}{2}$, and partly by the adverse movement of the French franc, which moved sharply against London on Wednesday to 124.08, closing at 124.12. The rate was steadier on Thursday, but it was suggested that in a few cases bills maturing in London were not being renewed by French holders. Thus, with or without justification, some degree of uneasiness was revived lest the franc exchange might again be subject to operations influenced by political considerations. It was, however, by no means certain that the appreciation in the franc reflected anything more than withdrawals through London of French balances in Germany.

The Reichsbank return, published on Thursday, made a favourable showing inasmuch as the cover for the note circulation in gold and foreign exchange amounted to 43.6 per cent., as compared with 40.1 per cent. a week before, when the end-June pressure of circulation demands was at its height. The improvement, however, in the ratio reflected partly the normal return of notes after the end of the half-year, and partly the temporary assistance given by other central banks.

The Bank of England's return, as at July 8th, revealed the usual large movements consequent on the market's repayment of end-June borrowings from the Bank. Thus, discounts and advances were £27.2 millions lower, while other securities showed a decline of nearly £2 millions.

On the other side of the account, public deposits were up by £4.2 millions and bankers' deposits £34.9 millions down. As the result of an increase of £1.4 millions in gold stocks, the reserve proportion worked out at 57 $\frac{1}{2}$ per cent., as compared with 46 $\frac{1}{2}$ per cent. a week ago, notwithstanding a further expansion of £1.8 millions in the note circulation, which is now £6.4 millions higher than the level at which it stood on June 24th, when the proportion was 59 $\frac{3}{4}$ per cent. The fact that, as compared with a fortnight ago, the Bank's holdings of "other securities" in both departments shows little alteration, while advances are £2.6 millions lower, would appear to suggest that the rediscount credits given in favour of the Austrian National Bank and the Reichsbank have been operated through the medium of the Bank of England's deposits with the Bank for International Settlement.

There has been little change in money market conditions in New York during the past week, call rate ruling steady at $1\frac{1}{2}$ per cent. and market discount rate at $\frac{7}{8}$ to 1 per cent. Gold movements have been limited to receipts of \$4.2 millions from the Argentine and \$1 million from Canada. During the week ended July 1st brokers' loans showed an increase of \$73 millions, but the net movement during the month of June was a decrease of \$43.4 millions.

The Foreign Exchange market was overshadowed by the War Debt negotiations in Paris, fluctuations being numerous and frequent, but no great business was transacted. New York moved in our favour from 4.86 $\frac{1}{2}$ to 4.86 $\frac{1}{4}$. Montreal improved by $\frac{1}{4}$ to 4.87 $\frac{1}{4}$. Paris, after touching 124.28 $\frac{1}{2}$ and 124.08, gained 10 points on balance at 124.12. Brussels moved sharply against us from 34.90 $\frac{1}{2}$ to 34.84 $\frac{1}{2}$. Milan lost four points at 92.94. Madrid was erratic but rather better on balance at 51.25. Amsterdam improved sharply from 12.09 $\frac{1}{2}$ to 12.08. Berlin was irregular, and after touching 20.52 $\frac{1}{2}$, was finally a little weaker on balance at 20.50 $\frac{1}{2}$. Switzerland fluctuated sharply, touching 25.05 and 25.14, finally gaining three points at 25.08 $\frac{1}{2}$. Of the Scandinavian exchanges, Oslo improved by $\frac{1}{2}$ to 18.16 $\frac{1}{2}$, as did Copenhagen at 18.16 $\frac{1}{2}$. Stockholm moved sharply against us from 18.15 $\frac{1}{2}$ to 18.14 $\frac{1}{2}$. The South American currencies were irregular, Rio and Buenos Aires losing $\frac{1}{2}$ d. at 3 $\frac{1}{2}$ d. and 3 $\frac{1}{2}$ d. respectively. Montevideo improved by the same margin to 28 $\frac{1}{2}$ d. In the Far East, the rupee was better at 1s. 5 $\frac{1}{2}$ d., whilst the yen was unchanged at 2s. 0 $\frac{3}{4}$ d. Batavia improved from 12.10 $\frac{1}{2}$ to 12.08 $\frac{1}{2}$. In the forward market dollars were in better demand at premiums of $\frac{1}{4}$ cent and $\frac{1}{2}$ cent. Paris was rather weaker at 6 and 16 centimes premium, against 7 and 27 centimes last week. Brussels declined from $\frac{1}{4}$ and 3 centimes premium to par for both deliveries. Milan lost two points for one month's delivery at a quotation of 8 centesimi discount, but was better by the same margin at 22 centesimi discount for three months. Madrid was rather better at $\frac{1}{8}$ peseta discount for one month and $\frac{1}{4}$ peseta discount for three. Amsterdam fell away from $\frac{1}{8}$ cent to $1\frac{1}{8}$ cents premium to $\frac{3}{4}$ cent and $1\frac{1}{4}$ cents premium for one and three months respectively. Berlin was at one pfennig and four pfennigs discount, whilst Switzerland weakened from $\frac{1}{2}$ centime and one centime premium to par and $\frac{1}{2}$ centime premium. The silver market was very quiet, and prices eased off by $\frac{1}{8}$ d. to 18 $\frac{1}{2}$ d. for both cash and forward. The China silver exchanges weakened in sympathy, Hongkong losing $\frac{1}{2}$ d. at 1s. 0 $\frac{1}{2}$ d. and Shanghai $\frac{1}{2}$ d. at 1s. 3 $\frac{1}{2}$ d.

INSURANCE SUPPLEMENT.

With this issue of the *Economist* is published our Annual Insurance Supplement, surveying the results of 1930 in the Insurance world.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Boulevard Street, London, E.C.4.

HOPE REVIVED?

LATE on Monday night, after a week-end of contradictory reports of settlement and disagreement, the protracted Franco-American conversations in Paris reached a definite conclusion. Certainly subsidiary points remain subject to negotiations which may or may not elicit the existence of serious difficulties still to be resolved; and the three weeks which have elapsed since Mr Hoover made his original offer have done much to dissipate the atmosphere of somewhat sanguine optimism which the proposal of a year's moratorium at first engendered. Nevertheless, though certain features of the principles of settlement finally achieved are such as to invite criticism, it is at any rate a matter for solid satisfaction that the gap between the divergent views of Washington and Paris has at last been bridged and an accord reached between the statesmen.

The story of the *dénouement* of the Laval-Mellon conversations is worth recording. After an unexpected postponement of twenty-four hours, the negotiations were resumed last Friday evening, and shortly after midnight a *communiqué* was issued stating that Mr Mellon "confirmed" that the United States Government had decided to accept the maintenance of the principle that payment by Germany of the unconditional annuity under the Young Plan should continue; that other divergences in the views of the two countries had been removed; and that agreement on the technical and financial side of the negotiations seemed, under reserve of the adhesion of the other interested parties, likely to be reached in the very near future. This *communiqué* was at first interpreted as being tantamount to virtual agreement, but the terms of the accord had still to be submitted to the Government at Washington. On Saturday night, following further conversations between the negotiators, the text of the accord was finally agreed and transmitted by cable direct to President Hoover, who had gone to his summer camp on the Rapidan. The response was at first unfavourable. President Hoover considered particularly that the position at which the negotiators had arrived in respect of the continuance of deliveries in kind did not conform to the spirit of his proposals. On Monday, however, an acceptable formula was at length reached, as follows:—

Following the exchange of views which has taken place, the French Government intimates that it is in agreement with the Government of the United States on the essential principles of President Hoover's proposal, and on the following arrangements (*dispositions*) for its application:—

(1) The payment of inter-governmental debts is to be suspended from July 1, 1931, to June 30, 1932.

(2) The German Government is to continue the payment of the unconditional annuity; but the French Government agrees in so far as it is concerned that the payments thus made by Germany shall be invested by the Bank for International Settlement in guaranteed bonds of the German railways.

(3) The suspended payments are to bear interest in accordance with the terms suggested by the American Government, and are to be repayable in ten annuities starting from July 1, 1933. The same conditions are to apply to bonds issued by the German railways.

On three points, in respect of which it recognises that the American Government is not directly concerned, the French Government makes the following declaration:—

(a) Concerted action by the principal central banks, with the B.I.S. as intermediary, shall be organised for the benefit of the European countries which would be particularly affected by the proposed suspension of payments.

(b) There shall be a previous agreement between France and the B.I.S. to the effect that France is not to make good the Guarantee Fund, provided for in the case of a Young Plan moratorium, except by equal monthly payments at the demand of the B.I.S. and following the effective transfer of payments made by Germany.

(c) The question of reparations in kind and the various technical adjustments entailed by the application of the American proposal and the present agreement shall be studied by a Committee of Experts appointed by the interested Powers and charged with the task of reconciling actual needs (*nécessités de fait*) with the spirit of President Hoover's proposal.

France reserves to herself the right to call upon the German Government for the requisite guarantees (*assurances indispensables*) that the savings thus effected in the budget of the Reich will be devoted exclusively to economic purposes.

On the assumption, which seems to be fully justified by the terms of the *communiqué*, that French acceptance of the four main "*dispositions*" is unqualified, i.e., is not conditional on future agreement in regard to the three "*declarations*" and the reservation as to assurances, the accord certainly conforms to the cardinal principle which President Hoover insisted on upholding—that Germany should have a complete relief from the burden of reparations for twelve months. M. Laval has waived his original counter-proposal that a proportion of the sum representing the unconditional annuity in the moratorium year should be made available for financing Central European countries other than Germany; the unconditional annuity payment is simply to be maintained in principle by the acceptance of Reichsbahn I.O.U.s; and there is no longer any question of Germany having to find, on July 1, 1922, the whole of the suspended unconditional annuity. Had M. Laval not succeeded in "*rusticating*" his uncompromising Chamber of weary but critical Deputies last Friday night, it seems doubtful whether he would have been able to make these concessions, whose substance we are by no means disposed to minimise.

Nor are we without hope that when the Conference of Treasury Experts meets on July 17 (an earlier date would surely have been preferable, in order that uncertainties might be sooner ended) the questions raised by the French "*declarations*" will prove amenable to settlement. While British opinion, led notably by the Chancellor of the Exchequer, would probably be reluctant to assent at this stage to any radical alteration in France's favour of the principles embodied in the Young Plan with regard to priority of reparations payments, the modified proposal by France that her Guarantee Fund obligations should be implemented by monthly instalments *pari passu* with resumed payment by Germany of the unconditional annuity (we assume this to be the intention) should not meet with insurmountable opposition. Moreover, how to mobilise assistance for Central Europe generally is already very much the pre-occupation of central banks, not least of the Bank of England. Finally, it is generally recognised that current contracts in respect to deliveries in kind could not be brusquely interrupted without causing needless economic dislocation; and in this matter it should not surpass the ingenuity of the experts to find means of preserving continuity of works in hand, while conforming to the spirit of the Hoover Plan.

There remains the question of the assurances which France seeks to obtain from Germany. Last Sunday, Dr. Brüning made a specific pledge to the United States Government that in the moratorium year there would be no increase in the Reich's appropriations for naval and military expenditure, and that "the aggregate alleviations accruing to Germany from the Hoover Plan are required, and will be used, in their entirety, to cover deficits in revenue which are to be expected, to consolidate the financial conditions, and to save German economic life." Comprehensible, if not convincing, consideration of *amour propre* doubtless made it easier for the German Chancellor to make this declaration to the United States than *vis-à-vis* France, but we are glad to note that on Wednesday the German Ambassador in Paris formally handed to M. Laval a copy of Dr. Brüning's statement to America, and we are confident that the Chancellor, in his forthcoming visit to Paris, will take steps to confirm, for the further reassurance of French opinion, this satisfactory undertaking on Germany's behalf.

Thus far, then, we welcome the accord and find in it the promise of hopes revived. The point which must necessarily raise doubts is the proviso that repayments, with interest, shall begin from July 1, 1933, instead of being deferred to the end of the Young Plan annuity series, i.e., 1939, or at least to 1936, when the reduced annuity scale becomes operative. Here the relevant considerations seem to us to be as follows:—Germany has proved this year to be incapable of meeting the specified charge of approximately \$75 millions (i.e., excluding the

service of the Dawes and Young Loans). Under the Young Plan that charge amounts to nearly £81 millions in 1933-34, and rises to £99½ millions in 1943-44. In view of the present necessity for a moratorium, is it conceivable (save in the event of a huge rise in the price level) that the burden, increased by over £9 millions annually (i.e., repayments plus interest) can be sustained after 1933? As we see it, French insistence on early reimbursement of the suspended payments is a major factor rendering the revision of the whole Young Plan the more inevitable, and accentuating, meantime, the obscurity of Germany's future.

This, however, is a problem which the statesmen, given this year's breathing-space, have the opportunity, as well as the obligation, to tackle. For the immediate present, now that the Paris Accord of July 6th has been concluded, the problem is financial rather than political. *La main passe à MM. les banquiers.* For the hopes raised, checked and again revived by the course of the Hoover Plan negotiations have not availed to arrest the rapid deterioration of the financial position of Germany and the greater part of Central Europe. In Austria, it is true, following the Government's wise decision (noted in last week's *Economist*) to guarantee the schilling domestic deposits of the Credit Anstalt, the immediate strain on the National Bank's devised holdings appears to have been somewhat lessened, while the situation in Hungary, where the position of the General Creditbank had been arousing uneasiness, has been temporarily relieved by the successful placing abroad of £4 millions out of a total issue of £5 million of eighteen months' Treasury bonds. In Germany, however, conditions still remain a matter for serious anxiety.

The story of the week's major developments is told in a Note on page 61. As it stands, the situation is critical, but—given goodwill and forbearance from panic decisions—not yet unmanageable. It is evident that the \$100 millions foreign rediscount credit, due for repayment on July 16th, will have to be prolonged; and, though the talk prevalent as early as Wednesday of a substantial enlargement of that credit appeared to be fathered prematurely by the wish, there seems no reason to doubt but that central banking assistance to Germany will be forthcoming to the limits of practicability. It is obvious, however, that the safeguarding of the immediate position ultimately depends upon the policy followed by Germany's private creditors abroad, particularly in the United States. Unless there is considerable forbearance in the matter of prolongation of short credits and willingness to leave floating balances in Germany, concerted action by the central banks can scarcely succeed in averting a disastrous collapse. We feel confident that this will be recognised by the principal institutions in all foreign countries to which Germany is indebted, though the organisation of joint action by creditors obviously involves much greater difficulties than were entailed in the action taken in the case of the Credit Anstalt.

On the other hand, a caveat should perhaps be entered. There are evident limits beyond which the process of organised assistance to debtors cannot be carried with prudence or advantage. It would not conduce ultimately to the restoration of better conditions in Europe were a policy to be adopted, either by central banks or other creditors, of prolonging and extending credit indiscriminately without reference to the intrinsic merits of the debtor undertakings or institutions. While wise prolongation and extension of credits is a vital necessity, nothing would be gained by an indefinite process of mutual self-help which resulted simply in the gradual extension of the area of "non-liquidity," and the success of rescue efforts will be conditioned largely by the degree in which international finance applies to Central Europe a far-sighted policy of selective assistance. It is also clear that, though for the moment the fate of Europe is in the hands of the financiers, the hope of recovery in the long run depends upon the statesmen. Capital will not return to Europe, nor will she recover confidence in herself unless it is clear that the road is clear of political obstacles to her peaceful evolution, and that a sane international system will replace economic warfare between her thirty or forty States.

A YEAR'S TRUCE IN THE COALFIELDS.

A PLAY can only stand one hero or one villain; and the modern democratic popular daily newspaper can only carry one serious subject as a front-page headline feature. Therefore, since the Hoover Plan and the discussions thereon have rightly and properly attracted the limelight, it may be doubted whether one British citizen in a thousand realised that the catastrophe of a general coal stoppage was within an ace of being superimposed this week upon the already grave and complicated difficulties of the present economic situation. Wednesday, July 8th, was, in fact, in the absence of quick action on the part of the Government, zero hour for the new war in the coalfields.

The story of the trouble which was threatening is familiar to readers of the *Economist*. It starts 23 years ago. In 1908 an Act was passed providing that the working day in the British coal mines should consist of eight hours. An Act passed in 1919 reduced the hours from eight to seven. Seven years later, in 1926—following, and partly as a result of, the long and disastrous stoppage of that spring and summer—Parliament in another Act decreed that the seven-hour day should, at the option of the owners and men, become an eight-hour day, and, economic forces being an all-powerful ally of the owners, the eight-hour day became the rule. That Act was given a currency of five years, and although the present Government, soon after assuming office in 1929, passed a new Act changing the law to a seven and a half hour day with "spread-over" provisions permissible, it was the expiry of the 1926 Act this week which created the critical position in the industry, which weeks of negotiations between owners and miners failed to avert. Agreement between the two parties was only narrowly missed. The owners were willing to fix a seven and a half hour day with present wage rates guaranteed for one year only. The miners, if we may accept the Prime Minister's interpretation of the rather complicated negotiations, would have accepted a seven and a half hour day pending new legislation to implement the Geneva Hours Convention, provided that existing wages were guaranteed in the interim, and that the owners agreed, also, in the interval to establish effective national negotiating machinery. Be that as it may, the negotiations proved abortive, and the Government were faced with the alternative either of allowing a coal stoppage to take place or of introducing emergency legislation to provide a breathing space in which the industry might be given one more chance to settle its own affairs amicably.

The Government, bowing to Fate, chose the latter course. They introduced an emergency Bill in the House of Commons on Monday, and it was merely because all parties in both Houses preferred a truce on debatable terms to a war under any conditions that the new Coal Mines Bill passed all its stages, and in 48 hours was entered on the Statute Book. The new Act has as its two main provisions the suspension for twelve months of the coming into force of the seven-hour day, and, as a condition of this suspension, the continuance of the present subsistence wage rates in every district and of the present minimum percentage additions to basic rates. The other substantial point is that the "spread-over" is abolished. In most of the coalfields this scheme, while wholly acceptable neither to owners nor men, does, as the Prime Minister remarked, give both "enough to go on with," and, of course, its chief merit—indeed, its only *raison d'être*—is that it allows a breathing space of one year during which the industry may make one more effort to settle its own affairs. But in two districts, Scotland and Cumberland, special difficulties remain; for these, no have been fixed the provisions of the new Act cannot be implemented. In North Wales, where a similar state of affairs existed up to Wednesday last, an agreement has now been reached; but a new series of negotiations in the Scottish fields have apparently been abortive, and it has been agreed that, pending the signature of a new agreement, present conditions, including the provision for spread-over, shall continue. Thus, once again, we have the anomalous position of one of the principal coalfields

working under conditions not conforming to those laid down by statute. Let us hope that the Prime Minister's optimism is justified, and that a Scottish district agreement will "certainly be fixed very shortly."

The debates in the House of Commons on Monday and Tuesday showed very clearly that the Bill would have met with substantial criticism and opposition had time not been so pressing. It was not overlooked that, at a time when prices are still falling and there is a possibility that we may have to face a general reduction of money wages, salaries, etc., a highly dangerous precedent was being set by reason of the fact that for the first time Parliament has legislated to fix rigid scales of wages throughout one of the major industries. Sir Herbert Samuel was by no means alone in expressing the fear lest on future occasions other industries should come to Parliament in times of difficulty and say: "In July, 1931, you were able to safeguard the rates of pay of the miners by Act of Parliament. Why should you not safeguard the wages of the steel workers or the railwaymen by another Act of Parliament?" And significant, indeed, was the retort of "Certainly" with which Sir Herbert's remark was greeted from the Labour benches. Nevertheless, from no quarter of the House of Commons came any suggestion that the Government had any better course now open to them. The only visible alternative was a national coal stoppage, and had the Government allowed the situation to drift into that disaster, they would have earned and received national condemnation.

So, with reluctance, the measure was allowed to pass, because any truce was better than war. But it is only a truce. It no more settles the future of the coal industry than the Hoover debt holiday settles the future of international governmental obligations. Unless owners and miners can reach a settlement which has so far baffled them, the crucial position which arose this week will recur in July, 1932. May we hope that before this year of grace is ended, progressive reorganisation in the coalfields and some degree of recovery in the demand for the product of the pits, will combine to remove some of the difficulties which at present obstruct a lasting agreement.

THE NEW PAPAL ENCYCICAL.

THE present conflict between the Pope and the Duce may be looked at in various lights: for instance, as a personal encounter between two strong-willed Italians, an imperious Romagnol and an inflexible Milanese; or as a new campaign in the chronic warfare between two Italian States, the Papal State, which has shrunk into the City of the Vatican, and the Kingdom of Piedmont-Sardinia, which has swelled into the Kingdom of Italy. Yet, as the conflict has drawn itself out and increased in intensity, it has also grown in significance for the world at large. In their exchange of words—note answered by broadcast, and broadcast by encyclical—the protagonists have been revealing, piecemeal and as it were in spite of themselves, the gravity of the underlying issue. At last, in the Papal Encyclical issued last Sunday, July 4th, this issue is defined with uncompromising precision.

"An ideology which openly amounts to a regular and veritable pagan worship of the State" is portrayed as asserting itself "in complete conflict with the natural right of the family" as well as "with the supernatural right of the Church." Such are the belligerents in the battle which the Pope describes, and he also delineates the battlefield. It is nothing less than the field of education. "Everything points to the existence of an intention to monopolise young people from earliest childhood up to adult age to the complete and exclusive advantage of a Party." This is how the Pope interprets the Duce's indictment of the Azione Cattolica. "These charges are merely pretexts for getting the young people out of the reach of the Church"—as is witnessed by the action of the Fascist Government in dissolving all the young people's associations that had worked under the ægis of the Azione Cattolica society, including associations which, on the face of them, were so utterly remote from politics as the oratories or as the Congregation of the Daughters of Mary.

The MERCANTILE BANK of INDIA

LIMITED.

Head Office: 15, Gracechurch St., London, E.C.3

Branches and Agencies throughout the East.

EVERY DESCRIPTION OF HOME AND EASTERN BANKING TRANSACTED.

Enquiries invited.

In this remarkable document the claim of the modern Sovereign Independent National State to the entire and exclusive allegiance, soul and body, of the human beings who are officially its subjects or citizens is roundly challenged; and the challenge is made in the names of two parties, not one. The deliverer of the challenge is the head of a Church which, for more than four centuries now, has perpetually contested the pretensions of the State, but has ever been compelled to yield ground as these pretensions, and the power to assert them, have steadily increased. But in the present campaign the Pope is clearly feeling himself strong enough to venture upon something very like a counter-attack; and (if we may read between the lines) he feels himself strong now because he believes that he has enlisted a mighty ally. This ally is the family, the indestructible cell of social life which represents not thrones and principalities and powers but men and women and children.

In the previous round of the conflict between Religion, embodied in the Roman Church, and the Sovereign State, embodied in the Kingdom of Italy, the Sovereign State won because the family, the men and women and children, the people, were on the Sovereign State's side. In the Risorgimento, the Italian people felt that the House of Savoy, the Kingdom of Sardinia, had put itself at the service of their cause. They gave it their whole-hearted allegiance and bore it to victory. That was an alliance against which no Pontiff could stand; but if Pius XI. is right in believing that the sympathies and desires and hopes of the people are now on the other side, is it not possible that when, with this new alignment of forces, the battle is joined again, the alliance to which the people is a party may once more show itself irresistible? Pope and people, in unison, may prove stronger than the Sovereign State, than Fascism, than Mussolini.

The spectacle is profoundly interesting to the rest of us because this shifting relation between Church and State and People in Italy stands, in an accentuated form, for a relation which is latent, more or less, in most countries in the world. The Italian Risorgimento was simply the most dramatic example of an alliance between State and People which gave the State its late supremacy. This supremacy received its first, but profound, shock in the Great War. The Pope's challenge to the Fascist State is part of a world-wide movement of revolt against the State's pretensions which, since the war, has been on foot among private people everywhere, and this largely under the banner of religion, though it is only in the hierarchically organised Roman Church that the leadership is vested in so conspicuous a figure. In the present duel at Rome between the head of a Church which claims universality, and the head of a State which professes the pagan cult of Nationalism in its most militant form, one of the great social issues of our generation is being fought out symbolically. The fortunes of this momentous combat are very much more than a purely Italian concern.

What are the odds? At first glance it might seem as though the Duce disposed of the big battalions. What can the Vatican City do against the Kingdom of Italy—especially under the Fascist regime, which obviously has a sharper beak and longer talons than its Liberal predecessors? Will the Fascist Government succeed in Italy, as the Soviet Government has apparently succeeded in

Russia, in driving the Church off the field of education and off all other fields of practical social activity and in confining its action "to the external practice of religion" (i.e., ritual and liturgy)? If once a Church is confined within these limits, its doom is certainly sealed. It is out off from life, and life will thenceforth pass it by and leave it stranded. Will this happen to the Roman Church in its present struggle with the State in Italy?

Conceivably it might happen if the field of conflict were limited to the frontiers of the Italian Kingdom. The Pope has now called upon all Italian Catholics either to refuse the oath which the Fascist State demands of them or else to take it "with a mental reservation, safeguarding the laws of God and the Church"—a reservation which, "if necessary, must be openly admitted." Now in this pitched battle over the formal allegiance of Italian Catholics, it is very possible that the Pope may be defeated. The spirit is willing but the flesh is weak. Within the Italian frontiers, Fascism is all-powerful and ruthless. It may prove strong enough to exact external allegiance from Italian Catholics by force, though its own authority may be strained to the uttermost in doing so. What happens in Italy, however, will not be decisive, because the Pope has other ground which is beyond Mussolini's reach and other followers over whom Mussolini can exercise no coercion. While Mussolini's dictatorship is confined to Italy, the Pope is the head of a Church which extends through all the world. And, on this particular issue, he may have the support, not only of Roman Catholics, but of millions of people of other religions, or of no religion at all, who may nevertheless rally to him now that he is leading a crusade against "the pagan worship of the State."

The truth is that, all over the world, there has been a profound revulsion of feeling against the pretensions of the Sovereign State within the last twenty years. In the age which ended in 1914, the State was regarded by mankind on the whole as a beneficent institution which had an unquestionable claim to the private citizen's loyalty and obedience. Since 1914, however, the State has made tremendous drafts upon the individual's goodwill. It has demanded from him unheard of sacrifices. It has conscripted him and sent him to die in battle; it has taxed him to the bone; it has hampered his trade with rising tariffs and checked his very movement by migration restrictions. In all these ways the State has been doing its best to make itself odious to Man. Possibly the Church has chosen the psychological moment in bidding now, once more, for the first place in Man's affections and esteem.

INDUSTRIAL PROFITS.

DURING the past twelve months the profit and loss accounts of 2,053 British industrial joint-stock undertakings have been analysed in our columns. The following table shows that aggregate net earnings have declined by £32,223,449, or 14.7 per cent. This fall contrasts with an increase of 3.7 per cent. recorded in the twelve months ended June 30, 1930:—

NET PROFIT (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	No. of Companies.	Reports Published in		Increase (+) or Decrease (-).	
		1929.	1930.		
Third quarter	329	£ 25,232,486	£ 23,626,502	- 1,605,984	- 6.4
Fourth quarter	509	39,272,377	32,174,677	- 7,097,700	- 18.1
1930.					
First quarter	596	75,816,474	67,736,226	- 8,080,248	- 10.6
Second quarter	619	79,490,653	64,051,136	- 15,439,517	- 19.4
Total	2,053	21,981,190	18,758,541	- 32,223,449	- 14.7

The next table shows quarterly fluctuations in net earnings since the beginning of 1925. The results for the past quarter, in which a decrease amounting to 19.4 per cent. is revealed, compare unfavourably with those of the first quarter of 1931, and, as indicated in last week's *Economist* (page 38), the reports which came to hand in

May and June showed a decline in profits appreciably exceeding 20 per cent. It may, however, be recalled that during the course of the depression of 1921-22, the quarterly fall in net earnings, after an initial recession of 8.4 per cent., which compares with 6.4 per cent. in the third quarter of 1930, amounted in the three following quarters to 42.4, 52.9 and 43.4 per cent., so that the decline now disclosed is much less severe than that produced by the collapse of the inflationary post-Armistice boom:—

	1925.	1926.	1927.	1928.	1929.	1930.	1931.
First quarter	+ 9.1	+ 7.6	- 4.0	+ 15.2	+ 1.5	+ 1.9	- 10.6
Second quarter	+ 11.1	+ 8.3	- 5.7	+ 1.3	- 0.7	+ 8.6	- 19.4
Third quarter	+ 4.8	+ 2.8	+ 2.4	+ 9.7	- 3.0	- 6.4	...
Fourth quarter	+ 6.4	+ 3.8	+ 0.3	+ 3.1	+ 1.4	- 18.1	...
Year	+ 8.7	+ 6.3	- 3.0	+ 7.2	+ 0.0	- 0.6	...

During the past quarter all the groups into which we divide the list of industrial undertakings showed a setback in net earnings, with the exception of canals and docks, gas, and telegraph and telephone companies. The heaviest percentage decline was that recorded in the case of rubber companies, but there were large reductions in the earnings of textiles, oil, iron, coal and steel, and motor and cycle undertakings, while the miscellaneous group, embracing a wide range of enterprises, showed a fall of nearly 11 per cent.

Proceeding now, in accordance with our usual plan each summer, to review the results ascertained during the past twelve months as a whole, we give below a detailed analysis of the reports of the 2,053 companies which we have received:—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

Group.	No. of Companies.	Reports Published in		Increase.	Decrease.
		1930.	1931.		
Breweries	108	£ 18,438,918	£ 18,735,009	296,091	1.6
Canals	7	639,515	491,698	...	147,817
Electric lighting and power	44	7,062,558	7,522,723	460,165	6.5
Financial, land and investment	92	6,575,002	4,738,485	...	1,836,517
Hotels, restaurants, &c.	52	4,429,981	4,643,011	213,030	4.8
Iron, coal and steel	38	2,386,596	2,318,146	...	68,450
Motor and cycle	134	10,537,323	8,679,817	...	1,857,506
Nitrate	3	4,755,615	3,649,932	...	1,105,683
Oil	23	845,588	35,535	...	810,055
Rubber, &c.	340	19,094,588	15,714,914	...	3,379,674
Shipping	42	8,295,195	3,639,805	...	4,655,390
Shops and stores	69	10,431,966	9,729,182	...	1,655,390
Tea	106	3,067,527	2,201,084	...	702,784
Textiles, &c.	12	1,849,303	1,827,709	...	856,443
Tramways	59	11,519,631	4,914,069	...	21,594
Trust	125	1,610,641	1,629,666	19,025	1.2
Waterworks	193	14,844,563	14,201,478	...	643,085
Miscellaneous	635	1,189,703	1,180,762	...	8,941
Total	2,053	219,811,990	187,588,541	...	32,223,449

Of the four groups showing an increase in net profits, breweries displayed much smaller progress than a year ago, when the increase amounted to 3.9 per cent. The improvement of 6.5 per cent. in the electric lighting and power group compares with 5.2 per cent. last year, and the relative prosperity of gas undertakings is illustrated by the fact that the rise of £213,030 in net earnings compares with an increase of only £33,334 shown at this time last year. On the other hand, the rate of advance in the net earnings of tramways was reduced from 11.5 to 1.2 per cent. As regards the groups (and these are the great majority) in which a decrease in net profits is revealed, the fall of 53.7 per cent. in the case of textiles follows a decline of 30.5 per cent. a year ago, and the recession of 24.5 per cent. last year. A year ago the iron, coal and steel group, which now records a fall of 17.6 per cent., had an increase of 46.7 per cent. to its credit, and 41.5 per cent. has now been turned into a drop of 17.7 per cent. The enormous setback in the earnings of rubber companies follows a decline of only 2.2 per cent. last year. The fortunes of the large miscellaneous group are fairly

indicative of the general trend. Whereas in July, 1928, an expansion of 9.6 per cent. in net earnings was recorded, a year later this figure had fallen to 4.3 per cent., and the present decrease of 10.4 per cent. follows an increase of only 3.3 per cent. noted at this time last year.

In the next table we set out the distribution of profits in the past four quarters, together with the total for the year ended June 30th:—

DISTRIBUTION OF PROFITS.

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
1930.				
Third quarter	£ 23,626,502	£ 14,830,457	62.8	4,469,225
Fourth quarter	32,174,677	20,766,299	64.5	6,564,790
1931.				
First quarter	67,736,226	42,043,943	62.1	14,731,666
Second quarter	64,051,136	37,090,515	57.9	17,512,738
Total	187,588,541	114,731,214	61.2	43,278,419

After a slight improvement in the first quarter of 1931 the proportion placed to reserve fell again during the past quarter to an unsatisfactorily low level. The percentage "put back into the business" during the past twelve months, 15.7 per cent., compares unfavourably with the figure of 18.6 per cent. ascertained for the twelve months ended June 30, 1930, and still more so with an average of fractionally over 20 per cent. in the two previous years. The apportionment of earnings of the individual groups during the past twelve months is set forth below:—

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
Breweries	£ 18,735,009	£ 12,226,464	65.2	2,297,125
Canals	491,698	211,928	43.1	244,577
Electric light and power	7,522,723	3,246,735	43.2	1,341,031
Financial land & investment	4,738,485	3,162,000	66.7	1,409,160
Gas	4,643,011	3,800,878	81.9	368,457
Hotels, restaurants, &c.	2,318,146	1,145,163	49.4	744,732
Iron, coal & steel	8,679,817	4,235,547	48.8	2,121,922
Motor and cycle	3,649,932	1,756,192	48.1	920,733
Nitrate	35,535	...	...	280,000
Oil	15,714,914	9,866,783	63.3	2,007,434
Rubber, &c.	936,010	785,674	83.9	27,710
Shipping	3,639,805	1,797,415	49.4	1,073,396
Shops and stores	9,729,182	5,423,520	55.8	2,503,711
Tea	2,201,084	1,594,757	72.5	271,873
Textiles, &c.	1,827,709	1,435,040	78.5	230,705
Tramways	4,914,069	5,130,192	104.4	242,423
Trust	1,629,666	836,647	51.5	4,018,157
Waterworks	14,201,478	7,836,794	55.2	270,257
Miscellaneous	1,180,762	761,089	64.5	20,725,922
Total	187,588,541	114,731,214	61.2	43,278,419

The least encouraging feature disclosed above is the fact that the textile group actually paid out in ordinary dividends, apart from distribution on the preference shares, 4.4 per cent. more than the net earnings. The amount allocated to reserve in the case of the financial, land and investment group has also fallen to a level open to criticism in a period of considerable economic strain, but breweries, electric light and power, iron, coal and steel, motor and cycle, oil, shipping companies and shops and stores still display conservative principles in the matter of distribution of earnings. We now come to the ratio to total ordinary and preference capital of net profits and of reserve allocations:—

	Total Ordinary and Preference Capital.	Net Profits.	Carried to Reserve, &c.
1930.			
Third quarter	£ 288,078,042	£ 23,626,502	8.2
Fourth quarter	392,547,450	32,174,677	8.2
1931.			
First quarter	756,871,719	67,736,226	8.9
Second quarter	745,477,186	64,051,136	8.6
Total	2,162,974,397	187,588,541	8.7

A year ago the ratio of net profits to capital was 10.6 per cent., and that of amounts reserved to capital 1.9 per cent. Two years ago, when the earnings ratio was 10.7 per

Westminster Bank Leaflets

Points before Travelling. Notes on the Protection of Travellers from Loss. Thirty-nine Advantages of an Account with the Bank. The Saving Habit, an outline of the Home Safe system. The Postal Account, a service for those living in outlying rural districts. The Financial Machinery of the Export and Import Trade, or the function of the Documentary Credit. Foreign Exchange, with particular reference to Forward Exchange. Safeguards for Travellers, a warning against carrying foreign notes. Securities, their Custody and Supervision. Wills, Trusts, and Settlements, the Bank as an Executor.

Copies may be had by asking at almost any branch or from the Secretary, Westminster Bank Limited
41 Leabury, London, E.C.2

cent., the ratio reserved was 2.1 per cent. Thus the progressive diminution in the earnings of capital has been paralleled by a decline in the proportion withheld from the proprietors.

Our next table summarises for each quarter since the beginning of 1928 the average rates of interest and dividend paid on debenture, preference and ordinary share capital.

AVERAGE RATES PAID

	On Debenture Capital.				On Preference Capital.				On Ordinary Capital.			
	1928.	1929.	1930.	1931.	1928.	1929.	1930.	1931.	1928.	1929.	1930.	1931.
1st quarter	4.78	4.89	4.89	4.82	5.3	5.4	5.8	5.6	11.3	10.9	10.0	8.5
2nd "	5.43	5.10	4.94	4.96	6.0	5.9	6.3	5.8	10.0	9.8	10.3	8.3
3rd "	4.90	4.88	5.36	...	5.4	6.0	5.0	...	10.7	10.3	8.3	...
4th "	5.04	5.29	5.19	...	4.9	4.7	4.5	...	10.3	10.6	8.4	...
Year ...	5.02	5.15	5.39	...	5.4	5.5	5.7	...	10.6	10.5	9.5	...

For the past twelve months the average rate of ordinary dividend works out at 8.4 per cent., as compared with 10.8 per cent. a year ago and 10.5 per cent. in the twelve months ended June 30, 1929. Details of the various groups are given in the final table:—

	Debiture Capital.	Rate of Int.	Preference Capital.	Rate of Int.	Ordinary Capital.	Rate of Div.	Rate of Div. % Year Ago.
Breweries	£ 54,080,883	4.8	£ 55,513,489	4.2	£ 73,749,408	16.6	16.4
Canals	2,815,903	4.8	6,054,310	4.0	8,670,846	2.4	4.3
Electric Lighting & Power	38,075,996	5.1	23,776,177	5.6	44,952,659	7.2	7.4
Financial Land and Investment	40,987,109	5.1	32,660,125	4.3	68,933,326	4.6	7.9
Gas	24,875,510	4.3	9,062,972	4.2	60,385,792	6.3	6.3
Hotels, Restaurants, &c.	6,281,927	5.0	13,296,389	5.6	11,148,765	10.3	10.9
Iron, Coal and Steel	55,104,401	5.3	75,750,311	2.8	143,229,424	3.0	3.9
Motor and Cycle	1,414,750	7.1	10,964,781	8.4	20,874,981	8.4	11.8
Nitrate	8,751,293	6.1	8,000,000	3.5	3,958,750	...	3.2
Oil	9,830,834	5.3	30,365,322	6.6	78,171,194	12.7	19.6
Rubber, &c.	4,210,329	6.6	964,645	2.9	62,960,970	1.2	6.8
Shipping	22,764,866	5.0	19,571,010	5.5	40,152,362	4.5	6.8
Shops and Stores	16,243,119	5.3	38,632,257	6.5	40,108,278	13.5	13.8
Tea	1,086,639	7.6	5,437,423	5.0	15,032,760	10.6	14.3
Textiles, &c.	855,319	6.1	4,498,054	5.1	16,515,672	8.7	9.3
Tramways	19,286,747	4.9	45,569,933	4.8	81,480,733	6.3	7.3
Trust	7,000,744	4.5	6,158,978	3.9	11,344,592	7.4	8.0
Waterworks	95,497,403	4.5	96,312,236	5.4	102,877,794	7.6	8.2
Miscellaneous	6,925,101	4.7	5,014,206	5.4	11,046,547	6.9	7.3
Total	506,583,458	5.0	795,948,391	5.4	1,367,036,006	8.4	10.3

As has been shown, the maintenance of the average rate of ordinary dividend, even at the somewhat reduced level now disclosed, has entailed an appreciable reduction in industry's reserve allocations. Investors would do well to bear in mind that in the absence of an early trade recovery this is a process which cannot prudently be long continued

POPULATION CHANGES.

THE preliminary report of the recent census contains figures which afford evidence of certain very significant changes in the growth and distribution of the population of England and Wales; for, in spite of their provisional character, experience has shown that they are not likely to be substantially changed in the final result. To those students of the report to whom it does not come as a surprise to learn that the areal density of this country, 685 persons per square mile, is the highest in any country, with the possible exception of Belgium, of which we have record, it may come as a relief to find that the percentage increase in the population does not exceed half of that in any preceding decennium, except that which included the war years. In spite of the fact that the marriage rate has been well maintained, the birth rate has fallen during the decennial period to 16.3 per cent., which is less than half the rate which obtained before 1890 and less than two-thirds of the pre-war rate. The birth rate in this country is now lower than that in any other except Sweden, and is definitely too low to maintain a stationary population in the future.

So far the decline has been partly balanced by the reduction of 10 per cent. in the death rate, which, when allowance is made for the increasing numbers and age of the population exposed to risk represents a reduction in crude mortality of something like 20 per cent. as compared with the period 1911-21 (exclusive of deaths on active service). The table below shows the numerical movement in recent decades and in each of the last ten years:—

BIRTHS, DEATHS, AND BALANCE OF MIGRATION SINCE 1871.
(In thousands.)

Period.	Births Registered.	Deaths Registered.	Excess of Births over Deaths.	Outward Balance of Migration.	Inter-annual Increase.
1871-1881	8,604	5,178	3,426	164	3,262
1881-1891	8,894	5,265	3,629	601	3,028
1891-1901	9,157	5,563	3,594	69	3,525
1901-1911	9,290	5,246	4,044	501	3,543
1911-1921	8,281	5,268	3,013	1,197*	1,816
1921-1931	6,930	4,692	2,238	177	2,061
1922 (2nd half) ...	414	221	193	34	...
1922	780	487	293	60	...
1923	758	445	313	99	...
1924	730	473	257	58	...
1925	711	475	236	49	...
1926	695	454	241	63	...
1927	654	485	169	53	...
1928	660	460	200	41	...
1929	644	532	112	43	...
1930	649	455	194	5	...
1931 (1st quarter) ..	160	162	- 2	- 3	...

* Includes the deaths of non-civilians of England and Wales which occurred abroad at the various theatres of war (estimated at 97,000).

Satisfactory as this improvement in the death rate is, it clearly cannot continue at the same rate, and the Registrar-General calculated recently that a current birth rate of about 19½ per thousand would be necessary to avoid a future decline in population. In the report the prospect of an actual decline in the population is spoken of with misgiving; we ourselves do not regard our record of population density as one which we desire to maintain unbroken. As long as the decline in the birth rate is due to deliberate regard for economic exigencies and not to any physical deterioration of the population, it represents an adjustment which we hold to be desirable.

The figures which relate to the comparative rates of growth in various districts bring out some striking tendencies. The most remarkable of these, to which we have had occasion to refer from time to time in the *Economist*, is the marked change in the comparative rates of increase in the South East, the North East and South Wales. Whereas the population of England and Wales as a whole increased by 5 per cent. in 1911-21 and by 5.4 per cent. in 1921-31, the corresponding figures for Greater London were 3.9 and 8.8 per cent. respectively, and for the South East as a whole 4.2 and 10.5 per cent.; whereas the rate of increase in Durham and Northumberland fell from 8.3 to 0.2 per cent. and that in South Wales from an increase of 13.3 per cent. to a decrease of 3.6 per cent. The other northern areas and the West Midlands showed increases below the average; while the rate of increase in East Anglia, though still below the average, rose from

1.8 to 3.3 per cent. In the extreme south-west there was an increase of 5 per cent., compared with a decrease of 1.2 in the preceding decennium. These changes are associated with the depression in the coalfields and in the northern industrial areas, and are due to migration. Many of the areas in which the rate of increase has fallen thus significantly have relatively high birth rates.

A further increase in the percentage of urban population is recorded, and only 20 per cent. is now rural, against 28 per cent. in 1891, 21.9 in 1911 and 20.7 in 1921. The recent increases in urbanisation, unlike those of the nineteenth century, which were largely due to the rural exodus to the towns, represent little more than the natural increase of the urban areas themselves. The line, however, between urban and rural population is becoming blurred, owing in part to the tendency of new industries to establish themselves in the country, and in part to the overflow of town population outside the administrative boundaries.

Further light is thrown on the distribution of the urban population by the table below:—

DISTRIBUTION OF TOWN POPULATION ACCORDING TO SIZE.

	No. of Districts.	Aggregate Population, 1931.	Aggregate Population of same Areas, 1921.	Mean % Increase or Decrease, 1921-31.
Over 1,000,000	2*	5,399,234	5,406,690	-0.1
500,000 and under 1,000,000	3	2,153,614	2,052,516	+4.0
250,000 "	8	2,513,765	2,527,965	+3.4
150,000 "	13	2,589,947	2,474,366	+4.7
100,000 "	25	3,150,124	2,964,504	+6.3
75,000 "	21	1,832,186	1,666,908	+9.9
50,000 "	41	2,522,728	2,343,710	+7.6
40,000 "	34	1,497,841	1,370,116	+9.3
30,000 "	54	1,834,999	1,741,050	+5.4
20,000 "	95	2,324,032	2,120,936	+9.6
10,000 "	90	1,566,492	1,434,572	+9.2
5,000 "	143	1,760,908	1,685,049	+4.5
4,000 "	232	1,655,065	1,604,602	+3.3
3,000 "	89	395,095	381,279	+3.6
2,000 "	92	320,001	320,008	-0.0
Under 2,000 "	93	233,325	239,614	-2.6
	85	115,810	119,044	-2.7
	1,120*	31,946,166	30,463,029	+4.9

* Administrative County of London here reckoned as one district.

From this it appears that one quarter of the population is contained in the thirteen largest towns, with populations exceeding a quarter of a million, and one half of the population in towns exceeding 50,000. It also shows that much larger rates of increase were recorded in towns of populations ranging from 15,000 to 100,000 than either above or below these limits. It is possible that this distribution, which follows a trend that had already appeared in previous censuses, reflects the determination with which small boroughs on the outskirts of large towns resist administrative absorption long after they have been economically merged into the larger units.

RUSSIA'S COSTS PROBLEM.

[The vital importance of reduced costs of production as a factor in the realisation of the Five-Year Plan has constantly been emphasised by the Soviet leaders. M. Stalin, in a recent speech to Soviet economists, is reported to have advocated, inter alia, the development of the principle of differential wages for skilled and unskilled workers, the creation of a new "productive technical intelligentsia," and the greater concentration of industrial authority in the hands of individual directors as necessary steps in the rationalisation of production. In the following article a correspondent deals with this problem of "cost reduction" from the financial standpoint.]

During the past two and a half years the Five-Year Plan programme has been carried out on the whole, though in the production of foodstuffs and of commodities for immediate consumption—two branches of production which have not been achieved. A particularly troublesome aspect, however, of the economic system of the Soviet Union is represented to-day by the problem of the costs of production, and especially the failure to carry out the planned lowering of these costs. The result has been discrepancies and difficulties in finance and in the circulation of money. The quantity of currency in circulation

has swollen enormously. According to the Five-Year Plan (i.e., for the years 1927/28 to 1932/33 inclusive) 1,250 million roubles were to have been issued. In fact, however, the quantity of currency in circulation increased last year alone from 2,642 million roubles to 4,264 million roubles, an increase of 1,622 million roubles, or in one year an amount over 25 per cent. greater than the estimated emission for five years.

The causes of the enormous emission of currency and its results are, in fact, little different from a typical budgetary inflation. Such a large emission was necessary because the State industries worked too expensively and failed to reduce their productive costs. A further cause was the fact that State and co-operative trading was not conducted according to the established plan for commodity distribution according to sorts and districts. The result of this was that very considerable quantities of commodities began to pile up in the warehouses, and that, despite the commodity shortage, it was impossible to dispose of these supplies, or at least, their disposal proceeded far too slowly. Further, the general policy governing capital investment in the building industry and in the industries creating the means of production considerably aggravated the crisis. The expenditure on wages, etc., increased without these sums returning to the State treasury.

In the special quarter October-December, 1930, an attempt was made to solve the difficulties from the monetary side, and a clearly defined policy of deflation was followed. During these three months the finance authorities actually succeeded in preventing all further emissions, but only by adopting draconic measures—the postponement of wage payments even in the factories; extreme efforts in the collection of subscriptions to State loans; and other drastic measures. The management of the State undertakings in trade and industry, however, remained wasteful, "bureaucratic" and extravagant. The credit reform of the beginning of 1930 granted all undertakings their credits from the State Bank according to the Plan irrespective of whether they fulfilled their productive programme. At the cost of excessive emissions and currency this reform caused a reduction of pressure on the industrial finances, but this relief was not of a healthy nature.

In the meantime the authorities realised that a radical shaking up of the State industries is necessary unless currency and finance difficulties are to cause the hindering of productive development. The results of production and the state of building operations in industry in the first quarter of 1931 openly revealed the crisis which had developed in the planning activities. Total industrial production during these three months reached only 75.3 per cent. of the Plan figures, while production in the most important branches of the heavy and engineering industries, including the industries supplying the means of production, reached only 65 per cent. to 70 per cent. of the Plan programme. At the same time the costs of production in many cases did not fall, but rose. Instead of forming a reserve fund as provided for by the "Uniform Finance Plan," totalling 500 million roubles for the quarter, the authorities were compelled to resume the emission of currency, which had been temporarily interrupted, to the extent of 150 million roubles.

However, during the last few months, and particularly during the last few weeks, efforts are being made to restore financial discipline in the State undertakings. In January of this year and on March 20th last supplementary provisions to last year's credit reform were issued. The credit reform, declared these supplementary provisions, had been misunderstood and wrongly applied. The present provisions reorganise the credit system into what is practically a new form of normal business accountancy. Credit is now granted only for definite contracted business operations in accordance with the carrying out of the Plan. Everything in the new provisions is based on the revived "Hosrastehot" (business accountancy) of the NEP and on the principle of "controlling the State undertakings with the rouble." By April 25th undertakings and industrial organisations had to conclude agreements between each other and thus

calculate exactly their further programme of production. The State Bank may grant credits and finance new operations only on this basis.

Nevertheless, the old bureaucratic methods of working have secured such a footing that the new policy is meeting with considerable passive resistance in industrial circles. In connection with the introduction of the new methods it was found that in certain undertakings planning existed only on paper and not in practice, and that in most cases the costs of production were not previously estimated at all. The fear of taking responsibility had also played a great rôle; managers and engineers had been apprehensive of unpleasantness in connection with wrongly calculated contracts, or feared even that they might be charged with "sabotage." Now, however, energetic measures are being taken in order to carry out the principle of business accountancy and secure a reduction of productive costs. The State Bank has been given the right to order a compulsory disposal of commodities in those undertakings, including State undertakings, which do not comply with the new provisions. In some cases this has already been done. Special courts of arbitration have been established for the settlement of all differences in the carrying out of contracts. Everything is to be subordinated to "finance discipline"; all branches of production down to the individual worker are to be "controlled with the rouble." The voices of those who protested a little while ago against business accountancy and against financial control, as they protested during the period of War Communism, have now become silent. The success of this policy will undoubtedly form one of the most important conditions for the carrying out of the Five-Year Plan without experiencing a crisis.

Notes of the Week.

A Week of Crisis Continued.—In a leading article we have reviewed the situation of Germany and Central Europe as matters stood three weeks after the first announcement of President Hoover's moratorium plan. The history of the past eventful week merits recounting in greater detail. Thanks to the rediscount credit of \$100 millions provided by the central banks of England, France and the United States, in conjunction with the B.I.S., the Reichsbank published, a week ago, a return, dated June 30th, showing a 40.1 per cent. cover in gold and foreign exchange for its notes, notwithstanding an increase of Rm. 616 millions in the circulation. But even at that date three-fourths of the rediscount credit appeared to have been drawn upon; and hopes which had been entertained, that after the end of the half-year the pressure on the Reichsbank for foreign exchange might be delayed, were unhappily not fulfilled. The demand for foreign currency continued; the meeting of the General Advisory Committee of the Reichsbank, called on Sunday last, was interpreted in Berlin as a reflection of the gravity of the position; and the Bourse repeated on Monday the weakness which it had displayed towards the end of the previous week. On that day foreign exchange withdrawals were reported to have exceeded £2 millions, and it became known that the Reichsbank was about to draw upon the old \$50 millions credit allocated to the Deutsche Golddiskontbank by an American banking consortium headed by the International Acceptance Bank. On Tuesday the Reichsbank was compelled to sell a further £3 millions in foreign currency, notwithstanding the conclusion of the Paris Accord. The difficulties of the North German Wool Combining Company, whose indebtedness to creditors was estimated at £12 millions, were giving rise to damaging rumours as to possible repercussions on at least one of the D. Banks, and withdrawals of foreign balances from Germany continued at a scarcely diminished rate. On Wednesday, when the Reichsbank's foreign exchange loss was estimated to amount to a further £2 millions, and Paris appeared to be a substantial seller of reichsmarks, a dramatic effort was made in Germany to restore confidence by mobilising a joint guarantee on the part of German banking and indus-

trial enterprises in favour of the Deutsche Golddiskontbank, and, following a voluntary offer to this effect from the leading German industrialists, an emergency presidential decree was issued providing that all undertakings whose capital exceeds £250,000 should be required jointly to guarantee £25 millions "in the case of a default in the credit operations to be undertaken by the Deutsche Golddiskontbank in the interests of the upholding of Germany's foreign credits." This measure, however, did not avail to arrest the continued weakness of the Berlin Bourse, and on Thursday, not only did security values decline further, but foreign currency withdrawals, despite a fractional recovery in the reichsmark and a better Reichsbank return, again amounted to £3 millions. Though there was reason to believe that Germany's British creditors were ready to follow any well-concerted lead in the matter of short-term credits, the attitude of creditors in France and the United States was less reassuring; and in these circumstances Dr. Luther on Thursday crossed to London, whence he proceeded to Paris. His visit, and the atmosphere of newspaper drama with which his movements and those of Mr. Montagu Norman (who saw Dr. Luther en route, himself, for Basle) were surrounded, gave rise to absurd rumours of an immediate credit of astronomical proportions in Germany's favour. Matters clearly could not be so rapidly settled; but, though the private creditors of Germany hold the ultimate key to the situation, it is reassuring that the heads of the various central banks should at least be in close contact.

The "Anomalies" Bill.—The Unemployment Insurance (No. 3) Bill, designed to deal with certain anomalies disclosed by the Report of the Royal Commission, was given a second reading in the House of Commons on Wednesday by 231 votes to 19. The minority consisted of Mosleyites and Left Wing Labour members, while the main body of the Conservatives and many Liberals abstained from voting. The provisions of the Bill were discussed in an article in our issue of June 27th, and neither Miss Bondfield's introductory speech nor the subsequent debate added much knowledge as to the range of effect which the passage of the Bill will produce. Miss Bondfield gave a "rough and ready" estimate of £5 millions as the likely total of savings, but declared that the principle was more important than the money involved, and the strong wording of a passage in her speech in which she dealt with the case of married women suggested that the Bill was not, as one Conservative member suggested, a "smoke-screen," but that the Minister means business. In fact, Miss Bondfield's speech was far more satisfactory in tone than that which she delivered a fortnight ago. Moreover, she succeeded in making out a strong case, on the grounds of the need for elasticity in dealing with a wide variety of cases, for the machinery of the Advisory Committee. The Conservatives found themselves somewhat divided in view, Major Elliott deeming the Bill "an experiment of a sweeping kind," while Major Stanley could not make up his mind whether it meant little or a great deal. But both, from different angles, were willing to give the Bill its second reading—a policy in which most of their colleagues silently acquiesced. Sir Donald Maclean gave a qualified Liberal blessing, and the only active hostility came from the New Party and the Labour back benches. Sir Oswald Mosley, making his *début* on the opposition side of the House, criticised the Government for putting people out of benefit instead of putting them into jobs; Mr. Buchanan regarded the Bill as a measure to starve the poor in order that the rich might escape heavier taxation; while Mr. Maxton, in moving the rejection of the Bill, seized an obvious opportunity to lecture the Cabinet on the meaning of Socialism. On the whole, we derive from the debate some confidence that Miss Bondfield means to use the powers accorded by the Bill to some purpose in removing "anomalies" in connection with casual and short-time workers, seasonal workers, intermittent workers and married women. If so, some tangible contribution will be made both to the cause of economy and sound finance and also to the cause of public morality.

East Greenland and Gran Chaco.—While the Pope, in an encyclical on which we comment elsewhere, is denouncing "the pagan worship of the State," the mania for territorial sovereignty, which is so widespread to-day, has been illustrated by two minor international disputes over the possession of territory. The two disputed territories in question lie far apart—East Greenland on the Arctic Circle, the Gran Chaco on the Tropic of Capricorn. The one is a rocky ice-bound coast, the other is a swampy plain in the heart of a continent. Yet, differ though they do in latitude, climate, soil and all the other elements of physical geography, the two regions have one feature—and this is a very pertinent feature—in common. They are both almost hopelessly unfit for human habitation. In East Greenland there is no permanent population at all, but only a floating population (in the literal sense) of whalers and fishermen who just manage to stand the rigours of the climate in the least inclement season. In West Greenland there was a settled population of Norsemen for a time in the Middle Ages; but even in West Greenland, which is a paradise compared to East Greenland, the climate was too much for humanity, and the settlers died out; and anyhow, to-day, West Greenland is not in dispute. As for the Gran Chaco, such settlers as exist are outnumbered by the soldiers whom the Paraguayan and Bolivian Governments maintain in this death-trap in order to ensure that the lion's share of the dying shall be done under their respective flags; and, in fact, these poor marooned soldiers are in considerably greater danger from the fevers that haunt these tropical swamps than from one another's rifles and machine-guns and bayonets. All the same, three years ago, there was an outbreak of fighting between the Paraguayan and Bolivian forces in this most undesirable residence; and it needed strenuous concurrent efforts on the part of the Council of the League of Nations and a Pan American Conference on Conciliation and Arbitration to prevent the "incident" from blossoming out into a full-dress war, which might conceivably have involved half South America before it was over. The war was prevented, but it passed the wit of the mediators to settle the territorial dispute. It still drags on, and the other day it was announced that, once again, the Governments at Asuncion and La Paz had broken off diplomatic relations with one another because of it. Almost at the same moment it was announced that five Norwegian skippers had hoisted their country's flag in East Greenland at Myggbukta ("Midge Bight"), and had taken possession of a considerable slice of coast in the name of His Majesty King Haakon VII. Of course there is no danger that Norway, who maintains that this coast is a no-man's-land, will find herself at war with Denmark, who claims it for her own. On occasions which make impetuous Scandinavians look forward gloomily to a lawsuit. All the same, this correctly conducted Dano-Norwegian controversy over the wilderness of East Greenland is disconcerting in its way. For, if our hyper-civilised Scandinavians squabble when a question of sovereignty is raised, what nation in the world can be expected to keep its head?

The Seventeenth Zionist Congress.—The Seventeenth Zionist Congress, which opened at Basle on Tuesday, June 30th, and is still in session, has so far been perhaps the most controversial and unhappy meeting of the kind since the foundation of the Zionist Movement. The recrudescence of the conflict between Jews and Arabs in Palestine two years ago, which created so sharp a division of opinion—cutting across all ordinary party allegiances—in this country on the question of British policy under the Mandate, has naturally produced a still greater upheaval in Jewry. At Basle, last week, these Jewish divergencies of view and clashes of feeling came into public light in the course of the Congress's deliberations. The text for the debate was given by Dr. Weismann's report on the work of the Zionist Executive (which was incorporated, in 1929, into an enlarged Jewish Agency in which the representatives of Zionism were reinforced by

those of the non-Zionist Jews, particularly the community in the United States). Dr. Weismann began by confirming his resignation of the chairmanship—a resignation which was first announced when "the Passfield White Paper" was published last October, and which was not withdrawn when "the MacDonald Letter" was published a few months later. It will be remembered that, whereas His Majesty's Government maintain that "the MacDonald Letter" is merely a clarification of the White Paper of 1930, which is an amplification of the White Paper of 1922, which is an interpretation of the Mandate, which embraces the Balfour Declaration, the Zionist Executive do not agree with this British thesis that all these documents are fully consistent with one another. The Zionist Executive have accepted the 1922 White Paper; they have rejected the 1930 White Paper as being inconsistent with its predecessor and with the Mandate and as making co-operation between themselves and the Mandatory Power impossible; and finally they have accepted Mr. MacDonald's letter as restoring the possibility of co-operation. It was Dr. Weismann's review and defence of the Zionist Executive's policy, *vis-à-vis* the British Government, which raised the storm last week at Basle. Dr. Weismann and his colleagues have indeed had a narrow and difficult path to follow—a path beset by threats and pitfalls on either flank. Having pinned their faith to a certain British interpretation of the British Mandate, they have had to be on guard lest this interpretation should be whittled away by its makers, and at the same time they have had to face an out-and-out hostility to the Mandate from two extremes: from the Arabs, who reject it because it involves a Jewish National Home in Palestine; and from the Zionist Revisionists, who reject it with almost equal hostility because it precludes the establishment in Palestine of a Jewish State. The ominous feature of the present Congress at Basle has been the strength of the Revisionists' attack on the official Zionist policy. This attack was opened on Thursday, July 2nd, by a fighting speech from the Revisionist leader, Mr. Jabotinsky; and a reply from a moderate spokesman, who likened the Zionist Revisionists to the German Hitlerites, produced an uproar which ended in a physical combat and in the suspension of the sitting. In the eyes of the Zionist Revisionists, "the MacDonald Letter" is no improvement on "the Passfield White Paper." They agree with His Majesty's Government that the two documents are all of a piece. On the other hand, the Palestine Arab Executive agree with Dr. Weismann in holding that "the Passfield White Paper" was a departure from, and "the MacDonald Letter" a reversion to, the White Paper of 1922, though their respective judgments on the three papers are naturally the exact inverse of Dr. Weismann's. Here is a pretty kettle of fish! Without undue harshness, a cold critic might lay some of the blame at the British Government's door. He might say, with some force, that, from 1917 to this day, Great Britain, in respect of Palestine, has pursued a policy of sheer opportunism which has first sown dissension between the Jews and the Arabs and has now set the Jews themselves by the ears. But it must be remembered that successive British Governments, no less than Dr. Weismann, have found their feet placed upon an exceedingly narrow and difficult path.

The Wheat Outlook.—At this time of the year the wheat markets are largely under the influence of crop reports from the principal growing areas. The season is, however, already far enough advanced to permit a tentative survey of the situation. According to Mr. G. Broomhall, the world's visible supply of wheat, including flour in terms of wheat, amounted to 490 million bushels at the beginning of June, 1931, as compared with 412 million bushels on the corresponding date in 1930 and 470 million bushels in 1929. Of the increase of 78 million bushels on last year, the United States alone accounts for over 64 million bushels. The low level of exports from that country reflects mainly the intervention of the Federal Farm Board through its subsidiary, the Grain Stabilisation Corporation, which, until June last,

kept prices about 25 per cent. above world parity. In addition to the large visible supply in the United States, the Farm Board is believed to hold well over 200 million bushels. Fears that the Board might try to market its holdings over a short period have been allayed by an announcement by the Federal Farm Board a week ago that it would limit its wheat sales to 5 million bushels a month for one year commencing on July 1st. The new crop in the United States has been estimated by Messrs. G. E. Bennet and Company at 880 million bushels, which shows an increase of roughly 30 million bushels on that of the last season. The Canadian crop, which amounted to 398 million bushels last year, has been damaged by continuous drought, and this year's yield has been estimated at about 200 million bushels only. In Argentina and Australia the acreage sown this year has been considerably reduced. The actual reduction has been estimated at about 15 per cent. in the former and at roughly 25 per cent. in the latter country. The supply of the cereal from Canada, Argentina and Australia will therefore probably be smaller than last year, but this is partly counterbalanced by the increased quantity available in the United States. A survey would, however, be incomplete without taking into consideration the situation in Russia and in the principal importing countries. The probable yield of the Russian crop is still unknown, and it will depend largely on weather conditions during the next two months. It appears, however, that crop conditions are still satisfactory, and the fact that considerable tonnage has already been chartered suggests that Russian authorities expect a large yield. Weather conditions in the principal European importing countries have recently been very favourable and the crops of Italy, France and Germany are expected to be considerably above those of last year, which will partly offset the smaller crops in Canada and in the Southern Hemisphere. Although it is as yet impossible to estimate accurately the probable world supply and demand during the new season, the outlook appears to be a little more encouraging provided that the Federal Farm Board adheres to its policy of limiting sales. Since the beginning of the year prices have been maintained at about 60 cents per bushel (No. 1 Manitoba, Winnipeg), but in the light of the international wheat situation a marked advance seems improbable in the near future.

Commodity Price Developments.—Movements adverse to holders of securities in the stock markets this week have been paralleled by a substantial setback in the prices of many of the leading commodities. In the following table we show a range of typical prices at the end of May, on the eve of the first announcement of the Hoover Plan, and at the end of the three following weeks:—

Date.	Wheat	Cotton	Tin	Copper	Rubber
	Liverpool futures "July" per 100 lbs.	American Midling "July" per lb.	"Standard Cash" per ton	"Standard Cash" per ton	"Smoked sheet" per lb.
May 29th.....	s. d. 4 3½	* d. 4-67	£ s. d. 100 13 9	£ s. d. 36 3 1½	d. 3½
June 19th.....	4 0½	4-62	104 11 3	33 10 7½	3
" 25th.....	4 2½	5-33	111 8 9	39 0 0	3½
July 3rd.....	4 0½	5-43	117 3 9	37 0 0	3½
" 9th.....	4 0½	5-03	113 1 3	34 0 7½	3½

It will be seen that wheat is now lower than when President Hoover issued his original proposal, and that the other commodities listed, although still higher than the level of June 19th, have lost a substantial part of their initial rise.

The Economic Situation in Germany.—The story told by the report of the *Institut für Konjunkturforschung*, discussed in the *Economist* a fortnight ago, and covering the situation in Germany up to the end of the first quarter, has now been brought more nearly up to date by a report on German economic conditions during the past half-year, just published by the Reichskredit-Gesellschaft. As the statistics and indices contained in this report are in many cases not on the same basis as those in the *Institut's* report they cannot be used to continue the series we published, but many of them are on sufficiently similar lines to show

how the trend has continued in the second quarter. Up to the middle of June, the downward trend of the unemployment figure was still continuing, and as this was by no means all due to improvement in the seasonal industries, it was regarded as betokening a slowing down in the progress of the depression. The index of production in May showed an increase which was not wholly due to seasonal influences; but as there is a time lag between the withdrawal of foreign capital and the appearance of its effect on industry, this improvement is not likely to be maintained. Railway goods traffic, which was falling in the new year, showed a sharp seasonal increase in March and a small decline in April. Foreign trade declined further in May; but as the fall in imports exceeded that in exports, the active balance was greater. Wholesale prices fell in May and again in June, but there was a fractional rise in the cost of living in May. The value of postal cheques used in April showed a more than seasonal increase. The events of the last few weeks have brought such rapid changes in the money market and stock exchange as to render otiose any reference to that section of the report; nor does space allow of any discussion of the very interesting collection of international statistics which the report includes. So far as the indices which reflect German trade and industry during the first five months of the year are concerned, the impression they leave is that before the present financial crisis the industrial situation was already very serious, but that the decline was apparently slackening.

New Government in Bulgaria.—Our Sofia correspondent writes:—Although a large increase of Agrarian, Democrat and Labour (Communist) votes was generally anticipated, M. Liapcheff's heavy defeat at the elections on June 21st was a surprise to everybody. The final returns were:—Government coalition (Sgovor and Right Wing Liberals) 78, M. Malinoff's coalition (Democrats, Agrarians, Left Wing Liberals and Radicals) 152, Labour (Communists) 31, other parties 13. A new Cabinet was formed on June 29th, with M. Malinoff as Prime Minister. Foreign Affairs, Finances and Home Office are entrusted to Democrats; Agriculture and Public Works to Agrarians; Justice and Trade and Industry to Liberals; Railways to a Radical; the War Office to a neutral Army officer. It is generally believed that the psychological effect of the change will be to allay, to a considerable extent, the bitterness and uneasy feeling the late Government had to face, especially in recent months, almost everywhere in the country. As to the actual measures to be undertaken and carried out by M. Malinoff and his friends for strengthening the position of the Treasury and bringing about even partial remedies to the economic difficulties, the task will no doubt be very arduous, requiring much determination, steadiness of purpose and, before anything else, an unrestrained support by a large majority in Parliament. There are apprehensions in some quarters lest the Agrarians, relying on their unexpected victory, might attempt to get rid of their allies and, after monopolising power to themselves, indulge in a policy of retaliation and extremist experiments. If examined impartially, the situation does not appear to give serious grounds for fears of this kind, at least not at this stage. The combined votes of the so-called moderate parties in Parliament will easily defeat any such attempt, even if the 82 Agrarians are to work in close touch with the 31 Communists. If the lesson is to bring any fruit to the parties of the Right, and if the moral advantages of the change are properly utilised in a spirit of willingness to co-operate and to sacrifice petty interests, the new Government may prove a reasonably good solution of Bulgaria's political troubles both at home and abroad.

American Cotton Crop.—On Wednesday last the Agricultural Department of the United States Government published an estimate of the area planted for cotton for the season 1931-32, the amount given being 41,491,000 acres. As the acreage for the previous season was 46,078,000 acres, the forecast represents a decline of 10 per cent. The statement, writes our Manchester correspondent, was about equal to expectations; but prices in

New York and Liverpool gave way slightly when the figures became known. The probable yield is very uncertain and will depend upon the weather in the belt during the next couple of months. It is anticipated that the production per acre will be adversely affected by the reduced sales of fertilisers, as it is understood that these have been nearly 30 per cent. less than a year ago. On the whole there does not seem to be much likelihood of higher values just at present, and future prices are dependent upon an increased consumption. It is too early at the moment for any reliable forecast of the growth to be published, but as things stand at present there is an indication of a crop of about 12,500,000 bales. As the carry-over at the end of this season will be about 9,000,000 bales, plentiful supplies of raw material for cotton spinners seem to be assured.

Cotton Trade Production Costs.—It is understood, writes our Manchester correspondent, that the Federation of Master Cotton Spinners' Association has recently had under consideration the question of production costs in the cotton industry. The District Associations have been asked to discuss the matter and make suggestions as to how overhead charges can be reduced. On Tuesday last there was a special meeting of the General Committee of the Masters' Federation in Manchester, when the replies were considered. It is reported that arising out of this question there was a discussion of hours and wages, and it was asserted by several employers that there was little probability of any material reduction in production costs without changes in hours and wages. Some difference of opinion was expressed with regard to future action, and it was decided to refer the matter to the Executive Committee. If the Federation ultimately decides to press a claim of this kind, it is probable that the support of other sections of the industry will be sought. It has recently been pointed out that with regard to the weaving branch in pre-war years the labour cost per loom per week or standard cloths was 6s. to 6s. 6d., and the sheds there worked 55½ hours per week. The cost to-day, however, is from 10s. to 10s. 6d. per loom per week, and the hours have been reduced to 48 per week. It is also contended that, in relation to the cost of living, list rates of wages are decidedly high, although it is admitted that the operatives during the last few years have suffered considerably as a result of the large amount of unemployment and short-time working. Should it be decided by the employers to make an application for a reduction in wages and an increase in working hours, it is doubtful whether there will be complete unity, and it may be taken for granted that a demand of this kind will be very thoroughly resisted by the trade unions.

Ready-Made Clothing.—Our Bradford correspondent writes:—Since the war mass production and distribution of clothing has grown rapidly. The necessity for more than one retail establishment seems to have been grasped even by the smallest of the firms now engaged in this business. Nearly every town tailor who is attempting to obtain middle and lower class custom operates a minimum of three or four shops and the big retail clothiers count their shops by the dozen and the score. During the last three years several middle-class men's shops, which previously undertook bespoke tailoring only, have opened various lines of ready-made suits and advertised them widely. A large proportion of the goods sold as made-to-measure are ready-made stock sizes, altered slightly at the factory to suit the individual purchaser. The system has spread even to remote country market towns, where small outfitters take measurements and send these to the clothing factory in Leeds or Manchester; the nearest stock size is altered as required and the farm hand receives his "made-to-measure" suit a week or two later. Even among the more well-to-do classes there is a growing demand for the ready-made, or partly ready-made, suit, as opposed to the purely made-to-measure article. Undoubtedly a very influential factor in bringing this about has been the knowledge that while cloths during the last six months

have been available at from 5 to 20 per cent. more than in pre-war days, suits are costing 80 per cent. more. The tailor's charges amount to 52s. 3d. for a suit which he would have made for 21s. 10½d. before the war, these figures being exclusive of cutting or overheads. The bespoke and semi-bespoke tailors seem unable to reduce their costs, whereas the mill owners of this country, as of France and Germany, have secured reductions of wages during the last three years at the cost of bitter strikes. True, conditions are not quite the same for the tailors as for the mills. Their trade, while it has its seasons, is more level than that of the mills. They cannot make many finished garments to stock, while a mill can produce both yarn and cloth to stock, with less risk of its going out of fashion or depreciating. There are, moreover, too many tailors for the trade available. They are not strongly united so as to be able to force acceptance of lower wages by a lockout if necessary. The result, therefore, is that the character of men's tailoring and to a great extent of women's also is altering, the tendency being definitely away from made-to-measure to the multiple shop.

Shipping Freight Index Number.—The market for whole-cargo tonnage was characterised by extreme weakness in June, following the relative stability of recent months; and our index number of freights, at 90.9, shows a decline, as compared with May, of 4.5 per cent. The latest figure, however, is still 3.2 per cent. above the level of a year ago. The following table summarises recent movements of the various group indices:—

AVERAGE 1898-1913=100.					
	Average, 1913.	June, 1930.	Apr., 1931.	May, 1931.	June, 1931.
European Waters	110.0	91.3	86.0	85.0	82.4
North America	113.1	85.2	95.0	96.6	89.6
South America	125.4	90.7	94.4	94.7	89.8
India	106.3	95.7	94.0	94.8	91.8
Far East and Pacific	117.4	74.6	91.4	96.0	93.0
Australia	127.9	90.8	103.3	104.1	98.8
Total	116.3	88.1	94.0	95.2	90.9

Outward coal freights generally continued to decline, and the volume of chartering for grain underwent a sharp contraction, as a result partly of nervousness regarding the Central European outlook and partly of uncertainty in respect to the quantity likely to be shipped this year from Russia. The North American grain rates are particularly depressed, and the Plate market also fell away. The announcement of the Hoover Plan did little to improve quotations. Individual changes recorded by the various sections of the index number are given below:—

AVERAGE 1898-1913=100.					
	Index Number	Inc. or Dec. Points.		Index Number	Inc. or Dec. Points.
Home Trade	71.8	- 3.0	South America—outwards	71.5	- 1.5
Bay—outwards	95.4	- 1.8	South America—homewards	108.1	- 8.3
Bay—homewards	82.3	...	India—outwards	90.9	- 1.0
Mediterranean—outwards	92.1	- 5.1	India—homewards	92.7	- 5.0
Mediterranean—homewards	81.1	- 2.6	Far East, &c.	93.0	- 3.0
North America	89.6	- 7.0	Australia	98.8	- 5.3

Expressed as a percentage of the average for 1913, the total figure of our index number for June works out at 78.1, compared with 81.8 in May and 75.7 a year ago.

Co-operative Trade Returns.—A correspondent writes:—Although the directors of the Co-operative Wholesale Society regard the lower prices for the various main commodities as the chief cause of the decrease of 11½ per cent. in the sales for the quarter which ended on April 11th, the continued depression in the industrial areas is also a contributory factor. The turnover for the thirteen weeks was £19,203,227, a decrease of £2,507,463, half of which occurred in the distributive departments associated with Lancashire and Yorkshire. From the C.W.S. works the supplies dropped by £1,262,524 to £5,892,262—a decrease of 17½ per cent. The society's

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS).

OVER 400 BRANCHES IN

THE UNION OF SOUTH AFRICA
NORTHERN & SOUTHERN RHODESIA
KENYA · TANGANYIKA · UGANDA · NYASALAND
PORTUGUESE EAST AFRICA · SOUTH WEST AFRICA
BRITISH WEST AFRICA · BRITISH WEST INDIES
BRITISH GUIANA · EGYPT · SUDAN · PALESTINE
MALTA · GIBRALTAR · MAURITIUS

LIVERPOOL MANCHESTER NEW YORK Agency HAMBURG

FACILITIES FOR THE IMPORT OF PRODUCE ARRANGED.

HEAD OFFICE:
54, LOMBARD STREET, LONDON, E.C.3.

eight flour mills had an output of £1,543,597, a decrease of over 30 per cent., but there was an increase of 1 per cent. in the flour milled and of 10 per cent. in the offals, etc.—confirming the view of the directors as to the lower value and higher volume of some of the commodities with which they deal. While the home market has dropped there was a welcome advance in the export business, which rose by £37,148 to £350,621—all with co-operative organisations in other countries. The general depression is reflected in the return of the banking department, the deposits and withdrawals being £178,046,661, compared with £190,551,249 in the corresponding period of last year. No fewer than 8,762 branches of trade unions bank with the C.W.S. and these figures reflect the condition of their finances as well as the resources of the distributive co-operative societies. There are now 21,088 employees in the C.W.S. pensions and death benefits scheme, the amount standing to their credit being £582,010, while £1,787,587 has been credited to the 25,035 members of the society's employees' thrift fund. Land and buildings to the amount of £16,000 are being purchased at Manchester and a five acres sports ground is being provided in connection with the Huthwaite hosiery works. At the delegates' meetings to be held on July 18th and 25th annual donations totalling 3,355 guineas will be recommended by the directors and contributions of £1,000 to the Co-operative Party, £300 to the International Co-operative Alliance and 400 guineas to various co-operative convalescent funds.

Greek Finance.—Our Athens correspondent writes (on June 25th):—General satisfaction was felt here at the news of the war debts moratorium proposed by President Hoover. The news had a favourable reaction on the Stock Exchange. The effect, on the other hand, on the budgetary situation of the condition that reparation payments shall also be remitted, cannot be known before it is made clear whether German reparation instalments alone are meant, or reparation payments by all the ex-enemy countries. Though the attitude of the authorities is not yet officially known, it is intimated that Greece shall accept the proposal, provided the moratorium shall be extended also to certain financial obligations of the Greek State which are the legacy of the war. Otherwise, it is stated, the public Treasury would sustain a loss of 200 million drachmas, and the equilibrium of the Budget would be disturbed; an eventuality which is contrary to the aim of the American President's purpose of facilitating the financial recovery of Europe. A Bill has been laid before Parliament ratifying an agreement between the Government and the Bank of Greece concerning the commercialisation of a part or of the whole of the State debt in drachmas to the bank. The Bank of Greece is authorised to ask for Treasury bills, not bearing interest, of 3, 6, 9 and/or 12 months' date, to be issued and handed over to it, against this

debt. The bills shall be payable to order or to the bearer, shall be of a minimum amount of Drs. 50,000 each, and shall be renewable. By placing these bills abroad, the bank shall have the faculty of raising funds whenever required, chiefly through the Bank for International Settlements, and increasing its reserve in foreign exchange. The balance of the debt in question amounted on June 15th to Drs. 3,289 millions. Another Bill provides for the gradual sale by the Government of bonds of the unissued portion of the 5 per cent. 1914 loan of Frs. 500,000,000. This portion is represented by 329,852 bonds of 500 gold francs each, making a total nominal value of gold Frs. 164,926,000, or £6,500,000 in round figures. These bonds are listed also on the London Stock Exchange, and their present quotation is 80 per cent. of the nominal value. Though no limit is placed on the amount which may be thus sold, the larger part of these bonds is at present pledged as security for advances obtained by the Government against the Productive Works Loan. Some 75,000 bonds only remain free, representing, at present prices, a net value of about £1,150,000. The purpose of this measure is to withdraw from circulation an equivalent amount of bonds of internal loans of the 8 per cent. type and thus make a small economy in Government expenditure. So far as these bonds were disposed of abroad, their sale would actually constitute a conversion of internal into external loan, and would also increase temporarily the foreign exchange reserve of the issuing bank.

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

	1928.	1929.	1930.	1931.
	\$	\$	\$	\$
Foreign—				
Government	590,117,000	48,667,000	44,661,000	148,612,200
Corporate	573,973,482	194,148,347	336,510,000	126,150,000
Domestic—				
Municipal	564,438,935	465,792,051	505,099,283	750,728,400
Railroad	511,351,510	353,670,700	793,763,070	318,636,000
Public utility	1,435,790,941	759,340,090	1,348,309,922	1,170,309,100
Industrial	1,202,770,396	1,637,813,291	747,071,164	256,015,700
Others	802,116,638	1,379,279,682	351,707,238	72,855,000
Total	5,680,558,902	4,838,711,161	4,127,121,677	2,843,306,000

Striking features are the reduction in foreign "corporate" borrowing, and the further diminution in issues on account of domestic industrial undertakings.

Conditions in Japan.—Writing on June 11th our Tokyo correspondent says:—As the result of united opposition from officials of all the departments, the Government's scheme for the reduction of salaries was appreciably modified, and the rates of reduction, ranging from 3 per cent. to 20 per cent., were made applicable to annual salaries of over 1,200 yen instead of those over 600 yen. The change is effective as from June 1st. The saving to be made by these cuts amounts to only 6 million yen this year and 8 million yen in a full year, whereas the saving expected in the original plan was 20 million yen. The Government's attempt to reduce the prospective budgetary deficit has thus been largely unsuccessful. Meanwhile, it has become evident that national revenue will dwindle more rapidly than the Finance Minister anticipated. The current year's deficit, as far as can now be estimated, will amount to some 80 million yen. This year's income-tax returns have just revealed that the yield from this tax will fall by 20 million yen short of the original estimates. There also will be a deficiency of 20 millions in *sake* duty, and another 20 millions in Customs and Excise, while the receipts from State monopolies, the Post Office, and other Government enterprises will fall short of the estimated figures by nearly 20 millions. The "axe" committee will be appointed in a few weeks, but, as there are few cupboards left to raid, it must be a very difficult task for the committee to devise any effective programme for dealing with the prospective deficit. Commodity prices underwent a violent recession

last month. The wholesale index number for May of the Bank of Japan registered a drop of 2.5 per cent. on the month, reducing the total to 154.0, as against 157.9 in April. This is the largest monthly change since October last. The fall from January to April was only 1.8 per cent. Thirty-eight articles out of fifty-six participated in the decline. Timber, coal and textile goods recorded the most pronounced fall. The May trade returns are not disappointing, as far as exports in recent months are concerned. In comparison with the corresponding month of last year, exports fell by only 12,963,000 yen, or 11.2 per cent., while imports decreased by 27,686,000 yen, or 17.8 per cent. The percentage change in exports, as compared with May, 1930, is substantially lower than the corresponding percentages in the last few months, and not a few items in leading exports show an improvement upon last year. Exports of raw silk, rayon products, hats and caps, rice, and tea are considerably higher than last year, while cotton manufactures and silk piece-goods are lower. On the import side, however, no improvement has taken place. There is a general decline in all the principal imports, except raw wool and woollen and worsted yarns. The shrinkage is most conspicuous in iron and steel, machinery, and raw cotton. The spring cocoon crops are arriving at the markets. They are quoted at 2.70-2.80 yen per kamme, as against a mean of 4.06 yen a year ago and of 7.56 yen two years ago. The prices are more than disappointing. Agriculture is in a parlous state. The Government has decided to assist in carrying stock by means of low interest credits of 45 million yen, but not much can be expected from the measure, as it has proved ineffective on many previous occasions.

Government Scientists.—Although it is a commonplace that the well-being of modern civilisation depends largely upon science, and although the increasing range of Governmental activities brings the State ever more closely into contact with science in one or other of its manifold aspects, nevertheless, writes a correspondent, most people would probably be astonished by the volume and extent of scientific work actually carried on in the Departments. The principal centre of official scientific work is, of course, the Department of Scientific and Industrial Research (with which is associated the National Physical Laboratory), but extensive and important scientific activities are also carried on by the War Office, the Admiralty and the Air Ministry, as well as by the Meteorological Office, the Government Chemist, and the Geological Survey and Museum. To a considerable extent these branches of scientific work are a post-war development—though even before the war important investigations were carried out, particularly in the fighting services—and the conditions of employment in what has necessarily been a piecemeal growth vary considerably from branch to branch, are far from satisfactory, and have given rise to much criticism. Particular interest, therefore, attaches to the recent Report of the Committee on the Staffs of Government Scientific Establishments (H.M. Stationery Office. Price 9d. net), whose Chairman was Professor H. C. H. Carpenter, and whose members included, amongst others, the Government Chemist, the head of the D.S.I.R., and the Directors of Scientific Research in the Admiralty and the Air Ministry. This Committee found that, though some of the charges levied against the conditions of service in Government Scientific Establishments were not entirely founded, nevertheless, "it is open to question whether the State services are at present attracting a fair proportion of the best recruits. In any case . . . the present supply is neither so large nor so good as it might be if the conditions of employment were made more attractive." Apart from the general terms of remuneration, etc., the Committee found "the inadequacy of the prospects offered by the higher posts a serious obstacle." They truly observe that "it is essential that recruits to the State service should include a due proportion of the young men whose qualities already mark them out as potential leaders of the future. What matters in this respect is the ultimate reward open to exceptional merit." One of the principal difficulties with

which the State service has to meet is the competition of industrial firms in certain fields, and it is highly significant that during the last financial year, out of 35 junior chemists, all with from two to four years' service, no fewer than 21 resigned. The Carpenter Committee made fairly far-reaching recommendations for a regrading of scientific workers and for improving their conditions of employment. It is very much to be hoped that these changes, in so far as they do not impose a serious financial burden, will be carried out at the earliest moment possible. Difficult as are our present circumstances, it would be the height of shortsighted folly to continue a policy towards scientific workers which would starve the community of their best efforts.

Overseas Correspondence.

UNITED STATES.

(FROM OUR CORRESPONDENT.)

Debt Question — Budget — Foreign Loans — Treasury Operations — Money Market — Trade.

New York, June 29.

FINANCIAL markets have lost some of the stimulating effects of the Hoover debt plan, but hope of an agreement with France runs high and the plan retains much of its effectiveness as a confidence restorative. It is none the less realised that the immediate economic effects in this country will not be very great, and there is little tendency to blink the prospect of several more months of unsatisfactory trade. Still, sentiment throughout the country is on a definitely higher level, and retail trade here and there has already begun to feel mild effects of it.

No great difficulty is expected in securing approval by Congress of the debt suspension proposals, since among the more influential leaders of both parties there is a willingness to treat it as a non-political measure. Sharp disagreement in Congress may, however, arise over other measures which are likely to be washed up by the debt suspension wave. Already the Middle West and South are clamouring for the re-entry of the Farm Board into the commodity markets, and President Hoover has given the hint to the Board members, by asking them to state their policy. The Board has used up nearly all its original appropriation of \$500,000,000, and it could not give much market support without further Congressional sanction. It can at least stop selling, either in this or foreign markets, and that it will probably do at once.

Another proposal which is bound to come up in the next Congress and which will be difficult to sidetrack is the demand of ex-Service men's organisations for remission of interest on loans under the adjusted Compensation Act. That would, of course, make the loans of the past year, totalling around \$1,000,000,000, outright gifts and also would ensure a fresh rush to borrow. The greatest obstacle to further Congressional appropriations for soldiers' bonuses, Farm Board wheat and cotton purchases, and other money-spending schemes will be the prospect of a deficit for the fiscal year 1932 even larger than that for the year ending with this month.

A very small amount of the soldiers' loans counted in this year's expenditure, since the Veterans' Bureau, which paid out the money, had a Treasury book account to its credit of about \$850,000,000. The Treasury deficit for the current fiscal year will be made good by bond issues and it is fairly certain that borrowing will be resorted to in the coming year rather than increases in the income tax rates. It is improbable that in the next ten years the public debt will be reduced so rapidly as it was in the past ten. The rate, which was nearly \$1,000,000,000 a year, was met without much difficulty in prosperous years, but it is considered too high at present.

Most of the talk about credits for South American countries is exaggerated or inaccurate. Contrary to reports, the Federal Government is not contemplating

any action, nor have the Federal Reserve Banks been approached in the matter. They stand ready to aid if help is needed under proper conditions, but financial arrangements will continue to be made through private banks. The banks have for the past year provided numerous credits for South American borrowers. They are able to furnish all the accommodation which it is advisable to supply, but there is no tendency to take matters off a strictly business basis.

An Argentine dollar loan matures on October 1st and there have been some conversations with a view to its refunding. The difficulty is the date for the next elections, which take place after the loan maturity. Bankers here prefer to see a regular constitutional government elected before they float bonds, and if the election date be advanced about two months the issue may be brought out. There has been talk of a possible default by Chile on July 1st, but the banks may provide credits sufficient to carry over this interest date. It is understood here that Argentina has shipped gold to London to meet maturities there on July 1st.

Much satisfaction was felt over the successful sale last week by J. P. Morgan and Company of a loan for \$14,000,000, guaranteed by the Japanese Government, for use of the Taiwan Electric Company, operating in Formosa. The bonds were quickly taken and sold at a premium. The issue itself was not of first-rate importance, but it marked the first foreign financing in this country in a little over a year, save for Canadian borrowing and South American credits. The sale of the bonds had a good effect on the investment market, as indicating that confidence in foreign government obligations was not entirely gone. Japan was, of course, a good subject for the initial offering. Additional foreign issues are not expected in large volume at any early date.

Altogether, new financing last week amounted to \$175,000,000, the highest weekly total since early in April. For several preceding weeks offerings had been small or almost non-existent. Public utility borrowing accounted for the bulk of the offerings. Gilt-edged investment markets have suffered a slight setback, due to bank window dressing for the mid-year reports, expectation of slightly firmer money and the turning of attention to speculative markets. Investment demand will be stimulated this week by dividend and interest disbursements of approximately \$850,000,000 by corporations, banks, Federal and municipal agencies. The Treasury will sell a \$100,000,000 discount bill issue on July 1st, to retire two issues of the same aggregate amount.

Time money for the longer maturities is turning slightly firmer, a seasonal development. Call funds held at 1½ per cent. on the Stock Exchange throughout June, though loans were easily made in the "outside" market at from 1 to 1½ per cent. A firmer tone next week is in prospect. For a longer period any hardness in the money market is believed to be out of the question until a considerable improvement takes place in business. This week the Federal Reserve system appeared as a buyer of Government bonds, adding \$20,000,000 to its portfolio. This was the first week since August of last year that the Reserve has used this arm of its credit-regulating power. Its Government bond holdings have remained stationary at around \$600,000,000, though it has bought bills from time to time and steadily forced down the bill market, finally cutting the discount rate. The new move in the Government bond market is probably not the forerunner of a further cut in the discount rate, but it is designed to maintain cheap money, help gilt-edged bonds and force down interest rates throughout the country, as well as provide assistance to other central banks which wish to cut discount rates or to stop gold exports. Incidentally, of course, support to the bond market will facilitate the heavy Treasury refunding and new borrowing operations of the next few months.

This week's Federal Reserve system statement shows, as part of the increase in credit outstanding of \$47,000,000, advances on gold for foreign account of \$16,000,000. This item covers gold in transit from Germany. At the beginning of this week, in contrast

to the recent heavy releases, the New York bank reported an addition to stock of earmarked gold of \$9,000,000. The net gain in gold for June was in excess of \$150,000,000. Actual shipments included \$26,000,000 from Germany, \$7,000,000 from Canada and \$4,000,000 from China.

Changes in trade conditions have been uninspiring, except for a spurt in commodity prices. Most of the metals have risen along with farm products, but some of the buying has been of a speculative nature. The rapid rise in copper from 7½ to 9 cents a pound in about a week was faster than most of the trade desired, and it is hoped that the market will turn more stable.

Operations of the steel mills have receded further, to around 36 per cent. of capacity, and railroad car loadings have dropped slightly. Railroad earnings for May ran about 34 per cent. under a year ago in net and over 20 per cent. less in gross earnings. The matter of a freight rate increase is now in the hands of the Interstate Commerce Commission. Approval is more than likely, but even with expedition it is scarcely probable that new schedules could take effect before September or October.

FRANCE.

Acceptance of Hoover Offer — French Attitude — Question of Smaller Powers — Prorogation.

(FROM OUR CORRESPONDENT.)

PARIS, July 8.

FRANCE has accepted the Hoover moratorium offer, not only without enthusiasm, but with a dull resignation and gloomy forebodings that Mr Hoover's effort to bring prosperity back to the United States and Europe is foredoomed to prove inadequate. The attitude of M. Pierre Laval, the French Premier, when he read out the terms of the settlement on Monday night was that of a man who has been forced to choose between two almost equally disastrous alternatives, and this attitude has so far been reflected by French opinion as a whole. For the French, Germany and not the United States holds the key to the whole situation. It was to this that M. Laval alluded in his declaration after agreement had been reached: "This decision," he very soberly stated, "involves a heavy sacrifice for our country. If the new accord brings about a rebirth of confidence throughout the world, our *geste* will not have been in vain, and if Germany realises the extent and meaning of our benevolent attitude a new era lies before our two peoples." From the French point of view everything depends upon whether Germany will realise that, if she is prepared effectively to muzzle her Hitlerites and co-operate sincerely with France for the common good, this country is more than prepared to meet her half-way. More than one French newspaper has been quick to see that, with the signing of the Hoover agreement, Germany stands once more at the parting of the ways. M. Briand has invited Dr. Brüning and M. Curtius to come to Paris for a conference on the question of Franco-German relations, and it is evident to the most superficial observer that such a conference is the one imperative necessity of the moment, not only in regard to the Hoover agreement and all that it involves, but to the whole future of Europe. With France and Germany in sincere accord, the question of European disarmament would be capable of solution; without these two nations in agreement, no effective solution is possible.

In the French financial and industrial world scepticism is general as to the adequacy of the Hoover plan to meet the case. The real dominant factor in the German situation, it is argued, is not the inability of the country to find the money to meet Young Plan obligations, but the entire lack of confidence, both of German capitalists in their own country and of all other countries in Germany. The French view may be summarised as follows:—When a similar situation prevailed here, France resolutely sacrificed four-fifths of the nation's accumulated capital and imposed a mass of additional taxation in order to restore

financial stability, leaving everything else to wait for better times. Germany, on the contrary, has relied on foreign aid for the restoration of the mark, and, while carefully limiting the amount of additional taxation necessary, squandered recklessly on enormous and unnecessary public works, artificial expansion of trade and clandestine or other illegal forms of military and naval armament, money that should have been devoted to reparation payments, and all this, it is alleged here, with the deliberate aim of bringing about a situation in face of which a demand for a moratorium might be regarded as justified by the book figures.

The difference between the two policies appears to the French eye to be so enormous that, even now the Franco-American agreement has been signed, the average Frenchman still fails to understand why Mr Hoover's offer in its original form was not indignantly rejected. The only satisfaction felt here in regard to the partial agreement so far reached is that the French Ministers succeeded in securing the incorporation of safeguarding clauses ensuring (at least on paper) the continuity of the Young Plan, and recognising that, when Germany, at the end of next June applies for a Young Plan moratorium (as it is universally agreed here she will do), France shall not be compelled to pay down in a lump the \$440,000,000 representing her share in the guarantee fund to be constituted in such an event.

Mr Hoover's insistence that reparation payments in kind shall also be suspended, simultaneously with cash payments, proved one of the greatest obstacles to agreement and more than once brought the whole negotiations to within an inch of fiasco. Neither French industry nor the French political leaders have ever accepted reparations payment in kind except as a *pis aller*, and both France and Germany welcomed the inclusion in the Hague agreement of the clause stipulating that this form of payment shall come to an end within ten years. So far, payments in kind have to some extent artificially swollen German exports to this country, but a substantial portion of the merchandise at present entering in this form will undoubtedly in any case continue to come in, and certainly that taking the form of coal. The practical difficulty in the way of satisfying Mr Hoover's demands on this point lies in the fact that a large proportion of the 700,000,000 francs of this year's reparation payments in kind is to be utilised in regard to running contracts in connection with the execution of the Tardieu plan for the development of the country's economic plant. This plan, which the French, relying on the apparent inviolability of the Young Plan, assumed they might now carry out in part with the aid of reparation payments in kind, involves extensive port, electrical and other public works, for which large supplies of machinery and other products are required, and deliveries of which have been arranged for several months ahead. Obviously, the problem of overcoming the difficulty is merely one of detail, and its solution will deprive German industry, in some directions, of the curiously privileged position it has enjoyed, as regards British and other exporters, in connection with reparation payments in kind, while it should also benefit French production.

No serious difficulty is expected to arise in connection with the clause providing for some kind of loan arrangement by the central banks for the benefit of the smaller European countries which will suffer directly by the proposed suspension of inter-Governmental payments. The spectre of Mr Snowden and his so-called intransigence at the Hague Conference has already been recalled in regard to any attempt that may be made again to utilise "the British milch cow" at the proposed further international conference in London—both in connection with the question of helping the weaker countries and with that of relieving the French to some extent from their guarantee fund obligation. In responsible quarters here, however, there is every confidence that (as the negotiations with Mr Hoover have shown) even apparently insuperable obstacles can be overcome, given the necessary patience and tact.

The Chambers were prorogued with almost dramatic suddenness shortly after two o'clock on Saturday morning,

and will not meet again, according to present arrangements, until the end of October or the beginning of November. This step was not altogether unexpected, although it had not been anticipated that Ministers would actually prorogue until the end of the current week, in accordance with the unwritten rule to release politicians immediately before the annual July 14th national fête. M. Laval's hand was forced, however. Deputies were clamouring for the House to be kept sitting until at least the conclusion of "Mr Hoover's poker party with France," as *boursiers* have been dubbing the Franco-American negotiations, was over. The temper of the Chamber, nevertheless, was such that to accord such a request threatened to bring about a general upheaval, of which a new Ministerial crisis would almost certainly be a feature, with all likelihood of ratification of any agreement that might be come to by the negotiators rendered impossible. In these circumstances, M. Laval, within a couple of hours after Mr Hoover's telephoned acceptance of the agreement came to shortly before midnight on Saturday on the five principal points at issue, and after a remarkable scene, in which M. Franklin besought him not to do so, suddenly drew from his pocket the already signed Presidential decree proroguing the House and formally read it to the excited Deputies. This has left unsettled the Renten conversion plan, the Government Bill for raising railway passenger fares to wipe out the deficit on the lines, the still more urgent measures necessary to reorganise the Compagnie Générale Transatlantique and several other pressing measures on which it had been hoped decisions would be come to before the holidays. So far as the Hoover moratorium is concerned, probably no great difficulty will result. Mr Hoover may possibly have to call a special session of his Senate to ratify the Franco-American agreement, if this becomes necessary before the normal reassembly of the United States Upper House in November, in which case M. Laval has pledged himself to take a similar course.

GERMANY.

Hoover Agreement — Condition of Reichsbank — Wollkammerei Failure — Government Appeal to Public — Effects of Agreement.

(FROM OUR CORRESPONDENT.)

July 7.

At 10.30 on the night of Monday, July 6, the Government received the news that agreement had been reached in Paris. This announcement had been hourly awaited by the whole country, and the point had been reached at which a further delay might have brought incalculable disaster to Germany. The effects of the credit crisis which began in Vienna had long ceased to be confined, however, to Germany and Central Europe; symptoms were already appearing which gave London and New York some inkling of what they too might suffer if the collapse of Germany was not staved off.

The preceding days had kept those responsible for the negotiations in the utmost state of tension. For the fourth or fifth time within three weeks they were gazing directly into the abyss, but this time proved to be the last. The Reichsbank had survived the end of June with the aid of the rediscount credit of the three foreign central banks and the B.I.S., but the return for the end of June showed that the bank had been obliged to draw upon three-quarters of this credit in order to maintain the 40 per cent. cover, and, contrary to all hopes, the drain of foreign bills did not come to an end with the turn of the month, but continued undiminished.

The most disturbing circumstance in this connection was the fact that the demand for exchange came to an increasing extent, not from foreign credit withdrawals, but from within the country. In various parts of the Reich a tendency to hoard notes, or even foreign means of payment, was steadily spreading. An irresponsible Press propaganda of political origin intensified this lack

of confidence by depicting the situation in most pessimistic terms, and its first result was probably to involve several of the savings banks in difficulties. The effect on the Reichsbank appeared not only in the continuance of the demand for foreign exchange, but especially in the complete absence of the customary return flow of bills after the turn of the month. This return flow had been counted on when the maturity of the 100 million dollar rediscount credit was fixed for July 16th.

As the Reichsbank has been restricting credit for more than a fortnight, this failure of bills to return is not surprising, for as nobody can any longer count upon being able to fall back upon the Reichsbank as a last reserve, banks and industrial firms are endeavouring to procure themselves the greatest possible reserves of cash before they reduce their bill obligations at the Reichsbank. The position of the Reichsbank was in consequence growing daily more precarious. Another rise in the rate of discount would have been pointless, and the bank therefore had to consider whether more severe measures of restriction would not have to be introduced, but the difficulty here was that credit restriction might bring about most serious failures. The analogy with the Stinnes crisis of 1925 was close, but the present situation differed in three essential points: first, in 1925 there were Budget surpluses well over a milliard, whereas public finance at present is in a state of the greatest embarrassment. The latest emergency decree still leaves a deficit in the budgets of states and communes. Any measure of credit restriction must have regard to the possibility that many of the communes may thereby be deprived of their last source of credit, and so rendered unable to continue the payment of relief to the unemployed. Many have already had to cut down their payments, with consequent displays of violence by the Communists. In the second place, the Reichsbank in 1925 was in a strong position, and stood ready to come to the rescue. Without such intervention the peaceful liquidation of the Stinnes crisis would have been impossible. In 1931, on the other hand, the Reichsbank was at the end of its resources and unable to grant further credit. Lastly, in 1925 Germany had no short-term foreign debt worth mentioning; only just over a year had elapsed since the stabilisation of the mark, and foreign confidence in Germany was only just beginning to revive. Now, on the other hand, short-term debt, from a fetter hampering Germany's economic freedom, has become a noose round her neck which is threatening to strangle her.

This question of further credit restriction confronted the Reichsbank at the end of last week. On Friday the situation was rendered more acute by the failure of the largest textile concern, the Norddeutsche Wollkammerei Bremen, and a new wave of uneasiness broke over Germany when a bank in the west was known to be in difficulties. The lack of liquidity of the Norddeutsche Wollkammerei had long been known, but only after a complicated inquiry did the fact emerge that with a share capital of 75 millions and open reserves of 22½ millions the debts amounted to 240 millions, while the assets, including all the offspring companies, amounted at most to 140 millions. That meant a loss of practically 200 millions, or, in addition to the loss of the share capital and reserves, the failure to meet nearly half the credits. How these immense losses arose is not yet clear, but it seems that heavy speculation by the directors is responsible, which, as it was carried on through a Dutch subsidiary with overseas connections, did not come to the knowledge of the supervisory council.

The chief victims of these losses are several German and foreign banks, and the failures therefore constituted a fresh and dangerous source of disquietude. As the Paris negotiations were still going on in the meantime, the Reichsbank had to provide for all contingencies. A meeting of the General Council was called for Sunday evening, and the fact of this meeting, which was, of course, to be kept from the public, was blazoned forth in all the Sunday morning papers and produced the greatest sensation. Contrary to expectation, however, the General Council made no definite decisions, and in particular they refrained from exercising their legal right of empowering the directors of the bank to reduce the 40 per cent

minimum cover for the note circulation. On Monday, therefore, the news from Paris was eagerly awaited. It was known that President Hoover had cut short his week-end and returned to Washington, and during the day the decision was made.

The Government of the Reich celebrated the Paris agreement by a solemn appeal to the public. The exhortation referred to the far-sighted and statesmanlike initiative of President Hoover, to the profound relief and the hope of economic recovery. Above all, it solemnly emphasised once more that "the whole of the relief which the Hoover Plan will bring to Germany will be used without reservation for the consolidation of the public finances. The consequent relief to the money and credit market is bound to benefit the German economy." In order to forestall any political pressure, the Government has already announced that "the raising of any payments made by the Reich in any direction whatsoever during the postponement year is impossible. The Chancellor has given the American Government unequivocal assurances on this point.

The Stock Exchange, which had again relapsed badly during the preceding days, showed a decided recovery on Tuesday under the influence of the news from Paris, but the more urgently needed effect on the foreign exchange market was not forthcoming. Even on Tuesday the Reichsbank had to part with almost 50 million marks. This is having a very depressing effect on economic conditions. The Paris agreement is a first step of immense importance, but rapid and decisive steps must follow if the situation in Germany is to be saved. It will not be easy to make good the delay caused during the last two weeks by the incomprehensible resistance of France.

HUNGARY.

General Elections — Public Finance — Credit and Foreign Loans — Banking Position.

(FROM OUR CORRESPONDENT.)

BUDAPEST, July 6.

THE general elections, which were held on June 28th and 29th, brought an overwhelming victory to the Government. Out of 245 seats more than 160 were secured by the Party of Count Bethlen and 33 by the Christian Economic Party, which is supporting the Government. The Social Democrats obtained 14 seats, the Independent Farmers 10, and the Liberals 9; the rest are distributed between independent members belonging to no party. The strength of the parties in the new House of Deputies is practically the same as it was in the previous Parliament. It is well for the country that Count Bethlen has been returned to power with a safe working majority, because whatever the critics may say of his ten years' administration, the present time is certainly not the moment for new political experiments in Hungary. The economic depression and the financial crisis so conspicuous in Hungary require a stable Government, and Count Bethlen has proved more than once in the past that he can act with courage and foresight. The dissolution of the old Parliament six months before its term expired was fully justified, because the heavy sacrifices which must be asked from the new Parliament would not have been voted from members whose main preoccupation was how to secure re-election.

With the new Parliament, which is summoned for July 20th, Count Bethlen must settle down to business. Urgent financial and economic problems await solution. The Austrian Creditanstalt affair and the German reparation crisis have considerably aggravated the economic crisis, which has manifested itself chiefly in the withdrawals of foreign short-term credits. Hungary, as a borrowing country, was naturally affected by the sudden withdrawal of foreign funds, and the National Bank was compelled to raise its discount rate on June 15th from 5½ per cent. to 7 per cent. Thanks to the wholehearted co-operation between the Bank for International Settlements and the Hungarian National Bank, the most

important central banks have successfully assisted Hungary in the present crisis, and there is every reason to believe that they will give similar assistance in the future if necessary.

The official announcement that a syndicate formed by the most important Hungarian banks will take over £5 millions Treasury bonds, of which the placement of £4 millions is already secured abroad, and the £1 million will be distributed among the banks themselves, has favourably impressed the market, and will go a long way to improve the precarious situation of the Treasury. The bonds will be issued for a period of eighteen months. The proceeds will be used, according to a statement of Dr. Popovics, the President of the National Bank, whose international prestige is the greatest asset of Hungarian credit abroad, to meet the current expenditure of the Treasury.

The most urgent business of Parliament will be to safeguard the equilibrium of the Budget. In common with those of the rest of the world, Hungary's revenue returns are at present not sufficient to meet the current expenditure of the State. Certain taxes which have been reduced since 1924, when the League of Nations reconstruction scheme began to operate, must be increased, and retrenchment in the civil services, the pay of which has twice been increased since 1924, must also be effected. The sooner this painful and unpopular legislation is passed the better, because it is absolutely necessary. The last report of the Finance Minister shows that the total revenue for the first ten months of the financial year amounts to 698.7 million pengő only, as against 755.8 million pengő in the corresponding months of 1929-30. Expenditure amounted in the same period to 780.8 million, as against 802.7 million, so that there is a deficiency of 87.7 million pengő. In view of the receipts of the Treasury in May and June and of the loan operation referred to above, the budgetary deficit will probably be covered and leave a margin to be carried forward to the new financial year, which began on July 1st.

The Hoover Note does not affect to any appreciable extent the finances of Hungary, as reparation payments totalling 9.9 million pengő and relief credit repayments to the United States of 400,000 pengő amount to little more than 1 per cent. of the total expenditure. Nevertheless, the psychological effect of the Hoover Note was very wholesome, and it came at the moment when moral support was most needed.

What Hungary wants is a long-term loan, which was promised at The Hague in January, 1930, but was postponed owing to the unfavourable conditions prevailing on the world markets. In the absence of long-term loans, both the State and private enterprises of Hungary borrowed on short term, and the evil effects of the uncertainty of these credits could only be discontinued by their consolidation into long-term loans. It is hoped here that Hungary will be assisted by the creditor nations to raise a long-term State Loan of £10-15 millions, with which to consolidate the £3,200,000 Treasury bills due in November, 1931, and the £5,000,000 Treasury bonds which will be issued now, together with some other minor debts. It should be remembered that Hungary has not issued any long-term loan since the League of Nations Reconstruction Loan, raised in 1924, amounting to £10,000,000 (250 million gold kronen). On the other hand, the Treasury has been able to pay off more than 300 million pengő (£11 million) of the National Debt since 1925.

Banking half-yearly balance sheets are expected in the second half of July, and are awaited with great interest. According to the last report of the Commercial Bank of Pest, the total short-term credit commitments of the eleven foremost financial institutions amounted to 353 million pengő (£12,500,000) on December 31, 1930. But since the collapse of the Austrian Creditanstalt a considerable portion of these credits was withdrawn and actually repaid. The withdrawals of foreign short-term loans have mostly affected the Hungarian General Creditbank. This institution, being the banker of a great number of industrial undertakings, had resorted to a considerable extent to acceptance credits. It would be, however, a great mistake to compare the industrial interests

f the Hungarian General Creditbank with those of the Austrian Creditanstalt, because a great many of the Hungarian undertakings are profitable concerns enjoying a protected domestic market. On the other hand, there is little doubt that the credit crisis will contribute in the end to the weeding out of inefficient industries artificially maintained by foreign credits and high tariffs, and inflicting an unnecessary burden on the agricultural population.

FINLAND.

Money Market — Prices — Foreign Trade — Public Finance.

(FROM OUR CORRESPONDENT.)

HELSINGFORS, June 19.

THE money market was quiet throughout the spring. Whereas the demand for credit is usually large at this time of year, the general depression has this year caused the credits granted by the banks to fall off month by month. The credits of the joint-stock banks were reduced between March and May from 9,248 to 9,120 million marks. It is true that their deposits also fell from 7,806 to 7,778 million marks, but the position of the joint-stock banks was somewhat easier, a fact that is also indicated by the smaller amount of bills re-discounted at the Bank of Finland.

The total credits of the Bank of Finland also decreased during January-April, but grew again in May by 42 million marks to 798 millions at the end of May, compared with 903 millions last year and 1,515 millions two years ago. The bank's balances with its foreign correspondents changed little, but the tendency is downward, and this term has dropped gradually from 813 million marks at the end of last year to 676 millions on June 15th. The note circulation is also reduced, as is usual in times of depression, and amounted to 1,257 millions at the end of May, compared with 1,392 millions in May, 1930, and 1,576 millions on the same date in 1928, when the boom reached its height. The note reserve has likewise tended slightly downwards. In May it sank by 52.4 million marks, only to rise again by 1.8 millions to 677.1 millions on June 15th. The ordinary cover for the note issue thus constituted 82.2 per cent. of all liabilities payable on demand on the last day of May in comparison with 80.3 per cent. in 1930, but only 51.6 per cent. in 1929, when the financial crisis was at its worst.

Although the money market has, consequently, not grown easier, rates of interest have displayed a downward tendency. It deserves special mention that all the private financial institutions have concluded an agreement to lower their rates on deposits to 5½ per cent.-6 per cent. on actual deposits and 8½ per cent.-4 per cent. on current accounts. At the same time, rates on credits will also drop. The Post Office Savings Bank has also decided to lower its rate from 6 per cent. to 5½ per cent. from July 1st.

Prices are still falling. The wholesale price index dropped one point in May to 84, and was 18.4 per cent. lower than in the summer of 1928. It is significant that the cost-of-living index, which is based on retail prices, has also fallen 14.1 per cent. since May, 1928. The drop in May this year was 18 points to 1,087.

Foreign trade bears distinct traces of the depression. For January-May the total trade amounted to no more than 2,555 million marks, as against 3,560 millions for the same months in 1930 and 4,271 millions in 1929. The reduction is due, to a considerable extent, to the fall in prices, but the quantities of goods have also decreased appreciably, especially in the case of imports. An important change should also be noted in that, while the balance of trade for these months in 1929 and 1930 showed a considerable surplus of imports of 1,164 and 265 million marks respectively, the value of exports this year has so far proved 29 millions larger than the value of imports. The unusually favourable balance of trade is due, to a great extent, to the exceptionally heavy imports at the end of last year occasioned by higher rates of duty.

It was only in May that imports of sugar, coffee, wheat, rye and tobacco again began to approach the normal quantities.

The Government accounts for 1930 have now been completed. According to these the total revenue amounted to 4,398 million marks, compared with 4,342 millions in 1929. While the increase in revenue was thus very slight, expenditure grew from 4,508 millions in 1929 to 4,739 millions last year. Expenditure consequently exceeded total revenue by 341 million marks, the deficit being covered by funds saved during better years. As in all previous years, however, the amount of ordinary revenue, 4,275 million marks, considerably exceeded the ordinary expenditure, 3,834 millions. The result for 1930 was appreciably worse than for the preceding years, and this was mainly due to the fact that the yield from most of the important sources of revenue fell short of the estimated sums on account of the general depression. This adverse tendency has continued during the present year, and has forced the Minister of Finance to take special steps to reduce Government expenditure. A special commission has worked out proposals for cutting down the expenditure of the State for 1932 very considerably. It is hoped that, by these measures, the balance of the State finances will be re-established.

CANADA.

Crop Conditions — Business — Foreign Trade — Budget Debate — Hoover Plan — Prices.

(FROM OUR CORRESPONDENT.)

OTTAWA, June 23.

THE latest crop survey published by the Bureau of Statistics under date of June 19th gives a very gloomy account of the situation in the prairie provinces. It declares that a progressive deterioration as the result of drought, high winds and insect plagues has reduced the western wheat crop to a very low level of condition. Ten days ago there were general rains in the prairie country, but while they were heavy enough in the more northerly areas to bring great benefit to the crops, they were insufficient to give any real relief to the drought-stricken areas in the south, where something well below an average crop is the best that can be hoped for now, while the problem of securing feed for livestock is becoming serious. In the more northerly areas of the prairies, however, there is the promise of at least an average crop, and conditions in the eastern provinces have been very favourable for the farmers, with good yields almost assured.

The May exports of Canadian wheat were practically double those of May, 1930, but the export demand slackened off in June, and the heavy American crop of winter wheat keeps prices from rising appreciably. On June 12th the stocks of Canadian wheat in store were placed at 125,744,678 bushels, which was roughly 6 million bushels below the figure recorded on the parallel date of 1930. The Manitoba wheat pool has released its members from their contracts, so they will be able to get full cash price for wheat in the open market, and a demand for a similar concession has developed in Saskatchewan. But there is strong support among the western grain growers for the revival of the Wheat Board system, and this week the three prairie Premiers are coming to Ottawa to confer with the Bennett Ministry on the wheat marketing problem; they will ask for the re-establishment of the Wheat Board, but it is not likely that the Government will accede to their request.

There is no real improvement to record in general business conditions; retail trade in summer seasonal goods has been quickened by the advent of warm weather, but the volume of sales is still below normal, and even price cutting does not avail much when the purchasing power of a large body of the community remains low through unemployment and agricultural depression. The car-loading figure for the week ending June 13th, placed at 52,141 cars, showed a gain of 2,204 cars over the figure for the previous week, but it was 12,501 cars below the figure for the corresponding week of 1930. The building trades are

poorly employed, and the value of building permits issued in May for 61 cities, placed at \$11,868,171, was 13.9 per cent. below the figure for April and 41.6 below the figure for May, 1930. The primary manufacturing industries are also having a difficult time; the Canadian production of pig iron during May was estimated at 50,511 long tons, as compared with 53,792 tons in April and 80,505 tons in May, 1930, and the output of steel at 75,235 tons was 20 per cent. below the April figure and 18 per cent. below the figure for May, 1930. Nor are the secondary manufacturers in any better plight, and most of them are working on short time, with their warehouses full of goods for which there is no profitable market in sight. However, May showed a welcome gain in the exports of newsprint, which were valued at \$10,357,869, as compared with \$8,502,770 in April; but the mills are still working far below capacity, and even this improved May figure for exports was more than three million dollars below the value of the exports for May, 1930. In the mining industry the gold mines are maintaining a good output, but the low price of other minerals continues to have a depressing effect.

The foreign trade returns continue their progressive decline, and exports for May were valued at \$59,833,000, as compared with a value of \$77,261,000 in May, 1930; while imports had shrunk from \$101,549,817 to \$73,457,404. The problem of finding foreign markets for dairy produce is exercising the Ministry of Agriculture, and an extraordinary situation has developed in regard to butter. This spring has witnessed a great increase in butter production; but, although the price has now come to an export basis, the exports are negligible. For the time being the British market has been virtually lost, and exports of butter during the twelve months ending May 31st were only valued at \$429,440, as compared with a value of \$8,770,000 in the parallel period of five years ago. Consequently, on June 1st there were 8½ million pounds of creamery butter in cold storage in the Dominion, which is three and a half million pounds above the average for the past five years, and stocks are still piling up, while the dairymen complain that they cannot make their costs of production. An almost parallel situation prevails in regard to eggs, of which 18½ million dozen were in storage on June 1st.

The debate on the Budget concluded on June 18th with three divisions. First a Progressive sub-amendment, which, among other reforms, urged an immediate abandonment of the gold standard, was voted down by 165 to 15; then a Liberal amendment, which criticised the protectionist features of the Budget and took issue with other provisions, was defeated by 109 to 70; and then the main Budget resolution was carried by 30; all the Opposition groups voted against the Budget, and the Government had its normal majority. The committee stage begins this week, and as the Opposition intend to put up a stiff fight and press for modifications of many of the tariff changes, it may be prolonged.

The move of the Hoover administration in regard to war debts and reparations, if carried out, will cost Canada's Treasury four million dollars, which is her annual share of German reparations, and will promise no direct benefit; but, despite this, it is being generally welcomed through the hope of the indirect benefits which will accrue from the revival of business confidence and international trade. Canada is owed by Roumania \$23,900,000 and by Greece \$6,600,000 on account of loans made after the war to encourage the purchase of Canadian produce; both loans have been funded and yield annual interest totalling together \$1,299,000, and there is some divergence of opinion whether these loans would come under any moratorium which might be arranged. There has been no expression of regret anywhere in Canada at the postponement of the Imperial Economic Conference, as under existing circumstances no intelligent person expected any profitable results from it.

Commodity prices continue to fall, and the wholesale index number of the Bureau of Statistics for May was 73, as compared with 74.5 in April. Fifty-six quotations were higher, 121 were lower, while 325 remained unchanged. The most serious fall was in "animals and their pro-

ducts," for which the index declined from 78.0 to 72.7. Retail prices, whose rate of decline lagged seriously behind the pace of the wholesale fall, are now more than keeping pace with the wholesale decline, and the retail index for May was 90.4, as compared with 91.7 for April. The greatest decline was in the food index, which fell from 80.5 to 77.7.

Letters to the Editor.

LATVIA AND HER MINORITIES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The article "Latvia and Her Minorities" in the *Economist* of June 27th presents very one-sided information about the position of minorities in Latvia. It can never be said that there is a campaign against them. At present there is a tendency against the Polish minority, which, in a section of Latvia near the Polish border, had commenced "to polonize" the local population under the leadership of Polish priests and teachers, many of whom were not even Latvian subjects. A Parliamentary Commission was appointed to investigate the matter, and some of the Poles are to be expelled. The reasons for this are obvious: complete ignorance of the Latvian language at school, teaching children that Latvia is, or soon will be, a Polish province, a continuously hostile attitude towards the authorities, disobedience to the orders of higher educational officials, etc.

A grievance against the German minority was brought about by the authorities of the Riga cathedral, who refused to let the cathedral be used for garrison services, although legally the cathedral is at the disposal of the Latvian Bishop of the Evangelical-Lutheran Church. Regarding the distribution of land to ex-soldiers, the land available was given to every ex-serviceman irrespective of nationality. Only one group of ex-soldiers (local Germans) did not receive land because their behaviour during the War of Independence, 1918-1920, showed too clearly that their ideal of government was different from that now existing.

At present all minorities enjoy full rights as Latvian citizens. They have their own schools, theatres, etc., and no complaint whatever has been heard from such minorities as Russians and Jews. If there is a grievance against minorities, then they themselves are to blame because as yet they have enjoyed very fair treatment. It is only just that, whatever steps the Latvian Government takes, the welfare of the whole country should be considered first, and not the increasing wants of a single minority.—Yours, etc.,

24, Greencroft Gardens, N.W. 6.
July 2, 1931.

[Our contributor writes:—"Mr Cirulio's letter merely confirms the facts stated in the *Economist* of June 27th. He admits that German ex-soldiers were discriminated against on the redistribution of land to ex-soldiers. He admits that there is 'a tendency against the Polish Minority,' though he fails to state that the Parliamentary Commission of Enquiry has refused minority members of the Latvian Parliament their statutory right of appointing one member to the Commission, and has even barred all minority members of Parliament from attendance at the Commission's proceedings. He fails to point out that the German Lutherans made very conciliatory proposals with regard to the use of the Riga Cathedral, and he does not state that, a Bill on the subject having been rejected by Parliament, a campaign is now raging (just as a similar campaign raged with regard to the participation of German ex-soldiers in the redistribution of land) in order to secure enough signatures in a referendum to expropriate the Riga Cathedral against the wishes of the German minority. In view of these facts, which constitute a Chauvinist reversal of the former Latvian policy towards minorities, it is difficult to see how 'the welfare of the whole country' is being considered."—Ed., *Econ.*]

FASCISM AT HOME.

TO THE EDITOR OF THE ECONOMIST.

SIR,—"Historicus," the writer of a letter published in the *Economist* of June 13, 1931, noticed during a two hours' wait in Turin between trains that, despite pouring rain, "the streets were almost roofed over by the umbrellas of the other foot-passengers," and that the whole of the population was en promenade, determined to enjoy itself in spite of the weather; he reflects that "such a merry and vivacious crowd are not to be seen on wet Sunday afternoons in Hyde Park or Kew

Gardens," and concludes that, "if the Fascist regime does weigh heavily upon Italians, it is what is called in military terminology an invisible occupation."

"Historicus" would want to find the whole population of Turin dressed in deep mourning, wailing loudly in the streets before he would feel convinced that in Italy there exists a dictatorship of a pretty burdensome type. Were Sir Oswald Mosley, Mr Winston Churchill or Mr G. Bernard Shaw to set up a Mussolinian dictatorship in England, "Historicus" would expect the crowds in Hyde Park and Kew Gardens to be less jolly than of yore, especially on rainy days. Were "Historicus" to-day to make a round of the picture houses of a Lancashire town and find the audience enjoying themselves as much, if less noisily, than Italians, he would doubtless conclude that there are no workless millions in this country. Had he stopped at Bologna in the afternoon of May 14, 1931, he might have viewed the street procession of Fascists rejoicing after beating Signor Toscanini and would have deduced from it that the Fascist regime does not weigh heavily on the citizens of Bologna. Toscanini need only wipe the blood from his face and the blows become "invisible."

If before drawing his conclusions "Historicus" had applied a few rudiments of historical method, he might have learnt such facts about Turin as the following. On December 18, 1922, twenty-four people were murdered in the town by Fascists without a single assailant being arrested, let alone tried or condemned. From 1923 to 1925 the distinguished young scholar Piero Gobetti was repeatedly bludgeoned by order of Mussolini, until in 1925 he fled to Paris, where he died of heart trouble brought on by the ill-treatment, leaving a young widow and a new-born baby. In June, 1924, the Fascists broke into and sacked the home of the editor of *La Stampa* (one of the leading daily papers), Senator Frassati, and in December, 1926, Signor Frassati was forced to give up the editorship of this Liberal organ to a henchman of Mussolini. In May, 1928, a group of students who dared to applaud the well-known anti-Fascist Senator Ruffini were savagely bludgeoned by Fascists who invaded the university. In May, 1929, Signor Umberto Cosmo, the author of some excellent studies on Italian literature, was condemned to internment on a penal island for having collected signatures of sympathisers after the philosopher Signor Benedetto Croce had spoken in the Senate against the Lateran agreement. In the spring of 1930 a group of students, among whom was the son of Senator Einaudi, were imprisoned on a charge of conspiracy against the regime. So much for the "invisible occupation" in Turin.

If "Historicus" had glanced at the economic life of the city he would have found that on April 30, 1931, there were in Turin 39,654 unemployed workpeople out of a total of 200,031, i.e., a fifth of the whole working population. Wages in Turin from 1927 to 1931 have gone down by an average of 30 per cent. (figures given by Signor Malusardi, secretary of the Fascist unions of the Province of Turin, in a speech of May 11, 1931, *Stampa*, May 12, 1931). The general economic depression is shown by the drop of 1,697,000 passengers in the trams for March, 1931, as compared with March, 1930. In February, 1931, the consumption of electric power was 10,581,000 kw.h. less than in February, 1930. Meat sales fell from 322,552 quintals in 1929 to 272,577 in 1930, and the drop is still heavier in 1931. Buildings under construction fell from 36,700 rooms in 1929, to 24,455 in 1930 and to 2,200 in the first quarter of 1931, which for the whole year would yield a total of hardly more than 8,000 (official figures given by the "Podestà" of Turin, *Stampa*, May 29, 1931). "Historicus" is not to blame if, having only two hours at his disposal between trains in the rain under an umbrella, he did not discover these and many similar facts and figures. But one who signs himself "Historicus" should know that, if he means to discover whether the Fascist dictatorship is burdensome and whether the population of Turin is happy or not, he must have recourse to less childish methods.

Having thus envied the jolliness of the umbrella-carrying Turinese, "Historicus" boards his train once more and sees that near Genoa, "at a wayside station, an army of young men and women" invade the train "coming home from a day's outing in the mountains"; he is cheered by "the laughter and singing, the simplicity without affectation, the high spirits without vulgarity of the young people," and concludes: "I cannot believe that this spirit is indigenous to Italy, but evidently it has been well acclimatised." By whom? "Historicus" does not say. But the reader is left to understand that the merit rests with Mussolini. "Historicus" presumably imagines the Italian Alpine Club, with its record of half a century, to have been founded by Mussolini, and that the youth of Italy learned from his bared teeth and rolling eye to behave itself "without affectation and without vulgarity." The songs and laughter of these young people, what else do they prove than that the Fascist regime is mild and gentle?

I do not doubt that the travels of "Historicus" continued to be rich in discoveries and conclusions of the same kind. He

is like the traveller who landed in Hamburg, had his luggage carried by a one-eyed porter and wrote in his diary that all German porters are one-eyed. "Historicus" enunciates that the Italy of to-day is "worth studying without prepossessions and prejudices." I heartily endorse this opinion, even though it is not strikingly original. But I should like to mention that it is not enough for a head to be void of "prepossessions and prejudices"; it must be filled with a little brains.—I am, Sir, your obedient servant,

St. Germain en Laye.
July 2, 1931.

GAETANO SALVEMINI.

Books and Publications.

HUDSON'S BAY.*

THIS is a book that ought to be read by every holder of Hudson's Bay shares and could be studied with advantage by everyone interested in the science of investment. The work of an author writing under the pen-name of "Inkyo," whose personal knowledge of the company seems to go back nearly fifty years, it tells the history of the Hudson's Bay Company from its birth to the present day, but looks at it from the point of view of the ordinary shareholder and traces as well as may be the ups and downs of the shareholder's income over a long period of time. On the whole the author seems to think that the shareholder has not done badly, but it might well be argued against him that a corporation which has lived through two and a half centuries, seen the North American continent develop from an unmapped waste into a country that holds in its hands the fate of the world, stood by while Canada was covered with railroads and watched the wealth of her tillage grow out of the worthless prairie—such a corporation might be expected to-day to be one of the world's dominating influences, one of its richest and most stable institutions. Perhaps a benevolent Providence has willed the contrary.

It was in 1670 that the Governor and Company of Adventurers received from Charles II. their charter for the discovery of a passage to the South Seas and "for the finding some trade for Furs Minerells and other considerable Commodities," and it was in 1863 that the International Finance Society floated the new Hudson's Bay Company with a capital of £2,000,000, a flotation described at the time by the *Economist* in an article that "Inkyo" quotes as "one of the most remarkable financial events that the world has ever seen." Starting his calculations from that date "Inkyo" has worked out the return that a proprietor has had on his shares under the rule of successive governors and the various fluctuations of world trade. From 4½ per cent. in the first half-dozen years it dropped to 3½ and then to 2½ per cent. With the distribution of money from land sales it rose in the eighties to 6½ per cent., climbed under the long rule of Lord Strathcona to an average of 11½ per cent., and then, after a strange interlude in which a short-lived marriage was arranged between Hudson's Bay and Harrods Stores, to an average that "Inkyo" estimates at about 16 per cent.—an average that, unfortunately for the shareholders, has not been maintained.

When it comes to the recent history of the company the book deals at some length with the complaints of shareholders (pertinaciously expressed by Mr Nordon), and broadens into a general survey of the respective rights of directors and proprietors of limited companies. There can be no doubt that some of the episodes in the history of the company since 1914 are unsatisfactory. When, for example, an issue of shares was made at such a price as made its success certain a commission was paid to firms closely connected with the directorate for underwriting the shares, and a committee of investigation, while absolving the directors from any charge of bad faith, expressed its opinion that on the ground of non-disclosure to shareholders the company had a claim against one of the directors for his share of the profits made out of the underwriting. Similarly, there was the unfortunate incident of the Merchant Trading Company

* "The Reflections of Inkyo on the Great Company." London General Press. 8s. 6d.

shares. So long as shareholders are many and ignorant while directors are few and well-informed, the only protection against such employment of corporate funds is a higher sense of responsibility and trusteeship in the board room.

BOOKS RECEIVED.

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

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

The Federal Trust Policy. By John D. Clark. (London) Oxford University Press, Warwick Square. 12s. 6d. net.

A well-documented study which leads to conclusions highly favourable to the Sherman Act.

International Migrations. Vol II. Edited by Walter F. Willcox. (New York) National Bureau of Economic Research, Inc.

A series of monographs by specialists, interpreting the statistics which were collected in Volume I.

Newspaper Finance Annual, 1931. Edited by Roy Hopkins. (London) World's Press News, 110, Fleet Street, and the London General Press, 6 Bouverie Street. 7s. 6d. net.

In addition to full details of all newspapers, printing and publishing, printing machinery and pulp and paper companies, with tabulated balance sheet particulars of the principal groups, there is a most interesting foreword by the editor on the Press in 1931.

The Crisis in Australian Finance, 1929-31. With an Introduction by E. O. G. Shann and D. B. Copland. (Sydney) Angus and Robertson, Ltd., 89, Castlereagh Street. 5s. net.

A most interesting collection of documents.

Redgrave's Factory Acts. By Joseph Owner. Fourteenth Edition. (London) Butterworth and Company (Publishers), Ltd., Bell Yard, and Shaw and Sons, Ltd., 7-9, Fetter Lane.

A most convenient book of reference on the Factory Acts. Those provisions of other Acts, as, for example, the truck, shops, education and public health Acts, which directly affect persons in industrial employment, are also included.

Monthly Crop Report and Agricultural Statistics, May, 1931. (Rome) Bestetti and Tumminelli S.A., 32, Via Michelangelo Caetani. 5 lire.

A monthly bulletin of the International Institute of Agriculture, containing the latest available crop reports and agricultural statistics of all countries.

The Mortgage Bank. By Joseph L. Cohen. (London) Sir Isaac Pitman and Sons, Ltd. 10s. 6d.

An account of the principles and practice of mortgage banking, with a comparative study of the systems in various countries.

The Law of Negotiable Instruments. By F. Raleigh Batt. (London) Longmans, Green and Company, Ltd., 39, Paternoster Row. 5s. net.

A concise, well-documented little book, in which the law is not merely stated, but expounded and discussed.

The Manufacturing Industries of the British Empire Overseas. Part IV., New Zealand. (London) Erlangers, Ltd., 4, Moorgate. 2s. 6d.

Continues the useful series, other volumes in which have been from time to time noted in these columns.

The Economic Journal, June, 1931. (London) Macmillan and Company, Ltd. 6s.

Includes, *inter alia*, articles on "The Relation of Home Investment and Unemployment," by R. F. Kahn, and "A Study of Occupational Mobility," by C. T. Saunders.

The International Labour Review, June, 1931. (London) Allen and Unwin. 2s. 6d.

Includes an article by Dr. Attilio Oblath on Italian emigration and colonisation policy.

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

Includes an historical and statistical survey of British savings banks.

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

Includes an article on "Population and World Politics" by W. Watkin Davies.

The China Year Book, 1931. Edited by H. G. W. Woodhead. (London) Simpkin Marshall, Ltd., Stationers' Hall Court. 42s. net.

A well-stocked volume of statistical and other information on China and Manchuria.

Atkin's Manual, 1931. (London) Geo. D. Atkin and Company, 1, Drapers' Gardens.

A compilation, of recognised standing, of financial information on leading electricity and tramway companies.

Selected Documents on the Distribution of Gold submitted to the Gold Delegation of the Financial Committee of the League of Nations. (London) Allen and Unwin, 40, Museum Street. 2s.

The Countryman, July-September. Edited and published by J. W. Robertson Scott, at Idbury, Kingham, Oxfordshire. 2s. 6d.

The current issue of this unique and fascinating little periodical is particularly good. We recommend our readers to keep it handy for odd moments of interrupted reading.

Regioni e Stati d'Europa. By Luigi De-Marchi and Ferdinando Milone. (Padova) Casa Editrice dott. Antonio Milani, Già Litotipo.

A brief survey of the economic geography of the principal regions of Europe.

La Macédoine Economique. By D. Iaranoff. (Sofia) Imprimerie P. Glouchcoff.

A descriptive account of the economic resources and organisation of Macedonia.

Greece and the Greek Refugees. By Charles B. Eddy. (London) Allen and Unwin. 12s. 6d.

A very full history and discussion of the Greek refugee problem.

Wirtschafts Wende. By Robert Friedlaender-Precht. (Leipzig) Paul List Verlag. 5.50 mks.

A serious discussion of the world unemployment problem, which the author believes can only be solved by a radical change in social and economic organisation.

Equality of Trading Rights. By Gaganvihari L. Mehta. Obtainable from the author at 7, Clarke Street, Calcutta.

A short essay on equality of trading rights between British and Indian nationals in India.

Mahatma Gandhi and British Trade. By I. M. Khan. Foreword by Professor J. H. Richardson. (Leeds) Macmillan Fitzgerald, Queen Square Chambers. 1s. net.

An essay by an Indian student at Leeds University.

Insurance Companies in Canada, 1930. (Ottawa) F. A. Acland. 50 cents.

An immense collection of tabulated official statistics.

La Population du Japon. By A. Andréadès. (Brussels) Goemaere, 21, rue de la Limite.

An historical study.

OFFICIAL PUBLICATIONS RECEIVED.

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

Ministry of Health: Statement showing the Number of Persons in Receipt of Poor Relief in England and Wales on the night of March 31, 1930. 1s. 8d. net.

Statement exhibiting the Moral and Material Progress and Condition of India during the year 1929-30. 5s. net.

Empire Marketing Board: Production and Trade of Nigeria. July, 1931. 2d. net.

Census of England and Wales, 1931. Preliminary Report. 4s. net.

Guide to Current Official Statistics of the United Kingdom. Volume IX., 1930. 1s. net.

Government of Northern Ireland: Ninth Annual Report of the Ministry of Agriculture, 1929-30. Cmd. 129. 2s. 6d. net.

Report by His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to the Council of the League of Nations on the Administration of Palestine and Trans-Jordan for the Year 1930. Colonial No. 59. 10s. net.

The Stock Exchange.

THE ARGENTINE RAILWAY OUTLOOK.

THE market valuation of the ordinary stocks of the four largest railways in the Argentine, which fell from a "peak" figure of £92½ millions in 1929 to £60 millions by the end of 1930, declined a further £25 millions, to a low level of £35 millions, in the first six months of 1931. This was scarcely surprising, for though the market may move against a fall in the peso exchange if traffics are improving, or against a fall in traffics if the peso is improving, it cannot rise against a decline in both exchange and traffics, such as has occurred during the last few months.

At the beginning of this year the Argentine peso (par value 47.619d.) was being "protected" by the use of the gold reserves of the Banco de la Nacion. From a low point of 33½d. in January it rose to a high point of 39½d. in March. In April, however, the Banco de la Nacion decided to suspend its support and allow the exchange to find its own level, with the result that the peso touched 35½d. in that month, 33½d. in May and 33½d. in June. At the moment of writing the rate has improved to 35½d. As regards the decline in railway traffics, it must be remembered that the figures for 1930-31 afford comparison with those for a year (1929-30) unhappily distinguished by a bad wheat crop, the loss of half the maize crop, and the onset of general trade depression. The Buenos Ayres Great Southern Railway published gross traffic figures for 1929-30 showing a decline of 6½ per cent. as compared with 1928-29, the Central Argentine a decline of 19 per cent., the Buenos Ayres and Pacific of 14 per cent., and the Buenos Ayres Western of 17 per cent. The extent of the further decline in the year ended June 30th is indicated below:—

	GROSS TRAFFIC RECEIPTS.*				Decline in 1930-31 compared with 1929-30	
	Miles open.	1928-29.	1929-30.	1930-31.	Amt. £	%
B.A. Gt. Southern ...	5,076	13,067	12,215	11,162	1,053	8.62
Central Argentine ...	3,442	14,252	11,568	11,085	483	4.17
B.A. and Pacific	2,806	9,134	7,855	7,021	834	10.62
B.A. Western	1,926	5,275	4,381	3,784	597	13.63

* Published weekly in sterling at current rate of exchange.

This season some of the companies, particularly the Central Argentine, have been helped by the exceptionally large maize crop, the marketing of which has now been almost completed. In a normal year maize accounts for about 13½ per cent. of the total gross receipts of the Central Argentine, and for about 7 per cent., 5½ per cent. and 1 per cent. of those of the Pacific, Western and Southern respectively. None of the companies obtains much more than 12½ per cent. of its total gross receipts from the wheat traffic. The Pacific is dependent for over 20 per cent. of its receipts on the wine trade, and the Western for nearly 20 per cent. on the livestock traffic. Passengers, parcels traffic and livestock accounted in 1929-30 for the following percentages of total gross receipts:—Southern, 41.7; Central, 37.3; Pacific, 29.5; and Western, 43.9.

Assuming that the ratio of operating expenditure to gross traffics was the same in 1930-31 as in the previous year, the net traffic receipts for the four railways would appear as follows:—

	NET TRAFFIC RECEIPTS.				Decline on 1929-30.	
	1929-30.	Est. 1930-31.	Amt. of surplus brought forward	Decline on 1929-30.	£	%
B.A. Gt. Southern ...	3,431,662	3,136,522	295,140	0.92	309,643	
Central Argentine ...	2,927,861	2,805,614	122,247	0.42	285,232	
B.A. and Pacific ...	2,138,940	1,982,028	156,912	1.56	586,396	
B.A. Western	1,040,656	925,188	115,468	0.67	67,711	

The 1930-31 declines in net receipts, expressed as percentages of the ordinary capital, do not appear very alarming, but it must be borne in mind that dividends have to be paid in sterling and that the peso at the moment is at a discount of nearly 25 per cent. It was no doubt the severe depreciation in the exchange which caused the companies to pass or pay nominal interim dividends in March. Further, as none of the lines fully earned the dividends distributed in respect of 1929-30 a conservative dividend policy this year is the more necessary. The earnings and dividends paid in the previous year and the interim dividends declared this year are shown in the next table, together with an estimate of the final dividends which might be paid on the basis of the percentage decline in net receipts and in the rate of exchange:—

	EARNINGS AND DIVIDENDS ON ORDINARY CAPITAL.				1930-31. Estimated possible Final Divs.	
	1929-30. Earnings.	1929-30. Dividends.	Interim Divs.	Final Divs.		
B.A. Gt. Southern ...	4.4	3	3	1	1½	
Central Argentine ...	4.5	2½	2½	1	2½	
B.A. and Pacific	5.2	3	4	Nil	2½	
B.A. Western	3.7	2½	2½	Nil	2½	

The estimates of maximum final dividends, which are based on cold and crude mathematical possibilities, make no attempt to forecast the future course of the exchange or the psychology of the directors. In some quarters in the market it is held that no final dividends should be paid. This would appear to be an unduly pessimistic view, at variance with the facts disclosed in the statement of the Buenos Ayres Great Southern relative to its recent issue of 5½ per cent. debenture stock. In this document the directors of this company declared that the balance of profits in the year ending June 30th last would be sufficient to cover the interest on debenture stocks as well as the annuity, rent charges and other payments under working agreements more than twice over. These payments in 1929-30 amounted to about £1,390,000, the implication thus being that earnings in 1930-31 would amount to nearly 2 per cent. on the ordinary stock.

It may be of interest to consider the dividend yields obtainable at present market prices, on the basis of the estimated maximum final dividends, according to our estimates. These are shown in the next table, together with the highest and lowest prices recorded last year and in the first half of 1931:—

	1930.		1931.		Present Final Divs.		Div. yield % on estimated	
	High.	Low.	High.	Low.	Price.	£ s. d.		
B.A. Gt. Southern ...	100½	64	71½	43½	53	4 14 4		
Central Argentine ...	89½	51	65	42½	51½	6 6 3		
B.A. and Pacific	90½	44½	53½	34½	42	5 19 1		
B.A. Western	83½	46	55	29½	34½	6 10 6		

On the most favourable view it would seem that the present market valuation of the stocks is generous, and, indeed, discounts a not unsubstantial recovery in trading conditions or in the exchange in the relatively near future. What grounds has the market for this optimism? A recent statement by the Argentine Minister of Finance, which has been published by Messrs. Baring Brothers, has been of a moderately reassuring character. Argentine trade in the first five months of this year has shown a "favourable" balance of \$20,000,000 gold against a deficit of \$28,000,000 gold for the corresponding period of last year. Exports have been swelled by the abnormally large maize crop. The farming community has been compelled to accept low prices for its produce, but, according to the Minister of Finance, costs of production have been

reduced, the principal item, rent, having been brought down by 30 per cent. It is therefore contended that "the agrarian *malaise* is less intense in Argentina than in other producing countries . . . and that the economic readjustment necessitated by the world trade depression is taking in Argentina a very satisfactory course." However this may be, the country certainly possesses large gold reserves, which should be invaluable when the Government takes seriously in hand the task of rehabilitating the exchange position of the peso. Recently, however, the policy of the Ministry of Finance would appear to have been rather to prevent any immediate appreciation of the currency such as might encourage imports and reduce the "premium on exports." It may be, therefore, that the Government's policy will be mainly determined by the future course of prices for cereals, Argentina's staple exports. In other words, the immediate outlook for the equity stocks of the Argentine railways, on this argument, will depend, as it has always done, on the course of the primary commodity markets.

If one looks to the more distant future, when Argentina will have participated in a general trade recovery, one cannot assume that earnings of the British-owned railways, though they will naturally reflect the improvement in the Argentine national income, will necessarily and immediately be restored to the level ruling before the trade slump. The goodwill of the Argentine authorities towards the railways is not questioned, but in all countries with a developing nationalistic sense the tendency to increase rather than reduce the burdens imposed upon foreign capital is a psychological factor with which investors would be unwise not to reckon. Under the so-called Mitre Law the Great Southern and Central Argentine have already been compelled to cut their charges (as from October, 1928), and it is significant that a road construction scheme for the relief of the present unemployment has been financed by a petrol tax and a contribution by the railways to the funds created by the Mitre Law. All recent chairmen's speeches, again, have laid stress on the implications of increasing road competition, especially in the neighbourhood of the larger centres of population. On the other hand, the railways, on the restoration of more normal trade conditions, have undoubted scope for very large extensions into relatively "new" territory, which will provide opportunities for further development—and, incidentally, require considerable sums of new capital—for a number of years to come. These facts will doubtless continue to govern the policy of the trust companies and other large financial institutions whose pre-war investment policy had so much to do with the building up of the British railway position in the Argentine.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
July 22.

ACCOUNT.
July 23.

THE first few days of the new account witnessed wide fluctuations in market sentiment. The initial effects of the Hoover pronouncement had worn somewhat thin by last week-end, while the Paris negotiations dragged on. On Monday, consequently, dealers were disinclined to increase their commitments, but the news that the debt negotiations had reached a final settlement induced a slight activity on Tuesday, when many quotations scored appreciable advances. Following hard upon this "boomlet," however, came the news of overnight declines in Wall Street, together with further evidence on the unsatisfactory nature of the German financial position, and prices reacted sharply.

Gilt-edged securities shared in the general tendency. A weak opening was followed by a marked improvement, encouraged by a fair-sized gold influx and the strength of sterling, but the Conversion issues, Consols, and Funding Loan all suffered in mid-week. Long-dated India loans were in demand at first, but receded on profit-taking.

Australians were relatively firm, aided by the prospect of a debt relief mission to this country. New Zealand bonds strengthened. German bonds reflected the international situation, the advances scored on Tuesday as a result of Continental buying being lost on Wednesday following liquidation from the same quarter. Hungarian issues improved when it became known that steps were being taken to relieve financial stringency by placing a large bond issue in international markets. Brazilians were well supported at one time, but losses of a point or so were common on Wednesday. San Paulo Coffee Bonds made some headway, and Argentines were inclined to harden, though again the advances were not held. Peruvians were a satisfactory feature.

Home Rails resumed their downward trend this week, quotations obtaining little assistance from the latest "traffic" figures, which, though better, still left much to be desired. Among Foreign Rails, Argentines tended to follow the peso in a rather irregular course, in which Antofagastas and Leopoldinas shared.

The Industrial market attracted less public interest, but the bears who on Monday were responsible for marked weakness hastened to cover on Tuesday, when the international situation seemed easier. Shares with an international or transatlantic quotation recorded the sharpest movements, while Cables and Wireless were depressed on the proximity of the report, and the Swedish issues reflected the lack of confidence in the stability of the European system. Electric and Musical Industries, christened "Emmies," were dealt in at better levels. Tate and Lyle and United Molasses advanced on the improvement in the outlook for sugar, while Distillers (whose accounts are discussed on page 82), African Breweries and Tamplins all rose on their reports. The moderately satisfactory English Sewing Cotton results (outlined on page 83) induced support for textiles. Swan Hunter, in the iron and steel group, gained 1s. 6d. on the maintenance of the interim dividend, while among stores John Barker attracted attention. Bank shares hardened after the initial weakness which accompanied the dividend announcements.

Professional support was forthcoming for the oil leaders on Tuesday, but the usual reaction was intensified by liquidation in New York and an increase in the United States crude oil output. Rubber shares were as dull as the commodity, Trusts, Sua Betongs and Anglo-Dutch losing in mid-week what they gained at the start. No expansion of business was recorded in tea shares, such small movements as occurred being of an irregular nature.

In the mining market, Kaffirs derived initial assistance from the favourable operating returns, but the indifference of Paris and the Cape intensified in later sessions. Randfontein suffered from profit-taking after a sharp advance, while Gold Fields and Rand Mines receded. Small declines were general among Rhodesians, though "Chartered" enjoyed a bright interval. Tin shares were in request, especially Tronoh and Southern Perak, but the fall in the commodity brought a decline later. Ashantis were a good feature, but Tintos drooped through lack of support.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	July 2, 1931.	July 3, 1931.	July 6, 1931.	July 7, 1931.	July 8, 1931.	July 9, 1931.
Government and Municipal Loans	1,483	1,659	1,669	1,466	1,494	1,413
Transport, Communications, and Public Utilities	851	993	1,134	952	1,061	834
Commercial and Industrial Banks, Insurance and Financial	1,534	1,615	1,927	1,769	1,670	1,452
Mines (including Nitrates)	442	512	620	601	608	805
Oil	380	420	498	491	443	371
Rubber, Tea and Coffee	113	140	150	151	123	140
Total	4,935	5,382	6,165	5,604	5,513	4,810

* Including Iron and steel and breweries.

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

	Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	July 2, 1931.	July 3, 1931.	July 6, 1931.	July 7, 1931.	July 8, 1931.	July 9, 1931.
72-3	54-8	63-6	63-8	64-0	64-7	63-8	63-1	

FOREIGN STOCK EXCHANGES.

NEW YORK.

The concord between Washington and Paris on the question of debt postponement was a signal, paradoxically, for a short and sharp burst of selling, responsibility for which was ascribed to market staleness following the protracted negotiations, to liquidation by banking interests, and to a general desire to "cash in" profits as quickly as possible by professional interests who had previously held their hand in order not to embarrass the American Government during the course of the negotiations. Those who endeavoured to look at the matter in a clearer perspective declared, however, that the reaction was the natural outcome of a preceding fortnight's rise, which, whatever its immediate cause, had been overdone, and professed the view that the next few weeks would witness many broadly similar rises and falls, representing the very first stage on the long road to Stock Exchange recovery. The volume of business fluctuated considerably from day to day, the number of shares dealt in rising from one million on Monday to three millions on Tuesday and falling the next day to 2,400,000. The weakness of base metals and the announcement that Standard Oil of New Jersey had again reduced its gasoline prices were further unfavourable factors. Slightly more optimistic views, however, continued to be expressed regarding the trade outlook. Though iron and steel operations last month were on the lowest scale for nine years, the output of electricity expanded and representative chain stores reported an increase of 1½ per cent. in sales, as compared with a year earlier. The second quarter earnings' statements of the large companies are expected to make an unfavourable showing, but the opinion is gaining ground that numerous concerns which have been considering the question of reducing dividends may decide to defer action until the dimensions of a possible autumnal trade up-turn can be ascertained. U.S. Steel Corporation suffered particularly during the liquidation of the first half of the week, the market generally looking for a further decrease in the June figures of unfilled orders. General Motors, however, stood out against the prevailing tendency, last month's figures of sales by dealers unexpectedly showing a rise at 111,668 units, as compared with 97,440 units in June, 1930.

	June 25, 1931.	July 2, 1931.	July 9, 1931.		June 25, 1931.	July 2, 1931.	July 9, 1931.
U.S. 3½% T. Bds.	106½	106½	106½	Natl. Biscuit	68	62½	60
U.S. 4½% '32-47	102½	102½	102½	Phelps Dodge	16	15	15
Do. 4½% '32-47	103½	103½	103½	Pullman	39½	39	37½
Do. 4½% '33-38	104½	104½	104½	Sears-Roebeuck	56½	57	54
				Studebaker	18½	19½	18
Atchafalca	165	166½	163	Un. Fruit	57	58½	57½
Chem. & Ohio	37½	37½	35½	U.S. Leather	7½	7½	7½
Erie	22	24½	22½	U.S. Rubber	15½	15½	14½
Illinois Central	50	52	49½	U.S. Steel	98½	102½	96½
N.Y. Central	93½	92½	88	Westinghouse	67½	70½	67
Pennsylvania	49½	49½	47½	Woolworth	68½	70½	68
Southern Pacific	83	84½	83				
Southern Ry.	35	36	34	Am. Tel. & Tlg.	178½	180½	177½
Union Pacific	167	168	165	Interboro R.T.	24½	24½	22
				Int. Tel. Tels.	33½	34½	32½
Am. Can.	109½	111½	108½	Radio Corp.	20	20½	17½
Amer. Smelting	37½	37½	35½	Utilities P. & L.	24½	24	23½
Anacosta	30½	28½	48½	W. Union Tlg.	115½	116½	114
Bethlehem Steel	47½	51½	48½				
Chrysler Motor	22½	22½	23½	Associated Gas "A" ..	17½	14½	13½
Corn Prodn. R.	70½	74½	71½	Pan. Amer. B.	25	25	24
Eastman Kodak	150	148	144	Shell	25½	26	25
Gen. Electric (New) ..	44½	43½	42½	Shell Union	7½	7½	6½
Gen. Motors	38½	38½	38½	Singair Oil	10½	10½	10
Int. Harvester	46	46½	45	Std. California	38	37½	36½
Montg. Ward	21½	21½	19½	Do. N.J.	40½	38½	37½

x Ex dividend.

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	July 1.	July 8.
337 Industrials	134-5	218-9	98-2	174-1	99-6	94-5	90-4
33 Bds.	127-8	173-5	89-1	145-6	92-0	80-5	76-5
34 Utilities	177-6	330-4	153-2	267-4	158-1	164-9	159-0
Total, 404 stocks	140-3	228-1	105-5	184-2	107-6	103-5	99-1
Average yield of 80 Industrial Common Stocks	3-10%	5-23%	4-15%	5-95%	5-91%	5-60%	5-89%

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	June 24, 1931.	June 25, 1931.	June 26, 1931.	June 27, 1931.	June 29, 1931.	June 30, 1931.	July 1, 1931.
140-2	92-7	115-6	114-6	116-9	118-3	115-1	112-9	114-7
Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	July 2, 1931.	July 3, 1931.	July 4, 1931.	July 6, 1931.	July 7, 1931.	July 8, 1931.	July 9, 1931.
140-2	92-7	113-7	116-3	Holiday	114-9	110-3	109-2	

TOTAL DEALINGS IN NEW YORK.

	July 2, 1931.	July 3, 1931.	July 4, 1931.	July 6, 1931.	July 7, 1931.	July 8, 1931.	July 9, 1931.
Stock Exchange—Shares (Thous.)	1,300	2,100	Holiday	1,000	3,000	2,400	1,500
Bonds (Value Thous. \$) ...	8,994	12,901	Holiday	8,414	12,536	8,040	8,956
Curb—Shares (Thous.)	260	390		240	480	320	250

PARIS.

During the first three weeks of June a heavy tone prevailed on the Paris bourse. The liquidation of international securities and periodical bear raids depressed a market already weighed down by the economic crisis and political uncertainty. Many shares registered declines, which, if the devaluation of the franc is taken into account, took prices to levels below those of 1913. President Hoover's now famous proposals for the suspension of debt payments had the effect of raising average values by as much as 15 per cent., while certain securities like Rio Tinto, Boléo and Vieille Montagne rose in a week by even larger percentages. Later, however, the feeling that the proposals could not be translated into practice without some difficulty brought renewed irregularity. The end-of-month settlement, which was accomplished with less difficulty than might have been expected, showed that the bear position had not been liquidated, and the carry-over rate was fixed at ½ per cent. Prices on July 6th were, in numerous cases, at much the same levels as those of a month earlier.

"Valeurs à Terme" :	June 5, 1931.	July 6, 1931.	"Valeurs à Terme" :	June 5, 1931.	July 6, 1931.
Banque de France	16,655	16,650	Citroën	581	669
Banque d'Algérie	10,500	11,200	Norvég. Azote ...	1,220	1,255
Paris Paye Bae.	2,135	2,350	Hotchkiss	1,395	1,450
Union Parisienne	1,125	1,255			
Cie. Algérienne	1,685	1,700			
Comptoir Nat.	1,530	1,574			
Crédit Commer.	1,040	1,115			
Crédit Foncier	5,280	5,360			
Crédit Lyonnais	2,350	2,550			
Suez	14,430	16,090			
O. de F. Nord	2,070	2,100			
O. de F. Santa Fé	1,565	1,730			
Soc. Lyon. Raux	2,570	2,855			
Parisienne Elect.	2,300	2,735			
Gén. Electricité	2,485	2,905			
Littoral Médit.	1,236	1,272			
Elect. Nord Fr.	834	872			
Courrières	829	876			
Mines de Lens	670	774			
Penaroya	340	370			
Dives	1,770	1,776			
Stab. Kuhlmann	535	524			
Shoeph. Galsa.	529	517			
Pechiney	1,860	2,005			
Air Liquide	886	968			
Caout. Indo-Ch.	194	236			

BERLIN.

With few exceptions, the prices of the most important German shares at the beginning of July showed little difference from the level at the beginning of June, and a comparison of prices at these two dates gives no idea of the stormy Stock Exchange movements or of the important political and economic events of the intervening period. Up to July 20, the declines were extraordinarily heavy in spite of the very low level from which they started. This was due in the first place to the unfavourable reception of the emergency decree, and later to the foreign exchange situation. That the declines were not even greater is attributable rather to the very extensive unloading which occurred in the preceding month than to

(Continued on page 80.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.				Year 1931 Jan. 1 to July 8 (Inclusive).				Name of Security.				Price July 1, 1931.				Price July 8, 1931.				Rise or Fall.				Present Yield.			
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.				
£ s. d.																											
British Funds.																											
594	522	60 1/2	54	594	522	60 1/2	54	Consols 2 1/2 %	60 1/2	60 1/2	...	4	2	8	...	...	...	...	...	...	...	...	...				
944	828	97 1/2	85	944	828	97 1/2	85	Consols 4 %	95 1/2	95 1/2	...	4	3	9	...	...	...	...	...	...	...	...	...				
834	744	85 1/2	67	834	744	85 1/2	67	Cons. Loan 5 1/2 %	85 1/2	85 1/2	...	4	3	4	...	...	...	...	...	...	...	...	...				
103	924	104 1/2	98	103	924	104 1/2	98	Do. 4 1/4 % 1944	103	103	...	4	3	10	...	...	...	...	...	...	...	...	...				
1064	1024	103 1/2	103	1064	1024	103 1/2	103	Do. 5 1/4 % 1944-64	107	108	+	4	6	3	...	...	...	...	...	...	...	...	...				
964	854	97 1/2	88	964	854	97 1/2	88	Funding 4 % 1960-90	97	97 1/2	...	4	3	0	...	...	...	...	...	...	...	...	...				
1064	1004	102 1/2	101	1064	1004	102 1/2	101	Treasury 4 % 1932-34	101	101 1/2	...	3	19	0	...	...	...	...	...	...	...	...	...				
1034	1004	103 1/2	101	1034	1004	103 1/2	101	Treasury 5 % 1935-35	103	103 1/2	...	3	14	6	...	...	...	...	...	...	...	...	...				
974	914	98 1/2	91	974	914	98 1/2	91	Victory Bonds 4 %	98	98 1/2	...	4	14	0	...	...	...	...	...	...	...	...	...				
1054	1004	102 1/2	101	1054	1004	102 1/2	101	War Loan 5 % 1929-47	103	103 1/2	...	4	14	0	...	...	...	...	...	...	...	...	...				
694	614	70 1/2	64	694	614	70 1/2	64	Local Loans 3 1/2 %	70	70 1/2	...	4	5	1	...	...	...	...	...	...	...	...	...				
494	404	46 1/2	37	494	404	46 1/2	37	India 2 1/2 %	42	44 1/2	+	2	5	2	...	...	...	...	...	...	...	...	...				
594	47	55 1/2	44	594	47	55 1/2	44	Do. 3 1/2 %	50	53 1/2	+	3	5	2	...	...	...	...	...	...	...	...	...				
684	554	64 1/2	52	684	554	64 1/2	52	Do. 3 1/4 %	59	62 1/2	+	3	5	2	...	...	...	...	...	...	...	...	...				
90	78	86 1/2	73	90	78	86 1/2	73	Do. 4 1/4 % 1958-68	77	81 1/2	+	4	5	14	0	...	...	...	...	...	...	...	...				
106	100	106 1/2	102	106	100	106 1/2	102	Palestine 5 % 42-67	106	106	...	4	8	3	...	...	...	...	...	...	...	...	...				
1024	104	110 1/2	106	1024	104	110 1/2	106	Sudan 5 % Bonds	109	109	...	5	1	10	...	...	...	...	...	...	...	...	...				
99	87 1/2	99 1/2	96 1/2	99	87 1/2	99 1/2	96 1/2	Ulster 4 1/4 % 45-75	99	99	...	4	11	1	...	...	...	...	...	...	...	...	...				
Dom. & Colonial Govts.																											
954	76	80 1/2	61	954	76	80 1/2	61	Australia 5 % 1945-75	78 1/2	78 1/2	...	6	9	6	...	...	...	...	...	...	...	...	...				
95	86 1/2	96 1/2	81	95	86 1/2	96 1/2	81	Canada 4 % 1940-60	95	95	...	4	7	0	...	...	...	...	...	...	...	...	...				
1064	1024	105 1/2	102	1064	1024	105 1/2	102	Ceylon 6 % 1936-51	103	104	+	1	5	0	...	...	...	...	...	...	...	...	...				
98	92	100 1/2	97	98	92	100 1/2	97	Gold Coast 4 1/4 % 1956	100	100	...	4	12	9	...	...	...	...	...	...	...	...	...				
105	99	105 1/2	101	105	99	105 1/2	101	Kenya 5 % 1948-58	103	103	...	4	14	8	...	...	...	...	...	...	...	...	...				
105	101	104 1/2	102 1/2	105	101	104 1/2	102 1/2	Nigeria 5 % 1950-60	104	102 1/2	+	1	6	3	...	...	...	...	...	...	...	...	...				
924	70	72 1/2	66	924	70	72 1/2	66	N.S. Wales 5 % 55-60	67	67	...	8	6	6	...	...	...	...	...	...	...	...	...				
105	99	102 1/2	88	105	99	102 1/2	88	N. Zealand 5 % 1946	100	100	...	4	19	0	...	...	...	...	...	...	...	...	...				
924	70	72 1/2	66	924	70	72 1/2	66	Queensland 4 % 40-60	75	75	...	7	3	7	...	...	...	...	...	...	...	...	...				
104	99	104 1/2	98	104	99	104 1/2	98	S. Africa 5 % 1945-75	104	104	...	4	14	0	...	...	...	...	...	...	...	...	...				
984	934	100 1/2	97 1/2	984	934	100 1/2	97 1/2	Stras. Set. 4 1/4 % 35-45	99	99	...	4	12	0	...	...	...	...	...	...	...	...	...				
Foreign Governments.																											
894	82	88 1/2	75	894	82	88 1/2	75	Argentina 4 % Recia	85 1/2	84 1/2	...	5	12	3	...	...	...	...	...	...	...	...	...				
105	100	105 1/2	100	105	100	105 1/2	100	Austrian 4 % 1923-43	104 1/2	104 1/2	...	5	9	6	...	...	...	...	...	...	...	...	...				
96	89	98 1/2	83	96	89	98 1/2	83	Do. 7 % Int. deb. by 1957	90 1/2	90 1/2	...	8	4	6	...	...	...	...	...	...	...	...	...				
614	518	56 1/2	46	614	518	56 1/2	46	B. Aires (Prov.) 3 1/4 %	48 1/2	50 1/2	+	1	7	0	...	...	...	...	...	...	...	...	...				
1134	1084	112 1/2	108	1134	1084	112 1/2	108	Belgian 7 %	112	112	...	6	1	0	...	...	...	...	...	...	...	...	...				
92	74	83 1/2	67	92	74	83 1/2	67	Bulgaria 7 1/2 % Loan	72	73 1/2	+	2	10	4	...	...	...	...	...	...	...	...	...				
87	62	75 1/2	53	87	62	75 1/2	53	Brazil 5 % Fund. 1914	71 1/2	74 1/2	+	3	6	16	6	...	...	...	...	...	...	...	...				
944	84	79 1/2	69	944	84	79 1/2	69	Do. 6 1/2 % (1927)	64 1/2	69 1/2	+	5	9	9	...	...	...	...	...	...	...	...	...				
994	79	84 1/2	69	994	79	84 1/2	69	Chili 6 % (1912)	71 1/2	71 1/2	...	8	17	8	...	...	...	...	...	...	...	...	...				
55	47	52 1/2	39	55	47	52 1/2	39	China 5 % (1932)	48 1/2	49 1/2	+	1	5	0	...	...	...	...	...	...	...	...	...				
69	64	70 1/2	52	69	64	70 1/2	52	Czechoslovakia 8 %	65 1/2	70 1/2	+	5	12	6	...	...	...	...	...	...	...	...	...				
1154	1094	113 1/2	109	1154	1094	113 1/2	109	Danish 3 %	82 1/2	83 1/2	...	3	12	3	...	...	...	...	...	...	...	...	...				
82	78	86 1/2	79	82	78	86 1/2	79	Danzig 6 1/2 %	85 1/2	85 1/2	...	8	1	0	...	...	...	...	...	...	...	...	...				
964	81	87 1/2	85	964	81	87 1/2	85	Egypt Unified 4 %	75	75	...	5	6	0	...	...	...	...	...	...	...	...	...				
924	70	72 1/2	66	924	70	72 1/2	66	Estonia 7 % 1927	70 1/2	70 1/2	...	10	0	0	...	...	...	...	...	...	...	...	...				
100	94	102 1/2	85	100	94	102 1/2	85	Finland 6 % 1923	88	88	...	6	18	0	...	...	...	...	...	...	...	...	...				
214	19 1/2	20 1/2	20	214	19 1/2	20 1/2	20	French 4 % (British)	20 1/2	20 1/2	...	3	16	9	...	...	...	...	...	...	...	...	...				
1094	99	106 1/2	92	1094	99	106 1/2	92	Do. 5 %	21 1/2	21 1/2	...	4	14	0	...	...	...	...	...	...	...	...	...				
90	68	81 1/2	62	90	68	81 1/2	62	German 7 %	99 1/2	98 1/2	...	7	2	2	...	...	...	...	...	...	...	...	...				
934	864	93 1/2	89	934	864	93 1/2	89	Do. 5 1/2 % Stg. Bds. 1930	73 1/2	70 1/2	...	7	19	6	...	...	...	...	...	...	...	...	...				
1044	100	104 1/2	99	1044	100	104 1/2	99	Greek 6 % Stab. Ln.	91	93	+	2	6	14	9	...	...	...	...	...	...	...	...				
1044	984	103 1/2	90	1044	984	103 1/2	90	Do. 7 % Refugee	101	102	+	1	6	9	...	...	...	...	...	...	...	...	...				
964	81	100 1/2	92	964	81	100 1/2	92	Hungary 7 1/2 %	97 1/2	96 1/2	...	8	0	0	...	...	...	...	...	...	...	...	...				
1024	98	105 1/2	99	1024	98	105 1/2	99	Japanese 5 1/2 % 1935-65	98 1/2	99 1/2	+	1	5	11	0	...	...	...	...	...	...	...	...				
264	12	14 1/2	6	264	12	14 1/2	6	Do. 6 % (1924)	105	104 1/2	...	5	14	9	...	...	...	...	...	...	...	...	...				
94	82 1/2	94 1/2	89 1/2	94	82 1/2	94 1/2	89 1/2	Mexican 5 % (1899)	10	10	...	4	6	4	...	...	...	...	...	...	...	...	...				
1064	824	83 1/2	60	1064	824	83 1/2	60	Norwegian 4 1/2 % 1911	94	94	...	10	14	0	...	...	...	...	...	...	...	...	...				
924	77	86 1/2	72 1/2	924																							

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, July 1, 1931.	Price, July 8, 1931.
Buenos Aires Gt. Southern 5½% deba.	95	35	1 dis-1 pm	1-1 pm
Central American Exploration.....	95	40	1-1 pm	1-1 pm
Cosach 7½% Ster. Bonds.....	96	40	8-6 dis	8-6 dis
De Beers 5½% Ster. deba.....	95	40	90-95	90-95
Fife County Council 4½% 1951-61.....	87	fy. pd.	82-83	101-101½
Greek 6% Ster. Bonds.....	100	fy. pd.	100-101	100-101
India 6% 1933-34.....	97½	fy. pd.	19-17 dis	19-17 dis
Latvia 6% 1933-34.....	97½	fy. pd.	102-102½	102-103
Met. Water Board (D).....	101	16	1-1 pm	1-1 pm
Middlesex 4½% 1950-70.....	99	44	1-1 pm	1-1 pm
New Zealand 5% 1932-34.....	100	fy. pd.	101-101½	101-101½
Odessa Press 7% (B) deba.....	41	67	4-1 dis	4 dis-par
Panama Corporation 8% deba.....	100	50	par-6d. pm	par-6d. pm
Primitiva Holdings 6% Red. pref.....	100	50	5 dis-5 pm	5 dis-5 pm
Rhokana Corp. 7% deba.....	100	50	5 dis-5 pm	5 dis-5 pm
Blo Choro Bly. and Invest. 5% deba., 1932-72.....	103	fy. pd.	95-97	95-97
S. Essex Water 5% pref.....	111½	fy. pd.	104-106	104-106
S. Essex Water Ord.....	111½	fy. pd.	111-115	111-115
Woolworth (P. W.) Ord. (5/-).....	£1	10/-	5/3-5/9 pm	7/9-8/3 pm
Woolworth (P. W.) 5% Cam. Pref. £1	£1	10/-	1/3-1/6 pm	1/4-1/7½ pm

(Continued from page 77.)

any favourable circumstances. With the publication of the Hoover Plan the situation suddenly changed. The first impression made by the proposals of the American Government, which came as a complete surprise to Germany, was favourable beyond all expectation. The demand for foreign exchange ceased, and the sudden expectation of a recovery in world trade gave rise to a widespread demand for securities. Even in the succeeding weeks, when German economy lingered in an acutely critical condition and nervousness was daily increased by unfavourable announcements, the Stock Exchange tendency remained firm. Not all the gains of July 22nd were maintained, it is true, but in essentials the level at the beginning of July was the same as at the beginning of June. The Stock Exchange index, which in the first three weeks of June fell from 83 to 75 is now 83. Substantial gains over the previous month's level were recorded by artificial silk shares, and by Siemens and Lindström. Those shares which were especially hit by the crisis, however—Nordstern, Karstadt, Nordwolle, and especially the Danatbank—suffered a more severe fall. The other bank shares maintained their level of about 100. Danat shares, which previously had been very much higher, owing to the low capitalisation of the bank, fell to about 100. The rente market has had a particularly unfavourable month. The exports of gold led to a rise in the rate of discount and to a stringency in the money market which was almost unexampled in its suddenness. As the rates for one month and for day-to-day money rose in a single month from 6 to over 10 per cent., it is not surprising that the average yield on first-class German loans rose in the same period from 8 to well over 9 per cent. The Reichsbahn 7 per cent. preference shares, which fell in the first half of the month from 84½ to 80½, have recovered to 83, but the recovery in other loans has not been so great. In the last few days the Bourse has shown signs of further weakness on the rumoured difficulties of a large textile firm, Reichsbank shares being offered on an appreciable scale.

Official "Cash" Quotations in all cases.		June 6, 1931.		July 6, 1931.	
		June 6, 1931.	July 6, 1931.	June 6, 1931.	July 6, 1931.
Banking and Insurance.					
Berliner Handels-Ges.	104	103		100½	92
Commerz. und Privatbank	100	100½		110	120*
Darmstädter Bank	117	101½		58	62½*
Deutsche und Elbinger Bank	100½	100		57	58½
Dresdner Bank	100	100		62½	64
Reichsbank	128½	127½		119	126½
Allianz und Stuttgarter	184	194		93½	96
Nordstern	110			61	68½
Communications.				71	65
Deutsche Reichsbahn	84½	83½		49½	59
Hamburg-Amerika	47	44½		102	124
Hamburg - Süd				117½	113½
Amerika	90			31	26½
Hansa	69½	76½		226	310
Norddeutscher Lloyd	47½	48		57	60
Industrials.					
Alk.	74½	62½		38½	37
Allg. Elektricität	85½	86		127½	114*
Angerburg - Nürnberg, Masch.	50	55		43½	40½
Bemberg	72½	86		175	181
Bergmann	64	69½		81	80
				126½	120
				137½	143½
				89	82½
				43½	42½
				67½	62*

* Ex Dividend.

INVESTMENT NOTES.

Markets and the Hoover Agreement.—The announcement of Franco-American agreement on the "Hoover Plan," the details of which are discussed in an earlier column, failed to rouse the stock markets to any fresh enthusiasm. During the fortnight's delay between the first issue and the final acceptance of the proposals, the markets had had ample time to digest their possibilities as a bull point. Their deferred acceptance found many large investors more anxious regarding the economic state of Germany than reassured by a formal announcement, which, in spite of all difficulties, they had tended increasingly to regard as inevitable. Though the London Stock Exchange was firm for some time on Tuesday, operators were clearly waiting to see which way the cat would jump—the cat in this case being New York. When it was discovered that Wall Street was weak, profit-taking in London quickly tended to become general, merging, in some instances, into a partial recrudescence of organised bear activity. In a few stocks, like International Nickel, where pool operations had previously been suspected, a quite respectable "shake-out" occurred under joint Wall Street and London influences, the movement being intensified by the weakness of base-metal prices. Between Monday and Thursday the cash price of tin in London declined from £118 5s. to £113 2s. 6d. per ton, and copper from £37 1s. 3d. to £34 1s. 3d. per ton. The following table shows the extent of the rise in numerous active stocks after the first publication of the Hoover proposals, and of this week's decline:—

	Price on Friday, June 19th.	Price on Thurs. day, June 25th.	Price on Tues. day, July 7th.	Price on Thurs. day, July 8th.
"Consols," 4%.....	95½	96½	96x	95½
Conversion, 3½%.....	84	84½	85½	84½
German 7%.....	94½	99	99½	97
German 5½%.....	66	75½	73½	71
Austrian 7%.....	87	90	87x	85½
Courtaulds (£1).....	24/10½	1 7/8	1 1/8	1 1/8
Ford (£1).....	2½	2½	2 1/8	2 1/8
Imperial Chemical (£1).....	13/1½	15/3	15/6	14/7½
International Nickel (no par.).....	\$11½	\$16 1/8	\$15½	\$14½
Kreuger and Toll (Kr. 100).....	£18½	£22½	£23 1/2	£21½
P. & O. deferred (£1).....	22/6	25/-	27/6	27/6
Swedish Match "B" (Kr. 100).....	£9 7/8	£11 1/8	£11½	£10 1/8
Turner and Newall (£1).....	26/6	29/3	32/6	29/3x
Royal Dutch.....	£18½	£19½	£20½	£18½
Shell Transport (£1).....	2½	2½	2½	2½
Rio Tinto (£5).....	15½	21½	23	20½
Brazil Traction (no par.).....	\$15 1/8	\$20	\$25½	\$22½

x = ex dividend.

The decline, it will be seen, though uneven, was general, extending from gilt-edged stocks to mining shares. German stocks were weak, partly on Continental selling, the "Young Bonds" being especially affected. The undertone of the markets generally, however, has changed less than the figures, taken by themselves, suggest, and though the markets may choose to follow a "wait-and-see" policy for the next week or two, any marked recurrence of the falling tendency in values of the earlier months of this year would come as an unpleasant surprise to many people.

Ebbw Vale.—Rather more than 18 months ago Sir John Beynon, on taking over the chairmanship of Ebbw Vale, determined to cut the company's losses by closing down the steel side of the works and concentrating on the coal side. Accordingly, the whole of the collieries directly or indirectly owned were reopened, with one exception. A few months later, unfortunately, the state of the coal trade, instead of improving, began to deteriorate, so that during the last financial year (to March 31, 1931) a number of the pits have been able to work only intermittently, great difficulty has been experienced in disposing of small coal, and (to make matters worse) a fortnight's strike occurred throughout the South Wales coalfield in January. The result is that the loss incurred by the company and its subsidiaries was nearly as great as in the previous year, the figures being £817,491 in 1930-31, compared with £344,717 in 1929-30. As the turnover was distinctly

smaller, the loss per unit of output actually increased. The total loss includes in each case some £150,000 of interest and provision for redemption premium on Ebbw Vale 8 per cent. notes held outside the subsidiary companies, which is debited in the accounts but not actually paid. On the other hand, again no depreciation has apparently been written off, and the report frankly states that the book values of the properties, etc., as set forth in the consolidated balance sheet (£7,992,647 out of a total of gross assets of £10,255,481), "are largely in excess of the value of those properties at the present time." The only significant changes in this consolidated balance sheet are a drop in stocks and debtors together from £576,913 to £418,266, a natural consequence of the closing of the steel-works and the diminished turnover, and on the other side a rise of over £100,000 in the bank loans, now swollen to the significant total of £1,896,297. This slightly exceeds the present debit on profit and loss account, which, including last year's loss, amounts to £1,828,842. The long-delayed capital reconstruction, when it comes, must inevitably be drastic. Holders of the 6 per cent. debentures, whose interest has been duly met to date, can probably regard their capital as moderately secure, but to the 8 per cent. note-holders the chairman at the last annual meeting gave a clear warning that their position would be found to be less satisfactory. As regards the £3,700,000 of preference and ordinary shares, it is to be feared that unless trade takes a startling turn for the better these can hardly be represented by earning assets at all. In plain fact, the steelworks and blast furnaces, situated far from the coast, are scarcely likely to be reopened. The hope for Ebbw Vale would seem to lie rather in the planned development of its colliery properties on the most economic lines, so as to take advantage of every revival in the trade. If this policy demands fresh resources, the writing off of lost capital will be an indispensable first step, which will be the more useful the more expeditiously it is undertaken.

Bank Interim Dividends.—The announcements by the joint-stock banks of their dividends for the first half of 1931 were followed by a weakening in share quotations, suggesting that the possibility of reductions had not been fully discounted. Of the four "Big Five" banks which have so far made statements, only Barclays proposes to maintain its usual interim dividend of 7 per cent. The Midland Bank dividend is cut from 9 per cent. to 8 per cent., as is also that of the National Provincial. The Westminster Bank interim is "cut" by 1 per cent. to 9 per cent. At the time of going to press Lloyds Bank has not announced its decision:—

Name.	1930.		1931.		Share Price, June 30, 1930.	Price, July 7, 1931.	Present Yield.*
	Interim.	Final.	Interim.	Final.			
Barclays "B" and "C," £1.....	7	7	7	7	2½	2½	5 3/8 d.
Lloyds "A," £5 (£1 paid).....	8½	8½	8½	8½	3½	2½	5 11/8
"B," £1 (fully paid).....	2½	2½	2½	2½	1½	1½	4 11/8
Midland, £12 (£2½ paid).....	9	9	8	8	9½	7½	5 4/8
"£2 10s. (fully paid).....	9	9	8	8	3½	3½	5 1/8
National Provincial, £20 (£4 paid).....	9	9	8	8	13½	12½	6 18/8
Westminster, £4 (£1 paid).....	10	10	9	9	3½	3½	5 12/8
"£1 (fully paid).....	6½	6½	6½	6½	2½	2½	4 13/8
Martins, £20 (£2½ paid).....	8	8	7	7	7½	5½	6 19/8
"£1 (fully paid).....	8	8	7	7	3½	3½	5 0/8
District, "A" (£5, £1 paid).....	9½	9½	8½	8½	3	3	6 2/8
"B" (£1, fully paid).....	5	5	5	5	1½	1½	5 0/8
Manchester and County, £20 (£4 paid).....	7½	7½	7½	7½	10½	7½	7 12/8

* Based on dividend for 1930.

According to the half-yearly statements which have so far appeared, deposits and advances both show considerable declines. It is inevitable that in a period of prolonged business stagnation the earnings of the banks should reflect the general trend to some extent. In view, however, of the traditionally strong reserve position of all these institutions, it may be surmised that their policy on this occasion has been determined, also, by reference to well-known canons of British banking practice as regards the conservation of internal resources.

Coal Company Results.—The profits of the larger coal-producing companies which have been declared since the beginning of this year reflect both the general unsettlement of the industry and the divergent conditions which prevail in different districts. Of the twelve major companies whose profits are tabulated below, only three reveal an increase in net receipts compared with the previous year, while in four cases the ordinary dividend has been reduced. No less than seven companies failed to pay a dividend on their ordinary capital during their latest year:—

Name of Company.	Net Profit, 1929.	Ordinary.		Net Profit, 1930.	Ordinary.	
		Earned.	Paid.		Earned.	Paid.
Amalgamated Anthracite.....	£320,195	% Nil	% Nil	£447,153	% Nil	% Nil
Bolsover Colliery.....	139,014	6-5	3-75	101,154	4-9	2-5
Butterley Company.....	105,805	5-9	5*	90,024	5-0	5*
Edinburgh Collieries.....	1,502	Nil	Nil	28,815	Nil	Nil
Fife Coal.....	189,897	8-0	8*	99,837	6-8	6*
Manchester Collieries.....	108,215	0-4	Nil	148,306	1-5	Nil
North's Navigation Collieries.....	15,112	Nil	Nil	2,180	Nil	Nil
Ocean Coal and Wilsons.....	269,476	5-1	5	277,829	4-0	4
Powell Duffryn Steam Coal.....	44,090	0-9	Nil	12,308	Nil	Nil
Tredegar Iron and Coal.....	94,453	5-5	5*	87,338	5-0	5*
Wilsons and Clyde Coal.....	5,002	0-2	Nil	28,301	Nil	Nil
Yorkshire Amalgamated.....	61,531	9d. p.a.†	3d. p.a.†	55,942	...	...

† On "A," "D," and "E" shares.

‡ On "B" shares.

* Tax free.

The aggregate profits for the twelve companies total £1,264,955, compared with £1,354,292 for 1929, a decline of 6.6 per cent. This figure may be considered in relation to the decline of 14.2 per cent. in the aggregate profits of 597 miscellaneous companies which reported in the first quarter of this year, and of 19.3 per cent. in the aggregate profits of 620 companies which reported during the second quarter. In view of the fact that the coal trade has been required not merely to cope with the normal difficulties of a trade depression, but to carry through prolonged and delicate negotiations on the labour side, the results of a breakdown of which at any stage would have been disastrous, the figures may be accounted not unsatisfactory.

A MEASURE OF PUBLIC SERVICE

Last year the Sun of Canada's new business in the British Isles exceeded that of 1929 by 15 per cent.

£12,000,000 Life Assurance and Annuities were issued by the Sun of Canada in 1930 to residents in the British Isles.

An appreciation of the liberality of the Company's contracts, which include guaranteed cash values, and of the Company's unexcelled service.

SUN LIFE ASSURANCE COMPANY OF CANADA

(Incorporated in Canada in 1865 as a Limited Company).

Assets £120,000,000

H. O. LEACH (General Manager),
2, 3 & 4, COCKSPUR STREET, LONDON, S.W.1.

Distillers.—The latest report of this large concern, which in addition to selling and distributing whisky and gin, supplies a considerable portion of the yeast and industrial spirit in the British Isles, suggests that its prosperous career has not been seriously affected by the trade depression. Gross profit is down from £2,545,693 to £2,445,741, a decline of only 4 per cent., while, after payment of all expenses, net income stands at £2,272,915, compared with £2,322,740 for the previous twelve months. Preference dividend absorbs £102,300, and the customary distribution of 20 per cent. is maintained on the ordinary capital, being well covered by earnings.

	1929.	Year to May 15, 1930.	1931.
Net profit	£ 2,312,412	£ 2,322,740	£ 2,272,915
Brought forward	212,533	227,991	269,636
Preference dividend.....	105,600	103,950	102,300
No. of times covered	23.7	23.8	23.7
Ordinary dividend—			
Amount	1,691,354	1,677,145	1,657,099
Earned %	26.1	26.5	26.2
Paid %	20	20	20
Reserves	500,000	500,000	500,000
Carried forward	227,991	269,636	283,152

The sum of £250,000 is placed to reserve account, bringing that item to £2,500,000, while £250,000 is used to establish a dividend equalisation reserve. The directors report that additions to properties and plants have been made during the year to the extent of £91,679, while at the same time the sum of £136,676 has been written off these items for depreciation. In the case of investments and inventories, also, values have been revised and provision made for any depreciation which has taken place. The £1 ordinary shares are at present quoted at 57s., to yield £7 7s. 3d. per cent., after allowing for the final dividend of 12½ per cent.

Vocalion's Unfavourable Experience.—A sharp fall in profits for the year to March 31, 1930, and the announcement last October that the board was being reconstituted, following a special investigation of the company's position, had prepared shareholders in the Vocalion Gramophone Company for an unfavourable report for 1930-31. In this respect at least they have not been disappointed. The year's profits, in fact, after providing for depreciation, amortisation and bad and doubtful debts, were £22,065, but the directors deemed it necessary to write-off £59,000 against depreciation of the company's investments. This appropriation, with minor allocations for income tax, etc., has resulted in a debit on the year's operations of £47,235, reducing the balance brought forward from £65,953 to £18,728. Results for the last three years are shown:—

Years to March 31.	1929.	1930.	1931.
Trading profits, &c.	£ 115,728	£ 71,079	£ 59,119
Depreciation and amortisation ...	20,291	25,453	35,253
Income tax reserve	...	17,266	9,300
Directors' fees	...	1,050	1,230
Other deductions	...	...	*60,570
Net profits	95,437	27,310	Dr. 47,235
Earned for dividend	47.7%	10.9%	...
Paid in dividends { Per cent. ...	40%	Nil	Nil
Amount	80,000	Nil	Nil

Inc. or dec. in carry-forward + 15,437 + 27,310 - 47,235
 * Includes provision for depreciation of investments, £59,000; written off stamp duty on increased capital, £1,000; advances in suspense written off, £570.

The company's difficulties have been due partly to intensified competition in the gramophone industry in a period of reduced public purchasing power, and partly to internal conditions, regarding which a full explanation should certainly be given at next Tuesday's meeting. The year has been one of severe price-cutting in the record trade, particularly since last December. Shareholders will be

partially reassured by the board's statement that the demand for "Broadcast" records has been well maintained, and that recording for the film industry has continued to show a "satisfactory increase and profit." Sales of the "Broadcast Twelve" record, indeed, have again increased. The position as regards foreign trading, however, would appear to be much less satisfactory, and the board has reduced the minimum royalty payable by its foreign subsidiary from £10,000 to £2,500 per annum. Last October the directors announced that, in their opinion, Mr C. K. Sugden had failed in his duty as managing director, and his appointment was terminated. It may be early as yet to pronounce on the success of the policy adopted by the reconstituted board, particularly in view of the exceptional factors which have affected last year's figures. Disappointment with the company's failure to fulfil the bright promise of three years ago, however, has been reflected in a fall of the value of the 10s. shares from a maximum of 95s. 7d. in 1928 to 4s. 9d. to-day.

International Telephone and Kreuger and Toll.—An exchange of shares which was recently reported between the International Telephone and Telegraph and the Kreuger and Toll interests does not appear to have attracted the attention it deserves. The deal was arranged on Mr Ivar Kreuger's recent visit to New York. Kreuger and Toll has acquired an interest in the International Telephone and Telegraph, Mr Kreuger joining the board of directors, and the latter has acquired a holding in the Ericsson Telephone Company, control of which still remains with Kreuger and Toll, who acquired it last year. Details of the amounts of money involved have not been disclosed. It was explained in a leading article on the Kreuger and Toll group, which appeared in the *Economist* of May 9, 1931, that the telephone and telegraph industry was likely to provide Kreuger and Toll with opportunities of finance as important as those which it had found in the match industry in the past and that the control of Ericsson Telephone would bring it into world-wide competition with the International Telephone and Telegraph, both companies being in the field for Government telephone concessions. It has, however, always been Mr Kreuger's policy to make terms with trade rivals rather than to declare war. The exchange of shares which followed upon his visit to New York implies that these two powerful groups will in future co-operate not only in the working of Government telephone concessions but in the manufacture of telephone and telegraph equipment, an industry in which each has important subsidiary companies operating throughout the world. Both groups have no doubt been forced by the trade depression to give up a policy of independent expansion. The report of the International Telephone and Telegraph for the first quarter of 1931, which was issued last month, showed that earnings had dropped by 15½ per cent. as compared with the first quarter of 1930, and did not cover the quarterly dividend of 50 cents per share. The full report for 1930 was discussed in the *Economist* of May 30th last.

International Sleeping Car.—The position of the shareholders of the International Sleeping Car Trust, whose £1 shares are now quoted at about 4s., is becoming deplorable. The trust acquired 30,000 preference shares and 495,000 ordinary shares of 100 francs in the Compagnie Internationale des Wagons-Lits, the ordinary shares being obtained at an average price of £10 per share. These holdings stand in the books of the Trust at cost, namely, £5,250,000. With the Wagons-Lits ordinary shares selling at about 35s., the present market value of the trust's investments is about £888,500, a depreciation of over 80 per cent. Last year the Trust's income from its holding in Wagons-Lits was only £857 2s. 10d., representing the net amount received in respect of the statutory dividend on its holding of 30,000 preference shares of Wagons-Lits, no dividend having been declared in respect of the ordinary shares. After deducting the debit of £1,504 on the past year's working, there is a balance of £10,538 to the credit of profit and loss to be carried forward. The results of the

Trust for the past three years are shown in the following statement:—

Year to May 31.	1929.	1930.	1931.
Dividends received	£ 60,069	£ 60,258	£ 857
Total income	61,710	61,641	2,004
Net income (after tax and expenses) ...	54,825	55,623	Dr. 1,504
Earned %	1	1	Nil
Paid %	1	1	Nil
Carried forward	8,919	12,042	10,538

As for the Wagons-Lits, this purveyor of luxurious travel is suffering, first of all, from the trade depression, which has affected traffics generally and the work of the agencies (including Thomas Cook) in particular, and from the extremely heavy depreciation which has to be written off its rolling stock each year. The results for the past three years compare as follows:—

(In thousands of francs.)	1928.	1929.	1930.
Year to December 31.			
Gross profit and interest received	181,987	211,749	179,698*
Debt and other interest	59,431	68,613	71,978
Depreciation, renewal fund, &c.	73,456	93,876	95,367
Available for distribution	49,100	49,260	12,353
Directors' bonus.....	2,797	2,797	Nil
Prof. and ord. dividends.	46,000	46,000	750†
Dividends { Per cent. paid	20	20	†
Per cent. earned.....	20.14	20.12	5.40
Carry-forward.....	6,674	7,137	18,740

* Including 2,643,000 frs. profit on realisation of investments.
 † No dividend on ordinary; represents by 5 per cent. statutory fixed dividend on pref.

In the light of subsequent events it is clear that the International Sleeping Car Trust was greatly over-capitalised at the outset. A reduction of capital would appear inevitable.

English Sewing Cotton.—In a preliminary statement issued this week the directors announce that for the financial year ended March 31st last net profits amounted to £221,522, compared with £339,439 for the previous twelve months, a decline of nearly 35 per cent. Preference dividend again requires £50,000, while the ordinary dividend, reduced from 12½ per cent. to 10 per cent., is not fully covered by earnings. The sum of £81,430 is carried forward, against £109,908 brought in.

	1929.	1930.	1931.
Gross profit	£ 540,932	£ 435,405	£ *
Fees	...	9,750	*
Debt and int.	38,308	38,308	*
Depreciation	34,407	37,908	*
Pensions a/c	10,000	10,000	5,000
Net profit	458,216	339,439	221,522
Brought forward	62,253	70,469	109,908
Preference dividend.....	50,000	50,000	50,000
No. of times covered	9.6	6.9	4.4
Ordinary dividend—			
Amount	300,000	250,000	200,000
Earned %	21.8	15.0	8.5
Paid %	15	12.5	10
Reserve	100,000	Nil	Nil
Carried forward	70,469	109,908	81,430

* Figures not yet available.
 The percentage earnings and payments on the company's ordinary capital are shown below for the past ten years:—

ORDINARY CAPITAL.			Year to Mar. 31.		
Year to Mar. 31.	Earned %	Paid %	Year to Mar. 31.	Earned %	Paid %
1922	15.0	15	1927	10.9	15
1923	29.5	20	1928	25.7	15
1924	28.9	20	1929	21.8	15
1925	19.4	20	1930	15.0	12½
1926	10.9	20	1931	8.5	10

The last balance sheet showed a strong reserve position and a big surplus of liquid assets. At their present price of 41½ the £1 ordinary shares give a yield of about 46 18s. per cent., allowing for the final dividend.

Preliminary Notice.

PETER JONES LIMITED

(Incorporated under the Companies Acts, 1908 and 1913.)

DEPARTMENTAL STORES OF SLOANE SQUARE

Issue at 97½ per cent. of £350,000

6% Guaranteed First Mortgage
 Debenture Stock

Guaranteed as to Principal, Premium and Interest
 by

JOHN LEWIS & COMPANY, LIMITED

The Prospectus will show *inter alia* that:

Both companies carry on the business of departmental stores, selling drapery, millinery, costumes and piece-goods, china and glass.

The Combined Net Assets of the two companies amount to £1,780,264 covering the amount of the Debenture Stock OVER 5 TIMES.

Nothing is included in these figures for the valuable goodwill.

The Combined Average Yearly Profits for the past three years, ending January 31st, amount to £99,533

covering the annual interest requirements of the present issue approximately 4½ TIMES.

The Profits of the businesses for the present year should be at least equal to those of the past year.

Redemption at the price of 101 per cent. will be effected by a 1 per cent. Cumulative Sinking Fund commencing 1933.

The issue is unconditionally guaranteed as to Capital, Interest and Repayment by JOHN LEWIS & CO., LTD.

Copies of the Prospectus and Forms of Application can be obtained from:

THE BANKERS. Midland Bank, Ltd., Poultry, London, E.C.2, & branches.

National Provincial Bank, Ltd., 15 Bishopsgate, London, E.C.2, and branches.

THE BROKERS. Keith, Bayley & Rigg, 15 Copthall Avenue, London, E.C.2.

Fyshe & Horton, 3 Temple Row West, Birmingham.

THE COMPANY. 31 Symons Street, Sloane Square, London, S.W.1.

Or from

THE BRITISH, FOREIGN AND COLONIAL CORPORATION, LIMITED,

B.F.C. House, Gresham Street, London, E.C.2.

Italian Gas Company Scandal.—Our Italian correspondent writes:—The last shareholders' meeting of the Italian Gas Company (Società Italiana per il Gas), held in Turin on June 12, 1931, will be long remembered for the ruthless denunciation by the new chairman of the company, Senator Frassati, of the follies of the company promotion mania of past years. The Italian Gas Company was a holding company in control of several producing gas companies, with a total gas sale in 1930 of 203,121,865 cubic metres. If the company had confined itself to its business its 260 million lire capital would not have been put in jeopardy. But the group, headed by the last chairman, Signor Panzarasa, now in custody, was not content with so modest an undertaking as the sale of gas. They determined, first, to extend the company's activity to industries, especially the chemical industry, which had nothing to do with gas making, and therefore acquired large controlling interests in the Argenteria, Aena, Marengo, and Schiapparelli companies. Secondly, they created various financial companies, through which they carried on Stock Exchange and credit transactions, enabling them to maintain shares at artificially high levels and to distribute imaginary dividends. The Sagacia Company was created on June 30, 1928, to buy 418,534 shares of the Italian Gas Company, the property of directors, at prices of 320 and 371 lire. After two years the company ended its career with a debt toward the Italian Gas Company of 155 million lire and with other debts, guaranteed by the mother company, of 25 million lire. On October 30, 1928, another financial bubble was blown in the shape of the Sapi Company. In two years the Sapi's 10 million lire share capital, 5 million lire debentures, and 4 million lire loan from the Italian Gas Company had entirely disappeared. As to the industrial affiliated companies, the Argenteria, a concern which from 1924-25 to 1926-27 showed nominal profits, after putting to capital accounts sums amounting to millions of lire which were really current expenses, was bought at inflated prices by the Italian Gas Company, and finally presented its parent with a 46 million lire loss. The Schiapparelli (Chemical) Company in 1929 distributed in dividends 1,600,000 lire of so-called profits; in 1930 a 14 million lire loss was disclosed instead. Another chemical company, the Aena, closed its various adventures with a debt of 313.5 million lire toward the Italian Gas Company, of which 115 millions were an absolute loss and the rest a very dubious asset. Finally, on May 17, 1930, the Gas Company bought the Marengo Company, whose capital was increased, in August, 1930, from 15 to 30 million lire. To-day its capital is entirely lost. After disaster had overtaken the Panzarasa group the task of cleaning up was begun in earnest, under the efforts of Senator Frassati and his colleagues. For almost a century gas shares have been regarded in Italy as virtually a gift-edged investment, and many families have been ruined by the fall of the gigantic combine which had absorbed almost all the private Italian gas companies. During 1930 the company suffered an operating loss of 73.9 million lire, which more than wiped out all its reserves (67.9 million lire). As to capital losses, only further months of thorough inquiry will reveal the whole truth.

Tronoh Group Results.—The issue of the annual report of the Tronoh Mines was heralded by a sharp advance in the price of the shares. Actually, although the showing is relatively good, all things considered, it scarcely justifies the movement in the share market. The net profit amounted to £36,900, as against £138,900 in 1929, the former sum including £9,400 from realisation of investments and the latter £40,000. The dividends, which totalled 12½ per cent. in place of 32½ per cent., absorbed slightly more than the year's working surplus. In respect of 1929, depreciation to the amount of £37,500 was written off the fixed assets. Some £89,400 has been transferred from share premium account, reducing the book value of the whole of the property and plant in the East to the almost nominal figure of £100,000. This creates a very strong position; but had depreciation been allowed out of the 1930 earnings, no dividends could have been

distributed. The company, of course, is a holding as well as a producing concern. In the latest balance sheet the share investments figure at £378,050, or £49,150 more than twelve months previously, while cash has been reduced from £105,050 to £10,050. With only four dredges running the output totalled 834 tons, in place of 1,324 tons. Two dredges have been held up under the restriction scheme. The subsidiary, Southern Tronoh Company, worked its two dredges for ten months and produced 567 tons of ore. After providing for depreciation, a profit of £14,300 was realised, as compared with a loss of £1,700 in 1929, when an initial seven months' work was covered. The surplus now available is practically absorbed by the dividend of 2½ per cent. paid, together with the debit balance brought forward and the preliminary expenses. The profit of the Sungei Besi totalled £5,160, as against £17,400, and one dividend of 2½ per cent. was paid in place of an aggregate of 12½ per cent., leaving the somewhat enhanced balance of £32,050 to go forward. With this company also an appropriate was made from share premium account for the purpose of writing down the fixed assets, the sum involved being £21,950. In all three cases, of course, the effects of curtailment of output were accentuated by the fall in the price of the metal.

Anglo-Dutch Plantations.—The accounts of this important plantation company for the year 1930 show that the sharp decline in the market value of its commodities has had a serious effect on profits. Dividends and interest received from the Java operating company total only £102,708, compared with £453,916 last year, while net profit, after deduction of all charges, has fallen from £310,472 to £28,942. No distribution is made on the £2,350,350 of ordinary capital:—

Year to December 31.	1928.	1929.	1930.
Gross receipts	£ 345,713	£ 451,956	£ 136,152
Directors' fees, &c.	9,500	10,000	1,750
General charges	19,831	75,554	35,199
Debenture interest	32,064	45,930	70,261
Pension fund	10,000	10,000	...
Net profit	274,318	310,472	28,942
Brought forward	118,388	119,651	145,088
Ordinary dividend:—			
Amount	234,364	235,035	Nil
Earned %	12.1	14.1	1.2
Paid %	10	10	Nil
Reserve	50,000	50,000	...
Carried forward	119,651	145,088	174,030

* After bringing in £11,309 from taxation account.

The informative report provides all the explanation necessary as to the cause of the decline. Though the rubber crop increased from 13,129,158 lbs. in 1929 to 13,211,630 lbs. in 1930, and the average cost declined from 6½d. to 5½d. per lb., the net selling price fell from 9.54d. per lb. to 5½d. per lb. The coffee crop was unfavourably affected by the drought of 1929, while the tea output was restricted in conjunction with that of other estates. The balance sheet reveals substantial reserves and a satisfactorily liquid position. The company should be in a position to take immediate advantage of any upward trend in commodity prices. The £1 ordinary shares are quoted at 16s. 8d., against a high level for the year of 19s. 1½d. and a low level of 14s.

Rhodesian Anglo-American.—In the initial period of about sixteen months to March 31, 1930, this undertaking made from share dealings and other sources a profit of £712,700. Income tax absorbed £144,200 and preliminary expenses £27,100; while £217,800 was transferred to reserve, leaving £323,600 to go forward. Last year the surplus amounted to only £83,600. Income tax required £22,300 and stamp duty on increase of capital £30,000.

Debenture issue expenses swallowed up £72,500, and a further transfer of £158,400 was made to reserve. These appropriations reduced the amount carried forward to £124,000. By the appropriation of £158,400, plus £655,900 premium on shares issued during the year, the reserve was raised to £4,314,300. From this total £2,914,300 was devoted to writing off depreciation on investments. Thus, despite acquisition during the period, the investments now stand at £4,048,900 in place of £5,662,400 on March 31, 1930. The policy of making full provision for depreciation has been followed in order that corresponding advantage may be taken of future recoveries in price. In the past accounting period 182,200 shares were placed at 32s. 6d. and 600,000 were offered to the members at 30s. Those who subscribed have since seen the price of the shares well below par (10s.), and even now it is not much better. This year an issue of about £1,500,000 7½ per cent. debentures has been made to enable the company to apply for its proportion of the 7 per cent. debentures of the Rhokana Company. The future of the Rhodesian Anglo-American is, of course, bound up with the fortunes of the Rhodesian copper industry. To those interested a sustained rally in the metal is a matter of primary importance.

Aramayo.—Given a drop of 30½ per cent. in the average price of tin, and of 31½ per cent. in that of silver, it is no matter for surprise that last year's operations on the part of the Compagnie Aramayo de Mines en Bolivie should have resulted in a loss. The deficit on actual working was quite small; but after allowing for the difference between mine and market valuation of metals on hand, loss on exchange, etc., the debit amounted to £30,200, reducing the credit balance to £122,600. Naturally, no dividends were paid, although at the annual meeting, held at Geneva, the chairman hinted that in the event of there being a considerable improvement in metal markets during the current year, the question of a bonus would receive the consideration of the board. In respect of 1929 the distributions totalled 25 per cent. During the past session the output of tin was

restricted, and will be reduced in a more marked degree this year. Sales of silver showed a small increase; of copper, a substantially larger tonnage was realised, but at a reduced price. The Chocaya ore reserves total 165,300 tons, against 203,600 tons twelve months previously. The production of silver being unremunerative at the present level, the management is concentrating upon an improvement in the recovery of tin, and to this end a flotation plant is to be installed. Much depends upon the effects of the restriction now being enforced in the four principal tin-producing countries.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Imperial Bank of Persia, Grange Trust, Rhodesian Anglo-American, Zinc Corporation, Amalgamated Dental, and International Tea Company's Stores. Presiding at the annual meeting of the Imperial Bank of Persia, Sir Hugh Barnes said that the object of the Persian Government's restrictions on the importation of foreign goods was to create a favourable trade balance which would tend to prevent a further fall in the value of the ryal. Unless complete freedom of exchange were restored in due course, and the Government was prepared, either through a Currency Commission or the banks, to use its funds in Europe to maintain parity of exchange, there was a serious risk that the ryal might depreciate as the ryal had done. At the annual meeting of Amalgamated Dental, the chairman said that dentistry had long out-lived the period when it was commonly regarded as a luxury, and people everywhere were becoming increasingly "teeth conscious."

CAPITAL ISSUES.

The *Tanganyika Government Loan* of £3,000,000, giving a running yield of £4 4s. 8d. per cent. and a redemption yield, on the latest date, of £4 5s. 8d. per cent., was, naturally, well received in the market. The stock was not merely a trustee investment. Its principal and interest being guaranteed by the British Treasury, it was tantamount to a British Government security, offered at a price three points below Funding Loan. Possibly for "Treasury" reasons, the prospectus did not entirely make clear that the loan, like similar issues for Crown Colonies or mandated territories, was free of income tax to residents abroad. The issue was heavily over-subscribed, applicants receiving on the average allotments of about 12 per cent., and market dealings opened at a quarter premium. Signs of slightly increasing activity in the new capital market generally, before the advent of the summer "close season," are increasingly in evidence. As we go to press underwriting has been arranged for an issue of £350,000 6 per cent. guaranteed first mortgage debenture stock, at 97½, of Peter Jones, Limited, the well-known London drapers, guaranteed by John Lewis and Company, of Oxford Street. Another pending issue comprises 300,000 7 per cent. cumulative preference shares of £1 and 400,000 ordinary shares of 5s. (at 20s.) in Great Universal Stores, Limited, a mail-order business established in 1900.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to July 4, 1931, £89,793,091.
Total, including conversion, recorded January 1 to July 4, 1931, £99,690,076.

National Savings Certificates.					
Net sales, four days ended July 4, 1931, £350,000.					
Total net receipts, April 1, 1931, to July 4, 1931, £4,450,000.					
	Nominal Capital.	Conversions or Repayments.	New Money Subscription.	First Payment.	Further Liability.
To the Public.					
Tanganyika Government	3,000,000	...	2,835,000	300,000	2,535,000
Total Offered to the Public.					
Week ended July 11, 1931...	3,000,000	...	2,835,000	300,000	2,535,000
To Shareholders only.					
Week ended July 11th, 1931...	Nil	Nil	Nil	Nil	Nil

SUMMER SHELL

The seasonal blending of Shell gives you a petrol more perfectly suited to Summer temperatures than is possible with any fuel blended on a compromise for all-the-year-round use.

NOW ON SALE AT EVERY SHELL PUMP

Total Offered for Subscription—		Total Offered for Subscription—	
Including	Excluding	Including	Excluding
Conversions.	Conversions.	Conversions.	Conversions.
Jan. 1 to date—	£	£	£
1931	102,875,076	92,782,781	267,800,700
1930	270,700,924	181,787,578	285,239,400
1929	210,951,078	179,625,478	269,058,073
1928	...	259,282,485	355,165,970
1927	...	223,072,418	230,782,600
1926	...	136,973,561	232,214,500
1925	...	119,729,428	209,326,101
1924	...	120,568,680	271,599,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
Jan. 1 to date—	£	£	£	£
1931	72,621,524	5,832,786	14,523,781	92,978,091
1930	147,933,594	14,715,138	19,138,846	181,787,578
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	555,166,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	7,262,183	...	7,262,315
Ascot District Gas and Electricity Co., £50,000 5% Perp. Deb. Stk. at par	50,000	101	50,500
Total for week ended July 11, 1931	50,000	...	50,500
Total to date, 1931	7,312,183	...	7,676,815
Total to date, 1930	16,402,378	...	18,085,457

Tanganyika Government.—Issue of £3,000,000 4 per cent. guaranteed stock, 1951-71, at £94½ per cent. The stock is an investment authorised by the Trustee Act, 1925. If not previously redeemed, the stock will be repaid at par at the Bank of England on February 1, 1971, but the Tanganyika Government reserve the right to redeem the stock at par on or after February 1, 1951, on three months' notice.

Particulars of the following have been issued "for information only" with a view to Stock Exchange introduction. Mining, Ranching, Cotton and Tobacco Land of Rhodesia. Issued capital £725,328, divided into 2,901,312 shares of 5s. each, fully paid. Five County Council. Particulars of an issue of £745,000 4½ per cent. redeemable stock, 1951-61. Trustees are authorised to invest in this stock.

[Other Stock Exchange information, including the latest summary of balance sheets, dividend announcements, profit and loss accounts and reports and notices, will be found on page 94, under the heading "Company News."]

OIL OUTPUTS.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of June are as follows: Production of oil, 48,310 tons; deliveries, 48,960 tons.

ATTOCK OIL COMPANY, LTD.—Production for June, 11,162 barrels. Since the end of June a well has been drilled into the 4,600-4,800-foot oil zone, giving moderate initial production.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended June 24:—Venezuela, 33,095 barrels; Trinidad, 30,473 barrels. Total, 63,568 barrels. Production for the week ended July 1st: Venezuela, 32,461 barrels; Trinidad, 29,640 barrels; total, 62,101 barrels.

DACIA ROMANO PETROLEUM SYNDICATE, LTD.—Gross production for June: Dacia, 5,329 tons; Perimeter X, 5,352 tons.

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative

148 Leadenhall St. London, E.C. 3.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended July 3, 1931.	(c) Week ended July 4, 1931.	Miles Oper.	Week ended July 5, 1931.					Aggregate 27 weeks, 1931.				
			(000's omitted.)					(000's omitted.)				
			Passen-ger, &c.	Merchandise, &c.	Coal and Coke	Total	Total for Week.	Passen-ger, &c.	Merchandise, &c.	Coal and Coke	Total	Total Receipts.
Great Western...	3,761	269	190	107	297	566	5,442	5,106	2,833	7,939	13,381	13,381
Do. for 1930...	3,761	285	215	105	320	605	5,918	5,788	3,305	9,093	15,011	15,011
L. & N. Eastn.(c)	6,349	399	333	206	539	938	8,159	9,126	6,424	15,550	23,709	23,709
Do. for 1930...	6,349	417	356	221	577	994	8,936	10,672	7,023	17,695	26,531	26,531
Lon. Mid. & Scot.	6,958	593	456	206	662	1,255	12,290	12,483	6,807	19,290	31,580	31,580
Do. for 1930...	6,958	623	516	203	719	1,342	13,148	14,534	6,950	21,484	34,532	34,532
Southern	2,180	365	75	28	103	468	7,639	1,914	861	2,775	10,414	10,414
Do. for 1930...	2,179	382	74	26	100	482	8,067	2,084	802	2,886	10,953	10,953
Total of above...	19,255	1,626	1,054	547	1,601	3,227	33,530	36,269	16,925	45,554	79,084	79,084
Do. for 1930...	19,238	1,707	1,161	555	1,716	3,423	36,069	33,078	18,080	51,158	87,227	87,227
Metropolitan (c)	59	32.2	...	...	...	...	...	...	...	...	...	...
Do. for 1930...	59	33.0	...	...	...	...	...	...	...	...	...	...
Undgd. R.R. (c)	...	...	...	...	...	...	...	...	...	...	...	...
Do. for 1930...	...	...	...	...	...	...	...	...	...	...	...	...
Green Buses, &c.	...	...	...	...	...	...	...	...	...	...	...	...
Lon. & S. G.W.(c)	...	...	...	...	...	...	...	...	...	...	...	...
Do. for 1930...	...	...	...	...	...	...	...	...	...	...	...	...
*B.I. & Co. D.W.(b)	...	...	...	...	...	...	...	...	...	...	...	...
Do. for 1930...	...	...	...	...	...	...	...	...	...	...	...	...
*G. Northern (b)	...	...	...	...	...	...	...	...	...	...	...	...
Do. for 1930...	...	...	...	...	...	...	...	...	...	...	...	...
*G. Southern (b)	...	...	...	...	...	...	...	...	...	...	...	...
Do. for 1930...	...	...	...	...	...	...	...	...	...	...	...	...

* Aggregate 26 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Month.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
				Rs.	Rs.	Rs.	Rs.
Assam Bengal	10	June 6	1,304	3,87,000 +	20,478	37,64,000 +	70,430
Barel Lt. Ry.	11	13	202	34,000 +	1,400	4,37,700 +	71,100
Bengal & N. Western	11	13	2,119	6,41,515 +	67,109	75,18,322 +	6,56,607
Bengal-Nagpur	9	May 30	3,158	14,23,000 -	3,20,626	1,26,17,000 -	31,03,455
Bombay Bar. & C.I.	13	June 27	1,084	19,81,000 -	62,000	2,75,80,000 -	6,84,000
Madras & S. Mahr.	11	13	3,230	14,84,000 -	28,714	1,65,41,000 -	21,87,598
*Rohilk'd & Kunson	11	13	572	1,21,408 -	12,669	14,22,065 -	1,29,994
South Indian	10	6	2,458	11,95,033 -	1,09,573	1,06,37,554 -	16,94,185
* Includes Lucknow, Bareilly & Delhi.							

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	26	June 30	20,407	4,919,050	-105,0814	88,275,626	-21,635,465
Canadian Pacific	26	30	15,545	3,922,000	-783,000	70,506,000	-14,570,000

† Nine days.

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia).....	27	1931.	5	804	16,990	-14,590	494,130	-288,970
Argentine N.E.	1	July 5	753	12,800	-2,600	7,600	-700	
Argentine Transdn. B.A. and Pacific.....	1	4	111	1,611	-1,485	921	1,280	
B.A. Central.....	1	4	2,806	123,000	+7,000	73,000	10,000	
B.A. Gt. Southern.....	1	4	...	13,190	-1,412	...	...	
B.A. Western.....	1	4	5,076	188,000	-2,000	116,000	-21,000	
Central Argentine.....	1	4	1,926	75,000	+38,000	45,000	7,000	
Central Uruguay.....	1	4	3,442	220,000	+6,115	12,988	-7,638	
O. Urug. (East Ext.).....	1	4	273	23,129	-1,874	2,558	1,962	
O. Urug. (N. Ext.).....	1	4	311	4,824	-1,121	941	-1,360	
O. Urug. (W. Ext.).....	1	4	185	2,147	-70	1,315	-292	
Cordoba Central.....	1	4	211	2,260	-4,000	40,000	-2,000	
Entre Rios.....	1	4	1,218	60,000	+4,000	12,800	-1,100	
G. Western of Brasil	27	4	1,052	20,900	-4,300	187,600	-218,800	
Leopoldina.....	27	4	1,918	5,200	-7,334	580,553	-329,851	
Leopoldina Termn.	27	4	...	29,641	-24,000	7,208,000	-596,000	
Nitrate.....	16	June 30	411	6,270	-9,201	93,158	-146,923	
Paraguay Central	1	July 4	274	4,261	-...	4,261	-...	
Salvador.....	1	4	100	2,487	-145	1,421	-282	
San Paulo.....	26	June 28	1,531	29,062	+12,646	729,973	-342,307	
United of Havana	52	27	1,369	20,330	-15,858	1,926,454	-1,348,742	

† Months.

OTHER OVERSEAS.

Gt. Southn. of Spain	26	June 27	104	Pe. 68,375	-11,738	1,987,431	-616,613
Mexican Railway	26	30	483	\$247,400	-90,100	5,380,300	-1,199,400

TRAMWAYS WEEKLY GROSS RECEIPTS.

Anglo-Argentine ...	26	July 1	329	68,709	-10,380	1,922,020	-265,619
B. Africa Lacrosse	1	5	...	9,901	-298	...	...
Liverpool Corp.	13	1	124	31,057	-28	390,175	-8,120
Madras Electric	15	June 15	...	Rs. 50,893 +	4,677	535,887 +	29,232
L.C.C. Tramways	13	July 1	166	82,565	-1,755	1,066,029	-31,882

† Months.

MONTHLY TRAFFICS.

	Month.	Ending 1931.	Des- crip- tion.	Receipts for Month.		Receipts to Date.	
				1931.	+ or -	1931.	+ or -
Alcoy and Gandia ...	6	June 30	Gross	£1,194	- 685	13,043	- 6,907
Peruvian Corporation	12	June 30	Gross	£81,196	- 53,252	1,217,488	- 803,780
Shanghai Electric ...	16	June 30	Gross	\$489,669	+ 122,438	2,775,185	+ 851,945
Midland Uruguay ...	12	June 30	Gross	£15,957	- 6,047	216,393	- 23,951
Uruguay Northern ...	12	June 30	Gross	£1,532	- 1,065	26,128	- 2,430
La Guaira & Caracas	6	June 30	Gross	£7,870	- 1,010	570,020	- 8,140
N.W. of Uruguay ...	6	June 30	Gross	£3,404	- 1,368	61,852	- 11,953
Rangoon Electric ...	5	May 31	Gross	Rs. 4,78,728	- 8,849	24,07,348	- 21,523
			Net	Rs. 2,32,513	- 32,267	11,98,737	- 1,30,183
British Columbia							
Power	5	May 31	Gross	\$1,159,759	- 73,533	13,449,141	- 104,880
			Net	373,814	+ 31,865	4,998,457	+ 671,945

COMPANY MEETINGS, &c.

GRANGE TRUST, LIMITED.

INVESTMENTS WELL SPREAD.

The fifth ordinary general meeting of the Grange Trust, Limited, was held at 71, Queen Street, E.C., Sir William McLintock, G.B.E., C.V.O., presiding.

The representative of the Secretaries (Messrs. Thomson McLintock and Company) having read the notice convening the meeting and the auditors' report,

The Chairman, in moving the adoption of the report and accounts, said:—It will be observed from the balance sheet that the book said at the date of the balance sheet was 261, representing an average at the date of the balance sheet was 261, representing an average holding of approximately £3,500 in each security. Of these securities approximately 36 per cent. consists of bonds, loans and debentures, 26 per cent. of preference stocks and shares and the balance of 38 per cent. of ordinary stocks and shares.

EFFECT OF FINANCIAL DEPRESSION.

The financial depression, of which we were already beginning to feel during the past year, and has affected every country in the world. A study of the trend of security values reveals the fact that the contraction in the value of securities as a whole prevailed throughout the year with the exception of a slight check in September, 1930, and again in March, 1931. From March until May the rate of fall was, if anything, accelerated, the securities indices published by the *Investors' Chronicle* showing a drop of over 10 per cent. in April and May alone to the lowest level reached in recent years. In these circumstances it is not surprising that the value of the company's investments at the date of the balance sheet showed a depreciation of approximately 27 per cent. on the book value, or, after taking into account the amount at credit of general reserve and the balance of undistributed profit carried forward, a net depreciation of approximately 22 per cent.

In view of the wide spread of its securities, the company will participate fully in any general improvement in security values which may occur when the present period of depression ceases. In this connection I would point out that our borrowings are comparatively small, and we are, therefore, in a favourable position to make additions to the company's portfolio whenever we think there are definite signs of an improvement in world conditions.

REVENUE AND DIVIDEND.

The net revenue for the year, after charging expenses of management, interest and income tax, amounted to £36,305, as compared with the net revenue for the preceding year of £38,334. The reduction in this amount was in part attributable to the increase in the standard rate of income tax from 4s. to 4s. 6d. in the £, but a further factor has been the reduction in the amount of income received from our holdings, particularly in the case of equities.

There is at the present time little or no prospect of any immediate change in conditions, and it is possible, therefore, that the effect of the trade depression upon our investment income may be accentuated during the coming year. Having this possibility in mind, the directors consider that it would be prudent to restrict the final dividend on the ordinary stock to 2½ per cent., which, with the interim dividend of 2½ per cent. paid in December last, will make a total distribution for the year of 5 per cent. As the balance brought forward from the preceding year amounted to £1,814, the total amount available for distribution is £38,119, out of which there has been deducted the dividend on the preference stock for the year amounting to £14,639, and the interim dividend on the ordinary stock of 2½ per cent. actual paid in December, 1930, amounting to £7,268, leaving a balance of £16,214 now to be dealt with. The final dividend of 2½ per cent., less tax at 4s. 3d. in the £, now recommended by the directors to be declared payable on the ordinary stock will absorb £7,373, leaving a balance of £8,841, which they propose should be carried forward to the ensuing year.

The rate of income tax to be deducted from the foregoing dividend is calculated by reference to the standard rate of 4s. 6d. in the £ under deduction of an amount of 2½d. in the £, representing Dominion income-tax relief due to be refunded to the shareholders. A corresponding adjustment has been made on the payment of the preference dividend for the half-year ended on May 31st last.

The increase in the amount of the carry-forward represents an amount approximately equal

THE AMALGAMATED DENTAL COMPANY, LIMITED.

SUCCESSFUL RESULTS.

The twenty-six annual general meeting of the Amalgamated Dental Company, Limited (formerly Claudius Ash, Sons and Company, Limited, and De Trey and Company, Limited), was held, on the 6th instant, at the Holborn Restaurant, London.

Mr E. Russell Polden (the chairman) said that the economic depression at home had become worldwide, and, even allowing for the special nature of their trade, that had had its effect. It might be said, however, that so far it had suffered in a less degree than was the case in many other spheres of endeavour, and they had succeeded in maintaining a sound trading position which should enable them to secure such benefits as any improvement in affairs might make possible.

The volume of business throughout their organisation had somewhat diminished during the year, but the resulting profits had been reasonably maintained. Profits from trading were £218,444, which was £4,387 less than for the previous year. They recommended a dividend of 3d. per share, free of income tax, on the deferred ordinary shares, the same as in the previous two years.

The possibilities of the dental industry might be better understood when consideration was given to the relation which its activities might be said directly to have on the good health and good appearance of the masses. Dentistry had long out-lived the period when it was commonly regarded as a luxury, and no one could gainsay that sound, healthy, clean teeth were an essential and vital part of good appearance. There was little doubt that people everywhere were becoming increasingly "teeth conscious."

Their company was engaged in a business which was devoted exclusively to the manufacture and supply of essential commodities to one of the most progressive professions existing at the present time. It enjoyed the collaboration of eminent professional men in its research and in the technical development of many of its high-grade products, which had a world-wide reputation and sale.

On the commercial side the activities of the company were supported by a highly organised technical service devoted to the development of new and better materials and appliances. They deemed it their duty to continue to exert every possible effort towards the production of the highest grade material and appliances, and they did so in the confidence that the professional man would fairly discriminate between the relative importance of price and quality. In such an industry as theirs the factor of quality was paramount.

The report and accounts were unanimously adopted.

ZINC CORPORATION, LIMITED.

EFFECT OF MR. HOOVER'S DEBT PLAN.

The twentieth ordinary general meeting of the Zinc Corporation, Limited, was held, on the 8th instant, at River Plate House, London, the Right Hon. Sir Robert Horne, M.P. (the chairman), presiding.

The Chairman, after referring to the adverse effect of the catastrophic fall in metal prices upon the company's revenue, continued: We are not alone in this kind of experience, nor are the producers of metals the only sufferers. All commodities have shared the same fate.

Prices fell disastrously, and it required a much greater volume of goods to pay debts estimated in gold, while the cost of producing them could not be reduced sufficiently to conform to the decrease in price. On all debtor nations the burden became very severe, and in the case of some too great to be borne.

To a Europe staggering towards disaster there came the announcement that a respite was to be proclaimed for payment of war debts; and immediately a change for the better occurred. The first effects were doubtless mainly psychological, but there is a material core to these subjective signs. Mr Hoover's declaration is the first check to the increasing evil of the maldistribution of gold, and gives commodities a chance to be restored to a more favourable level of prices. It gives ground for hope that the stock of gold in the hands of the United States of America, and also of France, will now be used as a basis for long-term loans which will not only help to rehabilitate straitened countries, but enable them to develop new enterprises and stimulate the trade of the world.

A year ago I referred at length to the position of Australia and the causes of the grave problems with which she was so suddenly confronted. The intervening period has been one of surpassing difficulty in the Commonwealth, but I am happy to be able to say that improvement can now be detected, and the outlook there is more encouraging than it has been for some time past. We are confident of her resolution and the ability of the majority of her people to carry through all the necessary adjustments demanded by the changed economic situation.

Before concluding my address to you, I must refer to the outlook for the commodities which we are engaged in producing. I believe

this to be brighter than for some time past. Consumption of lead is increasing—slowly, it is true, but the movement is gaining force, and I am hopeful that ere long stocks will be reduced to more comfortable proportions and the output of the mines now at work fully absorbed. Zinc has been down to prices unparalleled in the history of the industry, and unprofitable to every producer. An adjustment long overdue is now taking place, and I think that a further improvement should follow. We have, as I think, passed through the worst crisis of the lead and zinc industries, and those properties which enjoy natural and geographical advantages, combined with skilled and industrious operation, should from now onwards have much more favourable prospects.

The report and accounts were adopted.

RHODESIAN ANGLO-AMERICAN, LIMITED.

IMPORTANT COPPER INTERESTS.

The second ordinary general meeting of the Rhodesian Anglo-American, Limited, was held, on the 9th ultimo, at Winchester House, London.

Sir Edmund Davis (deputy chairman) said that since March 31, 1930, they had created a debenture debt of £1,500,000, carrying interest at the rate of 7½ per cent., in order to place the company in a position to apply for its proportion of Rhokana Corporation, Limited, 7 per cent. 20-year convertible debentures in respect of its shareholding not only in that Corporation but also in the Bwana M'Kubwa Copper Mining Company, Limited, and to underwrite a proportion of the issue.

The Rhodesian Anglo-American Company's principal interest, in which they had embarked a very large amount of capital, was in the copper propositions now being developed and equipped in Northern Rhodesia. He had previously stated that their policy was to retain their interests in their various Northern Rhodesian holdings, and ever since the date of their last ordinary general meeting they had gradually increased those interests and were satisfied that those investments should in the course of time prove profitable. There might be some delay before they could take full advantage of the expected improvement, a delay in no way occasioned by anything connected either with the development or with the equipment of the properties, but by the general world depression, and, in particular, the present state of the copper market, Northern Rhodesian mines were expected to produce when in full operation at a cost well below the lowest of the figures of United States-owned copper mines.

The Rhokana, Roan and Mufulira companies had entered into a 13 years' contract from October 1st next with the Rhodesian railways, under which, in consideration of the mining companies undertaking to send the whole of their output and import the whole of their supplies on the Rhodesian system, the railway companies reduced their maximum rates charged to the mining companies on copper, coal, general goods, plant and machinery. There was thus an immediate and substantial reduction in expenditure on railway freights.

In reference to fuel supplies, the mining companies had also entered into a 13 years' contract with the Wankie Colliery Company for the supply of all their coal requirements, which meant a supply of excellent coal at fair rates for the mines as well as additional secured traffic for the Rhodesian railways.

He referred to the remarks of Sir Herbert Oppenheimer at the meeting of the Anglo-American Corporation of South Africa, in which it was stated that the initial capacity of the plant now being erected by the Rhokana Corporation would be 7,000 tons of ore per day, which was estimated to be ready to be produced towards the end of 1931. Nothing had so far happened to lead to an alteration of those views.

The report and accounts were unanimously adopted.

OFFER TO NEW READERS.

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

To: Publisher, "Economist Newspaper Ltd.,"

8, Boulevard Street, E.C.4.

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

Name.....

Address.....

INTERNATIONAL TEA COMPANY'S STORES, LIMITED.

ANOTHER RECORD YEAR.

The annual general meeting of the International Tea Company's Stores, Limited, was held, on the 7th instant, at Winchester House, London.

Mr Guy Collier (chairman, and one of the joint managing directors), who was received with applause, said that it was very gratifying to him to be able to announce another record year. They had gone from success to success ever since the ordinary shares of the company were placed on the market early in 1928. The profit in 1927 were £796,089; in 1928, £579,553; in 1929, £675,919; in 1930, £755,359; and in 1931 the trading profit was increased to £820,163, a very satisfactory result of four years' good, sound solid work.

It was proposed to pay a final dividend on the ordinary shares of 18 per cent., making 30 per cent. for the year. With regard to the reserves, they had made a new departure by placing £50,000 to the general reserve, and £100,000 to a reserve for the equalisation of dividends, the directors feeling that shareholders would like to be confident that, whatever the vicissitudes in other companies and industries, a safeguard existed in the case of the International against so unfortunate a contingency as the passing of a dividend.

With regard to the negotiations last year for amalgamation of the business of the company with others, the board had ultimately formed the definite conclusion that it was better in the interests of the shareholders, that the company should retain its independence, and that the amalgamation should not proceed; so it had been dropped. The results which had been achieved during the past year were a satisfactory vindication of their action.

He was very hopeful that last year's progress would be maintained. They continued to expand, and they had quite a lot of useful irons in the fire which should add materially to the revenues of the company. He moved the adoption of the report and accounts.

Mr Colin Cooper (vice-chairman, and one of the joint managing directors), in seconding the motion, said that they had seen suggestions that retailers had not handed on to the consuming public the reduction of prices. So far as this company was concerned, the price reductions had greatly increased their turnover. They had made a smaller percentage of profit on more produce, and a great deal of their success had been due to the rapidity with which they had handed on reductions of price to the consumers.

The resolution was carried unanimously.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the four days ended July 4, 1931, amounted to £8,435,800 against ordinary expenditure of £16,512,300. There was no allocation to Sinking Fund, but after having allowed for an increase in Exchequer Balances of £80,924, the operations for the four days, as shown below, increased the National Debt by £8,157,000 to £7,638,806,000:—

(000's omitted.)	
Treasury Bills	+25,661
National Savings Certificates	+ 350
Land Settlement	+ 6
	+26,017
Bank of England Advances	-14,290
Public Department Advances	- 3,200
Road Fund	- 370
	-17,860

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

Loss of foreign markets is the price Britain is paying for the linguistic ignorance of her salesmen.

FOREIGN LANGUAGES

is the only popular language magazine which aims at popularising and facilitating the study of foreign languages.

Price - - Sixpence Monthly.

Obtainable from all Newsagents or 7d. post free from the Publishers—

THE PAN-EUROPEAN PRESS LTD.,
6, Boulevard Street, Fleet Street, London, E.C. 4.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to July 4, 1931.	April 1, 1930, to July 5, 1930.	Four days ended July 4, 1931.	Five days ended July 5, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	21,940,000	25,649,000	2,122,000	3,560,000
Sur-tax, including Arrears	11,500,000	10,410,000	320,000	380,000
Super Tax	20,930,000	24,280,000	1,360,000	1,360,000
Estate, &c., Duties	2,580,000	3,900,000	...	...
Stamps	...	...	...	...
Excess Profits Duty and Corporation Tax	...	...	...	...
Land Tax and Mineral Rights Duty	140,000	130,000	10,000	...
Total Inland Revenue	57,150,000	64,369,000	3,812,000	5,300,000
Customs and Excise—				
Customs	30,984,000	31,699,000	2,124,000	2,389,000
Excise	27,821,000	29,900,000	521,000	800,000
Total Customs and Excise	58,805,000	61,599,000	2,645,000	3,189,000
Motor Vehicle Duties (Exchequer Share)	1,151,000	1,206,088	364,000	405,000
Post Office (Net Receipts)	3,200,000	3,000,000	Dr. 100,000	200,000
Crown Lands	270,000	260,000	...	...
Receipts from Sundry Loans	11,006,339	10,729,854	1,622,424	1,546,401
Miscellaneous Receipts	5,861,134	6,796,062	92,338	1,461,780
Total Ordinary Revenue	137,443,473	147,960,004	8,435,762	11,902,181
SELF-BALANCING REVENUE.				
Post Office	14,200,000	14,500,000	1,100,000	800,000
Motor Vehicle Duties apportioned to Road Fund	3,480,000	3,558,912	...	...
Total Self-Balancing Revenue	17,680,000	18,058,912	1,100,000	800,000
Total	155,123,473	166,018,916	9,535,762	12,702,181

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to July 4, 1931.	April 1, 1930, to July 5, 1930.	Four days ended July 4, 1931.	Five days ended July 5, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	116,461,565	116,959,097	7,371,572	7,781,849
Payments to Northern Ireland Exchequer	1,248,591	1,344,880	...	202,464
Other Consolidated Fund Services	455,315	574,505	2,730	...
Total	118,165,477	118,878,482	7,374,302	7,984,313
Total Supply Services (excluding Post Office)	105,354,650	105,165,300	9,138,000	8,150,000
Total Ordinary Expenditure	223,520,127	224,043,782	16,512,302	16,134,313
SELF-BALANCING EXPENDITURE.				
Post Office	14,200,000	14,500,000	1,100,000	800,000
Road Fund	3,480,000	3,558,912	...	...
Total Self-Balancing Expenditure	17,680,000	18,058,912	1,100,000	800,000
Total Ordinary and Self-Balancing Expenditure	241,200,127	242,102,694	17,612,302	16,934,313
New Sinking Fund (1928)	10,134,226	10,095,902	...	541,020
Total, including New Sinking Fund	251,334,353	252,198,596	17,612,302	17,475,333

The aggregate revenue and expenditure to July 4, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JULY 4TH.	
(000's omitted.)	
Expenditure	251,334,353
New Sinking Fund	10,134
	251,344,487
Revenue	137,443
Decreases in balances	3,405
Net amount borrowed	92,806
	251,654

POSITION OF THE FLOATING DEBT.	
Ways and Means Advances Outstanding—	four days ended July 4, '31.
Advances by Bank of England	2,000,000
Advances by Public Departments	64,020,000
Treasury Bills outstanding	630,015,000
Total Floating Debt	696,035,000
* Includes £23,000 the proceeds of which were not carried to the Exchequer within the period of the account.	

Tenders for £40,000,000 in Treasury Bills were opened on July 3, 1931, and the total amount applied for was £70,995,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 10s. 3d., about 11 per cent., and above, in full, and Saturday at £99 10s. 5d., and above, in full. The amount allotted was £40,000,000.

TREASURY BILLS BY PUBLIC TENDER.	
Date.	Amount Offered.
1931.	
Jan 12	35,000,000
Jan 19	40,000,000
Jan 26	40,000,000
July 3	40,000,000
	56,900,000
	58,440,000
	68,220,000
	70,995,000

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, July 8, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	359,257,662	Other Government Securities	11,015,100
In Banking Department	65,361,644	Other Securities	232,411,323
		Silver Coin	12,483,304
		Gold Coin and Bullion	4,090,273
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	164,619,306
	£424,619,306		£424,619,306

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Rest	3,500,985	Other Securities	31,825,906
Public Deposits*	15,734,020	Advances and Securities	7,102,368
Other Deposits	164,543,324	Notes	34,939,855
Bankers' Accounts	34,986,381	Gold and Silver Coin	65,361,644
1-Day and other Bills	99,529,705		1,191,640
	1,335		
	£133,319,045		£133,319,045

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

Both Departments.	Amount, July 8, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	359,257,662	+ 1,828,209	+ 4,545,964
Bankers' deposits	15,734,020	+ 4,243,903	+ 4,469,644
Other deposits	64,543,324	+ 34,858,483	+ 4,989,491
Seven-day bills	34,986,381	+ 895,117	+ 1,250,725
Total, outside liabilities	1,335	+ 1,159	+ 746
Capital and rest	474,522,722	+ 27,892,413	+ 4,317,282
	16,053,985	+ 51,634	+ 6,549
Government debt and securities	275,252,329	+ 50,598	+ 22,780,221
Discounts and advances	7,102,368	+ 27,216,932	+ 836,804
Other securities	40,320,791	+ 1,960,379	+ 8,780,876
Silver coin in issue department	4,090,273	+ 2,708	+ 373,684
Coin and bullion (bank's reserve)	165,810,946	+ 1,389,839	+ 9,225,492
Reserve of notes and coin in banking department	66,553,284	+ 438,371	+ 13,771,456
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	57½ %	+ 11½ %	+ 11½ %
(b) Gold stocks to deposits and notes ("reserve ratio")	33½ %	+ ½ %	+ ½ %

(000's omitted.)

Date.	Notes Issued.	Circulation.	Banking Department.	Gold in or out of Bank.	Ratio.
1931.					
May 27	411,017	354,860	17,449	54,761	£64 in
June 3	411,476	356,371	6,545	72,209	856 in
10	415,256	364,251	9,627	69,561	3,375 in
17	420,928	352,266	15,017	71,446	5,640 in
24	422,694	352,832	25,249	61,664	33,520
July 1	423,272	357,429	11,490	99,402	362 in
8	424,619	359,258	15,734	64,543	1,344 in

(000's omitted.)

Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Banking Department.	Govt. Securities.	Other Securities.	Reserve & the "Proportion."
1931.							
May 27	245,727	10,177	152,078	33,215	6,825	28,553	57.218
June 3	244,194	11,707	152,934	38,496	7,106	28,311	56.563
10	244,624	11,275	156,288	33,121	6,997	28,526	62.037
17	243,701	12,207	161,987	30,645	9,395	28,044	69,721
24	243,227	12,685	164,014	30,403	9,533	27,129	71,181
July 1	242,372	13,535	164,421	32,931	34,319	28,746	66,992
8	243,428	12,483	165,811	33,826	7,102	27,837	66,553

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to June 24	17,155,120	839,176	1,356,069	19,350,365
Week ended July 8	856,846	32,668	46,942	936,456
	710,017	42,660	68,575	821,252
Total to date, 1931	18,721,983	914,504	1,471,586	21,108,073
Total to date, 1930	21,119,958	984,413	1,601,846	23,706,217
Increase or decrease in 1931	-2,397,975	-69,909	-130,260	-2,598,144
	-11.4 %	-7.1 %	-8.3 %	-10.9 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,164	44,896,077
Increase or decrease in 1930	-1,153,347	-69,843	-115,533	-1,338,723
	-2.9 %	-3.7 %	-3.7 %	-2.9 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended July 4.		Month of June.			Aggregate Totals January 1 to July 4.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days	24	26					
BIRMINGHAM	3,186	3,141	9,450	9,508	+ 0.6	66,899	59,375
BRADFORD	1,098	830	3,318	3,063	- 7.6	24,263	19,830
BRISTOL	1,496	1,623	4,360	4,699	+ 7.7	30,387	29,675
DUBLIN	8,860	7,248				134,526	134,538
HULL	874	872	2,999	2,897	- 3.4	21,483	19,631
LEEDS	1,436	1,240	3,321	3,135	- 5.6	26,259	23,157
LIVERPOOL	1,046	802	2,832	2,669	- 5.7	19,640	17,021
MANCHESTER	7,218	6,998	24,777	23,515	- 5.0	180,454	140,919
NEWCASTLE	13,363	11,453	40,006	37,462	- 6.3	297,440	224,075
NOTTINGHAM	1,773	1,502	5,222	5,052	- 3.2	38,708	34,115
SHEFFIELD	785	5,334	2,260	1,757	- 22.2	16,178	11,971
	1,516	1,071	3,333	2,874	- 13.7	25,079	20,570
Total	43,051	42,114	101,878	96,631	- 5.1	881,317	754,880

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Banks of Denmark and Canada appeared in the Economist of June 13; National Bank of Egypt in June 20; Roumania, in June 27; Italy, Portugal, Czechoslovakia, Yugoslavia and Russia in July 4.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

ASSETS.	Mar. 31, 1931.	Apr. 30, 1931.	May 31, 1931.	June 30, 1931.
Cash	7.2	7.6	8.9	11.2
Sight funds	186.3	102.8	133.5	168.5
Bills and acceptances:—				
Commercial bills	471.5	443.4	455.9	438.1
Treasury bills	138.1	203.9	210.4	293.1
Time funds:—				
Not exceeding 3 months	850.7	939.9	1,039.0	594.0
Between 3 and 6 months	12.8	7.4	29.7	24.7
Between 6 and 9 months	...	...	...	...
Sundry investments	222.6	225.9	234.4	240.7
Other assets	12.0	12.6	14.2	10.1
LIABILITIES.				
Capital paid up	103.2	103.5	106.0	108.5
Special deposits:—				
Amnity trust account	154.9	154.6	154.2	154.1
German Government deposit fund	77.4	77.3	77.1	77.0
French Government guarantee fund	68.9	68.8	68.8	68.8
Time deposits of Central Banks:—				
Between 3 and 6 months:—				
By their own account	5.7	10.9	8.7	4.1
For account of others	5.3	...	...	31.3
Not exceeding 3 months:—				
For their own account	495.1	457.2	514.7	551.9
For account of others	355.7	590.0	680.6	203.3
Other deposits	13.8	13.8	...	...
Sight deposits of Central Banks:—				
For their own account	311.0	295.3	333.6	388.9
For account of others	292.2	152.5	159.0	169.0
Other deposits	0.2	0.2	0.9	1.1
Miscellaneous items	17.8	19.3	11.2	11.2

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

RESOURCES.	July 10, 1930.	June 18, 1931.	June 25, 1931.	July 2, 1931.	July 9, 1931.
Total gold reserve	3,018,130	3,355,290	3,382,590	3,412,040	3,427,906
Total bills discounted	236,310	188,390	197,680	150,200	162,390
Bills bought in open market	148,940	106,810	106,390	103,540	91,790
Total U.S. Govt. securities	590,580	599,000	618,500	663,400	667,950
Total bills and securities	985,140	900,480	947,330	927,540	932,100
Total resources	4,917,940	5,165,870	5,127,170	5,206,500	5,194,260
LIABILITIES.					
Federal Reserve notes in actual circulation	1,406,600	1,668,310	1,674,190	1,738,400	1,736,920
Deposits—Memberbank—					
Reserve account	2,417,310	2,401,100	2,457,470	2,389,210	2,439,580
Total deposits	2,481,110	2,742,500	2,556,840	2,500,850	2,527,350
Capital paid in and surplus	446,490	442,950	442,880	442,810	442,810
Total liabilities	4,917,940	5,166,870	5,127,170	5,206,500	5,194,260
Ratio of total resources to deposits and Federal Reserve note liabilities combined	81.7 %	85.2 %	84.1 %	84.4 %	84.2 %

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	July 10, 1930.	June 18, 1931.	June 25, 1931.	July 2, 1931.	July 9, 1931.
Total gold reserves	1,182,560	1,236,040	1,183,400	1,188,300	1,188,300
Total bills discounted	47,250	33,810	36,190	27,870	25,340
Bills bought in open market	54,710	32,810	35,190	33,700	25,390
Total U.S. Govt. securities	194,620	146,170	151,420	167,740	166,150
Total bills and securities	301,840	214,810	222,810	235,220	232,860
Deposits—Memberbank—					
Reserve account	976,740	1,053,060	1,119,480	1,030,090	1,080,980
Ratio of total resources to deposits and Federal Reserve note liabilities combined	82.1 %	91.3 %	90.4 %	89.7 %	90.0 %

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	June 25, 1930.	May 27, 1931.	June 3, 1931.	June 10, 1931.	June 17, 1931.	June 24, 1931.
Loans	17,059	14,813	14,730	14,641	14,582	14,582
Investments	6,081	7,785	7,807	7,811	7,843	7,803
Demand deposits	13,566	15,625	13,605	13,552	13,555	13,588
Time deposits	7,275	7,399	7,347	7,325	7,155	7,189
Due from banks	1,358	1,732	1,718	1,793	1,795	1,823
Due to banks	3,098	3,632	3,705	3,698	3,392	3,339
Federal Reserve borrowings	54	29	45	50	57	63

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	June 13, 1930.	May 15, 1931.	May 22, 1931.	May 29, 1931.	June 5, 1931.	June 12, 1931.
ASSETS.						
Gold coin and bullion	6,522	6,166	6,184	6,583	6,476	6,547
Subsidiary coin	165	326	331	326	328	333
Bills discounted	7,807	6,812	7,004	7,067	7,498	7,080
Investments	1,121	1,859	1,859	1,859	1,859	1,869
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	719	720	720	720	720	802
Notes in circulation	7,753	6,858	6,544	8,143	7,720	6,921
Government deposits	1,668	2,208	2,339	1,962	1,498	1,762
Bankers' deposits	4,821	4,523	4,997	4,736	4,853	4,874
Ratio of cash reserves to liabilities to public	44.5 %	46.1 %	45.2 %	46.2 %	45.7 %	47.6 %

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

	June 13, 1930.	May 15, 1931.	May 22, 1931.	May 29, 1931.	June 5, 1931.	June 12, 1931.
ASSETS.						
Total securities	29,96,120	29,32,26	29,65,84	29,77,61	30,21,78	30,73,70
Loans	12,52,36	12,09,54	11,87,95	11,35,25	10,28,35	8,88,02
Cash credits	31,92,32	29,93,95	29,41,74	29,68,22	29,97,55	29,55,10
Indian bills	3,74,64	4,23,68	4,71,67	4,06,69	3,72,54	3,28,64
Foreign bills	37,62	38,31	50,01	37,92	41,67	39,43
Dead stock	2,82,26	2,75,91	19,15	24,69	3,25	8,50
Bal. with other banks	23,93	13,39	15,68	15,58	13,70	13,70
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,32,50	5,40,00	5,40,00	5,40,00	5,40,00	5,40,00
Total deposits	81,70,14	82,43,85	80,74,35	82,28,72	81,39,91	77,73

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	June 30, 1930.	June 30, 1931.	June 10, 1931.	June 20, 1931.	June 30, 1931.
Gold	702,814	567,585	567,585	567,702	567,711
Of which held abroad	219,046	81,716	81,716	81,716	81,716
Foreign currencies	353,603	355,531	383,105	332,760	349,626
Bills discounted	581,352	541,209	524,381	536,045	553,928
Loans against securities	82,760	88,861	85,589	87,992	96,520
Reserve fund securities	84,899	93,595	93,595	93,595	93,534
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	110,000	114,000	114,000	114,000	114,000
Notes in circulation	1,317,434	1,222,390	1,177,181	1,127,448	1,230,944
Current accounts	237,075	206,442	315,128	334,067	269,955

* As from October 13, 1927, 8.91 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	June 21, 1931.	June 8, 1931.	June 15, 1931.	June 23, 1931.
Gold	35,091	301,925	300,640	300,396	302,218
Balance abroad and foreign bills	90,379	1,073,758	928,029	900,212	871,589
Mineral and Foreign Government securities	21,826	347,056	376,846	381,596	382,685
Discounts and loans	105,151	860,726	790,172	791,381	792,392
LIABILITIES.					
Notes in circulation	123,941	1,357,454	1,237,590	1,226,938	1,193,743
Deposits at notice	21,225	129,897	186,644	183,443	173,347

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	June 23, 1930.	May 31, 1931.	June 7, 1931.	June 23, 1931.
Gold coin and bullion	6,517	6,526	6,526	6,530
Net foreign exchange	16,427	17,019	17,025	16,948
Subsidiary Estonian coin	1,638	1,882	1,939	1,795
Some bills discounted	14,187	10,193	10,197	9,821
Loans and advances	11,046	15,133	14,004	11,046
Thereof loans to Government	...	5,000	5,000	2,000
LIABILITIES.				
Notes in circulation	30,885	32,896	31,408	33,181
Net deposits and current accounts	15,054	17,660	17,915	14,137
Ratio of reserve to current liabilities	49.94%	46.57%	47.75%	51.22%

* Includes Ekr. 4,353,971.23 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	July 2, 1930.	June 1, 1931.	June 8, 1931.	June 15, 1931.	June 22, 1931.	June 29, 1931.
Gold bullion and coins	24,015	24,096	24,098	24,101	24,098	24,096
Silver coin	7,319	7,049	7,109	7,197	7,186	7,186
Balance abroad	45,193	25,736	23,978	21,410	21,621	21,627
Reserve notes and sm. change	15,662	13,166	14,119	13,687	8,735	11,436
Short term bills	88,182	79,534	78,930	78,533	78,736	78,209
Loans against securities	55,435	68,193	67,591	67,362	66,584	65,939
Other assets	15,065	15,416	15,552	15,803	15,496	15,313
LIABILITIES.						
Notes in circulation	44,762	41,229	40,041	39,414	39,648	38,577
Capital paid up	18,735	19,176	19,676	19,676	19,676	19,676
Reserve	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	17,976	21,094	21,042	20,879	20,647	20,639
Current accounts	60,167	67,330	66,193	66,233	63,254	63,764
Government accounts	95,043	71,053	71,431	69,018	66,143	67,415
Other liabilities	6,335	4,579	4,764	4,644	4,633	5,446

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	June 20, 1930.	Apr. 30, 1931.	May 15, 1931.	May 31, 1931.	June 15, 1931.	June 30, 1931.
Gold	35,240	39,446	39,469	39,472	39,477	39,487
Silver	4,329	2,866	2,868	2,892	2,919	2,880
State Treasury coins	1,639	1,406	1,402	1,400	1,397	1,389
Foreign currency	75,919	74,192	69,848	63,358	67,347	66,663
Discount and credit	90,140	104,542	106,518	106,755	101,833	104,323
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,553	1,900	1,900	1,900	1,900	1,900
Notes in circulation	97,378	111,902	107,850	108,644	106,558	110,640
Deposits	98,425	97,645	101,692	91,687	94,742	90,314

BANK OF DANZIG.—In Danzig gulder (000's omitted).

ASSETS.	June 30, 1930.	April 30, 1931.	May 15, 1931.	May 31, 1931.	June 15, 1931.	June 30, 1931.
Gold and bullion	3,368	3,708	3,511	3,587	3,783	3,617
Of which gold coin	116	129	129	129	129	130
Danzig subsidiary coin	3,252	3,579	3,382	3,458	3,654	3,487
Inc. Bk. of Eng.	13,200	12,201	14,843	11,459	14,050	16,277
Bills of exchange	21,560	20,539	22,160	21,004	22,719	21,292
Loans	300	36	...	...	...	...
Foreign exchange	10,686	8,313	6,842	7,082	7,379	5,937
Other bills	...	32	...	...	...	...
Securities	4,286	3,993	3,998	3,993	3,993	3,993
LIABILITIES.						
Capital paid up	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation	36,505	31,936	36,126	31,551	35,096	35,817
Deposits on demand	2,175	2,728	1,303	1,697	1,801	2,449

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1930.	June 21, 1931.	May 31, 1931.	June 6, 1931.	June 13, 1931.	June 20, 1931.
Gold coin & bullion	221,320	925,337	847,440	847,867	849,090	850,055
Other coin & bullion	...	...	...	...	...	...
Discounts	41,740	659,086	66,662	67,226	68,096	68,959
Advances	70,540	61,844	63,256	62,379	62,517	62,883
LIABILITIES.						
Notes of the bank in circulation	362,270	1,135,529	1,077,760	991,347	965,042	1,007,483
Govt. deposits	87,340	476,488	336,155	300,123	314,203	383,298
Other deposits	11,440	320,010	298,506	361,350	362,643	236,150

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	June 6, 1930.	May 15, 1931.	May 22, 1931.	May 29, 1931.	June 5, 1931.
Gold at home	63,201	62,875	62,857	62,832	62,814
Gold abroad	337,312	193,393	183,260	186,164	182,302
Discounts and advances	96,485	135,304	132,846	133,530	138,136
LIABILITIES.					
Notes of the bank in circulation	345,660	303,840	293,025	293,192	297,423
Deposits	68,739	35,643	30,741	31,895	28,546
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	July 2, 1931.	July 3, 1931.	July 4, 1931.	July 6, 1931.	July 7, 1931.	July 8, 1931.	July 9, 1931.
Bank rate (changed from 3% May 14, 1931)	2½	2½	2½	2½	2½	2½	2½
Market rates of discount							
60 days' bankers' drafts	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
3 months' do.	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
4 months' do.	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
6 months' do.	2—2½	2—2½	2—2½	2—2½	2—2½	2—2½	2—2½
Discount Treasury Bills							
2 months'	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
3 months'	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
Loans—Day to day	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
Short	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½	1½—1½
Deposit allowances: Bank	1	1	1	1	1	1	1
Discount houses at call	1	1	1	1	1	1	1
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
		%	%	%	%	%	%
1931.							
June 18	1½—2	2½	2½	2½	3	3½	3½
" 25	1½—2	2½	2½	2½	2½—3	2½—3	3½
July 2	1½—2	2½	2½	2½	2½	3	3½
" 9	1½—2	1½	1½—2	2—2½	2½	3	3½

RATES OF EXCHANGE.

	London on	Usance.	Par.	July 10, 1930.	July 2, 1931.	July 9, 1931.
New York	dollars to £1	Cable	4.86½	4.86½—4.86½	4.86½—4.86½	4.86½—4.86½
Montreal	dollars to £1	Cable	4.86½	4.86½—4.86½	4.86½—4.86½	4.86½—4.86½
Paris	francs to £1	T.T.	124.21	123.64—66	124.23—25	124.10—12
Berlin	marks to £1	T.T.	20.43	20.38—91	20.50—501	20.501—501
Amsterdam	florins to £1	T.T.	12.107	12.09½	12.09½	12.08—1
Brussels	belgas to £1	T.T.	35.00	34.82½—3	34.90½—91	34.84½—85
Milan	lire to £1	T.T.	92.46	92.04—04½	92.90—92	92.94—96
Bombay	rupees to £1	T.T.	25.22½	25.04—04½	25.11½—1	25.08—08½
Ozlo	kroner to £1	T.T.	18.159	18.15—15½	18.15½—1	18.16½—16½
Stockholm	kronor to £1	T.T.	18.159	18.15—15½	18.15½—1	18.16½—16½
Copenhagen	kroner to £1	T.T.	18.159	18.15—15½	18.15½—1	18.16½—16½
Madrid	pesetas to £1	T.T.	25.22½	41.35—40	51.35—45	51.10—20
Vienna	scudo to £1	T.T.	4.50	108½	109½—110½	109½—110½
Prague	schillings to £1	T.T.	34.58½	34.43—47	34.58—12	34.60—63
Belgrade	dinars to £1	T.T.	164½	163½	164½	164½
Budapest	dinars to £1	T.T.	25.22½	27½—82	27½—82	27½—82
Bukarest	lei to £1	T.T.	27.82	27.77—82	27.86—90	27.86—92
Sofia	leva to £1	T.T.	81.5	81.7—81.9	81.6—81.8	81.6—81.8
Athens	drachme to £1	T.T.	67.5	67.5—69	66.6—67.5	66.6—67.5
Constantinople	piastres to £1	T.T.	110	102½	102½	102½
Moscow	roubles to £1	T.T.	9.46	19.44½—9.460	9.44½—463	9.44½—465
Warsaw	zloty to £1	T.T.	43.38	43½	43½	43½
Helsingfors	F. marks to £1	T.T.	193.23	193.193½	193½	193½
Kyoto	lira to £1	T.T.	48.66	48½—49	48½—49	48½—49
Reval	kron to £1	T.T.	18.159	18.22—29	18.20—21	18.20—27
Riga	lata to £1	T.T.	25.22½	25.17—27	25.20—30	25.20—30
Alexandria	piastres to £1	T.T.	97½	97½	97½	97½
Buenos Aires	pesos to £1	Sight	47.62d.	40½—4	39½—4	39½—4
Rio de Janeiro	pesos to £1	90 days	16.70	16.70	16.70	16.70
Montevideo	pesos to £1	T.T.	51	42½—1	28½—1	28½—1
Valparaiso	pesos to £1	90 days	40	39.96	39.95	39.98
Lima	Eng. to Per £1	90 days	par	13	17.38½	17.20
Calcutta	rupee to £1	T.T.	18	1/5½—11	1/5½—11	1/5½—11
Bombay	rupee to £1	T.T.	18	1/5½—11	1/5½—11	1/5½—11
Madras	rupee to £1	T.T.	18	1/5½—11	1/5½—11	1/5½—11
Hong Kong	ster. to dollar	T.T.	...	1/3—1/3½	1/3—1/3½	1/3—1/3½
Shanghai	ster. to dollar	T.T.	...	1/6—1/6½	1/3½—1/4	1/3½—1/3½
Singapore	ster. to dollar	T.T.	24.4d.	2/3½—11	2/3½—11	2/3½—11
Kobe	ster. to yen	T.T.	24.57d.	2/10½—11	2/10½—11	2/10½—11
Manila	ster. to peso	T.T.	24.06d.	2/10½—11	2/10½—11	2/10½—11
Mexico	pesos to £1	T.T.	9.76	10.30—10.40	9.80—10.00	9.90—10.00
San Francisco	ster. to baht.	T.T.	21.82d.	1/10½	1/9½	1/9½

† Rate for previous day.

OVERSEAS BANK RATES.

	Changed.	From To	Changed.	From To
Amsterdam	May 16, 1931	2½	2½	2½
Athens	Dec. 2, 1930	10	9	9

Company News.

SUMMARY OF BALANCE SHEETS.

DISTRICT BANK, LIMITED.

The following table shows the chief items in the statement of accounts at June, 1931, and for purposes of comparison the figures at June, 1930, and June, 1929, are given:—

	June, 1929.	June, 1930.	June, 1931.
Deposits	51,528,244	50,167,172	50,033,276
Acceptances, confirmed credits, endorsements, &c.	1,062,679	958,537	821,291

LIABILITIES.

	June, 1929.	June, 1930.	June, 1931.
Cash and money at call and short notice	10,166,348	11,016,959	10,377,005
Bills of exchange (including Treasury Bills)	4,712,743	5,415,486	3,411,840
Investments	14,782,100	14,928,876	18,910,336
Advances	25,379,051	22,291,354	20,785,797

EBBW VALE STEEL IRON AND COAL COMPANY.

March 31, 1931.

LIABILITIES.	Compared with Mar. 31, 1930.	ASSETS.	Compared with Mar. 31, 1930.
Ord. shares, £1.	2,500,000	Property	5,861,580 + 756
7% cum. pref., £1	1,200,000	Interests in subsidiaries	2,118,225 - 12,462
6% deb. stk.	729,500	Other investments	9,933 + 8,850
Int. accrued	16,877 - 630	Stocks	124,328 - 89,320
8% red. notes	3,000,000	Debtors	100,816 - 65,766
Int. accrued	1,140,000 + 240,000	Cash	423 - 207
Provision for redemption	97,500 + 30,000	Profit and loss	1,828,842 + 317,491
Bank loans	757,070 - 55,426		
Creditors	606,800 - 51,003		
Total	10,044,147 + 159,342	Total	10,044,147 + 159,342

WESTMINSTER BANK, LIMITED.

June 30, 1931.

LIABILITIES.	Compared with June 30, 1930.	ASSETS.	Compared with June 30, 1930.
Paid-up capital	9,320,157	Cash	30,572,807 - 7,296
Reserve fund	9,320,157	Balances with other banks	8,320,220 - 1,762,819
Current deposit and other accts.	279,456,402 - 16,198,685	Money at call and notice	20,472,159 - 7,013,429
Acceptances & endorsements	20,856,479 - 1,057,215	Bills discount	44,111,005 - 11,748,319
Note issue in Isle of Man	14,048 - 27	Advances	132,341,613 - 11,899,361
		Investments	53,828,106 + 15,966,667
		Shares in allied banks	2,991,926
		Acceptances	20,856,479 + 1,057,215
		Bank premises	5,472,928 + 265,845
Total	318,967,243 - 15,141,497	Total	318,967,243 - 15,141,497

NATIONAL PROVINCIAL BANK, LIMITED.

June 30, 1931.

LIABILITIES.	Compared with June 30, 1930.	ASSETS.	Compared with June 30, 1930.
Capital paid up	9,479,416	Cash &c.	27,126,635 - 2,940,669
Reserve fund	9,479,416	Balances with other banks	9,175,501 - 271,399
Deposits	266,880,765 - 9,676,335	Money at call	17,582,087 - 615,981
Due to subsidiaries	394,380 + 222,881	Investments	36,608,568 + 4,124,614
Acceptances	8,350,561 - 4,218,151	Investments of subsidiaries	2,514,000
		Bills discount	38,507,866 - 2,079,668
		Advances	147,891,042 - 8,057,285
		Due by subsidiaries	NH
		Premises	6,828,278 + 386,934
		Acceptances	8,350,561 - 4,218,151
Total	294,584,538 - 13,671,605	Total	294,584,538 - 13,671,605

MARTINS BANK, LIMITED.

June 30, 1931.

LIABILITIES.	Compared with June 30, 1930.	ASSETS.	Compared with June 30, 1930.
£20 shares, £24 paid	2,348,890	Cash in hand & with Bank of England	7,739,278 - 1,285,356
£1 shares, fully paid	1,811,152	Balances &c.	2,144,393 - 536,778
Reserve fund	3,507,872	Money at call	7,630,000 + 1,910,000
Current deposit and other accounts	74,922,230 - 2,521,923	Balances with banks abroad	245,216 - 35,987
Notes in circulation (Isle of Man)	14,654 - 201	Treasury bills	3,810,000 + 2,410,000
Acceptances	1,611,942 - 950,571	Investments	19,476,703 + 2,496,445
Endorsements	2,435,504 - 1,140,017	British bills of exchange	1,166,948 - 1,644,912
		Colonial and foreign bills	132,073 - 216,479
		Advances	36,328,405 - 5,708,190
		Items in transit	779,280 - 288,391
		Other assets	465,890 + 36,702
		Acceptances	1,611,942 - 950,571
		Bank premises	2,686,612 + 340,822
		Endorsements	2,435,504 - 1,140,017
Total	86,652,244 - 4,582,712	Total	86,652,244 - 4,582,712

DISTILLERS COMPANY, LIMITED.

May 15, 1931.

LIABILITIES.	Compared with May 15, 1930.	ASSETS.	Compared with May 15, 1930.
Ord. shares, £1.	10,690,962	Land & Buildings	885,000 - 18,000
6% pref. sh., £1	2,200,000	Plant	465,000 - 27,000
4% deb., 1902	150,000	Sundry invests.	280,357 + 172,996
4% deb., 1907	120,000	Subsidiary co.'s	15,245,043 + 761,596
6% deb., 1907	120,000	Investments	5,537,460 + 45,301
Reserve fund	2,500,000 + 250,000	Loans to	50,029 - 2,092
Dividend reserve	250,000 + 250,000	Associated co.'s current accts.	868,293 - 59,755
Insurance Fund	200,000	Stocks	55,721 - 30,622
Superannuation fund	300,000	Debtors	9,355 - 3,152
Subsidiary loans	4,047,934 + 1,773,145	Bills receivable	746,548 + 411,835
Associated cos.	461,008 - 1,119,541	Cash	24,142,806 + 1,251,107
Creditors	1,253,247 + 91,696		
Carriage on spirits	149,667 - 7,709		
Profit and loss	1,369,988 + 13,516		
Total	24,142,806 + 1,251,107	Total	24,142,806 + 1,251,107

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.						
Associated Equipment	5%*	...	...	Tax free	...	...
Bombay Baroda Railway	11%*	...	...	...	6	6
Central London	11%*	...	...	...	...	...
City and South London	2 1/2%*	...	...	...	...	...
Dorset & South Devon	3%*	...	...	...	6	8
L.G.O.C.	3 1/2%*	...	...	Tax free	...	...
London Electric	2 1/2%*	...	...	...	...	...
Metropolitan District	2 1/2%*	...	...	...	...	...
Underground Electric	3%*	...	...	...	...	...
BANKS.						
Alexander's Discount	15%*	...	...	...	...	...
District	8 1/2%*	...	...	...	...	...
Martins	7%*	...	...	...	...	...
Midland Bank	7%*	...	...	...	...	...
National Discount "A"	2 1/2% p.a.*	...	...	...	...	...
National Discount "B"	4 1/2% p.a.*	...	...	...	...	...
National Provincial	16%*	...	...	...	...	...
Provincial Bank of Ireland	7 1/2%*	...	...	...	...	...
Westminster	9%*	...	...	...	...	...
INSURANCE.						
Bankers' and Traders' Insurance	10%*	...	...	...	7	7
Reinsurance Corporation	10%*	...	...	...	...	...
TEA AND RUBBER.						
Ceylon Upcountry Tea Estates	25%*	...	...	...	15	40
Dekhari Tea	5%*	...	...	...	...	...
Upper Assam Tea	5%*	...	...	...	...	...
MINING.						
Ashanti Goldfields	30%*	...	...	Loss tax	...	...
Rawana Concessions	6d. p.a.*	...	...	...	2 1/2	12 1/2
Sungei Besi Mines	...	...	...	...	12 1/2	32 1/2
Tronoh	...	...	...	...	...	...
OTHER COMPANIES.						
A. and J. Main and Company	2 1/2%*	...	...	...	...	...
American Trust	6%*	...	...	...	...	...
Atlantic Leased Lines	4%*	...	...	...	...	...
Atlas Investment Trust	2 1/2%*	...	...	...	...	...
Associated Newspapers (Def.)	4%*	...	...	Quarterly	10	7 1/2
Automotor Finance	5%*	...	...	...	12 1/2	12 1/2
Bellis and Marcom	7 1/2%*	...	...	Tax free	...	...
Bournemouth and Poole Elec.	6%*	...	...	...	...	...
Bristol Gas	5%*	...	...	...	...	...
British Steamship Invest. (Def.)	5%*	...	...	...	10	11
Burgis and Colbourne	10%*	...	...	...	15	20
Chiswick Electricity Supply	5%*	...	...	...	...	...
Columbia Graphophone	3 1/2%*	...	...	...	7	7
East African Power and Lighting	3 1/2%*	...	...	...	...	...
Edmundson's Electricity	3 1/2%*	...	...	...	...	...
English and New York Trust	2%*	...	...	...	...	...
Foreign Sewing Cotton	5%*	...	...	...	10 1/2	12 1/2
Foreign and Colonial Investment	4%*	...	...	...	...	...
Gerrard Industries	5%*	...	...	...	...	...
Guardian Investment Trust	5%*	...	...	...	...	...
Hall Telephone Accessories	5%*	...	...	Loss tax	...	...
John Waddington	5%*	...	...	...	...	...
Kalgoorlie Electric Power	5%*	...	...	Loss tax	...	...
L. and J. Weber and Phillips	5%*	...	...	...	...	...
Manchester Dry Docks	5%*	...	...	Loss tax	...	...
M. C. Forster Clay	5%*	...	...	...	...	...
Mence Smith's Stores	5%*	...	...	...	...	...
Mercantile Invest. and General	5%*	...	...	...	...	...
New Huddell Colliery	2%*	...	...	...	...	...
Notting Hill Electric Lighting	5 1/2%*	...	...	...	...	...
Openshaw Brewery	5%*	...	...	...	...	...
Oregon Mortgage	2 1/2%*	...	...	...	...	...
Railway Debenture and General	4 1/2%*	...	...	...	...	...
Richmond (Surrey) Electric Light	4%*	...	...	Loss tax	...	...
Roberts Cockerell	...	...	...	...	...	...
Second & Whitby Breweries	...	...	...	...	...	...
Sheffield British Assets Trust	7 1/2%*	...	...	...	10	10
Sheffield Billposting and Advertising	...	...	...	...	...	...
South African Breweries	1 1/2% p.a.*	...	...	Tax free	...	...
S. Symons and Company	2 1/2% p.a.*	...	...	Quarterly	17 1/2	17 1/2
Steel Developments	3%*	...	...	Tax free	...	...
Sterling Trust	5%*	...	...	...	...	...
Tampin and Son's Brewery	1 1/2% p.a.*	...	...	...	15	15
Trustees Corporation	4%*	...	...	...	12	12
Truswell's Brewery	4%*	...	...	...	...	...
Walker and Homfrays	10%*	...	...	Loss tax	...	...
Wells and Winch	3%*	...	...	Quarterly	15	15
	9%*	...	...	Loss tax	12	12

SUEZ CANAL COMPANY.—The following is a translation of an announcement which appears in the Official Bulletin of the Suez Canal Company of June 24, 1931:—By award dated June 18, 1931, the Alexandria Court of Appeal has decreed that the statutory dividend on the share capital of the Compagnie du Canal de Suez shall be payable in gold francs, and that French taxes shall not be deducted from those shares circulating in Egypt; these new stipulations, however, shall apply only as from the coupon due January 1, 1932.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Interest.	Amount Available for Distribution.	Appropriation.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Corresponding Period Last Year.	
					Dividend.					Net Profit.	Dividend.
					Prefer.	Ordinary.	Rate.				
		£	£	£	£	£	%	£	£	£	%
Banks.											
National Bank of Australasia	Mar. 31	162,907	561,206	724,113	...	425,000	8 1/2	150,000	149,113	655,134	10
P. and O. Banking	Mar. 31	25,668	108,450	134,118	...	102,529	5	...	31,589	107,345	5
Breweries.											
Distillers Company	May 15	269,636	2,272,915	2,542,551	102,300	1,657,099	20	500,000	283,152	2,347,705	20
Tampin and Son's Brewery	Apr. 30	29,614	68,125	97,739	29,760	30,951	15	10,000	30,951	67,802	15
Electric Light, &c.											
Edmundson's Electricity	Mar. 31	20,664	220,281	240,945	28,000	165,200	7	28,000	19,745	204,777	7
Financial, Land, &c.											
Automotor Finance	June 30	1,683	26,722	28,405	5,037	11,625	10	9,096	2,647	...	...
Trustees Corporation	May 31	71,442	142,657	214,099	30,516	81,375	12	23,000	79,208	161,426	12
Iron, Coal and Steel.											
Davy Brothers	Mar. 31	Dr. 45,772	Dr. 42,489	Dr. 88,261	...	...	...	...	Dr. 88,261	2,838	...
Ebbw Vale Steel Iron & Coal	Mar. 31	Dr. 151,151	Dr. 317,491	Dr. 182,884	...	...	...	...	...	Dr. 344,717	...
Petters, Limited	Mar. 31	39,038	33,898	72,936	11,625	5,231	6	11,064	45,016	38,420	7
Rickett, Cockerell and Co.	Mar. 31	33,030	72,673	105,703	20,250	37,102	5	10,750	37,601	68,314	8 1/2
Rubber, &c.											
Anglo-Dutch Plantins of Java	Dec. 31	145,088	28,942	174,030	...	...	...	...	174,030	370,472	10
Banir Rubber Estates	Mar. 31	2,367	Dr. 2,082	285	...	...	...	...	285	...	...
Bidur Rubber	Mar. 31	9,917	508	10,425	...	...	...	...	10,425	7,922	10
Burma Rubber Estates	Mar. 31	6,858	Dr. 6,462	396	...	...	...	...	396	679	...
Caledonian (Selangor) Rubber	Mar. 31	11,033	Dr. 2,933	8,100	...	...	...	...	8,100	2,432	Nil
Cicely Rubber Estates	Mar. 31	9,374	1,946	11,320	...	...	...	...	11,320	24,960	5

THE NATIONAL CITY BANK OF NEW YORK.—The total resources of the National City Bank of New York as at June 30, 1931, amounted to \$1,973,140,000, as compared with \$1,842,885,000 on March 25, 1931, and \$2,078,337,000 on June 30, 1930; while deposits totalled \$1,460,557,000 as at June 30, 1931, against \$1,339,611,000 on March 25, 1931, and \$1,560,268,000 on June 30, 1930.

MISCELLANEOUS.

BRITISH COLUMBIA POWER CORPORATION, LTD.—The British Empire Trust Company, Ltd., announce that the Board of Inland Revenue have allowed relief from United Kingdom income tax in connection with dividends paid during the years 1928-29 and 1929-30 to shareholders of the British Columbia Power Corporation, Ltd., in respect of the payment of Dominion income taxes by the company at the rate of 2s. 4d. in the £, or one-half of the shareholders' "appropriate rate of United Kingdom income tax" for each year. Shareholders desiring to claim the relief should apply to the local inspector of taxes, enclosing the relevant certificates of deduction of income tax. Copies of circulars setting out particulars may be obtained on application to the British Empire Trust Company, Ltd., Stafford House, 14-20 King William Street, London, E.C.4.

CONSETT IRON COMPANY, LIMITED.—The profit for year ended March 31, 1931, amounted to £286,467, comparing with a profit of £468,011 in preceding year. Interest on debenture stock absorbs £150,000 as before. This leaves £136,467, to which is added £101,266 brought in, making £237,733, which is carried forward. No dividend is paid on preference or ordinary shares. In preceding year one year's preference dividend was paid on January 1, 1930 on account of arrears. The directors add that "the outlook for trade at the moment shows no signs of improvement anywhere. The coal situation as regards this company's operations has so far not been helped by the Coal Mines Act, and the shipbuilding industry, on which the company chiefly depends as regards iron and steel, is more depressed than it has been for very many years." Stocks have risen from £662,564 to £961,852. Debtors are lower at £349,962 compared with £468,890. Investments are at £230,262 compared with £275,262. Bank overdraft is £440,650 against £347,228.

DUNLOP RUBBER COMPANY, LTD.—The directors of the Dunlop Rubber Company, Ltd., announce that for the purpose of assisting holders of their ordinary stock whose holding is not an exact multiple of £1 to adjust the holding by disposing of the odd fraction of 6s. 8d. or 13s. 4d., or acquiring the necessary additional fraction, they are prepared to waive the registration fee of 2s. 6d. on transfers of such fractions presented to them for registration up to December 31st next.

IMPERIAL AND INTERNATIONAL COMMUNICATIONS, LTD.—The following are the estimated traffic receipts for five months ended May 31, 1930 and 1931:—

	1930.	1931.	Rise or Fall.
	£	£	£
January	519,485	412,908	- 106,577
February	460,052	390,461	- 69,591
March	492,516	447,668	- 44,848
April	456,120	386,706	- 69,414
May	466,279	371,704*	- 94,575

Aggregate for five months,

January-May, 1930 and 1931... 2,394,252 2,009,447† - 384,805

* The sum of £22,000 must be deducted from the message receipts for May, 1931, in making a comparison with May, 1930, owing to changed conditions of sharing traffic.

† In comparing aggregates, regard must be had to the notes issued with the March and April traffics.

Imperial and International Communications, Ltd., announce that as from July 1, 1931, arrangements have been made for the introduction of a night letter telegram service with Ecuador. The rates from Great Britain are: Night letter telegrams to Ecuador—minimum for 20 words, 16s. 8d.; each additional word, 10d.

CANADIAN PACIFIC.—On October 2 the Canadian Pacific liner "Empress of Australia," a magnificent oil-burning vessel of 22,000 tons, will leave Southampton on a delightful three weeks' cruise to the Mediterranean. An interesting itinerary has been arranged, visits will be made to Ceuta, Palma, Ajaccio, Susa, Monte Carlo, Barcelona, Algiers, Casablanca, &c. The "Empress of Australia," popularly known as the "Dreamship of Cruises," is famous the world over for her steadiness and comfort. She has a Pompeian swimming pool, ballroom, sports deck, gymnasium, &c. Full particulars may be obtained from the Cruise Department, Canadian Pacific, 62-65 Charing Cross, London, S.W.1.

Commercial Reports.

MARKET SUMMARY.

The general situation in the commodity markets has been unsettled. In some cases no recovery took place from the reaction last week, while in others prices advanced sharply on Monday only to fall back again later in the week. Although the passing by Parliament of the Government's Coal-Mines Bill, imposing a uniform 7½ hour day in all the coalfields of the country, and guaranteeing existing minimum wages for a period of twelve months has removed fears of a stoppage, there has been no improvement in the situation of the coal trade. In the iron and steel industries the slight improvement resulting from the advance in Continental prices has

been maintained, but the total volume of transactions remains small. The sharp advance in non-ferrous metals reaching its highest level on Monday was lost by the subsequent reaction. Among textile raw materials, cotton was easier and at the opening of the fourth series of sales in Coleman Street, wool was from 5 per cent. to 15 per cent. cheaper than at the close of the last auctions. Jute advanced on the publication of this year's acreage in India, which is only about 55 per cent. of that of last year. Among cereals wheat has been easier, but food prices generally have been maintained. Rubber has been dull, but hides were a little dearer and vegetable oils and oilseeds remained steady.

THE COAL TRADE.

SHEFFIELD.—There has been no improvement in forward buying of steam coal for export, although best qualities are the reverse of plentiful. Export merchants have been holding off owing to the uncertainty of the position of the industry and possibilities of a stoppage. Demand for industrial fuel continues weak and the house-coal trade is extremely quiet except for the very best qualities, which command good prices. Blast-furnace coke is neglected and there is an excess of production with further easing of prices. Current quotations are: Best steams, 17s. 6d.-18s. f.o.b.; best ordinary house, 18s. 6d.-20s. at pits; and blast-furnace coke, 10s.-11s. at ovens.

GLASGOW.—The Scottish market has been unsettled by the developments in connection with the miners' hours and wages. These have had the effect, on the one hand, of prompting some covering purchases and, on the other, of causing many other buyers to curtail their purchases. Generally, both the collieries and merchants have been acting very cautiously, but so far as prices are concerned the tendency has been upward, although the movement has not so far gone very far. Supplies of most qualities of large coal are plentiful, but one or two sizes of nuts show some scarcity. Market quotations for the shipping trade are nominally round the following (f.o.b. district ports):—LANARKSHIRE.—El best, 14s.; splint best, 16s.; splint second, 14s. 6d.; navigation 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 12s.; doubles, 11s. 6d.; singles, 10s. 6d.-10s. 9d.; pearls, 9s. 6d.; dross, 9s. FIRE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 12s. 6d.; third-class steam, 10s. 6d.; trebles, 11s. 6d. to 13s.; doubles, 11s.-11s. 6d.; singles, 10s. 9d.; pearls, 9s. 3d. LOTHIAN.—Prime steam, 11s.; secondary steam, 10s. 6d.; trebles, 12s.; doubles, 12s.; singles, 10s. 6d.-10s. 9d.; pearls, 9s. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 12s. 9d.; trebles, 12s.; doubles, 11s. 6d.-11s. 9d.; singles, 10s. 9d.; pearls, 9s. 3d.-9s. 6d.; dross, 9s. 6d.

CARDIFF.—The acceptance by Parliament of the Government's new Coal Mines Bill, imposing a uniform 7½-hour day in all the coalfields of the country, and guaranteeing existing minimum wages, for a period of 12 months, has removed all fears of a stoppage, but the position on the Cardiff coal market is otherwise unchanged. Current inquiries continue extremely scarce, contractors are delaying shipments owing to accumulating stocks abroad, particularly in France; colliery owners are finding it difficult to find outlets even for their reduced quotas; and for all grades prices are being maintained only on the strength of the marketing provisions of Part I of last year's Coal Mines Act. The decision of the Egyptian State Railways on the tenders for the September quarter deliveries has not yet been announced. Total foreign coal shipments from the South Wales ports in June were unexpectedly favourable, showing increases both on May and on June, 1931. Market quotations are unaltered.

IRON AND STEEL.

MIDDLESBROUGH.—There is no change in the position in regard to Cleveland iron. Sales are on a low level and almost confined to early delivery, and this is likely to continue so long as makers adhere to the present official prices. Official prices were announced as unchanged by the local makers at Tuesday's weekly market, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t., and very little business was transacted. Hematite iron exhibited a firmer tone and although no large deals are being put through producers are making a stand against any further cuts in prices and now generally quote 62s. 6d. for ordinary mixed numbers for early delivery and 62s. 9d. to 63s. a few months ahead. A fair number of orders are coming to hand on home account and occasional sales are being made for export, but they are lots of only moderate size and for early delivery, buyers still hesitating about entering into forward purchases. In the finished departments very little new business is being booked, but Dorman Long and Company, Ltd., have secured an order said to be valued at about £80,000 for structural steel material for the new offices of the Somerset County Council at Taunton. It is also a refreshing experience to hear that two shipbuilding orders have been placed recently, Messrs. Swan, Hunter having secured a contract for a moderate-sized steamer to be built at their Southwick yard on the Wear, and William Gray and Company, Ltd., of West Hartlepool, an order for a 9,000-ton cargo steamer for Sir Robert Ropner and Company of that port, for the ore and coal-carrying trade in Canada. Prices for steel materials are unchanged, but the result of the steel makers' meeting in London on Friday is awaited with interest. It is generally expected that some reductions will be made. The ore market continues idle, and Bilbao rubio is nominally unchanged at 15s. c.i.f. for early delivery, and the rate of freight Bilbao/Middlesbrough is 4s. 3d. Coke is in abundant supply for early delivery at 15s. per ton delivered for good blast furnace qualities, and this price might be shaded for a specially prompt order. The number of furnaces in blast in the district is unchanged at 22.

SHEFFIELD.—International action with regard to war debts has had an unsettling effect upon trade, while inspiring confidence in the future. The iron and steel branches continue dull and lifeless, with production at a low level in all departments. Controlled prices have been renewed this week in all cases. Competition is keen or the orders for railway steel in connection with the Boxer fund, and extremely low prices have been tendered. The volume and value of this work is much less than had been expected and Sheffield's share will be confined to axles, tyres and springs and forgings and castings for locomotives and machinery. The con- tracts include eight locomotives, 20 carriages and 10,000 tons of steel sleepers. Demand for shipbuilding steel has never been so poor. The same may be said of foreign railway work. The largest buyers of stainless iron and steel are the chemical manu- facturers, who use this material extensively in the equipment of their works. In the erection of one large chemical works recently nearly 1,000 tons of stainless steel were used. In the finished branches of local trade permanent magnets is the only active line. Prior to the war this trade was entirely in German hands. A few Russian orders are about.

GLASGOW.—In the West of Scotland markets are generally firmer and on the whole the tone is brighter. Plants are still only partially employed, and although there has been more activity at some of the works it has been caused chiefly by the necessity of pushing on to complete orders before closing down for the annual holidays. Within the past week a further small order for loco- motives has been placed with a Glasgow firm, and the placing of an order for a ferry steamer with Messrs. Harland and Wolff by the Wallacey Council will give considerable employment to Govan workers, the cost of the ferry being over £45,000. The demand for black sheets for overseas continues to show improvement and there is also a somewhat better demand for galvanised. Prices, however, both for black and galvanised are keenly cut.

CARDIFF.—A more hopeful tone has featured this week's market for South Wales tinplate. A larger volume of business was reported on the Swansea Metal Exchange on Tuesday, and prices were fairly firm at from 13s. 6d. to 14s. per basis box. South Wales steel bars are unchanged at £4 12s. 6d. per ton delivered. The market for galvanised sheets remains very depressed, with prices ruling at £9 15s. per ton.

OTHER METALS.

TIN.—The sharp advance at the end of last week culminating on Monday when £119 to £119 2s. 6d. was paid for "standard cash" per ton was not maintained. On Tuesday, the metal began to decline under heavy liquidation. Wednesday's official closing quotation for "standard cash," at £113 5s. to £113 7s. 6d. per ton, compares with £113 2s. 6d. to £113 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 32,076 tons, show a decrease of 116 tons on the week.

COPPER.—The recent advance in copper prices in the United States has not been maintained. Copper Exporters, Inc., reduced its minimum price for "electrolytic," c.i.f. Continent from 9.275 cents per lb. to 8.775 cents per lb., this leaving it only 0.25 cents above the low level reached early in June. The reaction in cents above the low level reached early in June. The reaction in New York weakened the market in London, and Wednesday's official closing price for "standard cash" in London, at £35 to £35 2s. 6d., compares with £36 to £36 2s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 16,280 tons, show a decrease of 131 tons, while stocks of rough copper, at 1,161 tons, were 74 tons smaller.

LEAD.—Although until Wednesday quotations in New York remained unchanged at 4.40 cents per lb. for "spot," the metal weakened in London later in the week under selling pressure. Wednesday's official closing quotation for "soft foreign" in London, at £12 16s. 3d. to £13 2s. 6d., compares with £13 to £13 7s. 6d. on the corresponding day last week.

SPELTER.—Spelter benefited by the general rise in metals on Monday, but quotations declined on Tuesday and Wednesday, supplies being in excess of requirements. Wednesday's official closing quotation in London for "good ordinary brands," at £12 2s. 6d. to £12 15s., compares with £12 11s. 3d. to £13 2s. 6d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. Antimony again changed hands at £23 to £23 10s. per ton for "foreign," while quicksilver remained unchanged at the recently reduced price of £17 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Spot sales for the week July 2nd to July 8th (inclusive) are 21,000 bales, of which 14,000 bales are American, 1,200 Brazilian, 800 Argentine, 3,100 Peruvian, 2,880 Egyptian, 2,150 African, 300 East Indian, 1,180 Russian and 980 sundries. Imports for the same period are 17,869 bales, of which 1,443 are American, 599 Brazilian, 3,578 Argentine, 4,502 Peruvian, 6,178 Egyptian, 1,058 African, 105 East Indian and 406 sundries. Quotations, July 8th: American Middling, 5.36; Egyptian F.G.F. Sakel, 8.25; F.G.F. Uppers, 6.47; Brazil Fair, 5.41; Peruvian G.F. Smooth, 5.71; West African Middling, 5.41; and East African G.F., 6.41. Values at our close to-night are some 21 points lower than those ruling at the close on Wednesday last week. The U.S. Government this evening estimated acreage planted at 41,491,000 acres, which shows a reduction of 10 per cent.

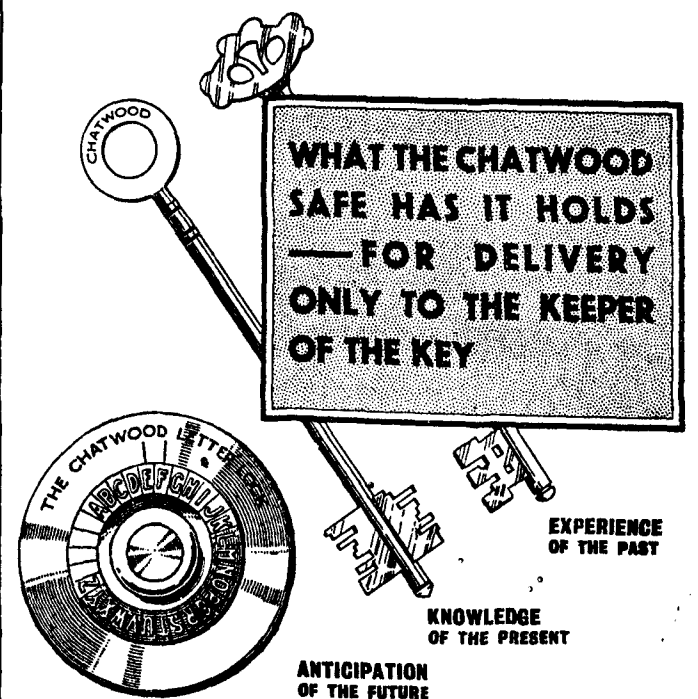
Manchester.—The tone of the market has continued rather better and most spinners and manufacturers have again met with

a considerable inquiry. In numerous instances, however, the prices put forward by buyers have been impracticable. On the whole there is rather less expectation of lower values. Trade in piece-goods for India is still slow to expand, but offers have been reported for larger quantities of light fabrics for Calcutta and Karachi and some very fair lots have been sold. A little more activity has shown itself in prints for Bombay. The political situation, however, remains adverse. The latest news with regard to the auction sales in China has been discouraging, but a few more cables have been received making offers for bleached shirtings and poplins, most of the buying being for Hong Kong. White goods have attracted rather more attention for Singapore. Only occasional sales have been arranged for Egypt and the Near East. Makers of printing and finishing styles have done rather better for East and West Africa and South America. Useful orders have been booked from day to day in home-trade fabrics. Trade prospects in some Lancashire towns appear to be rather brighter. Quotations in American and Egyptian yarns have been firmer, and although sales of importance have been few and far between, the turnover continues rather larger. It is still very difficult for spinners to improve prices.

Cotton Prices.

	1931.				Corresponding Date.	
	June 17.	June 24.	July 1.	July 8.	1929.	1930.
Raw Cotton—Mid. American	d. 4.85	d. 5.17	d. 5.40	d. 5.36	d. 10.40	d. 7.59
" Sakalaidia Fully Good Fair	d. 7.65	d. 7.90	d. 8.35	d. 8.25	d. 16.60	d. 12.15
" 32's twist	d. 8.81	d. 9.1	d. 9.1	d. 9.1	d. 15	d. 11½
" 40's twist	d. 9.1	d. 9.1	d. 9.1	d. 9.1	d. 15½	d. 12
" 60's twist (Egyptian)	d. 14.1	d. 14.1	d. 15.1	d. 15.1	d. 25½	d. 20
32-in. Printers, 116 yds., 16 by 16, 32's and	s. d. 17 8	s. d. 17 11	s. d. 17 11	s. d. 17 11	s. d. 25 0	s. d. 21 0
50's	s. d. 17 8	s. d. 17 11	s. d. 17 11	s. d. 17 11	s. d. 25 0	s. d. 21 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and	s. d. 19 5	s. d. 19 9	s. d. 19 9	s. d. 19 9	s. d. 27 9	s. d. 23 3
40's	s. d. 10 10	s. d. 11 0	s. d. 11 0	s. d. 11 0	s. d. 15 0	s. d. 12 9
38-in. ditto, 38 yds., 16 by 16, 10 lb.	s. d. 9 8	s. d. 9 10	s. d. 9 11	s. d. 9 11	s. d. 13 4	s. d. 11 6
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	s. d. 9 8	s. d. 9 10	s. d. 9 11	s. d. 9 11	s. d. 13 4	s. d. 11 6

THE WOOL TRADE.—Bradford.—The event of the week is the opening of the fourth series of London sales. Generally speaking, writes our correspondent, greasy combing merinos, of which the supply probably does not exceed requirements, lost about 5 per cent., greasy fine halfbreds about 7½ per cent., while other crossbreds were down 10 to 15 per cent. compared with the close of the previous series. It is safe to say that but for the Hoover moratorium proposals the declines would have been more, and the whole trade looks upon the acceptance of the terms by France as being indicative of some return to confidence among buyers of wool. The gradual settlement of the eight weeks' strike among textile workers in



WHAT THE CHATWOOD SAFE HAS IT HOLDS — FOR DELIVERY ONLY TO THE KEEPER OF THE KEY

EXPERIENCE OF THE PAST

KNOWLEDGE OF THE PRESENT

ANTICIPATION OF THE FUTURE

THIS LETTER LOCK ADMITS OF THOUSANDS OF COMBINATIONS OF LETTERS

THE CHATWOOD SECURITY

Folder No. 10—
Classified Service

THE CHATWOOD SAFE CO., LTD.,
Bankers' Engineers,
SHREWSBURY, England.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN, &c.				Irish bladders				English Southdown, washed				Best heavy ox and heifer			
Wheat, No. 2, N. Man. 496 lb.	25	6		American, boxes, 56 lbs.	45	0	46	11				Best cow	0	34	0
Eng. Gas. av., per cwt.	5	2		POTATOES—				11				Best calf	0	37	0
Barley, Eng. Gas. av.	5	1		Good English, per cwt.	13	0	14	20					0	67	0
Oats, 100 lb.	5	8		SPICES—				11							
Maize, La Plata, landed, 480 lb.	16	6		Pepper, per lb.				11							
Flour, Lon. stan. ex mill, s. d.				Muntok, fair White	0	9	0	11							
280 lb.	21	3	0	Black Lampung	0	5	0	20							
Rice, No. 2 Burma, per cwt.	7	0	0	Cinnamon—1st sort, per lb.	0	7	0	20							
Sago, Pearl, per cwt.	16	6		Cloves—Zanzibar, per lb.	0	9	0	20							
Tapioea, per cwt.	17	6	0	Ginger—per cwt.	27	0	0	20							
Medium pearl	20	0	0	African	27	0	0	20							
MEAT—				Jamaica, ord. to good	40	0	80	20							
Beef, per 8 lbs.				Nutmegs 65c	1	2	0	20							
English long sides	5	4	6	SUGAR—				25							
Argentine chilled hinds	3	8	4	(Duty, 11s. 8d. per cwt.)				23							
Mutton, per 8 lbs.				B.W.I., crystallised	18	3	21	10							
English wethers	6	0	8	Java, white, c. & f. India	7	10	4	0							
N.Z. frozen	3	4	0	Refined—London—											
Pork, English, per 8 lbs.	4	4	5	Yellow Crystals	19	10	4	0							
OTHER FOODS.				Dubai	24	9	24	9							
BACON—				Crushed	22	9	23	9							
Irish	74	0	90	Granulated	20	6	21	3							
Danish	58	0	60	Home Grown (June)	19	6	20	0							
Canadian	0	0	0	TEA—											
HAMS—				Indian—per lb.											
Canadian	50	0	52	Pekoe	0	4	0	7							
American	0	0	0	Broken Pekoe	0	4	2	5							
BUTTER—				Orange Pekoe	0	5	1	3							
Irish creamery per cwt.	113	0	0	Broken Orange Pekoe	0	5	2	4							
Canadian	107	0	109	Ceylon—per lb.	0	4	1	10							
New Zealand	113	0	116	Pekoe	0	5	1	7							
Danish	117	0	118	Broken Pekoe	0	5	1	9							
CHEESE—				Orange Pekoe	0	5	1	9							
Canadian	58	0	74	Broken Orange	0	5	2	1							
New Zealand	61	0	62	TOBACCO—											
English Cheddars	50	0	90	(Duty 8/10-9/10 per lb.)											
Dutch	52	0	64	Empire growths, 6/9											
COCOA—				7/6d per lb.)											
(Duty, British grown,				Virginia leaf											
11s. 8d. foreign, 14s. cwt.)				Common to fine	0	8	2	6							
Acacia, f.i., per cwt.	24	0	30	Rhodesian leaf	0	8	1	3							
Trinidad	40	0	48	Nyasaland leaf	0	7	1	3							
Grenada	30	0	38	East Indian leaf	0	9	1	6							
COFFEE—				East Indian leaf	0	3	0	7							
(Duty, British grown,				strips	0	5	1	0							
11s. 8d. foreign, 14s. cwt.)				COTTON—											
Santos, sup. c.d.f. cwt.	44	0	0	TEXILES.											
Colombian, good	70	0	92	Mid-American	5	36									
Costa Rica, med. to good	78	0	118	Sakalardila, f.i.	8	25									
East Indian	80	0	110	Yarns, 32's twist	9										
Kenya, medium	70	0	82	60's twist	15										
EGGS—				FLAX—											
English	11	0	13	Livonian ZK	34	10	0								
Danish	9	0	11	Pernau HD	31	0	0								
FRUIT—				Stanets Medium 1st sort	41	0	42								
Oranges				HEMP—											
South African	10	0	16	Italian P.O.	31	0	0								
Lemons, Sicilian	10	0	22	Manila, July-Sept.	18	10	0								
Malaga	12	0	24	N.Z.	nom.										
Apples: Amer. (var.)	0	0	0	Sisal, African, July-Sept.	14	15	0	15							
(var.) boxes	0	0	0	Mexican	nom.										
" Australian	7	0	10	JUTE—											
ONIONS—				Native 1st mks.	per ton										
Valencia, case, 4s.	10	0	0	c.f. H.A.B.B.	June-July										
Egyptian Bags	10	0	0	Dalce 2/3 c.f. Dundee	£16/12/6										
Grapes, Lieban	0	0	0	June-July	£15/10/0										
" Almeria	0	0	0	SILK—											
				Canton	per lb.	7	0	9							
				Tusah	3	6	5	0							
				Japan	9	0	12	6							
				Italian—Raw, fr.	Milan	9	0	12	0						

ASHANTI GOLDFIELDS CORPORATION, LIMITED.

NOTICE IS HEREBY GIVEN that an Interim Dividend (No. 59) of 30 per cent., less Income Tax at 4s. 6d. in the £, has this day been DECLARED on the capital of the Corporation, in respect of the year ending 30th September, 1931, and will be payable on and after the 31st July, 1931, to all shareholders on the Registers on the 8th July, 1931.

The TRANSFER BOOKS will be CLOSED from 9th July, 1931, to 16th July, 1931, both dates inclusive, for the preparation of Dividend Lists.

By Order of the Board,
HORACE MORGAN,
Manager and Secretary.

Registered Office:—
6, Southampton Street,
Holborn, London, W.C.1.
2nd July, 1931.

THE CUNARD STEAM SHIP COMPANY, LIMITED.
FIVE PER CENT. MORTGAGE DEBENTURE STOCK.

NOTICE IS HEREBY GIVEN that the Transfer Registers in respect of the above Stock will be closed from the 18th to the 31st July, 1931, both dates inclusive, for the purpose of preparing the half-yearly Interest Warrants.

By Order of the Board,
H. J. FLEWITT,
Secretary.

Offices: Cunard Building, Liverpool.
9th July, 1931.

THE NEWSPAPER FINANCE ANNUAL, 1931

JUST PUBLISHED.

A review of the financial positions of the London and Provincial daily newspaper companies, printing and publishing houses, printing machinery companies, and pulp and paper companies. The lengthy, comprehensive list of the Directors of Newspaper Companies is a unique feature.

Price 7s. 6d. By Post 8s.

London General Press,
6 Bouverie Street, London, E.C.4

The Economist,
WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monthly

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, JULY 18, 1931.

No. 4,526.

Royal Exchange Assurance

INCORPORATED A.D. 1720.

All classes of Insurance
transacted and the duties of
Trustee and Executor undertaken

For full particulars apply to
Head Office: ROYAL EXCHANGE, LONDON.

ANGLO-PORTUGUESE
COLONIAL AND OVERSEAS BANK LTD.
9 BISHOPSGATE, E.C.2

Telegraphic Address:
Ultramarine, London

Telephone:
London Wall 0294

Capital Authorised
£1,500,000

Capital Issued
and fully Paid
£1,000,000



Sole London Representatives of:
BANCO NACIONAL ULTRAMARINO, LISBON,
and its offices in PORTUGAL, PORTUGUESE
COLONIES, BRAZIL AND BOMBAY and of
BANQUE FRANCO-PORTUGAISE D'OUTREMER, PARIS
AGENTS AND CORRESPONDENTS THROUGHOUT THE WORLD
A Complete International Banking Service.

BANCA COMMERCIALE ITALIANA.

Limited Company Incorporated in Italy.

Established in 1894. Head Office: MILAN.
Capital 700 million Lire. Reserves 580 millions.
Deposits 8,480 millions.

Branches in every centre of commercial and
industrial importance in Italy; also in London,
New York, Istanbul (Constantinople), and Izmir
(Smyrna).

Affiliated and Auxiliary Institutions in France
(Paris and Riviera), Switzerland, Czechoslovakia,
Poland, Yugoslavia, Austria, Hungary,
Bulgaria, Roumania, Greece, Egypt, Morocco,
U.S.A., Brazil, Argentina, Chile, Uruguay, Peru,
Colombia, Ecuador, etc.

London Office:

32, Threadneedle Street, E.C.2.

A. JOEL, Manager.

Correspondents to the Italian Treasury.

TABLE OF CONTENTS.

The Money Market	101	Exchanges—	
Leading Articles—		New York	129
Coming to Grips	103	Paris	132
A Diary of the Crisis	104	Berlin	132
A German Economist's		Amsterdam	132
View	104	Investment Notes—	
Disarmament or War?	105	The Stock Exchange and	
Banking Reform	106	the Crisis	132
The Half-Year's Overseas		The "House" in Time of	
Trade	107	Trial	133
The Macmillan Report:		The Macmillan Report—	
Summary	108	Stock Exchange Impressions	
Notes of the Week—		sions	133
The "Anomalies" Bill in		Hudson's Bay Report	134
Committee	112	Furness Withy	134
The Lords and Electoral		The Horne Story—and the	
Reform	112	Epilogue	135
Spain and Catalonia	112	South American Railway	
Riots in Korea	113	Results	135
Indian Developments	113	Distillers and Industrial	
War Debts due to Britain	113	Alcohol	135
The Australian Budget	114	Telephone Share Purchase	136
New Clearing Bank Statistics		Anglo-Argentine Tram-	
ways	136	South Kalgurli	136
An Analysis of Bank Advances	114	Company Meetings of the	
Week	136	Capital Issues	137
Coal Industry Reorganisation	114	Transvaal Gold Output	
Statistics	137	Oil Outputs	137
Iron and Steel Production	115	Company Meetings, &c.—	
The Crisis in Shipbuilding	115	Government Returns, &c.—	
The Lancashire Cotton		National Accounts	144
Trade	115	Treasury Bills by Public	
International Cotton Loom	116	Tender	144
Statistics	116	The Bankers' Gazette—	
British Motor Tyre Production	116	Bank of England	145
duction	116	Bankers' Clearing Returns	145
U.S.A. Wheat	116	Provincial Clearing Returns	145
The Position in New Zealand	116	Overseas Bank Returns	145
North Atlantic Passenger	116	Loan and Discount Rates	147
Fares	116	Rates of Exchange	147
Transvaal Gold Output	117	Overseas Bank Rates	147
Overseas Correspondence—		Bullion	148
United States	117	Gold and Silver Prices	148
France	118	Company News—	
Germany	119	Dividend Announcements	149
Sweden	120	Weekly Traffic Returns	149
Irish Free State	122	Summary of Balance	
South Africa	122	Sheets	150
New Zealand	123	Reports and Notices	150
Letters to the Editor—		Profit and Loss Accounts	151
The Egyptian Government	124	Commercial Reports—	
East Greenland	125	Market Summary	152
Books and Publications—		The Coal Trade	152
A Study of Unemployment	125	Iron and Steel	152
Insurance	125	Other Metals	153
Books Received	126	Textiles	153
The Stock Exchange—		The Grain Markets	154
Secret Reserves	127	Other Foods	154
The Tin Position	128	Overseas Trade Returns	155
The Week in the Markets	129	Miscellaneous Commodities	155
London Active Security	130	Prices Current	156
Prices and Yields	130		
New Issue Prices	132		

to-day money has remained comparatively comfortable throughout the week. On Monday and Tuesday $1\frac{1}{2}$ per cent. was generally quoted for day loans, and on Wednesday and Thursday, though up to $1\frac{1}{2}$ per cent. was paid for further advances over the night, "old" money from lenders other than the clearing banks was reasonably plentiful and renewed mostly at $1\frac{1}{2}$ per cent.

The course of the market rate of discount reflected, but only gradually, the development of the crisis. Last Friday's applications for the £40 millions of Treasury bills offered amounted to less than £57 millions, as compared with £71 millions a week before, and the whole of the bills were allotted at an average rate of discount of £2 0s. 2.67d. per cent., or slightly more than $\frac{3}{4}$ per cent. above last week's rate. On Saturday, despite the normal ease of week-end money, the effective rate for three months' bank bills was $2\frac{1}{8}$ per cent., and on Monday the continued appreciation of the franc, to which further reference is made below, was reflected in a further rise in the bill rate to $2\frac{3}{8}$ per cent. This quotation remained effective throughout Tuesday, but on Wednesday the chaotic movements in the foreign exchange market led to most houses quoting fully $2\frac{5}{8}$ per cent. for three months' drafts, and on Thursday the rate was called $2\frac{3}{4}$ to $\frac{7}{8}$ per cent. Comparative figures for the past four weeks are given in the following table:—

	June 25, 1931.	July 2, 1931.	July 9, 1931.	July 16, 1931.	Previous Rate and Date Changed.
Bank Rate	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$\frac{3}{4}$ (May 14, '31)
Banks' Deposit Rate...	1	1	1	1	$1\frac{1}{4}$ (May 1, '30)
Discount (Call)	1	1	1	1	$1\frac{1}{4}$ (May 1, '30)
Houses' Notice	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (May 1, '30)
Market rate (3 months' bills)	2-2 $\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$2\frac{1}{8}$	...

During business hours on Thursday the tendency of the market was to expect that the Treasury bills on the following day would go at over $2\frac{1}{8}$ per cent.

After a collapse to 30 on Monday, following the closing of the Danat Bank, the quotation for the reichsmark, as the result of the imposition of foreign exchange control in Germany, has been more or less nominal. By Tuesday, though the Paris market was still closed, the franc fluctuated between 123.80 and 123.75. The whole of the week's consignment of Cape and Straits Settlement gold, totalling £883,000, was taken by Continental purchasers after trade requirements had been satisfied, and £881,000 in bars was withdrawn from the Bank of England, apparently on French and Belgian account. This loss, however, was offset by the release of 300,000 "earmarked" sovereigns and the purchase from an undisclosed source of £657,000 in bars. On Wednesday the gold drain increased. A further £864,000 bar gold was withdrawn, while two million sovereigns were set aside. On the other hand, one million sovereigns were returned as having been received from an undisclosed source. On Thursday £3,140,691 in bar gold was sold, the destination being understood to be France, Belgium and Holland, while two million sovereigns (believed to be on Swiss account) were set aside.

This week's Bank of England return showed relatively small changes in the various items. The gold holding was £611,000 lower, but circulation showed a fall of £344,000 and the reserve proportion was maintained at a high figure of $57\frac{1}{2}$ per cent. Against a decline of £1,977,000 in Government securities, "other" securities in the Banking Department were £2,500,000 higher and, on the other side of the account, bankers' deposits were up by £1,886,000, while "other" accounts showed a fall of £1,282,000.

Various meetings of the leaders of acceptance houses and other interests were held during the week to concert common policy in the face of a situation of difficulty unprecedented except in the case of war. On Wednesday, it was decided that no German bills dated after July 11th should be considered eligible for acceptance in London,

but the general disposition of the London market was to refrain from any action calculated unnecessarily to add to Germany's embarrassments. The decision of the Bank of England authorities on Thursday to make no alteration in Bank rate was regarded as reassuring, and the policy of the Bank in giving this evidence of its own strength was welcomed and generally endorsed in the City. On Thursday, despite the large gold movements, the quieter tendency of the foreign exchange market suggested that the previous day's panicky scramble to repatriate balances to the Continent was, at least, not becoming accentuated. The situation in Germany, following the reopening of the banks, was less unmanageable than might have been feared; and the Conference of Ministers summoned for Monday in London had temporarily steadied psychology throughout the world. Thus, on the news of the day, the Bank undoubtedly acted with wisdom; and, in the event of adverse developments, it ran little risk, since there are precedents for its taking action equivalent to an increase in Bank rate on other days than Thursday.

In New York the effects of the European crisis were not reflected in any change in market rates, call money remaining steady at $1\frac{1}{4}$ per cent., with $\frac{1}{4}$ to 1 per cent. quoted for three months' bank bills. Brokers' loans as on July 9th were \$34 millions down at \$1,455 millions. Freight-car loading for the week to July 4th totalled 667,000, a fall of 124,000 as compared with a year ago. The hearing of the Inter-State Commerce Convention on the proposed 15 per cent. freight rate increase began on Wednesday. On that day July wheat and copper both dropped to a new low record. In its daily report the Federal Reserve Bank announced earmarking of \$10 millions of gold which was believed to be on French account.

After comparative steadiness on Monday and Tuesday the Foreign Exchange market was thrown into a state of complete chaos with the reopening of the Paris Bourse on Wednesday, when an apparent loss of nerve in that centre led to the heavy withdrawal of funds from London with devastating results on sterling. Even on Thursday many quotations were merely nominal, and the turnover of business was quite incommensurate with the extent of the fluctuations. New York, after 4.83 $\frac{1}{2}$, moved to 4.84. Montreal improved to 4.87. Paris, after 122 $\frac{1}{2}$, went to 123.40. Brussels, partly as a result of repatriation of funds for the Internal Loan, but later, probably as a result of the general selling of sterling, went to 34.81. Milan moved in our favour from 92.94 to 93.00. Madrid was steady most of the week at 50.70, but fell away at the close to 51.75. Amsterdam, after 12.01, stood at 12.03. Berlin, after 30.00, was at a purely nominal quotation of 21. Switzerland, after being very much lower, was at 24.97 $\frac{1}{2}$. Of the Scandinavian Exchanges, Stockholm and Oslo were unchanged at 18.14 $\frac{1}{2}$ and 18.16 $\frac{1}{2}$ respectively. Copenhagen lost $\frac{1}{4}$ at 18.16 $\frac{1}{2}$. The South American currencies were erratic and inclined to weakness, Rio losing $\frac{1}{2}$ d. to 34 $\frac{1}{2}$ d., Buenos Aires declining from 35 $\frac{1}{2}$ d. to 34 $\frac{1}{2}$ d. and Montevideo from 28 $\frac{1}{2}$ d. to 27 $\frac{1}{2}$ d. In the Far East the rupee was firm at 1s. 5 $\frac{1}{2}$ d., as was the yen at 2s. 0 $\frac{1}{2}$ d. Batavia improved from 12.08 $\frac{1}{2}$ to 12.09 $\frac{1}{2}$. In the forward market no quotations were available for Paris, Brussels, Berlin, Amsterdam and Geneva. Dollars were at $\frac{1}{8}$ cent and $\frac{1}{4}$ cent premium for one and three months respectively. Milan was at considerably wider discounts of 15 and 40 centesimi, and Madrid was also weaker at $\frac{1}{4}$ peseta discount for one month and $\frac{1}{2}$ peseta discount for three. Silver prices fell away by $\frac{1}{2}$ d. to 18 $\frac{1}{2}$ d. for cash and by $\frac{1}{2}$ d. to 18 $\frac{1}{2}$ d. for forward as a result of bear operations in a quiet market. Of the China silver exchanges Hong Kong was unmoved at 1s. 0 $\frac{1}{2}$ d., but Shanghai lost $\frac{1}{2}$ d. at 1s. 8 $\frac{1}{2}$ d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Boulevard Street, London, E.C.4.

COMING TO GRIPS.

In its drama and its gravity the financial story of the past week bade fair to challenge comparison with the monetary events at least of the early days of August, 1914. Following Dr. Luther's failure, first in London and Paris and then at Basle, to secure a further large rediscount credit which would enable Germany to carry on for yet another week or two, the German Government, faced with the suspension of payments of the Danat Bank on Monday, averted a disastrous run on the other German banks by decreeing, except in the case of the Reichsbank, a "bank holiday." Finally, late on Wednesday, the inevitable step was taken of proclaiming a partial moratorium. The actual word itself was not indeed used, but the measures taken with regard to debt payments and the control of foreign exchanges meant in fact little less. Meanwhile, minor bank failures were occurring in other European centres, and recognition of the fact that even a partial moratorium must have the effect of throwing back on other markets the demand for foreign currency which was beyond Germany's capacity to satisfy, led on Wednesday, when business in Paris was resumed after the *Fête Nationale*, to heavy sales of sterling. French banks, and to some extent financial institutions in other countries, sought to strengthen their liquidity, in view of the critical outlook, by repatriating balances held abroad, particularly in London, and the pound suffered heavily.

Fortunately, Thursday brought at any rate an emotional betterment of the situation. In Germany the vigorous control assumed by the Government over a wide field of the country's economic life temporarily steadied public confidence; fears of panic runs on the banks when they reopened were happily falsified; withdrawals by depositors were kept within reasonable limits; and in other centres outside Germany the movements of foreign exchanges and security values both reflected some alleviation of the acute nervousness of the preceding day. In material essentials the crisis remained unaltered, but apprehension of the unknown tends often in the financial world to be more damaging than the realised event. Moreover, not only did German morale appear to be standing up satisfactorily to conditions of acute tension and difficulty, but a new element of hope was imported into the situation by the announcement, made in the early hours of Thursday morning, that the British Government had invited the Ministers of the European Powers to attend a conference in London on Monday, July 20th—an announcement which was followed by the news that Dr. Brüning would go forthwith to Paris for interviews with M. Laval in advance of Monday's conference.

To the difficulties which attend that conference we refer later, but we welcome none the less Mr MacDonald's decision to summon it. For the outstanding feature of the events of this week is the fact that the situation, which a few days ago could have been handled by a comparatively modest credit to Germany, has passed beyond the realm of pure finance into regions where only the Heads of States can act effectively. This was reflected in the decision at Basle; and it was emphasised from New York, when the American bankers made it clear that no extension of credit could be given to Germany unless there were evidence of a Franco-German *rapprochement* sufficiently intimate to make it possible for France also to share in the credit. What are these political difficulties? France denies to-day that she made the suspension of work on Germany's "pocket-battleship," or the withdrawal of the Customs Union project or other "safeguards" the conditions of financial assistance to Germany. She claims that she did no more than suggest to Mr Henderson and Mr Hoover that it might be put to Germany in a friendly way that if she made some advance on these vexed political matters, it would make it easier for her to respond. Be that as it may, the important fact remains that a large part of French public opinion believes Germany to be guilty of bad faith and to have exploited and exaggerated her difficulties for the purpose of getting out of her obligations, and that Germany firmly believes that France is deliberately using her economic financial difficulties to rivet still further upon her the restrictions and injustices perpetrated in the Treaty of Versailles.

This misunderstanding is but the last of a series of incidents which have illustrated the disastrous pitfalls which lie in the way of international co-operation. Indeed, the whole history of the past few years is strewn with incidents—some of them of comparatively minor importance in themselves—which, if handled differently, would have given a different course to history. The last few months have been particularly rich in examples of these things that "might have been." If Germany had had the wisdom to take other countries into her confidence at an earlier date with regard to the Customs Union instead of springing a *fait accompli* and thus fatally undermining the position of M. Briand in France; if M. Briand himself had not stood for the Presidency; if Mr Hoover had given France a little more time to adjust her ideas to the new situation created by his amazing *volte face* instead of offering her two or three hours only in which to take the initiative; if after recovering from the shock France had had the far-sighted leadership to seize a golden opportunity by an act of friendship placing Germany under a debt of gratitude; if . . .

But it is idle to prolong the list, for behind these incidents of yesterday lies a ten years' history, the lesson of which is the heavy penalty that has to be paid for procrastination. Often during these years France has done the right thing towards Germany, but she has usually been too late. She has concurred in reduction after reduction of the reparations debt, but delayed so long that when the action was taken it had lost all its grace. She quitted the Rhineland years before the Treaty date, but did it so hesitatingly that it looked almost like an affront. Yet the whole future of Europe turns upon the ability of France to woo and retain the confidence of Germany. It cannot be done by bargaining; it cannot be done by a show of strength; it cannot be done by making dilatory concessions to world opinion; it must be done on the initiative of France herself. Has her public opinion been stirred sufficiently to enable her to make so great a contribution towards world peace, and, if she does so, will German opinion at this date respond?

This brings us to the fateful Conference of Monday next—the calling of which has already had a steadying effect on the markets of the world. To clear up all the political issues that have contributed to the present disorder is a vast undertaking which inevitably goes back to the problems created by the Peace Treaties of 1919. Take, for example, the question of the Customs Union. The present crisis has been precipitated by the failure of the Credit Anstalt. But that was in no sense a purely banking failure. This old and renowned institution had been compelled to absorb one after another of the banks of Vienna to save them from ruin, and finally came to embrace 75 per cent. of Austria's banking business; it thus became the owner of the greater part of Austria's industries. But under the territorial arrangements of 1919, and the tariff system that has grown up from them, these Austrian industries, which formerly supplied a large Eastern European market, have now no adequate outlet—and therefore no sound economic basis. The French alternative to the Customs Union put forward at Geneva in May afforded no real relief for the industries of Austria and Germany. It is thus no solution of the present problem for Germany merely to renounce the Customs Union. It must be replaced by a larger and more far-reaching alternative. The same is true of the "pocket battleship" question. For Germany alone to suspend building would be merely to emphasise once again the lop-sided character of the present armaments situation in Europe. It is true that no one will lend money to Germany if the result is to make it easier for her to rebuild her military strength. But she cannot be expected to renounce her ambitions unless the rest of Europe is ready to make a substantial reduction in its armaments. Other questions, such as that of the Eastern frontier, are even more difficult; but if any progress is to be made it must be frankly recognised that confidence in Europe cannot now be restored by unilateral political concessions on the part of Germany.

The agenda for Monday next must, therefore, cover a

very wide field, and it is difficult to see how quick decisions are to be reached. But every Prime Minister will be under the strongest inducement to settle. The fear of inflation in Germany, the knowledge in France that even if she herself might escape the worst of the storm her friends in Central Europe are in imminent danger of being swept away by the flood, and for the rest of us, the knowledge that the spreading of the German disorder would exert a paralysing effect on the world's economic life—all are powerful inducements. These are days in which opinion and action are capable of moving very rapidly. The world expects its statesmen to find a solution of the seemingly intractable problems for the all-sufficient reason that they cannot afford to fail.

A DIARY OF THE CRISIS.

Thursday, July 9th.

Dr. Luther, President of the Reichsbank, flies to London, en route with Mr. Norman at Victoria, former going to Paris, latter to Basle. Reichsbank return referring to position on Saturday, July 4th, reveals improvement in reserve ratio to 43.6 per cent. Day's withdrawals of foreign withdrawals from Reichsbank: Rm. 50 millions. Paris Bourse steady; Berlin weak but business restricted; Wall Street firmer. Closing rates: reichsmark 20.50½, franc 124.10, dollar 4.86½. Mr. Stimson, U.S. Secretary of State, in Rome.

Friday, July 10th.

Dr. Luther in Paris negotiating for loan. British Government formally advises B.I.S. that it does not demand from Germany July 15th annuity. British Government invites Treasury experts of countries involved in Hoover Plan to conference in London on July 17th. Private meeting of London acceptance and banking houses discusses means of checking withdrawals of credit from Germany. The \$50,000,000 credit granted to Gold Discount Bank reported exhausted. Day's withdrawals of foreign exchange from Reichsbank: Rm. 50 millions. Paris Bourse quiet, dull; Berlin again weak; Wall Street undecided. Reichsmark 20.51½, franc 123.95, dollar 4.86½.

Saturday, July 11th.

Dr. Luther returns to Berlin. Reports of French political conditions for participation in a loan. German Government cables Washington through United States Ambassador, emphasising gravity of German position. Day's demand, foreign exchange, Reichsmark: Rm. 100 millions. Banque de Genève closes doors. Reichsmark 20.53½, franc 123.86, dollar 4.86½.

Sunday, July 12th.

German Cabinet in continuous session; issues late night communiqué that since no definite prospect of foreign credit Government will guarantee liabilities of two leading "D" banks.

Monday, July 13th.

Central Bank chiefs meet at Basle, whither Dr. Luther flies from Berlin. At midnight a communiqué issued declaring that "the German Government having approached various Governments with a view to obtaining financial assistance on their various markets, the B.I.S. is prepared to collaborate . . . and to strengthen the assistance [to Germany] by all the means at the disposal of the Central Banks." Absence of figure of any new credit correctly interpreted to mean that Central Bankers, finding the situation too much involved with politics, hand back the problem to the Governments concerned, but B.I.S. authorised to prolong the rediscount credit to the Reichsbank, repayable July 16th. London Stock Exchange marks down prices but no substantial volume liquidation. Darmstädter und Nationalbank closes its doors. German Government guarantees its deposits; total liabilities stated to be Rm. 1,500 millions, whereof 450 millions foreign obligations. Moderate run other German banks which limit withdrawals to 5 to 20 per cent. of deposits. Informal rationing foreign exchange demands. Government closes Berlin Bourse. Paris Bourse closed, holidays. Wall Street dull, restricted volume. London similar. Reichsmark 22.50 (after 31.00), franc 123.73½, dollar 4.85½.

Tuesday, July 14th.

All banks and savings banks closed in Germany by Government decree. Berlin and Buda-Pest Bourses closed. Three days bank holiday declared in Hungary. The Mercus Bank of Vienna, Banca Dacia of Jassy, Roumania, and two Latvian banks fail. Banks in Danzig paying out maximum 10 per cent. of deposits. Federal Reserve Board decides to participate in prolongation of the rediscount credit of Reichsbank, following disturbing rumours of a contrary decision. Mr. Norman returns to London. Mr. Henderson in Paris. Reported that Paris communicates new and unacceptable terms to Berlin as condition of participation in financial assistance. Run on food supplies in Berlin. London stock market again calm, little liquidation. Paris Bourse still closed, holidays. Wall Street irregular, narrower movements. Reichsmark 22.25 nominal, franc 123.90, dollar 4.85½.

Wednesday, July 15th.

Reichsbank announces cover for note circulation below 40 per cent. with authorisation General Council. Reichsbank rate raised from 7 to 10 per cent, and "Lombard" rate from 8 to 15 per cent. Government decrees issued restricting bank payments July 16-18 to sums essential for wages, unemployment insurance, municipal relief and taxes. All foreign exchange transactions to be subject to Reichsbank control. All Danzig banks closed until July 17th. Mr. Stimson arrives Paris. Discussions between Messrs. Henderson, Laval, Briand and Stimson. London Foreign Office late-night communiqué that H.M. Government have invited Ministers of chief European Powers to attend a Conference in London, July 20th. Germany pays unconditional annuity, which B.I.S. immediately re-loans to Germany. Official announcement Washington that United States will not become involved in any political situation connected with economic help for Germany and Federal Reserve Board will give no credit to Germany except in conjunction with all Central Banks, including Banque de France. Paris Bourse re-opens; heavy liquidation. Considerable repatriation French sterling balances held London. Wall Street, sharp break values, heavy sales. London similar, but liquidation limited. Bank of England reports withdrawal £900,000 bar gold and 2,000,000 sovereigns set aside, but 1,000,000 sovereigns received. London acceptance houses decide not to accept German bills dated after July 11th. Reichsmark 22½ nominal, franc 122.90, dollar 4.83½.

Thursday, July 16th.

Projected visit of Messrs. MacDonald and Henderson to Berlin cancelled. Instead, Dr. Brüning and Herr Curtius to go to Paris on Saturday for discussions with French Cabinet, en route for Monday's London Conference. Berlin banks re-open under restrictions mentioned above, and public demand for currency does not exceed manageable proportions. Bank of England rate unchanged; gold withdrawals and "ear-markings" for Continent £5,141,000. Stock exchanges London, Paris, New York steadier, minor recoveries. Reichsmark 21.00 nominal, franc 123.45, dollar 4.84½.

A GERMAN ECONOMIST'S VIEW.

As a contribution towards the better understanding of the essentials of the German situation, we print below the following statement which we have obtained from Dr. M. J. Bonn, the distinguished German economist.

THERE is no doubt that right at the bottom of the causes of the present crisis in Germany lies the inflation of 1919-23. The result of that inflation was to deprive Germany of practically all her liquid working capital. In consequence of this she has been compelled to borrow abroad. Some of the funds she acquired were long-term funds; but a great deal of the capital her banks borrowed abroad for the use of their customers was short-term money. Most thinking people realised the danger of short-term money; but if you need cash badly and cannot get it on long term you have to take it on short term. One of the reasons why Germany got money on short term only was the disinclination of the lenders to invest their money permanently in a country which had gone through inflation. The result of this has been that, whenever there is a panic, money is withdrawn—sometimes for political reasons arising abroad, as in May, 1929; sometimes because there is a political crisis in Germany, as in September, 1930, after the last election; sometimes merely because of the general feeling of uneasiness and suspicion and the fear of another inflation.

This is just what has been going on since the downfall of the Austrian Credit Anstalt. President Hoover's action stopped this crisis, but for a few days only; for the wrangling about it destroyed the psychological basis of mutual confidence. I am quite willing to acknowledge that some Germans have not always been very wise in their political utterances, and I am even quite prepared to admit that German Governments, like other Governments, occasionally commit mistakes. But it seems to me we have every right to be foolish and hysterical occasionally; that is a privilege of a nation which has lost a war, while it is the obligation of the victors to be reasonable patient and wise. From that point of view the ways of French public opinion and the methods of French policy are sadly lacking. The French have often accused the Americans of playing the part of Shylock. To the average German, even to those Germans who greatly desire an understanding with France, her ways of using her financial preponderance make Shylock look a generous philanthropist.

July 18, 1931.]

I am not arguing whether France is right or not in her political demands on Germany. Even if I were to assume for argument's sake that she is right, her way of going about it is certainly wrong. You cannot make the Germans love disarmament if you force them to do it under financial pressure. This being the attitude even of those reasonable Germans who oppose military parades and the building of battle cruisers—I am not speaking of the "Hitlerites"—the mixing up of political issues (the settlement of which will take a long time, anyhow) with extremely urgent measures of technical and financial relief, has been very unfortunate. There is a feeling amongst many people that Germany is to be crushed anyhow. Again, I am not arguing whether this is really the case, but as this widespread feeling exists, it must be taken into account. You cannot cure the patient without having regard for his feelings, however irritating they may be to the doctor.

But there is something more than mere sentiment. Germany would be quite capable of dealing with the banking crisis by herself as far as the consequences at home are concerned. True enough, one of the big banks has broken down, and the other banks had to be closed for two days because a run was expected. The raising of the discount rate by the Reichsbank, which makes loans extremely expensive, the partial moratorium which has been decreed, and other emergency measures which could be easily devised would be sufficient to stop the panic if there were no withdrawals of credit from abroad. The German people are so terrified of inflation that they would stand any remedial measures, however hard they might be, to avoid it. The finances of the Government are sound, especially after President Hoover's action. The run on the banks and the hoarding of money, combined with the high discount rate, would quickly spend itself, in so far as a scarcity of money would force people to sell the foreign exchange they might have hoarded and to get rid of their stocks even at a heavy loss; but the crux of the question is the foreign withdrawals.

Theoretically, it is even possible that the Reichsbank might lose its entire gold stock and not be able any longer to issue any notes. No purely German measure can prevent this apart from a moratorium on foreign payments. Such a moratorium would be a very heavy blow to Germany's credit, but apart from that it would deal very unfairly with Germany's creditors. It would let off scot free the foreign creditors who originated the panic by withdrawing their capital, and would catch those creditors who trusted to Germany up to the last moment by not withdrawing their credit. Germany ought to do everything to put her house in order and to prevent gambling in foreign exchange by German citizens; she is doing this at present, but it is quite beyond her power to pay off all foreign credits and keep enough gold, or to get new credits, or to get prolongations. In this direction the only thing which can really help is voluntary prolongation by the foreign interests concerned, now that Germany has shown her willingness to go to any length as far as the home market is concerned—for there is not the slightest doubt that the new severe measures will bring about a great deal of very undesirable economic and financial pressure. These dislocations are much more serious in Germany than in other countries.

For the moment the fear of inflation and the will to avoid it at any price overshadows everything else in the public mind. But even if these shadows were to pass, financial restriction does not diminish unemployment and bankruptcy, and increased unemployment and bankruptcy are fertile seed beds for radical movements. National Socialism and Communism are not the outcome of prosperity, but the fruit of prolonged depression and political humiliation. Neither Communists nor National Socialists are bearers of capitalism. The present Government can face, and has faced successfully, the Nationalist and Communist danger so far. It has stood for financial reform, not in theory only, but in practice too, by carrying out restriction and increasing taxation with an unheard of severity. If it can fight inflation well and good. No Government, however, is strong enough to hold up the present economic system financially and economically against the radicalism of national Socialism and Communism if the system stops functioning.

DISARMAMENT OR WAR?

If the present world crisis were either purely financial and economic or purely political it would lend itself to far easier solution than is possible under the circumstances. It was mainly because political influences were inextricably interwoven with financial that the bank chiefs, who assembled this week at Basle with the object of staving off the German collapse, found that they were, in the absence of co-ordinated support of the leading Governments, comparatively impotent. Nor is there anything surprising in this. For where political concord is lacking, the psychology of fear flourishes; and when apprehension and distrust become rampant, financial crisis is always a possibility. For in the long run the world credit system is based on trust and confidence; and when distrust develops far enough, the strongest of financial institutions must bow before the storm.

And of all the causes of political distrust, which has so grievously precipitated the present financial crisis, the deepest seated of all is the failure of the great nations to reduce their armaments. Peace is sought, ensued and preached at Geneva. Anti-war pledges and treaties are signed by statesmen, but budgets wax bigger with the costs of war preparations. Europe, indeed, is caught in the orbit of a vicious circle. The absence of security increases armaments, and the increase of armaments aggravates insecurity. Everyone knows that unless that vicious circle is broken the world will drift helplessly to another war. So, even when the present crisis is past, and even if, after all these fierce alarms and excursions, the Hoover Plan is allowed to operate, as it was intended, to give the world a year's breath-space, there can be no real peace and security; and therefore no real economic recovery, until the rising tide of armament expenditure is not merely checked, but rolled back.

We do not believe that the war of 1914-18 is as yet so lost to mind that the mass of the people of any country wish for another, or that they would not rejoice if their statesmen succeeded in establishing effective safeguards against such a catastrophe. But the difficulty is to mobilise positive anti-war opinion, and harness it securely to the chariot of diplomacy; and that is why a demonstration like that held at the Albert Hall last Saturday is of real importance. Its significance lay not merely in the phenomenon of the leaders of the three parties in the State speaking words of common warning and common hope, but in the undoubted fact that Mr. MacDonald, Mr. Baldwin and Mr. Lloyd George were on this occasion the true and faithful interpreters of the overwhelming public opinion of Great Britain. The British people wish to perpetuate peace; but, while they rally behind our Government's efforts to disarm, they realise clearly the limits of further action in this direction until the lip-service of some other governments to the cause of peace is translated into concrete policy. "Sentiment and piety," as Mr. MacDonald said, "are not enough now. . . . Geneva must give results"; and it is all to the good that both the Prime Minister and Mr. Baldwin faced up squarely to the formidable difficulties which will face the Disarmament Conference next spring.

Figures alone do not tell the full story either of the urgency or of the difficulty of the problem. Yet they are sufficiently formidable. The compilation of comparable figures of international armament expenditure over a period of years is notoriously difficult, and, as was the case with Mr. MacDonald's recent speech in the House of Commons (see *Economist* of July 4th), every essay by statesmen in armament arithmetic arouses controversy. Nevertheless, it is possible to present an approximate picture, and we do not expect that at least the general truth of the following table will be seriously challenged. Even when full allowance is made for changes in the purchasing power of money, the record of the position twelve years after the allied and associated nations solemnly pledged themselves to disarm, and after the solemn renunciation of war in the Kellogg Pact, is a sorry one indeed. Britain, it is true, comes out with at least as good a record as any other of the Great Powers who are free to determine their own policy. But to boast of our own achievement and to emphasise the blacker record of other governments is less helpful than to face frankly

THE MACMILLAN REPORT: SUMMARY.

THE report of the Committee on Finance and Industry, which was appointed on November 5, 1929, "to inquire into banking, finance and credit . . . and to make recommendations calculated to enable these agencies to promote the development of trade and commerce," is signed by Lord Macmillan, the chairman, and by all the thirteen other members, with the exception of Lord Bradbury, who signs a memorandum of dissent. There are, however, various addenda and reservations. The report is divided into two parts: (1) Historical and descriptive; (2) Conclusions and recommendations.

Gold Standard Principles.

Part I begins with a brief sketch of the development of monetary systems in general and the functions which Central Banks have gradually evolved. Next come certain observations with regard to the international gold standard, whose re-establishment was the avowed aim of currency policy for a period of six or seven years after the war. The primary object of that standard is to maintain a parity of the foreign exchanges within narrow limits; this has the effect of securing a certain measure of correspondence in the levels of prices ruling all over the gold standard area. To preserve a reasonable stability of international prices may be considered a secondary object; but, though the international gold standard can, under appropriate conditions, enable both exchange stability and a considerable degree of price stability to be attained simultaneously over a wide area, this result is not automatic unless the "rules of the game" are observed. These "rules" cannot be precisely defined, but the Committee considers that the following principles would be generally accepted:—

- (1) The international gold standard system involves a common agreement as to the ends for which it exists.
- (2) It should be an object of policy to secure that the international gold standard should bring with it stability of prices as well as that it should guarantee stability of exchange.
- (3) Action by individual Central Banks which, by repercussions on the policy of the others, imperils the stability of the price level, should, as far as possible, be avoided.

Our Monetary System.

The Committee then describes the monetary system of Great Britain and the relations between the Central Bank, the discount market and the commercial banks. Having explained the mechanism whereby the Bank of England can influence the credit position, i.e. (a) by altering the bank rate, and (b) by buying or selling securities, the report shows that the joint-stock banks adhere somewhat closely to a conventional distribution of their assets, keeping a total cash reserve of about 9.5 per cent. over all, together with money at call or short notice, 7.8 per cent.; bills, 13.15 per cent.; and investments, about 16 per cent. of deposits. The proportion of deposit accounts to total deposits has risen since 1924 as follows:—

	1924.	1928.	1929.	1930.
Total deposits (£ Mn.)	1,615.7	1,708.9	1,738.0	1,740.8
Deposit accounts (%) ...	41.2	44.2	45.9	47.1

Advances since 1924 have fluctuated between 51.3 and 55.5 per cent. of deposits. In general the ability of the commercial banks to grant loans ultimately depends upon the provision of the necessary cash base by the Bank of England.

With regard to the discount market and acceptance business, the Committee notes that the resources employed include substantial sums of foreign money held in London. The position at various dates is given below:—

I.—DEPOSITS AND STERLING BILLS HELD IN LONDON ON FOREIGN ACCOUNT.

	Dec. 31, 1927.	Dec. 31, 1928.	Dec. 31, 1929.	Dec. 31, 1930.	Mar. 31, 1931.
(£ mlls.)					
Held through Bank of England, Clearing and Scottish Banks:—					
Deposits	116.8	139.4	118.3	164.6	146.2
Sterling bills ...	161.6	195.3	200.2	144.7	136.8
Held through Accepting Houses, &c.:—					
Deposits	89.3	104.3	79.2	82.1	81.0
Sterling bills ...	13.1	16.9	19.4	8.0	7.4
Advances to discount market by certain foreign banks, &c.:—					
Advances	38.4	47.0	34.0	35.1	35.7
Aggregate of deposits, bills, &c.	419.2	502.9	451.1	434.5	407.1

II.—STERLING BILLS ACCEPTED ON FOREIGN ACCOUNT.

	Dec. 31, 1927.	Dec. 31, 1928.	Dec. 31, 1929.	Dec. 31, 1930.	Mar. 31, 1931.
By Clearing and Scottish Banks	31.7	51.3	40.0	35.7	32.3
By Accepting Houses, &c.	108.0	149.2	135.7	125.3	120.6
Total	139.7	200.5	175.7	161.0	152.9

The survey ends with the observation that, by its control over the cash base, the Bank of England is in a position to regulate the volume of bank deposits so long as the joint-stock

banks adhere to their normal practices in regard to the distribution of their assets. The volume of deposits in turn is the approximate measure of the amount which the commercial banks are prepared to employ in various ways, and more particularly the amount which they are ready to lend to trade and industry. The link between the Bank and the commercial banks is the discount market, which is the first outlet of any surplus funds held by the clearing banks and from which funds are withdrawn when those banks find it necessary to replenish their reserves. If the withdrawal causes a shortage of funds in the market, the market borrows in one form or another from the Bank and the accommodation given provides the means of replenishing the cash resources of the commercial banks.

Britain's Difficulties.

The Committee then turns to the special problems of Great Britain, and observes that whereas before the war we managed to combine a higher standard of living with a flourishing export trade (we had been first in the field and we were large lenders abroad), we have suffered since the war from heavy continuous unemployment and a diminishing volume of exports. This change in our situation took place before the present world depression of trade. In addition to the difficulty of readapting war-distended industries to peace-time conditions in this country, we have suffered from certain general changes in world economic conditions, e.g., the development of the cotton industry in the East, the substitution of oil and hydro-electric power for coal, political disorganisation of trade with China and India, currency disorders in various European countries followed by stabilisation on a basis giving a considerable temporary stimulus to exports competing with our own, the growth of tariffs, and the great development of nationalism. Moreover, after the war our currency policy was directed to the reduction of the inflated price level. It is probable that equilibrium had not been achieved even before the return to gold. This itself required the reduction of sterling prices and seriously accentuated the disequilibrium between costs and prices. Since 1924, money wages in this country have remained practically unchanged and the situation has been aggravated by the recent heavy fall in prices.

Examining from a world standpoint the course of the past five years, the Committee detects two sharply divergent phases, the first ending with 1928, the second conditioned by the Wall Street boom of 1929. In the first phase the circumstances and the technique employed in working the gold standard were on balance favourable to economic progress, for though prices were declining the fall was not at such a rate as seriously to impair equilibrium at a time when rationalisation was reducing costs. Production, however, both of industry and agriculture, was expanding rapidly and a situation of some danger had been created even before the depression of 1929-30. When that depression arrived, the position of the raw material producing countries became extraordinarily difficult. High prices during and immediately after the war had stimulated production and made it easy to obtain capital loans, and this situation encouraged the consumption of additional imports and a postponement of the pressure on the national economy of interest payments on capital loans. The partial or complete failure of various schemes designed to prevent a fall in prices forced prices still lower and, by discouraging capital imports, increased the pressure towards a forced sale of exports to meet external payments.

Gold Mal-distribution.

The Report then proceeds to consider the question of the supply and distribution of gold. With regard to the sufficiency in the long run of the absolute output of new gold, the Committee considers that the available figures serve as a warning that, unless definite steps are taken to avoid the danger, a fall of prices on this account will occur, but that, given goodwill and understanding on the part of monetary authorities, the danger is not of immediate importance. On the other hand, a large measure of responsibility for the heavy fall in prices in recent years is to be attributed to the present mal-distribution of gold. This mal-distribution is due to the instability of post-war international finances, which in turn has the following outstanding causes:—(a) The burden of war debts which has forced Germany to meet her obligations by short and long borrowings from abroad; (b) the non-productive character of many of the loans incurred since the war; (c) the accumulation of capital in the form of liquid balances in place of the fixed investments; and (d) the absence of what used to be considered the "normal effect of gold movements" on the domestic credit policy of certain countries, notably France and the United States.

There follows a detailed account of the sequence of monetary events since 1925. The outstanding factor is diagnosed as being the development of the situation in the United States, now a great creditor country, and, up to 1928, a large investor not only in stock of the United States had reached a figure of \$4,700 millions. The policy of the Federal Reserve authorities had been to regard expansion of credit in the United States as would necessitate the retention of the whole stock as a permanent reserve. In 1927, the moment seemed to have arrived when low money rates met the needs both of the United States and of the outside world. Credit was cheapened and gold flowed strongly out; but the

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:

8 KING WILLIAM STREET, LONDON, E.C.4

resulting domestic boom affected adversely the foreign bond market in New York, and, finally, the efforts of the Reserve Board to check the flood of speculation by cutting off the supply of call-money at the source simply led to a mass of short money being thereby attracted from Europe, with a general stiffening of open market rates in the European money market.

A further factor was the influence of French monetary policy. A French boom, resulting from the stabilisation of the franc at a level which left French prices below those of the outside world, was accompanied by an increased *per capita* demand for currency. The result, because of the provisions of the Banque de France, was a "passive" attitude of the Banque de France, was a large flow of gold to France from 1927 onwards. The burden of this gold movement fell on London and New York, but the strain on London was particularly severe. The policy of the Bank of England was to endeavour to prevent the full rigour of gold movement from affecting the volume of credit except in so far as it might be directly influenced by a rising Bank rate (i.e., gold losses were offset by purchases of securities); and the rise in Bank rate was a really deterrent level was long postponed. At the same time the influence of the Bank (e.g., unofficial embargoes on the flotation of new issues) had at times a considerable influence upon the movement of business. The conclusion is that, in the working of the post-war gold standard, the forces making for disequilibrium are very powerful, and mechanical application of empirical rules derived from pre-war experience could easily lead to grave results.

The troubles of the world have been accentuated by substantial variations in recent years in the volume of international investment, and especially by its abrupt reduction in 1929-30. This reduction, in the case of raw material producing countries, has coincided, as it usually does, with a period of lower prices for their products. Formerly it was assumed that the debtor countries could re-establish equilibrium by gold exports, but to-day their position is apt to deteriorate as a result of their having to export gold; for it is usually beyond their power to adjust their balance of payments so rapidly and completely as to permit an entire cessation of borrowing, while their gold losses impair their credit as borrowers. Thus they are forced off the gold standard and their difficulties contribute to the depression of prices.

The Price Fall —

Having examined the extent of the fall in commodity prices which has occurred since 1924, and particularly since 1929, the Committee notes the following consequences:—

- (i) All incomes fixed in terms of money, such as interest on the National Debt, debentures and other fixed-interest securities, remain unaltered.
- (ii) Many other incomes are fixed by custom or by statute, for instance, many classes of pensions and unemployment relief.
- (iii) The proportion of the national output which can be purchased by these classes of recipients being increased, the amount left for distribution between the remaining sections of the community is reduced, with the result that so long as salaries and wages are unchanged the final residue available for profits is inadequate.
- (iv) The attempt to effect an adjustment sets in train a series of consequences making for acute trade depression and unemployment.
- (v) In the sphere of international debts also a large fall of prices greatly increases the real burden falling upon the debtor nations.

The *entrepreneur* seeks to reduce his costs; ultimately he endeavours to reduce wages; the process of adjustment involves great friction; and business, being unprofitable, is depressed, output reduced and unemployment severe. Moreover, falling profits spell falling share values and increased difficulty in financing new enterprises by the issue of equity shares. Budgets are adversely affected, since a high proportion of State expenditure is contractual, while the yield of taxation falls. Still more serious are the social consequences. A study of history leads to the view that it is in the changes of the level of prices and in the consequential alteration in the position of

debtors and creditors, *entrepreneurs* and workers, peasants and the tax gatherer, that the main secret of social trouble is to be found.

— and Monetary Policy.

The question arises whether the fall of prices is primarily due to monetary causes. Having observed that its witnesses were divided in their opinion, but that a diversity of view might arise from the fact that those who emphasised monetary causes merely believed that the monetary machine *could* have adjusted itself to non-monetary changes, while those who emphasised non-monetary causes considered that such adjustment of the monetary machine was not feasible, the Committee states that in its opinion the economic difficulties of the post-war decade are primarily due not to any wanton misbehaviour on the part of the monetary factors themselves but to unusually large and rapid changes on the part of what are rightly described as non-monetary phenomena, e.g., instability in the demand for capital, changed relationships between debtor and creditor countries, shifting character of demand, rigidity of wage rates, growth of tariffs, etc. In short, the recent world-wide fall of prices is best described as a monetary phenomenon which has occurred as a result of the monetary system failing to solve successfully a problem of unprecedented difficulty set it by a conjunction of highly intractable non-monetary phenomena. Whether the international monetary system *could* have solved its problem is a matter on which the Committee hesitates to express a dogmatic opinion. For the future the objective should be to increase the power to exercise deliberate control over the price level with the further development of suitable machinery for regular international co-operation.

The means at the disposal of the banking system are then considered. "Bank rate policy" is a necessity for the sound management of a monetary system, but is subject to certain limitations. The business world may be unable to determine whether a change of Bank rate is an effort to correct a temporary mal-adjustment in the international short-loan position or whether it is the beginning of a contraction designed to produce a necessary curtailment of business expansion. Moreover, a policy which waits upon movements of gold may be too tardy, while Bank rate policy guided by gold is a means of maintaining the stability of the exchange rather than the stability of business. This emphasises the importance of the need for international co-operation.

With regard to the influence of the banking system on investment, the Committee observes that when conditions of extreme depression have developed a mere change in the cost of short-term credit will not be sufficient in itself to attract borrowers. Some of the Committee are of opinion, however, that open market policy (provided it were adopted by Central Banks generally) aimed at an expansion of the volume of banking credit would be the most hopeful form of attack on the existing depression. It is, however, emphasised that action must be international.

Part II.—Conclusions and Recommendations.

The anticipations of those who were responsible for our return to the gold standard in 1925 have to a large extent not been fulfilled; the advantages of international price stability have not accrued; but, even if a mistake was made in 1925, it by no means follows that the consequences can be repaired by a reversal of policy in 1931. The working, since 1925, of the gold standard has been attended by two sets of difficulties. Firstly, gold parity was established by Great Britain at a level which—failing reduction of incomes and costs—handicapped exports, while the converse was the case with France and Belgium. Secondly, lending power has been transferred from Great Britain to France and the United States, who have used it only spasmodically, and have required payment of a large part of the annual surplus accruing to them as creditor countries either in actual gold or in short-term liquid claims. Should this be a permanent phenomenon, we can scarcely expect the international gold standard to survive in its present form.

Superimposed on these difficulties the present slump has prompted the question: may adherence to an international standard involve too heavy a price in the shape of domestic instability? The Com-

mittee considers that for Great Britain the advantages of an international gold standard prevail. Apart from our gains in income from international banking services, the benefits to industry from a fluctuating exchange would be inadequate to compensate the losses in other directions. It would often mean merely substituting one form of instability for another. Moreover, the larger world problem conditions our domestic problem, and there can be little or no hope of progress at an early date for the monetary system of the world as a whole, except as the result of a process of evolution starting from the historic gold standard. The next phase of monetary policy must consist of a wholehearted attempt to make the existing international standard work more satisfactorily. It would be unwise for us, who have so much to gain by it, to give up the attempt to secure a sound international currency.

The suggestion that the pound sterling might be devalued by, say, 10 per cent. is rejected without hesitation. Such a sensational measure would destroy confidence and create crisis and distress. The countries liable to be forced off the gold standard are the debtor countries. Great Britain's position as a creditor country remains immensely strong. London's net liability to foreigners (see table on page 108) in March, 1931, was only £254 millions, and it is probable that of recent years the whole of our net purchases of foreign securities have been paid for out of our current (though reduced) surplus on income account.

Prices Must be Raised —

The Committee proceeds to consider the question of the international price level. It is emphatically of the opinion that, even if a further fall of wholesale prices be avoided, their stabilisation at approximately the present level would be a serious disaster for all countries of the world alike; and that the avoidance of such an event should be a prime object of international statesmanship. Otherwise, money costs and incomes must somehow be lowered, with the risk of resistance and social unrest, and the certainty that the problem of domestic and international indebtedness would be accentuated. A failure by the Central Banks of the world to attempt to redress the fall of prices, says the report, would endanger the principles on which modern economic society is founded, namely, the dependence of the productive process on the expectation of normal profit to individual concerns, and the sanctity of contract.

At the present time, the objective of raising the international price level would probably command widespread, though not universal, approval. When, however, it begins to rise again, a more widespread difference of opinion will soon emerge as to how far the recovery should be allowed to go. Beyond saying that a large rise towards the price level of 1928 is greatly to be desired, it is difficult at the present date to be very precise, because the exact answer will depend on the course of events in the meantime.

— and Stabilised.

A point will eventually come when, taking the world as a whole, international prices will have been restored to a level which is appropriate to the then existing levels of salaries and wages and to the order of monetary indebtedness. When this point has been reached, monetary policy directed towards raising the price level further must, of course, cease, and there must be substituted for it a policy which has as its objective the stability of the international price level. The attainment of these objectives is feasible, but only if the Central Banks of the chief creditor countries work together with this end in view. The Committee, endorsing the views of the League's Gold Delegation, hopes that the following principles will be adopted by Central Banks generally:—

- (i) All gold standard countries should agree that they will not allow gold to pass into active circulation, whether in the form of coins or of gold certificates;
- (ii) Central Banks should give collective consideration from time to time to the question whether it would be in the general interest at the legal requirements in force in different countries as to gold reserves should be relaxed or tightened up, and should undertake to use their influence with their Governments to secure changes along the lines indicated, so far as is compatible with their domestic situations;
- (iii) Central Banks should be permitted by the laws of their respective countries to reckon balances with the Central Banks of other gold standard countries, or with the Bank for International Settlements, as the equivalent of gold for all the purposes of the law;
- (iv) Central Banks should not be unduly limited in their power to expand their deposits otherwise than against a corresponding increase in their holdings of gold or the equivalent of gold. Similarly, they should lie within the power of a Central Bank to restrict the volume of its deposits otherwise than by decreasing its holdings of gold.

Central Bank Policy.

But, even though gold be eliminated as a cause of instability, complementary action is necessary on lines of co-operative "management" of currency systems. The Committee's suggestions are:—

- (i) That Central Banks should so regulate the volume and terms of bank credit as to maintain as much stability as possible in the face of new investment and enterprise, both at home and abroad.
- (ii) That the Central Banks should confer together at frequent intervals to decide whether the general tendency of their individual policies should be towards a relaxation or a tightening of the conditions of credit. This form of joint policy should be consistent with a full measure of autonomy for each national institution.
- (iii) Each Central Bank should undertake to do its best to avoid the importation of unwanted and unnecessary gold merely as a result of leaving natural forces to work themselves out unchecked, e.g., repercussions abroad of a contraction of credit to meet

domestic needs might be mitigated by the Central Bank in question increasing its own foreign short-term assets.)

(iv) Central Banks should consider the rate of long-term investment as well as short-term investment as falling within their purview, and should take whatever steps may lie within their power, and are suited to their local circumstances, to counteract any tendency which their own nationals may show either to keep their investible resources excessively liquid or to undertake excessive long-term commitments.

To meet the present emergency (illustrated by the fact that in the two years ended January 31, 1931, gold held in creditor countries rose from £1,277 millions to £1,564 millions, while that in debtor countries fell from £680 millions to £531 millions) there should be a concerted policy between the Central Banks and issuing houses of Great Britain, France and the United States with a view to maintaining an abundance of cheap credit in their domestic money markets, and encouraging foreign investment. Loans need not be to the weaker debtor countries. To finance any new productive enterprise would help to alleviate *pro tanto* the world strain. The difficulty is that the vicious circle of low prices and lack of profit has created a shortage of sound borrowers.

The Bank of England.

From the international field of policy the Committee then turns to the domestic. Having traced the origin of the present system of a fixed fiduciary issue, the Report remarks that since the exclusion of gold coin from circulation that system has lost its original meaning. The dominating factor is now the Bank of England's deposits. The principle of the fixed fiduciary issue is open to criticism in that it associates the amount of the gold which the Bank should hold immobilised and unavailable for export with the amount of the active note circulation. Formerly, when gold was held partly to meet an external and partly an internal drain, it may have been reasonable to earmark a substantial part for the latter purpose. But now that the second purpose has disappeared, and has in fact been abolished by law, the effect is to forbid the Bank to use by far the greater part of its gold for the only purpose for which it is held or could be used.

Under present circumstances, the Committee suggests:—

- (i) If it is thought unnecessary to fetter the discretion of the Bank in regard to the volume of its deposits, now the significant and operative factor, there can be no good reason for fettering very narrowly its power to issue notes.
- (ii) There are great advantages in a high degree of mobility for the gold reserves of Central Banks. For the task of reconciling international exchange stability with domestic credit stability will be made easier if the Central Bank is free on occasion to allow wider fluctuations in the proportion of its total assets which is made up of gold and comparable items. It is also desirable that the public should become accustomed not to attach undue importance to fluctuations which the Bank has deliberately permitted.
- (iii) In present circumstances it is highly desirable that throughout the world the disadvantages of the immobility of gold, and of laws whereby a very high proportion of the world's total stock of gold is rendered sterile, should be modified, and we should not maintain any legislation which conflicts with this aim.
- (iv) Nevertheless, it is not unreasonable to regard some part of a country's gold reserve as not belonging to the Central Bank's *masse de manœuvre* for normal daily use, but as an ultimate reserve, to be kept for use only on grave national occasions and after special deliberation between the Government and the Bank.
- (v) The proper amount of this ultimate reserve cannot be reached as a fixed proportion of the note circulation (the usual principle abroad) or as the excess of the note circulation over a fixed figure (the principle of the British fiduciary issue). For it depends on quite different factors from those which determine the note issue.
- (vi) Just as the amount of gold held by the Bank should be settled independently of the volume of the note issue, so any precautionary limits to its power of note issue should be settled independently of the amount of gold which it is required to hold.

Reform Proposals.

Accordingly, the following recommendations are made:—

- (a) Parliament should give the Bank power to put into circulation notes to an amount exceeding by a moderate figure the normal circulation. Thus, if the seasonal maximum be taken at £380 millions, the absolute maximum might be set at £400 millions, subject to modification by law from time to time. Provision should also be made for additional temporary elasticity by permission of the Treasury, as in the Act of 1928. (A further recommendation is that the joint stock banks, whose holding of some £105 millions of notes, or 6 per cent. of their deposits, artificially inflates the "circulation" and gives them an undesirable power to affect the Bank's "reserve," should be given increased facilities for obtaining notes quickly. This should enable them to pay, say, £40 millions in notes into the Bank. In this case some lower figure than £400 millions maximum circulation might be fixed.)
- (b) The Bank should by law not be permitted to allow its gold reserve to fall below, say, £7 millions, except temporarily by permission of the Treasury. (The Committee adds that it does not contemplate that in any ordinary circumstances the Bank would allow this statutory minimum to be reached; nor is it in favour of a reduction in the Bank's normal stock of gold.)
- (c) The Issue Department and the Banking Department of the Bank of England should be amalgamated, and a consolidated weekly return published.
- (d) Subject to concurrent similar action by other Central Banks, the Bank of England should be allowed to reckon balances with the B.I.S. as the equivalent of gold.

In addition, the Committee draws attention to the fact that, in contrast to the pre-war position, London's gross liabilities on short-term greatly exceed her claims in respect of acceptances. Not only is London conducting a larger business than formerly as a depository of international liquid funds, but so also—and on a still greater scale—is New York. This means that there is a substantial quantity of such funds ready to move from one money market to another, according to the attractions of the rate offered. It follows that changes in the short-term rate of interest in London relative to New York are even more potent than before the war in regulating the net position of our international balance sheet. Our position is less liquid than before, and (having regard to the danger of borrowing "short" to lend "long") a rise in the Bank rate may undesirably increase our short-term liabilities by its potency in attracting foreign funds.

Greater Elasticity.

The Committee therefore concludes that the Bank's liquid assets ought to be increased at the first opportunity to a substantially higher figure and maintained thereafter at this figure. There should be some increase in the proportion of the joint-stock banks' balances with the Bank of England (the average figure to be subject to the Bank's advice) and the Bank's own capital should be increased. At the same time we should be prepared to see without concern the very wide fluctuations in the aggregate of the Bank's assets. The instrument of Bank rate should be used sparingly when the objective is merely to balance moderate changes in the short-term position by attracting foreign funds and not to affect the domestic situation. On the other hand, the Bank must not be tempted into meeting by exports of gold an adverse position of a character for which Bank rate and a contraction of credit is the appropriate remedy, e.g., boom conditions or rising prices at home.

Having found little to criticise in the Bank's day-to-day operations or its relations with discount and issuing houses, the Committee suggests that there might be closer contact between the Bank and the joint-stock banks. In their case the recommendation is made that "window-dressing" be discontinued, as being a practice not creditable to our banking system; that the clearing banks' monthly statements should be clarified, and that their representatives should be taken more into the confidence of the Bank of England with regard to the intentions of the Bank's policy.

The Capital Market.

The Report then proceeds to consider the capital market for home investment. Having noted the divergence between the development of banking in Great Britain, Germany and the United States, the Committee is of opinion that there would be advantages in a closer connection between British industry and the City of London. Partly as a result of the historical organisation of British industry, the City is in some respects more highly organised to provide capital to foreign markets than to British industry. The value of the impregnable liquidity of the British joint-stock banks is emphasised, and no change is proposed in the character of present banking practice with regard to industry; but it is suggested that the leading private institutions and the big banks should co-operate in creating one or more concerns to act as issuing houses and financial advisers for British industry. The Bankers' Industrial Development Company should be separated entirely from the Bank of England.

Statistical Recommendations.

Finally, the Committee makes a number of recommendations designed to secure better statistical information, partly monetary, partly economic. It is proposed:—

- (a) That the monthly returns of the Clearing Banks should be amplified to include fuller particulars, e.g., of distribution of money at call and short notice, sterling and foreign bills, current and deposit accounts, etc.;
- (b) That banks should make a quarterly, or at least annual, return giving a classification of their total loans and overdrafts;
- (c) That facilities should be given for the Bank of England to collect data showing foreign balances in London and the aggregate of sterling acceptances outstanding;
- (d) That the clearing-house returns should be amplified by total turnover figures, i.e., including transactions settled internally between customers of a single bank;
- (e) That the estimate of the balance of trade should be placed on a more exact basis;
- (f) That the Census of Production should be at least biennial;
- (g) That the Ministry of Labour should make its returns of wages paid cover the whole field of salaried workers;
- (h) That the Economist's analysis of industrial profits should be extended by the Board of Inland Revenue;
- (i) That statistics should be compiled of the value of contracts completed and on hand;
- (j) That generally there should be better co-ordination between the statistical branches of Government departments.

The report concludes with the note that certain members of the Committee, feeling that exploration of the problem must be extended into non-monetary ground, have contributed addenda.

Addendum I.

This is signed by Sir Thomas Allen and Messrs Bevin, Keynes, McKenna, Frater Taylor and Tulloch, with reservations by the two first named. The chief points are as follows:—The main trouble to-day is not a limitation of the amount of available bank credit, but the reluctance of acceptable borrowers to come forward. To give the necessary impetus to employment there must be either (1) an increase of exports, (2) the substitution of home-produced goods for

BANKING

Orders on Sweden are executed
with the least possible delay.
Cables: KREDITBOLAGET

Göteborg 718.20 Phone: Stockholm 0101 Malmö 8210

SKANDINAVISKA KREDITAKTIEBOLAGET

imports, or (3) an increase of investment at home. Consequently the practical courses open are either (a) a reduction of salaries and wages, (b) control of imports and aids to exports, or (c) domestic enterprise assisted by State action or subsidies to private investments at home.

Reduction of salaries and wages, without sacrifices by the *rentier*, has grave difficulties and disadvantages; the change must be general. Devaluation would not be practicable for Great Britain; but a tariff of the same percentage on all imports, together with an equal subsidy of all exports, would leave sterling international obligations unchanged in terms of gold, but would reduce the level of domestic incomes. Restriction of imports and aids to exports might be supplemented by schemes of capital development, e.g., the re-equipment of industry, rebuilding, electrification, etc. The signatories pin all their hopes on a recovery of world prices, and suggest that all efforts should be strained to secure it.

The chief reservation made by Sir Thomas Allen and Mr Bevin is that organised planning should be undertaken by the State, precedent to any tariff.

Addendum II.

This is signed by Mr Brand, who considers that if it proves impossible to achieve the necessary diminution of costs through (a) greater efficiency and (b) direct reduction of money incomes, it might become necessary to take steps to restrict imports; but this would have the disadvantage of not helping exports, which are essential for the livelihood of a large proportion of the population.

Greatly increased capital expenditure by the Government or other public authorities is not a solution of our difficulties. The scope for large remunerative schemes is limited, and unremunerative schemes would add to the burden on the Budget.

The difficulty of achieving a general readjustment of money incomes, including contractual incomes, is so great that a rise of world prices is essential to any normal solution of our difficulties. The wiping out of reparations and inter-Allied debts would be the greatest single step towards recovery.

Addendum III.

This is signed by Professor Gregory, who considers that no solution is to be found through tariff policy. A reduction of costs is not necessarily tantamount to a reduction of money incomes. What is required is a reduction of costs per unit of output. In so far as this cannot be achieved by increased efficiency, it may be legitimate to defer action with regard to incomes so long as the present degree of uncertainty with regard to the future of prices prevails. But action must not be deferred because we are afraid to act. Reduction of salaried incomes would be accompanied automatically by an increase in taxation falling upon the *rentier*.

Addendum IV.

Mr Lee emphasises the necessity of better industrial organisation, including methods of selling and distribution.

Reservations.

Reservations to the main report are appended as follows:—

- (a) Sir Thomas Allen and Mr Bevin. Insufficient emphasis is laid on the need to scale down the national debt. Large measures of State planning should be adopted; the Bank of England and the issuing institutions contemplated by the Committee should be placed under public control.
- (b) Mr Lubbock. His signature is appended to the Report with the reservation that it would not be proper for him, as a director of the Bank of England, to be a party to any conclusions referring to the Bank. He does not fully share the hopefulness indicated by some passages of the Report that positive monetary action would be effective in relieving the present economic depression.
- (c) Mr Newbold. The causes of the crisis are not in the main monetary, but are "the inevitable consequence of the operation of principles whose final irreconcilable character has [now] been made visible." The tendency in the world is towards some or other form of planned economy. In advance of tariffs or wage reductions there should be a nation-wide stock-taking of what individually we can afford. The proposal in the main report to reform the note issue is inadvisable.
- (d) Sir Walter Raine. The root of the trouble has been the redivision of Europe as a result of the Treaty of Versailles. Protection for British industry is essential. There is no need for the fuller statistical data desired by the Committee.

Memorandum of Dissent.

This memorandum is signed by Lord Bradbury, who disagrees with most of the conclusions of the Committee. He finds the main causes of the economic troubles of Great Britain to have been (1) the burden of unproductive debt; (2) over-lavish State expenditure; (3) excessive sheltered costs; (4) attempts to cling to a generally unwarrantable standard of living. The malady is too deep-seated to be removed by the manipulation of currency or credit. The Committee's conception of the aims of international banking policy are too ambitious in conception and too nebulous in application. Stability of average prices is not necessarily desirable. Suppose food and raw materials to rise, must there be a reduction of manufacturing prices as an offset? In any case, the attitude and powers of the Central Banks in France and most of the Continental countries make the Committee's recommendations bear little relation to the real facts of the actual world. Expansion and contraction of banking credit would lead to fluctuations in security values, militating against motives to save.

With regard to the domestic sphere, the recommendations with regard to the Bank of England's currency and other powers would place a private corporation in an impossible position and lead in a democratic community to the risk of undesirable Government control. The signatory's conclusions are that:—

(1) It is to the best interest of this country to continue to adhere to the international gold standard at the existing parity, but efforts should be made to secure by international agreement a better working of that standard.

(2) Our existing domestic currency system should be maintained, reform being directed to removing the obstacles which have interfered with its efficient working and not to fundamental alterations in the system itself.

(3) The banking system discharges adequately and efficiently its proper function of providing short-date credit. It is not advisable that its functions should be extended, but a closer touch with industry in certain respects would be advantageous.

(4) Better machinery than at present exists should be devised for providing domestic industry, through institutions other than the ordinary banks, with long-date credit and permanent capital.

(5) The best contribution which the State can make to assist industry and promote employment is strict economy in public expenditure and lightening the burden of debt by prudent financial administration. Attempts to give positive assistance by diverting international trade from its natural channels, the State-financing of enterprises other than the ordinary public services, or the artificial cheapening by State guarantees of the supply of capital to particular undertakings are more likely to retard than to accelerate the restoration of a healthy and progressive national economy.

Notes of the Week.

The "Anomalies" Bill in Committee.—Miss Bondfield's way with the extremist Labour members on Wednesday night confirms the hope we expressed last week that such attenuated powers for dealing with Unemployment Insurance abuses as the Bill provides are to be used with some firmness. An I.L.P. amendment for the deletion of the clause providing for consultation by the Minister with an advisory committee was defeated by 226 votes to 18. Mr Wise then moved an amendment to provide that the proposed regulations should have no effect unless approved by a resolution of both Houses, but this also was rejected. A proposal to exempt persons whose annual income, earnings and benefit combined, did not exceed £250, from the restrictions imposed by the Bill was the occasion for several somewhat reiterative speeches, which show how blurred the distinction between earnings and maintenance is becoming in the minds of many Labour members, but a terse contribution to the opposition to the amendment, coming also from the Labour benches, left no doubt of the existence of a strong under-current of commonsense, and the amendment was lost by 205 votes to 16. The Minister's conciliatory but adamant attitude in respect of workers earning high wages for two or three days a week secured the rejection, after a due display of Clydeside fireworks, of a motion for the exclusion of casual workers from the scope of the Bill, and after similar battles royal at intervals throughout the night, the Bill was safely steered through the committee stage.

The Lords and Electoral Reform.—Without encouragement from their leaders in the Upper House the rank and file of Conservative peers have acted upon the suggestion made by Mr Churchill in the House of Commons and have driven a coach and four through the Government's

electoral reform Bill. Having previously passed an amendment restricting the operation of the Alternative Vote system to London boroughs and towns of over 200,000 inhabitants, the Lords proceeded on Thursday of last week to remove from the Bill three other of its principal provisions contained in the clauses abolishing plural voting and the business premises vote, and restricting the use of motor cars at elections. By this wholesale slaughter the Lords have antagonised the Liberals even more than the Labour Party in the House of Commons, and there is no chance that the Lower House will acquiesce in the wreckage of the measure. It is noteworthy that the Conservative leader in the House of Lords, Lord Hailsham, took no part in the massacre. This is the second occasion within a short time on which the House of Lords has declared war on the Government in respect of a major legislative proposal, for they recently emasculated the Land Bill. Presumably the Government will invoke the machinery of the Parliament Act, and hope to retain office long enough to force both measures on to the Statute Book. A few more clashes of this nature and the Peers will run the risk of finding the whole question of their powers a live topic at the next general election.

Spain and Catalonia.—At the time of the meeting of the Constituent Assembly this week there seemed reason to hope that, on the whole, things in Spain were not going badly. The strikes which have been breaking out at various points and in various places since last week—for the most part, apparently, under the direction of the Sindicato Unico—have neither dislocated the ordinary life of the country nor led to serious encounters between the strikers and the authorities. The movement began on Monday, the 6th, with a general telephone strike, but this seems to have been ineffective, though it still continues. It was followed by a strike of dock labourers and of public utility workers (gas, water and electricity) at Barcelona. This was dangerous, since Barcelona is not only the chief industrial city of Spain, but a place with a tradition of violence. The public utilities strike, however, was called off on July 8th, owing to the concession, on the employers' part, of the men's main conditions: a 10 per cent. increase in wages, a recognition of the Sindicato Unico, and the reinstatement of men who were dismissed on the occasion of the last big strike in Barcelona several years ago. In the political field, the Republican Government's position has been strengthened by several events. One of these was a ceremonial payment of homage to the Republic by the garrison of Madrid last Sunday, July 12th. Another was the decision, taken by the Socialist Congress on the same date, that, in order to consolidate the Republic, the three Socialist Ministers in the present Cabinet shall retain their portfolios until the new Constitution has been promulgated. (This was a rider to a decision in principle that Socialists shall not collaborate in any bourgeois government: a decision which brings the parliamentary tactics of Spanish Socialism into line with the established policy of French Socialism, on which Spanish Socialism is modelled.) The best news of all, however, for the Government at Madrid is the remarkable moderation of the "State Charter" for Catalonia, which was laid before the Catalan Assembly on Monday of this week. Possibly the Charter—which is disappointing to Catalan extremists—might have met with more opposition in Catalonia than it has done if it had not been sponsored by so popular a personality, of such unimpeachable nationalist ardour, as the head of the Catalan Provisional Government, Colonel Macia. The colonel has proved himself a statesman, for this is a charter which the Constituent Assembly at Madrid will find itself able to approve—and if Madrid were to find itself unable to accept Catalonia's demands, the position would become exceedingly serious. Though the charter styles Catalonia an independent state within the Spanish Republic, the fall very far short of dominion status. Foreign affairs, army, declaration of war, post office, indirect taxation and customs are all to be left to the Central Government; while the Catalan Government is to deal with education, justice, public works, railways, merchant marine, police,

civil aviation, banking and stock exchange. This is certainly moderate, and the question of customs provides the key: Catalonia cannot afford to lose the Spanish market.

Riots in Korea.—The sudden anti-Chinese outbreak in Korea last week seems now to have been effectively checked by the Japanese authorities—but this not until 99 Chinese residents in Korea had been killed and 34 Japanese policemen injured in attempting to maintain order. The outbreak is not only deplorable, but also remarkable in several ways. It is surprising that, under the firm and sometimes heavy hand of the Japanese Administration, the Koreans, who are reputed to be rather mild, helpless, pathetic people, should have been able to create to these disturbances at all. It is also surprising (and to the Japanese no doubt disconcerting) that the outbreak should have been so well organised, so thorough-going and so difficult to suppress. But the most surprising feature of all is that it should not have been directed against the Japanese rulers of Korea, but against the Chinese commercial colony. Considering the acuteness of Korean resentment against Japanese rule in Korea and of Chinese resentment against the special position which the Japanese have held in the Chinese provinces in Manchuria, it might have been expected that the Koreans and the Chinese would feel a brotherly sympathy with one another. As a rule, in international affairs, there is no bond so strong as common hostility to a common enemy. And, indeed, the Chinese and the Koreans would doubtless be fraternising, in anti-Japanese terms, to-day if only there were no Chinese in Korea and no Koreans in Manchuria. Actually, all three peoples—Koreans, Chinese, Japanese—find themselves check by jowl in both these countries; and thus it is that their relations, instead of taking the form of a Sino-Korean anti-Japanese entente, have developed into a "three-cornered duel." The root of the trouble is the immigration of Koreans into the new country at their common doors, Manchuria—an immigration which is small compared with that of the Chinese, but large compared with that of the Koreans' Japanese masters. The Japanese have smiled upon it for two reasons: first, it reduces the Korean population at home and so opens the way for Japanese colonisation in Korea; second, it increases Japan's hold over Manchuria, since the Koreans enter this Chinese territory as Japanese subjects. The Chinese resent the Korean influx into Manchuria—partly for this very reason that it gives Japan an additional ground for intervention in Manchurian affairs, and partly for a reason which is not political but economic. The Koreans, unlike the Japanese, have a low enough standard of living to compete not unsuccessfully with the Chinese in Manchuria as agricultural settlers. On the other hand, the Chinese settlers in Korea are business men who form a community apart, more prosperous than the native Koreans and more on a par with the Japanese and the Europeans. This explains why the Koreans are disliked by the Chinese in Manchuria and the Chinese by the Koreans in Korea. The anti-Chinese outbreak in Korea last week seems to have been a reply to an anti-Korean outbreak in Manchuria a few days earlier.

Indian Developments.—The German crisis has robbed the past week's Indian news of a prominence which under ordinary circumstances it would have received. On July 9th the House of Commons once again debated the Indian problem, and the discussions, apart from the usual attack by Mr Churchill upon both the British and Indian Governments, were conducted with responsibility and restraint. Both Mr Wedgwood Benn and Sir John Simon contributed reasoned pleas for calm thinking, but it was quite clear that the Cawnpore riots had made a deep impression on the House, and earnest demands were made for the provision of security for Moslem minorities. Meanwhile in India, pending the announcement of Round Table delegates' names, which is expected shortly, attention has been concentrated on Mr Gandhi's much-advertised visit to Simla. Before his arrival there, which took place quietly on Wednesday, the air had been cleared

THE BOOKLET
EDUCATION

The booklet "EDUCATION" outlines two plans to ensure a complete Education for your children. High fees and early enrolment are factors which demand a settled sum of money being available for the Educational period. The plans described show how this can be accomplished.

Legal & General Assurance Society Limited
10 Fleet Street, London, E.C.4
Assets exceed £21,000,000. General Manager—W.A. Workman, F.I.A.

of many rumours concerning the object of his visit, and it is believed that his conversations with the Viceroy, of which no news is available as we write, are to be devoted largely to discussing the operation of the Irwin-Gandhi agreement and the communal problem. Mr Gandhi remains non-committal on the question whether or not he will visit London in person, but the Maharajah of Patiala returns to the limelight with a denial of the rumour that he is abandoning the examination of Federal schemes alternative to that adumbrated by the Round Table Conference. Meanwhile a Committee appointed by Congress has introduced an element of humour by producing a report claiming huge sums from the British Government in compensation for British rule. Much remains to be done before adequate spade-work has been completed and before the right atmosphere is established for a successful re-assembly of the Round Table; and Mr Benn's admonition on the need for "speed and sincerity" is certainly not out of place.

War Debts Due to Britain.—In a written reply to a question in the House of Commons on Tuesday the Chancellor of the Exchequer gave the following statement of "inter-governmental debts due to the United Kingdom in the year July 1, 1931, to June 30, 1932":—

Country.	Amount. £'000.
Germany (Reparation)	14,442
France (War Debt and Hague Annuity)	13,314
Italy (War Debt and Hague Annuity)	4,471
Belgium (Hague Annuity and Reconstruction Loans)	1,042
Roumania (War Debt, Relief Debt and Repatriation of Prisoners of War)	469
Portugal (War Debt)	350
Jugoslavia (War Debt and Relief Debt)	459
Greece (War Debt and Loan for stores)	361
Poland (Relief Debt, Repatriation of Prisoners of War and cost of occupation of Upper Silesia Plebiscite area)	600
Estonia (Relief Debt and Loan for stores)	70
Austria (Relief Debt)	107
Latvia (Loan for stores, and Repatriation of Prisoners of War)	75
Lithuania (Loan for stores, and cost of occupation of Plebiscite area)	33
Czechoslovakia (Repatriation of Prisoners of War)	106
Australia (War Debt)	*3,920
New Zealand (War Debt)	1,746
South Africa (War Debt)	†337
Newfoundland (War Debt)	21
Trinidad (War Debt)	28
Jamaica (War Debt)	3
India (War Contribution)	836
	42,790

* Not including £1,628,000 previously postponed in respect of the principal of the Australian Debt.

† South Africa has expressed the wish to make this payment as usual.

Mr Snowden added that it was not possible to state which debts would actually be suspended, since this "will depend on the acceptance of President Hoover's proposal by the other Governments concerned and the arrangements finally made to give effect to that proposal."

The Australian Budget.—The Budget for 1931-32, presented last week, shows signs that Australia is beginning to take real steps to face the need for economy. The working deficit of £10,756,899 for 1930-31, £3 millions less than had been anticipated, brings the total accumulated deficit as of June 30th to £21,050,000, of which £3,834,000 was incurred in respect of interest payments on behalf of New South Wales. Owing to the uncertainty as to the application of the Hoover Plan, the new Budget had been framed without regard to the saving which would result if the Plan were put into operation, and on this basis a deficit of £5,176,300 is allowed for; this will be reduced to £1,148,300 if the Hoover Plan is put into effect. The Budget provides for a revenue of £54,135,000. Of this, revenue from indirect taxation is to be £37,100,000, an increase of £5,332,074. The sales tax is to be raised from 2½ to 6 per cent., bringing in an extra yield of £4 millions and the new rates of primage duty are expected to yield £4,300,000. In spite of increases in the income tax and in the super tax on property which, together with a substantial reduction in the exemption limit, are expected to yield an additional £1½ millions, the estimated yield of direct taxation at £13,200,000 shows a decrease on 1930-31 of £5,452,179, owing principally to the effect of the depression upon taxable incomes. Estimated expenditure, at £59,311,000, shows a reduction of £8½ millions. £250,000 is to be saved on defence; £230,000 on bounties and administrative expenditure; £1,800,000 on wages and salaries; £230,000 on maternity allowances; £1,825,000 on invalidity and old-age pensions; £1,300,000 on war pensions and repatriation benefit and £2,470,000 on debt charges. South Australia is to receive a special grant of £1,000,000, and the grants to West Australia and Tasmania are to be continued. The total unfunded debt of the Commonwealth and States at June 30th was £38,075,000. The gross public debt of the Commonwealth increased during the year by £13,637,132, to £386,594,494, of which £211,999,970 was domiciled in Australia, £157,438,806 in London, and £17,155,718 in New York. There was an increase during the year of £53,313,669 (of which £51,395,000 was short-term borrowing) in the debt of Commonwealth and States, which amounted at June 30th to £1,153,910,867.

New Clearing Bank Statistics.—In an Appendix to their Report the Macmillan Committee give an analysis of the main items of the monthly returns of the London Clearing Banks in a form (which they recommend for future adoption) differing from the monthly published returns. In particular, cash in hand and balance at the Bank of England are shown separately; money at call and short notice is sub-divided; Treasury and commercial bills are distinguished; and deposits are shown under the two heads of current and deposit accounts. Monthly averages for the past twelve years and the figures for January-March, 1931, are given below:—

LONDON CLEARING BANKS. SUMMARY OF MONTHLY AVERAGES (12 MONTHS).
(£ Millions.)

Year.	Cash in Hand.	Balance at Bank of England.	Money at Call.	Money at Short Notice.		Treasury Bills Discounted.	Commercial Bills Discounted.	Investments.	Advances (i.e., Loans and Overdrafts).	Current Accounts.	Deposit Accounts.	Total Deposits.	Acceptances outstanding.
				To the Money Market.	To the Stock Exchange.								
1919.....	112.4	103.9	22.9	90.9	17.7	159.2	106.8	351.4	579.6	1,015.9	494.8	1,510.7	61.5
1920.....	105.8	83.7	23.8	54.3	22.0	115.6	144.2	367.7	831.6	1,097.6	622.1	1,719.7	75.8
1921.....	110.7	96.1	27.2	54.8	18.0	224.6	134.1	348.8	790.2	1,024.8	728.9	1,753.6	39.4
1922.....	107.5	92.9	29.7	58.8	23.4	208.0	113.3	420.6	711.8	998.3	709.1	1,707.5	36.5
1923.....	103.8	87.3	24.8	60.2	24.5	146.1	119.8	377.6	729.5	965.6	648.5	1,614.1	44.7
1924.....	103.8	88.3	24.6	57.2	22.8	104.8	125.5	364.7	774.2	950.0	665.7	1,615.7	54.5
1925.....	103.7	86.2	24.8	61.1	30.6	91.0	127.6	305.4	821.6	922.5	680.2	1,602.7	60.5
1926.....	103.1	86.1	25.0	63.1	32.1	100.9	107.8	284.5	858.0	922.5	687.5	1,608.9	52.1
1927.....	105.1	85.3	25.2	63.1	32.1	100.9	107.8	284.5	858.0	922.5	687.5	1,608.9	52.1
1928.....	104.5	83.6	28.4	77.7	48.0	107.7	118.2	275.3	923.6	953.7	755.2	1,708.9	49.5
1929.....	104.4	82.9	28.9	76.0	43.4	98.3	122.9	275.0	964.0	940.2	797.9	1,738.0	65.3
1930.....	103.6	84.5	33.1	80.1	28.5	128.6	127.2	281.5	933.4	920.8	820.0	1,740.8	73.6
1931—													
Jan. ...	102.7	84.2	37.5	86.9	22.0	197.1	121.8	326.3	891.9	962.0	842.1	1,804.1	50.2
Feb. ...	101.7	82.9	30.0	62.3	19.8	167.0	112.2	333.7	899.6	912.7	829.6	1,742.3	49.4
March	99.8	63.4	25.2	67.8	22.3	128.8	95.4	334.6	915.4	895.2	798.0	1,693.2	47.4

Interesting features which emerge as the result of the trade depression are (a) the rise in the proportion of deposit accounts, and (b) the fall in loans to the Stock Exchange. The volume of acceptances reached a high point at £86.5 millions in January, 1929 (against £54.2 millions in January, 1928), and has since steadily declined.

An Analysis of Bank Advances.—Appended to the Macmillan Report is the following interesting analysis of Bank advances as they stood on various dates during the winter of 1929-30:—

	London Clearing Banks. £	Scottish Banks. £
1. Textiles (cotton, wool, silk, linen, jute)	81,632,371	4,977,214
2. Heavy industries (iron, steel, engineering and shipbuilding)	62,962,675	7,658,164
3. Agriculture and fishing	68,630,471	7,623,448
4. Mining and quarrying (including coal)	30,003,440	2,382,899
5. Food, drink and tobacco	63,177,889	5,967,176
6. Leather, rubber and chemicals	21,969,950	1,507,903
7. Shipping and transport (including railways)	25,176,565	3,487,859
8. Building trades	47,824,549	1,578,970
9. Miscellaneous trades (including retail trades)	146,496,288	9,009,182
10. Local government authorities and public utility companies (excluding railways)	52,384,672	6,675,757
11. Amusements, clubs, churches, charities, &c.	26,502,720	770,399
12. Financial (including banks and discount houses, stock exchange and building societies)	142,547,506	24,989,966
13. Other advances	218,402,248	28,550,094
	987,711,344	105,179,031

It will be seen that the outstanding advances to three groups of severely depressed industries—textiles, the heavy industries and mining—amount to nearly £200 millions.

Coal Industry Reorganisation.—The anomalous position in the Scottish coalfields has apparently not yet been resolved, but it was reported at the end of last week that the Ministry of Mines was collecting evidence of illegal working of the "spreadover" with a view to taking action against the organisations involved. Meanwhile, a welcome sign of life has been given by the Coal Mines Reorganisation Commission, in the shape of a speech by its chairman at last Monday's meeting of the Coal Trade Luncheon Club. Sir Ernest Gowers spoke emphatically of the need for large-scale amalgamations in the coal industry, and stated that the Commission had now made a preliminary survey of their task and were ready to settle down to it. He suggested that the present excess of the industry's productive capacity over demand could not be far short of a hundred million tons a year, and pointed out

that, with 1,500 independent concerns producing coal, there was inevitably a continuous dissipation of effort, with the result that prices were kept unnecessarily low, while costs were swollen owing to the inability of individual collieries to work to their full capacity. The quota and minimum price system clearly did not remedy this situation, but tended to stereotype it. What was needed was financial fusion of interests over wide areas, with a single sales policy and central allocation of production to the most suitable units, but with the retention of separate technical management. Sir Ernest Gowers laid stress on the desirability that such amalgamations should be gradual. A beginning is to be made by the circulation to the colliery-owners in each district of a general statement of the principles the Commission hope to adopt, to serve as a basis of discussion. This evidence of proposed activity on the part of the Commission is very welcome. Meanwhile the Mines Department has issued a report (Cmd. 3905) on the working during the first quarter of this year of schemes under Part I of the Coal Mines Act, 1930, from which it appears that, while regulation of output has been in force since January 1st, most districts had not completed the determination of minimum prices by the end of the quarter though they were well on the way to doing so by May. Though certain hitches occurred in the working of the quota system, no major difficulties were encountered and the coalowners appear to have endeavoured to work the Act as satisfactorily as possible.

Iron and Steel Production.—There are still no signs of any improvement in the production of iron and steel, judging from the figures for June, just issued by the National Federation of Iron and Steel Manufacturers. Not only was the production of pig iron (323,800 tons) less by 2 per cent. than the 346,500 tons recorded for May, allowing for the one day's less production, but there was a net decline of four in the number of furnaces in blast, reducing the number blowing to 76, which presages a further decline of output in July. Steel production fell from 435,100 tons in May to 428,900 tons, but as no public holidays occurred in June to interfere with production, while production in May was affected by Whitsun, the decline in the rate of production was somewhat greater than appears. Since the season of the year is now at hand when conditions are usually quiet in the iron and steel trade, there is little likelihood of any improvement until the autumn. The June production brings the production of pig iron for the half-year to 2,006,000 tons, compared with 3,720,100 tons in the first half of 1930, a reduction of 46 per cent., and of steel to 2,650,100 tons, compared with 4,361,700 tons, a reduction of 39 per cent. Imports of iron and steel in June amounted to 246,300 tons, and were the highest this year; for the tenth month in succession imports exceeded exports, and since exports further fell to 162,600 tons (from 167,500 tons in May) the excess of imports over exports at 83,700 tons was the highest of any month this year. It is significant of the lack of demand that, in spite of exceptionally low prices quoted for Continental material, imports in the first half of 1931 (1,276,900 tons) are some 17 per cent. below the corresponding period last year (1,533,000 tons) and whereas last year imports, though higher, were exceeded by exports, this year the reverse is the case, and exports at 999,200 tons for the first six months, are 272,700 tons lower than imports. Exports in the first six months of 1931 were 798,300 tons, or 44 per cent. lower than in the corresponding period of 1930.

The Crisis in Shipbuilding.—Lloyd's Register shipbuilding returns for the second quarter point to a further marked deterioration in the situation of British yards. At the end of June, work in hand totalled only 555,603 gross tons, a figure which is 138,211 tons lower than at the end of March and 836,460 tons less than the work under construction a year ago. Not since December, 1887, has tonnage under construction fallen to such a low level. During the past quarter launchings in this country totalled 170,100 tons, while work begun amounted to only 23,359

tons, comprising twenty-five vessels, all presumably of small capacity. Of the work in hand, 68,000 tons represent vessels on which work has been suspended and 243,000 tons are uncompleted tankers—the balance outstanding of orders placed during the 1929-30 boom in the construction of this class of vessel. When work on these is finished the outlook for the yards must necessarily give rise to grave anxiety. Abroad the position is not so depressed. Vessels under construction totalled 1,270,384 tons, and, though launchings at 302,000 tons considerably exceeded the tonnage of work begun, commencements nevertheless amounted to 211,000 tons, or nine times the amount of work put in hand in this country.

The Lancashire Cotton Trade.—In the second quarter of the year, writes our Manchester correspondent, Lancashire cotton spinners and manufacturers have not met with any relief, and speaking generally, the depression is as acute as ever. At the beginning of April the spot price of American cotton in Liverpool was nearly 6d. per lb., but at the end of that month there had been a decline to 5½d., with a further fall to 5d. before the end of May. Early in June there was a drop to 4½d. The Hoover proposal, which was announced in the middle of that month, brought a smart advance to over 5½d. early in July. The new crop in the United States has recently made steady progress, as there has been some improvement in the climatic conditions in the belt. The Government has estimated the acreage for 1931-32 at 41,491,000 acres, against 46,078,000 acres last year, or a reduction of 10 per cent. The probable yield is at present estimated at about 12,750,000 bales. As the carryover at the end of this season was about 9,000,000 bales, prospective supplies are abundant, for world consumption at the moment is only on a basis of about 11,000,000 bales per annum. Egyptian Sakel cotton in Liverpool at the beginning of April was at about 9½d. per lb., and there was a decline to 7½d. early in June. The war debts proposal from America affected values, and early in July the price was over 8½d. The new crop in Egypt is reported to be doing fairly well, and substantial stocks are available throughout the world. Trade with India has again been seriously checked by the political situation and the continuance of the boycott. The rise in raw cotton rates during June stimulated demand to some extent, and rather more buying occurred in light fabrics, but Manchester merchants are still being advised of the difficulties experienced in moving goods from the bazaars. To some extent cloth business in India is being adversely affected by the poverty of the natives, which arises from the low prices ruling for agricultural produce. Operations for China have not been of any importance, though now and again rather more activity has shown itself in fancies such as poplins. Offers in standard makes, such as bleached shirtings, remain very poor. During the last week or two the auction news from Shanghai has been very unsatisfactory. For the minor outlets a miscellaneous business has been put through, chiefly for West Africa and South America. Rather discouraging reports have been received from Egypt and the Near East. The home trade has done fairly well, and is healthier than the export section. Weaving production shows very little change as compared with three months ago, and it is still estimated that output is only about 50 per cent. of full capacity. Most users of American and Egyptian yarns have purchased from hand to mouth. In April last the Joint Committee of Cotton Trade Organisations issued a manifesto on the question of redundant machinery in Lancashire. It was urged that the existence of this surplus capacity prevents profitable working, and that considerable elimination was necessary before reorganisation can be effected. The constituent organisations were asked to consider the proposals, and in May the scheme was unanimously adopted. It was resolved, however, that the information required for formulating plans to eliminate surplus plants should be supplied on a voluntary basis, instead of being obtained by statutory powers. Numerous meetings have recently been held of the Joint Committee of American and Egyptian spinners, which is dealing with the scheme for fixing marginal rates for yarn and regulating production. The

proposals have now been definitely formulated, and the scheme is about to be considered by the General Committee of the Master Spinners' Federation. The employers in the weaving branch of the industry have not yet given up all hope of establishing the more-looms-per-weaver system, and there are indications of some of the trades union leaders being more prepared to consider favourably this revised system of working. An informal meeting of employers and operatives was held in Manchester at the end of June, and it is believed that some progress is likely to be achieved at an early date. At the time of writing the industry is being adversely affected by the financial crisis in Germany, and all confidence is destroyed. Buyers of yarn and cloth are holding aloof pending a clearer outlook in world politics, and there is more uncertainty with regard to future values.

International Cotton Loom Statistics.—The International Federation of Master Cotton Spinners' and Manufacturers' Associations has conducted a census of the world's cotton power looms as on December 31st last. The returns now available show that the estimated number of looms in all countries, based on actual returns, is 2,335,296 ordinary looms, 661,023 automatic looms and 53,459 automatic attachments, giving a total of 3,049,778. Some of the countries, chiefly Japan, China and Russia, did not make any returns, and the figures for these countries were obtained from other sources. The United States of America and Great Britain easily head the list of looms, the aggregate total in each country being 698,955 in the United States and 692,899 in Great Britain. Germany has 224,077, France 200,100, Russia 159,100, Italy 146,500 and Czechoslovakia 125,000. In Asiatic countries, India possesses 179,682 looms and China 29,582. It is estimated that there are 10,063 looms in course of erection throughout the world. With regard to the average hours worked per week, the estimates are based solely on actual returns, and the percentage of normal full time worked during the year for the principal countries was as follows:—Great Britain, 56.9; U.S.A., 73.8; Germany, 77; Italy, 67.5; Holland, 79.1; and Switzerland, 68.1. No returns were received from Japan, China or India.

British Motor Tyre Production.—The following estimate of British production and home consumption of motor tyres, made by a correspondent, suggests that activity in this section of rubber manufacture has been well maintained during the past year:—

	Outer Covers.		Solid Tyres.	
	Production.	British Consumption.	Production.	British Consumption.
1924 (a)	1,927,100	2,220,100	397,700	407,600
1925	2,500,000	2,667,000	405,600	414,000
1926	2,700,000	2,883,000	480,000	476,000
1927	3,480,000	3,486,000	490,000	472,000
1928	4,805,000	4,124,000	461,500	444,000
1929	5,356,000	4,194,000	427,500	420,000
1930	5,369,000	4,080,000	356,500	350,000

(a) According to Census of Production.

The above table excludes inner tubes. As the length of life of a tube, however, roughly equals that of a casing, the number produced and consumed in this country closely approximates to that of outer covers. In the United States, on the other hand, production in 1930 shows a sharp decline as compared with the previous year. The figures for the United States, calculated by the Rubber Association of America, are set out below:—

	(Production).		
	Outer Covers.	Inner Tubes.	Solid Tyres.
1928	73,000,000	75,000,000	630,000
1929	68,000,000	69,000,000	510,000
1930	51,000,000	52,000,000	260,000

It should be noted that the decrease in the production of "solids" both in this country and in America is partly ascribed to the fact that commercial vehicles are increasingly fitted with pneumatic tyres.

U.S.A. Wheat.—The Crop Reporting Board of the Bureau of Statistics of the United States Department of Agriculture has now issued its July estimates of the wheat crop. The figures are shown below, with comparative statistics for past years:—

Season	(Million bushels).		
(June-July).	Winter Wheat.	Spring Wheat.	Total.
1926-27	552	325	877
1927-28	578	336	914
1928-29	576	228	804
1929-30	604	246	850
1930-31	713	156	869

It will be seen that the yield of the winter crop exceeded that of the past four years, while the spring crop, which was damaged by drought, shows a considerably smaller yield. Meanwhile it is reported that the ruinous fall in the farm price of wheat in Kansas and the South-West is leading to agitation that the Washington Administration should extend financial assistance to farmers, through the Federal Farm Board or otherwise.

The Position in New Zealand.—The annual review of economic conditions in New Zealand, delivered at the meeting of the National Bank of New Zealand in London on Tuesday by Mr Pember Reeves, attracted more than usual attention in view of the state of affairs in Australasia. The review was of a rather strikingly reassuring nature. The large Budget deficit, the exchange depreciation, the steep fall in the price of the products which New Zealand sells, and the growing burden of taxation are interwoven facts in the situation which are generally recognised. But Mr Pember Reeves was very definite in his opinion that the Government and Parliament "are facing the position with resolution," and that they are supported in their efforts by the greater part of the taxpaying public. Among the estimates given by Mr Reeves were that the current budget threatened a deficit of £5½ millions, that the burden of rates and taxes had risen to £17 per head of population, and that the national income of New Zealand had fallen in two years by 25 per cent. After referring to the negotiations leading up to the general 10 per cent. cut in wages, Mr Reeves went on to refer to an illuminating incident in Dominion tariff history. The new Canadian tariff, he explained, quadrupled the duties on imports of New Zealand butter, and in the eight months ending March 31st the butter export to Canada fell to less than one-twelfth of its size in the corresponding period of the previous year. The New Zealand Government retaliated by depriving Canadian imports of the preferences accorded to Empire products. There the tariff war stands at the moment. The net profits of the Bank showed a fall of £50,000, and the dividend is reduced from 12 to 10 per cent.—a record which is by no means disappointing in a period marked not merely by the acute development of economic depression but also by a severe earthquake.

North Atlantic Passenger Fares.—The North Atlantic Shipping Conference, which was in session most of last week in Paris, has adjourned until July 28th, apparently without reaching any definite conclusions. The problem which the Conference is facing lies in the severe contraction of first-class passenger traffic between New York and Europe in consequence of the depression. The line of policy advocated, it seems, by the British members of the Conference is that an endeavour should be made by a reduction of first-class fares on "Express" ships to stimulate a recovery of traffic. The view, however, seems to have been held by other members, notably the German lines, that the demand for this class of accommodation is comparatively inelastic, and cuts would simply accentuate existing difficulties for the companies. The whole question, which has been referred to a small committee of the Conference for further study, is complicated by the consideration that a reduction in first-class fares would almost inevitably be followed by cuts in the rates charged for "cabin" and other more economical accommodation; and these rates are regarded

by the companies as being at the minimum justified by running costs. It is, however, evident that if the depression be prolonged and if a downward adjustment of money incomes makes further progress, it will be impossible ultimately for North Atlantic first-class fares to be maintained at the level of recent years.

Transvaal Gold Output.—The output of gold of the mines of the Transvaal during June amounted to 897,750 ounces of fine gold, as compared with 910,279 ounces produced during May and 882,337 ounces in April. In June, 1930, the output amounted to 887,867 ounces. The following table shows the monthly output since the beginning of 1925:—

Months of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.
January	823,692	796,270	839,782	843,857	876,452	882,801	914,576
February	753,925	753,924	779,339	816,133	815,284	818,188	839,937
March	825,479	834,340	860,611	877,380	866,529	889,370	910,998
April	787,519	803,303	824,014	825,907	872,123	868,606	882,337
May	813,249	849,214	859,479	886,186	897,598	916,213	910,279
June	780,251	852,145	855,154	862,363	856,029	887,867	897,750
July	818,202	860,134	851,861	867,211	889,480	912,652	...
August	808,218	843,854	863,345	891,863	849,553	903,176	...
September	797,247	839,939	842,118	857,731	888,690	926,561	...
October	812,832	853,296	855,743	897,720	861,593	884,753	...
November	787,633	840,276	848,059	872,484	851,134	908,492	...
December	791,455	836,157	851,225	859,761	...	...	...
Total..	9,599,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	5,355,811

The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors over the past few months was as follows:—

	Oct. 1930.	Nov. 1930.	Dec. 1930.	Jan. 1931.	Feb. 1931.	Mar. 1931.	Apr. 1931.	May 1931.	June 1931.
Gold mines	206,778	205,030	203,473	209,442	209,777	207,239	206,770	207,109	207,209
Coal mines	14,462	13,973	13,763	13,865	13,740	13,436	13,242	13,305	13,286
Diamond mines	5,032	4,748	4,607	4,325	4,333	4,106	4,030	3,689	3,345
Total	226,272	223,751	221,843	227,632	227,850	224,781	224,042	224,103	223,840

The number of natives employed during the month of June showed little change.

Overseas Correspondence.

UNITED STATES.

Hoover Plan — Railroad Rates — Prices — Bank Results — Public Finance — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, July 8.

DELAY at Paris in negotiating agreement on details of the debt postponement plan took much of the bloom off so far as the security markets were concerned. Wall Street is nevertheless confident that world trade will be stimulated by the debt accord, and holds that it was a necessary step in the circumstances. At the same time, there is a feeling in some quarters that a different course might have been pursued by Germany which would have made a moratorium unnecessary.

It is argued that the heavy withdrawals of short-term credits, which began when it was seen that an earnest push would be made for debt suspension, will hamper German industry more than reparations relief will aid it, for the time being at least, and that the damage abroad to German credit cannot be quickly repaired. Talk of any long-term German financing in this country is, of course, decidedly premature. The Federal Reserve Bank and private institutions stand ready to grant further credits. It is felt that the first request for only \$100,000,000 by the Reichsbank represented a mistaken estimate of the situation and that it would have been better to ask for an initial credit of at least twice that amount.

For the past three weeks markets have paid little attention to trade developments, which have anyhow not been remarkable. Company earning statements for the second quarter and the first half-year are just beginning to appear. There has not been much indication of improvement for the third quarter, but crops are moving in large volume and hope is held for at least a mild trade recovery in the autumn.

The dates fixed by the Interstate Commerce Commission for hearing the railroad application on higher freight tariffs make it certain that no relief is possible before October 1st. Little doubt is felt that the Commission will grant at least the major portion of the 15 per cent. increase sought. Railroad gross earnings in the first five months dropped 19.1 per cent., and their net railway operating income was at the rate of only 2.1 per cent. on their property investment, compared with 3.5 per cent. earned in the same period of 1930. In May gross revenues declined 20.3 per cent. and net revenues over 40 per cent.

The rise in commodity prices over the past three or four weeks has been a distinct help to sentiment. The Dun's index of wholesale prices for June rose by one-half per cent. and Bradstreet's by 1½ per cent. In the past few days a backward swing has taken place. Wheat has touched a new low record, cotton has weakened, and copper, which had been pushed up to 9 cents a pound, has come back to 8½ cents. Acting on President Hoover's hint, the Federal Farm Board first announced that it would limit its sales of wheat to 5,000,000 bushels monthly. Later, after being waited upon by a delegation of Western Senators, it agreed to suspend all sales for the time being. That promise, made or implied, has not satisfied the wheat country, and an appeal to President Hoover will be made, probably for re-entry into the market by the Farm Board as a purchaser.

Efforts to extend the copper curtailment agreement have met with difficulties, but they have not been abandoned. The last conference broke up over the refusal of one of the important Canadian producers to curtail further. It is understood that refusal was based on the belief that the restriction proposals did not go far enough. Resumption of curtailment negotiations is expected in the autumn.

Banks have reported on their condition as of June 30th, in response to national and State calls. A varied but rather indifferent showing is made. For the New York banks the rise in deposits between March and the end of June was around \$700,000,000, which was no more than seasonal. The practice of setting aside heavy reserves from surplus or undivided profits, begun last September by one of the largest banks, which wrote off \$20,000,000, has become more extensive. In the past nine months it appears that New York banks have had to write off an aggregate of around \$150,000,000, partly to cover bad loans, but principally to meet depreciation in securities held by investment affiliates.

In the six months ended June 30th few of the banks covered dividends paid by a wide margin. Many fell slightly under dividend requirements, but dividend reductions, while extensive over the country, have been scarce in Wall Street. In view of the low rates received for money on Wall Street loans and the shrinkage in the average rate received for customers' loans (in the case of large banks now under 4 per cent.), bank earnings in the strict sense, before the write-offs on security depreciation, were fairly good. Write-offs among the larger banks ranged from \$3,000,000 to \$34,000,000. Two of the leading banks reported increases in deposits of over \$120,000,000 each.

Federal Reserve Bank authorities are prosecuting with vigour their plan to force interest rates down through purchase of Government securities. They succeeded in preventing the slightest rise in call funds over the mid-year settlements. The Stock Exchange pegged rate is 1½ per cent., but private banks and others not a party to the pegged rate agreement are finding it difficult to place much money even at 1 per cent. The addition of \$20,000,000 in Government securities to holdings made by the Reserve system two weeks ago was followed last

week by purchases of \$45,000,000. This enabled the banks to cut discounts by \$47,000,000, much of that being in the nature of window-dressing in anticipation of the June 30th bank call. Last week brought a reversal in brokers' loan deflation, which had been uninterrupted for eleven weeks. The rise of \$73,000,000 was perhaps due less to public interest in a rising share market than to a spurt in new capital flotations. These jumped to about \$250,000,000. This week new offerings have been held off pending settlement of the debt negotiations, but no great activity is anticipated.

Government accounts for the fiscal year ended June 30th show a deficit of \$903,000,000 and an increase in the public debt of \$616,000,000. This was the first deficit in ten years. Ordinary expenditures were \$226,000,000 larger than last year, while Treasury receipts were \$861,000,000 smaller. The year ended with gross debt at \$16,801,000,000. The deficit compares with the Treasury estimate made last December of \$180,000,000, generally regarded at the time as optimistic. Income-tax collections reveal a drop of \$226,000,000 taken from companies and of \$330,000,000 taken from individuals. Customs collections fell by nearly 40 per cent.

In spite of this heavy deficit, in financial circles it is still believed unlikely that the next Congress, which meets in December, will vote an income-tax increase. There is considerable sentiment over the country in favour of raising rates in the higher income classes, if any increase is made; but Treasury borrowing will probably be adopted as the easiest way out, at least until after the 1932 elections. The country has been considerably taken aback by the huge size of the deficit, but the feeling is general that the rate of debt reduction (nearly \$1,000,000,000 annually) over the past ten years was too high, except for an unusually prosperous period.

Confidence in some of the leading industries is rising in spite of declining production. The steel trade is now down to about 33 per cent. of capacity, but the minimum is believed to be near. Pig-iron output in June dropped 18 per cent. from May, and was the smallest since February, 1922. Steel-ingot output was the lowest monthly rate since 1924, and for the first six months the smallest since 1922. The June production was 17 per cent. lower than in May. The very severity of the decline encourages the hope that the bottom has been touched.

FRANCE.

French Attitude to German Crisis — Disarmament — Effect on Budget — Industry.

(FROM OUR CORRESPONDENT.)

PARIS, July 15.

FRANCE, who considers she has at least given proofs of her ability, since the German onslaught of 1914, successfully to utilise her military, financial and economic resources for her own salvation, is contemplating with somewhat mixed feelings what she is inclined to regard as not very commendable efforts on the part of Germany to mobilise the rest of the world to enable her to evade the treaty obligations to which she gave her signature at Versailles and The Hague. There are still many who think that the gravity of the German financial situation has not only been grossly exaggerated, for the purpose of impressing the United States and Great Britain, but has also been deliberately brought about with the object of getting rid of reparation payments. Current events in Berlin, it is held, are apparently confirming the soundness of the French view on the first-mentioned point, for the inference is drawn here that Germany does not lack means, if she will only apply them, to right her financial situation by her own unaided efforts, as France herself did in 1926. Recent history, French opinion insists, amply confirms the truth of the accusation that Germany's present financial condition has been deliberately brought about, even if the repeated declarations of Dr. Schacht, both before The Hague Conference

and since, to the effect that Germany would evade reparation payments "even at the cost of a second bankruptcy," be ignored. Finally, with the exception of M. Léon Blum and a large section of his followers, every Frenchman is convinced that Germany has now, by her own policy, brought matters to such a pass that a golden opportunity—and probably the last—has arisen, if only France stands firm, to bring about real general disarmament, and prevent the beginning of a fresh world-wide armament race that must inevitably keep Europe in a state of poverty and incessantly provoke other wars. The French bankers are perhaps the most ruthless in the world in driving a hard bargain, but in this case French capital sees much larger profit possibilities in a disarmed, laborious and co-operating Europe than any that could be secured from merely temporary loans to a needy Germany; which latter, France is convinced, would certainly be utilised, unless east-iron safeguards were forthcoming, to increase Germany's military strength and foster German aspirations to the commercial and financial hegemony of Europe.

This was the motive influencing the French negotiators in the long duel over the Hoover moratorium plan; and it should not be overlooked that French acceptance of the American proposals, as the text of the agreement shows, depends directly on Germany's acceptance of the condition that none of the money saved by her through the application of the Hoover moratorium shall be spent on other than economic objects. Fortunately, there are indications to-day that, in view of the dogged French attitude, Germany is showing signs of being willing to suspend battleship building "if other countries will make similar concessions." What effect the application of this important suggestion would have on French plans for the construction of the proposed new 23,000-ton battleship, as a reply to the completion of the *Deutschland* and the pending laying down of several other German pocket-battleships, will be shown by the subsequent negotiations which seem inevitable, if to-day's reports of a German offer to suspend construction prove to be well-founded.

Meanwhile, there is every indication that this country is determined to persevere in its insistence on a suspension of German armaments as the price of French financial aid. So far this attitude of the French has apparently had the direct results of causing the American banks to refuse President Hoover's request to them to help Germany out of her immediate troubles, and of sending Dr. Luther back from London, Paris and Basle with empty hands. Mr Henderson's arrival here to-day is welcomed by the French leaders, who regard him as a friendly intermediary from whose efforts subsequently in Berlin much good may come in the way of convincing Germany that French financial co-operation depends almost solely on Germany undergoing a change of heart on the armaments question. The whole controversy, so far as France is concerned, has now been transferred from the financial to the political plane, and is practically certain to remain there until a solution satisfactory to France is reached.

All parties freely recognise that M. Laval has handled the French case with indisputable skill, and each step in the development of the policy adopted by the Government is being received with stronger approval daily. Press and public alike appear to be supporting the Cabinet with extraordinary unanimity. The anger expressed by a large section of the Opposition at M. Laval's bold step in proroguing (*anglicé*: suppressing) the Chambers, at a moment in the Franco-American negotiations when deputies threatened to be a serious danger to the *pour*-Premier France has ever possessed. Repeated threats that all his efforts may be undone when the Chambers reassemble have been received by M. Laval with silent indifference. The delicate situation is being firmly handled from day to day by the "Inner Cabinet," consisting of the Premier, the Financial Minister (M. Flandin), Mr. Briand, the Minister for the Budget (M. Pietri), and the War Minister (M. Maginot), in close co-operation with the Bank of France and the private financial institutions.

July 18, 1931.]

GERMANY.

Industrial Guarantees — Golddiskontbank — Danat Suspension — Run on Other Banks — Credit Restriction.

(FROM OUR CORRESPONDENT.)

BERLIN, July 14.

ALL the banking events of this week—the suspension of payments by the Danatbank, the runs on banks and savings banks, the institution of bank holidays to check the runs, bringing with it many of the ill consequences of a moratorium—all these had been hanging over the heads of the Government and the Reichsbank for weeks as an imminent danger. The efforts of German credit policy during the past week had been directed to one end, the prevention of the need for a suspension of payment by the bank whose position was most in danger, and the avoidance of measures of a moratorium character. This policy failed because international support for German credit was not forthcoming quickly enough. Immediately after official agreement on the Hoover Plan was reached, it became evident that, after the long-drawn-out negotiations with France, the moral effects of this agreement no longer sufficed to check the withdrawal of foreign exchange from Germany.

The Reichsbank procured itself a short breathing space at the beginning of last week by using the 50 million Golddiskontbank credit, which had long been at its disposal, to improve its reserve ratio. The withdrawals nevertheless continued, and were not even checked when, on the Tuesday, a large number of German industrial firms ranged themselves alongside the Golddiskontbank by offering a credit guarantee of 500 million "in order to strengthen the effectiveness of the Golddiskontbank," and thereby to make it easier for the Reichsbank directors, "in co-operation with the central banks of other countries, to procure us the necessary relief for the German industrial and credit system, with the assistance of the banking world abroad."

This step has repeatedly been misinterpreted abroad. Here and there it has been mistakenly construed as a kind of support for the Golddiskontbank. The Golddiskontbank, which was founded for the promotion of export, and whose development was advanced by the emergency decree of December, is practically under the administration of the Reichsbank. It has always pursued a particularly cautious policy, and its balance sheet is exceedingly liquid. In particular, it has no debts of any kind which can be called in. It therefore seemed in many respects peculiarly qualified to raise a large, long-term credit for German economy, but its capital, including reserves, only amounts to 250 millions, and this did not seem a sufficiently broad basis for taking up a large loan. It was therefore desired to extend the basis by the guarantee of industry and trade, which was to cover a further 500 millions. Furthermore, it was hoped that such a gesture of solidarity would produce a favourable moral effect.

The effect, however, did not materialise, nor did Dr. Luther's journey to London and Paris produce the urgently needed credit. Dr. Luther's failure to obtain immediate financial assistance rendered the lack of confidence even more acute, intensified the foreign exchange drain on the Reichsbank, and increased the nervousness of German depositors. The Reichsbank, which again lost over 100 millions on Saturday, decided upon more severe measures of restriction, and on Sunday night the Darmstädter und Nationalbank, by far the weakest of the big banks, informed the Government that it had not the liquid resources to continue to meet withdrawals, and that it would be obliged to close its doors on Monday in the interests of its remaining creditors. An attempt was made during the night to secure co-operative action by the other big banks for the rescue of the Danat, but one or more of them very understandably refused to weaken their relatively strong position in order to maintain the Danatbank.

Why was the Danatbank singled out for this fate? The directors have announced that from the time when its foreign holdings were at their maximum in 1930 until July 11, 1931, about a milliard of deposits, mostly those of foreign creditors, were withdrawn. Since May with-

M. Maginot's rôle will become an important one if the disarmament question becomes a leading issue. No hint has been allowed to escape as to the line this country would adopt if no satisfactory understanding is reached. But too great importance need not be attached to the talk in one or two Paris papers of a possible reoccupation of the Rhineland. In two of them the reoccupation of the Mainz district has been specifically alluded to, "as a means of bringing Germany to reason." Without the occupation of the Ruhr district, it is argued, there would have been no Dawes Plan, therefore another similar cutting of the Gordian knot, in the interest of removing the only real difficulty in the way of European disarmament, might possibly be the only means of solving the problem.

Opponents of the Hoover moratorium plan base their objections to some extent on the practical certainty that its application would lead to a huge deficit in the current year's Budget. M. Franklin-Bouillon, the leader of the opposition to the Hoover proposals in the Chamber, estimates that the sacrifices of revenue which France will be called on to support through suspension of German reparation payments during the present year will bring the expected deficit by March 31st to something like 8,000,000,000 francs (say, £64,000,000). This total M. Franklin-Bouillon arrives at very roughly, as follows:—

	Francs
Deficit already forecast for the Budget.....	2,000,000,000
Deficit directly due to suspension of Young Plan	2,000,000,000
Deficit due to postponement of financial reform plan for railways (about 200,000,000 francs per month)	2,400,000,000
Deficit to be met through refloating of Compagnie Générale Transatlantique by State aid.....	1,000,000,000
Loss resulting through postponement of Rente conversion plan	600,000,000
	8,000,000,000

M. Franklin-Bouillon's figures are undoubtedly exaggerated, as it would be within the bounds of possibility for the Bill affecting the railways to be adopted long before March 31st, while the Rente conversion plan at no time foreshadowed an immediate saving of as much as 600,000,000 francs a year forthwith. At the same time M. Franklin-Bouillon's figures do not include the amount France will have to pay into the B.I.S. guarantee fund, in the event of a German moratorium, or the loss this country will suffer in the event of a suspension of reparation payments in kind. The total amount of the latter payments forecast for the present year, by the way, should amount to about 306,000,000 marks (and not about 700,000,000 francs," as repeatedly stated here recently, both in Parliament and elsewhere). Of this total 45,000,000 marks (or about 270,000,000 francs) would represent coal deliveries. Suspension of these German coal deliveries, in view of the present serious effect of foreign coal competition in this country, would probably be a blessing in disguise to the French coalfields, which are suffering from under-consumption and large pithead stocks.

The revenue for June shows a yield of 114,000,000 francs above Budget estimates, thus transforming the deficit on the first two months of the financial year into a surplus of 67,000,000 francs net. The industrial production index figure for May is returned this week as 129 (a drop of two points on the month). Output is thus still 29 per cent. above the 1913 level and two per cent. above the 1928 average. The combined figure for iron, steel, coal and other "extractive industries" is 106 for June, or 7 points lower than in April and May, and 17 below the 1930 average. Pig-iron output in May was 725,000 tons, against 901,000 tons in May, 1930, and crude-steel production was 674,000 tons, against 855,000 tons in May last year.

drawals have amounted to 650 million marks. As Germany parted with about two milliard marks in gold and foreign exchange between May and the middle of July, about a third of the loss has fallen upon the Danatbank alone. That is out of proportion to the internal strength of the Danat as compared with that of the other big banks. The Danatbank, under Herr Jacob Goldschmidt, whose leadership is able but inclined to excessive activity has been more light-hearted both in the acceptance of foreign short-term money and in the granting of industrial credits than the other banks, and was, therefore, bound to be more severely hit than they by the withdrawal of deposits, and to have more difficulty in obtaining the means of repayment from its industrial customers. In addition, it had a stroke of especial ill-luck in the collapse of the Nordwolle, which may have cost the Danatbank as much as 50 million Reichsmarks, a very considerable loss in view of the fact that its capital is only 60 millions, whereas those of the Dresdener Bank, the Commerz- und Privatbank, the Deutsche Bank und Diskonto-Gesellschaft amount to 100 millions, 75 millions and 285 millions respectively.

It was less the actual loss from the Nordwolle failure than its psychological consequences which were fatal to the Danatbank. People began to talk about it, and the tendency to gossip was encouraged by the personality of Herr Jacob Goldschmidt, whose reputation as a City man who loves economic risks and has no hesitation in seeking opportunities for them, could not but exacerbate the anti-capitalistic instincts of the general public. Communist and Nationalist papers were the first to drop hints as to the unsatisfactory position of the Danat, and thus to spread mistrust in ever widening circles. Whatever mistakes may have been made in the management of the Danat, no bank in existence could long withstand such a kindling of mistrust.

As soon as the suspension of payments by the Danatbank became a certainty, the Government undertook the guarantee of all its debts, and during Monday its action was put on a legal basis by an emergency decree of the President. This guarantee was a foregone conclusion, as the Reich was obliged to prevent any depositor in one of the German big banks from suffering permanent loss. It was also required by the measures which the Government took for the protection of the bank. The bank was granted a moratorium until July 31st, during which time bankruptcy proceedings cannot be taken against it. As the Government deprived the bank's customers of the legal means of taking action against it, they were obliged at least to protect the customers' claims by a guarantee. This guarantee does not come into effect until July 31st, and the period could, of course, be extended by another decree. The bank's "creditors" amount at the moment to over 1,400 millions, and it is impossible to say at present how much the corresponding assets will be worth, and to what extent the guarantee will involve the Reich finances. It certainly will not lead to any intolerable fiscal consequences.

As soon as the notices appeared outside the Danatbank on Monday morning, informing depositors that they could not withdraw their money, there began a run upon the other banks and on the savings banks. At first, payment was made in full, but later a severe system of rationing was universally adopted. The savings banks, which receive principally working-class and lower middle-class deposits, and have invested partly in not very liquid credits to the communes, are the most sensitive branch of the German credit organism, as they are liable in times like the present to be exposed to the full brunt of a panic without having the faintest chance of meeting the pressure, even to a moderate extent. Although almost all the savings banks from midday onwards paid no more than 100 marks to any individual depositor, regardless of the total of his account, there cannot have been much cash left by evening. In order to give the savings banks time to procure the means at least for limited payments, and to insure all credit institutions having on hand the wherewithal to meet wage payment withdrawals at the end of the week, the Government issued a new emergency decree, closing the banks on Tuesday and Wednesday.

That, of course, means an interruption to the circulation of credit which may have very serious consequences in individual cases.

The restriction, which is now being prosecuted with the greatest strictness by the Reichsbank, will lead to a scarcity of marks. The panic withdrawals from the banks and savings banks have the same tendency, in so far as the money withdrawn is hoarded, as is to a great extent the case. That causes a reduction in the velocity of circulation of money which, from a purely theoretical point of view, is temporarily advantageous as it places the mark exchange out of danger. But the restriction of credit and the shortage of ready money, which will grow more acute until the end of the week, unless a solution is found to the crisis in the meantime, involve devastating effects on economic activity, as no transactions involving payment can be concluded. It is impossible to say how long the situation can be endured. Just as the closing of the banks has already been imitated by other European countries, so would a moratorium; and no country in the world would remain undisturbed by such an economic breakdown. There is still time to bring about a relaxation of the acute credit crisis. The means to that end are well known: what is needed is a large loan to Germany which would make it possible for the Reichsbank to satisfy the most urgent credit requirements, and to put an end to the foreign exchange drain by inspiring confidence through uninterrupted payments. But the very last possible moment for such a step has already arrived.

SWEDEN.

Production — Foreign Trade — Balance of Payments — Stock Exchange.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, July 5.

UNTIL last May the leading Swedish industries were only slightly affected by the general deepening of the depression. The statistics of production now available for May show, on the other hand, a considerable decline in production. The index number (1923-24 = 100) for the month is 93, whereas in previous months it had remained in the neighbourhood of 120. This figure reveals the deterioration of the position in the chief export markets of the country. The gradually increasing stocks accumulated during the immediately preceding months partially explains the high figures in those months and the sudden decline in May; a contributory factor, however, is the circumstance that Whitsun this year fell in May. With the exception of 1928, the year of the labour disputes, the index number has not hitherto been below the level of 1923-24. The index, however, does not give a very clear indication of the general position, because it only includes, in a minor degree the branches of industry working for domestic consumption, which are still comparatively well engaged. It is primarily the great staple industries of iron, steel, timber and pulp which are affected by the depression.

Whereas under normal circumstances the Swedish balance of trade in May becomes active as a result of the opening of the shipping season, last May there was an excess of imports, amounting to Kr. 26 millions. The decline as compared with the same month last year, which showed an excess of imports amounting to Kr. 6 millions, is greater than any other month this year. The excess of imports for the first five months of the year was Kr. 180 millions, or almost double the amount of the corresponding period last year. Paper and pulp, as well as pig iron, unlike practically all other commodities of any real importance, show a seasonal increase in the quantities exported. Whereas in the two immediately preceding months exports of pulp were about 50 per cent. below the level of last year, the decline in May was only 12 per cent. Owing to the strike last year paper shows a very considerable increase in the quantities shipped, but even compared with the 1929 figure it is very favourable and shows

some increase; whereas the figure for pulp is 32 per cent. lower. Exports of pig iron have risen considerably, by 39 per cent. A catastrophic decline is shown in shipments of timber, in so far as they amount to only about 30 per cent. of those of last year.

Exports of iron ore were about 55 per cent. below those of last year, exports of matches 42 per cent. of iron and steel (not including pig iron) 25 per cent. Figures in the mechanical engineering industry are also unsatisfactory. The decline in the export of motors was 58 per cent., ball bearings 41 per cent., electrical machinery 30 per cent., separators 36 per cent.; telephones, which have hitherto achieved larger exports than last year, show a figure which is 28 per cent. lower than in the corresponding month last year. Industrial raw materials have been marketed in considerably less quantities, with one or two exceptions. Imports of cotton increased by 40 per cent. and of rubber 3 per cent. Wool imports were 10 per cent. lower than in May last year; the corresponding decline for hides was 35 per cent., of pig iron 33 per cent. and for plates 52 per cent. In fuels there was a great decrease; of coal and coke it amounted to 15 per cent., of benzine 20 per cent., and other mineral oils 35 per cent. Imports of sugar show a remarkable increase.

This unfavourable development in the balance of trade, combined with an increased export of capital as a result of the earlier decline on the Stock Exchange, had a considerable effect on the balance of payment. Our net claims abroad—those of the commercial banks and the Riksbank—fell by no less than Kr. 72 millions in May.

Whereas usually in that month there is a decline in the monthly passive account as compared with the preceding four months, the above figure shows an increase. Since the New Year our balance of payment has declined by no less than Kr. 253 millions, a figure greater than that of the year of labour conflicts in 1928, when the decline for the corresponding period was Kr. 199 millions.

Owing to the close connection of the Swedish Stock Exchange with the great foreign stock exchanges the violent fluctuations due to political causes have also affected the Stockholm Stock Exchange. The Hoover proposals caused during the five last days of June an increase of the value of the "A" list shares amounting to Kr. 500 millions. The month had begun, however, with a collapse which showed a loss of Kr. 243 million during two days, but this was followed by a recovery in the next two days amounting to Kr. 197 millions. As a result of the German crisis, however, the three first weeks of the month showed a loss in the above-mentioned "A" list shares of Kr. 165 millions, and the recovery for the whole month was Kr. 332 millions. The losses since the beginning of the year have thereby been reduced to Kr. 145 million. The purely domestic stocks have sunk by Kr. 158 millions, of which Kr. 57 millions are bank stock. Since the Stock Exchange collapse in October, 1929, the value of the "A" list shares has fallen by one and a half milliard kronor to four milliard kronor. In the June recovery Kr. 271 millions related to stocks quoted abroad and Kr. 61 millions to domestic stocks. The banks, however, suffered a further decline of Kr. 10 millions.



CAPITAL,
SURPLUS
and
UNDIVIDED
PROFITS
\$225,769,139.11

Head Office:
55 Wall Street,
New York
Fifty-four
Offices in
Greater New York

One hundred
Offices in
twenty-four
Foreign Countries

London Offices:
36 Bishopsgate,
E.C.2,
and
11 Waterloo Place,
S.W.1

The National City Bank of New York

(Incorporated with limited liability under the National Bank Act of the United States of America)

including

Domestic and Foreign Offices

Condensed Statement of Condition as of June 30, 1931.

ASSETS

Cash in Vault and in Federal Reserve Bank	...	\$161,133,434.74	
Due from Banks and Bankers	...	182,415,687.02	
			\$343,549,121.76
Loans, Discounts and Bankers' Acceptances	...		1,003,815,601.27
United States Government Bonds and Certificates	...	\$223,030,410.83	
State and Municipal Bonds	...	6,216,038.17	
Stock in Federal Reserve Bank	...	6,600,000.00	
Other Bonds and Securities	...	122,557,108.35	
			358,403,557.35

Ownership of:

International Banking Corporation	...	8,000,000.00
Bank Buildings	...	55,612,010.35
Items in Transit with Branches	...	21,773,839.24
Customers' Liability Account of Acceptances	...	174,920,242.85
Other Assets	...	7,066,222.24

TOTAL \$1,973,140,595.06

LIABILITIES

Capital	...	\$110,000,000.00
Surplus	...	90,000,000.00
Undivided Profits	...	25,769,139.11
		\$225,769,139.11
Reserves for:		
Contingencies	...	\$7,313,906.96
Accrued Interest, Discount and other Unearned Income	...	3,771,573.78
Taxes, Dividends and Accrued Expenses, &c.	...	9,157,936.01
		20,243,416.75
Liability as Acceptor, Endorser or Maker on Acceptances and Foreign Bills	...	266,571,009.67
Deposits	...	1,460,557,029.53

TOTAL \$1,973,140,595.06

Figures of Foreign Offices which are included herein are as of June 25, 1931.

IRISH FREE STATE.

Politics — Electricity Supply — Population —
Agriculture — Banks.

(FROM OUR CORRESPONDENT.)

DUBLIN, July 11.

THE result of the bye-election in County Kildare, in which the Government candidate was defeated by a very small majority, is generally regarded with complacency. It is a remarkable tribute to the strength of the Government in the country that it should be able to secure practically half the votes in the constituency after ten years of power, during which no concessions have been made for the sake of popularity; and the prospects of a return to office after the general election, which must take place next year and may take place much sooner, are distinctly brighter than they were a year ago. The most interesting thing revealed during the bye-election campaign was the intense mutual antipathy of the Fianna Fail and Labour parties, who disagreed most violently on every possible occasion. For example, while the Fianna Fail party favours more and higher tariffs, the Labour Party has stated that the existing tariffs have failed to produce any tangible results and that Irish industry can never be revived by a policy of mere protection unaccompanied by other measures. A coalition between these parties after the general election now appears exceedingly improbable.

The revelations of the Minister of Industry and Commerce concerning the financial administration of the Electricity Supply Board have given rise to some anxiety. It appears that the Board—the principal members of which have recently resigned—has overstepped its allowance of £2,500,000 by the sum of £600,000, and had undertaken further commitments of £250,000. Moreover, the accounts of the Board are in a hopeless condition of chaos; money was spent so rapidly that no account of its expenditure could be kept; and the whole financial situation of the Shannon Scheme is plunged in obscurity. The Board has now been reconstituted, and the control of the Government over expenditure has been increased. The sum of £2,000,000 has been voted for the completion of the project, the expenditure on which already amounts to £9,000,000.

It must be clearly understood that the unfortunate muddle that has arisen in the financial affairs of the Electricity Supply Board does not in the slightest degree imperil the success of the Shannon Scheme. In the recent debate on the subject in the Dail all parties were agreed that the technical success of the undertaking had already been proved, and that its financial success in the future was equally certain. The Minister for Industry and Commerce stated that the prospects of the scheme were never brighter than they are to-day, and this opinion is shared by all who are in a position to judge. One of the most encouraging factors in the situation is the favourable report which has been issued regarding the Drumm battery, which appears to be standing the test of prolonged experiments with complete success.

For the first time in the history of the Free State, the population of the country has increased. The population in June of this year is estimated at 2,952,000, an increase of 6,000 over the figure for last year. This long-awaited and thoroughly acceptable change in the direction of the population movement is, of course, the result of reduced emigration. In the first four months of the present year the total number of emigrants amounted to 512, of whom 284 went to the United States, whereas during the same period last year the number of emigrants was 5,824, of whom 5,346 were bound for "the States." The total emigration during 1930 amounted to 15,966, and it is clear that the number will be substantially less this year. While the decrease in emigration is the result to some extent of the depression in America, it is unquestionably also the reflection of improved conditions at home.

The salvation of Irish agriculture during the slump has been found in the comparatively steady price of live stock products, especially high-grade meat. The review of the world agricultural situation, recently published by the

International Institute of Agriculture, shows clearly the terrible plight of countries relying for their income on cereal cultivation, and the relatively favourable position of areas producing meat. There is every reason to think that the price of cereal products will remain depressed indefinitely owing to the changes in conditions of supply and demand that have taken place since the war, and it is difficult to understand why anybody should wish to encourage the cultivation of such obviously undesirable crops. Nevertheless, the official opposition party still adheres to its determination to grant a subsidy on wheat growing if it is returned to power, thus flying in the face of all the most enlightened agricultural opinion of the day.

The following statistics, published by the Currency Commission, show the course of Irish banking last year.

	In Irish Free State. £	Outside Irish Free State. £	Total. £
Deposits and current accounts:—			
December 31, 1929...	124,145,775	40,559,851	164,705,626
December 31, 1930...	122,504,586	40,553,435	163,040,021
Bills discounted and advances:—			
December 31, 1929...	55,999,959	34,168,475	90,168,434
December 31, 1930...	52,795,256	30,882,313	83,677,569

The figures refer to the eight banks holding shares in the Currency Commission.

SOUTH AFRICA.

Maize Growers' Difficulties — Education — Control —
Native Vote — Iron and Steel Works.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, June 3.

PARLIAMENT has now but a few days to sit. From weariness and a desire on the part of the members to reach homes and businesses which in some cases are days distant, the atmosphere of the last days of the session is apt to be one of impatience. At present, this is complicated by a measure of anxiety for the future. The Minister of Finance has, as usual at the end of the session, introduced short formal measures to implement changes of which the principles were approved when the House debated the Budget in April. The Minister was constrained to admit that at that time he had been unduly optimistic. The prospects of the moment are indicative of taxation and retrenchment in the years immediately ahead. One of the main difficulties is the position of the maize growers, who form a large section of the rural population. At present prices, the grower receives about seven shillings and sixpence per bag of 200 lbs. for the ordinary quality of maize in the local market. The effective price to the grower for exported maize is not much more than half this; production costs this season were nearer seven shillings than five shillings per bag. (Production costs vary from season to season between these figures.) Thus, a class of men who are not as a rule good business men will be hard hit, and this position in so important a local industry is an awkward problem for a small country.

In an effort to meet the position to some extent, the Government has sponsored the Mealie Control Bill, the purpose of which, broadly speaking, is to spread the loss on exported mealies equally over the producers by fixing a quota which every holder of mealies must export. It is thus hoped to restrict competition in the home market and sustain the internal price. In an announcement at the recent Maize Conference at Pretoria, the Minister of Agriculture advised the growers that the success of the scheme would depend on the restriction of production so that there should not be too great an export surplus, and on effective co-operation so that there should be no undercutting in an over-stocked local market. Both growers far the Minister's well-meant advice will be accepted. The Agricultural Department advises the feeding of maize to various manufactures.

The opposition, and many of the farmers, are severely critical of the measure and doubt how far it will achieve its object. The main difficulty is that of securing co-operation among the producers. In the meantime the Government are guaranteeing the advance to approved co-operative societies with unlimited liability of seven shillings per bag from the Land Bank. The bank's own limit at present is five shillings and ninepence. The advance can hardly command the approval of financial critics, but there seems to be some force in the Government's contention that further misfortune would send many mealie farmers off the land for ever.

Legislation in South Africa is noticeable for the frequency of the principle of control of numerous activities which liberal thought would incline to leave as free as possible. The path of the citizen from the cradle to the grave is becoming more and more marked by walls and direction-posts, erected by politicians and strengthened by bureaucrats who dislike seeing a man going his own harmless though possibly eccentric way. The Higher Education Control Bill proposes to place the effective control even of details of university organisation in the hands of the Minister of Education by empowering him to withhold grants-in-aid from institutions whose financial proposals fail to meet with his approval. From the tone of the speeches from the Government benches it was all too plain that the possibilities of the proposal are very fully appreciated. We may yet see university professorships—as we have seen important posts in the public service—awarded for reasons quite unconnected with the applicants' professional ability and knowledge of their subjects.

The Act of Union provided statutory protection for the native vote in the Cape Province, on terms which practically secured it—namely, that any restriction of the old law of that Province should be agreed to by not less than two-thirds of the members of both Houses sitting together. The Government are about to secure the elimination of a number of native and coloured voters by providing that in the Cape any voter to whom objection has been lodged must appear in person to support his vote. As the natives with votes are, in a large number of cases, workmen for wages, the device is a neat one. This scheme, coupled with the very wide female vote (for white women only) may easily provide the Nationalists with several extra seats in the Cape country districts.

The Government has armed itself with powers to take up the B shares in the South African Iron and Steel Corporation—evidently anticipating that the public may be shy of doing so. The Government's estimate of the final cost of the works is £5,500,000, and their estimate of the output 140,000 to 150,000 tons of finished steel products per year. They say further that the manufacturing costs will be the lowest in the world. The opposition disagreed with the figures, and with the lack of detail in their presentation. Sir R. N. Kotze, M.P.—the former Government mining engineer—pointed out that the smallest private concern had to provide more information to prospective subscribers. In time, no doubt, steel will be made and sold locally behind a high tariff.

NEW ZEALAND.

(FROM OUR CORRESPONDENT.)

Trade — Banking — Depression — Wages — Politics.

CHRISTCHURCH, May 30.

As the export season nears its end the effect of low produce prices on the Dominion's overseas trade is being seen more clearly. Comparing years ending with March, in 1928-29 exports were valued at £57 millions, in 1929-30 £49 millions, and in 1930-31 £38½ millions. April figures bring a further drop of nearly £1½ millions, and it is anticipated that the value of exports for the year ended June 30th will be about £36 millions. For the March quarter of 1931 exports were 49½ per cent. and imports 87 per cent. below the values recorded in 1929. The decline in the year's imports has been less than in the

case of exports, largely because the balance of visible trade was abnormally favourable in 1928 and 1929, but imports for the year ending with March fell to £38½ million. Compared with last year there was an increase of 18½ per cent. in the quantity of lamb exported during the March quarter, while other principal exports were about the same as in 1930. Heavy declines were general among import items, the most severe being in motor vehicles, the number of which decreased by 52 per cent., from 4,455 to 2,131. Imports of motor spirit fell by 20 per cent., while apparel, boots and shoes, cotton goods, electrical equipment and hardware declined heavily. The balance of trade still remains favourable, but further declines in imports appear inevitable, as the present balance is insufficient to cover the country's net debit on account of invisible items. The contraction of imports will be greater if, as appears likely, New Zealand is unable to borrow overseas to the usual extent this year.

The reduction in the excess of exports over imports has been reflected in banking figures, and deposits, which exceeded advances by £12 millions in March, 1929, have declined from £58 millions then to £54 millions in 1931, while advances have increased from £46 millions to £54 millions and now slightly exceed deposits. These figures are, however, subject to marked seasonal variations, and as the financing of production calls for increasing advances and effects decreases in deposits during the second half of the year, the position is likely to be much less favourable before deposits are again increased and advances reduced from the proceeds of the sale of next season's produce.

Other banking figures indicate very plainly a substantial decline in the volume of internal business transacted. Bank debits (excluding debits to Government accounts) averaged for the March quarter 35 per cent. below their levels for the same quarter of 1929, and free deposits, which in March, 1926, were 58 per cent. of total deposits, were in March, 1931, only 38 per cent. of the total deposits. Moreover, both the rate at which deposits circulate, estimated from comparison of bank deposits and bank debits, and the average volume of bank debits appear to be about 30 per cent. below the level of 1929. Such figures indicate a substantial decline in banking business, and reflect closely changes in the volume of commercial financial transactions. It appears though that the decline has been greatest in financial business. Mortgages registered and discharged and land transfers have declined by more than half, average share prices by about a third, and the volume of share transactions very substantially, since 1929. Unemployment, though heavy for New Zealand, is much less severe than in some countries. No reliable or official figure of the proportion of workers unemployed is published, but the numbers registered are under 40,000, and the proportion out of work is unlikely to be greater than 12 per cent.

So far the effects of the depression in prices have been felt most severely by the pastoral industries producing for export. Average export prices for the March quarter, 1931, were about 10 per cent. below 1914 levels, while wool prices were about 45 per cent. below that level. Consequently the wool farmers have been hardest hit. There is some indication, however, that reserves were built up during the good years, 1928 and 1929, and that these reserves are being drawn on to tide over present difficulties. In addition, there have been for some years past substantial increases in sheep carried, lamb, and dairy produce and other exports. These have been the result largely of improved farming methods, of top dressing, pasture management, herd testing and breeding, etc., and it is probable that unit costs of production in the pastoral industries have been lowered appreciably by such developments, and that those industries are therefore in a better position to meet lower prices. But the export industries form so large a part of the local market that their depression or prosperity is always passed on in some measure to the more sheltered industries, through changes in their demand for local goods and services. Hence the purely domestic industries are also suffering depression, though in a degree less than the farmers, and

the view that costs must be reduced to meet the present situation has become fairly general. During the recent special session of Parliament legislation was passed empowering the Arbitration Court to make a general order amending all wage awards, and the employers' organisations responded quickly by applying for an all-round reduction of 20 per cent. in award rates. The reasons submitted for this application were the heavy fall in export prices, the inability of industry to employ all workers available at current rates, as shown by the prevailing unemployment and the general conditions of depression and reduced national income. The workers' advocates agreed that wages should not be reduced, as such reduction would reduce purchasing power and increase depression, that if they were reduced the reductions might not be passed on in lower prices, and that the cost of living, at present 50 per cent. above 1914 levels, should fall before wages were reduced. The Court's decision was reserved.

The triennial general election is to be held about the end of the year, and the political situation is already becoming interesting. The United Party, at present in power, gained its present position at the last election largely as the result of most extravagant promises regarding public borrowing and expenditure. The Right Hon. G. W. Forbes, now leader of the party and Prime Minister, has, during the last year, greatly enhanced his prestige by reason of his courage in facing the difficult financial situation, which has resulted from lavish public expenditure over the last ten years, and drastic reductions in the national income during the last year. He adopted and forced through some very unpleasant but highly necessary measures of economy during the special session of Parliament this year, and at the end of the session made a generous offer of fusion to the more numerous Reform Party, which had supported his economy measures. He suggested that all members of the United Cabinet should resign their portfolios, and a new Cabinet be selected from the United and Reform Parties combined. The Reform Party, however, rejected the offer on the ground that there was no agreement between the parties regarding permanent principles.

Many prominent people consider that the situation called for some form of combination between United and Reform, that the Prime Minister is entitled to greater security and stronger support in carrying out economies and adjustments which are unpopular but necessary in the present difficult times, and that the Reform Party has lost support by its rejection of the offer of fusion. But the Hauriki by-election on May 26th resulted in a majority for the Reform candidate, with a gain in votes over the last election and a heavy loss in votes for the United candidate. Parliament is due to meet again about the end of June and the session may not be all smooth sailing. It is significant at least that all parties are preparing for the election to come, and that the opinion has been expressed freely by Labour members that it may be much earlier than is generally expected.

Letters to the Editor.

THE EGYPTIAN GOVERNMENT.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Through the enterprise of a vernacular newspaper there has been published here a summary of your Note of June 27th on the Speech from the Throne to the new Egyptian Parliament. The tone of your Note seems to call for an immediate protest, not so much in defence of Sidky Pasha—he is quite capable of looking after his own defence—as because it wants that element of fairplay that is the characteristic of Englishmen, of English law and of English journalism. The summary makes you state that the position of the Government is—in the eyes of the British—no more truly parliamentary now than it was before the elections, and that Sidky Pasha is mistaken if he thinks that English statesmen do not see farther than the figures adduced to show his majority in the

new Chamber. This is a direct impugment of the figures of the votes cast in the first polls, which gave some 62 per cent. of the electoral roll as having voted. Before taking this step, you have no doubt assured yourself that the official statistics are erroneous—at least, materially so. In that case you have been more fortunate than the Opposition, if a party that refuses to play any longer can be called an opposition. Some 23,000 agents were responsible for the conduct of the polls, including a very large proportion of officials and professional men. Is it seriously maintained that Sidky Pasha entered into a vast conspiracy with these officials to falsify the results? The Opposition claims that the whole country is behind them. Yet their best efforts have—so far—not succeeded in unearthing an atom of clear evidence of the alleged conspiracy. The first "proof" of irregularities was put out of court by the fact that the minutes of the meeting at which they were supposed to have occurred bore no mention of them, but yet were signed as correct by the informant himself. The latest "proof" has been the production of a forged letter. A party reduced to reliance on "evidence" of this description is in the last straits; is, indeed, so avid of proof that its lack of support for its accusations is itself proof of their falsity. At least, it is a warning that the accused, the Sidky Government, is not to be adjudged guilty without evidence and before trial.

On the question of a Treaty, who is to be the English judge whether or not Sidky Pasha represents a majority of his countrymen? The present Labour Government? It represented some 38 per cent. of its own countrymen at the issue of the general election, and probably does not represent more than 30 per cent. to-day. What guarantee has the Egyptian Government that, if it did conclude a treaty with the Labour Government, the agreement would not be repudiated by a Conservative Cabinet before there was time for ratification? In any case, what claim can the existing British Cabinet make to speak for a majority of the electorate? Your contemporary, *The Manchester Guardian*, has recommended the Egyptian Premier to devote his attention to home affairs and not attempt the negotiation of any treaty till he has given proof of his firmness in the saddle. Perhaps that journal is correct, but not for the reason underlying its advice.

The opinions I have expressed above are not mine alone: they are shared by the two only English newspapers, both of high local standing, by nearly all Englishmen, and by almost all foreigners to whom I have spoken on the political situation here, and foreign newspapers. The Englishmen are a fair sample of the fair-minded Briton, not meddling in local politics, but watching them very closely, and drawing their own conclusions. They are probably more progressive than conservative, and the oldest English journal is certainly so. It is unreasonable to think that their opinion, formed red-hot, on the spot, should be entirely wrong. It seems, therefore, to me that the opinions expressed by the *Economist* have been formed on a partial knowledge of the facts, and that they should be reconsidered in that light. Your reputation for impartiality, and the great influence of a financial journal call for at least that justice.—Yours, etc.,

Cairo,

June 30, 1931.

OBSERVER.

[In our "Note of the Week," on which our correspondent comments, we made two points: we cast doubt on the representativeness of the new Egyptian Parliament, and we suggested that the British Government neither would nor should be more ready to enter into negotiations for an Anglo-Egyptian Treaty after the recent Egyptian elections than it was before they were held. As for the election results, we still remain sceptical—remembering that Sidky Pasha did not hold these elections until he had remodelled the Egyptian Constitution and the Electoral Law by Royal Decree. Nor, in our opinion, are the Wafd and the Liberal Party put out of court by the fact that they boycotted the polls on this occasion. We seem to remember that, once upon a time, Sinn Fein boycotted some elections to the Parliament at Westminster, and the Young Czechs some elections to the Parliament at Vienna. Yet their "refusal to play" was followed, before long, by the establishment of the Irish Free State and the Czechoslovak Republic. We hold no brief for the Wafd. We do not regard either a single-party oligarchy or a government of "the King's Friends" as being a good government for any country to live under. We believe, however, that process of "Westernisation" to-day, these are at present the two alternative types of government in the field; and the parallels indicate that when these two types of government come into conflict, it is the Party and not the Dynasty that is likely to win. To put it bluntly, we believe that King Fu'ad is playing with fire. He is preparing for the House of Muhammed Ali in Egypt the fate that has overtaken the Ottoman Dynasty in Turkey and the Qajar Dynasty in Persia and the Manchu Dynasty in China. Sidky Pasha is

the third "King's Friend" who has been brought into office by the King's personal intervention within the last half-dozen years. The British Government "backed the wrong horse" in Turkey from 1919 to 1920, when they supported the Sultan-Caliph, whose Ministers of the day were commended by local British residents at the time in just such terms as our correspondent uses of Sidky Pasha. We do not imagine that His Majesty's Government will be so blind as to repeat their Turkish blunder in Egypt now.—Ed., *Econ.*]

EAST GREENLAND.

TO THE EDITOR OF THE ECONOMIST.

SIR,—While entirely agreeing with the spirit of your editorial remarks on the mania for sovereignty, I think you do less than justice to Denmark in implying that there is little to choose between the two parties to the East Greenland squabble.

Your argument appears to hang on the statement that "in East Greenland there is no permanent population at all, but only a floating population . . . of whalers and fishermen who just manage to stand the rigours of the climate in the least inclement season." This statement, of course, is incorrect. At the 1923 census there were 709 permanent inhabitants on the east coast, mostly at Angmagssalik, and since then with the colonisation of Scoresby the number has gone up considerably. To appreciate the significance of this figure it must be remembered that all Greenland only holds some 15,000 people. Moreover, the east coast holds almost the only considerable pure Eskimo population surviving, and great efforts are being made by Denmark to keep it unmixed and to retain its characteristic hunting livelihood. This objective absolutely demands freedom from outside disturbance (a) because strangers bring disease highly lethal to the aborigines, and (b) because strangers, and especially Norwegians, make disastrous inroads into the limited resources of animal life on which existence depends. The drain on seal supplies is especially alarming, since their decline is threatening food, fuel and clothing resources simultaneously.

Your statement that the Norse population of West Greenland was wiped out by the climate raises too complex and controversial points to deal with here, but having frequently bathed in lakes in West Greenland, eaten ripe bilberries in quantity and caught butterflies on the site of Norse ruins among luxuriant willow growth, I do not easily accept it.

To keep to the question of sovereignty, however, it is worth bearing in mind that Norway, since the War, has adopted a frankly imperialist policy, securing Spitsbergen (Svalbard), Jan Mayen and even seizing Bouvet Island and land on the Antarctic continent. Denmark, on the other hand, evacuated the West Indies by selling her possessions to U.S.A., and has given self-government to Iceland: her administration of Greenland renounces all profit from the country, and compares favourably with, at any rate, most mandates in operation.

Let me assure you that I have no interest of any sort in furthering the Danish claim, but having had the opportunity of seeing on the spot how Greenland is administered, I feel certain that any fair-minded observer must count it a major calamity if the integrity of Danish control over the complete unit of Greenland should be lost.

57 Ennismore Gardens, S.W.7.

E. M. NICHOLSON.

July 11, 1931.

Books and Publications.

A STUDY OF UNEMPLOYMENT INSURANCE.*

It is altogether desirable that the history of this vast experiment, the British unemployment insurance system, should be made clearly known in foreign countries, not only as a corrective to misplaced use of the word "dole," but as a positive and negative guide to other experimenters, above all to America as she stands at the parting of the ways. Miss Gilson, an American herself and writing under the auspices of an American research institutions, has attempted the great thing, a full-dress history and survey of organised provision against unemployment in this country (especially since the first Insurance Act of 1911)—the central structure, the appendages, and all the inherent or accidental stresses and

* "Unemployment Insurance in Great Britain: the National System and Additional Benefit Plans." By Mary Barnett Gilson. (London). George Allen and Unwin. 21s.

reactions. She has gone to high authorities, and has had the statistical data checked in the Ministry of Labour.

It would be pleasant to be able to give such a book unstinted praise. The effort of compilation deserves it. Moreover, the detailed particulars here collected relating to voluntary insurance schemes carried on by individual firms or trades unions represent a real contribution to the stock of knowledge. But in regard to the main theme, the national system of compulsory unemployment insurance and its frankly kaleidoscopic development, a vast mass of material is presented with insufficient discrimination. Every piece of the mosaic is here, culled from every Ministry of Labour report or sample inquiry and every outside study, theoretic or concrete (but not from the minutes of evidence before the recent Royal Commission, which most unfortunately had not become available at the time the book was completed). The pieces are grouped under headings, but are given no relative value, and the reader is granted the assistance of no pattern, no explained background of principle, to help him to thread his way through or encourage him to try to fit the pieces together for himself. The inexpert may find the task desperately hard; the student familiar with the subject already will turn in preference, for all matters connected with the State scheme, to the volumes of evidence given before the Blanesburgh Committee and the Royal Commission.

Miss Gilson's book could so easily have been made into a classic work of reference by judicious editing that it is a thousand pities it was not read throughout in manuscript by some knowledgeable authority in this country, who would have protested against (for instance) the history of the "waiting period" being recounted without any indication of its importance to the finance of the scheme or any mention of its significant though temporary reduction by the Labour Government in 1924, and against the bare recording of the transference of the burden of transitional benefit from the Unemployment Fund to the Exchequer in 1930 without sign of recognition that a fundamental break of principle was involved. When Miss Gilson is found writing in the same context that "it is possible that the repeated extensions of the transitional provisions account for most of the deficit of the unemployment insurance fund," the reader is influenced against giving her the benefit of the doubt in numerous other questionable passages. To assert that the Act of 1927 made "all benefits standard without limit of time" is as indefensible as to interpolate suggestively that in Great Britain "in 1929 the sum of £540,000,000 was spent on past wars and in preparing for future wars" without qualification or explanation. The sort of error of fact that has passed undetected can be illustrated from page 12:—"Although only 63.8 per cent. of insured workers in this industry" (cotton, referring to the winter of 1929-30) "are women, they constitute 90 per cent. of the unemployed. Furthermore, 70 per cent. of all the unemployed women in Great Britain are in the cotton industry." Both these sentences are entirely incorrect, the first resulting from a simple misreading of a statistical table in the *Ministry of Labour Gazette*, the second being an uncritical transcript of a mistaken statement by a private member in the House of Commons. Again, it is hardly fair (page 501) to cite alone an obviously political manifesto of the F.B.I. as proof that British industry "gives little promise of taking constructive and large-scale measures toward the solution of economic problems."

These are serious criticisms. But the book, provided only that it is not read undiscerningly, has very much that is of value nevertheless. Chapters on "Mobility of Labour," on "Training," and on "Proposed Changes in the System" collect together many relevant and some oft-forgotten facts, and show the breadth of the field Miss Gilson has set herself to cover. Most readers should turn to the final chapter "Summary and Conclusions" first, where almost too late we come on a consecutive sketch of the history and a thoughtful statement of some underlying or emergent considerations. These justify the book. Miss Gilson has not succeeded in providing the best extant survey of the development of the national system since 1911—that is to be found in the first 27 pages of last

a steady share tends to maintain a higher average value than a security subject to wide changes of price. Leaving on one side, however, the difficult position of banks and other institutions, which are dependent not merely for their share market status, but their very existence, on the maintenance of their credit at high-water mark, it may be gravely questioned whether directors are justified in "doctoring" any company's figures to support the market value of its shares.

There is no room here to dwell upon the handicaps imposed by secret reserves on the measurement of true industrial profits as a factor in the national financial position, to which attention has been drawn in the Macmillan Report this week. From the individual shareholder's point of view, a more serious objection is the possibility that, by successive raids on internal reserves, a board may withhold all knowledge of a fundamental change for the worse in a company's position until matters have gone too far for effective action. The most conscientious of directors, being human, tend to regard the first ravages of a mortal disease as merely temporary fluctuations, and any practice which provides fuel for such optimism is, *ipso facto*, dangerous.

In the long run the interests of investors will best be served by a policy of maximum publicity in company affairs. If a company's reserve position is strong, all shareholders have a right to knowledge of the fact. If prudence in estimating for contingencies, foreseen and unforeseen, results in the accumulation of large internal reserves because, *e.g.*, assets are carried in the books below true value, there is no reason why an up-to-date expert valuation should not be made from time to time and disclosed to the proprietors, though the assets should remain in the balance sheet at their written-down figure. Reserves against remoter contingencies, and those representing the "ploughing back" of earnings into the business, should be set aside openly, and sanctioned by shareholders acting with full knowledge and responsibility. Finally, whenever it is necessary to draw on reserves, internal or external, to make the fat years pay for the lean, the extent and the source of the "windfall" should be disclosed. The extraordinary assumption that shareholders are irresponsible, and cannot appreciate the mysteries of high finance, may otherwise be made an excuse for obscurantism which, in the long run, may cost the investors dear.

THE TIN POSITION.

(BY A CORRESPONDENT.)

ONE of the chief sources of potential danger to the scheme for controlling the output of tin has now been removed by the adherence of Siam. This accession is subject to certain reservations, some of which have not been disclosed, but the chief of which appears to be that the quota shall not be less than 10,000 tons. The output of Siam, as measured by the ores sent to the Straits for smelting, amounted to 9,939 tons in 1929, which is the year taken as basis for the allocation of quotas. Since then, however, Siamese output has expanded while that from other quarters has declined; 11,124 tons were imported to the Straits from Siam in 1930, and during the first half of 1931 the imports were at the rate of 12,600 tons per annum. Thus Siam's adherence, although it will not add substantially to the apparent curtailment, may be expected to result in a slight further recession in the current rate of output. It lends the scheme an additional strength, inasmuch as Siam was the only remaining producer likely to increase output in any marked degree. More than nine-tenths of the world's production is now to a greater or less extent under control; the quotas, as amended to include the Siamese output, will presumably read as follows:—

Malaya	45,355 tons, restriction 34.6 per cent.
Netherlands East Indies ..	25,159 " " 29.5 "
Bolivia	28,818 " " 37.8 "
Nigeria	6,512 " " 37.4 "
Siam	10,000 " " Nil.
	115,844

This, in addition to outside production—apparently allowed for at the rate of 6,160 tons per annum in the Inter-Governmental Committee's figures—allows world production to be estimated at 122,000 tons in a full year's working of the current quotas.

Taking the recognised output statistics, and allowing for the movement in world stocks, the course of production and consumption in the past thirty months has been approximately as follows:—

	Production (Long tons).	Consumption (Long tons).
1929 January-June	91,057	92,149
July-December	91,377	84,243
1930 January-June	87,699	74,437
July-December	77,722	75,819
1931 January-June	73,292	64,002

On this basis it would appear that consumption is at the rate of about 128,000 tons per annum; and that, provided there is no further decline in industrial demand, a full year's operation of the scheme would reduce stocks by about 6,000 tons. Malaya, on the other hand, has produced somewhat in excess of her quota; and the rectification of this position may lead to a rather more rapid decline in stocks during the next two months.

Even allowing for this, however, it is difficult to see how the deadweight of stocks is to be substantially lightened. At present, world stocks, including ore and metal in the East, amount to nearly 60,000 tons, as compared with a "normal" trading reserve of about 20,000 tons. The maintenance of consumption, in the face of continued depression, during the latter part of 1930, suggests that it may be dangerous to budget for extensive buying against future industrial needs. It is possible that some benefit might accrue through the organisation of a pool, if finance could be found, to remove surplus stocks from the market. Mr John Howeson, indeed, in his recent speech as chairman of the Anglo-Oriental Mining Corporation, let fall a very decided hint that such a pool was actually contemplated. It is impossible to prejudice the effects of such action, since much must necessarily depend upon the manner in which the pool is organised and upon the use to which the stocks are put.

Even without such intervention, however, the tin market would seem to be in a healthier position than has been the case for some time. The present price-level is definitely unremunerative; and, now that the danger of further accumulation is reduced, if not eliminated, producers may legitimately look forward to more satisfactory prices. In these circumstances, the recent rise to about £118 per ton was by no means unexpected. Under the influence of international conditions, much of the improvement has been lost, and the reaction has shaken out many of the weak bull positions which had been taken up during the rise in values.

The market position is, therefore, tolerably strong, and, with any favourable turn in the European situation, improved prices would be a reasonable aspiration. This does not necessarily, or even probably, imply a proportionate movement in the shares of tin-producing companies. Apart from certain old-established mines, few are able to produce their full output below £60 per ton ore, which is equivalent to £100 per ton metal. Most of the costs of production remain constant, despite the curtailment in output, and costs of £100 per ton metal of full production represent present costs, under the Malayan quota, of about £140 per ton. The great generality of tin shares would, therefore, be dear at zero until this level is passed; and shareholders will do well to be cautious in expecting any substantial appreciation of metal. This applies with added force to the shares of finance companies. There is now an embargo upon the issue of new mining leases in Malaya; and the excess production, which subsisted even during the boom of 1929, suggests that fresh developments are not likely to be needed for some time.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
July 22.	July 23.

THE stock markets were overshadowed by the German crisis. The Stock Exchange hoped to the last moment that a Franco-German arrangement would be possible, and the sequence of events following the closing of the Darmstädter und Nationalbank on Monday caused grave anxiety. Business was reduced to a minimum, all markets choosing to wait on events. The most critical phase was on Wednesday, when a heavy fall in sterling provoked a sharp marking down of gilt-edged stocks and foreign bonds. On Thursday, however, the news of fresh Franco-German developments, offering a prospect of a satisfactory settlement, perceptibly eased the tension. After the correction of a mistaken impression that Bank rate had been raised (due to an unfortunate mis-functioning of the electrical recording apparatus on the "House"), an appreciably firmer tendency spread to all markets.

The main brunt of liquidation of gilt-edged stocks was borne by short-term issues and securities, such as Funding Loan, with a large foreign holding. India loans were lower in the earlier part of the week, but subsequently became comparatively steady. Australians held their ground, and showed improvement on Thursday.

The foreign bond market, though depressed, revealed few signs of panic selling. German bonds, and, to a less extent, Austrian and Hungarian bonds, naturally fared worse, though at the lower price levels support was forthcoming, and sharp rallies occurred on Thursday. South Americans were sold from New York, but improved later in the week.

Home rails were idle, the traffic figures making a poor showing. Great Westerns were the worst sufferers from a moderate marking down of values. Foreign rails were featureless, and lost further ground, partly owing to selling on account of a deceased estate. American rails reacted and Canadian Pacifics were dull on unfavourable crop advices.

Though the industrial share market was thoroughly unsettled, little real selling pressure developed. Numerous international counters were affected by Continental liquidation without the benefit of New York support. Among "investment" shares, electricals failed to resist prevailing influences, and tobaccos tended to sag after initial support. Brewery shares, however, showed greater resilience. Motors were heavy, Fords relapsing on American sales. Among textiles, Courtaulds discounted the reduced interim dividend (2 per cent., tax free, against 3 per cent.), and J. and P. Coats weakened after news of a wage cut. Electrical and Musical Industries reflected the unsettled mood of New York. Cables and Wireless showed relatively little variation on the eve of the issue of a report which, it was hoped, would contain no unpleasant "revelations." Newspaper shares remained on the down grade. The reduction of the Furness Withy dividend (as described on page 134), produced a downward readjustment of shipping share values generally. The depreciation in Swedish issues, before Thursday's recovery, was regarded as disproportionate to the volume of actual selling. The bad Hudson's Bay report (criticised on page 134), had been fully discounted, and the shares rose slightly on its publication. British bank shares held their ground, but those of overseas institutions were more irregular. Insurance shares trended downwards, but relatively little selling occurred.

Despite the holiday closure of Paris on Monday and Tuesday, conditions in the oil share market were difficult. News of an appreciable increase in crude-oil production in the United States caused fair selling in an unwilling market, though firmer conditions supervened. The rubber market was idle and dull, the commodity falling below 3d. per pound, and tea shares showed a further recession.

The international financial situation caused a widespread drying up of business in the mining market. Paris, on Wednesday's opening, was a more modest seller of Kafirs than had been expected, but "Chartered"

showed weakness and Rio Tinto fell sharply, with a partial recovery on Thursday. Although a more hopeful view was taken of the outlook for tin (for reasons discussed in a leading article this week), the shares were completely neglected.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	July 9, 1931.	July 10, 1931.	July 13, 1931.	July 14, 1931.	July 15, 1931.	July 16, 1931.
Government and Municipal Loans	1,413	1,401	1,907	1,371	1,473	1,474
Transport, Communications, and Public Utilities	834	785	1,017	707	753	758
Commercial and Industrial Banks, Insurance and Financial	452	1,421	1,676	1,124	1,395	1,370
Mines (including Nitrates) ..	505	448	600	397	480	350
Oil	371	326	415	245	442	358
Rubber, Tea and Coffee	140	100	182	101	118	131
Total	95	92	70	55	77	67
Total	4,810	4,573	5,867	4,000	4,738	4,508

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	July 9, 1931.	July 10, 1931.	July 13, 1931.	July 14, 1931.	July 15, 1931.	July 16, 1931.
72.3	54.5	63.1	62.9	61.6	61.5	60.3	60.8

FOREIGN STOCK EXCHANGES.

NEW YORK.

The New York Stock Exchange, at the beginning of the week, took a favourable view of the European position, an early settlement of the German difficulties being generally expected. Later on, however, pessimism became more pronounced, and prices, after holding relatively steady at slightly below the previous week's levels, took a downward course on an increased volume of selling on Wednesday. The worst showing was made by foreign bonds, particularly Europeans and South Americans, though the "Dawes" and the "Young" issues, which are held in fair quantities by numerous American institutions, were held to be outside the scope of any possible German provisions for a general moratorium. Railroad shares were influenced by the opening of hearings at Washington in regard to an application for a 15 per cent. freight rate advance, an initially firm tendency being checked by the announcement that coal and coke would be excepted from such a rise. Short selling was renewed among domestic industrials, prominent issues losing from 1 to 8 points before covering operations caused a slight recovery. Trade advices remained indecisive, car loadings figures showing a decline, while steel operations were returned at 82 per cent. of capacity, against 83 per cent. in the previous week, though holiday influences were partially responsible for the falling off in both cases. The more hopeful interpretation of European news, however, produced a better feeling in the markets in the latter part of the week. Leading shares showed a measurable recovery on Thursday, but the volume of dealings was of less than normal dimensions.

	July 2, 1931.	July 9, 1931.	July 15, 1931.	July 2, 1931.	July 9, 1931.	July 15, 1931.
U.S. 3½% T. Bds.	106½	106½	106½	Natl. Biscuit	62½	60
U.S. 4½% T. Bds.	102½	102½	102½	Phelps Dodge	15	15
Do. 4½% '32-47	103½	103½	102½	Fullman	39	37½
Do. 4½% '33-38	104½	104½	104½	Sears-Roebuck	57	54
Atchafalpa	166½	163	157½	Studebaker	19½	18
Ches. & Ohio	57½	55½	53½	Un. Fruit	58½	57½
Erie	24½	22½	20	U.S. Leather	7½	7
Illinois Central	52	49½	47½	U.S. Rubber	15½	14½
N.Y. Central	92½	88½	84½	U.S. Steel	102½	96½
Pennsylvania	49½	47½	46½	Westinghouse	70½	67½
Southern Pacific	84½	83	78½	Woolworth	70½	68
Southern Ry.	36	34	30	Am. Tel. & Tlg.	180½	177½
Union Pacific	168	165	157½	Interboro R.T.	22½	22
Am. Can.	111½	108½	103½	Int. Tel. Teleg.	34½	32½
Amer. Smelting	37½	35½	33½	Radio Corp.	20½	17½
Anacosta	28½	28½	25½	Utilities P. & L.	24½	23½
Bathlehem Steel	51½	48½	45½	W. Union Tlg.	116½	114
Chrysler Motor	22½	23½	22	Associated Gas "A" ..	14½	13½
Corn Prods. Rf.	74½	71½	66½	Pan. Amer. B.	28½	24
Eastman Kodak	148	144	145	Shell	28	25
Gen. Electric (New) ..	43½	42½	40½	Shell Union	7½	6½
Gen. Motors	38½	36½	37½	Sinclair Oil	10½	10
Int. Harvester	46½	45	41½	Std. California	37½	36½
Montg. Ward	21½	19½	19½	Do. N.J.	38½	37½

x Ex dividend.

(Continued on page 132.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.						Prices Year 1931 Jan. 1 to July 15 (inclusive).						Prices Year 1931 July 15, 1931.					
High-est.	Low-est.	High-est.	Low-est.	Name of Security.	Price July 8, 1931.	Price July 15, 1931.	Rise or Fall.	Present Yield.	High-est.	Low-est.	High-est.	Low-est.	Name of Security.	Price July 8, 1931.	Price July 15, 1931.	Rise or Fall.	Present Yield.
£ s. d.																	
British Funds.																	
594	522	60 1/2	54 1/2	Consols 2 1/2 %	60 1/2	59	-1 1/2	4 4 9	533 1/2	581	512 1/2	58	In. Ry. C. Am. No par	10	88	-82	Nil
944	822	97 1/2	85 1/2	Consols 4 %	95 1/2	91	-4	4 7 11	57 1/2	50 1/2	12 1/2	12 1/2	Leopoldina Ord. Stk.	18	13	-5	Nil
83 1/2	74 1/2	85 1/2	76 1/2	Con. Loan 3 1/2 %	85 1/2	81	-4	4 8 1	83 1/2	50 1/2	34 1/2	34 1/2	Do. 5 1/2 % Cum. Prt. Stk.	38	34 1/2	-3 1/2	Nil
103 1/2	93 1/2	104 1/2	98 1/2	Do. 4 1/2 % 1944	103 1/2	101	-2	4 7 11	97 1/2	45 1/2	55 1/2	21 1/2	Nitrate Ry. (Elo)	32 1/2	30 1/2	-2 1/2	13 6 9
106 1/2	102 1/2	108 1/2	103 1/2	Do. 5 1/2 % 1944-64	108 1/2	106	-2	4 7 9	42	19	21	10	Paraguay Gen. D. Db.	15	13 1/2	-1 1/2	18 10 3
96 1/2	85 1/2	97 1/2	88 1/2	Funding 4 1/2 % 1960-90	97 1/2	93	-4	4 7 6	85 1/2	65 1/2	70 1/2	70 1/2	Salvador Ord. (Elo)	70 1/2	70 1/2	-	Nil
106 1/2	98 1/2	102 1/2	99 1/2	Treasury 4 1/2 % 1932-34	101	97	-4	4 10 0	198	150	150	100 1/2	San Paulo Ord. Stk.	140	135	-5	8 17 9 1/2
103 1/2	100 1/2	103 1/2	100 1/2	Treasury 5 1/2 % 1933-35	103 1/2	101	-2	4 9 4	80 1/2	65 1/2	65 1/2	35 1/2	Tatlar Ry. Ord. £5	35 1/2	35 1/2	-	17 2 9 1/2
97 1/2	91 1/2	98 1/2	92 1/2	Victory Bonds 4 1/2 %	98 1/2	96	-2	4 5 1	26 1/2	4	9 1/2	25	Utd. Havanna Ord. Stk.	8	5	-3	Nil
105 1/2	100 1/2	104 1/2	102 1/2	War Loan 5 1/2 % 1929-47	103 1/2	103	-	4 15 0									
69 1/2	61 1/2	70 1/2	64 1/2	Local Loans 3 1/2 %	70 1/2	67	-3	4 9 7	17 1/2	14 1/2	16 1/2	12 1/2	Banks.				
49 1/2	40 1/2	46 1/2	37 1/2	India 2 1/2 %	44 1/2	42 1/2	-2	5 17 8	12 1/2	10 1/2	11 1/2	9 1/2	Anglo-French (£1)	13 1/2	12 1/2	-1 1/2	5 0 0
59 1/2	47 1/2	55 1/2	44 1/2	Do. 3 %	53 1/2	49 1/2	-4	6 1 3	12 1/2	10 1/2	11 1/2	9 1/2	Anglo-Interac. (£1)	11 1/2	10 1/2	-1 1/2	10 16 3
64 1/2	55 1/2	64 1/2	52 1/2	Do. 3 1/2 %	62 1/2	59 1/2	-3	5 17 8	7 1/2	4 1/2	5 1/2	3 1/2	Anglo S. F. A £10 25 pd	4 1/2	4 1/2	-	Nil
90 1/2	78 1/2	86 1/2	73 1/2	Do. 4 1/2 % 1958-68	81 1/2	77 1/2	-4	6 1 0	26 1/2	23 1/2	25 1/2	19 1/2	American B. B. £1 fy. pd	21 1/2	20 1/2	-1 1/2	9 14 0
106 1/2	100 1/2	106 1/2	102 1/2	Palestine 5 1/2 % 42-67	106 1/2	106	-	4 8 3	59 1/2	47 1/2	52 1/2	41 1/2	Bank of N. Zealand £1	48 1/2	46 1/2	-2	5 17 0
109 1/2	104 1/2	110 1/2	106 1/2	Sudan 5 1/2 % Bonds	109 1/2	109	-	5 1 10	27 1/2	24 1/2	27 1/2	25 1/2	Bank of Eng. Stk.	27 1/2	27 1/2	-	4 8 0
99 1/2	87 1/2	99 1/2	86 1/2	Uster 4 1/2 % 45-75	99 1/2	99	-	4 1 1	53 1/2	53 1/2	52 1/2	52 1/2	Barclay B. (£1)	55 1/2	53 1/2	-2	5 4 3
Dom. & Colonial Govts.																	
95 1/2	76 1/2	80 1/2	61 1/2	Australia 5 1/2 % 1945-75	78 1/2	78 1/2	-	6 9 6	28 1/2	25 1/2	26 1/2	25 1/2	Barcl. (Dom. Acc.) A £1	26 1/2	25 1/2	-1 1/2	3 14 0
95 1/2	86 1/2	96 1/2	92 1/2	Canada 4 1/2 % 1940-60	95 1/2	95	-	4 7 0	38 1/2	28 1/2	28 1/2	26 1/2	Bk. of Australasia (£5)	25 1/2	25 1/2	-	8 0 0
106 1/2	102 1/2	105 1/2	101 1/2	Ceylon 6 1/2 % 1936-51	104 1/2	104	-	5 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Bk. of Montreal (\$100)	25 1/2	25 1/2	-	5 5 0
98 1/2	92 1/2	100 1/2	97 1/2	Gold Coast 4 1/2 % 1956	100 1/2	101	+1	4 8 7	19 1/2	15 1/2	17 1/2	11 1/2	Bk. of N.S.W. (£20)	23 1/2	23 1/2	-	8 10 0
105 1/2	99 1/2	105 1/2	101 1/2	Kenya 5 1/2 % 1948-58	103 1/2	103	-	4 14 8	24 1/2	14 1/2	14 1/2	9 1/2	Brit. Overseas A £5	5 1/2	5 1/2	-	10 0 0
105 1/2	101 1/2	104 1/2	102 1/2	Nigeria 5 1/2 % 1950-60	102 1/2	102	-	4 16 8	68 1/2	56 1/2	66 1/2	61 1/2	Chtd. of India (£5)	15	14 1/2	-1 1/2	6 17 6
92 1/2	70 1/2	72 1/2	46 1/2	N.S. Wales 5 1/2 % 35-55	67 1/2	67	-	8 6 6	42 1/2	37 1/2	42 1/2	38 1/2	Comcl. Bk. of Aus. 10 1/2	13 1/2	13 1/2	-	9 1 9
105 1/2	99 1/2	102 1/2	98 1/2	N. Zealand 5 1/2 % 1946	100 1/2	100	-	4 19 0	4 1/2	4 1/2	4 1/2	4 1/2	District A £5, £1 pd.	57 1/2	52 1/2	-5 1/2	7 0 0
92 1/2	70 1/2	72 1/2	46 1/2	Queensland 5 1/2 % 40-60	75 1/2	75	-	4 10 2	120 1/2	99 1/2	113 1/2	101 1/2	Do. B £1 fully pd.	40 1/2	40 1/2	-	5 0 0
104 1/2	99 1/2	105 1/2	98 1/2	S. Africa 5 1/2 % 1945-75	104 1/2	105	+1	4 10 2	66 1/2	59 1/2	63 1/2	51 1/2	Eng. Scot. & Aus. £3 1/2 pd	42 1/2	42 1/2	-	7 6 0
98 1/2	93 1/2	100 1/2	97 1/2	Strat. Sec. 4 1/2 % 35-45	99 1/2	99	-	4 12 0	7 1/2	7 1/2	7 1/2	7 1/2	Hambros £10, £2, £5 pd	7 1/2	7 1/2	-	9 1 0
Foreign Governments.																	
89 1/2	82 1/2	88 1/2	75 1/2	Argentina 4 1/2 % Recm.	84 1/2	81	-3	5 14 6	82 1/2	73 1/2	80 1/2	69 1/2	Hong. & S. (£125)	51 1/2	51 1/2	-	6 10 9
105 1/2	100 1/2	105 1/2	100 1/2	Austrian 6 1/2 % 1923-43	104 1/2	103 1/2	-1 1/2	5 11 0	34	27 1/2	31 1/2	25 1/2	Lloyds £5, with £1 pd.	53 1/2	52 1/2	-1 1/2	5 16 0
96 1/2	89 1/2	98 1/2	80 1/2	Do. 7 1/2 % Int. by 1937	87 1/2	80	-7 1/2	8 19 0	46 1/2	38 1/2	43 1/2	30 1/2	Martins £20, £25 pd.	28 1/2	28 1/2	-	7 2 3
61 1/2	51 1/2	56 1/2	46 1/2	B. Aires (Prov.) 4 1/2 %	50 1/2	48	-2	7 4 4	14 1/2	12 1/2	14 1/2	11 1/2	Nat. of Egypt £100	71 1/2	69 1/2	-2	1 6 0
113 1/2	108 1/2	112 1/2	108 1/2	Belgium 7 %	112 1/2	109	-3	6 5 5	360	337	357	347 1/2	Nat. of Ind. £25, £12 1/2 pd.	34 1/2	33 1/2	-1 1/2	7 11 6 1/2
97 1/2	74 1/2	83 1/2	66 1/2	Bulgaria 7 1/2 % Loan	73 1/2	67 1/2	-6	12 3 2	15 1/2	13 1/2	14 1/2	12 1/2	Nat. Prov. £2, £1 pd.	12 1/2	11 1/2	-1 1/2	6 0 0
97 1/2	62 1/2	75 1/2	53 1/2	Brazil 5 1/2 % Fund, 1914	74 1/2	70 1/2	-4	7 4 4	80 1/2	74 1/2	80 1/2	75 1/2	Royal Bk. of Scotland	350	347 1/2	-2 1/2	4 17 9
94 1/2	54 1/2	79 1/2	40 1/2	Do. 5 1/2 % (1927)	69 1/2	60	-9	10 16 9					St. S. £20, £5 pd.	13 1/2	13 1/2	-	5 13 3
98 1/2	79 1/2	94 1/2	65 1/2	Chili 6 1/2 % (1929)	71 1/2	65	-6 1/2	9 11 6	21 1/2	17 1/2	21 1/2	17 1/2	Westminster £4, £1 pd.	71 1/2	71 1/2	-	5 12 0
65 1/2	27 1/2	52 1/2	39 1/2	China 5 1/2 % (1912)	49 1/2	45 1/2	-4	10 9 9	13 1/2	12 1/2	13 1/2	11 1/2	Insurance.				
69 1/2	54 1/2	70 1/2	62 1/2	Do. 5 1/2 % (1913)	70 1/2	70	-	7 12 6	26 1/2	21 1/2	26 1/2	21 1/2	Alliance £1, fully pd.	20	20	-	4 15 0
115 1/2	109 1/2	113 1/2	109 1/2	Czechoslovakia 8 %	110 1/2	109	-1 1/2	7 4 2	16 1/2	13 1/2	15 1/2	14 1/2	Atlas £5, £1 1/2 pd.	21	20 1/2	-1 1/2	4 17 0
82 1/2	78 1/2	86 1/2	79 1/2	Danish 3 %	83 1/2	83	-	3 12 3	30 1/2	26 1/2	28 1/2	24 1/2	Gen. Accident £5, fully pd.	15	14 1/2	-1 1/2	4 15 0
96 1/2	81 1/2	87 1/2	85 1/2	Danzig 6 1/2 %	85 1/2	86 1/2	+1 1/2	7 18 0	37	30 1/2	34 1/2	30 1/2	Lon. & Lanc. £5, £2 pd.	27 1/2	26 1/2	-1 1/2	3 14 9
92 1/2	73 1/2	76 1/2	65 1/2	Egypt Unified 4 %	75 1/2	74 1/2	-1 1/2	5 8 0	13 1/2	11 1/2	13 1/2	11 1/2	N.B.Rt. & Mer £5, £1 1/2 pd.	34 1/2	34 1/2	-	3 3 0
92 1/2	73 1/2	76 1/2	65 1/2	Estonia 7 1/2 % 1927	70 1/2	70	-	10 0 0	17 1/2	14 1/2	16 1/2	13 1/2	Northern £10, £1 pd.	16	15 1/2	-1 1/2	5 7 6
100 1/2	91 1/2	98 1/2	82 1/2	Finland 6 1/2 % 1923	88 1/2	88	-	6 18 0	15 1/2	12 1/2	13 1/2	11 1/2	Pearl (£1), fully pd.	13	12 1/2	-1 1/2	3 18 0
21 1/2	19 1/2	21 1/2	20 1/2	French 4 1/2 % (British)	20 1/2	21	+ 1/2	3 16 9	25 1/2	21 1/2	24 1/2	21 1/2	Phoenix £1, fully pd.	23 1/2	23 1/2	-	5 20 0
109 1/2	99 1/2	106 1/2	96 1/2	Do. 5 %	101 1/2	101	-	4 14 0	41 1/2	36 1/2	40 1/2	33 1/2	Prudential £1 A	37 1/2	37 1/2	-	3 18 6 1/2
90 1/2	68 1/2	81 1/2	54 1/2	German 7 1/2 %	98 1/2	87	-10 1/2	8 7 0	7 1/2	5 1/2	6 1/2	5 1/2	Do. £1, with 4s. pd.	37 1/2	36 1/2	-1 1/2	4 10 3
93 1/2	86 1/2	93 1/2	89 1/2	Do. 5 1/2 % Stg. Bds. 1930	93 1/2	91 1/2	-2 1/2	9 16 0	8 1/2	7 1/2	8 1/2	7 1/2	Royal £1, 10s. pd.	8	7 1/2	-1 1/2	4 2 6
104 1/2	100 1/2	104 1/2	99 1/2	Greek 6 % Stab. Ln.	102 1/2	101	-1 1/2	6 16 0	3 1/2	3 1/2	3 1/2	3 1/2	Sea Insur., £1 fully pd.	3 1/2	3 1/2	-	5 0 0
104 1/2	100 1/2	104 1/2	99 1/2	Do. 7 % Refugee	102 1/2	101	-1 1/2	6 12 0	4 1/2	3 1/2	3 1/2	3 1/2	Sun Insur., £1 with 5/- pd.	3 1/2	3 1/2	-	4 2 0
90 1/2	81 1/2	100 1/2	92 1/2	Hungary 7 1/2 %	87 1/2	87 1/2	-	5 11 0	5 1/2	5 1/2	5 1/2	5 1/2	SunLife Assur., £1 fy. pd.	5 1/2	5 1/2	-	2 29 0 1/2
102 1/2	98 1/2	105 1/2	98 1/2	Japanese 5 1/2 % 1935-65	99 1/2	99	-										

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, July 8, 1931.	Price, July 15, 1931.
Buenos Aires Gt. Southern 5½% deba.	95	35	1-2 pm	par-1 pm
De Beers 5½% Ster. deba.	...	...	90-95	90-95
Pine County Council 4½% 1931-61	100	100	101-101½	100-100½
India 6% 1933-34	100	100	100-101½	99-100½
Jones (Peter) 6% deb	97½	40	1-1 dia	1-1 dia
Laurea Cotton 6½% deba.	97½	67½	19-17 dia	19-17 dia
Met. Water Board (D)	98½	16	102½-103	102½-103
Middlesex 4½% 1930-70	101	16	1-1 pm	1-1 pm
New Zealand 5% 1932-34	99	44	101-103½	102-104
Odhamra Press 7% (B) deba.	98	50	4 dis-par	4 dis-par
Panama Corporation 8% deba.	100	61	par-6d. pm	5 dis-5 pm
Primitiva Holdings 6% Red. pref.	100	50	5 dis-5 pm	2½-1½ dia
Rhokana Corp. 7% deba.	100	10	...	1 dia-1 pm
Tanganyika 4% Guar. 1931-71	94½	5	...	3/-3/6 pm
Walsall Corp. 4½% 1930-60	100	5	...	7½-10½ dia pm
Woolworth (F. W.) Ord. (5/-)	£2	£1	7/9-8/3 pm	...
Woolworth (F. W.) 5% Cum. Pref. £1	£1	10/-	1/4-1/7½ pm	...

(Continued from page 129.)

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	July 8.	July 15.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	90.4	86.9
33 Rails ...	127.8	173.5	89.1	145.6	92.0	76.5	73.2
34 Utilities ...	177.6	330.4	153.2	267.4	158.1	159.0	153.0
Total, 404 stocks...	140.3	228.1	105.5	184.2	107.6	99.1	95.2
Average yield of 50 Industrial Common Stocks	5.10%	5.23%	4.15%	5.95%	5.91%	5.89%	6.10%

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	July 8, 1931.	July 9, 1931.	July 10, 1931.	July 11, 1931.	July 13, 1931.	July 14, 1931.	July 15, 1931.
140.2	92.7	109.2	110.1	111.2	108.9	108.2	106.9	104.9

TOTAL DEALINGS IN NEW YORK.

	July 9, 1931.	July 10, 1931.	July 11, 1931.	July 13, 1931.	July 14, 1931.	July 15, 1931.	July 16, 1931.
Stock Exchange—Shares (Thous.)	1,500	1,300	600	1,300	1,100	2,600	1,500
Bonds (Value Thous. \$) ...	8,956	10,212	4,180	9,677	10,197	13,854	9,964
Over—Shares (Thous.)	250	230	120	300	260	480	230

* 2-hour session.

PARIS.

The Paris Bourse was closed on Monday and Tuesday in connection with the National Fête. Wednesday's reopening witnessed heavy selling, partly from domestic and partly from German, Swiss and other foreign sources. Quotations were marked down at the outset from 10 to 15 per cent., and large parcels of stock subsequently came on offer. Though German issues, naturally, suffered heavily, all markets were weak. Renten lost a full franc, with the exception of Redeemable 3 per Cents. Banque de France were liquidated, but received special support later, while losses of 100 to 500 francs were the rule among industrials. The mid-monthly settlement in the official market, inevitably, was marked by heavy sales, but otherwise passed off without incident, money for carry-over purposes being abundant at an average rate of ½ per cent. against ¼ per cent. a fortnight earlier and ¼ in mid-June. The more favourable politico-financial developments of Thursday, however, which were held to hold out hope of an early and satisfactory settlement of German difficulties, induced an appreciable change for the better in all markets, prices in many cases showing a gratifying recovery.

	July 9	July 16		July 9	July 16
3% Perpetual Renten	88-25	86-95	Suez Canal	15795-00	15700-00
6% Renten 1927	106-02	105-62	Changereau Réunis.	385-00	370-00
5% Credit National	622-00	623-00	Transatlantique	250-00	254-00
1919	16520-00	16445-00	Wagons Lits	210-00	198-00
Banque de France	16520-00	16445-00	Sucreries d'Egypte	505-00	468-00
Comptoir National	1545-00	1515-00	Messageries Maritimes	123-00	111-00
Credit Lyonnais	2474-00	2340-00			

BERLIN.

Under orders from the German Government, the Berlin Bourse was closed from Monday onwards.

AMSTERDAM.

Over the past month, as soon as the initial period of "Hoover" excitement had died away, trading on the Amsterdam market assumed small proportions. Rubber and sugar stocks managed to free themselves completely from the influences of the international stock market tendencies, and fluctuated in sympathy with the prices of the products. Generally speaking, quotations were on a fairly high level at first, the fact that the V.I.S.P. had raised the limit for ordinary sugar having a beneficial effect. In addition, large quantities of superior sugar were disposed of at 8.25 fls. The satisfactory report of Amsterdam Rubber had a stimulating influence on rubber shares. The annual report stated that considerable areas had been planted with highly cultivated stocks of improved strain, as a result of which far larger yields per acre were anticipated, with a corresponding reduction in the cost price. In spite of the prevailing rubber crisis, the company has been able to close the year 1930 with a profit. The shares advanced fully 20 per cent., almost to par. Shipping shares were neglected. On the bond market, German loans in particular, under the lead of the reparations loan, were very weak, in consequence of the financial complications in Germany. On Monday last the situation became more acute. Depression set in early as a result of the Danat-bank crisis, quotations of German bonds and shares being forbidden till two o'clock in the afternoon. Subsequently, however, no panic developed, the public choosing to hold its hand pending definite news. A.K.U. were sold on the German situation, and prices generally were heavy, with a firmer tendency on Thursday.

	May 15, 1931.	June 15, 1931.	July 15, 1931.		May 15, 1931.	June 15, 1931.	July 15, 1931.
4½% Gov. Bds. 1916	102½	103½	103½	Algem. Explorat.	69½	70½	85½
4½% Bonds, 1916	101½	103½	102½	Anlem	230	228½	242
4½% Bonds East Indies	98½	98½	99½	Ned. Ind. Gas	218	210	229½
4½% Amsterdam, 1913/1914	101½	102½	102½	Royal Dutch	218	199½	207
4½% Rotterdam, 1930	101½	101½	101½	Amsterdam Rub'r	84½	74½	84½
Amsterdam Bank	173½x	162	162½	Dell Batavia	41½	27	37½
Koloniale Bank	107	97	110	East Java	109	104	111
Ned. Ind. Handelsbank	112½	110½	107x	Hessia Rubber	44	39½	60
Neth. Trading Soc.	133	118½x	127x	Serbadijadj Sumatra	39	35	47½
Rotterdam Bank	100x	96	...	Allied Sumatra	32	27	41
Van Berkela Pat.	45½	40½	41½	Holland Amer. Line	11½	7½	11½
Central Sugar	32	27	33½	Royal Packet	128	...	139
Shipbuilding Wilton	18	18	47	Neth. Shipping U. Navigation	112	112½	118½
Dutch Art. Silk	81	72	76	erlend	118½	...	120½
Kuehnebeist.Ace.	163½x	160½	166	Royal Steamship	45½	36½	40x
General Art. Silk	65	49½	43	Java China Japan Line	48½	40	46
Dutch Ford	69½	59½	61½	Vorstenlanden	84½	77	79½
Philips Elect. Lamp	279x	276	275	Trading Co. Amsterdam	306	287	322
Swedish Match	157½	111½	105	Java Plantations	250	214	248
Kreuger & Toll	207½	175½	185½	Neth. India Sugar	140	117½	136
Intern. Cred. Trad.	172	155	180½	Besocki	...	...	...
Redjang Lebong	121½	118½	115	Dell Batavia	258½	212	206½
Kingsep Tin	101	103	114	Dell	289½	248	236
Bolton	31½	36½	30	Senembah	326½	260	262

x Ex dividend.

INVESTMENT NOTES.

The Stock Exchange and the Crisis.—Faced on Monday with a situation which the "House" regarded as comparable in its potentialities with such historic crises as those of 1907 or even 1914, the London Stock Exchange showed more than its traditional fortitude. Individual members, without inside information as to the course of events or the mind of the authorities, were left to improvise a policy from hour to hour. As a "House" correspondent of long standing points out in a Note below, the instinctive reaction of the markets to bad news

was not a wild throwing overboard of stock, but a "freezing up" of business. It was expected that, though the first onset of the inevitable withdrawals of foreign reserves from London would fall upon the money market, numerous foreign holders of securities were likely to come for cash to one of the few centres where an open market continued to exist in theory and in fact. On Monday an initial marking down of stocks, followed by a fair but not excessive volume of selling, was succeeded by a comparative lull during which prices showed some recovery. On Tuesday much the same sequence of events occurred. The open position was nowhere very large, and many large holders of gilt-edged stocks, and other securities which had previously appreciated in value, refrained from intensifying a difficult situation by attempting to take profits. On Wednesday, with the reopening of the Paris Bourse after the *Fête Nationale*, foreign influences became more marked, and the fall in the pound against the dollar, the franc and other Continental currencies was reflected—though less than proportionately—in a decline in gilt-edged and other securities, particularly in stocks like Funding Loan with large foreign holdings. On Thursday, however, the news from the Continent took on a much more reassuring aspect; and, after the announcement of the decision of the Bank of England to maintain its rate unchanged, prices showed a firmer tendency in all markets. The following table sets out the present values of representative securities, as compared with those prevailing after the announcement of the Hoover plan and at the end of last week:—

	June 19, 1931.	July 7, 1931.	July 10, 1931.	July 16, 1931.
4% Treasury Bonds (1931-33)	101½	101	101	100½
4½% do. (1932-34)	101½	101½	101½	100½
5% do. (1933-35)	103½	103½	103½	101½
4% do. (1934-36)	101½	102½	101½	100½
4% Funding Loan	96½	97½	97	93½
5% War Loan	103	103½	103½	103½
4% Consolidated	95½	96x	94½	91½
German 5½%	66½	73½	69	60
German 7%	95½	99½	96	86
German 7% Potash	94½	99½	97½	85½
Austrian 7%	86½	87x	86	80
Hungarian 7½%	93½	96	96	87½
Brazil 5%, 1914, Funding	64½	74½	73½	67½
Chilean 6%, 1926	66½	71½	71½	62
Courtauld's (£1)	1½	1½	1½	1½
Ford (£1)	2½	2½	2½	2½
Imperial Chemical (£1)	13½	15½	14½	14½
International Nickel (no par)	\$11½	\$23	\$22	\$19½
Kreuger and Toll (Kr. 100)	£18½	£11½	£11	£10
Swedish Match, "B" (Kr. 100)	£9½	£27½	£27½	£25½
P. & O. Deferred (£1)	22½	32½	28½x	28½x
Turner and Newall (£1)	£18½	£20½	£18½	£17½
Royal Dutch	2½	2½	2½x	2½x
Shell Transport (£1)	15½	23	20½	19
Rio Tinto (£5)	\$15½	\$25½	\$22½	\$20½
Brazil Traction (no par)	...	...	...	...

Short-term British Government stocks, being "money market securities," were naturally liquidated extensively. A moderate liquidation also occurred of "international securities" with a wide European *clientèle*, such as Kreuger and Toll.

The "House" in Time of Trial.—A member of the Stock Exchange sends us the following description of conditions inside the "House" this week. "The London Stock Exchange has long lost its capacity for panic. For days of real excitement during a slump it is necessary to go back before the war. To-day bad news produces, not scenes of wild excitement, but a tendency for markets to 'freeze up.' Wide prices are quoted, jobbers frankly acknowledging that they would prefer not to deal, and asking that, instead, they shall be given an order which they will do their best to execute for a small 'turn.' This is not jobbing in the Stock Exchange sense of the word. It is simply a makeshift at times of acute difficulty. The Stock Exchange Managers have recently inaugurated the small square blackboards, upon which are exhibited the rates of foreign exchange. Around each of these, during the past few days, gathered a crowd of members more inquisitive than anxious, more cynical than grave, each asking his neighbour's view of the situation, well knowing

that the immediate future was little more than guesswork. The string of falls appearing every afternoon in the prices showing on the Stock Exchange boards attracted general notice, but at no time was there any indication of panic or of semi-panic. Excitement that once was active had become passive. Men to whom the issue of the crisis was fraught with the gravest consequences were content to pass the period of suspense in the discussion of cricket or the solution of mental acrostics."

The Macmillan Report.—Stock Exchange Impressions.

—The Stock Exchange generally was pleasantly surprised by the contents of the Report of the Macmillan Committee. The "House," conservative by temperament and tradition, was not over-enchanted of the Committee's original appointment, which it regarded as having been made under pressure from the Labour Party's Left Wing. In the event, though the staunch refusal of Lord Bradbury to abate one jot or tittle of old-standing dogmas found some supporters, the Stock Exchange as a whole welcomed the main report as a vindication, in essentials, of the existing order. Slight qualms were felt regarding the drift of some of the recommendations as regards "elasticity" and the price level, but it was recognised that the Report required more prolonged consideration than was possible during a week of international crisis. Naturally, the Stock Exchange was most interested in the chapter discussing the capital market for home investment. Members have long recognised that the absence of such close relations between British finance and British industry (as distinct from British commerce), as exist in Germany and America, has not been altogether fortunate either for industry or investors. The Stock Exchange plays an essential rôle not only in the marketing but the creation of securities (its part in the latter process being probably more important than the Macmillan Committee is willing to admit), and the evils of the practice of leaving the midwifery of home industrial capital issues, in the main, to the irresponsible small promoter, are more adequately realised to-day than they were three or four years ago. The fact that, as the Committee showed, 106 out of 284 companies which obtained capital in 1928 have subsequently come to grief, and that of £117 millions subscribed some £66 millions has been lost, is, *prima facie*, evidence of a faulty and wasteful system. The Stock Exchange shares the Committee's lack of sympathy with the idea that the joint stock banks should in any way manage industry, but would be prepared to welcome any reform under which issuing institutions of first-class strength and repute would vouch to the investor for the intrinsic soundness of industrial issues. The Committee's outline of the constitution and probable profit-earning position of such finance concerns—as distinct from its analysis of their functions—was, however, regarded as somewhat sketchy. The Committee's figures of advances at short notice by the London clearing banks and the Scottish banks to the Stock Exchange from January,

Loss of foreign markets is the price Britain is paying for the linguistic ignorance of her salesmen.

FOREIGN LANGUAGES

is the only popular language magazine which aims at popularising and facilitating the study of foreign languages.

Price - - Sixpence Monthly.

Obtainable from all Newsagents or 7d. post free from the Publishers—

THE PAN-EUROPEAN PRESS LTD.,
6, Boulevard Street, Fleet Street, London, E.C. 4.

1919, to March, 1931, excited considerable interest. The average figures for each year are shown below:—

Monthly Averages (excluding June and December), of Loans at Short Notice to the Stock Exchange.
(000's omitted).

Year.	London Clearing Banks.	Six Scottish Banks.	Year.	London Clearing Banks.	Six Scottish Banks.
1919	£ 17,444	£ 227	1926	£ 31,690	£ 992
1920	22,484	602	1927	38,617	1,362
1921	17,818	739	1928	47,659	1,434
1922	23,242	939	1929 Jan.*	46,989	1,706
1923	24,070	710	1929 year....	44,055	1,423
1924	22,230	545	1930	28,582	839
1925	30,039	955	1931 March	22,259	581

* Peak point of Stock Exchange boom.

Between 1924 and the top of the boom, at the beginning of 1929, British security values, on the average, rose by about 30 per cent., according to *The Investors' Chronicle* index. The average short-term advances by the London clearing banks to the Stock Exchange increased during the same period by nearly 100 per cent. In the subsequent depression, security values generally, according to the same index, have declined by 38 per cent., while the clearing bank advances to the Stock Exchange have fallen by 45 to 50 per cent. The continuance of the figures, on the lines suggested by the Macmillan Committee, would be of the greatest service to investors as a body.

Hudson's Bay Report.—When the Hudson's Bay Company changed its Governor and certain of the members of its board, following an agitation headed by Mr C. L. Nordon and the appointment and report of a Special Committee, it was evident that the company had got into an unfortunate trading position, and would require more than average skill and determination to restore it to a profit-earning stage. The report published this week shows that, after allowing for the results of the fur trade department for the year to May 1, 1930, and the results of other Canadian departments for the year to January 31, 1931, and making provision for the losses of subsidiary companies, the total trading loss amounted to £746,335. In addition, the board has written off a net loss of £28,222 on land account (after bringing in £19,200) by a transfer from an appropriate reserve, and has decided to make provision for certain heavy losses of a capital character. Some £476,921 is provided against depreciation in the company's interests in subsidiaries, and £165,898 is allowed for depreciation of merchandise and doubtful debts. Finally, in order to put the buildings sinking fund on a flat rate basis, and obviate an increasing charge in future years, a special allowance of £296,960 is made—which is not, of course, to be regarded in any way as a "loss." Altogether, therefore, excluding this item, the company's losses on revenue and capital account amount to £1,417,375. The magnitude of this figure reflects, in part, the determination of the present board to clean up the whole position. It is sufficient, nevertheless, to call for the frankest possible explanation from those who now control the company's fortunes. The report lays stress on the disastrous results of the depression in Canada and in the world's fur trade, of which the company's fur business, its land department and its stores have all borne the brunt. Fortunately for the proprietors, the company has been able to write off its losses, partly from dividend equalisation account but mainly from the share premiums account resulting from capital issues at premiums of 50s. to 70s. per share, made between 1926 and 1929. No question of a reduction of capital, therefore, immediately arises, and as the company has current assets of £3,826,293 against liabilities and specific reserves of £2,300,061, and has no debentures or other general charges on fixed assets valued at £6,952,661, its financial position can be regarded as reasonably satisfactory. The reconstituted board, under Mr Patrick Ashley Cooper (recommended for the position by the Governor of the Bank of England), has had so short a time in which to consider

the recommendations of the Special Committee (discussed in the *Economist* of January 3rd last), and to put into force measures of reorganisation, that it would appear that Mr Nordon's agitation for further directorial changes is ill-timed and unfortunate—the more so as Mr Nordon, who now puts forward his own name, with those of five other gentlemen, as a candidate for directorship, refused to accept office six months ago. As the so-called Proprietors' Consultative Council formed by Mr Nordon and his supporters is now alleged to include only a small number of proprietors holding 22,000 shares, it may be presumed that, at the General Court on July 29th, a majority of the proprietors will support the present board. Mr Vivian Hugh Smith and Sir Hewitt Skinner, Bart., who have shared in the responsibility of piloting the company at a difficult juncture, are now retiring. The names of their proposed successors, Sir George May and Mr E. R. Peacock, are such as to promote the proprietors' confidence in the new board.

Furness Withy.—The report of Furness Withy for the year to April 30th last dots the i's and crosses the t's of the contentions of our leading article, on an earlier page, regarding secret reserves. Earnings have fallen, but by what amount shareholders are entirely unable to discover, since the £402,691 returned as profit for the year (against £595,276 for 1929-30), includes a "transfer from reserves" of undisclosed extent. As the general reserve still stands at the figure of twelve months ago, £2,000,000, the transfer in question has evidently been made from internal reserves. Shareholders, therefore, while returning thanks for a dividend of 7½ per cent. which, though less than the 10 per cent. paid for 1929-30, is a highly satisfactory return in the present conditions of the shipping trade, will remain in the dark as to how much of it was earned, not in 1930-31, but in some earlier period:—

	1929.	1930.	1931.
Profits*	£ 653,393	£ 595,276	£ 402,691†
Depreciation	250,000	250,000	150,000
Net earnings	403,393	345,276	252,691
Preference dividend.....	60,000	59,062	58,125
Number of times covered	6.7%	5.8%	4.3%
Ordinary:—			
Earnings, after tax	8.5%	7.2%	4.9%
Paid, less tax	10%	10%	7½%
Do., tax free	8%	7.75%	5.81%
Amount of dividend...	320,000	315,000	232,500

Inc. or dec. in carry-forward

* After providing for taxation.

† After transfer (of unstated amount) from reserves.

That the company—which has large interests outside shipping proper—is in a far happier position than many of its compeers is demonstrated by the note appended to the profit and loss account that "there have not been any losses made by subsidiary companies." The reduction in the depreciation allowance to £150,000 from the £250,000 set aside in each of the last two years, must be regarded, like the transfer from internal reserves, as primarily a matter of managerial policy in a company which has always carried its assets at a very conservative valuation. The item has consistently included something in the nature of a reserve for contingencies. Two years ago, when it was raised from £200,000 to £250,000, it was disclosed that the extra amount was regarded as a reserve against shipping depression. Though the trade's difficulties, in every part of the world, are more rather than less acute to-day than in either of the last two years, it speaks much for the strength of Furness Withy that a world depression which has brought some large shipping concerns into dire financial straits and caused others to pass their dividends, has been reflected in nothing more than a reduction of 2½ per cent. in the ordinary distribution and a "cut" in the depreciation-contingencies allowance. The fall in the ordinary shares from 27s. 6d. to 28s. on the issue of the report was mainly a market adjustment to the new dividend rate. At this price the shares yield £6 13s. per cent.

The Horne Story—and the Epilogue.—The resignation of Mr H. S. Horne from the board of British Cement Products in November, 1929, brought to an end a financial career of a meteoric character. Mr Horne's formula was attractive. Given adequately financed trusts, directorates of keen and fearless industrial thinkers, and adequate raw material in the shape of unrationalised industry, what should prevent the creation of high-efficiency industrial units? Cement and newspapers were Mr Horne's "spheres of influence." British Cement Products and Associated Anglo-Atlantic Corporation undertook the amalgamation and financing of the "Red Triangle" group of cement manufacturing companies, under the aegis of Allied Cement Manufacturers. Carmelite Trust was registered in January, 1929, and Anglo-Foreign Newspapers early in 1929, and between them they proceeded to offer similar co-ordinating services to the newspaper industry. Nothing seemed to go well with either project. The Berry-Rothermere newspaper war upset public confidence, and share values failed to reflect Mr Horne's optimism. At the same time, a price-cutting war between the "Red Triangle" cement group and the "Blue Circle" group, together with other members of the Cement Makers' Federation, left the Horne companies with depleted resources. The "Red Triangle" group never recovered from the blow, and a receiver was appointed for Allied Cement Manufacturers in January last. The general depression of share values, following the crash of 1929, spelt the failure of the Horne ventures. Despite the fact that, on March 7, 1929, the directors of Associated Anglo-Atlantic stated that "varying sums" had been expended in young but growing industrial concerns... whose valuation in the books was materially below their present worth," by February 11, 1930, it was regretfully announced that it had been decided to present a petition for winding-up, "owing to the severe depreciation which had taken place in the company's investments." Attempts were made to salvage British Cement products, but following an investigation by an eminent accountant it was announced that an inspector would be appointed by the Board of Trade, and on May 12th last an order was made for the winding-up of the company. This month, by a large majority, the shareholders of Carmelite Trust have decided to go into voluntary liquidation. Sir J. P. Newman stated at an extraordinary meeting that as a result of unexpected pressure put upon the company by one of their bankers, and of the necessity of implementing a guarantee given on behalf of Allied Cement Manufacturers in the sum of £80,000, they had had to acquiesce in the sale of a very large proportion of their newspaper investments at sacrificial prices, the loss on realisation being approximately £766,741. An offer of roughly £2½ millions in cash for the entire assets of the "Red Triangle" group had been tentatively accepted, but the board were quite unable to say what return, if any, was likely to be received from the ordinary shares of Allied Cement Manufacturers, on which the prospects of the Carmelite Trust shareholders must chiefly depend. A remaining ex-Horne company, Anglo-Foreign Newspapers, is wrestling with problems of reconstruction and rehabilitation, and its report is slightly overdue.

South American Railway Results.—While a variety of causes have contributed to the unsatisfactory nature of South American railway traffic returns, the depression in the markets for that continent's most important commodities must certainly be given first place. In the case of Nitrate Railways, for instance, the closing of certain oficinas is sufficient explanation of a decline in nearly 50 per cent. in revenue, while the Antofagasta Railway likewise suffered from the fact that the nitrate industry is passing through a period of depression and technical reorganisation at the same time. The San Paulo line, while showing a decline of 24 per cent. in its gross receipts, was able to cut its expenses by a similar percentage, and maintain its ordinary dividend with a reduced earnings cover. The six companies whose results are tabulated below show declines in gross receipts and net profits in

all cases, while in four cases ordinary dividend has been reduced.

Name of Company.	Gross Receipts, 1929.	Net Profit after Deb. Int.	Ordinary Dividend.	Gross Receipts, 1930.	Net Profit after Deb. Int.	Ordinary Dividend.
	£	£	Earned % Paid %	£	£	Earned % Paid %
Antofagasta, Chile and Bolivia	1,997,328	688,058	9.8	1,350,454	342,641	3.8
Costa Rica Railway Co. La Guaira and Caracas	170,810*	54,479	3.3	170,297	52,817	3.2
Railway	57,647	31,683	6.7	45,795	13,678	3.7
Leopoldina Railway	2,480,551	572,003	6.4	1,649,434	13,443	Nil
Nitrate Railways	828,211	229,590	7.9	435,953	72,043	2.5
San Paulo (Brazilian) Railway	2,563,396	513,617	15.4	1,948,343	376,346	10.9

* Financial year to June 30, 1930.

† Tax free.

Movements in share quotations during the past eighteen months are shown in the following table, together with current prices and yields:—

Name of Railway.	Year 1930.		Year 1931.		Price, July 14, 1931.	Yield %
	Highest.	Lowest.	Highest.	Lowest.		
Chile and Bolivia—						£ s. d.
Antofagasta Ord. Stk.	88	40	51½	18	24½	16 6 8
5% Cum. Pref. Stk.	81½	65½	68	47	49½	10 2 4
4% Exp. Deb. Stk.	74½	68	72½	66½	60	6 0 4
4½% Deb. Stk.	93	89	92½	83½	83½	5 7 7
5% Deb. Stk.	97½	92½	95½	84½	85½	5 17 0
5% (Bolivia) Deb. Stk.	84½	78	77½	62	62½	8 0 0
Costa Rica—						
Ord. Stk.	32½	28	29	23	26	7 13 10
6½% Int. Mt. Deb. Stk.	97½	95½	98	95½	95½	6 16 2
La Guaira and Caracas—						
Ord. Stk.	93½	63	61	39½	39½	3 16 0
5% Deb. Stk.	72½	68	68	64½	64½	7 17 3
Leopoldina—						
Ord. Stk.	57½	39½	26½	12½	13	Nil
5% Cum. Pref. Stk.	83½	50	56½	30	34½	Nil
4½% Deb. Stk.	70½	54½	60½	51	52½	7 12 5
Nitrate Railways, £10 Ord. Stk.	4½	2½	2½	1½	1½	13 6 9
San Paulo (Brazilian)—						
Ord. Stk.	198	130	149	100½	135	8 17 9½
5% Non-Cum. Pref. Stk.	89	77½	81	74	75½	6 12 5
4% Deb. Stk.	76	70	72½	71	72	5 11 1

† Free of tax.

The passing of all dividends on the Leopoldina shares came as no surprise to the market. Gross receipts declined by over 33 per cent. for the year, while expenditure was reduced by only 21 per cent., giving barely sufficient surplus to cover the debenture charges and the amount of £40,902 required under the guarantee of the Leopoldina Terminal Company's debentures. No credit has been taken in the accounts for the amount due from the Minas Government as indemnity for the occupation of the company's lines during the revolution in October. Prospects for the current year are not regarded as favourable.

Distillers and Industrial Alcohol.—At the annual meeting of the Distillers Company, held on Wednesday last, Mr W. H. Ross made some interesting references to the difficulties with which the industry is faced, and defended the much-discussed arrangement with the United Molasses Company. Mr Ross pointed out that the duty on their main product had increased from 14s. 9d. to

FIGURES OF ASSURANCE A.M.P.

By careful and prudent administration the A.M.P. has made more than £42,000,000 for the benefit of its Policyholders since its establishment in 1849, and this, after providing for all expenses of management, commission, taxes, etc. A.M.P. premiums are low. Bonuses high and policies, as befits the largest British Mutual Life Office, world-wide. Assets £83,000,000. Annual Income £11,800,000. Full particulars on application.

MUTUAL AUSTRALIAN PROVIDENT SOCIETY
73-76 King William St., London, E.C.4
D. E. WALKER, Manager for the United Kingdom.

COMPANY MEETINGS, &c.

P. AND O. BANKING CORPORATION, LIMITED.

GOOD RESULTS IN A DIFFICULT YEAR.

CONTRACTION OF EASTERN TRADE.

LORD INCHEAPE ON CONDITIONS IN INDIA.

The Earl of Inchcape, chairman of the P. & O. Banking Corporation, Limited, presided at the corporation's eleventh ordinary meeting, held, on the 13th instant, at 122, Leadenhall Street, London. The report and accounts were taken as read.

PHENOMENAL TRADE DEPRESSION.

His Lordship said: I referred last year to the instability in all markets and the great difficulties of the economic conditions under which trading throughout the whole world had to be carried on. I am sorry to say that the year under review saw no improvement; on the contrary, every difficulty has been aggravated. Commodity prices have fallen still further, particularly the prices of primary products, in which naturally we, as trading in the East, are very directly interested. The index number of all commodities fell in 1930 by 17 per cent., and between December, 1930, and March, 1931, there was a further fall of 14 per cent. from the level of December, 1930. This severe contraction in values has been accompanied by a great contraction in the quantities of goods moved. Taking jute and jute manufactures, for instance, the actual quantities exported from India represented respectively 70 per cent. and 84 per cent. of the quantities exported in 1928-29, and the value per ton decreased by 50 per cent. in the case of raw jute, and 66 per cent. in that of jute manufactures. Rubber, cotton and tin have declined in value to a far greater extent. The consequent contraction in the volume of trade to and from the East has been severe and is reflected in the figures of our balance sheet, bills receivable having fallen from just under £6,000,000 to under £3,500,000.

THE BANK'S IMPROVED RESULTS.

In these conditions that we should be able to show a better result than in the preceding year is fairly satisfactory. (Hear, hear.) I am sure that you will wish that our cordial thanks should be extended to our managers at home and abroad and to all our staff, to whom we are greatly indebted for the work they have done in a very difficult year. (Hear, hear.)

THE INVESTMENTS.

With the contraction in trade we have naturally had to turn to other sources for the employment of our funds. You will see that our investments, which at March 31, 1930, stood at £1,970,000, have been increased to nearly £4,500,000, the bulk of the increase occurring in our holding of Indian Government securities. Of the latter, you will be interested to know that over £1,750,000 will be maturing in 1932, and none of our investments in Indian Government securities have a longer life than 1938, the bulk of them indeed maturing between 1932 and 1936.

Our deposits stand at very slightly below last year's figures, while our loans have been further increased by another £1,000,000.

THE ALLAHABAD BANK.

Our affiliated institution, the Allahabad Bank, has again made good progress, though for reasons explained in my speech last year, it has been adversely affected by the sharp fall in the price of rupee investments, but by far the greater portion of the investments mature within the next few years, and the provision for the written-down depreciation on these securities should come back within that period.

PROSPECTS OF TRADE RECOVERY.

As to the general outlook for the coming year, the whole position of the world's trading is wrapped up in the arrangements which may be made for a postponement of war debts and reparations. I hope that this will be arranged. The whole world, I consider, is indebted to Mr Hoover for his proposal. (Hear, hear.) So long as the enterprise of the individual, already sufficiently hampered by the regulations and taxations of Governments, has no opportunity and no scope for play, the psychological result is to create a feeling of hopelessness and a lack of desire to undertake trading or commercial operations designed to expand and develop the resources of the world.

EVENTS IN INDIA.

The whole business community in India is greatly worried by the events of the past year, and awaits with much anxiety the

result of the next few months. Millions of pounds have been invested in India by Great Britain, in banks, jute mills, cotton mills, woollen mills, paper mills, rice mills, coal mines, tea gardens, coffee plantations, shipping and many other enterprises. Enormous sums have also been invested in house and office property all over the country.

I went to India seven-and-forty years ago and resided there for many years. I have frequently visited it since I gave up residence there. I served for a number of years on the Legislative Council of the Viceroy and was a member of the Council of the Secretary of State for 15 years and am closely associated with India still. The European community has always worked in the most amicable and friendly way with their Indian fellow-subjects.

I will endeavour to speak moderately, but this I will say: there is no country in the world which has been more peaceful, where over 300 millions of people of vastly different religions and ideas have received absolute and impartial justice without discrimination between the various sects or between Europeans and Indians.

CALL FOR FIRM GOVERNMENT.

Some two or three years ago the Government to a great extent ceased to function and pandered to a wretched, seditious fanatic, whom they released from gaol after he had been imprisoned for preaching civil disobedience. On getting his freedom he set himself up to turn the Europeans out of the country and to usurp the place of the Viceroy, the representative of His Most Gracious Majesty the Emperor of India. Let us hope that the Government of India will now revert to its previous position and continue to govern with a firm hand and keep law and order in the country, which is the brightest gem in the British Crown. If they do not, disaster will follow, and it will be the break up of the British Empire.

I am not a politician, but I feel certain that the British Parliament, no matter which party is in power, will never give up India or agree to that most unfortunate suggestion of Dominion status. (Applause.)

I shall be happy to answer to the best of my ability any questions which the shareholders may desire to put to me.

I now beg to move: "That the directors' report and statement of accounts for the twelve months ended 31st March, 1931, be and the same are hereby adopted."

Mr W. E. Preston (deputy-chairman) seconded the resolution, which, in the absence of questions, was carried unanimously.

On the motion of the Chairman, seconded by Sir Montagu Cornish Turner, a dividend of 5 per cent. per annum, less income tax at 4s. 2.29d., was declared payable on July 17, 1931.

The retiring directors were re-elected, and the auditors having been reappointed, a hearty vote of thanks was accorded to the chairman, directors and the officials and staff for the way in which they had looked after the affairs of the company during the past year.

The proceedings then terminated.

THE AILSA INVESTMENT TRUST, LIMITED.

INCREASED NET REVENUE.

MR DUNCAN ON SECURITY VALUES.

The fourth ordinary general meeting of the members of the Ailsa Investment Trust, Limited, was held in Glasgow on Tuesday, July 14, 1931.

Mr. John Duncan, C.A., who presided, said: Gentlemen,—Copies of the report and accounts for the year ended May 31, 1931, which arise for consideration to-day, have been circulated to all the members, and with your permission I propose, therefore, to take them as read. (Agreed.)

It will be observed from the balance sheet that the book cost of the investments held at May 31, 1931, was £863,189. A detailed list and analysis of these investments is attached to the report, from which it is seen that they are widely distributed both as regards geographical situation and the nature of the undertakings.

EFFECT OF FINANCIAL DEPRESSION ON SECURITY VALUES.

The financial depression, of which we were already beginning to feel the effect during the previous financial year, has been intensified during the past year, and has affected every country in the world. A study of the trend of security values reveals the fact that the contraction in the value of securities as a whole prevailed throughout the year, with the exception of a slight check in September, 1930, and again in March, 1931. Since March the rate of fall has, if anything, accelerated, the securities indices, published by *The Investors' Chronicle*, showing a drop of over 10 per cent. in April

THE NATIONAL BANK OF NEW ZEALAND, LIMITED.

STRONG AND LIQUID POSITION.

The fifty-ninth ordinary general meeting of the National Bank of New Zealand, Limited, was held, on the 14th instant, at 17, Moor-gate, London, E.C.

Mr Arthur Willis (secretary and London manager) read the notice convening the meeting and the auditors' report.

The Hon. Wm. Pember Reeves (chairman of the company), in moving the adoption of the report and accounts, said:—The balance sheet, I think you will agree, discloses a strong and liquid position. Gross profits, after providing for bad and doubtful debts, are £646,000, or £50,000 down on last year's figures, and the net profits have decreased by £74,600, as compared with March 31, 1930, and, in view of the severe and universal depression of trade and business, you have probably not been greatly surprised by our proposal to reduce the 12 per cent. distribution of last year by 2 per cent. Our reasons for taking this unwelcome step are all traceable to the serious position in New Zealand. There, to the effects of heavy falls in the price of almost every important article of export, have been added those of a disastrous earthquake, a demoralised rate of exchange, and the exaction of further taxation by an embarrassed Government. The resulting sharp contraction of trade has brought down imports and exports by many millions, and depressed every branch of internal commerce. These conditions have been reflected in our turnover, added to which the rates of exchange between New Zealand and London and New Zealand and Australia have complicated business and have been a source of much trouble and some anxiety. I am glad to say that we have been able to supply all our customers' exchange requirements, and have at present no reason to suppose we shall not be able to continue to do so.

Prudence in face of the plight of the country forced us to restrict advances; indeed, the marked shrinking in the free deposits of all the banks would alone have dictated this course. The widespread difficulties with which our clients, in common with other New Zealanders, are contending have made concessions to many of them needful, and obliged us to take precautions in the face of a very uncertain outlook.

You may call this a pessimistic recital. It is not. It is a plain list of hard facts. You will admit, I think, that they justify a policy of more than ordinary caution. We are still paying our dividend free of tax, in spite of the increased rate of taxation, and this year New Zealand shareholders will be paid in the equivalent of sterling, which will mean a handsome addition to their dividend.

You will have seen a note on our report mentioning that at the exchange rates current on March 31, 1931, our capital employed in New Zealand and Australia showed a depreciation of approximately £269,000. This was appended for public information, but it need not disturb you. It can only have any practical effect if the bank were to go into liquidation and our assets at the Antipodes had, therefore, to be realised and brought to London, and if at that time—say, a few centuries hence—the exchange rate was still standing at 10 per cent. The state of the exchanges in New Zealand has led to a depreciation—in theory at any rate—in the New Zealand pound as compared with the value of sterling in London. When I say that this depreciation is largely theoretical, what I mean is that the purchasing power of the New Zealand pound for internal business in the Dominion has not depreciated. On the contrary, it has become distinctly greater there during the last eighteen months.

The financial troubles of the New Zealand Treasury led the Government last year to make serious increases in taxation. A very heavy hand was laid on the banks, and when I tell you that the rates and taxes paid by us in New Zealand amounted this year to £137,553, you will comprehend the thorough-going fashion in which authority at the Antipodes is applying the thumbscrew.

I told you last year that the outlook of the Dominion's public finance was not good, but I should doubt whether anyone could have expected the position to be quite as bad as it has turned out to be. Whereas the Government anticipated a surplus of about £250,000, the Prime Minister was obliged early this year to warn the country that a deficit of £1,250,000 was to be expected. At such a pace did the revenue shrink that by the end of the official year the deficit had become £1,640,000. Bad as this was, his estimate for the coming year showed that, unless steps were taken to counteract a further fall in revenue and increase in expenditure, the accounts next year might show the unprecedented deficit of £5,500,000. As you are aware, the Government and Parliament, forced by sheer necessity, are facing the position with resolution. Whatever their extravagance may have been during the past twenty years, a majority of the House of Representatives are showing themselves determined to balance the Budget, at whatever sacrifice, and for that they are entitled to credit. So far as I can judge, their action is receiving general support from the greater part of the taxpaying community, by whom these sacrifices have to be made.

Sir Austin E. Harris, K.B.E., seconded the resolution, which was carried unanimously.

YEAR'S RESULTS.

Turning to a consideration of the results disclosed by the revenue account, it will be seen that the net revenue for the year, after charging expenses of management, interest and income tax, amounted to £32,985, as compared with the net revenue for the preceding year of £30,691. This increase is, however, more apparent than real, as it must be remembered that the increase in the capital which took place in July, 1929, did not produce a full year's revenue in the year to May 31, 1930. In comparison with the year to May 31, 1931, the revenue has suffered both from the increase in the standard rate of income tax from 4s. to 4s. 6d. in the £ and from a reduction in the income received from our holdings, particularly in the case of ordinary stocks.

BOARD'S SOUND DIVIDEND POLICY.

It is possible that the effect of the trade depression upon our investment income may be accentuated during the coming year. Having this possibility in mind, the directors consider that it would be prudent to restrict the final dividend on the ordinary stock to be 2½ per cent., which, with the interim dividend of 2½ per cent. paid in December last, will make a total distribution for the year of 5 per cent. As the balance brought forward from the preceding year amounted to 2,241, the total amount available for distribution is £35,226, out of which there has been deducted the dividend on the preference stock for the year, amounting to £17,578, and the interim dividend on the ordinary stock of 2½ per cent. actually paid in December, 1930, amounting to £5,875, leaving a balance of £11,773 now to be dealt with. The final dividend of 2½ per cent., less tax at 4s. 6d. in the £, now recommended by the directors to be less than the ordinary stock will absorb £5,844, leaving a balance of £5,929, which they propose should be carried forward to the ensuing year.

The amount of the carry-forward represents approximately an additional 2½ per cent. on the amount of the ordinary stock.

The report and accounts and payment of dividend recommended therein were adopted.

The retiring directors were re-elected, and the auditors, Messrs Kerr, MacLeod and Macfarlan, re-appointed.

A vote of thanks to the chairman concluded the proceedings.

164 Branches
in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30)
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

THE DISTILLERS COMPANY, LIMITED.

DIVIDEND MAINTAINED IN YEAR OF UNEXAMPLED DEPRESSION.

MR W. H. ROSS ADVOCATES MODIFIED PROTECTION AND PERMANENT
TARIFF BOARD.

The fifty-fourth annual general meeting of the Distillers Company, Limited, was held within the North British Station Hotel, Edinburgh, on Wednesday, July 15th, when Mr William H. Ross, chairman of the company, presided.

The Chairman said:—

My lord, ladies and gentlemen,—Six years ago I had the privilege of moving that the annual dividend on the ordinary shares of the company should be increased from 10 per cent. per annum, free of tax, at which it had stood for over twenty years, to 20 per cent. per annum, less tax, and at that time I ventured to say that I hoped we would be able to maintain the increased rate of dividend for many years to come. A year ago I sounded a note of warning to those who were inclined to think that the time had arrived for the distribution of our reserve fund and a bonus issue of shares to our shareholders. I took the view then, as I do now, that the maintenance of a steady dividend was of more importance to the shareholders than a bonus which might or might not affect the maintenance of a regular dividend. It is with these two thoughts in mind that your directors have now great pleasure in coming before you with a report which in a year of unexampled depression recommends the maintenance for the seventh year in succession of a dividend at the rate of 20 per cent. per annum, less tax. In doing so, I would not have you believe that our company has not been affected by the depression which has ruled throughout the world. Our distributing trade has, indeed, suffered a drop in profits owing to the reduced consumption of spirits both at home and abroad, and our Australian trade has been faced with the position that not only have the exports to that country been compulsorily reduced to 50 per cent. of the previous year's trade but we have had to contend with the adverse rate of exchange on any monies brought home to this country.

PROFITS MAINTAINED BY ECONOMIES.

Fortunately, some other sections of our trade have helped to level up our profits, including a dividend for the first time from our Canadian investment, but I should say that the principal savings we have effected by which the profits have been maintained are due to economies brought about through rationalisation and the liberal depreciations written off in previous years, which has rendered similar depreciations unnecessary at this juncture. It must not be overlooked also that the growth of our reserve funds has placed more money at our disposal for the development of our business without the necessity for paying out any dividend on this extra capital. The payment of a 20 per cent. dividend looks to be a large distribution, but I will put the matter in this way, that the capital employed in our business may be divided into three parts of roughly equal proportions. The first part consists of reserves and provisions for contingencies which may or may not arise, but on which we are not called upon to pay any dividend whatever. The second part consists of debentures and preference shares with varying rates of interest or dividends from $4\frac{1}{2}$ per cent. to $7\frac{1}{2}$ per cent., or an average of not more than $6\frac{1}{2}$ per cent. Thirdly, we have the ordinary share capital which receives its 20 per cent. of dividend. Taking these three groups together, the average dividend paid on the total capital employed is therefore under 9 per cent.—surely not an exorbitant profit to earn in an industrial company.

CAPITAL FULLY PROTECTED.

Of even greater importance to the shareholders than the maintenance of a steady dividend is the knowledge that their capital is fully protected, and in the absence of a consolidated balance sheet I propose to give the main lines upon which the balance sheets of not only the parent but subsidiary companies have been framed. First of all, I wish to repeat that all goodwill, patents and trademarks, which have cost the company probably millions to establish, have been almost entirely written off. Where any balance under these headings still appears in one or two of our subsidiary companies, provision has been made against such in our estimation of the value of our investments, so that all items under these important headings may be taken to be absolutely eliminated as assets of our company.

PROPERTIES AND PLANTS WRITTEN DOWN.

As regards properties and plants, these have been written down in the case of operating plants to values greatly below their present worth, while in the case of redundant properties which have been

thrown out of use the values at which these formerly stood in the balance sheets have either been entirely written off or have been taken in at nominal amounts. I may instance only one example of how we have dealt with properties no longer in operation. In Ireland, between the parent and subsidiary companies we own in all five large distilleries which were valued in our books in 1922 at £475,000. Two of these distilleries, situated in the Free State, have now been entirely written off, while the other three, situated in Ulster, have been written down in our estimate of values to a total figure of £25,000.

Provision has been fully made for all bad and doubtful debts so far as known, while monies lying in Australia and New Zealand awaiting the opportunity for remitting home have been discounted in our books to the extent of the difference in exchange value.

Stocks of spirits, which form an important and probably the most important item in the assets of our subsidiary companies, are taken at original cost to these companies without any addition being made for interest and current charges in maturing these goods. Moreover, any profit attaching to the parent company in the sale of goods to its own subsidiaries or between one branch of the company and another, is written back to a suspense account, and not assumed as profit until the goods have been brought into use by the purchasing companies concerned. The amount of these reservations at the present time is approximately £1,000,000. The stocks of grain and molasses have been taken at cost or market value, whichever is the lower.

Provision for all known liabilities has, of course, been made in the current year's accounts, as well as for income tax due on the profits of the year under review, which income tax does not become a liability until January, 1932. We consider this an important provision to make, as the liability is one which will have to be met whether or not any profits are made in the year now running.

VALUE OF THE INVESTMENTS.

This leaves only the various investments whose values are put down in the aggregate at about £15,500,000. All these investments are taken originally at cost price, but large sums have from time to time been put to a reserve to meet any depreciations which may come along, and the amounts stated in the balance sheet are the net cost after depreciation has been written off. A fresh estimate has been made of the value of these investments as they stand to-day. In the case of sundry investments, some of which are quoted on the Stock Exchange, these have been taken at the market value or less, but in the case of our own subsidiary and associated companies, we have taken out the value of the investments as written down in accordance with the methods previously indicated, and the net result of these investigations shows that our fresh valuation gives a surplus margin of over £650,000 beyond the book value in the balance sheet. As evidence that our revised valuation is by no means an extravagant one, I may state that the revenue from these investments for the past year worked out at about 14 per cent. free of tax on the amount of such fresh valuation.

THE UNITED MOLASSES DEAL.

Having now dealt with the method of framing our various balance sheets, may I say a word in explanation of the new purchase of shares referred to in the directors' report? Some criticism has been levelled at the action of the directors in acquiring a large block of shares in the United Molasses Company which, since the date of that purchase, has depreciated so much in value. Those of you who have followed closely the history of our company during the last ten years may remember that at one time there was more than a possibility that a petrol shortage might have to be faced in the world's market, and we were strongly advised even by the oil companies themselves to be prepared with a substitute fuel if such an eventuality arose. We made extensive experiments in the production of an alcohol fuel, and proved that it was a marketable commodity, but our main difficulty from the start was in satisfying ourselves that there was sufficient suitable raw material from which this fuel could be produced, even if the demand should come to one-half of what was predicted. The cheapest form of material for our purpose was undoubtedly molasses, but the supply of same was definitely restricted to the production of sugar and to the facilities provided for the collection of the molasses from the sugar works. Feeling that even at best the supply of molasses might be precarious on which to build a large trade in industrial alcohol, we sent various delegations to different parts of the world to discover if possible a

substitute from which cheap alcohol might be produced. These investigations extended over several years, but unfortunately were unsuccessful. We were again thrown back upon the position of molasses. In the interval the United Molasses Company had been formed, and by a vigorous and forward policy they had established depots in various parts of the world where molasses could be collected with advantage. About the same time America became a more important buying competitor, and threatened to appropriate the world's supplies of molasses.

ENSURING MOLASSES SUPPLIES.

Even for our own industrial alcohol trade we felt therefore that something must be done to insure our source of supply of raw materials, and in the summer of 1929 I approached Mr. Kielberg, Chairman of the United Molasses Company, with a proposal that as we were important users of molasses, and were indeed his best customer in this country, a closer affiliation of our two companies might be of mutual advantage. I suggested that a contract of sale in the ordinary sense would hardly be sufficient to insure the friendly relations which are required between buyer and seller where large amounts are involved, and I proposed that an exchange of shares between our two companies which would not give to either more than a friendly interest in the other company, would be a desirable object to attain. At that time the shares of the Molasses Company, before being watered down, were standing in the neighbourhood of £8 per share, while our shares were round about 65s. to 70s. I made it clear, however, that any basis for negotiation would have to be strictly according to the earning value of each company, and not according to the value placed upon the shares on the Stock Exchange. Our approaches were received in a friendly way, but Mr. Kielberg asked that further negotiations should be postponed for a year, as certain additional businesses had been acquired by his company in the United States, the profits upon which would not be apparent until the end of his next financial year. So it came about that the negotiations were resumed in July/August of 1930, when the balance sheets of our respective companies were placed in the hands of the auditors for the two companies for examination. As a result of this investigation the parties concerned came to an agreement that a fair basis of exchange would be two ordinary shares of United Molasses Company for one ordinary share of The Distillers Company, and this was finally agreed to, with this provision that as we had a considerable amount of cash on deposit we elected to pay for the shares acquired in cash, and with this cash we made it a condition that the United Molasses Company should acquire the requisite number of our shares from existing holders.

THE AMERICAN SLUMP.

Within a fortnight after this agreement being entered into, Mr. Kielberg came to me to express his regret that on account of the default of two of his largest buyers in the United States and also the slump which had taken place in the use of molasses in that country, he thought it right to advise me of the facts and he generously offered to relieve us of our bargain if we felt so disposed. I replied that I was quite sure my colleagues would agree with me that the bargain having been made in good faith by both parties, we would prefer to honour it as it stood. You will observe from this recital that the object of the transaction was not to obtain an investment but really to secure a better position for our company in the supply of raw material, of which our demand was growing rapidly. If we consider that the cash paid for the 400,000 shares in the United Molasses Company amounted to £610,000 and the interest upon the same, even at 5 per cent., only amounts to £30,500, it will be appreciated that this was not a large premium to pay for the security we so much required.

OTHER NEW INVESTMENTS.

Coming next to the investment in Solvent Products, Limited this is a concern situate at Dagenham, Kent, which had come into existence a few years earlier and had affected our profits in industrial spirits considerably. The United Molasses Company were offered and accepted the opportunity of acquiring the whole shares in that company and at once came to the Distillers Company with the offer that we should take over 50 per cent. of the purchase at cost price. This we agreed to do and thereby converted an active belligerent into a faithful ally in the industrial spirit trade. This transaction ended the fight which had been in progress for two years, with consequent loss of profit to us, and by the modest increase of a penny per gallon on our general production of industrial spirits we more than compensated ourselves for the loss we are temporarily sustaining through the failure of the United Molasses Company to pay a dividend on our holding of their shares.

The other new investment noted in the report is that of the United Distillers (Proprietary), Limited, of Melbourne, Australia.

You may remember that this transaction was reported to you at our last annual meeting and the shares have since been allotted and paid for by us and included in the present year's accounts.

This closes my review of the balance-sheet figures, and now I would like, if I may, to discuss some matters of more general interest and a subject which is not usually discussed at these meetings. I am afraid I must apologise to my colleagues for raising what might be called contentious matters, and you must not, therefore, hold them as agreeing with my views, which are entirely personal.

PESSIMISM NOT JUSTIFIED.

The present year has been stamped with the word "depression" writ very large. This has produced a race of pessimists who, if they do not argue that the end of the world has come, are never so happy as when they urge that this country has seen its best days and will undoubtedly sink to a third-rate Power. I am not of that opinion. I think the grit and determination which carried us through the Great War to a successful conclusion will also see us through the commercial war which is now raging throughout the world. In my humble opinion, we are partly responsible for the present condition of matters. We have lost the old spirit of independence and self-assertion which was the pride of our Scottish forefathers, and are too much inclined to rely upon others instead of exerting ourselves and altering our methods to present-day requirements. The workman of to-day is taught to believe that if he cannot obtain work easily he will be provided for by a benevolent Government. The manufacturer, in place of looking around and adapting himself to new conditions, cries out for Protection or some other panacea to help him out of his present difficulties. If there is one industry more than another which is justified in being depressed, surely that industry is ours. We have seen the duty on our main product increased from 14s. 9d. to 72s. 6d. per gallon; we have seen the consumption of spirits in this country reduced from about 29,000,000 proof gallons to little more than one-third of that quantity since the war; we are seeing distilleries closed by the score in isolated districts of Scotland where no other industry is possible or practicable to take its place; and yet we receive no consideration from any Government, no matter what its political complexion. Nevertheless, this company has not sat down under these reverses, but has endeavoured to meet the circumstances as they occur. By a system of rationalisation, which I explained fully to you a year ago, we have endeavoured to reduce our expenses to the minimum. By entering more largely into the industrial spirit market, through introducing products which require alcohol as their base, we have developed certain of our distilleries to a degree never previously contemplated. When countries like Canada and Australia have attempted to exclude our goods from their markets without the least protest from our own Government, we have accepted the situation and entered these markets to preserve our own position.

MODIFIED PROTECTION SUGGESTED.

I have mentioned the word "Protection" as being the hope of certain manufacturers to reinstate their industries in their former position. I may say that I was brought up a staunch Free Trader, and would gladly be a Free Trader still if the conditions of the country were the same as they were when Free Trade brought us such unbounded prosperity. The conditions, however, have entirely altered since these days. We are no longer the only workshop of the world drawing our supplies of raw material at the cheapest rate and exporting them to other countries in the form of manufactured goods at high prices. We have no longer free trade in labour which is controlled in a way that is the envy of all manufacturers who would gladly see their products protected in similar manner, and yet I hesitate to pin my faith to undiluted protection such as is advocated in some quarters. Those of us who know something of the working of tariffs in other countries know of the wire pulling which takes place whenever an election occurs in order to get this or that industry placed in a more advantageous position. We in this country would not like to see tariffs made the sport of Parties, and that on each change of Government it would mean pulling down a tariff which its predecessor had set up, or vice versa. The worst thing which could happen to manufacturers of this country is a continual change of tariffs to suit the political creed of the party in power. Is it not, therefore, possible to so provide a modified protection for the manufacturers of this country which would be satisfactory to all three political parties? Could we not possibly agree that the natural products of any country might be brought into this country free of duty for the benefit of our people generally? In the case, however, of products supported by artificial advantages, the situation might be met by a duty to compensate the home manufacturer for the extra burden which he has to bear in the shape either of wages or taxation. On the other hand, if it is found that other countries

are giving a bounty or dumping their products into this country at a price below which they are selling the same goods in their own country, that surely is a matter for a protective duty. The object of my proposal is to place home manufacturers in as favourable a position as the manufacturers of other countries without in any way stifling healthy competition. To do more would be to put a premium upon inefficiency.

SUGGESTED PERMANENT TARIFF BOARD.

I fully realise that a tariff policy based on such lines could not be lightly entered into, but I suggest that in place of leaving it to the Government of the day to inquire into this or that condition of affairs, a permanent tariff board should be set up to investigate all matters of such a nature, and to advise the Government of the products which require to be protected and to what extent. This Tariff Board should be appointed by agreement amongst all three political parties, with the right of each to nominate the same number of members, but with the conditions that the members of the Tariff Board should, as far as possible, be expert economists with no political bias, and should be free from removal on a change of Government. I may give only one example to show the danger of instituting a tariff without due consideration of its effect upon the industries concerned. I refer to the proposal put forward by the Farming Associations and accepted as a principle to be adopted by Mr. Baldwin as soon as his party comes into power, namely, a duty upon imported malting barley. That the term malting barley is a misnomer for the article suggested to be taxed is shown by the fact that all barley when sound in quality is capable of being germinated, but the duty proposed to be levied is defined for use in breweries and distilleries; and, that there should be no mistake as to the object in view, it has been explained that barley, even if unmaltered but used in a distillery, would be liable to pay duty. The tax should therefore be more correctly termed a brewers' and distillers' sur-tax. I have explained the tremendous duty which has already been imposed upon the manufactured article, and now this tax suggests that an additional duty should be placed upon the raw material from which whisky is produced. This is a concrete example of what would be double taxation which Conservatives and Liberals alike have condemned in principle in the case of the Land Tax proposals of the present Government.

HIGH SPIRIT DUTY CLOSING DISTILLERIES

I have shown that the present high duty has been largely responsible for reducing the consumption of whisky in the British market, and the result is shown by the number of silent distilleries now dotted over the whole of the Scottish Highlands. While distillers have appealed to successive Chancellors of the Exchequer to ameliorate the conditions and so save the industry from further decline, farmers have hitherto refused to second our efforts, even although such would have been in their own interest. They have preferred to put forward this proposal for a further burden upon the industry in the hope that they might secure the small percentage of orders which are now placed for foreign barley. Surely, there could be no better example of Nero fiddling while Rome is burning. I suggest for Mr. Baldwin's consideration whether this proposal should not be dropped entirely in favour of a reduction in the present high rate of whisky duty which would benefit distillers and farmers alike, as well as the consumers.

I fear that I may have wearied you by this digression, but I consider it the duty of commercial men to submit their views on a question which may become of vital interest to their particular industry.

DEPRESSION MAY ENDURE A LITTLE LONGER

To sum up the present position of our company, I am of opinion that the existing depression is likely to endure for some little time longer. Against this, however, I have shown that the directors have taken all reasonable precautions to strengthen the position of the company so as to bear such a strain, while shareholders will doubtless view with satisfaction the special provision made in this year's accounts by the establishment of a reserve for the equalisation of dividends which will be available for such a purpose if the current year's profits render this necessary. As regards the industrial spirit trade, it is certainly the case that the trade depression has had its effect upon this branch of our business just as with all other sections, but the tone of the industry is now much more healthy, and as soon as the present clouds disperse we should be in a position to take full advantage of any improvement in trade which comes along.

Before closing, I would ask you to join with the directors in expressing their appreciation to the various staffs of the companies, both at home and abroad, for the faithful services rendered by them

during the past year. Without such loyalty and co-operation, it would be impossible for the directors to present, year by year, the same satisfactory results.

And now I have much pleasure in moving the adoption of the report which recommends the payment of the usual dividend on the preference shares and for a final dividend on the ordinary shares of 12½ per cent., less tax, which, with the interim already paid, makes a total dividend for the year of 20 per cent., less tax, and leaves a sum of £283,151 12s. to carry forward to the current year.

The resolution was unanimously adopted.

TAQUAH AND ABOSSO MINES, LIMITED.

DIVIDEND OF 12½ PER CENT.

The ordinary general meeting of Taquah and Aboosso Mines, Limited, was held on July 16th at Winchester House, London.

Mr T. F. Dalglish (the chairman), in the course of his speech, said: When we met last year I ventured to suggest the possibility of paying an interim dividend before the end of 1930. I am glad to think that this was no rash venture, and it has not only been fulfilled, but we can now recommend the payment of a final dividend of similar amount, making together a total of 12½ per cent. per annum on the issued capital of the company.

With regard to the balance sheet, mine development, at £52,594, represents an estimated tonnage of 284,290 of developed ore at a cost, including expenditure on internal and auxiliary shafts, of 3s. 9d. per ton. The corresponding item last year was £46,914 representing 234,572 tons at 4s. per ton. The ore reserves have thus been increased by about 50,000 tons, and the cost reduced by 3d. per ton. On the other hand, the estimated value of the gold contents was 2s. per ton higher in the previous year. Additional reserves estimated at 42,330 tons are mentioned, valued at 24s. 5d. per ton, which can now be dealt with profitably owing to the reduced working costs and also the fact that the cost having been previously written off, there is no redemption to be charged. Taking our liquid assets represented by stores and materials, debtors, &c., and gold and cash in hand, making a total of £40,408, and placing against them our liabilities of £17,859, we have a surplus of £22,549, after having paid off the loan of £8,000 and distributed £9,040 by way of interim dividend. I think you will agree that this is a satisfactory financial position.

Turning now to the profit and loss account, the tonnage of ore treated was 17,799 more than in the previous year, and the amount of gold recovery was £191,022, an increase of £22,464. The recovery was 32.21s. per ton as against 33s. 5.3d. in the year 1929-30. On the other hand, working costs, including development redemption, were 24s. 4.71d. per ton against 29s. 1.2d., a reduction of 4s. 8.49d. The first three months of the current year, in spite of some adverse circumstances, show a further reduction of 1s. 5.4d.

After deducting depreciation of plant and buildings and sundry items set out in the account, there remains a credit balance of £28,877 14s. 6d., which has been carried to the balance sheet. Adding the small balance of £267 18s. brought forward from the previous year, the total amount at the credit of profit and loss account is £29,145 12s. 6d. Out of this sum shareholders have received an interim dividend of 3d. per share, less income tax, amounting to £9,040 13s. 3d. It is now recommended that a final dividend be paid at the same rate, absorbing £9,159 19s. 8d., leaving a balance of £10,944 19s. 7d. to be carried forward, subject to the directors' additional remuneration.

Since the close of our financial year the reef has been cut again in a crosscut from the internal shaft at 1,047 feet, and is being driven at No. 19 level. The assay value here at the deepest point reached in the mine, is 40s. 6d. over 42 inches, and is distinctly encouraging. The gradual increase in the efficiency of the jackhammers has been remarkable during the year, and had finally brought down our working costs to about 19s. per ton. Since the end of our financial year we have treated 10,310 tons of ore in April, giving a working profit of £4,510, 10,050 tons in May, giving £4,002, and 9,770 tons in June, giving £3,414, in all cases including the charge for development. In May the return was affected by the temporary stoppage of work in three stopes by a fall of rock, and in June by an unusual amount of seasonal sickness among the native employees, and the consequent displacement of 40 per cent. of our skilled machine boys by learners. Work is being pushed in the lower levels to open up more working faces to replace two of the main reef stopes which have gone out of pay ore. Until these are brought into operation it may be difficult to maintain full tonnage during the next few months, although every effort will be made to keep it up to average. I think, however, I may again venture to promise another interim dividend in the autumn.

The report and accounts were unanimously adopted.

W. T. HENLEY'S TELEGRAPH WORKS COMPANY, LIMITED.

COMPANY'S SHARE OF TRADE WELL MAINTAINED.

The fifty-second ordinary general meeting of W. T. Henley's Telegraph Works Company, Limited, was held, on the 10th instant, at the Great Eastern Hotel, London, E.C., Sir George Sutton, Bart., M.I.E.E. (the chairman of the company), presiding.

The Secretary (Mr A. H. M. Jacob) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, called attention to some of the more important figures on the balance sheet. Notably there was a very special provision of £20,000 for obsolescence of lead presses. These formed a very important part of cable-making machinery. In the course of the last five or six years the board had expended about £20,000 in experimenting, and had succeeded in producing a press far and away superior to any lead press hitherto made. The press had been patented throughout the world, but the capital account had not been debited with anything for the value of the patents or the cost of experiments.

Although the cash resources of the company might appear to be large, they were not larger than the board considered the progress and maintenance of the business might need. Provision had been made for losses which might be made in transmission of money from overseas. The fall in the prices of materials which the company used had been met by reserves previously made for such an eventuality.

The Tyre and Rubber Company was making satisfactory progress. He thought he might say that the works had been fully employed all the year, and they had added to its original purpose some new classes of manufacture.

SALES AND OUTPUT.

The company's sales for the year in money value had been lower than they were for the previous year, which, he thought, were the highest the company had ever had. In quantity the output was very little different from the previous year, and the lower profit the year's work had realised was due to the lower cost of raw material, and, consequently, a less money yield by a normal percentage addition to cost. The board kept very closely in touch with the world trade in their industry in money turnover, and were satisfied that there was no falling off in the share of the trade the company was doing, compared with its competitors. The actual statistics showed that the percentage of the company's total output exported overseas was the same as in the previous year, but the money value was lower.

So far as export trade was concerned, their records showed that British cables had a larger export demand than one-half of the total export of this and four other principal exporting countries. The establishment of a cable factory overseas, to which he referred last year as a joint enterprise with other cable houses, had been postponed until conditions were more favourable than at present.

THE FUTURE.

As regarded the year in front of them, it was very difficult to make an accurate forecast. They had brought into the year more orders than they did the previous year, but many of them were not so profit-yielding as last year's; neither was the business received during the last few months an indication that trade was going to boom. But, after all, it was not reasonable to bank on increasing output every year. Their business had year by year for half a century gone on increasing its output and profit, and might yet continue to do so, but the financial difficulties of the world, the exercise of economy, and the low level of prices must have its effect on the British cable trade as well as on most other industries. That was, of course, taking a short view, a one-year view, but looking further ahead, they could see that the growth of the demand for electricity would go on. Even in the trying period of 1930-31 the electricity generated in this country for the five months ending May 31, 1931, had been 140,000,000 units more than the same period a year earlier, and, large as that figure was, it represented an increase of only 3 per cent. That would enable the shareholders to realise that hope for increasing demand for cables was well justified.

The report was unanimously adopted, and a final dividend on the ordinary shares of 2s. 6d. per share, making 4s. (less income tax) for the year, together with a cash bonus of 2s. per share (less income tax) was declared.

Mr J. Lamont, in moving a hearty vote of thanks to the chairman, as directors and staff, said that this was in a way a unique occasion, as they were able to congratulate their chairman on fifty years of service to the company. Fifty-two years ago the company was, so to speak, on the rocks, and Sir George, then Mr George Sutton, a young man of great determination, came forward and endeavoured to put it on a good footing. To-day they were able to congratulate him on the position to which he had brought this company.

The vote of thanks was accorded by acclamation.

BANK OF ROUMANIA, LIMITED.

ADVERSE CONDITIONS.

The ordinary annual general meeting of the Bank of Roumania, Limited, was held, on the 15th instant, at 26 Throgmorton Street, London.

General the Hon. Sir H. A. Lawrence, G.C.B., who presided, in moving the adoption of the report and accounts, said that Roumania, like other countries, had during the past year suffered from the general fall in commodity prices, and this bank, in common with other institutions, had to show diminished profits on the year's working. For the period to December 31st last a balance of £5,742 was shown after paying all expenses, income tax, &c. Provision had, however, to be made for doubtful debts, depreciation of investments and contingencies. For this purpose £50,000 had been transferred from the reserve account, and the total of £55,742 was available. He wished to make it perfectly clear that in the opinion of the directors the whole of this amount might not be required. Under the conditions which obtained in Roumania it was quite impossible to say definitely what the value of certain assets and liabilities might be, and until the situation was clearer it was wise to make provision.

Little fluctuation occurred in the rate of exchange during 1930. Despite the unfavourable factors which prevailed, the National Bank of Roumania maintained its percentage of cover to liabilities well above the requisite minimum of 35 per cent. and provided all currency demanded, including that required for State debts paid abroad. The discount rate remained unchanged at 9 per cent., being retained at that figure to reduce the risk of capital being exported. Deposit rates were lowered, the earning capacity of placements being also reduced. At the end of last year discounted bills held by the main institution reflected the decline in banking business, and notes in circulation were approximately 1½ milliards of lei less than in December, 1929.

With the economies projected by the Government, the formation of the Banque d'Agriculture Roumaine to assist cereal cultivators, and a more rational exploitation of her natural wealth, it could only be hoped that Roumania, following a betterment in international conditions, would experience a steady improvement in her economic life.

The report and accounts were unanimously adopted.

SOUTH AFRICAN BREWERIES, LIMITED.

CONTINUED PROGRESS.

The 36th ordinary general meeting of the South African Breweries, Limited, was held, on the 14th instant, at Winchester House, London.

Mr John Stroyan, J.P., D.L. (the chairman), said that the company had, over a considerable span of time, grown into a very large and important corporation, and one which had not only done well for its shareholders, but had, at the same time, done much to benefit the country in which they traded. The accounts showed that the cash position was again a strong and sound one. He felt that the shareholders would be fully satisfied with the results for the year, and the directors had no hesitation in recommending the same dividend as last year.

A feature of the past year had been the erection and the equipment of two thoroughly up-to-date maltings. Their Woodstock maltings had been in full work for over a month and were working to their full satisfaction. Their new Rhodesian maltings at Salisbury were approaching completion. It was very desirable that they should have maltings at Salisbury, which was the centre of an excellent agricultural district well suited to barley growing. Theirs was the only brewery and theirs the only maltings in that vast country.

With regard to the country in which they traded, South Africa itself, apart from outside complications, was sound enough, and had little cause to be gloomy. In her former markets she found demand much contracted and prices greatly reduced, but to counter-balance agricultural and other short-falls she still had advantages over many other countries. Her gold mines to-day, most fortunately, were at the highest point of production they had yet reached. Those mines were at the present time of supreme value not only to South Africa, but to the world, and would continue to be so for many years to come. South Africa had much in her favour that would make the present difficulties bear more lightly on her than would be the case elsewhere. The company had a great and valuable business and one that had proved its value in the past. It was far flung, and it catered for vast areas from Cape Town to the Zambesi River, and in different directions beyond. Their breweries, machinery and all appliances were of the best and up to date. He was more than optimistic as to the continuance of the success and steady progress of the company, and he hoped that all the shareholders shared his optimism.

The report was unanimously adopted.

EDMUNDSONS' ELECTRICITY CORPORATION.

INCREASED OUTPUT AND REVENUE.

The thirty-fourth ordinary general meeting of Edmundsons' Electricity Corporation, Limited, was held, on the 14th instant, at Broad Sanctuary Chambers, Tothill Street, Westminster, London.

Mr F. Massingberd Rogers (chairman of the corporation), who presided, in the course of his speech said:—

The accounts show that the company's business for the year is satisfactory. During the year £1,380,000 5 per cent. debenture stock was issued. Part of the proceeds have been applied to the redemption of temporary loans, the balance being applied to the general development of the business. The investments in subsidiary and other companies and undertakings have increased from £3,067,150 to £3,679,857, and the income from investments has increased from £169,292 to £217,931. The undertakings with which the company is connected have again increased the output and gross revenue. The number of units sold during the year 1930 was over 89,000,000, and the income from the sale of electricity, &c., was £1,181,600.

The balance shown in the profit and loss account, before provision for income tax, debenture stock interest, &c., is £274,199, which compares with £216,706 for the previous year. The net balance of the profit and loss account is, however, only £220,281, compared to £204,777. The reason the increase is not greater is that provision had to be made for debenture stock interest and redemption of £45,759, whereas the previous year no debenture stock interest and redemption were chargeable.

The debenture stock interest and redemption charges are only in respect of a portion of the year, and next year such charges against the profit and loss account will amount to approximately £82,800.

After providing for income tax, debenture stock interest and debenture stock redemption, the net profit amounts to £220,281 6s. With the balance of £20,663 11s. 4d. brought forward from the last account, after deduction of the additional directors' fees voted at the general meeting, the total profit is £240,944 17s. 4d. Deducting therefrom the interim dividends of 3½ per cent. paid upon the cumulative preference shares and 3½ per cent. upon the ordinary shares, there remains a balance of £144,344 17s. 4d., which the directors recommend should be applied as indicated in the report.

I should like to express on behalf of the whole of the shareholders our appreciation to the staff of the company and its subsidiary and associated companies under the able direction of Mr Rye, the managing director, and Mr Jones, the secretary.

The report and accounts were unanimously adopted, and the final dividend of 3½ per cent., less tax, on the ordinary shares, making 7 per cent. for the year, was approved.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended July 11, 1931, amounted to £10,863,900 against ordinary expenditure of £9,916,200. After allocating £699,620 to Sinking Fund and after having allowed for an increase in Exchequer Balances of £87,094, the operations for the week, as shown below, decreased the National Debt by £161,000 to £7,638,645,000:—

(000's omitted.)

Treasury Bills	£ 184	Road Fund	£ 45
National Savings Certificates	+ 100	Telegraph Money	400
	+ 284		445

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

JOBSON'S INVESTMENT DIGEST.

AUSTRALIA'S LEADING FINANCIAL PERIODICAL.

DEALS WITH ALL COMPANIES LISTED IN AUSTRALIA.

Annual Subscription: £2 12s. 6d.

Single Copy: 2s. 6d.

London Agent: A. J. JOBSON, 8, Bouverie Street, E.C. 4.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to July 11, 1931.	April 1, 1930, to July 12, 1930.	Week ended July 11, 1931.	Week ended July 12, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	£ 25,974,000	£ 29,180,000	£ 4,034,000	£ 3,531,000
Sur-tax, including Arrears of Super-Tax	11,920,000	10,790,000	420,000	380,000
Estate, &c., Duties	22,080,000	25,650,000	1,090,000	1,370,000
Stamps	2,800,000	4,230,000	220,000	330,000
Excess Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	140,000	130,000	...	...
Total Inland Revenue	62,914,000	69,980,000	5,764,000	5,611,000
Customs and Excise—				
Customs	33,367,000	34,056,000	2,383,000	2,357,000
Excise	28,700,000	30,896,000	879,000	996,000
Total Customs and Excise	62,067,000	64,952,000	3,262,000	3,353,000
Motor Vehicle Duties (Exchequer Share)	2,066,000	2,155,088	915,000	949,000
Post Office (Net Receipts)	3,600,000	2,600,000	400,000	Dr. 400,000
Crown Lands	270,000	260,000	...	...
Receipts from Sundry Loans	11,100,441	11,564,480	94,102	834,626
Miscellaneous Receipts	6,289,913	7,304,383	428,779	508,321
Total Ordinary Revenue	148,307,354	158,815,951	10,863,881	10,855,947
SELF-BALANCING REVENUE.				
Post Office	14,800,000	15,800,000	600,000	1,300,000
Motor Vehicle Duties apportioned to Road Fund	3,480,000	3,558,912	...	...
Total Self-Balancing Revenue	18,280,000	19,358,912	600,000	1,300,000
Total	166,587,354	178,174,863	11,463,881	12,155,947

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to July 11, 1931.	April 1, 1930, to July 12, 1930.	Week ended July 11, 1931.	Week ended July 12, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	£ 119,076,660	£ 117,984,111	£ 2,615,095	£ 1,025,014
Payments to Northern Ireland Exchequer	1,450,382	1,344,880	201,785	...
Other Consolidated Fund Services	654,602	780,188	199,287	205,683
Total	121,181,644	120,109,179	30,16,167	12,306,697
Total Supply Services (excluding Post Office)	112,254,650	112,365,300	6,900,000	7,200,000
Total Ordinary Expenditure	233,436,294	232,474,479	9,916,167	8,430,697
SELF-BALANCING EXPENDITURE.				
Post Office	14,800,000	15,800,000	600,000	1,300,000
Road Fund	3,480,000	3,558,912	...	...
Total Self-Balancing Expenditure	18,280,000	19,358,912	600,000	1,300,000
Total Ordinary and Self-Balancing Expenditure	251,716,294	251,833,391	10,516,167	9,730,697
New Sinking Fund (1928)	10,833,846	10,590,902	699,620	495,000
Total, including New Sinking Fund	262,550,140	262,424,293	11,215,787	10,225,697

The aggregate revenue and expenditure to July 11, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JULY 11TH.			
(000's omitted.)			
Expenditure	£ 233,436	Revenue	£ 148,307
New Sinking Fund	10,834	Decreases in balances	3,318
		Net amount borrowed	92,645
			244,270

POSITION OF THE FLOATING DEBT.					
Ways and Means Advances Outstanding—					
July 12, '30.	Mar. 31, '31.	July 11, '31.	July 11, '31.	Movement week ended	
£	£	£	£	£	£
Advances by Bank of England	3,000,000	...	...	...	...
Advances by Public Departments	58,020,000	24,500,000	42,500,000	...	...
Treasury Bills outstanding	633,205,000	569,825,000	642,705,000*	+ 165,000	...
Total Floating Debt	694,225,000	594,325,000	685,205,000	+ 165,000	...

* Includes £4,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.
Tenders for £40,000,000 in Treasury Bills were opened on July 10, 1931, and the total amount applied for was £56,815,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 9s. 9d., about 36 per cent., and above, in full, allotted was £37,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
June 19	£ 40,000,000	£ 58,440,000	2 1/2 11-22
June 26	40,000,000	68,420,000	1 1/2 9-87
July 3	40,000,000	70,995,000	1 1/2 9-45
July 10	40,000,000	56,815,000	2 0 2-27

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, July 15, 1931.

ISSUE DEPARTMENT.

Notes issued—			
In Circulation	£ 358,913,277	Government Debt	11,015,100
In Banking Department	65,077,749	Other Government Securities	232,239,169
		Other Securities	12,656,273
		Silver Coin	4,089,458
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	163,991,026
	£423,991,026		£423,991,026

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 30,020,906
Reserve	3,514,470	Other Securities—	
Public Deposits	15,676,264	Discounts and	
Other Deposits		Advances	£ 7,406,783
Bankers	£66,429,340	Securities	30,164,315
Other Accounts	33,704,790	Notes	37,571,598
		Gold and Silver Coin	1,208,868
1-Day and other Bills	1,257		65,077,749
	£133,879,121		£133,879,221

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

Both Departments.			
	Amount, July 15, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 358,913,277	— £ 344,385	— £ 6,207,423
Public deposits	15,676,264	+ 57,756	+ 5,279,622
Bankers' deposits	66,429,340	+ 1,886,016	+ 3,158,280
Other deposits	33,704,790	+ 1,281,591	+ 1,800,882
Seven-day bills	1,257	— 78	— 937
Total, outside liabilities	474,724,328	+ 202,206	+ 5,887,900
Capital and rest	18,067,470	+ 13,485	+ 3,993
Government debt and securities	273,275,175	+ 1,977,154	+ 26,326,806
Discounts and advances	7,406,783	+ 304,415	+ 1,189,200
Other securities	42,821,088	+ 2,500,297	+ 10,800,323
Silver coin in issue department	4,089,458	— 815	+ 375,090
Coin and bullion (bank's reserve)	165,199,894	+ 611,052	+ 8,828,466
Reserve of notes and coin in banking department	66,286,617	+ 266,667	+ 15,035,889
Proportion of reserve to outside liabilities	57 1/2 %	— 1 %	+ 13 1/2 %
(a) Banking department only ("proportion")	34 1/2 %	+ 1 1/2 %	+ 2 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")			

(000's omitted.)

Date.	Issue Department.		Banking Department.				Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.			
1931.								
June 3	£ 411,876	£ 356,371	£ 6,545	£ 72,209	£ 33,920	£ 856 in	2 1/2	
10	415,256	354,251	9,527	69,561	33,267	3,375 in	2 1/2	
17	420,926	352,266	15,017	71,446	33,681	5,640 in	2 1/2	
24	422,894	352,832	25,249	61,664	33,520	1,863 in	2 1/2	
July 1	423,272	357,429	11,490	99,402	34,091	362 in	2 1/2	
8	424,619	359,258	15,754	64,543	34,946	1,344 in	2 1/2	
15	423,991	358,913	15,576	66,429	33,705	634 out	2 1/2	

(000's omitted.)

Date.	Issue Department.		Banking Department.				Gold in or out of Bank.	Bank Rate.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	Other Securities.		
1931.								
June 3	£ 244,194	£ 11,707	£ 152,334	£ 38,496	£ 7,106	£ 28,311	£ 56,563	50 1/2
10	244,624	11,275	156,288	33,121	6,597	28,526	62,037	55 1/2
17	243,701	12,207	161,987	30,846	9,395	28,044	69,721	58
24	242,327	12,685	164,014	30,401	9,633	27,128	71,182	59 1/2
July 1	242,272	13,535	164,421	32,331	34,319	28,746	66,592	46 1/2
8	243,426	12,483	165,811	31,826	7,102	27,837	66,553	67 1/2
15	243,254	12,656	165,200	30,021	7,407	30,165	66,287	57 1/2

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to July 1	£ 18,011,966	£ 871,844	£ 1,403,011	£ 20,286,821
Week ended July 8	710,017	42,661	68,575	821,252
Week ended July 15	706,194	33,038	53,566	792,798
Total to date, 1931	19,428,177	947,542	1,525,152	21,900,871
Total to date, 1930	21,916,490	1,020,531	1,660,850	24,598,321
Increase or decrease in 1931	-2,488,313	-72,989	-135,698	-2,697,040
	-11 1/4 %	-7 1/4 %	-8 1/4 %	-10 3/4 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2 8/8 %	-3 7/8 %	-3 7/8 %	-2 9/8 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended July 11.		Month of June.			Aggregate Totals January 1 to July 11.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days	24	26					
BIRMINGHAM	£ 2,453	£ 2,395	9,450	9,508	+ 0 6	£ 69,351	£ 61,769
BRADFORD	814	613	3,318	3,063	+ 7 6	25,077	20,443
BRISTOL	1,085	907	4,360	4,699	+ 7 7	31,472	30,582
DUBLIN	4,663	4,553	...	...	...	139,190	139,092
HULL	776	730	2,999	2,897	- 3 4	22,258	20,362
LEADS	690	721	3,321	3,135	- 5 6	26,949	23,577
LEICESTER	803	538	2,832	2,669	- 5 7	20,444	15,889
LIVERPOOL	5,944	5,752	24,777	23,515	- 5 0	185,998	146,637
MANCHESTER	9,339	8,762	40,006	37,462	- 6 3	306,980	282,070
NEWCASTLE	1,366	1,212	5,222	5,052	- 3 2	40,074	35,333
NOTTINGHAM	575	408	2,260	1,757	- 22 2	16,771	12,593
SHEFFIELD	797	605	3,333	2,874	- 13 7	25,847	21,173
Total	29,105	27,201	101,878	96,631	- 5 1	900,440	781,300

[July 18, 1931.]

BANK OF FRANCE.—In francs (000's omitted).

ASSETS.	July 11, 1930.	June 19, 1931.	June 26, 1931.	July 3, 1931.	July 10, 1931.
Gold	44,457,291	56,525,260	56,425,623	56,228,693	56,227,232
Foreign					
Bills discounted	6,744,361	5,737,337	6,419,089	6,945,395	8,029,841
Bills discounted	19,078,718	20,572,588	19,955,637	18,925,962	17,723,046
Commercial bills discounted at home	4,961,961	4,481,928	5,388,343	4,270,056	4,166,066
Advances against sec.					
To the State	8,594,858	8,282,397	8,282,397	8,282,397	8,282,397
Other advances	2,765,054	2,792,972	2,778,704	2,891,803	2,822,485
Other assets (excluding forward exch.)	2,927,611	4,026,917	3,628,141	4,537,445	4,835,269
LIABILITIES.					
Notes in circulation	72,858,673	76,474,605	76,927,419	78,609,675	78,186,225
Public deposits	7,571,941	9,312,357	8,513,117	9,103,791	9,556,254
Private deposits	6,397,465	13,773,584	14,600,396	11,416,273	11,587,465
Other liabilities	2,701,775	2,858,853	2,837,003	2,852,312	2,615,569

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

ASSETS.	July 15, 1930.	June 23, 1931.	June 30, 1931.	July 7, 1931.
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212
Gold and bullion	2,618,731	1,413,173	1,421,095	1,421,786
Of which deposited abroad	149,788	117,688	177,041	116,787
Reserve in foreign currencies	183,851	92,594	299,574	370,989
Bills of exchange and cheques	1,486,029	2,349,775	2,652,327	2,558,412
Silver and other coin	162,162	214,476	77,991	84,354
Advances	20,168	22,708	2,318	8,788
Investments	70,237	136,651	355,179	224,477
Other assets	101,068	102,916	102,765	102,264
LIABILITIES.				
Reduced capital	122,788			
Increase of capital (shares not yet issued)	177,212	150,000	150,000	150,000
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	4,186,916	5,725,890	4,294,685	4,110,418
Other daily maturing obligations	426,712	433,043	397,949	342,762
Other liabilities	264,122	263,919	587,147	691,960

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

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

ASSETS.	Position, May 28, 1931.	July 10, 1930.	June 18, 1931.	June 24, 1931.	July 2, 1931.	July 9, 1931.
Gold	232,650	1,201,892	1,433,158	1,434,234	1,435,135	1,438,954
Foreign Bills and Balances Abroad		794,179	860,429	873,839	897,931	918,084
Silver and other coin		(a) 18,408	18,473	18,425	17,386	17,386
Securities	697,600	783,255	727,467	737,949	735,437	738,451
LIABILITIES.						
Notes in circulation	934,150	5,013,168	5,186,058	5,193,311	5,284,423	5,316,401
Current accounts	112,125	103,076	178,124	199,957	81,191	129,971

(a) Complete return not available.

(b) In thousand francs.

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

ASSETS.	Position, May 30, 1931.	July 14, 1930.	June 23, 1931.	June 29, 1931.	July 6, 1931.	July 13, 1931.
Gold	163,092	414,475	497,182	497,416	497,416	497,416
Silver	8,436	26,059	40,652	38,351	35,846	35,216
Home Bills discounted		50,594	44,051	42,756	43,426	49,830
Foreign Bills	153,504	237,947	228,344	228,484	228,522	228,512
Loans and advances in current acct.		91,321	95,798	101,705	97,291	92,709
LIABILITIES.						
Notes in circulation	316,632	822,682	842,343	880,660	895,786	885,773
Deposits	5,016	26,472	101,842	67,527	43,701	61,525

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

ASSETS.	Position, May 30, 1931.	July 12, 1930.	June 20, 1931.	June 27, 1931.	July 4, 1931.	July 11, 1931.
Gold	22,971	138,794				
Silver	29,785	22,678	161,000	160,600	160,900	160,000
Discounts, advances, and other investments	77,567	138,581	109,800	112,800	107,600	106,700
LIABILITIES.						
Notes in circulation	109,499	278,199	243,600	240,300	243,800	243,300
Deposits and bills payable	11,250	50,834	36,000	37,500	32,300	29,000

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

ASSETS.	Position, May 31, 1931.	July 7, 1930.	June 15, 1931.	June 23, 1931.	June 30, 1931.	July 7, 1931.
Gold	171,175	678,900	680,033	831,780	839,588	839,538
Foreign Bills and Balances abroad		300,050	368,497	378,311	411,217	416,944
Discounts		41,237	24,930	25,491	26,871	26,706
Advances	103,000	54,323	44,737	46,728	47,567	46,053
LIABILITIES.						
Notes in circulation	275,925	895,035	962,595	985,065	1,077,960	1,047,792
Deposits	33,750	144,245	266,618	399,619	315,255	346,699

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	Position, June 30, 1930.	May 31, 1931.	June 10, 1931.	June 20, 1931.	June 30, 1931.
Gold, coin and bullion	5,208,000	5,318,200	5,323,300	5,332,900	5,368,100
Foreign bills and balance abroad	4,893,200	4,058,100	3,989,700	3,962,400	3,923,100
Other cash	251,000	328,400	284,300	271,200	272,800
Gold deposited abroad due by the State	1,795,800	1,774,700	1,774,700	1,772,800	1,772,800
Advances	2,890,900	2,749,600	2,666,800	2,607,300	3,894,600
Credit with "Istituto di Liquidazione"	1,610,000	1,183,700	1,226,100	1,350,800	1,568,700
Government securities	743,000	626,200	737,100	827,100	760,600
LIABILITIES.					
Notes in circulation	15,858,700	14,722,100	14,630,000	14,538,300	14,683,400
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,487,100	1,652,500	1,529,800	1,637,700	1,501,600
Ratio of reserve to note and sight liabilities combined	57.24%	56.23%	56.58%	56.42%	56.36%

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

ASSETS.	Position, May 30, 1931.	June 30, 1930.	Mar. 31, 1931.	Apr. 30, 1931.	May 31, 1931.	June 30, 1931.
Coin and bullion	76,644	172,208	171,827	171,945	171,917	171,826
Loans & discounts	88,470	109,884	107,870	121,054	113,159	116,826
Debtors abroad	24,102	55,871	73,552	61,021	64,960	53,427
Securities	11,988	50,001	42,663	42,673	43,555	41,595
LIABILITIES.						
Circulation	157,266	365,613	341,285	353,705	341,538	343,232
Deposits	6,698	39,140	23,025	30,633	35,621	38,987

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

ASSETS.	July 12, 1930.	June 20, 1931.	June 27, 1931.	July 4, 1931.	July 11, 1931.
Gold reserve	242,752	238,881	238,800	238,181	238,094
Government Securities—Swedish	22,121	2,975	2,927	3,019	3,019
foreign	65,992	54,607	54,607	54,607	54,607
Other Swedish bonds quoted on foreign bourses	113	1,491	1,316	1,083	842
Bills payable in Sweden	85,170	216,923	226,736	242,311	186,665
abroad	114,621	91,689	94,634	93,972	98,669
Balance abroad	181,736	137,217	135,182	144,711	127,430
Advances made on Government securities and bonds	33,704	44,186	36,809	37,808	27,116
LIABILITIES.					
Notes in circulation	522,575	530,734	527,718	551,002	619,425
Government deposits	120,335	226,197	217,751	197,073	164,136
Private deposits	52,990	6,631	10,251	40,321	25,238

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

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

ASSETS.	Position, May 30, 1931.	July 12, 1930.	June 20, 1931.	June 27, 1931.	July 4, 1931.	July 11, 1931.
Gold	521,775	2,471,656	2,424,888	2,425,593	2,425,993	2,274,841
Silver	728,600	717,752	691,450	691,343	684,033	670,088
Loans & Discounts	800,725	2,131,402	2,795,410	2,947,349	3,064,793	3,192,978
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Adv. to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,461,698	5,202,239	5,214,017	5,347,880	5,347,880
Deposits	477,500	842,070	845,761	821,975	863,802	863,802

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

ASSETS.	June 18, 1930.	May 27, 1931.	June 3, 1931.	June 9, 1931.	June 17, 1931.
Coin and bullion	9,031	10,197	10,281	10,631	10,692
Of which gold	8,577	8,577	8,577	8,577	8,577
Balances abroad	205,701	141,213	143,183	143,710	142,195
Discounts	315,241	347,710	350,265	347,394	340,044
Government loans	1,530,684	1,531,311	1,531,311	1,531,311	1,531,311
LIABILITIES.					
Notes in circulation	1,879,976	1,848,729	1,862,147	1,857,858	1,842,402
Deposits	95,973	170,289	157,037	132,783	169,666

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

ASSETS.	July 7, 1930.	June 15, 1931.	June 23, 1931.	June 30, 1931.	July 7, 1931.
Cash Reserve	193,000	193,000	193,000	193,000	193,000
Gold coin and bullion	168,542	214,327	214,327	214,327	214,327
Foreign exchange	268,095	136,447	133,385	133,050	131,126
Other foreign exchange	426,558	347,947	313,304	311,268	293,561
Bills discounted	106,060	488,230	490,201	528,695	511,320
Govt. debt	101,441	96,059	96,059	96,059	96,059
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,272	10,803	10,803	10,803	10,803
Notes in circulation	974,421	1,050,119	1,009,723	1,110,548	1,034,977
Deposits	102,754	236,263	245,653	180,357	217,639

† In dollar and sterling only.

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

ASSETS.	July 7, 1930.	June 15, 1931.	June 23, 1931.	June 30, 1931.	July 7, 1931.
Metal reserve	193,000	193,000	193,000	193,000	193,000
Gold coin and bullion	162,634	111,803	111,802	111,802	111,803
Drifts and notes	26,235	6,808	5,775	9,661	13,210
Silver coin and bullion	10,883	15,344	15,616	14,928	13,714
Inland bills, warrants and securities	198,679	231,618	239,357	279,446	280,164
Advances to the Treasury	75,143	60,065	60,065	60,065	58,560
LIABILITIES.					
Share capital (gold crowns 30,000,000*)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	416,480	334,287	320,181	385,048	373,072
Govt. deposits	60,113	30,910	53,956	47,375	60,283
Current accounts, deposits, &c.					

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

	June 30, 1930.	June 7, 1931.	June 15, 1931.	June 23, 1931.	June 30, 1931.
Gold					
Balance abroad and foreign currency	1,312,846	1,540,937	1,540,619	1,540,238	1,540,101
Discounts and advances	2,134,954	2,051,118	2,000,515	1,910,522	1,920,953
State notes debt balance	433,027	287,789	276,540	302,738	499,827
Other assets	3,644,133	3,518,744	3,511,458	3,503,531	3,503,102
LIABILITIES	844,218	1,159,380	1,132,342	1,086,710	1,161,388
Bank notes in circulation					
Check account balances	7,195,684	6,431,697	6,135,669	5,939,693	6,988,452
Other liabilities	438,624	911,806	1,043,238	1,113,207	391,642
	226,482	501,534	567,598	559,928	534,566

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

	Week ended July 12, 1931. (000's omitted)	Aggregate 28 weeks, 1931. (000's omitted)
1. Week ended		

(b) Week ended July 10, 1931.	(c) Week ended July 11, 1931.	Miles Open.	('000 of units.)					Total for Week.	('000 of units.)				
			Passen- gers, &c.	Merchandise, etc.	Coal and Coke.	Total Goods.	Total Tonnage.		Passen- gers, &c.	Merchandise, etc.	Coal and Coke.	Total Goods.	Total Tonnage.
Great Western...	3,761	269	188	100	288	557	5,717	5,294	2,933	8,227	15,938		
Do. for 1930...	3,761	299	206	107	313	612	6,211	5,994	3,412	9,406	15,623		
L. & N. Eastern (a)	6,349	391	324	225	549	940	8,550	9,550	6,649	16,099	24,649		
Do. for 1930...	6,349	430	366	233	599	1,029	9,366	11,038	7,256	14,294	27,660		
Lon., Md., & Scot.	6,958	564	462	212	674	1,238	12,854	12,945	7,019	19,964	32,818		
Do. for 1930...	6,956	626	524	205	729	1,355	13,775	15,057	7,156	22,213	35,987		
Southern	2,180	362	74	30	104	466	8,001	1,988	891	2,979	10,880		
Do. for 1930...	2,179	387	80	27	107	494	8,454	2,165	828	2,893	11,447		
Total of above...	19248 ¹	1586	1048	567	1615	3,201	35116	29677	17492	47,169	82,285		
Do. for 1930...	19245 ¹	1742	1176	572	1748	3,490	37811	34254	18652	52,906	90,717		
Metropolitan (a)	59	31.8	...	...	3.7	5.5	882.0	...	...	109.1	991.1		
Do. for 1930...	59	33.0	...	...	4.0	3.7	916.7	...	...	112.1	1028.8		
Undgd. E.R. (c)	...	308.4	...	...	...	308.4	8247.2	...	...	8247.2	...		
Do. for 1930...	...	317.2	...	...	...	317.2	8413.3	...	...	8413.3	...		
Green Buses, &c.	...	29.4	...	...	...	29.4	652.3	...	...	652.3	...		
Lon. & Sb. Grp.(c)	...	46.5	...	...	...	46.5	1211.8	...	...	1211.8	...		
Do. for 1930...	...	47.3	...	...	...	47.3	1228.4	...	...	1228.4	...		
*B†f†st(c)D†w(b)	80	3.7	...	...	0.5	4.2	63.8	...	...	18.6	82.4		
Do. for 1930...	80	4.0	...	...	0.8	4.8	69.3	...	...	20.8	90.1		
*G. Northern (b)	562	14.0	...	...	14.0	30.0	276.9	...	...	46.6	62.6		
Do. for 1930...	562	17.4	...	...	15.5	32.9	319.9	...	...	40.5	70.4		
*Gt. Southern (b)	2,188	182.7	...	...	36.8	69.5	737.5	...	...	1019.4	1756.9		
Do. for 1930...	2,188	199.3	...	...	43.4	82.7	718.1	...	...	1215.0	1933.1		

¹ * Approximate 82 weeks

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -

INDIAN.							
			Ra.	Ra.	Ra.	Ra.	
Assam Bengal	11	June 13	1,304	3,93,000	+ 34,685	41,57,000 +	1,05,125
Barat Lt. Ry.	12	20	202	34,300 +	1,400	4,72,000 +	69,500
Bengal & N. Western	12	20	2,119	6,36,725	51,290	81,55,050	7,07,897
Bengal-Nagpur	11	13	3,198	14,29,000	-4,14,312	1,56,81,000	38,59,743
Bombay, Bar. & C.I.	11	July	4,308	18,72,000	+ 1,08,000	2,94,52,000	5,76,000
Madras & S. Mahr.	11	June 13	3,520	14,00,000	-	1,55,41,000	21,87,590
*Rohilk'd & Kumaon	12	10	5,782	1,17,800	- 16,734	1,39,86,865	1,46,728
South Indian	12	20	2,459	11,65,113	- 64,928	1,30,32,314	18,63,299

† Including Lucknow-Bareilly State Railway.

CANADIAN.							
Canadian National	27	July 7	20407	3,194,915	— 902,474	91,470,541	— 22,537,939
Canadian Pacific....	27		715545	2,663,930	— 990,000	73,169,000	— 15,560,000

SOUTH AMERICAN.							
Antofagasta (Chili and Bolivia).....	28	July 12	804	£ 19,960 -	£ 8,020	£ 504,090 -	£ 294,990
Argentina N.E.	2	11	753	13,000 -	2,700	20,500 -	3,400
Argentina Trans'dn.	2	11	111	1,605 -	1,201	2,526 -	2,491
B.A. and Pacific.....	2	11	2,806	112,000 -	6,000	185,000 -	16,000
B.A. Central.	2	11	131	13,106 -	2,350	26,305 -	4,000
B.A. Cts. Southern	2	11	5,076	176,000 -	5,000	292,000 -	26,000
B.A. Western	2	11	1,926	65,000 -	5,000	110,000 -	12,000
Central Argentine.	2	11	3,442	222,000 +	29,000	337,000 +	2,000
Central Uruguayan	2	11	273	20,643 -	8,797	33,631 -	16,425
C. Urig. (East Ext.)	2	11	311	4,017 -	2,237	6,575 -	4,199
C. Urig. (N. Ext.)	2	11	185	2,065 -	1,954	3,006 -	3,314
C. Urig. (W. Ext.)	2	11	211	1,926 -	954	3,241 -	1,246
Cordoba Central.....	2	11	1,218	60,000 -	...	100,000 -	2,000
Entre Rios	2	11	810	20,000 -	3,600	32,800 -	4,100
G. Westn. of Brazil	28	11	1,052	5,100 -	3,000	192,700 -	222,400
Leopoldina	28	11	1,918	29,570 -	5,761	610,123 -	335,612
Leopoldina Termal.	28	11	...	Ms.26,900 -	5,000	7,477,000 -	160,000
Nitrates	26	June 30	411	6,270 -	9,201	93,158 -	146,923
Paraguay Central	2	July 11	274	4,200 +	350	6,110 -	2,100
Salvador.....	2	11	100	2,623 +	63	4,044 -	189
San Paulo	27	5 1534	...	26,781 -	9,582	756,754 -	351,889
United of Havana	2	11	1,369	20,472 -	17,744	32,286 -	33,360

IMPORTS.		EXPORTS.	
	£		£
United States	75,473	Various countries	13,713
Other countries	26,194		
	101,667		13,713

Silver coin and bullion out of India	...	...	...
Gold coin and bullion in India	1,751	1,714	1,850
Gold coin and bullion out of India	...	...	...
Securities (Indian Government)	595	537	537
Securities (British Government)	...	...	...

The stocks in Shanghai on the 11th inst. consisted of about 82,500,000 ounces in sycee, 160,000,000 dollars and 1,560 silver bars as compared with about 81,700,000 ounces in sycee, 162,000,000 dollars and 1,900 silver bars on the 4th inst.

Mr Arthur Graham England, of 19 Finsbury Court, Finsbury Pavement, E.C.2, has joined the board of Raub Rubber Estates Ltd.

The Standard Bank of South Africa, Limited, announce that an agency was opened on July 11th at Tsumeb, South-West Africa.

Gr. Southn. of Spain	27	July	4	104	Pes. 85,364	+	7,430	2,072,795	-	811,183
Mexican Railway...	1		7	483	\$171,800	-	53,900	...		...

TRAMWAYS WEEKLY GROSS RECEIPTS.							
				£	£	₹	₹
Anglo-Argentine ...	27	July 8	329	17,892	- 12,927	1,993,912	- 278,546
B. Aires Lacrosse ...	2	12	-	9,298	- 475	18,901	- 773
Liverpool Corp ...	14	18	124	3,228	- 79	421,403	- 83,000
Madras Electric ...	15½	June 15	-	Rs. 50,893 +	4,677	535,687 +	29,232
L.O.C. Tramways ...	14	July 8	166	80,975	- 2,634	1,147,531	- 34,409

thrs.	Ending	Des-	Receipts for Month.	Receipts to Date.
-------	--------	------	---------------------	-------------------

	Month	1931.	Description.	1931.	+ or -	1931.	+ or -
Bolivar Railway	6	June 30	Gross	\$8,500	- 2,400	67,150	- 6,800
La Guadra Harbour	1	June 30	Gross	\$14,631	+ 2,220		
Midland Ry. of Western							
Australia	12	June 30	Gross	\$13,266	- 5,148	164,271	- 45,855
Dorado Ry.	6	June 30	Gross	\$11,100	- 930	13,400	- 71,100
Do. (Ropeway Extension)	6	June 30	Gross	\$5,600	- 1,400	26,400	+ 5,600
Hellenic Electric	6	June 30	Gross	\$19,885	- 564	91,729	- 5,287
Bibao River, etc.,	5	May 31	Gross	\$1,963	- 590	14,221	- 4,679

SUMMARY OF BALANCE SHEETS.

ANGLO-ARGENTINE TRAMWAYS COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1929.	Amount.	Compared with Dec. 31, 1929.
5½% Pref. shs. (£5) 3,200,000	...	Concessions, property, &c. ...	20,610,898 + 496
6% Pref. shs. (£5) 3,050,000	...	Shares in subsidiaries ...	1,308,913 - 281,388
Ord. shares (£4) 2,700,000	...	Stores ...	540,687 - 68,393
4% deb. stock ... 3,479,335	- 73,200	Furniture ...	4,254 - 122
Accrued interest ... 69,587	- 1,464	Debtors ...	74,031 + 13,794
4½% deb. stock ... 1,585,707	- 2,062	Advances to subsidiaries ...	10,610 + 58,165
Accrued interest ... 35,711	- 14	Investments ...	...
5% deb. stock ... 5,730,132	- 17,133	Deposits in Buenos Aires ...	5,397
Accrued interest ... 23,790	- 157	Cash ...	139,000 + 110,199
Deb. stock red. fd. 438,675	+ 115,863	Bills receivable ...	2,874 + 2,874
Shr. cap. red. fund 183,000	+ 10,798	Prepayments ...	2,117 - 1,764
Renovals res. ... 376,591	- 155,844		
Contingency, &c. reserves ... 697,838	- 76,202		
Creditors ... 1,169,365	+ 116,336		
Due by subsidiaries ... 43,965	- 6,398		
Int. and divs. unclaimed ... 7,295	+ 543		
Divs. accrued ... 179,500	- 179,500		
Profit and loss ... 7,286	- 84,189		
Total ... 22,794,277	- 352,623	Total ... 22,794,277	- 352,623

BARCLAYS BANK, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with June 30, 1930.	Amount.	Compared with June 30, 1930.
Current, deposit and other accounts (including reserve for income tax and contingencies and balance of profit and loss) ...	342,450,383 + 3,653,913	Cash ...	47,153,111 + 2,475,817
Acceptances & endorsements, &c., for account of customers ...	11,674,775 - 2,456,064	Balances with other British banks and cheques in course of collection ...	9,143,917 - 1,533,374
Issued capital ...	15,858,217	Money at call, &c. ...	22,708,950 - 1,577,210
Reserve fund ...	10,250,000	Bills discounted ...	43,834,806 - 1,350,650
		Investments ...	58,645,486 + 5,969,996
		British Linen Bank ...	3,714,057 + 330
		Union Bank of Manchester, Ltd. ...	900,000 - 300,000
		Other banks ...	2,220,831 + 10,593
		Advances ...	173,735,645 - 348,497
		Acceptances ...	11,674,775 - 2,456,064
		Bank premises ...	6,501,797 + 306,908
Total ...	380,233,375 + 1,197,849	Total ...	380,233,375 + 1,197,849

LLOYDS BANK LIMITED.

LIABILITIES.		ASSETS.	
June 30, 1930.	June 30, 1931.	June 30, 1930.	June 30, 1931.
Paid-up capital 15,810,252	15,810,252	Cash ...	39,753,755 37,744,978
Reserve fund ... 10,000,000	10,000,000	Balances with other banks ...	12,598,580 10,871,687
Current, deposit and other a/c's ... 352,870,281	348,849,331	Money at call and notice ...	30,907,294 31,905,847
Notes in circulation (Isle of Man) ... 5,280	4,961	Balances with banks abroad ...	1,213,225 1,215,074
Acceptances ... 8,287,433	4,980,927	Treasury bills ...	33,535,000 36,055,000
Endorsements ... 32,298,320	42,084,429	British bills of exchange ...	6,707,389 4,374,535
		Colonial and foreign bills ...	4,553,602 4,230,705
		Treasury bonds, &c. ...	10,311,309 25,584,910
		Other British Govt. Stocks ...	26,910,099 18,273,619
		Indian and Colonial Govt. Stocks, &c. ...	1,672,001 7,917,458
		Other investments ...	1,831,781 2,328,784
		Natl. Bank of Scotland ...	2,664,783 2,665,463
		Bank of London & S. America ...	3,422,695 2,416,020
		Indian promises ...	54,502 54,502
		Lloyds & Natl. Prov. Foreign Bank ...	600,000 600,000
		Loans and Advances ...	185,875,811 172,367,368
		Items in transit ...	3,632,990 3,281,324
		Other assets ...	5,144,424 5,033,701
		Bank premises ...	7,296,573 7,743,569
		Acceptances ...	8,287,433 4,980,927
		Endorsements ...	32,298,320 42,084,429
Total ...	419,271,566 421,729,900	Total ...	419,271,566 421,729,900

WILLIAMS DEACON'S BANK, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with June 30, 1930.	Amount.	Compared with June 30, 1930.
Capital issued ... 1,875,000	...	Cash ...	3,191,130 + 114,151
Reserve fund ... 1,000,000	...	Balances with other banks ...	1,166,794 + 76,913
Current, deposit and other accounts ... 29,978,311	- 1,534,380	Money at call ...	3,254,960 + 428,556
Acceptances ... 317,756	- 261,428	Bills discounted ...	1,269,377 + 42,199
Endorsements ... 254,420	+ 60,179	British Government securities ...	6,041,592 + 743,819
		Other investments ...	1,536,799 + 625,221
		Advances ...	15,391,150 - 3,580,565
		Premises ...	1,001,509 + 15,326
		Acceptances ...	317,756 - 261,429
		Endorsements ...	254,421 + 60,180
Total ...	33,425,487 - 1,735,629	Total ...	33,425,487 - 1,735,629

FURNESS, WITHEY AND CO., LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Apr. 30, 1930.	Amount.	Compared with Apr. 30, 1930.
Ord. shares (£1) 4,000,000	...	Shipping property at cost ...	1,297,347 + 85,500
Pref. shares (£10) 1,500,000	...	Investments in subs. cos. at cost ...	5,287,174 - 1,042
Reserves ... 2,000,000	...	General investments at cost ...	2,591,621 + 378,907
Due to subsidiaries ... 887,568	- 116,422	Due from subs. ...	70,833 - 74,568
Creditors ... 2,400,868	+ 478,216	Other properties ...	169,890 - 91,450
Profit and loss ... 198,236	- 37,935	Sundry debtors ...	1,066,124 + 61,474
		Bankers' balances, &c. ...	503,683 - 34,962
Total ... 10,986,672	+ 323,859	Total ... 10,986,672	+ 323,859

HUDSON'S BAY COMPANY.

LIABILITIES.		ASSETS.	
Amount.	Compared with May 31, 1930.	Amount.	Compared with May 31, 1930.
Ord. shares, £1 ... 2,492,087	- 137	Cash ...	413,328 + 97,505
5% cum. pref., £5 2,000,000	...	New issue ...	...
Creditors ... 1,087,101	- 133,800	Freehold & leasehold premises in London ...	993,715 - 2,285
Capital reserve ... 623,000	+ 1,300	Shares in other companies ...	359,035 - 424,282
Reserves—Share premium account ... 3,092,028	- 1,384,644	Debtors ...	1,017,275 - 506,233
Insurance Act ... 150,000	...	Ships & steamers	74,462 - 2,438
Equalisation of dividends ...	- 300,000	Merchandise on land and in transit ...	2,099,534 - 780,584
Saleships extension ... 271,778	- 28,222	Land, buildings & equipment in Canada ...	5,525,449 + 182,849
Buildings ... 762,960	+ 392,960	Suspense account ...	...
Allocations—Officers' & servants' pensions ... 275,000	...	Net advances ...	296,056 + 296,056
Provident & welfare fund ... 25,000	...		
Land settlement & advertising ...	- 12,000		
Land account ...	- 7,200		
Profit and loss ...	- 1,469		
Final dividend ...	- 314,667		
Total ... 10,778,954	- 1,776,179	Total ... 10,778,954	- 1,776,179

REPORTS AND NOTICES.

BANKS.

BANK OF MONTREAL.—The Bank of Montreal, London, has received a cable from its head office in Montreal regarding the bank's statement for the half-year ended April 30, 1931, from which the following information is available: The total assets are \$786,000,000, as compared with \$826,000,000 at October 31, 1930. The liquid assets are equal to 55.72 per cent. of the liabilities to the public and cash holdings 11.16 per cent. Holdings of Dominion and Provincial Government securities amount to \$149,000,000, compared with \$131,000,000, and Canadian municipal securities, &c., are \$58,000,000, as against \$46,000,000, making the increase in high-grade securities over \$30,000,000. Current loans are now \$278,000,000, compared with \$290,000,000. Call and short loans have decreased to \$11,000,000 in Canada and \$34,000,000 outside. Total deposits show a decrease, standing at \$665,000,000, compared with \$697,000,000. The profits amount to \$2,771,753. After allowing for dividends, Government taxes and bank premises, \$131,753 remains to be added to profit and loss carried forward.

THE BANK OF NEW ZEALAND.—The profits for the year ended March 31, 1931, after providing for the expenses of management and all necessary appropriations, are £867,013; from this has to be deducted interest on guaranteed stock, £21,199; leaving balance of profit for the year, £845,814; to which has to be added, balance brought forward from last year, £623,150; and from which there has been paid dividend on preference "A" shares, £50,000; interim dividend, £316,276; leaving available for distribution, £1,102,694. This the directors propose should be disposed of as follows: Dividend on "C" long-term mortgage shares at 6 per cent. per annum, £7,031; dividend on "D" long-term mortgage shares at 7½ per cent. per annum, £17,578; dividend on preference "B" shares, £120,833 (making £162,500 for the year); bonus on preference "B" shares, £18,750; dividend on ordinary shares, 1s. 4d. per share, £250,000 (making 2s. 8d. per share for the year); bonus of 1 per cent. on ordinary shares, £37,500; transfer to reserve fund, £25,000 (making reserve fund £3,575,000); balance carried forward, £628,002.

IMPERIAL BANK OF INDIA.—The following shows statement of profits for the latest half-year compared with the half-year ended June 30, 1930.

	Half-year, June 30, 1930.	Half-year, June 30, 1931.
Net profits for past half-year ...	65,58,900	54,53,900
Brought forward from previous half-year ...	15,26,200	12,56,100
Total ...	80,85,100	67,10,000
Dividend of 12 per cent. per annum, free of income tax absorbing ...	45,00,000	33,75,000
Transferred to reserve fund (16½ per an.) ...	5,00,000	2,50,000
Transferred to pension fund ...	3,36,000	2,50,000
Transferred to premises account ...	Nil	Nil
Carried forward ...	27,49,100	28,34,200
Total ...	80,85,100	67,10,000

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Banks.											
Munster and Leinster Bank	June 30*	44,851	93,552	138,403	...	52,500	14†	40,000	45,903	92,242	14†
The National Bank	June 30*	31,024	135,102	166,126	...	105,000	14	30,000	31,126	135,716	14†
Provincial Bank of Ireland	June 30*	38,912	55,136	94,048	...	30,341	14‡	25,000	38,707	52,964	14‡
Standard Bank of S. Africa	Mar. 31	125,002	567,620	692,622	...	375,000	15	175,000	142,622	652,478	17
Union Bank of Australia ...	Feb. 28	86,992	283,018	370,010	...	280,000	7†	...	90,010	525,656	12‡
Breweries.											
Eadie (James).....	Mar. 31	84,113	65,473	149,586	12,500	26,875	13†	25,000	85,211	71,100	13†
Hoare and Co.	Apr. 18	2,486	541,709	544,195	...	409,303	21	133,885	1,007	592,492	23
Parker's Burslem Brewery	June 2	35,267	92,562	127,829	12,300	69,700	17†	7,781	38,048	97,097	20†
Wells' Watford Brewery ...	Apr. 30	5,021	14,721	19,742	5,592	5,600	8	3,000	5,550	15,635	8
Financial, Land, &c.											
Allsopp Brewery Investm'ts.	Mar. 31	4,583	99,375	103,958	...	87,500	25	8,487	7,971	94,179	25
Australian Estates & Mort.	Dec. 31	7,855	Dr. 54,176	Dr. 46,321	16,250	...	...	Dr. 70,000	7,429	Dr. 72,010	...
British North Borneo Co.	Dec. 31	48,447	16,566	65,013	...	...	...	...	65,013	59,452	...
Holloway's Properties	Mar. 31	12,344	55,259	67,603	6,671	37,781	13	5,000	18,151	47,833	13
Hudson's Bay Co.	May 31	1,469	Dr. 746,334	Dr. 744,865	...	...	...	Dr. 744,865	...	297,670	17‡
Port Madryn (Argentina) ...	June 30	2,028	6,210	8,238	...	6,125	5	...	2,113	4,140	5
Scottish American Mortgage	May 31	102,859	93,382	196,241	43,550	36,000	12	10,000	106,691	105,530	14
Iron, Coal and Steel.											
Braithwaite & Co., Engineers	Mar. 31	60,734	23,634	84,368	11,250	8,713	4	...	64,405	23,764	5
Rubber, &c.											
Bertam Consolidated Rubber	Mar. 31	18,550	4,697	23,247	...	...	...	2,499	20,748	46,107	10
Bras-Perak Rubber	Feb. 28	2,614	Dr. 1,952	662	...	...	...	...	662	2,373	...
East Asiatic Rubber	Mar. 31	36,853	Dr. 3,564	33,289	...	...	...	...	33,289	39,427	6
Jeram Rubber Estates	Mar. 31	8,638	Dr. 5,412	3,226	...	...	...	...	3,226	5,911	...
Jitra Rubber	Mar. 31	7,281	Dr. 1,438	5,843	167	...	...	...	500	5,176	2‡
Kawie (Java) Rubber	Mar. 31	13,935	2,210	16,145	...	...	...	2,974	13,171	18,967	12‡
Kepitigalla Rubber	Mar. 31	6,328	Dr. 7,380	Dr. 1,052	...	...	...	Dr. 1,410	358	Dr. 2,404	...
Nirmala (Java) Plantations	Dec. 31	1,806	Dr. 1,120	686	1,631	...	...	Dr. 1,285	340	8,258	2‡
Rini (Java) Rubber	Jan. 31	6,742	Dr. 1,880	4,862	...	...	...	...	4,862	...	...
Selangor United Rubber	Mar. 31	9,848	Dr. 655	9,193	...	...	...	...	9,193	7,073	...
Telugoredjo United Plantns.	Dec. 31	34,052	Dr. 48,525	Dr. 14,473	...	...	...	Dr. 22,000	7,527	34,137	...
Tjiliwoeng Java Plantations	Dec. 31	2,183	Dr. 4,842	Dr. 2,659	3,325	...	...	Dr. 4,129	Dr. 1,855	8,998	4
Yam Seng Rubber	Mar. 31	10,061	72	10,133	...	3,566	5	Dr. 4,322	10,889	8,144	10
Shipping.											
Furness, Withy and Co. ...	Apr. 30	236,171	402,691	638,862	58,125	232,500	7‡	150,000	198,237	595,276	10
Tea.											
Boroi Tea Co.	Dec. 31	8,201	1,421	9,622	...	2,401	10	...	7,221	...	...
Bowlana Tea Estates	Mar. 31	371	260	631	...	...	...	...	631	1,783	...
Empire of India and Ceylon	Dec. 31	34,418	1,701	36,119	10,950	9,870	2‡	2,000	13,299	58,945	10
Longai Valley Tea	Dec. 31	Dr. 3,539	Dr. 9,993	Dr. 13,532	...	...	...	2,012	Dr. 15,544	Dr. 4,566	...
Maleber Tea Estates	Dec. 31	1,243	7,221	8,464	...	1,000	4	2,250	5,214	5,657	17‡
Nedeem Tea	Dec. 31	9,447	Dr. 844	8,603	11,030	...	...	Dr. 2,500	73	52,986	10
Textiles.											
Brocklehurst-Whiston Amal.	Mar. 28	10,395	37,030	47,425	28,000	15,000	2‡	...	4,425	97,330	10
Harben's, Limited	Apr. 30	19,096	22,743	41,839	...	...	...	10,000	31,839	45,457	...
Melso, Limited	June 30	249	8,802	9,051	7,988	...	...	...	1,063	9,248	...
R.M.C. Textiles (1928)	Mar. 31	5,675	33,563	39,238	5,559	15,000	6	10,309	8,370	30,756	10
Trust.											
United Dominions Trust ...	June 30	20,038	74,101	94,139	...	{ 29,062 9,688	15A 5B	} 35,000	20,389	57,676	15
Other Companies.											
Asprey and Co.	Mar. 31	12,191	21,745	33,936	11,500	10,000	10†	...	12,436	34,731	14†
Assoc. London Flour Millers	Mar. 28	354	84,677	85,031	61,740	...	...	1,828	21,463	527	...
Decca Record Co.	Mar. 31	Dr. 89,683	Dr. 83,354	Dr. 173,037	...	...	...	...	Dr. 173,037	Dr. 89,683	...
Financial Times	Dec. 31	38,465	29,022	67,487	54,250	...	...	...	13,237	131,337	10
Hoffnung (S.) and Co.	Mar. 31	55,815	Dr. 47,249	8,566	16,875	...	...	Dr. 16,875	8,566	62,176	10
Long Acre Press	Dec. 31	12,000	54,234	66,234	5,000	...	...	52,050	9,184	...	...
Manganese Bronze and Brass	Dec. 31	Dr. 4,189	5,082	893	...	...	...	...	893	Dr. 4,396	...

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square.
 London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1

for the previous year and 15 per cent. for the nine preceding years. The carry-forward is £90,010, against £86,991 brought in. The sum of £1,500,000 is being taken from reserve account to form a special reserve against depreciation in the Australian and New Zealand currencies. The meeting will be held at 71 Cornhill, London, on July 27, at 1 o'clock.

MISCELLANEOUS.

H.M.V.-COLUMBIA MERGER.—Electric and Musical Industries, Ltd., announce that holders of over 90 per cent. of each class of shares, preference and ordinary, of the Gramophone Company, Ltd., and Columbia Graphophone Company, Ltd., have agreed to exchange their shares for shares of Electric and Musical Industries, Ltd. Altogether over 94 per cent. of the total issued shares have been assented.

Commercial Reports.

MARKET SUMMARY.

The commodity markets have been adversely affected by the financial crisis in Germany, which caused an almost general decline in prices. The situation in the coal trade remains depressed, but quotations remain unchanged. The decision of the British Steel Makers' Association not to lower prices has resulted in a temporary increase in buying to satisfy early requirements which had been delayed in the hope of a reduction in quotations. There has been a sharp decline in non-ferrous metals, the only exception being spelter, which has been maintained following the decision of producers to renew the spelter cartel. Among textile raw materials, cotton declined sharply, but wool has not lost further ground at the auctions in Coleman Street. Jute has been dull, but hemp has been maintained. Among cereals, there has been a sharp decline in wheat prices, and food prices generally were easier. Rubber has again been dull, and there was a setback in oils and oilseeds, but hides and leather have so far maintained their recent advance.

THE COAL TRADE.

SHEFFIELD.—The demand for South Yorkshire steams continues quiet. There is no considerable export sale; nevertheless, the price of best qualities is being maintained at 17s. 6d. to 18s. f.o.b. Exporters are abstaining from contracting. The call for industrial fuel of all descriptions continues on a disappointing scale, and there is great over-production of small and secondary qualities. Best ordinary house coal is quoted at from 18s. to 20s., and comparatively little is being called for. Furnace coke continues weak, and prices at the lowest point since the war.

GLASGOW.—At the time of writing no settlement has yet been reached in the dispute over the miners' hours and wages. It is understood that both the owners and miners have now abandoned the spread-over, and are practically agreed on the principle of a seven-and-a-half hours' day as the basis of a new agreement. The question of wages, however, remains a stumbling-block in the negotiations. Some thousands of the miners are now on strike, but as the leaders of the main union of the men are against striking, it is not expected that the movement will spread seriously. Business in the market is more or less at a standstill, and the prices quoted are largely nominal. There has, however, been no rush for coal, and despite the fact that supplies have been curtailed by collieries' enforced closing owing to their workers striking, and also by the holidays in Lothians, buyers have no difficulty in arranging business. Conditions may become stringent, however, if a settlement of the dispute is not reached soon, because the Lanarkshire and Fifeshire pits go on holiday this month, and this will mean a fresh curtailment of supplies. The market rates for the shipping trade are approximately as follows: (f.o.b. district ports).—LANARKSHIRE.—Ell best, 14s.; splint best, 16s.; splint second, 14s. 6d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 12s.; doubles, 11s. 6d.; singles, 10s. 6d.-10s. 9d.; pearls, 9s. 6d.; dross, 9s. FIFE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 12s. 6d.; third-class steam, 10s. 6d.; trebles, 12s.-13s.; doubles, 11s. 6d.; singles, 10s. 9d.; pearls, 9s. 3d. LOTHIAN.—Prime steam, 11s.; secondary steam, 10s. 6d.; trebles, 12s.; doubles, 12s.; singles, 10s. 6d.-11s.; pearls, 9s. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 12s. 9d.; trebles, 12s.; doubles, 11s. 6d.-11s. 9d.; singles, 10s. 9d.; pearls, 9s. 3d.-9s. 6d.; dross, 9s. 6d.

CARDIFF.—Information has been received at Cardiff this week that the Egyptian State Railways have accepted the tender of T. Benyon and Company, Limited, Cardiff, for the supply of 100,000 tons of Monmouthshire coals on the basis of 24s. 1d. c.i.f. Alexandria, and that negotiations are in progress for the supply of an additional quantity. Otherwise the market has been featureless. There has been no alleviation of the depressed conditions which have charac-

terised the market for practically all grades of coal during the past few months. On the contrary, inquiries are, if possible, less active, and some anxiety is felt concerning the effects of the contemplated issue in France of a decree limiting the imports of coal from foreign countries. Most of the Admiralty collieries are working very irregularly; in some cases the current commitments are far below the authorised production under the reduced quota for the September quarter. Minimum prices are ruling practically throughout the market, and there is a suggestion that the existing schedule should be revised so as to secure a greater measure of elasticity in quotations for foreign orders. Shipments are declining, and last week they totalled only 396,900 tons, compared with 483,000 tons in the previous week, and 510,230 tons in the corresponding week last year. The most recent of the weekly output figures give a total for South Wales of only 798,200 tons, compared with 924,100 tons a year ago. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best dries, 18s. 6d. to 18s. 9d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s.; foundry coke, 25s. to 34s.; patent fuel, 19s. to 20s. 6d.; pitwood, ex ship, 21s. 6d. to 21s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron, writes our correspondent, remains dull and featureless, and local makers are disinclined to lower prices. Local users are only buying what Cleveland iron they actually require for early delivery, and are taking increased quantities from Midland furnaces at lower prices. At Tuesday's weekly market official prices were announced unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t., and very little business was transacted. In hematite iron there is more business doing with home consumers for early delivery and a few prompt lots have also been sold to the Continent, but forward business is still difficult to secure, although there are more inquiries about, due, no doubt, to the firmer attitude recently adopted by makers in regard to prices. For ordinary mixed numbers 62s. 6d. was being obtained last week for early delivery, but the troubles in Germany have since caused weakness, and now 62s. has been accepted, while for delivery a few months ahead a premium of 3d. to 6d. per ton is quoted. In the finished trades little new business of importance is coming to hand. Buyers of steel in the north-eastern area are disappointed at the decision arrived at at the meeting of the British Steel Makers' Association in London on Friday last not to make any alteration in prices, as a reduction was generally expected. No doubt some business has been held up pending the result of this meeting and this may not now be placed. The idea prevails that some of the signatories to the rebate scheme arrangement will secede from the agreement so as to obtain a free hand to purchase British or foreign material as best suits them, particularly as there is a much wider difference in prices now than when the rebate agreement was arrived at. Meantime prices under the latter remain: Plates, £8 15s.; angles, &c., £8 7s. 6d.; joists, £8 15s. Other quotations are: Heavy steel rails, £8 10s.; iron crown bars, £10; 24-gauge black sheets, £8; and 24-gauge galvanised corrugated sheets, £9 15s. per ton, all for home use. The ore market shows no change and there is practically no new business doing. Best Bilbao rubio is nominally 15s. c.i.f. for early delivery, and the rate of freight Bilbao/Middlesbrough for prompt boats is 4s. 3d. Coke of good blast-furnace qualities is offering at 15s. delivered consumers' works, but there is a very poor demand. The number of furnaces in blast on the North-East Coast is unchanged at 22.

SHEFFIELD.—The overseas returns for June indicate increased import of basic pig iron and an increased export of foundry iron. Indian foundry pig figures substantially in the returns. The position of the local steel industry is no better on the whole, although the call for semi-material is a little brisker at the moment. Makers have decided to continue existing prices of iron and steel material. The scrap market is rather weaker, nevertheless exports tend to increase and imports to decline. Demand for tool and special steels continues quiet but is no worse. Exports are still declining, especially to the Continent. The tool trades keep steady, but the depression in silverware, electro-plate and cutlery continues as acute as ever.

GLASGOW.—Works close down for the annual Fair holidays to-morrow (Thursday), and during the present week there has been a little more activity in some establishments in order to have orders completed before closing. Work at the Clyde shipyards is at a very low level, and also at the steel plants, and in many cases the holiday will be of fully a fortnight's duration. Machinery makers and several branches of the engineering trade are better placed, and in these trades the holiday will last for about ten days. On the whole the situation is unchanged and in the steel-making and re-rolling trades orders placed are as a rule for comparatively small lots for early delivery. Tube makers also are still unable to keep plants running at full capacity. There are no signs of improvement in the wrought iron business either. Prices generally are unchanged.

CARDIFF.—In the South Wales iron and steel trade the general position is practically unchanged. The recent improvement in prices has been maintained and factories are a little more active than they were a month ago. Foreign steel bars are dearer at £3 15s. to £4 per ton, but Welsh bars are unaltered at £4 12s. 6d. Galvanised sheets are still a very quiet market with prices a shade lower at £19 10s. per ton.

OTHER METALS.

TIN.—The metal declined sharply this week in view of the serious international situation brought about by the financial and political difficulties in Germany. An encouraging feature is the decision of Siam to adopt the restriction plan. According to a statement issued early this week by the International Tin Committee, Siam's adoption of the restriction scheme will have the effect of bringing the tin production now under Government control up to 92 per cent. of the world's total resources. Of the non-participating countries, Siam, it is stated, was the only one capable of increasing its production in the industry. Output of tin in Siam in 1929 amounted to 9,939 tons, in 1930 to 11,124 tons, and this year it has been at the rate of 13,000 tons per annum. The remaining sources of tin supplies not under control, i.e., Cornwall, Australia, Indo-China, not only have not been increasing production, but have been obliged to curtail at a rate even greater than the rate of curtailment proceeding in the countries participating in the scheme. The net reduction in world output resulting from Siam's adherence to the international scheme is expected to amount to approximately 3,000 tons. Wednesday's official closing quotation for "standard cash," at £107 15s. to £107 17s. 6d. per ton, compares with £113 5s. cash, at £113 7s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,941 tons, show a decrease of 135 tons on the week.

COPPER.—The market has been depressed during the past week. Copper Exporters, Inc., again reduced its minimum price for "electrolytic," c.i.f. Continent, from 8.775 cents per lb. to 8.275 cents per lb. The reaction in New York weakened the market in London, and Wednesday's official closing price for "standard cash" in London, at £33 5s. to £33 7s. 6d., compares with £35 to cash a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 1,161 tons, were of 304 tons, while stocks of rough copper, at the June approximate unchanged. According to the Metal Exchange the June approximate copper figures for North and South America are as follows:—

	June.	May.
Tons.	Tons.	Tons.
Refined stocks	368,750	356,250
Blister stocks	167,302	170,156
Foreign deliveries, refined	29,464	24,107
Domestic deliveries, refined	44,643	40,179
Refined production	87,500	91,964
Mine production	40,179	41,071

LEAD.—The market in lead was dull, but as the metal was only sparingly offered the decline in prices was not so sharp as in the case of tin and copper. Wednesday's official closing quotation for "soft foreign" in London, at £12 5s. to £12 10s., compares with £12 16s. 3d. to £13 2s. 6d. on the corresponding day last week.

SPELTER.—In view of the fact that the recent negotiations held at Ostend for the re-establishment of the zinc cartel have been successful, this metal remained steady during the week. The agreement provides for a reduction of output by 45 per cent. as from August 1st. The amount of output will be calculated for each factory according to its production in the three best months of the last three years. Strict control of the position and disposal of stocks is provided for. The term of the agreement is at least three years, but will be automatically extended if not denounced at least three months before December 31st in any year. Wednesday's official closing quotation in London for "good ordinary brands," at £12 7s. 6d. to £12 10s., compares with £12 2s. 6d. to £12 15s. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained and at last week's level. Antimony again changed hands at £23 to £23 10s. per ton for "foreign," while quicksilver remained unchanged at the recently reduced price of £17 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—The spot sales for the week July 10th to 15th (inclusive) are 24,000 bales, of which 10,750 are American; 1,700 Brazilian; 500 Argentine; 4,250 Peruvian; 2,500 Egyptian; 2,500 African; 550 East Indian; 820 Russian and 430 sundries. Imports for the same period are 24,873 bales, of which 7,873 are American; 2,889 Argentine; and 461 sundries. Egyptian; 1,660 African; 542 East Indian, and 491 Egypt F.G.F., Quotations, July 15th: American Middling, 4.91; Egypt F.G.F., 7.60; Uppers, 5.91; Brazil Fair, 4.96; Pere G.F. Smooth, 5.26; West African Middling, 4.96, and East African G.F. 5.96.

Manchester.—Demand in the cloth market has met with a setback, and there is much less inclination to place orders than a week ago. The sharp decline in raw cotton prices has disorganised business and numerous buyers of yarn and cloth have withdrawn offers. There is a disposition in all quarters to act with caution, and until the political outlook on the Continent is clearer, there is little probability of increased activity. Although no definite information is available, the news from India has been rather better, and a few days ago fair lines were booked in dhooties and other light fabrics. Auction advices from Shanghai have been very disappointing. Cables report that the poor demand is attributed to the low commodity prices. A certain amount of inquiry is still being experienced for Hong Kong and the Dutch East Indies. Operations for most of the minor outlets both East and West have fallen off. There are indications of manufacturers losing ground. The yarn market has

A JOURNEY TO CENTRAL ASIA AND TURKSIB

INTOURIST has planned a special Five-Weeks' Tour into Central Asia and Turksib (the new Turkestan-Siberian Railway). It will carry the traveller into countries renowned for splendid climate, ancient cities and architectural monuments, a great diversity of races, a mingling of cultures and new forms of social organization. The following is the itinerary:

Leningrad (3 days) to Moscow (5 days), then east and south, passing the Volga and Ural Mountains, and the great Ural Steppes dotted with the camps of nomad Kazaks and stretching to the shores of the Aral Sea. The route is then by Alma-Ata, and north along the Turksib for 300 kilometres, then south to Tashkent and the Fergan Valley. After Tashkent will come Samarkand and Bokhara, Merv and Askabad, followed by a journey across Turkmenistan to Krasnovodsk on the Caspian Sea, by steamer to Baku, and special train to Kiev and Shepetovka (Polish frontier).

Date of starting from Leningrad is August 25, and the cost from Leningrad to Shepetovka is £202. (London—Leningrad and Shepetovka—London approximately £25-30).

INTOURIST

(State Tourist Agency of the U.S.S.R.)

BUSH HOUSE, ALDWYCH, LONDON, W.C.2

Telephone: Temple Bar 5411

been quieter, and fewer bids have been met with. Users of American qualities are only purchasing small lines. Demand in the Egyptian section has been irregular, and contracts have been for smaller quantities.

Cotton Prices.

	1931.				Corresponding Date.	
	June 24.	July 1.	July 8.	July 15.	1929.	1930.
Raw Cotton—Mid. American	d. 5-17	d. 6-40	d. 5-36	d. 4-91	d. 10-32	d. 7-65
" Sakellaridis Fully Good Fair	7-90	8-35	8-25	7-50	16-75	12-30
" Egyptian	8-1	9-1	9-1	8-1	15	11½
Yarns—32's twist	9-1	9-1	9-1	9-1	15½	12
" 40's twist	14½	15½	15½	14½	25½	20
" 60's twist (Egyptian)						
32-in. Printers, 116 yds., 16 by 16, 32's and	a. d. 17 11	a. d. 17 11	a. d. 17 11	a. d. 17 3	a. d. 25 0	a. d. 21 0
50's	17 11	17 11	17 11	17 3	25 0	21 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and	19 9	19 9	19 9	19 9	27 9	23 3
40's	11 0	11 0	11 0	11 0	15 0	12 9
38-in. ditto, 38 yds., 18 by 18, 10 lb.	9 10	9 11	9 11	9 8	13 4½	11 6
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.						

THE WOOL TRADE.—Bradford.—It has been decided to close the current series of sales next Wednesday, curtailing them by two selling days. To a very large extent, writes our correspondent, this is caused by the German financial crisis, though it has been rumoured that a few firms would rather put marks into wool than hold them. Germany, however, has continued to operate more extensively than anyone might have expected, but there has been a distinct slackening in the competition of French buyers. There are many business relationships between large Roubaix buying brokers and German spinners and manufacturers, and until the outlook clears only a very limited turnover can be expected. The sales this week have gone off well. Good combing greasy merino wools have continued to move freely at the highest point of the series. There have been some good offerings from Queensland, while the competition for good shafly speculators' wools has been very creditable. But for the German crisis we think that merinos would have definitely moved to a level of values equal to the close of the May sales. The big offerings of crossbreds have also moved as well as anyone could reasonably expect. There is not much change compared with last week, good combing greasy fleece wools selling fairly well, though half-breds have hardly moved on the opening level. The important business which Bradford export houses do with German firms has for the time being been brought to a standstill, the immense losses of the Bremen wool firm having a serious effect upon everyone. The threatened strike is also influencing the general course of trade. Spinners have called for the delivery of considerable weights of tops fearing a

stoppage at the wool combing end of the trade. The threatened trouble among mill operatives is very much to be regretted, but all sections of the trade realise that overhead costs will have to be sensibly reduced if export trade is to be regained. In the meantime markets are unchanged on the week, but new business is exceedingly limited.

THE GRAIN MARKETS.

WHEAT.—The official July estimate of the United States wheat crop shows a total yield of 869 million bushels, as compared with 850 million bushels a year ago. Crop conditions in Canada have been stated in an official report to be as follows:—

	July 1, 1930.	June 1, 1931.	July 1, 1931.
Spring wheat	Per cent. 91	Per cent. 80	Per cent. 56
Winter wheat	91	97	96

In Australia weather conditions appear to be favourable, but a week of excessive rain has done some damage to European crops. The German crop is officially estimated at 168 million bushels, against 136 million bushels a year ago. In Russia, where the acreage under wheat exceeds by 5 million acres that of last year, conditions appear to be still satisfactory. Meanwhile, prices on the principal markets have fallen sharply during the week, which is partly ascribed to the prevailing financial crisis. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 25s. 6d. per 496 lbs., as compared with 26s. 9d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 24s. 3d., against 25s. 6d.; No. 3 Northern Manitoba, Atlantic, ex ship, 23s. 3d., against 24s. 3d.; Rosaf, ex ship, 21s., against 21s. 3d.; Australian, ex ship, 23s. to 24s., against 23s. 9d. to 25s. a week ago.

WHEAT FLOUR.—In sympathy with wheat, quotations for flour showed a declining tendency during the past week. North American shipments, at 171,000 sacks, show a decline of 9,000 sacks, as compared with those of the previous week. It is noteworthy that of this total 122,000 sacks were consigned to non-European countries. Quotations: Straight run, delivered country, 22s. 6d. per sack of 280 lbs., as compared with 23s. 6d. last week; delivered London, 21s. 6d., against 22s. 6d. Manitoba patents, ex store, 21s. to 24s., against 22s. 3d. to 25s.; and Australian, ex store, 17s. 6d. to 18s. 6d., against 17s. 9d. to 18s. 6d. a week ago.

BARLEY.—The demand for barley has been on a small scale, with the result that lower prices were realised. Quotations: "English malting," f.o.b., 30s. to 35s. per 448 lbs., against 30s. to 35s. last week; "English feeding," f.o.b., 20s. to 22s., as compared with 20s. to 22s. Californian sold at from 36s. to 40s., as compared with 36s. to 40s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

THE STOCK MARKET AND THE CRISIS.

LEOPOLDINA RAILWAY.

HUDSON'S BAY.

FURNESS WITHY.

EAST ASIATIC RUBBER.

BUILDING SOCIETY STRENGTH.

SEE

The

Investors' Chronicle
and
Money Market Review

THIS WEEK.

The Investors' Chronicle may be obtained at all bookstalls and newsagents throughout the country, price 6d., or from

The Publisher:
"THE INVESTORS' CHRONICLE"
20 BISHOPSGATE, LONDON, E.C.2.

OATS.—There has been an improvement in buying during the past week, but owing to heavy supplies, prices were slightly easier. Quotations: "River Plate," landed, 12s. per 320 lbs., as compared with 12s. 6d. last week; "River Plate," ex ship, 10s. 9d. to 11s., against 11s. 3d.; "Chilean Tawny," landed, 13s. 6d., against 13s. 6d.; English white, per 336 lbs., 20s. to 21s., against 20s. to 21s. a week ago.

MAIZE.—Argentina continues to ship maize in large quantities which exercises a depressing influence on prices. The Crop Reporting Board of the United States Department of Agriculture has estimated the yield in that country at 2,068 million bushels, against 2,068 million bushels a year ago. Quotations: "Plate," landed, 16s. 6d. per 480 lbs., as compared with 16s. 6d. last week; Plate, ex ship, 15s. 3d., as against 15s. 3d.; Plate, June-July, new, 15s. 3d., as against 15s. 3d. Yellow maize meal, ex wharf, was quoted at 25s. as against 25s. per ton a week ago.

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

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to July 11	Owts. 27,686	Owts. 57,152	Owts. 49,083	Owts. 86,632
45 weeks to July 11	4,793,603	9,271,225	9,577,402	10,728,484
Average price of English wheat per cwt.	s. d. 6 1	s. d. 8 4	s. d. 10 0	s. d. 10 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
July 4, 1931	Owts. 48,173	Owts. 6,720	Owts. 9,992	s. d. 6 2	s. d. 5 11	s. d. 6 8
June 11, 1931	27,686	1,117	5,708	6 1	5 6	6 9
July 9, 1927	73,251	7,337	22,129	12 8	12 0	10 2
July 14, 1928	86,632	4,334	2,608	10 9	10 2	12 5
July 13, 1929	49,083	5,070	8,448	10 0	10 0	9 4
July 12, 1930	57,152	4,275	9,685	8 4	6 8	6 2

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	July 16, 1930.	Jan. 2, 1931.	June 30, 1931.	July 8, 1931.	July 15, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	95½	56½	62	60½	56½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	87½	79½	57½	54½	51½

OTHER FOODS.

SUGAR.—In the absence of support the market in raw sugar was dull, but as there was hardly any selling pressure, prices were maintained. "British refined" was reduced 3d. per cwt. at the end of last week, which resulted in increased buying. Wednesday's sales included "August delivery," at 6s. 4½d. to 6s. 5½d. per cwt., against 6s. 5d. to 6s. 5½d., and "December," at 6s. 8½d. to 6s. 9d., against 6s. 8½d. to 6s. 8½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
London	Tons. 451	Tons. 548	Tons. 1,323	Tons. 2,066	Tons. 28,008	Tons. 29,081
Liverpool	11,308	7,872	3,348	18,030	74,171	75,568
Total	11,759	8,420	4,671	20,096	102,179	104,649
Last week ...	13,451	31,506	16,387	18,085	95,091	116,325

COFFEE.—At this week's auctions most qualities met with a slow demand and prices were barely steady. Last week's movements of coffee in London were as follows: Brazilian, landed, 41 bags; delivered for home consumption, 228 bags; exported, nil; stocks, 2,582 bags, against 1,653 bags last year. Central American, landed, 3,236 packages; delivered for home consumption, 3,999; exported, 1,932; stocks, 111,185 packages, against 107,236 a year ago. Other kinds, landed, 3,163 packages; delivered for home consumption, 2,760; exported, 1,328; stocks, 85,715 packages, against 122,652 a year ago.

COCOA.—At this week's auctions cocoa has again been dull and lower prices were the rule. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, mid-crop, July-August, at 20s. per cwt. f.o.b. London contract, shows a fall of 1s. 6d. per cwt. Last week's movements of cocoa in London were as follows: Landed, 4,408 bags; delivered for home consumption, 4,725 bags; exported, nil; stocks, 227,044 bags, against 202,481 last year.

TEA.—The quantities catalogued for this week's auction comprised 27,739 packages of Indian, 41,921 packages of Ceylon, and 12,026 packages of Java and Sumatra tea. There was an improvement in the demand for tea this week and almost all grades realised higher prices. The following table shows the average prices

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended June 30.		Six months ended June 30.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	5,451,717	3,940,557	34,266,702	23,338,270
B. Feeding stuffs for animals	461,434	362,978	3,370,706	2,381,266
C. Meat	9,247,498	6,954,935	59,205,537	46,678,932
D. Animals, living, for food	1,010,636	740,008	7,667,416	6,672,130
E. Other food and drink, non-durable	16,617,020	16,696,610	93,697,065	87,227,445
F. Other food and drink, durable	4,320,697	4,208,832	29,510,831	26,226,551
G. Tobacco	452,578	462,334	6,226,394	5,141,724
Total, Class I.	37,561,580	33,366,234	233,944,651	197,666,318
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,317	2,917	14,688	15,815
B. Other non-metallic mining and quarry products and the like	476,174	319,876	2,871,511	1,998,512
C. Iron ore and scrap	493,106	221,291	3,323,228	1,309,427
D. Non-ferrous metalliferous ores and scrap	1,088,980	620,234	7,370,186	3,924,989
E. Wood and timber	4,412,890	2,688,834	16,197,661	9,819,027
F. Raw cotton and cotton waste	2,619,155	1,978,790	27,276,130	13,324,698
G. Wool, raw and waste, and woolen rags	4,021,327	3,158,522	31,264,011	24,238,224
H. Silk, raw, knuts and nolls	73,912	112,036	946,732	637,985
I. Other textile materials	594,655	427,735	6,765,964	3,639,770
J. Oil seeds, nuts, oils, fats, resins and gums	3,015,854	2,154,159	19,129,028	13,982,132
K. Hides and skins, undressed	983,140	747,537	9,276,288	5,939,524
L. Paper-making materials	1,112,774	783,796	6,058,369	4,320,224
M. Rubber	880,827	317,805	6,618,392	2,932,039
N. Miscellaneous raw materials and articles mainly unmanufactured	645,508	564,051	5,349,907	4,292,830
Total, Class II.	20,420,619	14,097,583	142,462,095	90,375,196
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	114	1,891	4,885	9,853
B. Earthenware, glass, abrasives, &c.	875,207	784,616	5,440,586	4,400,776
C. Iron and steel and manufactures thereof	1,783,837	1,607,594	12,564,651	9,093,155
D. Non-ferrous metals and manufactures thereof	2,574,726	1,669,145	16,268,660	10,644,034
E. Cutlery, hardware, implements, and instruments	644,547	672,793	3,848,662	3,338,407
F. Electrical goods and apparatus	423,836	399,640	3,441,482	2,382,621
G. Machinery	1,475,963	1,212,454	9,774,221	7,297,061
H. Manufactures of wood and timber	681,196	627,217	4,581,564	3,482,590
I. Cotton yarns and manufactures	701,007	627,217	4,871,698	4,135,831
J. Woollen and worsted yarns and manufactures	1,017,513	817,782	7,107,025	6,304,413
K. Silk and silk manufactures	857,414	625,398	5,968,886	4,423,766
L. Manufactures of other textile materials	1,102,697	1,121,981	7,986,504	7,214,084
M. Apparel	1,420,837	1,541,934	9,912,575	10,012,716
N. Chemicals, drugs, dyes and colours	1,015,125	925,374	6,971,019	6,153,255
O. Oils, fats, and resins, manufactured	4,339,613	2,409,431	25,233,407	15,485,723
P. Leather and manufactures thereof	1,119,295	1,012,516	7,543,026	6,074,307
Q. Paper and cardboard	1,490,285	1,462,643	8,697,433	7,146,883
R. Vehicles (including locomotives, ships, and aircraft)	599,700	258,109	3,829,595	1,963,705
S. Rubber manufactures	270,989	234,428	2,177,328	1,664,875
T. Miscellaneous articles, mainly or wholly manufactured	2,085,385	2,133,178	13,421,934	13,125,808
Total, Class III.	24,459,286	20,195,819	159,645,141	124,353,863
IV.—Animals, not for food	321,976	447,720	1,638,419	1,740,229
V.—Parcel Post, non-durable articles	588,552	534,387	3,998,963	3,738,237
Total	83,352,013	68,641,743	541,689,269	417,873,843

compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyaland.
July 10, 1930	s. d. 0 11-91	s. d. 1 2-34	s. d. 1 5-24	s. d. 0 9-92	s. d. 0 10-56	s. d. 0 9-62
June 18, 1931	0 7-91	0 9-64	0 11-57	0 5-50	0 6-20	0 5-45
June 25, "	0 7-79	0 8-15	0 11-17	0 5-79	0 5-80	0 4-04
July 2, "	0 7-73	0 7-45	0 10-75	0 6-10	0 6-96	0 8-57
July 9, "	0 7-58	0 7-99	0 10-28	0 6-20	0 6-26	0 8-62

RICE.—The market in rice has been steady. Wednesday's quotation for Burma No. 2, cleaned, July-August, in singles to the Continent, and to the United Kingdom, at 7s. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 8 tons; delivered, 29 tons; stocks, 539 tons, against 2,007 last year.

POTATOES.—Owing to the increase in the supply of new potatoes prices declined sharply. At the Borough Market, new English potatoes were sold at 8s. to 10s. per cwt., as against 13s. to 14s. a week ago.

SPICES.—The spot pepper market has been easier this week. Wednesday's quotation for "Black Singapore," at 5½d. per lb., shows a decline of ¼d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 21; delivered, 10 tons; stocks, 631 tons, against 913 tons last year. White, landed, 10 tons; delivered, 32 tons; stocks, 675 tons, against 535 tons a year ago.

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended June 30.		Six months ended June 30.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	£ 314,435	£ 262,332	£ 2,276,154	£ 1,655,116
B. Feeding stuffs for animals	133,239	147,328	1,085,559	1,145,011
C. Meat	96,850	79,731	716,421	605,851
D. Animals, living, for food	16,126	15,583	84,868	102,860
E. & F. Other food and drink	1,936,006	1,689,497	14,123,306	11,193,089
G. Tobacco	692,366	366,113	4,666,584	3,025,704
Total, Class I.	3,189,022	2,560,584	22,952,892	17,727,631
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,333,653	3,062,826	23,988,875	17,164,283
B. Other non-metallic mining and quarry products and the like	121,295	97,703	912,955	558,905
C. Iron ore and scrap	18,855	47,962	302,752	230,867
D. Non-ferrous metalliferous ores and scrap	62,162	42,669	453,798	229,515
E. Wood and timber	27,825	19,810	152,756	115,633
F. Raw cotton and cotton waste	50,142	20,933	360,079	154,078
G. Wool, raw and waste, and wool- len rags	403,498	234,932	2,805,166	1,530,048
H. Silk, raw, knuts and nolls	1,080	447	9,565	4,252
I. Other textile materials	39,290	19,595	177,095	81,329
J. Oil seeds, nuts, oils, fats, resins, and gums	248,816	191,282	2,010,932	1,342,406
K. Hides and skins, undressed	106,713	47,404	913,224	458,813
L. Paper-making materials	85,044	55,040	611,576	353,931
M. Rubber	15,366	7,362	101,576	50,765
N. Miscellaneous raw materials and articles mainly unmanufactured	144,309	130,819	1,732,035	1,464,132
Total, Class II.	4,658,049	3,978,793	34,532,384	23,739,051
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	198,087	170,900	1,637,450	1,309,224
B. Earthenware, glass, abrasives, &c.	909,644	663,753	6,322,912	4,200,658
C. Iron and steel and manufac- tures thereof	4,103,489	2,357,431	28,659,238	15,789,870
D. Non-ferrous metals and manu- tures thereof	887,310	511,906	6,776,071	3,648,570
E. Cutlery, hardware, implements, and instruments	605,489	445,576	3,878,103	2,655,796
F. Electrical goods and apparatus G. Machinery	874,085 3,652,447	560,815 2,442,086	6,121,329 24,939,043	4,151,003 16,991,848
H. Manufactures of wood and timber	173,048	114,090	1,092,087	735,750
I. Cotton yarns and manufactures J. Woolen and worsted yarns and manufactures	6,187,169 2,236,905	4,255,379 1,702,929	51,863,192 19,374,135	28,629,167 12,448,475
K. Silk and silk manufactures	116,413	87,591	844,450	555,823
L. Manufactures of other textile materials	1,531,553	960,716	10,796,254	6,552,357
M. Apparel	1,158,087	849,188	10,082,482	6,835,014
N. Chemicals, drugs, dyes, and colours	1,583,768	1,282,048	11,813,477	8,916,331
O. Oils, fats, and resins, manufac- tured	572,072	421,840	4,059,870	2,770,706
P. Leather and manufactures thereof	416,228	245,653	3,010,804	1,630,932
Q. Paper and cardboard	651,743	478,329	4,435,969	3,077,997
R. Vehicles (including locomotives, ships, and aircraft)	5,316,785	2,152,732	26,250,599	17,291,749
S. Rubber manufactures	225,648	196,588	1,500,465	1,158,506
T. Miscellaneous articles mainly or wholly manufactured	2,377,421	1,752,300	15,163,140	11,026,789
Total, Class III.	33,757,391	21,651,580	238,621,460	150,376,565
IV.—Animals, not for food	128,950	80,012	723,662	454,840
V.—Parcel Post	1,111,890	1,160,892	8,020,854	6,863,892
Total	42,845,302	29,431,861	304,851,252	199,155,979

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
GRAIN AND MEAT.				Irish bladders				English Southdown, washed				Best heavy ox and heifer			
Wheat, No. 2, N. Man. 496 lb.	a. d.	24	3	American, boxes, 56 lbs.	a. d.	43	6	per lb.	d.	11		Best cow	a. d.	0	4
Eng. Gas. av., per cwt.	6	1		Good English, per cwt.	8	0	10	per lb.	11			Best calf	a. d.	0	4
Barley, Eng. Gas. av.	6	1		SPICES—				Queensland, sed. super combg.	20					0	7
Oats, "	6	1		Pepper, per lb.	0	9	0	N.S.W. greasy, super	11					0	7
Maize, La Plata, landed, 480 lb.	16	6		Muntok, fair White.	0	9	0	N.Z., gray, half-bred 50-56	8					5	6
Flour, Lon. stan. ex mill, a. d.				Black Lampong	0	5	0	Crossbred 40-44	5					6	6
280 lb.	20	3	0	Cinnamom—lat sort, per lb.	0	7	0	Merinos 70's	25					1	2
Rice, No. 2 Burma, per cwt.	7	0	0	Cloves—Zanzibar per lb.	0	9	0	" 64's	23					2	3
Sago, Pearl, per cwt.	16	6		Ginger—per cwt.	26	0	0	Crossbred 64's	11					0	5
Tapoca, per cwt.	17	6	0	African	26	0	0	" 46's	10					0	8
E.I. flake, fair spot	20	0	0	Jamaica, ord. to good	40	0	80	Topa—						0	8
Medium pearl	20	0	0	Mace	1	2	0	Merinos 70's	25					1	2
MEAT—				Nutmegs 65s	1	2	0	Wool, best Ad'ty. ton	20	0	0			2	3
Beef, per 8 lbs.	5	4	6	SUGAR—				Durham, best gas, f.o.b.	14	6	0			0	5
English long sides	5	4	6	(Duty, 11s. 8d. per cwt.)	18	3	21	Tyne	14	6	0			1	2
Argentine chilled hinds	3	10	4	B.W.I., crystallised	18	3	21	Sheffield, best house, at	18	0	20			1	2
Mutton, per 8 lbs.	6	0	8	Java, white, c. & f. India	7	10	0	IRON AND STEEL—						1	2
English wethers	3	4	3	REFINED—London—				Pig, Cleveland No. 3, ton	58	6	0			1	2
N.Z. frozen	3	4	3	Yellow Crystals	19	7	0	Pars, M'brough	200	0	0			1	2
Prime English, per 8 lbs.	4	4	5	Cubes	22	6	23	Steel Rails, heavy	170	0	0			1	2
OTHER FOODS.				Crushed	22	6	23	Tin Plates (20 by 14)	10	0	0			1	2
Irish	84	0	90	Granulated	20	3	21	per bale box (2/3)	13	6	14			1	2
Danish	63	0	65	Home Grown (June)	19	4	19	METALS—						1	2
Canadian	55	0	57	TEA—				Copper, Electrolytic, ton	36	0	0			1	2
Dutch	0	0	0	Indian—per lb.—				Standard	33	5	0			1	2
HAMS—Irish	0	0	0	Pekoe	0	4	0	Lead	13	5	0			1	2
Canadian	0	0	0	Broken Pekoe	0	4	1	Soft	12	5	0			1	2
American	82	6	85	Orange Pekoe	0	4	1	Spelter G.O.B.	12	5	0			1	2
BUTTER—				Broken Orange Pekoe	0	5	2	Tin—English ingots	12	5	0			1	2
Irish creamy per cwt.	116	0	0	Ceylon—per lb.—				Standard cash	107	15	107			1	2
Australian	110	0	111	Pekoe	0	5	1	CHEMICALS—						1	2
New Zealand	114	0	115	Broken Pekoe	0	5	2	Acid, citric, per lb. less 5%	0	10	0			1	2
Danish	121	0	122	Orange Pekoe	0	6	1	Oxalic, net	0	2	0			1	2
CHEESE—				Broken Orange	0	6	2	Tartaric, English less 5%	0	10	0			1	2
Canadian	68	0	74	TOBACCO—				Alum, lump	9	0	10			1	2
New Zealand	62	0	64	(Duty 8/10-9/10 per lb.)				Ammonia, carb.	36	0	38			1	2
English Cheddars	50	0	75	Empire growths, 6/9				Sulphate	10	0	12			1	2
Dutch	58	0	66	7/6 per lb.				Arsenic, lump	35	0	40			1	2
COCOA—				Virginia leaf				Bleaching powder, per cwt.	7	10	0			1	2
(Duty, British grown,				Common to fine	0	6	2	Borax, gran.	11	0	0			1	2
11s. 8d.; foreign, 14s. cwt.)				Rhododend leaf	0	1	3	Do. powder	12	0	0			1	2
Acacia, f.d., per cwt.	22	0	28	Nyasaland leaf	0	5	1	Nitrate of Soda	10	0	10			1	2
Trinidad	38	0	46	strips	0	9	1	Sulphate Chlorate, net.	0	3	0			1	2
Grenada	28	0	36	East Indian leaf	0	4	0	Potash	10	0	11			1	2
COFFEE—				strips	0	5	1	Salt-Ammoniac	42	6	43			1	2
(Duty, British grown,				COTTON—				Soda Bicarb.	9	0	10			1	2
11s. 8d.; foreign, 14s. cwt.)				Mid-American	7	50		Crystals	0	0	0			1	2
Santos, sup., o.c.f. cwt.	43	0	0	Sakellaridis, f.d.	7	50		Sulphate of Copper per ton	19	10	21			1	2
Colombian, good	70	0	90	Yarns, 32's twist	14			CEMENT—						1	2
Costa Rica, med. to good	78	0	118	60's twist	14			OPERA, best Eng. pr. ton	46	0	48			1	2
East Indian	80	0	110	PLAX—				COPIA, per ton	12	12	6			1	2
Kenya, medium	70	0	82	LYONIAN ZK	34	10	0	S.D. Straits c.f., per ton	12	12	6			1	2
EGGS—				Pennau ED	31	0	0	Smoked South Sea	11	15	0			1	2
English	11	3	13	Sianeta Medium 1st sort	41	0	42	DRUGS—						1	2
Danish	9	0	11	HEMP—				Camphor	2	1	2			1	2
FRUIT—				Italian P.O.	31	0	0	Japan, refined	2	1	2			1	2
Oranges				Manila, July-Sept. "J2"	18	10	0	West India	0	4	0			1	2
South African boxes	10	0	16	N.Z.	14	15	0	Cape	0	4	0			1	2
Lemons, Sicilian boxes	10	0	17	Mexican	14	15	0	Dry and Drysalted Cape	0	6	0			1	2
" cases	12	0	18	JUTE—										1	2
Malaga cases 420 No. 1	0	0	0	Native 1st mks. per ton										1	2
Apples (var.) bris.	0	0	0	c.f. H.A.R.B.										1	2
" (var.) boxes	0	0	0	August-September										1	2
" Australian	7	0	17	Daisee 2/3 c.f. Dundee										1	2
Onions—				October-November										1	2
Valencia, case, 4s.	10	0	11	SILK—										1	2
Egyptian Bags	10	0	0	Canton	7	0	0							1	2
Grapes, Lisbon boxes	0	0	0	Tussah	3	6	5							1	2
" Almeria bris.	0	0	0	Japan	9	0	12							1	2
	0	0	0	Italian—Raw, fr. Milan	9	0	12							1	2

HIDE, LEATHER AND ALLIED TRADES.—Although for the time being prices for hides and skins from home-slaughtered cattle show a firm to upward tendency, the feeling is gaining ground that this course cannot be maintained for any length of time in view of the state of the leather industry. At the Manchester sales this week, most weights in first clear ox and heifers again made $\frac{1}{4}$ d. per lb. more money, but it was noticed that other classes were only able to realise last week's figures. The only other advance recorded in regard to hides was $\frac{1}{4}$ d. per lb. on all weights in cows. Calfskins generally made last prices. Business in regard to imported hides is very unsettled, and although values show no marked change one way or the other, the tendency is inclined to be downward. In the South American market, sales during the past week have been mainly on account of the U.S.A., parcels of Argentine ox having changed hands at $\frac{5}{4}$ d. A limited amount of business has also been done in dry South American hides, B.A. Americanos realising $\frac{5}{4}$ d., and M.V. Americanos $\frac{6}{4}$ d. A weaker tendency is noticeable in connection with African hides, and although the majority of quotations are unchanged, first and second dry Capes have been sold 7d. and 6d., with 6d. and 5d. accepted for dry-salted 20/30 lbs. A fair turnover has been done in Australians, but here again the tendency is towards a lower basis. Trade in sole leather has been up to the average of the previous week, with a steady call experienced from the repairing section for English and wet-salted bends. Medium weights in these descriptions are the best market at the moment, but at the same time there is a dropping sale for light and heavy weights. In the dry hide section, shoe manufacturers will only buy for immediate needs, and these for the time being seem to be centred on the heavier weights. This section of the industry, however, has been a better customer of certain classes of offal, and some very good business has been done in both pinned market, sales only being made at low prices. Consumption of upper leathers remains steady. Calf and kid are the best market, and there is no change in the colour vogue, which continues to be for black and the darker shades of brown. Rather more inquiry has

been experienced for patent, but sales of reptile skins and novelty leathers remain small. Semi-chrome upper stock is only moved with difficulty, as is also the case with most descriptions of curried leathers.

RUBBER.—The market in rubber has been dull, and prices showed a declining tendency. Wednesday's official closing price for standard ribbed smoked sheet, at $\frac{3}{4}$ d. per lb., shows a fall of $\frac{1}{4}$ d. as compared with the corresponding day last week. In forward positions, business has been done at $\frac{3}{4}$ d. to $\frac{3}{4}$ d. for October-December, against $\frac{3}{4}$ d.; and at $\frac{3}{4}$ d. for April-June, 1932, as against $\frac{3}{4}$ d. to $\frac{3}{4}$ d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,166 tons; delivered, 1,335 tons; stocks at the end of last week, at 136,523 tons, show a decrease of 169 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	July 8.	July 15.
Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	54 $\frac{1}{2}$	51 $\frac{1}{2}$
Coffee, Rio No. 7, cash, per lb.	6 $\frac{1}{2}$	6 $\frac{1}{2}$
" Santos No. 4, cash, per lb.	9 $\frac{1}{2}$	9 $\frac{1}{2}$
Cocoa, Accra, nearest future, per lb.	5.43	5.06
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3.45	3.50
Cotton, New Orleans, middling, spot, per lb.	9.34	8.85
Rubber, smoked sheet, spot, per lb.	6 $\frac{1}{2}$	6 $\frac{1}{2}$
Petroleum, Pennsylvania crude standard grades, per barrel	135-150	120-135
Copper, "Electrolytic," Domestic, spot, per lb.	8.00	7.75
" "Electrolytic," Copper Exporters Inc., spot, per lb.	8.775	8.275
Spelter, East St. Louis, spot, per lb.	3.95	3.90
Lead, spot, per lb.	4.40	4.40
Tin, "Straits," spot, per lb.		

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, JULY 25, 1931.

No. 4,587.

ALLIANCE

ASSURANCE COMPANY, LIMITED.

(Established in 1824.) ASSETS EXCEED £30,000,000

HEAD OFFICE: BARTHOLOMEW LANE, LONDON, E.C.2.

LIONEL N. DE ROTHSCHILD, O.B.E., Chairman.

INSURANCES OF EVERY KIND.

LIFE DEPARTMENT

Children's Deferred Assurances with Educational Option. Assurances with Disability Benefits (including Income Benefit).

Staff Assurances and Pension Schemes.

MOTOR INSURANCE

The Company's Comprehensive policies comprise all the latest developments of this class of insurance, including Unlimited Third Party Indemnity.

For full information apply to the Head Office or to any of the Offices or Agents of the Company.

A. LEVINE, General Manager.

CHRISTIANIA BANK OG KREDITKASSE OSLO

Established 1848.

Paid-up Capital and Reserve Funds, Kr. 40,000,000.—.

Oldest Norwegian Private Joint Stock Bank. Direct correspondents throughout the country. Offering complete services to banks and firms doing business on Norway. Correspondence invited.

CREDITO ITALIANO

Limited Company Incorporated in Italy.

Capital fully-paid Lire 500,000,000
Reserve Lire 300,000,000

Head Office of the Bank: MILAN.

THE BANK HAS BRANCHES AND CORRESPONDENTS THROUGHOUT ITALY.

London Branch: 2 ROYAL EXCHANGE AVENUE, E.C.3.

Transacts a general Foreign Banking Business. STERLING DRAFTS AND DOCUMENTS ON ITALY COLLECTED ON SPECIALLY FAVOURABLE TERMS. CORRESPONDENT OF THE ROYAL ITALIAN TREASURY.

Telegrams: "Italo credit, London."

Telephone: Avenue 2021-6.

TABLE OF CONTENTS.

The Money Market	157	Investment Notes—	
Leading Articles—		The Stock Exchange,	
The Conference and the		Bank Rate and the	
Crisis	159	London Conference	182
A Diary of the Crisis—		Stock Exchange Reform	182
(continued)	160	Chilean Bonds	184
India's Future Proletariat	160	Lord Kysant's Trial—	
The Banking Half-year	161	Royal Mail Position	183
The World's Merchant		Furness Withy's Accounts	183
Fleets	162	Elder Dempster	184
Unemployment in the		Courtaulds and the Rayon	
United States	163	Position	184
Notes of the Week—		Marconi's Wireless Tele-	
The Bank Rate Increase	165	graph	184
Knave-Proof Protection	165	Waring and Gillow	184
Miss Bondfield's Sur-		Union Cold Storage	185
render	165	Crosse and Blackwell,	
The Bomb in Saint Peters	166	Ltd.	185
Zionist Politics and		Another Penny off Petrol	185
Palestine Development	166	Chrysler and the American	
The Round Table	166	Motor Industry	186
The Credit-Anstalt	166	Victoria Falls and Trans-	
The Hungarian Situation	167	vaal Power	186
The Misdirection of		Kramat Pulai	186
Money	167	Company Meetings of the	
The Volume of Overseas		Week	186
Trade	167	Capital Issues	187
Cotton Production Costs	168	Reports and Notices	187
Bakers and Prices	168	Company Meetings, &c.	188
Employment and the Cost		Government Returns, &c.	193
of Living in June	168	The Bankers' Gazette—	
Brazilian Financial Re-		Bank of England	193

as naturally end in a Bank rate increase. Gold shipments and the continued withdrawal of foreign funds had by Monday tightened money very considerably, and had raised the three-months' market discount rate to 2½ per cent. As the week wore on, with its heavy gold withdrawals each day, and as the foreign exchanges remained obstinately below the gold point, discount rates continued to harden, until on Wednesday 2½ per cent. was the common working rate.

A rate only ¼ per cent. below Bank rate clearly left both the Bank and the market very little room for manœuvre. Early in the week the Bank tried to relieve the position by open market purchases of bills, mainly Septembers, at a rate of 2½ per cent., and the increase shown in the Bank return of £5.4 millions in Government securities suggests that buying took place upon a substantial scale. Once this had failed to widen the margin between market rate and Bank rate, there was a possibility of a position developing similar to that of September, 1929, when the Bank found it increasingly difficult to place each week's offerings of Treasury bills. This was clearly a factor which influenced Thursday's decision.

As usual, the market on Thursday afternoon took some time to settle down under the new conditions. The clearing banks quickly decided to increase their rate for weekly fixtures by only ¼ per cent. This brought the rate to 2½ per cent., or to one point below Bank rate, thereby restoring the normal margin that existed prior to the last Bank rate reduction. Market rate was called 3½ per cent., or a rise of nearly one full point, but this rate was not fully tested on Thursday afternoon. Short money outside the clearing banks was obtainable at 2½ per cent., so that the first effect of the change has been to give the discount market a more generous margin than they have lately experienced. Sterling rallied a little after the Bank rate announcement, but how far the new Bank rate will bring about a permanent improvement in the foreign exchanges remains to be seen.

	July 2, 1931.	July 9, 1931.	July 16, 1931.	July 23, 1931.	Previous Rate and Date Changed.
Bank Rate	2½	2½	2½	3½	2½ (July 23, '31)
Bankers' Deposit Rate ..	1	1	1	1½	1 (July 23, '31)
Discount (Call)	1	1	1	1½	1 (July 23, '31)
Houses (Notice) ...	1½	1½	1½	1½	1½ (July 23, '31)
Market rate (3 months' bills)	1½	1½	2½	3½	...

The Bank return reveals many wide changes. As previously stated, the week's gold losses amounted to £15.2 millions, this figure excluding, of course, Thursday's heavy withdrawals of a net £5.1 millions. The note circulation was reduced by £2.8 millions, so that the reserve fell by £12.3 millions, and this brought the Proportion down from 57.2 to 49.3 per cent. The contraction in the Reserve was partly neutralised by the increase of £5.4 millions in Government securities, due to the open market operations of the Bank. Even so, Bankers' Deposits have fallen by £6.2 to £60.2 millions. The position is thus one of comfort, if not of extreme ease. The Bank still possesses a wide margin out of which to meet further gold losses, and foreign withdrawals to date have still left the money market reasonably well supplied with funds.

The June averages of the nine English clearing banks were, to a limited extent, affected by the preparations for the half-yearly balance sheets at the end of the month. This probably helps to explain the increase of £13.5 millions in cash. Deposits have risen by £44.6 millions on the month, but are still £43.7 millions below their level of a year ago. There has been a further decline in advances, and in default of more remunerative ways of employing their funds, the banks have added £41.8 millions to their bill portfolios. The contraction in acceptances appears to have been arrested, at any rate for the time being.

	June, 1930.	March, 1931.	April, 1931.	May, 1931.	June, 1931.
Capital and reserves	131.8	132.1	132.1	132.1	132.1
Acceptances	130.7	121.5	115.2	114.1	115.9
Deposits (including undivided profits, &c.)	1,788.3	1,726.2	1,698.3	1,700.0	1,744.6
Total liabilities	2,050.8	1,979.8	1,945.6	1,946.2	1,992.6
Coin, notes, balance at bank, and cheques in course of collection	249.8	227.3	224.0	222.7	236.2
Money at call	142.3	110.7	113.5	127.8	129.9
Investments	259.1	320.9	318.2	299.6	298.1
Discounts	273.1	238.5	209.1	222.1	263.9
Loans and advances	956.2	919.4	923.8	918.0	906.6
Cover for accept., premises, &c.	170.3	163.0	157.0	156.0	157.9
Total assets	2,050.8	1,979.8	1,945.6	1,946.2	1,992.6

In the United States, stock, bond and commodity markets have alike reacted to the changes in the international situation. The project of a new German loan, as mooted a week ago, was not received with enthusiasm in banking circles, as it was felt that the majority of banks were already carrying sufficient German obligations. This week it was officially estimated by Washington that outstanding German short-term credits totalled \$1,200,000,000, of which \$600,000,000 were owed to the United States. It is also stated on Wall Street that nearly a fortnight ago eleven of the principal banks agreed not to withdraw their German credits, but some bankers are not certain how prudent it is to renew German credits indefinitely. Call money remains steady at 1½ per cent. Imports for the first half of 1931 are returned at \$1,109,000,000, against \$1,735,000,000 in the first half of 1930. The corresponding export figures are \$1,315,000,000 for 1931 and \$2,075,000,000 for 1930. Gold stocks on July 13th amounted to \$4,965,000,000, or a new high record.

The Foreign Exchange market was again very disturbed, and, although little business was done, fluctuations were wide and irregular, especially in the franc, as a result of the general uncertainty as to the results of the London Conference. The rise in the Bank rate on Thursday checked to a considerable extent the general unfavourable tendency towards sterling. New York, after 4.83½, steadied to 4.84½, a loss to sterling of 1½ on the week. Montreal improved to 4.86½. Paris, after 122.80, went from 123.40 last week to 123.65. Brussels gained 4 points at 34.77. Milan improved from 93.00 to 92.65. Madrid was again erratic, and weakened from 51.75 to 53.25. Amsterdam was unchanged on balance at 12.03. The Berlin quotation was purely nominal round about 20½. Switzerland was better by ½ at 24.87. Of the Scandinavian exchanges, Stockholm gained ½ at 18.14½, Oslo ½ at 18.16½, but Copenhagen was unchanged at the same quotation. Helsingfors improved to 192.75. The South American currencies were again weak, Rio losing ½d. at 3½d., and Buenos Aires ½d. at 34d., whilst Monte Video fell from 27½d. to 25½d. In the Far East the rupee was firm at 1s. 5½d. The yen gained ½d. at 2s. 0½d., but Batavia depreciated from 12.03½ to 12.05½. In the forward market all quotations were nominal, dollars standing at 1½ and 1½ cents premium and francs at par to ½ discount for both periods. Brussels was 2 centimes discount for both one and three months. Milan 13 and 50 centesimi discount, and Madrid at discounts of ½ peseta and one peseta. Amsterdam was at ½ cent and ½ cent discount, and Switzerland at one centime discount for one month and 2 centimes discount for three. Berlin was unquotable. The silver market was dull, and prices fell by ½d. to 13d. for cash and by the same to 12½d. for forward. The China silver exchanges weakened in sympathy, Hong Kong by ½d. to 1s. 0½d. and Shanghai by the same margin to 1s. 3½d.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade activity.

THE CONFERENCE AND THE CRISIS.

THE meeting of the most representative and influential body of world statesmen that has assembled since the war has come and gone. It met in the hope of checking the widening circle of distrust and financial difficulty that commenced to spread through Europe with the failure of the Credit Anstalt, and, if possible, of setting the world on the road towards recovery. Its first and most urgent task was, therefore, to take measures against the further deterioration of the German situation and to prevent its effects spreading to other countries. The essential condition for this is that sufficient confidence should be restored to stop both the external drain on Germany and the internal flight from the mark. Within comparatively narrow limits the effects of a drain of withdrawals can be balanced by central banking or other credits, and, if distrust has not gone too far, such action may in itself be sufficient to stop the drain and tide over the crisis. But if the world loses confidence in the inherent soundness of the German economic system or in her political stability, such measures would be powerless to stem the tide. Behind the immediate financial problem, therefore, lie economic and political questions of a very far-reaching character. Before it can be said that Germany is out of the wood, we need to see a reasonable prospect of the economic recovery of Europe, in which Germany plays so large a rôle, and also to be assured that Germany's political relations with her neighbours are such as to make it possible to avoid political upheaval at home.

How far can it be said that the Conference has fulfilled the hopes that were entertained of it? So far as the immediate financial problem is concerned, the Conference has had some definite results. A threefold problem presented itself:—(1) To ensure the renewal of the central banking credit of £20 millions granted immediately after the announcement of the Hoover Plan; (2) to prevent as far as possible the early withdrawal of other credits; and (3) to endeavour to find the means of obtaining further credits that might be needed in replacement to some extent of those which had already been withdrawn. As regards the first of these points, about which the bankers at Basle had doubts because of the political uncertainty, prolongation now seems reasonably assured in view of the resolution of the Conference. No Government guarantee is offered to the central banks by any of the countries concerned, but in urging their bankers to take this step the Governments have, in fact, assumed a considerable moral obligation.

As regards the maintenance of the other existing credits, Mr Stimson appears to have spoken very definitely for the United States. Considerable doubts have, in fact, been raised as to whether in any country it would be possible to get the necessary unanimity of action; but, even though the undertaking may be only unofficial, it appears that the American banks are indeed acting in effective co-operation and that the British banks will do the same. This step is clearly of the first importance; but let us add, in case any one should imagine this is a quixotic action on the part of hard-headed business men, that this restraint is really a measure of self-protection for the great money markets of the world, since, if they were to precipitate further collapse and panic, they would themselves be involved in widespread disaster.

There remains the question of further credits. It is, however, important not to get a distorted view of this aspect of the matter. Very large figures indeed have been given of the amounts which have already been withdrawn from Germany. Many of our readers who recall the figures given by us in June of the foreign holdings of the great German banks will appreciate that, whereas foreigners held enormous short-term claims against Germany, these were to a large extent balanced by foreign assets which the German banks themselves held. The drain has undoubtedly been met in large measure from these resources, supplemented by the foreign holdings of the Reichsbank, and has thus not been a net withdrawal from Germany.

Germany's actual need of fresh foreign borrowing is, therefore, not really as great as at first sight might be supposed, especially when account is taken of the relief that will accrue from the reparations moratorium. The steps taken to restrict credit in Germany, together with concerted restraint on the part of her foreign creditors, should be sufficient to ward off disaster pending any action that may be recommended by the committee of banking experts which is to visit Germany, investigate her further credit needs and study the possibilities of funding some portion of her short-term indebtedness.

Mr Snowden appears to have suggested to the Conference that some permanent readjustments should now be made in the Young Plan. The opinion was, however, and we think quite rightly, that this could not be done now. To-day is hardly the moment to make a fresh guess as to what Germany can pay in the long run, and to attempt to do so in present circumstances would have led to a maximum of bickering without producing a prompt improvement in the German financial situation. Indeed, though this appears to have been the only definite suggestion relating to the long-range situation of Germany, it was not to be expected that any appreciable headway could be made in a three days' Conference in solving any of the general underlying problems of the economic condition of Europe. The far-reaching problem of the future level of prices and of world recovery is here involved. But even confining ourselves to Europe, much work clearly needs to be done if the international economic relations of Europe are to be reorganised.

Political security must, however, take precedence of either economic or financial problems. In this direction the Conference cannot be said to have gone very far. The holding of the Conference itself has, however, in spite of French misgivings, proved to be a favourable point. Very great importance attaches to the fact that the French and German Prime Ministers have met and established friendly relations. Both Governments are weak and very vulnerable to an uneasy public opinion at home. Both Prime Ministers have shown, however, that they are not afraid to act. M. Laval felt himself strong enough to bring the session of his Chamber to a premature end and thus free himself to give his undivided attention to those discussions, while Dr Brüning has also been able to postpone the meeting of the Reichstag. M. Laval has also given assurance of his peaceful intentions in undertaking to postpone the building of his 23,000-ton cruiser which, if it had been proceeded with, would have unsettled the basis of the Anglo-American-Japanese naval accord.

The month has been one of considerable irritation and of ragged nerves in both France and Germany. The former, doubting the genuineness of German difficulties, felt the Hoover Plan as a severe rebuff, while the latter, though facing the present situation with admirable restraint, is in the grip of an acute crisis which threatens to produce increased unemployment and fresh hardships in the coming months, and is disposed to regard France as an obstacle to measures of assistance. Even the steps taken to summon this improvised and ill-prepared Conference were a minor cause of irritation. We believe, however, that most of the public in both countries profoundly desire peace. On the whole, the meeting has tended to improve the political atmosphere and by so doing has contributed towards the restoration of confidence.

It must be recognised that the Conference has made no very dramatic or definite contribution towards the solution of the very grave difficulties which beset us all. What it has done is to give us a further breathing space. It is clearly urgent that between now and the meeting of the League in September unremitting efforts must be made to deal with the underlying causes in both the political and economic sphere.

A DIARY OF THE CRISIS.—(continued.)

Friday, July 17th.

Conference at Paris; Messrs Henderson and Stimson meet M. Laval, who communicates to them proposals endorsed by French Cabinet previous day. Unofficially reported France proposes short-term Central Banking credit of \$500,000,000 for Germany, to be replaced eventually by an international loan of a similar amount redeemable in ten years, subject to following conditions:—(1) German customs revenue to be pledged; (2) undertaking by Germany to resume Young Plan annuities in 1932; and (3) maintenance of a "political moratorium" for ten years.

Meeting of Experts Committee in London considers preliminary questions of procedure and adjourns.

Reichsbank statement shows gold and foreign exchange cover at 35.8 per cent. Danat Bank resumes business under severe restrictions. Two directors of Nordwolle arrested.

Hungarian decrees relating to bank re-opening as follows:—Withdrawals limited to 5 per cent. of deposits, with maximum 1,000 pengős, except for wage payments. Tax payments by cheque only. Foreign exchange Commissioner appointed, authorised to suspend at discretion all foreign payments until July 24.

Bank of Danzig raises discount rate from 6 to 7 per cent. and Lombard rate from 7 to 10 per cent.

Stock markets: London steady, Paris firm, Wall Street early gains not held. Gold withdrawals from Bank of England, £1,554,393. Dollar 4.84½, franc 123½, reichsmark nominal 20½.

Saturday, July 18th.

Dr. Brüning, Herr Curtius and Mr Mellon arrive Paris. German statesmen first confer with MM. Laval and Briand, then with Messrs. Mellon and Stimson. Unofficially reported Mr Stimson informs M. Laval America considers French terms impracticable, and in any case is critical of long-term loan proposals. Signor Grandi and M. Hymans arrive Paris.

New decrees in Germany:—(1) All persons liable to property tax must declare to Reichsbank the amount of their holdings in Germany and abroad of foreign *valuta* and claims; except where such holdings are for legitimate business purposes, Reichsbank may exercise right of compulsory purchase for marks. (2) Withdrawals from banks authorised up to 5 per cent. of deposits with maximum 20 marks from savings accounts and 100 marks from current accounts; cheque payments allowed up to 50 per cent. of accounts with a maximum of 2,000 marks. (3) Passport fee of 100 marks required from Germans proceeding abroad. (4) Rigorous Press control established. Forty-five leading banks form *Überweisungsverband*, or clearing house, for mutual co-operation. Rhenish Landesbank unable to meet liabilities.

Further £1,155,836 gold withdrawn from Bank of England. Wall Street quiet, irregular. Dollar 4.84½; franc 123½; reichsmark nominal 20½.

Sunday, July 19th.

General conference Paris, morning. *Communiqué* issued that, at request of M. Laval, unanimously agreed London Conference should be strictly limited to an examination of Germany's financial and economic situation. Messrs. Henderson, Stimson and Mellon leave for London. Announced that French delegation will attend London Conference. Further afternoon conference between French and German delegates. *Communiqué* issued that French Government "realising the gravity of this crisis, declare that, under reserve of certain financial guarantees and measures of political appeasement, they would be ready to discuss later the terms of financial co-operation in an international framework."

Monday, July 20th.

Announcement temporary suspension of J. F. Schroeder Bank of Bremen. Hague Court begins proceedings to determine whether Austro-German Customs Union contravenes Treaties. Mr Stimson visits Mr MacDonald. Preliminary meeting, 6 p.m., Seven-Power Conference.

Jugoslavian Bank rate raised from 6½ to 7½ per cent.

Stock Markets: London, Paris, Wall Street subdued. Gold withdrawn, £1,984,561 from Bank of England. Dollar 4.84½, franc 123½, mark nominal 20½.

Tuesday, July 21st.

Seven-Power Conference, London; full session 10 a.m. to 1 p.m.; *communiqué* issued that meeting considered "methods of financial co-operation whereby confidence in Germany's economic stability may be restored in the immediate future as a preliminary to an examination of further measures which may be necessary to effect a permanent restoration of Germany's financial situation." Lengthy afternoon meeting committee of Finance Ministers. Results not disclosed.

Washington publishes nature proposals which U.S. delegation authorised to make during negotiations. Main features: (1) German Government should continue enforcement complete control of foreign exchange; (2) Germany's private creditors on short-term abroad should agree to maintain present volume of credit; (3) international committee, created through B.I.S. or otherwise, should co-operate with bankers in providing for (2) above, in examining Germany's immediate further credit needs, and in developing plans during following six or eight months for funding some proportion of Germany's short-term credits.

Leaders German Nationalist organisations telegraph Dr. Brüning manifesto denouncing in advance any assumption by

Germany of fresh obligations. New decrees Germany:—(1) tax payments in arrears to be increased fortnightly by 6 per cent.; (2) public authorities to pay on due date 50 per cent. of wages, pensions, unemployment benefits, etc., and 50 per cent. ten days later; private employers given same right at discretion; (3) legal circulation currently increased to 30 reichsmarks *per capita* of population, i.e., about Rs. 1,900 million.

Prussian Communists send "ultimatum" to Prussian Government demanding withdrawal of recent restrictive measures regarding the Press, unemployment benefit, savings banks' deposits, and the raising of ban on "Communist Fighting Front."

Stock markets, London, Paris, Wall Street, idle, steady. Gold withdrawals Bank of England £2,829,499. Dollar 4.84½, franc 123½, reichsmark nominal 20½.

Wednesday, July 22nd.

Seven-Power Conference: Morning session considers further methods of restoring confidence in German financial stability by concerted international co-operation on basis of statement by Committee of Finance Ministers. Certain technical questions referred back to the latter and considered at afternoon meeting.

Prussian Minister of Interior replies to Communists that the "Government refuses to make measures for the protection of public security and order the object of political barter."

Austrian Bank rate raised from 7½ to 10 per cent.

Gold withdrawals from Bank of England £3,455,634.

Stock markets: London, heavy tone, business small; Paris, depressed; New York, weak. Dollar, 4.84½; franc, 123½; reichsmark, nominal, 20½.

Thursday, July 23rd.

Seven-Power Conference ends: Recommends for consideration of financial institutions in respective countries that (1) the £20 millions credit to Reichsbank should be renewed at due date for a further three months; (2) concerted measures should be taken by financial institutions to maintain present credits; (3) B.I.S. should be invited to set up committee to inquire into Germany's immediate further credit needs and to study possibility of converting portion of short-term credits into long-term. Official *communiqué* adds that lack of confidence in Germany "is not justified by the economic and budgetary situation," and that the above measures, if carried through, "will form a basis for more permanent action to follow."

Bank of England raises rate from 2½ to 3½ per cent. Stock markets: London weak; Paris, Wall Street dull. Gold withdrawn from Bank of England, £5,232,311. Dollar, 4.84½; franc, 123.65; reichsmark, nominal, 20½.

INDIA'S FUTURE PROLETARIAT.

OF RECENT weeks the gravity of Europe's financial crisis has tended inevitably to overshadow less-pressing considerations, irrespective of the importance which they would have assumed in more normal conditions. Among the questions thus undeservedly eclipsed is that of the future of Indian labour—a question brought to the forefront by the findings of the Whitley Commission, to whose voluminous report we could do no more than give brief notice when it was published a month ago, but whose findings and recommendations merit fuller examination.

Charged, on their appointment in July, 1929, with wide terms of reference, and faced at the outset with a grave shortage of available statistical data, the Commissioners displayed a commendable energy and devotion in the accomplishment of their task; spending two entire winters in India, they travelled 16,000 miles over the sub-continent and took oral evidence from no less than 837 witnesses. The result is a report—great both in its physical magnitude and in its far-reaching scope—whose recommendations alone are summarised in an Appendix under 357 heads; and whose evident intention is that its conclusions should serve as the basis of a veritable Labour Charter in India's future development.

We cannot attempt here to follow the Commission's findings in any detail; indeed, except from the special view-point of those directly responsible for India's administration, the details are of minor interest in comparison with the general lines of policy which the Report recommends for adoption. This may be summed up in one sentence: industrialisation must be prevented from repeating in India (on a scale intensified by the poverty and illiteracy of the general population) the sorry tale of squalor and exploitation which disfigured the early record of the industrial revolution in the West.

The picture of existing conditions which the Commissioners paint is not agreeable to contemplate, nor will any readers who have had first-hand experience of the industrial conditions of Bombay, Calcutta, or the coal-mining areas be disposed to regard it as exaggerated. Low wages

THE BANKING HALF-YEAR.

At the annual bank meetings held at the beginning of this year the bank Chairmen issued a general warning that the banks could not remain immune from the continuance of the trade depression. One of the "big five" banks reduced its final dividend for 1930 as a precautionary measure, and the Chairman of a second advised his shareholders that the existing rate of dividend could not be maintained unless an early improvement in trade took place. It is notorious that in many respects trade is worse to-day even than it was six months ago; while the crisis in Central Europe has supervened as a command to all those occupied in the world of finance to conserve their resources and to maintain them in a liquid form against any sudden emergency. Thus it is not surprising that most of the leading British banks have thought fit to announce small reductions in their July interim dividends.

On previous occasions during the trade depression, when the time came to comment upon the bank's half-yearly accounts, it was found that the banks' total resources as measured by their deposits had held their ground, and that the trade depression was reflected in a steady decline in advances. Consequently, the banks had had to divert a greater proportion of their resources into the less remunerative channels of discounts and investments, and the decline in their earnings was partly due to this diversion. The present accounts, however, when compared with those of twelve months ago, tell a different and rather more serious story; for, as the following table relating to the "big five" alone shows, there has been a decrease in deposits. Hence, regardless of the way in which the banks have been able to employ their resources, they have had to work upon a smaller turnover.

(Million £'s.)

	June 30, 1931.	June 30, 1930.	June 30, 1929.
Paid-up capital	64.7	+ 0.1	+ 0.8
Reserves	53.3	+ 0.2	+ 0.8
Acceptances	109.3	— 4.5	— 74.1
Deposits (including undivided profits)	1,617.1	— 29.0	— 10.3
Coin, notes, balances at Bank of England and with other banks, and cheques in course of collection	238.4	— 6.0	— 6.9
Ratio to deposits	14.8	...	— 0.3
Money at call and short notice ...	112.0	— 11.5	— 11.7
Investments	262.4	+ 38.2	+ 30.2
Discounts	251.2	+ 0.4	+ 52.7
Loans and advances	828.5	— 46.3	— 75.4

The result is that, despite contraction in cash and call money, the decline of £46.3 millions in bank advances has not been wholly offset by the increase of £38.2 millions in investments; while discounts, with their increase of only £0.4 million, have done practically nothing to improve the banks' position. Compared with two years ago, the situation to-day is more encouraging, for the combined expansion of £82.9 millions in discounts and investments more than equals the contraction of £75.4 millions in advances. Even so, the earning power of the banks is less to-day than it was two years ago, when the big intervening fall in money rates, the change over from advances to discounts and investments, and the contraction in other forms of remunerative business such as acceptances are all considered.

The decline in bank deposits is not a little disconcerting when the amount of funds left idle by the trade depression is taken into account. Competition from savings banks, building societies, etc., may be a partial explanation; but, when regard is also had to the contraction in bank cash, it begins to look as if the fall in commodity prices and the contraction in trade are at last being accompanied by a contraction in the national credit fund. The decline in bank cash, however, is apparently confined to balances with other banks and cheques in course of collection, and this last item, representing as it does money actually being turned over at the moment the banks strike their balances,

and long hours; ill-ventilated factories and insanitary, crowded dwellings; spoliation by the *sardars*, or "jobbers" who act as intermediaries between employer and employed; perennial indebtedness to the money-lenders who pander to the human craving of the underpaid for the city's fleshly allurements—such are the dominant features of the life which capitalist industry has created for the tiny fraction of India's vast population which it has, so far, embraced in its orbit. There might well be Luddites in India to-day who would have the country turn its back on this aspect of material Westernisation and revert wholly to the peasant industry of the village craftsman. Yet, in view of the growing pressure of population, it is clear that if the desirable aim is to be achieved of raising appreciably the general standard of living in India from its present low level, then wealth must be produced by other means than those available to the *ryot* and the rural artisan. What, therefore, is to be done?

The answer, says the Commission, is that employers of labour must realise that poorly-paid, ill-fed, badly-housed workers are the least economical labour force in the long run. If labour in India is productively inefficient, the reason is, in large part, that efficiency cannot be maintained under the conditions which Indian labour endures. To improve those conditions the Report makes a lengthy series of recommendations—ranging from statutory minimum wage-fixing machinery to Joint Industrial Councils, from legislation to relieve labour from the exactions of the *sardars* and the usurer to ambitious schemes of workers' welfare, from great extensions of Factory Acts safeguards to minimum legal standards of dwelling space and compulsory education of adolescents—whose far-reaching nature constrained one of the Commissioners, Sir Victor Sassoon, to append a reservation to the effect that for the immediate future India could not afford this Utopia. But though some of the Commission's proposals, notably those in relation to dismissals from the railway service, are obviously impracticable, while others represent ideals not attainable to-morrow, the great bulk of their findings point to lines of policy which could well be laid down without delay.

For, apart altogether from the ethical aspects of the question of capitalist exploitation of ill-used labour (and let it be clearly understood that it is by no means the British capitalist particularly who is here in the dock), there is a dangerous element in the existing situation, which the Commission does well to emphasise, from the standpoint of practical politics. Unlike his "opposite number" in the West, the Indian industrial worker has never become (or at least only in a small percentage of cases) a really urbanised proletarian. Not necessarily, or even in the majority of instances, an agriculturalist by traditional calling, he is nevertheless essentially a villager "pushed, not pulled, to the city" by force of economic circumstances. With his heart in his village, whither he aspires to return to live, or at any rate to die, he acquires no sense of instinctive, permanent connection with his industry or his employer. He becomes, instead, an irresponsible unit of a labour force without roots of its own, whose migratory, shiftless propensities are encouraged by the *sardar* for his own profit in the harvest of engagement-commissions.

The first step, therefore, in the amelioration of labour conditions in India is rightly defined by the Commission as the elimination of the "jobber." The functions of engagement and dismissal of labour should be exercised by a staff manager subordinate only to the general manager of the factory. In the second place, no attempt should be made to break the factory worker's link with his village, but continuity of employment and a resulting sense of greater responsibility and interest in the occupation should be encouraged by regularising the introduction of leave, enabling the worker to visit his home with the certainty of subsequent re-engagement. If these two proposals alone are adopted, a great step forward will have been taken; and while many of the wider and costlier legislative recommendations of the Commission will doubtless have to await more prosperous times and the establishment of the future Indian Constitution, an avenue is here disclosed for action which need not be delayed.

is obviously correlated with the general price-level and volume of business activity.

The truth is that, as the Macmillan Committee recognised, the abbreviated form taken by the majority of bank balance sheets imposes definite limits upon the amount of information that can be safely deduced from them, and it is to be hoped that the banks will consider carefully the advisability of recasting their balance sheets on the lines of the first table given in Appendix I. of the Macmillan Report. Were they to do this, we should know how the banks' cash was divided between currency and their balances at the Bank; how short money was divided between the money market and the Stock Exchange; and how discounts were divided between Treasury and commercial bills. We should know, too, how much money was lodged on current and how much on deposit account, and so should have a clearer idea as to the liquidity required of the banks.

Still, even the accounts in their present form make clear one main cause of the diminution in the banks' earnings, namely, the contraction in their advances. This is emphasised in the following table, dealing individually with each of the "big five":—

RATIO OF ADVANCES TO DEPOSIT LIABILITIES.

	June 30, 1914.	June 30, 1926.	June 30, 1927.	June 30, 1928.	June 30, 1929.	June 30, 1930.	June 30, 1931.
	%	%	%	%	%	%	%
Barclays	45.0	51.2	52.5	53.7	52.5	51.4	50.7
Lloyds	52.7	56.4	57.2	53.8	55.3	52.7	49.4
Midland	56.9	56.9	55.7	56.6	58.6	53.6	52.8
Nat. Provincial	45.0*	53.4	56.1	62.6	57.2	56.4	55.4
Westminster	48.1	48.9	50.8	47.9	54.0	48.8	47.4
	50.7	53.7	54.6	53.6	55.6	53.1	51.3

* Union of London and Smiths.

Every one of the "big five" is this year employing a smaller proportion of its resources in advances than it could a year ago, and the fact that the declines in most of the percentages are relatively small only reflects the coincidence this year of a decline in deposits with that of advances—a somewhat mournful conclusion.

The accounts of the Lancashire banks reveal much heavier contractions in their advance ratios than do those of the "big five." This is natural, as these banks lend mainly for industrial purposes and serve an area where the trade depression is very acute. In so far as the fall in advances represents the liquidation of old loans, it is a sign of strength.

	Cash Ratio. June 30, 1930.	Ratio of Advances to Deposits. June 30, 1930.
District	12.0	12.4
Manchester and County	18.4*	16.1
Martins	15.1	13.2
Williams Deacon's ...	13.2	14.5
	60.1	51.4

* Cash here includes call money.

In view of the bank dividend reductions after so many years of absolute stability, it is right that this survey should have concentrated mainly upon bank earnings, and it only remains to add that no improvement can be expected under present business and economic conditions. At the same time, the stability of the British banks remains unquestioned, even in these days of crisis abroad. Bad trade may make inroads into earning power, while depressed industries at home and German difficulties abroad may temporarily immobilise part of the banks' resources and inflict upon them losses which could not have been foreseen. Yet it is part of the banker's profession to maintain ample margin out of which to meet just such risks as these, and to-day British bankers will be doing so more zealously than ever. The true strength of the British banks does not appear wholly in their accounts, though cash ratios are in some cases as high as they were a year ago. It is to be found in the traditions, training and experience of those who in good and bad times alike are responsible for the management of the banks.

THE WORLD'S MERCHANT FLEETS.

THE latest shipbuilding returns, on which we commented in last week's issue of the *Economist*, pointed to such an acute state of depression, particularly in this country, that it is opportune to examine the statistical tables accompanying the new edition, published this week, of Lloyd's Register Book in order to see what light is thrown on the position by the available data in respect to existing supplies of tonnage. For though the shipbuilding slump is a natural result of the immediate crisis, the prospects of recovery, from a slightly more distant point of view, depend on the answer to the question: has there been an unwarrantable expansion of tonnage during recent years?

In the first of the following tables we show the volume of steam and motor tonnage at the present day in comparison with the figures for 1914 and 1897:—

STEAM AND MOTOR TONNAGE. (Million gross tons.)			
Owned in—	1897.	1914.	1931.
United Kingdom	10.2	18.9	20.2
Other countries	8.4	26.5	48.5
World Total	18.6	45.4	68.7

The above as indices—			
	100	185	198
United Kingdom	100	315	577
Other Countries	100	244	369
World total	100	244	369
British percentage	55	42	29

To-day the tonnage of sail amounts to little more than one million gross tons and is a negligible factor in international trade; but, in considering the foregoing table, it should be remembered that in 1897 sailing vessels amounted to 7.3 million tons, and that in the two seventeen-year periods following that date this class of tonnage decreased by 3.7 million and 2.2 million tons respectively. With this qualification in mind, it will be seen that between 1897 and 1914 the net increase in the world's steam and motor tonnage was 144 per cent., whereas in the corresponding seventeen years following 1914 the net increase has been only 51 per cent. Even so, the addition since the pre-war year of 23.3 million tons to the world's carrying space was probably as large as would have been economically warranted had the curve of international trade continued to move upwards at the average rate attained between, say, 1923 and 1928. Thus the depression, which began to develop in the autumn of 1929, found the shipping industry in a somewhat vulnerable position and the price of post-war expansion has had to be paid in the laying up of an enormous volume of tonnage during the past year.

So far as the supply of tonnage is concerned, the post-war period falls into three fairly well defined phases. Between the Armistice and 1923 the world's merchant fleet increased rapidly to a total (excluding sail) of 82.8 million tons. Between 1923 and 1926 there was a lull in the expansion. Developments since then are shown in the following table, from which we have excluded, as being irrelevant to international competition, the tonnage of lake vessels in the United States and Canada, all sailing vessels and wood and composite steam and motor ships:—

STEEL AND IRON STEAMERS AND MOTOR SHIPS, EXCLUDING LAKE VESSELS.

Country.	1926.	1927.	1928.	1929.	1930.	1931.
U.K.	19.2	19.2	19.7	20.0	20.3	20.2
U.S.A.	11.1	10.9	10.9	10.7	10.4	10.1
Italy	3.1	3.4	3.3	3.2	3.3	3.3
Germany ...	3.0	3.3	3.7	4.0	4.2	4.2
France	3.3	3.4	3.3	3.3	3.4	3.5
Holland	2.6	2.6	2.8	2.9	3.1	3.1
Scandinavia*	5.0	5.1	5.4	5.6	6.2	6.8
Japan	3.8	3.9	4.0	4.1	4.2	4.2
Others	8.0	7.8	8.5	9.1	9.4	9.8
World Total	59.1	59.6	61.6	62.9	64.5	65.2

* Norway, Sweden and Denmark combined.

In comparison with the rate of increase in the five years 1909-14, the expansion of tonnage since 1926 has been small, i.e., an annual increment of under 2 per cent.

the last quinquennium compares with a yearly growth of nearly 5 per cent. in the pre-war period. Nevertheless, the average yearly addition of approximately one million gross tons to the supply of tonnage was bound to strain the absorbing capacity of markets in the event of any marked recession in trade taking place.

It has, of course, to be remembered that a considerable part of the net increment of tonnage since 1926 is represented by vessels solely engaged in the carriage of bulk oil. The figures of tanker tonnage, excluding ships of under 1,000 tons gross, are given below:—

TANKERS OF 1,000 TONS AND UPWARDS.

	(Million gross tons.)	1926.	1929.	1931.
U.K.	1.84	2.17	2.35	
U.S.A.	2.32	2.37	2.51	
Norway	0.34	0.78	1.45	
World	5.60	6.99	8.55	

From this table, which reveals the tremendous progress made by Norway in the construction of tankers since 1926, it will be seen that approximately 3 million tons require to be deducted from the aggregate increase of 3 million tons, since 1926, in order to arrive at the actual expansion of tonnage available for the carriage of passengers and general cargo. This deduction, however, cannot be made without qualification; the growth of bulk oil traffic has naturally been accompanied by a diminution in the volume of coal cargoes, and a reminder of the extent to which shipping is ceasing to be dependent on coal for fuel is to be found in figures contained in the Register Book, which show that between 1926 and 1931 the percentage of coal-fired steamers has fallen from 63 to 56, while the proportion of the world's fleet represented by motor ships has risen from 5.5 to 13.5 per cent.

Eliminating tankers, lake vessels, ships of less than 5,000 tons gross, and tonnage over twenty-five years old, we are left in 1931 with 27 millions of large efficient ocean-going tonnage available for all trades except that of bulk oil. An analysis of this figure by nationalities is shown below, together with the corresponding totals for the previous four years:—

LARGE OCEAN-GOING TONNAGE.

	(In millions.)	1927.	1928.	1929.	1930.	1931.
United Kingdom ...	9.3	9.7	10.1	10.4	10.4	
U.S.A.	5.5	5.5	5.5	5.4	5.1	
Italy	1.7	1.6	1.5	1.5	1.5	
Germany	1.5	1.8	2.1	2.2	2.1	
France	1.5	1.5	1.5	1.6	1.6	
Japan	1.5	1.5	1.6	1.7	1.8	
Holland	1.4	1.5	1.6	1.7	1.7	
Other countries.....	2.4	2.4	2.5	2.6	2.8	
World Total	24.8	25.5	26.4	27.1	27.0	

It is satisfactory to note that over 38 per cent. of the more efficient ocean-going tonnage of the above categories belongs to Great Britain. On the other hand, it is fairly evident that there must be a very considerable revival of trade before the world can make economic use of over 2 million gross tons more shipping of these classes than it employed in 1927.

There is, indeed, only one feature which the Register Book discloses of substantial reassurance to shipbuilders. The following figures compare tonnage launched with wastage during the past five years:—

	(Million gross tons.)	Tonnage Launched.	Wastage.
		Lost.	Scrapped.
1926	1.67	0.43	0.80
1927	2.29	0.45	0.40
1928	2.70	0.48	0.74
1929	2.79	0.52	0.94
1930	2.89	0.38	0.85

It will be seen that the steady increase in launchings between 1926 and 1930 has not been paralleled by any consistent acceleration in the rate of scrapping. This has had a somewhat striking effect on the age composition of

The MERCANTILE BANK of INDIA

LIMITED.

Head Office: 15, Gracechurch St., London, E.C.3

Branches and Agencies throughout the East.

FIXED DEPOSIT ACCOUNTS.

Rates will be quoted on application.

the world's fleet, the tonnage under five years and over twenty-five years of which is shown below:—

	Tonnage aged—					
	Under 5 Years.			25 Years and over.		
	1926.	1929.	1931.	1926.	1929.	1931.
U.K.	4.6	4.5	4.5	1.7	1.7	1.7
U.S.A. (sea) ...	0.4	0.4	0.6	0.6	0.7	0.7
World	10.4	10.4	11.9	8.8	10.3	11.7

Whereas the rate of shipbuilding, stimulated by keen national rivalry and assisted in many cases by State subsidies, has rather more than maintained during the past five years the volume of the most up-to-date tonnage, there has been an increase of no less than 3 million tons in the amount of tonnage in the category which, for the most part, represents obsolete vessels, whose competitive efficiency, except where there are special advantages in the way of cheaper labour costs, is not high. The best hope for shipbuilders is that pressure of economic circumstances will result in the rapid liquidation of many of these survivors of launchings which took place in 1905 and earlier.

UNEMPLOYMENT IN THE UNITED STATES.

THE natural tendency of the human mind to see cause and effect whenever two phenomena are frequently found together makes the study of unemployment in a single country a difficult task. Unemployment, having manifested itself during the post-war years perhaps more consistently and obtrusively in Great Britain than in other countries, has come to be regarded, at any rate in this country, as a disease to which the British system is peculiarly subject, and to be explained largely by reference to British conditions and characteristics. No better resolute of this comparison of thought could be found than an unemployment study relating to a country which is commonly credited with qualities the precise opposite of those on which the blame for the state of affairs in Britain is often cast.

Owing to the absence of official unemployment statistics in the United States, there has been much conjecture, well or ill-informed in varying degrees, as to the numbers without work in that country. Under the auspices of the International Labour Office, Mr H. B. Butler has co-ordinated the most trustworthy calculations which have been made on that point, and has proceeded to an analysis* of the causes of the considerable degree of unemployment thereby revealed, an analysis which is of particular interest to British readers because it forces them to approach the question unhampered by those prejudices which insist in obtruding themselves when British conditions are under consideration.

Careful estimates lead to the tentative conclusion that in normal or fairly good periods of trade there are always not far short of two million unemployed in the United States. These are the people who at any given moment are changing their employment, or are out of work for seasonal reasons or because of changes in the particular industry or firms to which they are attached. Starting from the point of departure that before the Stock Exchange collapse there were thus two million unem-

* "Unemployment Problems in the United States." By H. B. Butler. F. S. King and Sons. 2s. 6d.

ployed, Mr Butler arrives, after examination of all the available data and the most authentic previous estimates, at the following figures for unemployment in July, 1930:

Unemployment in United States.	
"Normally" unemployed, July, 1929.....	2,000,000
Lost employment between July, 1929, and July, 1930:	
Manufacture	1,200,000
Railways	172,000
Mining, &c.	100,000
Building	500,000
Commercial and miscellaneous	1,000,000
	4,972,000

By the end of 1930 the figure had probably risen to over six millions, plus a further two millions partially or temporarily unemployed.

The failure to keep production and consumption in equilibrium, which is the immediate cause of unemployment, was due in this instance to very substantial changes on both sides of the scale. The decline in consumption which followed the Wall Street collapse is attributable partly to the inflationary conditions, due to over-speculation, which had preceded it, partly to the high degree to which purchasing power had been anticipated under the system of instalment purchasing, partly to lack of confidence, and lastly to the decline in aggregate earnings on the one hand and in farm prices on the other, which greatly reduced the purchasing power of two large sections of the population. To these causes of decline in the purchases of the home consumer was added the fall in exports due to the decline in purchasing power abroad, a phenomenon which became so marked during 1930 as to give rise in the minds of United States citizens to a doubt as to the possibility of maintaining their high standard of living in contrast to those of the rest of the world.

On the supply side, while Mr Butler accepts the doctrine of the classical economists that the introduction of labour-saving machinery increases employment in the long run, he suggests that the keen rapidity with which technical inventions have succeeded each other of recent years, simultaneously in all branches of production, must have increased the rapidity and the diffusion of displacement, so that the reabsorption process has become slower and more painful. In illustration of this contention he adduces very striking figures showing how the great increase of production of recent years has been accompanied in most branches of industry by an actual decline in the numbers employed. The table below, for example, shows the number of workers and the value of output in 1924-26 as a percentage of those in 1918-20:—

Increase in Productivity. (1918-20 = 100).			
	Workers Employed 1924-26.	Output 1924-26.	Output per Worker 1924-26.
Agriculture	95.0	114.0	120.5
Mining	100.0	127.0	127.0
Manufacture	92.5	122.5	134.5
Railways	91.5	100.0	109.0
Average	93.0	118.0	127.0

The increase in output per worker, though substantial in all four branches, is most marked in the manufacturing group. That it cannot be attributed to the low level of productive capacity immediately after the war is shown by the development of the succeeding years, in which the value added by manufacture expanded very rapidly, while the labour force remained almost stationary, as the following table shows:—

Manufacturing Industry.		
	Average Number of Wage Earners.	Value added by Manufacture. Thousand dollars.
1923	8,776,646	25,845,659
1925	8,381,511	26,771,373
1927	8,349,755	27,585,210
1929	8,742,761	31,687,061

This development is very remarkable, in view of the expansion, during the period, of the motor, electrical and rayon industries, and of the progressive shortening of working hours. The same trend was shown in mining and railways.

The causes of this reduction in employment simultaneously with a great expansion of output are well known: technical inventions of a most far-reaching character; scientific management; and economies in managerial, clerical and sales staffs resulting from mergers have been among the most important. To the numbers thus displaced from manufacturing, railway and mining industry were added farm labourers and farmers driven from the land by the mechanisation of agriculture and by the decline in agricultural incomes due to the depression.

To some extent this reduction in the demand for industrial labour was accompanied by an expansion in other fields of employment, as, for example, domestic and personal service, garages and petrol stations, entertainments, sports, hotels and restaurants, housing and the distributive trades, and it is to these that most of the persons displaced have turned. It seems, however, evident that this expansion has so far been by no means sufficient to absorb the entire volume of displaced labour, and such studies as have been made tend to show that the majority of persons thus thrown out of employment take several months to find work, and a large proportion only find it at lower wages than they had previously received.

Unemployment always creates a vicious circle, by causing a reduction in purchasing power and therefore a further reduction in demand. In the United States at present this is particularly marked because a large part has been played in the industry of that country of recent years by the demand for the kind of goods which highly paid wage-earners buy with that part of their income which represents a surplus over necessities. Radios, cheap motor cars, and machine-made articles for household use have bulked increasingly large in the industry of the United States, and whether unemployment is met by wage cuts or not, the fact either that fewer people are employed at wages allowing a margin for such purchases, or that the same number of people are employed without such a margin, means a serious disturbance to the equilibrium of the industrial structure. On the question of the policy of reducing wages, Mr Butler puts forward the contention that although it may be argued that what is saved in wages is available for consumption by recipients of profits, this class would not spend these increments of income on the mass-produced goods for the production of which American industry is now organised, but, in so far as they spent them at all, on more varied goods and services affording a much less stable demand. For this reason the question of wealth distribution is of vital importance to the maintenance of the industrial structure of the United States.

The relief of this large volume of unemployment was originally, in accordance with a deeply-rooted American principle, left largely to private charity, but of late the problem has reached such dimensions that the municipalities have had to expend very large sums on relief. Programmes of public works have been pushed forward by the Federal, State and municipal authorities, and last February a great step forward in the systematising of such expenditure was made in the establishment of an Employment Stabilisation Board. The Board has authority to supervise the advance planning of Federal expenditure on public works, and it is hoped that State and local governments and public utility organisations will co-operate. The establishment of public employment agencies, and the introduction of various voluntary schemes of insurance have helped to mitigate hardship, but the most distinctive contribution to the prevention of unemployment has been the attention which many leading American firms have devoted, often in co-operation with the trade unions, to the spreading of seasonal employment.

Technological unemployment, however, presents a tougher problem, and progress scarcely appears to have gone beyond the point of enumerating some of the factors which have to be considered in attacking the unemployment brought about both by technological and by cyclical causes. Mr Butler's report, however, concludes on a constructive note, by stressing the imperative need for international action in this matter. The industrialisation of new

areas, the slump in food and raw material prices, artificial barriers to international trade, and the problems raised by changes in the value and distribution of the precious metals, all these are important causes of the world's present difficulties which can only be handled by international action. "One of the principal lessons of the present crisis appears to be that, whatever its political, racial and geographical divisions, the world's material prosperity or adversity is now in a large measure the common lot of its whole population."

Notes of the Week.

The Bank Rate Increase.—Little surprise need be felt at the decision of the Bank of England authorities to raise their discount rate from 2½ to 3½ per cent. During the week ended July 22nd the Bank had lost £15.2 millions of gold, reducing the gold in the Issue Department from £164.0 to £148.8 millions. The drain of foreign funds from London, inspired by the desire of foreign banks to strengthen their home cash resources, continued steadily, and the leading foreign exchanges still remained obstinately below the export gold point. In Lombard Street, the discount market was already exercised over the international position and the gold drain; and in spite of substantial open market purchases of bills by the Bank earlier in the current week, the market discount rate had kept right up to Bank rate, thereby suggesting that with Bank rate at 2½ per cent. there might before long have been a falling off in the demand for the weekly offering of Treasury bills. Thus, on technical grounds, there was every justification for an increase in Bank rate, and no surprise or alarm should be felt at the decision of the authorities to deal with a technically familiar situation in the customary manner. So long as the London Conference was still to meet, and while, as was the case last week, foreign centres were in an acute state of tension, the Bank of England was eminently wise to hold its hand. By last Thursday, however, the situation had developed: the London Conference had at least decided upon definite temporary recommendations, and fears of flagrant disagreement had been allayed. Hence the Bank was fully warranted in taking action calculated to steady the foreign exchanges. The only question that arises is whether a 3½ per cent. Bank rate will avail to check gold withdrawals due to a desire to increase liquidity in exceptional times. This desire may prove so strong that 3½ per cent. may be insufficient, even though London rates will now stand high in comparison with New York, Paris and Amsterdam. On the other hand, the move will have a psychological effect; for it is tangible evidence of the determination of the Bank to protect itself by the ordinary method, and if need arises will doubtless be followed by further action to put a brake on excessive movements of the capital. In any case, the results will be seen in the next few days. Meanwhile, there is ground for confidence in the close collaboration which now exists between central bank authorities.

Knave-Proof Protection.—Mr Baldwin has made a great discovery. He has found out that there may be drawbacks and objections to the workings of a tariff system, and, obviously believing his discovery to be of first-rate importance, he devoted the whole of a speech at Hull on Friday, July 17th, to outlining his proposals for securing that these drawbacks and disadvantages should not accrue under the system which he proposes to introduce into Great Britain in the event of his being returned to power at the next General Election. The one of the thousand objections to Protection of which Mr Baldwin has become aware is the danger of corruption—a very real and universal danger, as tariff countries have found to their costs. How does Mr Baldwin propose to avert this danger and to secure that this country shall not be "a profiteers' Paradise" or the British Legislature "a crooks' corner"? His method is delightfully simple. If and when they are returned to power,

he and his colleagues will have, ready-made, an emergency tariff which will be put into operation right away. But since the politicians who have devised the tariff are not to be trusted to work it (although why they should be trusted to devise it if they cannot be trusted to work it, passes our comprehension), the new-born emergency tariff is to be handed over for all future modifications and changes to a permanent Tariff Commission consisting of non-political experts. By this means Mr Baldwin appears to hope that tariff questions would be lifted far above the realm of polemic politics. Unfortunately, this system has been tried before in other countries. America has its non-political Tariff Commission; India its impartial Tariff Board. Does Mr Baldwin suppose that there is no log-rolling at Washington, or that the Bombay mill-owners have never exerted one ounce of pressure in the consideration of Indian cotton duties? The naïveté of Mr Baldwin's belief in the efficacy of a Tariff Commission is only equalled by the phrase "knave-proof" which he uses to describe his plan for attempting to remove tariff problems from the reach of politicians. For the rest, Mr Baldwin's Hull speech is notable for two things. Firstly, for his choice of a time when Europe's difficulties, to which, as he admitted, high tariffs have so greatly contributed, are acutely critical, to develop his own plans for adding to the number of those tariff walls; secondly, for his insistence for the hundredth time on the necessity for having a tariff for bargaining purposes. "Until this country puts itself upon an equality with other countries in the world in her fiscal system, it will not be possible for her to begin that bargaining which I firmly believe will end in an easing of tariff duties throughout the world." Perhaps the best short answer to Mr Baldwin is given by Mr T. W. Page, who was himself Chairman of the American Tariff Commission. In his well-known, "Making the Tariff in the United States,"* he tells us that "a study of experience" led the American Tariff Commission to "disapprove the use of the tariff for bargaining purposes." Mr Baldwin's belief that by adding to the number of fierce combatants in the present tariff war he is likely to lower tariffs rather than to heighten them, is pathetically out of tune with the teaching of history.

Miss Bondfield's Surrender.—The Parliamentary week has been notable for the untiring efforts of a handful of "Left-wing" Socialists to embarrass the Government and prevent effective measures being taken to remove dole anomalies. Through an all-night sitting on Monday Miss Bondfield stood her ground tenaciously, but on Tuesday she was induced to make a vital concession. The Unemployment Insurance (No. 3) Bill, it will be remembered, contented itself with dealing with anomalies in connection with married women, workers on short time, seasonal workers, and regular part-time workers. The effect of an amendment moved by the Minister on Tuesday is to remove workers on short time (as distinct from the habitual part-time workers) from the purview of the Bill. Even in its amended form the Bill may enable the Minister to deal with isolated cases where a man earns more than a normal week's wage for two or three days' work and yet draws benefit. But it does not touch the huge field of short-time work, in which, as the Royal Commission's report showed, an extremely unsatisfactory state of affairs exists. It will still remain possible, as Sir Donald Maclean pointed out, for employers to employ to operate the unemployment insurance system as a subsidy for wages. After the sturdy speech with which Miss Bondfield introduced the Bill, this backsliding is a grave disappointment; and it is even more serious than it looks at first sight. The position is this. The Government, having decided to shelve for the present the main recommendations of the Royal Commission, made a minimum concession to necessity by promising immediate legislation to deal with glaring anomalies. Now even this measure is being emasculated under Left-wing pressure, and the lesson of Tuesday's surrender is that all hope of a really effective attempt by the present Government to overhaul the system has passed away. A Government

* "London and New York." McGraw Hill.

Imports were thus 10.2 per cent. greater during the past half-year than in the first half of 1924, domestic exports 31.3 per cent. lower, and re-exports 26.8 per cent. lower. As revalued at the values of the corresponding quarter of 1924, retained imports of food, drink and tobacco last quarter were very much larger than in the second quarter of 1930, and those of raw materials slightly less. The average values of imported raw materials were 27.8 per cent. below the level of the corresponding quarter last year. There was a small reduction in the quantity of imported manufactures as compared with last year, but an increase of nearly 38 per cent. on the second quarter of 1924. Average values in this class were 36.7 per cent. lower than in 1924 and 17.4 per cent. below the 1930 level.

Exports declined all round, and in the manufactured class the fall was 27.3 per cent. as compared with the second quarter of last year and 36.4 per cent. as compared with the corresponding period of 1924. All the groups, except rubber manufacturers, show a decline in volume as compared with last year, and in the case of iron and steel, machinery, and vehicles the decline was well over one-third. These revaluations were made on the basis of the average values in the corresponding quarters of 1924; when the trade is revalued according to the average values of the whole year 1924, the following indices of volume result:—

VARIATIONS IN VOLUME OF IMPORTS AND EXPORTS OF GREAT BRITAIN AND NORTHERN IRELAND (Averages of Year 1924 = 100.)				
Period.	Total Imports.	Exports of Merchandise.	Net Imports.	British Exports.
1924:				
January-March	95.7	116.5	93.2	97.7
April-June	93.9	100.0	93.2	98.6
July-September	98.0	82.6	99.9	100.1
October-December...	112.4	100.9	113.8	103.5
Year	100.0	100.0	100.0	100.0
1930:				
January-March	109.6	83.5	112.8	99.9
April-June	105.6	89.5	107.6	87.4
July-September	100.4	69.9	104.2	85.0
October-December...	117.0	81.3	121.4	82.7
Year	108.1	81.1	111.4	88.7
1931:				
January-March	102.9	76.8	106.2	69.1*
April-June	106.1	83.6	108.9	65.8

* Revised figure.

The corresponding figures for 1913, in which the trade of what is now the Irish Free State is included, are:—Imports, 96.1; re-exports, 113.1; net imports, 94.2; British exports, 131.4. A similar table showing variations in average values brings out strikingly the growing divergence between the values of imports and exports.

Cotton Production Costs.—Representatives of the Master Spinners' Federation and the Cotton Spinners' and Manufacturers' Association met in Manchester on Tuesday to discuss the general situation in the cotton industry. Although no actual mention of the phrase "hours and wages" was made in the official report after the meeting, this subject was, writes our Manchester correspondent, undoubtedly discussed and eventually "further consideration of the matters under review was adjourned." It should be pointed out that the Master Spinners' Federation Committee recently held a discussion on methods whereby production costs could be reduced, and the proposal for working longer hours in the mills and a reduction in the wages of the operatives was considered. The opinion is growing on the Manchester Royal Exchange that the situation in the industry as a whole is becoming so serious that something will have to be done at an early date. The leaders of the trade are fully aware of all the facts, but the difficulty is to decide upon action. With regard to the working hours in the mills these were reduced from 55½ to 48 in 1919, and the operatives at that time were compensated for the reduced earnings by an increase in wages equal to 30 per cent. on the piece price list rates. The 48-hour week, however, is not really effective, for cleaning time is allowed, which is equal to about 3½ hours per week. On Thursday next there will be a full meeting of the Joint Committee of Cotton Trade Organisations, when it is probable that the subject of hours and wages will be introduced, for each constituent organisation has been asked to send an official statement as to what should be done to reduce production costs. Although the replies have not been made public it is understood that very definite views on the question of hours and wages have been expressed by the leading employers' associations. The more looms to a weaver question has also been to the fore, and an agreement has now been reached between a well-known firm in Nelson and the local operatives' trade union, whereby the workers are to receive 58s. a week

for working eight looms engaged on plain cotton cloths, and 60s. a week for weaving silk and artificial silk goods. This firm produces speciality cloths and it would not be possible to pay the same rates of wages to the operatives engaged on ordinary standard cloths such as shirtings and sheetings. The working of the agreement, however, which is for an experimental period, will be watched with interest.

Bakers and Prices.—The Food Council, as appeared from its letter to the Board of Trade a few weeks ago, has still not reached a satisfactory *modus vivendi* with the bakers. The Food Council demands balance sheets and profit and loss accounts; the bakers decline to furnish them on the ground that they do not make clear the loss or gain attributable to the buying of flour, and that it is becoming increasingly difficult to separate the bread-baking results from those accruing from the cake-baking and other departments. The two bakers' societies contend that they have shown readiness to provide all the information reasonably asked for, but this assertion would be more convincing if reductions followed as promptly upon falls in the price of flour as increases do upon flour price advances. Once more the loaf is to come down to 6½d., but not until next Monday, whereas the fall in flour to 21s. 6d. per sack, which is the cause of this reduction, took place on July 13th. The two previous periods this year in which a 6½d. loaf was enjoyed lasted only two and three weeks respectively, and were abruptly terminated when the price of flour recovered. This one-sided alacrity cannot but make the consumer doubt whether the somewhat petulant note of injured innocence in the bakers' letter to the President of the Board of Trade last Tuesday has any justification.

Employment and the Cost of Living in June.—Unemployment again showed a substantial increase during June. According to the *Ministry of Labour Gazette*, among the workers insured against unemployment in Great Britain and Northern Ireland the percentage unemployed at June 22nd was 21.8 per cent., as compared with 20.8 per cent. at May 18th and 15.4 per cent. a year ago. It is estimated that at June 22nd there were approximately 9,271,100 insured persons in employment in Great Britain. This was 109,600 less than a month before and 578,300 less than a year before. The number of persons registered as wholly unemployed on June 22nd was 1,851,421, as compared with 1,840,562 on May 18th and 1,160,905 at the end of June, 1930. Those temporarily without work on June 22nd numbered 662,141, as compared with 590,907 a month ago and 562,134 a year ago, while of those normally in casual employment 113,824 were unemployed, 1,644 less than a month before, but 21,551 more than a year before. The latest return of the Ministry states that at July 13th the total number of registered unemployed had risen to 2,642,689, of whom 1,858,512 were wholly unemployed, 672,590 temporarily stopped, and 111,587 usually in casual employment. With regard to the cost of living, the index number of the Ministry of Labour at July 1st stood at 47 per cent. above the level of July, 1914, as compared with 45 per cent. on June 1st and 55 per cent. a year ago. The rise of two points in June is of no real significance, being mainly due to the substitution of new for old potatoes. For food alone the corresponding figures were 30, 27 and 41 per cent. respectively.

Brazilian Financial Reforms.—The first official announcement of the results of Sir Otto Niemeyer's visit was published in Rio de Janeiro on July 22nd. It states:—"Important developments effected recently under the supervision of Senhor Jose Maria Whitcheer, the Minister of Finance, and Sir Otto Niemeyer, have already resulted in a plan for the financial reorganisation of the Treasury and the Ministry of Finance. This plan, which is closely connected with the creation of a central bank of issue and rediscount, is in the hands of the Provisional

Government for consideration, and will probably be introduced in September. The capital of the central bank will be in gold, and will be subscribed by a foreign loan and by British capital. Besides normal banking transactions, the central bank will undertake the centralisation and collection of the Federal taxes and the payment of all administrative expenses now made through the National Treasury and 'delegacias fiscaes.' Only payments of less than a conto of reis will continue to be made over the counters of the Federal Treasuries. Bigger amounts will be made by cheques on the central bank and its agencies throughout Brazil. The departments of the Ministry of Finance will have charge only of payments for administrative purposes. The system adopted is similar to that of the Italian Treasury. The plan does not affect the organisation of the Bank of Brazil except in relation to its current account with the National Treasury and to exchange transactions which affect the Treasury; these will pass through the central bank. The Bank of Brazil will function under conditions similar to those of any other Brazilian credit establishment." This announcement only represents the first stage in the reforms obviously set in train as a result of Sir Otto Niemeyer's visit, and so must not be regarded as complete. Moreover, it is understood that this plan is subject to amendments on points of detail. It makes it clear, however, that a thorough modernisation of Brazil's financial system is contemplated in accordance with modern ideas. London will, therefore, watch further developments with interest, though possibly with the caveat that under present conditions London's power to provide capital for financial reconstruction abroad possesses somewhat narrower limits than her willingness to render all possible assistance.

The Canadian Wheat Pools.—The fortunes of the embarrassed Western wheat pools have been occupying the attention of the Federal Ministry and the interested provincial Governments, writes our Ottawa correspondent, and as the result of conferences held last week at Ottawa, at which representatives of the banks were present, several important decisions were reached. The banks have been pressing for a liquidation of the debts due to them by the three prairie Governments on account of their guarantees given in the spring of 1930 in connection with advances to the pools, and the Governments have now agreed to make a special bond issue to raise the 22 million dollars to which they are committed on this account. The sum is divided as follows between the three provinces:—Manitoba 4 million dollars, Saskatchewan 12, and Alberta six. Now the provinces hold the elevator systems and other properties of the pools as a security for these debts, and it has been virtually decided that they will take them over in the near future and run them as co-operative elevator systems on the lines of the old Saskatchewan Co-operative Elevator Company, which was absorbed by the provincial pool. Moreover, the officials of the pools have discovered that they cannot get financial support for the marketing of the crop of 1931, either from the banks or the Federal or the provincial Governments, and so it seems probable that in the near future they will go into voluntary liquidation. Their physical properties will be conserved for the members by the action planned by the provincial authorities, but there would be a complete cessation of pooling operations and the co-operative elevators would be run on the normal principles of the grain trade. There is thus in prospect the end of an interesting experiment which at one time had the promise of being a very successful adventure in agrarian selfhelp.

National Provident Institution.—In the table in our recent Insurance Supplement, referring to the last two valuation periods of this company, the dates at the head of the two columns were inadvertently reversed, while in the headline of the preceding table referring to rates of reversionary bonus, the heading of the second column should read "Duration 18 years or more" instead of "Duration 18 years or less."

NATIONAL BANK OF GREECE Established 1841

Head Office: Athens.
Branches throughout Greece.
New York Agency, 51 Maiden Lane.

THE BANK OFFERS EXCEPTIONAL
FACILITIES FOR BUSINESS WITH GREECE

Capital paid up and Reserves Drs. 1,205,000,000.

Overseas Correspondence.

UNITED STATES.

Views on German Situation — Oil and Copper Markets —
Wheat — Building — Company Earnings.

(FROM OUR CORRESPONDENT.)

NEW YORK, July 15.

SECURITY and commodity markets have swayed to the changing winds from Germany and other parts of Europe. While in good quarters in the financial district the situation is regarded as considerably improved, the backwash is still being felt. The prevailing view here is that Germany overstated the case for her financial and economic difficulties, and that much of the advantage derived from the debt moratorium was lost because of the blow to German credit standing given by the Germans themselves.

The attitude of bankers and of Federal Reserve Bank officials is one of desire to help, but of insistence that Germany realise she cannot obtain credit merely for the asking and most especially not by declaring herself bankrupt. A good impression has been made by the steps already taken by Germany for checking the flight of German capital, rationing credit and combating the notion that this country will go to any lengths to prevent a German financial collapse. It is hoped that Germany will consult her hopes rather than her fears and take further constructive measures meriting the confidence of this and other nations. In that case this Government would probably give such help as it could. In a nutshell, bankers here are not yet ready to "write off" Germany.

Leading American banks have for some time made no appreciable withdrawals of short-term loans from Germany, but most of them have refused to increase the amount of these loans, and are disinclined to do so until they become more firmly convinced of Germany's determination to make them good.

Little attention has been paid to anything but the changes in the German position, the markets recognising the primary importance to American trade in the near future of settled conditions in Europe. Business continues rather stagnant, but it does not seem to have receded more than seasonally in the past two or three weeks. The rate of operations in the steel trade is not much in excess of 30 per cent. of capacity, but mill owners are still hopeful of some slight improvement in the autumn. Affairs have taken a turn for the worse in the oil industry. For some time the flood of oil in the East Texas field has been demoralising the market. Leading purchasing companies this week posted prices for crude ranging as low as 10 cents a barrel, and the same schedule

was later applied to the Oklahoma fields. Oil has been sold as low as 5 cents a barrel in Texas.

The Governor of Texas has called a special session of the legislature in the hope that the law might be amended to make oil output restriction real. At the same time hundreds of small wells in Oklahoma have shut down. Production for the past week, nevertheless, showed a further large increase. Meanwhile the leading oil-importing companies—Shell, Standard of New Jersey, Pan American (a subsidiary of Standard Oil of Indiana) and Gulf Oil—have agreed with the Secretary of Commerce to extend their 25 per cent. cut in imports indefinitely. The Pan American will probably increase its imports somewhat, but the spirit of the agreement will be adhered to. Import restriction in the present state of demoralised domestic prices does not, of course, work much hardship on most of the companies involved, nor does it help home producers to any appreciable extent.

Under the weight of another increase in stocks of refined copper in June, amounting to 14,800 tons, copper has fallen back to 7½ cents a pound, the level from which the rise to 9 cents started on the Hoover debt plan statement. In the copper trade it is believed that negotiations for further curtailment of output will begin again in the next two or three months.

Cotton consumption in June fell 5 per cent. from May, the usual seasonal decline. It was about 25 per cent. greater than in June of last year. It is expected that a further seasonal decline, estimated at 8 per cent., will take place this month. Cotton exports also were down considerably, probably foreshadowing another drop in all merchandise exports for last month.

Continued weakness in agricultural commodity prices is causing some concern. The wheat harvest is one of the best for years, in some States unparalleled, but prices on the farms are not much over 20 to 30 cents a bushel, which is under cost of production in most cases. Cotton also has fallen below 10 cents a pound, but the South has probably reduced its costs to show a profit at that level. Unfortunate as the drop in farm prices is, as widening the gap between the things which the farmer has to sell and those which he has to buy, it is not believed that President Hoover's public denunciation of short sellers in the wheat market will accomplish much. Among many who strongly defend free trading and short selling, it is felt that however commendable the aims of the Administration in the matter are, the root of the trouble does not lie in bear operations on the Chicago and other grain markets.

A more than seasonal slump was shown by the building industry in June, as reflected in building permits. According to the Bradstreet calculation, permits were 27 per cent. lower than in May and 40 per cent. below the level of June last year. They were in fact the smallest in value for any month since January, 1921. Railroad traffic is fairly well maintained at low levels. Hearings began this week before the Inter-State Commerce Commission on the freight rate increase application of all the railroads. While some opposition has developed among the agricultural States, increased by the recent slump in agricultural products, the insurance companies, savings banks, trust companies and other large holders of railroad bonds have entered a strong plea for the railroads. It is likely that such exceptions will be made to farm commodities as will satisfy the rural communities and that the higher fares will be granted.

Company reports for the second quarter and first six months are beginning to appear. In nearly all cases earnings prove to have been lower than a year ago, as was expected, but some companies show seasonal gains over the first quarter. The third quarter holds little promise of gain, and dividend reductions continue, although at a diminished rate. The United States Steel Corporation directors will meet to decide their quarterly dividend on July 28th. Wall Street is looking for a reduction in the 7 per cent. rate, probably to 5 per cent. The corporation failed to cover its common share dividend requirement in the fourth quarter of last year, though the full twelve months' earnings were well over the annual

rate. In the first quarter of this year 5 cents a share was shown on the common, but in the second quarter probably nothing was earned for the common and only a small amount for the preferred, coming from interest allocated from tax refund money. The Steel Corporation has an enormous surplus, but most of it is in physical property. Cash on hand in Government bonds also is large, but not far enough above current needs to justify indefinite payment of unearned common share dividends.

FRANCE.

German Situation — Revenue — Unemployment — Prices — Foreign Trade.

(FROM OUR CORRESPONDENT.)

PARIS, July 22.

A WAVE of disappointment swept over France when it was realised on Monday morning, from the text of the official *communiqué* issued late the previous night, that the German Ministers had refused to give M. Laval the political guarantees required in exchange for French participation in the proposed long-term international loan of \$500,000,000 for the purpose of putting Germany on her financial feet. None of the flowery and eloquent phrases as to the "frankness" and "cordiality" of the German leaders could conceal the fact that the guarantees which French opinion regarded as the sole factor of vital importance had not been given, and the statement that they had been left to be considered later (*ultérieurement*) was equivalent to a certainty that, for all practical purposes, the prolongation of the international conversations in London would result in nothing permanently effective being done.

French dislike of the Hoover proposals, as far as international participation in a large short-term loan to Germany was concerned, was based on the view that they were merely a badly concealed attempt to enable a substantial proportion of American money already at risk in Germany to be replaced by French capital, and French opinion has abundantly shown that it had no intention of being left to "hold the baby." The strength of the French situation, it is universally recognised here, is that France possesses an abundance of capital available with which to help Germany, that her present commitments in Germany are enormously less important than those of Great Britain or the United States, and that she stands less risk of direct loss than any other Power from another complete German collapse.

With these cards in her hands, it is held, this country can safely insist on demanding from the would-be borrower at least as good security for her money as any ordinary lender would insist upon in a similar affair between private parties. In any case, without guarantees from Germany on something like the lines discussed between M. Laval and Dr. Brüning here on Sunday, any attempt to launch any portion of the proposed international loan on the French market would be foredoomed in advance to a complete fiasco. Young Plan 5½ per cent. bonds, which were issued here at 988, dropped to a heavy discount when the Hitlerites became aggressive, and were to-day quoted at 680. Bourse opinion is absolutely sceptical as to the effective value to Germany of any application of the latest American proposal for maintaining the present short-term credits or even supplementing them by an extension of further short-term aid. The suggestion, as reported from London, that Germany can be effectively helped without French aid, has been received here with both irritation and scorn.

At bottom the French view is that Germany has repeatedly proved herself incapable of managing her own affairs, and that in her own interest, and much more so in the interest of the rest of Europe, it is necessary she should be placed, as far as necessary, under a kind of guardianship. "Germany," recently wrote M. Caillaux, whom it is not customary to accuse of being anti-German, "has been wallowing in prodigality and cannot pay her debts. The elementary course to take in the case of a prodigal before paying his debts is to place him under a

conseil judiciaire. If this is not done there is grave danger of those who try to help going down with the one who is in need of saving."

The revenue returns for June show a distinct improvement in the yield from taxation. The total recoveries from all Budget sources (that is, exclusive of the yield from the tobacco monopoly and taxes diverted to the Caisse d'Amortissement) was 3,199,227,000 francs, of which "normal and permanent resources" produced 3,167,336,000 francs, against 3,093,348,000 francs in June, 1930, and 4,002,660,000 francs in 1929. The drop since June, 1929, is to be largely accounted for by the heavy remissions of taxation since that year. The yield from these sources for the month was 114,600,000 francs more than Budget estimates, and will leave, after allowing for the deficiencies in the yield in April and May, a net surplus on the first quarter of the financial year amounting to 67,483,000 francs (against a deficit on the corresponding period of last year totalling 599,499,900 francs).

The tax on turnover produced 603,577,000 francs during the month, or about 7 per cent. less than had been budgeted for, and 82,486,000 francs less than in June last year (since when this tax has been slightly lightened). The tax on Bourse operations, another useful gauge of the real situation of business, yielded only 9,024,000 francs during the month, or only 35 per cent. of the 26,000,000 francs expected. Customs, owing to recent increases in many of the tariff schedules, showed a yield of 605,215,000 francs, and thus replaced the turnover taxes as the category of imposts showing the largest yield, the recoveries for the month being 359,000,000 francs (or nearly 150 per cent.) more than Budget estimates. Recent tariff tinkering alone, it will be noted, enabled a deficit on the quarter to be avoided.

Unemployment remains practically at a standstill. The number of workless in receipt of unemployment allowances on July 11th was 35,830 throughout the whole country, or about 500 more than in the previous week, 330 of the increase being in Paris. On the other hand, the number of applicants for work whom the labour bureaux were unable to satisfy was 47,978, or 2,237 fewer than in the previous week.

Price levels at the end of the half-year registered little change. The *Statistique Générale* index of wholesale prices is 478 (1913 = 100), against 480 at the end of May, 494 at the end of April, and 498 last December. French products showed a drop of 13 points on the month, whereas the figure of imported products represents a rise of no fewer than 16 points. The rise in wholesale prices of foreign-produced goods in France during the month was due to tariff revisions upwards, which are still being applied.

The foreign trade returns for June show a slight improvement in both exports and imports, but were still, with the exception of those for May, the smallest in value since the franc approached its present level. Exports, which were 3,376,776,000 francs in June last year, totalled 2,512,623,000 francs (or 74,000,000 francs more than in May), while imports were 3,914,815,000 francs, or 340,000,000 francs more than in the previous month, against 4,160,253,000 francs in June, 1930. The month's exchanges resulted in an unfavourable balance of 1,401,692,000 francs, which is the highest recorded in any month. The foreign trade for the first half of the current year showed the following detailed results:—

	First Six Months of 1930.	1931.	Difference in 1931.
Imports.			
Foodstuffs.....	5,919,978,000f	7,067,083,000f	+ 1,147,105,000f
Raw materials	16,017,508,000f	11,242,944,000f	- 4,774,564,000f
Manufactured goods.....	5,794,235,000f	4,891,837,000f	- 902,398,000f
Totals	27,731,721,000f	23,201,864,000f	- 3,629,857,000f
Exports.			
Foodstuffs.....	3,149,454,000f	2,175,075,000f	- 974,379,000f
Raw materials	5,351,847,000f	3,896,015,000f	- 1,455,832,000f
Manufactured goods.....	14,125,922,000f	10,163,922,000f	- 3,962,000,000f
Totals	22,627,223,000f	16,235,012,000f	- 6,392,211,000f

The total deficit for the six months amounted to 6,967,000,000 francs (equivalent to about 30 per cent. of the total imports), against one of 4,004,500,000 francs during the corresponding period of last year. The adverse balance in 1913 was roughly 20½ per cent. of the total imports. In tonnage, the drop on the six months was 418,450 tons in imports and 3,855,259,000 francs in exports. Exports of manufactured goods were over 28 per cent. less in value than in the first half of last year. The increase of 2,047,000,000 francs in imported foodstuffs was, of course, almost entirely due to last year's bad French harvest. Imports of foreign coal and coke were 1,973,055,000 francs and 14,833,960 tons, against 2,365,607,000 francs (15,924,523 tons) in 1930.

GERMANY.

Working of Partial Moratorium — Schröder Failure — Provincial Bank Difficulties — New Clearing Association — Reichsbank.

(FROM OUR CORRESPONDENT.)

BERLIN, July 22.

FOR more than a week now, Germany has been passing through an experience which has never before been heard of in a capitalist country with a sound currency, except in the days immediately following the outbreak of war—an almost complete cessation of payments. No complete moratorium has been decreed. The ordinances which have been issued since the two bank holidays of July 14th and 15th only relieved banks, and in a limited degree bank customers, from the necessity of making payments; means had to be found for meeting wage and salary payments, and, from the beginning of this week, also for small withdrawals up to 100 marks from the banks and 20 marks from the savings banks. Last week small transfers between banks were allowed, and at the beginning of this week the regulations were further relaxed, though up to Thursday, the end of the period of validity of the last decree, even the customers of the largest credit institutions which have joined together in the new "clearing union" (*Überweisungsverband*) were not allowed to transfer more than 15,000 marks a day, and customers of the other banks not more than 2,000 marks in three days.

The fact that, in spite of these exceptions, the suspension of payments has had a more profound effect than, in all probability, any earlier moratorium, is presumably due mainly to its compulsory character. Whereas on other occasions debtors have merely been allowed to refuse payments, this time even the thoroughly liquid institutions were forbidden, in pursuance of the Government's object of rationing the means of payment, to make payments or transfers for any other purposes than those specified in the decree.

The effect of the suspension is further intensified by the closing of the Stock Exchange, which is to last at least until the end of July. This is exceedingly embarrassing to bankers who have been in the habit of employing their liquid reserves as day-to-day money on the Stock Exchange, as, according to German custom, such money can only be repaid on Stock Exchange business days, and in any case could hardly be refunded if the Stock Exchange were not functioning, as the borrowers have for the most part used it for the purchase of securities, which must be sold before it can be paid back.

A certain relaxation of the prohibition of payments is automatically brought about by the exemption from restriction of all money paid into the banks since July 15th. Last week's wage and salary payments, which were made in full out of old accounts, are now presumably returning to the banks through the medium of retail trade, and these newly deposited funds can be used without restriction. This automatic relaxation is, however, far from being enough, and the Government will be obliged to make further modifications in the regulations after Thursday, if production is not to be paralysed. That will be possible without danger if the London Conference

is sufficiently successful to renew confidence. Otherwise there is a danger of a renewed run, or at least of heavy withdrawals from those institutions which public opinion, rightly or wrongly, believes to be the weakest. This would involve the danger of further bank failures.

The protection of the emergency decree has already proved insufficient for one important bank. The J. F. Schröder Company, the big private banking house in Bremen, with substantial interests in shipbuilding (Deschimag), shipping (Hansa), and in various branches of industry, was obliged to put up its shutters on Monday. The bank also had a not inconsiderable holding of North German Lloyd shares. The Government of Bremen intends to take steps to support the bank, but it is doubtful whether this will be practicable. The Schröder bank, which has no connection or business association with the London firm, has risen to a prominent position in Bremen during the last ten years, chiefly through the energy of its principal partner, J. F. Schröder, a self-made man who has concentrated his interest upon his native city. It has a capital of 30 millions, half share capital and half reserves, and it appears that the losses exceed this. "Creditors" amount to 200 millions. The bank has long been the subject of talk, as it was known to have sustained heavy losses, particularly in respect of Deschimag (Deutsche Schiffbau und Maschinen A.G.), and also from the shipbuilding depression in general, as the Schröder bank has been active of recent years in the promotion of shipyard concentration.

The crisis was, however, brought to a head by the Nordwolle failure. Schröder was involved with this firm both as a shareholder and as a creditor. The bank has received a certain degree of support for some time from its connection with the Berliner Handelsgesellschaft, which has a 12 per cent. share, amounting to 1.8 million, in Schröder; but the Handelsgesellschaft announces that its credits to Schröder are fully covered by first-class security. The collapse of the Schröder Bank following on that of Nordwolle is a very severe blow to Bremen, especially as the finances of the Free City are in a very strained condition, with a quantity of short-term foreign debt.

The Provincial Bank of the Rhine Province is also in difficulties. The total assets of this bank amount to a round milliard, of which 400 millions consist of mortgages financed by mortgage bonds. The provincial banks of the Prussian provinces are communal credit institutions and clearing houses at the same time, and in this capacity they deal with the clearings of the communal savings banks. The acute difficulties arise primarily from the fact that short-term foreign credits of the big Rhenish savings banks which are associated with the Provincial Bank have not been prolonged, so that the Provincial Bank has been forced to draw upon its entire liquid reserve. This has made it impossible for it to come to the rescue of the savings banks, which were in need of cash, and to repay the balances as they fell due. There is no question of losses in the case of provincial banks, as the province, and in the last resort the Prussian Government, guarantees their debts. In order to meet their difficulties, the Reichsbank has granted a Lombard credit of 100 million marks to the Deutsche Girozentrale, the central clearing institution of the provincial banks. The largest Rhine communes have placed 40 millions of securities at the disposal of the Rheinische Landesbank.

The relaxation of the restrictions on transfers would have been impossible, even in the very modest degree to which it has so far been conceded, but for the fact that the big banks, the principal private banks, and a number of other institutions, including provincial clearing houses and labour banks, have joined in the formation of a new clearing organisation, the Überweisungsverband E.V. This association aims at doing away with the difficulties which arise from the differences in financial strength between the different institutions. The object is to prevent lack of confidence in individual banks from leading to a transfer of balances to stronger banks. The clearing association, which constitutes a guarantee of solidarity among all the important German banks, is to make such transfers innocuous by enabling the stronger banks to credit such transferred balances to the banks

from which they are withdrawn. The new organisation, therefore, demands a surety in bills or securities from every member, and the debit balance of each individual bank may not exceed 100 million on any one day. This provides support for the weaker institutions, as a bank which is fundamentally sound can in this way practically obtain a credit of 100 million marks from the others. A 5 millions guarantee fund is contemplated. Losses in excess of this amount will be shared among the member banks in a specified proportion.

On July 16th the Reichsbank raised its discount rate from 7 to 10 per cent., and the Lombard rate, which at the moment is particularly important, to 15 per cent. The general demand was for a much greater increase, but the Reichsbank was reluctant to concede it for fear of imposing an intolerable burden on industry. It is, however, maintaining the restriction of credit, though in a less stringent form. The much greater severity of the increase in the Lombard rate is explained principally by the fact that the Lombard rate is particularly important for the savings banks and communes, which have no commercial bills, but only securities on which to procure credit. Whether the Reichsbank will get through with the 10 per cent. discount rate or will be forced to a further increase will depend on the developments of the next few days. The private banks are only paying 8 per cent. for both old and new deposits.

One of the recent emergency decrees appoints the Reichsbank as a clearing house for foreign exchange. Every holder of foreign currency or of claims on foreign countries is obliged, until July 31, to offer such holdings to the Reichsbank at the official rate, and to sell them if required to do so. They may only be retained on proof that they are required for "economically justified purposes." No foreign means of payment may be bought or sold otherwise than by or through the Reichsbank. The Reichsbank has, however, authorised all the larger banks to act as its agents in this business.

The same decree requires holdings in foreign companies to be notified where not more than five persons jointly own more than half. This regulation, together with those relating to foreign exchange, is intended not only to protect the mark, but to prevent the flight of capital, and, in particular, to protect the revenue. In order to facilitate the return of capital which has been exported to evade taxation, a tax amnesty has been decreed. Very severe penalties are provided for in case of contravention of the ordinances, with a maximum of confiscation of property and ten years' penal servitude.

The issue of this decree meets a demand which was being pressed upon the Government with increasing urgency, both from abroad and at home, but actually these measures can achieve very little. The decree expressly exempts foreign securities acquired before July 12th from the regulation requiring them to be offered to the Reichsbank. This was inevitable, or the decree would have brought about a liquidation of all German holdings in foreign companies, but this exception frustrates the most important purpose of the provision. The activities of foreign companies in which Germans hold shares cannot be controlled, and the German Government will be able to do little to prevent such companies from extending their property abroad for account of the domestic shareholder, though this in practice achieves the purpose of exporting capital. This does not at all mean that the precautions which the Government is taking can do nothing to check the flight of capital, but the effective weapon is not the special decree expressly directed to that end, but the restriction and discount policy of the Reichsbank. The Reichsbank is expected to take up, in the course of the next few days, all the foreign holdings reported to it in excess of a given level, probably 20,000 marks. It anticipates a consequent strengthening of its exchange reserves of some hundreds of millions.

Everybody in Germany knows that the emergency measures can only be maintained for a short time longer. All eyes are, therefore, fixed upon the international negotiations, and in the unhappy event of their being unsuccessful, the emergency bridges which have been constructed with such an expenditure of activity and juristic acumen would soon collapse.

HOLLAND.

Course of Depression — Money Market — Oslo Treaty — Capital Issues — Revenue — Foreign Trade.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, July 14.

IN view of the intimate financial and economic relationship between the Netherlands and Germany, it is only natural that over here all attention has been concentrated during the past month on the moratorium question. The situation was already regarded as very gloomy, owing to the precarious financial state of affairs in Austria, in which Dutch banking interests were also very closely involved. Then came the drastic rise in the discount rate of the Reichsbank from 5 per cent. to 7 per cent., and the final *dénouement* of the crisis in Germany. The *débâcle* of the Nordwolle, in which a large block of shares were marketed in the Netherlands, was an unpleasant shock. The psychological effect of the Hoover proposal was enormous, but was of short duration. The immediate economic prospects are not yet encouraging, and reports from business circles are anything but cheerful. News of reductions in dividends and of dividends being passed altogether continue to be the order of the day.

In his recently published annual report of the Netherlands Bank, Dr. Vissering expressed the view that Holland has displayed a remarkable degree of resistance, and that the retrograde movement in trade here became evident later and less severely than elsewhere. This Dr. Vissering attributes to the economic structure of the country. Holland draws her income from a wide variety of sources, while as a capital-exporting country she can always rely upon a substantial regular asset in her balance of payments. The fact that Holland has so far persisted in her adherence to the principles of free trade, he stated, has also certainly been of advantage. Thanks to these beneficial factors, unemployment, for instance, has not reached anything like such proportions in Holland as in other countries, though, of course, the number of unemployed has grown considerably on account of the depression. Reliable figures as to the volume of unemployment are not available in this country, but it is estimated to be 200,000 at the very most. With this figure, which moreover applies to a time when seasonal influences were most adverse, Holland makes a favourable showing as compared with most other countries. The relatively small number of bankruptcies in this country is also reassuring. The total in 1930 was, indeed, higher than for 1929, but one has to go back to 1921 to find such a small number of failures as were recorded in the two years referred to.

The liquidity which has characterised our money market throughout this period of depression became even more marked during the last month, and both prolongation money and private discount rates dropped to below 1 per cent., which is a new low record unprecedented in modern times. Discount rates in Amsterdam have almost continuously been lower than the quotations in London and New York. Partly for this reason, acceptance business in Amsterdam is continuing to develop satisfactorily, considering the unfavourable economic situation. The aggregate of the amounts of discountable bank acceptances notified to the Netherlands Bank accruing from trade in or with foreign countries did decline considerably in 1930, but the decline was not nearly as large as had generally been expected in view of the prevailing trade situation. In comparing the figures, it must not be overlooked, either, that wholesale prices have undergone a great decline, as a result of which a given quantity of merchandise can now be financed with far less credit than was necessary when prices were at a considerably higher level.

A Bill has been introduced into the Dutch Parliament for the ratification of the Treaty of Oslo providing for the commercial rapprochement between five countries. The Lower House has signified its satisfaction at the successful conclusion of this treaty. This is a first step in the right direction. Co-operation between five minor powers, which together are capable of developing significant economic force, can undeniably be of benefit from many different standpoints. Some members of Parliament considered it

fortunate that Belgium was among the signatories, and in this connection it was asked whether the Government had formed an opinion on the idea repeatedly brought forward of an entire or partial customs union between the two countries.

The Amsterdam new issues market was again extremely quiet. Even including the conversions to an aggregate of 49.5 million guilders, the total amount of issues in June was low, and did not reach 60 million guilders; only 10 million guilders of new funds were accordingly absorbed. In view of the big State loan and the East Indies loan, which were floated the month before, comparison with that month would be misleading. A comparison of the issues of the first half-year with the two preceding years distinctly shows the signs of the crisis in an increase in the issues of Government and public bodies, and a very steep decline in the amounts issued for others, as will be seen below:—

FIRST SIX MONTHS.

	Government and Public Bodies.	Private Issues.	Total Issues.
	(In million guilders.)		
1929	34.9	242.0	276.9
1930	194.9	177.8	372.7
1931	179.8	39.0	218.8

Another symptom of depression is the predominance of loan issues as compared with share issues, as is manifested very distinctly in the following figures for the first six months of 1931:—

	Domestic.	Foreign.	Total.
Shares	1,976,000	5,515,000	7,491,000
Loans	183,070,855	28,251,767	211,322,622
Total	185,046,855	33,766,767	218,813,622

State revenue from January to May, 1931, amounted to 198,072,018 guilders, as compared with 220,014,357 guilders in 1930, representing a drop of 21,942,339 guilders. Foreign trade returns show a further decline, and with the exception of February, the figures for May are the lowest of the year so far:—

(In thousands of guilders.)

	Imports.	Exports.
May, 1930	223,817	150,789
May, 1931	161,061	112,302
January-May, 1930	1,074,804	745,225
January-May, 1931	824,527	574,414

Exports of industrial products amounted to 288,955,000 guilders in January-May, 1931, against 340,842,000 guilders in the same period of 1930. This decline has principally been due to the lower prices, for in terms of quantity the merchandise exported shows an advance from 1,202,047 tons to 1,210,947 tons.

ITALY.

Low Agricultural Prices — Quota for Foreign Wheat — Flour Duty — Aid for Mineral Industry — Tax Changes.

(FROM OUR CORRESPONDENT.)

TURIN, July 19.

PUBLIC attention is at present focussed upon such sensational affairs as the Hoover Plan, the collapse of German credit and the Pope's encyclical. Internal economic problems, however, though somewhat in the background, are giving rise, as usual, to a whole crop of legislative interventions. The first sales of the new wheat brought very disappointing prices. As the price per ton of foreign dutiable wheat is about 400-500 lire, and the customs duty is 610 lire, the price of internal wheat should have been about from 1,000 to 1,100 lire. As was shown by Professor Mortara (*Prospettive Economiche*, 1931), the wheat duty is in the yearly average operative for only three-fourths of its amount, but for the months from July to October the excess of internal over foreign wheat prices is very much less, the duty in 1930 being operative for only a fourth part of its amount. This year the Government had come to the rescue in two ways, first by raising the duty from 521 to 610 lire per ton; second by fixing a quota of 95 per cent. of internal wheat to be milled. The

aim was clearly to create a monopoly of the internal market, at least for a certain period, to the benefit of national producers. The monopoly cannot be maintained for the whole year, as in the last four years the average production was 603 million tons and the average imports 207 million tons; but it was hoped that it would aid agriculturists in the most critical period of hurried sales, which always follows harvesting. Predictions were falsified by events, at least in the beginning. Millers were taken by surprise by the quota. The biggest of them, hoping for a rapid reversal of the new policy and worried by the necessity of milling soft or different grades instead of the well-known hard or soft foreign qualities, abstained from purchases. Prices went sharply down; in some places, such as Padova and Rovigo, down to 700 lire per ton. Strong words and sometimes blows were exchanged between middlemen and farmers; carabinieri had to be called in. In a Trentino village the local Fascist secretary obliged purchasers to refund the difference between the price paid and the "just" price. To give millers an interest in buying national wheat, the duty on foreign flour was increased as from July 8th by about 6 per cent. to 929 lire per ton.

The Sardinian mineral industry is also in a serious condition owing to the decline in prices. In the past year duties on spelter were increased; and in June last the duty on lead was also raised from 110 to 220 lire per ton on ingots, and from 275 to 405 for sheets, wires and tubes. As protection was not deemed sufficient to keep the industry going, a grant of 7,000,000 lire was made from the public exchequer for the period from May 1, 1931, to June 30, 1932, to lead and spelter mines companies, on condition that the prices of spelter and lead should not exceed £16 per British ton, and that the number of miners and other hands employed should not fall below that on April 16, 1931. Grants, within the limit of seven million lire, can also be made to mines of antimony and lignite. The Minister can exempt from the obligation of employing a fixed number of people should the price of lead or spelter fall below £10 per British ton, and in other cases of proven necessity. In this case the grant will be proportionately reduced. The big Montepioni and Montevecchio mining companies are bound to profit by such grants.

The difficulties of the wine industry have been taken into account by a decree of July 11, reducing the tax by 25 lire to from 23 to 50 lire per hectolitre, according to the size of the municipality into which the wine is introduced. The reduction will cost the Exchequer 390 million lire. Further losses of 80 and 150 million lire will be occasioned by the reduction of the tax on cattle and of the local agricultural rates; with a total tax reduction of about 620 million lire. On the other hand: (1) The sales tax, which had been recently increased from 0.50 per cent. to 1.50 per cent., is further increased to 2.50 per cent. This expedient was deemed preferable to taxes on flour or textiles, on account of its more general character. Industry and trade observe that the tax will be particularly burdensome in times of economic crisis. The increase of yield is estimated at about 600 millions. (2) The municipalities are authorised to re-establish under the name of consumption taxes the old duties on wild game, fresh fish, sweets, chemical powders for mineral waters, furniture, perfumes, fine soaps, cheese, furs, up to 5 to 10 per cent. *ad valorem*. The yield is estimated at 150 million lire. (3) Road taxes are extended and increased, with a further yield of 25 millions. (4) In the municipalities of less than 25,000 inhabitants the family tax, a sort of graduated income tax, is reintroduced, with an expected yield of 18 millions. (5) In other towns the house occupiers' tax is modified and extended, the rate being fixed at from 5 to 9 per cent. of the rent paid, with an estimated yield of 600 millions. The result seems to be a shifting of taxation from the agricultural classes to the general consuming public and to the cities, with total burdens very heavily increasing.

Whether the hoped-for increase of yield will be realised only events can tell. In the eleven months from July, 1930, to May, 1931 (as against the corresponding period of the previous year), there was an increase in the sales tax yield from 392.2 to 392.9 million lire, in customs duties from 2,101.7 to 2,649.8 millions, and in the tobacco

tax from 2,174.0 to 2,341.7 million lire. But the sales tax had been increased in the meantime from 0.50 to 1.50 per cent., the price of tobacco by 23 per cent., and the yield from the wheat duty had increased sharply owing to the bad 1930 harvest. Total ordinary revenue, however, increased only from 15,682.3 to 16,183.0 million lire, more than half of the above said particular increases being eaten up by decreases in other fields. It is to be feared that, pending the economic crisis, the same experience will be repeated again. Certainly, and fortunately, the Customs duty on wheat will yield less, as the present harvest promises to be vastly better than that of 1930.

AUSTRIA.

Banking Situation — Mercurbank Failure —
Unemployment — Foreign Trade — Public Finance.

(FROM OUR CORRESPONDENT.)

VIENNA, July 18.

RECENT events show that the outbreak of the Credit-Anstalt crisis in May was in one sense a blessing in disguise for Austria, for it became possible to raise, for the protection of the currency, credits from the B.I.S. to an extent of 200 million schillings; in addition, the Bank of England put at the disposal of the Austrian National Bank 150 million schillings. This start in advance of the other debtor countries has proved very advantageous to Austria in view of the credit requirements of Germany and Hungary. In spite of all the demands, the percentage of cover at the National Bank is still 51 per cent. At the same time, the National Bank has again been obliged to surrender a certain amount of foreign exchange, less, however, on account of sales of schillings by Austrians than of purchases of dollars in Vienna by foreign interests. This was specially noticeable, as the bank was finally obliged to limit its purchases of German marks and, more particularly, of Polish zloty.

In the first week of July the bill portfolio diminished for the first time during the past eight weeks; it sank by 17 million schillings to 511 millions; in the middle of July it was, however, again at 530 millions. This is the highest level for many years. The confidence which the bank feels in itself is illustrated by the fact that at a board meeting convoked immediately after the German discount rate had been raised from 7 per cent. to 10 per cent. it was decided to make no change in the Austrian bank rate.

It is also very significant that in Austria banking and stock exchange business has been continued in spite of its suspension in neighbouring States. In view of the partial moratorium in Germany and in Hungary, this continuance of monetary transactions proves that financial tranquillity has been restored in Austria. It must not be forgotten that the Hungarian market in particular is in close contact with Vienna, and use is naturally made of this circumstance to raise in Vienna money which cannot be had on the domestic market on account of the closing of the banks in Buda-Pest.

There have, however, been direct repercussions of events in Germany. The Mercurbank, a small institution with a share capital of 20 million schillings, was obliged to close on account of heavy withdrawals. These withdrawals are due exclusively to the fact that 92 per cent. of the shares of this little bank were held by the bankrupt Danat Bank in Berlin, and the Mercurbank is therefore an innocent victim of the loss of confidence. Its last balance sheet showed a total of 138 million schillings. At the end of June the deposits amounted to about 20 million schillings. As the bank had to pay out 10 million schillings on a single day and got no credits from the State, it was obliged to close down for the time being. Its application to the Government for a moratorium of three months has been refused. This attitude does not meet with the complete approval of the public, as in such stirring times a serious banking house should not be left to its fate. No effect has been observable on the Stock Exchange from the closing of the Mercurbank, whose

shares were last quoted at their nominal price of 20 schillings and are not being traded in at all for the present.

A fact which was of much more importance to the Stock Exchange, namely, the cancellation of the very considerable trade in Hungarian securities owing to the closing of the exchange in Buda-Pest, caused no special depression, and the market proved to be astonishingly resistant. Fluctuations were not very great and turnover remained slight. The declines in quotations since the middle of June took place before the events in Germany.

Since the middle of June the number of unemployed in receipt of benefit in Vienna has been rising, and in the middle of July was 86,472, which is 13,800 higher than last year; this rise is unprecedented. In the provinces the seasonal improvement is unsatisfactory, for there are more unemployed than last year. Recently there have been several big insolvencies in business. For instance, important firms of the textile, fur and furniture branches have stopped payments and admit considerable liabilities. The Astra Film Company, an English concern working exclusively in Vienna, has gone bankrupt with liabilities of one million schillings. Business life is stagnant. This year the foreign tourist traffic has shown no special animation and has been especially disturbed by the events in Germany, for many of the German visitors who had flocked to the Austrian Alps went back in panic in the middle of their holidays. Furthermore, business is rendered more difficult through the uncertainty in regard to the new Customs duties. Parliament has decided to increase the Customs tariffs on a number of articles; for instance, the duty on grain is increased fivefold, that on flour nearly fourfold. The duty on lard has been raised from 3.80 to 30 gold kronen. Numerous industrial articles, such as textiles, glass, iron goods and chemicals are to enjoy considerable tariff protection. Traders complain not only that duties have been increased, and the cost of living raised in such difficult times, but that it was very disturbing to be able to ascertain nothing definite in regard to the imposition of these important duties until the day on which they actually came into force.

Partly on this account foreign trade is unsatisfactory. In May imports amounted to 191 million schillings and exports to 118 million schillings. In the former case this means a decline of about one million and in the latter case of about 4.7 million schillings as compared with the preceding month. The deficit of 73.4 million schillings is large in view of the slight volume of business done, and it is also relatively greater than last year. During the first weeks it is possible that imports increased owing to the anticipated imposition of the new duties. This fact is also very important in regard to State finances, because revenue from Customs plays a big part in the Budget. In May the position of the Federal finances was not unsatisfactory. Total revenue, it is true, was 9.5 millions less than last year; on the other hand, 10 million schillings was saved on expenses, but this saving was of a non-recurrent character.

CANADA.

Crop Disaster — Relief Plans — Business — Prices — Parliament.

(FROM OUR CORRESPONDENT.)

OTTAWA, July 7.

A crop disaster of major dimensions has befallen the prairie region of Canada. Rains which came in the last week of June were too late to repair the damage which had been wrought over a wide area by a prolonged drought and the concomitant dust-storms and soil drifting. From Brandon, in Manitoba, westward to the irrigated belt in Southern Alberta, and from the international boundary northward to the Assiniboine and Qu'Appelle Valleys, there is a devastated area in which practically no grain crop of merchantable value will be harvested this year; the wheat is already headed out on straw eighteen inches or

two feet high, and the farmers will simply turn their stock into it, as it will not be worth cutting.

On Dominion Day, July 1st, the House of Commons had to listen to a very grave statement from Premier Bennett about this calamity. He confirmed the accuracy of the pessimistic reports which had been coming from the West, and described the situation as "tremendously serious" and "perhaps the greatest national calamity which has ever overtaken this country." He estimated the completely ruined area at 5,000,000 acres, and said that preliminary reports of surveys of condition under taken by the Prairie Governments forecasted that at least 100,000 farmers would require public relief this winter. Furthermore, the disaster is not confined to the grain crops, for the hayfields and pastures are burnt up, and in some districts livestock have been dying for lack of water. The recent rains have somewhat eased this particular stress for the time being, but there will be a great shortage of winter feed for livestock. Mr Bennett promised that before Parliament adjourned special measures would be submitted for dealing with this grave emergency and the correlated unemployment problem, which will undoubtedly be aggravated by it. He invited the co-operation of the other political parties, which was immediately pledged. During this discussion Mr Bourassa said conditions in Montreal were almost as serious, and that every week hundreds of people were invading the city from the West and the rural districts of Quebec in the vain hope of finding work. In most places the municipal and provincial authorities upon whom the primary responsibility for relieving distress rests are at the end of their resources, so that the Federal Treasury is faced with the prospect of having to spend many millions of dollars on relief during the coming autumn and winter.

Fortunately the crops in the northerly regions of the prairie provinces, where there has been more moisture, promise to give an average yield; but at the best it is not expected that the western wheat crop will amount to more than 200 million bushels, which would be about half the average crop of recent years. Grain prices have now begun to rise, and one comforting feature of the outlook is that by the end of the next crop year the carry-over, which has been such a depressing factor in prices, should be reduced to small dimensions. Eastern Canada has in the past week been suffering from the severest heat wave of recent years; but, with good reserves of soil moisture in most localities, the crops have been faring well, and a better than average yield is now anticipated.

General business conditions remain very unsatisfactory, and in view of the crop disaster in the West a further contraction is now anticipated during the second half of the year. The warm weather has helped retail sales of seasonal summer goods, but generally speaking business is suffering severely from the widespread curtailment of purchasing power throughout the country, as the result of rural poverty and of wage cuts and unemployment in the urban areas. The primary iron and steel industries, as well as the railway equipment and machinery firms, are now feeling the pinch as the railways and other public utility corporations are unable to place extensive orders and the majority of factories are working on short time; probably the textile mills are proportionately busier than others, thanks to the additional protection they have secured, but many of them have their warehouses filled with unsold goods, and will have to cut down their output in the near future. The latest business survey of the Bureau of Statistics gives the following weighted indices for seasonal variation:—

(1919-24 = 100.)

	May, 1930.	April, 1931.	May, 1931.
Forestry	210.4	177.2	165.8
Mining	164.2	146.1	149.7
Construction	160.0	92.0	120.1
Manufacturing	188.1	145.9	163.6
Employment in trade ..	140.2	137.5	...
Imports	161.5	120.6	143.5
Exports	132.1	107.6	124.5
Car loadings	134.0	114.2	103.5
Shares traded	430.0	188.5	336.1
Bank debits	144.4	139.1	145.0

The employment index of the Bureau of Statistics for June was 103.6, as compared with 102.2 in the preceding month, and with 116.5, 112.2 and 113.8 on June 1, 1930, 1929, and 1928. Substantial advances were registered in construction and transportation and trade services; but, on the other hand, there was a curtailment in manufacturing, logging and mining.

The fall in commodity prices still continues, and the Bureau of Statistics wholesale index for June was 72.2, as compared with a figure of 72.0 for May. Sixty-eight quotations were higher, 94 were lower, while 340 remained unchanged. Another bulletin for the Bureau of Statistics shows that the cost-of-living index has been less sensitive to basic price changes than its wholesale counterpart and influenced more by seasonal factors. After moving gradually upward from midsummer, 1929, to a level of 102 in January, 1930 (1926 = 100) it has from that point declined steadily to 90.4 in May, 1931. This May figure represents a fall of 27.2 per cent. from the average level in 1920, but is still 38.2 per cent. higher than the average for 1913.

The Federal Parliament is still in session, and although, owing to the excessive heat, members are sighing for their homes, prorogation will probably not be possible before July 20th. The Government has found it necessary to make substantial concessions in its budget proposals and its delayed discussion of the tariff items until it is in a position to make public the terms of the trade treaty with Australia, concerning which some hitches have arisen. The preference it has given to Australian wines by the treaty has aroused strong protests from the grapegrowers and winemakers of the Niagara Peninsula.

Letters to the Editor.

FASCISM AT HOME.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Professor Salvemini, in his letter in your issue of July 11th, in trying to contradict the remarks made by "Historicus" on Fascist Italy, gloats over the alleged sufferings of the Italian people in the hope that they will affect Fascism unfavourably. But he appears not to be an assiduous reader of your esteemed paper, nor, indeed, of any other; if he were, he would realise that there is a little thing called the world economic crisis going on, and that practically every country is suffering from it. The measures enacted by the Fascist Government have attenuated the effects of that crisis in Italy, as, if wages have inevitably declined, so have prices. Anyone who has visited several countries during the past years cannot fail to realise that the consequences of the crisis have been no worse in Italy than elsewhere—in fact, they appear to be less intense and more equitably distributed in Italy than in many other countries.

The writer stresses the unemployment figures for the city of Turin. But the total unemployment figures for the whole of Italy on June 30th amounted to 573,693; when compared with the many millions of unemployed in Germany, Great Britain, the United States and other countries, even if the differences of population are taken into account, the Italian percentage compares very favourably with that of the countries mentioned. Moreover, during the past few months the number of unemployed in Italy has been steadily diminishing; the figure for May 31st was 61,386 more than that for June 30th, and in the earlier months the number was still larger, although they never even approached those of the other countries. In the pre-Fascist period, long before the world crisis, not only were the Italian unemployment figures (with a somewhat smaller population) as high as or higher than those of to-day, but there was, in addition, a far larger number of emigrants and vast numbers of men thrown out of work on account of strikes and lockouts, which now no longer occur. The percentage of Italians employed in Italy was consequently much smaller. It should be noted that the diminution of emigration is due almost entirely to the restrictive measures imposed by foreign countries and to the diminished power of absorption of immigrant labour in foreign countries.—I am, Sir, yours faithfully.

LUTIG VILLARI.

1, Chester Terrace, N.W.1.
July 17, 1931.

BOOKS RECEIVED.

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

Business Adrift. By Wallace Burt Donham. With an Introduction by Alfred North Whitehead. (London) George Routledge and Sons, Ltd., 68-74, Carter Lane. 7s. 6d. net.

A discussion of the need for foresight and rational planning and control in order to prevent the recurrence of economic crises.

Memorandum on International Trade and Balance of Payments, 1927-1929. Vol. II. *Balance of International Payments.* (London) Geo. Allen and Unwin, 33, Gt. Ormond Street. 6s.

A collection of statements of the international payments of 64 countries up to and including 1929, with an introductory chapter on developments in the international capital market up to the end of 1930.

Financial and Stock Exchange Reform. By P. E. Gourju and Hargreaves Parkinson. (London) London General Press, 6, Bouverie Street. 2s.

A concise pamphlet embodying constructive suggestions from the point of view of the investor.

Hydro-Electric Development in the British Empire. By John E. Robbins. (Toronto) Macmillan Company, St. Martin's House. \$1.25.

A very concise monograph covering British Africa, India, Malaya and Ceylon, Australia and New Guinea, New Zealand, British America and the British Isles.

OFFICIAL PUBLICATIONS RECEIVED.

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

Report on the Organisation of Foreign Trade of the Union of Soviet Socialist Republics. Cmd. 3804. 9d. net.
Report on Rent Restrictions Acts. Cmd. 3911. 1s. net.

BUSINESS ADRIFT

The forces (or rather the *inertias*) which are ruining individual businesses are now threatening the destruction of modern industrial civilization.

What are they?

Rigid Maxims, Routine, Rule of Thumb, Lack of Foresight, Lack of a Plan.

W. B. Donham, the Head of the famous Harvard Business School, in a book which every British business-man should read, suggests a way out of the economic morass. His suggestions are no less valuable to Englishmen than to the Americans for whom he primarily intended them.

BUSINESS ADRIFT

By W. B. DONHAM.

Pp. 200. 7s. 6d. net.

GEORGE ROUTLEDGE & SONS, LTD.
68-74, CARTER LANE, E.C.4.

The Stock Exchange.

GERMANY AND THE BRITISH INVESTOR.

THE statesmen of seven nations have been at grips this week with the problem of finding ways and means to end an intolerable situation in Germany. Provided that the German financial machinery, which last week threatened complete "seizure," can be restarted by a judicious use of the international lubricant, the end of the stage of acute crisis will leave the way clear for the discovery of practicable means of preventing its recurrence. Investors have a beneficial interest in German solvency, partly because a trouble in any major nation quickly comes to roost in London, partly because there can be no recovery from world depression without a restoration of confidence, but mainly in view of the considerable amounts of German "paper" absorbed here and elsewhere in recent years.

The signature of the Hague Agreement last year was triumphantly acclaimed as marking the final removal of the Reparation question from the political sphere. The Hague statesmen, unfortunately, reckoned without their host. Germany's borrowing policy, trade depression, falling prices, and the attitude of the largest Reparations creditor—have all combined to upset optimistic prognostications. Since the inflation period, which culminated in 1923-24, Germany, faced with an acute shortage of capital, has been borrowing abroad, heavily and continuously. She has borrowed on long-term account whenever possible, but in view of the world's cautious appraisal of her credit status, her loans have tended to assume, recently, an increasingly short-term character. Thus she has been called upon to provide, year by year, for the service not only of her "political" annuities, but of a growing "commercial" debt. What means has she adopted to cope with this situation? The answer is given by the estimates of her balance of international payments for the last six years, published by the Statistical Office of the Reich, which are shown at the head of the next column.

The conclusions suggested by these figures can be briefly summarised. First, in only two of the last six years has Germany had an "active" visible trading balance. Secondly, the growth in her annual Reparation liability from 1925 to 1929 was accompanied by a steady increase in the interest requirements on her "commercial" obligations. Thirdly, Germany has borrowed abroad far more than her Reparation annuities. Her net payments under the latter head, in the last six years, have aggregated approximately £470,000,000, whereas, according to the German Statistical Office's estimates, she has borrowed abroad about £750,000,000, of which £370,000,000 is definitely traceable on long-term account, and £220,000,000 on short-term account, while £160,000,000 is not readily classifiable under either category.

The vulnerability of her position is clear. Even at the end of 1929, her external "commercial" indebtedness

GERMANY'S BALANCE OF INTERNATIONAL PAYMENTS, 1925-30.

	Year 1925		1926	1927	1928	1929	1930
Import (-) or export (+) surplus on commodity trade proper	-144	+ 8	-173	- 95	- 42	+ 41	
Net interest payments abroad (debit item)	...	- 9	- 17	- 28	- 39	- 40	
Credit (+) or debit (-) balance on account of transport, insurance and other services	+ 14	+ 20	+ 15	+ 15	+ 16	+ 10	
Net credit (+) or debit (-) balance on pure current items	-130	+ 19	-175	-108	- 65	+ 11	
Net Reparation payments abroad (debit item)	- 44	- 54	- 74	- 95	-121	- 83	
Reparation paid in kind (credit item)	+ 25	+ 30	+ 35	+ 38	+ 47	+ 35	
Debit balance to be covered by borrowing or sale of gold or exchange	-149	- 4	-214	-165	-139	- 37	
Net borrowing abroad							
Traceable on long-term account	+ 65	+ 67	+ 83	+ 88	+ 32	+ 36	
Traceable on short-term account	+ 5	+ 7	+ 87	+ 65	+ 54	+ 1	
Miscellaneous and unclassifiable	+ 83	- 43	+ 22	+ 58	+ 45	- 6	
Import (+) or export (-) of gold and exchange	- 4	- 28	+ 22	- 46	+ 8	+ 6	

was put at over £400,000,000 on long-term, and £300,000,000 on short-term account. This extensive borrowing might have been vindicated, eventually, if its fruits in the way of an enhanced national output had been sufficient to enable the new capital not only to "pay for its keep," but to provide an adequate margin for Reparation liabilities. Actually, Germany has not, as yet, been given time to prove her potentialities in this respect. Market conditions were moving against her even in 1929, when Wall Street was a magnet for the world's surplus funds, and new loans were becoming increasingly difficult to obtain. In 1930, they shrank to small dimensions, and only strenuous efforts to maintain Germany's merchandise exports, coupled with the reduction of her purchases from abroad to a minimum (with an opportune lowering of the earlier annuities under the Young Plan), prevented a serious crisis before the year was out.

In the first half of 1931, capital was leaving, not entering, the country. According to the Statistical Office, Germany's "active" current overseas trading balance may have covered, with a little to spare, her Reparations payments of about £43 millions, but has left over less than half of the £20 millions required for interest payments abroad. Altogether, she has succeeded in borrowing abroad, approximately, a further £32 millions gross, including £14 millions on long-term, £8 millions on short-term, and £10 millions on "miscellaneous" account. But withdrawals of foreign balances, on a large scale, have been reflected in the loss, by the Reichsbank, to the end of June, of nearly £60 millions in gold and foreign exchange. Dr. Ernst Wagemann, of the Institut für Konjunkturforschung, has estimated that, at least an

Security.	Original Issue.	Present Amount.	End 1930.	May 29, 1931.	June 30, 1931.	July 10, 1931.	July 23, 1931.	Yield (%) (allowing for Redemption)
7% Sterling Bonds, 1924 ("Dawes Loan")	21,680,000	19,219,600	100	100	99½	96	83½	£ s. d. 9 1 5
International 5½% Sterling Bonds ("Young Loan")	...	11,847,200	70	69½	74½	69	56½	9 16 0
State of Hamburg 6% Sterling, 1926	2,000,000	2,000,000	85	89½	78	78	70	9 7 6
Hamburg Waterworks Co. 6% Sterling	1,000,000	985,000	87	89½	78	78	70	9 0 2
Saxony 6% 25 years Sterling, 1927	750,000	697,060	75½	82	75	72	60	10 10 0
Westphalia 7% Sterling, 1926	835,000	760,300	92	92½	88	88	75x	9 18 0
Berlin 6% Sterling, 1927	3,500,000	3,392,300	73½	76½	74½	69	60	10 10 0
Dresden 5½% Sterling, 1927	1,150,000	1,102,400	75	83½	77½	77½	70	9 4 9
Cologne 6% Sterling, 1928	600,000	555,400	72½	74½	70	67	57½	9 11 3
Munich 6% Sterling	1,625,000	1,625,000	69½	73½	68½	66	60	10 10 0
Saarbrücken 6% Sterling, 1928	1,000,000	963,400	81½	85½	87½	86	82½	7 14 0
Potsdam Syndicate of Germany 7% Gold, Series "A" and "B"	15,000,000	11,010,810	101	99½	99½	97½	93	7 7 3
Ditto, 6½%, Series "C"	...	2,942,070	96	99	97½	91½	85	7 13 0

equal amount has been exported from the large commercial banks. Altogether, he estimates the total capital which has left Germany during this period (including foreign withdrawals and remittances by German capitalists flying from the Mark), is put at from £150 millions to £200 millions. In other words, anything up to half the short-term loans previously extended to Germany may now have been withdrawn.

British investors, however, are concerned rather with the position of Germany's long-term loans. On the preceding page we have given a list of the most important German issues dealt in on the London Stock Exchange.

Apart from small holdings of pre-war German loans (such as the 3 per cent. Imperial Loan), in which business is occasionally done at "rubbish" prices, the British investor's holdings of direct German Government obligations are only two, viz., the "Dawes Loan" and the "Young Loan." The first-named was part of an issue of £21,680,000 in Europe (of which London took £12,000,000) and \$110,000,000 in the United States; while the "Young Loan" was issued a year ago, under the Hague Agreement, London taking £12,000,000 and New York \$98,250,000 out of a total of approximately \$300,000,000 (say £60,000,000), the remainder being subscribed in Belgium, France, Holland, Italy, Switzerland and Sweden.

Both loans were intended to be as secure as human foresight could make them. The Dawes Loan is a direct and unconditional obligation of the German Government, chargeable on all its assets and revenues, with a specific first charge on all Reparation annuities (postponable or non-postponable), and a first charge by way of collateral security on gross Government revenues from Customs and certain taxes, in relation to which no further charge may be created ranking in priority to or *pari passu* with the charge under the loan. The Young Loan represented, as to two-thirds, the capitalisation of a portion of the non-postponable ("unconditional") Reparation annuities payable by Germany under the Young Plan (the proceeds being paid over to the creditor powers concerned), while the remaining one-third was utilised for the requirements of the German railway company and the German post office and telegraphs. The ultimate security for the Young Loan is the "full faith and credit of the German Government" in the matter of its Reparation obligations. The Government has fixed an annual direct tax of Rm. 660,000,000 on the German railways for 37 years and has undertaken to reserve free from charge (without prejudice to the Dawes Loan) the proceeds of the Customs tobacco, beer and alcohol duties. These undertakings, however, are strictly applicable to the service of the "unconditional" Reparation annuities, and not to the Young Bonds.

The Dawes Loan is repayable at par by October, 1949, by a sinking fund applied to the purchase or drawing of bonds, and approximately 11 per cent. of the original principal of the loan has, in fact, been now paid off. The Young Loan is repayable by 1965 by a cumulative annual sinking fund, applied to either purchase or drawings, but the German Government has the right after 1935 to redeem at par the whole of the loan or any multiple of \$80,000,000.

The position of the Dawes Bonds, as regards security, is clearly superior to that of the Young Bonds. The service of the former, averaging approximately £3,800,000 a year, is unconditional, and would automatically rank in front of any further pledging of German assets in connection, say, with any future national long-term loan arising out of the present crisis. Its legal status would be entirely unaffected by any revision of the Hague Reparations Settlement, whereas the latter event might call for the provision of fresh security for the Young Loan. No further issue of Dawes Bonds, or of bonds ranking *pari passu* with them, can ever be made, whereas further Young Bonds may be issued either for "the internal conversion of the National Debt of a Creditor Power" under the Reparation Plan, or on the authority of the Bank for International Settlements, as trustee for the creditor powers if the bank deems an issue opportune. As the market is quoting the Young Loan, to-day, to yield

nearly $\frac{3}{4}$ per cent. more than the Dawes Loan, the difference in the status of the two issues has not been overlooked.

The ultimate position of other stocks held by British investor is even more directly bound up with the restoration and maintenance of social conditions in the German body politic, though the service of individual issues might be temporarily affected if a continuance or recurrence of the present crisis interrupted the normal operation of the machinery for effecting remittances, or if continued "rationing" of foreign exchange were found necessary. The British investor, generally speaking, has steered clear of long-term loans in German industry, apart from the Potash Loan, which is a direct obligation on every owner of a potash mine in Germany, secured by a first charge on the proceeds of all sales of potash to countries outside Germany and further backed by guarantees and mortgages on potash properties and manufacturing plant. Given the normal working of exchange machinery, the potash bonds can be regarded as satisfactorily secured. Indirectly British holders of Kreuger and Toll and Swedish Match securities have a substantial stake in Germany, in view of the loan of \$125 millions at 6 per cent. made to the German Government by this group in connection with the match monopoly. The latter loan, however, carries no special form of security.

The chief long-term debtors to the British investor, outside the German Government, are the municipalities of certain of the large towns, which borrowed with some freedom on the security of their municipal properties three or four years ago. The proceeds may not always have been used in their entirety for direct "productive" purposes, and as considerable issues were made at the same period in other markets (particularly in the United States and Switzerland) the resources of the borrowers may be, in certain cases, heavily pledged, particularly in view of the increase in the "real" burden of all loans as a result of the increased purchasing power of money since the dates at which the debts were contracted. The majority of these loans, incidentally, are in sterling or gold currencies and not in reichsmarks.

Fortunately or unfortunately, the largest stake in Germany is held, not by Great Britain, but by other countries, particularly America, to whose capital market German municipalities, banks, public utilities and industrial concerns resorted in large measure before the Wall Street slump. In 1928 alone, £70 millions of German securities were offered to the American public, while in 1929, though the pre-slump Wall Street fever partially checked the movement by making bonds much less saleable, a further £20 millions of long-term securities was taken up. America's interest in the maintenance of German solvency is thus substantial, and it may be expected that her support will continue to be forthcoming for all measures calculated to restore German credit.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
August 12.	August 13.

The markets, being entirely in the dark as regards the proceedings at the Seven-Power Conference, again declined to take any risks, and the volume of business was reduced even below last week's attenuated level. All members, however, were painfully aware of the speed at which gold was leaving the country, and Thursday's weakness, particularly in gilt-edged, was, in fact, temporarily checked by the news of the rise in Bank rate, though doubts were expressed in some quarters as to whether the increase would be sufficient to redress the situation. The concrete results of the political Conference were deemed meagre. Though fears of an immediate collapse in Germany were removed,

the possibility was envisaged of a fairly prolonged period of credit restriction in Western Europe.

After fluctuating, with an improving tendency, on Tuesday, gilt-edged stocks encountered selling on Wednesday, and declined all along the lines on Thursday, the rise in Bank rate being accurately discounted. Funding Loan again showed particular weakness. India loans were lower, partly in sympathy with British stocks, and partly on the news of an attempt on the life of the Acting-Governor of Bombay. Australians tended slowly to improve at the beginning of the week, on hopes that Mr Lang would agree to toe the line in the matter of admission of debt liabilities.

Foreign bonds were heavy, though the week's chief losses were confined to German issues, which were marked down several points, with dealings at times largely nominal on Thursday. South American issues were weak, particularly Chileans, the resignation of the Government causing some uneasiness. The position of Chilean bonds is discussed in a "Note" on page 183.

Home rails were put down in sympathy with the general trend of values. The traffic figures revealed a stagnant situation, and the interim announcements were looked forward to without enthusiasm. The Metropolitan dividend of 1 per cent. against $1\frac{1}{2}$ per cent. was in accordance with market expectation. Southern preferred ordinary were lower on the cutting of the interim dividend from $2\frac{1}{2}$ per cent. to $1\frac{1}{2}$ per cent. A further setback in the peso and a mixed bag of traffic returns were reflected in a fresh irregular decline in Argentine rails, though business was on a somewhat larger scale. American rails registered numerous improvements, but Canadian Pacific were unable to hold a slight rise on more encouraging crop news.

The industrial markets opened an unpopular "three weeks' holiday" account with a determination to go slow. There were no really heavy falls, but numerous issues sagged, and in some cases business dried up almost completely. Electrical shares showed a better tendency, a few investment orders coming in on the maintenance of the interim dividends by the Metropolitan, County of London and South London companies. Motors were irregular, Fords receding, and steel shares dull. The Marconi report (dealt with on page 184) was neither better nor worse than expectation, and caused little change in quotations for Cables and Wireless stocks, the market having expected that the 1930 preference dividend would be more or less covered, while reserving less assurance for the position as regards the current year. Courtaulds were a better market, in accordance with the somewhat more helpful views of the rayon position summarised on a later page. Breweries were irregular, but tobacco on a later page. Gaumont British were in shares remained fairly steady. The forecast of improved sporadic demand on the board's forecast of improved earnings. The Continent was a seller of Kreuger and Toll and other Swedish issues. The appearance of a few buyers was sufficient to maintain quotations for bank shares, and a firmer tone pervaded the insurance share market.

Oil shares fluctuated within lower limits than last week. The American situation was disturbed despite the further reduction in the stock figures. Last week's drop of one penny in British prices (discussed on page 185), had been discounted. Paris did very little, but Amsterdam was a consistent seller of Royal Dutch. Rubber shares showed no signs of life, only a very few issues being dealt in at all, at prices showing little quotable variation. Despite a slight improvement in prices at the tea auctions, which few could explain, tea shares showed little change.

Dealings in mining shares shrunk to significantly small proportions, though the undertone remained relatively steady, even after the rise in Bank rate. Paris showed little interest in Kafirs, but the quarterly reports were generally favourable, and quotations were little changed. New Modderfontein were exceptionally weak. Rhodesians were entirely neglected. Tin shares receded further, the commodity again showing weakness, while the remarks of a prominent producer at a company meeting were a reminder of the lack of unity within the industry on

restriction. All copper shares were dull, Tintos falling sharply on Thursday after a firmer tendency in mid-week.

"FINANCIAL NEWS" DAILY BARGAIN INDEX. (Approximate number of Bargains recorded in Stock Exchange Lists.)

	July 16, 1931.	July 17, 1931.	July 20, 1931.	July 21, 1931.	July 22, 1931.	July 23, 1931.
Government and Municipal Loans	1,474	1,420	1,489	1,073	1,170	1,249
Transport, Communications, and Public Utilities	758	832	849	651	645	684
Commercial and Industrial*	1,370	1,421	1,468	992	1,074	1,221
Banks, Insurance and Financial	350	477	487	375	353	362
Mines (including Nitrate)	358	381	403	199	289	300
Oil	131	141	128	68	75	96
Rubber, Tea and Coffee	67	74	70	40	59	56
Total	4,508	4,746	4,894	3,398	3,665	3,968

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	July 16, 1931.	July 17, 1931.	July 20, 1931.	July 21, 1931.	July 22, 1931.	July 23, 1931.
72.5	54.5	60.8	61.3	61.2	61.1	60.9	60.9

FOREIGN STOCK EXCHANGES.

NEW YORK.

New York was inclined, at the outset, to take a favourable view of the prospects for the London Conference. On Monday and Tuesday markets were quietly firm, but trading was severely restricted, Monday's turnover of 700,000 shares being the lowest for a very considerable time. The publication of the so-called "Hoover Terms" for dealing with the German situation caused scarcely a ripple on the surface. By Wednesday fears began to develop that the outcome of the London Conference would be indecisive, and disappointment was reflected in a sharp reaction in German bonds, though little credence was given to suggestions that if the present exchange restrictions proved inadequate, the German authorities might suspend the transfer of exchange for the service of foreign bonds generally. A more definitely depressed feeling followed Thursday's publication of the Conference decisions, and the rise in the English Bank rate. U.S. Steel, Bethlehem, General Electric, American Can, and other leaders which had shown moderate improvement declined sharply. The market was influenced by the view that, however successful the endeavours of America and Great Britain to prevent a further withdrawal of credits from Germany, the settlement of the latter's difficulties was likely to be a long-drawn-out affair. In the meantime, higher money rates were believed to be inevitable. Prominent steel producers like the President of Bethlehem Steel, Mr Grace, continued to talk of a possible seasonal improvement in the autumn, but general business remained sluggish.

	July 9, 1931.	July 16, 1931.	July 23, 1931.		July 9, 1931.	July 16, 1931.	July 23, 1931.
U.S. 3½% T. Bds.	106½	106½	106½	Natl. Biscuit	60	57½	60½
U.S. 4½% '32-47	102½	102½	102½	Phelps Dodge	15	11½	12½
Do. 4½% '32-47	103½	103½	103½	Fullman	37½	36½	37½
Do. 4½% '33-38	104½	104½	104½	Swan-Roebuck	84	83½	85½
Atchafalca	163	157½	161	Studebaker	18	18	18
Ches. & Ohio	35½	33½	35	Un. Fruit	57½	58½	58½
Erie	22½	20	20½	U.S. Leather	7½	7	7
Illinois Central	49½	47½	48	U.S. Rubber	14½	13½	14½
N.Y. Central	88	84½	84	U.S. Steel	96½	94½	93½
Pennsylvania	47½	46½	46½	Westinghouse	67	65½	65½
Southern Pacific	83	78½	80½	Woolworth	68	67½	67½
Southern Ry.	34	30	30½				
Union Pacific	165	157½	162	Am. Tel. & Tg.	177½	175½	176½
				Interboro R.T.	22	23½	23½
				Int. Tel. Teleg.	32½	31½	30½
Am. Can.	108½	103½	101½	Radio Corp.	17½	17½	17½
Amer. Smelting	33½	33½	33½	Utilities P. & L.	23½	23½	23½
Assaulting	25	25	25	W. Union Tel.	114	115	114½
Bethlehem Steel	48½	45½	44½				
Chrysler Motor	23½	22	22½	Associated Gas "A" ..	15½	14½	15½
Corn Prodnce Rf.	71½	66½	66½	Pan. Amer. B.	24	24	24½
Eastman Kodak	144	145	143½	Shell	25	18	18
Gen. Electric (New) ..	42½	40½	40½	Shell Union	6½	6½	6½
Gen. Motors	38½	37½	37½	Sinclair Oil	10	9½	10½
Int. Harvester	45	41½	42½	Std. California	36½	36½	37
Montg. Ward	19½	19½	20	Do. N.J.	37½	37	36½

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Copthall Avenue, London, we print

(Continued on page 182.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to July 22 (inclusive).		Name of Security.	Price July 15, 1931.	Price July 22, 1931.	Rise
----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------	----------------------	--	---	--	-------------------	-------------------------------	-------------------------------	------

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, July 15, 1931.	Price, July 22, 1931.
Buenos Aires Gt. Southern 5½% deba.	95	35	par-½ pm	½ dis-½ pm
De Beers 5½% Ster. deba.	90-95	...	100½-100½	100½-101
Flie County Council 4½% 1951-61	...	...	...	18½-19½
Great Universal Stores Ord. (5/-)	£1	fy. pd.	...	19½-20½
Great Universal Stores Pref.	£1	fy. pd.	...	99½-100½
India 6% 1933-34	100	fy. pd.	99½-100½	99½-100½
Jones (Peter) 6% deb.	40	...	½ dis-½ pm	½ dis-½ pm
Lancs. Cotton 6½% deba.	97½	...	19-17 dis	20-18 dis
Middlesex 4½% 1950-70	101	61	½ dis-par	par-½ pm
New Zealand 6% 1932-34	99	44	par-½ pm	par-½ pm
Odams Press 7% (B) deba.	98	fy. pd.	102-104	102-104
Panama Corporation 8% deba.	100	50	4 dis-par	4 dis-par
Primitive Holdings 6% Red. pref.	£1	6/-	par-6d. pm	par-6d. pm
Rhodesia Corp. 7% deba.	100	50	5 dis-5 pm	5 dis-5 pm
Tanganyika 4% Guar. 1951-71	94½	49½	2½-1½ dis	1½-1 dis
Telephone and Gen. Trust 7% Pref.	21	10/-	par-6d. pm	par-6d. pm
Waisall Corp. 4½% 1950-60	100	15	½ dis-½ pm	½ dis-½ pm
Woolworth (F. W.) Ord. (5/-)	£2	£1	3/-3/6 pm	6/3-6/9 pm
Woolworth (F. W.) 5% Cum. Pref. £1	£1	10/-	7½d-10½d pm	1/-1/5 pm

(Continued from page 179.)

the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.	
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	July 22.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	86.9
33 Bonds ...	127.8	173.5	99.1	145.6	92.0	75.0
34 Utilities ...	177.6	330.4	153.2	267.4	158.1	158.0
Total, 404 stocks...	140.3	228.1	105.5	184.2	107.6	95.2
Average yield of 50 Industrial Common Stocks	5.10%	5.23%	4.15%	5.95%	5.91%	5.83%

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

	Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	July 15, 1931.	July 16, 1931.	July 17, 1931.	July 18, 1931.	July 20, 1931.	July 21, 1931.	July 22, 1931.
	140.2	92.7	104.9	107.8	108.5	108.7	110.3	111.5	108.8

TOTAL DEALINGS IN NEW YORK.

	July 16, 1931.	July 17, 1931.	July 18, 1931.	July 20, 1931.	July 21, 1931.	July 22, 1931.	July 23, 1931.
Stock Exchange—Shares (Thous.)	1,500	1,300	380	700	1,100	1,000	800
Bonds (Thous. \$)	9,964	9,802	5,181	6,575	7,729	8,289	9,133
Over-the-counter—Shares (Thous.)	230	260	90	160	240	220	180

* 2-hour session.

INVESTMENT NOTES.

The Stock Exchange, Bank Rate and the London Conference.—Although the Stock Exchange was at no time optimistic as to the probability of dramatic action by the London "Seven-Power Conference," its members apparently decided that, so long as the outcome of the discussions was in doubt, masterly inactivity was the least expensive policy. During the first three days of the week, therefore, business was reduced to a minimum, the number of bargains marked in the lists being, in fact, the lowest for many months. Though some quotations showed a tendency to sag, prices on the whole were relatively well maintained. On Thursday, however, the markets tended to interpret the official news of the outcome of the Conference as evidence that an early solution of Germany's difficulties along "political" lines could scarcely be looked for. The week's further large gold withdrawals had provoked fears of a pending rise in Bank rate, which were confirmed by the announcement, at noon on Thursday, that the rate had been increased from 2½ per cent. to 3½ per cent. A more noticeable volume of selling developed, in the course of which gilt-edged stocks lost further ground and dealings in German issues were at times nominal. A small Stock Exchange firm was "hammered" on Thursday morning, but no importance was attached to the failure. The following table shows

the course of representative prices over the past troubled fortnight:—

	July 7.	July 16.	July 22.	July 23.
4% Treasury Bonds (1931-33)	101	100½	100	100
4½% do. (1932-34)	101½	100½	100½	100
5% do. (1933-35)	103½	101½	101½	101
4% do. (1934-36)	102½	100½	100	100
4% Funding Loan	97½	93½	95	93
5% War Loan	103½	103½	103½	103½
4% Consolidated	96x	91½	93	91
German 5½%	73½	60	62½	56½
German 7%	99½	86	89½	83½
German 7% Potash	99½	85½	92½	92½
Austrian 7%	87x	80	80½	80½
Hungarian 7½%	96	87½	88	87
Brazil 5%, 1914, Funding	74½	67½	68½	66
Chilean 6%, 1926	71½	62	56	54
Courtauld's (£1)	1½	1½	1½	1½xd
Ford (£1)	2½	2½	2½	2½
Imperial Chemical (£1)	15/6	14/-	14/-	14/-
International Nickel (no par)	\$15½	\$13½	\$14½	\$13½
Kreuger and Toll (Kr. 100)	£23	£19½	£19½	£19
Swedish Match, "B" (Kr. 100)	£11½	£10	£10½	£9½
P. & O. Deferred (£1)	27/6	25/-	25/6	25/6
Turner and Newall (£1)	32/6	28/6x	28/9x	28/9
Royal Dutch	£20½	£17½	£18	£17½
Shell Transport (£1)	2½	2½x	2½	2½
Rio Tinto (£5)	23	19	18½	17½
Brazil Traction (no par)	\$25½	\$20½	\$21	\$19½

On the whole, the conservative attitude of the Stock Exchange throughout the recent difficulties has been an invaluable steadying influence, at a time when the effects of headlong action might have been regrettable and far-reaching. Though it is conceivable that situations of some delicacy may arise before the position created by Germany's difficulties can be completely cleared up, it may be hoped that investors at home and abroad will continue to support the Stock Exchange in maintaining the steadfast attitude which has proved so helpful up to the present.

Stock Exchange Reform.—A pamphlet on "Financial and Stock Exchange Reform," by Messrs P. E. Gourju and Hargreaves Parkinson, published this week, deals with this highly contentious subject from the investor's point of view, and makes a number of proposals with which most investors will heartily agree. On the question of increased publicity, the authors suggest that the Stock Exchange Committee should make quotation of a company's shares in the Official List contingent upon the publication of regular quarterly earnings' statements, that they should require holding companies to issue consolidated accounts, and that they should insist on the transmission to every shareholder of a verbatim shorthand report of the proceedings at every company meeting. Of the first two reforms the *Economist* has been a consistent advocate. As regards internal Stock Exchange procedure, the pamphlet may conceivably strengthen the hands of the reformers, of whom there are not a few inside the "House." The absence of a Mutual Guarantee Fund to protect investors against possible losses on account of brokers' defaults has long been a defect of Stock Exchange machinery, although in the case of the Hatry crisis a special fund was quickly created and the good name of the Stock Exchange preserved. The minimum amount of the fund, in the opinion of the authors, should be £2,000,000, which they think could be accumulated by moderate contributions from each member over a period of years. In the opinion of some other reformers, the Stock Exchange might attain the same end by applying some of its profits to a Guarantee Fund Reserve. On the question of control of capital issues, the authors tread much more difficult ground. There is no doubt that Stock Exchange booms lead to the promotion of undesirable companies, but we doubt very much whether an official committee consisting of members appointed by the British Governments, chambers of commerce, the London Stock Exchange, provincial stock exchanges, and joint-stock banks and insurance companies is, as the authors suggest, the right body to fix its *imprimatur* to capital issues. Even if such a committee were able to certify in the case of each new issue that its auspices were *bona fide* and that it was a reasonable speculative proposition,

* "London General Press," 6, Bouverie Street, E.C. 4. 2s.

it would not advance matters very far. Every issue made under the auspices of Clarence Hatry was, in fact, considered *bona fide* and a reasonable speculative proposition, at the time, by prominent authorities in the City. The Stock Exchange already has the power to refuse to deal in cases where it thinks that a new issue is not a fair proposition to the investor. In certain cases this power has already been exercised, and we do not see why a special committee should be better qualified to exercise it than the Stock Exchange Committee. The amount of dishonest or unreasonable issues is, however, a relatively small proportion of the total raised for industrial purposes at home and abroad. The real harmfulness of unsound or unscrupulous new issues lies in the damage done to prosperous industries by the introduction of unnecessary capital and plant. This is not apparently an issue which would be decided by such a committee as is proposed in this pamphlet. The matters raised in this work, however, may be commended to the serious attention of all interested in vital Stock Exchange reforms, which sooner or later must receive the attention of the authorities.

Chilean Bonds.—In the *Economist* of July 4th, referring to the financial difficulties of Chile, we stated that the Government was without the requisite foreign exchange to meet the payments on its external debt falling due after July 1st. It has now been announced by the Chilean Minister of Finance that in order to maintain the stability of the currency and to protect the gold reserves of the Banco Central, which have been considerably diminished, the Government has decided to pay the service of the consolidated debt during the present month by depositing its value in legal currency in a special account at the Banco Central in Chile. The Minister stated that the Government was studying various economies which would be put into practice immediately and would enable it to carry out the payments monthly as from August 1st. Prices of Chilean loans on this announcement fell further in the market and present quotations are very nominal, with margins of 5 to 10 points:

	Red. Date.	Highest. 1931.	Present Price.	Yield %
4½% 1895	1941	88½	77½	5.81
5% 1909	1955	84½	55	9.09
7½% 1922	1956	105	85	8.83
6% 1926	1970	92½	52½	11.41
6% 1928	1961	94	52½	11.41
6% 1929	1962	94	52½	11.41
		Dollar Bonds.		
7%	1942	100	56½	12.44
6%	1960	86	43½	13.88
6%	1961	86	46½	12.98
6%	1962	86	42½	14.04

It is understood that a delegation of British and American banking experts has gone to Chile for the purpose of investigating the country's financial position and advising ways and means for providing for the external obligations. Whether a solution can be found by August 1st seems very doubtful, as it is not the effecting of Government economies but the obtaining of foreign exchange which is the problem before the country. Bondholders should, therefore, keep an open mind until it is known whether the American banking interests are likely to come to the help of Chile with a further loan. So far the stability of the Chilean peso has been maintained only with the help of short-term American credits, which at present amount to over \$52,000,000. We understand that the representative of the Federal Reserve Bank of New York, who was to have accompanied the experts, has cancelled his visit, which may possibly be taken to imply that the Federal Reserve authorities do not consider themselves interested in extending help to Chile by way of a loan.

Lord Kylsant's Trial—Royal Mail Position.—The trial of Lord Kylsant and Mr H. J. Morland, on charges connected with the affairs of the Royal Mail Steam Packet Company, opened at the Old Bailey on Monday. The evidence followed the general lines of that given at the Guildhall. In opening the case, Sir William Jowitt, the Attorney-General, declared that while secret reserves

might be used for smoothing out the ups and downs of business, their "continued and deliberate and excessive utilisation" was calculated to present an untrue view of a company's prospects. On the prospectus charge, he submitted that the inference for the investor from a statement that "the average annual balance available" in the past ten years had reached a certain level, was that what had taken place in the past would happen in the future. Lord Plender, in the witness box, narrated the circumstances leading to Sir William McIntock's appointment to investigate the Royal Mail group's affairs, and Sir William McIntock dealt with the detailed finances of the Royal Mail Company and its six "100 per cent." subsidiaries, both witnesses being closely questioned by defending counsel as to their views on the propriety of internal reserve appropriations. Mr A. T. Cason, formerly chief accountant of the Royal Mail Company, gave evidence regarding the preparation of certain accounts, and was cross-examined regarding the tax reserve. Evidence was also given by representatives of some of the subsidiary companies and by Mr C. G. Matthew, the assistant accountant of the parent company. The Crown case was closed on Thursday, and Mr Morland's counsel submitted that, as regards his client, there was no case to go to the jury. The trial was still proceeding as we went to press. Meanwhile, the petition of the Royal Mail Company to the Court this week, for a further six months' moratorium on the company's debts, produced a statement by the company's counsel that, although the cash position had improved, there had been no trading profit, if allowance were made for depreciation and payment of interest. Mr Justice Maugham, however, observed that according to an affidavit sworn by Lord St. Davids, the undertaking on paper was £627,724 worse off than at the beginning of the year. His Lordship believed, however, that a receiver, if appointed, would not be able to show any better results, and sanctioned the continuance of the moratorium to the end of the year on condition that the company gave security to the debenture holders. From the statement of the counsel for the Prudential Assurance Company, it would appear that the first debenture holders are seeking to obtain specific security on the company's buildings.

Furness Withy's Accounts.—In the *Economist* of last week (page 184), we commented on the inability of shareholders to ascertain the real earnings of Furness Withy for the year to April 30th last, as a result of the action of the directors in withdrawing an undisclosed amount from reserves. At the meeting on Wednesday this week, Sir Frederick W. Lewis, Bt., revealed that the total transfer amounted to £111,000, of which £100,000 came from taxation reserves and £11,000 from a previous allocation in the accounts of a branch office, which was no longer required. The total earnings for the year, before depreciation, were, therefore, £291,691, and the earnings on the ordinary, after taxation, depreciation at £150,000, and preference dividend, were 2.1 per cent. Even this apparently meagre result represents a definite achievement under the conditions which obtained in the world's shipping trade last year, which were accentuated by the differential treatment accorded by certain countries to their own ships—a matter on which the feeling of the chairman, with that of many other large shipowners, is



SECURITY FIRST

Total Funds :
£41,373,928

ALL CLASSES OF
INSURANCE
TRANSACTION

Head Office:
LIVERPOOL and LONDON.

strong. As the company, however, is shown to have more than paid its way in a year of extreme depression, shareholders will ask why the information disclosed at the meeting should not have been inserted in its appropriate place—namely, the year's report and accounts.

Elder Dempster.—This member of the Royal Mail group has not enjoyed a successful year. The 1929 net profit, which was less than half that of 1928, has been succeeded by a loss of £148,442. Profit at head office and branches was £14,959 and income from investments £106,696, against which ranked debenture and other interest £170,162, directors' fees £3,000, loss on sale of properties £12,791, and losses of subsidiaries before charging depreciation £83,144. After bringing in £127,217 from last year, a debit balance of £20,225 remains in the profit and loss account. The past three years' results are compared in the following table:—

	Years ended December 31,		
	1928.	1929.	1930.
	£	£	£
Net profit	447,106	201,504	Dr. 148,442
Preference dividend	410,875	217,125	...
No. of times covered	1.09	0.93	...
Ordinary:—			
Dividend	57,920	Nil	Nil
Earned %	2.5%	Nil	Nil
Paid %	4%	Nil	Nil
Reserve fund	Dr. 25,000	...	...
Inc. or dec. in carry-forward	+ 3,311	- 15,621	- 148,442

It is stated by the auditors that the balance-sheet value of shares in subsidiaries and associated companies, £12,195,812, is in excess of their present value. Other investments total £525,869. Against investments, as a whole, there is a reserve of £416,042. Quoted securities valued at £2,700,303 are declared to show a shrinkage of £1,888,667 on the basis of market quotations at December 31, 1930. The extent of a "very substantial shrinkage" in the value of the unquoted investments the auditors have found it impossible to determine. Current liabilities, at December 31, 1930, exceeded liquid assets by £2,174,392, as compared with £1,566,023 a year earlier.

Courtaulds and the Rayon Position.—An interim dividend of 2 per cent (free of tax) has been declared by Courtaulds, against 3 per cent. a year ago and 4 per cent. in 1929. The position in the rayon industry (writes a trade correspondent) is less unsatisfactory than has been stated in some quarters. Though much machinery is still idle, consumption is certainly not decreasing, and stocks in almost all countries are being reduced. The outlook, therefore, for a strong company such as Courtaulds is much better than twelve months ago. The internal position of the industry is healthier, following the elimination of the worst forms of competition, production is slightly less than sales, and further economies in working costs have been effected. There is, therefore, increased confidence that so soon as world conditions improve profit margins will be restored to a more satisfactory level. In the United States, where Courtaulds have large interests, the position in the industry is incomparably healthier than at the beginning of the year, though financial stringency continues to put a brake on progress. The Courtauld connections on the European Continent have also put their domestic affairs in order to a large extent, and, given a favourable settlement of the Central European crisis, their future developments should be satisfactory. On the other hand, pending an improvement in world conditions, little tangible progress can be expected in the export markets. In Great Britain, again, it is not yet clear how trade will develop in the next season, though present tendencies are not unpromising.

Marconi's Wireless Telegraph.—The chief interest of the report of the directors of Marconi's Wireless Telegraph Company lies in the statement that the profits of Imperial and International Communications, Ltd., for the year ending December, 1930, amounted to £326,248 (equivalent to 1.09 per cent. on that company's share capital), to which there has been added a sum of £200,000 transferred from general reserve, making a total of £526,248. The Communications Company is paying a dividend of £525,000 (1.75 per cent.), the proportion receivable by the Marconi Company being £77,206. The Marconi Company's business, apart from the collection of royalties, is now exclusively concerned with the non-traffic side of wireless service—with the supply of telephones and telegraphs and of broadcasting stations to customers at home and abroad. The accounts show that the profits from the manufacturing business and royalties amounted to £72,627 and dividends from trade investments to £86,169. After allowing £23,731 for depreciation the total profit of the Marconi Company came to £212,336, of which £194,836, or 9.6 per cent., is available for the ordinary share capital. As the company has declared a dividend of 10 per cent., as against 15 per cent. in the previous year, it is paying out more than it has earned—which is all to the benefit of the preference stockholders of Cables and Wireless, Ltd. The results for the past three years compare as follows:—

	Two years to Dec. 30, 1929.		Year to Dec. 30, 1930.
	£		£
Net profits from sales, royalties, etc.....	420,469		72,627
Dividends from investments	466,649		163,439
Total profit	887,118		236,066
Net profit after expenses, tax, depreciation and debenture interest	794,735		212,336
Preference dividend amount	{ 42,500 30,000 404,027 303,020 }		17,500
Ordinary dividend	{ 20 & 15 17.87 p.a. }		202,013
Paid %	20 & 15		10
Earned %	17.87 p.a.		9.64
Carry-forward	38,966		31,788

The balance sheet shows a liquid position, current assets exceeding current liabilities by £1,400,268. On account of a satisfactory settlement of income-tax liabilities of previous years, a sum of £275,000 has been transferred from income-tax account to the general reserve, bringing the total reserves up to £1,469,152. The disclosure of the profits of Imperial and International Communications, Ltd., enables the following estimate to be made of the earnings of Cables and Wireless, Ltd.:—

	£
I. and I.C. divs. to cable companies.....	approx. 448,000
Cable companies' net investment revenue	465,500
Marconi dividend.....	215,000
	£1,128,500

The item for Cable Companies' net investment revenue is arrived at on the basis of 1930 revenue after deducting debenture interest and preference dividends. If we allow overhead expenditure and tax at £50,000, there would be £1,078,500 available for dividend purposes. The dividend on the 5½ per cent. cumulative preference stock of Cables and Wireless required £1,263,053 last year. The report of Cables and Wireless, which appears as we go to press, largely confirms these estimates. The net available profits of the group companies are £1,011,019, but as some subsidiaries overdistributed their earnings, the net revenue accruing to Cables and Wireless is £1,276,490. The accounts will be examined in detail in our next issue.

Waring and Gillow.—The report of Waring and Gillow for the year ended January 31st last suggests that the directors have taken drastic action to clear up the position since Lord Waring resigned his chairmanship last October and the board was reconstituted to include Mr J. C. Sanderson as chairman, Mr E. J. Jennings as deputy-

chairman, Mr J. R. Brackenridge as managing director, Mr A. D. Campbell and Mr S. H. Gillett, F.C.A. (representing the creditors). The balance sheet, after their clean-up, shows an adverse balance on profit and loss account of £519,951, made up as follows:—

	£
(1) Loss on trading for the year, after charging all working expenses, normal depreciation, directors' and auditors' fees and trustees' remuneration ...	96,284
(2) Provision for bad and doubtful debts	240,585
(3) Provision for debt due by the late chairman	108,100
(4) Abnormal stock depreciation	131,000
(5) Writing off assets to which no value is now attached and costs relating to the re-organisation of the business	182,337
(6) Provision for trading loss for year in subsidiary companies	7,811
There has also to be provided:—	
Debenture interest for year to January 31, 1931.....	56,202
Transfer to reserve for amortisation of leases.....	16,448
Making a total of	838,768

From this total the following amounts fall to be deducted:—

	£
Balance at credit on profit and loss, January 31, 1930, less half-year's preference dividend to that date	57,253
Available portion of reserve against realisation of Princess Theatre site	149,000
General reserve	50,000
Capital reserve	62,565
Leaving an adverse balance on profit and loss of	519,951

The report gives detailed information regarding the main items, from which it appears that, although sales showed a falling off, the greater part of the trading loss was incurred by exceptionally high overhead charges. Some £165,938 of the total allocation for bad and doubtful debts was due to the company's inability to obtain payment in respect of certain hotel work executed abroad in 1929. The late chairman's indebtedness is secured by charges on certain assets which may ultimately be realisable at figures sufficient to enable the company to recover the whole outstanding amount, but in the present position of trade this possibility is doubtful, the more so as other charges on these assets rank prior to the company's claim. Obviously, in writing off the whole of the amount the board is taking an extremely conservative view of possibilities. The provision for abnormal stock depreciation reflects the directors' opinion that certain stocks were in the past overvalued. The company's creditors have so far received 10s. in the £ in two instalments. Altogether, to meet its liabilities and obtain working capital, the company will require about £350,000 in the spring of 1932. The directors are considering schemes for "adequate permanent financial arrangements," and expect to submit recommendations to shareholders in three or four months' time. Meanwhile, reorganisation of the business is proceeding and savings at the rate of over £150,000 per annum have been in operation since the beginning of the current financial year. Though the directors have been somewhat ruthless in their treatment of assets, the report clearly shows that the position when they took over was worse than had been generally realised. An old-established business with a world-wide reputation was, in fact, rapidly drifting towards a condition of insolvency, and the effort to grapple with its problems came none too soon.

Union Cold Storage.—There has been little variation in the earnings of this company during the last four years. Last year's net profit of £825,667 was only £4,523 more than that for 1929:—

	1928.	1929.	1930.
Year ended Dec. 31.	£	£	£
Net profit (before deprec. reserve).....	928,361	946,144	950,667
Preference dividend.....	720,000	720,000	720,000
No. of times covered	1.29	1.31	1.32
Ordinary dividend:—			
Amount	100,000	100,000	100,000
Earned %	20.83	22.61	23.06
Paid %	10	10	10
Depreciation reserve	103,041	125,000	125,000
Increase in carry-forward..	5,320	1,144	5,667

The outstanding feature of the balance sheet is the reduction of £3,686,162 in sums owing by subsidiaries, which now stand at £648,710. The company has paid £3,304,227 to subsidiaries, reducing its indebtedness in this respect to £36,812. A further £393,000 has been invested in subsidiaries and general investments have been increased by £66,030. Debtors rose by £173,623 to £2,517,462, while creditors were reduced by £768,298 to £2,506,146. Mortgages totalling a further £505,156 were issued during the year, and as a result the bank overdraft has been reduced by £458,209 to £1,786,273. Stocks have been considerably reduced, being some £566,542 less than in 1929. The general reserve fund of £200,000 has been transferred to the depreciation reserve, and after writing off £925,660 this fund now stands at £2,000,000, including the sum transferred from the 1930 profits.

Crosse and Blackwell, Ltd.—Despite the introduction of new capital in the form of 6½ per cent. debenture stock, this company's net profit showed a decline last year to £82,136, and did not cover preference dividend requirements. The results of the past three years are compared in the following table:—

	Years ended December 31,		
	1928.	1929.	1930.
	£	£	£
Net profit*	202,081	211,204	82,136
First preference div.* ..	168,750	168,750	120,781
No. of times covered	1.19	1.25	0.68
Ordinary:—			
Earned %	13.42%	16.37%	Nil
Paid %	Nil	Nil	Nil
Reserve account	25,000	50,000	...
Deb. redemption fund ...	...	...	452
Inc. or dec. in carry-forward	+ 8,331	- 7,546	- 39,097

* In past years the preference dividend has been shown as a gross amount. This year it is given after tax. Had the previous procedure been followed, the net profit would have been shown as £120,105.

During the year a further £333,809 was invested in subsidiaries, and £8,408 was invested in subsidiary debentures. Loans to subsidiary and associated companies were £69,831 greater at £806,926, and £54,740 was spent in "establishing an overseas business." Stocks showed a large growth of £159,222 to £181,747, while debtors and cash rose respectively by £25,085 and £51,318. At £215,449 creditors showed an increase of £114,077 and bankers advanced £186,225 during the year, while commitments to subsidiaries were £38,674 lower at £57,556. Consequently liquid assets exceeded current liabilities by £507,194, as compared with £617,724 in 1929. In the report it is stated that extreme difficulties have been encountered as regards commodity prices and fluctuating rates of exchange. The introduction of a new sales system necessitated extensive advertising, the cost of which, £82,388, was charged to the reserve fund. A sum of £175,000 was transferred from the reserve fund to provide a specific reserve against losses in France and Canada. Since the completion of the year, preference shareholders have been notified that the preference dividend for the first half of 1931 will not be paid.

Another Penny Off Petrol.—Shareholders of the leading oil combines are becoming unpleasantly aware that something very like a petrol war is in progress in Great Britain. For the second time since the Budget was opened, the

JOBSON'S INVESTMENT DIGEST.

AUSTRALIA'S LEADING FINANCIAL PERIODICAL.

DEALS WITH ALL COMPANIES LISTED IN AUSTRALIA.

Annual Subscription: £2 12s. 6d. Single Copy: 2s. 6d.

London Agent: A. J. JOBSON, 8, Bouverie Street, E.C. 4.

price of petrol has been cut by 1d. per gallon, making the present retail price 1s. 2½d. in England and Wales. In other words, the consumer is now paying the same price as he did before Mr Snowden increased the petrol tax from 4d. to 6d. in April last. The following table shows the changes in the price of petrol since the petrol tax was first introduced:—

Date of Change.	Price per gal.*	Date of Change.	Price per gal.*
April 1, 1928	1 0½	March 3, 1931	1 2½
April 28, 1928	1 4½	April 28, 1931	1 4½**
March 1, 1929	1 7½	May 22, 1931	1 3½**
November, 1929	1 6½	July 18, 1931	1 2½**
Sept. 23, 1930	1 4½		

* These prices refer to the London and Home Counties area, except as regards this year, when London and Home Counties prices were made applicable to the whole of England and Wales.

† Including 4d. tax and ½d. collection charge.

‡ Including 4d. tax.

** Including 6d. tax.

The reasons for the present cut must be found in market conditions partly in America and partly in this country. In June, three reductions were made in the export price of petrol at the Gulf ports of America, and on July 9 a further cut brought the price down to 2.96 cents per gallon, which was a new low record for all time. This was the result of the export of cheap crude oil from the new oil-field in East Texas which has not yet been brought into the restriction line. On July 18th a recovery in the export price to over 3 cents per gallon was seen. In California, where restriction of oil output has been legally enforced, prices of gasoline and crude oil have been advanced, and there is some expectation that, if the Texas Legislature passes the Bill which it is considering for the prevention of the waste of crude oil and gas, there will be a similar rise in gasoline prices in Texas and the Mid-Continent districts. It is now possible to import American gasoline into Great Britain and Europe at a cost of not more than 2½d. per gallon. This allows, in the British market, a fair margin of profit with the retail price at 1s. 2½d. per gallon. With tax at 6d., cost of raw material 2½d., expenses or delivery, say, 2½d., commission to retailers 2d., a total cost of 1s. 1d. per gallon allows the combine companies a profit of about 1½d. per gallon. Competition, however, has arisen from an independent and powerful source, namely, the Petroleum Storage and Finance Corporation, which is marketing petrol under contract with the Standard Oil Company of Indiana. This company's petrol is retailed at not more than 1½d. per gallon. How any profit can be made at this price is not clear, but as long as this company can draw on the Standard Oil Company of Indiana for its supplies to the full extent of its marketing facilities, the combine companies have a serious competition to meet which may induce them temporarily to reduce their slender margin of profit.

Chrysler and the American Motor Industry.—The decision of the Chrysler Motor Corporation to introduce a new cheap model, announcement of which was made by a £700,000 advertising campaign recently opened throughout the United States, indicates a divergence of opinion among the leading motor manufacturers regarding the present trends of the world's motor market and the best means towards individual recovery. Chrysler ranks third in the American motor industry and second among manufacturers of six-cylinder cars. Besides the Chrysler Six and Eight, the company also manufactures the Dodge, de Soto and Plymouth cars and Dodge trucks. The production of all makes for 1929 totalled 450,543, of which 16 per cent. were exported. The 1930 sales figures showed a drop of about 17 per cent., while those of production for 1931 suggest that by the end of the year all divisions of Chrysler will be shown well on the way to "normal." Recent balance sheets of the Chrysler Corporation have not been very favourable and the present action suggests that a company which has scored its reputation in the luxury market feels that the golden eggs are to be found in the cheaper market. However, at the same time as Chrysler announce a four-

cylinder car, the biggest manufacturer of the four-cylinder, finding his hitherto unassailed position seriously threatened, is almost certainly on the point of entering the multi-cylinder market. There have long been rumours of a Ford Eight, but the unusual activity now being observed at the Ford factory at Detroit, together with the large sums of cash (\$400,000,000) which Mr Ford is known to have at hand, and the fact that, for the first time in motor history, Ford sales figures have been surpassed for the last few months by those of the Chevrolet, a product of General Motors—a six-cylinder and slightly more expensive car—make it almost inevitable that Mr Ford is about to take some revolutionary step. In some quarters it is thought that Mr Ford will continue with the present "A" model and that the new model (expected to be an eight-cylinder vehicle and to be called the Edison) will serve to fill the gap between the Ford and the Lincoln, Mr Ford's luxury product. In either case, both companies are at least agreed in the desirability of having eggs in each of the differently priced baskets. Chrysler is said to have invested \$10,000,000 in manufacturing and sales preparations for the new model, which is to be a product of the Plymouth division. Chrysler employees have increased from 4,500 in May to nearly 10,000. The announcement of the new model seems to have been favourably received on the Stock Exchange, where Chrysler shares have recovered from a low level of 12½ to 22½.

Victoria Falls and Transvaal Power.—A fresh although moderate expansion occurred in last year's net earnings, a small decline in revenue being rather more than offset by reduction in charges—especially under the heading of interest and premium on debentures. Once again £50,000 is placed to reserve, and after the payment of 15 per cent. on the ordinary and the maximum of 10 per cent. on the participating preference, the increased balance of £194,460 remains to go forward. The fixed assets have been written down, though not on quite so substantial a scale as in respect of 1929. Changes in the company's holdings of British Government securities leave the total somewhat higher than before at £2,080,500. Cash balances now figure at £228,500, against £673,500, the latter amount including £475,000 Treasury Bills. In place of these the 1930 accounts show £585,000 loans against security—since repaid. The first debenture issue has been reduced by £158,000 to £1,026,200, and the second by £89,600 to £660,900. On the basis of the dividends for the past six years, the ordinary shares yield about 6½ per cent. and the preference slightly under 6 per cent. The 5 per cent. first debentures are quoted at 110 and the 5½ per cent. second at 105.

Krumat Pulai.—Unlike other Eastern tin-dredging enterprises, writes our mining correspondent, this company's dividend total for 1930 records an increase, the balance of 2½ per cent. now declared making a total of 20 per cent., as against 17½ per cent. The explanation consists in the fact that the property contains also a deposit of scheelite, or wolfram. Last year a recovery occurred in the market value of this product, and the sales realised £46,450, comparing with £9,750 from tin. In respect of 1929 the figures were £11,580 and £28,100 respectively. Importance, therefore, attaches to the position as regards scheelite. The general manager states that "developments continue satisfactory, and on a conservative basis it is estimated that this deposit has a further life of at least eighteen years." Before the scheelite becomes exhausted the production of tin will—it may reasonably be hoped—rest on a more profitable basis than has existed for some time past.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Provincial Bank of Ireland, Standard Bank of South Africa, United Dominions Trust, Furness Withy and Company, Anglo-Dutch Plantations of Java, Nirmala

(Java) Plantations and Land, and Victoria Falls and Transvaal Power. The chairman of the Provincial Bank of Ireland, describing conditions in the Free State, said that despite unsettled weather in early June, harvest conditions were considered to be promising. It was hoped that prices would eventually prove remunerative for the farmers. Presiding at the meeting of the Standard Bank of South Africa, Mr E. Clifton Brown declared that it was entirely on account of the gold-mining industry that South Africa had so far come through the period of severe depression better than almost any other country in the world. Colonel Sir Robert Williams, discussing the tea situation at the Anglo-Dutch Plantations of Java meeting, declared that the demand for the cheaper packet teas in England had greatly encouraged the output of native leaf, but the company had substantially reduced its costs. The speech of Sir Frederick Lewis, Bart., at the Furness Withy meeting is discussed in an "Investment Note" on page 183.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to July 18, 1931, £95,186,341.
Total, including conversion, recorded January 1 to July 18, 1931, £105,083,326.

National Savings Certificates.
Net sales, week ended July 18, 1931, £400,000.
Total net receipts, April 1, 1931, to July 18, 1931, £4,950,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
City of Sydney (New South Wales)	1,000,000	980,000	...	...	...
Total offered to Public, week ended July 25, 1931	1,000,000	980,000	...	...	...
To Shareholders only.					
Batavia (Kerkovon) Rubber and Tea Estates, 77,732 Ptg. Pref. 2s. at par	7,773	...	7,773	485	7,288
Total offered to Shareholders only, week ended July 25, 1931	7,773	...	7,773	485	7,288
Total Offered for Subscription—					
Including Conversions.		Excluding Conversions.			
n. 1 to date—	£	£	Whole year—		
1931	106,471,099	95,594,114	1930	454,888,784	267,800,700
1930	279,648,763	189,545,482	1929	488,764,940	285,239,400
1929	219,650,138	188,324,538	1928	693,100,056	369,058,073
1928	...	273,803,556	1927	...	355,165,970
1927	...	236,002,187	1926	...	230,782,600
1926	...	149,882,853	1925	...	232,214,500
1925	...	126,441,103	1924	...	209,326,101
1924	...	127,788,204	1923	...	271,399,173

Nature of Borrowing.

	Preference Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	73,962,774	6,140,559	15,490,781	95,594,114
1930	155,368,659	14,730,138	19,446,685	189,545,482
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,165,970
1926	145,180,000	39,393,200	46,209,400	230,782,600

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative

148 Leadenhall St.

London, E.C. 3.

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,057,183	£	8,432,058
Total for week ended July 25, 1931	Nil	...	Nil
Total to date, 1931	8,057,183	...	8,432,058
Total to date, 1930	16,402,378	...	18,085,457

City of Sydney.—Offer of conversion of £1,000,000 City of Sydney 6½ per cent. debentures, 1931, in part, or whole into an equivalent nominal amount of 6½ per cent. debentures, 1936, at £98. The stock will be redeemable in London on August 1, 1936. Holders converting will receive fully-paid scrip certificates, together with £2 per cent., representing the difference between the nominal value of the expiring debentures and the issue price of the new debentures. Interest will be payable on February 1st and August 1st, and will not be subject to New South Wales taxation, duties and levies, if held by persons not domiciled within the State. Any debentures not converted will be repaid at the Commonwealth Bank of Australia, London, on August 1, 1931.

East Surrey Water Company.—Issue of £132,500 East Surrey Water Company 4½ per cent. debenture stock, 1965, at par, in amounts and multiples of £1. Interest will be payable on March 1st and September 1st, and the stock will be redeemable on September 1, 1965, or on any date after September 1, 1955, after six months' notice to holders. The proceeds of this issue will be used to redeem the 6 per cent. debentures 1931-41 on September 1, 1931. This issue has been already placed and is not being offered for public subscription.

[Other Stock Exchange information, including the latest summary of balance sheets, dividend announcements, weekly traffic returns and profit and loss accounts, will be found on page 197 under the heading "Company News."]

REPORTS AND NOTICES.

ASSURANCE.

EQUITY AND LAW LIFE ASSURANCE SOCIETY.—In view of the inability, owing to ill-health, of Mr L. W. North Hickley to continue the Chairmanship of the Equity and Law Life Assurance Society, the Directors have appointed Sir Dennis Herbert, K.B.E., M.P., to be Chairman and Sir Bernard Bircham, K.C.V.O., to be Deputy-Chairman of the Society.

MISCELLANEOUS.

BARROW HAEMATITE STEEL COMPANY, LTD.—An extraordinary general meeting of the Barrow Haematite Steel Company, Ltd., was held on June 9th in London at which special resolutions comprising alterations of the articles of association consequent on the "extension of time" scheme approved at meetings of the debenture stockholders, the interest certificate holders and of the shareholders of the company, held on May 29th last, were carried unanimously.

MANCHESTER SHIP CANAL COMPANY.—The traffic receipts for the month of June, 1931, amounted to £100,485, against £121,568 in June last year, a decrease of £21,083. The traffic receipts for the half-year ended June 30, 1931, amounted to £592,886, as compared with £683,809 for the corresponding period of last year, a decrease of £90,923. The net revenue of the whole of the undertaking for the half-year (after providing for interest and fixed charges) was £75,335 less than the corresponding half-year in 1930.

MILLARS' TIMBER AND TRADING COMPANY, LIMITED.—The report for 1930 shows that the share capital remains the same at £1,700,000. The amount brought forward from the end of 1929 was £203,437. For the first time since the company was formed in 1902, the trading account shows a loss. The preference dividend paid July 1, 1930, absorbed £25,500. The loss on trading account for 1930 was £53,546, which compared with a profit of £79,705 for 1929. Directors' fees again absorbed £3,750. The sum of £60,000 is transferred to depreciation and reserve account against £35,000 in preceding year. The sum of £60,641 is carried forward to next account. The depreciation and reserve account now stands at £954,855. Total assets are £3,429,979. Cash is reduced from £49,082 to £26,670. Stocks are at £733,433, as against £754,118. Debtors are reduced from £301,602 to £193,557. Bank loan is at £357,183, as compared with £354,754. Creditors stand at £234,220, against £235,214. Bills payable are reduced from £189,669 to £123,080. It is pointed out that as in former accounts the figures of Australian assets and liabilities are stated in British sterling, without reference to exchange values. The meeting will be held at Winchester House, London, on July 28th at 12 o'clock noon.

COMPANY MEETINGS, &c.

PROVINCIAL BANK OF IRELAND, LIMITED.

SUCCESSFUL RESULTS—DIVIDEND MAINTAINED.

CHAIRMAN AND DEPRESSION IN TRADE.

The half-yearly general meeting of the Provincial Bank of Ireland, Limited, was held at the offices, 5, College Street, Dublin, on the 22nd instant, Mr Richard Durant Trotter, chairman, presiding, and the other directors present being Messrs J. M. Carroll, R. A. Gradwell, E. R. D. Hoare, A. B. Leslie-Melville, J. H. Pim, F.C.A., and Captain G. L. Poe, R.N. (retired).

Moving the adoption of the report and statement of accounts, the Chairman said:

"The position we are able to place before you, and covering the half-year to 30th ultimo, I feel you will regard as quite satisfactory, for despite the general depression in trade circles, which unfortunately continues, necessitating, as you will have seen, reduction in the rate of interim dividends by the majority of large English institutions, we are in the happy position of being able to pay the usual return at the rate of 14½ per cent. per annum, less income tax."

NET PROFIT.

They would observe that they dealt on this occasion with a net profit of £55,135, after providing for all bad and doubtful debts, and other charges—an increase of over £2,000 on the figures of a year ago. This, I am confident, you will consider satisfactory, bearing in mind, as mentioned to you on a previous occasion, that the value of the bank's circulation is considerably lessened, following on the changes made in the currency in the Free State.

They placed £10,000 to reserve fund, which now stood at £670,000, being £130,000 more than the paid-up capital of the bank. £10,000 is placed to contingencies fund, and £5,000 to bank premises, which appeared in the balance sheet at £200,925, and at this total the board considered the bank's property was very conservatively valued.

With regard to the bank's liabilities to the public, the amount due to depositors stood at £14,679,000. Note circulation at £872,000 showed an increase on the figures at December 31 last, being due in large part to the further amount of consolidated notes placed in the hands of the public.

On the other side of the balance sheet, advances to customers against securities stood at £5,737,000, bills discounted £1,039,000, and the proportion of liquid assets to liabilities was represented by the high percentage of 63.

UNDER CURRENCY ACT.

They would have noticed a reference to securities lodged with the Currency Commission as security for consolidated notes. This now appeared for the first time, in compliance with a requirement under Section 52 (4) of the Currency Act, 1927, and in common with the other Irish banks of issue they had lodged with the Currency Commission sufficient cover for their note issue. Dividends on these particular stocks continued to be payable to the bank and forms portion of the profits.

Conditions in the Free State continued favourable, and the prospects of the harvest, despite unsettled weather in the earlier part of last month, were considered by the Board of Agriculture to be promising; and it is hoped that prices eventually will prove remunerative for the farmers.

In Northern Ireland and its manufacturing centres, industry had suffered by the world conditions, and any marked progress had been retarded. The Belfast shipyards, large employers of labour, were fairly well supplied with work for some time, but the prospects of a continuance of activity were not too reassuring. As to the linen trade, we learn that for the past half year the majority of the spinners and weavers in Northern Ireland have been more fully occupied with work than for the corresponding period of 1930.

NEW BRANCH.

The Chairman mentioned that they had opened a branch at Stormont, Belfast, to provide facilities for the Northern Government.

"Some of you may have seen an article on the subject of economic conditions at the present time by Sir William Dampier-Whetham," he continued. "This article contains some very interesting points, to which I now propose to allude. When confidence is lacking, savings remain idle or on deposit in banks, and the reduced demand for goods leads to a smaller trade and a fall in prices. The price level depends partly on the cost of production, and if processes of

manufacture improve, as they have done in recent years, prices fall, leading to over-production and unemployment in some trades.

"But if prices are rising faster than costs, fixed charges become less onerous, profits are made, enterprise is encouraged, and wealth increased.

"PROFITS INTO LOSSES."

"If, however, prices fall owing to a scarcity of money—that is, if the value of money grows greater—the effects of rising prices are reversed. People with fixed incomes from bonds or sheltered wages gain as prices fall; but the farmer, the manufacturer and other active producers find the market always against them; costs lag behind prices, fixed charges turn profits into losses, enterprise is checked and unemployment becomes rife.

"The gold standard, supposed to be a safeguard in dangerous times, was abandoned in 1924 as the first of war measures. Plentiful bank money was created, and wages and other incomes rose fast. Hence prices moved upward.

"The immediate cause of our want of resilience from 1923 onwards was not in doubt," he said. "It was due to a failure to lower costs of production into conformity with the new level of prices set by world deflation. If charges remained constant while the prices of products continually fall, those charges must inevitably in the end absorb all profits, and the wheels of industry must stop.

The present dislocation between the wholesale and retail prices and wages showed that wages in the sheltered trades were too high, and a reduction of these was necessary. The cost of living would come down and increased purchasing power improve trade.

WAR DEBTS.

The present unequal distribution of gold might be cured by cancelling or reducing war debts, or if the large holders of gold would lend freely abroad. When the Young Plan was concluded for Germany in January, 1930, it was intended to be a final settlement of the German reparations question, and contained provisions for the postponement of payments to the creditors of Germany under certain eventualities; it was not expected that these difficulties would arise so soon. Since the war Germany had largely depended for working capital on short-term advances.

These funds appeared to have been chiefly for housing schemes, etc., instead of for producing goods for export. Following the failure of the Austrian Credit Anstalt and the consequent general uncertainty of the financial position of Central Europe, these short-term loans began to be called in, and a strong demand also set in for foreign currencies, with the result that between May 30th and June 15th the gold and currency reserves of the Reichsbank were practically reduced by half, and even the raising of the German Bank rate to 7 per cent. on June 13th failed to stop the outflow. On June 21st President Hoover's proposal temporarily relieved the strain, but when a fortnight passed over it was known that all the creditor countries would accept the proposal of a moratorium for one year, the outflow from Germany began once more.

The central banks then joined together and made available a credit of £20,000,000 to cover the settlements at the end of the month, but much of this sum also was withdrawn to repay credits. On Monday, July 13th, the present crisis began with the closing of one of the largest German banks and the Berlin Stock Exchange. The German Chancellor and the President of the Reichsbank urged assistance from the Bank of International Settlements, but so far nothing had been settled at Basle. As they were aware, there was a Conference of all the Powers interested sitting in London, which they hoped and believed would arrive at a satisfactory solution.

In conclusion, the chairman welcomed Mr James M. Carroll, of Dundalk, to the directorate of the board, and referred to the duties carried out by the secretary, chief officer, managers and staff of the bank. During the period under review, banking had not been easy, and he felt sure they would agree that their officials were deserving of warmest thanks.

Captain Poe seconded and the motion was carried unanimously.

VOTE OF THANKS.

Alderman Hubbard Clarke, moving a vote of thanks to the chairman, directors and staff, said there was a popular belief that the profession of banking was easy, that the maintenance of profits

STANDARD BANK OF SOUTH AFRICA, LIMITED.

SATISFACTORY RESULTS DESPITE ADVERSE TRADE CONDITIONS.

MR E. CLIFTON-BROWN'S REVIEW.

The one hundred and eighteenth ordinary meeting of the Standard Bank of South Africa, Limited, was held, on the 22nd instant, at the Cannon Street Hotel, London, E.C.

The Secretary (Mr T. D. Williams) having read the notice convening the meeting and the auditors' report,

Mr E. Clifton-Brown, who presided, said that the bank's deposits and current accounts had increased by £2,368,170 to £51,934,061. An increase of that nature was an inevitable feature in periods of trade depression, when the public lost confidence in investments of an industrial nature, but did not necessarily of itself add to the profits of the bank. This growth of resources, however, helped to consolidate the bank's general position and placed it on a strong footing to extend favourable consideration to legitimate demands for banking facilities which were sure to follow a renewal of trade activity whenever it might come.

Investments showed an increase over last year's figure. It was thought advisable to extend somewhat their holding of British and South African Government securities, and since the close of the year they had invested further sums in such securities. The item of "bills of exchange" showed a reduction of £1,500,000, solely due to the contraction of the external trade of the country. Bills discounted and advances had increased by over £3,800,000, and now stood at £37,500,000, but that did not mean an increase in advances to their customers. Indeed, owing to the diminished demand for facilities in consequence of bad trade, those had actually declined, and it had been necessary to employ their surplus funds, which would normally be lent in trade, in other directions that unfortunately did not give them the same remunerative rates of interest.

YEAR'S PROFIT.

They had not escaped the effects of the prevailing trade depression, and he did not think he need make any apology for the profit figures showing a reduction of about 13 per cent. on those for the previous year.

In arriving at the figure of profit for the year, namely, £567,620, they had made provision for bad and doubtful debts out of contingencies account. After appropriating £75,000 to writing down bank premises account the directors recommended that £100,000 be added to the pension fund, and that a final dividend of 7s. per share, together with a bonus of 1s. per share, be paid, leaving £142,622 to be carried forward. In view of the very unfavourable conditions that had ruled during the period under review, he was sure shareholders would agree that the figures were not unsatisfactory.

The problems of the current year were not less serious—they might be even more serious—than those of last year, and, unless there was some material improvement in the prices of primary products and other raw materials which South Africa produced, the earning capacity of most businesses must be adversely affected.

The financial stringency evidenced in 1929, and throughout the first half of 1930, was followed by a sharp and general decline in business activity. Economic conditions in South Africa reflected in most respects those obtaining elsewhere, and, with falling prices, the year was a difficult one in all departments of trade, industry and finance. It was entirely on account of the gold mining industry that South Africa had so far come through the period of severe depression better than almost any other country in the world. The continued stability and progress of that industry was undoubtedly the mainstay of the country at the present time.

TRADE OF SOUTH AFRICA.

While climatic conditions on the whole had not been unfavourable, the downward tendency in world prices had been accelerated, with the result that, despite a large increase in the quantity of produce exported, the total value had decreased considerably. The total value of exports of farm products in 1930 was £20,000,000, as compared with £26,500,000 in 1929 and £32,000,000 in 1928. The value of the overseas trade of the Union for 1930 showed a decrease of £33,000,000 as compared with the figures for 1929, exports falling by over £14,000,000 and imports by nearly £19,000,000.

He wished to express a word of congratulation to the Union on the success of their recent loan, and everyone who took any interest in South Africa was, he was sure, justly proud of the Union Government's decision not to take advantage under the Hoover proposals of the British Government's offer for the postponement of war debts. The report was unanimously adopted.

The retiring directors and the auditors were re-appointed, and the proceedings terminated with a hearty vote of thanks to the chairman, directors and staff.

was a simple matter, and amongst those who held that belief there was never any trail of worry when things were going well. When profits showed signs of falling off, however, these were the people who always wanted to know the reason. They had never any reason to complain of the Provincial Bank in this respect.

The Provincial had been not only of great value to Ireland as a whole, but particularly to the Free State through its large advances to customers during the industrial depression. He knew that the people of the country appreciated that.

He congratulated Mr Francis S. Forde, secretary, on his promotion. Mr McCullagh seconded, and the vote was passed.

CHAIRMAN'S REPLY.

The Chairman, returning thanks, said that last year conditions in banking had not been easy, and the last few weeks had been a most difficult period. The staff and managers had come through very well indeed. Before they were out of the wood things were going to be difficult for some time, but they knew they could rely on the co-operation of the staffs.

The Secretary also returned thanks.

The two retiring directors, Sir William H. Goschen, K.B.E., and Captain Poe, were re-elected, and the selection of Mr J. M. Carroll was confirmed.

NIRMALA (JAVA) PLANTATION AND LANDS COMPANY, LIMITED.

MR W. HILLIERS' REVIEW.

The annual ordinary general meeting of the Nirmala (Java) Plantation and Lands Company, Limited, was held, on the 16th instant, at the registered office, 5, Fenchurch Street, London. Mr Walter Hilliers, the chairman, presided.

The representative of the secretaries (Messrs. Rowley, Davies and Company, Limited) read the notice convening the meeting and the auditors' report.

The Chairman said: The gross profit for the year was £8,578, and, after deduction of depreciations and staff commissions, £4,136 remains. Adding difference in exchange, the amount transferred from income-tax reserve, not wanted, and the balance from the previous year, while deducting the debenture interest and trustee fees and also the preference dividend paid to December 31, 1930, we carry forward a credit balance of £339.

The year was most difficult and trying, especially in the case of a company like this, which owns four estates, some in Java and some in Sumatra. While doing everything possible to avoid any permanent harm to the various estates, drastic economies have been introduced. Such a procedure cannot be accomplished at a moment's notice, but much useful work has been done. The Sumatra estate, working with coolies whose wages and repatriation conditions are fixed by Government contract and which so far have not been reduced, entails a somewhat higher cost than would have otherwise been the case. Even so, a fairly low cost has been reached. The other two rubber estates are now being worked at quite ½d. per pound less.

The same policy of retrenchment has been followed on our two tea estates, and though costs have been substantially reduced the same drastic measures in the case of tea are not possible without damage to the future of the gardens.

Our financial position is, in view of the general situation, satisfactory, but we must all wish for a speedy improvement in the tea and rubber industries, as no company can stand such strain as under the present conditions for too long a time.

The report and accounts were adopted.

OFFER TO NEW READERS.

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

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

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

Name.....

Address.....

FURNESS, WITHY AND COMPANY, LIMITED.

STRONG FINANCIAL POSITION.
YEAR OF ACCENTUATED DEPRESSION.

The fortieth annual general meeting of Furness, Withy and Company, Ltd., was held, on the 22nd instant, at Furness House, Leadenhall Street, London, E.C.

Sir Frederick W. Lewis, Bt., presided, and in the course of his speech said: It is a matter of regret to your directors that the results are not more satisfactory. No doubt, however, you have long since been prepared for a reduction in profits, having regard to the universal depression which has prevailed during the past year. In fact I think we may congratulate ourselves that we have done as well as we have done—(hear, hear)—and I hope that any disappointment that may be felt in regard to the figures in the profit and loss account, will be more than counter-balanced by the satisfactory figures of the balance sheet.

The amount due to subsidiary companies, viz., £887,567, compares with the figure of £1,003,990 in the previous year's balance sheet, whilst the item of sundry creditors, etc., £2,400,867, compares with £1,922,652 in 1930. Shipping property stands at an increased figure, even after allocating to this account the whole of this year's depreciation appropriation. This increase is due entirely to the inclusion of payments made to Messrs. Vickers-Armstrong on account of the "Monarch of Bermuda" now under construction.

PROFIT FOR THE YEAR.

Turning now to the profit and loss account, we have an available balance of £638,861, which includes £236,171, brought forward from the previous year. This is our fortieth annual meeting; I personally have been associated with the company during the whole of that period, and I can say without fear of contradiction that the past year has been the most difficult within my experience so far as shipowning is concerned. The net profit for the year, after crediting dividends received, is £402,690, and, as shown in the account, includes a transfer from reserves. In this connection I would like to say that the transfer from reserves is represented by a small amount of £11,000 odd, previously set aside in the accounts of one of our branch offices and now no longer required, and £100,000 transferred from our taxation reserves, but shareholders will, I think, learn with satisfaction that even after making this transfer, these reserves amount to quite a substantial sum. The year's results would undoubtedly have been infinitely less satisfactory but for our varied and widespread ramifications which have yielded considerable revenue, notwithstanding a year of the most accentuated depression.

THE DIVIDEND.

We now propose to transfer £150,000 to depreciation account; to declare a final dividend of 2½ per cent., making 7½ per cent. for the year, and to carry forward the balance of £198,236. I am glad to be able to reiterate what I have stated on previous occasions, that your company's assets in the aggregate are worth not merely more than the figures at which they stand in the balance sheet, but substantially more; this notwithstanding the heavy depreciation suffered by practically every form of property during the past twelve months. I attribute this fact to our past conservative policy and to our good fortune in making investments at opportune times, and it will be obvious to any shrewd observer that our investments have been a veritable sheet anchor during these difficult times.

Having regard to the general situation, your directors have felt that it is in the best interests of the company to reduce the total dividend to 7½ per cent., a decision which involves some sacrifice on the part of the shareholders, and I should like to add that both as a measure of economy, and as contributing to the general sacrifices, we have put into effect a reduced scale of remuneration, varying up to 10 per cent., applicable to the whole organisation, other than those serving afloat, both of this company and its subsidiary and associated companies, and, of course, including the directors and managers.

The quadruple turbo-electric vessel "Monarch of Bermuda" is the only vessel which we, or any of the subsidiary or associated companies, at present have under construction. Shareholders will no doubt have seen references to this vessel in the press, and as her name implies she will be employed in the passenger trade to Bermuda from New York. The propelling machinery is of the turbo-electric type, and will give the vessel a service speed of close upon 20 knots. The "Monarch of Bermuda" will be the largest vessel in our fleet, and when she comes into commission in November this year we hope it will be the commencement of a long period of successful trading. (Hear, hear.) She will carry about 850 first-class passengers, and nothing in the way of luxurious

appointments will be lacking to make her an exceedingly popular ship.

I sometimes wish I were engaged in any other occupation than shipowning. It is obviously a most fascinating occupation, but at times the variety of problems with which it is beset becomes so bewildering that I verily believe a shipowner needs to know more than any other type of business man. We, and our associated and subsidiary companies, operate vessels on something like twenty-five different regular trade routes. Consequently we are, from time to time, apt to be concerned in the national and international affairs of almost every country in the world.

SURPLUS TONNAGE.

There is scarcely a trade in which we are engaged that is not supplied with tonnage in excess of requirements, in such cases we have withdrawn vessels and laid them up in an endeavour to bring about a businesslike rationalisation of the supply of tonnage to the demand for space. In this way have we avoided heavy losses, although it will be appreciated that we have had to bear the expense of laying up a number of vessels, and also that the smaller quantity of cargo handled during the year has considerably affected the earnings of our branch offices.

As regards the general question of the surplus of tonnage, various expedients for improving the position have been suggested from time to time. One of these suggestions was the granting of special facilities for the disposal of old and obsolete ships and their replacement by new, and I had the honour to serve upon a Committee appointed by the Government to consider this matter. I ought to say that one of the terms of reference excluded from the Committee's consideration any proposal involving a grant from public funds. The Committee came to the conclusion that it would be neither desirable, nor practicable, to adopt any artificial scheme for dealing with this problem. There was ample evidence to show that when the proper time arrives there is sufficient enterprise in the shipping industry itself to provide all the tonnage that is required.

The effect upon the shipowning industry of encouraging the building of unrequired ships by means of special credit facilities is apparent in the excessive amount of tonnage now afloat. So far, however, this nation's purse has not been seriously affected, but in other countries where ships have either been operated for Government account, or where heavy subsidies have been granted to private owners conditional upon their building further ships, the taxpayer has had to bear a heavy burden, and in spite of that burden the goods of those countries have been carried no better, or cheaper, than would have been the case without the imposition of the burden.

MR HOOVER'S PROPOSALS.

The depression from which we are suffering has no single cause, and similarly has no single remedy. We read a great variety of theories, some of them so expert that they are almost incomprehensible to the lay mind, that the depression is due to a mal-distribution of gold; to the depreciation of silver; to tariffs or to lack of tariffs; to political interference in commercial matters; to the burden of war debts and reparation payments, etc. To my mind our troubles can largely be solved by confidence, in the same way as they are largely due to lack of confidence. It is lack of confidence which causes a flight from one currency to another; the same thing causes the hoarding of gold in the country to which it flies, viz., lack of confidence to lend it again. With confidence restored, the wheels of commerce would again commence to revolve and would gain impetus. Consequently Mr Hoover's proposals are a most welcome gesture, as I think it is generally recognised that the making of huge payments, without receiving real value in goods or services in exchange, creates an impossible position—impossible for the payer, who gets nothing for his money, and impossible for the receiver, who is not called upon to manufacture goods or render services in exchange.

Whatever may be the ultimate solution of the present economic difficulties which are affecting practically the whole world, there is one cardinal principle which I sincerely hope will never be lost sight of, and that is that nothing should be done which will interfere with individual enterprise, which has always been the backbone of British industry. (Hear, hear.) The rewards of enterprise are already interfered with, almost to the point of destruction, both during life and on death, and it is sufficiently disheartening that industry has to bear the heavy burdens already imposed upon it. National economy is now a somewhat threadbare topic, but the need has never been greater than now.

The report was unanimously adopted.

ANGLO-DUTCH PLANTATIONS OF JAVA, LIMITED.

A DIFFICULT YEAR—BURDEN OF TAXATION.

COL. SIR ROBERT WILLIAMS ON THE OUTLOOK FOR RUBBER AND TEA.

The twenty-first ordinary general meeting of the Anglo-Dutch Plantations of Java, Limited, was held, on the 17th instant, at the Cannon Street Hotel, E.C., Colonel Sir Robert Williams (chairman of the company) presiding.

Mr Percy H. Bradford, representing the secretaries (Messrs. Francis Peek and Company, Limited), having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said: Our company comes of age in very difficult times. When I had the pleasure of addressing you last year the shadow of the present depression was already over us, and you will remember for that reason, although our profits for the year 1929 were distinctly larger than for the previous year, we did not increase our dividend so that we might conserve our resources. Necessary as this was a year ago, it is far more so now. The tide of prosperity has continuously receded, and for the first time in the history of our company the spread of our interests over many different commodities has not aided us.

It is easy to realise what is meant by the phrase "crushing burden of taxation" when it is considered that our company pays 12½ per cent. of its profits in Java income tax, and, after that, 4s. 6d. in the £ British taxation on its balance sheet profits, and not only that but a similar rate on approximately two-thirds of its yearly depreciations. It is not surprising that many companies, however reluctantly, may be considering whether it is possible to continue their British registration when it imposes such a handicap, additionally crushing under such circumstances as exist to-day.

I now turn to the local Java balance sheet. The profit which for the most part determines our income for the year amounted to £103,253, against £442,304 for the previous year. This clearly reflects the decline in values of our various products.

TEA.

We have 26,453 acres planted, of which 376 acres were opened last year for the development of our Tjiater estate. This, the latest of our tea estates, is situated at an elevation of from 3,500 to 4,500 feet, and we have great hopes of good yields combined with quality. Apart from this, we have still some 1,900 acres young gardens not in production, while from the producing acreage we obtained 12,156,089 lb. of tea, or an approximate yield of 504 lb. per acre. Our total tea crop amounted to 12,902,277 lb. of tea, of which 746,188 lb. consisted of leaf purchased from native gardens. This latter showed a distinct reduction compared with the previous year, when 1,173,230 lb. were brought, while this in turn was a big decrease on former years. The yield of 504 lb., compared with 592 lb. for 1929, is accounted for by the agreement to restrict, which was general throughout the tea-producing world with the exception of China and Japan. We agreed to a material reduction against our 1929 crop, and, as an actual result, the total we obtained showed 10 per cent. less than 1929, notwithstanding considerable allowances in respect of young areas, and the fact that 1,600 acres were brought during the year on to revenue account, although we claimed a very small allowance in respect of these. Thanks mainly to our forward contract of half our crop at 1s. 3d. landed London, and also to improved quality, the actual price obtained for our tea is highly satisfactory, the net price f.o.b. Java being 11.33d. against 11.3d. in 1929 and 11.65d. in 1928.

CURRENT YEAR'S PROSPECTS.

• What are the prospects for the current year? Strenuous efforts were made to renew the restriction scheme for a further period, but the scheme of 1930 had one unexpected result. Java producers, in accordance with their agreement, considerably curtailed their purchases of native leaf. Unfortunately, owing to a large extent to the demand for the cheaper packet teas in England, there proved to be a ready market for this type of tea. This induced the erection of Chinese factories uncontrolled by the agreement of the European producers, with the consequence that the Java production, instead of falling the 10 million pounds anticipated by the agreement, showed only a reduction of about a million pounds, the curtailment of the majority of European producers having been practically nullified owing to the purchase of leaf by those who kept outside the agreement, and to this manufacture through new channels.

On full production, and with favourable climatic conditions, we estimated, as given in our January circular, a production of

17,500,000 lbs. for the current year. We now estimate an output for the year of 15,000,000 lbs. Working on these lines, while generally maintaining quality, we have been able to make a most satisfactory and substantial reduction in our cost price. Thus the cash cost at the end of June was approximately 5d. per lb. f.o.b. Java, while the selling price of our free tea has averaged so far this year about 7½d., which still shows us a small margin of profit, without taking into consideration the very satisfactory profit from the contract half.

RUBBER.

Our rubber areas extend to 31,910 acres, 529 of these were planted during the last year mainly in rounding off two of our existing estates. The whole of the new area has been planted from our own supplies of selected seed and bud grafts. Including the small addition we have still 4,244 acres not in production. The rubber output amounted to 13,211,630 lb., showing a very small increase on the previous year. The company, in general agreement with other companies throughout the Dutch East Indies, Malaya and Ceylon, ceased tapping during the month of May, and in addition from the end of September we closed down those areas the latex from which is not manufactured in sprayed form and therefore is outside the contract with the General Rubber Company of New York. The net selling price for the year showed a decline compared with the previous year of 4½d. per lb., the price realised being 5½d., compared with practically 9½d. in 1929. The cost price showed a fall of ¾d. per lb., from 6½d. in 1929 to 5¾d. in 1930. This covers every possible charge, including London expenses, and in addition includes 1-15d. per lb. on account of depreciation. The melancholy fact remains that the gross profit fell from £285,000 to £77,000, which means a small net loss.

The company has been a strong supporter of the Rubber Growers' Association in their efforts to bring about compulsory restriction under Government control in all rubber-growing countries. It is possible that by this method the future prosperity of the industry may be assured.

QUESTION OF TAPPING.

If or when the price reaches a sufficiently low figure, cessation of tapping will become universal, and, great though the hardship will be by the time this position is reached, the result will, at any rate for a time, be efficacious. In my opinion even this price factor will never be a satisfactory permanent cure. As soon as, owing to the general cessation of tapping, the price commences to rise again, tapping will be recommenced with a production probably larger than ever, owing to the enforced rest the trees will have enjoyed. Permanently settled conditions can only be obtained under a system which has the effect of regulating supply, and however unwilling Governments may be to shoulder the responsibility, sooner or later they may have to do so, or face a permanently unsettled industry. Piece-meal restriction with every company doing as little or as much as it likes is, in my view, doomed to failure.

Your directors are convinced that the best course is to continue normal production, while holding themselves ready at all times to support any scheme universally adopted which will be for the permanent good of rubber producers.

Our estimate for this year on an unrestricted basis is 15,289,000 lb., which is over 560 lb. an acre, an excellent average over such an extensive acreage, especially as practically two-thirds of it was planted before selected seed became available. There is no doubt our red lowland soils are peculiarly suitable for rubber. The cost price had been reduced at the end of June to under 3½d. f.o.b., which covers everything and includes ¾d. per lb. depreciation. This is a fine achievement, and those responsible in Java are to be congratulated.

The Chairman then dealt with their interests in coffee, cinchona, rice, kapok, sisal, and tapioca, and, referring to the Sumatra estates, said it was certain that the present condition of over-production in almost all Eastern commodities had put the clock back very considerably as far as the development of Sumatra was concerned, and the optimistic hopes engendered by the conditions existing six years ago had vanished.

The Chairman concluded by moving the adoption of the report and accounts.

Mr W. H. Daukes (managing director) seconded the resolution, which was carried unanimously, and the formal business having been transacted, cordial votes of thanks to the chairman, directors, and staff at home and abroad terminated the proceedings.

STOCK MARKET LOSSES.

£10·2·1 a month

enables a healthy man aged 40
next birthday to re-create his
estate to the extent of

£5,000

(Larger or smaller amounts proportionately)

Write today for full particulars to THE

LIVERPOOL & LONDON & GLOBE
INSURANCE COMPANY, LTD.

HEAD OFFICE:
1, Dale Street, Liverpool.

LONDON:
(Chief Office) 1, Cornhill, E.C.3

THE VICTORIA FALLS AND TRANSVAAL POWER COMPANY, LIMITED.

RECORD PROFITS.

LARGE EXTENSIONS IN HAND.

Mr Arthur E. Hadley, C.B.E., presiding at the general meeting of shareholders, held on July 23rd, in London, presented a satisfactory account of the company's business for the year 1930. The profit for the year, after providing for taxation and all other requirements, amounted to £381,416, the highest figure yet reached. This had enabled the board to pay the maximum dividend of 10 per cent. on the preference shares, and to repeat the dividend of 15 per cent. on the ordinary shares. A sum of £50,000 was again added to the reserve fund, bringing that fund up to £650,000. £22,500 was placed to the staff fund, and the amount of £194,463 carried forward to the current year. During the year a further £243,260 of the company's debentures had been purchased or drawn for redemption.

In the course of his remarks, Mr. Hadley touched on the subject of tariffs. It had always been the endeavour of the company to charge the lowest price and to meet the special requirements of its consumers. As from the beginning of 1930, a modification had been made in computing the rebate in prices enjoyed by the consumers under their supply contracts, which had the effect of accelerating the annual reduction in price which would normally have taken place during the next four years. The object of this was to stabilise and expand the business, and to assist the mining industry to prolong the life of the reef.

The electrical demand now amounted to 216,000 k.w., and the demand for compressed air to 48,000 k.w.

INCREASING DEMAND FOR POWER

During the period under review, the load and additional orders for power still required increased considerably, and came on faster than was anticipated, and there were further probable demands which were likely to become definite requirements in the future. To meet this additional business further large extensions were in hand, involving the purchase of two large generating sets, boilers, transformers, switchgear, &c., all of which would be supplied by British manufacturers. Mr Hadley indicated that the maximum demand would not be reached for some years, but the company would be supplying a load at least equal to the present supply for many years to come. The cost of these extensions would absorb a large part of the cash resources of the company.

From the beginning of the current year a staff pension and insurance scheme, guaranteed by the Legal and General Assurance Society, Ltd., had been inaugurated. All eligible members of the company's staff had joined the scheme, which would be on a contributory basis for future service.

POSITION OF GOLD-MINING INDUSTRY

The world-wide economic depression had affected South Africa in many ways, but, in view of the steady market and ever-increasing demand for gold, the mining industry had escaped the slump which had damaged nearly every other form of enterprise. The gold production in the Union for 1930 was a record and, being concerned with the supply of power to the gold mines, the company had been fortunate in continuing its expansion, and there was no occasion to anticipate any sudden setback.

During the year, Lord Winchester had left the board, and Mr Bernard Price, the general manager in South Africa, had been elected a director.

Mr Hadley concluded by expressing, on behalf of the board and the shareholders, their appreciation of the valuable and loyal manner in which the staff so successfully carried out the duties entrusted to them.

The report and accounts were unanimously adopted, and the retiring directors—Lord Brabourne, Mr F. Astley Cooper and Mr Bernard Price—were re-elected. The auditors, Messrs Cooper Brothers and Company, were also re-elected.

UNITED DOMINIONS TRUST, LIMITED.

A RECORD YEAR.

MR J. GIBSON JARVIE AND CREDITS FOR INDUSTRIAL
DEVELOPMENT.

The ninth annual general meeting of United Dominions Trust, Limited, was held, on 21st instant, at Winchester House, London, Mr J. Gibson Jarvie, the chairman, presiding.

Summarising the main features of a record year, Mr Gibson Jarvie said that the paid-up capital remained the same at £500,000, made up of 250,000 "A" shares of £1 each fully paid and 250,000 "B" shares of £2 each (£1 paid), the latter issued to and still held by the Bank of England. The general reserve, to which £35,000 had been transferred as against £15,000 last year—now stood at £200,000, all accumulated from earned profits. The profits for the year amounted to £94,815, which did not include the profits earned by the subsidiary companies.

COMPANY'S STRONG LIQUID POSITION.

The absence of an investment in Government securities was a notable change in the balance sheet, the board believing that it was no part of their duty to hold any stocks, Government or otherwise, on a speculative market, but the liquidity of the company's position had been maintained by a substantial increase in cash in hand, which amounted to £270,966. The chairman emphasised that cash in hand, plus normal collections for 8½ months, would be sufficient to pay off all the company's liabilities to other than shareholders.

Having pointed out that separate balance sheets had been issued for the subsidiary companies so that shareholders should know the exact position, Mr Jarvie drew their attention to the substantial reserves in both balance sheets under the heading "Rebate of Interest" and also to the insurance fund accumulated by Continental Guaranty Corporation of over £10,000.

FINANCING NEW EQUIPMENT.

"The parent company," the chairman added, "continues to offer its facilities to the engineering, motor and allied trades, facilities which will enable those who have suitable merchandise to sell to extend credit to their customers on what is virtually a cash basis to themselves, the company providing the necessary credit to enable the merchant or manufacturer to extend the appropriate term of credit to his customer. The seller receives cash at once, the buyer has a more or less long period in which to pay for it. In many cases the classes of equipment financed earn their own price while they are being paid for."

Mr Jarvie stated that the company was now offering facilities to builders and contractors enabling them to extend credit to their customers and clients for the renovation or modernisation of existing buildings, private or commercial. The subsidiary electric company was organised to finance the installation of all kinds of electrical equipment, from the wiring of the humblest cottage to plant for the largest factory.

For every £1,000,000 the company had been privileged to provide for industry in the past year, if the possibilities of medium and long-term credit, including instalment selling and buying, had been properly recognised, it could and should have provided more than ten times that amount.

MODERN MACHINERY ESSENTIAL FOR EFFICIENT PRODUCTION.

The Chairman realised that manufacturers and traders were hampered by Governmental extravagance and complete misapprehension of the needs of the times, but unless credit, developed along scientific lines for distributive purposes, was readily accepted by those who had suitable merchandise to sell, the great advances in productive capacity during the last twenty years would be rendered useless. In view of the facilities available, there could be no excuse for any established or sound concern persisting in the use of inefficient methods of production through the lack of modern machinery.

The report was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended July 18, 1931, amounted to £12,831,800 against ordinary expenditure of £11,834,900. After allocating £600,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £101,952 the operations for the week, as shown below, decreased the National Debt by £295,000 to £7,638,350,000 :-

(000's omitted.)

Public Dept. Advances.....	£ 950	Treasury Bills	£ 1,645
National Savings Certificates...	+ 400		
	+ 1,350		- 1,645

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to July 18, 1931.	April 1, 1930, to July 19, 1930.	Week ended July 18, 1931.	Week ended July 19, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax.....	£ 28,446,000	£ 31,545,000	£ 2,472,000	£ 2,365,000
Super-Tax.....	12,570,000	11,100,000	650,000	310,000
Stamps, &c., Duties.....	22,930,000	27,060,000	850,000	1,410,000
Excise Profits Duty and Corporation Profits Tax.....	3,130,000	4,500,000	330,000	270,000
Land Tax and Mineral Rights Duty.....	150,000	130,000	10,000	...
Total Inland Revenue.....	67,226,000	74,335,000	4,312,000	4,355,000
Customs and Excise—				
Customs.....	34,833,000	35,583,000	1,466,000	1,527,000
Excise.....	35,304,000	37,710,000	6,604,000	6,814,000
Total Customs and Excise.....	70,137,000	73,293,000	8,070,000	8,341,000
Motor Vehicle Duties (Exchequer Share).....	1,713,000	1,027,088	800,000	600,000
Post Office (Net Receipts).....	4,400,000	3,200,000	260,000	...
Crown Lands.....	270,000	260,000	...	...
Receipts from Sundry Loans.....	11,100,441	12,939,480	...	1,375,000
Miscellaneous Receipts.....	6,292,747	8,088,388	2,834	784,005
Total Ordinary Revenue.....	161,139,188	173,142,956	12,831,834	14,327,005
SELF-BALANCING REVENUE.				
Post Office.....	15,400,000	16,600,000	600,000	800,000
Motor Vehicle Duties apportioned to Road Fund.....	3,833,000	4,686,912	353,000	1,128,000
Total Self-Balancing Revenue.....	19,233,000	21,286,912	953,000	1,928,000
Total.....	180,372,188	194,429,868	13,784,834	16,255,005

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to July 18, 1931.	April 1, 1930, to July 19, 1930.	Week ended July 18, 1931.	Week ended July 19, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt.....	£ 119,839,938	£ 118,722,742	£ 763,278	£ 738,631
Payments to Northern Ireland Exchequer.....	1,469,882	1,388,540	19,500	43,660
Other Consolidated Fund Services.....	656,706	1,027,922	2,104	247,734
Total.....	121,966,526	121,139,204	784,882	1,030,025
Total Supply Services (excluding Post Office).....	123,304,650	121,615,300	11,050,000	9,250,000
Total Ordinary Expenditure.....	245,271,176	242,754,504	11,834,882	10,280,025
SELF-BALANCING EXPENDITURE.				
Post Office.....	15,400,000	16,600,000	600,000	800,000
Road Fund.....	3,833,000	4,686,912	353,000	1,128,000
Total Self-Balancing Expenditure.....	19,233,000	21,286,912	953,000	1,928,000
Total Ordinary and Self-Balancing Expenditure.....	264,504,176	264,041,416	12,787,882	12,208,025
New Sinking Fund (1928).....	11,433,846	11,210,902	600,000	620,000
Total, including New Sinking Fund.....	275,938,022	275,252,318	13,387,882	12,828,025

The aggregate revenue and expenditure to July 18, 1931, is shown below :-

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JULY 18TH.

(000's omitted.)

Expenditure.....	£ 245,271	Revenue.....	£ 161,139
New Sinking Fund.....	11,434	Decreases in balances.....	3,216
		Net amount borrowed.....	92,350
	256,705		256,705

POSITION OF THE FLOATING DEBT.					Movement week ended
Ways and Means Advances Out- standing—	July 19, '30.	Mar. 31, '31.	July 18, '31.	July 18, '31.	
Advances by Bank of England	£	£	£	£	
Advances by Public Departments	54,670,000	24,500,000	43,450,000	43,450,000	+ 950,000
Treasury Bills outstanding	636,275,000	569,825,000	641,065,000*	641,065,000	- 1,640,000
Total Floating Debt	690,945,000	594,325,000	684,515,000	684,515,000	- 690,000

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

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on July 17, 1931, and the total amount applied for was £49,200,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 8s. 0d., about 98 per cent., and above, in full, and Saturday at £99 8s. 2d., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
June 26	£ 40,000,000	£ 68,220,000	£ 1 19 9-87
July 3	40,000,000	70,995,000	1 18 3-45
July 10	40,000,000	56,815,000	2 0 2-67
July 17	40,000,000	49,200,000	2 7 5-17

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, July 22, 1931.

ISSUE DEPARTMENT.

Notes Issued—	£	Government Debt	£ 11,015,100
In Circulation	356,098,249	Other Government Securities.....	233,267,546
In Banking Department	52,675,597	Other Securities	11,625,738
		Silver Coin	4,091,616
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	148,773,846
	£408,773,846		£408,773,846

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 34,375,906
Reserve	3,528,307	Other Securities	7,096,353
Public Deposits	16,373,298	Discounts and Advances	£ 7,098,770
Other Deposits	£60,179,250	Securities	31,976,770
Bankers	32,764,378		39,075,446
Other Accounts	92,943,628	Notes	52,675,597
7-Day and other Bills	1,454	Gold and Silver Coin	1,270,738
	£127,397,687		£127,397,687

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

Both Departments.	Amount, July 15, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 356,098,249	- 2,815,028	- 8,039,433
Public deposits	16,373,298	+ 697,034	+ 6,469,052
Bankers' deposits	60,179,250	- 6,250,090	- 7,096,353
Other deposits	32,764,378	- 940,412	- 3,442,561
Seven-day bills	1,454	+ 197	+ 797
Total, outside liabilities	465,416,629	- 9,308,299	- 12,100,092
Capital and rest	18,079,307	+ 11,837	+ 5,845
Government debt and securities	278,658,552	+ 5,383,377	- 16,601,280
Discounts and advances	7,098,770	- 308,013	+ 427
Other securities	43,602,414	+ 781,326	+ 9,871,004
Silver coin in issue department	4,091,616	+ 2,158	- 375,083
Coin and bullion (bank's reserve)	150,044,584	- 15,155,310	- 4,989,315
Reserve of notes and coin in banking department	53,946,335	- 12,340,282	+ 3,050,118
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	49½%	- 7½%	+ 44%
(b) Gold stocks to deposits and notes ("reserve ratio")	32½%	- 2½%	- 4%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Total
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.							
June 17	£ 415,256	£ 354,251	£ 9,627	£ 69,561	£ 33,267	£ 3,375 in	24
24	420,328	352,266	18,017	71,446	33,681	5,840 in	25
July 1	422,894	352,832	25,249	61,664	33,520	1,863 in	26
8	423,272	357,429	11,490	93,402	34,091	362 in	27
15	424,619	359,258	15,734	64,543	34,946	1,344 in	28
22	423,991	358,913	15,676	66,429	33,705	634 out	29
	408,774	356,098	16,373	60,179	32,764	15,220 out	30

(000's omitted.)

Date.	Issue Department.		Banking Department.	
	Govt. Debt and Securities.	Other Securities.	Govt. Securities.	Other Securities.
1931.				
June 10	244,624	11,275	156,288	33,121
17	243,701	12,207	161,987	30,846
24	243,227	12,685	164,014	30,401
July 1	242,372	12,535	164,421	32,931
8	243,426	12,483	165,811	33,826
15	243,254	12,656	165,200	34,021
22	244,283	11,626	150,045	34,376

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to July 8	18,721,983	914,504	1,471,586	21,108,073
Week ended July 15	705,194	33,038	53,566	792,798
Week ended July 22	616,776	32,686	52,567	702,029
Total to date, 1931	20,044,953	980,228	1,577,719	22,602,900
Total to date, 1930	22,623,217	1,056,012	1,715,233	25,394,462
Increase or decrease in 1931	-2,578,264	-75,784	-137,514	-2,791,562
	-11.4%	-7.1%	-7.9%	-10.9%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2.9%	-3.7%	-3.7%	-2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended July 18.		Month of June.			Aggregate Totals January 1 to July 18.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days	24	26			%		
BIRMINGHAM	2,044	1,896	9,450	9,508	+ 0.6	71,395	63,665
BRADFORD	577	528	3,318	3,063	- 7.6	25,654	20,971
BRISTOL	1,095	1,288	4,360	4,659	+ 7.7	32,567	31,870
DUBLIN	4,559	4,585				33,749	143,577
HULL	791	728	2,999	2,897	- 3.4	23,056	21,089
LIVERPOOL	893	933	3,321	3,135	- 5.6	27,842	24,811
LEICESTER	732	657	2,832	2,669	- 5.7	21,176	18,216
MANCHESTER	5,946	6,245	24,777	25,515	+ 5.0	139,944	152,916
NEWCASTLE	9,241	9,062	40,006	37,462	- 6.3	316,221	261,939
NOTTINGHAM	1,359	1,374	5,222	5,052	- 3.2	14,433	36,709
SHREWSBURY	564	498	2,260	1,757	- 28.2	17,315	12,877
WOLVERHAMPTON	887	786	3,333	2,874	- 13.7	26,764	21,961
Total	28,688	28,580	101,878	96,631	- 5.1	939,126	810,661

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Canada appeared in the *Economist* of June 18; Roumania, in June 27; Russia, in July 4; Bank for International Settlements, Norway, Lithuania, and Danzig in July 11; Belgium, Netherlands, Chile, Denmark, Spain, Portugal, Japan, National Bank of Egypt, Finland and Estonia in July 18.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	July 24, 1930.	July 2, 1931.	July 9, 1931.	July 16, 1931.	July 23, 1931.
RESOURCES.					
Total gold reserve	3,024,230	3,412,040	3,427,900	3,409,150	3,424,350
Total bills discounted	190,570	150,200	162,390	161,600	181,600
Bills bought in open market	150,520	103,340	91,790	70,410	67,030
Total U.S. Govt. securities	576,140	663,400	667,950	677,850	678,000
Total bills and securities	924,550	927,540	932,100	921,160	933,810
Total resources	4,835,550	5,206,500	5,194,260	5,251,570	5,161,140
LIABILITIES.					
Federal Reserve notes in actual circulation	1,356,180	1,738,400	1,736,920	1,716,620	1,730,750
Deposits—Memberbank—reserve account	2,432,090	2,389,210	2,439,580	2,435,530	2,431,800
Total deposits	2,484,610	2,500,850	2,529,580	2,539,850	2,535,000
Capital paid in and surplus	446,820	442,810	442,810	441,480	441,430
Total liabilities	4,835,550	5,206,500	5,194,260	5,251,570	5,161,140
Ratio of total resources to deposits and Federal Reserve note liabilities combined	83.2%	84.4%	84.2%	84.1%	84.3%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	July 24, 1930.	July 2, 1931.	July 9, 1931.	July 16, 1931.	July 23, 1931.
Total gold reserves	26,930	1,183,400	1,188,500	1,200,030	1,226,690
Total bills discounted	37,170	26,930	25,340	24,230	23,180
Bills bought in open market	180,220	33,700	25,390	17,910	16,920
Total U.S. Govt. securities	249,580	235,220	222,860	219,930	212,850
Total bills and securities	407,910	295,850	273,590	252,070	236,930
Deposits—Memberbank—reserve account	1,033,680	1,030,090	1,050,980	1,084,650	1,087,800
Ratio of total res. to dep. and Federal Res. note liabilities combined	87.4%	89.7%	90.0%	89.0%	91.1%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	July 9, 1930.	June 10, 1931.	June 17, 1931.	June 24, 1931.	July 1, 1931.	July 8, 1931.
Loans	16,688	14,641	14,582	14,540	14,691	14,636
Investments	6,118	7,811	7,843	7,803	7,795	7,851
Demand deposits	13,587	13,552	13,255	13,266	13,568	13,604
Time deposits	7,326	7,325	7,191	7,169	7,172	7,176
Due from banks	1,484	1,793	1,555	1,523	1,719	1,702
Due to banks	3,392	3,698	3,392	3,339	3,780	3,719
Federal reserve borrowings	67	59	57	63	22	40

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	June 27, 1930.	May 29, 1931.	June 5, 1931.	June 12, 1931.	June 19, 1931.	June 26, 1931.
ASSETS.						
Gold coin and bullion	6,923	6,583	6,476	6,547	6,384	6,303
Subsidiary coin	168	326	328	333	340	343
Bills discounted	8,024	7,067	7,498	7,080	7,153	7,645
Investments	1,121	1,859	1,859	1,859	1,869	1,876
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve fund	720	720	720	802	802	802
Notes in circulation	8,550	8,143	7,720	6,921	6,587	7,383
Government deposits	1,496	1,962	1,498	1,762	2,897	2,752
Bankers' deposits	4,662	4,736	4,853	4,874	4,877	4,879
Ratio of cash reserves to liabilities to public	46.6%	46.2%	45.7%	47.6%	45.8%	43.5%

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

	June 27, 1930.	May 29, 1931.	June 5, 1931.	June 12, 1931.	June 19, 1931.	June 26, 1931.
ASSETS.						
Total assets	29,79,98	29,77,61	30,21,78	30,73,70	30,74,56	30,79,55
Loans	11,30,73	11,35,25	10,28,35	8,88,02	8,72,98	8,88,93
Cash credits	31,58,42	29,68,22	29,97,55	29,53,10	28,93,76	29,20,41
Foreign bills	2,75,12	4,06,89	3,72,54	3,28,64	3,76,05	3,18,61
Dead stock	29,08	37,94	41,67	39,43	37,25	35,15
Real estate	2,81,28	2,76,03	2,75,77	2,75,91	2,75,66	2,75,47
Other assets	18,64	24,69	3,25	8,50	15,68	18,15
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve fund	5,32,50	5,40,00	5,40,00	5,40,00	5,40,00	5,40,00
Total deposits	82,52,09	82,28,72	81,39,91	77,73,48	78,61,97	80,91,14
The above includes—						
Deposits in London	1,008	1,994	921	921	949	868
Advances in London	2,297	1,942	973	973	944	791
Cash, &c., at other places	134	186	25	63	119	137

BANK OF FRANCE.—In francs (000's omitted).

	July 18, 1930.	June 26, 1931.	July 3, 1931.	July 10, 1931.	July 17, 1931.
ASSETS.					
Gold	44,912,084	56,425,623	56,228,693	56,227,232	56,646,582
Foreign assets	6,737,872	6,419,089	6,945,595	8,029,841	8,659,195
Bills discounted	19,127,881	19,955,637	18,825,962	17,723,046	17,101,725
Commercial bills discounted at home	4,968,014	5,388,343	4,270,056	4,166,066	...
Advances against sec.	8,594,858	8,282,397	8,282,397	8,282,397	8,282,397
To the State	2,725,894	2,776,704	2,891,803	2,822,485	2,839,215
Other advances (excluding forward exch.)	3,015,803	3,628,141	4,537,445	4,835,269	...
LIABILITIES.					
Notes in circulation	72,293,027	76,927,419	78,609,675	78,186,225	77,953,685
Public deposits	8,244,205	8,513,117	9,103,791	9,556,254	9,687,814
Private deposits	6,994,948	14,600,396	11,416,273	11,587,465	12,524,253
Other liabilities	2,550,026	2,837,003	2,852,312	2,615,569	...

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

	July 15, 1930.	June 30, 1931.	July 7, 1931.	July 15, 1931.
ASSETS.				
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212
Gold and bullion	2,618,731	1,421,095	1,421,756	1,368,092
Of which deposited abroad	149,768	171,043	176,787	181,652
Reserve in foreign currencies	183,851	299,574	370,989	124,367
Bills of exchange and cheques	1,486,029	2,652,327	2,558,412	2,753,439
Silver and other coin	162,162	77,991	84,354	78,723
Notes of other German banks	20,168	2,318	6,788	9,221
Advances	70,237	358,179	224,477	386,007
Investments	101,068	102,765	102,264	102,259
Other assets	729,431	858,863	861,341	856,386
LIABILITIES.				
Reduced capital	122,788	150,000	150,000	150,000
Increase of capital (shares not yet issued)	177,212	150,000	150,000	150,000
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	4,186,916	4,294,685	4,110,418	4,181,809
Other daily maturing obligations	426,712	397,949	342,762	307,124
Other liabilities	264,122	587,147	691,960	720,240

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

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

	Position, May 30, 1931.	July 19, 1930.	June 27, 1931.	July 4, 1931.	July 11, 1931.	July 18, 1931.
ASSETS.						
Gold	28,971	136,783	160,600	160,900	160,000	158,700
Silver	29,785	22,465	...	...	...	...
Discounts, advances, and other investments	77,567	134,609	112,800	107,600	106,700	97,400
LIABILITIES.						
Notes in circulation	109,499	273,105	240,300	243,800	248,300	243,800
Deposits and bills payable	11,250	53,016	37,500	32,300	29,000	24,500

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

	Position, May 31, 1931.	July 15, 1930.	June 23, 1931.	June 30, 1931.	July 7, 1931.	July 15, 1931.
ASSETS.						
Gold	171,175	578,911	831,780	839,588	839,538	943,284
Foreign bills and balances abroad	...	326,422	378,311	411,217	416,944	478,939
Discounts	...	38,467	25,491	26,871	26,706	36,601
Advances	103,000	45,421	46,278	47,567	46,053	51,467
LIABILITIES.						
Notes in circulation	275,925	870,649	985,065	1,077,960	1,047,792	1,065,992
Deposits	33,750	199,445	399,619	315,255	346,699	613,562

BANK OF ITALY.—In lire (000's omitted).

	July 10, 1930.	June 10, 1931.	June 20, 1931.	June 30, 1931.	July 10, 1931.
ASSETS.					
Gold, coin and bullion	5,207,700	5,323,300	5,333,900	5,368,100	5,384,800
Foreign bills and balances abroad	4,933,600	3,989,700	3,983,400	3,923,100	3,865,500
Other cash	383,600	284,300	271,200	324,500	2

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

	July 16, 1930.	July 15, 1931.	June 22, 1931.	June 23, 1931.	July 9, 1931.	July 13, 1931.
ASSETS.						
Gold bullion and coins	24,021	24,101	24,098	24,096	24,094	24,091
Silver coin	7,456	7,197	6,960	7,186	7,342	7,376
Balance abroad	43,656	21,410	21,621	21,627	21,688	21,745
Treasury notes and ex. change	17,538	13,687	13,735	11,436	12,232	12,435
Short term bills	88,088	78,533	78,735	78,209	78,785	78,777
Loans against securities	55,436	57,362	56,584	55,939	55,630	55,514
Other assets	16,043	15,803	15,496	15,313	15,169	15,161
LIABILITIES.						
Notes in circulation	43,824	39,414	39,648	38,577	37,273	36,310
Capital paid up	18,735	19,676	19,676	19,676	19,676	19,676
Reserve	4,552	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	18,293	20,879	20,647	20,698	20,397	20,306
Current accounts	62,728	66,253	63,754	63,764	63,408	63,172
Government accounts	93,847	69,018	66,143	67,415	69,574	70,368
Other liabilities	7,459	4,644	4,633	5,446	6,383	7,438

LONDON RATES.

	July 16, 1931.	July 17, 1931.	July 18, 1931.	July 20, 1931.	July 21, 1931.	July 22, 1931.	July 23, 1931.
Bank rate (changed from 2½% July 23, 1931)	2½	2½	2½	2½	2½	2½	3½
Market rates of discount:							
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	3½
3 months' do.	2½	2½	2½	2½	2½	2½	3½
4 months' do.	2½	2½	2½	2½	2½	2½	3½
6 months' do.	2½	2½	2½	2½	2½	2½	3½
Discount Treasury bills:							
2 months	2½	2½	2½	2½	2½	2½	3½
3 months	2½	2½	2½	2½	2½	2½	3½
Loans—Day to day:							
Short	1½	1½	1½	1½	1½	1½	2½
Deposit allowances: Bank	1	1	1	1	1	1	1½
Discount houses at call	1	1	1	1	1	1	1½
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short Loans.	Bank Bills.	Trade Bills.
	3 Months.	4 Months.	6 Months.
1931.			
July 2	1½	1½	1½
" 9	1½	1½	1½
" 16	2½	2½	2½
" 23	2½	2½	2½

RATES OF EXCHANGE.

	London on	Usance.	Par.	July 24, 1930.	July 16, 1931.	July 23, 1931.
New York	dollars to £1	Cable	4-86½	4-86½	4-84½	4-84½
Montreal	dollars to £1	Cable	4-86½	4-86½	4-84½	4-84½
Paris	francs to £1	T.T.	124-21	123-66-68	123-123	123-55-65
Berlin	marks to £1	T.T.	20-43	20-17-38	20-17-38	20-17-38
Amsterdam	guilder to £1	T.T.	12-107	12-09-1	12-09-1	12-09-1
Brussels	belga to £1	T.T.	35-00	34-79-80	34-79-80	34-79-80
Milan	lire to £1	T.T.	92-48	92-88-90	92-88-90	92-88-90
Bombay	rupees to £1	T.T.	25-22½	25-03-03½	24-97-98	24-88-90
Calcutta	rupees to £1	T.T.	18-159	18-16-16½	18-16-16½	18-16-16½
Stockholm	kroner to £1	T.T.	18-159	18-09-1	18-14-14½	18-14-14½
Copenhagen	kroner to £1	T.T.	18-159	18-15-16	18-16-16½	18-16-16½
Oslo	kroner to £1	T.T.	18-159	18-15-16	18-16-16½	18-16-16½
London	pounds to £1	T.T.	25-22½	25-03-03½	24-97-98	24-88-90
Lyons	francs to £1	T.T.	4-80	109-1	109-1	109-1
Frankfurt	marks to £1	T.T.	34-58	34-43-46	34-50-50	34-50-50
Vienna	schillings to £1	T.T.	164	164-164	163-163	163-163
Bombay	rupees to £1	T.T.	25-22½	25-03-03½	24-97-98	24-88-90
Calcutta	rupees to £1	T.T.	21-82	21-76-78	21-86-93	21-86-93
Bombay	rupees to £1	T.T.	813-6	817-818	817-819	816-818
Calcutta	rupees to £1	T.T.	673-659	665-675	665-675	665-675
Calcutta	rupees to £1	T.T.	375	374-375	374-375	374-375
Calcutta	rupees to £1	T.T.	110	1025	1025	1025
Calcutta	rupees to £1	T.T.	43-58	43-44-43	43-44-43	43-44-43
Calcutta	rupees to £1	T.T.	193-23	193-193	193-193	193-193
Calcutta	rupees to £1	T.T.	48-65	48-49	48-49	48-49
Calcutta	rupees to £1	T.T.	18-159	18-20-27	18-20-27	18-20-27
Calcutta	rupees to £1	T.T.	25-22½	25-15-25	25-20-30	25-10-40
Calcutta	rupees to £1	T.T.	97	97-1	97-1	97-1
Calcutta	rupees to £1	T.T.	47-52½	47-52½	47-52½	47-52½
Calcutta	rupees to £1	T.T.	16-70	16-70	16-70	16-70
Calcutta	rupees to £1	T.T.	51	51-1	51-1	51-1
Calcutta	rupees to £1	T.T.	24-06½	24-06½	24-06½	24-06½
Calcutta	rupees to £1	T.T.	9-76	9-76	9-76	9-76
Calcutta	rupees to £1	T.T.	21-82½	21-82½	21-82½	21-82½

† Rate for previous day.

OVERSEAS BANK RATES.

	Changed.	From To		Changed.	From To
Albania.....	July 1, 1931	5 8	Madrid.....	July 17, 1930	5 4
Amsterdam.....	May 16, 1931	2 2½	Oalo.....	Nov. 7, 1930	4 4
Athens.....	Dec. 2, 1928	10 9	Paris.....	Jan. 2, 1931	2 2
Batavia.....	Mar. 10, 1930	6 4½	Prague.....	Jan. 24, 1930	4 4
Beirut.....	July 20, 1931	6 4½	Reval.....	Mar. 12, 1931	5 4
Brussels.....	July 15, 1931	7 10	Riga.....	Oct. 4, 1930	8 7
Bucharest.....	July 31, 1930	3 24	Rome.....	May 20, 1930	6 5
Bombay.....	May 15, 1931	5 8	Sofia.....	June 4, 1931	9 9
Calcutta.....	May 28, 1931	7 6	Stockholm.....	Feb. 5, 1931	3 3
Canton.....	Nov. 12, 1930	4 4	Swiss Bank.....		
Cebu.....	July 17, 1931	6 4	Tokyo.....	Jan. 22, 1931	2 2
Hankow.....	Aug. 26, 1930	6 4	Vienna.....	Oct. 6, 1930	5 4-8
Kobe.....	Apr. 1, 1930	7 6	Warsaw.....	July 22, 1931	7 10
Lyons.....	June 2, 1930	8 7½	Wien.....	Oct. 3, 1930	6 7
Manila.....	May 7, 1931	2 2½	Yokohama.....	July 23, 1931	4 4

Central Bank of Chile.—Discount rate for member banks, 9%; discount rate for the public, 10%.
 6% applied to banks and credit institutions.
 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	July 23, 1931.	June 24, 1931.	July 1, 1931.	July 8, 1931.	July 15, 1931.	July 22, 1931.
Gold money	100	100	100	100	100	100
Time money (90 days' mixed coll.)	2 1½	2 1½	2 1½	2 1½	2 1½	2 1½
Bank acceptances	2 1½	2 1½	2 1½	2 1½	2 1½	2 1½
Members—eligible, 90 days	2 1½	2 1½	2 1½	2 1½	2 1½	2 1½
Non-members—eligible 90 days	2 1½	2 1½	2 1½	2 1½	2 1½	2 1½
Ineligible, 90 days	2 1½	2 1½	2 1½	2 1½	2 1½	2 1½
Commercial accept. 90 days	2 1½	2 1½	2 1½	2 1½	2 1½	2 1½

	Par Level.	July 23, 1931.	July 1, 1931.	July 15, 1931.	July 22, 1931.
London					
60 days'.....		4-86½	4-84½	4-80½	4-81
Cable.....		4-86½	4-86½	4-83½	4-84½
Cheques.....		4-86½	4-86½	4-83½	4-84½
Paris					
60 days'.....		3-918	3-92½	3-92	3-92½
Cheques.....		15-90	15-98	15-95½	15-93½
Brussels					
60 days'.....		19-30	19-44	19-40	19-41
Cheques.....		5-263	5-25½	5-23½	5-21
Berlin					
60 days'.....		23-31	23-71	23-71	23-71
Cheques.....		14-07	14-13	14-06½	14-05
Amsterdam					
60 days'.....		19-30	19-44	19-40	19-41
Cheques.....		40-195	40-22	40-27½	40-25
Stockholm					
60 days'.....		26-80	26-79	26-78	26-70
Cheques.....		26-89	26-89	26-70	26-67
Oslo					
60 days'.....		1-297	1-297	1-297	1-297
Cheques.....		100	100	100	100
Yokohama					
60 days'.....		49-85	49-35	49-35	49-35
Cheques.....		31-40	25-50	25-00	24-62
Hong Kong					
60 days'.....		37-20	31-75	31-00	30-62
Cheques.....		36-60	36-00	36-05	35-98
Calcutta					
60 days'.....		103-65	121	138-15	144-95
Cheques.....		32-42	32-90	7-50	7-10
Bombay					
60 days'.....		12-125	12-01	12-09	12-05
Cheques.....		12-125	12-01	12-09	12-05

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

	Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires	Argentina	100 pesos to £	24-5325	Sight London	24-62
Santiago	Chile	100 pesos to £	25-25	"	25-37
Medan	Sumatra	100 dollars to £	4-8665	"	4-98
Salvador	El Salvador	100 dollars to £	9-73	"	9-82
Bolivia	Bolivia	100 bolivianos to £	13-33	"	13-48

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

	Union of South Africa.	Union of South Africa.
	From March 16, 1931.	From March 14, 1931.
London on South Africa.		
Buying.....	11% 11% 11% 11% 11% 11%	11% 11% 11% 11% 11% 11%
Selling.....	11% 11% 11% 11% 11% 11%	11% 11% 11% 11% 11% 11%
South Africa on London.		
Buying.....	11% 11% 11% 11% 11% 11%	11% 11% 11% 11% 11% 11%
Selling.....	11% 11% 11% 11% 11% 11%	11% 11% 11% 11% 11% 11%

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.	Australia and New Zealand on London.
	Buying.	Selling.
1931.		
1st	131½	131½
30 days	132½	132½
60 days	133½	133½
90 days	134½	134½

All rates (Australia and New Zealand) now based on \$100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

During the From April week ending 1 to July 18, 1931. 18, 1931.

	£	£
Sterling purchased in India	2,250,000	12,020,504
Net transfer to Home Treasury	2,250,000	12,020,504
Less sales of sterling	2,250,000	3,020,504
Net remittance to Home Treasury	2,250,000	9,000,000

BULLION.

The following statistics of imports and exports of gold for week ended July 23, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

	Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
	£	£
From:		
Germany.....	1,000,000	2,273
Netherlands.....	4,000	3,854,730
Brazil.....	57,536	553,485
British West Africa.....	46,891	5,052,842
British S. Africa.....	1,148,001	240,510
British India.....	100,073	47,470
Australia.....	1,000,805	1,060
Other countries.....	1,777	
Total declared value of imports	3,358,883	
Total declared value of exports		9,752,370

GOLD MOVEMENTS.

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

	1931.	1931.
ARRIVALS.		
July 17 Sovs. released.....	200,000	1,554,

ENGLISH SEWING COTTON COMPANY, LIMITED.

March 31, 1931.

LIABILITIES. Compared with Mar. 31, 1930.		ASSETS. Compared with Mar. 31, 1930.	
Amount.	£	Amount.	£
5% cm. pf. shrs., £1	1,000,000	Properties, &c.	944,826
Ord. shares, £1	2,000,000	Stocks	514,884
4% 1st mort. deb.	957,694	Debtors	764,430
Int. accrued	9,577	Cash, &c.	61,025
Creditors	509,345	Investments	2,374,587
Pension fund	113,439	Subsidiary cos.	1,146,495
Reserve	500,000	British Govt.	120,238
Div. reserve	400,000	Other	—
Stock reserve	200,000		
Insurance reserve	50,000		
Profit and loss	186,430		
Total	5,926,485	Total	5,926,485

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Gt. Northern (Ireland) Ord.	NH*	...	...	...	...
BANKS.					
Bank of Montreal	3%	Sept. 1	Less tax	14½	14½
Bank of New Zealand	...	...	...	6½	6½
Hibernian Bank	...	...	...	...	...
INSURANCE.					
Manufacturers Life Insurance (Canada)	5%	...	Tax free	...	...
Pearl Assurance	25%*	...	...	...	...
TEA AND RUBBER.					
Assam Dooars Tea	2½%†	...	...	10	35
MINING.					
Anglo Diamond	5%*	July 23	Less tax	10	15
East Indian Coal	5%*	...	...	...	...
Hong Kong Tin	5%*	...	...	...	...
OTHER COMPANIES.					
Andersons Rubber	2½%*	...	Less tax	...	...
Ashton Brothers and Co. (Pref.)	NH*	...	...	...	...
Bovril (Deferred)	5%*	...	Less tax	...	...
Brewery and Commercial Investment (Def.)	10%†	Aug. 15	Less tax	14	14
British Assets Trust	10%*	Aug. 1	Less tax	...	...
Brompton and Kensington Elec.	4½%*	Aug. 25	Less tax	...	...
Charing Cross Electricity Ord.	9½d. ps.	Aug. 14	Less tax	...	...
Do. West End	9½d. ps.	Aug. 14	Less tax	...	...
Chelsea Electric	4½%*	Aug. 25	Less tax	...	...
City Property Investment (Def.)	5%*	Aug. 1	Less tax	...	...
Commercial Gas Co.	3%*	Aug. 15	Less tax	3½	3½
Cork Improved Dwellings	...	...	Less tax	...	...
County of London Electric	3%*	Sept. 29	Tax free	...	...
Courtauld	2%*	...	Less tax	...	...
Crown Brewery	6½%*	July 20	Less tax	...	...
Devas Routledge	5%*	July 23	Less tax	5	7
Draper Trust	...	...	Less tax	...	...
Dublin United Trams	NH*	...	Less tax	7	7½
Eastern Telegraph	...	...	Less tax	12	12
Edinburgh & Dundee Investment Estates and Agency	7%†	...	Less tax	4d. ps.	6d. ps.
Fruit and Produce Exchange	...	...	Less tax	...	...
Gas Light and Coke Co.	2½%*	July 20	Less tax	...	...
General Cons. Invest. Trust	2½%*	Sept. 1	Less tax	...	...
General Hydraulic Power	2½%*	...	Less tax	...	...
Greyhound Racing Association Trust 8% Cum. Pta. Pref.	4%*	July 31	Less tax	10	15
Guard Bridge Paper	5½d. ps.	...	Less tax	...	...
Hancock (Wm.) Def.	...	...	Less tax	...	...
Holt Brewery	2½%*	...	Less tax	...	...
J. and J. Cash	7½%†	...	Tax free	11½	15
Jones's Sewing Machine	10%†	...	Less tax	8	10
London Commercial Sale Rooms	10%*	Aug. 14	Less tax	...	...
London Electric Supply	4%*	Aug. 31	Less tax	...	...
Manchester Dock and Warehouse Extension	3%†	...	Less tax	5½	5½
Manchester Ship Canal Warehousing	3½%†	...	Less tax	6	6
Manchester Palace of Varieties	12½%†	Plus bonu	us of 5%	25	25
Marconi's Wireless Telegraph	...	...	Less tax	10	15
Mather and Platt	2½%*	...	Less tax	...	...
Mayfair and General Prop. Trust	3%*	July 31	Less tax	...	...
Metropolitan Electric	3%*	Aug. 11	Less tax	...	...
Metropolitan Trust	7%*	July 30	...	...	...
Midland Trust	5%†	...	...	...	...
Mills and Rieley	6d. ps.	...	Less tax	5	7
Milners Safe	5%†	...	Less tax	5	7½
Murrayfield Real Estate	...	...	...	5	5
Olympia	4%*	...	...	...	...
Patent Victoria Stone	9d. ps.	Aug. 1	Less tax	...	...
Port Madryn (Argentina)	...	...	Less tax	...	...
Randall (H. E.)	5%*	July 29	Less tax	5	5
Richard Lunt and Co.	5%*	July 31	Less tax	...	...
Ryder and Son	...	...	Less tax	10	12½
Sackville Estates	3%*	Sept. 1	Less tax	...	...
Scottish Reversionary	3%*	...	Less tax	...	...
Second Clydesdale Investment	2½%†	Aug. 1	...	...	...
Second Scottish Western	6%†	Aug. 1	...	11	11
Sheffield Pure Ice, &c.	5%†	...	Less tax	10	10
Smithfield Markets Electric	3%*	Aug. 13	Less tax	...	...
South British Investment Trust	3%†	...	Less tax	5½	7½
South London Electric	3%*	...	Less tax	...	...
South Metropolitan Gas	2½%*	Sept. 29	Less tax	...	...
Stephen Smith and Company	10%†	...	Less tax	12½	12½
Threlfall's	5%*	...	Less tax	20	20
Timpon (William)	5%*	July 30	...	...	...
Union Commercial Investment	5%*	Aug. 1	Less tax	...	...
Walker (C. and W.)	10%*	Aug. 1	Less tax	...	...
West (George) Waterproofs Pres.	NH*	...	Less tax	...	...
Westminster Chambers	6½%*	Aug. 15	Less tax	...	...
Wolsley Sheep Shearing Machine	...	...	Less tax	5	7
Wood (Edward) and Company	...	...	Less tax	NH	7½
Yorkshire Electric Power	3%*	Aug. 1	Less tax	...	...

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(a) Week ended July 17, 1931.	(b) Week ended July 18, 1931.	Week ended July 19, 1931.					Aggregate 29 weeks, 1931.				
		(000's omitted.)					(000's omitted.)				
Miles Open.	Miles Open.	Passenger.	Goods.	Coal.	Other.	Total.	Passenger.	Goods.	Coal.	Other.	Total.
		£	£	£	£	£	£	£	£	£	£
Great Western...	3,761	267	189	106	295	562	5,978	5,483	3,039	8,522	14,500
Do. for 1930...	3,761	299	204	110	314	613	6,516	6,198	3,522	9,720	16,236
L. & N. Eastn. (c)	6,349	424	329	213	542	966	9,974	9,779	6,862	16,641	25,615
Do. for 1930...	6,349	466	374	231	605	1,071	9,832	11,412	7,487	18,899	28,731
Lon. Mid. & Scot.	6,958	648	451	208	659	1,307	13,502	13,396	7,227	20,823	34,123
Do. for 1930...	6,958	709	502	215	717	1,426	14,483	15,559	7,371	22,930	37,413
Southern	2,180	361	76	29	105	466	8,362	2,064	920	2,984	11,346
Do. for 1930...	2,179	387	78	28	106	493	8,841	2,243	856	3,099	11,940
Total of above...	19,248	1,700	1,045	556	1,601	3,301	36,816	30,722	18,048	48,770	85,586
Do. for 1930...	19,245	1,861	1,158	584	1,742	3,503	39,672	35,412	19,236	54,648	94,320
* Aggregate 28 weeks.											

OVERSEAS RAILWAY RECEIPTS.

Name.	Week.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal	12	June 20	1,329	Rs. 4,04,000	+ 17,118	Rs. 45,81,000	+ 1,22,227
Barsi L. Ry.	13	27	202	44,000	+ 9,600	516,000	+ 59,100
Bengal & N. Western	13	27	1,119	6,15,920	+ 64,924	87,13,823	+ 8,28,988
Bengal-Nagpur	12	20	1,199	12,35,000	+ 5,20,362	1,69,16,000	+ 43,80,105
Bombay Bar. & C.I.	15	July 11	3,084	12,26,000	+ 1,68,000	3,11,78,000	+ 4,08,000
Madras & S. Mahr.	13	June 27	3,230	13,74,000	+ 79,694	1,96,90,975	+ 19,96,587
†Rohilk' & Kumaon	13	27	546	1,07,970	+ 13,281	1,67,47,855	+ 1,800,095
South Indian	12	20	2,459	11,65,113	+ 64,928	1,30,32,314	+ 16,63,499
† Including Lucknow-Bareilly State Railway.							
CANADIAN.							
Canadian National	28	July 14	20,407	\$3,376,180	+ 916,130	\$94,846,721	+ 23,454,069
Canadian Pacific	28	July 14	15,721	2,709,000	+ 756,000	75,878,000	+ 1,629,600
SOUTH AMERICAN.							
Antofagasta (Chili and Bolivia)	29	July 19	804	\$2,990	+ 8,180	\$525,080	+ 303,170
Argentine N.R.	3	...	18	753	13,000	33,700	+ 5,900
Argentine Transp.	3	...	18	111	121,000	4,000	+ 3,042
B.A. and Pacific	3	...	18	2,806	11,787	306,000	+ 15,000
B.A. Central	3	...	18	5,076	225,000	27,000	+ 562,000
B.A. Western	3	...	18	3,442	26,527	2,000	+ 167,000
Central Argentine	3	...	18	273	4,373	7,467	+ 53,535
Central Uruguay	3	...	18	311	2,307	1,983	+ 10,948
O. Urug. (East Ext.)	3	...	18	1,218	67,000	4,900	+ 122,860
O. Urug. (W. Ext.)	3	...	18	1,918	5,650	2,035	+ 112,889
Cordoba Central	3	...	18	274	4,200	350	+ 6,110
Entre Rios	3	...	18	100	2,722	795	+ 6,766
Gt. Southern of Brazil	29	...	18	1,052	26,527	6,078	+ 225,500
Leopoldina Termal	29	...	18	1,918	5,650	2,035	+ 112,889
Nitrate	29	...	15	411	2,856	15,004	+ 96,014
Paraguay Central	3	...	18	274	4,200	350	+ 6,110
Salvador	3	...	18	100	2,722	795	+ 6,766
San Paulo	28	...	12	154	24,664	10,906	+ 781,418
United of Havana	3	...	18	1,369	23,058	12,950	+ 55,344
† Months.							
OTHER OVERSEAS.							
Gt. Southern of Spain	28	July 11	104	\$87,492	+ 9,601	\$2,160,287	+ 801,682
Mexican Railway	2	July 14	483	\$199,300	+ 35,400	\$371,000	+ 89,500
TRAMWAYS WEEKLY GROSS RECEIPTS.							
Anglo-Argentine	28	July 15	329	\$6,792	+ 7,907	\$2,060,704	+ 286,43
B. Aires Lacroza	3	...	19	9,385	1,306	28,286	+ 2,079
Liverpool Corp.	15	...	15	124	30,377	392	+ 451,780
Madras Electric	15	...	15	166	80,756	1,097	+ 637,775
L.O.C. Tramways	15	...	15	166	80,756	1,097	+ 637,775
† Months.							
MONTHLY TRAFFICS.							
Months.	Ending 1931.	Descrip-tion.	Receipts for Month.		Receipts to Date.		
			1931.	+ or -	1931.	+ or -	
Cities Services Co.	12	June 30	Gross \$2,367,346	- 2,895,177	\$48,812,304	- 7,404,976	
Int. Ry. of Cent. Am.	6	June 30	Gross \$1,173,901	- 3,251,403	\$34,053,652	- 13,464,329	
Columbia Ry.	12	June 30	Gross \$90,122	- 16,043	\$707,553	- 180,725	
Algonia Bay and Hudson Bay Ry.	5	May 31	Gross \$25,481	- 10,745	\$234,219	- 124,955	
Para. Elec. Ry.	7	June 30	Gross \$9,208	- 11,733	\$142,818	- 146,046	
Brazilian Traction	7	June 30	Gross \$136,386	- 49,807	\$673,477	- 322,311	
			Gross \$9,745	- 5,283	\$69,131	- 34,676	
			Net \$9,745	- 5,283	\$69,131	- 34,676	
			Net \$2,250,203	- 896,681	\$16,766,873	- 6,519,488	
			Net \$2,030,226	- 441,013	\$11,311,311	- 62,908,708	

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

||
||
||

almost every day, but the owners' latest offer of a minimum wage rate of 7s. 10½d., which compares with the existing minimum of 8s. 4½d., does not appear to be acceptable to the miners, and for the moment a deadlock seems to have been reached. Market prices for the shipping trade are firm, round about the following levels, but they are largely nominal in the absence of business of weight. The quotations are f.o.b. district ports. LANARKSHIRE.—Ell best, 14s.; splint best, 16s.; splint second, 14s. 6d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 12s.; doubles, 11s. 6d.; singles, 10s. 6d.-10s. 9d.; pearls, 9s. 6d.; dross, 9s. FIFE.—Screened navigation, 16s. 6d.; 17s. 6d.; first-class steam, 12s. 6d.; third-class steam, 10s. 6d.; trebles, 12s.-13s. 6d.; doubles, 11s. 6d.-12s.; singles, 10s. 9d.; pearls, 9s. 3d. LOTHIAN.—Prime steam, 11s.; secondary steam, 10s. 6d.; trebles, 12s.; doubles, 12s.; singles, 10s. 6d.-11s.; pearls, 9s. AYRSHIRE.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s. 6d.; trebles, 12s. 6d.; doubles, 11s. 9d.; singles, 10s. 9d.; pearls, 9s. 3d.-9s. 6d.; dross, 9s. 6d.

CARDIFF.—The situation in the South Wales coal trade is getting from bad to worse. This week approximately only about half the tips at the docks have been employed, and so exceptionally small is the current volume both of contract and day-to-day business that in some parts of the coalfield the collieries are working at less than 30 per cent. of their capacity. There is a fairly good market for anthracite, and for dry smalls, but there is a glut of all other descriptions. The Executive Committee of the Marketing Association has turned down a request that there should be a reclassification of some of the coals and a downward revision of the minimum schedule. A contract for the supply of 60,000 tons, consisting of two-thirds large and one-third small, has been placed with a Cardiff firm for South Wales coals. An unfavourable development has been the inauguration of a coal import licensing system in France. It is to be operative on sea-borne coal from July 27th next and the basis of the restriction is 20 per cent. below the average quantities imported in the three years 1928-1930. Normally, South Wales supplies 56 per cent. of the coal exported to France from the United Kingdom, so that it is the South Wales coalfield that will have to bear the brunt of the curtailment in the future deliveries of British coals. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drys, 18s. 6d. to 18s. 9d.; Western Valleys, 17s. 9d. to 18s.; Black Veins, 18s. 3d. to 18s. 6d.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubble culm, 8s. 6d. to 9s.; foundry coke, 25s. to 34s.; patent fuel, 19s. to 20s.; pitwood, ex ship, 21s. 6d. to 22s.

IRON AND STEEL.

MIDDLESBROUGH.—Conditions remain unaltered on the market for Cleveland iron. New business is on a very small scale. Stocks in the hands of producers are growing, and these are likely to be further augmented owing to the suspension of deliveries to Scotland, where consuming works will be idle for about a fortnight for the annual holidays which commenced last week-end. The whole market position is unsatisfactory, writes our correspondent, and it would seem that a reduction of prices is the only thing likely to improve matters by helping to regain the local consumers' trade that has recently gone to other districts, particularly to the Midlands. Makers, however, are averse to follow this course, and on Tuesday announced prices unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s., f.o.b. or f.a.c. The hematite market shows a somewhat brighter aspect than Cleveland, and orders are coming to hand fairly regularly from home consumers for early delivery, while occasional sales are being made for export. The quantities are not large, but inspire hope of better trade to follow, and prices have now reached a level that any further reductions of importance cannot reasonably be expected. Up to now, there has been a total disinclination on the part of consumers to enter into forward purchases, but any favourable turn of current events might easily cause a quick reversal of this attitude. Ordinary mixed numbers have been obtainable during the week at 62s. per ton, and makers are still prepared to accept this figure for early delivery, but premiums are asked for forward. In the finished departments new business is disappointing, and it is likely that the steel makers' decision to adhere to the old prices under the rebate scheme will cause withdrawals from the agreement by some important consumers. It is understood that a special offer has been made to the shipbuilding section, which is considered far from meeting their views under present conditions of this particular industry. The ore market continues practically idle. Best Bilbao rubio is nominally 15s. c.i.f. for early delivery, and the rate of freight, Bilbao-Middlesbrough, remains at 4s. 3d. The supply of coke is much in excess of requirements. Good blast-furnace sorts are freely offering at 15s. per ton delivered consumers' works, and slightly less has been accepted for very prompt delivery. The number of furnaces in blast in the district is unchanged at 22.

SHEFFIELD.—The "dead" season in the iron and steel industry is now at hand, and there will be stocktaking at many works during the August holiday. Already consumers are beginning to cancel or curtail deliveries of material, and buying and selling are tapering off. At present signs of reviving overseas business are lacking. The home trade is also lifeless, except in certain special lines. Several of the great engineering works are busy on important contracts. The engineering trade as a whole, however, is quiet. The position of open-hearth steel in Sheffield and North Lincolnshire is no better, but production remains at former level. Makers of tool steels are very short of work, alike on home and export account, and the resulting competition is accompanied by much price cutting. Further batches of clerks and managers at the large works have been

discharged or placed under notice this week. Railway steel is slightly more active, but the demand from the shipyards is at the lowest level ever recorded. Hand tools are in moderate request, and some classes of farm and garden tools have sold well. More British lawn mowers have been disposed of than in any former season. Conditions could scarcely be worse in the plate and cutlery branches.

GLASGOW.—Business in the West of Scotland is very quiet this week. Buyers are inclined to deal only in very small quantities for home trade, and export business is still unsatisfactory. In the sheet trade there is some improvement in the demand from overseas, but prices are very keenly cut. In Glasgow and district practically all works engaged in the iron and steel industries are at a standstill on account of the annual holidays, and operations will not be resumed until some time next week. It has been announced that Messrs Babcock and Wilcox, of Renfrew, have received a contract for boilers for the Victoria Falls Power Station, South Africa, which will provide them with work for many months.

CARDIFF.—Business in the tinplate trade is suffering from the repercussions of the German financial crisis. Enquiries on Continental account are scarce, and exports to French, Belgian, Italian and other European markets are showing a declining tendency. There has been no material change in the condition of trade with other countries. Prices are steady at from 13s. 6d. to 14s. per basis box. Galvanised sheets are unaltered at from £9 7s. 6d. to £9 10s. per ton; Welsh steel bars at £4 12s. 6d.; and foreign bars at £4. At a meeting at Swansea on Tuesday, leading manufacturers strongly advocated restriction on foreign imports which latterly have again been increasing. The local Customs returns show for the past week total imports of pig iron, blooms and billets, bars and other semi-products of 27,306 tons, compared with 13,929 tons in the previous week, and 12,684 tons in the corresponding week last year.

OTHER METALS.

TIN.—Although the consumption of tin has not yet improved, confidence in the success of the restriction scheme is increasing. Prices appear to have definitely recovered from the low level reached a month ago. Wednesday's official closing quotation for "standard cash," at £110 7s. 6d. to £110 10s. per ton, compares with £107 15s. to £107 17s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,845 tons, show a decrease of 96 tons on the week.

COPPER.—The market in copper has been quiet, but prices show some improvement on the week. Wednesday's official closing price for "standard cash" in London, at £34 2s. 6d. to £34 5s., compares with £33 5s. to £33 7s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 17,769 tons, show an increase of 1,175 tons, while stocks of rough copper, at 1,086 tons, were 75 tons smaller.

LEAD.—Lead was in poor demand, but sellers maintained an attitude of reserve, and on the week prices show a slight improvement. Wednesday's official closing quotation for "soft foreign" in London, at £12 10s. 3d. to £12 17s. 6d., compares with £12 5s. to £12 10s. 6d. on the corresponding day last week.

SPELTER.—Little interest was taken in spelter during the week, but prices remained steady. Wednesday's official closing quotation in London for "good ordinary brands," at £12 6s. 3d. to £12 16s. 3d., compares with £12 7s. 6d. to £12 10s. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. Antimony again changed hands at £23 to £23 10s. per ton for "foreign," while quicksilver remained unchanged at the recently reduced price of £17 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—The prices are about some 20 points higher than those of a week ago, largely due to the more optimistic outlook at the early part of the week of the French-German negotiations. The crop is reported to be making excellent progress, though recent rains in the cotton belt have brought fears of the Boll weevil, but in some parts so far the damage can only be slight. The consumption in U.S.A. during June is estimated to be 455,000 bales, against 466,000 bales for May, and 405,000 bales for June last year. There are still no signs here of any trade improvement. Spot sales for the week 16th to 22nd (inclusive) are 34,000 Argentine, 6,000 Peruvian, 3,100 Egyptian, 1,650 Brazilian, 850 East Indian, 1,350 Russian, and 500 sundries. Imports for the same period are 22,719 bales, of which 4,885 bales are American, 7,502 Argentine, 2,446 Peruvian, 6,828 Egyptian, 162 African, 896 Egyptian Sakel, 7-45; Uppers, 5-97; Brazil Fair, 5-16; Peru 6-16.

Manchester.—The upward movement in raw cotton prices has had very little effect upon the attitude of buyers of manufactured goods. The market has, of course, been overshadowed by the financial crisis in Germany, and traders recognise that no real progress from a business point of view can be made until the financial problems on the Continent have been solved. There has been a fairly persistent demand in piece-goods, but the majority of the offers have been quite unworkable. The turnover for India has been rather better than recently. Most attention has again been given to light bleaching cloths and fancies. Although in some respects the political situation is not quite so acute as

boycott movement remains effective. Demand for China is very slow in broadening, and only retail sales have taken place. There has been a little more activity for Egypt, and certain West African outlets, but bulk lines have been scarce. Business for the home trade has been fairly well maintained. Business of weight in yarns has not been mentioned. Most of the trade in American qualities has been in small lots for quick delivery. There has been rather more demand in Egyptian numbers, and some spinners have healthier order books.

Cotton Prices.

	1931.				Corresponding Date.	
	July 1.	July 8.	July 15.	July 22.	1929.	1930.
Raw Cotton—Mid. American	5-40	5-36	4-91	5-11	10-53	7-73
" Sakellaridis Fully Good Fair	8-35	8-25	7-50	7-45	17-00	12-50
" Egyptian	9-1	9-1	8-1	8-1	15-1	11-1
Yarns—32's twist	29	29	29	29	15-1	12
" 40's twist	15-1	15-1	14-1	14-1	26	20
" 60's twist (Egyptian)	15-1	15-1	14-1	14-1	26	20
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	17 11	17 11	17 3	17 4	25 3	21 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	19 9	19 9	19 0	19 3	28 0	23 3
38-in. ditto, 38 yds., 18 by 16, 10 lb.	11 0	11 0	10 9	10 10	15 1	12 9
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 11	9 11	9 8	9 9	13 6	11 6

THE WOOL TRADE.—Bradford.—The fourth series of London sales which finished last Wednesday, writes our correspondent, have provided a striking example of the stability of wool values. After a quiet opening the sales showed an improvement in tone, and the two sales abandoned might very well have been held, for another 18,000 bales could have been taken off the market by buyers. The next series will not commence until September 15, and probably before then a few firms will be needing combing merino wool. At the moment it is difficult to see that any further recovery in values can come about, for the state of trade in the West Riding and on the Continent is far from being satisfactory. The recovery in wool values indicates that stocks in consuming centres are not heavy, and Merinos and greasy fine crossbreds have sold at better prices, and even slight crossbred lambs have appreciated, a good deal of the opening losses having been recovered. Scoured medium wools which sold at 2d. below the May level, have fared worst. The close of the series leaves good greasy merinos no more than five per cent. decline in other classes of merinos is no more than five per cent. Good greasy fine crossbreds are par to five per cent. cheaper, other classes being five to 7½ per cent. down. At one time shipes were 15 per cent. cheaper, but the decline may now be put at five to ten per cent. A big quantity of wool is being carried over for the next series. The improved demand in London has reacted upon Bradford. No big amount of business is being done in tops, but quotations are slightly firmer. A big volume of business could be done immediately if topmakers and spinners were prepared to sell at the prices current a fortnight ago. A good ½d. more is being asked for tops, but this does not mean that it is possible to realise more than 24d. for warp 64's, and even then this description, as well as crossbreds, is fully 1d. below what it should be realising.

THE JUTE TRADE.—Dundee.—Though conditions in the jute trade continue dull, there is a steady undertone in all sections of the market. Sellers of the fibre are adhering to their prices, and in most cases they are above the lowest points touched this season. For instance, Daisee assortment was sold down to £14 15s., but sellers are now not keen even to accept £15 5s. for October-November shipment. Mitsui Daisee assortment, which was sold the other day at £15 and £15 5s., has been raised to £15 10s. Offers of white jute are more freely made, and good First Marks are quoted at £18 15s. and Lightnings at from £16 up to £17, according to mark, August-September. Hearts are quoted at £15 to £15 15s., which seems to Motilal Tossa assortment can be bought at £16 15s., which seems to be about the value of the full group, though there are very few sellers of this quality so far. When the Director of Agriculture confirmed the figures given under the district returns, and stated that heavy rains had affected the crop in Mymensingh, which is the largest jute growing district, and parts of Faridpur, Northern Bengal and Assam, but that in other districts conditions were favourable. In Bengal stocks of old crop are large, but they are limited in Behar, Orissa and Assam. It could only be expected that stocks of old crop would be large, as there was a considerable carry forward from previous seasons to the one just finished, while last season only about ten million bales were imported into Calcutta and Chittagong, compared with the forecast of 11,231,000 bales. The Indian Jute Mills have done nothing definite in regard to further curtailment of jute goods, but the market for goods at Calcutta has become stronger again this week, owing to an improved business with Australia in both hessians and corn sacks. Prices touched 16s. for 10 oz. 40-in. and 13s. 9d. respectively for July-sellers are now quoting 17s. and 13s. 9d. respectively for July-September shipment. Dundee goods are still very quiet, and any slight increase in business which was noticeable on account of the buyers requiring delivery before the holidays has evaporated. The works in Dundee will practically all be closed for two weeks from the end of this week on account of holidays, and business will be almost suspended next week. Prices are quotably unchanged at from 2½d. for 10½ oz. 40-in., and from 1½d. for 8 oz. Linoleum hessians are quiet, and heavy goods are slow. The yarn market is inactive. Spinners cannot afford to accept less than 1s. 10½d. for common 8 lb. cops, and 1s. 11½d. for 8 lb. spools, but with orders for decent quantities less might be possible. All other yarns are more or less nominally unchanged in value.

THE GRAIN MARKETS.

WHEAT.—According to various reports it appears that some damage has probably been suffered by the wheat crop in Central Russia through excessive heat. Conditions in Canada have shown some improvement as a result of beneficial rains, and harvesting in the United States is proceeding under favourable conditions. Prices have slightly recovered from the low level to which they had fallen last week, mainly because of adverse crop reports from Central Russia. Meanwhile the restriction in Continental buying caused by satisfactory crops and high import duties is having a depressing influence on prices. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 25s. 6d. per 496 lbs., as compared with 25s. 6d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 24s. 3d., against 24s. 3d.; No. 3 Northern Manitoba, Atlantic, ex ship, 23s., against 23s. 3d.; Rosafé, ex ship, 21s., against 21s.; Australian, ex ship, 22s. 6d. to 24s., against 23s. to 24s. a week ago.

WHEAT FLOUR.—Wheat flour has been steady at the lower prices. North American shipments, at 192,000 sacks, show an increase of 25,000 sacks, as compared with those of the previous week. Quotations: Straight run, delivered country, 22s. 6d. per sack of 280 lbs., as compared with 22s. 6d. last week; delivered London, 21s. 6d., against 21s. 6d. Manitoba patents, ex store, 21s. to 24s., against 21s. to 24s.; and Australian, ex store, 17s. 6d. to 18s. 6d., against 17s. 6d. to 18s. 6d. a week ago.

BARLEY.—The Canadian barley crop has recently improved under favourable weather conditions. Seeding barley has been firmer in price, but other qualities are scarcely changed on the week. Quotations: "English feeding," f.o.r., per 448 lbs., 20s. to 22s., as compared with 20s. to 22s. Californian sold at from 36s. to 40s., as compared with 36s. to 40s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—The recent improvement in the demand for oats has not been maintained and the tendency of prices is still downwards. Quotations: "River Plate," landed, 11s. per 320 lbs., as compared with 12s. last week; "River Plate," ex ship, 10s., against 10s. 9d. to 11s.; "Chilean Tawny," landed, 13s., against 13s. 6d.; English white, per 336 lbs., 20s. to 21s., against 20s. to 21s. a week ago.

MAIZE.—Despite the large shipments from the Argentine, prices have not declined further, which is mainly due to an improvement in demand. Quotations: "Plate," landed, 16s. 6d. per 480 lbs., as compared with 16s. 6d. last week; Plate, ex ship, 15s. 3d., as against 15s. 3d.; Plate, July-August, new, 15s. 3d., as against 15s. 3d. Yellow maize meal, ex wharf, was quoted at £5 2s. 6d., as against £5 per ton a week ago.

The "Berliner Börsen-Courier"

The greatest financial newspaper of Germany, the European economic newspaper of standing

is now obtainable from London bookstalls.
(Price 4d. for morning and evening editions.)

The "Berliner Börsen-Courier" contains the most accurate daily report of movements in the stock-exchange and of economic transactions in Germany, and gives a survey of the economic problems of Europe.

Subscription rate: £1.5.0 quarterly, including postage. Orders through Messrs. W. H. Smith & Son, Ltd., London, W.C. 2, or direct from the Publishers

BERLINER BÖRSEN-COURIER
Berlin, S.W. 19
Beuthstr. 8

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

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to July 18	31,037	64,237	45,947	82,311
46 weeks to July 18	4,824,640	9,335,462	9,623,349	10,810,795
Average price of English wheat per cwt.	s. d. 6 4	s. d. 8 5	s. d. 10 6	s. d. 11 0

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
July 11, 1931.....	Owts. 27,686	Owts. 1,117	Owts. 5,708	s. d. 6 1	s. d. 6 6	s. d. 5 9
July 18, 1931.....	31,037	1,764	6,163	6 4	5 7	6 11
July 16, 1927.....	56,033	3,265	17,908	12 6	11 9	10 4
July 21, 1928.....	82,311	4,703	3,630	11 0	10 5	12 1
July 20, 1929.....	45,947	5,778	6,342	10 6	9 10	9 6
July 19, 1930.....	64,237	3,141	6,287	8 3	6 4	6 1

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	July 23, 1930.	Jan. 2, 1931.	July 8, 1931.	July 15, 1931.	July 22, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	97½	56½	60½	56½	57½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	88½	79½	54½	51½	54

The visible supply of wheat in Canada at 60,382,000 bushels shows an increase on the week of 1,713,000 bushels. Supplies a year ago stood at 60,857,000 bushels.

OTHER FOODS.

SUGAR.—The recent increase in sales of refined sugar in the United States has led to considerable buying of "raws" at steady prices. During the past week prices of raw sugar have been maintained, but "British refined" was again reduced 3d. per cwt. at the end of last week. Wednesday's sales of "raws" included "August delivery," at 6s. 5½d. to 6s. 5½d. per cwt., against 6s. 4½d. to 6s. 5½d., and "December," at 6s. 9½d. to 6s. 10d., against 6s. 8½d. to 6s. 9d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	—	2,306	1,109	985	26,899	30,401
Liverpool ...	12,651	14,607	14,106	14,794	72,626	75,381
Total tons...	12,651	16,912	15,215	15,779	99,525	105,782
Last week...	11,759	8,420	4,671	20,096	102,179	104,649

COFFEE.—The demand at this week's auctions was again slow and prices were slightly easier. Last week's movements of coffee in London were as follows:—Brazilian, landed, nil; delivered for home consumption, 34 bags; exported, nil; stocks, 2,548 bags, against 1,533 bags last year. Central American, landed, 1,710 packages; delivered for home consumption, 5,255; exported, 1,596; stocks, 106,044 packages, against 101,162 a year ago. Other kinds, landed, 3,774 packages; delivered for home consumption, 2,220; exported, 2,114; stocks, 85,125 packages, against 113,636 a year ago.

COCOA.—Little interest was shown in cocoa at the auctions, and prices again declined. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, mid-crop, July-August, at 19s. 3d. per cwt. f.o.b. London contract, shows a fall of 9d. per cwt. Last week's movements of cocoa in London were as follows:—Landed, 608 bags; delivered for home consumption 3,832 bags; exported, 250 bags; stocks, 223,570 bags, against 200,821 last year.

TEA.—The quantities catalogued for this week's auction comprised 27,873 packages of Indian, 41,224 packages of Ceylon, and 14,260 packages of Java and Sumatra tea. This week there has been a further improvement in the demand at the auctions, and substantially higher prices were realised for fine varieties. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
July 17, 1930	0 11-98	1 2-03	1 5-01	0 10-01	0 11-45	0 9-58	1 1-49						
June 25, 1931	0 7-79	0 8-15	0 11-17	0 5-79	0 5-80	0 4-04	0 8-63						
July 2, "	0 7-73	0 7-45	0 10-75	0 6-10	0 6-96	NH	0 8-57						
July 9, "	0 7-58	0 7-99	0 10-28	0 6-20	0 6-25	0 4-87	0 8-52						
July 16, "	0 7-90	0 8-48	0 11-42	0 6-35	0 6-68	0 5-18	0 9-48						

RICE.—The market for rice has shown some improvement in demand, and prices have considerably recovered from the low level reached recently. Wednesday's quotation for Burma No. 2, cleaned, July-August, in singles to the Continent and to the United Kingdom, at 7s. 9d. per cwt., shows a rise of 9d. as compared with last week. Movements in London during the past week were as follows:—Landed, 5 tons; delivered, 20 tons; stocks, 524 tons, as against 1,909 last year.

POTATOES.—In view of the ample supplies of new potatoes now on offer at the markets prices have declined from the scarcity level reached during the last few weeks. At the Borough market "Eclipse" sold at from £8 to £9 for first quality.

SPICES.—The spot pepper market was quiet, but prices ruled steady, largely because of the attitude of reserve of sellers. Wednesday's quotation for "Black Singapore," at 5½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows:—Black, landed, 15; delivered, 33 tons; stocks, 614 tons, against 867 tons last year. White, landed 31 tons; delivered, 57 tons; stocks, 549 tons, against 534 tons a year ago.

MEAT.—Prices at the Smithfield market have generally been maintained this week, and Argentine beef was dearer. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 4s. 9d. to 5s. per 8 lbs., against 3s. 10d. to 4s. 6d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 4d. to 3s. 10d., as against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,753 tons, as compared with 8,581 tons in the corresponding week last year. Imported beef, principally Argentine, formed 87.4 per cent. of the supplies, as against 83.8 per cent. a year ago; and imported mutton, mainly New Zealand, formed 86.9 per cent. of the total supply, as against 82.6 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Markets are depressed and adversely affected by the unsettled financial situation abroad. Lower Argentine exchange rates and options, coupled with a poor demand, have sent down linseed prices. Seed afloat to Europe is still in the region of 150,000 tons, and, with some pressure to sell, plate on passage to Hull has been done at £8 15s., and October shipment at £9 5s. current value in these positions now being £8 17s. 6d. and £9 3s. 9d. Indian linseed is firmly held, current value of Calcutta to London being around £10 15s. Cottonseed is more or less neglected, and only a small business in black Egyptian is reported, August loading being done at £5 2s. 6d. and September at £5 3s. 9d., with sellers now asking £5 5s. Vegetable oils are in slow demand and generally easier. Linseed oil has been very irregular, raw oil on spot, ex Hull mill, now quoting around £18, and delivery to December £17 10s. Cotton oil is quiet. Egyptian crude, ex Hull, offering at £19 5s., and common edible at £22 5s. Other seed oils are in most cases 10s. per ton lower. Oilcakes and meals move off slowly, and prices are inclined easier.

HIDE, LEATHER AND ALLIED TRADES.—Although English market hides still show a slight upward tendency, advances during the past week have not been so marked as has been the case of late. At the auctions held in the North, several weights in the two classes of ox and heifers and cows were unchanged in value; while, where any alteration in price did occur, it was limited to an advance of ½d. per lb. Calveskins also are inclined to be more steady, and this in spite of the fact that supplies are small. The sheepskin market remains poor, as although shearlings continue to make satisfactory figures the prices being realised for lambs are low. Trade in imported hides has fallen away considerably when compared with three weeks ago, but in spite of this the position of prices remains fairly steady, apart from a weakening tendency for certain descriptions. In the South American market frigorifics are generally unchanged in value, in view of the support accorded them by tanners in the United States. For Montevideo ox 5½d. has been paid, while Argentine ox have changed hands at 5½d. Dry South Americans are perhaps slightly lower in price, although 5½d. is still being asked for B.A. Americanos, and 6½d. for M.V. Americanos. In the Cape market, sales of dry-salted, 20/30 lbs., have been made on the basis of 6d. and 5d. for firsts and seconds, with one penny more paid for those of the past fortnight, and, all things considered, a steady trade takes place most part of the time. The repairing section has again been in the market for English and wet-salted bends, and some moderate sales have been effected of the light and medium weights. Heavy descriptions, however, are a quiet market, but it would seem that even so the inquiry is such as to keep stocks within reasonable compass. For dry hide bends, there has been a renewal of inquiry on the part of shoe manufacturers for light and medium weights, but little business is being done in heavier averages. In the upper leather market a fairly satisfactory trade continues to be taken in patent.

THE TIMBER TRADE.—Imports of European building and joinery sawn woods last month amounted to 392,959 loads (of 50 cubic feet), 115,570 loads less than for June last year, and for the half year were 998,148 loads, a shortage of 455,370 loads. The principal reason for such heavy declines in receipts this year, writes our correspondent, is that importers, more than ever before, are buying from hand to mouth, and seem determined to continue to do so whilst the future trend of volume of supplies and prices is at

Bank of New Zealand

Incorporated with Limited Liability in New Zealand by Act of General Assembly, 29th July, 1881.

BANKERS TO THE GOVERNMENT OF NEW ZEALAND.

REPORT OF THE DIRECTORS

Presented at the Ordinary General Meeting of the Proprietors, held at the Head Office of the Bank, Lambton Quay, Wellington, on FRIDAY, 19th June, 1931, at 11 o'clock a.m.

The Directors submit herewith the Balance-sheet and Profit and Loss Statement of the Bank for the year ended March 31st last. The profits, after providing for expenses of management, all bad and doubtful debts, and other contingencies, and after making provision for the annual donation to the Provident Fund, also for Bonus to Staff, are—

From this last to be deducted:—	
Interest on Guaranteed Stock	21,199 9 2
Leaving Balance of Profit for the year	845,813 14 10
To which has to be added:—	
Balance brought forward from last year	623,156 13 3
1,468,970 8 1	

From which has been paid:—	
Dividend on Preference A Shares	£50,000 0 0
Interim Dividend on C Long-Term Mortgage Shares	7,031 5 0
Interim Dividend on D Long-Term Mortgage Shares	17,578 2 6
Interim Dividend on Preference B Shares	41,666 13 4
Interim Dividend on Ordinary Shares	250,000 0 0
366,276 0 10	
Leaving available for distribution	1,102,694 7 3

This the Directors propose should be disposed of as follows:—

Dividend on C Long-Term Mortgage Shares at 6 per cent. per annum	£7,031 5 0
Dividend on D Long-Term Mortgage Shares at 7½ per cent. per annum	17,578 2 6
Dividend on Preference B Shares (making £162,500 for the year)	120,833 6 8
Bonus on Preference B Shares	18,750 0 0
Dividend of one shilling and fourpence per share on Ordinary Shares (making £500,000 for the year, equal to two shillings and eightpence per share)	250,000 0 0
Bonus of 1 per cent. on Ordinary Shares	37,500 0 0
Transfer to Reserve Fund (making £3,575,000)	25,000 0 0
Leaving Balance to be carried forward	626,001 13 1
£1,102,694 7 3	

Such dividends and bonus to be paid in the following manner:—

- In respect of shares on the New Zealand Register, at Head Office, Wellington, or at any Branch of the Bank in the Dominion, free of exchange.
- In respect of shares on the London Register, at the Branch in the City of London free of exchange.
- In respect of shares on the Australian Registers, at Sydney or Melbourne Branches free of exchange.

During the year a Branch has been established at Omakau. The Branches at Paparua and Port Chalmers have been closed. A daily agency is being conducted at Port Chalmers. Agencies at Arisa, Cust, Matawai, Motu, New Brighton, and Ruawai were also closed.

WM. WATSON, Chairman.

BALANCE SHEET AT 31ST MARCH, 1931.

LIABILITIES.		ASSETS.	
£	s. d.	£	s. d.
CAPITAL.		Coin, Cash Balances, and Deposits with Bankers.....	7,106,498 7 3
4 per cent. Guaranteed Stock	529,988 10 6	Government Notes—Commonwealth, Fijian, and Samoan	119,596 10 0
Preference A fully-paid £1 Shares issued to the New Zealand Government	500,000 0 0	Notes of Other Banks (Legal Tender)	22,903 0 0
C Long-Term Mortgage fully paid £1 Shares issued to the New Zealand Government	234,375 0 0	Balances Due by Other Banks	50,370 7 10
D Long-Term Mortgage fully-paid £1 Shares	468,750 0 0	Bullion on Hand and in transit	3,340 9 11
Preference B fully-paid £1 Shares issued to the New Zealand Government	1,375,000 0 0	Money at Call and Short Notice, Government	2
Ordinary fully paid £1 Shares	3,750,000 0 0	Securities and other Securities in London 4,170,785 4 11	
		Bills Receivable in London and in transit	1,749,352 17 4
		New Zealand Government Securities (not including £148,222 5s. 2d. held in London)	5,920,138 2 3
Reserve Fund	6,858,113 10 6	Australian Government Securities	3,467,261 17 5
Long-Term Mortgage Debenture Stock	3,550,000 0 0	Municipal and Other Local Bodies Securities	3,548,443 7 0
Notes in Circulation	3,679,957 0 0	Bills Discounted	1,093,846 8 7
Deposits	32,324,685 5 10	Other Advances and Securities and Debts due to the Bank, after deducting provision for Bad and Doubtful Debts	1,112,960 8 5
Balances Due to Other Banks	17,613 4 6	Remittances in transit between Branches	27,287,253 1 4
Payable and other Liabilities (including provision for contingencies)	4,331,328 4 10	Landed Property, Premises, &c.	1,256,261 11 1
Reserve for Taxes	426,000 0 0	Liabilities of Customers for Acceptances, per contra	600,758 18 10
London Office Acceptances under Credits	19,454 19 7	Long-Term Mortgage Department	19,454 19 7
Transfers from Long-Term Mortgage Department	45,365 17 0		
Balance of Profit and Loss	2,102,694 7 3		
	£52,959,262 9 6		£52,959,262 9 6

LONG TERM MORTGAGE DEPARTMENT.

LONG-TERM MORTGAGE FUND—		Loans.....	
£	s. d.	£	s. d.
Capital	703,125 0 0	Transfers to Bank	1,267,809 3 0
Debenture Stock	670,050 0 0		42,365 17 0
	£1,310,175 0 0		£1,310,175 0 0

PROFIT AND LOSS.

		Balance at 31st March, 1930	
£	s. d.	£	s. d.
Dividend on C Long-Term Mortgage Shares	7,031 5 0		1,199,849 7 5
Dividend on D Long-Term Mortgage Shares	17,578 2 6		
Dividend on Preference B Shares	120,833 6 8		
Bonus on Preference B Shares	28,750 0 0		
Dividend on Ordinary Share Capital	250,000 0 0		
Bonus on Ordinary Shares	37,500 0 0		
Amount Transferred to Reserve Fund	125,000 0 0		
Balance carried down	678,692 14 2		
	£1,199,849 7 5		£1,199,849 7 5
Twelve Months' Interest on Guaranteed Stock	21,199 9 2		
Dividend paid 6th December, 1930:—			
On Preference A Shares	50,000 0 0		
On C Long-Term Mortgage Shares	7,031 5 0		
On D Long-Term Mortgage Shares	17,578 2 6		
On Preference B Shares	41,666 13 4		
On Ordinary Shares	250,000 0 0		
Balance, being Profit for the year	845,813 14 10		
To which has to be added:—			
Amount brought forward from last year	623,156 13 3		
1,468,970 8 1			
Less Dividend paid, as above	366,276 0 10		
	£1,102,694 7 3		
	£1,490,169 17 3		£1,490,169 17 3

RESERVE FUND.

Balance		Balance per last Statement	
£	s. d.	£	s. d.
	3,575,000 0 0		3,550,000 0 0
			Amount to be added from Profits for year ended 31st March, 1931.....
			25,000 0 0
	£3,575,000 0 0		£3,575,000 0 0

A. HEMPTON, Chief Auditor.

H. BUCKLETON, General Manager.

A. W. HALL, Accountant.

LONDON OFFICE: 1, Queen Victoria Street, E.C.4.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.		LARD—		WOOL—		Market Hides, London—	
CEREALS AND MEAT.		s. d. s. d.		s. d. s. d.		s. d. s. d.	
Wheat, No. 2, N. Man. 496 lb.	24 3	Irish bladders	62 0 72 0	Wool Southdown, washed	d.	Best heavy ox and heifer	0 4 0 6 1/2
Bng. Gas. av., per cwt.	6 4	American, boxes, 56 lbs.	43 3 44 3	Lincoln hog, washed	11 1/2	Best cow	0 4 0 0
Barley, Eng. Gas. av.	5 7	POTATOES—		Queensland, scd. super cmbg.	20	Best calf	0 7 0 8 1/2
Oats	6 11	Good English, per cwt.	8 0 9 0	N.Z., gray, half-bred 50-56	11		
Maize, La Plata, landed, 480 lb.	16 6	SPICES—		Crossbred 40-44	5 1/2		
Flour, Lon. stan. ex mill, s. d.		Pepper, per lb.	0 8 1/2 0 0				
240 lb.	20 3	Muntok, fair White	0 8 1/2 0 0				
Rice, No. 2 Burma, per cwt.	7 9 0 0	Black Lampong	0 5 1/2 0 0				
Sago, Pearl, per cwt.	16 6	Cinnamon—1st sort, per lb.	0 7 1/2 0 0				
Tapioa, per cwt.		Cloves—Zanzibar, per lb.	0 9 1/2 0 0				
E.I. flake, fair spot	17 6 0 0	Ginger—per cwt.	26 0 0 0				
Medium pearl	20 0 0 0	Jamaica, ord. to good	40 0 80 0				
		Mace	0 9 1 7				
		Nutmegs 65s	1 3 0 0				
		SUGAR—					
		(Duty, 11s. 8d. per cwt.)	18 5 21 3				
		B.W.I., crystallised	18 5 21 3				
		Java, white, c. & f. India	7 10 1/2 0 0				
		REFINED—London—					
		Yellow Crystals	19 4 1/2 0 0				
		Cubes	23 9 24 3				
		Crushed	22 3 22 9				
		Granulated	20 0 20 9				
		Home Grown (June)	19 1 19 9				
		OTHER FOODS.					
		Irish	64 0 90 0				
		Danish	83 0 85 0				
		Canadian	0 0 0				
		Dutch	57 0 59 0				
		HAMS—Irish	0 0 0 0				
		Canadian	0 0 0 0				
		American	80 0 89 6				
		BUTTER—					
		Irish creamery per cwt.	120 0 0 0				
		Australian	109 0 111 0				
		New Zealand	113 0 115 0				
		Danish	121 0 122 0				
		ONIONS—					
		Canadian	68 0 74 0				
		New Zealand	63 0 64 0				
		English Cheddar	50 0 51 0				
		Dutch	58 0 65 0				
		COCOA—					
		(Duty, British grown,					
		11s. 8d.; foreign, 14s. cwt.)					
		Acacia, f.f., per cwt.	22 0 28 0				
		Trinidad	38 0 46 0				
		Grass	28 0 36 0				
		COFFEE—					
		(Duty, British grown,					
		11s. 8d.; foreign, 14s. cwt.)					
		Santos, sup., c.f. cwt.	42 0 0 0				
		Colombian, good	70 0 90 0				
		Oeste Rica, med. to good	70 0 118 0				
		East Indian	50 0 75 0				
		Kenya, medium	70 0 82 0				
		EGGS—					
		English	11 6 14 6				
		Danish	9 0 11 9				
		FRUIT—					
		Oranges					
		South African	10 0 15 0				
		Lemons, Sicilian	10 0 18 0				
		Malaga	12 0 22 0				
		Apples: Amer. (var.) bria.	1 0 0 0				
		" (var.) boxes	0 0 0 0				
		" Australian	7 0 14 0				
		Onions—					
		Valencia, case, 4s.	8 0 9 6				
		Egyptian Bags	10 0 0 0				
		Grapes, Lisbon	0 0 0 0				
		" Almeria	0 0 0 0				

uncertain. In spite of smaller imports this year, metropolitan dock stocks of the deal, batten and scantling sizes are still some 6,000 standards in advance of last year, but in June deliveries of these descriptions increased by over 200 standards. For the other specialties, sawn boards, floorings, slating battens, and plasterers' laths, stocks compared with the demand are in favour of sellers. The soft wood market as a whole, however, is weak, owing to the enticing offers that are made by those foreign shipping countries competing intensely with the Russian productions, and importers are perforce bound to await the outcome before committing themselves in purchasing too freely, and particularly too far ahead. That is affecting all shipping countries except Poland, for, up to the end of last month, receipts, in 000's of loads (with last year in parentheses) were as follows:—Russia, 209 (247); Finland, 177 (276); Sweden, 136 (276); Latvia, 119 (197); Poland, 128 (82). The demand also is unsatisfactory on the Continent, where Germany is usually the largest consumer. Spot selling is handicapped by the poor state of the building trade, the best customer of the timber merchant, and the depressing conditions in coal, shipbuilding and other basic industries have their effect. Hardwood logs are also in poor request, but that section of the trade is better managed than the softwoods, fresh supplies being kept more in ratio with demand. Imports of such logs this year have been very light, especially of mahogany and teak. A deficiency of over two million cubic feet of American lumber on a six months' import of 7,187,300 cubic feet from the U.S.A. does not appear to have been sufficient to strengthen the market for furniture and cabinet sawn woods. The pitwood market is dull, but here again shipments to the U.K. are being curtailed severely. The plywood market is the only one that can record increasing shipments in June, but that only after a long series of deficits, leaving a decrease compared with the first half of last year of nearly 54 million square feet.

RUBBER.—The report of the Dutch Committee which has now been published, shows that four members are for, and an equal number against, compulsory restriction. In the view of the four

members who are against restriction, plantations which are now tapping at a loss would quickly cease to do so, if they knew definitely that no compulsory scheme of restriction would be applied. Meanwhile, the market in rubber has again been dull and neglected. Wednesday's official closing price for standard ribbed smoked sheet, at 3d. per lb., shows a fall of 1/4d. as compared with the corresponding day last week. In forward positions, business has been done at 3 1/4d. for October-December, against 3 1/2d. to 3 3/4d.; and at 3 1/4d. for January-March, 1932, as against 3 1/2d. to 3 3/4d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,555 tons; delivered, 1,615 tons; stocks at the end of last week, at 138,463 tons, show a decrease of 60 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)		July 15.		July 22.	
		Cents.		Cents.	
Wheat, No. 2, Winter, nearest future, Chicago,					
per bushel		51 1/2		54	
Coffee, Rio No. 7, cash, per lb.		6 1/2		6 1/2	
" Santos No. 4, cash, per lb.		9 1/2		9 1/2	
Cocoa, Accra, nearest future, per lb.		5-06		5-04	
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.		3-50		3-55	
Cotton, New Orleans, middling, spot, per lb.		8-85		9-01	
Rubber, smoked sheet, spot, per lb.		6 1/2		6 1/2	
Petroleum, Pennsylvania crude standard					
grades, per barrel		120-135		120-135	
Copper, "Electrolytic," Domestic, spot, per lb.		7-75		8-00	
" " Copper Exporters Inc.,					
spot, per lb.		8-275		8-25	
Spelter, East St. Louis, spot, per lb.		3-90		3-90	
Lead, spot, per lb.		4-40		4-40	
Tin, "Straits," spot, per lb.		24-10		24 1/2	

The Economist,
WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, AUGUST 1, 1931.

No. 4,588.

DEATH DUTIES

Seventy Million Pounds are taken out of capital each year to meet Estate Duties alone.

The only satisfactory method of meeting the capital loss is by LIFE ASSURANCE.

Write for special booklet "Provision for Death Duties at Minimum Rates."

EQUITY & LAW
LIFE ASSURANCE SOCIETY

18 Lincoln's Inn Fields, W.C.2.

Established 1844

Funds £9,300,000



The years when a man is making his way are critical ones for his Dependents.

He may be earning an income which maintains his wife and family in comfort, but he has not had time to save. Should he die, such life assurance as he has been able to afford will yield but a fraction of the income to which his family has been accustomed. The "Adequate Income" plan supplements the ordinary Life Assurance Policy and enables provision to be made for a larger income for dependants during the critical period than can be secured by other means.

Particulars of the "Adequate Income" plan will be sent on application.

The Scottish Provident Institution

London (City) Office 3 Lombard Street, E.C.3
HEAD OFFICE: 6 St. Andrew Square, EDINBURGH
FUNDS £22,500,000

BANCA COMMERCIALE ITALIANA.

Limited Company Incorporated in Italy.

Established in 1894. Head Office: MILAN
Capital 700 million Lire. Reserves 580 millions.
Deposits 8,480 millions.

Branches in every centre of commercial and industrial importance in Italy; also in London, New York, Istanbul (Constantinople), and Izmir (Smyrna).

Affiliated and Auxiliary Institutions in France (Paris and Riviera), Switzerland, Czechoslovakia, Poland, Yugoslavia, Austria, Hungary, Bulgaria, Roumania, Greece, Egypt, Morocco, U.S.A., Brazil, Argentina, Chile, Uruguay, Peru, Colombia, Ecuador, etc.

London Office:

32, Threadneedle Street, E.C.2.

A. JOEL, Manager.

Correspondents to the Italian Treasury.

TABLE OF CONTENTS.

The Money Market	205	Investment Notes—	
Leading Articles—		Stock Exchange Quota-	
At the Cross Roads	207	tions	233
Lean Harvest	208	Home Railway Interims	233
America's Balance of Pay-		The Story of Mr Lang	234
ments	209	U.S. Steel Corporation	234
Brazil's Financial Pre-		Brazilian Stocks and the	
scription	210	Niemeyer Report	235
The Kysant Case	211	Waring and Gillow Meet-	
The German Crisis—An		ing	235
American View	212	Hudson's Bay—Board's	
A Diary of the Crisis	213	Policy Endorsed	235
Notes of the Week—		Industrial Profits in July	236
The Premier in Berlin	214	Flour Millers' Results	236
Mr Baldwin and Agricul-		Mitchells and Butlers	236
ture	214	Tanganyika and Zambesia	
Seville and Madrid	214	Companies	236
The Revolution in Chile	214	Company Meetings of the	
The Bank Rate Increase	215	Week	237
The Flow of Gold to		Capital Issues	237
France	215	Weekly Traffic Returns	237
German Banking Develop-		Company Meetings, &c.	238
ments	215	Government Returns, &c.—	
The Hungarian Situation	216	National Accounts	242
World Gold Distribution	216	Treasury Bills by Public	
The Civil Service Report	216	Tender	242
Rent Decontrol	217	The Bankers' Gazette—	
Idle Shipping	217	Bank of England	242
Cotton Trade Reorganisa-		Bankers' Clearing Re-	
tion	217	turns	243
A Spinners' Scheme	218	Provincial Clearing Re-	
United States Deficit	218	turns	243
Railway Electrification	218	Overseas Bank Returns	243
Overseas Correspondence—		Loan and Discount Rates	245
United States	219	Rates of Exchange	245
France	220	Overseas Bank Rates	245
Germany	220	India Council Remittances	245
Belgium	222	Bullion	246
Switzerland	222	Gold and Silver Prices	246
Jugoslavia	223	Company News—	
Argentina	224	Reports and Notices	246
Letters to the Editor—		Profit and Loss Accounts	247
Exports and Employment	224	Summary of Balance	
Fascism and Catholicism	225	Sheets	248
Books and Publications—		Dividend Announcements	248
Civilisation on Trial	226	Commercial Reports—	
Books Received	227	Market Summary	248
The Stock Exchange—		The Coal Trade	248
Cables and Wireless	228	Iron and Steel	249
The Week in the Markets	229	Other Metals	250
London Active Security		Textiles	250
Prices and Yields	230	The Grain Markets	250
New Issue Prices	232	Other Foods	251
Foreign Stock Exchanges—		Miscellaneous Commodi-	
New York	232	ties	251
Canada	233	Commodity Prices in the	
		United States	252
		Prices Current	252

THE MONEY MARKET.

FOUR-AND-A-HALF PER CENT.

A FURTHER increase of one point in Bank rate was announced this week, bringing the rate to 4 1/2 per cent. Although the outflow of gold was partly checked last week-end, the Bank in all lost practically another £20.0 millions during the course of the week ended July 29th, and a rise in Bank rate was the natural and inevitable

response. By Thursday afternoon, when the market had had time to settle down, short bills were quoted at $4\frac{1}{2}$ per cent., and four and six months' bills at $4\frac{3}{4}$ per cent. The "market" rate on three months' bank bills was $4\frac{1}{2}$ per cent. This is a wider margin below Bank rate than had been current earlier in the week, when Bank rate was $3\frac{1}{2}$ per cent. and market rate $3\frac{7}{8}$ per cent., but it is understood that a market rate of $4\frac{1}{2}$ per cent. should be high enough to meet current needs.

The wider aspects of the gold outflow which has called for both the increases in Bank rate are discussed on a subsequent page, but there are several technical reasons, affecting the London market alone, which also made a higher Bank rate advisable. First, there was the position of the Bank itself. Since July 8th the Bank's gold stocks have been reduced from £164.6 to £131.5 millions (allowing for the net £500,000 withdrawn on July 29th), while holiday demands have caused the note circulation to expand during the past week by £3.3 millions, and may be expected to cause a further expansion of some £4.0 millions before the peak is reached on August 3rd. The result is that the Reserve, which on July 8th stood at £66.6 millions, had by July 22nd been reduced to £33.9 millions, while the expansion in the note circulation alone can be expected to cause a further reduction of £4.0 millions during the current week. During the same fortnight the Proportion had fallen from 57 to under 33 per cent., and while the Bank had still an adequate margin in hand, so rapid a reduction in its resources clearly required definite action.

The money market in its turn was beginning to feel the pinch, for the banks' cash resources were reduced on the one side by currency withdrawals by the public for use during the holidays and on the other side by the rapid withdrawal of foreign balances. Evidence of this was found in the shrinkage in bankers' deposits from £64.5 millions on July 8th to £55.8 millions a fortnight later. This would have created considerable stringency in the money market had not the Bank of England bought bills heavily both this week and last. The extent of the Bank's open market operations is proved by the increase of £29.5 millions in Government Securities during that fortnight. Even operations on this scale proved barely sufficient, for on Wednesday of this week a trifling amount had to be borrowed at the Bank.

	July 9, 1931.	July 16, 1931.	July 23, 1931.	July 30, 1931.	Previous Rate and Date Changed.
Bank Rate	$2\frac{1}{2}$	$2\frac{1}{2}$	$3\frac{1}{4}$	$4\frac{1}{2}$	$3\frac{1}{4}$ (July 30, '31)
Banks' Deposit Rate..	1	1	1	2	$1\frac{1}{2}$ (July 30, '31)
Discount (Call)	1	1	1	2	$1\frac{1}{2}$ (July 30, '31)
Houses' Notice	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	2	$1\frac{1}{2}$ (July 30, '31)
Market rate (3 months' bills)	$1\frac{1}{2}$ — $1\frac{3}{4}$	$2\frac{1}{4}$ — $2\frac{3}{4}$	$3\frac{1}{4}$ — $3\frac{1}{2}$	$4\frac{1}{2}$ — $4\frac{3}{4}$	...

Thus technical reasons alone both justify and require a sharp rise in Bank rate, and on the whole it may be said that the double increase is having the desired effect. The dollar exchange responded in a very satisfactory manner, the rate rising during Thursday from \$4.85 $\frac{1}{2}$ to just over \$4.86. The improvement in the Amsterdam rate from Fl. 12.05 to Fl. 12.06 was equally satisfactory, for it brought this rate above the export gold point of Fl. 12.05 $\frac{1}{2}$. Paris only improved fractionally to Frs. 123.91, but this rate is inside the gold point, and so there is no need for undue anxiety. The Swiss rate was less reassuring, for it only responded to a limited degree and is still well below the gold point. Internally the outlook is also more hopeful. Government dividend payments due on Saturday will give some relief to the money market, while next week the holiday notes will begin to return from circulation and so strengthen the Bank's position. Thus the situation appears to be well in hand; and, while it is hardly prudent to make definite forecasts in the present international situation, there is some ground for believing that London is emerging from its period of greatest strain.

Meanwhile the increase in Bank rate from $2\frac{1}{2}$ to $4\frac{1}{2}$ per cent. in a fortnight has changed the whole banking outlook. The joint-stock banks are no longer losing money on their country deposits, for the normal rate of $2\frac{1}{2}$ per cent. paid on them is now on a parity with their other rates, and, in particular, gives them a margin of a point on their short-loan rates to the market, which now stand at $3\frac{1}{2}$ per cent. The rate on advances to customers—normally one point above Bank rate, with a minimum of 5 per cent.—is also affected by this week's increase in Bank rate. The banks will make transient profits upon fixed deposits arranged before the Bank rate increases and still running, though against this must be set their loss on bills and securities bought before the increases. Still, on balance, banking profits should be improved by the recent change in the monetary situation.

Money has remained steady in New York. Call money is available at $1\frac{1}{2}$ per cent., while at the end of last week prime commercial paper was quoted at $1\frac{1}{2}$ — 2 per cent. Gold continues to arrive, \$4,000,000 having come from the Argentine and \$2,000,000 from Peru. Wall Street is following the London monetary situation very closely, and there is a general impression that New York is ready to join, if required, in any arrangement made between London and Paris. While no definite evidence has yet been forthcoming, there is some ground for believing that the wide margin now current between London and New York money rates is leading to transfers from dollars into sterling.

The Foreign Exchange market was again unstable and most currencies underwent violent and irregular fluctuations during the early part of last week, but greater stability set in towards the close. With the change in the Bank rate the tendency of sterling was, of course, favourable. New York, after remaining steady nearly all the week at 4.85 $\frac{1}{2}$, against 4.84 $\frac{1}{2}$ last week, improved to over 4.86. Montreal rose from 4.86 $\frac{1}{2}$ to 4.87 $\frac{1}{2}$. Paris after considerable fluctuation, weakened from 123.70 to 123.91, and Brussels lost 2 $\frac{1}{2}$ points at 34.79 $\frac{1}{2}$. Milan was very much weaker at 92.85, or a loss of 20 points on the week. Madrid was again erratic and weaker at 53.85. Berlin moved from a purely nominal rate of 20 $\frac{1}{2}$ last week to an actual quotation of 20.46. Amsterdam, after opening firm, lost 2 points at 12.05, and on Thursday's rise in Bank rate rose further to 12.06. Switzerland was a little weaker at 24.90. Of the Scandinavian exchanges Oslo and Copenhagen were unchanged at 18.16 $\frac{1}{2}$, but Stockholm lost 1 $\frac{1}{2}$ points at 18.15 $\frac{1}{2}$. The South American currencies were erratic and weak except Rio, which gained $\frac{1}{4}$ d. at 3 $\frac{1}{4}$ d. Buenos Aires lost $\frac{1}{4}$ d. at 33 $\frac{1}{4}$ d., and Montevideo 3d. at 22 $\frac{1}{4}$ d.. In the Far East the rupee weakened a little to 1s. 5 $\frac{3}{4}$ d., and the yen lost $\frac{1}{4}$ d. at 2s. 0 $\frac{1}{4}$ d. Batavia was considerably weaker at 12.09. Forward quotations were rather more stable. New York improved to one cent and 2 $\frac{1}{2}$ cents premium for the two periods. Paris, from par to $\frac{1}{4}$ franc premium for both periods, went to 7 and 22 centimes premium. Brussels, from 2 centimes discount for both periods, went to $\frac{1}{4}$ centime and 1 centime premium. Milan was rather better at 10 and 35 centesimi discount. Madrid again weakened to $\frac{1}{4}$ peseta discount for one month and one peseta discount for three. Amsterdam, from discount quotations for both periods, improved to $\frac{1}{4}$ cent premium and one cent premium. Switzerland was quoted at $\frac{1}{4}$ centime and one centime discount. Silver, after falling to 12 $\frac{1}{4}$ d. for both cash and forward, recovered to 12 $\frac{1}{2}$ d., being unchanged for cash, and $\frac{1}{4}$ d. better for forward. The China silver exchanges were inclined to be weak. Hong Kong lost $\frac{1}{4}$ d. at 1s., but Shanghai was unchanged on balance at 1s. 8 $\frac{1}{4}$ d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Boulevard Street, London, E.C.4.

AT THE CROSS ROADS.

In the speech with which the British Prime Minister opened the London Conference on Monday, July 20th, Mr MacDonald declared: "The present moment may be one of the turning-points in the history of the world for good or ill. If we cannot find a solution of the present crisis, no one can foretell the political and financial dangers which will ensue." What is this critical issue? It is brought out in the contrast between another passage in Mr MacDonald's same speech and a speech which was delivered on the previous day by M. Maginot, the French Minister for War. "We are not here," said Mr MacDonald to his foreign colleagues, "to enforce or to defeat or to humiliate; we are here to understand, to consider our problems objectively, to remember how closely in essentials we depend upon each other, and therefore to accommodate and to agree to something which each of us can take to our various Parliaments, explain, and get accepted as an agreement." Contrast with this the words which M. Maginot is reported to have used on the 19th: "We are not a conquered people, but conquerors. Let the bellicose countries be silent. No capitulation to Germany. Let us defend our gold. As for our military power, I answer for it!"

As we in this country know to our cost, every nation has its hotheads; but to the world at large such expressions reveal a complete misconception of the central fact of the great world conflict. France was not the victor in the war. Her armies fought magnificently and were nobly supported on the home front; but if France had fought alone she would certainly have been crushed. She was, however, enabled to survive the ordeal for one reason, and one reason only. If the war ended with the victory on her side, it was because the world believed her quarrel just. It would be fatal for the hopes of world peace if ever any nation were to forget that simple fact.

If such sentiments as those attributed to M. Maginot now represent the mind of France, it would mean that we are face to face with a most serious dilemma and a conflict between two incompatible views of world international relations. Are civilised nations in the future to regulate their affairs by the system of voluntary give and take and peaceful co-operation which is represented by the Covenant of the League of Nations and by the Kellogg Pact? Or are they to regulate them by a system of military and naval compulsion? It is one of the disturbing paradoxes of the last dozen years that the progress which has been made in the world towards achieving disarmament and the adjustment of treaties by agreement—two of the most vital provisions of the League Covenant—has all been made outside the framework of the League, and likewise outside the boundaries of Continental Europe and our great achievement in reduction of armaments so far has been the comprehensive naval limitation agreement between the British Commonwealth, Japan and the United States, achieved a year ago. Our great achievements in the revision of treaties have actually been made in China of all places. In the midst of the Chinese chaos, we have seen international miracles like the Japanese withdrawal from Shantung (a territorial revision of the Versailles Treaty accomplished in 1922!); the rendition of the British concession at Hankow and the leased territory at Wei-wei; the liberation of China from the treaty restriction on her tariff autonomy; and even a fair measure of progress towards an abolition, by mutual consent, of extra-territoriality. Meanwhile, within the ambit of the League and within the geographical limits of Continental Europe, we have achieved nothing of the kind.

Why cannot Europe follow the same road? The answer is that France is still convinced that her security depends on maintaining the present "system of Europe" with its various alliances, which assures her a position of military predominance. This point of view is clearly

expressed in the statement of policy accompanying the armament statistics that have been prepared for the Disarmament Conference. The substance of her statement is that she must maintain a decisive superiority over Germany on land and over Italy on the sea, and that the forthcoming conference must exclude from its purview any consideration of the revision of treaties.

Now, this seems to lead to something very like a deadlock. But those who are inclined to condemn the apparent drift of French opinion, during the last year, away from the Briand policy of understanding must not forget the series of events which have given a shock to that system, beginning with the election results in Germany last year and the frank renunciation by those who support the largest single party in the Reichstag of the whole system of reparations and recognition of the Peace Treaty. The "Hitler" election was followed by the episode of the Austro-German Customs Union, an episode which indeed marked a new era for Germany. Finally, there came the Hoover scheme—a sudden volte face on the part of America for which France was certainly not prepared, and one, moreover, which led her to feel that in maintaining her claim for reparations she had lost support from every quarter in the globe.

But even if such events explain a hardening of French opinion, it remains true that the present "military equilibrium" of Europe cannot possibly lead to permanent peace, and because it is not a possible basis for political appeasement it is equally a fatal stumbling block to the restoration of economic prosperity.

If this were all that is to be said, the outlook would indeed be gloomy. Fortunately, there are many indications pointing in a quite opposite direction. It goes without saying that it is a serious handicap to France that the rest of the world so often judges her by the Paris Press, which all too frequently exaggerates the aggressive aspect of her policy and the outlook of her people. The Ministers of France have met the Ministers of Germany and established friendly relations with them. In spite of the Press talk on both sides, the French Government have not yet formulated political terms as a condition of financial help. Nor is there any definite evidence whatever that any design has been shown in bringing pressure to bear on London through the means of the large foreign balances she holds here. France is well aware that any such act would be fatal to future collaboration between the two countries. The world will make no headway if it always mistakes France's nervousness for bad faith.

The suspicion, however, can be exorcised by France herself, and by France alone. What is needed is that she should take the initiative in coming to an understanding with Germany, and that this understanding should be negotiated as between equals. Obviously, such an understanding, which must cover economic as well as political matters, cannot be made to the exclusion by either party of other friendships, but must be the cornerstone of the new political and economic unity of Europe. It is sad evidence of the lack of understanding that certain circles in France should be able to believe that Britain tried last week to block the way to a Franco-German rapprochement. There is nothing that could conduce more to the welfare of the whole world than that France should seize the opportunity of making a friend of Germany by freely helping her in her time of need.

But there still remains the problem of military domination and of disarmament. Fortunately, in this direction also the French programme has a positive as well as a negative side. For instance, the French Memorandum declares that the problem of the general limitation of armaments is much more political than technical; that it cannot be solved by measures of arbitrary percentages for reduction nor by empirical adjustments; that the reduction of armaments implies

confidence; that the conception of neutrality has been rendered obsolete by the League Covenant and by the Kellogg Pact; and that the Disarmament Conference ought not to let slip the opportunity which presents itself of resolving the real problem—that of organising peace. Here is a very important point which offers us at least a gleam of hope. The French Government themselves suggest that the scope of the forthcoming conference be enlarged to cover the whole field of the problem, that is, disarmament and security in conjunction.

It is on this terrain that the deadlock may, perhaps, be resolved. A substantial reduction of armaments is the surest way to quieten the restless elements in Europe, and France may be prepared to embark upon such a policy if she can be assured that effective means exist for giving effect—as effect was given in the Great War—to the public opinion of the world.

LEAN HARVEST.

THE gathering of the European storm in recent months has done the British Government one service. It has almost completely diverted public attention from the rather barren record in domestic affairs of the Parliamentary Session which has now reached its summer break. So far as their handling of the grave international issues with which they have been confronted is concerned, both the Prime Minister and Mr Henderson have maintained their reputation for untiring work for the cause of co-operation and international appeasement. But, however necessary it is to attend to the ills of one's neighbours, it is also essential sometimes to remember that charity begins at home, and the Government's laudable efforts in the international sphere cannot be allowed to hide or excuse an attitude of indecision and timidity towards the very grave problems which faced our own country at the beginning of the session, and which, unfortunately, face it still. When the session began, there existed by common consent two main problems demanding boldness and vision on the part of the Cabinet of the day. These were, of course, the problem of large-scale and growing unemployment and the state of the national finances. Wrapped up with the Budget question was the urgent need for overhauling the unemployment insurance system and doing something to stop up the holes through which public money was running away. Looking back over the session one remembers chiefly a repetition of the old indecisive debates on unemployment, the avowedly makeshift Budget of Mr Snowden, the shelving of the question of the dole by handing it to a Royal Commission and then a refusal to act upon the urgent recommendations of that Commission.

Two facts which cannot be gainsaid are, first, that the steady increase in unemployment, now rising towards the dangerous figure of three millions, has been accompanied by no vigorous plan to check it by concentrating upon the planning of works of definite national importance. The second is that the double failure either to attempt general measures of economy, or to stem the flow of dole expenditure falling directly upon the Treasury, has left the position of the national finances substantially less satisfactory than when the session began. In the Budget, which he introduced in April, Mr Snowden gambled upon a recovery of trade and the possibility of effecting major economies. World affairs have cheated him in his first hope, and the hesitations of his own Cabinet in the second. With the second quarter of the financial year well on its way, the taxpayer's hope that he may be relieved of the fear of a substantially increased taxation in the next Budget—a hope held out to him by the Chancellor of the Exchequer—is fading day by day, and, indeed, giving place to gloomy foreboding as to the size of the new requirements which will face Mr Snowden next Eastertide. As Parliament rises for its summer recess there appears the Report of the Special Committee on Economy, appointed at the instance of the Liberal Party last February. In this Report, which is not available as we write, grave insist-

ence, we understand, is laid upon the Budget position and sweeping recommendations are made for all-round retrenchment. If the Government will act upon them when the House reassembles in October, they will, to a large extent, have redeemed the domestic failure which has marked the session up to date. Will the stern warning delivered by the Chancellor of the Exchequer to the House of Commons on Thursday move his colleagues at last to action?

Nor do we think that even the Government themselves can look back with satisfaction upon their record of actual legislative achievement. The parliamentary ground was sown thick with Bills, but the harvest of Acts, in quality, if not in quantity, is lean. The first legislative *contretemps* arose over the Trade Disputes Bill, which was introduced in conformity with a definite election pledge to revise the Conservative Act, passed in a moment of heat after the General Strike of 1926. A parliamentary majority could have been secured for a just revision acceptable to public opinion, but since the Trade Unions wanted the whole Bill or nothing, and both Opposition Parties insisted upon substantial amendments, the Bill was dropped. Hardly less chequered has been the career of the Electoral Reform Bill, designed at the instance of the Liberal Party to introduce the system of the alternative vote. It has not yet been dropped, but since the House of Lords has introduced unacceptable amendments, on which no compromise has yet been reached, the fate of the Bill still hangs in the balance. The other main topic of the session was the Land Tax Section of the Finance Bill, which, introduced with fervour by the Chancellor, received tepidly by his supporters, fought tenaciously by the Conservatives, trenchantly criticised by the Liberals, will reach the Statute Book in a form very different from that which its author designed. Of other legislative efforts the most notable perhaps was the Emergency Coal Mines Act, which passed through all its stages in both Houses in twenty-four hours, being accepted reluctantly as a measure necessary to avert an immediate upheaval in all the coalfields of the country. The Bill to remove anomalies from the unemployment insurance system can only be regarded as a pitifully tiny result of the great labours of the Royal Commission, and the opposition of the Lords has again been roused over the Agricultural Land Utilisation Bill, under which the Government sought powers for large-scale experimental farming. Among other Bills produced the Consumers' Council Bill, the Town and Country Planning Bill, and one or two minor measures, have a long journey before they become the law of the land. Numerically, the new Acts of Parliament may look impressive. But in fact the expenditure of so much parliamentary time and energy has seldom produced so little concrete result.

What, after all this, is the Government's position and its prospect of continued existence? On the one hand, the arrangement of an unofficial *modus vivendi* with the major section of a divided Liberal Party renders its position in the House of Commons more secure than in February, while the development of a grave international situation, the approach of the Round Table Conference, and the increasing importance attaching to next February's Disarmament Conference, renders a change of Government in the near future undesirable if it can reasonably be avoided. In the other hand, the attacks from those who were Government supporters at the beginning of the session are growing in vigour, even although the assailants do not grow in numbers, while the cessation of the anti-Baldwin campaign of the Press Lords has ostensibly closed the Conservative ranks and made the prospect of a General Election at least a little less abhorrent to that Party. In the autumn session, as throughout the year, the key to the position will remain in the hands of the Liberals and the test which they, in common with a large section of the country, will be likely to apply in deciding whether the present Government should be maintained in office will be whether Mr MacDonald and his colleagues will at long last take any action which can be regarded as adequate, in the circumstances, on the two main urgent questions of public retrenchment and the overhaul of unemployment insurance.

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:

8 KING WILLIAM STREET, LONDON, E.C.4

AMERICA'S BALANCE OF PAYMENTS.

THE summary character of our own official estimate of the British balance of payments, to which the Macmillan Committee called attention, is thrown into relief by comparison with the elaborate calculations published by the U.S. Department of Commerce on the same subject in relation to the United States. While statistical perfection in the estimation of figures in which "imponderables" and "invisibles" play so large a part has admittedly yet to be reached, the task of compiling and analysing the available data has been undertaken in America with a thoroughness and energy by no means paralleled on this side of the Atlantic.

The Ninth Annual Report* now published is of particular interest in that it is the first of these yearly surveys to be made in a period of intense depression. The sharp controversy, however, between Dr. Ray Hall, who has largely been responsible for the systematic development of this important analysis (who maintains that imports were over-valued in 1930 and that the net export of capital now given for the year is over \$100 millions too high), and the Department of Commerce, as a result of which the former refused to take responsibility for the present figures serves to emphasise the uncertain basis of many of these estimations. They must, therefore, be accepted as first approximations only. In the following table we show in summary forms the chief debit and credit items in America's account with foreign countries last year, in comparison with the (revised) figures for 1929:—

CHIEF ITEMS IN INTERNATIONAL BALANCE OF PAYMENTS OF U.S.A. IN 1929 AND 1930.*

Debits	\$ Mn.		Credits	\$ Mn.	
	1929.	1930.		1929.	1930.
Freight payments (net)	66	96	Surplus of merchandise exports	648	758
Tourist expenditure (net)	638	591	Interest on private investments (net)	565	594
Immigrants' remittances	223	166	War-debt receipts	207	241
Net imports of gold	120	258†	Other items‡	25	251
Other items§	92	...			
Balance, representing net export of capital	306	733			
	1,445	1,844		1,445	1,844

* Unrevised.
† Adjusted for "earmarkings" and export of paper \$.
‡ Allowing for net discrepancy on account of inaccuracies a figure of \$49 millions, which affects equally the item "Balance."
§ Allowing for net discrepancy on account of inaccuracies a figure of \$374 millions, which affects equally the contra-item "Balance."

In 1930 merchandise exports amounted to \$4,097 millions and imports to \$3,339 millions, as compared with \$5,447 millions and \$4,799 millions a year ago. The visible

* "Trade Investment Bulletin, No. 761." (U.S. Department of Commerce.) 10 cents.

export surplus (arrived at after various adjustments for bunkers, shipping repairs, etc.), is \$110 millions larger than in 1929, but \$92 millions smaller than the corresponding figure for 1928. Interest on American private funds abroad (long and short term) shows, at \$904 millions, a decrease of \$75 millions in comparison with a year ago. This is the first decrease to be recorded since the surveys were begun in 1922. On the other side of the account the interest on foreign funds in the United States has, however, fallen by \$104 millions, a reversal again of the steady trend of the previous eight years. Thus, on balance, the net sum payable to America under this head increased in 1930 by \$29 millions, while war-debt receipts also rose by \$34 millions. The remaining item on the credit side of the ledger shows in 1930 an enormous increase, but the figure of \$251 millions net includes a "net discrepancy" of \$374 millions, as compared with a discrepancy of only \$49 millions allowed for in the revised estimate for 1929. Commenting on this feature, the compilers of the report point out that the sudden swing from one extreme level of the business cycle to the other has made it particularly difficult to measure precisely the changes in the flow of the ordinary currents of international transactions. It is hoped, however, that more detailed information will be available before the revised figures for 1930 are published.

On the other side of the account, a number of improvements have been made in methods of estimation. A remarkable feature is the maintenance at such a high estimated figure of expenditure by American tourists. Net imports of gold, including a small adjustment for "earmarking" and the export of paper dollars, rose by no less than \$138 millions, while the balance, representing net export of capital, increased from \$306 millions to \$733 millions. This figure compares with \$944 millions in 1928, \$695 millions in 1927 and \$181 millions in 1926. In view, however, of the large net discrepancy in the "other items" figure on the credit side of the account, it should be appreciated that the provisional estimate of net export of capital in 1930 is necessarily open to considerable revision.

In the next table we show details of the long-term capital transactions of the United States during the past three years:—

	\$ Mn.				\$ Mn.		
	1928.	1929.	1930.		1928.	1929.	1930.
New American investments abroad—				New foreign investments in U.S.A. ...	1,573	1,616	960
Public loans*	1,124	635	834	Bond-redemption and resale to foreigners of foreign securities	862	783	1,107
Other purchases ...	934	913	613	Net long-term foreign investment by America	708	319	290
Redemption, through repurchase, of foreign holdings in U.S.A. ...	1,085	1,170	910				
	3,143	2,718	2,357		3,143	2,718	2,357

* After deduction of refunding operations, underwriting commissions, &c.

It will be seen that on the one side of the account there was an increase of nearly \$200 millions in American subscriptions to flotations of foreign securities in that country, whereas "other" purchases (i.e., "direct" investments

abroad by Americans and purchases from foreigners of foreign stocks and bonds) showed a decrease of \$300 millions. There was also a decrease of \$260 millions in the amount representing reductions of previous foreign investments in the United States. On the other side of the account, though new foreign investments in the United States fell from \$1,616 millions to \$960 millions, there was a marked increase of no less than \$324 millions in the repurchase by foreigners of foreign securities previously held in America. The Report draws attention to "the unparalleled use made of the 1930 opportunity by foreign debtors . . . to repay, at discounts, obligations held here." Thus, as the result on balance of these changes, the net outward movement of long-term foreign capital from America fell in 1930 to the comparatively low figure of \$290 millions, or less than half the total of 1928.

It remains to reconcile this figure of \$290 millions net long-term foreign investment with the estimate in the previous table that the total net export of capital was \$733 millions. The explanation is to be found in the movement of short-term funds. The salient figures are summarised below:—

SHORT-TERM CAPITAL ACCOUNT.

	(Million \$.)		
	End 1929.	End 1930.	Difference.
Due from foreigners	1,566	1,725	+ 159
Due to foreigners	3,077	2,794	- 284
Net indebtedness to foreigners	1,511	1,068	- 443

In the total due to foreigners the chief changes were a reduction of \$164 millions in foreign funds "put out" in American acceptances and a fall of \$119 millions in foreign funds employed by way of brokers' loans. The net reduction of \$433 millions in America's short-term indebtedness to foreigners, when added to the \$290 millions of net long-term foreign investment by Americans, makes up the \$733 millions estimated net export of capital on all accounts.

From this summary the central feature which emerges is that in 1930, notwithstanding a larger outward flow of short-term funds from America and the relatively small decline from the record tourist expenditure of the previous year, the further contraction in long-term foreign investment by Americans resulted in America's debtors being unable to settle their accounts with her except by making a heavy addition to the enormous stock of gold already held in the United States.

For the rest, students of international trade will find much interest in the concluding passages in which the fluctuations from year to year in various items of the international balance sheet are studied over a considerable period. From this study two conclusions are drawn, the first, that "There is a strong relationship between merchandise exports and imports. They usually rise together or fall together. The year-to-year fluctuations are rather inconclusive probably because trade channels are relatively fixed and cannot be altered quickly. Over longer periods (with skip-year comparisons) the relationship established itself in six-sevenths of the comparisons; before the war, for the eleven years ended with 1913, the corresponding fraction was forty-one forty-fifths." The second is that, whereas in recent years the net lending of the United States fluctuated very considerably, in only a few comparisons did the trade balance fluctuate so much, and that, in far the larger number of comparisons, a relationship was established between capital and gold movements.

BRAZIL'S FINANCIAL PRESCRIPTION.

As was to be expected, Sir Otto Niemeyer's report on the economic ailments of Brazil, and the remedies to be applied, is a model of concise lucidity. In twenty-one pages, covered with very large print, he tells us what is the matter with the patient and indicates the appropriate cure, in so far as cure is possible, through improvements in financial machinery.

Most of the causes of Brazil's discomforts are shared by her with the rest of the world, and especially with

those other countries that depend for paying their debts on the prices of food and materials and have also been accustomed to import capital on a large scale by raising loans abroad. The two outstanding features of the financial history of the last few years have been a catastrophic fall in prices and the closing of the international capital market. All countries have suffered more or less from the result of these events, and most of all the debtor-borrowers. In the case of Brazil, the degree of suffering has been intensified, in Sir Otto's opinion, by the consequences of her internal financial policy, though she has by no means had a monopoly of the mistakes that he enumerates—undue reliance on issues of notes, expensive borrowing abroad for purposes of doubtful economic value and excessive public expenditure. Brazil is distinguished by the fact that she has consulted a first-rate authority concerning remedies and seems inclined, though it is too early for confidence on this point, to carry out his advice.

This advice may be boiled down into a sentence—"balance your Budget and stabilise your currency." Budget equilibrium has to be secured by rigid economy and a continuous watch over the expenditure of the Federal Government and of all public authorities, and by book-keeping reforms which shall enable the public to see clearly how much the various objects on which public money is spent are actually costing; currency stabilisation, by the establishment of a central bank, on "orthodox" lines, free from political influence, and backed by a loan to provide it with a stock of foreign currency, to enable it to start its task of maintaining the milreis at the point to be chosen when the time comes.

These two essential reforms react on one another. As Sir Otto points out, "So long as public expenditure is met by the artificial increase, directly or indirectly, of the means of payment, whether through the issue of notes or of paper securities not taken by the investing public, it will be impossible to prevent those economic disturbances which result from variations in nominal values, including variations in the rate of foreign exchange. On the other hand, if the currency is not stabilised, Budget equilibrium will be constantly upset by changes in the level of public expenditure, and in particular in that part of public expenditure which depends on external prices."

In one respect the path of public economy is easy in Brazil. No Finance Minister there could put his critics into a difficulty by asking them where economy was to begin. The two principal Government undertakings are post and telegraph services and State railways. Both these forms of enterprise are profitable in other countries, and even in Brazil railways can be managed by private enterprise with results highly favourable, in normal times, to stockholders; but in Brazil they involve the State in very heavy losses, in spite of a book-keeping system which makes no allowance in the case of the Post Office, for the Ministry of Transport's postal services, depreciation, or interest on capital sunk in telegraphs; and in that of railways, for the cost of inspection, depreciation, and service (except to a very small extent) of capital invested. As to the Post Office, Sir Otto points out that the results achieved by Peru, where an annual deficit was quickly converted into a substantial profit, suggest that a very considerable saving could be secured by Brazil, and as to the railways, on which the high working costs and the number of officials give scope for reform, he suggests an independent autonomous administration free from political control, with full powers including the fixing of rates, to manage the undertakings on business lines. On the revenue side, the very high proportion of indirect taxation—over 80 per cent.—is noted as a matter to be remedied both by the Federal Government and by the States, and he urges a reduction of the Customs tariff at the earliest possible moment. It is satisfactory to note that Budget reform had already, when Sir Otto signed his report, made good progress. The Government has introduced economies in expenditure estimated to amount to about 90,000 contos in 1931 and to 142,000 contos in a full year, and increased taxation

(including income tax) to produce about 215,000 contos in 1931 and 300,000 contos thereafter. "Thanks to these measures, the 1931 Budget should now balance and future Budgets be met without undue difficulty so long as expenditure is strictly controlled."

In order to provide Brazil with an orthodox central bank Sir Otto recommends the creation of an entirely new institution, removing from the Bank of Brazil those central banking functions that it now exercises and leaving to it the commercial business that it has successfully developed. The new bank, as he plans it, will conduct all the financial business of the Government, have the sole right of note issue, and will act as banker to the commercial banks, which will be expected to subscribe for half of its capital and to maintain with it a balance proportionate to their demand liabilities in Brazil. They will have the right to elect two members of its board. It will be autonomous, its capital of 60,000 contos being subscribed by the public and the commercial banks and its board elected by the shareholders, though the election of the president and vice-president, who will give their whole time to the bank and hold no other positions, will be subject to confirmation by the President of the Republic. It will acquire the existing note issues of the Government and of the Bank of Brazil, and from the Rediscout Office the functions of providing rediscount facilities for genuine commercial bills. Its note issue will, when stabilisation is effected, be convertible into the foreign exchange at a fixed rate and be subject to the maintenance of a minimum cover in such exchange of 80 per cent. of notes and sight liabilities. In the first year or so of its existence, it is suggested that it should utilise the services of an expert counsellor, experienced in central banking practice in other countries. As to the rate at which the gold content of the milreis should be fixed, Sir Otto emphatically deprecates any attempt to fix a rate greatly differing from that current at the moment.

To enable the Reserve Bank to do its work it will have to be provided with foreign exchange assets by means of a loan sufficient to furnish it with a net cash amount of not less than £16 millions, and Sir Otto shows that there is a substantial margin, from the duties already charged, to provide specific security for such an issue. On the subject of Brazil's normally unfavourable balance of payments, he shows that there is nothing alarming in this situation, which is usual with all developing countries, including, until lately, the United States. In order to continue the development of which she is capable, Brazil must depend on capital from abroad, the receipt of which implies what is commonly called an adverse balance. At the same time, since the stabilisation plan will depend for the success on carefully regulated borrowing not only by the Federal Government, but also by the States, and on the satisfactory development of the country's resources, Sir Otto urges that the Federal Government should exercise control over the foreign borrowing of the States and municipalities and any public undertakings conducted by them; that arrangements should be made for dealing with the debts of defaulting States; that efforts should be made to free Brazil from the disproportionate rôle played by coffee in her exports; and that no further steps should be taken which involve governmental responsibility for the price of coffee or interfere with the natural adjustments and transfer to other forms of production.

Brazil and all who are interested in her fortunes must thank Sir Otto for providing her with a sound and practical scheme of financial reform. If she carries it out—and it has been shown that she has already made a good start on the all-important matter of the Budget—"no country," to quote the last words of his report, "would better repay sound financial administration or is more worth every attempt to keep even in difficult times to high financial traditions; and no country is likely to profit more by the effort if successfully made." Will she make the effort? Or will Sir Otto's report share the fate of that of the Montagu Mission, published in 1924, of which so many of his recommendations are an echo? Adversity is teaching all countries some hard lessons, and it may be hoped that Brazil will lead the way in reform.

Crowns, Fmks, Lats

We deal in all foreign exchanges,
and specialize in Scandinavian
and Baltic Currencies.

SKANDINAVISKAKREDITAKTIEBOLAGET

Phone Stockholm 0101

THE KYLSANT CASE.

AFTER a long and tedious trial, the jury at the Old Bailey have acquitted Lord Kysant on the charge of issuing false balance sheets, but found him guilty on the charge of publishing a false prospectus, while Mr Morland, the auditor of the R.M.S.P., has been acquitted on the only charge preferred against him. In view of the evidence given by accountants of the highest standing that in Mr Morland's position they would have done what Mr Morland did, it is difficult to see how the jury could in respect to Mr Morland have come to any other conclusion, and the advisers of the Crown, in our opinion, committed an error in ever launching the prosecution against him. The case of Lord Kysant was more difficult, because he was responsible not only for the balance sheets which the auditor certified, but for the debenture prospectus, which based its appeal on an average figure without disclosing the decline in profits.

The case against the two defendants was based on a series of profit and loss accounts, the wording of which altered from year to year, and on the debenture prospectus. Following are figures taken from the relevant reports and the prospectus:—

PROFIT AND LOSS ACCOUNTS.

	£
1918. Profit for the year	579,399
1919. " " " "	774,905
1920. " " " "	837,653
1921. " " " "	668,400
1922. " " " "	725,315
1923. Balance for the year	779,114
1924. " " " "	772,829
1925. Balance for the year, including adjustment of taxation reserve	731,103
1926. Balance for the year, including adjustment of taxation reserves	439,212
1927. Ditto	697,456
1928. Balance for one year after crediting income tax reserves not required	687,714
1929. Balance for the year after crediting excess reserve for income tax not required	570,541

The prospectus issued in 1928 contained the following words:—"The audited accounts of the company show that during the past ten years the average balance available, after providing for depreciation and interest on existing debenture stocks, has been sufficient to pay the interest on the present issue more than five times over."

The case for the Crown was that these profit and loss accounts were false because the figures included large sums drawn from internal reserves, while the plain unimpaired man, the person that Scripture calls the way-faring man, and the Attorney-General describes as the common or garden investor, would naturally assume that they were profits earned during the year to which they were related in the printed accounts. In seven years, said the Crown, some £5,500,000 were drawn from reserves and inserted into the profit and loss account without adequate warning that instead of being freshly gathered they had come out of cold storage. If, as Mr Justice Wright observed, the shareholders had been told that this company had no earnings, surely they might have taken steps as has been done in other cases. To this contention Lord Kysant replied that from 1923 onwards he never claimed the balances as profits of any particular year; that from 1925 onwards he gave an indication in every profit and loss account of the sources which had contributed to the balance, and that shareholders cannot expect to receive from their directors a

detailed chart of all the tributaries flowing into the main stream of the company's revenue. As regards the prospectus, Lord Kylsant argued that he was justified in taking the average of ten years' balances, in so much as shipping is a trade of cycles, and every investor must have known that the profits of 1918-20 were considerably higher than those of later years.

Even at the end of this long and searching trial it is extraordinarily difficult for anyone who has to rely on the published reports to get a clear idea of all the relevant figures, but the jury appear to have been influenced by the argument that much of the money which was alleged to have been transferred from reserve was actually brought into profit and loss as soon as it was freed. Indeed, it was agreed by a recent chief accountant of the Royal Mail that large sums which had been described as coming from secret reserves had actually arisen during the year in respect of which they were distributed, and could not have been distributed before. They were freed by the ascertainment of the company's liability for taxation, and being so freed were at once brought into account and paid out in dividends to the shareholders. The effect of this submission was considerable, and when he came to cross-examine Lord Kylsant, the Attorney-General seemed to have been driven to a certain change of front, for his main attack was apparently directed not to the improper use of secret reserves, but to the inclusion without explanation of non-recurring items of revenue. He seemed, in fact, almost to argue that it is the duty of directors to tell the world what percentage of a year's profits is of a non-recurring kind—an argument that would carry disclosure to a point never before hinted at, and would surely make the position of the directors of some companies intolerable. If every published profit and loss account must carry with it a commentary so full as to show what revenue is not likely to be repeated in future years, and of the penalty for failing to provide such a commentary is a criminal trial at the Old Bailey, what sensible man would consent to grace the board of a public company?

So far we have been considering this case in the gloomy light of the Old Bailey, applying Old Bailey tests, remembering that the liberty and reputation of two men were at stake in the trial, and analysing evidence for the men's alleged crime, not for the men's imprudence. When we get away from the unpleasant atmosphere of criminal law and try to make up our minds, not whether a man of standing and character should be branded as a criminal, but whether the course he took with his shareholders was sound and reasonable, the task is less distasteful and it is easier to give free play to one's judgment. There can, we think, be no doubt that Lord Kylsant and his fellow directors took too narrow a view of their duty and underestimated both their own responsibility and the responsibility of their shareholders. From the facts that emerged in the trial, we take three points:—

(1) The members of the board, other than Lord Kylsant, took too little interest in the finance of the company and left far too much to the chairman. It was submitted by the prosecution that in matters of finance Lord Kylsant was the company, and that the rest of the board had its eyes bandaged and its mouth shut. How far this contention was true may be a matter of dispute, but no evidence to the contrary was brought forward by the defence, and it is not unfair to assume that on the stage at Royal Mail House there were very few speaking parts.

(2) Lord Kylsant's agreement with the company would have been very much less open to criticism if it had been simply based on the profits earned. To pay a commission on the turnover was bad. To make it dependent on a 5 per cent. dividend was worse. Whether the chairman in his handling of the profits was or was not influenced by this agreement, it was a vicious arrangement, and the Lord Kylsant must in the light of his agreement wear an unfortunate aspect.

(3) The board did not sufficiently trust the shareholders. In this respect the R.M.S.P. probably differs but little from the majority of joint-stock companies, and this trial will have a salutary effect if it leads to a much greater display of confidence on the part of company directors. It is far too common for boards to assume

that shareholders, either because they are ignorant and rapacious, or because they are irresponsible, or because they do not understand their own interests, or because they are spies from a competitive camp, or in general because they are a necessary nuisance, should be put off with the minimum of information. The attitude of mind which says "keep them quiet with a reasonable dividend and carry on" is utterly wrong, and unfortunately it is most common in the boards of the most prosperous companies. There is no need to cite examples, for every intelligent investor has them at his finger ends, and most thinking investors will agree that there lies one of the grave dangers of modern business. Directors must realise that their shareholders are not schoolboys whom they are appointed to discipline, but fellow proprietors entitled to confidence and a proper share in the control of their own destiny.

THE GERMAN CRISIS: AN AMERICAN VIEW.

A fortnight ago we published a commentary on the crisis from the distinguished German economist, Professor Moritz Bonn. Below we publish an article written from the American angle, the author of which is Professor Ernest Minor Patterson, President of the American Society of Political and Social Science.

ONLY those who have been looking at the more superficial aspects of the German financial situation could have expected much from the recent London Conference. Its value, if any, lay only in the fact that it permitted a breathing space, during which an appraisal of the emergency was possible and arrangements made for an extension of existing credits, and for a check on further withdrawals of balances. It is too soon to be confident that even these results have been accomplished.

This leaves the real issues still to be faced—an impossible economic situation, with its consequent state of political tension within Germany and throughout the world. The immediate crisis has been due to the withdrawal of large balances held in Germany, caused by a growing realisation that the German burdens are impossibly heavy, and that the strain within Germany is acute. The fact that advances had been made on sight or short notice is not the basic trouble, but is merely a form of borrowing that made so sudden a crisis possible.

Ignoring details, this mass of credits is due to a shortage of working capital which has been attracted from abroad by the high rates offered for it, while this shortage is in turn caused by the necessity for continuing heavy external payments both on reparation and on other accounts at a time of business depression. These conditions, which would be serious at the best, and would ultimately have compelled readjustments, have been aggravated by the fall of prices during the last eighteen months and by the existence of so many trade barriers. A more immediate influence has been the over-extension of some of the German banks, presumably due in part to unwise direction, but in part to the large volume of funds borrowed from foreign lenders who have failed to realise the impossible condition they were helping to create.

Recriminations are useless. The immediate task is to carry on for a time by the extension of short credits and by the funding of at least a part of them into longer time obligations. But it is imperative to realise that this is only a temporary palliative. The Young Plan left the reparations burden too heavy even for the conditions of 1929. These must be further reduced and, if possible, eliminated—which, of course, involves the conversion of the Hoover Moratorium into a cancellation of all the inter-governmental debts. A modification of trade barriers will come, if at all, too slowly to give any significant relief.

But under the circumstances this will be far from adequate. In Germany and elsewhere both short- and long-time obligations have risen to an aggregate that cannot be carried with prices at their present level. Conversions will be difficult in the face of the political and economic uncertainties, and this may hasten trouble. Certainly much funding could be carried out only with government or other guarantees that will be refused. More

defaults and moratoria are in order, with little to be done but to ease the strain as much as possible.

In this awkward state of affairs the attitude of the United States is important. Public opinion has moved rapidly there in the last year—in fact, surprisingly so. A modification of the tariff, at least by a return to the levels of 1929, is not impossible. Probably a downward revision of the debt settlements can be managed; conceivably a cancellation.

Unfortunately a connection has now been established in the public mind between the debts and disarmament. The relation between these two matters is an extremely dubious one, but it has been established partly by the Americans themselves, but in part by European visitors who have at times encouraged the view. A generous treatment of the debts and a willingness to make even legitimate loans abroad in the near future will be effected by the real or at least apparent progress toward disarmament in Europe. (The fact that American armament may bear no close relation to the ideal set up by Americans for Europe unfortunately is beside the immediate point.) How near Europe may be to this action Europeans can best judge, but to the lay observer from America there are meagre signs of real progress.

The upshot of it all is that a considerable number of losses must be taken both by American and by European lenders, and further large advances from America cannot be easily secured. In fact, it is not clear that they should be until a large amount of liquidation has taken place. The mistakes have been made and many of the consequences cannot be avoided.

Perhaps we may hope that the bankers both in Europe and in America will apply in the international field more than in the past a few of the principles they have long adhered to in private lending and even to a degree in public loans within their own countries. Advances are made ordinarily for productive as distinct from non-productive uses; they are properly made for a period of time that is no longer than that of the transaction for which the funds are to be used, and the borrower must be able to show a statement of assets and liabilities that will indicate his probable ability to meet his obligations promptly when they are due.

These commonplaces have been flagrantly ignored in the international field during the post-war years. If they are applied in the immediate future, there will enter in the other element: the importance at times of making further loans in order to protect previous ones. But this should be done only if an appropriate rearrangement of the business has been imposed. Applied to the case at hand it means first the elimination of all the inter-government obligations. This may be adequate in connection with government debts. It will not be enough in other directions, and investors will do well to look over their holdings and begin to write off their losses.

A DIARY OF THE CRISIS.—(continued.)

Friday, July 24th.

French and German delegations to Seven-Power Conference leave London. Mr MacDonald receives telegram from Mr Gates MacGarrah stating that the B.I.S. is "proceeding without any delay to examine the best and most expeditious methods of giving effect to those recommendations of the (London) Conference which fall within its power and sphere of action."

Unofficially reported that three foreign banking experts have been invited to proceed to Berlin to watch progress of remedial measures and advise German Government.

Experts' Committee on Hoover Plan holds second meeting in London.

Bremen Officials' Bank closes doors. Hungarian Finance Minister introduces Bill (1) confirming recent decrees, (2) authorising Government to issue further decrees if necessary, and (3) providing for prosecution of persons spreading alarmist news.

£5,280,950 bar gold withdrawn from Bank of England in addition to 127,000 sovereigns for export and 250,000 sovereigns earmarked. £1,050,000 received from Australia and 300,000 sovereigns released. £45 millions Treasury bills allotted at average price of £3 18s. 11.61d. Stock markets: London dull, hardening slightly; Paris quiet, New York weak. Dollar, 4.84½, franc 123.85, reichsmark nominal 20½.

THE BRITISH LINEN BANK.

Incorporated by Royal Charter, 1746.

Capital and Reserve Funds, £3,600,000.

Head Office: 38, St. Andrew Square, Edinburgh

OVER 200 BRANCHES IN SCOTLAND

LONDON OFFICE: 38, Threadneedle St., E.C.2

Every description of Banking Business transacted.

Saturday, July 25th.

German Cabinet meets to discuss Chancellor's report of Seven-Power Conference. Mr Stimson reaches Berlin, and has conversations with Chancellor and Foreign Minister.

Reich Government and 11 German Banks decide to form Acceptance and Guarantee Bank with share capital of £10 millions (two-fifths to be found by Reich) to provide funds for smooth working of payments, and to take over State security for the Danat Bank.

Reichsbank return referring to July 23 published, showing cover to note circulation at 36.1 per cent.

Sir Robert Kindersley, a director of the Bank of England, interviews M. Moret, governor of the Banque de France, in Paris.

Gold withdrawals from Bank of England £3,773,250 bars and 48,000 sovereigns. New York stock market weak. Dollar 4.85½, franc 123.95, reichsmark nominal 20½.

Sunday, July 26th.

Messrs MacDonald and Henderson leave for Berlin.

Monday, July 27th.

Mr Stimson has audience with President Hindenburg, and later leaves for London. Messrs MacDonald and Henderson arrive in Berlin and dine with Chancellor.

German decree issued providing for registration of all debts due to foreign creditors in excess of £25,000 within ten days from July 28th.

Foreign banking experts in Berlin. Messrs Tiarks and Gannon in Berlin to negotiate on maintenance of present volume of British and American credits in Germany.

Merger of Saxon State Bank and the Allgemeine Deutsche Creditanstalt announced.

Gold withdrawals from Bank of England, £1,977,803. Stock markets: London quietly firm; Paris, New York dull. Dollar 4.85½, franc 123.90, reichsmark nominal 20½.

Tuesday, July 28th.

Messrs. MacDonald and Henderson received by President Hindenburg; also confer with Dr. Brüning and Herr Curtius on (1) best methods of giving effect to London Conference decisions; (2) general trade situation; (3) convention for uniform hours in mining industry, and (4) preparations for Disarmament Conference.

Mr Henderson leaves Berlin.

Officially stated that owing to end-of-month payments German banks will not open for satisfaction of all demands this week. Savings bank depositors allowed to withdraw 30 marks, and holders of current accounts to increase withdrawals to 300 marks.

Acceptance and Guarantee Bank holds first meeting at Reichsbank.

Bank of Danzig raises discount rate from 7 to 10 per cent., and Lombard rate from 10 to 12 per cent.

Gold withdrawals from Bank of England: £949,653 bars sold, 129,000 sovereigns exported, 250,000 sovereigns set aside, 200,000 sovereigns released. Stock markets: London, quiet; Paris, improving; New York, dull, but firm. Dollar 4.85½, franc 123.90, reichsmark, nominal, 20½.

Wednesday, July 29th.

Messrs. MacDonald and Henderson arrive in London.

German Finance Minister announces revenue from Customs and taxation in April-June quarter amounted to 1,808,000,000 marks—433,000,000 marks less than estimate.

Nomination of various representatives on Committee to inquire into Germany's credit needs announced.

Gold withdrawals from Bank of England £307,740 bars and 126,000 sovereigns. Stock markets: London, nervous; Paris, weak; New York, irregular. Dollar 4.85½, franc 123.90, reichsmark, nominal, 20½.

Thursday, July 30th.

Bank of England raises rate from 3½ to 4½ per cent.

Gold withdrawals from Bank of England £582,173 bars, and 39,000 sovereigns for export; 98,000 sovereigns received. Stock markets: London, Paris, quiet; New York, steady. Dollar 4.86, franc 123.89½, reichsmark, nominal, 20½.

Notes of the Week.

The Premier in Berlin.—So much turbulent water has run under the bridges since Dr. Brüning and Herr Curtius visited Chequers in June that the return visit of Mr MacDonald and Mr Henderson to Berlin—arranged then and postponed for one week owing to the Seven-Power London Conference—was invested with an importance which could not have been foreseen seven weeks ago. As things turned out, the Chequers conversations proved to be the first of a series of statesmen's chatauquas in the capitals of Europe, and the Berlin conversations of this week will not be the last. But it is probably not through any particular development of policy arising out of his latest talks with Dr. Brüning that Mr MacDonald's visit derives its real importance. All observers appear to agree that the presence of the British Prime Minister in Berlin—the first to visit that city officially since Lord Beaconsfield—and his speech at Monday's banquet have imparted a much-needed degree of steadiness to German public psychology. In proclaiming his belief that, through resolute German action, together with the external co-operation now beginning to take shape, the situation would be saved, Mr. MacDonald struck exactly the right note. As Dr. Moritz Bonn pointed out in these columns recently, one of Germany's most formidable difficulties lies in the growth among Germans themselves of the "defeatist" feeling that Germany will be crushed in any case. Mr MacDonald's re-affirmation of belief in Germany's power to save herself by her own efforts (with goodwill and co-operation from outside) was just what was needed to combat this growing despair. Of good omen, too, were the hopeful references to the Franco-German conversations opened in Paris and London; while, incidentally, Mr MacDonald did the cause of his own country no harm by vigorously rebutting the idea that Britain is "down and out," and by affirming that "safe as the Bank of England" is a phrase that has not yet lost its meaning.

Mr Baldwin and Agriculture.—It is unfortunate that, at a time of national emergency such as the present, the British public should have to rest content with little or no guidance regarding their own affairs from the leaders of the three political parties. While the Lobbies at Westminster buzz with "irresponsible" rumours of an early re-assembly of Parliament and the formation of a national Government, with a national policy of retrenchment and dole reform, the Prime Minister is inevitably and properly immersed in the European situation, while Mr Lloyd George is laid low with a severe illness, from which the whole nation, irrespective of political views, will sincerely wish him a full and speedy recovery. There remains Mr Baldwin, but he, though the opportunity of a pre-arranged speaking tour is presented to him, makes no more hopeful contribution towards increasing the flow of trade and production than to reiterate week by week his belief in a policy of trade restrictions. Having, as we have noted in previous issues, preached the gospel of industrial protection in manufacturing centres, Mr Baldwin found himself last Saturday facing an agricultural audience at Knole. Here the theme of industrial protection was clearly out of place, for farmers, hard hit enough already by the fall in the price of their products, know that Protection for industry would add to their burdens. So Mr Baldwin, naturally enough, preached Protection for Agriculture, and asked, vaguely enough, "for a free hand to employ the quota system, prohibition, or duties in industries like agriculture." Without pausing to ask what are the other industries that are "like agriculture," we turn to the rest of his speech, and find three points insisted upon. The quota, in Mr Baldwin's view, is the "best and quickest" method of achieving his object of helping the farmer. A weapon against dumping must be forged. And, lastly, although it was impossible to give any details about quota percentages or the nature of guaranteed prices "until the Party could form a Government," the Conservative Party was ready with its proposals. We are not

surprise at his vagueness, for any possible scheme of Protection or subsidy which he can produce will menace the consumer or the taxpayer, or both, with burdens which will not be shouldered with alacrity in these hard times. But surely Mr Baldwin must realise that the country will not give him a blank cheque or spare him details until he is in office. "We can see our way clearly. We know the path," says Mr Baldwin. We know, too, the path on which Mr Baldwin wishes to lead Britain. It is the same path along which the nations of Europe have hurried in these post-war years, and looking around Europe to-day even the blindest can see where it leads.

Seville and Madrid.—Last Saturday, July 25th, at Madrid, the Constituent Assembly cleared off the last business arising from disputed election results, and thus set themselves free to deal with the substantive business for which they have been assembled. It is evident that Monarchism *versus* Republicanism will not be a living issue, since the Spanish electorate has only returned one solitary Monarchist in the person of Count Romanones. The issue of Catholicism *versus* Anti-clericalism will be more serious—especially in view of the recent popular outbreaks, which the Provisional Government failed to avert, against ecclesiastical institutions and property. More serious still will be the issue of Centralism *versus* Regionalism; for the draft constitution which is to be laid before the Assembly by the Provisional Government provides for a unitary state, whereas the Catalans demand a measure of home rule which presupposes federalism, though it does not go to the length of Dominion status. Out of the 462 deputies now assembled at Madrid, the Catalan group numbers no more than 42. But the Catalan demands will set the standard for the Galicians and the Basques, and the three regional groups combined are eighty deputies strong. At the moment, however, the Provisional Government can count on the support of Monarchists, Catholics and Regionalists, besides its own supporters, the Radicals and Socialists, in combating the danger of a Syndicalist Revolution, which has flared up for the second time at Seville. The Syndicalists have chosen Andalusia for their field of action because it is the most backward part of Spain—a countryside of great estates with absentee landlords and a land-hungry peasantry. The armed attack on the Government's authority which was opened last week in the city of Seville seems to have been carefully organised. It was carried on by gunmen sniping from roofs and windows—the most difficult form of disorder for authority to cope with. Fortunately, the Government's armed forces on the spot have proved loyal and efficient, and the Government themselves have not hesitated to take strong measures. The gunmen appear to have been successfully dislodged from their lairs after some sharp house-to-house fighting—though not without bringing artillery into action, and not without loss of life among peaceful civilians. This Syndicalist outbreak at Seville, and the energy shown by Madrid in suppressing it, may set up some strange cross-currents in Spanish politics. What, for instance, will be the attitude of the Catalan Regionalists if a similar emergency arises in Barcelona? The Catalans, like so many other nationalists, are bourgeois to a degree. Will their nationalism lead them to insist upon keeping order in Barcelona without assistance from Madrid? Or will their bourgeois anxieties incline them to follow the golden rule of "safety first"? We may expect to see interesting developments in the Spanish political situation in the near future.

The Revolution in Chile.—Last Sunday, July 26th, Señor Ibañez, the President of the Chilean Republic, resigned office and handed over the Government to a provisional junta. He has since left the country for the Argentine. His resignation followed upon disturbances in the capital which had been afoot for several days. The university students had virtually fortified the university buildings and had defied the Government troops. The force on the Government's behalf; but the Government's prestige was shaken by the students' defiance of it

authority, and its fate appears to have been decided by the defection of a regiment in the provinces. In Chile, as in so many parts of the world where there is political anarchy to-day, the trouble can be traced to economic causes. In fact, the present revolution in Chile is as clearly an effect of the worldwide economic depression as was the crop of revolutions which sprang up all over South America this time last year. In that wave of unrest, to which even Argentina succumbed, Chile was everlastingly shaken. There was a military conspiracy against the Chilean Government of the day; but on that occasion Chile—being one of the most stable States of the continent—managed to escape the political *bouleversement* which verted so many of her neighbours. This week the political stability of the Chilean Republic has at last collapsed under the cumulative effect of twelve months' more of economic and financial pressure. The revolution seems to have been precipitated by certain attempts at remedial action which the late Government made last April, when measures were introduced for cutting down public expenditure and increasing the rates of both direct and indirect taxation. The result was to produce a financial scare which led to a run on a private bank—the Banco Nacional—whose principal clients are the farmers, and, in consequence, the agrarian situation, which was already serious, became critical. This agrarian crisis was perhaps the underlying cause of the political upheaval in the capital, in which the effervescence among the students was the most conspicuous superficial symptoms. If this diagnosis is correct, the new Provisional Government may have given ex-President Ibañez the best of the bargain in relieving him of his responsibilities. They may succeed in persuading the students to return to their books, but they will not find it so easy to pacify the farmers, which they can only do by obtaining better prices for Chilean agricultural produce. If the new rulers at Santiago de Chile can get the better of the world slump they will be wizards indeed! It will be a long step to that from the four days' commercial moratorium which they declared last Monday.

The Bank Rate Increase.—While the outflow of gold has continued, though at a greatly diminished rate, and the Bank of England has thought it necessary to raise its discount rate again, bringing the rate to 4½ per cent., in some respects the monetary outlook seems a little clearer; for there is no doubt that the leading central banks are now in close and helpful contact with each other. Early this week it became known that Sir Robert Kindersley was on a visit to Paris, where, on behalf of the Bank of England, he was engaged in informal consultation with M. Moret, the Governor of the Banque de France. Hence it was not surprising that the impression should have gained ground, both in London and Paris, that definite measures had been concerted between the two central banks. It was freely suggested that the precedent of 1907, when the Banque de France made a direct gold loan of £3,000,000 to the Bank of England, was being explored, and there were also rumours that a £20,000,000 credit was being arranged for London by a group of French banks, such credit to take the form of purchases of sterling bills which would be made eligible for rediscount at the Banque de France. So far it may be assumed that no arrangements of this kind have actually been concluded. Had the gold drain from London continued on last week's unprecedented scale, the Bank of England might by the end of this week have found itself temporarily short of funds, as, in addition to its gold losses, it is having to meet the normal August holiday increase in the note circulation; and in such circumstances it is legitimate to assume that co-operation both from the Banque de France and from the New York Reserve Bank would have been forthcoming. As matters turned out, sterling received fresh support early this week before any such action became advisable, and therefore, in point of fact, such action has not been taken. The source of this support is not known, and it is a pure matter of speculation whether it lies in Basle or New York, or perhaps in other centres. One thing, however, is perfectly clear: the German crisis has drawn the leading central banks into still closer co-operation with

each other, and it may be assumed that any passing emergency in any financial centre will be dealt with by joint action, if and when the occasion arises. So far as London is concerned, it has not arisen.

The Flow of Gold to France.—Hitherto it has been generally assumed that the heavy gold shipments to France, amounting during the past few weeks to nearly £25,000,000 (the bulk of which were made direct from the Bank of England), were due to the German crisis and to a natural desire on the part of the French banks to strengthen their cash resources at the expense of their foreign balances. In one sense this is a correct view to take, for since the end of June, private deposits at the Banque de France have expanded from Frs. 11.4 to Frs. 12.5 milliards, the increase being equivalent to approximately £8,000,000. This, however, is by no means the whole of the story, for quite apart from the crisis there is reason to suppose that the influx of gold into France experienced during the latter half of 1929 and 1930 would have been repeated during the current year. This year, as in previous years, the French Treasury and the Caisse d'Amortissement are beginning to draw funds off the Paris market, leaving a void which can only be replaced by the repatriation of short money from abroad, and while any estimate of the size of this void must be very speculative, it may not be unreasonable to suggest a figure of Frs. 7 milliards, or £56,000,000. Against this must be set the heavy increase in France's adverse visible trade balance, the decline in such invisible earnings as tourist traffic receipts, and also due allowance for the net effect upon her external balance of payments of the reparations and debt moratorium. On the other hand, despite the recent additions to the total cash resources of all the leading commercial banks, certain banks are still working on a narrow cash basis and narrow ratio of cash to deposits; and these may have to make further drafts upon their foreign short-term assets. Weighing all these factors against each other, it would not have been surprising if, had the international situation remained normal, France had imported during the last half of 1931 some £30,000,000 of gold. This places her recent heavy imports in a new light, for it suggests that the real effect of the crisis has been to accelerate and compress within a few weeks the bulk of gold imports that normally would have been spread over as many months. It also suggests that the flow of gold to France may not have finally ended for the year. Taking a broader view, there seems some ground for believing that the gold movements to France over the past few years are working out their natural cure. The fall in world prices has masked a very significant fact, namely, that the spread between the wholesale prices of French and imported products is steadily widening to the growing disadvantage of France. In other words, relative to world prices French internal prices are rising, and there is, in fact, a very close correlation between the widening of this price spread and the increase in the French adverse trade balance. If this process continues, the time will eventually come when France's ability to import gold by drawing on her short-term balances abroad will be offset by an actual deficit upon her current trading account.

German Banking Developments.—Though preparations are already in hand designed to permit of the relaxation of the present controls over German banking activity, it has been decided that the banks will not be opened this week for the satisfaction of all demands. To protect the banks from the full incidence of the normal month-end demands upon their resources, holders of savings bank deposits are this week only being allowed to draw an extra 30 marks, while permitted withdrawals against current accounts have for this week been raised only from 20 marks to 350 marks. It is planned, however, to resume "normal payment conditions" next week, and as a necessary preliminary a new institution, called the "Acceptance and Guarantee Bank" has been formed. Its share capital is 200,000,000 marks, and the

participants in its formation are the Government of the Reich and eleven of the chief Berlin banks, including the Deutsche Golddiskontobank. The Reich is to hold two-fifths of the capital. The function of the new bank is to even out the strain as between the big banks, and to neutralise any displacements of funds of a magnitude sufficient to cause any danger or inconvenience to a particular bank. It will also discount the bills of the smaller banks outside the group, and will possess the right to take them to the Reichsbank for rediscount. The whole object is clearly to provide adequate safeguards against a run on any single bank, and to enable the banks to support each other in such an emergency. To permit of quick and decisive action the size of the board has been strictly limited. Meanwhile Dr. Sprague and M. Wallenberg, two of the three members of the committee of foreign economic experts appointed by the German Government, have arrived in Berlin, and Mr Gannon, of the Chase National Bank, and Mr Tiarks, of Messrs J. Henry Schroeder, are also in Berlin representing American and English banking interests. These last two have been in touch with Dr. Luther with the object of carrying out the detail work arising out of the second London recommendation urging the maintenance of foreign credits already extended to Germany. Their task is not an easy one, as they have to win the active support of bankers in other financial centres besides those that they represent. Indeed, the recital of all these recent developments illustrates clearly the complexity of the work of freeing and restoring the German financial machine.

The Hungarian Situation.—Our Budapest correspondent writes on July 29th:—At last earnest measures are being taken by the Government to deal with the unsatisfactory state of the national finances. A Bill was introduced into Parliament to enable the Government to restore budgetary equilibrium during the summer recess by emergency decrees. In view of the fact that more than 100 million pengös are needed to that end it is highly important that action should be taken at once after the Bill is passed. The sound principles of the League of Nations Reconstruction Scheme applied with so great a success in 1924 should be once more resorted to. Taxes such as the House Tax, Turnover Tax, Sugar and Petrol Tax, Death Duties, Dues, etc., which have been considerably reduced since 1925, must be re-increased so as to yield an additional revenue of 70-80 million pengös; and personal services must be cut so as to effect an immediate saving of at least 40-50 million pengös. As there is little doubt that the Emergency Bill will be passed this week, there is no reason why the above-mentioned measures should not be effected before September 1st. The partial moratorium is still in force, and in all probability it will be extended until the middle of August. It is hoped, however, that the successful conclusion of the negotiation of Dr. Walko, late Foreign Minister, to place £6 millions Treasury bonds abroad will permit some relaxation of the severe moratorium. It was semi-officially stated that a French banking syndicate under the leadership of the Banque Union Parisienne has promised to take over 40 per cent., that is to say, £2½ millions of the Treasury bonds, in the event of American and English financial houses participating. It is believed here that the negotiations may be concluded within the next few days. As to the renewal of the short-term credits of the Hungarian banks, nothing definite is known as yet, but it is hoped that with the assistance of the Central Corporation of Banking Institutions acting as trustee, an agreement will soon be made. The Hungarian General Creditbank will issue its half-yearly balance sheet this week, and it is hoped that full publicity will be given to the measures proposed by the directors to overcome the crisis caused by the withdrawals of foreign credits. Other Hungarian banks will likewise publish soon their half-yearly accounts. The Hungarian National Bank increased its discount rate from 7 to 9 per cent. on July 23rd, and it is likely that another increase will take place very soon up to 12 per cent. The increase of the Bank rate was absolutely necessary as the National Bank, being the only source of credit, must defend itself

against excessive demands. Owing to the partial moratorium, business is at a very low ebb, especially foreign trade, which naturally feels the restrictions both on deposits and on foreign exchanges. But all legitimate demands, both for domestic credits and foreign exchanges, are promptly met by the National Bank, whose excellent management is the safest foundation of Hungarian credit, both at home and abroad.

World Gold Distribution.—The wide gold movements provoked by the German crisis render it advisable to bring up to date a table, last published in the *Economist* at the beginning of this year, showing the distribution of the world's monetary gold. With the object of bringing the effects of the crisis into relief, the table divides the current year into two separate portions, one running up to June 1st, and the other covering those subsequent weeks which witnessed the rapid development of the crisis:—

GOLD HOLDINGS OF CENTRAL BANKS AND TREASURIES. (Millions of £'s.)						
	End 1930.	June 1, 1931.	Change during first five months, 1931.	July, 1931.	Change since June 1, 1931.	Change during 1931 to date.
United States*	868	913	+ 45	†945 (July 15)	+ 32	+ 77
France	431	448	+ 17	466 (July 24)	+ 18	+ 35
Great Britain...	148	152	+ 4	132 (July 29)	- 20	- 16
Germany	108	117	+ 9	66 (July 23)	- 51	- 42
Japan	85	87	+ 2	87 (July 4)	...	+ 2
Spain	97	96	- 1	90 (July 18)	- 6	- 7
Argentina	85	67	- 18	Not available	...	...
Italy	57	57	...	58 (July 10)	+ 1	+ 1
Australia	15	15	...	Not available	...	...
Belgium	39	41	+ 2	41 (July 9)	...	+ 2
Holland	35	37	+ 2	48 (July 27)	+ 11	+ 13
Switzerland...	28	25	- 3	43 (July 25)	+ 18	+ 15
Canada	23	20	- 3	Not available	...	...

* Excluding gold in circulation.

† Estimated.

The chief movements of the first five months were the continued gold absorptions of the United States, mainly from South America and the Far East; the further increase in the French gold stocks, due to the continuation into January of the gold movement to France at the end of 1930; and the heavy losses of the Argentine, mostly to the United States. According to the table, Germany added £9,000,000 to her metallic gold stocks, but it is necessary to add that simultaneously the Reichsbank lost £14,000,000 in Devisen, making a net reduction in the legal reserve of £5,000,000. It is important to realise that the drain of funds from Germany had been taking place at a modified rate for several months before the crisis. Coming now to the crisis months, Germany lost £51,000,000 of gold, to which should be added £1,300,000 of Devisen. Part of this gold originally went to London, and the remainder to many other centres. London, in its turn, has lost gold heavily during the past fortnight, mainly to Paris, but also to other Continental centres. The final result to date has been that since June 1st the Bank of England's gold stocks have been reduced by a net £20,000,000. French gold stocks have been heavily increased owing to acquisitions first from Germany and then from London, while the outflow of gold from Germany is also reflected in the appreciable increases in Dutch and Swiss gold holdings. Finally, the United States, despite the reluctance of American banks to draw gold from Europe, has acquired since June 1st a further £32,000,000, and her stocks have now attained record dimensions.

The Civil Service Report.—The Royal Commission on the Civil Service has produced a report which constitutes an admirable survey of the organisation of the service. Among its recommendations, which are too numerous to summarise, perhaps the most important are those which deal with the remuneration of civil servants. The Commission are satisfied that the general standard of remuneration is reasonable; they reject the proposal for a minimum wage, and though they are of opinion that the salaries of the highest administrative grades are not in proportion to those of similar posts outside the Service, they do not

consider that the present time is opportune for revision. The principal change which they recommend is the abolition of the cost-of-living sliding scale and the consolidation of the present bonus with the salary on a scale which they outline in detail; but they do not say how their scale is to be modified if the price level varies as it has been doing in recent years. A suggestion which is economically sounder is the recommendation that a special committee of inquiry be appointed to examine the organisation of the Post Office. The Commission incline to the view that the Post Office is organised too much on the lines of an administrative department, without allowance for the fact that it is primarily a trading concern. The public will heartily endorse this view, and the vision of a telephone service organised on business principles may reconcile the taxpayer to meeting the expenses of yet another committee. On the position of women the recommendations are redolent of compromise. The Commission were so equally divided on the question of equal pay that they made no recommendation at all, and this difference of opinion possibly also underlies such cautious passages as the following: "It was represented to us that it would be undesirable that women should be appointed to posts in the Colonial and Dominions offices. We recommend that women should be eligible to be employed in the latter Department." On the whole the Commission recommend that women should be eligible to compete for most posts on their merits, but that certain specified posts should be reserved to men. On the question of the marriage bar the Commission were also divided, but agreed that if a discretionary power were retained it should be, in fact, exercised. Several recommendations, designed to keep temporary employment within as narrow limits as possible, will, if acted upon, remove another undesirable legacy of the war. Most of these major recommendations, together with many minor recommendations, as, for example, the reduction to 21 of the minimum age of admission to examination for the administrative grades, seem little likely to arouse serious opposition, and it is to be hoped that they will be put into effect without undue delay.

Rent Decontrol.—The Inter-Departmental Committee on the Rent Restrictions Acts has not seen its way to recommend the abolition, within any specified period, of the control of all houses. In their Report (Cmd. 3911) published last week, the Committee estimate, roughly, that the total number of houses in England and Wales is about 9 millions, of which 7½ millions are pre-war. Of these pre-war houses probably about 6½ millions are still controlled. Since the war there have been built over 1½ million new houses, but of these only some 600,000 are available for letting, forming an increase of only about 10 per cent. in the accommodation available for the poorest classes, whereas the supply of houses available for people who can afford to buy has increased by about 50 per cent. The housing problem thus remains essentially a problem of supplying houses for rent at a figure which the less well-paid members of the working classes can afford to pay, and the Committee point out that the process of upward filtration, which had been relied upon to free the cheapest houses and so supplement the provision of new rentable houses, has not taken place. This they attribute largely to the system of gradual decontrol inaugurated by the Act of 1923, which, by providing for decontrol of any house of which the landlord obtained vacant possession, directly discouraged working-class tenants from moving. Moreover, they consider control of the cheapest houses indispensable as long as the shortage lasts, and definitely do not subscribe to the view that it is a check to the building of new houses. On the other hand, the more expensive houses have already for the most part ceased to be controlled, either because they are occupied by their owners or by virtue of certain agreements between landlord and tenant which the Act of 1923 admits as grounds for decontrol. The continuance of control over the remainder is, in the opinion of the Committee, "to the detriment of the majority in that it artificially restricts the amount, and so raises the price, of the accommoda-

tion in the market"—a view which accords oddly with the conviction expressed in connection with the lower-priced houses: that "We do not consider that to-day the artificial restriction of rent is preventing the erection of new houses on any appreciable scale." For houses of the intermediate class the Committee find that the system of gradual decontrol is working very well. They, therefore, divide all houses into three classes: Class A, with a rateable value of £45 or over in the Metropolitan Police District and in Scotland, and £35 in the rest of England and Wales; Class B, with rateable value of £20-£45 in the Metropolitan Police District, £13-£35 in the rest of England and Wales, and £26 5s. to £45 in Scotland; and Class C, corresponding, roughly, to the limits of compulsory composition of rates, with rateable values below the minimum limits of Class B. They recommend that Class A houses be decontrolled; that Class B houses continue to be subject to the decontrolling provisions of the Act of 1923; and that Class C houses cease to be subject to those provisions. Other recommendations are: the decontrol of public houses; the continuance of mortgage control as long as the mortgaged properties are controlled; and certain extensions in the definition of alternative accommodation. On the whole, the net result of the Report, if it be embodied in legislation, will be to retard the release of the housing industry from the operation of a measure which has its origin in war-time conditions. This being so, it seems regrettable that the Committee did not argue more fully in the Report the question of the effect of control upon the supply of new houses.

Idle Shipping.—Yet another testimony to the extent to which the shipping industry has been depressed by the slump is afforded by the recently published figures of laid-up tonnage in British ports at the end of the second quarter of the year. According to the returns of the Chamber of Shipping, the total idle net tonnage in British ports at July 1st was 2,044,092, representing 752 vessels. Thus the laid-up tonnage during the quarter had increased by 124,306 net tons, although the number of vessels had fallen by 26. Of this total idle British shipping amounted to 2,018,255 net tons, as compared with 1,896,804 net tons at April 1st, though again the number of ships had declined from 766 to 743. During the twelve months ended July 1, 1931, British idle tonnage in British ports has increased by 120 per cent., from a figure of 917,368 net tons at the end of the second quarter of 1930. Scottish ports have fared worst in the past quarter, laid-up tonnage there having increased in three months by 75,494 tons, or 34.7 per cent. Changes in the distribution of idle shipping is further illustrated by large increases at Gareloch, the River Fal, Dartmouth, Southampton, Sunderland and Swansea, which are only partially offset by decreases at Liverpool, Cardiff, Middlesbrough, Hartlepool and Newcastle.

Cotton Trade Reorganisation.—In the middle of last May, writes our Manchester correspondent, the Joint Committee of Cotton Trade Organisations requested the executive to investigate the actual production and potential capacity of the industry. The information already obtained covers more than 80 per cent. of the spinning section, about 70 per cent. of the weaving section, nearly 90 per cent. of the bleaching capacity, 98 per cent. of calico printing, and an undetermined but obviously high proportion of the yarn and piece-goods dyeing sections. The preliminary report shows that at least 16 per cent. of all spindles in the industry are in mills which have been completely closed down. Mills still in operation are working less than two-thirds of their normal capacity. In the weaving section about one-sixth of the looms are standing idle in mills which are completely stopped, apart from the large number of idle looms contained in mills which are still running. Active mills are working only 60 per cent. of their normal capacity. Returns for the finishing sections show that the percentage of normal capacity worked in 1930 was:—Yarn processing 46.6; piece-goods bleaching 38.1; calico printing 57; piece-goods dyeing and finishing 55.3. The Committee have

published a special statement giving their conclusions. It is pointed out that the cotton industry is suffering from the low level of its consumers' purchasing power. In other words, its costs of production are relatively too high. Its distress has been aggravated by the increase in productive capacity which has taken place since 1914. New machinery has generally been capable of a high rate of production or able to produce at lower costs than the older machinery. The increase has been largely in the lower qualities, and is therefore out of proportion to the increase in spindles and looms and has occurred in countries where long working hours and double shifts prevail. The proposed remedies are as follows:—

(1) The first step towards renewed confidence and reconstruction is the reduction of surplus capacity and the concentration of trade into a quantity of plant which will permit of more economical working.

(2) The formation of larger and stronger units in the spinning and weaving section.

(3) The organisation and development of distributive organisations whose main object would be the marketing of cheap standard cloth produced in Lancashire.

(4) The development of machinery for the maintenance of co-operation between units in different sections and between different sections as a whole.

(5) The encouragement of the scientific study of technique with a view to establishing, irrespective of tradition, the most efficient methods of production and the most equitable basis of remuneration for labour, having regard to the skill and effort involved.

(6) The development of greater uniformity in customs of the trade and of clearer and more authoritative definitions of trade terms, with a view to reducing costs and avoiding commercial and industrial disputes.

(7) The institution of comprehensive and regular statistics of production, sales and deliveries of yarn and cloth, and of the quantity of yarn or cloth finished.

(8) The maintenance of special Cotton Trade Commissioners in the principal overseas markets.

(9) The development of new outlets for cotton goods and the more effective linking up of present outlets, such as knitting, making up, etc., with the preliminary processes.

(10) Co-operative propaganda at home and abroad.

The Committee states that not all these remedies would produce immediate benefits, and some of them would require careful negotiation. It is believed, however, that success in these negotiations would be brought appreciably nearer by the adoption of a definite plan for dealing with the first problem mentioned, that of concentrating production. The establishment of machinery, however, to deal with excess capacity would involve much greater co-ordination of policy than has hitherto been possible in the industry.

A Spinners' Scheme.—Our Manchester correspondent writes:—Particulars have been published this week of the proposed Cotton Spinners' Scheme, 1931. Last April the General Committee of the Federation of Master Cotton Spinners' Associations appointed a Committee to prepare and submit a scheme designed to incorporate the principles of the Egyptian Spinners' Convention Scheme and the Cotton Spinners' Scheme 1931 (American section). The Committee has now completed its work, and the General Committee of the Federation has approved the scheme, which is now being considered by the District Associations, the ultimate object being to take a ballot of all spinning employers. At the outset it is pointed out that the scheme should be made applicable by means of legislation to the whole of spinners of cotton yarn in Great Britain and Northern Ireland. It is urged that the present excessive and uneconomic internal competition should be avoided by each spinner being required to observe, in arriving at his selling price of yarn, certain costs of production based on the average costs of reasonably financed and efficient mills working on full-time production. It is not suggested that any attempt should be made to fix the selling price of yarn, but when the scheme comes into operation marginal rates to be added to the cost of cleaned cotton will be fixed on the basis indicated and will require to be observed under monetary penalties. It is provided that production should be regulated automatically to demand, through the operation of separate pools of spindle hours run for the American and Egyptian sections respectively. The Report states:—"The Com-

mittee are satisfied that should the scheme now submitted receive the approval and support of a majority of the spindleage concerned it would be difficult for the Government to resist the appeal for legislative action." The Committee regretted that in view of the position of the industry to-day it is in their opinion impossible at present to secure the objects of the scheme without legislative action.

United States Deficit.—The United States has now been added to the already long list of countries with a realised deficit at the end of the fiscal year 1930-31. The preliminary results for the year ended June 30, 1931, show an apparent deficit of \$903,000,000, as compared with a surplus of \$184,000,000 in the previous year, and an increase in the outstanding public debt of \$616,000,000. Deducting sinking fund payments during the year, the net excess of expenditure over receipts is reduced to \$516,000,000, as against a net surplus of \$572,000,000 on June 30, 1930. The total ordinary receipts at \$3,317,000,000 show a decline of \$861,000,000, while ordinary expenditure, excluding public debt retirements chargeable against ordinary receipts, at \$3,780,000,000, exceeds by \$340,000,000 those of the previous year. The decline in income is mainly ascribed to the falling off in Customs receipts, which at \$378,000,000 yielded \$109,000,000 less than during 1929-30, and to the sharp decline in income tax payments, which at \$1,860,000,000 show a decrease of \$551,000,000. Of the total income tax collected, \$1,026,000,000 was contributed by corporations and \$834,000,000 by individuals, against \$1,263,000,000 and \$1,147,000 respectively in the previous year. An interesting feature is the large proportion of the total receipts from income tax paid by the State of New York, which, during the past year, accounted for no less than 25 per cent. Receipts during the second half of the financial year have been considerably below those of the July-December period of 1930, and at the present rate the income for the current year will fall far short of that of the year 1930-31. Imports have been declining rapidly since the beginning of the year, and income tax collections in June last, at \$296,000,000, show a decline of \$230,000,000, as compared with June 1930. As income tax to be collected in September and December is fixed by the returns on incomes earned in the calendar year 1930, it is evident that no improvement can be expected during the first half of the current financial year. In a recent statement, Mr Mills, Acting Secretary to the Treasury, pointed out that the decline in ordinary receipts reflected for the most part the effect of the depression, while the increase in expenditure was largely a result of the rising demand for agricultural aid and relief, for additional benefits to war veterans and for the accelerated Governmental construction activities, which more than offset other reductions. The forecast of a deficit of \$180,000,000 made by Mr Mellon, Secretary to the Treasury, in his annual report to Congress last December has thus proved to be sadly optimistic.

Railway Electrification.—At the annual luncheon of the National Gas Council this week both the chairman, Sir David Milne-Watson, and Sir Arthur Duckham made speeches in which they vigorously attacked the report of the Weir Committee on Main Line Railway Electrification. The gist of both speeches was that the scheme involved excessive expenditure for a very problematic return. Sir David Milne-Watson pointed out that the estimates, both of the cost of the national electricity grid and of the growth in consumption of electricity, contained in the report, which recommended the establishment of the grid, have not proved accurate, and suggests that it is, therefore, unsafe to rely upon the estimates in the Weir Report. Further, he considers that while electrification will cause additional unemployment among coal miners and railway employees, it will not yield any substantial improvements in the facilities of transport or reduction in industrial costs of production. Sir Arthur Duckham was

principally impressed with the vastness of the capital to be expended, and urged that if public money were to be expended at all at this difficult time, there were many directions in which much smaller sums could be spent to much greater advantage. He, too, was at pains to minimise the economic advantages which might be expected from electrification. Both speakers, indeed, showed a certain lack of imagination in envisaging the possibilities of the scheme, and neither seemed to appreciate the fact that as the expenditure is to be spread over twenty years, there is no question of the immediate outlay of any vast sum. The experience of those countries which have already introduced main line electrifications is far from bearing out the incredulity of these two speakers as to its economic advantages.

Overseas Correspondence.

UNITED STATES.

Views on German Situation — Trade and Prices — Profits — Railroad Results.

(FROM OUR CORRESPONDENT.)

NEW YORK, July 22.

In good quarters in Wall Street there is no tendency to swing to the extreme of minimisation of the dangers inherent in Germany's financial, economic and political position. At the same time, banking and business leaders here, including many of those of international standing, take the view that the problem is principally a European one and that a solution largely depends on Germany. Wall Street feels that a German loan here is quite out of the question for some time to come, no matter if a new bond issue were secured by customs receipts or railway revenues. First and second liens on these receipts are held by the Dawes and Young Plan loans, which are selling at a heavy discount. In any event, the market is not receptive to foreign financing, except that of a gilt-edged variety.

New short-term credits, whether from private banks or the Federal Reserve banks, are also looked upon with a good deal of disfavour. Some time ago the commercial banks decided not to withdraw their still outstanding credits, and most of the important institutions have not done so. A few may be willing to increase credit, but to no great extent. The Federal Reserve Bank is discounting German bills, but it is doubtful if the central bank authorities are very favourable to Reserve Bank help on a large scale. For one thing, the general banking view is strong that short-term credits are not what Germany needs.

It is believed here that Germany has not yet done all that she can do to improve her situation. This view is not expressed with any lack of desire to be helpful, for the contrary is the case, and a good deal of hopefulness for the contrary is the case, and a good deal of hopefulness for a satisfactory outcome is felt on all sides. In its general principles the second proposal of President Hoover, published this week, meets with approval. Washington apparently sees as one with Wall Street on such matters as the impracticability of long-term loans at this time, the need for re-establishment of confidence in German credit and strict control by Germany of her own situation. In so far as the President's plan hints at definite freezing of existing bank credit for an agreed period, it is not acceptable to bankers. They do not wish to bind themselves to any such agreement, although individually and of their free will they are sitting quietly. Leaders in Wall Street feel, however, that new proposals should originate on the other side of the water.

Trade is dragging along without much change, and the lack of a clear view ahead, along with moderate confidence that the worst is over, is making for steady but extremely dull security markets. Commodity prices have been rather shaky again, but a few industries are feeling better. Sugar, leather and rubber companies report better busi-

ness at firm prices, while steel, motors, oils and coppers are dull. Railroad traffic is showing little change. Commodity prices in June, according to the Bureau of Labour statistics, fell $1\frac{1}{2}$ per cent. The greatest loss was in farm products, which fell $2\frac{1}{2}$ per cent.

The index numbers of wholesale prices by groups of commodities (1926 = 100) follow:—

Groups.	June, 1930.	May, 1931.	June, 1931.
All commodities	86.8	71.3	70.0
Farm products	88.9	67.1	65.4
Foods	90.5	72.9	72.4
Hides and leather products	102.4	87.3	87.8
Textile products	82.2	66.3	65.4
Fuel and lighting materials	76.4	60.9	58.1
Metals and metal products	95.4	87.8	87.4
Building materials	90.0	78.4	77.5
Chemicals and drugs	88.9	79.1	77.9
House furnishing goods	96.2	89.2	88.6
Miscellaneous	74.5	62.8	61.8
Raw materials	84.8	66.5	64.7
Semi-manufactured articles	82.0	68.9	68.5
Finished products	88.9	75.1	74.0
Non-agricultural commodities	86.3	72.6	71.4
All commodities, less farm products and foods	85.7	73.2	71.9

Business activity receded to a lower level in June as shown by the National Industrial Conference Board's index, the drop being more than seasonal. Further slackness has come this month, but apart from the foreign disturbance and anxiety over adverse conditions in the wheat belt caused by the low prices for grain the feeling is still one of hopefulness. No one deludes himself into expecting an early end to the depression, but at least some seasonal improvement in the autumn is anticipated.

Foreign trade figures for June revealed a further decline in trade. Exports, at \$187,000,000, were the smallest since 1914, and imports, at \$176,000,000, were the lowest since 1915. Wage-cut discussions are on the increase, and, apparently in an attempt to head them off, President Green, of the American Federation of Labour, in estimating unemployment at this time at 6,000,000, is exhorting organised labour to fight attempts to reduce wages. It may be said that no large concern will cut wages without long and careful consideration, but a continuance of low earnings for much longer may lead to action. Considerably reduced living costs are, of course, an influence for wage reductions. Food costs declined about 2 per cent. last month.

Against rather sombre statistical evidence of a general nature on trade, the second quarter and six months' earnings statements of industrial companies are making rather a good impression. About a hundred companies so far have published their reports, and while the large majority show declines as compared with last year, the decrease is proving to be smaller than was generally expected. For the companies now on record the six months' net income is about 9 per cent. under last year. In the first quarter a computation of earnings for about 300 industrial and mercantile companies, made by the Federal Reserve Bank, showed a drop of 56 per cent. from last year.

Railroad companies in June lost about as much net income as for the five preceding months, that is, between 35 and 40 per cent. It is unlikely that much improvement will be shown for July. Hearings on the application for freight rate increases have begun before the Interstate Commerce Commission. Witnesses are being questioned at length, and while it is now clear that the asked-for increase will not be granted hastily a strong case is being made out. In fact, the friends of the railroads may be a trifle too zealous, their picture of affairs serving to give some alarm among ordinary investors. A large number of roads may fail to earn enough to cover fixed charges with enough margin or to maintain a large enough dividend to keep their bonds on the New York State legal list. However, insurance companies and savings banks, while they may not buy a bond not on the list, are not necessarily obliged to sell bonds which are removed. In any case, if matters came to a pinch, the State would probably suspend temporarily the working of the regulation, as it did during the post-war depression.

sion. Railroad shares and bonds are just now finding a firmer market.

Some anxiety is felt over the weakness in sterling and the loss of gold by the Bank of England, but great confidence is felt in the ability of Governor Norman to handle the situation. Meanwhile the banks here are loyally refraining from bringing in gold, though they could now do so at a good profit.

FRANCE.

Political Situation — Industry — Franco-German Rapprochement — Negotiations with Bank of England — Family Allowances.

(FROM OUR CORRESPONDENT.)

PARIS, July 29.

THE political situation is undoubtedly calmer than it has been for many months. The Chambers are in recess until the end of October, and deputies and senators are practically all absent in their constituencies gleaning the real opinion of their electors. These, so far as all indications suggest, are absolutely behind the Laval Cabinet in support of the recent policy of refusing further concessions to Germany, except in exchange for concrete guarantees. "This is the first time since the war," it was insisted last week, "that a French Minister has returned from an international conference without being accused of having made concessions to the detriment of France." The fact has deeply impressed public opinion and appreciably improved the stability of the Cabinet. Much less has been heard of the demands of a few weeks ago that the Chambers be specially convoked to discuss the policy of the Ministry in regard to the Hoover Moratorium and the efforts to bring about a *rapprochement* with Germany, and the prospects of the present majority, in regard to next spring's elections, have distinctly strengthened.

The economic situation continues to cause some nervousness, but analysis of the facts suggests that the French have still appreciably less to complain of than practically all other nations. Unemployment figures have shown only small fractional changes either way for some weeks, and appear for the time being to be stationary. The only serious labour trouble for many months—that in the textile industry—was brought to an end on Monday, when all the strikers, after 11 weeks' absence, returned to work on practically the old terms, except that in future the employers will no longer pay their workers' contributions to the national insurance fund, as well as their own. The adverse foreign trade balance continues slowly to increase, but not unduly so, in view of the sharp drop in purchasing power in practically all other countries.

Apparently all that is needed to bring back a fair measure of prosperity is a successful issue of the effort already begun by this country to bring about better relations with Germany. There is abundant evidence that, in spite of the apparent failure of the Franco-German conversations in Paris, the idea of a sincere *rapprochement* between the two countries has only been scotched and by no means killed. What is interpreted here as British aloofness, and an apparent desire to work hand-in-hand with the United States, to the detriment of France, has undoubtedly helped to turn French eyes regretfully towards Germany as an alternative to Great Britain.

The visit of Sir Robert Kindersley to Paris, accompanied by officials of the Bank of England, for the purpose of negotiating with the Bank of France in regard to plans to prevent a recurrence of the recent enormous gold movements from London to Paris—and, it is presumed, *vice versa*—has excited extraordinary interest here. The proposals discussed during the conferences, which occupied the whole of Saturday and Monday, and in which the heads of the great Paris banks took part, have been kept strictly private. It is believed here, however, that two main proposals were discussed. One of these was the extension by the Bank of France of credits for the benefit of the Bank of England up to a total which is stated variously as anything between £20,000,000 and

£35,000,000. The other proposal was that the Bank of France should give the British market rediscounting facilities in Paris to a sufficient total to meet the London requirements. At the same time, it is asserted, the French were asked to agree not to withdraw any further portions of their balances from London. Similar rediscounting facilities, it may be remembered, were extended to the Bank of England, in a somewhat similar period of stringency in 1907.

Opinion in reliable French circles inclines to the view that, although such measures would undoubtedly relieve London from its more pressing difficulties, they cannot, in their very nature, prove more than palliative, and will not materially aid in solving the problem of liberating the huge amounts of British and American short-term capital locked up in Germany. The negotiations are reported to have been hampered to some extent by the French view of the fact that a good deal of money lent by the Paris banks in the London market has been re-lent at much higher interest rates to German and other Central European borrowers; and, further, that repatriation of these funds in present circumstances would be attended with considerable difficulty.

The annual report of Comité Central des Allocations Familiales indicates that at the end of 1930 the number of wage earners enjoying the benefit of supplementary allowances in addition to their pay, based on the number of their children, was 1,850,000, as against 1,820,000 at the end of 1929. The total number of beneficiaries at one time in the year rose, as a matter of fact, to 1,880,000, but subsequently declined by 30,000 units, owing to the economic slump. The increase in the total expenditure by the employers belonging to the various associations during the year was 38,000,000 francs. (Taking into account the public administrations and other organisations outside the Central Committee, the total amount now being distributed in France in the form of these allocations *familiales* is now about 1,700,000,000 francs (£13,600,000) a year, among a total population of 4,300,000.)

As is known, the supplementary wages allowances paid in respect of each child form only one aspect of the work of these purely voluntary organisations, founded and supported by employers, who support the whole cost of them. They also comprise a long list of maternity, sickness, convalescence and other benefits. The national insurance plan, which came into operation last July, includes maternity benefit in the case of women who are wage earners and thus contributors towards compulsory insurance. The associations granting these allocations *familiales* base maternity benefit on the child alone, no matter whether the father or the mother is a wage earner. Many of the associations continue to make maternity allowances, independent of whether the beneficiary is insured or not. Over 7,000 children needing "cures" in seaside, country or mountain air, were given this benefit during the year. These and other social benefits granted during the year involved additional expenditure, apart from cash allowances, of over 10,000,000 francs, or 3,000,000 francs more than in 1929. The birth-rate in families enjoying these extra allowances in 1930 worked out at 46½ per 1,000, as against a mean for the whole of France of 28.6 per 1,000.

GERMANY.

Gradual Relaxation of Restrictions — New Guarantee Bank — Discount Rate — Stock Exchange Regulations — Harvest Credit — Bank Balance Sheets.

(FROM OUR CORRESPONDENT.)

BERLIN, July 29.

THE outcome of the London Conference was received in Germany with profound disappointment. This was partly the result of the inability of public opinion to realise that credit in the immense volume which would have been necessary to bring about an immediate and perceptible relaxation of the crisis in Germany cannot be raised overnight, even when statesmen are unanimous in the matter. As, however, the result left unfulfilled not only unjustified

hopes, but also very sober expectations, nobody can effectively combat this sense of disappointment.

Germany, therefore, feels herself thrown on her own resources. Two tasks lie before her: to bring about a return to the normal system of payments, and to secure the soundness of the currency. Further progress was made last week and at the beginning of this week with the gradual removal of the restrictions on payments which were imposed by the emergency decrees. From July 24th-28th cash payments from bank accounts for unprivileged purposes were allowed up to 200 Rms., provided they did not exceed 10 per cent. of the account, whereas from July 20th-23rd the limit had been 100 Rms. and 5 per cent. The restrictions on transfers have also been further relaxed, and in this connection the clearing association of the big credit institutions, whose activities are expressly exempted from the restrictions of the emergency decrees, and which is already making possible transfers up to 50,000 Rms. per customer daily, has been very useful.

In the course of this week the restrictions on payments will presumably be for the most part removed. It is to be hoped that the first condition for such a relaxation will in the meantime be created—an agreement by all foreign creditors to refrain from calling in their balances. Germany cannot raise the moratorium as long as she knows that her action would result in the immediate withdrawal of the four milliards of short-term credit which the German banks still owe abroad, for the German banks are not in a position to recover even a substantial part of this sum from their own customers; nor could the Reichsbank, whose gold and foreign exchange amount to about 1½ milliards, provide enough foreign exchange to meet the payments. The Reichsbank will, however, of course, see that the service of the long-term loans is provided for in full.

The second condition for the resumption of normal payments has been provided by the creation, jointly by the Reich and the big banks, of a new institution, the Akzept- und Garantiebanc A.G. The readiness of the Reichsbank to provide the necessary means of payment for a full resumption of banking business would have been of no use to many institutions, because they did not possess a sufficient supply of bills suitable for discount. The new bank, partly by endorsing and partly by itself discounting bills not suitable for discount elsewhere, will enable the Reichsbank to direct the stream of means of payment in those directions in which it is needed.

The capital of the Akzept- und Garantiebanc is 200 millions, of which the Reich has taken over 80 millions and the banks the remainder. The participating banks are far fewer than in the case of the Clearing Association; they do not include, for example, the clearing houses, and of the big private banks only Mendelssohn is participating. Big banking institutions of public corporations figure, however, among the shareholders (Reichscreditgesellschaft, Preussische Staatsbank, Deutsche Verkehrskreditbank, Rentenbankkreditanstalt, Golddiskontbank) and bank, and indirect Government participation in consequence amounts to more than half the share capital. As the Bank für deutsche Industrieobligationen is among the proprietors, industry also will participate in the guaranteeing of bills. The savings banks are planning a similar institution on their own account, as they are anxious to restore full payments as soon as possible in order not to lose prestige as compared with the banks.

The question is much discussed in the Press whether the present Reichsbank discount rate will be sufficient, when complete freedom of payments is restored, to keep claims on the Reichsbank within the necessary limits. The President, Dr. Luther, refused to raise it to begin with until he saw on what scale claims are likely to be made. A further rise in the rate of interest would, of course, mean a further contraction of business, increased unemployment and further burdens on public finance, but these consequences would equally ensue if the Reichsbank, as would otherwise be inevitable, were to enforce a corresponding result by more severe restriction of credit. Dear credit has, however, this advantage over compulsory credit restriction, that the contraction is brought about at those

points where business is least profitable. Circumstances may therefore force the Reichsbank very soon to a further rise in its discount rate.

An attempt has been made, by a new emergency decree, to resolve the confusion which the prolonged closing of the Exchanges has brought about in the business relations of everybody connected with them. No claim for delivery may be made in respect of forward transactions in goods outstanding at the end of July. Only the difference between the purchase price and an officially determined price is to be paid. As to the principles upon which this "liquidation" price is to be fixed, the decree only says that regard is to be had to the state of the market prior to the closing of the exchanges. The issue of regulations as to outstanding forward sales of securities for July delivery is entrusted to the Stock Exchange committees, which have already postponed the date of delivery until the end of August. Forward transactions for later dates are not being altered for the time being. Loans falling due, which normally, according to German custom, would only be repayable on days when the Exchanges were open, are to be repaid on the agreed date even if this be a Stock Exchange holiday. This benefits the banks, which have placed their liquid reserves as short-term money. The regulation does not, however, apply where the money, according to express or tacit agreement, was to be used for the purchase of securities, as the debtor in this case, in the absence of the possibility of sale, cannot as a rule recover the money. The regulation of these cases also was committed by the decree to the Stock Exchange committees, and they have decided that where more than one day's notice was agreed upon these loans shall not fall due until the end of August. Day-to-day money is to fall due at noon on the third Stock Exchange day after the reopening of the Exchange. The debtor may repay the loan before the due date, and receives an inducement to do so in that the rate of interest for August is to be 50 per cent. higher than that agreed on for July.

The emergency regulations for the prevention of the flight of capital have been made stricter. The obligation to notify claims in foreign currency and the Reichsbank's right to commandeer them now applies to balances on foreign exchange account held with inland banks. All foreign liabilities must also be notified. This regulation will make possible the collection of statistics which it is hoped to use in the negotiations for an agreement to suspend foreign claims.

The extraordinary scarcity of credit which has resulted from the restriction measures is involving German agriculture in particular difficulties. An abundant harvest is expected shortly, and the farmers will, for the most part, be forced to sell their grain as quickly as possible in order to procure ready money. The financial position of the grain trade has been undermined by the indirect effects of the agricultural crisis, and in order to move the crops from the farmers to the mills the Reichsbank will have to provide special credits. That will be done by the agricultural societies presenting their bills to the Reichsbank with the endorsement of their central institution. The farmers are trying to extend the financing of the harvest into a kind of valorisation credit, but though the severe fall in grain prices during the last few days has given an impetus to these efforts, the shortage of available funds is likely to prevent their being effective.

The bank balance sheets for the end of June have been awaited with great eagerness. The May statements already showed a considerable contraction, and June brought the sharp decline which led to catastrophe in the first half of July. It will not be possible to measure the volume of money withdrawn in consequence of the crisis until the July balance sheets appear. In June the "creditors" and acceptances of all the credit banks declined by a full milliard from 13.55 to 12.53 milliards. The position of the six big banks (DD bank, Dresdnerbank, Danatbank, Commerzbank, Reichskredit A.G. and Berliner Handelsgesellschaft) is particularly significant. Between the end of May and the end of June their "creditors" declined from 10,395 millions to 9,277 millions, and their acceptance liabilities rose from 582 to 816 millions. As the confi-

dence crisis in Germany began with the dissolution of the Reichstag in July, 1930, the June figures show the results of a year of credit crisis in Germany. In this one year the "creditors" alone of the six big banks have fallen from 12,297 to 9,277; that is to say, these six banks alone have paid back 3 milliards to creditors. How have they accomplished this enormous payment, which was further substantially increased in July? The table below shows the changes in the most important assets during the past year:—

	June 30, 1930.	June 30, 1931.	Increase or Decrease.
Bills of exchange	3,256	1,914	— 1,342
Balances with other banks	1,113	686	— 427
Advances against goods	1,855	1,748	— 107
Contangos and Lombards	542	283	— 259
Debtors	6,191	5,668	— 523
Liabilities in respect of endorsements	764	1,515	+ 751

This shows that the repayment has been mainly achieved by mobilising the bills of exchange, together with a severe contraction in balances with other banks, and only to a very small extent by reducing "debtors." This is one of the problems of German banking policy to which close attention will have to be devoted at a more settled time. In individual items the June balance sheets already show a considerable difference between the individual banks. While the DD bank and the Commerzbank have only lost 8 per cent. of their "debtors" in the last month, the decline in the case of the Danatbank was already 17 per cent.

BELGIUM.

Public Finance — Government Loan — Industry — Recent Concentration Schemes.

(FROM OUR CORRESPONDENT.)

LOUVAIN, July 19.

THERE is as yet no noteworthy improvement in public finance. Taxation receipts are not more than about 5 per cent. below the estimates, but this financial year will close with a substantial deficit mainly owing to the heavy reduction in receipts which Belgium will suffer by the adoption of the Hoover Plan. Parliament has recently decided to impose certain new taxes and to increase the rates of others. Taxation revenue will thereby be increased by 1,300 million francs in a full year, according to the present estimate, and by 700 million francs in 1931. This increase may prove insufficient to meet the swollen estimates, and a new effort is likely to be inevitable. Only a few of these recent tax regulations have already come into force. Meanwhile the Government has ventured to contract a one milliard franc loan to replenish the balance in hand, which was until recently substantial, but has been depleted by the repayment of the balance of an American post-war loan, the financing of public works, and by the deficit on the ordinary budget. This loan, in the form of 5 per cents. free of tax and redeemable in 75 years, was conveyed to a syndicate of Belgian banks at 93 per cent. to be offered for public subscription at 96 per cent. from July 10th.

This financial operation has been exposed to vehement criticism. It has been emphasised that the selling rate for public subscription offered too large a yield and could certainly have been fixed at 98. It has also been pointed out that the allowance granted to the bankers was excessive, and that the Government might have offered the securities directly for public subscription, thus borrowing without the backing of the banks. The success which the subscription has met both at home and abroad suggests that these criticisms are justified. The loan was quoted at a premium in the stock market the day before it was opened to public subscription.

The general situation has remained stationary, though a slight improvement has appeared in the labour market. At the end of May unemployment showed a larger decline than is explainable by the incidence of seasonal factors. The number of totally unemployed workmen, which was 80,000 in the beginning of this year, has decreased to 56,000, while the figure of those partially unemployed declined from 126,000 to 97,000. Nevertheless, it must be

stressed that the position of the collieries has been becoming daily worse; they are said to be losing one shilling per ton at present. The possibility of closing down has been seriously considered by certain coal companies of the South. The position of the textile industry, on the other hand, has continued to improve, and this has led to a perceptible reduction of unemployment, but unemployment relief still costs the State 30 million francs a month, which constitutes a relatively heavy burden on the Belgian tax-payer.

One of the most important recent financial events has been the announcement of the proposed amalgamation of the Banque de Bruxelles with its Belgian local subsidiary banks (which total 20). This merger plan has come as a surprise to those familiar with the history and practice of the Banque de Bruxelles, which has always left a great deal of freedom to the affiliated regional banking organisations. Though the position of this bank is strong and the proportion of liquid assets high, its policy is open to criticism as suffering from a lack of coherence. Opinions upon this proposed amalgamation differ. The general view is that the situation of certain affiliated banks had to be stabilised. The Banque de Bruxelles proposes to improve its own balance sheet and to reduce the valuation of its investment portfolio in order to allow for the decline in the value of certain shares, but opinion is not unanimous as to the necessity for this step.

The steadily progressing trust movement in the glass and plate-glass industry has recently advanced further. Thirteen companies working the Fourcault process for the preparation of window glass merged last autumn, and the industrial papers now report the imminent amalgamation of the plate-glass factories of Charleroy, Moustier and Floreffe; the company holding the Libbey-Owens patent for the manufacture of flat-drawn glass is also contemplating entering into the merger. The subscribed capital of the trust would amount at its incorporation to 250 million francs. The remaining Belgian plate-glass producing companies, four in all, are likely to join the above-mentioned combine.

The news which has been spread about fusion among other banks and among metallurgical enterprises is believed to be without foundation. The standing of the Belgian banks remains sound. Though some of the outstanding advances may not be immediately recoverable at the moment, the ratio of liquid assets to liabilities has remained sufficient. Moreover, the Belgian banks do not seem to have suffered losses on account of the recent failures of the Oesterreichisches Kredit-Anstalt and the Norddeutsche Wollkaemmerei. It has been ascertained in financial quarters that there was very little Belgian capital in Germany or Austria when the crisis broke out.

SWITZERLAND.

Foreign Trade — Unemployment — Tourist Industries — Banking Difficulties.

(FROM OUR CORRESPONDENT.)

GENEVA, July 17.

SWITZERLAND is now in the grip of the general economic crisis, which seems to grow worse every week. Its effects are reflected by the foreign trade returns, which are very unsatisfactory. During the first half-year, imports reached a value of £44,351,181, as against £51,459,918 during the corresponding period of 1930, a drop of about 13 per cent. All categories of imports, and particularly raw materials, were affected. Exports aggregated £28,892,950, compared with £36,927,729 last year, a decrease of nearly 22 per cent. The adverse balance will be difficult to make good by means of invisible exports, as the value of these is likely to be much lower than usual.

The monthly export figures had dropped to £4,556,228 in January, but they rose to £5,234,408 in March; since then they have progressively decreased from £4,804,503 in April to £4,407,968 in June, the lowest monthly total recorded for the past six years. All the exporting industries are hit by the slump, but especially the watchmaking,

silk, cotton and machines industries, whose sales abroad were the following (in millions of £) compared with 1930:—

	First Quarter.		Second Quarter.	
	1930.	1931.	1930.	1931.
Watchmaking...	1.8	1.0	2.5	1.2
Silk	2.5	2.1	2.5	2.0
Cotton	2.0	1.5	1.7	1.4
Machines	2.3	1.5	2.2	1.6
	8.6	6.1	8.9	6.2

The situation is pretty bad in the watchmaking industry, which had already been handicapped last year by the increase in United States customs duties. Many factories have been compelled to close down, nearly all the others have reduced the number of working hours and dismissed a great part of their employees, so that the number of unemployed is over 2,500 in that branch of industry out of a total of 17,000.

Commercial exchanges with Great Britain were less active than last year: imports from her aggregated £1,972,602, as against £3,159,369 during the corresponding period of 1930, and exports to her reached £4,573,548 compared with £5,185,919 last year. Exchanges with the five principal clients of Switzerland were as follows during the first half-year:—

	Imports from		Exports to	
	(£'s million.)		(£'s million.)	
	1930.	1931.	1930.	1931.
Germany	13.4	11.9	5.8	4.3
France	9.4	7.1	3.5	3.0
Italy	2.9	3.4	2.3	1.7
Great Britain	2.8	1.9	5.0	4.5
U.S.A.	3.9	3.1	3.0	1.9

Great Britain holds the fifth place among countries selling to the Swiss market, and the first place, formerly held by Germany, among Switzerland's customers.

The number of unemployed, which reached 27,000 in January, was reduced to 16,000 in April, mainly owing to seasonal causes, but it has not changed much since then, and at present the number of registered unemployed is about double that at the same time last year. The Government has been compelled to grant subsidies to the unemployment insurance funds, but so far the unemployment situation is not so severe as it was ten years ago.

The earnings of the hotel industry, which generally make good about one-fifth of the foreign trade adverse balance, will be considerably reduced, as the summer season began under unfavourable auspices. German and United States tourists are few, British tourists are less numerous than usual, and that decrease is not compensated by a rise in the number of French and Italian visitors. Retail trade and transport undertakings will also suffer from the lack of foreign visitors, unless the German financial crisis is solved in the near future.

The financial situation of Germany is causing grave anxiety here, as it is estimated that the amount of Swiss funds invested in Germany reaches nearly one milliard marks. Meanwhile the export of German capital to Switzerland has again increased during the past weeks, and the Swiss banks have again lowered their rates on short- and long-term deposits owing to the abundance of money. Nevertheless, two Swiss banks are now in a difficult position. As a result of losses in France and of the economic crisis, the Banque de Genève, a private bank of which the Geneva State is a shareholder, has been forced into liquidation. As the Geneva Cantonal Parliament has refused to lend £500,000 to that bank, it has been closed down. Liabilities are expected to exceed £1,000,000, while the capital and reserves hardly reach £1,000,000 altogether. The bank was a commercial one, and its failure might have involved the failure of many commercial undertakings, but the Court wisely appointed a committee which will take the necessary steps for the winding up of the bank within the coming three months; this will make it possible to recover many claims and thereby reduce the losses. The closing down of the Banque de Genève created some difficulties to the Basler Privatbank Paravicini, Christ and Company, which had big interests in the Geneva bank; it has asked for a reprieve, but it is stated that the assets of the Basle bank exceed its liabilities. Apart from these two cases, the situation of the Swiss banks remains on the whole very sound.

JUGOSLAVIA.

New Bank Statement — State Trading in Grain — Reception of Hoover Plan — Foreign Trade — Public Finance — Building.

(FROM OUR CORRESPONDENT.)

BELGRADE, July 17.

THE first statement of the Yugoslav National Bank under the new booking system, which embodies the changes consequent upon stabilisation and part-repayment of the State debt, makes interesting reading. Thanks to the repayment of 1,400 million dinars, instead of the expected 1,000 millions, and the gain of 800 million dinars from the revalorisation of the cover, the State debt has been reduced from 4,020 million dinars (£14,700,000) to 1,825 million dinars (£6,600,000). The cover in gold and foreign bills is 2,291 million dinars (£8,000,000), in addition to another 245 million dinars which have not been entered as cover as they represent merely temporary holdings. The actual note circulation is only 4,564 million dinars (£16,000,000), but as the new law requires that sight obligations should also be covered, and these obligations amount to 1,011 million dinars, the cover is 41.10 per cent., of which 27.63 per cent. is in gold. The legal cover is 35 per cent., of which 25 per cent. is gold. The discount rate has been raised from 5½ per cent. to 6½ per cent. It was last changed exactly a year ago, when it was lowered from 6 per cent. to 5½ per cent., the policy of the National Bank then being to assist the general lowering of the inland interest rate. Now, however, that the National Bank cannot act any more as an inland regulator, but is in its turn made dependent on the international flow of gold, the reverse policy has to be adopted.

The introduction of the export and import monopoly of wheat, wheat-flour and rye, as well as the fixing of the wheat price at 160 dinars (11s. 6d.) per quintal, was not an entirely unexpected measure. The change, as favoured by the Government, from agriculture to stock-raising, is proceeding slowly, and in the meantime it was found necessary to give some protection to the corn-grower if only to prevent grave economic and social consequences. For the Government this will mean a loss of about 7,000 dinars per truck, or about 200 million dinars (£760,000) if the entire surplus of 35,000 trucks is exported. In addition to this measure a privileged company for silos and warehouses has been formed in pursuance of the Government policy of obtaining complete control over the country's foreign trade in agricultural produce. The company is similar in structure to that of the Privileged Export Society, i.e., it is a joint-stock company with the State as the principal shareholder. State control and a minimum dividend of 6 per cent. for the private shareholders are stipulated. Hitherto there have been but few silos and storehouses in the country, which has been a distinct disadvantage in trade, and the new company, in addition to storing agricultural produce, will issue warrants and lombard loans on goods deposited for export.

The Hoover Plan received but a mixed reception in Yugoslavia, the expectation of gain being wiped out by the feeling that the Yugoslav share in the sacrifice is too heavy. Speculators, too, played havoc with the war reparation bonds, declaring that "no reparations" meant no service on these bonds, until the Government issued a statement that these two factors were entirely independent, as the Yugoslav Government had made these bonds an internal affair between itself and the citizens concerned and had guaranteed the payment of interest.

Trade continues poor and is considerably below last year's figures, imports for the first five months being worth 2,197 million dinars, as against 2,973 millions in 1930, while exports for the same period were 1,966 millions, against 2,854 millions in 1930. The fall thus amounts to 26 per cent. in imports and 32 per cent. in exports, while the trade deficit is 231 million dinars, as against 120 in 1930 (but 602 millions in 1929).

Government receipts, on the other hand, assessed on the basis of a better year and rigorously collected, con-

tinue excellent. Receipts for the twelve months April, 1930, to March, 1931, were 12,396 million dinars (£45,000,000), as against 12,228 millions at the same date last year.

Building also is doing well, both at Belgrade and in the big towns in the country. The reason for this is that the return on houses has once again become more profitable now that the banks pay an average of 5 per cent. on deposits, and that deposits have grown to 14,170 million dinars (£52,500,000), as against 13,890 millions at the end of 1930, or 12,000 millions at the end of 1929.

ARGENTINA.

Public Finance — Politics — Loans — Foreign Trade.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, July 7.

ARGENTINA'S position at the beginning of the second half of 1931 is in many respects decidedly better than it was six months ago. Nevertheless, the diminution in national revenue, which is chiefly brought about by the smaller volume and value of imports, makes it exceedingly difficult to carry through a constructive financial policy, even when that policy is based upon strict economy and reduced expenditure in all departments of the State. Revenue in the Buenos Aires Customs House at the half-year amounted to \$134,661,069 paper, a reduction compared with last year's figures for the same period of \$18,401,146 paper. Though such a reduction is not necessarily proportional throughout the year, it would probably be idle to hope for any marked improvement between now and the end of December. All the more importance, therefore, attaches to the wholehearted efforts made by the present Government to bring about effective reforms in official expenditure throughout the State Departments. For a variety of reasons, systematic opposition to economy, passive though it may be in its nature, has been successful in many instances in checking perfectly feasible plans for permanent reduction of Government outlay. For this attitude the political situation is undoubtedly chiefly responsible. The Radical Party, which does not necessarily mean the Irigoyenist Party, is largely in the majority throughout the Republic, and will return to power when the next elections take place. The effect of this possibility is felt in many ways at the present time; in financial and commercial affairs it almost unconsciously promotes an atmosphere of uncertainty which, if it grows in the near future, will undoubtedly be detrimental to business as a whole. It is generally agreed that a return of the Radicals to power would not mean a repetition of the shameless abuses coupled with gross incompetency that the revolution of September 6th exposed. The Provisional Government tacitly takes the same view, and is quite ready to hand over its very heavy responsibilities to legally appointed popular representatives; provided always that they can give reasonable assurance that future government will be conducted constitutionally and economically. To that end important reforms in the existing Constitution have been drafted. If adopted they will cut the ground from under many abuses of parliamentary privileges which have latterly been employed for the lowest party ends.

In the meantime administration must be carried on and recurrent obligations punctually met. Debt services are steadily complied with, and on July 1st repayment was made of £2,500,000 due in London and repayable in specie at need. The necessary gold is released from the Conversion Fund through the intermediary, the Banco de La Nacion Argentina, and it is interesting to note that in the Government decree authorising the operation it is expressly stated that the specie required is to be replaced as soon as the external floating debt has been consolidated. Three months from now a sum of \$50,000,000 United States falls due, which was granted by Messrs. Brown Bros. and Company, of New York, and it is quite possible that before October 1st, the due date of the aforementioned amount, a concrete proposal concerning consolidation will have been brought forward and discussed. The Argentine

Government were quick to refute officially the irresponsible suggestion, emanating from New York a couple of days after President Hoover's proposal, to the effect that the United States moratorium might well be extended to loans to South American Republics. It is unnecessary to repeat the emphatic official announcement which, though dignified, was as severe as diplomatic courtesy would permit. And it may be said without the least exaggeration that Argentina has never for one moment envisaged, much less discussed, any such possibility.

The mercantile situation in general has improved, even although values of exports continue remarkably low. Wheat is still \$5.50 paper per 100 kilos, and maize \$3.80, spot prices practically the same as those ruling a month ago. Though linseed has undergone a sharp improvement to \$12.20, the amount still exportable is only approximately 200,000 tons, against 5,000,000 tons of maize and over 1,000,000 tons of wheat. As the area sown to wheat is estimated to be at least 30 per cent. below that cultivated last season, it may be hoped that some of this latter will eventually be sold at better prices, but meanwhile these conditions react unfavourably, and sharply, upon the import trade, more especially on up-country dealers in direct contact with agricultural interests, and on the large importers of agricultural plant in general. Many farmers have this year found it cheaper to plough with horses and leave their tractors in the shed. Indeed, there has been a semi-official propaganda in favour of so doing. It means less money spent on fuel and spare parts, and to that extent helps to redress an unfavourable balance of payments.

For the first five months of this year imports were valued at \$251,799,170 gold, and exports at \$272,043,917 gold, exclusive of specie, \$89,020,674 gold, so that there is a favourable trade balance of \$20,244,747 gold as against an unfavourable balance at the end of May, 1930, of \$28,760,790 gold. The gold holding of the Conversion Office on July 4th amounted to \$320,463,660 gold, and the total note circulation stood at \$1,228,406,548 paper, the percentage guarantee being 65.78 per cent. Despite heavy chartering, freight rates are easier on the basis of 18s. 6d. San Lorenzo loading o.c. terms mid-July cancelling. Exchange, which improved to 36½d. in sympathy with the general feeling of relief when it appeared probable that France would fall in with the Hoover proposal, has since fallen away again to close at the moment of writing at 35½ London, 138.45 New York, banks' cable drawing rates. Local quotations for national bonds and the cedulas of the National Mortgage Bank are steady and sustained in the neighbourhood of 93½ per cent. for 6 per cent. interest securities.

Letters to the Editor.

EXPORTS AND EMPLOYMENT.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your issue of May 2nd, in an article entitled "Exports and Employment," certain criticisms were made on a paper on "The Relative Importance of Export Trade" which I had read before the Royal Statistical Society a short time previous. This article appeared to require a reply from me, but it was desirable to postpone that reply until the paper was published. As the Journal containing the paper has recently been issued there is no reason for delaying the reply further.

A number of points referred to in the article are dealt with in the reply to the discussion on the paper, published in the Journal, and I need not, therefore, discuss them fully here. The writer of the article was in error in attributing to me an estimate of £2,250 millions for the wages bill of the country based upon the estimate I gave of wages plus salaries. I dealt separately with (a) industry and agriculture, and (b) other remunerative employment. Estimates were given for the aggregate of wages plus salaries for both (a) and (b). I took salaries at 10 per cent., and was influenced in this by Professor Bowley's calculations (*Economist*, February 9, 1929) of the numbers of wage earners and salaried workers. The data for a sound estimate of this proportion do not yet exist,

and I consider that a higher figure could be justified, but taking the round figure did not affect appreciably the conclusions reached in the paper. The writer of the article (and other people) took the same percentage for (b), but this is certainly wrong, as the percentage of salaries in the "services" group of occupations must be quite high. I am accordingly in no way responsible for "Dr. Snow's wages bill of £2,250 millions," and there can be no doubt whatever that this figure is some hundreds of millions above the truth. I consider, however, that the figure of £1,600 millions frequently quoted is below the truth.

It may be worth mentioning here that, in my opinion, the data do not at present exist for giving a reliable estimate of the wages bill for the whole country. Some reliable figures are available for a considerable proportion of those engaged in industry, but until something in the nature of a national census is taken of our distributive, etc., activities we shall be lacking in the data necessary to make with confidence separate estimates for wages and salaries for the whole country. Even the estimates which have been made for the national income as a whole have not yet been established beyond the realm of criticism, and I have given elsewhere reasons for the view that the estimate associated with the honoured names of Bowley and Stamp is too low. (It is of interest that the report of the Macmillan Committee, after describing the inadequacy of the data available regarding the national pay-roll, accepts without query the figure of £1,600 millions for the wage-bill and expresses the opinion that salaries are "perhaps nearly half of the wage-bill.")

The article referred to "the fallacy of inferring that the proportion of the population engaged in export is the same as the proportion of the wages and salaries bill paid in connection with exports." There are two questions which arise in the consideration of this point. In the first place, our working population is not constituted in two more or less watertight compartments for "home" and "export" goods separately. In many industries it would be extremely difficult to say if the work of a particular man was for "home" or "export," and it is necessary, therefore, to have some unit of measurement other than "numbers of persons engaged," and the natural unit is the value of their work as indicated by the value of the goods exported. In the second place, and this is the point stressed by your contributor in referring to sheltered and unsheltered wages, rates of wages in trades exporting a large proportion of their production are less than in some other trades catering entirely for home demand. This may be so, but it does not alter the position. If export trade employs N people and produces £X in salaries and wages, while an equal amount of capital with N persons engaged on home trade produces £(X + Y), it seems more reasonable to measure the importance of the export trade by the ratio of X to (X + Y) than to say that it is equally important as the home trade because it employs the same number of people. But the point is mainly one of the definition we adopt for "importance."

On the subject of the criticism in the article regarding the method of estimating the amount of imported materials contained in the articles exported from this country, it is true that the calculations did not go into great detail. Without that the knowledge which is available only to those personally acquainted with individual industries it was hardly possible to take every factor into account. In the instance quoted, the cotton textile industry, I have made subsequent calculations in which the part played by bleachers, dyers and finishers, as distinct from that of the spinners and weavers, was taken into account, but no appreciable alteration in the final result was produced by this greater refinement. It is also true that I did not make an estimate of the "value contributed by the services of 'British merchant seamen'" in the calculation of the value of the imported materials contained in the articles exported, but a speaker in the discussion, well qualified to express an opinion on the subject, emphasised the very small payments made for transporting goods by sea in comparison with internal distribution charges.

The question of duplication raised in the article has been dealt with in the reply to the discussion on the paper. Some duplication certainly exists, but so far there is no evidence to justify the statement in the article that "the net output as given in the Census reports already includes the proceeds of a large part" of "the other occupational groups." A detailed examination of all the material is necessary in forming an opinion on the subject, but my opinion is that the "part" played by duplication in this matter is relatively small. The existence of doubt on the subject, however, is further argument for the need of a distributive census in this country.

There are one or two items of fact in the article in which the writer is in error, but these are unimportant and need take no space. The appellation "frivolous" used in the

article to "Dr. Snow's invitation to the country which of all the countries of the world is the most dependent on export trade to abandon a large part of the trade" would certainly be justified if there were anything in the nature of such an invitation in the paper. The latter would have to be read through very distorted spectacles for such an invitation to be found, though it did put forward the view that a more reasonable perspective as to the relative position of foreign and home trade was desirable. Why should we look upon the loss of a customer in the South of England of, say, a British boot manufacturer to a foreign manufacturer as a matter quite different from the loss of a customer in South Africa? The underlying cause is probably the same in each case, but in the latter we are urged (by a Government Department as well as the Press) that we must "recapture the lost market," but the former loss we are told that we can view with equanimity because somebody else in this country performs some service to pay for the article imported.—Yours faithfully,

"Thornhill," Kenley.

E. C. SNOW.

July 25, 1931.

[We agree with Dr. Snow that the ratio of salaries must be higher than 10 per cent. in the service group of occupations, but as the only indication he gave in his paper of the ratio upon which he was working was his statement, *à propos* of the groups covered by the census of production, that he took salaries at 10 per cent., we had no choice but to suppose him to have used that ratio throughout. On the question of sheltered and unsheltered wages our point was merely one of arithmetic. If the wages of persons employed upon the production of goods for export are as a whole below the average of wages over all occupations—and this can be asserted without assuming the possibility of classifying each individual worker as "working for export" or otherwise—the fact that, say, 13 per cent. of wages and salaries were derived from production for export would mean that more than 13 per cent. of the population were so occupied. Finally, we still think that the general tone of Dr. Snow's paper suggests an exhortation to something much more drastic than "a more reasonable perspective as to the relative position of home and foreign trade."—Ed., *Econ.*]

FASCISM AND CATHOLICISM.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I agree very heartily with your strong words against the foolish act of putting explosive bombs inside the Basilica of Saint Peter; as I also do with your approbation of the skilful way in which the matter has been handled both by the Vatican and the Italian Government. All Italians hope that the air will be cleared from such perturbing and vicious incidents. But the moral you draw from such piece of history is not justified. Shall we hope that an inward as well as a juridical reconciliation between Italy and the Papacy will be the consequence of this abortive crime? I say that such a consequence would be both logically absurd and morally mischievous.

Absurd, because the Catholic Church and Fascism are both exclusive and totalitarian churches. They aim at the conquest of the whole man, body and soul. Catholicism cannot renounce its divine right of educating the youth and of moulding the soul of man so as to render him worthy of salvation. Fascists appear to have discovered, to their amazement, only after the issue of the Pope's Encyclical on the Catholic Action, that the Church will not restrict its action to the inside of the temples, to Mass, and to the explanation of the words of Christ. The words of Christ and the catechism are rules of life; they exercise a profound influence on the moral, family, social and political behaviour of man. The Pope is right when he says that if Catholicism should restrict itself to external practices it will cease to be Catholicism. Therefore the Catholic Church cannot and never will renounce its right to say its word in all problems touching the life of man.

In its turn, Fascism is also a faith. A secular faith, but a totalitarian one. Fascism also requests the obedience of the whole man, body and soul. It aims at moulding the life, the inward life of man, from birth to death. Man is to be subservient to the State; an instrument in the hands of the governing chief to the realisation of the State's aims. This is what the Pope calls paganism, intolerable intrusion into the spiritual life of man, which belongs to himself and to God. There may be truce between Church and Fascism; there cannot be true peace. Peace is a sheer absurdity between two such exclusive faiths.

Peace, or a long truce, will be, if reached, very dangerous for Italy. Given your great liberal traditions, how can you throw away the only existing hope of some liberty for the Italian people? The Catholic Church is the only remaining

organised force, juridically recognised by the laws of the land, and in which Italians can seek refuge against the oppression of an overpowering State.

The refuge is spiritual, ethereal, but it is something worth while to a people sick of the tyranny of a totalitarian State. We have no Parliament freely elected, no freedom of the Press, no liberty of teaching. Boys are taught in the elementary schools by means of only one book, a State book. The corporative system has rendered the whole economic mechanism part and parcel of the giant State. Employees' and employers' associations are a façade; the inner truth is that they are branches of the State administration; their presidents and secretaries are appointed by Ministerial and Royal decrees, and are removable at will. Men cannot obtain jobs without being Fascists or adherents to Fascist syndicates. Employers are more and more becoming State employees. I do not criticise the system. It may be that it will appear to somebody an anticipation of future social transformations. I say that the system is such that man is nothing and the State is all. Year by year, month by month, by little imperceptible advances, Fascism has destroyed all organisations, all social forces, all associations which were independent from its sway. There are now in Italy only 41 million atoms, called men, and the Fascist State, with its numberless ramifications. Provinces, municipalities, local and social bodies no longer draw their force from some independent sources; the source of force, of appointments, of election, is the State, the State only.

The only extant independent body is the Catholic Church. The great mistake of Fascism was the Concordat with the Vatican. By the Concordat it recognised juridically in the Church a force, an independent force, free from its supervision. Bishops and parish priests are nominated by the Pope, not by the Government. They have a status within the State. They are morally bound to make use of their power. They preach and they educate. They cannot preach the gospel of the Fascist State, but the gospel of God; they educate men not toward attaining the aggrandisement of the State, but towards perfecting the spiritual life of the individual. War is bound to be waged between the Church and Fascism. In this struggle is the only present chance for Italians of hearing a word different from the usual one of annihilation in the omnipotent State. Liberalism, liberty of speech and of thought, have taken refuge in the Church. This sounds like a paradox, and a paradox truly it is in a modern State; but it is the tragic truth of present-day Italy. Surely the struggle between Fascism and the Catholic Church does not interest men who are busy only with their acquisitive worldly life. It is the business of the thinking part of the people. But even its non-thinking part is more and more interested in the struggle, because they have come to see that even the acquisition of bread and butter is dependent more and more upon the omnipresence of the State. Instinctively they aim at securing some dose of independence, and very soon they will all come to see that there is only one force left free in Italy to-day—the Catholic Church.—I am, Sir, etc.,

Rome, July 27th.

OBSERVER.

TO THE EDITOR OF THE ECONOMIST.

SIR,—As one who has devoted a great deal of special study to such matters, I have read with deep interest your article (July 11th) on the Papal Encyclical against some recent actions of the Italian Fascists. I would suggest that, both in regard to that Encyclical and in regard to the preceding one—on Social Problems—there seems to exist in the public mind a serious misunderstanding. It is true that the Pope condemns, in the latest Encyclical, "a pagan worship of the State," and many of us will agree with such censure, to that extent. However, it must be realised that the Pope's condemnation is from a Papal, not a modern Liberal, viewpoint. Similarly, in the encyclical on Social Problems, the Pope did far more than condemn a few political theories such as Communism and Socialism. The daily press has entirely failed to quote the first paragraph of that Encyclical; yet that paragraph is of the greatest importance. The first paragraph of the Encyclical says:—

"The way for this remarkable document of pastoral solicitude [i.e., Leo XIII's Encyclical *Rerum Novarum*, issued in 1891], it is true, had been in a measure prepared by other pronouncements of our predecessor. His letters on the foundation of human society, the family, and the Holy Sacrament of matrimony, on the origin of the civil power and its proper co-ordination with the Church, on the chief duties of Christian citizens, against the tenets of Socialism and the false notions of human liberty—these and others of the kind had unmistakably revealed the mind of Leo XIII." In footnotes, the reader of *Quadragesimo* is referred to these encyclicals of Leo XIII:—*Arcanum* (issued in 1880), *Immortale* (1885), *Sapientie* (1890),

and *Libertas* (1888). Thus, *Quadragesimo* reaffirms, and makes its own, those encyclicals, and the meaning of the new Encyclical cannot be understood apart from those others.

In *Immortale* it is declared that "the authority of the Church is the most exalted of all authority, and cannot be looked upon as inferior to the civil power, or as in any way dependent upon it." In *Arcanum* it is laid down that, "as the Founder of the Church willed her sacred power to be distinct from the civil power, and each power to be free and unshackled in its own sphere, so there is, however, this condition—a condition good for both, and of advantage to all men—that union and concord should be maintained between them, and that on those questions which are, though in different ways, of common right and authority, the power to which secular matters have been entrusted should happily and becomingly depend on the other power which has in its charge the interests of heaven." *Sapientie* declares that, "if the laws of the State are manifestly at variance with the Divine Law, containing enactments hurtful to the Church, or conveying injunctions adverse to the duties imposed by religion, or if they violate, in the person of the Supreme Pontiff, the authority of Jesus Christ, then truly it is a positive duty to resist, a crime to obey"; also, that the duty of Catholics is not merely to accept revealed doctrine and teachings proximate thereto, but also "to allow themselves to be ruled and directed by the authority and leadership of bishops, and particularly of the Apostolic See." In *Libertas* it is laid down that it is wrong for the State to allow equal rights to "various religions (as they call them)," but that the State "must profess" Roman Catholicism; also, that toleration in the State must be "strictly limited," and must be mainly a means of avoiding worse ills; and, finally, that, "although, in the extraordinary condition of these times, the Church usually acquiesces in certain modern liberties, she does so not as preferring them in themselves, but as judging it expedient to permit them until, in happier times, she can exercise her own liberty."

To appreciate the significance of the above it is needful to remember that, by "the Church," the Pope meant only and always the Roman Catholic Church, as the sole power on earth "having charge of heavenly things"; that, by "religious duties," he meant only what that Church asserts as such; and that, by "variance from the Divine Law," he meant variance from what that Church teaches as such. Thus it will be seen that Leo's teaching was that the Roman Church—itsself in no wise dependent on the State—demands obedience from the State; that States should profess Roman Catholicism and tolerate other cults, if at all, then as little as possible; and that the Roman Church would repudiate modern liberties opposed to its own exclusive claims, should better days enable her to do so.

All Leo's maxims have been reaffirmed by the first paragraph of the recent Encyclical, *Quadragesimo*, on Social Problems; and other Encyclicals, including the one against the Fascists, must be understood in the light of that fact. It will be seen that the Papal attitude has nothing in common with "love of liberty" as generally understood.—Yours faithfully,

J. W. POYNTER.

106, Gillespie Road,
Highbury, London, N. 5.
July 14, 1931.

Books and Publications.

CIVILISATION ON TRIAL.*

DR. DELISLE BURNS holds the mirror up to modern civilisation. His mirror is his own alert, well-informed, widely-ranging but unsatisfied intelligence, and he shows us pictures continually dissolving and forming again, presenting new scenes. They are always moving, while his sometimes disturbing comments flow with them. The modern civilisation, which, according to Dr. Burns, is on trial, has developed in the last twenty years in Western Europe and in North America. Its characteristics are motor cars, aeroplanes, cinemas and radio, the use of tinned food and of electricity for household services, mechanisation of production and standardisation of taste, resort to new methods in education and in government. In contrast are the mediæval conditions exemplified most clearly in China and India and the primitive type of social life which exists in tropical Africa. All three types trade with each other, and the new industrial revolution of to-day is affect-

* "Modern Civilisation on Trial." By C. Delisle Burns. (London). Allen and Unwin, Ltd. 1931. 10s. 6d. net.

ing the whole world. "As industrialisation proceeds," says Dr. Burns, "the needs of the modern world press more heavily upon the peoples of tropical areas." His two more chapters on the relations between modern civilisation and Africa and Asia must be passed over here, but readers of the book will not skip them. Industrialisation, having developed rapidly among Europeans in America, is now reacting upon Europe itself; but America, Dr. Burns observes, lacks the sense of direction which comes from the past. As between America and Europe, "the defects of each may be amended by the co-operation of both."

After thus looking round, Dr. Burns settles down "to analyse in their native homes the political, economic, and cultural tendencies which combine to make modern civilisation," examining first the phenomenon of post-war dictatorships. These, he points out, have come into existence in countries of peasant population, where birth and death rates are high, the percentage of illiteracy great, and where the people have lived under authoritarian religions. In such countries highly-organised groups, suppressing criticism and exercising power dictatorially, have in some instances brought about improved conditions, but their very success may be bringing their regime to an end.

In the world of modern civilisation, changes in transport and production, in people's tastes and habits, have changed government itself, both in its national and international functions. There have been extensions of the franchise and an increase in voluntary organisations for the public good; but Dr. Burns writes depressingly of existing conditions in which the drift towards new war becomes daily more dangerous. This strengthens as each nation's defences become more alarming to its neighbours. Tendencies towards co-operation are the more hopeful sign, but this outspoken part of the book raises the most serious doubts. "Whether war is to be made more destructive or peace made possible," says Dr. Burns, "probably depends most of all in the near future upon the modernisation of the economic system."

He passes on to examine modern methods of production, the standardisation of taste, education, the sciences and the arts, dwelling strongly on what may be accomplished by social co-operation. Dr. Burns looks most hopefully for progress to the efforts of groups of persons, rather than to what may be done by individuals. His analysis of the situation is, he says, intended as a basis for action, but the whole picture is complex. There are many cross-currents, and he leaves us trying to think it all out—perhaps wondering whether, after all, there are not even deeper things than are dealt with even in Dr. Burns' philosophy.

BOOKS RECEIVED.

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

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

The British Year Book of International Law, 1931. (London) Oxford University Press, Warwick Square. 16s. net.

This volume includes, among other contributions, articles on "The Future of Codification," by Professor Brierly; "The Unification of the Law of Bills of Exchange," by Dr. H. C. Gutteridge; and notes on "British Reservations to the General Act," "The Imperial Conference, 1930, on Arbitration," "The Status of the Mandatory Power," and other subjects of current international interest. There is also a record of decisions of international and national tribunals.

Studies in Indian Currency and Exchange. By H. L. Chabiani. (London) Oxford University Press, Warwick Square. 9s. net.

A clear and timely discussion of the Indian currency question.

The Delusion of Protection. By George H. Winder and Cluny MacPherson. With an introduction by the Hon. Sir Hal Colebatch. (London) The Australian Book Company, 16, Farringdon Avenue. 4s. 6d.

A severe and interesting criticism of the cost and effects of the Australian tariff.

Kapital und Kapitalismus. (Berlin) Reimar Hobbing. Two vols. Rm. 25.

A series of lectures by German economists, given under the auspices of the Vereinigung für Staatswissenschaftliche Fortbildung. They cover a wide range of subjects, grouped under the main headings "Capital in the Capitalist Economic System," "Capital Accumulation," "The Capital Market," "The Use of Capital," "The Wearing Out and Destruction of Capital," and "Capital Policy and Transformation of the Capitalist System."

A Short History of Political Economy in England. By L. L. Price. (London) Methuen and Co., Ltd., 36, Essex Street. 6s. net.

This revised edition adds forty years to the period covered by former editions, and brings the history to the death of Marshall. These later authors are grouped under the three headings of economic history, statistics and economic theory.

L'Allemagne et les Démocraties occidentales. Les conditions générales des relations franco-allemandes. By Edmond Vermeil. (Paris) Publications de la Conciliation Internationale, 173, Boulevard Saint-Germain.

The short essay on Franco-German relations appears at a very appropriate moment.

Les Paradoxes Economiques de l'Allemagne Moderne. 1918-1931. By Max Hermant. (Paris) Librairie Armand Colin, 103, Boulevard Saint-Michel. 20 fr.

A French study of the main basis of German economic development since the war.

Foreign Affairs, July, 1931. (New York) Council of Foreign Relations, 45, East 65th Street. \$1.25.

This quarter's issue includes, among other interesting contributions, articles by Sir Austen Chamberlain on "The Permanent Bases of British Foreign Policy"; and by A. M. Carr-Saunders on "Fallacies about Over-population."

Building Societies Year Book, 1931. Compiled and edited by George E. Franey. (London) Reed and Co., 37, Cursitor Street.

Contains an alphabetical list of the principal societies, with extracts from the latest balance sheets, and the names of directors and managers; a series of articles by experts; and a great deal of miscellaneous relevant information.

The Political Quarterly, July-September. (London) Macmillan and Co., Ltd., St. Martin's Street. 3s. 6d.

This number includes, *inter alia*, articles on "Disarmament and French Public Opinion," by Pierre Cot; "Defects and Reforms of Parliament," by Sir Herbert Samuel, and "Prohibition's Challenge to America," by Oswald Garrison Villard.

The China Stock and Share Handbook, 1931. Compiled by C. R. Maguire. (Shanghai) North China Daily News and Herald, Ltd.

Contains full particulars of the leading Chinese securities, together with useful tables of silver statistics and exchange movements.

OFFICIAL PUBLICATIONS RECEIVED.

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

Empire Marketing Board: Note on the Work and Finance of the Board. Cmd. 3914. 9d. net.

Returns of the Capital, Traffic, Receipts and Working Expenditure, etc., of the Railway Companies of Great Britain for the Year 1930. 6s. 6d. net.

Royal Commission on the Civil Service, 1929-31, Report. Cmd. 3909. 3s. 6d. net.

Annual Report of the Fishery Board for Scotland, being for the Year 1930. Cmd. 3908. 1s. 6d. net.

Department of Agriculture for Scotland: The Profitability of Farming in Scotland. 2s. 6d. net.

Report of the Departmental Committee Appointed to Inquire into the Efficiency and Adequacy of the Coast-watching Organisation of H.M. Coastguard. Cmd. 3918. 2s. net.

Department of Overseas Trade: Economic Conditions in the Dominion of New Zealand. March, 1931. 2s. net.

Eleventh Annual Report of the Forestry Commissioners, Year ending September 30, 1930. 9d. net.

Royal Commission on Labour in India: Minutes of Evidence—Vols. I-X.

The Stock Exchange.

CABLES AND WIRELESS.

IN a prolonged world trade depression there is no past error of financial judgment in a company's affairs which can remain hid. Wise directors face the realities, admit past miscalculations, however serious, and take steps to put them right. It is, therefore, satisfactory to find the directors of Cables and Wireless, Ltd., bluntly admitting that their great organisation, formed with governmental approval, is working on an unsound capitalisation. Their report is almost brutal in its frankness, but stockholders in these days should be grateful for frankness on the part of their directors, even if this frankness takes the form of the voluntary retirement (with compensation) of redundant directors.

The company's operating subsidiary, Imperial and International Communications, Ltd., was formed (it may be recalled) with a capital of £30,000,000 to acquire the communication assets of the Eastern Cable group (Eastern, Eastern Extension and Western) and Marconi's Wireless Telegraph, to take over the Pacific Cable Board's cables, with its West Indian cable and wireless system, and to lease the Post Office beam services. The standard revenue of the company was fixed by the Imperial Wireless and Cable Conference at £1,865,000, or approximately 6 per cent. on its capital. The revenue account for the twenty-one months to December, 1929, disclosed a profit of £2,023,155, which was at the rate of £1,156,088 per annum, or approximately 3.85 per cent. on the capital. The failure to earn the standard revenue was even then attributed "almost entirely to bad world trade." The accounts for the twelve months ending December 31, 1930, showed a net profit of £326,429 (incidentally the directors in July, 1930, estimated that the profits would be £800,000). A comparison of the last two revenue accounts follows:—

	21 months to Dec. 31, 1929. £	Equivalent for 12 months. £	12 months to Dec. 31, 1930. £
Message receipts, less payments to Governments for taxes.....	10,716,040	6,123,452	5,185,010
Income from shares in subsidiary companies and investments...	473,422	270,526	352,886
Charter of ships and other receipts.....	191,800	109,600	101,873
Total.....	11,381,262	6,503,578	5,639,770
Working expenses, interest, taxes, and reserve for cable renewals	9,358,107	5,347,490	5,313,521
Net profits	2,023,155	1,156,088	326,249

It will be seen that the message receipts have declined by 15.3 per cent. and the total net profits by no less than 71.8 per cent. We do not wish to over-emphasise the gravity of these figures. The fall in the operating revenue is serious, but, as the directors affirm, "is not more serious than that in most other industries and undertakings." A graph which the directors publish with the report illustrates the close dependence of the traffic receipts on the external trade of Great Britain. The company has done its best to meet the decline in traffics by effecting operating economies. The expenses of working at stations show a reduction at the rate of £195,000 a year, expenses of maintenance of cables a reduction of £91,000 a year and operation of ships a reduction of £90,000 a year, while other expenses show a saving of £37,000 per annum; a total of £413,000. General administrative charges are also lower, and non-recurrent expenses of £78,541 were charged against revenue last year. The reduction of personnel has continued, the estimated decline in salary and allowance commitments since the formation of the company amounting to nearly £375,000 per annum.

The economies which have been effected are lasting. The results are at present overshadowed by the fall in the receipts, but they will be felt increasingly as the receipts recover with the first lifting of the trade depression. Nevertheless, when all due allowance has been made for these favourable factors, it appears from the directors' report that the company has been operating at a loss since the end of May, 1930, that reductions in rates have had to be made to meet the pressure of competition both of business and Government interests as well as to effect assimilation with wireless rates; that these reductions in rates have resulted in a decrease in revenue, which the company cannot hope to make up until there is a recovery in trade, if then; and that there is evidence of an over-development of the means of communication throughout the world, which can only result in all companies engaged in the communications industry operating at a loss. These grave issues have been put before the Advisory Committee set up by the Imperial Wireless and Cable Conference, and a committee has been appointed to inquire into the position, "including the causes and consequences of the great discrepancy between the standard earnings and the present earnings." The committee has an exceptionally strong personnel, comprising Mr Wilfrid Greene, K.C., Lord Ashfield, and Mr L. Durning Holt. We trust that, when the relations between the company and the Government are considered, the exorbitant rental which the company has to pay for the lease of the Post Office beam services will not be left out of review. To quote from the directors' report:—"It is clear that the communication services of the Empire cannot continue indefinitely to be conducted not merely with little or no return on the large capital employed, as in 1930, but at a loss, with outgoings exceeding incomings, as on the basis of present traffics seems to be the probable outcome of the year 1931." These gloomy remarks have been emphasised by the statement issued this week of the estimated traffic receipts for the six months ending June 30th, which compare with those of the corresponding period of 1930 as follows:—

	1930. £	1931. £	% Decline
January	519,485	412,908	20.5
February	460,052	390,461	15.2
March	492,316	447,668	9.9
April	456,120	386,706	15.2
May	466,279	371,704	20.3
June.....	413,471	374,502	9.4
Aggregate.....	2,807,723	2,383,949	15.0

The daily average traffic receipts for June, 1931, were the lowest yet touched, being 22.9 per cent. below those of June, 1930.

Let us now turn to the position of the holding company, Cables and Wireless. The dividends of Imperial and International Communications, Ltd., are paid to the three cable companies and to the Marconi Company in respect of the communication assets which it acquired from them. These companies have outside investments—the Marconi Company has also a manufacturing and royalty business—and after meeting their debenture interest and preference dividends, they pay dividends to Cables and Wireless, Ltd., and to their few remaining non-assenting stockholders. The dividends thus received by Cables and Wireless, Ltd., last year amounted to £1,386,875, which was equivalent to only 2.6 per cent. on the cost of its shareholdings in these companies (£52,561,249). Allowance must, however, be made for the fact that the dividend paid by Imperial and International Communications, Ltd., included a transfer of £200,000 from reserve, while credit was taken in the profits of other subsidiaries for £129,500, being part of the sum written off losses on sales of investments in 1929, which were more than covered by profits

in 1930. Thus Cables and Wireless received a return of only 2.06 per cent. on the cost of its shareholdings. The revenue accounts and distribution of profits of Cables and Wireless for the past two years compare as follows:—

	1929. £	1930. £
From £4,979,320 stock in Eastern Telegraph	383,570	348,552
£3,987,990 stock in Eastern Extension		
Telegraph	425,276	494,511
£3,108,390 stock in Western Telegraph.....	336,384	341,923
232,098 pref. shares of £1.....		
267,062 ord. shares of £1.....	300,745	201,889
5,178,722 ord. shares of 10s. } in Marconi		
Transfer fees and miscellaneous.....	3,129	16,339*
	1,449,104	1,403,214
Less general expenses and interest	41,484	54,567
Directors' fees	19,519	26,348
Income tax	60,792	19,915
Balance	1,372,309	1,302,385
Dividend on 5½ per cent. pref. stock of Cables and Wireless	1,263,053	1,273,840
	64,256	66,907†

* Includes £13,759 dividends from subsidiary companies in respect of 1929 on account of stock of Cables and Wireless allotted during 1930.

† Carry forward is loss £10,787, being dividend for 1929 on preference stock issued since December, 1929, and £15,108 written off formation expenses.

It will be seen that last year the company only earned its 5½ per cent. preference stock dividends with the help of its subsidiaries' transfers of £329,500 from its reserves, and that it showed no earnings at all on its ordinary stock. "A" ordinary stock or £8,655,977 £20,636,854 7½ per cent. "B" ordinary stock. If the Communications subsidiary "B" ordinary stock. If the Communications subsidiary is unable to pay a dividend this year, Cables and Wireless will only be able to show earnings, if expenses remain the same, of approximately £777,000, which represents only 3.35 per cent. on its preference stock.

These figures are convincing evidence of the necessity for the writing-down of the capital of Cables and Wireless. Whether the directors consider it prudent to wait for a recovery in trade in order to ascertain the real earnings position of the company before formulating a reconstruction scheme is a matter which should be discussed frankly with the stockholders. The depreciation in market values suffered by the stockholders of Cables and Wireless has already been appalling, and a reconstruction scheme would hardly come as any further shock to the market. The next table shows the highest prices recorded in 1929, 1930, and 1931, and the present market valuation of the various stocks this week:—

	Par Value (approx.) £ 000	Highest Prices 1929. 1930. 1931.	Present Valua- tion. Price. £ 000
5½% pref. stk.	23,161	99 100 78	48 11,117.3
7½% A ord. stk.	20,687	90½ 77 26½	13½ 2,792.7
8% B ord. stk.	8,656	104 39½ 14½	7 602.9

The market capitalisation of this grandiose merger company has fallen £39 millions below the par valuation, and £35 millions below the figure reached at the "peak" of 1929. If this combine had been promoted under less august auspices we should be inclined to regard this depreciation as evidence of another scandal in public company administration. Everyone knows, of course, that in the negotiations which led to the amalgamation of the Eastern cable group and Marconi's, each side was naturally seeking to make its assets appear in the most valuable light. The resulting over-capitalisation of the merger company was an intelligible, if costly, mistake. But that does not excuse the present directors from taking early action to put the matter right. This is the least they can do. Looking further ahead, they may ask themselves whether the advance of wireless services and this over-development of world communications are not bound to cause all capital invested in the cable side of the industry to become sooner or later unremunerative.

There remains another serious issue—whether the company, even when the revival in trade does come, will be able to operate on a profit-earning basis if it has to continue the intensive fight for business with its powerful

foreign competitors. The competition in the communications industry is not only commercial but Governmental. The directors already declare that the opening by Governments of direct wireless services will become a serious matter if it continues unabated. The world over-development of the means of communication can only bring the competing commercial interests to ruin or to amalgamation. If salvation is sought in amalgamation, will the British Government allow Cables and Wireless to divide control of Empire communications with a foreign group such as International Telephone and Telegraph or Ericsson Telephone? If not, will it subsidise Cables and Wireless in order to keep British control of Empire communications commercially alive? In a significant passage the directors allege that "inter-imperial and international traffic cannot, even in times of returning prosperity, be developed to an unlimited extent on any basis of economic charges for its transmission." (The italics are ours.) Are we to infer that the directors of Cables and Wireless want a subsidy here and now? It would seem a fitting gesture first to put their commercial house in order by giving notice of a reconstruction scheme.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
August 12.	August 13.

The Stock Exchange was inclined at first to hope that friendly co-operation between the Bank of France and the Bank of England, as a result of the informal discussions between Sir Robert Kindersley and M. Moret in Paris, might avert a change in Bank rate. A more uneasy feeling, however, became noticeable in mid-week, when gilt-edged stocks were depressed and more speculative securities were affected by the weakness of Wall Street. A further sharp fall followed the announcement of the Bank's decision, with evidence of some forced selling. If the stock markets were inclined, a few days ago, to under-estimate the difficulties of the financial position, there is certainly a full realisation of their significance now, and all members will closely watch the behaviour of money rates after the holiday.

After being better at the outset, gilt-edged lost ground appreciably on Wednesday. They declined a further 1½ to 2 points after Thursday's rise in Bank rate, though a partial rally followed the first onset of selling. All long-dated issues were affected, particularly Four per Cent. "Consols." and Three-and-a-Half per Cent. Conversion Loan. India loans came on offer and were quoted with wider margins, and Australians failed to derive substantial benefit from Mr Lang's decision to rejoin the Loan Council.

The foreign bond market was dull and depressed. A few Brazilian issues were slightly firmer on the Federal Government's acceptance of the Niemeyer Report, but other South American stocks were sold from New York. The financial situation was again a bear point for German issues, which were sharply marked down. Other European bonds, and even Far Easterns, shared in the prevailing tendency.

The railway interim dividend and earnings' statements, which are discussed on page 233, brought out a moderate amount of selling, which was not checked by the uninspiring traffic figures. The volume of dealings in foreign rails was neglected, but Argentines continued to lose ground, the latest B.A. Great Southern figures being considered particularly disappointing.

Although the industrial market was helped by a batch of dividends—Imperial Tobacco, Watney Combe and Arthur Guinness—of a relatively satisfactory character, trading remained quiet, with a downward trend. The unfavourable effect of the U.S. Steel Corporation dividend cut (dealt with on page 232) on Wall Street sentiment, was felt by all "international" counters. Among so-called "investment" issues, electricals were

(Continued on page 232.)

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

Prices Year 1930.				Prices Year 1931 Jan. 1 to July 29 (Inclusive).				Name of Security.				Prices Year 1930.				Prices Year 1931 Jan. 1 to July 29 (Inclusive).				Name of Security.				Prices Year 1930.				Prices Year 1931 Jan. 1 to July 29 (Inclusive).				Name of Security.				Prices Year 1930.				Prices Year 1931 Jan. 1 to July 29 (Inclusive).				Name of Security.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	

†Free of Income Tax.

Price Year 1930.				Price Year 1931. Jan. 1 to July 29, (Inclusive).				Name of Security.				Price July 22, 1931.				Price July 29, 1931.				Rise or Fall.				Present Yield.			
High.		Low.		High.		Low.						High.		Low.		High.		Low.						£ s. d.			
7 1/2	2/9	3/10 1/2	2/9	14 1/2	7 1/2	14 1/2	7 1/2	Coal, Iron and Steel.		2/9	2/9	...	...	...	...	20 7/8	9/9	11 1/8	5 1/8	...	...	...	...	...			
10 1/2	11 1/2	14 1/2	7 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Amal. Anthracite £1.		10 1/2	10 1/2	...	...	...	...	53 1/2	25/-	44 1/4	25 7/8	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Do. 7% Cum. Pref. £1.		10 1/2	10 1/2	...	...	...	...	95/-	53 1/4	56 10/16	26 10/16	...	...	...	...	...			
4 1/2	4 1/2	5 1/2	3 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Armstrong, Walter £1.		4 1/2	4 1/2	...	...	...	...	28 1/2	12 1/2	12 1/2	5 1/2	...	...	...	...	...			
13 1/2	4 1/2	7 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Babcock, Walter £1.		1 1/2	1 1/2	...	...	...	...	40 7/8	16 3/8	20/-	9 1/2	...	...	...	...	...			
13 1/2	10 1/2	17 1/2	8 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Bengal Iron £1.		3 1/2	3 1/2	...	...	...	...	2 1/2	11 1/2	2 1/2	11 1/2	...	...	...	...	...			
3 1/2	1/9	2/10 1/2	1/9	14 1/2	7 1/2	14 1/2	7 1/2	Beyer Peacock £1.		1 1/2	1 1/2	...	...	...	...	95 1/2	65 11 1/2	72 1/2	40 10 1/2	...	...	...	...	...			
10 1/2	11 1/2	14 1/2	9 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Brown (John) Ord. 6/-		1 1/2	1 1/2	...	...	...	...	14 1/2	5 1/2	3 1/2	10 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Cammell Laird £1.		4 1/2	4 1/2	...	...	...	...	54 10 1/2	24 1/2	30/-	12 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Connell Iron £1.		5 1/2	5 1/2	...	...	...	...	15 10 1/2	6 11 1/2	10 1/2	5 10 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Cory, William, £1.		2 1/2	2 1/2	...	...	...	...	14 1/2	6 3/4	8/-	3 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Dorman, £1.		4 1/2	4 1/2	...	...	...	...	35 1/2	23 1/2	26 1/2	16	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Robb Vale £1.		11 1/2	10 1/2	...	...	...	...	99 1/4	69 1/4	76 3/4	37 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Quone Keen, & Co. £1.		4 1/2	4 1/2	...	...	...	...	78 1/2	39 1/2	30 1/2	10 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Hadfield £1.		2 1/2	2 1/2	...	...	...	...	62 1/2	37 1/2	35 11 1/2	16 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Har. & W. 6% Cum. Pf.		13 1/2	13 1/2	...	...	...	...	21 1/2	16 1/4	20 1/2	24 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Horden Collieries £1.		10 1/2	10 1/2	...	...	...	...	6 1/2	28 1/2	33 1/2	15 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Lambert Bros., £1.		2 1/2	2 1/2	...	...	...	...	6 1/2	28 1/2	33 1/2	15 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Millom & Askan £1.		3 1/2	3 1/2	...	...	...	...	12 1/2	6 1/2	10 1/2	14 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Ocean Coal & Wilsons.		1 1/2	1 1/2	...	...	...	...	4 1/2	3 1/2	3 1/2	2 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Pease and Partners £1.		4 1/2	4 1/2	...	...	...	...	24 1/2	18 1/2	20 1/2	14 10 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Powell & Cuyler £1.		13 1/2	13 1/2	...	...	...	...	41 1/2	36 1/2	38 1/2	25 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Do. B. Ord. £1.		3 1/2	3 1/2	...	...	...	...	13 1/2	10 1/2	13 1/2	10 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Starkey Coal, & Co. £1.		19 1/2	19 1/2	...	...	...	...	6 1/2	27 1/2	28 1/2	19 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Stewart & Lloyds £1.		13 1/2	13 1/2	...	...	...	...	5 11 1/2	29 1/2	32 1/2	19 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Swan, Hunter £1.		14 1/2	13 1/2	...	...	...	...	8 12 1/2	69 1/4	43 1/2	13 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Thomas (Richard) £1.		1 1/2	1 1/2	...	...	...	...	16 1/2	7 1/2	14 1/2	8 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Do. 6 1/2% Cum. Pref. £1.		3 1/2	3 1/2	...	...	...	...	40 1/2	36 1/2	37 1/2	29 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Thornycroft & John £1.		21 1/2	21 1/2	...	...	...	...	28 1/2	29 1/2	31 1/2	24 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Thames Steel, £100 £1.		£98 1/2	£98 1/2	...	...	...	...	119 1/4	94 1/4	100 1/4	88 1/4	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Victoria 8% £1.		6 1/2	6 1/2	...	...	...	...	13 1/2	24 1/2	27 1/2	17 1/2	...	...	...	...	...			
10 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Ward (Thos. W.) £1.		6 1/2	6 1/2	...	...	...	...	13 1/2	24 1/2	27 1/2	17 1/2	...	...	...	...	...			
Textiles.																											
6 1/2	3 1/2	3 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	B. Ctn. & Wool Da. 5s.		3 1/2	3 1/2	...	...	...	...	5 1/2	27 1/2	31 1/2	25 1/2	...	...	...	...	...			
24 1/2	14 1/2	15 1/2	5 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Bradford £1.		17 1/2	15 1/2	...	...	...	...	11 1/2	4 1/2	5 1/2	4 1/2	...	...	...	...	...			
33 1/2	17 1/2	21 1/2	11 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Breadford Dyers (10 1/2)		5 1/2	5 1/2	...	...	...	...	4 1/2	28 1/2	33 1/2	15 1/2	...	...	...	...	...			
15 1/2	8 1/2	9 1/2	3 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Brd. 7% Ist. Cum. Pf. £1		5 1/2	5 1/2	...	...	...	...	4 1/2	28 1/2	33 1/2	15 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Do. 7% 2nd. Cum. Pf. £1		4 1/2	4 1/2	...	...	...	...	4 1/2	28 1/2	33 1/2	15 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Do. 7% 3rd. Cum. Pf. £1		4 1/2	4 1/2	...	...	...	...	4 1/2	28 1/2	33 1/2	15 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Calico Printers £1.		4 1/2	4 1/2	...	...	...	...	4 1/2	28 1/2	33 1/2	15 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Coats, J. and P. (£1.)		4 1/2	4 1/2	...	...	...	...	4 1/2	28 1/2	33 1/2	15 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Courtenay £1.		4 1/2	4 1/2	...	...	...	...	4 1/2	28 1/2	33 1/2	15 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	English Sng. Co. £1.		13 1/2	13 1/2	...	...	...	...	13 1/2	10 1/2	14 1/2	8 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	English Velvets, & Co. £1		13 1/2	13 1/2	...	...	...	...	13 1/2	10 1/2	14 1/2	8 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Fine Cotton Spnrs. £1.		22 1/2	21 1/2	...	...	...	...	17 1/2	11 1/2	15 1/2	9 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Linen Thread (£1.)		10 1/2	10 1/2	...	...	...	...	17 1/2	11 1/2	15 1/2	9 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Liners (£1.)		19 1/2	18 1/2	...	...	...	...	23 1/2	17 1/2	18 1/2	14 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Patons & Baldwins £1.		7 1/2	7 1/2	...	...	...	...	10 1/2	6 1/2	8 1/2	6 1/2	...	...	...	...	...			
14 1/2	5 1/2	6 1/2	2 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Sia Viscos Lire 40 £1.		20 1/2	20 1/2	...	...	...	...	10 1/2	6 1/2	8 1/2	6 1/2	...	...	...	...	...			
Electric Light & Heat.																											
32 1/2	19 1/2	23 1/2	17 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Associated Elec. (£1.)		55 1/2	55 1/2	...	...	...	...	85 1/2	82 1/2	82 1/2	80 1/2	...	...	...	...	...			
32 1/2	19 1/2	23 1/2	17 1/2	14 1/2	7 1/2	14 1/2	7 1/2	British Insulated (£1.)		55 1/2	55 1/2	...	...	...	...	85 1/2	82 1/2	82 1/2	80 1/2	...	...	...	...	...			
32 1/2	19 1/2	23 1/2	17 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Callenders £1.		17 1/2	16 1/2	...	...	...	...	27 1/2	17 1/2	22 1/2	18 1/2	...	...	...	...	...			
32 1/2	19 1/2	23 1/2	17 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Crompton & Parkinson 5/-		5 1/2	5 1/2	...	...	...	...	33 1/2	21 1/2	22 1/2	18 1/2	...	...	...	...	...			
32 1/2	19 1/2	23 1/2	17 1/2	14 1/2	7 1/2	14 1/2	7 1/2	English Electric £1.		41 1/2	40 1/2	...	...	...	...	24 1/2	19 1/2	21 1/2	16 1/2	...	...	...	...	...			
32 1/2	19 1/2	23 1/2	17 1/2	14 1/2	7 1/2	14 1/2	7 1/2	General Electric £1.		41 1/2	40 1/2	...	...	...	...	24 1/2	19 1/2	21 1/2	16 1/2	...	...	...	...	...			
32 1/2	19 1/2	23 1/2	17 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Hawley (W. T.) (£1.)		5 1/2	5 1/2	...	...	...	...	33 1/2	21 1/2	22 1/2	18 1/2	...	...	...	...	...			
32 1/2	19 1/2	23 1/2	17 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Johnson & Phillips £1		28 1/2	28 1/2	...	...	...	...	19 1/2	14 1/2	17 1/2	12 1/2	...	...	...	...	...			
32 1/2	19 1/2	23 1/2	17 1/2	14 1/2	7 1/2	14 1/2	7 1/2	Siemens £1.		21 1/2	20 1/2	...	...	...	...	10 1/2	6 1/2	8 1/2	6 1/2								

†Free of Income Tax.

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Am't. paid.	Price, July 22, 1931.	Price, July 23, 1931.
De Beers 5 1/2% Ster. deb.	...	...	90-95	90-95
Pine County Council 4 1/2% 1951-61	...	...	100-101	100-100 1/2
Great Universal Stores Ord. (5/-)	...	...	18/9-19/3	18/5-18/9
Great Universal Stores Pref.	...	...	19/9-20/3	19/5-20/-
India 6% 1933-34	...	...	99 1/2-100 1/2	98 1/2-99 1/2
Jones (Peter) 6% deb.	...	...	1 1/2-1 3/4 pm	1 1/2-1 3/4 pm
Lancashire Cotton 6 1/2% deb.	...	...	21-21 1/2	21-21 1/2
Middlesex 4 1/2% 1930-70	...	...	101-102	101-102
New Zealand 5% (B) deb.	...	...	102-104	102-104
Odessa Press 7% 1932-34	...	...	4 dis-par	4 dis-par
Panama Corporation 8% deb.	...	...	4 dis-par	4 dis-par
Primitive Holdings 6% Red. pref.	...	...	par-6 1/4 pm	par-6 1/4 pm
Rhokana Corp. 7% deb.	...	...	5 1/4-5 1/2 pm	5 1/4-5 1/2 pm
Tanganyika 4% Guar. 1951-71	...	...	1 1/2-1 3/4	21-21 1/2
Telephone and Gen. Trust 7% Pref.	...	...	par-6 1/4 pm	par-6 1/4 pm
Walsall Corp. 4 1/2% 1930-60	...	...	15-16	14 1/2-15
Woolworth (F. W.) Ord. (5/-)	...	...	6 1/2-6 3/4 pm	4 1/2-4 3/4
Woolworth (F. W.) 5% Cum. Pref. £1	...	...	1/-1 1/3 pm	20/10 1/2-21/1 1/2

(Continued from page 229.)

dull, very moderate selling bringing down quotations in the absence of normal demand. Textiles were lower where changed. Anxiety over the Cables and Wireless report (discussed in an article on a previous page) was accentuated rather than allayed by the announcement of a committee to consider the whole communications position. Provincial selling of Imperial Chemical was attributed to fears of the possible passing of the interim dividend. Watney deferred came on offer, though the dividend was regarded as satisfactory, and tobaccos were fractionally lower all round. Dunlops declined sharply under bear pressure. Bank shares sagged on scattered selling, and insurance shares were irregular.

A modest increase in business in oil shares, early in the week, was not maintained, a steady stream of small sales reducing prices fractionally. Paris showed little interest, and Amsterdam, on the whole, was a seller. An easier tendency in rubber shares followed the decline in the price of the commodity to a new low record figure, though actual business was of the smallest possible dimensions. Tea shares were steady, but showed no disposition to rally on the continuance of an improved demand for the commodity at the week's auctions.

Interest in mining shares remained at a low ebb, with movements for the most part insignificant. Kaffirs presented a firmer appearance, Johannesburg being inclined to pick up one or two favourites, though Paris gave little help. "Chartered" fluctuated irregularly, with a downward trend. An intermittent selective demand for tin shares found the market's supplies somewhat limited. Rio Tintos suffered a further relapse on reports of increased political unrest in the company's area, necessitating the presence of military guards.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	July 23, 1931.	July 24, 1931.	July 27, 1931.	July 28, 1931.	July 29, 1931.	July 30, 1931.
Government and Municipal Loans	1,249	1,220	1,474	1,156	1,363	1,340
Transport, Communications, and Public Utilities	684	638	854	763	609	658
Commercial and Industrial Banks, Insurance and Financial	1,221	944	1,286	1,313	1,208	1,159
Mines (including Nitrates)	362	363	495	381	416	432
Oil	300	344	290	276	331	287
Rubber, Tea and Coffee	96	91	114	78	107	98
Total	3,968	3,647	4,569	4,030	4,092	4,064

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	July 23, 1931.	July 24, 1931.	July 27, 1931.	July 28, 1931.	July 29, 1931.	July 30, 1931.
72.5	54.5	60.0	59.8	59.5	59.3	58.8	57.9

We are officially informed that George Derenburg and Ernest William Kettle, trading as George Derenburg and Co., were declared defaulters upon the Stock Exchange on July 23, 1931.

FOREIGN STOCK EXCHANGES.

NEW YORK.

New York was occupied less than in recent weeks with foreign and more with domestic possibilities, which were found anything but reassuring. At the beginning of the week business was exceptionally quiet, only 600,000 shares being dealt in on Monday and 700,000 on Tuesday. Much interest was centred on the railroad position. Though New York Central were in demand at one time, the June earnings statements of the leading roads were not regarded with favour. Many operators feared that further dividend cuts might be necessary before relief could be expected, even in the event of a favourable decision by the Interstate Commerce Commission on the application for higher rates. It was also learned that railroad labour would oppose any effort to reduce wages. On Wednesday the whole market was shaken by the Steel Corporation's decision to cut the common stock dividend to a \$4 annual rate, and the revelation that ordinary stock trading earnings in the second quarter were non-existent. The shares were heavily sold, the decline spreading to other leading issues. Steel Corporation fell 7 1/2 points on the day, Bethlehem 6 1/2, American Telephone 4 1/2, American Can 5, and New York Central 5 1/2. Operations in the steel industry were estimated at 33 per cent. of capacity, against 31 per cent. in the previous week. There was a general belief that wage cuts were under serious discussion in the steel industry, despite the known view of the administration that reductions should be avoided where possible. Contrary to expectation, the Steel Corporation made no announcement on the point, though one is expected shortly. Sufficient proxies have been received to assure the completion of the merger of the Vacuum Oil Company with Standard Oil of New York.

	July 16, 1931.	July 23, 1931.	July 30, 1931.		July 16, 1931.	July 23, 1931.	July 30, 1931.
U.S. 3 1/2% T. Ris.	106 1/2	106 1/2	106 1/2	Natl. Biscuit	57 1/2	60 1/2	56 1/2
U.S. 4 1/2% 32-47	102 1/2	102 1/2	102 1/2	Phelps Dodge	11 1/2	12 1/2	11 1/2
Do. 4 1/2% 32-47	102 1/2	103 1/2	103 1/2	Pullman	36 1/2	37 1/2	33 1/2
Do. 4 1/2% 33-38	104 1/2	104 1/2	104 1/2	Pearse-Robuck	53 1/2	55 1/2	55 1/2
Atchafalpa	157 1/2	161	155 1/2	Studebaker	16 1/2	18 1/2	18 1/2
Ches. & Ohio	33 1/2	35	34 1/2	Un. Fruit	58 1/2	58 1/2	57 1/2
Erie	20	20 1/2	20	U.S. Leather	7 1/2	7 1/2	6 1/2
Illinois Central	47 1/2	48	44 1/2	U.S. Rubber	13 1/2	14 1/2	13 1/2
N.Y. Central	84 1/2	84	76	U.S. Steel	94 1/2	93 1/2	85 1/2
Pennsylvania	46 1/2	46 1/2	45	Westinghouse	65 1/2	65 1/2	61 1/2
Southern Pacific	78 1/2	80 1/2	77 1/2	Woolworth	67 1/2	67 1/2	68
Southern Ry.	30	30	27 1/2	Am. Tel. & Tlg.	175 1/2	176 1/2	171 1/2
Union Pacific	157 1/2	162	155 1/2	Interboro R.T.	23 1/2	23 1/2	21 1/2
Am. Can.	103 1/2	101 1/2	94 1/2	Int. Tel. Teleg.	31 1/2	30 1/2	28 1/2
Amer. Smelting	33 1/2	33 1/2	31 1/2	Radio Corp.	17 1/2	17 1/2	17 1/2
Anacosta	25 1/2	25 1/2	25 1/2	Utilities P. & L.	23 1/2	22 1/2	21 1/2
Chrysler Steel	45 1/2	44 1/2	35 1/2	W. Union Tlg.	115 1/2	114 1/2	113 1/2
Chrysler Motor	22 1/2	22 1/2	24 1/2	Associated Gas "A"	11 1/2	13 1/2	12 1/2
Corn Producers Rt.	66 1/2	66 1/2	65 1/2	Pan. Amer. B.	24 1/2	24 1/2	24 1/2
Eastman Kodak	145 1/2	143 1/2	137 1/2	Shell	18 1/2	18 1/2	17 1/2
Gen. Electric (New)	40 1/2	40 1/2	39 1/2	Shell Union	6 1/2	6 1/2	4 1/2
Gen. Motors	37 1/2	37 1/2	37 1/2	Standard Oil	9 1/2	10 1/2	10 1/2
Int. Harvester	41 1/2	43 1/2	39 1/2	Std. California	36 1/2	37 1/2	36 1/2
Montg. Ward	19 1/2	20	20 1/2	Do. N.J.	37 1/2	38 1/2	37 1/2

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1928 = 100):—

	1929.	1930.	1931.		1929.	1930.	1931.
	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.
337 Industrials	134.9	218.9	98.2	174.1	99.6	90.2	87.0
33 Rails	127.8	173.5	89.1	145.6	92.0	75.0	71.2
34 Utilities	177.6	330.4	153.2	267.4	158.1	158.0	152.0
Total, 404 stocks	140.3	228.1	105.6	184.2	107.6	98.5	94.7
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	5.83%	6.05%
DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1928 = 100).							
Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	July 22, 1931.	July 23, 1931.	July 24, 1931.	July 25, 1931.	July 27, 1931.	July 28, 1931.
140.2	92.7	108.8	108.8	106.3	105.7	106.9	108.2
TOTAL DEALINGS IN NEW YORK.							
	July 23, 1931.	July 24, 1931.	July 25, 1931.	July 27, 1931.	July 28, 1931.	July 29, 1931.	July 30, 1931.
Stock Exchange—Shares (Thous.)	800	1,100	400	600	700	1,600	1,400
Bonds (Value Thous. \$) ...	9,133	8,544	4,178	7,250	7,636	8,500	7,891
Over-the-counter—Shares (Thous.)	180	240	90	190	140	230	180

* 2-hour session.

CANADA.

The Canadian stock markets drifted along aimlessly, with a meagre volume of trading, until they were brought to life by President Hoover's war debts offer. Stock quotations thereupon moved sharply upward, and the bond market materially strengthened. Considerable profit-taking followed, and when "political" difficulties developed, the enthusiasm of speculators cooled. On the definite settlement, the Canadian markets sold off and, in view of the critical situation which arose in Germany, remained in a highly nervous condition, with a disposition to sag. The Canadian business situation does not justify optimism, and the confirmation of adverse news about the Western wheat crop (which banishes any hope of a real business revival this year) has had a depressing effect. The plan for the reorganisation of the Canada Power and Paper Company is encountering serious obstacles, and newsprint stocks are still under a cloud, although they may be helped slightly by the new preference accorded by the trade treaty with Australia. The mining market also remains dull, and even gold stocks have failed to rally appreciably. The general public is indisposed to come into the market, and trading on the Montreal Stock Exchange is now at its lowest ebb for the whole year.

	May 26, 1931.	June 30, 1931.	July 29, 1931.		May 26, 1931.	June 30, 1931.	July 29, 1931.
Albion Power & Paper	3 1/2	4 1/2	4 1/2	Fraser Companies	6 1/2	1 1/2	1 1/2
Bank of Montreal	246	265 1/2	260	Hollinger Gold Mining	11 1/2	15 1/2	12 1/2
Bank of Toronto	14 1/2	21 1/2	18 1/2	International Nickel	4 1/2	5 1/2	4 1/2
British Col. Power "A"	33 1/2	38 1/2	35 1/2	Massey Harris	46 1/2	45 1/2	44 1/2
Calgary Power	200	143 1/2	143 1/2	Montreal Light	25 1/2	28 1/2	26 1/2
Can. Bank Commerce	200	211 1/2	205	National Breweries	42 1/2	48 1/2	45 1/2
Canadian Car	12 1/2	12 1/2	10 1/2	Nat. Steel Car	31 1/2	29 1/2	31 1/2
Canada Cement	12 1/2	12 1/2	10 1/2	Power Corp., Canada	42 1/2	48 1/2	45 1/2
Can. Indus. Alcohol "A"	2 1/2	3 1/2	2 1/2	Price Bros.	34 1/2	36 1/2	33 1/2
Canada Power & Paper	4 1/2	5 1/2	4 1/2	Quebec Power	244 1/2	248 1/2	243 1/2
Can. Steamship Lines	4 1/2	5 1/2	4 1/2	Royal Bank of Canada	40 1/2	42 1/2	40 1/2
Cochran Plov.	7 1/2	7 1/2	5 1/2	Shawinigan	24 1/2	31 1/2	30 1/2
Corn. Mining	76	108 1/2	93 1/2	Southern Can. Power	24 1/2	31 1/2	30 1/2
Dom. Textile (New)	65	71 1/2	65 1/2	Steel of Canada	27 1/2	29 1/2	27 1/2
				Winnipeg Electric	14 1/2	13 1/2	11 1/2

INVESTMENT NOTES.

Stock Exchange Quotations.—The conditions which surround the granting of quotations by the Stock Exchange Committee have always been a subject of provocative interest, writes a "House" correspondent. As recently as last week, Mr. Kelly, the Labour M.P. for Rochdale, asked the Chancellor of the Exchequer whether, if a committee were set up to amend the Companies Act, 1929, a departmental commission would be added to examine the methods of the London Stock Exchange. Mr. Kelly's view was that in an amended Companies Act there should be embodied recommendations which would bring the granting of Stock Exchange quotations under the control of the Act. Mr. Pethick-Lawrence, replying on behalf of Mr. Snowden, said that the Chancellor of the Exchequer was not altogether satisfied as to the need for such an inquiry, but would bear the point in mind. The rules governing the granting of quotations are, in fact, under the continual supervision of the Stock Exchange Committee, who, within the past few weeks, have introduced material changes into the daily Lists issued under their authority, designed for the better information of the public as well as of Stock Exchange members. A Royal Commission appointed by Parliament fifty-four years ago dealt at some length with the matter. The Commissioners declared their strong opinion that the List should be made as perfect as possible, for the dissipation of unjust suspicions and the preservation of the confidence of clients in their brokers. The Commissioners regarded as serious the fact that the closing quotations in the Official List were under no official sanction at all, and recommended the formation of a "List Committee" to supervise these closing prices. The Commissioners maintained that the publication of official and unofficial figures in juxtaposition "could not fail to mislead careless people—that is to say, the majority of the community." The mildly ironical conclusion probably caused much amusement in the Stock Exchange at the time. It would appear from Mr. Pethick-

Lawrence's answers that Mr. Snowden sees little practical benefit in the setting-up of a fresh commission, or committee, to go over the same ground. During the interval of 54 years the Stock Exchange Committee have reorganised the Lists and the requirements which must be satisfied before shares can be admitted to quotation. To-day's result, while still far from being perfect, represents a great advance upon the Official List of 1877. Safeguards for public protection have been introduced which could not have entered the minds of Stock Exchange members in that period, and many of the recommendations made by the Royal Commission have been adopted by the Stock Exchange Committee. The Stock Exchange, however, has not seen fit to apply for the Charter of Incorporation suggested by the Commission of 1877.

Home Railway Interims.—The home railway market has sustained a good deal of buffeting in its time, but seldom has depression been deeper or more persistent than to-day. The earnings of the great British railways have fallen off in smaller proportion than those of the major American railroads, but, unfortunately, the British companies have a capital structure and a legal position which does not enable them to withstand even a moderate recession in revenue without the danger of embarrassing consequences. Even in good times (in the post-war sense of the term) the margin of earnings over and above fixed-interest requirements is small, particularly on the two "heavy" group lines, while in depressed periods the margin may shrink so rapidly as to put the trustee status of certain prior stocks (even under the "Chancery Rules") into jeopardy. As the railways declare gross earnings weekly, but have refused, despite repeated requests, to give estimates of net revenue at more than half-yearly intervals, the market is subject to a maximum of uncertainty.

THE STANDARD BANK OF SOUTH AFRICA LIMITED

Bankers to the Imperial Government in South Africa; and to the Governments of Northern Rhodesia, Southern Rhodesia, Nyasaland and Tanganyika.

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£3,164,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

Board of Directors.

William Reelson Arbuthnot, Esq. Rt. Hon. the Earl of Athlone, K.G. Rt. Hon. Lord Balfour of Burleigh. Stanley Christopher, Esq. Edward Clifton-Brown, Esq. Robert E. Dickinson, Esq.	Horace Peel, Esq. Rt. Hon. the Earl of Selborne, K.G. William Smart, Esq. Rt. Hon. Lord Sydenham. G.C.S.I., F.R.S. Sir Koderick Roy Wilson.
---	--

Joint General Managers in South Africa—James S. Shiel, G. F. Le Sueur, and 77, KING WILLIAM STREET, LONDON, E.C.4.
Deputy General Managers in South Africa—Francis E. King, Herbert G. Hoey.
Assistant General Manager in South Africa—E. C. Frost.
London Manager—Bertram Lowndes.
Secretary—T. D. Williams.

Head Office: 10 CLEMENTS LANE, LOMBARD STREET, and 77, KING WILLIAM STREET, LONDON, E.C.4.
London Wall Branch: 63, LONDON WALL, E.C.2.
West End Branch: 9, NORTHUMBERLAND AVENUE, W.C.2.
NEW YORK BRANCH: 67, WALL STREET.
HAMBURG BRANCH: 49-53, SOHLENBURGER-STRASSE.
Bank of British West Africa, Ltd., 49-53, SOHLENBURGER-STRASSE.
Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST and CENTRAL AFRICA.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the World. The closest touch with Trade and Industrial conditions is maintained, with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

THE STANDARD BANK MONTHLY REVIEW is sent post free on application. It gives the latest information on all South, East and Central African matters of Trade and Commercial interest.

The results for the first half of this year, now published, are rather better as regards earnings and rather worse as regards dividends than had been expected. The London and North Eastern, as usual, is postponing consideration of a dividend on its second preference stock until the end of the year, but the payments on the first preference and 5 per cent. redeemable preference (which rank equally) involve, "for the time being," a transfer from general reserve. A total decrease of £3,130,000 in gross receipts has been recouped as to £2,140,000 by reductions in expenditure. The Midland and Scottish is paying its preference dividends in full, but deferring the question of an ordinary payment until the end of the year. Traffic receipts fell by approximately £3,000,000, but there was a reduction of £2,400,000 in expenditure. The Southern recouped £300,000 of a total decrease of £500,000 in railway receipts, but as total net revenue was about £15,000 below 1930, and £3,000,000 additional guaranteed preference stock ranks for dividend, the directors have prudently reduced the interim payment on the preferred ordinary from 2½ to 1½ per cent. The Great Western dividend was not available as we went to press. The prevailing uncertainty has depressed market quotations not merely for ordinary stocks, but even for senior fixed-interest securities which in some cases are on a yield basis which would normally be associated with "speculative" issues.

	Highest Price, 1930.	Highest Price, 1931.	Present Price.	Yield at Present Price.
L.M.S.R.—				
4% debenture stock	85	82½	75½	5 7 5
4% guaranteed stock	82½	78½	69½	5 17 8
4% preference stock	75	62½	42	10 0 0
4% preference stock, 1923	73	55½	32	13 6 8
Ordinary stock	57½	34	15	Nil†
L.N.E.R.—				
3% debenture stock	61½	60½	55½	5 8 1
4% first guaranteed stock	78½	75	68	6 1 3
4% first preference stock	72	56½	42	10 0 0
4% second preference stock	63½	45½	22	18 3 7
5% preferred ordinary stock	39	17½	9	Nil†
Deferred ordinary stock	13½	6½	3½	Nil
G.W.R.—				
4% debenture stock	86½	89	84½	4 14 9
5% consolidated guaranteed stk.	103	103½	99	5 2 0
5% consolidated preference stk.	99	96½	83½	6 3 5
Ordinary stock	94	69½	44	12 10 0†
S.R.—				
4% debenture stock	86½	85½	81½	4 18 3
5% guaranteed preference stock	103½	102½	100	5 1 6
5% preference stock	96½	92½	80	6 5 0
Preferred ordinary stock	76½	66½	49	6 6 3†
Deferred ordinary stock	32½	23½	11	Nil

† Based on interim dividend rates.
† Based on 1930 dividend rates.

During the second half of this year the railways will reap further economies from the operation of the National Wages Board award, which became effective only on March 26th last. The approximate dimensions of these economies were indicated in an Investment Note on page 573 of the *Economist* for March 14, 1931. Though no close computation of the probable position at the end of this year can be made at this stage, it has been estimated that if allowance is made for further economies under the National Wages Board, and the railways succeed in reducing expenses other than wages to the same proportionate expenditure as in 1930, the decline in net railway earnings for the whole of 1931 will be of the order of £1½ millions on the L.M.S., £1½ millions on the L.N.E.R., £1½ millions on the Great Western and about £100,000 on the Southern.

The Story of Mr Lang.—According to a Sydney message, Mr Scullin, the Federal Premier of Australia, has agreed to come to the rescue of the empty treasury of Mr Lang, Premier of New South Wales, by an issue of Treasury bills, provided Mr Lang accepts responsibility for the public debts of New South Wales, rejoins the Australian Loan Council, and puts the Prime Ministers' Economy Plan into operation. As Mr Lang is reported to have telegraphed accepting all these conditions, it may be that an unedifying episode in New South Wales' history will close with the vindication of sound financial principles. Our readers may be interested in the following sketch by an Australian correspondent of the career of one of the leading protagonists in the tragedy:—

"Born on December 21, 1876, John Thomas Lang has been the stormy petrel of the New South Wales Parliamentary Labour Party since his election to the Legislative Assembly in 1913. Mr Lang has been Treasurer in 1920-22, in 1925-27 and since the last N.S.W. election. During 1925-27 he was also Premier, having been elected leader of the State Parliamentary Labour Party in 1923 in succession to Mr James Dooley. Since his first assumption of the office of Premier in 1925 his activities have received full public attention. Always a member of the extreme Left-Wing of the Labour Party, he immediately introduced, on becoming Premier of N.S.W., a measure which became known as the Child Endowment Tax, which imposed a tax of 1 per cent. on all wages and salaries, payment of which was to be made entirely by the employer, the proceeds being given to the workers receiving under a certain weekly sum in the proportion of 5s. for each child in their families. Mr Lang then introduced a Workers' Compensation Act, which compelled all employers to take out policies covering injuries received by workers, not merely at work, but while travelling to and fro. Next came Mr Lang's historic conflict with the Governor of New South Wales, Sir Dudley de Chair. Mr Lang, being strongly opposed in the Legislative Council (whose members are appointed for life), drew up a long list of names, sufficient to give him a majority. As Sir Dudley did not completely fall in with Mr Lang's suggestion, the latter petitioned the Imperial Government for his recall, also without success. He then introduced a Bill to abolish the 'Upper House,' which passed the 'Lower House' (an elected body) in all its stages, but was rejected by the 'Upper House' after an exciting attempt at a snap division. Mr Lang resigned, was defeated in the election which followed, and remained in robust opposition till last year, when his generous promises, at a time of economic depression, again secured his return. His subsequent financial measures are familiar to British investors. His renewed efforts to abolish the 'Upper House' have again involved him in difficulties with the N.S.W. Governor, and also with the Australian Courts, and it will be interesting to see if the matter goes before the Privy Council, a body disliked by the Labour Party in the State."

U.S. Steel Corporation.—A reduction in the dividend of the U.S. Steel Corporation was generally expected, but the drastic nature of the cut—from a \$7 to a \$4 annual basis—and the negligible earnings shown in the quarterly account to June 30th came as a decided shock to sentiment and induced reactionary markets throughout the New York Stock Exchange. The earnings statement, showing that not even a quarterly dividend of \$1 was being earned, made the market realise that optimism for the near future was out of the question. While the directors of the Corporation have not yet recommended an "adjustment" in wages it is thought that this action is only a matter of time. These considerations prompted bear selling in the leading industrial issues, and U.S. Steel fell on Wednesday from 92½ to 84½. The operations of the Corporation, the largest manufacturer of iron and steel in the world, are rightly regarded as a barometer of industrial activity in the United States. In the 1928-29 boom its plant was operating at more than 100 per cent. on its capacity. With the deepening of the present trade depression, its operations have persistently dropped off till they are now only 33 per cent. of capacity. The following shows the steady reduction in the unfilled orders since March this year:—

Unfilled Orders.	1930. Tons.	1931. Tons.
January 31	4,132,351	4,468,710
February 28	3,965,194	4,479,744
March 31	3,995,330	4,570,653
April 30	3,897,729	4,354,220
May 30	3,620,452	4,059,227
June 30	3,479,323	3,968,064

No plant as scientifically designed for mass production as that of the U.S. Steel Corporation can hope to make a living with its operations at about a third of capacity. The next table gives the consolidated income account and earnings per share for the first two quarters of the year:—

	1931. 1st Quarter.	1931. 2nd Quarter.
Net earnings*	19,464,836	13,817,000
Depreciation, depletion, &c.	11,325,302	12,212,000
Interest	1,374,477	1,376,000
Net income	6,765,057	230,000
Special income	...	7,160,000
Preferred dividends	6,304,919	6,304,919
Available for common	460,138	1,086,436
Earned per common share	0.05†	0.12‡

* After deducting operating expenses, ordinary repairs and maintenance, and Federal tax reserve.

† Based on 8,696,859 common shares.

‡ Nil if special income is excluded.

It will be seen that in the first quarter the corporation covered its preferred dividends with a margin of only 5 cents per share on the common, while in the second quarter it made a profit of only \$230,000 on its operations, so that if a special income of \$7,161,000 from the sale of a public utility property had not been brought in, there would have been earnings of only 6 cents per share on the preferred and a heavy loss on the ordinary shares. The present level of earnings may be compared with the "boom" period, when the Corporation earned \$12½ per share in 1928 and \$21.19 per share in 1929. The Corporation is now paying its quarterly dividends out of its reserves. The balance sheet at December 31, 1930, showed current assets of \$578,373,097, as compared with current liabilities of \$108,873,454. Cash at that date amounted to \$117,203,288 and marketable securities to \$71,066,206. The outlook for the Corporation this autumn is not encouraging. There is no doubt that the depression in the United States deepened in June, the Federal Reserve Board index of industrial production falling to 86 per cent. of the 1928-29 figure, against 89 in May. As long as the New York Stock Exchange persists in ignoring current earnings and in valuing its common stocks on a low dividend-yield basis, even when dividends are not being earned, markets must remain particularly vulnerable to any change in business sentiment.

Brazilian Stocks and the Niemeyer Report.—A slight strengthening of quotations for Brazilian stocks followed the announcement that the Brazilian Government intended to carry out the reforms suggested in the Niemeyer Report (a discussion of which will be found on page 210). The recovery, however, was of no more than modest dimensions, the market realising that the carrying of good resolutions into effect is more difficult than the making of them:—

	Dec. 31.	July 23.	July 27.	July 29.
Brazil 4½%, 1888 ...	48	52½	52½	54
Brazil 5%, 1895 ...	52½	51	50	50
Brazil 4% Rescued ...	46½	46	45	46
Brazil 5%, 1903 ...	69½	71	72	72
Brazil 4%, 1910 ...	39½	36	37	36
Brazil 4%, 1911 ...	52½	62	62	62
Brazil 5%, 1913 ...	48	46	47½	48
Brazil 5%, 1914 ...	65½	66	66½	66
Brazil 6½% ...	64½	60	63½	66
Rio State 7% ...	70½	53	50	50
San Paulo 7½% ...	66½	68½	67½	68½
San Paulo 7% ...	71½	65	65	65
San Paulo 6% ...	50	45	45	45
Leopoldina Railway	20½	14½	14½	14½
San Paulo Railway	140½	133	133	133
Brazil Traction ...	\$21½	19½	19½	19½

Though many prices have not altered, the margins at which they are quoted have been considerably reduced. No movement has taken place in the State loans, the Niemeyer Report being considered to bear more closely on Federal than on State finances.

Waring and Gillow Meeting.—The affairs of this large West-End furnishing house were dealt with in some detail by the new chairman, Mr Ivan C. Sanderson, at the annual meeting on July 24th. Mr Sanderson commenced by thanking Lord Brentford and Sir Harry Peat for completing the necessary financial arrangements during the year, thereby saving the company from liquidation. The new board, appointed in November last, were certain, he declared, that the business was essentially sound. Past administrative extravagance had been responsible for the company's financial difficulties. Expenses had increased far more, proportionately, than sales of recent years, and to meet the increase large amounts of prior-charge stocks had been issued, while bonus distributions of shares had been made without resulting in new finance for the company. During the first five months of the present year the new directors had reduced overhead expenses by £75,000 "without sacrifice of efficiency or reduction in salaries or wages." The second debentures, raised to meet existing creditors, realised £360,000, and the third payment of 5s. in the £ was to be paid on July 31st. On January 31st next a final payment will be made. In April, 1931, the second debentures will be due for redemption, and a further £350,000 will have to be found to "reimburse a London finance house for the cash provided for a hotel company abroad." Stocks have been written down to what is considered a fair and reasonable basis, the heavy depreciation provision being necessary, mainly, owing to the lack of conservative policy in past years. The major part of the total for bad debts represents sums due by the late chairman, and legal proceedings have been entered. The board did not hold out any hope to shareholders for a dividend on any class of shares for some years to come. Old customers, however, were returning and new customers being attracted, the company's factories being on overtime. It was hoped, therefore, to cover the first debenture charges during the present year. The meeting decided that a committee of shareholders should be appointed to confer with the board.

Hudson's Bay—Board's Policy Endorsed.—The general court of the Hudson's Bay Company, held on Wednesday last, endorsed, as was expected, the recommendations put forward by the new board in the last report. The review of the position by the new governor, Mr. P. Ashley Cooper, was commendably frank. He showed that, apart from other difficulties, the company had had to contend with an altogether catastrophic fall in the values of furs. Taking 100 as a base figure representing the prices realised at the winter sale of 1919-20, Mr Ashley Cooper showed that the corresponding index numbers for the last four years were: 1927-28, 49; 1928-29, 52; 1929-30, 86; 1930-31, 23. Sales of farmland during the last year had totalled only 54,000 acres against 235,000 acres in the preceding year, and in view of the impaired prospects of Canada, as a result of drought this year in many areas of the prairie provinces, and the company's liability for heavy taxation on its unsold lands, it had been decided to take further advantage of an agreement of 1924 with the Dominion Government, and to surrender certain areas to the authorities. On the much-discussed question of the future of the company's stores in Canada, the chairman declared that, the policy of expansion having been completed for the time being, the board would take no decisive step pending a visit to Canada by the chairman and some of the directors. The present position in Western Canada was undoubtedly disquieting, though the country had a rich and prolific soil and one of the sturdiest peoples of the earth. The chairman declared his conviction that the company's shares before the war were definitely over-valued, since their quotations could only be justified on the assumption that the extraordinary prosperity and high land values created by the large pre-war immigration into Canada could be maintained indefinitely. Mr C. L. Nordon criticised the accounts as being uninformative inasmuch as they did not disclose to the proprietors the actual loss incurred on trading, the receipts from rents and dividends, or the loss on the subsidiary companies, these amounts being all included in a single loss item of £700,000. The governor replied that the directors would be prepared to disclose fuller par-

ticalars " if they found later on that they could do it without more damage to the company's interest." To many proprietors, however, the chairman's suggestion that any further request for fuller disclosure should be construed as a reflection on the board may have appeared a somewhat unfortunate remark in an otherwise lucid and straightforward exposition. Proxies representing some 59 per cent. of the total votes of the company, it was declared, have been sent in in favour of the board, and only 8½ per cent. in favour of the alternative policy proposed by Mr Nordon. At the meeting Mr Cooper was re-elected governor, and Sir Edward Hilton-Young, Lieut.-Col. J. B. P. Karslake and Capt. V. A. Cazelet were confirmed in office, while Sir George May, Bart., and Mr E. R. Peacock were also elected members of the committee. The reconstituted board, therefore, will now have a free hand to proceed with the arduous task of rehabilitating the company's fortunes—a task which, it is clear, has been undertaken none too soon.

Industrial Profits in July.—The published reports of British companies, now being issued, show that the effects of trade depression are being reflected with increasing severity in a falling trend of industrial earnings. During the month of April last the reports of 217 companies which were forwarded to us showed an average decline in profits, as compared with the previous reports of the same concerns, of 10.49 per cent. In May the accounts of a further 211 companies showed a decline of 22.3 per cent. In June the number of reports was 192, and the decline 21.93 per cent., whilst in the month just closed 185 reports showed an average drop in profits of no less than 39.46 per cent. In the following table the July reports are analysed.

Group.	No. of Cos.	Net Profit (after Payment of Debenture Interest).			Increase or Decrease.
		Reports received during July, 1931.	1929-30.	1930-31.	
		£	£	£	%
Breweries	12	4,443,780	4,145,415	—	6.71
Canals and Docks	1	6,000	6,000	...	...
Electric Lighting and Power	1	204,777	220,281	+	7.57
Financial, Land and Investment	21	1,565,931	465,824	—	70.25
Iron, Coal and Steel	11	Dr. 94,841	Dr. 328,282	...	...
Motor and Cycle	2	Dr. 297,081	Dr. 106,746	...	...
Oil	1	Dr. 21,480	Dr. 36,516	...	...
Rubber	43	862,241	Dr. 113,686	—	113.19
Shipping	5	751,832	113,909	—	84.84
Ships and Stores	4	790,095	Dr. 49,170	—	106.22
Tea	23	491,154	88,509	—	81.98
Telegraphs and Telephones	2	1,379,090	1,321,208	—	0.42
Textiles	8	458,389	282,984	—	38.26
Tramway and Omnibus	1	445,490	144,521	—	67.55
Trust	12	751,200	648,972	—	13.61
Waterworks	1	3,727	3,843	+	3.13
Other Companies	37	2,590,575	1,867,741	—	27.90
Total	185	14,330,879	8,674,807	—	39.46

Five groups showed a net loss—steel, motors, oil, rubber and shops, although in the case of motors, oil and shops, the groups are too small to be really representative. A very heavy decline occurred in the "financial land and investment" group, due mainly to the heavy loss shown by the Hudson Bay Company.

Flour Millers' Results.—At the annual meeting of Spillers, Ltd., held in May last, Sir Malcolm Robertson struck a note of cautious optimism with regard to prevailing conditions in the milling trade. Whereas at one time competitive costs had all but absorbed any possible profits the establishment of the Millers' Mutual Association had led to a considerable measure of rationalisation, including the shutting down of redundant mills, the results of which had more than offset the decline in prices. In consequence it was possible for Spillers to announce a net profit of £272,444, against a previous loss of £221,511. Subsequently, the report of Associated London Flour Millers suggested that the recovery had been fairly general throughout the trade. All its subsidiaries have made a profit, the total income being £85,821, compared with

£873 a year ago. Dividends have been paid on the 5 per cent. prior preference shares at the rate of 13½ per cent. for the twelve months to March 31, 1931, and on the 7½ per cent. prior preference shares at the rate of 20½ per cent. The 7½ per cent. preference shares have received arrears of dividend for the year to March 31, 1928. The sum of £9,328 is written off various expenses, and, after crediting £7,500 being a reserve written back, there remains £21,463 to go forward, against £354 brought in.

	Years to March 31,		
	1929.	1930.	1931.
Trading profit	981	851	1,886
Other income	15	22	83,935
Reserve for losses of subsidiaries	Nil	7,500	Nil
Directors' fees, &c.	1,400	1,400	1,144
Net profit	Dr. 404	Dr. 8,027	84,677
5% Prior-Prof. div.	Nil	Nil	5,493
7½% Prior-Prof. div.	Nil	Nil	30,226
Preference dividend	Nil	1,832*	26,021†
Expenses written off	Nil	Nil	9,328
Carried forward	10,213	354	21,463‡

* Accumulated dividends on £5,310 7½ per cent. pref. shares issued during year.

† For 12 months to March 31, 1928.

‡ Including £7,500 reserve for losses of subsidiaries, written back.

The report states that, having in view the profits earned since March 28, 1931, the directors have declared a dividend of 7½ per cent. on the preference shares for the year ended March 31, 1929.

Mitchells and Butlers.—This prosperous Birmingham brewery has just completed what may be considered a very satisfactory year under prevailing conditions. The net profit fell by £69,877 to £626,994, which sufficed to maintain the usual tax-free dividend on the ordinary capital after the payment to preference shareholders:—

	Year ended June 30.		
	1929.	1930.	1931.
Net profit	641,903	696,871	626,994
Preference dividend	48,000	48,000	46,500
No. of times covered	13.37	14.52	13.48

Ordinary dividend:—			
Amount	423,861	444,045	444,045
Earned %	22.07%	21.92%	19.61%
Paid %	15%*	15%*	15%*

7% Maximum dividends	15,071	29,670	29,199
Reserve fund	126,838	125,000	100,000

Increase in carry-forward

* Paid free of income tax.

Land, buildings, plant, etc., are shown at £6,861,340, an increase of £325,825 over the 1930 figures. The surplus of liquid assets over current liabilities is £188,503 lower at £298,634. The preference capital is secured by net tangible assets, at book values, of £6 19s. 8d. per £1 6 per cent. preference share fully paid. At 50s. the ordinary shares yield £6 5s. per cent.

Tanganyika and Zambesia Companies.—The reports of the Zambesia Exploration Company and of the Tanganyika Concessions for the year 1930 disclose varying results. The Zambesian company shows a net profit of £39,167, as compared with £106,502 for the year ended December 31, 1929, while the Tanganyika company's total of £232,865 compares with £473,154. Neither company paid any dividend, the Zambesian concern carrying the full profit forward, while Tanganyika Concessions, Ltd., reduced their carry-forward after setting aside £179,000 for taxation, writing investments down by £50,000 and transferring £100,000 to the reserve fund. The Tanganyika company states that the Union Minière du Haut Katanga suffered severely from the decline in the price of copper. The output of copper for 1930 showed an increase of 1,957 tons at 138,949 tons. The River Musonoie has been dammed to divert its stream, thereby enabling the Kolwezi deposit to be worked. The Benguela Railway has been completed, connecting the system with those of the Belgian Congo and of South Africa. The Zambesian company reports that the Angola company,

by acquiring the title to four blocks of land, has now an area of approximately 600,000 square miles. The Angola company's ranching operations are being successfully conducted. Operations in the Uganda concessions have been curtailed, work being confined to the Ruwenzori area. The work of sisal planting on the Benguela estates is progressing satisfactorily, 3,000 acres having been planted. Experiments with tobacco have proved satisfactory, but operations have been temporarily discontinued owing to the fall in the price of native tobacco.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Union Bank of Australia, Hudson's Bay Company, British Steamship Investment, Anglo-Spanish Construction, Cables and Wireless, Covent Garden Properties, Tanganyika Concessions, Threlfall's Brewery, Millar's Timber and Trading, and Waring and Gillow. The chairman of the Anglo-Spanish Construction Co., Ltd., drew attention to a sum of Pes. 105,000,000 owing by the Spanish Government, which has not been paid, despite its being long overdue. The Waring and Gillow meeting is discussed on page 235. The chairman of the Union Bank of Australia, Limited, explained to shareholders the position as it, at present, exists in Australia. The Hudson's Bay meeting is dealt with in a "Note" on page 235. An increased net profit was shown by the Covent Garden Properties Co., Ltd. During the year the Princess Theatre, in Oxford Street, and Africa House, in Kingsway, were purchased.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to July 25, 1931, £95,594,114.
Total, including conversion, recorded January 1 to July 25, 1931, £106,471,099.

		National Savings Certificates.		Net sales, week ended July 25, 1931, £400,000.		Total net receipts, April 1, 1931, to July 25, 1931, £5,350,000.	
		£	£	£	£	£	£
To the Public.		Nil	Nil	Nil	Nil	Nil	Nil
To Shareholders only.		Nil	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—		£	£	£	£	£	£
Including Conversions.		£	£	£	£	£	£
Jan. 1 to date—		£	£	£	£	£	£
1931	106,871,099	95,994,114	1930	488,764,940	285,239,400	1929	369,058,073
1930	279,848,763	189,745,482	1928	693,100,056	355,165,970	1927	230,782,600
1929	224,081,161	192,755,561	1926	...	232,214,500	1925	209,326,101
1928	279,750,156	192,755,561	1924	...	271,399,173	1923	...
1927	...	235,959,887	1922	...	...	...	...
1926	...	141,009,582	1921	...	...	...	...
1925	...	126,959,892	1920	...	...	...	...
1924	...	127,809,754	1919	...	...	...	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	74,362,774	6,140,559	15,490,781	95,994,114
1930	155,468,659	14,730,138	19,146,685	189,745,482
Whole year—	£	£	£	£
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,500	369,058,073
1927	228,958,000	36,836,600	89,371,400	355,165,970
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,057,183	...	8,432,058
Total for week ended August 1, 1931	Nil	...	Nil
Total to date, 1931	8,057,183	...	8,432,058
Total to date, 1930	16,402,378	...	18,085,457

[Other Stock Exchange information, including the latest reports and notices, profit and loss accounts, summary of balance sheets and dividend announcements, will be found on page 246 under the heading "Company News!"]

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended July 24, 1931. (c) Week ended July 25, 1931.	Miles Open.	Week ended July 26, 1931. (000's omitted.)					Aggregate 30 weeks, 1931. (000's omitted.)				
		Passenger.	Merchandise.	Coal and Coke.	Total Goods.	Total for Week.	Passenger.	Merchandise.	Coal and Coke.	Total Goods.	Total for 30 Weeks.
Great Western	3,761	289	185	103	577	6,267	5,668	3,142	8,810	15,077	15,077
Do. for 1930	3,761	315	206	113	634	6,831	6,404	3,635	10,039	16,870	16,870
L. & N. Eastn. (c)	6,349	428	322	189	939	9,398	10,101	7,051	17,152	26,550	26,550
Do. for 1930	6,349	458	343	222	1,023	10,290	11,755	7,709	19,464	29,754	29,754
Lon. Mid. & Scot.	6,958	655	438	189	1,282	14,157	13,834	7,416	21,250	35,407	35,407
Do. for 1930	6,958	702	472	223	1,397	15,185	16,031	5,394	23,625	38,810	38,810
Southern	2,180	389	74	29	492	8,751	2,137	950	3,087	11,838	11,838
Do. for 1930	2,179	420	79	30	529	9,261	2,322	886	3,208	12,469	12,469
Total of above	19,248	1,757	1,019	510	3,286	38,573	31,740	18,559	50,299	88,872	88,872
Do. for 1930	19,245	1,895	1,100	608	3,503	41,567	36,512	19,824	56,336	97,903	97,903
Metropolitan (c)	59	31-0	...	...	3-7	944-5	...	...	...	116-5	1061-0
Do. for 1930	59	32-3	...	...	4-0	981-7	...	...	...	120-1	1101-8
Unkgd. R.R. (c)	...	292-8	...	...	292-8	8840-5	...	...	...	8840-5	8840-5
Do. for 1930	...	293-8	...	...	293-8	9014-9	...	...	...	9014-9	9014-9
Green Buses, &c.	...	27-9	...	...	27-9	708-1	...	...	...	708-1	708-1
Lon. & Sb. Grp. (c)	...	44-3	...	...	44-3	1301-5	...	...	...	1301-5	1301-5
Do. for 1930	...	43-7	...	...	43-7	1318-0	...	...	...	1318-0	1318-0
* B.I.R. (c) (d) (e) (f)	80	4-3	...	...	6-4	75-6	...	...	...	19-7	95-3
Do. for 1930	80	4-9	...	...	7-1	81-3	...	...	...	22-1	103-4
* G. Northern (b)	562	15-4	...	...	13-9	29-3	313-4	...	...	434-6	748-0
Do. for 1930	562	15-8	...	...	13-5	29-0	342-3	...	...	435-8	778-1
* G. Southern (b)	2,188	33-2	...	...	36-0	69-2	803-5	...	...	1091-0	1894-5
Do. for 1930	2,188	33-3	...	...	33-0	66-3	788-6	...	...	1288-2	2,076-8

* Aggregate 29 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal.....	13	June 27	1,329	Rs. 3,61,000	—	Rs. 36,888	48,81,943 +
Bam. Lt. Ry.	14	July 4	202	38,500	—	53,800	5,54,500 +
Bengal & N. Western	14	June 4	2,119	5,87,781	—	51,387	93,01,610 —
Bengal-Nagpur	13	July 27	3,199	13,26,000	—	3,47,538	1,85,07,355 —
Bombay, Bar. & C.I.	16	July 18	3,084	16,52,000 +	94,000	3,28,30,000	— 3,14,000
Madras & S. Mahr.	14	June 4	4,520	15,16,000 +	1,92,007	2,12,06,975	— 18,04,308
* Rohilk'd & Kumaon	14	June 4	546	14,946	—	11,833	17,62,781 —
South Indian	13	June 27	2,459	11,53,546	—	44,166	1,42,20,405 —
† Including Lucknow-Bareilly State Railway.							
CANADIAN.							
Canadian National	29	July 21	20,398	\$ 3,298,097	—	\$ 942,850	\$ 98,144,818 —
Canadian Pacific	29	July 21	15,721	\$ 2,677,000	—	\$ 746,000	\$ 78,555,000 —
SOUTH AMERICAN.							

COMPANY MEETINGS, &c.

HUDSON'S BAY COMPANY, LIMITED.

DIFFICULT TRADING CONDITIONS.

THE NEW DIRECTORATE—BOARD'S PROPOSALS ADOPTED.

MR P. ASHLEY COOPER'S REVIEW.

A general court of the Governor and Company of Adventurers of England trading into Hudson's Bay was held on the 29th ultimo in the Fur Trade Sale Room, Beaver House, London, E.C.

Mr. P. Ashley Cooper (the Governor) presided.

The Governor said:—My first duty is to announce the result of the proxies which we hold. Proxies to the amount of 59 per cent. of the total votes of the company have been sent in in favour of the board, and 8½ per cent. in favour of Mr Nordon. That is to say, that the shareholders as a body have signified their adherence to our proposals by seven to one. I now call on the secretary to read the notice convening the meeting and the auditors' report.

The secretary (Mr J. Chadwick Brooks) read the notice and the report of the auditors.

Proceeding, the Governor, in moving the adoption of the report and accounts, said that it was barely six weeks since the board did him the honour of electing him to one of the most honoured commercial positions in the British Empire—that of Governor of the Hudson's Bay Company. He had heard some shareholders ask why he was not a whole-time governor. That was a very fair question to ask. The reason was that he was not invited to be a whole-time governor, and if he had been, he should have regretfully declined. They had had a whole-time governor, and the board decided to return to the previous practice. He believed that decision was right. He thought there was confusion in some people's minds between management and direction. A whole-time governor meant a governor and managing director. But the governor must be a critic of the management, and if he was a manager he could not well criticise himself. (Hear, hear.) His duty was to place around him first-class whole-time managers whom he and his board directed.

A DIFFICULT TASK.

He realised only too clearly how great and how difficult was his task in the blizzard conditions of to-day. It was a task which he fancied few would ask for. Therefore, he had made arrangements to relieve himself of much of his other work, for he fully appreciated that he was responsible to them for seeing that the organisation functioned properly. (Hear, hear.) In times like these, sacrifices were demanded of all of them. Although he had only just come to the company, he had decided for the present to reduce his fees by 10 per cent., and his co-directors were going to do the same. In the short time during which he had held that position he had done three important things. He had put his name, on behalf of the board, to the report submitted. That report referred to a period for which he and the new directors could take no responsibility, but before it was signed they left no stone unturned to ensure that in it and in the attached accounts the true state of affairs was disclosed so far as they in London had been able to ascertain it. He had made all arrangements to visit Canada and to make a thorough examination of the company's affairs on the spot—(hear, hear)—and he had been able to persuade two most experienced directors with valuable connections to help them to resuscitate the company. The directors recommended the election of Sir George May and Mr E. R. Peacock to fill the vacancies caused by the resignations of Mr Vivian Hugh Smith and Sir Hewitt Skinner.

PAST YEAR'S RESULTS.

From the profit and loss account it would be seen that, after making full provision for the loss on trading, administration, the company's share of the losses in subsidiary companies and for all other current expenses, the past year's operations had resulted in a loss of £746,335, to which loss both the fur trade and the stores department had contributed. From this figure they had deducted the dividend equalisation account and the amount brought in, leaving a balance of £444,866 to be dealt with. In the special provisions which had been made they had had to take into consideration the very serious financial and commercial condition of the areas in which they operated. These special provisions totalled £939,779, and adding the balance of the trading loss there was a total of £1,384,644.

Dealing with the trading and other activities of the company, the Governor, referring to the fur trade, said that the total collections showed a considerable decrease compared with the previous year, and, in addition, the decline in fur values had continued. In the land department the results had been most disappointing, the returns being seriously affected by the continued decline in the price of wheat and by the general commercial depression, which

had affected not only Canada, but the whole of the world. In these circumstances it was not surprising that there had been little or no demand for the company's lands; indeed, the farmers in many instances had found it impossible to meet their obligations in regard to payment of instalments and interest on land previously purchased. The sales of farm lands in the past year totalled only 54,000 acres, compared with 235,000 acres in the previous year. Until conditions improved, they could not expect to sell much land, nor could they expect much revenue from the land department, and they must be prepared to continue the traditional policy of the company, giving sympathetic consideration to the circumstances of their debtors in connection with the purchase of lands.

POSITION IN WESTERN CANADA.

With regard to the position in Western Canada generally he wished to pay a tribute to the magnificent spirit of courage with which all members of the community were meeting a situation of almost unparalleled difficulty, and to stress the great powers of resistance to prolonged depression which were so often shown by an agricultural population. The big land-holding concerns from which many of the farmers had acquired their properties were undoubtedly treating them with great consideration so far as outstanding instalments of purchase price and interest were concerned. As regarded the Hudson's Bay Company this was most certainly the case. Therefore, if the farmers cut down their outside expenditure to a minimum, many would be able to keep going for a surprisingly long period and would be able to take advantage of the return to more normal conditions.

The situation, however, was really serious, for it appeared to be quite certain that last year the great majority of the Prairie farmers failed to make ends meet, and had as the situation was in 1930 it was likely to be worse in 1931 owing to the poor wheat harvest which was expected in the Prairie Provinces.

In this hour of trouble, however, they must remember that Western Canada had a rich and prolific soil. But she had more; she possessed one of the sturdiest, most virile peoples on the face of the earth. That was why he was confident of the future and if they all pulled together and no unforeseen calamity occurred, he was sure that the economic structure of that wonderful region would be sufficiently strong to withstand the strain.

Referring to what he described as the attitude adopted by a small section of proprietors, the Governor said that Mr Nordon had proposed six nominations for election to the board, and two other resolutions, relating to amendments to the charter and bye-laws. He would not deal with these in detail, but might say that he proposed to have the charters studied; they had been modified from time to time, and he wanted to be sure that they were adapted to modern practice. There were, however, many far more urgent matters, and these must be dealt with first (Hear, hear.)

THE CIRCULAR.

Shareholders had recently received a circular signed by Sir Robert Horne—whom they had appointed Arbitrator—by all the members of the Special Committee, whose report they had adopted, and also by Mr W. M. Cazalet and Commander Bellairs, who, up to the General Court of January last, had supported Mr Nordon. This circular gave an account of the steps which had been taken to implement the mandate which the proprietors had given to their representatives. It also expressed the hope that Mr Nordon would adhere to the pledge he gave to give the new board a chance before embarking on further agitation. Shorn of all its complexities, the question which they must decide was whether they wished their affairs conducted by Sir George May, Mr E. R. Peacock, Sir Edward Hilton Young, Colonel Karslake, Captain Cazalet, and by himself (the Governor), or by Mr Nordon and his associates. All sorts of side issues were being dragged into these discussions, but this was a plain decision before the proprietors, and they must decide now. (Hear, hear.) Some of them thought the directors were there to whitewash the past. That was not true; but were they to devote themselves to searching in the past or to building for the future? If they allowed this agitation to go on they would be damaging their interests seriously and perhaps permanently.

So far as he could see, it would be some time before world conditions in general, and the situation of their own company in particular, could show any marked improvement. The new directors had taken office at a time when prospects might well dismay the stoutest heart; but having set their hands to the plough, they were going to see the matter through. (Hear, hear.)

After a lengthy discussion the report and accounts were adopted by an overwhelming majority. The election of the new directors was confirmed, and the election of Sir George May and Mr E. R. Peacock to the board was approved, and the proceedings closed with a vote of thanks to the Governor, directors, and staff.

CABLES AND WIRELESS, LIMITED

DRASTIC ECONOMIES.

COMMITTEE TO CONSIDER REMEDIAL MEASURES.

The second ordinary general meeting of Cables and Wireless, Limited, was held, on the 30th ultimo, at Southern House, Cannon Street, London, E.C.

Mr John C. Denison-Pender, governor and managing director of the company, presided, and, in moving the adoption of the report and accounts, said that since the last meeting practically every industry had had to record an unhappy experience, and they met to-day in a situation unparalleled in fifty years' experience of industry. It was not surprising, therefore, that the telegraphic business of the world, which was so closely dependent on the activity of trade and industry, should still show disappointing results.

At the last meeting he had endeavoured to place all the facts clearly before the stockholders, and he did not disguise the disappointment of the directors that in the early stages of the history of the company they had not been able to produce better results.

Dealing with the sources from which the revenue of Cables and Wireless, Limited, was obtained, the chairman said that in the year 1930 they had derived £525,000 from the telegraphic business of the Communications Company, £741,441 from the net income on the investments of the cable companies, and £142,307 from the manufacturing and other profits of the Marconi Company, making a total of £1,408,748; deducting the amount of dividends paid to the dissenting shareholders of the cable companies and the Marconi Company—£21,873—there remained £1,386,875. The amount received from the Communications Company included £200,000 set aside last year as reserve. The profits of that company for 1930 were £326,238, compared with profits at the rate of £1,156,088 per annum shown in the last accounts, a decline of £829,840 per annum. That was due to three causes—trade conditions, competition of direct services and reduction in rates.

THE PREFERENCE DIVIDEND.

Shareholders would expect a statement from him about the payment of the preference dividend. Under normal conditions, to pay the full dividend, it was necessary that the profits of the Communications Company should be about £600,000. In the year under review the Communications Company paid dividends amounting to £525,000, but to do that it had absorbed the whole of the £200,000 reserve accumulated in the preceding year. At the time of the last general meeting it had not been anticipated that there would be so heavy a fall in the traffic receipts of the Communications Company in the last half of 1930, or that it would be so greatly accelerated in the present year. For the first six months of this year, after making necessary adjustments, the traffic receipts of that company had dropped over £500,000, and although there were profits from the investments of the cable companies and from the manufacturing interests of the Marconi Company, the full interim dividend on the 5½ per cent. preference stock had obviously not been earned, and the directors had no alternative but to await the financial result of the year before committing themselves to any payment on account of the preference dividend of the year; the directors, of course, fully appreciated that the dividend was cumulative.

The main disability from which they were suffering was the failure of the Communications Company—the telegraphic side of the business—to earn the substantial profits which the combined undertakings were earning at the time the merger was consummated. The disappointing result was due to two main causes—trade conditions and the establishment of direct wireless services between one country and another, which absorbed traffic previously transmitted over the lines of these companies. There was, even under normal trade conditions, only a limited amount of telegraphic traffic. If new services were established to an unlimited extent, they could not be operated on an economic basis without increasing present rates.

How sensitive the business of the Communications Company was, could be clearly illustrated by the fact that during the present year, when New Zealand suffered from a disastrous earthquake, and more recently when Mr Hoover made his offer to the Powers in connection with the German crisis, traffic had shown an immediate, but, of course, only temporary improvement.

AN IMMENSE SYSTEM.

There could be no possible doubt that on the first signs of trade revival there would be an immediate improvement in the traffics of their undertaking. The map attached to the Communications Company's report enabled shareholders to visualise the immense system which they owned, and which to-day was able to carry many times the present traffic without any material increase in cost.

The directors and the management were doing all that was humanly possible to meet and overcome the varied difficulties with which they were faced. They were unable to alter or to control the course of trade, but by a drastic and far-reaching policy of economy, consistently and continuously pursued, they might claim

to have done much to temper the severity of its effects, without damaging the structure or the efficiency of the undertaking committed to their care. Apart from that source of relief, the only avenue open to the board to improve the revenue which was within their control was the investment income of the company. In such matters of finance, figures were more eloquent than words, and he thought he might fairly claim that the figures demonstrated a successful management of the resources entrusted to them.

A NATIONAL ASSET.

He could not believe that, even in these days of great depression, he and his colleagues, with the sympathy and help of the Government of this country and those of the Dominions and Colonies, would not be able to find some way to keep as a national asset the communications complete and efficient. That was a task which he personally, at least, had always looked upon as having been left to them by their pioneers as a sacred trust. It was clear that the communications services of the Empire could not continue indefinitely to be conducted not merely with little or no return on the large capital employed as in 1930, but at a loss, as on the basis of present traffic seemed to be the probable outcome of 1931. The court of directors of Imperial and International Communications, Limited, had examined every possible remedy for that disastrous situation, and had come to the conclusion that nothing short of very drastic measures could permanently restore health to the communications system.

A committee of three distinguished gentlemen, whose names would inspire confidence throughout the Empire, had been set up to inquire into the position and to suggest measures which would remedy the present situation.

The report and accounts were unanimously adopted.

TANGANYIKA CONCESSIONS, LIMITED.

RECORD OUTPUT BY UNION MINIERE.

The ordinary general meeting of Tanganyika Concessions, Limited, was held on the 30th ultimo, at River Plate House, London, E.C.

The chairman, Sir Reginald Wingate, said that the price of copper had touched a low record never before known, and the words used last year, that the position had "necessitated the greatest caution," were not exaggerated.

Sir Robert Williams said that the reserve had been increased by £100,000 to £2,100,000. The liquid assets amounted to £487,017, as against £370,507 for the previous year. In spite of the severe depression, the market value of the quoted securities alone, at December 31st last, was considerably in excess of the figure at which the whole of the shares and debentures of subsidiary and other companies stood in the books at that date.

The copper output of the Union Minière du Haut Katanga for the year 1930 again exceeded all previous figures, viz., 138,949 tons, against 136,992 tons in 1929—incidentally, the highest production of any individual copper enterprise in the world. That figure could easily have been increased had it been good policy to do so, but during the year the world's copper consumption showed a considerable falling off, as indeed was the case with other metals and raw materials of every kind. Consequently, in view of the rapid accumulation of stocks, the principal copper producers had agreed to make substantial reductions in their outputs; the Union Minière, for their part, agreed to limit their production to 10,000 tons of fine copper per month.

With regard to the Benguela Railway, the first shipment of copper from Katanga to Lobito Bay had left that port for Antwerp on June 25th. Preliminary arrangements had already been entered into with the Union Minière for 4,000 tons of copper and matte to be shipped monthly through Lobito Bay. The Benguela route saved from three to six weeks in the time taken by the shipments of copper from the mines to Europe as compared with the other routes available.

The work done by the Rhodesia-Katanga Company during the past year had shown that a large body of ore had been definitely proved to be exploitable by open cast methods. That ore body, a large proportion of which was above the general surface level, would assure for at least the first five years of its life that Kansanshi would be comparable more with the Katanga than with the Rhodesian mines in having very low mining costs.

Owing to the financial depression, which had been steadily increasing since the beginning of last year, and to the substantial ore reserves already indicated, it had been considered advisable to curtail expenses as far as possible. Underground development had accordingly been stopped and only a drilling programme was now in progress. The plans of the reduction plant were being proceeded with, so that, when once the railway connection had been decided on and the price of copper warranted it, those could be rapidly completed and orders placed. The engineer at the mine, in his report just to hand, stated: "Even with the present low price of copper (£35), were there a railway and plant at Kansanshi

with similarity to the Union Minière conditions of working, calculations show that copper could be produced at a profit on any ores over 4 per cent. copper by open cast working and treatment by segregation."

With regard to the Kilembe Mine, in the Ruwenzori Concession, this property was opening up well, and Mr Bayne wrote: "I think we have in Kilembe the most promising prospect that the company has had for some time." Under normal conditions the Union Minière would now have been producing at the rate of 200,000 tons per annum, and the proportion of the profits of that company would be about £300,000 per annum; the Benguela Railway would be carrying about 100,000 tons more copper, besides general traffic, and earning about £500,000 more; and Kansanshi Mine would also be on the eve of producing 50,000 tons per annum, with an estimated profit of about half a million sterling. That was what they had worked for and had expected at the present date, and they hoped and trusted those results would not be too long delayed.

The report and accounts were unanimously adopted.

COVENT GARDEN PROPERTIES COMPANY, LIMITED.

INCREASE IN INCOME.

The seventh ordinary general meeting of the Covent Garden Properties Company, Limited, was held on the 29th ultimo, at the Hotel Victoria, Northumberland Avenue, London, Mr Philip E. Hill, the Chairman of the company, presiding.

The Secretary (Mr H. M. Draper), having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said that the report showed that the company's total income was a little more than that of the previous year, that the 6 per cent. mortgage debentures had been replaced by debentures at 5 per cent. interest, and that a subsidiary property company had been formed.

Pending the upshot of the negotiations with the Minister of Agriculture as to the future of Covent Garden Market, the board had thought it undesirable to deal with the site of the Tavistock Hotel, with the result that, at the moment, they were not getting anything like an adequate return from that property. The leases of the Opera House and of the Arlington Street properties, however, fell into possession in 1933, when increased revenue from that source was anticipated.

The total sales of property made by the company and its subsidiary, the 1930 Property Company, Limited, during the year had amounted to about a quarter of a million. The total purchases were approximately £1,400,000, and included the freehold site of the old Princess Theatre in Oxford Street (on which were being erected new premises for Woolworths and Waring and Gillows) and Africa House in Kingsway, which was one of the principal banking and office buildings in that area.

Those transactions and others had been carried through at reasonable prices, and whether disposed of or retained as permanent investments, the result should be satisfactorily remunerative.

The directors aimed at making the Covent Garden Properties Company, Limited, one of the most important in the country, and he felt confident that so long as the business was conducted wisely and prudently, the board would continue to retain the support of the shareholders and the confidence of the investing public generally.

Mr Louis Nicholas seconded the resolution, which was carried unanimously.

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30).
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

BRITISH STEAMSHIP INVESTMENT TRUST, LIMITED.

SATISFACTORY RESULTS.

The forty-fourth annual general meeting of the British Steamship Investment Trust, Limited, was held, on the 28th ultimo, at the Cannon Street Hotel, London.

Sir Austin E. Harris, K.B.E. (the chairman), in the course of his speech, said: The balance sheet shows under fifteen headings total investments amounting to £4,873,000, being an increase of £55,000 over last year. The percentages of the denominations of these investments on the valuation figures as at June 30th are: bonds and debentures, 37½ per cent.; preference shares and stocks, 24 per cent.; and ordinary shares and stocks, 38½ per cent.

Since the turn of the year we have been able to dispose of an investment of £30,000 in shipping ordinary shares practically without loss, which is gratifying in these times.

The investments are widely distributed, and the numbers continue to increase and are now 614, as against 593 last year.

The valuation of investments shows a depreciation of 14.53 per cent., which should be considered satisfactory under the present circumstances.

The total income is £248,470, against £272,594, which, after deduction of debenture interest and other charges, leaves sufficient to pay 10 per cent. on the deferred stock, while adding £334 to the carry-forward, making it £292,567. The amount of our investments in German securities is slightly under 6½ per cent. of the valuation, and none of them are in arrears with interest.

In view of all the depressing factors and of the heavy clouds which have hung over the investment market for so long, I think that you will agree that the figures which we have been able to put before you are not unsatisfactory.

With reference to the future, there are very few encouraging indications to-day to cheer us up, but it should only require a period of rest and a small return of confidence to put a better complexion on markets. It is extremely difficult under present conditions to make any accurate forecast of the revenue likely to be received from our investments. I may, however, remind you that we have a large carry-forward on which, if the outlook were satisfactory, we should always be able to draw, if necessary, to help the dividend position.

The report was unanimously adopted.

THRELFALL'S BREWERY COMPANY, LIMITED.

PROGRESS AND IMPROVEMENT MAINTAINED.

The forty-fourth annual general meeting of this company was held on the 29th ultimo, at the Cannon Street Hotel, London.

Major Charles M. Threlfall, J.P. (the chairman), who presided, said:—Your board have to report a profit not quite as large as last year, but they feel that the result is quite satisfactory in view of the difficult and troublesome times through which we have passed and are still passing. One of the outstanding factors which has contributed very largely towards the decrease in our profits is the vast amount of unemployment in Lancashire, one of the most adversely affected areas in the country, and where our business is principally centred.

In addition, we have had to pay a full year's charge of the extra impost of 3s. per barrel levied in the Budget of 1930. This increased taxation has amounted to a very considerable sum, no part of which was recoverable by us from our customers, as the assurances which were given by the trade to the Chancellor of the Exchequer have been observed.

I am, however, pleased to report that our reduced profit has not necessitated any slackening in our policy of progress and improvement; consequently many of the company's properties have been modernised and extended during the past year in order to bring them up to that state of efficiency and comfort which it is always our aim to provide. New premises, conforming to the latest standard of improved public-houses, have been erected and are in the course of erection.

I am pleased to add that the trading results of our subsidiary—the West Cheshire Brewery Company, Limited, of Birkenhead—continue to be very gratifying to your board, and it will interest you to know that considerable improvements have been carried out and are still being effected on its properties.

The gross profit for the year is £416,198 15s. 4d., and a net profit of £318,680 9s. 6d. for the year, which, together with the carry-forward from last year, makes a total of £847,748 11s. 9d.

I now beg to move the adoption of the report and accounts, and that a dividend be paid at the rate of 6 per cent. per annum on the preference shares, and a dividend at the rate of 20 per cent. per annum on the ordinary shares for the half-year ended June 30, 1931, which, with the interim dividends, make 6 per cent. on the preference, and 20 per cent. on the ordinary shares for the year.

The resolution was carried unanimously.

UNION BANK OF AUSTRALIA, LIMITED.

A DIFFICULT YEAR.

The annual general meeting of the Union Bank of Australia, Limited, was held, on the 27th ultimo, at 71, Cornhill, London.

The Hon. Edmund W. Parker (the chairman) said that all who had followed the trend of events in Australia and New Zealand would have been prepared for a meagre result of the past year's operations. It had been a most trying and anxious twelve months, and had given the board an abnormal amount of work and care and anxiety. After making provision for all bad and doubtful debts, the profit amounted to £283,018, and, adding £86,991 brought forward, there was a total of £370,010, or £241,981 less than the previous year. The board were declaring a dividend of 2 per cent. for the half-year, making 7 per cent. for the year, free of United Kingdom income tax, and were carrying forward £90,010.

The decline of £247,000 in gross profits was almost entirely due to the falling-off in exchange, which in turn was due to the decrease in the volume of exports and imports from and to Australia and New Zealand. In order to provide for the heavy fall that had taken place in the Australian and New Zealand currencies, the directors had set aside £1,500,000 to a special reserve, thus reducing the main reserve fund from £4,850,000 to £3,350,000. It did not follow, however, that this amount would be ultimately lost.

Exports and imports of Australia for the eleven months just ended showed a drop in imports—reckoned in British currency—as much as £66,000,000, while her exports for the same period—reckoned in Australian currency—showed a fall of £25,000,000. The Commonwealth Deputy Statistician estimated the excess of exports over imports at £27,000,000 in Australian currency, or £22,200,000 in British currency. For the twelve months ended December 31, 1929, there was an excess of imports of £11,000,000. The remarkable improvement in the balance of trade thus revealed by these figures was a considerable achievement.

With regard to seasonal conditions generally, the latest news, as cabled by the general manager, was as follows:—"Excessive winter rains Victoria and Southern New South Wales have interfered with cropping operations with consequent reduction likely in area sown. Also some damage from flood conditions. North Queensland droughty, otherwise conditions satisfactory all States. In New Zealand weather normal and conditions generally satisfactory."

The directors had given special attention to the question of expenses, with the result that they had effected a saving of £19,000 overseas and of £3,000 in London office.

The report and accounts were unanimously adopted.

WARING AND GILLOW, LIMITED.

CAPITAL REORGANISATION FORESHADOWED.

The annual meeting of Waring and Gillow, Limited, was held, on the 24th ultimo, at the company's premises, Oxford Street, London, Mr I. C. Sanderson presiding.

The Chairman, in the course of his speech, said: At the last annual meeting it was reported that endeavour was being made to raise funds temporarily by the issue of second debentures. The arrangement for this issue was duly completed. It was entirely due to the efforts of Lord Brentford and Sir Harry Peat that the necessary financial arrangements were ultimately completed.

Your present directors took office in November 1st last. After making a careful survey of the business they were confirmed in their opinion that it was essentially sound. Whilst the sale increased in recent years, the administrative expenses increased in larger ratio to the increased gross profits. The company is also saddled with heavy prior charges. The debentures and preference capital are together three times the nominal value of the issued ordinary share capital, which was issued in the form of bonus shares and brought no money into the business. It is now apparent how sorely the company needs reserves.

On assuming office your directors at once applied themselves to the problem of economy in the running and administration of the business. It was abundantly clear that the business could not, and should not, bear the expenses which were then current. By the beginning of the current financial year such alterations had been made in the administration as have resulted in the overhead charges for the first five months of the financial year being reduced by no less a sum than £75,000, or at the rate of £180,000 per annum.

It is of paramount importance to the business that clients with large contracts to place should have full confidence in our financial stability. Your directors hope to place before you a scheme for the reorganisation of the capital of the company and for the provision of finance with as little delay as possible.

Whatever may be the value of the assets, two things are clear: (1) that a serious trading loss was made last year, and (2) that the company's finances have been so depleted that it will be years before any dividends can be paid on any of the classes of shares. In your board's opinion the only possible method of securing the finance required for the company is by the issue of second debentures.

After discussion the report and accounts were adopted.

THE ANGLO-SPANISH CONSTRUCTION COMPANY, LIMITED.

OBLIGATIONS OF THE SPANISH GOVERNMENT.

The sixth ordinary general meeting of the Anglo-Spanish Construction Company, Limited, was held, on the 28th ultimo, at No. 1, London Wall Buildings, London, E.C., Sir Evelyn Wallers, K.B.E. (the chairman), presiding.

The Chairman, after briefly referring to the accounts, stated that the arbitrary treatment experienced at the hands of the Spanish Government in the matter of the very substantial sums due under its contract had caused the board great anxiety. Although they had exerted all possible influence, payment had not yet been received. Including various amounts for interest, taxes incorrectly deducted or overpaid, there was due a total of about Ptas. 105,000,000. In respect of a portion of this indebtedness the Government, in January last, nearly a year after the payments were due, had lodged Government securities of a market value of Ptas. 52,500,000, but arbitrarily blocked until after December 31st next. The balance of the outstanding amount will still be unpaid. As it had become apparent that the company would be unable to redeem its debenture issue, maturing on September 30th next, a meeting of debenture holders had, therefore, been held recently, at which resolutions were passed postponing the date of repayment of the debentures until September 30, 1933, and waiving payment of interest in the interim.

SATISFACTORY SETTLEMENT ESSENTIAL FOR NATION'S CREDIT.

The political situation in Spain would remain uncertain until after the Constitution was voted. Meanwhile, the present Government was making a determined attempt to preserve law and order, and fully realised the supreme importance of maintaining the exchange rate of their currency. They were under no delusions as to the damage which their credit had suffered abroad through the delay in making the payments outstanding. That they should meet their obligations was vital to their credit, and he, therefore, hoped that the negotiations now being undertaken with the Government would be successful. A satisfactory arrangement would have an immediate effect on the attitude of foreign bankers and capitalists towards the Spanish peseta, since the position of the company and the treatment it had received from the late Spanish Government were thoroughly appreciated in financial circles, both in London and in Paris.

The report and accounts were unanimously adopted.

MILLARS' TIMBER AND TRADING COMPANY, LIMITED.

COMPANY'S STRONG LIQUID POSITION.

The annual general meeting of Millars' Timber and Trading Company, Limited, was held, on the 28th ultimo, at Winchester House, Old Broad Street, London, Mr James White, LL.D. (the chairman of the company), presiding.

The Chairman first referred, at length, to the reasons which had decided the directors and auditors to state the figures of the Australian assets and liabilities in sterling without reference to exchange values.

Continuing, he said:—Last year I told you at great length what was the nature of the company's business in Australia, and I ventured on some sort of forecast—not a prophecy—of what was likely to be the position at the end of 1930. What I said at the last meeting has unfortunately proved true. Conditions in the last half of the year of 1930 in Australia became somewhat worse than they were in the earlier half. Speaking to-day, one may possibly say that the outlook is somewhat better. The Australian Government has settled to work on what I venture to suggest to you are the right lines for any Government which finds itself in difficulties, whether it be Australian or British—that is to say, that it must set to work to adjust its expenditure according to its income, and for that purpose cut down as far as possible every unnecessary governmental expense until such times as world trade improves.

My belief is that Australia is likely to recover from her financial difficulties rather more quickly than any European Power and possibly any American Power. And that is what we must all hope and believe.

Now, I want to call your attention to the liquid position of the company. We had, according to computations made by responsible officers of the company, at the end of 1930, a surplus of circulating assets over circulating liabilities of £864,603; we had, if our estimates are correct, all our capital assets intact and covered by the depreciation which we have set aside. In estimating the surplus of circulating assets we took stock into account, and the stock held by our combined companies at the end of 1930 was over £1,000,000. If that stock were truly circulating in the ordinary sense of the word—that is to say, coming in and going out; producing one

month and selling the next—we should not be here talking about our difficulties. Unfortunately the circulation of some three-fourths of our assets is less rapid than that, and how that is to be expedited remains to be seen. Governments are trying to revive trade, but the real trouble seems to be the fear—almost panic—on the part of capitalists as to where they shall put their money or what they shall do with it.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended July 25, 1931, amounted to £2,776,000 against ordinary expenditure of £10,888,400. After allocating £912,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £152,648, the operations for the week, as shown below, decreased the National Debt by £3,177,000 to £7,641,527,000:—

(000's omitted.)	
Bank of England Advances ...	£ 500
Public Dept. Advances ...	+ 750
National Savings Certificate ...	+ 400
Treasury Bills ...	+ 2,364
	+ 4,014
	— 837

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

REVENUE.				
	April 1, 1931, to July 25, 1931.	April 1, 1930, to July 26, 1930.	Week ended July 25, 1931.	Week ended July 26, 1930.
Total Receipts into the Exchequer.				
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax...	£ 29,546,000	£ 34,126,000	£ 1,100,000	£ 2,581,000
Sur-tax, including Arrears of Super-Tax...	12,950,000	11,470,000	380,000	370,000
Estate, &c., Duties...	24,500,000	29,420,000	1,570,000	2,360,000
Stamps...	3,230,000	4,600,000	100,000	100,000
Excess Profits Duty and Corporation Profits Tax...	...	...	...	...
Land Tax and Mineral Rights Dut...	150,000	140,000	...	10,000
Total Inland Revenue...	70,376,000	79,756,000	3,150,000	5,421,000
Customs and Excise—				
Customs...	38,618,000	38,491,000	3,785,000	2,908,000
Excise...	36,140,000	38,480,000	836,000	770,000
Total Customs and Excise...	74,758,000	76,971,000	4,621,000	3,678,000
Motor Vehicle Duties (Exchequer Share)...	1,108,000	1,027,088	Dr. 605,000	...
Post Office (Net Receipt)...	5,800,000	4,400,000	1,400,000	1,200,000
Crown Lands...	480,000	470,000	210,000	210,000
Receipts from Sundry Loans...	11,100,441	12,933,480	...	...
Miscellaneous Receipts...	6,292,754	8,564,165	7	475,777
Total Ordinary Revenue...	169,915,195	184,127,733	8,776,007	10,984,777
SELF-BALANCING REVENUE.				
Post Office...	16,000,000	17,400,000	600,000	800,000
Motor Vehicle Duties apportioned to Road Fund...	4,546,000	4,686,912	713,000	...
Total Self-Balancing Revenue...	20,546,000	22,086,912	1,313,000	800,000
Total...	190,461,195	206,214,645	10,089,007	11,784,777

EXPENDITURE.				
	April 1, 1931, to July 25, 1931.	April 1, 1930, to July 26, 1930.	Week ended July 25, 1931.	Week ended July 26, 1930.
Total Issues out of the Exchequer to meet payments.				
ORDINARY EXPENDITURE.				
Interest and Management of National Debt...	£ 120,555,804	£ 119,311,152	£ 715,866	£ 588,410
Payments to Northern Ireland Exchequer...	1,692,375	1,607,004	222,493	218,464
Other Consolidated Fund Services...	656,706	1,027,922	...	...
Total...	122,904,885	121,946,078	938,359	608,874
Total Supply Services (excluding Post Office)...	133,254,650	134,071,800	9,950,000	12,456,500
Total Ordinary Expenditure...	256,159,535	256,017,878	10,888,359	13,263,374
SELF-BALANCING EXPENDITURE.				
Post Office...	16,000,000	17,400,000	600,000	800,000
Road Fund...	4,546,000	4,686,912	713,000	...
Total Self-Balancing Expenditure...	20,546,000	22,086,912	1,313,000	800,000
Total Ordinary and Self-Balancing Expenditure...	276,705,535	278,104,790	12,201,359	14,063,374
New Sinking Fund (1928)...	12,345,846	12,947,902	912,000	1,737,000
Total, including New Sinking Fund...	289,051,381	291,052,692	13,113,359	15,800,374

The aggregate revenue and expenditure to July 25, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JULY 25TH.			
(000's omitted.)			
Expenditure	256,160	Revenue	169,915
New Sinking Fund	12,346	Decreases in balances	3,063
		Net amount borrowed	95,528
	268,506		268,506

POSITION OF THE FLOATING DEBT.			
Ways and Means Advances Outstanding—	July 26, '30.	Mar. 31, '31.	July 25, '31.
Advances by Bank of England	2,750,000	...	500,000
Advances by Public Departments	54,870,000	24,500,000	44,200,000
Treasury Bills outstanding	637,765,000	569,825,000	643,425,000*
			+ 2,360,000
Total Floating Debt	695,385,000	594,325,000	688,125,000
			+ 3,610,000

* Includes £5,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.			
Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
July 3	40,000,000	70,995,000	1 18 3-45
July 10	40,000,000	56,815,000	2 0 2-67
July 17	40,000,000	49,200,000	2 7 5-17
July 24	45,000,000	47,350,000	3 8 11-61

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

ASSETS — £29,046,500
CLAIMS PAID — £256,933,000

Accidents and illness. Fidelity Guarantees.
Employers' Liability. Burglary. Fire. Motor Cars. Public Liability.
Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts.
Executors and Trusteeships.

Head Office: 38-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

BANK OF ENGLAND.			
Return for Week ended Wednesday, July 29, 1931.			
ISSUE DEPARTMENT.			
Notes issued—			
In Circulation	£ 359,361,869	Government Debt	11,015,100
In Banking Department	32,672,825	Other Government Securities	239,244,452
		Other Securities	5,647,458
		Silver Coin	4,092,990
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	132,034,694
	£392,034,694		£392,034,694

BANKING DEPARTMENT.			
Proprietors' Capital	£ 14,553,000	Government Securities	£ 52,560,906
Reserve	3,550,528	Other Securities	...
Public Deposits*	15,219,417	Discounts and Advances	£ 9,696,484
Other Deposits—		Securities	26,604,149
Bankers	£55,798,330		36,300,633
Other Accounts	33,686,602	Notes	32,672,825
7 Day and other Bills	89,484,932	Gold and Silver Coin	1,274,969
	1,458		
	£122,809,333		£122,809,333

Both Departments.			
Amount, July 29, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.	
Note circulation			
Public deposits	359,361,869	+ 3,263,620	+ 9,015,174
Bankers' deposits	15,219,417	+ 1,153,881	+ 6,131,729
Other deposits	55,798,330	+ 4,380,920	+ 5,172,655
Seven-day bills	33,686,602	+ 922,224	+ 3,718,283
Total outside liabilities	1,458	+	649
Capital and rest	464,067,676	+ 1,348,953	+ 11,774,998
	18,103,526	+ 24,219	+ 2,510
Government debt and securities	302,820,458	+ 24,161,908	+ 7,253,796
Discounts and advances	9,696,484	+ 2,597,714	+ 2,955,764
Other securities	32,251,607	+ 11,350,807	+ 1,668,970
Silver coin in issue department	4,092,990	+ 1,374	+ 377,266
Coin and bullion (bank's reserve)	133,309,663	+ 16,734,921	+ 19,940,732
Reserve of notes and coin in banking department	33,947,794	+ 19,998,541	+ 10,925,694
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	32%	— 16%	— 9%
(b) Gold stocks to deposits and notes ("reserve ratio")	28%	— 34%	— 34%

(000's omitted.)						
Date.	Issue Department.		Banking Department.		Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.		
1931.						
June 17	£ 420,926	£ 352,266	£ 15,017	£ 71,446	£ 33,681	5,640 in
24	422,894	352,832	25,249	61,664	33,520	1,863 in
July 1	423,272	357,429	11,490	99,402	34,091	362 in
8	424,619	359,258	15,734	64,543	34,946	1,344 in
15	423,991	358,913	15,676	66,429	33,705	634 out
22	408,774	358,098	16,373	60,179	32,764	15,220 out
29	392,035	359,362	15,219	55,798	33,687	16,842 out

(000's omitted.)						
Date.	Issue Department.		Banking Department.		Gold in or out of Bank.	Bank Rate.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	Other Securities.
1931.						
June 17	£ 243,701	£ 12,207	£ 161,987	£ 30,846	£ 9,395	£ 28,044
24	243,227	12,685	164,014	30,401	9,633	27,129
July 1	242,372	13,535	164,421	32,951	9,343	28,746
8	243,426	12,483	165,811	33,826	7,102	27,837
15	243,254	12,656	165,200	33,021	7,407	30,165
22	244,283	11,626	160,045	34,376	7,099	31,977
29	250,260	5,647	133,310	52,561	9,696	26,604

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
Jan. 1 to July 15, 1931.	£ 19,428,177	£ 947,542	£ 1,525,152	£ 21,900,871
Week ended July 22	616,776	32,686	52,567	702,029
Week ended July 29	678,746	30,785	46,775	756,306
Total to date, 1931	20,723,699	1,011,013	1,624,494	23,359,206
Total to date, 1930	23,312,471	1,090,442	1,766,596	26,169,509
Increase or decrease in 1931	-2,588,772	-79,429	-142,102	-2,810,303
	-11.1%	-7.6%	-8.0%	-10.7%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2.8%	-3.7%	-3.7%	-2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)		Week ended July 25.		Month of June.		Aggregate Totals January 1 to July 25.	
		1930.	1931.	1930.	1931.	1930.	1931.
Number of working days		24	26	26	26	24	26
BIRMINGHAM	£ 2,062	£ 2,148	£ 9,450	£ 9,508	+ 0.6	£ 73,457	£ 65,813
BRADFORD	783	718	3,318	3,063	- 7.6	26,437	21,689
BRISTOL	1,014	1,020	4,360	4,699	+ 7.7	147,571	147,691
DUBLIN	3,825	4,014	...	...	...	23,640	21,746
LONDON	965	571	2,999	2,897	- 3.4	28,807	25,449
LIVERPOOL	613	532	3,321	3,155	- 5.0	21,789	18,748
MANCHESTER	5,615	5,510	24,777	23,515	- 5.0	197,557	158,426
NEWCASTLE	8,732	8,044	40,006	37,462	- 6.3	324,953	269,942
NOTTINGHAM	1,134	1,310	5,222	5,052	- 3.2	42,587	38,019
SHREWSBURY	537	360	2,260	1,757	- 22.2	17,852	13,238
STAFFORD	654	539	3,533	2,874	- 13.7	27,417	22,500
Total	26,591	25,403	101,878	96,631	- 5.1	985,633	836,151

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Roumania appeared in the *Economist* of June 27; Russia in July 4; Bank for International Settlements, Norway, and Danzig in July 11; Denmark, and National Bank of Egypt, in July 18; Italy in July 25.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).					
	July 31, 1930.	July 9, 1931.	July 16, 1931.	July 23, 1931.	July 30, 1931.
RESOURCES.					
Total gold reserve	3,045,980	3,427,909	3,409,150	3,424,350	3,443,550
Total bills discounted	191,700	162,390	161,800	181,600	183,040
Bills bought in open market	130,760	91,790	70,410	67,030	66,540
Total U.S. Gov't securities	876,370	667,950	677,850	678,000	677,980
Total bills and securities	916,550	922,130	921,260	933,810	934,790
Total resources	4,761,620	5,194,260	5,251,570	5,161,140	5,151,810
LIABILITIES.					
Federal Reserve notes in actual circulation	1,335,140	1,736,920	1,716,620	1,730,750	1,735,550
Deposits—Member banks—reserve account	2,415,280	2,439,580	2,435,530	2,431,800	2,414,730
Total deposits	2,468,870	2,527,350	2,489,850	2,535,000	2,554,600
Capital paid in and surplus	446,560	442,610	441,480	441,430	442,080
Total liabilities	4,716,620	5,194,260	5,251,570	5,161,140	5,151,810
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	87.5%	84.2%	84.1%	84.3%	84.3%

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

ASSETS.	Position, May 28, 1931.	July 24, 1931.	June 24, 1931.	July 2, 1931.	July 9, 1931.	July 23, 1931.
Gold.....	232,650	1,202,157	1,434,234	1,435,135	1,438,954	1,492,715
Foreign Bills and Balances abroad.....	794,887	873,839	897,931	918,084	894,344	894,344
Other bills and advances.....	697,600	766,599	737,949	735,437	738,451	796,106
LIABILITIES.						
Notes in circulation.....	934,150	3,006,701	3,193,311	3,284,423	3,316,401	3,317,417
Current accounts.....	112,125	113,059	199,957	181,991	129,971	171,882

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

ASSETS.	Position, May 30, 1931.	July 26, 1931.	July 6, 1931.	July 13, 1931.	July 20, 1931.	July 27, 1931.
Gold.....	163,092	390,659	497,416	497,416	528,919	586,027
Silver.....	8,436	26,607	35,846	35,916	35,352	35,435
Home Bills discounted.....	49,631	43,426	49,830	53,014	53,014	60,461
Foreign Bills.....	153,504	240,637	228,522	228,512	228,684	228,719
Loans and advances in current acct.....	86,454	97,291	92,709	107,602	92,989	92,989
LIABILITIES.						
Notes in circulation.....	316,632	809,094	895,786	885,773	921,969	933,020
Deposits.....	5,016	15,871	43,701	61,525	82,118	126,500

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

ASSETS.	Position, May 30, 1931.	July 26, 1931.	July 6, 1931.	July 13, 1931.	July 20, 1931.	July 27, 1931.
Gold.....	22,971	139,125	160,900	160,000	158,700	154,000
Silver.....	29,785	24,658	160,900	160,000	158,700	154,000
Discounts, advances, and other investments.....	77,567	125,994	107,600	106,700	97,400	97,300
LIABILITIES.						
Notes in circulation.....	109,499	267,411	243,800	248,300	243,800	241,200
Deposits and bills payable.....	11,250	54,348	32,300	29,000	24,500	22,100

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

ASSETS.	Position, May 31, 1931.	July 23, 1931.	June 30, 1931.	July 7, 1931.	July 15, 1931.	July 23, 1931.
Gold.....	171,175	594,502	839,588	839,538	943,284	1,091,758
Foreign Bills and Balances abroad.....	336,889	411,217	416,944	478,939	487,245	487,245
Discounts.....	38,276	26,871	26,706	36,503	35,676	35,676
Advances.....	103,000	45,702	47,567	46,053	51,467	51,420
LIABILITIES.						
Notes in circulation.....	275,925	862,849	1,077,960	1,047,792	1,065,992	1,153,210
Deposits.....	33,750	221,625	313,255	346,699	513,562	573,924

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

ASSETS.	Position, July 26, 1931.	July 11, 1931.	July 18, 1931.	July 25, 1931.
Gold reserve.....	242,681	238,181	238,094	237,953
Government Securities—Swedish foreign.....	21,972	3,019	3,019	3,019
Other Swedish bonds quoted on foreign bourses.....	65,992	54,607	54,607	32,037
Bills payable in Sweden.....	103	1,083	842	691
For foreign exchange.....	50,098	242,311	186,665	175,984
Balance abroad.....	113,985	98,972	98,669	90,500
Advances made on Government securities and bonds.....	181,094	144,711	127,430	155,455
LIABILITIES.				
Notes in circulation.....	499,606	551,002	519,425	513,111
Government deposits.....	115,695	197,073	164,136	161,747
Private deposits.....	35,405	40,921	25,238	15,228

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

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

ASSETS.	Position, May 30, 1931.	July 26, 1931.	July 6, 1931.	July 13, 1931.	July 20, 1931.	July 27, 1931.
Gold.....	821,775	2,471,977	2,425,593	2,425,993	2,274,841	2,275,088
Silver.....	728,500	719,492	691,343	684,055	670,088	652,806
Loans & Discounts.....	800,725	2,042,659	2,947,349	3,064,793	3,192,978	3,253,595
Spanish 4% stock.....	344,475	344,475	344,475	344,475	344,475	344,475
Adv. to Treasury.....	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Notes in circulation.....	901,550	4,418,897	5,214,017	5,347,880	5,396,827	5,470,315
Deposits.....	477,500	818,011	821,975	863,802	953,351	979,906

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

ASSETS.	Position, June 25, 1931.	June 3, 1931.	June 9, 1931.	June 17, 1931.	June 24, 1931.
Coin and bullion.....	9,021	10,281	10,633	10,692	10,531
Of which gold.....	8,577	8,577	8,577	8,577	8,577
Balance abroad.....	205,049	143,183	143,710	142,195	136,900
Discounts.....	315,050	350,266	347,394	340,044	338,267
Government loans.....	1,530,684	1,531,311	1,531,311	1,531,311	1,531,311
LIABILITIES.					
Notes in circulation.....	1,870,292	1,862,147	1,857,858	1,842,402	1,835,605
Deposits.....	81,857	157,037	132,783	169,666	168,198

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

ASSETS.	Position, July 23, 1931.	June 30, 1931.	July 7, 1931.	July 15, 1931.	July 23, 1931.
Cash Reserve.....	1930	1931	1931	1931	1931
Gold coin and bullion.....	168,564	214,327	214,327	214,327	214,327
For foreign exchange.....	289,449	133,050	131,126	130,184	128,879
Other foreign exchange.....	440,009	311,268	293,561	277,879	249,404
Bills discounted.....	79,284	528,695	511,320	533,922	588,352
Govt. debt.....	101,437	96,059	96,059	96,059	96,059
LIABILITIES.					
Share capital.....	43,200	43,200	43,200	43,200	43,200
Reserve fund.....	10,272	10,803	10,803	10,803	10,803
Notes in circulation.....	884,987	1,110,548	1,034,977	1,068,817	1,098,587
Deposits.....	180,717	180,557	217,639	190,872	186,497

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

ASSETS.	Position, July 23, 1931.	June 30, 1931.	July 7, 1931.	July 15, 1931.	July 23, 1931.
Gold coin and bullion.....	1930	1931	1931	1931	1931
Silver coin.....	162,635	111,802	111,803	111,804	111,803
Drifts and notes.....	35,124	9,561	13,210	12,190	10,802
Silver coin and bullion.....	12,176	14,928	13,714	14,309	14,212
Inland bills, warrants and securities.....	180,232	279,446	280,164	257,182	334,440
Advances to the Treasury.....	73,547	60,065	58,560	58,560	58,560
LIABILITIES.					
Share capital (old crowns 30,000,000).....	34,756	34,756	34,756	34,756	34,756
Notes in circulation.....	371,821	385,048	373,072	344,817	418,617
Current accounts, deposits, etc.....	91,900	47,375	60,283	65,114	71,041

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Position, July 23, 1931.	June 30, 1931.	July 7, 1931.	July 15, 1931.	July 23, 1931.
Gold.....	1,380,328	1,540,101	1,539,852	1,539,206	1,538,159
Balance abroad and foreign currency.....	2,101,429	1,920,953	1,868,913	1,802,236	1,697,157
Discounts and advances.....	371,633	499,827	613,482	562,042	593,696
State loans debt balance.....	3,625,661	3,303,102	3,302,333	3,297,545	3,291,875
Other assets.....	726,712	1,161,388	1,010,970	1,009,184	934,701
LIABILITIES.					
Bank notes in circulation.....	126,058	6,988,452	6,618,841	6,237,411	6,203,836
Check account balances.....	1,311,399	391,642	673,042	920,862	807,118
Other liabilities.....	259,918	534,366	532,756	541,029	533,723

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

ASSETS.	Position, June 28, 1931.	July 8, 1931.	July 15, 1931.	July 22, 1931.
Cash reserve.....	1,540,447	1,542,135	1,542,808	1,543,178
Gold at home and abroad.....	751,075	550,633	502,607	519,987
Foreign exchange.....	182,170	114,610	114,610	115,950
Other foreign exchange.....	1,458,660	1,506,216	1,488,959	1,551,849
Bills and advances against security.....	1,825,357	1,825,357	1,825,321	1,824,318
LIABILITIES.				
Notes in circulation.....	4,563,840	4,798,897	4,690,517	4,722,648
Sight deposits.....	1,010,885	703,301	666,498	713,148

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

ASSETS.	Position, July 15, 1931.	June 23, 1931.	June 30, 1931.	July 7, 1931.	July 15, 1931.
Gold and silver holdings.....	1,589,995	1,498,265	1,500,644	1,502,672	1,505,515
Balance abroad and foreign currency.....	919,743	682,943	661,078	569,758	539,910
Discounts and advances.....	883,905	662,294	691,158	690,774	718,960
Advances to the Treasury.....	3,279,302	3,064,426	3,064,426	3,064,426	3,064,426
LIABILITIES.					
Capital paid up.....	500,000	500,000	500,000	500,000	500,000
Reserve.....	1,253,749	1,184,505	1,184,443	1,184,506	1,184,506
Bank notes in circulation.....	3,460,541	3,236,236	3,283,389	3,218,675	3,211,235
Sight liabilities.....	1,451,440	1,416,432	1,439,060	1,412,681	1,373,618
Deposits.....	285,495	256,042	147,521	255,592	255,380

BANK OF GREECE.—In drachmas (000's omitted).

ASSETS.	Position, July 15, 1931.	June 23, 1931.	June 30, 1931.	July 7, 1931.	July 15, 1931.
Gold.....	564,296	486,663	486,927	487,452	487,979
Gold exchange.....	3,237,317	2,838,394	2,866,498	2,763,638	2,645,896
Other foreign exchange.....	2,300	1,881	1,769	1,741	1,659
Bills discounted.....	128,798	152,098	151,235	150,118	151,218
Advances.....	146,482	197,408	202,484	201,401	204,699
Debt to the State.....	3,488,763	3,288,763	3,288,763	3,288,763	3,288,763
LIABILITIES.					
Capital paid up.....	400,000	400,000	400,000	400,000	400,000
Notes in circulation.....	4,836,999	4,199,959	4,254,889	4,321,221	4,252,946
Deposits and current accounts.....	1,367,553	1,522,811	1,448,481	1,350,889	1,354,073
Foreign exchange liabilities.....	668,842	852,860	899,475	746,777	724,336

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Position, July 20, 1931.	June 20, 1931.	June 30, 1931.	July 10, 1931.	July 20, 1931.
Gold.....	703,116	667,702	667,702	667,702	667,830
Of which held abroad.....	219,046	81,716	81,716	81,716	81,716
Foreign currencies.....	325,021	332,760	349,626	325,227	298,561
Bills discounted.....	594,027	536,045	553,928	572,635	518,787
Loans against securities.....	83,686	87,992	96,620	91,760	94,779
Reserve fund securities.....	84,673	93,595	93,534	93,407	93,225
LIABILITIES.					
Share capital.....	150,000	150,000	150,000	150,000	150,000
Reserve fund.....	110,000	114,000	114,000	114,000	114,000
Notes in circulation.....	1,220,252	1,127,448	1,230,044	1,187,400	1,170,375
Current accounts.....	312,882	334,067	269,955	293,657	297,101

* As from October 13, 1927, 8-91 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

(\$ in millions)					
ASSETS.	Position, May 30, 1931.	July 23, 1931.	July 8, 1931.	July 15, 1931.	July 23, 1931.
Gold.....	35,091	301,362	302,057	301,892	301,803
Balance abroad and foreign bills.....	90,379	1,113,372	884,096	860,746	825,833
Financial and Foreign Government securities.....	21,828	373,029	390,411	389,259	388,347
Discounts and loans.....	105,151	780,939	771,817	762,065	756,515
LIABILITIES.					
Notes in circulation.....	123,941	1,313,653	1,205,201	1,187,654	1,157,135
Deposits at notice.....	21,225	236,960	148,844	144,756	139,187

BULLION.

The following statistics of imports and exports of gold for week ended July 30, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
British S. Africa..... 533,077	Poland including Danzig..... 2,000
British India..... 165,722	Germany..... 23,146
Straits Settlement and Dependencies..... 132,846	Netherlands..... 6,389,431
Australia..... 1,000,068	Belgium..... 594,400
New Zealand..... 9,881	France..... 16,305,512
British Guiana..... 2,280	Switzerland..... 85,473
Other countries..... 167	Austria..... 83,250
	United States of America..... 309,500
	Other Countries..... 277
Total declared value of imports..... 1,844,041	Total declared value of exports..... 23,792,989

GOLD MOVEMENTS.

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

1931.	ARRIVALS.	1931.	WITHDRAWALS.
July 24	Sovs. from abroad..... 1,050,000	July 24	Bars sold..... 5,260,950
25	Sovs. released..... 300,000	25	Sovs. for export..... 127,000
26	Foreign coin bought..... 3	26	Sovs. set aside..... 250,000
27	Sovs. released..... 200,000	27	Sovs. for export..... 3,773,250
28	Nil	28	Sovs. set aside..... 48,000
29	Nil	29	Bars sold..... 1,977,803
30	Sovs. from abroad..... 98,000	30	Sovs. for export..... 64,000
			Sovs. set aside..... 949,653
			Sovs. for export..... 250,000
			Sovs. set aside..... 129,000
			29 Bars sold..... 307,740
			Sovs. for export..... 126,000
			30 Bars sold..... 582,152
			Sovs. for export..... 39,000
Total.....	1,648,003	Total.....	13,882,568
Net withdrawals.....	£12,234,565		

Messrs Samuel Montagu and Company write on July 29, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £148,773,846 on the 22nd inst. (as compared with £163,991,026 on the previous Wednesday), and represents an increase of £1,48,224 since December 31, 1930. On the 23rd inst. the Bank of England raised its rate of discount from 2½ per cent. to 3½ per cent. consequent upon the heavy shipments of gold. The shipment of bar gold which arrived from South Africa this week amounted to about £534,000, nearly all of which had been engaged for France prior to arrival; there was, therefore, only a very small amount available in the open market yesterday. The heavy withdrawals from the Bank of England for France, Holland and, to a lesser extent Belgium and other Continental destinations, continued and the net efflux for the week under review amounted to £16,841,704. Towards the end of the week, however, the demand for France ceased following a recovery in the exchange, but that for other quarters still continues. The receipts at the Bank included £1,000,000 in sovereigns from Australia and £600,000 in sovereigns "released," whilst withdrawals consisted of £500,000 in sovereigns "set aside," £531,000 in sovereigns taken for export and £17,260,707 in bar gold.

SILVER.

Prices have shown considerable fluctuations and although buying by Indian Bazaar and China bears absorbed offerings for the first two days of the week, it was selling from the same quarters that forced prices down to 12½d. for both deliveries on the 25th inst. There was a sharp recovery of ½d. on the 27th inst. (the next working day) to 13½d., Indian and China buying orders coming on a poorly supplied market. At this level the market proved overstrained and the reaction to 12½d. which followed was not unexpected. There has been no improvement in offtake and the premium on silver for cash delivery has disappeared, prices having been quoted level since the 25th inst. News was received on the 27th inst. of a reform in the Mexican monetary law, a Presidential decree approved by both Houses of Congress removing gold pesos from circulation and leaving only silver pesos. Whilst it is possible that this may have influenced in some measure the sharp rise in silver prices seen here on the same day, the ultimate effect is doubtful, and further details are awaited, especially as to whether any important coinage of silver will be involved.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 20th inst. to mid-day on the 27th inst.:—

IMPORTS.	Exports.
Mexico..... 135,975	China..... 33,100
British West Africa..... 6,128	British India..... 35,400
Other countries..... 7,205	Other countries..... 4,961
NATIONAL..... 1,627	
Total..... 150,935	Total..... 73,461

ASSETS.	CURRENCY RETURNS (in lacs of rupees).
Gold coin and bullion.....	July 22.
Drates and notes.....	July 15.
Silver coin and bullion.....	July 7.
Island bills, warrants on India.....	15,378
Advances to the Treasury out of India.....	15,223
Island bills, warrants on India.....	13,179
Advances to the Treasury out of India.....	13,108
Island bills, warrants on India.....	1,546
Advances to the Treasury out of India.....	1,491
Island bills, warrants on India.....	1,751
Advances to the Treasury out of India.....	653
Current accounts, deposits, government.....	624
Government.....	595

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash Forward		Cash.
1931.	a. d.	d.		d.
July 24.....	84 11½	13 12½	July 30, 1925	32 ½
" 25.....	84 11½	12 12½	" 29, 1926	29 ½
" 27.....	84 11½	13 13½	" 22, 1927	26 ½
" 28.....	84 11½	12 12½	" 31, 1928	31 ½
" 29.....	84 11½	12 12½	Aug. 1, 1929	24 ½
" 30.....	84 11½	13 13½	July 31, 1930	16

NOTICES.

The Midland Bank announces the opening of new offices at 184 Kettering Road, Northampton, and at 67 Harborough Road, Kingsthorpe, near Northampton. The announcement is also made that the business heretofore conducted at 159 Tottenham Court Road, London, has been transferred to new and larger premises at 140 Tottenham Court Road, W.1. The opening of a new branch 17 High Street, Chesham, Bucks, is also announced.

Company News.

REPORTS AND NOTICES.

Mr. Arthur Dorman has been elected vice chairman of Messrs. Dorman Long and Company, Ltd.

It is announced that Marchese Marconi has been appointed a director of Electric and Musical Industries, Ltd.

Mr. Lambert William Middleton, Lowood, Melrose, has been appointed a director of The National Bank of Scotland, Ltd.

Mr F. H. James has been elected to a seat on the board of Imperial Continental Gas Association. He will continue to fulfil the duties of general manager.

Sir John Sandeman Allen, M.P., and Major W. M. Crowdy have been re-elected chairman and vice chairman of Joint East African Board for the ensuing year.

The Right Hon. Lord Irwin, G.C.S.I., of Garrowby Hall, Yorks., has been elected to a seat on the head office board of The Yorkshire Insurance Company, Ltd.

Sir Herbert Cook, owing to ill health, has resigned the chairmanship of Cook, Son & Company (St. Pauls), Ltd., and the board have elected Mr. R. M. Cook to be chairman.

General Sir John P. Du Cane, G.C.B., Mr Leslie Arthur Pollak and Mr Stanley Shelbourne Taylor, C.M.G., D.S.O., have been elected directors of De Beers Consolidated Mines, Ltd.

The London committee of Companhia de Mocambique state that the Customs receipts for the Port of Beira during May amounted to £23,732, as compared with £29,392 for the corresponding period of 1930.

GOVERNMENT, &c.

PARAGUAY (EXTERNAL DEBT OF).—Tenders of bonds of the loans of 1886, 1896 and 1915, and of the arrears coupon certificates issued in respect of the 1886 and 1896 bonds for amortisation were opened on July 7th at the offices of the Council of Foreign Bondholders. Tenders were accepted as under:—Bonds of 1886 and 1896: Tenders under £50 10s. per cent. were accepted in full, and those at that price to the extent of 86 per cent. Bonds of 1915: Tenders under £52 per cent. were accepted in full, and those at that price to the extent of 61 per cent. Arrear Coupon Certificates: Tenders at and under £99 19s. 9d. per cent. were accepted in full. The council still have a balance in hand for the redemption of the arrears coupon certificates and are prepared to receive offer of the same.

RAILWAYS.

THE CORDOBA CENTRAL RAILWAY COMPANY, LTD.—At the adjourned meetings of the various classes of stockholders, held on June 20th and 26th, the scheme of arrangement, as amended, providing for a further twelve months' extension of the moratorium from July 1, 1931, as regards the interest on its 5 per cent. debenture stock, and for the creation of £1,200,000 6 per cent. debenture stock, was duly sanctioned.

BANKS.

AUSTRALIAN BANK OF COMMERCE, LIMITED.—The net profit for year ended June 30, 1931, amounted to £84,904, as compared with £180,693 for year ended June 30, 1930, and £218,545 for year ended June 30, 1929. The ordinary dividend is 4 per cent., absorbing £88,320. This compares with 7 per cent. for preceding year, absorbing £154,580. For the year ended June 30, 1929, the ordinary dividend was 8 per cent., absorbing £176,640. Nothing has been put to reserve, against £25,000 a year ago, and £40,000 for year

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
Banks.		£	£	£	£	£	%	£	£	£	%
London and Eastern Trade Bank	June 30	19,637	15,563	35,200	...	...	...	25,000	10,200	25,642	4
Breweries.											
Hancock (William) and Co.,	May 31	25,133	31,051	56,184	20,760	444,045	15½ ord. 7 max.	...	35,484	47,299	5
Mitchells and Butlers	June 30	431,098	626,994	1,058,092	46,500	29,200		100,000	438,347	696,871	15½ or 7 max 8
Nuttall's Breweries.....	June 30	1,727	26,887	28,614	...	16,000	4	10,579	2,035	40,740	
Canals and Docks.											
Humber Graving Dock, &c.	June 30	...	6,000	6,000	...	6,000	4	...	...	6,000	4
Financial, Land, &c.											
Assoc. London Properties ..	June 24	22,573	43,563	66,136	18,636	18,636	6	6,905	21,959	55,168	7½
Rubber, &c.											
Alluta Rubber and Produce	Mar. 31	987	Dr. 3,616	Dr. 2,629	...	...	...	Dr. 4,000	1,371	Dr. 615	...
Kali Glagah (Java) Rubber.	Mar. 31	11,623	Dr. 9,647	1,976	...	...	...	1,000	976	10,876	...
Prye Rubber and Coconut ..	Mar. 31	903	Dr. 940	Dr. 37	...	...	...	Dr. 500	463	Dr. 1,394	...
Sumatra Cons. Rubber	April 30	3,248	Dr. 2,911	337	...	...	...	...	337	333	...
Sumatra Proprietary Rubber	April 30	4,127	Dr. 3,402	725	...	...	...	...	725	Dr. 2,376	...
Tea.											
Single Tea Co.	Dec. 31	15,605	6,472	22,077	6,825	5,040	2½	900	9,312	42,205	17½
Telegraphs, &c.											
Cables and Wireless.....	Dec. 31	64,257	1,302,385	1,366,642	128,4627	...	...	15,108	66,907	1,327,311	...
Imperial and International Communications.....	Dec. 31	18,882	326,249	345,131	...	525,000	1½	Dr 200,000	20,131	...	...
Textiles.											
Cellulose Acetate Silk	Mar. 28	Dr. 65,748	Dr. 53,474	Dr. 119,222	...	...	...	...	Dr 119,222	Dr. 65,748	...
Trust.											
Second Clydesdale Invest-ment.....	July 1	...	12,982	12,982	5,812	3,875	5	...	3,295	...	...
Second Scottish Western Investment	July 1	20,171	67,633	87,804	23,375	34,300	11	...	30,129	73,306	11
Waterworks.											
Cleveland Water	June 30*	5,192	3,843	9,035	...	3,400	{ 10 7 }	...	5,635	3,727	{ 10 7 }
Other Companies.											
Dublin (South) City Market	June 30*	6,896	4,638	11,534	...	4,000	4½	500	7,034	4,552	4½
Fodena Limited	June 30	4,680	Dr. 16,272	Dr. 10,622	...	...	...	...	Dr. 10,622	Dr 11,274	3
Gloucester Rly. Carriage, &c.	May 31	40,213	Dr. 5,727	34,486	...	...	...	...	34,486	33,486	5
Itonia Gramophones	Mar. 31	1,706	Dr. 9,926	Dr. 8,220	2,200	...	...	Dr. 1,557	Dr. 8,863	8,802	5
Jones' Sewing Machine	May 31	3,695	11,117	14,812	3,900	7,200	8	...	3,712	16,545	10½
Lovering China Clays	Mar. 31	2,937	Dr. 10,656	Dr. 7,719	...	...	...	Dr. 7,719	24,915	5	...
Mason (Frank) and Co.	Mar. 31	4,576	36,393	40,969	11,625	17,438	7½	5,000	6,906	44,710	7½
Millars' Timber and Trading	Dec. 31	203,436	Dr. 57,295	146,141	25,500	...	...	60,000	60,641	86,155	...
North Central Wagon Co....	June 30	6,925	40,231	47,156	10,075	17,437	15	12,000	7,644	40,006	15
Parkinson and Cowan	Mar. 31	28,810	25,319	54,129	29,802	16,353	2½	...	7,974	88,114	10
Pleistowe and Co.	Dec. 31	3,910	(t) 9,688	13,598	...	...	...	11,042	2,556	...	...
Salter and Salter	June 30	Dr. 28,712	Dr. 4,486	Dr. 33,198	...	...	...	Dr 33,198	Dr. 2,148	...	...
Tilbury Contracting Co.....	Mar. 31	23,869	114,936	138,805	...	60,000	15	51,872	26,933	116,213	15
Wolsley Sheep Shearing Machine	Dec. 31	9,763	3,746	13,509	...	5,000	5	...	8,509	11,646	7½

† Free of Income Tax.

ended June 30, 1929. The carry-forward is reduced from £29,803 to £26,387.

COMMERCIAL BANK OF AUSTRALIA, LIMITED.—A preliminary statement issued by the Commercial Bank of Australia, Limited, shows that for the year to June 30, 1931, net profits amounted to £308,450, compared with £389,841 a year ago. A final dividend at the rate of 10 per cent. per annum, making 11½ per cent. actual for the year, is proposed, against 15 per cent. distributed in the year to June 30, 1930. The reserve fund is brought up to £2,250,000 by the transfer from revenue account of £13,399 (last year £22,851) and £76,601, being premiums received on new shares. After reducing bank premises by £20,000, there remains £65,336 to go forward against £95,549 brought in.

THE COMMERCIAL BANKING COMPANY OF SYDNEY, LIMITED.—The profit for year ended June 30, 1931, was £441,815, as compared with £637,619 a year ago. The ordinary dividend is 8½ per cent., against 10 per cent. Nothing is put to reserves. In preceding year £100,000 was allocated to reserve and £50,000 to bank premises account. The carry-forward is increased from £85,226 to £124,226. Deposits of £44,014,105 show a contraction of some £5,000,000 compared with a year ago, while, among assets, Government stocks and other securities are down from £6,106,620 to £5,019,119, and bills receivable from £3,062,926 to £1,774,309.

MISCELLANEOUS.

CALLENDER'S CABLE AND CONSTRUCTION COMPANY, LTD.—At a luncheon at the Waldorf Hotel on July 27th, Mr Theodor Petersen, M.I.E.E., was presented with his portrait and an album containing 801 names of subscribers. The occasion was in commemoration of his appointment as assistant managing director of Messrs. Callender's Cable and Construction Company, Ltd., and director of the Anchor Cable Company, Ltd. Mr Petersen has been with Messrs. Callender's Cable and Construction Company, Ltd., for thirty-six years.

IMPERIAL AND INTERNATIONAL COMMUNICATIONS, LIMITED.—The following are the estimated traffic receipts for six months ended June 30, 1930 and 1931:—

	1930.	1931.	Rise or fall
January.....	519,485	412,908	— 106,577
February.....	460,052	390,461	— 69,591
March.....	492,316	447,668	— 44,648
April.....	456,120	386,706	— 69,414
May.....	466,279	371,704	— 94,575
June.....	413,471	374,502*	— 38,969

Aggregate for six months, January to June, 1930 and 1931..... 2,807,723 2,383,949† — 423,774

* The sum of £21,500 must be deducted from the message receipts for June, 1931, in making a comparison with June, 1930, owing to changed conditions of sharing traffic.

† In comparing aggregates, regard must be had to the notes issued with the March, April and May traffics.

HUNTINGTON, HEBERLEIN AND COMPANY, LIMITED.—The British Metal Corporation group has recently acquired control of Huntington, Heberlein and Company, Ltd., Equitable House, King William Street, London, E.C.4, who specialise in mechanical roasting furnaces, Dwight-Lloyd sintering machines, coal-washing plants, drying and screening plants, sulphuric and hydrochloric acid plants, and general engineering equipment for chemical and metallurgical works. Huntington, Heberlein and Company, Ltd., since its establishment in 1908, has designed and constructed equipment for many plants and mines in the British Empire, and the company's engineers have had considerable experience in roasting, sintering and washing problems. It is felt that the company's operations will be materially assisted by its association with the British Metal Corporation group.

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
 ASSETS EXCEED - £15,600,000
 FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square.
 London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1

GLASGOW.—Business is still quiet in the West of Scotland. At many of the engineering works, &c., a re-start has been made during the present week, but a general resumption at the shipyards and at the steel-making plants will not take place till the beginning of next week. The blast furnaces have not yet been re-lit. During the past week or two, there has been an improved demand for black sheets for export, and this has been maintained and the tonnage of thin sheets booked during the present week is quite considerable. There has been less business for galvanised sheets for export, although there are a number of inquiries on the market. In both cases, prices are very keenly cut. It is announced that a large order for mineral wagons has been placed with Messrs. R. Y. Pickering and Company, Ltd., of Wishaw, which will give considerable employment to workers in that district. Things continue quiet in the tube trade.

CARDIFF.—General conditions in the South Wales tinplate trade are unchanged. Business continues on a restricted character, but the output per mill has improved, and is now averaging about 60 per cent. of capacity. Prices are competitive, and are ruling between 13s. 3d. and 13s. 9d. per basis box. Steel bar prices are unaltered at £4 12s. 6d. for local make, and at £3 15s. per ton for foreign. Galvanised sheets continue a dull market at £9 7s. 6d. per ton f.o.b.

OTHER METALS.

TIN.—Tin has been slightly cheaper than last week, but, in the absence of selling pressure, the market remained steady at the lower level. Wednesday's official closing quotation for "standard cash," at £108 10s. to £108 12s. 6d. per ton, compares with £110 7s. 6d. to £110 10s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,799 tons, show a decrease of 46 tons on the week.

COPPER.—The turnover of copper in the United States has been small and the reduction of the "domestic" price for "electrolytic" from 8 cents per lb. to 7.75 cents per lb. had little effect on the market. Wednesday's official closing price for "standard cash" in London, at £33 1s. 3d. to £33 3s. 9d., compares with £34 2s. 6d. to £34 5s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 18,566 tons, show an increase of 797 tons, while stocks of rough copper, at 1,136 tons, were 50 tons larger.

LEAD.—Little interest was taken in lead this week and prices show a decline on the week. Wednesday's official closing quotation for "soft foreign" in London, at £12 8s. 9d. to £12 11s. 3d., compares with £12 16s. 3d. to £12 17s. 6d. on the corresponding day last week.

SPELTER.—Despite the recent re-establishment of the Zinc Cartel, prices have not been maintained at the higher level recently established. Wednesday's official closing quotation in London for "good ordinary brands," at £11 16s. 3d. to £12 5s., compares with £12 6s. 3d. to £12 16s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. Antimony again changed hands at £23 to £23 10s. per ton for "foreign," while quicksilver remained unchanged at the recently reduced price of £17 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Spot sales for the week 23rd to 29th (inclusive) are 20,000 bales, of which 8,490 bales are American, 700 bales Brazilian, 500 Argentine, 4,250 Peruvian, 2,360 Egyptian, 1,200 African, 650 East Indian, 1,500 Russian and 350 sundries. Imports for the same period are 18,703 bales, of which 2,908 bales are American, 2,731 Peruvian, 8,892 Egyptian, 1,349 African, 2,679 East Indian and 146 sundries. Quotations, July 29th: American Middling, 4.72; Egyptian Sakel, 7.10; Uppers, 5.52; Brazil Fair, 4.77; Peru G.F. Smooth, 5.07; West African Middling, 4.77 and East African G.F., 5.77.

Manchester.—The market during the past week has been uncertain and an expansion of business has been checked by the downward movement in values and some nervousness relating to finance. Nothing is happening at the moment to encourage enterprise and buyers seem determined to operate as sparingly as possible. A fair amount of inquiry has come through in cloth for abroad. The few offers mentioned for India have been very low and only isolated sales have taken place. A more hopeful feeling prevails with regard to China and rather more business has been about in fancies, but an expansion in the turnover is dependent upon a rise in the price of silver. Nothing worth mentioning has been done for the several minor outlets east and west, but some producers of cloths suitable for printing and dyeing manage to scrape together an assortment of orders from day to day. There has not been much life in home trade fabrics. Reports from weaving districts rather tend to become worse and there are rumours of more sheds closing down for an indefinite period. Prices in American and Egyptian yarns have favoured buyers. Only a limited turnover has taken place in home counts and export numbers.

Cotton Prices.

	1931.				Corresponding Date.	
	July 8.	July 15.	July 22.	July 29.	1929.	1930.
Raw Cotton—Mid. American per lb.	5.36	4.91	5.11	4.72	10.60	7.45
" Sakalaidia Fully Good Fair						
Yarns—32's twist per lb.	8.25	7.50	7.45	7.10	17.10	12.35
" 40's twist per lb.	9.1	8.1	8.1	8.1	15.1	11.1
" 60's twist (Egyptian) per lb.	15.1	14.1	14.1	14.1	26	20
32-in. Printers, 116 yds., 16 by 16, 32's and 60's	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	17 11	17 3	17 4	17 1	25 3	20 9
38-in. ditto, 36 yds., 18 by 18, 10 lb.	19 9	19 0	19 3	19 0	28 0	23 0
39-in. ditto, 37 yds., 16 by 15, 8 lb.	11 0	10 9	10 10	10 9	15 1	12 7
	9 11	9 8	9 9	9 7	13 6	11 4

THE WOOL TRADE.—Bradford.—The quantities of wool taken by the home trade, the Continent and America at the last series of sales and at corresponding series of previous years are shown below:—

	Home trade.	Continent.	America.	Total.
	Bales.	Bales.	Bales.	Bales.
1923 ...	45,000	51,500	1,500	98,000
1924 ...	33,500	28,000	...	61,500
1925 ...	41,000	72,000	2,000	115,000
1926 ...	43,500	53,000	1,000	97,500
1927 ...	56,700	49,600	2,000	108,300
1928 ...	26,500	42,500	...	69,000
1929 ...	31,000	43,500	...	74,500
1930 ...	31,000	50,500	1,000	82,500
1931 ...	43,000	34,500	3,000	80,500

The 3,000 bales taken for the United States is noteworthy, but the carry-over of 146,000 bales means that another three weeks' auctions could begin any time if buyers were prepared to assemble in Coleman Street for the purpose. Next series will commence on September 15th, and a big offering will then be made to get rid of the large quantity which will no doubt be available. The Importers' Committee and the selling brokers may consider holding a four weeks' series. Several firms in the West Riding have very little merino wool, and the happenings during the interval will help to decide a programme. The holiday period has commenced in Yorkshire. Many mills outside Bradford are already closed down. It is a legal enactment for mills to close at least a week, but in many cases machinery will stand eight to ten working days, some even a fortnight. There is very little to indicate development at the piece-goods end. Prices for tops, yarns, &c., remain firm but there is plenty of scope for augmented turnover.

THE GRAIN MARKETS.

WHEAT.—Trading in wheat has been on a small scale during the past week and prices declined sharply. There has been further damage done to the Canadian and United States spring wheat crops by drought, but conditions on the Continent are relatively satisfactory, and the Russian crop seems not so far to have suffered great damage by the hot weather. In view of the satisfactory yield of the French, German and Italian crops, the import quotas have been fixed at a very low rate. The reorganisation of the Canadian grain pools to form an inter-provincial trading corporation which would replace the pool's central selling agency is progressing, and Mr Bennet appears to have promised the financial backing of the Federal Government to the trading corporation. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 24s. 3d. per 496 lbs., as compared with 25s. 6d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 23s. 3d., against 24s. 3d.; No. 3 Northern Manitoba, Atlantic, ex ship, 21s. 6d., against 23s.; Rosale, ex ship, 20s. 6d., against 21s.; Australian, ex ship, 21s. 6d. to 23s. 6d., against 22s. 6d. to 24s. a week ago.

WHEAT FLOUR.—In sympathy with the cereal, wheat flour prices declined this week. North American shipments, at 223,000 sacks, show an increase of 31,000 sacks, as compared with those of the previous week. Quotations: Straight run, delivered week; delivered London, 21s., against 21s. 6d. Manitoba patents, ex store, 21s. to 24s., against 21s. to 24s.; and Australian, ex store, 17s. to 18s., against 17s. 6d. to 18s. 6d. a week ago.

BARLEY.—The market in barley has been steady and prices were generally maintained despite considerable offerings from Russia. Quotations: "English feeding," f.o.r., per 448 lbs., from 36s. to 40s., as compared with 36s. to 40s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—There has been a declining tendency in the demand for foreign oats in this country, and prices, though higher than had then fallen. Quotations: "River Plate," landed, 11s. 3d. ex ship, 10s. 3d., against 10s.; "Chilean Tawny," landed, 12s. 9d., against 13s.; English white, per 336 lbs., 20s., against 20s. to 21s. a week ago.

MAIZE.—Argentina continues to ship large quantities of maize to Europe, but, in view of the cheapness of the grain as compared with other feeding cereals, these shipments find a ready market. Prices have been steady. Quotations: "Plate," landed, 16s. 6d. per 480 lbs., as compared with 16s. 6d. last week; Plate, ex ship, as against 16s. 3d.; Plate, July-August, new, 15s. 3d., as against 15s. 3d. Yellow maize meal, ex wharf, was quoted at £5 2s. 6d., as against £5 2s. 6d. per ton a week ago.

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

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—	Owts.	Owts.	Owts.	Owts.
1 week to July 25	31,618	84,620	33,950	86,987
47 weeks to July 25	4,856,258	9,420,082	9,657,299	10,897,782
Average price of English wheat per cwt.	s. d.	s. d.	s. d.	s. d.
	6 5	8 3	11 3	10 11

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
July 18, 1931.....	Owts. 31,037	Owts. 1,764	Owts. 6,163	s. d. 6 4	s. d. 5 7	s. d. 6 11
July 25, 1931.....	31,618	2,333	8,438	6 5	6 4	6 8
July 23, 1927.....	53,750	4,970	12,095	12 8	11 7	10 4
July 28, 1928.....	86,987	3,564	5,113	10 11	10 5	11 9
July 27, 1929.....	33,950	4,434	13,354	11 3	10 1	9 7
July 26, 1930.....	84,620	3,524	10,055	8 3	6 5	6 0

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	July 30, 1930.	Jan. 2, 1931.	July 15, 1931.	July 22, 1931.	July 29, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	87½	56½	56½	57½	54½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	83½	79½	51½	54	51½

The visible supply of wheat in Canada at 60,814,000 bushels shows an increase on the week of 432,000 bushels. Supplies a year ago stood at 58,034,000 bushels.

OTHER FOODS.

SUGAR.—Since the coming into operation of the Chadbourne scheme, raw sugar values have on the whole been well maintained. The lower prices quoted this week are mainly the result of a slackening off of buying by United States refiners and of temporary selling pressure in certain quarters. Wednesday's sales of "raws" included "August delivery," at 6s. 3½d. to 6s. 3½d. per cwt., against 6s. 5½d. to 6s. 5½d., and "December," at 6s. 7½d. to 6s. 8½d., against 6s. 9½d. to 6s. 10d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	1931.	1930.	1931.	1930.	1931.	1930.
Liverpool.....	282	371	948	1,268	26,233	20,504
	4,660	18,017	13,205	17,713	64,161	76,225
Total ...	4,932	18,388	14,153	18,981	90,394	105,729
Last week	12,851	16,912	15,215	15,779	99,525	105,782

COFFEE.—In the absence of auctions which will be recommended on August 11th, the spot market has remained quiet but steady. Last week's movements of coffee in London were as follows: Brazilian, landed, 44; delivered for home consumption, 69 bags; exported, nil; stocks, 2,523 bags, against 1,577 bags last year. Central American, landed, 1,724 packages; delivered for home consumption, 2,808; exported, 1,050; stocks, 103,910 packages, against 96,325 a year ago. Other kinds, landed, 1,912 packages; delivered for home consumption, 2,034; exported, 1,613; stocks, 83,390 packages, against 106,475 a year ago.

COCOA.—At this week's auctions cocoa was in slow demand, and last week's prices were not maintained. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, mid-crop, August-September, at 17s. 9d. per cwt. f.o.b. London contract, shows a further fall. Last week's movements of cocoa in London were as follows:—Landed, 2,589 bags; delivered for home consumption 3,875 bags; exported, 15 bags; stocks, 222,269 bags, against 198,133 last year.

TEA.—The quantities catalogued for this week's auction comprised 24,968 packages of Indian, 45,471 packages of Ceylon, and 10,622 packages of Java and Sumatra tea. At Monday's auctions Indian tea was sold at firm prices, which were maintained at Tuesday's and Ceylon sales. On Wednesday, however, the demand fell off, and prices were barely maintained. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
July 24, 1930	1 0-33	1 0-47	1 4-86	1 10-02	0 10-86	0 9-57	1 2-02						
July 2, 1931	0 7-73	0 7-45	0 10-75	0 6-10	0 6-96	0 5-97	0 8-57						
July 9, "	0 7-22	0 7-45	0 10-28	0 6-20	0 6-26	0 4-87	0 8-62						
July 16, "	0 7-80	0 7-99	0 11-40	0 6-35	0 6-68	0 5-18	0 9-46						
July 23, "	0 6-54	0 7-81	0 11-99	0 6-68	0 6-57	0 5-03	0 9-79						

RICE.—The recent improvement in the price of rice has been maintained during the week. Wednesday's quotation for Burma No. 2, cleaned, August-September, in singles to the Continent and

to the United Kingdom, at 7s. 9½d. per cwt., shows a rise of ½d. as compared with last week. Movements in London during the past week were as follows:—Landed, 80 tons; delivered, 22 tons; stocks, 579 tons, as against 1,830 last year.

POTATOES.—Supplies of new potatoes are now more than sufficient to satisfy requirements, and prices therefore declined further. At the Borough market, "Eclipse" sold at from £6 to £7 for first quality, against £8 to £9 a week ago.

SPICES.—The spot pepper market was steady and prices remained unchanged. Wednesday's quotation for "Black Singapore," at 5½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows:—Black, landed, 32; delivered, 39 tons; stocks, 607 tons, against 859 tons last year. White, landed, 5 tons; delivered, 34 tons; stocks, 520 tons, against 497 tons a year ago.

MEAT.—The market in meat has been steady, and the recent rise in the price of Argentine beef has been maintained. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 4s. 8d. to 5s. per 8 lbs., against 4s. 9d. to 5s. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 4d. to 3s. 10d., as against 3s. 4d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,491 tons, as compared with 8,446 tons in the corresponding week last year. Imported beef, principally Argentine, formed 87.1 per cent. of the supplies, as against 83.5 per cent. a year ago; and imported mutton, mainly New Zealand, formed 83.7 per cent. of the total supply, as against 85.6 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Extremely quiet conditions prevail in all sections, and very little business appears possible in the present uncertainty. Buyers of linseed are very reserved in view of good supplies on hand and the large quantity afloat. Plate first arrived at Hull has been done at as low as £8 12s. 6d., and Calcutta to London June-July shipment at £10 10s., since when, however, a steadier tone has shown itself, current value on spot and afloat being around £8 17s. 6d., and shipment to October £8 17s. 6d. to £9 2s. 6d., according to date. A transaction in the new Argentine crop, January-February, is recorded at £9 2s. 6d. There has been a further increase in the linseed afloat for Europe, which now stands at 168,900 tons, or 21,500 tons more than last week. Cotton seed is neglected, and values are about unchanged, with black Egyptian, July and August loadings, quoted £5. All descriptions of vegetable oils are in very poor demand, and values are difficult to maintain. Raw linseed oil on spot is around £17 10s., and September-December delivery £17, ex Hull. Cotton oil is lower, crude Egyptian quoting £18 10s., and common edible £21 5s., ex Hull. Oilseeds are in moderate demand and easy.

HIDE, LEATHER AND ALLIED TRADES.—Ox and heifer hides were again firmer at the auctions held in Manchester this week, when several weights in both clear and warbled classes made ½d. per lb. more money. First cows in both classes advanced ½d. per lb. while other descriptions, together with calfskins, were unchanged from the previous week. There is a slightly improved tone in the market for sheepskins, but prices generally are unchanged. With less business passing in foreign hides the tendency of values is lower, and the uncertainty regarding the future is such that the possibility of further reductions cannot be ruled out. In South American wet salted hides Argentine ox have changed hands at 5½d., with 5½d. reduced figures, B.A. Americas having been sold at just over 5½d., Cuyabano at 4½d., and B.A. Inservibles at 3½d. A very restricted business is passing in most descriptions of African hides with Capes quoted at 6½d. and 5½d. for the first two selections in drys, and 1d. less for dry salted. Australians have received a certain amount of enquiry, but prices are in favour of buyers. A steady demand has again been experienced for sole leather, and although enquiry for the

Trade with South America

The Bank of London & South America Ltd. offers a complete banking service to commercial houses which are engaged in trade with the Latin American countries. With branches at every strategic point, the Bank is singularly well equipped to supply the very latest



information on local markets and trade conditions, to help and advise, and to undertake banking business of every description. For the convenience of its clients a Monthly Review of Market Information is issued free on application and Status Reports on S. American firms are supplied on request.

BANK OF LONDON & SOUTH AMERICA LIMITED

6, 7 & 8 Tokenhouse Yard, London, E.C.2
 MANCHESTER: 24, Charlotte Street.
 BRADFORD: 23, Hardgate.
 Affiliated to Lloyds Bank Limited.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders				English Southdown, washed				Best heavy ox and halter			
GRAIN, &c.—				American, boxes, 56 lbs.	52	0	66	0	12			Best cow	0	4	0
Wheat, No. 2, N. Man. 496 lb.	23	3		POTATOES—				Queensland, red, super combg.	20			Best calf	0	7	0
Eng. Gaz. av., per cwt.	6	5		Good English, per cwt.	6	0	7	N.S.W. greasy, super	11						
Barley, Eng. Gaz. av.	6	4		SPICES—				N.Z., gray, half-bred 50-56	8						
Oats, "	6	3		Pepper, per lb.	0	8	0	Crossbred 40-44	5						
Maize, La Plata, landed, 480 lb.	16	6		Muntok, fair White	0	8	0								
Flour, Lon. stan. ex mill, a. d.				Black Lampong	0	5	0								
280 lb.	19	9	0	Cinnamon—1st sort, per lb.	0	7	0								
Rice, No. 2 Burma, per cwt.	7	9	0	Cloves—Zanzibar, per lb.	0	9	0								
Sago, Pearl, per cwt.	16	6		Ginger—per cwt.	25	0	0								
Tapoca, per cwt.	17	6	0	African	25	0	0								
S.I. flake, fair spot	20	0	0	Vanilla, ord. to good	40	0	80								
Medium pearl	17	0	0	Nutmeg, 55	1	3	0								
MEAT—				SUGAR—				MINERALS				LEATHER—			
Beef, per 8 lbs.				(Duty, 11s. 8d. per cwt.)				Welsh, best Ad'ly, ton	20	0	0	Sole Benda 8/14 lb.	1	2	2
English long sides	5	2	6	B.W.I., crystallised	18	3	21	Dunham, best gas, L.O.B.	14	8	0	per lb.	2	3	3
Argentine chilled hinds	4	8	5	Java, white, c. & f. India	7	10	0	Sheffield, best house, at	18	6	20	Shoulders fm DS Hides	0	5	0
Mutton, per 8 lbs.				Refined—London—				pts				Do. Eng. or WS do.	0	8	1
English wethers	5	4	7	Yellow Crystals	19	4	0	Crushed				Do. Eng. or WS do.	0	4	0
N.Z. frozen	3	4	3	Crushed	23	9	24	Crushed				Do. Eng. or WS do.	0	8	0
Pork, English, per 8 lbs.	4	8	5	Granulated	20	0	20	Crushed				Do. Eng. or WS do.	0	4	0
OTHER FOODS.				Home Grown (June)	19	14	19	Crushed				Do. Eng. or WS do.	0	4	0
BACON—				TOBACCO—				Crushed				Do. Eng. or WS do.	0	4	0
Irish	84	0	90	(Duty 8/10-9/10 per lb.)				Crushed				Do. Eng. or WS do.	0	4	0
Danish	63	0	65	Virginia leaf				Crushed				Do. Eng. or WS do.	0	4	0
Canadian	0	0	0	Common to fine	0	6	2	Crushed				Do. Eng. or WS do.	0	4	0
Dutch	59	0	61	Rhododend leaf	0	8	1	Crushed				Do. Eng. or WS do.	0	4	0
HAMS—				Nyassaland leaf	0	5	1	Crushed				Do. Eng. or WS do.	0	4	0
Canadian	0	0	0	strips	0	9	1	Crushed				Do. Eng. or WS do.	0	4	0
American	80	0	89	East Indian leaf	0	4	0	Crushed				Do. Eng. or WS do.	0	4	0
BUTTER—				strips	0	5	1	Crushed				Do. Eng. or WS do.	0	4	0
Irish creamery per cwt.	119	0	0	COOTON—				Crushed				Do. Eng. or WS do.	0	4	0
Australian	105	0	107	MD-American	4	72		Crushed				Do. Eng. or WS do.	0	4	0
New Zealand	110	0	112	Sakelard, 1/2 d. 1/2	7	20		Crushed				Do. Eng. or WS do.	0	4	0
Danish	non.			Yarns, 32's twist	8	1		Crushed				Do. Eng. or WS do.	0	4	0
CHEESE—				60's twist	14			Crushed				Do. Eng. or WS do.	0	4	0
Canadian	68	0	72	FLAX—				Crushed				Do. Eng. or WS do.	0	4	0
New Zealand	61	0	63	Livonian ZK	34	10	0	Crushed				Do. Eng. or WS do.	0	4	0
English Cheddars	50	0	55	Pernau RD	51	0	0	Crushed				Do. Eng. or WS do.	0	4	0
Dutch	56	0	65	Slaveta Medium 1st sort	41	0	42	Crushed				Do. Eng. or WS do.	0	4	0
COCOA—				HERP				Crushed				Do. Eng. or WS do.	0	4	0
(Duty, British grown,				Italian P.C. per ton	31	0	0	Crushed				Do. Eng. or WS do.	0	4	0
11s. 8d.; foreign, 14s. cwt.)				Manila, July-Sept.	17	0	0	Crushed				Do. Eng. or WS do.	0	4	0
Acra, 1/2, per cwt.	22	0	28	N.Z.	nom.			Crushed				Do. Eng. or WS do.	0	4	0
Trinidad	38	0	46	Sisal, African, July-Sept.	14	5	15	Crushed				Do. Eng. or WS do.	0	4	0
Grenada	28	0	36	Mexican	nom.			Crushed				Do. Eng. or WS do.	0	4	0
COFFEE—				DUTY—				Crushed				Do. Eng. or WS do.	0	4	0
(Duty, British grown,				Native 1st mks. per ton				Crushed				Do. Eng. or WS do.	0	4	0
11s. 8d.; foreign, 14s. cwt.)				c.i.f. H.A.R.B.				Crushed				Do. Eng. or WS do.	0	4	0
Santos, sup., c.i.f. cwt.	42	0	0	August-September				Crushed				Do. Eng. or WS do.	0	4	0
Colombian, good	70	0	90	Dances 2/3 c.i.f. Dundee				Crushed				Do. Eng. or WS do.	0	4	0
Costa Rica, med. to good	78	0	118	October-November				Crushed				Do. Eng. or WS do.	0	4	0
East Indian	80	0	110	SILK—				Crushed				Do. Eng. or WS do.	0	4	0
Kenya, medium	70	0	82	Wet salted—Australian				Crushed				Do. Eng. or WS do.	0	4	0
EGGS—				Canton				Crushed				Do. Eng. or WS do.	0	4	0
English	11	6	14	Tanaka				Crushed				Do. Eng. or WS do.	0	4	0
Danish	8	9	11	Japan				Crushed				Do. Eng. or WS do.	0	4	0
FRUIT—				Italian—Haw, R. Milan				Crushed				Do. Eng. or WS do.	0	4	0
Oranges—								Crushed				Do. Eng. or WS do.	0	4	0
South African	9	0	16					Crushed				Do. Eng. or WS do.	0	4	0
Lemons, Sicilian	11	0	20					Crushed				Do. Eng. or WS do.	0	4	0
Malaga	14	0	23					Crushed				Do. Eng. or WS do.	0	4	0
Apples: Amer. (var.)	0	0	0					Crushed				Do. Eng. or WS do.	0	4	0
(var.)	0	0	0					Crushed				Do. Eng. or WS do.	0	4	0
Australian	7	0	11					Crushed				Do. Eng. or WS do.	0	4	0
ONIONS—								Crushed				Do. Eng. or WS do.	0	4	0
Valencia, case, 4s.	8	0	0					Crushed				Do. Eng. or WS do.	0	4	0
Egyptian Bags	10	0	0					Crushed				Do. Eng. or WS do.	0	4	0
Grapes, Lisbon	0	0	0					Crushed				Do. Eng. or WS do.	0	4	0
Almeria	0	0	0					Crushed				Do. Eng. or WS do.	0	4	0

most part is confined to definite lines, business generally covers all descriptions. In dry hide bends for manufacturing purposes 7/10 lb. weights are in most request, with only a very limited call for others. Medium weights in English and wet salted are also selling fairly well, in addition to which there is a dropping sale for lights and heavies. Pinned offal has been moved off in quite reasonable quantities, the enquiry covering both bellies and shoulders. There has also been slightly more interest taken in rough shoulders, but generally speaking rough offal is quiet. The position of upper leathers remains much about the same as last week; regular enquiry comes to hand for supplies of willow calf and black and brown glacé kid, which have been the two staple selling lines for some considerable time past. In addition, there has been some improvement in sales of patent leather, while reptile and fancy shoe upper leathers continue in moderate request. Carriers appear to be doing a slightly better business, but at the same time trade in this section of the industry is still a long way from good.

RUBBER.—The market in rubber has been dull, and prices declined further. There have been no signs of an increase in consumption,

and production has so far been practically maintained at last year's level. Shipments from the Dutch East Indies during the first six months actually show a slight increase on the January-June period, 1930. Wednesday's official closing price for standard ribbed smoked sheet, at 2 1/2 d. per lb., shows a fall of 1/4 d. as compared with the corresponding day last week. In forward positions, business has been done at 2 1/2 d. to 2 3/4 d. for October-December, against 3 1/4 d.; and at 3 1/4 d. to 3 3/4 d. for January-March, 1932, as against 3 1/4 d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,186 tons; delivered, 2,210 tons; stocks at the end of last week, at 135,439 tons, show a decrease of 1,024 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	July 22.	July 29.
Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	54	51 1/2
Coffee, Rio No. 7, cash, per lb.	6 1/4	5 1/2
" Santos No. 4, cash, per lb.	9 1/4	9 1/4
Cocoa, Acra, nearest future, per lb.	5-04	5-02
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-55	3-50
Cotton, New Orleans, middling, spot, per lb.	9-01	8-36
Rubber, smoked sheet, spot, per lb.	6 1/2	5 1/2
Petroleum, Pennsylvania crude, standard grades, per barrel	120-135	140-155
Copper, "Electrolytic," Domestic, spot, per lb.	8-00	7-75
" spot, per lb.		
Spelter, East St. Louis, spot, per lb.	8-25	8-25
Lead, spot, per lb.	3-90	3-87 1/2
Tin, "Straits," spot, per lb.	4-40	4-40
	24 1/2	24 1/2

NATIONAL PROVIDENT INSTITUTION
DISTRIBUTION OF PROFITS 1930.

Minimum Reversionary Bonuses on
Whole Life Full-Premium Policies
THREE PER CENT.
48 Gracechurch Street, London, E.C.3.

The Economist,
WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, AUGUST 8, 1931.

No. 4,589.

TABLE OF CONTENTS.

The Money Market	253	Foreign Stock Exchanges—	
Leading Articles—		New York	279
A New Axe	255	Paris	282
The Exchange Crisis	256	Investment Notes—	
The Agricultural Depres-		The Gilt-Edged Market	282
sion	257	Great Western Dividend	282
Unemployment in France	258	New Ford Plans?	283
Our Index Number	259	Catering Companies' Mer-	
The Economy Committee	263	ger	263
Report: Summary	260	Associated Portland	
Notes of the Week—		Cement Buying "Red	
Parliament Adjourns	262	Triangle"	283
The Round Table Pro-		"Independent" Gramo-	
gramme	262	phone Company Profits	284
The Prussian Referendum	263	Stock Exchange Values	284
The Plebiscite in Cata-		Arthur Guinness	284
lonia	263	Watney, Combe, Reid	285
The Situation in China	264	Tootal, Broadhurst, Lee	285
The German Credits Com-		Draper Trust	285
mittee	264	Canada Power and Paper	
The German Banking		Company	286
Resumption	264	New Capital Issues in	
Cotton's Low Record	265	July	286
United States Cereal		Capital Issues	286
Crops	265	Company Meetings, &c.	287
The Loan Debt of Local		Government Returns, &c.—	
Authorities	265	National Accounts	287
International Trade in		Treasury Bills by Public	
Meat in 1930	265	Tender	288
The Union Bank of Swit-		The Bankers' Gazette—	
zerland	266	Bank of England	288
Overseas Correspondence—		Bankers' Clearing Re-	
United States	266	turns	288
France	267	Provincial Clearing Re-	
Germany	268	turns	288
Roumania	270	Overseas Bank Returns	288
Poland	271	Loan and Discount Rates	289
Japan	272	Rates of Exchange	290
Canada	272	Overseas Bank Rates	290
		Bullion	290
		Gold and Silver Prices	291
Letters to the Editor—		Company News—	
Minerals and International		Weekly Traffic Returns	291
Politics	273	Profit and Loss Accounts	292
Exports and Employment	275	Dividend Announcements	292
The Fiduciary Issue	275	Summary of Balance	
Armaments, Tariffs and		Sheets	292
Confidence	275	Reports and Notices	292
Company Law Reform	275	Commercial Reports—	
Books and Publications—		Market Summary	293
The Factory Acts	276	The Coal Trade	293
Books Received	276	Iron and Steel	293
		Other Metals	293
The Stock Exchange—		Textiles	294
Home Railway Earnings	277	The Grain Markets	294
The Week in the Markets	278	Other Foods	295
London Active Security		Miscellaneous Commodi-	
Prices and Yields	280	ties	295
New Issue Prices	282	Commodity Prices in the	
		United States	296
		Prices Current	296

THE MONEY MARKET.

THE chief developments of the week were the opening of the Paris and New York credits, each of the equivalent in their respective currencies of £25,000,000, in favour of the Bank of England; and the raising of the fiduciary note issue from £260,000,000 to £275,000,000. Their wider aspects are dealt with on a subsequent page. Money has been none too plentiful, partly as a result of hold-

CREDITO ITALIANO
Limited Company Incorporated in Italy.

Capital fully-paid Lire 500,000,000
Reserve Lire 300,000,000

currency withdrawals by the public. On one occasion early in the week a small amount had to be borrowed from the Bank of England, and though on Thursday afternoon the current rate for short money was $3\frac{1}{2}$ per cent., money was not easily obtained. Three months' bills were quoted on the same day at $4\frac{1}{2}$ per cent., and hot Treasuries changed hands at $4\frac{1}{2}$ per cent. September bills were quoted at $4\frac{1}{8}$ per cent., four months' at $4\frac{1}{4}$ per cent. and six months' at 5 per cent.

Early in the week the market was hoping that the opening of the credits would steady the exchanges and prevent further gold losses, but on Wednesday there was a sudden slump in the pound originating in Paris to Frs. 123.30 and \$4.84 $\frac{1}{2}$. This slump only lasted a short time, for a few hours later sterling recovered to more reasonable levels, though still remaining below the gold point against all important currencies except the dollar. It is not easy to find an adequate explanation of this flurry, to which too much importance should not be attached. At the beginning of last week sterling was receiving special support. It appears that, following upon the opening of the credits, it was thought expedient to withdraw this support, and the flurry began when it became known in Paris that the Banque de France had ceased to support the pound. This gave rise to the mistaken idea that a hitch had occurred in the arrangements for the credit, and a drive against sterling followed, but was suddenly checked as soon as support was forthcoming. The amount of business that passed during this period of nervousness was inconsiderable.

	July 16, 1931.	July 23, 1931.	July 30, 1931.	Aug. 6, 1931.	Previous Rate and Date Changed.
Bank Rate	$2\frac{1}{2}$	$3\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$3\frac{1}{2}$ (July 30, '31)
Banks' Deposit Rate..	1	$1\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$ (July 30, '31)
Discount / Call	1	$1\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$ (July 30, '31)
Houses (Notice ...)	$1\frac{1}{2}$	$1\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$ (July 30, '31)
Market rate (3 months' bills)	$2\frac{1}{8}$ - $\frac{1}{4}$	$3\frac{1}{8}$ - $\frac{1}{2}$	$4\frac{1}{4}$ - $\frac{1}{2}$	$4\frac{1}{4}$ - $\frac{1}{2}$	...

It may be taken for granted that both the opening of the foreign credits and the expansion of the fiduciary note issue were not hurried measures required by an immediate emergency, but were precautions taken well in advance of any situation they were intended to meet. In particular, there is no reason to suppose that they were intended to check at once the outflow of gold; they were rather intended to give the Bank room for manœuvre in case the outflow was prolonged. The increase in the fiduciary note issue is the more immediate measure of the two, for it is obviously designed as an offset against the holiday expansion of the note circulation which will persist to a limited extent during the remainder of the month. The credits are capable of dealing with the outflow of funds abroad, which experience has taught us may last, in the direction of both Paris and New York, well into the autumn. There is no reason to believe that the credits have yet been drawn upon; in fact, it would be folly to fritter them away in meeting every passing pressure upon sterling.

This week's Bank return includes the increase in the fiduciary note issue, which now stands at £275,000,000. As a result of the change, the Banking Department's Reserve has risen by £10,628,895, although a small net gold influx of £1,518,092 has been more than neutralised by the holiday increase of £5,889,697 in the note circulation. The Proportion stands at $41\frac{1}{8}$ per cent., against $32\frac{1}{2}$ per cent. a week ago. Apart from this, all that the increase has entailed is the transfer of £15,000,000 of securities from the Banking to the Issue Department. Reference to the table on page 298 will show that when a single return is compiled for both departments, the effects of the change completely disappear. The week's expansion of £7,638,553 in the Bankers' Deposits is due not to the increase in the fiduciary note issue, but to the open market policy of the Bank, which this week took the form of sub-

stantial purchases of September bills, and is reflected in the expansion of £14,820,569 in Government securities.

Mainly owing to releases of sovereigns amounting to £1,870,000, the Bank had a net gold influx during the week ended August 5th of £1,478,167. This included an unexpected arrival of £475,000 of bar gold from France last Wednesday, on the same day as the slump in sterling occurred. This shipment was in direct contravention of the accepted theory of the exchanges, but a possible explanation is that it represented Cape gold bought forward on French account and shipped to Paris the previous day. The improvement in the exchange early in the week may have caused this shipment to have been cancelled, and it is suggested that the news of the cancellation came too late to prevent it actually going. Hence, as the cancellation had to stand, there was no alternative but to bring it back to London. On Thursday just over £2,500,000 of gold was withdrawn from the Bank. £1,500,000 of this was believed to be destined for France, £200,000 for Belgium and the balance for Holland.

Wall Street opinion welcomed the news of the Bank of England credits, but in some quarters surprise was felt that the whole of the credit had not been opened in Paris, from where the pressure on London's gold stocks was mainly coming. Money remains steady and easy, call rate being $1\frac{1}{2}$ per cent. and commercial paper $1\frac{1}{2}$ to 2 per cent for prime names. Open-market discount rates on Wednesday were $1\frac{1}{2}$ per cent. for 90-day bank bills and $1\frac{1}{2}$ - $1\frac{3}{4}$ per cent. for six months' bills.

A somewhat uncertain atmosphere prevailed in the Foreign Exchange market during the past week, and although erratic movements took place in some exchanges the volume of turnover was not comparable to the violent fluctuations witnessed. Interest centred chiefly in the New York and French exchanges. Following the rise in Bank rate to $4\frac{1}{2}$ per cent. a week ago and the announcement of the credits made available to the Bank of England in New York and Paris a more favourable feeling seemed imminent, but on Wednesday, when it was observed in Paris that the Banque de France was no longer purchasing sterling, a certain nervous apprehension was revealed which culminated in Paris dealers rushing to buy francs and dollars against sterling, with the result that from their previous levels of 4.86 and 123.92 respectively the New York rate fell to 4.84 $\frac{1}{2}$ and the Paris rate to 123.30. Later during that day a saner view prevailed, and rates became more stable at a fraction below their former levels. The close was at 3.85 $\frac{1}{4}$ and 123.80 respectively. Similar movements were observed in a somewhat smaller degree in several other exchanges, Brussels falling nominally to 34.78 and closing at 34.81, while Amsterdam, after touching 12.02 $\frac{1}{2}$, closed at 12.03 $\frac{1}{2}$, against 12.06 a week ago. Milan fluctuated between 92.88 and 92.75, to close at 92.85, and Switzerland closed at 24.95 against 24.90 last week, after touching 24.80. No violent movements took place in the Scandinavian exchanges, but Spain was again heavily offered and closed at 55.90, or a depreciation of 2 pesetas on the week. Berlin was steady between 20 $\frac{1}{2}$ to 20 $\frac{3}{4}$, dealings being restricted to a minimum. Among the Eastern Exchanges the rupee was slightly stronger at 1s. 5 $\frac{1}{2}$ d., while Japan was unchanged at 2s. 0 $\frac{1}{2}$ d. South American exchanges were generally weaker. Buenos Aires closing at 31 $\frac{1}{2}$ d. as against 33 $\frac{1}{2}$ d., Montevideo at 20d. against 22 $\frac{1}{2}$ d., and Rio at 3 $\frac{1}{2}$ d., compared with 3 $\frac{1}{4}$ d. Forward quotations were erratic, varying with movements in spot exchange. New York closed at premiums of $\frac{1}{2}$ and $1\frac{1}{2}$ cents for the one and three months' periods. Paris was at wider premiums of 15 and 35 centimes respectively. Brussels forwards were in better demand at premiums of $\frac{1}{2}$ and 4 centimes, as also were forward guilders at $\frac{1}{2}$ cents and 2 $\frac{1}{2}$ cents. Milan forwards were at a discount of 10 centesimi for one month and 30 centesimi for three months, while forward Switzerland was 1 centime premium for one and 2 centimes premium for three months. There are no quotations for forward Reichsmarks at present. Silver was firmer on a quiet market, closing at 13 $\frac{1}{2}$ d. for both spot and forward positions. Hong Kong was 1s. and Shanghai 1s. 8 $\frac{1}{2}$ d.

A NEW AXE.

WHEN four years after the war Sir Eric Geddes and his colleagues sharpened their economy axe, their eyes may well have gloated over the spreading branches of war-time expenditure ready and waiting for extensive lopping. The prospect which Sir George May and his colleagues this year faced on the Committee on National Expenditure, which has just reported,* was very different. The only obvious and substantial excrescences inviting their attention were those created by the recent extravagant policies of the last two Governments—policies from which radical departure would be extremely controversial and unpalatable to large sections of the population. Before the Committee was appointed in March the Chancellor of the Exchequer himself regarded the field for economy as so limited that he told the House of Commons that he could write the Report himself in advance. It is something of a surprise, therefore, to find the Majority of the Committee recommend immediate cuts in expenditure affecting the next Budget amounting to nearly £100 millions, and also frame a network of proposals designed to safeguard future Budgets from their natural tendency to swell.

As was almost inevitable, there is a Minority as well as a Majority Report. The latter, which is signed by the Chairman and four colleagues, opens sensationally with a calculation suggesting that, even without allowing for the £11 millions cost to the Treasury of the application of the Hoover moratorium, the Chancellor of the Exchequer will be faced next April with a prospective deficit of nearly £120 millions. The need for radical retrenchment is so urgent that we sympathise with the obvious aim of the Committee to make the public's flesh creep. Nevertheless, for the sake of those who are not closely conversant with financial statistics, it is necessary to point out that this suggested figure of £120 millions deficit rather seriously overpaints the gloom of the immediate budgetary prospect. The casual reader might deduce that actual national expenditure threatens to exceed actual national revenue by £120 millions in 1932-33. Happily the position is not anything like as bad as that. For, accepting the Committee's own figures, £50 millions of the threatened deficit is accounted for by sinking fund applications and £40 millions by borrowings for the Unemployed Insurance Fund, which the Committee—in profound disagreement on this point with the Chancellor of the Exchequer—insist upon regarding as equivalent to Treasury borrowings for current expenditure.

The gap, then, which the Committee set out to bridge is £120 millions, and they suggest means of saving £96 millions. Details of the method by which they reach this figure will be found in a summary of the Report given on later pages of this issue. Over two-thirds of the whole of these economies they seek to achieve in the realm of unemployment insurance. Travelling far beyond the interim recommendations of the Royal Commission, which is still sitting, they recommend the raising of contributions, the wholesale application of means tests for transitional beneficiaries, and the extension of the scheme to bring in new classes of insured. Next in size among the projected cuts comes a figure of £13.6 millions to be saved by a reduction of 20 per cent. in teachers' salaries, while nearly £8 millions is to be saved by postponement and slowing down of road schemes and maintenance. The Majority would cut police pay by 12 $\frac{1}{2}$ per cent.; Development expenditure is to be slowed down; Civil Servants' leave shortened; capitation payments to doctors under the National Health Insurance Act reduced; and among a host of other minor recommendations are the abolition of the Empire Marketing Board and a cut in the State grant to the British Broadcasting Corporation.

The signatories of the Minority Report, Mr Arthur Pugh and Mr Latham, recognise the need for economy, concede the justice of a cut of, say, 12 $\frac{1}{2}$ per cent. in teachers' salaries, and accept various minor recommendations of the

Majority, but they join issue with the Main Report both with regard to its conception of the whole problem of economy and with the principle of what they appear to regard as indiscriminate lopping. The line of thought running through the Majority Report is that, while general equality of sacrifice is desirable, the immediate problem of planning the next Budget cannot be delayed, and that, therefore, it is necessary to lop off as much expenditure as is justly possible and fill up any remaining gap by taxation. The Minority argue, on the other hand, that, if the situation is as serious as is made out, it calls for general sacrifices, and in such sacrifices the whole community must share, including the *rentier*. With the general principle that in times of national emergency demanding sacrifice, such sacrifice should be planned so as to be shared in proper proportions by all forms of income, no one, we think, will quarrel, and, although the *rentiers*—especially those with the higher incomes—may retort that they have already been called upon to sacrifice much through higher taxation and the collapse of income from what were hitherto regarded as steady fixed-interest securities, the principle of common sacrifice is one that must, in one form or another, be ultimately achieved. Just so far we have considerable sympathy with the signatories of the Minority Report, but the awkward fact remains that no one has yet devised—and the Majority of the Economy Committee apparently regard it as outside their mandate to devise—efficient machinery for ensuring general equality of sacrifice, and, meanwhile, the difficult Budget position has got to be faced without delay. It is in the light of that fact that the proposals of the Majority must be examined, and, in passing, we may say that too much importance should not be attached to the argument of the Minority that the reduction of benefits and wages reduces the purchasing power of the public and thereby contributes to trade depression. This view is a popular one on the Socialist benches to-day, but it does not take into account the fact that unjustifiable expenditure of the taxpayers' money merely represents an unjustifiable transfer of purchasing power, not a diminution, and, further, that what we may call "anomaly" expenditure tends to aggravate the unemployment problem, and, in so far as it is curtailed, the situation may be proportionately improved.

The Report was issued on the eve of the summer recess, and it is, therefore, difficult to estimate its political effects and its chances of becoming a basis for action. With the Report in his hands, the Chancellor of the Exchequer gave a grave warning as to the Budget position to the House of Commons on July 30th. While pointing out with justice that our own Budget position is better than that of most other countries, Mr Snowden said, "I tell the House quite frankly that the outlook for the Budget of next year, unless very considerable economies can be effected, is a very serious prospect indeed," and later he went on to say, "It is, of course, absolutely essential for the maintenance of the credit of this country that there should be a balanced Budget." These phrases, falling from the lips of a Chancellor who has already stated his view that any increase in the tax burden on industry would be "the last straw," must be taken to mean a determination to effect all possible economies. Another favourable omen is the Prime Minister's immediate acceptance of the recommendation of the Main Report that financial control should be strengthened by the formation of a Cabinet Finance Committee on the lines of the Committee of Imperial Defence. But when one looks calmly at the facts, hopes of reduced expenditure on anything like the scale proposed by the Committee begin to fade rapidly. The bulk of it depends upon the Government's willingness to accept unemployment insurance reforms twice as drastic as those proposed by a Commission upon whose urgent advice they have, in the main, refused to act. With this aspect of the situation in their minds, the Members of Parliament broke up for their holidays in an atmosphere of rumour. It was freely suggested that Parliament would

be reassembled at an early date and that a National Government would be formed to tackle the economy problem. We can see no grounds for thinking that events are shaping in that direction. It is impossible to form a National Government, which means a coalition of all parties, so long as there exists a profound and radical cleavage of opinion as to the methods by which the emergency should be solved. So long as Mr Baldwin continues to lay overwhelming stress on tariffs as the only means of salvation, and the other parties stoutly maintain an opposite view, the formation of a National Government lies right outside the realm of practical politics. Nevertheless, we can hardly believe that the effects of the publication of this drastic report will be nugatory. Public opinion has been aroused to the facts in their darkest possible aspect, and, as the weeks pass by, the shadow of the next Budget will begin to creep across the country. The Report cannot be pigeon-holed. But precisely the course which events will take cannot be seen until the reassembly of Parliament.

THE EXCHANGE CRISIS.

ON Saturday the Bank of England made the following official announcement:—"The Bank of France and the Federal Reserve Bank of New York have each placed at the disposal of the Bank of England a credit in their respective currencies for the equivalent of £25 millions, making a total equivalent of £50 millions. On the application of the Bank of England, the Treasury has issued a Minute in accordance with the procedure laid down in the Currency and Bank Notes Act, 1928, authorising an increase of £15 millions in the fiduciary note issue for a period of three weeks, thus raising the total of the authorised fiduciary issue to £275 millions." This news put an end to the crop of rumours of the previous week, some of which received notice in the *Economist* of August 1st, and led to an immediate improvement in the foreign exchanges.

The increase in the fiduciary note issue can be dealt with very shortly. Gold withdrawals and the holiday expansion in the note circulation would, according to this week's Bank return, have reduced the Reserve to £29.6 millions and the proportion to 27½ per cent. had it not been for the increase. Such figures would have been adequate, but might have left little margin in hand for future emergencies. The expansion in the note circulation is purely seasonal and temporary and the recent gold losses are largely due to special and, it is to be hoped, non-recurrent causes. It was to meet, first, such an emergency as this that the relevant clause was inserted in the 1928 Act, and it will be recalled that the powers contained in this clause were intended to be used whenever advisable, and that their application was not to be regarded as evidence of a major financial crisis akin to the suspension of the Bank Act in pre-war days. It may be said at once that, had these powers not been made use of in the circumstances of last week-end, the Bank and Treasury authorities would have been open to criticism.

Nor is it unprecedented for the Bank of England to obtain help from abroad. In 1925, to go no further back, the Bank, on the re-establishment of the gold standard, obtained a \$200,000,000 credit from the New York Reserve Bank, which was buttressed by the option on a further credit secured from Messrs J. P. Morgan and Company by the Treasury. It is perhaps to-day a happy omen that it was never necessary to draw upon these credits. The size of the credits need not arouse any surprise or misgivings. If such credits are to be opened at all, it is best that they are able to give the protection they promise. As our experience of 1925 showed, the bigger such credits are the less is the likelihood that they will have to be used.

There is some confusion of thought over the causes of the necessity for the present credits. These are closely associated with abnormal relations between the chief money markets of the world which have been developing in the last two or three years. The growing maladjust-

ment of the world's gold stocks, their concentration in a few countries (against the will of those countries themselves), the plethora of short money and the lack of long-term capital are all symptoms of monetary disequilibrium. London, as the world's banker and financial centre, is peculiarly exposed in such circumstances to abnormal demands, and this is by no means the first occasion in recent years in which there has been an exceptional call upon London's gold.

Superimposed upon this general instability has now come the special strain arising out of the German crisis, with the widespread impairment of confidence. It was inevitable that bankers in all centres should think it their duty to strengthen their cash resources at home by drawing on their balances abroad, and London, as the chief repository of such balances, was, after Berlin, inevitably the greatest sufferer. It is evident that the magnitude of the claims upon London and the very exceptional drain of gold that took place in July even gave rise to doubts as to the ability of Great Britain to maintain the value of sterling.

Between the situation of London and Berlin, however, there is a fundamental difference. Germany, with her post-war burdens, has been consistently a debtor nation: she was one even in the relatively good years of 1926-28. To-day Germany possesses very few foreign assets, and, even if she had no reparations liability, her balance of external payments would be so uncertain and achieved at the price of such serious adjustment of internal costs as to render it extremely doubtful if she could accumulate foreign assets sufficient to set against her existing foreign commercial liabilities.

Contrast the situation in England. The Macmillan Report has just placed it on record that "the underlying financial facts are more favourable than had been supposed, and Great Britain's position as a creditor country remains immensely strong." Elsewhere the Report cites figures which show that so far as it can be determined the net short-term liability of London—obtained by deducting sterling bills accepted on foreign account from deposits and sterling bills held in London on foreign account—had fallen from £302,000,000 at the end of 1928 to £254,000,000 at the end of 1930. Against this short-term indebtedness of London, which has decreased in size during the past two years—thereby reducing the vulnerability of London to a sudden and prolonged call—can be set an indeterminable mass of foreign balances and bills held by London houses in all parts of the world. Finally comes the huge quantity of British long-term capital invested abroad, estimated by the *Economist* at £4,000,000,000. Some of this has seriously depreciated as a result of the world's crisis, some of it could not be realised except at a severe loss; but an immense amount still remains—which could in case of need be mobilised as were our dollar securities mobilised during the war. It is thus a potential and very strong safeguard of London's stability.

It should also be pointed out that, regrettable though the fall in prices of raw products has been in its general effect on trade, it has had one compensation from the British point of view. By reducing the value of our imports *pari passu* with our exports we have been able to maintain the volume of our food imports in spite of the heavy slump in our export trade without increasing the adverse visible balance of trade. For the first half of 1930 the balance was £187.6 millions, but for the first half of 1931 it was only £188.0 millions.

In spite of the recent improvement in our short-term position, it may be argued that London has deliberately placed herself in too vulnerable a position. The answer to any such criticism is that banking is one of our staple and most remunerative industries; and, just as it is the first duty of a banker to seek deposits from his customers, it is London's business to encourage the influx of foreign money, which we employ to our advantage. It is conceivable, though far from certain, that of recent years we have prosecuted this side of our business to excess, having regard to the economic uncertainty of the world; its conduct upon reasonable lines, however, is not only one of our chief sources of income, but also has immensely facilitated the carrying on of world trade.

Present circumstances are, indeed, unusual, for it is doubtful if there has ever been a situation, since the great commercial centres of the world have been linked to one another by financial ties, in which such a large amount of short-time obligations were outstanding between the different nations or the basis of international business in the near future so uncertain. The position of this country as a creditor nation makes her ability to meet all obligations in the long run immensely strong and her liquid position is such as to give her ample resources to meet all ordinary emergencies. But in view of the world situation the display of strength implied in the joining of forces by New York, Paris and London—in spite of this week's somewhat violent exchange movements described on page 254—is a most valuable re-assurance. The help so extended to the Bank of England, even if not made use of, is the clearest possible evidence of the growing spirit of solidarity and co-operation in the financial world. It must not be forgotten that France and the United States are the two countries to which post-war economic disequilibrium has been persistently diverting the world's supplies of monetary gold, and the action of these central banks is clear proof that the arrival of new gold week by week is of no assistance to them and that the steady inflation of their gold stocks throws upon them a responsibility towards the whole of the world. It is not too much to say that in their decision to stand by the side of the Bank of England the central banks of France and the United States have very happily united self-interest and their desire to render the utmost possible aid to the world in its days of financial strain.

Nor should we under-estimate the closer contact now in being between the leaders of the world's central banks, largely brought about by the foundation of the Bank for International Settlements. In these days speed of action is just as essential as the will to action, and while it does not appear that Basle has played a direct part in the recent negotiations, it has undoubtedly done much to create the atmosphere in which alone such negotiations could be quickly brought to fruition. Nor must due tribute be left unpaid to those personally responsible, and here should be mentioned the work undertaken jointly by Sir Robert Kindersley and M. Moret in Paris, and the contributions made by telephone by Mr Harrison. The financial world has given proof of its unity and of the close friendship between its various members. It has equally given proof of its power to act wholeheartedly and decisively in a major financial and economic emergency. We would like to regard this as a good augury for the difficult international negotiations still to be carried to fruition in the political sphere.

THE AGRICULTURAL DEPRESSION.

Looking back over the post-war years, it is possible to see that agriculture in most countries showed a marked improvement in its position during 1924 and 1925, but so profound was the depression which preceded that short-lived recovery, and so general is the depression now, that the general impression left by the last twelve years is one of continuous agricultural gloom. The causes of this state of affairs are, for the most part, generally familiar, but there was, none the less, room for a comprehensive account of them, with separate notes on the state of each product and each country, drawn up in the light of discussion with a representative body of experts. This service has now been rendered by the Economic Committee of the League of Nations,* in a report consisting partly of their own observations and recommendations and partly of a series of memoranda, by national experts, on the position in individual countries.

The essence of the crisis, the Committee state, is the disproportionately low level of the prices of agricultural products, greatly aggravated by their instability, which has been steadily increased since 1927. This disproportion means, on the one hand, that the proceeds of the farmers' output buy less and less of the goods they consume, and on the other, that the margin between cost of



FIRE WILL BE EVER PRESENT

while there is property upon which it can feed, but insurance provides the means of indemnifying the unfortunate. If you arrange your Fire Insurances through the Legal & General you can be content in the knowledge that the Security is unquestionable, claims will be promptly and equitably settled and the premium rates moderate. Cover given immediately by phone.

Legal & General Assurance Society Ltd.
10 FLEET STREET, LONDON, E.C.4
Assets £31,000,000
General Manager—W. A. Whitman, F.I.A.

production and selling price is steadily reduced. None of the elements in cost, except fertilisers and fodder, have fallen as fast as selling prices: wages have been fairly steady, fiscal burdens have increased and interest, already very much higher than before the war, grows more burdensome as the purchasing power of money increases.

The causes of this state of affairs are to be found on the side both of consumption and of production. Many agricultural commodities supply a demand which increases little more rapidly than the population, owing to what Adam Smith expressively designated "the narrow capacity of the human stomach." The expansion of the consumption of foodstuffs is further restricted by the invention of methods of preservation and of more complete utilisation. Both foods and agricultural materials have been affected by changes in taste: the introduction of rayon, for example, has affected the demand for cotton and silk, and wine is giving place to some extent to tea, coffee and "soft drinks." On the other hand some changes in consumption, consequent in part upon dietetic propaganda and in part upon improvement in standards of living, redound to the advantage of the producers of meat, dairy products, fruit and vegetables. The general industrial depression, however, by reducing purchasing power, has largely counterbalanced the effects of this tendency.

On the production side, the two main influences making for over-expansion have been the great strides made in agricultural technique, which have brought about an increasing use of machinery and a great improvement in the use of fertilisers, in the process of plant selection, and in cultivation methods generally, and, secondly, political conditions. The war led inevitably to a great expansion of production in the non-belligerent countries, and so left the world with an excess of cereal-producing capacity just as it left it with an excess of iron and steel equipment, and it also bred a sentiment, very slow to die in many European countries, that a high degree of self-sufficiency in food production should in future be aimed at at all costs. This sentiment has been reinforced by the growth of Communism; the small agriculturist is maintained in many countries largely as a bulwark against too rapid social changes. Thus an excessive producing area continues to be kept in existence by all manner of protective devices.

From these general observations the Committee turn to a brief survey of the market in each of the principal agricultural products, which shows in how very varying degrees they have been affected by the general depression. Meat has suffered less and for a shorter time than cereals; the position of cotton seems far more fundamentally unsound than that of flax, wool or silk; there is an exceptionally serious lack of equilibrium between producing and consuming capacity in the case of wine. But though some branches of agriculture do not appear to be in a state of lasting disequilibrium, all were more or less depressed by the end of last year.

The last section of the report proper is devoted to discussion of possible lines of international action for the amelioration of the depression. The Committee strike a very pessimistic note concerning the possibility for the time being of any movement towards a more liberal policy in the matter of tariffs, nor do they appear to attach much hope of alleviation to anything that may be attempted in the way of preferential Customs agreements. Attempts

* "The Agricultural Crisis." Volume I. Allen and Unwin. 7s. 6d.

to curtail production by international agreement bristle with difficulties, and even if such curtailment were practicable, it is by no means certain that it would be desirable. The best that can be hoped for in this direction is a spontaneous reduction in productive area, possibly encouraged by propaganda, as the natural result of the unprofitableness of cultivation.

The Committee see a more hopeful line of attack in increasing consumption. The sales of animal products would be automatically stimulated if employment improved, and a reduced cost of production would, in the opinion of the Committee, increase the consumption of certain products. Greater concentration on quality of production, and the adaptation of production to changes in taste, and to the increasing demand for luxury goods, should also offer a useful outlet. The principal line of attack recommended in the Report is, however, the international organisation of markets. The Committee are at pains to stress the pivotal part played in the problem by the existence of surpluses, and their main concern is that "forms of commercial organisation have to be found which will make it possible to a certain extent to render these surpluses innocuous and to distribute them while leaving prices at a fair level." In this section the first note of real enthusiasm is sounded by the Committee; though they admit that weighty objections against national organisations, probably with State co-operation, have been laid before them, they evidently see in such organisations a welcome nucleus of an international co-operation which, though admittedly a very difficult task, they regard as by no means unattainable. In particular, the Committee review in some detail the recent rapid development in the movement towards concentration in the wheat trade, and in the course of that review occurs the following very definite pronouncement of opinion:—

"One may wonder whether it would really be chimerical for the two parties concerned, namely, the overseas countries on the one hand and the Eastern European countries on the other, to endeavour to arrive at an understanding permitting the former to continue to supply Europe, while at the same time enabling the latter to market the comparatively small surpluses of their production. It would seem that the two groups of producing countries must get together, consult each other, and, if possible, seek an agreement. Even some of those experts who have maintained free-trade views have not been against such agreements if freely concluded. Only organisations of the market can put an end to the crisis."

Recent experience of market organisation has bred a very natural distrust of its dangers. There has been too much ill-advised restriction of sales, and the dangers are always present of over-restriction of production on the one hand, and of intensifying the ultimate damage wrought by surpluses on the other. Still, the fact that a system is capable of abuse, or goes wrong when imperfectly handled, is not *per se* an argument against its adoption, and so emphatic and positive a recommendation from a Committee of this standing must carry weight. We should have liked to see more stress laid upon the possibilities of reduction in production costs, but we welcome a report which adds to its value as an authoritative source of information the great virtue of constructiveness.

UNEMPLOYMENT IN FRANCE.

(BY A CORRESPONDENT.)

At a time when the unemployment statistics of the chief industrial countries have been running into as much as seven figures, the official French returns may well occasion some surprise. The number of workers in receipt of relief, for example, at the end of April was only 49,958 in France, as compared with 2,594,000 in Great Britain. This difference is partly due, however, to the method of compiling the statistics. Unlike this country and Germany, France has no compulsory State insurance against unemployment; consequently there do not exist the same means of counting the numbers out of work.

In France there are four sources of unemployment statistics. First, there are the unemployment relief funds administered by the Departments, Communes and trade unions or mutual benefit societies, and subsidised by the State. Actually, the members of the trade unions concerned amount to only about 170,000 persons, out of a

working population of some 20 millions, and as these funds function only in a crisis, the statistics do not give anything approaching a complete picture:—

NUMBER OF UNEMPLOYED IN RECEIPT OF RELIEF AT THE END OF MONTH.

1928	Average	5,067
1929	"	909
1930	"	2,433
1931	January	28,536
"	February	40,766
"	March	50,815
"	April	49,958

The second source consists of the Labour Exchanges which exist in all Departments and in towns of over 10,000 inhabitants. These offices are bound to receive requests for work and to endeavour to place unemployed persons. Their scope is rather more comprehensive than that of the unemployment relief funds because, in addition to those merely seeking jobs, everyone who wishes to draw relief must produce a certificate of having tried to obtain work at the Exchange. Nevertheless, these statistics are again very limited, because workers prefer to find employment for themselves, just as they dislike the "stigma" of relief. The statistics published by these organisations are as follows:—

Monthly Averages.	Weekly Placings in Work		Unsatis. demands for Work.	Unsatis. offers of Work.
	Permanently.	Temporarily or for a Day.		
1928	14,454	12,112	15,962	13,545
1929	16,683	14,473	10,192	19,228
1930	16,243	12,965	13,330	14,423
1931—January	10,228	12,371	37,478	7,086
February	11,136	11,353	55,723	7,718
March	12,316	12,750	68,064	8,369

Thirdly, figures of those out of work may be obtained from the population censuses which are held every five years. This is by far the most complete type of return available, since it includes the whole population, and those filling in the form must state whether they are unemployed or not. Unfortunately, however, besides being carried out at periods a long time apart, the results are only available about three years afterwards. Moreover, the returns include those who are out of work by reason of passing from one employment to another. This set of figures, therefore, is also of very limited use, but the results of the last two censuses are given below, since they provide interesting comparisons with the statistics set out above:—

CENSUS FIGURE OF UNEMPLOYED.

1921	537,150
1926	243,420

The Census results demonstrate very clearly the incompleteness of the data derived from the returns of the unemployment relief funds and Labour Exchanges. In order to obtain more reliable statistics, the French Ministry of Labour has ordered the labour and mines inspectors to obtain figures of employment in industries under their supervision. These cover only private establishments employing 100 persons or over and exclude agriculture and domestic service, so that the returns are again comparatively incomplete; but they are probably the most representative current figures of French employment that we have. The results, which cover about 43 per cent. of the employees under the supervision of the inspectors and about 14 per cent. of the total working population, give the number employed in the current responding month of the current year as compared with the corresponding month of the previous year. Thus, the May, 1931, returns show 2,688,895 employed, against 2,862,010 in May, 1930—a diminution in employment of 6.05 per cent. Including previous months, the trend of 1931 has been as follows:—

Decline in Employment as compared with 1930.	
	Per Cent.
January, 1931	3.7
February "	4.7
March "	5.4
April "	5.8
May "	6.0

If the numbers employed, according to the Labour Inspectors' returns, in May, 1930, may be taken as representing the normal state of employment, then the difference between this figure and that of May, 1931, represents the totally unemployed covered by these investigations; short-time workers are separately distinguished.

When we exclude agriculture, domestic service and the public services from the total working population, we are left with about 10½ millions of occupied persons. This total, which corresponds fairly nearly with the number of British workers insured against unemployment, represents roughly those French workers susceptible to changes in employment by reason of the state of trade. (Amongst the groups excluded unemployment is known to be small.) As the Labour Inspectors' returns cover about 29 per cent. of these 10½ million persons, they may be taken as being a good sample of that portion of French industry liable to cyclical fluctuations in employment. Applying, therefore, the 6 per cent. proportion, obtained above, to the 10½ million workers, we obtain a figure of, say, 630,000 persons totally unemployed as a result of the depression. This calculation assumes that there was no unemployment in the basic month of May, 1930; but, while this is obviously not strictly correct, it is known that unemployment only became really important in France in the beginning of 1931.

A further result derived from the labour inspectors' returns is a figure relating to short time. This is based on the percentage of workers occupied for less than a normal week of 48 hours:—

PERCENTAGE OF WORKERS OCCUPIED LESS THAN 48 HOURS PER WEEK

	1930.	1931.
January	3.8	16.7
February	4.5	24.2
March	2.1	32.0
April	2.5	40.6
May	3.4	31.9

By dividing the number of hours lost by the hours of the normal week, a figure may be obtained expressing short-time workers in their equivalent totally unemployed:—

EQUIVALENT OF SHORT-TIME WORKERS AS TOTALLY UNEMPLOYED.

	1930.	1931.
January	1.0	2.0
February	0.4	3.4
March	0.2	4.3
April	0.3	4.3

Translating the April, 1931, percentage into actual numbers, by applying it to the 10½ million working population, we get a (theoretic) figure for unemployment of about 450,000. Whilst this total possibly represents a real loss of employment in French industry, it does not enable a comparison to be made with the English statistics. In the beginning of May, 1931, 5.16 per cent. were unemployed for more than one day, but only 1.18 per cent. for more than two days. Taking this last percentage, as corresponding more closely with British insured persons seeking benefits, we get a figure of only 34,000.

Finally, in addition to those totally unemployed as a result of the depression and those on short time, there is always, in the normal state of affairs, a permanent though inter-changing body of unemployed. This has been put for France at about 250,000, amounting to 2 per cent. of the 10½ million working population, which (though probably somewhat too low) roughly corresponds with the accepted idea of the "labour reserve."

The results of the foregoing estimates may now be summarised:—

Totally unemployed as a result of the depression	630,000
Short-timers unemployed for more than two days	34,000
Labour Reserve	250,000
Total	914,000

This total is perhaps the most comparable with the official figures for Great Britain. Ignoring, however, the requirements of comparison, and substituting for the figure of short-timers given above the total calculated equivalent of those unemployed under that heading (450,000) we obtain a gross total of 1,380,000. In round figures, and

bearing in mind the limitations of the available statistics, which probably result in the above estimates being minimum figures, it may be said that there are between one million and 1½ million unemployed in France at the present time.

OUR INDEX NUMBER.

The improvement of a number of leading commodity prices in the latter half of June, which followed upon the Hoover debt moratorium proposal, was unfortunately short-lived, and the downward movement was resumed in July, our total index figure falling from 63.6 at the end of June to 62.5 at the end of July:—

AVERAGE, 1927 = 100.

	July, 1930.	Apr., 1931.	May, 1931.	June, 1931.	July, 1931.
Cereals and meat	84.2	70.0	69.0	68.8	68.5
Other foods	76.3	66.6	63.5	60.2	60.0
Textiles	63.6	50.8	48.2	48.4	47.1
Minerals	82.1	72.0	69.5	72.4	69.7
Miscellaneous	81.5	68.6	68.2	68.7	67.6
Complete Index	77.6	65.4	63.6	63.6	62.5

It will be seen from the next table that each of the five groups contributed to the decline, which was most severe in the case of minerals, copper in particular registering another sharp fall. In the miscellaneous group, in which rubber is again notable for a fall to new low levels, a substantial increase in the price of hides goes far to balance the general relapse in other items:—

	Inc. (+) or Dec. (−) per cent. compared with			Inc. (+) or Dec. (−) per cent. compared with	
	Month ago.	Year ago.		Month ago.	Year ago.
Wheat, Foreign	−10.6	−39.2	Flax	+3.0	−38.4
Wheat, English	+5.6	−22.2	Hemp	−5.6	−27.7
Flour	−7.2	−38.3	Jute	−5.6	−21.5
Barley	−1.4	−1.4	Textiles	−2.7	−25.9
Oats	−1.2	+11.2	Pig iron	...	−13.3
Maize	−2.9	−40.0	Steel rails	...	−7.0
Rice	+11.6	−31.1	Iron bars	−4.8	−26.4
Potatoes	−22.2	+16.7	Timber, English	...	...
Beef, English	+3.1	−8.6	Timber, Swedish	...	−5.6
Beef, Argentine	+26.7	−18.5	Cement	+12.9	−13.7
Beef, Danish	−5.1	−15.8	Clides	...	−2.6
Mutton, English	−2.5	−2.5	Leather	−6.9	−22.9
Mutton, New Zealand	−2.5	−2.5	Petrol No. 1	...	−12.5
Bacon, Danish	+8.5	−27.3	Petroleum oil	...	−7.4
Cereals and meat	−0.4	−18.6	Fuel oil	−3.8	−52.4
Tea	+11.2	−30.3	Linseed oil	−5.6	−36.7
Coffee	−1.0	−32.4	Tallow	−2.6	−45.9
Cocoa	−4.5	−28.8	Rubber	...	...
Sugar, cane	...	−4.8	Soda, crystals	...	...
Sugar, refined	−1.8	−3.6	Sulphate of ammonia	...	−3.3
Cheese, Canadian	−1.4	−15.7	Cresote	...	...
Cheese, Danish	−1.8	−28.2	Miscellaneous	−1.6	−17.1
Butter, Danish	−2.5	−37.0			
Coconut oil	...	−6.7			
Tobacco	−0.3	−21.4			
Other foods	−14.9	−36.5			
Cotton A.	−15.8	−43.0			
Cotton B.	−5.6	−24.4			
Cotton yarn	−2.5	−15.4			
Cotton cloth	+14.3	−27.3			
Wool, English	−4.8	−20.0			
Wool, Australian	+6.8	−11.3			
Wool tops	+5.4	−25.0			
Silk	...	...			

The next table gives the figures of our index number recalculated as a percentage of the average for 1913:—

AVERAGE, 1913 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1924	159.9	169.9	210.6	145.2	131.5	159.3
" 1928	146.0	149.4	161.7	111.9	119.3	135.1
" 1929	135.6	136.8	141.9	116.2	112.7	127.2
" 1930	113.4	122.9	99.1	101.6	101.5	106.8
End July, 1930	117.9	121.5	97.9	99.8	101.5	106.9
" June, 1931	96.3	95.9	74.5	88.0	85.6	87.5
" July, 1931	95.9	95.6	72.5	84.7	84.2	86.0

If 1924 (instead of 1913) be taken as 100, the current figure of our index number works out at 54, as compared with 55 at the end of June and 67.1 a year ago. It will be seen that the fall compared with July, 1930, is no less than 19.5 per cent.

THE ECONOMY COMMITTEE REPORT: SUMMARY.

THE Committee on National Expenditure were appointed on March 17, 1931, following an overwhelming vote in the House of Commons on February 11th, favouring the establishment of an inquiry into the Budget position. They were instructed "to make recommendations to the Chancellor of the Exchequer for effecting forthwith all possible reductions in the national expenditure on Supply Services, having regard especially to the present and prospective position of the Revenue." The result of their labours, published on July 31st, is seen in a Majority Report signed by Sir George May, Mr Ashley Cooper, Sir Mark Welster Jenkinson (who makes a brief reservation on the subject of parliamentary control of finance), Lord Plender and Sir Thomas Royden, and a Minority Report signed by Messrs Charles Latham and Arthur Pugh.

The Prospective Deficit.

The Main Report opens with an attempt to estimate the Budget position as it will face the Chancellor of the Exchequer next April. Having surveyed the increase in expenditure in the past few years and expenditure commitments for the future, the Main Report turns straight to the question of unemployment insurance and concludes that borrowings for the Unemployment Insurance Fund "is in reality adding to the National Debt to relieve the current revenue charges and is opposed to the principles of sound finance hitherto accepted without question in this country." Probable borrowings for this purpose are placed at £40 millions in 1932 and are described as "an irrecoverable advance." Including this £40 millions and estimated Road Fund borrowings of £10 millions, and £12 millions for prospective expenditure over and above current estimates (of which £5 millions is for Transitional Benefit), a figure of £62 millions is reached for the increase in expenditure in the next Budget. It is then calculated that there is a prospective loss of revenue in 1932 of £57 millions, of which non-recurring items account for £37 millions, and a drop in Income Tax receipts for £20 millions. In this way is built up an estimated deficit for next year of £119 millions. (A footnote is appended saying that no account has been taken of adjustments necessitated by the war debt moratorium which, as the Chancellor of the Exchequer has stated in the House of Commons, will cost the British Treasury £11 millions.)

The Widening Gap.

"For the present purpose," proceeds the Report, "one of the most important conclusions to be drawn from our diagnosis of the financial situation is that this gap of £120 millions is not a transient feature to be bridged by temporary expedients." Emphasis is laid on the fact that under several important heads, including especially pensions, the burden resulting from past commitments is a growing one. "We fear," is the conclusion, "that the country must face the disagreeable fact that its public expenditure—and in this we include local as well as national expenditure—is too high and that it must be brought down to a lower level." A survey of comparative expenditure in 1924 and 1931 reveals the following position: (1) Nationally administered services: A rise of £54.6 millions, under the heading of Old Age and Widows' Pensions and Health and Unemployment Insurance, overshadows a total decline of £38.1 millions in other Government expenses, leaving a net increase of £16.5 millions. (2) Grant Services: The increase between the two years has been £70.8 millions, the largest item being Exchequer contributions to local revenues (+ £33.7 millions), and Roads (+ £17.9 millions). Taking the nationally administered services and the grant services together, the increase reaches £87.3 millions. The Majority Report, having reached the figure of £120 millions as the prospective deficit for next year, and having emphasised the threatened widening of the gap, offers recommendations divided into two classes, the first affecting immediate reductions in the forthcoming Budget, and the second devoted to limiting future increases in expenditure.

SUMMARY OF RECOMMENDATIONS.

Immediate Saving.

PAY AND PENSIONS.

	Saving to Exchequer in a full Year.
Abolition of preferential bonus paid to Government industrial employees in the dockyards and ordnance factories	325,000
Introduction of 1925 rates of pay for all personnel of the fighting services	2,199,000
Introduction of revised cost of living deduction for officers of the fighting services	400,000
Reduction of pay of police by 12½ per cent., less rateable deductions towards cost of pension. Exchequer share	925,000
Reduction of pay of teachers by 20 per cent. The saving from this reduction is incorporated below under education grants	—
Introduction of revised cost of living deduction from pensions of officers of the fighting services	190,000
Abolition of grant of marriage gratuities in the Civil Service	167,000

DEFENCE.

GENERAL:—	
Reduction of expenditure on research and technical development by 12½ per cent.	300,000
Reduction of Education Votes by 10 per cent.	150,000
Reduction of inspection costs by 10 per cent.	100,000
Stabilisation of Works Votes over a period of years	150,000
Reduction of clothing allowances by 10 per cent.	154,000
NAVY:—	
Further saving to be obtained from the introduction of Royal Marine Police at Dockyards	50,000
ARMY:—	
Discontinuance of subsidies for mechanical transport	20,000
Discontinuance of light horse breeding scheme	30,000
AIR FORCE:—	
Abandonment of new programme of research in civil aircraft (second year's instalment of a total of £40,000)	25,000

DEVELOPMENT.

ROAD FUND.—Postponement and slowing down of schemes and lowering of the present very high standard of maintenance	7,865,000
MINISTRY OF AGRICULTURE AND FISHERIES.—Reduction of agricultural education grants to 50 per cent., limitation of grants for research, expenditure on livestock improvement to be recovered or discontinued, reduction of land drainage grants, cessation of "foreground" publicity, involving in all reduction of the gross forecasted expenditure for 1932 by...	500,000
DEPARTMENT OF AGRICULTURE, SCOTLAND.—Reduction on lines similar to proposals as regards England and Wales and modification of Scottish Land Drainage Act	75,000
FORESTRY COMMISSION.—Cessation of land acquisition and restriction of planting and provision of forest workers' holdings	478,000
EMPIRE MARKETING BOARD.—To be abolished, involving a saving, in addition to savings already allowed for on the gross votes for the Department of Overseas Trade and the Agriculture and Fisheries Departments of	400,000
COLONIAL DEVELOPMENT FUND.—Limitation of annual grant to £750,000	250,000

SOCIAL SERVICES.

UNEMPLOYMENT INSURANCE.—Reductions of benefits by 20 per cent., increase of weekly contributions to 10d. each for workers, employers, and the State in the case of men, extension of scheme to include certain classes now outside it, application of needs test by public assistance authorities to all applicants who have exhausted their insurance rights, but are still within the industrial field. Reductions of State liability less Government grant to local authorities	66,500,000
NATIONAL HEALTH INSURANCE.—Reduction of the capitation payments to doctors, National Health Insurance (Prolongation of Insurance) Act, not to be extended, revival of State grant to the Central Fund to be avoided by a greater measure of pooling among approved societies	1,000,000
EDUCATION.—Abolition of 50 per cent. minimum limit of grant, reduction of teachers' salaries by 20 per cent. and of the grant in respect of teachers' salaries from 60 per cent. to 50 per cent., reduction of grants for higher education in consequence of 20 per cent. reduction in teachers' salaries and increase of school fees, reduction of growth of education expenditure in 1932, and proportionate reduction for Scotland	13,600,000
Reduction in grants to universities and colleges	250,000

MISCELLANEOUS.

BRITISH BROADCASTING CORPORATION.—Reduction of percentages of wireless licence receipts paid to the B.B.C.	475,000
Total	£96,578,000

Future Savings.

PAY AND PENSIONS.

An age limit for voluntary retirement in the police forces to be imposed.
The whole subject of police pensions to be reviewed to determine conditions of service for new entrants which will effect a saving in the present high non-effective cost.
The 1930 scales of pension to be applied in the Fighting Services on re-engagement or re-enlistment to all men now serving.
The whole scheme of pensions of officers in the Fighting Services to be immediately examined in the light of its extremely expensive character. All age limits for retirement under 60 in the non-executive branches to be raised by five years, pending such inquiry.

DEFENCE.

The distribution of the burden of Empire Defence to be examined when the financial situation of the Empire is more favourable.

Before the next Naval Conference the Government to appoint a representative Committee to inquire into the whole subject of naval design, and to consider whether any modifications might be adopted, either with or without international agreement, which would lessen the cost of naval defence without endangering national security.

The establishment of the ordnance factories to be reviewed and the question whether orders should be placed in excess of the amount required to keep the nucleus establishment fully employed, and if so, in what proportion such orders should be distributed between the trade and the factories to be considered in the light of respective costs.

The Air Ministry to consider whether some reduction of the present number of firms competing for the supply of aircraft is not possible.

The Air Ministry to consider the practicability of a reduction in the number of different types of aeroplane and engine in daily use. The organisation of the Air Ministry to be examined on lines similar to the inquiry made in 1923 into the Admiralty and War Office establishments.

DEVELOPMENT.

ROAD FUND.—To be abolished, the proceeds of all motor taxation being left in the Exchequer and all grants being provided on annual Parliamentary Votes. Reconsideration of expensive London schemes necessary.

DEPARTMENT OF OVERSEAS TRADE.—A policy of recovering the cost of the department from those who benefit to be steadily pursued.

AGRICULTURE.—The provision of small-holdings under the Agricultural Land (Utilisation) Bill to be restricted to careful and judicious experiment on a scale wide enough to give reliable results. Centralisation of administrative responsibility in the hands of the Government is to be deprecated. The acquisition of land for reconditioning or reclamation to be restricted to cases where there is clear evidence that the land can subsequently be sold without loss.

UNEMPLOYMENT GRANTS COMMITTEE AND DEVELOPMENT (PUBLIC UTILITY) ADVISORY COMMITTEE.—The scale of grants towards works put in hand to relieve unemployment to be restricted to 25 per cent. of the cost and in the case of revenue producing works not to exceed the extra cost of putting capital works in hand before the normal date if less than 25 per cent.

SOCIAL SERVICES.

MATERNITY SCHEME.—The contemplated development of the maternity service at a cost to the State of £1,500,000 not to proceed. Improvements to be sought without any extra State grant.

HOUSING.—The aim of re-establishing economic housing for the working classes to be kept steadily in view; as a first step, sub-sidies in England and Wales and Scotland under the Act of 1924, both in urban and in rural areas, to be reduced by £2 10s. per annum for houses completed after April 30, 1932; corresponding reductions to be made in subsidies under the Act of 1930. Subsidies in Scotland to be brought down to English rates after October 1, 1932.

EDUCATION.—The number of education authorities to be reduced and educational functions concentrated as far as local authorities are concerned in the hands of county and county borough councils; this step to be followed by the introduction of a block grant for all educational services.

Unemployment Insurance.

It will be seen that out of the £96 millions of savings recommended, no less than £66 millions come under the head of Unemployment Insurance. The Majority approach this question "from a somewhat different angle" from the Royal Commission. "After giving full consideration to the views of the Commission, we regret that we cannot regard their recommendations as adequate to meet the situation. In our view a large reduction in borrowing for their charge, as well as the practical elimination of borrowing for this service, are essential." They argue that "a rate of benefit of 14s. 4d. a week at the present time would have the same purchasing power in terms of commodities as the benefit of 22s. a week actually paid in 1922. In the light of these figures we do not regard an average reduction, during the continuance of existing conditions, of 20 per cent. . . . as excessive."

As regards transitional benefit, while the recommendations of the Royal Commission include the introduction of a means test for certain special categories, the Majority of the Economy Committee "are of the opinion that this condition should apply to all applicants for a benefit who have exhausted their insurance rights." They believe that "the imposition of a needs test under efficient local administration would probably reduce the cost of benefit to the present traditional benefit class to approximately one-half the present cost."

The Majority then propose to bring within the scope of unemployment insurance (a) the Banking and Insurance Industry; (b) certain classes of workers now excepted, e.g., State and municipal workers (including school teachers), and employees of public utility companies, especially the railways; and (c) non-manual workers with incomes between £250 and £350 or £400 per annum.

The result of these proposed changes, together with the raising of the contribution to 10d. (for men) for each of the three parties—

the State, the employer and the worker—they estimate as follows:—

	From.	To.	Reduction.
Budget charge	£ 50,000,000	£ 22,500,000	£ 27,500,000
Loan charge	40,000,000	1,000,000	39,000,000
	£90,000,000	£23,500,000	£66,500,000

"To leave all the rates of contributions unchanged would reduce our estimated revenue by no less than £17,000,000, and we must dismiss this possibility as fundamentally unsound."

General Principles.

The Majority outline as follows the three general principles which have guided them to their recommendations:—

- (1) That the rise in the value of money in recent years provides a strong *prima facie* case for the revision of money obligations fixed under other conditions. In considering the emoluments of public servants, we have also had regard to the principle of "fair wages."
- (2) That existing financial difficulties make it necessary for the nation, like the private individual, to consider seriously what it can afford and not merely what is desirable. Reviewed from this standpoint much expenditure is unwarrantable at the present time, which, under more favourable conditions, we should deem justifiable and even a wise investment of the national resources.
- (3) That only by the strictest regard to economy and efficiency over a long period can the trade of the country be restored to its pre-war prosperity and any substantial number of the unemployed be reabsorbed into industry.

They proceed to make it clear that, in their view, a common national sacrifice is required as the alternative to the present position, in which "the nation can continue as at present borrowing to meet current requirements and deluding itself that, by still showing a sinking fund item in the national accounts, it is not only meeting its liabilities but actually paying off debt. This course will lead inevitably to an intensification of the financial difficulties until the day comes when far greater sacrifices than those we suggest are forced upon the country." But the Committee have not found means for distributing sacrifices universally. "If in view of the present economic position it were possible to arrange that all classes of the community should suffer an all-round reduction of income, whether derived from earnings, in order to bring costs of production down to a lower level, or investments, we should have no hesitation in proposing that all public servants and pensioners, municipal as well as State, of whatever grade or kind, old age pensioners, widows and war pensioners, should share in the reduction, including those whose pay had already been reduced in accordance with our recommendations. We cannot, however, justify the singling out of public servants from the rest of the community for special sacrifice."

Failing economy from all-round reduction of incomes, the Majority consider that the gap still left between revenue and expenditure, even if all their recommendations are adopted, must be filled by some additional taxation. They do not favour the imposition of any further burden on productive industry (beyond the small increase recommended in the contributions for unemployment insurance, which they defend on the ground that it is only an offset against the alleviation recently enjoyed by industry from rating relief), but they are "not without hope that the sum required can be found by revisions of general taxation which are free from this objection."

Political Control.

"Our chief concern," says the Majority Report, "is for the future. If action is limited to these adjustments of expenditure or income, experience since the war does not allow us to hope for that sustained effort for national economy which we regard as essential to the restoration of prosperity. Some further action is needed if retrenchment is not soon to give way once more to expansion, as has happened twice in the short period since the war." It is further recommended that it would be of definite advantage if a comprehensive review of the financial position could be given to Parliament, and, through it, to the nation, more frequently than once a year in the Budget statement. These reviews should cover not merely the current financial year, but should take account of the next few years and give full information also as to the growth of long-term commitments. It is further recommended that the hands of the Chancellor of the Exchequer should be strengthened by the formation of a Finance Committee of the Cabinet, which, like the Committee of Imperial Defence, should be elastic enough in its constitution to permit the calling into council of any advisers it thought fit. It is recommended that the Committee should normally consist of the Prime Minister and the Chancellor of the Exchequer and a small number of Ministers selected not so much by reason of the office they hold, as of their aptitude for financial criticism.

Democracy and Economy.

Finally, the Majority Report faces the problem that "the best devised machinery of financial control will be of little avail if the will to control be absent. . . . The electoral programme of each successive Party in power, particularly where it was formerly in opposition, has usually been prepared with more regard to attracting electoral support than to a careful balancing of national interests. When the time comes to put that programme into force, matters which had formerly appeared easy and attractive are found to involve

such grave questions as whether the proposals are administratively possible, whether they will have the desired results, whether the country can bear the cost; whether, in short, they are really in the national interest. It is almost inevitable that a new Cabinet should find itself driven to the conclusion that many of its promised reforms ought not to proceed, but it has a difficult course to steer before it can persuade its supporters in the House to recognise this in view of their pledges so freely given to the electorate. The problem is a serious one, and it is hardly for us to suggest a solution: yet a solution has to be found if democracy is not to suffer shipwreck on the hard rock of finance."

THE MINORITY REPORT.

The Minority begin by disagreeing with their colleagues' views on political and social aspects of the expenditure problem. "So far as their strictures concern the principle of ultimate financial responsibility, what they regard as 'undesirable' we view as consistent with the right and proper course of democratic Government and progress." Again, "public expenditure has ample justification when it rests primarily upon the necessity for re-adjusting the use of the national income in such manner as to transfer expenditure from less essential or desirable channels into those which are designed to mitigate social injustices, or those which improve the economic structure of the nation. The growth of social services is a natural corollary to the development of industry and commerce, and it cannot be denied that these have profited materially from services often narrowly regarded as amenities. . . . The existing social services have been slowly built up with the general approval of all citizens of goodwill and vision, and their essential value is perhaps most clearly demonstrated in the fact that their existence has materially assisted this country to withstand the shock of unparalleled economic depression, better, perhaps, than any other country in the world. . . . We can see no special reason why a period of economic difficulty should necessarily be required to bear its own financial burden at the price of scaling down social services. In any event, we are satisfied that as a principle of sound national economy, before any sacrifice can be called for in a reduction of the social services which represent absolute necessities to the workless citizen, the sick and infirm and the aged, before any action is taken to curtail the provision of decent housing conditions for the people or to retard the educational progress of the children of the nation, there is ample field of exploration for taxation, and for restriction of expenditure in other less justifiable directions."

The conclusion of a review of the general arguments of the Majority Report is phrased as follows:—"Thus our dissent from the general point of view expressed by our colleagues in their Report rests upon a conviction that, taking the long view, their recommendations in many respects would not, if carried into effect, achieve real economy, although they might for the time being secure an actual reduction of expenditure."

There follows a review of the recent increases in expenditure, leading to the conclusion that, taking the proportion of expenditure to national income, the rise since 1913 has been of the order of 7.06 per cent. for debt interest and management, 0.87 per cent. for sinking fund, 1.36 per cent. for war pensions, and 1.41 per cent. for social services. They conclude from this that there has been no excessive increase in the proportion of the national income applied to social services and education. Turning to the detailed recommendations, the Minority agree that "a fair examination of the whole position with due regard to the 'fair wages' principle would appear to justify consideration of an adjustment of teachers' salaries in the region of 12½ per cent." On the general question of development policy, they disagree with the Majority and argue that "it is especially the time when, as now, much of the resources of the nation both of money and of man power is compulsorily idle by reason of the disequilibrium in world industry and commerce, that the nation should utilise both money and men for the purpose of renewing its capital equipment and of improving its industrial and social structure." They recommend, however, a greater measure of co-ordination of the many activities of the State, particularly those relating to development. They do not concur in the recommendation that the Road Fund should cease to be treated as a separate self-contained fund, but agree that a slowing down of road expenditure might take place without serious disadvantage; they reject the idea of discontinuing the separate entity of the Department of Overseas Trade, but agree in the comments and the hope of their colleagues that the costly beet sugar subsidy will be fully and exhaustively examined. The housing provisions of the Main Report are rejected, and it is stated that "the lessened housing activities of local authorities which would inevitably result from any reductions would be deplorable, and would prove, in the very short run, not to be wise economy." Under this head the conclusion is that the 1924 and 1930 Housing Acts should remain undisturbed until the review which is due to take place after October 1, 1933, has been made. Apart from conceding the cut mentioned in teachers' salaries they "profoundly disagree with the Majority recommendations" for a further range of educational economies, nor do they concur with the Main Report's proposals regarding the British Broadcasting Corporation, but accept the recommendation that the Empire Marketing Board should be abolished.

On the vital question of unemployment insurance, their reference is brief and consists mainly of the view that the problem should be left to the Royal Commission now sitting. They state, however, in terms, their disagreement with the Main Report's recommendations and with many of the statements upon which they are based. With regard to National Health Insurance, the Main Report's recommendations are also rejected.

The Minority "have been no less impressed with the need for wise economy" than their colleagues. They do not, however,

agree "that the kind of economy contemplated would be conducive to a restoration of trade or increased employment." Moreover, they consider that many of the Main Report's recommendations would "impose an unfair measure of sacrifice upon certain large sections of the community, many of whom are already feeling with considerable and growing severity the effects of what has graphically been described as an 'economic blizzard,' but would fail to lay under any comparable contribution others more favourably situated, many of whom are enjoying, to the extent of their fixed income, effortless benefits from the increased value of money due to falling prices." If sacrifices must be called for "then such sacrifices should be made by all sections of the community, with proper regard to the relativities of capacity to make and to bear." Having attributed much of the present financial industrial difficulty to the policy of deflation and the return to the gold standard, Mr Pugh and Mr Latham recognise the difficulty of tackling the burden of external debt, but they continue:—"To the extent, however, of the internal debt and of the fixed-interest-bearing investments or other like money claims of those resident in this country, the problem is well capable of equitable treatment within the existing system of taxation, and whilst we do not favour imposing any further burdens upon productive industry, we should, were the matter one falling within the purview of the Committee, feel fully justified in submitting that there is ample scope for securing such additional revenue as would enable budgetary stability to be maintained, by the adjustment of taxation in relation to the unconvened benefits now being received by the holders of fixed incomes."

Notes of the Week.

Parliament Adjourns.—Recognition of the existence of a European crisis was reflected in the terms of the motion for the adjournment of the House of Commons on Friday, July 31st. The Prime Minister had previously announced that the House would reassemble on October 20th, but, when he came to move the appropriate motion, words were inserted empowering the Speaker to order a re-assembly at an earlier date at his own discretion. Mr Baldwin laid emphasis upon this provision in a timely and appropriate speech delivered at Bewdley last Saturday. In so far as he spoke as a Party leader he once again put forward a tariff as an *open sesame* to the door of salvation. This intransigent insistence on the infallibility of tariffs is, as we point out elsewhere, a complete frustration of the idea of an emergency national Government to tackle the most urgent domestic problems. But for the greater part of his address Mr Baldwin was speaking with the authority and from the angle of the past—and possibly future—Prime Minister of this country. "At a time like this," he said, "we have all to stand together." He continued with wise advice:—

People sometimes write as though we were doing something unpatriotic in trying to help Germany on her feet. The man must have very little experience of the trade and finance of the world who fails to realise what in these days the financial break-up of any Great Power would mean to every other Great Power. If any Power or group of Powers is in financial difficulty, until the time of that difficulty is past the sickness of that Power or group of Powers will infect the whole of the rest of the world. That is the source of our anxiety to-day.

To this he added the excellent slogan: "Do not adopt a defeatist attitude and talk as if this country were done for, because it is not by a very long way." This led Mr Baldwin to the following reference to the Economy Committee's report:—"If His Majesty's Government are determined to make a great effort to restore financial equilibrium at home, they will then have the support of His Majesty's Opposition, but the responsibility is the Government's." We gladly interpret this obviously carefully chosen phrase as pledging the Conservative Party to such a degree of public retrenchment as the financial position of the country demands.

The Round Table Programme.—Following the publication at Simla a fortnight ago of the names of the British India delegation to the Round Table Conference, the India Office on Tuesday issued a complete list of the *personnel*, together with the composition of the Federal Structure Committee and the Minorities Sub-Committee. The numerical strength of the Conference has been increased from 89 to 108, made up as follows:—British Delegation 19, composed of nine Cabinet Ministers, five Conservatives and five Liberals; Indian States Delegations 19,

British India Delegation 57. The time-table of the Conference is beginning to take shape. Delegates appointed to the Federal Structure Committee are due to arrive in London on September 5th, and discussions will be resumed as soon after that date as possible. The members of the Minorities Sub-Committee are due in London on September 26th, and the Committee's operations will start in the second week of October, while some indication of the date at which it is hoped to reassemble the full Conference is given by the invitations to members who are not acting on either of these Committees to be in London by the end of October. Mr Gandhi still refrains from announcing his decision to participate, but his recent remarks to the Indian Press at Bombay, where the Working Committee of Congress is sitting, are generally interpreted to mean that he will sail for England on August 15th with the other Indian delegates. Meanwhile the Indian atmosphere does not grow calmer, the indignation aroused by the attempted murder of the Acting Governor of Bombay, Sir E. Hotson, was increased by the murders of Lieutenant Hext and Mr Garlick. The spread of terrorism in Bengal has caused the Bengal Legislature to pass a grant of 515,000 rupees for strengthening the police force; while in Burma an edict amounting to something approaching martial law has been proclaimed, and further military reinforcements have been sent to Rangoon.

The Prussian Referendum.—The referendum of the Prussian electorate, which is to be taken this coming Sunday, August 9th, is a piece of mischief-making which can achieve no immediate constitutional result but might do a great deal of political and psychological damage. Even if a majority of the electorate does vote for a dissolution of the Prussian Diet, the process of verifying the returns and holding the new elections is likely to take so long that the new Diet will meet a few months earlier, at most, than the regular statutory date for the next elections, which fall in May, 1932. On the other hand, the apprehension which will be aroused—and this not only in Prussia and in the rest of Germany but in France as well—if the referendum turns out on Sunday as its promoters wish, might produce really serious and untoward political consequences long before the earliest date at which another Prussian Diet can meet. These apprehensions are very natural because Prussia has hitherto been—and this not less after the Revolution of 1918 than before it—the solid core of the German Reich. In Imperial Germany Prussia was the mainstay of a militarist, autocratically inclined regime; in Republican Germany, since 1918, she has been the mainstay of democracy and constitutionalism. For ten years, now, Prussia has enjoyed political stability under a coalition Government representing a combination of three moderate parties: the Social Democrats, the Democrats, and the Centre. Considering that Prussia is two-thirds of Germany, and that she contains an even larger proportion of the German industrial areas, the value of this Prussian political stability, as ballast, in the political permutations and combinations of the Reich, can well be imagined. The Prussian Government has remained a fixed point in the welter of post-war German politics, and its overthrow must be the aim of any person or party who wishes to make chaos prevail. This is almost avowedly the object with which the present referendum was originally sponsored by an aggressive Nationalist organisation, the Stahlhelm, and has since been taken up by the men of violence at the opposite extreme—the Communists. Since the Stahlhelm have been supported in this move from the beginning by the two parties of the extreme Right, the Hitlerite Nazis and the Hugenberg Nationalists, while the People's Party (that is, the late Herr Stresemann's followers) have now imitated the Communists in taking the same side, the voting is likely to be close. The strange assortment of parties now supporting the referendum possess—on the basis of the voting at the last Reichstag elections—a voting strength in Prussia of 12,421,000 out of a total Prussian electorate of 26,868,000. Since they include in their ranks both the Nazis and the Communists—the two

Westminster Bank Leaflets

¶Points before Travelling, *Notes on the Protection of Travellers from Loss.* ¶Thirty-nine Advantages of an Account with the Bank. ¶The Saving Habit, an outline of the Home Safe system. ¶The Postal Account, a service for those living in outlying rural districts. ¶The Financial Machinery of the Export and Import Trade, or the function of the Documentary Credit. ¶Foreign Exchange, with particular reference to Forward Exchange. ¶Safeguards for Travellers, a warning against carrying foreign notes. ¶Securities, their Custody and Supervision. ¶Wills, Trusts, and Settlements, the Bank as an Executor.

Copies may be had by asking at almost any branch or from the Secretary, Westminster Bank Limited
41 Lothbury, London, E.C.2

parties which nowadays are gaining rapidly—it is not at all unlikely that they will succeed, on Sunday, in increasing their strength by the 763,000 votes which they require in order to reach the winning figure of 13,184,000. Anxiety is somewhat lessened by the calmness exhibited by the German public on the reopening of the Banks and by the reception of the confident broadcast of the Chancellor on Tuesday.

The Plebiscite in Catalonia.—Last Sunday, August 2nd, there was held, throughout Catalonia, a plebiscite on the new constitution for the Catalan State which is being submitted by the Catalan Provisional Government to the All-Spanish Constituent Assembly at Madrid. The vote in favour of the new constitution seems everywhere to have been overwhelming, and most of all in Barcelona, where 172,000 votes are reported to have been cast in the constitution's favour as against only 3,000 to the contrary. This virtual unanimity among the inhabitants of Catalonia is significant for, though Barcelona is the capital of Catalonia, it is by no means a wholly Catalan city. Its industrial population is drawn from far and wide in the peninsula, and there are large sections of it which think in terms of class rather than of nationality. The solid vote of Barcelona is to be accounted for by the wise moderation of the leaders of the Catalan national movement, who have so drawn their local constitution as to avoid its involving any disastrous cleavage between Catalonia and the rest of Spain. Above all, they have refrained from claiming tariff autonomy—a political luxury which would have spelled economic ruin for Catalan industry. They have now won their reward in receiving this striking testimony of support from their countrymen; and the decisiveness of this plebiscite in Catalonia ought to make the situation clearer and simpler at Madrid when, in due course, the Catalan constitution, with this local endorsement, comes up for the consideration of the All-Spanish Constituent Assembly. The Assembly can have no doubt about the document being representative of the genuine political aspirations of the people concerned. On that point the plebiscite is conclusive. And when they examine the substance of the document, they will find in it nothing that is incompatible with the genuine well-being of Spain as a whole. The liquidation of the Catalan question is proceeding far more smoothly and sensibly than a foreign observer would have ventured to forecast, in the light of the troubled history of the past two centuries. And if there are certain symptoms of restiveness on both sides, the only wonder is that they are not more serious than they actually appear, so far, to be. It is true that the Catalan Group in the Constituent Assembly at Madrid has not joined the other groups in their vote of confidence in the All-Spanish Provisional Government. It is true, on the other side, that there has been a tendency in Castile to

boycott Catalan manufactures and to accuse Colonel Macia, the head of the Catalan Government, of having contracted an unholy alliance with the Barcelona Syndicalists. We record these gestures of annoyance and suspicion without taking them very tragically. We believe that, under the surface, Castile and Catalonia are really well on the way towards coming to a good understanding which will provide the foundation for a lasting partnership in a new federal union. Though the Catalan bourgeois nationalist Government may coquette with the Barcelona Syndicalists so long as the status of Catalonia in Spain remains unsettled, the Catalan bourgeoisie, in their factories and counting-houses, can hardly be burning with righteous patriotic indignation at Madrid's insistence upon keeping labour questions in its hands and imposing compulsory arbitration in industrial disputes. Catalonia needs Castile's help to keep Barcelona's unruly population in order, as well as to keep her industries supplied with markets. Catalan statesmen know this very well, and the balance of national and social considerations in their minds will assuredly work out in a political compromise acceptable to all parties.

The Situation in China.—During recent years there has been a sinister kind of symmetry between the calamities that have been inflicted by human and by natural forces upon the long-suffering Chinese people. Whenever floods have subsided and famines abated, civil war and brigandage have warmed to their work, lest China should rest for a season unchastised. The scourge of flood, unhappily, has descended again this week. An exceptionally high rise in the lakes which discharge into the Yangtse above Hankow has burst the dams and submerged Hankow—a commercial city which ranks only second to Shanghai itself. Yet, even in this affliction, Hankow can congratulate herself on no longer having the Reds or the Kwangsi armies at her gates. All over China, at this moment, the Central Government of the Republic at Nanking is more than holding its own. The military revolt in Honan is a small affair compared to Feng Yu-Hsiang and Yen Hsi-shan's joint effort last year; moreover, it is being rapidly suppressed by a converging movement of Nanking forces from the Yangtse Valley and Manchurian forces from Peking. Still more important is the news that the Government forces have at last gained the upper hand over the "Communists" who, for several years past, have been masters of great tracts of mountainous country—as yet untraversed by railway or road—which lie athwart the watershed between the Yangtse Valley and the rivers that descend to Canton on the southern coast. It may be doubted whether these "Communists" are properly instructed disciples of Lenin and Marx. They seem rather to be the spontaneous product of distress and despair—men whose hand is against every other man's because they have received nothing but evil from war-lords and nationalists, brigands and soldiers, during the past twenty years. Yet the maladies of revolution cannot be cured by running amok, and it is expedient for China that these desperadoes should at last be dislodged from their strongholds. After nearly a year of fitful campaigning on the part of Marshal Chiang Kai-shek, this consummation seems now to be in sight. And if and when the Communists are swept away, the road will then be clear for a settlement between Nanking and Canton—the mother-city of the Kuomintang and the home of successive dissident local governments. The dissident Cantonese Government of the moment, in which Mr Eugene Chen is occupying the post of Minister for Foreign Affairs, has been doing its best to embarrass the Government at Nanking. It has followed the usual practice of impounding the bulk of the local customs receipts; and it has sent its Foreign Minister to Tokyo to confer with Baron Shidehara. The Japanese Foreign Minister has been carefully correct and discreet, yet Nanking cannot hear of these conversations with pleasure. The fact is that Canton will continue to hamper the achievement of Chinese unity by going her own way so long as she is separated geographically from the rest of China by an impassable hinterland and can only com-

municate, as at present, by the sea route (a three days' voyage) between Canton and Shanghai. The opening up of effective land-communications between Canton and the Yangtse is perhaps the most urgent political and economic need of China to-day. The eradication of the Communists, who have hitherto occupied the intervening zone, is the first step. The next is the construction of the long-projected railway.

The German Credits Committee.—In response to the third recommendation of the London Conference of July, 1931, "that the Bank for International Settlements should be invited to set up without delay a committee of representatives nominated by the Governors of the Central Banks interested to inquire into the immediate further credit needs of Germany and to study the possibilities of converting a portion of the short-term credits into long-term credits," the B.I.S. has announced that the committee has been duly appointed, and consists of the ten following members:—Sig. Alberto Beneduce, Presidente del Consorzio di Credito per le Opere Pubbliche, Roma; Dr. R. G. Bindschedler, Vice-President of the Board of Directors, Crédit Suisse, Zurich; Mr P. Holstede De Groot, Managing Director, Amsterdamsche Bank, Amsterdam; M. Emile Franquai, Vice-Governor of the Société Générale de Belgique, Brussels; Sir Walter T. Layton, C.H., C.B.E., Editor of the *Economist*, London; Dr. Carl Melchior, partner of M. M. Warburg and Co., Hamburg; M. Emile Moreau, President of the Board of Directors, Banque de Paris et des Pays-Bas, Paris; Mr Oscar Rydbeck, manager, Skandinaviska Kreditaktiebolaget, Stockholm; Mr T. Tanaka, representative in London of the Bank of Japan; Mr Albert H. Wiggin, Chairman of the Board, Chase National Bank of New York. Mr Wiggin sailed from New York on August 1st, and the first meeting of the Committee is to be held at Basle on August 8th.

The German Banking Resumption.—On August 5th all German banks except savings banks were freed from most of the restrictions imposed upon them immediately after the Danatbank suspension, and in particular were authorised to meet the demands from their customers. This liberty was extended to the Danatbank, which has now reopened, and is making payments without restriction. Details of the measures taken for the reconstitution of the Danatbank will be found in our German correspondent's report on page 268, where he also deals with the banking situation as a whole and on the measures taken to strengthen it. Thanks to these and to Dr. Brüning's broadcast appeal on Tuesday, the first day of the banks' full reopening passed uneventfully, and there is a general impression that more money was paid in than was withdrawn. This news is very satisfactory in view of the widespread apprehensions that had been felt, and it is a tribute both to the self-control of the German people and to the courage and strength of the Government. The restrictions upon withdrawals from savings banks have had for the moment to be maintained, partly because their assets normally and legitimately take a somewhat less liquid form than those of the commercial banks. The main control, however, rests upon foreign exchange dealings, and this has been widened to include every form of payment received in foreign monies by German nationals. Though definite details are not forthcoming, it is believed that all requests for foreign exchange to finance imports are divided into three classes, these being (a) imports of raw materials and necessities which Germany cannot produce; (b) those of semi-finished goods useful to German industry; (c) those of finished (and therefore unessential) goods. Applications under class (a) are granted freely, those under (b) only sparingly, while those under (c) are refused. Thus the crisis has forced upon Germany a regime of trade control, which if continued for long will have serious repercussions inside as well as outside Germany. It is significant that in his broadcast address Dr. Brüning insisted upon the impossibility of Germany shutting herself off from the rest of

the world "inside a Chinese wall," and the inference is that these regulations will only remain in force until the final consolidation of the plans now being discussed to prevent the further withdrawal of short-term funds from Germany. Under such conditions alone, and as a purely temporary emergency measure, can control of this kind be justified.

Cotton's Low Record.—This week, writes our Manchester correspondent, has brought a further decline in prices for raw cotton. With regard to American descriptions values are now lower than at any time since 1914, whilst prices for Egyptian Sakellaridis are cheaper than on any previous occasion since that quality began to be quoted about a dozen years ago. On Wednesday last the quotation for Middling American on the spot in Liverpool was 4.35d. per lb., and compares with 5.53d. per lb., a month earlier, and 7.44d. per lb. a year ago. The low record in 1914 was 4.25d. per lb., on December 12th in that year. With regard to the Egyptian staple the quotation on Wednesday last was 6.65d. per lb., in Liverpool, which compares with 8.45d. per lb. a month ago, and 12.20d. per lb. same time last year. The Egyptian Government has this week estimated the area under cotton for the season 1931-32 at 1,682,000 feddans, which compares with 2,082,420 feddans a year ago. At the end of this week the United States Government will publish important statistics relating to the new crop. There will be a condition figure, an estimate of the probable production and the number of bales ginned. A month ago the Government estimated the acreage at 41,491,000 acres, a decrease of 10 per cent. compared with last year. It was generally believed that this forecast indicated a yield of about 12½ million bales. During the past month the crop has made good progress, and, according to private advices, it is expected that the officials at Washington at the end of this week will estimate the probable production at about 14,000,000 bales. As the carryover from last season was about 9,000,000 bales, abundant supplies are assured as world consumption at the moment is only about 11,000,000 bales per annum. In the circumstances, bearish sentiment in the New York and Liverpool markets is very pronounced. Latterly, however, a considerable short interest has accumulated and, on the whole, the markets are over-sold. It will be unusual for the season to continue without some crop scares, and any news of an adverse nature may have a quick effect upon prices in view of the short interest which undoubtedly exists.

United States Cereal Crops.—The Crop Reporting Board of the Bureau of Statistics of the United States Department of Agriculture has now issued its July estimates of the probable yield of the cereal crops. The figures are shown below, with comparative figures for past years:—

Season (June-July).	(Million bushels.)	Wheat.	Oats.	Maize.	Barley.
1926-27	878	1,182	2,763	266	
1927-28	915	1,449	2,819	357	
1928-29	807	1,228	2,614	303	
1929-30	851	1,402	2,081	326	
1930-31	869	1,306	2,968	267	

The above table clearly illustrates the relative importance of the various cereals grown in the United States. In quantity the maize and oats crops far exceed that of wheat, but it should be remembered that whereas the former are mainly consumed at home, a large proportion of the annual wheat crop is exported. The maize crop, which suffered great damage last year through drought, is expected to establish a record. The total wheat harvest is estimated to yield 18,000,000 bushels more than last year. This is entirely due to the large winter wheat crop, which, at 718,000,000 bushels, shows an increase of 109,000,000 bushels on the previous year. The spring wheat crop, on the other hand, has suffered great damage through unfavourable weather conditions, and its yield at 156,000,000 bushels shows a decrease of 90,000,000 bushels as compared with the last season.

The MERCANTILE BANK of INDIA

LIMITED.

Head Office : 15, Gracechurch St., London, E.C.3

CAPITAL AUTHORISED £3,000,000

CAPITAL PAID UP £1,050,000

RESERVE FUND & UNDIVIDED PROFITS... £1,666,845

Branches and Agencies throughout the East.

The Loan Debt of Local Authorities.—The Majority of the Economy Committee state that they view with "grave concern" the rapid rise of expenditure of local authorities both on the capital and on revenue sides during a period of falling prices and small growth in the population. To this the Minority reply that "figures of the growth of the loan indebtedness by local authorities must lead to incomplete appreciations and defective conclusions, unless they are considered by reference to the many and varied causes which have led to that growth, and unless there be also taken into account the increased value of the assets possessed by local authorities as a result of that expenditure." To illustrate the point they produce the following table in which loan debt is classified by purposes:—

LOAN DEBT OF LOCAL AUTHORITIES IN ENGLAND AND WALES AT MARCH 31, 1928.

	Distribution of Loan Debt	
	Total amount outstanding.	Per-centage.
1. Education, public libraries and museums	51,016,217	4.55
2. Public health services	87,292,774	7.79
3. Lunatic and mental services	8,078,685	0.72
4. Housing	382,702,233*	34.13
5. Poor relief	8,184,036	0.73
6. Highways, bridges, street lighting, private street works	98,482,250†	8.78
7. Fire brigades, police and administration of justice	5,156,404	0.46
8. Small holdings and allotments	20,282,291	1.81
9. Markets, ferries, waterworks, gas-works, electricity, tramway and omnibus undertakings, harbours, docks, corporation estates, &c. ...	425,829,080	37.98
10. Cemeteries	2,511,973	0.22
11. Other specific services	16,507,625	1.47
12. Unallocated expenditure	10,428,972	0.93
13. Land drainage, embankment and river conservancy	4,785,582	0.43
14. Town planning	843	...
	1,121,258,965‡	100.00%

* Including £39,408,900, the greater part of which is in respect of advances by local authorities to private individuals for the acquisition of houses under the Small Dwellings Acquisition Acts and Housing Acts 1923 to 1925.

† Including £1,772,910 on private street works and other works of private improvement, a large part of which is recoverable from private frontagers.

‡ This is the gross figure before deducting £69,799,407 standing to the credit of sinking funds; the net debt was therefore £1,051,459,558.

This enumeration leads the Minority to dispute the view that local authorities in their own field of expenditure have been "piling up the public burdens." The Majority, on the other hand, recommend the appointment of special economy committees by every local authority in the country.

International Trade in Meat in 1930.—The stability of the price of beef and mutton and lamb during the past year provides a striking contrast to the rapid decline in the value of other foodstuffs such as cereals, and the average British import price of Argentine chilled beef and New Zealand frozen mutton during 1930 was only about 4 per cent. and 9 per cent. respectively below that of the previous year. In view of the importance of meat in the export trade of countries like New Zealand, Argentina and Uruguay, the following estimate of the world's exports

of beef, and mutton and lamb, compiled by a correspondent, are of particular interest:—

Exports of Beef (thousands of cwt.)				
Year.	Australia.	New Zealand.	South America.	Total (incl. other countries).
1924	1,498	648	18,916	21,288
1925	2,468	706	17,348	20,878
1926	1,260	390	16,446	18,558
1927	1,202	420	17,290	19,102
1928	1,323	690	12,929	15,240
1929	1,458	330	11,135	13,403
1930	1,648	420	12,124	14,658

Exports of Mutton and Lamb (thousands of cwt.)				
Year.	Australia.	New Zealand.	South America.	Total (incl. other countries).
1924	420	2,478	2,306	5,724
1925	506	2,600	2,624	4,912
1926	798	2,530	2,078	5,414
1927	512	2,790	2,710	6,036
1928	673	2,840	2,421	5,943
1929	717	2,730	2,471	5,938
1930	760	3,406	2,332	6,550

In the case of beef, the outstanding feature has been the progressive decline in South American exports from 1924 to 1929, which reflects the policy of Argentina to substitute cereal farming for meat growing. During the same period the United States has imported increasing quantities of beef, and the relative scarcity of supplies has been accompanied by an upward tendency in prices. The collapse in the price of cereals in 1930 has led to renewed concentration on meat growing in South America, which is clearly seen in the larger exports during 1930. A large increase in supplies within a short period is, however, not possible. Moreover, imports into this country, which takes between 80 per cent. and 90 per cent. of the total exports, have shown a slight expansion during the past year. At the beginning of this year prices showed, therefore, a slight decline. As British imports continued to expand during the first six months, it appears that the increase in supplies has so far been readily absorbed. It will be seen from the table above that a similar increase has taken place in the exports of mutton and lamb from New Zealand. The United Kingdom, which provides practically the only market for this meat, has been importing increasing quantities, but in this case the tendency of supply to exceed demand has become noticeable at the beginning of this year, and prices at the Smithfield Market are now considerably below those of 1930.

The Union Bank of Switzerland.—The balance sheet of this institution, dated June 30, 1931, throws some light on the recent international movement of funds, in so far as Switzerland is concerned. The picture is necessarily incomplete, as half-yearly statements are not issued by the remainder of the leading Swiss banks, but if the figures of a single bank can be regarded as typical it is clear that there has been an appreciable drift of funds into Switzerland. All figures represent millions of francs:—

	June 30, 1930.	June 30, 1931.	June 31, 1930.	June 30, 1931.
Liabilities.				
Capital fully paid.....	100.0	100.0	100.0	100.0
Reserves.....	30.0	31.5	32.0	32.0
Banks own debentures	169.7	182.0	178.4	175.4
Drafts and acceptances	91.2	81.3	99.8	106.3
Short-term liabilities	6.0	5.9	6.1	5.2
Due to banks and bankers.....	183.5	129.6	64.9	78.1
Deposits	378.3	473.0	493.5	510.9
Unclaimed dividends	...	...	7.0	0.1
Other liabilities	11.5	10.5	1.4	10.2
Assets.				
Cash on hand and with Swiss National Bank	17.1	15.2	25.3	43.6
Coupons.....	...	3.6	5.2	4.0
Bills of Exchange	121.4	152.7	151.7	185.7
Due from banks and bankers ..	188.8	269.3	237.0	198.4
Reports	7.1	0.9	1.4	1.0
Securities	19.3	36.5	31.7	29.3
Permanent investments	10.3	14.0	11.8	13.6
Syndicates	5.5	8.3	7.3	11.2
Mortgages bonds	11.0	15.0	15.5	17.1
Advances	430.3	482.6	478.1	496.5
Bank buildings and fixtures ..	16.2	15.9	18.0	18.0
Balance sheet total.....	827.1	1,014.0	983.1	1,018.4

The most interesting changes during both the past half-year, and also the complete year, are the increases in acceptances and deposits among the liabilities, the increases in cash and bills among the assets, and the heavy fall in the item "due from banks and bankers." It has long been recognised that lack of confidence in Central Europe, of which the present crisis is but the culminating point, has been driving money into Switzerland, and this explains the expansion in deposits, offset by that of the earning assets specified above. The rise in acceptances reflects the low money rates now current in Switzerland, which to-day is one of the cheapest centres upon which to draw. The decline in the amount due from banks and bankers may fairly be regarded as an index to the size of the recent withdrawals of Swiss money from Germany and from Central Europe. Even during the past six months it is equivalent to Mks. 31,000,000 for this single bank alone. With this figure should be read the increase in the gold holdings of the Swiss National Bank during the past half-year, as shown below.

(In millions of francs.)				
	June 30, 1930.	Dec. 30, 1930.	June 30, 1931.	July 23, 1931.
Gold	579	712	840	1,092
Gold exchange.....	300	345	411	487
Total	879	1,057	1,251	1,579

From January 1st to July 23rd the influx of funds into Switzerland, together with the withdrawal by the Swiss banks of part of their balances with other banks, had added Frs. 380 millions to the Swiss National Bank's gold stocks. This sum is equivalent to £15,000,000, or Mks. 307 millions. These figures show that while the Swiss banks undoubtedly had to look after their own interests and those of their customers, the recent heavy flow of funds into Switzerland has contributed to the intensity of the present crisis.

Overseas Correspondence.

UNITED STATES.

Wage Cuts — Trade and Production — Steel Corporation — Money and Credit.

(FROM OUR CORRESPONDENT.)

NEW YORK, July 29.

ANXIETY among the wage-earners of the country was intensified by the action of the United States Steel Corporation directors in recommending a reduction in salaries of officers and office workers, together with a cut in the quarterly dividend on the common shares. It is an open secret that the Corporation's board is seriously considering reduction in mill workers' wages, and probably only political considerations have prevented a cut before now. Reduction is regarded as fairly certain unless a good improvement in trade prospects takes place shortly. The general interpretation of the dividend reduction is that the directors do not regard the immediate outlook as prepossessing.

Discussion of wages matters has been stirred up afresh by a recent letter written by Mr Robert P. Lamont, in which he stated that, although those industries represented at President Hoover's wage conference two years ago have without exception maintained the wage scales then existing, many corporations have cut dividends and salaries, and "some of them are faced with the prospect of closing down altogether and thus creating more unemployment, or, alternatively, seeking temporary wage reductions." First interpretations of this were that President Hoover was giving way in his opposition to wage cuts. Hasty assurance was given that this was not the case. Doubtless the Administration feels, as do most corporation heads, that wages ought to be maintained as long as possible; but that it is a problem which each industry and company must solve for itself in the light of its special conditions. Undoubtedly, the drift of the

country's leading corporation, United States Steel, toward wage cuts shows the trend of the times.

Lassitude in business is widespread, but beyond severe insect damage to the crops in three or four of the North-Western States nothing new of a discouraging nature has developed. While the crop damage will further cripple the sections of the country involved, it is already bolstering wheat and corn prices. Cotton continues to recede, but the south probably has gone further in adjusting itself to lower prices than has the western grain country. The retail trade reports somewhat better buying recently, but the situation in most basic commodities remains poor. Oil production continues heavy, increasing the nervous tension in the south-west as a result of low prices. The threat of the Governor of Oklahoma to shut down all but stripper wells unless the purchasing companies lift the price of crude oil to a dollar a barrel by the end of this week is not taken seriously. Oil is selling for 15 to 20 cents a barrel, and any increase in price is improbable. Most public declamations on prices and wages are now being made for political effect. Copper is offered at 7½ cents a pound, and some in the trade still look for 7-cent copper. Steel output seems to have a small spurt, the week's production being placed at 32 per cent. of capacity, against 30 per cent. last week. Railroad buying, however, is low, and motor demand is declining. It is reported that the Ford company will shut down for a month pending certain changes in the model. Railroad car loadings are nearly stationary, being about 15 per cent. under a year ago. June earnings are running about 32 per cent. under a year ago, and the six months' reports are 35 per cent. lower. Industrial companies, while doing better in the second quarter than expected, are not finding much improvement in the third quarter. Six months' earnings for the companies which have published reports were about 26 per cent. below last year, whereas the first quarter's profits were 56 per cent. lower than the corresponding period of 1930.

Results of the United States Steel Corporation in second quarter were worse than the general average, the steel industry feeling the full force of lower railroad, motor and building-construction buying, and suffering also from price cutting and sharp competition. However, the report of the Corporation has served to focus attention on the realities of the trade position. Steel earned less than for any quarter since the last quarter of 1914, failing to do more than show 6 cents a share on the preferred stock, and that only because of greatly reduced depreciation charges. By reporting as income an item of over \$7,000,000 profit from the sale of a utility property, the bookkeeping profit amounted to preferred dividend coverage and 12 cents a share on the common. By cutting depreciation and taking certain special credits in the first quarter, 5 cents a share was shown. From actual operations it is apparent that the Corporation is failing to earn its preferred dividend, and it is not surprising that the common payment was reduced from a \$7 to a \$4 annual basis. Wall Street was inclined to interpret the cut as meaning that the Steel directors were not particularly enthusiastic about the near future. Other steel companies have reduced or omitted dividends and are reporting very small profits or actual deficits.

Bill holdings of the Federal Reserve system amount to about \$70,000,000. Approximately this amount is believed to be German bills, including the \$25,000,000 credits recently granted the Reichsbank. If the Reserve Banks are supporting sterling, their purchases for that account also would appear as additions to the bill portfolio. The press of short-term money seeking employment has led the commercial banks into a new practice, which threatens the existence of the bill dealers. They are trading among themselves in bills at one-sixteenths, against the bill dealers' quotations in eighths. The practice may force the dealers to establish a market in smaller fractions, but even that may not help them. Deflation of credit among interior banks goes on, but it is slowed down by the low prices for agricultural products. The practice of extending loans which ordinarily would be paid off with the wheat harvest is rather general, the alternative to refusal being to put the farmer out of the picture as an economic force

in the coming year. Merchants are obliged to do the same thing, thus freezing credit and slowing down purchasing. Country bankers are in effect gambling on higher wheat prices during the next few months. Some of the implement companies are accepting wheat at a price 50 per cent. above the market for part payment of machinery, as they did in the depression following the war, although their experience then was costly. Reporting, member banks of the Reserve system in leading cities reduced security collateral loans last week by \$63,000,000 and their commercial loans declined \$45,000,000. These reductions were not offset by a rise in investments, probably owing to the heavy demand for currency which nervousness over recent bank failures has created. Bank investments dropped \$23,000,000. City banks in the past year have cut security loans by \$1,802,000,000 and bought \$1,171,000,000 in Government bonds and \$343,000,000 of other securities.

FRANCE.

The Credit for London — Franco-German Relations — Iron and Steel — Wheat Situation.

(FROM OUR CORRESPONDENT.)

PARIS, August 5.

THE successful outcome of the Anglo-Franco-American negotiations for the opening, by the Bank of France and the Federal Reserve Bank of New York, of rediscounting credits to a total of £50,000,000 in favour of the Bank of England was received here on Saturday with deep satisfaction. It was regarded as signifying at least a temporary solution of the Anglo-American-German crisis.

A special characteristic of the agreement signed last Saturday is that the three national banks interested are the sole parties to the contract. It is known, however, that each will act with the help of its own national market. In Paris ten of the leading banks will co-operate in the credits to a total of £25,000,000 to be extended from French sources to the Bank of England. The rate of interest has been fixed at 3½ per cent., which would be approximate to the average of the rates now ruling in London and Paris. In a statement issued to the public M. Moret, the Governor of the Bank of France, states that the contract between the Federal Reserve Bank and the Bank of England is in exactly the same terms as that with the Bank of France, just as the credits are in equal moieties of the total.

It is interesting to recall that the London-Paris credit operation of November, 1907, was the outcome of an American financial crisis, which caused withdrawals of capital from London and a similar tying up of credits extended to foreign countries by British banks. The French banks then agreed to accept British paper up to a total of 80,000,000 francs (gold) for rediscounting at the Bank of France, the produce from these operations being placed at the disposal of the London market in the form of gold. The French half of the present rediscounting operation is equivalent to a maximum of 3,100,000,000 francs (paper), however, whereas the maximum represented by the 1907 credits would not be more than 400,000,000 francs of present-day currency. The methods adopted, too, are quite different, although the result will be practically the same. In the present instance, for example, other things being equal, no gold movements will be involved. Rediscounting will be in francs in Paris and in dollars in New York. The British banks will thus be furnished, if required, with enormous supplementary resources from both Paris and New York, and London will have available as much foreign exchange as it is ever likely to need. Sterling is, therefore, henceforward assured against a recurrence of the dangerous fluctuations of the past few weeks. It is not very agreeable to British *amour propre* nevertheless, however well-founded the observation may be, to note that a newspaper of the standing of the *Temps* should take the opportunity to press home the moral that the credits that have been extended to the British market "can in no way dispense the British Government and Parliament from putting an end to the disorder in their public finances,

which will give rise, if it be allowed to continue, to a different kind of monetary peril, as serious as that resulting from the German crisis." This new effort of international co-operation, the *Temps* points out, will give Great Britain time to clear up her own financial situation, and will also enable the evils from which Germany and Central Europe are suffering to be localised and make it possible to limit the losses from an exceptionally violent crisis which, if the British market had been contaminated, would have compromised the gold standard itself and provoked monetary chaos and losses that the world would have been unable to overcome for many long years."

At the moment of writing all indications suggest that, so far as extending direct aid to Germany is concerned, the French attitude continues as *intransigent* as ever, and is likely to remain so as long as Germany's leaders are unable to guarantee the condition of political stability and ease considered as essential by French opinion. To the French mind Germany's financial floundering is of distinctly secondary importance, as compared with the country's unstable political outlook. The predominant factor in the Germanic chaos now lies in the possibility that next Sunday's plebiscite in Prussia may result in a change in the country's political leadership that will plunge Europe, for several years to come, into worse economic confusion than ever. The French man in the street is intensely interested this week in whether Hugenberg's audience with President Hindenburg was the result of the Marshal having sent for him for the purpose of threatening the German Press Lord with arrest unless he renounces a policy that must inevitably plunge Germany into another bankruptcy, or whether, on the contrary, Hugenberg sought the President for the purpose of hectoring him into bowing to the will of the extremists. French respect of Hindenburg, the Chief of State, however, has grown much greater than it ever was for Marshal Hindenburg, the Deputy War Lord, and there are growing hopes that the Republican President may be able before Sunday to induce the unruly leaders of the German Right to listen to reason.

Meanwhile, the movement for Franco-German co-operation, on the lines recently discussed in Paris between the leaders of the two countries, is slowly but surely strengthening at this end. M. Laval, with characteristic reticence, is saying nothing, but thinking much and planning more. Opinion in general inclines to the view that the chances of the French proposals to Germany being accepted have lost nothing, but appreciably gained ground since M. Laval's return from London. French realism is largely based on the inevitability of the force of things, and the events of the past ten days all tend to suggest that Germany herself, if only her present leaders have ordinary luck, must tend more and more towards acceptance of the French thesis as the foundation stone of her own and Europe's future. Concrete evidence of the French trend of thought is offered this week by the activities of a "Comité d'Entente Internationale," consisting of leading politicians, industrialists and financiers, "the object of which is to labour for an international economic entente, of which Franco-German co-operation appears to them to be the essential condition." The politicians include MM. Henry de Jouvenel (former French representative at Geneva) and Yves Le Troquer (former Minister), and other members are M. Francois-Marsal, M. de Peyerhimoff, president of the French Collieries' Association, and the leaders of the chemical, woollen, engineering, electrical, steel and other national industries.

Iron and steel production returns for June, which are issued this week, reveal further substantial declines on the month under both heads. The total output of pig iron was 695,000 tons, against 724,000 tons in May, 801,000 tons in January last, 841,000 tons in June, 1930 (which also represented the monthly average last year), and an average of 864,000 tons in 1929. Crude steel output was 649,000 tons, against 674,000 tons in May, 746,000 tons in January, 753,000 tons in June last year, and monthly averages of 783,000 tons in 1930 and 808,000 tons in 1929. The number of blast furnaces in activity was 122, against 129 in May and 147 in June, 1930.

The Ministry for Agriculture, of which M. Tardieu is now the head, is watching very closely the wheat situation, which is now obviously of vital importance in a country whose economic policy is based on maintaining a sound balance between its manufacturing industry and its food production. A few days ago M. Tardieu warned the public that "an abnormal movement towards lower prices" had been revealed in the wheat market, in the form of reckless offers of French-grown grain, for delivery after the harvest, at prices lower even than those which growers consider insufficient for available supplies. "Our market," the official circular states, "is safeguarded by wholesome protective legislation against such sharp crises as those which exist at present in the world's markets, and this enables producers to react against excessive fluctuations of quotations and obtain prices stabilised at an equitable level." The Minister notified that the law of December, 1929, which gives the authorities effective control over dealings in the corn market (inspection of books, etc.) will be rigorously enforced, and that the tendency which has been noticed lately on the part of millers to mix more than the legal proportion of foreign wheat in grain for flour making will not be tolerated. An important new departure just brought into operation is that henceforward the banks will give ample facilities for financing wheat-growers' crops.

GERMANY.

Banks Reopen — The Danat and the Dresdner — Saxon Banking.

(FROM OUR CORRESPONDENT.)

BERLIN, August 5.

THE removal of the restrictions on payments by banks did not take place until August 5th, and even now this does not apply to savings banks. These are still limited to paying out small sums, and, since the Reichsbank regards it as dangerous to place at their disposal the mark notes required for paying out all deposits, the continuance of the moratorium is also necessary in the interest of the savings banks themselves. Whether the Reichsbank is not too timid in this matter is a much disputed question. Deposits in the German savings banks amount to about 12 milliard marks. If even a small part of this sum should be withdrawn immediately after restrictions were removed, this would require several hundred million marks in new notes. One can understand that the Reichsbank shrank from this possibility. Nevertheless, it would probably have been better to permit the savings banks to make payments in full. This, more than anything else, would have helped to do away with the remnants of panicky feeling that still persist among the German public following the collapse of the Danat Bank, and it can be assumed with almost complete certainty that the newly issued Reichsbank notes would have found their way back to the Reichsbank within a few days.

Before the restrictions on banking operations were removed three problems had to be solved. First of all the Danat Bank had to be put in a position enabling it to make normal payments and measures had to be taken for the protection of other banks that were endangered. In the second place the Reichsbank's discount rate had to be raised sufficiently to counteract effectively the increased demands that would follow for the Reichsbank with the resumption of free payments. And, in the third place, the question of the floating short-term foreign credits had to be cleared up, since no further considerable repayments can be made at the moment.

The Reichsbank decided on July 31st to raise the discount rate from 10 to 15 per cent. and the rate for advances (Lombard rate) from 15 to 20 per cent. At the same time it instructed its various branches to satisfy credit requirements in liberal manner within the limits of the existing legal decrees. Hence, it will now be possible to obtain notes for the time being against negotiable paper which satisfies the Reichsbank's requirements, whereas heretofore a strict rationing compelled the individual seeker after credit to reduce greatly the amount of paper pre-

sented to the Reichsbank for discounting. It is beyond any doubt that a discount rate of such abnormal height cannot be long borne without bringing about an economic shrinkage of important extent. When a calmer feeling is restored everywhere; when, following the resumption of payments, the amounts withdrawn circulate only in normal manner and are not used to make purchases of goods inspired by anxiety; and when, above all, the increased discount rate itself leads to the clearing out of stocks of goods and thus to a refilling of the Reichsbank's devisen coffers, then it will be possible to reduce the rate again to a bearable figure.

The Reichsbank's last report is not unfavourable. The holdings of devisen and gold have increased by about 100 million marks, of which some 13 millions probably are accounted for by gold taken over from the private banks of issue. Since the obligation to offer to the Reichsbank all sums of foreign currency in excess of 20,000 marks did not expire until August 5th, the increase in the holdings of devisen was probably due, for the greater part at least, not to legal compulsion, but to the economic compulsion arising from the shortage of circulating medium. It may be hoped that the increase of the discount rate will continue to work in this respect in the same manner as the restrictive measures obviously have worked. Drafts and cheques have increased by 409 millions to 3,273 million marks, the Treasury certificates of the Reich by 46 millions to 249 millions, and the deposits subject to cheque by 249 to 834 millions. The last-named item has thus reached an unusually high point (it amounted at the end of June to only 398 millions)—a natural consequence of the prohibition of payments by the private banks, which did not apply to the Reichsbank, so that there was an inclination to maintain large deposits there in order to be in a position to make payments at any time. All in all, the end-month strain on the Reichsbank was not great.

The negotiations with foreign countries for an agreement not to withdraw credits from Germany at this time have been carried on, with the result that the large creditors in England and the United States have pledged themselves to leave their short-term credits standing for six months. An agreement along the same line has been reached with France, but not yet with Holland and Switzerland. Hence, as had been foreseen, it has not been possible to bring about anything like a complete consortium in this respect. In order, nevertheless, to prevent a further efflux of money to foreign countries, the provisions regulating money transactions with foreign countries have been made much more drastic by a new emergency decree of August 1st. While it had theretofore only been forbidden to acquire foreign currency in exchange for German money, the right to dispose of foreign currency, holdings abroad and foreign securities is now dependent on the consent of the German financial authorities. Thus, for instance, even the exporter can no longer do what he will with the foreign currency received for his wares. The sending or transferring of German marks to foreign countries and the granting of mark credits to foreigners are also dependent on such consent. Only sums below 3,000 marks are exempt from this requirement. In addition, the decree contains these two important exceptions:

The carrying out of agreements made by groups of foreign creditors and domestic debtors regarding the treatment of the obligations existing between the members of these groups will be controlled by the Reichsbank or by agencies designated by it. The provisions of this decree apply only in so far as their application is not opposed to the fulfilling of obligations arising from such agreements.

In so far, therefore, as agreements to refrain from the withdrawing of credits already exist, these are not affected by the new decree. In like manner the interest and amortisation service of long-term loans is expressly secured, since the financial authorities must approve the acquiring of devisen when these are to be used for such service. In addition, these authorities, in approving the acquiring of foreign currency and its manner of disposal, are bound by instructions from the Government which have not been made public. How the decree will work out will depend above all on whether these instructions will merely hinder an undesirable export of capital or

whether they will also bring about an artificial strangling of imports.

The Danat Bank opened its doors under the same conditions as the remaining banks, with the single exception that all its obligations, whether old or new, are guaranteed by the Reich. Three days before the resumption of payments the Danat Bank made public a plan of reconstruction. It provides that the bank shall for the time being continue to exist as a private institution in its old form. The plan is that a group of industrial friends of the bank are to take over 35 million marks (nominal value) of the Danat Bank shares, which are in part owned by the bank itself and in part by the directors and "Geschäftsinhaber," who handed over their shares gratis. The shares are to be taken over at 125 per cent., which means roundly 43 million marks of new capital for the bank, thus formally restoring its former stock capital of 60 millions. The group carrying this transaction through consists of the twenty biggest industrial concerns in Germany, including the Vereinigte Stahlwerke, Rheinische Braunkohlen-Gesellschaft, Siemens, the A.E.G. and the I.G. Farbenindustrie. In part, as in the case of Siemens and Rheinische Braunkohlen, the members of the group have not been clients of the Danat Bank, but are acting out of personal friendship for Jakob Goldschmidt or for other members of the group. But, encouraging as this willingness of industry to assist is, it is less encouraging that this concentration of the greatest industrial powers in Germany does not itself raise the 43 millions, but has it advanced by the Reich. The credit given by the Reich is for five years, and the sum advanced is to be repaid in five yearly instalments after that date. The bank, formerly a "Kommanditgesellschaft auf Aktien," that is, a liability company with shares, is to be altered into a pure stock company, which will put an end to the personal liability of the "Geschäftsinhaber," the personally responsible managers of the bank, although their liability still exists by law for a further five years as to old debts. All of the managers will probably be eliminated except Jakob Goldschmidt, who devoted great efforts to the reconstruction of the Danat Bank. The original plan was to widen the capital basis of the bank now by increasing the stock capital to 100 million marks, the Reich to take over 40 millions of this. This plan was abandoned, plainly in order to emphasise the purely private character of the bank despite the Reich's guaranty. How great the capital requirements of the Danat will be cannot be seen until the extent of its losses and of the help required from the Reich's guaranty become known.

Almost simultaneously with the plan for the reconstruction of the Danat Bank the public learned to its vast astonishment of steps taken by the Reich to aid the Dresdner Bank. Here, to be sure, the Reich has assumed no responsibility for debts, but it has taken over 300 million marks of preferred shares in order to strengthen the bank's capital against withdrawals of credit. This has caused a general sensation. Rumours affecting the Dresdner Bank persisted ever since the Danat suspended payments. The reason plainly was that the Dresdner, next to the Danat Bank, was the largest creditor of the Nordwolle. It is not yet known whether or to what extent the bank has suffered other losses. But it was in a weak position to withstand the gigantic withdrawals of credits and deposits. The Dresdner had already strained the credit of the Reichsbank to the utmost, and it had no other sources of credit. For the Dresdner Bank, as also for the Danat, the acceptance bank was established in order to secure a supplementary endorsement of negotiable paper for the Reichsbank. This would have been sufficient if the other banks had been ready to assume an unlimited joint guaranty for the Dresdner Bank's paper. It was above all the foreign advisers of the Government—Dr. Sprague and Markus Wallenberg—who insisted that the Dresdner Bank must be equipped with new capital and who, in line with certain Danish and Swedish precedents, were not alarmed at the fact that the Reich intervened here. The Reich naturally has not the necessary 800 millions at its disposal, but it hands over to the Dresdner treasury certificates to that amount as the present value of the shares, and the bank must convert these into cash with the aid of the acceptance

bank. All the directors of the Dresdner Bank, with perhaps one or two exceptions, will also be replaced. The future is uncertain here also. Of the 100 millions of stock capital, about 50 millions are in the bank's possession, in part in the possession of consortiums which are financed with the bank's money, so that of a total capital (stock capital and reserves) of 134 millions, only 84 millions are still in existence. But the affairs of the Dresdner Bank, which has a relatively broader and also more democratic basis than other large banks, are thoroughly sound. The German Reich has now assumed the actual responsibility for two big banks, and the consequences of this development cannot at the moment be foreseen.

In addition to the Danat Bank and the Dresdner Bank in Berlin, the State also intervened last week in an important matter in the provinces. The Saxon State Bank and the Allgemeine Deutsche Kreditanstalt of Leipzig (Adca), one of the oldest and most respected provincial banks, have combined under joint guaranty of the State of Saxony. The purpose of the coalition is stated officially as "the strengthening of banking interests for the protection of Saxon economy." Saxony has been most severely affected by the industrial depression of the last two years, and the Saxon State Bank and the private Adca have undoubtedly suffered heavy losses. In addition to this the State Bank has, in the interest of Saxony's economic life, supported a number of industrial undertakings which would otherwise have closed down and thus increased unemployment, such, for instance, as the Horch automobile works and the Döhlen steel works. The stocks and credits of these concerns that were taken over are naturally frozen at present. The Adca has a stock capital of 40 millions and 11 millions of reserves; the State Bank has 10 millions stock capital and 8.5 millions of reserves. The balance of the combined undertakings probably exceeds 600 million marks.

ROUMANIA.

Political Situation — Budget — Commercial Treaty with Germany — Hoover Proposal — Cereal Exports — Bank Suspension.

(FROM OUR CORRESPONDENT.)

BUCHAREST, July 23.

THE political sensation of the last few weeks was furnished by Mr Maniu's resignation from the chairmanship of the National Peasant Party and withdrawal from the political arena. In spite of the objections and the insistent appeals of his friends and partisans he has made it known that his decision to return to private life is irrevocable. It is difficult to say what is the reason of this withdrawal. Although the letter by which he takes leave of his party and former adherents is couched in the most hearty terms, circumstances seem to indicate that it became more and more difficult for Mr Maniu to see eye to eye on important questions with his more pushing colleagues. Mr Maniu was first and foremost the leader of the Transylvanian section of his party. Ever since the union of the more ponderous and intellectual Transylvanian Nationalist Party with the old Roumanian Peasant Party of somewhat demagogic inclinations it has been a question whether the two wings would be able to agree for any length of time, and this has been particularly so during the time the National Peasant Party was in power. Perhaps the secret of Mr Maniu's move is that he is sacrificing himself to avoid a split. A difference of opinion with the King on a certain question, which is hinted at in some quarters, may have helped to this decision.

As a result, the Transylvanian wing of the party feels to a certain extent disorientated, and Mr Duca, the leader of the Liberal Party, has not been slow to take advantage of the new situation. In a clever speech at Cluj he accused Mr Maniu of favouring Transylvania to the detriment of the old Kingdom, and makes a warm appeal for national unity, naturally under the Liberal

banner. Thus the fight of the two principal parties, the Liberals and the National Peasants, is developing while the present Government provides the stopgap until the time when one of the two is strong enough to take the reins. Meanwhile, Mr Maniu's friends are endeavouring to create a mystic halo round his figure, holding him up as a kind of popular hero. One cannot help suspecting from these activities that there are some hopes of Mr Maniu eventually changing his mind.

The most important measure passed by Parliament during the short session which has just been concluded is the rectification of the Budget for 1931. Already when the Budget was published at the end of 1930 it was patent that the estimates of the receipts were too optimistic. It has now come to light that the estimates for the expenditure were insufficient and certain necessary items were left out entirely. As a result of this omission there is now shown a deficit of almost 5,000 million lei, to which must be added over 4,500 million lei for old debts contracted between 1921 and 1929 which have been left unpaid. Treasury receipts for the first six months of the year have fallen short of the estimates by a very respectable sum, which even the most sanguine of Government officials could not hope to cover by Treasury receipts during the second half of the year. The official view reckons with a deficit of 5,000 million lei. From the figures divulged and considering the state of the trade of the country, it would seem that the official view again errs considerably on the side of optimism. It seems also that the old debts will have to be left to take care of themselves for the present. The Government has made economies in the Budget amounting to a little over 4,000 million lei. In any case it appears certain that the year will close with a very substantial deficit.

The commercial treaty with Germany has at last been signed, and offers important concessions to Roumanian imports of grain. Germany is reducing the import tax on maize by 60 per cent. and that on barley and other cereals by 50 per cent. A quota of 10,000 head of cattle and 80,000 pigs is to be admitted to Germany. The treaty also grants facilities for the transport of cut meat to France, and makes concessions in favour of the import of birds, eggs, butter and other similar articles. The reductions of the duty on grain are especially welcome to the Roumanian farmer, as Germany has been always his principal customer for maize and barley. But in view of the most-favoured-nation clause, this part of the treaty is subject to the agreement of other countries which export grain to Germany, notably Canada, the United States and the Argentine.

Roumania has pinned great hopes to the completion of the commercial treaty with Germany, and is therefore very much interested in the economic re-establishment of this valuable customer. On the other hand, the Hoover proposal is not very favourable to Roumania. According to the statement of the Minister of Finance in Parliament, this year's instalment of the Roumanian debt to the United States has already been paid, and there remains a sum of about 160 million lei to be paid to England, France and Italy. Against this Roumania has to receive from Germany about 240 million lei. These payments would be postponed under the Hoover proposal, so that Roumania would be 80,000 millions to the bad. Unfortunately, against the sum of 240 millions due from Germany Roumania has entered into contracts for the purchase of material to a corresponding amount, and German manufacturers will have to be paid for these goods. It is hoped, however, that the question will be settled satisfactorily for all parties concerned.

An important concession to agriculture has been made by a new law which grants an export bounty of 10,000 lei per wagon of wheat and 13,000 lei per wagon of flour. The money for the payment of the bounty is to be provided by a small tax on bread, and it is expected that it will result in a substantial rise in the price of wheat even for internal consumption, and thus ensure the producer a satisfactory profit.

The general economic crisis through which the country is passing assumed very threatening proportions when recently the Banque Générale du Pays Roumain of

Bucharest had to close its doors. So far, only provincial financial institutions of more or less importance had fallen victims to the prevailing conditions. The Banque Générale is the first bank of importance in Bucharest which has got into difficulties. The last balance sheet of the bank for the year 1930 showed a capital of 60 million lei, reserves of a little over 60 million lei, and deposits and creditors in current account of nearly 865 million lei. An attempt was made to prevent the disaster by means of a credit of 100 million lei placed at the disposal of the Banque Générale by several large banks. This, however, proved entirely inadequate, and the inability of the banks in question to give more efficient assistance rather than emphasised the weakness of the general situation. The result was a general run on the banks in Bucharest. Happily the measures taken to meet the rush proved effective, and the alarmed public was calmed in a few days. The Banque Générale has asked for a "concordat préventif," and it is expected that the depositors will eventually receive their capital, if not the interest, in full. A very dangerous phase of the crisis has now passed, and the Bucharest banks have come out of the ordeal with considerable credit. Still, on account of the bad Budget, bad trade and lack of confidence all round, the situation remains very delicate, and responsible people look ahead with anxiety.

POLAND.

Banking Situation — Budget Deficit — French Railway Loan — Hoover Moratorium — Bank of Poland — Foreign Trade — Crops.

(FROM OUR CORRESPONDENT.)

WARSAW, July 24.

THE financial difficulties which came to a head last week in Germany caused no serious repercussion in Poland. The Katowice (Polish Upper Silesia) branch of the Danatbank was closed, and for a few days there was a keen demand in Warsaw and elsewhere for dollar currency (said to be for German account), but otherwise banking and stock exchange business went on as usual, with no apparent apprehension in the public mind either as to the safety of Polish banks in general or as to the stability of the zloty. Since it was assumed to be the sudden withdrawal of German short-term money that caused the depreciation of the zloty by approximately 70 per cent. in 1925, the recent trouble in Germany might have been expected to do so indicates in the first place that the Poles did not believe the German crisis to be anything like as serious as it was made to appear; secondly, that there is now very little German short-term money with Polish banks; and, thirdly, assurances were perhaps received that—for political reasons—French banks would if necessary come to the rescue. It is still possible, however, that trouble may be experienced by industrial enterprises—particularly in Upper Silesia—which have been financed mainly by German banks. There may also be serious difficulty in connection with the financing of Upper Silesia's Soviet orders for iron and steel products, which so far has been handled largely through Berlin.

The published figures on the present year's Budget (which began on April 1st) show a deficit of 21 million zlotys in the month of April, 12 millions in May and 44 millions in June—or a total of 77 millions. Revenue declined from 229 million zlotys in April to 200 millions in May and to 176 millions in June. This gives an average monthly revenue of about 200 million zlotys, or a total for the year of 2,400 millions, which is approximately the figure to which the Budget was reduced shortly after the commencement of the fiscal period, when it became abundantly clear that the estimates voted by Parliament were much too high. Even the reduced figure of 2,400 millions, however, will not be realised, as the first quarter of the fiscal year is the most prolific in tax yield, and the collectors have been especially energetic this year.

Strenuous efforts are, of course, being made to keep expenditure as close as possible to the amounts collected,

and a further reduction of 25 per cent. (on top of the 15 per cent. announced in May) has been made in the salaries of most public employees. Moreover, a large number have been dismissed. Army and police salaries, however, have so far been reduced only by 5 per cent., and this discrimination is causing a great deal of resentment. It means that the Ministry of War will absorb well over one-third of this year's Budget revenue. The deficits so far have been met out of Treasury reserves, by borrowing from the Bank of Poland and by using up the balance of the Swedish Match loan available for that purpose. These sources of supply, however, are now largely if not entirely exhausted, and with no new money in sight it must be anticipated that for the balance of the year outgo will be bound to exceed income. There may accordingly be a sharp pinch in public finance by about September or October, especially as the so-called French Railway Loan (for the completion and operation of the new coal line from Polish Upper Silesia to Gdynia on the Baltic) arranged in April does not, as was at first represented, mean an important cash consideration for the Polish Government. The Government have assumed serious responsibilities in connection with this French financing, besides handing over to the Franco-Polish concessionaire more than half the length of the total line in a completed condition, but the immediate financial recompense now appears to be negligible.

The Hoover plan for a one-year moratorium on war and war relief debts will be of very material assistance to the Polish Government during the present fiscal year. An amount of more than 12 million zlotys, representing principal and interest due and paid to Great Britain on July 1st has already been reimbursed to the Polish Government and made available for Budget purposes. Excluding small payments due to Denmark, Norway, Sweden and Switzerland on relief debts, it is stated that Poland during the year's moratorium will be relieved of debt charges to France, Great Britain and the United States in the amount of 106 million zlotys, of which 36 millions represent payments on account of principal and 70 millions for interest. Furthermore, when Parliament, several months ago, approved the conditions of the Swedish Match Loan, the Government were authorised to employ 50 million zlotys of the proceeds for the prior payment of external debts. Assuming that these figures are correct, and that there will be no hitch in the Hoover Plan, the Budget for the present year will be greatly relieved by the unexpected windfall of 156 million zlotys.

Between June 10th and July 20th the Bank of Poland's foreign exchange holdings serving as cover declined from 283 to 167 million zlotys. They stood at 217 millions a year ago. The gold and silver reserve remains virtually unchanged for the month at 568 millions, but is down by 135 millions compared with a year ago; while foreign bills not serving as cover increased during the month indicated from 100 to 131 million zlotys. Currency circulation has been further contracted in consequence of the loss of foreign exchange, and on July 20th had reached the very low figure of 1,170 million zlotys (1,220 millions on the corresponding date of 1930). The stabilisation plan adopted in 1927 provides very effective safeguards against orthodox currency inflation; while the borrowing power of the Treasury at the Bank of Poland is moreover limited to 50 million zlotys.

With an excess of exports over imports for June, valued at 32 million zlotys (imports reaching the exceptionally low figure of 129 millions), the active foreign trade balance for the first half of 1931 amounted to 145 millions—according to the preliminary figures. The active balance for the corresponding period of 1930 was 88 millions. Imports declined in value from 1,147 million zlotys in the first six months of 1930 to 668 millions in 1931.

The cereal crop outlook is generally regarded as favourable, the harvest in most sections of the country now being well advanced. Wheat seems likely to yield about the same surplus for export as was available last year; and while the rye crop will be somewhat smaller, there should be a substantial balance for export. In consequence of the small stocks remaining from the last harvest, grain prices have continued firm throughout the past month and, with

the exception of wheat, have been quoted higher than they were a year ago. New crop prices, however, have not yet been established, and it may be found later in the year that the very great difficulty now being experienced in obtaining harvesting credits will contribute towards a sharp decline in grain prices. The Polish-German Rye Convention, which has controlled the export marketing of Polish rye during recent years, has been discontinued.

JAPAN.

Money Market — Stock Exchange — Capital Issues — Foreign Trade — Population.

(FROM OUR CORRESPONDENT.)

TOKYO, July 10.

CONDITIONS in the money market remain almost unchanged. The turn of the half-year was very comfortably negotiated. The note circulation showed a steady contraction after the turn of the month, despite the demands for Bon Festival; while the bank's gold holdings are steadily increasing and its technical position is thus becoming strong. As from July 10th, the leading banks lowered the rate charged upon overdrafts from 6.57 per cent. to 6.2 per cent. The bankers' committee also is considering a proposal to allow no interest on current accounts. In this country it is the general custom to allow a fixed rate of interest on the whole of the current account, though the rate is now reduced to $\frac{1}{2}$ per cent. This, together with their decision last month not to allow interest on balances kept with them by provincial banks, is an attempt on the part of the city banks to reduce their interest charges in view of diminished earnings.

President Hoover's moratorium proposal has obviously favoured bullish operations in the stock market, which had long been in a depressed state, and there has been a steady rise in shares all round since the latter part of last month. Some speculative favourites have advanced by 20 yen to 25 yen in the past fortnight. According to the official estimate, all the shares and stocks quoted at the Tokyo Stock Exchange increased in value by 276.6 million yen, or roughly 10 per cent. in the two weeks ended on Tuesday last. Conditions in many sections of the commodity markets also have suddenly undergone a marked improvement. The raw silk market, in particular, has recovered appreciably. Cocoon prices have steadily advanced in sympathy to an average of 3.40 yen per kamme, as compared with a mean of 2.70 yen for earlier crops. This has given some measure of relief to the agricultural situation.

But the moratorium proposal came apparently too late to affect the general level of commodity prices during last month. The wholesale index number of the Bank of Japan for June registered a further sharp drop of 2.1 per cent. on the month, being down to the same level as in May, 1916. The principal contributors to the decline are barley, wheat, tea and timber.

The new capital raised during the first half of the year was 440 million yen, as compared with 669.4 millions in the corresponding period of last year. The decrease is solely accounted for by the Government borrowings, which fell by 325.7 millions. But, apart from Government issues, the issues for non-Government purposes totalled 822.8 millions, or an increase of 96.5 millions upon a year ago. This increase, however, does not suggest a revival of activity in the new capital market, for the severity of the slump in new issues was almost unprecedented during the first six months of last year immediately following the return to gold.

The trade returns for last month show that, as compared with June, 1930, imports fell in value by 20,512,000 yen, while exports increased by 1,333,000 yen. The decline in imports is largely accounted for by raw cotton, iron and steel, and machinery; while raw silk is mainly responsible for the expansion in exports. A small but welcome recovery, however, is disclosed here and there on the whole list of both imports and exports. Imports of wheat, ammonium sulphate, oilcake, and jute, flax and hemp have appreciably increased; while on the export

side wheat flour, rayon products, hats and toys have done better. The total value figures for the first six months of the year reveal that, in comparison with the corresponding period of last year, imports declined by 265,134,000 yen, or 27.7 per cent., and exports fell by 154,806,000 yen, or 21.1 per cent., the excess of imports over exports amounting to 113,537,000 yen, as against 223,865,000 yen.

The birth-rate in Japan was lower last year. According to the recently published report of the Bureau of Statistics the natural increase in 1930 was 912,592 persons, or 14.16 per 1,000 of the population, the numbers of births and deaths being respectively 2,083,991, or 32.84 per 1,000, and 1,171,399, or 18.18 per 1,000. In 1929 the natural increase was 815,493, or 12.96 per 1,000, the birth-rate and death-rate being 33.00 and 20.04. The larger natural increase in 1930 was thus accounted for by a lower death-rate rather than a higher birth-rate.

CANADA.

Crops — Grain Marketing — Business Conditions — Foreign Trade — Federal Parliament — The Beauharnois Scandals — Reorganisation.

(FROM OUR CORRESPONDENT.)

OTTAWA, July 21.

THE latest crop report of the Dominion Bureau of Statistics gives a very optimistic account of the crop conditions in the eastern provinces where, thanks to favourable weather, corn, wheat, truck and fruit crops are excellent, and, although drought has reduced the yield of hay and root crops, they will still be up to the average. There is also some improvement in the prairie provinces, where the serious fodder situation has been relieved since the recent rains by a new growth of grass and late-sown grains. But the rains came too late to save the wheat crop over large sections of the main south central wheat area of the prairie country. In the northern and west central districts, where there is plenty of moisture for the present crop, prospects, though irregular, are, generally speaking, better. Some heavy hail losses have been reported in Saskatchewan, while grasshoppers and stem rusts are causing damage in Manitoba. No estimate of the probable western wheat yield has yet been officially hazarded, but authoritative crop experts now forecast that it will not be much in excess of 215,000 bushels. The carry-over on July 31st will be somewhere below 120,000 bushels, and, after allowance is made for domestic needs, Canada should, therefore, have over 200,000 bushels of an exportable surplus.

During the past week the problems of the complicated wheat pool situation has been the subject of a series of conferences at Ottawa, Winnipeg and Regina. The Bennett Ministry could not see its way to grant the request of the Premiers of the three prairie provinces for the revival of the wheat board system, but the argument that, under present conditions, the interests of the producer demanded some plan of central selling was impressive, and Premier Bennett suggested that there be brought into existence "an ordinary trading corporation" to handle the wheat crop of 1930; Mr Bennett made the further suggestion that for this season at least the elevator systems of the three provincial pools should be leased to this trading corporation. But the representatives of the pools thought that this proposal would be unpalatable to the farmers, and they made the suggestion as separate units under the existing control and should enter into an agreement with the proposed trading corporation to act as its agent in buying grain at open market prices and delivering it to the corporation for disposal. This plan is likely to be adopted and a substantial portion of the grain of Western Canada will probably still be marketed this year through a single channel. The Manitoba pool has already announced that it will operate on an optional open market policy, which means that pool members can either sell in the open market or continue

August 8, 1931.]

under the pooling system. It has also been announced that terms of repayment of the excesses on the 1929 crop, which resulted from prices dropping below the figure at which the initial payment on pool grain had been seized, have been arranged on a basis acceptable to the provincial Governments and the respective pools. The arrangements involve repayment by the pools over a term of twenty years at a low rate of interest of the moneys which the provincial Governments have been compelled to find for meeting their obligations to the banks under their guarantees. It is expected that Mr John I. McFarland, who is now general manager of the Central Selling Agency, will be put in charge of the new trading corporation.

No change is visible in the general business situation, although merchants report that the continued fall in prices is encouraging the public to make generous purchases, and that, although their profits are curtailed, their volume of sales is as large as a year ago. The carloading figure for the week ending July 11th, at 47,729 cars, showed an increase of 4,184 cars as compared with the previous week, but was still 13,259 cars below the figure recorded in the corresponding week of 1930. During June the value of building permits issued by sixty-one cities was \$8,470,738, which was a decrease of 28.6 per cent. as compared with the May total, and a fall of no less than 54.5 per cent. as compared with the total for May, 1930. Despite lower costs of construction, the value of permits issued during the first six months of the present year is, roughly, only two-thirds of the value of the permits issued in the same period last year.

The trade figures for June are again unsatisfactory. They show imports valued at \$52,507,534, as compared with \$91,543,981 in June, 1930, while exports were valued at \$54,348,421, as compared with \$78,703,281. It is the first time, however, for a long period that exports have exceeded imports in value.

The Federal Parliament is still in session and prorogation depends upon developments in the Beauharnois Committee. Most of the budget is through the committee stage and there have been comparatively few modifications of the tariff changes originally proposed. Mr Bennett has, however, withdrawn all the proposed amendments to the Income Tax, including the proposed tax of 2 per cent. on the dividends earned in Canada by non-residents. He has taken this course on account of allegations, made by prominent Liberal politicians, that he was personally deriving a very substantial relief from taxation by the proposed changes. The Bill establishing a new type of Tariff Board has also become law.

But at Ottawa everything else has been overshadowed by the sensational revelations of the Committee of the House of Commons which is investigating the activities of the Beauharnois Light, Heat and Power Corporation as the result of charges made by Robert Gardiner, the leader of the Progressives. This company is engaged on an extensive power canalisation project east of Montreal on the River St. Lawrence, and has begun the construction of its works under a lease of waterpowers from the Province of Quebec and a permit to divert 40,000 cubic feet of water per second from the channel of the river. Mr Sweezy, the President of the Corporation, has testified that he paid, prior to the last election, \$700,000 to the campaign fund of the Federal Liberal Party and \$3,000 to the Provincial Liberal Party of Ontario. An offer of \$200,000 to the Federal Conservative Party was refused, but the company gave generous donations to individual Conservative candidates and also handed over \$125,000 in Victory Bonds to a gentleman who is supposed to be the agent of the Provincial Conservative Party of Ontario. He, under examination, claimed that he had still possession of these bonds or their equivalent in securities, and intended to keep them as a reward for certain services he had rendered the company. His own testimony of his services, however, was not of the most convincing character, and the suspicion is freely asserted that more illustrious personages in the political world are interested in these bonds. It has also been shown that the Beauharnois interests dispensed fees on a most generous scale to a group of lawyers and lobbyists at Ottawa and Quebec.

From the testimony given it is estimated that the profits of the original syndicate were between \$7 and \$12 million, according to the price at which they disposed of their allotments of the common stock of the Beauharnois Light, Heat and Power Corporation. One very prominent Liberal politician testified that on an original investment of \$90,000, he had made profits of half a million dollars, and other members fared even better. The revelations have profoundly shocked the Canadian public, and there is a general demand that the inquiry, which is still in progress, should be prosecuted to the bitter end.

Letters to the Editor.

MINERALS AND INTERNATIONAL POLITICS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In the *Economist* of May 23rd is an unsigned review of my book on "World Minerals and World Politics," in which some of my statements of fact are contradicted. Such criticisms in a responsible journal like the *Economist* will naturally carry weight, and can hardly be allowed to pass unchallenged. In the nature of the case no one can claim to know all the facts in so large a field, but it has been my business to study this subject for a long time, with the best of facilities for personal observation and for source material. These facilities have included many committee investigations, contacts with foreign mineral specialists in the Peace Conference at Paris and since, advisory connections with our Government Departments, and many other institutional and professional relationships. I am sure that some of my British colleagues will be as much surprised as I am by the calm assurance with which certain facts, which have been pretty well agreed on professionally, are thrown aside in favour of a reviewer's impression of the subject, obviously based on partial knowledge of source material. If your reviewer is right, then other competent reviewers, including some well-known mineral specialists, have missed essential errors.

The reviewer quotes my statement that "the centre of gravity for minerals will remain as before with the North Atlantic countries," and then says "these assertions are largely in the nature of assumptions unsupported by evidence." I do not know what should be regarded as evidence, in view of the many citations of distribution of specific minerals contained in the book itself. This conclusion, subject to qualifications cited in the book, seems to be pretty well agreed on by the best qualified men in the mineral field the world over.

The reviewer says "Far from being static, the centre of gravity in regard to minerals is a changing centre," and cites in support the fact that the tin industry has migrated from Cornwall to Malaya, Bolivia and the Dutch East Indies. This does not touch the point which the book seeks to establish, namely, that while many shifts have been made in the past, and others are predictable for the future, the constantly increasing scale of consumption has tended to convergence of demand on a few large sources of supply, and the chance of duplicating such sources on a scale large enough to materially change the geography of the industry is becoming small as the world is better known. Nearly every tin specialist who has written on this subject has stressed this point for this particular mineral.

The reviewer questions the statement that in no other region now known outside of the great steel-making regions of America, England, the Ruhr, and North-Eastern France and adjacent territory would it be possible to duplicate these large units with equal efficiency, and intimates that the Russian developments have been overlooked. Iron and steel happens to be my special field of interest, and the statement is based on consideration of all elements in the problem. In making the generalisation quoted, the Russian resources and plans were carefully weighed, particularly as to scale and cost. The reviewer quotes a German statement, two and a half years old, of the results expected in Russia, and ignores recent important changes in plan based on the failure of expected raw materials to measure up to expectations.

The reviewer says that it is hardly accurate to say that "in most of the Empire, excepting Malaya, under direct control of the British Government, there are restrictions against alien exploration and acquirement of minerals," etc. This is again a subject which has been given most detailed study. Our Bureau of Mines, in conjunction with the State Department, has published digests of laws and regulations for all of these territories.* I have discussed this subject with informed

* "Information Circulars." U.S. Bureau of Mines, Washington, D.C.

specialists at a round table conference before your Institute of International Affairs.

The reviewer says: "It will be news to many, too, to learn that the same Government has taken an active interest in the nickel industry of Canada and in the manganese industry of the Gold Coast of Africa," etc. Apparently it is news to the reviewer, but he should look up the affairs of the British-American Nickel Company, the discussions published at the time of the change in control of the International Nickel Company, and the political obstacles to the American effort to acquire manganese concessions in the Gold Coast.

Quoting again from the reviewer: "The assertion that 'the British Government owns the majority of shares in the Anglo-Persian Company' is incorrect—the interest is less than one-third." The reviewer apparently overlooks the fact that ordinary shares carry two votes and preference shares one-fifth of a vote. The actual voting control of the British Government, as given in Skinner's "Oil and Petroleum Handbook for 1930," published in London, is slightly over 51 per cent.

In general the reviewer questions the statement that the British Government is giving political aid to the exploration of minerals outside its own spheres of influence, and calls it "a figment of the author's imagination." This is astonishing in view of the many public records of these activities, some of which are specifically cited in my book. An enlightening review of the relations of the British Government to oil development, published in *Foreign Affairs*,* is a good case in point.

The "author fails to take into account the probable new discoveries of gold, the recovery of gold as a by-product in the treatment of other ores, and the possibilities, with the improvement of scientific methods, of the extraction of gold from substances at present valueless for that purpose." Especially has the author overlooked the pre-Cambrian shield of Canada as a future source of gold. This is, so to speak, home ground. I am sure that even the most optimistic Canadian promoter would be slow to claim that the world will show a greater peak of production than in the past through future discoveries in this region. The reviewer should look up the recent discussion of the gold subject at the Economic Conference in Geneva. The American part of this discussion was based on rather elaborate investigations of reserves by our own Government departments, and corroborated by many European engineers. In a "gold" symposium at the Council on Foreign Relations in New York during the past winter the subject was threshed over by a competent group, and a conclusion reached which is flatly in contradiction to the reviewer's statement that "there can surely be little doubt that a greater peak will be reached in the future."

The reviewer doubts the existence of a steady trend toward common ownership and centralised directing of the mineral industry "in view of the number of separate and distinct productive units at the present time as compared with, say, 60 years ago." Again he had better look up his facts. My statement is based on careful and detailed analysis of the actual commercial control of the bulk of the mineral industries.

That "the known supplies of liquid fuel are nearing exhaustion in the United States," and that "the centre of gravity with respect to copper will within a short time shift from the United States to Northern Rhodesia," will certainly be news to American engineers whose business it has been to study these subjects. In both cases the obituary is decidedly premature. While Rhodesian copper developments have been large, the reviewer should compare them in scale with recent developments in Canada and South America, and particularly the recent huge additions to the Chuquicamata deposit in Chile.

The book discusses highly debatable subjects, affording wide latitude in interpretation. The statements of fact, while necessarily generalised and sometimes subject to qualification, were prepared with the utmost care and in collaboration with many competent specialists. To cite all sources specifically would have greatly extended the book and defeated my purpose to present a compact statement understandable to the general reader.—Yours, etc.,

University of Wisconsin,
Madison.

C. K. LEITH.

[Our reviewer writes:—Professor Leith complains of the "calm assurance with which certain facts, which have been pretty well agreed on professionally, are thrown aside in favour of a reviewer's impression of the subject, obviously based on partial knowledge of source material." Your reviewer does not wish to appear harsh, but that is precisely what he complains of in regard to Professor Leith's book.

Let us examine, in the order, in which he gives them, the points in the Professor's letter:—

1. *The Centre of Gravity for Minerals*.—Professor Leith says that his "conclusion, subject to qualifications cited in the

* Veatch, A. C.: "Oil Great Britain and United States." *Foreign Affairs*, July, 1931.

book, seems to be pretty well agreed on by the best qualified men in the mineral field the world over." Your reviewer contends that it is not pretty well agreed on, and the Professor quotes no authorities.

2. *Changing Centre of Gravity*.—That the centre of gravity of mineral production is not static is evidenced by the history of mineral development, e.g., Australia was at one time the centre of gravity of gold production; now South Africa is the chief source of production; probably in the future Canada will be able to claim predominance. The author produces no evidence in his letter in support of his contention that "the constantly increasing scale of consumption has tended to convergence of demand on a few large sources of supply, etc.," but shelters behind the general statement that "nearly every tin specialist who has written on the subject has stressed this particular mineral," but he names no specialist. Your reviewer, for instance, has written on the subject and has not "stressed this particular mineral." The author might, for instance, consider the case of coal as well as of tin, the field of supply of which has been greatly extended geographically of late years.

3. *Russia as a Steel Centre*.—The Professor does not appear to take seriously the opinion of Dr. Krummer embodied in his report of two and a half years ago, although this report was made to Messrs Blair and Company of New York and the Deutsche Bank of Berlin, after his visit to Russia. Perhaps the Professor has not seen the report. Far from ignoring recent changes in Russia your reviewer has been peculiarly alive to them. Last year Mr H. R. Knickerbocker, foreign correspondent of the *New York Evening Post*, was sent to Russia by his paper to report on the industrial conditions there. The result of his investigations has been published recently. In describing the steel plant at Magnetogorsk he designates it "the largest construction camp in the world, at the base of the most highly concentrated deposit of iron ore in the world, which American engineers, operating under the biggest contract ever closed in engineering history, are helping to turn into what is planned to become the greatest steel centre on earth." Eight hundred million roubles is being invested by the Soviet Government in the undertaking. The neighbouring supplies of iron ore are put by Mr Knickerbocker at 275 million tons of magnetic iron containing 62 per cent. of metal. He says: "There is no doubt in the minds of the American engineers at work here that the Magnetogorsk plant will be finished very nearly on time, and that by October of next year the first two blast-furnaces will go into operation, and at short intervals thereafter more furnaces will be installed until all eight are working." Far from there being a "failure of expected raw materials to measure up to expectation" the reverse is the case, we have seen what the supplies of iron ore amount to. As to fuel, Russia is exporting her surplus. Of suitable fluxes, the supplies are vast. Wherein then lies the deficiency?

4. *Restriction against Alien Exploration and Acquisition*.—Professor Leith produces in his letter no evidence that contradicts your reviewer's criticisms. He does not adduce any evidence in support of his assertion that the British Government has taken an active interest in the manganese industry of the Gold Coast of Africa, and in the effort to secure high-grade iron ores. The American Bureau of Mines has unpublished digests of the laws and regulations of various British territories, so has the Imperial Institute in London—and your reviewer prefers the latter.

5. *The British Government's Holding in the Anglo-Persian Company*.—Professor Leith stated of the British Government in his book (page 87) that "It owns the majority of shares in the Anglo-Persian Company." According to the Stock Exchange year book, the capitalisation of the company and the British Government's holding therein are as follows:—

Issued capital, £23,925,000.
Divided into 13,425,000 ordinary shares,
7,000,000 first preference shares,
3,500,000 second preference shares.
The holding of the British Government is:—
7,500,000 ordinary shares,
1,000 first preference shares.

or a total of 7,501,000,
which is less than one-third, which was what your reviewer stated.

6. "Especially true of the British Government—that it is giving political aid to the exploration of minerals outside its own sphere of influence."—Your reviewer stated that, in order to be of any value, such a declaration should be supported by actual instances. None were forthcoming in the Professor's book and none are forthcoming in the Professor's letter.

7. *Peak in Gold Production*.—This must remain a matter of opinion. Time alone will prove who is correct, Professor Leith or your reviewer. But the view of the eminent authorities with whom the latter has discussed the point, coupled with his own knowledge of the subject, leads him to the definite conclusion that the record of production has not yet been reached, for the reasons given in his review.

8. *Supplies of Liquid Fuel in the United States*.—As to the resources of oil in the U.S.A., the Professor is doubtless acquainted with the conjoint report of the United States Geological Survey and the Association of American Petroleum Geologists to the President of the U.S.A., from which it is evident that, at the present rate of production, the life of the oilfields was very limited.

9. *Copper and Northern Rhodesia*.—Your reviewer is well acquainted with the copper developments in Canada, having recently made a tour of inspection of Canadian mines, and is informed as to the developments at Chuquicamata in Mexico, but these are far surpassed by those of Northern Rhodesia. Further comment seems unnecessary.]

EXPORTS AND EMPLOYMENT.

TO THE EDITOR OF THE ECONOMIST.

SIR,—There is one point in connection with the letter which you published from me last week to which it is desirable to refer. In your editorial comment you referred to the question of the proportion of salaries to total remuneration, and owing to the omission of two or three words in the letter, I think it possible that my point may not be clearly understood. The sentence in the fourth line from the bottom on page 224 should have read: "For (a) alone, I took salaries at 10 per cent.," etc. The words italicised, though in my draft, were omitted in the typed letter sent to you, and it is possible that their omission may cause difficulty in following my argument.—

"Thornhill,"

Yours faithfully,

E. C. SNOW.

Kenley.

August 4, 1931.

THE FIDUCIARY ISSUE.

TO THE EDITOR OF THE ECONOMIST.

SIR,—While no one will deny that we are glad that the Central Banks of France and the United States have agreed to give us a credit of £50,000,000, there are some people who will question its necessity, and many who will hope that recourse to these credits will be unnecessary. One of the best remedies for an unfavourable exchange and gold drain is an export of commodities. To have recourse to these credits would be to retard the development of our export trade. This is stimulated by a depreciated exchange which is a natural stimulus and often provides a corrective. Another remedy is a transmission of bullion. This has evidently proved ineffective. There remains a third remedy, i.e., to contract the note issue, and this is generally accompanied by a rise in the Bank rate. To increase the fiduciary issue by £15,000,000 appears to me likely to accentuate our troubles rather than to relieve them. It will not improve the exchange nor stop the gold drain. What is wanted is a decrease in the fiduciary issue, not an increase. I hope, therefore, that this proposal will not be proceeded with, and that there will be no recourse to the credits. "The fault, dear Brutus, is not in our stars, but in ourselves that we are underlings." Economy and sound finance will help to bring about prosperity.—Yours, etc.,

34, Queen Anne's Gate Gardens, S.W. 7. D. M. MASON.

August 3, 1931.

[Our views on these questions are expressed in an article on a previous page.—Ed., Econ.]

ARMAMENTS, TARIFFS AND CONFIDENCE.

TO THE EDITOR OF THE ECONOMIST.

SIR,—As one who has over a lengthy period of time made a detailed study of the subject of armaments, will you permit me to express my doubts as to the advantage to be gained by approaching the goal of confidence from the angle that appeals alike to you and to the Government?

Surely armaments, however expensive or inexpensive they may happen at any time to be, are the means to an assumed end of national self interest? They are an effect rather than a first cause of a lack of confidence.

So long as States seek or have, because of the distrust and frequently antagonistic interests of their more influential nationals, a disposition to perpetuate their political separation, there is going to be no disarmament save under the influence of some entirely transient itch for economy.

Whilst France and Germany have no over-riding material inducement, such as an interchange of investments and an interdependence of essential industries, they will not be able to live down the memories of what have been in the past by no means purposeless quarrels over the allocation of Lorraine or the occupation of the barrier towns of the Netherlands. And, in the event that international statesmanship does nothing to help Italy find an outlet for her rapidly expanding population otherwise than to the disadvantage of her nearest neighbours, or France to have safe passage for men and materials between Marseilles and Northern Africa, a few submarines and cruisers more or less will make scarcely an atom of difference to the tension between these two national States.

Tariff truces and Customs unions, also, must follow and not precede the merging of vitally important economic interests. These, like the more destructive means of advancing or defending the latter, will atrophy when there is felt no longer a need to safeguard property and person against another State.

Such were the origins of the United Provinces, of the Union between England and Scotland, and of the German Zollverein. That politicians, who think invariably in terms of the mechanism of the State, even if it is only one which, as in the case of the Labour Government, they have begun to take over, should so put the cart before the horse and seek first Free Trade or disarmament and then confidence as a means to undisturbed economic intercourse, is not something whereat to wonder.

All the same, it is the exact opposite of the direction in which to travel to the solution of the problem.

Remove the cause of all war and armaments will become a luxury that no nation will continue to have produced for it—even to find employment at high wages for workmen and high rates of interest on credits advanced by the bankers. Instead, the world can, if it so wishes, turn for this purpose to the less dangerous, though almost equally uneconomic, expedients of Mr Cole and Mr Keynes.—Yours very truly,

11, Lilyville Road,
Fulham, London, S.W. 6.
July 20th.

WALTON NEWBOLD.

COMPANY LAW REFORM.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The heavy losses of capital in British industrial and other public limited companies of late years, often in excess of dividends received, has caused widespread distrust and want of confidence amongst shareholders and investors.

The Company Law wants strengthening to give them greater capital security and control over the selection of directors, who should be legally compelled to state their business, technical or professional qualifications and experience. All directors, secretaries, auditors and company valuers should have registration certificate or licences, which could be suspended or cancelled in cases of incompetence, misconduct, carelessness or neglect of duty.

The numbers and remuneration of directors are often very excessive and quite unnecessary with good whole-time managers and staffs. The promotion of public companies should be done through registered firms or companies of financial soundness and good repute.

The registration or licensing system eliminates "undesirables," who can be struck off the registers, if justified, and prohibited from doing further mischief. The raising of new capital, particularly debentures and preference shares, as prior charges or *pari passu* with existing securities (often depreciated in consequence), should not be allowed without a certificate from auditors and valuers that the assets of the company will be adequate to cover fully the increased capital when subscribed.

Over-capitalisation is a frequent cause of company failures. The safeguarding of shareholders is of vital and urgent importance in the national interest to restore confidence in industrial and other public limited companies, so that anyone, even if inexperienced, can invest their money in reasonable safety without the risk of losing it.

Much Parliamentary time is wasted, instead of concentrating on the things that matter, such as Company Law Reform.

Yours truly,

D. H. WILLEY.

Chetwynd,
Canford Cliffs,
Bournemouth.
July 25, 1931.

Just Published

THE WORLD ECONOMIC CRISIS 1929-1931

By PAUL EINZIG, D.Sc. 7s. 6d. net

"The book, like any other from this pen, is stimulating and provocative. Its thesis is worthy of careful pondering. Its appendices, reviewing the crisis from the aspects of the individual countries affected, are extremely valuable to anyone who desires to correct his personal perspective of the past year and a half."—*The Financial News*.

Macmillan & Co. Ltd. London W.C.2

Books and Publications.

THE FACTORY ACTS.*

"Redgrave's Factory Acts" is so well known to those concerned with the legislation with which it deals—the present edition is the fourteenth—that a very brief indication of its contents would have sufficed were it not that the editor of the new edition has done more than simply bring the book up to date. "Redgrave," as its users know, is a full and comprehensive text-book on the Factory Acts and other industrial legislation associated by subject-matter with the main series. The Factory Acts have twice been consolidated—once in 1875 and again in 1901—and they now include numerous amending Acts passed since the last consolidation. Besides the long chain of Acts, there are many regulations made under them and revised from time to time, and, after an interval of six years, a reissue of "Redgrave" was undoubtedly needed. Mr Joseph Owner, the present editor, who, besides possessing legal qualifications, looks back on a long experience in the Factory Department of the Home Office, has taken the opportunity to rearrange the contents of the volume more systematically and to enlarge the index, and so has effected a substantial improvement in this standard work. The further consolidating legislation, promised again and again in the King's Speech, has failed to materialise. Bills, it may be recalled, were prepared by a Labour Government in 1924 and by a Conservative Government in 1926, but were not proceeded with. Pending the long-deferred consolidation the assistance of a text-book is specially useful. Moreover, in recent years various judicial decisions have been recorded and other changes calling for notice have occurred and have been duly incorporated. Besides the principal series of Factory Acts with the regulations for dangerous trades (which are now arranged alphabetically) the book covers the Truck and Shops Acts and Regulations, as well as various Education and other Acts affecting persons industrially employed. Thus it brings a mass of information between two covers, but the volume is not so well produced as it might have been.

BOOKS RECEIVED.

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

Unemployment Problems in 1931. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 6s.

A general account of the position, based on the report of the Director of the International Labour Office, with essays by well-known experts on some of the most important causes of unemployment.

* "Redgrave's Factory Acts." By Joseph Owner. 14th edition. (London) Butterworth & Co. (Publishers), Ltd., and Shaw and Sons, Ltd. 21s.]

The House of Industry. By S. G. Hobson. (London) P. S. King and Son, Ltd., Orchard House, Westminster. 1s.

A proposal to substitute for the House of Lords an elected chamber representative of the various industrial groups.

Wage Determination in the Coal Mining Industry. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 2s. 6d.

An international survey under the auspices of the League of Nations.

Statistical Year-Book of the League of Nations, 1930-31. (London) George Allen and Unwin, 38, Great Ormond Street. 7s. 6d.

The latest edition of this valuable handbook contains new tables giving statistics of unemployment by groups of industries, strikes and lock-outs, yields of bonds, share indices, discount rates, etc.

A Century of Progress, 1831-1931. (Bourneville) Cadbury Bros., Ltd. 2s.

A profusely illustrated booklet containing an account of the activities of the Cadbury firm during the hundred years of its existence.

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

This issue contains an article by M. Parker Willis on "Real Estate" Obligations in American Banks.

Handbuch der Exportpraxis. By Walter Schück. (Stuttgart) C. E. Poeschel Verlag, Calwer Strasse, 18. Rm. 18.

A treatise on exports, with special reference to the export of German manufactures.

Statistical Contributions to Canadian Economic History. By C. A. Curtis. In two volumes. (Toronto) The Macmillan Co. of Canada, Ltd., St. Martin's House. \$10.00.

A remarkable collection of statistics of banking, foreign trade and prices.

Bills, Cheques and Notes. By J. A. Slater. Fifth Edition. By L. Le Marchant Minty. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 5s. net.

An account, for the student and general reader, of the law relating to bills, cheques and notes.

Handbook of New York City Banks. Edited by F. Edmonds Tyng. (Nek York) Overseas Statistics, Inc., 261, Broadway. (London) London General Press, 6, Bouverie Street. 10s.

The new service gives in a concise form up-to-date statistical information on all the leading New York banks and trust companies.

Mass Production. By Sir Eric Geddes. (London) The Pelican Press, 2, Carmelite Street. 6d.

A pamphlet illustrating the importance of mass production and adducing it as an argument in favour of protection.

The Austrian Year Book, 1931. Edited by the Austrian Federal Press Department. (Vienna) Manzschke Verlags-und Universitäts-Buchhandlung.

A detailed survey of political, economic and cultural conditions in Austria. Most of the information and statistics are taken from official sources.

Financial and Economic Statistics of Japan (1913-1930). (Kobe) Institute for Commercial Research, University of Commerce.

A useful statistical year book.
Scienza delle Finanze e Diritto Finanziario. By Professor Avv. Giovanni Fasolis. (Genoa) Gruppo Universitario Fascista.

A Fascist treatise on public finance.

The Roumanian Handbook. By Norman L. Foster and Demeter B. Rostovsky. (London) Simpkin, Marshall, Ltd., Stationers' Hall Court. 10s. 6d. net.

An illustrated account of political, economic, cultural and social conditions in Roumania.

OFFICIAL PUBLICATIONS RECEIVED.

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

Committee on National Expenditure: Report. Cmd. 3920. 4s. net.

Department of Overseas Trade: Economic Conditions in Roumania, May 1931. 2s. 6d. net.

Empire Marketing Board: Production and Trade of Mauritius. July, 1931. 2d. net.

The Stock Exchange.

HOME RAILWAY EARNINGS.

WITH the publication of interim dividends this year, each of the main-line British railways has made public much more detailed information in regard to the trend of expenditure than on any previous occasion. This departure is greatly to be welcomed, for the railways undoubtedly have a great deal to explain. In recent years stockholders have suffered a heavy decline in the value of their securities, which, to-day, are standing at lower levels than at any time since the "grouping" of the railways in 1923. Since the regular publication of weekly railway traffic figures affords stockholders immediate intelligence, in depressed times like the present, of every decline in gross revenue, whereas details of economies tending partially to offset such losses are reserved for the annual reports, the market attaches the utmost value to the opportunity of checking its impressions in the light of the information given in the half-year's statements.

Though the market has frequently appealed to the railways for the publication of net traffic figures at monthly intervals, on the American model, all the boards have hitherto been adamant in their refusal—though the last request was, in fact, backed by every large firm of Stock Exchange dealers in Home Railway securities. The railways maintain that conditions in Great Britain and America are not on all fours. An important percentage of the British railways' receipts is derived from ancillary businesses, whereas there is no similar complication in the United States. On the American railways passenger traffic revenue is far less important than on the British systems, where the variation in the incidence of Bank Holidays makes comparisons month by month unreliable. Finally, the railways declare, on many American railways climatic conditions differ widely between summer and winter, and the heaviest charges can be made to fall against the months of heaviest receipts. In Great Britain, on the other hand, it is profitable to apportion expenditure more evenly, regardless of receipts in individual periods, so that net figures for any particular month may be unrepresentative of those for a whole year.

Whatever the merits of these arguments, investors must clearly rely, for the present, on such infrequent intimations of the true earnings position as the railways are prepared to afford them. From the official statements issued in the last fortnight by the four group railways, supplemented by published traffic receipts for the first twenty-six weeks of 1931, it is possible to gain a fair insight as to how far the individual companies have succeeded in reducing their expenditure proportionately to their losses in revenue. Unfortunately, the statements of the four railways are not issued on a uniform basis, and it is, therefore, advisable to take in turn the figures made public by each company.

On the London, Midland and Scottish Railway, the published traffic figures for the first twenty-six weeks of 1931 showed a decrease of 6½ per cent. in passenger receipts, 14½ per cent. in merchandise receipts, and of 2½ per cent. in coal receipts, with a gross railway traffic loss of £2,965,000 (9 per cent.). Since gross revenue is stated to have fallen off for the first half year by £3,400,000, it may be taken that gross receipts from ancillary services and miscellaneous sources dropped by rather more than £400,000. Expenditure was reduced by no less than £2,400,000, but since £400,000 of this was in respect of the 2½ per cent. deduction in salaries and wages which applied for the first nineteen weeks of 1930, the reduction in net revenue under comparable conditions for the first half-year stood at £1,400,000.

On the London and North Eastern Railway the published traffic figures for the first twenty-six weeks of the year showed decreases of 9 per cent. in passenger receipts, 14½ per cent. in merchandise receipts, and 8½ per cent. in coal receipts, with a gross railway traffic loss of £2,866,000 (11½ per cent.). Since gross revenue is stated to have fallen off for the first half-year by £3,130,000, it

may be taken that gross receipts from ancillary services dropped by rather more than £250,000. Expenditure was reduced by as much as £2,140,000, so that the net revenue fell by approximately £990,000.

The Great Western Railway's published traffic figures showed a falling off of 7½ per cent. in passenger receipts, 11 per cent. in merchandise receipts, and 14 per cent. in coal receipts, with a gross railway loss of £1,469,000 (10 per cent.). The gross revenue is stated to have fallen off for the first half of the year by £1,777,000, of which gross receipts from ancillary businesses accounted for £308,000. Gross expenditure was reduced by £988,000, but the net figure was stated to be £815,000, thus leaving a reduction of £962,000 in net receipts.

The Southern Railway's gross returns revealed decreases of 5½ per cent. in passenger receipts, and 8½ per cent. in merchandise receipts. There was, however, a 7½ per cent. increase in coal receipts, the gross railway traffic loss being rather over £500,000, or approximately 5 per cent. Railway expenditure was reduced by over £300,000, but net receipts from steamboats were £36,000 less, although this decline was offset to a small extent by a slight increase in net receipts from docks (presumably at Southampton). An increase of £57,000 in general interest, chiefly from allied omnibus companies, was more than offset by the £75,000 required for dividends on the £3,000,000 of additional guaranteed preference stock issued in April, 1930.

The reductions in expenditure achieved on all four lines are imposing. They have not saved the London and North Eastern from the necessity of drawing temporarily on general reserves to pay first preference dividends, or the London, Midland and Scottish from postponing and the Great Western and Southern from reducing their interim ordinary distributions. Nor have they removed the qualms of prior stockholders on the two largest systems lest even the "Chancery" Trustee status of their holdings may be prejudiced, some months hence, if traffic receipts continue to decline. In the absence of substantial economies, however, the immediate prospects for most stockholders would have been dark indeed, and from their point of view the reductions in wages and salaries from the end of last March came none too soon.

During the first nineteen weeks of last year, a 2½ per cent. voluntary "cut" in all salaries, fees and wages was in force, which came to an end in May, 1930. Since the beginning of April this year, however, a new reduction of, roughly, 4 per cent. has been effected under the Board's award. Since no deduction was in force during the second half of 1930, whereas for the second half of 1931 the existing deduction will apply throughout, the comparative benefit, in the matter of net receipts, will be materially greater than during the first half of this year.

This year G.W.R. figures have reflected the serious repercussions on trade in South Wales of the coal stoppage from January 1st to 17th, and it may be hoped that there will be no recurrence of any such item in the remaining 1931 figures. On the other hand there was little sign during July of any improvement in the weekly traffic receipts of any of the four companies, and there is no present indication, either in the index of price levels, or the unemployment figures, that any real improvement is to be expected in the near future.

In short, final dividend prospects on all the four lines will be mainly dependent upon the companies' ability to keep expenses to the present low level, and possibly even to cut them still lower. It is relevant to point out, in this connection, that no British railway has as yet permitted its maintenance policy to get into arrears, though such a policy has admittedly been followed by many foreign railways, including even some of the largest American systems. The physical condition of British railway properties, indeed, is as good to-day as it has

ever been, if each system is taken as a whole. Apart, however, from the economies which are steadily being achieved through standardisation of rolling stock and other internal improvements which are cumulative as the years pass, there must obviously be a limit to the extent of possible reductions in expenditure, other than wage rates, which have now been stabilised, at least until April, 1932.

As regards individual systems, the two Northern lines have naturally suffered more seriously from the stagnation of industrial production than have the Great Western and Southern Railways. During the past half-year the tonnage of manufactured iron and steel carried by the L.N.E.R. has dropped by nearly 40 per cent., and iron ore traffic on the L.M.S.R. by 45 per cent., as compared with the corresponding period of 1930. That the L.N.E.R. should be able to cut down expenses by £2,140,000 is decidedly creditable, particularly as the pre-group railways in this company were, on the average, less strong than those comprised within the L.M.S.R., which, nevertheless, is entitled to take a pride in its achievement of cutting its expenditure by £2,000,000. In toto, the savings of the four groups amount to well over £5,000,000, as compared with a loss in receipts of about £8,500,000. These savings are the more noteworthy since they follow savings of £18,000,000 effected since 1922. Doubtless the fall in prices of materials has been of great assistance to the managements, but in the main the savings under headings other than wages have been due to better organisation and increased technical efficiency. The Southern Railway has been greatly assisted by the development of the Kent coalfield, which has been important, less for the traffic it has brought to the system, than for its effect on the total fuel bill. The inability of the G.W.R. to offset its loss in receipts to the same extent as the Northern companies may be explained in part by the South Wales coal stoppage in January, but to a greater degree by the fact that the railway under the grouping scheme, was far more homogeneous than any of the other three systems. The bulk of the Great Western's potential economies from amalgamation have probably been already obtained, while those of the Northern companies may continue to be a material, if decreasing, factor for some time to come.

It is clear that junior stockholders of all the systems in varying degrees will have an awkward fence to cross next February. Their holdings, being part of a "high-gear" structure, with much fixed-interest and relatively little equity capital, must reflect in exaggerated form all fluctuations in net earnings. The L.M.S.R., for instance, has £319,000,000 of debenture, guaranteed and preference stocks ranking in front of its £95,000,000 of ordinary capital, and every 1 per cent. fall in the net receipts below last year's level represents a decline of 15 per cent. in the available revenue for the ordinary stockholders in 1930. Further, the railways' policy has always been to pay out earnings up to the hilt, so that there is no dividend equalisation reserve to act as a cushion between bad and good times.

	Highest, 1923-27.	Highest, 1928.	Highest, 1929.	Highest, 1930.	Present Price.	Yield at Present Price per cent.
L.M.S.—						£ s. d.
4% Preference	86½	78½	75½	75	40	10 10 6
4% Pref. 1923	85	77	74	73	30	14 5 8
Ordinary	118½	76½	59	57½	14½	NH½
L.N.E.R.—						
4% 1st Preference	86½	72½	67½	72	39	10 16 2
4% 2nd Pref.	84½	66½	59½	63½	19½	22 17 1
5% Prefd. Ord.	89½	44½	39½	39	9	NH
Deferred Ord.	39½	17½	15½	13½	3½	NH
G.W.R.—						
5% Cons. Preference	107½	101½	99½	99	81½	6 5 9
Ordinary	118½	103½	91½	94	41½	7 9 0½
S.R.—						
5% Preference	106½	96½	95½	96½	75½	6 16 11
Prefd. Ord.	89½	79½	77½	76½	48	6 9 0½
Deferred Ord.	46½	40	34½	33½	10½	NH

† Based on interim statements.

In due course, however, it may be presumed that railway earnings will recover, once the abnormal trade depression has passed. The trend of the figures during

recent years, rather than their behaviour in an abnormal year, may be the best criterion of the real potentialities of every group from the stockholders' viewpoint. The table of "peak" prices for junior stocks in recent years, shown at the foot of the preceding column, suggests that, on the two "heavy" lines at least, while the drop in preference shares regarded as being "within the danger zone" has dated only from the last few months of acute depression, the fall in ordinary stock values has extended over a much longer period.

The figures suggest that ordinary stockholders should not merely examine the figures for 1931, but should look with retrospective eye over the record of more normal years and, in effect, ask of each railway *quo vadis*? The material for such a survey is contained in an *apologia* issued this week by the railways. The propose, accordingly, to discuss the conclusions suggested by this document in a subsequent article.

THE WEEK IN THE MARKETS. THE LONDON STOCK EXCHANGE.

SETTLING DAYS.
TICKET. August 12. ACCOUNT. August 13.

BUSINESS was resumed after the holiday under quiet conditions in a "thin" House. Uncertainty still prevailed regarding the international situation, and though the closer co-operation of the central banks and the week-end news of the Franco-American credits created a good impression, the market found some difficulty in estimating the import of the new developments. Quotations were fairly firm at the opening, but showed a weaker tendency subsequently. Though the majority of values moved within narrow limits, Wednesday's sharp fluctuations in sterling were reflected in the course of values for British Government stocks.

Gilt-edged securities opened in satisfactory fashion, Consols and Funding Loan being well supported, though War Loan declined on Mr Snowden's "conversion" statement. The crop of rumours which circulated in mid-week, together with fears that gold withdrawals would be resumed and would be followed by a fresh increase in Bank rate, were in the main dispelled on Thursday, but weakness in the Funds recurred after a short-lived improvement. Among Dominion stocks the New South Wales issues responded to the premature announcement that interest payments would be met, while other Australians remained firm on news that Treasury bills were being renewed on a lower interest basis. India stocks were initially firm, but subsequently there was some selling of the long-dated issues.

Idle conditions prevailed in the Foreign Bond market. Brazilians suffered from scattered realisation and the receding milreis, and San Paulo Coffee 7½'s eased perceptibly. Argentine stocks were heavy in sympathy with the peso and Chileans remained a nominal market, following the delay in meeting the August coupon on the 6 per Cents. in 1926. Europeans were extremely dull, absence of selling pressure being in itself insufficient to prevent the gradual decline of German, Austrian and Hungarian loans.

Home Rails were friendless, and quotations continued to ease. The week's traffics showed no change in the current trend. Recent earnings figures are the subject of comment on an earlier page. Undergrounds and Metro-politans shared in the depression. Foreign Rails were again despondent. Argentine rails were detrimentally affected by a bad patch of "traffics," the decline in the case of B.A. Great Southern being particularly severe.

In the Industrial market, selling pressure and visible support were alike absent, though a few issues were slightly better on bear closing before the end of the account. Transatlantic issues opened firm, with the exception of Nickels, which relapsed following the cut in the quarterly dividend. Irregularity later supervened, Paris being a seller of internationals. Cables and Wire-fluctuated irregularly. Moderate support was forthcoming for breweries on the issue of the Guinness and

Watney Combe reports, but the improvement was not maintained. Motor shares were not particularly active, with the marked exception of Leylands, which advanced sharply on provincial buying. Slaters and Bodega among the caterers declined on the proposed merger with R. E. Jones (discussed in a Note on page 283). Celanese stocks were steady on the maintenance of the Canadian Celanese preferred dividend. Banks and insurance shares were inclined to droop.

The Oil share market was quiet, what little news there was being far from encouraging. Dullness in the Shell group followed the announcement of poor earnings by Shell Union for the June quarter. Rubber shares found few supporters, the commodity touching a new low level at 2½d. Trusts were easier and Sua Betong again relapsed. There were few quotable alterations among Tea shares, the movement in Consolidated Tea and Lands being only one of several against holders.

In the Mining share market Kaffirs continued to hold their own, buoyed up by the satisfactory nature of the last monthly returns. Professional profit-taking brought small declines on Wednesday, but West Rand, West Springs and Randfontein had a satisfactory appearance. Rhodesians were idle, "Chartered" fluctuating to a lower level. De Beers failed to hold an initial advance. Tins were again far from popular, and Tinto resumed their downward course.

"FINANCIAL NEWS" DAILY BARGAIN INDEX. (Approximate number of Bargains recorded in Stock Exchange Lists.)

	July 30, 1931.	July 31, 1931.	Aug. 3, 1931.	Aug. 4, 1931.	Aug. 5, 1931.	Aug. 6, 1931.
Government and Municipal Loans	1,340	1,205		1,335	1,174	1,221
Transport, Communications, and Public Utilities	668	708		638	631	724
Commercial and Industrial Banks, Insurance and Financial	1,159	883		1,049	1,024	1,018
Mines (including Nitrates) ..	432	412		427	371	448
Oil	287	260		328	383	341
Other	98	54		89	122	80
Rubber, Tea and Coffee	80	75		60	62	73
Total	4,064	3,597		3,926	3,767	3,905

* Including iron and steel and breweries.

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

	July 30, 1931.	July 31, 1931.	Aug. 3, 1931.	Aug. 4, 1931.	Aug. 5, 1931.	Aug. 6, 1931.
Highest of 1931. (Jan. 5.)						
Lowest of 1931. (May 19.)						
72.3	54.6	57.9	57.8	58.3	57.9	58.0

* Bank Holiday.

FOREIGN STOCK EXCHANGES.

NEW YORK.

Activity in all markets has remained at an exceptionally low level, total share transactions failing to reach the million mark on any day this week. A favourable interpretation was at first placed on the week-end news of the international position, the Franco-American credit to the Bank of England being expected to have an immediately tranquillising influence. In view, however, of reports of the mixed reception of the news in London, and the impression that negotiations for clearing up the German situation were making slow progress, a more uncertain tendency subsequently developed. Domestic business indications remain unsatisfactory. Steel plants were working last week at only 30 per cent. of capacity, the July production figure being the lowest since November, 1921. The United States Steel Corporation has announced a 10 to 15 per cent. reduction in salaries from August 15th. Car loadings have shown more than seasonal declines, and another unfavourable factor has been the announcement of trading losses for the first half of the year by concerns like Shell Union Oil, Packard Motors, General Asphalt, Patino Mines, and Pittsburgh Steel. Among leading concerns which have followed the Steel Corporation's example and reduced their dividends to a lower annual basis are Bethlehem Steel and Standard Oil of Indiana. Commodity prices, concurrently, have shown signs of renewed instability, cotton having been particularly weak. The application of the railroads for increased rates will not

have a smooth passage, the Interstate Commerce Commission having shown a disposition to initiate independent enquiries into railroad methods.

	July 25, 1931.	July 30, 1931.	Aug. 6, 1931.		July 23, 1931.	July 30, 1931.	Aug. 6, 1931.
U.S. 3½% T. Bds.	106½	106½	106½	Natl. Biscuit	60½	56½	56½
U.S. 4½% T. Bds.	102½	102½	102½	Phelps Dodge	19½	11½	11½
Do. 4½% T. Bds.	103½	103½	103½	Pullman	37½	34½	29
Do. 4½% T. Bds.	104½	104½	104½	Sears-Roebuck	55½	55½	55
Atchafalpa	161	155½	147	Studebaker	18	18	16½
Ches. & Ohio	35	34½	34½	Un. Fruit	58½	57½	54½
Erie	20½	20	19	U.S. Leather	7	6½	5
Illinois Central	48	44½	40	U.S. Rubber	14½	13½	12½
N.Y. Central	84	76	72½	U.S. Steel	37½	34½	34½
Pennsylvania	46½	45	42½	Westinghouse	65½	61½	58½
Southern Pacific	80½	77	74½	Woolworth	67½	68	68½
Southern Ry.	30½	27½	25½	Am. Tel. & Tlg.	176½	171½	166½
Union Pacific	162	155	146	Interboro R.T.	23	21½	21
Am. Can.	101½	94½	89½	Int. Tel. Teleg.	30½	28	26½
Amer. Smelting	37½	31	28½	Radio Corp.	177	17	16½
Anaconda	26½	25	23½	Crillies P. & L.	22½	21½	21
Bethlehem Steel	44½	35½	37	W. Union Tlg.	114½	113½	107½
Chrysler Motor	22½	24½	22½	Associated Gas "A" ..	13½	12½	...
Corn Produce Rf.	66½	65½	63	Pan. Amer. B.	24½	24	24
Eastman Kodak	143½	137½	133½	Shell	18	17½	17½
Gen. Electric (New)	40½	39½	39	Shell Union	6	4	4
Gen. Motors	37½	37½	36½	Sinclair Oil	10½	10½	9½
Int. Harvester	43½	39½	39	Std. California	37	36	35½
Montg. Ward	20	20½	26½	Do. N.J.	38½	37½	36½

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	July 29.	Aug. 5.
337 Industrials ..	134.5	218.9	98.2	174.1	99.6	87.0	86.6
33 Rails	127.8	173.5	89.1	145.6	92.0	71.2	68.4
34 Utilities	167.6	330.4	153.2	267.4	158.1	152.0	151.2
Total, 404 stocks ..	140.3	228.1	105.5	184.2	107.6	94.7	94.0
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	6.05%	6.10%

(Continued on page 282.)



SALMON P. CHASE, Secretary of the U.S. Treasury under LINCOLN

Corporate Trustee Service

MATERIAL benefits are gained by appointing The Chase National Executors and Trustees Corporation to act as executor and trustee under your will.

These include continuous corporate life, varied financial experience and unquestioned responsibility.

Moreover, as a subsidiary of The Chase National Bank of the City of New York, the extensive facilities and wide experience of the bank as a whole are at the disposal of the executive officers of this corporation in the administration and settlement of estates; a decided advantage particularly where the estates include American or other foreign assets.

All the directors of this Corporation are officers of The Chase National Bank.

Write to the Management for full particulars.

THE CHASE NATIONAL EXECUTORS AND TRUSTEES CORPORATION, LTD.

10 MOORGATE, LONDON, E.C.2

A subsidiary of The Chase National Bank of the City of New York.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

Prices Year 1930.				Prices Year 1931 Jan. 1 to August 5, (inclusive).				Name of Security.				Prices Year 1930.				Prices Year 1931 Jan. 1 to August 5, (inclusive).				Name of Security.				Prices Year 1930.				Prices Year 1931 Jan. 1 to August 5, (inclusive).				Name of Security.				Prices Year 1930.				Prices Year 1931 Jan. 1 to August 5, (inclusive).				Name of Security.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High-

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, July 29, 1931.	Price, Aug. 5, 1931.
De Beers 5 1/2% Ster. deb.	...	...	90-95	90-95
Fife County Council 4 1/2% 1931-61	...	...	100-100 1/2	99 1/2-99 3/4
Great Universal Stores Ord. (5/-)	£1	fy. pd.	18/3-18/9	17 1/2-17/6
Great Universal Stores Pref.	£1	fy. pd.	19/6-20/-	19/3-19/9
India 6% 1933-34	100	fy. pd.	98 1/2-99 1/2	97 1/2-98 1/2
Jones (Peter) 6% deb.	97 1/2	40	1 1/2 dis-1/2 pm	1 1/2 dis-1/2 pm
Middlesex 4 1/2% 1930-70	101	61	1 1/2 dis	1 1/2 dis
New Zealand 5% 1932-34	99	74	1 1/2 dis-par	1 1/2 dis-par
Odham Press 7% (B) deb.	98	fy. pd.	102-104	102-104
Panama Corporation 8% deb.	100	50	4 dis-par	4 dis-par
Primitive Holdings 6% Red. pref.	100	6/-	par-6d. pm	par-6d. pm
Rhokans Corp. 7% deb.	100	50	5 dis-5 pm	5 dis-5 pm
Tanganyika 4% Guar. 1931-71	94 1/2	49 1/2	2 1/2 dis	3 1/2 dis
Telephone and Gen. Trust 7% Pref.	21/-	10/-	par-6d. pm	par-6d. pm
Waisali Corp. 4 1/2% 1930-60	100	15	1 1/2 pm	1 1/2 dis-1/2 pm
Woolworth (F. W.) Ord. (5/-)	£2	fy. pd.	44/-44/6	44/6-45/6 pm
Woolworth (F. W.) 5% Cum. Pref. £1	£1	£1	20/10 1/2-21/1 1/2	20/9-21/5

(Continued from page 279.)

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	July 29, 1931.	July 30, 1931.	July 31, 1931.	Aug. 1, 1931.	Aug. 3, 1931.	Aug. 4, 1931.	Aug. 5, 1931.
140.2	92.7	106.7	105.4	104.8	105.7	106.3	105.9	104.6

TOTAL DEALINGS IN NEW YORK.

	July 30, 1931.	July 31, 1931.	Aug. 1, 1931.	Aug. 2, 1931.	Aug. 3, 1931.	Aug. 4, 1931.	Aug. 5, 1931.
Stock Exchange—Shares (Thous.)	1,400	1,200	400	900	700	800	900
Bonds (Value Thous. \$) ...	7,891	8,332	4,258	6,133	8,308	8,985	8,745
Over-the-counter—Shares (Thous.)	180	170	70	160	200	200	240

* 2-hour session.

PARIS.

The financial crisis which disturbed all markets during the past month was perhaps felt less severely in Paris than elsewhere as a result of France's strong monetary position, which increased her powers of resistance, while the fact that operations were practically limited to professional speculators made possible a fairly moderate, if general, decline in values. That the gravity of the financial situation in Germany has not had a more disastrous influence on prices may indeed be regarded as an encouraging symptom. The technical situation of the Paris Bourse shows no appreciable change. The end-of-month settlement was accomplished without difficulty, with money at 1/2 per cent. instead of 1/4 per cent. as at the end of the first fortnight.

"Valeurs à Terme"	June 30, 1931.	July 31, 1931.	"Valeurs à Terme"	June 30, 1931.	July 31, 1931.
Banque de France	16,980	16,050	Citroën	660	580
Banque d'Algérie	11,360	10,500	Norvég. Azote	1,314	1,072
Paris Pays Bas.	2,390	2,105	Hotchkiss	1,445	1,330
Union Parisienne	1,225	1,020			
Créd. Algérienne	1,735	1,630			
Comptoir Nat.	1,585	1,500			
Crédit Commer.	1,140	950			
Crédit Foncier	5,400	5,210			
Crédit Lyonnais	2,580	2,245			
Suez	16,495	15,260			
O. de F. Nord	2,230	2,115			
O. de F. Santa Fé	1,725	1,425			
Soc. Lyon. Eaux	2,850	2,740			
Parisienne Elect.	2,575	2,655			
Gen. Electricité	2,865	2,875			
Littoral Médit.	1,287	1,229			
Elect. Nord Fr.	882	802			
Courrières	890	837			
Mines de Lens	775	715			
Penarroya	404	324			
Dives	1,820	1,670			
Etab. Kulmann	512	477			
Phosph. Gabsa	533	457			
Pechiney	2,020	1,781			
Air Liquide	995	902			
Cent. Indo-Ch.	230	183			

INVESTMENT NOTES.

The Gilt-Edged Market.—The recovery in the gilt-edged market at the beginning of this week was a little surprising. The Economy Committee's report, published last week-end, might have left anyone who did not understand the financial strength of Great Britain with the mistaken impression that the Government's finances were in a disastrous condition. The immediate effect of the Economy

Committee's report was, however, offset by the announcement of a Franco-American credit of £50 millions for the Bank of England. This was interpreted as an act of statesmanship and the market opened on Tuesday on the assumption that the stability of sterling was assured. On Wednesday the sharp fluctuation in the foreign exchanges caused undoubted misgivings, but a recovery took place before the end of the day. On Thursday the market opened weakly, and it became clear that the Economy Committee's report was having its inevitable effect, enthusiasm for the Franco-American credit meanwhile having cooled considerably. The extent of the improvement in gilt-edged stocks, and the subsequent reaction, are shown in the following table:—

	Highest Price, 1931.	July 31.	Aug. 4.	Aug. 5.	Aug. 6.
5% War Loan	104 1/2	102 1/2	101 1/2	101 1/2	101 1/2
Consols 2 1/2%	60 1/2	57 1/2	58	57 1/2	57 1/2
Do. 4%	97	90	90 1/2	90 1/2	80 1/2
Conversion 3 1/2%	85 1/2	80 1/2	81	80 1/2	90 1/2
Do. 4 1/2%	104 1/2	99 1/2	100 1/2	99 1/2	99 1/2
Do. 5%	108 1/2	104 1/2	105	104 1/2	104 1/2
Funding Loan 4%	97 1/2	92 1/2	93	92 1/2	92 1/2
Local Loans 3%	70 1/2	67	67 1/2	67 1/2	67 1/2

That 5 per cent. War Loan did not share in the temporary improvement in the gilt-edged market may be attributed to the announcement of Mr Snowden last week that he had prepared "a huge conversion scheme" for War Loan by which "a large saving on interest on the debt would be effected." Had it not been for recent financial developments, he said, this conversion loan would have been floated before now, but he was anxious to launch it at the first available opportunity. It will be remembered that after the fall in Bank rate to 2 1/2 per cent. on May 14th, the possibility of calling the entire block of £2,000 millions of War Loan was seriously discussed in the City. In this air of expectancy the long-dated stocks rose sharply—the highest points are shown in the foregoing table—while 5 per cent. War Loan remained stationary or reacted. Unfortunately, Mr Snowden missed this rare opportunity of launching a conversion scheme—perhaps his illness was the cause of his inactivity—and it is a little difficult to see why his threats should now be taken very seriously. In view of the state of the exchanges and the rise in Bank rate to 4 1/2 per cent., not to mention the difficult situation which confronts the Chancellor as a result of the Economy Report, the possibility of an early conversion of 5 per cent. War Loan would appear small. In these circumstances, it would not be surprising if a recovery in 5 per cent. War Loan coincided with a reaction in long-dated gilt-edged stocks, pending complete assurance as to the position of sterling.

Great Western Dividend.—The tale of British railway interim dividends is completed by the announcement of the Great Western, which is paying an interim of 1 1/2 per cent. on its consolidated ordinary stock as compared with 2 1/2 per cent. a year ago. In the course of a detailed statement the directors show that, although the gross receipts from railway and ancillary businesses for the half-year ended June 30, 1931, were £1,777,000 less than in the corresponding period of 1930, the decrease since the end of March was only 8 1/2 per cent. against 16 per cent. in the first quarter, which included a coal stoppage in South Wales. Over the six months passenger train receipts fell off by 7.6 per cent. and goods train receipts by 11.9 per cent., the decline in the latter being most severe in the case of the heavy industries. A total drop in gross receipts from ancillary businesses of £308,000 was more than accounted for by a decrease in dock receipts of as much as 22 1/2 per cent. Altogether net savings in expenditure totalled £815,000, the reduction in net receipts being £692,000. The interim dividend has not been fully earned, the directors having drawn on "considerable profits" from the realisation of investments and appropriated an unnamed sum, temporarily, from free reserves. The company's earnings' position is discussed in the course of a leading article on page 277.

New Ford Plans?—Rumours of a new Ford model (to which reference was made in a Note in the *Economist* of July 25th, page 686), under the heading "Chrysler and the American Motor Industry") have been substantiated by two recent announcements. The Ford Company in Detroit has stated that manufacturing is to cease during the whole month of August, though the assembly of the existing stock of parts will continue. So far as is known, the only previous occasion when manufacturing was completely suspended was in the summer of 1928, when the necessary changes were made preparatory to the introduction of the present "A" model. The second statement comes from the English company in connection with the progress of the new factory at Dagenham. As the Ford Motor Company had previously forecast that production would start at Dagenham in February, 1932, it might have been expected that the installation of the necessary machinery would now have been well under way, or at least that the type of machinery to be installed would have been decided upon. However, the company are now understood to have declared, in answer to an enquiry, that they are unaware not only when production will commence but also what model will be manufactured at Dagenham. As the vast manufacturing hall would appear to be ready to receive machinery, the presumption is that further progress is being held up to await the new American model. The present "A" model was introduced to this country comparatively recently, and is only now beginning to gain the popularity it deserves. In spite of the decision of the Chrysler Company to enter the cheaper four-cylinder market, the trend of motor sales in the United States would seem to be towards the more expensive multi-cylinder car. It is in this direction that the Ford Company is expected to move. Six-cylinder cars, which accounted for 42.6 per cent. of the total sales in 1930, will, according to estimates, account for 50 per cent. this year, the gain being at the expense of the four-cylinder vehicle. This trend is explained in some quarters by the increasing traffic congestion in American cities and the public's consequent demand, in spite of money tightness, for a higher-powered, smoother-running engine with improved acceleration. Whether the same trend will be observed in this country, where the annual tax is so important a consideration, is uncertain. It is doubtful, further, whether the car on which Mr Ford is reported to be basing his hopes of regaining his position in America would be equally successful in meeting the competition of British manufacturers in this country, where one of the largest companies already has a six-cylinder car on the market, priced just under £200. Since Dagenham, however, will be independent of the advantages of both new and old models in a special European car. So far as Detroit is concerned, the change-over to a new model, however expedient, would have its obvious inconveniences. Its cost would be high, and the company's financial position must obviously be less comfortable than on the occasion of the last change in 1928, when there was a surplus of \$82,000,000 on the year's trading to discount the cost of changes amounting to \$72,000,000.

Catering Companies' Merger.—When the prolonged directorial dispute concerning the affairs of R. E. Jones was brought to an end in February last with the appointment of Mr. R. A. R. Field, managing director of Slaters and Bodega, as chairman and managing director of R. E. Jones, the prospects of closer union between Slaters and Jones, the two companies were clearly enhanced. With an ordinary capital of £168,000 and a preference capital of no less than £1,479,000, the latter company recorded net earnings in 1930 of only £1,641 and carried forward a debit balance of £182,629. In view of the necessity for drastic reorganisation, the offer made this week by Slaters and Bodega for the company's assets comes opportunely. Under the terms of the offer, holders of the 10 per cent. £1 non-cumulative participating preference shares of R. E. Jones will receive two 6 1/2 per cent. £1 cumulative second preference shares of Slaters and Bodega for every five shares, and the holders of the 5s. ordinary shares of R. E. Jones will receive one £1 ordinary share of Slaters and Bodega

for every fifteen shares. It is pointed out that the market value of two Slaters and Bodega preference shares is about 45s., against an approximate value of 33s. 9d. for five R. E. Jones preference shares; while the value of the Slaters and Bodega ordinary shares is 26s. 6d., against an approximate value of 22s. 6d. for fifteen R. E. Jones ordinary shares. The acceptance of the scheme, which is recommended by the directors of both companies, will involve an increase in the authorised capital of Slaters and Bodega to £1,591,438 by the creation of 591,438 second preference shares, which, with part of the unissued ordinary shares, will be required to carry through the amalgamation. Some shareholders of R. E. Jones, not unnaturally, have suggested that a better price might have been obtained for their shares had the company been reconstructed before the merger took place. There is some force in this argument, but as the shareholders have themselves appointed the managing director of Slaters as their chairman, they can scarcely expect the latter to give of his time and energy in order to put up the eventual price of R. E. Jones against his own company.

Associated Portland Cement Buying "Red Triangle."

—As far back as last April it was announced that Sir William McLintock, who had been appointed receiver and manager of Allied Cement Manufacturers (the "Red Triangle" group created by Mr Horne), had received a provisional offer for the assets both of the company and its subsidiary operating companies. The offer, it was then stated, was to provide for the repayment in full of the debenture stock of Allied Cement Manufacturers, the debenture stock of Greaves, Bull and Lakin (Harbury Works), Ltd., and the preference capital held by the public in Dunstable Portland Cement Company. The offer, as was well known at the time, came from the Associated Portland Cement Company ("Blue Circle" group), and a statement was issued by that company this week giving the arrangements which the directors have made for financing the acquisition. The total purchase

Wherever.

you go

YOU
CAN BE
SURE
OF
SHELL

consideration is £2,025,000, plus a sum for certain manufacturing stocks and materials. The Associated Portland Cement is issuing 500,000 new £1 ordinary shares. The ordinary shareholders are given the right of taking up at par one new share for every six shares now held, the new shares ranking for one-half of all dividends in respect of the year ending December, 1931. The issue has been underwritten at a commission of 9d. per share. The ordinary shares of Associated Portland before the announcement of this issue were standing at 21s. 6d. and on the day following were quoted at 21s. 4½d. ex rights, the new shares being dealt in at 4½d. premium. The company is also placing £150,000 5 per cent. second debenture stock and £180,280 5½ per cent. £1 preference shares, while a further £750,000 5 per cent. second debenture stock will be issued on completion of the purchase. The capital and last reported profits of the principal parties to the merger are shown in the following table:—

	Issued Share Capital. £	Loan Capital. £	Net Profits, 1930. £	Divi- dends, 1930. %
Associated Portland Cement				
Manufacturers	5,500,000	3,979,018	387,650	8
British Portland Cement§ ...	3,155,000	1,559,911	262,023	15
Allied Cement	1,848,445	587,400	49,140*	...
Holborough	1,000,000	...	104,342†	...
Greaves, Hull and Lakin.....	325,000	199,750	35,927‡	5½
Dunstable	1,075,000	...	31,359‡	...

* Including £30,000 from taxation reserves.

§ 75 per cent. of the ordinary share capital is held by Associated Portland Cement.

† Fifteen months to March 31, 1930.

‡ Nine months to March 31, 1930.

The response in the market was favourable, as indeed it should be. The prosperity and conservative management of the "Blue Circle" group has inspired confidence, and the acquisition of the "Red Triangle" removes from the field of open competition a group which might have given trouble in the future as it had done in the past. In 1928 the "Blue Circle" and "Red Triangle" groups were engaged in a price war, which only ended when the "Red Triangle" joined the Cement Manufacturers' Association. The two groups together will now control about 70 per cent. of the domestic trade and a still larger proportion of the export trade. Some shareholders may have considered that it would have been better to allow the "Red Triangle" group to disappear entirely, but there is little doubt that if the "Blue Circle" group had not acquired control other interests would have stepped in.

"Independent" Gramophone Company Profits.—The uninspiring results of the majority of the lesser gramophone companies which have issued their reports since the beginning of the current year suggest that the difficulties of this section of the industry are not confined to the normal consequences of trade depression. Of the five companies whose returns are compared below, only one, Crystalate Gramophone, records a profit and pays an ordinary dividend. The other four companies show an aggregate net loss of £157,727, against an aggregate loss last year of £38,931.

Name of Company.	Net profit, 1929.	Ordinary.		Net profit, 1930.	Ordinary.		1929.		Present Price.
		Earned	Paid		Earned	Paid	High.	Low.	
Crystalate Gramophone	£ 57,548	36.2	33.3	£ 71,488	49.0	20½	6/9	3/3	2/-
Decca Record	Dr. 89,683*	Nil	Nil	Dr. 83,354	Nil	Nil	21/-	4/-	2/6
Dulcetto Polyphon.....	14,639	8.1	Nil	Dr. 18,311	Nil	Nil	...	...	-5½
Gramophone	8,803	7.3	5	Dr. 9,927	Nil	Nil	2/1½	-6	-2½
Vocalion ...	27,310	17.8†	Nil	Dr. 46,235	Nil	Nil	16/3	13/-	3/9

* Period February 14, 1929, to March 31, 1930.

† After adding back £17,266 income tax reserve.

The results strongly suggest that the flotsam of the 1928 boom is still impeding the progress of the industry. Several

of the companies were very liberal in their estimate of future earnings at the time their prospectuses were issued. The Decca Record Company's invitation to the public, for instance, contained an estimate of net profits, after charging all expenses and making adequate allowance for depreciations of £160,000 for the first year and £300,000 per annum "when the full complement of presses came into operation." Dulcetto Polyphon was more restrained, but its results have so far failed to justify expectations. The heavy losses suffered by investors in new gramophone concerns since the 1928-29 boom are strikingly revealed in the last three columns of the table.

Stock Exchange Values.—The Actuaries' Index of British Stock Exchange values suggests that during the last two months, despite disturbed financial conditions, security prices were far more stable than in any earlier period since the beginning of the slump. The chief exceptions were British Government securities, which declined by about 5 per cent. during the month of July. Other fixed-interest stocks, for the most part, have gained ground slightly since the end of May, the most striking feature being the advance of about 3 per cent. in the prices of industrial preference shares—a phenomenon suggesting that "industrial risks" have recently weighed less heavily with shareholders. Industrial ordinary shares still have a capital value not much more than half that at the top of the boom in December, 1928; but in June last their declining price trend was definitely arrested, though the gains were not entirely held in July. The following summary table shows recent movements in the most important groups:—

"ACTUARIES' INDEX."

Class of Security.	No. of Securities.	Price Indexes (December 31, 1928=100).				
		July 29, 1930.	Dec. 30, 1930.	May 26, 1931.	June 30, 1931.	July 28, 1931.
British Government securities	3	100.5	104.6	108.0	108.4	103.3
Home Corporations	5	99.0	103.6	105.1	105.9	106.0
Investment trust debentures...	12	97.3	102.8	105.6	106.2	106.8
Industrial debentures (productive, distributive and miscellaneous)	41	95.5	98.1	95.3	96.1	96.3
Investment trust preference shares.....	13	97.8	102.3	102.5	102.8	102.8
Industrial preference shares (productive, distributive and miscellaneous)	86	90.9	91.2	81.8	84.3	84.2
Industrial ordinary shares:						
Productive (a)	41	75.7	67.7	52.7	59.7	56.0
Distributive (b)	30	73.5	66.5	50.5	54.8	52.2
Miscellaneous (c)	60	69.3	60.6	48.2	53.5	51.0
All classes of industrial ordinary shares combined	131	72.3	64.3	50.2	55.8	52.9
Ordinary shares:						
Banks & discount companies	11	92.5	96.8	88.0	89.1	86.2
Insurance companies.....	24	88.1	90.9	83.9	87.0	85.4
Investment trust companies	17	94.0	84.8	75.6	75.8	75.4

(a) Coal, electric light and power, iron and steel, etc. (b) Electric supplies, shipping, stores and catering, etc. (c) Companies not included under other headings.

The figures are geometric averages, accrued interest and bonus issues being allowed for. The index is revised periodically and includes all the equity shares, debentures and preference shares of all the public companies operating in Great Britain whose equity shares have a market capitalisation of over £2,000,000. The nominal amount of any issue of debentures or preference shares included in the index has been fixed at a minimum of £500,000.

Arthur Guinness.—Though the net profit of this famous Dublin brewery for the financial year ended June 30th last shows a decline of a little under 6 per cent. by comparison with the figure for the previous year, £2,880,357 it is still well above the profit of £2,209,887 recorded in 1929. Preference dividend, after tax, requires £98,000, and the ordinary dividend, maintained at 80 per cent. plus a bonus of 5 per cent, takes £2,084,875. After

deduction of tax, the distribution being once again well covered by earnings.

Year to June 30.	1929.*	1930.	1931.
Net profit	£ 2,209,387	£ 2,522,080	£ 2,380,357
Brought forward	728,969	642,356	807,436
Pref. dividend	96,000*	94,500*	93,000*
No. of times covered	23	27	25
Ordinary dividend—			
Amount	2,100,000*	2,062,500*	2,034,375*
Earned %	35.2	41.2	40.9
Paid %	35	35	35
Reserve	100,000	200,000	100,000
Carried forward	642,356	807,436	960,418

* After tax.

In the following table the percentage earnings and dividends on the ordinary shares are set out for the past decade:—

Year to June 30.	ORDINARY CAPITAL.		Year to June 30.	Earnings and Dividends	
	Earned %	Paid %		Earned %	Paid %
1922	41.9	29	1927	28.6	28
1923	25.2	24*	1928	29.2	28
1924	30.3	26	1929	35.2	35
1925	38.9	32	1930	41.2	35
1926	33.3	32	1931	40.9	35

* Plus capital bonus of 50 per cent.

A further sum of £100,000 is added to reserve account, bringing that item to the very satisfactory figure of £2½ millions. The carry-forward is increased from £807,436 to £960,418. With investments of £4,924,021, debts to the company of £1,908,363, and a cash item of £1,233,788, amounts due to creditors of £3,028,286 are amply covered. At their present price of £5 per share, the £1 ordinary shares give a yield of about £7 6s. per cent., allowing for the final dividend and bonus of 20 per cent.

Watney, Combe, Reid.—In common with most breweries, this big London concern is beginning to experience the effects of the reduction of public purchasing power. Net profit in the last twelve months was £135,562 lower at £1,207,243. The following table shows the results of the past three years:

Year ended June 30.	1929.	1930.	1931.
Net profit	£ 1,263,460	£ 1,342,805	£ 1,207,243
Preference dividend.....	84,247	84,247	84,247
No. of times covered	14.9	15.9	14.3
Preferred ordinary dividend	127,416	127,416	127,416
No. of times covered	5.9	6.3	5.6

Deferred ordinary—			
Amount	637,082	668,837	605,067
Earned %	31.0%	35.5%	31.2%
Paid %	20%	21%	19%
Reserve funds	400,000	400,000	400,000
Inc. or dec. in carry-forward	+ 14,715	+ 62,305	- 9,487

The two main alterations in the balance sheet concern premises, plant, etc., £121,978 less at £14,910,382, and investments in gilt-edged securities, £202,067 more at £1,085,024, a figure less than the market valuation of June 30th last. Investments in subsidiaries, and sums due by these companies are £2,953 greater at £1,968,271, but debtors at £890,532 are £23,004 below the 1930 figure. During the year a further £88,000 of debentures were cancelled. Creditors and deposits rose by £40,884, to £1,668,226, making the surplus of liquid assets over current liabilities £205,718. The preference capital is secured by tangible assets of £672 2s. 11d. per £100 of preference stock. At the present price of 47s. per £1 unit, the deferred stock yields £8 10s. 4d. per cent.

Tootal, Broadhurst, Lee.—In view of the acute depression in the textile industry, the report and balance sheet for the year to June 30th last can be regarded as fairly satisfactory. The year's profits again showed a considerable decline, attributed by the directors to the fall in the value of stocks and raw material, but the surplus of liquid assets over current liabilities stands at about £587,478.

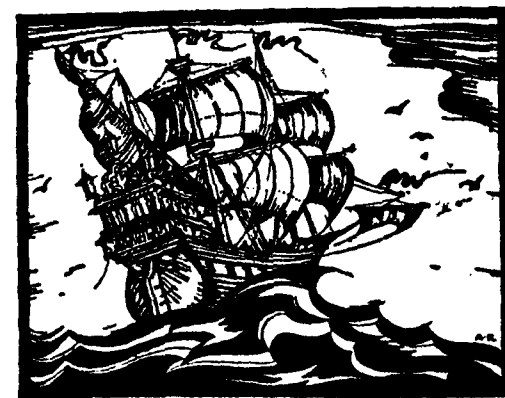
After providing for all bad debts and general charges, the directors recommend a dividend on the ordinary and employees' shares of 5 per cent., less tax, but of this only about 1½ per cent. has been earned. In view of the decrease in profits, it has been decided not to allocate any sum to the reserve account.

Year ended June 30.	1929.	1930.	1931.
Net profit	£ 99,937	£ 66,618	£ 24,870
Preference dividend.....	16,000	15,750	15,500
No. of times covered	6.2	4.2	1.6
Ordinary dividend—			
Account	67,607	49,383	32,922
Earned %	12.4%	7.7%	1.4%
Paid %	10%	7½%	5%
Reserve fund	50,000	...	...
Inc. or dec. in carry-forward	- 33,670	+ 1,485	- 23,552

The balance sheet total has declined by £192,451. Sundry loans by creditors show an increase of £1,492, and amounts owing by subsidiary companies are down by £2,316.

Drapery Trust.—Though retail business has been less badly hit than many other branches of trade during the present depression, the Drapery Trust, as a holder mainly of ordinary shares, has continued to be affected by the recession in earnings generally. Net profit fell in the year to May 31st last by £41,558 to £241,237, and the ordinary dividend was reduced to 5 per cent.:—

Year ended May 31.	1929.	1930.	1931.
Net profit	£ 345,247	£ 285,795	£ 241,237
Preference dividends	192,000	168,000	168,000
No. of times covered	2.0	1.7	1.4
Ordinary dividend:			
Amount	150,000	105,000	75,000
Earned %	10.22	7.85	4.88
Paid %	10	7	5
Inc. or dec. in carry-forward	+ 3,247	+ 12,795	- 1,763



ENTERPRISE!

¶ The intrepid enterprise of Columbus over four centuries ago opened up all the possibilities of an undeveloped Continent.

¶ Since then, the enterprise of succeeding generations has resulted in phenomenal development of the vast resources of the New World.

¶ To-day a great and growing volume of overseas trade is transacted annually by the Latin American Republics, and complete facilities for every description of modern banking business are afforded by

**THE ANGLO-SOUTH
AMERICAN BANK LTD**
117 OLD BROAD ST. LONDON, E.C2

During the year 5½ per Cent. Notes for £123,275 were issued to provide for the settlement of spurious documents issued during the Hatry scandals, and made possible a settlement of legal proceedings. An associated company advanced £378,942, and is now a creditor for £380,817. Secured loans to the company were reduced by £117,941 to £393,372, and a further £190,513 was lent to another subsidiary company. Investments stand at £4,684,355, as compared with £4,638,334 in 1930. The settlement suspense account stands at £128,693. No mention is made as to the relation between the market valuation and balance-sheet valuation of the investments.

Canada Power and Paper Company.—Our Ottawa correspondent writes:—The plan for the reorganisation of the capital structure of the Canada Power and Paper Company is encountering opposition from Belgian interests who had a considerable stake in the Belgo-Canadian Pulp and Paper Company, one of the units absorbed in the Canada Power and Paper Corporation. Mr H. Biermans, who was President of the Belgo-Canadian Company, has come out to Canada and at a meeting of the bondholders of this corporation has advised the holders of the company's 6 per cent. bonds to withhold their securities. He urges that the "Belgo" Company should withdraw from the Canada Power and Paper organisation and resume its separate identity, promising to secure sufficient working capital for the purpose of enabling it to operate as a separate unit. He also alleges that the old board of directors which has brought the fortunes of the Canada Power and Paper Company to their present pass will still continue in control and that the Belgo-Canadian Company would fare better operating by itself. The Hon. C. A. Dunning, who is chairman of the protective committee of security holders of Canada Power, has issued a statement in reply to Mr Biermans, declaring that seven new directors will be nominated who have not been associated with the previous management and who will constitute a majority of the board. He adds that the most competent management obtainable will be enlisted and declares that the practical question confronting the committee is to discover an alternative for the evils which liquidation would involve both for the security holders and the newsprint industry in general. He claims that the reorganisation scheme is virtually assured of the necessary support, since securities of more than \$65 million of par value have already been deposited with the committee, representing 69 per cent. of all bonds, 60 per cent. of debentures and 60 per cent. of preferred stocks in the constituent units of the corporation. It is now understood, however, that opposition has developed from certain security holders of another unit, the Laurentide Company.

New Capital Issues in July.—In the following table we show the new capital raised in London by issue to the public or to shareholders, in July, and in recent years:—

(000's omitted)					
Monthly Average.	United Kingdom.	British Possessions.	Foreign Countries.	Total.	
1924	7,051	6,023	4,370	17,444	
1925	12,918	5,077	1,356	19,351	
1926	10,765	4,431	4,036	19,232	
1927	17,240	8,318	4,039	29,597	
1928	21,965	5,263	3,526	30,754	
1929	16,502	5,081	2,186	23,769	
1930	14,220	5,121	2,975	22,316	
Monthly Average.					
Jan.-Mar., 1930...	450	24,326	5,360	1,120	31,256
Jan.-Mar., 1931...	2,000	7,013	5,112	1,847	15,972
Apr.-June, 1930...	567	10,233	7,025	7,796	25,621
Apr.-June, 1931...	1,117	4,401	6,751	1,055	13,323
July, 1930	Dr. 350	13,600	990	4,135	29,075
July, 1931	1,600	2,265	2,856	Nil	6,721

The total new capital raised in London during July was the lowest for some months. Sales of National Savings Certificates exceeded encashments by £1,600,000. Only three issues were made of sums exceeding £500,000, the largest

being the Tanganyika 4 per cent. guaranteed stock of £3,000,000, issued at £94 10s. per cent. The most important issues to shareholders include £300,000 in £1 ordinary shares, at a premium of 1s., in the Power Securities Corporation, and £160,000 in 6½ per cent. debenture stock, at £98 10s. in Associated London Properties. A semi-speculative issue of some interest was the offer by Great Universal Stores, of £300,000 in £1 7½ per cent. cumulative preference shares at par, and 400,000 5s. ordinary shares at £1.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to August 1, 1931, £95,994,114
Total, including conversion, recorded January 1 to August 1, 1931, £106,871,099.

National Savings Certificates.					
Net sales, week ended August 1, 1931, £400,000.					
Total net receipts, April 1, 1931, to August 1, 1931, £5,750,000.					
	To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Further Payment. Liability.
Week ended August 8, 1931 ...	Nil	Nil	Nil	Nil	Nil
To Shareholders only.					
Whitehead Iron and Steel, 7½% Debentures	42,500	...	42,500	4,250	38,250
Week ended August 8, 1931 ...	42,500	...	42,250	4,250	38,250
Total Offered for Subscription—					
Including Excluding Conversions. Conversions.					
Jan. 1 to date	£	£	Whole year—	£	£
1931	107,313,599	96,456,614	1930	454,888,784	267,800,700
1930	280,498,712	189,977,481	1929	488,764,940	285,239,400
1929	224,341,811	193,016,211	1928	653,100,056	369,058,073
1928	...	281,630,013	1927	...	355,165,970
1927	...	236,887,550	1926	...	230,782,600
1926	...	140,870,582	1925	...	232,214,500
1925	...	127,376,142	1924	...	209,326,101
1924	...	127,777,151	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	74,805,274	6,140,559	15,490,781	96,436,614
1930	155,669,408	14,730,138	19,577,935	189,977,481
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,165,600
1926	145,180,000	39,393,200	46,200,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,057,183	...	8,432,058
Total for week ended August 8, 1931	Nil	...	Nil
Total to date, 1931	8,057,183	...	8,432,058
Total to date, 1930	16,402,378	...	18,085,457

Other Stock Exchange information, including the latest weekly traffic returns, profit and loss accounts, dividend announcements, summary of balance sheets and reports and notices, will be found on page 291, under the heading "Company News."

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative

148 Leadenhall St.

London, E.C. 3.

COMPANY MEETINGS, &c.

CONSOLIDATED TIN SMELTERS, LIMITED.

SATISFACTORY RESULTS.

The second ordinary general meeting of Consolidated Tin Smelters, Limited, was held, on the 5th instant, at 93, Gresham Street, London.

Mr R. J. Hose (the chairman), in moving the adoption of the report and accounts, said: The profit and loss account covers a period of nine months only. The net profit amounts to £177,698, and we propose to deal with the disposable balance of £193,116 as set out in the directors' report. I think you will agree that the results are satisfactory, and particularly so when you consider the conditions which have prevailed in the tin industry.

In regard to the future, under the quota scheme the output is being regulated, with the object of preventing further accumulations of stock and making some inroad into the existing stocks. We, as smelters, have only an indirect interest in the price of tin, because our business is to extract the tin from the ore as economically and efficiently as possible, and not to carry tin at market risk. We have, however, the greatest possible interest in the prosperity of the miners who are our customers, and it will be our policy to help forward in any way we can whatever measures the mining industry consider to be for their advantage.

Curtailement of output is not to our advantage, but, as smelters, whatever the immediate effects on our business may be of any policy adopted by the mining industry, we shall consider it to be our duty and our interest in the long run to support it.

For some time past there has been a considerable amount of discussion on the question of adjusting the output of commodities to the world's actual power of absorption. The school of thought which believes in the survival of the fittest may be perfectly right in regard to certain primary products, but, if this policy is allowed to operate in such an article as tin, it seems to me that it may lead to alternating periods of abundance and scarcity, with the inevitable and disastrous consequence of violent and extreme price movements. For my part, I can see nothing economically wrong or unwise in adjusting the output of such an article as tin in order to avoid as far as may be possible these severe market movements. I am not without hope of improvement in general world conditions, and that is the great need of the tin and all other industries. It will interest you to know that, adjusted to the basis of a full year's working by all our subsidiary companies, the gross profits earned in the period under review show a very small variation from those earned in the preceding period.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended August 1, 1931, amounted to £10,073,800 against ordinary expenditure of £18,971,000. After allocating £630,048 to Sinking Fund and having allowed for an increase in Exchequer Balances of £214,818, the operations for the week, as shown below, increased the National Debt by £9,742,000 to £7,651,269,000:—

(000's omitted.)		£
Treasury Bills	+ 13,332	500
National Savings Certificates	+ 400	2,900
		— 3,990
	+ 13,732	

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

UNION BANK OF SWITZERLAND

Winterthur

ZURICH

St. Gall, etc.

STATEMENT per JUNE 30TH, 1931.

1 £ = 25 Swiss francs.

LIABILITIES.		£
Capital, fully paid		4,000,000
Reserves		1,280,000
Bank's own Debentures		7,017,850
Drafts and Acceptances		4,253,750
Short-term Liabilities		209,250
Due to Banks and Bankers		5,124,570
Deposits		20,437,850
Unclaimed Dividend		2,580
Other Liabilities		409,880
		£40,735,730

Guarantees, £971,960.

REVENUE.	Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Aug. 1, 1931.	April 1, 1930, to Aug. 2, 1930.	Week ended Aug. 1, 1931.	Week ended Aug. 2, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	258,000,000	33,798,000	39,273,000	4,252,000	5,147,000
Sur-tax, including Arrears of Super-Tax	72,000,000	13,370,000	11,760,000	420,000	290,000
Estate, &c., Duties	90,000,000	25,650,000	30,410,000	1,150,000	990,000
Stamps	24,000,000	3,650,000	4,970,000	420,000	370,000
Excess Profit Duty and Corporation Profit Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	150,000	140,000	...	...
Total Inland Revenue	447,000,000	76,618,000	86,553,000	6,242,000	6,797,000
Customs and Excise—					
Customs	125,650,000	40,873,000	40,417,000	2,255,000	1,926,000
Excise	119,850,000	36,749,000	39,296,000	609,000	816,000
Total Customs and Excise	245,500,000	77,622,000	79,713,000	2,864,000	2,742,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,486,000	1,503,088	378,000	476,000
Post Office (Net Receipts)	12,200,000	5,700,000	5,350,000	Dr 100,000	950,000
Crown Lands	1,300,000	480,000	470,000	...	...
Receipts from Sundry Loans	33,500,000	11,756,621	13,883,166	656,180	943,686
Miscellaneous Receipts	55,000,000	6,326,400	8,689,055	33,646	124,890
Appropriation from Rating Relief Suspense Account	4,000,000	...	...	...	...
Total Ordinary Revenue	803,500,000	179,989,021	196,161,309	10,073,826	12,033,576
SELF-BALANCING REVENUE.					
Post Office	58,232,000	17,500,000	18,200,000	1,500,000	800,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	4,636,000	4,686,912	90,000	...
Total Self-Balancing Revenue	81,582,000	22,136,000	22,886,912	1,590,000	800,000
Total		202,125,021	219,048,221	11,663,826	12,833,576

EXPENDITURE.	Estimate for the year 1931-32 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Aug. 1, 1931.	April 1, 1930, to Aug. 2, 1930.	Week ended Aug. 1, 1931.	Week ended Aug. 2, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	302,950,000	132,931,837	132,507,663	12,376,033	13,196,511
Payments to Northern Ireland	6,350,000	1,692,375	1,607,004	...	...
Exchequer	3,000,000	673,183	1,087,941	16,477	60,019
Other Consolidated Fund Services					
Total	312,300,000	135,297,395	135,202,608	12,392,510	13,256,530
Total Supply Services (excluding Post Office)	439,829,000	139,833,100	141,539,800	6,578,450	7,468,000
Total ordinary expenditure	752,129,000	275,130,495	276,742,408	18,970,960	20,724,530
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	17,500,000	18,200,000	1,500,000	800,000
Road Fund	23,350,000	4,636,000	4,686,912	90,000	...
Total Self-Balancing Expenditure	81,582,000	22,136,000	22,886,912	1,590,000	800,000
Total Ordinary and Self-Balancing Expenditure	833,711,000	297,266,495	299,629,320	20,560,960	21,524,530
New Sinking Fund (1928)	52,050,000	12,975,894	13,597,902	630,048	650,000
Total, including New Sinking Fund		310,242,389	313,227,222	21,191,008	22,174,530

The aggregate revenue and expenditure to August 1, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO AUGUST 1ST.

(000's omitted.)		£
Revenue	275,130	179,989
Expenditure	12,976	2,848
New Sinking Fund		105,269
	288,106	288,106

Guarantees, £971,960.

POSITION OF THE FLOATING DEBT.				
Ways and Means Advances Outstanding	Aug. 2, '30.	Mar. 31, '31.	Aug. 1, '31.	Movement week ended Aug. 1, '31.
Advances by Bank of England	3,750,000	—	—	500,000
Advances by Public Departments	56,270,000	24,500,000	41,300,000	2,900,000
Treasury Bills outstanding	644,220,000	569,825,000	656,770,000*	+13,345,000
Total Floating Debt	704,240,000	594,325,000	698,070,000	+9,945,000

* Includes £18,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.
Tenders for £40,000,000 in Treasury Bills were opened on July 31, 1931, and the total amount applied for was £50,510,000. Tenders were accepted for bills at three months, dated Tuesday to Friday at 98 1/8s. 1d., about 70 per cent., and above, in full, and Saturday at 98 1/8s. 4d., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
July 10	40,000,000	56,815,000	2 0 2-67
July 17	40,000,000	49,200,000	2 7 5-17
July 24	45,000,000	47,350,000	3 8 11-61
July 31	40,000,000	50,510,000	4 6 6-72

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, August 5, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	365,251,566	11,015,100	
In Banking Department	43,265,049	257,315,021	
		2,577,424	
		4,092,455	
		275,000,000	
		133,516,615	
	£408,516,615	£408,516,615	

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	3,584,190	Other Securities	49,310,906
Public Deposits	11,438,012	Discounts and Advances	9,018,855
Other Deposits	£63,436,883	Securities	23,282,897
Other Accounts	33,175,357		32,301,752
7 Day and other Bills	96,612,240	Notes	43,265,049
	1,415	Gold and Silver Coin	1,511,140
	£126,188,847		£126,188,847

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

Both Departments.	Amount, August 5, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	365,251,566	+ 5,889,897	+ 7,726,708
Public deposits	11,438,012	+ 3,781,405	+ 2,572,350
Bankers' deposits	63,436,883	+ 7,638,553	+ 1,884,597
Other deposits	33,175,357	+ 511,245	+ 3,612,004
Seven-day bills	1,415	+ 43	+ 1,105
Total outside liabilities	473,303,233	+ 9,235,557	+ 6,882,870
Capital and reserve	18,137,180	+ 33,654	+ 8,481
Government debt and securities	317,641,027	+ 14,820,569	+ 20,589,082
Discounts and advances	9,018,855	+ 677,629	+ 1,058,798
Other securities	25,860,321	+ 6,391,286	+ 9,383,114
Silver coin in issue department	4,092,455	—	—
Coin and bullion (bank's reserve)	134,827,755	+ 1,518,092	+ 18,767,084
Reserve of notes and coin in banking department	44,576,189	+ 10,628,395	+ 3,959,624
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	41 1/2 %	+ 8 1/2 %	+ 3 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	28 1/2 %	+ 2 %	+ 3 1/2 %

(000's omitted.)									
Issue Department.					Banking Department.				
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	Gold in or out of Bank.	Bank Rate.		
1931.									
June 24	422,894	352,832	25,249	61,664	33,520	1,863 in	2 1/2 %		
July 1	423,272	357,429	11,490	99,402	34,902	1,862 in	2 1/2 %		
8	424,619	369,258	15,734	64,543	34,946	1,844 in	2 1/2 %		
15	423,991	368,913	15,676	66,429	33,705	1,844 out	2 1/2 %		
22	408,774	356,098	16,373	60,179	32,764	15,220 out	2 1/2 %		
29	392,035	359,362	15,219	55,798	33,687	16,842 out	2 1/2 %		
Aug. 5	408,517	365,252	11,438	63,437	33,175	1,479 in	2 1/2 %		

(000's omitted.)									
Issue Department.					Banking Department.				
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve & "Proportion."		
1931.									
June 24	243,227	12,685	164,014	34 1/2 %	30,401	9,633	71,182	59 1/2 %	
July 1	243,372	13,535	164,421	32 1/2 %	34,319	28,746	66,992	46 1/2 %	
8	243,426	12,483	165,811	33 1/2 %	31,826	7,102	67,553	57 1/2 %	
15	243,254	12,655	165,000	34 1/2 %	30,021	20,837	66,287	57 1/2 %	
22	244,283	11,626	150,045	32 1/2 %	34,376	7,099	53,946	49 1/2 %	
29	250,260	5,647	133,310	28 1/2 %	52,561	9,696	33,948	32 1/2 %	
Aug. 5	268,330	2,577	134,828	28 1/2 %	49,311	9,019	23,283	44 1/2 %	

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to July 22	20,044,953	980,228	1,577,719	22,602,900
Week ended July 22	678,746	30,785	46,775	755,306
Week ended August 5	592,556	30,636	44,322	667,514
Total to date, 1931	21,316,255	1,041,649	1,668,816	24,026,720
Total to date, 1930	24,036,634	1,124,678	1,821,037	26,982,349
Increase or decrease in 1931	-2,720,379	-83,029	-152,221	-2,955,629
	-11.3 %	-7.4 %	-8.3 %	-10.9 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	3,078,764	44,896,677	47,915,355
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2.9 %	-3.7 %	-3.7 %	-2.9 %

PROVINCIAL CLEARING RETURNS (000's omitted.)

	Week ended August 1.		Month of July.			Aggregate Totals January 1 to August 1.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days			27	27			
BIRMINGHAM	2,936	2,444	10,728	10,478	- 2.3	76,393	68,257
BRADFORD	1,253	928	5,596	5,107	-10.8	27,690	22,616
BRISTOL	1,202	1,134	5,739	5,436	- 5.2	34,783	34,024
DUBLIN	4,658	3,850				151,332	151,541
HULL	789	618	3,353	3,230	- 3.6	24,364	22,364
LEEDS	1,111	1,133	4,347	4,379	+ 0.7	29,918	26,582
LIVERPOOL	756	620	3,455	2,779	-19.5	22,545	19,358
MANCHESTER	6,109	5,725	27,163	27,279	+ 0.4	203,666	164,151
NEWCASTLE	10,604	8,721	44,500	40,674	- 8.5	335,557	278,663
NOTTINGHAM	1,617	1,281	5,938	5,750	- 3.1	44,184	39,299
SHEFFIELD	697	432	2,698	2,003	-25.7	18,548	13,669
	1,172	692	4,155	3,299	-20.6	28,589	23,191
Total.	32,904	27,578	115,672	108,414	- 6.2	993,469	863,725

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Roumania appeared in the Economist of June 27. Denmark and National Bank of Egypt in July 18; Japan, Lithuania, Austria, Hungary, Canadian Bank, Netherlands, Czechoslovakia, Jugoslavia, Bulgaria, Poland, Finland, Reichsbank, Latvia and Chile, in August 1.

BANK FOR INTERNATIONAL SETTLEMENTS. (In Millions of Swiss Francs.)

	Apr. 30, 1931.	May 31, 1931.	June 30, 1931.	July 31, 1931.
Cash	109.8	7.6	8.9	11.2
Sight funds	109.8	133.5	168.5	192.8
Bills and acceptances—				
Commercial bills	443.4	455.9	438.1	389.9
Treasury bills	205.9	210.4	293.1	254.6
Time funds—				
Not exceeding 3 months	939.9	1,039.0	594.0	530.2
Between 3 and 6 months	7.4	29.7	24.7	24.6
Sundry investments	225.9	234.4	240.7	219.5
Other assets	12.6	14.2	10.1	10.1
LIABILITIES.				
Capital paid up	103.5	106.0	108.5	108.5
Reserves	3.8	3.8	3.8	3.8
Special deposits—				
Annuity trust account	154.6	154.2	154.1	154.0
German Government deposit fund	77.3	77.1	77.0	77.0
French Government guarantee fund	68.8	68.8	68.8	68.8
Time deposits of Central Banks—				
Between 3 and 6 months:				
By their own account	10.9	8.7	4.1	4.1
For account of others	...	...	31.3	31.2
Not exceeding 3 months:				
For their own account	457.2	514.7	551.9	436.8
For account of others	590.0	660.6	203.3	192.8
Other deposits	13.8	...	...	1.5
Eight deposits of Central Banks—				
For their own account	295.3	...	...	...
For account of others	152.5	333.6	388.9	382.2
Other deposits	0.2	0.9	169.0	156.4
Miscellaneous items	19.3	11.2	11.2	13.2

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	Aug. 7, 1931.	July 18, 1931.	July 23, 1931.	July 30, 1931.	Aug. 6, 1931.
RESOURCES.					
Total gold reserve	2,961,180	3,409,180	3,424,350	3,443,550	3,429,040
Total bills discounted	205,920	181,800	181,600	183,040	188,570
Bills bought in open market	133,570	70,410	87,030	66,540	66,070
Total U.S. Govt. securities	676,220	677,850	678,000	677,980	680,630
Total bills and securities	922,990	921,160	935,810	934,790	941,580
Total resources	4,710,760	5,251,570	5,161,140	5,151,810	5,150,670
LIABILITIES.					
Federal Reserve notes in actual circulation	1,338,770	1,716,620	1,730,750	1,735,580	1,772,670
Deposits—Memberbank—					
Reserve account	2,363,850	2,435,530	2,431,800	2,414,730	2,339,130
Total deposits	2,423,410	2,539,850	2,535,000	2,554,600	2,510,450
Capital paid in and surplus	446,620	441,480	441,430	442,080	441,480
Total liabilities	4,710,760	5,251,570	5,161,140	5,151,810	5,150,670
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	85.1 %	84.1 %	84.3 %	84.3 %	85.9 %

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Aug. 7, 1931.	July 18, 1931.	July 23, 1931.	July 30, 1931.	Aug. 6, 1931.
RESOURCES.					
Total gold reserve	906,120	1,200,030	1,228,690	1,237,730	1,149,240
Total bills discounted	45,160	24,230	25,180	26,840	36,100
Bills bought in open market	44,840	17,910	16,920	25,500	25,970
Total U.S. Govt. securities	180,480	171,270	169,530	169,530	169,530
Total bills and securities	275,720	219,930	212,630	222,120	234,150
Deposits—Memberbank—					
Reserve account	957,560	1,084,650	1,087,800	1,070,040	979,560
Total deposits	957,560	1,084,650	1,087,800	1,070,040	979,560
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	84.1 %	89.0 %	91.1 %	90.4 %	88.3 %

FEDERAL RESERVE MEMBER BANKS.

	July 23, 1931.	June 24, 1931.	July 1, 1931.	July 8, 1931.	July 15, 1931.	July 22, 1931.
ASSETS.						
Loans	18,852	18,852	14,631	14,631	14,631	14,631
Investments	6,243	7,803	7,795	7,851	7,780	7,757
Discounts	13,692	13,286	13,688	13,604	13,645	13,492
Due from banks	7,400	7,169	7,172	7,176	7,169	7,121
Due to banks	1,653	1,525	1,719	1,702	1,698	1,606
Federal reserve borrowings	3,467	3,339	3,780	3,719	3,602	3,438
	32	63	22	40	43	60

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	July 11, 1931.	June 12, 1931.	June 19, 1931.	June 26, 1931.
--	----------------	----------------	----------------	----------------

Company News.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

		Week ended Aug. 2, 1931. (000's omitted.)	Aggregate 31 weeks, 1931. (000's omitted.)
(b) Week ended July 31, 1931.	Miles Open.	seen- s, &c.	seen- s, &c.
(c) Week ended Aug. 1, 1931.		column- s, &c.	merchant- s, &c.
		and al- d, &c.	and al- d, &c.
		Total goods,	Total goods,
		Total for week.	Total

	Paid in advance	Pre- paid	Con- tributions	Total	Paid in advance	Pre- paid	Con- tributions	Total	
	\$	£	£	£	\$	£	£	£	
Great Western.....	3,761	490	105	295	6,85	6,657	5,858	3,247	9,105
Do. for 1930.....	3,761	421	209	113	743	7,252	6,613	3,748	10,361
L & N, Eastn.(c) ..	6,349	545	330	179	609	1,054	9,943	10,431	7,230
Do. for 1930.....	6,349	579	350	257	607	1,186	10,689	12,005	7,966
Lon., Md. & Soot.	6,984	808	424	189	613	1,521	15,055	16,510	7,606
Do. for 1930.....	6,984	808	424	189	613	1,521	15,055	16,510	7,606
Southern.....	2,180	508	81	29	110	618	9,259	2,218	997
Do. for 1930.....	2,179	531	80	31	111	642	9,792	2,402	917

Total of above...	1924 ⁴⁸	2351	1025	632	1527	3,878	40924	37630	19662	51,828	93,023
Do. for 1930....	1924 ⁴⁸	2504	1118	509	1877	4,261	40471	37364	20463	58,993	102,023
Metropolitan (c)	59	32.6	...	...	3	36.3	977.1	...	...	120.	1109.
Do. for 1930....	59	33.9	...	...	4-7	37.9	1015.6	...	...	124.	1113.
Undgd. E.R. (c)	...	289.9	...	...	...	289.9	9130.4	...	...	...	9131.
...	...	300.1	...	...	...	300.1	9314.0	...	...	...	9313.
Green E. Buses, &c.	...	28.6	...	...	...	28.6	736.7	...	...	...	733.
Do. & Sb. Grp.(c)	...	43.7	...	...	...	43.7	1345.2	...	...	...	134.
Do. for 1930....	...	44.5	...	...	...	44.5	1362.5	...	...	...	136.
*B'f'ate & C'w(h)	80	3.9	...	...	7	4.6	79.5	...	...	20.	10.
Do. for 1930....	...	14.4	...	...	...	5.2	85.7	...	...	22.	9.
*G. Northern (b)	562	17.6	...	...	15.6	32.0	329.8	...	...	450.2	788.
Do. for 1930....	562	17.6	...	...	14.4	33.0	359.9	...	...	451.2	81.
*Gt. Southern (b)	2,188	39.4	...	...	37.1	76.5	842.9	...	...	1128.0	197.
Do. for 1930....	2,188	41.0	...	...	42.3	83.3	829.6	...	...	1130.2	416.

INDIAN CURRENCY RETURNS (in lacs of rupees).			
	July 31.	July 22.	July 15.
Notes in circulation	15,565	15,378	15,223
Silver coin and bullion in India	13,256	13,179	13,108
Silver coin and bullion out of India	..	..	1,491
Gold coin and bullion in India	1,656	1,546	..
Gold coin and bullion out of India	..	..	..
Securities (Indian Government)	653	653	624
Securities (British Government)	..	..	..

The stocks in Shanghai on the 1st instant consisted of about 77,000,000 ounces in sycee, 166,000,000 dollars and 1,140 silver bars, as compared with about 77,200,000 ounces in sycee, 165,000,000 dollars and 2,100 silver bars on the 25th ultimo.

	Bar Silver, per oz. std. Cash delivery.	Two mos. delivery.	Bar Gold, per fine ounce.
Highest price	13½d.	13½d.	84s. 11½d.
Lowest price	12½d.	12½d.	84s. 10½d.
Average price	13·197d.	13·176d.	84s. 11·19d.

GOLD AND SILVER PRICES.

	Gold Per Ounce.		Silver— Per Ounce.		Date.	Silver. Cash.
			Cash	Forward		
1931.	s.	d.	d.	d.	Aug. 10, 1925	d.
July 31.....	84	11½	13	13	8, 1926	34½
Aug. 1.....	84	11½	13	13	" 7, 1927	31 ½
" 3.....	Bank Holiday				" 6, 1928	29½
" 4.....	84	9½	13½	13½	" 5, 1929	25 ½
" 5.....	84	11½	13½	13½	" 9, 1930	27 ½
" 6.....	84	11½	13½	13½		

The Queensland National Bank, Ltd., has confirmed as from August 1st the appointment of Mr. Lionel William Mortimer as London manager.

The Bank of London and South America, Ltd., and the Anglo-South American Bank, Ltd., announce that, in order to concentrate their respective interests in certain of the republics of South America, it has been agreed to close the branches of the Anglo-South American Bank, Ltd., in Uruguay, and two (i.e., Antofagasta and Santiago) of the three branches in Chile of the Bank of London and South America, Ltd., which will continue at Valparaíso. Under a mutual agreement the business of the Anglo-South American Bank, Ltd., in Uruguay will be cared for by the Bank of London and South America, Ltd., and that of the latter institution at Antofagasta and Santiago in Chile by the Anglo-South American Bank, Ltd. This arrangement will take effect as from August 31, 1931.

Barclays Bank, Limited, announce the opening of a new branch at 15, Langham Place, W.1, under the management of Mr H. E. Davy. A new sub-branch has been opened at 14, Upper George Street, Luton, under the management of Mr H. F. Smith, who is also manager of 28, George Street, Luton branch.

National Provincial Bank, Limited, announce that the business of their Princes Street Office, with the exception of the Foreign Department, has now been transferred to the new premises at 1, Princes Street, London, E.C.2; also that the business of the Overseas Branch has been transferred to the same address. The Princes Street Foreign Department, at present in temporary premises at 11, Lombard Street, E.C.2, will be transferred to and merged with the Overseas Branch on the 10th instant.

OTHER OVERSEAS.									
Gt. Southn. of Spain	30	July 25	104	Pes. 62,284	+	1,148	2,288,618	—	804
" "	4	31	483	\$255,400	—	67,500	809,300	—	187

MEXICAN RAILWAYS									
TRAMWAYS WEEKLY GROSS RECEIPTS.									
				\$	\$	\$	\$	\$	\$
Anglo-Argentine ...	30	July 29	329	66,190	-	10,480	2,195,790	-	307,472
B. Aires Lacrosse ...	5	Aug. 2		9,210	-	1,470	47,274	-	
Liverpool Corp. ...	17	July 29	124	29,803	-	440	541,635	-	
Madras Electric ...	7	31		Rs. 46,714	-	1,623	684,489	-	35
N. C. O. Tramways ...	17	July 29	166	78,038	-	2,159	1,385,686	-	39

Months.	Ending 1931.	Description.	Receipts for Month.	Receipts to Date.
---------	--------------	--------------	---------------------	-------------------

	Mo.		tion.	1931.	+ or -	1931.	+ or
Canadian Nat. Ry.	6	June 30	Gross	\$15,236,230	+ 4,169,498	88,275,626	-21,633
La Guaira and Car-							
acas Ry.	7	July 31	Gross	£8,180	+ 300	65,200	
	1	July 31	Gross	15,617	+ 2,979	13,617	
Midland Uruguay	1	July 31	Gross	2,768	+ 404	\$ 2,768	
Uruguay Northern	1	July 31	Gross	4,723	+ 468	4,723	
N.W. of Uruguay	6	June 30	Gross	Rs. 490,360	+ 80	2,897,748	- 2
Rangoon Elec. Trm.	6	June 30	Net	R. 266,853	- 16,202	1,456,690	- 15

The Irving Trust Company cable the following money and exchange rates in New York:—

	July 6, 1930.	July 8, 1931.	July 15, 1931.	July 22, 1931.	July 29, 1931.	Aug. 5, 1931.
all money	%	%	%	%	%	%
me money (90 days' mixed coll.)	2½	1½	1½	1½	1½	1½
unk acceptances.....	2½	1½	1½	1½	1½	1½
Members—eligible, 90 days	2	1	1	1	1	1
Non-mem.—eligible 90 days	2½	1½	1	1	1	1
Ineligible, 90 days.....	2½	1½	1	1	1½	1½
Commercial accept. 90 days	3½	2½	2½	2½	2	2

The Bank of England gold reserve against notes amounted to 132,034,694 on the 22nd of the month, as compared with 132,034,694 on the 22nd of the month.

On the 29th ultimo (as compared with £148,773,846 the previous Wednesday), and represents a decrease of £15,590,928 since December 31, 1930. On the 30th ultimo the Bank of England raised its rate of discount from 3½ per cent. to 4 per cent. The rise in the Bank Rate and the announcement of the £50,000,000 credit placed at the disposal of the Bank of England by the Bank of France and the Federal Reserve Bank of New York, at first had the desired effect on the foreign exchanges and during this week there was a cessation of the heavy withdrawals of gold from the Bank of England. To-day, however, movements of the exchanges suddenly became momentarily unfavourable and as a consequence there is a possibility of some resumption in the demand for gold. At the time of writing this demand is only on a small scale. An interesting event was the arrival to-day in London from France of a consignment of £500,000 of bar gold, which was sold to the Bank of England. No reason can yet be ascribed for this return of gold from France under present exchange conditions and therefore it can only be assumed that it has been sent for some special purpose. On the 31st ultimo £1,000,000 of bar gold from Australia was offered in the open market and was secured by an unknown buyer at 84s. 11½d. per fine ounce. The shipment of bar gold which arrived from South Africa this week amounted to £952,000, nearly all of which had been sold prior to

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.				Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.
					Prefce.	Ordinary.	Rate.			
		£	£	£	£	£	%	£	£	£
Breweries.										
Guinness (Arthur) and Son	June 30	807,436	2,380,356	3,187,792	120,000	1,007,375	35	...	960,417	2,522,079
Power (John) and Son	June 30	22,112	26,340	48,452	27,200	...	...	...	21,252	28,860
Watney Combe Reid	June 30	353,366	836,470	1,189,836	127,416	318,541	19	400,000	343,879	1,342,805
Financial Land, &c.										
Cambuhy Coffee and Cotton	Dec. 31	48,085	Dr 122,655	Dr 74,570	...	...	...	...	Dr 74,750	...
Iron, Coal and Steel.										
Bengal Iron Co.	Mar. 31	70,514	Dr 50,453	20,061	18,750	...	...	14,000	Dr 30,774	208,703
Rubber, &c.										
Kuala Pergaw Rubber	Feb. 28	5,118	Dr 4,792	326	...	...	...	...	326	Dr 4,458
Shops and Stores.										
British Overseas Stores	June 30	3,476	43,404	46,880	15,468	20,790	6	5,000	5,622	...
Trusts.										
Drapers Trust	May 31	147,265	241,237	388,502	168,000	75,000	5	...	145,502	...
Other Companies.										
Fletcher and Cartwright	July 31	12,593	31,295	43,888	...	18,900	9	12,600	12,388	...
Fowler (D. and J.)	Mar. 31	20,153	10,927	31,080	8,250	11,865	5	...	19,215	24,559
Goulding (W. and H. M.)	June 30	5,451	27,740	33,191	5,328	17,438	6	6,000	4,425	33,208
Tootal Broadhurst Lee	June 30	42,783	24,870	67,653	15,500	32,922	5	...	19,231	88,618

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	Latest Year.	Previous Year.
	Interim or Final.	Date of Payment.	Method of Payment.			
RAILWAYS.						
Great Western Railway	1½%	...	...	%	%	%
BANKS.						
Bank of New South Wales	2%	...	Q quarterly	...	...	...
OTHER COMPANIES.						
Behobor Company	20%	...	...	30	40	...
Benn Brothers (Publishers)	13½%	...	...	20	20	...
Borden and District Gas	2½%	Aug. 22	...	...	...	...
Bristol Tramways and Carriage	3%	...	...	...	...	...
Charles Sharpe	2½%	...	...	5	6	...
City of Lond. Elec. Lighting Co.	6%	Sept. 30	...	...	...	...
D. & J. Fowler	3½%	...	...	5	8	...
Dublin and Wicklow Manure	3½%	...	...	...	...	...
Eastbourne Gas "A"	4½%	Sept. 1	...	...	...	...
Eastbourne Gas "B"	3½%	Sept. 1	...	...	...	...
English Assoc. of Am. Bond and Shareholders	3½%	Aug. 17	...	...	...	...
E.N.U. Engineering	3½%	Aug. 21	...	...	...	...
First Scottish Mutual Invest.	5	...	...	5	5½	...
Trust	6½%	...	...	11	15	...
Frinary, Holroyd and Healy	15½%	Plus bonus of 5%	...	35	35	...
Guinness Son and Co.	8%	Sept. 1	...	13½	12½	...
Holborn and Frascati	2s. p.s.†	Aug. 15	Tax free	...	...	...
Hunters the Teamen	1s. p.s.†	...	...	...	...	...
Improved Wood Pavement	3½%	...	...	...	...	...
Industrial Bank of Japan	8%	Sept. 1	...	5	10	...
International Invest. Trust (def.)	3½%	...	...	...	...	...
Isaac Holden and Sons	6½%	Aug. 29	...	...	...	...
Langham Hotel	4%	Sept. 1	...	...	...	...
Law Land	4%	Sept. 1	...	...	...	...
Lincoln Thread	6%	Aug. 29	Tax free	6½	6½	...
Malton Gas	5%	Sept. 1	...	...	...	...
Merchants Trust	2½%	...	...	...	...	...
National Liberal Club Bldgs.	4%	Aug. 25	...	...	...	...
Northampton Electric	3½%	Sept. 2	...	...	...	...
North Middlesex Gas	3½%	Sept. 1	...	...	...	...
Oxford and District Gas	3½%	Aug. 20	...	...	...	...
Peterborough Gas	2½%	Aug. 15	...	...	...	...
Projectile and Engineering	2½%	Aug. 15	...	...	...	...
Rochester, Chatham and Gillingham Gas	3½%	Aug. 7	...	...	...	...
Romford Gas	3½%	Sept. 1	...	...	...	...
Rushden and District Electric	3½%	Aug. 25	...	...	...	...
Salsbury Railway and Market House	2½%	Sept. 29	...	...	...	...
Seaford Gas	3½%	...	...	...	...	...
Scottish Eastern Invest.	2½%	Aug. 31	...	...	...	...
Second Edin. and Dundee Inv.	3½%	Sept. 1	...	...	...	...
South Staffs. Waterworks	5%	Aug. 15	...	...	...	...
South Suburban Gas	2½%	Aug. 31	...	...	...	...
Spratt's Patent (America)	2½%	...	...	...	...	...
Swansea Gas Light	3½%	...	...	...	...	...
Uxbridge, Maldenhead, Wycombe District Gas	3½%	Aug. 31	...	...	...	...
Watney Combe Reid (def.)	3½%	...	...	19	21	...
W. & H. M. Goulding	3½%	...	...	6	6	...
Wolverhampton Gas	3½%	Aug. 26	...	...	...	...
Yorkshire Electric Power	3½%	...	...	...	...	...
York Town (Camberley) District Gas and Electric	3½%	...	...	...	...	...

DOMINION-SCOTTISH INVESTMENTS LIMITED.—The directors have declared a dividend on the 5 per cent. cumulative redeemable preference stock (par value \$50.00) of the company at the rate of 5 per cent. per annum for the quarter ending July 31, 1931, payable on August 1, 1931, to shareholders of record at the close of business on July 20, 1931.

VICKERS, LIMITED.—The directors give notice that the following interim dividends for the half year ended June 30, 1931, will be paid to the holders of the preferred stock and preference shares of the company who are registered in the books of the company on Saturday, August 8, 1931: 2½ per cent. on the preferred 5 per cent. stock (less income tax), 2½ per cent. on the 5 per cent. preference shares (less income tax). Payment will be made on Friday, August 28, 1931. The transfer books of the company relating to these issues will be closed from Monday, August 10, to Saturday, August 15, 1931, inclusive.

SUMMARY OF BALANCE SHEETS.

ARTHUR GUINNESS, SON AND COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with June 30, 1931.	Amount.	Compared with June 30, 1931.
Preference stock...	2,000,000	Premises, plant, goodwill, &c. ...	5,732,099 + 28,879
Ordinary stock...	7,500,000	Movable plant ...	166,001 + 48,821
Creditors...	3,028,286 - 134,503	Cash ...	836,735 + 7,823
Reserve ...	2,500,000 + 100,000	Debtors ...	1,908,363 - 84,531
Profit and loss ...	2,169,417 + 162,981	Stocks ...	2,396,696 - 538,318
		Investments ...	4,924,021 + 266,835
		Cash ...	1,233,788 + 446,729
Total ...	17,197,703 + 118,478	Total ...	17,197,703 + 118,478

WATNEY, COMBE, REID AND COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with June 30, 1930.	Amount.	Compared with June 30, 1930.
5% cum. 1st pref. ...	1,684,939	Buildings, utensils, &c. ...	14,910,382 - 121,978
4% pref. ord. stk. ...	3,185,410	Loans and interest ...	491,908 - 43,214
Pref. ord. stk. ...	3,185,410	Agencies ...	398,634 + 20,210
3½% perp. 1st deb. ...	4,358,702	Investments ...	1,035,024 + 202,067
Red. 5½% deb. ...	2,292,000 - 83,000	Trade investments ...	74,635
Interest ...	72,901 - 1,037	Investments in subsidiaries ...	1,927,230 - 38,088
Deposits ...	625,135 + 36,654	Cash ...	864,780 - 27,769
Creditors ...	1,038,091 + 3,729	Stock and materials ...	358,005 - 51,742
Insurance fund ...	261,500 + 32,500	Insurance fund ...	261,500 + 32,500
Reserve fund ...	1,000,000	Prepayments ...	56,384 - 1,535
Prop. improv. and contngy. res. ...	523,455 + 64,000	Due by subs. ...	41,041 + 41,041
Res. against subs. ...	1,002,144		
Profit and loss ...	1,189,836 - 41,342		
	20,419,523 - 11,504		20,419,523 - 11,504

REPORTS AND NOTICES.

Mr William Alfred Crowther, of Edgerton Hill, Huddersfield, has been elected a director of the Yorkshire Electric Power Company to fill the vacancy caused by the death of Mr E. R. Benson.

In view of the continued depressed state of the rubber industry the Wampoe Tobacco and Rubber Estates, Ltd., has decided to stop tapping forthwith and to place the company's estate on a care and maintenance basis.

Mr A. W. Rogers, a director of the Central Mining and Investment Corporation, Ltd., has been appointed chairman of Bernhard, Scholle and Company, Ltd., in the place of Mr F. Heim, who has resigned from the board.

Mr. George William Malcolm, M.B.E., J.P., chairman and managing director of the Mersey Power Company, Ltd., has been elected a director of British Power and Light Corporation (1929), Ltd., and North Wales Power Company, Ltd.

At the extraordinary meeting of the members of the London and Lomond Investment Trust, Ltd., held on July 30th, the resolution to convert the shares into preference and ordinary stock was unanimously adopted.

The Perak River Hydro-Electric Power Company, Ltd., announce that as from August 1, 1931, the transfer office for the 7 per cent. participating debenture stock and the ordinary shares will be at 50 Watling Street, London, E.C.4. Telephone No. : City 2046.

Commercial Reports.

MARKET SUMMARY.

During the past week markets were largely under the influence of the holidays, but, in view of the financial crisis, many commodities suffered a further decline in prices. According to reports from various coal-mining districts the situation in the coal trade continues to deteriorate. Fortunately, a deadlock has been averted in Scotland by the agreement reached on wages between owners and workers. There are no signs of an improvement in the iron and steel industries, but prices have been maintained. Among non-ferrous metals, tin is alone in showing a slight rise in value. Copper, lead and spelter were again weaker. In textile raw materials the outstanding feature is the further sharp decline in cotton prices in the absence of an improvement in the manufacturing trade. Wool has been steady. Among cereals, wheat continued its downward movement. On August 5th No. 2 winter was sold at 48½ cents per bushel in Chicago, as against 96½ cents per bushel a year ago. The meat trade has been quiet, and prices were slightly easier. Among miscellaneous commodities, vegetable oils and oilseeds declined further, and rubber established a new low record, but hides have been maintained.

THE COAL TRADE.

SHEFFIELD.—The demand for South Yorkshire steam coal for export is declining. Production has been reduced, yet stocks have accumulated at pits and at the Humber ports. Supplies are excessive in all sections of the trade. Best steams continue firm, however, at 17s. 3d. to 17s. 9d. f.o.b. Industrial requirements are extremely small on account of the holidays. Trade in house coal is normal, but merchants exhibit a disinclination to contract for forward requirements. Best ordinary house is quoted at 18s. 6d. to 20s. at pits, or a shilling more than a year ago. The poor demand for blast-furnace coke has brought prices down to as low as 10s. and 10s. 6d. at ovens. Consumption is the lowest for many years.

GLASGOW.—The miners in Scotland have by a substantial majority voted in favour of the draft agreement on wages reached between their representatives and the owners, so that one serious restrictive influence on business will now be removed. The wage agreed upon is a standard minimum of 8s. per shift of seven-and-a-half hours. Meanwhile, demand on both home and export account is quiet, and all sizes of fuel are obtainable without difficulty. Shipment prices (f.o.b. district ports): LANCASHIRE.—Ell best, 14s. 3d.; splint best, 15s. 9d.; splint second, 14s. 6d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 12s. 6d.; doubles, 11s. 9d.; singles, 10s. 6d.; pearls, 9s. 6d.; dross, 9s. FIFE.—Screened navigation, 16s. 6d.; 17s. 6d.; first-class steam, 12s. 6d.; third-class steam, 10s. 6d.; trebles, 12s. 13s. 6d.; doubles, 12s.; singles, 10s. 6d.; pearls, 9s. 3d. LOTHIAN.—Prime steam, 11s.; secondary steam, 10s. 6d.; trebles, 12s. 6d.; doubles, 12s.; singles, 10s. 6d.; pearls, 9s. Ayrshire.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 12s. 6d.; doubles, 11s. 9d.; singles, 9s. 6d.-9s. 9d.; pearls, 9s. 3d.-9s. 6d.; dross, 9s.

CARDIFF.—In view of the closing of the pits for the first three days of the present week, practically no new business has been transacted on the Cardiff coal market, and it is anticipated that, owing to the dearth of orders, some of the pits will remain idle throughout the week. As a result of representations made by the deputations representing the Central Coal Council and the Coal Exporters' Association, the French Government has modified the operation of its coal import decree by authorising shipments during the present month at a rate equal to the monthly average exports from the United Kingdom to France over the three years 1928, 1929 and 1930. Under this concession, permissible exports will exceed by between 180,000 and 200,000 tons those which would otherwise have been authorised under the proposed 20 per cent. restriction. As a sequel to the recent refusal of the South Wales Coal Marketing Association to alter its minimum schedule, one of the more important of the colliery groups is applying for arbitration on its demand for a reclassification of its coals.

IRON AND STEEL.

MIDDLESBROUGH.—Tuesday's weekly market was not held this week on account of the holidays. There is nothing fresh to report in regard to Cleveland pig iron; the demand continues exceedingly quiet, and stocks in makers' hands are reported to be increasing. Further additions are likely to occur during the month, as practically all the local consuming works will close down at the end of next week for the annual week's holiday, and if the blast furnaces are kept going, as is expected, there will be a surplus production. Official prices are unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; No. 4 forge, 57s., f.o.b. or f.o.t. The hematite market is steady, but there is still a decided disinclination on the part of consumers to place forward contracts, and the business coming to hand is practically confined to moderate quantities for early delivery, which are procurable on the basis of 61s. 6d. for mixed numbers, but threepence to sixpence more is asked for delivery ahead, according to period. In the finished departments new business is slow to mature, and although some works have a fair number of old orders to complete, operations will be considerably restricted very soon unless fresh ones come to hand. Prices under the rebate scheme are unchanged. The ore market remains practically idle. Best Bilbao rubio is nominally 14s. 6d. c.i.f. for prompt delivery and the current freight, Bilbao-Middlesbrough, is about 4s. 3d. Imports of all kinds of ore into Middlesbrough during July totalled 67,563 tons, compared with 68,385 tons in June and 78,117 tons in May. Coke has been in rather better demand recently, but

stocks in producers' hands are still large, and prompt supplies of good blast-furnace qualities can still be obtained at 15s. delivered consumers' works in this district. No change has been made so far in the number of blast-furnaces operating in the district, which remains at 22.

SHEFFIELD.—Comparatively little work is being done this week in the local iron and steel industry, and there is no sign of change in the general situation. Rather more open-hearth steel is being produced, but, on the other hand, there is a tendency to shrink in the rolling departments. Business is poor in wrought iron, and a great scarcity of skilled puddlers is reported. The output of Lincolnshire pig iron in June was about half the quantity in the corresponding month of last year. Production of steel in the Sheffield district in the same month recorded a decline of about 60 per cent. The figures were, however, nearly equal to those of May. About 20,000 local iron and steel workers are unemployed, but the total unemployed stands at 60,000 or more. The holiday is being extended at many works. Prices have not been altered this month, although consumers are demanding concessions on the ground that costs have been reduced considerably during the last three months.

GLASGOW.—Although at most plants work has now been resumed there is still very little business being done at the iron and steel works in Glasgow and neighbourhood, and orders which have accumulated during the holiday period do not amount to any great tonnage, and it would seem that there is likely to be a continuance of the short-time working which has been the rule at most plants for some considerable time, there still being no increased demand for shipbuilding materials. In the sheet metal makers of thin black sheets have a fair amount of work on hand and there are still a number of inquiries on the market. The export demand for galvanised sheets is not satisfactory, and in both the black and the galvanised trade prices are very low. In almost every branch of the iron and steel and allied industries business remains quiet and plants only partially employed.

CARDIFF.—Owing to the holidays and the suspension of work at the tinplate and steel works no meeting of the Swansea Metal Exchange has been held this week. Prices of tinplates, galvanised sheets and steel bars are nominally unchanged.

OTHER METALS.

TIN.—Alone among non-ferrous metals, tin improved slightly during the last week, and the price now appears to be on a definitely higher level. Although world stocks (excluding "carry over in Straits") have not yet declined, the first effect of the restrictive scheme is seen by a decrease in the quantity of the metal held in the Straits Settlements. Wednesday's official closing quotation for "standard cash," at £109 to £109 5s. per ton, compares with £108 10s. to £108 12s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,636



INSPIRATION

To build a great business, those responsible for its destiny must spin into the threads of its policy a love of the highest standard of craftsmanship.

There must be the courage to decline business offered at a price which, if accepted, would result in the quality of the work being lowered.

A business must succeed as long as there is in its constitution the persistent pursuit of this definite aim.

The Chatwood Tradition—
"Achievement is but another milestone along the highway of progress—the end of the journey lies ever beyond"

is just as strong to-day as when the great pioneer, Samuel Chatwood, founded the firm almost a century ago.

J. E. S.

THE CHATWOOD SECURITY

THE CHATWOOD SAFE CO., LTD.,
Bankers' Engineers,
SHREWSBURY, England.

Folder No. 10—
Classified Service

tons, show a decrease of 163 tons on the week. According to the London Metal Exchange, the world's visible supply at the end of July (excluding "carry-over in Straits"), at 51,707, shows an increase of 81 tons on the month, but the "carry-over in Straits" at 6,612 tons, was 588 tons smaller.

COPPER.—In contrast to tin, copper prices declined further during the week. A further cut of 0.25 cents per lb. in the minimum price of Copper Exporters, Ltd., did not bring about an increase in demand, and domestic "spot" touched 7.50 cents per lb. on Wednesday. Wednesday's official closing price for "standard cash" in London, at £32 15s. to £32 17s. 6d., compares with £33 1s. 3d. to £33 3s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 19,027 tons, show an increase of 461 tons, while stocks of rough copper, at 1,110 tons, were 26 tons smaller.

LEAD.—The market in lead has been quiet, but in the absence of selling pressure prices showing a slight decline. Wednesday's official closing quotation for "soft foreign" in London, at £12 6s. 3d. to £12 10s., compares with £12 8s. 9d. to £12 11s. 3d. on the corresponding day last week.

SPELTER.—Spelter was firm at the beginning of the week, but in view of the heavy supplies the market declined on Wednesday. Wednesday's official closing quotation in London for "good ordinary brands," at £11 3s. 9d. to £12 10s., compares with £11 16s. 3d. to £12 5s. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, "foreign" antimony, at £22 10s. to £23 5s. per ton, compares with £23 to £23 10s. a week ago. The quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton, respectively, have been maintained. Quicksilver again changed hands at £17 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Prices have continued to decline steadily, the lowest point of this season being reached this week. It can hardly be claimed that heavy selling has caused the decline. It has been the absence of buyers to absorb some slight liquidation and small offerings from the South. Crop news continues quite good, and private estimates now received run from 13½ to 14½ million bales, all over the present world requirements. Weather in parts has been such as to encourage the boll weevil, but its ravages so far have been negligible. Business continues to be poor in the extreme. The spot sales for the week July 29th to August 5th (inclusive) are 15,000 bales, of which 5,950 are American, 600 Brazilian, 550 Argentine, 2,750 Peruvian, 1,500 Egyptian, 1,350 African, 1,350 East Indian, 730 Russian, and 220 sundries. Imports for the same period are 18,575 bales, of which 2,653 are American, 2 Brazilian, 6,748 Argentine, 4,139 Peruvian, 520 Egyptian, 2,509 African, 1,675 East Indian, and 329 sundries. Quotations, August 6th: American Middling, 4.48; Sakel, 6.90; Uppers, 5.33; Brazilian Fair, 4.40; Peruvian Smooth, 4.70; West African Middling, 4.40, and East African G.F., 5.40.

Manchester.—The Cotton Trade.—The general position of the market does not improve and since a week ago business has been adversely affected by the holidays and the further decline in raw cotton prices. There is still a disposition in all sections to restrict purchases as much as possible, writes our correspondent. Merchants who bought goods a few weeks ago are seriously handicapped by the depreciation in values. A certain amount of cloth inquiry has been experienced for India, but workable offers have been scarce, business being confined to odd lots in light whites and dyed goods. There continues more demand in fancies for China and some fair contracts have been arranged. Not more than a retail business has been done for the several minor outlets east and west, and on the whole home trade buyers have shown more caution in placing orders with producers. The owners of weaving sheds are experiencing increasing difficulties in carrying on and reports are being circulated of more firms going out of business. Prices in American and Egyptian yarns have favoured buyers, and in some quarters a rather larger turnover has taken place in coarse American counts. Only limited operations have occurred in Egyptian numbers.

Cotton Prices.

	1931.				Corresponding Date.	
	July 15.	July 22.	July 29.	Aug. 5.	1929.	1930.
Raw Cotton—Mid. American	d. 4.91	d. 5.11	d. 4.72	d. 4.35	d. 10.65	d. 7.79
" Sakellaridis Fully Good Fair	d. 7.50	d. 7.45	d. 7.10	d. 6.65	d. 17.05	d. 12.15
Yarns—32's twist	d. 8½	d. 8½	d. 8½	d. 8½	d. 15½	d. 11½
" 40's twist	d. 9½	d. 9½	d. 9½	d. 9½	d. 15½	d. 11½
" 60's twist (Egyptian)	d. 14½	d. 14½	d. 14½	d. 14½	d. 26	d. 20
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	d. 17	d. 17	d. 17	d. 17	d. 25	d. 20
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	d. 19	d. 19	d. 19	d. 19	d. 28	d. 23
38-in. ditto, 58 yds., 18 by 18, 10 lb.	d. 10	d. 10	d. 10	d. 10	d. 7	d. 15
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	d. 9	d. 9	d. 9	d. 9	d. 13	d. 11

THE WOOL TRADE.—Bradford.—This week, writes our correspondent, information has been received from South Africa that the forthcoming clip will be a good one, bounteous rain having fallen in mid-winter. The whole country is well supplied with water, and feed is plentiful. According to a Government return the quantity of wool carried over on June 30 at all the ports was 39,994 bales, this comprising mostly short clothing, which will no doubt find a market between now and the end of this month, when the long combing clip will become available. Developments on the Continent during the next few weeks will have an important

bearing upon Australian, South African and other wool values. Many mills throughout the West Riding are closed this week, and the second week in the month is the Bradford holiday. This, however, is only a temporary suspension of production, and even now preparations are being made for new cloths for next spring. Some manufacturers are fairly well pleased with the success already achieved in this direction. Weather conditions have been unfavourable for the sale of big quantities of light-weight goods for summer, with the result that retail clothiers are carrying bigger stocks than expected. Merino fabrics are certain to be popular, for fine wool is at a very reasonable price.

THE JUTE TRADE.—Dundee.—During the past fortnight the jute trade has ruled very quiet, with little change in prices all round. The Calcutta goods market has gone slightly easier, even though the figures of the stocks of both hessians and heavy goods show a drop at the end of July compared with those at the end of June. These stocks, however, are still very large, and prove a deterring factor to trade generally. The value of Calcutta 10 oz. 40 in. is 16s. 6d., and of 8 oz. 13s. 4½d., for August-September shipment. There is no further indication of the Indian jute mills considering shorter hours, but recently the mills agreed to carry on the present restricted working period of 40 hours per week all next year. The raw jute market has received little support from consumers, and business has been mostly confined to speculative operations, though there is little margin for even speculators to sell meantime at the low prices ruling. Offers from Calcutta have been quite plentiful. Best First Marks are quoted at from £18, and good Lightnings are obtainable at from £16, at which business has been done for August-September shipment. Heart D.R. has been sold at £15 5s., but sellers might now accept £15, same shipment. The full group of Daisee assortment has ruled unchanged at £15 5s., and good short groups at £15 10s., while the value of D.S. Tossa assortment is £16 10s., and of Motilal £16 12s. 6d., September-October. Spinners have picked up only a few small parcels of the fibre where rates have been most reasonable. Jute yarns have been practically without a test. Spinners are still naming 1s. 10½d. for common 8 lb. cops and 1s. 11½d. for 8-lb. spools, but the position is that buyers will not pay more than 1s. 10d. and 1s. 11d., respectively. The majority of spinners are more inclined to allow their machinery to stand than go on selling at prices which can only disclose a loss. Twist is from 3½d. for 3 ply 8 lb., and sacking yarns are steady at from 3½d. for 8 lb. chains and from 2½d. for 24 lb. web. Rove is on the easy side at from £18 15s. for 48 lb. and £15 15s. for 200 lb., buyers pressing for the lowest possible prices. Fine yarns are quiet and unchanged, while there is nothing doing in carpet descriptions. The cloth end of the trade remains very dull, and there is not much accumulation of orders over the holiday period, and any that have come in are for only small quantities. Prices remain quotably unchanged at from 2½d. for 10½ oz. 40 in., and from 1½d. for 8 oz., but if business of suitable dimensions were forthcoming, there is no doubt that concessions could be obtained. Linoleum hessians and heavy goods are dull and nominal.

THE GRAIN MARKETS.

WHEAT.—Despite the low levels already reached, prices continued to decline during the past week and on Wednesday, October wheat touched 3s. 9½d. per 100 lbs. in Liverpool. Russia is offering increasing quantities of the cereal, and although some damage may probably have been caused to her crop by her recent spell of hot weather, harvesting appears to be progressing, and yields are expected to be satisfactory. The German crop has been estimated at 20.5 million quarters. Although in some districts of France the probable yield appears to be low, her total crop is estimated to reach over 34 million quarters. Quotations: No. 1 Northern Manitoba Atlantic, ex ship, 23s. 9d. per 496 lbs., as compared with 24s. 3d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 22s. 9d., against 23s. 3d.; No. 3 Northern Manitoba, Atlantic, ex ship, 21s. 3d., against 21s. 6d.; Rosafe, ex ship, 19s. 3d., against 20s. 6d.; Australian, ex ship, 20s. 6d. to 23s., against 21s. 6d. to 23s. 6d. a week ago.

WHEAT FLOUR.—The home trade in flour has been steady, but in view of the declining tendency in wheat prices, millers are limiting their purchases to immediate requirements. North American shipments, at 161,000 sacks, show a decrease of 62,000 sacks as compared with those of the previous week. Quotations: Straight run, delivered country, 22s. per sack of 280 lbs., as compared with 22s. last week; delivered London, 21s., against 21s. Manitoba patents, ex store, 21s. to 24s., against 21s. to 24s.; and Australian, ex store, 16s. 9d. to 17s. 9d., against 17s. to 18s. a week ago.

BARLEY.—The market in barley has been dull, and although supplies in importing countries are said to be limited, demand has so far failed to expand. Quotations: "English feeding," f.o.r., sold at from 34s. to 50s., as compared with 36s. to 40s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—The spot market has again been steady, but trade in futures has been quiet. Quotations: "River Plate," landed, 11s. 3d. per 320 lbs., as compared with 11s. last week; "River Plate," ex ship, 10s. 3d., against 10s.; "Chilean Tawny," landed, 12s. 9d., against 13s.; English white, per 336 lbs., 20s., against 20s. to 21s. a week ago.

MAIZE.—Argentina is still shipping heavily; last week's shipments amounted to 1,201,000 quarters, and although demand is still satisfactory, prices have shown a slight downward tendency in anticipation of further heavy arrivals. Quotations: "Plate," landed, 15s. 9d. per 480 lbs., as compared with 16s. 6d. last week; Plate, ex ship, 14s. 6d., as against 15s. 3d.; Plate, August-September, new, 14s. 6d., as against 15s. 3d. Yellow maize meal,

ex wharf, was quoted at £5, as against £5 2s. 6d. per ton a week ago.

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

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to August 1	Owts. 25,067	Owts. 68,712	Owts. 33,950	Owts. 86,987
48 weeks to August 1	4,881,325	9,488,794	9,657,299	10,897,782
Average price of English wheat per cwt.	s. d. 6 5	s. d. 8 3	s. d. 11 3	s. d. 10 11

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
July 25, 1931	Owts. 31,618	Owts. 2,333	Owts. 8,438	s. d. 6 5	s. d. 6 4	s. d. 6 8
Aug. 1, 1931	25,067	1,499	7,136	6 5	6 4	6 8
July 30, 1927	44,232	3,889	14,631	12 7	11 8	10 3
Aug. 4, 1928	86,086	5,364	26,659	10 11	10 9	11 4
Aug. 3, 1929	40,833	4,743	10,109	12 0	9 11	9 5
Aug. 2, 1930	68,712	5,239	10,800	8 3	6 6	6 0

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Aug. 6, 1930.	Jan. 2, 1931.	July 22, 1931.	July 29, 1931.	Aug. 5, 1931.
Winnipeg (No. 1 Manitoba)	148½	102½	56½	57½	54½	52½
Chicago (No. 2 Winter)	130½	96½	79½	54	51½	48½

The visible supply of wheat in Canada at 62,640,000 bushels shows an increase on the week of 1,826,000 bushels. Supplies a year ago stood at 56,882,000 bushels.

OTHER FOODS.

SUGAR.—The market in raw sugar, both in London and New York, has been quiet this week, but prices remained steady. Sales of refined sugar have also been on a smaller scale. Wednesday's sales of "raws" included "August delivery," at 6s. 4d. per cwt., against 6s. 3½d. to 6s. 3¼d., and "December," at 6s. 7½d., against 6s. 7¼d. to 6s. 8¼d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	Tons.	Tons.	Tons.	Tons.	1931.	1930.
London	1931.	1930.	1931.	1930.	27,494	28,715
Liverpool	2,204	254	843	1,043	68,623	97,817
Total	18,619	31,433	14,157	9,841	96,117	126,532
Last week	4,932	18,388	14,153	18,981	90,394	105,729

COFFEE.—No auctions have been held this week. They will be resumed on August 11th. Meanwhile, the spot market, though quiet, remained steady. Last week's movements of coffee in London were as follows: Brazilian, landed, 12; delivered for home consumption, 74 bags; exported, nil; stocks, 2,451 bags, against 1,561 bags last year. Central American, landed, 729 packages; delivered for home consumption, 1,941; exported, 1,050; stocks, 101,648 packages, against 92,259 a year ago. Other kinds, landed, 684 packages; delivered for home consumption, 3,481; exported 1,806; stocks, 78,787 packages, against 101,473 a year ago.

COCOA.—Cocoa has been a quiet market, and prices were again lower. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, mid-crop, August-September, at 17s. 3d. per cwt. f.o.b. London contract, shows a fall of 6d. Last week's movements of cocoa in London were as follows: Landed, 3,668 bags; delivered for home consumption, 3,144 bags; exported, 343 bags; stocks, 222,450 bags, against 194,708 last year.

TEA.—No auctions have been held this week, but the market will reopen next Monday. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Auction:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasa-land.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
July 31, 1930	1 1.13	1 0.64	1 4.65	0 9.49	0 10.29	0 8.30	1 2.64						
July 9, 1931	0 7.68	0 7.99	0 10.28	0 6.20	0 6.25	0 4.87	0 8.62						
July 16, "	0 7.90	0 8.46	0 11.40	0 6.35	0 6.68	0 5.18	0 9.46						
July 23, "	0 8.34	0 7.81	0 11.99	0 6.68	0 6.57	0 5.03	0 9.79						
July 30, "	0 8.69	0 7.44	1 0.64	0 7.09	0 6.67	0 4.23	0 10.49						

RICE.—Rice has shown a further improvement during the week. Wednesday's quotation for Burma No. 2, cleaned, August-September in singles to the Continent and to the United Kingdom, at 8s. 7½d. per cwt., shows a rise of 9½d. as compared with last week. Movements in London during the past week were as follows:—Landed

204 tons; delivered, 42 tons; stocks, 741 tons, as against 2,111 last year.

POTATOES.—Supplies of new potatoes are now plentiful and prices were again lower. At the Borough Market, "King Edward" sold at from 6s. 6d. to 7s. 6d. per cwt.

SPICES.—Although the spot pepper market was quiet during the week, prices were maintained. Wednesday's quotation for "Black Singapore," at 5½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows:—Black, landed, nil; delivered, 24 tons; stocks, 583 tons; against 845 tons last year. White, landed, 46 tons; delivered, 30 tons; stocks, 536 tons, against 468 tons a year ago.

MEAT.—Trade at the Smithfield Meat Market has been quiet during the week and prices were slightly easier. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 4s. 6d. to 4s. 10d. per 8 lbs., against 4s. 8d. to 5s. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 4d. to 3s. 10d., as against 3s. 4d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,071 tons, as compared with 7,916 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.8 per cent. of the supplies, as against 81.9 per cent. a year ago; and imported mutton, mainly New Zealand, formed 86.6 per cent. of the total supply, as against 82.6 per cent. last year.

MISCELLANEOUS COMMODITIES.

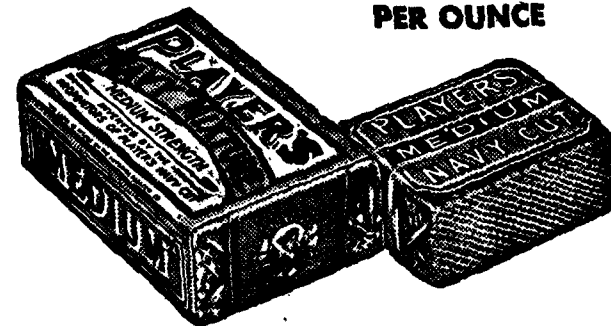
VEGETABLE OILS AND OLSEEDS.—Very quiet conditions prevail in the markets for oilseeds and vegetable oils accompanied by a further weakening of values. Large quantities of linseed afloat and yet to be shipped and the incapacity of crushers to absorb more than a modest proportion continue to depress the market and very little business is recorded. Plate on passage and for shipment to September is quoted nominally £8 7s. 6d., with October a fraction more. The quantity now on passage to Europe is 166,200 tons, or only 700 tons less on the week, and compares with 99,200 tons a year ago. Cottonseed is neglected and weak. Black Egyptian old crop offers around £4 15s., and new crop September loading £4 17s. 6d., but buyers are difficult to find. Vegetable oils generally are quiet and reflect the dullness in oilseeds. Linseed oil on spot ex Hull mill has declined to £15 15s., and September-December delivery to £15 5s., but trade is painfully slow. Cotton oil is quiet, crude Egyptian ex Hull quoting £18 10s. and common edible £21. Oilcakes and meals are in moderate demand and about unchanged.

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

In the calm contemplation of a pipe of good tobacco new hopes are born and life's little problems are viewed in their true perspective.

1/10¹⁰₂ PER OUNCE



N.O.T. 2.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—					
CEREALS AND MEAT.				Irish bladders				English Southdown, washed				Best heavy ox and heifer					
GRAIN—	s.	d.		American, boxes, 56 lbs. 40	6	42	6	per lb.	12	8		Best cow	0	4	0		
Wheat, No. 2, N. Man. 496 lb.	22	9		POTATOES—				Lincoln hog, washed	20			Best calf	0	4	0		
Eng. Gas. av., per cwt.	6	5		Good English, per cwt.	6	6	7	Queensland, sod. super ombg.	11								
Barley, Eng. Gas. av.	6	4		SPICES—				N.S.W. greasy, super	20			INDIGO—					
Oats, " "	6	3		Pepper, per lb.				N.Z., gray, half-bred 50-56	8			Bengal gd. red-vio. to	5	6	8		
Maise, La Plata, landed, 480 lb.	15	9		Muntok, fair White	0	8	0	Crossbred 40-44	6			fine—per lb.	5	6	8		
Flour, Lon. stan. ex mill, s. d.				Black Lampong	0	5	0	Top—				LEATHER—					
280 lb.	19	9	0	Cinnamon—1st sort, per lb.	0	7	0	Merino 70's	25			Sole Bends 6/14 lb.—	1	2	2		
Rice, No. 2 Burma, per cwt.	7	9	0	Cloves—Zanzibar per lb.	0	9	0	" 64's	25			per lb.	1	2	2		
Sago, Pearl, per cwt.	16	6		Ginger—per cwt.	26	0	0	Crossbred 46's	11			Bark Tanned Sole	2	3	4		
Tapioca, per cwt.	17	6	0	African	26	0	0	46's	10			Shoulders fm DS Hides	0	8	0		
N.I. flake, fair spot	17	6	0	Jamaica, ord. to good	40	0	30					Do. Rng. or WS do.	0	8	0		
Medium pearl	20	0	0	Mace	0	9	1					Do. Rng. or WS do.	0	8	0		
MEAT—				Nutmegs 65s	1	3	0	MINERALS				Dressing Hides—					
Beef, per 8 lbs.				SUGAR—				Welsh, best Ad'ly...ton	20	0	0	Ro. Eng. Calf, 20/30 lb.	1	1	1		
English long sides	5	0	5	(Duty, 11s. 8d. per cwt.)				Tyne	14	6	0	Ac. Bends	0	11	1		
Argentine chilled hinds	4	6	4	B.W.I. crystallised	18	0	21	Sheffield, best house, at	18	6	20	per ton	7	15	0		
Mutton, per 8 lbs.				Java, white, c. & f. India	10	1	10	White	18	6	20	Oil Seeds—					
English wethers	5	4	7					IRON AND STEEL—				Linseed, naked, p. ton net	14	15	0		
N.Z. frozen	3	4	3	Refined—London—				Pig, Cleveland No. 3, ton	58	6	0	Rape, refined	25	0	0		
Pork, English, per 8 lbs.	4	0	5	Yellow Crystals	19	4	0	Bars, M'brugh	200	0	0	Cotton-seed, crude	19	0	0		
OTHER FOODS.				Cubes	23	9	24	Steel Balls, heavy	170	0	0	Coconut, crude	19	0	0		
Irish	per cwt.	76	0	Crushed	22	3	22	Tin Plates (20 by 14)	13	3	13	Palm	15	15	0		
Danish	0	0	0	Granulated	20	0	20	per basis box (2/3)	13	3	13	Oil Cakes, Linseed, Eng.	7	15	0		
Dutch	63	0	65	Home Grown (June)	19	1	19	METALS—				Oil Seeds—					
HAMS—Irish	0	0	0					Copper, Electrolytic, ton	35	0	0	La Plata, p. ton					
Canadian	0	0	0	TEA—				Standard	64	0	0	August-September	6	12	8		
American	80	0	89	Indian—per lb.				Lead Eng. Pig	32	15	0	Calcutta—per ton					
BUTTER—				Pekoe				Soft Foreign	13	17	6						
Irish creamery per cwt.	119	0	0	Broken Pekoe				Spelter G.O.B.	12	6	5	Turpentine, per cwt.	47	0	0		
Australian	105	0	107	Orange Pekoe				Tin—English ingots	11	15	0	PETROLEUM PRODUCTS—					
New Zealand	104	0	111	Broken Orange Pekoe				Standard cash	109	0	0	Motor spirit, No. 1, Lon-	1	1	1		
Danish	112	0	114	Ceylon—per lb.				ORFÈVRES—				Petroleum, Amer. gal.	0	10	1		
CHEESE—				Pekoe				Add, citric, per lb. less 5%	0	10	1	Petroleum, Amer. gal.	0	10	1		
Canadian	65	0	72	Broken Pekoe				Nitric	0	2	4	Fuel oil, in bulk, for					
New Zealand	62	0	64	Orange Pekoe				Oxalic, net	0	3	4	contracts, ex instal.					
English Cheddar	50	0	75	Broken Orange				Tartaric, English less 5%	0	10	1	Thames	60	0			
Dutch	50	0	60					Alum, lump	9	0	9	Furnace ... per ton					
COCOA—				TOBACCO—				Ammonia, carb.	36	0	38	Diesel	67	6			
(Duty, British grown,				(Duty 8/10-9/10 per lb.)				Sulphate	10	0	12	Lubricating oil ex store,					
11s. 8d.; foreign, 14s. cwt.)				Empire growths, 6/9-7/6				Arsenic, lump	39	0	40	London—per ton	9	10	0		
Acara, f.f., per cwt.	22	0	28	7/6 per lb.)				Bleaching powder, per cwt.	7	10	0	Pale	9	10	0		
Trinidad	38	0	46	Virginia leaf								Reds	9	10	0		
Grenada	28	0	36	Common to fine	0	6	2	Borax, gran.	11	0	0	Cylinder	9	12	0		
COFFEE—				Rhodesian leaf	0	8	1	Do, powder	12	6	0	ROBIN—					
(Duty, British grown,				Nyasaland leaf	0	5	1	Nitrate of Soda	10	0	10	American	per ton	10	10	0	
11s. 8d.; foreign, 14s. cwt.)				" strips	0	9	1	Potash chloride, net	0	3	0	RUBBER—					
Santo, sup. c. & f. cwt.	40	0	0	East Indian leaf	0	4	0	Sulphate	0	3	0	St. ribbed smoked sheet	per lb.	4	0	2	
Colombian, good	70	0	90	COTTON—				Sol-Ammoniac	per cwt.	10	11	0	Fine Hard Fama	per lb.	4	0	2
Costa Rica, med. to good	75	1	15	Mid-American	per lb.	4	35	Soda Bicar	per cwt.	9	0	10	SHELLAC—				
East India	19	0	15	Sakelardis, f.f.	6	65		Crystals	per cwt.	9	0	10	TN Orange	per cwt.	72	6	75
Kanya, medium	68	0	80	Yarns, 32's twist	8			Sulphate of Copper per ton	19	0	20	SHILLS					
EGGS—				60's twist	14			CEMENT, London—				W. Aust. M.-o.-F.	3	10	11		
English	per 120	11	3	FLAX—				Do. Straits c.f.f., per ton	12	0	0	TALLOW—					
Danish	8	9	11	LYONIAN ZK	per ton	33	10	DRUGS				London Town per cwt.	19	0	0		
FRUIT—				Fernau HD	33	0	0	Camphor				Do.	2 1/2 x 7	17	0		
Oranges—				FLMP				Japan, refined	2	1	2	Pitchpine	per load	9	0		
South African	boxes	9	0	ITALIAN P.C.	per ton	31	0	Caster-oil	85	0	95	Rio Deala	per std.	30	0		
Lemons, Sicilian	boxes	11	0	N.Z.	nom.			Ipecacuanha	6	3	0	Teak	per load	30	0		
Malaga	cases	14	0	Sisal, African, July-Sept.	14	0	15	Peppermint, Wayne Co.	8	0	8	Honduras Mang. logs	c. ft.	0	10		
Apples: Amer.(var.) brie.	14	0	18	Mexican	nom.			HIDES—				African	"	0	6		
" (var.) boxes	0	0	0	JUTE—				West salted—Australian				Amer. Oak Boards	"	0	6		
" Australian	0	0	0	Native 1st mks. per ton				per lb.	0	4	0	Do. Ash	"	0	7		
ONIONS—				c.f.f. H.A.R.B.				Cape	0	4	0	English Oak Planks	"	0	6		
Valencia, case, 4s.	7	0	10	August-September	£15/10/0			Dry and Drysalted Cape	0	6	0	Do. Ash	"	0	7		
Egyptian Bags	10	0	0	Dalies 2/3 c.f.f. Dundee													
Grapes, Lisbon	8	0	9	October-November	£15/5/0												
" Almeria	0	0	0	SILK—													
				Canton	per lb.	7	0										
				Tumash	3	6	5										
				Japan	8	6	12										
				Japan—Baw, fr. Milan	8	6	11										

HIDE, LEATHER AND ALLIED TRADES.—Owing to the August holiday supplies of domestic hides and skins were sold for a fortnight at the auctions held last week, consequently prices this week are unchanged and the market remains steady. Business in connection with foreign hides has been quiet, and with the present uncertainty prices for most descriptions are inclined to be lower. In the South American market both dry and wet salted hides have been taken up in only limited quantities. In the former B. A. Americans have been sold at just under 5½d., with 5½d. paid for M. V. Americans, 4½d. for Cuyabanos and a fraction more than 3½d. for B. A. Inservibles. The bulk of the business in wet salted South Americans has been in connection with Argentine ox, which have been sold to the United States trade on the basis of 5½d., while second ox have realised 4½d. Cows are figured at from 4½d. to 4½d. Little interest is being taken in Africans and generally speaking quotations are weaker. For Capes, 5½d. and 4½d. is still asked for firsts and seconds dry salted 20/30 lbs., but buyers' ideas are below these figures. Dries are quoted at 6½d. and 5½d. Australians also are a quiet market and the tendency of values is easier. Turnover in regard to sole leather this week has been on a small scale, as with most of the shoe factories closed for the annual holiday manufacturers are out of the market for supplies until they again resume operations. Inquiry, however, has been going around for English and wet salted bends for the repairing trade, and although the business so far has not been large it is thought that once the holidays are out of the way larger business will be forthcoming. Previous to the closing down moderate sales were again made of offal, and although the bulk of the inquiry was for pinned stock a certain amount of trade was negotiated in regard to rough shoulders. The call for upper leathers is in sympathy with that of bottom leather, and producers and distributors do not anticipate much activity until the shoe factories resume operations. Willow calf and glacé kid in black and brown sold in small quantities until the Friday of last week, in addition to which considerably more inquiry was experienced for patent. Suede and reptile leathers also were asked for in small quantities, but trade generally was restricted to the footwear orders which needed immediate execution.

RUBBER.—The market in rubber has again been dull, and prices declined further. Shipments of crude rubber from producing countries during the first six months of this year at 393,411 tons show a decline of only 17,133 tons as compared with 1930. In view of the heavy decline in consumption which led to the accumulation of large stocks, the continuous weakness of this commodity can easily be understood. Wednesday's official closing price for standard ribbed smoked sheet, at 2½d. per lb., shows a fall of ½d. as compared with the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for October-December, against 2½d. to 2½d.; and at 2½d. to 2½d. for January-March, 1932, as against 3½d. to 3½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 2,420 tons; delivered, 1,643 tons; stocks at the end of last week, at 136,216 tons, show an increase of 777 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	July 29.	Aug. 5.
Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	51½	48½
Coffee, Rio No. 7, cash, per lb.	5½	5½
" Santos No. 4, cash, per lb.	9½	8½
Cocoa, Acra, nearest future, per lb.	5.02	4.96
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3.50	3.50
Cotton, New Orleans, middling, spot, per lb.	8.36	7.83
Rubber, smoked sheet, spot, per lb.	5½	5½
Petroleum, Pennsylvania crude, standard grades, per barrel	140-155	155-170
Copper, "Electrolytic," Domestic, spot, per lb.	7.75	7.625
" spot, per lb.		
Spelter, East St. Louis, spot, per lb.	8.25	8.00
Lead, spot, per lb.	3.87½	3.85
Tin, "Straits," spot, per lb.	4.40	4.40
" spot, per lb.	24½	24.40

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, AUGUST 15, 1931.

No. 4,590.

TABLE OF CONTENTS.

The Money Market	297	National Shipbuilders' Security	320
Leading Articles—		Rothermere Group Dividends	321
Democracy and Economy	299	Anglo-Foreign Newspapers	321
Second Thoughts on the Crisis	300	Friary, Holroyd	321
British Insurance Companies in the U.S.	301	British Celanese: A Questionable Proposal	321
L'Affaire Beaucharnois	301	Fras. Hinde and Hardy	322
The Price of Rubber	303	Shell Union Oil Corporation	322
Notes of the Week—		Company Meetings of the Week	322
A Lull in the Storm	303	Capital Issues	322
Will Mr Gandhi Come?	304	Company Meetings, &c.	323
The Prussian Referendum	304	Government Returns, &c.—	
Conversations at Rome	304	National Accounts	326
Hoover Moratorium Agreement	305	Treasury Bills by Public Tender	326
Australian Conversion Progress	305	The Bankers' Gazette—	
The German Credits Committee	305	Bank of England	327
Overseas Trade in July	305	Bankers' Clearing Returns	327
Cotton Price Slump	306	Provincial Clearing Returns	327
Shipping Freight Index	306	Overseas Bank Returns	327
Number	306	Loan and Discount Rates	329
The Position in Argentina	306	Rates of Exchange	329
Polish Textile Difficulties	307	Overseas Bank Rates	330
Transvaal Gold Output	307	India: Remittances to the Home Treasury	330
Overseas Correspondence—		Gold Standard Reserve	330
United States	307	Bullion	330
France	308	Gold and Silver Prices	331
Germany	309		
Norway	310		
Australia	311		
South Africa	311		
Letters to the Editor—			
The Fiduciary Issue	312	Company News—	
Books and Publications—		Reports and Notices	331
International Law	312	Weekly Traffic Returns	331
The Way to Recovery	313	Profit and Loss Accounts	332
Books Received	313	Dividend Announcements	332
		Summary of Balance Sheets	332
The Stock Exchange—		Commercial Reports—	
British Film Finance	314	Market Summary	332
British Railways, 1923-30	315	The Coal Trade	332
The Week in the Markets	316	Iron and Steel	333
London Active Security	318	Other Metals	333
Prices and Yields	318	Textiles	333
New Issue Prices	320	The Grain Markets	334
Foreign Stock Exchanges—		Other Foods	334
New York	317	Overseas Trade Returns	335
		Miscellaneous Commodities	335
Investment Notes—		Commodity Prices in the United States	336
Stock Exchange Prices	320	Prices Current	336
Australian Developments	320		

THE MONEY MARKET.

EARLY in the week conditions were extremely stringent. On Monday up to 4½ per cent. was paid for new money, and the following day, when one of the clearing banks was calling heavily, the rate was still 4½ per cent., or even higher. Slightly easier conditions prevailed on Wednesday and on Thursday. Business in the discount market was limited early in the week, with three months'

quoted at 4½ per cent. On Wednesday there was a small but welcome revival in the Continental demand for bills, and the rate eased to 4¼ per cent. On Thursday, owing to special buying, three months' bills were quoted at 4½ per cent., with "hot" Treasuries at about ½ per cent. lower. Short bills stood at 4¼ per cent. and long bills at 4½ and 5 per cent.

The revival in the Continental demand shows that the 4½ per cent. Bank rate is taking effect, and the foreign exchange market is also steadier. The New York and Paris rates are now well within the export gold point, and the Amsterdam rate, at Fl. 12.04½, is not far below it. The exchange on Zurich still remains obstinately at Frs. 24.90 or well below the gold point. Still, this week's return of gold movements shows that the outflow of gold has been, for the moment, checked. The withdrawal of £2,520,627 from the Bank on August 6th was the last big movement, and since then daily losses have first fallen to the order of £300,000 and since ceased. The arrival of £614,000 in sovereigns from Australia, and subsequent releases from earmark amounting to £1,250,000, and the receipt of £200,000 in sovereigns from South Africa, have further minimised the net gold losses, so that for the week ended August 11th they only amounted to £1,524,000, against weekly losses of £17,000,000 and £15,000,000 towards the end of July. Finally, the price of Cape gold in the London market has fallen sharply from 84s. 11½d. (the Bank's selling price) to 84s. 10½d. per fine ounce, which is evidence of a definite alleviation of the foreign pressure on our gold.

	July 23, 1931.	July 30, 1931.	Aug. 6, 1931.	Aug. 13, 1931.	Previous Rate and Date Changed.
Bank Rate	3½	4½	4½	4½	3½ (July 30, '31)
Banks' Deposit Rate..	1½	2½	2½	2½	1½ (July 30, '31)
Discount Call	1½	2½	2½	2½	1½ (July 30, '31)
Houses' Notice	1½	2½	2½	2½	1½ (July 30, '31)
Market rate (3 months' bills)	3½-7½	4½-5½	4½-5½	4½-5½	...

One point of interest is how far this relief has been obtained at the expense of drawing upon the £50,000,000 credits opened in New York and Paris at the beginning of this month. On this matter, of course, no definite information is forthcoming, nor can anything be gleaned from the Bank return. The steadiness of the exchanges and the present revival in confidence suggests that if the credits have been touched at all, the total draft is a comparatively small one. It must be emphasised, however, that fundamentally the position has not altered, and that the presence of a temporary calm is no justification for any relaxation, but rather an opportunity for redoubling the efforts needed to rectify the position of the national finances. Money market opinion agrees that the revelations of the Economy Report imply no immediate threat to the stability of sterling, and that foreign centres that take a contrary view fail to realise that the danger is still very remote. Still, as the recent experience of other centres has shown, it is easy to impair confidence, and while for that reason every care must be taken not to exaggerate the situation, it must be realised that the centre of pressure has for the moment been transferred from Berlin to London and that evidence of national determination to deal immediately and effectively with the threatened Budget deficit is from the monetary standpoint the most urgent need of the moment.

The July returns of the nine English clearing banks reveal an insignificant increase in deposits. Acceptances have fallen to a new low level of £113.0 millions, this decline reflecting the set-back to prices and trade caused by the German crisis and the uncertainties that dissipated the good effect of the Hoover declaration. The contraction in cash is a normal movement, as the June cash increases were inflated by half-year balance-sheet preparations. There was a further decline in advances, again evidence of the depressed state of trade and of the prevailing uncertainty which is forcing bankers to act with great circumspection. The expansion in dis-

counts and investments is a familiar movement required to compensate for the increase in deposits and the decline in cash and advances:—

	July, 1930.	April, 1931.	May, 1931.	June, 1931.	July, 1931.
Capital and reserves.....	131.8	132.1	132.1	132.1	132.1
Acceptances	124.5	115.2	114.1	115.9	113.0
Deposits (including undivided profits, &c.).....	1,794.2	1,698.3	1,700.0	1,744.6	1,750.5
Total liabilities	2,050.5	1,945.6	1,946.2	1,992.6	1,995.6
Coin, notes, balance at bank, and cheques in course of collection	242.6	224.0	222.7	236.2	228.9
Money at call	141.7	113.5	127.8	129.9	126.9
Investments	267.0	318.2	299.6	298.1	308.7
Discounts	284.5	209.1	222.1	263.9	279.2
Loans and advances.....	950.4	923.8	918.0	906.6	899.7
Cover for accept., premises, &c.	164.3	157.0	156.0	157.9	155.2
Total assets	2,050.5	1,945.6	1,946.2	1,992.6	1,995.6

In New York call money has remained steady at 1½ per cent. Opinion is, on the whole, becoming reassured with the course of events in Europe. It is generally believed that London's gold losses are due to what Professor Gregory has just described as "panic attitudes in other countries." The relaxation of the German imports restrictions, the successful reopening of the German savings banks, the result of the Prussian referendum, and the reduction in the Reichsbank rediscount rate, have all had a favourable effect. German bonds are stronger, but elsewhere the improvement in tone has been neutralised by the sharp break in cotton prices. Assets of 6,805 reporting banks are returned at \$27,643 millions on June 30th. These figures compare with \$28,126 millions for 6,935 banks on March 25th and with \$29,116 millions on June 30th last year.

A quieter and less uncertain atmosphere prevailed in the foreign exchange market this week, and the absence of disturbing factors and a general return of confidence in the pound led to the steady appreciation of sterling against nearly all the more important currencies. The New York rate moved up to 4.85½, after being a little higher, as against 4.85½ last week. Montreal followed New York, and went to 4.87½. Paris was at 123.96, the highest for the week, and Brussels rose to 34.89, also the highest point. Milan lost a point at 92.86. Madrid was weak and uncertain and moved up from 55.90 to 56.35. Amsterdam moved in our favour to 12.04½. Berlin was a little weaker at 20.55. Switzerland touched its highest point for the week at 24.91. The Scandinavian exchanges were steady, Stockholm gained ½ at 18.15½, but Oslo lost ¼ at 18.16½, and Copenhagen ¼ at 18.16½. Of the South American currencies Rio was weak at 8½d., after being 8½d., against 8½d. last week. Buenos Aires was considerably better at 32½d., against 31½d., and Montevideo jumped from 20d. to 23½d., after touching 24½d. In the Far East the rupee and yen were firm and steady at 1s. 5½d. and 2s. 0½d. respectively. Batavia improved to 12.06½. In the forward markets dollars and francs were quoted below the gold point for both one and three months' delivery, the former being at premiums of ½ cent and 1½ cents, and the latter at 20 and 50 centimes premium. Brussels rose to 5 and 8 centimes premium. Milan was more offered at wide discounts of 12 and 40 centesimi. The premium on forward Amsterdam rose from 1½ cents to 2½ cents for one month, and from 2½ cents to 4½ cents for three. No quotation for forward Berlin is yet to be recorded although it is understood that isolated deals in forward reichsmarks have been made. Switzerland was at 2 and 4 centimes premium, or exactly double last week's level. Silver prices eased by ½d. to 12½d., for both cash and forward, as a result of complete neglect by buyers rather than any rush to sell. The China silver exchanges fell away in sympathy, Hong Kong losing ½d. at 11½d., and Shanghai ½d. at 1s. 2½d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Boulevard Street, London, E.C.4.

DEMOCRACY AND ECONOMY.

In the concluding sentences of their report the Majority of the May Economy Committee pose the question whether democracy is to be shipwrecked on the hard rock of finance. They might with equal force have put the question the other way round. Is sound finance to be shipwrecked upon the hard rock of democracy? That is the real question which faces the Cabinet to-day. How, with the present working of democratic machinery and with the present composition of the House of Commons, can unpalatable measures of economy be carried into force?

Regarding the matter from the political angle, the Economy Report has presented the Cabinet with the biggest dilemma which they have met in the realm of domestic affairs in their two years of office, and recognition of this fact has brought the Prime Minister hastily back from Looe to meet with financial advisers as to the necessary steps which must be taken to achieve a Budget balance in 1932-33. The position is by no means clearer than it was a week ago. Mr MacDonald has, in a Press interview, laid emphasis on the fact that it was the House of Commons, and not the Government, that insisted on the appointment of the Economy Committee, that each of the three Parties nominated two members, and that the House of Commons itself must share with the Government the responsibility for acting upon it. Mr Baldwin, while offering support to adequate measures of retrenchment, insisted that the full responsibility must remain with the Government. He has now hurried back to London, presumably, in the same frame of mind. The official Liberal attitude remains unknown until Mr Lloyd George's convalescence has proceeded further, or Sir Herbert Samuel, recalled from holiday, speaks for him. But Sir Donald Maclean has in general terms assured the Government of Parliamentary support for setting the national finances straight, and Lord Grey and Sir John Simon have spoken for the dissident branches of the Liberal Party. In addressing his constituents at Cleckheaton, on August 7th, Sir John Simon said that if the Government "shirks the duty which now rests upon it, no other consideration would justify the House of Commons maintaining it in office." Lord Grey, in his address, on the same day, at Embleton, spoke strongly for dole reform, and expressed a doubt (which is no doubt to Sir John Simon) as to whether too big a price was being paid by the Liberals for keeping a spendthrift Government in office. On the Labour side there are known to be divisions in the Cabinet; no secret has been made of the bitter opposition of the Trade Unions to the May Report; and much depends on the weight which Mr Snowden can carry, and the strength of the support which he will receive from his Prime Minister. Mr MacDonald's comments, referred to above, naturally recall to our mind his first speech to the House of Commons during his present tenure of office, in which he expressed the hope that Parliament would function as a Council of State. Here, surely, is, if ever there was, an opportunity for Parliament to function in that capacity. But there are three main questions that require to be answered. Will the Liberal Parliamentary Party make adequate economy the condition for supporting the Government and face an election if such economy is not forthcoming? Will Mr MacDonald stake his political future either on an appeal to the country or on co-operation with other parties against strong currents of feeling in his own, or will he seek to temporise on a middle path? Thirdly, have we at last reached the stage where a new alignment of parties begins to become a possibility?

The answer to these questions will take shape slowly, and on the political phase of the question only this remains at the moment to be said. By painting the financial position with the blackest paint and the thickest brush, the May Committee have achieved the main object of their heavy labours in arousing the whole country to a common recognition that quick action must be taken. Thus, just such an atmosphere has been created in which our nation is traditionally liable to respond handsomely to a call for sacrifice, provided that all classes are con-

vinced that the sacrifices demanded are properly and fairly proportioned. How such fair proportioning can be achieved is the hard core of the problem with which Mr MacDonald and his colleagues on the Cabinet Economy Sub-Committee are grappling this week, and it is the obstacle against which both the Majority and the Minority of the May Committee stumbled. The position as we read it is very much as follows. The Economy Committee of the Cabinet feel that, while to swallow the Majority report whole would be politically impossible in any case, alternative plans of severe retrenchment might be put through the House of Commons, if it could definitely be shown that the shoulders of all classes were being put to the wheel. Thus, though too much should not be made of the memoranda sent to the Chancellor by certain leading bankers and though much of the Press conjecture concerning Mr Snowden's conversations with the signatories is obviously irresponsible, yet there would be few things less surprising than that the Chancellor should be energetically exploring the possibilities of large-scale debt conversion, or at least of floating the operation in connection with the huge 5 per cent. War Loan, which, as he informed the House of Commons, he has already prepared.

To put it in blunt terms, the Chancellor might well say to the City that large-scale conversion, representing substantial voluntary sacrifice by the bondholder, would render it politically more possible to impose sacrifices on other sections of the community. To which, no doubt, the City would reply that a condition essential to the carrying through of such operations would be an unequivocal assurance either that a very substantial part of the May proposals will be implemented or that equivalent savings will definitely be effected by other methods. On the whole, we are not unfavourably impressed with the way in which the situation is developing. Granted a real national appeal and a nation-wide effort at economy, there is no reason for thinking that successful large-scale debt conversion as an integral part of that scheme is impossible, in spite of certain adverse circumstances in the present market position, which would probably render such an operation, standing by itself as a single measure, impossible of success. In some quarters anticipation has jumped so far ahead of actualities as to assume that not merely the conversion of the 5 per cent. War Loan to a 4 per cent. basis—which would, if wholly successful, save the Treasury over £20 millions a year—is in immediate contemplation, but also the refinancing on a lower interest basis of the whole internal debt. Such assumptions are, to say the least of it, premature; for, although the water runs fast under the bridges in these times, only a few days have passed since Mr Snowden made a speech in the House of Commons which was interpreted to mean that he had for the time being missed the opportunity of launching his War Loan conversion scheme. Thus although in every country, and not least in Britain, the conversion to a lower rate of interest of the whole internal debt is a consummation devoutly to be wished by Treasuries and taxpayers, exaggerated rumours of "an Australian plan for Britain" should be discounted, not only because they detract from the study of immediate tasks, but also because they will be distorted or misinterpreted abroad by those whose confidence in London's position has recently been unnecessarily impaired.

One thing at any rate has been gained. The temporary damage to the prestige of British credit wrought by the publication of the May Report has been offset by its effect at home. It has awakened the public at last to a general recognition that quick economy is essential, and it has created a general temper in which a real national effort is possible, given bold leadership from the top. Mr MacDonald is presented with a big opportunity to capture the imagination of the country and to show the world beyond a peradventure that whatever Budgetary disorder exists in the British household—and in what national household is it absent?—it will be firmly and effectively set straight. If he seizes that opportunity, he will have the leaders of thought in every party and every walk of life behind him.

SECOND THOUGHTS ON THE CRISIS.

THE events of the past week have served to relax tension and give the world a breathing space. We ought surely to use it in all countries for a thorough national stock-taking of the international situation and for a frank international discussion of the various national points of view—concentrating our attention upon just those issues that are most controversial. In a breathing-space like the present, we have a chance, which may not soon recur, of examining the facts objectively and discussing them without animus. If we can achieve this now, the results will not be lost when the crisis threatens us again.

In this matter, the last bout of the crisis has done the world one service at least. It has secured public acknowledgment for certain fundamental facts, which, till recently, remained unrecognised by the world at large. The first of these facts—or may we now venture to call them truisms?—is that all the major problems of international affairs are inter-related. Financial credit is seen to be bound up psychologically with political security. Without political security there can be no financial and economic recovery for the world; and, in the second place, there can be no political security without political compromise.

The paradox of the present political situation is this. In every country the vast majority of people want security, and this from the bottom of their hearts and not just perfunctorily. The differences that divide us are differences of method and not of aim; and the feelings aroused by these differences are acute just because the common aim, which we are each pursuing by these different methods, is being ensued by all of us with the same sincerity and fervour. We are sore with one another because we are each finding ourselves unable to achieve security by our own favourite method, whichever that may be, in the teeth of our neighbours. All that we can do—and this we can each do most effectively—is to hinder our neighbours from carrying their rival method through.

Take our own British policy to begin with—a policy which the British Government has been pursuing in common with that school of statesmen in Germany which has been represented in succession by Dr. Stresemann and by Dr. Brüning. Our solution for the security problem is to reduce armaments and revise treaties all round, *pari passu*, until we have arrived at an international state of affairs which rests upon mutual satisfaction and common consent, instead of resting, like the present state of affairs, upon a military preponderance of the countries whom it pleases over the countries whom it irks. This is our policy; and we believe as firmly as ever that the true path to security lies this way. At the same time, we see clearly enough now that we can neither coerce nor cajole our neighbours into exploring this path in our company beyond a certain point; and that some of our neighbours, if they choose, can hold up all further progress in this direction. The French, for example, in concert with their continent European military allies, can hold it up by vetoing any further reduction of armaments and any beginning of treaty revision. The Nazis—if they become sufficiently powerful in Germany—can sabotage the Stresemann-Brüning policy of fulfilment and conciliation by building more "pocket-battleships" and by ranging Germany side by side with Fascist Italy and Communist Russia in an anti-French coalition.

As for the French policy of maintaining the peace treaties sacrosanct and inviolable in perpetuity and trusting, for the security of France and her allies, to a permanent military preponderance, the whole history of Europe, and indeed of the Human Race, shows that such a policy is doomed to failure. Victories are wasting assets; and, in a universe where existence is synonymous with change, time always works against any attempt to perpetuate a momentary *status quo*. "The one thing that you cannot do with bayonets is to sit on them"; and, if France continues to put her trust in military preponderance, she will find herself driven, sooner or later, to defend herself against an ever strengthening counter-coalition by taking the offensive against it before the preponderance passes to her adversaries' side. And that

would bring France into direct conflict with the traditional British policy of preventing any single Power from becoming permanently and decisively dominant on the Continent.

Could Great Britain carry out this traditional policy in the future as in the past? Presumably she could, and at any rate she has virtually pledged herself, in the Pact of Locarno, to make the attempt. But the experience of three centuries, culminating in the experience of 1914, shows that this country's power to influence the course of international events by merely going her own traditional way is fatally limited in scope and negative in character. In this way we can maintain the Balance of Power, but we cannot maintain peace; and we can only maintain the Balance of Power by intervening each time ourselves, on the weaker side, whenever a general war on the Continent breaks out.

Here, then, is the paradox and the peril of the present international situation. The clash between incompatible policies, all of which are sincerely directed towards the common aim of security and peace, is bound, if allowed to continue, to produce the common catastrophe which we all dread and all sincerely wish to avert. Surely there is an overwhelming case here for stocktaking and discussion and compromise; and, as we pointed out the week before last, the recently published French memorandum on disarmament has indicated a possible line of diplomatic advance. The forthcoming Disarmament Conference, say the French Government, can have no hope of achieving further reductions in armaments unless its scope is widened to include the question of international sanctions and guarantees. Let us carry this French line of argument to its logical conclusion by suggesting that if the Conference is to succeed it must be allowed to cover the whole field of the Security Problem; in other words, to deal not only with armaments and with sanctions but with the third factor in the problem (albeit the French memorandum expressly rules this factor out). And this third factor, of course, is treaty revision.

If the parties to the forthcoming Conference agree to accept an "all-in" agenda, what are the diplomatic prospects? If negotiations are to succeed, there must be the elements of a bargain. The several parties must each have in hand assets of approximately equal value to be "traded" against one another. Now, surely, in the case in point, this condition is fulfilled. Each of the principal parties concerned has something to offer which the other parties urgently want. Without the concurrence of France and her allies there can be no mitigation of the present disparity of armaments and inequality of treaties; without the concurrence of Germany there can be no substitution of an international state of affairs resting on mutual consent for one resting upon *force majeure*; without the concurrence of Great Britain and the other English-speaking countries there can be no permanent guarantees. In fact, we each command assets that are equally valuable in our own estimation and in that of our neighbours. Has not the time arrived for "trading" these precious assets against each other?

In each country the first reaction to any such suggestion will be, no doubt, the usual instinctive recoil. For we each have our cherished bugbears. In France and Poland the bugbear is called Disarmament and Treaty Revision; in Germany it is called an Eastern Locarno; in the English-speaking countries it is called the Geneva Protocol. But is it not time for us all to consider seriously whether our attitude towards these bugbears is not neurotic? And also whether, in refusing to face these shadowy terrors ahead, we are not all in equal danger of allowing ourselves to be overtaken by the definite and deadly catastrophe of war and chaos which is stalking us all the time from behind? Let us face these bugbears, then, and see whether they are really the worst alternatives that lie in wait for us.

Consider coolly, for instance, the risk involved in our British bugbear, the Geneva Protocol. How could it really be riskier than the present state of affairs which, by mere *vis inertiae*, will infallibly produce another general war sooner or later if we let things drift? Supposing that we could secure a modicum of treaty revision which would take the edge off present continental discontents, would

not some British commitment in the nature of that dreadful protocol really be tantamount to a war risks insurance at a rather cheap rate? And supposing that, by assenting to a modicum of disarmament and treaty revision, France and Poland could persuade Germany to accept nine-tenths of the peace settlement in the East of her own free will instead of under *force majeure*, as she has already accepted it in the West, would they not be acting like prudent men of affairs when they accept the conversion of a short-term investment with an artificially high nominal value into a long-term investment with a rather lower nominal value which corresponds more closely to the genuine value of the asset? And supposing that Germany were to agree to an "Eastern Locarno" with Poland and the Little Entente, in exchange, let us say, for the Anschluss with Austria and East Prussia, regime in a corridor between Germany and East Prussia, traversing the present corridor between Poland and the sea; would she not be acting like a prudent firm which writes off old losses in order to transact new business with a free hand?

Surely if we exert ourselves to prepare the ground for the forthcoming Conference by working out some such ideas as these, we may hope, within the next twelve months, to break the present political deadlock in international affairs and thereby to open the door for the financial and economic recovery of the world.

BRITISH INSURANCE COMPANIES IN THE U.S.

I.—Fire.

ALMOST without exception the 1930 accounts of insurance companies which have been analysed from time to time in these columns indicated a marked falling off in premium incomes; and it was made abundantly clear at the annual meetings of several companies that while the home business had been relatively well maintained the full force of the prevailing depression had been experienced in the United States. As is well known, British offices are heavily interested in American business, since probably something of the order of 50 per cent. of the total premiums is derived from that part of the world.

The table which follows is based on the final reports of the companies furnished to the American insurance authorities and published annually by the Spectator Company of New York. The figures are, of course, published in terms of dollars and have been converted into sterling at a rate of exchange of \$4.80 to £1 for 1924 and 1925 and at \$4.86½ to the £1 for subsequent years. Twenty-one companies or groups of companies have been selected, comprising all the principal British offices operating in the United States. In the form in which the figures are set out in the Spectator Company publication, allowance has not been made on the British system for a reserve for unexpired risks at the end of each year in respect of policies then current. Accordingly, the profits have been recalculated on the British model, allowing for an unexpired risk reserve equal to 40 per cent. of the total premiums, and deducting also from the premiums the cost of claims and expenses. The aggregate results for each of the past seven years on this basis are as follows:—

Year.	Premium Income.	Underwriting Profit.	
		Amount.	% of Premium Income.
1924	£	£	%
1924	31,085,285	726,648	2.3
1925	32,814,506	392,925	1.2
1926	33,601,253	752,354	2.2
1927	31,710,646	2,110,373	6.7
1928	31,717,814	2,531,231	8.1
1929	31,277,814	2,236,280	7.1
1930	31,224,583	647,149	2.3
	27,688,317		

This table reveals that the decline in premiums, which has now been going on for some two or three years, became very pronounced in 1930. Several causes have contributed to this result. In the first place the reduction has coincided with falling commodity prices, whose accentuated rate of decline during the past eighteen months was of itself sufficient to account for most of the

1930 shrinkage of premiums. Some part of the falling off has also, no doubt, been due to the greatly intensified competition in the United States from existing domestic companies, and the recent appearance on the scene of a great number of new companies. Again—and, to the extent to which it has operated, this influence is favourable—the companies themselves have subjected their American business to a very careful pruning process, with a view to eliminating bad risks and those to which a high degree of moral hazard attaches. This reduced volume of business has also operated adversely on profits. Expenses and commission, which in large part are fixed, naturally bear a higher proportion to the reduced premiums than before, while the well-accepted axiom that a decline in trade goes hand-in-hand with heavier fire losses has again been justified by the event.

It now remains to consider the results of individual companies and groups of companies. The following table has been compiled in order to show the individual results for each of the last two years:—

Company or Group of Companies.	1929.			1930.		
	Premium Income.	Underwriting Profit or Loss.		Premium Income.	Underwriting Profit or Loss.	
		Amount.	Percentage of Premium Income.		Amount.	Percentage of Premium Income.
Atlas	£ 971,593	£ 38,953	4.0	£ 887,378	£ 2,488	0.3
Eagle, Star and British Dominions	676,351	43,376	6.4	520,993	34,424	6.6
British General	123,232	9,225	7.5	121,585	— 675	—0.6
Caledonian	580,529	— 10,160	—1.8	554,250	— 12,730	—2.3
Commercial Union	4,113,376	344,254	8.4	3,549,270	74,202	2.1
Century	347,516	— 33,432	—9.6	392,681	— 18,475	—4.7
Employers' Liability	517,998	— 14,215	—2.7	515,162	4,066	0.8
General Accident	373,733	14,146	3.8	329,804	— 25,105	—7.6
London Assurance	1,100,713	36,360	3.3	891,613	36,162	4.1
London and Lancashire	1,520,801	93,018	6.1	1,411,742	51,520	3.6
North British and Mercantile	4,592,570	476,369	10.5	3,884,917	150,116	3.9
Northern	1,119,180	111,993	10.0	1,003,599	815	0.1
Norwich Union	860,896	43,216	5.0	776,776	18,330	2.3
Phoenix	1,563,700	95,623	6.1	1,319,799	375	—0.3
Prudential	358,699	36,671	10.2	363,269	19,796	5.4
Royal	5,835,720	518,661	8.9	5,248,585	280,629	5.3
Liverpool and London & Globe	2,974,632	222,470	7.6	2,764,690	83,366	3.0
Royal Exchange	847,935	39,225	4.6	771,819	— 6,189	—0.8
Scottish Union & National	966,024	70,038	7.2	933,243	— 12,052	—1.3
Sun	1,100,283	76,944	7.0	875,856	— 15,228	—1.7
Yorkshire	679,103	23,545	3.4	566,287	— 18,686	—3.2
	31,224,583	2,236,280	7.1	27,688,317	647,149	2.3

As far as the premium income is concerned, it will be seen that the reduction has been almost universally experienced. Only two companies in 1930 show an increase, and that in each case a small one, though the amount of the reduction varies greatly between individual companies. With regard to the underwriting results, eight companies out of 21 showed a loss in 1930, compared with only three companies in 1929, but the range between the least favourable and the most favourable result is quite extraordinary. The "General Accident," for instance, experienced a loss of 7.6 per cent. in 1930, while the "Eagle Star" exhibited a profit of 6.6 per cent. Speaking generally, it seems to be the case that the larger companies have shown the most consistent results and have emerged most successfully.

L'AFFAIRE BEAUHARNOIS.

(BY OUR OTTAWA CORRESPONDENT.)

WHAT is known in the French-Canadian Press as "l'Affaire Beauharnois" has provided during the parliamentary session which is now in its closing stages at Ottawa not only a very serious political scandal, but an illuminating insight into the same sort of interlocking connections of politics and power interests in Canada as are prevalent in the United States. The history of the whole sorry business is, if not wholly at least partially, told in the report of a special committee of the Canadian House of Commons, which, at hearings occupying nearly three weeks, tried to unravel the mysteries of business and evolved a unanimous report, now adopted by the House

of Commons. The existence of water powers which were capable of developing a large volume of hydro-electric energy had long been known to exist on what is known as the Soulages section of the River St. Lawrence, which connects Lakes St. Francis and St. Louis, two expansions of the river, and they had been developed on a small scale by a company known as the Beauharnois Light, Heat and Power Company. But about 1925 Mr R. O. Sweezy, an investment banker of Montreal, who had been trained as civil engineer, became seized of the possibilities of these water powers and determined to take a hand in their development.

The story of the methods followed by Mr Sweezy and his associates is told in the committee's report. They formed a syndicate with some \$50,000 capital, split into 5,000 units, and proceeded to acquire for 600 of these units the rights of a family called Robert, who controlled the existing Beauharnois Light, Heat and Power Co. By the disposal of the balance among different investors, they obtained cash resources amounting to \$261,000. Subsequently another syndicate called the Beauharnois Power Syndicate was formed, with a capital of the face value of two and a-half million dollars. It took over the assets of the old syndicate in exchange for 10,000 shares of the new one, which were valued at a million dollars; it disposed of 1,300 shares to different investors at \$100 per share, and it bought out for 2,000 shares a company called the Sterling Industrial Corporation, which had filed an application for the same power rights at Ottawa and had acquired what the secretary of the Beauharnois Company described as "a nuisance value." Now this Sterling Industrial Corporation had been organised by Senator W. L. McDougald, a prominent member of the Liberal Party, and Mr R. A. C. Henry, who at one time was a high official in the Canadian National Railways, and later became Deputy Minister of Railways and Canals at Ottawa, and from the sale of what Mr Gordon, the chairman of the committee, in view of the fact that it had a capital of only \$2,500 and no assets, characterised as "this barren company," they realised a profit of over half a million dollars each. Simultaneously with these financial transactions the Beauharnois group had been conducting negotiations at Quebec City and Ottawa, with the result that they secured from the Provincial Government of Quebec, which controlled the water powers, a lease of them on very generous terms, and from the King Government, which had jurisdiction over navigation rights on the St. Lawrence, a permit to divert from the main channel of the river into a canal running parallel to it 40,000 cubic feet of water per second, an amount which they were subsequently able to increase to 53,000 cubic feet. These concessions gave them the prospect of being able to develop 500,000 horse power, and they forthwith floated a new corporation called the Beauharnois Power Corporation, which had a common stock capital of \$30,000,000 and was able to place a bond issue for a similar amount. Before this company was floated Mr F. P. Jones, a well-known Montreal industrialist, and some associates who had been heavy shareholders in the Beauharnois Power syndicate, being dissatisfied with the financial plans adopted, sold out their holdings to Mr Sweezy and his friends for \$550 per share. But when the Beauharnois Power Corporation was successfully launched, each of the holders of the shares of the prior syndicate received \$150 cash plus 40 shares of Class A common stock in the new corporation; since it was selling at that time for \$15, the value of an investment of \$100 in the second syndicate had come to be worth \$750. This rapid enhancement was due partly to the value of the concessions secured and partly to the fact that the corporation had been able to conclude contracts first with the Hydro-Electric Commission of Ontario and, secondly, with the Montreal Light, Heat and Power Company for the sale of the greater portion of its 500,000 h.p. as soon as it was ready for delivery.

Evidence was tendered to the committee, estimating that the profits of the original syndicate were between 12 and 19 million dollars, contingent upon the price at which they disposed of their allotments of common stock; it was at one time selling as high as \$17 per share, but has now receded to \$4. Extraordinary individual profits

were also secured; Senator Raymond, a well-known Liberal politician, with a modest investment of \$95,000, made profits of half a million dollars, and Mr Frank P. Jones and the Honourable Walter Mitchell, formerly Provincial Treasurer at Quebec, did even better for themselves, as their profits were in the neighbourhood of three-quarters of a million dollars. Another substantial shareholder in the syndicate was the late Honourable J. L. Perron, Minister of Agriculture in the Provincial Government of Quebec, which executed the actual lease of the water powers to the company. Accordingly Mr Sweezy and his friends had an abundance of money to play with, and apparently they scattered it abroad with astounding generosity to a corps of lawyers and lobbyists who enjoyed a high reputation at Ottawa and Quebec as political "fixers."

But the real sensation of the inquiry came when Mr Sweezy, who holds the office of President of the Corporation, was examined on the subject of campaign funds. Apparently he had suffered much at the hands of politicians, for in his evidence he cast discretion to the winds and proceeded to make most embarrassing disclosures about campaign funds which by a polite fiction had been supposed to drop as manna from heaven and had always been barred out as a subject for public discussion. He justified quite frankly that he had paid to the Federal Liberal Party, whose leaders were the Ministers granting the permit for the diversion of water, \$600,000 out of his own pocket and, in addition, \$100,000 of the Beauharnois Corporation's funds. Furthermore, he made a contribution of \$3,000 to the manager of the Provincial Liberal Party in Ontario. He had also been willing to hand over \$200,000 to the Federal Campaign Fund of the Conservative Party; but Mr Bennett, who while in Opposition had severely criticised the Beauharnois Company and its activities, had instructed this offer to be declined. However, Mr Sweezy had contributed to the Conservative war chest in Montreal and taken a practical financial interest in the fortunes of individual Conservative candidates. Moreover, as the result of representations that "gratitude is always an important factor in dealing with democratic Governments," he had handed over a packet of \$125,000 worth of Federal Government bonds to Mr John Aird, junior. He said that he had given this sum in the belief that it would reach the campaign war chest of the Provincial Conservative Party of Ontario. Mr Aird, junior, was then called as a witness, and, admitting the receipt of the bonds, was able to account for most of them in his possession and the balance as exchanged for other securities; but he could not give any satisfactory account of having performed services for Mr Sweezy which would justify this reward, and suspicion was deepened when leading officials of the Hydro-Electric Commission declared that they had no dealings with Mr Aird to justify such a commission.

The proceedings of the Committee were suddenly halted on July 28th, and a few days later the Committee produced a voluminous report about which unanimity, apparently, was only reached after considerable controversy. It found that, from a technical point of view, the Beauharnois enterprise was fundamentally sound and that a navigable canal could be developed synchronously with the power development and form a link in the St. Lawrence great waterway, but it also found that the company was violating its agreement with the Federal Government, and in its construction work was proceeding with plans which had not secured the necessary approval. In regard to campaign funds it declared that Mr Sweezy's contributions had been "shamelessly, needlessly and wastefully given for the purpose of securing favourable consideration from the King Government for the company's plans," and ordered the repayment of all moneys which had been paid out of the company's treasury for this purpose. It severely criticised Senators Raymond and Haydon, who had been the collectors of the campaign funds, but it reserved its severest condemnation for Senator McDougald, asserting that his general actions in relation to the Beauharnois Company "could not be too strongly condemned." It also dealt severely with Mr Henry, the ex-Deputy Minister of Railways, and urged his removal from the management

of the Beauharnois Company, while it passed censure upon two prominent officials of the Public Works Department at Ottawa.

The motion for concurrence in the Report produced an interesting debate, lasting nearly two whole days, on June 30th and 31st in the House of Commons. Mr Mackenzie King occupied three and a-half hours in an exhaustive review of the Report and an explanation of his own position. He denied that he had any knowledge about campaign funds and said that he had made it a settled practice to leave such delicate matters to the party organisers in order to be free from an embarrassing sense of obligation. Mr Bennett waxed sarcastic at Mr King's avowal of complete innocence about campaign funds, but devoted most of his speech to a discussion of the position of the Beauharnois Corporation and the future of its enterprise. He took the line that Mr. Sweezy and his associates deserved little consideration, as they had not only bought favours with campaign funds, but had also flouted the Federal Government by going ahead with plans which had never secured the necessary approval from Ottawa. So he announced that his Government intended to classify the Beauharnois canal "as a work for the general advantage of Canada," and take it over under its constitutional powers for acquiring such works, and also to cancel the Order-in-Council which permitted the diversion of water and substitute for it some arrangement which would better safeguard the public interest. He was able to intimate that the provincial Government of Quebec was willing to acquiesce in this move. The disposition of the hydro-electric energy which will be developed remains within the jurisdiction of Quebec, and Mr Bennett held that it was unlikely that it would countenance the proposal made by Mr Woodsworth, the Labour leader, that the power development should be undertaken and managed as a State enterprise. He was inclined to the view that the corporation would have to be thoroughly reorganised and placed under different control, and that if this were done it might be able to secure the necessary financial backing for the completion of the project. Before Parliament rises a Bill to carry out the Government's preliminary plans will be put through Parliament.

This action will close the present chapters in the Beauharnois affair, but echoes of it will be heard for many a long day. There is general complaint in the Press, both Liberal and Conservative, that the inquiry was concluded with a strange and unseemly haste, and a demand that mysteries like those involved in the story of Mr Aird, junior, should be probed more fully. And the *Toronto Globe*, the leading Liberal paper in Eastern Canada, has been publishing a series of bitter editorials in which it declares that the Liberal Party must profit by experience and undertake a thorough process of domestic house-cleaning.

THE PRICE OF RUBBER.

(BY A MALAYAN CORRESPONDENT.)

This week rubber has touched a new low record price of 2½d. per lb. What is the economic price level which this commodity can hope to reach when the present depression is over? We print below a contribution by a Malayan correspondent to the discussion of this controversial topic.

The overproduction which has led to rubber's price collapse can be traced directly to the violent fluctuations of the past ten or twelve years. When rubber was soaring, money for new ventures flowed freely; production costs were a comparatively unimportant matter, with the result that there exist to-day several companies that are hopelessly over-capitalised. Those companies are doomed, and the persistent failure of their directors to realise that the days of half-crown rubber have passed for ever is the principal factor in prolonging the slump. Reserves are being frittered away uselessly in the vague hope that a miracle will happen, and all the other people will collapse first. Before the present slump the average all-in cost of production was in the region of sevenpence per pound. On this basis a selling price of at least tenpence per pound—and the estimate is a very modest one—was necessary be-

fore the more extravagantly financed estates could be run profitably. In the past year average production costs have been reduced to a little over threepence per pound, but this figure makes no allowance for replacement or development works. With a selling price of sixpence, the majority of estates—that is to say the soundly-financed and economically-run companies—could pay dividends. If the price went to a shilling, or a figure that would enable the high-cost producers to work at a profit, there would follow in a few months a crisis of over-production even worse than the present. A sudden jump in price to a shilling or more might bring very temporary relief, but it would not avert ultimate disaster to those boom flotations whose refusal to recognise facts is responsible for a continuance of threepenny rubber. The vital factor in the whole problem is the native grower. There is, in Sumatra, a vast acreage of native rubber that is at present tappable, but is not being tapped because it is growing so far from any means of cheap transport that it cannot be marketed profitably at ruling prices. There are other expanses of native rubber that will mature in the next few years, but their produce is never likely to reach the market unless the price is inflated.

All sorts of estimates have been published as to the potential annual tonnage represented by these idle sources of supply. Taking the most conservative of them, and modifying even that a little, it can be said that if rubber went to a shilling a pound before the end of 1931, world production would increase by 40 per cent. in 1932. There are differing views as to the price necessary before this native rubber can be produced and transported at a profit, the middle figure being about eightpence. As an individual opinion, slightly over sevenpence is suggested here. Therefore we may classify rubber producers generally into three groups: those who can produce profitably at sevenpence; the native who is without reserves and cannot tap a huge area until the price exceeds sevenpence; and the overcapitalised estate where rubber cannot be produced and sold profitably at under tenpence or a shilling. Many of those in the last category are still putting rubber on the market and meeting the loss out of reserves. The folly has continued for so long already that there is little hope of persuasion by the recital of known and admitted facts. The many must struggle along while the few throw away such sums as would serve at present to pay out their shareholders at a rate in some cases in excess of the current market quotation for their shares. This journey to voluntary ruin will take months yet, and then we shall see the output of rubber restricted in a voluntary manner—by the cessation of activity on the part of companies that have been economically unsound since their formation in an era of financial madness. Thereafter, the remaining cultivators will be faced with the task of keeping the price of rubber at about sevenpence, and as long as this figure is not greatly exceeded the Sumatra avalanche will be effectively checked.

Notes of the Week.

A Lull in the Storm.—In almost every direction the week's events connected with the international crisis have been favourable. Following the unexpectedly calm reopening of the German banks and savings banks, the defeat of the extremists of the Right and the Left in Sunday's Prussian referendum substantially assuaged immediate fears regarding the position in Germany, and this favourable impression is confirmed and underlined by our Berlin correspondent, who, on a later page, relates that the temporary "freezing" of the German financial machine has not produced the contraction of trade and increase in unemployment which was generally predicted. Meanwhile, the Reichsbank has been able to reduce its rate; Dr. Brüning has had cordial conversations with Signor Mussolini in Rome; and the latter has agreed to visit Berlin shortly. Looking in other directions, we find that the flurry in the exchanges has disappeared, and sterling has

been steadily gaining ground. Other reasons for increasing confidence are found in the improvement shown by the British trade returns for July, and the vigorous concentration upon economy plans which has brought Ministers, Opposition leaders and bankers rushing back from much-needed holidays. There is no doubt that the course of events has produced a definite improvement in psychology. Confidence, everywhere, is less lacking, and, after all, the restoration of confidence is an essential condition if effective measures are to be concerted to smooth the difficult path which lies ahead.

Mr Gandhi Refuses.—The announcement that Mr Gandhi will not be a member of the British India delegation, which is due to sail for England this week-end, has caused grave disappointment in responsible quarters. About a fortnight ago the Mahatma, who has been making great play with the mystery of his intentions, went so far as to say that he would "probably" visit London. Then, not altogether unexpectedly, a hitch occurred. Mr Gandhi represented to Sir Ernest Hotson, Acting-Governor of Bombay, that the Delhi Agreement was being infringed in the administration of that province, and gave it out that his departure for London depended upon the receipt of a satisfactory reply. Sir Ernest's reply, in which he took the line that the measures complained of represented lawful administration and did not constitute any breach of the Delhi Agreement, did not satisfy Mr Gandhi or the Working Committee of Congress. Mr Gandhi, therefore, appealed to Cæsar, or, in other words, telegraphed to the Viceroy at Simla, intimating at the same time that, in view of Sir Ernest Hotson's reply, "it would be difficult for him to go to London." While the latest pronouncement would seem to be final in its import, at least as regards the present delegation, he would be a bold prophet who would entirely scout the possibility that Mr Gandhi may yet cross the gangway—even if he follows in a later ship.

The Prussian Referendum.—The attempt to secure a premature dissolution of the Prussian Landtag has failed. On the voting day, last Sunday, August 9, only 9,793,328 voted in favour of the proposal instead of the 13,184,000 which was the minimum necessary to secure a winning majority of the Prussian electorate. This desirable result has materialised in spite of the Prussian Government's blunder, at the eleventh hour, in misusing a press law in order to compel all newspapers printed in Prussia, including those supporting the dissolution proposal, to print an official exhortation to the electorate to abstain from the polls. Nor was the voting accompanied, as it had been feared that it might be, by extensive disorders and bloodshed. If the Nazis and the Communists—those strange yokefellows of the moment—came to blows here and there on the occasion of a referendum which they were jointly promoting, the rest of the world may be pardoned for welcoming this ineptitude as a touch of comic relief. The one serious incident was the shooting affray between the police and the Communists in the Bülowplatz at Berlin: The Communist attack, which was made by gunmen firing from windows, was peculiarly cold-blooded; and it may be expected to produce a strong revulsion of public opinion in Germany against the methods of the parties of violence, on whichever wing of the political battle array the assassins may be fighting. There were rumours that the Government of Prussia or of the Reich would retaliate by suppressing the Communist Party officially; but this has been promptly denied. It would, of course, be a political blunder of the same nature, but of far greater magnitude than the petty blunder of the compulsory insertion in the Press. Parties of violence pray for nothing so much as to be able to provoke their opponents into coming on to their own chosen ground; and even if their opponents prove strong enough to suppress them superficially, they always thrive on being driven underground. On the whole, we are warranted in greeting the failure of the referendum with relief. One definite good result which it has produced already is a relaxation of tension in France, where, as the day of voting approached,

the results had been awaited with an increasingly nervous expectancy. Undoubtedly, the European political atmosphere has been cleared; and undoubtedly, too, the result of the voting means a certain "loss of face" for both the Communists and the Nazis in Germany. At the same time, we must be cautious in allowing the wish to be father to the thought that the revolutionary parties in Germany are now "on the run." A decline in their influence cannot be deduced conclusively from elaborate mathematical comparisons between last Sunday's figures and those of the general election last autumn. The atmosphere of a referendum is different from that of an election, and the same individual may also behave differently when he is voting as a citizen of Prussia and when he is voting as a citizen of the Reich. For such reasons as these we must not press our interpretation of last Sunday's results too far; but, so far as they go, we may take note of them with legitimate satisfaction.

Conversations at Rome.—It was a happy inspiration that led Mr MacDonald to invite the German Ministers to Chequers; for the interchange of visits between leading members of the Governments of the principal Powers, which began with the German visit to England in the first week of June, has been proceeding actively since. There has been the German visit to Paris, the Seven-Power meeting in London, the English visit to Berlin, and—latest of all—the German visit to Rome last week; while the American Secretary of State, Mr Stimson, has been paying a round of visits to European capitals. The series has not come to an end; for, before the departure of Herren Brüning and Curtius from Rome, it was announced that Signor Mussolini had accepted an invitation to go to Berlin. This marks a notable departure from the Duce's regular practice, hitherto, of staying at home and leaving it to his lieutenants to represent the Italian Government at international meetings of statesmen. What are these meetings accomplishing? In our disappointment over the meagre positive results of the London meeting a few days ago, we were inclined to wonder whether there had not been much ado about nothing; and it was no doubt true that there was nothing miraculous that could or did ensue from a gathering of statesmen—however eminent in themselves, and in their representative capacity, these statesmen might be. Yet these meetings are assuredly performing one prosaic yet highly important negative service. They are preventing the nervousness and suspicion which have arisen in the field of international finance from spreading to the field of international politics. This service may prove of inestimable value; for it is only in an atmosphere of undepreciated political confidence and goodwill that we can hope to make progress in solving the political problems of disarmament and treaty revision and security; and a substantial advance in this political field is perhaps the necessary prelude to financial and economic recovery. In Rome, the heads of the Italian and German Governments have discussed frankly these delicate but urgent political problems, and the discussion appears to have extended to treaty revision as well as disarmament. But the Italian and German Ministers have been at pains to forestall any anxiety that might possibly arise in France lest these Rome conversations might be inimical to the French conception of security. While the official *communiqué*, issued in Rome, announces that "there was equal agreement upon the necessity of making every effort to ensure that the forthcoming effective results in the interest of peace and of the economic and moral well-being of the world," and while indirect references to treaty revision have appeared in the Italian Press, the *communiqué* places in the forefront, as the key to the solution of present difficulties, "the necessity of an active collaboration inspired by mutual trust between all the Governments." There could be no better watchword than this for the diplomatic preparation which must be carried on intensively during the coming months, if the World Conference, which is due to meet next February, is to enter upon its labours with a fair prospect of success.

Hoover Moratorium Agreement.—The experts' meeting in London, called to discuss the details of the Hoover moratorium proposal, have now arrived at an agreement, which has been submitted to and approved by their respective Governments. The agreement embraces war debts as well as reparations payments, and covers the liabilities of Germany to the Allies, and of the Allies to each other. Certain adjustments in the case of Bulgaria are still being negotiated, and one or two reservations by certain Powers have had to be expressed and dealt with. The broad principle is that all reparations and debt payments suspended during the "Hoover year" shall be repaid by ten equal annuities from July 1, 1933, together with interest at not more than 3 per cent. as from that date. These repayments will be unconditional obligations, not entitled to postponement. The service of the Dawes and Young Loans shall proceed, and shall be excluded from the terms of the moratorium. The remaining unconditional portion of the Young annuity shall actually be paid by the German Government, but shall at once be re-lent to the German railway companies, so that, in effect, the transfer of this sum from Germany is suspended, as envisaged by the original Hoover declaration. As regards reparations in kind, existing credits shall be continued, both for the completion of outstanding contracts and for the execution of new contracts if any surplus remains. Every effort will be made to continue deliveries in kind according to existing arrangements, provided only that they may be suspended if their continuance through the moratorium year involves a charge upon the creditor state. In interpreting these provisions, it must be remembered that the sudden suspension of deliveries in kind would be prejudicial to German industry as well as to the recipient countries. Special recommendations are made for the continuance of certain Hungarian and Bulgarian payments, and the question of the Greek payment to Bulgaria under the Caphandaris-Molloff agreement has been left to be settled by the two Governments. In view of the complexity of their task the Committee have done well to leave so few loose ends behind them. Their work has been rather overshadowed by that of the emergency committees since set up to deal with the German crisis, but so soon as financial order is restored in Germany, and the world is free to turn its attention to the implementation of the Hoover declaration, its value will become apparent.

Australian Conversion Progress.—Events in Australia have lately been overshadowed by the European crisis; but it is pleasing to be able to record the steady progress that the Dominion is making in the rehabilitation in her finances. It is common knowledge that, a few months ago, matters had reached such a state that their rectification required a grand assault all along the line, including general Dominion and State Government expenditure, civil service salaries, wages, pensions, and, finally, interest on the internal debt. This week, the assault is being delivered. The Acts necessary to enforce economies have now been passed, and on Monday the latest of these Acts, namely, the Debt Conversion Act, came into force, and the lists were opened for applications from bondholders for voluntary conversion. They are to remain open until August 31st for bondholders domiciled in Australia and until September 29th for those resident abroad, and objections against conversion, which entails a reduction in interest to a basis of 4 per cent., must be lodged within that period. When it is realised that the average saving to the Government, and, therefore, sacrifice by the bondholder, is equal to 22½ per cent. of the interest payable on the internal debt, the fine response that is already being made assumes a large significance. The banks have given a lead by reducing the interest on their deposits and also on certain classes of loans, and Ministers have followed this up by broadcast and other appeals to the people. According to cables, dated Wednesday, it was estimated that, during the first two days of the campaign, £566 millions, or one-fifth of the total, had already been converted. Meanwhile, the Loan Council has appointed a permanent Committee, consisting of the State Under-

All Baltic and Scandinavian Currencies bought and sold by SKANDINAVISKA KREDITAKTIEBOLAGET

Phone Stockholm 0101

Treasurer, Commonwealth Officials, and Professors Giblin and Melville, to watch the application of the general economy plan. Already Australia's efforts are bearing fruit, for London Stock Exchange quotations of her sterling loans are appreciably above the lowest points touched earlier in the year, and the depreciation of the Australian pound has been checked. Further progress will be watched with interest, not only because of the goodwill felt towards Australia herself, but also because of the moral her success will contain for other countries.

The German Credits Committee.—The Committee of experts nominated by the Central Banks to investigate the credit needs of Germany assembled at Basle last Saturday and has been at work throughout the week. The American representative, Mr Wiggin, head of the Chase National Bank, was appointed chairman. At the outset of the proceedings a statement on the German position was made by Dr. Melchior and discussed by the Committee; and they have also invited representatives of various banking groups to visit Basle in order to hasten and co-ordinate definite arrangements for the prolongation of short-term credits in Germany. No statement has yet been made as to when or whether the Committee will proceed to Berlin to examine the situation *in situ*.

Overseas Trade in July.—When allowance is made for the ill-effect upon prices and business of the international crisis, the July overseas trade figures are better than might have been expected. Imports were the highest since April, and exports of British goods the best since January. Re-exports, as might be expected from the breach in international trading and credit relations, were the lowest of the year. The relevant figures for July and also for the year to date are given below:—

MONTH OF JULY.
(000's omitted.)

	1931.	Increase or Decrease as compared with			
		July, 1930.		July, 1929.	
Imports	£ 70,146	£ -15,020	% -17.6	£ -23,399	% -24.9
British exports	34,252	-16,495	-32.5	-82,268	-48.5
Re-exports	4,936	-1,727	-25.9	-3,034	-38.0
Total exports	39,188	-18,222	-31.8	-85,302	-47.5
Excess of imports over total exports	30,958	+ 3,201	+ 11.5	+ 11,903	+ 62.5

FIRST SEVEN MONTHS.
(000's omitted.)

	1931.	Increase or Decrease as compared with first seven months of			
		1930.		1929.	
Imports	£ 487,935	£ -138,831	% -22.1	£ -210,228	% -30.1
British exports	233,408	-122,190	-34.4	-191,854	-45.0
Re-exports	40,644	-15,299	-27.3	-27,888	-40.7
Total exports	274,052	-137,489	-33.4	-219,742	-44.6
Excess of imports over total exports	213,883	- 1,342	- 0.6	- 9,514	+ 4.7

Even allowing for their slight improvement over previous months, the July figures are lamentably low, and the

following table shows the extent to which the cumulative figures for 1931 lag behind those of previous years:—

SOME LEADING EXPORTS.
(Quantity.)

	First Seven Months.		
	1929.	1930.	1931.
Coal..... tons	33,941,394	33,202,249	24,817,804
Pig iron and ferro alloys..... tons	340,750	216,131	130,862
Railway material..... tons	286,508	278,329	126,863
Total iron and steel..... tons	2,616,533	2,100,984	1,167,551
Textile machinery..... tons	79,138	59,403	30,316
Total machinery..... tons	333,120	301,036	196,968
Cotton yarns..... lbs.	100,637,300	83,124,600	73,763,700
Cotton piece-goods..... sq. yds.	2,289,501,000	1,685,260,100	1,025,232,400
Wool tops..... cents	188,631	164,090	164,736
Worsted yarns..... lbs.	21,616,500	17,866,500	15,137,600
Woolen tissues..... sq. yds.	64,441,400	47,913,600	33,056,300
Worsted tissues..... sq. yds.	29,324,200	20,740,400	17,789,300
Linon piece-goods..... sq. yds.	43,389,600	40,254,300	37,558,700
Leather boots and shoes dozen pairs	554,029	630,037	585,993
Leather..... cwts.	200,526	164,787	94,473
Paper and cardboard..... cwts.	2,882,152	2,700,400	1,846,328
Locomotives..... tons	22,593	28,564	13,632
Motor cars and chassis..... number	24,968	19,044	13,982

With coal exports down by 25 per cent. on 1930, iron and steel down by 45 per cent. and textiles by amounts ranging up to nearly 40 per cent. for cotton piece-goods, this year can only be called disastrous, especially when the disappointing character of the 1930 returns, in comparison with those of previous years, is recalled. Even if there is an improvement in the autumn, which, barring a sudden and complete settlement in Europe, at present looks unlikely, it will come too late to neutralise the poor results of the first seven months of the year.

Cotton Price Slump.—Our Manchester correspondent writes:—Late on Saturday last the Agricultural Bureau of the United States Government published a surprising report on the cotton crop for this season. In market circles it was expected that the Bureau would estimate the crop at about 13,800,000 bales, but the official forecast was 15,584,000 bales, which compares with an actual yield for last season of 13,932,000 bales. The condition of the crop was stated to be 74.9 per cent., against 62.2 per cent. on the same date last year, and a ten-year average of 67.5 per cent. The yield per acre, at 185.8 lb., has caused much surprise, as this compares with the final estimate of 147.7 lb. for last year's crop. It may be mentioned that, when the record growth of 18,000,000 bales was produced in 1926-27, the production per acre was only 181.9 per cent. When the statistics were issued the markets of the world were closed with the exception of Chicago. In the circumstances there was considerable interest in the opening of the Liverpool market on Monday morning, and the first prices for American futures showed a decline of nearly 1d. per lb. There was a slight recovery a little later, and since then prices have been fairly steady. The spot quotation in Liverpool this week has touched 3.64d. This is the lowest figure since 1904, when 3.63d. was registered. If the Government estimate proves to be correct there must be a glut of cotton for a long time to come. The carry-over from last season was 9,000,000 bales, so prospective supplies are about 24,500,000 bales, whereas at the present time the world consumption is very little more than 11,000,000 bales per annum. In trade circles the opinion is held that, if the weather in the belt continues favourable, there is a possibility of prices falling to a lower point than ever reached before. The lowest price ever known was 2½d. on February 1, 1895. From the point of view of spinners, manufacturers and merchants this sharp drop in values is a calamity. All firms that are compelled to carry stocks of raw material or manufactured goods will feel acutely the depreciation in values. This fact has had its influence on the shares of the chief textile concerns this week. According to some authorities in Lancashire cheap cotton may be the salvation for the industry. In view of the lower prices now ruling there should be an increased consumption of manufactured articles. But for the uncertain outlook in India and on the Continent it is likely that many merchants would be prepared to anticipate future requirements. It is understood that many spinners in Japan and in European countries began to buy cotton more freely several weeks ago under the impression that prices were safe. In

such circumstances Lancashire firms should be favourably situated in competing for world trade. Although the immediate effect has been very disturbing, there is ground for believing that the reduction in prices will result in trade on a larger scale at an early date.

Shipping Freight Index Number.—Depression in the whole-cargo shipping and freight market continued during July, and our index number of freights at 87.3 shows a further fall of 4.0 per cent., following a decline of 4.5 per cent. in June. The present figure compares with 90.8 a year ago and 110.3 for July, 1929. The following table summarises recent movements of the various group indices:—

	AVERAGE 1898-1913=100.				
	Average, 1913.	July, 1930.	May, 1931.	June, 1931.	July, 1931.
European Waters.....	110.0	86.3	85.0	82.4	81.2
North America.....	113.1	89.6	96.5	89.6	85.5
South America.....	123.4	94.6	94.7	89.8	86.3
India.....	106.3	102.8	94.8	91.8	87.6
Far East and Pacific.....	117.4	78.3	96.0	93.0	87.8
Australia.....	127.9	93.5	104.1	98.8	95.2
Total.....	116.3	90.8	95.2	90.9	87.3

Outward coal freights to the Mediterranean suffered an appreciable fall, and the development of the financial difficulties of Central Europe was reflected in a further contraction in the general volume of grain chartering. A moderately active business continued to be done between the Plate and Europe, but the North American grain market was at an abnormally low ebb. Generally business in miscellaneous cargoes other than grain and coal was very limited. Individual changes recorded by the various sections of the index number are given below:—

	AVERAGE 1898-1913=100.				
	Index Number	Inc. or Dec. Points.	Index Number	Inc. or Dec. Points.	
Home Trade.....	72.6	+ 0.3	South America—out-wards.....	69.4	- 2.1
Bay—outwards.....	95.4	...	South America—homewards.....	103.2	- 4.9
Bay—homewards.....	82.3	...	India—outwards.....	86.3	- 4.6
Mediterranean—out-wards.....	83.5	- 8.6	India—homewards.....	88.9	- 3.8
Mediterranean—homewards.....	80.9	- 0.2	Far East, &c.....	87.8	- 5.2
North America.....	85.5	- 4.1	Australia.....	95.2	- 3.6

Expressed as a percentage of the average for 1913, the total figure of our index number for July works out at 75.0, compared with 78.1 in June and 78.1 a year ago.

The Position in Argentina.—The course of financial and political events in Chile have undoubtedly reacted to some extent upon the foreign appreciation of Argentina's position, while the heavy exchange depreciation now ruling in connection with the Brazilian and the Uruguayan currencies must also be reckoned as an unfavourable factor. A simple declaration that Argentina is on quite a different footing, financially as well as politically, from the other republics mentioned, will not be sufficient to reassure the foreign public unless it can be shown that material grounds exist for such an assertion. Taking the political situation first, and regarding it strictly from the standpoint of its reaction on financial affairs, every day that sees the present Provisional Government in office spells additional strength imparted to Argentina's finances, inasmuch as expenditure has been strictly curtailed in all departments and such loan obligations as have fallen due have been punctually met and discharged. It was sheer ill-luck that brought about the abortive mutiny of a regiment in the Province of Corrientes within the same week that saw the beginning of trouble in Chile. For the revolt in question was dealt with promptly, thereby emphatically disproving the statement circulated by its promoters to the effect that the plot had widespread ramifications and was but the prelude to universal resistance to President Uriburu and his Government. How far members of the former regime were directly concerned in the business need not be discussed here, since even in Argentina considerable doubt

exists on this point. Certainly there was evidence enough to warrant the promulgation of the decree which, while it emphasised the intention of the Provisional Government to call the country to elections on November 8th, expressly stated that no candidature of the present Government would be permitted. For the rest the present Government has steadily and remorselessly cut down expenditure, and at the same time it has fulfilled to the letter all its foreign obligations, while refraining from increasing foreign indebtedness. The balance of trade is also moving in its favour, the figures for the first six months of 1931 showing a favourable balance of \$41,003,000 gold, as compared with an unfavourable balance for the first half of 1930, which stood at \$36,344,000 gold. Diminished imports, however, though they improve the balance of trade, have seriously reduced revenue receipts. It is idle to deny, therefore, that the settlement of the \$50,000,000 United States loan falling due on October 1st is a serious preoccupation alike to the Ministry of Finance and to the local money market. It has even been suggested that payment thereof may be effected by employing gold from the Convent Office, over and above the balance of \$17,400,000 gold now held in London for account of the Conversion Fund; and such a step is possible without unduly depleting the percentage of gold to paper. But renewal would be preferable, seeing that Argentina is still seriously handicapped in her financial and currency arrangements by the fact that up to the present time it has not been found possible to unify her currency. For this reason she has been chary of increasing the limit under which the discount operations can be effected, and, fortunately, the diminished movement of trade and the general stagnation which characterises the local money market make the present amount of currency in circulation, namely, \$1,217,523,000 paper, ample for all the necessities of her internal trade. The exchange position, however, is suffering from the general international uncertainty, which is also translated into lower prices for practically all Argentine produce, wheat touching the low level of \$5.10 paper per 100 kilos. spot, while maize is \$3.75 and linseed \$11.90. Nor does the fact that the cable rate on London stands at 38½d. appear to have any beneficial effect upon the prices of grain. It is undoubtedly a depressing situation, but it must be emphasised that, intrinsically, Argentine affairs are rather better than they were a month ago.

Polish Textile Difficulties.—Our Warsaw correspondent writes on August 12th:—Very serious embarrassment has been caused in Lodz by the recent application of the Widzewska Mills for court supervision pending the conclusion of satisfactory arrangements with their creditors. Further consideration of the application has been postponed until the latter part of September in order to give Widzewska time to submit a more complete and accurate statement of assets and liabilities. Widzewska is the best-equipped spinning and weaving establishment in Poland, and almost the largest. Its plant has been completely rebuilt since the war, and the management has always been regarded as highly efficient in a technical sense. Its inability to "carry on" under present conditions not only means that a large number of local and foreign holders of Widzewska obligations are placed in a difficult position, but that several thousand workers will be thrown out of employment unless new cotton credits are promptly arranged for. The current liabilities of Widzewska are estimated at between £700,000 and £800,000, most of which is owing for cotton. The property and stocks are valued at many times this figure, but the liquid assets appear to be practically nil. British financial houses serving as intermediaries in the furnishing of raw materials are understood to figure prominently among the creditors. The principal creditors have lodged no objection to the proposed moratorium, and it is expected that the British Vice-Consul at Lodz will represent the creditors on the Widzewska board when—and if—the court agrees to legal supervision. The general feeling in Poland is that, with Widzewska unable to meet its liabilities, the position of other Lodz mills must be very uncomfortable.

Transvaal Gold Output.—The gold output of the Transvaal mines during July amounted to 916,843 fine ounces, as compared with 897,750 fine ounces in June. In the following table we show the monthly output since the beginning of 1925:—

Month of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
January	823,592	796,270	839,782	843,857	876,452	882,801	914,576
February	753,925	753,924	779,339	816,133	815,284	818,184	839,937
March	825,479	834,340	860,511	877,380	866,529	889,370	910,998
April	787,519	803,303	824,014	825,907	872,123	868,606	882,337
May	813,249	849,214	859,479	886,186	897,598	916,215	910,279
June	780,251	822,145	855,154	862,365	856,029	881,867	897,750
July	818,202	860,134	851,861	867,211	889,480	912,852	916,843
August	806,218	843,654	865,345	891,853	889,601	921,081	...
September	797,247	859,939	842,118	857,731	849,553	903,176	...
October	812,832	853,296	855,743	897,720	888,690	926,561	...
November	787,633	840,276	848,059	872,484	861,593	884,753	...
December	791,455	836,167	852,225	859,761	851,134	908,792	...
Total..	9,599,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	6,272,654

The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors at the end of July totalled 223,484. Comparative figures for the last eight months are shown below:—

	Nov., 1930.	Dec., 1930.	Jan., 1931.	Feb., 1931.	Mar., 1931.	Apr., 1931.	May, 1931.	June, 1931.	July, 1931.
Gold mines	205,030	203,473	209,442	209,777	207,239	206,770	207,109	207,309	208,155
Coal mines	13,973	13,763	13,869	13,740	13,436	13,242	13,303	13,286	13,512
Diamond mines	4,748	4,607	4,325	4,333	4,106	4,030	3,689	3,345	1,817
Total	223,751	221,843	227,636	227,850	224,781	224,042	224,103	223,940	223,484

It will be noticed that the increased employment in the gold and coal mines in July, as compared with the preceding month, was more than offset by a reduction of the numbers at work in the diamond fields.

Overseas Correspondence.

UNITED STATES.

International Credits — Stock and Money Markets — Industry — Prices — Company Earnings.

(FROM OUR CORRESPONDENT.)

NEW YORK, August 8.

IN most quarters here there was some surprise when, shortly before plans were completed for the Bank of England credit, intimation was received that such action had been decided upon. There never had been any doubt as to the strength of the Bank of England or Great Britain's financial resources, nor any question as to ability to obtain a credit for any amount asked for. Nevertheless, it had been thought that a credit would not be necessary. Receipt of \$1,000,000 in gold to-day from London was explained as a private transaction unconnected, except remotely, with the recent weakness in sterling. Banks here have been united in the avoidance of gold shipments which might have complicated the situation abroad. Largely as the result of placing \$30,000,000 gold net under earmark during July, the month brought a net loss in metal of about \$18,000,000, the first decline since August, 1930. For the year the net gain at the end of July was \$355,000,000.

Selection of Albert H. Wiggin, chairman of the Chase National Bank, to represent American bankers on the German credit committee was regarded as a good and logical one, the Chase having perhaps the largest share in short-term German credits. Mr Wiggin is an able and energetic man, and, moreover, a forward-looking one. While there can be, of course, no direct connection with the recommendations of this committee and eventual disposal of the reparations problem, the financial community is mindful that, in his annual report to stockholders last winter, Mr Wiggins declared that purely as good business it would be well for this country to consider a reduction of reparations and inter-allied debt payments. Recommendations which the committee may make on these

extensions will have great weight here, but there is likely to be lively opposition to any scheme involving freezing beyond six months. Local bankers have organised a committee which is working on a six months' extension scheme to enable the German banks to reopen this month. The plan, it is believed, was suggested by the German Government. The local committee has been acting for some time as a clearing house of information on German developments for out-of-town banks with German credits. Of the \$600,000,000 in German credits estimated for this country, about \$350,000,000 are short-term banking credits involved in these negotiations. Country banks are showing a disposition to follow the lead of the city institutions in this matter.

Trading in nearly all markets has been stagnant. In the share market the daily turnover of a million shares or less has brought no great change in prices, after wiping out the June rise on the Hoover debt plans, but it emphasises, as does also the further decline in brokers' loans of \$26,000,000 last week, the distrust of the market by the public. Bonds also are sluggish and irregular, and give little inspiration for the floating of new issues beyond municipal, Federal Treasury and small issues of the highest quality. Most of the July financing was high-grade public utility offerings. There were small State and municipal bond sales and a \$15,000,000 Federal Intermediate Credit Bank issue. Only Canadian bonds were sold for foreign account. The Federal Reserve Bank estimates the new financing of the first half-year, including shares and bonds and refunding, at \$3,040,000,000, against \$2,530,000,000 in 1930 and \$5,070,000,000 in the first six months of 1929. Foreign issues for new capital purposes in the first six months this year were only \$229,000,000, against \$752,000,000 last year. Although these figures are small, the proportion of productive capital raised this year to the total financing has been greater than in recent years, especially in those years in which the investment trust boom was in progress.

Treasury financing is taking the form of a weekly offering of from \$50,000,000 to \$60,000,000 in non-interest bearing bills, which are finding ready takers, owing to the huge excess bank reserves. The market expects the Treasury to hold its long-term bond issue for the December 15th tax date, although money conditions might be such as to bring it out on the September 15th date. That date was left free of all maturities except two certificate issues aggregating \$634,000,000. Tax receipts will take care of a large portion. Money market conditions by the middle of next month probably will permit sale of \$500,000,000 or so of 3 per cent. bonds, with conversion privileges for the 1½ and 2½ certificates due then.

Current demands on the Treasury are not large, and are being carried by the weekly bill issues. The cash position is satisfactory. Last June the Treasury announced it would redeem on December 15th the third and last series of 3½ per cent. Treasury Notes, Series C, amounting to \$451,000,000. In addition, a certificate of \$268,000,000 and one of \$275,000,000, both at 1½ per cent., fall due on the December tax date. Early action on the Liberty issues is not anticipated. In the first place, these issues are selling too high for a refunding offer possible for the Treasury at this time to be made, and a conversion offer could not be backed by threat of early call for redemption.

Slackness in trade is a bit more pronounced than mere seasonal slowness, although encouraging improvement is taking place in some trades. The sugar industry is improving and conditions in the shoe and leather and woollen industries are quite favourable. Motor tyres, also, are doing well. Heavy industries continue to find times difficult. Although gasoline consumption this year is breaking all records, the difficulty of restricting the flow of the East Texas and Oklahoma fields is depressing crude and gasoline prices. More oil companies have had to cut dividends. The steel trade is operating at about 30 per cent. of capacity, but this rate probably will mark the bottom. Coal is depressed and also is suffering from strikes in the bituminous regions. Some copper mines are shutting down

altogether, and a few others may follow. Building fails to gain much, and the motor industry is feeling the mid-summer slackness, and the Ford shutdown will restrict August production. Building contracts let in the first half-year were about 31 per cent. under 1930, and it is estimated that the third quarter will not fall more than 20 per cent. from a year ago. Retail trade is doing better than manufacturing. Department and chain stores are reported to be running ahead of last year. Still, business insolvencies of all sorts are running high.

Commodity price weakness continues, but it is largely among agricultural products. Dun's index fell seventenths of 1 per cent. in July, compared with a gain of one-half of 1 per cent. in June. In most quarters the feelers put out by the Government for disposition of Farm Board holdings of wheat and cotton to Germany on long-term credit are not very eagerly received. It is felt that the Farm Board has done too much already to interfere with private trade.

As shown by company earnings, the second quarter was better than the first, even allowing for seasonal gain, which amounts to about 19 per cent. Earnings of more than 200 companies, as compiled by the National City Bank, dropped 38 per cent. under 1930 in the second quarter, compared with a decline of 51 per cent. in first quarter, or an increase in second over first quarter of 31 per cent. For the six months earnings were 45 per cent. under the same period of 1930. Figured on net worth, in the first half-year 325 reporting industrial and mercantile companies earned 5.5 per cent., compared with 10 per cent. in 1930 and 14.8 per cent. in 1929. Interpretation of these results should be made in the light of a considerable increase in operating efficiency. Declines in dollar volume and in physical volume of business transacted were general in most industries.

FRANCE.

Franco-German Relations — Prices — Production — Public Finance.

(FROM OUR CORRESPONDENT.)

PARIS, August 12.

FRENCH relief at the defeat of the German extremist parties in last Sunday's Prussian plebiscite has been sincere and deep, and it is generally felt here that the way is now clear for resumption, with a fair hope of success, of the Franco-German conversations begun in Paris prior to the London Conference. The fact that the German Republican parties triumphed, by a majority totalling 63 per cent. of the voters, over an ill-assorted minority composed of such irreconcilable partners as Hitlerites and Communists is regarded by French opinion as marking an appreciable advance towards more stable conditions in Germany, while the energetic steps that are being taken by the Berlin leaders to restore the financial situation have been welcomed here with sincere satisfaction and approval. There is, of course, an underlying sentiment to the effect that, as one journal expressed it, "the German Republic has been saved, if reparation payments have not!" but the more serious majority are satisfied that the last word has by no means yet been said in regard to the financial obligations of the Versailles Treaty, and that the German Ministers, now that Hitlerism has ceased—for the moment at least—to be a serious menace, will be prepared to treat reparations, as well as many other factors, from as reasonable a point of view as are their French colleagues. The fact that the French have agreed to participate in the pending loan to Hungary, as well as in the extension of international credits to Germany, may be taken as significant of the more conciliatory attitude which is steadily growing here in regard to resuming friendly relations with former enemy countries.

The index figure of wholesale prices at the end of July shows a drop of 11 points on the month, as compared with 3 on the previous month, or 28 since the end of April. The drop in July was mainly due to the fact that prices of imported goods were brought down 18 points during the

month, as the following analysed figures show (base: July, 1914=100):—

	No. of Articles.	End of month of May.	June.	July.	1928.	1929.	1930.
General index figure	(45)	480	477	466*	634	623	543
Products of French origin	(29)	552	539	532	619	635	591
Imported goods	(16)	350	366	348	660	602	458

* Gold equivalent, 95.

The figure for foodstuffs alone is returned for July at 516, or 13 points below that for June. Vegetable foods show a drop of 57 points on the month, while meats are returned 23 points higher. The figure for raw materials is returned as 424, or 10 points lower, the principal fall being in the six categories of textile materials, which are returned as 15 points lower. These figures cover unweighted prices of 45 commodities. The weighted index figure (provisional) for July, covering 126 commodities, is returned as 501, against 518 in June and 540 at the end of April. The figure representing retail prices in Paris of 13 articles of household consumption stands at 615 (against 632 in June, 601 in July last year, 606 in July, 1929), thus corresponding to a weighted figure in gold of 125. The fixed price of bread in Paris has now been brought down 10c. per kilo.—from 2 francs 45 to 2 francs 35.

Industrial production during June—the July figures will not be available until early next month—shows a further drop of three points, the index figure for the month being 126, against 129 in May, and monthly averages of 140 in 1930, 139 in 1929 and 127 in 1928. Of the nine great industries covered, paper output alone shows an increase (equivalent to two points). The metallurgical industry fell off 8 points to 103 (base: 1913 = 100); textiles 7 points to 71 (this, the lowest level reached, being largely due to the recent general strike in the Roubaix district); extractive industries, 7 points; rubber, 15 points (to 910); motor-vehicle construction, engineering and building, from one to two points each. Iron and steel output figures for June were given here last week, and showed an appreciable drop under both headings. Steel output in June, which was 9 per cent. above the pre-war level, was about 10 per cent. under the 1917 level; while consumption was over 10 per cent. more. Coal output in June totalled 4,191,453 tons for the 26 working days, against 4,095,245 tons in May (24 days) and 4,212,044 tons in June, 1930 (24 days). Daily average production in June was 162,210 tons, against 170,635 tons in May and 175,502 tons in June, 1930. The labour force engaged in June was 3,400 units fewer than in the previous month and 11,000 fewer than in June, 1930. The output of metallurgical coke by the colliery plants was 368,711 tons, against 398,900 tons in May and 416,992 tons in June last year. Coal production in June was 10 per cent. higher than in 1927, while consumption remained at practically the same level.

All indications suggest that French industrial production is still suffering from the effects of the monetary inflation, followed by the industrial inflation, and the lethargic economic policy of 1929-30. Internal prices are still being very largely maintained by tariff manipulations, or the control of imports, in spite of the falling off in exports and the shrinkage of the home market. Wages are being kept at practically the same level, notwithstanding an increase in at least partial unemployment and the falling off in industrial activity; while agricultural prices and the cost of living are being maintained at unduly high levels, in spite of the difficulties with which industry is faced. Above all, no serious effort is being made to reduce budgetary expenditure. Expenditure on social legislation, armaments and public servants' scales of pay is being continued without regard to the fact that there was a serious deficit in the 1930-31 revenue, and that the burden of taxation has admittedly surpassed the economic safety maximum. The dominating factor of the situation, so far as these various aspects of it are concerned, lies in the fact that general elections are due next spring. All parties in the Chamber appear to be hypnotised by the fear that any policy of economy, retrenchment and reform will be fatal to their chances of securing re-election.

The Bourse is complaining of having reached a state of greater stagnation than has been registered, even during the principal holiday month, for many years past. The

actual volume of business has probably never been smaller during recent years, and not even the stimulus of the Hoover moratorium project, or the successive favourable factors that have developed since then, has been able to cause it to shake off its torpor. The index figure, representing quotations of 300 French issues of variable yield at the end of July, is returned as 311 (base: 1913 = 100), as compared with 329 in June, 373 in February, and means of 437 in 1930, 507 in 1929 and 415 in 1928.

GERMANY.

Prussian Referendum — Politics — Banking and Economic Position — Schroeder Bank.

(FROM OUR CORRESPONDENT.)

BERLIN, August 11.

THE failure of the referendum for the dissolution of the Prussian Diet means much more than a success for the Prussian Cabinet under the leadership of Otto Braun. It means the first great defeat for years of the radical groups; it means that the Brüning Cabinet can continue its work for the rehabilitation of economic life, since the Braun Government in Prussia gives the Socialists participation in power and responsibility even if they are not represented in the Reich's Government, and thus hinders a sharp opposition by the Socialists against Brüning in the Reich. It increases the credit of German economy, since the conditions precedent to order in the State are firmly established. The referendum appeared at first to be a serious danger, owing to the fact that the Communists, with their large number of voters, joined the parties of the Right. On July 22nd, after the rejection of an ultimatum which they had presented to the Prussian Government, they called on their followers to support the referendum. They may have done this out of blind hatred for the Socialists, or because they desired to intensify the political and economic crisis in Germany and thus create a "revolutionary situation," or perhaps with the idea that the foreign policy of a German Government of the Right would inevitably force Germany to join with Soviet Russia, since the hopes of the National Socialists to find allies in England and Italy would be shown to be in vain. Be that as it may, none of these considerations brought conviction to the supporters of the Communist Party; they were far from following the parole in full numbers. The 9,700,000 votes cast for the referendum are not only 3¼ millions less than the number required for its success, but are also some 2¼ millions less than the number of votes cast at the Reichstag elections of 1930 for the parties supporting the referendum. The greatest falling off was recorded precisely in those districts in which many Communists votes were cast at that time; for instance, in Berlin and Rhineland-Westphalia. It may be suspected that the Communist Party compromised itself greatly in the eyes of its voters by its summons to support the Right, and that the Socialists have at the moment made considerable headway over the Communists.

But the National Socialist movement obviously no longer possesses the driving force necessary to offset the lack of success of its Communist allies. It cannot be known, of course, whether radicalisation is still going on within the parties of the Right themselves. Since all parties on the right of the Centre called on their members to support the referendum, the result does not permit any conclusions as to whether, in case of an election, the National Socialists would draw into their camp further sections of the German Nationals, the Economic Party, the German People's Party and the smaller groups of the Right. The referendum itself cannot be exactly compared with an election, since the non-voters here have the same effect as if they had cast "no" votes, for, under the Prussian law, the number of "yes" votes must amount to at least half of all enrolled voters and not merely of those actually voting if the referendum is to succeed. But, if one assumes even 20 per cent. of non-voters, there would still remain of the 16 millions who, following the parole of the Socialist, Centre and State Parties, abstained

from voting, some 13 millions, as against 10 millions who followed the summons of the parties of the Right and the Communists. Perhaps this does not mean that one could to-day secure by new elections a Reichstag capable of doing real work, for it is not clear how many apostate Communist voters would return to their party in case of a general election. But the result of the referendum indicates that the time is coming nearer when a rehabilitation of German politics will become possible by a return to the normal forms of Parliamentary democracy.

From a purely economic viewpoint also Germany has had a week of calm and a relaxation of tension. The resumption of normal banking operations on August 5th brought, surprisingly, no considerable strain on the Reichsbank. The total of currency in circulation, including coin and notes of private banks, rose only 300 million marks over the first week of July. The holdings of drafts and cheques increased by 190 millions, but advances decreased by 180 millions—a result of the possibility created by the Acceptance and Guaranty Bank of converting holdings of securities into negotiable paper and also, doubtless, of the very large margin between the discount and the Lombard rate. The liquidity of the Reichsbank is proved by the fact that it was able to get rid of 132 millions of Reich Treasury certificates. Devisen increased by 60 millions. Note covering amounts to 38.2 per cent., against 36.1 per cent. in the preceding week. Even though it is to be assumed that the opening of the savings banks on Saturday, which required somewhat greater payments to depositors, may have burdened the status of the Reichsbank somewhat, this can be but temporary. For since then payments by the savings banks have become normal throughout the Reich: obviously only the accumulated requirements of the depositors—not any lack of confidence in the institutions—were responsible for the heavier withdrawals on Saturday.

All these things afforded reason why the Reichsbank should reduce the discount rate. At the time of writing it is still undecided how great that reduction shall be, but in any event it will be regarded as a signal that the worst is over, and it will, in addition to its psychological effect, also through its material effect help German economy to overcome the losses which it suffered through the credit crisis. That this economy possesses a high degree of resistance to a damaging situation is shown by the figures covering unemployment at the end of July. From the middle to the end of July the numbers increased by only 20,000, which is quite in accordance with seasonal developments. But one must count on further results of the credit crisis, and must not be surprised if the report for the middle of August should be less favourable. But there can plainly be no talk of any catastrophic dwindling of economic life, such as has been feared in many quarters.

The new decree governing devisen (foreign currency and securities) caused at first much confusion among importers, since the Reichsbank did not feel itself in a position to place at their disposal sufficient devisen to meet the full requirements for payments of imports. The attempt was therefore made to distinguish between urgent and less urgent imports, but this could not be carried out in a satisfactory manner, and it also brought about the danger of a protectionist misuse of the decree. But towards the end of the week the National Government and the Reichsbank decided to satisfy import requirements without any distinction, and merely to provide that devisen should not be used for aiding the flight of capital. The last great task in the restoring of normal economic life will be the reopening of the bourses. It is impossible at present to say when this will be possible, but it is obvious that a reduction of the interest rate will facilitate a normal shaping of quotations, and will thus create the conditions necessary for the reopening of the stock market.

The reconstruction of the Schroeder Bank in Bremen has now been brought to a formal conclusion. The bank will be completely reorganised and will also alter its designation to "Norddeutsche Vereinsbank A.-G." The former manager-owners, including I. G. Schroeder, will leave. The bank's losses are estimated at more than 43 million reichsmarks. The stock capital and reserves, amounting to 30 million reichsmarks, are lost, and the

State of Bremen stands for the rest, so that no private creditor will lose anything. The manager-owners surrender their stock gratis. The new capital of 12 million marks will be paid in, and 3 millions of open reserves will be created by paying in the shares at an average of 125 per cent. This form of financing is like that of the Danatbank. Of the 12 million reichsmarks in shares, the State of Bremen takes 7 millions, Bremen economic circles 3 millions, and the Reichskreditgesellschaft and the Berliner Handelsgesellschaft each one million. But, as in the case of the Darmstädter Bank, the Reich will advance 5 millions for three years to Bremen economic groups and in part also to the State for the payments on the shares. It is further rumoured that the Reich has also granted a credit of 25 millions to the Schroeder Bank. A former director of the Hamburg branch of the Deutsche Bank has been appointed director. The large holdings of shares of the North German Lloyd and the Deschimag have been taken over by the Reichskreditgesellschaft and the Handelsgesellschaft, with a guarantee of their quotation by the Reich, and they will endeavour to place them in the next one and a-half years.

NORWAY.

Finance — Labour Dispute — Industry — Foreign Trade — Fisheries — Unemployment.

(FROM OUR CORRESPONDENT.)

TRONDHEIM.

In spite of eventful days in America and in Europe, money market conditions have not altered in any marked degree during recent weeks. The returns of the Norges Bank show comparatively slight variations since the turn of the half-year. Notes in circulation have decreased during the month by some 9 million kroner, loans and discounts declined from 175.5 million kroner to 170.2 million kroner, while deposits show a negligible decrease. In view of this stability and of the present exceptionally difficult position of trade and industry, the Norges Bank has not followed the lead of the Bank of England and other central banks in raising its rate, and it is not likely that any step will be taken in this direction in the near future unless exceptional developments at home or abroad alter the situation.

The repercussions of the German trouble and the general unrest in European centres have been almost negligible on the Oslo Bourse, whereas the fear of a rise in bank rates caused a general sagging of prices on Government municipalities and other bonds.

In spite of energetic efforts on the part of the Public Mediator to bring about reconciliation, the labour conflict is apparently still as far from settlement as when the lock-out was declared about fourteen weeks ago. The parties concerned are, however, showing signs of exhaustion, and it is noteworthy that a general meeting of the Board of Representatives of the Labour Association has been called for the 27th of this month, where the dispute will no doubt be discussed in all its various aspects.

The concessions to the De-No-Fa and the Lilleborg Fabriker in connection with the agreement of these concerns with Unilever—the result of which caused the fall of the Radical Government in April last—have now been granted. The concessions have been given on the usual conditions with regard to Norwegian administration, Norwegian raw materials, and, further, on the condition that the concerns guarantee the maintenance of their production in this country as well as their export. On wood industry, it has been found necessary to take steps to regulate the import of sawn and planed wood, and a provisional Government decree to this effect was issued last week. Applications regarding the import of these goods will be dealt with by an advisory board, shortly to be appointed. The regulation will remain in force until the next Storting have discussed the matter.

The statistics of our foreign trade in May show the lowest figure on record—as far as exports are concerned—

since the compiling of such statistics were commenced. While exports during May last year amounted to 57.3 million kroner, the figure for the same month this year is only 24 million kroner, which is about 10 million kroner below the figure for April, 1931. The value of imports also has declined considerably—from 97 million kroner in May last year to 71.3 million kroner this year. The excess of imports over exports during May amounts to 47.3 million kroner, and the corresponding figure for the first five months of the year slightly exceeds 150 million kroner, as compared with 130 million kroner for the same period last year. The lock-out situation, of course, accounts for the heavy decline in the value of exports, while a large percentage of the increase of the imports excess is due to the import of ships.

The question of East-Greenland continues to attract a good deal of public attention, and is the subject of much discussion in the Press. The matter will shortly be dealt with by the Court of Arbitration at the Hague, and it is to be hoped that this old dispute between two friendly nations will then be definitely settled.

The spring cod fisheries in Norway show a total catch of 127,685 tons, which is considerably less than any year since 1921, when the figure was 117,000 tons. Norwegians are also carrying on cod fisheries off the coast of Iceland, and the catch this year has so far been very satisfactory.

According to the report from the various labour exchanges the number of unemployed at July 15th was 20,869, against 11,997 at the same time last year. This figure is the highest recorded since 1923, and is, of course, largely due to the labour dispute which has affected indirectly activities in many branches of industry.

AUSTRALIA.

Government Loans — Deposit Rates — Foreign Trade.

(FROM OUR CORRESPONDENT.)

MELBOURNE, July 3.

THE Bill for reducing the rate of interest on internal Government loans by 2½ per cent., which is now before the Commonwealth Parliament, provides that after the interest on the existing securities is reduced the difference between the reduced rate and 4 per cent. for the remaining term of the original stock is to be capitalised to form part of the new 4 per cent. stock. Thus on the 6 per cent. 1938 bonds, reduced from 6 to 4 1/8 per cent., the difference of 1 7/8 per cent. for 7½ years is reckoned as equivalent to 4 3/8 per cent., so that the total amount of the new 4 per cent. bonds to be issued will be £104 3s. 6d. Except in special cases the maturities of the new 4 per cent. bonds are to be distributed equally between ten different dates, the earliest being December 15, 1938, and the latest September 15, 1961, the Government reserving the right to redeem in whole or in part at any time after December 31, 1950, any securities due after that date. The scheme is described as "voluntary," but this is backed up by the threat that, if they do not convert, the bondholders themselves will suffer most, as the Treasurer, Mr Theodore, stated in his broadcast speech on July 2. The manner in which the loans issued in London are to be dealt with has not yet been publicly disclosed. The Victorian State Premier has, however, stated that this will be a matter for another Premier's Conference and a separate measure; while another Minister stated on June 21st that there would probably be a conversion loan of the £500,000,000 borrowed in London on a very much cheaper basis than the interest at present paid. A recent official statement shows debts in London as at March 31, 1931, at £551,986,430, on which the annual interest is £26,157,553, these figures including indebtedness to the British Government.

The reduction of 1 per cent. in fixed deposit rates by the trading banks and the Commonwealth Bank, and also by the Commonwealth Savings Bank, has been welcomed from the point of view of borrowers, but as the trading banks hold a large amount of deposits at the higher rates it will be some little time before they can pass on the

effect in corresponding degree in their lending rates without loss to themselves. The Stock Exchange quotations for Commonwealth Government securities show high yields (including redemption). After making all calculations for conversion into the new 4 per cent., the yields range from £5 10s. 5d. for a 1961 maturity up to £8 12s. 1d. for a 1938 maturity.

The Commonwealth trade returns for the eleven months ended May 31, 1931, reduced to British currency on both sides, show exports at approximately £79,500,000, against imports of £57,300,000, leaving an excess of exports of £22,200,000. These figures include several millions on account of gold exports, most of which was drawn from stocks. The sum of £22,200,000 for the eleven months leaves a substantial margin as compared with the £36 millions per annum required for Government remittances alone. The outside exchange market has eased during the last few days, but quotations show much irregularity.

SOUTH AFRICA.

Japanese Immigration and Trade — Iron and Steel Industrial Corporation — Reserve Bank Meeting.

JOHANNESBURG, July 8.

THERE has been—and is likely to be—very considerable discussion in regard to the agreement between the Government of the Union and the Japanese Government, relating to the admission to the Union of Japanese subjects for the purposes of trading. This agreement, entered into in the latter part of last year, provides for the entry into the Union, on the recommendation of the Consul for Japan, of tourists, students, and merchants and their staffs, together with their wives and children. The permits are for periods of a year at a time, and the agreement is subject to two months' notice of intention to review. From the point of view of the Union, the object of the agreement is presumably to develop the export trade to Japan. In 1929 and 1930 respectively imports from Japan—the cheaper class of manufactured goods—were valued at £1,399,820 and £1,557,208 respectively. The export trade in the two years was valued at £87,064 and £101,859. Of these amounts, £80,000 and £87,000 were accounted for by wattle bark and wattle extract. During the three months ended March 31, 1931, Japanese goods to the value of £605,000 entered the Union, while exports amounted to £19,000. The quality of Japanese goods—formerly notoriously bad—is now very much better and in many cases very good indeed. As regards price, they are so low as to be unaffected by any ordinary tariff. Men's and women's canvas shoes are being imported at a wholesale price of 10s. 3d. per dozen pairs. Thousands of natives are wearing shoes regularly who have never owned shoes before. Good quality khaki shirts—a stock line with workmen, both European and non-European—land at Durban at 19s. a dozen. Far inferior material from occidental manufacturers costs one pound for material alone. Local manufacturers with large orders placed in England for shirting material are trying to cancel the orders owing to the impossibility of competing with the Japanese. It is reported that the Japanese, who have hitherto operated through local importing houses, are about to establish local agencies of their own. In the markets which they have entered they are causing the greatest alarm to all their competitors—for once the local manufacturer and his English, German and American rivals are all in the same trouble. Critics of South African policy point out that South African majority opinion is responsible for the existence of many of our manufactures, for the European labour policy, and for the maintenance of a standard of living equal or superior to that in the most advanced countries. It is a policy which creates difficulties when we desire to open an Oriental market for our raw material, such as wool. The new agreement is alleged by some critics to contain the germs of purely social difficulties, in addition to the economic ones which are already in evidence. It is true that the permits provided for in the agreement are renewable from year to year, and that the agreement is subject

to revision at two months' notice, but the Union may not find it easy to take a firm line on these points after the Japanese have acquired vested interests here.

On June 30 the second ordinary meeting of shareholders in the South African Iron and Steel Industrial Corporation, Ltd., was held in Pretoria. The report of the directors shows estimated establishment expenses of £5,500,000, and the value of contracts placed at June 15 at £2,500,000. It is estimated that the works will be started up at the end of 1933, and will produce 150,000 tons of steel products per annum. The directors state that they have never wavered in their conviction of being able to produce a first-class article at a low price. They estimate the cost of producing pig iron in Pretoria at thirty shillings per long ton. For the present the board proposes to confine its activities to the manufacture of primary steel products, of which it hopes to supply about one-third of the country's requirements. In his speech at the meeting the chairman, Dr. H. J. van der Bijl, gave categorical reasons for rebutting the criticism and prophecies of failure with which the corporation has had to deal since its inception. The most important factor, he said, is the extremely low cost and great purity of the hematite ore, but beyond that there would be the advantage of a complete and self-contained modern works, designed as one unit. He said that the work could easily compete successfully with existing works in other parts of the world, and even at present prices for steel could make substantial profits.

At their eleventh ordinary meeting on Tuesday, July 7, the stockholders in the South African Reserve Bank assembled in their new building, which has replaced, in a central site in Pretoria, the temporary premises which the bank has hitherto occupied. In his address the Governor commented briefly on the various items in the accounts. In 1929-30 the bank discounted domestic bills to the amount of £18.7 millions, whilst in 1930-31 the corresponding figure was £10.5 millions—a figure which tells its own story. The bank has invested some of its funds during the year in Union Government stocks, which yield a higher interest than can now be obtained on short-dated bills in London. The gross profits of the bank declined by some £84,000 to £360,500. This was due partly to the lower rates obtainable for the use of money overseas and partly to a drop in the note circulation. The Governor dealt at some length with the sound position of the Union, the total balances in London on Union accounts amounting to between forty and fifty million pounds. He pointed out that British investors bought Union loans eagerly, and that the Government had lately raised about £8,700,000 within its own territory. The Reserve Bank has been trying to encourage the development of a local market for short money by holding itself open to rediscount Treasury bills at very moderate rates. The Governor dealt at length with the slump, pointing out that South Africa, not being a self-contained country, is wedded to an economic world which is at present out of joint. As regards internal causes of the local section of the slump, he expressed the opinion that the farmers are suffering from one chronic trouble—very many of the farms are somewhat heavily over-capitalised. The only remedy for this is resolute saving in years of prosperity.

Letters to the Editor.

THE FIDUCIARY ISSUE.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In reply to my letter on this subject which appeared in your issue of the 8th inst. you very kindly refer me to your article on "The Exchange Crisis" which appeared in the same issue. In that article you point out that the reserve would have been reduced to £29.6 millions and the proportion to 27½ per cent. had it not been for the increase in the fiduciary issue. You state that this would have been adequate, but might have left little margin in hand for future emer-

gencies. Surely the real question which interests the public and breeds confidence or the reverse is an increase or decrease in the gold reserve. That shows a decline, and therefore confirms the statements made in my letter. You state that it was to meet first such an emergency as this that the relevant clause was inserted in the 1928 Act. In the same Act it was also provided that the amount of the fiduciary note issue, on the request of the Bank, may be, by the direction of the Treasury, reduced. I imagine that an increase might be justifiable in time of panic or expanding trade, and a reduction to check a gold drain, when an export of commodities or a transmission of bullion had proved ineffective. To borrow or have recourse to credits is most unsound, and to increase the fiduciary issue, as I have ventured to state, is to aggravate rather than to relieve the situation at the present time. I am glad that you do not anticipate the likelihood of these credits being used, and trust that you may now press for the retirement of these additional notes.—I am, Sir, your obedient servant,
August 10, 1931.

D. M. MASON.

[Mr Mason's remedy is essentially a long-term remedy. By reducing the fiduciary note issue he hopes to force down British costs to below the world level, and so to stimulate British exports and restore the exchanges in that way. Unfortunately many elements in British costs have become so rigid that it is more than doubtful if they would respond to Mr Mason's treatment, and the only result would be a deadlock expressed in a physical dearth of currency. Still, whatever the merits of Mr Mason's remedy, he surely does not imagine that it would add within the next few weeks £50,000,000 to our export trade, and it is the urgency of the emergency that the opening of the foreign credits and the temporary expansion of the fiduciary note issue is designed to meet. The application of these short-term remedies, which we agree in hoping with Mr Mason will be a purely temporary necessity, is not inconsistent with a long-term policy of bringing British costs down to the world level.—Ed., Econ.]

Books and Publications.

INTERNATIONAL LAW.

SEVERAL of the articles in this year's issue of *The British Year Book of International Law** relate to current developments interesting not only to jurists, but also to a wider circle. Professor J. L. Brierly writes on the results of last year's Codification Conference, held at The Hague under the auspices of the League of Nations, which attempted to reconstruct on a more systematic and satisfactory basis the rules concerning nationality, territorial waters and responsibility of states for injuries to foreigners. A more definite and more immediately successful move towards international codification, namely, that relating to the laws of bills of exchange, is described by Professor H. C. Gutteridge, while an unsigned article is devoted to the discussion of certain questions affecting the Permanent Court of International Justice, in connection with the establishment of which the problem of codifying international law originally came up for the attention of the League. The Year Book, it may be noted before referring more particularly to these contributions, conveniently summarises in each issue (this year's volume being the twelfth) the pronouncements of the Permanent Court and of other international tribunals, as well as those of English, Canadian and United States courts involving points of international law, and forms a very useful reference book to the legal side of international affairs.

In his paper on Codification Professor Brierly deals not only with the results of last year's conference, which was the first ever definitely organised on a world-wide basis, but with the question of what further steps can usefully be taken in continuation of efforts made to codify international law. Disappointment at the actual results of the Conference of 1930 is, he remarks, very general, and consideration of the future of the League's activities in the domain of codification has been postponed until the meeting of the Assembly in September of the present year. It is found that when we try to reduce international law to

* *The British Year Book of International Law*, 1931. H. Milford, Oxford University Press. 16s. net.

systematic form there is a necessity not merely of codifying but also of legislating, in order to adjust differences. Codification can be done by lawyers, but legislation involves, in the first place, decisions as to the future policy of the law. The Conference of last year was expected to codify, but failed to make much progress partly because it was not constituted so as to be able first of all to determine the lines upon which codification was to proceed. Steps must be taken, Professor Brierly very clearly indicates, to arrange for legislative codification, and "the most essential change is that the preparatory work should not be committed to lawyers." The preparatory work "belongs properly to advisory commissions composed of specialists in particular fields, such as finance, health, communications and the like, who are able to expose existing defects in the law relating to the subject in which they are expert, and to frame policies for its correction." Subsequently a conference may with advantage meet with a view to the conclusion of a convention, and thus international codification may be carried out by the detailed application of this method to particular subjects.

This seems to be common sense, and this method, it is worth noting, has been favoured in observations which have recently been forwarded by the British Government to the League. It was the method adopted with success in connection, for instance, with the laws of bills of exchange. Professor Gutteridge describes in detail in the Year Book how bankers and merchants, as well as lawyers and diplomatic representatives, worked together last year in the preparation of a convention for unifying Continental laws relating to bills of exchange. The Continental system could not be assimilated with the Anglo-American rules, but a great simplification should result from the work which was done, and this method can very well be applied to other subjects so as by degrees to bring about a considerable measure of codification of international law. Thus the prospect of some advance being made may be brighter than seemed to be the case immediately after last year's initial effort at codification, which was not on the right lines. Codification within suitable limits is desirable not only to systematise the rules of law which may have to be applied by the Permanent Court of International Justice, but also for the general convenience.

THE WAY TO RECOVERY.*

For the last few years Sir George Paish has been consistently and insistently a prophet of woe—of the very woe which has now come to pass and has been engulfing the economy of every nation. Messengers of ill-tidings rarely receive popular acclaim, but Sir George Paish can claim sufficient correctness for his prophecies to entitle him to a careful hearing when he writes a book designed to guide the feet of the world back into the path of prosperity. The present volume is the more timely because it was written primarily for American consumption and, happily, catches the tide of changing opinion in America in relation to the interdependence of countries, new and old. There is little new in the book which, perhaps, Sir George himself would not claim to be more than an epitome of the arguments he has used so freely on many occasions since the war. Rising tariffs, the failure to disarm, the maintenance of debts and reparations, the absence of adequate international co-operation, these are tendencies responsible for the present crisis, and it is in the reversal of all these tendencies that Sir George Paish's way to recovery lies. The book may not unfairly be called a counsel of perfection, but is it not good sometimes to have laid before us the ideal goal? What is a little depressing is Sir George's insistence that nothing short of the full and rapid carrying out of his counsel of perfection will save the whole world from utter wreckage. Defeatists will read it and gloat. Idealists will read it and purr. Realists will read it and sigh. Optimists will read it and shudder. And none will be the worse for reading it.

* "The Way to Recovery." By Sir George Paish. (London) Putnam. 7s. 6d.

BOOKS RECEIVED.

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

The History and Economics of Transport. By Adam W. Kirkaldy and A. Dudley Evans. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 16s. net.

Among the additions to the fifth edition is a chapter on civil aviation. The bulk of the book is devoted to railways, canals and shipping, and road transport is not dealt with.

Statistics Relating to the Worsted, Woollen and Artificial Silk Trades of the United Kingdom. (Bradford) Chamber of Commerce, Commerce House. 5s.

This useful publication contains statistics, sometimes dating back as far as the eighteenth century, of wool production, consumption, imports, exports and prices, together with miscellaneous factory statistics.

Memorandum on International Trade and Balance of Payments, 1927-1929. Vol. III. Trade Statistics. (London) Geo. Allen and Unwin, 38, Great Ormond Street. 10s.

A League of Nations publication giving detailed trade statistics of sixty-four countries from 1927 to 1929, and including provisional summary figures for 1930.

Economics of the English Banking System. By W. J. Weston. With a Foreword by Sir Malcolm Hogg. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 5s. net.

An account of the system for the general reader.

Armaments Year Book, 1930-31. Seventh edition. (London) Geo. Allen and Unwin, 38, Great Ormond Street. 20s.

The statistical information contained in this valuable League publication is of particular interest in view of the forthcoming Disarmament Conference.

The Annals of the American Academy of Political and Social Science. July, 1931.

This number is devoted to a series of papers on American Foreign Policy.

The Key to Prosperity. By Noel M. P. Reilly. (London) George Allen and Unwin, Ltd., 40, Museum Street. 4s. 6d. net.

A suggested solution of the problem of over-production by means of a policy of national wage control.

The Greenbacks and Resumption of Specie Payments. By Don C. Barrett. (London) Oxford University Press, Warwick Square. 12s. 6d. net.

A critical account of the attempt to manage a paper currency during the Civil War in the United States.

The Practical Company Secretary. By P. F. Knightley. With a Foreword by Sir George Touche. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 7s. 6d. net.

A useful text book for the student and company secretary.

Rationalisation and Displaced Labour. (London) National Industrial Alliance, 42, Broadway. 3d.

The report of an inquiry into the steps which are taken to safeguard displaced workers.

OFFICIAL PUBLICATIONS RECEIVED.

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

Statistical Abstract for the British Empire for each of the years 1913 and 1924 to 1929. Cmd. 3919. 5s. net.

Report of the Commissioner of Police for the Metropolis for the year 1930. Cmd. 3929. 9d. net.

Return Showing the Results of Elections in India, 1929 and 1930. Cmd. 3922. 6d. net.

Road Vehicles—Great Britain: Return Showing the Number of Mechanically-propelled Vehicles Registered for the First Time under the Roads Act, 1920, by each Licensing and Registration Authority during the Month of June, 1931. 2s. 6d. net.

Ministry of Agriculture and Fisheries: Agricultural Statistics, 1930. Vol. LXV. Part I. Report on the Acreage and Production of Crops and Number of Live Stock in England and Wales. 1s. 6d. net.

The Stock Exchange.

BRITISH FILM FINANCE.

ON the last occasion on which we reviewed British film finance we had the mournful duty to perform of counting the cost to the investing public of the "bubble" film promotions of the 1928-29 boom in new issues. We then examined the reports of twelve new companies, and discovered that, as compared with their par value of £3,322,000, the market value of the shares issued to the public was only £613,255. To-day it is only £256,297. This was the first result of the Films Act of 1927, which imposed on renters and exhibitors a certain quota of British films, beginning with 7½ per cent. in the year ending April, 1929, and rising by 2½ per cent. each year to 20 per cent. of their annual turnover. We may now review the commercial results of the Films Act after three years of somewhat painful operation. Most of the "bubble" promotions have disappeared or no longer count—the advent of the "talkies" gave them their *coup de grâce*—and the few survivors, together with the pre-Act companies, namely, the Gaumont-British and British International Pictures and a few fleeting private enterprises, are now beginning to show results in quantity, even if the quality of British films has not yet reached the level of the best American productions. The following table, compiled by Moody's Economist Services, gives the average weekly length in feet of films registered, and shows the increase in the British proportion of the total over the past two years:—

Period.	Silent		Synchronised.		All Films.	
	Total Feet.	British Proportion of Total.	Total Feet.	British Proportion of Total.	Total Feet.	British Proportion of Total.
Weekly average:		Per cent.		Per cent.		Per cent.
1928 (a)	112,532	13.6	61,482	7.5	112,532	13.6
1929	72,065	14.9	133,547	11.5	133,547	11.5
1930	44,752	15.0	96,074	14.5	140,826	14.7
1931 (7 mos.)	85,585	14.4	712,717	16.2	798,302	16.1

(a) January 17 to December 25.

It will be seen that in 1929 the British producers had not yet adapted themselves to the new technique of talking films, the proportion of British synchronised films to the total being only 7.5 per cent. In 1930 the proportion had risen to 14.5 per cent., and in the first seven months of 1931 to 16.2 per cent. This, at any rate, shows a material advance. If the quality of British films is criticised, it must be remembered that the American market is barred to British films on account of the stranglehold of the big American film combines, and that a British producer has to recoup himself solely on the proceeds of the domestic and European markets and the limited markets in the world outside America. This means that no British film company can afford to spend lavishly on a production solely in the interests of the shadow art: it has to cut its clothes according to its cloth, i.e., to its limited market. Thus, the British producer has developed a type of film which offers commercially less risk—namely, the translation of stage plays, with little alteration, into talking films. The cost of such films has been relatively lower than the cost of "silent" films of a similar grade, and the producer has been further assisted by the abundance of good English plays and actors. But it cannot be denied that the results, with one or two prominent exceptions, fall short of the artistic excellence of the old silent films, and bear no comparison with the best American talking films. Indeed, a few private companies have taken advantage of the protection afforded by the Films Act by turning out cheap talking films for a price around £5,000, merely to satisfy the quota requirements of American distributors. The Films Act inevitably lent itself to abuse in this way—who would expect artificial protection and artistic merit to go together?—but at any rate it can be said to have assisted British studios to survive as commercial entities, which

was, no doubt, one of the chief objects of Government interference.

As regards the finance of British film production, no commercial success can yet be claimed. It may be presumed that the British International Pictures and the Gaumont-British Picture Corporation are conducting their studios on a profit-earning basis, but it is impossible to give figures in proof, seeing that their profit and loss accounts include dividends derived from distributing and theatre-owning companies. Elsewhere there are only losses to report. Gainsborough Pictures, a producing company associated with Gaumont-British, has not published accounts beyond those for the year to June 30, 1930, which showed a loss of £42,000 after writing down unsaleable silent films by £50,000. British Lion Film Corporation, at March 31, 1931, was carrying forward a loss on profit and loss account of £95,634, and is now reducing its capital by cancelling 7s. 6d. per preferred ordinary share of £1, and 8d. per deferred share of 1s. British Instructional Films have sought refuge in a management contract with British International Pictures, which has assumed control both of their undertaking and that of Pro Patria Films. British and Dominion Film Corporation and British and Foreign Films published their accounts in December last, and both showed heavy losses, the total debit on profit and loss account for the former being £181,349 and for the latter £144,754. British and Foreign Films has now gone into voluntary liquidation. British and Dominions, which has purchased a section of the sound studios at Elstree from British International Pictures, subletting space to the Paramount-Famous-Lasky Corporation, has survived to produce some "quality" films, but its financial position is not yet established. The rest of the new companies do not count, and it is certain that no further money will be obtained from the public to enable more film-production gambles to be promoted.

A review of the finances of the British film industry therefore devolves into an examination of the accounts of the two big groups engaged in production, distribution and exhibition of films, namely, British International Pictures with its theatre-owning subsidiary, Associated British Cinemas; and the Gaumont-British Corporation, whose principal theatre-owning subsidiaries are Provincial Cinematograph Theatres, Denman Picture Houses, General Theatres, and United Picture Theatres. These two groups control approximately 500 theatres out of a total of 4,000 in this country, Gaumont-British comprising the larger circuit of over 350 theatres. On the other hand, British International Pictures is the more important of the two as producer, its output of films being in excess of 35 per annum. Gaumont-British has not yet published its accounts for the year ended March 31, 1931, but the directors have announced that they are satisfied that the profits will show a substantial advance on those of the previous year. The accounts of the British International Pictures for the year ended March 31, 1931, were published last week and compare with those of the previous year as follows:—

	Year ended Mar., 1930.	Year ended Mar., 1931.
Trading profit (after tax)	177,948	186,661
Less property depreciation	15,000	20,000
Less investment reserve	15,000	15,000
Other expenses	1,957	24,735
Net profit	145,991	126,926
Preference dividends (gross)	20,000	20,000
Per cent. earned on ordinary shares	21.7	18.4
Per cent. paid on ordinary shares	8	8
Write-offs	6,687	...
General reserve	37,862	50,000
Carried forward	46,053	56,479

It will be seen that the company's profits declined slightly last year. It earned approximately 18½ per cent.

on its ordinary capital as compared with 21.7 per cent. in the previous year. The directors have wisely limited dividends in each year to 8 per cent. and are building up reserves. It is not possible to say what proportion of the annual revenue is represented by profits from the renting or distribution of films and from studio rentals, but from its holding of 2,000,000 ordinary shares in Associated British Cinemas it is receiving a revenue of £40,000 gross, or about 20 per cent. of its total income. It is clear that a conservative dividend policy is needed in view of the onerous financing which film production requires. The revenue from a film does not begin to accrue for approximately twelve months, and two years may elapse before the final results are ascertainable. In the company's balance sheet at March 31, 1930, the cost of films, less amortisation and advances, stood at £541,982, which was written down by the appropriation of £100,000 from reserves to £441,982. In the balance sheet of March 31, 1931, the cost of films had risen to £492,820. If the company is always to be out of pocket on a year's output of films (which last year was 35), this item in the balance sheet does not appear excessive. On the other hand, the company does not appear to be in a liquid position, for its current liabilities amount to £184,767, against current assets of £122,022, if current accounts with subsidiaries in both cases are included. Disregarding the current accounts with subsidiaries, the company's cash (£82,777) and debtors (£22,352) almost balance with creditors (£57,052). It is interesting to find that the market values the prior charges, both in the case of British International Pictures and Gaumont British, on a very conservative basis, although it seems to attach a considerable speculative value to the equity shares:—

	Highest Prices. 1930.	Present Price. 1931.	Yield. %
Gaumont British—			
6½% 1st mort. debenture	104	103½	101
7½% cum. pref. shares (£1) ...	18/3	15/3	16/4½
10s. ordinary shares	19/-	14/6	10/4½
British International Pictures—			
8% cum. pref. shares	19/9	19/9	18/1½
5s. ord. shares	7/0½	7/3	5/9

We may now compare the results of the principal theatre-owning subsidiaries of the two groups, namely, Provincial Cinematograph Theatres and Associated British Cinemas:—

	P.C.T. Year to Jan. 31, 1930.		A.B.C. Year to Mar. 31, 1931.	
Net profits (after tax)	434,833	506,810	210,199	310,655
Depreciation	69,000	75,000	50,000	75,000
Sinking fund	18,750	20,000	...	...
Earnings	347,083	411,807	160,199	235,655
Prof. dividends	52,500	52,500	138,749	152,857
Preferred ord. dividends	150,000	150,000	...	...
Per cent. earned on ord. shs. ...	23.6	15	17.9	28.0
Per cent. paid on ord. shs. ...	32.3	15	8.0	8.0
General reserve	20,000	40,000	40,000	90,000
Write-offs	45,034	90,069	20,000	34,815
Carry-forward	110,483	114,721	17,570	21,303

* Gross. † After tax.

It will be seen that both companies substantially increased their trading profits, Provincial Cinematograph Theatres by 16.5 per cent. and Associated British Cinemas by nearly 50 per cent., the latter as a result of its further theatre acquisitions on terms which must have been very favourable to the company. Yet neither showed a liquid position in its balance sheet, which may possibly be attributed to the charges accruing for films worked and not yet exhibited. The A.B.C. is indebted for mortgages of £294,000 and for secured bank loan of £650,000. Both companies refer to the diminution in theatre receipts in the current year as a result of the trade depression, but the Associated British directors claim that losses in receipts will be offset by economies in working, while the P.C.T. directors declare that "results should not be disappointing." It is a little surprising to find that, in spite of the security afforded by the "cash" nature of the cinema theatre business and the apparent popularity of "talking" films, the market continues to value the prior charges of these companies on a conservative basis and to show little interest in the equities. The next table gives the highest and lowest prices, present prices,

and yields obtainable for the principle cinema theatre securities:—

	Highest.		Present	Yield.
	1930.	1931.	Price.	%
P.C.T.—				
6% 1st mort. deb.	96½	99½	96½	6.42
7½% cum. pref.	21/3	19/3	18/6	8.45
Part. pref. ord.	19/4	18/3	14/9	10.18
Denman Picture Houses—				
7% 1st mort. deb.	97½	99½	94	7.73
7% guar. conv. deb.	94	94	86½	8.43
General Theatres—				
6½% deb.	92	86½	70	9.74
Associated British Cinemas—				
7½% cum. pref. shares	37/-	16/10	16/-	9.83
5s. ord. shares	6/10	5/7	4/10½	8.94

These market valuations are a fair index of the City's cautionary attitude even to the established and prosperous end of the British film industry. It is evident that until the British companies are in a stronger position in their relations with the powerful American film combines (which can, at one and the same time, bar British films from American theatres and dictate prices for American films to British theatres), the finances of the British film industry will not be regarded in the City as outside the field of speculation. It is true that Gaumont British has a curious relationship with the Fox Film Corporation, its control being vested in a syndicate in which the Ostrer Brothers and the Fox Film hold equal voting rights, but this has not resulted in any sort of co-operation in the production and exhibition of films. Sooner or later Gaumont British and British International Pictures must come together in demanding from the American industry a place in the sun for British films.

BRITISH RAILWAYS—1923-30.

In an article in last week's *Economist*, under the heading "Home Railway Earnings," we suggested that while the decline in the market value of railway fixed-interest securities was a comparatively recent phenomenon, attributable mainly to an abnormal fall in revenues in a depressed year, the decline in railway ordinary stocks had been of longer duration. The trend of railway earnings is obviously a matter of great moment to equity stockholders, for whom the events of 1931 are merely the latest development in a sequence which began with the grouping of the main-line railways in 1923.

A concise discussion of the main landmarks during this period, as seen through railway eyes, is contained in a paper prepared for the International Union of Railways and published in the April Bulletin of the Union, in Paris. This shows that the position of the railways, when "grouping" was achieved in 1923, was particularly difficult. The new groups inherited a position which had always differed from that of Continental and American railway system by virtue, first, of the shortness of the average haul for all classes of freight traffic in Great Britain (some 54 miles, as compared with 818 miles in the United States of America, 104 miles in Germany, and 59 miles even in Belgium); and, secondly, as a result of the existence of strong coastwise shipping competition. This limited the "monopoly" of the railways and resulted in about 70 per cent. of the merchandise traffic being carried at exceptional rates, before ever the internal combustion engine became a competitor for road haulage on an important scale. The new groups also inherited, after the war, a railway system whose maintenance, under Government control, had fallen seriously in arrear, while, simultaneously, road competition was entering upon a period of rapid expansion. The railways had always been required to meet competition for traffic, say, between Newcastle and London. Now they were compelled to face an even more dangerous threat on their "internal" lines of communication, which applied to both freight and passenger traffic, was particularly effective as regards the latter in country areas (where, in many cases, branch railway lines had never been an altogether satisfactory paying proposition), and was unhampered by Parliamentary and other restrictions applying to the railways as general carriers.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.		Prices Year 1931 Jan. 1 to August 11 (Inclusive).		Name of Security.		Price Aug. 4, 1931.		Price Aug. 11, 1931.		Rise or Fall.		Present Yield.	
High- est.	Low- est.	High- est.	Low- est.										
British Funds.													
59 1/2	52 1/2	60 1/2	54 1/2	Consols 2 1/2 %	58	57	-1	4 8 0					
94 1/2	82 1/2	97 1/2	85 1/2	Consols 4 %	91	90	-1	4 8 11					
83 1/2	74 1/2	81 1/2	76 1/2	Con. Loan 3 1/2 %	81	80	-1	4 7 6					
103 1/2	93 1/2	104 1/2	98 1/2	Do. 4 1/2 % 1940-44	100	100	...	4 10 0					
106 1/2	102 1/2	108 1/2	103 1/2	Do. 5 1/2 % 1944-47	105	105	...	4 13 0					
96 1/2	85 1/2	97 1/2	88 1/2	Funding 4 1/2 % 1960-90	93	92	-1	4 7 0					
106 1/2	98 1/2	102 1/2	99 1/2	Treasury 4 1/2 % 1932-34	100	100	...	4 10 0					
103 1/2	91 1/2	93 1/2	89 1/2	Treasury 5 1/2 % 1933-35	101	101	...	4 19 0					
97 1/2	86 1/2	91 1/2	86 1/2	Victory Bonds 4 1/2 %	95	95	...	4 6 0					
105 1/2	100 1/2	104 1/2	101 1/2	War Loan 5 % 1929-47	101 1/2	101 1/2	...	4 18 3					
69 1/2	61 1/2	70 1/2	64 1/2	Local Loans 3 %	66	66	...	4 10 11					
49 1/2	40 1/2	46 1/2	37 1/2	India 2 1/2 %	40 1/2	40 1/2	...	6 3 5					
59 1/2	47 1/2	51 1/2	44 1/2	Do. 3 1/2 %	48	49	+1 1/2	6 1 0					
68 1/2	55 1/2	64 1/2	52 1/2	Do. 3 1/2 %	56 1/2	56 1/2	...	6 3 11					
90 1/2	78 1/2	86 1/2	73 1/2	Do. 4 1/2 % 1958-68	75	74	-1	6 1 6					
106 1/2	100 1/2	106 1/2	102 1/2	Palestine 5 1/2 % 42-67	104 1/2	103 1/2	-1	4 16 6					
109 1/2	104 1/2	110 1/2	106 1/2	Sudan 5 1/2 % Bonds	108	108	...	5 1 10					
99 1/2	87 1/2	92 1/2	96 1/2	Uster 4 1/2 % 45-75	97	97	...	4 12 10					
Dom. & Colonial Govts.													
95 1/2	76 1/2	80 1/2	61 1/2	Australia 5 1/2 % 1945-75	77 1/2	74 1/2	-3	6 14 3					
95 1/2	86 1/2	96 1/2	91 1/2	Canada 4 1/2 % 1940-60	94	94	...	4 5 0					
106 1/2	102 1/2	105 1/2	102 1/2	Ceylon 6 % 1936-51	104	104	...	5 15 5					
98 1/2	92 1/2	101 1/2	97 1/2	Gold Coast 4 1/2 % 1956	100	100	...	4 10 0					
105 1/2	99 1/2	106 1/2	101 1/2	Kenya 5 1/2 % 1948-58	104	104	...	4 16 2					
105 1/2	101 1/2	104 1/2	102 1/2	Nigeria 5 1/2 % 1950-60	102	102	...	4 18 0					
92 1/2	70 1/2	72 1/2	65 1/2	N.S. Wales 5 1/2 % 35-65	67	63	-4	7 18 9					
105 1/2	99 1/2	102 1/2	96 1/2	N. Zealand 5 1/2 % 1946	99	92	-7	5 0 6					
104 1/2	99 1/2	105 1/2	98 1/2	Queensland 5 1/2 % 1940-60	104	103	-1	4 17 0					
98 1/2	83 1/2	100 1/2	97 1/2	S. Africa 5 1/2 % 1945-75	99	99	...	4 8 8					
				Stria. Set. 4 1/2 % 35-45	104	103	-1	4 17 0					
Foreign Governments.													
89 1/2	82 1/2	88 1/2	75 1/2	Argentina 4 % Recus.	77 1/2	77 1/2	...	5 8 3					
105 1/2	100 1/2	105 1/2	100 1/2	Austrian 6 % 1923-43	101	101	...	5 18 10					
61 1/2	51 1/2	58 1/2	46 1/2	Do. 7 % Int. red. by 1937	70	70	...	10 0 0					
108 1/2	104 1/2	109 1/2	101 1/2	B. Aires (Prov.) 5 1/2 %	107	106	-1	6 11 0					
87 1/2	74 1/2	83 1/2	63 1/2	Bulgaria 7 %	63	60	-3	12 10 0					
94 1/2	82 1/2	89 1/2	75 1/2	Brazil 5 1/2 % 1920-34	85 1/2	85 1/2	...	8 11 0					
54 1/2	45 1/2	50 1/2	40 1/2	Do. 6 1/2 % (1927)	45 1/2	45 1/2	...	7 11 4					
99 1/2	79 1/2	94 1/2	69 1/2	Chili 6 % (1929)	67	62	-5	11 15 3					
55 1/2	27 1/2	52 1/2	39 1/2	China 6 % (1912)	43 1/2	42 1/2	-1	7 9 3					
69 1/2	54 1/2	70 1/2	62 1/2	Do. 5 % (1915)	68	67	-1	7 9 3					
115 1/2	109 1/2	113 1/2	109 1/2	Czechoslovakia 8 %	109	109	...	7 6 10					
82 1/2	78 1/2	86 1/2	79 1/2	Danish 3 %	83	84	+1	3 11 6					
96 1/2	81 1/2	87 1/2	80 1/2	Danish 6 %	82 1/2	80 1/2	-2	8 0 0					
80 1/2	70 1/2	76 1/2	65 1/2	Egypt United 4 1/2 %	74	73	-1	5 9 6					
100 1/2	91 1/2	92 1/2	85 1/2	Estonia 5 % 1923	86	85	-1	10 15 5					
21 1/2	19 1/2	21 1/2	20 1/2	Finland 6 % 1923	21	21 1/2	+ 1/2	3 13 9					
109 1/2	99 1/2	106 1/2	78 1/2	French 4 1/2 % (British)	79	83	+4	8 8 8					
93 1/2	68 1/2	81 1/2	53 1/2	Do. 5 %	55 1/2	58	+2 1/2	9 9 6					
84 1/2	86 1/2	93 1/2	84 1/2	German 7 %	84 1/2	81 1/2	-3	7 7 3					
100 1/2	100 1/2	104 1/2	97 1/2	Greek 6 % Stag. L'n.	97	99	+2	7 4 4					
104 1/2	98 1/2	103 1/2	99 1/2	Do. 7 % Refugees	97	99	+2	7 4 4					
102 1/2	98 1/2	103 1/2	99 1/2	Hungary 7 %	75	70	-5	10 14 0					
26 1/2	12 1/2	14 1/2	6 1/2	Japanese 5 1/2 % 1935-65	99	98 1/2	-1 1/2	5 11 10					
94 1/2	82 1/2	88 1/2	76 1/2	Do. 6 % (1924)	102	102	...	5 17 8					
106 1/2	102 1/2	108 1/2	100 1/2	Mexican 5 % 1911	95	95	...	4 11 3					
92 1/2	77 1/2	86 1/2	62 1/2	Peru 7 1/2 % 1922	70	70	...	9 1 0					
107 1/2	101 1/2	104 1/2	102 1/2	Poland 7 %	77 1/2	77 1/2	...	5 17 0					
88 1/2	77 1/2	89 1/2	85 1/2	Siam 6 % 1934-64	102 1/2	102 1/2	...	4 13 0					
96 1/2	81 1/2	86 1/2	76 1/2	Swedish 3 1/2 % 1908	87	85	-2	4 2 6					
19 1/2	10 1/2	10 1/2	4 1/2	S. Paulo Coffee 7 1/2 %	65 1/2	63 1/2	-2	11 16 0					
89 1/2	73 1/2	80 1/2	54 1/2	Turkish 4 % United	61	4	-2 1/2	9 2 0					
				Uruguay 5 % 1919	50	55	+5	9 2 0					
Investment Trusts.													
96 1/2	74 1/2	84 1/2	54 1/2	Berlin 6 % 1932-57	55	55	...	10 18 3					
106 1/2	99 1/2	107 1/2	102 1/2	B'ham 5 1/2 % 1946-66	104	104	...	4 13 0					
100 1/2	90 1/2	102 1/2	102 1/2	Bristol 5 1/2 % 1948-58	105	105	...	4 13 0					
101 1/2	96 1/2	101 1/2	99 1/2	Danish 7 % 1935-45	84	84	...	4 13 0					
103 1/2	98 1/2	105 1/2	101 1/2	E. London 5 % 1960-70	99	99	...	5 2 0					
98 1/2	60 1/2	67 1/2	54 1/2	Johannesb. 5 1/2 % 1937-52	102	102	...	5 8 0					
105 1/2	98 1/2	101 1/2	99 1/2	L.O.C. 3 %	67	66	-1	4 11 0					
105 1/2	98 1/2	101 1/2	99 1/2	Mex. W. St. Bd. B. 3 %	68 1/2	67 1/2	-1	4 8 11					
111 1/2	104 1/2	112 1/2	107 1/2	Pt. of London 5 1/2 % 1950-70	105	104 1/2	-1 1/2	4 16 8					
				Seine 7 1/2 % 1935-52	109	109	...	4 6 6					
				Sydney 5 1/2 % 1934	65	65	...	8 17 0					
British Railways.													
94 1/2	62 1/2	69 1/2	38 1/2	G. Western Ord. Stk.	43	38 1/2	-5	14 9 6					
13 1/2	5 1/2	6 1/2	3 1/2	L. & N.E. Ord. Stk.	3 1/2	3 1/2	...	11 11 1					
63 1/2	37 1/2	44 1/2	18 1/2	Do. 5 % Pref. Ord. Stk.	62 1/2	7	-1 1/2	...					
57 1/2	31 1/2	34 1/2	13 1/2	Do. 4 1/2 % Pref. 1955	62 1/2	59 1/2	-3 1/2	8 9 6					
73 1/2	54 1/2	55 1/2	25 1/2	Do. 4 1/2 % Pref. Ord. Stk.	20	18	-2	22 4 0					
75 1/2	67 1/2	68 1/2	42 1/2	L.M.S. Ord. Stk. 1923	15	13	-2	15 8 0					
79 1/2	72 1/2	77 1/2	60 1/2	M. & D. Ord. Stk. 1923	31	28 1/2	-2 1/2	14 6 0					
32 1/2	21 1/2	23 1/2	9 1/2	Met. Dist. Ord. Stk.	43 1/2	37 1/2	-6	9 6 6					
76 1/2	63 1/2	66 1/2	49 1/2	Southern Dist. Stk.	60 1/2	60 1/2	...	8 5 0					
26 1/2	10 1/2	16 1/2	4 1/2	Do. 5 % Pref. Ord. Stk.	48	45 1/2	-2 1/2	13 3 0					
26 1/2	10 1/2	16 1/2	4 1/2	Do. 5 % Pref. Stk.	78	67 1/2	-10 1/2	7 8 0					
26 1/2	10 1/2	16 1/2	4 1/2	Underground Ord. Stk.	20 1/2	19 1/2	-6 6d						

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Aug. 5, 1931.	Price, Aug. 12, 1931.
De Beers 5½% Ster. deb.	...	...	90-95	90-95
Pite County Council 4½% 1951-61	£1	fy. pd.	17½-17½	99½-99½
Great Universal Stores Ord. (5/-)	£1	fy. pd.	19½-19½	16½-17½
Great Universal Stores Pref.	£1	fy. pd.	19½-19½	19½-19½
India 6% 1933-34	100	fy. pd.	97½-98½	97½-98½
Jones (Peter) 6% deb.	97½	40	½ dis-½ pm	1 dis- par
Middlesex 4½% 1950-70	101	61	1½-1½ dis	1½-1½ dis
New Zealand 5% 1932-34	99	74	½ dis-par	½-1 dis
Odessa Press 7% (B) deb.	98	fy. pd.	102-104	101-103
Panama Corporation 8% deb.	100	60	4 dis-par	4 dis-par
Primitiva Holdings 6% Bed. pref.	100	60	par-6d. pm	par-6d. pm
Rhokana Corp. 7% deb.	100	60	5 dis-5 pm	5 dis-5 pm
Tanganyika 4% Guar. 1951-71	100	60	3½-2½ dis	3½-2½ dis
Telephone and Gen. Trust 7% Pref.	21½	49½	par-6d. pm	3d dis-3 pm
Walsall Corp. 4½% 1950-60	100	15	½ dis-½ pm	par-1 pm
Woolworth (F. W.) Ord. (5/-)	£2	fy. pd.	44½-45½ pm	46½-47½
Woolworth (F. W.) 5% Cum. Pref. £1	£1	£1	20½-21½	21½-21½

INVESTMENT NOTES.

Stock Exchange Prices.—The Stock Exchange Committee have put into operation this week an alteration in the method of quoting prices ex dividend, as a result of which dividends will henceforth be deducted from prices on the Contango Day, instead of on the Account Day, at each Stock Exchange Settlement. The innovation has received general approval, writes a "House" correspondent, and it is understood that the Committee have several other matters of Stock Exchange procedure under consideration. One matter which still provokes unceasing perplexity among clients is the manner in which quotations are sent out daily in the Stock Exchange Official Lists. These lists have recently been the subject of useful legislation on the part of the Committee, who now have the opportunity still further to extend their public services by asking members responsible for the prices quoted whether they cannot give "closer" figures. For example, the price of 3½ per Cent. Conversion Stock is set out daily in the Official List with a margin of two points between the selling and buying price. In the ordinary way, a broker expects to get a price with only a 5s. margin. An official quotation, say, of 79-81, gives little indication of the actual "mark," which may have been anything between 79 to 79½ and 80½ to 81. The explanation is perfectly reasonable. The lists are made up each day to 3.30 p.m., and it frequently happens that price-changes occur during the half-hour between 3.30 and 4 p.m., when the Stock Exchange closes. The dealer responsible for sending out a price allows for the possibility of fluctuations during that half-hour; and, to be on the safe side, quotes a liberal margin. In the case of Corporation and County stocks, similarly, the usual difference between selling and buying prices in the List is two points, whereas much closer prices can be obtained in the market. As these very seldom vary, except in accordance, e.g., with changes in Bank rate, it would be no difficult matter to "close up" quotations so as better to reflect the actual market level. A move in the right direction has recently been made in the case of Australian stocks, some of which have been narrowed from a 10 to a 5 point margin. The position, obviously, is still capable of improvement. Instances might be multiplied from every section of the Stock Exchange Official List. From time to time the Committee have appealed to the members responsible to close up wide margins, but little has as yet been done in this direction. This is the more unfortunate since the impression prevails among some investors that a price, say, of 79 to 81 involves a two point profit to a jobber dealing in the stock. If this were the case, every dealer would quickly be able to retire with a comfortable fortune. It may be hoped that, in this matter, the Committee will not be weary in well-doing.

Australian Developments.—Mr Lang's inability to pay his civil servants has been a blessing in disguise for New South Wales bondholders, since it has compelled that statesman to bow to the dictates of the Australian Loan Council. When Mr Bruce formed the Loan Council in 1927, Mr Lang, then Premier of New South Wales,

refused to join, leaving Mr Bavin to introduce the State to the Council on assuming office in October, 1927. Mr Lang's latest attempt at independence has ended in his return, after promising to introduce economy measures and make a sincere effort to balance his Budget. Quotations for New South Wales stocks, however, have not responded, the whole market for Australian securities having fallen this week, partly on sales from New York:—

	Dec. 31, 1930.	Aug. 5, 1931.	Aug. 12, 1931.
Commonwealth 5% 1945-75	80½	76½	74½
Commonwealth 5% 1935-45	81½	76½	74½
Commonwealth 6% 1931-41	92½	86½	83½
N.S.W. 5% 1935-55	72½	67	63
N.S.W. 4% 1933	85½	75½	73½
Queensland 5% 1940-60	57½	55	52
Victoria 5% 1932-42	72½	72	72
South Australia 5% 1945-75	78½	74	75
West Australia 5% 1935-45	79½	74	74
Tasmania 4½% 1935	88½	77½	77½
City of Sydney 5½% 1954	77½	65	65
Melbourne Harbour Trust 5% 1948	81½	70	70

Every Australian State has now passed Bills to balance its Budget. The Australian Debt Conversion Act, further, came into operation on Monday last. This operation is discussed in a "Note of the Week" on an earlier page of this issue. It has opened, at least, under good auspices, some £100,000,000 of debt, it is understood, having been converted on the first day. The Australian people, indeed, have shown a readiness to rise to the occasion which augurs well for the future. This was evidenced last year, when £24,000,000 was subscribed to Mr Lyon's cash loan. After the troubles of the 'nineties of last century, again, the credit for Australia's recovery was earned mainly by the efforts of her own people, and, given reasonably satisfactory external conditions, there is now hope that history may repeat itself.

National Shipbuilders' Security.—Sir James Lithgow, presiding at the annual general meeting of the National Shipbuilders' Security, Ltd., made an important statement in regard to the position of the company's 5 per cent. debentures. For some time past the appalling conditions of the British shipbuilding industry have led to a certain questioning of the security for the company's debentures. The chairman, dealing with these rumours, emphatically denied that there was doubt as to the adequacy of the security. National Shipbuilders' Security, Ltd., was formed in February 1930 to work a collective scheme within the industry for eliminating redundant shipyard capacity and securing economies by concentration of production. The main revenue of the company is derived from a levy of 1 per cent. on the value of all vessels of 300 feet or over built by members of the company (which represents practically all the builders of such craft in the British Isles). This levy, however, only took effect on orders placed after November 1, 1930, and, as a consequence, no income has been derived from that source during the last year. Even during the present year (according to Sir James Lithgow) little is to be expected. The statement, therefore, that a voluntary levy, fixed on a co-operative basis, has already provided sufficient funds to meet the full services on the present issue up to the end of 1934, is of the utmost importance, for not even the most pessimistic can doubt that there is bound to be some recovery from the present depression. This, however, is not all. In addition to the voluntary levy, there will be a substantial balance available from the sale of shipyard plant. The sum required by the company for the full service of its present issue is, roughly, some £86,000, which presupposes a minimum annual figure of £8,600,000 for new shipping orders. This, by past standards, is a modern total, but the first six months of this year have been the blackest in the history of shipbuilding, and the figure have not been reached by a considerable margin. The directors, however, taking a long view, express themselves "well pleased with the progress so far made," though they observe that many of those in control of struggling concerns still have a totally inadequate idea of the extent of losses in which their continued existence must involve them.

Rothermere Group Dividends.—Advertising in provincial newspapers is admittedly more expensive, per unit of circulation, than in the national dailies; it was not surprising, therefore, that the first dividend reductions in the Rothermere group during the present depression should be in those of the companies with large provincial interests. Both Daily Mirror Newspapers, Ltd., and Sunday Pictorial Newspapers, Ltd., have reduced their quarterly dividends by one half, to 3½ and 3¼ per cent. respectively. Both companies are large shareholders in Northcliffe Newspapers, Ltd., a young and as yet unremunerative provincial enterprise. They hold, in addition, a substantial interest in numerous other country newspapers, and from these investments a considerable part of their income is drawn. Advertising in the *Daily Mirror*, on the basis of a quarter's returns, is some 14 per cent. below the levels of a year ago. This suggests a fall in revenue of about £100,000, and the income from the company's investment, which stand in the books at nearly £2 millions, must have fallen substantially, if the earnings for the ordinary shares have declined from £408,149 to £210,000—which is the annual rate required by the reduced dividend. The same consideration affects the *Sunday Pictorial*, the earnings for the equity holder of which, in the year ending February, 1931, were £245,000. The annual rate of distribution has now been reduced to £181,250; but, as one of the quarterly dividends (if already been paid at the old rate, this year's dividends (if there is no further fall) will take £164,000. The chief operating company of this group is Associated Newspapers, Ltd., which publishes the *Daily Mail*, *Sunday Dispatch* and *Evening News*, and is due to declare its next interim dividend in October. Hitherto the quarterly rate of 10 per cent. on the deferred shares has been maintained, but it may be questioned whether a reduction must not be faced sooner or later. Advertising in the *Daily Mail* has fallen off, within the past year, by about 15 per cent. The expectation is, therefore, that some £630,000, as against £992,000 in the last accounts, will be available for deferred shareholders, reducing the quarterly distribution to not more than 7 per cent. There remains a contingent liability in respect of £3,000,000 of 5½ per cent. debenture stock issued by Northcliffe Newspapers. Principal, premium and interest on this stock are guaranteed by Associated Newspapers and Daily Mirror Newspapers. Northcliffe Newspapers, Ltd., has not yet paid a dividend; and, in its accounts carried forward was £188,000. The sharp marking down in the price of Associated Newspapers deferred, which followed the announcement of the *Daily Mirror* and *Sunday Pictorial* dividends, reflects some apprehension lest the guarantee should be called. If this should be the case, the amount available might be reduced to £540,000, and the quarterly dividends on Associated might be reduced from 10 to 5 per cent.

Anglo-Foreign Newspapers.—In the absence of any appreciable current earning power the task of setting Anglo-Foreign Newspapers on its feet is unenviable. For the year to April 30th last the company reports an income of £48,680, compared with £49,239, and a net profit, after the deduction of expenses, of £28,417, against £11,478 for the preceding accounting period of 15½ months. During the course of the year it became essential to reduce bank loans, which stood in the last balance sheet at £141,460, and which now appear at £52,187, and also the loan of £181,277 from Carmelite Trust. A considerable proportion of the company's investments were consequently realised, the sale involving losses amounting to £245,109. Depreciation on the remaining marketable securities already amounts to £583,509, including £432,950 on the shares held in the Carmelite Trust, which is now in liquidation. The report announces that a settlement of the points in dispute with Carmelite Trust has now been reached, and the subject will be dealt with by the chairman at the forthcoming meeting. The profit and loss account, after debiting the loss on investments and the adverse balance brought forward from last year, shows a debit of £221,842, which is carried forward.

	Year to April 30.	1930. *	1931.
Income	£ 49,239	£ 48,680	
Brought forward	Dr. 5,150		
Interest	14,103	5,854	
General expenses	20,450	7,588	
Directors' fees	3,208	1,445	
Income tax	...	5,377	
Loss on investments	10,277	245,109	
For. expenses written off	4,858	...	
Bad debts written off	1,492	...	
Carried forward	Dr. 5,150	Dr. 221,842	

* Period January 10, 1929, to April 30, 1930.

Accompanying the report is a circular notifying shareholders that certain of the directors and their friends have accepted an offer from the Associated Iliffe Press for a large block of shares owned or controlled by them at the price of 9d. for each ordinary share and ½d. for each deferred share, a condition of the sale being that the other shareholders of the company should be given the opportunity to dispose of their holdings at similar prices. These, of course, are rubbish prices. Shareholders can scarcely judge of their adequacy until they have been informed what exactly are the company's interests—a matter as to which they have been in the dark ever since the company's inception. In 1929 the ordinary 5s. shares touched 6s. 9d. and the 1s. deferred shares 4s. 6d.

Friary Holroyd.—In common with most other brewery concerns whose results for recent months have so far been made available, Friary Holroyd shows a moderate falling off in earnings, which remain, however, above the level of two years ago. The directors have taken a conservative view, and although 17.9 per cent. was earned on the ordinary capital have reduced the dividend from 15 per cent. to 11 per cent. (on a capital increased by a bonus issue from reserve) and added £40,000 to the reserve fund:—

	Year ended June 30.	1929.	1930.	1931.
Net profit.....	£ 122,988	£ 141,863	£ 127,405	
Preference dividend.....	20,936	20,936	20,936	
No. of times covered	6.87	6.77	6.08	
Ordinary dividend:—				
Amount	63,477	63,477	65,169	
Paid	15%	15%	11%	

Reserve fund

25,000	50,000	40,000
--------	--------	--------

Increase in carry-forward.....

13,575	7,450	1,300
--------	-------	-------

Property, including tied houses, plant and machinery, stands at £774,581, as compared with £748,137 in 1930. The directors state that payments of duties and taxes during the year amounted to £387,535. The surplus of liquid assets is only slightly lower at £133,104. The preference capital is secured by net tangible book assets of £3 0s. 9d. per £1 share. At 27s. 6d. cum dividend the ordinary shares yield £8 7s. 6d. per cent.

British Celanese—A Questionable Proposal.—In a circular issued to the holders of British Celanese 7½ per cent. convertible second mortgage bonds, notice is given of a meeting to be held on Thursday, August 20th, when authorisation will be sought for a variation of the company's obligations as regards the redemption of the bonds. Under the trust deed securing the bonds (of which £3,000,000 nominal were issued at the end of 1927), the company is obliged to redeem £800,000 nominal annually during the inclusive period 1932-1936 by drawings at 110 per cent., and to pay off at the same price any amount outstanding on December 31, 1937. It is now proposed that the company should be empowered to apply towards the fulfilment of its annual sinking fund obligation any bonds already purchased and any bonds subsequently purchased by it in the open market at a cost below 110 plus accrued interest. The bonds are at present quoted at 67½. It is argued that the acceptance of the proposal will not only ease the company's financial position, but will provide bondholders with a more satisfactory market

for the bonds. In addition to the normal annual provision against profits which the company has hitherto made in respect of the redemption premium on the bonds, the company will, to the extent to which bonds are purchased in the market at a cost below par, place to a special reserve account the difference between par and the cost of the bonds. The holders of the bonds will be glad to note that this reserve will not be used for preference or ordinary dividend purposes until the whole of the bonds have been redeemed. It is difficult, however, to discover the advantages, from the bondholders' point of view, of a scheme which, far from providing any major relief to a badly depressed market, is calculated further to undermine confidence by varying a past contract. If British Celanese, under present depressed severe conditions, is finding its annual redemption obligations a serious burden, it would appear more advantageous that the facts should be put frankly before the bondholders, and, if necessary, that that a revision of the trust deed should be asked for.

Fras. Hinde and Hardy.—This textile concern has fared even worse in 1930-31 than in the previous year, the total loss shown being £7,556 greater at £29,978. No dividend was declared on any class of shares. With the balance brought in, the total debit to profit and loss account was £48,686. This has been entirely written off by a transfer from reserve account, which is now reduced to £1,314. The results of the past three years have been:—

Year ended June 30	1929.	1930.	1931.
Net profit	£ 17,364	Dr. £ 22,422	Dr. £ 29,978
Preference dividend	13,125	...	...
No. of times covered	1.32	...	...
Ordinary dividend:			
Amount	7,500	...	...
Earned %	2.82	...	...
Paid %	5	...	...
Reserve fund	Dr. £ 5,000	...	Dr. £ 48,686
Inc. or dec. in carry-forward	+1,739	-22,422	+18,708*

* Debit balance carried forward subsequently written off.

The company's overdraft (secured by debentures) has been reduced by £22,453 to £38,611, and stocks are £31,873 lower at £103,442, a figure which reflects considerable writing-down. Finished products and raw materials, indeed, are declared to be "on a lower basis than ever before recorded."

Shell Union Oil Corporation.—The publication of the accounts for the second quarter of the year by the Shell Union Oil Corporation left a painful impression on the shareholders and was responsible for a drop of ten points to 65 (now 68) in the market quotation of the 5 per Cent. Bonds. The position of the company is not, however, so distressing as it would appear on paper. It is the known policy of the Shell Union to write down at the end of each quarter its stocks of oil to current market values. During the June quarter there were further substantial cuts in American oil prices, and there is no doubt that the item of operating expenses has been swollen by the writing down of inventory values. At the same time, the allowance made for depreciation and depletion (drilling expenses) contains a heavy book depreciation of the fixed assets, the actual drilling expenses having been curtailed to the bare minimum. The figures which follow should be read in the light of these qualifications:—

	1st Quarter, 1931.	2nd Quarter, 1931.
Gross operating income	\$ 44,233,398	\$ 42,568,580
Operating and general expenses	41,267,362	40,675,862
Net income	2,966,036	1,892,717
Depreciation and depletion	11,292,881	11,417,000
Debit balance	8,346,850	9,524,283
Interest	1,563,693	1,531,751
Net loss	9,903,472	11,058,034

It will be seen that, in spite of lower selling prices, the gross operating income of the company is very little different from that of the previous quarter. This can only imply that there has been no falling off in consumption, and that the company has been operating its marketing plant at something like full capacity. The balance of

profit and loss account, which showed a surplus of \$18,821,200 at December 31, 1930, has now been exhausted, and shows a deficit of \$3,308,326 after allowing for the payment of preference dividends which have been continued. The fact that the directors have made no announcement with regard to the passing of the preference dividends may be taken to imply that the cash position of the company remains satisfactory. Shareholders may find it disagreeable to be confronted with such disastrous paper losses, but the policy would appear to be justified by the exigencies of the present situation in the oil industry. No other American oil company, within our knowledge, is writing down its inventory values in so conservative a fashion as the Shell Union.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Mitchells and Butlers, Watney, Combe, Reid, and British International Pictures. The chairman of the last-named company (whose report is commented upon in a leading article on the British Film Industry on page 314 of this issue), stated that during the first three months of the current financial year the company's gross turnover had been at the rate of £1,000,000 per annum. Sir Richard Garton, at the Watney, Combe Reid meeting, discussed the possible findings of the Royal Commission on Licensing in England. At the Mitchells and Butlers meeting, Sir William Waters Butler, discussing the Scottish Commission's report, dwelt upon the increased sobriety of this country. Annual convictions for drunkenness, he showed were now only one-fourth those of 1899.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to August 8, 1931, £96,436,614
Total, including conversion, recorded January 1 to August 8, 1931, £107,313,594

National Savings Certificates.		Conversions or Repayments.		New Money Cash Subscriptions.		First Payment.		Further Liabilities.	
To the Public.		£ Nil		£ Nil		£ Nil		£ Nil	
Week ended August 15, 1931 ...		...		...		...		...	
To Shareholders only.		...		...		...		...	
Associated Portland Cement		...		...		...		...	
Ordinary £1 shares		500,000		...		500,000		...	
Salvador Railway 8% Ten-year		...		...		...		...	
Notes		60,000		...		60,000		6,000	
Total to Shareholders only,		...		...		...		...	
week ended August 15, 1931		560,000		...		560,000		6,000	
Total Offered for Subscription—		...		...		...		...	
Including Conversions.		...		...		...		...	
Jan. 1 to date		...		...		...		...	
1931		107,973,599		97,096,614		...		...	
1930		280,498,712		190,377,481		...		...	
1929		224,291,811		192,966,211		...		...	
1928		...		281,660,013		...		...	
1927		...		237,285,790		...		...	
1926		...		140,860,269		...		...	
1925		...		127,631,142		...		...	
1924		...		130,924,951		...		...	

Nature of Borrowing.

	Debtors, £.	Preference Stocks and Shares, £.	Ordinary Stocks and Shares, £.	Total, £.
January 1 to date—				
1931	74,965,274	6,140,559	15,990,781	97,096,614
1930	156,069,408	14,730,138	19,577,935	190,377,481
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced, £.	Prices at which Dealings Began, £.	Total Cash Involved, £.
Amount previously recorded	8,057,183	...	8,432,04
Total for week ended August 15, 1931	Nil	...	Nil
Total to date, 1931	8,057,183	...	8,432,04
Total to date, 1930	16,402,378	...	18,066,41

COMPANY MEETINGS, &c.

MITCHELLS AND BUTLERS, LIMITED.

YEAR OF ABNORMAL TRADING CONDITIONS.

HEAVY TAXATION BURDENS OF THE TRADE.

CHAIRMAN ON THE ROYAL COMMISSIONS ON LICENSING.

The forty-fourth annual general meeting of the shareholders of this company was held at the White Horse Hotel, Birmingham, on Thursday, the 13th instant, under the presidency of Sir William Waters Butler, Bart.

The Chairman, in moving the adoption of the report and accounts, said: Ladies and Gentlemen,—It is very rare for the chairman of this company to report to the shareholders a lower profit than that of the previous year. The last time was in 1923 in consequence of a big slump taking place after a period of intense high production to make good the world-wide depletion of stocks brought about by the Great War. This re-stocking was so overdone that the boom ended abruptly; the values of stocks and raw materials fell sharply and caused a re-valuation in our stocks to be made, which necessitated a heavy writing down and resulted in a lower trading profit in that year. Since then we have earned increasing profits, partly due to investing undivided profits in new directions and affording improved service to our patrons by the concentration of business in "fewer and better" houses, a policy your company has followed for many years past, and one it will continue to support, but only so long as Licensing Justices impose reasonable conditions in consenting to the "removal" of old licences accompanied by the surrender of others, or, where "redundancy" does not exist, the fixing of a fair monopoly payment for a reasonable tenure of licence, giving by the application of either method a commercial return on the requisite capital expenditure in site, buildings, etc., necessary to provide for the needs of the public.

ADVERSE FACTORS.

This year we have had to contend with very abnormal trading conditions brought about by the bad state of industry generally, probably unequalled in the lifetime of anyone present, with over 2½ millions of people unemployed existing on a "dole" provided by the State and those working, the cost of living having to be made up with savings, where there may be any, which must result in retarding the resumption of normal spending-power when employment is again available.

Naturally the board much regrets the unavoidable fall in profits during the past year, but one cannot imagine any shareholder would expect the profits to equal those of last year, which were a record. Firstly, we were handicapped from the commencement of the financial year with the imposition of the additional beer duty of three shillings per standard barrel, coupled with the assurance given to the Chancellor of the Exchequer that no part of this additional charge to an already heavy duty of over ten times the pretential charge to a standard barrel, be passed on to the war duty, should, during the financial year, be passed on to the consumer through increased retail prices or weaker beer; which arrangement was loyally carried out by your company. In addition to this onerous burden we were called upon to bear an increase of 12½ per cent. in the income tax, of which we had not the faintest indication when agreeing to the higher beer duty.

EFFECTS OF FALL IN OUTPUT.

These two new charges which we have borne to the full during the past year represent the addition of an amount equal to nearly six figures to our trading costs had our output of the previous year been maintained; but, unfortunately, the industrial position of the country during the past year became increasingly depressed and is without signs of improvement, the consequence being the spending-power of our customers was decreased, resulting in a fall in output, which although serious, was not, I am pleased to say, so great as the decrease indicated by Government Returns to have taken place in other trading areas.

The drop in output effects us more from a profit point of view than most brewing firms, as we are probably the largest direct sellers to the consumer through managed houses in the country, so that during trade depression not only are our wholesale profits affected, but also our retail profits; the latter more so, as it is almost impossible to diminish the running costs of a licensed house when takings fall.

The operations of the company with its constant additions—this year our property asset increased by £325,825—necessitates the hold-

ing of an adequate amount of cash, and it is this covering amount which should mainly regulate the rate of dividend payable in times of decreasing profits, which are naturally times of difficulty for raising new capital.

ALLOCATIONS.

Your board having in view the present trade position and the future prospects, gave careful consideration to the question of the maintenance of the rate of dividend, and as an abnormal amount of £50,906 was added to the carry-forward last year, making the total amount of profit available for distribution this year within £18,971 of the amount last year, and the cash position permitted its payment, decided to recommend the same rate as last year, although the trading results show a decrease, but not to such an extent as necessitates our trespassing upon any of our reserves for dividend purposes; in fact, we recommend that the balance of our profits, £107,249, after meeting our dividends, should be disposed of by adding £100,000 to our general reserve, making this £1,250,000, and adding £7,249 to our carry-forward, making it £438,347. In addition we have a contingency reserve of £800,000, the three sums totalling £2,488,347, well over 50 per cent. of our total issued preference and ordinary capital.

We can only hope for a revival of general trade to bring about an improvement in profits. We cannot expect raw materials to be cheaper, and, candidly, I hope the agriculturalist may obtain a better price for his crops, for depressed agriculture is of no benefit to us or the country.

TAXATION OF FOREIGN BARLEY.

Here let me refer to a proposal which has been made for reducing imports and that is to place a duty upon foreign malting barley. The brewing trade requires, particularly when we have passed through a summer devoid of sufficient sunshine to ripen native barleys, to purchase barleys from sunny climes for producing the proper quality of beers. This foreign malting barley may be rightly described as a raw material unobtainable from home growers, and, therefore, an import which should not bear a duty, but as large quantities of the foreign barleys which enter this country are of a type which can be grown here, the brewing trade, to help in aiding our sorely depressed agricultural industry, would not oppose the imposition of a reasonable duty upon all foreign barleys, but would resist as being unjust the limitation of the import duty solely to the barleys used by the brewer and distiller. I was sorry to note that last year there was a decrease of over 25,000 workers in agriculture, which means that the majority of these men have joined the already large number of unemployed in the industrial centres.

FURTHER IMPOSITIONS ON BEER UNJUST.

One regrets to see in our financial papers references to the possibility of higher beer duties, and to read in Mr. Snowden's startling speech made in the House a few days ago on the financial position of the country, vague references to certain classes of people who may be called upon to shoulder additional burdens. If these statements should mature into still further impositions upon the beer drinker, then I have no hesitancy in saying that they would be looked upon as grossly unjust and partaking of the nature of vindictiveness, for there is no valid reason for singling out the consumer of alcoholic beverages for differential treatment from consumers of other beverages, or other taxpayers. His drink to-day is nearly saturated with duties.

REDUCTION IN MUNICIPAL AND NATIONAL EXPENDITURE ESSENTIAL.

The Report of the May Committee on Economy indicates very plainly that it is absolutely necessary municipal and national expenditure must be largely reduced, otherwise additional onerous taxation must be imposed to avoid the nation being driven to living upon its capital, if it is not already doing so, which must, in time, inevitably lead to terrible suffering and ruin.

Recommendations to avoid this position have been made to the people of this country by those well qualified to advise, which we must have the courage to carry out. All should be called upon to

meet the bill, without fear or favour, no question whether he is a payer of income tax or not, a smoker or non-smoker, or a drinker of or an abstainer from alcoholic beverages. Equality of burden must be the foundation of any proposals that are to be made to relieve the load upon the national finances. They must not take a form similar to that of the Land Tax, which is simply a tax upon ownership of one form of wealth, or, in plain words, gradual confiscation. It is impossible to say what the consequent liability will be which will fall on your company if the tax is imposed, but without doubt it will be a substantial sum; another burden upon all industries, as the Chancellor declined to free them from the imposition.

REPORT OF SCOTTISH COMMISSION.

Since we last met the English and Scottish Royal Commissions on Licensing have continued their sittings. The Scottish Commission has already presented its Report; its Majority Report exhibits business-like conclusions arrived at in a broad-minded spirit. This Commission was not troubled with repetitions of voluminous statements lacking facts and scientific backing, such as were presented to the English Commission through the organised so-called Temperance Associations. The result is that its Report has made an early appearance, while that of the English Commission will not be ready for some time to come, notwithstanding the forecasts one has read in the Press as to its early production and proposed recommendations.

The General Conclusions of the Scottish Report are what one would have expected, among them being—

"Unfeigned pleasure to be able to report as the result of the evidence presented to us that its outstanding feature (and one in considerable contrast with the report of the last Royal Commission) is the continuous and progressive improvement in the habits of the people in relation to the subject of our remit. This evidence does not come from one rank or shade of opinion. On the contrary, all classes of opinion, including that of chief constables, the members of licensing courts, and the representatives of our large cities . . . alike agree on this, that, in general, sobriety has increased, that instances of drunkenness have become fewer and fewer, that excess is restrained by a sober opinion, and that a younger generation is growing up, to which, as a whole, any resort to alcoholic excess as a necessary or usual practice is almost totally unknown.

GREAT ADVANCE IN SOBRIETY.

I am of opinion that the English Commission will report in regard to drunkenness in similar terms to those of the Majority of the Scottish Commission, for so great has been the advance in sobriety since the Report of the Royal Commission in 1896 was issued, that the annual convictions for drunkenness in England and Wales are now less than one-fourths those in 1899, being only 1.36 persons per thousand, as against practically 6 persons per thousand in 1899. This is a wonderful reduction, the more so when you consider that to-day simple drunkenness is looked upon by the law as a much more serious offence than it was, say, 20 years ago. How rare it is to see a drunkard in our streets to-day! The causes which have brought about this great social improvement are many, and no one is more pleased with it than those engaged in the production and distribution of alcoholic beverages. Drunkenness is harmful to the licensed trader, and brings upon him unfair odium and trying responsibilities.

Drunkenness as the fundamental for debate has failed teetotalers, and the enemies of the Trade are having to shift their ground. It appears their attack is now to be based on the proposition recently stated by "A Social Student" of the *Observer* that "The alcohol problem to-day is not drunkenness, but drink and the expenditure thereon." I think even I could support that declaration, but from a different point of view, for it is a scandal that a perfectly temperate man has to expend so much to obtain his reasonable requirements of alcoholic beverages in consequence of the unjust imposition of heavy duties; but did you ever hear of a teetotaler suggesting that the "economic menace of grave proportions" brought about by such expenditure, as described by a witness before the English Royal Commission, should be lessened in its severity by a reduction of the beer, wine and spirit duties which form by far the greatest portion of the cost of such beverages to the consumer?

NOT ONE PLEA FOR TOTAL PROHIBITION.

I read a report of a public meeting held a short time ago in Birmingham, in which it was stated that the Bishop of Worcester (Dr. Perowne) had said that "during the hearing of the witnesses before the Royal Commission, there was not one single plea made for total Prohibition. It is no good crying for the moon"! What a cold douche that must have been to those Prohibitionists who day

in and day out had been telling their audiences of the great blessings that had been realised in the United States through Prohibition, and now had heard that not a man of that crowd of criers of false news—and several appeared before the Commission—mentioned that the solution of the so-called "Drink Problem" was Prohibition.

SCOTTISH COMMISSION MINORITY REPORT.

The four members of the Scottish Commission who drew up a Minority Report—which one may truthfully say was devoid of any practical constructive proposal—exposed their holding of preconceived views when they declared:—"It would be deplorable if suggestions for alteration of the licensing law were made that proceeded on the assumption that the drinking of intoxicating liquor were a permanent element in our national life." They were not competent to give an unbiased verdict upon the evidence submitted to them. Their attitude of mind emphasises the weakness of setting up a Commission made up of panels of men known to hold directly conflicting views to sit with others who are looked upon as an impartial panel, trusting it to act as umpire between the bodies holding preconceived opinions.

I fully concur in the view expressed in the Majority Report of the Commission that "it must be frankly recognised that difficulties are often created by attempting to act in advance either of public opinion or of the general habits of the people of the country." It would be well if temperance reformers realised such difficulties and when putting forward proposals for amending licensing legislation gave consideration to their practicability.

STATE MANAGEMENT AND DISINTERESTED MANAGEMENT.

The main reason given for the recommendation that the State management experiment should cease, seems to be that its operations cut across the ordinary system of licensing, and the evidence appears to indicate that the position is a difficult one in case of local veto polls, while the Scots appear to resent any control or direction in a Scottish area having an imprint of the hand of an Englishman, or even of a Scottish Minister, if he conducts administrative operations in the neighbourhood of Whitehall. "Home Rule for Scotland" is detected through the mist.

The introduction of disinterested management or reformed public-house on a large scale, also did not gain the approval of the Commission for what appears to be a similar reason for the recommendation of the discontinuance of State management, namely that it would be an excrescence on the existing licensing system.

The Scottish Commission's reasons for their recommendation as to State Management in Scotland I do not think can be fairly applied to the Carlisle area which is, of course, of far greater magnitude than the two small rural and widely separated Scottish areas, in which licensing conditions are so very different from those of England.

I do not propose to make any further reference as to what may be the nature of the English Commission's Report. One cannot expect it to be a unanimous one for obvious reasons. Candidly, I am feeling quite comfortable about the Report in view of the splendid record of the Trade's operations and of the great advance in national sobriety, vouched for, not by biased witnesses or fanatics, but by public officials whose daily activities and experiences have enabled them to gain a first-hand knowledge, and who were thus qualified to present facts and not theories to the Commission.

SLUR ON MEMBERS OF THE COMMISSION.

The Right Hon. Leif Jones, M.P., the ex-President of the United Kingdom Alliance, founded for the bringing about of Prohibition, said at the annual meeting of the Alliance: "I am not very hopeful of what the Commission may do. They have a lot of good evidence, but we cannot give them the necessary wisdom for handling it." What a slur upon the members of the Commission, to whom, one would think, he owes an apology. I think his downheartedness rather supports by own hopeful view of the result of the Commission's deliberations. We shall see!

With these remarks, Ladies and Gentlemen, I beg to move the adoption of the report, and will ask Mr Herbert W. Bainbridge to second the resolution.

Mr Herbert W. Bainbridge seconded the resolution, which was carried unanimously.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

WATNEY COMBE REID AND COMPANY, LIMITED.

THE LICENSING COMMISSIONS.

The ordinary general meeting of Watney Combe Reid and Company, Limited, was held, on the 10th instant, at the Windsor Castle Restaurant, Victoria, London, S.W.

Sir Richard Garton, G.B.E. (the chairman), in the course of his speech, said:—"The dividend is smaller than it was last year, but in this respect we are not alone in our particular industry. The decline in profits has not reached a stage to call for uneasiness, but we are, in common with all other industries, passing through difficult times, and we attach great importance to conserving our cash, knowing full well the value of an extra shot in the locker. By keeping our profits so far as possible in the business we are able continually to improve and rebuild our houses to meet modern requirements, whereas if we distributed more in dividends we should either have to reduce our programme of improvements or issue new capital.

It will not, I think, be inappropriate if I refer briefly to the Royal Commissions on Licensing in this country and in Scotland, and to the report of the Scottish Commission which was issued on July 17th.

TRIBUTES TO THE TRADE.

I have little to add to my remarks of a year ago on the subject of the English Commission. The Licensing Authorities would, I think, agree that our trade has earned an even more favourable position than it then occupied, whether we judge by general observations, by the examination of relevant statistics, or by the proceedings of this year's Brewster Sessions, in the course of which acknowledgments, which have now become almost customary, of the manner in which our trade is conducted were made by practically all the Chairmen of Licensing Justices and Chief Constables. Similar acknowledgments were also made by similar witnesses before the Royal Commission. This satisfactory condition of affairs is, of course, a matter of congratulation, not only to the trade, but to the public which it serves. Some years ago our task was how to defeat prohibition and local veto, and it was consequently less difficult than is our task to-day, when the aim of our opponents is no longer to prohibit drink (even by the indirect method of local veto), but to replace private enterprise by some system of State ownership or control. It is, therefore, imperative that we should be able to convince the public beyond question that our service is better than any they are likely to be supplied with under any other system.

It seems within the bounds of possibility that some of the Commissioners may recommend the creation of a Central Board with power to deal with and supervise licensed trade matters, and perhaps an extension, possibly in some modified form, of the Carlisle system. The creation of a Central Board might quite conceivably have the support of many of the Commissioners as providing some method of supervising and co-ordinating the sale and supply of intoxicating liquor. On the other hand, it would be surprising, as well as disappointing, should a majority report in favour of extending the Carlisle system, for such a recommendation would seem to be in no way justified by the evidence which has been presented to the Commission, and the trade has, in fact, an increasingly good case to present against such proposals, or indeed against any drastic interference or alteration of the present licensing system.

"A VICTORY FOR COMMONSENSE."

The findings of the Scottish Commission, which have been welcomed by the Press as a victory for commonsense, appear to have been based on the admitted improvement in sobriety and general conduct which to-day marks social conditions alike in England, Wales and Scotland. The Report, which is signed by ten of the fourteen Members of the Commission, records that no cause for any drastic alteration of the licensing laws has been established, and proceeds to condemn or severely criticise prohibition, local veto, the Carlisle system of State management in the areas of Greta and Cromarty, which it describes as an excrescence on our licensing system, and disinterested management, which it describes as impracticable. It is of interest to note that the Scottish Minority Report, signed by four members of the Commission, also condemns, but on different grounds, State management, and parts of the Local Veto Act, and, indeed, only disagrees with the report itself in comparatively minor matters.

The rights and conveniences of the public, and the difficulties imposed on the licensed trade in supplying the service to which the public are entitled have been made the subject of considerable and ameliorative recommendations with the sole object of improving the existing laws and regulations in the public interest.

With the knowledge that in this country conditions regarding sobriety and general social improvement are, if anything, even better than they are in Scotland, we may, I hope, look to a report from the English Commission which will mark yet another progressive contribution to the licensing laws of our land.

The report was unanimously adopted.

BRITISH INTERNATIONAL PICTURES, LIMITED.

INCREASED TRADING PROFIT.

FORTHCOMING OFFER TO SHAREHOLDERS.

The annual meeting of British International Pictures, Limited, was held, on the 13th instant, at Winchester House, Old Broad Street, London, E.C.

Mr J. Maxwell (the Chairman) said that after applying proceeds of a recent sale, and taking into account the depreciation reserve of £50,000, the net book value for all studios and plant was approximately £250,000. That figure was much less than their real value, and they had there what was sometimes called a secret reserve of at least £100,000. Film production stock showed an increase of about £50,000, which was comparatively small in view of the relatively greater increase in the quantity of the output. They had completed the writing off of all values of silent and part-dialogue films.

The profit and loss account showed a trading profit of £186,661, as against £177,948. They had made various appropriations to reserve. While he believed, from letters that had reached him, that many shareholders would like larger dividends, the directors felt that the course they were pursuing was in the best interests of the company. Their reserves now exceeded 50 per cent. of the issued ordinary share capital. It was proposed to pay 8 per cent. on the ordinary shares.

The general prospects of the company appeared to be very good. British pictures generally were meeting with a very favourable

HUNGARIAN GENERAL CREDITBANK.

Half-yearly Balance Sheet.

The Board of the HUNGARIAN GENERAL CREDITBANK at their Meeting held on July 28th, 1931, established business results within the first half of the year 1931. The net profits aggregate 2,155,735.69 pengo, as against 3,470,404.19 pengo in the corresponding period of the previous year. The chief items of the balance sheet show the following changes as compared with the data of the balance sheet per December 31st, 1930: Savings Deposits aggregate 56.2 million pengo (61.3 millions in 1930); Deposits on Current Accounts and Cheques Accounts 112.9 million pengo (147.2 millions in 1930); Creditors 128.5 million pengo (136.3 millions in 1930). Debtors aggregate 192.8 million pengo (216.4 millions in 1930); Bills discounted 84.2 million pengo (102.7 millions in 1930); Stock of Securities and Participations in Banking Companies and other Undertakings figure at 51.3 million pengo (53.8 millions in 1930). Owing to the continued sales on the home market the Bank's own mortgage bonds in circulation increased from 28.1 million pengo to 30.6 million pengo, the entire stock of mortgage bonds being placed therewith.

The Bank's Stock of Securities, as well as the Bank's Participations in Banking Companies and other Undertakings, totalling 53.8 million pengo as per December 31st, 1930, decreased, after the effected writings off, to 51.3 million pengo. Nearly four-fifths of these values consist of stocks listed on Stock Exchange and estimated in the balance sheet below their market value. It should be noted that own shares of the Bank which, owing to the unfavourable conditions on the Hungarian and foreign Stock Exchanges, were offered for sale in the market, were placed in a way that altogether only 51,773 shares of the Bank are held by a group headed by the "Hermes" Hungarian General Exchange Office Co., Ltd., an institution closely connected with the Bank.

Approximately one-third of the total outstandings of the Bank consists of credits granted to undertakings, which belong to the Bank's sphere of interest; the above one-third includes also the seasonal and reimbursement credits, as well as the guarantees assumed for loans, which have been raised by the undertakings elsewhere. Regarding these outstandings, such reserves have been created as to provide adequate cover, even though the valuation of these outstandings has been effected in view of the present circumstances with the utmost possible caution.

As long as the definite numerical figures of the half-yearly balance sheet were not available, the Board refrained from replying to the rumours which had come into circulation regarding the Bank's situation. According to the Board's judgment, now however, the numerical data of the half-yearly balance sheet supply ample proof of the rumours referred to being absolutely without any foundation.

reception. The best evidence of that was the very substantial profits made by their subsidiary company, Associated British Cinemas, Limited, which filled a large proportion of its programmes with British pictures.

He had been interested to find out the gross turnover which British International Pictures, Limited, had from film production. During the first three months of the current financial year their gross turnover had exceeded £250,000, or at the rate of £1,000,000 per annum. That was exclusive of dividends on investments, studio rentals and other extraneous income, and it was a satisfactory state for a company which was now holding only its fourth annual meeting. It meant, in effect, that they were collecting and retaining in this country to create useful employment £1,000,000 yearly of revenue from film rentals and sales which would otherwise have gone abroad. (Applause.)

They were also using that money to create useful employment in this country. At the present time, when all the resources of their statesmen were being directed to finding means to restrict imports and retain money in the country, it was satisfying to know that they were proprietors of a company which was making a useful and practical contribution to that end.

In order to provide for the development of the business the directors proposed to issue the 1,000,000 5s. ordinary shares at present unissued. They would be offered, at par, only to the shareholders of the company, and at an early date. It was not proposed to underwrite the issue or to offer it to the general public, as the directors and their friends would take up any shares not applied for.

The report and accounts were adopted.

At a subsequent meeting of Associated British Cinemas, Limited, the report and accounts of that company were adopted.

Mr J. Maxwell (the Chairman) said that the figures in the balance sheet showed increases in almost all items in comparison with the previous year, arising, in general terms, from the growth of the business throughout the year.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended August 8, 1931, amounted to £13,850,000 against ordinary expenditure of £9,628,200. After allocating £465,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £423,564, the operations for the week, as shown below, reduced the National Debt by £4,180,000 to £7,647,089,000:—

(000's omitted.)			
	\$		\$
Treasury Bills	+ 1,229	Public Dept. Advances	5,300
National Savings Certificates	+ 100	Road Fund	220
Land Settlement	+ 11		
	<u>+ 1,340</u>		<u>5,520</u>

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30):
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1829.

REVENUE.	Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Aug. 8, 1931.	April 1, 1930, to Aug. 9, 1930.	Week ended Aug. 8, 1931.	Week ended Aug. 9, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	258,000,000	37,125,000	42,814,000	3,327,000	3,541,000
Sur-tax, including Arrears of Super-Tax	72,000,000	13,790,000	12,070,000	420,000	310,000
Estate, &c., Duties	90,000,000	26,470,000	31,450,000	820,000	1,040,000
Stamps	24,000,000	3,800,000	5,000,000	150,000	30,000
Excess Profit Duty and Corporation Profit Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	160,000	140,000	10,000	...
Total Inland Revenue	447,000,000	81,345,000	91,474,000	4,727,000	4,921,000
Customs and Excise—					
Customs	125,650,000	43,008,000	42,730,000	2,135,000	2,313,000
Excise	119,850,000	37,608,000	40,150,000	859,000	854,000
Total Customs and Excise	245,500,000	80,616,000	82,880,000	2,994,000	3,167,000
Motor Vehicle Duties (Excluding Share)	5,000,000	2,369,000	1,332,088	883,000	Dr. 17,000
Post Office (Net Receipts)	12,200,000	6,800,000	6,300,000	1,100,000	950,000
Crown Lands	1,300,000	480,000	470,000	...	...
Receipts from Sundry Loans	33,500,000	11,827,598	13,886,841	70,977	3,675
Miscellaneous Receipts	55,000,000	6,501,400	9,020,245	175,000	331,190
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	3,900,000	16,000,000
Total Ordinary Revenue	803,500,000	193,838,998	221,363,174	13,849,977	25,201,865
SELF-BALANCING REVENUE.					
Post Office	58,232,000	18,200,000	19,150,000	700,000	950,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	5,026,000	6,213,912	390,000	1,527,000
Total Self-Balancing Revenue	81,582,000	23,226,000	25,363,912	1,090,000	2,477,000
Total		217,064,998	246,727,086	14,939,977	27,678,865

EXPENDITURE.	Estimate for the year 1931-32 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Aug. 8, 1931.	April 1, 1930, to Aug. 9, 1930.	Week ended Aug. 8, 1931.	Week ended Aug. 9, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	302,950,000	135,454,976	135,146,034	2,523,139	2,636,371
Payments to Northern Ireland	6,350,000	1,894,161	1,809,468	201,786	202,464
Other Consolidated Fund Services	3,000,000	706,427	1,087,941	33,244	...
Total	312,300,000	138,055,564	138,043,443	2,758,169	2,840,835
Total Supply Services (excluding Post Office)	439,829,000	146,703,100	148,216,800	6,870,000	6,677,000
Total ordinary expenditure	752,129,000	284,758,664	286,260,243	9,628,169	9,517,835
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	18,200,000	19,150,000	700,000	950,000
Road Fund	23,350,000	5,026,000	6,213,912	390,000	1,527,000
Total Self-Balancing Expenditure	81,582,000	23,226,000	25,363,912	1,090,000	2,477,000
Total Ordinary and Self-Balancing Expenditure	833,711,000	307,984,664	311,624,155	10,718,169	11,994,835
New Sinking Fund (1928)	52,050,000	13,440,894	14,092,902	465,000	496,000
Total, including New Sinking Fund		321,425,558	325,717,057	11,183,169	12,490,835

The aggregate revenue and expenditure to August 8, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO AUGUST 8TH.			
(000's omitted.)			
	\$		\$
Expenditure	284,759	Revenue	193,839
New Sinking Fund	13,441	Decreases in balance	3,379
		Net amount borrowed	101,089
	<u>298,200</u>		<u>298,200</u>

POSITION OF THE FLOATING DEBT.		
(000's omitted.)		
Ways and Means Advances Out- standing	Aug. 9, '30. Mar. 31, '31. Aug. 8, '31.	Aug. 8, '31.
Advances by Bank of England	1,000,000	...
Advances by Public Departments	40,270,000	24,500,000
Treasury Bills outstanding	648,015,000	569,825,000
Total Floating Debt	689,285,000	594,325,000
Includes £19,000 the proceeds of which were not carried to the Exchequer within the period of the account.		

TREASURY BILLS BY PUBLIC TENDER.
Tenders for £35,000,000 in Treasury Bills were opened on August 7, 1931, and the total amount applied for was £49,320,000. Tenders were accepted for bills at three months, dated Monday to Friday at £98 18s. 4d., about 99 per cent., and above, in full and Saturday at £99 18s. 7d., and above, in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 5 Months, Average Rate.
1931.			
July 17	40,000,000	49,200,000	2 7 5-17
July 24	45,000,000	47,350,000	3 8 11-61
July 31	40,000,000	50,510,000	4 6 8-72
August 7	35,000,000	49,320,000	4 5 9-5

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, August 12, 1931.

ISSUE DEPARTMENT.			
Notes issued—		Government Debt	11,015,100
In Circulation	360,051,001	Other Government Securities	258,295,021
In Banking Department	46,946,991	Other Securities	1,593,148
		Silver Coin	4,096,731
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	131,997,992
			£406,997,992

BANKING DEPARTMENT.			
Proprietors' Capital	14,553,000	Government Securities	53,225,906
Reserve	3,597,798	Other Securities	1,593,148
Public Deposits	19,433,691	Discounts and Advances	£7,051,367
Other Deposits	£58,162,699	Securities	22,097,382
Other Accounts	34,879,334	Notes	29,148,749
		Gold and Silver Coin	1,306,236
Day and other Bills	95,042,035		
	1,360		
	£130,627,882		£130,627,882

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

Both Departments.		Amount, Aug. 12, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation		360,051,001	+ 5,200,565	+ 7,328,134
Public deposits		19,433,691	+ 7,995,679	+ 7,177,397
Bankers' deposits		58,162,699	+ 5,274,184	+ 8,090,106
Other deposits		34,879,334	+ 1,703,977	+ 859,351
Seven-day bills		1,360	+ 55	+ 282
Total outside liabilities		472,528,085	+ 775,148	+ 7,381,764
Capital and reserve		18,150,798	+ 13,618	+ 30
Government debt and securities		322,536,027	+ 4,895,000	+ 24,404,159
Discounts and advances		7,051,367	+ 1,967,488	+ 186,449
Other securities		23,690,530	+ 2,169,791	+ 10,807,719
Silver coin in issue department		4,096,731	+ 4,276	+ 363,539
Coin and bullion (bank's reserve)		133,304,228	+ 1,523,537	+ 20,801,084
Reserve of notes and coin in banking department		48,253,227	+ 3,677,038	+ 1,517,040
Proportion of reserve to outside liabilities				
(a) Banking department only ("proportion")		42 1/2 %	+ 1 1/2 %	+ 1 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")		28 1/2 %	- 1 %	- 3 1/2 %

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1931.					
July 12	423,272	357,429	11,490	99,402	34,091
15	424,619	359,258	16,734	64,543	34,946
22	423,991	358,913	15,676	66,429	33,705
29	408,774	356,098	16,373	60,179	32,764
Aug. 5	392,035	359,362	15,219	55,798	33,175
12	408,517	360,051	11,438	65,437	34,879
	406,998	360,051	19,434	58,163	34,879

Issue Department.		Both Depts.		Banking Department.		Reserve & the "Proportion."	
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."
1931.							
July 1	242,372	15,535	164,421	32,931	34,319	28,746	66,992
15	243,426	15,483	165,811	33,826	7,102	27,837	66,553
22	243,254	15,483	165,811	30,021	7,407	30,165	66,287
29	244,283	15,626	165,200	34,977	7,099	31,977	65,949
Aug. 5	250,280	15,647	165,045	32,561	9,686	26,604	65,949
12	268,330	2,577	133,310	28,628	49,311	25,283	44,576
	269,310	1,593	133,304	28,628	63,226	7,051	48,253

BANKERS' CLEARING RETURNS (000's omitted.)

		Town.	Metropolitan.	Country.	Total.
1931.					
Jan. 1 to July 29		20,723,699	1,011,013	1,624,494	23,359,206
Week ended August 5		592,556	30,636	44,332	667,514
Week ended August 12		592,992	30,138	53,669	681,799
Total to date, 1931		21,909,247	1,071,787	1,727,485	24,708,519
Total to date, 1930		24,705,097	1,156,614	1,875,986	27,737,697
Decrease or increase in 1931		-2,795,850	-84,827	-148,501	-3,029,178
		-11.3 %	-7.3 %	-7.9 %	-10.9 %
Total for year, 1930		28,782,677	1,812,146	2,963,631	33,558,454
Do. 1929		30,833,924	1,841,989	3,078,764	35,754,687
Decrease or increase in 1930		-2,051,247	-3,000	-1,015,133	-3,069,494
		-7.1 %	-0.2 %	-3.4 %	-8.6 %

PROVINCIAL CLEARING RETURNS. (000's omitted.)

	Week ended August 8.		Month of July.			Aggregate Total January 1 to August 8.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days			27	27			
	£	£	£	£	%	£	£
BIRMINGHAM	1,433	1,986	10,728	10,478	- 2.3	77,825	70,243
BRADFORD	734	808	3,596	3,107	-10.8	28,423	23,425
BRIGHTON	808	905	5,739	5,436	- 5.2	35,591	34,929
DUBLIN	3,871	3,817	...	...	...	156,103	155,558
HULL	705	668	3,353	3,230	- 3.6	25,139	23,032
LEEDS	487	602	4,347	4,379	+ 0.7	30,405	27,184
LEICESTER	337	400	3,455	2,779	-19.5	22,882	19,768
LIVERPOOL	4,424	4,866	27,163	27,279	+ 0.4	208,090	169,017
MANCHESTER	8,516	10,015	44,500	40,574	- 8.5	343,873	287,490
NEWCASTLE	1,173	1,143	5,938	5,750	- 3.1	45,362	40,442
NOTTINGHAM	407	385	2,698	2,003	-25.7	18,955	14,054
SHEFFIELD	743	952	4,155	3,299	-20.6	29,333	24,144
Total	23,444	26,547	115,672	108,414	- 6.2	1,021,981	889,086

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted).

Average Weekly Balances, July, 1931.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provincial Bank, Limited.	Westminster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggregate.
ASSETS.											
Coin, bank and currency notes and balances with the Bank of England	35,398	1,516	2,942	36,508	7,592	37,600	3,088	27,494	28,497	3,148	183,783
Balances with and cheques in course of collection on other banks in the United Kingdom	8,168	545	956	7,297	1,873	10,380					45,379
Items in transit				2,349	640		195	7,051	8,128	786	2,989
Money at call and short notice	27,892	2,819	4,171	30,875	7,519	12,365	3,504	15,002	23,355	2,949	130,451
Bills discounted	52,123	1,829	772	49,229	5,238	79,253	1,809	43,617	45,725	1,376	280,971
Investments	59,512	4,038	7,130	54,842	20,215	40,648	16,109	35,668	53,790	7,596	299,548
Advances to customers and other accounts	171,288	8,893	13,923	177,397	36,734	199,826	16,232	143,901	129,302	15,486	912,982
Liabilities of customers for acceptances, endorsements, &c.	11,163	492	2,463	43,995	4,363	20,582	23	8,076	21,267	572	112,996
Bank premises account	6,501	380	695	7,751	2,700	10,800	785	6,876	5,480	1,002	42,970
Investments in affiliated banks	6,838			5,681		7,281		2,514	2,992		25,306
	378,883	20,512	33,052	415,924	86,874	418,735	41,745	290,199	318,536	32,915	2,037,375
LIABILITIES.											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	10,000	3,508	14,248	1,475	9,479	9,320	1,000	60,810
Current, deposit and other accounts	341,612	18,020	28,773	346,114	74,827	369,657	37,465	263,165	278,615	29,468	1,787,716
Acceptances, endorsements, &c.	11,163	492	2,463	43,995	4,363	20,582	23	8,076	21,267	572	112,996
Notes in circulation				5	16						1,317
Reduction of bank premises account			226								226
	378,883	20,512	33,052	415,924	86,874	418,735	41,745	290,199	318,536	32,915	2,037,375
Ratio of cash to current, deposit and other accounts	10.36	8.41	10.22	10.54	10.14	10.17	8.24	10.44	10.22	10.68	10.28

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

ASSETS.	Aug. 7, 1930.	July 23, 1931.	July 31, 1931.	Aug. 7, 1931.
Gold and bullion	2,619,025	1,352,803	1,363,298	1,365,024
Of which deposited abroad	149,788	65,548	99,553	99,553
Reserve in foreign currencies	317,312	159,533	246,322	307,211
Bills of exchange and cheques	1,588,595	3,066,554	3,521,605	3,579,196
Silver and other coin	153,634	73,618	45,034	60,395
Notes of other German banks	14,389	12,274	3,757	8,414
Advances	55,735	316,419	347,044	167,530
Investments	100,867	102,263	102,874	102,728
Other assets	684,915	920,491	908,794	818,769
LIABILITIES.				
Share capital	177,212	150,000	150,000	150,000
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	4,398,293	4,194,607	4,453,732	4,375,601
Other daily maturing obligations	421,695	585,017	833,788	780,581
Other liabilities	220,557	737,000	763,877	765,754

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

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

ASSETS.	Position, May 28, 1914.	Aug. 7, 1930.	July 23, 1931.	July 30, 1931.	Aug. 6, 1931.
Gold	232,650	1,208,232	1,438,954	1,492,715	1,564,791
Foreign Bills and Balances Abroad	835,291	918,084	894,134	874,366	842,020
Silver and other coin	4,358	17,386	20,944	21,399	23,017
Securities	697,600	767,699	738,451	796,106	833,859
LIABILITIES.					
Notes in circulation	934,150	3,061,446	3,316,401	3,317,417	3,358,158
Current accounts	112,125	123,372	129,971	171,882	196,926

(b) In thousand francs.

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

ASSETS.	Position, May 30, 1914.	Aug. 11, 1930.	July 20, 1931.	July 27, 1931.	Aug. 3, 1931.	Aug. 10, 1931.
Gold	163,092	390,643	528,919	596,027	603,118	633,722
Silver	8,436	25,318	35,332	35,435	35,014	35,327
Home Bills and Foreign Bills	153,504	234,185	228,684	228,719	229,821	229,929
Loans and advances in current account		86,037	107,602	92,989	107,658	91,226
LIABILITIES.						
Notes in circulation	316,632	813,151	921,969	933,020	971,068	941,215
Deposits	5,016	18,278	82,118	126,300	127,011	171,999

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

ASSETS.	Position, May 31, 1914.	Aug. 7, 1930.	July 15, 1931.	July 23, 1931.	July 31, 1931.	Aug. 7, 1931.
Gold	171,175	610,177	943,284	1,091,758	1,163,683	1,189,508
Foreign Bills and Balances abroad		332,191	478,939	487,245	468,884	496,863
Discounts		34,322	36,503	36,676	36,608	35,873
Advances		40,621	51,467	51,420	53,584	56,646
LIABILITIES.						
Notes in circulation	275,925	900,704	1,065,992	1,153,210	1,255,313	1,236,942
Deposits	33,750	183,400	515,562	573,924	550,641	619,602

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	July 31, 1930.	June 30, 1931.	July 10, 1931.	July 20, 1931.	July 31, 1931.
Gold, coin and bullion	5,209,700	5,368,100	5,368,500	5,371,300	5,372,000
Foreign bills and balance abroad	5,080,100	3,923,100	3,852,500	3,649,900	3,542,200
Other cash	694,300	324,500	283,400	260,100	287,000
Gold deposited abroad due by the State	1,793,900	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	2,780,700	3,894,600	3,024,800	3,188,700	3,265,900
Advances	1,072,500	1,568,700	1,202,200	1,045,100	1,124,300
Credit with "Istituto di Liquidazioni"	723,800	760,600	927,600	1,027,600	1,127,600
Government securities	1,141,700	1,235,300	1,255,100	1,256,100	1,347,800
LIABILITIES.					
Notes in circulation	16,181,700	14,683,400	14,680,300	14,502,700	14,678,300
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,845,800	1,501,600	1,622,200	1,670,600	1,949,000
Ratio of reserve to note and sight liabilities combined	56.14%	56.36%	55.60%	54.76%	52.8%

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

ASSETS.	Aug. 9, 1930.	July 18, 1931.	July 25, 1931.	Aug. 1, 1931.	Aug. 8, 1931.
Gold reserve	242,565	237,953	237,850	237,773	237,746
Government Securities—Swedish	21,167	3,019	3,019	3,019	3,019
Other Swedish bonds quoted on the Stock Exchange	65,992	32,037	32,037	32,037	32,037
Other Swedish bonds quoted on the Stock Exchange	103	691	569	555	533
Bills payable in Sweden	54,021	175,984	208,177	231,650	201,130
Balance abroad	107,590	90,500	87,866	62,059	61,388
Advances made on Government securities and bonds	179,125	155,455	134,835	126,019	114,804
LIABILITIES.					
Notes in circulation	35,999	28,677	32,015	33,625	29,647
Government deposits	524,893	513,111	498,795	562,065	529,583
Private deposits	104,119	161,747	159,529	149,011	150,151
	22,018	15,228	20,636	10,043	9,919

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

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

ASSETS.	Position, May 31, 1914.	Aug. 7, 1930.	July 22, 1931.	July 31, 1931.	Aug. 7, 1931.
Coin and bullion—Gold	44,224	146,556	146,364	146,364	146,366
Balance abroad and foreign bills	28,533	23,829	21,768	20,907	16,606
Norwegian and Foreign Government securities	8,616	48,037	53,329	53,389	53,804
Discounts and loans	76,911	217,485	170,251	178,325	175,148
LIABILITIES.					
Notes in circulation	113,484	310,718	289,916	295,725	291,071
Deposits at sight	7,188	57,511	62,688	66,467	49,154

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

ASSETS.	Position, May 30, 1914.	July 31, 1930.	Apr. 30, 1931.	May 31, 1931.	June 30, 1931.	July 31, 1931.
Coin and bullion	76,644	170,213	171,948	171,917	171,826	171,797
Loans and discounts	88,470	106,386	121,054	113,159	116,628	116,363
Debtors abroad	24,102	62,618	61,021	64,960	85,427	85,763
Securities	11,988	51,478	42,673	43,658	41,596	40,603
LIABILITIES.						
Circulation	157,266	347,246	353,708	341,638	343,323	338,890
Deposits	6,698	28,377	30,533	36,621	36,587	37,306

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

ASSETS.	Position, May 30, 1914.	Aug. 9, 1930.	July 11, 1931.	July 18, 1931.	July 24, 1931.	Aug. 1, 1931.
Gold	521,775	2,473,150	2,274,841	2,275,088	2,275,159	2,275,385
Silver	728,605	717,461	670,088	252,806	251,351	253,755
Loans & Discounts	800,725	2,077,435	3,192,978	3,253,595	3,197,925	3,282,578
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,486,943	5,396,827	5,470,315	5,457,461	5,469,187
Deposits	477,500	804,909	953,351	979,906	990,084	970,611

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

ASSETS.	July 31, 1930.	July 7, 1931.	July 15, 1931.	July 23, 1931.	July 31, 1931.
Cash Reserve—Gold coin and bullion	168,564	214,327	214,327	214,327	214,327
Foreign exchange	273,208	131,126	130,184	128,879	127,642
Other foreign exchange	470,229	293,561	277,879	248,404	224,733
Bills discounted	115,426	511,320	533,922	588,352	632,090
Govt. debt	101,437	96,099	96,099	96,099	95,647
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,803	10,803	10,803	10,803	10,803
Notes in circulation	1,020,603	1,034,977	1,068,817	1,098,687	1,205,307
Deposits	114,576	217,639	190,872	186,497	94,354

† In dollar and sterling only.

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

ASSETS.					
	July 31, 1930.	July 7, 1931.	July 15, 1931.	July 23, 1931.	July 31, 1931.
Metal reserve—					
Gold coin and bullion	162,636	111,803	111,804	111,805	111,799
Drate and notes	43,059	13,210	12,190	10,802	9,952
Silver coin and bullion	12,235	13,714	14,309	14,212	13,092
Inland bills, warrants and securities	202,658	280,184	257,182	334,440	389,225
Advances to the Treasury	72,255	58,560	58,560	58,560	58,560
LIABILITIES.					
Share capital (gold crowns 30,000,000)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	466,247	373,072	34,717	418,817	500,781
Current accounts, deposits, &c.	33,280	60,283	65,114	71,041	39,845

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania.....	July 1, 1931 2 1/2	Madrid.....	July 8, 1931 6 1/2
Amsterdam.....	May 16, 1931 2 1/2	Oslo.....	Nov. 7, 1930 4 1/2
Athens.....	Dec. 2, 1928 10 9	Paris.....	Jan. 2, 1931 2 1/2
Batavia.....	Mar. 10, 1930 5 4 1/2	Prague.....	June 24, 1930 4 1/2
Belgrade.....	July 20, 1931 6 1/2	Pretoria.....	Mar. 12, 1931 5 1/2
Berlin.....	Aug. 12, 1931 15 10	Reval.....	Oct. 4, 1930 8
Brussels.....	July 31, 1930 3 2 1/2	Riga.....	Oct. 1, 1930 7 1/2
Bucharest.....	Mar. 31, 1931 9 8	Rome.....	May 20, 1930 6 1/2
Budapest.....	Aug. 6, 1931 6 7	Sofia.....	June 4, 1931 9
Calcutta.....	Nov. 12, 1930 4 3 1/2	Stockholm.....	July 30, 1931 3
Copenhagen.....	July 28, 1931 7 10	Swiss Bank	
Danzig.....	Aug. 26, 1930 6 1/2	places.....	Jan. 22, 1931 2 1/2
Helmsfors.....	Feb. 8, 1925 6 7	Tokio.....	Oct. 6, 1930 5-48 5-11
Kovno.....	June 2, 1930 8 7 1/2	Vienna.....	July 22, 1931 7 1/2
Lisbon.....	May 7, 1931 2 1 1/2	Warsaw.....	Oct. 3, 1930 6 1/2
New York Federal Reserve.....		Irish.....	July 30, 1931 4 1/2

Central Bank of Chile.—Discount rate for member banks, 9%; discount rate for the public, 10%.
 a 6% applied to banks and credit institutions.
 b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

Aug. 13, 1931.	July 15, 1931.	July 22, 1931.	July 29, 1931.	Aug. 5, 1931.	Aug. 12, 1931.
Call money.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Time money (90 days) mixed coll.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Bank acceptance:—					
Members—eligible, 90 days.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Non-mem.—eligible, 90 days.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Ineligible, 90 days.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Commercial accept. 90 days.....	3	2	2	2	2

Rates of Exchange, New York on—	Par Level.	Aug. 13, 1931.	July 29, 1931.	Aug. 5, 1931.	Aug. 12, 1931.
London—					
60 days.....		1.84 1/2	4.82 1/2	4.81 1/2	4.81 1/2
Cable.....		4.87 1/2	4.85 1/2	4.85 1/2	4.85 1/2
Cheques.....		4.86 1/2	4.85 1/2	4.85 1/2	4.85 1/2
Paris.....		3.91 1/2	3.91 1/2	3.91 1/2	3.91 1/2
Brussels.....		13.90	13.95 1/2	13.94	13.92 1/2
Switzerland.....		19.30	19.44 1/2	19.50	19.50 1/2
Italy.....		6.25 1/2	6.25 1/2	6.25 1/2	6.25 1/2
Berlin.....		23.31	23.31	23.31	23.31
Vienna.....		14.07	14.13 1/2	14.06	14.05 1/2
Madrid.....		19.30	10.91	9.05	8.70
Amsterdam.....		40.195	40.28	40.29	40.30
Copenhagen.....		26.81	26.72	26.69	26.73
Oslo.....		26.80 1/2	26.72	26.70	26.74
Stockholm.....		26.88	26.75	26.72	26.75
Athens.....		1.297	1.29 1/2	1.29 1/2	1.29 1/2
Montreal.....		100	49.36	49.36	49.36
Yokohama.....		49.85	32.15	24.50	23.75
Hong Kong.....		36.25	30.62 1/2	30.62 1/2	29.62 1/2
Shanghai.....		36.50	36.05	35.90	35.92
Buenos Aires.....		103.65	120.35	148.00	153.00
Rio de Janeiro.....		32.42	10.30	7.00	6.55
Valparaiso.....		12.125	12.01	12.05	12.05

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Bar Value.	Usance.	Latest Rate.
Ecuador.....	Sucres to £.....	24.3325	Sight London	24.61
Venezuela.....	Bolivianos to £.....	25.25	"	28.18
Colombia (Bogota).....	Pesos to £.....	4.8665	"	5.04
Nicaragua.....	Colonias to £.....	9.75	"	9.92
Salvador.....	Colonias to £.....	13.33	"	13.56
Bolivia.....	Bolivianos to £.....		"	

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

	Union of South Africa.		Union of South Africa.	
	From March 16, 1931.		From March 14, 1931.	
	London on South Africa.		South Africa on London.	
	Buying.	Selling.	Buying.	Selling.
T.T.	1 1/2% dis.	1 1/2% dis.	par to 1% pm.	1 1/2% prem.
Demand	1 1/2% "	1 1/2% "	1 1/2% dis.	1 1/2% "
30 days	2 1/2% "	2 1/2% "	1 1/2% "	1 1/2% "
60 days	2 1/2% "	2 1/2% "	1 1/2% "	1 1/2% "
90 days	2 1/2% "	2 1/2% "	2 1/2% "	2 1/2% "
120 days	3 1/2% "	3 1/2% "	2 1/2% "	2 1/2% "

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London*.			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.
T.T.	...	...	130	109½	130	...	130½	110
Sight.....	131½	111½	130½	110	129½	109½	130½	109½
30 days.....	132½	111½	...	...	128½	108½	130	109½
60 days.....	133	112½	...	...	128½	107½	129½	109
90 days.....	133½	113	...	...	128½	107½	128½	108½

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

	During the week ending 1 to Aug. 8, 1931.	From April 8, 1931.
Sterling purchased in India.....	£.....	£.....
Net transfer to Home Treasury.....	100,500	12,306,004
Less sales of sterling.....	100,500	3,306,004
Net remittance to Home Treasury.....	...	9,000,000

GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on July 31, 1931:—

In India:	£	£
Gold.....	17,898,500	
In England:		
Cash at the Bank of England.....	1,440	
Gold.....	2,152,334	
British Treasury Bills:—Value as on July 31, 1931.....	962,674	
Other British and Dominion Government Securities:—At or below market value on July 31, 1931.....	18,985,052	
	22,101,50	
	£40,000,00	

BULLION.

The following statistics of imports and exports of gold for week ended August 13, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Netherlands.....	Netherlands.....
France.....	France.....
Switzerland.....	Switzerland.....
Belgium.....	Belgium.....
Austria.....	Austria.....
Portugal.....	Portugal.....
Spain.....	Spain.....
Italy.....	Italy.....
Greece.....	Greece.....
Russia.....	Russia.....
Japan.....	Japan.....
China.....	China.....
India.....	India.....
Other Countries.....	Other Countries.....
Total declared value of imports.....	Total declared value of exports.....

GOLD MOVEMENTS.

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

1931.	ARRIVALS.	1931.	WITHDRAWALS.
August 7	Bars bought..... 25,014	August 7	Bars sold..... 644,900
	Sovs. from abroad..... 614,000		Sovs. for export..... 311,000
	Sovs. released..... 400,000		Sovs. sold..... 20,000
	8 Sovs. released..... 650,000		10 Bars sold..... 307,700
	10 Bars bought..... 1,702		10 Bars sold..... 72,000
	Sovs. from abroad..... 200,000		11 Sovs. for export..... 72,000
	11 Sovs. released..... 425,000		12 Bars sold..... 6,800
	12 Sovs. from abroad..... 2,842		13 Sovs. for export..... 4,000
	Sovs. released..... 200,000		13 Sovs. for export..... 3,000
	13 Sovs. from abroad..... 3,575		
Total.....	2,522,133	Total.....	1,495,800

Net arrivals, £1,026,470.

Messrs. Samuel Montagu and Company write on August 11, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £133,516,615 on the 5th instant (as compared with £132,034,665 on the previous Wednesday), and represents a decrease of £14,109,007 since December 31, 1930. The shipment of bar gold which arrived from South Africa this week amounted to about £941,000, of which £550,000 had been sold forward. The balance of £391,000, together with £77,000 from the Straits Settlement was available in the open market yesterday. The price was fixed at 84s. 10 1/2d. per fine ounce, at which £420,000 was taken by an undisclosed buyer, £5,000 for India and £43,000 for the Home and Continental trade. The sudden adverse movement in exchange to which we referred in our last letter was followed by a heavy withdrawal of gold from the Bank of England on the 6th instant when over £2,500,000 in bar gold was taken for France and Holland. Owing, however, to the quick recovery made in the exchange the movement was not prolonged. Movements of gold at the Bank of England during the week resulted in a net efflux of £1,521,730. Receipts consisted of £1,675,000 in sovereigns "released," £816,800 in sovereigns received from abroad and £26,716 in bar gold. Withdrawals totalled £4,040,290, of which £3,791,290 was in bar gold and £249,000 in sovereigns taken for export.

SILVER.

The market developed a weaker tendency during the past week. Weakness in the Shanghai exchange was followed by selling of China account, and by the 10th instant prices had fallen to 12 1/2 for both cash and two months' delivery. America has been disposed to sell for near delivery, but has been more inclined to be

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended July 9, 1931. (c) Week ended Aug. 8, 1931.	Miles Open.	Week ended Aug. 9, 1931. (000's omitted.)					Aggregate 32 weeks, 1931. (000's omitted.)				
		Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods.	Total for Week.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total Receipts.
	£	£	£	£	£	£	£	£	£	£	£
Great Western.....	3,761	352	130	68	198	550	7,009	5,988	3,315	9,303	16,312
Do. for 1930.....	3,761	371	140	68	208	579	7,623	6,753	3,816	10,569	18,252
L. & N. Eastern (c).....	6,349	469	274	178	452	948	10,439	10,705	7,408	18,113	28,552
Do. for 1930.....	6,349	512	305	209	514	1,026	11,381	12,410	8,175	20,563	31,966
Lon. Mid. & Scot. (c).....	6,958	732	344	143	487	1,219	15,797	14,601	7,749	22,350	38,147
Do. for 1930.....	6,958	752	389	169	558	1,310	16,910	16,899	8,001	24,900	41,810
Southern.....	2,180	450	56	18	74	524	9,709	2,274	997	3,271	12,980
Do. for 1930.....	2,179	467	62	21	83	550	10,259	2,464	938	3,402	13,661
Total of above.....	19,248	2,030	804	407	1,211	3,241	42,954	33,568	19,469	53,037	95,999
Do. for 1930.....	19,248	2,102	895	467	1,362	3,464	46,173	38,526	20,930	59,456	105,629
Metropolitan (c).....	59	31.1	...	...	3.1	34.2	100.82	...	...	123.3	1131.5
Do. for 1930.....	59	32.2	...	...	3.4	35.6	104.78	...	...	127.5	1175.5
Undgd. B.R. (c).....	295.1	...	...	...	295.1	942.55	...	...	...	942.5	9425.5
Do. for 1930.....	293.6	...	...	...	293.6	960.76	...	...	...	960.7	9607.6
Green Buses, &c. (c).....	34.9	...	...	...	34.9	771.6	...	...	...	771.6	7716.6
Lon. & Sb. Grp. (c).....	44.4	...	...	...	44.4	139.07	...	...	...	139.0	1390.7
Do. for 1930.....	44.4	...	...	...	44.4	140.6	...	...	...	140.6	1406.6
*B'F & Co. D. (b).....	80	4.7	...	...	5.3	84.5	...	...	21.0	105.3	1053.3
Do. for 1930.....	80	4.0	...	...	6.4	89.7	...	...	23.5	113.3	1133.3
*G. Northern (b).....	562	20.6	...	...	9.6	30.2	350.2	...	460.1	810.3	8103.3
Do. for 1930.....	562	20.3	...	...	11.3	31.6	380.2	...	462.6	820.8	8208.8
*G. Southern (b).....	2,188	46.3	...	...	34.5	80.8	889.2	...	1162.6	2051.8	20518.8
Do. for 1930.....	2,188	48.6	...	...	38.4	87.0	878.2	...	1168.8	2247.0	22470.0

* Aggregate 31 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Month.	Gross Receipts for Week.	Total Gross Receipts.
				1931.	1931.
				+ or -	+ or -
INDIAN.					
Assam Bengal.....	15	July 11	1,329	Rs. 3,45,700 +	55,97,943 +
Barcl. & Ry.	16	18	202	3,45,700 +	6,21,500 +
Bombay & N. Western	16	11	2,119	5,20,758 +	1,03,56,114 +
Bombay, Bar. & C.I.	16	11	3,199	13,11,000 +	2,30,97,1
Bombay, Bar. & C.I.	16	11	3,199	13,11,000 +	2,30,97,1
Bombay, Bar. & C.I.	16	11	3,199	13,11,000 +	2,30,97,1
Bombay, Bar. & C.I.	16	11	3,199	13,11,000 +	2,30,97,1
Bombay, Bar. & C.I.	16	11	3,199	13,11,000 +	2,30,97,1
Bombay, Bar. & C.I.	16	11	3,199	13,11,000 +	2,30,97,1
Bombay, Bar. & C.I.	16	11	3,199	13,11,000 +	2,30,97,1

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	31	Aug. 7	20398	3,257,132	- 985,778	106,340,232	- 26,963,919
Canadian Pacific...	31	Aug. 7	15721	2,642,000	- 871,000	85,023,000	- 18,907,000

SOUTH AMERICAN.

	32	1931.		£	-	£	£	£
Antioquia (Chili and Bolivia).....	Aug. 9	804	13,750	-	8,050	567,360	-	336,650
Argentina N.E.	8	753	12,700	-	1,100	73,700	-	13,700
Argentina Trans.	8	111	1,724	-	1,850	9,911	-	6,380
B.A. and Pacific.....	8	2,806	110,000	-	10,000	639,000	-	55,000
B.A. Central.....	8	2,806	12,222	-	2,573	57,534	-	11,752
B.A. Gt. Southern	8	5,075	148,000	-	25,000	921,000	-	134,000
B.A. Western	8	1,926	65,000	-	5,000	370,000	-	39,000
Central Argentine.....	8	3,442	216,000	+ 26,000		1,239,000	+ 114,000	
Central Uruguayan	8	273	23,607	3,406		128,012	30,527	
C. Ury. (East Ext.)	8	311	4,218	1,024		23,885	8,833	
C. Ury. (S. Ext.)	8	185	2,012	985		11,245	7,990	
C. Ury. (W. Ext.)	8	211	1,730	887		11,020	5,320	
C. Ury. (W. Ext.)	8	1,218	65,000	...		355,000	15,000	
Cordoba Central.....	8	10	19,500	5,100		112,900	26,000	
Entre Rios	8	1,052	4,600	2,100		211,900	234,400	
G. Westn. of Brazil	32	8	1,918	27,068	8,946	720,940	363,765	
Leopoldina	32	8	...	3,823	2,461	117,538	74,081	
Leopoldina Termal.	32	8	...	8,834	7,266	102,848	169,193	
Nitrato	31	July 31	411	6,834	7,266	102,848	169,193	
Paraguay Centra.	6	8	274	3,400	770	20,390	4,400	
Salvador	6	8	100	1,369	1,403	11,779	2,310	
San Paulo	31	6	2,154	29,340	9,150	868,805	387,078	
San Pedro y Havana	6	8	1,369	21,604	15,904	121,860	87,511	

Manchester.—Business in the market during the past week has been thoroughly disorganised by the slump in raw cotton prices. Attempts are now being made to adjust matters, but the process is slow, and most buyers are inclined to hold aloof until the outlook is clearer. There is a fear in many quarters of a further decline in

values. Late last week there was increased activity in piece goods for China. Although the bulk of the orders were in fancies, and particularly poplins, a few more contracts were arranged in grey and white shirtings. The change in the cotton situation has had a vital effect upon this demand, and trade has fallen off. Operations in piece goods for India have been very restricted, and merchants complain of the smallness of the turnover. Exporters to the several minor outlets East and West have adopted a waiting policy and home trade buyers have not been in any hurry to place orders with makers. The slump in values is a serious matter for all firms that are compelled to carry stocks, and serious losses will have to be faced. In American and Egyptian yarns prices have been reduced in sympathy with the fall in the raw material. Conditions have been very irregular. Here and there buyers have taken a view of the market, and placed fair lines, but most users continue cautious in operating.

Cotton Prices.

	1931.				Corresponding Date.	
	July 22.	July 29.	Aug. 5.	Aug. 12.	1929.	1930.
Raw Cotton—Mid. American..... per lb.	5.11	4.72	4.35	4.35	10.24	7.15
" Sakalville Fully Good Fair..... per lb.	7.45	7.10	6.65	5.75	16.50	11.95
Yarns—32's twist..... per lb.	8.1	8.1	8.1	8.1	15.1	11.1
" 40's twist..... per lb.	9.1	9.1	9.1	9.1	15.1	11.1
" 60's twist (Egyptian)..... per lb.	14.1	14.1	14.1	14.1	25.1	20.1
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	17.4	17.1	16.1	15.1	25.1	20.1
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	19.3	19.0	18.9	17.9	28.0	23.0
38-in. ditto, 36 yds., 18 by 16, 10 lb.....	10.1	9.1	9.1	9.1	15.1	12.1
38-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9.9	9.7	9.5	8.10	13.6	11.4

THE WOOL TRADE.—Bradford.—The figures recently published by Dalgety and Company, Ltd., writes our correspondent, showing the quantities of wool produced in Australia and New Zealand during the 1930-31 season are very suggestive. The decrease of approximately 70,000 bales in the Australian production, compared with the 1929-30 season, is more than counter-balanced by an increase in New Zealand. The poor prices realisable for fleece wool brought about a big increase in the number of sheep and lambs slaughtered in New Zealand, and an increase in the output of slipes. When all things are considered, the industry has recovered fairly well from the serious slump experienced during the early part of this year. The trade has to look forward to a big increase in the next Australian clip. It will not be much less than 3,000,000 bales, and a larger output from other sources may be anticipated. Unfortunately the slump in cotton is calculated to react more or less adversely upon merino wool. The two commodities have always moved very much in harmony with each other. The real test for wool will begin when the Australian selling season opens, and further tests will be made as successive clips are offered. It is a foregone conclusion, however, that the fall in cotton has prevented any new upward movement in wool. If prices for the latter hold their own, it will be due entirely to the development of demands which are not now in sight. Traces of weakness are seen in the Bradford market. Quotations for tops are unaltered, compared with a fortnight ago, and certain makers are keeping up a very firm attitude, alleging that where tops are actually needed, they can sell at little or no concession. For bulk business, however, it is admitted that merinos can be bought ½d. per lb. cheaper, and crossbreds are rather weak.

THE GRAIN MARKETS.

WHEAT.—The wheat markets have been a little steadier during the past week. In his weekly survey of the wheat trade, Mr G. Broomhall has compiled an interesting table showing the total wheat supplies of the principal exporting countries. Including the United States, Canada, Argentina, Australia and Russia, the total at 221,600,000 quarters is 7,100,000 quarters below last year's supplies. In comparing these figures it must, however, be borne in mind that the European crops are better than last year and that imports have been made more difficult by many countries by means of restrictions. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 24s. per 496 lbs., as compared with 23s. 9d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 22s. 9d., against 22s. 9d.; No. 3 Northern Manitoba, Atlantic, ex ship, 21s., against 21s. 3d.; Rosale, ex ship, 19s. 3d., against 19s. 3d.; Australian, ex ship, 20s. to 22s. 6d., against 20s. 6d. to 23s. a week ago.

WHEAT FLOUR.—The home trade in wheat flour has been more active as a result of an improvement in the demand by bakers. North American shipments, at 188,000 sacks, show an increase of 27,000 sacks as compared with the previous week. Of this total 117,000 were consigned to non-European countries. Quotations: Straight run, delivered country, 21s. per sack of 280 lbs., as compared with 22s. last week; delivered London, 20s., against 21s. Manitoba patents, ex store, 20s. 3d. to 24s., against 21s. to 24s.; and Australian, ex store, 16s. 6d. to 17s., against 16s. 9d. to 17s. 9d. a week ago.

BARLEY.—Barley has been steady and prices have recovered from the fall at the end of last week. The yield in the United States has been estimated at 221,000,000 bushels by the Crop Reporting Board, which compares with 325,893,000 bushels last year. Quotations: "English feeding," f.o.r., per 448 lbs., 20s. to 22s., as compared with 20s. to 22s. Californian sold at from 34s. to 50s., as compared with 34s. to 50s. last week; "Australian

Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—Oats have been dull, but in the absence of selling pressure prices have been maintained. Quotations: "River Plate," landed, 11s. 3d. per 320 lbs., as compared with 11s. 3d. last week; "River Plate," ex ship, 10s. 3d., against 10s. 3d.; "Chilean," Tawny," landed, 12s. 9d., against 12s. 9d.; English white, per 336 lbs., 20s., against 20s. a week ago.

MAIZE.—Last week's shipments from the Argentine at 1,261,000 quarters show an increase of 60,000 quarters on the previous week, and the pressure exerted by these enormous supplies have resulted in a further weakening in prices. Quotations: "Plate," landed, 15s. 3d. per 480 lbs., as compared with 15s. 9d. last week; Plate, ex ship, 14s., as against 14s. 6d.; Plate, August-September, new, 14s. 1½d., as against 14s. 6d. Yellow maize meal, ex wharf, was quoted £4 15s. per ton, against £5 a week ago.

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

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat.....	Cwts. 21,284	Cwts. 75,560	Cwts. 39,062	Cwts. 64,499
1 week to August 8.....	4,902,609	9,564,354	9,737,194	11,048,387
49 weeks to August 8.....				
Average price of English wheat per cwt.....	s. d. 6 6	s. d. 8 4	s. d. 12 0	s. d. 10 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER QWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Aug. 1, 1931.....	Cwts. 25,067	Cwts. 1,499	Cwts. 7,136	s. d. 6 5	s. d. 6 4	s. d. 6 8
Aug. 6, 1927.....	42,262	2,333	8,765	12 7	11 11	10 3
Aug. 11, 1928.....	64,499	3,599	5,416	10 9	10 7	11 2
Aug. 10, 1929.....	39,062	2,900	7,415	12 0	9 10	9 7
Aug. 9, 1930.....	75,560	3,906	11,495	8 4	6 4	6 11

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Aug. 13, 1930.	Jan. 2, 1931.	July 29, 1931.	Aug. 5, 1931.	Aug. 12, 1931.
Winnipeg (No. 1 Manitoba).....	148½	93½	56½	54½	52½	56½
Chicago (No. 2 Winter).....	130½	88½	79½	51½	48½	50½

The visible supply of wheat in Canada at 61,648,000 bushels shows a decrease on the week of 992,000 bushels. Supplies a year ago stood at 55,188,000 bushels.

OTHER FOODS.

SUGAR.—The market in raw sugar has been dull, and in view of the unsettled outlook, buying was confined to immediate requirements. Prices, consequently, showed a weakening tendency. Wednesday's sales of "raws" included "December delivery" at 6s. 3½d. to 6s. 4½d. per cwt., against 6s. 7½d., and "March," 1932, at 6s. 6½d. to 6s. 7½d., against 6s. 10d. to 6s. 10½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
London.....	Tons. 1,127	Tons. ...	Tons. 783	Tons. 611	Tons. 27,858	Tons. 28,104
Liverpool...	21,417	19,356	12,530	14,889	77,610	102,304
Total.....	22,544	19,356	13,293	15,480	105,368	130,408
Last week...	20,823	31,687	15,100	10,884	96,117	126,632

COFFEE.—At the auctions this week, demand was slow and prices were generally easier. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 265 bags; exported, 185 bags; stocks, 2,101 bags, against 1,149 bags last year. Central American, landed, 570 packages; delivered for home consumption, 1,513; exported, 861; stocks, 99,844 packages, against 88,980 a year ago. Other kinds, landed, 1,930 packages; delivered for home consumption, 1,812; exported 1,930; stocks, 79,175 packages, against 96,388 a year ago.

COCOA.—The market in cocoa has again been easier during the week. The low level of prices is largely a result of the excess supplies. The quantity of raw cocoa imported in July at 31,985 cwt. compares with 19,389 cwt. in the corresponding month of last year. The quantity entered for home consumption during the first seven months of the current year at 998,509 cwt. actually shows an increase of 18,158 cwt. on last year. As compared with the corresponding day last week, Wednesday's quotation for Acroa, fair fermented, mid-crop, August-September, at 17s. per cwt. f.o.b. London contract, shows a fall of 3d.

TEA.—The quantities catalogued for this week's auction comprised 44,235 packages of Indian, 28,904 packages of Ceylon, and 15,218 packages of Java and Sumatra tea. The Indian auctions on Monday began with an improved demand for good liquoring

OVERSEAS TRADE RETURNS.

Imports (Value C.I.F.).

	Month ended July 31.		Seven months ended July 31.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour.....	6,075,571	5,032,650	40,342,273	28,370,920
B. Feeding stuffs for animals.....	349,721	351,076	3,720,427	2,732,342
C. Meat.....	9,714,067	8,543,229	68,919,604	55,222,161
D. Animals, living, for food.....	1,136,339	954,326	8,803,755	7,626,456
E. Other food and drink, non-durable.....	16,286,424	15,963,617	109,983,489	103,191,062
F. Other food and drink, durable.....	4,875,156	3,667,800	34,296,890	29,809,117
G. Tobacco.....	729,476	562,147	6,955,386	5,703,871
Total, Class I.....	39,166,754	35,074,845	273,021,824	232,655,929
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal.....	2,327	3,328	17,015	19,143
B. Other non-metallic mining and quarry products and the like.....	509,768	360,048	3,381,279	2,358,560
C. Iron ore and scrap.....	409,053	185,758	3,732,281	1,495,185
D. Non-ferrous metalliferous ores and scrap.....	841,750	556,535	8,211,936	4,481,524
E. Wood and timber.....	6,038,376	4,369,884	22,236,037	14,188,911
F. Raw cotton and cotton waste.....	1,671,547	1,509,913	28,947,677	14,829,611
G. Wool, raw and waste, and woolen rags.....	2,808,934	1,768,765	34,072,945	26,006,989
H. Silk, raw, knubs and noils.....	49,774	75,530	996,506	713,515
I. Other textile materials.....	471,724	349,978	7,237,688	3,989,748
J. Oil seeds, nuts, oils, fats, resins and gums.....	2,729,636	1,852,708	21,858,664	15,834,840
K. Hides and skins, undressed.....	1,267,775	736,248	10,544,063	6,675,772
L. Paper-making materials.....	1,054,496	970,802	7,112,865	5,291,026
M. Rubber.....	656,270	294,504	7,274,662	3,226,543
N. Miscellaneous raw materials and articles mainly unmanufactured.....	610,849	540,563	5,960,756	4,833,393
Total, Class II.....	19,122,279	13,569,564	161,584,374	103,944,760
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel.....	1,779	485	6,664	10,338
B. Earthenware, glass, abrasives, &c.....	882,299	811,906	6,322,885	5,212,682
C. Iron and steel and manufactures thereof.....	1,687,166	1,557,035	14,251,817	10,650,190
D. Non-ferrous metals and manufactures thereof.....	2,531,679	1,780,448	18,800,339	12,424,482
E. Cutlery, hardware, implements, and instruments.....	699,671	579,959	4,548,333	3,918,366
F. Electrical goods and apparatus.....	800,634	459,437	3,942,116	2,675,944
G. Machinery.....	1,415,507	1,227,093	11,189,728	8,524,154
H. Manufactures of wood and timber.....	683,395	601,650	5,264,959	4,084,240
I. Cotton yarns and manufactures.....	741,466	686,331	5,613,164	4,822,162
J. Woollen and worsted yarns and manufactures.....	1,196,358	1,045,406	8,303,383	7,349,819
K. Silk and silk manufactures.....	882,061	607,544	6,850,947	5,031,310
L. Manufactures of other textile materials.....	1,241,637	1,229,072	9,228,141	8,443,156
M. Apparel.....	1,577,909	1,630,484	11,490,484	11,643,200
N. Chemicals, drugs, dyes and colours.....	1,099,490	973,972	8,070,509	7,127,227
O. Oils, fats, and resins, manufactured.....	4,907,752	2,191,697	30,141,159	17,677,420
P. Leather and manufactures thereof.....	1,299,235	1,010,502	8,842,261	7,084,809
Q. Paper and cardboard.....	1,479,192	1,441,884	10,176,625	8,588,767
R. Vehicles (including locomotives, ships, and aircraft).....	639,992	266,136	4,469,587	2,229,841
S. Rubber manufactures.....	259,202	248,947	2,436,530	1,913,822
T. Miscellaneous articles, mainly or wholly manufactured.....	2,235,304	2,395,979	15,657,238	15,521,787
Total, Class III.....	25,961,728	20,745,967	185,606,869	145,099,830
IV.—Animals, not for food.....	355,358	279,612	1,993,777	2,019,841
V.—Parcel Post, non-durable articles.....	560,307	475,895	4,559,270	4,214,132
Total.....	85,166,426	70,145,883	626,766,114	487,934,492

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended July 31.		Seven months ended July 31.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	£ 388,128	£ 270,206	£ 2,664,282	£ 1,925,322
B. Feeding stuffs for animals	152,348	128,178	1,237,907	1,273,189
C. Meat	113,965	91,817	830,386	697,668
D. Animals, living, for food	14,877	5,057	99,745	107,917
E. & F. Other food and drink	2,979,941	1,860,268	17,103,247	13,053,357
G. Tobacco	741,243	568,843	5,407,827	3,394,547
Total, Class I.	4,390,502	2,724,369	27,343,394	20,452,000
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,898,123	2,876,606	27,886,998	20,040,889
B. Other non-metallic mining and quarry products and the like	98,279	102,085	1,011,234	660,990
C. Iron ore and scrap	17,507	44,239	320,259	275,206
D. Non-ferrous metalliferous ores and scrap	76,989	45,456	530,787	274,971
E. Wood and timber	34,673	16,184	187,429	131,816
F. Raw cotton and cotton waste	56,928	30,033	427,007	184,106
G. Wool, raw and waste, and wool- len rags	327,782	256,621	3,132,948	1,786,669
H. Silk, raw, knubs and noils	1,106	788	10,671	5,040
I. Other textile materials	26,041	29,520	203,136	110,849
J. Oil seeds, nuts, oils, fats, resins, and gums	273,843	184,829	2,284,775	1,527,236
K. Hides and skins, undressed	95,071	47,403	1,008,295	506,216
L. Paper-making materials	79,328	70,315	690,904	424,246
M. Rubber	12,155	7,752	113,731	56,517
N. Miscellaneous raw materials and articles mainly unmanufactured	168,244	133,014	1,900,279	1,597,146
Total, Class II.	5,166,069	3,844,845	39,698,453	27,583,896
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	247,222	189,833	1,884,672	1,499,057
B. Earthenware, glass, abrasives, &c.	1,136,109	785,556	7,459,021	4,986,214
C. Iron and steel and manufac- tures thereof	4,894,200	2,599,030	33,553,438	18,388,900
D. Non-ferrous metals and manu- factures thereof	1,043,191	674,764	7,819,262	4,323,334
E. Outlery, hardware, implements, and instruments	688,621	501,389	4,566,724	3,155,185
F. Electrical goods and apparatus	1,039,944	691,324	7,161,273	4,842,327
G. Machinery	4,440,125	2,693,365	29,379,528	19,685,213
H. Manufactures of wood and timber	207,001	122,674	1,299,088	858,424
I. Cotton yarns and manufactures	7,461,984	5,368,353	59,325,176	33,997,520
J. Woollen and worsted yarns and manufactures	3,260,500	2,500,195	22,634,641	14,948,670
K. Silk and silk manufactures	148,448	96,477	992,838	650,300
L. Manufactures of other textile materials	1,841,878	1,188,510	12,638,132	7,740,867
M. Apparel	1,632,936	1,192,740	11,715,418	8,025,754
N. Chemicals, drugs, dyes, and colours	2,001,496	1,571,315	13,814,973	10,487,646
O. Oils, fats, and resins, manufac- tured	603,036	494,702	4,662,906	3,265,408
P. Leather and manufactures thereof	460,878	288,386	3,471,782	1,919,318
Q. Paper and cardboard	833,820	567,740	5,269,789	3,645,737
R. Vehicles (including locomotives, ships, and aircraft)	4,698,908	2,839,846	30,949,437	20,131,595
S. Rubber manufactures	274,119	201,328	1,774,584	1,359,834
T. Miscellaneous articles mainly or wholly manufactured	2,744,200	1,940,214	17,907,340	12,967,003
Total, Class III.	39,658,622	26,507,741	278,280,082	176,878,306
IV.—Animals, not for food	187,082	162,348	910,744	617,188
V.—Parcel Post	1,344,198	1,012,347	9,365,052	7,876,235
Total	50,746,473	34,251,650	355,597,725	233,407,628

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders				English Southdown, washed				Best heavy ox and heifer			
Wheat, No. 2, N. Man. 496 lb.	22	9	0	American, boxes, 56 lbs.	40	3	41	per lb.	12	Best cow	0	Best calf	0	0	0
Eng. Gas. av., per cwt.	6	6	0	POTATOES—				Queensland, acd. super combg.	20						
Barley, Eng. Gas. av.	6	9	0	Good English, per cwt.	6	0	7	N.S.W. greasy, super	11						
Oats	6	9	0	SPICES—				N.Z., gray, half-bred 50-55	8 1/2						
Maize, La Plata, landed, 480 lb.	15	3	0	Pepper, per lb.				Crossbred 40-44	6						
Flour, Lon. stan. ex mill, s. d.				Muntok, fair White	0	8	0								
280 lb.	18	9	0	Black Lampung	0	5 1/2	0								
Rice, No. 2 Burma, per cwt.	9	1 1/2	0	Cinnamon—1st sort, per lb.	0	7 1/2	0								
Sago, Pearl, per cwt.	16	6	0	Cloves—Zanzibar per lb.	0	9 1/2	0								
Tapioa, per cwt.				Ginger—per cwt.	25	0	0								
B.I. flake, fair spot	17	6	0	African	25	0	0								
Medium pearl	20	0	0	Jamaica, ord. to good	40	0	80								
MEAT—				Mace	0	9	1								
Beef, per 8 lbs.				Nutmegs 65s	1	3	0								
English long sides	5	0	5	SUGAR—											
Argentine chilled hinds	5	2	5	(Duty, 11s. 8d. per cwt.)	18	0	21								
Mutton, per 8 lbs.				B.W.I., crystallised	18	0	21								
English wethers	5	8	7	Java, white, c. & f. India	7	10 1/2	0								
N.Z. frozen	3	4	3												
Pork, English, per 8 lbs.	4	8	5	REFINED—London—											
OTHER FOODS.				Yellow Crystals	19	4 1/2	0								
Irish	79	0	90	Cubans	23	9	24								
Danish	72	0	74	Crushed	22	3	22								
Dutch	67	0	69	Granulated	20	0	20								
HAMS—Irish	0	0	0	Home Grown (June)	19	1 1/2	19								
Canadian	0	0	0												
American	80	0	89	TEA—											
BUTTER—				Indian—per lb.	0	5	0								
Irish creamery per cwt.	112	0	0	Pekoe	0	5	0								
Australian	110	0	112	Broken Pekoe	0	5	1 1/2								
New Zealand	114	0	116	Orange Pekoe	0	6	2 1/2								
Danish	112	0	114	Broken Orange Pekoe	0	5 1/2	3 1/2								
CHEESE—				Ceylon—per lb.	0	5 1/2	2 1/2								
Canadian	66	0	72	Pekoe	0	6 1/2	2 1/2								
New Zealand	63	0	65	Broken Pekoe	0	6 1/2	2 1/2								
English Cheddars	50	0	75	Orange Pekoe	0	6 1/2	2 1/2								
Dutch	48	0	56	Broken Orange	0	6 1/2	2 1/2								
COCOA—				TOBACCO—											
(Duty, British grown,				Duty 8/10-9/10 per lb.											
11s. 8d.; foreign, 14s. cwt.)				Empire growths, 6/9 1/2											
Acacia, f.f., per cwt.	22	0	27	7/6 1/2 per lb.											
Trinidad	38	0	46	Virginia leaf											
Grenada	28	0	36	Common to fine	0	6	2								
COFFEE—				Rhodan leaf	0	8	1								
(Duty, British grown,				Nyasaland leaf	0	5	1								
11s. 8d.; foreign, 14s. cwt.)				strips	0	9	1								
Santa, sup., c.d.f. cwt.	38	0	0	East Indian leaf	0	4	0								
Colombian, good	68	0	88	strips	0	5	1								
Costa Rica, med. to good	75	0	108	COFFEE—											
East Indian	78	0	108	Mid-American	3	6	8								
Kenya, medium	65	0	78	Sakellaris, f.f.	5	7	5								
EGGS—				Yarns, 32's twist	13 1/2										
English	11	3	14	60's twist	13 1/2										
Danish	8	9	11	FLAX—											
FRUIT—				Livonian ZK	33	10	34								
Oranges				Pernau HD	31	0	0								
South African boxes	9	0	17	Sinatra Medium 1st sort	41	0	42								
Lemons, Sicilian boxes	11	0	20	HBMP											
" " cases	14	0	23	Italian P.O.	per ton	31	0								
Malaga cases 420 No. 1	0	0	0	Manila, July-Sept.	"	17	0								
Apples: Amer. (var.) bbls.	14	0	18	N.Z.	nom.										
" (var.) boxes	10	6	11	Sisal, African, July-Sept.	13	0	13								
" Australian	0	0	0	Mexican	nom.										
Onions—				JUTE—											
Valencia, case, 4s.	6	0	6	Native 1st mks. per ton											
Egyptian Bags	0	0	0	c.f.f. H.A.R.B.											
Grapes, Lisbon boxes	7	6	12	August-September											
" Almeria bbls.	0	0	0	Daltee 2/3 c.f.f. Dundee											
				October-November											

HIDE, LEATHER AND ALLIED TRADES.—At the resumption of the sales of market hides and skins at Manchester this week the only alteration recorded in regard to ox and heifers was an advance of 1/4d. per lb. on the first three weights in best clears. Cows and bulls were also unchanged from the previous sale, while very little business was done in calf skins. There has been no improvement in the turnover in foreign hides and, generally speaking, this week prices are again all on a lower level. In the South American frigorific market a few sales have been negotiated in Argentine ox on the basis of 5 1/4d., while 5 1/2d. has been paid by the United States for Montevideo ox. Sales are also reported of second ox to this country at 4 1/4d. Dry hides of South American origin have been a slightly better market, business having been done in M.V. Americanos at 5 1/4d., B.A. Americanos at 5 1/4d., and Cuyabanos at 4 1/4d. The market for most descriptions of African hides remains quiet, although a small turnover has been done in dry Capes at 6 1/4d. and 5 1/4d. for firsts and seconds, with 5 1/4d. and 4 1/4d. paid for drysalted 20-30 lbs. Other descriptions have also been inquired after to a limited extent, but there is no real interest in them, as is also the case to a lesser degree with Australians. Sales of sole leather this week have again not been large, but at the same time there are indications that shoe manufacturers are once more settling down to business. For the manufacturing end of the trade, inquiry has come to hand for medium and heavy weight dry hide bends, while the repairing section have been in the market for suitable weights in English and wet-salted. There appears to be rather more inquiry for offal, as, in addition to a fair turnover in pinned shoulders, bellies are also being sought after with a little more freedom. Apart from a trifle more inquiry in regard to box calf, there has been no change in the position of the market for upper leathers, and the bulk of what business there is being done consists of small parcels of willow calf and black and brown glacé kid. The increased call for patent, however, is still maintained, in addition to which a small sale has been experienced in connection with suede leather. The majority of fancy upper leathers, however, are quiet. The currying section does not appear to be making much headway, and, apart from those who have orders for lining leathers on hand, business with most firms is very slow.

RUBBER.—The failure of producers to begin to bring current output into line with the present rate of consumption, coupled with the absence of any signs of an early improvement in the rubber-consuming industries, resulted in a further weakening of prices and in the establishment of a new low record at 2 1/4d. per lb. Wednesday's official closing price for standard ribbed smoked sheet, at 2 1/4d. per lb., shows a fall of 1/4d. as compared with the corresponding day last week. In forward positions, business has been done at 2 1/4d. to 2 1/2d. for October-December, against 2 1/4d. to 2 1/2d.; and at 2 1/4d. to 2 1/2d. for January-March, 1932, as against 2 1/4d. to 2 1/2d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 2,283 tons; delivered, 1,452 tons; stocks at the end of last week, at 137,047 tons, show an increase of 835 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Aug. 5.	Aug. 12.
	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	48 1/2	50 1/2
Coffee, Rio No. 7, cash, per lb.	5 1/2	5 1/2
" Santos No. 4, cash, per lb.	8 1/2	8 1/2
Cocoa, Accra, nearest future, per lb.	4.96	4.96
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3.50	3.50
Cotton, New Orleans, middling, spot, per lb.	7.83	6.58
Rubber, smoked sheet, spot, per lb.	5 1/2	5 1/2
Petroleum, Pennsylvania crude, standard grades, per barrel	155-170	155-170
Copper, "Electrolytic," Domestic, spot, per lb.	7.625	7.625
" " Copper Exporters Inc., spot, per lb.	8.00	8.00
Spelter, East St. Louis, spot, per lb.	3.85	3.825
Lead, spot, per lb.	4.40	4.40
Tin, "Straits," spot, per lb.	24.40	26.00

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, AUGUST 22, 1931.

No. 4,591.

TABLE OF CONTENTS.

The Money Market	337	Investment Notes—	
Leading Articles—		An Uneasy Week on the	
The British "Crisis"	339	Stock Exchange	362
The Report of the Basle		Stock Exchange Saturday	
Committee	340	Reopening	362
Colliery Amalgamation	341	"Stable" British Trades	362
Britain's Overseas Assets	342	American Industrial Earn-	
State Capitalism in Jugo-		ings	363
slavia	343	Slatters' New Offer to	
The Direction of Overseas		R. E. Jones	363
Trade	343	Anglo-Foreign News-	
Spain and Catalonia	345	papers	363
Notes of the Week—		British International Pic-	
Franco-German Relations	346	tures	364
The Disturbances in Cuba	346	Slump in Chilean Bonds	364
Liveliness on the Irish		Oil Restriction by Force	
Border	346	of Arms	365
Hungarian Developments	347	Bisichi Tin	365
Mr. Montagu Norman	347	Capital Issues	365
French Foreign Trade	347	Oil Outputs	365
More Looms per Weaver	347		
Iron and Steel Production	348	Government Returns, &c.—	
Employment and the Cost		National Accounts	366
of Living in July	348	Treasury Bills by Public	
Cheaper Atlantic Travel	348	Tender	366
The Five-Day Week	348		
Drunkness in 1930	349	The Bankers' Gazette—	
A British Trade Ship	349	Bank of England	366
New Capital Issues in the		Bankers' Clearing Re-	
United States	349	turns	367
The Manganese Situation	349	Provincial Clearing Re-	
Russia's Foreign Trade	350	turns	367
Overseas Correspondence—		Overseas Bank Returns	367
United States	350	Rates of Exchange	367
France	351	Loan and Discount Rates	368
Germany	351	Overseas Bank Rates	369
Czechoslovakia	353	India: Remittances to the	
Spain	353	Home Treasury	369
Bulgaria	354	Bullion	369
Canada	355	Gold and Silver Prices	370
Letters to the Editor—		Company News—	
Conditions of Trade Re-		Dividend Announcements	370
vival	356	Weekly Traffic Returns	370
Books and Publications—		Rubber Company Statis-	
Books Received	356	tics	371
The Stock Exchange—		Profit and Loss Accounts	372
Chilean Nitrate Develop-		Transvaal Gold Output	
ments	357	Statistics	372
The Week in the Markets	358	Reports and Notices	372
London Active Security		Commercial Reports—	
Prices and Yields	360	Market Summary	373
New Issue Prices	362	The Coal Trade	373
Foreign Stock Exchanges—		Iron and Steel	373
New York	359	Other Metals	373
Amsterdam	359	Textiles	374
		The Grain Markets	374
		Other Foods	375
		Miscellaneous Commodi-	
		ties	375
		Commodity Prices in the	
		United States	376
		Prices Current	376

THE MONEY MARKET.

MONEY has been definitely easier. On August 14th the week's issue of Treasury bills was allotted at an average rate of £4 2s. 10.92d. per cent., as against £4 5s. 9.5d. per cent. the previous week, and the following day the usual week-end ease was once more apparent. This week new money has been obtainable at 3 1/2 per cent., and even less, with 3 1/2 per cent. quoted outside the clearing banks for renewals. It was thought that a certain amount of

ALLIANCE

INSURANCE COMPANY, LIMITED.

(Established in 1824.) ASSETS EXCEED £30,000,000
HEAD OFFICE: BARTHOLOMEW LANE, LONDON, E.C.

LIONEL N. DE ROTHSCHILD, O.B.E., Chairman.

INSURANCES OF EVERY KIND

LIFE DEPARTMENT

Children's Deferred Assurances with Educational Option.
Assurances with Disability Benefits (including Income Benefit).
Staff Assurances and Pension Schemes.

MOTOR INSURANCE.

The Company's Comprehensive policies comprise all the latest developments of this class of insurance, including Unlimited Third Party Indemnity.

For full information apply to the Head Office or to any of the Offices or Agents of the Company.
A. LEVINE, General Manager.

CHRISTIANIA BANK

OG KREDITKASSE

OSLO

Established 1848.

Paid-up Capital and Reserve Funds,
Kr. 40,000,000.—

Oldest Norwegian Private Joint Stock Bank.
Direct correspondents throughout the country.
Offering complete services to banks and firms
doing business on Norway
Correspondence invited.

CREDITO ITALIANO

Limited Company Incorporated in Italy.

Capital fully-paid : : : Lire 500,000,000
Reserve : : : Lire 300,000,000

Head Office of the Bank: MILAN.
THE BANK HAS BRANCHES AND CORRESPONDENTS
THROUGHOUT ITALY.

London Branch: 2 ROYAL EXCHANGE AVENUE,
E.C. 3.

Transacts a general Foreign Banking Business.
STERLING DRAFTS AND DOCUMENTS ON ITALY.
COLLECTED ON SPECIALLY FAVOURABLE TERMS.
CORRESPONDENT OF THE ROYAL ITALIAN TREASURY.

Telegrams: "Italoedit, London."
Telephone: Avenue 8081-6.

foreign money was on offer early in the week. Discount rates have also weakened under the influence of a good demand for bills from both at home and abroad, supplemented by special buying described below. On Thursday brokers were buying ordinary remitted three months' bills at $4\frac{1}{8}$ per cent., and selling at $4\frac{1}{16}$ per cent. German renewed bills, arising from the special arrangements now required, were dealt in by agreement at $4\frac{3}{8}$ per cent., but even this rate was at times shaded. Hot Treasuries were quoted at about $4\frac{1}{16}$ per cent. As regards other dates, short bills changed hands at $4\frac{1}{16}$ per cent., while rates of $4\frac{3}{8}$ and $4\frac{1}{2}$ per cent. were quoted for four and six months' bills respectively.

	July 30, 1931.	Aug. 6, 1931.	Aug. 13, 1931.	Aug. 20, 1931.	Previous Rate and Date Changed.
Bank Rate	$4\frac{1}{8}$	$4\frac{1}{8}$	$4\frac{1}{8}$	$4\frac{1}{8}$	$3\frac{1}{2}$ (July 30, '31)
Banks' Deposit Rate..	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$ (July 30, '31)
Discount { Call	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$ (July 30, '31)
Houses { Notice ...	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$ (July 30, '31)
Market rate (3 months' bills)	$4\frac{1}{8}$	$4\frac{1}{8}$	$4\frac{1}{8}$	$4\frac{1}{8}$	...

While the market is still awaiting political developments, in some respects a better tone is noticeable. The exchanges have been steadier, and even the Swiss rate is at last moving in favour of sterling. The Bank, too, has gained £1.6 millions of gold, raising the Issue Department's holding to £133.6 millions. This increase was mainly due to the receipt of £1,000,000 in sovereigns from Australia at the end of last week, but a further £200,000 in sovereigns were received from abroad on Monday, while later in the week £350,000 in sovereigns was released from earmark. Of the Cape gold on offer in the market on Tuesday, £540,000 was bought on Dutch account, and the remaining £330,000 by an unknown buyer. The price paid was 84s. 11 $\frac{3}{4}$ d. per ounce. It is believed that there is a direct connection between the foreign purchases of bar gold in the market, and the release of sovereigns to the Bank, and that what is happening is that in order to avoid any addition to their gold holdings, certain foreign interests are offsetting purchases of bar gold by disposals of sovereigns to the Bank. The same thing is believed to have happened last week.

The Bank return shows that £5.9 millions of notes have returned from circulation during the week, so that with the Bank's gold acquisitions of £1.6 millions, the Reserve has increased by £7.5 millions. The proportion now stands at 45.8 per cent., but it should be borne in mind that, but for the increase of £15 millions in the fiduciary note issue, the proportion would still be only 33.4 per cent. Other securities have risen by £7.8 millions. It is known in the market that this week the Bank has been making heavy purchases of three months' commercial bills, and this partly explains the prevalent ease in money. Conversely, Government securities have fallen by £5.8 millions, due, it is believed, to sales of Treasury bills maturing on October 28th. These bills were issued at the end of July, and it is known that to ease the uncertain situation at that time they were applied for heavily by the Bank. Hence, now that conditions are more settled, it is natural for the Bank to seek to transfer part of this load to the market. Other deposits have risen by £5.2 millions. This item comprises so many diverse accounts that it is impossible to trace the origin of this movement.

It is not easy to forecast even the immediate outlook, for so much depends upon the decisions reached by the Government after the discussions now in progress. The market insists that any plan intended to deal with the burden of the National Debt must take into account the probable attitude of foreign holders, and that the most essential need is to restore and not impair foreign confidence in London. Already it has been suggested that both the recent weakness of sterling and the decline of War Loan prices is due in part to foreign sales inspired by various unfavourable rumours. It is also urged that, while

it is necessary to bring home to the electorate of the country the need for resolute action, it is equally necessary to make it clear abroad that Great Britain still possesses immense reserves and that there is no real danger to sterling.

Apart from this, it seems reasonable to expect that the bulk of the holiday notes have returned from circulation, and there is little disposition in the market, notwithstanding this week's weaker tendency in rates, to look for a reduction in the Bank rate until the situation has become clearer. The special arrangements for the renewal of maturing German bills will obviously have to be continued. The extent to which the Bank's credits have been used is naturally not known. In view of the general steadiness, and of the suggestion of the return of foreign money, it is possible that little or no additional use has been made of them this week.

New York reports unsettled conditions. The report of the Basle Committee on German credits had a favourable effect, but some disturbance was caused by four important bank suspensions in Toledo, Ohio, affecting resources of \$100,000,000, followed by the news of the closing of the United States National Bank of Los Angeles with eight branches and total deposits of \$13,000,000. Considerable interest has been aroused by an announcement in the Federal Reserve Board's monthly statement to the effect that deposits held by foreign banks at the Federal Reserve Banks rose in July from \$6 millions to \$114 millions. This is attributed to heavy liquidation of dollar bills and securities by the Banque de France, and the effects of this liquidation have also been noticed in the money market. Still, in spite of suggestions of a slightly greater stringency, call money remains at $1\frac{1}{2}$ per cent., and commercial paper at $1\frac{1}{2}$ to 2 per cent. for prime names. Open market rates for 90-day bank bills were also unchanged at $1\frac{1}{8}$ per cent.

With the gradual easing of the international political and financial situation, the foreign exchange market was quieter again this week, and no wide fluctuations were recorded. New York went in our favour to 4.85 $\frac{1}{2}$, but Montreal moved fractionally against us to 4.87 $\frac{1}{2}$. Paris closed a little below the highest at 123.95, a gain of one point on the week. Brussels, after being higher, closed at 34.86 $\frac{1}{2}$. Milan was inclined to be weak, and lost two points on balance at 92.88. Madrid although erratic, showed an improving tendency, and went to 54.85, against 56.35 last week. Amsterdam improved by $\frac{3}{4}$ to 12.04 $\frac{1}{2}$. Berlin gained three points at 20.52. Switzerland moved sharply in our favour to 24.98 $\frac{1}{2}$. Of the Scandinavian exchanges, Stockholm was rather weak at 18.15 $\frac{1}{2}$, Oslo lost $\frac{1}{2}$ at 18.16 $\frac{1}{2}$, and Copenhagen fell away sharply from 18.16 $\frac{1}{2}$ to 18.17 $\frac{1}{2}$. The South American currencies were weak and uncertain, Rio, after frequent fluctuations, losing $\frac{1}{4}$ d. at 31 $\frac{1}{2}$ d., Buenos Aires declining from 32 $\frac{1}{2}$ d. to 31 $\frac{1}{2}$ d., and Montevideo from 23 $\frac{1}{2}$ d. to 21 $\frac{1}{2}$ d. In the Far East the rupee was firm and unchanged at 1s. 5 $\frac{3}{4}$ d., and the yen was better by $\frac{1}{4}$ d. at 2s. 0 $\frac{3}{4}$ d. Batavia lost $\frac{1}{2}$ at 12.07. In the forward market one month's dollars were unchanged at $\frac{3}{4}$ cent premium, but three months' were $\frac{1}{8}$ cent lower at $1\frac{1}{8}$ cents premium. Forward Paris weakened by 5 centimes to 15 centimes premium for one month and by 10 centimes to 40 centimes premium for three months. Brussels was firmer at 6 and 10 centimes premium, as was Milan at 10 and 85 centesimi discount. Madrid was at one peseta discount for one month, and 2 pesetas discount for three. Amsterdam improved by $\frac{1}{4}$ for both periods to 2 and 4 cents premium. Berlin is still unquotable, and so far as can be traced no transactions were put through in forward reichsmarks. Switzerland hardened up to 4 and 8 centimes premium against 2 and 4 centimes last week. The silver market was almost completely idle, and prices for both cash and forward improved by $\frac{1}{4}$ d. to 121 $\frac{1}{2}$ d. for both deliveries as a result of a small bear covering movement. The China silver exchanges were also quiet, Hong-kong and Shanghai both remaining at last week's levels of 11 $\frac{1}{2}$ d. and 1s. 2 $\frac{1}{2}$ d. respectively.

THE BRITISH "CRISIS."

AFTER a week of prolonged sessions of the Economy Committee of Ministers, and finally of the full Cabinet, followed by consultations between the Government and the leaders of the two Oppositions, and culminating, on Thursday, in a conference between the Economy Committee, the General Council of the Trade Union Congress and the Labour Party Executive, we go to press without knowledge of the definite shape which the Government's plans for meeting the present and prospective financial difficulties of the country will finally take. Before these lines are read, details of the programme whose contents rumour has so assiduously and variously forecast may well be public property. We do not propose to add any contribution to the fabric of guesswork.

In any attempt, however, to appraise the merits of a policy propounded as a solution to a problem it is important that the precise character of the problem itself should be correctly appreciated. In the hope, therefore, that we may thereby assist our readers to make up their minds about such plans as Mr MacDonald may shortly disclose, we propose briefly to recapitulate what appear to us to be the essential factors in the domestic, as opposed to the international, situation with which His Majesty's Government have been confronted during the present month. In the first place, to ensure that our power for political leadership internationally should be maintained through the critical days still ahead, it was essential that all doubts should be allayed as to our ability to hold firmly to the gold standard, notwithstanding the strain placed, to the gold standard, notwithstanding the strain placed, directly and indirectly, on London by the Central European crisis. The position was admirably summed up by Mr Alexander Shaw, in a speech delivered at Glasgow on August 18th. "People abroad," he said, "know the great inherent strength of the British financial position; but they know also that it is being sapped because Britain is for the present living far beyond her income. . . . It is only because the enormous strength of that long-term position is obscured by our unbalanced Budget that there are any nervous apprehensions anywhere. Britain is like a millionaire temporarily left short of cash, and unable to pay his taxi fare. Anybody will be ready to lend him his fare and put matters right with the taxi-driver—unless it is notorious that he is living at a rate far beyond even his ample means." It might have been a more complete analogy to say that the millionaire in question has to pay not only his own fare but that of his friends who have been riding with him in the taxi. Moreover, there is no real doubt anywhere as to Britain's ability to pay her debts, for the debts due to her are so much greater than those that she owes. But if foreign balances are to remain here, then it must be certain beyond a shadow of doubt that they will be repaid in money of the same value as that which was lent.

The most convincing assurance that can be given on this point is to carry out the repeated declaration of the Government that it is determined to balance the Budget. But therein lies the difficulty, and, to speak plainly, in so far as concerns Government policy, factors contributory to a certain measure of apprehension abroad, whose existence it would be idle to deny, were (a) the attention focussed, first, by the Interim Report on the Royal Commission and, next, by the May Report on the recognition that the 1931-32 budget must inevitably end with a real excess of expenditure (including Unemployment Fund borrowings) over income, apart from failing to amortise any debt; and (c) the possibility that fears of discriminatory taxation imposed by a Labour Government to meet the serious problem of the 1932-33 budget might lead, as the end of the financial year approached, to a domestic flight of capital into foreign securities. Though the May Committee may have painted the picture in unduly sombre tones, and though it is well to bear in mind that it is a long step from one or two British budget

deficits to depreciation of sterling, there will be common consent that psychological, as much as financial, considerations demanded that the world should receive a convincing demonstration that not only our present, but all our future budgets would be balanced with traditional rectitude.

In the second place, it was of supreme importance, both in our own interests and from the standpoint of foreign opinion of our prospects, not only that every extravagance in "dole" and other expenditure should be eliminated, but that it should be made clear that, while the emergency might demand "equality of sacrifice" from all, the objective of the Government would be the conservation, so far as possible, for productive purposes of the resources of the taxpaying citizen, and not merely the technical achievement of a budget balance by the imposition of new burdens, regardless of their possible ultimate economic disadvantages. And, finally, it was of equal importance that the Government should recognise the cogency of the thesis, expounded more than once in these columns, emphasised by Mr Loveday, Sir Arthur Salter and other authorities, and underlined once more this week by Mr R. H. Brand in a letter to the *Times*—that, apart from immediate causes arising out of the European crisis, an influence affecting adversely our balance of trade and the sterling exchange has long been the disproportionate level of our costs of production in terms of gold. To quote Mr Brand:—

"Usually in such circumstances in the past we should have corrected underlying conditions by a rise in the Bank rate and a restriction of credit leading to a reduction in money incomes—i.e., salaries and wages—and therefore in costs. Exports would then have increased and imports decreased in consequence. But money incomes are now rigid and Bank rate is impotent to produce these results. Moreover the position is complicated by our huge National Debt. Therefore, in the main, the only alternatives are to achieve the necessary reduction in money incomes, either involuntarily by a depreciation of the currency or voluntarily by a sort of national compact by all classes. . . . Nothing but a really comprehensive scheme will now serve our purpose."

That is to say, an essential desideratum in the Government's policy was that it should be framed, not merely to meet the immediate need of allaying the *crise de confiance*, but to promote the solution of Britain's underlying difficulties in the export trades, on which the maintenance of our standard of life ultimately depends.

It is in the light of all these considerations, we suggest, that Mr MacDonald's programme must be judged. We agree entirely with Mr Brand that the achievement of a balanced budget is not of itself sufficient to solve the whole problem, which must be attacked on several fronts at once. The world price level has so fallen, and its recovery has so clearly been postponed by the international crisis of the last few months and by the magnitude of the over-production which has resulted from mistaken schemes for bolstering up prices, that Great Britain is inevitably driven to make a rapid effort to reduce her own price level. We had hoped that we might have met the situation by the slow process of improving the efficiency of our methods of production; we can no longer expect to meet the serious international emergency in this way. An "emergency" tariff, while it might temporarily encourage a feeling of optimism, would only delay and make more difficult the inevitable process of adjustment.

We are confident that if the situation is frankly explained to the nation, they will respond to an appeal to make a readjustment all along the line in prices, salaries and wages. The Government's policy, if it is to be effective, must strengthen our economic position; and that result will not be attained unless, firstly, retrenchment—not increased taxation—is made the primary objective in balancing the budget and, secondly, the task of meeting the needs of the Exchequer is made to fit into a wider scheme for promoting by common effort the national well-being.

THE REPORT OF THE BASLE COMMITTEE.

At first sight it might appear that the net result of the Basle Conference (the Report of which we publish in full this week as a supplement to the *Economist*), like that of the London Conference, has been purely negative. Those, at all events, who hoped that the Committee would evolve a definite plan for a long-term loan for Germany which would enable part of her short-term debt to be consolidated, and would replace some of the capital that has been withdrawn in the last few months, have been disappointed. A closer study of the Report, however, shows that a definite result has been achieved, and that the task of re-establishing the position of Germany on a sound basis has been carried a step farther forward. Practical effect has been given to the proposal of the London Conference that arrangements should be made for continuing the short-term credits already accorded to Germany; the facts regarding Germany's short and long term obligations abroad have been analysed, and are set out in the Report; while finally, and perhaps most important of all, the steps that need to be taken before any long-term loan can be granted to Germany have been clearly set out.

As regards the prolongation of existing credits, the invitation to representatives of each of the banking groups concerned to meet in Basle made it possible, after a few days' discussion with the representatives of German banks, to arrive at an agreement as to the principles on which the prolongation should be made, and there will shortly be available a standard form of agreement to be entered into between creditors and debtors. The scheme provides that the prolongation will be for six months, subject to the renewal of the Central Bank credit of \$100 millions which was accorded to Germany in July. It is not good central banking practice to tie up large resources in a form that cannot be at once realised, and neither the Bank of France nor the Federal Reserve Bank of New York is permitted by statute to make advances for more than three months. But, on the other hand, bankers who had made advances to German concerns in a form which they also regarded as realisable at short notice were naturally unwilling to enter into a six months' "standstill" arrangement if it seemed likely that the first use that would be made of any margin of foreign exchange which the Reichsbank might obtain would be used to reimburse to the Central Banks a credit which had become necessary because other short-term creditors of Germany had succeeded in withdrawing their credits from Germany before the leakage was blocked. While there can be no binding undertaking on the part of the Central Banks concerned, it may be assumed that, before Dr. Luther concurred in the acceptance by the German banks of the general undertaking, he had received such reasonable assurances as it was possible to obtain that the Central Bank credit would not be withdrawn. The agreement also affords two additional forms of security to creditors. One is to associate a direct responsibility on the part of the individual or firm in Germany to whom the credit has finally been made with that of the debtor bank itself. The other is to secure the guarantee of the Deutsche Golddiskontbank for a certain proportion of the credits.

The amount of credits of German banks outstanding in the middle of July was 5.1 milliard marks. An analysis of the returns covering about 85 per cent. of this total shows that 54½ per cent. consisted of acceptance liabilities, 28½ per cent. of deposits and other liabilities payable in foreign currencies, and 17 per cent. of the Reichsmark balances of foreign creditors. The six months' agreement applies, without qualification, to the first two items. As to the third item, there would clearly be a discrimination against foreign creditors if they were unable to transfer Reichsmark balances within Germany, while Germans were allowed freely to transfer their balances; and in part these balances have been left in Germany to meet debts, payment for goods purchased, for example, falling due in Germany. It is true that if such transfer were allowed the sums in question would escape from the "standstill" arrangement, and, would no doubt frequently involve a

call for foreign exchange. As a compromise between the difficulties of the two parties, it has been agreed that 25 per cent. of these balances (the aggregate for all banks probably amounts to 800 million marks), will become transferable in Germany at once, and that the rest will be released at the rate of 15 per cent. a month. In case, however, this release might become too great a strain on the Reichsbank's foreign resources, it is agreed that the monthly transfers may be suspended if the Reichsbank notifies to the B.I.S. that its exchange resources are becoming endangered.

Any disputes regarding the agreement, which, of course, is subject to the approval of the bank groups concerned, are to be submitted to a Committee to be set up by the B.I.S. for adjudication. The agreement does not apply to the affiliations abroad of German banks, nor does it cover the short-term debts of municipalities, which amount to 355 milliard marks, but it is suggested in the Report that these should at once be made the subject of discussion between the interested parties.

This scheme should substantially give to Germany six months' relief, and at the end of that period, even in the absence of a long-term loan, the situation could be kept in hand by normal methods and the present clog in the wheels of ordinary commercial practice be gradually removed if general confidence in Germany had meanwhile been restored. The Committee go further and express the opinion that the relending to Germany of part of the capital that had been withdrawn would present no serious difficulties if this condition is fulfilled. It is clearly, suggested in the Report that the piling of debt by Germany has reached very large dimensions, and is a source of weakness which becomes a very serious danger if a large part of this debt is withdrawable at short notice. It is, however, evident that much the largest cause of the increase in this debt is reparation payment. While the net indebtedness of Germany has grown in seven years by 18.2 milliards, she had had to make payments on account of reparations during the same period of 10.3 milliards. If reparation payments were very substantially reduced, the fear of Germany continuing to pile up external debts in a snowball fashion would largely disappear.

The Committee, therefore, point out that the two preliminary conditions required before Germany's position can be definitely stabilised are that the political relations between Germany and her neighbours, which have been so disturbing to confidence during the last twelve months, must be put on a more satisfactory footing, and secondly that "the international payments to be made by Germany will not be such as to imperil the maintenance of her financial stability." The Committee do not explain precisely what they mean by this nor suggest either by implication or otherwise any fresh figure as the amount of reparations which Germany can safely be asked to pay; but they make it quite clear that, in their opinion, it is urgent that the matter should be dealt with before the six months' grace is up.

If these matters can be settled satisfactorily, the Committee is of opinion that further capital can be found for Germany. The growth of her exports has shown that her competitive position is strong, and though her public finances—and in particular those of the states and municipalities—have been the subject of criticism, and much still remains to be done in this respect, the present Government have proved their determination to effect drastic economies. The key to the situation, therefore, clearly lies with the politicians, who can hardly ignore the representations unanimously submitted to them by the accredited nominees of the chief central banks of the world. Nor is the matter one which concerns Germany alone. The Committee speak of the recent crisis as a shock which has caused partial paralysis in one of the chief members of the world's economic body. If not cured by restoring the free circulation of money and goods, the paralysis will inevitably extend to other members of the body.

The period of grace is short, but the task is clear. If the Governments fail to carry it out, Europe will be faced with a similar situation to that of last July, but under conditions which will make it far more difficult for the problem to be solved.

COLLIERY AMALGAMATION.

THE Coal Mines Act of 1930 contained a section appointing a Coal Mines Reorganisation Commission "to further the reorganisation of the coal-mining industry . . . and for that purpose to promote and assist, by the preparation of schemes and otherwise, the amalgamation of undertakings consisting of or comprising coal mines where such amalgamations appear to the Commission to be in the national interest." The importance of this section is made very clear by a passage in a speech delivered by the Prime Minister in the debate on the second reading of the 1930 Act, when it was passing through the House of Commons. Mr MacDonald said: "When you have got amalgamations, as we shall have, when royalties are nationalised, as they must be, and without delay, then the conditions which make Part I of this Bill necessary will have completely disappeared. . . . If it is found impossible . . . to carry out to its completeness the scheme for reorganisation, then this scheme (i.e., Part I) will have . . . a very much longer life than will be good for the industry." Part I of the 1930 Act, it will be recalled, regulates sales and imposes a quota scheme upon the industry, and subsequent experience has shown that its operation has not been entirely "good for the industry," or indeed for the consumers of coal. In fact, cases have not been lacking where the operation of the quota has definitely driven customers abroad. In these circumstances, it was high time that some evidence of the progress made towards reorganisation was forthcoming.

Early this month the Reorganisation Commission issued a memorandum which they describe as a preliminary survey of the ground. To those who have been looking for early definite action, such a document may appear to be a very small mouse to be born of the Commission's labours to date. Yet within its admitted limits the document is admirable. It begins with a summary of the Commission's problems. It admits that rationalisation is not so simple in the case of mining as in that of manufacturing industry. At the same time it insists upon the vital need of reducing costs by concentration of productive effort, and argues that consolidation through "large-scale amalgamations" would be of great benefit to the mining industry. It does not shirk the admission that consolidation may (and indeed ought to) mean the closing down of uneconomic pits. On the question of royalties, it also speaks plainly, for it says "if the policy of amalgamation is to reap its full advantages, and the proposal to nationalise royalties is not carried out, it may eventually be found necessary to impose some statutory restraint upon the freedom of royalty owners to dispose of their property as they please."

So much for the introduction to the report. The main body consists of a detailed survey of the British coal-fields, which it divides into six large and six small areas. Here the complexity of the problem at once becomes apparent, for a perusal of the survey leaves behind it a strong impression of the diverse conditions, geological, geographical and economic, amidst which the industry has to operate, and of the wide divergences of prices and costs which exist in the different fields. This last impression is accentuated by the knowledge that the figures which give rise to it are themselves averages of the multifarious experiences of all the pits comprised in each separate field.

A few examples will make this last point clear. Gross proceeds at pit head, which in 1930 were 14s. 2d. for the whole country, ranged from 12s. 3½d. for Northumberland to 17s. 9d. for Bristol. Wage costs, with an average of 9s. 3½d. per ton, ranged from 7s. 0½d. for South Staffordshire to 13s. 1½d. for Bristol. Output per man shift, with an average of 21.62 cwt., ranged from 14.44 cwt. for Bristol to 25.12 cwt. for South Staffordshire, thus confirming the general rule that the greater the output the lower the cost. Profits for the whole country averaged 4½d. per ton, but their range was from a loss of 1s. 7½d. for Cumberland to a profit of 1s. 10½d. for Warwickshire.

The MERCANTILE BANK of INDIA LIMITED.

Head Office: 15, Gracechurch St., London, E.C.3

Branches and Agencies throughout the East.

INTEREST ALLOWED ON DAILY CREDIT BALANCES.

The broad recommendations of the Commission are bold, for ultimately they favour the creation of the following fourteen large units:—Scotland; South Wales; Northumberland; Durham; West Yorkshire; South Yorkshire; Nottinghamshire and North Derbyshire; Lancashire; North Staffordshire; South Staffordshire; Shropshire; Cannock Chase; Warwickshire; and South Derbyshire and Leicestershire. The six smaller coal fields of the Forest of Dean, Bristol, Somerset, Kent, Cumberland and North Wales are perforce excluded from the main scheme. This proposition is still tentative, and no attempt has yet been made to explore its details, while the Commission realise that it may have to be developed by stages. Yet it is doubtful if many of those who vaguely realised the need for the consolidation of the industry had contemplated the combination of complete coalfields into single industrial units.

This makes it essential to know exactly what the Commission means by large-scale amalgamation. The royalty difficulty could be got over by legislation, for it is intolerable to have the operation of the industry governed by a whole mass of independent leases depending not upon geological boundaries beneath the surface, but upon ownership boundaries above. Far more serious is the fact, which the report perhaps insufficiently emphasises, that coal varies from district to district, and even from pit to pit. In these days of scientific testing and grading of fuel, a shipper, to conform to the terms of his contract, with its highly technical and exact specification, may have to draw upon several pits in the same area to obtain the correct "blend," and this apart from the broad distinctions between house, steam and gas coal, or between bituminous and anthracite fuel. The Commission, however, go on to produce evidence showing the extent to which unification has already been carried out. In South Wales 75 per cent. of the 1930 output was produced from mines owned or controlled by seven undertakings. Four groups in Northumberland, and seven in Durham were responsible for just over half the production of those two fields. A similar concentration of the major part of the output in relatively few hands is noticeable in Yorkshire, and the report also calls attention to the recent amalgamation in Lancashire. Some of this grouping is as yet of recent origin, and possibly has yet to justify itself. Still, these groups provide a practical basis for the wider schemes envisaged by the Commission.

On the other hand, the Commission have given in their introduction some idea of the practical limitations of amalgamation. Combination, they say, may enable "coal to be worked to more convenient shafts, water problems and power supply to be dealt with more rationally, economy to be secured by centralising the coking and other treatment of coal, the supply, design and use of wagons, analysis and grading of coal." Another passage implies that amalgamation will only extend to functions that would properly be performed by the directorate, which, it is added, must not be confused with the functions of technical management. The "unit of direction may for purposes of technical management contain many units, each practically autonomous. The task of the directorate would be to determine where the coal for which there is a demand can best be produced, what further development of the coalfield is required, and how and where it shall be undertaken; to control sales and any other activity that conveniently admits of

centralisation (as, for instance, wagons, research and the treatment of coal); and to regulate the financial position and policy of the undertaking."

This limitation of the functions of control may fall short of what has been envisaged by some advocates of amalgamation, just as the size of the units envisaged by the report may go beyond it. It is satisfactory, however, to find that the Commission realise, on the one hand, that coal mining is a most diversified industry, which cannot be rigidly remodelled, and, on the other hand, that the ultimate objectives of reorganisation are to be sought on the broadest lines of large-scale planning.

BRITAIN'S OVERSEAS ASSETS.

THE reference* in the *Economist* a fortnight ago to the importance, in the present crisis, of Great Britain's holding of long-term investments abroad brought us a budget of inquiries from readers anxious to know what in fact is the present value of those assets. When a Chancellor of the Exchequer hints, as Mr Snowden did a few days ago, at the possibility of realising some of these resources in support of the pound sterling, it is indeed pertinent to inquire closely into their worth and liquidity. To attempt a meticulously exact analysis would be far too formidable a task to be accomplished in the space of a few days, even if the material were available; but the *Economist* has been able to base an estimate of the present value of our long-term holdings abroad on the figures of their nominal value, which were published in these columns last year.† We reprint below a table showing the geographical distribution of those holdings in so far as they were traceable.

TABLE I.—NOMINAL VALUE OF CAPITAL ABROAD.

	(In millions.)		Government and Cor- poration		Total.
	Share.	Loan.	Loans.	Capital.	
	£	£	£	£	£
Canada and Newfoundland.....	176	234	102		512
Australia and New Zealand ...	35	16	521		572
India and Ceylon.....	102	33	219a		354b
South Africa.....	74	9			
Other British Possessions	148	46	203c		480d
Total, Empire	535	338	1,045e		1,918d
United States of America.....	46	31			
Argentina	178	114	149		839
Other Latin America	188	133			
Europe	103	166	113		382
Rest of the World	102	57	93e		252f
Total, World.....	1,152	839	1,400		3,391

a Excluding Ceylon. b Excluding Ceylon Government and corporation loans. c Including Egypt. d Including Egyptian Government and corporation loans. e Not Egypt. f Not Egyptian Government and corporation loans.

Our investigation a year ago led us to believe that the full total of the nominal value reached the neighbourhood of £4,000 millions.

The new estimate has been constructed from the official quotations for several hundred securities listed on the London Stock Exchange. In most cases the mean price for the last week in July was taken, but where there was no quotation in that week, an approximate figure, usually just above the lowest for the year, had to be used. Securities totalling one half of our aggregate long-term commercial capital abroad, and all but a negligible fraction of our investments in Governments and Corporations, were covered by the inquiry, the results of which are shown in the following table:—

TABLE II.—PRESENT VALUE OF OUR CAPITAL ABROAD.
(In millions.)

	SHARE.		LOAN.	
	Nominal Amount.	Present Value.	Nominal Amount.	Present Value.
	£	£	£	£
Dominion and Colonial Govern- ments	...	...	944	725
Dominion and Colonial Corpora- tions.....	...	...	91	80
Foreign Governments	...	...	324	237
Foreign Corporations	...	...	41	32
Total, Governments and Cor- porations	...	...	1,400	1,074
American railways.....	16	12	14	12
Dominion, Colonial and Indian railways	83	59	213	158
Foreign railways	235	107	260 (?)	160 (?)
Banks	20	21	11	10
Breweries	8	12	2	2
Canals, docks and waterworks...	5	4	10	10
Commercial and Industrial	115 (?)	120 (?)	55	47
Electric lighting and power ...	15	20	63	55
Finance and land	137	98	49	36
Gas	9	15	8	6
Iron, coal and steel	56 (?)	42 (?)	26	21
Mines	137	150 (?)	10	10
Nitrates	10	3	5	4
Oil	115 (?)	170 (?)	12	12
Rubber	82	43	5	3
Shipping.....	18	12	7	7
Tea and coffee	37	41	2	1
Telegraphs and telephones.....	7	11	18	17
Tramways and omnibuses	14 (?)	14 (?)	27	16
Total, commercial	1,139	954	797	587
Grand total (round figures)...	1,140	950	2,200	1,660

Before we proceed to draw deductions from these figures we must emphasise that the relation between the columns showing the present value and those showing the nominal amount that was held in this country in 1929 in no way represents the depreciation or appreciation over any particular period of time. The Government stocks, for instance, may never have been worth their nominal value, as a much greater proportion was issued at a discount than at a premium. On the other hand, many shares, especially in the industrial, mining, rubber and tea groups, have been issued, or acquired by British residents, at a substantial premium over their nominal value.

The figure for the present value of mining shares is based much more on guesswork than are any of the others. Comparatively few mining securities are given an official quotation, and the sample available, which actually showed a present value over half as great again as the nominal value, amounted to only one-fifth of the total British holding in this group. A similar criticism applies to the iron and steel group, while the figure for commercial and industrial shares has also been somewhat arbitrarily adjusted downward. Indeed, it is a fair criticism of the whole table, as far as non-governmental securities are concerned, that the stocks and shares for which quotations are recorded in the Stock Exchange Official Intelligence do not form a fair sample of the measurement of average value. They are unduly weighted with the securities of the larger and more prosperous companies. Hence our estimate of the average relation of present to nominal value may be too high. But, as a matter of judgment, the error in the aggregates seems unlikely to exceed five per cent. If we accept the proportions in the table, and apply them to the £660 millions of capital omitted for reasons which were explained in our series of articles last year, it appears that the £4,000 millions (nominal) of British long-term investments abroad had a value, at end-of-July prices, of about £3,140 millions.

This statement requires obvious, and important, qualifications. In the first place, if an attempt were made to dispose of any considerable proportion of the total the price would inevitably be driven down. In the second place, for perhaps one-third of the total the market is extremely restricted and practically confined to this country. On the other hand, to measure the value of so large a portion of the world's total capital by reference to the distress prices prevailing at the moment clearly conveys no conception of its real worth. Nor is it to be imagined that any large fraction of it would be disposed of in present circumstances. At the moment the

marketability of the various groups of securities varied enormously. Most of the Government and Corporation bonds might be expected to find purchasers. We possess some £100 millions or more, in nominal value, of United States securities which could, no doubt, be resold on Wall Street without overwhelming that market, and many of our Canadian holdings, especially in the railways, might also find fresh owners in the same centre. Railways as a whole, however, are too depressed at the moment for their stocks to be readily saleable, though the more amply backed of their fixed interest-bearing securities rank well above those of many Governments, both within the Empire and outside it. Many other industrial debentures have likewise a sound international value, while there is an active world market in mining, oil and public utility shares.

It is plain, therefore, that while a substantial proportion of our capital overseas could only be disposed of with difficulty and at great sacrifice, Great Britain still possesses enormous mobilisable resources which in the event of an extreme crisis might be made available (as a great quantity of them were during the late war) to support our exchange. In spite of the depreciation which the slump has wrought in them, British overseas assets are still far more than sufficient to rule out of the question any such immediate threat to our international exchange position as Germany and other debtor countries have undergone in the past few months.

STATE CAPITALISM IN JUGOSLAVIA.

(BY OUR BELGRADE CORRESPONDENT.)

A RECENT measure of the Yugoslav Government, namely, the introduction of a State monopoly for the export and import of wheat, wheat flour and rye, must be considered as the logical outcome of the economic policy inaugurated by it under the pressure of both internal and external circumstances. Two and a half years ago, when the Government came into power, industry had sufficiently recovered from the upheavals of inflation and deflation to look after itself. Agriculture, however, was still floundering in a morass of debts, some incurred during the period of reconstruction and some rashly during the period of boom. Private debts of about 3,000 million dinars (£11,000,000), at an average rate of 24-30 per cent. interest, were hard to bear for a semi-primitive industry, even without the international slump in prices. The slump brought it to the verge of catastrophe. Debts were merely postponed at usurious rates, arrears of taxation accumulated, land improvement became increasingly difficult. The peasants reduced their purchases from towns to a minimum, and trade, industry and the State began alike to suffer.

The peasants required help, but were hardly able to offer it themselves, unschooled by tradition and incapable of concerted action because of the scattered nature of the industry itself. Private initiative, usury and speculation were only pushing them further down the slope. The co-operatives, although doing splendid work, lacked the power or funds for such a big task. It was to the State, therefore, that the peasants looked for assistance, not merely because of its greater power, but also because of its centralised position and the new responsibilities it had assumed.

Faced by the possible breakdown of the chief national industry and by consequent social discontent, the State was obliged to act, and its action took an interesting form. It resulted in the creation of a number of semi-state institutions of a capitalist character in which the State joined with private enterprise, but in the rôle of chief shareholder and supreme controller. These institutions are the Privileged Agrarian Mortgage Bank, the Privileged Export Society, and the Privileged Company for Silos and

Warehouses. The first of these, during its existence of a year and a half, has lent out to peasants nearly 1,000 million dinars at a rate of 8 per cent. to 10 per cent., which has not merely enabled the peasants to convert part of their previous loans, but has also helped to lower considerably the general rate at which peasants can obtain money. The second, favoured by larger capital, special freights and better foreign service, has successfully combated speculation by offering the peasant the full international price, and is now to act as State agent in the wheat export monopoly. The third, which has not started working as yet, will issue warrants and lombard loans on agricultural goods deposited for export.

In internal management, which is independent, all these institutions are modelled on private capitalist undertakings. They differ from ordinary capitalist enterprises, however, by their avowed intention of serving primarily a national need with a minimum gain, instead of aiming at the maximum profit. As such, all these institutions offer special privileges to the co-operatives in dealing with them, and thus further an economic form which it is the intention of the State to make the chief pillar of agriculture. On the other hand, the State guarantees as a safeguard to the private investor a minimum dividend of 6 per cent.

What will be the future of this policy and of these institutions? The advantages to the Government are obvious. Even if it should run these services without profit (and, at any rate, with the Agrarian Bank, it does not), it has obtained money for the furtherance of its own economic policy at a rate cheaper than it could have obtained it by means of an internal or external loan. The small investor, again, who prefers safety to speculation, is willing to invest, since he cannot obtain more than 5-6 per cent. at the banks, and there savings deposits are still growing and have passed 14,000 million dinars (£51,000,000). Further, the Government is bound to its policy, since, at the present time of wheat pools, international cartels and combines, competition is growing increasingly difficult, and there would be no one to take its place if it were to withdraw. The only possible body, the co-operatives, are neither strong enough nor yet ready. Further, there is in the country, among all shades of political opinion, a tradition of State service fostered by the State ownership of transport, post, monopolies and various other undertakings. Thus, whatever this last reason may be worth under other circumstances and in other countries, in Yugoslavia it is a potent factor, and State capitalism connected with agriculture is likely not only to stay, but even to extend further and further.

THE DIRECTION OF OVERSEAS TRADE.

THE Trade and Navigation Returns for July contain the usual analysis, by countries of origin and destination, of our overseas trade during the first half of this year. As for many months back, any account of the changes in the direction of our trade which these figures reveal resolves itself into a melancholy allocation of greater or less decreases. Broadly speaking, the tendency since the onset of the slump has been for our trade with foreign countries outside Europe to suffer most and that with European countries to suffer least. The latest figures show that this tendency has been maintained: our imports during the first half of this year, at £417,874,000, were, roughly, 23 per cent. below last year's level, but while imports from foreign countries outside Europe declined by 31 per cent., those from foreign European countries and British countries declined by 17½ and 21 per cent. respectively. Similarly, the average decline in exports, which fell to £199,156,000, was 34½ per cent.; but while exports to Europe only fell by 29 per cent., those to other foreign countries and to the Empire fell by 41½ and 36 per cent. respectively.

* See *Economist*, August 8, 1931, p. 258.

† See *Economist*, October 25, 1930, p. 750.

Our trade with European countries, other than the Irish Free State, is shown below:—

TRADE WITH EUROPEAN COUNTRIES.

First Half Year.

(000's omitted.)

	Imports from				British Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Russia.....	14,992	8,738	9,940	11,586	7,162	1,713	2,578	3,241
Finland.....	4,931	5,094	4,062	...	1,656	1,090	724	...
Estonia.....	1,108	1,022	844	...	191	147	98	...
Latvia.....	2,510	3,012	1,386	...	561	416	258	...
Sweden.....	5,913	10,740	10,860	7,188	3,901	5,019	5,294	3,707
Norway.....	3,865	6,924	6,883	4,231	3,268	4,325	5,017	3,515
Denmark.....	11,326	25,809	26,540	22,747	2,966	4,906	5,245	4,251
Poland.....	2,976	3,966	3,937	...	2,123	1,197	920	...
Germany.....	39,410	31,960	31,854	26,642	19,825	18,528	15,644	9,210
Netherlands.....	13,510	29,273	26,781	21,952	12,188	13,738	8,642	...
Belgium.....	11,654	21,426	20,586	15,232	6,994	10,310	8,801	5,439
France.....	25,838	32,199	29,698	22,299	16,628	18,651	18,405	14,153
Switzerland.....	5,741	6,626	6,162	5,314	2,093	3,327	2,925	2,152
Portugal.....	1,684	2,286	2,259	1,676	3,260	4,151	3,974	2,952
Spain.....	8,200	11,337	11,862	9,815	5,515	6,719	6,012	3,621
Italy.....	4,210	8,087	1,587	1,253	7,691	8,207	7,445	4,910
Austria.....	4,094	1,147	1,587	1,253	1,273	1,199	689	...
Hungary.....	...	164	389	...	516	377	275	...
Czechoslovakia.....	...	3,048	2,813	2,804	...	1,119	353	678
Greece and Crete.....	591	812	572	499	1,133	2,373	1,874	1,660
Romania.....	611	777	2,177	1,496	886	1,194	1,174	683
Turkey-in Europe.....	558	361	328	299	895	1,181	949	758
Other European countries.....	86	1,059	1,127	1,103	181	1,880	1,384	1,213
Total.....	152,283	214,898	213,357	175,625	96,308	115,821	103,837	73,746

* Including dependencies.

Imports from Russia and Hungary increased, and those from Czechoslovakia were almost maintained. Less than the average fall for European countries was shown by imports from Germany, Denmark, Switzerland and Italy, but our purchases from Sweden, Norway, Belgium, and France declined very severely. Exports to all European countries except Russia were lower. Among our most important customers the smallest relative declines were shown by Denmark and France. Exports to Germany, the Netherlands, Belgium, Spain and Italy fell more than the average.

Both imports from and exports to foreign non-European countries, shown in the second table, declined with particular severity:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE.

First Half Year.

(000's omitted.)

	Imports from				British Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Turkey-in-Asia.....	1,507	£ 551	£ 508	£ 327	2,479	£ 327	£ 148	£ 156
Egypt.....	11,547	13,302	8,936	4,976	4,721	6,464	5,282	3,265
Iraq.....	697	433	295	...	1,284	970	562	...
Persia.....	238	4,301	4,993	3,041	350	1,093	1,508	441
China.....	2,149	5,458	4,669	3,568	7,102	7,474	4,780	3,980
Japan.....	2,139	4,307	4,069	3,471	6,183	8,423	4,782	2,886
United States.....	70,579	100,897	82,167	52,504	14,529	22,539	16,538	8,656
Cuba.....	1,828	3,240	2,747	1,928	1,123	1,170	790	418
Mexico.....	1,230	1,409	1,454	1,182	1,263	1,314	1,207	588
Colombia.....	493	2,283	680	548	872	1,315	736	763
Peru.....	1,246	2,043	1,364	1,112	730	1,012	791	336
Chile.....	3,164	5,581	4,716	3,128	3,255	3,853	3,522	1,356
Brazil.....	6,288	3,009	5,751	3,075	6,711	7,299	4,635	2,175
Uruguay.....	1,667	3,328	4,657	3,344	1,545	1,704	1,805	1,228
Argentina.....	23,554	40,983	31,293	26,115	11,267	14,014	12,510	8,595
Other foreign countries (non-European).....	3,988	9,429	8,840	6,998	3,374	6,138	4,936	2,727
Total.....	131,617	199,818	167,257	115,612	65,504	84,023	65,040	38,132

* Including dependencies.

Our purchases from Egypt, Persia, the United States, Chile and Brazil were heavily curtailed, those from China and Japan were slightly better maintained, and purchases from the Argentine, though down by £5 millions, were still above the pre-war level. Exports to this group of countries show a fall of 41½ per cent., and in the cases of the United States, Chile and Brazil the reduction is considerably greater than that. Indeed, the decline in our exports to the United States, both relatively and absolutely, is

one of the most disturbing developments revealed by these statistics. Exports to Egypt, China and the Argentine, though substantially reduced, fell less than the average for this group.

The next table shows our trade with the principal countries of the British Empire:—

TRADE WITH BRITISH COUNTRIES.

First Half Year.

(000's omitted.)

	Imports from				Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Irish Free State.....	£ 19,479	£ 19,492	£ 16,679	£ 17,212	£ 17,212	£ 17,745	£ 15,027	£ 15,027
South Africa.....	2,478	6,963	5,741	3,176	2,906	5,932	5,612	3,162
India and Ceylon.....	6,836	12,959	10,859	7,524	10,754	16,242	13,498	10,925
Straits Settlements.....	24,604	36,155	30,629	22,868	36,167	43,250	34,880	18,581
Australia.....	8,539	6,171	5,651	3,115	2,914	5,499	4,291	2,491
New Zealand.....	19,913	32,853	25,976	24,194	17,137	25,241	19,121	7,060
Canada.....	14,475	32,709	28,989	23,034	5,451	9,551	9,010	5,260
West Indies.....	10,938	21,666	17,352	13,200	12,007	17,903	14,880	11,374
Other possessions.....	1,293	2,862	2,589	2,375	957	2,251	2,285	1,863
Total.....	94,860	190,062	161,134	126,637	95,248	158,898	135,974	87,278

Imports from Ireland, Australia and the West Indies have fallen least; there has been a distressing decline in our imports from Canada, and an acceleration of the decline already in progress last year in our purchases from India and Ceylon. Our exports to British countries have fallen by more than one-third, and, while the decline in all cases is severe, it is relatively greatest in exports to West Africa, India, Australia and New Zealand. Exports to the Irish Free State, South Africa and Canada have fallen somewhat less than the average.

Re-exports to the principal countries are shown in the last table:—

EXPORTS OF IMPORTED PRODUCE.

First Half Year.

(000's omitted.)

	1913.	1925.	1926.	1927.	1928.	1929.	1930.	1931.
Russia.....	£ 5,142	£ 6,512	£ 4,280	£ 5,511	£ 1,061	£ 1,064	£ 1,488	£ 971
Sweden.....	602	838	788	511	628	540	502	385
Denmark.....	279	565	410	376	374	418	382	285
Germany.....	11,396	16,237	9,782	15,656	16,610	14,258	10,083	8,014
Netherlands.....	2,786	3,253	2,363	2,416	2,412	2,424	2,407	1,677
Belgium.....	3,667	5,130	4,304	4,788	6,072	5,462	3,931	2,814
France.....	6,417	10,303	12,640	9,831	11,216	11,207	8,923	5,835
Italy.....	497	1,331	1,423	1,081	1,233	242	229	146
United States.....	16,535	14,409	14,719	10,623	12,206	9,111	6,787	4,344
Other foreign countries.....	4,693	5,045	4,345	4,548	4,346	4,750	4,033	2,897
Irish Free State.....	...	...	...	...	...	...	...	...
South Africa.....	940	5,651	5,362	4,762	4,776	4,941	5,046	4,462
India and Ceylon.....	...	816	758	697	808	776	613	...
Australia.....	841	629	746	751	757	660	743	509
New Zealand.....	1,747	2,384	1,087	1,278	1,180	1,001	818	329
Canada.....	472	546	359	403	379	391	404	291
Other British possessions.....	1,851	1,817	1,266	1,045	1,288	1,193	992	667
Total.....	59,051	77,449	66,599	66,220	67,486	60,562	49,280	35,708

* Including dependencies.

Here also there has been a very substantial decline, even though the 1930 figures had already fallen to a level far below that of 1913, and the decline substantially affected all the countries shown in the table.

If any permanent developments are at work in the geographical distribution of our trade, it is as difficult to discern them from statistics dominated by an overwhelming long-term population trend of a nation from statistics covering a period of plague. Most of the more marked changes recorded above can be directly traced to such temporary causes as the disproportionate fall in raw materials and food prices relatively to those of manufactured goods; the Australian financial situation; the reparations difficulties; and the peculiar situation of the markets in certain commodities which dominate the trade of particular countries.

SPAIN AND CATALONIA.

(BY A CORRESPONDENT.)

THE Catalan is the Little Jack Horner of Europe. He combines with a prodigious appetite and a remarkable capacity a self-sufficiency only to be compared with that of a precocious child. He has "always been there first." The proclamation of the Catalan Republic at one p.m. on April 14th, several hours before Spain itself became a Republic, was, therefore, entirely in character. All praise is due to Colonel Macia and his associates for the realist policy which they have pursued in the sequel; but no assessment of the Catalan problem in Spain's new life is complete which does not take into account this factor of the Catalans' "superiority-complex" and, above all, its effect on the other peoples of the peninsula.

The foreign observer, familiar with the previous history of Spain's Catalan problem, may well stand amazed at the moderation which has been shown both by the Government of the *Generalitat* and by the Central Government in Madrid. Below the surface, however, forces are stirring which may yet throw the whole provisional settlement in the melting-pot. It is not merely that the "official" dispute between Madrid and Barcelona with regard to labour control is as far from solution as ever. The Socialist Ministers, who are unlikely to remain in the Cabinet when once the new Constitution is in force, cannot afford to lose their opportunity of smashing the Syndicalist organisation once and for all. Colonel Macia, on the other hand, must keep his pledge to the powerful *Sindicato Unico*, or the turbulent element in Catalonia will stir up such a campaign of violence and sabotage as will wreck all hopes of a political settlement with Madrid. There are now as many possibilities of mischief in Barcelona as at any time since the Dictatorship. Catalan employers, moreover, as in the past, will be found to be secretly supporting the Syndicalists because they are definitely scared at the immense power wielded by the (Socialist) General Union of Workers.

Apart from this immediate issue, which is fundamental, it is probably not realised in England how much friction has been generated among the general public by the divergent interpretations of the Pact of San Sebastian. Your Catalan takes it for granted that this compact of the united Republican parties working for the overthrow of the Monarchy provided specifically for an autonomous Catalonia. Thus, as he interprets it, after the *de facto* establishment of a Federal Republic, a Statute was to be drawn up, approved by a plebiscite in Catalonia and then submitted for ratification by the Cortes (the alteration of the constitution not being so much as natives of rejection or modification not being so much as considered). The other view, which is held widely throughout the rest of Spain, excludes any measure of "autonomy" which is not expressly conceded by the sovereign Cortes. It is really the selfsame psychological conflict that divides the educated Indian thinking all the time in terms of equality of status and the Englishman who, while perfectly willing to meet Indian aspiration, insists that self-government must be conceded by Parliament in London.

As early as April 29th, the Provisional Government published decrees providing that in the schools of the Region under the jurisdiction of the *Generalitat* instruction should be exclusively in Catalan for children up to the age of eight years, with, in addition, a class in Spanish for those above that age. Catalan was also made official equally with Castilian in courts of law. On the face of it this looks to be a satisfactory and common-sense arrangement. Yet at once there was an outcry in the Madrid and the provincial Press, and the dissatisfaction was only appeased by an unequivocal declaration from Don Miguel Maura, Minister of the Interior, that "the faculties, rights and functions of the central Power cannot be delegated, renounced or transmitted, neither at the present nor at any other time."

If the Catalan problem were only a matter of soothing the susceptibilities of a region with marked spiritual and cultural characteristics of its own, the profuse testimonies of goodwill by the Provisional Government should have gone a long way to solve it. Unfortunately every step

taken in this direction is apt to stimulate an equivalent amount of resistance in other parts of the country. Even the measure of indulgence extended to "these Catalans" in the first flush of Republican enthusiasm could hardly be expected to survive Colonel Macia's interpretation of the agreed formula for the interim regime:—"Catalans have deprived themselves for a short time of a modicum of that sovereignty which is theirs by right . . . if the fruits of our plebiscite are denied to us we will fight to the death to achieve our aspirations to freedom."

That non-Catalan opinion has been turned more and more against the idea of Catalonia as an "autonomous State within the Spanish Republic" is the lesson of the last two months. There is the renewed commercial boycott, which, although it does not amount to much at present, is liable to be extended at the first hint of Catalan "direct action." There was the intense resentment aroused by the gesture of the Catalan Deputies to the Cortes, who refused to join in the vote of confidence recently accorded to the Government. And, finally, there was the danger-signal which compelled Colonel Macia to desist from his intention to come to Madrid in person to commend the Statute of the Catalan Provinces to the Cortes.

A significant indication of the trend of opinion on the other side is the fact that, when the draft of Spain's new constitution was issued, considerable sections of Catalonia affected to believe that this document did not apply at all to the region. For integral Catalanists, we should remember, scout with disdain any suggestion that the Catalan question should be treated as one of internal organisation. Their idea is that the "sovereign independent" region must be recognised *de jure* as a separate entity free to choose its future destiny. It might, that is to say, condescend to enter a Spanish Federation; on the other hand, it might, in theory, prefer to attach itself to France.

The notion of "the Ireland of Spain" offering itself to the highest bidder is scarcely dignified: to any one with a sense of political realism (*vide* Catalonia's entire business interests) it is laughable. But this "all or nothing" attitude is an important factor in the whole problem. It is also, incidentally, unmistakable evidence of that very Spanishness which the patriotic Catalan seeks to deny. Herein lies the psychological difficulty of any system of dyarchy carefully distinguished between "reserved" and "transferred" subjects, such as we have known in India during the last twelve years, and such as is adumbrated in the moderate-enough constitutional demands of the *Generalitat*.

The Catalans are proud, and justly so, of their ancient tradition of independence, which they date from the reign of Charlemagne. Barcelona, in particular, boasts of its municipal charter of self-government which translated itself into the institution of a *Cortes*, or elective assembly, a century or more before the establishment of Parliament in England. Its power must have been real enough, too, seeing that Jaime el Conquistador, Catalonia's most famous king, was hauled before these worthy burghers to be admonished for cutting out the Bishop of Gerona's tongue. During the last hundred years the yeast of European "nationalism" has been steadily working on the native substance, with the result that the Catalan people as a whole has taken on all the attributes of a persecuted minority—during the dictatorship of General Primo de Rivera with some reason.

Consequently, while a liberal interpretation of the "social prerogatives to be extended to regions desiring them" (to quote the Committee's Report on the draft Constitution) may be expected to satisfy the aspirations of Basques, Galicians and Andalusians, Catalan "nationalism" requires different treatment. It is natural enough that the leaders of a people which has but recently emerged from the throes of a revolution should favour a Constitution embodying the unitary rather than the federal principle. The French model, moreover, is consecrated by four centuries of tradition. Here is a case, however, when discretion is emphatically not the better part. The *Cortes* must have the courage to strike out boldly on federal lines, with the examples of Switzerland and Germany rather than France in mind. Not otherwise will the new Spanish Republic be able to clear the Catalan hurdle.

Notes of the Week.

Franco-German Relations.—Dr. Brüning's Government have lost no time in taking advantage, in the field of international relations, of that fresh lease of stability which has been given to them by the outcome of the Prussian Referendum. At the end of last week, the German Chancellor sent Monsieur Laval and Monsieur Briand an invitation to pay a personal visit to Berlin, on the precedent of the visits which the German Ministers themselves have paid to London, Paris and Rome, and of the return visit which has been already paid to Berlin by Mr MacDonald and Mr Henderson and has been promised by Signor Mussolini. The French Ministers have promptly accepted this German invitation, but the date has had to be postponed out of consideration for the health of Monsieur Briand, who, like Mr Montagu Norman, has been compelled to recuperate from the strain of the past weeks by going on a complete holiday. The circumstances were explained personally by Monsieur Laval to Dr. Brüning in a telephone conversation, between Paris and Berlin, which the two statesmen held last Sunday. This friendly and informal substitute for "the usual diplomatic channels" is, in itself, a good augury for the future development of Franco-German relations; and it may be no disadvantage that an indisposition—which is certainly genuine, and not "diplomatic"—has made it necessary to postpone the French visit to Berlin until after the next meeting of the League Council at the beginning of September. For the relations between France and Germany are, of course, the crux of the international problem; and while a successful meeting between the heads of these two Governments, *tête-à-tête*, without the presence or mediation of any third party, would be the best proof imaginable that the international situation was improving, it is evident, for the same reason, that this particular meeting is more difficult to carry off successfully than any other. It is difficult because the two great European countries which are the most deeply estranged from one another in sentiment, and the most sharply opposed in policy, are also, for the time being, at the greatest disparity of power as a result of the Versailles Treaty. This disparity makes a *tête-à-tête* meeting a difficult matter for both parties; and the meeting may easily produce more harm than good unless, before it takes place, each party clears up, in its own mind, some searching questions on fundamental points of policy. The French have still to decide whether it is really security or hegemony that they are seeking. Are they willing to treat Germany as an equal of France again, if and when the Germans have once satisfied France that they will accept wholeheartedly a state of affairs in Europe which guarantees French security? Or is French predominance over Germany an end in itself for French statesmanship? On the other side, the Germans have still to decide whether what they want is equality of status with other Powers and that minimum of treaty-revision which is needed in order to make the new Europe tolerable for Germany; or whether they really want a general upheaval—to be produced by Fascist or Communist revolutions or by new international alliances—which will break up the post-war settlement altogether. Here are grave issues on both sides; and on both sides it will require the utmost wisdom and self-control to make the right choice. Even if the French visit to Berlin is postponed till October, there is evidently plenty of mental stocktaking to be done in the interval in both France and Germany.

The Disturbances in Cuba.—The disturbances in Cuba, which came to a head last week, seem to have had the character of an organised insurrection against the Government of President—or General, or Dictator—Machado. The fighting has been severe and the casualties numerous; and though the Government claims successes, fighting continues; and insurgents' defeats offers no guarantee that the trouble will not break out again. This may be prophesied for two reasons. In the first place, the discontent against the Machado regime has

been mounting up for some years. In the second place, the United States Government, under President Hoover's administration, has abandoned its former policy in the Caribbean of maintaining its influence over the local republics by refusing to permit the regime of its choice, in this or that Caribbean country, from being overthrown by revolution. As for the causes of discontent in Cuba, we may take it that these do not differ materially from those which are prevalent in other Latin-American countries. In Latin America, politics are highly personal; and the advantages of holding office and the penalties of being in outer darkness are both so considerable that Governments are constantly tempted to repress and oppositions to revolt. In such a situation, disturbances can hardly fail to arise when the normal tension between the "ins" and the "outs" is intensified by the general malaise resulting from a world-wide economic depression. Since the summer of last year there has been a wave of revolution in Latin America through the combined operation of these causes; and Cuba, like so many of her Latin-American neighbours, is particularly susceptible to the effects of the slump inasmuch as her national income depends on the production of one or two staple raw commodities for export. Thus the outbreak in Cuba last week is not at all surprising in itself; but it is interesting as a symptom of that change of policy at Washington which has been mentioned above. This new orientation, which was explicitly affirmed by the Secretary of State, Mr Stimson, a few months ago in a public address, has already been signalled in practice in other Caribbean countries. In Nicaragua, for instance, since 1927, the United States has allowed the so-called Conservative Party, which had previously been kept in office by American marines, to be replaced by the Liberals through a general election which was held in fair conditions under American supervision. In the Dominican Republic, the United States has recently intervened—on the occasion of just such an outbreak as that which occurred in Cuba last week—in order to arrange for a change of regime by agreement. Finally, in Haiti, the United States Government has itself taken the initiative in winding up the Government of President Borno—through whom the Americans had virtually administered Haiti since 1915—and has allowed a regime of an anti-American complexion to take General Borno's place. It remains to be seen in what fashion the Government at Washington will apply this new policy of Liberalism to the present situation in Cuba.

Liveliness on the Irish Border.—During the last few days there have been incidents in the neighbourhood of the border between Northern Ireland and the Free State which have quite an East European flavour. At Cootehill, County Cavan, on the Free State side, on Wednesday, August 12th, railway lines were pulled up, and a band of a couple of hundred young bloods were on the war-path. At Hewitt's Bridge, Rich Hill, County Armagh, last Sunday, another band tore up the rails, awaited the arrival of a goods train, and compelled the driver, at the pistol point, to run his locomotive over the dislocated section of the track. In truth, Ireland is the least un-European of all the blessed overseas countries in its style of conducting politics. Yet "Anglo-Saxon attitudes" are terribly infectious, and the Irish, in spite of themselves, are not quite as other Europeans are. For let us examine and compare more closely. Who was it, for instance, that tore up the tracks on either side? Supposing that these incidents had occurred on either side of the German-Polish frontier or the Yugoslav-Bulgarian, it would have been safe to wager, without hearing the evidence, that the tracks in Germany and Yugoslavia had been torn up respectively by Polish and Bulgarian raiders, and those in Poland and Bulgaria by Germans and Yugoslavs. But what do we find in insular Ireland? We actually find that each party has relieved its feelings by tearing up its own railway tracks and not its neighbours'. The sabotage on the Free State side was apparently the work of Republicans, and the sabotage on the Ulster side the work of Orangemen. And both these alarms were produced for the harmless purpose of preventing excursions. The

Southerners damaged their own railway property at Cootehill in order to prevent the local minority of Orangemen from holding a demonstration in the town; and the Northerners did the like to their own property at Rich Hill in order to prevent the Hibernians of Ulster from holding a demonstration at Armagh. Sure enough, an excursion train which was to have conveyed the Hibernians of Bessbrook and Camlough to Armagh had to be cancelled, and the discomfiture of all would-be Hibernian excursionists to Armagh was completed when the roads as well as the railway leading to the city were blocked by an abbatis of felled trees. How lively, but how pacific! There is an unmistakable family likeness between this Irish exchange of amenities and the recent trial of strength between the Governor of Texas and the Governor of Oklahoma, when the Texan blocked his end of one of the two bridges that span the river which separates the two States; while the Oklahoman blocked his end of the other bridge. Here, on both sides, the State militias were brought into the action without bloodshed, at the sole cost of closing the thoroughfare to all comers in either direction. This over-seas Anglo-Saxon world is undoubtedly the world to which poor Ireland belongs, and, however careful the Irish deputation at Geneva may be to address their colleagues in French, they cannot escape their humdrum destiny. They cannot behave quite like Continentals.

Hungarian Developments.—The news from Hungary is of a conflicting character. Early this week, distinctly encouraging accounts were received. Following the issue of a decree enacting that debts, rates and direct taxes, dealing with the banks, and wages should be payable in terms of a gold pengő (fixed at 0.26,315,789 grams), the Government, under Count Bethlen, put forward a programme, which, by increasing taxation by 100,000,000 pengős, and reducing expenditure by the same amount, bridged the deficit in the Budget. In spite of the new hardships these proposals laid upon the people, they were accepted on Tuesday by the Joint Committee set up by both Houses of Parliament. Meanwhile, Count Bethlen had succeeded at last in relieving the immediate needs of the Exchequer by placing an issue of £5,000,000 Treasury Bonds, the major part of which is believed to have been taken up abroad. The banks had reopened, and the trend of business was described as normal, with fresh deposits in excess of withdrawals. Thus it appeared that the position was improving. At this juncture there came, on Wednesday night, the news of Count Bethlen's resignation, after a period of office of over ten years. It has been accepted by the Regent, and Count Karolyi, the Foreign Minister in the late Government, has been asked to form a new administration. It is not yet clear what interpretation should be placed on this unexpected turn of events, which may be a matter of personal differences between Count Bethlen and the Regent, or the sudden outcome of deeper economic and political forces, both internal and external, acting beneath the surface. For the moment judgment is best reserved.

Mr Montagu Norman.—Last Saturday the Bank of England issued the following statement:—"The Governor of the Bank of England has been indisposed as the result of the exceptional strain to which he has been subjected during recent months. Acting on medical advice, he has had to abandon all work for the present, and has gone abroad for rest and change. He has been assured that a period of complete quiet and entire freedom from work should be sufficient to enable him to resume his full normal duties at the Bank." The City heard this news with regret, but hardly with surprise, in view of the wellnigh intolerable strain to which the pressure of recent events must have subjected the Governor. No one will grudge him his rest, but all will regret both his absence and its cause. All, too, will hope that the City and, indeed, the world at large, will enjoy the benefit of his guidance and advice for many years to come.

French Foreign Trade.—The trade returns of France for July reveal a further set-back in both imports and exports as compared with previous months, while the figures for the first seven months of the year are appreciably below the corresponding results for 1930. The position is summarised below:—

(Fr. milliard.)			
Period.	Imports.	Exports.	Adverse balance.
1930—July	4.12	3.53	0.58
1931—June	3.91	2.51	1.40
July	3.64	2.32	1.32
First seven months—			
1930	30.94	26.18	4.76
1931	26.84	18.65	8.19

The main fact that emerges from these returns is that France's adverse visible balance is twice as big this year as it was last, and it is impossible not to compare this increase with the growing divergence between French internal prices and world prices. An indication of this divergence is found by comparing the relative level of French prices of home-produced and of imported goods. For 1930, home goods stood at 591, and imported goods at 458, 1931 home goods were 29 per cent. the higher. By June, 1931, imported goods had fallen to 365, but home goods only to 539, so that they were 48 per cent. above imported goods. Finally, in July, the two indices were: imported goods 348, and home goods 532, or 53 per cent. above imported goods. Even admitting that part of this divergence may arise from the fact that imported goods are mainly primary materials, which stand at a relatively low price level in all countries, the fact that since 1930 both the adverse trade balance and the price divergence have approximately doubled suggests that there is a definite connection between the two. In other words, it looks as if French gold acquisitions are causing her internal prices to fall less slowly than those of the world at large, and that this growing divergence is reacting unfavourably upon her foreign trade.

More Looms Per Weaver.—At the end of last week, writes our Manchester correspondent, there was a definite forward step in the attempts which have been made to find a solution of the more-looms-per-weaver problem in the Lancashire cotton trade. At the beginning of the month the Cotton Spinners' and Manufacturers' Association sent a communication to the Operative Weavers' Amalgamation inviting representatives to meet them at an early date in order to reopen negotiations. Early this year there was a labour dispute in Lancashire which resulted in a stoppage of work for a month, when the employers brought the dispute to a close and opened their sheds on the old conditions. Since then a special sub-committee of the Manufacturers' Association has been at work with a view to making recommendations that would help to overcome the objections of the leaders of the operatives. It is understood that the employers are now prepared to concede the principle of a minimum wage, the provision of mechanical attachments to ordinary looms, the slowing down of machinery and the help of labourers so as to make it possible for weavers to do nothing else but weaving. The proposals of the employers were considered by the General Council of the Operative Weavers' Amalgamation, and it was decided to submit the question to the District Associations. Replies from these meetings were considered by the General Council at the end of last week, and after discussion the Council decided to give authority to the Central Committee to meet the employers and discuss the question. It is understood that a joint conference will take place in Manchester on Friday next. It is not likely that any important result will be achieved on that occasion, and it is possible that a small sub-committee will be appointed to draw up an agreement which will have to be submitted at a later date to the larger organisations. In Lancashire trade circles there is belief that a settlement of this difficult problem is about to be reached. Until quite recently the operatives have opposed very strongly the more-looms-per-weaver system, but a change in their attitude is now taking place, as the position of the trade unions is being undermined by the

adoption of the new system at isolated sheds in different parts of Lancashire. Responsible leaders of the employers and the workpeople are convinced that it will be an advantage for a definite agreement to be decided upon rather than have varied arrangements at different firms. It has been proved that under the revised system a considerable saving can be effected in the costs of production.

Iron and Steel Production.—The July figures of production, published by the National Federation of Iron and Steel Manufacturers, show a further deterioration in the situation of the iron and steel industry during that month. The output of pig iron, at 317,000 tons, compares with 323,800 tons in June, and is 169,100 below that of July, 1930. Imports of pig iron during July, at 19,700 tons, show a decrease of 8,900 tons on the previous month and one of 4,500 tons as compared with July, 1930. Exports, too, show a decline from 26,500 tons in June to 18,700 tons in July, as against 20,000 in the corresponding month a year ago. The number of furnaces in blast has been reduced from 76 at the end of June to 70 at the end of the past month. Three furnaces have been damped down, four have been blown out, and only one has resumed operations. The output of steel, at 428,700 tons, shows a decrease of only 200 tons on the previous month, but it must be remembered that the number of working days in July exceeded by one that of June. Total exports of iron and steel, at 168,300 tons, show an increase of 5,300 tons as compared with June, while imports, at 231,000 tons, record a decrease of 15,300 tons. Although in quantity imports have been larger than exports since the end of last year, the value of exports is still considerably in excess of that of imported iron and steel. This is explained by the fact that imports consist mainly of cruder materials. Nevertheless, the gap between the value of imports and exports has become continuously narrower, and there are unfortunately as yet no signs of an early improvement in the industry. Figures for the first half-year for the principal steel-producing countries are now available, and are given in the following table, where they are compared with the production of pig iron and steel in the first half of 1930:—

PRODUCTION OF PIG IRON AND STEEL OF THE CHIEF PRODUCING COUNTRIES.
First Half 1930 and 1931.

	Pig Iron.			Steel Ingots and Castings.		
	First Six Months		Decrease % com- pared with 1930.	First Six Months		Decrease % com- pared with 1930.
	1930.	1931.		1930.	1931.	
(In thousands of Tons.)						
United Kingdom	3,720.1	2,006.0	46.1	4,361.7	2,650.1	39.2
U.S.A.	18,261.4	11,105.3	39.2	23,751.7	15,258.6	35.8
Germany	5,505.2	3,291.6	40.2	6,478.8	4,545.0	29.8
France	5,097.2	4,391.5	13.8	4,728.7	4,094.3	13.4
Belgium	1,856.1	1,555.7	16.2	1,850.9	1,486.7	19.7
Luxemburg ...	1,320.9	1,026.2	22.3	1,175.4	996.7	15.2
Total	35,760.9	23,376.3	34.6	42,347.2	29,031.4	31.4

It is interesting to note that the decline is of the same order in the United Kingdom as in the United States and Germany, but the declines are very much less in France, Belgium and Luxemburg.

Employment and the Cost of Living in July.—There was a further increase in unemployment during July. According to the *Ministry of Labour Gazette*, among the workers insured against unemployment in Great Britain and Northern Ireland, the percentage unemployed at July 27th was 22.6 per cent., as compared with 21.8 per cent. at June 22nd and 16.7 per cent. a year ago. It is estimated that at July 27th there were approximately 9,174,100 insured persons in employment in Great Britain. This was 97,000 less than a month before and 549,500 less than a year before. The number of persons registered as

wholly unemployed on July 27th was 1,877,543, as compared with 1,851,421 on June 22nd and 1,226,404 at the end of July, 1930. Those temporarily without work on July 27th numbered 724,690, as compared with 662,141 a month ago and 652,451 a year ago, while of those normally in casual employment 111,117 were unemployed, 2,707 less than a month before, but 17,242 more than a year before. The latest return of the Ministry states that at August 10th the total number of unemployed had risen to 2,714,359, of whom 1,916,813 were wholly unemployed, 686,688 temporarily stopped, and 110,858 usually in casual employment. With regard to the cost of living, the index number of the Ministry of Labour at August 1st stood at 45 per cent. above the level of July, 1914, as compared with 47 per cent. a month ago and 57 per cent. a year ago. The fall of two points in July was mainly due to reductions in the prices of potatoes, the effect of which was partly counterbalanced by advances in the prices of eggs. For food alone the corresponding figures were 28, 30 and 44 per cent. respectively.

Cheaper Atlantic Travel.—Details now available of the reductions in passenger fares being made by the various North Atlantic lines (on east-bound vessels the cuts are already effective, and for west-bound sailings they become operative on October 1st) indicate that the companies have decided to adjust their charges to changed economic conditions and endeavour to stimulate, or at least maintain, traffic by a wise policy of lower prices. Minimum rates for first-class accommodation on the Express Services are reduced by £3 to £5, while the charges for cabins and suites de luxe are much more drastically cut down. Second-class and "tourist-class" fares appear to be maintained more or less at their existing level (subject to certain concessions by way of extending the range of "minimum" rates), but third-class tickets are to be substantially cheaper. The policy of the companies is undoubtedly sound, and it is to be hoped that traffic will respond favourably.

The Five-Day Week.—In the annual report for 1930 of the Chief Inspector of Factories and Workshops (Cmd. 3927), which contains an interesting account of the growth of safety and welfare provisions, and, incidentally, reveals that the trade depression has led to a considerable increase in the working of illegal hours, there is a brief section which reveals that the five-day week is making more progress in British industry than is generally realised. While no industry, as a whole, has adopted the system, individual firms in nearly all the principal industries are practising it. In many industries, where the processes preparatory to the day's work are long and expensive, as, for example, bleaching and dyeing and stereotyping, the half-day's work on Saturday has been found uneconomic; in others, where the works are situated far from any residential district, it is easier to recruit labour when employees are not called upon to make the journey for a few hours' work on Saturday. The system also has advantages where Jews and Gentiles work together. The system appears to be very popular with workers, though, on the whole, it has not involved a reduction of hours below the total which would otherwise have been worked. Analysis of the hours worked shows that in 25 per cent. of the works they are about 45, and in 64 per cent. from 47 to 48. In 48 works they exceed 48, and in 25 they are less than 45. In some cases the consequent extension of the normal working day has involved the firms concerned in the payment of overtime, but in others this has been avoided by agreement with the unions concerned. Reports of the effect on output are distinctly favourable, and employers find several other advantages while employees find the scheme beneficial to their health and very much more satisfactory from the recreational point of view. It is noteworthy that the system is more prevalent in the South and in the newer industries than in the older industrial centres.

Drunkenness in 1930.—The Licensing Statistics for 1930, published by the Home Office (Cmd. 3928), reveal an increase in the numbers of convictions for drunkenness for the first time since 1924. The figures for England and Wales have been as follows:—

TOTAL ANNUAL CONVICTIONS FOR DRUNKENNESS.

	Number.	Per Thousand of Population.		Annual Increase or Decrease.	
		Number.	Per cent.	Number.	Per cent.
1913	188,877	51.16	+ 6.285	+ 3.44	
1918	29,075	7.79	- 17.335	- 37.35	
1920	95,763	25.46	+ 37.815	+ 65.26	
1922	76,347	20.01	- 1.442	- 1.85	
1924	79,082	20.41	+ 1.988	+ 2.58	
1929	51,966	13.12	- 3.676	- 6.61	
1930	53,080	13.40	+ 1.114	+ 2.14	

The increase last year applies to males only, convictions of whom rose by 2.63 per cent., whereas the number of females convicted was 0.39 per cent. less than in 1929. According to the report, the details of the movement were not such as to suggest any outstanding reason for the increase. Comparison with 1913 reveals a remarkable diminution.

A British Trade Ship.—On November 1st, writes a correspondent, there is due to sail from London s.s. *British Exhibitor*, one of the first concrete attempts to follow up the recommendations of the D'Abernon and other trade reports and to capitalise the goodwill created by the recent visit of the Royal Princes to the South American republics and by the holding of the British Empire Trade Exhibition at Buenos Aires this spring. The ship, bound for the Caribbean and South America, will be a floating British Industries Fair, carrying samples of British goods to foreign markets where British manufacturers will be able to make contact directly with foreign buyers through a trained and highly competent team of salesmen. The range of exhibits will be widely representative of British industry, including all types of engineering products, textiles, hardware and fancy goods, furniture, sports goods, hospital equipment and scientific instruments, wireless supplies, foodstuffs, wines, etc. The itinerary provides for 242 days in port out of the total 365 during which the ship will be at sea. Some exhibitors will send their own representatives; others will arrange for their resident agents in each of the ports visited to take over their stands. For exhibitors with inadequate connections the services of some thirty or forty salesmen employed by the promoters will be available on board; for such firms, indeed, the company will act as a sort of international merchant house, appointing agents in every port, collecting market data, and obtaining actual orders on a commission basis. In every port an office will be established in the business centre to ensure wide advertisement of the ship's arrival, to establish contact between local commercial interests and the British manufacturers represented on board during the ship's visit, and afterwards to maintain a continuity of effort. From the results of the first three or four months it will be possible to estimate the potentialities of such a scheme, and if these are found to be encouraging the company hopes to keep s.s. "British Exhibitor" in permanent commission; for the efforts of the company to sell its space for the western trip have revealed a still greater number of firms who would be glad to avail themselves of a similar opportunity which a voyage to India and the Far East would offer. The promoters of the present enterprise have had to face a certain lack of confidence which has resulted from the promotion of similar schemes in the past, none of which has come to fruition. Every effort has therefore been made to inspire confidence; in the first place, none of the money advanced by exhibitors in respect of rent for their stands will be used until after the ship has sailed from the Thames; such sums are being paid into a special trust fund from which they are recoverable in the event of the ship not sailing before January 1, 1932, or such extended date as may be agreed between the company and the exhibitors. In the second place, the company will insure these same sums against their loss in the event of the ship's foundering.

That the ship will definitely sail on November 1st, unless some quite extraordinary circumstances arise, is now stated to have been made certain by the response of sufficient British manufacturers in taking space.

New Capital Issues in the United States.—The stagnation of business in the United States is well illustrated by the inactivity of her capital market. The results of the first half of the current year, set out below in summarised form from the figures published by the Financial and Commercial Chronicle of New York, reveal a decline of over 54 per cent. in the total amount of new capital issues as compared with the corresponding period last year:—

NEW CAPITAL ISSUES IN THE UNITED STATES.
(Millions of Dollars.)

Period: January-June.	1928.	1929.	1930.	1931.
Domestic—Corporate	2,462	4,205	3,321	1,148
Farm Loan Issues	37	...	30	30
Municipal	750	663	748	838
United States Possessions	6	2	10	...
Foreign—Corporate	506	494	345	163
Government	430	70	413	41
Total	4,190	5,434	4,868	2,220
Of which "Foreign"	936	564	758	204

The outstanding features are the marked decline in the amount of new capital issued for commercial and industrial purposes, the small dimensions of foreign issues and the increase in municipal loans which are less subject to fluctuations in business activity. In domestic corporate financing, railway issues at \$272,785,300 show a decrease of 58 per cent. on the corresponding period in 1930, and new investments in oil companies declined from \$230,898,463 during the January-June period last year to \$14,701,500 this year. The end of the investment boom is shown in a decrease of new issues from \$149,237,079 in the first half of 1930 to \$2,300,000 during the first half of the current year.

The Manganese Situation.—Among the many raw materials whose productive capacity is in excess of demand, manganese is an outstanding example. The table below shows the output of ore by the principal producing countries before and after the war:—

PRODUCTION OF MANGANESE ORE.
(Thousands of Long Tons.)

Period.	Gold Coast (exports).	India.	Russia.	Egypt.	Brazil.	World.
1913	Nil	815	1,233	Nil	120	2,200
1924	254	803	302*	148	157	2,200
1928	324	978	723*	135	315	2,900
1929	408	994	1,237*	188	289	3,600
1930	417	...	1,543*	...	...	...

* Years ended September 30th.

It will be seen that before the war Russia supplied more than one-half of the world's output and India over one-third. As this metal is of great importance in the manufacture of steel, the impossibility of obtaining supplies from Russia during the war led to the extensive development of the deposits of the Gold Coast, India, Egypt, Brazil and Cuba. In 1924, Russia produced only about 14 per cent. of the total production, but since then her proportion has been increasing considerably. Owing to the great expansion in the iron and steel industry after the war and because of the extension of the uses of manganese in the non-ferrous metal, chemical, electrical and glass industries, the increased output was readily absorbed until 1929, when the world depression set in. Since then, the manganese industry has not only been faced with a decline in consumption, but also with an enormous increase in the output of Russia. The consequences were disastrous. The price of "best Indian manganese" declined from 17 pence per unit in July, 1928, to 14 pence in July, 1929, and to 13½ pence in July, 1930. Ever since, stocks have been accumulating rapidly in the present quotation of about 10½ pence per unit, which is merely nominal. Russia now dominates the trade, and in view of low production costs that country is able to undercut her competitors. The two principal deposits of Russia are located in the Ukraine and in Georgia, near

Tchiatury. The reserves of the latter field alone have been estimated at over 200,000,000 tons, and besides favourable conditions of exploitation, the distance from the mines to Poti, the Black Sea port, is only 110 miles, as compared with 600 to 800 miles in the case of the Indian fields. Similar advantages obtain in the Gold Coast, whose deposits are only about 33 miles from the nearest port. Improvements in transport facilities have enabled that country to export increasing quantities despite the depression. In judging the influence of Russia in the trade it should, however, be remembered that Russian ore cannot be entirely substituted for that of other countries because of differences in physical and chemical properties which render it unsuitable for many purposes.

Russia's Foreign Trade.—The report prepared by the Commercial Counsellor to the British Embassy in Moscow and published by the Department of Overseas Trade, gives a clear and informative account of the organisation of foreign trade in the U.S.S.R., together with the various regulations and systems of licences in force. With regard to Russia's foreign trade in 1929-30, the report remarks that strenuous efforts were made to increase the volume of exports and that these efforts succeeded in increasing by approximately 50 per cent. the physical volume of the export trade, though the slump in world prices brought down the net value of total exports to a level only 14 per cent. higher than in 1928-29. The main feature of imports was the great preponderance of purchases of plant and raw materials for the supply of industry. As the prices of the manufactured goods forming the bulk of Russian imports fell to a considerably less extent than those of raw materials, the year's trading ended with an adverse balance of 66 million roubles. With regard to the future, the report suggests that, so far as exports are concerned, a continued increase of the exportation of timber, oil, furs and ores, and, given favourable weather, of grain, may be expected. It is considered unlikely, however, that exports of foodstuffs other than grain will expand appreciably, since the supply of livestock has been seriously depleted during the past two years. With regard to exports of manufactures, the following comment is made:—"The shortage of manufactured goods in the Soviet Union is so acute that exports of these articles in the near future are likely to be rather a measure of the desperate need of the Union to obtain foreign currency to pay for its imports than an indication of the capacity of Soviet industries to produce a genuine surplus for export." The continued need for equipment and plant also seems likely to restrict severely the import of articles for consumption.

Overseas Correspondence.

UNITED STATES.

German Situation — Argentine Payments — Capital Issues — Railroad Rates — Industry — Oil Dispute — Banking.

(FROM OUR CORRESPONDENT.)

NEW YORK, August 12.

SENTIMENT over the country and in the security markets has stood up remarkably well for the past week under the burden of unfavourable developments. Liquidation of securities has pretty well ceased for the time being, and it was no mere coincidence that a rally soon followed the failure of the German referendum and the reduction in the Reichsbank discount rate. There has, of course, been no fundamental change, but signs of returning confidence in Germany itself have their effect here. On the whole it is felt that the German people have given a good exhibition of steadiness in the crisis, and, now that they have resolved on self-help and a closer attention to their ordinary

business affairs, it is hoped that the problem of translating short-term into long-term credits will be worked out in due course.

The group of banks here which last week worked out a plan for German credit extensions, and the interior banks which look to them for leadership, are awaiting the opinion of the Reichsbank as to the acceptability of their proposals. The total of short-term credits here is estimated at \$600,000,000, of which about \$350,000,000 is in acceptances. No official announcement of the details of the agreement has been made, but it is believed that the plan involves extension to three months, with probability of a similar further postponement.

It is now learned that the Argentine Government will probably meet with gold shipments the \$50,000,000 note maturity due here in October. The present state of the new capital market, to say nothing of the technical objections to floating a bond issue in advance of the approaching Argentine elections, make it unlikely that advantageous terms for a refunding loan could be secured between now and the maturity of the notes. As bankers here see the question, the shipment of gold would improve Argentina's credit and reassure foreign investors who have been worried by defaults in other South American countries. At the same time the export of so much gold would not unduly tighten money or strain the strong position of the Conversion Office. Argentina has already shipped \$96,000,000 in gold to this country since the beginning of the year.

New capital issues continue small, and are chiefly limited to municipal borrowing and some public utility financing. Last week's offerings were only \$14,000,000 apart from a Treasury bill offer. The Treasury is borrowing at the rate of from \$50,000,000 to \$60,000,000 weekly on discount bills, current loans exceeding by \$10,000,000 weekly the amount of maturities. The market for railroad loans is stagnant, but it might turn active this autumn if the Interstate Commerce Commission should grant, even in part, the application of the railroads for a 15 per cent. increase in freight rates, which they are making as an emergency revenue measure.

Hearings on the matter were resumed this week in Washington, and the opponents stated their case. Six of the north-western agricultural States have organised to oppose the higher rates, joined by farm organisations and some shippers' organisations. In general, the large shippers either support the application or, at least, are not in active opposition.

Railroad earnings for June turn out to have been lower than last year and are at the rate of 2.33 per cent. on property investment. For the first six months they were 37 per cent. lower than last year and at the rate of only 2.15 per cent. on property investment. Freight-car loadings are merely holding steady and give no sign as yet of trade improvement. Other indices of trade give no sign of early improvement, and indicate that the depression became still deeper in July. Steel mills averaged 84 per cent., the lowest since September, 1921, on the basis of steel ingot production. Pig-iron output also was the smallest since the autumn of 1921, although, of course, capacity of the steel mills has risen about 35 per cent. since then. United States Steel Corporation's unfilled orders at the end of July were down 74,000 tons, which was not an unusual drop, and reflected small shipments as well as lethargic ordering. Present operations for the industry are little better than 30 per cent. of capacity.

Motor output last month dropped to 221,485 units, according to the National Automobile Chamber of Commerce estimate, a rather more than seasonal decline of 14 per cent. from June. Seven months' output at 1,855,933 vehicles was 28 per cent. under a year ago. Conditions are growing worse in the copper industry. When a curtailment agreement was entered into last autumn, shipments averaged about 125,000 tons a month. They have dropped to a new low total of less than 70,000 tons for July, while output has fallen only moderately for North and South America. The increase in stocks of refined metal in July was 28,948 short tons, being the fourth successive monthly addition. To the stocks of 440,417 tons

of refined and 619,178 tons of refined and blister copper, the highest on record, must be added stocks in the hands of fabricators and under consignment, which some estimate at from 150,000 to 200,000 tons. Some producers have already shut down entirely, and none can make a profit at the current market of 7½ cents a pound for copper. It is likely that another curtailment conference may be held this autumn, but that in any event complete shut-down for mines in this country may be effected, although that would mean more unemployment. In 1920 the copper mines shut down and remained closed for thirteen months.

Affairs in the Oklahoma oil dispute are at a deadlock, with all but small stripper wells closed by the State troops and refiners in the State doing their best to run on oil brought in from East Texas. It is believed here that a compromise will result in setting a price of probably 75 cents a barrel, against the dollar barrel which Oklahoma's governor demands. In Texas the attempt of the governor to obtain from a special session of the legislature a production law with "teeth in it" apparently is failing.

Mexico's latest monetary change, elevating silver at the expense of gold, is causing some annoyance here. Only two banks have branches in Mexico, though some of the Canadian banks do business there and many American banks have correspondents. Depositors are entitled to draw out 70 per cent. silver and 30 per cent. gold on their deposit accounts, but may pay all debts and bills, as the new law is understood here, in silver. Inasmuch as the most American goods are shipped to Mexican importers on a gold dollar basis, it is feared that the working of this change may be to the disadvantage of American interests.

The recent failure of certain small banks has been of no particular significance. Member banks of the Federal Reserve System continue to deflate loans on securities, but this week a gain of \$52,000,000 (for city institutions) was reported for "other loans." The rise is interpreted to mean no increase in ordinary commercial demand for credit but larger bank holdings of acceptances, the rise being entirely due to New York banks. After resumption in the previous week of investment in securities, the member banks have again turned sellers of securities.

Federal Reserve credit outstanding was up slightly at \$941,000,000 for the week of August 5, owing to month-end operations. Some interest was drawn to the reported decline of \$28,000,000 in contingent liability on bills purchased for foreign correspondents. This drop was believed due to the turning of French balances into cash, and foreign bank deposits rose \$32,000,000. Deposits in the Federal Reserve Bank draw no interest, and hence would avoid payment of the French tax on balances employed abroad. Some bankers here merely surmise that the pressure may be exerted in this way for removal of the tax by making it non-productive.

FRANCE.

Reparations — July Revenue.

(FROM OUR CORRESPONDENT.)

PARIS, August 19.

THE news that a long and cordial telephone conversation took place between M. Laval and Dr. Brüning last Saturday, as the result of which the visit of the French Ministers to Berlin has been postponed until towards the end of September on account of M. Briand's present state of health, was received here with great interest. The German invitation is regarded, by French opinion in general, as marking a definite step towards possible better relations between the two countries, but it is already evident that on both sides of the Rhine this improvement is recognised as entirely dependent on certain contingencies. Until the juridical character of the Austro-German Anschluss project has been clearly defined—and it is doubtful whether this will be possible until after next month's sitting at Geneva—any Franco-German conversations in Berlin must necessarily be based on very unsettled foundations.

The Basle international conversations have had a very bad Press in Paris, from the belief that they constitute a further attempt to turn the French position in regard to reparation payments. French opinion, of all shades, insists that Germany's unfortunate financial situation is in no way whatever due to her reparation debts burden. "Germany," as one writer points out, "is not only a debtor nation because of her war debts, but much more because of the fact that she has always lived on loans—long-term loans when she could get them, short-term loans when those were refused her. Germany's besetting sin, since the war, as M. Germain Martin recently said, has been to finance average or long-term operations from sight deposits. Whenever a financial crisis arises, therefore, people lose confidence in Germany, and this lack of confidence is all the more accentuated by reason of the fact that the Hitlerist movement constitutes a perpetual element of insecurity." French nervousness as to the Basle conference arises from the belief that Germany, when the six months extension of her present credits expires, will be unable again to meet her engagements except by instalments, which would be approximately equivalent to the annuities due under the Young Plan, and that she will then offer her creditors the choice between payment of her reparation annuities or reimbursement of her short-term private credits, on the plea that she is not in a position to satisfy both.

The revenue returns for July confirm that the yield from taxation continues remarkably high, the total for the month being, for all practical purposes, in spite of the heavy taxation relief accorded during the past two years, the same as in the corresponding months of 1930 and 1929. The total yield from all sources covered by the General Budget was 5,543,514,000 francs, of which the amount drawn from "normal and permanent" sources was 5,589,000,000 francs (as compared with 5,502,500,000 francs in July, 1930, and 5,487,847,000 francs in the corresponding month of 1929). The yield for the month was 87,026,000 francs in excess of Budget estimates, but this, as already pointed out, was solely due to an increased yield of 211,416,000 francs from Customs duties, owing to the recent numerous revisions upwards of many of the scheduled rates, with a view to protecting the country's agriculture. The taxes on turnover produced between 9 and 10 per cent. less than a year previously. The tax on Bourse transactions produced only 9,368,000 francs during the month, or 48 per cent. less than estimated for. The yield from the tobacco monopoly and other resources now devoted to debt extinction, through the Caisse d'Amortissement, continues high. Tobacco furnished over 10,500,000 francs more than was expected for the month, representing a total increased revenue from this source for the first seven months of the year equivalent to 52,147,000 francs (due to increased selling prices). The net revenue derived from the tobacco monopoly in 1930, after deducting cost of working and other expenditure, was 3,610,000,000 francs, of which 3,347,238,000 francs was devoted to the National Defence Bonds service and debt extinction.

GERMANY.

Basle Conference — Financial Difficulties of Communes — Wheat Import Vouchers — Harvest Financing — Foreign Trade — Bourses.

(FROM OUR CORRESPONDENT.)

BERLIN, August 18.

THE news from Basle has so far been received with great disappointment here, although no great hopes had been attached to it. The immense obstacles which the "stand still" negotiations are encountering intensify the difficulties of a situation already strained, and the hope of a new long-term loan within measurable distance of time has sunk to zero. The principal subject of dispute, which at the time of writing* has not been settled, is the foreign holdings of marks in Germany, both on current

* Reference to the settlement will be found in a leading article on p. 340.

account and in the form of time deposits. The foreign creditors maintain that a postponement extended to mark holdings would place them in a worse position than the German creditors of the German banks; on the other hand, the Reichsbank rightly adheres to the position that a complete exemption of mark holdings would make the whole "stand-still" agreement illusory, for the effect is the same, whether the 600 to 800 millions which are estimated to be held in marks are withdrawn from the country in the form of marks or of bills. Further, it is feared that when the Stock Exchange reopens large parcels of German securities will be offered for sale by foreigners, and that a renewed outflow of foreign bills might thereby be provoked.

At the time of writing efforts are being made to find a compromise which may yet meet with general acceptance at the eleventh hour in Basle, but Germany has little freedom of movement even in this connection. Even from the Layton Report and its recommendations she can only hope for well-intentioned advice, not for any direct assistance. The Wiggin Committee came up against the stumbling-block of the unsolved reparations problem from the very beginning, and it is impossible to see how this obstacle is to be overcome in the next few months.

With the resumption of internal payments, the anxieties which preoccupied the Government and the public before July 13th are renewed. One of the foremost of these is the financial extremity of the communes. The Emergency Decree of June 5th did little to help the communes, upon which an immense burden of poor relief has been imposed by the great growth in the numbers of the unemployed. Apart from the reduction in official salaries which it imposed, it only provided them with Rm. 60 millions, which the Reich raised by an alteration in the income-tax law and placed at their disposal. The deficits of the communes amount in the aggregate to about 800 millions in the current year. Last week the German Council of Cities, the organisation of the large and medium-sized towns, published a programme embodying the most severe measures of economy, including the abolition of special relief to rentiers who lost their income through the inflation, and other groups of necessitous persons who have hitherto received preferential treatment, and the discontinuance of the obligation of the communes to use a specified proportion of the yield of the rent tax for the construction of new houses. That practically means the cessation of the cheap credits which have hitherto been granted for housing by the communes, and it will make the construction of houses that can be let at rents anywhere near the means of the occupiers virtually impossible. The consequent decline in building will further depress the labour market. According to the programme of the Council of Cities, work on the roads is also to be considerably cut down. In the schools, whose expenses are mainly borne by the communes, extreme measures of economy are proposed, with a reduction in the number of teachers and of subjects.

The communes anticipate a saving of 250 to 300 millions in the year from these measures. As, therefore, only a part of the deficit can be met by these means, they are asking help from the Reich, and intimate that in order to tap new sources of income it is above all essential to extend the liability to unemployment insurance contributions to all workers, including the higher-paid officials. True, these groups have already been hit by the reduction in salaries and by the emergency tax introduced by the June decree, but the state of the public finances makes it essential to adopt the course here outlined.

The shortage of credit in Germany has made the financing of the harvest very difficult. It had been feared for some time that the farmers, burdened with debt and lacking funds to continue cultivation, would be forced immediately after the harvest to sell their grain at any price, to the complete destruction of the market. After rejecting a number of impracticable proposals, including a moratorium for all, or a great part, of the farmers, the Food Minister has prepared, and partly put into effect, a programme which represents a compromise between the wishes of the farmers and the requirements of the financial situation. The position of wheat is more serious than that

of rye, as, after the experiences of 1930, there has been a substantial reduction in the area under rye and an extension of the wheat area, under the influence of an active propaganda with official backing. A new decree has now reintroduced the old system of import vouchers for wheat. Exporters receive, for every ton of wheat exported, a voucher which is valid for the payment of 230 Rm. import duty on a ton of wheat imported. The rate of duty is Rm. 250. Wheat so imported may be milled in combination with German wheat up to 30 per cent., whereas, apart from this regulation, the millers are forbidden to use more than 3 per cent. foreign wheat. It is hoped that by this means, as millers are obliged, for reasons of quality, to use a certain quantity of foreign wheat, so that some wheat import is inevitable, the import vouchers will act as a sort of bounty on exports during the first part of the crop year, though later Germany would have to import a larger amount of foreign wheat.

This temporary unloading of wheat into other countries will reduce the amount of financing required by the harvest. In addition, the Getreidehandelsgesellschaft, whose function is to regulate the grain market on behalf of the Reich Government, is empowered to issue warrants for grain which it is warehousing. Hitherto not much use had been made of these warrants, which could only be issued by warehouses which were not also merchants. Advances are to be made by the Reichsbank against these warrants, within the terms of the banking laws, but that presupposes that the required endorsements by merchants or societies can be obtained for them, as the Reichsbank cannot accept unendorsed warrants. That provides a certain guarantee against the danger of an excessive accumulation of stocks of grain, for unless this is avoided, the societies and merchants will refuse their signatures for fear of a fall in prices. Lastly, in discounting bills arising out of the sale of crops, the Reichsbank will meet the farmers halfway by charging for discounts and advances used for financing the harvest 6 per cent. less than the general rate. In consequence of these measures there has been a sharp rise in grain on the German exchanges. Wheat rose from 190-192 marks per ton on August 8th to 219-221 marks on August 17th, and rye rose in the same period from 159-160 to 165-167 marks.

German foreign trade in July showed an active balance of 265 marks. This was achieved by a further reduction of imports to the very low level of 562 millions, against 909 millions in July, 1930, while exports rose from 749 millions in June to 827 millions in July, compared with 950 millions in July, 1930. These figures show a further accentuation of the tendency which has been visible in German foreign trade for two years—a decline in the total volume with a particularly marked decline in imports. This development will be a great aid to Germany in the gradual liquidation of her foreign debt. It is true, however, that the increase in the Reichsbank's holding of foreign exchange is primarily due to the effect of the decree which empowered the Reichsbank gradually to acquire all the foreign exchange holdings which had been in Germany before July 13, for the export bills are for the most part needed for trade purposes, to replace the documentary credits, some of which are no longer available from abroad, with which imports have hitherto been financed. In the long run, however, the active trade balance will certainly greatly ease the position of the Reichsbank.

The Prussian Ministry of Commerce has definitely decided not to reopen the exchanges during August, and it is still an open question whether they will be opened in September. It is felt that the position has not been sufficiently consolidated for the restoration of free exchange dealings to be safe, and there are many points which give cause for anxiety. There can unfortunately be no doubt that if the Stock Exchange could be opened now it would be at a very low level of quotations. Now, about two milliards of the bank's "debtors" are covered by securities, and it is feared that when it became known that these accounts were insufficiently covered, a vast mass of credits would be called in and forced sales of securities would follow.

In addition, there is the consideration that meanwhile an enormous volume, especially of fixed interest securi-

ties, is awaiting the opportunity of sale. Communes, savings banks, and many industrial and commercial firms, which themselves have debts to pay or need to accumulate cash reserves, naturally want to turn their holdings of rentes, municipal loans, industrial debentures and mortgages into money, and have at present no means of doing so. If all this selling pressure were to burst upon the market at once, a debacle would be inevitable. In Berlin alone fixed-interest securities to the value of 20 milliards of marks are quoted, and it is clear that the offer even of a small fraction of this amount would exceed the capacity of the market. Measures of averting this danger are, of course, being considered. After the experience of the last two years the formation of consortia for the support of the market is generally regarded as out of the question. Individual issuing houses might be empowered to support their own issues, and the Reichsbank would have to provide them with credit for the purpose, and the Reichsbank has no far shown little inclination to do so. Meanwhile attempts are being made to mitigate the severest cases of hardship by numerous loans.

CZECHOSLOVAKIA.

Finance — Agriculture — Industry — Foreign Trade — Commercial Treaties.

(FROM OUR CORRESPONDENT.)

PRAGUE, August 1.

INTEREST has been focussed recently on the disturbing events which have been occurring in neighbouring financial centres. Money market conditions have been influenced by the uncertainty prevailing in the international market and the effect of favourable movements at home has been weakened. The bearish tendency on the Stock Exchange continues, and the Stock Exchange index fell to 95.08 in the second half of June. As a result of President Hoover's action some improvement set in at the end of June and at the beginning of July, but the index fell back again to 96.97 on July 17th. Industrial shares participated in the decline, particularly chemical, building, metallurgical and engineering shares, while many dividends were cut and in the case of some limited companies were passed altogether. The cessation of payments by the Kredit-Anstalt and the Darmstädter und National Bank caused some uneasiness on the money market, but after a temporary drop in share quotations a renewed calm set in, and the National Bank saw no reason for readjusting its discount rates.

The agricultural position has improved, but the question of marketing the coming harvest has been the subject of long discussions in Parliament. In particular, the question of a corn import monopoly, or, alternatively, a system of modified import licences, has been considered, and it has now been decided that the latter scheme shall be adopted during the coming season.

With regard to industry, the depression is especially noticeable in those sections dependent on the export trade, e.g., the glass, china, textile and leather industries. The textile trade is the greatest sufferer and is endeavouring to obtain assistance in the form of a reduction of trade taxes and certain export facilities. There are bitter complaints in the trade of the commercial policies and Customs obstructions of neighbouring countries, and leaders of the industry are seriously considering the necessity—if unemployment and diminished sales continue—of a radical restriction of production and a reduction of plant. Greater activity in the building trade has caused some improvement in the building-material trades and in the iron industry, while in the engineering and the automobile industries negotiations between the leading firms have been conducted with a view to co-operation. A definite agreement between the Skoda Works and the Praga has now been reached and should result in a substantial simplification of production and improved sales conditions. A slight improvement in employment has been noted recently, but this is largely due to seasonal causes. There has also been a decline in the number of insolvencies. The index of wholesale prices fell in June to 108.7.

The June statistics of foreign trade show some improvement in comparison with previous months. Imports for the first half-year stood at Cz.K. 5,546.8 million, against Cz.K. 8,152.7 million a year ago. Exports amounted to Cz.K. 6,384.3 millions for the same period, against Cz.K. 8,452.8 millions last year. The active trade balance for the first half-year is, therefore, Cz.K. 837 millions. An increase in raw material imports seems to point to some improvement in certain manufacturing industries.

The trade agreement with Austria has now been concluded, but, owing to the raising of the respective tariffs, it is doubtful whether it will be of any appreciable assistance to trade. Negotiations for the Hungarian commercial treaty were renewed in Geneva in July and will be resumed again in the second half of August. The chief obstacle to agreement is the question of the importation of Hungarian agricultural produce—particularly of flour—and although it is agreed in principle that certain preferential facilities should be granted to these products, a practical solution has not yet been worked out. Negotiations have been complicated further by the new commercial agreement between Austria and Hungary. This treaty not only grants Hungary various agricultural preferences, but allows for certain industrial preferences on the import of Austrian goods into Hungary. These preferences affect Czech exports and it is felt that, although they are chiefly in the form of credit and communication facilities, they are hardly in conformity with the most-favoured-nation clause.

The bill providing for export credit insurance and State guarantee for losses sustained from long-term export credits has been discussed at length in Parliament and was finally passed with some modifications before the summer recess. Owing to the unfavourable conditions in the issue market, the flotation of a foreign loan as a conversion for the 8 per cent. 1922-24 loan, which may be redeemed next year, has been postponed.

SPAIN.

Catalonia — Land Distribution — Church — Stock Markets — Banking — Industrial Management.

(FROM OUR CORRESPONDENT.)

MADRID, August 6.

THE attention of financial circles is concentrated on the course of events in the newly-opened Parliament. The most important problems to be dealt with, apart from the project of the Republican Constitution, are, firstly, the Statute of Catalonia, which may involve considerable segregations of authority and revenues from the Central Government in favour of other regions; secondly, the distribution of land among the farm labourers; and, finally, the separation of the Church from the State.

The discussion of the future standing of Catalonia within the Spanish Republic promises, undoubtedly, some very heated sessions; but it is to be hoped that eventually an equitable settlement of this vexed question will be made once and for all. The manufacturers of the Barcelona district realise that their industries are dependent upon the high tariff wall built up in their favour by the Madrid Governments of the past, and it is possible that their protests against any discordance with the rest of Spain may have a restraining influence on Catalonian exactions.

The project involving the possible division and distribution of all large tracts of land held by one proprietor has been drafted, and, whilst an attempt is made to give some compensation to the landowners for the property thus confiscated in the form of a guarantee of interest on the capital involved, the interested parties are by no means reassured, for all decisions in the matter would be taken by a committee in which they would have little or no say.

There is, apparently, a decided majority in the Parliament in favour of the separation of the Church from the State, but some very tenacious opposition may be

expected from the representatives of the northern provinces, where the Church and the religious communities are still very powerful.

Whilst it is not generally thought that these problems threaten the existence of the Republic, until they are satisfactorily resolved there seems to be little hope of a revival of activity on the share market. During the past month the volume of business transacted on the Madrid and Barcelona Bolsas has continued to decline, and the official sessions are at present without interest. One of the factors affecting the volume of business transacted is the rather delicate position of some of the weaker banks following on the temporary suspension of the Banco de Cataluña. Several of the private banks have suffered from the effects of unfavourable rumours, and a considerable reduction of deposits has been experienced all round. It would appear, however, that some measure of official support has been forthcoming and no further difficulty is anticipated in this direction for the time being. It is evident, nevertheless, that bank reports published in December next will make unsatisfactory reading for shareholders.

With the object of putting a check on the hoarding of banknotes the Minister of Finance has signed a decree stipulating that all Spanish notes are to be presented at the Bank of Spain for stamping from August 10th this year. Such notes as have not been presented within three months from the said date will not be considered as legal tender. Although no mention has yet been made as to what is to happen after the three months have expired, it is to be presumed that unstamped notes will be taken at the Bank of Spain under a sliding scale of discount.

The Minister of Labour announces that he intends to submit to Parliament very shortly a Bill giving the workmen of all big industries a direct representation on their respective boards of directors. He considers this measure necessary so that the workmen may be in a position to judge for themselves whether the firm is in a position or not to accede to their demands for increased wages. The workmen, he says, are convinced that the majority of firms keep two sets of books, and, in case of dispute, those which show a more unfavourable position are invariably produced. There is every possibility of this revolutionary measure becoming law, as, apparently, it was included in the Pact of San Sebastian, and will, therefore, have the full support of the Government as well as of the benches on the Left.

BULGARIA.

Foreign Trade — Banking — Grain Marketing — Public Finance.

(FROM OUR CORRESPONDENT.)

SOFIA, August 5.

ONE of the most serious repercussions of the Central European financial troubles on Bulgaria's economic position is the dwindling, to an almost unprecedented low level, of exports to the countries involved. For many years the German share in Bulgaria's exports have been between 25 and 40 per cent. Even in the first five months of 1931, exports to Germany reached Leva 1,096 millions, while the total exports for the same period were Leva 2,750 millions. In July the situation became worse; exports of eggs, tobacco, cereals, fruit and hides almost entirely ceased. The consequences may be very serious if the situation abroad does not improve, in view of the fact that while the net balance of foreign trade for the first half of 1931 was a surplus of Leva 689 millions (exports, Leva 3,108 millions; imports, Leva 2,419 millions), the foreign exchange position of the National Bank has not improved, the balance of payments absorbing all excedents of the foreign trade position.

The effects of the European situation on the local money market and on credits have not been very important up to the present. According to the estimates of the National

Bank's Office for Economic Research, the main bank resources are as follows:—

(Million leva.)			
Banks.	Capital.	Reserves.	Deposits and Credit Balances.
National Bank	500	1,184	1,459
Agricultural Bank	640	63	4,584
Central Co-operative Bank ..	107	39	810
Popular banks.....	567	183	2,180
Larger joint-stock banks (approximate figures)	1,100	200	5,200
	2,914	1,669	14,233

The total of deposits and credit balances, Leva 14,233 millions, included, on June 30, 1931, only Leva 1,700 millions of foreign funds—mainly short-term credit balances—as against, roughly, Leva 2,100 millions on December 31, 1930. The diminution is, to a considerable extent, a consequence of the general slump in trade, and the actual withdrawal of credits from abroad has proceeded at a very moderate pace. It is generally estimated that, with unimportant exceptions, almost the total of short-term credits are being granted by large foreign banks to their Bulgarian affiliations. Purely Bulgarian banks are, on the whole, not indebted abroad, and most of them have credit balances in London, Zurich, Paris and New York. The situation in this respect, therefore, may be considered sound, and also by reason of the prevailing supply of liquid funds in the market. The low prices of agricultural produce and the falling off of a great part of the seasonal exports will very probably continue to handicap the much expected revival of trade next autumn. Consequently, the liquid position of banks and trading firms is likely to remain without much change.

The Grain Purchasing Office has been maintained in force, at a heavy cost to the Treasury, chiefly with a view to enable the peasant producer to procure money for paying his arrears of taxes and for purchasing the manufactured goods which he so badly needs. It has been officially stated that, during the last marketing season, closing on June 30th, the Office bought grain for Leva 826 millions and paid Leva 343 millions thereof in cash and the balance in bonds intended for tax payments. On the other hand, the Office sold grain for Leva 524 millions. When the remaining stocks are properly estimated, and due allowance is made for the ultimate value of bonds to the Treasury, the loss sustained by the latter will be at least Leva 350 millions. In the new marketing season, beginning on July 15th, the position does not look much better; a much heavier loss is expected and readily admitted even in official quarters.

The sacrifice is the heavier as the Treasury's position has meanwhile not changed for the better. There is a deficit of at least Leva 1,300 millions due mainly to largely reduced receipts from almost every kind of indirect tax, Customs duty and Excise. This is the natural effect of the standstill prevailing in trade for nearly two years past. Some improvement had set in of late, but the critical turn things have taken abroad quickly checked the favourable trend. In these circumstances, the task of the Government, who pledged their word, during the electoral campaign, to take rapid and radical measures for righting the course of economic and financial policy, becomes particularly hard. Even by drastic retrenchment and economy, the Budget cannot possibly be balanced in the near future. On the other hand, the discrepancy between agricultural and industrial prices is becoming so acute that something will have to be done in the way of a serious reduction of import duties, which are at an almost abnormally high level. This, in turn, will reflect on the Budget receipts, but the situation will hardly withstand further delay in this direction.

Financial and economic difficulties were the chief causes of Mr Liapcheff's defeat, two months ago. Although the new Government undoubtedly enjoy a much larger confidence and a considerably greater prestige, especially among the masses of peasant population, the same difficulties, which most certainly will be experienced for some time to come, are likely to prevent Mr Malinoff and his friends from taking full and practical advantage of the very favourable moral factors of the internal political

situation. This is much to be regretted for such psychological circumstances, containing effective potentialities for reforms and constructive work, do not occur often in Bulgarian political life.

CANADA.

Prorogation of Parliament — Government Relief Measures — Crop Conditions — Business and Industry — Foreign Trade.

(FROM OUR CORRESPONDENT.)

OTTAWA, August 4.

THE Federal Parliament was prorogued on August 3rd after a session which, opening late, had lasted nearly the average period of five months. The legislative output was comparatively small, but it included measures for the establishment of a new type of Tariff Board, which the Liberals severely criticised, and a better system of administration for the national finances. On July 22nd the new commercial treaty with Australia, which materially extends both the range and degree of the preferences accorded by each Dominion to the other, was ratified by the Commons after an interesting debate, and was subsequently passed by the Senate. The Government contended that it was a vast improvement upon the former treaty and that the special concessions to Canada's newsprint, lumber and salmon-canning industries would yield substantial benefits, particularly to the Province of British Columbia. The Liberals and other Opposition groups accepted the principle of the treaty, but were disposed to think that its benefits were being exaggerated. They argued that even the British preferential rates of the Australian tariff which have been conceded to Canadian imports on about 400 items were so high that they would shut out all imports, and also that, in view of Australia's economic troubles and the depreciation of her currency, it would be impossible to sell any great volume of Canadian goods to her for some time.

Perhaps the most important measure of the session was brought down in the closing week in the shape of the Government's Bill to provide relief for urban unemployment and rural distress in the West. Mr Bennett asked for a blanket authority to spend any sums which might be necessary for such relief on the ground that it was impossible to determine with any accuracy exactly what sum would be required. He asked, also, for special powers of a somewhat drastic character for the maintenance of law and order. The Opposition professed complete willingness to vote any definite sum which the Ministry might name, but they objected to giving it a blank cheque for unlimited expenditure and also to conferring upon it arbitrary powers for the maintenance of order. However, some of the Progressives supported the Government, and the Ministry secured their Bill without making any concessions.

During the session the Liberals showed themselves a militant and effective Opposition, but in the closing month the wind was decidedly taken out of their sails by the unfortunate exposures of the Beauharnois scandals, and the Bennett Ministry regained some of the prestige which it had been losing through the failure of its protectionist policy to alleviate unemployment.

The latest crop report of the Bureau of Statistics, published July 28th, is no less pessimistic than its predecessors, and asserts that "the past week of excessively high temperatures, hot winds and negligible precipitation was one of the most disastrous of the season in its effect upon Western crops." By its account the wheat, which is mostly in head, is ripening prematurely over practically the entire area of the prairies, where farmers specialise in wheat production. Observers who have recently visited Southern Saskatchewan describe it as like the Sahara, and, although the drought has been again broken by heavy rains within the last few days, over a huge area there were virtually no crops left to save. More promising reports are forthcoming from the northerly districts of the prairies, but even there the crops have been sustained rather than improved, and the yield will not be high. Stem rust has also appeared in Southern Manitoba, and there have been

severe hailstorms in Alberta. No forecast of the probable Western wheat yield has yet been made, but it is unlikely now to be much in excess of 200 million bushels, and may not even reach that figure. Rye and barley are now being cut on the prairies and showing poor yields, and wheat-cutting will be in this week. The pasture situation, however, has materially improved as the result of the recent rains. Eastern Canada experienced the driest July for many years and pastures and hay crops suffered, but the grain and root crops have fared reasonably well and promise at least average yields, while the fruit crop is better than usual. Consequently, the farmers of Eastern Canada are not in the desperate plight of their prairie brethren, but, owing to the lowness of prices, they cannot hope for large returns, and rural purchasing power is bound to remain low during the coming winter.

There is no improvement to record in general business conditions, and it is doubtful if they are even holding their own. The index number for retail sales issued by the Bureau of Statistics declined from 115.4 in June to 107.7 in May, and the corresponding index for June, 1930, was 114.1. Appended below are also the weighted indices of the physical volume of business for June (1919-24=100), corrected where necessary for seasonal variation and with parallel figures added:—

	June, 1930.	May, 1931.	June, 1931.
Forestry	188.4	165.8	160.5
Mining	146.2	149.7	112.0
Construction	195.8	120.1	99.0
Manufacturing	162.1	163.6	135.7
Employment in trade	143.1	136.7	137.0
Shares traded	548.2	336.1	208.5
Bank debits	151.1	145.0	131.0

The carloading figure for the week ending June 25th, at 59,423 cars, showed a decline of 1,164 cars as compared with the preceding week and of 12,621 cars as compared with the parallel week of 1930. The aggregate decline for the year up to July 25th is 323,486 cars, or, roughly, 18 per cent.

The export movement of grain fell off in July and the stocks in store on July 24th were estimated at 111½ million bushels, which is, roughly, three million bushels above the figure for the parallel date a year ago. Wheat prices have shown a tendency to sag in the past two weeks, and, in view of the holdings of the U.S. Farm Board, no immediate recovery is looked for. There has, however, been a welcome improvement in the lumber export trade, and the exports of squared timber for June amounted to nearly 15 million feet, as compared with nine and six million feet respectively in May and June; there was also a gain in the exports of planks, boards, laths, shingles and other forms of semi-manufactured wood. The newsprint industry shows little signs of recovery, and, owing to the continuance of the depression in the United States, the American demand is still weak. Even the newsprint mills, which have a specially favourable situation, are not making any money. The production of coal and of motor vehicles also shows a downward tendency, but industrial employment at the beginning of July showed some gain and reached its highest level for the present year. The American tourist trade, which is now an important factor in the national economy, threatened at the beginning of the summer to show a serious decline, but it has now greatly picked up, and apparently a great many Americans, who in more prosperous times would have gone to Europe for a holiday, decided to patronise Canada instead. At any rate, most of the summer resorts are well occupied and business is deriving its usual stimulus from this tourist traffic.

The foreign trade returns for June are again very disappointing. Imports were valued at \$52,509,000, as compared with \$91,544,000 in June, 1930, and exports were valued at \$54,438,000, as compared with \$78,708,000. The value of imports from the United Kingdom fell from 14 to 8½ million dollars, but the decrease was proportionately less than in the case of imports from the United States, which declined from 60½ to 33½ million dollars in value. Exports to Great Britain fell from 20½ to 14½ million dollars, and to the United States from 35½ to 22 million dollars.

Letters to the Editor.

CONDITIONS OF TRADE REVIVAL.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In view of past correspondence concerning short- and long-run stock market movements, perhaps you will allow me this opportunity of suggesting that the bottom of the present conjunctural slump has now been reached.

Before industrial revival can occur in any country suffering from depression, the following eight economic pre-requisites must (in the absence of positive currency inflation) usually be fulfilled. These conditions (except No. 7), have already matured in England and America:—

1. A fall in the majority of raw material prices to below average costs of production, thus making future rises more likely than further falls.
2. A fall in retail prices, which makes the fixed-income classes "really" richer and stimulates increased consumption on their part.
3. A fall in long-term rates of interest such as will eventually stimulate borrowing by municipalities and established businesses for capital works, as soon as confidence revives and constructional costs are believed to be at bottom. Such borrowing benefits constructional industry directly, and, by repercussion, consumptive industries as well.
4. Such a fall in wages, retail prices, and in the volume of retail trade that less legal tender is taken from the banks, and their cash reserves and lending capacity are augmented.

N.B.—The maturity of a strong and healthy banking position is one of the first pre-requisites to general trade revival. The general belief must be held that bank credit is more likely to be expanded, given reasonable security, than deflated.

5. A gradual wearing out of privately-owned stocks of goods, thus increasing the desire of the owners to spend as soon as they feel safe about their own future incomes, or as soon as they feel that bottom prices have been reached.
6. A reduction in retail stocks to inconveniently low levels, so that any increase in consumption, when it occurs, will involve immediate replacement orders to producers, and a positive increase in industrial incomes, leading in its turn to increased buying at retail.
7. A rise in the prices of stocks and shares such as will make capitalists feel richer on paper, and encourage them to spend more freely on personal consumption and on productive enterprise.
8. Such a fall in the volume of trade and in the price-level at which it is transacted, that the existing volume of legal tender and bank credit currency in the country—although probably somewhat contracted—nevertheless becomes to some extent redundant in view of the currency work to be done. This stimulates people to spend their surplus idle-balances of money on investments or commodities, leads to a higher speed circulation of money, and sets in motion curative forces.

Underlying economic conditions point to the bottom of the trade cycle having now been reached. All the current news is bad, but in many countries, in America particularly, the conditions which have preceded every trade and stock market revival in the past are now present. Revival in America will increase the demand for raw materials; a rise in their prices will increase the purchasing power of the Southern Hemisphere over European manufactures; and at the same time improve the credit of Southern Hemisphere countries. Foreign lending will increase; and an improved distribution of gold will occur. If there is anything in normal economic sequences, and in the theory of the business cycle, world trade is now set for revival.

England, it is true, has peculiar problems of her own, which result from international influences. The foregoing conditions, however, are the "internal" economic pre-requisites and their maturity provides good grounds for confidence; especially as their fulfilment has also occurred in North America, from whence world revival promises to emanate.—Yours, etc.,

55, Onslow Gardens,
S.W. 7.

L. L. B. ANGAS.

August 19, 1931.

[There is doubtless virtue in robust optimism in these troubled times. Our correspondent, however, appears to

underestimate the difficulties of England's "peculiar problems." The extent to which she is able to meet them, and the precise character of the measures she adopts, must necessarily have a considerable influence on the time-table of economic revival.—Ed., Econ.]

BOOKS RECEIVED.

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

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

The Provision of Credit, with Special Reference to Agriculture. By H. Belshaw, with two chapters on *The Provision of Rural Credit in Great Britain*, by R. R. Enfield. (Cambridge) W. Heffer and Sons, Ltd. 10s. 6d. net.

This book is divided into four parts, dealing with (1) the meaning of credit; (2) the problem of rural credit; (3) long-term credit agencies; and (4) short-term and intermediate credit agencies.

The Soviet Planned Economic Order. By William Henry Chamberlin. (Boston, Mass.) World Peace Foundation, 40, Mt. Vernon Street. \$2.50 net.

A first-hand study of Soviet economic principles by a resident of eleven years standing.

The Riddle of Unemployment. By Douglas Knoop. (London) Macmillan and Co., Ltd., St. Martin's Street. 4s. 6d. net.

A critical examination of the causes of post-war unemployment and the suggested remedies, based on a series of lectures delivered by the author last winter in Sheffield.

Hauptprobleme der Arbeitslosigkeit. By Dr. Alexander Mahr. (Leipzig and Vienna) Franz Deuticke.

A German study of unemployment problems.

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

Includes an article on the "Progress of Banking in Great Britain and Ireland during 1930."

The Empire Review, August, 1931. (London) Macmillan and Co., Ltd., St. Martin's Street. 2s.

Contains an article on "The World Economic Situation," by Lord Melchett.

The Motor Industry of Great Britain, 1931. (London) Society of Motor Manufacturers and Traders, Ltd., 83, Pall Mall.

This handbook contains a wealth of statistics on the British industry, and many interesting international comparisons.

OFFICIAL PUBLICATIONS RECEIVED.

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

Annual Report of the Chief Inspector of Factories and Workshops for the year 1930. Cmd. 3927. 2s. 6d. net.

Licensing Statistics, 1930. Cmd. 3928. 3s. net.

Accounts relating to the Trade and Commerce of Certain Foreign Countries and British Countries Overseas during the period ended March 31, 1931. 2s. net.

Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Countries Overseas, compared with the years 1926-29. Vol. III—Exports (quantity and value) of Produce and Manufactures of the United Kingdom. 17s. 6d. net.

Royal Commission on Labour in India. Vol. XI. Supplementary. 7s. net.

Treaty Series No. 32 (1931)—General Act for Pacific Settlement of International Disputes. Cmd. 3930. 3d. net.

Convention for the Creation of an International Agricultural Mortgage Credit Company. Geneva, June 21, 1931. Cmd. 3931. 6d. net.

Department of Overseas Trade: Markets for Internal Combustion Engines. 1s. net.

Economic Conditions in Chile, 1930. 3s. net.

Report of the Chief Registrar of Friendly Societies for the Year, 1930. Part 3: Industrial and Provident Societies. Section II. Directory and Summary Tables. 7s. net.

The Stock Exchange.

CHILEAN NITRATE DEVELOPMENTS.

THE last twelve months have been crowded with decisive events in the Chilean nitrate industry. After prolonged New York negotiations, the Compania de Salitre de Chile ("Cosach"), merging thirty-six concerns, representing over 95 per cent. of Chile's nitrate capacity, has come to birth and obtained, not all the money it might have liked, but a useful sum to be going on with. The various component companies have come in, mostly taking 7 per cent. cumulative preferred shares in the merger company, and the Chilean Government has exempted the company from the export duty of £2 10s. 6d. per metric ton and made over to it nitrate deposits up to 150,000,000 metric tons. In return, the Government is to be allotted 50 per cent. of the authorised capital of the company (in ordinary shares), \$40,149,000 of Secured Sinking Fund 7 per Cent. Bonds (with a second charge on the proceeds of an impost of 30s. on each metric ton of nitrate extracted from the company's deposits), and a cash payment of approximately \$4,500,000, less certain credits. Finally, the new organisation, faced last month with a prohibitive German import duty, has refused up to the present to renew Chile's former marketing arrangements with the synthetic nitrate producers in Europe and elsewhere, and has threatened the latter with the consequences of a state of affairs under which it would be free to sell its products how, when or where it chose.

From now onwards the interests of British shareholders in the nitrate industry will be bound up almost exclusively with the fortunes of Cosach and its main subsidiaries, the Lautaro and Anglo-Chilean companies. The equity in the industry's future progress belongs to the Chilean Government and the American firm of Guggenheim Brothers, the *trans-deus ex machina*, whose intervention has entirely transformed the organisation of both the Chilean copper and nitrate industries. Outside investors are interested (a) in the service of \$50,456,500 (U.S.) of Prior Secured 7 per Cent. Sterling Bonds of Cosach (secured by a first claim on the 30s. tax per ton of nitrate produced, mentioned above), (b) in about £1½ millions of Secured Sinking Fund 7 per Cent. Gold Bonds (part of a total of about £14,000,000, with a second charge on the 30s. tax), issued to certain of the nitrate companies taken over; and (c) in the ability of Anglo-Chilean to meet its preference share payments, of Lautaro to meet its cumulative preferred shares, of Cosach to pay dividends on its cumulative preferred shares. The Lautaro company has not been absorbed by Cosach, which, however, entirely controls its policy through its ownership of Lautaro ordinary shares. In short, the Guggenheim interests and the Chilean Government between them now have sole charge of the destinies of the Chilean nitrate industry.

In one respect, recent conditions were propitious for the strategy of a determined and wealthy organisation. A suicidal policy of restriction in a period of rapidly expanding "synthetic" production had reduced Chile's share to about one-fifth of the total world's consumption of nitrogenous fertilisers. The Chilean Government, taught by adversity, was in a mood to make terms for the removal of the export duty which for years had been a millstone round the neck of the industry.

The thesis of the Guggenheims was that the "Shanks" process of extraction, for all its "selective" merits, was fatally obsolescent, and the only hope for the future lay with their own mass-production process. Their conception was Napoleonic, comprising nothing less than the buying out both of existing producers and the Chilean Government. Unfortunately, before it could be completely carried out, world depression intervened, rendered particularly acute by the fall in the prices of the products of agriculturalists, the industry's chief customers, and the existence of much surplus plant in the "synthetic" industry. Only at the end of last March was the merger finally consummated and provided with working capital by

an international bond issue. Meanwhile, sales of nitrate had fallen to a low level.

The following tables show the course of world nitrogen years, with particulars of visible stocks of Chilean nitrate:—

(1,000 METRIC TONS OF PURE NITROGEN.)
(July 1st to June 30th.)

	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31*
Production.						
Synthetic and by-product nitrogen	934	1,065	1,434	1,623	1,714	1,800
Chilean nitrate of soda	399	200	390	490	464	250
Total	1,333	1,265	1,824	2,113	2,178	1,850
Percentage Chilean to total	30%	15.8%	21.4%	23.2%	21.3%	13.5%
Consumption.						
Synthetic and by-product nitrogen	934	1,037	1,251	1,453	1,596	1,250
Chilean nitrate of soda	324	275	391	419	362	250
Total consumption	1,258	1,312	1,642	1,872	1,958	1,500
Percentage Chilean to total	25.8%	20.9%	23.8%	22.4%	18.5%	16.7%

* Estimates.

STOCKS OF CHILEAN NITRATE.
(Reduced to Thousands of Tons of Pure Nitrogen.)
(June 30th each year.)

	1926	1927	1928	1929	1930	1931*
Stocks in Chile	188	153	103	156	266	265
Total supply in eight years	259	186	179	259	350	350
Yearly average price of Chilean nitrate at the coast (in shillings per metric quintal)	19s. 8d.	17s. 11d.	16s. 7d.	17s.	16s. 1	14s. 1

* Estimates.

† Approximate.

It will be seen that Chilean production in the nitrate year just ended has been approximately 35½ per cent. below the average for the previous five years, and that current visible stocks, nevertheless, are equal to nearly one-and-a-half years' consumption at the present depressed level. The rated capacity of the existing Guggenheim process plants (including that of Pedro de Valdivia, on the construction of which \$20 millions was spent last year) is approximately 210,000 tons (pure nitrogen) per annum, and in addition Cosach owns or controls Shanks process plants with a capacity of, say, 450,000 tons (nitrogen) per annum. The extent therefore, to which the company would stand to gain by an increase in output, sufficient to achieve a larger share of the economies of mass-production, is evident.

Events have moved rapidly since the negotiations for a renewal of the world nitrate agreement broke down in the middle of last month. Propaganda and counter-propaganda culminated last week-end in an inspired statement of pending "cuts" in Chilean prices. Within forty-eight hours it was reported that a new conference was meeting at Brussels, and that the occurrence of certain developments had made the outlook for a new agreement considerably brighter. Though Mr Guggenheim has been at pains to disclaim any intention of provoking a price war, a *outrance*, between the natural and synthetic products, it is doubtful whether any such truce can be more than temporary. Conditions are all against it. A limited market can make little appeal to a dominant interest which has sunk millions of pounds in Chile, which can only become fully remunerative on a big output. The interests of the holders of prior secured bonds of Cosach will be fully covered even if exports of Chilean nitrate are less than one-third of the average for the five years to 1929-30, but a financial return insufficient to meet dividends on the preferred stock of Cosach and Lautaro (the July 1st

dividends on both have been deferred), can hold out small attractions to an interest which must recoup itself for its heavy outlay through the receipt of ordinary dividends. Even if the Guggenheims consider the present period of world depression an entirely unsuitable moment for throwing down the glove, and are willing to make a stop-gap *modus vivendi* with the synthetic producers, their bid for a larger share of the world market must come sooner or later, when more normal conditions obtain. They may be the more inclined to put matters to the test as the obvious over-capacity of the synthetic industry has brought some of the smaller European producers to a bankrupt or semi-bankrupt condition, and burdened even the larger units with uneconomic charges on idle plant, as shareholders in Imperial Chemical Industries, for example, are painfully aware.

The real security for investors in the Chilean nitrate industry, therefore, is the probability that the Guggenheims, with the Chilean Government behind them, having staked their reputation and fortune in creating a grandiose organisation for extracting and selling huge quantities of nitrate of soda, will exert every endeavour to work it profitably. Until this great future issue is decided, however, Cosach balance-sheet figures can obviously be little more than arithmetical exercises, worth, with all due respect, little more than the paper on which they are printed. For example, a *pro forma* consolidated statement as at March 20, 1931, shows that out of total assets valued at \$758 millions (U.S.), some \$540 millions are represented by nitrate reserves taken at 17.50 Chilean pesos per ton, equivalent at par of exchange to 10½d. per metric quintal, as compared with 4½d. per metric quintal paid by the Lautaro Company for a large purchase from the Government two years ago. Exceptional factors may have made the latter price a somewhat unsound criterion, but whether the valuation put on Cosach nitrate reserves be high or low, it is, admittedly, arbitrary. A valuation at a figure 25 per cent. lower or higher would have decreased or increased the total balance-sheet assets by as much as \$135 millions. Lautaro and Cosach together have an issued capital stock of \$398 millions and a funded debt of \$196 millions, making \$594 millions out of total balance-sheet liabilities of \$758 millions. The whole position thus turns on the question what is a fair price to put on the company's right to 253,503,000 tons of nitrate still in the ground, whose ultimate selling price no one can forecast.

The market, at the moment, takes a conservative view of Chilean nitrate prospects, as the following table suggests:—

	Highest, 1929.	Highest, 1930.	Highest, 1931.	Present Price.	Yield at Present Price.
"Cosach" prior secured 7% stg. bonds	...	...	94	83	£ 8 s. d.
Do. 7% deb.	...	...	75	75	9 6 8
Do. 10% "B" ord.	...	...	...	...	Nil
Do. 10% "C" ord.	...	...	...	...	...
Anglo-Chilean Nitrate 7% 1st mort. deb. stk.	103½	99	93	78	8 19 6
Lautaro 6½% 1st mort. deb. stock	100	99	94	86	7 11 0
Lautaro 7% cum. pref. (stg.) bearer	3½	3½	3½	14	28 0 0
Lautaro Nitrate Corp. ord. (no par)	99½	101½	94½	11½	...

For good or evil, the Chilean nitrate industry is committed to a regime of mass production. Although the Shanks process plants now owned by Cosach supplied all the Chilean nitrate of soda exported before 1927, a special reserve has been created to write down their balance-sheet value from \$51 millions to under \$5 millions. The future lies with the big Guggenheim process plant at Maria Elena, the larger plant at Pedro Valdivia, and the projected Pissis and Nebraska plants, on which work was to have started this year (though economic depression may lead to modification of this programme). Whatever agreement the industry may make, *ad interim*, sooner or later Cosach may be expected to endeavour to achieve the economies of mass production, though the day of the decisive battle may be not yet.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. August 26.	ACCOUNT. August 27.
-----------------------	------------------------

Alternating periods of limited activity and uneasy quiescence marked the course of Stock Exchange business this week. Economic factors were to a great extent overshadowed by political considerations, and, in the absence of any reliable information, prices tended to move with the rumours of the moment. The fluctuating activities of the week are discussed in an Investment Note on page 362.

Gilt edged shared in the general uncertainty, an appreciable amount of liquidation in the earlier part of the week being succeeded by a more cheerful tone as sterling improved. Substantial buying orders were in evidence on Wednesday, and Funding Loan, Consols and Five per Cent. War Loan all recorded advances. India stocks moved within very narrow limits, and Australians were quiet but steady, pending the outcome of the conversion operation.

In the foreign market idle conditions prevailed. German Seven per Cents. gained half a point in mid-week, after marked heaviness, and Austrian Sixes found support; but Roumanian 4 per cent. Consols came on offer. Brazilians again suffered a decline on adverse exchange movements, and San Paulo 7½'s eased. Little business was done in Chileans (the position of which is discussed in a Note on page 364), and Argentines remained unsettled following a renewed relapse in the peso.

Home railways, after being neglected for the greater part of the week, enjoyed a brief spasm of renewed popularity, despite the publication of a poor batch of traffic returns. An all-round rally occurred in the ordinary stocks, due more to the extremely sensitive nature of the market than to any revival of confidence in the immediate future. Metropolitan and Undergrounds shared the improved tone. Foreign rails derived little encouragement either from general conditions or from "traffic" figures. Argentines came in for renewed selling, and Americans receded.

In the industrial share market the factors making for disquietude elsewhere were especially influential, and the mere possibility that a revenue tariff might materialise acted as a sharp spur to a number of issues. Early adverse movements in Bradford Dyers and J. and P. Coats followed unsatisfactory dividend announcements, and the heavy tone was shared by other textiles. Among iron and steel shares, Guest Keen attracted attention, and Vickers were in request. Among the other leaders, Turner and Newall, Dunlops, Imperial Chemical, Leylands and Courtaulds all responded to tariff hopes. A fair inquiry was heard for some electricals, and Cables and Wireless rallied on bear covering after an unsatisfactory week. Tobacco Securities Trust proved a weak feature at the opening session, but the tobacco share market enjoyed increasing popularity, while breweries declined on taxation fears.

The oil share market experienced a period of marked activity in mid-week, but heavy selling from Amsterdam which later supervened was attributed to disappointment that Shell Union had decided to pass its preferred dividend. The rubber share market remained under the adverse influence of a falling commodity, the price of rubber touching a new low level during the course of the week. Trusts were steady after a heavy opening, but Anglo-Dutch scored a small advance. Tea shares were almost entirely deserted, but Jokais and Darjeeling Consolidated had a steady appearance.

The mining share market was comparatively idle, and price movements were mostly against holders. Among the gold shares, Geduld and East Geduld found support; but in the Rhodesian section the lethargic appearance of the leaders was unrelieved. London Tin recorded a small advance among a number of declines; while in the Australian section, Wiluna, which reached 6s. 8d., after

touching 36s. 10½d. in 1928, came in for considerable adverse comment.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Aug. 13, 1931.	Aug. 14, 1931.	Aug. 17, 1931.	Aug. 18, 1931.	Aug. 19, 1931.	Aug. 20, 1931.
Government and Municipal Loans	939	1,115	1,566	1,113	1,079	930
Transport, Communications, and Public Utilities	600	749	792	616	580	573
Commercial and Industrial Banks, Insurance and Financial	1,221	1,103	1,439	1,007	1,055	1,064
Mines (including Nitrate)	391	429	505	397	373	347
Oil	315	189	352	253	269	251
Rubber, Tea and Coffee	84	76	111	67	113	96
Total	3,680	3,739	4,849	3,517	3,560	3,310

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	Aug. 13, 1931.	Aug. 14, 1931.	Aug. 17, 1931.	Aug. 18, 1931.	Aug. 19, 1931.	Aug. 20, 1931.
72.3	54.5	58.4	58.2	58.1	57.0	58.1	58.4

FOREIGN STOCK EXCHANGES.

NEW YORK.

Markets were firm last week-end, but turned weaker on news that four banking institutions, with deposits of over \$100 millions, were in difficulties in Toledo. Though exceptional factors may have been partially responsible for the suspensions, they were regarded as symptomatic of the unbalanced conditions in many parts of the Middle West. New York, however, showed no tendency unduly to emphasise the significance of the failures, and by mid-week a moderate rise in values had occurred. Oil shares were prominent on the rising tendency of crude prices following the spectacular events in Oklahoma and Texas, though the permanence of the movement was greatly distrusted in conservative quarters. Merchandising issues were well maintained. The president of the Woolworth Company has stated that American sales for the first eight months of this year will surpass those of the corresponding period of 1930. On the whole, however, the efforts of the bulls to induce the market to discount a substantial autumn trade improvement are hanging fire. Steel mill activity is now 32 per cent. of capacity, against 30 per cent. a week earlier. The bond market remains a weak spot, particularly as regards foreign issues, with rumours of impending defaults in the air. Some of the recent liquidation of bonds has undoubtedly come from corporate investment sources. German bonds have been an exception to the prevailing trend, the Basle Report on the financial situation being well received. Unofficial Wall Street opinion, with singular unanimity, has refused to accept health considerations as the ruling motive of a conference with officials of the Federal Reserve Bank being widespread.

	Aug. 13, 1931.	Aug. 14, 1931.	Aug. 17, 1931.	Aug. 18, 1931.	Aug. 19, 1931.	Aug. 20, 1931.
U.S. 3½% T. Bds.	106½	106½	106½	106½	106½	106½
Do. 4½% 32-47	102½	102½	102½	102½	102½	102½
Do. 4½% 32-47	103½	103½	103½	103½	103½	103½
Do. 4½% 33-38	104½	104½	104½	104½	104½	104½
Atchafalpa	147	140	139	139	139	139
Chas. & Ohio	348	358	367	367	367	367
Rela	19	17½	18½	18½	18½	18½
Illinois Central	40	40	37½	37½	37½	37½
N.Y. Central	42½	41½	41½	41½	41½	41½
Pennsylvania	72½	72½	71½	71½	71½	71½
Southern Railway	74½	74½	74½	74½	74½	74½
Southern Ry.	25½	25½	24½	24½	24½	24½
Union Pacific	146	145	145½	145½	145½	145½
Am. Can.	89½	94	94½	94½	94½	94½
Amer. Smelting	29½	30½	30½	30½	30½	30½
Anacosta	23½	24½	24½	24½	24½	24½
Bethlehem Steel	37	39½	40½	40½	40½	40½
Chrysler Motor	24½	25½	25½	25½	25½	25½
Corn Producers Rf.	63	66	65	65	65	65
Rockman Kodak	133½	142	143	143	143	143
Gen. Electric (New)	39½	38½	38½	38½	38½	38½
Gen. Motors	36½	38½	38½	38½	38½	38½
Int. Harvester	39½	39	38½	38½	38½	38½
Montg. Ward	26½	21½	21½	21½	21½	21½
Natl. Biscuit	56½	56½	56½	56½	56½	56½
Phelps Dodge	11½	11½	11½	11½	11½	11½
Pullman	29	30	29½	29½	29½	29½
Sears-Roebuck	55	56½	56½	56½	56½	56½
Studebaker	64½	64½	64½	64½	64½	64½
Un. Fruit	5	5	5	5	5	5
U.S. Leather	12½	14½	14½	14½	14½	14½
U.S. Rubber	84½	89½	90½	90½	90½	90½
U.S. Steel	58½	62½	62½	62½	62½	62½
Westinghouse	68½	69½	70½	70½	70½	70½
Woolworth	16½	16½	16½	16½	16½	16½
Am. Tel. & Tlg.	166½	172	173	173	173	173
Interboro R.T.	21½	21½	21½	21½	21½	21½
Int. Tel. Tlg.	26½	28½	29	29	29	29
Radio Corp.	16½	20½	20½	20½	20½	20½
Utilities P. & L.	21½	22	22½	22½	22½	22½
W. Union Tlg.	107½	112	115	115	115	115
Associated Gas "A"	24	25	30	30	30	30
Pan. Amer. B.	17½	17½	16	16	16	16
Shell	47½	51	51	51	51	51
Shell Union	94	104	12	12	12	12
Sinclair Oil	35½	38	41½	41½	41½	41½
Std. California	36½	38½	41½	41½	41½	41½
Do. N.J.	36½	38½	41½	41½	41½	41½

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Copthall Avenue, London, we print

the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Aug. 12.	Aug. 19.
337 Industrials	134.5	218.9	98.2	174.1	99.6	87.8	90.6
33 Rails	127.8	173.5	89.1	145.6	92.0	66.0	65.8
34 Utilities	177.6	330.4	153.2	267.4	158.1	153.7	156.1
Total, 404 stocks	140.3	228.1	105.5	184.2	107.6	94.9	97.2
Average yield of 50 industrial common stocks	3.10%	5.23%	4.15%	5.95%	5.91%	5.98%	5.80%

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	Aug. 12, 1931.	Aug. 13, 1931.	Aug. 14, 1931.	Aug. 15, 1931.	Aug. 17, 1931.	Aug. 18, 1931.	Aug. 19, 1931.
140.2	92.7	105.9	107.9	110.4	111.3	108.2	108.7	109.3

TOTAL DEALINGS IN NEW YORK.

	Aug. 13, 1931.	Aug. 14, 1931.	Aug. 15, 1931.	Aug. 17, 1931.	Aug. 18, 1931.	Aug. 19, 1931.	Aug. 20, 1931.
Stock Exchange—Shares (Thous.)	1,400	1,900	900	1,300	1,700	1,100	1,100
Bonds (Thous. \$)	8,426	8,627	3,472	7,878	9,086	7,305	7,619
Curb—Shares (Thous.)	220	270	170	220	250	210	260

* 2-hour session.

AMSTERDAM.

Once again the Amsterdam stock market witnessed an exciting month under the influence of events in Germany, and German loans fluctuated 7 or more points a day. In other sections trading was on an extremely small scale at gradually declining rates. Among industrials Philips Lamp Works dropped to 65, as compared with the quotation of 955 which these shares attained in 1929. Accoustiek declined to about 10 on the unsatisfactory news as to the state of the company in Germany; in 1929 the quotation for these shares reached 282. Netherlands Ford declined sharply to about 230, but recovered somewhat later. Oils were weak following the continuous drop in the price of the commodity and the unsatisfactory quarterly report of Shell Union. Tobaccos were irregular. Commodity markets were mainly weak, and the corresponding shares were lower in consequence. Sugar, however, was an exception to the general rule. The world's visible supplies were estimated at 8,240,524 tons on July 1st, as compared with 7,035,995 tons on July 1, 1930. The new low record for rubber demoralised the share market and changes were all downward.

	June 15, 1931.	July 14, 1931.	Aug. 14, 1931.	June 15, 1931.	July 14, 1931.	Aug. 14, 1931.
4½% Gov. Bds. 1916-1918	103½	103½	102½	103½	103½	102½
4½% Bonds 1916-1918	103½	103½	102½	103½	103½	102½
4½% Bonds East Indies	98½	99½	98½	98½	98½	98½
Algem. Explorat.	70½	85½	61½	70½	85½	61½
Aniam	228½	243	219	228½	243	219
Ned. Ind. Gas	210	229½	202½	210	229½	202½
Royal Dutch	199½	207	197½	199½	207	197½
Amsterdam Rub'r	74½	84½	69½	74½	84½	69½
Deli Batavia	27½	37½	33½	27½	37½	33½
East Java	204½	111	94	204½	111	94
Hesse Rubber	39½	60	41	39½	60	41
Sertadjadi Sumatra	35	47½	34	35	47½	34
Allied Sumatra	27	41	30	27	41	30
Holland Amer. Line	7½	11½	9½	7½	11½	9½
Royal Packet	—	139	135½	—	139	135½
Neth. Shipping U.	112½	116½	106	112½	116½	106
Navigation "Ned."	—	120½	107½	—	120½	107½
erian	—	40½	30½	—	40½	30½
Royal Steamship	36½	—	—	36½	—	—
Java China Japan	40	46	37½	40	46	37½
Line	—	—	—	—	—	—
Vorstenlanden	77	79½	78	77	79½	78
Trading Co. Am.	287	322	276½	287	322	276½
stardam	214	248	197	214	248	197
Java Plantations	117½	136	117	117½	136	117
Neth. India Sugar	—	—	266	—	—	266
Besoeki	—	—	—	—	—	—
Deli Batavia	212	206½	172½	212	206½	172½
Deli	248	236	214½	248	236	214½
Sembah	260	262	243	260	262	243

x Ex dividend.

papers in Kent. Among its investments, the company counted 33,800 Associated Newspaper deferred shares, 5,175 Anglo-Newfoundland Development ordinary, 432,950 Carmelite Trust ordinary, 12,616 Daily Mirror ordinary, £12,000 Foreign Railway Investment Trust ordinary stock and 1,000 Sunday Pictorial ordinary shares. Referring to the company's relationship with the Carmelite Trust, Mr Philip Inman stated that they held 25 per cent. of the share capital of the latter company at a cost of £500,000, while they had a claim for the rescission of certain sales of shares and options or, in the alternative, damages to the amount of roughly £220,000. After lengthy negotiations, it was agreed that, in view of the fact that in the last Carmelite accounts they appeared as debtors for £147,115 in respect of a loan, against which they had lodged securities which to-day would be worth £45,207, the claims between the two companies should be cancelled, and the debt extinguished. With regard to Anglo-Foreign subsidiaries, holdings in which stood in the balance sheet at a cost of £410,503, it was clear, said the chairman, that the acquisition of properties in this country was never completed, so that they now found a number of rather scattered—though valuable—assets which, for lack of capital, could not easily be co-ordinated. Their interests were largely in trade journals, which derived most of their revenue from advertising, particularly for the heavy industries, and had consequently met the full blast of the industrial depression. In any valuation of their assets they had to consider to what extent depreciation of a permanent nature had arisen through such decreases in the earning capacity of particular journals. Two of their subsidiaries, however, had shown increased figures, both of circulation and profits. In the meantime, the amount of the company's capital to be regarded as permanently lost was in excess of £1,000,000. The Associated Iliffe Press, as a result of its recent offer, had already obtained over 50 per cent. of the capital, and shareholders had to decide whether they preferred to take cash to the extent of 9d. per ordinary share now, or to risk a problematical rise or fall in value during the next two or three years.

Wherever
you go
YOU
CAN BE
SURE
OF
SHELL

British International Pictures.—In our leading article last week we reviewed the position of the leading British film companies. Some interesting details of the finance of film production were given by Mr John Maxwell, the chairman of British International Pictures, at the company's meeting. British pictures, declared Mr Maxwell, were generally meeting with a favourable reception in the cinema theatres. His company's gross turnover from film productions in the first three months of the current financial year exceeded £250,000, and was thus at the rate of £1,000,000 per annum. This figure excluded dividends on investments, interest on loans and studio rentals, and represented the actual value of studio employment the company had created, an expenditure which otherwise would have gone abroad in the purchase of foreign films. For the purpose of developing its film production business the company is issuing to shareholders at par the 1,000,000 ordinary shares of 5s. at present unissued. It is not proposed to underwrite the issue as the directors and their friends have undertaken to take up any shares not applied for by the shareholders. This indicates a healthy confidence in the ability of the company to make profits out of British talking film productions. It is satisfactory in this connection to hear from Mr Maxwell that the company has completed the writing-off of all values of silent and part-dialogue films. Some £100,000 was taken from reserve for this purpose in 1929-30, and in the last year an additional and final writing-off was provided for out of earnings. In other words, British International Pictures has emerged successfully from the revolution of the talking film. The ordinary shares of the company were quoted after the meeting at 5s. 3d., as compared with a high level of 7s. 3d. this year.

Slump in Chilean Bonds.—It will be recalled that, following the declaration of a partial moratorium by the Chilean Government on July 15th last, a proposal was made by the Cabinet for the suspension of the foreign debt service on August 12th. On Thursday last it was officially stated that the payment of foreign debts would be suspended during the next five months, and Chilean bonds became a nominal market. Chile has always been regarded as one of the best of South American borrowers. By law the gold reserve of the country is fixed at a minimum of 40 per cent. of the note issue. A few months ago the reserve ratio was as much as 95 per cent. It is now below 60 per cent. During the boom of 1928-29 American money poured into the South American Republics. Interest on heavy borrowings, together with the effects of increasing imports and declining exports, have produced an adverse balance of trade, necessitating large exportations of gold to meet overseas commitments. In order to limit imports and increase the national revenue, an emergency tariff has been imposed. Chile relies mainly upon copper and nitrate exports for her foreign credits, and has admittedly been badly hit by the heavy fall in the prices of these commodities. The decline in London quotations for Chilean bonds in the last fortnight has been somewhat alarming, as the following table suggests:—

(MIDDLE STOCK EXCHANGE QUOTATIONS.)

	August 5.	August 13.	August 19.
Chilian 4½% 1885	95	50	50
" 5% Gold 1889	65	50	50
" 5% 1911	50	40	40
" 6% 1928	47	40	35
" 6% 1929	47	40	35
Valparaiso 5½% (Water) 1940 ...	90	75	75

It is understood that expenditure has been considerably curtailed and new sources of revenue authorised in the hope that the Government will be able to deposit funds for interest and amortisation at an early date. In any case, the present regrettable action on the part of the Chilean Government cannot fail to do serious harm to Chile's credit in London. It is a pity that those concerned did not think again before impairing their most valuable asset on this side, by a policy which, however natural the desire to protect their gold reserve, cannot but cause acute resentment among foreign bondholders.

Oil Restriction by Force of Arms.—Martial law now prevails in two of the great oil-producing districts of the United States. That restriction of oil output should have failed as a voluntary measure of trade protection, should have been held illegal in the courts of law, and should finally have been enforced by military force on the proclamation of two fire-breathing State Governors, is one clamorous piece of history which the great Republic of the West has contributed to world enjoyment. The "war" broke out in Oklahoma, which is ruled by the picturesque figure of Governor Murray, known as "Alfalfa Bill." Governor Murray decided that crude oil in Oklahoma should sell for \$1 per barrel instead of from 25 cents to 50 cents per barrel. If the price did not advance to \$1, he declared that he would close down the producing wells by force of arms. And this he proceeded to do—with the help of the National Guard. His action, of course, is an attempt to blackmail the crude oil-purchasing companies into paying more for their oil than it is worth. As a result, the production of Oklahoma, which was at the rate of 425,250 barrels a day on August 1st, will come down to 50,000 to 70,000 barrels a day, production being allowed only from "stripper" wells. The Governor of Texas, who had convened a special session of the Texas Legislature to pass an oil restriction Bill, was fired by Governor Murray's martial ardour, and decided to close down the new East Texas oilfield by force of arms rather than allow the operators to make up for the involuntary shut-down in Oklahoma. The Restriction Bill was actually passed by the Texas Legislature last week, but the Governor did not wait for the Railroad Commission to work out and enforce a pro-rata restriction scheme; he sent out the National Guard on August 17th to close down the wells. Presumably when the Railroad Commission's restriction orders are put into effect the reign of martial law will be ended in Texas. For the week ended August 8th the East Texas oilfield was producing at the rate of 654,200 barrels a day, a new peak level for the field, and it is expected that the new restriction scheme will have the effect of bringing down its output below 500,000 barrels a day. Kansas is now following the example of Oklahoma. The Governor threatens to close down the oil wells in the State if the price of oil is not increased to 60 cents per barrel. Meanwhile, as a result of these martial interferences with the laws of supply and demand, the price of gasoline has been advanced, and refiners are reluctant to quote except for very limited quantities for immediate delivery. Actually the statistical position of the gasoline market shows an improvement. Stocks of gasoline at refineries have been falling, and on August 8th amounted to 35,881,000 barrels, or about twenty-seven days' consumption, as compared with 47,440,000 barrels, or thirty-six days' consumption, at the end of March. But the seasonal decline in consumption is approaching, and nothing is more certain than that no real improvement can be effected in the economic position of the oil industry by the behaviour of two or three energetic State Governors. The oil surplus remains underground, and as soon as the troops are removed from the oilfields an overproduction can quickly be developed in spite of all the State restriction schemes. That the directors of the Shell Union do not regard the outlook hopefully is evidenced by their passing of the preferred dividends this week.

Bisichi Tin.—Our mining correspondent writes:—In view of the conditions prevailing last year, it is satisfactory that this Nigerian tin enterprise has made a small profit after allowing for depreciation on plant, works, etc. (though not for the loss on its holding in Treskillard Minerals—a Cornish tailings proposition). The sum involved, £1,500, has been written off share premium account, reducing that entry to £11,700. In 1929 the output showed a marked expansion over that of the preceding year, and the cost at railhead was reduced from £180 to £75 per ton. A dividend of 5 per cent. was paid. Last year production was restricted to 863 tons. The average price realised was £88—the lowest in the history of the company. Nothing is said in the report regarding costs, which must, naturally, have increased. The esti-

mated proved reserves are now stated at approximately 10,000 tons, excluding certain areas. In the 1929 report the proved reserves were stated at approximately 11,285 tons. Possibly the difference (less the quantity taken out during the year in excess of the 145 tons proved) is accounted for by the exclusion of the areas in question. The point is of importance, and should be fully explained. The cash position is strong, liquid assets at the date of the balance sheet exceeding liabilities by £105,000.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to August 15, 1931, £97,096,614*
Total, including conversion, recorded January 1 to August 15, 1931, £107,973,599*

National Savings Certificates.
Net sales, week ended August 15, 1931, £250,000.
Total net receipts, April 1, 1931, to August 15, 1931, £6,100,000.

	Nominal Capital	Conversions or Repayments	New Money Cash Subscriptions	First Payment	Further Liability
To the Public.	£ Nil	£ Nil	£ Nil	£ Nil	£ Nil
Week ended August 22, 1931					
To Shareholders only.					
Electrical Finance and Securities, 50,000 7 per cent. Cum. Pref. shares at 21s. and 50,000 ordinary shares at 30s.	50,000	...	52,500	12,500	40,000
	50,000	...	75,000	12,500	62,500
Total to shareholders only, week ended Aug. 22, 1931.....	100,000	...	127,500	25,000	102,500
Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	Total Offered for Subscription—	Including Conversions.	Excluding Conversions.
Jan. 1 to date—	£	£	Whole year—	£	£
1931	108,351,099	97,474,114	1930	454,888,784	267,800,700
1930	280,698,712	190,577,481	1929	488,764,940	285,239,400
1929	224,191,811	192,866,211	1928	693,100,056	369,058,073
1928	...	281,660,013	1927	...	355,165,970
1927	...	237,285,790	1926	...	230,782,600
1926	...	140,850,269	1925	...	232,214,500
1925	...	128,231,827	1924	...	209,326,101
1924	...	130,924,951	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	75,215,274	6,193,059	16,065,781	97,474,114
1930	156,269,408	14,730,138	19,577,935	190,577,481
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	555,166,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,057,183	...	8,432,058
Total for week ended August 22, 1931.....	Nil	...	Nil
Total to date, 1931.....	8,057,183	...	8,432,058
Total to date, 1930.....	16,402,378	...	18,085,457

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LIMITED.—Production for the week ended July 15:—Venezuela, 32,857 barrels; Trinidad, 26,968 barrels; total, 59,825 barrels. Production for the week ended July 22:—Venezuela, 33,579 barrels; Trinidad, 27,297 barrels; total, 60,876 barrels.

THE MEXICAN EAGLE OIL COMPANY, LIMITED.—The production for the week ended July 18, 1931, was 282,000 barrels.

STEAUA ROMANA (BRITISH), LTD.—The production of the Steauna Romana Company, Bucharest, for the month of May was 83,040 tons. Production for the month of June was 80,610 tons.

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative

148 Leadenhall St.

London, E.C. 3.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended August 15, 1931, amounted to £9,284,000 against ordinary expenditure of £9,063,000. After allocating £600,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £102,229, the operations for the week, as shown below, increased the National Debt by £481,000 to £7,647,570,000:—

(000's omitted.)

Public Dept. Advances	+ 4,000	Treasury Bills	- 3,369
National Savings Certificates	+ 250	P.O. and Telegraph	- 400
	+ 4,250		- 3,769

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Aug. 15, 1931.	April 1, 1930, to Aug. 16, 1930.	Week ended Aug. 15, 1931.	Week ended Aug. 16, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	£ 258,000,000	£ 39,857,000	£ 46,317,000	£ 2,732,000	£ 3,503,000
Sur-tax, including Arrears of Super-Tax	72,000,000	14,180,000	12,300,000	390,000	230,000
Estate, &c., Duties	90,000,000	27,480,000	33,032,000	1,010,000	1,580,000
Stamps	24,000,000	4,250,000	5,390,000	450,000	390,000
Excess Profit Duty and Corporation Profit Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	150,000	140,000	...	...
Total Inland Revenue ...	447,000,000	85,927,000	97,177,000	4,582,000	5,703,000
Customs and Excise—					
Customs	125,650,000	45,502,000	44,437,000	2,494,000	1,707,000
Excise	119,850,000	38,874,000	42,190,000	1,266,000	2,040,000
Total Customs and Excise ...	245,500,000	84,376,000	86,627,000	3,760,000	3,747,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,122,000	1,374,088	Dr 247,000	42,000
Post Office (Net Receipts)	12,200,000	7,800,000	7,900,000	1,000,000	700,000
Crown Lands	1,300,000	480,000	470,000	...	...
Receipts from Sundry Loans	33,500,000	11,996,357	15,535,228	168,759	1,648,387
Miscellaneous Receipts	55,000,000	6,521,879	9,787,643	20,479	767,396
Appropriation from Rating Relief Suspense Account ...	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	803,500,000	203,123,236	233,970,999	9,284,238	12,607,785
SELF-BALANCING REVENUE.					
Post Office	58,232,000	18,900,000	20,100,000	700,000	950,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	5,468,000	6,420,912	442,000	207,000
Total Self-Balancing Revenue	81,582,000	24,368,000	26,520,912	1,142,000	1,157,000
Total		227,491,236	260,491,911	10,426,238	13,764,785

EXPENDITURE.	Estimate for the year 1931-32 (including Supple- mentary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Aug. 15, 1931.	April 1, 1930, to Aug. 16, 1930.	Week ended Aug. 15, 1931.	Week ended Aug. 16, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	£	£	£	£	£
Payments to Northern Ireland Exchequer	302,950,000	137,233,862	135,899,683	1,778,886	753,649
Other Consolidated Fund Services	6,350,000	1,894,161	1,856,293	...	46,825
Total	3,000,000	710,550	1,030,384	4,123	3,043
Total Supply Services (ex- cluding Post Office)	312,300,000	139,838,573	138,846,960	1,783,009	803,517
Total ordinary expenditure ..	439,829,000	153,983,100	156,176,800	7,280,000	7,960,000
SELF-BALANCING EXPENDITURE.	752,129,000	293,821,673	295,023,760	9,063,009	8,763,517
Post Office	58,232,000	18,900,000	20,100,000	700,000	950,000
Road Fund	23,350,000	5,468,000	6,420,912	442,000	207,000
Total Self-Balancing Ex- penditure	81,582,000	24,368,000	26,520,912	1,142,000	1,157,000
Total Ordinary and Self- Balancing Expenditure...	833,711,000	318,189,673	321,544,672	10,205,009	9,920,517
New Sinking Fund (1928)....	52,050,000	14,040,894	14,712,902	600,000	620,000
Total, including New Sinking Fund		332,230,567	336,257,574	10,805,009	10,540,517

The aggregate revenue and expenditure to August 15, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO AUGUST 15TH.

(000's omitted.)

Expenditure	293,822	Revenue	203,123
New Sinking Fund	14,041	Decreases in balances	3,170
		Net amount borrowed	101,570
	307,863		307,863

POSITION OF THE FLOATING DEBT.				
Ways and Means Advances Out-	Aug. 16, '30.	Mar. 31, '31.	Aug. 15, '31.	Aug. 15, '31.
standing—				
Advances by Bank of England	38,270,000	24,500,000	40,000,000	+ 4,000,000
Advances by Public Departments	647,975,000	569,825,000	654,615,000	- 3,375,000
Treasury Bills outstanding				
Total Floating Debt	686,245,000	594,325,000	694,615,000	+ 625,000
* Includes £3,000 the proceeds of which were not carried to the Exchequer within the period of the account.				

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on August 7, 1931, and the total amount applied for was £51,585,000. Tenders were accepted for bills at three months, dated Monday to Friday at £98 19s. 0d., about 95 per cent., and above, in full, and Saturday at £98 19s. 3d., and above, in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months.	Average Rate.
1931.				
July 24	45,000,000	47,350,000	3 8 11-51	
July 31	40,000,000	50,510,000	4 5 6-72	
August 7	35,000,000	49,320,000	4 5 9-5	
August 14	35,000,000	51,585,000	4 2 10-92	

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, August 19, 1931.

Notes Issued—		Government Debt	
In Circulation	354,128,534	Government Debt	11,015,100
In Banking Department	54,431,251	Other Government Securities	256,713,615
		Other Securities	3,182,20
		Silver Coin	4,089,084
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	133,559,785
			£408,559,785

BANKING DEPARTMENT.

Proprietors' Capital	14,553,000	Government Securities	48,380,906
Reserve	3,837,952	Other Securities	28,288,189
Public Deposits	19,725,523	Advances	£6,863,320
Other Deposits	£61,755,078	Securities	28,288,189
Bankers'	£61,755,078	Notes	35,149,509
Other Accounts	40,099,213	Gold and Silver Coin	54,431,251
7 Day and other Bills	1,190		1,310,290
			£139,771,956

Both Departments.		Amount, Aug. 19, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation				
Public deposits		354,128,534	+ 5,922,467	- 7,662,850
Bankers' deposits		19,725,523	+ 291,832	- 1,319,976
Other deposits		61,755,078	+ 3,592,379	+ 89,709
Seven-day bills		40,099,213	+ 5,219,879	+ 6,049,859
Total outside liabilities		1,190	+ 170	+ 357
Capital and reserve		475,709,538	+ 3,181,451	+ 2,388,312
Total		16,190,952	+ 40,154	+ 3,344
Government debt and securities				
Discounts and advances		318,609,621	- 5,926,406	+ 23,332,554
Other securities		6,863,320	- 188,047	+ 746,778
Silver coin in issue department		31,468,390	+ 7,777,860	+ 5,594,819
Coin and bullion (bank's reserve)		4,089,084	+ 7,647	+ 376,038
Total		134,870,075	+ 1,565,847	- 20,495,440
Reserve of notes and coin in banking department				
Proportion of reserve to outside liabilities		55,741,541	+ 7,488,314	+ 2,167,110
(a) Banking department only ("proportion")		45 1/2 %	+ 2 1/2 %	- 1/4 %
(b) Gold stocks to deposits and notes ("reserve ratio")		28 1/2 %	+ 1/4 %	- 4 1/4 %

Issue Department.		Banking Department.			Gold in or out of Bank.	Total
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.		
1931.						
July 8	424,819	359,258	15,734	64,541	34,948	
15	423,991	358,913	15,678	64,541	34,948	1,344 in
22	408,774	356,098	16,373	66,179	33,708	634 out
29	392,035	369,382	15,219	58,798	32,764	15,220 out
Aug. 5	408,517	365,252	17,438	63,437	33,687	16,842 out
12	408,998	360,051	19,434	58,163	34,378	1,479 in
19	408,560	354,129	19,726	61,755	40,099	1,521 in

Issue Department.		Both Depts.			Banking Department.		Reserve to the "Proportion."
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Advances.	Other Securities.	
1931.							
July 8	243,426	13,483	285,811	31,826	7,102	66,563	87 1/2 %
15	243,424	12,556	255,980	30,021	7,407	66,287	87 1/2 %
22	240,283	11,626	251,909	34,376	7,099	63,948	87 1/2 %
29	258,530	8,647	267,177	52,561	9,896	53,946	87 1/2 %
Aug. 5	269,310	2,877	272,187	49,311	9,019	53,948	87 1/2 %
12	269,310	2,877	272,187	49,311	9,019	53,948	87 1/2 %
19	267,729	3,182	270,911	48,881	6,663	55,742	87 1/2 %

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to August 5	21,316,255	1,041,649	1,668,816	24,026,720
Week ended August 12	592,992	30,138	53,669	681,799
Week ended August 19	600,587	29,084	52,134	681,805
Total to date, 1931	22,509,834	1,100,871	1,779,619	25,390,324
Total to date, 1930	25,387,324	1,831,704	2,807,670	30,026,698
Increase or decrease in 1931	- 2,877,490	- 730,833	- 1,028,051	- 4,636,374
	- 10.9 %	- 7.5 %	- 7.9 %	- 10.9 %
1930.				
Total for year, 1930	58,782,577	1,812,146	2,363,631	62,958,354
Do. 1929	39,935,924	1,881,989	2,078,764	43,896,677
Increase or decrease in 1930	- 1,153,347	- 69,843	- 115,133	- 1,338,323
	- 2.8 %	- 3.7 %	- 3.7 %	- 2.9 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

Week ended August 15.	Month of July.		Inc. or Dec.	Aggregate Totals January 1 to August 15.	
	1930.	1931.		1930.	1931.
Number of working days	27	27			
BIRMINGHAM	1,851	1,488	- 363	79,676	71,731
BRISTOL	423	409	- 14	28,646	28,634
BRISTOL	1,074	919	- 155	160,475	160,998
DUBLIN	721	720	- 1	25,779	25,752
HULL	870	710	- 160	31,275	27,894
LEEDS	583	524	- 59	23,465	20,292
LIVERPOOL	6,017	6,295	278	214,107	175,312
LIVERPOOL	10,119	7,928	- 2,191	41,562	41,562
MANCHESTER	1,410	1,120	- 290	19,455	14,406
NEWCASTLE	500	552	52	30,142	24,725
NOTTINGHAM	809	582	- 227	1,050,649	915,772
Sheffield					
Total	28,749	26,687	- 2,062	1,050,649	915,772

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the National Bank of Egypt appeared in the *Economist* of July 18; (Canadian Bank statement and Lithuania in August 1; Bank of International Settlements, Danzig, Portugal and Russia in August 8; Denmark, Bulgaria, Italy Netherlands, Czechoslovakia and Poland in August 15.)

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

ASSETS.	Position, May 31, 1931.	Aug. 15, 1931.	July 31, 1931.	Aug. 7, 1931.	Aug. 15, 1931.
Cash and bullion—Gold	44,224	146,540	146,348	146,348	146,338
Balance abroad and foreign bills	28,533	20,398	20,907	16,806	11,561
Loans and advances	8,816	49,037	53,389	53,804	53,804
Discounts and loans	76,911	216,784	178,325	175,148	174,490
LIABILITIES.					
Notes in circulation	113,484	308,359	295,725	291,071	288,572
Deposits at sight	477,500	59,009	56,467	49,154	46,893

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

ASSETS.	Position, May 30, 1931.	Aug. 16, 1931.	July 24, 1931.	Aug. 1, 1931.	Aug. 8, 1931.	Aug. 14, 1931.
Gold	521,775	2,473,384	2,275,159	2,275,385	2,275,448	2,275,580
Silver	728,600	715,930	251,351	253,755	252,465	253,904
Loans & Discounts	800,725	2,054,307	3,197,925	3,282,578	3,312,245	3,289,730
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,484,209	5,457,461	5,469,187	5,480,279	5,422,153
Deposits	477,500	815,221	990,084	970,611	994,395	1,022,295

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

ASSETS.	Aug. 7, 1931.	July 15, 1931.	July 23, 1931.	July 31, 1931.	Aug. 7, 1931.
Cash Reserve	168,570	214,327	214,327	214,327	214,327
Gold coin and bullion	272,759	130,184	128,873	127,642	126,448
Foreign exchange	470,118	277,879	249,404	224,733	205,965
Other foreign exchange	101,161	533,922	588,352	632,090	614,289
Bills discounted	101,391	96,059	96,059	95,647	95,647
Govt. debt	101,391	96,059	96,059	95,647	95,647
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,272	10,803	10,803	10,803	10,803
Notes in circulation	952,148	1,068,817	1,098,687	1,205,307	1,125,460
Deposits	167,629	180,872	186,497	194,354	138,417

† In dollar and sterling only.

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

ASSETS.	Aug. 7, 1931.	July 15, 1931.	July 23, 1931.	July 31, 1931.	Aug. 7, 1931.
Gold coin and bullion	162,640	111,804	111,803	111,799	104,842
Foreign exchange	42,922	12,190	10,802	9,952	12,896
Loans and advances	12,096	14,309	14,212	13,092	11,081
LIABILITIES.					
Share capital (gold crowns 30,000,000)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	429,064	344,817	418,817	500,781	503,811
Current accounts, deposits, &c.	52,838	65,114	71,041	39,845	66,960

* Calculated at pre-war parity of exchange.

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

ASSETS.	July 15, 1931.	July 22, 1931.	July 31, 1931.	Aug. 8, 1931.
Cash reserve	1,542,808	1,543,178	1,543,615	1,543,877
Gold coin and bullion	502,607	519,987	594,516	565,128
Foreign exchange	114,610	115,950	116,010	115,832
Other foreign exchange	1,488,959	1,551,849	1,639,523	1,690,512
Bills and advances against security	1,825,521	1,824,518	1,824,518	1,824,331
LIABILITIES.				
Notes in circulation	4,690,517	4,722,678	4,970,133	5,069,007
Sight deposits	666,498	713,148	733,392	683,552

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted).

ASSETS.	July 26, 1931.	July 4, 1931.	July 11, 1931.	July 18, 1931.	July 25, 1931.
Gold & gold exchange	10,802,687	10,459,519	10,501,030	10,651,303	10,556,717
Commercial bills	7,922,762	8,510,580	8,950,561	9,033,991	9,247,712
State debt, advances to State, &c.	5,699,056	5,484,561	5,484,561	5,484,561	5,484,561
LIABILITIES.					
Notes in circulation	18,534,201	19,145,554	19,164,247	19,595,309	19,400,608
Other sight liabilities	6,978,671	7,532,671	7,717,557	7,539,748	7,550,148

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Aug. 7, 1931.	July 15, 1931.	July 23, 1931.	July 31, 1931.	Aug. 7, 1931.
Gold	552,059	487,979	488,258	488,449	488,543
Gold exchange	4,115,098	2,645,896	2,614,029	2,416,036	2,413,015
Other foreign exchange	2,589	1,659	1,700	1,834	1,705
Bills discounted	135,529	151,218	151,718	154,149	155,529
Advances	148,098	204,699	199,106	197,525	204,958
Debt to the State	3,488,763	3,484,763	3,488,763	3,168,042	3,168,042
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,806,182	4,252,946	4,120,129	4,170,165	4,167,810
Deposits and current accounts	1,513,588	1,354,073	1,284,371	1,201,627	1,423,058
Foreign exchange liabilities	1,465,127	724,336	743,714	582,246	511,803

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	Aug. 8, 1931.	July 23, 1931.	July 31, 1931.	Aug. 8, 1931.
Gold	35,911	300,911	301,802	301,737	301,604
Balance abroad and foreign bills	90,379	1,177,716	825,833	850,716	832,956
LIABILITIES.					
Notes in circulation	123,941	1,338,259	1,157,135	1,204,399	1,182,163
Deposits at notice	21,225	197,732	139,187	88,098	99,417

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Aug. 7, 1931.	July 15, 1931.	July 23, 1931.	July 30, 1931.	Aug. 7, 1931.
Gold coin and bullion	6,527	6,538	6,537	6,535	6,536
Net foreign exchange	15,983	18,084	19,552	20,062	19,757
Subsidiary Estonian coin	1,779	1,933	1,739	1,781	1,814
Home bills discounted	13,908	9,598	9,680	9,605	9,400
Loans and advances	9,949	10,009	10,478	10,263	9,639*
Thereof loans to Government	—	2,000	2,000	2,000	2,000
LIABILITIES.					
Notes in circulation	30,781	30,929	33,932	33,262	32,024
Sight deposits and current accounts	15,484	14,421	12,840	13,682	13,513
Ratio of reserve to current liabilities	48.66%	54.29%	55.78%	56.84%	57.74%

* Includes Ekr. 3,700,964.65 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Aug. 13, 1931.	July 13, 1931.	July 27, 1931.	Aug. 3, 1931.	Aug. 10, 1931.
Gold bullion and coins	24,044	24,091	24,057	24,050	24,056
Silver coin	7,310	7,376	7,387	7,230	7,253
Balance abroad	45,161	21,745	24,728	26,270	26,083
Treas. notes and am. change	16,748	12,435	8,534	8,249	9,853
Short term bills	87,597	78,777	80,441	80,531	80,066
Loans against securities	53,837	65,514	65,146	64,808	62,806
Other assets	17,015	15,561	15,599	15,553	15,497
LIABILITIES.					
Notes in circulation	44,706	36,310	42,307	45,022	43,315
Capital paid up	18,735	19,876	19,676	19,676	19,676
Reserve	4,352	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500
Deposits	18,605	20,306	19,341	19,130	19,170
Current accounts	57,513	63,172	60,931	61,788	63,446
Government accounts	95,568	70,368	68,242	65,374	64,173
Other liabilities	8,734	7,438	7,166	7,164	7,159

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1931.	Aug. 2, 1931.	July 11, 1931.	July 18, 1931.	July 25, 1931.	Aug. 1, 1931.
Gold coin & bullion	221,320	880,582	853,088	854,624	855,223	827,005
Other coin & bullion	—	56,990	68,626	68,828	68,556	68,640
Discounts	41,740	658,315	615,346	618,161	619,783	637,325
Advances	70,540	59,163	55,621	55,631	55,921	55,961
LIABILITIES.						
Notes	362,270	1,108,711	1,004,080	976,871	1,015,350	1,059,925
Govt. deposits	87,340	488,002	399,534	446,706	461,715	488,719
Other deposits	11,440	135,701	220,011	184,797	158,145	68,234

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	July 18, 1931.	June 30, 1931.	July 3, 1931.	July 10, 1931.	July 17, 1931.
Gold at home	63,113	63,246	63,226	63,198	63,178
Gold abroad	315,271	179,049	187,167	185,150	181,646
Discounts and advances	86,436	119,963	120,991	112,870	115,174
LIABILITIES.					
Notes of the bank in circulation	322,675	272,366	277,251	270,157	264,415
Deposits	61,907	34,446	38,351	35,313	46,672
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	Aug. 13, 1931.	Aug. 14, 1931.	Aug. 15, 1931.	Aug. 17, 1931.	Aug. 18, 1931.	Aug. 19, 1931.	Aug. 20, 1931.
Bank rate (changed from 3 1/2% July 30, 1931) from	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Market rates of discount—							
60 days' bankers' drafts	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
3 months' do.	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
4 months' do.	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
6 months' do.	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Discount Treasury Bills—							
3 months'	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
6 months'	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Loans—Day to day	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Short	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Deposit advances—Bank	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Discount houses at call	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
At notice	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2

Comparison with previous week—

	Short Loans.	Bank Bills.	Trade Bills.
3 Months.	4 1/2	4 1/2	4 1/2
4 Months.	4 1/2	4 1/2	4 1/2
6 Months.	4 1/2	4 1/2	4 1/2
3 Months.	4 1/2	4 1/2	4 1/2
4 Months.	4 1/2	4 1/2	4 1/2
6 Months.	4 1/2	4 1/2	4 1/2

RATES OF EXCHANGE.

London on	Usance.	Par.	Aug. 21, 1930.	Aug. 13, 1931.	Aug. 20, 1931.
New York	dollars to £1	Cable	4.86 1/2	4.85 1/2-11/16	4.85 1/2-11/16
Montreal	dollars to £1	Cable	4.86 1/2	4.87 1/2	4.85 1/2-11/16
Paris	francs to £1	T.T.	124.21	123.82-85	123.94-96
Berlin	marks to £1	T.T.	20.43	20.38-40	20.4
Amsterdam	florins to £1	T.T.	12.107	12.09-10	12.04-10
Brussels	belgas to £1	T.T.	35.00	34.85-86	34.86-87
Milan	lire to £1	T.T.	92.46	92.97-93.00	92.87-90
Berne	francs to £1	T.T.	25.22 1/2	25.04-05	24.96-97
Stockholm	kroner to £1	T.T.	18.159	18.16-17	18.17-18
Copenhagen	kroner to £1	T.T.	18.159	18.11-12	18.15-16
Oslo	kroner to £1	T.T.	18.159	18.16-17	18.17-18
Madrid	pesetas to £1	T.T.	25.22 1/2	45.70-80	54.80-80
Lisbon	escudo to £1	T.T.	4.50	108 1/2	109.1-110.1
Vienna	schillings to £1	T.T.	34.58 1/2	34.45-47	34.50-60
Prague	kroner to £1	T.T.	164 1/2	164-164 1/2	163 1/2-164
Belgrade	dinars to £1	T.T.	28.22 1/2	27 1/2-27 3/4	27 1/2-27 3/4
Budapest	pengo to £1	T.T.	37.82	37.75-79	37.75-79
Bankarast	tal to £1	T.T.	811.8	816-818	816-819
Sofia	leva to £1	T.T.	873.68	868-873	868-873
Athens	drachmas to £1	T.T.	375	374-378 1/2	375-375 1/2
Constantinople	piastres to £1	T.T.	110	1025 nom.	1025
Moscow	roubles to £1	T.T.	9.46	19.45-45 1/2	9.430-438
Kharokov	altyn to £1	T.T.	43.38	43 1/2	43 1/2
Helsingfors	P. marks to £1	T.T.	193.23	193 1/2-193 1/2	193.193 1/2
Reval	litas to £1	T.T.	48.66	48 1/2-49	48 1/2-49
Riga	krone to £1	T.T.	18.159	18.20-27	18.18-23
Alexandria	lata to £1	T.T.	25.22 1/2	25.17-27	25.15-27
Buenos Aires	piastres to £1	Slight	97 1/2	97 1/2	97 1/2
Rio de Janeiro	pence to peso	T.T.	47.62 1/2	40 1/2-41	31 1/2
Montevideo	pence to mils.	90 days	16.70	4 1/2-4	21-23
Valparaiso	pence to peso	T.T.	51	40 1/2-40 1/2	23-24
Lima	pence to £1	90 days	40	39-77	40-05
Calcutta	Ang. to ster. £1	90 days	par	14-42 nom.	17-27 1/2
Bombay	pence to £1	T.T.	1 1/2	1 1/2	1 1/2
Madras	rupees to £1	T.T.	1 1/2	1 1/2	1 1/2
Hong Kong	ster. to dollar	T.T.	1 1/4-1 1/4	1 1/4-1 1/4	1 1/4-1 1/4
Shanghai	ster. to taal	T.T.	1 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2
Singapore	ster. to dollar	T.T.	2d. 4d.	2 1/2-3 1/2	2 1/2-3 1/2
Kobe	ster. to yen	T.T.	24.87 1/2	24.87 1/2	20 1/2-21
Manila	ster. to peso	T.T.	24.066 1/2	12 1/2-13	20 1/2
Mexico	pence to £1	T.T.	9-76	10-20-45	15-16
Siam	ster. to baht.	T.T.	21.82	1 1/4	1 1/4

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Aug. 15.	Aug. 7.	July 31.
Notes in circulation	15,652	15,621	15,565
Silver coin and bullion in India	13,286	13,257	13,256
Silver coin and bullion out of India	...	...	...
Gold coin and bullion in India	1,631	1,678	1,656
Gold coin and bullion out of India	...	...	...
Securities (Indian Government)	735	686	653
Securities (British Government)	...	...	...

The stocks in Shan ed of about 74,700,000 ounces in 1,140 silver bars, as compared with about 76,000,000 ounces in sycee, 168,000,000 dollars and 1,700 silver bars on the 8th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Date.	Silver. Cash.
		Cash	Forward		
1931.	s. d.	d.	d.		
Aug. 14.....	84 11½	12½	12½	Aug. 21, 1925	32 ½
" 15.....	84 11½	12½	12½	" 20, 1926	28 ½
" 17.....	84 10	12½	12½	" 19, 1927	25 ½
" 18.....	84 11½	12½	12½	" 23, 1928	27 ½
" 19.....	84 11½	12½	12½	" 22, 1929	24 ½
" 20.....	84 11½	12½	12½	" 20, 1930	16 ½

NOTICES.

Barclays Bank, Limited, announce the opening of a new branch at High Street, Lymington, under the management of Mr. F. C. Heseltine.

The Midland Bank Executor and Trustee Company, Limited, which is affiliated with the Midland Bank, Limited, announces the opening of a new branch at 51, Corn Street, Bristol, under the management of Mr. A. H. Clarke. In addition to the head office in Poultry, London, E.C.2, the Midland Bank Executor and Trustee Company has branches in Birmingham, Bournemouth, Leeds, Liverpool, Manchester and Newcastle-upon-Tyne.

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.	Dividend for Whole Years.	Interim or Final.		Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
			Interim	Final				
BANKS.								
British Linen Bank	8%*	Sept. 15	...	...	...	...	...	...
Commercial Bank of the Near East	2½%*	Sept. 2	...	...	...	...	...	...
MINING.								
Henry Briggs, Son and Co.	...	...	7½	7½	...	...	...	...
OTHER COMPANIES.								
Altrincham Gas (Original)	4½%*	...	...	...	...	...	...	...
Arnott and Co. (Dublin)	3½%*	...	...	...	...	...	...	...
Barnet District Gas and Water	3½%*	Sept. 1	...	...	...	...	...	...
Belfast Ropeworks	10d. p.s.t.	...	...	...	...	...	...	...
British American Tobacco	2½%*	...	...	...	...	...	...	...
Carter and Co.	10d. p.s.t.	...	...	...	...	...	...	...
Clarke Chapman	2½%*	...	...	...	...	...	...	...
Equitable Loan Co. of Scotland	6d. p.s.t.	...	...	...	...	...	...	...
Frederick Braby and Co.	7½ p.s.t.	...	...	...	...	...	...	...
Frederick Laurence	...	...	...	...	...	...	...	...
Gerrard Industries	...	...	...	...	...	...	...	...
Gloucester Gas Light	2½%*	Aug. 26	...	...	...	...	...	...
Grand Union Canal	1½%*	Sept. 2	...	...	...	...	...	...
Groves and Whitnall	7½%*	...	...	...	...	...	...	...
Henry Briggs and Co.	...	...	...	...	...	...	...	...
J. and P. Coats	4½d. p.s.t.	...	...	...	...	...	...	...
J. G. Mooney	7½%*	...	...	...	...	...	...	...
John Barker and Co.	5%*	...	...	...	...	...	...	...
John Oakley and Sons	2½%*	Sept. 1	...	...	...	...	...	...
Johnston, Mooney and O'Brien	2½%*	Sept. 1	...	...	...	...	...	...
Joshua Perkins and Sons	...	...	...	...	...	...	...	...
Leatherhead Gas and Lighting	2½%*	Sept. 1	...	...	...	...	...	...
Lewis's (def.)	25%*	...	...	...	...	...	...	...
Liverpool Gas	3%*	...	...	...	...	...	...	...
London Edinburgh Shipping	13%*	...	...	...	...	...	...	...
Martinez Gassiot and Co.	13%*	Sept. 3	...	...	...	...	...	...
M. R. Foster and Sons	2½%*	...	...	...	...	...	...	...
Newcastle-on-Tyne Elec. Supply	2½%*	Sept. 30	...	...	...	...	...	...
Page and Overton's Brewery	...	...	...	...	...	...	...	...
Peter Robinson	4%*	...	...	...	...	...	...	...
Planters' Stores and Agency	2½%*	Aug. 28	...	...	...	...	...	...
Plymouth Breweries	2½%*	...	...	...	...	...	...	...
Proprietary Theatres	2½ p.s.t.	Sept. 3	...	...	...	...	...	...
Prudential Assurance	...	...	...	...	...	...	...	...
Scottish Northern Investment	5%*	Sept. 4	...	...	...	...	...	...
Second Scottish American Co.	13%*	Sept. 1	...	...	...	...	...	...
Sheppey Gas	2½%*	Sept. 1	...	...	...	...	...	...
Swindon United Gas	2½%*	Sept. 1	...	...	...	...	...	...
Switzer and Co.	3%*	...	...	...	...	...	...	...
Taylor's (Cash Chemists) Trust	3½%*	Aug. 31	...	...	...	...	...	...
Vye, Sons and Co.	2½%*	Aug. 15	...	...	...	...	...	...
W. Canning and Co.	2½%*	Sept. 16	...	...	...	...	...	...
W. H. Chaplin and Co.	...	...	...	...	...	...	...	...
Y. Trotter and Sons	7½%*	...	...	...	...	...	...	...

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

		Week ended Aug. 16, 1931. (000's omitted.)						Aggregate 33 weeks, 1931. (000's omitted.)					
(b) Week ended Aug. 14, 1931.	(c) Week ended Aug. 15, 1931.	Miles Open.	Passen-ger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen-ger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	
			£	£	£	£	£	£	£	£	£	£	
Great Western...		3,761	299	180	111	291	590	7,308	6,168	3,426	9,594	16,902	
Do. for 1930...		3,761	322	199	117	316	638	7,945	6,952	3,933	10,885	18,803	
L. & N. Eastn.(c)...		6,349	417	321	225	546	963	10,856	11,026	7,633	18,659	29,515	
Do. for 1930...		6,349	457	344	254	598	1,055	11,838	12,754	8,429	21,183	33,021	
Lon. & S.W. Sout.		6,958	628	440	229	669	1,297	16,425	15,041	7,978	23,019	39,444	
Do. for 1930...		6,958	672	503	254	757	1,429	17,582	17,402	8,255	25,657	43,239	
Southern.....		2,180	403	69	30	99	502	10,112	2,343	1,027	3,370	13,482	
Do. for 1930...		2,179	429	78	31	109	538	10,688	2,542	969	3,511	14,199	
Total of above.....		19,248	1,747	1,010	595	1,605	3,352	44,691	34,578	20,064	54,642	99,333	
Do. for 1930...		19,245	1,880	1,124	656	1,780	3,660	48,053	39,650	21,586	61,236	102,929	
Metropolitan (c).....		59	30	1	...	3	3	103	...	...	127	116	
Do. for 1930.....		59	31	4	...	4	4	103	...	...	131	120	
Undgd. R.R. (c).....		...	279	4	...	279	4	970	...	...	970	...	
Do. for 1930.....		...	285	...	...	285	...	986	...	...	986	...	
Green Buses, &c.		...	28	2	...	28	2	799	...	...	799	...	
Lon. & S.W. Grp.(c).....		...	43	1	...	43	1	143	...	...	143	...	
Do. for 1930.....		...	44	1	...	44	1	145	...	...	145	...	
*B.R. & C.O.D. (b).....		80	3	7	...	6	4	88	...	...	94	109	
Do. for 1930.....		80	3	4	...	7	4	93	...	...	100	117	
*G. Northern (b).....		662	16	3	...	13	6	365	...	...	473	840	
Do. for 1930.....		662	17	8	...	14	4	322	...	...	477	875	
*Gt. Southern (b).....		2,188	36	8	...	40	7	926	...	...	1,202	5,212	
Do. for 1930.....		2,188	39	6	...	44	8	917	...	...	1,413	5,231	

* Aggregate 32 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Month.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal.....	16	July 18	1,329	3,46,000	- 33,394	59,43,943	- 30,166
Barelly L. Ry.	17	25	202	90,600	+ 63,100	7,12,100	+ 1,09,000
Bengal & N.W. Western	17	25	2,119	4,74,678	- 48,788	1,07,04,470	- 1,09,748
Bombay-Nagpur.....	16	18	3,199	13,66,000	- 60,597	2,24,32,355	- 62,12,183
Bombay, Bar. & C.I.	19	Aug. 8	3,084	14,79,000	- 49,000	3,70,88,000	- 6,95,000
Madras & S. Mahr.	17	July 25	3,230	14,40,000	+ 12,322	2,61,05,528	+ 11,24,002
† Rohilk. & Kumaon	17	25	546	88,058	- 18,813	20,53,777	- 2,05,531
South Indian.....	16	18	2,460	10,53,179	- 1,55,354	1,76,17,106	- 2,18,07,007

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	32	Aug. 14	20,398	4,443,682	- 124,779	110,783,914	- 28,211,718
Canadian Pacific.....	32	Aug. 14	15,721	2,516,000	- 98,000	87,539,000	- 19,895,000

SOUTH AMERICAN.

Antofagasta (Chili)	33	Aug. 16	804	14,910	- 6,830	582,270	- 343,480
Argentine N.E.	7	15	753	12,200	- 2,300	85,900	- 6,380
Argentine Transn.	7	15	111	1,724	- 1,850	9,911	- 6,000
B.A. and Pacific.....	7	15	2,806	115,000	- 7,000	754,000	- 16,000
B.A. Central.....	7	16	...	10,214	- 2,262	79,097	- 150,000
B.A. Gt. Southern	7	15	5,075	170,000	- 16,000	1,091,000	- 44,000
B.A. Western.....	7	15	1,926	65,000	- 5,000	435,000	- 134,000
*Central Argentine	7	15	3,442	216,000	+ 20,000	1,455,000	+ 80,877
Central Uruguayana	7	15	273	10,620	- 1,266	69,221	- 18,866
O. Urug. (East Ext.)	7	15	311	1,842	- 2,065	13,749	- 11,113
O. Urug. (N. Ext.)	7	15	185	1,214	- 1,223	6,833	- 3,981
O. Urug. (W. Ext.)	7	15	211	942	- 1,236	6,465	- 16,000
Corrientes Central.....	7	15	1,218	61,000	- 5,000	416,000	- 32,200
Entre Rios.....	7	15	810	18,000	- 5,500	130,900	- 237,700
G. Leopoldo, de Brazil	33	15	1,052	4,400	- 3,300	216,100	- 379,326
Leopoldina Termal.	33	15	1,918	26,557	- 12,561	747,597	- 83,883
Nitrate.....	33	15	...	3,432	- 2,329	115,426	- 178,989
Paraguay Central.....	17½	15	411	4,017	- 9,796	106,865	- 4,770
Salvador.....	7	15	274	5,800	- 370	24,190	- 2,721
San Paulo.....	7	15	100	2,155	- 411	13,934	- 400,739
United of Havana	32	9	153½	25,898	- 13,663	894,703	- 106,203
			15,159	19,758	- 18,692	141,618	- 106,203

† Months. * Converted at par of exchange, 47.619d. per gold peso.

OTHER OVERSEAS.

Gt. Southern of Spain	32	Aug. 8	104	105,870	+ 6,592	2,433,687	+ 830,437
Mexican Railway.....	6	14	483	175,900	- 50,300	1,163,000	- 305,000

TRAMWAYS WEEKLY GROSS RECEIPTS.

Anglo-Argentine.....	32	Aug. 12	329	70,417	- 9,977	2,334,771	- 322,964
B. Aires Lacrosse.....	7	16	...	9,297	- 1,577	66,000	- 7,739
Liverpool Gas.....	19	12	124	29,525	- 98	573,334	- 42,895
Madras Electric.....	17½	15	...	52,519	+ 3,863	737,008	+ 42,895
L.O.C. Tramways.....	19	12	166	75,286	- 1,825	1,545,709	- 35,132

† Months.

MONTHLY TRAFFICS.

	Months.	Ending 1931.	Description.	Revenue for Month.		Revenue to Date.	
				1931.	+ or -	1931.	+ or -
Par. Elec. Railways...	8	July 31	Gross	9,100	- 5,716	78,231	- 20,482
			Net	2,284	- 3,195	20,534	- 40,460
Int. Ry. of Cent. Am.	7	July 31	Gross	89,279	- 7,742	796,838	- 186,400
			Net	20,346	- 5,031	314,215	- 130,330

RUBBER COMPANY STATISTICS.

Name.	Financial Year Ends.	Share and Paid.	Shares Issued.	Highest and Lowest, 1931.	Total Div. % for Fin'l Year.	Acres Planted Rubber	Acres in Reserve	Last Published.			Last Financial Year's Output.	Output April, 1931.	Output May, 1931.	Output June, 1931.	
								Average Selling Price.	Cost f.o.b.	Cost all in.					
Allied Sumatra.	Dec. 31	£	1,400,000	10/0	5/10	NH	21,568	22,346	0/5-24	0/5-63	0/6-47	4,098,572	336,000	310,000	352,000
Ampat	Sept. 30	1/0	700,050	1/2 1/2	0/6	NH	2,855	5,143	0/6-49	0/5-51	...	725,838	...	...	1,414,000
Anglo-Java	Dec. 31	1	2,350,550	23/3	14/1	NH	31,029	12,974	0/5-1	0/5-1	...	13,211,630	1,449,000	1,474,500	1,414,000
Anglo-Java	Dec. 31	1	7,386,750	1/1 1/2	0/5	NH	1,408	525	0/4-70	0/6-16	0/9-56	10,569,747	931,200	1,038,700	977,800
Anglo-Johore	Mar. 31	1/0	1,500,000	0/3	0/1	NH	5,782	2,584	0/4-83	0/6-73	0/5-39	1,371,627	92,319	87,594	46,778
Anglo-Malay	Dec. 31	1	412,507	18/6	8/6	NH	3,874	2,054	0/5-16	0/4-24	...	1,070,408	86,000	107,000	102,000
Ayer Kuning	Dec. 31	1	140,000	18/6	8/6	NH	4,788	7,867	0/5-22	0/5-21	...	1,070,408	103,913	114,944	106,744
Badek	Dec. 31	1	123,205	15/3	4/3	NH	8,799	1,138	0/5-22	0/7-83	...	1,116,831	101,000	99,000	99,000
Bah Lias	Oct. 30	1	351,213	11/0	7/3	NH	2,482	1,218	0/5-36	0/6-25	...	765,000	52,000	56,000	62,000
Bandar Sumatra	July 31	1	99,000	12/6	7/6	NH	5	1,886	0/8-03	0/5-84	...	1,000,849	104,213	108,520	108,785
Batang (Selangor)	April 30	1	2,458,840	0/8	0/1 1/2	NH	2,671	408	0/5-13	0/3-86	0/5-84	1,047,744	192,000	228,500	223,500
Batu Tiga	Dec. 31	2/0	221,666	13/0	7/6	NH	1,803	616	0/4-27	0/5-23	...	2,500,193	32,000	60,000	68,095
Bekoh Consolidated	Dec. 31	1	2,993,007	0/9	0/4 1/2	NH	2,672	616	0/7-54	0/4-17	0/6-18	956,260	22,873	266,904	249,400
Bertam Consolidated	June 30	2/0	3,340,000	2/4	8/6	NH	1,384	1,524	0/4-40	0/4-06	...	3,025,329	60,000	60,000	60,000
Besok	Dec. 31	1	110,000	18/6	8/6	NH	2,920	66	0/6-84	0/6-86	...	959,721	55,600	70,300	72,000
Bikam	Dec. 31	2/0	1,885,000	0/4 1/2	0/4	NH	982	67	0/5-73	0/4-79	0/6-37	286,000	23,800	24,300	24,500
Biting	Mar. 31	2/0	750,000	16/3	9/0	NH	2,915	249	0/6-31	0/4-76	0/6-36	564,900	37,800	32,700	28,500
Bradwall	Dec. 31	1	90,000	2/3 1/2	0/11	NH	5,100	220	0/6-69	0/5-28	...	1,365,600	...	60,000	65,000
Brooklands	June 30	2/0	1,750,000	4/6	3/0 1/2	NH	1,803	220	0/7-70	0/4-86	...	698,760	109,856	113,765	111,962
Broome	June 30	1	175,000	10/3	4/7 1/2	NH	4,470	967	0/6-8	0/6-30	...	1,269,358	...	113,765	111,962
Bukit Kajang	June 30	1	175,000	10/3	4/7 1/2	NH	7,490	3,567	0/4-33	...	...	2,731,475	265,600	241,562	...
Bukit Mertajam	Mar. 31	2/0	3,000,000	1/8 1/2	0/9 1/2	NH	2,468	856	0/11-12	0/7-27	0/8-56	1,581,732	...	...	...
Bukit Sembawang	Mar. 31	2/0	2,330,881	0/6	0/1 1/2	NH	5,870	...	0/7-84	0/6-43	0/6-91	1,074,674	87,500	100,577	106,566
Bukit Sembawang	Dec. 31	2/0	3,339,550	7/3	1/9	NH	3,324	152	0/6-79	0/6-72	0/5-74	1,587,371	...	...	...
Castfield	June 30	2/0	1,000,000	3/6	1/3	NH	3,446	744	0/4-8	0/5-82	0/7-55	1,065,410	95,000	102,200	100,000
Ceylon (Para)	June 30	2/0	700,000	0/8 1/2	0/4	NH	2,662	162	0/5-02	0/4-44	...	971,175	...	...	...
Chembong (1920)	Mar. 31	2/0	2,782,684	1/7	1/0	NH	3,590	66	0/4-27	0/5-64	0/4-29	1,890,552	140,776	157,684	165,858
Cheransong (F.M.S.)	Dec. 31	2/0	2,700,000	3/0	1/8	4 1/2	4	4	0/4-28	0/4-31	...	1,320,332	78,200	74,500	79,000
Cheviot	Dec. 31	2/0	2,334,312	3/5	1/3	2 1/2	5,007	216	0/4-97	0/4-98	0/5-89	816,001	48,140	61,056	67,226
Cheviot Ord.	Mar. 31	2/0	750,000	3/6	1/3	NH	3,704	1,330	0/4-97	0/4-98	0/5-05	1,002,902	98,000	108,500	109,600
Consolidated Malay	Dec. 31	2/0	1,678,820	0/8 1/2	0/5	NH	3,108	2,592	0/5-08	0/7-1	...	806,424	...	50,790	...
Dennistown	Dec. 31	2/0	164,496	16/3	5/0 1/2	NH	2,974	4,645	0/6-03	0/4-12	...	2,511,550	160,000	173,920	...
Djember	Dec. 31	1	333,000	17/6	10/7 1/2	NH	6,028	1,775	0/9-27	0/6-40	0/7-10	441,580	...	...	...
Eastern Produce Ord.	Dec. 31	1	210,000	2/1	0/7 1/2	NH	2,023	6,622	0/4-09	...	...	1,298,252	...	...	...
F.M.S. Rubber Plntrs.	April 30	2/0	482,177	16/9	7/6	NH	4,155	2,577	110	0/4-05	0/5-53	733,000	53,500	60,000	61,500
General Ceylon	Dec. 31	1	385,069	3/1	2/0	NH	2,105	157	0/4-76	...	0/6-52	750,000	43,300	50,300	53,600
Glen Bervie	Sept. 30	1	175,000	7/3 1/2	2/6	NH	2,202	61	0/4-33	0/5-53	...	887,112	34,972	62,080	83,128
Glenheli (1919)	Dec. 31	1	113,000	10/4 1/2	4/4 1/2	NH	7,248	2,561	0/4-41	0/4-42	0/6-13	2,285,852	128,972	165,466	171,239
Goldenda Malay	Dec. 31	1	280,720	10/10	4/4 1/2	NH	16,123	5,662	0/4-76	0/5-38	0/6-52	6,405,840	101,600	57,300	40,600
Golden Hope	Dec. 31	1	1,225,000	11/7 1/2	3/9	NH	2,822	600	0/4-66	0/5-87	0/5-62	1,251,193	137,000	182,000	175,000
Grain Central	Dec. 31	1	240,000	6/3	3/6	NH	5,551	792	0/5-21	0/4-44	0/5-87	1,783,598	8,000	212,000	27,000
Hewagan	Dec. 31	1	309,481	25/0	10/0	NH	1,467	210	0/7-62	0/5-44	0/6-13	41,119	40,100	45,700	49,400
Highland & Lowlands	Dec. 31	1	30,000	0/6 1/2	0/3	NH	3,365	10,568	0/7-62	0/5-44	0/6-13	526,195	138,200	143,500	134,600
Inch Kenneth	June 30	1	1,211,820	16/3	5/0	NH	2,791	134	0/4-36	...	0/7-22	708,562	70,000	64,000	59,000
Insulind	June 30	2/0	185,000	1/9	1/4 1/2	NH	2,213	3,500	0/6-97	...	...	832,615	65,292	77,078	76,946
Java Amalgamated	Dec. 31	2/0	699,660	16/3	6/9	NH	3,020	3,082	0/3-31	0/4	...	1,890,400	...	...	...
Java Rubber Plant	Dec. 31	1	150,000	5/0	2/6	NH	2,342	358	0/7-30	0/6-50	0/7-91	3,859,497	...	...	...
Java United	Mar. 31	1	112,500	13/6	3/10	NH	9,899	1,758	0/5-26	0/6-36	0/6-75	1,032,352	84,800	77,300	79,900
Jong-Landor	June 30	1	1,435,738	9/10	3/7 1/2	2 1/2	3,518	1,017	0/8-02	0/6-36	...	793,960	29,800	36,300	40,900
Jugra Land & Carey	Dec. 31	1	169,554	13/5	0/10	NH	3,701	297	0/8-38	...	...	349,393	108,000	...	...
Kali	June 30	1	985,100	0/7 1/2	0/6	NH	1,027	1,024	0/4-02	0/4-09	...	1,307,000	...	...	...
Kali Gajah	Mar. 31	2/0	668,147	2/4 1/2	1/5 1/2	NH	3,487	605	0/4-02	0/5-78	0/5-78	1,563,220	83,300	87,900	88,300
Kampong Kuan	Dec. 31	2/0	835,499	0/7 1/2	0/10 1/2	NH	3,806	2,330	0/4-31	0/5-46	...	899,100	83,300	59,836	46,426
Kamuning Rub. & Tin	Dec. 31	2/0	2,010,000	2/10 1/2	1/1 1/2	NH	2,316	680	0/3	0/5-11	...	2,077,687	171,471	179,665	...
Kawit (Java)	June 30	2/0	750,000	0/10	0/3	NH	2,563	625	0/7-7	0/4-45	0/5-41	1,150,000	...	92,280	100,000
Keptigalla	Mar. 31	2/0	1,180,000	3/9	1/9	NH	3,485	1,600	0/6-77	0/6-24	...	1,135,990	92,044	93,096	93,765
Kinta (Malay)	Dec. 31	2/0	1,300,000	1/10 1/2	1/10 1/2	NH	2,578	874	0/4-82	0/5-87	0/4-83	947,676	67,797	76,639	80,222
Kinta Kelias	Mar. 31	2/0	870,000	3/4	1/3	NH	1,953	2,636	0/7-44	0/6-29	0/4-83	1,921,802	60,000	60,428	...
Klang Produce.	Dec. 31	2/0	775,000	2/6	16/6	NH	5,302	6,310	0/4-99	0/7-20	...	1,066,770	52,400	69,813	87,930
Kuala Langkat	Dec. 31	2/0	234,564	27/3	3/3	NH	5,391	1,458	0/5-42	0/5-59	0/8-33	975,048	84,000	39,400	37,000
Labu (F.M.S.)	Dec. 31	1	360,000	13/9	7/6	NH	3,102	1,851	0/3-03	0/6-01	0/8-18	379,000	...	...	...
Landron	Dec. 31	1	123,971	3/0	1/1	NH	1,178	10,264	0/8-14	...	...	3,021,141	52,738	59,600	46,250
Langkat Sumatra	Aug. 31	1	1,096,380	0/1	0/1	NH	1,653	11,515	0/8-38	0/5-97	...	773,600	...	...	...
Langkon N. Borneo	Dec. 31	2/0	1,293,380	0/7	0/2	NH	2,414	673	0/5-06	0/5-97	0/7-02	3,532,773	389,000	383,500	489,457
Laras	Mar. 31	2/0	3,003,920	15/0	8/4	NH	12,530	5,234	0/5-75	0/6-39	0/6-39	4,921,408	100,000	100,000	105,800
Lisbury	Dec. 31	1	560,000	14/0	5/4	NH	13,833	6,239	0/5-27	0/4-49	...	1,212,730	91,887	...	...
Lingai Plant. Ord.	Dec. 31	1	4,920,889	2/9	11/9	5	3,903	9,125	0/6-38	0/5-38	0/6-49	6,497,650	643,776	620,564	200,280
Lumutan Asiatic	Dec. 31	2/0	211,482	25/9	6/3	NH	21,558	3,245	0/7	0/7-03	...	5,244,749	139,000	132,000	...
Malacca Ordinary	Sept. 30	1	541,613	18/9	6/6	2 1/2	18,323	32,988	0/5-24	0/6-27	...	1,802,255	234,000	238,000	244,000
Malayalam Plan.	Dec. 31	1	1,777,021	10/3	5/6	NH	6,382	1,084	0/9-89	0/5-87	0/5-87	3,311,200	224,500	138,000	123,500
Meridias (Sumatra)	Mar. 31	1	430,862	1/6	0/6	10	12,885	1,398	per lb.	...	0/1-47	3,358,527	70,732	49,846	26,456
Merlimau Pegoh	Dec. 31	2/0	5,947,795	1/7	3/9	NH	11,703	274	0/4-80	0/6-73	0/5-34	658,371	45,500	45,200	61,000
Mount Austin	Dec. 31	1	600,000	5/7	3/0	NH	3,086	1,163	0/4-92	0/5-42	...	1,195,005	86,932	89,005	84,662
Nagole	Mar. 31	1	185,141	4/4	1/10	NH	3,281	804	0/3-84	0/6-50	0/5-34	770,936	46,000	47,000	46,000
Nordland (Johore)	Dec. 31	1	280,000	6/4 1/2	2/6	4	2,142	520	0/5-79	0/3-74	...	946,610	70,000	77,200	80,000
North Hummock	Dec. 31	1	240,000	13/3	7/6	NH	1,886	350	0/3-84	0/6-33	...	2,028,325	100,900	140,204	124,691
Paling	Mar. 31	1	225,007	2/0	1/6	3	5,860	3,351	0/5-41	0/5-24	0				

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending.	Balance from Last Account.	Net Profit After Payment of Dividend Interest.	Amount Available for Distribution.	Appropriation.				Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.
					Prefce.	Ordinary.	Rate.			
					Amount	Amount	Rate			Dividend.
Iron, Coal and Steel.										
Briggs (Henry), Son and Co.	June 30	£ 45,684	£ 52,370	£ 98,054	£	£	%	£	£	%
Dorman (W. H.) and Co. ...	Mar. 31	Dr. 40,629	Dr. 6,615	Dr. 47,244	...	49,181	7½	...	48,873	...
Lochgelly Iron and Coal ...	May 31	Dr. 29,833	Dr. 32,163	Dr. 61,996	...	...	...	...	Dr 47,244	5,392
Scott (Walter)	June 30	Dr 187,417	Dr. 86	Dr 187,503	...	...	...	...	Dr 61,996	Dr 10,600
Rubber, &c.										
Juru Estates	Mar. 31	7,402	Dr. 243	...	...	...	...	2,800	4,359	4,639
Waterworks.										
Wrexham & East Denbighshire.	June 30	3,220	13,045	16,265	3,700	4,790	{ 7½ 5½ }	3,234	4,541	9,186 { 7½ 5½ }
Other Companies.										
Brit. International Pictures	Mar. 31	46,053	161,926	207,979	20,000	46,500	8	85,000	56,479	177,948
Carter and Co.	May 31	11,090	31,920	43,010	11,050	8,840	8½	12,000	11,120	...
Chaplin (W. H.) and Co. ...	Mar. 31	9,017	29,047	38,064	5,000	17,500	7	7,500	8,064	31,639
Dartmoor China Clay Co.	Dec. 31	3,579	2,123	5,702	...	...	...	2,000	3,702	...
Gerrard Industries	Mar. 21	13,051	29,422	42,473	...	16,686	20	12,592	13,195	...
Owen and Robinson	May 31	10,126	5,163	15,289	2,100	2,100	6	1,000	10,189	10,116
Wilson Bros. Bobbin Co. ...	July 15	2,382	Dr. 15,482	Dr. 18,664	...	...	...	Dr. 18,664	...	14,068

TRANSVAAL GOLD OUTPUT STATISTICS.

Name of Mine.	June, 1931.			July, 1931.		
	Ore.	Est. Yield.	Est. Profit.	Ore.	Est. Yield.	Est. Profit.
Brakpan	94,500	145,048	45,019	100,500	155,771	51,663
City Deep	86,500	94,046	1,350*	87,500	94,030	764*
Consolidated Main Reef	65,500	95,398	15,058	68,000	96,775	15,141
Crown Mines (10s. shs.)	262,000	350,738	94,343	271,000	356,909	92,824
Durban Deep	46,300	63,840	7,102	47,700	65,831	7,401
East Rand Proprietary	154,000	177,200	12,543	160,000	182,945	13,049
Geduld Proprietary ...	84,000	114,855	46,317	...	...	...
Geldenhuis Deep	71,600	69,532	6,117*	73,400	71,375	7,604
Glynn's Lydenburg	6,200	9,307	...	6,200	9,890	411
Government Areas	203,000	402,005	233,339	213,000	414,634	240,597
Kleinfontein, New	50,600	43,355	214*	52,600	46,072	530
Langlaagte Estate	76,000	110,638	31,029	80,000	114,131	32,061
Lupard's Vlei	31,000	23,431	4,403	...	...	...
Meyer and Charlton	17,800	16,988	1,507	18,400	17,577	2,013
Modderfontein B.	74,000	94,168	35,043	77,000	96,828	36,079
Modderfontein Deep	44,300	95,229	60,442	...	...	...
Modderfontein East	72,500	92,091	16,099	75,000	93,461	16,201
Modderfontein, New	164,000	285,492	159,423	169,000	288,538	157,535
New State Areas	82,000	171,062	82,085	83,000	172,236	84,017
Nourse Mines	70,000	89,715	7,523	72,000	92,208	7,560
Randfontein Estates	228,000	262,269	53,086	235,000	265,527	55,278
Robinson Deep	97,000	118,738	25,314	99,000	121,146	25,754
Rose Deep	62,500	55,251	2,610	63,200	55,176	2,746
Simmer and Jack	81,400	95,013	14,133	83,000	97,356	14,051
Springs Mines	70,300	144,996	66,175	74,500	152,729	71,510
Sub-Nigel	35,000	124,532	61,527	36,500	129,700	65,015
Transvaal G.M. Estates	44,000	21,744	2,484	16,200	20,914	2,515
Van Ryn	62,000	41,764	9,198	45,000	42,611	6,005
West Rand Consolidated	81,000	94,554	12,757	64,000	95,038	29,052
West Springs	70,500	74,825	12,754	74,500	77,300	13,657
Witwatersrand Knight's	60,000	51,297	1,277	63,000	54,374	2,695

* Loss.

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name.....

Address.....

MINING OUTPUT STATISTICS.

GOLD.

Company.	Period.	Tons Crushed.	Company.	Period.	Tons Crushed.
Ashanti Goldfields ...	June	11,978	Lonely Reef	June	2,777*
Associated	May	4,948*	Lulpaards Vlei	June	7,866*
Balaghat	June	3,350	Modderfontein	July	23,370
Blackwater	June	4,080	Mysore	June	7,020*
Boulder Perseverance	May	7,187*	Ooregum	June	4,790*
Cam and Motor	June	10,871*	Regende	June	2,657*
Champion Reef	June	4,600*	Sons of Gwalia	June	12,684
Frontino	May	3,700	Sherwood Starr	June	4,500
Geduld Prop.	June	3,740	Taquaah & Aboso	June	9,770
Globe and Phoenix	July	27,704	Transvaal Gold	June	15,600
Glynn's Lydenburg	July	5,298	Wanderer	June	3,563*
Golden Horsehoe	June	6,200	Witwatersrand Deep	June	7,532*

* Ozs. Recovered.

TIN.

Company.	Period.	Tons Recovered	Company.	Period.	Tons Recovered
Anglo Burma	July	38½	Nigerian Consol.	June	11
Anglo-Nigerian	June	43	Penawar	June	73
Aramayo	July	244	Pengkajene	June	62½
Ayer Hitam	June	89½	Petaling	June	128
Baba River	June	4	Rahaman Hydraulic	July	71
Bangrai	June	1	Rambutan	June	12
Batu Caves	June	71½	Rantau	June	14½
Batuna Monquna	June	18½	Renong	June	35½
Beralt	June	3½	Ribon Valley	June	12
Blaich	June	15	Siamese Syndicate	June	162½
Ex. Lands Nigeria	June	32	Southern Malay	June	178
Filani	June	4	Southern Perak	June	73½
Gongong Consolidated	June	59½	Southern Tronoh	June	40
Kaduna Syndicate	June	113	Sungei Beal	June	36
Kamunting	July	20	Sungei Way	June	77½
Kasa	June	243	Tanlong	June	36
Kent (F.M.S.)	June	10	Taiping	June	25
Kinta	June	36	Teja Malaya	July	18
Lahat	June	22½	Tekka	June	34½
Lower Blaich	June	23	Tekka-Taiping	June	33
Malaya Consolidated	July	4	Tin Fields of Nigeria	July	6
Malayan Dredging	June	148½	Tronoh	June	84
Malawi	July	211	United Tin Areas	June	17
Narequta Extended ..	June	8	Yarde Keir	July	4
			Zaaplaata	June	15

REPORTS AND NOTICES.

The directors of the Peruvian Corporation announce that Mr Archibald Samuel Cooper, C.B., C.M.G., has been elected to be a member of the board. It will be remembered that until a few months ago Mr Cooper was representative of the board in Peru, a position which he has held for the past thirteen years.

Sir Arthur Worley, Bart., C.B.E., of the North British and Mercantile Insurance Company, Ltd., has been elected chairman, and Mr W. A. Workman, of the Legal and General Assurance Society, Ltd., has been elected deputy-chairman, of the British Insurance Association.

The Central Mining and Investment Corporation, Ltd., announces that Sir Sothern Holland has decided to retire from the chairmanship of the corporation as from August 31, and that Sir Evelyn Wallers has been elected chairman as from that date. Sir Sothern Holland will retain his seat on the board.

Mr Arthur Digby Besant, hitherto general manager and actuary of the Clerical, Medical and General Life Assurance Society, relinquishes his title of actuary, but retains his position as general manager, and Mr H. D. O'Neill retires from the position of secretary. Mr A. H. Rowell has been appointed actuary, and Mr C. H. Lawton secretary of the society.

Mr F. T. Bridges, the late general manager of the Australian Mutual Provident Society, having retired under the provisions of the Officers' Provident Fund, Mr A. C. Hollingworth, A.I.A., has been appointed general manager, and Mr A. W. Sneddon, F.I.A., has succeeded Mr Hollingworth as manager for New South Wales. Mr V. Wheatley has been appointed secretary. Mr Hollingworth was for some years associated with the society in London as the manager for the United Kingdom.

The Central Mining and Investment Corporation, Ltd., announces that Monsieur Jacques Aguilon and Baron Etienne de Sigalas—who occupy influential positions in French business and financial circles—have joined the board of the corporation. French shareholders of the corporation are now represented on the directorate by M. de Vornouil, M. Jacques Aguilon, Baron Etienne de Sigalas, and Comte Pierre de Villoutreys. The Crédit Lyonnais, 19 Boulevard des Italiens, Paris, are now the responsible representatives and financial agents of the corporation in France.

Commercial Reports.

MARKET SUMMARY.

In view of the uncertain economic outlook the principal commodity markets remained quiet, and the tendency of prices is still weak. The depression in the coal trade is as acute as ever, and there has been no improvement in the activity of the iron and steel industry. Non-ferrous metals have been dull, and last week's advance in the prices has not been fully maintained. In textile raw materials, cotton declined further; but wool values have been steady. Reports of flooding in the jute-growing districts of India caused a slight advance in prices. There has been no improvement in the demand for finished cotton or wool goods. Among cereals, wheat prices are scarcely changed on the week; but maize was dearer, supplies have been more plentiful, which resulted in a slight decline in prices. Among miscellaneous commodities, rubber established a new low record at 2½d. per lb., and the market for vegetable oils and oilseeds has been dull.

THE COAL TRADE.

SHEFFIELD.—The contraction in the South Yorkshire coal market continues. There is little business doing on export account, although best steams maintain their prices of 17s. 3d. and 17s. 6d. Deliveries of industrial fuel which were suspended for the holidays have not yet been fully restored. Accumulations of small fuel increase. Some stocking of house coal is taking place, but the tonnage is not equal to a year ago. Export demand for furnace coke has been rather better lately. The home demand is weaker than ever, and lots can be bought as low as 10s. at ovens.

GLASGOW.—The Scottish coal trade has shown no improvement during the week. One or two qualities of washed nuts have been in a little better demand, with London taking some interest in the market, but large coals have been freely offered without attracting buyers. Prices show little change, but washed doubles are very firm at the quoted price. For shipments current quotations are approximately as follows (f.o.b.) district ports:—LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 15s. 9d.; splint second, 14s. 14s. 3d.; navigation, 15s.; splint second, 14s. 6d.; hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 12s. 12s. 6d.; doubles, 11s. 9d. 12s.; navigation, 16s. 6d. 17s. 6d.; first-class steam, 12s. 3d.; third-class steam, 10s. 6d.; trebles, 12s. 13s. 6d.; doubles, 11s. 6d. 12s.; 10s. 9d. 11s.; pearly, 9s. 3d.; trebles, 11s. 6d. 12s.; 10s. 9d. 11s.; secondary steam, 10s. 6d.; trebles, 11s. 6d. 12s.; navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 12s. 6d.; doubles, 11s. 9d.; singles, 9s. 3d. 9s. 6d.; pearly, 9s. 3d. 9s. 6d.; dross, 9s. 7d.

IRON AND STEEL.

MIDDLESBROUGH.—Business is practically suspended on account of the annual district holidays, and the weekly market was not held on Tuesday. Consuming works are considerably reduced, and requirements of Cleveland pig iron are being curtailed to some extent by the damping down of two or three furnaces so as to prevent excessive accumulations of stocks. Official prices are unchanged, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. per ton f.o.b. or f.o.t. The production of hematite iron is not being seriously reduced, but one of the seven furnaces now operating will be put out towards the end of this week for an indefinite period. There is still very little business obtainable for hematite for forward

delivery, but makers are receiving a fair number of orders for short periods ahead both from home consumers and also for export. Mixed numbers for prompt are obtainable at 61s. per ton, and at 3d. to 6d. per ton more for delivery over periods ahead. In the finished trades no new orders of importance are reported, and practically all the large plants are closed down for the week. Prices are generally unchanged. The ore market remains idle. Best Bilbao rubio is nominally 14s. 6d. per ton c.i.f. for early delivery, and the current freight Bilbao/Middlesbrough is 4s. 3d. Coke is in excess supply, and consumers' requirements are on a reduced scale. Ordinary blast-furnace qualities are offered at 15s. delivery consumers' works, and a trifle less would probably be accepted. The number of furnaces blowing in the district this week is reduced from 22 to 15. There are 5 producing Cleveland, 7 hematite and 3 other kinds.

SHEFFIELD.—Business in the iron and steel industry is still suffering from holiday influences, but certain branches indicate a more active tendency, and the output of open-hearth steel is being maintained, although at a low and unremunerative level. Imports of ferro-silicon—an essential material in steel making—during the past half-year were 50 per cent. below the quantities in the corresponding period of 1930. The Board of Trade Returns for July indicated some improvement in exports of iron and steel material, but this was not shared by the alloy and other high-grade steels in which Sheffield specialises. Indian pig iron continues to be imported here to the amount of nearly 2,000 tons per month. There is still a great scarcity of orders and inquiries for railway and shipbuilding steel, and the rolling mills are very short of work in sheets and rods. A Sheffield firm is building a hydraulic steel forging press for Russia of 6,000 tons capacity. Several other substantial Russian orders are on hand in the district, mainly in the engineering side of industry. This market could be greatly developed but for the long credits demanded. Prices of iron and steel materials are unchanged. There is little or no forward buying. The cutlery, plate and tool branches complain of depression, but the tendency is slightly towards increased turnover.

GLASGOW.—Business in the West of Scotland is very much the same as indicated a week ago. Buyers are few, and such business as is being placed at the steelworks is for very small quantities, and works are finding it exceedingly difficult to keep going. In most cases there is very little on hand for forward delivery, and the plants are dependent on incoming orders for a continuance of work. Employment as a consequence is very irregular. In addition to the shipbuilding contracts reported last week further orders have been placed with yards at Bowling and at Govan. In the sheet trade a fair amount of business is being placed with local works both for home and export, prices, however, showing further reductions. There is no improvement in the demand for pig iron. At the tube works also things remain very quiet.

OTHER METALS.

TIN.—The sharp rise in tin prices last week has not been fully maintained, but tin values are now well above the low level reached earlier in the year. Consumption has not yet increased, but production is now slightly below requirements, which will soon make itself felt in a decrease in stocks. Wednesday's official closing quotations for "standard" cash at £113 7s. 6d. to £114 per ton, compares with £115 5s. to £115 10s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,781 tons, show an increase of 84 tons on the week.

COPPER.—In view of the unfavourable statistical position, which shows an increase in stocks coupled with a decrease in deliveries, the market in this metal has again been dull, and prices failed to improve. Wednesday's official closing price for "standard cash" in London, at £32 8s. 9d. to £32 10s., compares with £32 10s. to £32 11s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 21,368 tons, show an increase of 973 tons, while stocks of rough copper, at 1,150 tons, are unchanged.

LEAD.—At the beginning of the week lead was offered in considerable quantities and quotations declined, but on Wednesday sellers became more reserved, which brought about a slight rise in values. Wednesday's official closing quotation for "soft foreign"

FIGURES OF ASSURANCE A.M.P.

By careful and prudent administration the A.M.P. has made more than £42,000,000 for the benefit of its Policyholders since its establishment in 1849, and this, after providing for all expenses of management, commission, taxes, etc. A.M.P. premiums are low. Bonuses high and policies, as befits the largest British Mutual Life Office, world-wide. Assets £83,000,000. Annual Income £11,800,000. Full particulars on application.

MUTUAL AUSTRALIAN PROVIDENT SOCIETY Established 1849.
75-76 King William St., London, E.C.4.
D. E. WALKER, Manager for the United Kingdom.

in London, at £11 12s. 6d. to £11 15s., compares with £11 16s. 3d. to £11 18s. 9d. on the corresponding day last week.

SPELTER.—It appears that the scheme on which agreement was recently reached by representatives of the International Cartel of Zinc Producers, which aims at the control of production, came into operation on August 1st. Meanwhile the market has been steady and prices show no further decline. Wednesday's official closing quotation in London for "good ordinary brands," at £11 7s. 6d. to £12, compares with £11 7s. 6d. to £12 1s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. Antimony again changed hands at £22 10s. to £23 per ton for "foreign," while the "spot" price for quicksilver remained unchanged at the recently reduced price of £16 7s. 6d. to £16 10s. per bottle.

TEXTILES.

THE COTTON TRADE.—Manchester.—There has been very little activity in the market during the past week, writes our correspondent. Rather wider fluctuations have occurred in raw material rates with a tendency towards lower values. It is impossible at the moment to establish any confidence in the general situation and buyers are inclined to restrict their operations as much as possible. Reports with regard to conditions in China are not favourable, and business is being adversely affected by the disastrous floods, but further buying of poplins has taken place for Hong Kong. Only a limited demand has been met with for India, the sales consisting of small lots in light fabrics for Bombay and Karachi. Makers have met with very little support from Egypt and the Near East, but a few more contracts have been arranged in sheetings and drills for South America. Home trade buyers seem to be more cautious than for some time past. Quotations in American and Egyptian yarns have been very irregular when tested. The turnover remains very disappointing, and there are no signs of spinners obtaining any relief.

Cotton Prices.

	1931.				Corresponding Date.	
	July 29.	Aug. 5.	Aug. 12.	Aug. 19.	1929.	1930.
Raw Cotton—Mid. American per lb.	4.72	4.35	3.68	3.64	10.24	7.15
" Sakellaridis Fully Good Fair						
Yarns—32's twist per lb.	7.10	6.65	5.75	5.50	16.50	11.95
" 48's twist per lb.	8.10	7.80	6.80	6.50	15.10	11.10
" 60's twist (Egyptian) per lb.	14.4	14.4	13.4	13.4	25.4	20.4
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	17 11	16 10	15 10	15 9	25 0	20 6
34-in. ditto, 38 yds., 18 by 16, 10 lb.	19 0	18 9	17 9	17 7	28 0	23 0
35-in. ditto, 37 yds., 16 by 15, 8 lb.	10 9	10 7	10 0	9 10	15 0	12 7
35-in. ditto, 37 yds., 16 by 15, 8 lb.	9 7	9 5	8 10	8 9	13 6	11 4

THE WOOL TRADE.—Bradford.—No definite move has yet been made in wool in this centre, writes our correspondent, and several factors are at work which tend to prevent the development of business on really sound and profitable lines. The decision of the B.D.A. directors not to pay an ordinary interim dividend and a drastic reduction in the quarterly interim dividend by J. and P. Coats indicate quite plainly that the industry at the consuming end is not yet out of the wood. The latter firm being cotton thread spinners, the dividend announcement does not interest the wool trade to quite the same extent as the B.D.A. At the same time, big quantities of cotton are used in conjunction with wool, and the decline in the former, along with the decision of cotton firms not to pay usual dividends must be counted among the factors operating against an advance in wool in the near future. In spite of these considerations, there is a fair amount of confidence in merinos. It is quite likely that the season will commence in Australia at the end of this month, without values being any lower than they are to-day. Supplies are not expected to come forward more quickly than home trade and Continental buyers can absorb them. The real test will be later in the season when bulk supplies are submitted, and advancing values are entirely dependent on bigger requirements than those which are in sight to-day. At this moment there is enough crossbred wool of the last season to meet all immediate requirements. Very little new business is being done in tops in Bradford. Some interest is being shown by spinners in buying on forward account, but little prices are being bid for delivery early next year. The policy of topmakers is to hold their hand until it is known more definitely how wool values are likely to move. Where business is done prices for merinos and crossbreds are about steady, though within the past fortnight reasonable figures have been accepted by those disposed to sell.

THE JUTE TRADE.—Dundee.—Consumers of jute goods at the moment are taking more interest, and an increased business at the Calcutta centre has resulted in an advance in prices. Heavy goods, especially, have been freely bought, and a rise of about 3s. per hundred bags is recorded during the past fortnight, while hessians have increased in value to the extent of one shilling per hundred yards. The market is so sensitive that prices readily respond to the slightest movement. The improvement is very welcome, after the long period of depression, and it is now a question of waiting to see whether the demand will be sufficiently sustained to maintain prices. Unfortunately, the Dundee market has not felt any beneficial effect of the rise in prices of raw jute and inquiry is made. It is not a case of buyers waiting for lower prices,

as these are already low and unprofitable and cannot be further reduced. The use of jute goods is much restricted, and the demand is simply not there. Prices of raw jute have advanced on account of flooding in the jute-growing areas, which has tended to keep back supplies. New crop imports into up-country stations in India are very small, and these markets are very firm. Spinners here have displayed little interest in the fibre at the dearer limits. Best First Marks are now offered at from £80 10s., and Lightnings from £16 15s., this being the value of Triangle Jadodia, August-September shipment. Ram and Mitsui rates were raised 10s. per ton to £19 5s. for Red Circle Ram First Mark, £17 10s. for Green Ram Lightning, and £16 for Heart Ram tops, August-September, and £18 per Fuji-M, £17 10s. for Asahi Lightning, and £16 10s. for Asahi Hearts, September-October. Daisee assortment rose to £15 15s., but later sellers came out at £15 7s. 6d. for full group, October-November. Tossa assortment is quoted at £16 15s. for five goods marks, October-November. Jute yarns are quiet, but prices are notably steady and unchanged. Spinners are naming 1s. 10½d. for common 8-lb. cops, and 1s. 11½d. for 8-lb. spools, but they have difficulty in getting buyers to pay more than 1s. 10d. and 1s. 11d. respectively. Most spinners are refusing these unprofitable rates. Twist is from 3½d. to 3¾d. for 3-ply 8 lb., according to quality, and sacking yarns are unchanged at 2½d. for 24-lb. web, and 3½d. for 8-lb. chains. Rove is being sold occasionally at from £18 15s. for 48 lb., and from £15 15s. for 200 lb. Fine yarns are inquired for, but business is quiet. Carpet qualities are again slow. Cloth business continues to disappoint. Manufacturers are adhering to their quoted rates of from 2½d. for 10½ oz. 40 in., and from 1½d. for 8 oz., at which small quantities are being bought for immediate use. Linoleum hessians are dull and nominal, and business in heavy goods is generally quiet.

THE GRAIN MARKETS.

WHEAT.—There has been no improvement in the wheat markets during the past week. Reports of adverse climatic conditions in Europe and of an offer from China to the Federal Farm Board to buy wheat on long-term credit caused a slight advance in prices, but in view of the general situation the higher quotations were not maintained. In his "Corn Trade News" Mr G. Broomhall has now published his estimate of the probable export surplus of the world and of import requirements during the current season. He estimates the surplus at 121,000,000 quarters and import requirements at 97,000,000 quarters, thus leaving an unexported surplus of 24,000,000 quarters at the end of the season. Weather conditions in this country have hampered harvesting and in some cases standing crops have been beaten down by the heavy rain. According to the first official estimate of the Ministry of Agriculture, the wheat crop of England and Wales at 4,700,000 quarters, shows a decline in yield of 300,000 quarters on the previous year. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 25s. per 496 lbs., as compared with 24s. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 23s. 9d., against 22s. 9d.; No. 3 Northern Manitoba, Atlantic, ex ship, 22s., against 21s.; Rosafé, ex ship, 20s., against 19s. 3d.; Australian, ex ship, 20s. to 21s. 6d., against 20s. to 22s. 6d. a week ago.

WHEAT FLOUR.—Business in flour has been steady and the improvement in the demand of bakers in this country has been maintained. North American shipments, at 187,000 sacks, show a decline of 1,000 sacks as compared with the previous week. Of this total 85,000 were consigned to non-European countries. Quotations: Straight run, delivered country, 21s. 6d. per sack of 280 lbs.; as compared with 21s. last week; delivered London, 20s. 6d., against 20s. Manitoba patents, ex store, 20s. 3d. to 24s., against 20s. 6d. to 24s., and Australian, ex store, 16s. 6d. to 17s., against 16s. 6d. to 17s. a week ago.

BARLEY.—The home trade in barley has been more active, but a large proportion of business was done in Russian barley. According to an official estimate the barley crop in England and Wales is expected to be 4,400,000 quarters against 4,100,000 quarters a year ago. Quotations: "English feeding," f.o.r., per 48 lbs., 20s. to 22s., as compared with 20s. to 22s. Californian "new" sold at from 34s. to 50s., as compared with 34s. to 50s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—Oats have again been dull, the crop in England and Wales has been officially estimated at 8,900,000 quarters, which shows a decline of 500,000 quarters as compared with last year. Quotations: "River Plate," landed, 12s. 6d. per 320 lbs., as compared with 11s. 3d. last week; "River Plate," ex ship, 11s. 6d., against 10s. 3d.; "Chilean Tawny," landed, 13s. 9d., against 12s. 9d.; English white, per 336 lbs., 20s., against 20s. a week ago.

MAIZE.—The market in maize has been active, and although shipments from the Argentine continue on a large scale the expansion in buying brought about a slight rise in quotations. Quotations: "Plate," landed, 16s. per 480 lbs., as compared with 15s. 3d. last week; Plate, ex ship, 14s. 9d., as against 14s.; Plate, August-September, new, 14s. 9d., as against 14s. 1½d. Yellow maize meal, ex wharf, was quoted £4 15s. per ton, against £4 15s. a week ago.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Aug. 13, 1930.	Jan. 2, 1931.	Aug. 5, 1931.	Aug. 12, 1931.	Aug. 19, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	93½	56½	52½	56½	46½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	88½	79½	48½	50½	55½

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

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to August 15	Cwts. 25,824	Cwts. 62,816	Cwts. 32,181	Cwts. 56,165
50 weeks to August 15	4,928,433	9,627,170	9,769,375	11,104,532
Average price of English wheat per cwt.	s. d. 6 6	s. d. 8 5	s. d. 12 3	s. d. 10 4

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Aug. 8, 1931.....	Cwts. 21,264	Cwts. 1,156	Cwts. 4,314	s. d. 6 6	s. d. 6 9	s. d. 6 9
Aug. 15, 1931.....	25,824	1,866	6,427	6 6	7 6	6 5
Aug. 13, 1927.....	44,781	2,416	12,682	12 6	11 8	10 2
Aug. 18, 1928.....	56,165	15,728	16,861	10 4	12 10	9 10
Aug. 17, 1929.....	32,181	5,982	8,304	12 3	10 0	9 5
Aug. 16, 1930.....	62,816	4,818	11,133	8 5	6 8	6 5

OTHER FOODS.

SUGAR.—The raw sugar markets, which, until recently, have been characterised by a considerable turnover, have been quiet during the past week, and prices declined in the absence of support from buyers. In order to stimulate the market in "British refined" sugar, prices were reduced 3d. per cwt. on Wednesday. Wednesday's sales of "raws" included "December delivery" at 10½d. to 5s. 11½d. per cwt., against 6s. 3½d. to 6s. 4½d., and 5s. 10½d. to 5s. 11½d. per cwt., against 6s. 3½d. to 6s. 7d. on "March," 1932, at 6s. 1½d. to 6s. 2d., against 6s. 6½d. to 6s. 7d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	196	623	877	1,218	27,177	27,509
Liverpool.....	12,331	20,960	13,319	18,699	76,522	104,565
Total.....	12,527	21,583	14,196	19,917	103,699	132,074
Last week	22,544	19,356	13,293	15,480	105,368	130,408

COFFEE.—This week's auctions revealed a poor demand for coffee, and a large proportion of the quantity offered was withdrawn. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 174 bags; exported, nil; stocks, 1,927 bags, against 1,176 bags last year. Central American, landed, 1,395 packages, against consumption, 2,010, exported, 848; stocks, 98,381 packages, against consumption, 2,010, exported, 848; stocks, 98,381 packages, against consumption, 2,236; exported 560; stocks, 79,596 packages, against 90,692 a year ago.

COCOA.—The market in cocoa has been steadier following a slight improvement in demand. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, mid-crop, August-September, at 17s. 3d. per cwt. f.o.b. London contract, shows a rise of 3d. Last week's movements of cocoa in London were as follows:—Landed, 1,516 bags; delivered for home consumption, 2,494 bags; exported, 146 bags; stocks, 224,003 bags, against 201,163 last year.

TEA.—The quantities catalogued for this week's auction comprised 43,603 packages of Indian, 81,195 packages of Ceylon, and 11,181 packages of Java and Sumatra tea. Business was slightly less active this week and teas of low quality were cheaper. There was, however, again keen competition for the limited quantity of tea of outstanding quality which was on offer. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.	
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
Aug. 14, 1930	0 8 7		0 10 19		1 4 21		0 9 25		0 10 34		0 8 67		1 1 68	
July 23, 1931	0 8 34		0 7 81		0 11 99		0 6 68		0 6 57		0 5 03		0 9 79	
July 30, 1931	0 8 69		0 7 44		1 0 64		0 7 09		0 6 67		0 4 33		0 10 49	
Aug. 6, 1931	Holiday													
Aug. 13, 1931	0 9 46		0 7 45		1 1 50		0 6 39		0 6 53		0 7 12		0 10 64	

RICE.—The recent improvement was not maintained during this week. The market has been quiet and prices were easier. Wednesday's quotation for Burma No. 2, cleaned, August-September, in singles to the Continent and to the United Kingdom, at 8s. 1½d. per cwt., shows a fall of 1s. as compared with last week. Movements in London during the past week were as follows: Landed, 13 tons; delivered, 35 tons; stocks, 1,009 tons, as against 1,969 tons last year.

POTATOES.—Supplies of potatoes have been sufficient to meet all requirements, but prices remained steady. At the Borough

Market, "Best King Edward" sold at from 6s. to 7s. per cwt., as compared with 6s. to 7s. a week ago.

SPICES.—Business in "spot" pepper has been negligible, but prices have been maintained. Wednesday's quotation for "Black Singapore," at 5½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows:—Black, landed, 5 tons; delivered, 1 ton; stocks, 570 tons; against 847 tons last year. White, landed, 15 tons; delivered, 39 tons; stocks, 493 tons, against 437 tons a year ago.

MEAT.—Supplies of meat have been heavier this week, and prices were slightly easier. Wednesday, Argentine beef (chilled, hindquarters) was sold at 4s. 10d. to 5s. 2d. per 8 lbs., against 5s. to 5s. 10d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 4d. to 3s. 10d., as against 3s. 4d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 7,990 tons, as compared with 8,010 tons in the corresponding week last year. Imported beef, principally Argentine, formed 86.1 per cent. of the supplies, as against 82.6 per cent. a year ago; and imported mutton, mainly New Zealand, formed 81.0 per cent. of the total supply, as against 82.8 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Difficult conditions have ruled in the market generally, the tone of which is quiet and inclined easy. Demand for linseed is of a meagre description, and with large supplies afloat seeking buyers and a favourable outlook for the new crop in Argentine, values have again taken an easier turn. Plate on spot at Hull and afloat to August is now around £8 and shipment to October £8 5s. to £8 7s. 6d. New crop Plate to Hull January-February shipment has been dealt in at £8 8s. 9d. and is now quoted £8 5s. The quantity of linseed afloat to Europe has increased to 184,000 tons, which is 24,500 tons higher on the week and compares with 110,400 tons a year ago. Cottonseed has recovered somewhat from the sharp setback following the publication of the American cotton estimate, old crop Egyptian (black) now being held for £4 15s., while for new crop, September-October, to Hull, £5 has been paid. Demand for vegetable oils continues restricted. Linseed oil has been very erratic and closes lower, raw oil on spot at Hull quoting £15 10s., August to December £15 and January to April £15 10s. Cotton oil is steady with crude Egyptian ex Hull at £18 10s. and common edible at £20 15s. Other seed oils are quiet and easy and oil-cakes in exceptionally poor request, despite a further reduction in quotations.

HIDE, LEATHER AND ALLIED TRADES.—The market for most descriptions of hides and skins is weak, writes our correspondent, and although ox and heifers at the Manchester sales changed hands at last week's figures, there is a feeling that with better supplies now coming forward declines in value will be recorded at the auctions to be held over the week-end. Calveskins are a poor sale, and with others from the Continent being made here at low figures, the tendency of prices for the English article is downward. Sheepskins in some cases show a slightly firmer tone, but generally prices are unchanged. Sales of imported hides have been on a small scale in spite of the low figures now ruling for many kinds. In the South American market business has been put through on account of the United States trade for Argentine ox at 4½d., while second ox have changed hands at 4d. The market for dry South American hides is quiet, and apart from a few sales of B.A. Americanos at 5½d., M.V. Americanos at just under 4½d., and a few other descriptions, there has been very little business passing. Africans are not much sought after, although there has been some small business done in dry salted Capes at 5½d. and 4½d. for 20/30 lbs., while first and second dries have realised 6½d. and 5½d. The market for Australians remain more or less steady in the absence of any sizeable business. Rather more interest has been taken by consumers in the position of the sole leather market, and although business is by no means satisfactory, the turnover generally shows signs of expansion. Manufacturers of footwear still hesitate to commit themselves to any great extent, and although inquiries are going around for dry hide bends the actual business so far resulting has been small. The repairing section, however, has been a fairly good customer for English and wetsalted descriptions, and moderate sales of both heavy- and medium-weight bends have been made. There has been no further improvement in the call for offal; small quantities of pinned shoulders and bellies continue to be moved off, but the demand for rough stock is very restricted. Sales of upper leathers have usually been confined to small quantities, with more interest taken in the heavier than the lighter grades. Both box and willow calf in the former are now receiving attention, in addition to which manufacturers of footwear are inquiring for side leathers. The demand for patent remains fair, as is also the case with glace kid in both black and brown, but there is little business of any consequence being done in other directions.

THE TIMBER TRADE.—The drastic reduction of 32s. 6d. per standard in the c.i.f. prices of Russian deals, battens and boards (of which the Soviet shippers are conceding 20s. and the most British syndicate 12s. 6d.), writes our correspondent, is the most important item of timber trade interest during the past month. This concession brings the Russian goods once more well into line of competition with the other European specifications, and will have the effect of speeding up the sales of the Russian supplies here and to come forward this season. Total imports of sawn deals, battens and boards again were light in July, and for the seven months consist of about 521,550 Petrograd standards (of 165 cubic feet)

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
GRAIN, &c.—															
Wheat, No. 2, N. Man. 49b lb.	23	9		Irish bladders	52	0	66	English Southdown, washed	d.	12		Best heavy ox and heifer	0	4	0
Eng. Gas. av., per cwt.	6	6		American, boxes, 56 lbs.	42	0	44	per lb.	12			Best cow	0	4	0
Barley, Eng. Gas. av.	7	6		POTATOES—				Lincoln hog, washed	8			Best calf	0	7	0
Oats	6	5		Good English, per cwt.	6	0	7	Queensland, scd. super cmbg.	20						
Maise, La Plata, landed, 480 lb.	16	0		SPORES—				N.S.W. greasy, super	11						
Flour, Lon. stan. ex mill, s. d.	19	3	0	Pepper, per lb.—				N.Z., grey, half-bred 50-56	8½						
280 lb.	19	3	0	Muntok, fair White.....	0	8	0	Crossbred 40-44	6						
Rice, No. 2 Burma, per cwt.	8	1½	0	Black Lampong.....	0	5½	0								
Sago, Pearl, per cwt.	16	6	0	Cinnamon 1st sort, per lb.	0	7½	0	Merino 70's.....	25						
Tapioca, per cwt.—				Clove, Zanzibar, per lb	0	9½	0	40's.....	23						
B.I. flake, fair spot ...	17	6	0	Ginger—per cwt.—				Crossbred 48's.....	10½						
Medium pearl	20	0	0	African	25	0	0	" 46's.....	10½						
MEAT—				Jamaica, ord. to good....	40	0	80								
Beef, per 8 lbs.—				Mace	9	1	7	MINERALS.							
English long sides	4	8	5	Nutmegs 65s	1	3	0	Welsh, best Ad'ty.....ton	20	0	0				
Argentine chilled hinds.	4	10	5	SUGAR—				Durham, best gas, f.o.b.	0	0	0				
Mutton, per 8 lbs.—				(Duty, 11s. 8d. per cwt.).				Tyne	14	6	0				
English wethers	5	4	7	B.W.I., crystallised	18	0	21	Sheffield, best house, at							
N.Z. frozen	3	4	3	Java, white, c. & f. India	7	9	0	pits	18	6	20				
Pork, English, per 8 lbs.	4	0	5	October-December				IRON AND STEEL—							
				Refined—London—				Pg, Cleveland No. 3, ton	58	6	0				
				Yellow Crystals	19	1½	0	Steel, best through	200	0	0				
				Cubes	23	6	24	Flat Rails, heavy	170	0	0				
				Crushed	22	0	22	Tin Plates (20 by 14),							
				Granulated	19	9	20	per basis box (2/3).....	13	3	0				
				Home Grown (June)	18	10½	19	MTALS—							
								Copper, Electrolytic, ton	35/10/0	36/15/0					
								Sheets (strong)	64/0/0	0	0				
								Standard	32/8/9	32/10/0					
								Lead Bar, Pig	13/7/6	0/0/0					
								Soft Foreign	11/12/6	11/15/0					
								Spelter G.O.B.	11/7/6	12/0/0					
								Tin—English Ingots	115/10/0	0	0				
								Standard cash	113/7/6	114/0/0					
								MISCELLANEOUS							
								Acid, citric, per lb. less 5%	0	10½	0				
								Nitric	0	2½	0				
								Oxalic, net	0	3½	0				
								Tartaric, English less 5%	0	10½	0				
								Alum, lump.....per ton	9	0	9				
								Ammonia, carb.....ton	36	0	38				
								Sulphate	10	12	0				
								Arsenic, lump	35	0	12				
								Bleaching powder, per cwt.	7/10/0	6/12/0					
								Borax, gran.per cwt.	11	0	0				
								Do, powder	12	6	0				
								Nitrate of Soda	10	0	10				
								Potash—Chlorate, net....	0	3	0				
								Sulphate	10	11	0				
								Sul-Ammoniac	42	6	4				
								Soda Blearb.....per cwt.	9	0	10				
								Crystals	8	0	8				
								Sulphate of Copper per ton	19	10	20				
								CEMENT, London—							
								Portland, best Eng. pr. ton	48	0	0				
								OPRA—							
								S.D. Straits c.f., per ton	12/2/6	0	0				
								Smoked South Sea	11/0/0	0	0				
								DRUGS—							
								Campher							
								Japan, refined	2	1	2				
								Castor-ol	85	0	95	0			
								Ipecacanh.....	6	3	0				
								Peppermint, Wayne Co.	8	0	8				
								HIDES—							
								Wet salted—Australian							
								per lb.	0	4½	0	5½			
								West Indian	0	3½	0	4			
								Cape	0	4	0	4½			

against 689,565 standards for the corresponding period last year. Russian shipments are much more backward this year compared with last, which few imported here will regret, and, although large supplies arrived from Finland last month, the total quantities from that Republic and from Sweden and Latvia are down compared with a year ago, to the benefit of the spot market. Stocks generally in London docks are smaller in volume compared with a year ago, whilst the Port of London Authority's July returns also show much better deliveries compared with the corresponding month last year. The slight increase in stocks of sawn deals, battens and boards is much more than set off by the appreciable deliveries in July, even although part of them may have helped to replenish merchants' private yards. Another factor is that the Ministry of Labour Gazette shows costs of buildings outside the L.C.C. area for which plans were passed last month at £7.2 millions, compared with £5 millions in June and £6.5 millions in July, 1930, the increase being for housing. Adverse factors are that the returns of unemployed building trade operatives show an increase of 5 per cent. compared with a year ago, and now total 18.9 per cent.; and the best time for building operations here this year has gone by. The experience of the past eight months has been the right one, but there will be larger business the remainder of the year for late autumn, winter and early spring requirements. The hardwood market has continued very slow over the month, not unexpected for August, but, nevertheless, the repetition of slow trade must be irritating to those engaged in it. But in all departments of the hardwood log market—mahogany, cedar, satinwood, rosewood, ebony, teak—shipments to this country are wisely reduced in sympathy with the poor demand. The only appreciable increases in hardwoods in July are sawn woods from the United States, but previously U.K. stocks of this American lumber were ample. Home and Colonial woods naturally are affected, not only by the keen American competition, but by the generally bad state of the wood-consuming trades. Importers and merchants of plywood also are operating very cautiously in their purchases this year; that can be gauged by the extent of the imports from abroad (the U.K.

makes only the very best), which are about 37 per cent. short of last year's (January-July) receipts from overseas.

RUBBER.—There has been no improvement in the market for rubber, and at 2½d. per lb. a new low record was established. Despite the low prices, business remains on a limited scale in the absence of an expansion in the demand for rubber goods. Wednesday's official closing price for standard ribbed smoked sheet, at 2½d. per lb., shows a fall of ½d. as compared with the corresponding day last week. In forward positions, business has been done at 2½d. for October-December, against 2½d. to 2½d.; and at 2½d. for January-March, 1932, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 2,396 tons; delivered, 2,366 tons; stocks at the end of last week, at 137,077 tons, show an increase of 30 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Aug. 12.	Aug. 19.
	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	50½	48½
Coffee, Rio No. 7, cash, per lb.	5½	5½
Santos No. 4, cash, per lb.	8½	8½
Cocoa, Acera, nearest future, per lb.	4-96	4-82
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-50	3-47
Cotton, New Orleans, middling, spot, per lb.	6-58	6-34
Rubber, smoked sheet, spot, per lb.	5½	5½
Petroleum, Pennsylvania crude, standard grades, per barrel	155-170	160-175
Copper, "Electrolytic," Domestic, spot, per lb.	7-625	7-75
spot, per lb.		
Spelter, East St. Louis, spot, per lb.	8-00	8-00
Lead, spot, per lb.	3-825	3-80
Tin, "Straits," spot, per lb.	4-40	4-40
	26-00	25-50

The Economist,

WEEKLY COMMERCIAL TIMES

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, AUGUST 29, 1931.

No. 4,592.

TABLE OF CONTENTS.

The Money Market	377	Investment Notes—	
Leading Articles—		National Government and	
The Government and Its		Stock Markets	403
Tasks	379	B.A. Western Dividend	
The Hungarian Crisis	382	Passed	403
The Outlook for Sterling	383	Retail Shop Profits	404
The Area Traffic Commis-		British Celanese Bond-	
sioners—A Question of		holders—A Question of	
Principle	404	Proposed R. E. Jones-	
British Insurance Com-		Slaters Merger	404
panies in the U.S.		Calico Printers	404
II.—Accident	385	Toogood and Sons, Ltd.	404
Notes of the Week—		Australia's Conversion	
The New Cabinet	386	Scheme	405
The Record of the Late		Tin Developments	405
Government	386	Oil Mergers	405
The Late Ministers' Mo-		Wiluna Disappointments	406
tives	387	Capital Issues	406
Round-Table for Burma	387	Company Meetings, &c.	407
Mr Gandhi Hopes to Come	387	Government Returns, &c.—	
The British Armaments		National Accounts	407
Returns	387	Treasury Bills by Public	
Tension in Palestine	388	Tender	408
The Situation in Spain	388	The Bankers' Gazette—	
The Floods in China	388	Bank of England	408
Shipyard Wages Dead-		Bankers' Clearing Re-	
lock	389	turns	408
American Cotton Crop	389	Provincial Clearing Re-	
British Production	389	turns	408
Finance in the Antipodes	389	Overseas Bank Returns	408
Depression in the Coal		Loan and Discount Rates	410
Industry	390	Rates of Exchange	410
New Emergency Decrees		Overseas Bank Rates	410
in Germany	390	India: Remittances to the	
The Outlook for Copper	390	Home Treasury	411
Overseas Correspondence—		Bullion	411
United States	390	Gold and Silver Prices	411
Germany	391	Company News—	
Italy	393	Reports and Notices	411
Holland	393	Weekly Traffic Returns	412
Hong Kong	394	Profit and Loss Accounts	412
Irish Free State	395	Dividend Announcements	413
Letters to the Editor—		Commercial Reports—	
Fascism at Home	396	Market Summary	413
Books and Publications—		The Coal Trade	413
The Japanese Population	397	Iron and Steel	413
Problem	397	Other Metals	414
Books Received	397	Textiles	414
The Stock Exchange—		The Grain Markets	414
The Chilean Default	398	Other Foods	415
The Week in the Markets	399	Miscellaneous Commodi-	
London Active Security		ties	415
Prices and Yields	400	Commodity Prices in the	
New Issue Prices	402	United States	416
Foreign Stock Exchanges—		Prices Current	416
New York	402		
Canada	402		

THE MONEY MARKET.

MONEY was plentiful over the week-end, with only a small demand for loans, and rates ran about 3 per cent. Considerable stringency, however, developed on Monday. Falling as it did three months after Whit-Monday, that day held no Treasury bill maturities, and, with new Treasury bills to pay for, the market was short of funds. Furthermore, as the Bank return shows, heavy tax payments had diverted market resources into public deposits, while

SP The years when a man is making his way are critical ones for his Dependents.

He may be earning an income which maintains his wife and family in comfort, but he has not had time to save. Should he die, such life insurance as he has been able to afford will yield but a fraction of the income to which his family has been accustomed. The "Adequate Income" plan supplements the ordinary Life Assurance Policy and enables provision to be made for a larger income for dependents during the critical period than can be secured by other means.

Particulars of the "Adequate Income" plan will be sent on application.

The Scottish Provident Institution

London (City) Office 3 Lombard Street, E.C.3
HEAD OFFICE: 6 St. Andrew Square, EDINBURGH
FUNDS £22,500,000

BANCA COMMERCIALE ITALIANA.

Limited Company Incorporated in Italy.

Established in 1894. Head Office: MILAN.
Capital 700 million Lire. Reserves 580 millions.
Deposits 8,480 millions.

Branches in every centre of commercial and industrial importance in Italy; also in London, New York, Istanbul (Constantinople), and Izmir (Smyrna).

Affiliated and Auxiliary Institutions in France (Paris and Riviera), Switzerland, Czechoslovakia, Poland, Yugoslavia, Austria, Hungary, Bulgaria, Roumania, Greece, Egypt, Morocco, U.S.A., Brazil, Argentina, Chile, Uruguay, Peru, Colombia, Ecuador, etc.

London Office:

32, Threadneedle Street, E.C.2.

A. JOEL, Manager.

Correspondents to the Italian Treasury.

current political and financial developments, including heavy foreign withdrawals, produced a general feeling of nervousness and some widespread movements of funds. As a result, rates for new money ran up to 4-4½ per cent.

The next day still greater stringency prevailed. New money still commanded 4½ per cent., with renewals outside the clearing banks at 4 per cent., but a small amount had to be borrowed at the Bank. Discount rates were also harder, and three months' bank bills were quoted at 4½-½ per cent., with hot Treasuries at 4½ per cent. Just over £500,000 of bar gold was on offer in the market, of which £485,000 came from the Cape. This was taken by an unknown buyer, and although as in previous weeks a corresponding number of sovereigns were released from earmark at the Bank, the price paid for gold was 84s. 11½d., or the Bank's statutory selling price. This, in conjunction with the failure of the principal foreign exchanges to respond quickly to the change of Government and the knowledge that sterling still needed special support added to the uncertainty of the market.

	Aug. 6, 1931.	Aug. 13, 1931.	Aug. 20, 1931.	Aug. 27, 1931.	Previous Rate and Date Changed.
Bank Rate	4½	4½	4½	4½	3½ (July 30, '31)
Banks' Deposit Rate...	2½	2½	2½	2½	1½ (July 30, '31)
Discount (Call)	2½	2½	2½	2½	1½ (July 30, '31)
Houses (Notice) ...	2½	2½	2½	2½	1½ (July 30, '31)
Market rate (3 months' bills)	4½-½	4½-½	4½-½	4½	...

On Wednesday the situation changed definitely for the better. Treasury bill maturities had by this time made funds more plentiful, and new money fell to 3½ per cent. Discount rates, too, were a shade easier, though there was hardly a quotable change. Better still, there was a general improvement in the foreign exchanges. The New York rate rose from \$4.85½ to 4.86½, and the Paris rate from Frs. 123.95 to Frs. 124.00, and these rates were no longer "pegged" rates, but for the first time for several weeks arose from a genuine foreign demand for sterling. The Dutch, Belgian and Swiss rates, which had never been directly "pegged," also improved, Amsterdam from Fl. 12.04½ to Fl. 12.05½, Brussels from Belgas 34.82½ to Belgas 34.85½, and Zurich from Frs. 24.94 to Frs. 24.97½. In short, sterling was once more "afloat." The following day money was not over plentiful, but the ruling rate fell to 3½ per cent., and discounts were fractionally weaker.

This has led to an improvement in tone, which is all the more marked as it was known that, if it had been necessary to give further support to sterling, fresh arrangements would have been very soon required. The wider question of the outlook for sterling in the changed political circumstances, and of the further assistance that may have to be sought abroad to ensure the absolute stability of the pound until such time as the proposals of the new Government come into force and restore foreign confidence, are discussed elsewhere. One consideration, however, may be mentioned here: it would be distinctly dangerous to maintain sterling by building up an unsound short position similar to that which existed up to last July, and which was one cause of the crisis. The only genuine long-term remedy is the rectification of England's commercial and financial balance of payments.

The Bank return reveals the return of a further £3.8 millions of notes from circulation, and with the Bank's gold holdings virtually unchanged, the reserve has risen by £3.6 millions. The higher fiduciary limit of £275.0 millions has been extended for another three weeks. In the banking department, discounts and advances have risen by £2.4 millions as a result of Tuesday's borrowings. Tax payments and the absence of Treasury bill maturities on Monday probably explain an increase of £6.6 millions in public deposits and a decrease of £8.2 millions in bankers' deposits. This last item has fallen to

£53.6 millions, which is a figure low enough to account for the stringency earlier in the week. Other deposits have again risen, and now stand at £48.7 millions, against £34.9 millions only a fortnight ago. The increase in this portion of the Bank's liabilities may not be unconnected with the support recently given to sterling, but it is also known that in both London and New York the Banque de France has been turning part of its foreign assets over from bills to balances, and this may be the one explanation.

In New York, money has remained plentiful and easy, with call rate still at 1½ per cent. and commercial paper at 1½-2 per cent. for prime names. Ninety-day bankers' acceptances are quoted as before at ½-1 per cent. The change of Government in England has made a good impression. There was never any attempt at dictation on the part of the American banking authorities, and any suggestions to this effect are resented. Some surprise was caused on Monday by the news that the Bank of England's credit had been nearly exhausted, but the opinion is freely expressed that, while Great Britain could never have borrowed in New York money to "pay out in doles," this week she can raise all she needs.

The foreign exchange market was active this week as a result of the important political developments, and sterling was very firm towards the close, when the formation of a National Government was announced. The New York rate went from 4.85½ to 4.86½. Montreal weakened by ½ to 4.87½. Paris went in our favour from 123.95 to 123.99. Brussels gained ½ on balance at 34.86, after being considerably lower. Milan weakened to 92.92, a loss of 4 points. Madrid, after hesitation, improved to 54.00, against 54.85 last week. Amsterdam was very firm, and was inclined to move against us at first, but fell away at the close to 12.05½, against 12.04½ last week. Berlin was steadier and stronger at 20.49. Switzerland gained ½ on balance after being considerably lower. Of the Scandinavian exchanges, Stockholm was fractionally weaker, and lost ½ to 18.16. Oslo moved from 18.16½ to 18.17½, whilst Copenhagen fell away by ½ to 18.17½. The South American currencies were again uncertain, but fluctuated within narrower limits than of late, Rio being unchanged on balance at 3½d., and Buenos Aires ½d better at 31½d. Monte Video improved from 21½d. to 24d. In the Far East the rupee and yen were firm and unchanged at 1s. 5½d. and 2s. 0½d. respectively, as was Batavia at 12.07. The forward market saw considerable changes from last week. Dollars were quoted at ½ cent and 2½ cents premiums, against ¼ and 1½ cent premium last week. Paris moved to considerably higher premiums of 25 centimes for one month and 73 centime for three. Brussels was unchanged for one month's delivery at 6 centimes premium, and 1 centime better a 11 centimes premium for three. Milan discount quotation narrowed from 10 and 85 centesimi to 3 and 20 centesimi. Forward Madrid was nominal at last week's levels. Amsterdam was stronger at 8½ cents and 7 cents premium for the two periods respectively. Berlin quotations remained rather shadowy at par to 15 pfennigs discount for one month and par to 20 pfennigs discount for three, only a few isolated and small transactions being recorded. Switzerland was firmer by one point for each delivery at 5 and 9 centimes premium. The price of silver improved by ½d. to 12½d. for both cash and forward as a result of Indian bear covering in a narrow market. The Chinese silver exchanges responded to this upward movement, both Hong Kong and Shanghai were better by ½d. at 11½d. and 12½d. respectively.

GERMANY'S CREDIT SITUATION.

Copies of the full Report of the Basic Committee, published as a supplement to our last week's issue, may be obtained, price 6d., from "The Economist," 8, Bouverie Street, E.C.4

THE GOVERNMENT AND ITS TASKS.

IN the dénouement of the immediate political phase of Great Britain's domestic crisis the entry into office of Mr MacDonald's new administration holds two major points of advantage. At a moment when the stability of sterling and the maintenance abroad of British credit were in serious, imminent jeopardy, we have been spared the intolerable prolongation of perilous uncertainty which would have been involved in a Dissolution. By the formation of a Government of Co-operation, in which leaders of the two Oppositions will sit side by side with the late Cabinet's Prime Minister and Chancellor of the Exchequer, we have avoided what, in view of the tasks to be faced, would have been a much less desirable alternative — the establishment (with or without Liberal participation) of a predominantly Conservative administration.

The gravity of the national emergency, and the obviously unpalatable nature of many of the remedies which must be applied if Great Britain is not to abandon its century-old position as a Great Power, called emphatically for the nearest approach to the achievement of a *Union Sacrée* to apply to the situation that "swift, decisive and effective action" which Mr MacDonald has now promised in his admirable broadcast appeal to the nation. In severing himself from the majority of his late colleagues and from a party which he had spent the greater part of his life in building, Mr MacDonald has staked his whole political future on the cause of the national interest. He and those of his supporters who have followed him have deserved well of their country; and the commendable attitude of the heads of the Conservative and Liberal parties in agreeing readily to take office under Mr MacDonald's leadership is a correct interpretation, we are convinced, of the wishes of the overwhelming majority of those whom they represent.

The personnel of the new administration, details of which will be found on a later page, has made an excellent impression abroad and should command at home as much confidence as could well be hoped for, having regard to the fact (on which we shall have more to say) that an Opposition will not have ceased to exist. Compact in numbers and drawn largely, as was right, from statesmen with the maximum of experience to their credit, the Cabinet is well manned, and the Ministry as a whole gives the appearance of a strong Government, well fitted to face stern facts and the fire of hostile criticism. Its programme, in detail, is still awaited as we write, and for the moment we have to rest content with the official statement that there will be "a very large reduction of expenditure," and Mr MacDonald's broadcast assurance that, in order to place British credit in security, the Government will produce "a scheme consisting in economies on the one side and further revenues on the other, a scheme well balanced, with burdens imposed as lightly as possible, but imposed equitably." Already, however, the formation and composition of the National Government have done much to allay the *crise de confiance*. The whole world, watching with not wholly unfounded anxiety the credit-worthiness of Great Britain, has welcomed, from considerations of mutual interest and goodwill alike, this first convincing earnest of determination on our part to set our house in order.

This much of good augury may be said in honesty, with unqualified satisfaction: grave immediate perils have been averted, a promising first step towards betterment has been courageously made. Yet it would be of disservice, we believe, if we contributed in these columns towards the creation of any degree of complacency or disposition to minimise the magnitude of the many-sided problem still to be solved. It is a problem which, as we have repeatedly emphasised, must be tackled on all sides at once if solution is to be rapid or complete; but for the present purpose, and in the light of the past week's change of Government, it may be conveniently reconsidered under

three heads: (1) The British political problem; (2) the international crisis; and (3) the deep-seated British economic crisis.

To begin with, the fact must be frankly appreciated that, in contrast with Mr Lloyd George's war-time Coalition, the present "emergency" Government of Co-operation has not only the attacks of a numerically strong Opposition to face; it holds within itself the seeds of its own disintegration. The importance and the implications of these two factors require to be carefully weighed. In the first place, though the meeting of the Parliamentary Labour Party has yet to be held as we write, the attitude adopted on Wednesday by the Party Executive in joint session with the General Council of the T.U.C. points unmistakably to all the forces of Labour being mobilised by the political and industrial sections of the Party machine in uncompromising hostility to the only sort of programme which the Government can conceivably announce, or which will satisfy the vital needs of the case. Mr MacDonald obviously cannot count on the support of more than a handful of adherents in the ranks either of the Parliamentary Party or of trade union officialdom. Nor is this all. It would be idle to ignore the danger that the Labour Party, freed from the responsibilities of office and lacking the guidance of two of its main "moderate" leaders, may allow itself to drift insensibly Leftwards—away from realist policies to counsels of intransigent extremism. On Mr Henderson, to whose great work as Foreign Secretary we pay elsewhere a merited tribute, and who will now presumably lead the Party in Mr MacDonald's stead, there rests a heavy responsibility. That he will use his influence in favour of sane, patriotic policy we are reluctant to doubt; but he will have explosive material under his hands, and though we may discount the malicious, irresponsible propaganda alleging a "bankers' ramp" already emitted by the official Labour newspaper and honourably refuted by the Prime Minister, there may be an irresistible temptation for the Labour Party to make electioneering capital out of the national emergency by arraigning Mr MacDonald's administration as a "hard-faced Government," subservient to financial interests and bent on the exploitation of the working class. Unless Labour is wisely led, it may be only too easy for the Left Wing to organise, irrespective of the real views of the mass of the nation, such an outwardly formidable-looking opposition to the Government that a Cabinet not wholly united in its conception of right policy might be led to lose faith in its mission and to question whether it held sufficiently the country's confidence.

Is that unity of conception present in the Government which Mr MacDonald has formed, and how long can it be guaranteed to endure? To the first part of the question a more confident answer can be given than to the second. There need be little fear of any substantial difference of opinion within the Cabinet on the immediate need to balance the Budget or on the means necessary to that end. But suppose that the achievement of budgetary equilibrium be only the first, and easiest stage on the painful road to recovery; suppose (and, as readers of the *Economist* are aware, this has long been our considered conviction) that further, equally unpalatable contributions by way of common effort and sacrifice are called for by the obduracy of the trade depression. Under those circumstances could the Conservative section of the present Government be relied upon to resist pressure from their followers that they should have recourse to a tariff—a remedy which every Conservative leader has advocated as a means to raise or maintain the British standard of life, but whose adoption (our own views of its merits are familiar) would split the Government from top to bottom? It is a big assumption, but upon it may depend the Government's prospects of life.

What conclusion is to be drawn? The official announcement which heralded the Government's formation stated that "the specific object for which the new Government

is being formed is to deal with the national emergency. . . . When that purpose is achieved the political parties will resume their respective positions." Later, Mr Baldwin announced that his Party had agreed "for a limited period of time to enter a National Government, which is to be formed for the express purpose of carrying out such measures as are required to balance the budget and restore confidence in our national credit, and there is no question of any permanent Coalition. The National Government has been allotted a definite task, and on its completion it is understood that Parliament should be dissolved as soon as circumstances permit." On the strength of these statements there is talk in political circles and in the Press of an autumn Election, the idea being that Parliament will be asked to rush through several Economy Bills and a Finance Bill to make good the remainder of the deficit, and will then, in comparatively few weeks' time, be dissolved. Let us say at once that such a prospect seems to us to be disastrous. We cannot conceive that Mr Baldwin could construe in this sense the duration of the "emergency," or that Mr MacDonald, who has spoken of inviting the country's verdict "when the danger has passed," could contemplate imperilling the whole work to which he has bravely committed himself by dissipating the energies of statesmen and of the country in the confusion of an electoral struggle on party lines at a moment when no more than one phase of the crisis can have been tackled.

Essentials of Foreign Policy.

This brings us straight to the second aspect of the Government's task, the rôle which Great Britain has to play in external affairs, including the constitutional problem of India. Here, happily, there is little or no divergence of party view making for discord in the administration or suggesting the need for an appeal to the judgment of the electorate. In the case of India we see no ground for imagining that Mr Baldwin will lack the support of the great bulk of his followers if he stands steadily, as we believe he will, for the broad lines of policy laid down by the Round Table Conference last January, endorsed then by the new Secretary of State, and assured from the Liberal side of unqualified assent. No Government could be better fitted than the present to deal with the issues of the imminent Indian Conference—issues which cannot be burked or delayed without serious detriment to our relations with India and our trade in the East.

Still less can we afford procrastination or the interruption of an electoral struggle in our conduct of policy with regard to the European crisis. One of the most cogent reasons why it was necessary that we should spare no effort, no sacrifice entailed in putting the stability of British currency and credit beyond suspicion was that otherwise, had we been in the position of a great banker questionably solvent and visibly reluctant to curtail his personal expenditure, we should have forfeited the prestige and influence which all parties in this country would desire us to exercise in endeavouring to straighten out the international tangle. This is no question of pure, disinterested altruism for us or any other country. Indeed, for us it is a matter of vital self-interest. Until the politico-economic crisis in the affairs of Europe is allayed, there can be no hope of world trade recovery. And, without world trade recovery, the British "emergency," in one form or another, will persist.

What is the situation abroad which confronts us? The financial collapse of Central Europe has been momentarily checked; disintegration into economic and political chaos has been precariously deferred by injecting into the system a palliative which paralyses its normal functioning. Austria and Hungary are being upheld by temporary foreign credits; the six months' "stand-still" arrangement concluded at Basle to meet the compelling needs of Germany affords a breathing-space, no more, at the cost of immobilising a vast volume of credit needed for the world's general economic purposes and at the price of applying to the body of Germany ligatures which keep that body's members quiescent, numb, slowly dying. An amelioration of that condition can only be achieved, to quote the words of the Wiggin Committee, whose report we published last

week, "if the Governments of the world will realise the responsibility that rests upon them and will take prompt measures to restore confidence." To that end there must be "the assurance that international political relations are established on a basis of mutual confidence . . . and international commerce—on which depends the progress of civilisation—is allowed to resume its natural development."

How far that "mutual confidence" is from being established, the whole world is lamentably aware. Though there is, perhaps, growing realisation in all countries that this summer's crisis, preluded by the collapse of the Austrian Credit Anstalt, marks the end of a phase to which there can be no complete return, the ultimate future of reparations and war-debts remains in the obscurity of "judgment suspended," wherein it was placed by the Hoover Plan. France, understandably, is not yet in any mood to assent to the simple cutting of the Gordian knots of economic entanglement at her expense without some convincing recompense. American opinion, increasingly obsessed by growing distress within the United States, is by no means prepared to be rushed into irrevocable acts of self-immolation in the capacity of world-creditor, without close regard to the deserts of her European debtors. And, in the estimation of those deserts, a major factor is Europe's attitude towards disarmament—military and economic; for the maintenance of armed forces in defence of frontiers and the maintenance of destructive trade-barriers in defence of industrial "nationalism" are manifestations of one and the same attitude of mind. Thus progress towards the solution of the problem of intolerable international indebtedness is inextricably involved in the question of how Europe's political hostilities may be allayed, and the foundations of a consciously co-operative Continent cemented. The task, as the experts have roundly asserted, is a task within the capacity of none but the statesmen; and every hour of delay renders its accomplishment more difficult.

In these circumstances it is unthinkable that the present British Government should nullify their international authority, and risk a fatal procrastination in dealing with the urgent wider aspects of the crisis which we, Europe and the world share in common, by allowing it to be understood that they regard themselves as no more than a stop-gap Ministry formed to settle simply one isolated issue—the rectification of the British Budget. The League Council is on the eve of assembly, with big questions on its agenda; the objectives of European reconstruction require to be pursued with unremitting vigour, and momentous decisions given without hesitation; the vital Disarmament Conference is less than six months away. It is essential that in the critical days ahead in the sphere of foreign affairs Lord Reading should represent this country as the spokesman of a Government resolved to "see it through" on lines continuing (as almost every shade of opinion in Great Britain desires) the policy laid down by the late Administration. Neither we, nor Europe, nor the world, can afford at this critical juncture to have British foreign policy made the sport of an electoral campaign. To assent to such a contingency would be to jeopardise what is perhaps the last chance of saving Europe from anarchy and of paving the way, first by political appeasement, then by economic co-operation, to the realisation of such trade recovery as will alone ultimately allow the value of the pound sterling to be maintained.

Britain's Deeper Crisis.

Will the achievement of world trade recovery of itself suffice to solve Britain's fundamental economic crisis? Here we reach the final phase of the Government's task. On the immediate technical steps which are being taken and which seem to us necessary to deal with the weakness of sterling we comment elsewhere in this issue. There is, however, a deeper aspect of the question, or which emphasis has already been laid in these columns but whose importance is so great that we make no apology for once more underlining the hard, unescapable facts. The achievement of budgetary equilibrium, the retrenchment of State expenditure to the essential minimum, the avoidance of fresh taxation calculated to

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:

8 KING WILLIAM STREET, LONDON, E.C.4

depress enterprise or diminish industry's financial resources—all these desiderata must be regarded not as all-sufficient ends in themselves, but as means towards the realisation of a still more fundamental objective, the rehabilitation of British industry and trade. More economical maintenance of three million unemployed is in itself no fit aim for a great nation; our full recovery is itself conditional on their reabsorption into industry. Unassailable solvency of the Exchequer will not in the end save the pound sterling if our share of the world's markets dwindles; and not only the pound sterling but our ability to maintain in these islands a tolerable standard of life will go by the board unless our impaired competitive power is made good.

It is idle to attempt to evade the issue by pretending that this highly populated industrialised island can subsist tolerably on the strength of an insulated home market; dependent, as we are, on external sources for a huge proportion of our food and raw materials, we cannot live by "taking in our own washing." And it is still more futile to argue, as the General Council of the T.U.C. seems inclined to do, that because, admittedly, international co-operation between the Central Banks directed towards an agreed rise in the price level would facilitate economic recovery, it follows that—failing international agreement—Great Britain, in isolation, should seek salvation by inflating its own prices, while adjuring its "capitalists" to improve industrial efficiency. Whether or not the General Council realises the implications of this policy, the fact remains that its consequences would be (a) inevitable depreciation of the pound sterling, with disastrous attendant dislocation of world trade; (b) enforced curtailment of "real" wages and incomes (applied without reference to their recipients' capacity to bear the loss), as a result of the rise in internal prices; and (c) the vicious circle of mounting costs, prices and wages which the experience of every example of inflation since the war has proved to end in complete national impoverishment.

The truth is that the fall in the prices of primary commodities, accentuated by the crisis of recent months, has now gone so far that (whatever may be done in the future by increasing our manufacturing efficiency per unit, or by internationally concerted monetary policy) there is no escape to-day from the necessity of scaling down the cost of our products to meet the reduced purchasing power of our customers abroad. The position may be put very simply. In 1928, by shipping to this country a ton of cereals (the calculation is based on average import values of "grain and flour") a foreigner could obtain in exchange some 55 yards of British woollen tissues. To-day, notwithstanding a reduction of over 50 per cent. in the cost of raw wool, the same quantity of grain exchanges for less than 30 yards of our woollens. We are getting grain cheap? Yes; but the price includes the unemployment, roughly speaking, of two out of every five woollen operatives at work in 1928; and the same sort of calculation holds good for the aggregate of our trading transactions. By rigidity of costs and

prices we are ceasing to be able to create enough production or sell enough abroad to maintain—without fatal inroads into capital—our national standard of living and the value of our currency.

If these hard facts were laid clearly before the people of this country, we are confident that the response would be a very general willingness to contribute, by a broad readjustment of wages, salaries, costs and prices, to a national effort to regain our lost ground in the world's markets. But such a response demands a lead from the Government; a campaign by employers, acting sectionally, for lower wages would create the maximum of friction, bitterness and economic waste; and it is difficult to see how a lead of the kind necessary can be given effectively by any Government save such a Government of Co-operation as is to-day in office. Only such a Government could appeal for voluntary sacrifices on the part of wage-earners without having its motives impugned. Only such a Government would be in a position to enforce by legislation (and we are prepared to face the necessity for such legislation) parallel contributions from the recipients of rent, interest and profit, and to ensure that reductions of nominal earnings were offset to the maximum by lower consumer's prices.

The Need for Continuity.

From this review of the situation in relation to the immediate British *crise de confiance*, the wider international crisis, and the added necessity of strengthening our own insecure balance of trade, we are led back to our considered conviction that the complexity and far-reaching character of the "emergency" demand that all ideas of an early Dissolution should be dismissed from mind. The least encouraging feature of the position is that, as we have already indicated, the Government may split prematurely on the question of Free Trade. Such a result would be deplorable. But is it too much to ask of Mr Baldwin and his supporters that they should consent to keep this controversial issue in "cold storage" until the crisis in its fullest sense is surmounted, even if this means postponing their tariff hopes until the end of the present Parliament's term, three years hence? He would surely be an over-bold, not to say disingenuous, Conservative who would claim to-day that Protection could conceivably obviate the urgent necessity for a drastic, urgent readjustment of British costs by methods more obvious and direct.

With so great a potential measure of common agreement between the various sections of the Cabinet on the essentials of national policy at home and abroad, the duty of the Government, in our submission, is to go on governing until the full fruits of its policy and of the national effort which it must mobilise are visible. It is no part of a right conception of democracy to ask the electorate, in the middle of a world crisis, to pronounce its verdict on an administration whose work is barely begun, or on issues which an electoral campaign would confuse and travesty, but whose bearing it should be the Government's

steady purpose in coming months to expound and clarify with all the resources of the Press and the wireless at their command. Nor would history lightly forgive any of the statesmen who have this week received their seals of office if calculations of electoral advantage led them to draw back before becoming, as it might be thought, too deeply implicated in "unpopular" remedies for economic ills whose gravity no palliatives can cure. If the Government will have the courage to go over the heads of the official Opposition and appeal direct to the mass of the people, they need have no lack of faith that confidence will be placed in them. In their faith and courage lies this country's best, and only, hope.

THE HUNGARIAN CRISIS.

Political events of the past fortnight in this country have tended to divert attention from the still unresolved financial difficulties of Central Europe. The following despatch from our Budapest correspondent describes the situation in Hungary which confronts the new Government under Count Károlyi.

HUNGARY is passing through a financial crisis of the first order, whose magnitude was plainly demonstrated by the three days' closing of the banks on July 14th, and by the dramatic and unexpected resignation of Count Bethlen. After his ten years' uninterrupted tenure of the office of Prime Minister, Count Bethlen's personality had become almost an institution, which was regarded both at home and abroad as the safeguard of political stability, an important asset for a country dependent on foreign funds. Although he was supported by a huge majority in the newly-elected Parliament, Count Bethlen resigned, and, instead of reorganising his Cabinet, as was generally expected, he did not resume office, as he thought that a new Government would be better suited to ask for the heavy sacrifices from all sections of the community which are necessary to restore the disturbed equilibrium of the national finances. The new Premier, Count Károlyi, who also takes the portfolio of Finance, is supported by Count Bethlen, who remains the leader of the party in power and has given Count Károlyi every possible assistance in forming his Cabinet.

The placing of the £5 millions Treasury bonds for a period of one year at 6½ per cent. (banking commission included) of which £3½ millions were placed abroad, and the major part, £2,850,000, has been taken up by a French banking syndicate, has relieved the situation, but it is not more than a temporary relief which has enabled the Treasury to meet its immediate liabilities. Thanks to the good impression created by the placing of the Treasury bonds, and to the Government decree that all banking deposits, claims and debts in pengő are guaranteed to their full gold value, the reopening of the banks did not present any difficulty. The gold pengő is a good temporary expedient, as it makes improbable the creation of speculative debts in the hope that they will be repaid in depreciated currency. Indeed, perhaps its most important function is that of checking the withdrawal of deposits from the banks, and thus counteracting inflation. The National Bank is to fix the relation between the gold pengő and the actual currency in circulation, and the first quotation is to be published on September 1st. It should be the aim of the National Bank to avoid discrimination between the gold and paper pengő in circulation; the bank rate should be increased to a prohibitive level if necessary, to check an abnormal increase of the note circulation.

After the removal of internal restrictions on banking, the Government's task is two-fold. In the first instance budgetary equilibrium must be restored forthwith, and at the same time a "standstill" agreement for the foreign short-term loan obligations of the country must be concluded. Before dealing, however, with the two main problems to be solved it is necessary to examine the factors which led to the crisis, which was precipitated, but not caused, by the collapse of the Austrian Credit-Anstalt and the German troubles. They may be summarised under three headings: (1) Factors which were beyond the control of Hungary, such as the radical change in the price level in the last two

years, which especially affected agricultural borrowing countries, and the unsatisfactory tariff position created by the Peace Treaties; (2) the fact that the country has lived beyond its means since 1927; and (3) defects in the banking system.

It is unnecessary to dwell at length on the difficulties arising out of the heavy fall in prices and the evil effects of protective duties, because their remedy lies chiefly in international co-operation; but it should be pointed out that the maladjustment between agriculture and industrial prices in Hungary can be remedied only by lowering the price of industrial, and not by raising artificially that of agricultural commodities; it is imperative that prices should not be inflated, but adjusted to the world level. Any artificial price inflation, whether in the form of excessive protective tariffs or by way of bounties, would either cut off Hungary from world trade or result in a corresponding depreciation of her currency. Having due regard to the fact that in Hungary's balance of payments the chief passive item is the annual payment abroad of £6 to £7 millions for interest, sinking funds and dividends fixed in gold currencies, it is absolutely necessary to safeguard the stability of the pengő, because an inflated currency would only aggravate the difficulties of the country.

While the adoption of a more reasonable tariff policy in the world in general, and in Central Europe in particular, would do much to alleviate the present economic depression and would undoubtedly improve Hungary's position, the essence of any sound financial and economic prescription for Hungary at present is that the nation must pay its way. Unfortunately it has not done so in the last two years. The budgetary equilibrium re-established by the League of Nations' Reconstruction Scheme in 1924, and maintained in the ensuing five financial years with great success, gave way to a heavy deficit in 1930-31.

The recent report of Dr. Wekerle, the former Finance Minister, for the financial year 1930-31 discloses a total revenue of 927.7 million pengő (£33,000,000) and a total expenditure of 927.6 millions, thus showing a balance of 0.1 million pengő. The balance, however, for 1930-31 is more apparent than real, as the deficit is camouflaged under the heading of departmental receipts. Considering that the total tax revenue for 1930-31 was only 694.6 million pengő, instead of the estimated 784.9 millions, and departmental receipts amounted to 219.4 millions instead of 95.8 million pengő budgeted for, it is obvious that these receipts include borrowings of 100-125 million pengő, the exact amount of which will be known only when the final accounts are published. The true deficit for the financial year 1930-31, estimating the deficits of the Wheat Bounty Fund and Social Insurance at 10 million pengő and that of the State Railways at 30 million pengő, may well amount to 150 to 175 million pengő, that is to say, about £6 millions.

In all fairness to Count Bethlen it must be pointed out that he realised the gravity of the situation so far back as October, 1930, when he urged that the national finances must be balanced. Unfortunately, in November, 1930, when the proceeds of the £3 millions one-year Treasury bonds placed in London were made available, the current budgetary deficit was met therefrom, and the day of reckoning was further postponed by meeting subsequent increases in the deficit by further borrowing on short-term accounts from the Bank and the Postal Savings Bank. The budget for the financial year 1931-32, which began July 1st, must be balanced, though the first two months, July and August, will disclose a heavy deficit, probably 40 to 50 million pengő. Count Bethlen had asked and obtained special powers from Parliament to restore budgetary equilibrium by every possible means. The sound principles of the League of Nations' Reconstruction Scheme, which have been disregarded in the last two years, will have to be reapplied. In fact, the Economy Decree, which was brought by Count Bethlen before the Committee of Thirty-three, provides for the reduction of all salaries and pensions and the cutting down of other expenses, and also for the imposition of higher taxes. It is as yet premature to express an opinion whether these measures will suffice to balance the budget, but it is of paramount importance that the new Government should decree them before September 1st,

because every month's delay means a further deficit of 15 million pengő. In view of the decrease in the national income caused by the fall of agricultural prices, it is impossible to hope for more than 800 million pengő total revenue from current sources; it is, therefore, imperative that expenditure should be kept down to that figure.

The other vital problem for the solution of the financial crisis is the formation of a "standstill" syndicate for the foreign short-term obligations of the country, which amount roughly to £26-27 millions, of which £14-15 millions represent the commercial debts of banks and the rest the floating debt of the State and municipalities, the agrarian and export credits due within the coming year. It is obvious that Hungary cannot repay these sums unless they are consolidated into a long-term loan, because, rightly or wrongly, these monies were partly invested and are partly the working capital of the country, the withdrawal of which would upset the whole economic system.

The Hungarian banks are to blame for not restricting foreign borrowings; and it is obvious that the financial reorganisation of the country would be incomplete without banking amalgamations. There are too many banks in Hungary and their management is too costly. The National Bank must do everything in its power to enforce the necessary reforms and the State must extend every help to bring about a healthier banking system. The National Bank has lost more than £8 millions since the beginning of the year, owing to the sudden withdrawals of foreign funds and the 150 million pengő (£5½ millions) deficit on current items of the Balance of Payments in the first half of 1931. The statutory gold and exchange cover of the National Bank has decreased from 201 million pengő to 115 million pengő, a loss of 86 million (£3 millions); the rest was met from the £5 millions rediscount credit granted by the B.I.S., which the National Bank in Budapest and advise on the situation. The help of the B.I.S. and other central banks has been of immense value to the country, but the credit crisis cannot be solved until the short-term loan obligations, amounting to £26-27 millions, are prolonged for at least two years. According to the Hungarian Press the late Government of Count Bethlen appealed to the League of Nations to use their good offices in the matter of a "standstill agreement," and Sir Arthur Salter has been invited to investigate the financial situation of the country. There is little doubt that an authoritative report on Hungarian conditions is highly desirable.

It should be remembered that Hungary has borrowed about £75 millions abroad since 1924. This sum includes both public and private loans, short-term as well as long-term loans. More than 85 per cent. of the loans granted to Hungary came from London and from New York, the rest was supplied by Switzerland, Holland, France, Sweden, etc. In view of the precarious situation of the Treasury and the National Bank, foreign creditors would act in their own interest if they assisted Hungary in her endeavour to raise a long-term loan of £12-15 millions with which to consolidate her short-term obligations. Count Bethlen's Government, by obtaining a foreign loan of £3½ millions, saved Hungary from a default. Unfortunately, American and British financial houses did not participate in the placing of this intermediate loan, though they lent to Hungary perhaps too abundantly in 1927 and 1928, and it is essential to their interest that the stability of the country should be restored.

It is hoped that the forthcoming session of the Council of the League will take up benevolently the case of Hungary and will come to the rescue of the country which was saved from financial disaster in 1924 by the action of the League. The situation is grave, but by no means hopeless. If the lessons of the crisis are taken to heart it may prove a blessing for the country, because fundamentally Hungary is sound, but the financial errors committed in the past, both at the Treasury and in banking, must never be repeated. It is imperative that the country should face facts and should settle down to a standard of living corresponding to its resources.

Phone Stockholm 0101

for all Scandinavian and
Baltic currency transactions.

SKANDINAVISKA KREDITAKTIEBOLAGET

THE OUTLOOK FOR STERLING.

Few who listened to Mr MacDonald's broadcast address on August 25th can now fail to realise that the real cause of the downfall of the late Government was the imminent danger to sterling arising from the steady withdrawal of both long-term and short-term foreign funds from London. Some indication of the urgency of this peril was given by the disclosure in the *Times*, on Monday last, that the £50,000,000 foreign credit recently granted to the Bank of England was approaching exhaustion. Whether the revelation, at that juncture, was well advised is open to grave question; but, now that the most imminent perils have been averted, it is, perhaps, well that the British public should have been brought face to face with the hard realities of the situation.

For it is of prime importance that any misconception or misrepresentation of the true facts should be avoided, and on this account all responsible opinion will join in deprecating the allegation in Tuesday's *Daily Herald* to the effect that the Government fell because the New York Federal Reserve Bank had refused to grant London a credit unless certain specific steps (including a cut in the "dole") were taken to balance the budget. This attempt to portray England as the victim of American banking dictation is rightly resented in England just as much as in the United States. Mr MacDonald, in his broadcast, placed the matter in its true perspective. He said:—"We are told that this is a bankers' 'ramp,' or a conspiracy against the Labour Government. . . . I can give you the most emphatic assurance that that charge is not true. We were never presented with any political ultimatum. . . . They (the bankers) told us, when we put up proposals to them, whether in their opinion those proposals would meet the circumstances required to give confidence, so that a loan might be floated." Previously he had said:—"It is not true that foreign countries were deliberately trying to harm us. . . . They have helped us greatly, and they are anxious and ready to help us more; but they need to be reassured about our position."

The plain truth of the matter is this. Last week neither the New York Reserve Bank nor any other foreign bank refused London a credit or consented to grant it only on terms, for the simple reason that no request for a further foreign credit was made. Neither the Treasury nor the Bank of England sought last week assistance from abroad, because they knew that unless foreign centres obtained the "reassurance" about our position to which Mr MacDonald referred, it was useless to do so. Talk of foreign financiers interfering in British politics is beside the point. Foreign bankers, in their duty to their own depositors, would have been bound to adopt just the same attitude as London bankers have adopted frequently in the past when they have refused loans to foreign countries unless and until they put their finances in order. Fundamentally it is the attitude that every one of us individually adopts to an acquaintance who approaches us for a loan.

Already the world is feeling the needed reassurance, for on Wednesday sterling improved to \$4.86½ in New York and to Frs. 124.00 in Paris. The Dutch rate rose to Fl. 12.05½ and the Swiss rate to Frs. 24.97½. Moreover, while sterling had to receive special support early in the week, there is reason to believe that by mid-day Wednesday such support had become unnecessary, and that sterling was "afloat" for the first time for several

weeks. That in itself is eloquent testimony to the solid advantage of a Government pledged to adequate measures of economy.

Yet it is still early to rejoice at the last-minute salvation of sterling, or to assume that the corner has finally been turned. Similar rejoicings were to be heard in Berlin immediately after the Hoover declaration last June, but they did not prevent the disastrous events of July. Those conversant with the underlying position of sterling realise that world confidence is not finally and permanently re-established by the events of a few short days. A reaction from the first emotional feelings will be apt to be followed by a keen scrutiny of the proposals of the Government, and of its power and ability to carry them out. It is imperative that the Government should make it clear from the start that it means to remain in office until the long as well as short-term remedies required have had time to bear their fruits. This is not a matter of weeks, but of months, for the renewal of existing or the raising of fresh credits is but a temporary palliative.

Meanwhile, what are the immediate steps required to ensure that sterling is not again menaced by sudden withdrawals? An essential step, we suggest, is to make it clear that ample support will, under any circumstances, be forthcoming; and this points to the advisability of the flotation of a long-term loan in both Paris and New York. Had unanimity in the Government on the need for adequate retrenchment been obtainable, it might well have been a wise course to float such a loan three weeks ago, before the culmination of the sterling exchange crisis. As matters stand, though the "credit-worthiness" of the British Government has greatly risen, the question of long-term borrowing abroad may have to wait a little on events. Next month financial America will be fully occupied with her own Government refunding operations, and in any case to make success certain it would, perhaps, be advisable to postpone a long-term loan issue until the world knows more of the progress of the Government's plans. Again, on every ground it is to be hoped that it will be possible to launch a major conversion scheme in the autumn, and such a scheme will doubtless require a special foreign issue of British Government stock in exchange for new money, in order to deal with foreign holdings of such existing stock as it is desirable to convert. If, as we believe, foreign long-term funds are required, partly to render the position of sterling impregnable against short-term shocks until the international crisis is surmounted, and partly to enable us to effect, by conversion, savings in the interest charge on the Debt, the two operations could perhaps be combined in one.

On the assumption that a foreign medium or long-term loan will follow, any immediate support needed by sterling may well be obtained by a short-term credit, possibly raised by the Treasury as in 1925. We would suggest that the 1925 precedent be followed in another particular, namely, that advantage be taken of the well-known fact that, the larger a credit, the less likely will be any demands on it. In fact, it might well turn out that a sufficiently large new credit would not have to be used; this, indeed, was the case in 1925. One thing to be avoided is the gradual and early exhaustion of small credits, and their enforced replacement by further limited borrowing. If a new credit is necessary, let it be big enough to be final. Nothings saps confidence so much as frequent and successive applications for little loans.

THE AREA TRAFFIC COMMISSIONERS.

(BY A CORRESPONDENT.)

THE Area Traffic Commissioners, appointed under the Road Traffic Act of last year, actually took over their duties on April 1st. Although they are still something of an innovation, their influence has already become of decisive importance in all questions affecting the organisation of the passenger road transport industry. The problem confronting the Traffic Commissioners, that of "co-ordinating all forms of passenger transport, including transport by rail" and "preventing wasteful compe-

tion with alternative forms of transport" may be summed up in the following tables:—

	No. of Road Passenger Vehicles over 14 Seats.	Main Line Railway Receipts from Passengers.
		£
1925	22,500 (est.) 100	68,819,995 100
*1926	25,195 112	60,584,010 88
1927	28,713 128	63,475,707 92
1928	33,289 148	62,111,952 90
1929	37,934 169	60,020,360 87
1930	41,629 185	56,999,794 83

* General strike.

There is little doubt that in the aggregate there has been an increase in the travel habit during this period. Nevertheless, the railways have suffered a reduction of passenger revenue of £11,800,000 a year, of which roughly £6,800,000 may be attributed to a decline in the number of passengers travelling by railway, and £5,000,000 to a reduction in the fares charged in order to meet omnibus and motor-coach competition.

For the first few weeks the Traffic Commissioners were inundated by a flood of railway objections to motor-coach services. This delayed progress in the real work of detailed co-ordination and the control of time-tables and fares. Many of the objections were remarkable for their frankness in stating that the railways could not compete with the cheap fares charged by motor-coaches, and would be satisfied if they were raised to the railway level. The railways have not been successful (apart from exceptional cases) in persuading the Commissioners to refuse licences for services which were already in operation at the time they took over their duties, although in some cases the frequency of services on particularly congested routes has been reduced, especially where the number of vehicles operating on the routes had been increased since the passing of the Road Traffic Act last August. There has, on the other hand, been a general reluctance, in most cases amounting to a complete refusal, to sanction the licensing of any new services, either of motor-coaches or of omnibuses. It seems probable, therefore, that the increase in the number of passenger vehicles will be checked at once, and the road passenger transport industry stabilised at its present level. The only exception to this would appear to be that of municipal omnibus services on routes within the borough boundaries, over the number and operation of which the Traffic Commissioners have no jurisdiction.

The present ownership of public service vehicles is approximately as follows:—

	No. of Vehicles.
Municipalities	5,000
L.G.O.C. and subsidiaries	5,500
Concerns affiliated with railways	14,000
Other concerns	17,000
Total	41,500

"Other concerns" cover the majority of the motor-coach and charabanc operators, and also the small local omnibus operators. Now that the passenger industry is being stabilised, the railways may be expected in due course to extend their capital investments in motor transport in order to merge the independent omnibus and motor-coach services into the Railway-Tilling group, which already comprises nearly 11,000 vehicles, and seems destined to form the core around which the Traffic Commissioners can construct the "controlled monopolies" of transport towards which, according to the Royal Commission on Transport, they must strive.

Up to the present the reorganisation of omnibus companies under the joint control of the Tilling group and the railways has been very little more than a series of financial manoeuvres, together with a few agreements for combined services on competitive routes. The Area Commissioners will hardly be justifying their existence unless they encourage the amalgamation of operators into large units capable of effecting economies, and passing them on to the public. Economies in buying will not be very considerable, as most of the Tilling concerns now buy through one agency, and there are other local agencies, in South Wales, for example, which enable the small operators, through co-operative organisation, to bargain on the same

terms as the large. The chief economies resulting from amalgamations are likely to be rather in the direction of reducing the cost of repairs, garage and depot charges, and the like. A big move in the direction of amalgamation has, as a matter of fact, been effected quite independently of the Traffic Commissioners in East Anglia, where there has been a fusion of the local services of the United Automobile Services with the Ortona Motor Company, Eastern Counties Road Car Company, and Peterborough Electric Traction Company. The new undertaking is called the Eastern Counties Road Company, and covers fairly exactly the area administered by the Eastern Traffic Commissioners. A small amount of pressure and encouragement from the authorities might bring about a number of other amalgamations for which the ground is now clear.

In the final report of the Royal Commission of Transport a recommendation was made to the effect that, in addition to passenger vehicle services, it was desirable that all haulage contractors should be licensed by the Traffic Commissioners with regard to the suitability of the vehicles and the wages and conditions of service of the sons employed on them. There are estimated to be 70,000 vehicles involved, so that probably any further duties of the Commissioners in connection with a task of this magnitude will be postponed until the passenger industry has reached a state of equilibrium. The position of the railways vis-à-vis the haulage industry would be little changed if the recommendations of the Royal Commission were carried into effect, as no proposal was made in the Report as to the desirability of limiting haulage licences in accordance with the needs of the traffic. The reason for this is probably that the railways do not feel they are suffering sufficiently from competition from the haulage industry for the additional labour involved to be justified. According to the estimates published by the Society of Motor Manufacturers and Traders, the railways hold 79 per cent. of the goods transport business, but only 48 per cent. of the commercial passenger transport business in the country. Should the proposed system of registration have the effect of increasing the competitive power of the haulage industry by improving its organisation, the question of limiting competition would obviously have to be reconsidered.

As the Area Commissioners become more completely responsible for holding the scales between the railways, the roads and the public—a task which, in practice, probably means applying the brake to the development of road transport—it will clearly be necessary for the motor vehicle manufacturers, to watch developments very carefully to make sure that their markets are not unduly restricted. It is, at any rate, noticeable that new registration of omnibuses and coaches (over 14 seats), which showed an increase of 5.2 per cent. for the first quarter of this year, recorded a decrease of 10.7 per cent. for April and May (i.e., since the Commissioners took office), while total registrations of hackney vehicles, which were, in February, 4,000 less than a year ago, were in May 8,000 less. Making due allowance for the influence of the general trade depression, the reduction is significant.

BRITISH INSURANCE COMPANIES IN THE U.S.

II.—Accident.

In a previous article (*Economist*, August 15, 1931), dealing with the outcome of fire insurance transacted in America by British companies, we showed that 1930 was characterised by a pronounced decline in premium revenue, and a still greater falling off in underwriting profits. Unfortunately, accident insurance in the United States has been affected by the same adverse influences, and has fared no better relatively and a great deal worse quantitatively. Although the term "casualty" insurance is unfamiliar to British ears, it will be convenient to use it here since it is the American counterpart to accident insurance. In America, as in the United Kingdom, the premiums cover a heterogeneous assort-



LARGE PREMIUMS

THE BARRIER TO ADEQUATE LIFE ASSURANCE—

large premiums—is removed by the new scheme whereby premiums are paid by monthly instalments. No extra charge is made for this convenience. Ask for Monthly Premium Booklet.

LEGAL & GENERAL ASSURANCE SOCIETY LTD.
Head Office: 10 Fleet Street, London, E.C.4. Estd. 1836

ment of risks. The nature and importance of the principal classes covered are as follows:—

Class of Casualty Insurance.	Percentage of Total Premiums.
Automobile	30
Workmen's compensation	21
Surety	8
Automobile property damage	8
Liability to third parties	8
Personal accident	6
Fidelity	6
Miscellaneous	13
	100

In all the important classes of business there was a very heavy increase in claims costs last year. In automobile insurance as a whole, for instance, the ratio of losses to premiums rose in the aggregate from 56 per cent. to as much as 74 per cent., and in workmen's compensation from 70 per cent. to 77 per cent. Moreover, the prevailing depression has been reflected, as is the case with fire insurance, in declining premium incomes. Automobile and workmen's compensation premiums have been well maintained (the latter rather unexpectedly in view of their direct relation to pay rolls) and the brunt of the decline has fallen on personal accident insurance.

In order to compare the aggregate results over the past few years, the following table has been compiled from the official reports of the companies furnished to the American Insurance Commissioners, and published annually by the Spectator Company of New York. Eleven companies or groups of companies have been selected, including all the principal British offices represented in America in the field of casualty insurance. The published figures have been recalculated to show the underwriting profits on the British system allowing for a 40 per cent. reserve for unexpired risks at the end of each year in respect of policies then current; the underwriting profit is thus the balance of the premiums remaining after deducting claims, commission, expenses and unexpired risk reserve. Dollars have been converted into sterling at par of exchange.

Year.	Premiums. £	Underwriting Profit.	
		Amount of Profit. £	Percentage of Premiums.
1926	25,939,085	— 206,014	— 0.8
1927	27,196,037	— 593,723	— 2.2
1928	28,126,188	774,478	2.8
1929	28,422,634	77,509	0.3
1930	26,863,350	— 418,464	— 1.6

The unprofitable character of the business is clearly reflected in these figures. It has been estimated that over the whole period of 20 years from 1906-25 the leading American companies experienced an aggregate loss of 0.7 per cent. of the premiums; and the foregoing table, which brings the record up to date, contains no element of compensation for earlier losses. The difficulties of British offices operating in the United States are accentuated by the cramping restrictions and regulations of State laws which, in effect, mean that there is not one country but 49 countries with which to deal. The formation of numbers of domestic companies, some of them with insufficient backing, and the tendency to seek premium income for the sake of interest earnings, regardless of the principles of selection of risks, have all combined to rob the business of a due measure of profit, while

the trade depression has superimposed another formidable obstacle to a change in conditions.

It is of interest to trace the results of individual companies, and the following table based on the same sources and compiled on the same methods as the figures relating to aggregate results, has been framed for this purpose:—

Company or Group of Companies.	1929.			1930.		
	Premium Income.	Underwriting Profit or Loss.		Premium Income.	Underwriting Profit or Loss.	
		Amount.	Percentage of Premium Income.		Amount.	Percentage of Premium Income.
Commercial Union	£ 3,427,531	£ 126,417	- 3.7	£ 3,237,673	£ 549,398	- 17.0
Employers' Liability	7,350,936	74,234	1.0	7,043,560	175,653	2.5
General Accident	3,957,690	25,403	0.6	3,611,000	205,625	5.7
Liverpool and London and Globe	4,561,001	92,232	2.0	4,347,472	39,787	0.9
London and Lancashire	666,369	36,297	5.4	665,226	100,821	15.2
Norwich Union	692,914	30,316	4.4	650,051	37,622	5.8
Phoenix	2,667,887	23,235	0.9	2,478,154	87,340	3.5
Royal	4,040,536	128,811	3.2	3,855,789	36,981	1.0
Royal Exchange	394,582	19,305	4.9	458,118	45,255	9.9
Sun	517,157	25,872	5.0	577,423	2,596	0.4
Yorkshire	146,031	33,473	22.9	140,362	260	0.2
	28,422,634	77,509	0.3	26,863,350	418,464	1.6

It will be seen that the business is concentrated in the hands of a few large units, amongst which the largest and the pioneer company is the Employers' Liability. This company has succeeded in spite of the difficulties in increasing its underwriting profit, while the General Accident also makes a much more satisfactory showing. At the other end of the scale the Commercial Union has had a very adverse experience.

Notes of the Week.

The New Cabinet.—Mr MacDonald has secured a strong team to form his National Government, and the Cabinet has been very wisely limited to ten members. The following appointments, which have received His Majesty's approval, carry Cabinet rank:—

Prime Minister and First Lord of the Treasury	Rt. Hon. J. Ramsay MacDonald.
Lord President of the Council	Rt. Hon. Stanley Baldwin.
Chancellor of the Exchequer	Rt. Hon. Philip Snowden.
Secretary of State for Home Affairs	Rt. Hon. Sir Herbert Samuel.
Lord Chancellor	Rt. Hon. Lord Sankey.
Secretary of State for Foreign Affairs	Most Hon. the Marquess of Reading.
Secretary of State for India	Rt. Hon. Sir Samuel Hoare.
Secretary of State for Dominion Affairs; Secretary of State for the Colonies	Rt. Hon. J. H. Thomas.
The Minister of Health	Rt. Hon. Neville Chamberlain.
President of the Board of Trade	Rt. Hon. Sir Philip Cunliffe-Lister.

In addition, Sir Austen Chamberlain becomes First Lord of the Admiralty, Lord Crewe Secretary of State for War, Sir Henry Betterton and Sir John Gilmour take the Ministries of Labour and Agriculture respectively, Sir Archibald Sinclair is to be Secretary of State for Scotland, Sir Donald Maclean President of the Board of Education, Lord Amulree Secretary of State for Air, and Lord Londonderry First Commissioner of Works. An interesting infusion of new blood is represented by the appointment of Lord Lothian as Chancellor of the Duchy of Lancaster. It may in due course become desirable to vitalise the Ministry by the inclusion of some younger men; for the moment, the composition of the Government is impressive and should inspire confidence. At a time when politics and international financial questions are so closely involved with one another, we regard Lord Reading as a wise choice to succeed Mr Henderson in the key position of Secretary for Foreign Affairs; Sir Samuel Hoare should be well fitted to ensure continuity of policy at the India Office; and the retrenchment of Local Government

expenditure is well placed in the hands of Mr Neville Chamberlain. Apart from the Ministry of Health, it will be observed, no other "spending department" is represented in the Cabinet—an interesting and, in the circumstance of the moment, welcome innovation.

The Record of the Late Government.—Governments, like individuals, often fail to realise where their true strength and weakness lies. The Labour Government which has just fallen based its claim to the helm, in 1929, on its peculiar ability to deal with the unemployment question. For the vast increase in unemployment which has mocked these pretensions ever since the Government cannot justly be blamed, but the fact remains that it has placed upon the Statute Book no Act calculated to help in stemming this rising tide, and two Acts, one increasing the Government contribution to the Fund, and the other increasing benefits and throwing upon the unemployment exchanges the onus of proving that any applicant is "not genuinely seeking work," both calculated to increase the cost of unemployment to the Exchequer. This was part of a policy of increasing expenditure on the social services, which also found expression in the passing of the Widows, Orphans and Old Age Contributory Pensions Act—a measure with which, in principle, we have no quarrel, though the doubts we expressed at the time as to the wisdom of the expenditure involved have proved amply justified—and a Bill, rejected by the Lords on the second reading, for raising the school leaving age to 15. Even when their own Royal Commission produced its recommendations for the reduction of the expense of unemployment insurance, the Government felt its hands tied and brought in a Bill which barely touched the fringe of the problem and was further attenuated in its passage through the House by the opposition of the Labour back-benchers. And, apart from the failure to deal with the problems of unemployment and unemployment insurance, the Government's legislative record has been meagre. The few large measures which have reached the Statute Book include the Coal Mines Act, 1930, the Road Traffic Act, and the Land Tax section of the Finance Bill. Many important Bills have been dropped, and the fate of the Consumers' Council Bill, the Town and County Planning Bill, the Representation of the People Bill, and the Sunday Performances (Regulation) Bill is still uncertain. More serious, however, than this paucity of constructive legislation has been the Government's extravagance in the field of administration, which has brought it about that the net result of their policy, combined with the world depression, has been to increase the national expenditure (exclusive of self-balancing departments) from £749 millions in 1929-30 to an estimated expenditure, which will be heavily exceeded, of £803 millions in 1931-32. It is a relief to be able to turn from this history, many of the worst features of which reflect the dilemma of Ministers who themselves know better but are responsible to supporters who will not face facts, to the record of the Government in Imperial and Foreign Affairs. Supporters of the Government's predecessors have paid the Labour policy in India the highest compliment of claiming that it is nothing but a continuation of their own, and the remarkable absence of criticism from responsible sources in this country, is an unusual tribute. Equally difficult, and performed with unusual distinction, has been the task of the Foreign Minister. While Mr Henderson has not had the opportunity of linking his name with any treaty of historic importance, the work he has done at Geneva in turning acrimonious disputes into amicable discussions and in generally promoting and maintaining an atmosphere in which constructive co-operation was possible, has been of incalculable value. That his interpretation of his duty to his supporters should have led him to take the course he has chosen is indeed regrettable, since it deprives this country of the Foreign Minister who has done more than perhaps any other to continue the work begun by the late Dr. Stresemann. Happily, the choice of his successor provides an assurance that the excellent record of the late Government in foreign affairs will be maintained during the life of the present Cabinet.

The Late Ministers' Motives.—Having regard to the gravity of the national and international crisis with which we are faced, it would be a tragedy were bitterness and personal animosities to be imported into the political arena as a result of the severance between Mr MacDonald and the majority of his colleagues. Recriminations against those of the late Ministry who felt constrained to resign would be misplaced: every statesman is entitled to obey, first and foremost, his own political conscience, and, though opposition from the T.U.C. (let us hope we have had the last of these references by H.M. Government to sectional interests) may have weakened resolution, there is no warrant for questioning the sincerity of Mr Henderson and those who shared his interpretation of duty. This, though, requires to be said. However difficult it might be to go back on past professions and acknowledge, tacitly or explicitly, that the national purse was not, after all, bottomless, the fact remains that sufficient is known of the trend of the Cabinet's counsels last week to indicate that Mr Henderson and his fellow-seceders did then acknowledge the reality of the crisis and the compelling need to balance the budget by methods including a large measure of retrenchment. It is not now open to them in honesty to claim that economies proposed by the new Government are needless; the only legitimate line they can adopt is to argue in detail that, as between economies and fresh tax-burdens, the balance is not fairly struck. This is an issue on which the country can be trusted to make up its mind calmly and reasonably; but it will not be inclined to listen to the Opposition if an attempt is made by their leaders lately in Office to repudiate the existence of facts and necessities which they themselves acknowledged a week ago.

Round-Table for Burma.—Though the Burmese rising under Saya San, and the sporadic, still not wholly-suppressed outbreaks which have continued even after the so-called Pretender's capture, have all the appearance of an ebullition of discontent born of the world-wide agricultural depression and the ruinously low price of paddy, there seems little doubt that local political tension and unrest have been contributory factors in providing tinder for the spark of rebellion to kindle. We welcome, therefore, the announcement, made none too soon, by the India Office last Thursday, August 20th, that it has been decided to convene in November (i.e., after the contemplated conclusion of the work of the Federal Structure Committee, but before the end of the full session of the Indian Conference) a Burma Round-Table Conference, at which all the interests in Burma will be represented. The official announcement adds: "The primary task of the Burma Conference will be to discuss the lines of a constitution for a separated Burma. When the results of these deliberations are known, there will be an opportunity for a review of the whole position by all parties concerned before any final adoption and proposal to Parliament by His Majesty's Government of measures to implement their provisional decision in favour of separating Burma from India." The settlement of the intricate details of finance involved in the severance may well be left for arbitration by an impartial tribunal, but it is highly desirable that no further time should be lost in laying down the broad lines of the constitution under which it is proposed that a separated Burma shall begin its new career. Though the great majority of the Burmese opinion probably endorses the verdict of the Simon Report in favour of immediate separation, the Home Rule Party, under the leadership of Mr Tharrawaddy Pu, seem to have been winning some support for the view that the British Government are not ready to concede as much to Burma as to British India, and that the best plan for Burma would be to join temporarily in an all-India Federation, with a view to later secession—perhaps from the Empire as well. Last January, it will be recalled, the Burma Sub-Committee of the Indian Conference resolved "that the principle of separation is accepted and that the prospect of constitutional advance towards responsible government held out to Burma as part of British India will not be prejudiced by separation." In principle, this

policy was endorsed by the Government, but until something more concrete is worked out and agreed, and suspicions that Indian opposition to separation may be influencing Whitehall are wholly allayed, political opinion in Burma is likely to be troubled and the leaven of nationalism unquiet.

Mr Gandhi Hopes to Come.—A fortnight ago we expressed the hope that Mr Gandhi's decision not to attend the Round-Table Conference would not prove to be final. Since then he has definitely announced his intention of coming, but, as we go to press, there appears to be another hitch, though not, as far as can be learned, of a very serious character. These apparent indecisions are capable of an encouraging interpretation. Public opinion behind Congress is growing more insistent that Mr Gandhi should take part in the Conference, and the Congress leaders themselves are increasingly anxious to secure a settlement of the trouble over the Delhi Pact. Difficult as it may be to secure such a settlement, the genuineness of the desire for it, coupled with the good reception with which the Government's reply to Mr Gandhi's bill of charges has been met, and the growing influence of moderate public opinion, suggest that the clouds on the Indian horizon are gradually becoming lighter.

The British Armaments Return.—It will be remembered that last May the Council of the League of Nations requested the States participating in the forthcoming World Disarmament Conference to furnish full information, in advance, of their existing armaments and expenditure. The returns are being made—in pursuance of a suggestion put forward by the Council on British initiative—in the form of the tables annexed to the draft disarmament convention, in order that the Secretariat at Geneva may receive the figures in a shape in which they will be readily comparable with one another and readily applicable to the precise problems with which the Conference will have to deal. Some weeks ago we had occasion to comment on a memorandum, attached to the French Government's return, which set forth the present French Government's views on the controversial issues of disarmament and security. We are glad to find that the British Government, which made public an unofficial summary of its return at the end of last week, has not followed the French precedent in amplifying data by argument. The British return is an extremely precise and detailed statement of fact, and its authors have contented themselves with pointing out that the figures given "are only those of existing armaments and expenditure, and have no relation to the proposals which will be put forward by His Majesty's Government at the Disarmament Conference." It is interesting to observe that the total naval, military and air expenditure shown amounts to £108,000,000—that is, to a figure of the same order of magnitude as the prospective budget deficit which has brought a Government at Westminster to the ground and has changed the face of British politics within the last week. It is not, of course, any rise in our expenditure on armaments that has caused our financial crisis. On the contrary, while expenditure has been rising under other heads, our armaments expenditure, since the close of the war, has been rigorously cut down, and is now, perhaps, not far from the furthest limit to which we are able to go without being accompanied by other countries. Given the total figure, however, it is obvious that any substantial saving on armaments as a result of next winter's conference will mean a proportionately substantial contribution towards solving our budget problem, and, while the condition of reciprocity and simultaneity in the reduction of armaments in all countries remains indispensable, we may reflect that, by next winter, there will be few countries in the world that will not be already more or less in our financial predicament, and none at all that will not be confronted with an imminent prospect of finding themselves in the same predicament if nothing is done to give things a turn for the better. Moreover, a substantial all-round reduction of expenditure on European

armaments may well be a condition precedent to the cancellation of inter-governmental debts. Thus we must pin our hopes on the success of the coming disarmament conference, whose importance makes it vitally desirable that the present Government of Co-operation should make it clear forthwith that its representative will definitely attend its sessions.

Tension in Palestine.—Sunday, August 23rd, was the second anniversary of the Palestine outbreak of 1929. Happily, the day passed off without any commemorative repetition of those disorders; yet the Palestinian situation remains in a state of deadlock which is profoundly disquieting. It had been hoped that the political feud in Palestine between Arab and Jew might be attenuated by a common interest in, and a common benefit from, the economic development scheme which has been put in hand by the Mandatory Power. It was this hope which reconciled the British tax-payer to bearing the initial expense. The week before last, however, the Palestine Arab Executive repudiated the results of certain pourparlers on the subject which their representatives had been holding with the British High Commissioner, Sir John Chancellor; and they have now taken the offensive by publishing a manifesto of protest against the Mandatory Administration's policy of providing some of the outlying Jewish settlements with sealed armouries. This protest comes somewhat strangely from the Arab side; for the events of two years ago showed that the Jewish communities scattered up and down the Palestinian countryside do live under a very real menace of assault and massacre at the hands of the Arab majority of the population. The Jews have every right to be defended; but it is surely a confession of bankruptcy on the Mandatory Power's part to place the onus of this defence upon the Jews themselves. The bankruptcy, as we see it, is political rather than military. Militarily, it is an almost insoluble problem to protect a scattered minority against sudden attacks by a ubiquitous majority through the agency of foreign garrisons. In such circumstances, the garrisons could hardly do the job if they were as strong in numbers as the population itself; and, from the technical military point of view, the most economical and effective method is to provide the threatened communities themselves with armouries which, being under Government seal, cannot be used improperly with impunity. The bankruptcy is not military but political; for the fact that Jews and Arabs in Palestine are in perpetual danger of coming to blows spells the complete failure of the British Mandate, up to date, to fulfil the purpose for which it has been conferred. A regime which rests on military force cannot stand; and a regime which has to hand over to a section of the civil population under its care the arms with which they are to protect themselves in time of need is manifestly at the end of its resources.

The Situation in Spain.—During the past week there has been an abrupt change in both the subject and the locality of maximum disturbance in Spain. Hitherto, the problem of the Spanish Revolution has appeared to formulate itself in terms of two issues: the issue between Castilian centralism and Catalan nationalism, and the issue between bourgeois republicanism and revolutionary syndicalism. These two issues cut across one another at Barcelona, the largest city of Catalonia, which is also the chief industrial centre and the chief stronghold of syndicalism in the peninsula. In our previous comments on Spanish affairs, we have ventured to prophesy that this cross-division would produce a tendency towards moderation and compromise. The Catalan Nationalists are also bourgeois who may be glad of support from Madrid in dealing with the formidable problem of Barcelona; and the Castilian Centralists, on their side, will be anxious not to drive the Catalan Nationalists and the Barcelona Syndicalists into an alliance against Madrid. Up to date our prophecy seems to be coming true. The Catalans' own draft for the local constitution of Catalonia was a moderate document, and, although it inevitably evoked criticism and caused chagrin at Madrid, it was formally

presented to the Constituent Cortes last week without any untoward incident. Meanwhile a threatening storm has blown up rather suddenly from quite a different quarter, and the major anxiety of the Spanish Government at the moment is the hostility excited by the Government's anti-clerical policy in the Pyrenean provinces of the Basque country and Navarre. It will be remembered that the draft All-Spanish Constitution, as it now lies before the Cortes, includes provisions for the dissolution of the monasteries and the nationalisation of ecclesiastical property. Certain ecclesiastical bodies appear, humanly enough, to have considered ways and means of realising their property in anticipation of this threat, and the Government has retorted by arresting the Vicar-General of the Diocese of Vittoria at San Sebastian on the 14th, and publishing, on the 20th, a decree forbidding the sale of ecclesiastical properties or the transfer abroad of ecclesiastical bank balances. This sharpening of the Government's anti-clerical measures has produced something very like the beginnings of an insurrectionary movement in the provinces above-mentioned, and the Government is anticipating trouble there by sending in troops and despatching a warship to Bilbao. These provinces are mountainous, clerical and reactionary. In the middle of last century they were the stronghold of the Carlist Movement, and the recent history of Mexico shows how disastrous it might be for Spain if the new Republican Government had to spend its energies in fighting a guerilla warfare against fanatical Catholic mountaineers. There is a formidable danger here which may perhaps be averted by granting to this, the most backward part of Spain, the full measure of autonomy which is being demanded for herself by progressive Catalonia. Madrid might offer Navarre and Basqueland an autonomy which included local option in regard to the relations between Church and State on the understanding that the Constituent Assembly should have a free hand in ecclesiastical matters elsewhere. In some such compromises as this there lies the best hope of avoiding bloodshed on a large scale. Already, this Monday, blood has been shed in a collision between police and clericals at Pamplona.

The Floods in China.—There are some calamities which are so vast, or so remote from those who receive tidings of them, that they are almost beyond imagination. For Europeans, the unceasing disasters of China—whether caused by natural or by human agency—are apt to wear this character; and so it is with some difficulty that we manage to picture to ourselves, in European terms, what these present floods in the Yangtse Valley mean. It is as if the whole middle basin of the Danube were flooded from Austria to the Iron Gates; as though Vienna had crumbled away in the rising tide, the Hungarian plain been covered by a vast sheet of water, and the frontier-disputes between Hungary and the neighbouring successor-states had been suspended by the submergence of the frontiers themselves, debatable zones and all. What would be the effect of such a calamity as this upon our European situation? Would it bring all Europe, with a shock, into its right mind, restoring our sense of proportion and sense of humanity and bringing back that indispensable European solidarity for common aims which statesmen and publicists have been preaching for a decade to deaf ears. Or would it just add the last touch to our demoralisation and precipitate the final degredingolade? These are the questions which we must ask ourselves about the possible effects of the actual calamity which is visiting China to-day. Statistics are unobtainable. We know that thousands of square miles are under water; that hundreds of thousands of people are drowning or starving; that millions' worth of buildings and crops have been destroyed. We see Mr T. V. Soong, the capable and constructive Finance Minister of the Central Chinese Government, appealing to the Red Cross Societies of the world, and to all Chinese everywhere, to co-operate in doing what can be done to mitigate the loss and the suffering. If a common effort to this end were to produce anything like a change of heart in China which would confirm and perpetuate the tendency towards peace and unity which has been at work, under adverse

circumstances, during the last three years, there would be a positive gain of the greatest dimensions and highest value to set against the terrible figures of destruction which will be revealed when the account of these floods is eventually drawn up. This hope is not altogether fantastic; for the human effort and endurance and solidarity evoked in response to the challenge of inundation has been the dynamic force in Chinese history. In Chinese, as in Babylonian, mythology, the Flood, and the Gods and Heroes who master it, are at the beginning of all things. The river whose floods were the making of ancient China was the Hoang-ho. The men who built the embankments of the Yellow River and rebuilt them every time they were swept away were the fathers of ancient Chinese civilisation. May we not hope that some such heroic and constructive reaction to the floods that are devastating the Yangtse Valley to-day may be the turning-point, in modern China, towards better times?

Shipyard Wages Deadlock.—The final conference, held at Carlisle on August 20th, between the Shipbuilding Employers' Federation and representatives of the shipyard trade unions unhappily resulted in a complete breakdown of the negotiations; but the possibility of a down of the negotiations; but the possibility of a deplorable stoppage of work in an already severely-distressed industry was deferred, at any rate, by the employers' decision to enforce the wage reductions, as proposed by them on June 5th, not with effect from September 1st (as originally intended), but in two equal instalments operative from October 1st and January 1st, respectively. Since discussions between the employers and the unions on the question of the industry's need of cheaper costs to meet the acute depression began as long ago as April last, the Federation can hardly be accused of impatience; nor, in view of the gravity of the industry's position, can their proposals, which left the national time-workers' rate untouched, but sought some alleviation in the relatively higher cost of piece-workers' remuneration, be regarded as exceeding either the necessity reasonably to be regarded as exceeding either the necessity of the case or the limits of what the workers could consider to be a "fair deal." The only thing that can be said in justification of the unions' non *possumus* is this: in relation to wages in "sheltered" occupations, the earnings of shipyard labour (the national "time" wage is—skilled men 60s., unskilled men 41s. per week) are demonstrably low, and men in a depressed industry may well resent being singled out for further sacrifices, no matter how imperious the economic necessity, if others—in an emergency for which the whole nation must bear in some degree the responsibility—are to go scot-free. This unfortunate deadlock reinforces the conclusion that the task of readjusting British costs and wages to meet the necessities of the crisis cannot effectively be accomplished unless the readjustment is made uniformly and simultaneously as a common act of mobilised national effort.

American Cotton Crop.—Our Manchester correspondent writes:—At the beginning of this week the Census Bureau of the United States Department of Commerce announced that, up to the 15th instant, 90,000 bales of cotton had been ginned, against 7,000 bales a fortnight earlier, and 573,000 bales at the same date last year. The small amount ginned so far this season has caused some comment, but this is due partly to the crop being late and partly to farmers not sending supplies forward very quickly in view of the low prices ruling. It is well known, however, that these early ginning returns are no indication whatever as to the size of the crop. It is significant that in 1926, when the ultimate yield was nearly 18,000,000 bales, the amount ginned up to August 15th was only 182,000 bales. The Government will publish another estimate of the crop on September 8th, and, owing to the weather in the belt since the beginning of August being generally favourable, it is not anticipated that there will be much change in the previous forecast of 15,584,000 bales. The fact, however, that the growth is late makes the plants more susceptible to damage later on should the climatic conditions turn unfavourable. In trade circles it

is recognised that, even should it be necessary for the Government to reduce its estimate of the yield, supplies are bound to be plentiful, and there are very few signs at the moment of any real increase in world consumption.

British Production.—The physical volume of production in the United Kingdom in the second quarter of 1931, as estimated by the Board of Trade, was 3.1 per cent. lower than in the first quarter of the current year, and 10.7 per cent. below that of the corresponding quarter of a year ago. The following table shows the figures for the respective groups in each of the last two years, in the June quarter of 1930, and in the March and June quarters of 1931:—

INDEX OF PRODUCTION (1924 = 100).

Group.	Year. 1929.	Year. 1930.	June Quarter. 1930.	March Quarter. 1931.	June Quarter. 1931.
1. Mines and quarries	96.8	91.3	87.4	85.3	79.7
2. Iron and steel and manufactures thereof	114.0	88.8	95.5	68.0	62.9
3. Non-ferrous metals..	120.5	119.1	123.7	95.5	110.9
4. Engineering and shipbuilding	121.0	116.6	122.6	102.5	99.8
5. Textiles	98.5	79.5	78.2	72.6	75.0
6. Chemical and allied trades	115.8	102.2	102.4	98.8	99.1
7. Paper and printing..	†	†	†	†	†
8. Leather and boots and shoes	98.5	101.4	103.8	101.3	99.1
9. Food, drink and tobacco	106.0	104.9	104.9	101.2	100.4
10. Gas and electricity	135.8	139.7†	†	†	†
Total of manufactur- ing industries (2-10)*	115.5	106.3	107.2	97.5	95.2
Total of all groups (1-10)*	111.8	103.3	103.1	95.0	92.1

* Including also various industries not specified above.
† Adequate information in respect of the paper and printing trades has not up to the present been available. The particulars received have been included in the general index.

† Provisional figures of the quantity of gas made have been used for the calculation of the group index for 1930, but no information is available as to the quantities made in each quarter. The available data for electricity have been included in the general index.

It will be seen that the downward trend in the volume of production, which became noticeable early in 1930, has not yet been arrested. A comparison of the past quarter with the January-March period of the current year shows a decrease in each group with the exception of non-ferrous metals, textiles and chemicals. The recession in activity has been most pronounced in the mining and iron and steel industries, which declined by 6.6 per cent. and 7.3 per cent. respectively. The fall of 3.6 per cent. in the engineering and shipbuilding group is largely ascribed to the severe depression in shipbuilding and marine engineering. The fact that during July the situation in the iron and steel industry has further deteriorated, and that employment in most industries has continued to decline, suggests that an improvement in the index for the current quarter is improbable. In comparing the quarterly indices it should be remembered that they are not yet adjusted for inequalities of months or seasonal fluctuations.

Finance in the Antipodes.—Both in New Zealand and Australia steady progress is being made with the restoration of a sound financial position. In New Zealand the budget debate was interrupted so that a motion could be discussed calling for an inter-party conference to decide on steps to adjust the national expenditure and provide equality of sacrifice and a proper distribution of the burden. This motion was accepted by the Prime Minister, who stated that he had long held that the financial position would not be adequately dealt with by a minority Government. The Committee was left free to review the whole field of finance, and the House adjourned for a week to give it time to prepare a report. Meanwhile, further progress is being made with the Australian conversion scheme, and, while no official details are yet available, it is understood that applications so far received account for over half the internal debt. Some relief of a political

character has also been afforded to Mr Scullin by the verdict in favour of Mr Theodore, the Commonwealth Treasurer in the famous Mungana Mines case. Though this case was a civil action, its circumstances were such as to render advisable Mr Theodore's retirement from office pending its determination, and, when Mr Scullin recalled Mr Theodore to office before the case was over, he incurred considerable criticism. Mr Theodore's victory removes much of the force of that criticism as well as a potential source of weakness in the Australian Government. The verdict is all the more to be welcomed as the Government needs its full strength for the completion of the task to which it has set itself.

Depression in the Coal Industry.—The gloomy account of the coal trade during the second quarter of this year, which appears in last week's *Board of Trade Journal*, continues unbroken the trend shown in the recently published Annual Report of the Secretary for Mines for 1930. This report, which includes a history of the coal mining industry in 1930 and of other mining and quarry industries in 1929, records the fact that the output of coal in Great Britain fell from 258 million tons in 1929 to 244 million tons in 1930. The decline was greatest in the principal export areas, where it ranged from 6.3 to 9.7 per cent., as against 3 or 4 per cent. in the principal areas which cater primarily for the home market. Shipments abroad fell from 82 to 75 million tons, and there were further declines both in foreign bunker shipments and in coastwise cargo shipments. Coal required for all purposes at home amounted to 166½ million tons, against 173½ million tons in 1929, but the demand for gasworks and railways was maintained and the consumption of generating stations continued to increase. Prices were well maintained until the latter part of the year, and the average price of coal disposable commercially was 14s. 1d., against 13s. 11d. in 1929. The corresponding averages for coal exported were 16s. 8d. and 16s. 2d. per ton. This downward tendency of all statistics relating to output and sales has been continued so far this year. The quantity of coal available for consumption at home during the second quarter was 1½ million tons lower than during the corresponding period of 1929 and shipments abroad were 3 million tons down. The number of wage-earners in employment since the beginning of the year has declined by 46,500. There has been a slight improvement recently in the average price of coal exported, which rose during the second quarter from 16s. to 16s. 4d. per ton, chiefly owing to the increased proportion of better-quality coal. It is, however, feared, from the figures at present available, that the quarter will show a debit balance of 1d. per ton, as proceeds per ton have fallen and costs of production have risen as compared with the preceding quarter.

New Emergency Decrees in Germany.—President von Hindenburg's latest emergency decree, which authorises the Governments of the 17 States to take all measures necessary to balance State and municipal budgets, even if such measures contravene existing State laws, is proving the occasion for a lively public discussion in Germany, an account of which is given, by our Berlin correspondent, on a later page, of constitutional reform in the direction of a unitary state. Meanwhile the President's legal advisers are satisfied that his constitutional position in respect of this action is unassailable, as the President is not obliged, in applying Article 48 of the Constitution, to observe the normal constitutional limits of competence between the Reich and the States. A curious position appears to arise, however, from the fact that measures taken under the powers of Article 48 can only be revoked at the instance of the President or of the Reichstag. The States may, therefore, find themselves subject to measures which their own Parliaments have no power at any time to revoke. The immediate effect of the decree has been to galvanise the municipal council and borough representatives of Berlin into the voluntary passing of radical measures of economy, including a temporary cut of 20 per cent. in their own salaries, which will effect savings estimated at 25-30 million marks.

The Outlook for Copper.—Once again, writes a correspondent, has there been an increase in the stocks of refined copper in North and South America; the end-of-July figure, at 440,000 short tons, shows a gain of 27,000 tons on that for June 30. Blister stocks were reduced by 9,000 tons, but the nett increase of 18,000 short tons is sufficiently serious to focus attention again on the question of adjustment of production and consumption. Deliveries to domestic and foreign consumers in July totalled only some 70,000 short tons, and are, therefore, well below what was considered, not so very long ago, a reasonable figure for the home market. The position is very serious from the point of view of the big producers, who, banded together as they are in a sales cartel for export business, are bound to keep in step on the home market; and, with demand as poor as it is, the customs smelters are making the pace and taking most of the business that offers. Add to this the fact that European production is now in the neighbourhood of 60,000 tons a year, and that Africa's output is almost entirely absorbed by the Old World, while the future holds in store a big increase in output from this source, and it is not surprising that there is a good deal of uneasiness among copper interests in the United States. The idea of a duty on copper imported by the United States is no new thing, but recently the clamour for some sort of protective tax has increased, and 4 cents per pound has been suggested. This is, of course, aimed at South America, where most of the low-cost properties are situated. Broadly speaking, copper is below cost of production at its present price, and as soon as adjustment is made between output and consumption, however this end be achieved, the quotation will respond; but the future holds no promise of a price much above £50 per ton. Immense world reserves of copper are available, and the outlook suggests that profits are going to be earned by those companies whose properties favour cheap production. It is, moreover, likely that, in spite of the progress already made, still cheaper methods of treating ore will be discovered.

Overseas Correspondence.

UNITED STATES.

Industry — Oil Restriction — Trade — Prices — Money
Market — Banking.

(FROM OUR CORRESPONDENT.)

NEW YORK, August 19.

THERE is little general improvement in industry and trade, but the recent recovery in the share market has once again raised hopes that some increased activity would come with the autumn. A few industries, such as shoes and leather, the woollen and food industries, are doing better, but the heavy trades are still depressed.

Affairs have taken a dramatic turn in the oil industry. Following the passage of a new law by the Texas legislature, giving the State Railroad Commission authority to limit output of any commodity which is accompanied by physical waste, the Governor of the State has emulated the example of the doughty Governor of Oklahoma and called out the State militia to close all oil wells in the East Texas area. Texas produces about 40 per cent. of the country's crude oil-well output, and Oklahoma accounts for 23 per cent. Sudden stoppage on such a wholesale scale (the country's output has been cut about 1,000,000 barrels daily) is, naturally, causing some disagreeable dislocations, but is meeting with general approval of the larger oil companies. Their problem has been mainly one of disposal of heavy inventories, and if the Oklahoma and Texas authorities persist for even a short while, storage oil must be heavily drawn upon. Meanwhile, the price structure is bound to strengthen, as it already is doing, and that will automatically add greatly to the value of the swollen inventories of the principal producers. Crude oil prices are rising in the north and east, and the gasoline market has stiffened. In the end, it is probable that a

compromise will be reached on price with the Governor of Oklahoma. The Governor of Texas, apparently, is not seeking to establish a price, but merely wishes to end the heavy production at prices unremunerative to the majority of producers outside the flush East Texas field. Oil men feel that a compromise will eventually be reached in Oklahoma setting about 75 cents a barrel for crude oil.

So far as statistics are available it is apparent that July brought a further trade decline. Employment, according to the Bureau of Labour Statistics, fell 2 per cent. at manufacturing plants last month, and payrolls dropped nearly 5 per cent., indicating the spread of wage cutting. Foreign trade figures for July show a further recession, but they were better than had been expected. Exports, which usually undergo a seasonal decline in July, fell \$4,000,000 from June to a total of \$183,000,000, the lowest since September, 1914. Imports fell only \$1,000,000 from the previous month.

Although cotton broke badly on the increased crop estimate of the Department of Agriculture, commodity prices generally have shown a somewhat firmer tone. The Bureau of Labour Statistics index for July was unchanged from that of June at 70, which is 16½ per cent. lower than a year ago. Most farm products were lower, but some of the food groups, the leathers, textiles and some of the metals were higher. Building materials lost two per cent. and raw materials as a whole averaged lower. Retail food prices in July in leading cities rose one-half per cent., but were 17½ per cent. under a year ago. A comparison of the Bureau of Labour Statistics wholesale commodity price groups follows:—

	July, 1930.	June, 1931.	July, 1931.
All commodities	84.0	70.0	70.0
Farm products	83.1	65.4	64.9
Foods	86.3	72.4	73.1
Hides and leather products	100.7	87.8	89.2
Textile products	80.0	65.4	65.4
Fuel and lighting materials	75.4	58.1	58.2
Metals and metal products	94.3	87.4	87.5
Building materials	88.9	77.5	75.8
Chemicals and drugs	87.8	77.9	77.3
House-furnishing goods	96.2	88.6	88.0
Miscellaneous	71.7	61.8	61.0
Raw materials	81.1	64.7	64.3
Semi-manufactured articles	79.7	68.5	69.5
Finished products	86.7	74.0	74.0
Non-agricultural commodities	84.4	71.4	71.5

Low prices for agricultural products, with the consequent freezing of much agricultural credit, coming on top of the general trade slackness, are bringing a recurrence of bank failures in the Middle West, which, perhaps, is now the worst section of the country, economically and financially, outside some of the Southern States. No really important bank is involved in the recent failures, and it should not be assumed that the banking position has grown weaker. On the contrary, deflation of credit has continued on a considerable scale, and short-term money, at least, is abundant. Bank failures reported for July by the Federal Reserve Board number 92, against 166 for June. For the seven months the total is 778, of which 252 were in the Chicago district, and it is altogether probable that the full year will set up a new record for the casualties. The country has been overbanked, and the elimination of the weaker units will in the end do more good than harm, although at the time the failures are accentuating the slowness of industrial enterprise.

The tone of the money market has been slightly firmer in the past week. Call funds have remained at 1½ per cent., but the amount of money lendable at a concession has diminished and the rate for Federal funds—money borrowed by member banks from each other—has been rising. Ninety-day time money also has risen slightly. Another sign of a firmer tone is the rising rate paid by the Treasury on its weekly bill tenders. From the low record of 0.46 per cent. on 90-day bills, dated July 27, the rate was raised to 0.51 per cent. on August 4, to 0.56 per cent. on last week's bills, and to 0.63 per cent. on this week's offering. Incidentally, the Treasury for August has asked offers and sold bills totalling \$80,000,000 in excess of maturities, the extra money going to general expenditure of the Government.

While money usually shows a seasonal firmness at this time, it is doubtful if commercial demands are being felt

very much. Two new factors have entered the equation. One is the rise in circulation due to withdrawal of bank deposits by timid bank customers, and the other is the shift of foreign bank investments into deposits at the Federal Reserve Bank. These operations presumably are mainly for the account of the Bank of France. The item of foreign deposits has for a long time been unchanged at around \$5,000,000 to \$6,000,000, and deposits in the Federal Reserve Banks draw no interest. Beginning with the middle of June, this account began to rise rapidly, and now stands at \$180,000,000, having jumped \$48,000,000 last week.

At the same time, the Federal Reserve system's contingent liability on bills bought for foreign account has dwindled. It was \$378,000,000 two months ago, and now is \$220,000,000. On this week's statement there was no decline in foreign bills bought, but Federal Reserve Bank holdings of bills and Government bonds rose \$70,000,000 and \$47,000,000 respectively. For the corresponding period reporting member banks in leading cities show a drop of \$131,000,000 in "other loans," which include bankers' bills, and a decline of \$48,000,000 in Government security holdings. The drop in member bank other loans is attributed entirely to bill sales to the Federal Reserve Banks and unreplaced maturities as well as sales to dealers. Also it is understood that the Bank of France has sold holdings of Government bonds carried for it in the Federal Reserve special account and added to its deposits, and, perhaps, has sold investments with member banks as well, transferring that money to the Reserve Bank deposit account. These operations have, of course, reduced member bank reserves and helped to firm up money as well as to cause borrowing at the Reserve through sales of bills. Member banks can obtain credit at the Reserve at 1 per cent. through sale of bills, against a discount rate of 1½ per cent., hence they have chosen that way to rebuild their reserves.

Bankers here are still without accurate information on the disposition of mark deposits held in German banks, but the Wiggan agreement on short-term credits was, of course, in line with their ideas on that subject. Opinion is now, as it always has been in Wall Street, much at variance on the subject of debt reductions. The majority of banking opinion leans to reduction or cancellation of allied payments to this country, which would presuppose cutting down German reparations. However, some people are only lukewarm to the idea, and, in any event, Wall Street is highly sceptical of the acceptance by the country of such a plan. Rumlings are already being heard of plans to increase the national debt through increased soldier bonus payments and unemployment relief schemes.

GERMANY.

Emergency Decree — Plan for Union of Reich and
Prussian Governments — Banking Commission —
Norddeutsche Wollkammerel.

(FROM OUR CORRESPONDENT.)

BERLIN, August 25.

THE financial emergency has forced upon the German people a simplification of their administrative apparatus which is wholly in line with German historical development. They have been compelled to undertake a reorganisation of the relations between the Reich and the States, by which the latter cease to be States having their own parliamentary government and become local authorities, with the Reich as the sole representative of the German State.

The Finance Minister of Prussia, Herr Höpker Aschoff, in a recent article in the *Deutsche Volkswirt*, sketched the lines upon which a joint government of the Reich and Prussia, the biggest German State, might be created. The formation of such a joint government would constitute the first step in such a reform. The article, which came as a great surprise to the public, and has suddenly started a new discussion of constitutional reform, revealed for the first time that the Reich Ministry of the Interior

prepared a plan for such reform some time ago; but, in Herr Aschoff's opinion, that scheme is no longer applicable to present conditions. Though the details of the new plan are purely the work of Herr Aschoff himself, his fundamental ideas reflect the views of his colleagues in the Cabinet as well. The present Prussian Government is thus ready to give up its independent existence and to hand over the administration of Prussia to the Government of the Reich.

This does not constitute any inconsistency of principle on the part of Herr Braun, the forceful and independent Prussian Prime Minister; he has always been a supporter of the idea of a German unitary State, but he was for a long time convinced, as were the majority of the Social Democrats, that a firm government of the Left in Prussia was of such great value while the coalition majorities in the Reich were so unstable that it was necessary to forgo for the time any decisive step in the direction of constitutional reform. Now the position of the Left in Prussia is no longer secure. In spite of its great success at the referendum, the Prussian Government cannot be certain how the elections next spring will go, under the pressure of economic distress. Nor can the Prime Minister be sure how far he can succeed in maintaining the coalition with the Prussian Centre on which his Government depends, if the Government of the Reich under Dr. Brüning, who belongs to the Centre Party, pursues a different policy. There is, therefore, no doubt that, for Herr Braun, the importance of influence upon the Reich has increased and the importance of Prussia has diminished. As he is the strongest man in the Social Democratic Party, this removes an important obstacle from the path of political progress.

Herr Höpker Aschoff's plan requires first of all that the Prussian Minister of the Interior be appointed also to the Ministry of the Interior of the Reich, and that the Reich take over the police administration and supervision of the communes of Prussia. The administration of justice in Prussia would be subordinated to that of the Reich, and the administration of taxes be transferred to the Reich. The Prussian Prime Minister would become Vice-Chancellor of the Reich. These measures would be carried through partly by agreement between the Governments and partly by emergency decree. Herr Aschoff anticipates that the smaller North-German States would simply join Prussia, as they are almost all in pressing financial difficulties, have hitherto resisted union with Prussia only on historical and sentimental grounds, and would readily subordinate themselves to the Reich administration.

The South German States would at first be untouched by the new arrangement, but it would, of course, be difficult for them to remain for long outside such a union with the Reich administration as Herr Aschoff contemplates for North Germany. The South German federalists have already realised that, and the Prime Minister of Bavaria, Dr. Held, has already protested energetically against "constitutional reform by decree." The parties of the Right have moved a resolution in the Prussian Landtag condemning the plans of the Government for the "destruction of Prussia." It is generally expected that the Chancellor will make clear the attitude of the Cabinet of the Reich to this question at the forthcoming conference of the Centre Party in Stuttgart.

The fundamental idea of Herr Höpker Aschoff's plan, that of beginning the reform of the Reich by combining the Governments of Prussia and of the Reich, is not new. It underlay the project of a "League for the Renovation of the Reich," founded by the present President of the Reichsbank, Dr. Luther, and the recommendations of a commission of experts set up by the conference of representatives of State governments in January, 1928.

A Presidential decree, "for the safeguarding of Budgets," empowers the State governments to take any measures which are necessary for the balancing of the budgets of the States themselves and of the communes, even if these measures are contrary to existing State laws. This decree will permit the State governments, among other things, to reduce the expenditure on personnel of the communes, where it is excessive, even when it is protected by State legislation.

The commission of nine experts which the Government has set up to consider banking questions has not yet achieved any tangible results. All that has been done has been to nominate a committee of three to represent the Reich on the advisory board of the Dresdner Bank and to prepare the necessary changes in the membership of the board of directors. It appears that both the Dresdner Bank and the Danatbank are to continue in their present form. The general meeting of the Dresdner Bank, which has formally to consent to the taking over of the preference shares by the Reich, is to be held next Saturday. Meanwhile the Reich has also had to intervene in the affairs of two outposts of the banks which it is assisting. The Dresdner Bank has taken over, with the consent of the Reich, the Egyptian branches of the Deutsche Orientbank, which had to close down a few weeks ago, and are now being conducted under the name of the Dresdner Bank. What is to happen to the remainder of the Orientbank, which is less important, is not yet known. The majority of the Orientbank's shares are held in common by the Dresdner Bank and the Danatbank. The Egyptian branches have now been furnished with adequate sums to meet all the payments which can be demanded; their principal creditors have agreed to wait eighteen months.

In connection with the suspension of payments by the Darmstädter Bank, the Merkurbank in Vienna was involved in difficulties and obliged to close down. The bank has now been enabled to carry on by an Austrian banking syndicate under the leadership of the postal savings bank, which has placed 25 million schillings at its disposal. For this sum, however, the Darmstädter Bank, and therefore the Reich, has to act as surety. The status of the Merkurbank is said, moreover, to be thoroughly satisfactory.

The report of the Norddeutsche Wollkammerei was laid before a meeting of several hundred creditors on August 21st. From this report, which gives the first full account of the course of the catastrophe, it appears that none of the directors except the brothers Lahusen knew what was happening to the Dutch subsidiary Ultramar. In the 1930 balance sheet the claims on Ultramar, which were entirely worthless, were still valued at 74 millions. The losses were due to innumerable essays in stock exchange speculation and other transactions. Losses on shares of and advances to affiliated companies were assessed at 55 millions, and total losses at 255 millions. The debts amounted to 257.17 millions, of which only 20.64 millions were secured. Of the unsecured bank debt 34.7 millions belong to the Danatbank, 25 millions to the Dresdner Bank, 10.4 millions to the Commerzbank, 9 millions to the Deutsche Bank and 6.3 millions to the Schroeder Bank of Bremen. This latter also holds a secured credit of 3 millions. Of the rest of the secured debt, the Bremen Sparkasse holds 4 millions, the Tredeffina 9.1 millions. English banks involved are J. H. Schroeder (6.2 millions), Lazard Bros. (5.6 millions), F. Huth and Company (4.5 millions), M. Samuel (3 millions), Wm. Brandt's Sons and Company (2.5 millions), Anglo-South American (2.1 millions), Japhet and Company (1.9 millions), Barclays (1 million). The Kreditanstalt and the Bankgesellschaft in Switzerland, de Barry and the Internationale Bank (Kongern Danat) in Holland are all involved to the extent of over a million each.

When bankruptcy proceedings were opened the factories were still employing 15,200 workers and 1,340 salaried employees, and orders on the books amounted to 42.5 millions. The proposal is now that the five factories which spin combed wool shall be formed into a new company, and their shares, which will probably amount to 25 millions, shall form part of the assets to be distributed. The other factories are to be disposed of. This has in some cases already been done; in others promising negotiations are in progress, but the value of all the works is only placed at 3.4 millions in the bankruptcy account, against a book value of 47.11 millions in the 1930 balance sheet. The principal asset is the stocks, which are pledged to Tredeffina, which appear in the bankruptcy account at 35.2 millions.

ITALY.

Stock Exchange Declines — Restrictions on Bear Operations — Unemployment — Industry — Foreign Trade — Revenue.

(FROM OUR CORRESPONDENT.)

TURIN, August 18.

FROM August 6th to 19th the Italian Stock Exchanges have been enjoying the regular holiday which has gradually developed out of the old mid-August Ferragosto holidays. All the counterpart of the London Bank Holidays. All operators are devoutly hoping that the recess may have a good effect on the tone of the bourses, which was going from bad to worse. The Milan index for certain characteristic dates was as follows:—

	(December, 1925=100).				
	Dec. 29, 1928.	Jan. 3, 1930.	June 28, 1930.	Feb. 28, 1931.	July 31, 1931.
Banks	110.5	92.4	99.3	93.7	86.9
Navigation and trans- ports	80.4	66.4	80.1	62.9	50.6
Textiles	42.6	19.0	24.6	18.5	23.7
Mines, iron and steel, and engineering	97.0	60.8	72.3	66.3	52.2
Electricity	103.3	77.6	93.8	83.0	67.8
Real estate and agri- culture	80.5	48	68.5	58.4	58.6
Food and miscellaneous	96.7	73.1	94.4	81.8	63.9
General index	88.3	66.4	79.1	69.6	62.0

A few of the thirty-five shares utilised in the index have gone down to a mere nominal fraction of their former price — Venice Cotton Mills (Cotonificio Veneziano) to 2.26 per cent.; Meridional Cotton Manufactures to 9.20 per cent.; Snia Viscosa to 8.27 per cent.; Officine Meccaniche to 1.38 per cent.; and Fondi Rustici to 3.37 per cent. Bonifiche Ferraresi have been dropped altogether from the list. In all these cases particular reasons can be given for the decline. The remainder have been brought down by the complete absence of buyers. Even the spurt after the Hoover move on reparations was short-lived.

In so lifeless a market bears may have a great psychological influence in provoking sales by weak holders, who have lost hope of seeing a ray of sun after so many rainy days. It is probably to counteract the bears' attacks after the recess that a decree published in the official gazette of August 8th gives the Finance Minister new regulating powers in the field of bourse transactions. All sellers of futures can be obliged to deposit at the moment of order the securities sold or a cash cover to 25 per cent. The Minister can make analogous regulations for purchases of futures, and his regulations may cover all securities dealt in or only specified securities, and may relate to all bourses or only to those specifically named. As every purchaser had already the right of obliging the seller to deposit at once the securities sold for a future date, the new decree aims at generalising a rule which could hitherto be enforced only at the request of the interested party. It is hoped that these restrictions on uncovered sales will help to check the decline.

The best cure, however, would be an improvement in the industrial situation. Of that the omens are as yet not very sure. Unemployment was reduced from the peak of 765,325 at the end of February to 573,593 at the end of June, increasing again to 637,156 at the end of July. Other general indices of industrial activity are also doubtful. The electrical energy produced and imported decreased from 4,149.7 million kwh. in the first five months of 1930 to 3,902.9 in the corresponding period of 1931. Imports decreased from 9,545 million lire of 1931. Imports decreased from 6,612.6 in the first semester of 1930 to 6,612.6 in the first semester of 1931. As exports decreased only from 6,535.4 to 5,112.5 million lire, the excess of imports decreased from 3,009.5 to 1,500.1 million lire. This is good for the present balance of payments, but probably bad for the future of industry. Imports of raw jute diminished in the first five months from 27,840 tons in 1930 to 19,433 tons in 1931; cotton from 109,791 to 83,561 tons; wool from 27,775 to 24,992 tons; broken pig iron, iron and steel from 444,828 to 286,080 tons; coal from 4,823,271 to 3,711,635 tons; mineral phosphates from 406,133 to 215,592 tons;

NATIONAL BANK OF GREECE Established 1841

Head Office: Athens.

Branches throughout Greece.

New York Agency, 51 Maiden Lane.

THE BANK OFFERS EXCEPTIONAL
FACILITIES FOR BUSINESS WITH GREECE

Capital paid up and Reserves Drs. 1,205,000,000.

and rubber from 6,807 to 4,428 tons. The average monthly goods carried on the Italian State Railways, which decreased from 5,028,000 tons in 1929 to 4,466,000 tons in 1930, decreased further from 4,440,000 tons in the first half of 1930 to 3,611,000 tons in the corresponding period of 1931. The number of passengers, which had already decreased from a monthly average of 9,740,905 in 1929 to 8,740,070 in 1930, decreased further from 8,308,655 in the first semester of 1930 to 6,910,676 in the same period of 1931.

Deposits in the Post Office Savings Bank increased in the first five months of 1931 by 697.6 million lire (from 13,047.2 to 13,744.8) and those in the ordinary savings banks by 415.7 million lire (from 17,229.2 to 17,644.9). Winding up of old companies and losses of capital so much exceeded the formation of new companies and increases of capital that the capital of joint stock companies decreased from 52,280,765,000 lire at December 31, 1930, to 50,823,703,000 lire at June 30, 1931. The sums cleared at the Clearing Houses, which had decreased from a monthly average of 108,128 million lire in 1926 to 55,370 millions in 1930, decreased further from 54,139 millions the first semester of 1930 to 53,960 millions in the corresponding period of 1931. Failures (ordinary and small), whose monthly average was 1,010 in 1929 and 1,133 in 1930, went up to 1,400 in the first six months of 1931.

Taxes are accounted for by the central accounting office of the Finance Department under 52 separate heads. Of these 16 increased in the financial year 1930-31 over the yield of 1929-30 and 36 suffered a decrease. The total increase was 458.8 million lire; but were it not for the increase in the yield of the wheat duty by 744.7 million lire and on that of the turnover or sales tax by 487.0 million lire, the result would have been far from satisfactory.

HOLLAND.

Financial Relations with Germany — Money Market —
Proposed Customs Union with Belgium — Foreign Trade
— Capital Issues — Shipping.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, August 18.

THE financial difficulties in Germany have not failed to leave their mark on the economic situation in the Netherlands, as is only natural in view of the close financial association maintained between the two countries. It is not merely a matter of the enormous drop in Stock Exchange quotations for German shares and loans, in which so many Dutch investors have been involved, but, in addition, Dutch traders have been encountering very great obstacles in the export of goods to Germany. It is, therefore, not surprising that a member of the Dutch

Parliament put a written question to the Minister of Home Affairs in the following terms:—

Is the Government aware that, owing to the German bank and monetary crisis, numerous Dutch creditors, not only those engaged in the agricultural, horticultural, dairy and similar branches, but also in industrial circles, cannot secure payment from their German debtors, and that difficulties for the trade of the Netherlands have arisen as a consequence?

Is the Government prepared to adopt measures with a view to putting Dutch creditors in possession of the amounts due them?

In reply, the Minister stated that the prevailing situation in Germany was of a temporary nature, so that for the time being he did not consider it necessary to take measures in this direction.

The extent of the financial commitments between the Netherlands and Germany will be realised from the fact that, according to a computation of *De Maasbode*, the nominal amount of the German stocks officially quoted at Amsterdam is at present about 600 million guilders. In addition there are a number of stocks not officially quoted and German ecclesiastical loans, so that since the war the Netherlands have invested at least 700 million guilders in German long-term loans. To this must be added the short-term credits furnished to Germany by the Dutch banks, so that an estimate of 1,000,000,000 guilders for the total will certainly not be very wide of the mark.

A result of the crisis in Germany has been that a great deal of foreign capital is seeking safe investment in the Netherlands. This naturally tended to support the guilder, and this, in conjunction with the weakness of sterling, gave rise to considerable shipments of gold from England to the Netherlands. Some of this gold was withheld by the banks over here, so that not all of it found its way direct to the Netherlands Bank. Nevertheless, the gold reserves of the Netherlands Bank increased within a fortnight by no less than 74 million guilders.

The money market has therefore remained very liquid, and the rise in Bank rate in London has not forced the Netherlands Bank to similar action. The return of the Netherlands Bank showed a further increase in the circulation of bank notes, which amounted to no less than 970 million guilders, a higher figure than has been recorded for a very long time. This is the more inexplicable in view of the enormous drop in prices in recent years.

The propaganda in favour of a customs union between the Netherlands and Belgium is being conducted with especial activity in the latter country. The movement finds its chief adherents among the Flemish population, and aims at freedom from French influences. It is to be doubted, however, whether the time is now ripe for such a union. Holland is fundamentally a Free Trade country and Belgium is protectionist. Moreover, duties in the Netherlands are levied according to the value, but in Belgium according to the weight and description; a complete revision of the customs system would consequently be involved.

A partial customs union might, however, be feasible. There are large numbers of commodities to which it could apply as a beginning without contravention of the most-favoured-nation clause. Apart from these customs matters, there are numerous other affairs in which co-operation and consultation between the Netherlands and Belgium could lead to important decisions, such as, for instance, the revision of postal, telegraphic and telephonic rates, port problems, etc. A resumption and continuation of the work of the Netherlands-Belgian Commission of 1907 would, it is considered, be a matter for satisfaction.

The foreign trade returns of the Netherlands for the first half of 1931 reflect the influence of the trade crisis. In the first half of 1931 imports amounted to 14,280,000 tons (against 15,686,000 tons last year), with a value of 988 million guilders (against 1,276 million guilders). During the same period exports totalled 8,273,000 tons (against 8,049,000 tons), with a value of 677 million guilders (against 880 million guilders). The Dutch figures do not, however, make a worse showing than those of the United States, Germany, France and England. Our trade with the six countries which are of greatest importance for

Dutch commerce is summarised in the following table (in millions of guilders):—

	FIRST HALF-YEAR.			
	1930.		1931.	
	Imports.	Exports.	Imports.	Exports.
Germany	414	194	314	138
Belgium	134	95	99	87
England	118	186	82	158
France	60	66	41	63
United States	109	12	78	14
Dutch E. Indies	49	79	40	45

There have been striking reductions in the imports from England of yarns and fabrics, which receded in value to the extent of 7.6 and 6.4 million guilders respectively. Among the exports to England, vegetable oils and paper show considerable declines.

Issues on the Amsterdam market again showed a decline during the last month. In comparison with the corresponding month of preceding years, the total of issues in July, 1931, was decidedly lower:—

July, 1929 :	46,458,000 guilders.
" 1930 :	35,197,000 "
" 1931 :	25,857,000 "

The amount offered for subscription here last month was entirely for issues of bonds; there was not a single flotation of shares, probably a unique occurrence in the history of the Netherlands new issues market. In addition, by far the majority of the bonds issues marketed were for account of public bodies, among which the Oslo 4½ per cent. loan of 5,820,000 guilders was the only foreign issue of any importance. The issues of industrial enterprises were 90,000 guilders for a French firm, Anciens Etablissements Bouly, and 873,000 guilders for a Belgian borrower, the Brasserie de la Chasse Royale.

In regard to the aggregate of issues here, this year is not very far behind the corresponding period of its two predecessors. The amounts were as follows:—

January-June, 1929	284.3 million guilders.
January-June, 1930	377.6 " "
January-June, 1931	269.4 " "

The influence of the trade decline is naturally apparent in the statistics for shipping traffic. During the first half of 1931, 6,150 ships, with a total of 10,352,773 net tonnage entered the port of Rotterdam, as compared with 7,009 vessels and 11,998,731 net tons in the first half of 1930.

HONG KONG.

Civil War — Exchange — Trade — Cotton.

(FROM OUR CORRESPONDENT.)

HONG KONG, July 25.

OVER two months have elapsed since the political disruption in Nanking, yet so far the opposing camps, despite mutual threats of active hostilities, have confined themselves to a long-distance snarling match. The Canton party is undoubtedly disappointed that the promised support of the Northern War Lords is not forthcoming, and their prospects of driving Chiang Kai Shek and his small following out of Nanking are reduced to vanishing point. There now appears to be on both sides a great reluctance to fight, and while Chiang at one time contemplated an expedition to attack Canton, he has been unsuccessful in enlisting the support of one of the big independent forces of the south. He has naturally decided against a campaign so far from his base without the help of southern troops, for his own army is probably not big enough to be split up into an expeditionary force and an army for the protection of the capital. A stalemate thus prevails, and, so far as can be judged, everyone concerned seems to be content that it should continue. The customs revenue of the two Kwangs is now being paid to the Canton Government, less the portion of 5 per cent. which is earmarked for foreign loan services. The Nationalist Government, of

course, continues to receive the huge revenue of Shanghai, but how much of the duties collected at the Yangtze and northern ports reach Nanking is a moot point. Presumably Chang Hsueh Liang retains, in return for his support, a large portion of the revenue collected in the area under his control. For all practical purposes China is again split up into three main areas, with numerous independent zones, and the pretence that it is a united country under an established central government can no longer be maintained. The Canton clique claim to be the true and only Powers should repudiate Chiang Kai Shek and transfer their recognition to them. But the Canton party has yet to prove that it will prevail. There are too many leaders, varying in opinion from one extreme to the other, to make for stability, and although they are at the moment bound together by a common hatred of Chiang Kai Shek, internal dissensions are inevitable. Already there are signs of a lack of team spirit, and so far the new administration has given no signs of special ability. The foreign consular body in Canton is in an awkward predicament, as relations with the local administration have to be maintained, and it is difficult to do so while official recognition is withheld by their respective governments. The Hong Kong Government has so far avoided any complication in respect of recognition, but the Governor has found it advisable to cancel a trip to North China, which was to have given him an opportunity of calling upon Chiang Kai Shek in Nanking.

The Hoover moratorium proposals had an immediate effect on exchange and speculation in Shanghai, and resulted in a sudden rise in the price of silver, with a consequent advance in the Hong Kong dollar to the neighbourhood of 1s. 1d. The subsequent uncertainties as to the acceptance of the proposal led to a reaction, and after considerable fluctuation the dollar has relapsed to under 1s. Business in Hong Kong has been gradually adapting itself to the abnormally low level of exchange, and a sudden rise is bound to have an unsettling effect. The general opinion at the moment is that there will be a further decline in exchange; but if the moratorium results in an advance in world commodity prices, silver will probably rise in sympathy.

Trade generally is on a healthy basis, thanks to the fall in exchange having enhanced the value of stocks in the colony, and the volume appears to be in no way diminished as measured in local currency. Unfortunately the trade statistics of the colony are not yet on such a basis as to be reliable. The Superintendent of Imports and Exports, in his recently published review for 1930, complains bitterly of the slackness of merchants in rendering their returns. There have been several cases of persistent negligence, and even the foreign banks, through some misunderstanding, made no returns of treasure shipments for some months after the collection of statistics had been resumed. Movements of treasure have been abnormally large during the past twelve months, and the absence of returns meant a very serious omission in the record of the colony's trade. The Superintendent of Imports and Exports goes so far as to threaten to close down the statistical branch of the department if he is unable to secure effective co-operation.

The opening of the buying season for cotton fancies has again been delayed as long as possible, but at the moment of writing dealers' inquiries are beginning to assume a more definite shape. Any possible rise in the value of raw cotton, and as clearances for the present season have been remarkably good, there seems to be every reason to hope for some substantial orders for next season. A good proportion of the goods which arrived during the spring eventually found their way to the Straits and Siam, and it is hardly likely that there will be a repetition of this next spring. It is possible, therefore, that buying may be on a more restricted scale. Piece-goods dealers, however, have had a profitable year, and may be disposed to look for a bigger demand from the interior by reason of the comparatively small offtake this spring.

IRISH FREE STATE.

Past Session — Agriculture — Immigration from U.S.A. — Foreign Trade — Public Finance.

(FROM OUR CORRESPONDENT.)

DUBLIN, August 15.

THE session of the Dail which terminated in July was reasonably fruitful in constructive legislation. The principal measures affecting agriculture were the Land Act, which facilitates land purchase, the increased grant in aid of rates on agricultural land, and the Act regulating the grading and packing of potatoes. The protective tariff was increased by the imposition of duties on the imports of butter, harness and harness leather. The condition of the Shannon Scheme attracted much attention towards the end of the session, when an additional sum of £2,000,000 was asked for by the Government for the Electricity Supply Board. An attempt was made to develop the fishing industry by the establishment of a Sea Fisheries Association designed to provide loans and marketing facilities for fishermen. The Government has persisted in its policy of developing the natural resources of the country to the utmost, and has refused to be stampeded by the prevailing depression into passing the panic protectionist measures demanded by the Opposition, who still clamour for a subsidy on wheat and a far-reaching extension of the tariff.

The outbreak of foot-and-mouth disease in Northern Ireland led to the temporary restriction of exports of cattle from the Free State. If this restriction had been continued in force the country would have suffered an extremely severe loss, but happily it has been removed and the trade is again normal. The closing of the market for cattle would have been an exceptionally heavy blow to Irish prosperity, because cattle are the only agricultural product of which the price has been fairly remunerative. The price of pigs and sheep is very unsatisfactory, and all classes of dairy produce have slumped. The Free State is fortunate in that it relies for the greater part of its income on the production of cattle, and benefits by the fall of the price of cereals and feeding stuffs. That the Free State is feeling the prevailing depression is unquestionable; but it can be safely asserted that the depression has shown no signs of developing into a crisis.

The depression in the United States has had the effect, not only of reducing emigration from Ireland, but of setting up a stream of migration from America to Ireland. In the first six months of the present year the number of immigrants from America was far greater than that of the emigrants to America. One result of this change in the direction of the migration movement is that the population of the Free State is beginning to increase for the first time since the Treaty. While everybody must feel pleased to witness this increase, it cannot be denied that there may be difficulty in finding employment for many of the returned emigrants. The movement, however, shows no sign of abating, and cases are becoming quite common of remittances being sent from Ireland to pay the passage home of destitute relatives in the States.

During the first six months of the present year imports into the Free State amounted to £25,083,055, as compared with £29,422,549 in the corresponding period of last year, and exports amounted to £17,161,856, as compared with £22,051,987. The reduction in the value of the imports reflects the heavy drop in the price of many foodstuffs; the quantities of wheat, flour, maize and tea imported were greater than last year, but the values substantially declined. Among the exports, decreases took place in the case of cattle, bacon, hams, butter and eggs, and increases in the case of pork, horses and fish. While the total external trade of the Free State is less than last year, the amount of the adverse balance remains practically the same.

The financial history of the Free State for the first ten years of its existence is summarised in the following figures published by the Department of Finance:—

Total normal expenditure, 1922-31	£ 211,226,751
Total normal revenue, 1922-31	228,993,054
Surplus	17,766,303
Total abnormal expenditure, 1922-31	38,526,232
Total abnormal revenue, 1922-31	4,613,977
Total abnormal expenditure not defrayed from surplus normal revenue and abnormal revenue	16,145,952

The extremely prudent policy of the Government in respect of borrowing appears from the high proportion of extraordinary expenditure arising out of the pre-truce and post-truce troubles which was met out of current revenue. This expenditure was unquestionably abnormal and non-recurrent, and might have been met by borrowing even on the most orthodox principles of finance. The total amount spent on the army and on compensation for damage to property and personal injury was £34,978,437. The British Government contributed £3,217,542 in respect of pre-truce damage, leaving a net expenditure of £31,760,895. The total dead weight debt not covered by corresponding assets is £15,274,000. It is clear that more than half of the cost of the disturbances was paid for out of revenue. However unpleasant this may have been for taxpayers, it certainly indicates a very high standard of financial prudence which is bearing its fruit to-day. A small national debt is one of the greatest boons that any nation can enjoy during a period of acute deflation.

Letters to the Editor.

FASCISM AT HOME.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In my letter published in the *Economist* of July 11, 1931, I made the point that it is impossible to gauge the material and moral conditions of a city and the feelings of its inhabitants in a few hours of peregrination in the rain between two trains. Signor Villari's reply, published in your issue of July 25, 1931, avoids the facts brought forward in my letter and shifts the discussion to a totally different plane, by putting forward the thesis (a) that the economic crisis under which Italy is labouring to-day is a consequence of the world crisis; (b) that the Italian crisis is less acute than the world crisis; and (c) that in pre-Fascist Italy conditions were worse than they are to-day. I would beg you once again to allow me to demonstrate by what methods Signor Villari tries to confuse the issue for your readers.

(a) The Italian economic crisis, far from being a result of the world crisis, showed itself already in the autumn of 1926 and became acute in 1927. In a speech of November 9, 1927, Mussolini plainly admitted: "There has been a crisis and it has been a grave one. It was bound to come because of the monetary policy for which the regime accepts full responsibility. What stage has the crisis reached? I am convinced that the peak is already past." The peak was far from past. In another speech of June 22, 1928, Mussolini had to admit that the crisis still continued, but reiterated: "I believe that the end is in sight." The end was not in sight. Despite his assurances, on December 9, 1928—"We are out of the dangerous waters; we are in full convalescence"—he had to admit on October 2, 1929: "These very days have seen the culmination of the crisis. We have left the night behind and are marching towards the dawn." Three weeks later came the Wall Street crash. In a speech of December 18, 1930, the Duce explained: "Just as we were almost in sight of land, the American crisis of October 21, 1929, drove us back into the high seas." In other words, when the world crisis began, Italy had for three years been in the throes of a crisis of her own, caused by the hasty revaluation of the lira at so high a figure as to disconcert her export trade. The phases of the crisis are reflected in the following figures of dishonoured bills given by the Banca Commerciale Italiana in its "Movimento Economico," 1931, page 51:—

1926	1297	1928	1929	1930
849,000	1,096,000	1,085,000	918,000	1,003,000

For May, 1931, the figures reached 103,482 ("Bollettino mensile di statistica," June, 1931, page 640), whereas the monthly average in the critical year 1927 was 66,345.

(b) In support of his assertion that the crisis is being less severe in Italy than in other countries, thanks to the measures enacted by the Fascist Government, Signor Villari asserts that (1) if wages have declined, so have prices; (2) the Italian percentage of unemployment compares very favourably with that of Germany, Great Britain, etc.; (3) during the past few months the number of unemployed has been steadily diminishing; and (4) unemployment would be lessened if foreign countries did not "almost entirely" prevent Italian immigration. The truth is as follows:—

(1) Between the spring of 1927 and that of 1931, wages have fallen 30 to 50 per cent. If Signor Villari disputes this statement, and the *Economist* grants me the space to reply, I will prove this fact. If Signor Villari does not dispute the statement he must bring proof that the cost of living in Italy has fallen by 30 to 50 per cent. The official figures ("Bollettino mensile di statistica," June, 1931, page 592) show a drop from 100 in June, 1927, to 83 in May, 1931. This is generally regarded in Italy as too optimistic a figure; but accepting it as a basis, we are still very far from a fall of from 30 to 50 per cent. In a Fascist paper, the *Corriere Padano*, June 14, 1931, Professor Bizozzero, an agricultural expert, advises the Italian peasantry to return to the use of maize as a staple food: "Polenta must take the place of honour as of old, and there must be little bread and hardly any meat in the peasant diet. I see no other way out of our present troubles."

(2) Italian unemployment figures cannot be compared with those of other countries, firstly, because in a country still half agricultural like Italy the conditions are not the same as in highly industrialised countries like Great Britain, the United States or Germany; secondly, because in Italy the agricultural population and a large part of the industrial population, are not in receipt of unemployment relief; and, thirdly, because Italian unemployment figures are systematically falsified. I am prepared, if challenged, to prove this statement.

(3) Unemployment in Italy is to some extent seasonal. It is highest in mid-winter and lowest in summer. Thus the seasonal improvement of the spring months of 1931 is not a proof that the crisis is disappearing. I quote more complete figures from the "Bollettino mensile di statistica," not as a full statement of the state of affairs, but as showing what even a Fascist Board of Statistics was unable to hush up:—

	Winter maximum.	Summer minimum.
1926	156,000	79,000
1927	259,000	214,000
1928	439,000	234,000
1929	489,000	193,000
1930	466,000	322,000
1931	765,000	not yet known

Readers of the *Economist* will remember that in 1927 the crisis was already severe, and will draw their own conclusions.

(4) Signor Villari ignores the drastic measures by which the Fascist Government prevented emigration from September, 1927, to September, 1930, when, scared by the rise in unemployment, it opened the doors to emigration again. In his book "Italy," published in 1929, he wrote: "The emigration policy of the Italian Government has undergone a radical transformation during the last few years. No one is encouraged to emigrate, and obstacles are placed in the way of all incitements to emigration. Everything is done to keep the Italians at home. Now passports are issued only to near relatives of Italians living abroad, and the latter must return to Italy to fetch them. The object of this measure is not only to restrict emigration, etc." (pages 349-50). In August, 1930, the overseas emigrants were no more than 323 and those going into Mediterranean countries were 11,535. In September they leapt respectively to 4,977 and 42,342, and in October to 8,470 and 50,340 ("Bollettino mensile di statistica," January, 1931, page 32). Without the veto on emigration many thousands might easily have been absorbed by other countries in the three years preceding the world crisis. But for the considerable clandestine emigration during this period, the unemployment figures would be higher than they actually are to-day.

(c) Signor Villari asserts that in the pre-Fascist Italy (i) "long before the world crisis" the Italian unemployment figures were as high or higher than those of to-day, and (ii) there were vast numbers of men thrown out of work on account of strikes and lock-outs. I might reply that (i) another world-wide crisis made itself felt from the second half of 1920 to the summer of 1922; during that period the official unemployment figures in Italy showed a maximum of 606,000 for the winter of 1922, whereas in 1931 the figure reached 765,000; and (ii) Signor Villari himself in his "Fascist Experiment" (pages 152-3) gives the official figures of working days lost by labour troubles and the figures of unemployment from 1919 to 1922.

According to them, the number of unemployed was in inverse proportion to the number of working days lost by strikes. But it would not be fair for me to let such figures stand without comment. The truth is that pre-Fascist unemployment figures are no more reliable than those of the Fascist era, only they sin in the opposite direction. Municipalities were then allowed to grant unemployment relief at the expense of the Government, and there were no limits either to their largesse or to the figures of unemployment they gave in to the Government. This abuse ended with the accession of the Fascists to power, but then the statistics began to err in the opposite direction. On this point one should consult an article: "Quel che valgono le statistiche della disoccupazione in Italia," in the review "Riforma Sociale," September-October, 1926.—Yours, etc.,

GAETANO SALVEMINI.

8, Avenue Gambetta,
St. Germain-en-Laye.
August 3, 1931.

Books and Publications.

THE JAPANESE POPULATION PROBLEM.*

It is always a pleasure to recognise the work of a searching and balanced mind. Mr Crocker has utilised two years' tenure of a Commonwealth Fellowship to undertake an acute study—on an economic foundation, but with an understanding of the political environment—into what Japan and the world have to anticipate from the growing pressure of her population. He gives his reasons, not least of them the effects of the Washington Conference, for of them the facile dramatic idea that from this or any other cause the Pacific is on the swift way to becoming an international storm-centre in the gravest sense, but he squarely faces the prospect that the pressure of numbers is bound to be the dominating factor in Japanese policy henceforward, and, unlike more hasty pessimists, he proceeds to apply economic analysis of the past and present to assist him to pierce into the future.

Mr Crocker weighs the factors operating in favour of a lower birth rate—a spread of industrial living conditions, fewer marriages and a later age of marrying, perhaps a changing conception of marriage and of individual liberty and comfort, and the penetration of birth control—against the markedly increasing proportion of those within the child-bearing ages during the next thirty years or so, and though it leads him to refute the more sensational estimates of increase, he cannot escape the conclusion that within the next generation not less than 15 to 20 millions are likely to be added to the present population. If 60 million inhabitants have strained Japanese agriculture into diminishing returns, as he says, how will it fare when the 80 millions have arrived? This leads him to scrutinise the evidence available on the outlook for agricultural production, and then to turn his lens on to the solution which Japanese public men have declared for, the way of industrialisation and the prospects in front of Japan's achievement in the twentieth century to repeat England's achievement in the nineteenth of exporting manufactured goods to pay for essential food supplies. Here, without disparaging Japan's chances of success, he draws attention to the narrow basis of her export trade, which at present depends as to 70 per cent. on two commodities, raw silk and manufactured cotton goods. The way is not unattainable to a people with such will to succeed, yet it cannot but be hazardous.

Turning finally to emigration, Mr Crocker questions the charge that the Japanese have no aptitude for colonising, and examines the directions in which streams of migration might be made to flow; but emphasises that emigration at its utmost strength could only be a palliative, invaluable though it would be as a psychological safety-valve. As an Australian himself, he suggests the preservation of a White Half-Australia by drawing a latitudinal boundary line along the Tropic of Capricorn; but believes that Borneo, New Guinea and some Pacific Islands should be given to Japan by concerted international action for the sake of world peace and justice, with the hope of an invited flow developing also to Brazil.

* "The Japanese Population Problem." By W. R. Crocker. George Allen and Unwin. 10s. 6d.

and possibly (this seems unlikely) to Siberia. Students of the Pacific, and indeed of population problems everywhere, should not miss this book. Mr Crocker has a rare feeling for accuracy of thought and style—though "censi" as a plural is surely unworthy of a Balliol man—and it is to be hoped that he will find scope for further studies of this quality.

BOOKS RECEIVED.

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

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

Practical Journalism. By Alfred Baker. With a Section on Newspaper Law by Edward A. Cope. Second Edition revised by Edward A. Cope. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 3s. 6d. net.

An interesting little introductory book for the guidance of the beginner in journalism.

Caribbean Backgrounds and Prospects. By Chester Lloyd Jones. (London) D. Appleton and Company, 34, Bedford Street. 15s. net.

A study of the economic and social factors affecting the development of the Caribbean countries, with special reference to the progress achieved since 1900.

Interpretations of Federal Reserve Policy in the Speeches and Writings of Benjamin Strong. Edited by W. Randolph Burgess. (London) Harper and Bros., 90, Great Russell Street. 12s. 6d. net.

An interesting collection of extracts.

International Administration. By Norman L. Hill. (London) McGraw Hill Publishing Company, Ltd., Aldwych House. 15s. net.

A lengthy analysis of international administrative systems.

Insurance Shares as an Investment. Compiled and edited by T. Wheelock. (London) P. W. Cooper and Co., 11, King Street, Cheapside. 5s.

An analysis of the leading companies' reports for 1930.

Annual Statistical Report of the American Iron and Steel Institute for 1930. (New York) American Iron and Steel Institute, 75, West Street.

This latest report, in addition to the usual statistics, contains some new data on pig-iron production.

Mining in Yugoslavia. By Joso Lakatos. (Belgrade) Office for the Promotion of Foreign Trade.

Contains a brief statistical account of the extraction of each of some fifteen minerals.

Transvaal Chamber of Mines. Annual Report, 1930. (Johannesburg) Hortors, Ltd., Leader Building, Harrison Street.

Contains some useful statistics of Transvaal mining activities.

Practical Directorship. By Henry E. Colesworthy. Second Edition. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 10s. 6d. net.

A guide to the duties of a company director.

Slater's Mercantile Law. Seventh Edition. By R. W. Holland and R. H. Code Holland. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 7s. 6d. net.

A revised edition of a standard textbook.

Guide to Industrial and Social Legislation. By F. Roberts. (London) Gee and Company (Publishers), Ltd., 8, Kirby Street. 10s. 6d. net.

An indexed summary for purposes of reference.

Questions and Answers on Company Law. By G. William Fortune and D. R. Matheson. Second edition. (London) Sir Isaac Pitman and Sons, Parker Street, Kingsway. 3s. net.

A useful book for students of company law and practice.

Mining and Finance Companies of South Africa. Compiled and published by Lemon Bros., 28, Austin Friars, London.

A compact little book, containing the usual financial particulars of each company.

The Stock Exchange.

THE CHILEAN DEFAULT.

THE Chilean Government has now officially announced through its Ambassador in London that it is unable for the remainder of the year to meet the service on its external debt. At the same time, it has expressed the hope that its foreign creditors will regard the default as a temporary phase "which, although involving an immediate sacrifice for them, increases the security of their more permanent interests." If the facts of the crisis had been divulged at an earlier stage, the creditors of Chile might have been in a more forgiving mood, but there is no denying that the abrupt shattering of the faith which had been imposed in Chile as a Republic of South America which had never defaulted has created a somewhat painful impression. Bondholders were first alarmed by the bald official announcement in July that the August payments on the external debt could not be made in foreign currencies, but that the interest due would be paid in Chilean currency into a special account of the Central Bank. It comes as a further shock to find that the Government now regards itself as unable to make payments even in Chilean currency, and that a resumption of interest payments, either in pesos or in pounds sterling and dollars, depends upon the success which attends the Government's efforts to balance the budget, and, in the last resort, upon the duration of the world slump.

The Chilean crisis affects some £250 millions of foreign capital invested in the country. According to an American computation the amount of American investments is \$618,295,300, distributed as to \$216.7 millions in Government bonds and the balance in mining enterprises. The extent of the British investment is estimated by the Commercial Secretary to the Legation in Santiago at over £100,000,000, of which we may estimate that about £30,000,000 is in Government bonds.

The creditors of Chile must, of course, try to appreciate the difficulties of the economic and financial situation. The statement issued by the Chilean Ambassador last week began with the following passage:—"Excessive expenditure during recent years, the great diminution in exports, and the considerable reduction in the ordinary revenue make it impossible for the country at the present time to continue its policy of meeting faithfully its obligations. . . . The present Administration finds the country with trade at a standstill, a large budget deficit, private credit greatly restricted, a high discount rate, a large number of unemployed and a general feeling of distrust, entailing withdrawal of capital and making solution of the difficulties still greater." It was essential, in the Government's opinion, to re-establish confidence by balancing revenue and expenditure and by stimulating the sources of national production. So far, the statement reads very much the same as the daily record of the crisis in Great Britain.

We may add that Chile had difficulties peculiar to herself. In 1928 the Government inaugurated a plan of public works which was carefully prepared and based on the development of its natural resources as well as on the capacity to meet the annual service requirements on the loans contracted to finance the plan. An average annual increase of revenue of 5 per cent. was allowed for, and the Chilean Minister of Finance estimated that ordinary expenditure would not increase by more than 2 per cent. per annum. With this margin it was considered safe for the Government to borrow in order to carry out the construction programme. The advent of the world slump, however, upset the whole scheme, and the Government made matters worse by borrowing (largely from American houses) on short-term through 1930 and into 1931 to finance this public works programme in the hope that it would be able to resume its long-term borrowing before the end of 1931.

Further, the Chilean Government intensified its financial difficulties by its generous treatment of the nitrate industry. In our leading article last week we referred to

the financial consequences of the formation of the national nitrate company ("Cosach") under the auspices of the Guggenheim Brothers. The Chilean Government gave up an export tax of £2 10s. per ton and accepted in exchange a half share in the "equity" of Cosach, together with certain cash payments (the special charge of 30s. per ton of nitrate extracted goes to provide the service of the "Cosach" bonds). These cash payments consisted of £4,500,000 (less certain credits), in respect of 1931, which was to be financed by the issue of \$50,000,000 Prior Secured Sinking Fund 7 per Cent. Bonds, and of approximately £8,000,000 in respect of 1932 and 1933, which was to be found by the issue of \$40,149,000 Secured Sinking Fund 7 per Cent. Gold Bonds. Unfortunately, the state of the financial markets has prevented the public issue of the Prior Secured Sinking Fund Bonds beyond the £2,000,000 issued in London and £1,000,000 issued or placed in Holland, Switzerland and Sweden. The National City Company of New York, which purchased \$19,000,000 of the bonds, has not yet been able to float this issue in New York.

As regards the budget figure, the estimated expenditure for the current year has been reduced from 1,039 million pesos to 960 million pesos, and the Government is endeavouring to reduce the estimate still further to 860 million pesos. At the same time, additional contributions to revenue have been authorised, although the items are not specified. In respect of 1932 the budget expenditure is to be reduced to a sum not exceeding 700 million pesos, which will allow the Government—to quote from the official statement—"to deposit in national currency the total amount of interest on its loans, and eventually to deposit the equivalent of the amount required for the amortisation of these debts, should an improvement in general trade conditions warrant a modification in the low estimate which it has been considered necessary to make in regard to the revenue for the coming year." The estimated revenue for 1932 is 600 million pesos, and, on the basis of a total administrative expenditure of only 400 million pesos, there remains 200 million pesos for the service and administration of the public debt, any revenue in excess of 600 million pesos being applicable to amortisation of debt.

Assuming that these estimates of revenue and expenditure will be realised, the more difficult problem remains of finding sufficient foreign exchange for the resumption of the interest payments abroad next year. Foreign exchange can only be obtained (a) through the export and sale of products abroad, (b) through the influx of new capital seeking investment either on short term or long term, and through loans granted to the Government or its agencies. The influx of new capital has been arrested by the slump, and we have no right to assume that further loans will be granted to the Government when the need of the hour is economy. We must turn to the export balance. Will this be sufficient to provide the annual service requirements on the external funded debt? According to the National City Company, the total funded external debt of the Chilean Government and various public agencies at the end of last year was as follows:—

Government debt.....	\$ [U.S.] 342,171,041
Guaranteed debt	94,143,400*
Other debt	20,713,500
Total funded debt, direct and indirect.....	457,027,941
Divided approximately as follows:—	
Payable in New York	284,384,503
Payable in London	149,069,966
Payable elsewhere	23,573,472
Total	457,027,941

* Included in guaranteed funded debt is a \$10,000,000 maturity of the Mortgage Bank falling due December 31, 1931.

The service requirements—interest and amortisation—of this external funded debt amounted approximately

to \$40,567,000 per annum, including \$30,902,000 for the annual requirements in respect of direct debt of the Government and \$7,891,000 for requirements in respect of guaranteed obligations. In addition to the external unfunded debt, there is the unfunded, or "floating," external debt of the Government and of various public agencies, which, at April 1, 1931, was as follows:—

	\$ [U.S.]
Government debt.....	42,210,000
Guaranteed debt	15,041,000
Other debt	2,663,000
Total floating debt, direct and indirect	59,914,000

Normally, the Chilean Government export surplus is sufficient to provide for this service with a comfortable margin. The foreign trade figures since 1925 are shown in the next table:—

Year.	(Thousand \$ [U.S.]) Imports.	Exports.	Export Balance.
1925	148,820	227,348	78,528
1926	157,251	201,277	44,026
1927	130,535	205,580	75,045
1928	142,330	239,166	96,836
1929	198,224	278,961	80,737
1930	169,951	161,479	— 8,472
1930 (4 months)	62,400	61,600	— 800
1931 (4 months)	45,950	49,150	3,200

The principal items included in total exports were:—

Year.	(Thousand \$ [U.S.]) Nitrate of Soda and Iodine.	Metal Ores, including Copper, Iron, &c.
1929	127,231	118,749
1930	74,572	59,926
1930 (3 months)	25,325	15,989
1931 (3 months)	20,403	13,128

It is difficult to see how the nitrate and copper industries can recover sufficiently in time to allow for the provision of an adequate export surplus in 1932. We need not deal further with the nitrate outlook, which was discussed fully in our leading article last week, but if no agreement is arrived at between the synthetic producers and the Cosach Company, there will be a period of "war" in the markets which can only result in lower prices being realised on the amount of nitrate exported. The Government has announced that "it intends to obtain shortly the equilibrium of its balance of payments through the Committee for the Control of International Exchange Operations, which is already functioning, and through Customs tariffs and other similar measures." It adds:—"Once the *balanza de pagos* is re-established, the Government will be in a position to meet the service of the foreign debt through the conversion into foreign currency of the deposits made in national currencies." All things considered, we think that bondholders will be fortunate if they secure the payment of their interest in foreign currency by 1932.

There remains the question whether the Government has made the fullest use of the gold reserves in the Central Bank. These gold reserves declined by \$10,670,020 in the period from March 27 to July 10, 1931, to \$26,887,965, as compared with \$38,859,801 on January 31, 1931, and \$58,435,699 on January 31, 1930. It is the belief of the Chilean Government and of the Central Bank of Chile that it would be against the interests both of domestic business and of foreign creditors further to deplete these reserves. Any further reduction would involve a contraction in the volume of Chilean currency now in domestic circulation, which might have a serious effect upon the internal banking and commercial situation.

That the market takes a gloomy view of the immediate prospects is suggested by the table, in the next column, showing present market prices as compared with the highest prices this year of the leading sterling and dollar issues.

It will be seen that Chilean bonds have depreciated this year, on the average, by over 60 per cent.

As the National City Company has pointed out, in a recent bulletin, rigorous taxation and drastic domestic economies, however thoroughly applied, will not produce foreign exchange unless it becomes available through the avenues of foreign trade, foreign investments, or foreign loans. Through further curtailments of imports Chile could

	Highest, 1931.	Present Price.	Nominal Yield %
Chilean Sterling Bonds.			
4½% 1885	100	50	9.00
4½% gold 1889	92	45	10.00
5% 1911 2nd Series.....	90½	32½	15.40
6% 1928	94	35	17.15
6% 1929	94	35	17.15
Dollar Bonds.			
Chile 7% 1942	100	37	18.90
6% 1960	86	25½	23.75
6% 1961 (January 1).....	87	25½	23.30
6% 1961 (February 1)	86	25½	23.30
6% 1961 (September 1).....	86	27½	21.80
6% 1962	86	27½	22.00
6% 1963	87	29½	20.50
Chile Con. Mun. 7% 1960	86½	23½	30.10
Mortgage Bank of Chile 6½% Guar. S.F.	88	26½	24.50

materially improve its position in relation to foreign exchange; but until other countries, in particular America, are willing or able to receive Chilean products in a volume approaching that of recent years (United States purchases alone, in active years, have had an annual value of some \$70,000,000), or until foreign capital resumes its flow into the country for investment, the exchange problem will remain difficult of solution. Whether interest payments abroad can be resumed in 1932 must remain, therefore, a matter of speculation.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
September 9.	September 10.

A WEEK-END of political excitement culminated in the formation of the National Government, which brought a strong feeling of relief in most markets. It was generally recognised, however, that while the balancing of the Budget was an essential preliminary to trade revival, the depression affecting practically all industrial securities had its roots in more fundamental difficulties, which at the moment show little sign of early solution. The market's reaction to the changed political outlook is discussed in a first investment note.

Gilt-edged stocks had an uncertain trend, and trading was of small dimensions. The sharp recovery in sterling, following the Prime Minister's broadcast speech, was a bull point, but the hint of a new large loan was so interpreted as to induce a subdued tone. Conversion 3½'s advanced slightly, but the 4½'s and War Loan Fives were weak. India loans improved on the outlook for the forthcoming conference and the appointment of Sir Samuel Hoare to the Indian Office. Foreign bonds were generally firmer than of late. Brazilian issues improved on next month's Sinking Fund operations and Argentines on the renewed efforts to balance the Budget. In the European section, leading German issues had a better appearance, but weakness occurred in Austrian Sevens.

Home rails revealed small change on balance, a temporary improvement in tone in sympathy with other markets being entirely offset by the fact that the week's traffic returns showed no appreciable improvement. A certain uneasiness was felt regarding the Underground group, which this week recorded a considerable decline in receipts. Among foreign rails, the earlier strength of Argentines, induced by bear covering and the possibility of favourable rate decisions was entirely dissipated by the announcement that the Buenos Aires Western Railway would not be paying any ordinary dividend.

In the industrial market considerable irregularity and uneasiness was apparent. Imperial Tobacco and Watney Combe deferred led appreciable declines throughout the tobacco and brewery section on the possibility of higher taxation and reduced demand, following a "cut" in unemployment benefit. Electricals were firm, British Insulated and Siemens rallying. In the iron and steel group Staveley attracted some attention on the maintenance of the final dividend at 3½ per cent. The poor

(Continued on p. 402.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Price Year 1930.	Price Year 1931 Jan. 1 to August 26 (inclusive).	Name of Security.	Price Aug. 18, 1931.	Price Aug. 26, 1931.	Rise or Fall.	Present Yield.	Price Year 1931 Jan. 1 to August 26 (inclusive).	Price Aug. 18, 1931.	Price Aug. 26, 1931.	Rise or Fall.	Present Yield.
High- est.	Low- est.		High- est.	Low- est.			High- est.	Low- est.			
British Funds.											
59½	52½	Consols 2½ %	57½	58	+½	4 6 2	53½	58½	5½	12½	8½
83½	74½	Consols 3½ %	88½	90	+½	4 9 11	87½	92½	5½	12½	8½
103½	93½	Consols 4½ %	108½	110	+½	4 12 10	107½	112½	5½	12½	8½
106½	102½	Do. 5½ % 1944-64	103½	104	+½	4 15 10	102½	107½	5½	12½	8½
96½	85½	Funding 4½ % 1960-90	91½	92	+½	4 17 6	90½	95½	5½	12½	8½
106½	98½	Treasury 5½ % 1932-34	99½	100	+½	4 17 4	98½	103½	5½	12½	8½
103½	100½	Treasury 5½ % 1933-35	101	102	+½	4 17 6	100½	105½	5½	12½	8½
97½	91½	Victory Bonds 4½ %	94	95	+½	4 6 0	93½	98½	5½	12½	8½
105½	100½	War Loan 5½ % 1929-47	100½	101	+½	5 2 0	100	105½	5½	12½	8½
69½	61½	Local Loans 5½ %	65½	67	+½	4 10 3	64½	69½	5½	12½	8½
49½	40½	India 2½ %	39½	40	+½	6 5 0	38½	43½	5½	12½	8½
59½	47½	Do. 3½ %	47½	49	+½	6 3 9	46½	51½	5½	12½	8½
68½	55½	Do. 4½ %	55½	57	+½	6 1 6	54½	59½	5½	12½	8½
90½	78½	Do. 5½ %	78½	80	+½	6 1 6	77½	82½	5½	12½	8½
106½	100½	Do. 6½ %	101½	102	+½	6 1 6	100½	105½	5½	12½	8½
109½	104½	Do. 7½ %	104½	105	+½	6 1 6	103½	108½	5½	12½	8½
99½	87½	Do. 8½ %	87½	89	+½	4 12 10	86½	91½	5½	12½	8½
Dom. & Colonial Govts.											
95½	76½	Australia 5½ % 1945-75	74½	75	+½	7 2 9	73½	78½	5½	12½	8½
95½	86½	Canada 5½ % 1940-60	84½	85	+½	7 10 0	83½	88½	5½	12½	8½
106½	102½	Ceylon 6½ % 1936-51	104	105	+½	5 15 5	103½	108½	5½	12½	8½
98½	92½	Gold Coast 4½ % 1950	90½	91	+½	4 16 5	89½	94½	5½	12½	8½
105½	99½	Kenya 5½ % 1948-58	104	105	+½	4 18 3	103½	108½	5½	12½	8½
105½	101½	Nigeria 5½ % 1950-60	102	103	+½	4 18 3	101½	106½	5½	12½	8½
92½	70½	N.S. Wales 5½ % 35-55	63	64	+½	7 18 9	62½	67½	5½	12½	8½
105½	99½	N. Zealand 5½ % 1946	98½	99	+½	5 1 0	97½	102½	5½	12½	8½
92½	70½	Queensland 5½ % 40-60	72	73	+½	6 18 10	71½	76½	5½	12½	8½
104½	99½	S. Africa 5½ % 1945-75	102	103	+½	4 18 0	101½	106½	5½	12½	8½
98½	93½	Strits. Set. 4½ % 35-45	92	93	+½	4 8 8	91½	96½	5½	12½	8½
Foreign Governments.											
105	100½	Argentina 4½ % Recia	75½	76	+½	6 19 6	74½	79½	5½	12½	8½
96½	89½	Austria 6½ % 1923-43	102	102	0	5 17 6	101½	106½	5½	12½	8½
61½	51½	Do. 7½ % Int. red. by 1937	40	40	0	9 0 3	39½	44½	5½	12½	8½
113½	108½	B. Aires (Prov.) 3½ %	107	107	0	9 6 8	106½	111½	5½	12½	8½
92½	72½	Belgian 7½ %	41	41	0	6 8 6	40½	45½	5½	12½	8½
97½	74½	Bulgaria 7½ % Loan	60	60	0	12 10 0	59½	64½	5½	12½	8½
94½	79½	Brazil 5½ % Fund, 1914	59	59	0	8 12 0	58½	63½	5½	12½	8½
94½	79½	Do. 6½ % (1927)	59	59	0	11 8 0	58½	63½	5½	12½	8½
95½	77½	China 6½ % (1912)	53	53	0	13 19 0	52½	57½	5½	12½	8½
115½	104½	Czechoslovakia 8½ %	108	108	0	7 10 0	107½	112½	5½	12½	8½
82½	78½	Danish 3½ %	84	84	0	3 11 6	83½	88½	5½	12½	8½
96½	81½	Danish 6½ %	80	80	0	8 0 0	79½	84½	5½	12½	8½
90½	70½	Egypt Unified 4½ %	74	75	+½	5 10 3	73½	78½	5½	12½	8½
100	91½	Estonia 7½ % 1927	65	65	0	10 15 5	64½	69½	5½	12½	8½
100	91½	Finland 6½ % 1923	82	82	0	7 5 6	81½	86½	5½	12½	8½
100	91½	French 4½ % (British)	21	21	0	3 15 9	20½	25½	5½	12½	8½
100	91½	Do. 5½ %	21	21	0	4 13 0	20½	25½	5½	12½	8½
90	68½	Germany 7½ %	67	67	0	9 14 0	66½	71½	5½	12½	8½
93½	86½	Greek 5½ % Stab. Ln.	86	86	0	6 18 3	85½	90½	5½	12½	8½
100	100	Do. 7½ % Refugee	101	101	0	6 18 8	100½	105½	5½	12½	8½
102½	98½	Hungary 7½ %	78	78	0	9 12 3	77½	82½	5½	12½	8½
96½	91	Japanese 5½ % 1935-55	98	98	0	5 12 3	97½	102½	5½	12½	8½
102½	98½	Do. 6½ % (1924)	102	102	0	5 18 0	101½	106½	5½	12½	8½
96½	82½	Mexican 5½ % (1899)	7	7	0	3 19	6	11	5	12½	8½
94½	82½	Norwegian 4½ % 1911	95	95	0	4 4 3	94½	99½	5½	12½	8½
106½	102½	Peru 7½ % 1922	70	70	0	12 10 0	69½	74½	5½	12½	8½
102½	97½	Poland 7½ %	72	72	0	9 13 0	71½	76½	5½	12½	8½
102½	97½	Siam 7½ % 1904-64	102	102	0	6 12 6	101½	106½	5½	12½	8½
98½	77½	Sweden 3½ % 1908	67	67	0	4 2 4	66½	71½	5½	12½	8½
96½	61½	S. Paulo Coffee 7½ %	65	65	0	12 0 0	64½	69½	5½	12½	8½
99½	72½	Turkish 4½ % Unified	6	6	0	12 0 0	5	10	5	12½	8½
89½	73½	Uruguay 5½ % 1919	55	55	0	10 0 0	54½	59½	5½	12½	8½
Corporation Stocks.											
106	99½	Berlin 6½ % 1932-57	50	50	0	12 0 0	49½	54½	5½	12½	8½
106	99½	Birmingham 5½ % 1946-56	104	104	0	4 13 6	103½	108½	5½	12½	8½
106	99½	British 5½ % 1948-58	102	102	0	4 16 5	101½	106½	5½	12½	8½
100	87½	Danish 7½ % 1935-45	84	84	0	8 6 6	83½	88½	5½	12½	8½
101½	96	E. London 5½ % 1960-70	99	99	0	5 2 0	98½	103½	5½	12½	8½
103½	98	Johannesburg 5½ % 1937-52	102	102	0	4 11 0	101½	106½	5½	12½	8½
69	60½	L.O.O. 3½ %	62	62	0	24 9	61½	66½	5½	12½	8½
70	62½	Met. Wat. Bd. B 3½ %	66	66	0	4 1 0	65½	70½	5½	12½	8½
105½	99½	Pt. of Ldn. 5½ % 1950-70	102	102	0	4 17 6	101½	106½	5½	12½	8½
101½	104½	Selne 7½ % 1935-52	102	102	0	4 6 6	101½	106½	5½	12½	8½
93	75	Sydney 5½ % 1954	65	65	0	8 17 0	64½	69½	5½	12½	8½
British Railways.											
94	62½	G. Western Ord. Stk.	40½	42	+½	12 18 9	41½	46½	5½	12½	8½
31	54	L. & N.E. Ord. Stk.	3	3	0	7 9	2	7	5	12½	8½
39	15½	Do. 5½ % Pref. Ord. Stk.	3	3	0	2 15 0	4	9	5	12½	8½
94	80	Do. 5½ % Pref. 1955	59	59	0	8 9 6	60½	65½	5½	12½	8½
63½	37½	Do. 4½ % 2nd Pref. Stk.	19	19	0	21 1 0	20½	25½	5½	12½	8½
57½	31	L.M.S. Ord. Stk.	14	15	+½	12 18 0	15½	20½	5½	12½	8½
73	54	4½ % Pref. Stk. 1923	30	29	-½	13 15 9	31½	36½	5½	12½	8½
106	97½	Metropolitan Cons.	36	36	0	9 11 3	37½	42½	5½	12½	8½
78	72½	Met. Dist. Ord. Stk.	61	60	-½	8 5 3	62½	67½	5½	12½	8½
32	21	Southern Dist. Ord. Stk.	10	12	+½	10 8 4	11½	16½	5½	12½	8½
64	63	Do. 5½ % Pref. Ord. Stk.	45	45	0	11 2 3	46½	51½	5½	12½	8½
96	82½	Do. 5½ % Pref. Ord. Stk.	69	69	0	7 4 0	70½	75½	5½	12½	8½
25½	24½	Underground Ord. Stk.	19½	19½	0	8 4 0	20½	25½	5½	12½	8½
Dom. & Foreign Ry.											
88	38	Antofagasta Ord. Stk.	17	17	0	22 16 6	18½	23½	5½	12½	8½
100	64	B.A. & Pacific Ord. Stk.	27	30	+½	22 19 0	28½	33½	5½	12½	8½
100	64	B.A. Gr. Stk. Ord. Stk.	41	42	+½	14 2 3	42½	47½	5½	12½	8½
85	46	B.A. Western Ord. Stk.	23	24	+½	11 18 3	24½	29½	5½	12½	8½
88	49	C. Argentine Ord. Stk.	37	42	+½	26 13 3	38½	43½	5½	12½	8½
55	37½	Can. Pacific Com. (%)	20	22	+½	5 19 0	21½	26½	5½	12½	8½
71	64	Can. Nat. 1927 Guar. (%)	23	24	+½	5 16 0	24½	29½	5½	12½	8½
25½	17	Cordoba Ord. Stk.	69	69	0	7 13 6	70½	75½	5½	12½	8½
46	28	Do. 7½ % 1st Pref. Stk.	6	6	0	11 03	7	12	5	12½	8½
73	17	Do. 5½ % 2nd Pref. Stk.	14	14	0	10 10	15	20	5	12½	8½
32	28	Costa Rica Ord. Stk.	27	27	0	7 8 2	28½	33½	5½	12½	8½
85	77	Entre Rios Ord. Stk.	44	44	0	15 0 0	45½	50½	5½	12½	8½
96	86	6½ % Cum. Pref. Stk.	70	70	0	9 6 0	71½	76½	5½	12½	8½
59	55	Do. 4½ % 2nd Pref. Stk.	52	52	0	8 0 0	53½	58½	5½	12½	8½
44	11	G.W. of Brazil \$10	8	8	0	66 53	9	14	5	12½	8½

† Free of Income Tax.

Price Year 1930.	Price Year 1931 Jan. 1 to August 26 (inclusive).	Name of Security.	Price Aug. 18, 1931.	Price Aug. 26, 1931.	Rise or Fall.	Present Yield.
------------------------	--	-------------------	-------------------------------	-------------------------------	---------------------	-------------------

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Am't. paid.	Price, Aug. 19, 1931.	Price, Aug. 26, 1931.
De Beers 5½% Ster. debts.	...	...	90-95	90-95
Fife County Council 4½% 1951-61	...	...	98½-99½	98½-99½
Great Universal Stores Ord. (5/-)	£1	fy. pd.	16½-17½	16½-17½
Great Universal Stores Pref.	£1	fy. pd.	19½-19½	18½-19½
India 6% 1933-34	100	fy. pd.	97½-98½	97½-98½
Jones (Peter) 6% deb.	97½	40	2-1 dis	2-1 dis
Midland 4½% 1950-70	101	61	1½-1½ dis	2-1 dis
New Zealand 5% 1932-34	93	fy. pd.	97-98	97-98
Odham's Press 7% (B) debts.	98	fy. pd.	102-104	102-104
Panama Corporation 8% debts.	100	50	10-5 dis	6-2 dis
Primitiva Holdings 6% Red. pref.	£1	6/-	par-6d. pm	par-6d. pm
Rhokana Corp. 7% debts.	100	50	5 dis-5 pm	5 dis-5 pm
Tanganyika 4% Guar. 1951-71	94½	fy. pd.	4-3½ dis	90½-91½
Telephone and Gen. Trust 7% Pref.	21½	10/-	3d. dis-3d. pm	3d. dis-3d. pm
Walsall Corp. 4½% 1950-60	100	15	8-½ dis	4-½ dis
Woolworth (F. W.) Ord. (5/-)	£2	fy. pd.	46½-47½	45½-46½
Woolworth (F. W.) 5% Cum. Pref. £1	£1	£1	20½-21½	20½-21½

(Continued from p. 399.)

results reported by Calico Printers had little effect on the price of textiles, but Courtaulds were sold from the provinces, and Celanese were a weak spot. Nitrate issues were adversely affected by the Imperial Chemical statement. A strong feature on Tuesday was provided by Sudan Plantations. Transatlantic shares had an irregular appearance, and the Swedish issues were heavily marked down from the Continent.

The tone of the oil share market was uncertain and irregular. The latest news regarding American prices and output is discussed on page 405. Shell, Royal Dutch and Anglo-Persian all came in for a certain amount of liquidation and finished lower on balance. The price of rubber, which once again reached a new low level, caused further weakness in the share market on Tuesday, but Rubber Trusts and Linggis improved subsequently, Anglo-Sumatra remaining a weak spot. Budla Beta and Jokai recorded small advances among Teas, but in general the market had a more than usually deserted appearance.

Renewed interest was displayed in South African gold shares, the advance in Springs being only one of a number throughout the list. "Chartered" found some support from Paris and moved up, but otherwise the Rhodesian section was idle. A sharp fall occurred in Rio Tinto on Wednesday, and tin shares failed to reflect a substantial rise in the price of the metal.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Aug. 20, 1931.	Aug. 21, 1931.	Aug. 24, 1931.	Aug. 25, 1931.	Aug. 26, 1931.	Aug. 27, 1931.
Government and Municipal Loans	930	985	1,156	815	904	901
Transport, Communications, and Public Utilities	573	548	728	573	604	593
Commercial and Industrial Banks, Insurance and Financial	1,064	1,067	1,246	1,097	896	903
Mines (including Nitrates)	347	312	267	350	335	319
Oil	251	307	391	331	364	360
Rubber, Tea and Coffee	96	76	82	59	46	87
	49	62	39	86	49	33
Total	3,310	3,357	3,909	3,311	3,238	3,196

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 8.)	Lowest of 1931. (May 19.)	Aug. 20, 1931.	Aug. 21, 1931.	Aug. 24, 1931.	Aug. 25, 1931.	Aug. 26, 1931.	Aug. 27, 1931.
72.3	54.5	58.4	57.8	58.4	58.2	57.8	57.0

FOREIGN STOCK EXCHANGES.

NEW YORK.

The stock markets have been quiet and irregular, with daily share transactions running consistently below the million level. The bond market was disturbed at the outset by reports of the depletion of the London dollar credit, but reassured by the more hopeful British political developments. It is believed that any accommodation required for constructive schemes for safeguarding the position of sterling, under the new political regime, will be readily forthcoming. Share prices drifted somewhat aimlessly, though resistance was evident to further downward pressure in the face of discouraging rumours. The autumn trade outlook is less black than it has been

painted in some quarters, but demand in the consuming trades, which has hitherto held up well, may be affected if the movement towards lower wages proceeds. The United States Steel Corporation is understood to be considering a downward adjustment of wage rates, and if this comes about the Corporation's example may be widely followed. Many workers, indeed, have already suffered an effective reduction in earnings under the procedure adopted by many companies of rotating employment in order to keep the maximum number at work. Steel operations are returned at 32 per cent. of capacity, against 33½ per cent. for the previous week. Leading railroad shares have held their ground comparatively well, despite the fact that the first 35 roads reporting for July showed a decrease of 18 per cent. in gross and of 39 per cent. in net receipts, as compared with July, 1930. Commodity prices still have a weak tone, and although increased activity in oil shares has followed recent rises in crude prices, the latter are regarded as largely artificial, and due to armed intervention by certain State Governors.

	Aug. 13, 1931.	Aug. 20, 1931.	Aug. 27, 1931.		Aug. 13, 1931.	Aug. 20, 1931.	Aug. 27, 1931.
U.S. 3½% T. Bds.	106½	106½	106½	Natl. Biscuit	58½	59½	58
Do. 4½% 1932-47	102½	102½	102½	Phelps Dodge	11½	11½	11½
Do. 4½% 1932-47	103½	103½	102½	Pullman	30	29	30
Do. 4½% 1933-38	104½	104½	104½	Sears-Roebuck	56½	56½	56½
Atchafalpa	140	139	135	Studebaker	16½	17	16½
Ches. & Ohio	35½	36½	35½	Un. Fruit	54½	55	55
Erie	17½	18½	17½	U.S. Leather	5½	5½	5½
Illinois Central	40	37½	37½	U.S. Rubber	14½	13½	13½
N.Y. Central	71½	71½	69½	U.S. Steel	89½	90½	87½
Pennsylvania	41½	40	38½	Westinghouse	62½	65	63½
Southern Pacific	74½	74½	73½	Woolworth	69½	70½	69½
Southern Ry.	26½	26	24	Am. Tel. & Tlg.	172	173	170
Union Pacific	145	145½	140½	Interboro R.T.	21½	21½	20½
Am. Can.	94	94½	91½	Int. Tel. Tele.	28	29	28
Amer. Smelting	30½	30½	30	Radio Corp.	20	20	20
Ansoconda	24	24½	24	Utilities P. & L.	22	22	22
Bethlehem Steel	39	40	39	W. Union Tlg.	112	115	110½
Chrysler Motor	23½	23	22½	Associated Gas "A"	...	...	11½
Corn Producers Rf.	66	65½	64	Pan. Amer. B.	25	30	26
Eastman Kodak	142	141½	139½	Shell	17½	16	15
Gen. Electric (New)	40½	41½	40	Shell Union	5½	6½	6½
Gen. Motors	38½	38½	35½	Sinclair Oil	10½	12	11½
Int. Harvester	39	38½	37½	Std. California	38	41½	40½
Montg. Ward	21½	21½	20½	Do. N.J.	38½	41½	40½

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Aug. 19.	Aug. 26.
337 Industrials	134.5	218.9	98.2	174.1	99.6	90.6	89.0
33 Rails	127.8	173.5	89.1	148.6	92.0	65.8	64.4
34 Utilities	177.6	330.4	153.2	267.4	158.1	166.1	156.1
Total, 404 stocks	140.3	228.1	108.5	184.2	107.6	97.2	95.8
Average yield of 80 Industrial Common Stocks	3-10%	5-23%	4-15%	5-95%	5-91%	5-80%	5-68%

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	Aug. 19, 1931.	Aug. 20, 1931.	Aug. 21, 1931.	Aug. 22, 1931.	Aug. 24, 1931.	Aug. 25, 1931.	Aug. 26, 1931.
140.2	92.7	109.3	109.1	106.7	106.4	105.8	105.4	107.4

TOTAL DEALINGS IN NEW YORK.

	Aug. 20, 1931.	Aug. 21, 1931.	Aug. 22, 1931.	Aug. 24, 1931.	Aug. 25, 1931.	Aug. 26, 1931.	Aug. 27, 1931.
Stock Exchange—Shares (Thous.)	1,100	1,300	424	800	900	800	800
Bonds (Value Thous. \$)	7,619	10,572	4,122	8,724	9,354	10,081	8,043
Over-the-counter—Shares (Thous.)	260	250	110	170	180	230	190

* 2-hour session.

CANADA.

After losing during July about half the advance recorded in June, the markets brightened up a little in August, the comparative buoyancy of New York producing a sympathetic advance. The weighted index of industrial common stocks published by the Bureau of Statistics, which stood at 85.3 on August 5th, had risen by August 18th to 88.8. The agricultural situation in the West, however, and industrial conditions in the East do not justify any great

hopefulness about the autumn and winter outlook for company earnings. The Street Market in Montreal professes satisfaction with the new board of the Canada Power and Paper Corporation, which is to be rechristened the Consolidated Paper Corporation, but shows little sign of putting any faith in the newsprint stocks. The heavy decrease in liquor consumption (for which the hard times and the decline in the American tourist trade are responsible) has adversely affected distillery stocks. The trend in the bond market has been downward and the mining market has been very dull.

	June 30, 1931.	July 29, 1931.	Aug. 26, 1931.		June 30, 1931.	July 29, 1931.	Aug. 26, 1931.
Antibi Power & Paper	4½	4½	4½	Fraser Companies	1	1½	1½
Bank of Montreal	265½	260	247	Hollinger (Gold Mining)	15½	12½	13
Canadian Traction	21½	18½	17½	International Nickel	5	4½	4½
British Col. Power "A"	38½	35½	35	Massey Harris	45½	44½	47
Calgary Power	143	143	140	Montreal Light	28½	26½	27
Can. Bank Commerce	211	205	200	National Breweries	22	18½	18
Canadian Can.	12	11	10	Nat. Steel Car	48½	43	42
Canada Cement	3	2½	2½	Power Corp., Canada	29½	31	27½
Can. Indus. Alcohol "A"	3	2½	2½	Price Bros.	36	33½	31½
Canada Power & Paper	3	2½	2½	Quebec Power	248½	243½	237½
Can. Steamship Lines	3	2½	2½	Royal Bank of Canada	42½	40½	40½
Cookshut Plov.	7	5	5½	Shawinigan	31	30	29
Cans. Mining	108	93½	95	Southern Can. Power	29½	27½	27½
Dominion Bridge	35½	31½	33	Steel of Canada	29½	27½	27½
Dom. Textile (New)	71	65½	67½	Winnipeg Electric	13	11½	10

INVESTMENT NOTES.

National Government and Stock Markets.—Members of the Stock Exchange received news of the formation of the National Government with a profound sense of relief. The immediate effect was a tentative marking up of prices by dealers, who are generally short of stock, both in the gilt-edged and British industrial share markets. Very little increase in business resulted, however, and it became evident during the week that the investing public was holding its hand. Prices, therefore, showed a tendency to react and in the industrial markets a number of shares became sensitive to fears of increased taxation—tobacco and brewery shares in particular. In the gilt-edged market a somewhat cautious attitude was adopted, partly because it was felt that complete confidence in sterling would not be restored until the economy plans of the National Government had been announced, and partly because it was expected that further credits might have to be accorded to the Bank of England. The improvement in the exchanges following upon the Prime Minister's broadcast speech failed to stimulate business, and speculation turned upon the reference made by the Prime Minister, in his speech, to the flotation of a loan. The market was not clear whether this was intended to refer to the conversion of 5 per cent. War Loan or to the raising abroad of a long-term loan. In any case, it is significant that 5 per cent. War Loan did not participate in the improvement shown by the long-dated stocks. The following table shows the movements in the gilt-edged market and in the leading British industrial shares:—

	Aug. 21.	Aug. 24.	Aug. 27.
Gilt-edged:			
Consols, 2½%	57½	58	58½
" 4%	89	90	89½
Conversion, 3½%	79½	80	78½
" 5%	103½	103½	103½
War Loan, 5%	100½	100½	100½
4% Funding	92½	93	92½
4% Victory Bonds	94½	92½	92½
Industrial:			
Guest Keen	12½	14½	14½
Vickers, 6s. 8d.	7½	7½	7½
Imperial Tobacco	4½	4½	4½
Courtaulds	29½	14½	13½
Bradford Dyers	13½	40½	40½
General Electric	40½	19½	18½
Dunlops	18½	24½	23½
Pinchin Johnson	22½	27½	26½
Turner and Newall	26½		

It will be seen that only in a few cases were the best prices held. The exceptional rise in the interim dividend at was due to the maintenance of the interim dividend at the 1930 rate. There is, wisely, no assumption that the economy plans of the National Government will help the domestic industries except those export trades which are able to effect a reduction in costs.

B.A. Western Dividend Passed.—The first of the Argentine railway dividends came as an anti-climax after the sharp recovery in quotations this week. The Buenos Aires Western Railway, which last March decided to pass its interim dividend, has now decided to make no final payment on its ordinary stock. This break with the tradition of many years is stated by the directors to be due to the slump in commodity prices, poor traffic receipts and heavy exchange losses. During the year to June 30th last the company suffered a heavier proportional fall in gross traffic receipts than any of the other major railways of the Argentine, its total receipts (at par of exchange) falling from £4,381,000 to £3,784,000—a decline of 13.6 per cent., as compared with 10.6 per cent. on the B.A. and Pacific, 8.6 per cent. on the B.A. Great Southern, and 4.2 per cent. on the Central Argentine. The company is dependent on livestock traffic to a greater extent than any of the other three main lines, and this trade has not enjoyed a good year. Last March the directors stated their belief that conditions would improve in the later months of the financial year. So far, this expectation has not been borne out, and the company has had to cope with further exchange losses, the peso, which stood at over 39d., with an improving tendency, early in March, having since dropped to under 31½d. This heavy fall must inevitably induce conservatism in the minds of directors of the other Argentine companies in deciding upon their dividend policy. It is understood that the Argentine Government is making successful efforts to balance its budget, and the foreign trade balance may show a total of something like £14 millions on the right side by the end of this year. The maize crop has been of record weight, and, apart from an expected reduction in the area under wheat, the agricultural position is described as "normal." Until the outlook for world trade generally is more assured, however, a real revival in Argentine prosperity is unlikely, and railway

THE STANDARD BANK OF SOUTH AFRICA LIMITED

Bankers to the Imperial Government in South Africa; and to the Governments of Northern Rhodesia, Southern Rhodesia, Nyasaland and Tanganyika.

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£3,164,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

Board of Directors.

William Relferson Arbuthnot, Esq. Rt. Hon. the Earl of Athlone, K.G. Rt. Hon. Lord Balfour of Burleigh. Stanley Christopherson, Esq. Edward Clifton-Brown, Esq. Robert E. Dickinson, Esq.	Horace Peel, Esq. Rt. Hon. the Earl of Selborne, K.G. William Smart, Esq. Rt. Hon. Lord Sydenham. G.C.S.I., F.R.S. Sir Roderick Roy Wilson.
--	--

Joint General Managers in South Africa—James S. Shiel, G. F. Le Sueur, W. K. Robertson.
Deputy General Managers in South Africa—Francis E. King, Herbert G. Hoey.
Assistant General Manager—E. C. Frost.
London Manager—Bertram Lowndes.
Secretary—T. D. Williams.

Head Office: 10 CLEMENTS LANE, LOMBARD STREET, and 77, KING WILLIAM STREET, LONDON, E.C. 4.
London Wall Branch: 63, LONDON WALL, E.C. 2.
West End Branch: 9, NORTHUMBERLAND AVENUE, W.C. 2.
NEW YORK AGENT: 67, WALL STREET.
HAMBURG AGENT.

Bank of British West Africa, Ltd., 49-53, SOHAEUBURGER-STRASSE
Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST and CENTRAL AFRICA.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the World. The closest touch with Trade and Industrial conditions is maintained, with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

THE STANDARD BANK MONTHLY REVIEW is sent post free on application. It gives the latest information on all South, East and Central African matters of Trade and Commercial Interest.

Retail Shop Profits.—In an Investment Note in last week's *Economist* (page 362), we showed that in Great Britain, as in America, earnings throughout the trade depression had been most stable in "consumers' industries" and in retail trade. That national purchasing power has been maintained to a much greater extent than might have been expected, is suggested by the latest retail trade returns, compiled by the Incorporated Association of Retail Distributors and the Bank of England. These show that the sales of representative shops and stores (including the co-operative movement), declined in the six months February-July last, by only 4.2 per cent. in terms of money as compared with the figures for the corresponding six months of 1930. The decline in the Ministry of Labour's cost-of-living index, over the same period, was 6.1 per cent. Sales of food and perishables declined, in terms of money, by 5.2 per cent., and sales in other branches by 3.1 per cent. Recently published reports of retail trading companies suggest that the relative stability of turnover has been the dominant factor governing the level of trading profits. The following is a representative list:—

Company.	Date of Balance Sheet.	Net Profits.		Ordinary Div.	
		1929-30	1930-31	1929-30	1930-31.
	1931	£	£	%	%
International Tea	May 2	616,598	696,805	30	30
Boots Pure Drug.....	Mar. 31	724,869	722,265	29	29
Marks & Spencer	Mar. 31	298,548	476,073	20	30
W. Barratt	June 30	96,236	88,541	10	8
Albert Baker & Co.....	Mar. 31	30,663	28,245	12½	12½
Son Marche	Jan. 31	89,697	84,451	36	36
John Lewis	Jan. 31	66,753	88,087	5	5
Army & Navy Co-operative	Jan. 31	245,068	204,750	25	22½
Plummer Roddis	Feb. 12	83,400	58,790	23	13
Horne Brothers	Feb. 28	72,307	25,999	5	5
Selfridge & Co.	Jan. 31	415,339	360,442	20	10
Swan & Edgar	Jan. 31	104,539	101,297	5	5
Liptions	Jan. 3	118,377	148,718	10	20
Maypole Dairy	Jan. 3	554,587	547,217	17	17½
Meadow Dairy	Jan. 3	277,915	279,283	30	30
Total	...	3,785,936	3,909,943	...	...

British Celenese Bondholders. —A Question of Principle. —The proposals placed before the bondholders of British Celenese on August 20th last, and carried, raise a fundamental question. In the advertisement of the proposals, the statement appeared that the company would pay to bankers, brokers and other approved agents a commission of 2s. 6d. per £100 of the nominal amount of bonds represented by deposit certificates bearing their stamps, and voted in support of the proposal. In the circumstances,

Proposed R. E. Jones-Slaters Merger.—Marked liveliness characterised the extraordinary general meeting of R. E. Jones, which was held on Monday last for the consideration of resolutions providing for the amalgamation of the company with Slaters and Bodega. Mr R. A. R. Field, chairman and managing director of both companies, made a strong defence of the amended merger scheme, pointing out that the assets of Slaters, which included freehold properties valued at £897,635 by professional valuers, and leasehold properties at cost amounting to £439,649, would provide additional security for the capital of the R. E. Jones' shareholders. Mr Field referred to the recent announcement by Sir T. G. Jones that he had received a cash offer for the assets of R. E. Jones far in excess of Slaters' amended offer, and challenged him to produce it—apparently without success. Resolutions from the shareholders in favour of postponing consideration of the proposals till October, and of appointing a committee of shareholders, were ruled out of order by the chairman. When the official amended resolutions were put from the chair they were defeated by a small majority. Similar resolutions put to holders of the preference shares at a separate meeting were carried. A poll was demanded in each case, but at the moment of going to press the result has not been announced.

Year ended June 30,	1929.	1930.	1931.
	£	£	£
Net profit	140,173	69,186	<i>Dr. 175,289</i>
Preference dividend.....	150,805	150,805	150,805
<i>No. of times covered</i>	<i>0.94</i>	<i>0.46</i>	<i>...</i>
Ordinary dividend—			
Amount.....	100,537	...	...
Rate.....	5%	...	...
Dividend equalisation reserve	...	<i>Dr. 50,000</i>	<i>Dr. 250,000</i>
Reserve fund	...	...	<i>Dr. £50,000</i>
Decrease in carry-forward.....	111,189	31,619	26,094

Toogood and Sons, Limited.—The depression in the agricultural industry has had an adverse effect on the profits and sales of Toogood and Sons, the famous Southampton seeds company. This year profits have fallen considerably, and the directors are only able to

405

	Year ended June 30.		
	1929.	1930.	1931.
	£	£	£
Net profit	9,961	10,028	5,610
Ordinary dividend	9,375	9,375	4,687
<i>Earned per cent.</i>	<i>4.5</i>	<i>4.5</i>	<i>3.1</i>
Paid per cent.	5	5	2.5

Australia's Conversion Scheme.—The authorities at the Australia House, the London headquarters of the Commonwealth Government, have published a *résumé* of the Conversion Scheme at present operating in Australia. From this it appears that the plan will involve a saving of 22½ per cent. in the interest bill of approximately £30,000,000 per annum. Holders of all Commonwealth and State internal loans have been invited to convert in the following manner. Securities carrying annual interest of over 5 per cent. will bear interest of 4 per cent.; existing 5 per cent. securities will become 3½ per cent. or 4 per cent. bonds; while those bearing less than 5 per cent. interest will be converted into either 3 per cent. or 4 per cent. stocks. No loan floated before August 4, 1914, will receive less than 3 per cent. per annum, and, where necessary, new securities will be determined by actuarial calculation. New 4 per cent. securities will be redeemable between December, 1938, and September, 1961, and those of 3½ per cent. will be redeemable in September, 1947. Those securities bearing interest of 3 per cent. will be redeemable on December, 1938—October, 1941. Varying dates of maturity will be allotted to those securities bearing interest of 3 per cent. or 4 per cent. per annum. Existing tax-free securities will remain exempt from Federal and State income tax, while all others will be exempt from State income tax. Tax-free securities maturing before 1935 will, upon maturity, be converted into 4 per cent. securities maturing in November, 1941. Overseas trade moneys temporarily invested in Australian Government internal stocks will be converted into short-term loans. Holders who do not dissent, in writing, before August 31st will be deemed to have converted; while holders who are resident outside the Commonwealth must notify the Federal Treasurer of their intention before September 21st next. It is understood that, to date, £300,000,000 have been converted, and holders of only £7,000,000 have given notice of their dissension. When the loan has closed the Government will consider what course will be taken with those who refuse to convert. Only Australian loans actually floated in Australia are affected, and the new stocks will not be quoted in any Stock Exchange outside Australia. An Act has been passed by every Parliament in Australia protecting those trustees who convert from being sued in any court of law.

Tin Developments.—The International Tin Committee, which has been sitting at The Hague, has deemed it necessary to take certain measures tightening up the effective working of the restriction scheme. To begin with, it was found that Malaya, one of the chief sponsors of restriction had produced in five months some 15 per cent. more than her allotted quota for the period. For the September-November quarter, therefore, it will be necessary to restrict output by 60 per cent., and to arrange for surplus stocks to be held at smelter. At last week's meeting Mr. William Graham, of the Bisichi Company, complained of large allocations of Nigerian quota to the "special case" companies, which have increased their output capacity since 1929. The basic output of Nigeria in 1929 was 10,649 tons; and the admission of 2,636 tons "special"

Oil Mergers?—A suggestion comes from America that the crisis in the oil industry will be solved by next spring, thanks to martial law in the oilfields of Oklahoma and Texas and to the "rush to merge" of the big oil combines. This may be an exaggerated view, but the importance of these two developments is not to be denied. In our issue last week we dealt with the stoppage in the oil fields of Oklahoma and Texas by force of arms under the decrees of two fire-breathing Governors. The effect of this forcible interference with natural laws has already been to force up the price of gasoline and crude oil. The export price of the "U.S. Motor" grade of gasoline at the Gulf ports has risen this month from 3.38 cents per gallon to 5.13 cents per gallon, and the wholesale price ex refinery from 3 cents to 6 cents per gallon. Mid-Continent crude oil prices have risen by 16 to 28 cents per barrel, the present range being 46 to 70 cents per barrel, while East Texas crude oil has been advanced from 25 cents to 60 cents per barrel. The Phillips Petroleum Company has even informed Governor Murray, of Oklahoma, that it will pay \$1 per barrel for crude oil of 40° Beaume, despite the fact that gasoline prices do not warrant it, because supplies at its refineries are running short. Governor Murray maintains his attitude that all companies in Texas, Oklahoma and Kansas must offer to pay and maintain the price of \$1 per barrel before he will allow the Oklahoma wells to reopen. The position in Texas is more complicated because a Conservation Act has now been passed authorizing the curtailment of production for the prevention of physical waste. The Act definitely excludes economic waste, but still allows permits to be given for the drilling of wild-cat wells. The Texas Railroad Commission is therefore, preparing a scheme of restriction, and, when this is put into operation, it is expected that martial law

Castbury
Maker
of Fine Chocolates.

will be removed. Up to the present there has been a rush to produce as much oil as possible before the various closures were made effective, and for the week ending August 22nd the total amount of crude oil in America again showed an increase:—

Week ended.	Average daily U.S. production of Crude Oil. (Barrels).
August 1, 1931	2,500,650
August 8, 1931	2,555,550
August 15, 1931	2,498,500
August 22, 1931	2,605,250

Of the total for the week ending August 22nd the new East Texas oilfield was responsible for no less than 848,450 barrels per day, as against 515,400 barrels for the whole of California and 269,850 barrels for Oklahoma. The next week's production should show a sharp decline as a result of the stoppage in the Oklahoma and Texas oilfields. Meanwhile, the big oil combines are ignoring the interference of the Governors of Oklahoma and Texas and are proceeding with their plans for the elimination of unnecessary competition. Some weeks ago Government sanction was given to the merger of the Standard Oil Company of New York and the Vacuum Oil Company, which are now known as the Socony-Vacuum Corporation. It is understood that preparations are now being made for the amalgamation of the Standard Oil Company of New Jersey and the Standard Oil Company of California on the basis of an exchange of shares. This will be far the largest unit in the industry, which assets of \$2,500 millions, the Standard Oil Company of New Jersey having been the original parent of the Standard Oil Trust. This week another big oil merger was reported to be imminent. Four large oil companies, the Sinclair Consolidated, Prairie Oil and Gas, Prairie Pipeline, and Tidewater Associated, were said to be amalgamating under the leadership of Mr H. F. Sinclair. Whether the Tidewater Associated will join this merger has not yet been decided, but in view of the association of interests already existing between the Sinclair Consolidated and the Prairie Oil, the merger of the first three companies, involving assets over \$3,000 millions, seems assured. If the result of these giant mergers is a further control of crude-oil production and the elimination of unnecessary drilling and production, the oil industry is likely to derive some solid benefit which will last long after the artificial rise in oil prices, brought about by martial law in the oilfields, has been forgotten.

Wiluna Disappointments.—The relentless marking down of the £1 shares of the Wiluna Gold Corporation, which in 1928 were quoted as high as 36s. 10d., but which have since fallen below 7s., has caused considerable uneasiness in market circles. The Corporation was registered in January, 1926, to take over the entire properties of a Western Australian company, consisting of 36 leases and 7 water rights, comprising 793 acres, 110 miles from Meekatharra. Its subsequent developments were accompanied by a crescendo of optimistic statements. Despite the recognised difficulties of working the type of ore found in the company's properties, the Wiluna leases were held as of vast commercial importance. The Government of Western Australia was sufficiently impressed to authorise the construction of a railway to the port of Geraldton, which was completed in January, 1930. Expensive plant was erected. The stage was set, but the curtain refused to rise. From the first, estimates of the amount of capital necessary to bring the mines to the production stage expanded with the estimates of probable ore. The original issued capital of £800,000 was increased to £1,000,000 in June, 1928. In June, 1930, it was reported that the Australian company was raising £300,000 in 6 per cent. seven-year notes, the principal and interest being unconditionally guaranteed by the Western Australia Government. In December, 1930, it was announced that an issue would be made of £300,000 10 per cent. seven-year notes, convertible at a later date into 350,000 ordinary shares. In the directors' report dated December 2, 1930, it was estimated that production would be commenced in March, 1931. At the annual meeting a

fortnight later it was stated that "by the early summer normal production should be reached." Contemporaneously, the announcement went forth that "the present programme provides for the treatment of not less than 40,000 tons per month." On June 17 last, in a progress report, the directors admitted that "breakdowns in the power plant were frequent during the greater part of the month." On August 11th a further report appeared to the effect that "operations to date had proved that the grinding section was under capacity for the treatment of a monthly output of 40,000 tons of ore," and recommended limitation of the output to 30,000 tons for the time being. The output for July was 25,952 tons. The disastrous decline in the company's shares cannot be dissociated from the disparity so far revealed between the directors' prognostications and proved facts.

CAPITAL ISSUES.

The inactivity of the new issue market in a period of financial stress has been scarcely interrupted by this week's issue by the *Blue Cross Line*. The company comes out under good auspices, and has obtained its six steamers, with a total deadweight tonnage of 33,820 and an average age of 17 years, at a reasonable figure (£1 10s. 6d. per ton). The present, however, is not the most favourable time for inaugurating a regular service between the Scheldt and the River Plate, despite the board's somewhat naive contention that "general cargo business (to which the company's activities will be confined) is always more consistently profitable."

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to August 22, 1931, £97,474,114.
Total, including conversion, recorded January 1 to August 22, 1931, £108,351,099.

National Savings Certificates.

Net sales, week ended August 22, 1931, Nil.
Total net receipts, April 1, 1931, to August 22, 1931, £8,100,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability
Blue Cross Line, ord. Do., Pref.	40,000 30,000	...	40,000 30,000	20,000 11,250	20,000 18,750
Total Offered to Public. Week ended August 29, 1931	70,000	...	70,000	31,250	38,750
To Shareholders only. Week ended Aug. 29, 1931... Nil	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription— Including Conversions. Excluding Conversions.					
Jan. 1 to date—					
1931	108,421,099	97,444,114	1930	454,888,784	267,800,700
1930	281,348,712	191,227,481	1929	488,764,940	285,239,400
1929	224,241,811	192,918,211	1928	693,100,056	369,058,073
1928	453,722,587	281,612,964	1927	...	355,165,970
1927	...	247,161,290	1926	...	230,782,800
1926	...	140,590,269	1925	...	232,214,500
1925	...	128,360,577	1924	...	209,328,101
1924	...	130,822,991	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	75,215,274	6,223,059	16,105,781	97,544,114
1930	156,919,408	14,730,138	19,877,935	191,227,481
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	115,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,165,970
1926	145,180,000	39,393,200	46,209,400	230,782,800

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,057,183	...	8,432,058
Total for week ended August 29, 1931.	Nil	...	Nil
Total to date, 1931.	8,057,183	...	8,432,058
Total to date, 1930.	16,402,378	...	18,085,457

Blue Cross Line.—Issue at par of 30,000 7½ per cent. redeemable cumulative preference shares of £1 each, and 80,000 ordinary shares of 10s. each. The company has been formed to acquire four steamers for employment between Antwerp or other ports and the River Plate. A net profit of £22,500 is estimated.

COMPANY MEETINGS, &c.

BISICHI TIN COMPANY (NIGERIA), LIMITED.

RESTRICTION ANOMALIES.

The ordinary general meeting of the Bisichi Tin Company (Nigeria), Limited, was held, on the 21st instant, at Southern House, Cannon Street, London.

Mr William Graham (the chairman) said the mining account recorded reductions under almost every head, arising largely through the limitation of output, but economies had been effected and the costs at railhead worked out at £54 12s. 2d., as compared with £75 17s. 10d. per ton in 1929. He wished to record the board's appreciation of the action of the Government of Nigeria in reducing rents by 80 per cent. of the normal amount chargeable. Receipts from sales were, of course, much reduced, not only through the reduction in production, but through the fall in the price of tin. Their tin had sold at an average price of £88 7s. 4d. per ton, which was the lowest yet recorded by the company.

They had been pursuing a policy of restriction, basing it on the importance of conserving their reserves and on the advisability of not incurring losses, curtailing their output to a tonnage which would cover all expenses. That had been done, so that they showed a profit of £1,334.

With regard to restriction, Nigeria was, after all, a small contributor to the tin output of the world, and they had come to the conclusion that it was right for them to fall in with the adoption of the policy of restriction. Restriction, unfortunately, like all of artificial systems of control of output, was open to abuse and anomalies. He thought there had been some grave unfairness, and certainly grave anomalies. In the first place, the restriction of output from Nigeria had been greater than the restriction of the output from other tin-producing countries. The percentage reduction was 25.56 per cent., as compared with 22.4 per cent. in the striction was 25.56 per cent., as compared with 22.4 per cent. in the Federated Malay States and only 16.4 per cent. in the Dutch East Indies.

The international quotas having been fixed by reference to the 1929 output, it would seem logical that local restrictions among individuals should be on the same footing. That, unfortunately, had not been the case in Nigeria, where the principle of the allotment of special quotas had been adopted in favour of individual mines, upon the plea that during the year 1930 substantial development or expenditure upon plant had occurred. That had dealt justice to the mines fully equipped in the year 1929.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended August 22, 1931, amounted to £15,361,000 against ordinary expenditure of £5,686,000. After allocating £1,153,000 to Sinking Fund and £201,143, the operations for the week, as shown below, reduced the National Debt by £8,723,000 to £7,638,847,000:—

(000's omitted.)

Public Dept. Advances	£ 5,250
Treasury Bills	3,473
	— 8,723

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Estimate for the year 1931-32.	April 1, 1931, to Aug. 22, 1931.	April 1, 1930, to Aug. 23, 1930.	Week ended Aug. 22, 1931.	Week ended Aug. 23, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	£ 258,000,000	£ 43,613,000	£ 50,364,000	£ 3,756,000	£ 4,047,000
Sur-tax, including Arrears of Super-Tax	72,000,000	14,500,000	12,460,000	320,000	160,000
Excise, &c., Duties	90,000,000	23,500,000	36,430,000	2,020,000	3,400,000
Stamps	24,000,000	4,250,000	5,450,000	...	60,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	160,000	140,000	...	...
Total Inland Revenue	447,000,000	92,023,000	104,844,000	6,096,000	7,667,000
Customs and Excise—					
Customs	125,650,000	48,208,000	47,487,000	2,706,000	3,450,000
Excise	119,850,000	46,200,000	49,400,000	7,326,000	7,210,000
Total Customs and Excise	245,500,000	94,408,000	96,887,000	10,032,000	10,660,000

STOCK MARKET LOSSES.

£10·2·1 a month

enables a healthy man aged 40
next birthday to re-create his
estate to the extent of

£5,000

(Larger or smaller amounts proportionately)

Write today for full particulars to THE

LIVERPOOL & LONDON & GLOBE
INSURANCE COMPANY, LTD.

HEAD OFFICE:
1, Dale Street, Liverpool.

LONDON:
(Chief Office) 1, Cornhill, E.C.3

REVENUE.	Estimate for the year 1931-32.	April 1, 1931, to Aug. 22, 1931.	April 1, 1930, to Aug. 23, 1930.	Week ended Aug. 22, 1931.	Week ended Aug. 23, 1930.
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,747,000	1,374,088	Dr 375,000	...
Post Office (Net Receipt)	12,200,000	7,400,000	6,250,000	Dr 400,000	Dr 750,000
Crown Lands	1,300,000	480,000	600,000	...	130,000
Receipts from Sundry Loans	33,500,000	11,996,357	15,535,228	7,654	472,399
Miscellaneous Receipts	55,000,000	6,529,533	10,260,042	...	...
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	803,500,000	218,483,890	251,750,358	15,360,654	17,779,399
SELF-BALANCING REVENUE.					
Post Office	58,232,000	20,500,000	22,050,000	1,600,000	1,950,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	5,843,000	6,420,912	375,000	...
Total Self-Balancing Revenue	81,582,000	26,343,000	28,470,912	1,975,000	1,950,000
Total		244,826,890	280,221,270	17,335,654	19,729,399

EXPENDITURE.	Estimate for the year 1931-32 (including Supplementary Grants).	April 1, 1931, to Aug. 22, 1931.	April 1, 1930, to Aug. 23, 1930.	Week ended Aug. 22, 1931.	Week ended Aug. 23, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	£ 302,950,000	£ 138,010,659	£ 136,450,586	£ 776,797	£ 550,903
Payments to Northern Ireland Exchequer	6,350,000	1,903,161	1,873,293	9,000	17,000
Other Consolidated Fund Services	3,000,000	710,550	1,090,984	...	...
Total	312,300,000	140,624,370	139,414,863	785,797	567,903
Total Supply Services (excluding Post Office)	439,829,000	158,883,100	161,851,800	4,900,000	5,675,000
Total ordinary expenditure	752,129,000	299,507,470	301,266,663	5,685,797	6,242,903
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	20,500,000	22,050,000	1,600,000	1,950,000
Road Fund	23,350,000	5,843,000	6,420,912	375,000	...
Total Self-Balancing Expenditure	81,582,000	26,343,000	28,470,912	1,975,000	1,950,000
Total Ordinary and Self-Balancing Expenditure	833,711,000	325,850,470	329,737,575	7,660,797	8,192,903
New Sinking Fund (1928)	52,050,000	15,193,894	17,711,902	1,153,000	2,999,000
Total, including New Sinking Fund		341,044,364	347,449,477	8,813,797	11,191,903

The aggregate revenue and expenditure to August 22, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO AUGUST 22ND.

(000's omitted.)

Expenditure	£ 299,507	Revenue	£ 218,484
New Sinking Fund	15,194	Decreases in balances	3,371
		Net amount borrowed	92,846
	314,701		314,701

POSITION OF THE FLOATING DEBT.

Ways and Means Advances outstanding—	Aug. 23, '30.	Mar. 31, '31.	Aug. 22, '31.	Aug. 22, '31.
Advances by Bank of England	£ 36,170,000	£ 24,500,000	£ 34,750,000	£ 5,250,000
Advances by Public Departments	641,375,000	569,825,000	651,150,000	3,465,000
Treasury Bills outstanding	677,545,000	594,325,000	685,900,000	8,715,000
Total Floating Debt				

* Includes £11,000 the proceeds of which were not carried to the Exchequer within the period of the account.

(000's omitted.)										
Date.	Issue Department.		Both Depts.		Banking Department.					
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.		Govt. Securities.	Dis-counts & Advances.	Other Securities.	Reserve & the "Pro-portion."		
	£	\$	£	%	£	\$	£	£	%	%
1931.	243,254	12,656	165,200	32	30,021	7,407	30,165	66,287	57	57
July 15	243,254	12,656	165,200	32	34,376	7,099	31,977	53,946	49	57
22	240,283	11,626	150,045	32	34,376	7,099	31,977	53,946	49	57
29	250,260	5,647	133,310	28	52,561	9,696	23,283	55,742	52	52
Aug 12	268,330	2,577	134,828	28	49,311	9,019	23,283	55,742	52	52
19	268,330	1,593	133,304	28	53,226	7,051	22,097	48,253	42	42
19	267,729	5,182	134,870	28	48,881	6,863	28,286	55,742	45	45
26	268,801	2,114	134,645	28	50,176	9,296	28,052	59,334	46	46

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to August 12	£	£	£	£
Week ended August 19	21,909,247	1,071,787	1,727,465	24,708,511
Week ended August 26	600,587	29,084	52,134	681,805
Week ended August 29	554,358	26,201	44,270	624,829
Total to date, 1931	23,064,192	1,127,072	1,823,889	26,015,153
Total to date, 1930	26,040,865	1,216,114	1,978,361	29,235,340
Increase or decrease in 1931.....	-2,976,673	- 89,042	- 154,472	- 3,220,187
	= 11.4%	= 7.3%	= 7.8%	= 11.0%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,335,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930.....	-1,553,347	- 69,843	- 115,133	- 1,728,323
	= 2.8%	= 3.7%	= 3.7%	= 2.9%

(000's omitted.)								
	Week ended August 22.		Month of July.				Aggregate Totals January 1 to August 12.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.	
Number of working days	\$	\$	27	27	%	\$	\$	
BIRMINGHAM	1,862	1,760	10,728	10,478	- 2.3	81,538	73,491	
BRADFORD	578	578	3,596	3,107	- 10.8	29,425	24,711	
BRISTOL	1,108	1,093	5,739	5,436	- 5.2	37,773	36,941	
BUSLIN	4,440	4,507				164,915	165,505	
LEEDS	1,043	632	3,353	3,230	- 3.6	26,896	24,383	
LIVERPOOL	794	870	4,347	4,379	+ 7	32,069	28,764	
MANCHESTER	511	487	3,455	2,779	- 19.5	23,976	18,594	
NEWCASTLE	5,366	5,282	27,163	27,279	+ 0.4	219,835	207,759	
NOTTINGHAM	8,310	7,763	44,500	46,674	- 8.5	362,402	303,178	
SHEFFIELD	1,234	1,152	5,938	5,750	- 3.1	19,006	42,714	
	488	417	2,698	2,003	- 25.7	19,943	14,824	
	706	698	4,155	3,299	- 20.6	30,848	25,424	
Total	26,810	25,005	135,678	128,111	- 5.6	600,854	560,858	

NOTE.—The latest return of the National Bank of Egypt appeared in the *Economist* of July 18; Bank of International Settlements, Dantsig, Portugal and Russia in August 8; Denmark, Poland in August 15; Austria, Spain, Roumania and Japan and Chile in August 22.

RESOURCES.	Aug. 28, 1930.	Aug. 6, 1931.	Aug. 13, 1931.	Aug. 20, 1931.	Aug. 27, 1931.
Total gold reserve	2,955,930	3,429,040	3,449,180	3,472,860	3,485,550
Total bills discounted.....	193,270	188,570	194,980	230,610	241,780
Bills bought in open market	163,270	66,070	135,740	154,630	180,520
Total U. S. Gov't. securities.....	601,910	680,630	727,960	727,890	728,600
Total bills and securities.....	967,030	941,580	1,064,280	1,118,230	1,154,640
Total resources	4,759,240	5,150,670	5,346,760	5,416,390	5,440,860
LIABILITIES					
Federal Reserve notes in actual circulation	1,337,250	1,772,670	1,829,300	1,901,840	1,945,510
Deposits—Memberbank— reserve account	2,418,870	2,339,130	2,392,840	2,382,300	2,342,000
Total deposits	2,470,070	2,510,450	2,617,070	2,604,240	2,534,330
Capital paid in and surplus.....	446,700	441,880	441,910	441,870	441,830
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	4,759,240	5,150,670	5,346,760	5,416,390	5,440,860
	81.9%	83.9%	81.4%	80.8%	79.9%

	Aug. 28, 1930.	Aug. 6, 1931.	Aug. 13, 1931.	Aug. 20, 1931.	Aug. 27, 1931.
Total gold reserves.....	976,230	1,149,240	1,154,230	1,191,610	1,187,050
Total bills discounted.....	31,210	25,970	49,890	38,770	48,870
Bills bought in open market	44,540	35,100	69,960	63,170	68,820
Total U.S. Govt. securities....		169,130	219,550	219,550	224,550
Total bills and securities.....	270,050	334,150	341,740	324,850	346,390
Deposits—Memberbank— serve account.....	1,012,680	979,560	1,041,450	1,036,180	1,001,280
Ratio of total res. to dep. and Federal Res. note liabilities combined.....	85.2%	89.3%	81.3%	81.6%	81.0%

	In \$'s (000,000's omitted).					
	Aug. 13, 1930.	July 15, 1931.	July 22, 1931.	July 29, 1931.	Aug. 5, 1931.	Aug. 12, 1931.
Loans	16,887	14,635	14,527	14,486	14,506	14,342
Investments	6,235	7,780	7,757	7,810	7,758	7,733
Demand deposits	13,705	13,645	13,492	13,473	13,444	13,355
Time deposits	7,594	7,142	7,121	7,144	7,099	7,074
Due from banks	1,361	1,698	1,606	1,557	1,646	1,476
Due to banks	3,362	3,602	3,438	3,368	3,456	3,344
Federal reserve bor- rowings	28	43	60	55	58	56

ASSETS.	May 31, 1930.	Feb. 28, 1931.	Mar. 31, 1931.	Apr. 30, 1931.	May 31, 1931.
Cash and bank balances	381,292	336,790	344,897	358,295	343,868
Bank balances abroad	63,723	107,711	116,650	88,396	94,914
Call and short loans	417,282	318,484	312,432	297,512	285,021
Securities	431,416	633,993	648,689	651,307	668,891
Loans in Canada	1,468,037	1,265,415	1,277,415	1,294,871	1,294,300
Loans abroad	242,557	222,264	224,335	216,554	211,304
Other assets	199,783	181,573	178,107	180,916	183,958
LIABILITIES.					
Note circulation	154,710	143,671	139,423	134,495	143,750
Deposits—					
Government	130,911	118,097	96,337	69,671	63,996
Public in Canada	2,007,093	1,978,034	2,024,642	2,049,003	2,036,446
Foreign	393,794	360,540	346,340	338,961	338,121
Bank balances—					
Canadian	15,943	14,926	14,569	16,029	12,267
Foreign	74,310	58,860	72,662	71,859	80,294
Bills payable, &c.	111,132	81,283	76,765	76,572	80,423
Capital and res.	305,291	307,250	307,250	307,250	306,500
Other liabilities		6,840	4,197	4,411	6,435

SOUTH AFRICAN RESERVE BANK						
	Aug. 1,	July 5,	July 19,	July 24,	July 31,	
	1930.	1931.	1931.	1931.	1931.	1931.
ASSETS						
Gold coin and bullion.....	1753	1931	6,636	6,350	6,474	6,512
Subsidiary coin.....	474	537	344	350	364	378
Bills discounted.....	8,089	7,949	9,951	7,268	7,834	7,758
Investments.....	1,341	1,876	1,969	2,039	2,069	2,100
LIABILITIES						
Capital.....	1,000	1,000	1,000	1,000	1,000	1,000
Reserve.....	802	802	802	802	802	802
Notes in circulation.....	8,202	8,031	7,210	7,072	6,533	6,328
Government deposits.....	1,748	1,901	2,300	2,376	2,190	2,190
Bankers' deposits.....	4,636	4,779	5,023	4,868	5,198	4,898
Ratio of cash reserves to			44.2%	45.9%	44.6%	44.1%

	Aug. 1, 1930.	July 3, 1931.	July 10, 1931.	July 17, 1931.	July 24, 1931.	July 31, 1931.
Total Assets.....	1,936.49	30,858.58	31,753.13	31,555.08	33,054.54	31,455.12
Loans.....	16,244.41	9,311.8	9,781.6	9,715.54	9,005.53	9,051.16
Cash Credits.....	16,244.41	23,664.4	23,980.5	28,655.5	28,475.54	28,655.74
Inland bills.....	2,191.01	3,666.87	3,559.59	3,735.38	3,895.57	3,785.53
Foreign bills.....	39.73	40.98	40.21	45.64	51.06	42.05
Dead stock.....	2,729.33	2,731.84	2,730.55	2,727.17	2,723.32	2,723.37
Bal. with other banks.....	4.43	27.74	24.04	28.50	28.07	1,755.15
Cash.....	23,502.44	15,524.77	16,552.72	15,942.26	19,527.73	21,847.00
LIABILITIES.						
Capital paid up.....	5,625.50	5,625.50	5,625.50	5,625.50	5,625.50	5,625.50
Reserve.....	5,375.50	5,400.00	5,400.00	5,425.50	5,425.50	5,425.50
Total deposits.....	95,111.97	80,617.5	82,645.2	81,265.87	83,713.78	86,239.32
The above includes—						
Deposits in London.....	\$ 863	1,004	1,003	1,001	1,000	\$ 861
Advances in London.....	6,212.45	881	917	914	914	953
Cash, &c., at other Banks in London.....	28	210	219	217	212	15

BANK OF FRANCE.					
ASSETS.	Aug. 22, 1930.	July 31, 1931.	Aug. 7, 1931.	Aug. 14, 1931.	Aug. 24, 1931.
Gold	47,194,609	58,407,459	58,556,751	58,558,271	58,561,324
Foreign assets—					
Sight deposits	6,805,684	11,217,826	12,209,708	14,095,854	14,141,975
Bills discounted	18,881,178	15,354,833	14,912,000	12,585,394	12,546,426
Commercial bills dis- counted at home—	5,121,602	4,233,474	4,682,377	4,770,497	...
Advances against sec. To the State	8,504,399	8,264,818	8,264,818	2,864,818	8,264,818
Other advances	2,737,783	2,859,780	2,826,527	2,803,544	2,729,849
Other assets (exclud- ing forward exch.)	2,866,368	5,757,651	4,839,022	6,505,747	...
LIABILITIES.					
Notes in circulation ..	72,016,512	79,067,538	79,007,068	78,393,676	77,767,365
Public deposits	10,175,975	9,303,163	9,684,265	9,739,231	9,299,842,265
Private deposits	7,369,296	14,327,980	14,949,037	17,171,200	17,818,789
Other liabilities	2,549,839	2,603,250	2,650,733	2,553,018	...

	Aug. 22, 1930.	Aug. 7, 1931.	Aug. 15, 1931.	Aug. 15, 1932.
ASSETS.				
Gold	2,618,999	1,365,024	1,365,784	1,365,861
Of which deposited abroad	149,788	99,555	99,555	99,555
Reserve in foreign currencies	356,065	307,621	317,024	313,753
Bills of exchange and cheques	1,364,737	3,578,626	3,104,000	2,951,460
Silver and other coin	179,380	60,395	88,494	119,278
Notes of other German banks	23,227	8,414	11,802	15,058
Advances	57,130	167,530	99,857	99,126
Investments	102,677	102,728	102,971	102,971
Other assets	685,239	818,769	131,993	846,334
LIABILITIES.				
Share capital	122,788	150,000	150,000	150,000
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	4,049,763	4,376,601	4,237,513	4,049,813
Other daily maturing obligations	600,782	780,585	527,582	532,540
Other liabilities	224,972	765,754	751,694	744,153

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1.392 Reichsmarks.

ASSETS.		Position, May 30, 1914.	Aug. 18, 1910.	July 27, 1913.	Aug. 3, 1931.	Aug. 10, 1931.	Aug. 10, 1931.
Gold							
Silver		163,092	390,636	586,027	603,118	633,722	640,000
Home bills dated		8,436	24,809	35,435	35,014	35,327	55,437
Foreign Bills			48,265	60,461	58,435	60,816	54,366
Loans and advances in current acct.		153,504	234,269	228,719	229,821	229,929	229,988
LIABILITIES.							
Notes in circulation		316,632	804,345	92,989	107,658	91,226	87,988
Deposits				933,020	971,068	941,215	935,276
				220,620	127,111	171,999	170,499

		Position, May 28, 1914.	Aug. 21, 1930.	July 30, 1931.	Aug. 6, 1931.	Aug. 12, 1931.	Aug. 20, 1931.	
ASSETS.		(b)	1,208,388	1,538,118	1,564,791	1,581,559	1,582,952	
Gold.....	} Bills and Balances Abroad Silver and other coin Securities.....	232,650	875,135	874,366	842,020	823,095	825,024	
			4,657	21,399	23,017	24,155	23,612	
			697,600	768,816	831,150	833,859	834,772	837,935
LIABILITIES.								
Notes in circulation.....		934,150	3,042,423	3,558,158	3,558,362	3,550,209	3,322,805	
Current accounts.....		112,125	149,395	171,452	196,926	254,832	271,969	

(b) In thousand francs.

ASSETS.	Position, May 30, 1914	Aug. 23, 1930.	Aug. 1, 1931.	Aug. 1, 1931.	Aug. 15, 1931.	Aug. 22, 1931.
Gold.....	22,971	138,812	154,600	154,300	151,800	150,200
Silver.....	29,785	28,427				
Discounts, advances, and other investments.....	77,567	117,642	97,000	102,700	99,700	98,900
LIABILITIES.						
Notes in circulation.....	109,499	262,152	242,400	248,600	247,100	241,900
Deposits and bills payable	11,250	49,632	22,500	22,400	22,200	27,800

	Position, May 31, 1931	Aug. 23, 1931	July 31, 1931	Aug. 7, 1931	Aug. 15, 1931	Aug. 22, 1931
ASSETS.						
Gold	171,175	628,725	1,163,683	1,189,508	1,189,065	1,189,151
Foreign Bills and Balances abroad.....	...	342,278	468,684	496,863	534,349	433,644
Discounts	...	32,714	56,208	53,873	44,167	41,509
Advances	103,000	37,771	53,584	56,645	54,579	52,127
LIABILITIES.						
Notes in circulation.....	275,925	872,462	1,255,313	1,236,942	1,221,931	1,209,765
Deposits	33,750	234,116	550,641	619,502	665,266	678,564

	Aug. 10, 1930.	July 10, 1931.	July 20, 1931.	July 31, 1931.	Aug. 10, 1931.
ASSETS.					
Gold, coin and bullion	5,224,300	5,368,500	5,371,300	5,372,000	5,372,000
Foreign bills and balance abroad	5,056,800	3,862,500	3,649,900	3,542,300	3,494,600
Other cash	682,000	283,400	260,100	287,000	258,800
Gold deposited abroad due by the State	1,793,900	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	2,758,600	3,024,800	3,188,700	3,265,900	3,168,400
Advances	951,000	1,202,200	1,045,100	1,124,300	1,085,600
Credit with "Istituto di Liquidazione"	723,800	927,600	1,027,600	1,127,600	1,207,600
Government securities	1,136,400	1,255,200	1,256,100	1,347,800	1,345,300
LIABILITIES.					
Notes in circulation	16,142,700	14,680,300	14,502,700	14,678,300	14,592,300
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,623,400	1,622,200	1,670,600	1,949,000	1,966,300
Ratio of reserve to note and sight liabilities combined	56-91%	55-60%	54-76%	52-8%	52-59%

	Aug. 23, 1930.	Aug. 1, 1931.	Aug. 8, 1931.	Aug. 15, 1931.	Aug. 22, 1931.
ASSETS.					
Gold reserve	242,476	237,773	237,766	237,718	237,673
Government Securities—Swedish	19,475	5,019	5,019	5,019	5,019
Other Swedish bonds quoted on foreign foreign bourses	65,992	32,037	32,037	32,037	32,037
Bill payable in Sweden	103	555	533	533	503
" abroad	62,190	231,652	201,130	223,685	246,147
" abroad	106,201	62,059	61,358	57,158	53,103
Advances made on Government securities and bonds	173,899	126,019	114,804	89,468	63,720
LIABILITIES.					
Notes in circulation	32,128	33,625	29,647	38,051	38,559
Government deposits	511,700	562,065	523,583	525,466	509,215
Private deposits	111,246	149,011	150,131	161,089	162,080
	23,610	10,043	9,919	10,980	10,277

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

	Position, May 31, 1914.	Aug. 22, 1930.	Aug. 7, 1931.	Aug. 15, 1931.	Aug. 22, 1931.
ASSETS.					
Coin and bullion—Gold	44,224	146,534	146,346	146,338	146,335
Balance abroad and foreign bills	28,533	19,829	16,606	11,561	8,000
Northwestern and Foreign Govern- ment securities	8,816	48,952	53,804	53,804	54,248
Discounts and loans	76,911	211,745	175,148	174,490	172,777
LIABILITIES.					
Notes in circulation	113,484	304,727	291,071	288,572	237,453
Deposits at sight	7,188	56,855	49,154	46,893	43,507

ASSETS.	Aug. 15, 1930.	July 23, 1931.	July 31, 1931.	Aug. 7, 1931.	Aug. 11, 1931.
Metal reserve.....	162,640	111,803	111,799	104,842	104,840
Gold coin and bullion	37,836	10,802	9,952	12,896	10,852
Debits and notes	12,054	14,212	13,092	11,081	4,498
Silver coin and bullion	179,513	334,440	389,223	417,238	412,513
Inland bills, warrants and securities	70,852	58,560	58,560	58,535	58,535
Advances to the Treasury					
Share capital (gold currency 30,000,000)	34,756	34,756	34,756	34,756	34,756
Reserve in circulation	408,482	418,817	500,781	503,811	465,444
Current accounts, deposits, &c.	63,051	71,041	39,845	66,960	86,249

* Calculated at pre-war parity of exchange.

ASSETS.	Aug. 15, 1930.	July 23, 1931.	July 31, 1931.	Aug. 7, 1931.	Aug. 15, 1931.
Gold	1,414,060	1,538,159	1,536,580	1,535,220	1,633,655
Balance abroad and foreign currency	2,163,892	1,697,157	1,628,350	1,573,361	1,503,977
Discounts and advances	593,732	593,696	843,950	908,581	829,612
State notes debt balance...	3,540,147	3,291,875	3,290,991	3,289,293	3,288,155
Other assets	781,012	934,701	1,017,198	938,721	960,986
LIABILITIES.					
Bank notes in circulation...	6,453,802	6,203,836	7,016,697	6,626,128	6,450,396
Check account balances...	949,355	807,118	292,800	590,241	579,272
Other liabilities	338,298	533,723	496,661	515,896	875,799

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

ASSETS.	July 22, 1931.	July 31, 1931.	Aug. 8, 1931.	Aug. 15, 1931.
Cash reserve:				
Gold at home and abroad	1,543,178	1,543,616	1,543,877	1,544,184
Foreign exchange	519,987	594,515	565,128	547,321
Other foreign exchange	115,950	116,010	115,832	116,406
Notes and advances against security	1,551,849	1,639,523	1,690,512	1,657,024
Government advances	1,824,318	1,824,318	1,824,331	1,824,329
LIABILITIES.				
Notes in circulation	4,722,678	4,970,133	5,069,007	5,011,356
Sight deposits	713,148	733,392	683,552	560,547

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

ASSETS.	Aug. 7, 1931.	July 15, 1931.	July 23, 1931.	July 31, 1931.	Aug. 7, 1931.
Gold and silver holdings	1,593,347	1,505,515	1,505,683	1,506,387	1,506,044
Balance abroad and foreign currencies	938,940	539,910	477,309	454,930	
Discounts and advances	822,759	718,560	823,070	827,913	846,253
Advances to the Treasury	3,279,302	3,064,426	3,064,426	3,064,426	3,063,822
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserve	1,253,926	1,184,540	1,184,763	1,184,724	1,184,299
Bank notes in circulation	3,554,657	3,251,235	3,259,971	3,208,903	3,343,415
Sight liabilities	1,318,399	1,373,616	1,458,172	1,475,379	1,363,706
Deposits	284,830	255,380	253,522	253,487	253,477

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Aug. 15, 1931.	July 23, 1931.	July 31, 1931.	Aug. 7, 1931.	Aug. 15, 1931.
Gold	552,873	488,258	488,449	488,543	488,677
Gold exchange	3,988,816	2,614,029	2,416,036	2,415,015	2,436,286
Other foreign exchange	3,018	1,700	1,834	1,705	1,860
Discounts and advances	137,846	151,718	154,149	155,529	155,647
Advances	153,568	199,106	197,525	204,958	211,161
Debt to the State	3,488,763	3,288,763	3,168,042	3,168,042	3,168,042
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,786,931	4,120,129	4,170,163	4,167,810	4,119,475
Deposits and current accounts	1,473,133	1,284,371	1,201,627	1,423,058	1,350,831
Foreign exchange liabilities	1,448,857	743,714	582,246	511,803	556,999

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	Aug. 15, 1931.	July 31, 1931.	Aug. 8, 1931.	Aug. 15, 1931.
Gold	35,091	300,700	301,737	301,604	301,441
Balance abroad and foreign bills	90,379	1,141,499	850,716	832,956	842,275
Discounts and advances	21,826	372,322	395,816	395,435	397,693
LIABILITIES.					
Notes in circulation	123,941	1,329,784	1,204,399	1,182,163	1,175,214
Deposits at notice	21,225	217,631	88,098	99,417	126,741

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Aug. 15, 1931.	July 23, 1931.	July 31, 1931.	Aug. 7, 1931.	Aug. 15, 1931.
Gold coin and bullion	6,529	6,537	6,535	6,536	6,537
Net foreign exchange	16,065	19,552	20,062	19,757	20,292
Subsidiary Estonian coin	1,787	1,739	1,781	1,814	1,696
Home bills discounted	14,069	9,680	9,605	9,400	9,619
Loans and advances	9,941	10,478	10,263	9,639	9,789
Thereof loans to Government	...	2,000	2,000	2,000	2,000
LIABILITIES.					
Notes in circulation	30,867	33,932	33,262	32,024	32,009
Sight deposits and current accounts	15,291	12,840	13,698	13,513	13,810
Ratio of reserve to current liabilities	48.95%	55.78%	56.64%	57.74%	58.55%

* Includes Ekr. 3,411,857-57 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Aug. 20, 1931.	July 20, 1931.	July 27, 1931.	Aug. 3, 1931.	Aug. 10, 1931.	Aug. 17, 1931.
Gold bullion and coins	24,052	24,057	24,050	24,044	24,036	24,028
Silver coin	7,212	7,387	7,230	7,253	7,287	7,294
Balance abroad	44,972	24,728	26,293	26,270	26,083	25,417
Treas. notes and ex. change	15,418	8,534	8,249	9,170	9,853	9,740
Short term bills	87,805	80,441	80,201	80,531	80,066	79,823
Loans against securities	54,441	65,146	64,808	64,228	62,806	61,865
Other assets	17,521	15,599	15,553	15,756	16,497	16,627
LIABILITIES.						
Notes in circulation	45,065	42,307	45,022	43,870	43,315	42,874
Capital paid up	18,735	19,676	19,676	19,676	19,676	19,276
Reserve	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	18,880	19,341	19,130	19,121	19,170	19,362
Current accounts	59,105	60,931	61,788	63,446	64,906	63,659
Government accounts	93,492	68,242	65,374	64,961	64,173	64,128
Other liabilities	9,293	7,166	7,164	7,931	7,159	7,188

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Aug. 15, 1931.	June 15, 1931.	July 15, 1931.	July 31, 1931.	Aug. 15, 1931.
Gold	35,281	39,477	39,487	39,494	39,522
Silver	4,113	2,919	2,880	2,776	2,674
State Treasury bonds	1,581	1,359	1,389	1,369	1,364
Foreign currency	77,975	67,347	66,663	63,252	60,168
Discount and credit	89,925	101,833	104,323	108,174	116,839
LIABILITIES.					
Capital	12,000	12,000	12,000	12,000	12,000
Reserve	1,553	1,900	1,900	1,900	1,900
Bank notes in circulation	99,055	106,558	110,640	112,908	120,116
Deposits	97,926	94,742	90,314	88,771	86,997

LONDON RATES.

	Aug. 20, 1931.	Aug. 21, 1931.	Aug. 22, 1931.	Aug. 24, 1931.	Aug. 25, 1931.	Aug. 26, 1931.	Aug. 27, 1931.
Bank rate (changed from 3 1/4% July 30, 1931)	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Market rates of discount—							
60 days' bankers' drafts	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
3 months' do.	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
4 months' do.	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
6 months' do.	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
Discount Treasury Bills—							
2 months	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
3 months	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
2 1/2% Day to day	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Aug. 5	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
12	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
19	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
26	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1931.	%	%	%	%	%	%	%
Aug. 6	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
" 13	3 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
" 20	3 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4
" 27	3 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4

RATES OF EXCHANGE.

London on	Usance.	Par.	Aug. 28, 1931.	Aug. 27, 1931.
New York	dollars to £1	Cable 4.86 1/2	4.86 1/2	4.85 1/2
Montreal	dollars to £1	Cable 4.86 1/2	4.86 1/2	4.85 1/2
Paris	francs to £1	T.T. 124.21	123.76	123.93
Amsterdam	marks to £1	T.T. 20.43	20.38	20.39
Brussels	francs to £1	T.T. 12.107	12.08	12.04
Milan	lire to £1	T.T. 35.00	34.83	34.85
Zurich	francs to £1	T.T. 92.46	92.96	92.87
Oslo	kroner to £1	T.T. 25.22	25.04	25.05
Stockholm	kroner to £1	T.T. 18.159	18.16	18.17
Copenhagen	kroner to £1	T.T. 18.159	18.16	18.17
Madrid	pesetas to £1	T.T. 25.22	45.55	54.80
Lisbon	escudos to £1	T.T. 4.50	108 1/2	109 1/2
Vienna	schillings to £1	T.T. 34.68	34.43	34.50
Prague	kroner to £1	T.T. 164 1/2	164 1/2	163 1/2
Budapest	dinars to £1	T.T. 25.22	274 1/2	274 1/2
Bukarest	lei to £1	T.T. 27.62	27.75	27.90
Sofia	leva to £1	T.T. 81 1/2	81.5	81.6
Athens	drachmas to £1	T.T. 673.659	374 1/2	375 1/2
Constantinople	piastres to £1	T.T. 110	1025 nom.	1025 nom.
Moscow	roubles to £1	T.T. 9.46	9.45	9.43
Warsaw	zlotys to £1	T.T. 43.38	43 1/2	43 1/2
Helsingfors	F. marks to £1	T.T. 193.23	193 1/2	193 1/2
Reval	litas to £1	T.T. 48.66	48 1/2	48 1/2
Riga	lats to £1	T.T. 18.159	18.20	18.23
Alexandria	piastres to £1	T.T. 25.22	25.20	25.17
Buenos Aires	pesos to £1	T.T. 47.62	47 1/2	47 1/2
Rio de Janeiro	pesos to £1	T.T. 16.70	16.70	16.70
Montevideo	pesos to £1	T.T. 51	40 1/2	41 1/2
Valparaiso	pesos to £1	T.T. 90 days	39.75	39.69
Lima	soles to £1	T.T. 90 days	14.42 nom.	17.28
Calcutta	rupees to £1	T.T. 18	1 1/2	1 1/2
Bombay	rupees to £1	T.T. 18	1 1/2	1 1/2
Madras	rupees to £1	T.T. 18	1 1/2	1 1/2
Hong Kong	ster. to dollar	T.T. 1/4	1 1/4	1 1/4
Shanghai	ster. to dollar	T.T. 1/4	1 1/4	1 1/4
Singapore	ster. to dollar	T.T. 2 1/4	2 1/4	2 1/4
Kobe	ster. to yen	T.T. 24.67	24 1/2	24 1/2
Manila	ster. to peso	T.T. 24.06	24 1/2	24 1/2
Mexico	pesos to £1	T.T. 9.76	10.25	15.16
Siam	ster. to baht	T.T. 21.82	1 1/2	1 1/2

† Rate for previous day.

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania	July 1, 1931 9 8	Madrid	July 8, 1931 6 1/2
Amsterdam	May 16, 1931 2 1/2	Oslo	Nov. 7, 1930 4 1/2
Athens	Dec. 2, 1928 10 9	Paris	Jan. 2, 1931 2 1/2
Batavia	Mar. 10, 1930 5 1/2	Prague	June 24, 1930 4 1/2
Belgrade	July 20, 1931 6 1/2	Pretoria	Mar. 12, 1931 5 1/2
Berlin	Aug. 12, 1931 15 10	Reval	Oct. 4, 1930 8 1/2
Bucharest	Mar. 31, 1930 9 8	Riga	Oct. 1, 1930 7 1/2
Budapest	July 23, 1931 7 9	Rome	May 20, 1930 6 1/2
Calcutta	Aug. 6, 1931 6 7	Sofia	June 4, 1931 9 1/2
Copenhagen	Nov. 12, 1930 4 1/2	Stockholm	July 30, 1931 3 1/2
Danish	July 28, 1931 7 10	Swiss Bank	places
Helsingfors	Aug. 26, 1930 6 1/2	Tokio	Jan. 22, 1931 2 1/2
Kovno	Feb. 8, 1925 6 7	Tokio	Oct. 6, 1930 5 1/2
Lisbon	June 2, 1930 8 7 1/2	Vienna	July 22, 1931 7 1/2
New York Federal Reserve	May 7, 1931 2 1 1/2	Warsaw	Oct. 3, 1930 6 1/2
Central Bank of Chile	Discount rate for member banks, 9%; discount rate for the public, 10%; a 6% applied to banks and credit institutions, b 7% applied to private persons and firms.		

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Aug. 27, 1931.	July 29, 1931.	Aug. 5, 1931.	Aug. 12, 1931.	Aug. 19, 1931.	Aug. 26, 1931.
Call money.....	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Time money (90 days' mixed coll.).....	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Bank acceptances:—						
Members—eligible, 90 days.....	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Non-members—eligible, 90 days.....	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Intelligible, 90 days.....	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Commercial accept. 90 days.....	3	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Aug. 21, 1931. (c) Week ended Aug. 22, 1931.	Miles Open.	Week ended Aug. 23, 1931. (000's omitted.)					Aggregate 34 weeks, 1931. (000's omitted.)				
		Passen- ger.	Merch- and mail.	Coal and ore.	Total Goods.	Total for Week.	Passen- ger.	Merch- and mail.	Coal and ore.	Total Goods.	Total Receipts.
Great Western...	3,761	275	185	109	294	569	7,583	6,353	5,535	9,880	17,471
Do. for 1930...	3,761	300	206	121	327	627	8,245	7,158	4,054	11,212	19,457
L. & N. Eastn.(c)	6,349	392	323	239	562	954	12,548	11,349	7,872	19,221	34,059
Do. for 1930...	6,349	425	349	264	613	1,038	12,958	11,303	8,693	21,727	40,007
Lon. & S.W. Scot.	6,958	555	462	246	708	1,263	16,980	15,503	8,294	23,727	44,607
Do. for 1930...	6,958	591	514	263	777	1,368	18,173	17,916	8,518	26,434	44,607
Southern	2,180	376	67	34	101	477	10,488	2,410	1,061	3,471	13,959
Do. for 1930...	2,179	402	80	33	113	515	11,090	2,622	1,022	3,624	14,714
Total of above...	19,248	1,598	1,037	618	1,655	3,253	46,299	35,615	20,692	56,307	102,606
Do. for 1930...	19,248	1,718	1,149	681	1,830	3,548	49,771	40,799	22,267	63,066	112,837
Metropolitan (c)	59	29.8	...	...	...	33.7	106.81	...	...	131.1	119.9-2
Do. for 1930...	59	31.6	...	...	...	35.8	111.08	...	...	135.9	124.6-7
Undgd. R.R. (c)	...	279.0	...	...	...	279.0	998.3	...	...	998.3	...
Do. for 1930...	...	291.2	...	...	...	291.2	1,018.7	...	...	1,018.7	...
Green Buses, &c.	...	27.9	...	...	...	27.9	82.7	...	...	82.7	...
Lon. & S.W. Grp.(c)	...	43.0	...	...	...	43.0	147.6	...	...	147.6	...
Do. for 1930...	...	44.4	...	...	...	44.4	149.5	...	...	149.5	...
B'f'at & Co'd'w(b)	80	3.0	...	...	...	3.0	9.9	...	...	22.3	113.2
Do. for 1930...	80	3.3	...	...	...	3.3	9.6	...	...	24.8	121.2
Q. Northern (b)	562	14.9	...	...	...	13.3	28.2	...	...	48.7	868.4
Do. for 1930...	562	15.7	...	...	...	13.9	29.6	...	...	49.1	904.7
Gt. Southern (b)	2,188	35.7	...	...	...	37.3	73.0	...	...	123.9	2,201.6
Do. for 1930...	2,188	37.7	...	...	...	42.8	80.5	...	...	145.6	2,411.6

* Aggregate 33 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Receipts.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal	17	July 25	1,329	Rs. 3,36,100	Rs. 39,877	Rs. 62,53,284	- 96,802
Barat L. Ry.	18	Aug. 1	202	1,01,600	79,400	8,13,700	- 29,600
Bengal & N. Western	18	Aug. 1	2,119	4,81,940	8,984	1,11,86,410	- 10,83,468
Bombay-Nagpur ...	17	July 25	3,199	12,82,000	+ 30,257	2,37,14,355	- 51,81,926
Bombay, Bar., & O.L.	20	Aug. 15	3,084	14,49,000	- 80,000	3,85,37,000	- 7,75,000
Madras & S. Mahr.	18	Aug. 1	3,230	14,24,000	+ 69,949	2,75,29,528	- 10,54,053
† Rohilk'd & Kumaon	18	Aug. 1	546	83,997	14,299	21,37,774	- 2,19,830
South Indian	17	July 25	2,460	10,31,859	92,805	1,96,21,947	- 24,41,708
† Including Lucknow-Bareilly State Railway.							

† Including Lucknow-Bareilly State Railway.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.				Corresponding Period Last Year.	
					Dividend.		Carried over, Reserve, Deprecia- tion, &c.	Balance Forward.	Not Profit.	Divi- dend.
					Prefec.	Ordinary.				
					Amount.	Rate.				
Banks.										
Queensland National Bank Gas.	June 30	18,516	132,291	150,807	...	113,750	6 1/2	20,000	17,057	194,956
Cork Gas Consumers	June 30*	...	8,085	8,085	...	4,970	8	3,115	...	9,828
Leyland Gas	June 30*	2,502	1,980	4,482	866	1,224	6	200	2,192	1,975
Malton Gas	June 30*	3,871	1,987	5,858	...	1,500	6 1/2	...	4,358	1,412
Rosendale Union Gas	June 30*	7,535	4,933	12,468	...	4,451	...	398	7,619	4,938
Iron, Coal and Steel.										
Brightside Foundry & Eng.	June 30	13,843	5,399	19,242	2,250	3,100	4	...	13,892	9,618
Fernhill Collieries	June 30	Dr. 2,438	Dr. 9,286	Dr. 11,724	...	...	...	...	Dr. 11,724	17,767
Wood (Edward) and Co.	May 31	29,990	Dr. 7,158	22,832	2,000	...	...	...	20,832	20,187
Rubber, &c.										
Duff Development	Mar. 31	24,699	Dr. 15,535	9,164	...	...	...	...	9,164	Dr. 743
Sungei-Timah Estate (Perak)	Mar. 31	2,172	Dr. 2,448	Dr. 276	...	...	...	...	1,124	...
Shipping.										
Tyne Steam Shipping	June 30	6,478	14,844	21,322	...	20,460	5	...	862	19,835
Textiles.										
Hinde (Fras.) and Hardy	June 30	Dr. 18,708	Dr. 29,978	Dr. 48,686	...	...	...	...	Dr. 48,686	...
York Street Flax Spinning.	June 30	6,180	Dr. 10,824	Dr. 10,264	...	...	...	...	Dr. 10,264	...
Trust.										
Compass Investment Trust	June 30	3,694	32,313	36,007	19,181	11,625	5	...	5,201	37,537
Continental and Industrial Trust	May 31	39,186	156,445	195,631	42,625	77,500	10	...	75,506	177,544
Waterworks.										
East Worcestershire Water- works	June 30*	4,725	3,807	8,532	545	3,296	4 1/2	...	4,691	5,060
Luton Water	June 30*	13,589	5,191	18,780	...	4,454	4	...	14,326	4,752
Woking Water and Gas	June 30*	7,256	8,903	16,159	...	8,461	10 1/2	500	7,198	8,474
Other Companies.										
Associated British Cinemas	Mar. 31	17,570	235,655	253,225	52,857	54,250	8	124,815	21,303	210,199
Benn Brothers	June 30	15,888	49,394	65,282	4,805	28,366	20 (b)	...	15,611	48,013
British Tintex and Dye Products	Mar. 31	Dr. 18,511	(a) Dr. 14,796	Dr. 33,037	...	...	...	...	Dr. 33,037	Dr. 5,124
Hutchinson and Co. (Pub- lishers)	Dec. 31	55,397	20,350	75,747	27,700	13,000	10	...	35,047	50,353
Hutchinson Printing Trust	Dec. 31	24,685	40,056	64,741	33,750	10,000	10	...	53,153	53,153
Toogood and Sons	June 30	16,267	5,611	21,878	...	4,688	2 1/2	...	17,190	10,028
Verellen, Limited	Dec. 31	9,412	Dr. 11,924	Dr. 2,512	...	...	...	198,881	Dr. 201,393	810

* For half-year.

† Free of income tax.

(a) Fifteen months.

(b) Ordinary.

(c) Deferred.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay- ment.	Method of Payment.	Latest Year.	Pre- vious Year.
BANKS.					
Dominion Bank	3%*	...	Quarterly	...	...
INSURANCE.					
Automobile, Fire and Genl. Ins.	...	...	...	12	10
MINING.					
Johannesburg Consol. Investmt.	7 1/2%†	...	Less tax	...	...
OTHER COMPANIES.					
Artizans', Labourers' and Genl.	3%*	Sept. 9	...	...	...
Dwellings	...	...	...	15	15
Barnley Brewery	5%*	Sept. 1	...	...	...
Blyth, Greene, Jourdain and Co.	...	...	...	5	5
Compass Investment Trust	...	...	...	4	4
Cork Gas Consumers	...	...	...	7	4
Eastwoods Flettons	...	...	...	...	...
European Gas	2%*	...	Tax free	...	...
Frederick Goringe	7%*	...	...	...	...
George H. Levey and Co.	2 1/2%*	Sept. 1	...	...	...
Hampton Court Gas	7%*	Sept. 2	Less tax	...	...
Hellenic and General Trust	2%*	Aug. 27	...	...	...
Hine, Parker and Co.	2 1/2%*	...	...	10	10
Hutchinson and Co.	...	...	...	...	...
J. Brothhouse and Co.	2 1/2%*	Oct. 1	...	...	...
Layland Gas	3%*	...	...	...	...
L. Gardner and Sons (7 1/2% Pref.)	5%*	...	Less tax	...	...
London Brick and Portland	5%*	...	...	...	...
Limmer and Trinidad Asphalt	12%*	Sept. 10	Tax free	6/6 p.s.	6/6 p.s.
Metropolitan Gas (Melbourne)	10s. p.s.†	plus bon us of 13s.	...	33s. p.s.	...
Oldham Brewery	10%*	Sept. 7	...	...	...
Pinch Johnson	10%*	...	...	...	...
Prince of Wales Theatre, B'ham.	12 1/2%*	...	...	...	...
Scottish General Invest.	5%*	...	...	2 1/2	6
Sir J. J. Huilett	3%*	Sept. 15	...	...	...
South India Tea Est. (6% Pref.)	3 1/2%*	Oct. 5	Tax free	...	...
Staveley Coal and Iron	5%*	Sept. 30	Tax free	...	...
Thames Oil Wharves	...	...	...	2 1/2	5
Toogood and Sons	...	...	...	...	...
Tyne-Tees Steam Shipping	2 1/2%†	...	...	...	...

Commercial Reports.

MARKET SUMMARY.

The trend of commodity prices during the past week has been irregular, but the downward movement became less pronounced. There has been an improvement in the demand for coal for heating purposes, but the consumption in industry shows no improvement and exports continue at a low level. Little headway is being made by the iron and steel industries and Continental competition continues to have an adverse effect on the order books of British companies. With the exception of tin, the production of which is now fairly well controlled in accordance with requirements, non-ferrous metals have again been dull. In textile materials, cotton has been steadier, but business in finished goods has not shown any signs of expansion. Wool values have been maintained, and the export demand for rayon has been a little better. The output of yarn during July, at 4,900,000 lbs., shows an increase of 250,000 lbs. on the previous month. Jute has further improved under the influence of adverse reports from the growing districts in India. Among cereals, wheat and oats have been steadier, but last week's advance in maize was not fully maintained. Meat prices have been firmer. Among miscellaneous commodities, rubber has again been dull, and vegetable oils and oilseeds were weaker. After a period of steady prices, hides have suffered a setback and buying was confined to immediate requirements.

THE COAL TRADE.

SHEFFIELD.—An increasing shortage of the best qualities of steam coal for export, prices of which remain firm at 17s. 3d. and 17s. 6d. f.o.b., has become noticeable. Demand for fuel generally, however, continues as weak as ever. Although holiday stoppages are curtailing output, supplies are ample, and industrial requirements tend downwards. Rather brisker conditions have developed in the house-coal department. Quotations are 18s. 6d. to 20s. at pits for best ordinary brands. These prices are to be advanced next week. Blast-furnace coke continues to be a drug on the market; consumption having contracted further of late. Some makes are procurable at 10s. at ovens.

WORKINGTON.—The coal trade has been adversely affected by the seven weeks' stoppage that began on June 24th and ended on August 17th. The men were compelled to accept the National Board's award of a seven-and-a-half per cent. reduction in wages. The coal trade has a difficult winter before it, inasmuch as there has been a substantial fall in the demand for small coal, due entirely to the cessation of activity at the coking plants at the service of local ironmasters. The usual seasonal improvement is, however, expected in the Irish market, and the St. Helens colliery, which has been idle since the end of May, is to be restarted on September 14th. Prices are steady. Best round is 22s. 6d.; washed doubles, 21s.; washed singles, 19s., all f.o.b.; smalls, 16s. 6d. per ton; best house coal, 31s. 8d.; and house nuts, 30s. at station; gas coal, 28s. per ton; West Coast coke is from 17s. 9d. to 18s. 3d. per ton.

CARDIFF.—Export demand for South Wales steam coals proceeds very quietly, and in spite of the recent decline in production, supplies of practically all grades are more than sufficient for current

OVER ONE HUNDRED YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
 FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square
 London: 5, Walbrook, E.C.4. and 4, St. James's Street, S.W.1

needs. In the past week approximately 23 per cent. of the coaling tips have been idle at the South Wales ports, an indication of the present state of exports. Shipments to France are maintained at the improved level of a week ago, exporters accelerating deliveries in order to take advantage of the import licence concession over August. Demand from other directions is slow. Low Volatile sized coals are scarce and firm, and there is a brisk demand for anthracite, prices of which remain very firm. Prices of all other grades remain easy. Approximate current prices are: Best Admiralty large, 20s.; Second Admiralty large, 18s. 9d. to 19s. 6d.; best dry large, 18s. 6d. to 19s.; ordinary dry large, 17s. 9d. to 18s. 3d.; Monmouthshire Black Vein large, 18s. 3d.; Western Valleys large, 17s. 9d.; Eastern Valleys large, 17s. 3d. to 17s. 6d.; steam smalls, 10s. 6d. to 13s. 6d.; foundry coke, 30s. to 36s.; furnace coke, 16s.; patent fuel, 19s. to 20s.; best anthracite large, 36s. to 37s.; second grade large, 27s. to 32s.; Red Vein large, 22s. to 27s.; machine made cobbles, 40s. to 45s.; French nuts, 43s. to 46s. It has

iron are in fair request at from 2s. 6d. to 5s. per ton above the aforementioned figures. There is only a poor demand for malleable iron at £5 15s. per ton delivered at Birmingham, and ferro-manganese is a weak trade at £10 15s. to £11 5s. per ton home. The steel market is stagnant, but it is stated that orders are held or are promised that will enable the rolling mills at Workington to resume early in October. Native ore is in diminished request at 16s. to 18s. per ton, and very few sales to East Coast and Scottish smelters are taking place.

GLASGOW.—Although there is a general feeling of satisfaction that orders for a number of smaller vessels have been placed with Clyde shipyards during the present month, the tonnage involved is not sufficient to materially affect the situation at the plants which will supply the steel. The demand for structural steel is poor at the moment, and at the steel works employment is very irregular. In the sheet trade there have been further bookings of thin black sheets for Japan, and there are a fair number of inquiries on the market for galvanised sheets for India, and also for Canada. There is still very little business being done in bar iron or in re-rolled steel bars. At the tube works only part-time employment is being obtained by the workers in the various Lanarkshire plants.

CARDIFF.—Very quiet conditions are prevailing in the Welsh steel and tinplate trades. Prices in most cases are below the cost of production, and it is feared many works will soon be forced to close down. Welsh bars are practically idle at £4 12s. 6d. Belgian competition is active at £3 15s. Galvanised sheets are dull at £2; tinplates in very slow request at 13s. 1½d. to 13s. 4½d.

OTHER METALS.

TIN.—The principal event of the week has been the news of the formation of an international tin pool. The following official communiqué was issued on August 24th by the authority of the Committee of Control of the International Tin Pool:—1. An International Tin Pool has been formed with the concurrence of the four governments which signed the International Tin Quota Agreement. The pool will work in close co-operation with the International Tin Committee. 2. The chairman of the International Tin Committee is ex-officio chairman of the Committee of Control of the International Tin Pool. 3. The tin to be acquired by the International Tin Pool will be released in accordance with a sliding scale of prices accepted by the four governments which signed the International Tin Quota Agreement. The initial release of 5 per cent. of the pool's holding of tin will become effective if and when the average price of spot tin on the London Metal Exchange shall, during any completed calendar month, have exceeded £150 a ton. 4. In order to facilitate the formation of the pool, the four governments have given reciprocal guarantees whereby they undertake to continue unconditionally the International Tin Quota Agreement until the date fixed for its expiry, i.e., February 28, 1933; and, further, if at that date the International Tin Pool shall not have been liquidated, to extend the International Tin Quota Agreement up to a total period not exceeding three years from the date, i.e., August 12, 1931, of the formation of the International Tin Pool. Meanwhile, values have recorded a sharp rise. Wednesday's official closing quotations for "standard" cash at £119 10s. to £119 12s. 6d. per ton, compares with £113 7s. 6d. to £114 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,590 tons, show a decrease of 191 tons on the week.

COPPER.—In contrast to tin, copper has been dull, and throughout the week prices remained at a low level. Wednesday's official closing price for "standard cash" in London, at £32 8s. 9d. to £32 10s., compares with £32 8s. 9d. to £32 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 22,324 tons, show an increase of 958 tons, while stocks of rough copper, at 1,150 tons, are unchanged.

LEAD.—The market for lead has been quiet, but as sellers adopted an attitude of reserve, prices were maintained at about last week's level. Wednesday's official closing quotation for "soft foreign" in London, at £11 8s. 9d. to £12 3s. 9d., compares with £11 12s. 6d. to £11 15s. on the corresponding day last week.

SPELTER.—This metal was freely offered early in the week at declining prices, but, when sellers began to restrict offerings, values hardened at an active turnover. Wednesday's official closing quotation in London for "good ordinary brands," at £11 15s. to £12 4s. 3d., compares with £11 7s. 6d. to £12 on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. Antimony again changed hands at £22 10s. to £23 per ton for "foreign," while the "spot" price for quicksilver was further reduced from £16 7s. 6d. to £16 1s. 2s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—There is no special feature on the market at the moment, writes our correspondent. It is generally felt that the crop has continued to make, but whilst rains in places are complained of they are more likely to damage grade than to curtail quantity. The crop is late, picking and, of course, ginning are slow, and therefore hedging sales are in small compass and contracts are scarce. Hence the comparative steadiness of the market. The United States Department of Commerce issued its census report of cotton ginned up to August 15th, on Monday last (24th), the figures being 90,000 bales, against 573,000 up to the same date last year and 304,000 for 1929. Spot sales for the week 20th to 26th (inclusive) are 24,000 bales, of which 8,900 bales are American, 1,300 Brazil, 2,350 Argentine,

4,850 Peruvian, 1,650 Egyptian, 1,950 African, 700 East Indian, 2,020 Russian and 280 sundries. Imports for the same period are 25,343 bales, of which 1,243 are American, 779 Brazil, 6,189 Argentine, 7,783 Peru, 8,039 Egyptian, 537 African, 480 East Indian, and 313 sundries. Quotations, August 28th: American Middling, 3-81; Egyptian Sakel, 5-85; Uppers, 4-59; Brazil Fair, 3-86; Peru G.F. Smooth, 4-16; West African Middling, 3-86; and East African G.F., 4-86.

Manchester.—The market has been rather steadier, writes our correspondent, but there have been very few indications of any trade expansion. Buyers are not afraid of prices going against them, and conditions to some extent have been unsettled by the political situation. Cloth manufacturers have reported a fair amount of inquiry, but there are still many complaints of offers being very low and customers are slow in raising limits. Not more than a miscellaneous business has been done for India, chiefly in light goods and fancies. Further operations have taken place for the Far East in low poplins, brocades and light fabrics, the bulk of the buying being for Hong Kong. Occasional transactions have been put through in white shirtings for Singapore. Restricted operations have occurred in printing and finishing styles for West Africa and South America, but very little has been done for the Continent. Only a restricted turnover has taken place in home trade fabrics. Quotations in American and Egyptian yarns continue irregular when tested. A fair turnover has taken place, but the prices secured have given no satisfaction whatever.

Cotton Prices.

	1931.				Corresponding Date.	
	Aug. 5.	Aug. 12.	Aug. 19.	Aug. 26.	1929.	1930.
Raw Cotton—Mid. American per lb.	4-35	4-35	4-35	4-35	10-39	6-60
" Sakellaridis Fully Good Fair	4-35	4-35	4-35	4-35	10-39	6-60
" Egyptian per lb.	6-65	6-75	6-60	6-84	17-05	10-40
Yarns—32's twist per lb.	8-1	8-1	8-1	8-1	15-1	10-1
" 40's twist per lb.	8-1	8-1	8-1	8-1	15-1	10-1
" 60's twist (Egyptian) per lb.	14-1	13-1	13-1	13-1	26-1	19-1
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	16 10½	15 10½	15 9	15 9	25 6	20 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	18 9	17 9	17 7½	17 6	28 6	22 6
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 7	10 0	9 10	9 10	15 3	12 4½
39-in. ditto, 37½ yds., 16 by 16, 8½ lb.	9 6	8 10	8 9	8 9	13 9	11 1½

THE WOOL TRADE.—Bradford.—The Australian selling season will commence on Monday at Sydney, and that event will be followed with the closest interest, though, writes our correspondent, it is a foregone conclusion that no section of buyers will be keen to force the pace. At this moment there is a firmer tendency in Continental "futures," but the most important point is what credit banks will be prepared to issue to their wool-buying clients. For various reasons Continental buyers cannot be expected to contribute any big quota to the establishment of values. Germany and France—both big buyers of merino wool under normal circumstances—are still passing through a trying time. The big failures recently seen have resulted in serious curtailment of business activity and restriction of facilities for further operations in the raw material. At this juncture speculation as to the movement of values naturally centres chiefly on merino wool. The attitude of importing topmakers is a very cautious one. They have been receiving bids of 2½d. to 2½d. for good 64's tops; but, so far as it is possible to quote a price to-day, 2½d. is around the figure for a warp combing. At present the rate of exchange is against Australia, and to hold wool in anticipation of more money being realised might necessitate a bigger advance than is likely to be forthcoming unless manufacturing conditions at home and abroad improve much more quickly than seems possible just now. Crossbred tops show a slight weakness, and wool supplies in users' hands, as well as what are available in New Zealand and London, will be quite sufficient for all requirements until the next clip begins to come forward.

THE GRAIN MARKETS.

WHEAT.—Although the actual turnover in wheat has not increased appreciably, several factors made for more steadiness in the wheat markets. In Europe, harvesting has been delayed and crops have deteriorated because of the wet weather; in the United States and Canada severe frost has damaged crops, and reports of crop conditions in Russia have recently been less favourable. It also appears that the wheat acreage in Argentina has been reduced. The total acreage sown for the season 1931-32, at 17,043,000 acres, shows a reduction of over 13 per cent. on the acreage actually harvested last season. It is reported that the United States Federal Farm Board has disposed of 25 million bushels of its holdings against Brazilian coffee, and that it offered to provide China with 30 million bushels on a ten years' credit. In view of the prevailing low prices for wheat, Mr S. Broomhall's figures of the total visible supply at the beginning of the new crop year (August 1st) are of interest:—

TOTAL VISIBLE SUPPLY (WHEAT AND FLOUR).

(Millions of bushels.)				
1927.	1928.	1929.	1930.	1931.
181	227	370	411	462

It will be seen that the "carry-over" has been continually increasing ever since 1927. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 25s. per 496 lbs., as compared with 25s. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 23s. 9d., against 23s. 9d.; No. 3 Northern Manitoba, Atlantic, ex ship, 22s., against 22s.; Rosafé, ex ship, 19s. 9d., against 20s.; Australian, ex ship, 20s. to 22s. 6d., against 20s. to 21s. 6d. a week ago.

WHEAT FLOUR.—The flour trade has been dull during the past week. North American shipments, at 159,000 sacks, show a decrease of 28,000 sacks as compared with the previous week. Of this total, only 66,000 sacks were consigned to Europe. Quotations: Straight run, delivered country, 21s. per sack of 280 lbs., as compared with 21s. last week; delivered London, 20s., against 20s. Manitoba patents, ex store, 20s. 6d. to 24s., against 20s. 3d. to 24s., and Australian, ex store, 16s. 3d. to 16s. 9d., against 16s. 6d. to 17s. a week ago.

BARLEY.—Barley has been steady during the past week, and although shipments, particularly from Danubian countries, continue on a considerable scale, prices have been maintained. Quotations: "English feeding," f.o.r., per 448 lbs., 20s. to 22s., as compared with 20s. to 22s.; Californian "new" sold at from 34s. to 50s., as compared with 34s. to 50s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—There has been an improvement in prices, but this is due rather to a temporary shortage in supplies than to an increase in demand. Quotations: "River Plate," landed, 13s. 3d. per 320 lbs., as compared with 12s. 6d. last week; "River Plate," ex ship, 13s., against 11s. 6d.; "Chilean Tawny," landed, 13s. 9d., against 13s. 9d.; English white, per 336 lbs., 20s., against 20s. a week ago.

MAIZE.—Buying, though on a considerable scale, has been slightly less in quantity than last week, and the advance in prices recorded a week ago has not been fully maintained. The Argentine maize at crop has been finally estimated by the Ministry of Agriculture at 43,534,000 quarters, which compares with a crop of only 29,113,000 quarters for the season 1929-1930. Quotations: "Plate," landed, 15s. 9d. per 480 lbs., as compared with 16s. last week; Plate, ex ship, 14s. 6d., as against 14s. 9d.; Plate, August-September, new, 14s. 6d., as against 14s. 9d. Yellow maize meal, ex wharf, was quoted £4 15s. per ton, against £4 15s. a week ago.

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

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to August 22	Owts. 24,780	Owts. 76,956	Owts. 60,511	Owts. 80,132
51 weeks to August 22	4,953,213	9,704,126	9,829,886	11,184,664
Average price of English wheat per cwt.	s. d. 6 4	s. d. 8 5	s. d. 11 5	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Aug. 15, 1931.....	Owts. 25,824	Owts. 1,866	Owts. 6,427	s. d. 6 6	s. d. 7 6	s. d. 6 5
Aug. 22, 1931.....	24,780	935	7,250	6 4	8 5	6 2
Aug. 20, 1927.....	40,219	8,588	23,173	12 6	12 7	10 0
Aug. 25, 1928.....	80,132	122,300	51,024	9 9	9 10	9 4
Aug. 24, 1929.....	60,511	15,907	26,544	11 5	9 10	8 10
Aug. 23, 1930.....	76,956	9,001	17,126	8 5	6 9	6 3

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Aug. 27, 1930.	Jan. 2, 1931.	Aug. 12, 1931.	Aug. 19, 1931.	Aug. 26, 1931.
Winnipeg (No. 1 Manitoba)	148½	88½	56½	56½	55½	55½
Chicago (No. 2 Winter)	148½	88½	79½	50½	48½	47½
Cents per 60 lb.	130½	86½	79½	50½	48½	47½

OTHER FOODS.

SUGAR.—After a period of steadiness the markets in sugar have now suffered a definite setback, which, no doubt, is partly ascribed to the general economic uncertainty. It appears, however, that the weakness is also to some extent a result of the political disturbances in Cuba. Following last week's cut, on Monday last, sugar has again been reduced 3d. per cwt. on Monday last, Wednesday's sales of "raws" included "December delivery" at 5s. 9½d. to 5s. 10½d. per cwt., against 5s. 10½d. to 5s. 11½d., and 5s. 9½d. to 5s. 10½d. per cwt., against 5s. 10½d. to 5s. 11½d. on "March," 1932, at 6s. 0½d. to 6s. 1½d., against 6s. 1½d. to 6s. 2d. on the corresponding day last week. The movements of raw sugar in the London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	105	861	927	1,165	26,117	27,205
Liverpool ...	11,793	18,549	13,142	18,121	75,173	105,003
Total	11,898	19,410	14,069	19,286	101,290	132,208
Last week ...	12,527	21,583	14,196	19,917	103,699	132,074

COFFEE.—There has been no improvement in the demand for coffee, but though the market was quiet, prices remained unchanged. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 80 bags; exported, nil; stocks, 1,847 bags, against 1,110 bags last year. Central American, landed, 630 packages; delivered for home consumption, 1,983; exported, 585; stocks, 96,443 packages,

against 80,112 a year ago. Other kinds, landed, 352 packages; delivered for home consumption, 2,065; exported, 616; stocks, 77,287 packages, against 87,205 a year ago.

COCOA.—The market in cocoa has been quiet and prices declined throughout the week. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, mid-crop, August-September, at 16s. 6d. per cwt. f.o.b. London contract, shows a fall of 9d. Last week's movements of cocoa in London were as follows: Landed, 1,068 bags; delivered for home consumption, 4,998 bags; exported, 975 bags; stocks, 219,098 bags, against 207,107 last year.

TEA.—The quantities catalogued for this week's auction comprised 48,169 packages of Indian, 30,611 packages of Ceylon, and 11,586 packages of Java and Sumatra tea. The outstanding feature of the auctions has been the firmness of the price of tea of good quality. Competition for this tea was keen, but medium and common qualities show little or no improvement. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyassa-land.	Total.
Aug. 21, 1930 ..	s. d. 1 3-19	s. d. 0 11-75	s. d. 1 4-78	s. d. 0 9-79	s. d. 0 10-31	s. d. 0 9-16	s. d. 1 2-23
July 30, 1931 ..	0 8-69	0 7-44	1 0-64	0 7-09	0 6-67	0 6-43	0 10-49
Aug. 6, " ..	Holiday.						
Aug. 13, " ..	0 9-46	0 7-45	1 1-50	0 6-39	0 6-53	0 7-12	0 10-64
Aug. 20, " ..	1 0-14	0 7-46	1 2-33	0 6-32	0 6-38	0 6-11	0 11-68

RICE.—It appears that the rice crop in China and Japan has been considerably damaged, which partly accounts for the steadiness in prices. The market in London has been quiet but steady during the week. Wednesday's quotation for Burma No. 2, cleaned, August-September, in singles to the Continent and to the United Kingdom, at 8s. 3d. per cwt., shows a rise of 1½d. as compared with last week. Movements in London during the past week were as follows: Landed, 13 tons; delivered, 39 tons; stocks, 983 tons, against 1,878 tons last year.

POTATOES.—Potatoes have been in good demand, but supplies were ample and prices remained unchanged. At the Borough Market, "Best King Edward" sold at from 6s. to 7s. per cwt., as compared with 6s. to 7s. a week ago.

SPICES.—The "spot" pepper market has been quiet, and prices have been slightly easier. Wednesday's quotation for "Black Singapore," at 5½d. per lb., shows a fall of 0½d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 5 tons; delivered, 32 tons; stocks, 671 tons, against 827 tons last year. White, landed, 42 tons; delivered, 28 tons; stocks, 514 tons, against 410 tons a year ago.

MEAT.—The market in meat has been firm during the week, and prices have been generally higher. Wednesday, Argentine beef (chilled, hindquarters) was sold at 4s. 10d. to 5s. 4d. per 8 lbs., against 4s. 10d. to 5s. 2d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 6d. to 4s. 4d., as against 3s. 4d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 7,648 tons, as compared with 7,621 tons in the corresponding week last year. Imported beef, principally Argentine, formed 86.8 per cent. of the supplies, as against 82.3 per cent. a year ago, and imported mutton, mainly New Zealand, formed 78.0 per cent. of the total supply, as against 87.0 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Variable and generally unsettled conditions have prevailed. At the close there is a rather steadier feeling and slightly better outlook. The lower levels of linseed values have attracted some interest and Plate for September shipment to Hull has been done at £8, which about represents current value on spot and forward to September, a slight premium being asked for October. New crop is easier, and quoted £8 January-February. The quantity of linseed on passage to Europe at 158,000, shows a reduction of 26,000 tons on the week, and compares with 113,500 tons a year ago. Crushers appear to be well supplied, and are far from active in the market. Cottonseed is steady, but demand is slow. Old crop Egyptian (black) is quoted around £4 17s. 6d. afloat, and for shipment, and new crop £5 2s. 6d. Vegetable oils are in very quiet demand. Linseed is irregular and lower, raw oil on spot ex Hull mill quoting £15, and delivery to December, £14 10s. Cotton oil is easier, crude Egyptian offering at £18, and common edible at £20 15s. ex Hull. Other seed oils are a shade lower. Oilcakes and meals are easier, but there are symptoms of an improving demand.

NATIONAL PROVIDENT INSTITUTION

MAXIMUM INITIAL PROTECTION

combined with

PARTICIPATION IN PROFITS

is given by the

MINIMUM PREMIUM POLICY.

48 Gracechurch Street, London, E.C.3.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				Wool—				Market Hides, London—			
CEREALS AND MEAT.				s. d. s. d.				s. d. s. d.				s. d. s. d.			
Wheat, No. 2, N. Man. 496 lb.	23	9		Irish bladders.....	52	0	66	0	0	English Southdown, washed	12	Best heavy ox and heifer	0	4	0
Eng. Gaz. av., per cwt.	6	4		American, boxes, 56 lbs.	40	9	43	6	0	Lincoln hog, washed	8	Best cow	0	4	0
Barley, Eng. Gaz. av.	8	5		POTATOES—					0	N.S.W. greasy, super	11	Best calf	0	7	0
Oats, " "	6	2		Good English, per cwt.	6	0	7	0	0	N.Z., gray, half-bred 50-56	8		5	6	6
Maize, La Plata, landed, 480 lb.	15	9		SPICES—					0	Crossbred 40-44	6				
Flour, Lon. stan. ex mill, s. d.				Pepper, per lb.—					0						
280 lb.	18	7		Muntok, fair White	0	8	0	0	0						
Rice, No. 2 Burma, per cwt.	8	3		Black Lampung	0	5	0	0	0						
Sago, Pearl, per cwt.	16	6		Cinnamom—lat sort, per lb.	0	7	0	0	0						
Tapioca, per cwt.				Ginger—Zanzibar	0	9	0	0	0						
E.I. flake, fair spot	17	6	0	Ginger—per cwt.	25	0	0	0	0						
Medium pearl	20	0	0	African	40	0	80	0	0						
MEAT—				Jamaica, ord. to good	40	0	80	0	0						
Beef, per 8 lbs.—				Mace	0	9	1	7	0						
English long sides	4	8	5	Nutmegs 65s	1	3	0	0	0						
Argentine chilled hinds	4	10	5	(Duty, 11s. 8d. per cwt.)	18	0	21	0	0						
Mutton, per 8 lbs.—				B.W.I., crystallised	7	9	0	0	0						
English wethers	5	4	7	Java, white, c. & f. India	18	0	21	0	0						
N.Z. frozen	3	6	4	October-December	18	0	21	0	0						
Pork, English, per 8 lbs.	4	8	6	REFINED—											
				Yellow Crystals	18	10	0	0	0						
				Cubes	23	3	23	9	0						
				Crushed	21	9	22	3	0						
				Granulated	19	6	20	3	0						
				Home Grown (June)	18	9	19	0	0						
				OTHER FOODS.											
				Irish											
				Danish	75	0	90	0	0						
				Dutch	72	0	74	0	0						
				HAMS—	62	0	66	0	0						
				Irish	0	0	0	0	0						
				Canadian	0	0	0	0	0						
				American	81	0	90	6	0						
				BUTTER—											
				Irish creamery per cwt.	0	0	0	0	0						
				Australian	107	0	109	0	0						
				New Zealand	112	0	114	0	0						
				Danish	122	0	124	0	0						
				CHEESE—											
				Canadian	66	0	72	0	0						
				New Zealand	64	0	65	0	0						
				English Cheddars	50	0	75	0	0						
				Dutch	53	0	60	0	0						
				COCOA—											
				(Duty, British grown,											
				11s. 8d.; foreign, 14s. cwt.)											
				Accra, f.f.	21	0	26	0	0						
				Trinidad	37	0	44	0	0						
				Grenada	26	0	36	0	0						
				COFFEE—											
				(Duty, British grown,											
				11s. 8d.; foreign, 14s. cwt.)											
				Santos sup., c. & f. cwt.	38	0	0	0	0						
				Colombian, good	65	0	88	0	0						
				Costa Rica, med. to good	70	0	115	0	0						
				East Indian	78	0	108	0	0						
				Kenya, medium	65	0	75	0	0						
				EGGS—											
				English	120	0	15	0	0						
				Danish	11	0	12	9	0						
				FRUIT—											
				Oranges—											
				South African ..boxes	12	0	16	0	0						
				Lemons, Sicilian ..boxes	14	0	22	0	0						
				Malaga ..cases 420 No. 1	0	0	0	0	0						
				Apples: Amer. (var.) bris.	14	0	18	0	0						
				" (var.) boxes	11	3	12	0	0						
				" Australian	0	0	0	0	0						
				Onions—											
				Valencia, case, 4s.	6	0	6	6	0						
				Bgyptian Bags	0	0	0	0	0						
				Grapes, Lisbon ..boxes	10	0	13	0	0						
				" Almeria ..bris.	12	0	22	0	0						

HIDE, LEATHER AND ALLIED TRADES.—Prices for hides and skins from home slaughtered cattle continue to weaken, the auctions at Manchester this week showing reductions of from ½d. to ¾d. per lb. for practically all classes and weights of ox and heifers. Cows, bulls and calfskins were also lower on average. The market for sheepskins remains fairly steady, although a slightly easier tendency is noticed in regard to lambs. Turnover in connection with imported hides continues small, as in view of the unsettled position of prices for most descriptions, tanners are confining their purchases to limited requirements only. In the South American market most descriptions of Frigorifics have been obtainable at reduced prices, Argentine ox having changed hands to the United States at just over 4½d., while second ox have been taken for tanners in this country at 3½d. In spite of the low prices ruling for dry South American hides the amount of business transacted has been small. M.V. Americanos are quoted at 5½d., and B.A. Americanos at 5½d. In regard to African hides, the market is again slightly weaker, dry Capes having been sold at 6½d. and 5½d. for firsts and seconds, while dry salted descriptions have realised 5½d. and 4½d. for 20-30 lbs. Australian hides are quiet with reductions quoted on some lines. In the sole leather market rather more business has been done during the week, and prices for most descriptions remain steady. Shoe manufacturers have been inquiring for dry hide bonds in medium weights, in addition to which the repairing section have been fairly good customers for English and wet salted descriptions. Respectable sales have also been made of pinned offal, but rough bellies and shoulders have not been asked for to any extent. Manufacturers and merchants of upper leathers continue to experience a steady sale for most of the staple lines, box and willow calf and glaze kid being in most request. Patent is also a fair market, while there has been some slight improvement in the call for curried leathers. Fancy leathers for footwear purposes only sell in small quantities, but at the same time there has been some slight improvement in the price position.

RUBBER.—Little interest has been shown in the market for rubber during the past week and prices have failed to recover from the low record established last week. The average daily

consumption of rubber in the United States during July, at 1,228 tons, shows a fall of 230 tons on that of the previous month. On the other hand, stocks are still increasing, as output has not yet been brought into line with the low level of consumption. Wednesday's official closing price for standard ribbed smoked sheet, at 2½d. per lb., shows no change as compared with the corresponding day last week. In forward positions, business has been done at 2½d. for October-December, against 2½d.; and at 2½d. for January-March, 1932, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,884 tons; delivered, 2,488 tons; stocks at the end of last week, at 136,473 tons, show a decrease of 604 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	July 29. Cents.	Aug. 19. Cents.	Aug. 26. Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	52½	48½	47½
Coffee, Rio No. 7, cash, per lb.	5½	5½	5½
" Santos No. 4, cash, per lb.	9½	8½	8½
Cocoa, Accra, nearest future, per lb.	5.02	4.82	4.81
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3.50	3.47	3.42
Cotton, New Orleans, middling, spot, per lb.	8.36	6.34	6.89
Rubber, smoked sheet, spot, per lb.	5½	5½	5½
Petroleum, Pennsylvania crude, standard grades, per barrel	140-155	160-175	160-175
Copper, "Electrolytic," Domestic, spot, per lb.	7.75	7.75	7.625
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	8.25	8.00	8.00
Spelter, East St. Louis, spot, per lb.	3.87½	3.80	3.80
Lead, spot, per lb.	4.40	4.40	4.40
Tin, "Straits," spot, per lb.	24½	25.50	27.00

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, SEPTEMBER 5, 1931.

No. 4,593.

TABLE OF CONTENTS.

The Money Market	417	Investment Notes—	
Leading Articles—		Stock Exchange Values in the Slump	442
The Alignment of Parties	419	Stock Exchange Saturday Opening	442
Britain's Role in Europe	420	Kreuger and Toll	442
The Treasury Credits	421	Brazilian Debt—Redemption Suspended	443
Petrol Distribution	422	Cotton Trade Prices and Profits	443
Banking Concentration in the U.S.A.—I.	423	Singer and Company	444
Some Notes on Russia	424	Eastwoods, Limited	444
Notes of the Week—		Stock Conversion Trust Scheme	444
The Premier and His Constituents	425	R. E. Jones's Poll Result	445
Local Economy	425	Canadian Dealings in American Securities	445
The Vatican and Italy	425	Rhodesian Selection Trust	445
The Insurrection in Portugal	426	Proposed Platinum Amalgamation	445
Minorities in Poland	426	New Capital Issues in August	446
The N.U.R. and Mr. Thomas	426	Capital Issues	446
Our Index Number	426	Government Returns, &c.—	
The "More Looms"	427	National Accounts	447
Negotiations	427	Treasury Bills by Public Tender	447
British Port Charges	427	The Bankers' Gazette—	
Australian Financial Progress	427	Bank of England	447
An International Coal Conference	427	Bankers' Clearing Returns	448
French Textile Troubles	428	Provincial Clearing Returns	448
International Economic Planning	428	Overseas Bank Returns	448
Seasonal Workers and Unemployment Benefit	428	Loan and Discount Rates	449
Hungary—A Correction	428	Rates of Exchange	450
Overseas Correspondence—		Overseas Bank Rates	450
United States	429	India: Remittances to the Home Treasury	450
France	429	Bullion	450
Germany	431	Gold and Silver Prices	451
Austria	432	Company News—	
Switzerland	433	Dividend Announcements	446
Japan	433	Reports and Notices	451
Letters to the Editor—		Weekly Traffic Returns	451
The Outlook for Sterling	434	Profit and Loss Accounts	452
Britain's Overseas Assets	434	Commercial Reports—	
A British Trade Ship	435	Market Summary	452
Books and Publications—		The Coal Trade	452
Shipping Documents	436	Iron and Steel	452
Books Received	436	Other Metals	453
The Stock Exchange—		Textiles	453
Rubber's De Profundis	437	The Grain Markets	454
The Week in the Markets	438	Other Foods	455
London Active Security	438	Miscellaneous Commodities	455
Prices and Yields	440	Commodity Prices in the United States	456
New Issue Prices	442	Prices Current	456
Foreign Stock Exchanges—			
New York	439		

TERMS OF SUBSCRIPTION.

Quarterly, 1½s. 6d.; Half-yearly, £1 9s. 0d.; Yearly, £3 18s. 0d.; Colonies and Abroad, £3 1s. 0d. per annum.

Single Copies, post free, 1s. 1d.

Cheques and Post-office Orders to be made payable to the Economist Newspaper, Limited.

Office: 8 Bouverie Street, Fleet Street, London, E.C. 4.

THE MONEY MARKET.

Though it would be wrong to say there was any pressure conditions were not too easy early in the week. Monday was the last day in the month, and there were no Treasury bill maturities and a fairly large foreign exchange settle-

ALLIANCE

INSURANCE COMPANY, LIMITED.

(Established in 1824.) ASSETS EXCEED £30,000,000
HEAD OFFICE: BARTHOLOMEW LANE, LONDON, E.C.

LIONEL N. DE ROTHSCHILD, O.B.E., Chairman.

INSURANCES OF EVERY KIND

LIFE DEPARTMENT

Children's Deferred Assurances with Educational Option.
Assurances with Disability Benefits (including Income Benefit).
Staff Assurances and Pension Schemes.

MOTOR INSURANCE.

The Company's Comprehensive policies comprise all the latest developments of this class of insurance, including Unlimited Third Party Indemnity.

For full information apply to the Head Office or to any of the Offices or Agents of the Company.
A. LEVINE, General Manager.

CHRISTIANIA BANK

OG KREDITKASSE

OSLO

Established 1848.

Paid-up Capital and Reserve Funds,
Kr. 40,000,000.—.

Oldest Norwegian Private Joint Stock Bank.
Direct correspondents throughout the country.
Offering complete services to banks and firms doing business on Norway
Correspondence invited.

CREDITO ITALIANO

Limited Company Incorporated in Italy.

Capital fully-paid : : : Lire 500,000,000
Reserve : : : Lire 300,000,000

Head Office of the Bank: MILAN.

THE BANK HAS BRANCHES AND CORRESPONDENTS THROUGHOUT ITALY.

London Branch: 2 ROYAL EXCHANGE AVENUE, E.C. 3.

Transacts a general Foreign Banking Business.
STERLING DRAFTS AND DOCUMENTS ON ITALY COLLECTED ON SPECIALLY FAVOURABLE TERMS.
CORRESPONDENT OF THE ROY

York and Paris was no more than due recognition of their co-operation in facilitating with great rapidity the details of a complex operation; and it should not be overlooked that the French Treasury has reduced, to the full extent of its legal powers, the taxes payable by the British Treasury on the transaction.

There has been in some quarters a disposition to assume that the Bank of England credits will now be redeemed. Obviously this will depend upon circumstances, and the relations between the central banks concerned are now so cordial as to permit this matter to be dealt with under conditions of the utmost elasticity. As to the new credits themselves, we welcome the fact that their total size, £80 millions, is convincingly ample, judged by the needs of any immediate threat to the stability of sterling; and there is good reason to believe that their mere existence is producing the desired effect, for it appears that the exchanges are remaining steady without serious need for support. Whether in the long run lack of confidence in sterling will be finally set at rest depends not on these operations, but on the thoroughness with which the Government carries out the task to which it has set its hand. The fact that these credits have been arranged is a proof of confidence on the part of France and America that this will be done.

PETROL DISTRIBUTION.

(BY A CORRESPONDENT.)

THE increasing intensity of competition in the oil industry is compelling the distributing companies to work on an extremely narrow margin, and, in consequence, a great deal of attention is now being paid to the cost of distribution of petroleum products, and particularly of petrol, as it is in this commodity that the competition is keenest.

There are two distinct systems of distribution in Great Britain. The "national" companies offer a system of distribution covering the whole country and based on a number of ocean installations, where petrol is landed and stored, and from which it is transported, mainly by rail tank cars, to inland depots; of these the "big three" companies have some six hundred each. Several motor lorries operate from each depot and distribute the spirit to all customers within the geographical area served by the depot, in this way giving a uniform level of service to every town and village in the country. The so-called "pirate" companies work on an altogether different plan. They make comparatively little use of inland depots, but normally deliver direct from the installation to the customer, using only long-distance motor transport. In this way a considerable amount of handling charges and all depot expenses are eliminated; but, on the other hand, close working of the ground and immediate attention to customers' orders are not practicable. The "pirates" therefore concentrate on the easy and obvious delivery points, almost entirely on the main roads. A motorist who never left the main roads would, in fact, obtain quite an erroneous view of the relative strength of the "pirates" and the "national" companies in the country as a whole.

The "national" companies have one enormous advantage over the "pirates": that, as they are distributors of well-known and well-advertised brands of uniformly high quality, the "pirates" must substantially undercut the "national" price in order to obtain a market. The "national" companies market motor spirit at two prices—the so-called "No. 1" motor spirit and benzol mixtures, retailing at 2d. per gallon more than the commercial grades, formerly known as "No. 3" petrol. The "pirates" also market two grades of motor spirit, but with this difference, that the sales of their superior grades are negligible, demand being almost entirely concentrated on their cheaper products. It is found in practice that private motorists tend to buy either the best or the cheapest spirit available, while commercial vehicle owners usually prefer a sound medium-quality spirit. It is probably for this reason that the "pirate" companies pay so little attention to their more expensive grades, as, if they did so, it would be more difficult for them to find a market for their cheaper spirit, which not a few of them are careful to avoid describing explicitly as "commer-

cial" petrol. They try rather to give the impression that it corresponds to "national" No. 1 spirit, although retailed at a price slightly below that of "national" commercial-grade spirit.

In a fight of the kind now being waged between the rival groups of petrol distributors of Great Britain, there are only three ways in which a "pirate" company can continue to undersell the "national" companies without working on an even narrower margin than that of the "national" companies.

The first way is by reducing the profit to the garage on the sale of petrol; this is now 2d. a gallon on national "commercial" grades and 2½d. on national "premium" grades. A dealer might increase his total profit on motor spirit by selling a popular "pirate" spirit at a smaller profit than the standard, but this would only last so long as he was the sole dealer in the district doing so, and kept a monopoly of the demand for cheap spirit; for this reason any attempt on the part of the larger "pirate" companies to reduce the dealer's standard profit would be bad policy. Another way of achieving the same end would, of course, be for distributors to retail the spirit themselves through their own service stations, but this also has its drawbacks. Unless confined to sales of oil and spirit, such stations create ill-will among garage proprietors, who naturally resent an infringement of what they consider their proper sphere; while service stations which merely retail petrol and oil without undertaking the other functions of the garage industry can rarely be run at a profit. A further consideration is that the construction and equipment of suitable service stations involves a capital outlay beyond the means of the ordinary "pirate" company. On the whole, any diminution of the retailer's margin by the "pirates" must be ruled out as impracticable.

The second method by which "pirate" costs can be kept permanently below the level of the national companies is by adulterating petrol which has paid duty with non-dutiable spirit of a type intermediate between benzene and kerosene. With a petrol duty of 6d. a gallon, an admixture of 16 per cent. non-dutiable spirit gives a saving of one penny per gallon in costs. A bigger percentage of non-dutiable spirit gives, of course, an even greater saving; while a moderate degree of adulteration is not easy to detect, since a chemical analysis of a mixture of fairly good petrol with spirit just below the dutiable range may give results very similar to an analysis of a very poor grade pure petrol. Adulteration of this kind, if proved, would render the culprit liable to prosecution for evading the petrol duty, provided that the final mixture came within the dutiable range; but, for the reasons given, conclusive proof is exceedingly difficult to obtain. Although the more reputable "pirate" companies could certainly never be suspected of action of this kind, there is not the slightest doubt that it is a common enough practice among their less reputable competitors; the increase in the petrol duty last April from 4d. to 6d. per gallon, combined with the further falls in the price of petrol, have immensely increased the temptation to perpetrate this type of fraud.

The third way in which the "pirate" can undercut the "national" companies, and at the same time obtain the same nett return on the petrol he distributes, is by keeping his distribution costs on a permanently lower basis. The greatest problem facing the national distributors at the present time would appear to be the reduction of their distribution costs to the "pirate" level, without any deterioration in the service they now give. They have the initial advantage of the much greater gallanage of their spirit going into any one area, and the much greater number of ocean installations under their control. However, a thorough overhaul of their system may be necessary, and it may be that they will find that they have something to learn from the "pirates" in the matter of keeping down distribution costs. It is, at any rate, arguable that they have not in the past exploited to the full the possibilities of road vehicles instead of rail tank-cars for their transport as opposed to their delivery work, and that, under the present-day conditions of the trade, the number of inland depots from which they work is excessive. The only alternative to reducing costs, for the "national" companies, is to compel an increase in

the "pirate" costs of distribution by adopting tactics on the sales side designed to force the "pirates" to extend their activities in directions where distribution costs are high, and this might prove much more difficult than effecting economies in "national" costs of distribution.

BANKING CONCENTRATION IN THE U.S.A.—I.

(BY A CORRESPONDENT.)

AMERICAN banking is confronted with new movements which will materially affect the future structure of the banking system. In recent years similar alterations have revolutionised the economic, social and industrial organisation of the nation. To-day the banking system is aligning itself, perhaps in a tardy manner, with these developments. Throughout the country the concentration movement is gaining adherents. As soon as the public discovered an economic advantage in the chain store, it discarded sentiment in deference to economic advantage. If the branch of a metropolitan bank, with its greater strength and prestige, has an economic advantage to offer the small community, the country bank will pass. Centralisation no longer frightens people as it did in the past. The chain store has made an important contribution; in a similar manner it is reasonable to suppose and expect that county-wide, State-wide, or even nation-wide branch banking will perform similar services.

Ever since the dissolution of the Second Bank of the United States in 1836 the banking development of the country has been along lines radically different from those of every other country of financial importance. Sectional feeling and the Federal Reserve System have favoured the enactment of legislation forcing local community bank-branching. Unless, however, the advocates of the unit or independent banking system can offer something better than theories based upon sentiment, it seems likely that banking in the United States is definitely entering a new era. The development of communication, through road building, the automobile and other facilities, has brought the city bank, with its broader facilities and greater resources, within reach of the farmer and rural merchant or manufacturer. Unit banks operating in small towns have been faced with the alternative of seeing their good business go to the city, leaving behind only business which the city bank rejects, or allying themselves with the city bank as a unit in a large banking group or branch system (where legally permitted).

Metropolitan institutions, as a result of their large capital and their ability to secure highly trained personnel, are able to adjust themselves to changed conditions. Centralised financing presents no problem to them except in so far as it is necessary to increase their loaning ability. Competition, while important, is not their main problem; nor are they bothered with constant failures. On the other hand, about three-fourths of the banks of the United States are outside the metropolitan centres and serve a majority of the population. They differ from the city banks not only in size, but in the character of their operations and in their customs. Their problem has been not to develop lending power, but to meet competitive conditions of a very serious nature, and, at the same time, to render improved service to their customers. Owing to the lack of adjustment of this group of banks to modern economic conditions, an excessive number of bank failures has resulted.

Advocates of extensive branch banking indicate two outstanding objectives which a more liberal branch bank law for national banks would secure:—(1) A radical reduction of bank failures; and (2) an adjustment of the banking system to contemporary economic demands and circumstances in a more satisfactory manner than is offered by the institution of group banking. During the ten-year period 1921 to 1930 a total of 6,968 banks were reported as having suspended operations, involving deposits of over \$2,625,000,000. Since 797 were reopened, with deposits of over \$296,385,000, net failures numbered 6,171. During the year 1930 alone there were 1,926 banks which failed, causing the tying up of about \$900,000,000 of deposits. This figure is the largest for any year in the

THE BRITISH LINEN BANK.

Incorporated by Royal Charter, 1746.

Capital and Reserve Funds, £3,600,000.

Head Office: 38, St. Andrew Square, Edinburgh.

OVER 200 BRANCHES IN SCOTLAND

LONDON OFFICE: 38, Threadneedle St., E.C.2

Every description of Banking Business transacted.

history of the country. Furthermore, in the first five months of 1931, a total of 452 banks have closed their doors.

With regard to sections where suspensions have predominated, it appears that four States along the Atlantic coast—North Carolina, South Carolina, Georgia and Florida—have suffered most among the Eastern States; whereas Minnesota, Iowa, Oklahoma, North Dakota, South Dakota, Nebraska, Kansas and Montana had considerably over half of the suspensions during the ten-year period. On the Pacific coast, where banking has become more highly organised than elsewhere, and on the north Atlantic coast, where banking, though less highly organised, is supported by greater capital accumulation in the general community, bank suspensions, relatively speaking, have been negligible. As further illustration of the wide scope of this economic condition, it appears that in seven States over 40 per cent. of all the banks in existence in 1920 have failed, and in nine States between 20 and 40 per cent. In twenty States, or almost one half of the total, over 10 per cent. of the banks that were in operation in 1920 have since failed.

As already indicated, the outstanding problem in American banking, from the point of view of structure, is the problem of the small town bank—the problem of furnishing safe and adequate facilities for communities of 2,500 population or less, particularly small towns and cities in agricultural regions. There can be no question but that large city banks should be permitted to operate branches in such communities. Guaranty of bank deposits or an intensification of the correspondent system would not be satisfactory palliatives for the difficulties of the small country bank. While it might appear that a Federal statute requiring a minimum capitalisation of \$100,000 for national banks and a similar provision for the various State banks would solve the capitalisation problem, this plan is open to several objections. First, it would require complete legislative co-operation on the part of the State Governments. In the past such co-operation has not been secured. On the contrary, Congress, by the Act of May 14, 1900, had to reduce the minimum capital for national banks from \$50,000 to \$25,000, in order to lower the standard towards that of the States. Secondly, such a plan would cause many small national banks to take out State charters in order to remain in business. Thirdly, many communities, where banks are now operating, would be deprived of local banking services if there was not enough business to justify a larger capital. And fourthly, there might be the danger of giving a single local bank a monopoly in the banking business of the entire community.

It is clear that theories and practices of American banking must undergo great change. Only slight progress has been made in adapting the system to meet modern economic demands. It is cause for immediate concern that the operating conditions faced by country banks show no prospect of improvement under the present system. There are many country banks now operated at a loss and many others operating upon earnings, especially under present business conditions, which are insufficient to justify their capital investment. Attention should be devoted to developing safer and better banking.

The second factor which has made the branch banking question so significant is the unusual development of

chain and group bank systems. A chain system exists where an individual or group of individuals controls a number of component banks, whereas in group banking, which is most decidedly preferable, control is usually exercised by a holding corporation. The latter is usually associated with a large metropolitan bank, or a group of large city banks (i.e., Transamerica Corporation). At the present time there are about 285 chain and group systems in the United States, including over 2,000 banks and approximately \$14,000,000,000 in banking resources. They exist in varying degrees of importance in all except half a dozen States. Group banking would probably have developed more rapidly during the past year and a half had it not been retarded by two factors. One was the business recession, which obviously affected all capital enterprises. The other was the probability of legislation arising out of the House of Representatives Banking and Currency Committee hearings relative to this matter. Group leaders and officials undoubtedly wished to maintain their *status quo* until they could determine what governmental action might have been contemplated.

The legal mechanism of the movement is rather simple. It is based, not upon any act of the banks themselves, but upon the right of a shareholder of the bank to sell his stock, and the right of a corporation to buy it. Possessing legislative authority to hold stocks of other corporations, the group company proceeds to purchase, either with cash or its own securities, a majority or all of the shares of the banks which it plans to affiliate. The affiliated banks maintain their institutions in accordance with a unified plan.

The economic interpretation of the group movement may be reduced to several categories. In the first place a most significant motive for the increase in the number and activities of bank holding corporations is the desire to circumvent the limitations of State and Federal law in order to be in a position, when the necessary laws have been passed, to convert into branch banking systems. As profits and position are the reward for promoters and entrepreneurs, it follows that such forces must be reckoned with as basic causes for organising and directing any form of business or banking unit. Keen competition among group systems has also been a factor. Holding corporations, particularly the Northwest Bancorporation, which has over 125 banks with resources aggregating \$450,000,000, and the First Bank Stock Corporation, of about the same size, have also been organised, among other reasons, for the purpose of securing financial independence of Eastern financial centres.

SOME NOTES ON RUSSIA.

A correspondent, recently returned from a short visit to the U.S.S.R., sends us the following notes of his impressions of the economic situation:—

THE principal subject of talk in Russia to-day, both in town and country, is of food and of the cost of living. The prices of foodstuffs and clothing in the market, particularly of those things which cannot be purchased on a ration card at the Government Co-operative Stores, steadily goes up, and the supply steadily diminishes. Popular wit, which has to restrict itself to the spoken word, has produced the following conundrums. "Why are the Russians the best-fed people? Because they eat a month's food in a day. Why are they the richest people in the world? Because they do not know what to do with their money." The country mouse has no advantage over the town mouse in the way of food supply. For the Government commandeers his produce relentlessly for the consumer in the towns, and leaves him only with what is required for subsistence. The growing pressure of the State for money is indicated by the increase of railway fares and by the raising of the internal rate of postage to the same figure as the foreign letter-rate. So long as the Soviet Government professes that the rouble is worth half-a-dollar, and exchanges foreign currency at that rate, it cannot raise the fee for foreign postage. But

it can make its own people pay more for the carriage of their letters within the Union.

The postage rates are typical of much in the economic life of Russia to-day, where everything is done to encourage the foreigner, and the people of the country are required to make every sacrifice and self-denial, while a policy of greatness by semi-starvation is thrust upon them. The shortage of food is due in large part to the requisitioning of produce for the purposes of export in order to pay for the machinery, cotton, rubber and other raw materials which are required from abroad for the execution of the Five-Year Plan. The boat on which the writer returned from Russia to England was bringing a cargo of 1,200 tons of butter and quantities of eggs, hides and wool; but in Russia butter was sold at 15s. a pound, eggs at 9d. each, and boots were almost unobtainable and unrepairable on account of lack of leather. Yet on the boat were several foreign "specialists"—as they are called—employed by the Government and now returning to their homes for a holiday; and they were agreed as to the goodness of the conditions of the employment.

The Government provides a special shop in the chief cities for the "privileged classes," including these foreign "specialists," where they may buy the best goods that the land can produce at relatively moderate prices. With the same purpose of attracting the foreigner and the valuta which he carries in his pocket, the State has established special stores for foreign visitors in which they buy with foreign currency goods which the Russians can hardly obtain at any price—caviare, preserves, white bread, cigarettes, and fabrics. The principle is thus to encourage "invisible" exports, and so save the costs of transport, commission, etc., of real exports, by selling to the traveller Russian goods which otherwise would leave the country. Elaborate precautions are taken to prevent Russians from using such shops, and to prevent the foreigner from spending there any roubles save those which he can prove to have obtained in Russia, in exchange for his valuta, at the official rate of exchange.

Hence there are four sets of prices current at the same time:—

- (1) At the Government and co-operative stores, for citizens with ration cards;
- (2) At the private shops for those who have the means to buy and have no other source of supplies;
- (3) At the privileged shops for privileged classes;
- (4) At the shops for foreign visitors.

The reason for the growing pressure of the Government on their own people and for the favour to the foreigner is one and the same—the rapid industrialisation which is the forefront of the economic policy. The principles of Communism and Socialism must for the time be modified, the citizens must go on short rations, foreign workers and foreign money must be brought in, and the State industries must be conducted according to the methods of the capitalistic regime, for this one object. For this the farmer must be pressed to farm collectively, and to give up the greater part of his produce at a fixed rate, so that the State may have the wherewithal to feed the factory workers; the factory workers must be paid by piece-work and induced to compete with each other; the hours of work must be prolonged and the days of rest curtailed.

The Five-Year Plan embodies a striking idea, the methodical development of the resources of a great nation so as to secure the progress and the well-being of the whole people, and the orderly correlation of the different aspects of production and consumption. Such a plan was peculiarly necessary in Russia because of the unmethodical and unpunctual ways of the peasant and artisan, and their defective sense of time. For the same reason the inexhaustible resources of State propaganda are utilised all the time to stimulate and to soothe the worker. Religion, say the Communists, was the opiate of the people. To-day the slogans and the diagrams and the flaming figures of the progress of the plan are the opiate; but their sedative effect is occasionally disturbed by the decrees of the State about wages and rations and the hours of work.

It is already abundantly clear that the Piateletka is not final, but is designed to be a recurring factor till Russia has caught up and surpassed the Western nations. Just

as Laban made Jacob work successive periods of seven years, so the State will make the Russian people work one five-year plan after another. And what, it may be asked, of the progress of this present instalment? There is no doubt that certain parts are not realised, and the complete execution of the whole is imperilled. But, on the other side, there is no doubt that agricultural production and industrial output are being steadily increased, and that work is found for everybody who can work, and if the people will stand the strain, Russia will be a much more self-supporting country in 1933 than it was in 1928. On the other hand, fears that the Russian industries will soon imperil the industries of the Western countries, that the goods from the new factories will flood the markets of Europe and Asia, appear to be exaggerated. The goods will not attain the quality; and for years the Soviet State will need the quantity for supplying the needs of its own teeming and materially backward population.

It is difficult to withhold admiration from a people which is willing to endure so much for the sake of the future, or from a Government which has the imagination and the resolution to take a great proportion, estimated by some at 60 per cent. of the national income, for purposes of national reconstruction. No such toll has been taken in modern times from a people save in times of war; and then it was for purposes of destruction. The other side of the picture is the ruthlessness with which the policy is pursued against any class which appears to stand in its way, Kulaks, private traders, and the like. The essential question that has to be answered in action is whether the people will for two more years stand the strain on their physical powers of endurance and their freedom of action. A nation works, just as an army moves, on its stomach; and the Russian people's power of work and of speeding up the industrial development depends ultimately on its having sufficient food—and hope. That need may cause a further change in the plan as striking as the recent deviations from the pure doctrines of Communism. It is the boasted strength of the Soviet Government that it knows how far it can press the people, and when it must relax its pressure.

Notes of the Week.

The Premier and His Constituents.—The executive of the local Labour Party in the Seaham Harbour Division of Durham must be amazingly sure of their own judgment. With indecent haste and without waiting to hear Mr MacDonald in person, they demanded the resignation of the Prime Minister, to whom the King had just entrusted the formation of a Government, but of a man who two years ago was returned to the House of Commons by the votes of Seaham with an almost record majority of over 28,000. One would like to know what reason they have for the immediate assumption that the people of Seaham no longer wish Mr MacDonald to represent them, or, in other words, that at least 14,000 of his supporters of two years ago would now vote against him. The action of the executive was hasty and high-handed, and Mr MacDonald is clearly right in the categorical refusal to resign, which he conveyed in a letter appearing in the Press on Thursday. "Any action I may take," writes the Prime Minister, "in response to any resolution passed will only be after I have finished the duty which I am now undertaking, and not before." In the same letter Mr MacDonald seized the opportunity to emphasise the real gravity of the crisis, which motivated his action, and also to proclaim that "the sacrifice which, for the moment, is necessary shall be spread as equitably as human ingenuity can do it." This passage is a useful corrective to certain impressions created by Mr MacDonald's notable concentration on the dole cut in his broadcast statement last week. Unemployment insurance reform is essential, but it must take its proper place in a general programme of equitably spread sacrifice.

Local Economy.—Although the May Committee were appointed to examine ways and means of economising in national expenditure only, their report emphasised the need and room for retrenchment by Local Authorities. "Taking the country as a whole," ran a significant passage, "the fact remains that in the local as in the national field we have been piling up public burdens. We have been appointed only to review the national expenditure. At the same time, we are glad that some local authorities, recognising the seriousness of the position, have appointed similar committees to survey their own expenditure and recommend reductions where possible. We would earnestly commend this policy to the attention of every authority in the country." There are welcome signs that in the local, as in the national sphere, this appeal has not fallen upon deaf ears. It has been announced, for instance, that the London County Council have given a lead by deciding to hold in suspense "where such a course is reasonably practicable" existing proposals involving fresh expenditure. Moreover, the Chairman of the L.C.C. Finance Committee has stated that his Committee will co-operate fully with the Government in its efforts for economy. It is also understood that many borough councils have decided to review estimates for the coming year with the object of effecting downward revisions in curtailable expenditure, and news from the provinces suggests that the movement is spreading over the whole country. Satisfaction at these signs of general recognition of the needs of the situation is, of course, conditioned by the assumption that in the local, as in the national sphere, economy schemes are carefully and constructively framed and do not merely represent haphazard and panicky "lopping" of reproductive expenditure within even our straitened means.

The Vatican and Italy.—A settlement of the controversy between the Vatican and the Italian Government—a controversy which has been acute for the past three months—was precluded last week by a number of symptoms. The Pope made two public pronouncements hinting at an imminent accommodation, while a conciliatory measure was taken by Signor Mussolini in causing all the Catholic Club premises which had been seized during the crisis by the Italian authorities to be handed back to their owners—with the exception of some premises in Rome itself, in regard to which (it was announced) certain formalities had still to be carried out. The issue, it will be remembered, over which the controversy arose was whether the Italian Catholic Society *Azione Cattolica* was a purely religious organisation (as the Vatican maintains) or whether (as the Italian Government maintains) it had been used as a cloak under which the moving spirits in Don Sturzo's *ci-devant* Catholic political party—the *Partito Popolare*—had been surreptitiously and illegitimately carrying on their political activities. In the concordat of 1928—which was one of the three diplomatic instruments constituting the Pact of the Lateran—the Italian State recognised the organisations belonging to the *Azione Cattolica* in so far as these developed their activities apart from any political party and under the immediate control of the hierarchy of the Church for the diffusion and realisation of Catholic principles. At the same time, the Holy See took occasion to renew for all ecclesiastics and members of monastic orders in Italy the prohibition against their enrolling themselves in or campaigning on behalf of any political party whatsoever. The terms of settlement announced this week provide that the *Azione Cattolica* is to be essentially diocesan under the bishops' control, and aloof both from politics and trade union matters. Its directors are not to include anyone hostile in the past to the present regime, and the flag of the organisation and of its affiliated juvenile clubs is to be the national flag. Its local bodies are to "abstain from athletic or sporting activities," though they may indulge in "recreative or educational occupations with a religious purpose." Thus the Vatican is left some scope for inculcating Catholic principles in the young, always provided that their athletic enthusiasms are not so strong that they prefer to belong exclusively to Fascist organisations. On the whole the Duce seems to have scored.

With the exception of Belgium, all countries reduced their output during the first half of the current year, but the contraction has been most pronounced in Germany and in this country. The decline in home consumption has led to an intensification of competition in foreign markets, and the United Kingdom has suffered most. Belgium and Poland have actually increased their foreign sales during the first six months of the year. Nevertheless, even in these countries the situation is far from satisfactory. The next table of stocks of coal at pithead at the end of June this year and at the corresponding date in 1930 (no figures are available for the United Kingdom and France) shows a large increase in the case of Belgium and the Saar District. Stocks in Germany and in Poland show a small decrease, but it must be remembered that they were already heavy at the end of June, 1930.

STOCKS OF COAL AT PIT-HEAD.
(Thousands of long tons.)

Date.	Belgium.	Germany.	Saar District.	Poland.
June 30, 1930.....	1,560	4,156	292	2,102
June 30, 1931.....	3,208	4,121	458	2,051

The conference, it is understood, will consider the general export situation in Europe, but it will naturally be preliminary in character. Nevertheless, it is a step in the right direction, and may pave the way for future co-operation. In this respect, the Coal Mines Act, in creating a body representative of British colliery owners, has therefore already borne fruit.

French Textile Troubles.—Our Bradford correspondent writes:—That protection is not a safeguard against world trade depression has been abundantly clear from the course of business in the French (Nord) textile district. Much of France's cheap selling of yarns and piece-goods in this country has been put down to lower production costs, particularly wages, but events during the past two or three months show that some of it has been due to a determination to keep machinery running regardless of cost. In the late spring a large worsted spinner and manufacturer operating over 30,000 spindles and nearly 1,000 looms had to meet creditors, among the largest of whom were private bankers. In the last few weeks there have been well-founded rumours of another firm, interested in wool and cotton through every process from raw material to cloth, finding continuance of trading impossible without informing its creditors of the position. Debts due to various banks are stated to be over £400,000. To some extent French wool trade methods differ from those of Bradford, and may be responsible for the severe losses that a number of importers have had to face. Most of the Bradford top-makers work on well standardised types, so that in the event of their foreseeing a fall in the market they can sell forward in any given type. The French practice is to comb each parcel for what it is and sell it afterwards for what it will fetch, there being rarely real similarity between one lot and the next succeeding it through the machinery. In a rising market this method has its advantages; but in a falling market, unless the importer "hedges" in futures in Antwerp or Roubaix, the whole of the loss falls on his own shoulders.

International Economic Planning.—At the World Social Economic Congress, held recently at Amsterdam, several interesting papers were read. Mr Edward A. Filene developed the familiar American thesis that a combination of high wages and low prices is the only route to general prosperity, and advocated the development of mass production and mass distribution, and the general lowering of tariffs, to this end. In a paper by Dr. Person, advocating world-wide adoption of scientific management, an attack was made on the Anti-Trust Laws of the United States as constituting an obstacle to the extension of the system. Particularly timely was an appeal by Professor Joseph P. Chamberlain for more international action in the economic sphere. Professor Chamberlain forecast the negotiation, with increasing frequency, of multilateral treaties: "Not

two countries alone, but a group of countries must unite in common action if certain interests are to be properly served; and the political sense of the world has developed and elaborated the multilateral treaty as an answer to this need." He instanced the numerous matters in respect of which international control had long been accepted as indispensable, as, for example, shipping, aviation, radio and the drug trade, and suggested that experience of control in these matters is an encouragement to develop control of other parts of the economic system. "International anarchy," he said, "in the use of the radio would mean that no one could benefit from it." He might have added that events are rapidly bringing to light many other more fundamental parts of the economic system in which the era of international anarchy will have to be brought rapidly to an end if the system itself is to be maintained.

Seasonal Workers and Unemployment Benefit.—An interesting inquiry, the results of which are published in the current *Ministry of Labour Gazette*, has been carried out by the Ministry of Labour, with the object of determining to what extent insured persons take up seasonal work for a limited period each year, and remain unemployed and in receipt of benefit for most of the rest of the year. The principal occupations covered by the inquiry were those connected with the food industries, such as fishing, fruit picking and food preserving, hotel and boarding-house work, seamen, yachtsmen, stewards, shop assistants, drivers and conductors. The analysis showed that the average number of weeks worked at the seasonal occupation ranged, among the men, from 12 (sugar beet workers) to 29 (maltsters), and, among the women, from 9 (fruit pickers) to 19 (shop assistants and hotel workers). Of the men covered by the inquiries about 30 to 50 per cent. had also worked, during the year preceding the analysis, at other occupations. The proportion was lowest, at, roughly, 20 per cent., among hotel workers, and highest, at over 50 per cent., among salmon fishers and sugar beet workers. Among women the proportion is much lower, ranging from under 9 per cent. among fish-workers to 24 per cent. among hotel workers. The principal non-seasonal occupations engaged in by the men is that of labourer; and the women chiefly have recourse to domestic service, cotton factories, or work as shop assistants, waitresses and barmaids. The amount of non-seasonal work is very low, even when averaged over those workers who engage in it, and rarely exceeds twelve weeks in the year in the case of men. Those women who engage in such work at all seem to do so over a longer period in the year than do the men, and the number of weeks so worked averaged from 10 to 17; but when spread over all the workers in the sample the average number of weeks at non-seasonal work becomes only about two per worker, whereas most of the male groups show an average of 2, 3, 4 or 6. The average number of contributions paid slightly exceeds the total number of weeks worked, owing, no doubt, to broken weeks, but the benefit drawn, averaging 11 to 19 weeks in the case of men and 6 to 13 weeks in the case of women does not account for the whole of the period in the year for which contributions were not paid. A further analysis discloses that the contribution record for the latest complete year of the seasonal workers on the register last January, is only slightly inferior to that of all claimants on the register about the same time. The men had a better contribution record than the women, but they also drew more benefit. Having regard to the exceedingly difficult situation of the labour market during the period covered by this inquiry, the results are better than might have been expected. An analysis during a more prosperous period would, however, be necessary to establish clearly the extent to which unemployment insurance benefit has been voluntarily used as a substitute for an alternative occupation.

Hungary—A Correction.—Owing to a misprint, a sentence in "The Hungarian Crisis" in our last issue (p. 382) was made to read: "the day of reckoning was further postponed by meeting subsequent increases in the deficit by further borrowing on short-term account from the

Bank and the Postal Savings Bank." The words "the Bank" should have appeared as "the banks," the reference being to the commercial banks in Hungary and not to the Hungarian National Bank, whose statutes do not permit of loans being made to the State.

Overseas Correspondence.

UNITED STATES.

Gifford Committee — Government Financing — British Credits — Industrial Conditions.

(FROM OUR CORRESPONDENT.)

NEW YORK, August 26.

DULL markets for securities and commodities reflect the current state of mind on trade conditions and prospects. With the appointment by President Hoover of a large committee of industrial and banking leaders, headed by President Walter S. Gifford, of the American Telephone and Telegraph Company, to collect money from private sources and superintend the distribution of the necessities of life to the needy this winter, the last illusion with regard to business conditions has vanished. This committee is the Washington Administration's answer to the criticism that it was doing nothing to alleviate present distress or to provide against even greater want this winter, and also it was an attempt to ward off legislation in the next Congress, which meets in December, looking toward appropriation of Federal funds for unemployment relief. The idea of a dole of any sort is greatly disliked by the Administration, as it is over the country generally, but the brand of political courage required to resist demands for doles in some guise or another is not carried by every member of Congress who may be opposed to doles in principle. Some of those who tremble at the hint of a dole have taken courage at the turn of events in Great Britain, and hope that this country will heed the lesson to be learned from the experience on your side.

The current of wage reductions and dividend cuts continues to flow, if a trifle sluggishly, but August is a month which usually brings few changes in dividends and, being next door to expected autumn improvement in trade, is not prolific in wage changes. It is the general understanding that the opposition to wage reductions which has been so prompt from Washington probably will no longer appear above the surface, at least, nor will labour leaders themselves be so loud in opposing what is now regarded as inevitable. Most people in the financial district feel that it will do no harm for the country to face facts a bit more courageously and cease to allow their hopes and wishes to mould their opinions and predictions.

New capital issues in the past week have been scarce. This autumn the market will be called upon to absorb a good deal of Government financing. State and city governments will borrow for unemployment relief, and the Federal Treasury will, of course, be confronted with the necessity of consolidating some of the large short-dated debt into longer term bonds, as well as raising fresh money to carry the Government through this period of larger expenditure than revenues. About \$80,000,000 of additional short money has been borrowed by the Treasury this month on discount bills, and notice was given this week that special financing would come in September. Whether this will take the form of notes and certificates or long-term bonds is a matter of much discussion, with opinion leaning toward the side of half in each form. At any rate, a long-dated bond issue is virtually a certainty before the end of this year, inasmuch as the Treasury at the December tax date is planning to refund Treasury notes.

Including bills to be issued on August 31st, the Treasury has outstanding approximately \$520,000,000 of discount bills in eight issues, maturing at various dates between the end of September and the end of November. Treasury certificates maturing on the September tax date total

\$634,000,000, including \$334,000,000 of 2½ per cents. and \$300,000,000 of 1½ per cents. December 15th tax-date maturities aggregate \$994,000,000, partly the Series C 3½ per cent. notes and partly 1½ per cent. certificates. Thus, the total to be refunded in the next three months or so is \$2,148,000,000. The only maturity schedule for next year is \$624,000,000 of certificates for March 15th. All other tax dates are open, but the June 15th date may be seized for calling the \$536,000,000 of first Liberty 4½ per cents. and possibly also the \$1,392,000,000 of first Liberty 3½ per cents. Treasury bonds of earliest maturity, 1940 optional date, are selling on a basis of about 3.02 per cent. Guesses about the terms of a new bond issue which might be offered next week, to be dated September 15th, favour a 3½ per cent. coupon, the same as the last issue, and possibly at a slight premium.

Widespread satisfaction is felt over the changes made in the British Government, and confidence in the ability of the new Cabinet to balance the Budget and take the necessary measures for economy is strong. It is understood that informal conversations have taken place both here and in Paris on a private banking credit to the British Treasury. Bankers here, while recognising the better feeling which has followed the Cabinet change, as well as the resources at the command of Great Britain, feel that the position should be fortified by such a credit, and, of course, no difficulty would be experienced in arranging one. Short-term private banking credits would eventually be refunded into long-term bonds, in the opinion of bankers, probably within the year if conditions were favourable.

Industrial disturbances, such as the use of State militia to close oil wells in Oklahoma and Texas and the trading of Farm Board wheat for Brazilian coffee, are symptoms of the mental depression induced by the business slump. But sounder counsels are gaining ground. The venture in coffee was strongly criticised in most quarters, for, while the deal will help to stabilise Brazilian exchange, it means the sale of wheat at 40 cents a bushel, and the putting of the Government into the coffee business, without any real improvement in the wheat market. Oil and gasoline prices have stiffened on the south-western curtailment, but no one knows what will be the future policy of the militant governors.

The slightly firmer tone in commodity prices is helpful, but otherwise the industrial position seems to grow no stronger. Railroad traffic is rising slightly, but is less than seasonal, while the steel trade in the past week has receded, and there is still little or no sign of an upturn in the autumn. The operating rate is a little above 30 per cent. of capacity. Takings of steel by the motor industry do not augur well for any significant increase in sales next month. Retail store trade, on the other hand, is doing fairly well, and there is a tendency for rural communities to show more courage.

Short-term money is as abundant as ever, but the bond market is drifting lower, particularly in the railroad list. Recent failures of savings banks in Ohio and scattered closings elsewhere are doubtless bringing some pressure to sell bank secondary reserves to increase liquidity. From an earnings standpoint, the position of the railroads is very unfavourable. July net income ran about 30 per cent. under a year ago.

FRANCE.

British Credits — Report of the Caisse d'Amortissement — Foreign Trade.

(FROM OUR CORRESPONDENT.)

PARIS, September 2.

THE conclusion of agreements last Saturday for the extension to Great Britain by French and American banks of credits totalling \$400,000,000 was received in this market with unalloyed satisfaction, and no doubts are entertained but that the operation will prove a complete and overwhelming success. The French half of the effort consists of two equal moieties, one taking the form of banking

credits and the other that of an issue of British Treasury bills in the Paris market. The bills will be denominated in francs, and will be of twelve months term as from September 10th. The rate of interest will be $4\frac{1}{2}$ per cent., payable on subscription, and the bonds will be issued free of all British taxation, present and future, unless they happen to be held by persons domiciled in Great Britain or subject to such taxation. French stamp duty will be borne by the British Government. The stamp duty is equivalent to 50 cents per 2,000 francs, and represents in this case the ordinary French impost on foreign bills drawn on this country, the pending issue being specially inscribed under the form of such bills. From the taxation point of view, therefore, the British bills will approximate, so far as French holders are concerned, very closely to the native Rentes. The bills will be in denominations of 2,000 francs, 10,000 francs and 50,000 francs, and will be issued at par, less $4\frac{1}{2}$ per cent. interest, payable in advance, subscribers thus receiving them at 95 $\frac{1}{2}$. Reimbursement will be made at par on September 10, 1932, with the possibility of exchange for scrip in a consolidation issue which may be offered coincident with the due date of the bills. In view of the conditions of issue the net yield works out at 4.44 per cent. The cost to the British Government will be heavy, as it will have to cover taxation charges in addition to the $4\frac{1}{2}$ per cent. interest, plus 1 $\frac{1}{2}$ per cent. commission allowed to the banks. With Defence Bonds at $2\frac{1}{2}$ per cent., French issues of fixed yield giving an average of 3.51 per cent. net, issues of variable yield an average of 4 per cent. (end July), and bond issues 4.60 per cent. net, the British Treasury bond issue is an exceptionally attractive one for the French investor. Inquiries in banking circles to-day indicate that the issue will be a great success; and it is expected that the lists will only remain open for a very short time. It is added that applications will be dealt with in the order in which they are received. The exact date of the issue is not yet known. The emission was authorised by a Treasury Warrant dated August 31st, so far as the British authorities are concerned, and the bonds will be entitled to interest as from September 10. No announcement has been made as to when the lists will be opened, however, although notices have appeared in the Paris newspapers stating that French legal formalities in connection with the issue have been accomplished. This caused some surprise, as in the ordinary course no issue can be made until formal legal notice has been published in a special weekly supplement of the *Journal Officiel*, the next number of which will not appear until next Monday. It is generally understood that, in order to facilitate the extension of financial aid to their old Ally, the French authorities have found a means to accelerate the usual formalities and that for all practical purposes the issue has already begun.

The report of the operations of the Caisse d'Amortissement in 1930, which is now available, contains a mass of interesting data concerning the three sections of the institution's functions—management of the National Defence Bonds, exploitation of the tobacco monopoly, and public debt extinction. As will be recalled, the Caisse devoted itself during its first three years—1926-29—solely to reorganising the floating debt, in order to remove the danger of any renewal of extensive demands for reimbursement. The whole of the Defence Bonds were gradually transformed from one-, three-, six- and twelve-months issues into two-year descriptions. This reduced maturities from a monthly average of between 7,000 million francs and 8,000 million francs, to one of about 1,200 million francs, fairly evenly spread over the year. Simultaneously, by amortisation and conversion, the total bonds in existence were reduced from 48,885 million francs in 1926 to 28,211 million francs at the end of 1929. The total maximum circulation during 1931 was fixed at 27,822 million francs (or 28,961 million francs if the 6 per cent. margin of toleration above this total be also taken into account). The interest rate payable was brought down from 6 per cent. to 3 per cent. by May, 1930, and has since been reduced (on February 25th last) to $2\frac{1}{2}$ per cent. Defence Bonds now involve an annual interest burden of 1,767 million francs, as against 2,700 million francs in 1926. The danger from Defence Bonds (to which the operations

of the Caisse was originally limited) having been removed by the end of 1928, its powers were extended to other portions of the debt. During 1929 it was able to devote a large portion of its revenue to extinguishing Rentes, by buying in on the Bourse. During the year Rentes representing a capital of 5,618 million francs were thus cancelled, and the budget relieved of annual charges totalling 274 million francs. The same policy was continued in an extended form during 1930, when attention was chiefly directed to 5 per cent. 1928 Rentes and the 1920 6 per cent. issue, while a beginning was made with the extinction of the outstanding $7\frac{1}{2}$ per cent. and 7 per cent. bond issues made in New York and of the portions of the 1915-16 5 per cent. and the 1917 and 1918 4 per cent. Rente issues made in London. The Rentes bought in during 1930 on the Paris Bourse and in the London and New York markets had a nominal capital value of 3,944,831,888 francs, and were acquired at a cost of 4,172,373,280 francs (owing to all except the 3 per cents. being above par), representing an annual saving to the budget of 215,791,000 francs. The detailed list of the 1930 extinctions is as follows:—

	Nominal Value.	Actual Cost.
	(Thousand francs.)	
3% Rentes.....	157,307	138,110
5% Rentes, 1915-6	893,514	915,018
6% Rentes, 1920	1,002,625	1,034,478
4% Rentes, 1925*	73,368	94,592
5% Rentes, 1928	1,184,623	1,224,190
5% Rentes, 1915-6 (British portion) ...	65,698	68,563
4% Rentes, 1917	3,522	3,638
4% Rentes, 1918	21,720	22,318
7 $\frac{1}{2}$ % Obligations (issued New York)† ...	185,224	235,922
7% Obligations (issued New York)†	357,231	435,545
Totals	3,944,832	4,172,374

* "Caillaux" Rentes, with guarantee against exchange; saving effected calculated at 5f 20c. per 4f. of nominal yield.

† Denominated in dollars; saving calculated at par value in francs.

The revenue of the Caisse d'Amortissement during 1930, showing the sources of the amounts available for debt extinction purposes, is set forth as follows:—

	Francs.
Special tax on first transfers of realty, &c.	519,737,721
Succession duties and transfers at death	2,389,795,966
Voluntary contributions	173,811
Surcharged and special stamps	1,068,949
Budget surpluses (payment on account)	2,000,000,000
Mobilisation of German annuities reparation	3,251,529,578
Net profits of tobacco monopoly*	1,403,537,305
Total.....	9,565,843,330

* Gross receipts of the monopoly in 1930 were 4,541,049,679f.

During 1930, it may be recalled, the Caisse entered into a further convention with the State, under which it undertook, as from the beginning of the current year, on April 1st, to take charge of the greater part of the contractual debts, due by the State "to private parties or collectivities and public and private organisations." This will lay upon the Caisse for the present year additional expenditure of slightly over 1,900 million francs. This step was taken in order to enable a balanced budget to be arrived at without necessitating the imposition of further taxation, and was theoretically based on the calculation that the additional expenditure involved would be compensated for by savings effected in the budget of the Caisse due to the application of plans for the massive conversion of Rentes. The worsening of the general financial situation during the past few months, the suspension of German reparation payments under the Hoover moratorium and other factors, however, have so changed the whole prospects of the public finances that an entirely new situation has been created, both for the Caisse d'Amortissement and the Treasury, which will require serious attention in the near future.

The foreign trade returns for July show a fractional further drop in both exports and imports, after an almost

equivalent recovery in June. Total imports were 3,635,953,000 francs, against 3,914,315,000 francs in the previous month and 4,108,410,000 francs in July, 1930, while exports were 2,419,829,000 francs, against 2,512,623,000 francs in June, 3,554,309,000 francs in July, 1930, and 4,256,822,000 francs in July, 1929. The total exchanges for the first seven months of the year show an adverse balance of 8,183,500,000 francs, as compared with one of 4,758,500,000 francs in the corresponding period of 1930. The more or less normal excess of imports over exports before the war was about 20 per cent., whereas the difference on the first seven months of the current year represents an unfavourable balance of about 30 per cent.

GERMANY.

Politics — Trade Unions — Money and Bourse — Banking Position — Dresdner Bank.

(FROM OUR CORRESPONDENT.)

BERLIN, September 1.

CHANCELLOR BRUNING's speeches at the congress of the Centre Party in Stuttgart have strengthened the impression that he is continuing to keep all paths open and is endeavouring to avoid the necessity of committing himself either to the Right or the Left. This situation has not been altered by the Chancellor's conference with Herr Hugenberg. This discussion between the leader of the Hugenberg. This discussion between the leader of the Reich's policies and the leader of the German National Opposition had been desired for weeks by the Right, and it would seem that considerable hopes had been pinned on it. The disappointment of these hopes has again somewhat sharpened the tone of the Press of the Right Opposition against Dr. Brüning. But the relations of the Government with the Left are no clearer than before. The raising of the problem of a reform of the Reich's structure through Herr Koepker-Aschoff's article in *Der Deutsche Volksgeist*, a summary of which was given last week, confronts the Chancellor with the question whether he will take into his Cabinet Socialist members of the Prussian Cabinet. This matter has lost some of its urgency, however, since the Prussian Prime Minister, Herr Braun, ever, since the Prussian Prime Minister, Herr Braun, under Herr Koepker-Aschoff's proposal, has declared that the National Cabinet as Vice-Chancellor, has declared that he is not inclined to do this. It is true, however, that he added that a reform of the Reich seemed to him an urgent task.

The congress of the "Free" (Socialist) Trade Unions in Frankfurt-on-Main has made apparent the sharp differences between the Reich Government and the Socialist Labour movement, growing out of social-political questions. The Reich Minister of Labour, Herr Stegerwald, who himself belongs to the Centre and derives from the Christian trade unions, in his address of welcome, declared himself opposed to the "one-sided storm against wages and salaries," and declared further that he adhered unconditionally to collective wage agreements and to the State arbitration system for labour disputes, since protection for the labouring classes was particularly necessary in times of crisis. Herr Leipart, chairman of the Central Organisation of the Free Trade Unions, termed this declaration by the Minister of Labour a courageous statement, but he himself criticised the Government's measures in the social-political affairs. Although the leaders of the congress endeavoured in this way to take the wind out of the sails of the more radical element of the leaders. A congress went far beyond the standpoint of the leaders. A very sharp resolution against reductions of wages was adopted. It would seem that this majority's attitude was strongly influenced by the English T.U.C. example. Although the German Government is not composed of Socialists (as was the last British Cabinet), but merely tolerated by them, the situation of the German labour movement has many points of resemblance with that of the English movement. The fact that in Germany political Socialism is not so strongly dependent on the trade

unions as in England rather increases the unions' inclination to exercise pressure on the Government in social-political matters. At present, to be sure, this endeavour appears to be manifest more among leaders of the trade union locals than in the central organisation. In any event, however, it would mean an end of the Socialists' "policy of toleration" toward the Brüning Cabinet if any considerable part of the trade unions should express their opposition to continuing that policy.

At the time of writing the Reichsbank has not yet made its decision as to a reduction of the discount rate. But there can be no question that a reduction will be made. It is assumed that the rate, which is now 10 per cent., will be lowered to 8 per cent., and that the Lombard rate will be reduced correspondingly. This measure of the Reichsbank is intended above all to make possible a fairly normal level of quotations after the reopening of the Bourses on September 3. It is at the moment impossible to venture a prophecy as to the level of Bourse quotations. There will be no action to support quotations, since the means for doing that are lacking. In order to minimise as far as possible the compulsion to sell stocks in order to secure money, the granting of loans on collateral has been somewhat facilitated, above all for mortgage bonds. For these the private mortgage banks have created a Lombard Bank Company with a capital of 5 million marks, from which the Reichsbank will accept, for rediscount or for relending on collateral, paper to a total of about 50 million marks. The public credit institutions have taken similar measures. The quotations heard in private transactions for mortgage bonds indicate that, as a result of these precautions, any urgent pressure to sell these securities bearing fixed rates of interest is hardly to be expected.

It was not easy for the Reichsbank to decide upon a further reduction of the discount rate. Despite the great excess of exports over imports, there has been no increase of the Reichsbank's holdings of gold and devisa. Hence, the Reichsbank, by virtue of the emergency decree covering the flight of capital, has demanded the surrender of all holdings of gold and foreign currencies of 1,000 marks or over: the obligation to deliver such gold and devisa to the bank applied heretofore only to sums of 20,000 marks or over. At the same time, payments to foreign countries of 1,000 marks or over require special permission: the figure was heretofore 3,000 marks.

The interim balances of the German banks for the end of July, 1931, show that the outflow of foreign credits at the beginning of July was still greater than in June. In each of these months the six large Berlin banks lost 1,100 million reichsmarks in credits, although after July 13th any outflow was prevented by the declaration of bank holidays and by the moratorium on payments abroad. The withdrawal of credits varied in the different banks. The Danat Bank lost in the last quarter 33 per cent. of its credits and the Dresdner 26 per cent., whereas the withdrawals from the other banks (DD-Bank, Commerz, Reichsbank, Kredit und Handelsgesellschaft) amounted in each case to roundly 20 per cent. The losses were, for the greatest part, financed by presenting new drafts to the Reichsbank and by the reduction of liquid holdings (Treasury certificates and deposits in banks). A reduction of indebtedness was possible only to a very small extent; while the economic crisis permits but slow progress. But even during the continuance of the "freezing consortium" all banks faced the task of reducing their loans and of increasing their liquid assets.

The annual meeting of the Dresdner Bank on August 29th, which had been looked forward to with much tension, passed off without any particular surprises. The meeting decided with an overwhelming majority to emit preferred shares. The Reich, as has been reported, will pay in the present value of the 800 million reichsmarks of 7 per cent. preferred shares through 7 per cent. Treasury certificates. One hundred million reichsmarks of these certificates fall due on August 1, 1932, at 101 per cent., 100 millions a year later at 102 $\frac{1}{2}$ per cent., and the remaining 100 millions two years later at 104 per cent. The obligation resting upon the bank to pay dividends on the preferred shares is compensated for by the agio on the

repayments. In addition to this, the Reich pays interest on the Treasury certificates from August 1, 1931, whereas the preferred shares are not entitled to dividends until January 1, 1932. The difference amounts to 8 million reichsmarks.

In an elaborate speech the Chairman of the Board endeavoured to explain the developments of the last few weeks as due exclusively to the general situation in Germany: there was in his speech no hint of a confession of any fault on the part of the bank's leadership. The speeches of the opposition, which tried vainly to characterise the emission of preferred shares against Treasury certificates as a "pseudo-transaction" or as an emission below par, had no effect. An appeal was made to the Reich to injure the interests of the original shareholders as little as possible. The Reich itself let it be known that it intends to carry on the bank as a private undertaking. Changes in personnel have also been made in this sense. Of the forty-four members of the board of directors, fifteen have resigned and were replaced by eight representatives of the Reich. Among these, Director Ritscher, of the Reichs-Kredit-Aktiengesellschaft, stands at the head, since he has accepted the chairmanship of the newly-created Credit Committee. Which of the managers of the bank will resign is not yet known, but a new member of the Board of Managers has already been appointed in the person of Herr Goetz, a former director of the Commerz-Bank. To the rumours long current of a coming fusion of the Dresdner and the Danat Bank there has now been added, through these new elections, the story of a fusion of the Dresdner and the Commerz-Bank. But the question of a fusion is not yet ripe: the new elections were based on purely personal grounds, and do not indicate any co-operation of the two banks.

AUSTRIA.

Unemployment — Foreign Trade — Money — Revenue — Stock Exchange.

(FROM OUR CORRESPONDENT.)

VIENNA, August 25.

THE delegates of the League of Nations, who were in Vienna during the last few days, have had an opportunity of acquainting themselves with the seriousness of the situation. It was pointed out to them that unemployment is increasing alarmingly, and that in Vienna alone 88,552 unemployed, or 15,336 more than last year, were in receipt of benefit in the first half of August. This is due to the complete failure of seasonal business and to the marked decrease in public building activity. The municipality of Vienna has this year been obliged to curtail orders still further, as its revenue has declined rapidly. The situation in the housing market has also changed radically. In the city and its environs flats and houses are everywhere being offered for sale, and it even appears that numerous buildings erected for private account with the support of the State housing credit, and therefore obtained very cheaply by their owners, are also on the market. Only small flats are in demand.

There has also been an alarming regression in July exports. Imports amounted to 199 millions schillings and exports to 108 millions, so that there was a deficit of 91 million schillings. In comparison with July of last year imports were 18.9 and exports 30.6 million schillings lower. Whereas usually Customs tariff increases, such as went into force on July 1st, are preceded by increased imports, in order to take advantage of the old rates, no accelerated importing was noticeable on this occasion. Some importers inclined to the opinion that the fall in prices of goods might exceed the rise in Customs rates. Furthermore, monetary conditions have rendered it difficult to import for stock.

In August and September foreign trade will certainly not revive, as the almost complete stagnation of commerce with Hungary will be felt. Austrian industry has very important claims on Hungary, and while the embargo on foreign payments is upheld these will not be

liquidated. Recently there have been meetings of representatives of commerce and industry, in which complaints have been made regarding the cessation of commerce with Hungary. At these conferences of economic corporate bodies energetic intervention on the part of the Government has been demanded. Individual speakers even went so far as to demand sequestration of Hungarian credits until the numerous claims which exist in Austria against Hungary are partly settled.

Trade with Germany has also greatly declined, and complaint is rife concerning keener competition from Germany on the basis of lower prices. At the same time, efforts are in progress to induce agriculture and also the public departments and provincial authorities, as well as industry, to cover their requirements from domestic manufacturers of machines. Export to Russia is somewhat better. The unexpected increase of Russian orders to Austria will probably induce the provincial government of Vienna to extend the 25 million schilling limit of its guarantee in relation to risks on export trade with Russia. Russian contracts have been received by individual machine works, automobile factories and the electricity industry. The Russian representatives have, however, demanded accommodation in relation to the question of interest on outstanding claims, and this is a difficult matter for Austrian enterprise, in view of the fact that the credits cover a number of years. They have to take into consideration the difficulty of negotiating Russian bills of exchange and also the fact that the National Bank, in spite of the recent relaxation of the bank rate, still has an official rate of 10 per cent.

The demand from economic circles for a reduction of the bank rate is becoming increasingly pronounced. The National Bank, however, is obliged to pursue a very cautious rate policy, especially as it is endeavouring further to secure the short-term credits granted to Austria from abroad. The National Bank is still the chief source of credit requirements. It is true that its proportion of cover has receded since the middle of June, but in the interim there have been the very serious crises in Germany and in Hungary and the effects of the Credit-Anstalt affair. At the middle of June, the cover, which in the first week of January had amounted to 79.3 per cent., amounted to 54.3, and on August 15th to 43.1 per cent. In the first week of January, cash in hand amounted to 394.8 million schillings and the amount of foreign currencies, not calculated in cash holdings, to 512.4 millions. The corresponding figures in the report of August 15th are 339 millions and 185.2 millions. This change is largely due to the relief afforded the Credit-Anstalt.

Plans are under consideration for procuring increased revenue for the State and also for the Credit-Anstalt by means of a monopoly of motor spirit and, perhaps, also of matches. The preparations for the motor-spirit monopoly are already well advanced. It is contemplated that the Credit-Anstalt should take a part in the management of the monopoly to enable it to repay more rapidly the money which the State put at its disposal. This is the more important, as the collection by the Credit-Anstalt of outstanding debts in Hungary, Poland, Yugoslavia, and also Rumania, is proceeding very slowly on account of general economic conditions.

State revenue for the first half-year, at 950 million schillings, is 120 millions short of the estimate. In the second half-year the effect of the introduction of the emoluments (Besoldungs) tax will be felt; it will probably bring in 12 million schillings. In social insurance several small savings have also been effected. In any case, when Parliament meets it will have to take up energetically the question of retrenchment; otherwise it will be impossible even approximately to balance the Budget. The result of Government deliberations has been the decision to reduce expenditure from the Budget of 1932 by 300 million schillings. This will mean a severe political struggle, and it is possible that a Coalition will be necessary to create the preliminary conditions.

The provinces and the municipalities are also in financial embarrassment, largely because State allotments to them

will probably be smaller. They are obliged to cut down investments to the minimum as they cannot raise further loans, and the Central Savings Bank of the Municipality of Vienna, which accorded the provinces very substantial credits, is demanding their redemption and is not granting fresh credits.

The closing of the Stock Exchanges in Berlin and Budapest has meant that Austrian and National State securities have come in from those countries for sale in Vienna, and their quotations have consequently declined. Not only shares but also bonds bearing fixed rates of interest have depreciated. To give a few examples: State redemption obligations, which are quoted in sterling, stood at 72 at the end of June, whereas, after rallying, they are now quoted at 64. The housing loan, which stood at 94 at the end of June, and bears 7 per cent., has fallen to 89.4. Alpine shares have gone from 17.50 to 12.56, and A.E.G. shares from 17.0 to 14.0. In addition, the market is suffering considerable losses owing to the fact that large batches of Hungarian securities, and particularly coal and iron shares, in Austrian hands are now unsaleable.

SWITZERLAND.

Foreign Trade — Unemployment — Industry — Banking — Public Finance.

(FROM OUR CORRESPONDENT.)

GENEVA, August 22.

CONDITIONS have not altered very much in Switzerland during the past six weeks, and, though they have not become worse, they show no decided tendency to improve. The foreign trade returns for July were not as bad as had been expected: imports totalled £7,490,065, as against £7,529,888 in June, and exports aggregated £4,383,858, as against £4,407,968 the previous month. Compared with July, 1930, which was a normal month, imports showed a decrease of £2,047,098, and exports a drop of £1,138,418. Imports from Great Britain reached a value of £295,018, as against £1,424,488 in July, 1930; while exports to her totalled £710,190, compared with £832,447 last year.

The number of unemployed has slightly risen since the end of May, and the total is now about 14,700 out of a population of 4 millions, which is a small figure when it is recalled that during the crisis of 1921-23 there were nearly 100,000 unemployed in Switzerland. It should be remarked that unemployment is particularly important in the exporting industries: watchmaking, metal and the exporting industries; while it hardly affects home machines, textiles industry; while it hardly affects home industries, a great number of which are very active—a sign that the home market is sound and that the country has not lost much of its purchasing power.

The present crisis has induced the watchmaking industry—which is very seriously hit by the slump—to bring about a reorganisation of its methods of work and a concentration of its activity. Recently a "super holding," as it is called, has been created by the Swiss watchmakers with a capital of £400,000. Its seat is at Neuchâtel and its full name is "Société générale de l'horlogerie suisse." The object of the company is to encourage by all possible means the concentration of the watchmaking industry and means the concentration of the watchmaking help to the watch-of its sister industries, to give financial help to the watch-making concerns, to control and stabilise prices, and to improve the watchmaking industry as a whole. Its mission further consists in suppressing as quickly as possible the particular trade known under the name of "Shabloning," in other words, the selling of Swiss watch pieces to foreign factories which are making with them cheap and unreliable watches, thus competing with the Swiss watchmaking industry. It will also try to eliminate factories and low-grade dustrials which, by producing cheap and low-grade watches, have done great harm to the influence of the new industry. It is expected that the influence of the coming organisation will already be felt in the course of the action winter. At any rate, the principal result of the action undertaken by the "super holding" will be to restore the old reputation of Swiss watchmaking and the high standard of its products.

The failure at Geneva of the Banque de Genève involved the liquidation of two minor banks, and was the cause of a run which lasted about three weeks, and has now been checked. Another consequence was the fusion of two big Geneva financial concerns, the Comptoir d'Escompte and the Union Financière de Genève, the aggregate capital of which will be £1,600,000. While the Comptoir d'Escompte is a commercial bank, the Union Financière is a society which does not directly deal with the public, but only with the banks, putting substantial sums at their disposal when needed, and specialising in the issue of securities and the creation of syndicates. It has now fourteen members, which are all Geneva private banks. That fusion has certainly helped to restore confidence among the Geneva population, which these developments had rendered very uneasy.

The withdrawal of funds from the Swiss banks has been considerable during the past month, but it did not exceed the capacity of the banks. At the same time funds which had been deposited abroad were recalled, so that money remains comparatively abundant, the interest on deposits has not been raised and does not exceed 3½ per cent. on long-term deposits. It is estimated that the amount of short-term deposits made by the Swiss banks in Germany is about £3,000,000, and the situation might be embarrassing should the foreign investors—mostly French—whose funds were invested in Germany by means of the Swiss banks, be compelled to ask all at the same moment for the repayment of their money; though, even if such an event should occur, it is estimated that the Swiss financial market would be in a position to meet all the needs of the public.

The finances of the Federal Government are sound, and, in spite of the general crisis, it is probable that the estimated deficit will be lower than had been expected. On August 15th the Swiss National Bank had £48,877,200 worth of banknotes in circulation, while its gold reserve was at the same date £47,562,600, to which should be added gold deposits abroad to a total of £21,374,000.

Some economic experts here are of opinion that the worst period of the crisis is over and that trade and industry will slowly improve during the coming months, but the general belief is that no immediate change is in prospect and that the coming winter will be very difficult.

JAPAN.

Foreign Trade — Company Profits — Prices — Money — Industrial Disputes.

(FROM OUR CORRESPONDENT.)

TOKYO, August 12.

THE export season has set in normally this year, though the value figures of foreign trade continue to disclose contraction. The trade returns for July show that there was a favourable balance of 9,727,000 yen, imports amounting to 93,692,000 yen and exports to 103,419,000 yen. As compared with the corresponding month of last year, imports decreased by 10,931,000 yen, or 10.4 per cent., while exports fell by 13,877,000 yen, or 11.8 per cent. The decline in imports is largely accounted for by machinery, iron and steel, timber and oil-cake, while raw silk is almost solely responsible for the fall in exports. The contraction is generally a matter of prices, not of volume, and improvements noticed here and there in two or three previous months appear to have continued. There was a marked recovery in imports of ammonium sulphate, raw cotton, raw wool, and rubber, while exports of rice, tinned and bottled provisions, rayon products, and hats revealed substantial increases. An increase of cotton piece-goods, though small, is also reassuring, especially in view of the absence of favourable external developments.

The earnings statements which have so far appeared of important industrial companies for the past half-year made rather poor showing, and the mid-summer dividends were not maintained in many cases. Kanagafuchi Cotton Mills reduced its dividend from 28 per cent. to 25 per cent., Oji Paper from 12 per cent. to 10 per cent., and Dai-Nippon

Sugar from 10 per cent. to 8 per cent., while the Osaka Shosen Kaisha again passed its dividend. Electric power companies generally maintained their distributions, though their earnings show an appreciable decline, except those of the Tokyo Electric Light Company. The half-year was also one of the leanest, if not the leanest, the Japanese banks have known for many years, and several big banks decided that the occasion was appropriate to reduce their dividends. Of the leading banks which have so far made statements, only Mitsubishi proposes to maintain its usual dividend of 10 per cent. The Dai-ichi dividend is cut from 10 per cent. to 8 per cent., and the Yasuda dividend is cut by 1 per cent. to 7 per cent., as is also that of Sumitomo of Osaka.

The course of commodity prices last month shows a distinct upward movement. The wholesale index number of the Bank of Japan for July registered a sharp rise of 1.4 per cent. on the month, the total being 152.8, as against 150.7 in June. The principal contributors to the advance were the primary foodstuffs and textiles groups, in which rice, eggs, raw silk and silk tissues are prominent. Presumably, excitement over the Hoover Plan was largely responsible for the general rise, with the exception of rice, whose marked advance is explained by the bad crop prospect owing to the unfavourable weather conditions which prevailed during the month.

Money has been extremely difficult during the past fortnight, and short-loan rates have run up to fractionally above 4½ per cent. at the end of July, the highest for many months. One of the primary causes was the withdrawal of foreign short-credits in conjunction with the German credit crisis. The outflow of funds was roughly 100 million yen, and the Bank of Japan has lost 50 million yen of gold since the latter part of last month. The stock market has suffered a continuous decline since the middle of July, and most shares have lost what they gained at the time of the announcement of the Hoover Plan. Commodity markets also have experienced a renewed spell of depression, with the single exception of rice.

Industrial disputes are cropping up in great numbers. According to the report of the Home Office, the number of disputes during the first half of the year was 1,079, and the number of workpeople directly involved was 84,344, as compared with 728 disputes, involving 76,791 workpeople, during the corresponding period of 1930. This year's disputes are mostly of smaller dimensions, and those originating from "refusal to be discharged" predominate in numbers.

Letters to the Editor.

THE OUTLOOK FOR STERLING.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your article entitled "The Outlook for Sterling" you state that "the real cause of the downfall of the late Government was the imminent danger to sterling arising from the steady withdrawal of both long-term and short-term foreign funds from London," and you imply in your leading article that this withdrawal was due to Britain's questionable solvency, caused by the failure to balance her Budget. This may have been the cause of the withdrawal of long-term funds, but seems hardly adequate to explain that of those held on short term. Surely a far more plausible explanation is that London had got into an unsound short-term position, that she had borrowed more on short term from abroad than she had lent. Also, part of her short-term lendings had been made to Germany, and, on account of the crisis there, had become temporarily frozen. Under these circumstances, foreign depositors, particularly in France, began to fear for the liquidity of their balances and so hastened to withdraw them before they became frozen.

Thus, the cause of the withdrawals was undoubtedly our "questionable solvency," but it was the solvency of the City that was questioned, not that of the Budget.

If this analysis is correct, to talk of our being "in the position of a great banker questionably solvent and visibly reluctant to curtail his personal expenditure" is to confuse

the issue, however desirable or undesirable such a curtailment may be *per se*. Further, a mere balancing of the Budget will not remedy the situation. If and when a crisis recurs in Germany (as, for instance, may happen when the present "stand-still" agreement is ended), a withdrawal of foreign funds from London may be expected. The only real solution is for London to cease being a debtor on short term, at least while the present political and economic uncertainty in Europe, and especially in Germany, remains. This could be done, for instance, by mobilising part of our foreign investments and using them to acquire liquid balances abroad.

This is the real issue that has to be faced, whether we are to remedy our short-term position, even if to do so we have to sell some of our foreign investments at depreciated values, or whether we are to remain still "questionably solvent" on short term and so to leave the gold parity of sterling vulnerable to every crisis on the Continent. To face and solve this issue is surely at least as important as to balance the Budget.

176, Highbury New Park, N. 5. Yours faithfully,

F. W. BACON.

[That there is some substance in our correspondent's argument we are not disposed to deny. London's position as a large holder of short-term foreign deposits was vulnerable; and when the Central European crisis developed—with a rapidity which spread alarm through every financial centre—the need felt by our "short" creditors abroad to increase their own liquidity was a factor in the pressure on sterling. But this is to overlook more fundamental considerations. The short-run view of the outlook for sterling may have been influenced to some extent by the knowledge that we had an inconveniently large sum "frozen" in Germany. The pessimistic long-run view entertained abroad—and this was a far more potent factor in the withdrawals of foreign balances and, it may be added, in the expatriation of domestic capital, which threatened to drive us off the gold standard—arose undeniably from the fact that extravagant State expenditure, coupled with a dole system which symbolised and perpetuated a fatal rigidity in British costs and wages, appeared, not without reason, in foreign eyes, to be menacing the British trade balance on which the stability of sterling ultimately depends.—Ed., Econ.]

BRITAIN'S OVERSEAS ASSETS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Following your interesting article last week on "Britain's Overseas Assets," may I point out that it is possible for this country to dispose of a large part of its foreign investments without suffering any real loss in its purchasing power overseas?

Our foreign long-term assets are composed of two parts; first, a fixed-interest bearing part, the capital of which amounts to about £2,239 millions, with interest of £100 millions, and secondly, a variable dividend bearing part, the capital of which is £1,152 millions, yielding an income of £84 millions. Since wholesale prices have fallen 26 per cent. since 1928 (December), when these figures were valid, it is possible to realise 26 per cent. of the fixed-interest bearing part, viz., £582 millions.

Turning to the second part, the gain due to the fall in prices is offset by a decline in the distribution of dividends. Taking the *Economist's* figures of industrial profits, the rate of ordinary dividend fell by about 22 per cent. from the first quarter of 1929 to the same period of 1931. Assuming that this decline is representative of overseas investments as well, and allowing for the fall in prices, it is probable that our income from the variable dividend part has diminished by about one million sterling in real value.

Owing to the depressed state of the industrial markets, it would probably only be possible to mobilise the fixed-interest stock and consequently it is necessary to capitalise this one million loss and deduct it from the £582 millions mentioned above; at 4 per cent. this leaves £567 million (£582-£25 millions) available for mobilisation. On the basis of your estimates in last week's article the current value of this portion of our capital would be about £418 millions. Thus, Great Britain could raise over £400 millions by selling its foreign investments without diminishing the volume of food and raw materials which was at its command in the comparatively good year of 1928.—Yours, etc.,

London, S.W. 11.

August 24, 1931.

J. P. HOLMES.

[Our correspondent's calculations, on paper, are ingenious; his conclusions, in practice, fallacious. In the first place, even if he has not under-estimated the loss which we have to face in our income from overseas investments, he makes no allowance for the fact that other items among our invisible

exports (e.g., receipts from shipping, etc.) have seriously shrunk. Apart from the fact that it is desirable on every ground that we should regain the position of having an annual surplus available to finance the needs of borrowing countries, the present position is that we need every penny of our income from British capital abroad to prevent our balance of trade running into a dangerous deficit against us. In the second place, the conditions under which, during the war, we raised credits in the United States by pledging dollar securities acquired by our nationals when Great Britain was a lending, and America a borrowing, country, are not comparable with conditions to-day. As we pointed out in the article to which our correspondent refers, many of our foreign investments are not saleable abroad; to attempt to liquidate anything like the amount mentioned by Mr. Holmes would completely break the market. Finally, even if arrangements for gradual mobilisation could be made through some international banking consortium, the fact remains that such an operation would rightly be regarded abroad as the jettisoning of capital to meet current expenditure, and would impair our credit. To eat the cake one has is no proper substitute for working to earn bread.—Ed., Econ.]

A BRITISH TRADE SHIP.

TO THE EDITOR OF THE ECONOMIST.

DEAR SIR,—Having just come from my third visit of inspection of the s.s. *British Exhibitor* as she lay in dock at Liverpool undergoing reconstruction for her journey as an Exhibition Ship, permit me to make following remarks on the project apropos your note in to-day's issue.

No exhibit had yet been installed, but three decks had been prepared for the reception of stands and exhibits, and fairly wide communicating stairways constructed. As good a job as was possible has been made of the severely limited space, and the lowest deck, where it is hoped to display heavy machinery, looks roomy—before the exhibits are put in. Inevitably most of the stalls have limited depth and height, and some are very diminutive; the width of alleyways and low roof, the space and facilities generally, whilst the best achievable, can in no sense compare with a land exhibition.

I went over the Irish Free State Exhibition Ship *Killarney* in 1929, and I well remember, when only fifty visitors were on board inspecting the wares, how distressing was the atmosphere and the "traffic jam" in the narrow alleyways of the saloon. The same drawback, I understand, was acutely felt by the *Italian Trade Ship*; the ventilation difficulty was not solved or proved insoluble, and, when lying in port under hot tropical conditions, with a few hundred sightseers aboard, the "ship" was turned into an oven. The *British Exhibitor* has port holes on her 'tween decks, but has to rely solely on artificial ventilation for the orlop and bottom deck, and, whilst the ship is lying in the Victoria Dock, London, tests as to its adequacy will, it is hoped, be made when crowds are on board. Much has been written about this boat carrying a great representative exhibition of all-British manufactures, but, to prevent disappointment and hostile criticism, it is well to realise that this is impossible. The 500 stalls can only represent a miniature exhibition, which at best can only form an attractive sample of a selection of British industrial wares.

The response of Lancashire and Northern industrialists generally has, so far, been poor, and it may be useful to set down their chief doubts and difficulties as there is still time to meet some of them:—

(1) On realising that the British National Ship, Limited, is not really a Government or national trust, but is actually a private money-making concern, traders naturally expect some guarantee that the promoters can carry through the 12 months' programme, with its heavy initial costs and its heavy daily running, victualling and entertaining expenses, canal and port dues, and the like. As the responsible board of directors consists only of two men, neither of whom is particularly well known in the North as a practical shipping man, trader or manufacturer, the call for an effective guarantee is reasonable.

(2) Your note mentions the special trust fund into which "all money advanced by exhibitors will remain until the ship sails on November 1st." (It is not quite clear whether the whole of the exhibitors' payments or only the £5 deposit goes into this trust.) But the terms of the trust make it possible that, on November 2nd, every penny in the fund could be paid out to meet the extremely heavy expenses known to have been so far incurred. It follows that there is no "guarantee" in the business sense that the wherewithal for the ensuing 12 months of heavy expenses will be available; and it must be borne in mind that the venture has to find the entire costs out and home; there is no outward or homeward cargo to bring in freight revenue. At a Liverpool meeting of the promoters I

was given the chairman's personal assurance that this would be all right, which was very decent of him, but is not quite the same as a trust fund.

(3) An approximate idea of the contemplated costs of this venture, which have caused industrialists to fear that the expense might be out of all proportion to the possible benefits, may be gathered from the promoters' own figures of 500 stalls at an average cost for space alone of £300 (i.e., £10 per square foot)=£150,000. If only half the exhibitors send their own salesmen the charge, at £750 each, is £187,500. That gives a total of £337,500 without adding anything for the exhibitor's cost of erecting his own stand, or showing a film in the cinema, and a year's salary for his salesman. These figures assume that the whole of the stalls are eventually let to exhibitors. If the expedition sets off with less than all the stalls and berths occupied the totals would be correspondingly less, although the heavy initial cost and running expenses would be the same, and there would be less income to pay for them.

(4) Some Northern industrialists, whilst impressed by the phrase "In the Wake of the Prince" and the desire to capitalise the goodwill created by the recent visit of the Royal Princes to certain South American Republics, find on examination that this is by no means an accurate reference to the proposed 12 months' itinerary. They see that, besides calling at the West Indies and equatorial ports, the Exhibition proceeds to, and is on view at, Mexican and United States ports, also at Vancouver, also as far south as Punta Arenas.

(5) Some renewal or change of individual exhibits may be possible, but, in the main, the same exhibits are to be shown on the equator as at ports 45 degrees north and 55 degrees south. In many cases goods acceptable at equatorial markets will—from a marketing point of view—be practically "junk" in Canada; appliances for harvesting rubber might be welcome at Para, but a joke at New Orleans or San Francisco; certain styles of textiles, mercery and coffee machinery should prove a success in Brazilian ports, but present only a travelling museum interest at Seattle and Vancouver.

(6) The limited facilities offered for renewal or change of exhibits at the different countries visited are of little avail to many manufacturers who, in an age of specialisation, do not pretend to cater for such widely different markets as Canada, United States and the diversified wants of Central America and all the South American Republics. The only manufacturer whose goods might be equally acceptable on the equator as well at 45 degrees north and 55 degrees south would be he who casts bullion, and I believe he is not exhibiting. Let us at least avoid the old criticism "Here comes the British manufacturer trying to force on us the goods he wants to sell—and not the goods we want to buy!" We who, as a nation, laughed heartily when we learned that the French had sent out huge consignments of snow-shoes, hairpins and grand pianos to enable de Lesseps to build the Panama Canal, must at all costs avoid sending implements for rubber or coffee estates to Vancouver, and to Seattle men's wear and office furniture that is adapted to the different climate of Colon and Balboa.

(7) The call is for responsible directors, partners, managers to accompany the exhibit, but the great length of the trip makes this extremely difficult to arrange, and, if the manufacturer's goods are only suitable for one or two of the countries touched at, he is carried merely as an idle world's-cruise tripper for the remainder. If the exhibitor is going to act as his own salesman and stall attendant he may find it difficult to leave his stall unattended even for the highly desirable purpose of looking up customers or agents, visiting their works, plantations or showrooms, or accepting their hospitality ashore. He has to sign the ship's articles "which shall cover, *inter alia*, attendance on stand, shore leave, daily routine on ship."

(8) Finally, experienced traders to Central America, South America (as well as to the United States and Canada) look askance at the offers made to unrepresented manufacturers that the sales staff provided by the Exhibition Ship Company will book orders and grant credit (but "do not accept any responsibility for bank or other commercial reports"), and is prepared to take a commission on the initial and future orders. The very idea of these officials—who cannot all be trained men knowing the language and the local conditions at all the ports touched—booking orders and arranging credits during a hectic visit of two or three days, gives cold feet to traders who have spent a lifetime in only one of these markets without feeling they know all its risks. As to the "new chum" arriving on Monday with powers to book orders, grant credit and depart on Thursday —! The losses suffered by British and American traders in the past ten years through giving credit in South American markets to weak or dishonest firms, or merely through exchange fluctuations, run into millions. A recent publication of the Bank of London and South America has the warning: "A careful and conservative scrutiny of the credit risk is more essential to-day in Argentina than it has ever been."

Some of these drawbacks are still remediable, and they are worth pointing out because there are suggestions of further ventures of the kind. A three or four months' trip, limited solely

to certain South American markets, each of which might be interested in similar classes of goods, would be less expensive both in the busy man's time and money and probably more useful and practical in results. But a 12-months' trip scouring the stormy seas and shores of the whole Western Hemisphere may be all right for a pleasure cruise or a joy ride, but, I maintain is not a practical business proposition.—Yours faithfully,

HERBERT KENDRICK.

The Athenæum, Liverpool.
August 22, 1931.

Books and Publications.

SHIPPING DOCUMENTS.*

THERE is no better book on charterparties and bills of lading than "Scrutton," the thirteenth edition of which has now been published. For forty-five years the legal profession has relied on this work, and in banking and mercantile circles, too, it is well known, more especially for those parts which deal with bills of lading—documents that are part of the currency by means of which the world's trade is carried on. These shipping documents have, during the last ten years, tended to assume more and more standardised forms. Those whose familiarity with them covers that period will recall that attempts were made in 1921 to introduce, voluntarily, uniform conditions which were intended to meet merchants' objections to the older forms relieving carriers of many of their liabilities. The original Hague Rules, standardising the liabilities to be undertaken by sea carriers, were, however, accorded a somewhat hesitating reception. They came into partial use and, in a revised form, were endorsed by an International Convention. Their incorporation as part of the terms and conditions of all bills of lading issued in this country was afterwards made compulsory by the Carriage of Goods by Sea Act, 1924, but the edition of "Scrutton" preceding the present, making its appearance just after the Act became operative, could not deal with the interpretation of the Rules which had thus been made statutory otherwise than by anticipation. In the interval a number of judicial decisions have helped towards a more definite understanding of the effect of the Rules, and references to these decisions are the most important new feature of the book for which the present editors, Mr S. L. Porter, K.C., and Mr W. L. McNair, are responsible. As mentioned in the preface, Belgium alone, apart from members of the British Commonwealth of Nations, has given legislative effect to the Rules, but it should be added that probably they will displace the American "Harter Act" as soon as Congress can find time for this piece of commercial legislation, and European countries will, if expectation is realised, follow suit. In the meantime the English courts have been construing the terms of the Rules as incorporated in bills of lading, following their accustomed methods of interpretation. The editors refer to criticism to the effect that this method of construction does not give full effect to the intention of the merchants and shipowners of many nations who helped to frame the code. They deprecate this criticism, taking the view that the intention of the Act and Rules was to modify the previous law in detail and not to supersede it by a self-contained code. They think that the English courts have probably best ascertained the intentions of the parties to shipping documents by following their usual methods. The principles adopted by any other system of laws could not, they suggest, have been applied in construing the statutory Rules, and no doubt it is true that national tribunals would always tend to follow their own system even in dealing with an internationally standardised form of document. The editors of "Scrutton" have preserved the admirably planned form of the work, making only necessary alterations and additions to bring it up to date, without any great increase in size, and the reissue of the book after an interval of six or seven years is welcome.

* "The Contract of Affreightment as expressed in Charterparties and Bills of Lading." By Sir T. E. Scrutton. Thirteenth Edition. By S. L. Porter, K.C., and W. L. McNair. (London) Sweet and Maxwell, Limited. 1931. 33s. net.

BOOKS RECEIVED.

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

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

Combines and Rationalisation in Germany, 1924-28. By D. Warriner. (London) P. S. King and Son, Ltd., Orchard House, Westminster. 10s. 6d.

A most interesting and valuable study.

The Pendulum of Progress. By George Young. (London) Oxford University Press, Warwick Square. 7s. 6d. net.

An original, and very readable, essay in political science.

The Theory of Protection and International Trade. By Mihail Manoilescu. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 12s. 6d.

M. Manoilescu subjects the arguments of the classical economist to close examination, and reaches the conclusion that the theory of international trade, upon which Free Trade doctrine is based, is invalid.

Prosperity Problems. By Arnold G. Dana. (New Haven, Conn.) Arnold G. Dana, 300, Livingston Street.

An examination of prosperity and depression in the United States which leads to the conclusion that drastic measures are needed in that country on lines similar to those whose adoption we are urging for Great Britain.

Prices and Production. By Friedrich A. Hayek, with a foreword by Lionel Robbins. (London) George Routledge and Sons, Ltd. 6s.

A very important contribution to the study of monetary influences in the trade cycle.

The Cost of Living in the United States, 1914-30. (New York) National Industrial Conference Board, Inc., 27, Park Avenue.

A study which opens with an interesting chapter on methods of measurement.

Coal Tar. By A. R. Warnes. Second edition. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 3s. net.

A short non-technical account of the origin and uses of coal tar.

Mitteleuropäische Kartelle im Dienste des industriellen Zusammenschlusses. By Elemér Hantos. (Berlin) Organisation Verlagsgesellschaft M.B.H. Leipziger Strasse, 115-116.

A discussion of the possibilities of international cartels as a means to the economic unification of Europe.

Die Kooperation der Notenbanken. By Elemér Hantos. (Tübingen) Verlag von J. C. B. Mohr (Paul Liebeck). Rm. 4.50.

A German discussion of central bank co-operation and the services rendered to it by the B.I.S.

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

Contains articles on "Sterling and the Crisis," and on the "German Banking Situation."

Manchester Chamber of Commerce Handbook, 1931-32. (Manchester) Chamber of Commerce, King Street.

In addition to a list of the Chamber's members, trade indexes of their activities and other useful data, this handbook contains some interesting articles on present-day Manchester.

Savory's Insurance Share Annual. (London) Thomas Skinner and Co., Gresham House. 5s. net.

Contains very full details of some thirty-six companies.

OFFICIAL PUBLICATIONS RECEIVED.

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

Empire Marketing Board: Production and Trade of Cyprus. August, 1931. 2d. net.

Department of Overseas Trade: Economic Conditions in Italy. June, 1931. 4s. net.

Report on the Finances, Administration and Condition of the Sudan in 1930. Cmd. 3935. 2s. 6d. net.

The Agricultural Marketing Act, 1931. 6d. net.

Colonial Reports: No. 1580. Turks and Caicos Islands, 1930. 1s. net.

The Stock Exchange.

RUBBER'S DE PROFUNDIS.

SINCE the short-lived boom of 1925-26, the rubber-growing industry's history has been a rake's progress. A few years ago the industry was appealing to the Government to "stabilise" the price of rubber at a "pivotal figure" calculated to give producers a profit of 100-200 per cent. To-day, many companies are more concerned to keep out the broker's man. The extent to which earnings have dwindled in the last few years may be appreciated from our annual analysis of the balance sheets of some 300-350 companies. In the twelve months ended June 30, 1927, these showed average earnings per ordinary share of 29.1 per cent. In 1927-28 the ratio was 15.4 per cent.; in 1928-29, 8.4 per cent.; in 1929-30, 8.0 per cent.; and in 1930-31, 1.4 per cent. Some 229 reports issued since the beginning of 1931 actually show an average net loss of 0.7 per cent. Six years ago Stock Exchange clerks were completing transfer forms in the small hours; to-day, few rubber shares have an effective market at all. According to the index of *The Investor's Chronicle* (December 31, 1923 = 100), representative rubber share values have fallen from 248 at the end of 1925 to 30 to-day. In 1925-26, the London spot price of ribbed smoked sheet touched 4s. 9d. a pound; to-day's price is 2½d.

Unhappily, a commodity designed to protect its users from physical shocks has involved producers in continual trouble and controversy for a decade. The adoption of the Stevenson Restriction Scheme in 1922 started a division of opinion between planters and consumers which became acute when, in 1925, refusal to abandon the scheme in the face of famine prices brought in the United States as a formidable adversary. Subsequently, the abrupt termination of restriction by the British Government in 1928, when this decision had lost its diplomatic value as a graceful act, left the industry to face the consequences of a vast increase in productive power, both from "plantation" and "native" sources, on the eve of a world-wide depression destined to fall with particular severity on raw material producers. Rubber prices have now fallen to a level at which strong concerns cannot make ends meet, even after a reduction in costs which a few years ago would have been regarded as fantastic. The rapid accumulation of world rubber stocks has attested the excess of production over contemporary world demand. Yet the weaker producers have persistently maintained their output pending the

complete exhaustion of their working capital or the realisation of vague hopes of some new restriction scheme, and a ruinous price level has produced no proportionate decline in production.

The story of the last few years is epitomised in the following table:—

(FIGURES IN THOUSAND TONS, UNLESS OTHERWISE INDICATED.)

	1926.	1927.	1928.	1929.	1930.	1931 (First 7 Mos.)
Production:						
British areas	370	326	386	566	546	300
Dutch estates	124	130	139	149	153	95
Dutch native	80	99	90	106	88	55
Other areas	48	52	42	40	31	14
Total	622	607	657	861	818	464
Consumption:						
U.S.A.	365	375	440	470	378	231
Great Britain	40	45	49	72	75	44
Rest of world	140	180	191	265	259	141
Total	545	600	680	807	712	416
Excess (plus) or deficiency (minus) of production compared with consumption.....	+77	+7	-23	+54	+106	+48
Total visible stocks, three main centres* (end of each period)	149	193	122	229	366	463
Average price ribbed smoked sheet, London (per lb.)	23½d.	18½d.	10½d.	10½d.	5½d.	3½d.
United States of America:						
Production of reclaimed rubber.....	181	189	209	219	167	85†
Number of motor tyres (outer covers) produced (mill.)	46.0	48.3	58.6	55.0	40.7	29.1†
Stocks of tyres (monthly average—millions)	8.1	8.2	8.8	11.2	9.1	10.4†
Number of new automobiles constructed (thousands).....	4,301	3,401	4,359	5,358	3,355	1,795

* U.S.A., United Kingdom, and Singapore, Penang, etc.
† January to June, 1931.

Business depression in the United States has hit the rubber trade very badly. That country has accounted for over 60 per cent. of the world's rubber consumption during the last five years, about three-fourths of its takings, in normal times, being absorbed by the motor tyre industry. The world's rubber consumption would have overtaken production by the middle of this year, even though rubber supplies had remained at the 1929 level, if American consumption had but maintained the average 1926-29 rate of growth. If, concurrently,

Company.	Date of last Balance Sheet.	Earnings (or loss) per Ordinary Share (last complete year).	Ord. Div.	Surplus Liquid Assets.†	Total Production.	Production per planted acre.	Net Profit or Loss per lb. of rubber produced.‡	Ordinary Shares.		
								Denomination.	Present Price.	Yield on Earnings.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Allied Sumatra	31.12.30	Dr.1.63	Nil	292,439	4,096,572	130	Dr.1.34	£1	5/9	Nil
Anglo-Dutch	31.12.30	1.23	Nil	175,819	13,211,630	414	...	£1	11/6	2.14
Anglo-Java	31.3.31	0.24	Nil	1,661	10,988,431	352	0.04	2/-	6d.	0.96
Dunlop Plantations	31.10.30	Dr.0.73	Nil	Dr.1,044,251	3,393,547	305	Dr.0.25	£1	10½d.	Nil
East Asiatic	31.3.31	Dr.0.45	Nil	228,320	6,405,840	397	Dr.1.08	£1	4/6½	Nil
Grand Central (Ceylon)	31.12.30	Dr.2.34	Nil	Dr. 12,618	2,439,700	265	...	£1	7/6	9.04
Gula-Kalumpang	31.12.30	3.39	Nil	Dr. 18,255	3,859,497	390	...	£1	4/6½	0.27
Jugra Land and Carey	30.11.30	0.06	Nil	Dr. 405	344,000	210	Dr.3.76	2/-	2d.	Nil
Langkon, North Borneo	31.3.31	Dr.4.91	Nil	229,072	3,532,773	282	Dr.1.03	£1	5/9½	Nil
Linggi Plantations	31.12.30	Dr.2.69	Nil	78,474	3,902,300	326*	Dr.1.01	2/-	9d.	Nil
Merlimau Pegoh	31.3.31*	Dr.2.69	Nil	18,724	...	...	...	£1	11/9	7.47
Rubber Plantations Trust	31.12.30	4.39	5	140,948	2,508,783	339	2.88	£1	10/-	12.04
Tanjong Malim	30.6.30	6.02	4	207,640	6,820,691	217	...	2/-	1/3	4.35
United Serdang	31.8.30	2.72	4	...	...	...	...	...	...	...

† Quick assets less current liabilities.
‡ Approximate figures, receipts from minor subsidiary crops being included.

* Fifteen months.

consumption outside the United States had continued to rise at the same rate as in 1926-29, world consumption would have overtaken production by August, 1930. The immediate causes, therefore, of the industry's present plight are a world depression which has sharply reversed a rising trend of consumption, and the inability of the producing side of the industry to adapt itself to the new circumstances.

Rubber shareholders to-day must ask themselves two questions. How far are the resources of their respective companies adequate to weather the economic blizzard? What conditions are likely to apply when more "normal" times return? The answer to the former question depends on the strength of the internal finances of each company. The figures at the bottom of the previous page show the position of some of the best-known concerns.

If mere capacity to survive is the best criterion of the contemporary worth of a rubber investment (as in the case of many companies it undoubtedly is), columns (5), (6) and (8) of the table deserve close consideration by shareholders. These show the balances of liquid funds and the rate at which the latter are being consumed. If "survival power" is assumed, and attention is concentrated upon probable profit-earning capacity after the slump, column (7) has a special relevance.

The figures reveal that, even among the relatively large concerns, surprisingly wide differences exist as regards estate productivity and profitability. If rubber is destined, eventually, to regain a price level, say, of one shilling, these differentials will be of relatively minor importance. As such a price, however, would release rubber supplies from vast unsurveyed "native" areas, which constitute an untapped reserve against any tendency of quotations to run away, the "normal" price level of the future is much more likely to be around 6d., or some other figure which the whole industry, a few years ago, would have condemned as ruinously low. Some companies could undoubtedly operate profitably on such a basis. Adversity has recently produced a remarkable lowering of costs (though not infrequently part of the reduction represents a mortgaging of future productive power), and a minority of estates might be able to operate at an "all in" cost figure of 4d., even with their present organisation.

For the great majority of producers, however, such a selling price could only be profitable given far-reaching changes in methods and outlook. There is force in the oft-repeated contention that the industry includes too many small, high-cost European producers, but recent research appears to show that while, on individual estates up to about 5,000 acres, production costs tend to vary in inverse proportion to the size of the estate, beyond this figure there is a much less variation in costs than has so far been assumed. Situation, communications, etc., naturally count for a good deal.

The upshot is that amalgamation of small units, indispensable as it may be, is no magic talisman for the salvation of the industry. Forward-looking opinion, in fact, is beginning to ask whether rubber plantation is not entering upon an entirely new phase in its evolution. Originally a "wild" product, rubber entered on the first major stage in its development when Sir Henry Wickham brought the seeds of the *Hevea Brasiliensis* from South America and laid the foundations of the present estate industry of the East. If the latter stage, in its turn, should prove non-permanent, historians will find in the native grower of the East the main agency of its overthrow. Two years ago a committee of the Rubber Growers' Association found that Asiatics controlled approximately half the then total acreage, and European producers must face the implications of this clear demonstration that rubber-growing is not exclusively a "white man's industry." It may well be that the estate company of the future, while exploiting (of which access to large supplies of capital may be one of the most important), will take a leaf out of the native's book, and aim at low costs based on closer planting, high yields of as much as 1,000 pounds from a low capitalisation per acre, much less thorough clearing of the ground—since

the rubber tree has shown itself capable of giving immense yields for long periods even under semi-jungle conditions—and concentration on bud grafting and propagation generally from the most prolific strains.

Reorientation on these lines may be gradually effected by individual producers, utilising their own financial resources, but the process must naturally be protracted. The future alone will show whether the change-over to mass-production may be short-circuited by the intervention of some wealthy outside agency, as has happened in the case of the Chilean nitrate industry, in which the Guggenheim Brothers have professed to make reorganisation not exactly a "banker's proposition," but a practicable speculative risk for outside capitalists. In the meantime investors may deem it prudent to set their faces against all proposals for the re-imposition of restrictionist policy, in any shape or form, which would, *pro tanto*, impede the inevitable process of internal readjustment.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
September 8.	September 10.

OWING to nervousness regarding the possible proposals of the Government, the London Stock Exchange opened in a subdued atmosphere. Early in the week little assistance was gained from the better tone of sterling following the announcement regarding the conclusion of further credits, the "House" being dominated rather by financial and political uncertainty. The acquisition of more gold by the Bank, similarly, failed to arrest the downward movement of values. On Wednesday, however, prices took a turn for the better on the intimation from an unofficial but reliable source that there would be no compulsory conversion of War Loan, and no special tax on fixed-interest securities.

Anxiety was undoubtedly caused by the nature of some of the selling of Gilt-edged early in the week. Jobbers reported an entire lack of support, and War Loan actually fell below par. The succeeding recovery in all British Government securities was the more welcome. Colonial stocks were listless, India loans easing on reports of a private internal issue. Australians failed to respond to announcements of the success of the conversion issue.

Foreign stocks were heavy following the announcement of the suspension of sinking funds in Brazil, discussed in an Investment Note on page 443. German bonds were slightly easier pending the opening of the Berlin Bourse on Tuesday, small losses occurring despite the reduced Reichsbank rate.

Home Rails were a listless market. Scattered selling occurred of Undergrounds. Later, under the lead of Great Westerns, the market recovered slightly in sympathy with Gilt-edged securities. Argentine Rails were easier on the relapse in the exchange and the unsatisfactory trend of traffic figures.

Some heavy marking-down of industrial shares was recorded in the first part of the week, but the market later took on a somewhat healthier appearance. Swedish Match improved, following a reassuring statement by Kreuger and Toll, but later sagged on fears that some countries might seek to change the terms of the group's various concessions, to which the rescission of the match monopoly by Ecuador appeared to give point. The fall in the group's shares is dealt with on page 442. Brazilian Traction lost ground. Brewery and tobacco shares were dull on the inevitable bogey of new taxation. Heavy selling of newspaper shares was ascribed in part to irresponsible rumours of an advertisement tax. Electrical shares remained heavy throughout, but modest support was forthcoming for engineering shares. Motors weakened on the publication of the Singer report (analysed on page 444), Leylands later recovering slightly, while Rolls-Royce and Thomas

Tilling continued to lose ground. Rayons and textiles were listless. Stores and provisions hardened after a slight recession. Slight bear recovery was reported in Dunlops and Imperial Chemical. Bank and insurance shares reflected the movements in the Gilt-edged market.

The Oil market showed incipient signs of life, but could not maintain its improvement in the face of Paris and Amsterdam selling. Rubber shares moved in small compass, the commodity remaining at a "record" low level. The Tea market remained steady, with a slightly increased inquiry.

Mining shares recovered slightly following the improvement in other markets, Kaffirs responding to Johannesburg purchases. "Johnnies" had an easy tendency. Some attention was given to Daggafontein. "Chartered" remained out of favour. Tin shares were neglected, the commodity suffering a reaction on the disappointing August statistics.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Aug. 27, 1931.	Aug. 28, 1931.	Aug. 31, 1931.	Sept. 1, 1931.	Sept. 2, 1931.	Sept. 3, 1931.
Government and Municipal Loans	901	873	1,126	1,046	1,091	1,087
Transport, Communications, and Public Utilities	593	610	646	632	676	638
Commercial and Industrial Banks, Insurance and Financial	903	1,015	1,275	1,149	1,180	1,119
Mineral and Industrial	319	358	423	440	474	436
Mines (including Nitrate)	360	322	478	336	361	349
Oil	87	101	94	134	120	98
Rubber, Tea and Coffee	33	56	83	70	88	50
Total	3,196	3,335	4,125	3,807	3,990	3,777

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 2.)	Aug. 27, 1931.	Aug. 28, 1931.	Aug. 31, 1931.	Sept. 1, 1931.	Sept. 2, 1931.	Sept. 3, 1931.
72.3	54.2	57.0	56.3	55.4	54.2	54.6	55.2

FOREIGN STOCK EXCHANGES.

NEW YORK.

The stock markets have had a weak tone in the absence of material and moral support. The continued weakness of cotton and wheat (particularly the former) have had a bad effect on sentiment. Fears regarding the dividend prospects of individual trading concerns are becoming accentuated. The hopes held out of a planting "holocaust" in the cotton belt appear doomed to disappointment, day "in the cotton belt" apparently, not regarding the officials at Washington, apparently, not regarding the proposition as feasible. Government bonds have been firm on the details of the new Treasury issue, which revealed the intrinsic tactical strength of the Treasury's position. Share dealings have remained greatly restricted, apart from intermittent and half-hearted rallies in selected public utility, electric and oil issues. Confidence in the outlook for railroad stocks has been shaken by the announcement that the Lehigh Valley Railroad, is now under the control of the Pennsylvania Railroad, passing its dividend. It is feared that the Pennsylvania Company itself may decide next month to reduce its dividend from the present \$3 annual basis. It is understood that the hearings of the railroads' application for increased freight rates will conclude shortly. The possibility is canvassed of an increase of 10 per cent. in the rates for perishable goods, pending a decision on the general question. Oil production continues to fall, thanks to the enforced shutdown in Oklahoma and East Texas, and gasoline stocks have again shown a decrease, but oil shares are slow to respond. Some selling of motor shares has followed a big cut in selling prices by the Graham Paige Company. Retail sales of automobiles throughout the country, in July last, were 22½ per cent. below July, 1930. Merger negotiations between Sears, Roebuck and Montgomery Ward have been dropped, the board of the latter

regarding the offer of one Sears, Roebuck share for every 2½ Montgomery, Ward shares as inadequate.

	Aug. 20, 1931.	Aug. 27, 1931.	Sept. 3, 1931.		Aug. 20, 1931.	Aug. 27, 1931.	Sept. 3, 1931.
U.S. 3½% T. Bds.	108½	106½	106½	Natl. Biscuit	59½	58	55½
Do. 4½% '32-47	102½	102½	102½	Phelps Dodge	11½	11½	11½
Do. 4½% '33-38	103½	102½	102½	Fullman	23½	30½	29
Do. 4½% '33-38	104½	104½	104½	Sears-Roebuck	56½	56½	54½
Atchafalpa	139	135	132½	Studebaker	17	16½	16
Ches. & Ohio	36½	35½	34½	Un. Fruit	55	55	52
Do. 4½% '32-47	102½	102½	102½	U.S. Leather	5½	5½	4½
Do. 4½% '33-38	103½	102½	102½	U.S. Rubber	13½	13½	12½
Illinois Central	37½	37½	35½	U.S. Steel	90	87½	89½
N.Y. Central	71½	69½	65½	Westinghouse	65	63½	57½
Pennsylvania	40	38½	36½	Woolworth	70½	69½	67
Southern Pacific	74½	73½	70½	Am. Tel. & Tlg.	173	170	168
Southern Ry.	26	24	22½	Interboro R.T.	21½	20½	20½
Union Pacific	145½	140½	136	Int. Tel. Teleg.	29	28	26½
Am. Can.	94½	91½	88½	Radio Corp.	20½	20	18½
Amer. Smelting	30½	30	29½	Utilities P. & L.	22½	22½	22½
Anaconda	24½	24½	23½	W. Union Tlg.	115	110½	109½
Bethlehem Steel	40½	39½	36½	Associated Gas "A" ..	11½	11½	11½
Chrysler Motor	65½	64½	63½	Pan. Amer. B.	30	26	26
Corn Produce Rf.	143	139½	136½	Shell	16	15	12
Eastman Kodak	41½	40½	39½	Shell Union	6½	6½	5½
Gen. Electric (New) ..	36½	35½	34½	Sinclair Oil	12	11½	9½
Gen. Motors	38½	37½	36½	Std. California	41½	40½	39½
Int. Harvester	21½	20½	19½	Do. N.J.	40½	40½	39

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Aug. 19.	Aug. 26.
337 Industrials	134.5	218.9	98.2	174.1	99.6	90.6	89.0
33 Rails	127.8	173.5	89.1	145.6	92.0	65.8	64.4
34 Utilities	177.6	330.4	153.2	267.4	158.1	156.1	155.1
Total, 404 stocks	140.3	228.1	105.5	184.2	107.6	97.2	95.8
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	6.91%	5.80%	5.88%

(Continued on page 442.)



SALMON P. CHASE, Secretary of the U.S. Treasury under LINCOLN

Corporate Trustee Service

MATERIAL benefits are gained by appointing The Chase National Executors and Trustees Corporation to act as executor and trustee under your will.

These include continuous corporate life, varied financial experience and unquestioned responsibility.

Moreover, as a subsidiary of The Chase National Bank of the City of New York, the extensive facilities and wide experience of the bank as a whole are at the disposal of the executive officers of this corporation in the administration and settlement of estates; a decided advantage particularly where the estates include American or other foreign assets.

All the directors of this Corporation are officers of The Chase National Bank.

Write to the Management for full particulars.

THE
CHASE NATIONAL
EXECUTORS AND TRUSTEES
CORPORATION, LTD.

10 MOORGATE, LONDON, E.C.2

A subsidiary of The Chase National Bank of the City of New York.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.		Prices Year 1931 Jan. 1 to Sept. 2 (Inclusive).		Name of Security.	Price Aug. 26, 1931.	Price Sept. 2, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to Sept. 2 (Inclusive).		Name of Security.	Price Aug. 26, 1931.	Price Sept. 2, 1931.	Rise or Fall.	Present Yield.
High- est.	Low- est.	High- est.	Low- est.						High- est.	Low- est.	High- est.	Low- est.					
British Funds.																	
594	524	604	544	Consols 2½%	58	57x	-2	4 7 9	533	88	112	86	In. Ry. C. Am. No par	86	86	...	...
94	82	97	85	Consols 4%	90	87½	-2½	4 12 6	571	18	26	11	Lyopolindia Ord. Stk.	14	12	-2	...
83	74	85	76	Con. Loan 3½%	79x	77x	-2	4 10 4	83	50	56	23	Do. 5½% Cum. Prt. Stk.	25	24	-1	...
103	93	104	96	Do. 4½% 1940-44	98	97	-1	4 18 6	97	45	55	21	Nitrile Rly. (P10)	25	25	...	16 0 0
106	102	108	102	Do. 5% 1944-64	103	102	-1	4 16 9	42	19	21	85	Paraguay Can. D. B.	13	9	-4	27 15 0
96	85	97	88	Funding 4% 1960-90	93	90	-3	4 10 0	85	65	70	70	Salvador Ord. (110)	70	70	...	...
106	98	102	98	Treasury 4½% 1932-34	99	98	-1	5 1 0	198	130	150	100	San Pedro Ord. Stk.	115	111	-2	10 15 0
103	100	103	98	Treasury 5% 1933-35	100	99	-1	5 1 3	80	65	65	25	Taital Ry. Ord. 85	30	25	-5	24 0 0
97	91	98	91	Victory Bonds 4½%	93x	92x	-1	4 7 0	26	4	9	2	Utd. Havana Ord. Stk.	4	...	...	...
105	100	104	99	War Loan 5% 1929-47	100	100	-	4 13 0	17	14	16	9					
69	61	70	63	Local Loans 3½%	67	64x	-3	4 9 10	12	10	11	9					
49	40	46	37	India 2½%	40	38x	-2	6 7 9	17	14	16	9					
59	47	55	44	Do. 3%	49	47x	-2	6 7 9	12	10	11	9					
68	56	64	52	Do. 3½%	56	54x	-2	6 8 5	7	4	5	4					
90	78	86	72	Do. 4½% 1958-68	74	74	-	6 1 6	26	23	25	15					
106	100	106	102	Do. 5% 1968-78	103	102	-1	4 19 0	59	47	52	10					
109	104	110	106	Palestine 5% 42-67	108	107	-1	5 4 9	27	24	28	24					
99	87	99	96	Sudan 5½% Bonds	97	96	-1	4 15 6	58	53	58	48					
				Uster 4½% 45-75	108	107	-1	5 4 9	28	25	26	24					
Dom. & Colonial Govts.																	
95	76	80	61	Australia 5% 1947-75	72	72	...	7 2 9	12	8	9	6	Anglo-French (61)	11	10	...	5 9 0
95	85	96	91	Canada 4% 1940-60	94	92x	...	4 10 0	69	56	63	48	Anglo-Internat. (11)	10	10	...	...
106	102	108	102	Ceylon 6% 1936-51	104	104	...	5 15 5	28	26	28	18	Anglo S. A £10 £25 pd	3	3	...	15 7 0
98	92	101	97	Gold Coast 4½% 1956	100	98	-2	4 14 2	19	15	15	5	American B £1 fy. pd.	19	17	-2	11 7 0
105	99	105	101	Kenya 5% 1948-58	103	103	...	4 16 5	24	14	17	11	Bank of N. Zealand £1	26	24	-2	6 16 7
105	101	104	102	Nigeria 5% 1950-60	101	101	...	4 18 3	68	56	66	46	Bank of Eng. Stk.	25	24	-1	4 6 7
92	70	72	46	N.S. Wales 5% 35-55	63	61x	+	9 0 8	42	37	42	38	Barclay B. (E1)	22	21	-1	5 14 10
105	99	102	88	N. Zealand 5% 1946	98	98	...	7 19 7	7	4	4	3	Barcl. (Dom. & C.) A £1	22	21	-1	4 6 9 0
92	70	72	46	Queensland 5% 40-60	72	67x	-5	4 18 0	120	99	113	99	Bk. of Australasia (E5)	7	7	...	9 6 0 0
104	99	105	98	S. Africa 5% 1945-75	102	102	...	4 16 1	66	59	63	59	Bk. of Montreal (\$100)	25	25	...	5 12 0
98	93	100	97	Stras. Set. 4½% 35-45	99	99	...	4 16 1	66	59	63	59	Bk. of N.S.W. (£20)	25	25	...	9 6 0 0
Foreign Governments.																	
89	82	88	67	Argentina 4% Reciss.	74	67	-7	7 18 0	82	73	75	7	British Overseas A £5	4	4	...	6 6 4
105	100	105	100	Austrian 6% 1923-43	102	102	...	5 17 6	34	27	31	25	Chtd. of India (E5)	12	12	...	8 7 0
96	89	98	68	Do. 7% Int. Red. by 1957	80	75	-5	9 16 0	46	38	43	30	Comcl. Bk. of Aus. 10/-	12	12	...	9 0 0 0
61	51	56	36	B. Aires (Prov.) 3½%	37	37	...	9 6 8	360	337	357	39	Do. B £1 fully paid	50	47	-3	7 14 0
92	74	85	53	Belgian 7%	107	105	-2	6 14 0	15	13	14	11	Eng. Scot. & Aust. £5, £3 pd	40	40	...	5 0 0 0
94	74	79	40	Bulgaria 7% Loan	60	55	-5	14 17 6	80	67	74	7	Hambro £10, £24 pd	7	7	...	11 5 0 0
87	62	75	53	Brazil 5% Fund, 1914	59	57	-2	7 19 7	9	8	8	3	Hong. and S. (£125)	103	100	-3	6 16 0
94	54	79	40	Do. 6% (1927)	57	47	-10	14 2 9	80	67	74	7	Lloyds £5, with £1 pd.	47	46	-1	6 11 0
99	79	94	35	China 5% (1912)	43	43	...	13 19 0	13	12	13	1	Martins £20, £24 pd	5	5	...	6 19 3
55	27	52	39	Do. 5% (1913)	66	66	...	7 10 0	26	21	24	16	Midland £1, fully pd	65	63	-2	5 13 0
69	54	70	62	Czechoslovakia 8%	108	108	...	3 11 6	30	26	28	18	Nat. of Egypt £10	26	26	...	6 18 6
82	78	86	79	Danish 3%	84	84	...	8 0 0	37	30	34	20	Nat. of India £5, £12 pd	30	30	...	8 6 8
96	81	87	79	Danish 6%	80	80	...	5 10 3	17	14	16	10	Nat. Prov. £20, £4 pd	10	9	...	7 6 0 0
80	70	78	70	Egypt United 4%	73	73	...	10 15 5	13	12	13	1	Royal Bk. £20, £5 pd	33	33	...	5 0 0 0
100	91	92	82	Estonia 7%	62	62	...	7 5 6	15	12	14	11	St. of S.A. £20, £5 pd	11	11	...	6 8 0 0
21	19	21	20	Finland 6% 1923	21x	21x	...	3 15 9	25	21	24	18	Westminster £4, £1 pd	63	61	-2	6 10 6
21	20	21	20	French 4% (British)	21x	21x	...	4 13 0	41	36	40	33					
109	99	106	78	Do. 5%	21	21	...	8 5 0	41	36	40	33					
90	68	81	53	German 7%	87	86	-1	9 18 5	8	7	8	6	Alliance £1, fully pd	28	27	-1	5 2 9
93	86	93	84	Do. 5% Stg. Bds. 1930	57	56	-1	9 18 5	8	7	8	6	Atlas £5, £11 pd	11	10	...	3 16 0
104	100	104	97	Greek 6% Stab. Ln.	88	86	-2	7 1 6	3	3	3	3	Com. Un. £24, fully pd	19	17	-2	5 18 6
104	100	104	97	Do. 7% Refugee	101	100	-1	7 3 0	4	3	3	3	Gen. Accident £5, £1 pd	13	11	-2	5 18 0
104	98	103	90	Hungary 7%	78	78	...	9 12 3	5	5	5	5	Lon. & Lanc. £5, £2 pd	23	21	-2	4 13 0
96	91	101	92	Japanese 5% 1935-65	98	98	...	5 12 3	5	5	5	5	N. Brit. & Merc. £5, £1 pd	34	28	-6	3 17 0
102	98	105	99	Do. 6% (1924)	101	101	...	5 18 0	14	12	14	11	Northern £10, £1 pd	11	10	-1	6 0 0
26	12	14	6	Mexican 5% (1899)	7	6	-1		319	287	293	265	Peat £1, fully paid	14	13	...	4 12 0
94	82	98	91	Norwegian 4% 1911	95	95	...	4 4 3	156	147	149	107	Phonix £1, fully pd	12	11	-1	6 0 0
107	101	104	101	Peru 7% 1922	60	60	...	12 10 0	20	17	20	16	Prudential £1 A	19	18	-1	4 12 0
92	77	86	69	Poland 7%	72	69	-3	10 12 3	37	29	33	25	Do. £1, with 4s. paid	35	35	...	2 17 0
107	101	104	101	Siam 6% 1934-64	102	101	-1	6 2 0	187	172	185	175	Royal Exchange (E1)	5	5	...	5 2 0
88	77	89	85	Swedish 3½% 1908	85	85	...	4 2 4	192	163	171	130	Royal £1, 10s. paid	6	6	...	4 19 0
96	61	76	45	S. Paulo Coffee 7½%	62	50	-12	15 0 0	122	112	110	101	Sea Insur., £1 fully pd	3	3	...	5 4 0
19	7	10	4	Turkish 4% United	6	6	...		21	18	18	17	Sw. Insur., £1wths/ pd	3	3	...	4 16 6
89	73	80	50	Uruguay 5% 1919	50	50	...	10 0 0	363	320	327	238	SunLifeAssur., £1 fully pd	12	12	...	3 2 0
Corporation Stocks.																	
96	74	84	50	Berlin 6% 1932-57	50	50	...	12 0 0	34	26	27	18	Invest. Trust Ord.	363	355	-8	5 12 8
106	94	107	101	Birmingham 5% 1946-56	104	102x	+	4 16 2	30	24	26	18	Lake View Invest. 10	19	19	...	6 16 0
106	99	107	102	Bristol 5% 1948-58	102x	101x	-1	4 18 2	267	220	235	215	Mercantile Investment	262	250	-12	6 12 0
100	87	95	79	Danish 7% 1935-45	84	79x	-5	9 16 5	119	93	98	65	Metropolitan Trust	337	337	...	6 10 3
101	96	101	99	E. London 5% 1960-70	99	99	...	5 2 0	103	89	92	65	Nineteen Twenty-eight	67	67	...	7 1 3
103	98	105	101	Johannb. 5½% 1937-52	102	102	...	5 8 0	24	18	19	16	Nineteen Twenty-nine	60	60	...	6 12 3
69	60	71	64	L.C.C.													

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Aug. 26, 1931.	Price, Sept. 2, 1931.
De Beers 5½% Ster. debts.	...	...	90-95	90-95
Fife County Council 4½% 1951-61	...	...	98½-99½	98½-98½
Great Universal Stores Ord. (5/-)	£1	fy. pd.	16/3-17/3	15/9-16/9
Great Universal Stores Pref.	£1	fy. pd.	18/9-19/9	18/6-19/6
India 6% 1933-34	100	fy. pd.	97½-98½	97½-98½
Jones (Peter) 6% deb.	97½	fy. pd.	3-1 dis x	93-97x
Middlesex 4½% 1950-70	101	61	2½-3 dis	2½-3 dis
New Zealand 5% 1932-34	99	fy. pd.	97-98	96½-97½
Odham's Press 7% (B) debts.	98	fy. pd.	102-104	102-104
Panama Corporation 8% debts.	100	75	6-2 dis	6-2 dis
Primitiva Holdings 6% Red. pref.	£1	6/-	par-6d. pm	par-1/- pm
Rhokana Corp. 7% debts.	100	50	5 dis-5 pm	5 dis-5 pm
Tanganyika 4% Guar. 1951-71	94½	fy. pd.	90½-91½	88½-89½
Telephone and Gen. Trust 7% Pref.	21/-	15/-	3d dis-3d pm	3d. dis-3d. pm
Walsall Corp. 4½% 1950-60	100	55	4½-5 dis	4½-5 dis
Woolworth (F. W.) Ord. (5/-)	£2	fy. pd.	45/-45/6	44/3-44/9
Woolworth (F. W.) 5% Cum. Pref. £1	£1	£1	20/10½-21/1½	20/10½-21/1½

(Continued from page 439.)

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	Aug. 19, 1931.	Aug. 20, 1931.	Aug. 21, 1931.	Aug. 22, 1931.	Aug. 24, 1931.	Aug. 25, 1931.	Aug. 26, 1931.
140.2	92.7	109.3	109.1	106.7	106.4	105.8	105.4	107.4

TOTAL DEALINGS IN NEW YORK.

	Aug. 27, 1931.	Aug. 28, 1931.	Aug. 29, 1931.	Aug. 31, 1931.	Sept. 1, 1931.	Sept. 2, 1931.	Sept. 3, 1931.
Stock Exchange—Shares (Thous.)	800	900	500	700	500	1,000	2,100
Bonds (Value Thous. \$) ...	8,043	9,225	5,681	6,823	9,134	9,916	8,504
Over-the-counter—Shares (Thous.)	190	190	100	160	150	230	320

* 2-hour session.

INVESTMENT NOTES.

Stock Exchange Values in the Slump.—Investors who have been disquieted by the continued weakness of Stock Exchange values, recently, would be well advised to study the speech made by Baron Bruno Schroder at the general meeting of the Continental and Industrial Trust on Thursday, August 27th last. Baron Schroder, a merchant banker of the widest international investment experience, referred to the depreciation in the security investments of the Trust, which, on May 31st last, were carried at £3,506,931, and showed a depreciation in value of £905,000 as regards quoted securities and £50,000 as regards unquoted investments. He expressed a view regarding the basis of present Stock Exchange values which has been frequently canvassed in the City of London, but is less widely known outside. His remarks may be aptly illustrated by the following figures of the Actuaries' Investment Index:—

Group.	Price Index.			Average Yield		
	Dec. 31st, 1928.	July 28th, 1931.	Aug. 25th, 1931.	Dec. 31st, 1928.	July 28th, 1931.	Aug. 25th, 1931.
British Government....	100	103.3	102.2	4.51	4.37	4.41
Home Corporation.....	100	106.0	102.0	4.69	4.42	4.59
Industrial debenture....	100	96.3	94.8	5.25	5.66	5.75
Industrial preference....	100	84.2	80.9	5.77	6.40	6.78
Bank ordinary.....	100	86.2	80.6	5.19	5.82	6.21
Insurance ordinary....	100	85.4	78.7	3.88	4.88	5.30
Investment Trust ordinary.....	100	75.4	71.8	4.31	6.23	6.53
Industrial (productive) ordinary.....	100	56.0	54.8	4.56	6.37	6.53
Industrial (distributive) ordinary.....	100	52.2	48.3	5.39	7.06	7.39
Industrial (miscellaneous) ordinary.....	100	51.0	47.0	5.39	7.36	7.91
Industrial ordinary (all classes combined)....	100	52.9	49.8	5.14	6.98	7.39

The table suggests that the decline in the values of all securities has been accentuated in the last few weeks. To-day, British Government securities yield approximately 4½ per cent., good industrial debentures 5½ per cent., sound preference shares 6½ per cent., and representative ordinary shares anything from 6½ to 8 per cent. These figures are eloquent of Stock Exchange depression,

but it is open to serious question how far they are based on "real" values. As Baron Schroder has rightly pointed out, they must be interpreted in the light of two conditions. First, jobbers, during a prolonged depression, have marked down prices all round in order to protect their books. In many cases, if an attempt were made to buy even moderate quantities of stocks at present levels, a sharp marking up would ensue. Secondly, forced sales have, proportionately, affected high-grade to a greater extent than low-grade securities. Holders, requiring cash to meet outside engagements, have found it easier to realise on the best securities at a time when the worst have been, in many cases, practically unsaleable. From these premises, Baron Schroder draws the conclusion that quoted prices to-day are well below the intrinsic value of many stocks, and that a substantial recovery in the prices of high-class securities is inevitable as soon as confidence is re-established. With traditional caution, however, Baron Schroder refrains from committing himself to any prophecy as to the date of such a movement.

Stock Exchange Saturday Opening.—An official notice, giving full details of proposed alterations in Stock Exchange rules and other changes consequent upon the decision to open the "House" on Saturdays, was posted in the Stock Exchange on Tuesday last. The rules altered are those in force before the war-time decision to close on Saturdays was taken in 1917. The chief matter of public interest is, of course, the time of opening and closing the London banks. Although, as yet, no official intimation has been given, it is believed in banking circles that these institutions may extend their Saturday closing time from noon to 12.30 p.m. In the meantime, under the new Stock Exchange arrangements, delivery of securities is to begin at 10 a.m. On the Saturday before Contango Day options must be declared before 11.45 a.m. A new clause in the rules is that, "unless otherwise arranged, no delivery of securities under the headings, 'British Funds,' 'Dominion, Provincial and Colonial Government Securities' and 'Corporation and County Stocks' shall take place on Saturdays." The latest time for the delivery of other securities will be 11.30 a.m. The new hours of opening are to be 9.30 a.m. to 12.30 p.m., and bargains will be marked from 10.30 a.m. till noon. The necessary alterations in the Rules, which have been passed by the Committee, will come up for confirmation on September 7th.

Kreuger and Toll.—The rapid and disquieting fall in the securities of Kreuger and Toll (the "B" shares of which have recently been down to 12½, against 27½ earlier this year), and of the securities of other companies in the group, has produced reassuring statements from the company's fiscal agents in London and New York, and from Mr Ivar Kreuger himself. The former have stated that the total net profits of Kreuger and Toll, of a "recurring" nature, for the first half of 1931, are approximately Kr. 52,238,000, against Kr. 56,716,800 for the first half of 1930, and that the total "recurring" profit for the whole year is estimated at Kr. 89,550,000, against Kr. 93,791,000. In no case has there been any default, delay or difficulty as regards the service of the company's holdings of Government bonds. Mr Kreuger himself has stated that no major change has occurred in the condition of his company. The position is entirely liquid, the company's debts, in fact, having been reduced by about Kr. 75 millions in the course of this year. These statements have sufficed to allay immediate uneasiness, the "B" shares having recovered to 13½. In a period of international dislocation rumour must inevitably concern itself with the position of a company which, at the end of last year, held Kr. 420 millions of foreign bonds, has been associated with large loans to Germany, and, before February, 1933, must find \$30,100,000 in cash for a loan in connection with the Polish match monopoly. One-third of this last amount falls due next February. The world market, admittedly, is closed to further Kreuger financing at present, but, even if the arrangement fell through, the company would still retain the Polish match monopoly

until 1945. A sufficient explanation of recent selling of Kreuger and Toll securities can probably be found in the "liquidity" crisis in Europe. The suggestion that large institutional investors in Great Britain have been unloading in semi-panic may be dismissed, since the London market was not at all a heavy seller until the last few days of the collapse, the main pressure coming chiefly from Zurich and Stockholm. Swiss liquidation may have partly originated in organised bear activity, which Mr Kreuger naturally deplores, but its main cause was undoubtedly anxiety to obtain liquid resources after the "freezing up" of assets in Germany and Central Europe. This tendency would seem to have been even more potent in Stockholm. Sweden, in relation to her size and population, is a very heavy creditor of Germany. Figures given in the report of the Wiggan Committee on Germany's credit situation (published as a supplement to the *Economist* of August 2nd last), show that the total short-term indebtedness of twenty-eight German banks to Sweden in the middle of last July was as much as Rm. 101 millions. The freezing up of these balances occurred at a time when the Swedish banks themselves had abnormally large liabilities outstanding to foreign countries. The desire of banks in other countries to re-establish their liquidity after the German crisis produced a heavy withdrawal of foreign balances from Sweden. During July foreign deposits with the Swedish commercial banks declined from Kr. 303 millions to Kr. 212 millions. The foreign currency reserve of the Bank of Sweden, naturally, was subjected to severe pressure. At the end of last year the Bank held about Kr. 400 millions of foreign currencies. By June 30th last this figure had been reduced to Kr. 295 millions, and on August 22nd it was no more than Kr. 149 millions. Under these conditions heavy realisation of the leading Swedish industrial securities was inevitable, particularly as regards those with a wide international market. Liquidation has resulted not merely by way of realisation by the Swedish banks of their own share holdings, but of the calling in of loans secured by Stock Exchange collateral. Whether Kreuger and Toll is likely to be subjected to pressure from foreign countries for an adjustment of the terms of its various concessions, time alone will show. Meanwhile, however, the fall in its securities may be ascribed mainly to temporary causes unconnected with its own position, and, by the same token, an improvement may be looked for with the settlement of Europe's monetary difficulties.

Brazilian Debt — Redemption Suspended.—Unwelcome, if not entirely unexpected, news reached the Stock Exchange on Monday last when it was officially announced that the Brazilian Government was temporarily suspending the redemption of foreign debts, except the two Funding Loans and Coffee Loan of 1922. This was the more surprising since Brazilian issues had last week been supported in view of the usual September sinking fund operations, and confidence was generally increasing by reason of the Government's acceptance of Sir Otto Niemeyer's recommendations. Prices were immediately lowered, and dealings for a time became practically impossible:—

	Aug. 28.	Aug. 31.	Sept. 1.
Brazil 4½% 1883	49	45	45
Brazil 4½% 1888	49½	45	45
Brazil 4½% 1889	33½	29½	30
Brazil 5% 1895	41	37½	38
Brazil 5% Funding, 1898	77½	76	75
Brazil Rescission	42½	35	35
Brazil 5% 1903	64	60	58
Brazil 4% 1910	30	27½	30
Brazil 4% 1911	57	50	45
Brazil 5% 1913	43	37½	40
Brazil 5% Funding, 1914	59	57	57½
Brazil 6½% 1927	55½	50	50
San Paulo 7½%	60	55	55
San Paulo 7% (Coffee)	78½	74	75½
Brazilian Traction	\$17½	\$16½	\$16
Leopoldina Railway	13½	12½	12

The Brazilian Government's announcement declares that, owing to the fall in the milreis, it is unable to find the necessary foreign exchange to provide for the full service of its external debt. It asserts that its decision will not impede the immediate execution of the plan submitted by Sir Otto Niemeyer, of whose advice it has had

the benefit when deciding upon its present action. With the exception of the two Funding Loans and the 7½ per cent. 1922 Coffee Security Bonds, all sinking fund allocations have been temporarily suspended as from September 1, 1931. In the case of the 6½ per cent. 1926 (sinking fund) Dollar Gold Bonds the September application has been paid to the trustees, and redemption will be temporarily suspended from October 1st next. It is hoped, however, to continue the interest payments on external loans. Sinking fund applications will not be received until such time as the Government considers that neither the exchange nor the Niemeyer plan will be adversely affected. It will, however, pay into a bank, in Brazil, such sums, in milreis, at the rate of exchange of fourpence, as will provide the several sinking fund payments when they become due. Should representatives of the bondholders so desire, the Government will be prepared to destroy the sums, in milreis, referred to, and employ the amount in the redemption of internal bonds.

Cotton Trade Prices and Profits.—In view of the deplorable conditions at present existing in the cotton trade, the last report of the United States Agricultural Bureau on this season's crop of raw cotton caused some dismay to companies whose business compelled them to hold large stocks of raw material. The report estimated that there would be a crop of 15,584,000 bales this season—a figure some 1,784,000 bales above the previous market estimate. Already the carry-over of cotton from last year amounts to 9,000,000 bales, and, as the total world consumption is very little more than 11,000,000 bales per annum, it is obvious that there must be a glut for some little time. The position is the more serious as prices had already slumped heavily during earlier months. Our index number shows that, between August, 1930, and August, 1931, the prices of a representative grade of American cotton declined by 40½ per cent., of cotton yarn by 31 per cent., and of cotton cloth by 22 per cent. It is scarcely surprising, therefore, that many textile companies have lately shown considerable declines in the monetary value of their stock-in-trade, prominent in this connection being large concerns like J. and P. Coats, Bleachers, Crosses and Winkworth, Fine Cotton Spinners, and Joshua Hoyle. The following table gives a list of some of the principal companies affected, with the extent of increase or decrease in profits and stock-in-trade over the past three years:—

(000's omitted.)

Company.	Stock-in-Trade. Increase (+) or Decrease (-), as compared with previous year. Reports published in			Net Profits. Increase (+) or Decrease (-), as compared with previous year. Reports published in		
	1929.	1930.	1931.	1929.	1930.	1931.
J. & P. Coats	£ 118	£ 647	£ ...	£ 750	£ 1370	£ ...
Bleachers' Assoc.	75	8	...	134	462	...
British Cotton & Wool Dyers	...	29	29	...	28	36
British Thread Mill Co.	...	6	2	...	7	8
Crosses & Heaton's	...	3	114	...	69	21
Crosses & Winkworth	...	72	207	...	50	79
English Sewing Cotton	...	45	85	...	119	123
Fine Cotton Spinners	...	191	885	...	127	473
Hoyle (Joe.) & Sons	89	181	...	17	30	...
Barlow and Jones	131	182	...	2	48	...
Tootal, Broadhurst, Lee Cook, Son & Co. (St. Pauls)	79	88	...	43	63	...
Ryland & Sons	83	115	...	27	119	...
J. F. & H. Roberts	...	109	...	+0.40	+5	...
W. Holmes & Co.	103	100	...	64	182	...
Pawsons & Leaf	2	135	...	+2	21	...

The cumulative decline in the value of stock-in-trade may be due to reduced volume as well as reduced value per unit, but the latter factor has undoubtedly played a significant part in the progressive drop in earnings shown by practically every company in the above table. The seriousness of the situation is brought home by the remark of Mr Herbert Lee, chairman of the Fine Cotton Spinners, that: "The fall of every penny per pound in the minimum weight of stock we are compelled to carry to enable us to conduct our business is equivalent to well over £100,000." Fortunately, stocks in

Lancashire are not unduly heavy, but difficulties may arise in the completion of deliveries against old contracts, since producers will have to deliver goods which may appear exceedingly dear to buyers.

Singer and Company.—In view of the desirability of strengthening the company's resources, the directors have decided not to recommend a dividend on the ordinary shares, but instead to increase the general reserve fund to £150,000 by the addition of £61,463. Last year the ordinary dividend was paid in preference shares at the rate of one new £1 7 per cent. preference for every seven ordinary. This year's decision leaves a substantial surplus of floating assets over current liabilities:—

	Year ended July 31,		
	1929.	1930.	1931.
	£	£	£
Paid-up capital:—			
7% Cum. Pref. £1	333,173	333,173	428,424
Ordinary £1	666,760	666,760	666,760
Profit on trading	209,269	206,362	160,114
Net profit	173,922	144,266	42,792
Preference dividend	21,182	23,322	28,323
Ordinary:—			
Earned per share %	22.9%	18.2%	2.2%
Paid subject to tax	17.5%	18.43%*	...
Equivalent tax free	14.0%	14.3%	...
Amount of dividend and bonus	116,683	122,905*	...
Reserve for income tax	5,000	...	Dr. 30,000
Employees' fund	1,000	...	...
Expenses of preference issue	5,260	...	...
Contingencies	5,000	...	...
General reserve fund	...	...	61,463
Inc. or dec. in carry-forward	+19,797	-1,860	-16,994

* In preference shares.

There has been a sharp drop in net profits, this year's figure of £72,792 (after adding back £30,000 from income-tax reserve) comparing with £144,266 for the previous year. Expenses and advertising costs have increased, the total, at £94,011, being over 50 per cent. above last year's figure. The report declares the present market price of all the shares is "convincingly untrustworthy." This may be true, but the figures given in the company's own report scarcely offer prima facie evidence of its validity. The Stock Exchange quotations for the 7 per cent. preference and ordinary shares are 11s. 3d. and 8s. 9d. respectively, against the chairman's computation of their "assets value" at 20s. and 33s. 7d. respectively.

Eastwoods, Limited.—The accounts of these brick manufacturers and dealers in builders' materials for the year to March 31, 1931, broadly confirm the optimistic progress report issued last February, which complained of low selling prices, but declared that the company's turnover as a whole had been increased. The full report shows that profit, after depreciation, was £78,431, a decline of only £9,670, as compared with the previous year. The company, however, has again made generous provision for bad and doubtful debts, and after various other charges net profits come out at £58,825, against £68,240.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd.," 8, Bouverie Street, E.C.4.

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

Name.....
Address.....

Although earnings would have covered a repetition of the final dividend (7½ per cent.) paid a year ago on the ordinary, the directors have prudently reduced the payment to 5 per cent. (making 10 per cent. for the year, against 12½ per cent.):—

	Year to March 31,		
	1929.	1930.	1931.
	£	£	£
Net profit	75,610	68,240	58,825
Preference dividend	10,500	10,500	10,500
No. of times covered	7.2	6.5	5.6
Ordinary:—			
Earned	21.7%	19.3%	16.1%
Paid	15%	12½%	10%
Amount of dividend	45,000	37,500	30,000
To reserve	20,000	20,000	7,500
To investments reserve	...	...	10,000
Inc. or dec. in carry-forward	+110*	+240*	+825

* £1,000 directors' remuneration subsequently charged.

The company's various brickworks are fully employed, but the price of building materials has fallen. The ordinary shares, at 20s. (including final dividend) yield 10.5 per cent. Of the company's chief subsidiaries, Eastwoods Cement was affected partly by acute competition in the cement trade and partly by forced litigation at a period when sales tonnage was at its highest. The matters in dispute have now been satisfactorily settled, however, and the accounts show a balance for the year to March 31st last, after writing off all expenses, of £17,587, against £24,634 last year. Conservative policy, again, is reflected in a cut in the dividend from 7½ per cent. to 6 per cent. The constructional programme of another subsidiary, Eastwoods Flettons, has made further progress, the first section of the second half of the works for the production of Fletton bricks at Kempston Hardwick, Beds., being nearly completed. Profits after depreciation were £14,224 last year, and a dividend of 7 per cent. was paid on the preferred ordinary shares.

Stock Conversion Trust Scheme.—Shareholders in the Stock Conversion and Investment Trust have not been taken unawares by the reorganisation scheme made public this week. At the annual meeting in March last the chairman made it clear that the company was in a serious position, and that the banks, which at that time held loans to the total of £236,000, had agreed to refrain from calling in their credits only on condition that a scheme for reducing bank indebtedness was put before shareholders. The scheme which now appears provides for the liquidation of the old company and the formation of a new one with a capital of £285,000. On liquidation the whole of the £1 reserve liability of the £1 2s. 6d. ordinary shares will be called up and the proceeds used for the purpose of discharging the costs of liquidation and reconstruction, and of reducing the bank debt, which, since the publication of the last balance sheet has dropped to £183,932. The banks have undertaken to accept an equal nominal amount of 4 per cent. debenture stock of the new company in discharge of any balance remaining. At the same time, for each £3 7½ per cent. cumulative preference stock, holders will receive five ordinary shares of 2s. each in the new company; for every nine annuity shares of 1d. each, two ordinary shares of 2s. each; for each £10 ordinary stock, nine ordinary shares of 2s. each; and for every £1 paid up by the ordinary shareholders of the old company on winding up, one second preference share of £1 and, in addition, one ordinary share of 2s. for every £10 paid up. The loan capital of the old company will be satisfied by allotments in the new company, for each £100 stock, as follows:—

Holding in Old Company.	Holding in New Company.
5½% participating convertible 15-year debenture stock.	£100 4% debenture stock. 50 first preference shares. 50 ordinary shares.
4% debenture stock	£100 4% debenture stock. 25 first preference shares.
5% debenture stock	£100 4% debenture stock. 31 first preference shares.
5½% debenture stock	£100 4% debenture stock. 37 first preference shares.
5½% debenture stock (receiving 5½% interest).	

The directors state that, if the company were forced into liquidation, the assets, together with the proceeds of the liquidation, would not be sufficient to call on the ordinary shares, would not be sufficient to satisfy in full the claims of the debenture stockholders, the banks and the creditors. It is understood that, for the first three years, interest on the debenture stock will be paid only in so far as the profits for the year allow, any interest not paid being carried forward as a charge on future profits.

R. E. Jones's Poll Result.—The announcement that the required three-fourths majorities for the adoption of the scheme of amalgamation between Slaters and R. E. Jones were not forthcoming at the polls taken at the class meetings and the extraordinary general meeting of R. E. Jones, held on August 24th last, throws the affairs of this company once again into the melting pot. The extraordinary general meeting and the 6½ per cent. preference shareholders' meeting of Slaters, called for September 9th, have been cancelled. On the five resolutions submitted to the extraordinary general meetings, votes in favour constituted majorities of approximately 55 per cent. It remains to be seen what steps will now be taken to rescue the company's fortunes from their present deplorable condition, and whether Mr R. A. R. Field, chairman and managing director of both R. E. Jones and Slaters, will find means of overcoming the difficulties in the way of effective working agreement between the two concerns, which were described as the *raison d'être* of the amalgamation scheme.

Canadian Dealings in American Securities.—Our Ottawa correspondent writes:—Business on the Canadian stock markets is usually at a low ebb in the holiday months of July and August. This year, however, the seasonal contraction has reduced trading to negligible dimensions. The total of shares traded in Montreal in July was the lowest recorded for any July since 1924. In some quarters, indeed, there is considerable pessimism about the future of the Canadian stock exchanges. A substantial number of Canadian companies whose shares were formerly popular market counters have been absorbed by large American corporations. The City Dairy Company of Toronto, for example, has been taken over by the Borden Company of New York. Shareholders in these cases have been given shares of American corporations in exchange for their former securities, which have thus vanished from the Canadian lists. Frequently the shares of the American corporations are listed on Canadian exchanges for the benefit of Canadian holders, but people who deal in them often prefer to operate in the New York market, where the volume of trading is much larger. Further, the depressed condition of other common stocks that there is practically no trading in them. Holders, reluctant to sell at present low prices, are merely sitting tight. It is feared, consequently, that both investors and speculators will come more and more to prefer dealing on the New York Stock Exchange, even though the cost may be higher than in Canada.

Rhodesian Selection Trust.—A feature of the Northern Rhodesian copper industry is its insatiable appetite for capital. Following the debenture issues of the Rhokana and the Rhodesian Anglo-American comes the Rhodesian Selection Trust with a proposal for the eventual creation of \$12,500,000 debentures in U.S. gold currency, of which \$7,500,000 are to be issued forthwith. The latter amount will cover the advances up to £1,500,000 agreed to be made by the American Metal Company, Messrs Cull and Company, and the Lehman Corporation. At the date of the balance sheet, June 30th, £1,093,750 had been received. The debentures are to carry interest at 6 per cent., free of British income tax at the standard rate, and are to be redeemable at 105 per cent. on or before December 31, 1946. They will also carry conversion rights. The new agreement also contains provisions enabling the company

to obtain further cash advances up to a total of £300,000 against the collateral security of debentures forming part of the balance of \$5,000,000—which otherwise may be issued "on such terms and conditions as the company shall determine." At the date of the balance sheet, cash and debtors amounted to £41,900, while there were creditors for £13,200. The company's twenty-one special grants are now represented by a two-thirds interest in the Mufulira Copper Mines, to which they were transferred early this year. Interests in two other areas figure at the nominal amount of £1. Other investments at cost, £64,100, represent quoted securities having a market value of £62,600, and an unquoted investment representing the company's interest in the Northern Rhodesia Power Corporation. The ore reserves in the Mufulira group of properties are estimated at 162,000,000 short tons, averaging 4.14 per cent. copper, the great bulk being in the more easily treated form of sulphide. Production here is expected to begin early next year; but "owing to the general copper situation," only one unit of the mill—capacity 1,500 tons daily—is to be treated for the time being. This would mean an output of possibly 10,000 tons yearly. With present large producers seeking a scheme for restriction, additional output from a fresh source is decidedly superfluous at the moment.

Proposed Platinum Amalgamation.—Our mining correspondent writes:—The exploitation of platinum in the Transvaal has furnished one of the outstanding fiascos of modern times. The shares of companies with ground containing deposits of the metal were at one time run up to fancy prices, among them being those of the Potgietersrust Platinums. This company, as the outcome of various absorptions and issues for cash, has a capital of nearly £2,000,000 in 5s. shares, now quoted at about 9d. Operations in the period from February 1st to September 30, 1930, resulted in a loss of £16,826; and at the date of the accounts £98,500 was owing to the parent company, Johannesburg Consolidated Investment. The Potgieters-



THOUGHT

Industrial Great Britain was created by the man of thought and imagination, and yet few of us to-day wish to take the trouble to think deeply.

The Banker, and those with treasure to protect, have every reason to give thought to the degree of protection upon which they rely for security, because the modern burglar, by giving thought to his job, has become a great danger.

During the last 10 years he has made greater progress in his method of attack and has been more successful than in the previous 50 years, while the ingenuity shown in achieving his success proves that the modern burglar is an educated man possessing a knowledge of engineering.

The Chatwood Security is the result of continued thought arising from the experience of almost three-quarters of a century.

J. E. S.

THE CHATWOOD SECURITY

Folder No. 10—
Classified Service

THE CHATWOOD SAFE CO., LTD.,
Bankers' Engineers,
SHREWSBURY, England.

rust company had been conducting operations at two different sections; but, owing to the fall in the price of platinum, it was found that it could not be worked at a profit. The mine was accordingly shut down last May, the plant being either disposed of or transferred to the Rustenburg section, where work was continued on a restricted scale. During the quarter ended June 30th 5,786 ounces of crude platinum metals and gold were produced. On June 30th the loan from "Johnnies" amounted to £106,000, while the value of the platinum group metal unrealised was estimated at £50,300. A circular to the shareholders now intimates that negotiations have been proceeding for some months with the view to the formation of a company to stimulate the uses and regulate the marketing of platinum. As the quota which can be allotted to South Africa would be insufficient for two properties to be worked as separate units, it is proposed to amalgamate the company's Rustenburg mine with one belonging to a purely South African undertaking. A company is to be formed to take over the two mining properties, the other assets being retained by the respective existing companies. Since some measures are obviously required to deal with the position brought about by the disastrous drop in the price of platinum, the proposals will doubtless obtain the approval of shareholders.

New Capital Issues in August.—In the following table we show the new capital raised in London by issue to the public or to shareholders, in August, and in recent years:—

Monthly Average.	(000's omitted)				Total.
	United Kingdom.	British Possessions.	Foreign Countries.		
	£	£	£	£	
1924	7,051	6,023	4,370	17,444	
1925	12,918	5,077	1,356	19,351	
1926	10,765	4,431	4,036	19,232	
1927	17,240	8,318	4,039	29,597	
1928	21,965	5,263	3,526	30,754	
1929	16,502	5,081	2,186	23,769	
1930	14,220	5,121	2,975	22,316	
Monthly Average.					
	Govt.	Other.			
Jan.-Mar., 1930...	450	24,326	5,360	1,120	31,256
Jan.-Mar., 1931...	2,000	7,013	5,112	1,847	15,972
Apr.-June, 1930...	567	10,233	7,025	7,796	25,621
Apr.-June, 1931...	1,117	4,401	6,751	1,055	13,323
July, 1930	Dr. 350	13,600	990	4,135	29,075
July, 1931	1,600	2,265	2,856	Nil	6,721
Aug., 1930	600	431	Nil	451	1,482
Aug., 1931	750	740	Nil	60	1,550

During the month of August sales of National Savings Certificates exceeded encashments by £750,000. Compared with the corresponding issue of capital last year, the amount of new money raised in London shows a slight increase, but is very much below the figure for July, 1931. The main issue included is an offer of 500,000 £1 shares at par to the shareholders of Associated Portland Cement. There was only one offer to the public—that of the Blue Cross Line, which comprises 80,000 10s. ordinary shares at par and 30,000 £1 preference shares, also at par.

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representatives

148 Leadenhall St. London, E.C. 3.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to August 29, 1931, £97,544,114.
Total, including conversion, recorded January 1 to August 29, 1931, £108,421,099

National Savings Certificates.

Net sales, week ended August 29, 1931, £100,000.
Total net receipts, April 1, 1931, to August 29, 1931, £6,200,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
	£	£	£	£	£
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date—	£	£	£	£	£
1931	108,521,099	97,644,114	1931	454,888,784	267,800,700
1930	281,648,712	191,527,481	1929	488,764,940	285,239,400
1929	224,164,290	192,838,690	1928	693,100,056	369,058,073
1928	455,532,587	283,431,964	1927	...	355,165,970
1927	...	248,158,506	1926	...	230,782,600
1926	...	140,490,269	1925	...	232,214,500
1925	...	128,573,577	1924	...	209,326,101
1924	...	130,672,151	1923	...	271,399,173

Nature of Borrowing.

January 1 to date—	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
	£	£	£	£
1931	75,315,274	6,223,059	16,105,781	97,644,114
1930	157,219,408	14,730,138	19,577,935	191,527,481
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,000
1927	228,958,000	36,836,600	89,371,400	355,165,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

Amount previously recorded	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
	£	£	£
...	8,057,183	...	8,432,056
Total for week ended September 5, 1931	Nil	...	Nil
Total to date, 1931	8,057,183	...	8,432,056
Total to date, 1930	16,402,378	...	18,085,467

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
BANKS.					
Mercantile Bank of India	14	Sept. 22	Less tax	14	16
National Bank of India	20	Sept. 18	Less tax	20	20
OTHER COMPANIES.					
Alliance and Dublin Consumers' Gas	7½%	...	Less tax	...	...
Barnsley Brewery Co.	12½%	...	Less tax	...	...
Deepend Steel and Tool Corp.	6%	...	Less tax	...	...
Dover Gas	3½%	Sept. 8	...	...	...
Eastwoods Flettons	5½%	...	...	7	4
Eastwoods (Parent Co.)	15%	Sept. 30	...	...	...
Hyde's Bird Seed	2½%	Sept. 10	Less tax	...	...
John Bolding	2½%	Sept. 19	Less tax	2½	...
Kelton Cement Co.	2½%	Sept. 22	...	...	...
Kramat Pulai	5%	...	...	...	...
Lincoln Wagon and Engine	2½%	Sept. 22	...	...	...
Malayan Tin Dredging	3½%	Aug. 31	...	...	...
Nuthalls (Caterers)	7½%	...	...	...	...
Ragalla Tea Estates	1½%	...	...	...	...
Third Guardian Trust	1½%	Oct. 1	Less tax	...	...
Union Cold Storage (5% pref. sh.) ..	2½%	Sept. 9	...	...	...
United Flexible Metallic Tubing	2½%	Sept. 17	Less tax	...	...
United Glass Bottle Manufacturers ..	10%	...	Less tax	...	...
William Whiteley	10%	...	Less tax	...	...

OIL OUTPUTS.

MEXICAN EAGLE OIL COMPANY.—The production for the week ended August 15, 1931, was 282,000 barrels. Production for the week ended August 22, 1931, was 252,000 barrels.

PHOENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix group of companies for August was 84,565 tons.

SERVICE PETROLEUM COMPANY, LTD.—Cable received from Roumanian manager states that the production from the company's oil wells at Gura-Oenitzi, Moreni and Ceptura for the week ended June 28th was 5,601 tons (38,507 barrels). Production from the company's oil wells at Gura-Oenitzi, Moreni and Ceptura for the week ended August 18th was 5,626 tons (3,982 barrels). Production from the company's oil wells at Gura-Oenitzi, Moreni and Ceptura for the week ended August 23, was 5,281 tons (36,827 barrels).

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended August 29, 1931, amounted to £6,821,100 against ordinary expenditure of £7,943,900. After allocating £600,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £56,157, the operations for the week, as shown below, increased the National Debt by £1,779,000 to £7,640,626,000:—

(000's omitted.)		£	
Public Dept. Advances	+ 8,500	Treasury Bills	6,501
National Savings Certificates	+ 550	Principle of National Savings Certificates	750
		Road Fund	20
			7,271
	+ 9,050		

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Aug. 29, 1931.	April 1, 1930, to Aug. 30, 1930.	Week ended Aug. 29, 1931.	Week ended Aug. 30, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	258,000,000	46,435,000	52,171,000	2,822,000	1,807,000
Sur-tax, including Arrears of Super-Tax	72,000,000	14,680,000	12,620,000	180,000	160,000
Estate, &c., Duties	90,000,000	30,480,000	37,240,000	980,000	810,000
Stamps	24,000,000	4,650,000	6,050,000	400,000	600,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	160,000	140,000	...	...
Total Inland Revenue	447,000,000	96,405,000	108,221,000	4,382,000	3,377,000
Customs and Excise—					
Customs	125,650,000	51,444,000	49,825,000	3,236,000	2,338,000
Excise	119,850,000	46,868,000	50,330,000	668,000	930,000
Total Customs and Excise	245,500,000	98,312,000	100,155,000	3,904,000	3,268,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,172,000	1,374,088	Dr. 575,000	...
Post Office (Net Receipts)	12,200,000	6,400,000	5,800,000	Dr. 100,000	Dr. 450,000
Crown Lands	1,300,000	11,996,357	15,629,330	...	94,102
Receipts from Sundry Loans	33,500,000	6,529,603	10,363,154	70	103,112
Miscellaneous Receipts	55,000,000	3,900,000	16,000,000	...	...
Appropriation from Raising Relief Suspend Account	4,000,000	...	...	...	...
Total Ordinary Revenue	803,500,000	225,304,960	258,142,572	6,821,070	6,392,214
SELF-BALANCING REVENUE.					
Post Office	58,232,000	22,600,000	23,500,000	2,100,000	1,450,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	6,418,000	6,420,912	575,000	...
Total Self-Balancing Revenue	81,582,000	29,018,000	29,920,912	2,675,000	1,450,000
Total		254,322,960	288,063,484	9,496,070	7,842,214

EXPENDITURE.	Estimate for the year 1931-32 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Aug. 29, 1931.	April 1, 1930, to Aug. 30, 1930.	Week ended Aug. 29, 1931.	Week ended Aug. 30, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	302,950,000	138,790,072	136,920,722	779,413	470,136
Payments to Northern Ireland & Exchequer	6,350,000	2,127,458	2,075,758	224,297	202,465
Other Consolidated Fund Services	3,000,000	710,550	1,101,764	...	10,780
Total	312,300,000	141,628,080	140,098,244	1,003,710	683,381
Total Supply Services (excluding Post Office)	439,829,000	165,823,303	168,804,267	6,940,203	6,952,467
Total ordinary expenditure	752,129,000	307,451,383	308,902,511	7,943,913	7,635,848
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	22,600,000	23,500,000	2,100,000	1,450,000
Road Fund	23,350,000	6,418,000	6,420,912	575,000	...
Total Self-Balancing Expenditure	81,582,000	29,018,000	29,920,912	2,675,000	1,450,000
Total Ordinary and Self-Balancing Expenditure	833,711,000	336,469,383	338,823,423	10,618,913	9,085,848
New Sinking Fund (1928)	82,050,000	15,793,894	18,331,902	600,000	620,000
Total, including New Sinking Fund		352,263,277	357,155,325	11,218,913	9,705,848

The aggregate revenue and expenditure to August 29, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO AUGUST 29TH.		(000's omitted.)	
Expenditure	£	Revenue	£
New Sinking Fund	16,794	Decreases in balance	3,315
		Net amount borrowed	94,625
			323,245

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out—	Aug. 30, '30.	Mar. 31, '31.	Aug. 29, '31.	Aug. 29, '31.
standing—	£	£	£	£
Advances by Bank of England	38,070,000	24,500,000	43,250,000	+ 8,500,000
Advances by Public Departments	641,685,000	569,825,000	644,645,000	+ 6,505,000
Treasury Bills outstanding	...	...	...	...
Total Floating Debt	679,755,000	594,325,000	687,895,000	+ 1,995,000
* Includes £7,000 the proceeds of which were not carried to the Exchequer within the period of the account.				

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on August 28, 1931, and the total amount applied for was £45,545,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £98 19s. 2d., about 58 per cent., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.	£	£	£ s. d.
August 7	35,000,000	49,320,000	4 5 9-5
August 14	35,000,000	51,585,000	4 2 10-92
August 21	35,000,000	46,275,000	4 2 3-59
August 28	40,000,000	45,545,000	4 3 1-57

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

ASSETS : : : £9,046,500
CLAIMS PAID : : : £56,933,000

Accidents and illness. Employers' Liability. Burglary, Fire, Motor Cars, Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts. Executors and Trusteeships.

Head Office: 35-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

(000's omitted.)

Date.	Issue Department.		Both Depts.	Banking Department.			
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."
1931.	\$	\$		\$	\$		\$
July 22	244,283	11,626	150,045 32.2	34,376	7,099	31,977	53,946 49.8
Aug. 5	250,260	5,647	133,310 28.8	52,561	9,696	26,604	33,948 32.4
12	268,330	2,577	134,828 28.8	49,311	9,019	23,283	44,756 41.1
19	267,729	3,182	135,304 28.8	53,226	7,051	22,097	48,253 45.2
26	268,801	2,114	134,645 28.8	48,881	6,863	28,286	55,742 51.8
Sept. 2	268,110	2,798	135,668 28.8	50,176	9,296	29,059	59,334 55.3
				53,376	7,262	26,678	55,632 49.4

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
Jan. 1 to August 19	22,509,834	1,100,871	1,779,619	25,390,324
Week ended August 26	559,353	26,201	44,270	629,824
Week ended September 2	537,447	27,135	42,797	607,379
Total to date, 1931	23,601,639	1,154,207	1,866,686	26,622,532
Total to date, 1930	26,794,353	1,247,632	2,027,192	30,069,177
Increase or decrease in 1931	-3,192,714	-93,425	-160,506	-3,446,645
	-11.9%	-7.5%	-7.9%	-11.4%
Total for year, 1930	28,782,577	1,812,146	2,963,631	33,558,354
Do, 1929	39,935,924	1,881,989	4,078,764	45,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-1,115,133	-1,338,323
	-2.8%	-3.7%	-3.7%	-2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended August 29.		Month of August.		Inc. or Dec.	Aggregate Totals, January 1 to August 29.	
	1930.	1931.	1930.	1931.		1930.	1931.
Number of working days	24	24	24	24			
BIRMINGHAM	1,763	1,605	8,457	7,953	-5.9	83,301	75,096
BRADFORD	827	708	3,154	2,707	-14.1	30,252	24,979
BRISTOL	1,061	931	4,463	4,103	-8.0	36,834	37,872
DUBLIN	4,249	3,795	15,554	14,219	-8.6	169,164	169,300
LEEDS	677	580	2,454	2,219	-9.6	27,577	24,963
LIVERPOOL	5,072	4,558	18,376	17,244	-6.5	224,495	211,183
MANCHESTER	8,219	7,317	39,001	35,663	-8.5	370,520	310,495
NEWCASTLE	1,202	1,095	5,892	5,225	-11.3	49,208	45,809
NOTTINGHAM	440	299	1,835	1,651	-10.0	20,383	15,123
SHEFFIELD	579	483	3,503	3,000	-14.3	31,426	25,907
Total	25,378	22,335	98,960	90,946	-8.0	1,102,916	963,203

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the National Bank of Egypt appeared in the Economist of July 18; Bank of International Settlements, Danzig and Portugal in August 8; Denmark in August 15; Romania and Chile in August 22; Norway, Switzerland, Canadian Banks and Lithuania in August 29.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	Sept. 4, 1930.	Aug. 13, 1931.	Aug. 20, 1931.	Aug. 27, 1931.	Sept. 3, 1931.
RESOURCES.					
Total gold reserve	2,934,590	3,449,180	3,449,180	3,449,180	3,449,180
Total bills discounted	231,260	194,980	230,610	241,720	257,280
Bills bought in open market	170,390	135,740	154,530	180,520	197,870
Total U.S. Govt. securities	602,040	727,960	727,890	728,000	728,110
Total bills and securities	1,012,270	1,058,280	1,113,230	1,150,540	1,183,500
Total resources	4,822,280	5,346,760	5,416,390	5,440,860	5,464,410
LIABILITIES.					
Federal Reserve notes in actual circulation	1,367,620	1,829,300	1,901,840	1,945,510	1,958,200
Deposits—Memberbank—reserve account	2,393,360	2,392,840	2,382,300	2,340,000	2,373,920
Total deposits	2,454,000	2,617,070	2,606,240	2,634,330	2,616,780
Capital paid in and surplus	446,720	441,910	441,870	441,830	441,780
Total liabilities	4,822,280	5,346,760	5,416,390	5,440,860	5,464,410
Ratio of total reserve to deposit and Federal Reserve note liability combined	80.8%	81.4%	80.8%	79.9%	79.4%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Sept. 4, 1930.	Aug. 13, 1931.	Aug. 20, 1931.	Aug. 27, 1931.	Sept. 3, 1931.
Total gold reserve	926,360	1,154,230	1,191,610	1,187,090	1,177,970
Total bills discounted	65,570	49,890	38,770	48,370	52,760
Bills bought in open market	49,380	69,960	63,170	68,820	69,970
Total U.S. Govt. securities	187,750	219,550	219,550	224,650	221,550
Total bills and securities	307,250	341,740	324,850	341,820	344,300
Deposits—Memberbank—reserve account	975,940	1,041,450	1,036,180	1,001,280	1,011,150
Ratio of total reserve to deposit and Federal Reserve note liability combined	81.5%	81.3%	83.6%	81.0%	81.7%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Aug. 20, 1930.	July 22, 1931.	July 29, 1931.	Aug. 5, 1931.	Aug. 12, 1931.	Aug. 19, 1931.
Loans	16,795	14,527	14,486	14,506	14,342	14,358
Investments	6,340	7,757	7,810	7,758	7,733	7,663
Demand deposits	13,627	13,492	13,475	13,414	13,355	13,196
Time deposits	7,408	7,121	7,144	7,099	7,058	7,058
Due from banks	1,478	1,606	1,557	1,546	1,476	1,426
Due to banks	3,291	3,438	3,368	3,456	3,344	3,219
Federal reserve borrowings	44	60	55	58	56	90

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Aug. 8, 1930.	July 10, 1931.	July 17, 1931.	July 24, 1931.	July 31, 1931.	Aug. 7, 1931.
ASSETS.						
Gold coin and bullion	6,799	6,636	6,350	6,474	6,712	6,046
Subsidiary coin	173	344	350	364	358	357
Bills discounted	6,730	6,951	7,268	7,834	7,869	6,708
Investments	1,341	1,969	2,039	2,069	2,100	2,105
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	8,160	7,210	6,702	6,533	8,328	7,606
Government deposits	1,139	2,300	2,376	2,580	2,394	1,228
Bankers' deposits	5,135	5,023	4,868	5,198	4,989	4,767
Ratio of cash reserves to liabilities to public	46.7%	44.9%	45.9%	44.6%	44.1%	45.0%

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

	Aug. 8, 1930.	July 10, 1931.	July 17, 1931.	July 24, 1931.	July 31, 1931.	Aug. 7, 1931.
ASSETS.						
Total securities	38,21.81	31,73.15	31,55.08	31,01.54	31,45.12	31,66.32
Loans	17,58.88	9,78.16	9,71.54	9,08.63	9,05.16	8,82.51
Cash Credits	32,07.82	29,38.05	28,55.04	28,47.54	28,55.74	27,80.55
Inland bills	2,09.98	3,59.59	3,73.38	3,89.57	3,78.53	3,71.36
Foreign bills	40.74	40.21	45.64	51.06	42.05	27.42
Dead stock	2,78.12	2,72.05	2,72.17	2,72.32	2,72.37	17.85
Bal. with other banks	12.68	29.04	28.50	28.07	1.75	17.85
Cash	22,26.85	16,55.72	15,94.25	19,52.73	21,84.70	19,64.40
LIABILITIES.						
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve in London	3,37.50	5,40.00	5,42.50	5,42.50	5,42.50	5,42.50
Total deposits	94,75.72	82,64.62	81,26.87	83,71.78	86,29.32	82,26.53
The above includes—						
Deposits in London	6,000	1,005	1,001	1,000	861	937
Cash, &c., at other Banks in London	7,223	917	914	914	953	905
	97	219	217	212	15	136

BANK OF FRANCE.—In francs (000's omitted).

	Aug. 29, 1930.	Aug. 7, 1931.	Aug. 14, 1931.	Aug. 21, 1931.	Aug. 28, 1931.
ASSETS.					
Gold	47,241,623	58,556,751	58,556,271	58,561,324	58,562,989
Foreign assets	6,837,704	12,009,708	14,095,854	14,141,975	14,254,994
Bills discounted	18,800,646	14,312,000	12,558,394	12,546,426	11,811,879
Commercial bills discounted at home	6,406,076	4,682,277	4,770,497	...	...
Advances against sec.	8,504,399	8,264,818	8,264,818	8,264,818	8,264,818
To the State	2,731,483	2,826,527	2,803,544	2,729,849	2,728,849
Other assets (excluding forward exch.)	3,204,772	4,839,022	6,505,747	...	...
LIABILITIES.					
Notes in circulation	73,676,564	79,007,068	78,393,676	77,767,365	78,635,105
Public deposits	10,108,638	9,684,265	9,739,231	9,299,842	9,470,462
Private deposits	7,328,769	14,949,037	17,171,200	17,618,789	17,182,376
Other liabilities	2,612,732	2,650,733	2,553,018	...	...

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

	Aug. 30, 1930.	Aug. 15, 1931.	Aug. 22, 1931.	Aug. 29, 1931.
ASSETS.				
Gold	2,618,239	2,365,784	1,365,861	1,566,061
Of which deposited abroad	149,788	99,553	99,553	99,553
Bills in foreign currencies	369,041	317,024	313,751	356,198
Silver and other coins	1,730,002	3,104,000	2,951,460	3,139,373
Notes of other German banks	149,126	88,494	119,276	74,973
Advances	212,471	99,857	15,058	5,145
Investments	102,677	102,911	102,911	102,911
Other assets	655,222	911,993	846,334	893,587
LIABILITIES.				
Share capital	122,788	150,000	150,000	150,000
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	4,707,444	4,237,313	4,049,813	4,383,838
Other daily maturing obligations	415,631	525,587	532,540	506,647
Other liabilities	224,611	751,694	744,153	764,152

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

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

	Position, May 28, 1914.	Aug. 28, 1930.	Aug. 6, 1931.	Aug. 12, 1931.	Aug. 20, 1931.	Aug. 27, 1931.
ASSETS.						
Gold	232,650	872,404	842,002	823,095	825,024	823,703
Foreign bills and balances abroad	697,600	776,178	833,659	834,702	837,935	842,871
LIABILITIES.						
Notes in circulation	934,150	3,055,241	3,358,362	3,350,273	3,322,805	3,322,664
Current accounts	112,128	154,893	196,926	264,832	271,969	285,692

(b) In thousand francs.

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

	Position, May 30, 1914.	Aug. 25, 1930.	Aug. 3, 1931.	Aug. 10, 1931.	Aug.
--	-------------------------	----------------	---------------	----------------	------

Comparison with previous week—

Short Loans.	Bank Bills.			Trade Bills.		
	3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1931.	%	%	%	%	%	%
Aug. 13	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
" 20	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
" 27	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Sept. 3	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2

RATES OF EXCHANGE.

London on	Usance.	Par.	Sept. 4, 1931.	Aug. 27, 1931.	Sept. 3, 1931.
New York	dollars to £1	Cable	4.86 1/2	4.86 1/2	4.86 1/2
Montreal	dollars to £1	Cable	4.86 1/2	4.86 1/2	4.86 1/2
Paris	francs to £1	T.T.	124.21	123.78	123.97
Berlin	marks to £1	T.T.	20.43	20.39	20.4
Amsterdam	florins to £1	T.T.	12.107	12.072	12.054
Brussels	belgas to £1	T.T.	35.00	34.84	34.85
Milan	lire to £1	T.T.	92.46	92.85	92.90
Zurich	francs to £1	T.T.	25.22	25.04	24.96
Oslo	crowns to £1	T.T.	18.159	18.16	18.15
Stockholm	kronor to £1	T.T.	18.159	18.16	18.15
Copenhagen	kronor to £1	T.T.	18.159	18.16	18.15
Madrid	pesetas to £1	T.T.	25.22	25.04	24.96
Lisbon	escudos to £1	T.T.	4.50	4.50	4.50
Vienna	schillings to £1	T.T.	34.58	34.42	34.45
Prague	korunas to £1	T.T.	16.4	16.3	16.3
Belgrade	dinars to £1	T.T.	25.22	25.04	24.96
Budapest	pengo to £1	T.T.	27.82	27.75	27.75
Sofia	leva to £1	T.T.	81.3	81.3	81.3
Athens	drachmas to £1	T.T.	67.3	67.3	67.3
Constantinople	piastres to £1	T.T.	110	109	109
Moscow	roubles to £1	T.T.	9.46	9.46	9.46
Warsaw	zloty to £1	T.T.	43.38	43.38	43.38
Helsingfors	F. marks to £1	T.T.	193.23	193.23	193.23
Kovno	litas to £1	T.T.	48.66	48.66	48.66
Reval	kroon to £1	T.T.	18.159	18.16	18.15
Riga	lata to £1	T.T.	25.22	25.04	24.96
Alexandria	piastres to £1	T.T.	97	97	97
Buenos Aires	pesos to £1	T.T.	47.62	47.62	47.62
Rio de Janeiro	pesos to £1	T.T.	18.70	18.70	18.70
Montevideo	pesos to £1	T.T.	61	61	61
Valparaiso	pesos to £1	T.T.	40	40	40
Lima	soles to £1	T.T.	14.92	14.92	14.92
Calcutta	rupees to £1	T.T.	18	18	18
Bombay	rupees to £1	T.T.	18	18	18
Madras	rupees to £1	T.T.	18	18	18
Hong Kong	ster. to dollar	T.T.	1/13 1/4	1/13 1/4	1/13 1/4
Shanghai	ster. to dollar	T.T.	1/13 1/4	1/13 1/4	1/13 1/4
Singapore	ster. to dollar	T.T.	2 1/4	2 1/4	2 1/4
Kobe	ster. to dollar	T.T.	24.82	24.82	24.82
Manila	ster. to peso	T.T.	24.82	24.82	24.82
Mexico	pesos to £1	T.T.	9.76	9.76	9.76
San Francisco	ster. to dollar	T.T.	21.82	21.82	21.82

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania	July 1, 1931	Madrid	July 8, 1931
Amsterdam	May 16, 1931	Oalo	Nov. 7, 1930
Athens	Dec. 2, 1928	Paris	Jan. 2, 1931
Batavia	Mar. 10, 1930	Prague	Aug. 5, 1931
Belgrade	July 20, 1931	Reval	Mar. 12, 1931
Berlin	Sept. 2, 1931	Riga	Sept. 1, 1931
Brussels	July 31, 1930	Rome	May 20, 1930
Bucharest	Mar. 31, 1931	Sofia	June 4, 1931
Budapest	July 23, 1931	Stockholm	July 30, 1931
Calcutta	Aug. 6, 1931	Swiss Bank	Jan. 22, 1931
Copenhagen	Nov. 12, 1930	Tokyo	Oct. 6, 1930
Danzig	Sept. 1, 1931	Vienna	July 22, 1931
Helsingfors	Aug. 26, 1930	Warsaw	Oct. 5, 1930
Kovno	Feb. 8, 1931	Irish	July 30, 1931
Lisbon	Aug. 8, 1931		
New York Federal Reserve	May 7, 1931		

Central Bank of Chile.—Discount rate for member banks, 9%; discount rate for the public, 10%.
 a 6% applied to banks and credit institutions.
 b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—						
	Sept. 3, 1931.	Aug. 5, 1931.	Aug. 12, 1931.	Aug. 19, 1931.	Aug. 26, 1931.	Sept. 2, 1931.
Call money	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Time money (90 days' mixed coll.)	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Bank acceptances:—						
Members—eligible, 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Non-mem.—eligible, 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Ineligible, 90 days	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Commercial accept. 90 days	5	5	5	5	5	5

Rates of Exchange, New York on—						
	Par Level.	Sept. 3, 1931.	Aug. 19, 1931.	Aug. 26, 1931.	Sept. 2, 1931.	
London						
60 days		4.86 1/2	4.81 1/2	4.81 1/2	4.81 1/2	
Cable		4.86 1/2	4.81 1/2	4.81 1/2	4.81 1/2	
Cheques		4.86 1/2	4.81 1/2	4.81 1/2	4.81 1/2	
Paris		124.21	123.78	123.97	123.97	
Brussels		35.00	34.84	34.85	34.85	
Switzerland		12.107	12.072	12.054	12.054	
Italy		20.43	20.39	20.4	20.4	
Berlin		18.159	18.16	18.15	18.15	
Vienna		34.58	34.42	34.45	34.45	
Madrid		25.22	25.04	24.96	24.96	
Amsterdam		35.00	34.84	34.85	34.85	
Copenhagen		18.159	18.16	18.15	18.15	
Oslo		18.159	18.16	18.15	18.15	
Stockholm		18.159	18.16	18.15	18.15	
Athens		67.3	67.3	67.3	67.3	
Montreal		47.62	47.62	47.62	47.62	
Tokyo		24.82	24.82	24.82	24.82	
Hong Kong		1/13 1/4	1/13 1/4	1/13 1/4	1/13 1/4	
Shanghai		2 1/4	2 1/4	2 1/4	2 1/4	
Calcutta		18	18	18	18	
Bombay		18	18	18	18	
Madras		18	18	18	18	
Buenos Aires		47.62	47.62	47.62	47.62	
Rio de Janeiro		18.70	18.70	18.70	18.70	
Valparaiso		40	40	40	40	

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Bar Value.	Usance.	Latest Rate.
Ecuador	Sucres to £	24.3325	Sight London	24.61
Venezuela	Bolivares to £	25.25	"	29.65
Colombia (Bogota)	Pesos to £	5	"	5.04
Nicaragua	Corobas to £	4.8665	"	4.96
Salvador	Colonos to £	9.73	"	9.92
Bolivia	Bolivianos to £	13.33	"	13.563

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

Union of South Africa.		Union of South Africa.	
From March 16, 1931.		From March 14, 1931.	
London on South Africa.		South Africa on London.	
Buying.	Selling.	Buying.	Selling.
T.T.	1 1/2% dis.	1 1/2% dis.	1 1/2% dis.
30 days	1 1/2% "	1 1/2% "	1 1/2% "
60 days	1 1/2% "	1 1/2% "	1 1/2% "
90 days	1 1/2% "	1 1/2% "	1 1/2% "
120 days	1 1/2% "	1 1/2% "	1 1/2% "

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

London on Australia and New Zealand.		Australia and New Zealand on London.	
Buying.		Buying.	
Selling.		Selling.	
T.T.		T.T.	
30 days		30 days	
60 days		60 days	
90 days		90 days	

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

Sterling purchased in India		During the week ending 1 to Aug. 29, 1931.	
Net transfer to Home Treasury.		From April 1 to Aug. 29, 1931.	
From paper currency reserve in England	1,677,000	16,215,704	
From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve	1,677,000	16,215,704	
Less sales of sterling	1,677,000	7,215,704	
Net remittance to Home Treasury	...	9,000,000	

BULLION.

The following statistics of imports and exports of gold for week ended September 3, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	To—	From—	To—
France	£ 4,619	Netherlands	£ 573,950
U.S.A.	2,320	Belgium	2,000
Brazil	3,770	France	30,010
British W. Africa	41,344	Switzerland	1,020,183
British S. Africa	899,793	Yugoslavia	1,710
British India	61,651	Egypt	12,000
Australia	96,300	Malta	2,000
New Zealand	13,611	Bombay	10,168
Canada	28,064	Other countries	850
British Guiana	2,377		
Other Countries	1,365		
Total declared value of imports	1,165,214	Total declared value of exports	1,651,681

GOLD MOVEMENTS.

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

1931.		1931.	
ARRIVALS.		WITHDRAWALS.	
Aug. 28 Bars bought	£ 1,327	Aug. 28 Bars sold	£ 5,255
" 29 " "	"	" 29 Bars for export	15,000
Sept. 1 Bars bought	25	" 29 Bars for export	2,000
" 2 Bars bought	248,100	Sept. 1 Bars sold	12,000
" 3 Bars bought	700,000	" 2 Bars sold	5,741
" 4 Bars bought	34,000	" 3 Bars for export	18,000
" 5 Bars bought	23,219	" 4 Bars sold	11,000
Total	1,006,671	Total	68,496
Net arrivals, 1931, 175.			

GOLD.

The Bank of England gold reserve against notes amounted to £133,341,133 on the 26th ult. (as compared with £133,559,785 on the previous Wednesday), and represents a decrease of £14,284,481.

since December 31, 1930. About £901,000 bar gold from South Africa, together with £76,000 from India and the Straits Settlements, was available in the open market yesterday. There was only a small demand from India and the trade, and £957,000 was taken by an "unknown buyer" at the fixed price of 84s. 10 1/2d. The Bank of England announced later in the day that it had purchased £248,100 bar gold, presumably part of the gold acquired by the "unknown buyer." Further, the bank announced the release of 700,000 sovereigns from "set aside," from which it would seem that the balance of the unknown buyer's purchase had indirectly found its way into the Bank of England holding. Movements of gold at the Bank of England during the week resulted in a net influx of £991,956. Receipts totalled £1,077,452, which includes the above-mentioned items, and also £94,000 in sovereigns from Australia, whilst withdrawals consisted of £75,000 in sovereigns taken for export and £10,496 in bar gold.

SILVER.

Quotations have moved within narrow limits during the past week and business has not been upon an extensive scale. Indian bear covering orders have again been a feature, but have mostly been limited as to price, whilst sellers have shown no disposition to press supplies upon the market. China has been inclined to offer the metal and moderate sales have been effected on American account. At to-day's quotations, 12 1/2d. for both cash and forward deliveries, the market is quiet but the tone uncertain. In our last letter we compared figures issued by the American Bureau of Metal Statistics relating to the world production of silver during the first six months of this year and last year. It may be as well to point out that these figures apply only to the important silver-producing countries, namely, U.S.A., Canada, Mexico, Peru, Australia and Burma, which produced about 87 per cent. of the world's production in 1930. The total figures of the world's production for the first half of 1930 and 1931 would be about 124,000,000 and 99,000,000 fine ounces respectively, which would confirm the drop of 20 per cent. indicated by the American Bureau of Metal Statistics.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 24th ult. to mid-day on the 31st ult.:

IMPORTS.		EXPORTS.	
	£		£
U.S.A.	26,659	Latvia	35,030
Mexico	52,531	Other countries	22,377
Other countries	11,976		
	91,166		57,407

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Aug. 22.	Aug. 15.	Aug. 7.
Notes in circulation	15,578	15,652	15,621
Silver coin and bullion in India	13,299	13,286	13,257
Silver coin and bullion out of India	1,498	1,631	1,678
Gold coin and bullion in India	...	...	...
Gold coin and bullion out of India	781	735	686
Securities (Indian Government)	...	...	...
Securities (British Government)	...	...	...

The stocks in Shanghai on the 29th ult. consisted of about 72,400,000 ounces in sycee, 173,000,000 dollars and 620 silver bars, as compared with about 73,800,000 ounces in sycee, 171,000,000 dollars and 780 silver bars on the 22nd ult.

Statistics for the month of August last are appended:—
 BAR SILVER per oz. std. BAR GOLD. Per oz. fine.
 Cash delivery. Two Mos. delivery. 13 1/2d. 84s. 11 1/2d.
 Highest price..... 13 1/2d. 12 1/2d. 84s. 9 1/2d.
 Lowest price..... 12 1/2d. 12 1/2d. 84s. 11 1/2d.
 Average price..... 12 1/2d. 12 1/2d. 84s. 11 1/2d.

GOLD AND SILVER PRICES.

	Gold Per Ounce.		Silver—Per Ounce.		Date.
--	-----------------	--	-------------------	--	-------

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ended.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.						Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.	
					Prefee.	Ordinary.						
						Amount	Amount.					Rate.
Banks.		£	£	£	£	£	%	£	£	£	%	
Commercial Bank of Aus- tralia	June 30	95,549	308,449	403,998	84,694	220,569	11½	33,399	65,336	389,841	15	
Motor and Cycle.												
Halley Motors.....	Mar. 31	Dr. 14,565	Dr. 11,068	Dr. 25,633	...	...	...	...	Dr. 25,633	Dr. 12,748	...	
Rubber, &c.												
Sablas (North Borneo) Rub'r	Apr. 30	476	Dr. 13,323	Dr. 12,847	...	...	...	...	Dr. 12,847	Dr. 3,997	...	
Textiles.												
Leigh Mills Co.	July 31	900	8,455	9,355	1,259	6,254	2½	211	1,631	Dr. 15,247	...	
Wardle and Davenport ...	June 30	36,525	35,272	71,797	3,300	27,600	8½	5,000	35,897	41,062	10½	
Other Companies.												
Constable, Hart and Co. ...	June 30	30,999	51,825	82,824	...	31,225	15	20,500	31,099	57,406	15	
Eastwoods Cement.....	Mar. 31	8,291	17,587	25,878	...	12,000	6	5,650	8,228	24,634	7½	
Eastwoods Flettons	Mar. 31	2,643	20,724	23,367	...	12,320	7	6,500	4,547	9,436	4	
Eastwoods, Ltd.,	Mar. 31	10,252	58,825	69,077	10,500	30,000	10	17,500	11,077	68,240	12½	
Ketton Portland Cement ...	June 30	2,993	21,150	24,143	5,812	3,875	2½	10,500	3,956	10,997	Nil	
Singer and Company	July 31	87,258	42,792	130,050	28,323	...	...	31,463	70,264	144,266	(a)	
United Indigo and Chemical	June 30	15,653	5,491	21,144	7,500	...	...	Dr. 1,000	14,644	11,950	5	

† Free of income tax.

(a) Ordinary dividend of one preference share for every seven ordinary shares.

Commercial Reports.

MARKET SUMMARY.

A review of the price movements of the principal commodities during the past week reveals an easier tendency in most markets. There are no signs of an early upward movement. There has been no improvement in the situation of the coal trade, but the hope is entertained that the International Conference of European colliery owners, which at the initiative of the British Central Council, created under last year's Coal Mines Act, is to be held in London this month, will lead to an amelioration in the situation. Transactions in iron and steel, which normally show an increase at this time of the year, continue at a low level. Among non-ferrous metals, tin has again been firm, and while copper has also been steadier, lead and spelter were cheaper. In textile raw materials, cotton, wool, hemp and jute have been easier, and no improvement is reported in the trade in manufactured goods. The depression in the jute industry is well illustrated by the fact that although this year's crop has been estimated at only about one-half of that of last year, prices have not materially recovered. Among cereals, wheat has again shown a downward tendency, but barley, oats and maize are scarcely changed on the week. Among miscellaneous commodities, the outstanding feature is the sharp break in the price of hides. Rubber has declined further, and, in the absence of an improvement in demand, vegetable oils and oilseeds failed to recover.

THE COAL TRADE.

SHEFFIELD.—A good demand for best steams, both for export and home consumption, has become noticeable, and the prices are firm at 17s. 3d. and 17s. 6d. f.o.b. Otherwise, export trade is rather weaker than stronger. Small are in excessive supply. The demand for coal for industry remains sluggish, and a good many users are not taking the full deliveries provided in the contracts. House coal has advanced 2s. per ton from Tuesday. Sales of small fuel were brisk preceding the rise, but have now fallen off. Best ordinary house coal is quoted at 20s. to 22s. at pits. Furnace coke is in poor request with excessive supplies, and some orders have been taken as low as 9s. 6d. per ton at ovens.

GLASGOW.—The dispute between the owners and the colliery and boilermen's association has reached a critical stage. The result of the ballot which the association has taken among their members for acceptance or rejection of the wage reductions imposed a fortnight ago was not known at time of writing, but unofficially it is stated that it will show a large majority of rejection. There is still the hope, however, that the drastic step of a stoppage will be averted. The trade position has shown no great change during the week. Business is perhaps a little better, and the collieries are quoting slightly firmer prices in a number of instances. Washed double nuts are a strong spot. London is still taking an interest in the market for nuts. Shipping prices are approximately as follows (f.o.b. district ports): LANARKSHIRE.—EK best, 14s. 3d.; splint best, 15s. 9d.; splint second, 14s. 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles,

12s. 6d.-13s.; doubles, 12s.-12s. 6d.; singles, 10s.; pearls, 9s. 3d.-9s. 6d.; dross, 9s. FIFE.—Screened navigation, 17s.; first-class steam, 12s. 3d.; third-class steam, 10s. 9d.; trebles, 12s.-13s. 6d.; doubles, 12s. 6d.; singles, 10s. 6d.; pearls, 9s. 6d. LOTHIANS.—Prime steam, 10s. 9d.-11s.; secondary steam, 10s. 6d.; trebles, 12s. 6d.; doubles, 12s. 6d.; singles, 10s.; pearls, 9s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 12s. 6d.; doubles, 12s.; singles, 9s. 3d.; pearls, 9s. 3d.; dross, 9s.

CARDIFF.—There has been no improvement this week in the state of business on the Cardiff coal market. Inquiries have been very scarce, and collieries have been almost entirely dependent on their contract engagements. The agreement by which France undertook to suspend the operation of the licensing decree during the month of August has now expired, and it is feared that shipments to France during the present month will consequently decline. The hope is entertained, however, that the International Conference of European colliery owners, which at the initiative of the British Central Council created under last year's Coal Mines Act is to be held in London this month, will lead to some amelioration of the competitive position in the European markets. The joint audit for the South Wales coalfield for the three months ended July shows a debit balance of £32,106, equivalent to 82d. per ton compared with a profit of £44,189, or 2.32d. per ton, in the previous month. In these ascertainties, however, certain charges, including interest on overdrafts, &c., are inadmissible, and these are estimated to amount to between 8d. and 9d. per ton. The output in the three months ended July was 9.3 million tons compared with 9½ million tons the previous month; the average pithead proceeds declined from 13/9-25 to 13/8-99, while the cost of production increased from 13/6-93 to 13/9-81. The average wage per man shift worked was 8/11-14 compared with 9/0-53. Current market prices have ruled at the minimum schedule basis for practically all grades, but the trade is awaiting with considerable interest the result of the arbitration on the claim of one of the principal groups of collieries for a reclassification of its coals. The following are the current approximate quotations: Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drys, 18s. 6d. to 18s. 9d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; cargo smalls, 11s. 6d. to 12s. 6d.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s.; foundry coke, 30s. to 36s. 6d.; patent fuel, 18s. 6d. to 20s.; pitwood, 2s. ship, 27s. to 27s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—Demand does not improve in connection with Cleveland iron and the volume of trade passing continues exceedingly light. Local consumers are only covering their requirements from hand to mouth and continue to use important quantities of inland iron which they are able to buy on much cheaper terms than Cleveland. Trade with Scotch consumers is considerably restricted owing to the keen competition of Continental and Northamptonshire iron, and export business has become almost negligible. Altogether the position is distinctly discouraging and there are no prospects of immediate improvement. Local makers how no disposition to meet the situation by reducing

prices, which they say would entail a loss. The only alternative therefore is to reduce production, which, it is expected, will be done very shortly unless outside competition is relaxed. Only a very small business was reported at Tuesday's weekly market and official prices were again unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t. In hematite the business coming forward consists of small lots for early delivery, it being almost impossible to tempt buyers to enter into forward purchases of any importance. There are now only four furnaces producing on the Tees, and yet some additions to stocks have been made recently, although not of large extent. It is expected, however, that the current make will be eventually absorbed as the home demand seems to be broadening and production on the West Coast is being reduced. Makers are keen to secure prompt orders and have recently accepted 60s. 6d. for mixed numbers, and this is now considered the market figure for early delivery, but up to 61s. is quoted a few months ahead. In the finished trades the only branch that is busy is that engaged on structural work, all other departments being only partially employed. No new orders of importance have been secured recently and the position is causing anxiety. Prices are generally unchanged. There is no business doing in ore. The price of best Bilbao rubio remains nominally 14s. 6d. c.i.f. for early delivery, the current freight Bilbao-Middlesbrough being about 4s. 3d. Imports of all kinds of ore into Middlesbrough during August totalled 46,958 tons, against 67,563 tons in July and 68,385 tons in June. Coke continues in full supply and is freely offered at 5s. per ton delivered works for early delivery. A trifle less has been accepted in some cases. The furnace of ferro-manganese at Minsdale Works is going out in a day or two, which will reduce the total in blast in the district to 19.

SHEFFIELD.—The dull conditions which have prevailed since the beginning of the year continue and in the heavy branches the depression is exceptionally severe. The local output of steel ingots and castings in the seven months of the present year amounted to 45,300 tons, comparing with 637,800 tons in the corresponding period of 1930. Business in ferro-alloys continues to fall off, causing irregularity in prices, many parcels being offered at severely cut rates. This condition indicates that the call for tool and other alloy steels is poor. One firm, however, has booked an order from Russia for stainless steel of the value of £20,000, and other orders of similar steel from the same source are under consideration. The chief characteristic of local industry to-day is the preponderance of extremely small orders accompanied by requests for immediate delivery. Users have adopted the policy of holding back orders as long as possible owing to the prevailing money stringency. Firms complain that they are now trading under retail conditions but at wholesale profits. The tone of business men is rather less pessimistic and there are a few instances of increased order books.

GLASGOW.—There are no signs of improvement this week, and in the West of Scotland business is exceedingly poor. In no branch of the iron and steel industries does there seem prospects of an immediate revival. There is still only one blastfurnace in blast, and the demand for Scotch pig iron is poor. At the steel plants the situation is much the same as during recent months, orders coming in being sufficient to keep plants employed only at far below output in capacity and making short-time working a necessity at every establishment. There is little business being done in semis, and in this branch the competition from the Continent is severe, prices quoted during the present week showing further reductions. In the sheet trade work is being fairly well maintained. There are numerous inquiries on the market, but the tonnage placed during the present week is rather less than for some weeks past. Prices are keenly cut. At the tube works the position is unchanged. There is no increase in the demand for bar iron or re-rolled steel bars.

CARDIFF.—Conditions in the tinplate trade show little improvement, although at the meeting of the Swansea Metal Exchange on Tuesday the undertone was a shade firmer. It is estimated that the current average price of between 13s. 3d. and 13s. 6d. per box involves a loss of about 9d. per ton, and that it is only the protection of long-period contracts that is saving most manufacturers from heavy deficiencies on their total output. Welsh steel bars are unchanged at £4 12s. 6d. per ton, but foreign bars are being imported in increased quantities as a result of further price reductions. Galvanised sheets are easier at from £3 17s. 6d. to £9 per ton.

OTHER METALS.

TIN.—Following the sharp rise in prices as a consequence of the stricter control of output and the formation of an international tin pool, the market has been quieter, but quotations only slightly receded from the high level reached early this week. According to the London Metal Exchange, the world's visible stocks of tin, including the "carry-over in Straits," at the end of August, at 56,781 tons, shows a decrease of 1,538 tons. Wednesday's official closing quotations for "standard" cash at £118 5s. to £118 7s. 6d. closing quotations for "standard" cash at £119 12s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,591 tons, show an increase of 1 ton on the week.

COFFEE.—This metal has again been dull, and, in the absence of an improvement in demand, prices failed to improve. Wednesday's official closing price for "standard cash" in London, at £32 16s. 3d. to £32 17s. 6d., compares with £32 8s. 9d. to £32 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 22,462 tons, show an increase of 138 tons, while stocks of rough copper, at 1,200 tons, were 50 tons larger.

LEAD.—Whereas a week ago prices were kept up by the reserve of sellers, more liberal offerings during this week caused a setback in

quotations, which, however, acted as a stimulus to buying. Wednesday's official closing quotation for "soft foreign" in London, at £11 1s. 3d. to £11 5s., compares with £11 8s. 9d. to £12 3s. 9d. on the corresponding day last week.

SPELTER.—Although this metal was not offered in large quantities, the demand was too small to prevent a further fall in prices. Wednesday's official closing quotation in London for "good ordinary brands," at £11 8s. 9d. to £12, compares with £11 15s. to £12 6s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. The unsatisfactory demand for antimony resulted in a further decline in quotations from £22 10s.-£23 per ton for "foreign" to £22 10s.-£22 15s., and "spot" quicksilver was again reduced from £16 1s.-£16 2s. 6d. to £16 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Spot sales for the week August 27th to September 2nd (inclusive) are 29,000 bales, of which 10,060 bales are American, 900 Brazilian, 1,400 Argentine, 2,900 Peruvian, 7,200 Egyptian, 3,750 African, 1,200 East Indian, 350 Russian, and 240 sundries. Imports for the same period are 11,145 bales, of which 2,784 bales are American, 356 Brazilian, 3,466 Argentine, 621 Peruvian, 195 African, 4,182 East Indian, and 541 sundries. Quotations, September 2nd: American Middling, 3-66; Egyptian Fully Good Fair Sakel, 5-65; F.O.F. Uppers, 4-60; Brazilian Fair, 3-71; Peru Good Fair Smooth, 4-01; West African Middling, 3-71, and East African Good Fair, 4-71.

Manchester.—The demand for cotton piece-goods for all markets has continued of retail extent. Some sellers have reported a fair amount of price testing, but sales have been few and far between. Most traders are quite content to mark time and purchase only the barest of requirements, and this attitude is likely to be followed out pending the publication of the next American crop report to be issued on Tuesday, September 8th. China has booked further orders in fancies, but this business is now smaller. Only a scrappy sort of trade has been done for India, chiefly in light bleaching fabrics and fancies. There have been no indications of any revival of demand in dhooties. Buyers for the smaller outlets have purchased from hand to mouth. There has been no change in the position of spinners. The bulk of the American mills are, of course, closed down this week on account of the annual Oldham holidays. Quotations have been a little steadier. Egyptian numbers have been purchased rather more freely, but individual sales have been of small extent. Users do not appear to be afraid of any price advance.

Cotton Prices.

	1931.				Corresponding Date.	
	Aug. 12.	Aug. 19.	Aug. 26.	Sept. 2.	1929.	1930.
Raw Cotton—Mid. American	3-68	3-64	3-81	3-66	10-32	6-40
" Sakelardis Fully Good Fair	5-75	5-50	5-84	5-65	17-50	10-20
" Egyptian	7½	7½	7½	7½	15½	10½
Yarns—32's twist	8½	8½	8½	8½	16	11
" 40's twist	13½	13½	13½	13½	26½	19
" 60's twist (Egyptian)	15 10½	15 9	15 9	15 9	25 3	20 0
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	17 9	17 7½	17 6	17 6	28 6	22 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	10 0	9 10	9 10	9 10	15 4½	12 4½
38-in. ditto, 58 yds., 16 by 16, 10 lb.	8 10	8 9	8 9	8 9	13 9	11 1½
39-in. ditto, 57½ yds., 16 by 16, 8½ lb.						

THE WOOL TRADE.—Bradford.—According to our correspondent, the trade awaited with considerable interest the opening results of a new selling season which took place at Sydney last Monday. There is a four days' series of sales this week, and another next week, followed by Brisbane on September 14-17, when 50,000 bales will be available. The Sydney results, indicating a decline of 5 to 7½ per cent. on the best fleece wool and average classes 7½ to 10 per cent.

BARCLAYS BANK (FRANCE) LTD.

Chief Office:
33, RUE DU QUATRE SEPTEMBRE, PARIS.

BARCLAYS BANK S.A.I.
ROME, GENOA.

*Affiliated to

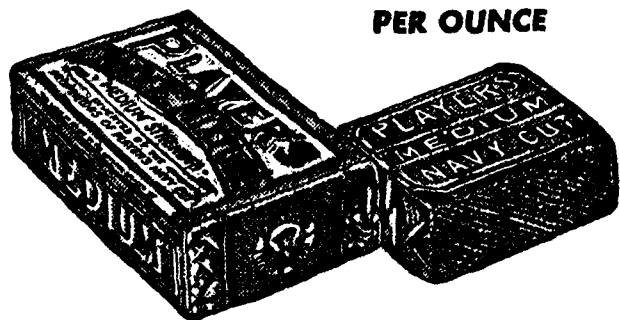
BARCLAYS BANK LIMITED
54, LOMBARD STREET, LONDON, E.C.3.

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

In the calm contemplation of a pipe of good tobacco new hopes are born and life's little problems are viewed in their true perspective.

1/0^{1D.}₂
PER OUNCE



N.C.T. 2.

ECONOMY PLANS AND MARKET PROSPECTS.

THE SINGER REPORT.

HAWTHORN LESLIE.

COSACH LAUTARO POSITION.

SURPLUS RUBBER PROBLEMS.

THE TIN SITUATION.

A STOCKBROKER'S NOTEBOOK

By AUSTIN FRIARS.

SEE

The

Investors' Chronicle

and
Money Market Review

THIS WEEK.

The Investors' Chronicle may be obtained at all bookstalls and newsagents throughout the country, price 6d., or from

The Publisher:

"THE INVESTORS' CHRONICLE"
20 BISHOPSGATE, LONDON, E.C.2.

compared with the last sale in June, is not too good, and, generally speaking, the home trade feels a little disappointed at the results. Bradford especially expected no decline on average to good wools, but apparently there was little activity on Continental account, Japan and the home trade being the chief buyers. The bulk of the cables give the cost of warp 64's tops at 22½d., average 64's 21½d., or a full 1d. less than what was generally expected. This has led Bradford topmakers to sell forward at a fraction less, and the fact that there are considerable withdrawals indicates clearly that there is far too little buying power on the market to lift faulty, burry carbonising wools. These look like being a drag all through the season. The new clip is reported to be very well grown, very shaggy and sound, but a large proportion is expected to be rather waxy and burry, and it will be these wools that will suffer most. Sydney results do not augur too well for the forthcoming London sale, which opens on September 15. The quantity available will be announced next week, when very adequate supplies are expected. In consuming centres there is only a hand-to-mouth business passing in tops, and prices are barely steady. It will have to be a very good warp 64's top to fetch more than 22d., and it is possible to buy average tops at 21d. for November delivery.

THE JUTE TRADE.—Dundee.—The final forecast of the jute crop for season 1931-1932 has estimated the small crop of 5,550,000 bales, from a revised acreage of 1,858,000 acres, but, though this quantity is only about half of the output of last season, little or no impression has been made on the markets. It has been known for some time that a huge reduction on last season's crop would result, and the position had already been pretty well discounted. Sellers of the fibre had raised their prices, but there is again a disposition to bring them down again. Consuming interest is so small that the raw material market is receiving little support. With a large carry-over of old crop material, there is no fear of any scarcity, so long as trade remains in its present dull state. Improvement seems to be as far off as ever, and production continues to be curtailed to a very great extent, estimated at about fifty per cent. of normal throughout the world. In addition to the carry-over of unsold old crop fibre, there are huge stocks in the hands of consumers. It is estimated that the Indian Mills are carrying five million bales, and consuming centres outside of India 1,500,000 bales. Had the jute grown paid no heed to the propaganda which was circulated amongst them, to grow less jute this season, there would probably have been a decided drop in values. Good First Marks now rule from £18 10s. and Lightnings from £16 15s., August-September, while Daisee assortment is quoted at from £15 5s., and Tossa assortment from £16 15s., October-November. Spinners are showing little or no interest at these rates, which mean nothing but a loss at the return obtainable for yarns and cloth. Jute yarns are very quiet, but spinners have tried to enforce the payment of higher terms for hessian descriptions by quoting 1s. 10½d. lowest for common 8 lb. cops, and 1s. 11½d. for 8 lb. spools, but buyers are refusing to pay more than the recently accepted rates of 1s. 10d. and 1s. 11d. respectively. Other yarns are about unchanged all round. Twist is offered at from 3½d. to 3½d. for 3-ply 8 lb., and sacking yarns are nominal at from 2½d. to 2½d. for 24-lb. welt, and 3½d. for 8-lb. chains. Rove is being sold in small quantities at £18 10s. for 48 lb. and £15 10s. for 200 lb. Fine yarns are very quiet, and carpet qualities, after being sold fairly largely recently, are again slow. Only small quantities of cloth are being bought, buyers have apparently no wish to go forward for supplies. Prices continue unchanged at from 2½d. for 10½ oz. 40 in., and 1½d. for 8 oz., which are the very lowest rates that manufacturers will entertain. Linoleum Hessians and heavy goods are quiet. The Calcutta goods market is easier, after being dearer in sympathy with an advance in raw jute values. Closing rates are 17s. for 10 oz. 40 in. and 13s. 9d. for 8 oz., September, and 17s. 6d. and 14s. 2d. for January-March.

THE GRAIN MARKETS.

WHEAT.—The situation in the principal wheat markets has been steadily deteriorating during the past week. Supply has been far in excess of current demand and prices consequently sagged. The principal factors making for a decline, apart from the heavy visible supply, are the large Russian shipments and reports of an improvement in the European crops because of more favourable weather. In view of these immediate factors, the news of a reduction in acreage in the Argentine and in the United States had little influence on the markets. According to the Washington Department of Agriculture, present planting intentions indicate a decrease in acreage of about 12 per cent. It also appears that the Russian crop has recently suffered from unfavourable climatic conditions, but large shipments and further heavy chartering have had an adverse influence. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 24s. 9d. per 496 lbs., as compared with 25s. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 23s. 3d., against 23s. 9d.; No. 3 Northern Manitoba, Atlantic, ex ship, 21s. 9d., against 22s.; Rosafé, ex ship, 19s., against 19s. 9d.; Australian, ex ship, 20s. to 22s. 6d., against 20s. to 22s. 6d. a week ago.

WHEAT FLOUR.—In sympathy with wheat, flour has been dull during the past week. North American shipments, at 192,000 sacks, show an increase of 33,000 sacks as compared with the previous week. Of this total, 95,000 sacks were consigned to Europe. Quotations: Straight run, delivered country, 21s. per sack of 280 lbs., as compared with 21s. last week; delivered London, 20s., against 20s. Manitoba patents, ex store, 20s. 6d. to 24s., against 20s. 6d. to 24s., and Australian, ex store, 16s. 6d., against 16s. 3d. to 16s. 9d. a week ago.

BARLEY.—The trade in barley has been quiet, but quotations have generally been maintained, and it appears that buyers hold off the market in the hope of lower prices when Russian and

Danubian shipments become larger. Quotations: "English feeding," f.o.b., per 448 lbs., 20s. to 22s., as compared with 20s. to 22s.; Californian "new" sold at from 34s. to 50s., as compared with 34s. to 50s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—The recent improvement in the price of oats has been maintained. World shipments are not excessive at the moment, and consumption in this country has shown a slight expansion. Quotations: "River Plate," landed, 13s. 6d. per 320 lbs., as compared with 13s. 3d. last week; "River Plate," ex ship, 11s. 9d. to 12s. 9d., against 13s.; "Chilean Tawny," landed, 13s. 9d. against 13s. 9d.; English white, per 336 lbs., 20s., against 20s. a week ago.

MAIZE.—The demand for maize has recently shown a slight decrease, but as the volume of shipments from Argentina has also been reduced, prices have been maintained. Quotations: "Plate," landed, 15s. 9d. per 480 lbs., as compared with 15s. 9d. last week; Plate, August-September, new, 14s. 6d., as against 14s. 6d. Yellow maize meal, ex wharf, was quoted £4 15s. per ton, against £4 15s. a week ago.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Sept. 5, 1930.	Jan. 2, 1931.	Aug. 19, 1931.	Aug. 26, 1931.	Sept. 2, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	83½	56½	55½	55½	52½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	82½	79½	48½	47½	45½

The visible supply of wheat in Canada, at 50,954,000 bushels, shows a decrease on the week of 3,419,000 bushels. Supplies a year ago stood at 50,372,000 bushels.

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

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to August 29	Owts. 21,500	Owts. 103,890	Owts. 137,370	Owts. 80,132
52 weeks to August 29	4,974,715	9,808,016	9,967,256	11,184,664
Average price of English wheat per cwt.	s. d. 6 3	s. d. 8 3	s. d. 10 11	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Aug. 22, 1931.....	Owts. 24,780	Owts. 935	Owts. 7,450	s. d. 6 4	s. d. 8 5	s. d. 6 2
Aug. 29, 1931.....	21,500	2,625	8,751	6 3	9 2	6 3
Aug. 27, 1927.....	54,327	14,785	22,289	12 5	13 6	9 10
Sept. 1, 1928.....	92,404	20,912	67,341	9 5	12 1	9 3
Aug. 31, 1929.....	137,370	44,697	57,057	10 11	10 1	8 4
Aug. 30, 1930.....	103,890	8,360	29,296	8 3	7 3	6 2

OTHER FOODS.

SUGAR.—The turnover in raw sugar is still dwindling, thus causing further weakness in prices. So far, there is no indication of an early revival in buying. Wednesday's sales of "raws" include "December delivery" at 5s. 7½d. to 5s. 8½d. per cwt., against 5s. 9½d. to 5s. 10½d., and "March," 1932, at 5s. 11d. to 5s. 11½d., against 5s. 9½d. to 5s. 11d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London ...	43	300	946	2,627	25,214	24,878
Liverpool ...	8,191	14,009	14,271	15,235	69,093	103,777
Total ...	8,234	14,309	15,217	17,862	94,307	128,655
Last week	11,898	19,410	14,069	19,286	101,290	132,208

COFFEE.—At this week's auctions demand was quiet, except for superior qualities, which realised satisfactory prices. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 57 bags; exported, nil; stocks, 1,790 bags, against 1,133 bags last year. Central American, landed, 793 packages; delivered for home consumption, 1,939; exported, 819; stocks, 94,478 packages, against 76,630 a year ago. Other kinds, landed, 806 packages; delivered for home consumption, 2,476; exported, 475; stocks, 75,122 packages, against 82,987 a year ago.

COCOA.—The market in cocoa has slightly been steadier this week, but the demand was not large enough to cause an improvement in prices. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, November-January, at 21s. 6d. per cwt. f.o.b. London contract, shows a fall of 6d. Last week's movements of cocoa in London were as follows: Landed, 674 bags; delivered for home consumption, 5,751 bags; exported, 1,785 bags; stocks, 212,236 bags, against 217,214 last year.

TEA.—The quantities catalogued for this week's auction comprised 58,465 packages of Indian, 28,633 packages of Ceylon, and 11,718 packages of Java and Sumatra tea. Teas of good quality have again been firm at this week's auctions, but while common varieties were also steadier, medium teas were irregular. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.

Week ending	N rthe n India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyassa-land.	Total.
Aug. 28, 1930	s. d. 1 3-55	s. d. 0 11-33	s. d. 1 4-82	s. d. 0 9-66	s. d. 0 10-44	s. d. 0 9-00	s. d. 1 2-87
Aug. 6, 1931	Holiday.						
Aug. 13, "	0 9-46	0 7-45	1 1-50	0 6-39	0 6-53	0 7-12	0 10-64
Aug. 20, "	1 0-14	0 7-46	1 2-33	0 6-32	0 6-38	0 6-11	0 11-68
Aug. 27, "	1 2-97	0 7-84	1 2-73	0 6-46	0 6-45	0 4-89	1 1-16

RICE.—The market in rice has again been steady, and prices have been maintained at the higher level recently reached as a result of unfavourable crop reports. Wednesday's quotation for Burma No. 2, cleaned, September-October, in singles to the Continent and to the United Kingdom, at 8s. 4½d. per cwt., shows a rise of 1½d. as compared with last week. Movements in London during the past week were as follows: Landed, 2 tons; delivered, 46 tons; stocks, 939 tons, as against 1,782 tons last year.

POTATOES.—A further reduction took place in the price of potatoes in view of the large quantities of the new crop now coming on the market. At the Borough Market, "Best King Edward" sold at from 5s. 6d. to 6s. 6d. per cwt., as compared with 6s. to 7s. a week ago.

SPICES.—The spot pepper market has again been quiet and prices remained at the lower level to which they had fallen last week. Wednesday's quotation for "Black Singapore," at 5½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 15 tons; delivered, 13 tons; stocks, 573 tons, against 854 tons last year. White, landed, 32 tons; delivered, 35 tons; stocks, 512 tons, against 371 tons a year ago.

MEAT.—The market in meat has been steady, and, while beef was slightly cheaper, both mutton and pork advanced in price. Wednesday, Argentine beef (chilled, hindquarters) was sold at 4s. 10d. to 5s. 2d. per 8 lbs., against 4s. 10d. to 5s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 8d. to 4s. 6d., as against 3s. 6d. to 4s. 4d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,050 tons, as compared with 7,402 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.4 per cent. of the supplies, as against 82.1 per cent. a year ago; and imported mutton, mainly New Zealand, formed 77.7 per cent. of the total supply, as against 79.5 per cent. past year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Unsettled and depressing conditions have again ruled and very little trading has been done. The only cheering item is an improved demand for oilcakes, which may stimulate the purchase of seed. Linseed has again touched a very low figure, the lowest for thirty years or more, contributed to by the heavy supplies pressing for buyers and the increased area and promising outlook for the new Argentine crop. Old crop on spot and shipment to October has declined to £7 15s.; while new crop, January-February shipment, is quoted even below this. The quantity of linseed afloat for Europe is 157,300 tons, or practically the same as last week, and compares with 105,000 tons a year ago. Cottonseed, after a period of firmness on higher Alexandrian advices, is not so steady, current value of black Egyptian (old crop) being £5 or under, and new crop, September and October loadings, £5 2s. 6d. Demand, however, is negligible. Vegetable oils generally are quiet, although a fair trade is reported in linseed oil at the lower



ESTABLISHED at the most important commercial centres in South America and Portugal, the Bank of London & South America Ltd. is particularly well equipped to carry out modern banking business of every description.

ARGENTINA—BRAZIL—COLOMBIA
CHILE—PARAGUAY—URUGUAY
PORTUGAL.

**BANK OF LONDON
& SOUTH AMERICA
LIMITED**

6, 7 & 8, TOKENHOUSE YARD, LONDON, E.C.2

MANCHESTER:
36, Charlotte St.

Affiliated to
Lloyds Bank Ltd.

BRADFORD:
33, Huestlegate.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Lard bladders—				English Southdown, washed				Best heavy ox and heifer			
GRAIN, &c.—				American, boxes, 56 lbs.	42	0	66	0	11	1	1	Best cow	0	4	0
Wheat, No. 2, N. Man. 496 lb.	23	d.	3	POTATOES—				Lincoln hog, per lb.	20			Best calf	0	3	0
Eng. Gaz. av., per cwt.	6	3		Good English, per cwt.	5	6	6	Queensland, scd, super emig.	11			INDIGO—			
Barley, Eng. Gaz. av.	9	2		SPICES—				N.S.W. greasy, super	11			Bengal gd. red-vio, to	5	6	6
Oats, "	6	3		Pepper, per lb.				N.Z., grey, half-hred 50-56	8			fine—per lb.			
Maize, La Plata, landed, 480 lb.	15	9		Muntok, fair White	0	8	0	Crossbred 40-44	6			LEATHER—			
Floor, Lon. stan. ex mill, a. d.	18	0	0	Black Lampong	0	5	0	Merino 70's	24			Sole Bonds 8/14 lb.	1	1	2
280 lb., "	18	9	0	Cinamon—lat sort, per lb.	0	7	0	" 64's	22			per lb.	2	3	0
Rice, No. 2 Burma, per cwt.	8	4	0	Cloves—Zanzibar per lb.	0	8	0	Crossbred 48's	10			Dark Tanned Sole	0	5	0
Sago, Pearl, per cwt.	16	6		Ginger—per cwt.	0	8	0	" 46's	9			Shoulders fm DS Hides	0	5	0
Tapoca, per cwt.	17	6	0	African	25	0	0					Do. Eng. or WS do	0	8	0
E.I. flake, fair spot	17	6	0	Jamaica, ord. to good	40	0	80					Bellies from DS do	0	4	0
Medium pearl	20	0	0	Mace	0	9	1					Do. Eng. or WS do	0	6	0
MEAT—				Nutmeg 65s	1	3	0					Do. "	0	1	1
Beef, per 8 lbs.				SUGAR—								Dressing Hides	1	1	3
English long sides	4	8	5	(Duty, 11s. 8d. per cwt.)	18	0	21					Ro. Eng. Calif, 20/30 lb.	2	6	3
Argentine chilled hinds	4	10	5	B.W.I., crystallised	0	7	2					Aust. Bonds	0	11	1
Mutton, per 8 lbs.				Java, white, c. & f. India	7	7	0					VEGETABLE OILS—			
English wethers	5	8	7	October-December	7	7	0					Linseed, naked, p. ton net	13	10	0
N.Z. frozen	3	8	4	REFINED—London—								Rape, refined	24	0	0
Pork, English, per 8 lbs.	5	4	6	Yellow Crystals	18	10	0					Cotton-seed, crude	18	0	0
OTHER FOODS.				Cubes	23	3	23					Coconut, crude	18	0	0
BACON—				Crushed	21	9	2					Palm	14	5	0
Irish	68	0	86	Granulated	19	6	20					Oil Cakes, Linseed, Eng.	7	0	0
Danish	68	0	70	Home Grown (June)	18	9	19					per ton	7	0	0
Dutch	57	0	51	TEA—								Oil Seeds—Linseed—			
HAMS—Irish	0	0	0	Indian—per lb.	0	5	1					La Plata, p. ton	7	17	6
Canadian	0	0	0	Pekoe	0	5	1					August-September	7	17	6
American	82	6	92	Broken Pekoe	0	4	3					Calcutta—per ton	9	15	0
BUTTER—				Orange Pekoe	0	5	1					Turpentine, per cwt.	47	0	0
Irish creamery per cwt.	0	0	0	Broken Orange Pekoe	0	5	5					MOTOR PRODUCTS—			
Australian	106	0	109	Ceylon—per lb.	0	5	2					Motor spirit, No. 1, Lon-	1	1	1
New Zealand	108	0	112	Pekoe	0	5	2					don	1	1	1
Danish	123	0	124	Broken Pekoe	0	5	2					Petroleum, Amer. ref.	0	9	1
CHEESE—				Orange Pekoe	0	7	2					brl.	0	9	1
Canadian	66	0	70	Broken Orange	0	7	3					Fuel oil, in bulk, for			
New Zealand	62	0	64	TOBACCO—								contracts, ex instal.,			
English Cheddars	55	0	80	(Duty 8/10-9/10 per lb.)								Thames			
Dutch	54	0	60	Empire growths, 6/9½								Purchase ... per ton	60	0	
COCOA—				7/6½ (per lb.)								Lubricating oil ex store,	67	6	
(Duty, British grown,				Virginia leaf	0	6	2					London—per ton	9	10	0
11s. 8d.; foreign, 14s. cwt.)				Common to fine	0	6	2					Pale	9	10	0
Accra, f.f., per cwt.	21	0	26	Rhodan leaf	0	8	1					Redia	10	7	6
Trinidad	37	0	44	Nyasaland leaf	0	9	1					Cylinder	9	17	6
Grenada	26	0	36	strips	0	9	1					ROBIN—			
COFFEE—				East Indian leaf	0	4	0					American	9	10	0
(Duty, British grown,				strips	0	5	1					St. ribbed smoked sheet	0	2	0
11s. 8d.; foreign, 14s. cwt.)				COTTON—TEXTILES								Pine Hard Para per lb.	0	3	0
Accra, f.f., per cwt.	21	0	26	Mid-American	3	66						per lb.	0	3	0
Trinidad	37	0	44	Sakeladika, f.f.	5	65						SHIELAC—			
Grenada	26	0	36	Yarns, 32's twist	7	1						UN Orange	70	0	72
EGGS—				60's twist	13	3						SHELIS—			
English	10	3	15	FLAX—								W. Aust. M.-o.-P.	3	10	11
Danish	11	6	12	Livonian ZK	33	0	0					TALLOW—			
FRUIT—				Pernau HD	29	10	0					London Town per cwt.	18	0	0
Oranges				Slanes Medium lat sort	40	0	0					Swedish u/s 3 x 8	17	0	0
South African	12	0	17	HEMP—								Do. 2½ x 7	16	0	0
Lemons, Sicilian	14	0	20	Italian P.C.	31	0	0					Can'dn Spruce, Dia.	24	0	0
" cases 420 No. 1	18	0	26	Manila, July-Sept. " J2"	16	5	0					Pitchpine	per load	9	0
Malaga	0	0	0	N.Z.	nom.							Rio Deals	per std.	28	0
Apple: Amer. (var.) bris.	14	0	18	Sisal, African, July-Sept.	11	15	2					Teak	per load	30	10
" (var.) boxes	11	3	12	Mexican	nom.							Honduras Mahg. logs	c. ft.	0	6
" Australian	0	0	0	JUTE—								African	"	0	6
ONIONS—				Native 1st mks.	per ton							Amer. Oak Boards	"	0	7
Valencia, case, 4s.	6	0	0	Aug. c.f.f. H.A.R.B.	£16/2/6							Do. Ash	"	0	6
Egyptian Bage	0	0	0	Dalase 2/3 c.f.f. Dundee	£15/5/0							English Oak Planks	"	0	7
Grapes, Lisbon	7	0	11	October-November								Do. Oak	"	0	6
" Almeria	12	0	22	SILK—								Do. Oak	"	0	6

levels of value. Raw oil on spot has declined to £14 10s., and delivery to December to £14. Cotton oil is inactive, crude Egyptian quoting £18 and common edible £20. Other oils are only barely steady. Oilcakes are in good supply and late quotations are maintained.

HIDE, LEATHER AND ALLIED TRADES.—Although there is a somewhat more steady tone in the position of prices for hides and skins from home-slaughtered cattle, the tendency is still weak. At Manchester this week the three top weights in first clear ox and heifers realised ½d. per lb. less money, while all other classes and weights of hides changed hands at last prices. In foreign hides business is still hampered by the fact that values for most descriptions continue to move downward, and so long as this tendency continues there is very little chance of any revival in the demand. In the South American market small business has been done in wet-salted hides to the Continent and this country, Argentine ox having changed hands at just over ½d., while second ox have sold at 3½d., and cows at 4d. Dry River Plate hides have touched very low figures, ½d. having been accepted for B.A. Americanos. Lower prices have also been realised for the Capes which have changed hands during the week, first and second drys having been sold at 6½d. and 5½d., while dry-salted, 20/30 lb., have realised 5½d. and 4½d. The Australian market shows a slightly weaker tendency in the absence of any sizable business. Turnover in regard to sole leather has been maintained at a fair level, the bulk of the demand being in connection with English and wet-salted bends in the light and medium weights. Shoe manufacturers have been in the market also, with the result that quite a respectable amount of business has been forthcoming in connection with the lighter weight bends in dry hide descriptions. Pinned bellies and shoulders have moved moderately well, but the call for rough offal continues to be small. Business remains fairly steady in the upper leather section, and there has been no special call for any particular line. Calf and glazed kid leathers appear to be the best market, but at the same time the improving tendency in regard to patent is maintained. Fancy leathers for shoe uppers are a quiet sale, orders generally consisting of a few dozens only.

RUBBER.—The market in rubber has been as dull as ever, and in the absence of any encouraging feature, either from the producers or consumers' end, prices have declined still further. Wednesday's official closing price for standard ribbed smoked sheet, at 2½d. per lb., shows a decline of ½d. as compared with the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for September, against 2½d.; and at 2½d. for January-March, 1932, as against 2½d. to 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 2,687 tons; delivered, 1,956 tons; stocks at the end of last week, at 138,473 tons, show an increase of 711 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Aug. 5.	Aug. 26.	Sept. 2.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	48½	47½	45½
Coffee, Rio No. 7, cash, per lb.	5½	5½	5½
" Santos No. 4, cash, per lb.	8½	8½	8½
Cocoa, Accra, nearest future, per lb.	4.96	4.81	4.62
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3.50	3.42	3.37
Cotton, New Orleans, middling, spot, per lb.	7.83	6.89	6.53
Rubber, smoked sheet, spot, per lb.	5½	5½	5½
Petroleum, Pennsylvania crude, standard grades, per barrel	155-170	160-175	165-180
Copper, "Electrolytic," Domestic, spot, per lb.	7.625	7.625	7.625
Copper, "Electrolytic," Copper Ex. porters, Inc., spot, per lb.	8.00	8.00	8.00
Spelter, East St. Louis, spot, per lb.	3.85	3.80	3.80
Lead, spot, per lb.	4.40	4.40	4.40
Tin, "Straits," spot, per lb.	24.40	27.00	26.80

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, SEPTEMBER 12, 1931.

No. 4,594.

Royal Exchange Assurance

INCORPORATED A.D. 1720.

All classes of Insurance transacted and the duties of Trustee and Executor undertaken

For full particulars apply to
Head Office: ROYAL EXCHANGE, LONDON.

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK LTD.

9 BISHOPSGATE, E.C.2

Telegraphic Address:
Ultramarine, London

Telephone:
London Wall 0294

Capital Authorized
£1,500,000

Capital Issued
and fully Paid
£1,000,000

Sole London Representatives of:
BANCO NACIONAL ULTRAMARINO, LISBON,
and its offices in PORTUGAL, PORTUGUESE
COLONIES, BRAZIL AND BOMBAY and of
BANQUE FRANCO-PORTUGAISE D'OUTREMER, PARIS
AGENTS AND CORRESPONDENTS THROUGHOUT THE WORLD
A Complete International Banking Service.

BANCA COMMERCIALE ITALIANA.

Limited Company incorporated in Italy.
Established in 1894. Head Office: MILAN.
Capital 700 million Lire. Reserves 580 millions.
Deposits 8,480 millions.

Branches in every centre of commercial and industrial importance in Italy; also in London, New York, Istanbul (Constantinople), and Izmir (Smyrna).
Affiliated and Auxiliary Institutions in France (Paris and Riviera), Switzerland, Czechoslovakia, Poland, Yugoslavia, Austria, Hungary, Bulgaria, Roumania, Greece, Egypt, Morocco, U.S.A., Brazil, Argentina, Chile, Uruguay, Peru, Colombia, Ecuador, etc.

London Office:
32, Threadneedle Street, E.C.2.

A. JOEL, Manager.
Correspondents to the Italian Treasury.

TABLE OF CONTENTS.

The Money Market	457	Foreign Stock Exchanges—	
		New York	484
Leading Articles—		Investment Notes—	
The First Lap	459	The Stock Exchange Be-	
Balancing the Budget ...	460	fore the Budget	485
Whither France?	462	Stock Exchange Depres-	
Britain's Balance of Trade	463	sion	485
Hungary and Her		Australia—The End of	
Creditors	465	"Voluntary" Conver-	
		sion	485
Notes of the Week—		Industrial Profits in	
The Government and the		August	486
House	466	Staveley Coal and Iron ...	486
Trade Unionists at Bristol	466	Constable, Hart and Com-	
The Syndicalist Disturb-		pany	486
ances in Spain	467	East Texas Oil	486
Fascism and the Depres-		Venezuelan Consolidated	
sion	467	Oilfields	487
Prospects at Geneva	467	The "Johnnies" Report	487
The Hague Decision—and		Modder East	487
After	468	Consolidated Goldfields ...	487
The Round Table Re-		Consolidated Main Reef	
sumed	468	Capital Issues	488
Naval Mutiny in Chile ...	468	Dividend Announcements	488
The New Constitution in			
Jugoslavia	469	Company Meetings, &c. ...	489
Ministerial Appointments	469	Government Returns, &c.—	
Overseas Trade in August	470	National Accounts	489
Scottish Iron and Steel		Treasury Bills by Public	
Depression	470	Tender	490
Cotton Industry Negotia-			
tions	470	The Bankers' Gazette—	
American Cotton Crop ...	470	Bank of England	490
International Cotton		Bankers' Clearing Re-	
Statistics	470	turns	490
Progress in the Sudan ...	471	Provincial Clearing Re-	
Australian Bank Returns	471	turns	490
Shipping Freight Index		Overseas Bank Returns...	490
Number	471	Loan and Discount Rates	492
Gresham Life Assurance	472	Rates of Exchange	493
Gresham Fire and Acci-		Overseas Bank Rates ...	493
dent	472	Bullion	493
Tariff Reinsurances	472	Gold and Silver Prices ...	494
British Oak Insurance ...	472		

the Bank by special buying first of short maturities and finally of hot Treasury bills, $4\frac{1}{2}$ per cent. being paid for the last. New money cost up to $4\frac{1}{2}$ per cent., and 4 per cent. was paid for renewals. Conditions were slightly easier the following day, while by Thursday the ease had become more pronounced. By that day money called off the market at the beginning of the week was being released, and new money was available at $3\frac{1}{2}$ per cent., with $3\frac{1}{2}$ per cent. charged for renewals.

Discount rates are definitely firmer than a week ago, and on Thursday $4\frac{1}{2}$ was the ruling rate. Business, however, has been very restricted all through the week. Foreign exchange fluctuations and political uncertainties were two principal causes of this, but there is no doubt that the monetary stringency, and also the knowledge that higher discount rates were desirable, contributed materially to the rise. Hot Treasury bills were quoted at $4\frac{1}{2}$ per cent. on Thursday, with short bills at about $4\frac{1}{8}$ per cent., four months' bills at $4\frac{1}{2}$ per cent., and six months' at $4\frac{1}{2}$ per cent.

During the past few weeks there has developed a wide spread, now amounting to $\frac{1}{2}$ per cent., or even more, between discount rates on hot Treasury bills and three months' bank bills. There are various likely explanations for this. One is that with the Treasury bill rate above 4 per cent., there is very little difference between the return from Treasury bills and that from long-term Government stocks. Hence many institutions are now preferring to invest surplus funds in Treasury bills, so as to keep their funds liquid and avoid risk of depreciation, and this has increased the demand for Treasury bills and so depressed the rate. On the other hand, bill-brokers are now displaying greater discrimination regarding the bills they are prepared to buy, so as to exclude from London, both in their own and in the national interest, bills which, under present unsettled world conditions, may be undesirable. Part of this discrimination takes the form of differential rates, for while the full $4\frac{1}{2}$ per cent. is now charged for many remitted bills, "good names" are often being taken at $\frac{1}{8}$ per cent. less. So long as the present uncertainty lasts, it is to be expected that there will be wide variations in quoted discount rates.

Some encouragement was derived from the fact that the Bank was able to buy Tuesday's market gold, amounting to just over £1,000,000. The Bank, however, had to pay 84s. 11½d. per ounce, or only ¾d. below its statutory selling price. The week's return shows an increase of £1.5 millions in the Bank's gold stocks, and this, with the return of £1.0 millions of notes from circulation, has raised the Reserve by £2.5 millions. Government Securities held in both departments have been reduced by £4.6 millions, while "Other Securities" have risen by £3.0 millions and Discounts and Advances by £1.0 millions. There has been a sharp increase of £8.8 millions in Public Deposits, due, mainly, to discrepancies between Treasury bill issues and maturities, including the absence of maturities on Monday. Other Deposits were £1.3 millions lower, and Bankers' Deposits have fallen by £5.5 millions to £54.8 millions. This last figure is low enough to explain this week's stringency.

	Aug. 20, 1931.	Aug. 27, 1931.	Sept. 3, 1931.	Sept. 10, 1931.	Previous Rate and Date Changed.
Bank Rate	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$3\frac{1}{2}$ (July 30, '31)
Banks' Deposit Rate..	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$ (July 30, '31)
Discount (Call)	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$ (July 30, '31)
Houses (Notice) ...	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{2}$ (July 30, '31)
Market rate (3 months' bills)	$4\frac{1}{8}$ — $\frac{1}{2}$	$4\frac{1}{8}$	$4\frac{1}{8}$	$4\frac{1}{8}$	...

On Thursday afternoon, immediately before the opening of the Budget, the Financial Secretary to the Treasury gave the House some details regarding the Treasury credits. Most of these confirm the account given in last week's *Economist*, but one or two fresh points have emerged. The discount rate on drafts against the

American credit varies with changes in the New York rediscount rate, but is now at its minimum rate of $4\frac{1}{2}$ (not $4\frac{1}{4}$) per cent. Dollar bills of 30, 60 and 90 days' date have to be deposited against drawings, and can be renewed on maturity at dates within the twelve months' period for which the credit is granted. The commission payable is $1\frac{1}{2}$ per cent. on the whole amount of the credit, and nothing is payable by the Treasury in respect of American taxation. Commission at $1\frac{1}{2}$ per cent. is also payable on the full amount of the French Bank credit. Major Elliott gave the cost of the franc bill issue in respect of French taxation as at most 0.8 per cent. of the size of the issue, and confirmed the news that it was fully subscribed. He denied the suggestion that any commission in respect of these issues was payable to British bankers, and stated that these credits were the only loans raised abroad by the present Government. The cost to the Exchequer of these credits, of course, depended on the extent to which they were used, and so could not be estimated in advance.

Business this week in New York was interrupted by the Labour Day holiday on September 7th. Money has remained easy with call rate at $1\frac{1}{2}$ per cent., and prime commercial paper at 2 per cent. Ninety-day bankers' acceptances are still quoted at $1\frac{1}{2}$ per cent. The August increase in Federal Reserve Bank credit is stated to be due partly to the shifting of foreign balances from the commercial banks to the Reserve Banks; and partly to fresh currency issues required to meet withdrawals of money from banks believed by their customers to be in difficulties. Certain private firms in New York have received unsettling reports on Swedish conditions. Recent gold imports into the United States include \$2,000,000 shipped by the Bank of Montreal from Canada to its New York office.

Conditions in the foreign exchange market were unchanged, feeling being somewhat hesitant pending political developments. Early in the week sterling eased off against New York to 4.85½, but remained steady around that level until Tuesday and Wednesday, when it fluctuated in the region of 4.86. The close was steady at 4.85½. Montreal depreciated to 4.88½, against 4.88½. Paris was steady between 123.95 and 123.96, conditions in Paris being dull. Holland improved by $\frac{1}{2}$ cent to 12.04½. Brussels was on offer and moved up to 34.94½ at the close, against 34.90. Milan was steady at 92.92. Madrid was erratic, at one time touching 55.30, but improving later to 54.00. Berlin was very weak, with marks strongly offered from Holland and Switzerland, but although the rate rose to 21.00 very few buyers were attracted. These marks are believed to represent the proceeds of liquidation by foreigners on the re-opened German Bourses. Switzerland was in demand, falling to 24.91, and closing at 24.92. No change took place in the Scandinavian currencies. Among the South American exchanges, Rio was quiet at 3½d. and Buenos Aires weakened to 31½ against 31½ last week. The Eastern exchanges remained unchanged. In the forward market the premium on dollars narrowed at $\frac{1}{2}$ cent for one month and to 2½ cents for three months. Forward Paris was also on offer at premiums of 12 cents and 50 cents, as against 20 cents and 60 cents a week ago. Wider margins prevailed in forward Brussels with the rise in the spot rate, one month being quoted at 6½ premium and three months at 15 premium. Madrid forwards were at discounts of ½ peseta and 2½ pesetas. Forward Milan narrowed to premiums of 2 cents and 12 cents for the two periods. Amsterdam forwards were 2 cents and 6 cents premium. No business was possible in forward Reichsmarks, which were unquoted. Forward Switzerland was fairly active, closing at premiums of 3 cents and 8 cents. The silver market was quietly firm, rising to 13d. for spot and to 13½d. for forward delivery. Hong Kong was quoted at 11½d. and Shanghai at 1s. 3½d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Boulevard Street, London, E.C.4.

THE FIRST LAP.

A FEW days ago the nation found itself looking over a precipice. Strong and courageous hands have pulled it back, and it is now to be given full and fair opportunity so to entrench its position that it will not again drift into peril. That is the position as it is left by this week's momentous meeting of Parliament. A National Government has been formed to meet a national emergency arising out of an unexampled international situation. That Government has received a vote of confidence in both Houses of Parliament and is assured of a working majority in the Commons, which, though adequate in itself is, in our view, an inadequate reflection of its backing in the country at large. It will balance the Budget; it will curtail the national expenditure within its means; and it will endeavour to distribute the burden and the sacrifice equitably among all sections and classes. The world now knows beyond a peradventure that Britain has seriously set her hand to the task of rescuing her State finances from the disorder caused by a policy that might have been permissible in prosperous times but is economically impossible in times of acute depression. Other and more difficult tasks lie ahead. But the country has a breathing space in which to brace itself for their performance.

We have no particular love of Coalitions and are in no way blind to their inherent disadvantages. But we believe the present combination is competent to launch a real national effort, and that, with a bold lead from the top, that effort will be successful. Such a lead has been forthcoming this week. On Tuesday, the morning of the emergency assembly of Parliament, a letter was published from the King to the Prime Minister, in which His Majesty expressed the desire, "in the grave financial situation with which the country is confronted, personally to participate in the movement for the reduction of national expenditure." This desire is translated into an effective practice by the decision to forego £50,000 a year, which represents a cut of more than 10 per cent. in His Majesty's private income. The sacrifice and the example are timely and characteristic. It is supported by the action of the Prince of Wales, who gives £10,000 to the Exchequer as an earnest of his wish "to do what he can to help during the present emergency," while the Prime Minister revealed one item in the Cabinet's economy proposals when he told the House of Commons that his own salary of £5,000—which, incidentally, is regarded by all Parties as too small for the office—is to be cut by 20 per cent. The psychological value of these voluntary sacrifices exceeds a thousandfold their monetary value to the Treasury. When once persuaded of the existence of a real emergency, the people of this country have never failed to respond willingly and generously to such an initiative.

Nor can any but the wilfully blind read Mr MacDonald's speech in the House of Commons on Tuesday without agreeing that a real emergency existed and exists. The facts of the crisis and the stages by which it arose are so familiar to readers of the *Economist* that we do not propose to follow Mr MacDonald's story of how the "typhoon" arose, except to say that it was as accurate in detail as it was forceful in its simple lucidity. In very trying circumstances the Prime Minister was at his best, and his peroration, too, was worthy of the occasion. Scorning counsels of dalliance or drift, he exclaimed:—"Far, far better for all of us to go with tight belts into stability than with loose ones into confusion"; and this slogan he followed up with a promise that the Government would see the danger through. "It is our duty to remain here, and it is your duty to keep us here, until the crisis has passed, until the world is convinced once again that sterling is unassailable." This promise of holding together until the storm is passed was echoed by Mr Baldwin, who, having emphasised the gravity of the position and belauded the courage of the Prime Minister, said: "We are going to see this matter through. We are going to give the Prime Minister

our full and wholehearted support to achieve the object for which this Government was called into being." With equal emphasis Lord Reading, in the House of Lords, and Sir Herbert Samuel, in the House of Commons, associated the Liberals with the determination that the Government should carry the country through its days of trouble.

So far so good. A lead has been given. The Government is acting with promptitude and courage, and is armed with adequate power and with every promise that it will be possible to retain office until the country has sailed again into smoother waters. Yet there were some features of the debate which arouse misgiving. We do not refer to the dispute between ex-Ministers and their late colleagues as to the origins of the crisis or the manner of forming the new Government. Such matters may be left for historians to debate at a more appropriate season. Nor need anyone be seriously disturbed either by the all-round onslaught of Sir Oswald Mosley or by the inflationary proposals of the Labour left wing. Of more serious significance was the insistence on the need for tariffs by Mr Amery and Mr Winston Churchill, and the call made by the latter for an early election. In our view all talk of a dissolution is ill-conceived and dangerous. As Mr Baldwin himself admitted, the immediate task of balancing the Budget and reforming the unemployment insurance system is only a first task. Behind it lies the far more difficult problem of economic rectification, which can only be solved by a national effort directed by a national Government. Moreover, an election this autumn with nothing accomplished but a Budget balance would not merely confuse the country and distract its attention from its stern necessities, but would also renew in its keenest form the uneasiness and mistrust both of home investors and of foreign interests. It would be interpreted abroad as a life-and-death struggle between those who would revolutionise the fiscal system of the country (their victory would be a deadly blow to the efforts now being made in Europe to mitigate the blighting curse of tariff barriers) and those who would by a mixture of inflation and Socialism destroy the economic fabric of the country. And from the point of view of the home front in this battle for prosperity, what could be more deplorable and disastrous than the bitter confusions of an electoral contest fought, perhaps, on such slogans as "Will you be ruled by the banks?" or "Will you be slaves of the trade unions?" Have those who talk so freely of an election in the next few weeks—when at best a new feeling of confidence in sterling will slowly be reviving—considered for a moment how the Bank of England would maintain the exchange during the four weeks of an electoral campaign during which the future policy of this country would for the time being be thrown once again into the melting pot?

It is essential also that in the coming months the British Government should speak with the voice, not of a party, but of the nation, in the vital conferences that must deal with the economic and financial crisis, with disarmament and with other pressing problems. With what authority can the Government act at the Round Table Conference if it is to be here to-day and gone to-morrow? Of what use to form a National Administration at all if its long and arduous tasks be interrupted when only well begun? On all and every ground it is essential for the safety of the nation that the present Cabinet should hold on until full and reasoned confidence has been restored that Britain has not merely re-balanced her Budget but has renewed her economic power. The Government is secure against its critics from without. Its only danger comes from within—from those who are impatient of postponing controversies over which its component parts must split. The one thing that matters is to steer the ship into port. Then, and not until then, can we afford the luxury of reviving controversy between the Conservative and Liberal parties. "Well begun" is not enough. We must be able to say "Well finished" too, before Mr MacDonald and his colleagues surrender the seals of office. The last lap in the race for stability matters even more than the first.

BALANCING THE BUDGET.

REFERRING to the Budget which Mr Snowden introduced a little more than four months ago, we wrote that "the House adjourned on Monday night with an uneasy feeling, shared fully by the direct taxpayers throughout the country, that the day of reckoning had only been postponed." That day of reckoning came on Thursday afternoon, when the Chancellor, on behalf of the National Government, presented a revised Budget designed to re-establish the stability of British public finance. The scene was a very remarkable one. Although Mr Snowden was listened to with rapt attention, there was marked evidence, in the usual preliminary skirmishes and towards the close of the Chancellor's speech, of a very restive feeling on the part of the Opposition, which now consists of the overwhelming majority of Mr Snowden's former associates. But as the Chancellor sat down, the Members on the benches behind him rose in their seats to give him an ovation, for he had indeed carried out his declared intention of facing the facts. Although people of every class and sex will feel the burden, either of the increased taxes that have been imposed, or of the drastic economies that have been made, we have no doubt that the country will acclaim Mr Snowden for having carried out a most unpleasant task with rare courage and for having held the scales as fairly as the situation permits between the various classes of the community.

The Chancellor never exercised his rare gift for succinct and telling statement more effectively than in his opening remarks, when he called attention to the fact that we are living beyond our means, that in many cases wages were being paid out of capital, and that the total burden of taxation was rising to something like a third of the national income, which in recent months had been falling heavily. With nearly three million persons idle, it is impossible to continue indefinitely piling up taxation to pay for services legislated for in more prosperous times. He claimed with justice that, in the situation in which we find ourselves, we would still be carrying out a task of a magnitude unexampled in the world by providing out of our State revenues £100 millions to provide for the unemployed. He might have added that it is probably also without precedent that any Chancellor should be able successfully to face the task of meeting a deficit of no less than £170 millions, and that the country should be able to make the great gesture of confidence in its own strength implied in the cessation of all borrowing for the Unemployment Fund and the decision to support three million unemployed out of revenue.

Revenue and Expenditure.

The situation with which Mr Snowden was faced is the result, in part, of the falling off in revenue due to the world depression, and in part arises from the necessity of stopping borrowing for paying current outgoings—particularly in connection with the deficit on the unemployment fund. He, therefore, presented revised estimates for this year, taking these and other factors into account; and he also gave a preliminary estimate for the Budget of 1932-33. Turning first to the revenue situation, we have constructed from Mr Snowden's statements the following comparative table:—

ESTIMATES OF REVENUE ON EXISTING BASIS.

	Actual Receipts, 1930-31. £ Mn.	Original Estimate, 1931-32. £ Mn.	Revised Estimate, 1931-32. £ Mn.	Estimate, 1932-33. £ Mn.
Customs and Excise...	245.4	245.5	241.5	241.5
Inland Revenue	431.0	447.0	422.0	402.0
Motor Duties	4.9	5.0	5.0	5.0
Total Tax Revenue ...	681.3	697.5	668.5	648.5
P.O. Net Receipts.....	10.1	12.2	12.2	12.2
Crown Lands	1.3	1.3	1.3	1.3
Loans and Miscel- laneous	67.2	88.5	58.2	58.2
De-Rating Account ...	16.0	4.0	4.0	...
Non-Tax Revenue ...	94.6	106.0	75.7	71.7
Total Revenue.....	775.9	803.5	744.2	720.2

Thus, Mr Snowden expects the yield of Customs and Excise to drop by £4 millions below his original estimate,

both in the current and in next year. A much more serious short-fall is shown in Inland Revenue, which he expects this year to be down on his original estimate by no less than £25 millions. Next year he expects the yield to drop by a further £10 millions, and, as he will not be able to count again on the non-recurring £10 millions which he obtained this year by the device of requiring personal income-tax payers to pay in January three-fourths of the amount due instead of one-half, as hitherto, Inland Revenue will drop next year by £45 millions. The other substantial change is under the heading of Miscellaneous Receipts, which are down this year by £30 millions as a result of the Hoover moratorium plan. This £30 millions, consisting of reparations and debt payments due from various sources, will be offset, as will be seen later, to a considerable extent by the postponement of payments which we ourselves have to make to the United States, though the loss of revenue is not entirely covered in this way. There is a similar amount lost to the revenue in the estimates for next year, but in this case £7 millions only is due to the postponement of reparations and debt payments, the remaining £23 millions being due to the fact that in the present Budget the Chancellor took into account a non-recurring item of £23 millions from the Dollar Reserve Fund, which will not be available for future Budgets. There were, in fact, in Mr Snowden's original Budget for this year no less than £37 millions of non-recurring items, consisting of this windfall from the Dollar Reserve Fund, the anticipation of personal Income Tax payments, and the remaining balance from the De-Rating Account.

Corresponding figures for the expenditure side of the account are given in the next table:—

ESTIMATES OF EXPENDITURE ON EXISTING BASIS.

	Actual Issues, 1930-31. £ Mn.	Original Estimate, 1931-32. £ Mn.	Revised Estimate, 1931-32. £ Mn.	Estimate, 1932-33. £ Mn.
Consolidated Fund				
Services:—				
Debt Interest, &c.....	293.2	303.0	289.5	303.0
Other items	9.3	9.3	9.3	9.3
Supply Services	429.9	439.0	473.8	526.0
Total Expenditure ...	732.4	751.3	772.6	838.3
Sinking Fund	66.8	52.1	46.3	52.0
Grand Total	799.2	803.4	818.9	890.3
Revenue (as above)...	775.9	803.5	744.2	720.2
Deficit	23.3	0.1*	74.7	170.1

* Estimated surplus.

The first item in this table shows a reduction of £18½ millions under the heading of interest on account of that portion of our postponed payments to America which represents interest as distinguished from principal. Supply services, on the other hand, show a startling increase. Supplementary estimates for the present year of the ordinary kind account for a £800,000 increase. The rest of the increase in the revised estimates is due to the cessation of borrowing to the extent of £84 millions, of which £25 millions would have been borrowed for the Unemployment Insurance Fund and £9 millions for the Road Fund. This brings the supply services' estimate to nearly £474 millions. For next year the increase is still more serious. The addition to expenditure amounts to £87 millions. Of this, £80 millions is due to the cessation of borrowing for the Unemployment Insurance Fund and £10 millions to the cessation of borrowing for the Road Fund. To this there has to be added an item of £17 millions increase in expenditure next year over the original estimates for this year, of which £10 millions is due to the increased cost of transitional benefit, as a result of the high basis on which the figures are estimated and of the continuance of transitional benefit throughout the year. The Sinking Fund provision included in the revised estimate for the present year shows a drop of £5.8 millions, which represents a half-year's repayment of principal on our American debt, which will not now be due in December. Mr Snowden does not appear to have provided in his statement for any continued suspension of international governmental payments.

Comparing these figures with those of revenue, we reach the serious conclusion that there is a deficit to be covered this year amounting to £74.7 millions, and next year to no less than £170 millions. As a first step towards meeting these deficits Mr Snowden has made some modifications in the provisions for the amortisation of debt by reducing the Sinking Fund for the time being to the figure necessary to cover our contractual obligations as provided in the conditions for certain loans to which specific sinking funds have been attached. These contractual obligations amount to £32½ millions. The reduction of the Sinking Fund to this figure will allow him to reduce his Budget by approximately £13½ millions during the current year and about £20 millions next year. This alteration is one to which little exception will be taken in view of the present emergency, having regard to the fact that the much more serious weakness in our financial position, due to borrowing for current expenditure, is being eliminated. The change reduces the deficit to be covered either by economies or by new taxation to £61 millions this year and £150 millions next year. The programme of economies and £150 millions next year. The programme of economies, details of which are given in the following paragraphs, amount to £70 millions in a full year, but will only benefit the Exchequer to the extent of about £22 millions in the present financial year. This programme of reductions leaves £39 millions to be provided this year and £80 millions to be provided next year out of increased taxation.

The Economies.

Details of the economies to be effected were not given in the Chancellor's statement, but were issued in a White Paper.* The various economies in pay, etc., are to take effect from October 1st of this year. Effect will be given to the other economy measures at the earliest possible dates. Precise estimates of the retrenchment to be enacted during the current financial year cannot be given, but details of the effect of the proposed economies in the full financial year 1932-33 are as follows:—

	£
Reductions of Emoluments of Ministers, Members of Parliament, Judges, Civil Servants and Members of the Defence Services	4,534,000
Defence Services (in addition to reductions of £3,614,000 in pay and pensions)	5,000,000
Education (Great Britain)	10,300,000
University Grants	150,000
Ministry of Health and Scottish Department of Health	1,250,000
Police (Great Britain)	500,000
Agriculture (Great Britain)	655,000
Forestry	478,000
Empire Marketing Board	250,000
Colonial Development Fund	500,000
Unemployment Grants	250,000
Unemployment Insurance—	
(a) Reduction of expenditure from the Unemployment Fund	25,800,000
(b) Increased income of the Unemployment Fund from contributions of employers and workmen	10,000,000
Road Fund	7,865,000
Miscellaneous	2,500,000
Total	£70,032,000

Ministers' salaries are to be cut by 20 per cent. if of £5,000 and over, by 15 per cent. if £2,000 or over, and by 10 per cent. on salaries below £2,000. A 10 per cent. cut is imposed on salaries of Members of Parliament, Judges and other Crown officers whose substantive pay is £2,000 a year or more are to lose 10 per cent., but the 20 per cent. reduction applies over the £5,000 level. As regards Civil Servants a 10-point drop in the cost of living bonus came into force on March 1, 1931, and a further 5-point drop took effect on September 1st. In the defence services, 1925 rates of pay are to be applied all round. Apart from these pay reductions, the cost of the defence services is to be cut by £5 millions.

Education in England and Wales is to contribute the substantial saving of £9,400,000 in a full year (apart from a reduction of £150,000 in grants to universities and colleges), while Scotland saves £1,800,000 under this head. Of the total, £1,450,000 comes from the abolition of the 50 per cent. minimum limit of the grant for elementary

* Cmd. 3952. H.M. Stationery Office. 3d. net.

education; a 15 per cent. reduction of teachers' salaries and revision of the grant formula will save the Exchequer £5,987,500, reductions of grants for higher education consequent upon the cut in teachers pay £712,500, and a reduction in the growth of education expenditure in 1932 £1,125,000. The estimate of the education saving in the current year is £4 millions.

The votes of the Ministry of Health and the Department of Health for Scotland bear cuts estimated at £475,000 in the current year and £1,125,000 in a full year. The doctors' capitation fee is to be reduced from 9s. to 8s., while insurance chemists also take a cut of one-ninth; the Exchequer grant of £140,000 per annum to the Central Health Insurance Fund is to be withdrawn; and in 1932-33 £150,000 is to be saved by "some slowing down of expenditure." Graduated reductions in pay are to reduce the cost of the police to the Exchequer by £500,000 in the first and £1,000,000 in the second year, and the 1932 provision for the Ministry of Agriculture and Fisheries will fall by £580,000. Other cuts will save £478,000 on the Forestry Commission, £250,000 on the Empire Marketing Board, £250,000 on the Colonial Development Fund, and £500,000 under the heading of Unemployment Grants. In place of an estimated borrowing of £10 millions for the Road Fund, the Exchequer is to provide only £2,250,000, and that out of revenue. Miscellaneous and unspecified economies are estimated to save £2,500,000. The wide range of economies thus briefly summarised accounts for roughly one-half of the £70 millions of retrenchment to be effected in 1932-33. The remainder is to come from measures relating to Unemployment Insurance. These measures are five in number:— (1) Reduction of weekly benefit rates (except that for the dependant child) by 10 per cent.; (2) increase in the weekly contributions to 10d. each from employers, employed and the Exchequer in the case of men, with corresponding increases in the case of women; (3) limitation of insurance benefit (as distinct from transitional payments) to 26 weeks in a benefit year; (4) imposition of a needs test for receipt of transitional benefit, the amount of assistance required in any case being determined by the Public Assistance Authorities of the locality; (5) cessation of borrowing for the Unemployment Fund. The position as it exists at present and the financial effect of the proposed measures (taking for purposes of calculation a live register of 8,000,000) is explained as follows in the White Paper:—

SUMMARY OF UNEMPLOYMENT INSURANCE FINANCE.

	£
Benefit at existing rates	130,500,000
Interest on debt at £115,000,000	5,700,000
Administration	7,100,000
Total expenditure	143,300,000
Towards this sum Employers and Employed Persons would contribute at existing rates	28,500,000
Sum to be provided by Exchequer	114,800,000
The savings proposed to be effected, including the removal of anomalies by regulations under the Unemployment Insurance (No. 3) Act, 1931, will reduce this expenditure, as follows:—	
Removal of Anomalies, under the Act of 1931	3,000,000
Needs test for transitional payments	10,000,000
Reduction in rates of benefit	12,800,000
.....	25,800,000
Increase in Contributions of Employers and Employed Persons	10,000,000
Leaving as a charge on the Exchequer in 1932-33, after allowing for economies	79,000,000
This charge will be made up of three parts, as follows:—	
Exchequer contribution on the "Equal Thirds" basis	19,300,000
Deficiency grant, being the sum required to balance the Unemployment Fund for the Year	22,200,000
Transitional payments	37,500,000
.....	79,000,000

The saving to the Exchequer is thus £114,800,000 minus £79,000,000, or £35,800,000.

New Taxation.

As we have seen, the foregoing arrangements still left Mr Snowden with a gap of £39 millions in 1931-32, and

£80 millions in 1932-33, to be filled by fresh taxation. His proposals were as follows:—

Customs and Excise.

- (1) The duty on beer would be raised from £5 3s. 6d. to £6 14s. 6d. per 36 gallons, 1,055° gravity.
- (2) The full duty on raw unstripped tobacco would be increased from 8s. 10d. to 9s. 6d. per lb., with proportionate increases on manufactured tobacco.
- (3) The petrol duty would be raised from 6d. to 8d. per gallon.
- (4) The entertainment duties would be scaled up.

Direct Taxes.

Income Tax.

The standard rate of income tax would be raised from 4s. 6d. to 5s. in the £ for the year 1931-32; and there would be the following changes in allowances in respect of which relief is given from the standard rate of tax:

- (a) The allowance in respect of earned income would be increased from one-sixth of the income with a maximum of £250 to one-fifth with a maximum of £300.
- (b) The personal allowance for individuals, other than married persons, would be reduced from £130 to £100.
- (c) The personal allowance for married persons would be reduced from £225 to £150.
- (d) The allowances in respect of children would be reduced from £60 to £50 for the first child and from £50 to £40 for each subsequent child.
- (e) The housekeeper allowance would be reduced to £50.
- (f) The deduction of tax authorised by the Finance Act, 1930 (i.e., five-ninths of the standard rate of the first £250 of taxable income) would be altered to a deduction of tax at half the standard rate on an amount of income not exceeding £175.
- (g) To prevent the increased rate from hampering industry greater allowances for depreciation are to be permitted.

Sur-tax.

The amount of sur-tax payable under Section 6 of the Finance Act, 1931, would be increased by 10 per cent.

This combination of direct and indirect taxes (and in the former case it will be observed that the incidence is considerably increased on incomes of, say, £300-£600 a year as well as on larger incomes) was put forward by Mr Snowden in fulfilment of his promise to spread the burden as widely and equitably as possible.

Mr Snowden estimated the yield of the above changes in taxation as follows:—

	1931-32. Increase.	In a Full Year. Increase.
Customs and Excise—		
Beer	4,500,000	10,000,000
Tobacco	2,100,000	4,000,000
Petrol	3,900,000	7,500,000
Entertainments	1,000,000	2,500,000
Total Customs and Excise	11,500,000	24,000,000
Inland Revenue—		
Income Tax	25,000,000	51,500,000
Sur-tax	4,000,000	6,000,000
Total Inland Revenue ...	29,000,000	57,500,000
Grand Total	40,500,000	81,500,000

By these means Mr Snowden succeeded in arriving at a Budget balance for 1931-32 and 1932-33 which can be reconstructed in summary form somewhat as under:—

BUDGET, 1931-32.

Estimated Revenue.	£ Mn.	Estimated Expenditure.	£ Mn.
Customs and Excise	253.0	Cons. Fund Services ...	298.8
Inland Revenue	451.0	Supply Services	451.8
Motor Duties	5.0	Sinking Fund	32.5
Non-Tax Revenue	75.7	Surplus	1.6
Total*	784.7	Total*	784.7

BUDGET, 1932-33.

Estimated Revenue.	£ Mn.	Estimated Expenditure.	£ Mn.
Customs and Excise	265.5	Cons. Fund Services	312.3
Inland Revenue	459.5	Supply Services	456.0
Motor Duties	5.0	Sinking Fund	32.5
Non-Tax Revenue	71.7	Surplus	0.9†
Total*	801.7	Total*	801.7

* Excluding Self-balancing Items.

† The actual surplus given by Mr Snowden was £1.5 Millions.

The Chancellor rounded off his proposals by announcing that he will take powers to facilitate the conversion of 5 per cent. War Loan to a lower interest basis at the first available opportunity.

It cannot be expected that the various items in Mr Snowden's scheme will escape criticism. Whether his estimates for 1932-33 will be realised, or not, must very largely depend on the course of world events, and this is not a matter which we alone can determine. Great efforts will be needed in this country, as well as in the field of international co-operation, if we are to restrict unemployment during the coming winter within the three millions which Mr Snowden takes as the basis of his calculation. But if this can be done, the Chancellor's estimates seem to us to be reasonable ones. In times like these forecasting the future is necessarily largely guess-work, but if it proves to be that we are at or near the bottom of the depression, the Government's scheme will undoubtedly place our public finances on a very solid foundation. If Budgets are, as the Chancellor intimated, a symptom of a country's financial stability, this country has this week given assurance to the world at large that should finally set at rest any doubt as to either our determination or our ability to pursue, even in these difficult days, the strictest canons of sound finance.

WHITHER FRANCE?

To fix the eyes upon a single tree is not the best way to see the wood. Though attention in this country during the past week has naturally been focussed on Westminster and the British budgetary problem, the wider international problem, transcending in insistence that presented by the difficulties of any particular nation, dominates the background. Elsewhere in this issue we deal with the outlook at Geneva; but there, as in the whole complex of international strains and entanglements, the key question—yet to be answered—is how France, whose fields (unmenaced now) are yet in some sort held in mortgage to the British and American dead, will react to the immeasurable responsibilities which Fate has laid upon her in this crisis in the world's affairs. The following analysis of the choice which France must make represents the interpretation placed on her alternatives by a distinguished and unprejudiced student of international politics. Our contributor's hopes are endorsed unreservedly by the Economist.

A SURVEY in last week's *Economist* of the unresolved economic and financial world crisis led to the conclusion that "any economic or financial schemes for the restoration of prosperity presume that political troubles are out of the way," and that "the key to the situation lies in the relations between Germany and France." Is it not fair to add that these relations—and the fate of the world, which hangs upon them—depend upon decisions which will have to be taken in the near future by French statesmen in the light of French public opinion, and not by German statesmen in the light of German public opinion? France holds the initiative in international affairs in this thirteenth year of the "post-war" period as unmistakably as Germany held the initiative before 1914. The immense advantages of the initiative lie to-day in French hands, and its immense responsibilities on French heads.

That France should ever stand again where she actually stands to-day would have seemed incredible on the morrow of the Franco-Prussian War and hardly credible on the eve of the War of 1914. France now finds herself on a pinnacle of military and financial and political power which is higher than any that she has attained at any time since 1815. She is in the position of the hero in the opening scene of a Greek tragedy when he finds himself overtaken by unexpected and overwhelming good fortune. How will he meet the inevitable strain upon his character? Will he meet it with restraint and with saving wisdom, or will he lose his head, harden his heart, and overreach himself to his own destruction—the *nepernia* that follows *typhos*? The envious gods are watching and waiting to see which course he will follow; and if he goes to destruction, he will draw after him all his fellow-men whose fates are bound up with his.

Which choice is France going to make in the present international drama in which we are all implicated with her? The question is being debated in France at this moment; and foreign listeners can hear the argument being carried on between two French voices.

One voice seems to be arguing somewhat as follows:—

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:

8 KING WILLIAM STREET, LONDON, E.C.4

"Now is the moment for France to stabilise the value of the French victory in the late war at par or above it. At this moment our financial and military and political power combined is irresistible. Let us make the most of our opportunity while we have it. Let us insist, in the forthcoming Disarmament Conference, on maintaining that decisive superiority in armaments which we and our post-war allies at present hold over our late allies and our late enemies. Let us maintain the new frontiers, established by the peace treaties, exactly as they stand, until our East-European allies have become fully masters in their own house by assimilating or ejecting or suppressing their minorities. And when the world comes to us, as it must now continually come, for the financial accommodation which it needs, let us never give anything away without a *quid pro quo*. Let would-be borrowers from France understand, here and now, that loans from France involve a contractual obligation, on the debtor's side, not only to fulfil his part of the financial bargain, but also to renounce any attempt or aspiration to alter the present political 'system of Europe.' Here, at last, within our grasp, are the material guarantees for our security which we have been seeking since the Armistice. Let us take care not to let them slip through our fingers."

That is one voice that is making itself heard in France just now; but another voice is also distinctly audible, and this second voice is disputing the argument of the first.

"Contractual obligations," says this second French voice, "are not good security unless the contract is felt to be morally as well as legally binding by both parties, and nobody ever feels a moral obligation to fulfil a contract which he has been compelled to sign under a *force majeure*. If and when the compulsion ceases, he feels himself morally free. That is why none of us, in France, are satisfied with the undertakings to which Germany and her late allies have been compelled to subscribe in the peace treaties, and why some of us—but not all of us—have been seeking ever since to reinforce these undertakings with additional guarantees which, as others of us believe, are no better security than the original guarantees, because they are no more freely given. Can we really suppose, for instance, that the announcement, made by the German and Austrian representatives at Geneva last week, that they have given up the project of the Austro-German customs union, really comes from the heart, any more than their signatures of the peace treaties a dozen years ago? These unwilling promises have only a paper value. They add nothing to the security which France and her allies desire from their superiority in military strength. On the contrary, they detract from our military security by making our late enemies' hearts burn within them and by giving them an incentive to try conclusions with us again if ever Fortune gives them the opportunity. The more guarantees of this kind that we extort from them, the more we increase our own insecurity by increasing their ill-will."

"And here we come to the heart of the matter. Security

is something subjective and psychological, not objective and material, and it can only be realised in its own kind. No man can ever feel perfectly secure unless he believes that his neighbours have no motive or desire to impair his security; and the only way to arrive at this conviction is to remove, as far as possible, any serious grievance which they may have against things as they are. You say that France, at this moment, is in a unique position of power, and we agree. You bid us make the most of our opportunity while we have it, and we agree again. But the opportunity of the powerful is not to impose his own desires upon his adversary by force, but to win his adversary's goodwill by generosity. The greater the power, the greater the generosity in not taking undue advantage of it, and the greater the goodwill which such generosity will evoke. Moreover, goodwill is not only a better security than main force, it is also a more durable security; for goodwill, once created, grows by compound interest, whereas victory is a wasting asset. 'The one thing you cannot do with bayonets is to sit on them!' Let us seize this opportunity, then, not to write up the value of our late French victory from par to 105, but to write it down to 95 or even to 90, and thereby evoke, among our late enemies and our late allies, a feeling of goodwill towards France which will relieve us, as nothing else can, of those gnawing doubts about French security that haunt us still."

These, as one foreign observer seems to hear them, are the two voices which are debating with one another in France to-day. Neither we, nor the French themselves, can yet foresee which voice is going to prevail; and no English voice can join in the debate with much authority until the pound sterling has received a clean bill of health from the world. France, so the omens suggest, is going—perhaps within the next twelve months—to decide this tremendous issue for herself and for all of us. We can only listen in, and hope that, when her mind is made up, we shall hear the whole of France speaking, through her Government, with the second voice and not with the first.

BRITAIN'S BALANCE OF TRADE.

As a first essential step in the rectification of our national position, the importance of a balanced Budget is beyond dispute, and the programme unfolded by Mr Snowden on Thursday gives the world assurance that this primary need is being courageously faced. Yet Mr Baldwin was obviously talking plain sense when he said, in the House on Tuesday, that the balancing of the Budget was not enough; what we had to do was to set about restoring the economic equilibrium of Great Britain. There is no need to enlarge on the difficulties which have arisen in each of these various storm centres to show the colossal handicap against which our trade is having to fight. It is notorious that there are conditions in the British situation which have prevented us from retaining our previous

proportion of trade in many export markets. But a study of the figures since 1926 shows that in the three years preceding the slump we had not appreciably lost ground, and that the total volume of our export was expanding. Up to 1929, moreover, despite the difficulties of our competitive position and notwithstanding our large surplus of imports on commodity account, we were in the position of having, thanks to our invisible exports and to interest from our overseas investments, a substantial margin for further investment abroad. This margin was, it is true, less than in pre-war days, but we appeared to have reached a position of comparative equilibrium with an annual surplus of some £140 millions sterling a year.

The universal character of the depression has radically changed that position. So far as commodity trade is concerned, the tremendous fall in prices has enabled us to buy practically the same quantity of imports at an immensely lower total figure, with the result that the margin between visible imports and exports has not grown larger, but, if anything, has become somewhat less than in 1929. Other items of the account, however, have shown, even in 1930, a very appreciable reduction, and in the present year this fall has reached quite serious dimensions. According to the Board of Trade the figures for the last three completed years are as follows:—

BALANCES OF INCOME AND EXPENDITURE IN THE TRANSACTIONS (OTHER THAN THE LENDING AND REPAYMENT OF CAPITAL) BETWEEN THE UNITED KINGDOM AND ALL OTHER COUNTRIES.

	1928.	1929.	1930.
	In £ million.		
Excess of imports of merchandise.....	352	382	387
Bullion imports (+) or exports (—)	+6	—16	+5
Excess of imports of merchandise and bullion	358	366	392
Estimated excess of Government receipts from overseas*.....	15	24	21
Estimated net national shipping income†	130	130	105
Estimated net income from overseas investments	270	270	235
Estimated net receipts from short interest and commissions.....	65	65	55
Estimated net receipts from other sources	15	15	15
Total	495	504	431

Estimated total credit balance on items specified above..... 137 138 39

* Including some items on loan accounts.

† Including disbursements by foreign ships in British ports.

This year the adverse balance on visible trade will probably be less than in 1930. But when we look at the other items in the account the position is very different. In the first place, the Hoover moratorium will involve a loss of some £11 millions of receipts which we should otherwise have had from various debtors, chiefly the Empire. Half of this loss will be suffered in the present calendar year. Shipping has had a further setback, and our earnings from this source will probably be down again by, say, £25 millions. Banking, insurance and other commercial profits and earnings will also be less than before. But the most serious item in the account is the reduction in interest which we shall receive from abroad. In a few cases there has been an actual default in payment, but the worst factor is the reduction or the passing of ordinary dividends on securities all over the world (e.g., South American and other railways, mining, rubber, tea and various companies) and the reduction of actual profits of private enterprises. It would be unsafe to place the reduction in this item at less than some £50 or more millions. In short, there is no phase of our activity as a great international trading and industrial nation that has not been affected by the slump, and if we make a rough estimate on the basis of the foregoing considerations, we may well find at the end of the year that our balance of international payments on current account shows not its accustomed surplus, but a deficit which may possibly reach £50 millions. This would mean that far from having any surplus for investing abroad, we should have a deficit on our trading account of £1 million a week; and this deficit has to be met either by the export of gold or by the sale of some of our assets overseas or by borrowing.

Before going further, and in order to keep the picture in perspective, it should be observed that this "running" adverse balance has had little to do with the immediate

crisis which has arisen in recent weeks, for the debit figure, large though it is, is overshadowed by the size of the capital movements which normally take place, while those which have recently been occurring are, of course, of overwhelming dimensions. The figures given in the Basle Report on Germany show that where confidence is lacking and the country owes a large sum payable at short notice, withdrawals may take place on an immense scale, even in a case where the current balance of trade is "positive." In the case of Great Britain the amount withdrawable by foreigners runs into several hundreds of millions sterling, while if confidence in sterling were undermined among the British public and they attempted to sell out British securities and to invest in foreign securities, the total which our investors might seek to transfer abroad could easily exceed £1,000 millions. No such movement has, of course, taken place, and a part only of foreign balances have been withdrawn, but the capital movements of recent times have been sufficient to bring the situation to a head. On what scale precisely the transfer of capital has taken place we cannot say, but we do know that the amount of foreign currency which the Bank of England has had to find from its gold reserves, from its existing holdings of foreign currency and other readily available resources, or from the credits obtained in Paris and New York, amounts in the eight weeks since the second week of July to well over £100 millions. But while capital movements are clearly responsible for the immediate crisis, the fact that we have an adverse balance of payments to meet on current trading is a matter for serious misgiving and presents a situation which clearly cannot be indefinitely continued. As things are at present, the trade depression has affected every single one of our normal means of paying for our requirements from abroad, and though we are being greatly helped by the fact that our imports are at exceptionally low prices, our exports are so badly hit that, even so, we can only pay our way by drawing for the moment upon our capital resources. How can this state of things be remedied?

Now the first thing that strikes anyone who studies the above figures is that the severest blow to our trade balance has occurred through the difficulties of our debtors. Moreover, if our figures are correct, we are still drawing at the rate of over £150 millions a year in interest or dividends or profits from overseas, and if the world depression were to get very much worse our situation in this matter of our trade balance would become still more precarious. Clearly, therefore, it is of first importance from this point of view to bend all the energies that we possess towards the restoration of confidence generally throughout the world. Our task is to collaborate in every possible way in re-establishing the position of countries overseas. Our policy must not imperil the £800 millions of invisible exports which we still have available, and must be directed to restoring their level to the £500 millions which they totalled in 1929.

Even larger figures are, however, involved in our physical trade. It is needless to say that in these circumstances the protectionist sees his golden opportunity. If we have not the means of paying for our imports, he argues, we should at once put on a tariff to prevent them coming into the country. But, before jumping to conclusions, let us look a little more closely at the matter. The reason why, in recent years, our balance of visible trade has reached the high figures of £350-£390 millions is because our exports, in spite of such progress as took place in the last five years, have been, at their best, still a long way below the pre-war level. This fact, which is mainly responsible for our large continuing volume of unemployment, has unquestionably been associated with our high costs relatively to those of other countries. Germany, faced with a similar problem, is making the most strenuous endeavours by increased efficiency and lower wages to reduce her costs and meet her obligations by a considerable expansion of her export trade. Are we to do the same, or are we to throw up the sponge and endeavour to meet the situation by reducing our imports so that they bear a closer proportion to our British exports? Between these two policies there can be no question as to where the national advantage lies. The one is a policy designed to expand the volume of trade and of employment by cheapness; the

other is a policy of restriction and continued unemployment. Consider, also, the effect on the world situation. A general restriction of imports, as the Basle Committee pointed out in connection with Germany, must accentuate the already extreme difficulties of the world situation. It must affect the ability of countries overseas to buy from us; it must tend, therefore, still further to diminish our exports; and it must obviously make it increasingly difficult for debtor countries to pay the interest which represents so important an item of our invisible exports. We can conceive that, if the situation of the world goes from bad to worse, a position might arise in which this country might be unable to continue to pay for imports, even on the present reduced scale, and, at the same time, to maintain the sterling exchange. In those circumstances emergency measures of control might be necessary. But the example of Australia shows the danger to the whole economic life of the country which may arise from trying to maintain behind a tariff wall an uneconomic level of internal prices; and, unless this country can adjust itself to world conditions, no tariff could possibly save us from a diminution of the national production, increasing unemployment and a severe fall in the real standard of living of the masses of the people.

There remains another policy, and that is to take advantage of the new realisation which has arisen in many countries of the world, and in particular in Europe, that the results of a policy of strangling international commerce and waging a war of economic attrition are suicidal. The special problem of Britain has been recognised at Geneva in the fact that countries who recently discussed the abortive tariff truce have invited her to put forward to seven of the nations of Europe a statement of the reduction which she desires in their tariffs. Some of these nations have expressed their willingness to make the reduction for which she has asked. The German Foreign Minister, only this week, invited Great Britain to pursue the discussion. At the moment the Cabinet is so engrossed with its budgetary affairs that other questions have been set aside. It may even be that there is a certain unwillingness on the part of members of the Cabinet to discuss this question in a belief, on one side or the other, that the matter is one for argument on the electoral platform. But we should have thought that there could at least have been this measure of agreement between the members of the Government—whether free traders, revenue tariff men or high protectionists—that, if we could get freer entry for our goods in any quarter of the world, and thereby increase our exports, this would be the most direct means of affecting our unemployment problem, improving our shipping industry, and adding to our commercial profits. History shows that it is a mistake to suppose that countries will never lower their tariff in times of crisis and distress. There is unquestionably a growing and widespread realisation that the removal of trade obstacles is one of the essential conditions of trade recovery. We speak with confidence when we say that there never was a moment since the end of the war when there was a better opportunity for Great Britain to get some of the obstacles in the way of her export industries removed. There is no matter to which the present National Government could more prudently turn its hand forthwith.

HUNGARY AND HER CREDITORS.

(BY OUR BUDAPEST CORRESPONDENT.)

It is officially announced that Hungary has appealed to the League of Nations that her financial situation should be investigated. Had it not been for the change of Government the appeal to the League might have been made weeks ago, as it had been contemplated by Count Bethlen just before he left office. Count Károlyi acted wisely when he invited the League's experts to study the situation on the spot, because without the aid of the League and the creditor nations there is no way out of the financial crisis. It is to the credit of the new Government that at last stern measures have been taken to restore budgetary equilibrium. As from September 1st

"Skandinaviska"

= Stockholm 0101

—a centre for transactions in Scandinavian and Baltic currencies.

Phone Stockholm 0101

SKANDINAVISKA KREDITAKTIEBOLAGET

the salaries and pensions of the State employees have been reduced by 5-15 per cent., which means a saving of 50 million pengő. Taxes which have been lightened since 1925 have been reimposed to their former level in the hope that they will yield an additional 100 million pengő. If these measures had been taken a year ago Hungary would not be in such a desperate state now. The deficit of the Treasury has undermined the credit of the country so much that Hungary will not, even by balancing her Budget, be able to solve her credit problems without the help of the League of Nations, whose aid restored her finances in 1924.

It is fortunate that Hungarians are beginning to realise the seriousness of the situation and welcome the intervention of the League. Conditions on the eve of the second appeal to the League are very different from what they were in 1924, when the first reconstruction scheme began to operate. The stability of the exchange is more or less maintained and the balancing of the Budget is practically assured, especially if expenditure is further curtailed so that it will not exceed 800 million pengő—the maximum, under the existing price level, which the country can bear. On the other hand, the foreign obligations of Hungary have considerably increased, and the crucial problem of Hungary's financial restoration now is how to pay £8-8½ millions interest and sinking fund in the coming year. At the outset of the first reconstruction scheme in 1924 Hungary's pre-war debt amounted to £45 millions, and the interest and sinking fund payments totalled scarcely £2 millions. But in the period 1924-31 Hungary has borrowed abroad more than £85 millions, including the £5 millions B.I.S. rediscount credit and the £3,350,000 Treasury Bills placed since the crisis began. The interest and sinking fund charges on this new borrowing amount to £6-6½ millions, so that pre- and post-war debt services will total 8-8½ million pengő in the forthcoming year, and are likely to increase further, rather than to decrease, because without a new loan Hungary cannot be made a going concern.

Hungary's balance of international payments is determined by two main factors: merchandise trade and borrowing from abroad. Exact details are not available to show how the £85 millions borrowed from abroad since 1924 was used, but roughly about £35-36 millions was devoted to covering the deficit of the merchandise trade in the past seven years, and about the same amount was utilised in meeting interest and sinking fund on the external obligations of the country in the period 1924-31. The rest, apart from the £7 millions gold and foreign exchange assets of the National Bank (including the £3,350,000 just borrowed by the State), covered other invisible imports.

Excluding the year 1930, when there was an active balance of trade amounting to 77.5 million pengő (£2½ millions), every year since 1924 resulted in a heavy deficit, which was due to excessive borrowing from abroad, especially in 1927 and in 1928. In the first six months of 1931, foreign trade showed an import surplus of 48.4 million pengő, as against 42.8 million pengő export surplus in the corresponding period of 1930, and, what is worse, exports have fallen off in the same period from 451.7 million pengő to 258 million pengő. In view of the bad harvest, there is little hope that exports in the second half of the year will be more than 300 million pengő. Reckoning with a total import of 600 million pengő (£22 millions) in 1931, Hungary will be fortunate

if her balance of trade turns out even. The development of foreign trade in the last seven years is as follows:—
(In million pengö.)

	Imports.	Exports.	Balance.	Total value of Trade.
1924	815.3	667.0	-148.3	1,482.3
1925	864.6	848.0	-16.6	1,712.6
1926	941.0	876.7	-64.3	1,817.7
1927	1,182.3	807.6	-374.7	1,989.9
1928	1,211.4	826.0	-385.4	2,037.4
1929	1,063.7	1,038.5	-25.2	2,102.2
1930	832.9	910.4	+77.5	1,743.3
Probability for 1931..	600-650	550-600	...	1,200

The catastrophic fall in the prices of agricultural commodities is reflected by the sudden shrinkage of the total volume of foreign trade. It is obvious that from a total merchandise export of 550-600 million pengö (£20-22 millions) Hungary cannot meet the services of her external obligations, amounting to 225-235 million pengö (£8-8½ millions), as imports (which totalled, on the average, 1,200 million pengö in 1927 and in 1928 and will be halved in 1931) cannot be forced down to 300-350 million pengö, that is to say, to about a quarter of the value of trade three and four years ago. Foreign creditors who financed imports so lavishly in 1927 and in 1928 can blame no one but themselves if Hungary, cut off from the supplies she readily found in former years, cannot produce the foreign currency which is needed for the service of her external debts.

Hungarians as well as their foreign creditors must co-operate wholeheartedly under the supervision and with the moral support of the League of Nations to overcome the present crisis. Foreign creditors should agree without delay to a "standstill agreement" similar to that of Germany. They will be fortunate if Hungary can pay interest and sinking fund on her external obligations. There can be no question of short-term loans being repaid. It should be borne in mind that the foreign short-term liabilities of Hungary maturing in the next twelve months amount to more than 900 million pengö, or more than 1,000 million pengö (36.5 millions) if the Treasury Bills just placed in August for a period of one year are included. The list of the short-term obligations is as follows:—

LIABILITIES OF THE STATE.	Mill. £.
Treasury bills maturing in November, 1931.....	3.2
Treasury bills maturing in August, 1932	3.3
Medium-term loans, such as agricultural and export credits, and credits obtained for municipal and State enterprises through the agency of commercial banks, but guaranteed mostly by the State	7.0
PRIVATE DEBTS.	
Short-term loans of the commercial banks	15.0
" " other than the banks.....	3.0
B.I.S. rediscount credit to the National Bank	5.0
	36.5

It is clear that Hungary cannot repay a penny of the £36.5 millions in the rest of the year unless a long-term loan is forthcoming with which to consolidate previous short-term credits, as the total gold cover of the National Bank, including the proceeds of the £3.3 millions Treasury Bills, is about £7 millions. The amount of gold the National Bank can afford to part with will scarcely suffice to meet interest and sinking fund charges in the rest of the year, as a minimum gold cover of £4 millions (115 million pengö) is absolutely necessary for a note circulation of 400-500 million pengö. It is true that the position of the National Bank has considerably improved since the banking deposits were liberated and the gold pengö decreed. The note circulation, having reached its peak at 503.8 millions on August 7th, decreased to 414.5 million pengö at the end of August, which is quite normal. On the other hand, the bill portfolio is still higher than is desirable; it amounts to 396.6 million pengö, which is more than double the corresponding figure at this time last year, in spite of the fact that the bills, amounting to 100-120 million pengö, rediscounted with the B.I.S. are not included in that sum. It should be the aim of the National Bank to bring about a decrease of its bill portfolio with the aid of a high bank rate, because it is of paramount importance that prices should not be inflated. The discrepancy between agricultural and industrial prices has widened since the restrictions in

the dealings in foreign exchanges, as many industrialists have increased their prices, showing once more that they are unworthy of the high customs duties which the State accorded to protect for them the home market.

The prospects for the minute are gloomy. If the League takes up benevolently the case of Hungary, the country will be able to struggle through, but if she is left alone it will be impossible to avoid a default, which Hungarians, anxious to meet punctually their obligations, would be reluctant to declare. It must be realised in Geneva and in the creditor nations that the Hungarian problem is a part of a big issue. No lasting solution is possible without solving the future relations of debtor and creditor nations on a broad basis, both politically and financially. What Hungary can do and should do is to balance her Budget forthwith, to maintain the stability of her currency at all costs, and to settle down to a standard of living corresponding with her resources. The rest depends on the attitude of the creditors and the League of Nations.

Notes of the Week.

The Government and the House.—Following the receipt of a vote of confidence on Tuesday, the Government devoted Wednesday to the task of clearing the way for rapid action. Mr Baldwin moved two motions, the first appropriating for the Government all private members' time, and the second providing that the essential Budget resolutions should be disposed of on the day of the Budget statement (Thursday). It is of very good omen that in the divisions resulting from these resolutions the Government majority rose from the figure of 59 at which it stood on Tuesday to 94 and 93. This increase gives very welcome confirmation to the impression that the Government is assured of an effective working majority; and it is noteworthy that, after a speech by Sir Oswald Mosley, arguing that, in spite of his personal disagreement with it, the new Government's policy should be given a trial, Sir Oswald and the small group which supports him abstained from the lobby. The Economy Bill, whose text was issued on Thursday night, provides that during the period of one month from the date on which the Bill is passed the Government may proceed by Orders-in-Council to effect economies in expenditure on Education, National Health Insurance, Police, Unemployment Insurance, and Roads, with power to modify statutory or contractual rights and to impose duties on local authorities in connection with the administration of any of the services named. Though the Labour Party may attempt to assail this procedure as "dictatorship," it is clearly justified by the existence of an emergency which makes rapidity of executive action in the direction of economy essential.

Trade Unionists at Bristol.—If it be a long way from Bristol to Westminster, the attitude of the trade union delegates assembled this week at the annual conference of their Congress may fairly be regarded as equally far removed from the realities of the situation. The time spent upon intriguing discussions of the so-called "bankers' ramp" seems rather a waste in the face of Mr Henderson's admission in the House of Commons on Tuesday that the bankers performed nothing but their proper function of stating the conditions on which they were prepared to lend. The real work of the Conference was the consideration of a report by the Council on the financial situation and the way to meet it, and here, too, the delegates and the Council showed themselves to be living in a world of unrealities. Put tersely the remedies recommended for the solution of the crisis were the abandonment of sinking funds, inflation leading to devaluation of the pound sterling, and the mobilisation of foreign investments. Nobody in their senses would imagine either that the abandonment of sinking funds

could have arrested the *crise de confiance* nor that a mobilisation of foreign investments could have been effected speedily enough to meet the crisis. It really, therefore, amounts to this, that the T.U.C. would simply have let the pound run riot, with the devastating effect upon the workers which any economist could foresee. As regards a revenue tariff, the Council's report goes no further than to recommend "a full investigation into the whole question of fiscal policy." Mr Henderson's speech on Thursday really went little further. He said no more than that if faced by the choice between dole cuts and a revenue tariff he would choose the latter. But at the moment the choice is not within his power to make, and his speech contains nothing that would prevent his adopting the attitude that, since the dole cut has been decreed, a revenue tariff is not called for.

The Syndicalist Disturbances in Spain.—The new Republican Government in Spain is battling its way gallantly through a sea of troubles. The buffets never cease; yet the new regime has been fortunate, so far, in never being struck by more than a single wave at a time. The Catalan syndicalist problem, the Basque clerical problem, the Andalusian agrarian problem, the Barcelona labour problem, are for ever besetting the statesmen of Madrid; but the waves seem to come round in a kind of rhythmical sequence, and sometimes they even neutralise one another. The last occasion on which we referred to the course of Spanish politics was *à propos* of the rising clerical opposition, in the Basque country and Navarre, to the anti-clerical legislation which is under consideration by the Constituent Assembly. For the moment that wave has subsided without breaking—only to be followed by a new wave of labour disturbances which have been most serious at two points: Saragossa and Barcelona. The chronic and widespread telephone strike contains an ever-present danger of acute trouble; and on Monday, August 31st, at Saragossa, a general strike was precipitated by a shooting affair between strikers who fired at workmen repairing a telephone line that the strikers had damaged, and Civil Guards, protecting the workmen, who returned the fire and, incidentally, inflicted casualties (one fatal) upon unoffending passers-by. On Wednesday, September 2nd, there was a mutiny in the prison at Barcelona, accompanied by a demonstration of sympathisers outside the prison walls. Next day a section of the local trade unionists came out in support of the mutinous prisoners, and the telephone line between Barcelona and Madrid was cut, while the authorities, on their side, dismissed the governor of the prison for excessive leniency. September 4th witnesses serious collisions at Barcelona between rioters and police. On the same day, however, it was announced at Madrid that the National Labour Federation (the All-Spanish syndicalist organisation) had called the strike at Barcelona off. The fact is that the cause of the Spanish revolution has led to a split in the syndicalist ranks between an anarchist minority and a majority of moderates. Already, on September 2nd, the moderates had published a manifesto in which they castigated the Provisional Government, but at the same time warned their followers that their own aims would only be frustrated by a policy of violence. The calling-off of the Barcelona strike two days later was another move in this internal conflict. By the week-end the strike was over; and the return to tranquillity seems to have been facilitated by the tact of the Catalan Civil Governor of the City, who did not conceal his determination to keep order while he almost ostentatiously refrained from exceeding his power in the way of ordering the strikers to return to work. In the complicated relationship between Madrid and Catalonia and the Spanish syndicalist movement, with its two wings, the Catalan authorities in Barcelona have, no doubt, an exceedingly difficult hand to play.

Fascism and the Depression.—Nothing has stood out more clearly from the succession of crises which the world is now witnessing in one country after another than the folly of rejecting as "impossible" the essential measures

of reform until such time as precisely the same measures, in twice as drastic a form, become absolutely inevitable. An honourable exception to the list of countries which have committed this folly is Italy; and the publication, by the Department of Overseas Trade, of a report on economic conditions in Italy during the first half of this year affords some data for a consideration of the results of her foresight. Owing to the shrinkage in revenue on the one hand, and the increased burden of unemployment expenditure and earthquake relief on the other, by the end of October, 1930, the Budget surplus of 150 million lire which had existed at the end of June had been replaced by a deficit of 729 million lire. The Council of Ministers announced in November their determination "not to impose any new taxes or increase any existing taxation, but to effect without delay all possible economies in order to obtain a reduction of the fiscal burden." Wages had already declined substantially, and to supplement this salaries and allowances of all persons employed by the State and by public bodies were reduced by 12 per cent., with an estimated saving, in a full year, of 700 million lire. The Government also took the lead in a movement for a 10 per cent. reduction in prices; a campaign for a reduction in salaries, rents, hotel charges and other incomes received extensive Press support; and additional lines of retrenchment were adopted by the Government. It did not prove possible to carry these and similar measures as far as was hoped, but their introduction and partial success at so early a juncture were a symptom of a realist financial policy not always paralleled in other countries. This policy of national economy was reinforced by a rigid adherence to actuarial principles in the granting of unemployment insurance; the Fascist Government has preferred the provision of public works to recourse to "extended benefit." It was not, of course, to be expected that any country, however well administered, could escape the effects of the world depression, nor is it possible to draw from the material in the report, without far more detailed analysis than our space permits, conclusions as to the relative extent to which Italy has suffered, but though her foreign trade and her home industries have undoubtedly experienced a severe decline in activity, the statistics at present available suggest that by facing early the necessity of a reduction in her industrial costs and in her public expenditure, she may have placed herself in a position to weather the depression with greater success than many other countries.

Prospects at Geneva.—The twelfth Assembly of the League of Nations opened on Monday, as our Geneva correspondent remarks in his letter on a later page, under the shadow of a world economic crisis which the delegates had little confidence of being able readily to solve. The prelude to the Assembly had afforded few grounds for satisfaction or optimism. The proceedings of the Council during the previous week had been sterile; the absence from the British delegation of any Minister of the Crown was a disappointing feature; the Commission of Enquiry for European Union had failed to make any constructive use of the material placed before it by its various committees of experts; a disagreeable impression had been created by the lines of division in the advisory opinion issued by the Hague Court on the Austro-German Customs union proposal; and a further regrettable element of national partisanship had been imported into the Geneva atmosphere by the re-election of M. Titulescu as President of the Assembly, largely as a result of the whole weight of French influence being thrown into the scale in his favour. From these inauspicious beginnings, however, the Assembly was rescued on Tuesday by the bold and statesmanlike speech delivered by Signor Grandi. The Italian Foreign Minister rightly insisted that there was no real division between the economic and political aspects of the world crisis. The sense of economic insecurity which resulted in the erection of high tariff barriers, was born of a sense of political insecurity. Equally, reparations and war debts were intimately connected with the general economic problem; but new settlements of the financial obligations left as a heritage by the great war would be unavailing so long as competition in armaments continued. He proposed that, pending the results of next

February's Disarmament Conference, an immediate and effective truce in armament programmes should be declared. The proposal, which is assured of wholehearted support from public opinion both in this country and in the United States, offers the Assembly a chance to rise to the occasion. M. Briand is now at Geneva, and Lord Reading has announced that, if possible, he will pay at least a brief visit to the Assembly before its proceedings are over. Once more we repeat: the time available in which to save Europe from economic and political anarchy is perilously short. We cannot relinquish the hope that the statesmen assembled at Geneva, given this lead from Signor Grandi, will not fail to come to grips with the whole nexus of financial entanglements, competitive armaments and political suspicions which are standing in the way of any chance of European or world trade recovery.

The Hague Decision—and After.—The advisory opinion of the Permanent International Court upon the projected Austro-German customs union was pronounced last Saturday. Since the German and Austrian representatives at Geneva, as we have already recorded, had found themselves compelled under financial duress to renounce the project in advance of the Court's decision, the judgment had in one sense only an academic interest. The voting however, and the grounds on which the majority and minority decisions were based are of some significance. By a majority of eight votes to seven, the Court has rendered the opinion that a regime established on the basis of the Austro-German protocol of March 19, 1931, would not be compatible with Protocol I. signed at Geneva on October 4, 1922, in connection with the financial reconstruction of Austria. Six of the eight judges were of opinion that the project would also be incompatible with Article 88 of the Peace Treaty of St. Germain. The projected regime, they admitted, "does not in itself constitute an act alienating Austria's independence." On the other hand, it would afford Germany advantages denied to third Powers and would be "calculated to threaten economic independence." Dissenting from this opinion, the seven minority judges, who argue the case in much greater detail, reach the conclusion that nothing in the proposed customs regime could be regarded legitimately as incompatible with Austria's continued existence as a separate and independent State. So much for the judgment itself. What is more important for the prestige of the Hague Court is that the majority who pronounced in favour of what may be termed the French thesis consisted of a Frenchman, a Pole, a Roumanian, an Italian, a Spaniard, and three Latin-Americans. The seven dissentients were an Englishman, an American, a Japanese, a Chinese, a German, a Dutchman and a Belgian. It is idle to disguise the fact that the Court was divided into two groups, in whose structure national alliances and racial sympathies played an unfortunate part, scarcely compatible with judicial impartiality. France and her associates, however, have now an open field and a unique opportunity to take the initiative in a wider and more inclusive plan calculated to meet the difficulties which the customs union scheme was designed to remove. In a leading article in this issue of the *Economist* our Budapest correspondent emphasises the critical situation in which Hungary is placed, and the reasons which have led to her appeal to the League; and a request for League assistance has also been made by Austria. It is a question for serious and urgent consideration whether, as the prelude to a comprehensive scheme for the solution of European trade and financial entanglements, reimposition of League control over the finances of Austria and Hungary is not immediately necessary.

The Round Table Resumed.—Pending the belated arrival of Mr Gandhi, the preliminary meeting, on Monday, of the re-assembled Federal Structure Committee of the India Round Table Conference could not be much more than a formality. Nevertheless, the inaugural speeches afforded an opportunity to make one thing clear: the attitude of the British delegation to the complex

problem which awaits solution has not been altered a whit by the change of Government in this country. Just as Sir Akbar Hydari, on behalf of the States, emphasised the Princes' firm adherence to the Federal principle enunciated by last winter's Conference, so the Prime Minister and Sir Samuel Hoare unitedly declared that there had been no change in the aims which the British Parliament's representatives would keep before them in pursuance of a settlement. This was well said, and it is to be hoped that the words spoken will be noted by mischief-makers both in India and here. How far Mr Gandhi, when he arrives, will be an asset or a liability to the Conference time will show. (Would Tolstoi, one wonders, have contributed much to the formulation of a practical democratic constitution for pre-war Russia?) But whether or not the Mahatma is ready to "talk horse-sense" or prefers to cling to Maya-phantasies in terms of his own private imaginings, there is a large body of opinion in the Conference, as there is in India, resolutely determined to deal with the problem in a spirit of realism and mutual goodwill. As Sir Tej Bahadur Sapru observed on Monday, "We cannot afford to let this Conference fail; it would be disastrous to India, and disastrous to the reputation of England."

Naval Mutiny in Chile.—On Tuesday, September 2nd, the petty officers and crews of the Chilean fleet, anchored off Coquimbo, mutinied and took possession of the ships, as a riposte to the reduction in the pay of the Chilean armed forces which the Chilean Government is proposing to introduce as one of the necessary national economies. Next day, there was a change of Government at Santiago da Chile on the issue whether the mutineers should be summoned to make an unconditional surrender under pain of being subjected to a bombardment from the air. The new Government which took office was prepared to carry out this energetic policy, and Parliament met at midnight to empower the Government to declare martial law throughout the country—a power of which the Government promptly availed itself. Meanwhile, the submarine flotilla at Telcahuano made off to join the Coquimbo mutineers. Undeterred by this accession to the mutineers' strength, the Government proceeded to carry its policy into execution. On Sunday the forts at Telcahuano, which had been seized by the naval insurgents, were successfully taken by storm by loyal troops; and on Monday—after the negotiations between the Government's representatives and the mutineers had come to nothing—the fleet off Coquimbo was duly bombed from the air and brought to submission. The Government evidently had public opinion on its side. The bombing was watched, and cheered, by civilian crowds who lined the shore. No doubt, also, the reduction in pay (a reduction of thirty per cent. in the higher ratings, and not of fifty per cent. all round, as the mutineers supposed) is an essential measure. Nor could Chile have avoided lapsing into something very like anarchy if the mutineers had had their way. Accordingly, the Chilean Government is to be congratulated on its energy and the world is to be congratulated on the success with which this energy has been rewarded. Yet what is the further outlook? The economies which evoked the Chilean naval mutiny are a direct consequence of the world-wide economic depression. We need not labour a point which has been dealt with fully, à propos of the Chilean financial default, in recent issues of the *Economist*. The question is: What is going to happen in Chile, and in Latin America at large, if the slump congenerous outbreak against the authority of the Brazilian Government at Niteroy. These Latin-American upheavals—all ultimately due to the catastrophic fall in the price of Latin-American products on the world market—have been happening now, with increasing frequency, for the past twelve months. They have been affecting the most stable and progressive Latin-American countries—such countries as Argentina and Chile. In fact, Latin America shows symptoms of relapsing into the poverty and anarchy out of which she painfully struggled in the course of the nineteenth century. She struggled up by finding a place for herself in the great international

system of production and trade and finance. Now this international machine is failing to work, and the weakest of its component parts are the first to suffer. But what is already beginning to happen in Latin America under our eyes is a warning for us all.

The New Constitution in Yugoslavia.—On Wednesday, September 2nd, King Alexander of Yugoslavia announced to his Ministers his decision to grant a new constitution to the country; and the decree embodying the new regime was read out at the dinner party at which the Ministers were assembled. Any relaxation of a dictatorship, in any of the countries that are at present living under some dictatorial form of Government, is a matter of general interest because of its bearing on the question whether the world trend of politics is to remain democratic or is to move into other channels (older or newer than the democratic channel, as the case may be). Each change, however, must be judged in the light of the local political circumstances; so that, in attempting to appraise the significance of King Alexander's step, we must consider the contents of the new constitution and remind ourselves of the objects with which the King of Yugoslavia swept aside the previous constitution and established his royal dictatorship some two years ago. Is King Alexander's new step a sign of weakness? When the Spanish dictator, the late Marquess de Estella, reintroduced in Spain what was no more than a caricature of a parliamentary body, this concession certainly was a sign that his dictatorship was weakening, as is now obvious after the event. The actual differences, however, between the new constitution and the old in Yugoslavia hardly support this interpretation. They rather suggest that King Alexander, like his contemporary, King Fu'ad of Egypt, at present holds the whip hand, and that—whether constitutionally or constitutionally, wisely or unwisely—he has been deliberately using his *de facto* power, not indeed to abolish the parliamentary element in the Government of his country, but to revise a previous constitution which, in his opinion, was too democratic to suit the general level of political development that at present prevails among his subjects. The new Yugoslavian constitution substitutes a parliament of two houses for a single chamber; it places in the King's hands the nomination of half the members of the new Senate; it gives the King complete independence of Parliament in the making of "political" treaties; and it empowers him to decree exceptional measures in the event of danger to the internal or external peace of his kingdom, or, in other words, to resume his recent dictatorship at any time at his own discretion. Thus, the prerogatives which the King retains under the new constitution are at least as significant as the liberties which he reintroduces; and this question of the points which are not conceded is also pertinent to another issue—namely, that between regionalism and uniformity—which in Yugoslavia is still more important than the issue between democracy and autocracy. The Kingdom of Yugoslavia is an unprecedented experiment in political chemistry. It is an attempt, on the basis of linguistic homogeneity (and this by no means the perfect), to create a new sympathetic nation out of the Yugoslav Catholics and the Yugoslav Orthodox Christians and the Yugoslav Muslims who have each been nurtured in the bosom of a different civilisation. To further this process was the main purpose of King Alexander's dictatorship; its establishment was accompanied by a re-mapping of the internal administrative divisions of Yugoslavia on new lines, which deliberately cut across the traditional frontiers, and by a forcible dissolution of all political parties and even athletic associations (*sokols*) which were organised on a religious or a "tribal" basis. In the new constitution these crucially important acts of the dictatorship are confirmed with little modification; and in consequence the new Government, like the dictatorship itself, has to face the opposition of the most important of the *ci-devant* political organisations: the Serb Radical Party, the Croat Peasant Party, the Slovene Clerical Party, the Bosniak Muslim Party. In fact, the great issue in Yugoslav politics still remains to be fought out.

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS).

OVER 400 BRANCHES IN

THE UNION OF SOUTH AFRICA
NORTHERN & SOUTHERN RHODESIA
KENYA · TANGANYIKA · UGANDA · NYASALAND
PORTUGUESE EAST AFRICA · SOUTH WEST AFRICA
BRITISH WEST AFRICA · BRITISH WEST INDIES
BRITISH GUIANA · EGYPT · SUDAN · PALESTINE
MALTA · GIBRALTAR · MAURITIUS

LIVERPOOL · MANCHESTER · NEW YORK · Agency HAMBURG

FACILITIES FOR THE IMPORT OF PRODUCE ARRANGED.

HEAD OFFICE:
54, LOMBARD STREET, LONDON, E.C.3.

Ministerial Appointments.—The formation of the new Administration was practically completed at the end of last week with the announcement of the names of most of the junior members of the Government. A list of the appointments of chief interest to the public is printed below:—

Lord Privy Seal	Rt. Hon. Earl Peel, G.B.E. (C.).
Attorney-General	Rt. Hon. Sir William Jowitt, K.C. (Lab.).
Solicitor-General	Sir Thomas Inskip, K.C. (C.).
Lord Advocate	Rt. Hon. Craigie M. Aitchison, K.C. (Lab.).
Postmaster-General	Major the Rt. Hon. W. Ormsby-Gore (C.).
Minister of Pensions	Major the Rt. Hon. G. C. Tryon (C.).
Minister of Transport	Mr P. J. Pybus (L.).
Paymaster-General	Sir John Tudor Walters (L.).
Treasury:—	
Parliamentary Secretary	Com. the Rt. Hon. Sir Bolton M. Eyres-Monsell (C.).
Financial Secretary	Major Walter E. Elliot (C.).
Admiralty:—Parliamentary and Financial Secretary	Rt. Hon. the Earl Stanhope (C.).
War Office:—Financial Secretary	Mr A. Duff Cooper (C.).
Air Ministry:—Under-Secretary of State	Rt. Hon. Sir Philip Sassoon (C.).
Colonial Office:—Under-Secretary of State	Sir Robert Hamilton (L.).
Dominions Office:—Under-Secretary of State	Mr Malcolm MacDonald (Lab.).
Board of Education:—Parliamentary Secretary	Rt. Hon. Sir Kingsley Wood (C.).
Foreign Office:—Under-Secretary of State	Captain R. A. Eden (C.).
Home Office:—Under-Secretary of State	Major the Hon. Oliver Stanley (C.).
Board of Trade:—Parliamentary Secretary	Major G. Lloyd George (L.).
Ministry of Labour:—Parliamentary Secretary	Mr Milner Gray (L.).
General Post Office:—Assistant Postmaster-General	Mr H. Graham-White (L.).
Ministry of Transport:—Parliamentary Secretary	Mr G. M. Gillett (Lab.).
Mines Department:—Secretary	Mr Isaac Foot (L.).
Department of Overseas Trade:—Secretary	Lt.-Com. Rt. Hon. Sir Edward Hilton-Young (C.).
Export Credits Guarantees Department:—Minister in Charge	
Scottish Office:—Under-Secretary of State	Mr A. N. Skelton (C.).
Solicitor-General	Mr John C. Watson, K.C. (C.).

Lord Lothian, the Chancellor of the Duchy of Lancaster, will represent the India Office in the House of Lords and, at the moment, therefore, it will not be necessary to appoint an Under-Secretary for India. Lord Lothian will share with Sir Samuel Hoare and Lord Sankey the chief burden of the conduct of the India Round Table negotiations. Several other minor appointments are likely to be left unfilled on grounds of economy.

Overseas Trade in August.—The preliminary figures of British external trade in August, which have been published by the *Board of Trade Journal*, give no ground for encouragement. The slight improvement shown in July is not maintained, and the best that can be said is that since August is the holiday season, and also contains two less working days than July, the real deterioration is very much less serious than would appear from the first glance at the following figures:—

MONTH OF AUGUST.
(000's omitted.)

	1931.	Increase or Decrease as compared with			
		August, 1930.		August, 1929.	
Imports	£ 65,261	£ -14,592	% -22.3	£ -35,716	% -54.4
British exports	29,137	-13,640	-46.8	-33,908	-116.3
Re-exports	3,850	-2,492	-64.7	-5,170	-135.8
Total exports	32,987	-16,132	-49.5	-39,078	-118.6
Excess of imports over total exports	32,274	+ 1,540	+ 4.6	+ 5,362	+ 16.6

FIRST EIGHT MONTHS.
(000's omitted.)

	1931.	Increase or Decrease as compared with first eight months of			
		1930.		1929.	
Imports	£ 553,060	£ -153,500	% -27.7	£ -245,760	% -44.4
British exports	262,545	-135,830	-51.7	-225,762	-86.0
Re-exports	44,494	-17,791	-39.8	-33,208	-74.6
Total exports	307,039	-153,621	-49.7	-258,970	-84.5
Excess of imports over total exports	246,021	+ 121	+ 0.5	+ 13,210	+ 5.7

For July imports were £70.1 millions, British exports £34.3 millions, and re-exports £4.9 millions. By a curious coincidence the fall in the eight months in imports and total exports is almost precisely the same. A detailed investigation into the position of the country's balance of trade is made in an article on a previous page of this issue.

Scottish Iron and Steel Depression.—Another reduction has been made in Scottish pig iron prices, bringing them to the lowest levels ruling since the war. The position of the pig-iron industry is causing the ironmasters north of the border serious concern, writes our Glasgow correspondent. The trade has been steadily on the down grade since the war, and the stage has now been reached where only one furnace remains in blast out of a total of about 100. Before the war there were regularly about 80 furnaces producing, and in the busier times since then this number has ranged between 30 and 40. The reasons for the dwindling state of the trade are not wholly connected with the widespread industrial stagnation. This has doubtless been a major contributing cause, but in addition difficulties have been created by the increasing use of scrap iron in steel-making, and also by the growing tendency among consumers to import iron not only from the Continent, but from as far afield as India. There is nowadays quite a regular trade in pig iron between India and the Clyde. It may truthfully be said that pig iron making is no longer an integral part of the Scottish steel industry, and whether this is a development which will prove to be beneficial in the long run remains to be seen.

Cotton Industry Negotiations.—A mild sensation was caused, writes our Manchester correspondent, when it was announced on Thursday of last week that the negotiations on the "more looms per weaver" question had been broken off, for it was understood that the discussions were proceeding in a very friendly atmosphere. The differences separating the two sides, however, are not great, and, although both the employers and the operatives regard their own point of view as vital, it is considered probable that a resumption of the negotiations will take place. The whole matter, however, will now be thrashed out by the Central Committee of the Operative Weavers' Amalgamation on Tuesday, and if they find they are unable to reach a decision they will refer the matter to the full General Council meeting of the union, which will be held in Man-

chester, on Saturday, September 19th. The other development, and one which was not entirely unexpected, was the request of the Master Spinners' Federation representing all the spinning employers in the American and Egyptian sections to the Operative Spinners' Amalgamation and the Card Room Amalgamation, representing the operatives, for a joint meeting to discuss the costs of production. The date of this joint conference has yet to be fixed, and the operatives are awaiting the statement of the employers before they desire to express any opinion on the matter. It is known, of course, that the Master Spinners' Federation has, for some time past, been considering the question of lower wages and longer working hours as a means of recovering lost trade. This point of view was clearly stated in their recent statement to the Joint Committee of Cotton Trade Organisations. It is reasonable to expect, therefore, that when the joint conference takes place, the employers will put forward arguments in favour of reducing costs by a wages cut and longer hours. It seems impossible for the subject to be broached without these two points being brought forward.

American Cotton Crop.—The United States Department of Agriculture published its second report on the American cotton crop on Tuesday last. The statement indicated a yield of 15,685,000 bales as compared with 15,584,000 bales in the report a month previously. The yield per acre is now given as 183.6 lbs., as against 185.8 lbs. a month ago, and the condition figure is now 68 as against 74.9. The lateness of the crop is indicated by the comparatively small ginning returns which showed 565,000 bales ginned to September 1st, as compared with 1,878,000 bales ginned at the same date a year ago. The increase in the indicated yield of slightly over 100,000 bales compared with August 1st is largely due to lower than average abandonment in the August 1st report. The decline in the condition figure of 6.9 per cent. is less than the average decline during August, which in previous years has been 11.1 per cent. The acreage expected to be harvested is now estimated at 40,889,000, as compared with 41,491,000 acres planted. The report had very little effect upon prices, and a decline of only about 10 points took place on the Liverpool Exchange. Prospective supplies of American cotton now amount to over 24½ million bales, and consumption during the past season, according to the latest statistics of the International Spinners' Federation, was slightly less than 11,000,000 bales. Users have practically the equivalent of two crops to draw from.

International Cotton Statistics.—Our Manchester correspondent writes:—The International Cotton Spinners' Federation has published its annual statistics regarding world cotton consumption during the season ended July 31st last, and, as expected, they show a big decrease in the use of cotton as compared with the previous season. The total world consumption of all cottons for the twelve months ended July 31st was 22,483,000 bales, as compared with 25,209,000 bales in the previous season, a drop of 2,726,000 bales. The consumption of American was 10,907,000 bales, as against 13,023,000 bales in the previous season; East Indian 5,860,000, as against 6,087,000 Egyptian 852,000, as against 937,000; and sundries 4,864,000, as against 5,162,000. Great Britain consumed 498,000 bales of American cotton for the half-year ended July 31st, as compared with 493,000 bales in the previous half-year. Slightly less East Indian cotton was used during the past six months, the figures totalling to 121,000 bales, as compared with 131,000 bales in the previous half year, but the consumption of Egyptian cotton increased from 113,000 bales to 129,000 bales, and 240,000 bales of sundry cottons were used, as compared with 239,000 bales. The total world's mill stocks of American cotton on July 31st were 1,975,000 bales, as against 1,985,000 bales a year ago. Stocks of East Indian cotton were 1,568,000 bales, as against 1,667,000 bales, stocks of Egyptian cotton were 218,000 bales, against 237,000 bales, and stocks of sundry cottons totalled to 661,000 bales, as compared with 609,000 bales in 1930. The total world's mill stocks of all kinds of cotton were 4,322,000 bales, as against 4,498,000 bales to July 31st a year ago. Wit-

regard to mill activity in Great Britain the Federation reports that the amount of short time working in Great Britain for the whole industry during the six months ended July 31st last was equal to 13.42 weeks of 48 hours, as compared with 13.22 weeks during the preceding six months. Increased short-time working has also been recorded in Germany, France, Italy, Belgium, Switzerland and China, but there has been more activity in the Japanese mills, the stoppage being equal to 5.66 weeks of 120 hours, as compared with 7.70 weeks in the previous six months.

Progress in the Sudan.—In his recently published report* on the progress of the Sudan in 1930, the Governor-General, Sir John Maffey, gives first place to a consideration of the economic condition of the country. In particular he emphasises the close bond which exists between the prosperity of the Government and the financial soundness of the Gezira irrigation scheme, and calls attention to the difficult budgetary position which may emerge if the latter cannot be maintained. In 1930 the budget balanced at £E.4,693,623, as compared with £E.4,835,003 in 1929, and the revenue accruing from the Gezira scheme amounted to only £E.669,426, as compared with a budget estimate of £E.1,158,850, and actual receipts in 1929 of £E.1,008,038. The diminished revenue from this source is, of course, in part due to the fall in cotton prices, but Sir John expresses his concern at the low average yield of the area in 1929-30 and the still lower yield anticipated for 1930-31. The report goes on to consider what conditions of yield and price are necessary to ensure a return from the scheme which, with the strictest economy in every possible direction, would make the financial position of the country "one of reasonable safety." It is estimated that for the Gezira scheme to be self-supporting a return of £E.10 a feddan (1.038 acres) is required, but if the return falls below £E.8 a feddan the project is bound to become a liability on the country. The budget estimate for 1931 of £E.612,400 assumes an increase of 28,000 feddans in the area under cultivation and a net return of £E.8 per feddan, which represents a reasonable expectation in view of the present price level. Turning from the economic to the administrative aspect of the country, the Governor-General reports good progress in the revolutionary policy which has been adopted. The natives in all districts are to an increasing extent becoming associated with the local management of their own affairs. The native courts are developing satisfactorily and enjoying an enhanced prestige, while in such matters as road making, irrigation works, the maintenance of law and order, the collection and assessment of taxes and many other activities, the native is beginning to play a constructive part. Although education is only in its infancy, facilities for technical as well as literary instruction are gradually increasing. Evidence is not lacking that all these measures are sowing the seeds of a higher degree of citizenship, and Sir John welcomes as a good augury for the future the manifestation among the natives of a determination to see the country through its present difficulties.

Australian Bank Returns.—Our Melbourne correspondent writes:—The principal totals of the quarterly average returns of the trading banks in Australia (six States) and New Zealand compare with those for the previous quarter and a year ago as follows:—

	June 30, 1930.	Mar. 31, 1931.	June 30, 1931.
Australia:			
Deposits	£ 268,256,901	£ 263,004,817	£ 261,083,620
Advances and securities	281,962,294	268,937,892	262,604,620
Coin and bullion	4,721,913	2,087,735	1,960,359
Australian notes and cash with Commonwealth Bank	32,857,796	46,782,036	51,145,994
New Zealand:			
Deposits	£ 58,847,387	£ 54,141,064	£ 54,996,125
Advances and securities	60,330,613	59,439,171	58,431,926
Coin and bullion	6,843,567	6,955,422	6,926,030
Legal tender notes of other banks	67,807	59,672	47,813

* Cmd. 3935. (London) H.M. Stationery Office. 2s. 6d.

Westminster Bank Leaflets

Points before Travelling, Notes on the Protection of Travellers from Loss. Thirty-nine Advantages of an Account with the Bank. The Saving Habit, an outline of the Home Safe system. The Postal Account, a service for those living in outlying rural districts. The Financial Machinery of the Export and Import Trade, or the function of the Documentary Credit. Foreign Exchange, with particular reference to Forward Exchange. Safeguards for Travellers, a warning against carrying foreign notes. Securities, their Custody and Supervision. Wills, Trusts, and Settlements, the Bank as an Executor.

Copies may be had by asking at almost any branch or from the Secretary, Westminster Bank Limited
41 Lombury, London, E.C.2

These figures represent local liabilities and assets, and do not include London; and the Commonwealth Bank of Australia is not included. The decrease of £7,173,281 in Australian deposits on the year is mainly the balance between a decrease of £10 millions in New South Wales and an increase of £2½ millions in Victoria, these amounts representing partly the flight of capital from the New South Wales Labour Government and partly the repayment of deposits by the trading banks to the Government Savings Bank of New South Wales, when the latter, prior to its suspension, was endeavouring to meet the demands of its own depositors. Advances and securities in Australia show a decrease of £19,357,674 on the year, the fall in advances alone being £21½ millions, as the result of reduced trading requirements and smaller imports. The cash items in Australia show changes due partly to the transfer of gold from the trading banks to the Commonwealth Bank for export and partly to Government borrowings from the Commonwealth Bank, the effect of which has been to swell the bankers' balances with the Commonwealth Bank. The decline of 1 per cent. in bank fixed deposit rates, as regards fresh deposits, has been followed by a political movement to press the banks to make a complete immediate reduction in advance rates, although the reduction in deposit rates only becomes operative by degrees within the next two years. What the banks have actually done is shown in a statement, issued by the Associated Bank of Victoria that, apart from a few special accounts, advance rates will be reduced by ½ per cent. as from July 1, 1931, and by a further ½ per cent. not later than January 1, 1932 while in some cases a full reduction of 1 per cent. will be made earlier.

Shipping Freight Index Number.—After the severe declines recorded in June and July, the average level of whole-cargo shipping freights remained comparatively stable last month; and our index number records for August a fall of only 0.8 per cent. The current figure 86.6, is 9.9 per cent. lower than a year ago. The following table summarises recent movements of the various group indices:—

	AVERAGE 1898-1913=100.				
	Average, 1913.	August, 1930.	June, 1931.	July, 1931.	August, 1931.
European Waters	110.0	86.7	82.4	81.2	80.6
North America	113.1	94.2	89.6	85.5	82.3
South America	123.4	99.7	89.8	86.3	88.3
India	106.3	104.5	91.8	87.6	88.4
Far East and Pacific	117.4	84.7	93.0	87.8	87.3
Australia	127.9	106.8	98.8	95.2	92.4
Total	116.3	96.1	90.9	87.3	86.1

Outward coal freights, except to South America, had a weak tendency, and the volume of shipments again fell away. The only markets for homeward grain which showed any activity were the Plate and, to a minor extent, the Black Sea. At the end of the month there was a disappointing absence of signs of any seasonal autumn quickening of demand for tonnages. Individual changes recorded by the various sections of the index number are given below:—

AVERAGE 1898-1913=100.

	Index Number	Inc. or Dec. Points.		Index Number	Inc. or Dec. Points.
Home Trade	71.6	- 1.0	South America—out-	69.6	+ 0.2
Ray—outwards	93.6	- 1.8	wards		
Ray—homewards	82.3	...	South America—		
Mediterranean—out-			homewards	106.9	+ 3.7
wards	82.6	- 0.9	India—outwards	84.2	- 2.1
Mediterranean—			India—homewards	92.7	+ 3.8
homewards	81.6	+ 0.7	Far East, &c.	87.3	- 0.5
North America	82.3	- 3.2	Australia	92.6	- 2.6

Expressed as a percentage of the average for 1913, the total figure of our index number for August works out at 74.4, compared with 75.0 in July and 82.6 a year ago.

Gresham Life Assurance.—The year 1930 was the first year of a new quinquennium for this society, and in putting forward its claims to the public the society is able to point to the highly satisfactory valuation at the end of 1929, when the actuarial reserves were strengthened from a 3½ per cent. to a 3 per cent. interest basis at a cost of £330,000. The society is the only Life Office whose interests lie predominantly abroad, and having regard to the disturbed conditions ruling in 1930 the fact that the new business has been so well maintained may be regarded as very satisfactory. New life business within the United Kingdom amounted to £643,000, compared with £651,000, while foreign and colonial business accounted for £1,582,000, compared with £1,589,000. In reviewing the society's accounts in past years we have had occasion to point to the relatively high rate of expense at which the business is conducted, and although this feature persists (the 1930 ratio is 24.6 per cent. of the premiums) it is only fair to point out that a company operating abroad necessarily experiences higher expenses, while the premiums charged in those countries make allowance for local conditions in that regard. The rate of interest shows a further increase, the 1930 rate being £5 0s. 11d. per cent. net, compared with £4 19s. 9d. per cent. net in 1929. Two changes of some interest have occurred in the distribution of the assets, namely, reductions of British Government securities and in Foreign Government securities, the securities sold having been replaced apparently by debentures and debenture stocks. As a result of the new Companies Act, the society's holding in its subsidiary, the Gresham Fire, is separately specified and valued at £275,000. This represents the cost price of its holding of 200,000 £1 fully-paid shares, at which price the yield on the current dividend of 5 per cent. is but 3½ per cent. At December 31, 1929, the certificate to the balance sheet stated that the actual value of the assets exceeded the then book value, but from the wording of the 1930 certificate it is inferred that such hidden reserve as there was then has disappeared, and that the assets are now at their market value.

Gresham Fire and Accident.—A year ago this society, which was founded in 1910 and is controlled by the Gresham Life, sharing the same management and board of directors, passed its normal 7 per cent. dividend. Although the company had experienced an adverse trading result in its fire account, accident profits and interest earnings were more than sufficient to counterbalance this, and the non-payment of the usual dividend may be regarded as a precautionary measure. The 1930 report

shows a pronounced improvement in both departments, as will be seen from the following figures:—

	1929		1930	
	Amount of Profit. £	Percentage of Premiums. %	Amount of Profit. £	Percentage of Premiums. %
Fire profit	— 18,958	— 11.7	1,009	.6
Accident profit	19,650	11.8	16,706	9.8
	692		17,715	
Less items debited to profit and loss ac- count	4,428		1,204	
Total net trading sur- plus	— 3,736		16,511	

Interest earnings, at £19,649, were slightly higher than in 1929, and dividend payments have been resumed by the declaration of a 5 per cent. dividend, costing £12,000. The company has added to reserves the sum of £24,160 during the year from its trading operations. A portion of this has been utilised to strengthen the underwriting reserve in the accident account from 35 per cent. of the premium income to the usual 40 per cent., and a sum of £11,000 has been transferred to investment reserve, which now totals £35,000. In the 1929 balance sheet it was stated that after taking account of the investment reserve fund, which then stood at £24,000, the book values of the assets showed a depreciation of £13,000. The chairman in his speech at the annual meeting this year stated that the increased investment reserve fund of £35,000 was more than sufficient to cover the depreciation in 1930 book values.

Tariff Reinsurances.—After a succession of three disastrous years of trading the 1930 report bears evidence of a very welcome improvement. As its name implies, the company transacts reinsurance business, being one of a number of companies formed for that purpose just after the war. Unfortunately, the company met with early troubles, culminating in a reorganisation scheme in 1926, by which £100,000 was written off, including a scaling down of the £1 shares from 15s. paid up to 9s. paid up. The subsequent underwriting losses have again created difficulties, and the company at the end of 1929 found itself with an adverse profit and loss balance of £19,000, together with an asset value of £42,000 held against the City Fire Office, now defunct. In 1930 the premium income was £285,000, compared with £828,000 in 1929, but whereas there was a loss in that year of £32,000, 1930 has resulted in a small profit of £1,960. After allowing for items appearing in the profit and loss account, a net trading surplus has emerged of £2,281, compared with a loss of £33,603 in 1929. No dividend has been paid since the company was formed, and the addition of interest earnings has had the effect of increasing surplus assets last year by just under £11,000. A sum of £3,000 has been allocated for the purpose of creating a contingency account, and the adverse profit and loss balance has, therefore, been reduced by some £8,000 to just over £11,000. In recent years the company has had the advantage of the support of the Phoenix, and the whole of its contracts are guaranteed by that company.

British Oak Insurance.—Detailed results of the last three years' trading of this company are as follows:—

	1928.		1929.		1930.	
	Amount of Profit. £	Per- centage of Preme. %	Amount of Profit. £	Per- centage of Preme. %	Amount of Profit. £	Per- centage of Preme. %
Fire	20,808	- 20.2	14,282	- 17.7	12,313	- 16.3
Accident	22,920	- 7.5	22,721	- 7.3	31,670	- 9.9
Marine	39,897	- 51.8	7,382	11.2	1,689	- 3.1
	- 83,625		- 29,261		- 45,642	
Add balance of items debited to profit & loss account	8,646		3,737		7,262	
	- 92,271		- 33,358		- 52,904	
Add net interest earn- ings	14,040		13,290		13,027	
Total net loss	- 78,231		- 20,068		- 39,877	

The company has paid no dividend during the course of its history as a public company since 1918, and is controlled by Spillers, Limited. The causes for the disastrous losses in the fire department lie partly in an abnormally

high loss ratio, and partly in unduly heavy expenses, which in 1930 absorbed 53 per cent. of the premiums. The same factors operate in a lesser degree in the accident department. Earlier losses led to a reduction of share capital in 1928, but the writing off was insufficiently drastic, and subsequent losses have again created an adverse profit and loss account balance, which now amounts to £78,000, in addition to which depreciation on investments accounts for £9,000. The paid-up issued capital is £175,000, and it would seem that a further reorganisation scheme is essential. That the situation is being tackled is evidenced by the chairman's speech at the annual meeting, and the board has been reconstituted with six directors, five of whom are directors of Spillers, Limited, the controlling company.

Overseas Correspondence.

LEAGUE OF NATIONS.

The Assembly — Essential Principles — Hague Judgment — Mandates.

(FROM OUR CORRESPONDENT.)

GENEVA, September 7.

THE League of Nations Assembly has opened to-day under the shadow of world-wide difficulties, with little prospect of finding any straight road out of them, or, at any rate, with no chance of discovering a way to immediate restoration of economic equilibrium. The main hope is that, under the relentless pressure of events, there will be growing signs of an understanding that nothing but a bold approach to the terrible problems of our time can be of much use. The remedies suggested at the World Economic Conference four years ago have not been acted upon, and it will be futile if the more drastic measures required to-day are left until the situation becomes impossible. It has been clear for several years that conditions would have to be cleared for some time before there would be a realisation that international co-operation must be a stark fact and not a pious view. Are they to become worse still? For the moment, the depressing fact is that so much depends for immediate action upon one or two States alone. A very great responsibility rests upon the French Government, and not much less upon the German Government. More depends on them than on any others for the restoration of that political confidence which the economic experts and everyone else declare to be the starting point of any check in the economic rot. It is to be hoped that the French will not push their temporary advantage of unique power to such a point as to make it impossible for the Germans to play their part while there is yet time. Austria and Germany have had to renounce their projected union, irrespective of the Court's opinion, because Austria is coming hat in hand to France for credit, and Germany could hope for nothing from France so long as the Customs union remained a part of her policy. But it has done the League no good, helpless though it was in the circumstances. It may be added that a third State upon which great responsibility also rests is the United States of America, which could do probably more than any other single country to encourage political confidence, and, with it, a brighter prospect for reduction of armaments, if it were to give even a modest undertaking with regard to its attitude towards any State which might violate the Kellogg Pact.

Judging by what is said in Geneva and spread from Geneva, there seems some necessity still to emphasise a few elementary principles about the League. Critics assume that it is not possible for the League to put the world straight this winter, and, at the same time, condemn it because the expectation is likely to be true; they fail to recognise that, when there is a world crisis, either political or economic, it is naturally and logically concentrated in Geneva. There is no dictatorship and there is no oracle in Geneva; it is an opportunity for the study and discussion of ways and means, for the pooling of ideas, but not for dictation. The world which meets at Geneva is also

the world outside Geneva, and no miraculous, isolated super-mind.

There is an indication that Governments are realising, as the President of the Assembly, M. Titulesco, declared this morning, that the world is at a new and definite stage in its development and cannot shape its course on preconceived notions. The Assembly, whose general debate opens to-morrow, will have before it the report of the European Commission, with the observations of the Committee of Economic Experts and a variety of other committees on industrial rapprochement, credit problems and a number of cognate questions, the two essential elements emphasised being that Europe cannot hope for a real economic revival if she persists in the traditional conception of separate national economic unities, or if she fails to make efforts to achieve the prompt restoration of confidence. All the rest of the work referred to Governments for consideration, or to the Assembly or standing committees of the League for more precise proposals, is dependent upon these two major principles.

Meanwhile, the Austrian Government's request for League assistance has been referred by the Council to the Financial Committee, which has also been examining in great detail the situation of Bulgaria in the presence of the Bulgarian Prime Minister, the Minister of Finance and the League's High Commissioner. The renunciation of the Customs union by Austria and Germany preceded the reference of the Austrian Government's request to the Financial Committee, and the advisory opinion of the Court, which came later, naturally lost a good deal of its reality. It is not, however, regarded with much satisfaction in Assembly circles that amongst the seven judges in the minority were those who are regarded as the most independent. It is true the case was a fairly open one, but it is unfortunate that the division of judges should have followed almost national political lines, and one leading French comment shows a strange idea of the functions of an international court by supposing that the Belgian judge, in voting with the minority opinion, wrongly imagined he was contributing to political appeasement. If that view were to be extended it would be the end of the Court.

Two other points should be mentioned. One is the unexpected likelihood that during this Assembly Mexico will become a Member of the League; the other is the interesting and rather important discussion in the Council on the Mandates Commission's report about the conditions to be fulfilled before a mandate is terminated. The Italian Foreign Minister was specially concerned with the establishment of economic equality as between all States and with the rejection of any notions that special relations should be created between the mandated territory and the power relinquishing the mandate. The German Foreign Minister also emphasised the importance of economic equality and the open door, and Lord Cecil, agreeing in principle with both Signor Grandi and Dr. Curtius, pointed out, at the same time, the necessity of transitional rules. There seemed to be no difference of opinion between the members of the Council regarding the principle of economic equality. At the request of Lord Cecil the Mandates Commission is to be asked to consider the special case of Iraq, and to present a report to the Council at its session in January.

UNITED STATES.

Security Markets — Public Finance — Money — Debt Questions — Prices — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, September 2.

HOPES of even seasonal improvement in trade this autumn have ebbed with the absence of any increased activity in August among leading industries. Disappointment is, nevertheless, less keen than it would have been even a few months ago, for the whole country has undergone a change in its frame of mind toward the business position. There is no longer a tendency to blink the fact of a depression, and less thought is spent on the probable duration than on ways and means of carrying on.

Security markets are the duller in seven years, although a somewhat more cheerful feeling is creeping into the bond market. Prices have strengthened during the past week, in spite of further liquidation of bonds held as secondary reserves by the commercial banks. The improvement has not gone far enough to affect the new-issue business. Capital flotations in August, apart from Treasury borrowing, were the smallest for any month since 1919. They were less than half those of a year ago, and about half the total was city and State borrowing. Activity has continuously diminished since last March, and the total for August was a little over \$100,000,000, as against \$274,000,000 in July. Trading in shares is flat, but the market gained a shade in August and gives every appearance of being well sold out. Operations are largely professional, and there is no longer widespread public apprehension of severe declines.

While industry is not disposed to borrow and the market is unwilling to grant loans to borrowers such as the weaker railroads and to foreign countries, the Federal Treasury is absorbing capital in large quantities. It announces that the recent offer of \$300,000,000 of 1½ per cent. certificates was subscribed about four times over, but the books on the other portion of the September financing, consisting of \$800,000,000 of 3 per cent. 24-year bonds, are still open. The one-year certificates will be allotted entirely against maturing certificates, of which \$634,400,000 are due on September 15th, and these also will be taken against subscriptions to the bonds. The fact that the banks will receive Treasury deposits against subscriptions to the bonds, which are unlikely to be drawn upon for several weeks, makes it likely that the long-term issue will be successful. The market, however, had expected a 3½ per cent. coupon, and, while the Treasury seldom misjudges the market, this issue is regarded as rather uncertain.

The impact of the long-term issue on the market was not altogether favourable. It called attention to the fact that the Treasury is having to make good the deficit, about \$903,000,000 for the fiscal year ended June 30th, with long-term borrowing, but the issue is not large enough to make much impression upon the high volume of short-term Treasury obligations outstanding. The loan at this time does not preclude the possibility of an increase in the income-tax rate for 1931 incomes, though opposition to higher taxation, payable in the election year of 1932, will be considerable in the next Congress. At the same time, due notice by ex-service men's organisations is being served of a demand for further bonus payments, and the pressure for Federal appropriations for poor relief, farm relief and activities designed to spur business will be heavy.

Federal Reserve authorities are giving every indication of an intention to adhere to an easy money policy. Money movements during August were characterised by a lack of increased seasonal demand for commercial credit, but by a considerable rise in Federal Reserve credit outstanding, which occurred in advance of the usual time. This credit, which was around \$900,000,000 for the system in June, increased to \$1,156,000,000 as at August 26th. Additional credit was required to make good the transfer of foreign funds (reported to be French) from short-term investment into deposit at the Reserve banks (the rise in foreign deposits was \$175,000,000 between the middle of June and the middle of August), and to meet a demand for currency by public hoarders frightened by bank failures and by the banks' to strengthen their vault cash reserves. The Treasury also took \$80,000,000 out of the market in addition to maturities of bills.

Currency withdrawals from the Reserve banks last month, according to the New York Federal Reserve Bank calculation, were \$150,000,000 in excess of usual seasonal requirements. Commercial banks in August were no longer able to make good these drains on them through use of excess reserves at the Reserve or of gold imports, and the Reserve banks helped by purchasing \$50,000,000 in Government securities, and granting \$100,000,000 in acceptances (mostly foreign), and \$60,000,000 on member bank discounting. Thus money rates were kept easy, aside from a shade of firmness early in the month. No

ripple was made at this month-end, although, in spite of reductions and omissions, the aggregate of dividend and interest disbursements was heavy. Gold net imports for August were approximately \$44,000,000, rounding out \$400,000,000 net gain for the year to date.

In the financial district interest in the subject of reparations and allied debt revision remains alive, but it is doubtful if much thought is given to the subject in the country at large, where the chief concern is to secure at once larger Government expenditures and to avoid higher taxation. The opinion of a large section of the financial community was adequately expressed in the current bulletin of the National City Bank, of which Charles E. Mitchell, a member of the local Federal Reserve Bank board, is the head. The banker said:—

"When the Hoover moratorium was first proposed its purpose was stated to be 'to give time to permit debtor governments to recover their national prosperity.' It would appear miraculous, however, for such recovery to take place within a year. Two months already of the period of grace have elapsed, and soon people will be concerned with the question as to what is to happen after July 1, 1932. If nothing is done the world at that time will be in danger of a more difficult situation than it was in June this year when the moratorium was first proposed. It is inconceivable that governments will permit the situation to drift in this way. Nevertheless, the uncertainty that exists is casting a blight over business everywhere. So long as no one knows what is going to happen in Europe, business cannot be expected to go ahead with confident plans for the future, and this hesitancy is one of the factors tending to depress the commodity markets."

Commodity markets are still unsettled. The Dun's index for August shows a drop of 2.6 per cent., the decline being mostly in breadstuffs. Cotton has quite failed to respond to the movement in the south-western States to limit planting by law, paying more attention to the decision of the Farm Board to buy no more of the staple. Wheat also has weakened further, although there is some expectation that seeding of the winter crop will decline. Goods going into daily consumption are moving well and price concessions at the retail shops meet with a good response, but the basic industries are flat. Oil prices are rising, and the daily output of crude oil has dropped sharply on the continuance of the shutdown in Texas, Oklahoma and Kansas, but there is lack of confidence in the success of these drastic measures.

Steel ended August about where it began, with a rate a little above 30 per cent. Freight car loadings have failed to follow the seasonal rise. Net earnings in July were about 32 per cent. lower than last year, slightly more than the June decline, and more dividends have been cut. Pig iron output in August fell 12 per cent. from July to the lowest level since October, 1921. Motor production of 223,000 vehicles for this country and Canada in July compares with an estimate of between 175,000 and 180,000 for August.

It is reported that plans are being studied at Washington for the formation of a financing concern to carry frozen real estate mortgage loans over the period of stress. Bankers here also are considering the matter, but sentiment toward it seems to be lukewarm.

GERMANY.

Hague Ruling — Renunciation of Customs Union — Position of Government — Institut für Konjunkturforschung Report — Unemployment.

(FROM OUR CORRESPONDENT.)

BERLIN, September 8.

BUT for the fact that the credit and financial systems of Germany and Austria have been shaken this summer to their very foundations, it would not have been necessary for the statesmen of these two countries to regard the Hague judgment on the question of the proposed Customs union as a defeat. Herren Curtius, Brüning and Schober

were, of course, already aware last spring that only a very narrow course could be steered between the obligations imposed by the most-favoured-nation clause on the one hand, which only allows for exceptions in the case of a Customs union proper and thus involves a relatively close alliance, and the terms of the German Protocol of 1922, which prohibits too close association between Austria and another State, on the other. Moreover, when the League declared in favour of separate agreements between individual States, it did not indicate how these were to be reconciled both with the most-favoured-nation clause and with the full independence of all the participating States (which is required by other political considerations as well as by the Geneva Protocol), but left the solution of this problem to be worked out in practice. If, therefore, there had been no Credit Anstalt affair and no German banking crisis, the German and Austrian statesmen would now have had to begin discussion, on receiving the verdict of the Hague Court that their proposed union was too close, with a view to discovering a means of rendering it looser without either coming into conflict with the most-favoured-nation clause or rendering the agreement nugatory.

The events of this summer have made this impossible, and the Governments of Germany and Austria have had to surrender, not to international law, but to the economic power of France, as was made evident by the fact that Herren Curtius and Schober renounced their plan before the judgment was pronounced. Both within Germany and outside, their reasons for not waiting for the judgment have been regarded as something of a mystery, but the explanation is very simple. Their proposal that their renunciation of the Customs union must give an impulse to serious negotiations for a general European economic agreement was not a tactical device for concealing their defeat, but the determining motive for their choice of the meeting of the Committee for European Union as the occasion for the announcement. Austria, as a mutilated country too small for an economic unit, and Germany with her large manufacturing industry, have a vital interest in the extension of markets. As this is not to be effected by the amalgamation of the two German-speaking States into one economic unit, Herren Curtius and Schober hoped that they would at least be able to give an impulse to the efforts to find a general solution if they contributed their renunciation to the debate at the right moment. Whether they were right in this, time must show, but as far as domestic politics are concerned their course had the disadvantage that it gave the impression of a voluntary surrender and so provided the Nationalists with telling arguments. The entire Right is demanding Herr Curtius's resignation, and he is receiving no support from his own party, the German People's Party. Even in the Press of the Centre there have occurred statements which can only be interpreted to mean that this, the real Government party, is doubtful whether the Foreign Minister can be maintained in office. The Chancellor certainly seems as disinclined as ever to reconstruct his Cabinet.

The Institut für Konjunkturforschung has expressed itself very pessimistically in this quarter's report. It does, indeed, state that the rate of decline in world economy slowed down further in the second quarter of the year, but the consequences of the credit crises in Central Europe threatened the whole world with a new wave of economic contraction. Money rates had in many instances risen sharply. Capital markets, in spite of the small amount of capital expenditure, showed no relaxation.

The Konjunkturinstitut publishes the following indices of production:—

	1928 = 100.		Great Britain.	United States.
1929	Germany.	France.		
1930—April	101.4	109.4	107.9	106.3
June	92.3	113.4	98.4a	95.5
September	82.0	113.4	...	90.1
December	78.8	107.9	88.5b	82.0
1931—January	72.5	105.5	90.4c	73.9
April	67.8	104.7	83.0d	73.9
May	76.3	103.1	78.5a	81.1
June	73.9	101.6	...	80.2
June	74.3	99.2	...	77.5
a Second quarter.		b Third quarter.		c Fourth quarter.
		d First quarter.		

As to conditions in Germany, the report states that the credit crisis nipped in the bud the slight signs of recovery which had begun to appear here and there, especially in the labour market, during the first half-year. Building activity in particular has been practically extinguished by the greatly intensified scarcity of capital, and many industries which produce consumption goods have also experienced a fresh setback. Unemployment in agriculture is unusually severe, and is increasing rapidly: at the end of June 102,000 unemployed agricultural workers were registered at the labour exchanges. Short time has also increased. Working hours, which averaged 43.1 in January, and rose to 44.3 in May, have now fallen to 43.6. The Institut, however, does not consider it possible to make any numerical forecast at present as to the probable condition of the labour market during the coming autumn and winter. The unemployed at present number over four millions, against barely three millions this time last year. It may, however, be assumed that the decline in winter will not be so great, relatively, as in former years, as it is just those industries which are subject to seasonal unemployment—building and agriculture—which are at present experiencing such a high degree of unemployment. According to the report, 60.3 per cent. of the workers in Germany are still employed, counting workers on short time as the appropriate fraction of full-time workers. The corresponding figure for the average of 1930 was 71.7 per cent.

SWEDEN.

Production Index — Foreign Trade — Balance of Payments — Money — Stock Exchange.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, August 26.

THE production figures for June show that the change for the worse recorded in May was merely of a transient nature. *Svensk Finanstidning's* production index reflects an increase in employment from 93 in May to 117 in June (1923-24 = 100). Even if part of this increase is due to temporary circumstances having no direct connection with the general industrial development, it, nevertheless, makes it abundantly clear that the drop in the index number for May constituted a decided over-emphasis of the retrogressive tendency. In the increased production figure for June, woodpulp was the most powerful individual contributor, rising from 89 in May to 134 in June. It should be borne in mind, however, that the yearly production in this industry is regulated by an international agreement under which the output for this year is to be appreciably less than for last year; the high June figure, therefore, merely indicates that producers found it advantageous to utilise their plant extensively during that month. A similar explanation may be offered of the fact that employment at the sawmills increased from 75 in May to 99 in June, and a corresponding diminution of production must be expected in the coming months. The recovery, notwithstanding, is welcome and substantial. The production index shows an average for the first six months of the year of 117, as against 142 for the first half of 1930. Although the unemployment returns are still increasing, it is plain that Sweden is still less affected by the depression than any of the large producing countries, with the exception of France.

The balance of trade in June, contrary to normal experience, shows an excess of imports over exports amounting to Kr. 13.7 millions; in June, 1930, there was a surplus of exports of Kr. 10.3 millions, and in the corresponding month of 1929 a surplus of no less than Kr. 23.6 millions. The first half of this year has resulted in an excess of imports of over Kr. 193 millions, which is Kr. 107 millions more than last year and 138 millions higher than in 1929. As the second half of last year ended with an import surplus of Kr. 27 millions, the accounts for the whole of

this year will, clearly, be bound to disclose an excess of imports of unusually large dimensions. It will hardly be surprising if the balance is even more unfavourable than that brought about by the protracted labour troubles in 1928.

Parallel with the unsatisfactory development of the trade balance there has probably also been a falling off in other items of income in the balance of payments, such as freights and remittances of savings from emigrants. The reduction of the net bank claims abroad from Kr. 554 millions to 337 millions, which took place in the first six months of the year, is no doubt largely due to these causes, while the further sharp fall in these claims in the last four weeks must, in the main, be attributed to the German crisis. The exchange reserve fell in those four weeks by over Kr. 100 millions. The German crisis, before the bank failures rendered the situation acute, brought a considerable amount of German capital to Sweden, both in the form of bank deposits and in bond investments. This influx seems to have been for a comparatively short period only, as the crisis led the German investors to withdraw their Swedish balances and, by selling them to the Reichsbank, as far as possible ease the position in respect of liquid funds. This, coinciding, as it did, with the barring of withdrawals of Swedish balances in Germany, added greatly to the strain on the Swedish banks. The 1 per cent. increase in the Bank rate, following that of the Bank of England, which was designed to ease the pressure, had, apparently, no result whatsoever in so far as the position in Germany was concerned, though it was of importance in relations with other foreign countries. Owing to the Riksbank's discount policy the net foreign balances of the private banks had fallen in May to Kr. 20 millions, while the Riksbank's own exchange reserve was 281 millions. Short-dated bank credits abroad amounted to no less than Kr. 141 millions and foreign deposits to Kr. 343 millions. A slight improvement occurred in June, in that these totals were reduced to Kr. 113 millions and 303 millions, respectively. It is clear that there is room for further and very substantial German withdrawals, even if no account is taken of long-term investments, and these can hardly be affected by increases in the Bank rate. The total market claims on the Riksbank show no undue increase, in spite of the German crisis. The rise in the volume of credit since the beginning of this month has also been much the same as last year. The increase that has taken place is reflected in the fact that the note circulation, which, ever since March, has been lower than for the corresponding months last year, rose again in July somewhat above the figure for July, 1930, the tendency having been most marked in recent weeks.

The Swedish Stock Exchange has in the past month merely reflected the fluctuations caused by the German crisis on the leading foreign bourses. The reason for this is, of course, that the relatively large bulk of Swedish industrials quoted on foreign Stock Exchanges tend, owing to their rapid turnover and capital strength, to dominate share movements in general. The Hoover project brought about a rise in the shares included in the "A" list of, roughly, Kr. 500 millions, but by the beginning of August only 44 millions of the gain remained, the fall in July having been Kr. 456 millions. Of this loss Kr. 63 millions was borne by home industrials, which had gained Kr. 61 millions in June, while the shares quoted abroad suffered losses far outweighing the June advances. The total drop here was Kr. 393 millions, as against a gain of only Kr. 271 millions in June. The Kreuger group lost no less than Kr. 344 millions, of which the shares of the parent company accounted for Kr. 195 millions and those of the Swedish Match Company for Kr. 149 millions, the sharp fall being a natural consequence of the large German interests held by these companies. S.K.F. shares were Kr. 27 millions down, and L. M. Ericsson Kr. 11 millions. The total loss on "A" shares since the beginning of the year amounts to Kr. 601 millions; of this, 380 millions has been on stocks quoted abroad and 221 millions on home industrials.

CANADA.

Crops — Business — Railway Earnings — New Zealand — Relief Measures — Quebec Elections.

(FROM OUR CORRESPONDENT.)

OTTAWA, September 1.

RAINY weather has interrupted harvesting operations in the Prairie Provinces, but the latest crop survey of the *Manitoba Free Press*, published on August 29th, reports that the cutting of wheat is finished in Manitoba and more than half completed in Saskatchewan and Alberta. The process of threshing reveals a good average quality of grain, but confirms the pessimistic forecasts about the meagreness of the yield. However, the feed situation on the prairies continues to improve with a plenitude of moisture, and there will be enough winter provision for livestock. The new wheat is now moving to the seaboard, and the first trainload of wheat to be exported by the new Hudson Bay route will arrive this week at Churchill. Altogether about a million bushels will be shipped from Churchill this autumn, and the first real test of the practicability of the new route will be secured. The grain harvest in Eastern Canada, now virtually complete, has enjoyed very favourable conditions, and the yield is up to the average, but the lowness of prices for farm produce leaves the farmers with slender cash incomes. The fruit crop is excellent, but here again the prices are deplorable. The carry-over of wheat, as estimated on July 31st, the end of the crop year, is heavier than anybody expected, and is placed at 140,179,945 million bushels, which is about 13 million bushels in excess of the carry-over on July 31, 1930. Grain prices have shown a tendency to rise, but have not yet reached 60 cents.

For the marketing of this year's Western grain crop a compromise solution has been reached as the result of a series of conferences between the Federal Ministry and the three prairie provincial administrations and the grain trade. The three provincial pools will continue to function as marketing organisations, and their members will be allowed the alternative of selling their wheat for cash on the open market or of persevering with the pool principle, to which a surprising number of them apparently remain loyal. For those who pool their wheat an initial payment of 35 cents per bushel is guaranteed by the Federal Government, quite apart from the subsidy of 5 cents per bushel previously promised, and Mr Bennett, in an official statement, declared that the pools were now amply provided with credit facilities and that steps would be taken to ensure orderly marketing and avert panicky liquidation. The idea of a central trading corporation which would be the selling agency for the three pools has been abandoned, but there will probably come into existence a joint advisory board for the purpose of co-ordinating their activities.

The foreign trade returns continue to be very depressing, and the following are the figures for July, with the parallel figures for July, 1930:—

	July, 1930.	July, 1931.
Domestic exports	76,407,506	49,675,120
Exports of foreign origin.....	1,498,118	995,458
Imports	84,550,935	48,400,844

It will be seen that there was a shrinkage of \$63 millions, or almost two-fifths, in Canada's external trade as compared with the previous July. By far the greatest loss was in wheat exports, which were only 12 million bushels, valued at about 7 million dollars, as compared with 19 million bushels, valued at \$19 millions, in July, 1930. The value of the exports of newsprint also fell from \$11 to \$8 millions. The shrinkage in imports is finding reflection in the customs returns, for they are down by \$10 millions in the first four months of the present fiscal year. Excise duties are also down by \$5 millions, and, owing to the fall in prices and diminished volume of sales, the fruits of the increased sales tax have not so far been heavy. As a result, the Federal revenues for the first four months of the present fiscal year amount to only \$182,677,101, a decline of roughly \$29 millions as compared with the parallel figure for the previous year. Commodity prices

still continue to fall, and the Bureau of Statistics' wholesale index for July was 71.7 as compared with 72.2 for June.

The general business depression is at present being aggravated by the seasonal lull which usually affects Canadian trade at the end of summer. Both wholesale and retail merchants report a contraction of business, and they do not look for any great upturn in the immediate future. The carloading figure for the week ending August 22nd at 47,461 cars was only 95 cars below the figure for the previous week, but it was 16,448 cars below the figure for the corresponding week of 1930. The export demand for grain remains weak, and grain deliveries at Montreal harbour for August were only about one-half of the volume for August, 1930, which was not considered good. Shipping interests on the St. Lawrence have had a very poor season, as cargoes are scarce and there is virtually no immigrant business, while during July traffic on the St. Lawrence canals was 213,000 tons lower than in July, 1930. The solitary gain in exports to be recorded is in cattle shipments to Britain, which are on a larger scale than in recent years, and several additional steamers have been fitted out.

The majority of factory industries are operating well below capacity and the only plants which profess to be well provided with orders are the woollen mills and the boot and shoe factories. In July the output of motor vehicles showed more than the normal seasonal curtailment, being only 40 per cent. of the volume for the previous July, while motor exports were only valued at \$458,600, as compared with a value of \$1,603,000 in July, 1930. In July the production of newsprint was 182,731 tons, as compared with 193,971 tons in June, and the ratio of operation was 56.8 per cent. of capacity, as compared with 60.3 per cent. in June and 71.3 per cent. in July, 1930. Since production in the United States shows an almost parallel decline, consumption is clearly on the down grade. The low prices of base metals are making most mining operations unprofitable, but the production of gold is being well maintained, and in July the output for Ontario had a value of \$3,609,467, which was a gain of \$58,169 over the June figures.

The latest bank statement, covering the period to the end of June, offers evidence of the seriousness of the business depression, for since the previous June current loans have shrunk by 179½ and call loans by 145 million dollars. On the other hand, the public is evidently disposed to save money, for in the twelve-month period notice deposits have gained by about 40 million dollars. The American tourist trade showed an improvement in August, but it is estimated that, for the whole summer, it has shown a decline of 80 per cent., and the tourists were much more economical than usual. The two railway systems are both feeling the pinch acutely. In July the net earnings of a Canadian Pacific Railway, given as \$1,919,169, show a decline of \$1,330,888 as compared with July, 1930, and for the seven-month period the net earnings are \$10,057,288, as compared with \$12,810,987. The C.P.R., however, has been able to effect economies in working expenses (in July the reduction was \$2,134,159) which have proved impossible for the State-owned C.N.R., and as a consequence the financial showing of the latter is even worse. But it has the prospect of faring better during the latter part of the year as the drought-stricken area, from which little grain will be shipped, is largely served by the C.P.R. and the crops in the more northerly C.N.R. territory are passably good. Both railways are suffering considerably from the competition of motor trucks, which business firms, in the anxiety to cut down expenses, are using more extensively than ever.

The protective committee of security holders of the Canadian Power and Paper Corporation and its subsidiaries has announced that sufficient securities have been deposited with it to enable the reorganisation scheme to be proceeded with; they state that, up to August 13th, there were turned in 76.59 per cent. of the outstanding debentures, 80.91 per cent. of the preferred stock and 84.76 per cent. of the preferred stock. They have selected as general manager of the new corporation, which is to be called the Consolidated Paper Corporation, Mr L. J. Bellknap, who

was formerly manager of the Worthington Pump Company. Exercising the powers conferred upon them by the security holders whom they represent, they decided to increase the number of the new directorate from 11 to 15, and they have also nominated part of the new board, which has an appearance of strength. It includes the Hon. C. A. Dunning, formerly Finance Minister; Mr E. A. McNutt, Treasurer of the Sun Life Insurance Company; Mr N. J. Dawes, of Montreal; and Mr J. J. Rudolf, of Iselin and Company, of New York.

Mr Bennett has spent the last two weeks in the prairie provinces, where he has held conferences with the provincial administrations and other local authorities upon the problems of rural distress and urban unemployment. He has laid down the principle that in the administration of relief, work must be exacted in return for money, and that anything in the nature of the British "dole" must be avoided. When he returns to Ottawa he will proceed to formulate the definite plans of his relief programme and it has been announced that while the Federal Government will undertake the construction of some public works on its own account, the larger share of them, including all highway building, will be initiated by the provincial administrations which will receive Federal subsidies for them. Data now in the hands of the Department of Labour at Ottawa indicate that by the beginning of winter the number of unemployed will be in excess of 400,000, and it is estimated that about 50,000 farming families in the drought-stricken areas of the prairies will have to receive succour to carry them through until a new crop is available.

A provincial election which was held in Quebec on August 24th resulted, to the general surprise, in the return of the Liberal administration of Premier Taschereau with an increased majority. Since the Bennett Ministry exerted all its influence in support of Mr Houde, the local Conservative leader, it was expected that he would gain at least twenty seats and possibly carry the province, but many English-speaking Conservatives declined to support Mr Houde, and as a result his party only carried eleven out of ninety seats. The result is considered a serious rebuff for the Bennett Ministry and also a setback for the St. Lawrence Waterway project, of which Premier Taschereau has been a persistent opponent.

SOUTH AFRICA.

Census — Retail Prices — Mines — Maize Marketing — Credit.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, August 7.

THE preliminary results of the census of May last show the European population of the Union as 1,825,527, an increase of 148,204, or 8.84 per cent., since 1926. The total is made up of 929,516 males (of whom 511,205 are

U.S.S.R. CHAMBER OF COMMERCE.

QUARTERLY
REVIEW

No. 1

January — March
1931

JUST PUBLISHED

IN ENGLISH

SUPPLIES RELIABLE INFORMATION

ON

Soviet Economic Conditions, Foreign Trade Relations
The Work of the U.S.S.R. Chamber of Commerce
Activities of the Maritime Arbitration Commission

POST FREE 8/4 PER ANNUM.

KNIGA (ENGLAND) LTD

● BUSH HOUSE, ALDWYCH, LONDON, W.C.2 ●

PUBLICATIONS OF THE LEAGUE OF NATIONS
JUST OUT
**COURSE AND PHASES
OF THE
WORLD ECONOMIC
DEPRESSION**

(Ser. L.O.N.P. 1931.II.A.1-21)

370 pages. Price 6/- net.

This report, after a brief review of some aspects of the post-war economic developments and of structural changes in the years immediately preceding the depression, and after some review of business cycle tendencies, generally, in the last decade, gives a full description of the present depression. It describes its various phases, and analyses how various factors in economic life come into play, i.e., production, domestic trade and consumption; prices, wages and profits; foreign trade and shipping; speculation, credit and savings; and international capital movements. Finally, the present depression is compared with earlier depressions, and the volume concludes with a summary of the situation in the summer of 1931.

THE AGRICULTURAL CRISIS.

322 pages. Price 7/6 net.

A world balance sheet of the agricultural situation, this report reviews the general characteristics and causes of the crisis, possible remedies, the market conditions in the principal branches of agricultural production, and the position of agriculture in 39 countries.

Sole Agents for the Publications of the League of Nations in Great Britain, Northern Ireland and the Crown Colonies:

GEORGE ALLEN & UNWIN, LTD.,
League of Nations Publications Department,
38 Great Ormond Street, London, W.C.1

aged 21 and over) and 896,010 females (of whom 492,248 are aged 21 and over). A noticeable feature is the increasing urbanisation of the population. Of the whole increase in the population of the Union, 48,600, or nearly 33 per cent., is in the district comprising Johannesburg and the eight Reef townships. The Orange Free State population increased by only 1.16 per cent. in the quinquennium, and the number of persons under 21 years of age in that Province is 6 per cent. less than in 1926. The Cape Province population increased by 5.67 per cent. (minors showing an increase of only .7 per cent.), while the Transvaal and Natal Provinces showed increases of 14.34 per cent. and 11.65 per cent. respectively. The populations of the larger towns all over the Union showed increases of from 12 to 81 per cent. The bad conditions of the farming industry have not only intensified the usual drift from rural to urban areas, but have, in addition, led to the reckoning as town-residents of many country folk who will doubtless return to the country when farm product prices improve.

There are definite signs of falling retail prices in the Union—the weighted average price of food in nine large towns being now only .6 per cent. above the level of July, 1914. In Kimberley, food prices are 16 per cent. less, and the general average of all prices only 8 per cent. more than pre-war prices. On the Witwatersrand food prices are 2½ per cent. up, and the general average of all prices 20 per cent. up. In considering these figures it has, of course, to be borne in mind that most food is locally produced, while the tariff policy—which is so great a factor in the prices of clothing, boots and household equipment—has altered very greatly since 1914. Under stress of the financial position, and with some justification from changes in the cost of living, the Government have decided to abolish the whole of the local allowances to Government servants in inland areas as from September 1st. The estimated saving is about £600,000 per annum, of which some £250,000 is at present payable in Pretoria.

It is generally assumed that the Government intends to suspend action on the Interim Report of the Low Grade Ore Commission. One of the main recommendations is understood to be the admission to underground mine work of natives from latitudes north of 22° south. From a purely tactical point of view it is unfortunate for the mines that the available supply of British South African labour has been excessive for some months—for the first time in the history of the mining industry. The course of Cabinet action in the matter will probably be more in accord with the views of the mining industry now that Colonel Cresswell's position in the Cabinet is so doubtful. Even if he is able to remain there, he can no longer speak with the backing and authority which he enjoyed some years ago. In the present state of agricultural markets, it is by no means certain if, or when, the labour position will once more become acute. Should it do so, the prospects of the Government agreeing on terms to the representations of the mines in regard to tropical labour are better than they have ever been.

Operators of all classes in the maize market are endeavouring to solve the various problems arising in the practical application of the Act providing for an export quota. As Rhodesia has passed a similar Act, the Governments of the two territories have amicably agreed to suspend until further notice the operation of the sections of the Customs agreement providing for free exchange of maize and maize meal. Otherwise consumers might find that producers beyond their borders could undercut local producers. It is announced that the Union export quota will be about 33½ per cent. All holders of maize for trading will be required to hold that fraction of export quality for export, the idea being that growers should bear equally the present loss on export. The Reef Gold Mines have under consideration the placing with a leading co-operative society of a contract for their maize requirements for three years at a price which, although above the current market price, is considered to be fair over the period of the contract. The figure is understood to be 10s. 3d. per bag of 200 lbs.

Mr Oswald Pirow, K.C., Minister of Justice, made a speech a few days ago in which he adumbrated drastic action in regard to the granting of credit. There is a general impression abroad that credit is much too indiscriminate in this country. It is alleged that the man who pays does so on account of his own purchases and on account of bad debts owing by others. It is also considered that substantial credit for ordinary articles is granted to people who should receive no credit at all. The result is that a national tendency to live beyond our means is encouraged instead of being curtailed. It is probable that part of the local lag between wholesale and retail prices is due to this cause. Our credit system is no doubt in part due to the widespread system of monthly payments, and also to the fact that cash is available in so many of our extensive rural areas only after the crops are sold. One of the Minister's proposed remedies is the restriction of the period of prescription for shop accounts to six months. Another suggestion is the protection from attachment of earnings up to a certain figure—which may be set fairly high. In this connection it may be of interest to recall Mr W. H. Clegg's repeated condemnation, from the chair of the South African Reserve Bank, of the system of wholesale trading on open accounts rather than on bills of fixed currency.

BOOKS RECEIVED.**OFFICIAL PUBLICATIONS.**

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

Ministry of Agriculture and Fisheries: *Report on the Marketing of Sheep, Mutton and Lamb in England and Wales.* 6d. net.

Twelfth Annual Report of the Ministry of Health, 1930-31. Cmd. 3987. 5s. net.

Report to the Minister of Transport upon the Accidents which Occurred on the Railways of Great Britain during the Year 1930. Cmd. 3989. 9d. net.

The Stock Exchange.**THE TEA POSITION.**

DURING the last twelve months, economic depression has ceased merely to inconvenience, and has begun to embarrass producers in the tea plantation industry. Despite the somewhat firmer tone of the London auctions in the last few weeks, prices on the average have fallen by over 20 per cent. in the last year, and do not cover the production costs in an appreciable number of cases. The accounts of about a hundred companies, included in our regular quarterly analyses, show that profits have been steadily falling for some years past. The reports published in the twelve months to June 30, 1928 (referring mainly to profits earned in 1927), showed on the average earnings of 35.9 per cent. per ordinary share. For 1928 earnings were 27.1 per cent.; for 1929, 15.7 per cent., and for 1930, 12.8 per cent. As the average price of all tea sold at the London auctions this year, so far, has been only 11.78d., against 15.23d. over the whole of last year, a further decline in profits will doubtless be revealed in the company reports published during the next few months. *The Investors' Chronicle* index of the market price of ten tea shares (December 31, 1923 = 100), stood at 155.5 at the end of 1927, 88.5 at the end of last year, and 48.1 at the end of last month.

Tea growing, before the war, was a somewhat exclusive industry. Production of the finest qualities was restricted by the limited acreage in Northern India and Ceylon possessing the necessary advantages of soil and situation for the production of the finest qualities, and the fact that heavy crops or heavy plucking invariably resulted in a deterioration of average quality. Since the war, however, the increasing "democratisation" of the tea-drinking habit has been accompanied by a rapid growth in the acreage under tea in the older areas, and the development of production in new localities (particularly in Java and Sumatra), in which quantity rather than quality has been a desideratum.

The whole industry, indeed, has of late been experiencing the painful internal stresses and strains of a period of transition from a "quality" to a "quantity" basis. Throughout the world depression, the commonest teas have been the greatest drug on the market. The disappearance of the preferential duty on Empire-grown teas in the British market, on Mr Churchill's repeal of all tea duties in April, 1929, intensified the competition of supplies from Java, and it was on this rock that the restriction scheme of 1930 broke early in the present year. Tea growing in the Dutch East Indies is a relatively "new" industry, with some years of active development still in prospect. Its position is further complicated by the presence of the native grower. The latter's leaf, representing about one-fourth of the total Java output, is frequently of the lowest quality, but con-

tinues to be bought readily in London for inclusion in the cheapest retail blends of tea.

The following table shows how the statistical position of the industry has varied in recent years:—

TEA PRODUCTION, CONSUMPTION AND PRICES.

(000,000 omitted.)

	1927.	1928.	1929.	1930.
<i>Exports.</i>	Lbs.	Lbs.	Lbs.	Lbs.
Calcutta, Chittagong and Bombay*	330	324	348	323
Southern India	48	49	52	47
Ceylon	227	236	252	241
Java	127	134	136	135
Sumatra	18	19	22	22
China (approximate)	120	123	120	120
<i>Total, above areas.....</i>	<i>870</i>	<i>885</i>	<i>930</i>	<i>888</i>
<i>Imports for Consumption.</i>				
Great Britain	410	417	421	432
Australia	50	49	51	50
Remainder British Empire.....	97	98	100	110
<i>Total, British Empire</i>	<i>557</i>	<i>564</i>	<i>572</i>	<i>592</i>
Europe (except Russia)	51	55	61	61
Soviet Union	34	41	63	53
U.S.A.	89	89	89	84
Other countries	71	68	72	72
<i>Total, 45 countries (including British Empire)</i>	<i>782</i>	<i>817</i>	<i>857</i>	<i>862</i>
Stocks of tea in United Kingdom (end of year)†.....	239	241	289	290

Average Price, London Auctions (per lb.).

	d.	d.	d.	d.
Northern India.....	19.01	16.49	15.72	14.69
Southern India	18.88	15.40	15.35	14.52
Ceylon	20.82	18.97	19.02	18.61
Java.....	13.71	12.58	12.05	10.22
<i>Average, all tea (including other growths)</i>	<i>19.01</i>	<i>16.73</i>	<i>16.25</i>	<i>15.23</i>

* Twelve months, April 1st of year named to March 31st of following year, in each case.

† London Tea Brokers' Association figure, estimated since April, 1929, to represent 90 per cent. of total, written up to 100 per cent.

Between 1927 and 1929, tea exports from the most important Eastern areas (excluding China) were increasing, on the average, by about 4 per cent. per annum. The restriction scheme of 1930 envisaged a reduction in crops of 8.65 per cent. in Northern India, 7.65 per cent. in Southern India, 4.37 per cent. in Ceylon, and 6.30 per cent. in Java and Sumatra, the weighted average being 6.85 per cent. The table shows that actual exports from these areas declined by only 5.1 per cent., restriction being effective in Northern India, but nugatory in the Dutch East Indies, where native output proved uncontrollable.

Company.	Net Profits.			Results for 1930.										Ordinary Shares.			
	1928.	1929.	1930.	Earnings per Ord. Share.	Ordinary Dividend.	Total Pro- duction.	Pro- duc- tion per Acre.	Cost per lb.	Sell- ing Price per lb.	Capital Value per Culti- vated Acre.	Profit per Culti- vated Acre.	De- nomi- nation.	Highest Price, 1927-30.	Present Price.	Yield on Earnings.		
	£	£	£	%	%	Lbs.	Lbs.	d.	d.	£	£				%		
<i>Northern India :</i>																	
Assam Company	167,008	64,045	3,308	0.3	2½	7,479,700	614	...	13.10	82.1	0.27	£1	50/-	13/1½	0.46		
Budla Bata	87,646	27,158	9.0	5	2,260,000	649	17.49	20.29	86.2	7.80	£1	157/6	36/3	4.97			
Jhansie	92,601	75,240	47,629	11.4	10	3,609,000	645	12.32	15.07	72.7	8.28	£1	122/3	23/9	9.60		
Jokai	106,630	124,030	16,946	1.7	4	8,535,000	699	13.72	14.07	55.4	1.38	£1	119/4½	22/6	1.51		
Jorehaut	209,695	99,057	37,666	9.7	10	5,836,000	582	12.63	14.06	30.3	2.85	£1	106/-	27/6	7.05		
<i>Southern India :</i>																	
Kanah Devan	412,473	311,076	222,275	25.2	17½	11,719,000	434	...	15.66	48.2	8.24	£10	57½	£21	12.00		
<i>Mixed Districts :</i>																	
Amalgamated	133,560	83,872	5.5	5	5,761,000	392	...	14.84	85.8	...	£10	56½	£8	6.87			
Consolidated Tea and Lands.....	233,242	210,415	74,980	NH	2½	18,276,000	565	...	10.72	95.8	...	£10	43½	£7	...		
<i>Ceylon (tea only) :</i>																	
Nuwara Eliya	114,525	111,659	111,301	39.4	37	2,145,000	729	9.94	22.17	98.2	37.31	£1	144/4½	96/3	10.33		
Scottish Tea and Lands	142,053	147,372	106,213	3.6	16	3,819,000	543	...	19.31	64.0	15.10	£1	74/9	38/9	12.18		
<i>Ceylon (mixed producers) :</i>																	
Ceylon Tea	196,722	195,767	151,942	32.3	30	5,612,000	596	...	16.96	30.9	...	£1	6½	60/-	10.77		
Eastern Produce	163,541	126,260	107,289	31.1	22½	6,288,000	551	10.75	16.00	28.2	...	£1	118/9	36/3	17.16		
Lunava	120,721	135,188	99,635	15.7	12½	4,395,000	646	11.43	17.73	53.4	...	£1	61/7½	24/3	12.95		
<i>Java and Sumatra :</i>																	
Anglo-Dutch	274,318	310,472	28,943	2.9	NH	12,156,000	503	8.60	11.33	36.7	...	£1	52/9	12/-	4.83		

World consumption, however, increased between 1927 and 1929 at an average rate of about $4\frac{1}{2}$ per cent. per annum, and did not suffer any marked setback in 1930. Although stocks had become burdensome before the world trade depression began, restriction and lower prices together were sufficient to prevent any marked increase during 1930. Heavier supplies have been marketed this year, on the abandonment of restriction, and up to the beginning of July prices showed signs of collapsing, the average London auction figure having declined from 13.66d. in the week ended April 23, 1931, to 8.57d. in the week ended July 2. Since then, however, a recovery to the neighbourhood of 1s. has taken place, assisted by the high quality of much of the British tea which has recently come forward. The recent drop in prices, indeed, ruinous as it threatened to be for some producers, appears sensibly to have affected world demand. Although gross imports of all teas into Great Britain during the first six months of this year, at 209 million lbs., were practically identical with those of the corresponding period of 1930, the total home consumption is estimated to have been about 230 million lbs. (against 216 million lbs.), and the total deliveries of tea from Great Britain to all home and foreign markets some 273 million lbs. (against 260 million lbs.). During the six months from January to July this year, London tea stocks are estimated to have declined by 84 million lbs., against an average decline, during the same months, of 71 million lbs. over the four preceding years.

The fall in tea prices since 1927, however, has cut deeply into the profits of old-established producing companies, particularly in recent months when the slump has extended to the finer qualities as well as to common teas. Relevant figures regarding some of the larger concerns are shown in a table on the previous page.

According to a computation in the latest issue of "Wilkinson's Tea and Coffee Share Manual,"* some 181 tea companies in India, Ceylon and the Dutch East Indies made total profits (after paying fixed charges) of £6,641,000 in 1928, £5,180,000 in 1929, and £2,412,000 in 1930. Earnings per ordinary share were 22.2 per cent., 16.9 per cent., and 8.5 per cent. respectively in the three years, and average dividends 20 per cent., 13.9 per cent., and 7.6 per cent. respectively.

Shareholders in the tea industry can at least congratulate themselves on having reached a somewhat more advanced stage on the road from depression to recovery than their colleagues in most other raw material and foodstuff industries. They have succeeded in re-establishing, for the time being at least, some sort of equilibrium between supplies and consumption, and, having freed themselves from a restriction scheme, have no artificially bolstered position as a source of weakness. Thanks to the celerity with which reductions have been passed on to the consumer, particularly during the last few months, effective demand for tea has not fallen off to anything like the same extent as in many other industries.

On a long view, therefore, the industry's position is far from unsound. It is difficult, however, to see any reason why prices should speedily return to the levels prevailing a few years ago. Even after the passing of world depression shareholders may need to adjust their ideas to a regime of distinctly lower profit margins. Something of a quasi-monopoly advantage will always be enjoyed by the owners of the best gardens in districts like Assam, Darjeeling and the hill areas of Ceylon, since natural factors prevent any great extension in the acreage producing leaf of the finest quality, for which a world demand will always be forthcoming. The future position of areas like the Doars, Cachar and Sylhet, is much less easy to forecast. The recent course of the market has tended to bring "good medium" teas nearer to the "common" category, in which competition from areas like Java and Sumatra is formidable. Mass production ideas have always been repugnant to British growers, but they are already put into practice in the Dutch East Indies. If the consuming public, which has now been introduced to the "shilling canister," continues to demand it (the more so as there has been no re-imposition of

the British tea duty by the Chancellor in this week's Budget), many British growers of the commoner varieties may be compelled, in self-defence, to fall into line with their Dutch competitors and effect far-reaching changes in ideas and working methods. For good or ill, the tea industry has been "democratised," and the facts discussed in this article suggest that cheap tea has come to stay.

THE REOPENING OF THE GERMAN STOCK EXCHANGES.

(BY OUR BERLIN CORRESPONDENT.)

THE German Stock Exchanges were closed from July 11th to September 3rd. They were not reopened after the first days of panic were over, principally because of the desire to prevent the general unrest from reacting upon security prices. Many holders of securities appeared ready to unload their investments at any price, in their complete lack of confidence in the future of German economy, and it was therefore desirable, as far as possible, to prevent selling. It was also desirable to avoid a reaction upon security prices of the 10 and 15 per cent. discount rates which had to be maintained during the emergency period.

This blackest period of German finance was, fortunately, over when the exchanges were opened on September 3rd, but quotations were none the less substantially lower than on July 11th, for security prices could not but feel the lasting effects of the latest crisis. Since July, German economy has suffered an increasing scarcity of capital on account of the heavy withdrawals of short-term foreign credits, and the accumulation of capital within the country has diminished in consequence of the depression and of the increased burden of taxation. These two factors have brought about a rise in the rate of interest which can hardly be regarded as transitory. In addition, the profits of German industry have diminished. With the advance of the crisis home demand, and in consequence industrial activity, has declined, while at the same time the keenness of competition has reduced the returns on foreign trade to a minimum.

On the basis of the prices which had been quoted while Stock Exchange transactions were still free, bankers, brokers and Stock Exchange authorities decided to mark down the most important shares on September 3rd to 20-25 per cent. below the level of July 11th. They were, however, without any basis for estimating the probable demand or supply at the reduced prices, and they experienced a very unpleasant surprise in this respect. When the exchanges opened on September 3rd there was an enormous volume of selling orders and hardly any sign of a disposition to purchase. The Stock Exchanges were taken by surprise, and dealings were at a standstill. Some prices were, in fact, established at 25-30 per cent. below the July 11th quotations, but demand and supply were not brought into equilibrium at these levels. The buying commissions were all executed in full, but only a very small proportion, often as little as 5 or 10 per cent. of the selling orders, were carried out. The exchanges had scarcely been open an hour before there was general talk of another closing, and the condition of the German security market seemed desperate.

The very next day the position began to alter, and by the beginning of the next week there was a complete change. It became evident that the quotations fixed on September 3rd were lower than had been generally expected or was believed to be justified. Large sections of the public who had kept right out of the market on September 3rd were induced by these rates to place buying orders. The customers of the small branch banks filled the order books of the brokers with innumerable small commissions, and, at the same time, there was a substantial decline in offerings. The decline was largely due to the withdrawal from the market of persons who, having pledged their securities as collateral for bank loans, had been threatened with their compulsory realisation to meet their obligations. They had now come to terms with the banks on the question of cover, and so were not obliged to sell at a loss. The recovery did not, it is true, represent

much advance on September 3rd as far as quotations were concerned, but trading on the Stock Exchange had become normal and the quotations on September 7th, which are given below, correctly reflect the demand and supply:—

(OFFICIAL "CASH" QUOTATIONS IN ALL CASES.)

BANKING AND INSURANCE.	July 11, 1931.		Sept. 7, 1931.		INDUSTRIALS.	July 11, 1931.		Sept. 7, 1931.	
	11.	7.	11.	7.		11.	7.	11.	7.
Berliner Handelsg.	101	72			Continental Gummi	92	70		
Commerz und Privat	100	70			Daimler-Benz	22	16		
Darmstädter	100	76			Dessauer-Gas	104	79		
Deutsche und Dis-					Deutsche Erdöl	58	39		
conto	100	71			Deutsche Linoleum	52	38		
Dresdner	100	44			Dynamit Nobel	61	46		
Reichsbank	125	108			Farbenindustrie	123	92		
Allianz und Stutt-					Feldmühle Papier	92	65		
garter	184	139			Gelsenkirchen	54	37		
					Görlicher Waggon	59	47		
COMMUNICATIONS.					Kali Aschersleben	54	40		
Deutsche Reichsbahn	80	68			Karstadt	24	16		
Hamburg-Amerika	41	27			Lindström	28	5		
Hansa	88	83			Mannesmann	57	37		
Norddeutscher Lloyd	44	28			Ornstein und Koppel	34	23		
					Polyphon	110	74		
INDUSTRIALS.					Rüttgers	37	23		
Aku	71	47			Salzthurm	180	146		
Allg. Elektrizität	85	57			Sarotti	75	55		
Augsburg-Nürnberg					Schultheis-Patzen-				
Masch.	52				hofer	117	90		
Bomb.	85	64			Siemens und Halske	142	105		
Bergmann	68	50			Tietz	37	27		
					Verein. Stahlwerke	37	27		
					Zellstoff Waldhof	60	46		

The heaviest decline, as compared with July 11th, is of course shown by bank shares. The shares of the Danatbank were, indeed, fairly well supported by the covering purchases of bear speculators, but Dresdner Bank shares fell sharply, as their prospects were seriously impaired by the creation of Rm. 300 million preference shares. Among the big industrials, A.E.G. and coal and iron shares declined most severely.

During the last few days the turnover in the loan market has been greater than in the market for shares. Declines between July 11th and September 3rd amounted to about 15 per cent., but in the succeeding days some of the good bonds recovered a little. The 8 per cent. mortgage bonds of the mortgage banks, the most widespread form of loan in Germany, now stand at about 85, against 97 on July 11th. The 7 per cent. preference shares of the Reichsbahn have fallen from 80 to 69, and the old mark debt of the Reich from 49 to 44. Individual local loans fell more severely, and yield 15 to 20 per cent. on the basis of recent quotations. Fear of compulsory prolongations, reduction of interest rates, or the introduction of coupon taxes, have played a part in these movements, for it is generally assumed that something will have to be done to meet the pressing financial needs of the communes. The average yield of German loans since the recovery of the last few days is about 10 per cent.

The English announcement that the Bank für Textilindustrie (Blumenstinkkonzern) has not met the interest payment due on September 1st on the £1,000,000 7 per cent. long-term loan raised abroad in 1925, has caused no surprise in Germany, as the difficulties of this group have been known for many months. Hitherto there has been no default on a single German loan raised abroad since the war, but this first instance, it is noted with regret in Germany, is not regarded as an isolated case of misapplication of industrial capital, but is looked on by many people as a proof of the unsatisfactory standing of German borrowers. The collapse of the Blumenstein group does not, however, justify the drawing of any inferences as to the state of other German industrial issues. The unsatisfactory state of the German cotton industry would not alone have brought it about; unsuccessful speculation in the shares of all kinds of companies, not all of which belonged to the cotton industry, played a part. It has been a matter of great surprise in Germany that the Bank für Textilindustrie should have been one of the very first German undertakings to succeed in placing a foreign loan, for the standing of this holding company, with its innumerable large and small parcels of shares, was never beyond question. The German bank which had granted large credits to the company is now trying to come to an agreement with the bondholders, who seem to have little prospect of escaping heavy losses.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. | ACCOUNT.
September 22. | September 24.

THE London Stock Exchange had a very subdued tone, the markets, with one accord, choosing to wait for the publication of Mr Snowden's detailed proposals before attempting to frame any estimates of future possibilities. No quickening of business was caused, consequently, by the Government's victory on Tuesday night, or the Bank of England's further gain of gold. The weakness of Wall Street had an unfavourable influence on the speculative markets, which were further disturbed by Continental selling, and the weakness of the mark.

Gilt-edged securities had a weak tone on scattered realisation before the Budget. Dominion stocks were inactive, but Australians had a heavy tendency on rumours regarding the raising of new money (discussed on page 485). Home corporation issues were dull.

After an uneasy opening, the foreign market became firmer, then again fell away. German stocks again declined, the weakness of the mark nullifying the effect of the greater strength of the Berlin Bourse. Brazilians were steadier, but Argentines came on offer. Japanese issues developed weakness owing to Sino-Japanese political tension following the Nakamura affair.

Home Rails were uncertain, prices easing further on the publication of the weekly traffic figures, but little selling was encountered. Argentine rails were duller despite improved traffic returns, in sympathy with the peso. Canadian Pacific were heavily sold, following news of flood damage.

The industrial market was quiet, dealers preferring to await the Budget before making up their minds either way. Wall Street was a cause of uneasiness. International stocks continued to lose ground, Kreuger and Toll being again a chief sufferer. Hydro-Electric sagged on fears regarding the quarterly dividend. Among home issues, the only firm market was in iron and steel shares, which rose on nebulous tariff hopes. Tobacco and brewery shares were in demand early in the week, but eased slightly with the approach of the Budget. In anticipation of the annual report, there was an improvement in Austin, and Thos. Tilling were firmer on the dividend announcement. Textiles were depressed. Bank and insurance shares followed the fluctuations of the gilt-edged market. Imperial Chemical were marked down heavily, but recovered, partially, on the announcement that the board had not yet met to consider the interim dividend.

In common with other markets, oil shares had a heavy appearance, selling originating mainly in Wall Street and Amsterdam. It was reported, at one time, that German holders were selling through the latter market. Royal Dutch and Shell were the main sufferers. Later in the week, however, Continental pressure was lessened and prices became steadier. Rubber shares were quiet. Following a small improvement in the price of the commodity on Tuesday, however, an increased demand occurred for Linggi, Anglo-Dutch and a limited number of other shares. Tea shares showed no decided trend, though the tea auctions again elicited satisfactory bidding.

Business throughout the mining market was mainly confined to specialities, and nowhere was enthusiasm apparent. Among Kafirs, Randfontein were bought, both on London and Johannesburg account. East Rand and Daggafontein were fairly active. The passing of the half-yearly account preference dividend caused a recession in Gold Fields, while Union Corporation and Rand Selection were easier. Copper shares were unsettled by the fresh fall in the price of the commodity. Rio Tinto again declined. Dealings in tin shares were few and far between, but prices were mainly steady, despite the reaction in the metal.

(Continued on page 484.)

* "Investors' Chronicle," 20 Bishopsgate, E.C. 2. 3s. 6d. net.

Prices Jan. 1930.				Prices Jan. 1931.				Name of Security.				Price Sept. 2, 1931.		Price Sept. 9, 1931.		Rise or Fall.		Present Yield.	
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.
7 1/2	2/9	3/10	2/-	Coal, Iron and Steel.	2/9	2/9	...	NH	20 7/8	9/9	11 7/4	5 1/2	Anglo-Andorrian £1...	5/6	5/9	+3d	12	17	0
16 1/2	11 1/2	14/10	7/6	Amal. Anthracite £1	4/9	4/9	...	NH	53 5/8	25/-	48/6	22/6	Anglo-Egyptian B £1...	25/3	23/9	-2/6	14	14	0
10 1/2	6 1/2	10 1/2	6 1/2	Do. 7% Cum. Pref. £1	4 1/2	4 1/2	...	NH	95/-	53 1/2	56/10	26/10	Anglo-Peruvian £1	30/0	30/-	...	10	0	0
6 1/2	4/9	5 1/4	3 1/4	Bedouk, W. Ucar £1	42/-	42/-	...	6 13 3	28 1/8	11/-	12/6	5/6	Agar (Trinidad) 5/-	7/-	6/6	-6d	19	4	0
13 1/2	10 1/2	13 1/2	10 1/2	Armstrong's £1	2/6	2/6	-6d	NH	40 7/8	16/3	20/0	10/0	Brit. Cons. Ord. (W. Ucar)	13/9	11/3	-2/6	NH		
13 1/2	10 1/2	13 1/2	10 1/2	Baldwins £1	2/6	2/6	...	NH	14 1/4	17/5	8/-	12/6	Brit. Cons. Ord. (W. Ucar)	13/9	11/3	-2/6	NH		
13 1/2	10 1/2	13 1/2	10 1/2	Bengal Iron £1	2/6	2/6	...	NH	14 1/4	17/5	8/-	12/6	Burmah Oil £1	37/6	37/6	...	12	0	0
13 1/2	10 1/2	13 1/2	10 1/2	Bayer Peacock £1	1/6	1/6	...	NH	95 7/8	65 1 1/2	72/6	35/6	Canadian Eagle, no par	5/10	5/6	-4 1/2	NH		
13 1/2	10 1/2	13 1/2	10 1/2	Brown (John) Ord. 6/-	1/3	1/3	...	NH	6/0	2/6	3/2	1/4	Kern River Oil 10/-	1/9	1/6	-3d	NH		
13 1/2	10 1/2	13 1/2	10 1/2	Cannell Laid £1	4/9	4/9	...	NH	64/0	24/4	30/0	12/6	Lobitos Oilfields £1	15/-	15/-	...	13	6	9
13 1/2	10 1/2	13 1/2	10 1/2	Castell Iron £1	50/-	50/-	...	7 0 0	150/0	61/3	10/0	51/0	Phonix Oil £1(10/6)	61/0	6/6	-4 1/2	NH		
13 1/2	10 1/2	13 1/2	10 1/2	Con. William £1	50/-	50/-	...	NH	14 1/4	17/5	8/-	12/6	Phonix Oil £1(10/6)	61/0	6/6	-4 1/2	NH		
13 1/2	10 1/2	13 1/2	10 1/2	Dorman, Long £1	6d	6d	...	NH	3 1/2	23 1/2	26/-	12/6	Royal Dutch (£8 1/2)	14 1/2	12 1/2	-2 1/2	24	10	0
13 1/2	10 1/2	13 1/2	10 1/2	Ebbw Vale £1	6d	6d	...	NH	99 1/4	69 1/4	76 1/2	32/6	Shell £1	38/-	34/5	-3/9	10	3	0 1/2
13 1/2	10 1/2	13 1/2	10 1/2	Guth Keen, & Co. £1	13/-	14/-	+1 1/2	NH	78 1/8	18/9	30/0	10/-	Trinidad Leaseholds £1	15/-	15/-	...	10	0	0
13 1/2	10 1/2	13 1/2	10 1/2	Haddfield £1	2/6	2/6	-6d	NH	62 1/2	27/6	35/11	18/1	V.O.O. Ord. £1	21/3	18/9	-2/6	18	13	3
13 1/2	10 1/2	13 1/2	10 1/2	Harcen Collieries £1	2/6	2/6	...	NH	11 10 9	21/3	16/4	20/0	Miscellaneous.	18/-	17/6	-6d	15	5	0
13 1/2	10 1/2	13 1/2	10 1/2	Lambert Bros. £1	3 1/2	3 1/2	...	NH	62/6	28/3	33/3	15/-	Agar Cross £1	18/-	16/3	-1/9	13	1 9 1/2	
13 1/2	10 1/2	13 1/2	10 1/2	Millon & Aslam £1	6/3	6/3	...	NH	12 16 0	33/9	17/3	17/3	Alfred Newspapers £1	9/3	8/9	-6d	5	15	0
13 1/2	10 1/2	13 1/2	10 1/2	Ocean Coal & Wilsons.	6/3	6/3	...	NH	4/6	3/-	3/9	2/3	Amal. Dental Def. 5/-	3/3	2/9 1/2	-3d	10	0	0
13 1/2	10 1/2	13 1/2	10 1/2	Pease and Partners £1	4/9	4/9	...	NH	24/18	18/6	20/-	11/3	Amal. Press (10/-)	12/6	12/-	-6d	12	10	0
13 1/2	10 1/2	13 1/2	10 1/2	Powell Duffryn £1	14/4	15/-	+7 1/2	8 7 3	31/6	36/-	38/6	23/6	Army & Navy 10/-	29/3	29/3	...	7	12	0
13 1/2	10 1/2	13 1/2	10 1/2	S. Durbin Steel £1	14/3	15/-	+7 1/2	8 7 3	31/6	36/-	38/6	23/6	Associated Newspapers Df. 5/-	29/3	29/3	...	20	0	0
13 1/2	10 1/2	13 1/2	10 1/2	S. Durbin Steel £1	14/3	15/-	+7 1/2	8 7 3	31/6	36/-	38/6	23/6	Assoc. P. Census £1	29/3	29/3	...	3d	8	0
13 1/2	10 1/2	13 1/2	10 1/2	St. Dunstons £1	12/6	12/6	...	6 0 0	60/0	27/6	28/6	12/6	Barker (John) £1	57/6	56/3 1/2	-3d	7	0	0
13 1/2	10 1/2	13 1/2	10 1/2	Staveley Coal, & £1...	12/6	12/6	...	9 12 0	69/4	52/6	56/-	52/6	Barry & Staines Lino	28/6	26/3	-2/6	5	14	3
13 1/2	10 1/2	13 1/2	10 1/2	Stewarts & Lloyds £1	20/6	20/6	...	NH	89/4	41/0	43/1	23/1	Barrat Deferred £1	94/4	89/-	-7 1/2	NH		
13 1/2	10 1/2	13 1/2	10 1/2	Swan, Hunter £1	1/6	1/6	...	NH	16/-	7/3	14/3	8/-	Borax Deferred £1	30/7 1/2	30/7 1/2	...	8	9	6
13 1/2	10 1/2	13 1/2	10 1/2	Swansea (Richard) £1	3/-	3/-	...	NH	49/0	36/3	37/6	29/4	British Deferred £1	20/0	20/0	...	4/3	10	0
13 1/2	10 1/2	13 1/2	10 1/2	Do. 6 1/2% Cum. Pref. £1	15/-	15/-	...	17 6 9	48/9	29/6	31/6	18/9	British Match £1	21/3	21/3	...	5	13	0
13 1/2	10 1/2	13 1/2	10 1/2	Thornycroft, John £1	80 1/2	80 1/2	...	8 15 0	22/6	22/6	25/0	20/6	Brit. Am. Tobacco £1	21/3	21/3 1/2	...	7	0	0
13 1/2	10 1/2	13 1/2	10 1/2	U. States Steel £100	195 1/2	195 1/2	...	7 12 3	119/3	94/4	105/-	68 1/2	Carlton Hotel £1	15/-	15/-	...	16	0	0
13 1/2	10 1/2	13 1/2	10 1/2	Vickers 6/8	6/3	6/3	...	20 0 0	37/6	21/3	24/6	12/6	Carver's "A" Ord. £1	3/-	3/-	...	14	6	9
13 1/2	10 1/2	13 1/2	10 1/2	Ward (Thos. W.) £1	6/3	6/3	...	NH	51/6	27/6	37/-	25/-	Chinese Bank £1	27/6	27/6	...	6	11	0
13 1/2	10 1/2	13 1/2	10 1/2	Wool Ds. Sa.	2/9	2/9	...	NH	17/6	16/6	14/6	14/6	Chitani Manufg. £1	15/1 1/2	15/1 1/2	...	19	19	0
13 1/2	10 1/2	13 1/2	10 1/2	B. Bloch & Co. £1	1/-	1/-	-6d	6 12 0	11/0	9/9	5/7 1/2	17/1	Debenhams Cos. (5/-)	1/9	1/9	...	33	6	9
13 1/2	10 1/2	13 1/2	10 1/2	Bradford Dyers (£1)...	4/1 1/2	4/1 1/2	+3d	NH	46/6	28/6	39/-	14/4	Dunlop £1	17/-	17/-	...	7	7	0
13 1/2	10 1/2	13 1/2	10 1/2	Brit. Celanese Ord. (10/-)	3/10 1/2	3/10 1/2	+3d	NH	45 7/8	24/4	24/4	24/4	Electric and Musical Industries Ord. £1...	28/9	25/-	-3/9	NH		
13 1/2	10 1/2	13 1/2	10 1/2	Do. 7% 1st Cm. Tr. £1	3/3	3/6	+3d	NH	21/6	15/9	20/-	17/4	Ever Ready Co. 5/-	17/3	17/3	...	10	0	0
13 1/2	10 1/2	13 1/2	10 1/2	Do. 7 1/2% 2nd Cm. Tr. £1	5/-	5/-	...	NH	13/0	15/9	20/-	17/4	Ever Ready Co. 5/-	17/3	17/3	...	10	0	0
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5 6	96/6	68/3	71/3	67/6	Fredrick Hotel £1	42/6	41/6	-5d	15	5	6
13 1/2	10 1/2	13 1/2	10 1/2	Calico Printers (£1)...	37/6 1/2	36/3	-1/3	8 5											

† Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Sept. 2, 1931.	Price, Sept. 9, 1931.
De Beers 5 1/2% Ster. deb.	...	...	90-95	90-95
Fife County Council 4 1/2% 1931-61	...	...	98 1/2-98 3/4	97 1/2-97 3/4
Great Universal Stores Ord. (5/-)	£1	fy. pd.	15/9-16/9	15/3-16/3
Great Universal Stores Pref.	£1	fy. pd.	18/6-19/6	18/-19/-
India 6% 1933-34	100	fy. pd.	97 1/2-98 1/2	96 1/2-97 1/2
Jones (Peter) 6% deb.	97 1/2	fy. pd.	93-97 1/2	93-97
Middlesex 4 1/2% 1930-70	101	61	2 1/2-2 1/2	3 1/2-2 1/2
New Zealand 5% 1932-34	99	fy. pd.	96 1/2-97 1/2	96 1/2-97 1/2
Odhams Press 7% (B) deb.	98	fy. pd.	102-104	102-104
Panama Corporation 8% deb.	100	75	6-2 1/2	7-3 1/2
Primitiva Holdings 6% Red. pref.	£1	6/-	par-1/- pm	par-6d. pm
Rhokana Corp. 7% deb.	100	50	5 dis-5 pm	5 dis-5 pm
Tanganyika 4% Guar. 1951-71	94 1/2	fy. pd.	88 1/2-89 1/2	88 1/2-89 1/2
Telephone and Gen. Trust 7% Pref.	21/-	15/-	3d. dis-3d. pm	3d. dis 3d. pm
Walsall Corp. 4 1/2% 1950-60	100	55	1 1/2-1 dis	3 1/2-2 1/2
Woolworth (F. W.) Ord. (5/-)	£2	fy. pd.	44/3-44/9	41/3-42/3
Woolworth (F. W.) 5% Cum. Pref. £1	£1	£1	20/10 1/2-21/1 1/2	20/7 1/2-20/10 1/2

(Continued from page 481.)

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Sept. 3, 1931.	Sept. 4, 1931.	Sept. 7, 1931.	Sept. 8, 1931.	Sept. 9, 1931.	Sept. 10, 1931.
Government and Municipal Loans	1,087	970	1,075	1,039	959	959
Transport, Communications, and Public Utilities	638	640	566	558	543	385
Commercial and Industrial Banks, Insurance and Financial	1,119	1,286	1,234	954	1,011	1,148
Mines (including Nitrates)	436	485	428	358	370	303
Oil	349	419	388	312	353	281
Rubber, Tea and Coffee	98	116	136	81	107	58
	50	54	96	64	55	76
Total	3,777	3,970	3,923	3,366	3,398	3,210

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 2.)	Sept. 3, 1931.	Sept. 4, 1931.	Sept. 7, 1931.	Sept. 8, 1931.	Sept. 9, 1931.	Sept. 10, 1931.
72.3	54.2	55.2	54.7	54.6	54.7	54.3	54.6

Wherever
you go

YOU
CAN BE
SURE
OF
SHELL

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets were closed last Saturday and on Monday in connection with the Labour Day holiday. During the interval considerable selling orders accumulated, and by lunchtime on Tuesday a million shares had changed hands at reduced prices all round. United States Steel Corporation were heavily liquidated, together with other market leaders, including General Motors, American Telephone, Westinghouse Electric, Dupont, and International Telephone. In every case, gloomy dividend anticipations were largely responsible. Railroad shares also suffered, the securities of the smaller companies being particularly affected. The markets remained active on Wednesday, but after further heavy selling a fair amount of short covering caused a firmer tone at the close. Sentiment, however, remained more depressed than for some time past. Political developments in London were regarded as helpful, but insufficient in themselves to solve the problem of sterling. The weakness of copper caused uneasiness, accompanied by nebulous talk of new restriction measures. The partial resumption of oil production in East Kansas was a signal for a lowering of gasoline prices, though stocks for the time being continued to show a reduction. The bond market was heavy, railroad issues especially showing weakness.

	Aug. 27, 1931.	Sept. 3, 1931.	Sept. 10, 1931.		Aug. 27, 1931.	Sept. 3, 1931.	Sept. 10, 1931.
U.S. 3 1/2% T. Bds.	106 1/2	106 1/2	105 1/2	Natl. Biscuit	58	55 1/2	47 1/2
U.S. 4 1/2% '32-47	102 1/2	102 1/2	102 1/2	Phelps Dodge	11 1/2	11 1/2	10 1/2
Do. 4 1/2% '32-47	102 1/2	102 1/2	102 1/2	Fullman	30	29	27
Do. 4 1/2% '33-38	104 1/2	104 1/2	104 1/2	Sears-Robuck	56 1/2	54 1/2	51 1/2
Atchafalpa	135	132 1/2	127	Studebaker	16	16	15 1/2
Ohio & Ohio	35 1/2	34 1/2	31 1/2	Un. Fruit	55	52	49 1/2
Illinois Central	17 1/2	16 1/2	14 1/2	U.S. Leather	5 1/2	4 1/2	4 1/2
N.Y. Central	37 1/2	36 1/2	30 1/2	U.S. Rubber	13 1/2	12 1/2	11 1/2
Pennsylvania	69 1/2	65 1/2	62 1/2	U.S. Steel	87 1/2	83	80 1/2
Southern Pacific	38 1/2	36 1/2	34 1/2	Westinghouse	63 1/2	57	53 1/2
Southern Ry.	73 1/2	70 1/2	67	Woolworth	69 1/2	67	63 1/2
Union Pacific	140 1/2	136 1/2	132 1/2	Am. Tel. & Tlg.	170	168	163 1/2
Am. Can.	91 1/2	88 1/2	88 1/2	Interboro R.T.	20 1/2	20 1/2	19 1/2
Am. Smelting	30	29 1/2	28	Int. Tel. Teleg.	28	26 1/2	23 1/2
Anacosta	24 1/2	23 1/2	21 1/2	Radio Corp.	20	18 1/2	17 1/2
Bethlehem Steel	39 1/2	36 1/2	36	Utilities F. & L.	22 1/2	22 1/2	21 1/2
Corn Products Rf.	22 1/2	20 1/2	18	W. Union Tlg.	110 1/2	109 1/2	104 1/2
Eastman Kodak	54 1/2	53 1/2	59 1/2	Associated Gas "A"	11 1/2	11 1/2	10
Gen. Electric (New)	40 1/2	39 1/2	36 1/2	Pan. Amer. B.	26	26	26
Int. Harvester	35 1/2	34 1/2	31 1/2	Shell	15	12	10
Mont. Ward	20 1/2	19 1/2	17 1/2	Shell Union	6 1/2	5 1/2	5
				Sinclair Oil	11 1/2	9 1/2	9
				Std. California	40 1/2	39 1/2	36 1/2
				Do. N.J.	40 1/2	39	36 1/2

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Sept. 2.	Sept. 9.
337 Industrials	134.5	218.9	98.2	174.1	99.6	87.2	81.4
33 Rails	127.8	173.5	89.1	145.8	92.0	62.0	67.5
34 Utilities	177.6	330.4	163.2	267.4	158.1	153.3	144.4
Total, 404 stocks	140.3	228.1	105.5	184.2	107.6	93.9	87.8

	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	6.10%

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	Aug. 26, 1931.	Aug. 27, 1931.	Aug. 28, 1931.	Aug. 29, 1931.	Aug. 31, 1931.	Sept. 1, 1931.	Sept. 2, 1931.
140.2	92.7	107.4	106.6	107.9	108.7	106.7	107.2	105.4

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	Sept. 3, 1931.	Sept. 4, 1931.	Sept. 5, 1931.	Sept. 7, 1931.	Sept. 8, 1931.	Sept. 9, 1931.
140.2	92.7	102.7	102.2	†	†	99.1	98.1

TOTAL DEALINGS IN NEW YORK.

	Sept. 3, 1931.	Sept. 4, 1931.	Sept. 5, 1931.	Sept. 7, 1931.	Sept. 8, 1931.	Sept. 9, 1931.	Sept. 10, 1931.
Stock Exchange—Shares (Thous.)	2,100	1,200	†	†	2,000	2,000	1,500
Bonds (Value Thous. \$)	8,504	8,993	†	†	12,090	9,004	10,526
Over-the-counter—Shares (Thous.)	320	220	†	†	400	380	380

* 2-hour session.

† Holiday.

INVESTMENT NOTES.

The Stock Exchange Before the Budget.—The Stock Exchange as a whole has expressed no enthusiasm for the National Government. The vote of confidence from the House of Commons failed to elicit any response in the gilt-edged market. Instead, prices weakened and the whole market wore an air of depression. This may be attributed to two factors—the fear of increased direct taxation and the realisation that the stability of sterling cannot be assured until the adverse balance of trade has been in some measure redressed. Political uncertainty overhangs all markets, and public interest is at a standstill. Some genuine selling of brewery and tobacco shares took place before the Budget announcement in the expectation that fresh taxation would be levied on these industries. There was also some little inquiry for the lower-priced iron and steel shares, on hopes in certain quarters, of an early protective tariff. Apart from this speculative movement, which was of a professional character, British industrial shares remained dull, while foreign securities were heavily sold from the Continent as the result of the weakness of the German mark and, particularly, the tight condition of the Swedish money market. The persistent selling of the leading oil shares from Amsterdam and the continuing liquidation of the Swedish Match group were a most depressing feature. Matters were made worse by the bearish trend of Wall Street, and most Anglo-American shares reached new low levels. A particularly depressed area has been the market in Canadian Pacific shares, which have now fallen to 17 1/2, as compared with a high level of 46 1/2 this year. The following prices of representative stocks show the weakening of sentiment in the week which preceded the Budget statement:—

	Sept. 3.	Closing Sept. 10.
5 per cent. War Loan	100 1/2	100 1/2
3 1/2 per cent. Conversion	78 1/2	77 1/2
4 per cent. Funding	91 1/2	90 1/2
German 7 per cent.	83 1/2	75 1/2
German 5 1/2 per cent.	55	50 1/2
German Potash 7 per cent.	20 1/2	18
Canadian Pacific	42 3/4	40 6/8
Watney Combe	47 1/2	47 1/2
Distillers	8	7 1/2
Swedish Match	13 1/2	12 1/2
Kreuger and Toll	11 1/4	10 7/8
Imperial Chemical Industries	13 9/16	14 9/16
Guest Keen	2 1/2	2 3/8
Baldwins 4s. shares	11 1/2	10 3/8
Fine Cotton Spinners	23 3/8	22 6/8
Pinchin Johnson	30 3/8	28 9/8
Courtaulds	3 1/2	3 1/2
Imperial Tobacco	3 1/2	3 1/2

In this atmosphere of gloom Mr Snowden opened his Budget, and it is hard to see how his proposals, which are discussed in our earlier pages, can change the immediate trend of the markets.

Stock Exchange Depression.—The depressed state of the Stock markets is strikingly revealed, to the practised eye, by a single feature in the Stock Exchange Lists, writes a "House" correspondent. Many prices to-day are quoted in round figures, without a fraction. In the ordinary way, any stock, bond or share which enjoys a free market is quoted with a difference of something less, at all events, than a point. Men are standing about in the Stock Exchange to-day as idly as they did in the pre-war weeks of July, 1914. There is, unfortunately, no doubt that numbers of Stock Exchange members, in company with many other people at the present time, are living on their capital, owing partly to lack of employment and partly to the non-payment of dividends on the stocks which they hold to supplement their own incomes. The situation created, for example, by the postponement of an interim dividend on Cables and Wireless 5 1/2 per cent. preference stock, by the suspension of interest payments on Chilean Government bonds, and by the passing of dividends on the ordinary shares of large numbers of stocks and shares to provide money for living expenses. Specu-

lation is almost a dead letter, being confined within such narrow bounds that it scarcely counts as a market factor. To-day's chief problem for many members is how to live. Were confidence to revive even moderately, a new position would quickly arise. Past experience suggests that, however short of money people are, they can generally find capital with which to finance speculative transactions. The Stock Exchange markets offer, however, no promising field for bull operations; while prices are low enough to render bear sales a dangerous matter. Thus Stock Exchange markets have reached something like an impasse, from which, perchance, they may escape now that the extent of Mr Snowden's call for equitable sacrifice is known. The immediate cause of Stock Exchange depression is want of confidence, but other roots—including national extravagance—go deeper. Until they are removed, members of the Stock Exchange are not inclined to look for any genuine revival in their business.

Australia—The End of "Voluntary" Conversion.—It is impossible to congratulate the Australian Loan Council on its decision forcibly to convert to a lower interest basis the holdings of 25,000 internal bondholders, representing a total of £18,293,289 sterling, who dissented from its voluntary conversion scheme. The conversion offer has achieved a great ostensible success, holders of approximately £532,000,000 of bonds having either signified their desire to convert or, having failed to declare their unwillingness, been deemed to have converted, under the terms of the scheme (subject to notification from holders outside Australia received before September 21st). The Council has contended that, if 97 per cent. of the total bondholders are prepared to submit to sacrifice, it is unfair that the remaining 3 per cent. should get off scot-free. More farseeing statesmen would have reflected that the application of compulsory measures to a few holders must inevitably cheapen the patriotic sacrifices of the great majority, and tarnish the credit of Australia. The Commonwealth and the States, indeed, have laid themselves open to a charge of breach of contract without securing even an immediate financial advantage. Already it has been suggested that the entire conversion operation was less "voluntary" in fact than in theory, since internal bondholders were well aware that the weapon of compulsion (either by way of direct forcible conversion or of discriminatory taxation) was being kept well oiled in the Government's armoury. Discriminatory measures, it may be recalled, were freely discussed when the operation was first mooted, and were abandoned on condition that a voluntary scheme should be tried out experimentally. It is difficult not to believe that the consequences of a failure in the experiment have been present at all times in the minds of Australians. In the middle of last month the British Department of Overseas Trade (in an announcement for the information of certain concerns in this country which had invested large balances in Australian internal securities to avoid exchange losses) declared that the position of those who dissented from conversion "had not been settled." It will be revealed, in the near future, whether Australia, by short-sighted action, has not, for the time being at least, destroyed all prospect of further Government borrowing at reasonable rates in her home capital market. The current level of internal issues on the Australian stock exchanges suggests that the various Governments would need to offer something nearer 7 or 8 per cent. than 4 per cent. in order to attract subscriptions for loans which are declared to be necessary for public works, wheat finance, etc. The board of the Commonwealth Bank has informed the Premier's Conference that it can make available only £1 million, in addition to the money it has already provided, of the £8 or £9 millions for which the Conference has asked. The Conference, therefore, is reported to have decided that each Government is free to make its own arrangements for the raising of loan money, one suggestion being that the respective Governments should be permitted to raise funds by sales of bonds "over the counter" at rates which "conform, regarding interest and totals, with the limits imposed by the previous Conversion Loan plan." If this implies that the bonds be-

to carry only about 4 per cent. average interest, the prospects of any Government obtaining large subscriptions are anything but bright. If, on the other hand, it is hoped to raise substantial sums, in the near future, in London and New York, despite the altogether unfavourable conditions for the flotation of large bond issues in either centre, the council's treatment of the minority internal bondholders would appear to be a doubly unfortunate error in tactics.

Industrial Profits in August.—Only 55 company reports were received by us during the month of August, compared with 185 in July. Undue significance should not, therefore, be attached to the fact that the percentage decline shown in aggregate profits was only 19.59 against 39.46 for the previous month. The relatively small decline in brewery profits—which account for £3,757,055 out of the August total of £4,716,033—is partially responsible for the improved figure. In the following table the reports received in July and August are analysed:—

Group.	No. of Companies.	Net Profit (after Payment of Debenture Interest). Reports received during July and August, 1931.	Increase or Decrease.
		1929-30. £	1930-31. £
Breweries	17	8,497,297	7,902,470
Canals and Docks.....	1	6,000	6,000
Electric Lighting and Power ..	1	204,777	220,281
Financial Land and Investment ..	23	1,542,076	338,857
Gas.....	4	18,153	16,985
Iron, Coal and Steel.....	19	194,198	Dr. 380,274
Motor and Cycle	2	Dr. 297,081	Dr. 106,746
Oil.....	1	Dr. 21,480	Dr. 30,516
Rubber.....	46	861,679	Dr. 134,256
Shipping	6	771,667	128,753
Shops and Stores.....	5	841,327	Dr. 5,766
Tea.....	24	489,395	78,836
Telegraphs and Telephones	2	1,379,090	1,321,208
Textiles.....	10	455,991	144,182
Tramway and Omnibus.....	1	445,490	144,521
Trust.....	16	1,303,948	1,138,840
Waterworks.....	5	31,199	34,789
Other companies.....	57	3,472,935	2,578,676
Total.....	240	20,196,661	13,390,840

Below are shown the percentage aggregate declines, by months, since April last:—

Reports Published in	No. of Companies.	Per cent. decline in Net Profits (1931 compared with 1930).
April	217	— 10.49
May	211	— 22.3
June	192	— 21.93
July	185	— 39.46
August	55	— 19.59

Of those companies which reported during August, the largest were Watney, Combe, Reid, whose profits showed a decline of a little over 10 per cent., and Arthur Guinness, whose figures declined by 5.6 per cent.

Staveley Coal and Iron.—At a time when the majority of company reports are reflecting the acute depression in the industrial and commercial world, the report of the Staveley Coal and Iron Company does much to contradict the assumption that it is impossible to earn profits in the heavy industries of the country. The earnings of this company for the year to June 30th last show, in fact, an advance on those of 1929-30, and the dividend on the £3,385,356 of issued capital is maintained at 6 per cent., tax free:—

	1929.	Year ended June 30, 1930.	1931.
Net profit	£ 266,118	£ 266,094	£ 286,130
Ordinary:—			
Earned %	7.9	7.9	8.4
Paid %	5	6	6
Amount of dividend ..	169,269	203,122	203,122
To reserve	100,000	75,000	75,000
Increase or decrease in carry-forward	— 3,151	— 12,027	+ 8,009

The general reserve of the company now stands at £775,000. Cash assets, however, have dropped from £630,996 to £505,582, but this can be attributed to addi-

tional expenditure on the new Sand Spun Pipe plant which commenced operation only on June 3rd last. From this business, apparently, the board expects a good deal in the near future. The directors express concern with the coal trade outlook, but shareholders, doubtless, will continue to have confidence in a company which has the advantages of varied interests and efficient management. The £1 shares at 20s. 7½d. (including the final dividend of 3½ per cent.) yield about 6 per cent., free of tax.

Constable Hart and Company.—In view of the recent setback in building trade activity shareholders in this company of contractors and quarry owners have cause for satisfaction with the results of the past year. Trading profit was only £560 lower at £99,787, but heavier administration and taxation charges resulted in a net profit £5,581 lower at £43,325:—

	1929.	Year ended June 30, 1930.	1931.
Net profit	£ 49,222	£ 48,906	£ 43,325
Ordinary dividend:—			
Amount	31,116	31,628	31,225
Earned %	22.90%	23.49%	20.81%
Paid	15%	15%	15%
Reserve fund	6,558	7,000	7,000
Depreciation reserve ..	5,000	5,000	5,000
Increase in carry-forward ..	5,548	5,278	100

Stock-in-trade has increased by £10,240 to £29,812 in stocks. A further £10,000 has been invested in sundry interests (now £11,050) and cash in hand has risen by £10,039 to £28,406. Liquid assets exceed current liabilities by £139,180. At 35s. the ordinary shares yield £8 11s. 4d. per cent.

East Texas Oil.—The weakness of oil shares this week has been attributable to liquidation from the Continent. Actually the change which has occurred in the American oil situation has been for the better. It will be remembered (*vide* the *Economist* Investment Note of August 29th) that the Governor of Texas, following the example of the Governor of Oklahoma, closed down the wells in this new oilfield by force of arms. It was stated that the Texas Railroad Commission was preparing a scheme of restriction to carry out the terms of the Conservation Act which had been passed by the Texas Legislature. A dispute between the Governor and the Texas Railroad Commission arose as to the type of restriction which should be applied. The Governor has now given way, and the Texas Railroad Commission has issued an order to be effective from September 5th allowing a production of 225 barrels a day for each well. Whether the Governor will maintain martial law in the oilfields to make this restriction order effective is uncertain, but the important point is that East Texas will now be able to produce about 380,000 barrels a day. Before it was closed down it was producing 848,450 barrels a day, so that the restriction order is fairly drastic. But whereas the total output for America had been reduced for the week ending August 29th to 1,751,500 barrels a day by reason of the shut-downs in Oklahoma and East Texas, the new restriction in East Texas will cause a rise in the American output to over 2,100,000 barrels a day. The erratic course of production in the last five weeks on account of the military manoeuvres is shown in the following table:—

(Barrels.)					
New East Texas					
	Oklahoma.	California.	Oilfield.	U.S. Total.	
August 1	425,250	404,100	597,550	2,500,650	
" 8	421,400	505,000	654,200	2,555,550	
" 15	264,500	517,000	738,050	2,498,500	
" 22	269,850	515,300	848,450	2,608,000	
" 29	266,000	505,800	Nil.	1,751,500	

The stoppage in the oilfields has already had a marked effect upon the gasoline situation. The refineries have been maintaining their operations by drawing upon their stocks of crude oil at the rate of over 500,000 barrels a day. Stocks of gasoline at refineries have been reduced from

47,444,000 barrels at the end of March (40 days' consumption) to 33,215,000 at the end of August (28 days' consumption). Both gasoline and crude oil prices have risen sharply, although the domestic price has not been held at the top. It has even been suggested in America that the oil industry, with the help of martial law, will be among the first to put its house in order. In spite of the rise in the gasoline prices, cut-throat competition persists in the British market where Standard Oil of Indiana is giving almost unlimited supplies to a pirate company to retail at 11d.-1s. per gallon.

Venezuelan Consolidated Oilfields.—The affairs of the Venezuelan Consolidated Oilfields remain a mystery to many shareholders, and the company's failure to secure the passage of its accounts at the adjourned general meeting on September 4th was not unexpected. The meeting has been adjourned for a fortnight in order to take a poll. The accounts are for the eighteen months to June 30, 1930, and show an excess of expenditure of £11,622, bringing the total debit on profit and loss account to £150,062. The accounts are, of course, meaningless and out of date already, and the directors should be called upon to give a proper account of their stewardship. The company was originally called the Trinidad Friendship Petroleum, the name being changed in April, 1927. It sold its Trinidad holding to the Siparia Trinidad Oilfields, Ltd., for 300,000 shares of £1 in that company, half of which were then resold to Trinidad Leaseholds. It now owns concessions in Venezuela, including the Falcon concession of approximately 360,000 acres. The chairman at the meeting said that the amount realised by the company upon the closing down of operations in Trinidad was below expectations, and of operations in Trinidad was below expectations, and that it was compelled to raise certain loans with Camp Bird, Ltd., and New Consolidated Goldfields, Ltd., totalling £50,000, as security for which the company issued £50,000 of 7½ per cent. debentures. These debentures were secured on the whole of the assets, including the company's shares in Siparia Trinidad Oilfields and in Bolgar Oil Processes. To enable the company to arrange a this loan the chairman stated that Mr C. D. Winant, a director, agreed to buy from the company 50,000 Siparia shares at par, and the company held Mr Winant's note for this amount. It will be interesting for the shareholders to know whether Mr Winant has paid for these shares or whether he has resold them and, if so, at what profit. The chairman also stated that the company had made a substantial investment in Bolgar Oil Processes, which owns a process for the conversion of acid tar into commercial bitumen. If shareholders come to the conclusion that the directors are not taking them fairly into their confidence they should demand an official inquiry into the affairs of the company.

MINING NOTES.

The "Johnnies" Report.—Our mining correspondent writes:—Only as regards two entries does the balance sheet for 1931 present any great contrast with that of a year previously. One is the item sundry debtors and year dividends receivable, which shows a falling off of no less than £458,900. The other is the reserve fund, which has been reduced to £650,000 by the appropriation of £30,000 towards the depreciation on the company's holdings. It will be recalled that in announcing a dividend of 7½ per cent. for the year the directors intimated that this method of dealing with part of the deficiency would be adopted. The (unstated but admittedly heavy) balance of depreciation has been deducted before striking the profit. The latter rather more than covers the dividend of 7½ per cent., less tax, comparing with a total of 15 per cent. for 1929-30, and one half tax free. Including the loans on mortgage and real estate on the credit side, the balance sheet shows a cash deficit of approximately a quarter of a million. The results of the last four years are shown:—

	1928.	Year ended June 30, 1929.	1930.	1931.
Stocks and shares	£ 4,452,880	£ 4,569,530	£ 4,609,690	£ 4,540,180
Mining properties and advances	150,680	132,200	156,790	176,460
Real estate and buildings.....	292,370	295,660	296,680	293,580
Loans on mortgage.....	229,930	219,900	219,340	214,720
Loans at short call	88,220	14,750	3,220	31,610
Sundry debtors and dividends	767,610	685,340	951,500	492,640
Cash	112,950	261,810	88,580	120,520
†Sundry creditors	972,160	1,055,650	1,227,720	1,108,960
Net profit	692,770	593,200	565,190	308,750
Dividend	592,500	592,500	592,500	296,250
Rate per cent.	15%*	15%*	15%	7½%
To reserve.....	100,000	...	...	...
Carried forward	180,800	181,500	154,190	166,690

* Tax free.

† Including final dividend.

During the past session, several of the company's leading interests have fallen upon evil days. Despite the consolidation of the diamond trade by new agreements, the sales of stones have fallen off still further. The Rhodesian copper industry has been depressed by the record low quotation of the metal, while platinum has suffered from price-cutting competition. In regard to Rhodesia the directors of the Johannesburg Consolidated Investment Company express their confidence in the ultimate value of the company's investments. As mentioned in our issue last week, measures are being taken to deal with the platinum position. On the favourable side, the good results from the Witwatersrand subsidiaries are referred to, and in regard to the New State Areas the comment is made that "the mine is in an excellent position, and a long and successful life is looked forward to." Johnnies shares (xd) are now quoted around par, as against 31s. 6d. earlier in the year.

Modder East.—Alterations and additions to the reduction plant last year permitted the treatment of a substantially increased tonnage of ore. Moreover, an improvement of one per cent. to 94.3 per cent. in the ratio of extraction largely offset a decline in the value of the ore milled, the average yield showing only a small decrease. Costs, however, rose 6d. per ton owing to a change in method and to the greater distance from the shafts at which operations are now being conducted. Thus, on balance, the profits fell off, although not in a degree sufficient to imperil the dividend rate which had been paid for the two preceding periods. Our usual table is appended:—

	1929.	Year ended June 30, 1930.	1931.
Ore crushed, tons.....	775,500	817,000	850,500
Revenue per ton	26/7	25/3	25/-
Costs per ton	20/8	20/2	20/6
Profit per ton	5/11	5/1	4/6
Total working profit, £	228,330	206,540	192,360
Dividends.....	185,780	186,160	186,160
Rate per cent.	20	20	20
Carried forward, £	177,370	173,990	167,430
Ore reserve, tons.....	2,045,400	2,013,000	1,985,600
Value, dwts.	6.1	5.8	5.9

During 1930-31 the record development footage of 53,800 was executed, and the payable proportion advanced from 17½ to 27 per cent. Nevertheless, the ore reserve tonnage shows a slight decline. (The trifling gain in average value is accounted for by the reduction in the stoping width from 46.9 to 45.7 ins.) Accordingly, states the consulting engineer, "it is essential to continue the present vigorous development policy, and the active exploration of the remaining virgin areas, while conserving the ore reserve as far as practicable." This affords the explanation of the quotation of the shares at a level showing a gross yield of 15 per cent.

Consolidated Goldfields.—Recent rumours that the last half-year's interest on the second preference shares might not be forthcoming have been confirmed this week by the company's statement that "although the realised profits for the year ended June 30th would have amply provided for the payment of the dividends on both classes

of preference shares," the adverse conditions prevailing and the consequent heavy depreciation of nearly all classes of securities do not justify such a distribution at present." It may, therefore, be taken for granted that the ordinary shares will receive nothing. The company's chief interests on the Rand are in Sub Nigel, Robinson Deep and Simmer. The first-named is enjoying marked prosperity, while the two last-named are earning moderate profits. Like other undertakings of its kind, however, Gold Fields in recent years has gone far afield. It has interested itself largely in American industrial enterprises, in oil, tin, West Australian gold, South American copper, etc. Notwithstanding all the information recently published as to restriction of output, the formation of an International Tin Pool, and so forth, the outlook for tin appears none too clear. The oil industry has been passing through an exceptionally lean period, and some of the leading shares stand at prices lower than have ever before been known. The company's subscription of 100,000 shares in Lake View at 15s. has so far proved a great mistake—at any rate from the market point of view—the current price of Lake View being about 8s. 3d. The subsequent association with Wiluna has turned out even more disastrously. Wiluna £1 shares, even after some recovery, stand at only about 7s. 6d.; while the £100 notes are a nominal market at 70. One is reminded of the adage concerning the cobbler and his last.

Consolidated Main Reef.—Last year's results show expansion, though they do not fulfil the optimistic expectations at one time entertained. The milling of a record tonnage of ore was accompanied by a reduction in working costs almost offsetting some decline in grade. Thus the working profit came out at £173,170, against £166,200 in the twelve months ended June 30, 1930. The dividend was raised from 8½ per cent. to 12½ per cent. This, however, involved a draft of £11,400 upon the carry-forward, which now stands at £128,600 represented by cash or cash assets, irrespective of £15,400 standing to the credit of mine development suspense account. A shrinkage of 195,700 tons, to 193,600 tons, is shown in the available ore reserves, the value per ton being 0.3 dwt. lower at 6.9 dwt. The decline in tonnage arises from restriction in the development footage on the more important ore body, the Main Reef Leader, where the exposures also indicated somewhat reduced values. On the other hand, the South Reef accounts for an increased tonnage of ore, carrying higher values. With the completion of No. 3 shaft, the development of the Main Reef Leader will be expedited. Important measures have been taken by the directors to increase the company's mining area. Application has been made for the proclamation of the portion of Farm Klipspruit No. 8, adjacent to the southern boundary of the property, and also for discoverers' claims on a portion of this area. Klipspruit No. 8 impinges into the ground already held in a manner which would greatly hinder operations in the section of the mine. Presumably the new boundaries will be drawn in such a manner as to square off the property as far as possible. With this additional area available—and there can be little doubt as to the granting of the application—the question of "life" will not seriously arise for years to come.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to Sept. 5, 1931, £97,544,114.
Total, including conversion, recorded January 1 to September 5, 1931, £108,421,099.

National Savings Certificates.

Net sales, week ended September 5, 1931, £100,000.
Total net receipts, April 1, 1931, to September 5, 1931, £6,300,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Week ended Sept. 12, 1931.....	Nil	Nil	Nil	Nil	Nil
To Shareholders only.					
Week ended Sept. 12, 1931.....	Nil	Nil	Nil	Nil	Nil

Total Offered for Subscription—			Total Offered for Subscription—		
Jan. 1 to date—	£	Including Conversions.	Whole year—	£	Including Conversions.
1931.....	108,621,099	97,744,114	1930.....	454,888,784	267,800,700
1930.....	281,848,712	191,727,481	1929.....	488,764,940	285,239,400
1929.....	224,490,290	193,164,690	1928.....	693,100,056	369,058,970
1928.....	456,647,587	284,546,694	1927.....	...	355,165,970
1927.....	...	248,304,235	1926.....	...	230,782,600
1926.....	...	144,595,916	1925.....	...	232,214,500
1925.....	...	129,228,077	1924.....	...	209,326,101
1924.....	...	132,758,151	1923.....	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931.....	75,415,274	6,223,059	16,105,781	97,744,114
1930.....	157,419,408	14,750,138	19,577,955	191,727,481
Whole year—				
1930.....	227,658,500	15,548,800	24,593,300	267,800,600
1929.....	137,670,300	31,543,400	116,025,700	85,239,400
1928.....	218,817,900	45,062,600	111,177,600	369,058,100
1927.....	228,958,000	36,836,600	89,371,400	355,165,500
1926.....	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded.....	8,057,183	...	8,432,058
Total for week ended September 12, 1931....	Nil	...	Nil
Total to date, 1931.....	8,057,183	...	8,432,058
Total to date, 1930.....	16,467,378	...	18,152,707

[Other Stock Exchange information, including the latest weekly traffic returns, summary of balance sheets, reports and notices, profit and loss figures, and oil outputs, will be found on page 494 under the heading "Company News."]

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.		Dividend for Whole Years.	Latest Year.	Previous Year.
	Interim or Final.	Date of Payment.	Method of Payment.		
BANKS.					
Chartered Bank of India.....	14*	...	Half-yearly	...	...
Northern Bank of Ireland (A.)...	15%*	...	...	...	...
Royal Bank of Ireland.....	12%*	...	...	...	...
TEA AND RUBBER.					
Scottish Ceylon Tea.....	4%*	Sept. 18	...	...	...
MINING.					
Ayer Hitam Tin Dredging.....	2½%*	Sept. 30	...	...	...
Rawang Tin Fields.....	3d. p.a.*	Oct. 16	...	...	...
OTHER COMPANIES.					
Aire and Calder Navigation.....	2½%*	Oct. 8	Less tax	...	...
Amal. Zinc (De Bury). ..	2½%*	Oct. 7	...	...	...
Associated Fire Alarms.....	8%*	Oct. 1	...	...	...
Boots Pure Drug.....	24%*	Oct. 1	...	...	...
Capital and National Trust.....	5%*	...	...	5	5
Carlecks (Caterers).....	3%*	Oct. 1	Less tax	...	...
City and For. Invest. Trust.....	2%*	...	...	...	...
Cohen, Wexman and Company.....	3%*	...	...	...	...
Electric Supply Corporation.....	4%*	Sept. 26	Less tax	...	...
Friars Investment Trust.....	1%*	...	...	...	...
General Amusements Corp'n.....	25%*	...	...	...	...
General and Investment Trust.....	2%*	Sept. 24	...	...	...
Jestetner.....	5%*	...	...	...	...
Joseph May and Sons.....	...	...	...	3	6
London Express Newspaper.....	...	...	...	10	10
Second Alliance Trust.....	...	...	...	22	22
Tov. Investment Trust.....	4%*	...	...	...	...

THE CONSOLIDATED GOLD FIELDS OF SOUTH AFRICA, LTD.—The directors of the Consolidated Gold Fields of South Africa, Ltd., regret to announce that, though the realised profits for the year ending June 30th last would have amply provided for the payment of the dividends on both classes of preference shares in the current year, the adverse conditions which prevail throughout the world and the consequent heavy depreciation of nearly all classes of securities do not justify at present the payment of the dividend due October 1st next on the second cumulative preference shares.

DAVIS AND TIMMONS, LTD.—In an interim report to shareholders, the board announce that after consultation with some of the principal preference shareholders it has come to the conclusion that it is in the interests of the shareholders to defer for the present the consideration of the payment of the usual half-yearly interim dividend on the preference shares. The half-yearly accounts of the company and its subsidiaries to June 30th last, taken together, show approximately that during this period the company have just avoided making a loss. This adverse result, however, it has been necessary to make substantial provision for the further writing down of stock owing to the continued fall in the price of metal and also for other abnormal items. Apart from these exceptional provisions, it is estimated that the half-year's dividend on the preference shares would have been earned. The directors have agreed temporarily to forego 33½ per cent. of their fees, and the salaried staff have accepted a 10 per cent. cut.

The board of Liebig's Extract of Meat Company, Ltd., announce that Mr Kenneth M. Carlisle has been appointed chairman and managing director in the place of the late Mr Charles E. Gunther. Messrs. Frazier Jelke and Company, members of the New York Stock Exchange, have opened a branch office at Shell House, 55 Bishopsgate, E.C., under the management of Mr Claud E. Levita.

COMPANY MEETINGS, &c.

SINGER AND COMPANY, LIMITED.

IMPROVED OUTLOOK.

The ordinary general meeting of Singer and Company, Limited, was held, on the 10th instant, at Canterbury Street, Coventry.

Mr Arthur C. Bournier, F.C.A., who presided, said that the accounts showed a much reduced profit when compared with last year, a state of affairs they assumed would not have surprised the shareholders, seeing the abnormal state of the country and the world generally, and that money, which might under more normal conditions have been used to buy motor cars, had to-day to be paid in heavy taxation. They felt they were not justified in recommending the payment of any dividend on the ordinary share capital at the present time. They had utilised the profit for essential capital purposes. Their net profit for the year was equal to nearly 4 per cent. on their total share capital, and the directors considered that rate satisfactory in all the circumstances.

It should be noted that in the year 1927 they had only been able to offer two distinct models of cars. To-day they were handling six passenger-car models and four commercial vehicle models, ten in all, and, with such a range, they were bound to be able to increase their turnover when trade improved, and they were justified in expecting an increased volume of business as soon as there was the first sign of a revival. The slogan, "Singers Lead, Others Follow," was built on a respectably solid basis of fact. It might be said that a Singer 1931 bore a remarkable resemblance to the 1932 models of other makes. They had contracts from their dealers for over 25 per cent. in excess of those agreed last year, and if they fructified into actual sales, the financial result would be highly satisfactory.

It was obvious that the present market price of the shares was no criterion of their intrinsic value, but was entirely the result of forced sales. That was further emphasised by the fact that the ordinary shares stood at almost the same figure as the preference shares, while the latter had no arrears of dividend, and were covered more than twice by assets even on a break-up basis, thus demonstrating the fact that the investment value of preference shares on a market basis should be not less than 20s. a share.

Mr W. E. Bullock (managing director) said that while the profits of the past nine years, shareholders would agree that their financial position had been much improved. They were completely equipped to double their present turnover, and their products competed both in price and performance with those of their competitors. They believed that a trade revival would enable them once again to resume their ordinary dividend payments.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended September 5, 1931, amounted to £8,450,800 against ordinary expenditure of £15,391,100. After allocating £1,848,700 to Sinking Fund and having allowed for an increase in Exchequer Balances of

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.

TOTAL ASSETS (31/12/30)
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI
(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

£229,760, the operations for the week, as shown below, increased the National Debt by £9,022,000 to £7,686,648,000†:—

(000's omitted.)			
	£		£
Treasury Bills	+ 6,591	Road Fund	- 495
Public Dept. Advances	+ 2,800		
National Savings Certificates...	+ 100		
Land Settlement	26		
	+ 9,517		- 495
† Adjusted by Finance Account.			

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Sept. 5, 1931.	April 1, 1930, to Sept. 6, 1930.	Week ended Sept. 5, 1931.	Week ended Sept. 6, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax.....	258,000,000	48,814,000	55,151,000	2,379,000	2,980,000
Sur-tax, including Arrears of Super-Tax.....	72,000,000	14,990,000	12,820,000	310,000	200,000
Estate, &c., Duties.....	90,000,000	31,220,000	38,380,000	740,000	1,140,000
Stamps.....	24,000,000	4,810,000	7,050,000	150,000	1,000,000
Excise Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty.....	800,000	160,000	140,000	...	...
Total Inland Revenue...	447,000,000	99,994,000	113,541,000	3,589,000	5,320,000
Customs and Excise—					
Customs.....	125,650,000	54,697,000	52,637,000	3,253,000	2,812,000
Excise.....	119,850,000	48,000,000	50,995,000	1,132,000	665,000
Total Customs and Excise	245,500,000	102,697,000	103,632,000	4,385,000	3,477,000
Motor Vehicle Duties (Exchequer Share).....	5,000,000	1,378,000	1,607,088	206,000	233,000
Post Office (Net Receipt).....	12,200,000	6,550,000	6,500,000	150,000	500,000
Crown Lands.....	1,300,000	590,000	600,000	...	...
Receipts from Sundry Loans	33,500,000	12,083,798	15,706,195	87,441	76,865
Miscellaneous Receipts.....	55,000,000	6,562,923	10,828,154	33,320	465,000
Appropriation from Rating Relief Suspense Account...	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	803,500,000	233,755,721	268,214,437	8,450,761	10,071,865
SELF-BALANCING REVENUE.					
Post Office.....	58,232,000	23,150,000	24,500,000	550,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund.....	23,350,000	6,418,000	6,420,912	...	...
Total Self-Balancing Revenue	81,582,000	29,568,000	30,920,912	550,000	1,000,000
Total.....		263,323,721	299,135,349	9,000,761	11,071,865

EXPENDITURE.	Estimate for the year 1931-32 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Sept. 5, 1931.	April 1, 1930, to Sept. 6, 1930.	Week ended Sept. 5, 1931.	Week ended Sept. 6, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt.....	302,950,000	143,832,330	141,812,879	5,042,258	4,892,157
Payments to Northern Ireland Exchequer.....	6,350,000	2,329,244	2,278,222	201,786	202,464
Other Consolidated Fund Services.....	3,000,000	734,596	1,173,226	24,046	71,462
Total.....	312,300,000	146,896,170	145,264,327	5,268,090	5,166,083
Total Supply Services (excluding Post Office).....	439,829,000	175,946,303	177,705,267	10,123,000	8,901,000
Total ordinary expenditure...	752,129,000	322,842,473	322,969,594	15,391,090	14,067,083
SELF-BALANCING EXPENDITURE.					
Post Office.....	58,232,000	23,150,000	24,500,000	550,000	1,000,000
Road Fund.....	23,350,000	6,418,000	6,420,912	...	...
Total Self-Balancing Expenditure.....	81,582,000	29,568,000	30,920,912	550,000	1,000,000
Total Ordinary and Self-Balancing Expenditure...	833,711,000	352,410,473	353,890,506	15,941,090	15,067,083
New Sinking Fund (1928).....	52,050,000	17,642,573	20,157,357	1,848,679	1,825,455
Total, including New Sinking Fund.....		370,053,046	374,047,863	17,789,769	16,892,538

The aggregate revenue and expenditure to September 5, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO SEPTEMBER 5TH.			
(000's omitted.)			
	\$		\$
Expenditure	322,842	Revenue	233,755
New Sinking Fund	17,643	Decreases in balances	1,083
		Net amount borrowed	103,547
	340,485		340,485

POSITION OF THE FLOATING DEBT.				Movement, week ended
Ways and Means Advances Outstanding—	Sept. 6, '30.	Mar. 31, '31.	Sept. 5, '31.	Sept. 5, '31.
	£		£	£
Advances by Bank of England ...	40,420,000	24,500,000	46,080,000	+ 2,800,000
Advances by Public Departments ...	645,095,000	569,825,000	651,245,000*	+ 6,600,000
Treasury Bills outstanding	685,515,000	594,325,000	697,295,000	+ 9,400,000
Total Floating Debt	685,515,000	594,325,000	697,295,000	+ 9,400,000
* Includes £16,000 the proceeds of which were not carried to the Exchequer within the period of the account.				

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on September 4, 1931, and the total amount applied for was £49,380,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £98 19s. 5d., about 62 per cent., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
August 14	35,000,000	51,585,000	4 2 10-92
August 21	35,000,000	45,275,000	4 2 3-59
August 28	40,000,000	45,545,000	4 3 1-57
September 4	40,000,000	49,380,000	4 2 3-01

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, September 9, 1931.

ISSUE DEPARTMENT.		
Notes issued—	£	Government Debt
In Circulation	353,930,664	11,015,100
In Banking Department	56,963,961	255,135,050
		Other Government Securities
		4,771,216
		Other Securities
		4,076,634
		Amount of Fiduciary Issue
		275,000,000
		Gold Coin and Bullion
		£410,894,625

BANKING DEPARTMENT.

Proprietors' Capital	14,553,000	Government Securities	51,145,906
Reserve	3,714,153	Other Securities—	
Public Deposits	21,807,574	Discounts and	
Other Deposits	£54,845,474	Advances	£8,291,359
Other Accounts	50,532,945	Securities	27,742,581
		Notes	36,033,940
7 Day and other Bills	2,280	Gold and Silver Coin	1,511,619
			£145,455,426

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

Both Departments.	Amount, Sept. 9, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	353,930,664	+ 1,045,271	+ 7,395,627
Public deposits	21,807,574	+ 8,882,434	+ 12,794,118
Bankers' deposits	54,845,474	+ 5,506,042	+ 12,320,849
Other deposits	50,532,945	+ 1,304,785	+ 16,396,037
Seven-day bills	2,280	+ 293	+ 26
Total, outside liabilities	481,118,937	+ 1,026,629	+ 9,473,653
Capital and rest	18,267,153	+ 15,133	+ 16,358
Government debt and securities	317,236,056	+ 4,549,829	+ 27,474,590
Discounts and advances	8,291,359	+ 1,029,666	+ 2,521,660
Other securities	32,513,797	+ 5,037,044	+ 756,117
Silver coin in issue department	4,076,634	+ 12,936	+ 382,615
Coin and bullion (bank's reserve)	137,206,244	+ 1,537,817	+ 19,367,507
Reserve of notes and coin in banking department	58,275,580	+ 2,583,088	+ 3,028,120
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	45½%	+ 1½%	+ 4½%
(b) Gold stocks to deposits and notes ("reserve ratio")	28½%	+ 2%	+ 4½%

Date.	Issue Department.	Banking Department.	Gold in or out of Bank.	Bank Rate.
1931.				
July 29	392,035	359,362	15,219	5½%
Aug. 5	408,517	365,252	14,438	5½%
12	406,998	360,051	19,434	5½%
19	408,560	354,123	19,726	5½%
26	408,541	350,311	26,323	5½%
Sept. 2	409,336	354,976	60,352	5½%
9	410,895	353,931	21,808	5½%

Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve and the "Proportion."
1931.							
July 29	250,260	5,647	133,310	28½%	52,561	9,996	26,604
Aug. 5	268,330	2,577	134,828	28½%	49,311	9,019	25,283
12	269,310	1,593	133,304	28½%	53,226	7,081	22,097
19	267,729	3,182	134,870	29½%	48,881	6,863	28,266
26	268,801	2,114	134,645	28½%	50,176	9,296	28,052
Sept. 2	268,110	2,738	135,568	28½%	53,738	7,262	26,678
9	266,150	4,771	137,206	28½%	51,146	8,291	27,743

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to August 26	23,064,192	1,127,072	1,823,889	26,015,153
Week ended September 2	537,447	27,135	42,797	607,379
Week ended September 9	510,353	29,537	55,998	595,888
Total to date, 1931	24,111,992	1,183,744	1,922,684	27,218,420
Total to date, 1930	27,462,780	1,277,921	2,085,018	30,825,719
Increase or decrease in 1931	-3,350,788	-94,177	-162,334	-3,607,299
	-12.2%	-7.3%	-7.7%	-11.7%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2.8%	-3.7%	-3.7%	-2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended September 5.		Month of August.			Aggregate Totals, January 1 to September 5.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days			24	24			
	£	£	£	£	%	£	£
BIRMINGHAM	2,598	2,237	8,457	7,953	- 5.9	85,899	77,333
BRADFORD	2,858	2,697	3,154	2,707	- 14.1	31,110	25,676
BRISTOL	1,047	1,278	4,463	4,103	- 8.0	39,881	39,150
DUBLIN	4,405	4,498				173,569	173,798
HULL	925	661	3,454	2,819	- 18.3	28,478	25,624
LEEDS	771	738	3,551	2,983	- 15.9	33,579	30,096
LEICESTER	709	673	2,274	2,078	- 8.6	25,204	21,885
LIVERPOOL	5,117	4,714	23,376	22,744	- 2.7	230,032	189,866
MANCHESTER	10,132	9,156	39,001	35,683	- 8.5	380,652	331,650
NEWCASTLE	1,405	1,431	5,892	5,225	- 11.3	50,613	45,339
NOTTINGHAM	646	549	1,835	1,651	- 10.0	21,029	15,672
SHEFFIELD	1,008	810	3,503	3,000	- 14.3	32,434	26,147
Total	29,621	27,442	98,960	90,946	- 8.0	1,132,470	991,477

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; Canadian Banks in August 29; Italy and Russia in September 5.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

	May 31, 1931.	June 30, 1931.	July 31, 1931.	Aug. 31, 1931.
Cash	8.9	11.2	10.1	19.6
Sight funds	133.5	168.5	192.8	284.7
Blits and acceptances—				
Commercial bills	455.9	438.1	389.9	368.8
Treasury bills	210.4	293.1	254.6	237.3
Time funds—				
Not exceeding 3 months	1,039.0	594.0	530.2	476.2
Between 3 and 6 months	29.7	21.7	24.6	2.2
Sundry investments	234.4	240.7	219.5	209.9
Other assets	14.2	10.1	10.1	11.1
LIABILITIES.				
Capital paid up	106.0	108.5	108.5	108.5
Reserves	3.8	3.8	3.8	3.8
Special deposits—				
Annuity trust account	154.2	154.1	154.0	154.1
For their own account	77.1	77.0	77.0	77.1
French Government deposit fund	68.8	68.8	68.8	68.8
Time deposits of Central Banks—				
By their own account	8.7	4.1	4.1	...
For account of others	...	31.3	31.2	31.3
Not exceeding 3 months	614.7	551.9	436.8	333.3
For account of others	680.6	203.3	192.8	120.1
Other deposits	...	...	1.5	1.8
Sight deposits of Central Banks—				
For their own account	333.6	388.9	382.2	636.6
For account of others	159.0	169.0	156.4	162.0
Other deposits	0.9	1.1	0.9	1.7
Miscellaneous items	11.2	11.2	13.8	17.0

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	Sept. 11, 1930.	Aug. 20, 1931.	Aug. 27, 1931.	Sept. 3, 1931.	Sept. 10, 1931.
RESOURCES.					
Total gold reserve	3,472,860	3,485,550	3,485,550	3,485,550	3,485,550
Total bills discounted	183,190	230,610	241,720	257,280	260,230
Bills bought in open market	193,120	154,630	180,520	197,870	197,790
Total U.S. Govt. securities	602,030	727,890	728,000	728,110	728,060
Total bills and securities	985,120	1,118,230	1,156,640	1,183,510	1,192,350
Total resources	4,806,380	5,416,390	5,440,860	5,464,410	5,449,060
LIABILITIES.					
Federal Reserve notes in actual circulation	1,351,250	1,901,840	1,945,510	1,958,200	2,010,320
Deposits—Memberbank—reserve account	2,428,290	2,382,300	2,342,000	2,373,920	2,289,760
Total deposits	2,428,290	2,382,300	2,342,000	2,373,920	2,289,760
Capital paid in and surplus	446,770	441,870	441,870	441,710	441,700
Total liabilities	4,806,380	5,416,390	5,440,860	5,464,410	5,449,060
Ratio of total resources to deposits and Federal Reserve note liabilities combined	81.3%	80.8%	79.9%	79.4%	79.5%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Sept. 11, 1930.	Aug. 20, 1931.	Aug. 27, 1931.	Sept. 3, 1931.	Sept. 10, 1931.
Total gold reserve	982,200	1,191,610	1,187,090	1,187,090	1,187,090
Total bills discounted	26,120	38,770	48,370	57,560	49,970
Bills bought in open market	51,300	63,170	68,820	69,970	71,840
Total U.S. Govt. securities	187,950	219,550	224,550	221,550	221,550
Total bills and securities	270,110	324,590	346,390	348,780	346,860
Deposits—Memberbank—reserve account	1,905,360	1,036,180	1,001,280	1,011,150	960,620
Ratio of total resources to deposits and Federal Reserve note liabilities combined	85.2%	83.6%	81.0%	81.7%	81.9%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Aug. 27, 1930.	July 29, 1931.	Aug. 5, 1931.	Aug. 12, 1931.	Aug. 19, 1931.	Aug. 26, 1931.
Assets	16,793	14,480	14,506	14,342	14,338	14,335
Liabilities	6,329	7,810	7,758	7,733	7,663	7,695
Gold and bullion	13,606	13,473	13,414	13,555	13,196	13,195
Time deposits	7,439	7,144	7,099	7,105	7,058	7,017
Due from banks	1,502	1,557	1,546	1,476	1,426	1,322
Due to banks	3,302	3,368	3,458	3,344	3,219	3,052
Federal reserve borrowings	40	55	56	56	90	94

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Aug. 15, 1930.	July 17, 1931.	July 24, 1931.	July 31, 1931.	Aug. 7, 1931.	Aug. 14, 1931.
Assets	1,000	1,000	1,000	1,000	1,000	1,000
Liabilities	1,000	1,000	1,000	1,000	1,000	1,000
Gold and bullion	6,872	6,850	6,474	6,712	6,046	6,120
Subsidiary coin	181	350	364	358	357	366
Bills discounted	7,271	7,268	7,834	7,869	6,708	6,144
Investments	1,105	2,039	2,069	2,100	2,105	2,105
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	7,509	6,702	6,533	6,328	7,606	6,879
Government deposits	1,919	2,376	2,580	2,394	1,228	1,651
Bankers' deposits	5,194	4,868	5,198	4,989	4,767	4,650
Ratio of cash reserves to liabilities to public	46.5%	45.9%	44.6%	44.1%	45.0%	48.7%

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

	Aug. 15, 1930.	July 17, 1931.	July 24, 1931.	July 31, 1931.	Aug. 7, 1931.	Aug. 14, 1931.
ASSETS.						
Total securities.....	18,850.	31,555.08	31,011.54	31,451.32	31,663.32	32,338.14
Loans.....	27,211.29	9,715.04	9,083.63	9,051.16	8,821.71	9,078.89
Int'l Credits.....	30,987.73	28,655.08	28,471.54	28,655.74	27,805.55	26,767.79
Int'l.....	2,333.34	3,733.38	3,859.57	3,788.53	2,711.36	2,288.53
Foreign bills.....	39,339.	45.64	51.06	42.05	37.82	33.59
Dead stock.....	2,784.45	2,712.71	2,732.37	2,732.37	2,732.37	2,732.37
Bal. with other banks.....	4,20.	28.50	28.07	3.75	17.85	19.96
Cash.....	24,110.7	15,942.6	19,527.3	21,847.0	20,712.0	20,712.0
LIABILITIES.						
Capital paid up.....	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve.....	5,375.0	5,262.50	5,422.50	5,422.50	5,422.50	5,422.50
Total deposits.....	93,750.0	81,268.7	83,718.0	86,239.2	82,263.5	82,752.9
The above includes—						
Deposits in London.....	5,873	1,001	1,000	851	937	972
Advances in London.....	7,158	914	914	863	905	928
Cash, &c., at other banks in London.....		214	212	15	136	155

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.

(000's omitted).

ASSETS.	Aug. 31, 1930.	Aug. 7, 1931.	Aug. 15, 1931.	Aug. 23, 1931.	Aug. 31, 1931.
Gold	1,413,969	1,535,220	1,535,651	1,532,311	1,530,172
Balance abroad and foreign currency	2,309,236	1,573,361	1,503,970	1,414,687	1,386,562
Discounts and advances	336,714	908,581	829,612	977,333	1,171,848
State notes debt balance	3,530,424	3,289,293	3,288,158	3,281,462	3,280,965
Other assets	837,947	936,721	960,980	853,969	840,079
LIABILITIES.					
Bank notes in circulation	7,077,004	6,626,128	6,450,390	6,204,249	6,978,926
Check account balances	554,568	590,241	579,272	613,721	237,892
Other liabilities	348,330	515,896	575,798	530,881	481,897

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

ASSETS.	Aug. 8, 1931.	Aug. 15, 1931.	Aug. 22, 1931.	Aug. 31, 1931.
Cash reserve:				
Gold at home and abroad	1,543,877	1,544,184	1,544,265	1,544,496
Foreign exchange	565,128	547,321	598,619	609,895
Other foreign exchange	115,832	116,406	116,040	200,010
Bills and advances against security	1,690,512	1,657,024	1,646,691	1,674,305
Government advances	1,824,331	1,824,329	1,824,521	1,824,459
LIABILITIES.				
Notes in circulation	5,069,007	5,011,356	4,879,992	4,983,347
Sight deposits	683,552	560,547	708,666	647,046

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted).

ASSETS.	Aug. 23, 1930.	Aug. 1, 1931.	Aug. 8, 1931.	Aug. 15, 1931.	Aug. 22, 1931.
Gold & gold exchange	10,860,466	10,367,109	10,451,917	10,535,736	10,449,875
Commercial bills	7,893,163	9,607,309	9,971,383	11,016,338	11,358,764
State debt, advances to State, &c.	5,649,057	5,484,561	5,484,561	5,484,561	5,484,561
LIABILITIES.					
Notes in circulation	19,271,488	19,504,415	19,688,729	20,848,176	21,196,113
Other sight liabilities	6,516,056	7,235,751	7,437,966	6,852,427	6,546,799

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

ASSETS.	Aug. 23, 1930.	July 31, 1931.	Aug. 7, 1931.	Aug. 15, 1931.	Aug. 23, 1931.
Gold and silver holdings	1,595,737	1,506,387	1,506,044	1,506,938	1,507,319
Balance abroad and foreign currencies	1,077,850	477,309	454,930	464,161	451,341
Discounts and advances	795,894	827,913	846,523	850,241	846,704
Advances to the Treasury	3,279,302	3,064,426	3,063,822	3,063,822	3,063,822
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,254,057	1,184,724	1,184,299	1,184,343	1,184,328
Bank notes in circulation	3,638,397	3,208,903	3,343,415	3,406,008	3,406,008
Notes against securities	1,340,986	1,475,379	1,363,706	1,335,428	1,318,892
Deposits	284,392	253,487	253,477	253,402	252,865

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Aug. 31, 1930.	Aug. 7, 1931.	Aug. 15, 1931.	Aug. 23, 1931.	Aug. 31, 1931.
Gold	516,459	488,543	488,677	489,215	489,494
Gold exchange	3,730,798	2,413,015	2,436,286	2,593,642	2,564,719
Other foreign exchange	39,457	1,705	1,860	1,630	1,628
Bills discounted	150,844	155,529	155,647	152,000	151,837
Advances	155,646	204,958	211,161	213,849	231,952
Debt to the State	3,488,763	3,168,042	3,168,042	3,168,042	3,168,042
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,761,060	4,167,810	4,119,475	4,081,439	4,152,554
Deposits and current accounts	1,875,993	1,423,058	1,350,831	1,433,442	1,369,061
Foreign exchange liabilities	877,573	511,803	556,999	710,069	714,109

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Aug. 31, 1930.	July 31, 1931.	Aug. 10, 1931.	Aug. 20, 1931.	Aug. 31, 1931.
Gold	703,424	667,888	667,903	667,932	667,979
Of which held abroad	219,046	187,716	187,716	187,716	187,716
Foreign currencies	344,977	296,573	274,270	275,027	280,717
Bills discounted	616,493	643,295	635,263	635,830	643,606
Loans against securities	87,646	99,306	101,340	101,802	111,285
Reserve fund securities	86,570	93,225	93,225	93,225	93,225
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	110,000	114,000	114,000	114,000	114,000
Notes in circulation	1,355,192	1,254,272	1,216,145	1,163,991	1,245,074
Current accounts	242,531	244,881	243,218	243,615	226,034

* As from October 13, 1927, 8-91 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1914.	Aug. 30, 1930.	Aug. 15, 1931.	Aug. 22, 1931.	Aug. 31, 1931.
Gold	35,091	302,271	301,441	301,345	301,187
Balance abroad and foreign bills	90,379	1,099,302	842,275	829,975	799,953
Finland and Foreign Government securities	21,826	372,823	397,693	397,035	396,029
Discounts and loans	105,151	702,795	753,427	757,119	767,382
LIABILITIES.					
Notes in circulation	123,941	1,351,955	1,175,214	1,143,870	1,189,120
Deposits at notice	21,226	117,870	126,741	129,747	90,895

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Aug. 31, 1930.	Aug. 7, 1931.	Aug. 15, 1931.	Aug. 23, 1931.	Aug. 31, 1931.
Gold coin and bullion	6,533	6,535	6,537	6,540	6,543
Net foreign exchange	16,424	19,757	20,292	19,940	20,467
Subsidiary Estonian coin	1,557	1,814	1,694	1,610	1,644
Home bills discounted	14,150	9,400	9,619	9,453	9,496
Loans and advances	10,537	9,639	9,789	10,392	10,857
Thereof loans to Government	...	2,000	2,000	2,000	2,500
LIABILITIES.					
Notes in circulation	33,241	32,024	32,009	34,321	33,519
Sight deposits and current accounts	13,422	13,513	13,810	12,043	13,672
Ratio of reserve to current liabilities	49.20%	57.74%	58.55%	57.11%	57.23%

* Includes Ekr. 3,873,415-95 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Sept. 3, 1930.	Aug. 3, 1931.	Aug. 17, 1931.	Aug. 24, 1931.	Aug. 31, 1931.
Gold bullion and coins	19,301	24,054	24,054	24,028	24,011
Silver coin	6,869	7,253	7,287	7,294	7,149
Balance abroad	46,618	26,070	26,083	25,417	25,336
Treas. notes and sm. change	13,422	9,170	9,853	9,740	9,723
Short term bills	89,000	80,531	80,066	79,923	80,162
Loans against securities	54,449	64,228	62,806	61,986	61,872
Other assets	17,433	15,756	16,497	16,627	16,353
LIABILITIES.					
Notes in circulation	46,721	43,870	43,315	42,874	45,008
Capital paid up	18,735	19,676	19,676	19,676	19,676
Reserve	4,352	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500
Deposits	18,905	19,121	19,170	19,362	19,371
Current accounts	57,662	63,446	64,906	63,659	63,097
Government accounts	93,529	64,961	64,173	64,128	60,813
Other liabilities	8,441	7,931	7,159	7,188	6,965

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Aug. 15, 1930.	June 30, 1931.	July 15, 1931.	July 31, 1931.	Aug. 15, 1931.	Aug. 31, 1931.
Gold	35,281	39,487	39,494	39,522	39,524	39,529
Silver	4,113	2,880	2,776	2,703	2,674	2,659
State Treasury bonds	1,581	1,389	1,369	1,364	1,334	1,340
Foreign currency	77,975	66,663	63,252	60,168	56,468	58,470
Discount and credit	89,925	104,323	108,174	116,839	114,765	112,891
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,553	1,900	1,900	1,900	1,900	1,900
Banknotes in circulation	99,055	110,640	112,908	120,116	116,063	117,178
Deposits	97,926	90,314	88,771	86,997	86,806	85,610

BANK OF DANZIG.—In Danzig gulder (000's omitted).

ASSETS.	Aug. 30, 1930.	June 15, 1931.	July 15, 1931.	July 31, 1931.	Aug. 15, 1931.	Aug. 31, 1931.
Gold and bullion	3,269	3,783	3,705	3,705	2,434	13,324
Of which gold coin	117	129	130	130	130	10,570
Danzig subsidiary coin	3,152	3,654	3,487	3,575	2,304	2,754
Bal. Bk. of Eng.	14,295	11,482	16,277	14,194	25,449	9,434
Bills of exchange	21,781	22,719	21,292	23,185	25,616	21,501
Loans	10,633	5,151	5,937	6,973	14,007	11,605
Foreign exchange	2	41	33	33	66	43
Other bills	4,286	3,993	3,993	3,993	3,993	3,993
LIABILITIES.						
Capital paid up	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation	37,583	30,525	35,817	37,221	40,899	40,999
Deposits on demand	1,941	2,449	1,625	2,781	7,675	3,007

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1914.	Aug. 23, 1930.	Aug. 1, 1931.	Aug. 8, 1931.	Aug. 15, 1931.	Aug. 22, 1931.
Gold coin & bullion	221,320	869,205	827,005	818,599	809,372	811,931
Other coin & bullion	41,740	56,909	68,640	68,269	67,684	66,446
Advances	70,540	657,505	637,325	624,385	627,535	627,766
LIABILITIES.						
Notes	362,270	1,041,657	1,059,925	959,374	946,653	974,315
Govt. deposits	87,340	552,891	488,719	583,807	520,279	520,279
Other deposits	11,440	167,631	68,234	79,508	79,622	135,249

NATIONAL BANK OF EGYPT.—In £E (000's omitted).

Banking Department:	July 31, 1930.	Apr. 31, 1931.	May 31, 1931.	July 31, 1931.
Capital	2,925	2,925	2,925	2,925
Reserves	2,376	2,925	2,925	2,925
Government deposits	7,727	5,136	5,136	5,136
Other deposits	15,890	14,904	14,731	14,731
Other accounts	2,887	2,931	2,463	3,595
ASSETS.				
Cash: Notes	1,340	1,022	879	1,080
Gold, silver, &c.	963	1,406	1,300	1,335
Money at call and short notice	731	897	941	1,438
Investments	17,968	14,184	13,464	15,284
Advances	7,714	7,077	6,845	7,230
Bills	1,521	1,183	972	1,080
Other accounts	2,068	3,053	2,782	2,147
LIABILITIES.				
Notes issued	22,000	20,300	20,000	19,200
Gold	3,340	3,340	3,340	3,340
British Treasury Bills	12,285	10,585	10,285	9,485
British War Loan at par	4,875	4,875	4,875	4,875
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

By authority of the Egyptian Government British Treasury Bills were deposited in lieu of gold.

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

1930-31 (cont'd).				
	Aug. 1, 1930.	July 10, 1931.	July 17, 1931.	July 24, 1931.
ASSETS.				
Gold at home	63,037	63,198	63,178	63,061
Gold abroad	292,744	185,150	181,646	165,067
Discounts and advances	106,655	112,870	115,174	121,813
LIABILITIES.				
Notes of the bank in circulation ..	329,357	270,157	264,415	268,307
Deposits	53,566	36,313	46,770	41,476
Paid-up capital	90,832	90,832	90,832	90,832

Messrs Samuel Montagu and Company write on September 9, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £134,336,490 on the 2nd instant (as compared with £133,341,133 on the previous Wednesday), and represents a decrease of £13,289,132 since December 31, 1930. Bar gold available in the open market yesterday amounted to about £1,073,000, of which £978,000 was from South Africa, £50,000 from India, and £45,000 from the Straits Settlements. A satisfactory feature was that the Bank of England secured about £1,053,000, although the price paid was 84s. 11½d. per fine ounce. The balance of £20,000 was taken for India and the trade. Movements of gold at the Bank of England during the week resulted in a net influx of £1,556,726. Receipts totalled £1,638,726, which includes the above-mentioned purchase from the open market supplies, £300,000 in sovereigns from South Africa, £90,000 in sovereigns from Brazil, and the "release" of £100,000 in sovereigns. Withdrawals consisted of £82,000 in sovereigns taken for export.

SILVER.

Prices have shown little movement, and the market has ruled quietly steady. China has bought and sold, but only to a moderate extent, and the usual bear covering orders have been forthcoming from the Indian Bazaars. America has continued to sell, but offerings have been for near delivery, which, in the absence of off-take, has maintained an easier tendency for cash than for forward delivery; nevertheless, excepting on the 5th and 9th instant, when cash silver was quoted at ½d. discount, even prices have ruled during the week. No change of importance is apparent, neither buyers nor sellers being disposed to press the market at present.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 31st ultimo to mid-day on the 7th instant:—

IMPORTS.	£	EXPORTS.	£
U.S.A.	11,495	France	4,014
Jamaica	10,000	Netherlands	1,500
Australia	4,208	Straits Settlements	1,150
Belgium	3,382	Other countries	4,182
Other countries	2,425		
	31,510		10,846

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Aug. 31.	Aug. 22.	Aug. 15.
Notes in circulation	15,358	15,578	15,652
Silver coin and bullion in India	13,205	13,299	13,286
Silver coin and bullion out of India	1,237	1,498	1,631
Gold coin and bullion in India	916	781	735
Gold coin and bullion out of India	...	...	...
Securities (Indian Government)	...	...	...
Securities (British Government)	...	...	...

The stocks in Shanghai on the 5th instant consisted of about 71,400,000 ounces in sycee, 172,000,000 dollars and 340 silver bars, as compared with about 172,400,000 ounces in sycee, 173,000,000 dollars and 620 silver bars on the 29th ultimo.

GOLD AND SILVER PRICES.

1931.	Gold Per Ounce.		Silver—Per Ounce.		Date.	Silver. Cash.
	s. d.	d.	cash	forward		
Sept. 4.....	84 9½	12½	12½	12½	Sept. 4, 1925	33 ½
" 5.....	84 9½	12½	13	13	" 3, 1926	28 ½
" 7.....	84 9½	13	13	13	" 9, 1927	25 ½
" 8.....	84 11½	12½	12½	12½	" 6, 1928	26 ½
" 9.....	84 9½	13	13	13	" 12, 1929	23 ½
" 10.....	84 9½	12½	13	13	" 11, 1930	16 ½

Company News.

OIL OUTPUTS.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended May 23rd was: Bolivar district, 74,592 m. tons; Maracaibo district, 17,012 m. tons. Total, 91,604 m. tons. Production for the week ended May 30th was: Bolivar district, 72,442 m. tons; Maracaibo district, 16,004 m. tons. Total, 88,446 m. tons. Production for the week ended June 13th was: Bolivar district, 76,109 m. tons; Maracaibo district, 15,570 m. tons. Total, 91,679 m. tons. Production for the week ended June 20th was: Bolivar district, 75,680 m. tons; Maracaibo district, 16,186 m. tons. Total, 91,866 m. tons. Production for the week ended June 27th was: Bolivar district, 78,920 m. tons; Maracaibo district, 15,913 m. tons. Total, 94,833 m. tons. Production for the week ended July 4th was: Bolivar district, 77,172 m. tons; Maracaibo district, 15,671 m. tons. Total, 92,843 m. tons. Production for the week ended July 11th was: Bolivar district, 75,424 m. tons; Maracaibo district, 13,520 m. tons; total, 88,944 m. tons. Production for the week ended July 25th was: Bolivar district, 76,338 m. tons; Maracaibo district, 14,029 m. tons. Total, 90,367 m. tons. Production for the week ended August 22nd was: Bolivar district, 79,889 m. tons; Maracaibo district, 11,905 m. tons. Total, 91,794 m. tons. Production for the week ended August 29th was: Bolivar district, 82,527 m. tons; Maracaibo district, 11,994 m. tons. Total, 94,521 m. tons. Production for the week ended September 5th was: Bolivar district, 80,902 m. tons; Maracaibo district, 11,683 m. tons. Total, 92,585 m. tons.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Sept. 4, 1931. (c) Week ended Sept. 5, 1931.	Miles Open.	Week ended Sept. 6, 1931. (000's omitted.)					Aggregate 36 weeks, 1931. (000's omitted.)				
		Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total Receipts.
Great Western...	3,761	259	189	112	501	560	8,115	6,734	3,761	10,495	18,610
Do. for 1930...	3,761	285	209	112	521	604	8,845	7,533	4,284	11,861	20,706
L. & N. E. (c)...	6,349	387	330	229	946	1,016	12,041	12,033	8,332	20,365	32,406
Do. for 1930...	6,349	413	349	254	1,016	1,016	13,120	13,836	9,200	23,036	36,156
L. & N. W. (c)...	6,958	565	469	235	1,269	1,269	18,128	16,439	9,200	23,036	36,156
Do. for 1930...	6,958	602	503	238	1,343	1,343	19,420	18,920	9,019	27,359	47,359
Southern...	2,180	360	65	28	93	453	11,244	2,555	1,126	3,681	14,925
Do. for 1930...	2,179	383	66	21	87	470	11,905	2,775	1,065	3,840	15,745
Total of above...	19,248	1,571	1,053	604	1,657	3,228	49,528	37,761	21,922	59,683	109,211
Do. for 1930...	19,245	1,681	1,127	625	1,752	3,443	53,290	43,108	23,568	66,676	119,966
Metropolitan (c)	59	30.6	...	...	3.7	3.4	112.8	...	...	...	138.7
Do. for 1930...	59	32.1	...	...	4.0	3.6	117.3	...	...	...	144.1
Undgd. E.R. (c)	...	232.7	...	...	292.7	1,056.4	...	...	...	...	1,056.4
Do. for 1930...	...	239.3	...	...	299.3	1,078.2	...	...	...	...	1,078.2
Green Buses, &c.	...	29.0	...	...	29.0	886.0	...	...	...	...	886.0
Do. for 1930...	...	20.9	...	...	20.9	435.0	...	...	...	...	435.0
Long & sb. Trp(c)	...	44.4	...	...	44.4	1,565.1	...	...	...	...	1,565.1
Do. for 1930...	...	45.9	...	...	45.9	1,587.0	...	...	...	...	1,587.0
B'kfst&G'd'w(b)	80	3.6	...	...	6.4	4.2	99.4	...	...	...	23.6
Do. for 1930...	80	3.3	...	...	6.0	4.0	104.4	...	...	...	25.3
St. Northern (b)	562	16.8	...	...	14.3	31.1	411.7	...	...	...	510.7
Do. for 1930...	562	18.1	...	...	15.0	33.1	456.1	...	...	...	510.7
St. Southern (b)	2,188	34.9	...	...	41.7	76.6	10,301.1	...	...	...	13,521.0
Do. for 1930...	2,188	38.5	...	...	47.8	86.0	10,303.1	...	...	...	14,298.0

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.			
				1931.	+ or -	1931.	+ or -		
INDIAN.									
Assam Bengal	19	Aug. 8	1,329	3,32,600	-	Rs. 30,274	Rs. 68,85,984	-	1,91,485
Barel L. Ry.	20	15	202	26,400	+	4,000	8,68,700	-	23,500
Bengal & N. Western	20	15	2,119	4,70,083	+	2,575	1,21,44,673	-	11,18,200
Bombay-Nagpur	18	1	1,399	11,76,000	-	10,944	2,47,50,448	-	53,52,777
Bombay Bar. & O.I.	22	29	5,084	13,35,000	-	1,94,000	4,09,78,000	-	13,92,000
Madras & S. Mahr.	20	15	3,230	13,26,000	-	46,048	3,01,89,528	-	10,00,299
North India & Kashmir	20	15	546	85,254	-	1,450	23,38,723	-	2,15,505
South Indian	20	15	2,460	10,34,411	-	78,812	2,16,88,250	-	26,40,123

CANADIAN.

CANADIAN.									
				\$	\$	\$	\$		
Canadian National	35	Aug. 31	20398	4,693,000	-1339167	117,392,910	-30,736,310		
Canadian Pacific....	34	31	15721	3,619,000	-1655000	93,704,000	-22,665,000		

SOUTH AMERICAN.

Antofagasta (Chile and Bolivia)	1931.		£	£	£	£
Argentine N.E.	36	Sept. 6	804	12,570	-	7,920
Argentine Trans. du. B.A. and Pacific	10	5	753	13,700	-	500
B.A. Central	10	5	111	1,780	+	1,650
B.A. Gt. Southern	10	5	2,806	120,000	+	10,000
B.A. Western	10	6	1	10,434	-	3,021
Central Argentine	10	5	5,075	176,000	+	12,000
Central Uruguay	10	5	1,926	70,000	+	5,000
O. Urug. (East Ext.)	10	5	3,442	219,000	+	19,000
O. Urug. (N. Ext.)	10	5	273	10,506	-	12,799
O. Urug. (W. Ext.)	10	5	311	1,887	-	2,181
Cordoba Central	10	5	185	889	-	1,392
Entre Rios	10	5	211	944	-	1,181
G. Western of Brazil	10	5	1,218	52,000	-	22,000
Leopoldina	10	5	810	19,900	-	3,200
Leopoldina Termini	36	5	1,052	4,700	-	4,200
Nitrate (Chile)	36	5	1,918	28,724	-	10,879
Paraguay Central	18	Aug. 31	411	5,802	-	5,698
Paraguay Central	10	Sept. 5	274	3,130	-	1,350
Salvador	10	Sept. 10	100	1,800	-	28
San Paulo	35	Aug. 30	1,531	23,014	-	4,239
United of Havana	10	Sept. 5	1,369	18,519	-	26,710
						</

OTHER OVERSEAS.

Gt. Southern of Spain	35	Aug. 29	104	Pos. 83,997	—	5,799	2,672,585	—	846,332
Mexican Railway...	9	10	483	\$224,200	—	89,300	1,567,100	—	435,200

TRAMWAYS WEEKLY GROSS RECEIPTS.

				£	—	£	£	£	
Anglo-Argentine ...	35	Sept. 2	329	73,007	—	1,153	2,539,328	—	342,055
Aires Lacrosse ...	10	6	...	9,865	—	828	94,765	—	11,292
Liverpool Corp.	22	2	124	30,630	—	293	662,710	—	6,173
Madras Electric ...	18	Aug. 31	...	Rs. 50,817	+	3,572	787,825	+	45,867
L.O.C. Tramways ...	22	Sept. 2	166	79,140	—	1,329	1,781,401	—	42,119

MONTHLY TRAFFICS.

Company.	Months.	Ending 1931.	Des- crip- tion.	Revenue for Month.		Revenue to Date.	
				1931.	+ or -	1931.	+ or -
Canadian Pacific Rly.....	7	July 31	Gross Net	\$1,187,600 \$2,919,000	- - 1,331,000	82,381,000 10,057,000	- - 2,754,000
Canadian Nat. Rly.....	7	July 31	Gross Net	\$14,807,474 \$355,618	- - 1,947,596	103,083,100 1,664,654	- - 12,012,471
Algoma Central Barcelona Trac.	6 7	June 30 July 31	Gross Net	\$83,974 Pcs. 8,327,839	- + 120,680	686,835 63,066,159	- + 701,443
Peruvian Corp. La Guadalupe Caracas	2	Aug. 31	Gross Net	Pcs. 5,567,232 \$78,195	+ 268,908 - 48,705	41,552,900 153,121	- - 316,043
Rangoon Elec. Tram.....	8	Aug. 31	Gross Net	\$7,295 Rs. 4,526,115	- - 5,407	72,495 3,350,366	- - 26,849
Uruguay Nor- thern.....	7	July 31	Gross Net	Rs. 2,10,542	- 13,088	1,666,132	- 168,473
Midland Uru- guay	2	Aug. 31	Gross Net	\$1,872	- 107	4,638	+ 297
N.W. of Uru- guay	2	Aug. 31	Gross Net	\$13,404	- 107	27,021	- 3,086
Bolivar Rly.	2	Aug. 31	Gross Net	\$23,404	- 842	8,381	- 1,057
Taitai Rly.	2	Aug. 31	Gross Net	\$8,450	- 1,950	84,100	- 11,680
	2	Aug. 31	Gross Net	\$5,315	- 2,925	12,915	- 7,860

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ended.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Banks.											
British Bank for Foreign Trade	April 30	1,299	Dr. 30,860	Dr. 29,561	...	...	...	...	Dr. 29561	Dr. 8,498	...
Breweries.											
Colchester Brewing	June 30	42,521	18,454	60,975	4,069	9,676	10	...	47,230	14,034	10
Financial Land, &c.											
Goldsbrough, Mort and Co.	June 30	110,101	117,476	227,577	...	120,000	5	2,500	105,077	209,641	10
Manbre Estates	Dec. 31	Dr.13,402	Dr. 5,184	Dr.18,586	...	...	...	...	Dr18,586	Dr. 5,266	...
Hotels, Restaurants, &c.											
Hyde Park Hotel	April 30	12,243	5,697	17,940	...	...	...	...	17,940	13,250	5
Iron, Coal and Steel.											
Hawthorn (R. & W.) Leslie and Company	June 30	18,606	35,398	54,004	...	35,828	5	...	18,176	36,802	5
Nasmyth, Wilson, & Co.....	Dec. 31	29,501	Dr.11,255	18,246	1,888	...	...	...	16,358	13,145	5
Staveley Coal and Iron ...	June 30	99,135	286,130	385,265	...	203,121	6½	75,000	107,144	266,094	6½
Rubber, &c.											
Beaufort Borneo Rubber ...	Apr. 30	7,434	Dr. 1,405	6,029	...	...	...	...	6,029	1,323	...
Sedgely (F. M. S.) Rubber	Mar. 31	6,489	143	6,632	...	...	...	...	6,632	7,077	15
Shops and Stores.											
Debenhams Limited	July 31	...	(t) 857,833	(t) 857,833	573,850	{ 180,000 103,983	10A B	} ...	...	...	...
Textiles.											
Calico Printers' Association	June 30	29,917	Dr175,289	Dr145,372	150,805	...	...	Dr300,000	3,823	69,186	...
Whitworth and Mitchell ...	June 30	29,202	175,756	204,958	30,000	95,625	22½	50,000	29,333	188,413	22½
Trust.											
Capital and National Trust	July 31	3,265	24,402	27,667	11,625	7,750	5	...	8,292	25,808	5
City and Foreign Investment	Aug. 31	225	18,141	18,366	9,300	6,200	5	...	2,866	22,203	7
Second Alliance Trust	July 31	11,145	103,974	115,119	24,412	59,676	22	20,000	11,031	111,253	22
Tor Investment Trust	July 31	...	15,839	15,839	6,990	6,213	8	2,636	...	25,199	8½
Other Companies.											
British Moss Litter Co.	Dec. 31	Dr. 7,067	9,796	2,729	...	...	...	...	2,729	Dr. 1,838	...
De La Rue (Thomas) and Co.	Mar. 28	23,460	Dr.35,263	Dr. 11,803	...	...	...	...	Dr.11803	16,241	Nil
Elder, Smith and Company	June 30	89,566	99,820	189,476	...	95,746	4	...	93,730	128,724	5
Gestetner (D.), Limited	Aug. 31	3,024	110,445	140,686	24,500	16,250	5	85,000	14,936	151,871	25
Initial Services (1928)	June 30	15,436	210,542	225,978	32,000	95,625	50	81,044	17,309	210,483	50
Lactagol, Limited	June 30	124	4,201	4,325	1,550	1,163	3	1,096	516	5,174	4
London Express Newspaper	June 30	4,229	149,458	153,687	70,000	33,583	10	...	50,104	68,732	10
Sena Sugar Estates	Dec. 31	3,413	Dr. 40,699	Dr. 37,286	...	...	...	...	Dr37,286	25,173	...
Veno Drug Co. (1925)	Mar. 31	3,945	4,003	7,948	36,575	...	...	Dr. 28,627	...	46,161	...
Williamson (H.), Limited ...	Mar. 31	Dr. 5,589	Dr. 33,177	Dr. 38,766	...	...	...	...	Dr. 38766	...	...

MISCELLANEOUS.

COHEN, WEENEN AND COMPANY, LTD.—The directors of Cohen, Weenen and Company, Ltd., tobacco, cigarette and cigar manufacturers, announce that the net profit for the year ended June 27th last, after charging income tax, depreciation, commissions and directors' fees, amounts to £100,898. The directors recommend a dividend of 36 per cent. actual, on the ordinary shares and a final dividend of 5 per cent. on the 7 per cent. participating preference shares, making 9 per cent. for the year. The sum of £46,562 is to be carried forward, as against £35,664 brought in.

COMPANHIA DE MOCAMBIQUE.—The London Committee state that the Customs receipts for the Port of Beira during July amounted to £26,911 as compared with £32,954 for the corresponding period of 1930.

I. AND I.C. AND SHIPPING EXHIBITION.—Imperial and International Communications, Ltd., announces that the company will have a stand at the Shipping Exhibition next to the Post Office, and that telegrams from overseas may be addressed to exhibitors at their various stands. The I. and I.C. exhibit will be directly connected with Electra House, the company's main telegraph office, and the telephone number will be Shepherds Bush 1305. The company will also be represented in the Pageant of Shipping being organised by the Exhibition authorities. A picture of the s.s. "Great Eastern," which laid the first trans-Atlantic cable, will be on view, together with models of the c.s. "Lady Denison Pender" and the c.s. "Transmitter," two of the cable-laying vessels of the company. Some interesting charts will complete the display.

PINCHIN, JOHNSON AND COMPANY, LTD.—Mr F. E. Powell, who has recently accepted the chairmanship of the American Sugar Commission at the Hague, has tendered his resignation as a director from the board of this company. Mr Powell's resignation has been accepted by the board, and the opportunity has been taken by his colleagues of expressing to him their best thanks for the courtesy and loyal co-operation Mr Powell has always shown during the period of his association with this company.

POWER CORPORATION OF CANADA, LTD.—Gross earnings for year ended June 30, 1931, of \$3,412,404, were only about \$290,000 below the 1930 record, when they amounted to \$3,702,912 and exceeded the 1929 figure of \$3,312,104 by over \$100,000. Included in gross is \$757,717 profit from sales of securities. During the year changes in the company's portfolio of securities held resulted in a loss of \$900,548. This was charged to the investment reserve of \$2,000,000 which was set up a year ago to provide for just such contingencies. After expenses and taxes of \$487,711 net earnings were \$2,924,693, compared with \$3,210,705 in the preceding year, a decline of less than 9 per cent. Earnings were equivalent to \$3.54 a share on the common stock, as against \$4.21 reported last year. Interest charges of \$747,374 leave surplus for year of \$2,177,319. This, added to previous surplus of \$3,771,789, makes a total of \$5,949,108 against \$4,981,877 at the end of the preceding year. Deductions of \$2,417,546, including dividends and investment reserve of \$1,000,000, left surplus balance carried forward of \$3,531,162 against \$3,491,304.

STANTON IRONWORKS COMPANY, LTD.—Westminster Bank, Ltd., the trustee for the Stanton Ironworks Company, Ltd., 4½ per cent. debenture stock, 1931-45 (guaranteed under the Trade Facilities Acts, 1921-24), announces that it has acquired sufficient stock to meet sinking fund requirements for the current year, so that no drawing will be necessary.

Commercial Reports.

MARKET SUMMARY.

The trend of prices in the principal commodity markets has been downward during the past week. Transactions in this country were on a small scale, owing to the uncertain financial situation. Meanwhile, the coal trade has benefited by an increase in the demand for heating purposes. Industrial requirements and exports show no expansion. The normal seasonal increase in the activity of the iron and steel industries has scarcely been noticeable this year. The reasons are the intensification of the world depression and the lower prices of Continental materials. The non-ferrous metal markets have been dull, and quotations for tin, copper, lead and spelter have been easier. Among textile raw materials, cotton has suffered a further setback following the September report of the Washington Department of Agriculture. According to the revised estimate, the yield of the crop, excluding linters, is placed at 15,685,000 bales. Wool, flax and hemp have also been cheaper, but jute has been firmer as a result of the small Indian crop. Among cereals, wheat has failed to recover, and maize weakened in the face of renewed heavy shipments from the Argentine unaccompanied by a corresponding expansion in demand. Among other commodities, hides and vegetable oils and oilseeds declined further in value, but rubber has been steadier.

THE COAL TRADE.

SHEFFIELD.—Conditions in the coal industry continue unsatisfactory in all departments. Notwithstanding reduced pit outputs, owing to holidays and closings, supplies are ample. Best quality steams are in moderate request for prompt shipment, and

prices have hardened to 17s. 6d. and 18s. f.o.b. There is little activity as regards industrial fuels, secondary and small coals, and the household demand is none too good. Best ordinary house is quoted at 20s. and 22s. at pits. Prices of blast furnace coke have stiffened a little with no increase of consumption.

GLASGOW.—The possibility of a fresh stoppage in the Scottish industry as a result of the dispute with the safety men has not had any serious repercussions on the market so far. Prices have been raised by only a penny or two, and the collieries are offering coal normally. Supplies are quite ample as a rule, but among washed nuts doubles are none too plentiful. Steam coal is in need of business. Splint sorts are not now so readily obtainable. Prices for the shipping trade are approximately as follows:—LANARKSHIRE.—Kil best, 14s. 3d.; splint best, 15s. 9d.; splint second, 14s. 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 12s. 6d.-13s.; doubles, 12s.-12s. 6d.; singles, 10s.; pearls, 9s. 3d.-9s. 6d.; dross, 9s. FIRE.—Screened navigation, 17s.; first-class steam, 11s. 9d.-12s. 6d.; third-class steam, 10s. 9d.; trebles, 12s. 6d.-14s.; doubles, 12s. 6d.; singles, 10s. 6d.; pearls, 9s. 6d., all per ton f.o.b. Burntisland or Methil. LOTHIAN.—Prime steam, 10s. 9d.-11s.; secondary steam, 10s. 6d.; trebles, 12s. 6d.; doubles, 12s. 6d.; singles, 10s.; pearls, 9s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 12s. 6d.; doubles, 12s.; singles, 9s. 3d.; pearls, 9s. 3d.; dross, 9s.

CARDIFF.—The most important development on the Cardiff coal market this week has been a revision of the minimum prices for the higher grades of large steam coals. In the leading class there has been a reduction from 20s. to 19s. 6d. per ton f.o.b., in another class from 19s. 9d. to 19s. 4½d., in a third class from 19s. 6d. to 19s. 1½d., in a fourth class from 19s. 3d. to 19s., and in a fifth class from 19s. to 18s. 10½d. These changes were the result of the award of an arbitrator declaring that a revision was desirable. All the best Admiralty collieries are directly affected by the changes, but it must be left to experience to show whether the reductions will have any favourable influence on demand. The most immediate effect will probably be an altered distribution of the current volume of business, and in this redistribution some of the first class coals will probably gain at the expense of the second class large steam coals. The prices of the latter are unaltered, and the old schedule as a whole is unchanged in inland sales. There has been very little inquiry this week, and shipments have been at a weekly rate of less than 400,000 tons, compared with over 500,000 tons at the corresponding period last year. Small coals continue to be in excess of demand. Anthracites are maintaining, on the whole, a fairly firm tone, and the demand for them is slowly improving. It is not anticipated that the French import restrictions will affect this trade to any appreciable extent. The following are the current approximate quotations:—Best Admiralties, 19s. 6d. to 20s.; seconds, 18s. 9d. to 19s. 4½d.; best dries, 18s. 6d. to 18s. 9d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; cargo smalls, 11s. 6d. to 12s. 6d.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine made cobbles, 40s. to 45s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s.; foundry coke, 30s. to 36s. 6d.; patent fuel, 18s. 6d. to 20s.; pitwood, ex ship, 27s. 6d. to 28s.

IRON AND STEEL.

SHEFFIELD.—There is no fundamental change in the position of the local iron and steel industry. Several firms report an increase of orders, but it is questionable whether there is any improvement in the aggregate. A Sheffield firm has booked an order for 35,000 steel sleepers for China, which will be rolled at Workington. A few overseas orders for railway tyres and axles are also on hand. In the Lincolnshire area production of steel has dropped a little since the holidays. There is rather more confidence than formerly. Firms are still active in carrying out changes calculated to reduce costs. The scrap market tends downward and record low prices are being quoted. The lighter steel and tool branches continue quiet, but demand is rather better than worse.

GLASGOW.—In the West of Scotland the political situation does not seem to have materially affected the situation, but generally the outlook seems to be regarded more hopefully than has been the case just recently. At the steel plants little new business is being placed and makers of semis are also exceedingly quiet. Competition from the Continent is very keen in this department, but although Continental prices quoted are exceedingly low, very little business has been placed this week from Glasgow either at home or abroad. Sheet makers are not quite so busy this week, although the home trade both in black and galvanised is well maintained. Messrs Mavor and Coulson, of Glasgow, announced that they had secured last week the largest order for coal conveyors that had ever been placed and valued at approximately £40,000, and they have enough work on hand to keep workers employed during the winter months at least. There are no signs of improvement in the structural engineering trade in the city.

CARDIFF.—Conditions in the South Wales tinplate and galvanised sheet trades are practically unchanged. The market continues to be detrimentally affected by the financial situation, and business has been transacted at prices ranging between 13s. 4½d. and 13s. 1½d. per basis box f.o.b. works' ports. Trade in galvanised sheets is stagnant at £8 17s. 6d. per ton. Welsh bars are unchanged at £4 12s. 6d., but foreign bars have recently been further reduced, and imports have recently been exceptionally heavy. Stocks of tin-plates, at 158,775 boxes, show a decrease of 16,175 boxes compared with the previous week.

OTHER METALS.

TIN.—Tin prices, which have been driven up by speculative buying following the formation of an international tin pool, have this week suffered the inevitable reaction. Nevertheless, present prices are still well above the low level touched earlier this year, though consumption has not yet shown any signs of an early expansion. Wednesday's official closing quotations for "standard" cash at £113 7s. 6d. to £114 per ton, compares with £118 5s. to £118 7s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,451 tons, show a decrease of 140 tons on the week.

COPPER.—The market in copper deteriorated this week and quotations reached a new low level. It is realised that the present rate of output is still in excess of requirements and that it will have to be curtailed still further. Wednesday's official closing price for "standard cash" in London, at £30 11s. 3d. to £30 12s. 6d., compares with £32 16s. 3d. to £32 17s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 22,748 tons, show an increase of 286 tons, while stocks of rough copper, at 1,200 tons, remained unchanged.

LEAD.—In the absence of any favourable factors, the market in lead was dull, and even a limited quantity offered caused a further weakening in prices. Wednesday's official closing quotation for "soft foreign" in London, at £10 13s. 9d. to £10 16s. 3d., compares with £11 1s. 3d. to £11 5s. on the corresponding day last week.

SPELTER.—The demand for spelter was quiet throughout the week and sales could only be effected at a lower level of prices. Wednesday's official closing quotation in London for "good ordinary brands" at £10 15s. to £11 5s., compares with £11 8s. 9d. to £12 on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. Antimony changed hands at the lower price of £22 10s. to £22 15s. per ton "foreign" established last week, but "spot" quicksilver, which had been sold at £16 per bottle a week ago, was reduced to £15 18s. 9d.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Markets have shown little activity, and await the selling against the superabundant supply which it is felt must soon come. Business has been a little better in Manchester and on the Continent, the resulting demand having been just about sufficient to absorb the very limited offerings. The crop has not suffered any set-back and deterioration during August is admitted to have been considerably less than normal. The Bureau Report, issued yesterday, gave the condition as 68.0, against 74.9 last month, production 15,685,000 bales, against 15,584,000 bales last month, and ginnings 565,000 bales against 90,000 bales last month. The feature of late has been the narrowing of the difference between Liverpool and New York, due, undoubtedly, to the idea in America of subsidising exports. Spot sales for the week 3rd to 9th (inclusive) are 49,000 bales, of which 11,700 bales are American, 1,050 Brazilian, 1,400 Argentine, 4,750 Peru, 2,150 Egyptian, 8,250 African, 1,800 East Indian, 17,020 Russian and 280 sundries. Imports for the same period are 30,042 Peru, 8,729 Egyptian, 1,010 American, 7,806 Argentine, 5,061 Peru, 20 sundries. Quotations, September 9th, are: American Middling, 3.64; Egyptian Sakel, 5.55; Uppers, 4.59; Brazil Fair, 3.69; Peru G.F. Smooth, 3.99; West African Middling, 3.69, and East African, G.F., 4.69.

Manchester.—The demand for manufactured goods throughout the world continues to be adversely affected by the low prices ruling for commodities, with the result that sales of cotton piece-goods have been on a low level. Buyers are naturally interested in the steps now being taken by the spinning and manufacturing employers to reduce costs of production. They expect that any resultant benefits will be passed on to them. Demand for India has shown no signs of reviving and only trifling sales have been recorded, chiefly in light bleaching styles. After being quieter, there has been rather more inquiry for fancies and white shirtings. Only a few transactions have been done for the re-for China. Manufacturers as a body have probably experienced the worst week for a long time back. Spinners have only booked trifling transactions. There is still a tendency for production to decrease, but at the same time supplies remain plentiful, even though there is a substantial curtailment of output. Following the publication of the Bureau Report on Tuesday, the undertone of the Manchester market has been rather steadier and the freer testing of prices has been encouraging.

Cotton Prices.

	1931.				Corresponding Date.	
	Aug. 19.	Aug. 26.	Sept. 2.	Sept. 9.	1929.	1930.
Raw Cotton—Mid. American	3.64	3.61	3.66	3.64	10.32	6.40
" Sakellaridis Fully Good Fair	5.60	5.84	5.65	5.55	17.50	10.20
Yarns—32's twist	7 7/8	7 7/8	7 7/8	7 7/8	15 1/2	10 1/2
" 40's twist	8 1/2	8 1/2	8 1/2	8 1/2	16 1/2	11 1/2
" 60's twist (Egyptian)	13 1/2	13 1/2	13 1/2	13 1/2	26 1/2	19
32-in. Printers, 116 yds., 16 by 16, 32's and 80's	15 9	15 9	15 9	15 9	25 3	20 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	17 7/8	17 7/8	17 7/8	17 7/8	28 6	22 6
38-in. ditto, 58 yds., 18 by 18, 10 lb.	9 10	9 10	9 10	9 10	15 4 1/2	12 4 1/2
38-in. ditto, 57 1/2 yds., 16 by 16, 8 1/2 lb.	8 9	8 9	8 9	8 9	13 9	11 1/2

CONSOLIDATED MAIN REEF MINES & ESTATE, LIMITED.

(Incorporated in the Union of South Africa.)

Extracted from the Annual Report for the Year ended 30th June, 1931.

Capital, £1,247,602 in 1,247,602 Shares of £1 each (all issued).
NOTE.—Of the above Issued Capital 35,267 ex-Enemy Shares are held by the Company.

DIRECTORATE.

F. RALPH (Chairman).
MAJOR C. S. GOLDMAN. J. L. JOURDAN. W. H. A. LAWRENCE
A. A. AURET. D. CHRISTOPHERSON. J. MARTIN
SIR ABE BAILEY, Bart., K.C.M.G., C.B.E. W. A. MACKENZIE

Tonnage Milled, 773,800.

Total Working Revenue	£1,133,444	4	11	£1	8	1
Total Working Costs	959,737	16	5	1	4	10
Working Profit	£173,706	8	6	£0	4	6

Total Profit for the year	£183,671	17	10
Balance unappropriated at 30th June, 1930	139,990	7	8
	£323,662	5	6

This amount has been dealt with as follows:—

Not Expenditure on Capital Account for the Year	£14,430	13	1
Miners' Pensions—Provision on account of Outstanding Liability as at 31st July, 1930	11,489	0	0
Government and Provincial Taxes	17,448	4	10
Forfeited Dividends Account	167	14	6
	42,535	12	5

Dividends declared during the year:—	£280,126	13	1
No. 42 and No. 43 of 6½ per cent. each	151,541	17	6

Leaving a balance unappropriated of	£128,584	15	7
---	----------	----	---

Ore Reserve.—The available Ore Reserve, as re-estimated at 30th June, 1931, is as follows:—

	Tons.	Value.	Width.
		Dwts.	Inches.
Main Reef Leader	1,322,080	7.6	41.5
South Reef	210,470	6.7	43.3
Bird Reef	404,010	4.8	67.1
Total	1,936,560	6.9	45.3

In addition, there is a total of 390,690 tons of payable ore developed, of an average value of 6.8 dwts. per ton, standing in shaft and safety pillars. The Full Report and Accounts (with Plans of Workings) may be obtained from the London Secretaries, A. MOIR AND CO., No. 1 London Wall Buildings, London, E.C.2.

THE WOOL TRADE.—Bradford.—Wool values have been fairly stable, writes our correspondent, and the home trade is doing its best to handle any suitable supplies which are forthcoming. At the moment attention is chiefly directed towards the sales in Sydney. Japanese competition is largely setting the pace in that centre, and those interested in bringing wool to this country are content to let that section go on filling its requirements. The type of merino wool taken is not such as Bradford needs to buy in very big weights, and topmakers are under the necessity to be able to offer something reasonable to their spinning clients. Consequently, the bulk of the purchases for this district are largely average 64's, and the good growth of herbage the sheep have enjoyed also means that the wool contains a larger proportion of burr than usual. Providing the wool can be bought right, this is not detrimental to the buying. The opening of the London sales on September 15th is awaited with no little interest. An offering of 146,700 bales, of which about 42,700 bales are New Zealand and South American wools, will provide enough wool for the time being. This means a three weeks' series. For the wool to be sold owners will be faced with another decline in both merinos and crossbreds. A decline of about 10 per cent. as compared with the close of last series is anticipated. Crossbreds will suffer most, for there are large stocks of both wool and tops in Bradford, particularly 46's and 48's carding. A fairly ready demand for merinos is expected, as stocks are comparatively small, but business in the interval has not been sufficiently active to enable better prices to be paid. The top market is quiet. Spinners are unwilling to buy unless they can do so at some concession. This applies to all qualities, everything being at least a shade cheaper than a week ago.

THE GRAIN MARKETS.

WHEAT.—In the absence of any favourable factors, prices at the principal wheat markets failed to recover. There was a slight increase in turnover, but, in view of the large supplies now forthcoming, no improvement became noticeable. Unfavourable weather has again delayed harvesting in some of the European countries, including the United Kingdom, and the Russian spring crop appears to have suffered considerable damage. It has been reported that definite arrangements have now been made between the Federal Farm Board and China according to which the latter country will buy from the Farm Board 450,000 tons of wheat to be delivered in nine equal monthly instalments. It also appears that Germany was negotiating with the Farm Board for the purchase of 18,500,000 bushels. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 24s. per 496 lbs., as compared with 24s. 9d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 22s. 9d., against 23s. 3d.; No. 3 Northern Manitoba, Atlantic, ex ship, 21s. 3d., against 21s. 8d.; Rosaf, ex ship, 18s. 3d., against 19s.; Australian, ex ship, 19s. to 22s. 9d., against 20s. to 22s. 6d. a week ago.

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh 35, St. Andrew Square.
 London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1

WHEAT FLOUR.—The international trade in flour has been more active during the week, and North American quotations were slightly higher. In this country, however, business has been rather quiet, and there has been very little new buying. North American shipments, at 205,000 sacks, show an increase of 13,000 sacks as compared with the previous week. Of this total, 82,000 sacks were consigned to Europe. Quotations: Straight run, delivered country, 21s. per sack of 280 lbs., as compared with 21s. last week; delivered London, 20s., against 20s. Manitoba patents, ex store, 20s. 6d. to 24s., against 20s. 6d. to 24s., and Australian, ex store, 16s. to 16s. 6d., against 16s. 6d. a week ago.

BARLEY.—The market in barley has been dull and, in view of the keen competition of maize for feeding purposes, prices have been lower. The supply of new English barley in the home markets, though increasing, is still small, which accounts for the abnormal rise in prices out of all proportion to the international level. Quotations: "English feeding," f.o.b., per 448 lbs., 20s. to 22s., as compared with 20s. to 22s.; Californian "new" sold at from 34s. to 50s., as compared with 34s. to 50s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—Business in oats has been moderate, and the increase in shipments from North America and Argentina has not so far resulted in lower prices. Quotations: "River Plate," landed, 13s. 6d. per 320 lbs., as compared with 13s. 6d. last week; "River Plate," ex ship, 11s. 6d. to 12s. 3d., against 11s. 9d. to 12s. 9d.; "Chilean White," landed, 21s. to 22s. 6d., against 21s. 6d.; English white, per 336 lbs., 20s., against 20s. a week ago.

MAIZE.—After a temporary reduction, Argentina again increased her shipments considerably. As no corresponding expansion took place in demand, prices receded sharply. Quotations: "Plate," landed, 15s. 1½d. per 480 lbs., as compared with 15s. 9d. last week; Plate, ex ship, 13s. 10d., as against 14s. 6d.; Plate, September-October, new, 13s. 9d., as against 14s. 6d. Yellow maize meal, ex wharf, was quoted £4 12s. 6d. per ton, against £4 15s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-32.	1930-31.	1929-30.	1928-29.
Estimated sales of home-grown wheat, 1 week to September 5	Cwts. 42,758	Cwts. 129,208	Cwts. 229,935	Cwts. 178,461
Average price of English wheat per cwt.	s. d. 5 1	s. d. 7 8	s. d. 10 3	s. d. 9 3

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Aug. 29, 1931.....	Cwts. 21,500	Cwts. 2,625	Cwts. 8,751	s. d. 6 3	s. d. 9 2	s. d. 6 3
Sept. 5, 1931.....	42,758	22,454	17,859	5 1	10 2	5 9
Sept. 3, 1927.....	75,184	34,688	32,310	12 1	14 1	9 7
Sept. 8, 1928.....	178,461	255,496	62,716	9 3	13 8	9 2
Sept. 7, 1929.....	229,935	106,178	49,234	10 3	10 1	8 0
Sept. 6, 1930.....	129,208	33,625	31,959	7 8	8 4	6 0

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Sept. 10, 1930.	Jan. 2, 1931.	Aug. 26, 1931.	Sept. 2, 1931.	Sept. 9, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	83½	56½	55½	52½	51½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	83½	79½	47½	45½	47

The visible supply of wheat in Canada, at 48,301,000 bushels, shows a decrease on the week of 2,653,000 bushels. Supplies a year ago stood at 50,129,000 bushels.

OTHER FOODS.

SUGAR.—After a rather sharp decline in the price of raw sugar last week, the market has been steadier. The improved tendency is partly ascribed to Dr. Mikusch's estimate of European production in 1931. Including Russia, he puts yield of the total crop at 9,147,000 tons, against an actual yield of 10,811,000 during the last season. Despite this improvement in raw sugar, the home market in "British refined" remained dull until quotations were reduced a further 3d. per cwt. Wednesday's sales of "raws" include "December delivery" at 5s. 8½d. to 5s. 10d. per cwt., against 5s. 7½d. to 5s. 8½d., and "March," 1932, at 6s. 0½d., against

5s. 11d. to 5s. 11½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	301	5,312	973	1,998	24,542	28,192
Liverpool	15,975	...	13,733	14,726	71,335	89,051
Total	16,276	5,312	14,706	16,724	95,877	117,243

Last week ... 8,234 14,309 15,217 17,862 94,307 128,655

COFFEE.—The demand for coffee at the auction on Tuesday, when 2,593 packages were offered, showed no improvement. Good qualities could be sold easily, but lower prices were offered for ordinary grades. Last week's movements of coffee in London were as follows: Brazilian, landed, 244; delivered for home consumption, 18 bags; exported, nil; stocks, 2,018 bags, against 1,122 bags last year. Central American, landed, 1,971 packages; delivered for home consumption, 2,513; exported, 1,012; stocks, 92,924 packages, against 71,677 a year ago. Other kinds, landed, 3,237 packages; delivered for home consumption, 2,612; exported, 609; stocks, 75,138 packages, against 80,684 a year ago.

COCOA.—The market in cocoa was dull, and in the absence of any improvement in demand, prices again weakened. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, November-January, at 19s. 9d. per cwt. f.o.b. London contract, shows a fall of 9d. Last week's movements of cocoa in London were as follows: Landed, 3,398 bags; delivered for home consumption, 6,248 bags; exported, 2,720 bags; stocks, 206,666 bags, against 213,150 last year.

TEA.—The quantities catalogued for this week's auction comprised 57,255 packages of Indian, 29,321 packages of Ceylon, and 11,973 packages of Java and Sumatra tea. Prices at this week's auctions were generally firmer. The improvement, which so far had been confined to tea of outstanding quality, became general. Towards the end of the week, however, the tendency became easier. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
Sept. 4, 1930	1 4 7½	1 0 2½	1 5 40	0 9 82	0 10 44	0 8 66	1 3 50						
Aug. 13, 1931	0 9 46	0 7 45	1 1 50	0 6 39	0 6 53	0 7 12	0 10 64						
Aug. 20 ..	1 0 14	0 7 46	1 2 33	0 6 32	0 6 38	0 7 12	0 11 68						
Aug. 27 ..	1 2 97	0 7 84	1 2 73	0 6 46	0 6 45	0 7 12	0 11 68						
Sept. 3 ..	1 3 54	0 8 07	1 3 35	0 6 60	0 6 07	0 5 74	1 1 77						

RICE.—The market in rice has been steady, and the recent improvement in prices has been maintained, although the extent of the damage suffered by Eastern crops cannot yet be quantitatively ascertained. Wednesday's quotation for Burma No. 2, cleaned, September-October, in singles to the Continent and to the United Kingdom, at 8s. 4½d. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 2 tons; delivered, 46 tons; stocks, 939 tons, as against 1,782 tons last year.

POTATOES.—Supplies at the principal markets have not been excessive this week, and prices remained steady. At the Borough Market, "Best King Edward" sold at from 5s. 6d. to 6s. 6d. per cwt., as compared with 5s. 6d. to 6s. 6d. a week ago.

SPICES.—The "spot" pepper market has again been quiet, and in the absence of an increase in demand prices remained weak. Wednesday's quotation for "Black Singapore," at 5½d. per lb., again shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 13 tons; delivered, 16 tons; stocks, 576 tons, against 857 tons last year. White, landed, 5 tons; delivered, 42 tons; stocks, 475 tons, against 449 tons a year ago.

MEAT.—At the Smithfield Market, beef and pork prices have been slightly firmer this week, but mutton was cheaper. Wednesday Argentine beef (chilled, hindquarters) was sold at 6s. 2d. to 6s. 6d. per 8 lbs., against 4s. 10d. to 5s. 2d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 8d. to 4s. 4d., as against 3s. 8d. to 4s. 6d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,618 tons, as compared with 7,456 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.6 per cent. of the supplies, as against 85.1 per cent. a year ago; and imported mutton, mainly New Zealand, formed 77.0 per cent. of the total supply, as against 81.0 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Very quiet conditions rule, and in most sections there is marked weakness owing to the absence of demand. Linseed, in particular, is very depressed, and a new low level of prices has been established. Plate on spot at Hull and afloat having dropped to £7 5s., and September and October shipment £7 7s. 6d. Crushers, both here and on the Continent, appear to be well supplied, and are slow to increase their commitments in view of the poor demand for oil and cake. There is little or no interest in the new crop, which is nominally £7 7s. 6d., January-February loading. Favourable reports as to the progress of the new sowings in Argentina continue to be received. The quantity afloat for Europe, at 140,700 tons, is 16,600 tons less than last week, but still too high. In addition, over 400,000 tons from Argentina and India is awaiting shipment before the end of the

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Incorporated in the Union of South Africa.)
REPORT OF DIRECTORS.—To be submitted to the Shareholders at a Meeting to be held in the Board Room, Johannesburg Consolidated Investment Company, Limited, Consolidated Building, Fox Street, Johannesburg, on Tuesday, the 24th day of November, 1931, at 11 o'clock in the forenoon.

THE LATE MR. S. B. JOEL.—The Directors record with the deepest regret the loss which the Company and they have sustained by the death of its Permanent Chairman, Mr. S. B. Joel, who passed away on the 22nd May. Mr. Joel had been associated with the Company since its inception, and for thirty-three years was its Permanent Chairman. In that capacity he rendered invaluable services to the Company and contributed largely to its progress and prosperity.

By a unanimous Resolution of the Board, Mr. J. B. Joel has been appointed Permanent Chairman in place of the late Mr. S. B. Joel.

ACCOUNTS.—1. The Directors beg to submit the Company's Balance Sheet and Profit and Loss Account for the financial year ended 30th June, 1931.

PROFIT AND LOSS.—2. The gross profits of the Company for the year under review have been well maintained, but owing to the abnormal depreciation in the market value of certain of the Company's shareholdings a considerable portion of the profits earned has been absorbed. Such part of the depreciation which has not been met out of profits has been provided by an allocation of £350,000 from the Company's Reserve Fund.

After giving effect both to the depreciation and to the allocation of Reserve Fund, the net profit amount to £398,745 5s. 9d. This sum, together with £154,189 17s. 2d. brought forward from the previous year, brings the total available profit to £462,935 2s. 11d.

DIVIDEND.—3. In June last the Directors declared a Dividend of 7½ per cent., subject to the deduction of United Kingdom Income Tax. This distribution will absorb £296,250, leaving a balance of £166,685 2s. 11d. to be carried forward to next account.

The Directors consider it inadvisable to declare the final dividend of the Company until they have the actual results of the year's work before them. In view of the Company's financial year ending on 30th June, they have decided that in future the final dividend will be declared in July, instead of in June as heretofore.

RESERVE FUND.—4. As indicated above, £350,000 has been transferred from this account, leaving a balance of £650,000.

VALUE OF SHAREHOLDINGS.—5. Provision having been made for the exceptional depreciation in the market value of the Company's shareholdings, they stand in the books at current market prices as at the 30th June last, or below those figures.

FINANCIAL POSITION.—6. The financial position of the Company continues to be satisfactory.

MINING INTERESTS.—7. The operations of the Gold Mining Companies managed by the Company, the details of which have been published as usual, have all been of a satisfactory nature.

The value of the gold produced by the Mines of the Group for the twelve months to 30th June last was, approximately, £13,000,000.

It is pleasing to record that the relations between the white employees and the Company's Group continue to be amicable. The supply of native labour has been sufficient for all requirements. This was due to the prevailing industrial depression in South Africa other than in the Gold Mining Industry.

GOVERNMENT GOLD MINING AREAS (MODDERFONTEIN) CONSOLIDATED, LIMITED.—8. The ore treated during 1930 amounted to 2,438,000 tons, resulting in a working profit of £2,711,393 of which the Union Government received £1,469,283 as its share of the profit. The Union Government has now been paid a total sum of £14,462,086 under the terms of its Lease to the Company. Dividends totalling 90 per cent. have been paid for the twelve months ended 30th June last.

The ore reserves at the end of the year were estimated to amount to 10,840,000 tons, with an average value of 9.9 dwts. over a stopping width of 61 inches.

The results for the year show new records for the mine. The tonnage milled, the gold recovered, the revenue and profit for the year, are the highest in the history of the Company.

THE LANGLAAGTE ESTATE AND GOLD MINING COMPANY, LIMITED.—9. For the year ended 31st December last 961,500 tons of ore were crushed, resulting in a working profit of £398,645, an increase of £73,813 as compared with the previous year. Dividends totalling 20 per cent. were paid for the year to 30th June last.

The ore reserves at the end of the year were estimated to contain 1,530,000 tons, with a value of 7.4 dwts. over a stopping width of 43 inches.

The development work in the mine has shown satisfactory values.

In view of the demand for building lots on the Company's township, arrangements have been made to increase considerably the township area.

NEW STATE AREAS, LIMITED.—10. The tonnage milled for the twelve months to 31st December last amounted to 930,000 tons, which the previous year. The Union Government's share of the profit was £211,680. Dividends totalling 20 per cent. were paid for the year to 30th June last.

The Ore Reserves were estimated to amount to 2,715,000 tons at the year end, with an average value of 8.9 dwts. over a stopping width of 60 inches.

The results for 1930 constitute a record for the Company in all respects. The mine is in an excellent position, and a long and successful life is looked forward to.

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED.—11. For the year ended 31st December last, 2,578,000 tons of ore were crushed, resulting in a working profit of £412,520.

The Ore Reserves at the end of the year were estimated to amount to 5,293,000 tons, with an average value of 8 dwts. over a stopping width of 41 inches.

BALANCE SHEET, 30th JUNE, 1931.

Dr	£	s. d.	Cr	£	s. d.
Authorised Capital— (Under Resolution of 23rd November, 1906) ...	4,500,000	0 0			
Of which £4,346,000 is Registered Capital. ...			3,950,000	0 0	
Capital Issued ...			1,000,000	0 0	
Reserve Fund ...			350,000	0 0	
Less Transfer towards depreciation in Stocks and Shares ...			650,000	0 0	
Sundry Creditors including Reserves for Contingencies ...			812,706	11 1	
Dividend (No. 89) of 7½% less United Kingdom Income Tax, declared 17th June, 1931 ...			296,250	0 0	
Appropriation Account ...			166,685	2 11	
Balance ...					
Contingent Liabilities— Uncalled Capital on Investments and Sundry Guarantees ...	£347,354	13 4			
			£5,875,640	14 0	

We report to the Shareholders that we have audited the accounts of the Johannesburg Office of the Johannesburg Consolidated Investment Company, Limited, dated 30th June, 1931, and have obtained all the information and explanations we have required. The Audited Accounts of the Johannesburg Office have been properly incorporated in the Balance Sheet of the Johannesburg Office of the Company in its opinion properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs in Johannesburg according to the best of our information and the explanations given to us, and as shown by the books of the Company. We have also verified the securities in South Africa. The Company has kept proper books and records.

SAME THOMSON, Chartered Accountant.

FRANCIS DIX, Incorporated Accountant.

Johannesburg, 6th July, 1931.

PROFIT AND LOSS ACCOUNT for the year ended 30th June, 1931.

Dr	£	s. d.	Cr	£	s. d.
To Directors' Fees, Salaries and other Expenses, less Amounts received from other Companies ...			26,639	1 1	
To Balance being realised profit for the year carried to Appropriation Account ...			308,745	5 9	
			£335,384	6 10	

APPROPRIATION ACCOUNT.

£	s. d.	£	s. d.
To Dividend No. 89 of 7½% less United Kingdom Income Tax, declared 17th June, 1931 ...	296,250	0 0	
To Balance carried to Balance Sheet ...	166,685	2 11	
	£462,935	2 11	

An improvement of nearly half a pennyweight in the grade of ore milled and a large tonnage treated resulted in an increase of £165,800 in the working profit.

Good progress has been made in sinking No. 2 North Shaft, and in June last the Randfontein Leader was struck at a depth of 4,328 feet, showing a value of 6.75 dwts. over a stopping width of 43 inches. At the point of contact the angle of dip was 15 degrees, which is a very considerable flattening compared with the dip in the higher levels. It is anticipated that this flattening of the reef will result in an appreciable saving in capital expenditure. All indications lead to the conclusion that the whole of the Main Reef Series on the property lies at a workable depth. This new shaft will be brought into commission as soon as sinking has been finished and the shaft equipped, which it is hoped will be within the next few months.

It will be seen that the outlook for the property is better than it has been for many years past. The large expenditure in debenture redemption and interest is drawing to a close; the last big payment of £155,200 falling due to be paid in March, 1932. Provided, as is expected, that the present favourable conditions continue, it is confidently anticipated that the Company will re-enter the list of dividend payers in the current year.

VAN RYN DEEP, LIMITED.—The tonnage milled amounted to 771,000 tons for the year to 31st December last, and showed a working profit of £463,516. Dividends totalling 27½ per cent. were declared for the year to 30th June, 1931.

The Ore Reserves at the end of the year were estimated to amount to 2,854,000 tons, with an average value of 7 dwts. over a stopping width of 48 inches.

WITWATERSRAND GOLD MINING COMPANY, LIMITED.—In 1930 the tonnage treated amounted to 659,000 tons, which resulted in a working profit of £37,955. Dividends totalling 7½ per cent. have been declared for the year to 30th June last.

The ore reserves at the end of the year were estimated to amount to 291,000 tons, with an average value of 5.5 dwts. over a stopping width of 54 inches.

DIAMOND MINES.—8. The continuance of the world-wide depression has been the main feature in the diamond trade, and this still dominates the position.

In spite of the fact that the consolidation of the trade in the future has been assured by the completion of the new Inter-Producers' Agreement and new Sales Agreements, the ratification thereof by the Union Government, and the formation of the Diamond Corporation, Limited, sales have fallen off still further.

A clearer appreciation by the Union Government of the importance of the principle of sales through one channel, and the more effective prevention of illicit dealings in diamonds, would go a long way to restore that confidence which is essential to enable the diamond trade to take full advantage of the position when general conditions improve.

COPPER.—9. Since the last Annual Report was issued an amalgamation of certain of the Northern Rhodesian Copper Companies in which this Company is interested has taken place. The result has been the formation of the Rhokana Corporation, Limited. This amalgamation will facilitate any arrangement which may be necessary for the control of production, and will tend to reduce the costs of production to a low level.

During the year the development and equipment of the N'Kana Mine have been pressed with great energy, and it is hoped that the production stage will be reached in January next. On the high grade N'Changa West Mine development is also actively proceeding.

Although the price of copper is at present abnormally low, it is confidently believed that working costs in Northern Rhodesia will enable these mines to compete successfully with production in any part of the world. Notwithstanding the present general depression the Directors have every confidence in the future value of the Company's copper investments.

PLATINUM.—10. The platinum industry has suffered severely during the past year from price-cutting competition. Fortunately, the producers of platinum are in a number, and a Company is being formed to stimulate consumption and regulate marketing. Although the horizon is not yet altogether clear, the Directors have reason to look forward to more prosperous times in the industry.

Benetsephuk Mine, the Rustenburg property of Potgietersrust Platinum, Limited, was actively worked, and the results attained in regard to extraction and working costs were satisfactory.

COAL INTERESTS.—11. The coal mining industry in South Africa suffered during the year somewhat severely from the general depression, but in spite of this, the revenue the Company receives from its coal interests has been maintained.

ESTATES AND TOWN PROPERTIES.—12. The demand for building sites on the Lower Houghton Estate continues to be satisfactory.

DIRECTORS.—13. In terms of the Company's Articles of Association the four following Directors retire by rotation, and, being eligible,

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.			LARD—			WOOL—			Market Hides, London—		
CEREALS AND MEAT.			Irish bladders.....			English Southdown, washed			Best heavy and heifer		
GRAIN, &c.—	s.	d.	American, boxes, 56 lbs. 41	6	44	per lb.	11	1	Best cow	Nominal	Nominal
Wheat, No. 2, N. Man. 496 lb.	22	9	POTATOES—			Queensland, sed. super embg.	19	8	Best calf	Nominal	Nominal
Eng. Gaz. av., per cwt.	5	1	Good English, per cwt.	5	6	N.S.W. greasy, super	10	10			
Barley, Eng. Gaz. av.	10	2	SPICES—			N.Z., gray, half-bred 50-56	8	8			
Oats	5	9	Pepper, per lb.—			Crossbred 40-44	6	6			
Maize, La Plata, landed, 480 lb.	15	1	Muntok, fair White	0	7						
Flour, Lon. stan. ex mill, s. d.			Black Lampong	0	5						
280 lb.	18	9	Cinamon—1st sort, per lb.	0	7	Morinos 70's	23	3			
Rice, No. 2 Burma, per cwt.	8	4	Cloves—Zanzibar per lb.	0	8	Crossbred 46	21	7			
Sago, Pearl, per cwt.	16	6	Ginger—per cwt.—			" 46's	9	9			
Taploca, per cwt.—			African	25	0						
E.I. flake, fair spot	17	6	Jamaica, ord. to good	40	0						
Medium pearl	20	0	Mace	0	9	MINERALS.	s.	d.			
MEAT—			Nutmegs 55s	1	3	Welsh, best Ad'ty., ton	19	6			
Beef, per 8 lbs.—			(Duty, 11s. 8d. per cwt.)			Durham, best gas, f.o.b.	0	0			
English long sides	4	8	B.W.I., crystallised	18	0	Tyne	14	6			
Argentine chilled hinds	5	2	Java, white, c. & f. India	7	7	Sheffield, best house, at	20	0			
Mutton, per 8 lbs.—			October-December	7	7	pits	20	0			
English wethers	5	4	REFINED—London—			IRON AND STEEL—					
N.Z. frozen	3	8	Yellow Crystals	18	7	Rlg. Cleveland No. 3, ton	6	0			
Pork, English, per 8 lbs.	5	8	Cubes	23	0	Bg. & through	200	0			
			Crushed	21	6	Steel Rails, heavy	170	0			
			Granulated	19	3	" Tin Plates, per box	13	13			
			Home Grown (June)	18	7	METALS—	s.	d.			
				18	7	Copper, Electrolytic, ton	34/10/0	35/15/0			
						Sheets (strong)	64/0/0	0			
						Standard	30/11/3	32/12/6			
						Lead Eng. Pig. " per ton	12/0/0	0			
						Sort Foreign	10/15/0	10/16/3			
						Spelter G.O.B.	10/15/0	11/5/0			
						Tin—English ingots	113/15/0	113/15/0			
						Standard case	113/7/6	114/0/0			
						MISCELLANEOUS.	s.	d.			
						CHEMICALS	s.	d.			
						Acid, citric, per lb. less 5%	0	10			
						Nitric	0	2			
						Oxalic, net	0	3			
						Tartaric, English less 5%	0	10			
						Alcohol, Plain Ethyl	13	0			
						Alum, lump	9	9			
						Ammonia, carb.	10	38			
						Sulphate	36	0			
						Arsenic, lump	9	12			
						Bleaching powder, per cwt.	7/10/0	6/12/6			
						Borax, gran.	11	0			
						Do. powder	12	6			
						Nitrate of Soda	10	10			
						Potash—Chlorate, net	0	3			
						Sulphate	10	11			
						Sulphammoniac	42	6			
						Soda Ricarb.	9	10			
						Crystals	5	5			
						Sulphate of Copper per ton	19	20			
						CEMENT, London—	s.	d.			
						Portland, best Eng. pr. ton	46	0			
						OPERA	s.	d.			
						S.D. Strate c.l.f., per ton	11/7/6	0			
						Smoked Teak Sea	10/2/6	0			
						DRUGS—	s.	d.			
						Camphor	s.	d.			
						Japan, refined	2	2			
						Castor oil	85	0			
						Ipecacuanha	6	3			
						Peppermint, Wayne Co.	8	0			
						HIDES—	s.	d.			
						West salted—Australian	0	4			
						Wet Indian	0	3			
						Cape	0	3			
						Dry and Dressed Cape	0	5			

money on Monday ran up to 4½ per cent., with 3½ per cent. charged for renewals. Later in the week money became easier, and by Thursday both old and new money was obtainable at 3½ per cent. The market rate for three-months' bank bills has been a steady 4½-5 per cent., with remitted bills ½ per cent. higher. Some November bills have changed hands at 4½ per cent., and hot Treasury bills were dealt in on Thursday at 4½ per cent. It is noticeable that in comparison with the position a fortnight ago, market discount rates have been pulled up to a more desirable level. This result has been achieved not by open-market operations, but by the recent monetary stringency and by the prevailing excess of Treasury bill issues over maturities.

	Aug. 27, 1931.	Sept. 3, 1931.	Sept. 10, 1931.	Sept. 17, 1931.	Previous Rate and Date Changed.
Bank Rate	4½	4½	4½	4½	3½ (July 30, '31)
Banks' Deposit Rate..	2½	2½	2½	2½	1½ (July 30, '31)
Discount { Call	2½	2½	2½	2½	1½ (July 30, '31)
Houses { Notice ...	2½	2½	2½	2½	1½ (July 30, '31)
Market rate (3 months' bills)	4½	4½	4½-5	4½-5	...

The Bank return shows a further decrease of £2.3 millions in the note circulation, but against this must be set net gold losses of £0.3 millions, so that the reserve is only £2.0 millions higher. There has been a change-over of approximately five millions in the Issue Department from "Government" to "other securities." Regarding the Bank as a single unit, Government Securities have fallen by £6.8 millions, while Other Securities have increased by £3.1 millions. Public deposits are £5.2 millions lower, so that, with "other deposits" practically unchanged, bankers' deposits have increased by £3.6 millions. The limit of £275.0 millions to the fiduciary note issue is to remain in force for another three weeks.

Gold to the value of £931,000 was on offer in the market of Tuesday. Of this £210,000 went to Holland, and £668,000 was bought by the Bank. The high price of 84s. 11½d. per ounce had to be paid, however, and the Bank's acquisition was neutralised by withdrawals of bar gold amounting to £558,000 on that and the following day. Hitherto the Bank, as an act of grace, has been prepared to sell sovereigns for export in minimum quantities of £2,000, and it has lately become apparent that sovereigns were being withdrawn in reality for purposes of hoarding. To put an end to this undesirable practice, it has been decided to withdraw this facility except in special cases, such as those of some South American States, where sovereigns are part of the currency reserve of the country, and so serve a useful purpose. Such cases will be decided upon their merits. It has been thought advisable to explain this change of procedure, as it has given rise to extravagant rumours such as that the Bank is no longer prepared to part with gold freely on demand. There is no obstacle against withdrawals of gold bars in conformity with the provisions of the 1925 Gold Standard Act.

The half-yearly Court of the Bank of England was held on Thursday morning. The official report to the meeting was that "the profits of the half-year ended August, after making provisions for all contingencies, amount to £875,703 19s. 9d., making the amount of the "rest" on that day £3,600,114 5s. 11d., and after providing a dividend of 5s. 11d. on the income tax, the amount of the while drys are offered at 1029 5s. 11d. 6 per cent. less tax rates are a poor sale, and in t. and Sir Ernest Harvey, the or most descriptions are sliding at the Court, said, "In sole leather does not appear though which we are passing, we of the trade is for English a to be in as good a position as we being experienced for these and distributors of upp black and brown glaci *

holiday currency withdrawals by the public, but much of it may well be due to August tax payments and to the efflux of foreign short money.

	August, 1930.	May, 1931.	June, 1931.	July, 1931.	August, 1931.
Capital and reserves.....	131.8	132.1	132.1	132.1	132.1
Acceptances	121.7	114.1	115.9	113.0	112.6
Deposits (including undi- vided profits, &c.).....	1,767.4	1,700.0	1,744.6	1,750.5	1,708.6
Total liabilities	2,020.9	1,946.2	1,992.6	1,995.6	1,953.3
Coin, notes, balance at bank, and cheques in course of collection	235.4	222.7	236.2	228.9	223.0
Money at call.....	133.7	127.8	129.9	126.9	110.5
Investments	276.5	299.6	298.1	308.7	311.2
Discounts	279.3	222.1	263.9	279.2	261.3
Loans and advances.....	934.3	918.0	906.6	899.7	892.4
Over for accept., premises, &c.	161.7	156.0	157.9	155.2	154.9
Total assets	2,020.9	1,946.2	1,992.6	1,995.6	1,953.3

Acceptances are practically unchanged, while cash has fallen by nearly six millions, this decrease again reflecting currency withdrawals. Advances are £7.8 millions lower, and investments £2.5 millions higher. The main brunt of the bank's loss of deposits, however, has fallen upon discounts and call money, and, in these circumstances, it is not surprising that stringency has lately prevailed in the money market.

Money in New York remains extremely easy, and even a mid-month turnover of funds estimated to amount to two billions of dollars had no effect. Call rate is still 1½ per cent. Currency circulation showed a further increase of \$57,000,000 last week, bringing the total expansion since July to \$293,000,000. Part of this movement is seasonal, but the major portion is undoubtedly due to currency withdrawals from banks by nervous depositors, a development which throws some doubt on the ability of American banks to extend further credits abroad or even to maintain their existing foreign balances. The Federal Farm Board has arranged for the sale of 7,500,000 bushels of wheat to Germany. The terms include a 4½ per cent. long-term credit running to the end of 1934.

Conditions were quiet in the exchange market. Sterling outwardly remained steady, and the undertone of the markets seemed to indicate some return of confidence. New York stood at the end of last week at 4.85½, but after rising to 4.86½ on Monday closed somewhat under the best at 4.86. Heavy American liquidation on the Canadian stock exchanges was responsible for a violent rise in the Canadian rate to 4.91, but the close was slightly lower at 4.90½. Paris continued steady between 123.95 and 123.98, but Belgium continued to be offered, the rate rising to 84.95½, as against 84.94½ a week ago. Holland continued around last week's level, closing at 12.04½, and Switzerland was slightly easier at 24.90. Milan was steady at 92.91, and Spain, after mild fluctuations between 54.00 and 54.25, closed with a slight gain on the week at 53.90. German marks continued on offer, but selling was less violent than last week and business was on the small scale, the close being 20.61. The Scandinavian rates all moved in favour of sterling, Stockholm being 18.16, Oslo 18.18½, and Copenhagen 18.18½. There was no marked change in the Eastern exchanges, but among the South American rates Buenos Aires was very weak, the rate being 29d. and closing at 29½d., with few buyers. Among forwards, dollars were somewhat more on offer at premiums of ½ cent for one and 2½ cents for three months. Paris forwards were also cheaper, 10 centimes and 45 centimes being quoted. Forward Belgium was at premiums of 7 centimes and 18 centimes. Forward Switzerland was in strong demand against spot, at premiums of 4 centimes for one month and 9½ centimes for three months. Forward Milan narrowed to discounts of 1 centesimo and 10 centesimi respectively. Amsterdam forwards were at about last week's levels of 2 cents and 6½ cents for the one and three months' periods. Forward Reichsmarks continued unquoted. Silver was a quiet market, and after minor fluctuations closed at last week's levels of 13d. for spot and 13½d. for forward delivery. Hong Kong was 1s. 6d. and Shanghai 1s. 8½d.

RESTORING THE BALANCE.

THE first objective of the National Government has been achieved, for the reception in foreign centres of the emergency Budget introduced by Mr Snowden last week reveals a general and well-founded conviction that, in so far as the public finances are concerned, effective measures are being taken to secure a real and proper balance in the accounts both of this year and of next. Moreover, the course of events in Parliament and the country has shown both that the necessary measures are assured of a safe passage and that the general public have, on the whole, accepted Mr Snowden's onerous programme of economies and taxes with philosophic resignation. In some quarters, it is true, complaints are heard that this or that section of the community has been unjustly treated. This is inevitable. It may or may not be that complete equality of sacrifice is never obtainable. But it is certainly true that no emergency programme, framed in the short space of a fortnight, to meet a great national necessity, could possibly avoid inequalities and anomalies; and there is no reason why the Government, in the course of working out essential details of administrative procedure, should not succeed in smoothing out these excrescences without impairing the effectiveness of their cohesive plan. The new taxation, described in our last issue, has been sanctioned by the House of Commons, and the Government have been granted powers to proceed by means of Orders-in-Council during the next month to the task of making the economy side of their programme actively operative. Of that there is no doubt. But it is obvious that until the whole administrative machinery has been put into action, and, further, until the actual fruition of the Budget proposals has been definitely assured, the National Government will not have finally performed even the initial task for which it was created. In these circumstances, it is quite unthinkable that the leaders of the Government should stultify an excellent and courageous beginning by failure to recognise that their duty is to carry on and tackle the successive phases of the problem which confronts us.

Budget equilibrium is only one aspect of a larger problem—namely, the adjustment of our economic situation to the world conditions with which we are faced. A striking index of these economic difficulties is afforded by the state of our trade balance, which is a reminder, on the one hand, of the weakened condition into which our foreign debtors have been plunged by the world depression, and, on the other, of the fact that our reduced exports have diminished our capacity to stand such a sudden strain as that recently imposed on us. There has, it is true, been some lack of understanding on this matter, for though the balance of our international payment account is an important indicator of the economic situation, the actual payments to be made have not in themselves been an important cause of the crisis. It was not the gradual deterioration of the British balance of payments (though this was a factor in diminishing confidence in our financial stability), but sudden uncontrollable movements of capital which, towards the end of August, brought the stability of sterling exchange into such imminent peril. Nevertheless, as we showed last week, the spread of the world depression is progressively eating into the country's huge annual volume of "invisible" exports and creating a debit in our account with the outside world. It becomes, therefore, a matter of necessity to study all possible ways and means of wiping out that debit and transforming it eventually into a surplus of sufficient size to restore London's power to resume her rôle as an international lender.

Two main methods of restoring the trade balance are being most prominently canvassed. One is to curtail imports either by a general tariff, or by direct control or prohibition of the less essential classes of goods that now enter our ports. The other is to expand exports, and here there is an unbridgeable gulf between two schools, of which

one would achieve its aim by devaluation of the pound sterling, and the other by an organised effort to reduce the internal price level—including wages, salaries and cost of living—until competitive power has been restored to our exporters. Let us examine first the method of contracting imports. Among import restrictionists there are three distinct schools of thought. There is the school represented by Mr Walter Runciman, who would be content if he could shut out imported luxuries; the school of orthodox full protectionism, represented by the official Conservative Party; and, somewhere in between, the school represented by Sir John Simon, who finds the prohibition of luxury imports inadequate and difficult, and deems some sort of tariff essential. It is unfortunate that Sir John Simon, whose analysis of the trade position obviously impressed the House of Commons on Tuesday, did not make plain the lines or scope of the tariff measures which he would approve. With Mr Runciman we go so far as this, that if it should unhappily prove impossible to restore the competitive power of our export trades, and so expand their volume, some temporary control of imports may be forced upon us, although, like Sir John Simon, we are more impressed with the dangers and difficulties than with the merits of this particular scheme.

There remains the convinced believer in a general tariff. Did we believe that in such a policy lay any hope of quick betterment or durable recovery, lifelong advocacy of Free Trade would not restrain us from supporting it. But the balance of probabilities, both short and long, leads us to an opposite conclusion. On a short view, it may be that the adoption of a tariff would give a considerable initial fillip (partly psychological) to industries producing for the home market; but against that would have to be placed the certainty that, as soon as any real likelihood of a tariff appeared, foreign exporters would rapidly and heavily increase their shipments to Britain, in order to forestall the threatened duties. Thus, in the weeks and months immediately ahead, even serious consideration of a protectionist policy might quickly and appreciably aggravate the position of the trade balance. So much for the short view. When we look to the more distant prospect we fail to detect any counterbalancing advantages to set against adverse results which the adoption of a tariff would certainly bring. It would tend to raise manufacturing costs at the very moment when cheapening is all essential; it would further hamper our already harassed exporters by restricting the power of foreign producers to buy British goods, and by intensifying competition in foreign markets; it would lead other countries to retaliate against our goods; it would nip in the bud every plan for saner economic policy in Europe and elsewhere, to which Britain looks with growing hope of advantage; it would retard the necessary process of rationalisation and increased efficiency in British industry. This is only a partial, but surely a formidable, list of dangers, and, let us remember, if we decide to face them in the hope of some nebulous advantage, we are taking a permanent, not a temporary step. As history tells us clearly, once on the tariff road there is no turning back.

What reason is there to think that salvation lies along that road? High tariffs have not availed the protectionist countries to escape the storm. They share with Britain at least a common degree of distress. And, to turn back to the present problems of the Budget and the trade balance, what reason is there for thinking that in two or three months' time a contraction of exports would not at least balance any contraction of imports, leaving us no better off internationally, and with no net change in unemployment except that it would be concentrated more heavily than ever in our great exporting industries? To the protectionist who believes that it is impossible to restore our export industries and that, therefore, we must re-orientate our economic policy and face a narrower life for a littler England, we reply that we understand his argument, but refuse to share his

despair. To the protectionist who frankly advocates tariffs as a measure, not for maintaining standards of living, but for making a back-door attack upon them, we reply that, if our standards are wrong, we prefer the more direct and straightforward means of approach to their rectification. It is surely better to lead than to delude the country into economic readjustment.

Devaluation Delusions.

From this angle of approach to the question of Britain's weakened trade position, let us turn to the other—the possibilities of an expansion of exports. Here, as we have said, counsels differ profoundly as to the means to be employed. Encouraged by the approval of the section of expert economic opinion led by Mr J. M. Keynes, organised Labour is inclined to toy with the idea of abandoning the gold standard and thus reversing abruptly the monetary policy which is held by the "anti-deflationists" to have caused most, if not all, of our economic troubles. In the Labour Party, and to some extent outside it, devaluation of the pound is being seriously considered as a means of stimulating our exports and so rectifying our trade balance.

The advantages claimed for this policy merit examination, if only because the contentions of its proponents are in some respects contradictory one with another. Devaluation, it is argued, would cheapen British goods in terms of foreign currencies, would discourage imports, while encouraging exports, would stimulate employment and enable us to dispense with wage reductions, and would lighten the burden of internal fixed indebtedness, thus compelling the *rentier* to contribute to the national effort. A moment's thought, however, will reveal that we could not hope to "cash in" all these gains at once. Even if we make the large assumption that equilibrium could be re-attained at a lower sterling exchange level without cataclysmic repercussions on the world's financial structure, the fact remains that (a) the weight of taxation required to meet the internal debt charge, and (b) the burden of fixed interest on industry would be lightened only if British prices, incomes and wages moved in an opposite direction to the falling pound. But, if this occurred, the premium on exports would *pro tanto* be lost, and the check on imports be forfeited. What then do the "devaluationists" mean? Except in so far as the more muddled heads in the Trade Union Congress are unable to distinguish between "nominal" and "real" wages, we suspect that the idea behind the advocacy of abandonment of the gold standard is that it would be easier to resist demands for wage increases by way of compensation for an enhanced cost of living than it would be to ask for reductions in wages as matters stand. If this be so, this policy is open to the same criticism as the "restrictive" thesis of a section of the tariffists: to delude the wage-earners into making a sacrifice may ultimately be more dangerous than to ask for one openly. Admittedly, the industrialist would be helped by any relief from his present burden of wages and interest; but at best—and assuming devaluation by Britain alone—even if he might expect to secure a lower real wages cost or a lightening of overhead charges, he could not hope for both; and experience has shown that other factors might intervene to prevent him benefiting from either.

Such considerations, moreover, must be weighed in connection with a long and most impressive list of objections to devaluation. To start with a relatively minor one, it would leave untouched the existing inequitable disparity between sheltered and unsheltered wages. A more far-reaching objection is that the effects abroad of such a policy, initiated by Great Britain, would be too serious both in themselves and in their reactions on ourselves to be contemplated without the gravest misgiving. It would, in fact, be a disaster for the whole world. True, nothing is gained by endeavouring—as is being done in some quarters—to frighten the country into good behaviour with the suggestion that if the pound were to "go," its course would promptly parallel that of the mark during Germany's inflation period. Such absurd exaggerations are not needed to strengthen the determination of this country to maintain the basis of its credit, but run the

risk of creating an attitude of mind which would greatly increase the difficulties of those responsible for controlling the situation that would arise if we were compelled even temporarily to suspend or modify free convertibility. Nevertheless, any depreciation of the pound, however moderate, would be deplorable enough, and the deliberate adoption of such a policy a counsel of despair. Moreover, the achievement of the object for which it is advocated—namely, the stimulation of British exports—makes the large and improbable assumptions not only that all attempts to restore the level of real wages would be successfully resisted, but also that other countries would be both able and willing to remain on a gold basis. And even if we were prepared to face the resultant loss of London's earnings as an international banking centre, even if we were not impressed with the dangers of precipitate withdrawals of foreign balances and the export—at almost any price—of liquid domestic capital, we should still unhesitatingly reject devaluation for the reason that no country in the world, with the exception of France and the United States, would be able to maintain its currency at its gold parity if the pound sterling were allowed, in the devaluationists' terminology, to "find its own level." The upshot would be an international competition in depreciation of currencies, a disastrous reversion (destroying all the supposed advantages of our own devaluation) to that exchange chaos whose termination was recognised by the Brussels Conference as the prime essential for any ordered expansion of international trade.

The Honest Alternative.

There remains the alternative means of stimulating exports—the reduction of British costs and selling prices. It is the policy which we have consistently advocated in these columns and which we shall advocate to the end. By no fiscal or monetary legerdemain can the hard fact be evaded that the British nation, in a world depression which has halved the purchasing power of its customers in countries producing "primary" commodities, is endeavouring, by keeping up its wages and its prices of manufactures for export at a level which renders many of its good unsaleable abroad, to consume more imports than it is obtaining means to buy. The attempt is doomed to failure; unless and until we can sell more abroad, we must "go without." But whereas a tariff to restrict imports would mean a permanent abandonment of hopes of greater exports (and our means as a tiny insulated enclave would be miserable), while the advantages to be gained by enforcing less consumption through devaluation of the pound would be in all human probability illusory, immediate acceptance of lower nominal wages would give good hope of eventual recovery of greater prosperity, through the lowering of prices and the stimulation of an expanding volume of trade and employment.

That difficulties would remain, we are ready to admit. The problem of fixed indebtedness, national and international, calls in any case for drastic treatment; it is not soluble to-day on anything resembling orthodox lines. And, unless a sense of greater security as between nations can be realised, unless policies of economic nationalism can be replaced by greater co-operation and free exchange of goods, no nation's individual effort can be guaranteed as sufficient to save the civilised world from destruction at its own hands. Yet, inasmuch as the crisis is of the utmost gravity, so is the call for courage and honesty on our own part clear. We have no time to wait for international monetary action directed towards raising the price level; we must accommodate ourselves to prices as they are; we must recognise that trade, stripped of its civilised mechanism, is fundamentally nothing but barter, and that, unless we give the primary producers who are our "opposite numbers" a square deal, we shall ultimately starve ourselves. In the cheapening of manufactures (remembering always that the wage-earning producer is also himself a consumer) lies the sole reliable means of maintaining in this country a standard of life now artificially and precariously supported by foreign credits and doomed to permanent degradation if the electorate, evading the honest policy of "tightened belts and hard work," prefer the fallacious expedients either of currency depreciation or tariff restriction.

CO-OPERATION OR COLLAPSE?

In his dispatch from Geneva this week our League correspondent invites us to draw such comfort as we may from the fact that there has been no decision to postpone the date of the Disarmament Conference. That this should be almost the sole ground for satisfaction at Geneva is eloquent testimony to the barrenness of the results which this session of the Assembly has so far achieved. Elsewhere in this issue we comment on the speeches delivered by M. Briand, Dr. Curtius and Lord Cecil on the problem of armaments and security. Here we are concerned with the economic aspect of the League's agenda; for even if the Assembly had succeeded (and it has not succeeded) in producing some tangible evidence of closer approach to mutual understanding on the question of Europe's fighting forces, it cannot be forgotten that this session of the Assembly met in the midst of a financial and economic crisis which threatens the stability of European and world civilisation. Unless this meeting of the statesmen of the nations comes to grips with the hard facts of that crisis, realises that they must be tackled without delay, and points the way definitely towards progress in their solution, the Assembly will have failed. And up to the present it is difficult to discern grounds for hope that failure will be averted.

Yet it cannot be said that the Council of the League or the Assembly lacked *matériel préparatif* on which to work. A fortnight ago in the *Economist* we reviewed the suggestive and valuable report of the sub-committee of economic experts appointed by the Commission of Inquiry for Europe. That report, together with nine other documents representing the conclusions of other sub-committees and various memoranda dealing with the problems of State loans and other international credits, the difficulties of agricultural producers and questions connected with the unemployment of labour, was presented to the Commission of Inquiry by its Co-ordination Sub-committee on Economic Questions under cover of a General Report,* which the League has now published. This General Report begins by expressing the hope that the number and variety of the subjects dealt with in the documents submitted to the Commission of Inquiry will not create an impression of incoherence.

"In point of fact, anyone who can succeed in grasping the relations between these subjects will find that there is not one of them that is not intimately linked with all the others. Thus the extent and urgency of credit problems—whether they affect Government loans or commercial credit—now demonstrate more clearly than ever that the whole foundation of economic life resides in a ready and adequate supply of capital. . . . The circulation of capital is so closely bound up with the circulation of goods that it must hold a foremost place in any scheme aiming either at greater freedom of international trade in general or at the disposal of cereals in particular. . . . All these questions, together with others . . . touch, complete one another and overlap, each demanding its own special place in the conception of a *rapprochement*. . . ."

The Co-ordination Committee proceeds to review briefly the conclusions which the various sub-committees reach. Of the report of the sub-committee of economic experts, it remarks that it is distinguished by one special feature from the numerous reports previously published by the League on similar subjects and in particular from the conclusions of the World Economic Conference of 1927.

"This feature is the assertion, by a group of men who are daily at grips with the difficulties of economic life, that even when Europe has emerged from the present crisis she cannot hope for a real economic revival unless she is prepared gradually to adapt the traditional conception of separate national economic units and to approximate it—with every necessary precaution, and possibly in forms as yet unknown—to the conception of one vast market accessible on equal terms to all or most of the producers of Europe."

Having noted the practical proposals of the sub-committee (these were summarised in our issue of September 5th), the Co-ordination Committee summarises the dominant idea of the experts as that we should abandon our attitude of considering the phenomenon of commerce from an exclusively national standpoint and "take a bird's-eye view of the network of varied economic relations established among a large number of countries."

* Official Number A.36, 1931, VII.

With regard to credit problems, the most important proposals transmitted by the Co-ordination Committee were those contained in the report of the committee of Government experts which, together with a delegation of the League Financial Committee, was charged with the task of considering what practical steps could be taken to facilitate the issue of Government loans of an international character by more active intervention on the part of the League. The conclusions of this committee were that the Financial Committee of the League should be prepared to consider such applications from borrowing States as might be made to it for assistance. The Financial Committee should not take part with bankers in the formation of lending groups, but should act *vis à vis* potential borrowers in the capacity of an experienced and impartial adviser working in close touch with the B.I.S. and Treasury officials. The report observes that "international loans intended to be devoted to purposes of a sound economic character are an important factor to a revival of general economic activity."

The situation disclosed in connection with questions of agricultural depression, unemployment and provision of short-term credits was less definite; all these matters were noted as receiving or requiring further study. But, even so, the Co-ordination Committee was not guilty of any exaggeration when it referred in its Report to the "wealth and abundance" of the material presented by it. Moreover, so far as the responsibility of the statesmen assembled at Geneva is concerned, the General Report underlines the "major guiding ideas" which it presents in the conclusions of the sub-committees.

"The first of these is that the psychological factor dominates the economic crisis affecting most nations to-day, and it is for politicians, above all, to influence men's minds by spreading through the world, by their actions, a general feeling of confidence."

"The second idea is that there is no one miraculous prescription capable of restoring economic equilibrium in a few months, nor is there any single strict theory which can be recommended as capable, in itself, of leading to success. It would rather appear to be necessary to discard every preconceived opinion, to be guided by experience, and to seek for remedies wherever there seems to be a chance of finding them."

"All the efforts and attempts referred to in this report will be effective if they are permeated by a spirit of co-operation, association and mutual aid."

Again, the Report refers to "Europe's urgent need of a prompt restoration of confidence, meaning by that both the indispensable faith of the capitalist, the merchant, the manufacturer, in the stability of the economic system in which they operate, and the imperative necessity of being able to count on stable and cordial international relations in the political sphere." The sub-committee of economic experts has roundly stated that "it is for the Governments, supported by public opinion, to make efforts to achieve closer co-operation and mutual support in order to restore a better state of affairs." The committee on credit problems is equally emphatic. "Only," it states, "by a visible improvement in political and economic conditions will it be possible to re-establish, along with the revival of confidence, the normal current of investments which in its turn will be a most beneficial factor in restoring prosperity."

The depressing feature about the proceedings of the present Assembly of the League is that, while the statesmen have spoken in general terms of the ideals of security and relief from the menace of competitive armaments, they have not yet begun to talk of these and other cognate matters, such as reparations, international debts and trade barriers, in terms of an actual and present economic crisis. Though the report of the sub-committee of economic experts has been communicated to Governments for their observations, further study of the complexity of the problems raised by the idea of economic *rapprochement* in Europe has been remitted to the League's Economic Committee; but it is obvious that, without active response by the statesmen, the matter cannot be carried further by any part of the League's machinery. Unfortunately, the Governments of the world appear to be too deeply absorbed in their own affairs to give that concentrated attention to the international aspect of the crisis which is so urgently needed. The impression, therefore, which the proceedings at Geneva have created during the past fortnight

† Official Number C.504, M.211, 1931, VII.

one of dangerous drift; for the alternative to collaboration—let there be no mistake about it—is collapse. The only immediate hope discernible is that the Financial Committee of the League, whose report to the Council on the applications for assistance put forward by Austria, Hungary and Bulgaria will be presented during next week, may shock the statesmen into greater realisation of the urgent need of action.

SWEDEN AND THE CRISIS.

UNCONFIRMED rumours that Sweden may find it necessary to raise a foreign loan in support of the kronor have directed attention in the last few days to the effect of the world crisis on that country. We, therefore, propose in this article to summarise some of the available facts regarding Sweden's position, which has hitherto been regarded, and with ample justification, as inherently sound. The country is still enjoying a measure of industrial and commercial activity which compares favourably with that of other Continental nations; there is little reason, as yet, to apprehend difficulties in the maintenance of an assured budgetary balance; and the banking position, until lately, has been one of exceptional strength. Nevertheless, the financial crisis in Central Europe, superimposed on the world trade depression, is subjecting Sweden to considerable strain; and it would be idle to pretend that temporary embarrassment—beyond Sweden's power to overcome—does not exist.

After the settlement of the 1928 labour disputes, Swedish industry and trade reached in 1929 a high level of activity, and, as may be seen from the statistics of comparative international production which we print in a Note of the Week on p. 511, the world slump was slow to hit Sweden hard. The Swedish index of production (1928=100) averaged 119.1 in 1930; the mean figure for January-March, 1931, was still 8.5 per cent. above the 1928 level; and it was not until the second quarter of this year that the index sank to 100. During the past twelve months unemployment (allowing for seasonal "rhythm") has been increasing, and the Svenska Handelsbanken's "corrected" figure for June, 1931, was 16.1 per cent., as compared with 15.6 per cent. in December, and 10.3 per cent. in June, 1930. At the same time, it is to be observed that the latest Report* on Sweden issued by the Department of Overseas Trade notes that, up to the end of June, 1931, the incidence of the depression had not been fully felt in trades catering for the domestic market; retail sales still exceeded their 1929 quantum; bankruptcies had shown only a slight increase; and, generally, internal purchasing power and the standard of living had been well maintained.

The same, however, cannot be said of the Swedish export industries. Whereas imports of consumer's goods have not been greatly curtailed, the inability of Germany to absorb Sweden's iron ore, the slump in the timber trade, and the falling off in the demand for such of her staples as matches, machinery and ball-bearings, have seriously curtailed exports. The following figures speak for themselves:—

MERCHANDISE TRADE.

	(Million kronor.)		
	Imports.	Exports.	Balance.
1928*	1,708	1,575	-133
1929	1,772	1,813	+ 41
1930	1,664	1,550	-114
January-July, 1930	962	873	- 90
" " 1931	802	597	-205

* Lengthy labour disputes.

The visible adverse balance in the first seven months of 1931 has attained dimensions calculated in any case to cause appreciable pressure on the kronor exchange; but the picture is incomplete without reference to other items in Sweden's balance of payments. Unfortunately, the official estimates of "invisibles" (like those for Great Britain) are by no means proof against criticism; their inexactitude is exemplified by a huge annual "allowance for incomplete or doubtful data." From a study of the available evidence, however, the following conclusions emerge. From 1925 to 1929, good trade and expanding net earnings of shipping gave Sweden a substantial annual

surplus on her balance of payments. This she utilised partly in largely enhanced foreign investment (her purchases of foreign securities are estimated to have risen from Kr. 34 millions in 1925 to an average of Kr. 127 millions in 1926-29), and partly in the building up of an impressive volume of banking assets abroad. In 1930, notwithstanding a severe fall in the available surplus, lending abroad was continued on a greatly enhanced scale.

In this connection the following figures of the foreign assets and liabilities of Swedish banks are significant:—

BANK OF SWEDEN AND COMMERCIAL BANKS.

	Foreign Assets.			Net Foreign Assets.
	Balances and Bills.	Govt. Securities.	Total.	
Dec., 1928	423.0	214.0	637.0	515.4
Dec., 1929	508.6	186.7	695.3	583.6
Dec., 1930	572.3	237.1	809.4	554.2
Mar., 1931	463.3	242.3	705.6	416.1
May, 1931	454.7	223.6	678.3	300.7
July, 1931	420.6	173.5	594.1	351.8

It will be observed that in 1929 Sweden's foreign investments appear to have been insufficient to absorb the whole of the year's available surplus, and "net claims" of the banks in foreign countries increased by Kr. 68 millions. In 1930 this trend was sharply reversed; and between December, 1930, and May, 1931, the net surplus of foreign assets held by the banks fell by no less than Kr. 254 millions. In the first five months of this year, it will be noted, there was a considerable inflow to Sweden of foreign balances, followed between May and July by heavy withdrawals—exceeding the rate of diminution of foreign assets. This excess, it is reasonable to infer (having regard to the adverse visible trade balance), was met by sales abroad of Swedish securities—e.g., Kreuger and Toll stocks.

It was not to be expected that the Central European financial crisis, coinciding with a serious adverse balance of merchandise trade, would leave Sweden unscathed. The report of the Basle Committee of Experts noted that Sweden was a creditor of Germany to the extent of Rm. 797 millions on long and Rm. 101 millions on short term. Thus, apart from the questionable security of the long-term commitments, nearly a quarter of the Swedish banks' net surplus of foreign assets in July have been "frozen"; and the continuing effect of this embarrassment is clearly reflected in the comparative statements of the Bank of Sweden over the past twelve months:—

BANK OF SWEDEN.

	Sept. 6, 1930.	Dec. 27, 1930.	June 27, 1931.	Sept. 5, 1931.
Gold	242.4	240.9	238.8	229.8
Foreign Govt. securities	66.0	63.9	54.6	31.5
Balances and bills payable abroad	280.4	327.9	229.8	84.0
Rediscounted bills	77.6	215.1	226.7	305.3
Loans on collateral	38.0	47.2	36.8	35.4

In May, 1931, on the eve of the crisis, the foreign short-term liabilities of the Swedish commercial banks totalled Kr. 377 millions, while their foreign assets amounted to Kr. 397 millions. But, of these assets, Kr. 161 millions represented securities whose rapid realisation in bulk would not have been practicable. Hence there has occurred, during the crisis, the great expansion (shown above) in the Riksbank's rediscounts and the grave drain on its foreign assets, including the export in August of Kr. 8 millions in gold. If the demand on the Riksbank for exchange is not checked, it is obvious that the kronor cannot be upheld for many weeks without foreign credits.

Such, briefly, appears to be the present situation in Sweden—a situation arising less from internal weakness than from causes abroad of which Swedish banking is the victim. It is a situation which closely parallels (*mutatis mutandis*) that of Great Britain. In both countries there are the same phenomena of withdrawals of foreign balances and the "freezing" of assets held abroad. From the Treasury point of view, Sweden is better placed; but she shares with Great Britain the painful position of being a pre-crisis creditor country whose present balance of

payments demands—failing the recuperation of her debtors or the unlikely expansion in the immediate future of her exports at their present prices—either a radical reduction of her production costs or an enforced curtailment of her scale of purchases from the outside world.

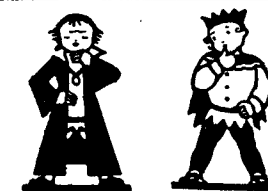
BANKING CONCENTRATION IN THE U.S.A.—II.

(BY A CORRESPONDENT.)

THOSE who for business reasons or by inclination object to the future development of United States group banking will probably refer to the increase in the number of small bank closings as indicating that the group banking method of banking concentration is not advantageous to American banking or to the country in general. However, it is unreasonable to suppose that there will be any prolonged halt in the development and progress of Tennessee, Arkansas, and Kentucky, by reason of chain or group failures in these States. Most of the banks that closed were small institutions of only local importance. By April, 1931, practically all of them had either already resumed or soon will resume operations. The loss in money to depositors in such cases will probably be little or nothing. Furthermore, group banking does not claim to be immune from poor management. The outstanding advocates of the group principle have always favoured governmental supervision over bank holding corporations, and admit the dangers of non-supervision.

Leading group organisations, such as the Northwest Bank Corporation, Marine Midland Corporation, Detroit Bankers Company, Guardian Detroit Union Group, First Bank Stock Corporation, and others, have contributed in no small measure to the strength and prosperity of banking in this country. They have maintained the existence of many small banks which otherwise would probably now be out of business, and have restored the confidence of both investors and depositors to a large extent. Indeed, there is a striking similarity in principle between the accomplishments of the Federal Reserve System on a national scale and what might be expected from a system of group banking operating in a smaller area through the medium of the bank holding corporation. There are, however, certain conflicting opinions in this regard. Against the claim that group banking strengthens the banking structure, it is sometimes alleged that only large banks are desired by the controlling interests of the group systems. It has also been stated that group systems cannot afford to operate a local bank with resources of less than \$1,000,000. Such statements are not in accordance with the facts. A study completed during the early part of the present year by the writer, which covered 1,500 banks belonging to groups, showed that 54 per cent. have resources of less than \$1,000,000.

While the constituent banks in a group system are supported by the strength and supplementary facilities afforded by the holding corporation, these organisations embody certain undesirable characteristics. While space forbids a detailed discussion of disadvantages, at least two of the arguments advanced by the opponents of group banking must be mentioned. The group movement has created a problem in the field of public supervision which bank supervisory authorities are unable to cope with at the present time. The component banks in a group system may be subject to supervision as individuals, but to date there is no way by which the organisation as a whole can be brought under the jurisdiction either of the national or the State banking authorities. Bank holding companies have been exempt from banking examination, and even when a bank acts as a parent in a group of banks, it is subject to supervision only to the extent of its own banking operations. Groups often contain both State and national banks and State banks in several States, and both members and non-members of the Federal Reserve System. Therefore, there is no direct or indirect way in which the group as a whole can be examined in its total operations by either State or Federal authorities. Inasmuch as one State cannot examine and supervise banks in another State, even if the banks in question are a part of the same group, the power to conduct such examinations must be brought under the jurisdiction of the Federal Government. The problem, then, resolves itself into the



The Prime Minister of Success is a Sound Education

The premier system for the accumulation of funds is provided by the
LEGAL & GENERAL ASSURANCE SOCIETY LTD
Head Office: 10 Fleet Street, London, E.C.4. Estd. 1836

question: Has the Federal Government the power to pass a national law, that would be constitutional, to bring all group systems which extend across State boundaries, and are, therefore, beyond State control, under Federal jurisdiction for regulation and examination?

This problem confronting Congress is, legally, one of the most technical and difficult questions to be found to-day in the realm of jurisdiction. If the matter is to be a subject of Federal regulation, as necessarily it must be if it is to be effectively guided, then it is necessary, as a preliminary step, to ascertain where, if at all, in the Federal Constitution the general regulatory power of Congress may be found. The powers granted under the Commerce Clause, the Clayton Act, and the broad taxing provisions of the Constitution, appear inadequate to handle the problem of supervision from a Federal point of view. It is believed that the first source of authority would be found in the "implied powers" clause of the Constitution. The "currency clause" would probably be a second source of regulatory power. By construing these two clauses together, a strong control over corporations controlling currency is given to the Federal Government. Since bank holding corporations control the operations of affiliated banks through stock ownership, it is also clear that they possess quasi-public attributes, and, accordingly, should be subjected to the jurisdiction of the Federal Government. In the opinion of the writer, there is little doubt that any legislative action, no matter how radical, should be attacked from a practical viewpoint, rather than a legal one. The Federal courts would probably support such action.

Another objection to group banking is that ownership in a holding corporation permits evasion of the double liability of bank stockholders. It has never been decided legally whether a holding company's shareholders are liable. However, a decision on this point will be reached soon in view of the fact that the Banco-Kentucky Corporation is now faced with being held for double the par value of its holdings in its two biggest banks, the National Bank of Kentucky and the Louisville Trust Company, both of which failed some months ago.

Branch banking has been exhaustively discussed elsewhere. Its advocates contend that the customers of a branch bank have available to them all the services performed by the parent institution. Such banks are in a better position than small unit banks to offer experienced investment advice and service, to perform trust services, and to finance foreign trade. They can also better and more safely take care of depositors and stockholders, as well as large borrowers. In other words, the dangers inherent in small banks are eliminated to a large extent. Among these dangers are poor management, due to the fact that small banks cannot afford to employ experienced managers; inadequate capital, non-diversification of loans and investments due to limited funds; and the undue influence of local and personal considerations in making loans.

The Comptroller of the Currency has stated that the branch banking problem can be solved by giving national banks branch banking powers within what he calls "trade areas" surrounding their places of operation in all States, regardless of State laws dealing with branch banking. However, at the present time, there is an indefiniteness about this term, and it seems unsuitable for legislation. The question of what constitutes the "areas of economic influence" referred to in his plan appears most difficult.

The opinion may be ventured that no agency created by Congress could actually lay out such trade areas, owing to the fact that they would overlap. Developments in transportation and communication would probably make it necessary from time to time to recast such trade areas, thereby further complicating the problem. The American Bankers' Association has also expressed the opinion that the trade area system is not likely to gain the support of any large percentage of the banking fraternity. If a working plan could be arrived at and enacted into law, it should be recognised, furthermore, that it will be only temporary, and before long the urge to group trade area branch bank systems into nation-wide groups, associations or otherwise jointly controlled systems, will be the dominant thought.

Branch banking has made considerable progress in the United States. Branch systems control more than \$25,000,000,000, or over one-half of the total loans and investments of all banks in the country. It should be mentioned, in connection with this substantial figure, that many branch and group systems are affiliated, so in effect this sum includes both groups and branches. Over 20 per cent. of the 22,769 banks are in branch or group systems.

The significance of the banking concentration movement has already stimulated a Congressional inquiry into the subject of branch and group banking. Hearings have been completed before the House of Representatives Committee on Banking and Currency, and a similar investigation, though much broader in scope, is now being conducted by the Senate Banking and Currency Committee under the chairmanship of Senator Carter Glass. These investigations will doubtless serve as the basis for any legislation which may be enacted in the future.

SUN LIFE OF CANADA.

ALTHOUGH it is a Canadian company (albeit the largest of the Dominion offices) the name of the Sun Life Assurance Company of Canada is better known in this country than that of many older established British offices. The energy and ability with which its affairs have been conducted have resulted in a rate of quantitative expansion without parallel in modern life assurance history. This, and the progressive investment policy which it follows, have together earned for it a universal reputation. Each year now the company issues new life policies for a face value in sums assured substantially greater than the total amount of its invested funds. The aggregate new business transacted during each of the last three years has been £91 millions, £134 millions and £145 millions, whereas the total assets at the end of 1930 amounted to £121 millions. Although the rate of increase in 1930 shows, not unnaturally, some signs of slowing down, the total for that year is nevertheless of an impressive size.

From the point of view of interest earnings the company enjoys the double advantage of freedom from income tax in Canada, and a high yield from its holdings in common stocks; but a great deal of this advantage is offset by the heavy expense incurred in conducting its business, the relevant figures during the past few years being shown below:—

Year.	Net Rate of Interest.	Expense Ratio.
	£ s. d.	%
1927	6 2 7	26.6
1928	6 3 6	26
1929	6 5 11	30.3
1930	6 0 8	28

The company's reply, doubtless, would be that much of the expense is attributable to its new business, which forms an abnormally large proportion of its total business; and further, that the world-wide nature of its activities is inevitably associated with higher expenses. Nevertheless, the fact remains that the expenses show an increasing tendency, and in each of the last two years they actually exceeded the interest earnings.

By reason of the complexity of the company's accounts an analysis of its valuation results presents unusual diffi-

culties, and the figures which follow, in so far as they relate to 1930, necessarily include an element of conjecture:—

	1928.	1929.	1930.
	£	£	£
Trading surplus	3,193,403	3,440,393	3,603,128
Profits from securities (realised and unrealised)	4,839,131	5,097,903	— 9,406,618
Brought forward	7,205,340	8,752,058	8,803,490
	15,237,874	17,290,354	3,000,000
Allocations:—			
To Bonuses paid to or reserved for policy-holders	3,597,970	5,690,168	6,007,126
„ Shareholders	133,790	194,564	250,751
„ Strengthening of actuarial reserves	699,261	547,337	...
„ Weakening of actuarial reserves	...	...	— 1,500,000
„ Strengthening of investment reserves	2,054,795	2,054,795	...
„ Weakening of investment reserves	...	...	— 3,955,261
„ Carried forward	8,752,058	8,803,490	2,197,384
	15,237,874	17,290,354	3,000,000

On December 31, 1928, in addition to the carry forward of £8½ millions, there were other reserves available aggregating £20 millions. These reserves were represented by an investment fluctuations reserve of £4,109,589 (subsequently increased to over £6 millions), a contingency reserve of £2,550,000, and by a hidden reserve in the book values compared with the market value of the assets. The intervening period has witnessed the slump in industry and on the Stock Exchange. On December 31, 1930, both the investment fluctuations reserve and the contingency reserve had disappeared, and the assets were valued at "market values" instead of at "market values or lower," the disclosed carry forward being reduced from £8½ millions to £2,197,000. Moreover, during 1930 the actuarial bases of the company's reserves have been weakened in certain directions to an extent which may be estimated to amount to £1½ millions. It is true that the "carry-forward" figure of £2,197,000 given above does not tell the whole story, since the figure appearing in the company's Board of Trade return is £6,524,000. The difference between the two is represented by amounts which are contingently apportioned for bonuses which are expected to be payable during the current year; and it is a disputed point whether or not these should be deducted in arriving at a "carry-forward" comparable with that in a British office.

In the speech of the chairman, Mr T. B. Macaulay, at the company's annual meeting, it was stated that on prices at December 31st last the market value of the company's holdings in common stocks was still £1½ millions in excess of cost, and that the only effect of the shrinkage in Stock Exchange values had been "to reduce that portion of the excess of market values which we last year felt justified in bringing to our accounts"; but in view of subsequent price movements it is probable that the company's £80 millions of common stocks are now worth less than book values on December 31st last, and may even stand at less than cost prices. Any such shrinkage, even though it be a paper depreciation out of proportion to the long-range value of the assets, represents a further inroad upon the company's available resources.

Notes of the Week.

A Coupon Election?—From the moment when the National Government took office we have consistently urged that the emphasis initially laid by its leaders on its "temporary formation for one specific purpose" was misdirected. It encouraged from the outset talk of an early General Election, and that talk has been a serious additional complication in the problem—rendered difficult in any case by withdrawals of funds needed to strengthen weakness in other centres—of maintaining the stability of sterling. But while we hope that, even in the section of

the Conservative Party most insistent on tariffs, recognition is growing of the intolerable danger which a three-cornered election fight, with a medley of confused issues, would entail, there have been unmistakable signs this week of an attempt to mobilise support for a plan whereby a "National Government Party," standing on a common platform, would appeal to the electorate for renewal of its mandate. Let us say, without more ado, that we fail to see any possibility of such a plan taking practical shape. To the Conservative wing in such a coalition a high protective tariff would be a *sine qua non*; and even if Mr MacDonald were prepared to drop out of his team not only Sir Herbert Samuel but also Mr Snowden, every indication points to the Liberal Party as a whole declining to stand on a platform whose main plank would be a high protective tariff and determining to fight, on the fiscal issue, as an independent party. Moreover, even if such a programme were agreed upon, the result of the election would still be in doubt; and if those who are urging this course will ask themselves what they would do if they were in the position of a foreigner holding sterling balances when a Dissolution was announced, and knowing that even now the drain upon sterling is still continuing, they will realise at once what would happen. This being so, we would once more urge the members of the Cabinet to realise that their first consideration must be this: a Dissolution at this juncture would mean the inevitable collapse of sterling. To court that eventuality would be an act of irresponsibility beyond pardon.

Protests Against Economy.—Protests against the Government's economy plans were inevitable. As we have said elsewhere, anomalies and inequities are bound to crop up in a hastily-framed programme of large-scale national retrenchment; and apart from this, even sacrifices which are just in the circumstances are not likely always to appear in that light to the people whose pockets are involved. Apart from insistent Parliamentary opposition by the Socialists to the cut in unemployment benefit rates, the two chief protests have come from the teachers, whose salaries are threatened with a 15 per cent. reduction, and, most unexpectedly, from the lower ratings of His Majesty's Navy. In the former case a battle of figures is going on between the authorities and the National Union of Teachers, and the latter body is advertising its grievances throughout the country. In the case of the Navy, a most regrettable demonstration against cuts in pay took the form of a refusal to obey orders by certain elements on the lower deck of battleships in the Atlantic Fleet, which was engaged in autumn manoeuvres off the east coast of Scotland. The incident was serious enough to cause the cancellation of the manoeuvres and the return of the fleet to port. Following a conference at the Admiralty, Sir Austen Chamberlain, the First Lord, informed the House of Commons on Wednesday that grievances would be investigated and suggested remedies considered. Too much may have been made of these events in some quarters, but their importance, both as an infringement of discipline and as an example to all others who are asked for sacrifices, cannot be denied. On the general question of smoothing out injustices and anomalies in the economy programme, the Prime Minister took the only sound line in the House of Commons on Wednesday, when he indicated that while it would be within the competence of the departments concerned to make desirable readjustments of new burdens, the economy programme as a whole must not be impaired.

Mr Gandhi's Position.—In spite of the present tense preoccupation with home affairs, Mr Gandhi's much-heralded arrival in London last week-end excited dramatic interest, which was heightened by his first attendance at the Round Table Conference on Monday, which he strictly observed as a day of silence. The next day, however, in a long, carefully phrased, speech, conciliatory in manner, if insistent in phrase, he stated the Congress position to the Conference. Those who expected from him something in the nature of an ultimatum were pleasantly surprised. Opening with a passage declaring that he came to the Conference "absolutely in a spirit of co-operation," and would in no way "embarrass authority" or "obstruct

the views" of his colleagues, the Mahatma proceeded to give a history of the policy of Congress in the political and social sphere, ending with the famous Karachi resolution, in virtue of which Mr Gandhi is present at the Conference. This resolution, after reaffirming that the Congress aim is nothing short of "complete independence" went on to lay down that the Congress delegation "will work for this goal, and in particular so as to give the nation control over the Army, external affairs, finance, fiscal and economic policy, and to have scrutiny by an impartial tribunal of the financial transactions of the British Government in India, and to examine and assess the obligations to be undertaken by India or England and the right to either party to end the partnership at will." Mr Gandhi himself was emphatic in his demand for complete freedom, but he equally underlined the important proviso that he "would be free to accept such adjustments as may be demonstrably necessary in the interests of India." The Pandit Malaviya followed with an exposition of the complete nationalist view, but expressed full approval of the policy of Federation between British India and the States. It is something, at any rate, that Mr Gandhi has exploded no bombshell and that his entry into the Conference has in no way embittered the atmosphere.

Armaments and Security.—Last week we recorded the important proposal, placed before the League of Nations Assembly by Signor Grandi, for "a real and effective truce in armaments" from now onward until at least the conclusion of the World Disarmament Conference. Since this suggestion was placed before his colleagues at Geneva by the Italian Minister for Foreign Affairs, speeches have been made in the Assembly by three leading European statesmen—Lord Cecil, Monsieur Briand, and Dr. Curtius. Points of agreement and difference are clearly brought out by our League correspondent in the despatch which we print on a later page. Both Lord Cecil and Dr. Curtius welcomed Signor Grandi's proposal, whereas Monsieur Briand passed it by without referring to it. To Monsieur Briand's colleagues this silence must have seemed ominous; and so, no doubt, did Lord Cecil's silence seem to the French Foreign Minister when he tentatively turned to his British colleague for support in making his plea for a revival of the Geneva Protocol. The German Foreign Minister admitted the supreme international importance—on which Lord Cecil had laid stress—of a reconciliation between Germany and France; but he insisted that such a reconciliation could only be based upon a genuine equality of status between the two Powers. On the day of Dr. Curtius's speech at Geneva the German Ambassador in Paris presented the German Government's formal invitation to MM. Laval and Briand to visit Berlin. The invitation was at once accepted; but meanwhile Dr. Curtius's speech at Geneva has had a still worse press in France than Monsieur Briand's has had in Germany, and there is some nervousness in regard to the reception which the French Ministers may have from the German public. All this is very bad. It is evident that we shall not make progress towards that restoration of political confidence on which the economic and financial future so largely depends unless the Powers can bring themselves to make large concessions to one another—Great Britain, Germany and the United States perhaps in the direction of the Geneva Protocol; France and her allies in the direction of disarmament and treaty revision. There is little sign yet, in any quarter, of readiness to compromise to anything like the extent which the international emergency requires. Meanwhile, the sands are fast running out.

Disorders in Central Europe.—During the last few days there have been sporadic outbreaks of disorder in Central Europe. In Austria, early on Sunday morning, September 13th, there was a regular Putsch, organised by the Heimwehr, which is the Austrian equivalent of the National Socialist organisation in Germany. In the provinces of Styria and Upper Austria, which are the Heimwehr strongholds, the Heimwehr momentarily

made themselves masters of a number of towns and villages, occupied Government buildings, railway stations and schools, and posted machine guns. Their leader, Dr. Pfrimer, went so far as to issue a manifesto in which he proclaimed a Heimwehr Government, professed to declare martial law, and gave notice of a new provisional constitution. Happily the movement did not spread into Carinthia or the Tyrol (there was no question of its spreading into Lower Austria, which, as the metropolitan province containing Vienna, is the stronghold of the Social Democrats). Moreover, the Social Democratic organisation in Austria, while representing to the lawful Government of the Republic the necessity of taking prompt and vigorous measures against the insurgents, very wisely refrained from sending their own organised followers into action against their adversaries. In this situation the authorities at Vienna did take effective measures; and by Monday evening the Heimwehr bravos had dispersed, Dr. Pfrimer had gone to earth, and since Starhemberg, the young aristocratic patron of the movement, had been arrested in his castle. Meanwhile, on Saturday night, there had been an isolated outrage in Hungary which is believed to have been intended, by its perpetrators, as a political demonstration. The railway aduct at Biatorbagy was blown up, with a dynamite charge, when it was being crossed by an international express on its way from Budapest, via Vienna, to Paris, Genoa and Genoa. The locomotive and nine coaches were precipitated a hundred feet, with the result that twenty passengers were killed and eighteen injured. The week-end was also signalled by disgraceful rioting—systematically organised by the Nazis—in the streets of Berlin. In the Kurfurstendamm, on Saturday night, there were attacks on the Jews which were so adroitly managed that the police were almost completely unsuccessful in laying hands on the culprits. In the same roughfare, on Monday evening, there was a pitched battle between Nazis and Communists, in which the total numbers of the mob are estimated to have been something like 20,000. This time, again, the police were unable to cope with the disorder, and 65 serious casualties had occurred before the streets were cleared. Each of these outbreaks is more or less serious in itself; and they are even more serious in the aggregate as symptoms. When one reads, against this turbulent background, the counts of the paralysis of statesmanship at Geneva one reminded of a child, with its toy spade and bucket, attempting to dam a stream with a steep fall and a strong current, and not realising that his toy dam will never hold unless he gives the waters an alternative outlet. For every spadeful of sand that he piles on the masterful current sweeps two spadefuls away. In other moment it is going to overwhelm the childish construction and return irresistibly to its natural course.

The Situation in China.—It was perhaps not to be expected that the tremendous national disaster of the recent floods would shock the Chinese nation into unity, but it might at least have been expected to check the tendency towards civil war for the time being. Happily, the news now comes that an expeditionary force is marching northwards from Canton towards the devastated area—not to assist in the work of relief but to attack the authority of the Central Government at Nanking. Thus the monotonous story of unprofitable resistance and inconclusive fighting between Nanking and Canton repeats itself once again—and presumably these repetitions will go on until North and South are added together by the completion of the missing link in the Peking-Hankow-Canton Railway. Meanwhile, anti-Chinese feeling is being dangerously roused in Japan by the failure of the local Chinese Government at Mukden to answer a Japanese note of protest in regard to the murder of Captain Nakamura, an officer of the Japanese general staff who met his death by foul play when he was travelling, last June, from the Chinese Eastern Railway to Taonanfu in the Mukden Government's train. The present outburst of Japanese feeling

against China is no doubt a riposte to the Chinese outburst against Japan on the occasion of the recent anti-Chinese riots in Korea. The best that can be said is that the disorders in China and the tension between China and Japan are neither of them quite as serious at the moment as they have been on several occasions during the last three years.

A Common Misconception.—Sir John Simon seems from his speech in the House of Commons last Tuesday to be under the same misapprehension that troubled his namesake, Mr E. D. Simon, a year ago regarding the use which we make of our income from foreign investments. Clearly the slump conditions of the last eighteen months are exceptional, but Sir John was disturbed by the fact that in post-war years generally we have used an important part of our interest from abroad in paying for imports whereas in former times we could "substantially disregard the interest on foreign investments" as one of the means by which we have paid for our imports.

"I do not believe," he declared, "that any business man, any thoughtful citizen, any man or woman who cares to follow these figures, can fail to come to the conclusion that a very serious change has been gradually taking place which makes us deeply anxious for the future. Much has been said in denunciation of the rentier. In point of fact, the British working-class family which has been maintained so largely by imported food and other imports of recent years, has had that food paid for very largely owing to the circumstance that Britain herself was able to rely on her position as a rentier and to bring in the interest on her foreign investments."

But very few individuals, and certainly no nation, ever adds to accumulated capital the whole of the income derived from interest plus profits (net income from abroad includes both items), and there is no reason why we should do so in connection with our foreign trading account. Certainly we have not done so for generations. The figures are given in the following table, the pre-war statistics being taken from "The Export of Capital," by Mr C. K. Hobson. We have omitted the figures before the strike year of 1928, as the estimates have been modified from time to time and the conditions of international trade had not yet been stabilised on the gold standard:—

	Estimated income from abroad per annum. Million £.	Amount required to balance import account. Million £.	Balance representing net export of capital. Million £.	Percentage of foreign income required to pay for imports. %
1870-79	47.8	15.5	32.3	32.6
1880-89	64.8	22.3	42.5	34.5
1890-99	92.5	56.3	36.2	60.8
1900-09	121.5	56.1	65.4	46.2
1910-13	180.7	-6.8*	187.5*	Nil
1927-29	270.0	146.7	123.3	54.3
1930	235.0	196.0	39.0	83.4

* In Mr Hobson's opinion these figures are doubtful, as he considers the estimates of shipping earnings in 1911-1912 based on freight rates are "probably unduly large" and do not allow for the effect of the strikes and the laying up of shipping in those years.

In forty-four years before the war there were only seven years in which we paid for our imports without using any "foreign income" to balance the account. On the other hand, there were three years in which this income was insufficient to pay for the import surplus, the balance of which had to be met by borrowing (as will be the case this year), while in several other years of depression the proportion of "foreign income" used to pay for imports rose as high as in 1930. Thus, the phenomenon to which Sir John called attention is no new one, and does not in itself constitute an argument for a change in our fiscal system. But it does undoubtedly leave us vulnerable to a severe strain in our exchange position when our income from abroad is imperilled by a world crisis like the present. Moreover, the percentage of our total imports paid for in this way has been rather high in recent years, the proportion, which was 18 per cent. in the decade 1890-99 and 10 per cent. in 1900-09, having risen again to nearly 13½ per cent. in 1927-29 and to a higher figure still in 1930. But this is due to the diminished competitive power of our exports, which, as we have repeatedly pointed out, are the weak point in our economic position.

The Resources of the Disallowed Unemployed.—Part III. of the appendices to the evidence taken before the Royal Commission on Unemployment Insurance is an interesting and valuable document which throws light on an aspect of the present unemployment problem which had hitherto remained unilluminated. It contains the results of a special inquiry into the subsequent history of a sample of persons whose claims for unemployment benefit had been disallowed. The inquiry, which aimed at discovering how such persons are supported, was conducted by separate investigators in London, Southampton, and eight Northern industrial areas, and there is sufficient local divergence in the results to make a study of the separate reports well worth while. Space, however, permits reference only to the introductory summary report. From this, along with many conclusions which were already familiar, there emerge some surprising results, which are summarised in the following table:—

PERCENTAGE OF THE SAMPLE HAVING RECOURSE TO EACH MEANS OF SUPPORT DURING THE PERIOD OF DISALLOWANCE.

	Single Men.	Married and Widowed Men.	Total Men.	Single and Widowed Women.	Married Women.	Total Women.	Juveniles.	Total.
Employment	33.1	30.3	31.8	43.9	18.7	32.1	47.5	33.0
Poor relief	13.1	52.2	31.9	3.5	4.4	3.9	1.9	17.0
Other sources:								
Wife in work	...	4.3	2.1	...	62.7	30.0	...	13.8
Husband in work	...	...	...	...	...	...	...	0.2
Wife in benefit	...	0.8	0.4	...	...	9.8	...	4.5
Husband in benefit	...	...	...	...	20.5	42.1	94.9	46.8
Relations	65.7	21.6	44.3	75.6	5.7	42.1	...	2.2
Pensions	2.8	4.1	3.4	1.7	1.0	1.4	...	4.4
Private means	4.8	9.0	6.8	3.9	1.2	2.6	...	6.0
Other means	8.1	8.4	8.2	5.4	3.6	4.6	...	...

There is necessarily a great deal of overlapping, as most individuals had recourse to more than one source of maintenance during their period of disallowance. The fact that 62.7 of the married women had husbands in work provides corroborative evidence of the unnecessary drain to which the Exchequer has been subject in respect of such women. It is remarkable that nearly one-third of the persons in the sample found work for a part of the time they were unemployed, though in this as in other connections it has to be borne in mind that the sample is overweighted with females and juveniles, who were more successful than the older men in finding employment. The duration of the jobs, however, was brief, and those obtained by the men were, in the main, of the less skilled type, from which the report infers that "in the scramble for a miscellaneous collection of low-grade jobs, which goes on continually in the large towns, particularly in distributive centres, the disallowed persons get their fair share of work with the rest of the unemployed." The reports do not, however, afford any definite evidence that disallowance acts as a stimulus to the search for work. Incidentally, it is notable that very few persons took to work on their own account. The figures for poor relief are surprising. The proportion of the whole sample having recourse to it is only 17 per cent., whereas over half the married men received public assistance. The evidence from the different districts goes to show that degree of poverty, rather than local laxity or strictness in administration, determines the extent to which recourse is had to relief, and the reports make clear the unexpected fact that a very lively dread of falling on the rates still prevails in most areas. That there still survives a keen sense, not only of personal, but of family and even of neighbourly pride in this matter, is evident from the account given by the investigators of the extent to which individuals are supported by relatives, friends and even landladies. This method of maintenance means, of course, that the reduction in the standard of living brought about by unemployment is in no way mitigated, but only spread more thinly over a larger number of people. As the author of the summary report remarks: "That so large a proportion of disallowed persons should have depended on private, rather than upon public resources, for weeks or months at a time, is a significant addition to social knowledge." It is signifi-

The MERCANTILE BANK of INDIA

LIMITED.

Head Office: 15, Gracechurch St., London, E.C.3

Branches and Agencies throughout the East.

BILLS OF EXCHANGE accepted for collection or advance.

Enquiries from merchants regarding shipments to the East and the special facilities available are invited.

cant of another aspect of the psychological effect of State provision that little evidence was found of private charity other than that of personal friends. Savings played a larger part than might have been expected in such an advanced stage of industrial depression, and the outstanding fact revealed by the report is that a majority of the persons investigated managed to maintain themselves without recourse to public provision. While on the one hand, the privation, especially among married men, revealed by this investigation makes it sad reading, on the other, the extent to which the spirit of independence is shown to have survived is distinctly encouraging.

The Incidence of the New Taxation.—Whatever criticism the Opposition may raise against the details of the Economy Bill, they have been unable to argue with any conviction that the burden of new taxation imposed by the emergency Budget has been unfairly shared as between the direct and indirect taxpayer. So far as we can estimate, direct taxation (i.e., all tax revenue other than that derived from Customs, Excise and Stamps) will amount in 1931-32 to 61 per cent. of the total, as compared with 62 per cent. in 1930-31, 58 per cent. in 1928-29 and only 47.9 per cent. in 1913-14. A statement prepared by the Treasury and printed in *Hansard* of September 14th shows the amount payable in 1932 by persons with typical large incomes in order to cover income tax, sur-tax and insurance to provide estate duty:—

A.—IF THE TAXPAYER DERIVES ALL HIS INCOME FROM INVESTMENTS.

Total Income.	Equivalent Capital.	Income Tax.	Sur-tax.	Net Insurance Payment to Provide for Estate Duty.	Total.
£	£	£	£	£	£
5,000	100,000	1,158	337	798	2,293
10,000	200,000	2,408	1,519	2,281	6,208
25,000	500,000	6,158	6,469	8,479	21,106
50,000	1,000,000	12,408	15,957	25,140	53,505

B.—IF THE TAXPAYER DERIVES HALF HIS INCOME FROM INVESTMENTS AND HALF FROM EARNING.

£	£	£	£	£	£
5,000	50,000	1,083	337	267	1,687
10,000	100,000	2,333	1,519	790	4,642
25,000	250,000	6,083	6,469	3,000	15,552
50,000	500,000	12,333	15,957	7,958	36,248

Note.—The taxpayer is assumed to be a married man, aged 45 years, with three children.

The striking fact emerges that an investment capital of £1,000,000 cannot be kept intact after death, unless the recipient of its income foregoes all consumption during his life and contributes, in addition, £3,500 a year from some other source to its maintenance.

International Production.—During the second quarter of the current year, before the financial crisis originating in Central Europe aggravated the general economic depression, signs of an expansion in industrial activity became noticeable in several countries. In the following table we have converted the indices of the physical

volume of production of various nations to a percentage of the average of 1928:—

INTERNATIONAL PRODUCTION INDICES.
(1928=100).

Period.	Canada.	France.	Germany.	Poland.	Sweden.	United Kingdom.	United States.
	Do-minion Bureau of Statistics.	Statistique Générale de la France.	Institut für Kon-junktur-forschung.	Institute for Eco-nomic Re-search.	Svensk Finans-tidning.	Board of Trade.	Federal Reserve Board.
1929 average	111.6	109.4	101.8	99.8	122.7	106.0	107.2
1930	94.9	110.2	84.3	82.2	119.1	97.9	87.4
1930—First quarter	100.1	113.1	93.7	84.6	134.6	105.1	94.6
Second „	101.2	113.1	89.3	79.9	124.9	97.7	93.4
Third „	91.7	109.4	79.5	82.2	114.3	94.3	83.2
Fourth „	86.7	106.3	75.0	82.0	110.9	93.8	76.3
1931—First „	84.9	104.4	70.2	72.0	108.5	90.0	71.2
Second „	84.3	101.3	74.8(d)	72.3(d)	100.0	87.3	79.3(d)

(a) Quarterly Index. (b) Adjusted for seasonal variations. (c) Partly adjusted for seasonal variations. (d) Provisional.

A comparison of the past quarter with the January-March period of 1931 shows that a slight improvement took place in those countries where the depression had proceeded farthest. The upward movement in the United States was not merely sectional; nearly all the sub-indices show a small rise. On the other hand, France, Sweden and the United Kingdom suffered a further contraction. Unfortunately, the upward movement in the United States and Germany has proved of short duration. Present indications show that the trend in most countries is still menacingly downward.

Iron and Steel Production.—The downward trend in the activity of the British iron and steel industry continued throughout August. According to the National Federation of Iron and Steel Manufacturers, the output of pig iron was 275,700 tons, as compared with 217,000 tons in July, and was 141,000 tons below that of August, 1930. Six furnaces were blown out during August, leaving the total number in operation at the end of that month at 64, as against 104 a year ago. Exports of pig iron declined from 18,700 tons in July to 11,200 tons in August, against 19,200 tons in the corresponding month last year. On the other hand, imports, at 23,800 tons, showed an increase of 4,100 tons on the previous month, and one of 2,800 tons as compared with August, 1930. The output of steel, at 357,900 tons, shows a decrease of 71,400 tons on the previous month, and one of 94,000 tons on August, 1930. Total exports of iron and steel decreased from 168,300 tons in July to 144,000 tons in August, and imports, at 202,000 tons diminished by 29,000 tons. It is clear that the demand for iron and steel materials by the consuming industries in this country has been severely reduced. Further, the fall in home production has been greater than the decrease in imports, which suggests that further ground has been lost by the British industry. This is also illustrated by the sharp contraction in British exports. The encroachment upon British markets, both at home and abroad, is largely a result of the growing discrepancy between prices. Continental quotations, which for many months past have been admittedly below production costs, fell further in August: Sheet bars, f.o.b. Antwerp, fell by 9s. to £2 19s. per ton; steel bars, by 6s. 6d. per ton to £3 4s.; joists, by 4s. 6d. to £3 2s. per ton, and have since fallen still further. British prices for iron and steel products showed little variation during the month, the Board of Trade price index number for iron and steel for August standing at 102.6 (1913=100), compared with 103.0 in July. The numbers unemployed in the iron and steel industry naturally shows an increase, the percentages being 44.6 in August, compared with 41.9 in July and 37.3 in August, 1930.

Cotton Labour Problems.—There is still a deadlock between the employers and the operatives in the Lancashire cotton industry on the question of the "more looms per weaver" system. The negotiations between the two sides broke down owing to a small difference on

the rates to be paid to weavers operating more than four looms. On Tuesday last, writes our Manchester correspondent, the employers' sub-committee, which has the matter in hand, reported to the Cotton Spinners' and Manufacturers' Association, but no decision was reached as to making any effort to bridge the difference. On the same day there was a long meeting of the Central Committee of the Operative Weavers' Amalgamation when the negotiating sub-committee reported on the discussions with the employers. It was decided that a full report on the situation should be presented to the monthly meeting of the General Council of the Weavers' Amalgamation to be held on September 19. On behalf of the operative weavers it was stated that, in the opinion of the Central Committee, there does not appear to be any justifiable reason why negotiations should be resumed unless there is some alteration in the employers' proposals. The Weavers' Amalgamation had hoped that some communication would have been made to them that might open the door to a renewal of negotiations. It is expected that at Saturday's meeting the General Council of the Weavers' Amalgamation will leave the conduct of negotiations in the hands of the Executive Committee. It is the old question of a small difference between the two sides; and neither body wants to make any concession, as such action might be considered a sign of weakness by the other side. It has been stated on behalf of the employers that the wage rates offered cannot be improved if the new system is to be of any real benefit to the trade. In the meantime, at more weaving sheds in Lancashire the six-loom or eight-loom system is operating, individual employers making local arrangements with the workpeople. This is leading to much irregularity, and throughout the industry the opinion is held that it would be to the advantage of all concerned for there to be a county agreement which would be observed by all employers and the trade unions. Arrangements have now been made for the joint conference between the Master Cotton Spinners' Federation, the Operative Spinners' Amalgamation, and the Cardroom Workers' Amalgamation to be held in Manchester on Monday next. This conference has been asked for by the employers for the purpose of considering the major problems confronting the spinning section of the cotton industry, particularly in regard to costs of production, with a view to placing the trade on a more competitive basis. Although no official announcement has been made it is understood that the spinning employers have in mind a definite reduction in wages, and if the trade union officials at the meeting on Monday next do not show any disposition to make concessions relating to the costs of production, it is probable that the Master Spinners' Federation will lose no time in giving one month's notice of a wages reduction. It is quite probable that the question of hours of labour will also be raised, as the decrease from 55½ to 48 hours per week has undoubtedly meant a decided increase in production costs.

Employment and the Cost of Living in August.—Employment in many important trades showed a further decline during August, but, owing to an improvement in coal mining, industry, as a whole, recorded only a small decrease as compared with the previous month. According to the *Ministry of Labour Gazette*, among the insured workers in Great Britain and Northern Ireland, the percentage unemployed at August 24th was 22.7, as compared with 22.6 per cent. at July 27th, and 17.1 per cent. a year ago. It is estimated that the total number of insured persons in employment at August 24th was approximately 9,196,000. This was 22,000 more than a month ago, but 501,000 less than a year ago. The numbers registered as wholly unemployed at August 24th amounted to 1,968,895 persons. This compares with 1,877,543 at the end of July, and 1,333,850 at August 25, 1930. On the same dates those temporarily without work numbered 661,829, 724,690 and 609,309 respectively, while the unemployed among those usually in casual employment amounted to 113,558, or 2,441 more than a month ago, and 17,015 more than a year ago. The latest return of the Ministry shows that by September 8th the total number of unemployed had risen to 2,800,631, which includes 2,002,756 wholly

unemployed, 685,501 temporarily stopped, and 112,374 persons normally in casual employment. The cost of living during August showed no change as compared with July, the index of the Ministry of Labour remaining at 45 per cent. above the level of July, 1914. For food alone the index was also stationary at 28 per cent. above pre-war. The corresponding percentages last year were 57 and 44 respectively.

The German Standstill Agreement.—According to the full text of the "Standstill" agreement, as published in Tuesday's *Financial News*, the following recommendations for the continuance of foreign banking credits in Germany have been made:—The period is to be six months from September 1, 1931, or the period of the central banks' advances under the auspices of the B.I.S., or the adoption of any plan recommended by the Financial Committee appointed on the suggestion of the London Conference, whichever be the shorter. The declaration of a general moratorium in Germany shall terminate the period. The agreement falls into two parts, dealing with foreign currency liabilities and Reichsmark liabilities. As regards the former, foreign banks agree for the defined period to maintain *vis-à-vis* German banks or business undertakings, all acceptances, time deposits, cash advances, etc., granted, provided such credits were actually used, existing and outstanding on July 31, 1931, or were since granted up to a date 21 days after the agreement came into effect. Special credits for financing crops, call loans, short loans against stock exchange securities and mortgages, and claims in respect of breaches of contract are excluded from this agreement. In the case of acceptances granted on account of German banks, the latter shall obtain from their clients (the "German credit-takers"), at the option of the foreign bank creditor, either promissory notes in the same currency and of the same due date as the original acceptance, to be held in trust as collateral security for the foreign bank creditor, or a letter of guarantee addressed by the client direct to the foreign bank creditor. In the latter alternative the German bank shall require his client to give as collateral a charge on the goods or other values against which the original bills were drawn. All encashments received from clients shall preferably be remitted at once to the foreign bank creditor, but if it is impracticable to purchase the necessary foreign exchange they can be deposited in marks at the Reichsbank in the foreign bank creditor's name. After ninety days the foreign bank creditor shall be free to realise such deposits at the best exchange rate obtainable. The German credit-taker shall, without having to undergo a reduction of the total credit held at his disposal, cover all acceptances at maturity either by cash payments or out of the proceeds of replacement drafts. He shall also make every effort to provide a foreign bank creditor with eligible bills for acceptance, and shall give evidence of the true commercial nature of the transactions. The second part relates to Reichsmark liabilities. Here, each foreign bank creditor will be entitled to require the Deutsche Golddiskontbank to take over individual acceptances or parts thereof granted to or under the guarantee of German banks up to 10 per cent. of the total outstanding in his name. The Golddiskontbank can similarly be required to take over 5 per cent. of other forms of indebtedness due to foreign bank creditors by German banks. In the case of credits given directly to German business houses, the foreign bank creditor may require the Golddiskontbank to guarantee 10 per cent. of their aggregate amount, together with a further 10 per cent. in respect of houses that either do not publish balance sheets or are so small as not to belong to the Guaranty Syndicate for the Deutsche Golddiskontbank; provided that the foreign bank creditor may require the Golddiskontbank's guarantee for 15 per cent. of the total amount of his credits to German houses. Credits granted to German houses guaranteed by German banks shall, at the foreign bank creditors' option, be taken over by the German bank and dealt with as above as a Reichsmark liability of a German bank. The Golddiskontbank

can refuse to guarantee the indebtedness of any bankrupt house, and will probably require an arrangement under which it can only be called upon to repay in three equal annual instalments. Credits given to German banks and private houses on joint account are to be split up into the bank portion and the private portion and dealt with accordingly. Commission charges are to be paid in advance and interest charges monthly in foreign currency; and foreign exchange shall be available to permit such payments. Such charges are to be reasonable, and disputes between debtor and creditor may be referred to their respective central banks. All other disputes arising out of the whole scheme are to be settled by a committee appointed by the B.I.S. Special provision is made for outstanding foreign exchange contracts. Overdue contracts are to be settled at once, and forward exchange contracts as they fall due. Reichsmark balances acquired for the purpose of settling exchange contracts must be released in full. As regards Reichsmark bank balances belonging to foreign bank creditors, 25 per cent. are to be released when the foreign bank creditor notifies his debtor of his adherence to this agreement, and a further 15 per cent. every month. The Reichsbank may represent to the B.I.S. that it is desirable that these subsequent 15 per cent. payments should be postponed, and in that case they are to be paid over to the Reichsbank to be held in trust for the creditors. The Reichsbank guarantees the creditor against exchange losses. This completes the summary of the agreement. It was signed by the German banks last week, and by London interests on Monday last.

Australian Trade.—Our Melbourne correspondent writes:—The summary of Australian trade for the financial year ended June 30, 1931, shows totals comparing as follows:—

	1928-29.	1929-30.	1930-31.
Imports:	£	£	£
Merchandise.....	143,281,449	130,758,534	60,159,232
Bullion and specie	366,432	322,786	398,863
Total imports	143,647,881	131,081,320	60,558,095
Exports:			
Merchandise.....	140,923,932	97,378,299	88,991,442*
Bullion and specie	3,926,520	27,748,849	13,046,956
Total exports	144,850,452	125,127,148	...

* Merchandise exports, 1930-31, are in Australian currency, but other figures in British currency.

After reducing merchandise exports to British currency values (making a difference of approximately £13½ millions in that figure) the value of total exports, inclusive of bullion and specie, for 1930-31 is £88,800,000. The actual favourable balance, or excess of exports over imports, is thus £28,300,000 (British currency), against an adverse balance of £5,954,172 for 1929-30 and an adverse balance of £1,202,571 for 1928-29. The great reduction in imports and the change in the balance of trade are the consequences of the decline in Australian purchasing power due to the fall in prices obtainable for wool, wheat, and other exports and inability to continue external borrowing. In order, however, to provide for Government payments abroad at the rate of £36 millions per annum, besides private remittances, a much larger favourable balance than £28,300,000 would be necessary. On the other hand, part of the imports during recent years is represented by funds still held in Australia by importers, partly in Government securities, and partly in bank deposits, the total being substantial. Bullion and specie exports include gold valued at £12,273,562 for 1930-31, against £26,868,539 for 1929-30. These amounts have been drawn almost entirely out of stocks; subject to current production from the mines at the rate of some £2 millions per annum. With the reduction of gold stocks to a low level the process cannot be repeated much further, and the same applies to the process of financing Government expenditure by bank balances, which have helped indirectly to meet the adverse trade balance.

Housing Costs.—Among the many branches of the work of the Ministry of Health dealt with in the Annual Report of the Ministry for 1930-31 (Cmd. 3937) is the provision of working-class dwellings. In the section on housing, it is stated that the number of houses completed in 1930-31, exclusive of those built in connection with slum clearance schemes prior to the Housing Act, 1930, was 183,807, against 202,060 in 1929-30 and 169,532 in 1928-29. The total number built since the Armistice is 1,660,455, of which 994,109 received some form of State assistance. A further 35,528 assisted houses were under construction at the end of March this year. It is clear from the Report that there is still a tendency to provide rather more expensive houses than are necessary, so that the needs of the very poorest classes are less adequately met than those of the better-paid manual workers. In this connection the Report suggests that it might be well for local authorities not only to allow a smaller superficial area for some of their houses, but also to abandon their present practice of pooling the costs of their houses built at different periods and charging a uniform rent, and instead to allow their poorest tenants the full benefit of the lower cost of recently built houses. It is, however, notable that the cost of building has not fallen as much as might have been expected—the average building price of non-parlour houses only fell from £362 in 1928 to £344 last year—and the Report even speaks of a tendency towards a hardening of prices. The Minister asked the Committee on the Prices of Building Materials to make a special review of the position, and though that report is not yet ready, the periodical report of this committee which has just been published (Cmd. 3943) is of some interest in this connection. The Report states that the only general movements since last March have been continued falls in the prices of timber, lead and linseed oil, and a rise in the price of turpentine, but there have been certain local increases in the price of bricks, into which inquiries are at present being pursued. The specimen prices in the table below have been selected at random from the schedule:—

	London (Willesden)			Manchester.		
	April, 1914.	January, 1924.	July, 1931.	April, 1914.	January, 1924.	July, 1931.
Common bricks, 1,000	22/6	59/3	58/-	28/-	55/-	50/6 and 52/3
Pit sand, cub. yd....	6/4	12/9	9/-	4/6	7/6	6/-
English Portland cement, ton	25/-	60/-	44/-	30/-	58/-	41/-
Flooring timber (white 1 in. plain), square	11/-	23/6	22/6	14/6	21/-	17/-
British sheet lead, ton	£24	£40	£19	£20	£38/10/-	£19/10/-
R. W. pipes, yd....	1/3½	2/4½	1/6½	1/5	2/2	1/6½
Bath 5 in. Green-stone enamel....	£2/15/-	£4/5/-	£2/12/3	£3/5/-	£4	£2/11/-
Glass, square foot....	-2½	-4/4	-3½	-2½	-3½	-2½
Plasterers' laths, bundle.....	1/4	2/6	2/-	1/8	2/6	2/1
Linseed oil, gallon....	2/2½	4/3	2/4	2/3	4/5	2/-

* Special housing scheme prices.

From this it is evident that the prices of building materials, the high level of which was such a widespread cause for complaint a few years ago, have now in many instances appreciably declined. There remain, however, a number of materials, of which bricks, tiles and kitchen ranges are the most conspicuous, the prices of which still seem to be completely out of adjustment with the general price level, and it certainly looks as though there were still some scope for a reduction of housing costs through a lowering of the prices of certain important components.

Constitutional Developments in Malaya.—On a miniature scale, British Malaya is a counterpart of British India in the diversity of political status between its constituent territories and in the political and economic problems arising from the impact of modern Western life upon a complex Oriental society. In the matter of status, there is the contrast between three different sets of communities: the Straits Settlements, which are British territory; the five Malay States which are individually in treaty relations with His Majesty's Government in the United Kingdom; and the four Malay States which are federated with one another besides being in relations with the British Government both collectively and individually. In this variegated cluster of communities, the main problem to-day is how to reconcile the need for centralisation and uniformity,

which exists in the economic field owing to the modern tendency towards an increase of scale in economic operations, with the desire for self-determination which has been evoked by the percolation of the modern sense of national individuality. In Malaya, this problem has been tackled first in the case of the Federated Malay States. The Federation was established, on British initiative and under British auspices, in 1896, in response to the need above-mentioned; and during the intervening thirty-five years the pressure towards closer union has been so strong that the Federation has virtually become a unitary state, within which the four original constituents retain a formal rather than an effective existence. This excess of centralisation has produced a natural reaction in favour of local autonomy; and latterly the issue between the two tendencies has been engaging the attention of the British authorities. At a durbar held in the Federated States on August 18th, Sir Cecil Clementi, the British High Commissioner for the Malay States (and Governor-General of the Straits Settlements) made an important announcement of a new departure in policy. The unitary regime now prevailing in the Federation is to be retained in the administration of a number of social services for which it is obviously appropriate, e.g., railways, posts, telegraphs, telephones, customs, shipping, immigration. In other matters, there is to be devolution. In one or two passages in his statement, Sir Cecil Clementi hinted that the new balance between centralisation and devolution which is to be established in the Federated Malay States might provide the basis for an eventual federation of all the communities of British Malaya, including the unfederated Malay States on the one side and the Straits Settlements on the other. It will be seen that, here again, the Malayan and the Indian situation are analogous to one another.

Victory Insurance.—The history of this company is far from the triumphal progress implied by its title. Formed shortly after the war to transact reinsurance business, it has, like Treaty Reinsurances, Ltd., encountered from the start serious difficulties, and in 1926 a reconstruction scheme was effected by which £100,000 was written off by scaling down the ordinary shares from 10s. to 6s. Unfortunately, 1929 resulted in a heavy underwriting loss, and this has been succeeded by an even worse experience in 1930, which has necessitated the passing of the 5 per cent. dividend paid in each of the two preceding years. In 1930 the premiums amounted to £347,000, compared with £322,000 in 1929, but the underwriting loss was £97,000, compared with £26,000. After allowing for profit and loss account items, and including interest earnings, the company's resources were depleted as a result of the year's operations by the sum of £23,000, compared with £19,200 in 1929. As a result, the small profit and loss account balance at the beginning of the year of £1,905 has been wiped out, and the year has closed with an adverse balance on that account of £21,176. In May last it was announced that the company had entered into an agreement for the purchase of the share capital of Treaty Reinsurances, Ltd. Treaty Reinsurances, Ltd., is also a post-war reinsurance company, controlled jointly by the Century, the Phoenix, and the Northern. Although it, too, has had an unhappy trading experience in each of the last two years, the balance sheet is a strong one, for the company at June 30, 1930 (the last balance sheet available) showed a general reserve fund of £100,000 and a profit and loss account balance of £18,000. The only information so far afforded as to the effect of the merger is a consolidated balance sheet of the two companies. This shows that at December 31, 1930, there were total assets of £1,100,000, and a joint premium income of about £1,000,000. The capital of Treaty Reinsurances, Ltd., consists of 80,000 shares of £1, and it is understood that the price paid is approximately £4 per share, at which price, on the dividend of 25 per cent. free of tax, the yield to the Victory on its investment will be 6½ per cent. net. Having regard to the fact that Treaty Reinsurances, Ltd., has depended almost entirely for its premium income on reinsurances from the three controlling companies, an important point is that these three companies have promised to continue their present Treaty arrangements for some years to come.

Mercantile and General Insurance.—The Mercantile and General is a company transacting all classes of insurance business, including life business entirely on a reinsurance basis, and it is controlled by another large reinsurance company, the Swiss Reinsurance Company of Zurich. The results have to be considered in the light of the nature of the business, since, as the chairman has aptly stated, "Reinsurance is the poor relation of direct insurance." The company has made good progress, quantitatively, in recent years, and last year's premium income in the fire and accident account was £812,000, an increase of £73,000 over that in the preceding year; and whereas in 1929 there was an underwriting loss of £18,000, the year 1930 resulted in a reduced loss of £5,600. The company has also a moderate marine account with premiums of £32,000, but the fund for many years now has required a subsidy from profit and loss account. For the underwriting year 1928 now closed this is represented by a transfer of £6,600. The life fund shows a further expansion during the year from £336,000 to £385,000. The company's total gross underwriting loss has been increased by items debited in the profit and loss account to an aggregate loss of £23,000, compared with a loss of £36,000 in 1929. The dividend of 5 per cent. costs £5,000, compared with interest earnings of £36,000, so that the year has closed with an addition to surplus assets of £8,000. The company's total assets amount to £1,513,000, and the chairman has stated that a valuation of investments at prices ruling at December 31, 1930, shows a moderate surplus over book values.

Overseas Correspondence.

LEAGUE OF NATIONS.

Disarmament — Security — Economic Crisis — Mexico — Council Elections — Budget.

(FROM OUR CORRESPONDENT.)

GENEVA, September 14.

The leading statesmen of the Assembly have spoken, the general debate is over, and the committees are at work. Signor Grandi, Lord Cecil, M. Briand and Dr. Curtius all devoted themselves mainly to the economic crisis and to the Disarmament Conference next February, and one definite fact which emerges is that there will be no more talk of the postponement of the Conference. All the speakers from great countries and small made it so plain that they would not tolerate adjournment that M. Briand could scarcely avoid falling into line, despite the many indications of hope in France that the Conference would not take place as arranged. The latest opportunity to put off this unpleasant necessity was the change of circumstances in England which might prevent Mr Henderson from presiding. It is an almost unanimous hope that it will be siding. It is an almost unanimous hope that it will be siding. It is an almost unanimous hope that it will be siding. To postpone the Conference because of his absence would be absurd. But while this fact seems established, and while nearly every speaker urged the need for reduction of armaments as a vital requirement for the re-establishment of confidence, both political and economic, M. Briand's intervention was a dismal repetition, with one exception, of the official French attitude for the last ten or twelve years. It was almost exclusively negative, and showed no inclination on the part of France to consider reduction of armaments unless her perpetual cry for security is first satisfied. As Dr. Curtius pointed out, the Assembly several years ago decided by resolution that the degree of security reached was adequate for reduction to be seriously approached, and M. Briand himself enumerated the various ways in which progress had been made in developing security and peaceful procedure, though strangely omitting any mention of the Locarno treaties. He also passed over in complete silence Signor

Grandi's suggestion of an armaments truce pending the conclusion of the Conference.

The one point in M. Briand's speech was what appeared to be a question to the United States of America on what her attitude would be in face of a violation of the Paris Pact. It is a fair question, but nobody imagines that America can go so far as to give such guarantees to France as those given by Great Britain and Italy at Locarno. Would a consultative pact satisfy France? Would an undertaking not to trade with a declared aggressor satisfy France? Would she continue to claim more and more security? Will she ever admit that the time is ripe for action? Dr. Curtius pointedly observed that there must be security for all, and he asked what sort of security an unarmed Germany could feel surrounded by powerfully armed States. Confidence is a matter of reciprocity, and security based on a preponderance of arms implies insecurity and danger for others. Another observation from Dr. Curtius much to the point was that it is not possible to develop the League's executive action on a foundation of a few heavily armed countries, but only on a foundation of equality.

M. Briand's response to Signor Grandi and Lord Cecil was all the more disappointing as Signor Grandi's opening of the discussion was one of the most thoughtful and progressive analyses of the situation which has yet been given in the Assembly. He argued that disarmament was the basis of security, that armaments were the cause of lack of confidence and economic disorder, and that disarmament was necessary for the liquidation of war debts. If it were not still possible to arrive at a solution of differences by force, and if there were no excess of armaments, the problem of security, as he said, would no longer exist. Dr. Curtius, in a similar direction, declared that the Disarmament Conference must not be subordinated to questions which could only be solved after disarmament had been effected. Mere limitation was not enough; there must be an appreciable and effective reduction of the heavily armed powers; there must be an end to different rules, and the same methods must apply to all. There could not be two systems of weights and measures. He, like Lord Cecil, sympathetically accepted Signor Grandi's suggestion for a truce, ignored by M. Briand, but more will be heard of this on the basis of a draft resolution submitted by Denmark, Norway, Holland, Sweden and Switzerland.

French opinion seems to regard Signor Grandi's proposal as bluff and is angry with Dr. Curtius; but he did no more than repeat the well-known German attitude, and though it is true that in what he said there was very little warmth calculated to improve the atmosphere for this month's meeting between French and German statesmen in Berlin, it is a sad reflection that a demand for equitable conditions and for appreciable reduction should be regarded by French opinion as offensive. Lord Cecil, in a fervent appeal for reduction and a liberal approach to the Conference, put his finger on the point in declaring that seventy-five per cent. of existing anxieties would be cleared away if there were a real Franco-German rapprochement. It was a development for which Great Britain devoutly wished, and he characterised as a gross libel the suggestion that Great Britain was interested in keeping France and Germany at loggerheads. This was confirmed by M. Briand, and it was well that it should be so emphatically uttered. The French and German Foreign Ministers both spoke of their determination to do their best to create better understanding, and in this connection it is altogether unreasonable to suppose that Germany has nothing positive to contribute. It is useless for Germany to shout angrily for everything at once, and worse than useless to expect help from France while so large a proportion of her people spits fire over the frontier. But her disarmament claim is unanswerable.

It was interesting to reflect on the difference of tendency in the speeches by Lord Cecil and M. Briand. Lord Cecil, not even a member of the British Government, representing a specially constituted Cabinet comprising all parties, was yet able, without difficulty to represent the general British desire for disarmament. M. Briand, as French Foreign Minister, but yet not very representative of the Government of which he is a member, was unable to

do anything but repeat the unbending French thesis. France is clearly more isolated in the Assembly than she has been for many years, and cannot make the claim, to which she attaches so much importance, of the appearance, even, of leadership. Inside the League and outside the League, while she may not be losing power for the moment, she is losing moral prestige, and she does sometimes understand what this means. Unless something happens between now and February, the Disarmament Conference will be an exceedingly difficult and anxious undertaking. It remains to be seen whether it is possible to hold out indefinitely against the urgent demands of the vast majority of the States of the world. The immediate opportunity, of course, lies in the meeting of the statesmen in Berlin, but it would be idle to pretend that there is much optimism here about that.

No precise action is so far indicated on economic problems apart from those already outlined by various League committees. Dr. Curtius declared that if anything were to be done, countries should act quickly on the report of the Economic Experts, and he agreed with Lord Cecil in emphasising the main lines of the observations of the Basle Committee. Signor Grandi opposed regional groupings, either political or economic, as hindering good understanding, and said that the collective efforts of European and non-European States, whether members of the League or not, were necessary to discourage the tendency to create closed systems in Europe. The Japanese, Canadian and Indian representatives were clearly not very happy about the developments of the European union. Canada made definite reservations with regard to some of its tendencies; Japan gave a warning against the deplorable effects of a departure from liberal policy represented by the most-favoured-nation clause, and India complained of the decision to set up the Agricultural Mortgage Credit Bank without even awaiting the views of extra-European delegations at the Assembly. It should be noted in passing that this week is issued the report on the causes and phases of the world economic depression prepared on the instructions of the last Assembly.

Mexico has been invited to join the League, has accepted, and has been unanimously admitted without any of the formalities connected with the admission of a new member. This is explained as a desire to repair the injustice done to Mexico in not being included in the States invited to join at the beginning. In its reply, Mexico took occasion to state that she has never recognised the Monroe doctrine. It is an important addition to League membership from the point of view of both North and South America. Mexico was seriously considered as a possible candidate for a seat on the Council, for which the elections have taken place to-day, but she did not stand as a candidate. The retiring members were Spain, Persia and Venezuela. Spain, which was declared re-eligible when she returned to the League three years ago, was again elected, and the two new States on the Council are China and Panama. Guatemala had announced her intention of resigning from the Council, for financial reasons, while remaining a loyal member of the League, but she has been persuaded to withdraw and will remain on the Council. The British delegation is not satisfied with present arrangements, and has presented a resolution asking the Council to consider methods of election to the Council and report on any improvements which may be deemed necessary. Italy has deposited her ratification of the Optional Clauses and the General Act, the latter with reservations which appear to rob it of a good deal of its significance, but there are many people who are not satisfied that the General Act is a step in the right direction. There is not yet any news from the Financial Committee about its consideration of the requests from Austria and Hungary for financial assistance. They are delicate and dangerous problems.

All the delegations are active about the League budget, but some members, notably Great Britain and Spain, have expressed a determination not to allow it to be so restricted as to prevent the League's effective working. Señor Madariaga, the Spanish Ambassador at Washington, declared that it was not possible to consider the

League budget as affecting the financial and economic situation of any country, and he said that if five per cent. of the armaments budgets of the world for 1930 were devoted to the League and invested at five per cent., there would be more than enough money to maintain the League for ever. There is point, however, in the desire that the League should give as far as possible an example of proper economy in these hard times.

UNITED STATES.

Security Markets — Treasury — Business Conditions —
Prices — Money — Mortgage Proposals.

(FROM OUR CORRESPONDENT.)

NEW YORK, September 9.

FURTHER reductions have been made in corporation payments; more are expected in the next two or three weeks. These cuts, together with the persistent pressing for attention to the unemployment problem by labour leaders, Congressmen and others, have encouraged bear operations in the security markets. Most of the trading in the share markets is probably professional, but success in reducing prices to new low levels is no doubt dislodging holdings which would otherwise have remained intact until a distinctly more unfavourable turn in business appeared.

After a brief recovery most sections of the bond market, exclusive of gilt-edged issues, also are duller and new capital offerings in the past week fell to the nominal figure of \$6,000,000. Demand for new capital is small, but a good many railroads and public utilities and even some industrial companies, to say nothing of foreigners, would like to convert short-date bank credits into bonds, though they are prevented from doing so by the weak state of the market. The Treasury has finally closed its books on the \$800,000,000 of 24-year 3 per cents., but demand for them was not so lively as had been hoped, since the interest rate was rather close to the market. Over-subscription amounted to only \$140,559,000. The investment market expects another long-term issue before long, but the slowness of the last is calculated to give pause to some of the expenditure schemes.

Meanwhile discussion is still lively and many-sided over the question of preparing for another year's Treasury deficit, which some think might reach a billion, with borrowing or with an increase in the income tax, or both. Probably much will depend on what Congress does with extraordinary appropriation measures which are bound to come up. With a paring of the budget which the Administration has in mind, there would be support for the policy of carrying on for a year or so with little if any increase in taxation. However, it will be difficult to avoid expenditures by the Federal Government for unemployment relief in one way or another or perhaps for further soldiers' bonus payments. The head of the principal ex-servicemen's organisation, the American Legion, has intimated that nothing more will be asked if it will "embarrass the country," but that is a flexible statement, and in any event the rank and file of the membership seem to be bent on trying for something.

Although thoroughly disillusioned and discouraged with the two-year record of failure of the Federal Farm Board to help them, the grain and cotton growers would still like to see something done for them, and they are politically powerful, but the growing realisation in the country at large that increases in the amount of taxation levied are not necessarily accompanied by proportionate increases in revenue will militate against the fulfilment of their hopes.

The country is slowly becoming acclimatised to a smaller volume of trade, lower prices, lower wages and smaller profits. Up to the Labour Day holidays no appreciable turn for the better had come in the business position. Railroad traffic shows only a mild seasonal improvement and car loadings at the end of August were no higher than at the beginning of the month. Steel-mill activity is not much better than 80 per cent. of capacity, the average steel-ingot output for August averaging 81.18 per cent.

and motor production last month was cut severely by the shutdown of many plants where new models were being prepared. Ford is resuming this month. Oil output is down again sharply, but in Texas the reopening of the East Texas field will probably endanger the position of Oklahoma, which has not succeeded in establishing a price of \$1 a barrel for crude oil. Meanwhile, drilling of new wells is increasing rapidly in Texas.

Commodity prices, after a brief period of greater stability, are weakening. Dun's wholesale commodity price index for August shows a decline of 2.6 per cent. and the Bradstreet's index dropped 3.4 per cent. Declines were the most marked in the breadstuffs group, but textiles, hides and leather also dropped. The shoe and leather trades have been doing a larger volume of business, but profits have not been good.

Money continues excessively easy. The holiday demands for currency did nothing more than firm up the market for Federal Reserve funds. The rate went to $\frac{3}{4}$ per cent., against the $\frac{1}{2}$ to $\frac{1}{4}$ per cent. recently prevailing. Currency hoarding, estimated at around \$750,000,000, has done something to stiffen money, but the effect is more than offset by other factors. Gold is coming in again from Canada and South America. Last week's Federal Reserve System statement showed a further rise of \$33,000,000 in credit outstanding, through larger member bank borrowing and Reserve purchase of bills.

An interesting analysis of the item marked "other loans" made by reporting member banks in New York City has been made by the American Acceptance Council. This item includes bankers' bill holdings, but that class of document is not separated from the so-called commercial loan. The analysis shows that, against an apparent drop of \$272,000,000 in commercial loans, there has been an actual reduction of \$469,000,000 for the banks here. The strictly commercial loan volume has declined steadily since last March, although bill holdings have risen rapidly, so that, while commercial loans are at a very low ebb, bank holdings of bills are at a new peak.

At Washington the plan to form a banking organisation to take over from commercial banks and others prime real estate mortgages, which are now selling at a considerable discount, has not been abandoned. It is felt there that the idea is feasible, and that, if capital can be secured, much would be done to relieve the banks of one of their heavy burdens, to say nothing of assisting the hard-pressed real-estate market. What will come of the project, however, is uncertain at this time.

FRANCE.

Budget — British Tariff Question — Import Quotas —
Industrial Production — Prices.

(FROM OUR CORRESPONDENT.)

PARIS, September 16.

THE Chambers, which are not due to reassemble until next month, will be faced from the moment of the resumption of the session with a Budget problem of the first importance, which is already causing serious misgivings. The fact that the new financial year will begin on April 1st, and that the General Election, under French constitutional law, must take place during May, has raised a series of difficulties which must be resolved during the next few weeks. In the first place, in view of the fact that deputies will be busy in their constituencies as from the beginning of March, at the latest, it is regarded by many experts as hopeless to expect that the 1931-32 Budget can be got through the two Houses before the new financial year begins. There is also the question whether a Chamber, the vast majority of whose members will be seeking re-election, should be entrusted with the work of passing a Budget for a financial year beginning immediately before a new legislature assumes control. Further, there is also a danger that the members of the expiring Chamber may be tempted, for electoral reasons, to insist on large amounts of unnecessary expenditure,

which would be more than usually perilous in face of the present situation of the national finances. Two solutions of the problem are suggested. One is to continue the present Budget until December 31, 1932, and then revert to the old system of dating the financial year from January 1st; the other is to leave the new Budget entirely to the new Chamber, and carry on meanwhile until the end of 1932 by means of monthly Votes on Account (*douzièmes provisoires*), thus giving the new Chamber time to take up the Budget seriously in readiness for application as from January 1, 1933. Present indications are that the latter course is the more probable.

The outstanding subject of anxiety here this week is the discussion in Great Britain in regard to the imposition of a protective tariff. The adoption of the proposal to prohibit the entry to Great Britain of "luxury" products of every kind would hit this country more than any other. Of French exports to Great Britain last year, more than 50 per cent. consisted of what it is feared would come under the British definition of "luxury" products. These consisted (in round figures) of the following categories:—

	Millions of francs.		Millions of francs.
Silk piece-goods	890	Hides and skins	125
Dresses, lingerie, &c.....	848	Motor cars	74
Woolen piece-goods	441	Perfumery and soaps....	86
Tanned hides, &c.....	211	Leather goods.....	68
Wines	184	Fancy goods	63
Brandies and liqueurs ...	166	Fancy silver goods.....	26
Precious stones	188	Feathers	5
Fine pearls	112	Floss silk	4
Jewellery, silverware, &c. 5			

There is a good deal of nervousness among British importing agents in Paris lest, in the event of action by the British Government on the lines now being publicly discussed, the French may see fit to resort to reprisals.

French tariff increases are continuing to disturb foreign trade in many directions, while even greater confusion is resulting from the bringing of further categories of imports under quota systems. Since the beginning of the year nitrate fertilisers have been entering the country under special permits, based on fixed annual quotas: In July a similar measure was applied to coal and other combustibles, with a view to preventing a compulsory lowering of domestic prices of French coal, under pressure of foreign competition. The quota system has now been extended, by a recent decree, to wines of all descriptions and to five categories of timber, including common timber (both squared and unsquared, and sawn and unsawn), pit-props and finished planks. In regard to timber, the decree states that foreign imports increased in 1930 by over 50 per cent., with the result that selling prices were brought down from 390 francs per cubic metre to 255 francs, which was barely sufficient to cover the cost of transport and other basic charges, and thus threatened the gravest consequences to the 700,000 workers employed in the French timber industry. The decree also states that, in spite of increased import duties, the amount of foreign wine entering has continued to increase to such an extent that this industry, which forms the principal resource of several Departments, is threatened with catastrophe. In the case of these two products the imposition of the quota system is to be "exceptional and temporary." Meanwhile, it is officially announced that, so far as certain countries are concerned, the quotas of timber allowed to enter have already been exhausted down to December 31st next. A similar situation is understood to have been reached, in some cases, in regard to wine imports. Nearly 100,000 tank-truck loads of Italian wine were reported last week to be held up at the frontier owing to the decree.

Coal production figures for August, which have been issued this week, indicate a total output by the French mines of 3,987,000 tons, as against 4,114,000 tons in July, and a monthly average of 4,586,000 tons throughout 1930. The output by the mines in the Saar district in August was 919,000 tons, as compared with 902,000 tons in July, and a monthly average of 1,108,000 tons in 1930. British and Belgian coal imports into France have now been for some time limited to 20 per cent. less than the average tonnage which entered in 1928, 1929 and 1930. "The

placing of British and Belgian coal imports under a quota system," according to the *Situation Economique and Financière* "has not yet improved the situation of the French coal industry; foreign importers have intensified their efforts in anticipation of the adoption of the new regime." Total coal consumption in France (Saar area excluded) during the first half of 1931 was 41,055,000 tons, as against 44,273,000 tons during the corresponding period of 1930, and 90,000,000 tons in the year 1929.

Industrial production returns for July, which were issued a few days ago, indicate a comparatively sharp drop in practically all industries. The general figure covering the nine principal categories is 123 (1913=100), against 126 in June, and monthly averages of 140 in 1930, 139 in 1929 and 127 in 1928. The motor car industry shows a further seasonal decline from 565 to 555, and most of the other classes falls of from one to two points each. The worst drop is that from 71.2 to 64.2 in textile output, which in July, partly owing to the Roubaix strike, and partly owing to general economic conditions, reached by far the lowest level registered since 1913.

The general index of French wholesale prices at the end of August shows a decline on the month from 466 to 455, equivalent to a fall of 37 on the six months. The detailed figures are as follows:—

(July, 1914 = 100.)

	1930.	1931: End of—	
	Average.	June.	July.
General index figure.....	543	477	466
French products	591	539	532
Imported products	458	365	347
Foodstuffs (general figure)	528	529	516
Vegetable foods	466	537	480
Meats	599	539	562
Sugar, coffee, cacao	503	482	486
Raw materials (general figures)	558	433	423
Minerals and metals	524	408	398
Textiles	473	332	317
Various	630	509	503

The figure for retail prices in Paris (13 common household articles) shows a drop of 20 points, 615 to 595.

GERMANY.

Standstill Agreement — Unemployment Relief Preparations — Stock Exchanges — Bremen Finance.

(FROM OUR CORRESPONDENT.)

BERLIN, September 15.

THE "standstill" agreement was signed on September 9th by the German representatives—the Banking Committee, the Reichsbank and the Golddiskontbank—and is in process of signature by the foreign banking committees. The individual German debtors will then present the agreement to their creditors, in order to bring it legally into force as a private treaty. As the overwhelming majority of the foreign creditor banks—the demands of creditors other than banks are not covered by the agreement—have accepted the banking committees as their representatives, there will be no difficulty about this closing stage of the transaction.

On the German side the requisite technical measures for the implementation of the agreement have been taken by emergency decree. The most essential need was for a legal obligation of the domestic debtors of the German banks to issue promissory notes to the amount of the advances they held on current account or else to provide supplementary "names" in respect of the acceptance credits which the German banks held with banks abroad, as the standstill agreement prescribes that German debtor banks must, on request of the foreign creditor banks, secure such obligations from the undertakings to which they have re-lent the foreign credits. The German bank customer is thus forced to take responsibility for the debt of the bank, although in many cases he was entirely unaware of having indirectly received foreign money. This is undoubtedly a great encroachment upon the rights of the individual. The decree presumably provide that, in the event of refusal by a debtor, the President of the

Board of Inland Revenue can sign the required promissory note on his behalf.

It had been realised from the beginning that only an imperfect protection was afforded Germany by the standstill agreement, but now that its practical execution is imminent, the sacrifices seem even greater than they did at Basle. The release of foreign holdings of marks will force the Reichsbank to meet heavy withdrawals of gold in the immediate future. The acceptance credits, which amount to about 3 milliards, almost half belonging to British banks, will probably be ultimately retained in Germany, though the creditors' right to receive the most eligible possibilities in replacement of bills falling due, and to make inquiries into the commercial character of these bills will create great technical difficulties.

From the German point of view, the solution of the interest question, which was not settled at Basle, also seems unsatisfactory. The final text of the agreement, which will clear up this and many other details, is not yet published, and public discussion is at present of necessity confined to the German proposal to foreign creditor banks which was agreed upon in Basle. In view of the state of German industry, which has, if anything, grown still worse, the pledging of the Golddiskontbank for German commercial and industrial debts is regarded as an especially severe sacrifice. Without the German exchange crisis, and the consequent standstill agreement, the foreign creditor would have had to bear, in Germany as in other parts of the world, the full risk in respect of the solvency of his debtors. Through the agreement he has shifted part of his claim on to the Golddiskontbank, and that practically means on to German industry, which has to take the responsibility for the financial soundness of the Golddiskontbank.

Some time ago the Chancellor made the prediction, afterwards modified, that unemployment might rise as high as seven millions this winter. It is very difficult to foretell what the figure is likely to be, but this forecast seems very pessimistic. Nevertheless, all the appropriate authorities are already busy in the quest for new methods of dealing with unemployment which will lighten the burden on the relief funds, or at least enable more to be done with the funds available. The most prominent project is a proposal for settling large numbers of unemployed persons on the outskirts of large cities, so that, without withdrawing from the industrial labour market, they can have an emergency reserve in the shape of a small farm or market garden. The idea is that they should start work during the coming winter, while still drawing relief, on the preparation of the land, which is to be provided as far as possible by the cities and States, without charge, and on the construction of simple dwellings for themselves. After the first harvest the payment of relief would cease. It would be made possible for the unemployed, to whom the holdings would in the first place be leased at a low rent, ultimately to buy them cheaply.

Simultaneously with this suburban settlement it is intended to extend purely agricultural settlement to cover a wider range of persons by simplifying the necessary buildings and so saving capital. Even so, this extended scheme of settlement would be difficult enough to finance. There is also a proposal to supplement money relief to the unemployed in towns by allowances of potatoes and coal, as it is felt that large stocks of coal are lying useless at the pitheads and depreciating daily in value, while the farmers also will have large stocks after the harvest, especially of potatoes, unless the State spirit monopoly sees its way, in consideration of the financial and economic situation, to entering the market as a large-scale buyer of potatoes. For such relief in kind to be financially possible, however, the coal and potatoes would have to be sold at very cheap rates to the communes and other public authorities, and negotiations to this end will probably be opened.

Not many days after the reopening of the German stock exchanges a very firm tone was established, to the general surprise. After very low quotations had been touched on the opening day, September 8th, the German banks

exerted themselves to support prices by refraining from selling securities which they had purchased to support the market, or which they held as collateral for inadequately secured loans. As a certain amount of savings had accumulated during the two months in which the exchanges were closed, a fairly lively demand for shares and bonds developed, and, in the absence of selling orders, forced the rates upwards. The rise did not, however, last long, and on September 14th prices fell considerably, as was only to be expected, in view of the unsatisfactory economic situation, the financial difficulties of the Reich, States and communes, and the unfavourable exchange situation of the Reichsbank. Share quotations have fallen nearly as low as on the opening day: fixed-interest securities are somewhat higher.

In the course of the reconstruction of the Schroeder Bank, facts keep coming to light which reveal an extraordinarily close association between the City of Bremen and the Bremen shipping industry. It has already been known for some weeks that the packet of Hamburg-Süd shares which came into the city's possession last year had been bought by the Schroeder Bank with money placed at its disposal by the City of Bremen. The city deposited these shares with the Neederlandsche Handels-Maatschappij as security for ten million Dutch guilders, and seems to have secured the support of the Norddeutscher Lloyd, which took over the guarantee of this credit and received in return an option on the shares. The credit runs till March 31, 1932. It now appears that Bremen is also a large shareholder in the Norddeutscher Lloyd and in the Dampfschiffahrtsgesellschaft Hansa. She holds Lloyd shares to a nominal value of 10½ million and 8 million Hansa shares, all of which were bought at prices several times those obtaining to-day, so that the city has lost millions on them. The report of the committee of inquiry into the finances of Bremen, which will throw light on the details of these transactions, is eagerly awaited.

HOLLAND.

Effects of Crisis Abroad — Commercial Relations — Rubber — Tea — Exports — New Issues.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, September 15.

THE repercussions of the financial crisis in surrounding countries have been acutely manifested in the economic situation in the Netherlands during the last month. Our commerce with Germany has been especially handicapped through the closing of the German banks and exchanges. Our exports, especially of dairy and agricultural produce have undergone a sharp drop, as has also our German trade in ore and coal. The Dutch banks have also been feeling the effects of the crisis in Germany and England very severely, and the heavy falls in the Amsterdam quotations for the shares of our big banks have certainly not been without justification. The stoppage of the normal channels of payment made it necessary for the Amsterdam Bill Brokerage Association to postpone the delivery of marks bought in exchange for guilders until the day after the resumption of normal payment in Germany. The negotiations with the Dutch banks for participation in the "Standstill" agreement were very protracted, and agreement was not arrived at until a few days ago. At a meeting of Dutch bankers convened by the President of the Netherlands Bank, Mr. Vissering urged the advisability of an extension of the German credits on the terms of the "Standstill" agreement, not only in view of the advantages afforded by participation, but also in view of the adverse results which might be involved by refusal to participate. The President of the Netherlands Bank assured the representatives of the banks that the Netherlands Bank is prepared to render assistance in meeting difficulties arising from participation in the agreement. One bank reserved its reply.

The results of the dislocation of the foreign exchange markets have been very strongly felt here. In particular, the sharp decline of sterling caused a considerable influx

of gold to the Netherlands. The flow of gold to this country began on July 8th, and since then 208 million guilders' worth of gold has come into the possession of the Netherlands Bank, bringing the stock of metal up to a total of 691.5 million guilders. In consequence, there has been a great increase in the already plentiful supplies of money in the Netherlands. The circulation of bank notes has increased by 105 million guilders to about 960 millions, while the percentage covered by gold has risen from 56.5 per cent. at the end of July to 68.7 per cent.

In addition to the obstacles to trade already referred to, commerce in the Netherlands has had other difficulties to contend with, especially in the coal industry, which has been seriously hit by the French and Belgian measures taken against the import of coal. Holland's exports of coal to France and Belgium were of great importance, and were steadily increasing. Our total exports of coal (exclusive of bunkers) amounted, in the first seven months of 1931, to 2,405,810 tons, with a value of 25,888,000 guilders, as compared with 2,102,866 tons, with a value of 26,876,000 guilders, in the corresponding period of 1930. These exports in the first seven months of 1931 include for Belgium no less than 1,129,503 tons, with a value of 10,743,000 guilders, compared with 967,377 tons and a value of 11,346,000 guilders in January-July, 1930. In the first seven months of the current year, Belgium has been our biggest customer for coal. Next in importance is France, to which country the exports were 862,160 tons (last year 663,920), with a value of 10.59 (last year 9.9) million guilders. The prospects for our coal exports have now become very gloomy through the import restrictions enforced by France and Belgium. The discussions in Brussels with representatives of the Dutch coal industry failed to bear any result.

A commercial and shipping treaty was concluded between the Netherlands and Turkey at Angora on August 26th, replacing the tentative arrangement established on November 21, 1929, by exchange of notes. Omitting any provisions with regard to persons or corporate bodies, which are to be included in a separate treaty, the new treaty sets forth a detailed elaborate regulation of the interests of mutual commerce and shipping. Generally speaking, the provisions correspond with those of the Netherlands-Turkish commercial and maritime treaty which lapsed on November 30th, 1929. Consequently, general and unconditional most-favoured-nation terms have been included, while the shipping of each of the contracting parties, with the exception of the coasting trade and one or two other branches specially reserved, is to be dealt with by the other on the same basis as its own. The treaty, which has also been declared applicable to the Dutch East Indies, Suriname and Curaçao, is to come into force 30 days after the exchange of the ratification papers, for a period of three years, and to be renewed automatically unless notice of withdrawal is given three months before the expiry of the period.

Reports from the plantations in the Dutch East Indies continue to be adverse. The Commission appointed to consider the rubber problem has failed to reach agreement as to the feasibility of a scheme for alleviating the present distressed state of affairs. The Association of Rubber Producers has now published a scheme submitted to the Minister and known as the "Quota scheme." According to this scheme, a restriction of production of 25 per cent. would be sufficient to attain the desired reduction in the surplus world stocks. The idea is to give the market free play, but as soon as the world's visible supply has dropped to the desired level, the world's consumption would be the basis for deciding whether or not to reduce the percentage of restriction. The restriction would have to be international, which would involve legislative measures mutually agreed upon by the Governments interested, in the first place between the Netherlands and the British Governments.

In view of prevailing circumstances, it is not surprising that the new issues market in the Netherlands is practically at a standstill. Foreign countries, at least those in need of credit, are out of the question for the moment. Confidence in them has been completely shattered, and things will have to change enormously before these

countries will be able to appear on the new issue market once more with a reasonable chance of success. Our issue market will, consequently, have to devote itself solely to credit requirements within our own frontiers for the time being. Apart from a few exceptions, however, the issue market is really only available for public bodies at present, as industrial undertakings are not in a position to provide lenders with sufficiently attractive security. The extent to which the market has suffered under the prevailing circumstances is only too evident from the statistics for last month. An aggregate of less than 15 million guilders is low, even for the month of August, but the actual state of affairs is more distinctly illustrated by the fact that there were only three flotations the whole month, apart from conversions. In the preceding month the issues totalled 25.8 million guilders, and 18.1 millions in August of last year.

ROUMANIA.

Financial Crisis — Measures of Relief — State Finance and Monopolies — Protested Bills.

(FROM OUR CORRESPONDENT.)

BUCHAREST, September 8.

JULY and August have been exceedingly trying to financial circles in Roumania. The excitement caused by the failure of the Banque Générale du Pays Roumain in July, reported in these columns, had hardly died down when towards the middle of August, the Banque E. Bercovitz in Bucharest closed its doors. This bank has an activity of about sixty years to its credit, and some years ago it was turned into a joint-stock company by its owners, who retained all the shares. The capital is 150 million lei, reserves 45 million lei, deposits 384 million lei. The fact that it enjoyed a very good reputation in business and private circles made the shock of its failure all the greater, and the very serious situation thus created was accentuated by the news of the unsettled state of European finances in general. Heavy runs began on all the banks, but the measures devised by those in authority to restore public confidence proved to a certain extent successful, and though the drain on the banks' resources by the withdrawal of deposits has not altogether ceased, the movement has so far slackened as to give the banks breathing space and thus remove immediate danger. The Banque Bercovitz has meanwhile obtained the "concordat préventif" guaranteed by the owners with their own private fortune. Under this scheme it has undertaken to pay its creditors in full in three years with 4 per cent. interest.

According to the report on the financial crisis given by the Minister of Finance, the five principal banks of Bucharest lost over 3,000 million of their deposits in the period from May 31 to August 15. They had to return 500 million of their foreign credits. They obtained additional discount facilities from the National Bank of approximately 3,000 million lei. The discounts of the central institution increased from 7,200 million to 11,700 million. The liabilities of the National Bank on bank notes, current accounts and metallic currency rose from 21,814 million lei in June to 25,174 million in August, the increase of banknotes alone amounting to about 2,500 millions. The steadiness of the lei during the whole of this period is another proof of the effectiveness of the measures taken to secure the stability of the currency.

It is common knowledge that the liquidity of the Roumanian banks is dangerously impaired by the volume of their frozen assets. This situation is mostly due to the large indebtedness of the State to the native industries which are financed by the banks. In order to restore public confidence three measures have been devised for supplementing immediately the liquid resources of the banks:—

1. The creation of a banking syndicate, the participants in which constitute themselves joint guarantors with the State of a portfolio of bills of 1,000 million lei for the purpose of discount with the National Bank. The participating banks are:—The Banca Romaneasca, the Banque de Credit Roumain, the Banque Marmorosh Blank and

Co., the Banque Chrissoveloni and Co., and Banca Moldovei. According to their latest balance sheets, the aggregate capital of these banks amounts to 1,255 million lei and their reserves to 1,177 millions. They had deposits amounting to 13,458 million lei on December 31st last year, against which they showed cash resources of 2,317 millions. They have agreed to reduce their deposit rate to 6 per cent. and to work generally towards closer co-operation and the avoidance of excessive competition.

2. The return to the State of a parcel of shares in the Steaua Romana company which was taken over by these banks on the occasion of the nationalisation of this petroleum company, and the substitution of a State obligation for that of the banks to the foreign group from whom the shares were bought. This relieves the banks of a debt of about 1,000 million lei, which they had difficulty in meeting. It will be interesting, however, to see how the State will face this fresh obligation. These shares, which originally were taken over by the banks at the request of the State, have proved a somewhat disastrous investment in view of the fact that the banks paid considerably above par value for them, and the price dropped to about 190 lei for the 500-lei share.

3. The mobilisation of the debts of the State to the home industry by the creation of mortgage bonds guaranteed by the banks and by the State, which these industries will issue. The sum involved is about 1,500 millions. It is understood that the bonds are to be issued for a period of twenty years, with 8 per cent. interest, and it is hoped to place them within the country as well as abroad.

The five principal banks of Bucharest, which alone are affected by these measures, hold about 25 to 30 per cent. of the total deposits in Roumania. The secondary and provincial banks are now in negotiation with the Ministry of Finance and the National Bank to find means of securing their position.

The Treasury receipts for the eight months ending August 31st of this year amount to about 17,500 million lei, as against 20,900 million lei in the same period of last year. Expenditure during these months amounts to 19,300 million lei. The deficit has been met out of an advance of 2,000 million lei which the State has obtained from the National Bank and which is repayable at the end of the year. One has to reckon with a prospective deficit of close on 10,000 million; moreover, the State is behind with its payment of salaries as well as supplies and other obligations. The need for increased economies is only too evident, and it will even be imperative to tap new sources of income. For this purpose there is now under consideration the introduction of a State monopoly in sugar and alcohol. The tax on alcohol has realised in the first seven months of this year only 63 million lei, compared with 1,800 million in 1925. This remarkable falling off is attributed to clandestine manufacture and sale. Whether the introduction of the monopoly will enable the State to overcome this practice remains to be seen, and the success of the scheme as an income-producing measure is for the moment problematical. Sugar is sold under present conditions at the exorbitant price of about 1s. per kilogramme, due to the tax of over 4d. and the high cost of sugar beet fixed arbitrarily by the State. It would appear, therefore, that an increased revenue from this source could only be obtained by an increase in the price of the article.

The total of protested bills in Roumania in the first six months of this year amounts to 2,545 million lei, against 2,043 million in the same period of 1930. Whereas the percentage of smaller bills up to 50,000 lei shows a slight reduction, the proportion of the larger bills has risen from 32.3 per cent. to 41 per cent. It is argued from these statistics that more of the important commercial interests have fallen victims to the economic crisis. It is evident, therefore, that the economic situation has become considerably worse.

NEW ZEALAND.

The Budget — Estimates — National Debt — Niemeyer Report.

(FROM OUR CORRESPONDENT.)

CHRISTCHURCH, August 8.

THE final session of the present Parliament opened towards the end of June. An Unemployment Act, which provided for special unemployment taxes of £1 per year from all adult males, and 3d. in the £ from all wages and incomes (with certain unimportant exemptions), was passed, but

little else was done until the Budget was introduced on July 30th. The year's accounts show plainly the effects of the business depression. Revenue to the Consolidated Fund during the financial year ended March 31st last fell £2,051,000 short of the estimate, and £2,281,000 below the previous year's yield, the chief declines being in Customs and interest on railway capital. Total revenue amounted to £23,089,000, including £18,600,000 from taxation (of which £1,840,600 was special motor taxation earmarked for the Highways Fund) and £4,469,000 from interest-earning assets and other sources. Expenditure for the year amounted to £24,708,000, of which £10,952,000 was spent on debt service and £7,600,000 on social services—education, pensions, hospitals, subsidies, etc. There was thus a deficit of £1,639,000 on the year's working.

The situation to be met by the Finance Minister was a difficult one. The fall in revenue is due very largely to the severe decline in the prices received for exported produce, which has brought general depression, with severe contraction of imports, on which the yield of Customs depends, and of the national income, from which taxation is drawn. At the same time, unemployment and the Government's expenditure on unemployment relief have substantially increased. The Government thus finds itself in a difficult position. On the one hand with an electorate clamorous for increased expenditure on financial relief, and, on the other, with heavy declines in revenue which may not have reached their limit, with the consequent problem of estimating prospective yields of taxation, and with an insistent demand for relief from a burden of taxation which is already very heavy. Moreover, a general election is due about November, and in election year New Zealand is accustomed to expect extra generosity from the Government. In consequence, the estimates for 1930-31 are in the nature of a compromise, but they represent a courageous attempt on the part of a weak minority Government to secure a favourable balance of revenue and expenditure.

It is estimated that, without drastic adjustments, a budget deficit of £6,850,000 would result for 1931-32. The official estimate of the prospective deficit was £4,500,000 last March and £5,500,000 in April. The growth in this estimate shows how rapidly the financial situation has changed. It is now stated that revenue is expected to shrink by £4,810,000, £2,080,000 of which is due to Customs, and the expenditure to increase by £2,040,000, of which about half is due to the consolidated fund subsidy of unemployment relief. According to the budget statement, the prospective deficit is being met by adjustments and economies totalling £5,056,000, and by new taxation estimated to yield £1,800,000. Detailed figures show that the 10 per cent. cut imposed on civil service salaries is expected to yield £1,390,000, and other economies £595,000. Suspension of war debt payments consequent upon President Hoover's proposal means a net saving of £870,000 for the year, and £1,140,000 is being drawn from reserves. Additional postal charges amount to £938,000, and an indirect raid on the Road Fund brings another £125,000. These are the adjustments and economies effected, though some critics claim that, excluding economies and wage reductions, all the items are either loans or taxes. In addition, £1,800,000 is to be raised by further taxation. An all-round increase of 30 per cent. on the prescribed income-tax rates (10 per cent. was added last year, so the present increase is about 20 per cent.), and a lowering of the exemption limit from £300 to £260, are estimated to yield £780,000. The remainder is to come from extra customs and excise duties on tea, sugar, tobacco, beer, etc., and from additional stamp duties. With these adjustments, the estimates for 1931-32 are made to balance. Expenditure is expected to amount to £24,768,781, and revenue to £24,946,000, leaving an anticipated surplus of £182,129.

Gross additions to public debt during the year amounted to £11,123,700, but repayments totalled £2,473,685, leaving a net increase of £8,650,015. Of the gross increase, £7,250,000 was raised in London and £3,873,700 in New Zealand. On public works £8,820,000 was spent, including £3,180,000 on railways, £2,842,000 on highways, and

£1,230,000 on hydro-electric projects. The gross public debt now stands at £276,038,358, against which are shown cash investments and sinking funds amounting to £33,488,000, loans and advances to settlers, soldiers, etc., £46,344,000 and other assets such as State trading capital in railways, post office, electric plant, etc., and lands and forests. The Minister of Finance states that the Government's policy has been to pursue a vigorous public works programme during the past year in order to assist in the relief of unemployment, and this policy appears to have general support in Parliament. Throughout the country, however, there is a strong body of opinion which considers that borrowing for public works, and particularly for railways, should be drastically reduced, since two-thirds of the interest on railway loan capital has now to be found by the taxpayer, and much other loan money has been spent extravagantly on projects that do not directly produce their own interest. Since the end of the financial year a short-term loan of £5,000,000 has been raised in London at a rate which cost New Zealand over 6 per cent., and two-thirds was left with the underwriters. Many local critics of past Government extravagance claim that the comparative failure of this loan should be regarded as a warning against further heavy borrowing abroad, but there is little sign that Parliament is yet considering practical alternatives.

With the Budget, the report of Sir Otto Niemeyer, who visited the country in September, 1930, to report on banking and currency regulation, was presented. It is unlikely to be fully considered before the triennial elections, which are expected about November next, and no definite action seems likely before the new Parliament meets next year. By that time the general financial outlook should be more clearly defined, for next season's export prices are likely to decide the general basis upon which New Zealand's financial policy for the future must be determined.

Letters to the Editor.

A BALANCED BUDGET AND AFTER.

TO THE EDITOR OF THE ECONOMIST.

SIR,—A decision by the recently-formed Government to dissolve itself into its component parts and appeal to the country would be a great misfortune. For, apart from any question of the immediate menace to the stability of sterling, and the presentation of an unenviable choice between Protection and Socialism, there is a fundamental consideration which has been strangely overlooked and which an early election would obscure and render reasonable discussion impossible.

Ever since the war we have been by common consent losing our competitive position in the export markets of the world, and our trade has fallen off not only actually but relatively to that of our principal rivals. It is to this decline that our present unhappy political and economic position can be to a large extent ascribed. Therefore our true and urgent problem is to trace the cause and find the appropriate remedy. Cost of production is only another way of expressing competitive power, and one of the main factors in cost of production is wages. Nominal wages in Great Britain must be reduced to a competitive level.

It does not follow that there need be any serious reduction of real wages. The purchasing power of foreign wages is by no means on so low a level in relation to the purchasing power of wages in this country as their nominal figures would suggest, and the explanation is to be found in the fact that the internal price levels of the respective countries materially differ. Our problem, then, demands an equalisation of price levels, an issue which has never been frankly faced.

When this country returned to gold it was common knowledge, forgotten by now, that we never fully completed the process of deflation. Apparently we hoped that the rest of the world would obligingly help us by uplifting their own price levels. Actually the reverse process eventuated. If evidence be required that the deflationary process was only partially achieved, let me draw attention to one fact amongst others. Ever since the "resumption" we have been compelled to maintain an artificial Bank rate in order to conserve our gold and maintain exchange rates. What in pre-war days

was regarded as a temporary measure to meet seasonal demands has under post-war procedure become the rule and not the exception.

Deflation to be effective must start at the source, i.e., currency, and the credit based thereon. I do not minimise the political difficulties which any measure of deflation would engender, but if deflation is, as I believe, a basic factor in restoring our competitive power, such difficulties are nothing in comparison with the danger involved in the gradual and accumulative sapping of our power to exchange our products for vitally essential imports. It should not be too difficult to explain, even to an unsophisticated electorate, that deflation, if followed by nominal wage and price reductions, leaves the present employed population not only in precisely the same position, but also provides salvation for those who through no fault of their own are now denied competitive power in the world markets.—I am, Sir, your obedient servant.

FRANK MORRIS.

Constitutional Club, Northumberland Avenue.
September 3, 1931.

COTTON PRICES AND PROFITS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In the "Investment Note" on "Cotton Trade Prices and Profits," in your issue of September 5th, there is a discussion of the effect of the cotton price decline on the monetary value of stock-in-trade. Much press comment has been made to the effect that the recent decline has caused enormous losses to holders of cotton stocks in any form. One daily paper computed the loss in Liverpool alone, where approximately 1,000,000 bales of raw cotton were held in stock, at £1,500,000 from August 8th to August 10th. The implication in your "Note" of last week is that the textile firms tabulated have also sustained severe losses from the same cause. The quotation of Mr Herbert Lee's remark adds emphasis to this implication.

It is the custom of Liverpool cotton importers to hedge all cotton in hand and therefore the vagaries in price do not affect their status one iota. The idea that enormous losses have recently accrued is entirely erroneous. Furthermore, stockholders of yarn or cloth have the opportunity to hedge. Those who use this policy can therefore recoup their losses due to the price decline. If a penny per pound decline involves a writing down of stock values to the extent of £100,000 then an equivalent sale of futures to realise £100,000 for a penny decline would balance the movement in stock values.

Unfortunately, this method of insurance against price fluctuation is not used by many firms in the cotton trade, but it is a policy which ought to be extended. In America a hedging policy is adopted throughout the trade and losses are therefore minimised. A management which does not insure against fire would be regarded as grossly negligent and incompetent. Why should not the same imputation be made to those who do not insure against losses due to price changes?

It is inconceivable that the firms mentioned in the table are not aware of this policy. Investors should, therefore, beware of forming estimates of profit and loss by reference to the movement of raw material prices.—Yours, etc.,

14, Brown Street, Manchester.
September 8, 1931.

LANCASTRIAN.

Books and Publications.

AN ECONOMIST ON PROTECTION.*

AN EFFECT of the present crisis has been greatly to increase the currency, *a propos* of Free Trade, of that meaningless phrase, so anathematised by James Mill, "it may be all very well in theory, but it does not work in practice." This accession to the protectionist ranks of persons deficient in logical faculty has, however, been accompanied by a concomitant growth in the number of Protectionists who believe that the theory of Free Trade presupposes certain conditions which are no longer fulfilled, and who are prepared to meet the Free Trader in argument upon his own ground. The challenge has now been taken up by an Oxford economist, who, though he aims at stating and

considering both sides of the case impartially, emerges at the end of his pamphlet a convinced Free Trader.

After stressing very vigorously the fact, so often forgotten, that it is possible to be convinced of the economic advantages of Free Trade and yet remain a Protectionist on ethical, cultural or nationalist grounds, and *vice versa*, Mr Fraser addresses himself to the purely economic side of the problem. The core of the matter, as Mr Fraser has no difficulty in showing, is the doctrine that imports are paid for by exports. He explains, in non-technical, but not over-simplified terms how it comes about that imports are, on the average, paid for by exports, though he avoids the too common mistake of implying that every import transaction is balanced by an equivalent volume of exports. While he admits that the exports may be "invisible," the arguments by which he reaches the conclusion that this "is not sufficient seriously to shake the view that a tariff which reduces real imports will also reduce real exports," are very convincing. Less completely satisfactory, perhaps owing to the exigencies of compression, is his reply to the Protectionist contention that this is only a long run relationship.

This point established, many of the most impressive Protectionist arguments, such as that which depends upon a reduction in unit costs supposed to follow upon the extension of the home market are easily met. Mr Fraser then turns to the group of Protectionists who admit that a reduction in imports is likely to be accompanied by a reduction in exports, but who believe, nevertheless, that a tariff is economically desirable. The "infant industry" argument, he admits, may hold good if a certain exacting set of conditions is fulfilled. The argument that a tariff might revive industry by its effect on prices is examined at some length, and the conclusion is reached that in the only form in which it has validity it is really not an argument for Protection but for monetary expansion.

Justice cannot be done here to all Mr Fraser's arguments. It is a relief to meet such a dispassionate examination of the case, for though Mr Fraser's conclusion could hardly be more decisive, on the purely economic aspect of the case, he cannot be accused of bias in his reasoning. The brevity of his pamphlet, however, which is only an expanded lecture, necessarily leaves many points incompletely cleared up, and if a convinced Protectionist of equally scientific turn of mind could be found to meet him on the same level, without attempting to score purely debating points, the innumerable electors who are seeking honest guidance on this burning question would have great cause for thankfulness.

BOOKS RECEIVED.

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

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

The End of Reparations. By Hjalmar Schacht. Edited, with an Introduction, by George Glasgow. (London) Jonathan Cape, Ltd., 30, Bedford Square. 7s. 6d. net.

A very important publication. Dr. Schacht's brilliant achievements during the period of inflation in Germany entitle his views on any financial subject to be read with the utmost respect. His political opinions, however, are expressed with a violence which makes it difficult to tell just how far they reflect the prevalent attitude in Germany.

Through Tariffs to Prosperity. By Herbert G. Williams. (London) Philip Allan and Co., Ltd., 69, Great Russell Street. 7s. 6d. net.

In the author's own words, an endeavour to give "a reasonably comprehensive statement of the case for a change of fiscal policy in the light of the experience of recent years and of the facts of the situation now existing."

The Course and Phases of the World Economic Depression. (London) George Allen and Unwin, 38, Great Ormond Street, for the League of Nations. 6s.

A most elaborate analysis of development and structural changes in the years preceding the depression, of business cycle tendencies in the last decade and of the phases of the present business cycle.

Memorandum on Production and Trade, 1925 to 1929-30.

(Geneva) League of Nations. 8s. 3d.

Contains a valuable account of the production, in the principal countries, of staple goods; indices of international trade; a review of the principal industries; and a chapter on the relative movements of the prices of raw products and manufactured articles.

The Struggle for South America. By J. F. Normano. With an Introduction by Clarence H. Haring. (London) George Allen and Unwin, Ltd., 40, Museum Street. 12s. 6d. net.

A most interesting book, in which the position of South America, the intentions and plans of the older countries which are vying in the cultivation of relations with her, and the economic aspect of these relations are discussed in a very stimulating manner.

Essai sur le Chômage Anglais Contemporain. By Henri Lavachery. With a Preface by Georges de Leener. (Brussels) Maurice Lamertin, 58-60, Rue Coudenberg.

An interesting study of British unemployment by a Belgian observer.

Individualism, Old and New. By John Dewey. (London) George Allen and Unwin, Ltd., 40, Museum Street. 6s. net.

An interesting essay on the effect of modern business civilisation upon the individual outlook.

Market Research. By Paul Redmayne and Hugh Weeks. (London) Butterworth and Company (Publishers), Ltd., Bell Yard, Temple Bar. 7s. 6d. net.

The first volume of a series on advertising. The authors give valuable advice on every aspect of marketing, and show how an average business can adapt its selling organisation to the most up-to-date marketing methods.

Business Forecasting. By L. H. Haney. (London) Ginn and Company, Ltd., 7, Queen Square, Southampton Row. 15s. net.

A serious attempt to lay a basis for scientific business forecasting.

Income Tax Principles. By Raymond W. Needham. (London) Gee and Company, Ltd., 6, Kirby Street, E.C.1. 21s. net.

A very well documented challenge of the doctrine of the Crown's option in relation to the schedules and cases, by an outstanding authority on income tax law.

Die Grundlagen der Weltwirtschaft. By Hermann Levy. (Leipzig) Verlag von B. G. Teubner. Paper, Rm. 5; bound, Rm. 6.40.

An interesting study of the development and problems of an international economy.

Some Lessons of the World Depression. By Johan Akermann.

A plea for the prevention of future depressions by the proper handling of booms in their early stages.

Income Tax Summarised. By W. Barrie Abbott. (London) Gee and Company, Ltd., 6, Kirby Street, E.C.1. 4s. 6d. net.

An exceedingly concise handbook for accountancy students which should also be useful to company secretaries and others whose relations with the inland revenue authorities are of more than average complication.

A Miscellany of Frauds and Defalcations. By G. R. Freeman. (London) Gee and Company, Ltd., 8, Kirby Street, E.C.1. 1s.

Ambitious young accountants should read this scrapbook of frauds. They have all come under the author's notice in the course of auditing company accounts, and they throw light on all manner of unsuspected points which require to be watched.

Textile Manufacturers' Book-Keeping. Part II. Cost Accounting and Cost Control. By George Pepler Norton. (London) Gee and Co. (Publishers), Ltd., 8, Kirby Street. 31s. 6d. net.

A treatise on cost accounting, consisting very largely of illustrative tables.

Essai sur l'Universalisme Economique Othmar Spann. By H.-G. Wagner. Preface by Professor G. L. Duprat. (Paris) Librairie Félix Alcar. 30 frs.

A very learned exposé and criticism of the sociology of Othmar Spann.

La deflazione finanziaria nel mondo. By Alberto de' Stefani. (Milan) Fratelli Treves Editori.

A collection of essays on a variety of economic subjects, some of primarily Italian interest, the remainder on subjects of current international importance.

Grenznutzentheorie und Marzismus. By Dr. Leo Köppel. (Leipzig and Wien) Franz Deuticke.

A critical study of the marginal theory.

Der südafrikanische Eingeborene. By Dr. Charlotte Leubuscher. (Jena) Verlag von Gustav Fischer. 12 Rm.

A very elaborate German study of the native problem in South Africa.

The National Trust for Places of Historic Interest or Natural Beauty. Report, 1930-31. (London) The National Trust, 7, Buckingham Palace Gardens, S.W.1.

A very detailed account of the work and finances of the year.

City of Birmingham. Financial Statement, 1930-31. (Birmingham) Treasurer's Department, Council House.

Tin. World Statistics, 1931, Third Year. (London) Anglo-Oriental Mining Corporation, Ltd., 55-61, Moorgate.

A handy little pocket volume of miscellaneous tin statistics.

International Labour Review. August-September, 1931. (London) George Allen and Unwin, Ltd., 40, Museum Street. 4s.

Includes, *inter alia*, articles on "Winter Building as a Remedy for Seasonal Unemployment," and "Building Difficulties and Housing Policy in Post-War Europe."

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

Includes, *inter alia*, an article on the MacMillan Report and one on British savings banks.

Pacific Affairs, September, 1931. (Honolulu) Journal of the Institute of Pacific Relations. 25 cents.

Includes articles on "World Sovereignty," by Arnold Toynbee; "China's Ten-Year Plan," by C. L. Hsia; and "Economics in Australia," by G. L. Wood.

Empire Review, September, 1931. (London) Macmillan and Company, St. Martin's Street. 2s.

The Economics of Handloom. By Professor N. G. Ranga. (Bombay) D. B. Taraporewala, Sons and Company, 19, Hornby Road. Rs. 2.

A survey of the social and economic conditions of handloom weavers in Southern India.

Report of the Congress Select Committee on the Financial Obligations between Great Britain and India. Vol. I. (Bombay) Karnatak Printing Press, 318A, Thakurdwar. 1 rupee.

Congress Select Committee on the Financial Obligations between Great Britain and India. Professor K. T. Shah's Annexure to the Report. Vol. II. (Ahmedabad) General Secretary, All-India Congress. 1 rupee.

Records of the International Conference for the Unification of Laws on Bills of Exchange, Promissory Notes and Cheques. Second Session: Cheques. (London) George Allen and Unwin, 38, Great Ormond Street. 14s.

A report of the League of Nations Conference, held in Geneva from February 23 to March 19, 1931.

Second Report on Progress in Manchuria to 1930. (Dairen) The South Manchuria Railway.

A comprehensive illustrated report.

OFFICIAL PUBLICATIONS.

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

On the State of the Public Health: Annual Report of the Chief Medical Officer of the Ministry of Health for the Year 1930. 4s. net.

Report of the Chief Registrar of Friendly Societies for the Year 1930. Part I.—General. 9d. net.

Department of Overseas Trade: Economic Conditions in Bolivia. May, 1931. 1s. net.

Empire Marketing Board: Production and Trade in Gambia. September, 1931. 2d. net.

* "Protection and Free Trade." By L. M. Fraser. (London) The Hogarth Press, 52 Tavistock Square. 1s. 6d. net.

The Stock Exchange.

SOUTH AMERICAN DEFAULTS.

IT IS, we think, true to say of the New York bond market, if not of the London Stock Exchange, that it is now valuing the bonds of all South American countries, with the possible exception of Argentina, on a "default" basis. This is an astonishing situation, which *prima facie* does not appear to be justified by the facts. For while Bolivia, Chile and Peru have defaulted in the service on their external debt (with the exception, in the case of Peru, of the 7½ per cent. Guano Loan of 1922), and Brazil in the provision for the sinking funds on all external loans except the 5 per cent. Funding Loans of 1898 and 1914 and the 7½ per cent. (Coffee Security) Loan of 1922, it is still the fact that Colombia, Venezuela and Uruguay, besides Argentina, have fulfilled their obligations to bondholders promptly up to the present time. Yet, as far as the New York bond market is concerned, there appears to be little serious attempt to distinguish between those countries which have fallen and those which have so far stayed the course in the race for the bondholders' stakes. The following table gives the present prices as compared with the highest prices recorded this year for the leading South American bonds in the New York bond market:—

Dollar Bonds.	Red.	Prices.		Yield %.	Redemp- tion.
		Highest, 1931.	Present.		
Argentina 6%	1961	98½	60	10.00	10.40
Buenos Aires (Prov.) 7½ %	1947	97½	44½	16.95	22.80
Bolivia 7%	1969	36	11½	...	...
Brazil 6½ %	1957	70½	35	18.57	...
Chile 6%	1963	87	21½	...	...
Colombia 6%	1961	78	34	17.65	20.00
Peru 6%	1960	40½	13½	...	...
San Paulo 8%	1950	81	37½	21.48	26.00
Uruguay 6%	1964	88½	45	13.33	13.60

The London Stock Exchange does not present a much more optimistic valuation of South American bonds than New York, as the next table will show:—

Sterling Bonds.	Red.	Prices.		Yield %.	Redemp- tion.
		Highest, 1931.	Present.		
Argentina 5%, 1907	1944	94½	65	7.69	10.00
Brazil 5% (Funding 1914)	...	75½	58	8.62	8.77
Brazil 6½ %	1957	79	45	14.44	14.90
Chile 6%	1961	94	27	...	...
Colombia 6%	1954	86	81	7.41	7.77
Peru 6%	1961	52	20	...	...
Peru 7½ % Guano ...	1948	82	60	12.50	13.55
San Paulo 7½ %	...	77½	46	16.30	20.30
Coffee	...	77	45	11.11	12.60
Uruguay 5%, 1914	1951	77	45	11.11	12.60
Buenos Ayres 5%, 1908	1945	95	54	9.26	11.80

There are, it is true, technical factors to account for the *malaise* which has affected the foreign bond markets generally. The pursuit of liquidity on the part of financial houses, accelerated in Europe by the freezing up of banking credits in Germany and in America by the failure of a number of small banks, has resulted in a continual stream of bond sales of all descriptions. For example, the severe liquidation in the New York bond market at the present time may be attributed to the fact that a number of banks have just taken over five smaller institutions whose investments they are now selling in order to pay depositors some 50 cents in the dollar. But these technical considerations are all the more reason why the investor should consider carefully whether or not the markets in New York and London are taking too conservative a view of the length of time the "defaulters" are likely to remain outside, or the "survivors" to remain inside, the dividend-paying list.

Everything depends, of course, upon the duration of the world slump. If it were possible to predict by 1933 a recovery in commodity prices to at least the 1929 level the bonds of all the defaulting South American countries

might be thought cheap at 10 to 25 per cent. below par. A sustained rise in tin prices would restore Bolivia to financial health provided she cut her expenditure on the army, which accounted for 36 per cent. of the total budget this year. A recovery in copper, silver, cotton, oil and sugar would set Peru on her feet provided she had in the meantime reached political stability. Again, the prosperity of the nitrate industry would restore the credit of Chile provided she freed herself from the bailiff-men of the Guggenheim Brothers. But if the world slump were to extend for more than another twelve months it is fairly safe to predict that all the "surviving" South American debtors would default. It is, indeed, worth the investor's while to examine carefully how much longer these "survivors" are likely to hold out.

We begin with Brazil because it seems extraordinary that the Federal Government should have been able to avoid all default so far except in the matter of sinking funds. It has been calculated on good authority that the various Brazilian public authorities—Federal, State and municipal—have an external debt of over £255 millions, the service on which requires about £22½ millions a year. Foreign investments in Brazil outside the debt of the public authorities amount to about £300 millions, and it would be reasonable to reckon the remittances of profits, interest and sundry services in connection with this commercial debt at not less than £12 millions a year. Thus, including various remittances of £1 million a year, the total payments which Brazil has to make abroad amount to about £35½ millions a year. Her favourable visible balance of trade this year may reach £20 millions, seeing that in the first seven months it had just exceeded £12 millions. The suspension of sinking funds will save her about £3.3 millions, and the arrangement with the Federal Farm Board for the exchange of coffee against wheat another £3 millions. If we add £3 millions for the coffee export tax, the total debit of Brazil on international account this year will be reduced to a little over £6 millions. Interest payments on the Federal external debt may, therefore, just be met provided, if we may take such a cynical view, some of the provincial or municipal authorities oblige by defaulting on their external obligations. Cynicism, however, is only too well justified, for the following minor Brazilian defaults have been announced this year:—Pernambuco 7 per cent. dollar loan, State of Rio de Janeiro 7 per cent. Sterling loan. It remains to be added that, while payment of the coupon due on the Federal 6½ per cent. bonds in October is assured, the New York market remains very apprehensive of the continuance of the Brazilian debt service in full. It may be significant that no improvement has yet been seen in the Brazilian exchange.

As regards Colombia, the "default" levels at which her Government bonds are quoted in New York is one of the most curious features of the market. In London, where purchases for the sinking fund constitute the sole market activity, Colombia Government bonds are quoted under a 7½ per cent. yield basis: in New York they stand at no better than a 17½ per cent. basis. Colombia, in particular her department of Antioquia, has been a voracious borrower in New York, and American finance houses may, therefore, have been unduly sensitive to the reports of a local campaign for the suspension of the external debt service. The Government has refused to countenance this movement, but it is not to be denied that the contraction of internal credit, following upon the shipment of gold—by means of which the exchange has been kept at parity—has caused a good deal of discontent. From the figures of visible trade it would appear that Colombia had little cause to worry about a transfer problem. For the first six months of 1931 the surplus of exports over imports was returned at £7,460,185, as against

\$9,729,400. But these figures of visible trade are, we find, misleading, for they include the full value of the banana and oil exports, which properly belongs to the American exporting companies and is not returnable in the shape of foreign currency to Colombia. Actually the balance of payments on international account is adverse to Colombia, having regard to the fact that the annual service of the external debt requires about £4,000,000, of which the Federal service takes £1.17 millions. If the Departments, for example, were to default in their debt service, requiring about £1.4 millions, the transfer problem would be much easier for the Federal Government. Another and more constructive point is that negotiations have been reopened for a match monopoly loan. Should this be obtained there would be less talk of the possibility of a Colombian default.

The Uruguay Government has been less careful of its credit than the Colombian, for it opened up negotiations in London this year for a suspension of the sinking funds. These negotiations were dropped, though it is believed that the suspension of debt redemption is still under consideration. However, the decision to ship gold in payment of the external debt interest has improved the Government's credit. In fact, it is believed that interest payments up to the end of the year have now been provided for.

There remains Argentina, which presents, perhaps, the most perplexing of the South American problems. There are still ample gold reserves in Argentina, amounting to £61,357,459, held by the Conversion Office, an excess of the legal ratio of gold to notes which is equivalent to 3 years' payment of the external debt service of £13½ millions per annum. In this connection it may be observed that objection has been taken to the decision of the Argentine Government to ship gold in redemption of the \$50,000,000 short-term debt due to American bankers in October. A shipment of \$10 million gold has already been made, but it is reported that certain American interests have offered to loan \$30,000,000 to obviate further depletion of the gold reserves. Meanwhile, the exchange has further depreciated—the peso is now 29½d. as against 35½d. at the beginning of the year—and it is even suggested that the recent reaction has been officially inspired in order to facilitate the exports of wheat. The trade returns for the first seven months of this year already show a remarkable change in Argentina's favour. Imports have been reduced from \$444,588,743 gold to \$333,743,114 gold, while exports only fell from \$394,685,043 gold to \$383,852,964. It is hoped that if the export of cereals is maintained at a large volume, the favourable balance of visible trade this year will exceed \$15,000,000. This, of course, does not cover all the external payments which Argentina has to meet—in addition to £13½ millions on the external debt there are certain commercial dividends and sundry remittances to be made, although on a greatly reduced scale—but it gives the promise that with the help of its gold reserves Argentina will be able to meet its obligations to its bondholders if the slump is not prolonged too far into 1932.

week completely faded away on Wednesday, and the atmosphere relapsed into definite gloom on Thursday. Despite the decision of the Bank of England on the latter day not to raise the Bank rate, the market was not unaware that the apparent steadiness of sterling was dependent in part on the prudent utilisation of the Franco-American credits, necessitated no longer by any substantial flight from the pound but by the growing necessity of embarrassed financial centres on the Continent to withdraw funds in order to make their own position more liquid. Other adverse factors coming into play in the latter half of the week were the pronounced weakness in Wall Street and the growing talk of an early General Election in this country, which served to provoke a re-credescence of much of the uncertainty to dispel which the National Government was formed. There are no two views in the House as to the undesirability of an early dissolution of Parliament.

The major adverse factor of the week, namely, the growing and heavy continental liquidation, is well illustrated by the quotations of the favourite international counters on Thursday. On this day Hydro-Electric fell from 14½ to 12½, Kreuger and Toll from 11½ to 10½, Swedish Match from 7½ to 6½, while the pressure of liquidation in Amsterdam was especially responsible for the fall in Royal Dutch to 10½. Foreign bonds have been a weak feature, German loans following the adverse trend of the reopened Berlin Bourse, while Argentine stocks (and the same was true of Argentine railways) recorded sharp losses on the progressive decline of the peso exchange quotation. Brazilians opened better but weakened later on uncertainty regarding the payment of October coupons on unsecured loans, while on Tuesday San Paulo developed considerable weakness.

Despite slightly more favourable traffic returns, Home Rails failed to hold slight early gains. In Home Industries, the prevalence of Press talk of an early imposition of a general tariff led to certain favourites, especially iron and steel shares, being marked up fractionally. No substantial public interest was evoked, however, and with the outlook at Westminster failing to take any more definite shape, the slight gains were mainly lost. This moderate rise and fall applied particularly to Courtaulds among rayons and to Leylands among motors. Electric supply shares ruled firm throughout. After a firm beginning, breweries were slightly easier on the reduction of Meux's dividend, and tobacco shares relapsed on the announcement of reduced profits by the Ardath Company.

The heavy liquidation of Royal Dutch on Thursday spread a sympathetic weakness through the oil list, and the rubber market was stagnant with the commodity remaining almost stationary. Tea shares were inclined to be firmer on the news of satisfactory prices for the Indian produce, but there was no great volume of business. In the mining markets conditions were mainly uninteresting, but Rio Tintos were inclined to be a weak feature, reacting to 12, and other copper shares were also affected, though in lesser degree, by a drop in the commodity to a new low record. In spite of Paris liquidation on Wednesday, Kaffirs have shown good resisting power, but tin shares reacted to a sharp fall in the market on Wednesday, which was produced by strong rumours of a hitch in the arrangements for the international pool, London Tin being an especially weak feature, Rhodesians were idle, the fluctuating course of "Chartered" being a fair indication of market conditions.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
September 22.

ACCOUNT.
September 24.

THE tone at the opening of the London Stock Exchange this week gave promise of far better conditions than actually obtained. On Monday a definitely more cheerful mood prevailed, the reasons being a feeling that, in boldly and honestly balancing the Budget, the National Government had achieved the first step in its task, and that Mr. Snowden's statement had satisfied opinion in foreign centres. British Government stocks responded to the better feeling and put on gains of over a point on Monday and Tuesday, 5 per cent. War Loan being an exception to the general movement owing to the tendency among investors to switch over to long-dated securities in view of the possibility of a comparatively early conversion operation. Unfortunately, the promise of the

"FINANCIAL NEWS" BARGAIN INDEX.

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

	Sept. 10, 1931.	Sept. 11, 1931.	Sept. 14, 1931.	Sept. 15, 1931.	Sept. 16, 1931.	Sept. 17, 1931.
Government and Municipal Loans	959	957	1,178	1,064	1,150	1,100
Transport, Communications, and Public Utilities	385	486	577	618	624	647
Commercial and Industrial Banks, Insurance and Finan- cial	1,148	908	1,197	1,096	1,259	1,343
Mines (including Nitrates) ...	303	266	362	336	374	438
Oil	281	352	364	382	408	478
Rubber, Tea and Coffee	58	53	109	90	73	128
	76	74	63	64	88	90
Total	3,210	3,096	3,870	3,650	3,946	4,163

* Including iron and steel and breweries.

(Continued on page 528.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.		Year 1931 Jan. 1 to Sept. 16 (Inclusive).		Name of Security.	Price Sept. 9, 1931.	Price Sept. 16, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Year 1931 Jan. 1 to Sept. 16 (Inclusive).		Name of Security.	Price Sept. 9, 1931.	Price Sept. 16, 1931.	Rise or Fall.	Present Yield.
High- est.	Low- est.	High- est.	Low- est.						High- est.	Low- est.	High- est.	Low- est.					
British Funds.																	
59 1/2	52 1/2	60 1/2	54 1/2	Consols 2 1/2%	56 1/2	57 1/2	+1	4 6 11	\$33 1/2	38 1/2	\$12 1/2	36 1/2	In. Ry. C. Am. No. par	\$6 1/2	\$5 1/2	-1	...
94 1/2	82 1/2	97 1/2	85 1/2	Consols 4%	68 1/2	69 1/2	+1	4 10 11	57 1/2	58 1/2	11 1/2	10 1/2	Leopoldville Ord. Stk.	12 1/2	12 1/2	...	...
83 1/2	74 1/2	85 1/2	76 1/2	Con. Loan 3 1/2%	78 1/2	79 1/2	+1	4 8 7	82 1/2	83 1/2	5 1/2	4 1/2	Do. 5 1/2% Cum. Prt. Stk.	24 1/2	24 1/2	...	...
103 1/2	93 1/2	104 1/2	96 1/2	Do. 4 1/2% 1940-44	97 1/2	98 1/2	+1	4 14 2	97 1/2	98 1/2	21 1/2	20 1/2	Nitrato Rya. (£10)	25 1/2	25 1/2	...	16 0 0
106 1/2	102 1/2	108 1/2	102 1/2	Do. 5% 1944-64	103 1/2	103 1/2	...	4 17 11	42 1/2	43 1/2	19 1/2	18 1/2	Paraguay Gen. D. Db.	24 1/2	24 1/2	...	27 15 0
96 1/2	85 1/2	97 1/2	88 1/2	Funding 4% 1960-90	91 1/2	92 1/2	+1	4 9 8	85 1/2	86 1/2	70 1/2	70 1/2	Salvador Ord. Stk.	70 1/2	70 1/2	...	...
106 1/2	98 1/2	102 1/2	98 1/2	Treasury 4 1/2% 1932-34	98 1/2	98 1/2	...	5 1 0	198 1/2	199 1/2	150 1/2	150 1/2	San Paulo Ord. Stk.	11 1/2	11 1/2	...	10 15 0
103 1/2	100 1/2	103 1/2	99 1/2	Treasury 5% 1933-35	100 1/2	99 1/2	-1	5 1 0	80 1/2	81 1/2	65 1/2	65 1/2	Tatari Ry. Ord. Stk.	25 1/2	25 1/2	...	24 0 0
97 1/2	91 1/2	98 1/2	91 1/2	Victory Bonds 4%	92 1/2	93 1/2	+1	4 5 7	26 1/2	27 1/2	9 1/2	9 1/2	Utd. Havana Ord. Stk.	4 1/2	4 1/2	...	...
104 1/2	104 1/2	104 1/2	104 1/2	War Loan 6% 1929-47	100 1/2	100 1/2	...	5 3 8	...	...	...	...	...	...	...	...	...
60 1/2	56 1/2	61 1/2	53 1/2	Local Loans 3%	65 1/2	66 1/2	+1	4 10 11	...	...	...	...	...	...	...	...	...
49 1/2	40 1/2	46 1/2	34 1/2	India 2 1/2%	38 1/2	39 1/2	...	6 9 10	...	...	...	...	...	...	...	...	...
58 1/2	47 1/2	55 1/2	44 1/2	Do. 3%	47 1/2	48 1/2	...	6 7 9	...	...	...	...	...	...	...	...	...
68 1/2	56 1/2	64 1/2	52 1/2	Do. 3 1/2%	54 1/2	55 1/2	-1	6 10 10	...	...	...	...	...	...	...	...	...
90 1/2	78 1/2	86 1/2	72 1/2	Do. 4 1/2% 1958-68	74 1/2	74 1/2	...	6 1 6	...	...	...	...	...	...	...	...	...
106 1/2	100 1/2	106 1/2	102 1/2	Do. 5%	102 1/2	103 1/2	+1	4 13 0	...	...	...	...	...	...	...	...	...
109 1/2	104 1/2	110 1/2	105 1/2	Do. 4 1/2% 1958-68	106 1/2	106 1/2	...	5 5 0	...	...	...	...	...	...	...	...	...
99 1/2	87 1/2	99 1/2	96 1/2	Do. 5%	96 1/2	96 1/2	...	4 15 6	...	...	...	...	...	...	...	...	...
Dom. & Colonial Govts.																	
85 1/2	76 1/2	80 1/2	61 1/2	Australia 5% 1945-75	72 1/2	73 1/2	-4	7 12 5	...	...	...	...	...	...	...	...	...
95 1/2	86 1/2	96 1/2	91 1/2	Canada 4% 1940-60	91 1/2	91 1/2	...	4 11 4	...	...	...	...	...	...	...	...	...
106 1/2	102 1/2	105 1/2	102 1/2	Ceylon 6% 1936-51	103 1/2	103 1/2	...	5 12 6	...	...	...	...	...	...	...	...	...
98 1/2	92 1/2	101 1/2	97 1/2	Gold Coast 4 1/2% 1956-60	98 1/2	98 1/2	...	4 14 2	...	...	...	...	...	...	...	...	...
105 1/2	99 1/2	105 1/2	101 1/2	Kenya 5% 1948-58	103 1/2	103 1/2	...	4 16 5	...	...	...	...	...	...	...	...	...
105 1/2	101 1/2	104 1/2	101 1/2	Nigeria 5% 1950-60	101 1/2	102 1/2	+1	4 17 0	...	...	...	...	...	...	...	...	...
92 1/2	70 1/2	72 1/2	46 1/2	N.S. Wales 5% 35-55	61 1/2	60 1/2	-1	9 2 0	...	...	...	...	...	...	...	...	...
105 1/2	99 1/2	102 1/2	98 1/2	N. Zealand 5% 1946-50	98 1/2	96 1/2	-2	5 9 0	...	...	...	...	...	...	...	...	...
95 1/2	79 1/2	85 1/2	68 1/2	Queensland 5% 40-60	65 1/2	65 1/2	...	8 4 7	...	...	...	...	...	...	...	...	...
104 1/2	99 1/2	105 1/2	95 1/2	S. Africa 5% 1945-75	102 1/2	103 1/2	+1	4 17 0	...	...	...	...	...	...	...	...	...
93 1/2	83 1/2	100 1/2	97 1/2	Star. Set. 4 1/2% 35-45	99 1/2	99 1/2	...	4 16 1	...	...	...	...	...	...	...	...	...
Foreign Governments.																	
105 1/2	100 1/2	105 1/2	100 1/2	Argentina 4% Reclm.	65 1/2	60 1/2	-5	8 19 0	...	...	...	...	...	...	...	...	...
96 1/2	89 1/2	98 1/2	85 1/2	Austria 6% 1923-43	101 1/2	101 1/2	...	6 0 0	...	...	...	...	...	...	...	...	...
61 1/2	51 1/2	56 1/2	33 1/2	Do. 7% Int. 1923-43	75 1/2	65 1/2	-10	10 18 9	...	...	...	...	...	...	...	...	...
113 1/2	106 1/2	112 1/2	104 1/2	B. Aires (Prov.) 3 1/2%	36 1/2	33 1/2	-3	10 12 3	...	...	...	...	...	...	...	...	...
92 1/2	74 1/2	83 1/2	43 1/2	Belgian 7% Loan ...	50 1/2	44 1/2	-6	16 17 0	...	...	...	...	...	...	...	...	...
94 1/2	64 1/2	75 1/2	40 1/2	Brazil 5% Fund, 1914	57 1/2	57 1/2	...	8 17 6	...	...	...	...	...	...	...	...	...
94 1/2	64 1/2	75 1/2	40 1/2	Do. 6% (1927)	44 1/2	44 1/2	...	14 9 0	...	...	...	...	...	...	...	...	...
99 1/2	79 1/2	94 1/2	27 1/2	Chili 6% (1929)	30 1/2	30 1/2	...	12 6 9	...	...	...	...	...	...	...	...	...
95 1/2	27 1/2	52 1/2	39 1/2	China 5% (1912)	43 1/2	40 1/2	...	7 12 0	...	...	...	...	...	...	...	...	...
69 1/2	54 1/2	70 1/2	62 1/2	Do. 5% (1913)	65 1/2	65 1/2	...	7 12 0	...	...	...	...	...	...	...	...	...
115 1/2	109 1/2	113 1/2	107 1/2	Czechoslovakia 8%	108 1/2	108 1/2	...	7 7 0	...	...	...	...	...	...	...	...	...
82 1/2	78 1/2	86 1/2	79 1/2	Danish 3%	84 1/2	84 1/2	...	3 11 6	...	...	...	...	...	...	...	...	...
96 1/2	81 1/2	87 1/2	78 1/2	Danish 5%	80 1/2	80 1/2	...	8 0 0	...	...	...	...	...	...	...	...	...
80 1/2	74 1/2	78 1/2	70 1/2	Egypt 7% 1927	73 1/2	71 1/2	-1	5 13 6	...	...	...	...	...	...	...	...	...
104 1/2	91 1/2	96 1/2	80 1/2	Estonia 7% 1927	53 1/2	53 1/2	...	13 4 3	...	...	...	...	...	...	...	...	...
104 1/2	91 1/2	96 1/2	80 1/2	Finland 6% 1923	80 1/2	80 1/2	...	7 10 0	...	...	...	...	...	...	...	...	...
21 1/2	19 1/2	21 1/2	20 1/2	French 4% (British)	21 1/2	21 1/2	...	3 15 0	...	...	...	...	...	...	...	...	...
21 1/2	20 1/2	20 1/2	20 1/2	Do. 5%	21 1/2	21 1/2	...	4 12 6	...	...	...	...	...	...	...	...	...
109 1/2	99 1/2	106 1/2	65 1/2	German 7%	77 1/2	69 1/2	-8	10 1 6	...	...	...	...	...	...	...	...	...
90 1/2	68 1/2	81 1/2	42 1/2	Do. 5 1/2% Stg. Bds. 1930	52 1/2	45 1/2	-7	12 1 9	...	...	...	...	...	...	...	...	...
93 1/2	86 1/2	93 1/2	72 1/2	Greek 6% Stab. Ld.	84 1/2	76 1/2	-8	8 1 2	...	...	...	...	...	...	...	...	...
100 1/2	100 1/2	104 1/2	93 1/2	Do. 7% Refugees	99 1/2	94 1/2	-4	7 11 3	...	...	...	...	...	...	...	...	...
104 1/2	98 1/2	103 1/2	62 1/2	Hungary 6%	73 1/2	65 1/2	-8	11 10 9	...	...	...	...	...	...	...	...	...
96 1/2	91 1/2	101 1/2	92 1/2	Japanese 5% 1935-65	97 1/2	98 1/2	...	5 12 9	...	...	...	...	...	...	...	...	...
102 1/2	98 1/2	105 1/2	98 1/2	Do. 6% (1924)	101 1/2	101 1/2	...	5 18 0	...	...	...	...	...	...	...	...	...
96 1/2	82 1/2	91 1/2	91 1/2	Mexican 5% (1899)	5 1/2	5 1/2	...	4 6 6	...	...	...	...	...	...	...	...	...
106 1/2	82 1/2	83 1/2	59 1/2	Norwegian 4% 1911	95 1/2	92 1/2	-3	4 6 6	...	...	...	...	...	...	...	...	...
92 1/2	77 1/2	86 1/2	65 1/2	Peru 7% 1922	67 1/2	67 1/2	...	12 10 0	...	...	...	...	...	...	...	...	...
107 1/2	101 1/2	104 1/2	89 1/2	Poland 7%	101 1/2	101 1/2	...	6 2 0	...	...	...	...	...	...	...	...	...
88 1/2	77 1/2	89 1/2	82 1/2	Siam 6% 1934-64	85 1/2	82 1/2	-2	4 4 10	...	...	...	...	...	...	...	...	...
96 1/2	61 1/2	76 1/2	44 1/2	Sweden 3 1/2% 1908	47 1/2	46 1/2	-1	15 15 9	...	...	...	...	...	...	...	...	...
19 1/2	7 1/2	10 1/2	4 1/2	S. Paulo Coffee 7%	6 1/2	6 1/2	...	1 15 5	...	...	...	...	...	...	...	...	...
89 1/2	75 1/2	80 1/2	45 1/2	Turkish 4% United	6 1/2	6 1/2	...	10 0 0	...	...	...	...	...	...	...	...	...
Uruguay 5% 1919																	
Corporation Stocks.																	
106 1/2	94 1/2	107 1/2	38 1/2	Berlin 6% 1932-57	50 1/2	40 1/2	-10	15 0 0	...	...	...	...	...	...	...	...	...
106 1/2	99 1/2	107 1/2	101 1/2	Birmingham 5% 1946-56	101 1/2	102 1/2	+1	4 16 2	...	...	...	...	...	...	...	...	...

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Sept. 9, 1931.	Price, Sept. 16, 1931.
De Beers 54% Ster. deb.	...	...	90-95	90-95
Fife County Council 44% 1951-61	...	...	97½-97½	97½-97½
Great Universal Stores Ord. (5/-)	21	ty. pd.	15/5-16/3	14-18
Great Universal Stores Pref.	21	ty. pd.	18/-19/-	18½-19/6
India 6% 1933-34	100	ty. pd.	96-97½	96-97½
Jones (Peter) 6% deb	97½	ty. pd.	93-97	93-97
Middlesex 4½ 1950-70	101	61	3½-2½ dis	3½-2½ dis
New Zealand 5% 1932-34	99	ty. pd.	96½-97½	96½-97½
Odhams Press 7% (B) deb.	98	ty. pd.	102-104	102-104
Odhams Corp'n 6% deb.	100	75	7-3 dis	11-8 dis
Primitive Holdings 6% Red. pref	91	6/-	par-6½	par-6½ pm
Rhokans Corp. 7% deb.	100	50	5 dis-5 pm	5 dis-5 pm
Tanganyika 4½ Guar. 1951-71	94½	ty. pd.	88½-89½	88½-89½
Telephone and Gen. Trust 7% Pref.	21/-	15/-	3d dis 3d 3d pm	3d. dis 3d. 3d pm
Waisali Corp. 4½ 1950-60	100	55	31-32 dis	22-24 dis
Woodworth (P. W.) Ord. (5/-)	82	ty. pd.	41½-42½	43½-44½
Woodworth (P. W.) 5% Cum. Pref. £1	£1	£1	20/7½-20/10½	20/4-20/7½

(Continued from page 525.)

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 2.)	Sept. 10, 1931.	Sept. 11, 1931.	Sept. 14, 1931.	Sept. 15, 1931.	Sept. 16, 1931.	Sept. 17, 1931.
72.3	54.2	54.6	54.4	55.5	56.3	55.8	54.7

FOREIGN STOCK EXCHANGES.

NEW YORK.

THE New York stock markets experienced a week of persistent declines and unrelieved gloom. The week-end accumulation of selling orders took many quotations below the previous lowest of the depression, and minor rallies on bear covering failed to arrest the downward trend for any appreciable time. Business circles are inclined to take a fatalistic view of the future, the lack of any constructive programme for the restoration of confidence suggesting that until the trade cycle takes an upward turn of its own accord, there can be little place for optimism. Numerous fresh companies, including Western Electric, report cuts in or postponement of their quarterly dividends, while Pennsylvania Railroad and Westinghouse have again touched new low levels. Copper was quoted on Tuesday at 7½ cents per pound, a low record for all time, while the increasing output from the East Texas field suggests that it will be found impossible to maintain oil prices at their present level. The weekly decline in freight car loadings continues, while steel mill operations were reported this week at 30 per cent. of capacity. A noticeable feature of the selling wave was liquidation credited to be on behalf of small banks which have recently failed. Bank shares bore their full portion of the general weakness. Money was again plentiful in a saturated call market.

	Sept. 5, 1931.	Sept. 10, 1931.	Sept. 15, 1931.		Sept. 5, 1931.	Sept. 10, 1931.	Sept. 15, 1931.
U.S. 3½% T. Bds.....	106½	105½	105	Natl. Biscuit	47½	47½	46½
Lo. Lb. 3½% '32-47 ..	102½	102½	102½	Phillips Dodge	11½	10½	9
Do. 4½% '32-47	102½	102½	102½	Fullman	29	27	25½
Do. 4½% '33-38	104½	104½	104½	Sears-Roebuck	54½	51½	49½
				Studebaker	16	15½	14
Atchison	132½	127	115½	Un. Fruit	52	49	46
Chas. & Ohio	36	34	29½	U.S. Leather	4½	4	3½
Do. 4½%	36	34	31	Robb	10½	11	11
Blanca Central	35	30	29	U.S. Steel	83½	80	80½
N.Y. Central	65	62	62½	Westinghouse	57½	53½	49½
Pennsylvania	36½	34	33	Woolworth	67	63½	62
Southern Pacific	70	67	63½				
Southern Ry.	22	20	18½				
Union Pacific	136	132½	121				
				Am. Tel. & Tg.	168	163½	154½
				Interboro R.T.	204	165	117½
				Int. Tel. Telg.	23	23½	21
				Racine	18	17	16½
				Utilities P. & L. ...	23	21½	15½
				W. Union Tg.	109½	104½	99
Am. Can.	88½	88½	87½	Associated Gen "A" ..	11½	10	8½
Amr. Smelting ...	29½	28	25½	Pan. Amer. B.	26	26	25
Anaconda	23½	21½	18½	Shell	12	10	10½
Bethlehem Steel ..	36½	36	36	Union Carb.	24	8	8
Chrysler Motor ...	20½	18	17½	Standard Oil	9	9	9
Corn Products Ed. ..	59½	59½	58½	Sid. California	39½	36½	35½
Eastman Kodak	136½	131½	125	Do. N.J.	39	36½	35
Gen. Electric (New) ..	39	36	34½				
Gen. Motors	34	31½	32				
Int. Harvester	36½	33½	29				
Montg. Ward	19½	17	15½				

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

AMSTERDAM.

The past month has distinguished itself by being the most exciting since the crisis made its appearance in October, 1929. Unprecedentedly low levels were recorded on all sides, and in many quarters there was talk of partly or wholly closing the exchange, with a view to averting a catastrophe. The occurrences in Germany and England were not the sole causes which led to the weak tendency on the Amsterdam market. The manipulations of an international group of bear operators who not only attacked Kreuger and Toll shares, but also brought down Royal Dutch shares 10 per cent. and more at a time, proved an important factor. Exchange opinion is that the interim dividend of Royal Dutch will be down to 5 per cent. Considerable selling pressure developed from Switzerland, while the Dutch East Indies, where the effects of the slump are now making themselves felt sharply, came on the market with big offers, especially in plantation shares. Sugar, rubber and tobacco shares suffered severe losses as a consequence. Mr Snowden's Budget speech had a reassuring effect, but a fresh setback occurred subsequently. Unilever shares dropped to 115, but recovered afterwards on rumours that an interim dividend of 4 per cent. would be declared. AKU's were well maintained on satisfactory business reports. Bank shares were weak, while shipping shares also declined sharply. Shares in the Holland-America Line dropped to 2½, and the 6 per cent. bonds to 35.

	July 14, 1931.	Aug. 14, 1931.	Sept. 15, 1931.	July 14, 1931.	Aug. 14, 1931.	Sept. 15, 1931.
4½ Gov. Bds. 1918	103½	102½	101½	Algem Explor....	85½	81½
4% Bonds, 1916...	102½	102½	101½	Antem	242	219
4% Bonds East				Ned. Ind. Gas....	229½	202½
Indies	99½	98½	96½			197½
4½% Amsterdam,				Royal Dutch	207	197½
7½/13/1914	102½	101	99½	Amsterdam Rub'r	84½	69½
4½% Rotterdam,				Deli Batavia	37½	33
1830	101½	100½	99	Hest Java	111	92
Amsterd Bank	162½	158½	112	Henn Rubber....	60	41
Koloniale Bank ...	110	99½	68	Serbadij Sam-		
Ned. Ind. Handels-				stree	47½	34
bank	107x	99½	78	Allied Sumatra ...	41	50
Neth. Trading Soc.	127x	120	87			
Rotterdam Bank...		97½	70	Holland Amer.		
Van Berkele Pat...	41½	35	25½	Line	11½	9½
Central Sugar...	35½	28	18	Royal Packet...	139	135½
Shipbuilding Wil-				Neth. Shipping U.	112½	106
ton	47	19½	21½	Navigation "Ned-		
Dutch Art. Silk...	76	76	76	erland"	120½	107½
Unilever	166	148½	123	Royal Steamship.	40x	50½
Knechtnest Co.	43	14½	7	Java Ocean Japan		
General Art. Silk...	61½	59½	44	Line	46	37½
Dutch Ford	275	249	199	Vorstenslanden ...	79½	78
Philipp. Elect. Lamp	105	80½	62	Trading Co. Am-		
Swedish Match	185½	174	123	sterdam	322	276½
Kreuger & Toll...	355	327	198	Java Plantations.	248	197
				Neth. India Sugar	136	117
Intern. Cred. Trad.	190½	163	140	Besooki		268
Bedjang Leong...	115	100	64	Deli Batavia	206½	172½
Singap. Tin	114	104½	80	Dell	236	214
Botton	30	28½	23	Semabeh	262	245

• By dividend.

INVESTMENT NOTES.

War Loan Conversion.—The immediate effect of the Supplementary Budget on the Stock Exchange was to cause selling of 5 per cent. War Loan and buying of the long-dated British Government stocks. Second thoughts, arising out of the uncertainties of the political situation and the instability of the exchanges, have brought about a reaction in the long-dated stocks and a further fall in 5 per cent. War Loan. Regarding the projected conversion of that loan, the market is now in possession of fuller information as a result of Mr Snowden's statement in the House of Commons on Wednesday, when he introduced the Financial Resolution giving certain powers to the Treasury and amending the law relating to the National Debt. The main provisions of the Resolution are as follows:—(1) That in the event of 5 per cent. War Loan 1929-47 becoming repayable, holdings in that loan may, unless application is made for repayment in cash, be continued subject to a reduction in the rate of interest and modifications in the terms of repayment. (2) That the Treasury shall have power to issue securities subject to the condition that income tax will not be deducted from the interest thereof, and that in certain cases the capital as well as interest will be free from taxation. (3) That the permanent annual charge in respect of the National Debt for each of the financial years ending March 31st, 1932, and 1933, shall be reduced to £322,000,000. Under the original prospectus of the 5 per cent. War Loan, the Government had the right to redeem the loan at any time after 1929 by giving three months' notice. Under the new Finance Bill, a longer period of notice can be given, and holdings can be converted automatically into the new loan, bearing a different rate of interest and carrying different terms of redemption, unless the holders inform the Bank of England in writing that they do not wish to convert. There is to be no element of compulsion in the conversion offer, but the new powers are designed to facilitate conversion when the right opportunity arrives. Mr Snowden explained on Wednesday that the Government would not consider a conversion scheme unless the effect of it would be to bring a very substantial sum by way of benefit to the Exchequer in the form of a lower rate of interest. There are two interesting points about the powers which the Treasury are seeking. In the first place, the Treasury is to be authorised to continue the practice which applies to the existing War Loan of not deducting income tax at source. This is a valuable provision for the small domestic investor. Secondly, the Treasury is to be empowered to issue stock free of tax on capital as well as interest. This primarily applies to the foreign holdings of War Loan, which Mr Snowden said were very considerable. It may also be construed as applying to the banks and financial houses in this country who are liable to tax on capital profits when their War Loan holdings are redeemed at par. Replying to a question by Mr Pethick Lawrence, Mr Snowden stated that it might be found desirable in a conversion operation which might extend over a great many months to offer a bonus to those who would convert in the earlier stages. This again seems to hold out promise of a strong inducement to our big financial institutions to support the conversion scheme. Mr Snowden ended his statement by remarking that the Government was anxious to reduce the interest on this huge block of debt which was now carrying interest at a rate higher than any other Government stock. According to figures which he had prepared some time ago, the interest on Government stock, apart from War Loan, averaged about 8½ per cent. Mr Snowden should not, however, overlook the point that from the point of view of the investor, it is the yield that counts and not the rate of interest. If long-dated Government stocks fell in market value, so as to return a yield equal to the £5 ls. 6d. per cent. now obtainable on 5 per cent. War Loan, there would be just as much reason to ask all holders of Government debt to accept a lower rate of interest as to demand it of 5 per cent. War Loan holders.

The Outlook for "Kaffirs."—The market for South African gold-mining shares has provided the only firm feature of the Stock Exchange during recent months, for reasons which have lately received much publicity—namely, the stable price of gold in face of falling commodity values and the consequent lowering of production costs. Gold mines, moreover, are outside the direct orbit of European political and economic disturbances such as have affected the earning power and outlook of almost all other industries, while Kaffir dividends are not subject to the full rate of British income tax. Since, also, high taxation is the incentive for speculation as well as for investment in tax-relieved securities, most factors have been in favour of the increased activity which the Kaffir market is now enjoying. The index for all securities (*Investors' Chronicle*) has fallen in the two months July and August by 10.6 per cent., that for Gilt-edged by 3.6 per cent., "All-Business" by 10.8 per cent., and "All-Speculative" by 15 per cent. Gold mines, which are included in the last-named, show a fall of only 4.1 per cent., and much of this may be attributed to the fact that Kaffirs—the mainstay of the gold-mining section—have gone "ex" the half-yearly dividends during the period in question. Kaffirs have, in fact, advanced steadily and considerably against the receding tide of general security values. The following list is representative of the movement over the twelve weeks from June 30th last to date:—

	Price, June 30, 1931.	Net x.d. since.	Price, Sept. 15, 1931.	Gross Rise.
	s. d.	s. d.	s. d.	s. d.
Crowns	85 7½	3 0	91 3	8 7½
Daggafontein	46 10½	...	54 4½	7 6
East Geduld	55 0	...	58 1½	3 1½
East Rand	11 3	...	14 0	2 9
Geduld	81 3	2 10½	83 1½	4 9
Govt. Areas	32 6	2 0	31 3	0 9
Langlaagte	26 0	1 9	24 3	...
New Modder	63 1½	5 3	48 9	9 1½ (net fall)
New State Areas ...	43 1½	1 9	46 3	4 10½
Randfontein	20 10½	...	26 3	5 4½
Rob. Deep "B" ...	9 7½	0 4	9 6	0 2½
Springs	62 6	3 3	64 4½	5 1½
Sub-Nigel	59 4½	2 7½	63 1½	6 4½
West Rand	9 6	...	11 0	1 6
West Springs	10 9	0 7½	12 3	2 1½

Although the advance has already made considerable progress, the possibilities of further appreciation are by no means exhausted. Advantage has been taken by the mines of a plentiful native labour supply to increase development programmes at the expense of current, but to the advantage of future profits. Costs have, therefore, not shown the expected reduction, and the June half-yearly dividends disappointed the most sanguine optimists. Nevertheless, the public is apparently beginning to appreciate the advantages offered by sound Kaffirs as speculative investments.

White Star Line.—The accounts of this once prosperous shipping company, belatedly issued for the year ended December 31st last, reveal a parlous state of affairs. Profit from the year's operations, together with interest and dividends received, totals £154,784, against £437,627. No provision has been made for depreciation. After



SECURITY FIRST

**Total Funds :
£41,373,928**

**ALL CLASSES OF
INSURANCE
TRANSACTIONED**

Head Offices:
LIVERPOOL and LONDON.

deduction of expenses, there remains a net loss of £108,555. No dividend has been received from Oceanic Steam Navigation, which records an operating loss of £211,183 after crediting profit on the sale of a ship. The dividend on the 6½ per cent. preference shares was duly paid last year under the terms of the Royal Mail Steam Packet's guarantee. The dividend for the current year remains outstanding. The directors "recognise that the book value of the fleet is in excess of present-day values and that the value of the shares in subsidiary and associated steamship companies is substantially in excess of their real value."

Year to December 31.	1928.	1929.	1930.
Profits after depreciation	508,645	437,627	154,784*
Interest	148,811	162,401	253,782
General expenses	7,804	4,681	9,558
Earned for dividend.....	355,030	270,545	Dr108,555
Preference dividend.....	260,000	260,000	Nil
Ordinary dividend :—			
Earned %	11.9	1.05	Nil
Paid %	6	Nil	Nil
Expenses written off	31,262	...	...
Inc. or dec. in carry-forward.....	+15,767	+10,545	-108,555

* Before depreciation.

The company's liabilities, current and accruing, are still enormous. The balance on the purchase price of the Australian Commonwealth line vessels, which is payable by eight annual instalments of £165,000 each, stands at £1,340,502. The balance on the purchase price of shares of the Oceanic Steam Navigation Company payable to the Royal Mail in December, 1936, totals £2,350,000. The balance of the purchase price of shares in Shaw, Savill and Albion has been reduced to £300,000. On the assets side there is due to the company £1,100,550 from shareholders in respect of calls on shares, with regard to the collection of which the auditors have thought fit to append a reference in their report. Debtors account for £23,046, while £356,495 is due from Oceanic Steam Navigation. A committee of preference shareholders was set up in February last to protect their interests. In the meantime, the market has given its opinion of the value of a structure based on a system of interlocking guarantees by financially weak companies, by writing down the £1 6½ per cent. preference shares from a high level in 1929 of 23s. to the present price of 3s.

Crosses and Winkworth Amalgamation.—With the intensification of difficulties in trading consequent on the continued depression in the cotton trade, the directors of Crosses and Winkworth have now agreed with Crosses and Heaton's Associated Mills as to a scheme of amalgamation. Crosses and Winkworth hold all the shares in the capital of Crosses and Heaton, on 906,093 of which shares there is a liability of 12s. per share. The amount of the stock outstanding is £1,424,549, the interest being in arrears as from March 1st last; while debentures to the amount of £600,000 have been issued to the Midland Bank as security for the indebtedness of the company and its subsidiaries. The proposed new company will create £1,424,549 6 per cent. debenture stock, which will be secured by specific charge upon the present fixed assets of Crosses and Heaton's, and will be issued to the present Heaton debenture holders in substitution for their present stock. A series of debentures for £600,000 will also be issued, to be held by Midland Bank, Limited, or their nominees, and secured by a specific charge on the present fixed assets of Crosses and Winkworth. The scheme provides for the creation of a further floating charge on the whole of the assets of the amalgamated company, the benefit of which is to accrue as to three-sevenths to the Heaton debenture holders and four-sevenths to the Midland Bank. Bank interest and charges are to be made payable whether profits are made or not. Subject to such payment, the remaining profits of the company are to be used in paying the accrued interest on the present Heaton debenture stock outstanding at the date of new issue; in paying the

interest on the new Heaton debenture stock and any arrears, and in providing a new cumulative sinking fund of 1 per cent. per annum on the original amount of the new Heaton debenture stock. The amalgamated company is also to place to a special reserve account all surplus profits until they amount to two years' interest on the outstanding Heaton debenture stock. This account is to be maintained at a figure equal to two years' interest, which, though it may be used in business, cannot, at any time, be resorted to by shareholders for dividend purposes. Any further profits will be available for distribution to shareholders, or otherwise as the board thinks fit; but the amalgamated company is to have the right to augment the Heaton debenture sinking fund out of such profits. The maximum limit of the bank overdraft is to remain at £600,000 until June 30, 1932, when it will be reduced to £590,000, and thereafter by minimum half-yearly reductions of £15,000.

Port of London Authority.—When the total values of imports and exports through most British ports were showing ominous signs of contraction the figures of the Port of London continued to bear witness to steady if slight expansion. The difficulties of the present industrial position, however, are now becoming evident, and stockholders can scarcely be surprised to learn from Lord Ritchie, the chairman of the board, that "the business of the whole country is now in a critical condition, and this is bound to be reflected in the trade of the Port of London." The latest report of the board shows a falling-off in the figures under most headings, and, although the board have accomplished a great deal by way of economies in working expenses, it is their intention to take still further steps. The net register and deck cargo tonnage of shipping liable to river tonnage dues, inwards and outwards, during the year ended March 31, 1931, totalled 42,258,020 tons, compared with 43,138,737 tons for the previous year, a decrease of 880,717 tons, composed of 301,766 tons in the foreign and 578,951 tons in the coastwise trade. Of the total, 25,997,889 tons used the wet docks—a decrease of 483,218 tons. The shipping entering the dry docks of the Authority was 3,471,539 tons, an increase of 48,651 tons. The total revenue for the year was £5,828,658, the total expenditure £4,463,606, and the interest on Port stock and other charges £1,404,783, leaving a deficit of £39,781. The sum of £520,632 has been brought forward and some £480,901, consequently, is carried forward. During the year the Authority landed or received 2,808,367 tons of import goods for warehousing or for immediate delivery—an increase of 1,434 tons on the tonnage dealt with in the preceding year. The stocks of goods in the warehouses directly controlled by the Authority at the end of March, 1931, amounted to 621,326 tons, compared with the 645,036 tons at the corresponding time last year. Export traffic handled on the dock quays showed a fall of 154,000 tons on the year, the total number of tons being 578,449, against 732,455 for the preceding year. In considering this all-round decrease in the workings of the year it is well to remember that the Port of London shows only the second smallest decrease in imports and exports of the six principal ports of Great Britain: Liverpool, Manchester and Southampton having a far greater percentage decrease on the 1929 figures.

D. Gestetner.—This small but hitherto markedly successful company (which manufactures duplicating machines) suffered a setback in 1930-31. The profit of the parent company fell only from £151,871 to £110,445—not an unsatisfactory result in the circumstances—but no less than £75,000 had to be set aside for the losses of the American subsidiary. By what in retrospect must be accounted an error of judgment, the company was committed to expenditure on an intensive sales campaign in America at the time when the trade depression came on. A sum of £20,000 was allocated to contingency reserve a year ago to cover losses in America, so that the American venture appears to have cost £95,000 in two years. All

the other subsidiaries have made profits, for which no credit is taken in the parent accounts; they appear to have paid no dividends this year. The dividend on the ordinary shares has been cut from 25 per cent. to 5 per cent., and, even so, has to be met almost entirely by a draft on the carry-forward. No allocation to general reserves has been made:—

Years ended August 31.	1929.	1930.	1931.
Profit	147,201	151,871	110,445
To income tax reserve	...	10,000	10,000
To contingency reserve.....	...	20,000	...
Provision for loss on subsidiary...	...	...	75,000
Preference dividend.....	10,208	24,500	24,500
Ordinary { Earned	42.1%	29.9%	0.3%
Paid	25%	25%	5%
Amount of dividend...	81,250	81,250	16,250
To pension fund.....	5,000	1,000	...
To general reserve	75,000	15,000	...
Inc. or dec. in carry-forward	-24,257	+121	-15,305

The balance sheet, which is strong, shows no important changes. A cash holding of £197,937 against outside liabilities of £25,115 only and no debentures is impressive. The general reserve and the carry-forward together total £104,935, and patents and goodwill stand at £1. The company's accounting methods are commendably scrupulous, evidently permitting no unseen losses to accumulate. This asset, and the fact that it manufactures the type of "twentieth-century" article which will become more and more important in world trade, must be set off against an undeniably poor year's figure.

Second Alliance Trust.—In a year which has been so frequently marred by interest defaults and dividend reductions, the net profit of £104,753 earned by this well-known pre-war investment trust cannot be considered unsatisfactory. Gross income actually shows an advance of £1,715 at £215,790, but as a result of increased expenditure the net figure is down by £7,297. Preference dividend absorbs £24,412, while the ordinary dividend, maintained at 22 per cent., is still amply covered by earnings. A further £20,000 is transferred to the contingency reserve fund, while debenture issue expenses take £779. The carry-forward remains practically unchanged at £11,031.

Year to June 30.	1929.	1930.	1931.
Income	193,142	214,075	215,790
Expenditure.....	94,836	102,025	111,037
Net profit	99,306	112,050	104,753
Brought forward	8,184	9,012	11,145
Preference dividend	20,180	22,970	24,412
No. of times covered.....	4.9	4.8	4.3
Ordinary dividend :—			
Amount.....	47,087	56,149	59,676
Earned %	35.3	34.9	29.6
Paid %	21	22*	22
Reserve.....	30,000	30,000	20,000
Expenses written off.....	1,211	798	779
Carried forward	9,012	11,145	11,031

* Plus capital bonus of 20 per cent.

The company's holdings in bonds and stocks at the close of the year represented approximately 96 per cent. of its invested funds, and were spread over 841 different investments, compared with 803 last year. The report states that a valuation of these investments, which appear in the balance sheet at £3,497,494, at July 31st last showed a depreciation of 11½ per cent., which is more than covered, however, by the available reserve fund of £555,000. At the latest available price of 460, the ordinary stock yields £4 18s. per cent., allowing for the final dividend of 11 per cent.

Hawthorn Leslie.—In view of adverse conditions, the maintenance of the profits of this Tyneside firm of ship-builders and engineers, for the year to June 30th last, is a welcome achievement. The balance for the year, after debiting depreciation and including income from the £714,865 of British and Colonial Government securities and the £55,274 of other investments, amounts to £42,497, compared with £44,057. The 5 per cent. dividend on the ordinary shares is practically covered by earnings:—

	1929.	1930.	1931.
Profit	32,442	44,057	42,497
Directors' fees	...	1,700	1,600
Leasehold redemption	937	937	937
Debenture interest	4,888	4,618	4,562
Net profit	26,617	36,802	35,398
Brought forward	16,093	17,631	18,606
Ordinary dividend :—			
Amount	25,079	35,828	35,828
Earned %	3.8	5.2	5.0
Paid %	3.5	5	5
Carried forward	17,631	18,606	18,176

The balance sheet position is strong, and the company should be well equipped to weather the industrial storm. In these days shareholders in an operating company who can count on 4 or 5 per cent. by way of income from their company's investments, apart from trading results, may consider themselves fortunate. The price of the ordinary shares has been relatively well maintained, the present quotation of 18s. 9d. comparing with a highest for the year of 15s. The yield is approximately £7 17s. per cent., allowing for the dividend.

Whitworth and Mitchell.—A note of optimism is struck by the chairman of this Manchester textile manufacturing company in the report circulated with the accounts to June 30th last. Trading profit is practically maintained at £224,739, the decline in net profit from £188,414 to £175,756 being due entirely to increased provision for income tax:—

	1929.	1930.	1931.
Trading profit	211,083	226,906	224,739
Other income	7,182	4,952	7,932
Expenditure	50,339	43,444	56,915
Net profit	167,925	188,414	175,756
Brought forward	...	16,414	29,202
Preference dividend.....	21,011	30,000	30,000
No. of times covered	...	7.3	7.3
Ordinary dividend :—			
Amount	95,500	95,625	95,625
Earned per cent.	33.8	37.2	34.3
Paid per cent.	22	22.5	22.5
Reserve	35,000	50,000	50,000
Carried forward	16,414	29,202	29,333

The balance sheet reveals a strong liquid position, and the chairman's report emphasises in some detail the sound basis on which the company's fortunes rest. The investment in Avon Silk Mills is stated to have proved invaluable for experimental purposes. The parent company's

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd.," 8, Boulevard Street, E.C.4.

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

Name.....

Address.....

trading last year created a new record so far as yardage turnover was concerned, though, owing to lower prices, the total value of sales showed some contraction. At 46s. 3d. the £1 ordinary shares yield £10 8s. per cent., allowing for the final dividend of 15 per cent.

Selfridge Provincial Stores.—The subsidiary companies of this concern showed decreased profits during the past year, and the parent company received only £151,028 in dividends as compared with £228,216 in 1930. Net profit was £66,255 lower at £96,719. The dividend on the ordinary shares was reduced to 2½ per cent., and £30,000 was written off preliminary expenses, which now stand at £50,000. Last year's contribution of £10,000 from Selfridge and Company was not repeated. The results of the past three years are shown in the following table:—

Year ended.	Aug. 31, 1929.	Aug. 30, 1930.	Aug. 31, 1931.
Net profit	£ 167,439	£ 162,974	£ 96,719
Ordinary dividend:			
Amount	168,000	162,750	58,125
Paid %	7	7	2½
Earned %	6.97	7.01	4.16
Written off preliminary expenses	...	10,000*	30,000
Inc. or dec. in carry-forward	—561	+224	+8,594

* Contributed by Selfridge & Co., Ltd.

The outstanding feature of the balance sheet is the repayment of the bank overdraft of £94,000 made possible by the reduction of £95,982 in the item "dividend declared but not received." Loans from subsidiaries rose by £2,288 to £165,678, while loans to subsidiaries rose by £5,820 to £76,790, and cash £32,396 to £38,668. Consequently, the excess of current liabilities over liquid assets decreased by £24,830 to £60,270. The ordinary capital is secured by net tangible assets of 21s. 8d. per £1 share fully paid, and at their present price of 5s. these shares yield £11 2s. 2d. per cent. per £1 share.

Rio Tinto.—Having regard to the course of the company's products, especially copper, it was a foregone conclusion that this enterprise would be unable to maintain even the reduced dividend rate of 1930. In some quarters no more than a cut was looked for; in others, the opinion was confidently held that the company would not be able to make any interim distribution at all. The last-named opinion proved only too accurate. Indeed, the position indicated in an explanatory circular issued by the directors exceeded the worst anticipations. The trading profit for the half-year is estimated at about £250,000, as against a million for the whole of 1930. Provision has to be made for a full half-year's service on the debenture issue, and the preference dividend will be met; but there is to be no distribution on the ordinary. A development not reckoned upon by outsiders consists in the fresh exactions of the Spanish authorities. Provisional payments had been made "on computations considered reasonable" in respect of additional taxes covering the years 1923-25. Now, after the lapse of eight years, a final liquidation has been demanded on arbitrary bases. Past and present taxes total no less than £760,000. Of this, £465,600 has been drawn from suspense accounts and other advance provisions, and £141,400 has been charged to current revenue. Liquidation of the balance with any further claims is to be spread over future years. The directors give a relatively favourable account of the operations of the pyrites subsidiaries, and describe the measures taken to deal with the labour position in Spain. Curiously, they make no specific reference to the slump in copper, but they do make the significant admission that the copper content of the ore in the Tinto mine is gradually falling. Hence, partly, the decision to become interested in Northern Rhodesia. Realising, from correspondence, that many of the proprietors do not know what the Rhokana Corporation is, the Tinto directors, in a separate circular, set out the history and position of that undertaking. Unfortunately for those interested, astronomical figures

of ore reserves now count for little, and depreciation of disastrous extent has occurred upon those as well as all the other holdings. Altogether it looks as though the second half of the current year is likely to be no more profitable than the first. Rio Tinto debentures, issued in March last year at 91½, are now quoted at 67 nominal. The £5 preference shares stand at about £2 10s. and the £5 ordinary at £11 15s. The quotation of the dividend-paying preference shares at 50 per cent. discount and of the non-dividend ordinary shares at about 140 per cent. premium constitutes a distinct anomaly.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.					
Net total recorded, excluding conversion, Jan. 1 to Sept. 12, 1931, £97,744,114.					
Total, including conversion, recorded Jan. 1 to Sept. 12, 1931, £108,621,099.					
National Savings Certificates.					
Net sales, week ended September 12, 1931, Dr. 150,000.					
Total net receipts, April 1, 1931, to September 12, 1931, £6,150,000.					

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Week ended Sept. 19, 1931	Nil	Nil	Nil	Nil	Nil
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Week ended Sept. 19, 1931	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—					
Including Conversions.		Excluding Conversions.		Total Offered for Subscription.	
Jan. 1 to date—		£		£	
1931		108,471,099		Whole year—	
1930		97,594,114		1930	
1929		281,948,712		1929	
1928		229,440,290		1928	
1927		457,732,317		1927	
1926		248,771,926		1926	
1925		150,253,882		1925	
1924		129,528,600		1924	
1923		134,518,045		1923	

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	75,265,274	6,223,059	16,105,781	97,594,114
1930	157,519,408	14,730,138	19,577,935	191,827,481
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	375,058,100
1927	228,958,000	36,836,600	89,371,400	355,165,970
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,057,183	...	8,432,058
Total for week ended September 19, 1931	Nil	...	Nil
Total to date, 1931	8,057,183	...	8,432,058
Total to date, 1930	16,467,378	...	18,152,707

Particulars of the following have been issued "for information only" with a view to Stock Exchange introduction:—
Western New South Wales Electric Power Proprietary Issued capital 500,000 ordinary £1 shares, 4s. paid, and £700,000 8 per cent. first mortgage debentures.

[Other Stock Exchange information, including the latest summary of balance sheets, weekly traffic returns, profit and loss accounts, reports and notices, and dividend announcements, will be found on page 538, under the heading "Company News."]

Grace National Bank
Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative
148 Leadenhall St. London, E.C.3.

COMPANY MEETINGS, &c.

INITIAL SERVICES (1928), LIMITED.

INCREASED TRADING PROFIT.

The third ordinary general meeting of the Initial Services (1928), Limited, was held, on the 16th instant, at Winchester House, London.

Mr A. P. Bigelow (chairman and managing director), in moving the adoption of the report and accounts, said: The accounts show that the trading profit for the year is £210,720, an increase on the previous year of £3,780. This slight improvement, however, is discounted by two items. First, interest received is reduced by £1,500, owing to the lower rates obtainable during the year; second, depreciation is increased by £2,000, which is partly accounted for by our having provided depreciation of freehold land and buildings. As a result, the total profit carried to the balance sheet is £210,542, compared with £210,482 for the previous year.

The balance of profit and loss account brought forward, £15,436, together with the net profit of the year, amounts to £225,978. After deducting 12 months' dividend on the 8 per cent. cumulative preference shares, the interim dividend of 2d. per share on the ordinary shares, and transferring £30,044 to taxation reserve account, the available profit amounts to £120,434. The directors recommend that £45,000 be transferred to general reserve account, increasing this account to £100,000. They further recommend a final dividend on the ordinary shares of 4d. per share, less tax.

Since the report and accounts were sent to you the rate of tax for the present fiscal year has been increased. The effect of this will be that more tax will be deductible from this final dividend.

After so many years during which this business has shown a steady increase of profits it must naturally cause some regret that the accounts for the past year indicate a temporary check in this upward tendency. Nevertheless, taking into consideration the general conditions of trade, the addition of new business during the period was encouraging and speaks well for the utility and economy of the various services offered by the company and its subsidiaries.

The volume of business from the end of last June to the present time is satisfactory, and I hope that we may at least maintain our profits during the current year.

Mr W. J. Chinneck seconded the resolution, which was carried unanimously, and a vote of thanks to the chairman and directors concluded the meeting.

LONDON AND THAMES HAVEN OIL WHARVES, LIMITED.

ISSUE OF NEW CAPITAL.

An extraordinary general meeting of the London and Thames Haven Oil Wharves, Limited, was held, on the 17th instant, at Winchester House, London, to consider a resolution increasing the capital of the company to £1,500,000 by the creation of 500,000 new ordinary shares of £1 each, 300,000 of which are to be issued forthwith at the price of not less than £2 10s. per share.

Mr Thomas C. J. Burgess (chairman and managing director) said that the company's audited accounts for the six months to June 30th showed an improvement over those for the same period of the previous year. Other companies in which they were interested in this country were also doing better. Their business had been built up on charges which had always represented a minimum for the facilities given and the work done. With regard to the Compagnie Industrielle Maritime, the landings of oil at Le Havre represented an increase of over 10 per cent., and the gross tonnage of the ships berthed at North Quay was 1,233,020 tons, an increase of 116.5 per cent. Both those figures were for the eight months to the end of August.

As to the new capital, there had been no pressure from the company's bankers, but he maintained that it was not fair to continue for an indefinite period financing the capital of a business by means of bank overdrafts. He was satisfied that the issue would be a complete success. One shareholder alone had definitely undertaken to apply for the whole 50,000 extra shares. If the proposed resolution was passed, the issued capital of the company and the reserve would both stand at £1,300,000. That reserve was represented by hard cash invested in businesses entirely independent of the company's operations. During the last thirty years they had not lost one penny on their investments, but had made handsome profits. The opinion of the board was that their present investments would follow the usual course.

The Port of Havre, by virtue of its situation, was ideal. As to the sea approach there was practically no danger such as was met with in almost every other port. It was one of the easiest to find, even in foggy weather. It was itself, and in its surroundings, equipped with all the gifts, not only of Nature, but of science, to make it safe in its accessibility. What they had laid themselves out

for, of course, was the Atlantic traffic—to enable the largest liners crossing the Atlantic to come safely and rapidly alongside the quays, and within three hours of entering the port, the passengers to arrive in comfort in Paris. There was no other port in France situated in a way that made that possible—no other port in France that could actually compete with Havre in all that went to make a port's success. Had it not been the best proposition that could be envisaged, the board would not have been engaged in developing it.

The resolution was carried unanimously.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended September 12, 1931, amounted to £28,839,300 against ordinary expenditure of £11,681,100. After allocating £600,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £35,157, the operations for the week, as shown below, increased the National Debt by £3,477,000 to £7,690,125,000:—
(000's omitted.)

Treasury Bills	+ 5,027	National Savings Certificates	£ 150
Public Dept. Advances	+ 200	Road Fund	1,200
		P.O. and Telegraph	400
			— 1,750
			£ 5,287

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Sept. 12, 1931.	April 1, 1930, to Sept. 13, 1930.	Week ended Sept. 12, 1931.	Week ended Sept. 13, 1930.
ORDINARY REVENUE.					
Inland Revenue—	£	£	£	£	£
Income Tax	258,000,000	50,630,000	56,486,000	1,816,000	1,355,000
Sur-tax, including Arrears of Super-Tax	72,000,000	15,300,000	12,990,000	310,000	170,000
Estate, &c., Duties	90,000,000	32,060,000	39,110,000	840,000	730,000
Stamps	24,000,000	5,700,000	7,310,000	890,000	260,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	160,000	140,000	...	...
Total Inland Revenue ...	447,000,000	103,850,000	116,036,000	3,856,000	2,495,000
Customs and Excise—					
Customs	125,650,000	57,591,000	54,936,000	2,894,000	2,299,000
Excise	119,850,000	49,700,000	51,915,000	1,700,000	920,000
Total Customs and Excise	245,500,000	107,291,000	105,851,000	4,594,000	3,219,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,206,000	1,607,088	Dr. 179,000	...
Post Office (Net Receipts)	12,200,000	7,100,000	6,200,000	550,000	Dr. 100,000
Crown Lands	1,500,000	590,000	600,000	...	...
Receipts from Sundry Loans	33,500,000	12,083,798	15,706,195	...	...
Miscellaneous Receipts	55,000,000	6,574,173	10,888,547	11,250	60,393
Appropriation from Rating Relief Suspense Account ...	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	803,500,000	242,594,971	273,888,830	8,839,250	5,674,393
SELF-BALANCING REVENUE.					
Post Office	58,232,000	23,700,000	25,500,000	550,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	6,590,000	6,420,912	172,000	...
Total Self-Balancing Revenue	81,582,000	30,290,000	31,920,912	722,000	1,000,000
Total		272,884,971	305,809,742	9,561,250	6,674,393

EXPENDITURE.	Estimate for the year 1931-32 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Sept. 12, 1931.	April 1, 1930, to Sept. 13, 1930.	Week ended Sept. 12, 1931.	Week ended Sept. 13, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	302,950,000	144,797,034	142,371,029	964,704	558,150
Payments to Northern Ireland Exchequer.....	6,350,000	2,347,074	2,278,222	17,830	...
Other Consolidated Fund Services	3,000,000	743,154	1,173,287	8,558	61
Total	312,300,000	147,887,262	145,822,538	991,092	558,211
Total Supply Services excluding Post Office)	439,829,000	186,636,304	187,555,267	10,690,001	9,850,000
Total ordinary expenditure ...	752,129,000	334,523,566	333,377,805	11,681,093	10,408,211
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	23,700,000	25,500,000	550,000	1,000,000
Road Fund	23,350,000	6,590,000	6,420,912	172,000	...
Total Self-Balancing Expenditure	81,582,000	30,290,000	31,920,912	722,000	1,000,000
Total Ordinary and Self-Balancing Expenditure...	833,711,000	364,813,566	365,298,717	12,403,093	11,408,211
New Sinking Fund (1928)....	52,050,000	18,242,573	20,777,357	600,000	620,000
Total, including New Sinking Fund		383,056,139	386,076,074	13,003,093	12,028,211

The aggregate revenue and expenditure to September 12, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO SEPTEMBER 12TH. (000's omitted.)			
	£	Revenue	£
Expenditure	334,523	Decreases in balances	242,595
New Sinking Fund	18,243	Net amount borrowed	3,047
	352,766		352,766

POSITION OF THE FLOATING DEBT. Movement, week ended			
Ways and Means Advances Outstanding	Sept. 13, '30.	Mar. 31, '31.	Sept. 12, '31.
Advances by Bank of England	750,000	46,275,000	4,235,959
Advances by Public Departments	41,070,000	24,500,000	4,235,959
Treasury Bills outstanding	648,785,000	569,825,000	656,270,000*
Total Floating Debt	690,605,000	594,325,000	702,520,000 + 5,225,000

* Includes £14,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.
Tenders for £40,000,000 in Treasury Bills were opened on September 11, 1931, and the total amount applied for was £46,710,000. Tenders were accepted for bills at three months, dated Monday to Saturday at 98 18s. 10d., about 80 per cent., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931			
August 21	35,000,000	46,275,000	4 2 3-59
August 28	40,000,000	45,545,000	4 3 1-57
September 4	40,000,000	49,380,000	4 2 3-01
September 11	40,000,000	46,710,000	4 4 6-93

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, September 16, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	351,617,567	Other Government Securities	250,120,041
In Banking Department	58,956,185	Other Securities	9,810,875
		Silver Coin	4,953,984
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	53,737,752
	£410,573,752		£410,573,752

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	3,737,917	Other Securities—	
Public Deposits	16,573,649	Discounts and	
Other Deposits		Advances	58,320,794
Bankers	£58,437,169	Securities	25,787,831
Other Accounts	50,458,556	Notes	58,956,185
1 Day and other Bills	1,925	Gold and Silver Coin	1,306,500
	£143,762,216		£143,762,216

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

Both Departments.	Amount, Sept. 16, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	351,617,567	+ 2,313,097	+ 4,151,430
Public deposits	16,573,649	+ 5,233,925	+ 3,263,418
Bankers' deposits	58,437,169	+ 3,591,695	+ 5,736,694
Other deposits	50,458,556	+ 74,389	+ 16,263,656
Seven-day bills	1,925	+ 355	+ 356
Total outside liabilities	477,088,866	+ 4,030,071	+ 9,638,594
Capital and res.	16,290,917	+ 23,764	+ 381
Government debt and securities	310,526,047	+ 6,770,009	+ 25,564,196
Discounts and advances	8,320,794	+ 29,435	+ 2,648,656
Other securities	35,598,706	+ 3,084,909	+ 2,383,764
Silver coin in issue department	4,053,984	+ 24,650	+ 411,551
Coin and bullion (bank's reserve)	136,880,252	+ 325,992	+ 20,546,888
Reserve of notes and coin in banking department	60,262,685	+ 1,987,105	+ 1,395,458
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	48%	+ 2 1/2%	+ 7 1/2%
(b) Gold stocks to deposits and notes ("reserve ratio")	28 1/2%	+ 1%	+ 5%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	£	£	£	£	£	£	%
Aug. 5	408,517	365,252	11,438	63,437	33,175	1,479 in	41
12	406,998	360,051	19,434	58,163	34,879	1,522 out	41
19	408,560	354,129	19,726	61,755	40,099	1,521 in	41
26	408,341	350,121	26,323	53,593	48,708	221 out	41
Sept. 2	409,336	354,976	12,925	60,352	51,838	992 in	41
9	409,895	353,931	21,808	54,845	50,533	1,557 in	41
16	410,574	351,518	16,574	58,437	50,459	333 out	41

(000's omitted.)										
Date.	Issue Department.	Both Depts.	Banking Department.							
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."			
1931.										
Aug. 5	268,330	2,577	134,828	49,311	9,019	23,283	44,576	41 1/2		
12	269,310	1,593	133,304	53,226	7,051	22,097	48,253	42 1/2		
19	267,729	3,182	134,870	48,881	9,296	28,286	55,742	45 1/2		
26	268,801	2,114	134,645	50,176	9,296	28,286	55,742	45 1/2		
Sept. 2	268,110	2,798	135,668	53,736	7,262	26,678	55,692	44 1/2		
9	266,150	4,771	137,206	51,146	8,291	27,743	58,276	44 1/2		
16	261,135	9,811	136,880	49,391	8,321	25,788	60,263	48 1/2		

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to September 2	23,601,639	1,154,207	1,866,686	26,622,532
Week ended September 9	510,353	29,537	595,998	595,998
Week ended September 16	561,775	25,458	46,109	633,342
Total to date, 1931	24,673,767	1,209,202	1,968,793	27,851,762
Total to date, 1930	28,155,120	1,305,998	2,135,802	31,596,920
Increase or decrease in 1931	- 3,481,353	- 96,796	- 167,009	- 3,745,158
	- 12.4%	- 7.4%	- 7.8%	- 11.8%
Total for year, 1930	38,782,577	1,812,146	2,963,651	43,558,374
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	- 1,153,347	- 69,843	- 115,113	- 1,338,323
	- 2.8%	- 3.7%	- 3.7%	- 2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)										
Week ended September 12.		Month of August.				Aggregate Totals, January 1 to September 12.				
1930.	1931.	1930.	1931.	Inc. or Dec.		1930.	1931.			
Number of working days										
		24	24							
BIRMINGHAM	1,654	1,553	8,457	7,953	- 504	87,553	78,886			
BRADFORD	666	473	3,154	2,707	- 447	31,776	26,149			
BURTON	931	950	4,463	4,103	- 360	39,881	39,150			
DUBLIN	4,022	4,185	...	...	...	177,578	177,983			
HULL	703	606	3,454	2,819	- 635	28,178	26,230			
LEEDS	506	548	3,551	2,983	- 568	34,084	30,444			
LIVERPOOL	636	521	2,274	2,078	- 196	25,839	23,377			
MANCHESTER	5,101	4,596	21,376	22,744	+ 1,368	235,133	194,462			
NEWCASTLE	7,683	7,025	39,001	35,583	- 3,418	388,335	326,675			
NOTTINGHAM	1,095	878	5,892	5,225	- 667	51,707	46,117			
SHEFFIELD	489	316	1,835	1,651	- 184	21,518	15,988			
Total	617	509	3,503	3,000	- 503	35,051	27,223			
	24,103	22,160	98,960	90,946	- 8,014	1,155,645	1,011,884			

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; Canadian Banks in August 29; Russia in September 5; Denmark Bank for International Settlements, Roumania, Lithuania, Danzig, National Bank of Egypt, Poland, Bulgaria, Japan, Java and Norway in September 12.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

RESOURCES.	Sept. 18, 1931.	Aug. 27, 1931.	Sept. 10, 1931.	Sept. 17, 1931.
Total gold reserve	2,975,640	3,485,550	3,464,960	3,485,740
Total bills discounted	163,150	241,720	257,280	260,230
Bills bought in open market	208,860	180,520	197,870	262,990
Total U.S. Govt. securities	610,380	728,000	728,110	727,770
Total bills and securities	989,410	1,156,640	1,192,350	1,250,990
Total resources	5,001,380	5,440,860	5,464,410	5,678,750
LIABILITIES.				
Federal Reserve notes in actual circulation	1,349,330	1,945,510	1,958,200	2,010,320
Deposits—Memberbank—reserve account	2,456,280	2,342,000	2,373,920	2,289,760
Capital paid in and surplus	2,485,550	2,634,330	2,616,780	2,617,710
Total liabilities	6,301,160	6,921,840	6,948,900	6,914,790
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	81.6%	79.9%	79.4%	78.4%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Sept. 18, 1931.	Aug. 27, 1931.	Sept. 10, 1931.	Sept. 17, 1931.
Total gold reserves	996,410	1,187,090	1,177,970	1,147,700
Total bills discounted	21,600	48,370	52,760	46,870
Bills bought in open market	59,600	68,820	69,970	71,840
Total U.S. Govt. securities	195,390	224,550	221,550	225,500
Total bills and securities	281,590	341,740	344,280	344,150
Deposits—Memberbank—reserve account	1,022,200	1,001,280	960,620	1,093,460
Ratio of total res. to dep. and Federal Res. note liabilities combined	84.5%	81.0%	81.7%	79.6%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).										
	Sept. 3, 1930.	Aug. 5, 1931.	Aug. 12, 1931.	Aug. 19, 1931.	Aug. 26, 1931.	Sept. 2, 1931.				
Loans	16,830	14,506	14,342	14,338	14,335	14,398				
Investments	13,628	7,758	7,733	7,663	7,695	7,665				
Demand deposits	7,471	13,414	13,555	13,196	13,195	13,244				
Time deposits	1,579	7,099	7,105	7,058	7,017	7,044				
Due from banks	1,579	1,566	1,476	1,426	1,322	1,374				
Due to banks	3,494	3,456	3,344	3,219	3,052	3,192				
Federal reserve borrowings	79	58	56	90	94	107				

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. August, 1931.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provin- cial Bank, Limited.	West- minster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of Eng- land	34,382	1,426	2,867	36,624	7,469	37,175	2,977	26,546	27,384	2,996	179,846
Balances with and cheques in course of collection on other banks in the United Kingdom...	7,698	514	864	7,439	1,914	10,502	165	6,703	6,051	796	42,646
Items in transit	...	...	...	2,955	681	...	...	...	...	...	3,636
Money at call and short notice.....	24,182	1,993	5,907	22,988	6,514	13,510	2,670	11,818	21,351	2,275	113,208
Bills discounted	54,455	1,647	995	51,125	6,009	67,374	2,354	41,746	36,403	1,535	263,643
Investments	59,680	4,042	5,400	57,008	20,339	42,152	15,864	35,730	53,916	7,624	301,755
Advances to customers and other accounts	170,188	8,787	13,119	176,835	36,291	198,056	16,179	142,652	131,331	15,110	908,548
Liabilities of customers for ac- ceptances, endorsements, &c....	13,352	522	2,452	39,787	4,320	22,036	29	10,459	19,175	494	112,626
Bank premises account	6,498	380	695	7,789	2,722	10,811	775	6,921	5,507	1,002	43,100
Investments in affiliated banks...	6,845	...	...	5,681	...	7,280	...	2,514	2,992	...	25,312
	377,280	19,311	32,299	408,231	86,259	408,896	41,013	285,089	304,110	31,832	1,994,320
Ratio of cash to current, deposit and other accounts	10-17	8-49	10-22	10-68	10-05	10-37	8-11	10-38	10-28	10-52	10-30
LIABILITIES.											
Capital paid up.....	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund.....	10,250	1,000	530	10,000	3,508	14,248	1,485	9,479	9,320	1,000	60,820
Current, deposit and other ac- counts.....	337,820	16,789	28,028	342,629	74,256	358,364	36,703	255,672	266,282	28,463	1,745,006
Acceptances, endorsements, &c....	13,352	522	2,452	39,787	4,320	22,036	29	10,459	19,175	494	112,626
Notes in circulation.....	...	...	...	5	15	...	1,296	...	13	...	1,329
Reduction of bank premises ac- count	...	...	229	...	...	...	...	...	...	...	229
	377,280	19,311	32,299	408,231	86,259	408,896	41,013	285,089	304,110	31,832	1,994,320

	Sept. 7.	Aug. 31.	Aug. 22.
Notes in circulation	15,216	15,358	15,578
Silver coin and bullion in India	13,199	13,205	13,259
Silver coin and bullion out of India ...	...	...	...
Gold coin and bullion in India	1,086	1,237	1,493
Gold coin and bullion out of India	...	...	...
Securities (Indian Government)	931	916	781
Securities (British Government)	...	...	...

The stocks in Shanghai on the 12th instant consisted of about 70,000,000 ounces in sycee, 174,000,000 dollars and 320 silver bars, as compared with about 71,400,000 ounces in sycee, 172,000,000 dollars and 340 silver bars on the 5th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver— Per Ounce.		Date.	Silver. Cash.
		Cash	Forward		
1931.	s. d.	d.	d.		d.
Sept. 11.....	84 9½	13 ½	13 ½	Sept. 26, 1925	32½
" 12.....	84 9½	13 ½	13 ½	" 17, 1926	28½
" 14.....	84 9½	13 ½	13 ½	" 16, 1927	25½
" 15.....	84 11½	13 ½	13 ½	" 20, 1928	26½
" 16.....	84 10½	13 ½	13 ½	" 19, 1929	23½
" 17.....	84 11½	12½	13 ½	" 18, 1930	17

NOTICES.

The Midland Bank announces that the business which, during reconstruction of former premises, has been conducted in Lloyd's Building, Leadenhall Street, has been transferred to the bank's new building at 140 Leadenhall Street, London, E.C.3. Safe deposit facilities are available at this branch.

The Midland Bank announces the opening of new offices as follows: 23 Jersey Parade, Great West Road, Lampton, Middlesex; University Branch, 27 Blenheim Terrace, Woodhouse Lane, Leeds; 235 Northolt Road, South Harrow, Middlesex; and 58 Chesterton Road, Cambridge. Each of the first three named branches is equipped with night-safe banking facilities.

Company News.

SUMMARY OF BALANCE SHEETS.

CALICO PRINTERS' ASSOCIATION, LIMITED.

LIABILITIES.		June 30, 1930.	Assets.	June 30, 1930.
Amount.	£	Amount.	£	£
5% cum. pref., £1	3,016,104	Fixed assets, 1914		
Ord. shares, £1	2,010,736	valuation	4,993,734	+ 387,718
4% deb. stock	5,200,000	Copper and other		
Interest accrued	53,333	rollers	651,266	+ 9,250
Creditors	355,647	Designs, &c.	249,787	...
Owing to subsid.	22,892	Shares in subsidi-		
Sundry deposits	336,161	aries at or below	315,842	+ 8,916
and interest	—	cost		
Employees' bene-	481,168	Owed by subsidi-		
fit fund	—	aries	711,086	+ 25,397
General reserve	900,000	Investments in		
Capital reserve	560,000	Government and		
Reserve equaliza-	250,000	other stocks at		
tion of dividends	—	or under market		
Profit and loss	—	values	1,162,508	+ 8,335
		Stocks	661,786	+ 638,704
		Debtors	1,246,800	+ 365,224
		Cash and securities	241,073	+ 19,633
		Cash	731,384	+ 603,659
		Profit and loss	220,775	+ 220,775
Total	11,186,041	Total	11,186,041	+ 261,255

DEBENHAMS LIMITED.

LIABILITIES.		July 31, 1931.	Assets.	July 31, 1931.
Amount.	£	Amount.	£	£
6½% cum. 1st pref.,	2,000,000	Properties	3,382,421	+ 30,126
£1	2,000,000	Furniture, &c.	403,849	+ 68,192
7½% cum. 2nd	2,000,000	Stocks	696,259	+ 218,738
pref., £1	2,000,000	Debtors	2,280,774	+ 407,548
10% cum. pref.	1,000,000	Shares in subsidi-		
ord. £1	1,000,000	aries at cost	3,699,471	+ 273,565
"A" ord. 10% ...	1,200,000	Current accounts		
"B" ord. £1 ...	1,200,000	with subsidiaries	1,479,902	+ 143,433
5% deb. stk.	2,966,066	Investments at		
Int. accrued	61,793	cost	628,924	+ 545,805
Mortgage	48,682	Cash	21,410	+ 4,128
Creditors	1,298,376			
Reserve fund	1,001,720			
Reserve for invest-	209,601			
ments	209,601			
Sinking fund	90,605			
Profit and loss	216,166			
Total	12,593,009	Total	12,593,009	+ 143,841

SELFRIDGE PROVINCIAL STORES, LIMITED.

LIABILITIES.		August 31, 1931.	Assets.	August 31, 1931.
Amount.	£	Amount.	£	£
Ord. shares (£1) ...	3,000,000	Shares in subsidi-	3,371,617	+ 485
Def. shares (2/-) ...	300,000	Invest. in Selfridge		
Loans from bankers	—	and Whiteley		
Loans from sub-	—	contracts	4,167	...
sidary cos.	165,679	Loans to subsidiary		
Creditors	8,356	companies	76,790	+ 5,820
Revenue account	97,513	Divs. declared but		
		not received from		
		subsidiaries	124	+ 95,982
		Cash	38,668	+ 32,396
		Preliminary exps.	80,000	+ 10,000
Total	3,571,548	Total	3,571,548	+ 70,011

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Sept. 11, 1931. (c) Week ended Sept. 12, 1931.	Miles Open.	Week ended Sept. 13, 1931. (000's omitted.)					Aggregate 37 weeks, 1931. (000's omitted.)				
		Passen- ger, &c.	Merch- andise, &c.	Coal and Coke	Total Goods	Total for Week	Passen- ger, &c.	Merch- andise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western...	3,761	241	198	108	306	547	8,356	6,932	3,869	10,801	19,157
Do. for 1930...	3,761	272	210	108	318	590	9,117	7,787	4,392	12,179	21,296
L. & N. Eastn. (c)	6,349	357	344	213	557	914	12,398	12,377	8,545	20,922	33,320
Do. for 1930...	6,349	397	368	229	597	994	13,517	12,404	9,429	25,633	37,150
Lon. Mid. & Scot.	6,958	527	484	229	713	1,240	18,655	16,924	8,931	25,855	44,510
Do. for 1930...	6,958	559	518	232	750	1,309	19,979	19,438	9,251	28,689	48,668
Southern	2,180	344	74	30	104	448	11,538	2,629	1,156	3,785	15,373
Do. for 1930...	2,179	361	83	29	112	473	12,266	2,858	1,094	3,952	16,218
Total of above...	19,248	1,469	1,100	580	1,680	3,149	50,997	38,662	22,501	61,363	112,360
Do. for 1930...	19,245	1,589	1,179	598	1,777	3,366	54,879	44,287	24,166	68,453	123,332
Metropolitan (c)	59	30	6	...	3	37	11,594	...	...	142	1,301
Do. for 1930...	59	32	3	...	4	40	12,061	...	...	148	1,354
Undgd. E.R. (c)	...	294	3	...	...	294	10,859	...	...	...	10,859
Do. for 1930...	...	295	9	...	...	295	11,078	...	...	...	11,078
Green Buses, &c.	...	28	1	...	...	28	914	...	...	...	914
Do. for 1930...	...	19	2	...	...	19	2,454	...	...	...	2,454
Lon. & Eb. Grp. (c)	...	44	1	...	...	44	1,609	...	...	...	1,609
Do. for 1930...	...	44	7	...	...	44	1,631	...	...	...	1,631
*B.I.F. & Co. (b)	80	3	1	...	...	7	3	...	...	...	3
Do. for 1930...	80	3	0	...	...	7	3	...	...	...	3
*G. Northern (b)	562	13	1	...	...	14	28	...	...	...	28
Do. for 1930...	562	14	2	...	...	16	30	...	...	...	30
*Gt. Southern (b)	2,188	35	3	...	...	43	83	...	...	...	83
Do. for 1930...	2,188	35	3	...	...	43	83	...	...	...	83

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -

INDIAN.

		1931.	Rs.	Ra.	Rs.	Rs.
Assam Bengal	20	Aug. 15	1,329	3,34,100	47,203	72,20,084
Baral Lk. Ry.	21	22	202	23,400	1,600	8,92,100
Bengal & N. Western	21	22	2,119	4,70,083	31,175	1,21,44,673
Bengal-Nagpur	20	15	1,199	11,46,000	31,175	2,70,15,448
Bombay, Bar. & C.I.	23	Sept. 5	3,084	13,56,000	3,86,000	4,23,34,000
Madras & S. Mahr.	21	Aug. 22	3,230	12,10,000	1,02,721	3,13,99,528
Rohilk' & Kumaon	21	22	546	78,432	12,366	24,17,155
South Indian	21	22	2,487	10,00,728	1,62,290	2,26,88,978

† Including Lucknow-Barilly State Railway. 28,02,413

CANADIAN.

				\$	\$	\$	\$
Canadian National	36	Sept. 7	20398	3,049,416	-1320334	120,442,326	-32,056,644
Canadian Pacific....	36	7	15721	2,499,000	-1666000	96,203,000	-24,331,000

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia).....		37	Sept. 13	804	£	13,590	£	9,760	£	639,510	£	376,110
Argentine N.E.....		11	12	753	14,600			600		140,000		20,700
Argentine Transn.		11	12	111	1,886			730		18,975		9,217
B.A. and Pacific.....		11	12	2,806	122,000		10,000			1,224,000		59,000
B.A. Central.....		11	13	...	10,738		2,763			1,224,000		28,037
B.A. Gt. Southern.....		11	12	5,075	168,000		10,000			1,781,000		199,000
B.A. Western.....		11	12	1,926	75,000		13,000			720,000		21,000
Central Argentine.....		11	12	3,443	222,000		24,000			2,318,000		194,000
Central Uruguay.....		11	12	273	9,880		10,419			107,725		127,638
C. Urug. (East Ext.).....		11	12	311	1,909		1,992			20,770		26,330
C. Urug. (W. Ext.).....		11	12	185	934		1,030			10,446		16,998
Cordoba Central.....		11	12	1,218	52,000		1,382			9,876		14,720
Entre Rios.....		11	12	810	21,100		18,000			633,000		76,000
G. Westn. of Brazil.....		37	12	1,052	5,600		4,300			210,100		49,600
Leopoldina.....		37	12	1,918	26,693		12,457			236,200		250,700
Leopoldina Termn.		37	12	...	2,995		2,615			852,428		42,303
Nitrate.....		18	Aug. 31	411	5,802		6,598			128,255		90,867
Paraguay Central.....		11	Sept. 12	274	3,030		740			112,667		184,687
Salvador.....		11	12	100	1,498		910			37,060		7,490
San Paulo.....		36	6	1534	24,592		820			21,975		2,452
United of Havana.....		11	12	1,369	16,933		6,691			989,346		435,417
							19,976			214,252		187,953
† Months												

OTHER OVERSEAS.

Gt. Southn. of Spain	36	Sept. 5	104	Pes. 50,358	- 28,395	2,722,943	- 874,727
Mexican Railway...	10	7	483	£154,500	- 60,200	1,721,600	- 495,400

TRAMWAYS WEEKLY GROSS RECEIPTS.

			£	£	£	£
Anglo-Argentine ...	36	Sept. 9	329	70,928	7,009	2,610,256
B. Aires Lacrosse ...	11	13	...	9,778	941	104,543
Liverpool Corp.	23	9	124	30,554	743	693,264
Madras Electric	18	Aug. 31	...	80,600	3,572	787,825
L.O.C. Tramways...	23	Sept. 9	166	80,600	988	1,862,645

MONTHLY TRAFFICS.

	Months.	Ended 1931.	Des- cription.	Revenue for Month.		Revenue to Date.	
				1931.	+ or -	1931.	+ or -
Para Elec. Rlys.	8	Aug. 31	Gross	£ 8,245	- £ 4,436	£ 86,476	- 44,828
Manchester Ship Canal...	8	Aug. 31	Net	Dr. 1,248	- 2,267	Dr. 6,382	- 26,673
Singapore Traction.....	11	Aug. 31	Gross	91,588	- 8,936	777,288	- 115,117
Hellenic Elec. Railways	8	Aug. 31	Gross	£19,462	- 13,000	1,487,000	- 23,000
					+ 358	150,902	- 5,024

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ended.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri-
----------	----------------	-------------------------------------	--	---------------------------------------

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay-ment.	Method of Payment.	Latest Year.	Pre-vious Year.
BANKS.					
Yokohama Specie Bank.....	10	...	...	%	%
OTHER COMPANIES.					
Abitibi Power and Paper.....	12½	Oct. 1	...	...	...
Alliance Trust.....	12½	...	...	...	...
American and Invest. (Defd.) ..	5	...	...	...	...
Ashton Vale Iron.....	3	Sept. 25	...	3	3
Beecham's Pills.....	5	Sept. 30	...	...	...
Birmingham and Dis. Invest. Trust.....	3	Oct. 1	...	...	...
Bombay Gas.....	3½	Nov. 2	...	...	...
Britannic Assurance.....	25	...	Tax free	...	...
Brynmor Steamship.....	3	30 Sept.	...	...	...
Burley Paper Works.....	12½	Sept. 28	...	...	...
Bursledon Brick.....	6½	...	...	...	...
Calgary Power.....	1½	Oct. 31	...	...	...
Central Prov. Manganese City and International Trust.....	2½	Oct. 1	Less tax	...	...
Coltress Iron Co.....	3	...	Less tax	...	...
East Kent District Water.....	3½	Sept. 30	...	...	...
For. Am. and Gen. Invest. Trust	4	Sept. 30	...	...	...
Globe and Phoenix.....	20	...	Tax free	...	...
Hall and Co. (5% pref. shrs.).....	3½	Sept. 30	...	...	...
Hickleton Main Colliery.....	2	...	Tax free	...	...
Highland Tea of Ceylon.....	7½	Sept. 18	Less tax	...	...
International Auto. Tel. Co.....	3½	Oct. 1	...	...	...
J. Brockhouse and Co.....	2½	...	...	...	...
J. L. Bulett and Sons.....	5	...	...	2½	6
Kay Atlas Brewery.....	8½	...	...	...	...
Lanka Plantations.....	5	...	...	...	...
Lewis' Royal Polytechnic.....	5	Oct. 31	Less tax	...	...
Margate Estates.....	2½	Oct. 1	...	...	...
Meux's Brewery.....	10d. p.s.	30 Sept.	Less tax	...	...
Mid Kent Gas, Light & Coke Co.	2	Oct. 1	...	...	...
Natal Land and Colonisation ..	3	Oct. 1	...	...	...
Reckitt and Sons.....	5	Oct. 1	...	...	...
Renown Tin.....	5	Oct. 12	...	...	...
Robertson Ledlie Ferguson ..	6	...	...	6	6
Saxone Shoe.....	2½	15 Sept.	...	...	...
Scottish Capital Investment.....	2½	Oct. 2	Less tax	...	...
Second Caledonian Trust.....	3	...	Less tax	...	...
Singletan and Cole.....	5	...	Tax free	...	...
South Kent Water.....	3	Sept. 30	...	...	...
Tayside Floorcloth.....	5	...	Less tax	...	...
Tilling and British Auto.....	4	Oct. 1	...	...	...
Triplex Glass.....	10	...	Less tax	10	5
Whitehall Court.....	7½	...	...	...	...

COOPER, McDONALD AND ROBERTSON, LTD.—The directors announce that during the current financial year the company's turnover and trading figures have been satisfactorily maintained, having regard to the continued depressed world conditions. Owing, however, to the disturbed state of international finance and to the large proportion of the company's total trade which is transacted with countries overseas, where further depreciation in local currencies has taken place since the close of the company's last financial year, the directors have decided not to pay an interim dividend on the ordinary shares of the company. The half-yearly dividend on the 7 per cent. cumulative preference shares of the company will be paid as usual on September 30, 1931.

Commercial Reports.

MARKET SUMMARY.

Prime movements in the principal commodity markets have been irregular during the past week, and the turnover was generally on a small scale. The situation of the coal trade shows no improvement. An increasing demand for house coal has been counterbalanced by a further decline in exports and in industrial consumption. The depression in the iron and steel industry has become increasingly severe. In view of the growing discrepancy between British and Continental materials, this country is continually losing ground, both at home and abroad. Nevertheless, the British Steel Makers' Association, at a meeting held this week, has decided against a reduction in prices. The market in non-ferrous metals has been dull, and prices were again lower. Among textile raw materials, cotton and flax were slightly firmer, while jute remained at last week's level. At the opening of the fifth series of London sales wool values were from 10 per cent. to 15 per cent. lower than those obtaining at the end of the July auctions. Among cereals, wheat has been a little firmer in view of an expansion in demand and the damage done to Central and North European crops by unfavourable climatic conditions. Among other commodities, rubber maintained its recent improvement, but hides were again cheaper.

THE COAL TRADE.

SHEFFIELD.—While export business still tends to shrink, prices of best quality hard, which are in limited supply, have stiffened. They now command 17s. 6d. to 18s. per ton, f.o.b. The market for all sorts of industrial fuel, including furnace coke, is rather quieter, and there are on hand large stocks of second quality and small coals. Sales of house coal are moderately brisk, best ordinary qualities being quoted at from 20s. 8d. to 22s. at pits. Furnace coke has been sold at as low as 9s. 6d. per ton at ovens.

GLASGOW.—There have been no outstanding developments in the Scottish coal trade during the week. In the market, business is moving much on the same lines as for the past month or two, although enquiries are now beginning to broaden out. Washed doubles and trebles are strong features, most other qualities being steady. Current prices for shipping trade are approximately as follows (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s. 3d.;

splint best, 15s. 9d.; splint second, 14s. 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 12s. 6d.-13s.; doubles, 12s. 6d.; singles, 10s.; pearls, 9s. 3d.-9s. 6d.; dross, 9s. FIFE.—Screened navigation, 17s.; first-class steam, 11s. 9d.-12s. 6d.; third-class steam, 10s. 9d.; trebles, 13s. 6d.-14s. 6d.; doubles, 12s. 6d.-12s. 9d.; singles, 10s. 6d.; pearls, 9s. 6d. LOTHIANS.—Prime steam, 10s. 9d.-11s.; secondary steam, 10s. 6d.; trebles, 12s. 6d.-13s.; doubles, 12s. 6d.; singles, 10s.; pearls, 9s. 6d. all per ton f.o.b. Leith. Ayrshire.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 13s.; doubles, 12s. 6d.; singles, 9s. 3d.; pearls, 9s. 3d.; dross, 9s. 7d.

CARDIFF.—There has been no abatement this week in the severity of the depression in the coal export trade. At the South Wales docks between 30 per cent. and 40 per cent. of the tips have been idle, and shipments have been between 20 per cent. and 25 per cent. less than at the corresponding period last year. Monmouthshire large coals are well stemmed over the next week or two, largely on account of the shipments to the Egyptian State Railways, but the demand for other classes of large steam coals, as well as for smalls, of practically all descriptions, has been very limited. On Tuesday the Advisory Committee of the South Wales Coal Marketing Association considered a request that the minimum prices of small coals should be reduced, but a decision was reached not to make any change in the schedule, and it is unlikely that any revision will take place in the near future. The Customs returns for August show a decrease in the average realised price of all coals exported from South Wales of 7½d. per ton compared with July. This fall, however, was due principally to the depressed conditions in the anthracite trade, where the shipments were 62,000 tons less than in July, and the declared f.o.b. price about 2s. 4d. per ton lower. The following are the current approximate quotations: Best Admiralties, 19s. 6d. to 20s.; secondas, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 18s. 9d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steam, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite, best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s.; foundry coke, 30s. to 35s. 6d.; patent fuel, 18s. 8d. to 19s. 9d.; pitwood, ex ship, 25s. to 26s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron continues in a very depressed state, and little improvement can be looked for under present conditions. Scotland, which was formerly one of the best customers for Cleveland iron, is taking very little from this district now, owing to the keen competition of Continental and Northamptonshire iron, and the latter is even coming to our own local foundries at much lower prices than are quoted by Cleveland makers. As long as the latter adhere to present price levels an increase in demand is improbable, and it will become a question of reducing the present limited production, as works cannot continue to pile up stocks indefinitely. In hematite, demand has not improved to the extent that was expected, and only small purchases are being made for early delivery, a marked disinclination to enter into forward contracts being shown by consumers, which is difficult to understand with prices at their present low levels. Mixed numbers are now offered for early delivery at 59s. 6d. per ton, but for further ahead a little more is asked. Stocks are heavy at all producing works, but the two furnaces at Ayresome Iron Works are going out this week, and it is stated that others are likely to follow very soon, unless trade improves. In the finished departments, producers of structural materials continue to be busy, but in other branches trade is very slack, and several mills are working only part time. It is satisfactory to note that Cargo Fleet Iron Co., Limited, are to share in the South African Railway Board's order for 9,500 tons rails along with United Steels, Limited, and Lancashire Steel Corporation, Limited, although the quantity to be supplied from Furness Shipbuilding Co. have received confirmation of the order. The two steamers, of about 5,000 tons cargo each, for which negotiations have been proceeding for some time. The vessels are for to be delivered early next year. It is understood that there is a prospect of more shipbuilding orders being secured for the Tees. The representatives of the British Steel Makers Association held meetings in London on Tuesday and Wednesday this week, but it was decided to make no change in prices. There is no new business Bilbao Rubio is nominally 14s. 8d. c.i.f. and the current freight blast-furnace qualities is freely offered at 15s. delivered consumers' works, and a trifle less would be accepted for a prompt order. The number of blast-furnaces in operation in the district is now nineteen.

SHEFFIELD.—The immediate effect of the disclosure of the Budget proposals has been to intensify the quietude in the iron and steel industries. People fear a reduction of buying power, and are with-holding orders as much as possible until the general effect of the financial plans are clearer. As a result, transactions in the markets for iron and steel material have fallen off considerably. Manufacturers report decreased order books, and few enquiries of importance, in the direction of protective tariffs is causing anxiety in bar iron, steel and pig iron required in the production of ferro alloys, steels. Prices of ferro-alloys have dropped to the lowest levels recorded since the War, yet none is being bought forward. The Budget has also had the effect of checking the development of the customary autumn revival of trade in cutlery and plate. Shop-

keepers are buying with extreme caution, fearing that the public will curtail its buying of luxury or semi-luxury goods. Overseas trade in all sections continues quiet.

GLASGOW.—Trading conditions continue to be unsatisfactory in the West of Scotland, and there is no evidence of an early improvement. In practically all branches there is not nearly sufficient work coming in to keep plants occupied, and in some cases there has been further curtailments of the working week. There is keen competition for such business as is on the market, and prices ruling are exceedingly low. Although things are still quiet in the tube trade, bookings during the past week show some improvement. In the sheet trade there is somewhat less demand for export, but the home business remains fairly satisfactory.

CARDIFF.—On the Swansea Metal Exchange on Tuesday, further weakening characterised the tinplate market, and business was reported to have taken place on the basis of 12s. 9d. per box, or approximately 9d. per box below the current average cost of production. Imports of foreign steel bars continue on a heavy scale, and for these supplies the current quotations are about £3 15s. per ton compared with £4 12s. 6d. for local bars. Galvanised sheets are a stagnant market, with prices ruling down to £8 15s. per ton for corrugated sheets in bundles.

OTHER METALS.

TIN.—The reaction in the price of tin which became noticeable last week has proceeded further. The turnover has been small, and even at the lower price buying remained restricted in the absence of an increase in demand. Meanwhile, a re-assessment of the tin mines in Malaya is carried out by the sub-committee of the Central Assessment Committee in order to bring the output of that country into line with the quota allotted to it. Wednesday's official closing quotations for "standard" cash, at £110 15s. to £111 per ton, compares with £113 7s. 6d. to £114 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,197 tons, show a decrease of 254 tons on the week.

COPPER.—In the absence of any encouraging feature from the consuming end of the industry, the metal again sharply declined on the publication of the August statistics of refined copper show a further large increase, but stocks of rough copper are slightly lower. Wednesday's official closing price for "standard cash" in London, at £28 10s. to £28 12s. 6d., compares with £30 11s. 3d. to £30 12s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 22,495 tons, show a decrease of 253 tons, while stocks of rough copper, at 1,199 tons, were 1 ton smaller. According to the Metal Exchange, the August approximate copper statistics for North and South America are as follows:—

	July.	August.
Tons.	Tons.	Tons.
Refined stocks.....	392,857	407,143
Blasted stocks.....	159,600	157,229
Foreign deliveries, refined...	23,214	25,893
Domestic deliveries, refined...	38,393	41,071
Refined production.....	85,714	80,357
Mine production.....	34,821	34,821

LEAD.—The market in lead has been quiet, and the metal became slightly cheaper under selling pressure. Wednesday's official closing quotation for "soft foreign" in London, at £10 11s. 3d. to £10 15s., compares with £10 13s. 9d. to £10 16s. 3d. on the corresponding day last week.

SPELTER.—The demand for spelter showed no improvement. Prices remained steady early in the week, in view of the reserve of sellers, but later gave way as supplies became more plentiful. Wednesday's official closing quotations in London for "good ordinary brands" at £10 13s. 9d. to £11 3s. 9d., compares with £10 15s. to £11 5s. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. Antimony again changed hands at £22 10s. to £22 16s. per ton "foreign" established last week. "Spot" quicksilver was steady at £15 18s. 9d. to £16 2s. 6d. against £15 18s. 9d. a week ago.

TEXTILES.

THE COTTON TRADE.—Liverpool.—There has been rather a better feeling during the week, partly due to the continued holding movement causing some short covering. The South has not been a keen seller, and up to now values have been sustained by the paucity of hedging. The International Federation of Master Cotton Spinners and Manufacturers Association figures show during the twelve months ending July 31st, a diminution of 2,726,000 bales in the world's consumption of cotton. American shows a decline of 2,118,000 bales, whilst other growths show a decline of 610,000 bales. In other words, as compared with last year, whilst the use of cotton shows a decline, the use of growths other than American, has increased from 48 per cent. to 51½ per cent. of the total consumed, whilst the use of American has declined by a corresponding percentage. The present price, however, gives some hope of an increase in the use of American as compared with "others." United States consumption for August was 426,000 bales, against 451,000 bales for July, the daily rate being 18,000 bales and 18,400 bales respectively. Weather in the cotton belt has been excellent this last week. Spot sales for the week 10th to 16th (inclusive) are 30,000 bales, of which 16,930 bales are American, 500 Brazilian, 1,050 Argentine, 4,700 Peruvian, 3,000 Egyptian, 1,050 African, 2,120 East Indian, 1,620 Russian, and 20 sundries. Imports for the same period are 16,606 bales, of which 1,157 bales are American

5,780 Peruvian, 500 Egyptian, 554 African, 8,598 East Indian and 17 sundries. Quotations, September 16th: American Middling, 3-78; Egyptian Sakel, 5-75; Uppers, 4-76; Brazil Fair, 3-89; Pora G.P. Smooth, 4-19; West African Middling, 3-89; and G. F. East African, 4-89.

Manchester.—Although the amount of business done in the market during the past week has not shown any particular improvement, in some quarters, there has been an increased inquiry. Raw material rates have been rather firmer, and there seems to be less expectation of lower values. An unsettled feeling still prevails, owing to the uncertain outlook relating to the political situation and the possibility of a tariff. In the piece-goods section there has been a good deal of interest in the increased demand for China. More offers have been reported in grey and white shirtings for Shanghai and Hong Kong, but only occasional sales have taken place. Further buying has been reported in poplins, broads and lawns, especially for Hong Kong. The offtake for India remains disappointing and leading merchants complain of the paucity of bids from the other side. Small lots, however, have been booked in light bleaching descriptions and prints chiefly for Karachi and Madras. Very little has been done for Egypt and the Near East, and shippers to South America have restricted their commitments. Some home trade buyers have placed orders a little more freely owing to the anticipation of higher prices, should a tariff be decided upon. Rates in American and Egyptian yarns have been rather steadier, and some spinners have experienced a little more inquiry. Transactions of any importance, however, have been scarce, and business for the most part has been confined to odd lots.

Cotton Prices.

	1931.				Corresponding Date.	
	Aug. 26.	Sept. 2.	Sept. 9.	Sept. 16.	1929.	1930.
Raw Cotton—Mid. American.....	d. 3-81	d. 3-66	d. 3-64	d. 3-89	d. 10-31	d. 6-30
" Sakellaridis Fully Good Fair	d. 5-84	d. 5-85	d. 5-55	d. 5-95	d. 17-45	d. 10-50
" Egyptian.....	d. 7½	d. 7½	d. 7½	d. 7½	d. 15½	d. 10½
Yarns—32's twist.....	per lb. 8	per lb. 8	per lb. 8	per lb. 8	per lb. 15½	per lb. 10½
" 40's twist.....	per lb. 13½	per lb. 13½	per lb. 13½	per lb. 13½	per lb. 26	per lb. 19
" 60's twist (Egyptian).....	per lb. 13½	per lb. 13½	per lb. 13½	per lb. 13½	per lb. 26	per lb. 19
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	a. d. 15 9	a. d. 15 9	a. d. 15 9	a. d. 16 0	a. d. 25 3	a. d. 19 9
56-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	a. d. 17 6	a. d. 17 6	a. d. 17 6	a. d. 17 9	a. d. 28 3	a. d. 22 3
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	a. d. 9 10	a. d. 9 10	a. d. 9 10	a. d. 9 10	a. d. 12 5	a. d. 12 4
34-in. ditto, 37½ yds., 16 by 15, 6½ lb.....	a. d. 8 9	a. d. 8 9	a. d. 8 9	a. d. 8 9	a. d. 11 11	a. d. 11 11

THE WOOL TRADE.—Bradford.—Another test of wool values has been afforded by the opening of the fifth series of London sales. Wools which are at all attractive, writes our correspondent, have found a fairly ready market, the home trade being largely responsible for the level of values paid. The worst feature of the auctions is that considerably less than the quantity of wool available in London will be catalogued, even if the sales continue for the fourteen selling days for which arrangements have been made. The home trade is an extensive buyer of the best greasy merinos, but the prices realisable for these are 10 per cent. below the close of the July auctions. Ordinary wools are practically 15 per cent. cheaper, particularly anything of Continental style. A good demand has been experienced for fine greasy crossbreds, but prices are 10 to 15 per cent. cheaper, medium and low sorts showing 15 per cent. drop. Some irregularity has been seen in scouring merinos. The fall in good 70's is no more than 10 per cent., while ordinary lots are 15 per cent. down. Superior scoured fine crossbreds are 10 per cent. cheaper, faulty wools 15 to 20 per cent., whilst medium lots show a decline of 15 per cent., and low 20 per cent. So far there has been only a small offering of New Zealand scoured crossbreds, and these are 10 to 15 per cent. cheaper, there being a decline of 10 per cent. in fine slope lambs, and 7½ per cent. in medium. No important development has yet been seen in Bradford. The fall in wool prices has already been largely discounted, and quotations for tops are steady. New business is developing slowly, and topmakers are concerned to see how values move during the remainder of the London series. Large stocks of cloth still have to be carried by the manufacturers, and this, along with the scarcity of new business is making them unwilling to speculate heavily in yarn. Decreasing exports, increasing imports, and uncertainty about

FIGURES OF ASSURANCE A.M.P.

By careful and prudent administration the A.M.P. has made more than £42,000,000 for the benefit of its Policyholders since its establishment in 1849, and this, after providing for all expenses of management, commission, taxes, etc. A.M.P. premiums are low. Bonuses high and policies, as befits the largest British Mutual Life Office, world-wide. Assets £83,000,000. Annual income £11,500,000. Full particulars on application.

MUTUAL AUSTRALIAN PROVIDENT SOCIETY Established 1849.
75-76 King William St., London, E.C.4.
D. E. WALKER, Manager for the United Kingdom.

tariff developments all contribute to retard the desired increase in machinery activity.

THE JUTE TRADE.—Dundee.—While prices of raw jute continue to fluctuate, sellers are showing considerable reserve, which is induced by the firmness of up-country markets in India. Supplies of the new crop at these stations are small, which, of course, is only in keeping with the greatly reduced outturn of the crop forecasted this season. The Director of Agriculture for Bengal, in his official estimate issued last week, simply confirmed the figures of the district returns, but stated that the quality may be affected in the districts in which flooding had occurred recently. Prices are slightly above the lowest points touched this season, but trade in jute goods has not improved to any material extent. Spinners and manufacturers in Dundee are quoting unchanged rates, and refuse to accept anything less when buyers show a disposition to purchase larger quantities for delivery some distance ahead. Stocks of Calcutta goods are still very large, and these prove a deterring factor to the advancement of prices at that centre. There are few offers of good first Marks being made. Fuji-M is quoted at £19 2s. 6d., and good Lightnings are offered at £17 10s., while Heart Ram assortment is named at £17, September-October. Daisee assortment is back again to £15 10s., after being up to £16, with three's at £15 5s., and four's at £14 10s., October-November. Tossa assortment is offered at £17, three's at £16 15s., and four's at £15 15s., October-November. The quoted rates for common 8 lb. cops and 8 lb. medium spools are 1s. 10½d. and 1s. 11½d. respectively. Buyers, however, are not inclined to pay more than 1s. 10d. and 1s. 11d., the latter having been sold on several occasions at the price. By the closing down of one spinning mill for an indefinite period from the middle of October, the supply of these yarns will be further curtailed. Twist is steady at from 3½d. to 3½d. for 3-ply 8 lb., and sacking yarns remain unchanged at from 2½d. for 24 lb. web and 3½d. for 8 lb. chains. Rove is in small request at from £18 10s. for 48 lb. and £15 10s. for 200 lb. The finer yarns are wanted by Brazil, and firm rates are quoted. For second quality 8 lb. Rio warp 2s. 7½d. is named, for third quality 2s. 4d., and for fourth 2s. 1d. Carpet yarns are slow and nominal. Orders for jute cloth are of small account, and buyers appear to be purchasing only sufficient to meet their immediate needs. Prices are steady, at from 2½d. for 10½ oz. 40 in., and from 1½d. for 8 oz. Linoleum hosiery are quiet, though business has already been done in sufficient volume to enable some firms to keep running on longer hours than hitherto. Heavy goods remain quiet. Calcutta goods were dearer, but the tone recently has been easier, with sellers now at 17s. 3d. for 10 oz. 40 in., and 14s. 1d. for 8 oz., September, and 17s. 5d. and 14s. 2d. respectively, October-December.

THE GRAIN MARKETS.

WHEAT.—During the past week the wheat markets have been a little steadier. Estimates of probable supplies and requirements are still conflicting as harvesting has only partially been completed. There is no doubt, however, that the weather has recently been unfavourable to the crops of Northern and Central Europe. Estimates have been reduced and the margin required to be met by imports has become considerably larger. Another favourable factor has been an increase in the volume of trade in the absence of selling pressure. On the other hand, the world's supplies are known to exceed probable requirements considerably. No estimate has yet been published of the yield of the Russian crop and it is therefore not yet possible to gauge accurately the total quantity which that country is likely to export during the current season. The Federal Farm Board has disposed of 7,000,000 bushels to Germany. It will be remembered that the Board has already arranged to exchange 25,000,000 bushels for coffee from Brazil, and that it has recently disposed of 15,000,000 bushels to China. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 23s. 9d. per 49½ lbs., as compared with 24s. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 22s. 6d., against 22s. 9d.; No. 3 Northern Manitoba, Atlantic, ex ship, 21s., against 21s. 3d.; Russian, on sample, 18s. to 20s. 6d., against 18s. to 20s. 6d.; Australian, ex ship, 19s. to 22s. 9d., against 19s. to 22s. 9d. a week ago.

WHEAT FLOUR.—The demand for flour has been on a larger scale than recently and prices have been well maintained. North American shipments, at 162,000 sacks, show a decrease of 43,000 sacks as compared with the previous week. Of this total, 85,000 sacks were consigned to Europe. Quotations: Straight run, delivered country, 21s. per sack of 280 lbs., as compared with 21s. last week; delivered London, 20s., against 20s. Manitoba patents, ex store, 20s. 6d. to 24s., against 20s. 6d. to 24s., and Australian, ex store, 16s. to 16s. 6d., against 16s. to 16s. 6d. a week ago.

BARLEY.—The market in barley has again been dull and quotations were generally easier. New English barley is, however, still dear owing to the scarcity of new supplies. Quotations: "English feeding," f.o.r., per 448 lbs., 20s. to 22s., as compared with 22s. to 24s.; Californian "new" sold at from 30s. to 50s., as compared with 34s. to 50s. last week; "Australian Chevalier" changed hands at 26s. to 32s., against 28s. to 32s. a week ago.

OATS.—Despite the heavy shipments from North and South America, oats have been firmer as a result of an improvement in demand. Quotations: "River Plate," landed, 13s. 9d. per 320 lbs., as compared with 13s. 6d. last week; "River Plate," ex ship, 12s. 6d., against 11s. 6d. to 12s. 3d.; "Chilean White," landed, 21s. to 22s. 6d., against 21s. to 22s. 6d.; English white, per 336 lbs., 20s., against 20s. a week ago.

MAIZE.—In view of further large shipments from the Argentina, prices suffered a further setback. Quotations: "Plate," landed 15s. per 480 lbs., as compared with 15s. 1½d. last week; Plate, ex ship, 13s. 9d., as against 14s.; Plate, September-October, new,

13s. 6d., as against 13s. 9d. Yellow maize meal, ex wharf, was quoted £4 12s. 6d. per ton, against £4 12s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to September 12	Owts. 64,859	Owts. 183,823	Owts. 309,008	Owts. 266,589
2 weeks to September 12	Owts. 107,617	Owts. 313,031	Owts. 538,943	Owts. 445,050
Average price of English wheat per cwt.	s. d. 4 9	s. d. 7 3	s. d. 9 11	s. d. 9 2

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Sept. 5, 1931.....	Owts. 42,758	Owts. 22,454	Owts. 17,859	s. d. 5 1	s. d. 10 2	s. d. 5 9
Sept. 12, 1931.....	Owts. 64,859	Owts. 32,609	Owts. 23,850	s. d. 4 9	s. d. 10 7	s. d. 5 8
Sept. 10, 1927.....	Owts. 202,924	Owts. 127,318	Owts. 54,400	s. d. 11 2	s. d. 13 8	s. d. 9 2
Sept. 15, 1928.....	Owts. 266,589	Owts. 284,109	Owts. 79,428	s. d. 9 2	s. d. 12 4	s. d. 9 0
Sept. 14, 1929.....	Owts. 309,008	Owts. 206,624	Owts. 52,131	s. d. 9 11	s. d. 11 5	s. d. 7 11
Sept. 13, 1930.....	Owts. 183,823	Owts. 96,724	Owts. 36,250	s. d. 7 3	s. d. 8 3	s. d. 5 11

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Sept. 17, 1930.	Jan. 2, 1931.	Sept. 2, 1931.	Sept. 9, 1931.	Sept. 16, 1931.
Winnipeg (No. 1 Manitoba)	148½	80½	56½	52½	51½	53
Chicago (No. 2 Winter)	130½	83½	79½	45½	47	49½
Chicago (No. 3 Winter)	130½	83½	79½	45½	47	49½

The visible supply of wheat in Canada, at 45,804,000 bushels, shows a decrease on the week of 2,497,000 bushels. Supplies a year ago stood at 73,779,000 bushels.

OTHER FOODS.

SUGAR.—The past week has witnessed a further downward movement in sugar values despite unfavourable crop reports from European producing countries. The home market in "British refined" remained dull until prices were again reduced 3d. per cwt. on Tuesday. Wednesday's sales of "raws" include "December delivery" at 5s. 6d. to 5s. 6½d. per cwt., against 5s. 8½d. to 5s. 10d., and "March," 1932, at 5s. 9d. to 5s. 9½d., against 5s. 9½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
London	Tons. 99	Tons. 50	Tons. 5,014	Tons. 1,196	Tons. 19,627	Tons. 27,046
Liverpool	Tons. 1,288	Tons. 5,902	Tons. 8,825	Tons. 13,140	Tons. 63,798	Tons. 81,813
Total	Tons. 1,387	Tons. 5,952	Tons. 13,839	Tons. 14,336	Tons. 83,425	Tons. 108,859
Last week	Tons. 16,276	Tons. 5,312	Tons. 14,706	Tons. 16,724	Tons. 95,877	Tons. 117,243

COFFEE.—The finer qualities of the 3,487 packages offered at Tuesday's auction met with a good demand and prices were slightly firmer. Last week's movements of coffee in London were as follows: Brazilian, landed, 524; delivered for home consumption, 40 bags; exported, nil; stocks, 2,502 bags, against 1,081 bags last week. Central American, landed, 598 packages; delivered for home consumption, 2,614; exported, 938; stocks, 89,970 packages, against 67,737 a year ago. Other kinds, landed, 5,465 packages; delivered for home consumption, 3,148; exported, 709; stocks, 78,746 packages, against 79,017 a year ago.

COCOA.—The demand for cocoa has been on a small scale, with a consequent further decline in prices. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, November-January, at 19s. per cwt. f.o.b. London contract, shows a fall of 8d. Last week's movements of cocoa in London were as follows: Landed, 411 bags; delivered for home consumption, 6,835 bags; exported, 143 bags; delivered 200,099 bags, as against 209,509 last year.

TEA.—The quantities catalogued for this week's auction comprised 48,970 packages of Indian, 26,077 packages of Ceylon, and 10,298 packages of Java and Sumatra tea. The market in tea has again been firmer. At this week's auctions there was keen competition for all good qualities. Medium teas were irregular, but table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
Sept. 11, 1930	1 4 75	1 0 90	1 5 44	0 9 66	1 11 17	0 8 32	1 4 05	1 1 16	1 1 16	1 1 16	1 1 16	1 1 16	1 1 16
Aug. 20, 1931	1 0 14	0 7 46	1 2 33	0 6 32	0 6 38	0 6 11	0 11 68	0 6 38	0 6 11	0 6 11	0 6 11	0 6 11	0 6 11
Aug. 27	1 2 97	0 7 84	1 2 73	0 6 46	0 6 45	0 4 89	1 1 16	0 6 45	0 4 89	0 6 45	0 4 89	0 6 45	0 6 45
Sept. 3	1 3 54	0 8 07	1 3 35	0 6 60	0 6 07	0 6 74	1 1 77	0 6 07	0 6 74	0 6 07	0 6 74	0 6 07	0 6 07
Sept. 11	1 3 66	0 7 92	1 3 70	0 6 98	0 6 09	0 8 00	1 2 19	0 6 09	0 8 00	0 6 09	0 8 00	0 6 09	0 6 09

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended August 31.		Eight Months ended August 31.	
	1930.	1931.	1930.	1931.
—Food, Drink, and Tobacco—				
A. Grain and flour	£ 5,690,909	£ 4,854,563	£ 46,033,182	£ 33,225,483
B. Feeding stuffs for animals	386,442	404,306	4,106,869	3,136,648
C. Meat	8,743,992	7,587,258	77,663,596	62,809,419
D. Animals, living, for food	1,714,066	1,420,043	10,517,821	9,046,499
E. Other food and drink, not dutiable	15,418,278	13,040,900	125,401,767	116,231,962
F. Other food and drink, dutiable	4,435,086	3,878,471	38,673,547	33,552,069
G. Tobacco	710,724	660,474	7,665,790	6,364,275
Total, Class I.	37,099,497	31,846,015	310,062,572	264,366,355
—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,423	2,497	18,438	21,640
B. Other non-metallic mining and quarry products and the like	422,558	302,853	3,803,837	2,661,413
C. Iron ore and scrap	289,605	179,487	4,021,886	1,674,672
D. Non-ferrous metalliferous ores and scrap	946,444	575,654	9,158,380	5,057,178
E. Wood and timber	5,044,077	3,765,335	27,280,114	17,954,246
F. Raw cotton and cotton waste	1,724,151	1,578,386	30,671,828	16,408,597
G. Wool, raw and waste, and woolen rags	2,255,432	808,053	36,328,377	26,815,042
H. Silk, raw, knaps and holls	50,619	87,018	1,047,125	800,533
I. Other textile materials	431,613	285,398	7,669,301	4,275,146
J. Oil seeds, nuts, oils, fats, resins and gums	2,488,491	1,962,273	24,347,155	17,797,113
K. Hides and skins, undressed	1,165,133	989,421	11,709,196	7,665,193
L. Paper-making materials	1,011,928	761,730	8,124,793	6,052,756
M. Rubber	572,069	253,169	7,846,731	3,479,712
N. Miscellaneous raw materials and articles mainly unmanufactured	1,111,830	931,630	7,072,586	5,765,023
Total, Class II.	17,515,373	12,483,504	179,099,747	116,428,264
—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	204	662	6,868	11,000
B. Earthenware, glass, abrasives, &c.	855,205	756,449	7,178,090	5,969,131
C. Iron and steel and manufactures thereof	1,641,594	1,367,894	15,893,411	12,008,084
D. Non-ferrous metals and manufactures thereof	2,227,942	1,474,803	21,028,281	13,899,285
E. Cutlery, hardware, implements, and instruments	615,043	458,713	5,163,376	4,377,079
F. Electrical goods and apparatus	521,897	447,657	4,464,013	3,289,715
G. Machinery	1,405,459	1,051,329	12,595,187	9,575,483
H. Manufactures of wood and timber	658,176	614,017	5,923,135	4,698,257
I. Cotton yarns and manufactures	729,562	674,927	6,342,846	5,497,089
J. Woollen and worsted yarns and manufactures	1,178,104	1,145,794	9,481,487	8,495,613
K. Silk and silk manufactures	865,254	668,056	7,717,201	5,699,366
L. Manufactures of other textile materials	1,264,520	1,232,403	10,492,661	9,675,559
M. Apparel	1,586,111	1,828,147	13,076,595	13,471,347
N. Chemicals, drugs, dyes and colours	1,194,669	1,058,011	9,265,178	8,185,238
O. Oils, fats, and resins, manufactured	3,577,851	2,211,725	33,719,010	19,889,145
P. Leather and manufactures thereof	1,261,185	973,361	10,103,446	8,058,170
Q. Paper and cardboard	1,634,913	1,391,246	11,811,538	9,980,013
R. Vehicles (including locomotives, ships, and aircraft)	480,820	245,392	4,950,407	2,475,233
S. Rubber manufactures	240,681	268,939	2,677,211	2,182,761
T. Miscellaneous articles, mainly or wholly manufactured	2,248,747	2,273,145	17,905,985	17,794,932
Total, Class III.	24,189,057	20,132,670	209,795,926	165,232,500
—Animals, not for food	388,363	327,276	2,382,140	2,347,117
—Parcel Post, non-dutiable articles	660,786	471,621	5,220,056	4,685,753
Total	79,853,076	65,261,086	706,560,441	553,059,989

RICE.—The recent improvement in prices has not been maintained. Wednesday's quotation for Burma No. 2, cleaned, September-October, in singles to the Continent and to the United Kingdom, at 1½d. per cwt., shows a decline of 3d. as compared with last week. Movements in London during the past week were as follows: Landed, 5 tons; delivered, 33 tons; stocks, 890 tons, as against 1,592 tons last year.

POTATOES.—The market in potatoes has been active, and prices show a slight advance. At the Borough Market, "Best King Edward" sold at from 6s. 6d. to 7s. 6d. per cwt., as compared with 6d. to 6s. 6d. a week ago.

SPICES.—The "spot" pepper market remained steady during the week. Wednesday's quotation for "Black Singapore," at 5½d. per lb., again shows no change on the week. Movements of pepper in London during the past week were as follows: Landed, 25 tons; delivered, 12 tons; stocks, 600 tons, against 831 tons at year. White, landed, 67 tons; delivered, 50 tons; stocks, 492 tons, against 438 tons a year ago.

MEAT.—Supplies of meat at the Smithfield market have been very this week, and prices of beef and mutton and lamb were generally lower. Wednesday Argentine beef (chilled, hind quarters) as sold at 4s. 4d. to 4s. 10d. per 8 lbs., against 5s. 2d. to 5s. 6d. on the corresponding day last week, while New Zealand frozen mutton alised 3s. 6d. to 4s. 2d., as against 3s. 8d. to 4s. 4d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,417 tons, as compared with 8,432 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.9 per cent. of the supplies, as against 82.6 per

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended August 31		Eight months ended August 31.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	£ 334,965	£ 267,233	2,999,247	2,192,555
B. Feeding stuffs for animals	185,824	133,243	1,423,731	1,406,432
C. Meat	113,724	83,207	944,110	780,875
D. Animals, living, for food	8,910	11,193	108,655	119,110
E. & F. Other food and drink	2,766,643	1,842,548	19,869,890	14,895,905
G. Tobacco	578,546	257,519	5,986,373	3,651,866
Total, Class I.	3,988,612	2,594,743	31,332,006	23,046,743
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,198,638	2,611,148	31,085,636	22,652,037
B. Other non-metallic mining and quarry products and the like	125,408	85,812	1,136,642	746,802
C. Iron ore and scrap	49,083	22,302	369,342	297,508
D. Non-ferrous metalliferous ores and scrap	56,304	25,319	587,091	300,290
E. Wood and timber	19,710	16,117	207,139	147,933
F. Raw cotton and cotton waste	50,291	22,798	467,238	206,904
G. Wool, raw and waste, and woollen rags	328,204	241,355	3,461,152	2,028,024
H. Silk, raw, knurls and nolls	452	108	11,123	6,148
I. Other textile materials	12,486	20,824	215,622	131,673
J. Oil seeds, nuts, oils, fats, resins, and gums	272,533	142,168	2,557,308	1,669,403
K. Hides and skins, undressed	67,691	35,956	1,075,986	542,172
L. Paper-making materials	63,970	47,513	754,874	471,759
M. Rubber	13,205	8,862	126,936	67,379
N. Miscellaneous raw materials and articles mainly unmanu- factured	128,868	101,769	2,023,147	1,698,915
Total, Class II.	4,386,843	3,383,051	44,085,296	30,966,947
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	331,372	263,057	2,216,044	1,762,114
B. Earthenware, glass, abrasives, etc.	950,881	666,695	8,409,902	5,652,909
C. Iron and steel and manufac- tures thereof	3,606,028	2,173,946	37,759,466	20,562,846
D. Non-ferrous metals and manu- tures thereof	843,189	491,132	8,662,451	4,814,466
E. Cutlery, hardware, implements, and instruments	543,953	393,534	5,110,677	3,548,719
F. Electrical goods and apparatus	751,167	475,703	7,912,433	5,318,030
G. Machinery	3,507,271	2,174,262	32,886,799	21,859,475
H. Manufactures of wood and timber	183,750	101,562	1,482,838	959,988
I. Cotton yarns and manufactures of woolen and worsted yarns and manufactures	3,450,829	2,225,141	26,085,470	17,173,811
K. Silk and silk manufactures	114,986	76,922	1,107,884	727,222
L. Manufactures of other textile materials	1,386,892	567,214	14,025,024	8,708,081
M. Apparel	1,706,265	1,130,031	13,421,683	9,215,785
N. Chemicals, drugs, dyes, and colours	1,515,778	1,117,125	15,330,751	11,604,773
O. Oils, fats, and resins, manu- factured	597,888	387,799	5,260,794	3,653,207
P. Leather and manufactures thereof	350,918	239,730	3,822,700	2,159,048
Q. Paper and cardboards	645,261	489,402	5,915,050	4,135,139
R. Vehicles (including loco- motives, ships and aircraft)	3,476,281	2,096,797	34,425,718	22,228,392
S. Rubber manufactures	206,602	144,320	1,981,186	1,504,154
T. Miscellaneous articles mainly or wholly manufactured	2,393,895	1,664,179	20,301,235	14,631,182
Total, Class III.	33,115,623	21,965,398	311,395,705	198,843,704
IV.—Animals, not for food	123,802	85,784	1,034,546	702,972
V.—Parcel Post	1,652,089	1,107,939	10,527,141	8,984,178
Total	42,776,969	29,136,915	398,374,694	262,544,544

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				s. d. s. d.				English Southdown, washed				s. d. s. d.			
GRAIN, &c.—				Irish bladders.....				per lb. 11				Best heavy ox and heifer			
Wheat, No. 2, N. Man. 495 lb.....				American, boxes, 56 lbs. 42				3 44 9				Nominal			
Eng. Gaz. av. per cwt.				POTATOES—				Lincoln hog, washed				Nominal			
Barley, Eng. Gaz. av.				Good English, per cwt. 6				6 7 6				Nominal			
Oats,				SPICES—				Queensland, scd. super cmbg.				INDIGO—			
Maize, La Plata, landed, 480 lb.....				Pepper, per lb.—				N.S.W. greasy, super				Bengal gd. red-vio. to			
Flour, Lon. stan. ex mill, s. d.				Muntok, fair White				18				fine—per lb.			
280 lb.....				Black Lampong				SPICES—				5 6 6 6			
Rice, No. 2 Burma, per cwt. 8				Cinnamom—1st sort, per lb. 0				N.Z., gray, half-bred 50-56							
Sago, Pearl, per cwt.				Cloves—Zanzibar per lb. 0				7½							
Tapioca, per cwt.—				Ginger—per cwt.—				Crossbred 40-44							
B.I. flake, fair spot ...				African				24 6 0 0							
Medium pearl				Jamaica, ord. to good, ..				40 0 80 0							
MEAT—				Mace				per lb. 0 9 1 7							
Beef, per 8 lbs.—				Nutmegs 65s				1 3 0 0							
English long sides				SUGAR—				(Duty, 11s. 8d. per cwt.)							
Argentine chilled hinds. 4				B.W.I., crystallised				18 0 21 0							
Mutton, per 8 lbs.—				Java, white, c. & f. India				7 7½ 0 0							
English wethers.....				REFINED—London—				Yellow Crystals							
N.Z. frozen				Yellow Crystals				18 44 0 0							
Pork, English, per 8 lbs. 4				Cubes				22 9 23 3							
				Crushed				21 3 21 9							
				Granulated				19 0 19 9							
				Home Grown				18 6 18 9							
BACON—				TEA—				Iron AND STEEL—							
Irish				Indian—per lb.—				Pig, Cleveland No. 3, ton 58							
Danish				Pekoe				0 5½ 1 4½							
Dutch				Broken Pekoe				0 5 1 7							
HAMS—Irish				Orange Pekoe				0 6½ 2 5							
Canadian				Broken Orange Pekoe ..				0 5½ 4 0							
American				Ceylon—per lb.—				Pekoe							
BUTTER—				Pekoe				0 5 2 6½							
Irish creamy per cwt.				Broken Pekoe				0 5½ 2 6½							
Australian				Orange Pekoe				0 7½ 2 6½							
New Zealand				Broken Orange				0 7 3 0							
Danish				TOBACCO—				(Duty 9/6-10/6 per lb.)							
OTHER FOODS.				Canadian				Empire growths, 7/5½							
Canadain				New Zealand				8/3½ per lb.)							
New Zealand				English Cheddars				Virginia leaf							
English Cheddars				Dutch				Common to fine							
Dutch				COCOA—				Rhodesian leaf							
(Duty, British grown,				11s. 8d.; foreign, 14s. cwt.)				Nyasaland leaf							
Acacia, f.f. per cwt. 19				0 26 0				strips							
Trinidad				37 0 44 0				East Indian leaf							
Grenada				25 0 35 0				COFFEE—							
COFFEE—				(Duty, British grown,				11s. 8d.; foreign, 14s. cwt.)							
Santos sup. c. & f. cwt. 38				6 0 0				Santos sup. c. & f. cwt. 38							
Colombian, good				65 0 88 0				Colombian, good							
Oceia Rice, med. to good				75 0 115 0				Oceia Rice, med. to good							
East Indian				78 0 108 0				East Indian							
Kenya, medium				65 0 75 0				Kenya, medium							
EGGS—				English				11 9 16 6							
Danish				12 9 13 6				Danish							
FRUIT—				Oranges—				South African							
South African				12 0 17 0				Lemons, Sicilian							
Lemons, Sicilian				16 0 20 0				Malaga							
Malaga				0 0 0 0				Apples: Amer. (var.) bris.							
Apples: Amer. (var.) bris.				25 6 28 0				(var.) boxes							
(var.) boxes				9 0 10 0				" Australian							
" Australian				0 0 0 0				Onions:—							
Onions:—				Valencia, case, 4s.				6 0 0 0							
Valencia, case, 4s.				0 0 0 0				Egyptian Bage							
Egyptian Bage				3 0 11 0				Grapes, Lisbon							
Grapes, Lisbon				3 0 11 0				" Almeria							
" Almeria				5 0 15 0											

first clear ox and heifers, together with seconds, were from ½d. to ¾d. per lb. cheaper. First warbled ox and heifers also realised less money, while seconds in the same class changed hands at last prices. Less money was also accepted for clear cows, firsts showing a reduction of ½d. and seconds of ¾d. per lb. Calf skins were steady except for a slightly easier tendency in regard to light weights. Business in foreign hides continues to be restricted to small parcels, and in the absence of any real interest in the position of the market prices have touched still lower levels. In the frigorifico market Argentine ox have been sold at the equivalent of 4d. A little more interest has been displayed in dry South American hides, but even so, prices are lower, 4½d. having been accepted for B.A. Americanos, while Inservibles have sold at 2½d. Only a limited amount of business has been passing for most descriptions of African hides, and dry Capes are now quoted at 5½d. and 4½d. for firsts and seconds, while 4½d. and 3½d. has been accepted for dry-salted 20-30 lbs. Australians have been a moderate sale, but the tendency of values is weaker. The leather market is inclined to be rather more bright than last week, but business for the most part continues to be on a hand-to-mouth basis. In the sole leather section English and wetsalted bends have again accounted for a fair amount of trade from the repairing end, particularly in the medium weights. The lighter averages in dry hide bends have also been taken up on account of shoe manufacturers, but little movement has been noticed in other weights in this description of stock. Pinned bellies have shown further improvement, in addition to which a steady call has been met with for shoulders in the same class. Rough offal, however, remains slow. Producers and distributors of upper leathers report a steady flow of small orders for most of the staple goods, with the bulk of the inquiry centred on willow calf and glacé kid. Box calf and patent, however, are lines fairly frequently asked for, but inquiry for fancy upper stock is confined to a few lines which must be low in price to sell.

RUBBER.—The market in rubber has been a little steadier and the recent improvement in prices has been maintained. The demand for rubber shows, however, no improvement. The consumption

per working day in the United States during August at 1,081 tons shows a fall of 187 tons on the previous month and one of 115 tons as compared with the corresponding month a year ago. Wednesday's official closing price for standard ribbed smoked sheet, at 2½d. per lb., shows no change as compared with the corresponding day last week. In forward positions, business has been done at 2½d. to 2¾d. for October, against 2½d.; and at 2½d. to 2¾d. for January-March, 1932, as against 2½d. to 2¾d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,043 tons; delivered, 1,491 tons; stocks at the end of last week, at 135,802 tons, show a decrease of 448 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Aug. 19.	Sept. 9.	Sept. 16.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	48½	47	49½
Coffee, Rio No. 7, cash, per lb.....	5½	5½	5½
" Santos No. 4, cash, per lb.	8½	8½	8½
Cocoa, Accra, nearest future, per lb.	4.82	4.49	4.32
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3.47	3.42	3.45
Cotton, New Orleans, middling, spot,			
per lb.	6.34	6.64	6.31
Rubber, smoked sheet, spot, per lb...	5½	5½	5½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	160-175	165-180	180-195
Copper, "Electrolytic," Domestic,			
spot, per lb.	7.75	7.625	7.125
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	8.00	8.00	7.50
Spelter, East St. Louis, spot, per lb...	3.80	3.80	3.75
Lead, spot, per lb.	4.40	4.40	4.40
Tin, "Straits," spot, per lb.	25.50	25.65	25.00

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, SEPTEMBER 26, 1931.

No. 4,596.

TABLE OF CONTENTS.

The Money Market	545	Foreign Stock Exchanges—	
Leading Articles—		New York	573
The End of an Epoch	547	Paris	576
Effects at Home	548	Amsterdam	576
The Effects Abroad	550	Berlin	576
The Pound: A Foreign		Canada	576
View	551	Other Centres	578
Carry On	552	Investment Notes—	
The Causes of the Trouble	553	The Stock Exchange and	
A Diary of the Crisis	554	Sterling	576
Conflict in Manchuria ...	555	American Railroad Stocks	577
		Sheepbridge Coal and Iron	578
		Gaumont British Picture	
Notes of the Week—		Corporation	578
Bank Rate	556	Cohen Weenen	578
India and the Gold Deci-		London Express News-	
sion	557	paper	579
Tempering the Wind	557	Harrisons and Crosfield ...	579
Franco-Italian Naval Con-		Goldsborough Mort	579
versations	557	New Modderfontein	579
Sir Arthur Salter and the		Nourse Mines	580
Crisis	557	Capital Issues	580
Commodity Price Develop-		Company Meetings, &c. ...	581
ments	558	Government Returns, &c.—	
Our Price Index Number	558	National Accounts	581
Cotton Trade Labour Pro-		Treasury Bills by Public	
blems	558	Tender	581
New Capital Issues	559	The Bankers' Gazette—	
The Commonwealth Bank		Bank of England	582
Report	559	Bankers' Clearing Returns	582
The Bank Credits	559	Provincial Clearing Re-	
Insurance Doctors and		turns	582
Certification	559	Overseas Bank Returns ...	582
Transvaal Gold Output ...	560	Loan and Discount Rates	584
		Rates of Exchange	584
Overseas Correspondence—		Overseas Bank Rates ...	584
League of Nations	560	India: Remittances to the	
France	561	Home Treasury	585
Germany	562	Bullion	585
Switzerland	563	Gold and Silver Prices ...	585
Holland	564	Company News—	
Austria	564	Weekly Traffic Returns ...	586
United States	565	Profit and Loss Accounts	586
Denmark	565	Commercial Reports—	
Belgium	566	Market Summary	587
Norway	566	The Coal Trade	587
Finland	567	Iron and Steel	587
Poland	567	Other Metals	588
Jugoslavia	568	Textiles	588
Canada	568	The Grain Markets	588
Argentina	569	Other Foods	589
		Miscellaneous Commodi-	
Books and Publications—		ties	589
Books Received	570	Commodity Prices in the	
		United States	592
The Stock Exchange—		Prices Current	592
New Problems for the		Books and Publications—	
Investor	571	Books Received	570
The Week in the Markets	572	The Stock Exchange—	
London Active Security		New Problems for the	
Prices and Yields.	574	Investor	571
New Issue Prices	576	The Week in the Markets	572

foreign exchange dealings. An order was issued on Tuesday in pursuance of this clause forbidding the purchase of foreign exchange by British nationals or residents in Great Britain except (a) for legitimate purposes of trade, (b) for the fulfilment of contracts entered into before September 21st, and (c) for reasonable travel or personal objects. The previous day a meeting had taken place between representatives of British and foreign banks and accepting houses, at which means of giving effect to this order were discussed and agreed.

The money market naturally took some time to adjust itself to these momentous changes. On Monday money was very difficult. The prevailing uncertainty led to a certain amount of precautionary calling, while in any case the absence of Treasury bill maturities would have caused some stringency. To relieve the pressure, some special purchases of early December Treasury bills were made at $5\frac{3}{8}$ per cent.; but, even so, the market had to take a fair number of bills to the Bank for discount, as is shown by the increase of £5.3 millions in discounts and advances in this week's Bank return. New money was only available at rates running up to $5\frac{1}{2}$ per cent., with 5 per cent. charged for renewals. Discount rates were a nominal $5\frac{1}{2}$ per cent.

By the following day conditions had become more settled. Money was a little easier, though some special buying of November Treasury bills at $5\frac{3}{8}$ per cent. and of hot Treasuries at $5\frac{1}{2}$ per cent. was still necessary. The market rate of discount on three months' bills settled down at $5\frac{1}{8}$ per cent. On Wednesday and Thursday still easier conditions prevailed. Money became more plentiful, and the market was able to return to its normal business and to realise that three months' bills had become the desirable end of the year maturity. Consequently some demand for hot Treasury bills arose, and these were dealt in at rates running down to $5\frac{1}{2}$ per cent. $5\frac{1}{8}$ per cent. was still charged for remitted bills, the rate varying with their status, but on Thursday three months' bills were dealt in under competition at $5\frac{1}{16}$ per cent.

	Sept. 3, 1931.	Sept. 10, 1931	Sept. 17, 1931.	Sept. 24, 1931.	Previous Rate and Date Changed.
Bank Rate	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	6	$4\frac{1}{2}$ (Sept. 21, '31)
Banks' Deposit Rate...	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	4	$2\frac{1}{2}$ (Sept. 21, '31)
Discount of Call	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	4	$2\frac{1}{2}$ (Sept. 21, '31)
Houses of Notice ...	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$4\frac{1}{2}$	$2\frac{1}{2}$ (Sept. 21, '31)
Market rate (3 months' bills)	$4\frac{1}{16}$	$4\frac{1}{16}$	$4\frac{1}{8}$	$5\frac{1}{2}$	...

Some surprise has been expressed at the institution and maintenance of a 6 per cent. Bank rate. It is argued that with the suspension of the gold standard the normal function of a high Bank rate, namely, the attraction and retention of foreign funds, has ceased to operate, and that the only effect of the 6 per cent. rate is to penalise unnecessarily home trade and industry. Such a point of view is perfectly legitimate, but it should scarcely have occasioned surprise that the authorities should have felt it desirable in a situation of almost unparalleled uncertainty to take, at least as an initial measure, normal precautionary steps.

Details of foreign exchange movements are given in a subsequent Note. It must be remembered that in this, as in previous weeks, the exchange value of the pound is governed mainly by big capital movements. Last week the effect of an outflow of funds was to cause gold shipments, but this week and henceforward capital movements will express themselves in wide variations of the actual rates of exchange, which are no longer held in place by the gold points. Many apparently baffling fluctuations in the exchanges must be expected during the next few weeks, and it is far too early to determine what is the intrinsic value of the pound and at what level in the exchange market it is likely to settle down.

As was to be expected, the Bank return records several wide changes, some of which relate to the period of the heavy drain upon London during the last three days when the gold standard was still in force. There has been an increase of only £1.1 millions in the note circulation. This is a perfectly normal movement, and shows that home confidence in the British banking system is unabated. Gold losses amount to £1.9 millions, all of which occurred last week. The Reserve consequently is £3.0 millions lower, but the Proportion still stands at the strong figure of $41\frac{3}{4}$ per cent. Among the Bank's earning assets, there has been a net reduction of £11.5 millions in Government Securities and an increase of £22.7 millions in other Securities, but in the Issue Department alone there has been a change-over of £22 millions from Government to Other Securities. The increase of £5.3 millions in Discounts and Advances has already been noticed. On the liabilities side, Public Deposits have risen by £6.4 millions and Other Deposits by £6.5 millions. The latter now stand at £64.9 millions, which is a figure high enough to afford the market sufficient freedom of movement in the present abnormal circumstances.

At the end of last week, pressure in New York against sterling and British bonds became intense, though much of it was attributed to Dutch selling consequent upon the weakness in Amsterdam. The news of the suspension of the gold standard in Great Britain was taken very well, many bankers endorsing Mr Pierpont Morgan's view that it was a hopeful and not a discouraging event, and was the next stage in the work of the British Government after the balancing of the Budget. New York foreign exchange rates were completely upset by the break of the pound, and many European currencies were unquoted. So far as this week's quotations possess any significance, lire have been erratic with a tendency to slump on Tuesday, while Scandinavian currencies have fallen by over two cents. Dutch florins have held their ground. The decision to reopen the London Stock Exchange was welcomed, and on Wednesday the bond market registered numerous improvements.

In the exchange market sterling remained outwardly steady until Saturday, September 19th, although late on Friday and on Saturday there were exceptionally heavy withdrawals of foreign balances. The following rates were current at Saturday's close:—New York, 4.85 $\frac{1}{2}$; Montreal, 4.95; Paris, 123.97; Brussels, 34.83; Italy, 92.88; Holland, 12.03; Spain, 53.45; Switzerland, 24.86; Stockholm, 18.16; Oslo, 18.184; Denmark, 18.184; Berlin, 20.51; India, 1s. 5 $\frac{1}{2}$ d.; Japan, 2s. 0 $\frac{1}{2}$ d.; Buenos Aires, 29d.; and Rio, 3d. After the departure from the gold standard it was hardly possible to quote any but the principal exchanges. Dollars fluctuated between 4.05 and 4.30, Paris between 103 and 120, and Holland between 10.00 and 11.00. Conditions, however, gradually settled down as time went on, and the rates at midday on Thursday were as follows:—New York, 3.95; Montreal, 4.25; Paris, 100.50; Brussels, 28.25; Italy, 78.00; Holland, 9.75; Spain, 44.25; Switzerland, 21.25; Stockholm, 16.00; Oslo, 17.25; Copenhagen, 18.25; Berlin, 17.25; India, 1s. 5 $\frac{1}{2}$ d.; Japan, 2s. 4 $\frac{1}{2}$ d.; Buenos Aires, 32 $\frac{1}{2}$ d.; Rio, 3 $\frac{1}{2}$ d. Many of the quotations, especially in the less active exchanges, remain entirely nominal, including that for Copenhagen—it being announced that Denmark had also gone off the gold standard. The only forward quotations were those for dollars, which were $2\frac{1}{2}$ cents and $6\frac{1}{2}$ cents premium for one and three months respectively. Present quotations hardly express the true exchange values of the pound sterling, and time will be needed for them to adjust themselves. It is significant, however, that gold has commenced to leave New York for Paris. Shipments to date since Saturday total \$190,000, and a further \$250,000,000 is reported to be earmarked. Silver improved in value from last week's level of 12 $\frac{1}{2}$ d. for spot and 13d. for forward to 16 $\frac{1}{2}$ d. and 16 $\frac{3}{4}$ d. respectively. The silver exchanges were quoted: Hong Kong 1s. 2 $\frac{1}{2}$ d. and Shanghai 1s. 5 $\frac{1}{2}$ d.

THE END OF AN EPOCH.

It is safe to predict that Monday, September 21, 1931, will become a historic date; the suspension of the gold standard in Great Britain on that day, after the six years of painful effort which followed this country's return to gold in 1925, marks the definite end of an epoch in the world's financial and economic development. It is idle now to argue, in the light of after events, whether the reversion to the gold standard six years ago was well advised. This country took the lead—rightly, as we think—in endeavouring to restore the world's currencies to stability after the post-war chaos into which many of them had fallen. Since the war, Great Britain has endeavoured—and again, we think, her policy was right—to carry on her shoulders a large part of the burden of financing countries which were short of capital, particularly those of Central Europe. That effort would have been fully justified if the respite that it afforded had been used not merely to establish in those countries formal budget equilibrium as a condition of assistance, but also to create reasonable political and trading conditions between the nations of the world and to harmonise their economic life one with another.

Nine years ago the *Economist* urged that those who were responsible for sponsoring one loan after another in the world's chief capital markets ought to insist as a condition of assistance that the underlying economic structure was sound, and that the countries concerned were being placed in a position to play their appropriate rôle in a sane international order and not merely being helped to strangle one another's trade. Although material well-being has greatly increased since the war in almost every country, the slump that followed the extravagances of the American boom showed up in all their crudity the various defects which have prevented the gold standard from working properly and have led to growing trade depression. The story of the rapid spread of the depression—the causes of which are succinctly told in the Memorandum of the International Chamber of Commerce which we print in a later article—is too familiar to need further repetition.

Since last May, when the collapse of the Credit-Anstalt gave the first signal that the combined forces of indebtedness, catastrophic declines of commodity prices and world-wide unemployment were producing a situation of imminent crisis, Great Britain endeavoured—and once more we think she was right—to maintain the exchange value of the pound sterling, even at considerable cost to the Treasury. All these efforts have failed; the decision which the Government reached last Saturday represented not a deliberate act of policy, but the acceptance of the inevitable.

The leading features of this last phase of the world crisis are summarised in the diary which we print on a later page. Undeniably the reckless and ill-considered propaganda, launched by a section of the Conservative Party in favour of a General Election, had a seriously adverse effect on foreign confidence which was disturbed in addition by reports of insubordination in the Navy. But, though these factors accelerated the *dénouement*, they were not wholly, or even in the main, responsible for it. While the formation of a National Government and the rectification of the British Budget did much to reassure opinion abroad as to our determination to maintain British credit on a firm basis, these domestic developments had done and could do nothing in themselves to alleviate the international crisis whose repercussions last week began to extend to financial centres such as those of Holland, Switzerland and Scandinavia. The consequent scramble to increase banking liquidity, in face of a violent slump in security values, resulted in the repatriation of balances held in London, causing a strain on sterling which could not, in any case, have been indefinitely supported. In view of the intensification of the pressure on sterling between Wednesday and Saturday last week, the Government had no option but to suspend the convertibility of the pound into gold. It may be that at the beginning of August a bolder policy in

the use of Bank rate and the mobilisation of overwhelming foreign support for sterling would have been a wiser policy than that which was followed; but as the matter stood on Saturday the situation could not be retrieved by further credits, or even by throwing into the defences the whole of the Bank's gold reserves.

The new situation with which we are confronted is such as to occasion neither alarm nor satisfaction. As we suggest in later articles, it is still premature to attempt to assess the effects either at home or abroad of Great Britain's departure from the gold standard. So far as this country is concerned, there has been a commendable absence of any sign of panic, and the *sang froid* with which the banking system, the stock markets and the public have stood up to the shock of changed conditions merits tribute. But however desirable it may have been to encourage the "man in the street" during the early days of this week to discard from his mind alarmist talk, to which he had so recently been treated by politicians, with regard to the cataclysm which might be produced by "letting the pound go," we do not propose in these columns to gloss the facts of the situation. To pretend that by suspending the gold standard we have now set our feet unerringly on the path of prosperity and given a lead to world recovery is futile and dishonest. In one sense we are relieved from a load of suspense which was having a restrictive and depressing effect, but we have brought into being new and formidable problems. In a word, we have exchanged one crisis for another. In the next article we deal more particularly with some of the urgent questions which this country will have to tackle on its own initiative. Here we are concerned more generally with the consequences of our abandonment of gold in relation to the pre-existing and still continuing world crisis as a whole.

The facts must be faced that the disappearance of the pound from the ranks of the world's stable currencies threatens to undermine the exchange stability of nearly every nation on earth; that even though London's prestige as an international centre may gradually recover from the severe blow which the sterling bill has received, banking liquidity throughout the world has been seriously impaired, much more so in other countries than this; that international trade must be temporarily paralysed so long as the future value of many currencies is open to grave uncertainty; and that, though the memory of the disastrous effects of post-war inflations should be a useful deterrent, there is an obvious risk lest we may have started an international competition in devaluation of currencies motivated by the hope of stimulating exports and leading to a tragic reversion to the chaotic conditions which existed five or six years ago.

In these circumstances it is imperative that the authorities responsible for monetary policy, both in this and other countries, should realise, and should make it plain to less well-informed public opinion, that what has happened this week is not a temporary deviation from a "normality" to which we may expect with less or more effort to return. Even if it were possible to go back to the *status quo*, it would not necessarily be desirable. In any case, it is an impossible policy. In the last few years the post-war gold standard has functioned under conditions which have distorted it so badly that in the end it has produced widespread misfortune. There is much else wrong with the world beside the mishandling of its monetary medium. But merely to aim at restoring it without qualification would only lead us to the same *impasse*, and the attempt would be bitterly resented by those who have suffered from its recent vagaries. On the other hand, it is of paramount importance that the present depression of world trade should not be accentuated by a recrudescence of anarchy in the world's foreign exchanges.

This being so, the fact which the world must face to-day is that the real post-war crisis—the "debtor crisis"—has

now become coterminous with the world itself. And, just as continuity of stable government and an agreed policy is essential for Great Britain, so is there imperative need for international agreement on monetary policy. An international conference of statesmen, assisted by their experts, should be convened without delay to deal with the great difficulties which have threatened the economic life of every country in the world. One of the main tasks of such a conference would be to ensure that the exchange standards of the future are worked out on the basis of a common international rule, whether related or not to gold. The monetary aspect of the world trade depression is not the whole story. Revalorisation in the interests of debtors and producers will not dispense with the need of better organisation of world production, employment and trade. But the question of currency values and exchange ratios is fundamental, and even if new rules and ratios cannot be worked out immediately until exchanges have had time to be tested in free conditions, a start can at least be made in clearing away the present *débris* with which the world is crippled. So far as the intractable reparations-debt-security complex is concerned, the United States and France have now more than ever to lose and greater incentive than ever to take the initiative. But from whatever source it comes, the initiative must be found; for until a start is made confidence to rebuild will be lacking.

EFFECTS AT HOME.

DEPRECIATION of a currency resembles certain medical stimulants and poisons in that the rapidity of its effects varies in inverse proportion to the resisting power of the organism which is subjected to its influence. In a country like Great Britain, with a highly organised economic system, great internal banking resources and powerfully entrenched traditions of ordered business life, it was not to be anticipated—*pace* the political scaremongers of a few weeks ago—that the suspension of the Gold Standard Act would have immediate, cataclysmic reactions. And so the event has proved. Reviewing the situation after four days' experience of an inconvertible pound, we find that, so far, we have accommodated ourselves with remarkably little disturbance to the change in conditions.

What have the initial, outward effects been? The banking system, its stability apparently unquestioned by any domestic depositor, has continued to function, for all internal transactions, as normally as before. Sterling exchange, disorganised on Monday, steadied round the mean level of its immediate 15-25 per cent. depreciation. The discount market, after a brief interval of acute credit stringency, has adjusted itself to a 6 per cent. Bank rate and accepted philosophically the temporary dislocation of its dealings with foreign institutions. No disastrous flood of liquidation, either from home or from foreign investors, attended the unexpectedly prompt reopening of the Stock Exchange on Wednesday; and while gilt-edged stocks naturally fell, though only to a moderate extent, the movement of equity shares of British industrial companies reflected general optimism as to the future. In the commodity markets, fluctuations have represented mainly the adjustment of sterling prices to gold equivalents, and retail prices have substantially remained unaltered.

In itself, this capacity of Great Britain to withstand financial shocks, without losing courage or equilibrium, is a matter for unqualified satisfaction. At the same time, it would be of poor service to our understanding of the situation, and our ability to cope with its full consequences, were the temporary appearance of "normality" to blind us to the real significance of what has happened and may ensue. Though there is no occasion for despairing pessimism—indeed, our abandonment of the gold standard may yet be turned to good advantage not only for ourselves but for the world—there is bound to be a cost as yet uncounted, and difficulties still not widely appreciated will have to be surmounted.

In a situation of crisis whose development, both at home and abroad, has to be reckoned in terms of hours, a weekly journal like the *Economist* obviously suffers the disability

of having to write of tendencies which may have altered, and of probabilities which may have become *choses jugées*, when its columns are read. Realising this, we think we can best serve our readers by attempting, as each week passes, to indicate what, in our judgment, is the criterion whereby to assess past and likely happenings. And, at the present juncture, the important thing, we suggest, is that all of us should try to have a clear picture in our minds of what the consequences to Great Britain of departing from the gold standard are likely to be—in theory and in practice.

Let us begin with the elements of economic theory, remembering always that Great Britain is a highly populated industrial country, carrying a terrific burden of internal debt, dependent predominantly for existence on foreign trade, enjoying the benefits of being the world's chief banking centre, possessed of a large net income from long-term investments abroad, but heavily indebted (in her rôle as world's banker) to other centres on short-term account. What consequences is the depreciation of sterling calculated to bring in its train?

Firstly, in so far as countries competing with us do not follow our example in depreciation of currency, the cheapening of sterling on the foreign exchanges should act both as a deterrent to imports and a bounty on exports, so long as there is no proportionate increase in British salaries and wages. As a result, British manufacturers, making due allowance for the higher cost of imported raw material, should benefit by fuller use of productive capacity and increased profits. But—though the existing disparity between wholesale and retail prices suggests that by no means the whole of the rise in the cost of imported primary and manufactured products need be passed on to the domestic consumer, some rise in the cost of living is inevitable. If the manufacturer is to be assisted, this must fall, wholly or partly, on the shoulders of the salaried worker and weekly wage-earner, as well as on the rentier. Moreover, the benefit accruing to the British manufacturer cannot ultimately be great if world trade fails to expand or, still less, if it is paralysed by chaotic currency exchanges. And the immediate disturbance to all trade, and particularly that financed through London, must be considerable.

Secondly, devaluation of the currency does not of itself lighten the burden of internal State debt. In so far as industry's profitability is improved, the weight of its fixed interest charges is lessened; but, save that an (improbably great) increase in industrial and commercial profits might make a lower standard rate of income tax adequate to produce enough to meet the fixed debt charge in Consolidated Fund estimates, the "income-earner" in a country whose exchange is devaloured gets the rentier "off his shoulders" only in so far as wages, salaries, etc., are increased proportionately to the devalorisation. If this occurs, the stimulus to exports is *pro tanto* forfeited; and if steps are not taken to check the resulting tendency to inflation, the budget becomes unbalanced and a vicious circle of endlessly mounting prices and wages ensues, accompanied by an indefinitely falling exchange, which increases the burden of external indebtedness fixed in terms of gold, and lessens the value of income from foreign investments fixed in terms of domestic currency, *i.e.*, in our case, sterling.

Finally, a centre like London, whose contribution to the national balance of payments in the shape of banking and other financial services is great must be hardly hit if foreign customers, suffering in any case an immediate enforced exchange loss on sterling credits, are rendered apprehensive of the risk of trusting to sterling in future, and prefer to look to other centres for acceptance or insurance facilities.

So much may be said of the theoretical consequences inherent in the devaluation of the currency of a country situated as is Great Britain. The question, precisely what consequences we may, in fact, expect from the suspension of the Gold Standard Act, depends on two factors, neither of which is yet measurable. Firstly, at what point is the exchange value of an inconvertible pound likely to settle down in the near future without interference or deliberate management? Secondly, what monetary policy do the

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:

8 KING WILLIAM STREET, LONDON, E.C.4

authorities in this country intend to follow? The answer to the first question is still, at the moment, a matter of pure speculation, and may, indeed, never be capable of a precise answer, for the cross currents of capital movements in a centre like London are very large in comparison with other exchange transactions. Under present conditions these movements are particularly baffling.

On the one hand, the need on the part of foreign banks to strengthen their internal cash resources may lead to substantial selling of sterling investments and withdrawals of balances held in London, while any untoward political developments in this country, such as a confused tariff election, would certainly lead to large scale removals of foreign balances from fear of still greater exchange losses. On the other hand, given the assurance of the continuity of stable government in Great Britain, the present tendency of foreign banks not to make hasty decisions to convert their present sterling foreign investments into other currencies may well continue. There is also the probability of a growing number of countries, whose exports find in Great Britain an important market, deciding to suspend their connection with gold with a view later on to linking their currencies to sterling; and this factor may check, or possibly more than counteract, the influences tending to depress the sterling exchange. For the moment, while properly taking steps calculated to restrain pure gambling in the pound, the Government are undoubtedly right in making no attempt to place undue restrictions on the freedom of the exchange in order that, after the initial disturbances have quietened, the many factors in the problem may be assessed with greater certainty than is possible at present.

To let the pound, however, find its own temporary level is only the first stage; and, as we have said in the previous article, an international conference, one of whose tasks must be to re-establish order among currencies, is an urgent necessity. In the meantime, it is desirable that both the Cabinet and the Bank of England should occupy themselves in thinking out at once what they propose to do with the pound so far as its future can be determined by our own internal policy; for, unless such considerations are kept in mind from the very start, there is always the risk of our drifting into an unwise and ill-considered policy difficult to reverse. Whether we like it or not, "management" of the currency is now thrust upon us.

There are several possible courses open to us. Conceivably we might decide deliberately to create an inflationary boom. It is a policy which no responsible person would recommend, and one which would lead not only to an unbalanced Budget, but, as the experience of Germany proved, to national impoverishment. So long as we reject this policy we can reasonably assume that the Budget will balance. A depreciated pound means that our foreign debtors will find it easier to pay the interest they owe to us; and even if we suffered a greater diminution than we now expect in our income from foreign investments, a 15 to 20 per cent. depreciation of the pound should increase the yield of income tax from industrial profits. But

though, in so far as there is an increase in the cost of living, the cuts imposed by the Economy Bill may have to be modified, we must, if we are to avoid inflation, still adhere to the broad lines of retrenchment policy, and, unless our success in that respect is to be prejudiced, it will be necessary for the Government to keep a close watch on the course of retail prices with a view to suppressing drastically any form of profiteering.

Dismissing deliberate inflation from the field of practical politics, we might conceivably go to the diametrically opposite extreme and endeavour by deflation and restriction of credit to restore the pound once more to parity with the dollar and revert to the gold standard. As we have said in an earlier column, there would be no sense in this country again linking its currency to gold until we have assurance that the mechanism of the international gold standard will be radically improved. But even given that desideratum, it would be open to very serious doubt whether we either could or ought to seek to raise the pound again to parity with such currencies as remain linked to gold.

A decision not to do so would imply very serious consequences. It must not be forgotten that for ten years our whole effort has been directed to encouraging all countries to stabilise on gold. Very few of them have done so on a pre-war parity, but nearly all have joined the group of gold countries, and in doing so many of them have had such confidence in the stability of the system, and in particular in the security of the dollar and of sterling, that they have been content to adopt the gold exchange standard and to leave part of the reserves of their currencies in New York or in London. By our action the value of the legal backing of a number of currencies has suddenly shrunk. We have, therefore, a grave international responsibility in this matter, and we cannot consider this question purely from a national point of view.

On the other hand, we have resisted the pressure as long as possible and have only acted in the end under *force majeure*. Now that a break has been forced upon us, may it not be wise to aim at restoring our financial situation on a basis that will not impose so great a strain upon us? Renewed deflation to the advantage of the British rentier—whose claims upon the national resources (whether in the form of public or private debt) have been immensely increased by the five years' fall of prices—and at the cost of again making our goods too costly in foreign markets would not only revive once more the problem of eliminating an adverse balance of trade, which devaluation of the pound may at least solve for us, but would undoubtedly bring the whole capitalist system in this country into jeopardy.

Whatever the answer finally given to these questions of world-wide importance, the immediate aim of our authorities should be so to manage the exchanges on the one hand and our internal finances on the other, that the inevitable price of a depreciated pound does not fall with intolerable severity on any section of

the community and that the export bounty given to our manufacturers is not so great as to provoke retaliation by other countries. For, if Great Britain, by means of a depreciated pound, invaded foreign markets to a greatly increased extent, the immediate risk of intensified tariff warfare might easily become acute. Before we can finally shape our course, we must enter into international conference in the hope of securing international agreement on a wise monetary policy.

THE EFFECTS ABROAD.

THE situation created in foreign financial centres by Great Britain's sudden suspension of the gold standard is subject to such rapid changes that, after only four days' experience of the new conditions, it is quite impossible to attempt to assess the effects which have been, or are likely to be, produced. The *dénouement* of the crisis came as such a surprise that minds have not yet been adjusted to the realisation of what has happened or what the consequences are likely to be. The sterling bill enters so deeply into the whole mechanism of international trade, and so many foreign banks, including the central institutions of many countries, have been accustomed to keep a large portion of their reserves in the form of sterling balances in London, that the shock caused by the sudden depreciation of sterling to some 80 per cent. of its value has necessarily been profound. The exchange markets of foreign capitals have remained closed disorganised and many bourses have remained closed throughout the week, though some have found it possible to continue dealings or to resume business after a short closure. In a situation of great obscurity it has been difficult for one centre to be assured of what was happening or intended in another; rumours have had full play; and the dominant feature which emerges from the picture is still one of paralysing confusion.

In a later article we print some preliminary observations by a foreign observer in close touch with international banking whose views may be regarded as a reflection of informed opinion abroad; and such despatches, written since Monday, as we have received for this issue of the *Economist* from our foreign correspondents give some indication of the initial reactions of their countries to what has happened in London. The keynote is one of bewilderment mixed with a sense that a position has been created which must be handled with extreme wisdom and care if a major world disaster is to be prevented.

Thus our Berlin correspondent writes that the suspension of gold payments in England is regarded by the German public as the worst symptom yet seen of the world crisis, and as a development which must intensify Germany's difficulties and still further impair confidence throughout the world. Fears are felt in Germany that one consequence of the depreciation of sterling may be to strengthen disastrously the tendency to cripple trade by tariff impediments. On the other hand, the hope is entertained that now that England has been driven off gold there may be better prospects of international co-operation to check or reverse the disastrous decline of world prices.

Writing from Paris, our correspondent says that the news of the British Government's decision temporarily to abandon the gold standard "fell like a bombshell on the market." Adequate steps were taken to curb "bear" speculation and to prevent in advance any possibility of the development of panic; and our correspondent remarks that, "so far as can be seen at the time of writing, the immediate repercussions of the sterling crisis appear to have been withstood well, so far as Paris is concerned." It is perhaps significant, however, that his letter reflects the expressions of opinion in Paris that "the present situation of the pound may be speedily remedied." In reality, apart from the question of possible heavy exchange losses on French balances, notably those of the Banque de France, held in London, we believe that there is beneath the surface in Paris deep anxiety as to the ultimate future of the majority of the world's currencies.

Similar evidence of inability up to now on the part of foreign centres to do much more than endeavour to take steps to sustain the initial shock is afforded by others among the despatches which we print. For instance, our Amsterdam correspondent, who is concerned more particularly with the immediate steps taken in that centre to safeguard against stock exchange liquidation, speaks with satisfaction of the recovery on the bourse. At the same time he draws attention to the strain which, on the eve of the crisis, international developments were already placing on Amsterdam. Again, our Vienna correspondent reports that the news from London made a deep impression and caused, at first, considerable disquiet. After the first shock, apprehension was steadied by recognition that Great Britain, by its Budget policy, had shown a determination to do all in its power to maintain British credit; but the repercussions of the new crisis on Hungary were a matter of grave concern, and it was realised that Austria's own disabilities were likely to be accentuated. From Switzerland, too, the impression derived is one of concern at difficulties yet barely glimpsed. Our Basle correspondent refers to various causes of anxiety in Switzerland, including the country's large dependence on sales to the United Kingdom, but he observes significantly that many bankers can hardly bring themselves to believe that the news from London is really true, or to realise "that a new chapter—and probably a long one—has begun in the economic history of the world."

At Geneva, where the League is in session, the sensation produced by Monday's news appears to have been profound. In his letter, our League correspondent observes that everyone at Geneva realises that the present happenings are very different from the previous monetary crises in Germany and France, and that, though there is strong belief in the capacity of Great Britain to meet the situation successfully, the calmness is not paralleled in "some of the other countries which might have been expected to have been less shaken in their self-confidence." He adds that the main source of satisfaction is the belief that the past follies of international financial and economic policy have now been made manifest, and that "things which States have been too obstinate or too short-sighted to do will now be more or less thrust upon them by the force of events."

The main items of daily news from other centres will be found in summarised form in our "Diary of the Crisis." Denmark has decided to follow sterling, and this policy appears to be shared by Australia and New Zealand, though South Africa and Canada have determined to stick to gold. In the United States there has been reassuring evidence, particularly in the support given to the United Kingdom bonds, of confidence in British credit and in the economic and political stability of this country; and Wall Street generally has stood up well to the shock. It would be premature, however, to jump to the conclusion that the full eventual repercussions have yet begun to be experienced in the United States. For one thing, the volume of short-term credits held by France, Holland and other European countries in New York is very great, and it is significant that already gold in large sums has begun to be withdrawn on foreign account from the Federal Reserve system.

In centres as distant as those of the East the news from London has produced much more chaotic conditions. An attempt made in Japan on Wednesday to reopen the Tokyo Stock Exchange resulted in a calamitous fall of prices and the rapid suspension again of all business. Here, of course, the Manchurian troubles were an additional depressing factor. In India, to whose situation further reference will be found in a Note of Week, the announcement that the rupee would continue to be linked to sterling led to violent speculation in silver and cotton, as a result of wild rumours of fantastic currency depreciation.

So much for the initial outward developments. In so far as there has been no panic rush on the part of foreign countries to convert their holdings of sterling into gold currencies, we may regard their attitude rather as a tribute paid to the traditional stability of British character than as evidence that they have any clear idea as yet either as to the future level of sterling or as to the monetary policy which they will eventually follow.

Swedish Stocks and Bonds

We deal in all Securities.

SKANDINAVISKA KREDITAKTIEBOLAGET

Phone Stockholm 0101

So far as we are aware, though many private conversations have taken place, no attempt has yet been made broad to initiate concerted action or to consult regarding common policy to meet the situation that has been created. The board of the Bank of International Settlements is not due to meet until October, and there must be some delay before M. Laval can pay his contemplated visit to Washington. It is, however, to be expected that such earlier consultations will be arranged as soon as there has been time to reflect on the consequences of the change that has taken place.

Meanwhile, attention is being turned to the repercussions of a depreciated pound on the world's international commerce, the effects of a possible diminution in the sale of goods to Great Britain and an increase in her competitive power. This is even more important than the effects created in the commercial field by the German crisis in view of the fact that Great Britain is the market for nearly 1 per cent. of the world's exported produce.

With regard to this aspect of the question, the following table gives some indication of the importance to various countries of the British market:—

Exports in 1929 to the United Kingdom as percentage of total exports of:—			
British Free State	92.3	Holland	21.6
Denmark	56.4	India	21.2
Australia	38.1	Switzerland	20.0
Argentina	32.2	Belgium	18.1
Norway	26.5	United States	16.2
Canada	25.2	France	15.1
Norway	24.8	Germany	9.7

In so far as depreciation of the pound must tend to restrict Britain's purchases from her former clients, an inducement exists to follow the devaluation of sterling. At this is only one of many vital considerations which must be exercising the minds of those responsible in foreign countries for monetary policy. On the one hand, countries who are primarily debtors to Great Britain would in by maintaining their currency at gold parity when their debts are expressed in terms of sterling. From another angle, as we have said in a previous column, the depreciation of the pound means that the currency reserves of many countries which are kept in the form of sterling balances have been seriously impaired, and the existing strain on the banking system of many centres is bound temporarily at least to be aggravated by the unusual shock which confidence has suffered. For example, the Swedish bank rate has been raised in two stages from 6 per cent.

Yet again, in countries which have suffered from the effects both of tariff impediments to their exports and from the difficulty in balancing their budgets as a result of the depreciation of gold, there may be a grave temptation to the risk of abandoning the attempt to keep their currencies linked to gold. In such an event it would be rash to conclude that the operation could be performed without much more serious danger of the anarchy of inflation than Great Britain has incurred. Fortunately, there is the case in this country that reversion to inconvertibility in the case of the world's main international currency has brought to a head a situation involving such issues for the future of everyone now living that international action on the part of statesmen responsible for the well-being of their countries must not be delayed.

THE POUND: A FOREIGN VIEW.

We print below some observations by a foreign observer close touch with international finance, dealing with factors operating to determine the value of the British pound, and the effects that would follow the adoption of various policies by the British Government. It would be appreciated that these are necessarily only first impressions, but we think that many of our correspondent's reflections suggest useful lines of thought.

It is not difficult to indicate what factors will be of importance in determining the value of the British pound, but it is very difficult to indicate the relative

strength of the forces moving in different directions. The following two factors will certainly operate: (a) the level of prices in Great Britain; (b) the short-term debt position, including the question of the flight of capital. The writer proposes to deal separately with these two factors

I. *The Level of Prices in Great Britain (or the problem of the amount of purchasing power in the hands of the public).*—Up to last Sunday the international value of the pound was determined by its gold parity. For a bit of paper called a banknote you could get gold at the Bank of England. When gold can no longer be obtained the banknote acquires a value because you can exchange it for commodities and services. The latter value is more indefinite, but something may be said to indicate the order of magnitude.

Last week the amount of purchasing power in the hands of the public in Great Britain was probably 15 per cent. too high to establish equilibrium in the balance of payments, apart from capital movements. The Government has lately taken certain stern measures to reduce the internal purchasing power in the hands of the public by reducing Government officials' salaries, the rate of unemployment benefit, and certain other incomes, by about 10 per cent. Further, the Bank of England has put up the rate of discount to 6 per cent. The present situation in England is completely different from the situation in Germany during the inflation period following the war, for in that case the Government increased the internal purchasing power by a constant issue of fresh notes.

If a tariff of, say, 10 per cent. were introduced, it would be possible to keep in England an internal price level which would be higher than would otherwise be possible, but the 10 per cent. would operate only as regards imported goods and home market goods in sheltered industries. As regards export goods, it would tend in the long run to increase the cost price; in the short run, however, the tendency would hardly make itself felt if the new tariff were kept within a reasonable limit, as, for instance, that mentioned above. The effect of a 10 per cent. tariff would probably be to allow a readjustment of the English price level by about 5 per cent. It is likely that the imposition of a tariff would reduce imports practically at once, would increase profits fairly quickly, and would probably produce a favourable psychological effect on investors and entrepreneurs, while it would not make the production of export goods more expensive; the effects in the long run would probably be far less favourable, but that is another question. If a tariff of 10 per cent. were introduced, it is likely that, judging the situation only on the basis of the existing level of prices and the amount of internal purchasing power in the hands of the public, a depreciation of 10 per cent. in the pound would be quite sufficient to restore equilibrium.

II. *Short-term movements of capital and credits.*—These may greatly affect the balance of payments. A great deal will depend upon what measures are taken, not only on account of these measures themselves, but also on account of the very important part which the idea that is formed about the future value of the pound will play in determining that value itself. Will the foreign investor believe that he must be content with 15s. in the pound, or will he hope to get at least 18s., or perhaps

20s., and what will the British people believe? Personally, I should think that very few people will sell out at a price as low as 15s. in the pound, which would mean a loss of 25 per cent. in the case of withdrawal of funds. A French or American investor will probably hesitate to sell at such a loss, for he may have to write it off in his balance sheet.

Apart from the money invested in Great Britain in British securities, etc., there is the question of what will be done by those who normally and regularly maintain funds in London as working balances of one kind or another. They may only slowly liquidate those balances, but it is likely that they will put no more money into the London market before they are assured of the definite value of the pound. It should not be forgotten that most people before 1925 counted on the fact that Great Britain would return to the gold standard at the old parity, and such a belief naturally made people inclined to keep money in the British market. It is not likely that the same inclination will be found at the present moment, as there is a great difference between *not yet* being back on the gold standard and having been pushed off that standard.

On the whole, it is likely that much will depend on the measures taken in London. There is a vague idea going about that, now that Great Britain has left the gold standard and is no longer tied to the policy of the United States and France, she can act on her own initiative, and will be wise to have a bout of inflation in order to stimulate trade and industry, not caring what happens to the external value of the pound. If that idea gains ground the value of the pound may fall very quickly. If, on the other hand, rather stringent measures are taken on the London market whereby "bear" speculation will be counteracted, and if the inflation theory be ruled out, then the depreciation of the pound may be much less.

The most important immediate problem would seem to be whether the pound should be "pegged" as soon as possible (say between 4 to 4.50 dollars to the pound) or left to fluctuate at liberty. In the latter case, hardly anyone would accumulate new funds in England, and that would mean that the London market would gradually lose the funds which are at present kept as available balances.

Assuming that England desires to maintain the pound at the best possible rate, it would be the right policy to try to attract as much attention as possible to the price situation, and in particular to the fact that all the measures so far taken by the British Government and the Bank of England are calculated to lead to an actual reduction of the public's purchasing power.

There was an article in *Le Matin* of last Monday in which it was said that if the pound went down 10 per cent. to the same level as it was before 1925, the Bank of France would lose 1,250,000,000 French francs. There are probably many who would be inclined to believe that the British situation is about the same as before 1925, and that therefore the pound will be depreciated about 10 per cent. as soon as the market has found its proper level. Whether or not that belief can be enlisted in support of the pound is, of course, difficult to tell, but it is not quite excluded.

I have not discussed whether or not it would be advisable for Great Britain, on account of the magnitude of her internal debt, to peg the pound at, say, 16s. By doing so, Great Britain would exert a depressing influence on other countries, but would probably be able to stimulate business in her own industries and would relieve the burden of the public debt. On the other hand, something would be lost of the foreign investments, and the loss of the City as a money centre of the world would probably be great. If the English currency stood at the rate of 18s. to the pound, there might be a slight chance of regaining parity through an increase in the American level of prices, but it would seem hardly worth while to count on that chance. If England wanted to reduce the value of the pound to (say) 18s., I think the decision should be taken quickly, for, as has been said above, the spread of the idea that inflation is possible might completely run away with the value of the pound.

CARRY ON.

It is not yet possible to gauge the ultimate effects on the political position of the suspension of the gold standard. At first belief was prevalent that the divorce of the pound from gold would have a happy sequel in a political wedding, and that certain leaders of the official Labour Party, Mr Henderson included, might join forces with the present Cabinet, thereby creating a real National Administration, symbolising to the world a unified national will to pull together until the delicate tasks of readjustment and recuperation had been performed. But the banns were scarcely put up before the wedding was cancelled. Although Mr MacDonald threw to his late colleagues a sop in the shape of a reduction in the pay cuts to teachers and the Services, which are to be limited to 10 per cent., it was not sufficient to induce them to sink their political identity and undertake a share of the responsibility for severe and unpalatable measures that still remain to be carried through. The breakdown of the plan for an all-party government led to vigorous renewal inside the Conservative Party of the demand for a quick general election, at which the present Government should appeal to the country on a tariff programme. Whether this clamour will win the day cannot be known until the Prime Minister returns to London next week after his short enforced rest. But we most earnestly hope that the grave danger of an early election is coming to be more widely realised, and that it will therefore be averted.

Advocates of an early parliamentary dissolution are now arguing that, since the gold standard has gone, any risks that might previously have attached to the holding of an election have gone also. That is certainly not the case. The pound is now floundering in mid-stream, and although, as we show elsewhere, this critical week has passed off more satisfactorily than could have been expected, the coming weeks and months will demand both the full and uninterrupted concentration of a strong Cabinet and also an absence of any event calculated to aggravate existing uncertainties. This week's events are a mere preliminary to the grave matters which will thrust themselves upon us in increasing numbers with every day that passes. We are a long way from the time when the country can afford to let its Ministers be absent for a fortnight from their executive posts. The new situation needs most careful guidance; the problems which it raises must be studied in the calm of the council chamber, and do not lend themselves to partisan debate upon the hustings.

But the argument against an election does not consist merely in the danger of the distraction and confusion that it would cause both abroad and at home. It lies also in the absurdity of choosing a time when so much is in the melting pot to outline a clear-cut policy and ask for a five years' mandate to carry it out. Who can foresee the world development of the next few weeks or months accurately enough to know what particular measures may or may not be imperatively called for? Any policy now propounded to the country and approved by it might have to be jettisoned almost before the election shouting had died down.

It is as curious as it is true that the demand for an election still comes from the Protectionists. In our last issue we criticised at some length the arguments advanced in favour of tariffs and devaluation for the restoration of our economic situation. Those two policies produce the same effect upon imports, though the latter also acts as a bounty upon exports, whereas a tariff hampers exports. We have now willy, nilly, got devaluation, and the case for tariffs as a means of balancing the current items of our international payments account has gone. If the pound were to slide badly we should approach more and more to a condition of blockade, and we might, indeed, eventually arrive at a state where we should have to control imports for the sake of ensuring the maintenance of essential supplies. But the need of dealing with whatever exceptional and emergency conditions may arise in the next few weeks is no justification for seeking a general mandate for a tariff of undefined height and character as a permanent feature of our fiscal system.

In this connection Sir John Simon, who urged that the case for tariffs was not weakened by the depreciation of

the pound, was very wide of the mark when he argued that the bounty on exports is not due to the fact that "your currency is at a lower figure than it was yesterday," but to the fact "that it is going to be lower still to-morrow." If Sir John Simon will do us the compliment of reading what we have written in a preceding article on the conditions under which depreciation affords a bounty on exports, he will see that this statement is not accurate. Equally open to question is his statement that when the inflation was over (in other countries which had suffered currency depreciation) "every one of them had an adverse trade balance, and every one of them needed assistance from outside in order to get right." True, they all borrowed. But they did so *in order to obtain imports* to get their internal economic life going again after the ravages of inflation.

The truth is that the continued talk of a tariff election has centred round matters which are clearly at this moment of comparative unimportance. We venture to prophesy that in the very near future the Government will be forced to face many tasks of a very different kind. It was easy to understand that through months of growing depression and strain a large number of those who had never accepted the Protectionist thesis began to show a willingness to give tariffs a trial, if only as a *pis aller*. But to-day we are faced with a world emergency and it is difficult to believe that responsible politicians will stand fast by their demand for an immediate tariff election. For if the case for a tariff, such as it was, has been profoundly changed, the dangers of an election remain as real and as formidable as ever.

It is in one way very unfortunate that at this moment Parliament should be engaged on a new Budget which is making most sweeping changes; for with a possibility of important changes in the price level and in our economic position in the near future, it is difficult to be sure that the proposals will be equitable as between various classes and groups. But it is clearly more imperative than ever to proceed with the task of balancing the Budget, for if that were left unaccomplished the dangers of inflation would be immensely increased. It can hardly be said that the opposition has fully realised this. Indeed, the exaggerated joy with which the suspension of the gold standard was received seems rather to have created the impression that all will now be easy. The opposite is, of course, true. To steer a course which will ensure some degree of stability of sterling, avoid wide movements of capital and permit the London market to remain relatively free, will call for the utmost skill on the part of those who will have to carry out this formidable task. This and other matters will require the undivided attention of the Government, and the steady support of Parliament and the nation.

There is every reason for satisfaction in the calm and confident manner in which the London markets have passed through this critical week. Confidence at home has not wavered, nor has foreign confidence in England been wholly lost. One thing more than any other would help to carry on the good work of restoring world faith in London, and that is a clear announcement that the present Government intends to remain in power and put party politics in cold storage until the present tasks are finished and the next great problems faced and handled. We need steady hands at the steering wheel. Let the present navigators stay at the helm and carry on.

THE CAUSES OF THE TROUBLE.

WE do not recall a better short summary of the causes of the world crisis than that which is contained in a report, circulated at the end of last week, by the British Committee of the International Chamber of Commerce. The suspension of gold payments by Great Britain and the repercussions which this important step has involved throughout the world have created a new situation which may require rather different handling from that contemplated by the Chamber. But in this new situation it is more than ever necessary that the causes of the trouble should be clearly understood if international action, which is now more urgent than ever, is to be effective. We,

therefore, make no apology for reproducing this report textually:—

The World Economic Crisis.

1. In July last, on the return of the British Delegation from the Congress of the International Chamber of Commerce held in Washington, where the economic crisis of the world was the chief topic of discussion, a general report was given to the British National Committee of the Chamber and a Sub-Committee was appointed to report in more detail.

The economic crisis of the world and Great Britain has developed so rapidly that the Sub-Committee believe the British National Committee will be glad to be informed without delay what their Sub-Committee consider to be the main causes, and will wish them to define also the steps which in their opinion Great Britain should take at once to protect her own economic position and to start better conditions in world trade.

2. The report which follows has been drawn up by the Sub-Committee with that object in view and the Chairman of the British National Committee, Lord Luke, is circulating it to the constituents of the British National Committee in the hope that they will publicly endorse it.

3. During the post-war years there has been a gradual upsetting of economic and financial equilibrium by:—

- (a) An uneven expansion in productive capacity—agricultural, mining and industrial;
- (b) The existence of international debts;
- (c) The post-war policy of high customs tariffs, and
- (d) The uneven distribution of gold stocks.

4. During the war, the disturbance of normal productive activity in the belligerent nations led to an abnormal development of production in neutral countries. After the war, the restoration of the impaired capacity combined with the maintenance and further extension of the new productive capacity has led to an over-supply of many products, when that supply is related to the demand.

5. International debts must be discharged by the transfer of goods, or services, or gold, or by balancing international investments either on long term or on short term. High customs tariffs have interposed a most serious obstacle to the discharge of these debts through the transfer of goods, while the attempt to discharge them by these means has forced international trade into artificial channels. Their discharge by short term loan has introduced financial instability inasmuch as the risk of sudden withdrawal of short-term moneys is a constant potential source of exchange crises. The new creditor nations have not consistently maintained a policy of long-term foreign investment in sufficient volume or with sufficient persistence to offset their unwillingness to be paid in goods or services.

6. In consequence of the insufficiency of the methods of discharge of international debts by the transfer and receipt of goods, or by foreign investment, it has been necessary to transfer gold. This abnormal demand for gold has raised its price and, as is well known, a rise in the price of gold expresses itself by a fall in the price of all other commodities.

7. The present maldistribution of gold is, therefore, directly caused by the desire of the creditor nations to be paid for their exports and for interest on their international loans, while at the same time these same creditor nations refuse to accept payments in goods or services, or to maintain their volume of foreign investments at an adequate level.

8. In some cases the desire for tangible guarantees for future security has coloured the outlook on international affairs in the post-war period to the detriment of the general economic situation. In other cases the change from creditor to debtor has come suddenly, both masked and accelerated by the war. Tariff policies, possible to debtors and regarded by them as great aids to national progress, have become high tariff policies regardless of the obligations imposed by the change of position from that of debtor to that of great creditor.

9. The creditor nations are failing to recognise the duty which lies upon the creditor of not preventing the debtor from paying. Exporting and creditor nations are not realising the truth that they cannot sell unless they support the world market, either as buyers or as permanent investors. For a great creditor nation in the world markets the two policies of selling freely and of refusing to buy are incompatible. Persistence in these two opposed policies is bringing about a state of affairs destructive of the fabric of world trade.

10. The inconsistency of these policies has resulted in a clash of two irresistible forces. Rich and energetic sections of the human race have inflicted great injury on the fabric of world trade without their people understanding that they are wrecking the world and in wrecking the world they wreck themselves.

11. Creditor nations must accept an adverse balance of trade as a corollary and complement to their wealth or must, alternatively, maintain an even flow of permanent investment abroad. Until this is recognised there is every prospect of prolonged depression, increased unemployment and unbalanced budgets. These factors have already threatened the stability of Great Britain, Austria, Germany and other nations.

12. The uneven expansion in productive capacity and the uneven distribution of gold stocks referred to above, have caused the calamitous fall in wholesale prices which has characterised the world depression. This fall in prices has, in turn, led to a disequilibrium between the costs of manufactured goods and the costs of primary commodities. The great world exchange between these two classes of goods has been interrupted so that all trading activity has diminished and unemployment increased.

Japanese forces, which are stationed on Chinese territory in Manchuria as a railway guard, took the offensive on a large scale. They have not only occupied the whole city of Mukden (beyond the limits of the local Japanese "railway town"), which is the capital of the Manchurian Chinese Government of Marshal Chang Hsueh-liang. They have also isolated the whole of South Manchuria from the rest of the world by occupying Newchwang, which is the Chinese Manchurian port on the coast of the Gulf of Chihli; Changchun, which is the point of junction between the Japanese South Manchurian Railway and the Russian Chinese Eastern Railway; Antung, which commands the railway bridge over the Yalu River where the South Manchurian Railway connects with the railway system of the Japanese dependency of Korea; and finally, Kirin, on a branch line running east from Changchun. Kirin is the capital of one of the three Chinese provinces into which Manchuria is divided; and it is the third most important city in Manchuria after Mukden itself and Harbin (the Russian centre). These swift operations, in which the highly organised and hard fighting Japanese troops have everywhere easily overcome superior Chinese forces, have in effect placed the whole of Southern Manchuria in Japan's power.

A serious feature in the present conflict is that the local Japanese military commander in the South Manchurian Railway zone evidently acted on his own initiative, without first consulting the Cabinet at Tokyo. It is also evident that he must have had, up his sleeve, ready prepared, the plans for the remarkable operations that he has conducted. Efficient though the Japanese Army may be, it is scarcely conceivable that a Japanese commander can have improvised such effectual operations over so wide a field with so small a force at such short notice. The inference is that this action had been contemplated for some time by the local Japanese military authorities in Manchuria and perhaps even by the Japanese War Office. They were only waiting for an occasion to press the button, and the occasion was provided by the incident of last Saturday night.

What will the Japanese Government do? The Chinese Government, this time, has behaved with restraint and good sense. Marshal Chang Hsueh-liang, who resides nowadays at Peking instead of Mukden, had no sooner heard the news than he telegraphed orders that his troops were to offer no resistance. The Central Government of the Chinese Republic at Nanking, besides addressing the inevitable note of protest to Tokyo, has raised the matter in the League of Nations Council at Geneva. In the meanwhile, as the local Chinese troops have recovered from their first surprise, sporadic fighting has broken out again in the areas which the Japanese troops have occupied.

The Japanese Government is in something of a quandary. It is difficult for it to withdraw without "loss of face," or, indeed, without serious discord at home. For it is already evident that the high-handed action of the Japanese military authorities in Manchuria is welcomed, by a certain section of Japanese public opinion, as a timely stroke which has cut the Gordian knot.

The public feeling in Japan about Manchuria is deep. It is bound up with the personal feeling, among the older generation, for their contemporaries who gave their lives in the Russo-Japanese war. The Russo-Japanese War has been the decisive war in modern Japanese history. The victory in it saved Japan from a great danger, was purchased at a great cost of Japanese lives and money, and raised Japan to the position of a great Power. This position largely depends on the status in South Manchuria which the Treaty of Portsmouth secured to her; and this is more than a question of sentiment or even prestige. The maintenance and expansion of Japanese industry depends upon Japan's command of South Manchurian coal and minerals. For these various reasons the Japanese people are bent on retaining the assets, of all kinds, which they hold in South Manchuria to-day. The prolongation of the leases of the South Manchuria Railway, and of the territory of Kwantung (containing Daiven and Port Arthur), was a prominent point in the notorious "Twenty-One Demands" which Japan presented to China in 1915; and while many of those demands were eventually scaled

down or quietly allowed to lapse, it is significant that the group relating to South Manchuria was insisted upon.

As for Chinese rights in Manchuria, the Japanese maintain that, but for the Japanese blood and treasure which was poured out in order to defeat the Russians in the Russo-Japanese War, all Manchuria would be Russian territory to-day. It is thanks to Japan, they argue, that the whole of Manchuria has remained Chinese territory. They do not contest Chinese sovereignty (not even the ultimate Chinese sovereignty over the leased territory, which is in suspense so long as the lease continues). More than that, they have reconciled themselves to the prospect that Chinese, and not Japanese, farmers will populate this vast empty arable country. They recognise that the Japanese are bad colonists; that the climate is against them, and that their higher standard of living would be enough in itself to prevent them from competing with the Chinese for the land. They realise that the function of the Japanese in Manchuria is to be administrators, business men and technicians, and that numerically they are bound to remain a drop in the ocean of Chinese peasant immigrants. But, having granted all this, the Japanese are utterly resolved to maintain their rights and assets in Manchuria as these now exist, without diminution, for an indefinite time to come.

And what of the Chinese view? The Chinese look upon the Japanese power in Manchuria as an abomination of desolation, standing in the place where it ought not, and they have no intention of coming to a compromise with Japan or recognising her claims in Manchuria in any way. At the points where these two national spirits come into conflict, the tensify of the atmosphere can easily be imagined. No one who has visited Mukden lately can be much surprised to hear that the storm has burst, and the League Council, which discussed the situation on an appeal by the Chinese Government, was presented with a problem which is formidable and delicate.

Notes of the Week.

Bank Rate.—The decision of the Bank of England authorities to raise Bank rate from $4\frac{1}{2}$ to 6 per cent. as from the opening of business on Monday may be regarded as a natural measure of precaution taken in conformity with traditional central banking practice to meet a situation whose developments could not be foreseen. In some quarters there was a disposition to hope that a reduction of the rate to a more normal level might be made on Thursday. These (scarcely well-founded) hopes were disappointed, and it was decided to leave Bank rate unchanged at 6 per cent. There is no reason to quarrel with the decision. Though it is true that there might not have been any difficulty in placing Treasury bills on Friday, even with a 5 per cent. Bank rate, the position of German renewal bills in the hands of London acceptance houses is rather more "sticky," and the fact must be faced that, so long as conditions of such great uncertainty continue, it will be necessary to tempt lenders with fairly high rates. At the same time, it is to be hoped that, taking a slightly longer view, the Bank Court should be clear in their minds as to the objectives which should influence their use of Bank rate. So far as the question of the retention in London or the withdrawal of foreign balances goes, there would be little difference under present circumstances between Bank rate at 5 per cent. or at 10 per cent.—with the qualification, perhaps, that premature lowering of the Bank rate might be misinterpreted abroad as a symbol of our disregard of the real need to resist stoutly any tendency to inflation in this country. Actually, so long as the present Government carries on with the Finance Bill and the Economy Bill, there is no risk of inflation occurring; the peculiar movements of the Stock Exchange (resulting from transference from fixed-interest into "equity" securities) are not such as could readily be corrected by high Bank rate; and, not only is there no advantage to be gained by unnecessarily increasing the

cost of Treasury bill financing, but there is no feature in the situation which calls at this juncture for a policy of deliberate restriction of trading credit, still less of general deflation.

India and the Gold Decision.—The issue on Monday of a decree suspending "the obligation of the Government of India to sell sterling or gold against rupees" followed on Thursday by the announcement of measures to control sales of exchange—was the inevitable sequel to the abandonment by Britain of the gold standard. In announcing the Government of India's decision to the Round Table Conference on Monday Sir Samuel Hoare made an appeal to Indians to remain calm and support the rupee, and Sir George Schuster, the Finance Member, while deprecating discussions on the decision, stated that currency reserves were £7,000,000 higher than a year ago. On Tuesday the Opposition in the Legislative Assembly demanded a debate, but this was vetoed by the Viceroy, a decision which, while doubtless motivated by the fear that indiscreet speeches might arouse panic, has created an unfortunate impression, which was presumably in Mr Gandhi's mind when he protested that the decision about the rupee had been taken "over the heads of the Legislative Assembly," and was a "striking proof of the unbending and unbendable attitude of the Government of India." This protest is, of course, wholly unjustifiable, and might be paralleled here by a complaint that the British Government's decision to abandon gold was taken over the heads of the House of Commons, who, though allowed to debate the necessary legislation, were presented with a *fait accompli*. Nevertheless, discussion of the facts in the Legislative Assembly might have served a good purpose by clearing the air of mystery and misunderstanding which the veto on debate undoubtedly intensified. As a precautionary measure the banks in India were closed, and until they open, it is impossible to judge the degree of calmness with which the situation has been received. It is to be hoped that the wild speculation in the cotton market in Bombay, fostered by flying rumours, is in no way symptomatic of the general atmosphere. As regards the progress of the Round Table Conference, it is exceedingly unfortunate that it should have coincided with this pre-occupying crisis, and it is still more regrettable that its proceedings are threatened with interruption by an appeal to the country. The fact that the Anglo-Indian negotiations are in progress is in itself a strong reason against holding a general election in this country.

Tempering the Wind.—It was a matter of general recognition that a comprehensive scheme of taxation and economies could not be evolved in two short weeks without proving to contain anomalies and inequalities. The main protests that have been made have been directed against the cuts in naval pay and teachers' salaries, and the heaviness of the forthcoming income tax instalment payable on January 1st. The Government have already taken steps to temper the wind to the shorn lamb, and on Monday, in the House of Commons, the Prime Minister announced the Government's decision, as "simplest way of removing just grievances," to limit to not more than 10 per cent. the reductions affecting teachers, police, and the Defence Services. In making these concessions Mr MacDonald may conceivably have been influenced by the prospective effects on purchasing power of the abandonment of the gold standard, and certainly by the immediate desire to make a conciliatory gesture to the Opposition. He gave, however, no explanation of motive, and was adamant on the retention of the proposed 10 per cent. cut in unemployment benefit, which, according to *Hansard*, he said was "necessitated by conditions of borrowing" and "must remain." Mr MacDonald emphatically stated that, in spite of these concessions, "the balance of the Budget will be maintained"; and Mr Baldwin, questioned on Wednesday on the effect of the concessions, stated that their total cost was £8,545,000, and that the loss to the

Budget would be made good by additional economies. This reassurance that, whatever the concessions made by way of adjustment this way or that, the Budget balance will be maintained, is of the highest importance, and has checked the uneasiness which might otherwise have been created abroad by apparent whittling down of a stern economy programme.

Franco-Italian Naval Conversations.—On the eve of the meeting of the League Assembly at Geneva there was a fresh exchange of views between the French, Italian and British Governments, in the hope of breaking the deadlock in the naval negotiations which has existed since the lapse of the Anglo-Franco-Italian naval arrangement of March 1st of this year. That arrangement lapsed because the French Government thought better—or worse—of it after it had been arrived at; and the hopeful feature of last week's exchange of views was that the initiative came from the French side. The failure in March was caused by France putting in a claim to build replacement tonnage in advance of December 31, 1936 (the date to which the three-Power arrangement was to run), since the effect of such replacement would be to give France a decisive advantage over Italy the moment the arrangement ran out. Presumably the French proposals of last week represented some modification of this claim; and for a moment there seemed to be hope that the new conversations would result in an agreed limitation, for a term of years, of at least some of the categories of vessels in which competitive building is still continuing. Unhappily, this hope was dispelled last week-end by a *communiqué* from the Italian delegation to the League of Nations Assembly in which it was announced that the new French suggestions had been examined by the Italian and British Governments; that there had been consultations between Rome and London; and that it was "not easy to foresee if and when the Italo-Franco-British naval conversations could be resumed with any probability of a practical outcome, seeing that the latest French proposal diverges considerably from the basis of the agreement concluded on March 31, 1930." This is disappointing. It would appear to mean that—unless the acuteness of the world-crisis produces a very drastic change of heart in all parties within the next few months—this naval question will still be open when the World Disarmament Conference meets; and the prospects of the Conference largely depend on our coming to it with a comprehensive naval limitation agreement between all the five naval Powers already achieved as a solid framework within which we may confine and handle the difficult business of European armaments on land. The present inability of France and Italy to arrive at a naval agreement with one another is not only serious in itself because it keeps up the tension between these two Powers in Africa and in Europe. It is even more serious because Great Britain is a party to the issue. An unrestricted competition between France and Italy in auxiliary craft might soon bring us to the point at which we had to avail ourselves of the so-called "escalator clause" in the three-Power pact of the London Naval Treaty of April, 1930, and to inform the United States and Japan that we found ourselves compelled, by the building programmes of other parties, to increase our own building in the categories affected. This might unravel the whole web of the naval limitation agreement which was successfully woven—up to the verge of completion—last year. In the present state of the world, it would of course be sheer lunacy on the part of everybody to allow this to happen. It is well for everyone to realise this while there is still time to be sane.

Sir Arthur Salter and the Crisis.—Speaking on the financial situation, in the Second Committee of the League Assembly, last Wednesday, Sir Arthur Salter, after insisting that recent events were in no way a sign that Great Britain had lost her position as a principal creditor country, since her ultimate resources were greater than her liabilities, went on to outline six methods

by which the gap in the balance of payment between debtor and creditor countries might be met. First, debtor countries might increase their exports relatively to their imports; second, banks might put more money into the market by the purchase of securities, thereby forcing up prices and inducing an outflow of gold; third, the gap could be reduced by a reduction in reparation and war debts; fourth, a check might be put on the run of short-term credits; fifth, new lending and investments might be put to a great extent on a long-term basis, and sixth, if the above measures failed to restore confidence, the investing public might be attracted if the governmental resources of creditor countries were made available as security for loans to debtor countries. Sir Arthur Salter urged the necessity of the prompt payment of attention by the governments concerned to the possibility of this measure, and he stressed the desirability of a new financial lead which would make it clear that all the great countries meant to support the League Covenant and the Kellogg Pact. He suggested three directions for League activity: a declaration by the Assembly of the necessity for new political and financial leads; the equipment of the League financial organisation to bring help in the provision of expert advice; and the hastening of the report of the Gold Delegation. Sir Arthur Salter concluded by suggesting that the Finance Committee of the League should elaborate the principles which should govern public borrowing, for the present situation would, in his view, have been much less difficult if all public loans had in the past been subject to the same disinterested scrutiny as League schemes.

Commodity Price Developments.—The decision of the Government to suspend the Gold Standard Act for six months caused a sharp advance in terms of British currency in the price of the principal raw materials. The effect of "bear" speculators to "cover" at first drove quotations up to an exaggerated level. By Wednesday, however, equilibrium in terms of world parity had been re-established. In the following table we show the prices of a number of representative commodities in this country and in the United States at the end of August, on the eve of the Government's announcement to suspend gold payments, and on Wednesday last:—

PRICES IN THE UNITED KINGDOM.

	Wheat.	Sugar.	Cotton.	Rubber.	Copper.	Spelter.	Tin.
Date.	Liverpool Futures, "December."	Raw Futures, "December."	American Middling, "spot."	Smoked Sheet, "spot."	"Standard Cash."	G.O.B.	"Standard Cash."
Aug. 31	Per 100 lbs. 4 0	Per 112 lbs. 5 10½	Per lb. 3 86	Per lb. 2½	Per ton. 33 1 3	Per ton. 11 15 0	Per ton. 121 1 3
Sept. 18	3 9½	5 5½	3 74	2½	27 14 4½	10 12 6	111 1 3
Sept. 23	4 1½	6 1½	4 49	2½	32 8 9	12 16 3	119 8 9

PRICES IN THE UNITED STATES.

Date.	Chicago Futures, "December."	Raw Futures, "December."	New Orleans Middling, "spot."	Smoked Sheet, "spot."	Electrolytic "Domestic," "spot."	East St. Louis, "spot."	"Straita" "spot."
	Per 60 lbs.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.
Aug. 31	Cents. 49½	Cents. 1 30	Cents. 6 67	Cents. 5½	Cents. 7 625	Cents. 3 80	Cents. 27½
Sept. 18	50½	1 32	6 08	5½	7 00	3 725	24½
Sept. 23	49½	1 33	6 23	5½	7 00	3 70	23½

It will be seen that the rise in British prices since Friday last conceals a further downward movement in the gold value of wheat, rubber, spelter and tin. A comparison of Wednesday's prices in the United States with those obtaining at the end of August reveals a fall in all prices with the exception of sugar and rubber. It is thus clear that the decline in the gold price of raw materials has not yet been arrested. A definite advance can only come about as a result of an increase in consumption, which is still delayed by the financial and economic crises.

Our Price Index Number.—Since movements of British wholesale prices will henceforth depend on two separate factors, namely: (i) changes in gold prices of commodities, and (ii) fluctuations in the exchange value of sterling, we have worked out our index number on the basis of the quotations which ruled on September 18th. The result, summarised below, will serve as a historical record and is a datum level whereby to measure future changes:—

BRITISH WHOLESALE PRICES.

(1927 = 100.)

	Aug. 31, 1931.	Sept. 18, 1931.	Percentage (+ or -).
Cereals and meat	69.7	64.5	- 7.5
Other foods	63.5	62.2	- 2.0
Textiles	44.1	43.7	- 0.9
Minerals	70.0	67.4	- 3.7
Miscellaneous	66.2	65.8	- 0.6
Complete index	62.3	60.4	- 3.0
1913 = 100	85.7	83.1	...
1924 = 100	53.8	52.2	...

The fall of 3 per cent. recorded between the end of August and September 18th is a measure of the reactions on trade of the financial crisis of those three weeks.

Cotton Trade Labour Problems.—Our Manchester correspondent writes:—On Monday an important conference was held in Manchester between representatives of the Federation of Master Cotton Spinners' Associations, the Operative Spinners' Amalgamation, and the Card Room Operatives' Amalgamation for the purpose of considering production costs. At the outset Mr Fred Mills, the President of the Masters' Federation, made a long statement. He said: "There appeared to us to be only two cost factors over which we as employers have any direct control or influence. These might be stated to be power and mill stores and supplies. Efficiency in management sharpened by the continued years of depression and the need for economy convince us that these items afford little if any possibility of securing further reduction. Other big factors entering into costs of production over which employers and operatives alone have control are wages, working hours, and labour conditions. The reduction in working hours from 55½ to 48 and a corresponding percentage increase in the wages lists in 1919 were an enormous stimulant to our foreign competitors. The fears expressed by us when the working week was reduced from 55½ to 48 hours, namely, that such a drastic cut in productive capacity would lead to an advantage being taken of it by our foreign competitors in the direction of increasing their running hours or adopting double or even treble shifts, has been fully confirmed. We are to retain our present volume of trade, not to speak of recapturing some of our lost markets, sacrifices will have to be made by everyone concerned. We are as desirous as yourselves to maintain for our workers the highest standard of living consistent with the general welfare of the industry in the country, but if the standard of living conflicts with the best interests of those employed in industry and with the welfare of the country as a whole we claim that some concession should be made." Mr Mills said further that the Federation had prepared proposals for cheapening the cost of production by re-adjusting wages, labour conditions, and machinery in both the spinning and manufacturing sections, but the details were not disclosed. After some discussion it was decided to adjourn the conference until Friday, October 2nd, and will give their reply to the employers' statement. All kinds of rumours are being circulated as to the intentions of the employers if the representatives of the operatives are not prepared to grant concessions in their working conditions. It can be said, however, that at the moment no definite decision on this point has been made. It is believed that the employers are keener to secure longer working hours rather than a reduction in wages. It is quite probable that this labour question will be affected by the suspension of the gold standard. There is every

probability of the deadlock which was reached a fortnight ago in the negotiations between the manufacturing employers and the weaving operatives on the more looms per weaver system being removed at an early date. Each side is willing to arrange a further joint conference, but there is some hesitation on the part of the employers and the trade union officials as to who should make the first move.

New Capital Issues.—Even in normal times the third quarter of the year is less prolific than the others in the matter of new capital issues in the London market. This year the crisis which has swept over the world in general and Britain in particular has had the effect of reducing the total of new issues in the September quarter to the meagre figure of £9 millions, which compares with £23 millions and £18 millions respectively for the corresponding quarters of 1930 and 1929. Of the £9 millions, the net sales of National Savings Certificates account for £2.3 millions, and one large issue in July by Tanganyika for £2.8 millions. No foreign Government or municipality, no Colonial municipality or Government, no Colonial railway entered the market, and industrial financing was at a very low ebb. The following table gives comparative figures for the first nine months of this and recent years:—

DESTINATION OF NEW CAPITAL.

	First Nine Months.					
	1912.	1913.	1928.	1929.	1930.	1931.
United Kingdom—						
Government	Nil	Nil	84,311,000	200,000	43,790,000	12,550,000
Other	36,533,400	25,595,200	127,336,400	116,488,200	79,309,200	38,146,900
British Possessions—						
Government	7,714,900	20,003,800	38,283,000	26,366,100	27,294,800	30,571,600
Other	27,786,900	36,944,200	13,858,800	29,939,200	10,862,200	7,872,800
Foreign countries—						
Government	35,501,800	56,948,000	52,141,800	56,305,300	38,157,000	38,444,400
Other	9,584,500	24,021,500	10,253,800	3,650,000	21,330,000	1,740,000
Grand total	151,030,700	150,321,400	290,685,200	193,057,700	192,589,200	98,265,200

The total, it will be seen, is little more than half that of the corresponding periods of the past two years. Our usual detailed tables analysing these statistics will be found in the statistical section of this issue.

The Commonwealth Bank Report.—Recent circumstances have vested this year's report of the Commonwealth Bank of Australia with unusual importance. The document is in the main a review of well-known events, though it states rather significantly that the Bank's increased profit is mainly attributable to its fuller functioning as a central reserve bank. On the question of the Premier's plan of last summer, the report states the roundly that on its execution in the spirit as well as in the letter depends the rehabilitation of the country. The first portion of the plan, namely, the voluntary conversion scheme, has already been carried out, but the next step is the achievement of budgetary equilibrium by the various governments, and here the report says, "Present indications are not as uniformly encouraging as could be hoped for." It is noticeable that in recent weeks the banks have had again to resist further requests for accommodation by the governments in connection with unemployment schemes. The report admits that Australia's main difficulty is the low world price of primary products, though this is now partially compensated for by the depreciation of the Australian pound. It calls attention to the assistance given by the banks by reducing by one per cent. their rates of interest for fixed deposits and advances, in addition to a voluntary reduction by many banks and other institutions in the rate of interest on their holdings in the loans of semi-Governmental bodies, this reduction taking the form of a rebate of one per cent. in the amount of such

interest if promptly paid. The report also states that legislation is contemplated for the relief of interest to mortgagors. As its own contribution to the general plan of rehabilitation, the Commonwealth Bank has given an undertaking that it will rediscount all Treasury bills taken up by the trading banks, so as to enable them to give further assistance to the Government without sacrificing their liquidity. The report concludes with a summary of the Australian banking situation. The past year has witnessed a slight increase in deposits bearing interest, and heavy declines in deposits not bearing interest and in savings bank deposits. The last decrease is attributed to the trade depression, which probably also explains a contraction of 7 per cent. in bank advances (exclusive of Government securities). The report also places on record the modification of the Commonwealth Bank's statutory gold reserve from 25 to 15 per cent., forced by the necessity of shipping £5,000,000 of gold to London to meet Treasury bills maturing there at the end of June.

The Bank Credits.—In reply to a question in the House, the Financial Secretary to the Treasury stated that as the transactions relating to the Bank of England July credits for £50,000,000 were carried out by the Bank on behalf of the Issue Department, the costs, therefore, fell to be dealt with under Section 6 of the Currency and Bank Notes Act, 1930. Section 6 broadly provides that profits arising in respect of each year in the Issue Department accrue to the Treasury, their ascertainment to be agreed upon between the Bank and the Treasury. For the purposes of the Income Tax Acts, such income shall be deemed to be income of the Exchequer, and any expenses of, or attributable to, the Issue Department shall be deemed not to be expenses of the Bank. The implication of the question put in the House was that any exchange losses arising from the depreciation of sterling that have to be met when the sums borrowed under the credit fall due for repayment will have to be borne by the Exchequer, but the Financial Secretary refused to commit himself on a matter that will not arise for nearly a year, when the whole situation may have greatly altered.

Insurance Doctors and Certification.—For some years past, Sir George Newman, in his annual report on the public health, has called attention to the "disquieting increase in claims for sickness and disablement benefit" during recent years. In his Report for 1930 (H.M. Stationery Office, 4s.), he states that the investigations of which a description was given in the preceding report have now been concluded, and that the results and the conclusions drawn from them have been embodied in a memorandum which has been circulated to all insurance practitioners. The principal conclusions are:—

- (1) That the increase in payments of benefit has been mainly due to an increase of payments made to persons who were not incapable of work;
- (2) that, without assuming that the standard of medical certification has deteriorated, or may not even have improved, it has nevertheless proved inadequate to check an increased tendency, for various causes, of insured persons to claim benefit;
- (3) that the investigations of the condition of a representative sample of all insured persons who were in receipt of benefit on May 5, 1930, and had then been in receipt of benefit for over a fortnight, indicated that at least 12 per cent. had ceased to be incapable of work before they ceased to draw benefit;
- (4) that the divergencies observed in the proportions of patients of different practitioners who cease to draw benefit, after notice of reference to the Regional Medical Staff has been received by the practitioner and the patient, are so great as to leave no room for doubt that lack of sufficient care in the issue of certificates is sufficiently widespread to have a serious effect on the benefit funds;
- (5) that a failure to appreciate the nature of National Health Insurance, and the consequences of payments of benefit to persons who are not incapable of work, plays an important part in contributing to the issue of certificates which ought not to be issued.

In order to protect the funds, the importance of earlier reference of cases is being urged upon the approved societies, and, with the same end in view, a new regulation has recently been adopted, under which a practitioner who appears not to be exercising reasonable care in the issue of certificates will have his attention called to the matter in a personal interview by a medical officer. The Report stresses the fact that laxity of certification is by no means

general, so that the best remedy for it is the bringing of representative professional opinion to bear upon those doctors whose standard is defective. It requires little imagination to see how great may be the temptation to doctors, on purely humanitarian grounds, to "stretch a point" in this matter, and it is, therefore, encouraging that this section of the Report concludes with the words: "It is satisfactory to observe substantial signs of increased vigilance and care in this certification of incapacity." Sir George Newman also reports a similar improvement in the matter of excessive prescribing.

Transvaal Gold Output.—The gold output of the Transvaal mines during August amounted to 916,425 fine ounces, as compared with 916,843 fine ounces in July. In August, 1930, the output amounted to 921,018 fine ounces. In the following table we show the monthly output since the beginning of 1925:—

Month of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.
January	823,692	796,270	839,782	843,857	876,452	882,801	914,576
February	753,925	753,924	779,339	816,133	815,284	818,188	839,937
March	825,479	834,340	860,511	877,380	866,529	889,370	910,998
April	787,519	803,303	824,014	825,907	872,123	868,606	882,337
May	813,249	849,214	859,479	886,186	897,598	916,213	910,279
June	780,251	852,145	855,154	862,363	856,029	887,867	897,750
July	818,202	860,134	851,861	867,211	889,480	912,652	916,843
August	808,218	843,854	863,345	891,863	889,601	921,081	916,425
September	797,247	839,939	842,118	857,731	849,553	903,176	...
October	812,832	853,296	855,743	897,720	888,690	926,561	...
November	787,633	840,276	848,059	872,484	861,593	884,753	...
December	791,455	836,157	851,225	859,761	851,134	908,492	...
Total.	9,599,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	7,189,079

The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors at the end of August totalled 224,677, as compared with 223,484 at end of July. Comparative figures for the last eight months are shown below:—

	Dec., 1930.	Jan., 1931.	Feb., 1931.	Mar., 1931.	Apr., 1931.	May, 1931.	June, 1931.	July, 1931.	Aug., 1931.
Gold mines	203,473	209,442	209,777	207,239	206,770	207,109	207,209	208,155	209,409
Diamond mines	13,763	13,865	13,740	13,436	13,242	13,305	13,286	13,512	13,563
	4,607	4,325	4,333	4,106	4,030	3,689	3,345	1,817	1,705
	221,843	227,632	227,850	224,781	224,042	224,103	223,840	223,484	224,677

The decline in the number of natives employed in the diamond mines continued during August, but the numbers employed in the coal and gold mines showed a further increase.

Overseas Correspondence.

LEAGUE OF NATIONS.

Views on British Situation — Austria and Hungary — Sino-Japanese Dispute.

(FROM OUR CORRESPONDENT.)

GENEVA, September 23.

THE news of the suspension of the gold standard in England created a profound impression at Geneva. It was received with mixed feelings. There is naturally a good deal of anxiety about its effect, as everyone realises that it is very different from previous monetary crises in Germany and France, but there yet remains at this critical moment an obviously strong belief in the capacity of Great Britain to meet the situation successfully. In fact, it is already noted that there seems to be far greater calm in England than in some of the other countries which might have been expected to be less shaken in their self-confidence. Indeed, there is some criticism of England for having taken a step which may so seriously upset the calculations of other States. For that very reason there is a certain satisfaction in other quarters at the turn of events, but this is partly based on

political grounds. The more modified satisfaction is due to the conviction that the facts of the situation are now made plain, that the time for talk alone is over, and that action must ensue; that the follies of international financial and economic policy are now more than ever patent, and that things which States have been too obstinate or too short-sighted to do, will now be more or less forced upon them by the march of events. Few people here now expect that political debts can continue as they are, and there has been talk of a joint proposition to the Assembly by a number of States, calling for an immediate international conference definitely to regulate the matter. Hitherto the general discussions, instead of tending towards a greater approach to economic and financial solidarity, have been towards a policy of *sauf qui peut*. There is a general fear of the imposition of a tariff in Great Britain, as the British people are still the best customers of a great number of countries in Europe, but the principal States which fear it have done virtually nothing to meet the British demand for several years for a reduction of tariffs, and the anger and criticism at the possibility of Great Britain's finally adopting a protectionist policy herself is altogether unreasonable and out of place.

Sir Arthur Salter explained yesterday morning in an Assembly Commission, the course of developments in England. His assurance that Great Britain is determined to honour her obligations, that the internal position is wholly sound thanks to the sacrifices made to secure a balanced Budget, and that the Government is ready to co-operate in any measure possible to minimise the difficulties in countries which in the past have been dependent on the London market for credits and for financial facilities, created a good impression. Estimates as to what may happen to the value of the pound vary greatly, but the present feeling is that France will do all she can to save a serious fall in order to escape the heavy financial losses which she herself would thereby incur; the observation here on many sides is that Great Britain would have been wise to have taken the step, if not years ago, at least before negotiating American and French credits, but there seems little doubt that the balancing of the Budget in the first place has been a steady factor of enormous importance.

What the repercussions of these immediate events may be on the League's efforts for Austria and Hungary is yet to be seen. The Austrian Government is to inform the Financial Committee on the possibility of its carrying through the internal financial measures suggested, but the Government's task cannot be easy, especially in view of the fact, so it is declared, that Austria has been able to obtain no definite promises that the necessary loans will be accorded to her in any of the financial markets, even if she puts her house in order on the lines indicated by the Committee; it is, however, anticipated that the Government will be able to do what is expected of it.

There is a strong tendency of extra-European countries and of several European States as well, to criticise the developments of the Commission for European Union. They have at any rate succeeded in obtaining assent to the proposition that there should be an end to the various special committees set up by the Commission, and that the technical work should, wherever possible, be done by the standing committees of the League. They argue, very reasonably, that economic problems are international and not purely continental.

For the first time what is considered here to be a grave situation in the Far East has been brought definitely before the Council of the League which met to-day at the request of the Chinese Government to consider, under Article 11 of the Covenant, the situation in Manchuria, where the fighting between Chinese and Japanese troops has led to the occupation of Chinese territory. There is, as always, a conflict about the facts, Dr. Sze, representative of China, asserting that the troubles were originated by the Japanese, and Mr. Yoshisawa, representative of Japan, asserting that the troubles were caused by Chinese troops destroying portions of the Southern Manchuria railway.

China in her request to the Council asked that the question of reparations should be considered and that the *status quo ante* should be restored, and declared her readiness to carry out any recommendations which the Council might make. The Japanese representative said the Chinese authorities in Manchuria had for some years endeavoured to endanger Japanese interests, and China's request for reparations should not be discussed before the Council had come to a decision. The establishment of the *status quo ante* also could only be settled on the spot. As to the policy which his Government was ready to pursue, he was awaiting information, but he said that China had proposed a settlement of the conflict by direct negotiations—a suggestion which had been well received at Tokio; premature intervention might therefore hamper developments towards peaceful solution. Dr. Sze said he was perfectly ready for the League to organise a commission to inquire into the facts, and so far as direct negotiations were concerned he questioned the possibility of these being carried whilst a large zone of Manchuria was occupied. The Japanese representative, however, gave assurances, for which Dr. Sze expressed his appreciation, that every effort would be made to localise the difficulties and reach a settlement.

Nothing could have been better than the wisdom with which Lord Cecil approached the question. He noted the fortunate fact that both China and Japan were members of the Council; he referred to Japan as one of the pillars of the League, said it always observed most strictly and rigidly its international obligations, and he therefore assumed that both countries would act unreservedly in the spirit of the Covenant. He quoted appositely the statement made by M. Briand as President of the Council at the time of the Greco-Bulgarian conflict, warning States of the dangers which might follow from military action taken in so-called self-defence—a statement supported by Japan and other representatives on the Council at that time. Lord Cecil also referred to the procedure which had been established for such cases, one which was an appeal by the President of the Council that troops which had penetrated into the territory of another party should immediately be withdrawn; there was no reason to make a difference this time. The Paris Pact was also involved, and as the United States had played so important a part in its preparation and was deeply interested, Lord Cecil proposed that the minutes of the Council's proceedings should be communicated to the United States so that they also might take any decision which they considered desirable.

The discussion continued all day, China emphasising the urgency of action as the situation was getting worse. The Council passed a resolution requesting the President to appeal to both Governments to do nothing to aggravate the situation or to make a peaceful solution more difficult, and to discuss with the Chinese and Japanese representatives adequate means of securing the withdrawal of troops without jeopardising the safety of nationals of either State. Lord Cecil's suggestion to send a copy of all the documents and proceedings to the Government of the United States was also adopted.

On the invitation of the third Commission of the Assembly, the United States has accepted a seat on the Commission for the discussion of the disarmament truce which the Italians have now developed in precise terms.

FRANCE.

Effects of British Suspension — Revenue — Capital Issues.

(FROM OUR CORRESPONDENT.)

PARIS, September 23.

THE news of the British Government's decision temporarily to abandon the gold standard fell like a bombshell on the market. It is understood that the French Government and the Bank of France were confidentially informed of the British decision on Friday evening, and that

NATIONAL BANK OF GREECE

Established 1841

Head Office: Athens.

Branches throughout Greece.

New York Agency, 51 Maiden Lane.

THE BANK OFFERS EXCEPTIONAL FACILITIES FOR BUSINESS WITH GREECE

Capital paid up and Reserves Drs. 1,205,000,000.

arrangements were at once made, with the utmost secrecy, for steps to be taken with a view to palliating, as much as possible, any aggravation of the situation of sterling if panic conditions developed here. Important secret conferences took place on Sunday between the Finance Minister, the Governor of the Bank of France, the official heads of the Bourse, and other high officials. It is significant that the British Chargé d'Affaires was also present at these. The question was discussed whether this market, like the London Stock Exchange and money market, ought not to remain closed on Monday. It was eventually decided that, in view of the impregnable position of the franc, the great French stock market might safely be allowed to open as usual, if only for the purpose of acting as a kind of buffer to absorb the first harmful effects of the shock to the world's financial centres. It was decided, however, that the Paris exchange market should be closed, at least for twenty-four hours, for the purpose of suppressing all possibility of speculative exchange operations that might quite possibly, in view of the delicate situation, start the pound irresistibly on the road taken by the franc in 1926. Simultaneously, the Bourse authorities were requested to take every possible step to curb bear speculation, by suppressing quotations, if necessary, of all issues directly depending on London, and of any others likely to be seriously attacked, and by strictly enforcing the market regulations calling for the deposit of cash, or other impeccable cover, simultaneously with the handing in of speculative selling orders, and so forth.

So well was the secret of the London move kept that, for some time on Monday morning, the Paris banks—following routine, in spite of the startling news broadcast by the newspapers—continued to buy all sterling offered at Saturday's closing rate, whereas hotels and tourist agencies were either refusing to accept sterling at any price or else offering rates between 80 and 90 to the pound. The Bourse, being the only important Continental market not closed, opened under an avalanche of selling orders from every part of Europe, including a large volume from London itself, and for some time the market was keyed up to the highest tension. Quotations of British Consols, German (Dawes Plan) 7 per cent., and a number of other issues were suspended from the start. Others were suspended after opening prices had been registered. The declines were sufficiently serious, in any case. Bank of France shares opened 1,790 (or over 12 per cent.) down, and Suez Canals, Rio Tintos and Royal Dutch were equally hard hit. To the general surprise, however, this deluge of offers was quietly absorbed forthwith, apparently by a large body of cooler-headed people, who realised the profitable opportunities offered through the mistaken psychology of the vendors. This sharply checked the downward rush; and, even if it did not prevent a certain amount of further weakness, rendered the development of panic conditions impossible. On Tuesday, the money market reopened, and

there was a sharp recovery on the Bourse. To-day, except in South Africans, the improvement was even more emphatic. So far as can be seen at the time of writing, the immediate repercussions of the sterling crisis appear to have been withstood well, so far as Paris is concerned.

Both in financial circles and among the general public, the sequelæ to last week's decisions in London are being followed with intense and, for the most part, sympathetic interest by the French. If there is some scepticism in certain quarters as to the probability of sterling regaining its normal standing within the next six months, there is a unanimous recognition of British traditional genius for surmounting the worst difficulties. In the business world it is readily admitted that the temporary devalorisation of the pound will almost certainly furnish British exports with a substantial and almost immediate stimulus, the far-reaching effect of which may be incalculable.

Assertions that the Bank of France's stock of foreign exchange includes 20,000,000,000 francs of sterling, which would represent an enormous direct loss through the fall in the pound, have been promptly met by M. Moret, the Governor of the Bank, with the declaration that "the greater part of the institution's holding of foreign exchange consists of dollars deposited in New York, and is, consequently immediately convertible into gold." It has been unofficially announced here that the sterling held by the bank does not amount to one-half of the £160,000,000 alleged. The fact that the large French balances in London have been left there, in spite of the French financial leaders' foreknowledge of the pending step, is regarded here as amply confirming the opinion that the present situation of the pound may be speedily remedied, and that financial co-operation between the two countries is much more thorough than is generally known.

The revenue, thanks to the policy of more or less systematically increasing a steadily growing number of import taxes, to give further protection to varying categories of French products threatened by foreign competition in the home market, continues to yield a surplus. The returns for August indicate total recoveries from all Budget sources of 3,276,843,000 francs, of which 3,229,862,000 francs was from "normal and permanent" sources, as compared with 3,331,718,000 francs from the same sources in August last year, and 3,580,972,000 francs in August, 1929. The decline of 102 millions came solely from direct taxes, which were 165 millions less than a year ago, owing to slower payment of income tax. Indirect taxes and State monopolies, not including tobacco, yielded 68 millions more than in August, 1930, but this was solely due to an increase of 127 millions in receipts from Customs duties. The yield from turnover taxes was only 37 millions less than a year ago, which suggests a certain improvement in trade in general as this figure represents the smallest decline for some months. The tax on Bourse operations gave 7,000,000 francs (or less than half the total expected), and was 166,000 francs below the yield of August, 1930. The yield from the 30 per cent. tax on spirits was 12½ millions more than expected, while the imposts on wines, beers and liqueurs, amusements, motor cars and sugars also exceeded estimates. The total revenue for the month from indirect taxes was 23,225,000 francs in excess of expectations, bringing the total excess for the first five months of the year to 146,185,000 francs.

New issues of capital in France during August were the smallest registered in any one month since the revalorisation of the franc. The total new offers were only 351,000,000 francs (against from 1,000 to 1,619 millions in each of the previous months), of which 13,000,000 francs represented share capital of new companies, 35,000,000 francs increases of share capital by old companies, and 303,000,000 francs new bond issues. The average yield offered by new bond issues was 4.85 per cent., against 4.60 per cent. in July and June, and means of 4.69 per cent. 5.36 per cent., and 6.03 per cent. respectively during the previous three years.

GERMANY.

Views on British Suspension — New Decree — Banking Supervision — Company Law — Amnesty Loan.

(FROM OUR CORRESPONDENT.)

BERLIN, September 22.

The suspension of gold payments in England is regarded by the German public as the worst symptom of the world crisis. It is feared that its consequences will intensify the confidence crisis throughout the world, and thereby add still further to Germany's difficulties. Anxiety is particularly keen in respect of the financing of German foreign trade. German importers' bills are mostly drawn on London, and it was one of the most important advantages to Germany of the standstill agreement that the extent of these import credits was not to be reduced, just as it was one of the most serious drawbacks to the Hague Agreement that these credits were only safeguarded in theory, and not in practice. If the disturbance to England's international financial position now interferes with the functioning of the accustomed machinery, Germany may be driven to pay cash for a still larger part of her imports, and, at the same time, it is likely that the purchasers of German exports would be in similar financial difficulties, so that Germany would have to grant still longer export credits. This would have a very unsatisfactory effect during the next few months on the German balance of payments, on which Germany's international position depends. It is also feared that the English currency crash may strengthen the universal tendency to increase the obstacles in the way of trade by raising tariffs.

The developments in England have, however, given rise to one hopes that this most convincing proof of the critical state of the world may force the countries with large gold holdings to mobilise the means of defence. So far Germany has resisted the temptation to escape from the general consequences of world deflation by an internal expansion of credit, though pressure in this direction was brought to bear upon the Government from powerful sources, but everybody in Germany is convinced that action to raise world prices would create new confidence, modify, at least to some extent, the acuteness of the crisis, and thereby bring nearer the moment of recovery.

Important decisions have been taken in domestic economic policy. A decree of the President, dated September 19, introduces the long-discussed supervision of private banks, brings about a reform of company law and promises a still more extensive taxation amnesty than that granted by the August decree in respect of all property and income from property which is used to subscribe to the new 4½ per cent. Reichsbahn loan, provided that the subscriber retains his holding until 1937.

That part of the decree which deals with banking supervision provides for the appointment of a "Banking Board of Control," and of a Reich Commissioner. The board is to lay down the lines on which the Banking Commissioner is to carry out his duties, but the Commissioner is an official, and as such, subordinate to the Minister for Economics. No sharp line of demarcation is drawn between the competence of the board and that of the Commissioner, but difficulties are hardly likely to arise, as the five members of the board include, besides the Commissioner himself, the Secretaries to the Ministry of Economics and the Ministry of Finance respectively, so that there is a majority of Reich officials. The remaining members are the President of the Reichsbank and a Reichsbank director nominated by him. The Commissioner's duties are formulated in very general terms as follows:—

"The Reich Commissioner for Banking shall keep himself continually informed of the state of German banking and credit, especially in their relation to other countries, and shall influence general banking policy in the economic interest of the community."

For the exercise of this influence the Commissioner has at his disposal no powers which are likely to exercise a very great direct effect. He can demand information of all kinds from the banks and from their customers. He can attend and speak at general meetings, and can demand and compel the calling of extraordinary general meetings,

or meetings of the governing bodies of the banks. Finally, he can

"make proposals to the Board of Control for the adoption of general principles in the conduct of banking business. The Board of Control shall decide what general principles, if any, are to be laid down for the banks in the conduct of their business. This authorisation shall also cover the establishment of principles to govern the conditions under which the banks may exercise the voting rights carried by the securities deposited with them for safe keeping."

Whether these outlines will have any binding force will be decided by the Government, which is to issue decrees for the execution of these provisions. It may be assumed that the Commissioner will only be able to influence the essentials of banking policy in so far as he convinces public opinion that he speaks with authority. That is an effective barrier against the damaging attacks to which political pressure might give rise. The Commissioner will be able to render positive service to the banking world if he is able, through his powers of demanding information, to ascertain how far individual banks, unknown to each other, are granting large credits to the same borrowers. It is well known that in the case of Nordwolle and many other failures this lack of mutual contact among the banks has played a very detrimental part.

The reform of company law has only been undertaken in the emergency decree in those respects which the Government regarded as urgent. It is still intended to bring before the Reichstag a Bill which will include a number of reforms which are not being carried out at present. The new regulation aims at compelling companies to greater publicity and the publication of more accurate balance sheets. Reports will have in future to explain the financial status and relations of the company, and go particularly into any differences from the position of the previous year; to give information on relations with dependent companies, on the amount of shares held and changes in these amounts; to reveal any guarantees; to make known the total payments to directors and members of the supervisory board, and to disclose membership of any cartels or similar associations. Further, the rights of individual members of supervisory boards to demand from the directors information relating to business transactions have been extended. The penalties for infringement of duty on the part of members of the supervisory board have been made more severe and provide in extreme cases for five years' penal servitude, but breaches of duty due to mere negligence are still not punishable. The decree contains detailed provision for the auditing of balance sheets by chartered accountants. The chambers of trade completed several months ago their preparations for the admission of chartered accountants, who have hitherto operated in Germany without being subject to licence requirements and without any particular Government regulation. Company directors may not in future receive credits without the express permission of the supervisory board. All the regulations of individual companies as to the composition and remuneration of their supervisory boards are to cease to have effect at the next general meeting, when new regulations are to be enacted by a simple majority, and a new board elected. Nobody may serve on the supervisory boards of more than twenty companies.

The new 4½ per cent. "Amnesty Loan" is intended primarily to provide as convenient a way as possible for the return of exported capital. Whereas the August amnesty decree only granted exemption from tax penalties and from back payments of taxes due before 1930, the subscribers to the new Amnesty Loan are granted complete exemption from all taxation until 1937. Perhaps an even more important point is the fact that the "capital fugitive" does not have to confess his offences in respect of taxation, but can subscribe to the loan not only at the official places but also at any notary's office. As the loan is also free of inheritance and gift taxes it has attractions for many taxpayers who have honourably fulfilled their obligations. Simultaneously with the raising of the loan, the total amount of which is not limited at the outset, the penalties for evasion of taxation are, being made extraordinarily severe. Offences will in future be tried by special courts, and the penalty for deliberate fraudulent evasion will be imprisonment.

The proceeds of the loan will be placed at the disposal of the Reichsbahn, which is to be required, in the interests of employment, to use it for placing new contracts. The Government is determined that the Reichsbahn, which also receives a large part of the savings from the Hoover Plan, shall spend as much as possible in orders to industry. The railway company, on the other hand, disquieted by the very severe decline in its income in consequence of the crisis, would like to use all possible means of increasing its liquidity. The Government's wish is strengthened by the fact that railway contracts would benefit principally the iron industry of the west, which is regarded as a particular danger point for social unrest during the coming winter.

SWITZERLAND.

Effect of British Suspension — Decline in Bank Shares — Fall in Deposits — Effect on Trade.

(FROM OUR CORRESPONDENT.)

BASEL, September 24.

THE news of the London decision arrived in Switzerland a few days after the close of the Swiss Bankers' Conference in Lausanne, at which the state of the nation's economy was investigated and, as might be expected at such a time, deplored.

Banking is one of the major Swiss industries. The comparatively small proportion of purely national business to the total turnover makes the banks extraordinarily sensitive to disturbances in neighbouring countries and has forced them in the last few months to maintain a preposterously high level of liquidity. This, in turn, has brought a serious decline in profits which, coupled with the effects of the German "standstill," has affected the nerves of the stockholders.

Commitments in foreign countries, especially Germany, form an unduly high proportion of the total assets of the Swiss banks, and, in consequence, there has been a steady decline in bank shares over the last week, following the serious difficulties in which several French-Swiss institutions had become involved. This is reflected in a substantial shrinkage of deposits. Some of this money has found its way into Cantonal banks which are State guaranteed, but the increase in net circulation proves that much of it is being hoarded both at home and abroad, and is not likely to be returned to the banks even if there is a rise in money rates. There are indications that rates are rising slightly already, not the least important of these rises being that in the rate of the recent Federal Conversion loan which, in spite of criticism, it was necessary to fix finally at four per cent.

The effect of the English suspension of convertibility has been to accentuate all these tendencies. In spite of recent selling, when the announcement from London was made, Swiss interests were still in possession of fairly large sterling balances. The abnormally high figure of 675,000,000 francs Swiss bankers' balances at the Central bank is believed to be the result of sterling withdrawals, and to prove that the major portion of sterling balances had already been withdrawn. The Swiss National Bank reserve and ratio are not believed to be materially affected by its sterling balances, but the aggregate volume of the Swiss National Bank's resources to that of Swiss commitments abroad in the event of difficulties is small. A source of anxiety exists in the belief that a considerable proportion of Central European commercial paper in Swiss portfolios is in sterling denominations.

The principal strain will no doubt be felt in a decline of exports, both visible and invisible. Not less than 20 per cent. of Swiss exports of goods are taken by the United Kingdom, and the British contribution to the revenue from tourists is estimated to be as much as 35 per cent. of the total.

The most striking feature of the Swiss reception of the news is the dumbfounded attitude which it has induced.

Many bankers can hardly bring themselves to believe that it has really happened or that it can last for more than a day or two. There is talk everywhere that "something must be done"; "a credit must be arranged"; "Switzerland is ready to do its part"; but hardly anywhere a realisation that a new chapter—and probably a long one—has begun in the economic history of the world.

HOLLAND.

The Crisis — Bank Assistance.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, September 24.

It was inevitable that the crisis in London should involve great difficulties for Amsterdam. The market had not recovered from the blow of the closing of the German banks; the situation on the Amsterdam exchange was becoming daily more and more serious; and forced liquidations brought about new low records day after day. The big money lenders began to show alarm and liquidated prolongation holdings on a large scale, thus intensifying selling pressure. The board of the Amsterdam Stock Exchange met at the end of last week to consider whether the exchange should be closed. The meeting was not in favour of closing, but was only desirous of combating excesses and unjustified selling pressure. A stricter supervision was exercised on the exchange in consequence.

The report of the suspension of the gold standard in England, therefore, naturally gave rise to great anxiety here. Special measures were speedily decided upon. The Netherlands Bank, with the object of averting further forced liquidation, immediately announced that it was prepared to take over prolongation positions called in, or to be called in, on the basis of the prices obtaining on Wednesday, September 16th. The other banks also promised their utmost co-operation for providing the most reasonable accommodation practicable. Thanks to this assistance, the Amsterdam market on Monday morning was prepared for any eventualities, and expectations were that the market would be opened in the usual way. Later on, however, reports from abroad came in that many of the foreign exchanges were not opening, and this development gave rise to new problems. Would not these foreign countries, deprived of their usual means of trading, take steps to get a large part of their offers placed direct in Amsterdam? The Amsterdam market is so closely connected with foreign markets that very intense pressure might be exerted. Moreover, the English Ambassador at the Hague had requested the Minister of Finance to keep the Amsterdam exchange closed. The board of the Amsterdam exchange was accordingly requested to give immediate advice, and a quarter of an hour before the time for the official opening of trading it was announced that the Minister of Finance had ordered the exchange to be closed that day.

The news was received calmly. Confidence was felt in the powerful position of the banks, as well as in the reasonable and comparatively low amount of the prolongations outstanding, the necessary margins for which are as a rule paid in promptly. Undoubtedly the confidence prevailing in the country has played an important part in enabling the Amsterdam exchange to be re-opened soon again. When, on Tuesday, it proved that the New York and Paris markets had been fairly normal, there was no longer any reason to keep the Amsterdam exchange closed any longer, especially as the Netherlands Bank had published a declaration on the following lines:—

"The Netherlands Bank is prepared to make advances to approved borrowers against securities including the margin present, at the prices quoted on September 19th, subject to such securities having been already loaned on that date. In valuing these securities, the Netherlands Bank will take the exceptional circumstances into consideration.

"Although it reserves the right to decline to accept securities offered, the Netherlands Bank will not be unduly exacting towards borrowers.

"The interest to be charged by the Netherlands Bank will be, until further notice, 2 per cent. per annum above the average prolongation rate."

Subsequently the Netherlands Bank even dropped the reserve it made with regard to accepting, for instance, sterling loans as security. Despite the depreciation of the value of sterling, those securities will nevertheless be acceptable at the rates fixed on Saturday, September 19th.

Thanks to this action on the part of the Netherlands Bank, the private banks have since undertaken to co-operate. The offer of the Netherlands Bank applied only to securities bought before September 19th, not to any new purchases of securities, so that it seemed possible that the exchange would have to run exclusively on cash transactions for the time being. Under the lead of Messrs van Loon and Company, however, the banks have now made funds available for the purpose of financing new prolongations.

The course of exchange trading on Tuesday left a very good impression, and it is satisfactory that, whatever difficulties may yet be in store for Holland, the prompt co-operation of her banks has enabled confidence as to the immediate situation to be maintained.

AUSTRIA.

Repercussions of British Crisis — Anticipated Effect on Trade — Economics.

(FROM OUR CORRESPONDENT.)

VIENNA, September 22.

THE suspension of the gold standard in Great Britain at first made a deep impression in Austria and caused considerable disquiet. Very soon, however, opinion grew calmer. The board of the National Bank took the view that, in spite of the low level of their foreign holdings, no great demand upon them was to be anticipated. According to the views of the National Bank, economic relations with England have recently been less active, while of the 150 million schillings advance made by the Bank of England, 50 million schillings have already been repaid. Repayment of the remaining 100 millions is not due until October 16th, and meanwhile the prospects of sterling may become clearer.

As far as most of the public were concerned, it was really the moral shock, owing to the critical situation of British public finances, which provoked this commotion. In addition, numerous private people own British fixed-interest securities and the British section of the League of Nations Loan, redeemable in sterling, enjoys special popularity. It is probable that a certain amount of money will be lost in this way.

From January to July, 1931, Austrian imports from England amounted to 45 million schillings, against 53 millions for the corresponding period of the previous year, while Austrian exports to England amounted to 53 millions, against 57 million schillings. As a consequence of the fall in the value of the pound, it is feared that, provided merchandise prices in England do not go up too much, English competition at home and abroad will become very keenly felt.

On the first day sterling was not bought by Vienna banks, as there was no official foreign clearing. On the following day the pound was traded in privately at 29 to 30 Austrian schillings, in comparison with 34½ schillings before the suspension. It is an interesting fact that both at the banks and in private trade rather large quantities of English bank notes were offered, which showed that, trusting in the stability of the pound, many savers who had taken their money from the Austrian banks had believed themselves safe in investing in English currency, but here again it was soon noticeable that rather large amounts which were offered for sale were very shortly withdrawn.

All references to the extent of the retrenchment and the consequent reduction of purchasing power in the hands of the masses are countered with the statement

that, in view of events in England, Austria is more than ever compelled to reduce expenditure. The difficulties which are really feared are connected with the assumption that it will be far less easy than heretofore to raise the foreign credits. In view of the announcements that the placing of foreign loans and the purchase of foreign shares are no longer in Great Britain's interest, an anxious search is in progress for purchasers for the new loan which is to be issued and even for the short-term treasury bonds. It is assumed that it will be more than ever necessary to turn in the direction of France. In view of the events in England it is feared that there may be serious restrictions in Hungary and a further disinclination to meet the claims of Austrian creditors is anticipated.

The following despatches, received from our correspondents before the gold standard was suspended in Great Britain, are necessarily out of date, but we print them as giving a picture of conditions immediately before the suspension.

UNITED STATES.

NEW YORK, September 16.

NEITHER the economic nor the financial picture has changed materially with the passing of the third quarter income-tax payment date. Hope of much worth-while business improvement in the third quarter has, of course, been given up, but there is still expectation of some seasonal upturn later in the autumn. Financial markets have weakened further, but in shares the bear interest is becoming crowded, and a rally on purely technical counts is anticipated.

Liquidation of bonds is apparent in the railroad section and foreign groups, but some amelioration of conditions has come from the more liberal attitude of bank examiners. Strictly interpreted, the national banking laws require the national banks to write down any capital losses suffered from investment holdings. This practice involves sale of securities, and often closing the banks which have their own capital impaired, followed by further sale of assets. Recently the banks have not been required to write off losses on bonds which, in the opinion of the examiners, have a reasonable chance of recovery in price. Banks organised under State laws are also, it is reported, obtaining some relief in this respect. While this would not be regarded as sound permanent practice, it should have the effect of lengthening the life of many banks and of relieving to some extent the pressure on the security markets.

The recent Government 3 per cent. 24-year bond issue for \$800,000,000, sold largely to meet current expenditure, but also to refund some of the short-term indebtedness, has been selling at a small discount. Banks in many instances subscribed rather more than they wished, in order to make sure of their allotment and also to secure for a month or so Government deposits, on which they pay no interest. They can afford to sell the bonds at a small loss in order to obtain the use of funds free in that period, and many have done so.

New capital issues have increased somewhat in the past week. The total rose to \$105,000,000 against \$6,000,000 in the previous week and \$140,000,000 a year ago. Flotation of \$50,000,000 of Canadian National Railways bonds, backed by the Dominion Government, was largely responsible. The bulk of the remainder were Government and municipal financing. Small public and utility capital issues of high grade have been taken, though slowly, in the current week, and there was a turnover of around \$2,000,000,000 at the tax date. This included approximately \$800,000,000 in new Treasury long-term bonds and \$300,000,000 in Treasury certificates, and retirement of \$680,000,000 of notes and certificates. Interest payments this month on the public debt amount to about \$100,000,000, and it is expected that income-tax collections may run between \$300,000,000 and \$400,000,000. Company dividend payments at mid-month were comparatively small, as were bond maturities, but they will be large at the end of the month.

An interesting financial operation has been completed in the refunding of the \$50,000,000 of Argentine notes due October 1st. The Argentine Government has shipped \$20,000,000 in gold to retire that amount of the debt. Brown Brothers, Harriman and Company are heading a banking group to extend a six to nine months' credit on six to nine months' notes, while half the remaining \$10,000,000 will be provided by a peso credit from American exporting companies. The Argentine Government expects to ship another \$5,000,000 in gold. Presumably, Argentina will attempt to refund the short-term loans next year, when it is hoped market conditions will be more favourable. The Government had unofficially announced its intention of shipping the full \$50,000,000 in gold necessary, provided it was found to be impossible to refund on any but onerous terms. Reduction of the gold obligation to half will, of course, relieve the Argentine of some deflation which otherwise would have had to take place, and the whole operation reflects the country's good credit standing in spite of the disturbances all over South America.

Pending the collection of quarterly income-tax cheques the Treasury has made a temporary overdraft at the Federal Reserve Bank of upwards of \$100,000,000, which has increased member bank reserves. Call money is kept at 1½ per cent. officially and 1 per cent. unofficially, but Federal funds have dropped to ½ to ¾ per cent. Little or no sign has been seen of the usual seasonal rise in credit demand. Federal Reserve credit outstanding was up only slightly on the week, and the member bank reports show a sharp reduction in loans on securities and a small rise in "other loans," which probably means larger bank holdings of bills. Meanwhile, the volume of bankers' bills outstanding continues to decline. A drop of \$138,000,000 in August brought the total to the smallest in three years. Since the beginning of the year the decrease has been \$466,000,000. Most of the loss last month was in bills created for export of goods from the United States.

Domestic trade conditions are somewhat better in retail trade lines and unimproved in the heavy industries. Cotton consumption in August was 73,000 bales higher than a year ago, but was 25,000 bales less than for July. The steel trade is running unchanged at around 80 per cent. of capacity, but is experiencing moderately better demand for structural and railroad steel. Railroad freight-car loadings were down slightly in the opening week of this month, and, in general, no change for the better has taken place in the railroad situation. More roads have announced reduction in official and salaried personnel compensation.

Conditions in the oil and copper industries continue to be highly unsatisfactory. Gasoline stocks are now beginning to mount, the season of high consumption having passed. It is becoming more difficult for Oklahoma to maintain a shutdown with the Texas fields now producing about 950,000 barrels daily. The leading oil-importing companies have made a proposal to the oil States that, if domestic production be kept down enough to bring steady liquidation of oil storage, they would further restrict their imports. Stocks of refined copper rose in August, for the fifth consecutive month, to a new high record of 455,775 tons, the gain in the past twelve months being 80 per cent. in spite of curtailed output. Prices have sunk to new low depths, at 7½ cents, partly due to resale of copper bought by Germany a few months ago and which was permitted by the Export Association. In addition to the stocks of copper reported, there are very large supplies held in fabricators' hands and under consignment.

DENMARK.

COPENHAGEN, September 21.

DURING the last few months prices in Denmark have continued downward, though not so rapidly as before. From an index of 115 in April wholesale prices have declined to 110 in July and 109 in August, while in August, 1930, the figure was 128. At the same time, the cost-of-living index has declined from 157 in April to 154 in July, as compared with 165 in July, 1930. The decline

was particularly marked in the prices of agricultural exports, and in the early summer the quotations for bacon and butter reached very low levels, though subsequently there was some improvement. These low prices for commercial agricultural produce have still further reduced the chances of profit, and many farms are now being worked at a loss. A computation made by the official Bureau of Agricultural Economy shows that for the working year from the spring of 1930 to the spring of 1931 the capital invested in agriculture has produced a yield of only 4 per mille, while if the computation had been based on the prices prevailing in June the yield would actually have been negative. An increasing number of farmers have consequently come into difficulties and the number of compulsory sales of farm estates has shown a rather pronounced increase during the last few months.

In spite of the difficult situation, the production of the principal agricultural exports has been continued to the full capacity, as will appear from the following figures representing the quantities of agricultural produce exported up to September 11, 1931, compared with the exports during the corresponding period of 1930:—

	January 1– September 11, 1930.	January 1– September 11, 1931.
Butter, tons	119,990	122,400
Bacon, tons	195,658	256,845
Eggs (1,000 scores)	29,481	34,364

In the course of the last few months Danish industry, too, has been severely affected. Orders are far more difficult to obtain than before, and the number of unemployed industrial labourers is 40 per cent. higher than at the same time last year. As yet unemployment does not create any particular anxiety, but it appears likely to become rather more serious in the months to come. A summary of Danish industrial exports during the first half of 1931 shows that, in spite of the prevailing world depression, the market abroad for Danish industrial products has been fairly well maintained. From a total of Kr. 150,000,000 in the first half of 1930 the value of industrial exports has declined to Kr. 120,000,000 in the first half of 1931. Even though this reduction covers a decline of prices, it also includes a reduction of the quantities exported, which has been very pronounced as far as cement is concerned. The exports covered by the statistics for the first half of 1931 comprise to a great extent goods previously ordered, and this particularly applies to ships and machinery. As it is reported that the exporting concerns in these lines have experienced very great difficulties in obtaining new orders, it must be expected that future statistics will show a considerable decline. Hitherto sales in the home market have been fairly well maintained, owing largely to the very extensive building activity, which as far as Copenhagen is concerned exceeds all previous records. On July 1, 1931, more than 8,000 flats were in the course of construction in Copenhagen.

The firm tendency of the money market in the great European countries since June-July did not assert itself immediately as far as Denmark is concerned. The increase of the English Bank rate late in July did not lead to a corresponding increase in Denmark until about a month later, after the termination of credits granted to various Danish firms abroad, which forced them to endeavour to obtain loans from Danish banks.

Under the influence of the rising rate of interest the prices of bonds declined throughout August, and still more decidedly during the first ten days of September, when a number of "black days" were experienced on the Copenhagen exchange. Not only did the prices of bonds decline, but shares, especially industrials, fell substantially in many cases, apparently with little cause. A recovery, however, began towards the end of the second week.

During the first seven months of the present year Danish foreign trade has been as follows:—

	(In million kroner.)	January–July, 1930.	January–July, 1931.
Imports		1,006	833
Export of Danish goods		888	743
Export of foreign goods		56	43
Excess of imports		62	47

In spite of the fact that the export prices are still very low in comparison with the prices of import goods, the balance of payments of the country is in order, and it has not been necessary during the year to increase the net debt to foreign countries. In the first seven months of 1931 the excess of imports was only Kr. 47,000,000, against Kr. 62,000,000 in the corresponding period of 1930.

BELGIUM.

LOUVAIN, September 18.

THERE has been little change in the economic situation. Firms doing business with Germany, notably the wool trading quarters of Verviers, have suffered from the German crisis, but, on the other hand, a slight improvement has been perceptible in the metallurgical industry. A general strike has just been avoided, at least temporarily, in the coal industry. The coal situation has, nevertheless, become still more difficult. The collieries have refrained from reducing output in order not to increase costs, so that enormous stocks, totalling about 3½ million tons, have been heaped up at the pit-head, and pit-owners have been incurring heavy financial charges. To facilitate competition with foreign producers, the Belgian pit-owners are soon to give notice to terminate the collective labour agreement which makes wages dependent as to 75 per cent. on the cost of living.

Owing to the state of the industry, coal-extracting companies and miners have joined the numerous agriculturists and industrialists who have been advocating protection against imports. Though there have been some regrettable concessions, the Government has not gone far towards meeting these demands. Future customs policy seems much more uncertain, and there seems to be a real danger that measures much more destructive of the principles of Free Trade may be passed. Opponents to such a programme have nevertheless been active in the Press. The leaders of the Belgian Labour Party have been at variance on this question, though the party in general has seemed to be more attached to Free Trade. In this matter the influence of the agricultural groups, which are in general inclined to Protectionism, has been strongly felt in the Catholic Party. The "Boerenbond" has only given moderate support to the Protectionist movement.

The general Budget for 1932 is in course of preparation; its balancing will be very difficult, and some cutting even in consolidated estimates has been felt to be necessary. A commission presided over by M. E. Francqui has hinted at serious abuses in the establishment of both old-age pensions and war pensions. The Francqui report has created much excitement in the Press and among the public, but it is doubtful whether the Government will feel strong enough to carry out its recommendations.

The 5 per cent. public loan was issued for public subscription at 96 per cent., too large a discount, for it has remained at a premium over the subscription rate, at 97½ per cent., despite the unfavourable general trend of securities and the anticipation of new loans.

NORWAY.

TRONDHEIM, September 2.

At the annual meeting of the Norwegian Bankers' Association in Bergen a few days ago Mr Sandberg, director of the Christiania Bank og Kreditkasse and president of the lenders of Norway, gave a general survey of the economic problems of Norway, as seen from the bankers' point of view. This year, Mr Sandberg said, the annual meeting of the

association was held under the stress of the international crisis and the difficulties encountered by our home industry. Striking evidence of the effects of the crisis could be found in nearly every phase of the economic and industrial life of the country, but the severest effects were perhaps experienced on the stock market, the index showing a fall of about 25 per cent. for the period June, 1930, to August, 1931. Mr Sandberg pointed out that the price level in Norway at present is about 11 per cent. lower than a year ago, and there was consequently an urgent need of a corresponding reduction in costs of production, general expenses and wages, not only in private business, but also—and perhaps in the first place—in the national and local administration.

Conditions on the money market have been rather easy during the month, with only small variations in the returns of the Norges Bank. As might be expected at the turn of the month, the return as per August 31st shows an increase of about 15 million kroner in the item Loans and Discounts, while at the same time deposits at sight have increased by about 12 million kroner. Foreign balances went up from 8 million kroner to about 12 million kroner, and there was also a slight increase in the holding of securities. The result was an increase of the note circulation of nearly 7 million kroner.

Imports during July this year amount to 63 million kroner, as against 73.7 million kroner during the same month last year, while exports amount to 24.9 million kroner, against 58.7 million kroner for the same month last year. There is consequently an adverse trade balance for July of 38.7 million kroner, compared with 15 million kroner for July, 1930. The total value of imports during the first seven months of the year amounts to 479 million kroner, as against 568 million kroner during the same period last year, while the corresponding figures for the exports value amount to 257.3 million kroner and 411 million kroner. It is significant of the effects of the labour dispute that, while the value of exports of paper and wood-pulp during the first seven months of 1930 amounted to about 109 million kroner, the value of these items during the same period this year has dwindled to about 50 million kroner.

It is stated in the papers to-day that the proposals of the Public Mediator have been definitely accepted by the workers with a fairly large majority, and that work will then be resumed on Monday or Tuesday next.

FINLAND.

HELSINGFORS, September 14.

DEPOSITS received by the joint-stock banks, which had risen slightly in June and July, were reduced again in August by 94.7 million marks, so that their total was 7,793.9 million marks, compared with 8,131.2 millions at the end of August, 1930. The accumulation of deposits was in general also poor in the case of the savings banks and other similar institutions. With regard to the credits of the joint-stock banks, the falling tendency that had been experienced since February continued in August, when the reduction amounted to 16.1 million marks. The total credits of the joint-stock banks had thus dropped from 9,891.1 millions at the end of August, 1929, to 9,100.2 millions a year ago and 8,971.9 millions this year. As usual at this season of the year, the foreign position of the joint-stock banks improved. The increase in their net foreign balances was 23.0 million marks, the total being 53.1 millions.

The position of the Bank of Finland became slightly more strained during August, chiefly owing to the increase by some of the joint-stock banks in their re-discounting of bills at the central bank. On September 8th the amount of re-discounted bills was 112.1 million marks, in comparison with 88.8 millions at the end of August and only 13.1 millions on September 8, 1930. At the same time the foreign balances of the Bank of Finland continued to fall slowly, as they have ever since the end of March. During August the reduction was 50.8 million marks, and

during the first week in September another 28.7 millions. The reserve of foreign currency amounted to 591.4 million marks on August 8th, as against 917.0 millions a year ago and 530.1 millions two years ago. The ordinary cover has fallen off slightly, but still represented 67.8 per cent. of all liabilities payable on demand on the same date.

The fall in prices proceeded again during the summer after a check in this tendency during the winter. The wholesale price index stood at 81 in August, against 86 in March; whereas the corresponding drop last year was only from 92 to 89. The cost-of-living index experienced a similar reduction. It has dropped 4.5 per cent. since the end of 1930, while the fall in the wholesale price index amounts to 5.8 per cent.

The volume of foreign trade was considerably less during the summer than in previous years, and the reduction in the value of trade was still greater. The value of imports in August only amounted to 289.9 million marks, in comparison with 443.8 and 610.4 millions one year and two years before. The value of exports amounted to 423.1 million marks, as against 539.6 millions in August, 1930 and 904.4 millions in the same month in 1929. Thus there was a surplus of exports for August this year amounting to 134.0 million marks, compared with 95.8 and 294.1 millions in the preceding years. For the first eight months of this year there was a surplus of exports of 573.9 million marks, the most favourable balance of trade on record.

As in many other countries, the depression has seriously affected public finance. In 1930 the yield of most sources of revenue fell off, and during the current year this development has continued. The Government was obliged to cancel some grants already approved in the Budget and to take all other possible steps for curtailing expenditure. As it is to be expected that the decrease in revenue will probably continue in 1932, the drawing up of the Budget has proved unusually difficult. It is, therefore, all the more satisfactory that the revenue balances the expenditure according to the Government's Budget proposals. The revenue has been calculated cautiously and is reduced by over 500 million marks. The expenditure cancelled is considerable, amounting to about 637 million marks. It has been impossible to avoid the reduction of grants for a number of useful purposes, so that the Budget is in the nature of an emergency budget. As the expenditure and revenue have been balanced without resorting to fresh or increased taxation or loans, the Budget is, nevertheless, strong, and fulfils the most important demand of the moment.

POLAND.

WARSAW, September 18.

THERE have been considerable withdrawals of deposits from Polish banks during the past six months, and undoubtedly some curtailment of short-term money placed in this market by foreign institutions. The published figures show that the total deposits of joint-stock and private banks (not including Government or savings banks) declined from 878 million zlotys on December 31, 1930, to 835 millions on March 31, 1931, and to 708 millions at the end of June. Further withdrawals in the month of July are estimated by the Institute for Economic Research at 60 million zlotys from all private banks, 30 millions from municipal savings banks and 18 millions from the Post Office savings bank.

The Director of the Institute for Economic Research estimates that the flight of capital from Poland from the political disturbances in Germany last September to the end of July of the present year amounted to about 500 million zlotys (roughly, 12 millions sterling). This estimate is based on the following figures: the decline in the gold and foreign exchange reserves of the Bank of Poland, 183.8 millions; external loans contracted by the State, 250.1 millions; excess of exports over imports, 275.4 millions, making a total of 709.3 millions. From this must be deducted payments on account of long-term loans,

135 millions, and merchandise credits, 64.7 millions, leaving a net capital outflow of 509.6 million zlotys. A capital flight equivalent to 12 millions sterling during such a period of unexampled depression and uncertainty is not of vital importance, but it is none the less embarrassing; and, if it is merely the opening phase of a steady outflow, the financial and economic consequences will soon begin to assume much greater importance. The political and social consequences, on the other hand, should not be unduly exaggerated. Polish peasants have been accustomed for centuries to hard work and privation. Their lot to-day, difficult as it looks, is incomparably better than it has often been in the past. They have plenty to eat and enough to wear, and to the great bulk of the population such problems as bank deposits, currency stability, etc., are not matters of consequence.

The Budget deficit for the month of August is 13.4 million zlotys, making a total deficit of 115.6 millions for the first five months of the fiscal period. Even more inquieting than the size of the deficit is the drastic fall in revenues from 229 million zlotys in April to 169 millions in August. The July revenue of 192.8 millions was "padded" by heavy receipts from the State Monopolies. Very serious efforts are being made to cut down expenditures (except so far as the Army is concerned), and large numbers of Government employees have been discharged. The full effect of economies in this direction, however, will not be felt for several months, because the law requires the payment of three months' salary to a discharged employee unless three months' notice is given. The policy of drastic retrenchment is very disastrous for the manufacturers and tradesmen whose principal customers are public servants and their dependents. Even the comparatively wealthy farmers are very restricted buyers of manufactured articles, so that industries are largely dependent on the purchasing power of Government and municipal employees. The deferred payment habit is very widespread in Poland, and Budget retrenchment not only stops new buying but it prevents debtors from meeting their outstanding debts. The buying of imported goods, except absolute necessities, has virtually ceased.

The August 15th crop estimate places the wheat harvest at 19.8 million quintals, rye at 51.6, barley at 14.8, and oats at 24.6. The final crop figures for last year were: Wheat 22.4, rye 69.6, barley 14.6 and oats 23.5 million metric quintals. With the present year's crop hardly more than sufficient for domestic needs, grain prices are showing a firmer tendency despite distress selling to pay taxes and other unavoidable obligations. A marked price improvement is anticipated later in the year which should substantially improve the position of farmers who are able to hold their grain off the market, but not to such an extent as to enable them to meet more than their most pressing commitments.

JUGOSLAVIA.

BELGRADE, September 14.

ECONOMICALLY the country is still in the slough of depression, escape from which can be effected only in concert with the rest of Europe. The State has been badly hit by the suspension of reparations, the net loss being somewhat over 700 million dinars. The budget had, therefore, to be drastically revised, and cuts to the extent of 714 million dinars introduced. Cash stringency has also helped to play havoc with the Governmental scheme of wheat monopoly. Burdened with large stocks of wheat it was unable to sell abroad even at a loss, the Export Society found itself unable to bear the financial strain and had to have recourse to promissory notes instead of cash. Many of these the poorer peasants had to discount at a heavy loss with local tradesmen, missing thus the benefit of a guaranteed standard price specially introduced for them. To recoup some of its losses the State has issued a law obliging mills to buy their wheat for milling from the Export Society at 240 dinars per quintal, the purchase price having been 160 dinars. This, again, has resulted in a rise in the price of bread, the staple food of the Yugoslav working classes.

The general political uncertainty has also had its effect on the stock market, and industrial shares have lost heavily. In interesting contrast with this is the constant increase in savings deposits, which have grown from 12,000,000,000 dinars on December 31, 1929, to 13,880,000,000 dinars on December 31, 1930, and to 14,242,000,000 dinars on June 30, 1931. The presence of such large accumulations of savings, coupled with the fact that the fall in securities has been provoked by very small sales, amounting to less than 1 per cent. of the total issue, gives hope that a fairly brisk recovery may be expected as soon as the economic and political state of Europe give any reason for confidence.

Trade is decreasing further in volume, exports for the first seven months amounting to 2,667 million dinars, as against 3,876 millions in 1930. As imports are worth 2,970 millions, against 4,056 millions in 1930, the deficit is 303 million dinars, compared with 178 millions in the previous year, and the shrinking in the volume of trade is nearly 30 per cent.

According to the statistics published by the Zagreb Chamber of Labour, the country's balance of payment in 1930 was adverse by 1,394,000,000 dinars, as against an adverse balance of 751,000,000 dinars in 1929. The assets, which make a grand total of 8,756,000,000 dinars, are composed as follows: Exports, 6,780,000,000 dinars; tourists and visitors, 700,000,000; emigrants' remittances, 600,000,000; reparations, 426,000,000; freights for goods imported on Yugoslav vessels, 160,000,000; and minor items, such as legacies, interest, pensions, 90,000,000 dinars. The debits, the grand total of which is 10,150,000,000 dinars, read as follows: Imports, 6,960,000,000 dinars; business gains of foreign investors and contractors, 1,300,000,000; service of State debts, 900,000,000; freights for goods exported on foreign vessels, 190,000,000; and various items, such as foreign travelling, international payments, legacies, etc., 900,000,000 dinars. The chief reasons for the increased deficit in 1930 were the adverse trade balance (in 1929 the trade balance was favourable) and the decrease in remittances from emigrants in U.S.A., owing to the depression in the States, by 200,000,000 dinars. Business gains by foreigners increased by 100,000,000, while the service of State debts remained practically the same.

CANADA.

OTTAWA, September 11.

THE Bureau of Statistics, in its latest crop survey, published September 9th, places its first estimate of the wheat crop of the prairie provinces at 248,400,000 bushels, as compared with 374,500,000 bushels for 1930. This figure is rather higher than most people anticipated, and the *Manitoba Free Press*, in its latest survey, forecasts a rather larger yield of 254 million bushels. The figure published by the Bureau for the leading field crops of all Canada, with the comparative data for the previous year, are given below:—

Field Crops.	1930. Thousand Acres.	1931. Thousand Acres.	1930. Bush. per Acre	1931. Bush. per Acre	1930. Thousand Bush.	1931. Thousand Bush.
Canada:						
Fall wheat.....	815.0	739.9	25.8	28.5	21,022.0	21,077
Spring wheat.....	24,082.9	23,369.5	15.6	10.7	376,850.0	250,323
All wheat.....	24,897.9	24,109.4	16.0	11.3	397,872.0	271,400
Oats.....	13,258.7	13,650.0	31.9	24.9	423,148.0	339,380
Barley.....	5,558.7	4,775.2	24.3	17.8	135,160.2	72,516
Fall rye.....	1,091.0	775.0	15.0	7.1	16,321.0	5,466
Spring rye.....	357.0	212.1	16.0	9.9	5,697.5	2,110
All rye.....	1,448.0	987.1	15.2	7.7	22,018.5	7,576
Flaxseed.....	581.8	599.4	7.6	4.6	4,399.0	2,758

The market movement of the new crop, despite its smallness, is somewhat tardy, and prices have again shown a tendency to recede. The stocks of Canadian grain in store in Canada and the United States on August 28th were 102½ million bushels, which is, roughly, six million bushels above the figure for the corresponding date of 1930.

Business fails to show any evidence of an improving trend, and in some lines there are signs of a further recession. Though the carloading figure for the week

ending August 28th, at 49,011 cars, shows an advance of 1,518 cars over the figure for the previous week, it is 23,430 cars below the figure for the parallel week of 1930, a loss of, roughly, 30 per cent. Retail merchants report that sales have gained a certain impetus from the usual seasonal purchases of warmer clothing, but their volume is lower than a year ago, as the general cuts in wages and salaries have curtailed purchasing power. Most factories continue to work well below capacity, and the iron and steel plants are now feeling the pinch severely. It is expected that the comprehensive programme of new public works, which is being undertaken by the co-operative effort of the Federal and Provincial Governments and such municipalities as have funds, will result in generous orders for materials like cement and structural steel, which will help some industries; but, taken all round, the industrial outlook for the winter is very dark. The unemployment situation is, naturally, worst in great cities like Montreal, Toronto, Winnipeg and Vancouver, but it is also bad in the pulp and paper and mining areas. As it is desired that as much labour as possible should be employed, road-building will constitute the largest item in the Government's relief programme, and single unemployed men will be drafted into construction camps in the northern hinterland of Ontario and Quebec, where better roads are most needed.

One hopeful development is the vigorous attempt by Canadian cattlemen to regain their former position in the British cattle market. They have been compelled to do so by their comparative exclusion from the American market by the Smoot-Hawley tariff; its fruits are shown in the fact that during the year ended June 30, 1931, Canada only exported 24,875 head of cattle to the United States, as compared with 194,074 in the previous twelve months. Two years ago the export cattle trade to Britain had completely disappeared, and no cattle at all were shipped across the Atlantic. During the whole of 1930 the shipments to Britain only amounted to 6,000 head, but already this year, up to the end of August, 16,000 head have been shipped. Moreover, carloads of cattle are steadily moving from the West to Montreal, and all available cattle space in outgoing steamers is chartered for some time to come. A shipment of cattle has been made to France, and the Minister of Agriculture has announced that France, which rarely before took any Canadian cattle, will take 10,000 head in the next ten months.

This week, Dr. Botha, the Trade Commissioner of the Union of South Africa in the United States, has arrived in Ottawa, accompanied by a prominent South African business man, to discuss with the Canadian Government the basic terms of the new trade treaty for which the Bennett Ministry some time ago opened negotiations with the Hertzog Government. It is understood that satisfactory progress is being made with the negotiations and that the prospects of working out a mutually profitable treaty are good.

A statement issued by the Department of Finance shows that revenue for the first five months of the current fiscal year ending August 30th, at \$155,432,274, is down by, roughly, 30 million dollars, compared with the figure for the previous parallel period. There has been a notable falling off in the income tax returns, which have shrunk from 63 to 47 million dollars, and Customs returns are down by 12 million dollars. The ordinary expenditure, placed at \$141,034,265, shows a decline of nearly 1½ million dollars, but no account is given in the statement of the special and capital expenditures which cannot fail to have been abnormally heavy. This week the Canadian National Railways have successfully floated a new loan for \$25,000,000 worth of 20-year gold bonds bearing interest at 4½ per cent. These bonds were unconditionally guaranteed by the Dominion Government, and will, therefore, yield the investor 4.61 per cent. The issue was sponsored by a group of Canadian banks and Canadian investment houses, and was so eagerly taken up that the books were closed at the end of the first day with a heavy over-subscription.

Commodity prices continue their downward tendency, and the monthly wholesale index of the Dominion Bureau of Statistics fell from 71.7 in July to 71 in August. Thirty-

five quotations were higher, 104 were lower, and 363 were unchanged. The largest decline was in the group "non-ferrous metals and their products," whose index fell from 62.5 to 60.9, owing to lower quotations for electrolytic copper, silver, lead, zinc, and antimony.

ARGENTINA.

BUENOS AIRES, August 18.

WORLD prices for produce are reacting unfavourably upon Argentine interests, but Argentine producers are now reported to be reducing their costs in consequence, and should, by next season, be well on their way to making a profit on cereals and meat, even at the present levels, which give \$5.30 paper per hundred kilos for wheat, \$3.65 for maize and \$10.70 for linseed. This season's maize harvest has proved a record. The official estimate puts it at 9,500,000 tons, of which there are still rather more than four million tons to be shipped.

The following table sets forth the export position for the first seven months of 1930 and 1931, both volumes and values being contrasted:—

	First Seven Months 1930.		1931.	
	Tons.	Thous. \$	Tons.	Thous. \$
Pastoral products	753,838	164,551	695,128	140,677
Agricultural products	5,163,815	213,515	9,940,211	229,633
Forestry products.....	195,483	10,530	143,732	8,030
Sundry products	130,910	6,087	83,869	5,511
	6,244,046	394,683	10,862,940	383,851

The amount of imports at the corresponding date is not yet known. Judging by the present reduced receipts of the Buenos Aires Customs, some \$20,000,000 under the corresponding figures for the same date last year, the diminution has been considerable, and promises to be cumulative. This is an aid to the campaign in favour of economy that is now being pressed on with vigour, alike in official and in private circles, but no amount of economy will enable the Republic to meet its coming short-term loans in cash without having recourse to the gold held by the Conversion Office.

During the past month provision of funds wherewith to meet the \$50,000,000 U.S. loan, due on October 1st in New York, has been the principal care of the Ministry of Finance. A sum of \$108,000,000 paper was subscribed by banks, insurance companies and other enterprises having large capital funds, the proportion of the banks being \$72,000,000 paper. It is reported that an offer of part renewal for a further six months was received at the beginning of September, but the terms, 7½ per cent. per annum, were so severe that the offer was not considered.

It is now becoming plain to all that the short-term borrowing so popular during the last ten years, internal as well as external, has, in principle, been tantamount to the issue of notes, and that it is, therefore, not sufficient to take into consideration merely the published note circulation when calculating the specie backing behind the nation's currency. The present provisional Government deserve the credit of being the first to recognise, and to act upon, the truth of a state of affairs that has been patent to competent observers for over a decade. As long ago as December, 1922, consolidation of the internal floating debt was mooted, while subsequently, during the presidency of Dr. Alvear, his Minister of Finance, Dr. Victor Molina, prepared an excellently comprehensive scheme embracing currency reorganisation and consolidation of internal short-date obligations. Failure to bring anything to a practical end must, in both instances, be laid at the doors of Congress. This is the more to be regretted seeing that everything points to consideration of currency problems being in all likelihood the first item of practical importance that will figure on the agenda of the Republic's representatives when they assemble after the elections of November 8th; assuming that circumstances do not force the hand of the present authorities and compel them, much against their will, to legislate by decree in connection with this most important matter.

Books and Publications.

BOOKS RECEIVED.

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

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

Modern Currency and the Regulation of its Value. By Edwin Cannan. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 5s. net.

Professor Cannan's chief concern in this stimulating little book, published just before the suspension of the gold standard, was to show that the limitation of currency had been carried too far, and that the mistake could be corrected without abandoning the gold standard.

Housing Policy in Europe. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 5s.

A valuable study, made under the auspices of the International Labour Office, of the methods adopted by thirteen European countries to meet the post-war housing problem.

The Geneva Experiment. By William E. Rappard. (London) Oxford University Press, Warwick Square. 5s. net.

A reprint of four lectures on the League of Nations. The main divisions of the subject are: Constitutional developments, the organisation of peace, and the prevention of war.

England in Transition. By M. Dorothy George. (London) George Routledge and Sons, Ltd., 68-74, Carter Lane. 7s. 6d. net.

A short and most readable book, delightfully illustrated, on life and work in the eighteenth century.

Ulster To-day and To-morrow. By Denis Ireland. (London) The Hogarth Press, 52, Tavistock Square. 1s. 6d.

An interesting essay.

A Short History of Imperial Preference. By Major the Rt. Hon. George C. Tryon. With a foreword by the Rt. Hon. Neville Chamberlain, M.P. (London) Philip Allan and Co., Ltd., 69, Great Russell Street. 2s. 6d. net.

A concise and readable little book.

The Values of Life. By Viscount Ennismore. (London) George Allen and Unwin, Ltd., 40, Museum Street, and Education Services, 28, Commercial Street. 3s. 6d. net.

An essay on the five great types of human experience: the æsthetic, the moral, the scientific, the religious and the practical.

Poverty in Plenty. By J. A. Hobson. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. 6d. net.

The thesis is that our economic problem is at bottom a moral problem, and that equitable distribution is the only reliable means of utilising productive power in such a way as to secure a reasonable standard of life for everybody.

Börsenkredit, Industriekredit und Kapitalbildung. By Fritz Machlup. (Vienna) Verlag von Julius Springer, 1, Schottengasse, 4. Rm. 12.

A study of the workings of the supply and demand for capital on the Stock Exchange, and its interactions with the market for capital for industrial and other uses.

Beiträge zum Thema: Diskonttheorie und Konjunkturzyklus; in geschichtlicher und theoretischer Betrachtung. By Ernst Hugo Meder. (Hamburg) Verlag Hermann Göpner. Rm. 2.50.

A monograph, in German, on discount rate and the trade cycle.

Le Migrazioni e le Previsioni Demografiche e Sociali. By Imre Ferenczi. (Rome) Cassa Nazionale per le Assicurazioni Sociali.

Reprint of an Italian article on population migration in Europe.

The Ukrainians in Poland. By M. Felinski. Published by the Author, and printed by Reynolds and Company, Ltd., 32, York Road, King's Cross, London.

An account of their political, economic and social life.

Red Villages. By Y. A. Yakovlev. Translated by Anna Louise Strong. (London) Martin Lawrence, Ltd. 5s.

An illustrated *ex parte* account of Soviet agriculture.

Is Soviet Trade a Menace? By W. P. Coates. (London) The Anglo-Russian Parliamentary Committee, 5, Robert Street, Adelphi. 1s.

A booklet aimed at proving that a development of trade with the U.S.S.R. is essential in the interests of this country.

Annual of Statistics of the Ministry of Finance. (Warsaw) Polish Ministry of Finance.

A useful collection of Polish official statistics.

The Calendar of the London School of Economics and Political Science, 1931-32. (London) School of Economics, Houghton Street, Aldwych. 3s. 6d.

Science at the Cross Roads. (London) Kniga (England), Ltd., Bush House, Aldwych. 10s. 6d.

The papers presented by the delegates of the U.S.S.R. to the International Congress of the History of Science and Technology.

International Review of Agriculture. July, 1931. (Rome) For the International Institute of Agriculture, Bestetti & Tumminelli S.A., 32, Via Michelangelo Caetani.

An indispensable source of statistical and general information on the agriculture of all countries.

Journal of the Parliaments of the Empire. July, 1931. (London) Empire Parliamentary Association, Westminster Hall, S.W.1. 10s. net.

Denmark, 1931. Published by the Royal Danish Ministry for Foreign Affairs and the Danish Statistical Department.

A statistical guide book to social and economic conditions in Denmark.

Traffic Tables, July to December, 1931. (London) Fred. C. Mathieson and Sons, 16, Copthall Avenue. 1s.

Archiv für Eisenbahnwesen. September-October. (Berlin) Verlag von Julius Springer. Rm. 10.

This number deals to a greater extent than usual with German railways. There are also articles on the railways of Czechoslovakia, Bulgaria and China.

OFFICIAL PUBLICATIONS.

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

Appendices to the Minutes of Evidence taken before the Royal Commission on Unemployment Insurance. Part III. 8s. net.

Department of Overseas Trade: Economic Conditions in Newfoundland. June, 1931. 2s. net.

Colonial Reports: No. 1531, *British Solomon Islands Protectorate*, 1930, 9d. net; No. 1532, *Sierra Leone*, 1930, 1s. 6d. net; No. 1533, *New Hebrides*, 1930, 1s. net; No. 1534, *State of Kelantan*, 1930, 2s. net; No. 1535, *State of Johore*, 1930, 2s. net; No. 1536, *State of Brunei*, 1930, 1s. 6d. net; No. 1537, *Straits Settlements*, 1930, 4s. net; No. 1538, *Gibraltar*, 1930, 9d. net.

Report on Iraq for the Year 1930. Colonial No. 62. 7s. net.

Report on Togoland under British Mandate for the Year 1930. Colonial No. 63. 4s. net.

Report on the Cameroons under British Mandate for the Year 1930. Colonial No. 64. 5s. net.

Financial Situation of British Guiana. June, 1930. Cmd. 3938. 1s. net.

The Stock Exchange.

NEW PROBLEMS FOR THE INVESTOR.

FROM an investment point of view, as from innumerable other aspects, the Government's decision last week-end marks the end of an epoch. The gold standard has been suspended overnight, and no one knows when or how we shall return to it, or whether some new order will eventually take its place. The political future also is dark. A "National" Government was formed to preserve the gold parity of sterling, and has renounced it. A new Government may attempt to stabilise sterling on a new gold basis, with the help of tariffs. No one can say what may follow.

Clearly, the investor cannot look ahead more than a few weeks. No great significance should therefore be attached to the behaviour of the stock markets in the first few days of this revolutionary change. Jobbers and brokers acted upon the elementary rules applicable to a country unliking its currency from gold. First, the shares of the South African gold-mining companies were advanced. This was axiomatic. As the gold they produce will now bring a higher price in terms of sterling, their costs of production are not increased by the devaluation of the pound, and as they will show higher profits and pay larger dividends in terms of sterling, the sterling prices of their shares must naturally be enhanced.

Next, the equity shares of British industrial companies were sharply marked up. Here the investor is treading on more dangerous ground. The following table shows the rises in a few leading shares:—

	Price, Sept. 19.	Price, Sept. 24.
Associated Cement £1	19/6	23/1½
Assoc. Newspapers (Defd.)	11/-	13/-
Babcock and Wilcox £1	41/3	51/3
Baldwins 4/-	2/-	3/1½
Brit. Amer. Tob. £1	3/4	4/4
Calico Printers £1	5/7½	10/7½
Coats £1	34/6	46/3
Co. of London Elect.	40/-	44/1½
Courtaulds £1	1½	1½
Dorman Long £1	3/7½	5/4½
Dunlop £1	15/1½	18/3
General Electric £1	33/-	45/-
G. Western Ry. (Stk.)	38½	45
Guest Keen £1	15/9	19/-
Imperial Chemical £1	10/4½	14/-
Pincham Johnson 10/-	20/6	24/9
South Durham Steel £1	17/-	21/3
Staveley Coal £1	23/6	27/6
Stewarts and Lloyd £1	13/6	17/-
Vickers 6/8	7/4½	9/3

Probably these sharp rises were due, primarily, to the closing of "short" commitments, and only secondarily to the taking up of "bull" positions. But it is curious that the Stock Exchange should have marked up all industrial shares on the broad principle that a depreciated exchange confers at once a bounty on the export trades and a protection upon the domestic trades. No attempt has been made to differentiate between exporting companies with a high or a low ratio of raw material costs to total costs of production, although the former will obviously benefit less than the latter from a depreciated exchange. Nor has the public differentiated between those companies whose export trade is handled from this country and those with ternal trade is handled from this country and those with subsidiary companies manufacturing abroad, although the latter do not gain from a depreciated pound sterling, except in so far as their subsidiaries have profits in foreign currencies to remit home. Clearly, even if the first effects of inflation or a devalued pound are a stimulation of exports and a restriction of imports, there is great danger in the indiscriminate "boom" in industrial shares which is being canvassed by the popular Press.

Further, does the Stock Exchange itself appreciate the implications of an industrial boom based upon devaluation? First, such a movement involves the assumption that our foreign competitors will not follow our example and devalue their currencies, or, if they do, that we shall continue deliberately to "devalue" the pound a little ahead of all other depreciating currencies. Otherwise our industries will lose the stimulus of their export "bounty." Secondly, it has to be assumed that while internal prices rise, money wages will remain steady, or, at any rate, will increase so much more slowly that profits will rise steeply. But can it be taken for granted that

wage increases can be resisted or can be kept below a point necessitating a rise in the sterling prices of British goods offered to the foreigner? These are dangerous assumptions for the investor to make at this stage. Further, the shadow of a general election—whose result would be incalculable—is already being cast over the markets. The "bulls" of British equity shares, in short, must needs imagine much more than is good for them.

Turning to fixed-interest securities, there were certain inevitable changes to be made in the prices of foreign goods when the Stock Exchange reopened. A number of sterling overseas loans have been made on a gold basis, the principal and interest being payable in other currencies at a fixed rate of exchange, based on the gold parity of sterling. Why all our overseas loans were not made on a gold basis it is difficult to understand. But even the German 7 per cent. ("Dawes") and 5½ per cent. ("Young") international loans were issued in this country on a sterling basis. The prices of the gold loans were, of course, marked up this week in terms of sterling, except in those cases where default had already been committed or was expected. The next table gives some examples:—

	Price, Sept. 19.	Price, Sept. 24.	Basis.
Japanese 5½% Conversion, 1930	97	105	Sterling or dollars at \$4.86.
Brazil 6½% sterling bonds, 1927†	37½	35	Sterling or dollars at \$4.86 at option of holders.
Belgian 7% Stabilisation Loan, 1926	105	104	Sterling or fixed equivalent in guilders, at option of holders.
Potash Syndicate of Germany 7% Series A	65	74½	Sterling or dollars at \$4.86 at option of holders.
Potash Syndicate of Germany 6½%	60	69	
Argentina—Port of the Capital 5%	60	60	"London, Buenos Aires (4/- per peso), Potos (25 rs. per £), Berlin (20 rm. per £)."
4% Gold Loan of 1910	55	50	As for Port of the Capital.
5% Sterling Irrigation bonds	70	65	As for Port of the Capital.
City of Buenos Aires 5% Loan, 1913 and 1914	70	70	London in sterling and Germany in Rm. at 20.45 to £.
Poland 7%	60	55	Sterling or dollars at \$4.86 at option of holders.
Uruguay 5% External gold bonds, 1919	50	50	London in sterling or Montevideo at \$4.70 Uruguay gold or New York at \$4.86.
Norway 3½% Conversion Loan, 1894...	89	89	London or other centres at fixed rates.
San Paulo Coffee 7%, 1930	67½	73	London in sterling or New York in dollars at \$4.86.
San Paulo Coffee 6%, 1928	25	25	London in sterling or New York at \$4.86.
Newfoundland 5%, 1949-54	86½	86½	London or Montreal at \$4.86.
Tokyo Electric Light 6%	83½	81	London or New York at \$4.86.

† Market expecting default, after official statement of Brazil's inability to purchase exchange for interest on external debt after October 1st.

The most difficult problem facing the investor is undoubtedly that of the gilt-edged market. On the resumption of business, British Government stocks were quoted at prices several points below the close on the previous Saturday, but buyers were attracted, and some recovery tendency was evident. There are two opposing schools of thought. First, it is argued that the balancing of the Budget and the return to sound finance for the Unemployment Insurance Fund have enhanced the credit of the British Government, and that when the present financial crisis in Europe is passed and Bank rate returns to a normal figure, the prices of British Government stocks will rise above the level at which they stood before the departure from gold. This view appears to assume that

Just Published.

THE COURSE OF THE COMING BOOM IN SECURITIES

by L. L. B. ANGAS

This remarkable publication, appearing the day following the collapse in sterling, and forecasting certain stock market movements which have since occurred, will prove invaluable to investors as a guide in the forthcoming months. Mr. L. L. B. Angas's forecasts of stock market movements have, in the past, shown an uncanny accuracy, as witness his publications "The Coming Rise in Gold Shares" and "The Coming Collapse in Rubber." This latest publication can be equally recommended.

Publishers: ST. CLEMENTS' PRESS, PORTUGAL ST., W.C.2
Telephone: Holborn 7600.

5/- nett.

the pound will not be allowed to depreciate very far, and will be stabilised at no distant date or even restored to its former gold parity. For if inflation is not checked and a substantial rise in prices avoided, the equilibrium of the budget may be endangered once again, involving a fresh threat to the stability of our finances. Those who believe in the enhancement of British Government credit may point to the improvement in the price of United Kingdom $5\frac{1}{2}$ per cent. dollar bonds which has already taken place in New York this week. The New York price for these bonds rose on Wednesday from 98 to 98, but it must not be forgotten that the redemption yield, allowing for repayment at par in February, 1937, is still the comparatively high figure of 5.9 per cent.

The opposite school of thought points to the difficulties of checking inflation once it has started. If the depreciation of the pound developed apace, there would be a rush from all fixed interest securities into equity shares. Even if the inflation were checked, it is argued that Bank rate and discount rates might be kept at an artificially high level, which would exert a downward pressure on the prices of gilt-edged securities and make it impossible to put forward a conversion scheme for 5 per cent. War Loan.

Whatever the merits of these rival theses—which at bottom are less divergent than they appear at first sight—it is clear that no definite view can be taken until it is known what policy the Government is likely to adopt for the stabilisation of the pound. Having regard to the existing level of interest rates, not to mention the onerous rate of direct taxation, it is held in some quarters that the present price of Government stocks do not appear unduly low. The next table shows the yields—gross and net—returnable at Thursday's prices as compared with prices on the previous Saturday:—

	Highest of 1931. (Jan. 5.)	Price, Sept. 19.	Flat Yield† per cent.	Price, Sept. 24.	Flat Yield† per cent.	Flat Yield† per cent. after tax at 5s.
Consols 4%	97	85½	4 14 11	81½	4 19 6	3 14 8
Conversion 3½%	85½	75	4 14 0	71½	4 18 0	3 18 6
Conversion 5%	108½	101½	5 1 3	97	4 18 6	3 19 4
Funding 4%	97½	88	4 13 0	83½	4 18 6	3 13 10
Local Loans 3%	60	63	4 15 3	59	5 0 0	3 15 0
War Loan 5%	70½	97½	5 4 9	94½	5 8 0	4 1 0

† Allowing for accrued interest.

In 1921, when the dollar exchange averaged \$3.80 to the £, the highest and lowest prices touched by 5 per cent. War Loan were 92½ and 82½. In that year, however, Bank rate averaged £6 2s. 4d. per cent., the great deflation period having begun. Investors should remember, again, that a Depreciation Fund begins to function when 5 per cent. War Loan is below 95. The prospectus of that loan provided for a payment of one-eighth per cent. of the total amount of the loan in respect of each month, so long as the unexpended balance of the fund was below £10,000,000. Whether the Government will take powers to waive the provisions of this contract is doubtful—but not, perhaps, impossible.

The near and long-term prospects of the gilt-edged market are, indeed, difficult to visualise at this stage. One thing, at any rate, is clear—that the Government cannot both pursue inflation and maintain the market value of its stocks. It has been pushed off the gold standard. Until it returns to a stable standard in some shape or form its credit, we believe, cannot be rated so highly as before.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
October 6.	October 8.

AFTER an initial Saturday's business had produced somewhat extensive declines in most markets, particularly in gilt-edged securities; with evidence of foreign selling, the Government's decision to suspend convertibility of sterling

into gold effected a change in the market outlook which may be described as revolutionary. As is shown in a subsequent Note, the Stock Exchange was closed on Monday and Tuesday, though a fairly active "Street" market developed in numerous issues on the latter day. Wednesday's re-opening of the "House" was, on the whole, reassuring, gilt-edged securities being firmer than had been feared, while ordinary shares showed only a moderate rise after their substantial gains in previous unofficial dealings. On Thursday, however, an unexpectedly heavy fall in sterling against the dollar and the franc produced more disquieting symptoms of a "flight from fixed interest," gilt-edged being weaker all round, whilst many equity shares advanced rapidly in an active market. The week's events, in short, showed that professional and private investors were uncertain of the extent of possible developments under the new currency regime, and were liable to be unduly swayed in their judgment by day-to-day changes in the outlook.

Gilt-edged stocks suffered substantially in last Saturday's dealings, War Loan falling at one time to 96½, the lowest level since 1922. On the resumption of business on Wednesday, this stock, regarded as a key-security by virtue of its amount and extensive foreign holdings, was at one time at 92, but steadily advanced to 95½ on domestic buying orders. Other British Government securities followed an approximately similar course. On Thursday, however, War Loan was much weaker, the whole market trending downwards despite reports of a certain measure of official support. India loans were marked down on the rise in the Indian Bank rate, and Dominion issues declined in sympathy with British Government stocks generally. Dealings in foreign bonds were peculiarly difficult. French Rente prices were adjusted in accordance with the decline in sterling, and firm or rising prices were quoted for foreign loans payable in gold or dollars—even in the face of adverse conditions, such as the effect of the Mukden fighting on Sino-Japanese issues. Bonds payable in sterling, however, were weaker, while dealings were frequently nominal when loans were in default or the currency position of particular countries was regarded as doubtful—Norway and Sweden being examples of the latter condition.

Home railway prior charges were marked down, but ordinary stocks, especially Great Western and London Midland and Scottish, showed substantial gains, on the view that the "inflation bounty" on British exports would involve increased traffic, particularly in coal. Foreign railway share quotations were adjusted more or less to the new exchange levels, the rise in Argentine railway shares being scarcely affected by the decision of the Buenos Aires Grat Southern to pay no final dividend. San Paulos, however, slumped badly on the unexpected reduction in the interim payment.

The industrial markets were more active than for months past. Propaganda, from Stock Exchange and Press sources, at the beginning of the week, dwelt extensively on the "stimulating" effects of devaluation on domestic industry, and substantial rises occurred in many active industrial counters in Tuesday's "Street" dealings. The further rise on Wednesday was in most cases moderate, but on Thursday the market showed more signs of taking the bit between its teeth. Shares in the export trades were singled out for chief attention. Babcock, Vickers, Dorman Long, Guest Keen, Bleachers, Coats, Fine Spinners and Calico Printers belong particularly prominent. Among the motor shares, demand was more selective, but Austin was strong on the announcement of a 100-per-cent. dividend and a record turnover. Breweries improved after last week's post-Budget selling, and tobacco shares were active. Provision shares were in sustained demand, but general store issues received less attention. Newspapers were in intermittent demand, but a fair amount of stock was forthcoming. Among shipping shares, P. & O. and Furness Withy were in demand. Bank shares remained, however, out of favour, particularly when only partly paid, and insurance shares were easier where changed.

The prices of all raw commodities were raised, in terms of sterling, and corresponding adjustments were made in

share values. Despite the sharp rise in rubber prices, rubber shares were not particularly active, the ability of many companies to earn profits, even under the new conditions, being greatly doubted. A fair inquiry for tea shares followed the active conditions recorded at the commodity auctions, when common teas were particularly firm. The changed conditions found many bear commitments outstanding in the oil share market, and prices were driven up sharply on extensive covering in a market not well provided with stock supplies. Kaffirs, naturally, were conspicuous in Tuesday's unofficial dealings, but further inquiry found more stock available as the week progressed. Copper shares advanced under the lead of Rio Tinto, while tin shares, after a certain initial reluctance to follow the commodity, were marked up all round on a fresh sharp rise in the metal on Thursday.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Sept. 17, 1931.	Sept. 18, 1931.	Sept. 19, 1931.	Sept. 21, 1931.	Sept. 22, 1931.	Sept. 23, 1931.	Sept. 24, 1931.
Government and Municipal Loans	1,109	1,172	702			1,372	1,524
Transport, Communications, and Public Utilities...	647	659	309			927	983
Commercial and Industrial*	1,283	1,358	678			2,332	2,650
Banks, Insurance and Financial ...	438	396	115			513	472
Mines (including Nitrate),	473	515	209			848	925
Oil,	129	118	63			191	276
Rubber, Tea and Coffee	90	118	42			127	179
Total.....	4,169	4,336	2,118			6,310	7,009

* Including Iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1926 = 100.)

	Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Sept. 17, 1931.	Sept. 18, 1931.	Sept. 19, 1931.	Sept. 21, 1931.	Sept. 22, 1931.	Sept. 23, 1931.	Sept. 24, 1931.
72-3	53-1	54-7	53-5	53-1	*	*	59-9	62-6	

* Stock Exchange Closed.

We are officially informed that Mr Harry Lowe Urling and Mr William Nickell, trading as Urling and Company, were declared defaulters upon the Stock Exchange, on September 23rd, 1931.

FOREIGN STOCK EXCHANGES.

NEW YORK.

Heavy selling pressure caused many prices to break new low ground last week-end, when uncertainty as to the British position was at a maximum. Foreign bonds were particularly weak, United Kingdom Five and a Half per Cents. of 1937 falling 8½ points. The decline, however, was general, industrials, rails and utilities being all liquidated. Bank shares showed especial weakness. Sun Life of Canada dropped 175 points, despite a fresh denial that the company was selling shares. When London's decision became known, it was not deemed advisable to close the Stock Exchange, but the severe precautionary measure was taken of declaring short selling a violation of the Exchange's constitution, and requiring members to report all such sales which were made. On Wednesday, however, following the re-opening of the London Stock Exchange, the ban on short selling was lifted, though members remained under the necessity of reporting details of short positions to the Business Conduct Committee. In the meantime, an extensive covering movement had developed, investors taking a not unhelpful view of the ultimate prospects of sterling, and regarding a widespread effort of British holders to "cash in" on their American securities as highly improbable. Sentiment was encouraged, also, by the statement that leading bankers had formed a \$250,000,000 pool to support high-grade bonds, including foreign issues. On Wednesday United Kingdom Five-and-a-Half per Cents. rose to 98. Rises of 5 to 10 points occurred throughout the list, bank shares recovering, while advances in wheat and cotton prices encouraged speculative buying in

STOCK MARKET LOSSES.

£10·2·1 a month

enables a healthy man aged 40
next birthday to re-create his
estate to the extent of

£5,000

(Larger or smaller amounts proportionately)

Write today for full particulars to THE

LIVERPOOL & LONDON & GLOBE
INSURANCE COMPANY, LTD.

HEAD OFFICE:
1, Dale Street, Liverpool.

LONDON:
(Chief Office) 1, Cornhill, E.C.3

other directions. The announcement of wage reductions by Steel Corporation, Bethlehem Steel and General Motors was taken as a bull rather than a bear point. On the other hand, uneasiness was felt at the prospect of substantial gold withdrawals from America by France. The prospect was conveyed of an early decision on the railroads' application for a rise in freight rates, though unanimity on its probable effects on earning power was as far to seek as ever. On Thursday markets were inclined to be easier all round, though a moderately firm undertone persisted.

	Sept. 10, 1931.	Sept. 17, 1931.	Sept. 24, 1931.		Sept. 10, 1931.	Sept. 17, 1931.	Sept. 24, 1931.
U.S. 3½% T. Bds....	105½	105	104	Natl. Biscuit	47½	46½	40
Lb. Ln. 3½% 32-47	102½	102½	102	Phelps Dodge	10½	9	7½
Do. 4½% 32-47	102½	102½	102½	Pullman	27	25½	26½
Do. 4½% 33-38	104½	104½	104½	Sears-Robuck	51½	49½	42
Atchafalpa	127	115½	108½	Studebaker	15½	14	11½
Ches. & Ohio	31½	29½	28½	Un. Fruit	49½	46	37½
Erie	14½	13½	13½	U.S. Leather	11	9½	8½
Illinois Central	30½	29½	29	U.S. Rubber	80½	80½	75½
N.Y. Central	62½	62½	61½	U.S. Steel	53½	49½	47
Pennsylvania	34½	33½	33	Westinghouse	63½	62	55
Southern Pacific	67	63½	59½	Am. Tel. & Tlg. ...	163½	154½	136
Southern Ry.	20½	18½	19½	Interboro R.T.	15½	11½	8½
Union Pacific	132½	121	118	Int. Tel. Teleg. ...	23½	21½	17
Am. Can.	88½	87½	77	Radio Corp.	17½	16½	14
Amer. Smelting ...	28	25½	22½	U.S. 6% 1937	21½	15½	12½
Anaconda	21½	18½	15½	W. Union Tlg.	104½	99	98½
Bethlehem Steel ...	36	36	34½	Associated Gas "A" ..	10	8½	7½
Chrysler Motor	18	17½	14½	Pan. Amer. B.	26	25	25
Corn Products Rf.	59½	54	44½	Shell	10	10½	10
Eastman Kodak	131½	125	112½	Shell Union	5	4½	4½
Gen. Electric (New) ..	36½	34½	30	Standard Oil	9	8	6½
Gen. Motors	31½	32½	27½	Std. California	36½	35½	32
Int. Harvester	33½	29½	29½	Do. N.J.	36½	35	31½
Montg. Ward	17	15½	12				

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Re-opening of Year.	Sept. 16.	Sept. 23.
337 Industrials ...	134-5	218-9	98-2	174-1	99-6	76-0	73-0
33 Rails	127-8	173-5	89-1	145-6	92-0	52-4	58-2
34 Utilities	177-6	330-4	153-2	267-4	158-1	131-0	123-8
Total, 404 stocks...	140-3	228-1	105-5	184-2	107-6	81-2	78-8
Average yield of 50 Industrial Common Stocks	3-10%	5-23%	4-15%	5-95%	5-91%	6-52%	6-74%

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

	Highest of 1931. (Feb. 24.)	Lowest of 1931. (Sept. 22.)	Sept. 16, 1931.	Sept. 17, 1931.	Sept. 18, 1931.	Sept. 19, 1931.	Sept. 21, 1931.	Sept. 22, 1931.	Sept. 23, 1931.
140-2	83-5	91-7	93-2	88-5	85-3	84-7	83-5	88-17	

TOTAL DEALINGS IN NEW YORK.

	Sept. 17, 1931.	Sept. 18, 1931.	Sept. 19, 1931.	Sept. 21, 1931.	Sept. 22, 1931.	Sept. 23, 1931.	Sept. 24, 1931.
Stock Exchange—Shares (Thous.)	2,400	2,900	2,400	4,400	2,100	2,900	3,100
Bonds (Value Thous. \$) ...	11,899	13,218	8,400	14,986	14,572	15,430	21,750
Corp.—Shares (Thous.)	570	520	500	1,000	620	600	800

* 2-hour session.

(Continued on page 576.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931 Jan. 1 to Sept. 23 (Inclusive).										Prices Year 1931 Jan. 1 to Sept. 23 (Inclusive).									
High-est.	Low-est.	High-est.	Low-est.	Name of Security.	Price Sept. 16, 1931.	Price Sept. 23, 1931.	Rise or Fall.	Present Yield.	High-est.	Low-est.	High-est.	Low-est.	Name of Security.	Price Sept. 16, 1931.	Price Sept. 23, 1931.	Rise or Fall.	Present Yield.		
£ s. d.	£ s. d.	£ s. d.	£ s. d.						£ s. d.	£ s. d.	£ s. d.	£ s. d.							
British Funds.																			
59 1/2	52 1/2	60 1/2	52 1/2	Consols 2 1/2 %	57 1/2	54	-3 1/2	4 12 7	53 1/2	58 1/2	51 1/2	53 1/2	In. Ry. C. Am. No. par	12 1/2	11 1/2	-1 1/2	...		
94 1/2	82 1/2	97 1/2	79	Consols 3 1/2 %	83	83	—	4 17 7	83 1/2	88 1/2	81 1/2	83 1/2	Leopoldina Ord. Stk.	25	24	-1	...		
83 1/2	74 1/2	85 1/2	79	Cons. Loan 3 1/2 %	79	73	-6	4 16 7	83 1/2	88 1/2	81 1/2	83 1/2	Do. 5 1/2 % Cum. Pr. Stk.	25	24	-1	...		
90 1/2	78 1/2	92 1/2	72	Do. 4 1/2 % 1940-44	98	93	-5	5 8 6	97 1/2	102 1/2	95 1/2	97 1/2	Nitrate Ry. (S.10)	25	25	—	16 0 0		
106 1/2	102 1/2	108 1/2	97 1/2	Do. 5 1/2 % 1944-44	103 1/2	98	-5 1/2	5 9 4	103 1/2	108 1/2	101 1/2	103 1/2	Paraguay Gen. D. B.	25	25	—	27 15 0		
96 1/2	85 1/2	97 1/2	82	Funding 4 1/2 % 1960-90	92	85	-7	4 17 9	85 1/2	85 1/2	85 1/2	85 1/2	Salvador Ord. (S.10)	70	70	—	...		
102 1/2	98 1/2	102 1/2	96 1/2	Treasury 4 1/2 % 1932-34	98 1/2	97	-1 1/2	5 12 3	138	130	130	130	San Paulo Ord. Stk.	11 1/2	11 1/2	—	12 8 0		
103 1/2	100 1/2	103 1/2	99 1/2	Treasury 5 1/2 % 1933-35	99 1/2	97 1/2	-2 1/2	5 14 0	80 1/2	65 1/2	65 1/2	65 1/2	Taitai Ry. Ord. Stk.	25	25	—	24 0 0		
97 1/2	91 1/2	98 1/2	89	Victory Bonds 4 1/2 %	93 1/2	91	-2 1/2	4 7 11	26 1/2	4	4	4	Utd. Havana Ord. Stk.	4	4	—	...		
105 1/2	100 1/2	104 1/2	92	War Loan 5 % 1929-47	100	95	-5	5 13 8	—	—	—	—	—	—	—	—	...		
69 1/2	61 1/2	70 1/2	59	Local Loans 3 1/2 %	66 1/2	62	-4	4 16 9	—	—	—	—	—	—	—	—	...		
49 1/2	40 1/2	46 1/2	33	India 2 1/2 %	38 1/2	35	-3 1/2	7 2 10	17 1/2	14 1/2	16 1/2	16 1/2	Anglo-French (S.10)	10 1/2	10 1/2	-1/2	6 13 3		
69 1/2	47 1/2	55 1/2	38	Do. 3 1/2 %	47 1/2	40	-7 1/2	7 10 0	12 1/2	10 1/2	11 1/2	11 1/2	Anglo-Internat. (S.10)	10 1/2	10 1/2	—	...		
66 1/2	55 1/2	64 1/2	45	Do. 3 1/2 %	53 1/2	48	-5 1/2	7 5 10	7 1/2	4	4	4	Anglo S. A. £10 25 pd	2	2	—	15 6 9		
90 1/2	78 1/2	98 1/2	65	Do. 4 1/2 % 1958-60	74	65	-9	4 16 5	26 1/2	23 1/2	25 1/2	25 1/2	American B. £1 fy. pd.	16 1/2	17 1/2	+1 1/2	11 9 0		
106 1/2	100 1/2	106 1/2	98	Do. 5 1/2 % 1958-60	103 1/2	98	-5 1/2	5 5 3	59 1/2	47 1/2	52 1/2	52 1/2	Bank of N. Zealand £1	43 1/2	50	+6 1/2	5 16 0		
109 1/2	104 1/2	110 1/2	92	Palestine 5 % 42-57	103 1/2	98	-5 1/2	5 5 3	22 1/2	19 1/2	27 1/2	27 1/2	Bank of Eng. Stk.	25 1/2	240	-1 1/2	5 0 0		
99 1/2	87 1/2	99 1/2	82	Sudan 5 1/2 % Bonds	106 1/2	105 1/2	-1 1/2	5 6 10	58 1/2	46 1/2	58 1/2	58 1/2	Barclay B. (S.10)	49 1/2	47 1/2	-2 1/2	5 17 9		
95 1/2	86 1/2	90 1/2	60	Uster 4 1/2 % 45-75	96 1/2	92	-4 1/2	5 1 4	28 1/2	25 1/2	28 1/2	28 1/2	Bk. of Australasia (S.5)	20 1/2	20 1/2	-3 1/2	4 15 0		
95 1/2	86 1/2	90 1/2	60	Australia 5 1/2 % 1945-75	68 1/2	67 1/2	-1 1/2	7 14 8	69	56 1/2	63 1/2	63 1/2	Bk. of Montreal (S.100)	24 1/2	25 1/2	+1 1/2	9 5 0		
106 1/2	102 1/2	105 1/2	97	Canada 4 1/2 % 1940-60	91 1/2	85 1/2	-6 1/2	4 19 6	38	28 1/2	26 1/2	26 1/2	Bk. of N.S.W. (£20)	22 1/2	22 1/2	+3 1/2	6 19 0		
98 1/2	92 1/2	101 1/2	87	Ceylon 6 1/2 % 1936-51	103 1/2	103	—	5 12 6	5 1/2	5 1/2	5 1/2	5 1/2	British Overseas A £5	42 1/2	42 1/2	—	6 13 4		
98 1/2	92 1/2	101 1/2	87	Goid Coast 4 1/2 % 1956-...	98	98	—	4 14 2	19 1/2	15 1/2	17 1/2	17 1/2	Chtd. of India (S.5)	11 1/2	12 1/2	+1 1/2	5 0 0		
105 1/2	101 1/2	104 1/2	101	Kenya 5 1/2 % 1950-55	101 1/2	101	—	4 17 0	24 1/2	14 1/2	14 1/2	14 1/2	Comcl. Bk. of Aus. 10/-	11 1/2	12 1/2	+1 1/2	9 0 0		
92 1/2	70 1/2	72 1/2	46 1/2	N.S. Wales 5 1/2 % 35-55	60 1/2	60	—	9 2 0	68 1/2	56 1/2	66 1/2	66 1/2	District A £5, £1 fy. pd.	46 1/2	46 1/2	—	7 18 0		
105 1/2	99 1/2	102 1/2	88	N. Zealand 5 1/2 % 1946-...	96 1/2	92 1/2	-4	5 18 7	42 1/2	37 1/2	42 1/2	42 1/2	Do. B £1 fully paid	40 1/2	40 1/2	—	5 0 0		
92 1/2	70 1/2	80 1/2	48	Queensland 5 1/2 % 40-60	65 1/2	65	—	8 4 7	9 1/2	4	4	4	Eng. Scot. & Aust. £5, £3 pd	3 1/2	3 1/2	—	10 15 0		
104 1/2	99 1/2	105 1/2	95	S. Africa 5 1/2 % 1945-75	103 1/2	97 1/2	-6 1/2	5 4 8	120	99 1/2	112 1/2	112 1/2	Hambros £10, £2 pd	7 1/2	7 1/2	—	6 18 0		
98 1/2	93 1/2	100 1/2	90 1/2	Strta. Set. 4 1/2 % 35-45	99 1/2	92 1/2	-7 1/2	5 10 0	66 1/2	59 1/2	63 1/2	63 1/2	Hong. & S. (£125)	49 1/2	49 1/2	+1 1/2	7 1 0		
89 1/2	82 1/2	88 1/2	57	Foreign Governments.	60	57 1/2	-2 1/2	9 9 0	82 1/2	73 1/2	80 1/2	80 1/2	Lloyds £5, with £1 pd.	43 1/2	40 1/2	-3 1/2	7 10 0		
105 1/2	100 1/2	105 1/2	99	Argentine 4 1/2 % Reciprocity	101	100	-1	6 2 5	46 1/2	38 1/2	43 1/2	43 1/2	Martina £2, pd	54 1/2	54 1/2	—	8 4 0		
61 1/2	51 1/2	58 1/2	31	Austrian 6 1/2 % 1923-43	65	65	—	10 18 9	34 1/2	32 1/2	34 1/2	34 1/2	Mildred £1, fully pd.	64 1/2	62 1/2	-2 1/2	5 15 3		
113 1/2	108 1/2	112 1/2	102 1/2	Do. 7 1/2 % Int. Rec. by 1957	113 1/2	113	—	10 12 0	360	337	357	357	Nat. of Egypt £25, £12 pd	23 1/2	22 1/2	-1 1/2	8 2 0		
92 1/2	74 1/2	83 1/2	37	B. Africa (Prov.) 3 1/2 %	35	35	—	2 19 3	14 1/2	12 1/2	14 1/2	14 1/2	Nat. Prov. £20, £4 pd.	10 1/2	10 1/2	—	7 12 0		
87 1/2	62 1/2	75 1/2	50	Belgian 7 1/2 %	106 1/2	104	-2	18 15 0	80 1/2	73 1/2	80 1/2	80 1/2	Royal Bk. of Scotland	33 1/2	33 1/2	—	8 14 0		
94 1/2	54 1/2	79 1/2	28	Bulgaria 7 1/2 %	44 1/2	40	-4 1/2	10 3 0	15 1/2	13 1/2	14 1/2	14 1/2	St. of S. Afr. £20, £5 pd.	11 1/2	11 1/2	—	6 16 0		
55 1/2	27 1/2	52 1/2	35	Brazil 5 1/2 % Fund. 1914	57 1/2	50 1/2	-7 1/2	10 3 0	80 1/2	73 1/2	80 1/2	80 1/2	Westminster £2, £1 pd.	60 1/2	62 1/2	+2 1/2	7 12 5		
69 1/2	54 1/2	70 1/2	58 1/2	Do. 6 1/2 % (1927)	45 1/2	30	-15 1/2	...	21 1/2	17 1/2	21 1/2	21 1/2	Alliance £1, fully pd.	17 1/2	17 1/2	—	5 4 0		
115 1/2	109 1/2	113 1/2	107 1/2	Chili 6 1/2 % (1929)	30	20	-10	...	12 1/2	13 1/2	12 1/2	12 1/2	Atlas £5, £12 pd.	10 1/2	10 1/2	—	4 0 0		
82 1/2	78 1/2	85 1/2	75 1/2	China 5 1/2 % (1912)	60 1/2	59 1/2	-1 1/2	8 8 0	26 1/2	24 1/2	26 1/2	26 1/2	Com. Un. £2 1/2, fully pd.	18 1/2	17 1/2	-1 1/2	6 0 0		
80 1/2	70 1/2	81 1/2	67	Do. 5 1/2 % (1913)	45 1/2	37 1/2	-8 1/2	13 6 9	30 1/2	28 1/2	30 1/2	30 1/2	Eng. Accident £5, £12 pd	12 1/2	11 1/2	-1 1/2	5 18 0		
92 1/2	73 1/2	78 1/2	49 1/2	Ozechoslovakia 8 1/2 %	108 1/2	97 1/2	-11 1/2	8 13 0	37 1/2	34 1/2	37 1/2	37 1/2	Lon. & Lanc. £5, £2 pd	23 1/2	23 1/2	—	4 15 3		
100 1/2	91 1/2	92 1/2	77	Danish 3 1/2 %	84 1/2	84	—	3 11 6	30 1/2	28 1/2	30 1/2	30 1/2	N.Brit. & Merc. £1, pd	29 1/2	29 1/2	—	4 6 0		
21 1/2	19 1/2	25 1/2	20 1/2	Danish 6 1/2 %	80 1/2	80 1/2	—	8 0 0	17 1/2	14 1/2	16 1/2	16 1/2	Northern £10, £1 pd	10 1/2	10 1/2	—	6 10 0		
109 1/2	99 1/2	106 1/2	61	Egypt United £7 1/2 %	71 1/2	63	-8 1/2	13 4 3	12 1/2	13 1/2	12 1/2	12 1/2	Pearl (£1), fully paid	10 1/2	10 1/2	—	6 10 0		
90 1/2	68 1/2	81 1/2	41	Estonia 7 1/2 % 1927	53 1/2	53	—	13 4 3	12 1/2	13 1/2	12 1/2	12 1/2	Phoenix £1, fully paid	11 1/2	11 1/2	—	4 17 0		
93 1/2	86 1/2	93 1/2	65	Finland 6 1/2 % 1923	80 1/2	77 1/2	-2 1/2	13 4 3	25 1/2	21 1/2	24 1/2	24 1/2	Prudential £1 A	20 1/2	19 1/2	-1 1/2	4 13 0		
104 1/2	100 1/2	104 1/2	81	French 4 1/2 % (British)	21 1/2	25 1/2	+4 1/2	16 2 2	36 1/2	30 1/2	36 1/2	36 1/2	Do. £1, with 4s. paid.	35 1/2	32 1/2	-3 1/2	3 1 0		
104 1/2	98 1/2	103 1/2	50	Do. 5 1/2 %	69 1/2	70 1/2	+1 1/2	10 1 6	5 1/2	4 1/2	5 1/2	5 1/2	Royal Exchange (£1)	5 1/2	5 1/2	—	3 1 0		
96 1/2	91 1/2	101 1/2	90 1/2	Do. 5 1/2 % Stg. Bds. 1930	45 1/2	48	+2 1/2	11 9 3	7 1/2	6 1/2	7 1/2	7 1/2	Royal £1, 10s. paid.	6 1/2	6 1/2	—	5 4 0		
102 1/2	98 1/2	105 1/2	96 1/2	Greek 6 1/2 % Stab. Ln.	76 1/2	97 1/2	+21 1/2	9 1 9	3 1/2	3 1/2	3 1/2	3 1/2	Sea Insur., £1, fully pd.	3 1/2	3 1/2	—	5 6 0		
26 1/2	12 1/2	14 1/2	5	Do. 7 1/2 % Refugee	94 1/2	84 1/2	-10 1/2	8 9 9	4 1/2	3 1/2	4 1/2	4 1/2	Sun Insur., £1, fully pd.	2 1/2	2 1/2	—	4 16 0		
94 1/2	82 1/2	98 1/2	81 1/2	Hungary 7 1/2 %	65 1/2	55	-10 1/2	13 12 9	5 1/2	5 1/2	5 1/2	5 1/2	SunLife Assur., £1, fy. pd.	5 1/2	5 1/2	—	3 4 0		
92 1/2	77 1/2	83 1/2	63	Japanese 5															

in the first half of 1931 as compared with the corresponding months (a) of 1921 and (b) of 1929:—

(First Six Months.)		
	1931 compared with 1921— Increase or Decrease %	1931 compared with 1929— Decrease %
Operating Revenues:—		
Freight	-10.5	-27.9
Passenger	-49.2	-32.2
Total	-18.3	-28.7
Operating Expenses:—		
Transportation	-32.1	-22.3
Maintenance	-27.9	-28.3
Total	-27.3	-23.7
Taxes	+23.5	-16.4
Net Operating Income	+64.0	-57.6

It will be seen that all the improvement in traffic, realised since 1921, has been lost in 1931. Further, the present net operating income is required to cover a much larger capital investment. Many people fear that any increase in rates will result in heavy losses of traffic to competing transport services, whether by road or water. Only time can prove the accuracy of this forecast. The Stock Exchange has taken a "bullish" view of the possibility of wage cuts, but the expectation of any real improvement in the prices of American railway stocks is hardly justified until the Interstate Commerce Commission's decision on rates has been published.

Sheepbridge Coal and Iron.—A reduced output of coal under the terms of the Coal Mines Act of 1930 and depressed conditions in the iron trade are reflected in this Midland company's accounts for the year to June 30th last. Net profit, after payment of interest and provision for depreciation and directors' fees, appears at £74,344, compared with £93,723 in 1930. The preference and ordinary shares receive their full 5 per cent. fixed dividend, as last year, while £20,000 is added to reserve account, standing at £280,000, and the carry-forward is depleted by £12,582.

Year to June 30.	1929.	1930.	1931.
Net profit	52,089	93,723	74,344
Brought forward	88,603	103,045	99,842
Preference dividend	8,368	8,368	8,368
No. of times covered	6.2	11.2	8.8
Ordinary dividend:			
Amount	29,279	58,558	58,558
Earned %	3.7	7.0	5.5
Paid %	2.5	5.0	5.0
Reserve	Nil	30,000	20,000
Carried forward	103,045	99,842	87,260

The balance sheet reveals few important changes. Investments stand at approximately the same figure as last year, but the cash item has been depleted, and £30,000 of 3½ per cent. Conversion Loan secured for £25,532. A sound liquid position is disclosed, available assets at £370,585 exceeding current liabilities by £247,045. At their present price of 12s. 6d., the £1 ordinary shares give a yield of £8 10s. per cent., allowing for the final dividend of 3½ per cent.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name

Address

Gaumont-British Picture Corporation.—A substantial increase in profits has been reported by the Gaumont-British Picture Corporation for the year to March 31, 1931. This is satisfactory, but earning power, nevertheless, is still relatively low in terms of total capitalisation. In the year to March, 1930, the company earned only 3 per cent. on the amount of its share and loan capital plus share premiums. In the year to March, 1931, it earned practically 6 per cent. The company is thus overcoming gradually the handicap of its original high capitalisation. All its subsidiary companies are making good progress. Denman Picture Houses have been able to pay a dividend of 2½ per cent. The General Theatre Corporation is not yet paying ordinary dividends but has increased its carry-forward by £28,000. Provincial Cinematograph Theatres, which is the mainstay of the company's business, again had a successful year and paid a dividend of 15 per cent. The net profits for Gaumont-British shareholders, after allowing for depreciation of £30,388 (against £10,603) and income tax of £38,758 (against £19,311), amounted to £364,488, an increase of 66.1 per cent. over those of the previous year.

	Years ended March 31,		
	1929.	1930.	1931.
Total profits	305,826	387,584	502,059
Miscellaneous expenses	21,102	70,506*	...
Income tax	25,288	19,311	38,578
Depreciation	30,603	10,603	30,388
Debt interest and sinking fund	52,000	67,740†	68,605†
Earned for dividends ...	176,833	219,424	364,488
Preference dividends ...	84,375	93,750	93,750
Earned for ordinary	92,458	125,673	270,738
Percentage earned	5.0%	6.0%	12.4%
Percentage paid	6.0%	6.0%	6.0%
Reserve	Nil	Nil	64,093
Carry forward	27,296	27,816	84,461

* Including £56,824 interest account.

† Including £17,040 for debenture stock sinking fund account in 1929-30 and £16,000 in 1930-31.

It is, unfortunately, impossible to say how the increase in profits last year was distributed, as the profit and loss account does not now show the interest from investments separately from the profit from theatres. It will be seen that £64,093 has been applied to reserve against nothing last year. All stocks of silent films have been written off by the subsidiary theatres and the expenditure on converting theatres for talking films has also been drastically written down. At £2,500,000 the general reserve is now equal to the whole of the ordinary share capital. The 10s. ordinary shares are quoted at about par against a high level this year of 14s. 6d.

Cohen Weenen.—That tobacco manufacturing profits have hitherto escaped the worst effects of trade stagnation is again demonstrated by this Godfrey Phillips' subsidiary. Net profit is down nearly £10,000 as compared with last year, but is very little below the figure for 1929. The 7 per cent. participating preference shares again receive 9 per cent., while the previous dividend of 36 per cent. on the ordinary capital is maintained, out of 46.9 per cent. earned.

Year to June 30.	1929.	1930.	1931.
Trading profit	116,480	116,136	107,827
Expenditure	14,611	6,089	6,937
Net profit	101,869	110,047	100,890
Brought forward	6,821	15,617	35,664
Preference dividend	48,000	54,000	54,000
Rate %	8	9	9
Ordinary dividend:			
Amount	18,000	36,000	36,000
Earned %	51.6	55.4	46.9
Paid %	18	36	36
Expenses written off	27,073	Nil	Nil
Carried forward	15,617	35,664	46,55

The carry-forward item is increased from £35,664 to £46,554. The company has not yet begun to build up a reserve fund, but the balance sheet is liquid, creditors totalling £68,872, while a bank overdraft, against security, of £74,500 is offset by debtors of £204,254. It remains to be seen how the recent addition to the tobacco duty will affect the current year's profits. The £1 participating preference shares are quoted at 1½, giving a yield of about £8 9s. 6d. per cent. allowing for the participating dividend.

London Express Newspaper.—In the face of fierce competition for circulation and advertisements, this company has succeeded in achieving a record "balance from trading account" of £219,716. After deduction of all fixed charges, of a satisfactory allowance for depreciation, and a small item for income tax, net profit at £164,639 compares with £67,032 for the previous twelve months. Dividend on the £308,000 of old ordinary capital and the £100,000 of new shares is again maintained at 10 per cent. The carry-forward is increased from £4,229 to £50,104.

Year to June 30.	1929.	1930.	1931.
Profit	133,235	141,154	230,959
Expenditure	25,810	29,533	26,118
Depreciation	25,000	30,000	30,000
Income tax	5,000	5,000	5,000
Debt interest	12,130	9,589	5,202
Net profit	65,295	67,032	164,639
Brought forward	1,153	2,418	4,229
Preference dividend	33,830	34,826	70,000
No. of times covered	1.9	1.9	2.3
Ordinary dividend:			
Amount	30,200	30,395	33,583
Earned %	10.4	10.6	25.2
Paid %	10	10	10
Carried forward	2,418	4,229	50,104†

† After writing off £15,181 issue expenses.

The capital of the company was increased during the year by the issue of 500,000 7 per cent. cumulative preference shares, the proceeds being used to redeem and cancel the £100,700 of the company's outstanding 8 per cent. debentures, and to acquire £128,970 6 per cent. debenture stock of the Daily Express Building Company and £250,000 8 per cent. debenture stock of the Sunday Express, Ltd. At their present price of 37s. 6d. the £1 ordinary shares give a yield of £5 12s. 8d. per cent. allowing for the dividend of 10 per cent.

Harrisons and Crosfield.—In view of the steady price decline in the commodities dealt in by these well-known Eastern merchants and traders, a fall in net profit from £352,004 in 1930 to £236,485 in 1931 is no surprise to shareholders. The deferred shares are receiving only 12½ per cent. against 20 per cent. for 1930 and 85 per cent. for 1929.

	1929.	1930.	1931.
Net profit	363,523	352,004	236,485
Brought forward	96,998	104,472	106,587
Preference dividend	37,800	37,800	37,800
Preferred ord. dividend	100,000	100,000	100,000
Management dividend	84,062	39,030	17,500
Deferred ordinary div.:			
Amount	114,187	73,059	47,803
Paid %	35	20	12½
Written off investments	...	100,000	40,000
To reserve	20,000	...	100,329
Carried forward	104,472	106,587	...

Profits have not been distributed to the hilt, a further sum of £40,000 being added to reserve. The directors, however, have taken the precautionary step of transferring £200,000 from general reserve to a special reserve against

depreciation of investments, which are valued in the balance sheet at £1,123,422, excluding subsidiary holdings of £331,220 and gilt-edged securities. Stocks are down from £391,760 to £230,018. At 33s. 9d. the £1 deferred shares yield £7 12s. 8d. per cent., allowing for the final dividend.

Goldsborough Mort.—This company of Australian stock and station agents, pastoralists and wool brokers has been adversely affected by the heavy fall in prices of primary products. Though a record number of bales was disposed of during the year (the total at 339,730, showing an increase of 105,173 bales), net profit fell by £75,843 to £114,976, and the dividend rate was halved. At the end of the season only 14,244 bales were in hand compared with 76,154 bales in hand twelve months previously. The following table shows the results of the past three years:—

Year ended March 31.	1929.	1930.	1931.
Net profit	318,647	190,819	114,976
Dividend:			
Amount	300,000	200,000	120,000
Earned	15.93%	9.54%	4.79%
Paid	15%	10%	5%
To reserve account	20,000	9,181	5,024
Decrease in carry-forward	1,353	...	...

The majority of the company's sales were concluded before the improvement in prices which occurred in March last. A saving of £43,000 was effected in administration expenditure, and the taxation charge was £27,000 less at £65,528. During the year advances were reduced by £277,310 to £5,068,741. Current liabilities exceed liquid assets by £561,319, comparing with an excess of £909,925 in 1930. The ordinary shares, at 18s. 9d. per share, yield £5 6s. 8d. per cent.

New Modderfontein.—The publication some weeks ago of the ore reserve estimate as at June 30th aroused much discussion as to the prospects of this company, and resulted in a fall in the price of the shares. The full text of the annual report, issued to shareholders in this country at the end of last week, shows that the bulk of the shrinkage is accounted for by the results on the main reef leader, hitherto the most important ore body in the mine. Here the difference in the total amounts to 949,000 tons. An increased footage was performed, but "a large proportion was for the purpose of exploring blocks hitherto classed as unpayable." In the 1930 report warning was given that no great additional tonnage could be expected on this reef in future. Small decreases are shown in the tonnages represented by the South reef and by leader N.A. 7; but on leaders N.A. 1, 2 and 4 the quantity has risen by 276,700 tons to 2,040,500 tons. As a whole the ore reserves indicate a decrease of 732,200 tons in quantity and

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30)
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

of $\frac{1}{2}$ dwt. in value. These figures, especially if read in conjunction with the development details, suggest that a progressive shrinkage in profits must be faced. We contrast the results of the three past years:—

	1928-29.	1929-30.	1930-31.
Ore crushed	1,713,000	1,811,000	1,934,000
Revenue	44/1	41/-	36/11
Costs	17/9	16/10	16/-
Profit	26/4	24/2	20/11
Total working profit	2,252,430	2,188,180	2,017,770
Dividends	1,960,000	1,925,000	1,750,000
Rate	140	137½	125
Carried forward	302,060	251,980	242,080
Ore reserves	7,857,600	7,431,900	6,789,000
Value per ton	8-9	8-6	8-0

Several factors contributed to the further expansion in the tonnage of ore milled—the adequate supply of native labour, minor alterations to the reduction plant, and the use of an increased proportion of the more easily treatable South Reef and Upper Leader. The reduction in costs was largely attributable to the performance of less development work than in 1929-30, the footages being respectively 83,270 and 91,830. The further shrinkage in profit entailed a fresh cut in the dividend rate, although the carry-forward was drawn upon to some extent. That the earnings of the current year will be on a somewhat reduced scale is foreshadowed by the consulting engineer—though the position, so far as shareholders are concerned, may naturally be modified as a result of the increased sterling value of gold.

Nourse Mines.—As in the case of the Consolidated Main Reef, an important feature of last year's operations consisted in the acquisition of additional ground. The company has applied for the undermining rights of 97 acres formerly owned by the Jupiter Company, and has pegged a further 120 claims adjoining the south-eastern boundary of the property. These areas lie on the dip of the Geldenhuis Deep, and will substantially extend the life of the Nourse Company. Thanks to the treatment of the record tonnage of 805,400, with a reduction of 6d. to 23s. in the cost ratio, the working profit expanded from £56,300 to £84,100. Accordingly, the dividend, which in 1929-30 was 5 per cent., as against 2½ per cent. previously, was further raised to 7½ per cent., leaving the somewhat increased balance of £80,000 to go forward. Performance of the unprecedented development footage of 43,620 had the effect of increasing the ore reserves by 122,000 tons, to 1,413,500 tons, the value being somewhat better at 6.1 dwt. The quantity represents less than two years' supply for the mill. Capital expenditure during 1930-31 amounted to only £2,000 odd, but for the current session an outlay of about £35,000 is envisaged. As regards earnings, the consulting engineer states that, given a continuation of the present adequate supply of native labour, profits should be maintained at approximately the level of recent months.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, Jan. 1 to Sept. 19, 1931, £97,594,114.
Total, including conversion, recorded Jan. 1 to Sept. 19, 1931, £108,471,099.

National Savings Certificates.					
Net sales, week ended September 19, 1931, Dr. £100,000.					
Total net receipts, April 1, 1931, to September 19, 1931, £5,050,000.					
To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Nil.	£	£	£	£	£
To Shareholders only.					
London and Thames Haven Oil Wharves, 300,000 New Ord. shares £1 at £2 10s.	300,000	...	750,000	225,000	525,000
Paringa Mining and Exploration 420,105 Ord. shares 1s. at par	21,005	...	21,005	5,251	15,754
Total offered to Shareholders only, week ended Sept. 26, 1931	321,005	...	771,005	230,251	540,754

Total Offered for Subscription—			Total Offered for Subscription—		
Including Conversions.	Excluding Conversions.		Including Conversions.	Excluding Conversions.	
Jan. 1 to date—	£	£	Whole year—	£	£
1931	109,142,104	98,265,119	1930	454,888,784	267,800,700
1930	286,140,421	192,589,190	1929	488,764,940	285,239,400
1929	230,483,270	193,157,670	1928	693,100,056	369,058,073
1928	462,585,817	290,485,194	1927	...	355,165,970
1927	...	249,854,426	1926	...	369,782,600
1926	...	154,970,501	1925	...	232,214,500
1925	...	160,941,475	1924	...	209,326,101
1924	...	134,616,265	1923	...	271,399,173

Nature of Borrowing.

Debt, Bonds, etc.		Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
£	£	£	£	£
January 1 to date—				
1931	75,165,274	6,223,059	16,876,786	98,265,119
1930	157,669,408	14,817,138	20,102,644	192,589,190
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	35,836,600	89,371,400	355,165,900
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

Amount previously recorded	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
£	£	£	£
8,057,183	...	...	8,432,058
Total for week ended September 26, 1931	Nil	...	Nil
Total to date, 1931	8,057,183	...	8,432,058
Total to date, 1930	16,467,378	...	18,152,707

TRINIDAD LEASEHOLDS, LTD.—Oil produced during May, 14,650 tons; oil purchased during May from other companies, 56,550 tons. Oil produced during June, 15,650 tons; oil purchased during June from other companies, 56,650 tons. Oil produced during August, 18,800 tons; oil purchased during August from other companies, 57,600 tons.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended September 12th was: Bolivar district, 80,369 m. tons; Maracaibo district, 12,001 m. tons; total, 92,370 m. tons.

[Other Stock Exchange information, including the latest dividend announcements, reports and notices, and weekly traffic returns will be found on page 586.]



CONQUISTADORES!

It is a far cry since the adventurous days of the Spanish Conquistadores and their pioneer expeditions to the ancient American civilisations.

To-day, a great and growing volume of overseas trade is transacted annually by the Republics of the New World, and unrivalled facilities for every description of modern banking business are afforded by

THE ANGLO-SOUTH AMERICAN BANK LTD
117 OLD BROAD ST, LONDON, EC2

COMPANY MEETINGS, &c.

CITY OF SAN PAULO IMPROVEMENTS AND FREEHOLD LAND COMPANY, LIMITED.

EXCHANGE AND LAND VALUES.

The nineteenth ordinary general meeting of the City of San Paulo Improvements and Freehold Land Company, Limited, was held on Thursday, September 24th, at River Plate House, London.

Mr Herbert Guodalla, F.C.A. (the chairman), said that owing to sales cancelled they had an actual increase in the book value of their freehold land of £12,594, so that the land now stood in the balance sheet at a book value of £2,151,928. Although sales had been small during the year, the selling price showed a considerable appreciation in currency over the valuation.

All their land was within the confines of the City of San Paulo, and what they termed their unsold developed saleable area consisted of 930 acres spread over nine estates, some of which were bound to command high values. They also possessed a considerable area, amounting to 680 acres, of undeveloped land, which in time to come would undoubtedly prove an important asset. In his opinion, a new valuation at the present time would show a material increase over that made in 1925, but he was bound to add that an analysis of the situation showed that so far the value of freehold land in San Paulo had not responded to the fall in currency exchange. He could not help thinking, however, that in time the value of their land would attain a figure more nearly in relation to the value of the currency.

With regard to the question of exchange, it was most difficult to prophesy as to the future. The directors found it impossible at present to form any reliable estimate as to what amount should be allocated out of reserve to deal with that matter. Their main asset was their freehold land, and in currency at 6d. it was worth much more than the amount at which it stood in the balance sheet. Their other big asset consisted of debtors for land and houses sold with interest by monthly instalments over six or seven years. It was their opinion that in due course the value of freehold land would adjust itself according to the exchange position. That applied also to the improvements and to the houses which they owned.

If they could forecast with any accuracy what the fluctuations in exchange would be in the next six or seven years during the collection of their debts, the company would be in a fortunate position, but it must suffice at the present moment to know that in their opinion their reserves were more than ample to meet any contingency in that respect. Recent circumstances—he might almost say daily circumstances—had rendered it much more difficult to estimate the question of the relative value of the milreis to the sterling of this country.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended September 19, 1931, amounted to £9,758,400 against ordinary expenditure of £8,021,700. After allocating £465,000 to Sinking Fund and £15,003, the operations for the week, as shown below, decreased the National Debt by £1,287,000 to £7,688,838,000:—

(000's omitted.)		£
British Loan in France	+ 20,165	
Treasury Bills	— 11,072	
Public Dept. Advances	— 9,900	
National Savings Certificates	— 100	
Road Fund	— 380	
	— 21,452	
+ 20,165		

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

REVENUE.		Total Receipts into the Exchequer.				
	Estimate for the year 1931-32.	April 1, 1931, to Sept. 19, 1931.	April 1, 1930, to Sept. 20, 1930.	Week ended Sept. 19, 1931.	Week ended Sept. 20, 1930.	
ORDINARY REVENUE.						
Inland Revenue—						
Income Tax	258,000,000	51,031,000	57,463,000	401,000	977,000	
Stamp Duty, including Arrears of Super-Tax	72,000,000	15,560,000	13,260,000	260,000	270,000	
Excise, &c., Duties	90,000,000	32,740,000	40,040,000	680,000	930,000	
Stamps	24,000,000	6,140,000	7,500,000	440,000	190,000	
Excise Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...	
Land Tax	800,000	160,000	140,000	...	...	
Rights Duty	...	...	...	...	...	
Total Inland Revenue	447,000,000	105,631,000	118,403,000	1,781,000	2,367,000	

REVENUE.		Total Receipts into the Exchequer.				
	Estimate for the year 1931-32.	April 1, 1931, to Sept. 19, 1931.	April 1, 1930, to Sept. 20, 1930.	Week ended Sept. 19, 1931.	Week ended Sept. 20, 1930.	
Customs and Excise—						
Customs	125,650,000	60,316,000	56,619,000	2,725,000	1,683,000	
Excise	119,850,000	55,900,000	58,740,000	6,200,000	6,825,000	
Total Customs and Excise	245,500,000	116,216,000	115,359,000	8,925,000	8,508,000	
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,206,000	1,251,298	...	Dr 355,790	
Post Office (Net Receipts)	12,200,000	6,150,000	5,000,000	Dr 950,000	Dr 1,200,000	
Crown Lands	1,300,000	590,000	600,000	...	...	
Receipts from Sundry Loans	33,500,000	12,083,798	17,081,195	...	1,375,000	
Miscellaneous Receipts	55,000,000	6,576,544	12,194,706	2,371	1,306,159	
Appropriation from Lending Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...	
Total Ordinary Revenue	803,500,000	252,353,342	285,889,199	9,758,371	12,000,369	
SELF-BALANCING REVENUE.						
Post Office	58,232,000	25,550,000	27,500,000	1,850,000	2,000,000	
Motor Vehicle Duties apportioned to Road Fund	23,350,000	6,590,000	6,776,702	...	355,790	
Total Self-Balancing Revenue	81,582,000	32,140,000	34,276,702	1,850,000	2,355,790	
Total	885,082,000	284,493,342	320,165,901	11,608,371	14,356,159	

EXPENDITURE.		Total Issues out of the Exchequer to meet payments.				
	Estimate for the year 1931-32 (including Supplementary Grants).	April 1, 1931, to Sept. 19, 1931.	April 1, 1930, to Sept. 20, 1930.	Week ended Sept. 19, 1931.	Week ended Sept. 20, 1930.	
ORDINARY EXPENDITURE.						
Interest and Management of National Debt	302,950,000	146,792,490	142,931,657	1,995,456	560,628	
Payments to Northern Ireland Exchequer	6,350,000	2,367,574	2,341,951	20,500	63,729	
Other Consolidated Fund Services	3,000,000	948,928	1,227,537	205,774	54,250	
Total	312,300,000	150,108,992	146,501,145	2,221,730	678,607	
Total Supply Services excluding Post Office	439,829,000	192,436,304	194,105,267	5,800,000	6,550,000	
Total ordinary expenditure	752,129,000	342,545,296	340,606,412	8,021,730	7,228,607	
SELF-BALANCING EXPENDITURE.						
Post Office	58,232,000	25,550,000	27,500,000	1,850,000	2,000,000	
Road Fund	23,350,000	6,590,000	6,776,702	...	355,790	
Total Self-Balancing Expenditure	81,582,000	32,140,000	34,276,702	1,850,000	2,355,790	
Total Ordinary and Self-Balancing Expenditure	833,711,000	374,685,296	374,883,114	9,871,730	9,584,397	
New Sinking Fund (1928)	52,050,000	18,707,573	21,272,357	465,000	495,000	
Total, including New Sinking Fund	885,761,000	393,392,869	396,155,471	10,336,730	10,079,397	

The aggregate revenue and expenditure to September 19, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO SEPTEMBER 19TH.

(000's omitted.)		£	£
Expenditure	342,545	Revenue	252,545
New Sinking Fund	18,708	Decreases in balances	3,062
		Net amount borrowed	105,838
	361,253		361,253

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	Sept. 20, '30.	Mar. 31, '31.	Sept. 19, '31.	Sept. 19, '31.
standing—	£	£	£	£
Advances by Bank of England	...	24,500,000	36,350,000	— 9,900,000
Advances by Public Departments	648,790,000	569,825,000	645,195,000	— 11,075,000
Treasury Bills outstanding	687,260,000	594,325,000	681,545,000	— 20,975,000
Total Floating Debt	...	...	...	...

* Includes £11,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on September 18, 1931, and the total amount applied for was £43,905,000. Tenders were accepted for bills at three months, dated Monday to Thursday at £98 18s. 5d.; Friday at £98 18s. 7d., and Saturday at £98 17s. 11d., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months Average Rate.
1931			
August 28	40,000,000	45,545,000	4 3 1-87
September 4	40,000,000	49,580,000	4 2 3-01
September 11	40,000,000	46,710,000	4 4 8-83
September 18	40,000,000	43,905,000	4 6 3-95

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, September 23, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	352,675,537	11,015,100	
In Banking Department	55,952,384	227,829,857	
		32,112,936	
		4,042,107	
		275,000,000	
		133,627,921	
		£408,627,921	

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	14,553,000	Other Securities	60,175,906
Public Deposits	3,745,639	Discounts and Advances	£13,579,165
Other Deposits	23,018,048	Securities	26,141,408
Bankers'	£64,915,060	Notes	39,720,573
Other Accounts	50,962,918	Gold and Silver Coin	55,952,384
			1,345,707
			£157,194,570

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

Both Departments.	Amount, Sept. 23, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	352,675,537	+ 1,057,970	+ 3,093,460
Public deposits	23,018,048	+ 6,444,399	+ 9,707,817
Bankers' deposits	64,915,060	+ 6,477,891	+ 741,197
Other deposits	50,962,918	+ 504,362	+ 16,768,018
Seven-day bills	1,905	+ 20	+ 376
Total, outside liabilities	491,573,468	+ 14,484,602	+ 24,123,196
Capital and rest	18,296,639	+ 5,722	+ 5,341
Government debt and securities	299,020,863	+ 11,505,184	+ 14,059,012
Discounts and advances	13,579,165	+ 5,258,371	+ 7,907,027
Other securities	58,254,344	+ 22,655,638	+ 25,039,047
Silver coin in issue department	4,042,107	+ 11,877	+ 423,392
Coin and bullion (bank's reserve)	134,973,628	+ 1,906,624	+ 22,453,512
Reserve of notes and coin in banking department	57,298,091	+ 2,964,594	+ 4,360,052
Proportion of reserve to outside liabilities—			
(a) Banking department only	41½%	+ 6½%	+ 14%
(b) Gold stocks to deposits and notes ("reserve ratio")	27½%	+ 1½%	+ 6½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	£	£	£	£	£	£	%
Aug. 12	406,998	360,051	19,434	58,163	34,879	1,522 out	4 1/2
19	408,560	354,129	19,726	61,755	40,099	1,521 in	4 1/2
26	408,341	350,311	26,323	53,593	48,708	221 out	4 1/2
Sept. 2	409,336	354,976	12,925	60,352	51,838	992 in	4 1/2
9	410,895	353,931	21,808	54,845	50,533	1,557 in	4 1/2
16	410,574	351,618	16,574	56,437	50,459	333 out	4 1/2
23	408,628	352,676	23,018	64,915	50,963	3,165 out	6

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.				
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and "Reserve Ratio.		Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."	
1931.	£	£	£	%	£	£	£	%	
Aug. 12	269,310	1,593	133,304	28½	53,226	7,051	22,097	48,253	42½
19	267,729	3,182	134,870	28½	48,881	6,863	28,286	55,742	45½
26	268,801	2,114	134,645	28½	50,176	9,296	28,052	59,334	46½
Sept. 2	268,110	2,798	135,658	28½	53,736	7,262	26,678	55,692	45½
	266,150	4,771	137,208	28½	51,146	8,291	27,743	58,276	46½
	261,135	9,811	136,880	28½	49,391	8,321	25,788	60,263	48½
	238,845	32,113	134,974	27½	60,176	13,579	26,141	57,298	41½

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
Jan. 1 to September 9	£	£	£	£
Week ended September 16	24,111,992	1,183,744	1,922,684	27,218,420
Week ended September 23	561,775	25,458	46,109	633,342
Week ended September 23	535,821	25,973	45,124	606,918
Total to date, 1931	25,209,588	1,235,175	2,013,917	28,458,680
Total to date, 1930	28,767,037	1,334,576	2,184,967	32,286,580
Increase or decrease in 1931	- 3,557,449	- 99,401	- 171,050	- 3,827,900
	- 12.4%	- 7.4%	- 7.8%	- 11.8%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,324	1,881,989	3,078,764	44,896,077
Increase or decrease in 1930	- 1,152,747	- 69,843	- 115,133	- 1,337,723
	- 2.9%	- 3.7%	- 3.7%	- 2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended September 19.		Month of August.			Aggregate Totals, January 1 to September 19.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days	£	£	24	24	%	£	£
BIRMINGHAM	1,598	1,492	8,457	7,953	- 5.9	89,152	80,378
BRADFORD	542	441	3,154	2,707	- 14.1	32,317	26,591
BRISTOL	1,048	1,057	4,463	4,103	- 8.0	41,860	41,157
DUBLIN	4,251	4,024	...	...	...	181,841	182,007
HULL	777	591	3,454	2,819	- 18.3	29,981	26,821
LEEDS	795	697	3,551	2,983	- 15.9	34,879	31,340
LEICESTER	562	521	2,274	2,078	- 8.6	26,401	22,898
LIVERPOOL	5,530	4,088	23,376	22,744	- 2.7	240,663	198,550
MANCHESTER	8,310	7,214	39,001	35,683	- 8.5	396,645	333,889
NEWCASTLE	1,171	979	5,892	5,225	- 11.3	52,879	47,096
NOTTINGHAM	477	311	1,835	1,651	- 10.0	21,996	16,300
SHEFFIELD	740	584	3,503	3,000	- 14.3	33,791	27,807
Total	25,801	21,999	98,960	90,946	- 8.0	1,182,405	1,034,348

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; Russia in September 5; Denmark, Bank for International Settlements, Roumania, National Bank of Egypt and Japan, in September 12; Spain, Greece and Finland in September 19.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	Sept. 25, 1930.	Sept. 3, 1931.	Sept. 10, 1931.	Sept. 17, 1931.	Sept. 24, 1931.
Total gold reserve	2,988,930	3,464,960	3,470,500	3,485,740	3,327,430
Total bills discounted	167,160	257,280	260,230	269,990	309,830
Bills bought in open market	197,740	197,870	197,790	217,770	243,190
Total U.S. Govt. securities	601,810	728,110	728,060	742,460	737,980
Total bills and securities	975,480	1,183,510	1,192,350	1,238,560	1,305,810
Total resources	4,827,300	5,464,410	5,449,060	5,678,750	5,449,850
LIABILITIES.					
Federal Reserve notes in actual circulation	1,347,720	1,958,200	2,010,320	2,005,900	2,045,000
Deposits—Memberbank—reserve account	2,416,150	2,373,920	2,289,760	2,417,710	2,279,540
Total deposits	2,483,540	2,616,780	2,553,730	2,645,550	2,487,010
Capital paid in and surplus	447,500	441,710	441,700	441,530	441,400
Total liabilities	4,827,300	5,464,410	5,449,060	5,678,750	5,449,850
Ratio of total reserve to deposit and Federal Reserve note liabilities combined	82.0%	79.4%	79.5%	78.4%	77.0%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Sept. 25, 1930.	Sept. 3, 1931.	Sept. 10, 1931.	Sept. 17, 1931.	Sept. 24, 1931.
Total gold reserve	1,048,720	1,177,970	1,147,700	1,205,780	1,098,810
Total bills discounted	24,140	52,760	48,970	46,870	55,640
Bills bought in open market	44,250	69,970	71,840	96,300	90,840
Total U.S. Govt. securities	187,540	221,550	221,550	235,550	235,700
Total bills and securities	260,680	344,780	346,860	386,320	387,030
Deposits—Memberbank—reserve account	1,026,320	1,011,150	960,620	1,093,460	973,940
Ratio of total res. to dep. and Federal Res. note liabilities combined	86.9%	81.7%	81.9%	79.6%	78.9%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Sept. 10, 1930.	Aug. 12, 1931.	Aug. 19, 1931.	Aug. 26, 1931.	Sept. 2, 1931.	Sept. 9, 1931.
Loans	16,812	14,342	14,338	14,335	14,338	14,333
Investments	6,353	7,733	7,663	7,695	7,665	7,683
Time deposits	13,700	13,355	13,196	13,195	13,244	13,195
Due from banks	7,478	7,105	7,058	7,017	7,003	6,980
Due to banks	1,569	1,476	1,426	1,322	1,374	1,341
Federal reserve borrowings	3,438	3,344	3,219	3,052	3,192	3,144
	37	56	90	94	107	113

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted).

	June 30, 1930.	Mar. 31, 1931.	Apr. 30, 1931.	May 31, 1931.	June 30, 1931.
ASSETS.					
Cash and bank balances	440,493	344,897	358,295	343,868	356,888
Bank balances abroad	105,352	116,630	88,396	94,914	120,041
Call and short loans	44,183	312,432	297,532	285,021	290,143
Securities	44,183	312,432	297,532	285,021	290,143
Loans in Canada	1,432,639	1,277,415	1,294,817	1,294,309	1,271,658
Loans abroad	243,577	224,335	216,554	211,304	214,396
Other assets	194,392	178,107	180,916	183,968	180,645
LIABILITIES.					
Deposits—					
Government	165,954	139,423	134,495	143,750	142,559
Public in Canada	149,844	96,337	69,671	63,996	84,159
Foreign	2,034,054	2,024,642	2,049,003	2,036,446	2,051,104
Bank balances	415,157	346,340	338,121	356,930	
Canadian	17,557	14,569	16,029	12,267	12,917
Foreign	76,497	72,662	71,859	80,294	77,517
Bills payable, &c.	104,726	76,765	76,572	80,423	77,939
Capital and res.	305,506	307,250	307,250	306,500	306,500
Other liabilities	5,026	4,197	4,411	6,435	5,630

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Aug. 29, 1930.	July 31, 1931.	Aug. 7, 1931.	Aug. 14, 1931.	Aug. 21, 1931.	Aug. 28, 1931.
ASSETS.						
Gold coin and bullion	6,843	6,712	6,046	6,120	6,179	6,426
Subsidiary coin	173	358	357	366	373	375
Bills discounted	8,077	7,869	6,708	6,144	6,558	6,807
Investments	1,405	2,100	2,105	2,105	1,885	1,935
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	8,676	8,328	7,606	6,879	6,568	7,801
Government deposits	1,881	2,394	1,228	1,661	1,999	1,807
Bankers' deposits	4,764	4,989	4,767	4,650	4,680	4,465
Ratio of gold to notes and bills	43.9%	44.1%	45.0%	48.7%	47.9%	46.3%

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

	Aug. 29, 1930.	July 31, 1931.	Aug. 7, 1931.	Aug. 14, 1931.	Sept. 21, 1931.	Aug. 28, 1931.
ASSETS.						
Total securities	27,935,572	31,455,12	31,663,32	32,38,14	32,58,37	32,57,46
Loans	18,81,72	9,05,16	8,82,71	9,07,89	9,52,21	9,58,81
Cash Credits	30,19,77	26,65,74	27,80,85	26,76,79	26,54,99	26,61,29
Inland bills	2,37,34	3,78,53	2,71,36	2,28,53	2,76,32	2,70,81
Foreign bills	43,95	42,05	37,32	39,58	45,52	45,52
Dead stock	2,78,55	2,72,37	2,72,47	2,72,65	2,72,82	2,72,93
Bal. with other banks	7,38	1,75	1,75	1,96	1,99	3,96
Cash	29,75,26	21,84,70	19,64,40	20,71,20	21,94,70	21,57,67
LIABILITIES.						

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Sept. 15, 1930.	Aug. 23, 1931.	Aug. 31, 1931.	Sept. 7, 1931.	Sept. 15, 1931.
Gold coin and bullion	6,530	6,540	6,543	6,543	6,543
Net foreign exchange	16,219	19,940	20,467	20,504	20,707
Subsidiary Estonian coin	1,644	1,610	1,644	1,701	1,725
Home bills discounted	13,934	9,453	9,496	9,479	9,377
Loans and advances	9,996	10,392	10,857	9,814	9,495
Thereof loans to Government	...	2,000	2,500	1,700	1,300
LIABILITIES.					
Notes in circulation	31,125	34,321	33,519	32,237	31,900
Sight deposits and current accounts	14,707	12,043	13,672	13,744	13,560
Ratio of reserve to current liabilities	49.65%	57.11%	57.23%	58.87%	59.89%

* Includes Ekr. 3,986,058.22 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Sept. 17, 1930.	Aug. 17, 1931.	Aug. 24, 1931.	Aug. 31, 1931.	Sept. 7, 1931.	Sept. 14, 1931.
Gold bullion and coins	24,060	24,020	24,011	24,013	24,017	24,016
Silver coin	6,926	7,294	7,149	11,097	11,062	10,990
Balance abroad	46,992	25,417	25,336	24,719	23,605	22,774
Treas. notes and sm. change	13,905	9,740	7,923	8,934	9,884	10,245
Short term bills	87,431	79,923	80,162	80,094	80,229	79,721
Loans and advances	55,315	61,986	61,872	61,892	61,218	60,644
Other assets	17,718	16,627	16,353	16,502	16,677	17,010
LIABILITIES.						
Notes in circulation	35,849	42,874	45,008	44,398	43,577	42,594
Capital paid up	18,735	19,276	19,676	19,676	19,676	19,676
Reserve	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	19,040	19,362	19,371	19,541	19,742	19,793
Current accounts	57,649	63,659	63,097	63,675	63,482	63,142
Government accounts	92,890	64,128	60,813	60,813	65,086	64,565
Other liabilities	10,333	7,188	6,611	6,965	6,903	7,401

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Sept. 15, 1930.	July 15, 1931.	July 31, 1931.	Aug. 15, 1931.	Aug. 31, 1931.	Sept. 15, 1931.
Gold	35,302	39,494	39,522	39,524	39,529	39,531
Silver	3,780	4,729	4,729	4,729	4,729	4,729
State Treasury bonds	1,530	1,369	1,364	1,334	1,340	1,324
Foreign currency	89,875	63,252	60,168	56,468	58,470	57,664
Discount and credit	92,469	108,174	116,839	114,765	112,891	112,835
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,553	1,900	1,900	1,900	1,900	1,900
Banknotes in circulation	102,583	112,908	120,116	116,063	117,178	112,851
Deposits	108,863	88,771	86,997	86,806	85,610	89,222

BANK OF DANZIG.—In Danzig gulder (000's omitted).

ASSETS.	Sept. 15, 1930.	June 30, 1931.	July 15, 1931.	July 31, 1931.	Aug. 15, 1931.	Aug. 31, 1931.	Sept. 15, 1931.
Coin and bullion	3,521	3,617	3,705	515	2,434	13,324	13,930
Of which gold coin	117	130	130	130	130	10,570	10,570
Danzig subsidiary coin	3,404	3,487	3,575	385	2,304	2,754	3,360
Inc. notes	11,517	16,277	14,194	25,449	26,163	9,434	5,775
Bills of exchange	22,723	21,292	23,185	25,616	18,034	21,501	21,388
Loans	6,818	5,937	6,973	14,007	13,100	11,605	10,893
Foreign exchange	15	33	33	66	48	43	43
Other assets	4,366	3,993	3,993	3,993	3,993	3,993	3,993
LIABILITIES.							
Capital paid up	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation	32,676	35,817	37,221	40,899	37,681	40,999	37,212
Deposits on demand	1,608	1,625	2,781	7,675	4,779	3,007	3,712

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	Aug. 22, 1930.	July 31, 1931.	Aug. 7, 1931.	Aug. 14, 1931.	Aug. 21, 1931.
Gold at home	63,045	63,091	63,104	63,126	63,163
Gold abroad	309,528	179,821	182,112	167,835	156,389
Discounts and advances	75,137	147,971	111,768	115,271	115,651
LIABILITIES.					
Notes of the bank in circulation	313,827	314,754	303,257	293,126	282,045
Deposits	61,918	37,378	45,499	43,155	50,528
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	Sept. 17, 1931.	Sept. 18, 1931.	Sept. 19, 1931.	Sept. 21, 1931.	Sept. 22, 1931.	Sept. 23, 1931.	Sept. 24, 1931.
Bank rate (changed from 4½% Sept. 21, 1931)	4½	4½	4½	6	6	6	6
Market rates of discount—							
60 days' bankers' drafts	4½	4½	4½	5½	5½	5½	5½
3 months' do.	4½	4½	4½	5½	5½	5½	5½
6 months' do.	4½	4½	4½	5½	5½	5½	5½
Discount Treasury Bills—							
2 months'	4½	4½	4½	6½	6½	6½	6
3 months'	4½	4½	4½	5½	5½	5½	5½
Loans—Day to day	4½	4½	4½	5½	5½	5½	5½
Short	4½	4½	4½	5½	5½	5½	5½
Deposit allowances: Bank	2½	2½	2½	4	4	4	4
Discount houses at call	2½	2½	2½	4	4	4	4
At notice	2½	2½	2½	4	4	4	4

Comparison with previous week—

Short Loans.	Bank Bills.			Trade Bills.		
	3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1931.	%	%	%	%	%	%
Sept. 3	4½	4½	4½	5½	5½	5½
" 10	4½	4½	4½	5½	5½	5½
" 17	4½	4½	4½	5½	5½	5½
" 24	5	5	5	6	6	6

RATES OF EXCHANGE.

London on	Usance.	Par.	Sept. 25, 1930.	Sept. 17, 1931.	Sept. 24, 1931.
New York	dollars to £1	Cable	4.866	4.851-86	4.851-86
Montreal	dollars to £1	Cable	4.866	4.851-86	4.851-86
Paris	francs to £1	T.T.	124.21	123.76-80	123.95-98
Berlin	marks to £1	T.T.	20.43	20.40-41	20.40-41
Amsterdam	florins to £1	T.T.	12.107	12.05-1	12.04-04
Brussels	belgas to £1	T.T.	35.00	34.86-86	34.94-94
Milan	lire to £1	T.T.	92.46	92.79-81	92.90-92
Zurich	francs to £1	T.T.	25.22	25.05-1	24.89-89
Stockholm	kronor to £1	T.T.	18.159	18.16-1	18.18-18
Copenhagen	kronor to £1	T.T.	18.159	18.16-1	18.18-18
Madrid	pesetas to £1	T.T.	18.159	18.16-1	18.18-18
Lisbon	escudos to £1	T.T.	4.50	4.50-0	4.50-0
Vienna	schillings to £1	T.T.	34.584	34.42-45	34.53-53
Prague	kroner to £1	T.T.	164	163 1/2-1/2	163 1/2-1/2
Belgrade	dinars to £1	T.T.	275.316	274 1/2-1/2	275.275
Pengto £1	T.T.	27.82	27.75-80	27.95 nom	...
Bukarest	lei to £1	T.T.	813.6	815-817	815-816
Leva to £1	T.T.	673.659	668-673	668-673	...
Constantinople	drachmas to £1	T.T.	375	374 1/2-375 1/2	374 1/2-375 1/2
Moscow	piastres to £1	T.T.	110	1025	1025 sellers
Warsaw	zlotys to £1	T.T.	9.46	9.450-469	9.437-456
Helsingfors	F. marks to £1	T.T.	193.23	192 1/2-193 1/2	192 1/2-193 1/2
Kovno	litas to £1	T.T.	48.66	48.4-49	48.4-49
Reval	kroon to £1	T.T.	18.159	18.20-27	18.18-23
Riga	lats to £1	T.T.	25.224	25.20-30	25.15-30
Alexandria	sterling to £1	Sight	97 1/2	97 1/2	97 1/2
Buenos Aires	pesos to £1	T.T.	47.62d.	40 1/2	34 1/2-34 1/2
Rio de Janeiro	pesos to £1	T.T.	16.70	5 1/2	3 1/2-3 1/2
Valparaiso	pesos to £1	T.T.	51	40 1/2	19 1/2-20 1/2
Lima	soles to £1	T.T.	40	39-92	39-92
Calcutta	rupees to £1	T.T.	18	17 1/2	17 1/2
Bombay	rupees to £1	T.T.	18	17 1/2	17 1/2
Madras	rupees to £1	T.T.	18	17 1/2	17 1/2
Hong Kong	sterling to dollar	T.T.	1/13 1/4	1/13 1/4	1/13 1/4
Shanghai	sterling to dollar	T.T.	1/13 1/4	1/13 1/4	1/13 1/4
Singapore	sterling to dollar	T.T.	2s. 4d.	2/3 1/2-2/3	2/3 1/2-2/3
Kobe	sterling to yen	T.T.	24.582d.	2/0 1/2	2/0 1/2
Manila	sterling to peso	T.T.	24.06d.	2/0 1/2	2/0 1/2
Mexico	pesos to £1	T.T.	9.76	10.15-35	14.50-15.50
San Francisco	sterling to baht	T.T.	21.82d.	1/9	1/9

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albany	July 1, 1931	Madrid	July 8, 1931
Amsterdam	May 16, 1931	Oporto	Sept. 12, 1931
Batavia	Dec. 2, 1928	Paris	Jan. 2, 1931
Belgrade	Mar. 10, 1930	Prague	Sept. 22, 1931
Berlin	July 20, 1931	Reval	Mar. 12, 1931
Brussels	Sept. 2, 1931	Riga	Oct. 1, 1931
Bucharest	Mar. 31, 1931	Rome	May 20, 1930
Budapest	Sept. 10, 1931	Sofia	June 4, 1931
Calcutta	Sept. 22, 1931	Stockholm	Sept. 24, 1931
Copenhagen	Sept. 5, 1931	Swiss Bank	...
Danzig	Sept. 1, 1931	Places	Jan. 22, 1931
Helsingfors	Aug. 26, 1930	Tokyo	Oct. 6, 1930
Kobe	Feb. 8, 1925	Vienna	July 22, 1931
Lisbon	Aug. 8, 1931	Warsaw	Oct. 3, 1930
New York Federal Reserve	May 7, 1931	Irish	July 30, 1931

Central Bank of Chile.—Discount rate for member banks, 9%; discount rate for the public, 10%. a 6% applied to banks and credit institutions. b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Sept. 24, 1930.	Aug. 26, 1931.	Sept. 2, 1931.	Sept. 9, 1931.	Sept. 16, 1931.	Sept. 23, 1931.
Call money	2 1/8	1 1/8	1 1/8	1 1/8	1 1/8	1 1/8
Time money (90 days' mixed coll.)	2 1/8	1 1/8	1 1/8	1 1/8	1 1/8	1 1/8
Bank acceptances—						
Members—eligible, 90 days	2 1/8	1 1/8	1 1/8	1 1/8	1 1/8	1 1/8
Non-mem.—eligible, 90 days	2 1/8	1 1/8	1 1/8	1 1/8	1 1/8	1 1/8
Ineligible, 90 days	2 1/8	1 1/8	1 1/8	1 1/8	1 1/8	1 1/8
Commercial accept. 90 days	3	2	2	2	2	2

London—	Par Level.	Sept. 24, 1930.	Sept. 9, 1931.	Sept. 16, 1931.	Sept. 23, 1931.
60 days					
Cable					
Cheques					
Paris	Cents for 1 franc	3.918	4.83	4.81	4.81
Brussels	Cents for 1 franc	13.92	4.85	4.85	4.85
Switzerland	Cents for 1 franc	19.30	3.92	3.92	3.94
Italy	Cents for 1 franc	19.30	19.39	19.49	19.51
Berlin	Cents for 1 mark	5.263	5.263	5.22	5.21
Vienna	Cents for 1 schilling	23.31	23.80	23.55	23.48
Madrid	Cents for 1 peseta	14.07	14.11	14.05	14.05
Amsterdam	Cents for 1 guilder	19.30	10.75	14.05	14.05
Copenhagen	Cents for 1 kroner	40.195	40.29	40.34	40.40
Stockholm	Cents for 1 kroner	26.80	26.74	26.72	26.72
Athens	Cents for 1 drachma	1.297	26.85	26.75	26.68
Montreal	Cents for 1 dollar	1.297	1.297	1.297	1.281
Kokohama	Cents for 1 yen	49.85	49.85	49.38	49.25
Hong Kong	Cents for 1 dollar	49.85	49.85	49.38	49.25
Shanghai	Cents for 1 dollar	49.85	49.85	49.38	49.25
Calcutta	Cents for 1 rupee	36.50	36.50	36.50	36.50
Buenos Aires	Cents for 1 peso	103.65	122.50	122.50	122.50
Rio de Janeiro	Cents for 1 milreis	32.42	10.35	10.35	10.35
Valparaiso	Cents for 1 peso	12.125	12.10	11.87	11.87

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Sept. 18, 1931. (c) Week ended Sept. 19, 1931.	Miles Open.	Week ended Sept. 20, 1931. (000's omitted.)					Aggregate 38 weeks, 1931. (000's omitted.)				
		Passen-ger &c.	Merchandise, &c.	Coal and Coke.	Goods.	Total for Week.	Passen-ger &c.	Merchandise, &c.	Coal and Coke.	Goods.	Total
Great Western...	3,761	189	107	296	529	1,121	1,211	3,376	11,097	19,686	34,274
Do. for 1930...	3,761	235	204	114	318	571	9,374	7,991	4,506	12,497	21,871
L. & N. Eastn.(c)	6,349	335	338	226	564	899	12,733	12,715	8,771	21,486	34,219
Do. for 1930...	6,349	378	372	246	618	996	13,895	14,576	9,675	24,251	38,146
Lon., Md. & Scot.	6,958	511	477	246	723	1,234	19,166	17,401	9,177	26,578	45,744
Do. for 1930...	6,958	550	518	245	763	1,313	20,529	19,956	8,496	29,452	49,981
Southern	2,180	325	74	33	107	432	1,913	2,703	1,189	3,892	15,805
Do. for 1930...	2,179	343	81	30	111	454	12,609	2,939	1,124	4,063	16,672
Total of above...	19,244	1,404	1,078	612	1,690	3,094	52,401	40,440	23,113	63,053	115,544
Do. for 1930...	19,244	1,528	1,175	635	1,810	3,338	56,407	45,462	24,801	70,263	126,670
Metropolitan (c)	59	30.9	...	...	3.7	34.6	1,193.3	...	...	146.1	1,339.4
Do. for 1930...	59	32.7	...	...	4.0	36.7	1,238.8	...	...	152.1	1,390.9
Undgd. E.R.(c)	...	294.3	...	...	...	303.4	...	...	...	1,112.3	...
Do. for 1930...	...	295.9	...	...	...	303.4	...	...	...	1,112.3	...
Green Buses, &c.	...	28.1	...	...	...	28	914.1	...	...	942.1	...
Do. for 1930...	...	19.2	...	...	...	19.2	454.2	...	...	454.2	...
Lon. & S.W. Grp.(c)	...	44.1	...	...	...	45.6	1,609.2	...	...	1,654.8	...
Do. for 1930...	...	44.7	...	...	...	45.6	1,631.7	...	...	1,677.3	...
*B'f'at & Co.(w)(b)	80	2.7	...	...	0.7	3.4	105.1	...	...	25.1	130.2
Do. for 1930...	80	2.6	...	...	0.7	3.3	110.1	...	...	27.7	137.8
*G. Northern (b)	562	12.4	...	...	14.6	27.0	437.2	...	...	545.4	982.6
Do. for 1930...	562	12.9	...	...	15.1	28.0	483.2	...	...	541.8	1,025.0
*Gt. Southern (b)	2,188	26.4	...	...	40.9	67.3	1,087.6	...	...	1,406.2	2,493.8
Do. for 1930...	2,188	29.7	...	...	44.9	74.6	1,095.3	...	...	1,640.9	2,736.2

* Aggregate 37 weeks. † Green line not in existence.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal	21	Aug. 22	1,329	Rs. 3,20,100	- 62,346	Rs. 75,40,184	- 3,01,034
Barelly L. Ry.	22	29	202	27,600	+ 8,500	19,10,700	+ 13,500
Bengal & N. Western	22	29	2,119	4,50,210	- 1,393	1,30,34,274	- 11,42,686
Bengal-Nagpur	21	22	3,199	10,72,000	- 110,298	2,80,87,448	- 55,34,666
Bombay Bar. & C.I.	24	Sept. 12	3,084	13,71,000	- 4,57,000	4,37,05,000	- 22,35,000
Madras & S. Mahr.	22	Aug. 29	3,320	11,93,000	- 65,587	3,29,36,693	- 8,24,442
*Bakil'k & Kumaon	22	29	546	79,028	- 9,094	24,96,183	- 2,34,965
South Indian	22	29	2,487	10,13,160	- 1,68,807	2,36,93,478	- 29,79,880

† Including Lucknow-Bareilly State Railway.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
Breweries.		£	£	£	£	£	%	£	£	£	%
Kay's Atlas Brewery.....	June 30	36,830	15,974	52,804	3,069	9,688	10	2,000	38,047	15,342	10
Financial, Land, &c.											
Read's Drift Land Co.	Mar. 31	7,572	<i>Dr. 617</i>	6,955	...	...	...	...	6,955	170	...
Hotels, Restaurants, &c.											
Honywood Hotels	Apr. 30	5,704	17,888	23,592	12,400	...	...	...	4,992	14,527	6†
Iron, Coal and Steel.											
Old Silkstone Collieries	Mar. 31	81,130	2,934	84,064	...	...	...	...	84,064	22,361	...
Ransome and Marles Bearing	June 30	27,310	18,406	45,716	...	16,875	...	...	26,626	26,159	...
Sheepbridge Coal and Iron...	June 30	99,842	74,344	174,186	8,368	58,558	4½	2,215	87,260	93,723	6
Rubber, &c.											
Banteng (Selangor) Rubber	Apr. 30	11,441	926	12,367	...	...	...	...	12,367	10,609	5
Bernam-Perak Rubber	June 30	5,149	<i>Dr. 3,869</i>	1,280	...	...	...	...	1,280	1,129	...
Kalidjerock Rubber Co. ...	Mar. 31	3,557	<i>Dr. 8,995</i>	<i>Dr. 5,438</i>	...	...	...	...	<i>Dr. 438</i>	12,777	5
Laras (Sumatra) Rubber...	Mar. 31	29,759	<i>Dr. 15,517</i>	14,242	...	...	...	<i>Dr. 5,000</i>	14,242	10,415	...
Malay United Rubber	Mar. 31	6,378	<i>Dr. 2,546</i>	3,832	...	...	...	...	3,832	486	...
Padang Jawa Rubber	Mar. 31	4,519	<i>Dr. 2,452</i>	2,067	...	...	...	...	2,067	2,652	...
Seaport (Selangor) Rubber	June 30	21,593	<i>Dr. 2,579</i>	19,014	...	...	...	...	19,014	2,702	...
Sempah Rubber	Mar. 31	1,829	<i>Dr. 5,441</i>	<i>Dr. 3,612</i>	...	...	...	...	<i>Dr. 3,612</i>	<i>Dr. 3,240</i>	...
Way - Halim (Sumatra)											
Estates.....	Mar. 31	3,171	<i>Dr. 2,587</i>	584	...	...	...	...	584	1,819	...
Shipping.											
Neville Shipping Co.	Dec. 31	59	<i>Dr. 6,190</i>	<i>Dr. 6,131</i>	...	...	...	...	...	2,853	...
Oceanic Steam Navigation...	Dec. 31	213,062	<i>Dr. 379,069</i>	<i>Dr. 166,007</i>	...	...	...	...	<i>Dr. 166,007</i>	613,062	8
Shops and Stores.											
Burton (Montague), Limited	Mar. 31	168,024	273,133	441,157	108,500	...	...	57,693	274,964	282,471	...
Trust.											
City and International Trust	Aug. 31	12,137	60,172	72,309	30,000	20,000	5	...	22,309	66,209	6†
C.L.R.P. Investment Trust	Aug. 31	...	29,363	29,363	10,462	14,299	5	...	4,602	...	...
Other Companies.											
Anglo-Siam Corporation ...	Mar. 31	53,230	35,504	88,734	4,550	40,000	20	<i>Dr. 7,500</i>	51,684	62,137	27½
Cohen Weenen and Co.	June 27	35,664	100,890	136,554	54,000	36,000	36	...	46,554	110,047	36
Francois Cementation	Mar. 31	38,209	31,244	69,453	15,500	...	...	9,623	44,330	13,574	...
Gaumont - British Picture											
Corporation.....	Mar. 31	27,816	380,489	408,305	93,750	150,000	6	80,094	84,461	236,463	6
Qualcast, Limited	June 30	28,921	25,235	54,156	...	21,797	15	...	32,359	20,457	12†
S. and M. (1928).....	July 19	6,917	28,450	35,367	...	...	...	19,500	15,867	18,286	...

† Free of income tax.

CANADIAN.

Canadian National	37	Sept. 14	20398	3,650,220	- 137,144	124,092,546	- 33,428,090
Canadian Pacific	37	14	15721	2,966,000	- 198,900	99,169,000	- 26,320,000

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia)	38	Sept. 20	804	14,340	- 5,400	653,850	- 381,510
Argentine N.E.	12	19	753	13,300	- 3,100	153,300	- 23,800
Argentine Trans'dn.	12	19	111	1,533	- 2,803	20,508	- 12,020
B.A. and Pacific	12	19	2,806	121,000	+ 6,000	1,345,000	+ 53,000
B.A. Central	12	20	...	11,647	- 2,374	134,280	- 30,411
B.A. Gt. Southern	12	19	5,075	167,000	- 8,000	1,948,000	- 207,000
B.A. Western	12	19	1,926	75,000	+ 10,000	795,000	+ 11,000
Central Argentine	12	19	3,442	227,000	+ 31,000	2,545,000	+ 225,000
Central Uruguay	12	19	273	9,101	- 13,505	116,826	- 141,143
O. Urg. (East Ext.)	12	19	311	1,806	- 2,556	22,578	- 28,886
O. Urg. (W. Ext.)	12	19	185	998	- 1,463	115,358	- 58,190
Cordoba Central	12	19	211	806	- 1,405	10,682	- 16,125
Entre Rios	12	19	1,218	53,000	- 17,000	686,000	- 93,000
G. Westn. of Brazil	12	19	810	19,500	- 6,300	229,700	- 55,900
Leopoldina	38	12	1,052	5,500	- 4,300	236,200	- 250,700
Leopoldina Termi.	38	19	1,918	23,177	- 17,660	875,605	- 440,963
Nitrate	38	19	...	M252,000	- M. 5,000	M. 10,102,000	- M. 739,000
Paraguay Central	15†	15	411	5,200	- 8,530	117,867	- 193,217
Salvador	12	19	274	3,050	- 780	40,110	- 8,270
San Paulo	37	13	153†	21,305	- 12,509	1,010,651	- 447,926
United of Havana	12	19	1,359	18,419	- 16,548	232,671	- 204,501

OTHER OVERSEAS.

Gt. Southn. of Spain	37	Sept. 12	104	Pes. 40,527	- 44,035	2,763,470	- 918,762
Mexican Railway	11	14	483	\$172,000	- 57,100	1,893,600	- 552,500

TRAMWAYS WEEKLY GROSS RECEIPTS.

Anglo-Argentine	37	Sept. 16	329	£ 71,118	- £ 7,181	£ 2,681,374	- £ 356,245
B. Aires Lacroze	12	20	...	10,367	- 884	114,910	- 13,117
Isle of Thanet Elec.	36	9	...	4,902	- 401	119,576	- 4,315
Liverpool Corp.	24	16	124	29,866	- 1,212	723,131	- 6,642
Madras Electric	18	Aug. 31	...	Rs. 50,817	+ 3,572	787,825	+ 45,867
L.O.C. Tramways	24	Sept. 16	166	78,063	- 3,813	1,941,355	- 46,388

MONTHLY TRAFFICS.

Month.	Ended 1931.	Des-cription.	Revenue for Month.		Revenue to Date.	
			1931.	+ or -	1931.	+ or -
Brazilian Traction, Light and Power	8 Aug.	31 Gross	£ 82,817,714	- 975,094	£ 24,660,072	- 7,500,113
B. Aires Lacroze	12 Aug.	31 Gross	£ 1,715,386	- 599,493	£ 14,909,753	- 3,877,394
Cities Service Co.	12 Aug.	31 Gross	£ 2,441,287	- 2,450,675	£ 43,700,152	- 15,409,233
Imperial Airways	4 July	31 Gross	£ 2,271,431	- 2,380,657	£ 11,449,812	- 15,960,838
International Ry. of Central America	8 Aug.	31 Gross	£ 80,789	- 2,830	£ 237,662	- 14,213
Mashonaland Ry. Rhodesia Ry.	1 July	31 Gross	£ 82,717	- 10,147	£ 879,560	- 198,602
	1 July	31 Gross	£ 15,880	- 8,052	£ 350,101	- 138,381
	1 July	31 Gross	£ 91,040	- 40,538	£ 157,914	- 71,220</

THE STANDARD BANK MONTHLY REVIEW is sent post free on application. It gives the latest information on all South, East and Central African matters of Trade and Commercial Interest.

CLASSES OF BORROWERS.
(£ million.)

	Total.	British Government.	Foreign Colonial Govt.	British Colonial and Foreign Corpns.	Foreign Railways.	Mines, Finance, and Exploration.	Rubber and Oil.	Balance (Mainly Home Industry).
Total whole year, 1923	271.4	77.7	95.8	4.8	5.4	15.5	7.7	64.5
Total whole year, 1924	209.3	13.7	90.6	18.8	1.0	12.7	2.3	70.2
Total whole year, 1925	232.2	45.6	30.7	25.3	3.8	18.0	19.1	89.7
Total whole year, 1926	230.7	4.7	54.6	49.2	8.2	26.9	6.2	89.9
Total whole year, 1927	355.1	66.0	67.5	37.9	5.4	33.2	11.0	134.1
Total whole year, 1928	369.0	83.8	56.1	26.4	3.1	49.7	8.7	141.2
1929—1st quarter	96.9	1.9	27.2	0.3	3.8	21.2	4.9	37.6
2nd " "	77.4	Dr. 0.3	Nil	11.4	Nil	12.9	0.1	53.3
3rd " "	18.7	Dr. 1.4	2.8	0.4	Nil	2.4	1.1	13.4
4th " "	92.2	65.2	Nil	Nil	4.0	5.0	0.3	17.7
Total whole year, 1929	285.2	65.4	30.0	12.1	7.8	41.5	6.4	122.0
1930—1st quarter	87.7	38.4	14.6	15.9	2.7	1.0	6.7	8.4
2nd " "	81.9	1.6	30.9	18.8	Nil	6.3	2.0	22.3
3rd " "	22.9	3.8	3.0	Nil	0.8	3.0	0.5	11.8
4th " "	75.3	21.8	21.8	10.0	4.1	1.2	0.1	16.3
Total whole year, 1930	267.8	65.6	70.3	44.7	7.6	11.5	9.3	58.8
1931—1st quarter	45.2	6.1	14.5	2.7	Nil	5.6	0.1	16.2
2nd " "	44.0	4.1	14.9	3.5	2.8	5.9	0.1	12.7
3rd " "	9.0	2.3	2.8	0.5	0.1	0.7	...	2.6

TOTAL CASH INVOLVED IN ISSUES BY STOCK EXCHANGE
INTRODUCTION.

	United Kingdom.	Colonies.	Abroad.	Total.
Year 1929—	£	£	£	£
1st Quarter	15,191,600	393,700	3,094,400	18,679,700
2nd Quarter	9,465,500	1,284,400	2,166,400	12,916,300
3rd Quarter	3,574,700	217,100	5,778,300	9,570,100
4th Quarter	733,400	304,400	1,437,500	2,475,300
Total Year 1929	28,965,200	2,199,600	12,476,600	43,641,400
Year 1930—	£	£	£	£
1st Quarter	3,982,300	1,477,000	8,399,900	13,859,200
2nd Quarter	839,600	Nil	2,685,100	3,524,700
3rd Quarter	67,200	100,000	601,500	768,700
4th Quarter	3,402,900	1,667,600	721,200	5,791,700
Total Year 1930	8,292,000	3,244,600	12,407,700	23,944,300
Year 1931—	£	£	£	£
1st Quarter	2,174,200	632,900	Nil	2,807,100
2nd Quarter	1,121,600	2,366,300	581,900	4,069,800
3rd Quarter	1,289,500	Nil	265,600	1,555,100

† Nominal amount of capital introduced, £31,519,934.
† Nominal amount of capital introduced, £22,158,480.

the suspension of the gold standard by this country, and very little business can be done until the position becomes clearer to importers. In view of the fall in sterling, prices in all directions have been advanced to meet the difference. Old crop Plate linseed, after touching new low levels last week, is now quoted £8 2s. 6d. per ton for seed on spot and for shipment to November; while new crop, January-February shipment, is regarded as worth £8 to £8 2s. 6d. The quantity of linseed on passage to Europe at 123,300 tons is 3,500 tons less than last week, the reduced total acting favourably on the near positions. Cottonseed is neglected, and here again values have been adjusted to higher figures, black Egyptian (old crop) being held for £6, with new crop, October and November-January, quoting £6 5s. Demand for vegetable oils has been poor, apart from latest developments, raw oil ex Hull for October-December delivery falling to £13 10s. per ton naked. This week quotations have moved in an upward direction to £16 10s. on spot and £16 5s. October-December. Cotton oil is also dearer but quiet, crude Egyptian being held for £20 and common edible for £23, ex Hull. All other vegetable oils have been advanced 30s. to 50s. per ton. Oilcakes are also dearer.

HIDE, LEATHER AND ALLIED TRADES.—Opinions regarding the future outlook of both the leather and hide markets have altered considerably since this country went off the gold standard. Prices for many descriptions of imported raw material show a tendency to advance, but it is hoped that this will be compensated for by a restriction of the large imports of foreign leather which have been dumped on this market for some time past at very low prices. At the domestic hide and skin auctions held in Manchester this week, prices for most descriptions of ox and heifer hides were cheaper by from ½d. to ¾d. per lb., while a weaker tendency was in evidence for cows. Calfskins were a poor market, and prices for these also were lower by up to ¾d. per lb. Foreign hides, generally speaking, show an advancing tendency on account of the depreciated value of the sterling, but until more definite information regarding this latter is available, it is difficult to give prices for individual descriptions with any degree of accuracy. Latest news regarding South American wet-salted descriptions is that Argentine ox are in the region of 4½d., with second ox quoted at the equivalent of 3½d. These figures, of course, are more or less nominal, as some shippers prefer to await developments rather than accept orders under present conditions. African and Australian hides are also quoted dearer, but here again it is not possible to give figures in view of the uncertainty of the position. In sole leather a fair amount of trade is being done, and in view of recent events buyers are taking considerably more interest in the position of the market. There has been a considerable turnover in English and wet-salted

ANALYSIS OF ISSUES.

Description.	Total, First Half-year, 1931.	Third Quarter, 1931.	Total, Nine Months to September 30.	
			1930.	1931.
British Government Loans...	£ 10,250,000	£ 2,300,000	£ 43,790,000	£ 12,550,000
Colonial Government Loans	27,736,600	2,835,000	27,294,800	30,571,600
Foreign Government Loans	1,740,000	Nil	21,330,000	1,740,000
British Corporation, County and Public Board Loans	6,205,300	500,000	32,971,300	6,705,300
Colonial Corporations and Public Board Loans	Nil	Nil	1,739,000	Nil
Foreign Corporations	Nil	Nil	9,140,000	Nil
British Railways	Nil	Nil	2,875,600	Nil
Colonial Railways	Nil	Nil	3,510,000	2,910,000
Foreign Railways	2,850,000	60,000	2,578,800	Nil
Australasian Mines	Nil	Nil	493,500	371,900
South African Mines	371,900	Nil	4,467,500	8,953,300
Other Mines	8,932,300	21,000	5,228,000	2,949,500
Exploration, Financial and Investment Trusts	2,255,000	694,500	1,993,700	112,500
Breweries and Distilleries	112,500	Nil	337,500	337,500
Merchants, Importers, &c.	337,500	Nil	1,041,300	10,401,300
Stores and Trading	9,360,000	1,041,300	3,220,300	124,700
State and Land	111,700	13,000	143,200	151,000
Rubber	143,200	7,800	8,050,000	Nil
Oil	Nil	Nil	1,185,100	42,500
Iron, Coal, Steel and Engineering	Nil	42,500	3,099,600	3,838,300
Electric Lighting, Power and Telegraph	3,838,300	Nil	Nil	98,000
Tramways, Omnibus, &c.	98,000	Nil	381,600	6,300,000
Motor Traction and Manufacturing	6,300,000	Nil	1,105,800	429,000
Gas and Water	429,000	Nil	Nil	82,500
Hotels, Theatres and Entertainment	82,500	Nil	367,500	300,000
Patents and Proprietary Articles	300,000	Nil	70,000	1,020,000
Docks, Harbours and Shipping	950,000	70,000	3,023,600	136,400
Banks and Insurance	136,400	Nil	15,574,600	8,139,900
Manufacturing and Miscellaneous	6,733,300	1,406,600	98,265,200	
Total	89,273,500	8,991,700		

NATURE OF BORROWING.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
Year 1927.....	£ 228,958,000	£ 36,836,600	£ 89,371,400	£ 355,166,000
" 1928.....	212,817,900	45,062,600	111,177,600	369,158,100
" 1929.....	137,670,300	31,543,400	116,025,700	285,239,400
" 1930.....	227,658,500	15,548,800	24,593,300	267,800,600
First nine months, 1930	157,669,400	14,817,100	20,102,700	192,589,200
First nine months, 1931	75,165,300	6,223,000	16,876,800	98,265,100

bends in the better grades, repairing selections being the most wanted sorts. Shoe manufacturers, also, have been looking around for supplies, and here business has been done in light and heavy weights in dry hide bends, although perhaps not to the extent that might reasonably be expected. Pinned shoulders and bellies have been an average market, but the inquiry for rough offal remain very restricted. The tendency of prices in regard to upper leather is rather firmer, especially for imported descriptions which have been such a feature of trade of late. Box and willow calf has been moved off in regular quantities, in addition to which a steady calf has been experienced for black and brown glacé kid. Moderate trade has also been done in patent, and here again a slightly firmer attitude in regard to values is noticeable. Fancy upper leathers are not a brisk market, business usually consisting of orders for small lots.

THE TIMBER TRADE.—Larger supplies of European building and joinery woods, particularly from Russia and Finland, came to hand in August, but, writes our correspondent, the total imports this year, at 737,327 Petrograd standards (of 165 cubic ft.), are 152,000 standards down compared with the corresponding period 1930. Poland is the only country which has shipped larger quantities to the United Kingdom this year. Despite the irritants to good business—holidays, political crisis, financial crisis and very wet weather for outside work—the demand has been very fair from smaller stock on hand compared with a year ago. The weakest spot in the market is that the production this year is too large compared with the actual demand, not only in the United Kingdom but in every consuming country on the Continent, and so far as can be gauged there does not seem at the moment any prospect of an improvement. Hence auction sale prices here have been weak and there is no desire to hold stocks of any large volume. Beside the heavy industries, the building and packing-case trades are depressed; these are the largest of the timber trade's customers and the loss of their orders is a severe handicap. The unsatisfactory timber consumption in the United Kingdom and the Continent is having a very bad effect on Finland and Sweden, and the whole position—forward and spot—is aggravated by the increasing export of cargoes to this country. As things are, it seems evident that foreign shippers will have to hold some large surplus stocks home for delivery next first-open-water. Pitwood imports have been on a low scale throughout the year. At 1,217,237 loads (of 50 cubic ft.) for the first eight months of this year, they are 673,536 loads down compared with January-August, 1930. French supplies have fallen a third compared with those of last year. Russian supplies also have declined, although that should not be

The Financial Situation . . .

You keep in closest touch with the trend of events when you read *The Daily Mail*. Unrivalled for speed and reliability in its news service, thoroughly sound and dependable on financial matters under its brilliant City editorship, it provides you with an authoritative guide to each day's changes and outlook.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				s. d. s. d.				s. d. s. d.				s. d. s. d.			
GRAIN, &c.				Irish bladders.....	52	0	56	English Southdown, washed	11			Best heavy ox and heifer	Nominal		
Wheat, No. 2, N. Man. 496 lb.	25	9		American, boxes, 56 lbs.	48	0	48	per lb.	8			Best cow	Nominal		
Eng. Gaz. av., per cwt.	4	8		POTATOES—				Queensland, scd. super cmhg.	19			Best calf	Nominal		
Barley, Eng. Gaz. av.	9	9		Good English, per cwt.	7	0	7	N.Z., gray, half-bred 50-56	8			INDIGO—			
Oats, " "	5	7		SPICES—				Crossbred 40-44	5			Bengal gd. red-vio. to	5	6	6
Maize, La Plata, landed, 480 lb.	15	0		Pepper, per lb.—				Topa—				Blue—per lb.	5	6	6
Flour, Lon. stan. ex mill, s. d.				Muntok, fair White	0	8	0	Merinos 70's	24			Sole Bends 8/14 lb.—			
280 lb.	18	9	0	Black Lampong	0	5	0	" 64's	22			per lb.	1	2	4
Rice, No. 2 Burma, per cwt.	8	1	0	Cinnamon—1st sort, per lb.	0	7	0	Crossbred 48's	10			Bark Tanned Sole	2	3	0
Sago, Pearl, per cwt.	16	6	0	Cloves—Zanzibar per lb.	0	8	0	" 46's	9			Shoulders fm DS Hides	0	5	0
Tapioa, per cwt.	16	6	0	Ginger—per cwt.	25	0	0					Do. Eng. or WS do	0	8	1
E.I. flake, fair spot	17	6	0	African	40	0	80					Bellies from DS	0	4	0
Medium pearl	20	0	0	Jamaica, ord. to good	40	0	80					Do. Eng. or WS do	0	5	0
MEAT—				Mace	0	9	1					Dressing Hides	1	1	7
Beef, per 8 lbs.—				Nutmegs 65s	1	3	0					Ro. Bng. Calif. 20/30 lb.	2	6	3
English long sides	4	4	5	SUGAR—								Aust. Bng. Calif.	0	11	1
Argentine chilled hinds	3	10	4	(Duty, 11s. 8d. per cwt.)											
Mutton, per 8 lbs.—				B.W.I., crystallised	18	6	21								
English wethers	5	0	6	Java, white, c. & f. India	7	7	0								
N.Z. frozen	3	6	4	October-December											
Pork, English, per 8 lbs.	5	4	6	REFINED—London	18	10	0								
				Yellow Crystals	23	3	23								
				Crushed	21	9	22								
				Granulated	19	6	20								
				Home Grown	19	0	19								
				TEA—											
				Indian—per lb.—											
				Pekoe	0	6	1								
				Broken Pekoe	0	6	2								
				Orange Pekoe	0	7	2								
				Broken Orange Pekoe	0	6	5								
				Ceylon—per lb.—											
				Pekoe	0	6	2								
				Broken Pekoe	0	6	2								
				Orange Pekoe	0	8	2								
				Broken Orange	0	8	2								
				TOBACCO—											
				(Duty 9/6-10/6 per lb.)											
				Empire growths, 7/5-8/4 per lb.											
				Virginia leaf	0	9	2								
				Common to fine	0	10	1								
				Rhodanian leaf	0	9	1								
				Nyasaland leaf	0	9	1								
				strips	0	10	1								
				East Indian leaf	0	4	0								
				strips	0	5	1								
				COTTON—											
				Mid-American	4	49									
				Sakellaris, f.g.f.	6	95									
				Yarns, 32's twist	8	1									
				60's twist	15										
				FLAX—											
				Livonian ZK	32	0	33								
				Pernau HD	28	0	29								
				Slanetz Medium 1st sort	38	0	39								
				HEMP—											
				Italian P.O.	31	0	0								
				Manila, July-Sept. "J2"	16	15	0								
				N.Z.	nom.										
				Sisal, African, July-Sept.	14	0	14								
				Mexican	nom.										
				JUTE—											
				Native 1st mks. per ton											
				c.f.f. H.A.R.B.											
				September-October											
				Daisies 2/3 c.f.f. Dundee											
				October-November											
				SILK—											
				Canton	8	0	10								
				Tussah	4	0	6								
				Japan	10	0	13								
				Italian—Raw, fr. Milan	10	0	12								

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, OCTOBER 3, 1931.

No. 4,597.

ALLIANCE

INSURANCE COMPANY, LIMITED.

(Established in 1824.) ASSETS EXCEED £30,000,000
HEAD OFFICE: BARTHOLOMEW LANE, LONDON, E.C.

LIONEL N. DE ROTHSCHILD, O.B.E., Chairman.

INSURANCES OF EVERY KIND

LIFE DEPARTMENT

Children's Deferred Assurances with Educational Option.
Assurances with Disability Benefits (including Income Benefit).

Staff Assurances and Pension Schemes.

MOTOR INSURANCE.

The Company's Comprehensive policies comprise all the latest developments of this class of insurance, including Unlimited Third Party Indemnity.

For full information apply to the Head Office or to any of the Offices or Agents of the Company.

A. LEVINE, General Manager.

CHRISTIANIA BANK OG KREDITKASSE OSLO

Established 1848.

Paid-up Capital and Reserve Funds,
Kr. 40,000,000.—.Oldest Norwegian Private Joint Stock Bank.
Direct correspondents throughout the country.
Offering complete services to banks and firms
doing business on Norway.

Correspondence invited.

CREDITO ITALIANO

Limited Company Incorporated in Italy.

Capital fully-paid : : : Lire 500,000,000
Reserve : : : Lire 300,000,000

Head Office of the Bank: MILAN.

THE BANK HAS BRANCHES AND CORRESPONDENTS
THROUGHOUT ITALY.London Branch: 2 ROYAL EXCHANGE AVENUE,
E.C.3.Transacts a general Foreign Banking Business.
STERLING DRAFTS AND DOCUMENTS ON ITALY
COLLECTED ON SPECIALLY FAVOURABLE TERMS.
CORRESPONDENT OF THE ROYAL ITALIAN TREASURY.

Telegrams: "Fiduciar", London.

Telephone: Avenue 3081-6.

TABLE OF CONTENTS.

The Money Market	593	Investment Notes—	
Leading Articles—		Restrictions on Stock Ex-	
The Task Ahead	595	change Business	624
Parties and the Country...	596	Business Forecasting	624
India and the Crisis	597	Home Railways and "De-	
London's Monetary Policy	598	valorisation"	624
A French View of the		Brazilian Bond Position ..	625
Pound	599	Industrial Profits	625
Developments Abroad	600	Gaumont-British Picture...	626
A Diary of the Crisis	601	The White Star Meeting...	626
Sterling and World Prices	601	Montague Burton	626
Foreign Investments of		Unilever Share Position ..	626
the United States	602	Lautaro Nitrate and	
Some Wider Problems	603	"Cosach"	626
Notes of the Week—		Oil Stabilisation	627
A Labour Opportunity ...	604	Sub Nigel	627
Parliament's Progress ...	604	Gold Bonds: A Correction	
France and Germany	604	Capital Issues	627
The Manchurian Conflict	605	Weekly Traffic Returns ...	628
The Round Table and			
Minorities	605	Company Meetings, &c. ...	629
The Bank and the Treas-		Government Returns, &c.—	
ury	605	National Accounts	629
Six Months' Revenue	606	Treasury Bills by Public	
The Incidence of Income		Tender	629
Tax	606	The Bankers' Gazette—	
Egypt and Sterling	607	Bank of England	630
Indian Budget and Lanca-		Bankers' Clearing Returns	
shire	607	Provincial Clearing Re-	
Textiles and Devaluation		turns	630
Japan's National Accounts	607	Overseas Bank Returns ...	630
The Revenue	608	Loan and Discount Rates	
Population Problems	609	Rates of Exchange	632
Overseas Correspondence—		Overseas Bank Rates	632
League of Nations	609	Bullion	633
United States	610	Gold and Silver Prices ...	633
Irish Free State	611		
France	612	Company News—	
Germany	613	Summary of Balance	
Holland	614	Sheets	633
Austria	615	Dividend Announcements	
Italy	616	Profit and Loss Accounts	
Hungary	616		
Norway	617	Commercial Reports—	
Denmark	617	Market Summary	635
Czechoslovakia	617	The Coal Trade	635
Poland	617	Iron and Steel	636
		Other Metals	636
		Textiles	636
		The Grain Markets	638
		Other Foods	639
		Miscellaneous Commodi-	
		ties	639
		Commodity Prices in the	
		United States	640
		Prices Current	640

THE MONEY MARKET.

At the end of last week conditions in the money market were still unsettled, and while £40,000,000 of Treasury bills were offered, only £34,630,000 were allotted, and the average rate was £5 12s. 8.37d., against a Bank rate of 6 per cent. It is thought that the market did not tender very freely, and the belief finds some support in the fact that "hot" Treasury bills have not been very easy to

for long. Receipts of mahogany logs and lumber have been low, and although stocks in first hands are small, there is not much hope for forward business. The deplorable hurricane disaster at Belize, British Honduras, is likely to have some effect—if but little—on spot values in these days of declining consumption of mahogany, as British Honduras stocks in London brokers' hands consist of only eight logs, and although there are fairly good supplies of foreign logs they are not up to the standard of quality that was expected to come forward from the Colony within the next few weeks. Smaller supplies of sawn hardwoods arrived last month, particularly American, and as sterling-dollar exchange may depress forward buying, which has been quiet, spot prices should become more steady. Demand, however, still leaves much to be desired. Plywood imports increased by nearly ten million sq. ft. in August, but the deficiency for the year is still nearly 54 million sq. ft. Taking the wood market generally, it is to be expected that forward buyers will continue to be very careful, and that during the new quarter any surplus of imports over those of the corresponding quarter of last year is likely to be for shippers' account.

RUBBER.—In view of the uncertain foreign exchange position, the price of rubber fluctuated considerably during the past week.

The turnover has been large in this country, but the world situation shows no improvement, and the price of rubber in New York, at 5½ cents per lb., is the same as last week. Wednesday's official closing price for standard ribbed smoked sheet, at 2½d. per lb. shows a rise of ½d. as compared with the corresponding day last week. In forward positions, business has been done at 2½d. to 2½d. for October, against 2½d. to 2½d.; and at 2½d. to 3d. for January-March, 1932, against 2½d. to 2½d.; and at 2½d. to 3d. for movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,776 tons; delivered, 1,508 tons; stocks at the end of last week, at 136,072 tons, show a decrease of 730 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Aug. 26	Sept. 16.	Sept. 23,
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	47½	49½	48½
Coffee, Rio No. 7, cash, per lb.	5½	5½	5½
" Santos No. 4, cash, per lb.	8½	8½	7½
Cocoa, Acra, nearest future, per lb.	4.81	4.32	4.62
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3.42	3.45	3.42
Cotton, New Orleans, middling, spot,			
per lb.	6.89	6.31	6.23
Rubber, smoked sheet, spot, per lb.	5½	5½	5½
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	160-175	180-195	180-195
Copper, "Electrolytic," Domestic,			
spot, per lb.	7.625	7.125	7.00
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	8.00	7.50	7.50
Spelter, East St. Louis, spot, per lb.	3.80	3.75	3.70
Lead, spot, per lb.	4.40	4.40	4.40
per lb.	27.00	25.00	23.25

NATIONAL PROVIDENT INSTITUTION

MAXIMUM INITIAL PROTECTION

combined with
PARTICIPATION IN PROFITS

is given by the

procure this week. As last Friday's issue included the useful end-of-the-year maturity, this shows how difficult it was proving for the market to find its new bearings, and this was also marked by the narrowness of business in the discount market and by the relatively high rate of 5½ per cent. then current on three months' bills.

This week there has been a definite improvement in tone. For one thing money has been quite plentiful, and by Thursday more was available than was really needed. Last Monday, when there were no Treasury bill maturities, and again on Wednesday, which was the last day of the month, with a heavy foreign exchange settlement, it was feared that money would be scarce; but even on these days the situation was fairly comfortable, and Wednesday's rate of 5½ per cent. was the highest for the week. Apart from this, rates of 4 and 4½ per cent. have been common both for new money and renewals.

This greater comfort has given rise to suggestions that the clearing banks have tacitly agreed to suspend their weekly calling from the market for making-up purposes. This probably exaggerates what is actually taking place. No doubt some attention has been paid to the relevant passages of the Macmillan Report, where window-dressing is condemned; but there is no definite agreement to suspend the practice. What is far more likely to have happened is that the banks are not making up on quite their former scale or with quite their former regularity, and that on certain occasions when a bank's time to make up has arrived it has found that it has sufficient cash in hand for its purpose without having to call from the market.

There was no question during the week of the market having to have recourse to the Bank of England, nor was there evidence of special assistance being given on any large scale. The Bank return, however, further details of which are given below, suggests that a certain amount of Treasury bills may have been taken off the market with a view to facilitating the placing of Friday's weekly offering.

	Sept. 10, 1931.	Sept. 17, 1931.	Sept. 24, 1931.	Oct. 1, 1931.	Previous Rate and Date Changed.
Bank Rate	4½	4½	6	6	4½ (Sept. 21, '31)
Banks' Deposit Rate...	2½	2½	4	4	2½ (Sept. 21, '31)
Discount { Call	2½	2½	4	4	2½ (Sept. 21, '31)
Houses { Notice ...	2½	2½	4½	4½	2½ (Sept. 21, '31)
Market rate (3 months' bills)	4½-½	4½-½	5½	5½-½	...

The decision of the Bank Court on Thursday to make no change in Bank rate conformed to general market expectations. The general bearing of Bank rate on Great Britain's present monetary policy is discussed elsewhere in this issue of the *Economist*. The City is keenly alive to the dangers of any inflationary tendencies being allowed to develop at this juncture and recognises that, whatever may be the case in a few weeks' time, it would be premature at present to take undue risks in connection with the Treasury bill position in order to satisfy the natural desire of manufacturers and merchants for some relief from the present necessarily onerous burden of high money rates, which the crisis has brought in its train.

By Thursday a better tone was pervading the discount market, and greater confidence was being felt in sterling. The rise in the New York rate from \$3.80 at the end of last week to \$3.95 on Thursday was regarded as extremely encouraging, and in some quarters the opinion was being expressed that the American banking situation possesses such elements of instability that the pound merits greater confidence than the dollar. On Thursday afternoon some Continental buying of bills was in evidence,

and a marked improvement in War Loan was recorded. The general impression was that a movement back towards sterling was beginning, inspired by the strength of the London banking system and by the lack of confidence in many foreign banks.

This week's Bank return reveals a moderate increase of £4.5 millions in the note circulation, easily explained by the incidence of quarter day with all the customary cash demands. The return shows that the Bank's gold holdings have risen by £1.2 millions, as a result of recent acquisitions from Scottish banks, and so the Reserve is only £3.3 millions lower. There has been an increase of £16.5 millions in Government Securities, but Other Securities are £7.8 millions lower. Among liabilities, Public Deposits have risen by £30 millions, and Bankers' Deposits are £1.5 millions lower. These last now stand at £62.6 millions, which is high enough to provide the market with adequate funds.

News from New York is not too reassuring. Heavy gold shipments have recently been made, mainly to France, but also to Holland, Switzerland and other European countries, and this is evidence of a general loss of confidence both in the United States and in the centres that have been taking the gold in order to strengthen their own position. The United States note circulation increased last week by \$77 millions, which is further evidence of the deterioration of confidence. Money, consequently, is becoming more stringent, for while call rate remains at 1½ per cent., time rate has been raised from 1½ to 2½ per cent., and the New York Reserve Bank has increased its buying rate on bills by ½ per cent. Sixteen small bank failures were reported on September 28th. Last week the Federal Reserve system reported brokers' loans to have fallen to \$1,207 millions, which is the lowest figure since December 12, 1928. This is regarded as evidence of a complete absence of market speculation.

Very wide fluctuations characterised the early stages in the foreign exchange market this week, sterling being very weak against practically all currencies, and especially the franc and the dollar. Later the tendency of sterling became far more favourable, as a result of the absence of alarm in London, heavy repatriation of British funds from America, and the departure of Norway, Sweden and Denmark from the gold standard. Towards the close a noteworthy feature was the increasing divergence of the values of the pound in Paris and New York in favour of the former centre. The following were as far as they can be indicated the approximate spot quotations of the various currencies at midday Thursday. As before, no forward quotations are available:—New York, 8.94-8.97; Montreal, 4.55-4.65; Paris, 100-101; Brussels, 27½-28½; Milan, 77-78; Madrid, 44-45; Lisbon, 109½-110; Amsterdam, 9½-10.00; Berlin, 16½-17.00; Switzerland, 19½-20½; Stockholm, 16½-17½; Oslo, 17½-18½; Copenhagen, 17½-18½; Helsingfors, 150-170. The South American quotations were:—Rio, 3½d.-3d.; Buenos Aires, 32½d.-33½d. and Montevideo, 21½d.-22½d. In the Far East the rupee stood at 1s. 5½d.-1s. 5½d., and the yen at 2s. 5½d.-2s. 6½d. Silver prices rose early in the week to 19½d. for cash and 19½d. for forward as the result of heavy speculative buying on both China and India account, but later reacted as a result of heavy both-way transactions, also probably largely of a speculative nature. Of the Chinese silver exchanges, Hong Kong ranged between 1s. 1½d. and 2s. 0½d. and Shanghai between 1s. 5½d. and 1s. 7½d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Bouverie Street, London, E.C.4.

THE TASK AHEAD.

AFTER a fortnight's experience of a currency no longer securely anchored to gold, it is something gained that all the features which emerge from a survey of the situation need not be set down on the debit side of the account. This is not to say that the repercussions of Great Britain's enforced decision to suspend the gold standard have not been less severe, or seem likely to be less difficult to manage, than was to be expected. Stunned by the first shock, the whole world's financial system is still reeling; and, as we indicate in a later article, the underlying significance of developments abroad is in some respects disquieting. Nevertheless, though Norway, Sweden and Denmark have been forced off the gold standard, and though it is still premature to conclude that the "drift from gold" has yet nearly reached its final conclusion, there has so far been no catastrophic collapse of currencies, and outward symptoms of an aggravation of the crisis in the form of banking suspensions have not hitherto been of a dangerous magnitude.

The pound sterling, after some violent downward fluctuations towards the end of last week, has "floated," without support, on a fairly even keel. In this country there has continued to be a welcome absence of any signs of nervous disquiet on the part of the general public; indeed, the repatriation of balances from abroad, coupled with fairly widespread buying in small amounts of British Government securities, has afforded reassuring evidence of confidence in the country's ability to weather the storm. On the other hand, the unbalanced exuberance of spirit with which the suspension of the gold standard was at first greeted in some quarters, and which was reflected last week in the beginnings of a boom in equity shares, whose development might have had highly undesirable consequences, has been effectively checked by the decision of the Stock Exchange Committee to permit cash dealings only. Premature talk of an imminent British "boom" has been replaced by a growing realisation that to suspend the gold standard is by no means the sword stroke of a monetary Alexander which cuts the Gordian knot of every economic difficulty.

This growing sense of the magnitude of the problems yet to be solved, which (rightly, we hope) we detect in the general attitude in this country, is a definitely hopeful feature in the situation. The most valuable lead which can be given by this country to the world to-day lies in the direction of greater steadiness, both psychologically and technically, of monetary point of view. With the latter aspect of the question we deal in greater detail in a subsequent article. No less important, however, is the capacity of every section of opinion—including that of the banker, the industrialist, the politician, the trade unionist and the man in the street—to "see things steadily and see them whole." For the very lack, so far, of visible disturbances or untoward developments affecting the life of the average citizen, as a result of having a currency no longer convertible into gold, carries with it the risk of longer convertibility into gold, carries with it the risk of failure to appreciate how great in some ways were the advantages which we have had to surrender, and how vital it is that we should cling steadfastly to such measure of stability as we have the power to retain.

We must not lose sight of the fact that the gold standard originally had one supreme merit; its inherent characteristic was that it provided a stable currency, and, in normal times, was successful in achieving within reasonable limits, stability of prices. But the gold standard, put to the test in the last few years of a world in economic disequilibrium, with currencies stabilised at all sorts of levels, and international payment balances distorted by large war indebtedness, has failed to avert an unprecedented and disastrous fall in prices, with all the economic and social disadvantages attendant on such a movement, it has broken down and collapsed, only a few years after its post-war re-establishment, not because of its own innate defects, but because of adventitious disorders and impediments, financial and political. Until

those impediments are removed, those disorders allayed, there can be no question of countries who have been forced off the gold standard struggling forthwith to return to it. But though we may rightly for the time being decline to expose ourselves once more to the old forces of disequilibrium, we must avoid, so far as in us lies, substituting for pre-existing burdens and difficulties a monetary anarchy much worse.

The initiative in the task of attempting to restore stability does not rest primarily with Great Britain in her present situation, and we cannot in any case act alone. At the same time, though we are now only one among the minority of the world's great nations who have found it impossible to remain on the gold basis, we have by no means forfeited, even after this lapse from financial grace, our traditional monetary leadership. As Professor Rist points out in a communication to the *Economist*, which we print in a subsequent column, the world is not in a position readily to dispense with the services which London has rendered, and is still uniquely in a position to render, to international trade. Stability of sterling is almost a *sine qua non* for the prosperity of the world; and there is good reason to believe that the Scandinavian countries, who have followed Great Britain in going off gold, as well as many nations (even less comfortably situated) who may yet be driven to suspend gold payments, would readily make common cause with British monetary policy, or even definitely link their currencies to sterling, if they had the assurance that they were not thereby exposing themselves to the possibility of violent price changes and of the inflationary risks inseparable from a depreciating currency. Though it may be early yet to look for the assembly of a world monetary conference, failing which we can see no ultimate solution of the whole range of problems bound up in the international crisis, not a day should be lost by the Government and other responsible authorities in beginning conversations with other countries for the purpose of exploring fully and frankly, with all the cards on the table, the possibilities of a basis of common agreement.

The success, however, of such conversations must largely depend, we would once more emphasise, on our own attitude. It would be disastrous if we allowed the impression to be created abroad that we were merely concerned to use this situation to extract the maximum competitive advantage in international trade. We must always bear in mind that, though we may have some hope of gain to our export trades through depreciation of sterling, this benefit will be reaped only on the condition (a) that there is not a proportionate rise in our internal price level, including particularly our wage costs, and (b) that our foreign competitors are not so outraged by the selfishness or greed of our policy that they feel forced to join in what might appear to them to be a competition in financial manœuvring, and decide to "go one better" than ourselves. On a somewhat different plane—where considerations of honourable obligation and the long-range interest of this country in living up to its high tradition of fair dealing join hands—the argument is equally strong that it is our duty to limit as far as we can the exchange losses which must fall to a greater or less extent on those who trusted in British credit and the stability of sterling.

And this being so, we must not only determine to do all that we can to maintain a steadiness in the sterling exchange by demonstrating our resolute intention to eschew the tempting but fallacious expedient of deliberate inflation; we must equally beware of rendering our good intentions frustrate through drifting into inflation, either because of failure to maintain a balanced budget or through failure to devise and apply the monetary technique appropriate to the new situation that has been created. On the latter question we make some observations on another page; our views on the Budget question are familiar to our readers. If inflation is to be avoided, it is absolutely essential that the State should pay its way

without recourse to borrowing for the purpose of filling the gap between income and expenditure; and though it is satisfactory that the recently issued declaration of policy by the Labour Party categorically condemns inflation, it would be more reassuring if the leaders of the Opposition made it clear that, in the event of their return to office, they would refrain from any action that would imperil budgetary equilibrium, and would make it the first and cardinal point of their policy to maintain it.

Finally, and this point is just as important as the others we have mentioned, we must endeavour at all costs not to be led away by the notion that depreciation of the currency is a short cut to prosperity which can be taken without expence to anyone, or, still less, taken again and again. The plain truth is that the chief factor which had weakened our power to defend the gold standard when the crisis came was that the price level in this country, supported by a level of wages which could not be maintained in conditions of unexampled world depression, was too high. In so far as the reduction in the purchasing power of the pound sterling abroad is accepted by all concerned as a solution of the difficulty—easier and in some ways more equitable than direct cuts in wages—the country may ultimately benefit if the world can surmount without too grave losses the critical situation which the disturbances occasioned by the fall of sterling have brought to a head. But, even at best, we must not assume that we have necessarily solved the whole of the difficulties which have been responsible for the depression of our export industries and our heavy burden of unemployment during recent years. Currency depreciation does not eliminate at one stroke the rigidity of costs or the lack of balance between sheltered and unsheltered wages which have impeded the successful functioning of our economic mechanism. Just as, in the wider international sphere, our aim must be to achieve a more rational system of currency and credit, so at home economic rationalisation in the most comprehensive sense, involving an improvement in our industrial technique and equipment and a more flexible wage system based on greater mutual confidence and understanding in industrial relations, must be more than ever our objective. In a crisis which has developed with bewildering rapidity, it would be rash to assume that we have yet escaped from the possibility of world disaster. What is certain is that the most that either this country or the world has got is—opportunity.

PARTIES AND THE COUNTRY.

Is there to be an early election? If so is it to be a party election or an appeal by a national three-party Government? Or will the present administration carry on, either in its present form, or after some reconstitution? It was thought that last week-end would provide the answer to these questions. But it did not, and after a week of perplexing rumours and manoeuvres, they remain, as we write, to be decided at any moment.

To foreign observers, and indeed to many English, the position must be a matter for sheer bewilderment. Only a few weeks ago a National Government was formed to carry the nation through a typhoon. Initial steps towards shortening sail and getting the ship under control have been taken through an emergency Budget and an Economy Bill. But the typhoon still rages; the pound is adrift; major tasks of seamanship remain to be performed. Yet the burning question of the hour is whether the Captain and officers and crew should leave the ship to drift for a month, while they fight a battle to decide whether new officers should supersede the old. It is seeming madness, reminiscent almost of the ship that went "Hunting the Snark," in which "the rudder got mixed with the bowsprit sometimes."

And the Bellman, perplexed and distressed, Said he had hoped, at least, when the wind blew due East,

That the ship would not travel due West.

Yet, in reality, the story of what has occurred is a simple one, albeit not too creditable to some of those concerned;

and one thing that is certain is that a full measure of public sympathy is due to Captain MacDonald, who for the second time in a few weeks has been faced with a situation calculated to make the most exacting demands upon his patriotism and statesmanship.

Let us record the story as simply as possible. By the end of last week the pressure of the campaign of the rank and file of the Conservative Party for a General Election on a full tariff issue reached a climax and Mr Baldwin felt it necessary to inform the Prime Minister that the campaign was uncontrollable and irresistible. The Prime Minister was thus faced with a very delicate situation, in which three courses were open to him. Should he resign? If so he would plunge the country into a party election, stultify his own sacrifices for the nation, and incur the risk of a Labour victory and the annulment of much of the good work done by his National Government. Secondly, should he surrender to the Protectionist clamour, replace Mr Snowden and the present Liberal Ministers by *soi disant* Liberals, and lead an appeal to the country on behalf of a practically Conservative administration possessing a thin veneer of national unity? On all grounds such a course was repugnant to Mr MacDonald personally and presented obvious disadvantages and risks from the national point of view. A third alternative remained, and that was to make one last supreme effort to create a real unity, to induce Liberals and Conservatives to reach a compromise on the tariff issue, and thereby to be enabled either to carry on with the present administration, or, at worst, to make a three-party appeal to the electorate.

It is not surprising that the Prime Minister was attracted by the third course, but its exploration threw the Liberals on to the horns of a dilemma. In the absence of any concession to the need for unity by the Protectionists, the onus of concession fell with unfair incidence upon them. Yet they knew that a break up of the Government spelt a very difficult position at the polls and the probability of a party split. Moreover, from first to last, the Liberal leaders have been impressed with the overwhelming importance of saving the nation, if possible, from the chaos of a confused election. So the Liberals explored the road of compromise, respecting and approving the Prime Minister's desire for unity and, if an appeal to the country should prove to be inevitable, for a "Doctor's Mandate" to apply any remedies that might prove necessary. They travelled some long way upon this road. They achieved unanimity in the Parliamentary party for a formula, which, while expressing extreme disapproval of a distracting general election, expressed a willingness to consider all emergency measures, even tariffs, if they should prove necessary after full investigation. For the moment it appeared that this Liberal *détente* had achieved its purpose. The gesture appeared to have strengthened Mr MacDonald's hands, and it was taken to be a symptom of a satisfactory *dénouement*, when the *Times* on Tuesday both printed a letter from Mr J. M. Keynes, declaring the tariff issue to have been rendered irrelevant by the devaluation of the pound, and itself editorially advanced towards Mr Keynes's new position. But Wednesday's hope that the danger of an election was being averted was quickly dashed to the ground. It became immediately evident that the Conservatives were entirely indisposed to accept the Liberal formula or to acquiesce in a blank cheque for Mr MacDonald, which might or might not include tariffs.

There, as we go to press, the matter stands, and the grave menace of an election hangs over our heads. Yet we cling to a last hope that saner counsels will prevail, and venture to make one last appeal to the Conservative leaders. It is this. For the sake of unity, to avoid the disastrous results of a five- or six-party "dog-fight," to assure firm and strong direction of the State during the crucial months ahead, Free Traders have conceded a willingness to consider methods of import control and even tariffs should events prove them to be desirable. Cannot Protectionists move one step, too, and for the same overwhelming purpose of saving the State, agree to wait a while and see whether the experts are not right who say that devaluation has knocked the bottom out of their case for tariffs? Even a breathing space of a few months would be of great value. It would allow all the machinery of

balancing the Budget to be set in full motion; it would assure us a strong authoritative Government to treat with India and participate in the fateful international conferences which must be imminent. All honour to the leaders of all three parties who, a few weeks ago, put their hands to the plough. But the furrow has only been begun, and there must be no looking backwards yet.

INDIA AND THE CRISIS.

To appreciate the nature of the problems which have confronted the Government of India during the past fortnight, it is important to relate the position created by the Great Britain's suspension of the gold standard to the general economic situation in which India was already placed. The world trade depression, and in particular the catastrophic decline in the price of primary products, had hit India, like all raw material producing countries, with extreme severity. In addition, her trade had been adversely affected by the uncertainties surrounding the political future, which had also led to a substantial export of private capital, motivated partly by mistrust of India's financial stability and partly by speculative hopes of profit in the event of a change being made in the legal exchange ratio as a result of political pressure.

In the financial year ended March 1, 1931, the "positive" balance of India's merchandise trade amounted to only 62 crores, as compared with 79 crores in 1929-30 and 86.5 crores in 1928-29. After allowing for imports of gold and silver on private account, the credit balance in 1930-31 was 37.5 crores, as compared with over 52 crores in both the preceding years. Moreover, it is significant that during the year the Government of India were able to purchase only 7.26 crores' worth of sterling through the market, while they had to meet demands for sterling at the statutory rate to the amount of 7.75 crores. The Government's requirements had to be met in large part by borrowings in London, sterling issues during the year totalling £31 millions. The budgetary position also had deteriorated. The revised estimate for 1930-31 disclosed a deficit of 13.5 crores against an original estimate of a surplus of 0.8 crores, and rupee Treasury bills outstanding on March 31, 1931, amounted to 55.4 crores, an increase on the year of 19.3 crores.

By a combination of economies and increased taxes, the Finance Member, in his Budget last spring, endeavoured to restore the balance between revenue and expenditure in 1931-32, but, as will presently be seen, his plans were rendered ineffective by the intensification of the world crisis and the growing depression of India's foreign trade, upon which, in its bearing upon Customs receipts, so large a part of the revenues of the Government of India depends. In the first four months of the current financial year India's merchandise imports amounted to 46.5 crores, against 63 crores in April-July, 1930, but exports fell from 88 to 52.7 crores and the credit balance of trade (including specie transactions) fell from 13.3 to 5.8 crores. Government remittances, amounting to £9 millions, were effected wholly by transfer through the Paper Currency Reserve; there were no purchases of sterling in the market. By July 31st Treasury bills outstanding had risen to the high level of 80.8 crores, and on August 6th Bank rate was raised from 6 to 7 per cent., an abnormal move at this season of the year.

In these circumstances the Government of India had to decide what its policy should be with regard to the rupee exchange ratio in the light of Great Britain's enforced suspension of the gold standard; and since the period of indecision would have inevitably entailed dangerous speculation in the currency, the question had to be decided with the utmost rapidity. Three alternatives were theoretically open:—(1) To adhere to a gold standard; (2) to go off the gold standard, but not to maintain a fixed ratio to sterling, thus allowing the rupee to find its own level; and (3) to maintain the fixed rupee-sterling ratio at 1s. 6d.

The economic considerations which we have outlined above suggest that the objections to the first course were superable. India's ability to remain on the gold stan-

dard was demonstrably less than that of Great Britain. Such a policy would have entailed a further deflation of internal prices, an increase in the burden of debt, impairment of credit and curtailment of enterprise, disastrous to the balance of India's Budget, and wholly beyond her capacity to support. On the other hand, if the second course were to be followed and the rupee allowed to "float," the support afforded to the exchange by "Reverse Councils," i.e., sales of sterling by the Government of India, would no longer be provided; and there would be a serious risk of an internal flight from the rupee on a gigantic scale, involving an exchange depreciation to which limits would be set only by the rupee's bullion value. The resulting precipitate rise of prices, involving the certainty of an unbalanced Budget, widespread ruin among holders of India's internal debt, and the probability of dangerous social and political reactions, would be consequences which the Government of India could not justifiably contemplate. Unlike Great Britain, India is on long term a debtor and not a creditor country. Lacking any substantial foreign assets, she has no solid basis with which to attempt to maintain, as Great Britain now has to do, the stability of an "unanchored" currency.

There remained only the third course—to endeavour to maintain the link with sterling—and this is the course which the Government of India rightly decided to follow. It is a course which has many advantages for India. Over 45 per cent. of India's foreign trade is done within the British Empire; her annual public expenditure in Great Britain amounts to £35 millions, apart from maturities in respect of her £570 millions of public indebtedness to Great Britain; and, above all, India, who has been accustomed to borrow heavily abroad for capital investments, has habitually looked to London as the natural lender. To superimpose on future borrowings from this source the difficulty of a fluctuating exchange ratio would have been a most unwise policy.

To decide, however, that the aim should be the maintenance of the rupee-sterling exchange ratio is not tantamount to the achievement of this objective. An essential condition precedent to the maintenance of stability is budgetary equilibrium in India; and this question the Government at Simla has had to tackle this week. On Tuesday Sir George Schuster, the Finance Member, had to acquaint the Legislative Assembly with a serious deterioration in the position of the 1931-32 Budget. His revised estimate was that there would be a short-fall of 11.33 crores in tax revenue and of 8.23 crores in other receipts, leaving a prospective deficit in the current year of 19.56 crores. About the same deficit on the present basis of revenue and expenditure was to be anticipated next year, so that in making plans to cover the current and next succeeding Budget he had to face a total deficit of over 39 crores, which had to be made good in eighteen months.

The Government's proposals took two lines. Firstly, there would be drastic retrenchment in the Government services, including an emergency cut, as from December 1st, of 10 per cent. in salaries exceeding 40 rupees per month. Secondly, there would be additional taxation; all existing taxes would be increased by a temporary surcharge of 25 per cent., with the exception that (1) there would be no increase in the Customs duty on exports, and (2) the surcharge on income tax in 1931-32 (levied in respect of the whole year) would be only 12½ per cent. Further, there would be new duties of 10 per cent. on machinery and dyes and of half an anna a pound on raw cotton. Inland post and telegraph rates would also be increased by 50 per cent., and as from March 1, 1932, the salt credit system would be abolished.

The effect of these proposals would be as follows:—

	1931-32.	1932-33.
	Crores.	Crores.
Prospective deficit on present basis.....	19.56	19.50
Economies and cuts	0.90	8.90
Additional tax revenue.....	8.11	15.10
Post and telegraph	0.37	0.73
Total improvement	9.38	24.73
Resulting balance	Dr. 10.18	Cr. 5.23

In 1932-33 the Army authorities had guaranteed a net reduction of 4.5 crores, in addition to pay cuts of 0.25 crores; while civil retrenchments would be—pay cuts

1.15 crores, other economies 2.5 crores. Thus the Finance Member was able to estimate that the aggregate deficit for the two years would be slightly less than 5 crores.

These proposals, which involve legislation by H.M. Government to cover the reductions of salaries of officers in the employment of the Government of India whose rights have been guaranteed under the Government of India Act, represent a drastic programme which, however necessary it may be, is not likely to be popular either in this country or in India. The increase in Customs duties will undoubtedly hit Lancashire, and in India there is certain to be loud opposition both to any increase in the salt tax and to the new duty on raw cotton imports. But, unpalatable as both the proposed economies and new burdens may be, it is impossible to argue that the needs of the situation could have been met by any less heroic measures. Even if this Budget has to be "certified," it is essential that it should go through without substantial modification.

For even though Sir George Schuster has devised steps whereby to make ends meet over the period of the next eighteen months, the fact remains that, at best, he is faced in the current financial year with a deficit of 10 crores; and the gap will have to be met by borrowing either in India or in London. As we have already stated, the volume of outstanding rupee Treasury bills has grown to an unwieldy figure; it stood on September 4th at 82.4 crores. Bill maturities in October and November are particularly heavy, and though the level of money rates in India (Bank rate was raised on September 22nd to 8 per cent.) may be calculated to attract offers for the Government's bills, the position has obvious elements of difficulty. An appreciable proportion of these rupee bills are believed to be held outside India by British banks and trading companies, and should there be any serious doubt, occasioned by adverse political development, as to the stability of the Indian Budget or of the rupee, renewals might be difficult to effect. Though the first effect of the British gold suspension was, as might be expected, to arrest the previous pressure of demand in India for sterling drafts, it would be premature to conclude that this factor, which has added greatly to the Government of India's difficulties, will now be eliminated, or that the Ordinance, issued in India on September 21st, restricting dealings in foreign exchange in all circumstances, will wholly stop the tendency towards a "flight from the rupee." In the event of political disturbances, pressure would certainly be intensified. Moreover, the sterling maturities which the Government of India has to meet in the near future are considerable, and include nearly £15 millions falling due for repayment in January, 1932. In so far as depreciation of the rupee in relation to gold stimulates Indian exports, India will have eventually an ampler supply of export bills to enable her to support her exchange; but, so far as the near future is concerned, her situation is not easy.

A favourable factor, whose importance should not be overlooked, is that the Government of India holds a Currency Reserve approaching £40 millions in gold and sterling. This may serve in good stead; and, if circumstances dictated, shipment of gold from India might well be an alternative preferable to external borrowing. For in the light of the world crisis and of the disabilities under which London itself is labouring, it would be idle to pretend that an Indian loan could be placed here without great difficulty or without the necessity for a rate of interest which might seem unconscionable to less well informed sections of opinion in India. Last July the Prime Minister stated that H.M. Government would not "allow a state of affairs to arise which might jeopardise the financial stability and good government of India," and that, if need be, Parliament would be asked to authorise financial support under suitable conditions to the Government of India. There is no question of this country seeking to retreat from the undertaking thus given; but, in the present position of world affairs and of Great Britain's own finances, it becomes necessary to speak of all financial guarantees and obligations in terms of what is practicable. England's desire to support India's credit in every eventuality is undiminished; but events have dried up the well springs of

credit all over the world. The implementing of our undertaking is to-day a much more difficult proposition.

This being so, the financial and economic situation in which India is placed has a direct political bearing. It is, we suggest, imperative that all the parties to the Round Table Conference should appreciate that nothing could prevent a critical financial situation arising in India, were a breakdown of that Conference to be followed, as it might be followed, by a serious recrudescence of political disturbances in that country, intensified—more to-day than before civil disobedience was called off—by communal friction. In no spirit of alarmism, but because we, like all friendly observers of India's fortunes, are impressed with the magnitude of the financial difficulties which at best confront India in coming months, we earnestly hope that the Round Table Conference will succeed in solving its perplexing problems in a spirit of good will and compromise.

LONDON'S MONETARY POLICY.

In an earlier column of this issue we have emphasised the desirability of keeping before our eyes, as the immediate end in view, the achievement of as great a steadiness as possible in our economic situation. From the purely monetary point of view the realisation of this aim depends upon our adopting lines of policy calculated to further it.

By this we do not mean to imply that the time is yet ripe for a decision to be taken as to the future level at which it is desirable to attempt to stabilise once again the exchange level of the pound, or that it would be desirable to mobilise resources which would enable the authorities to attempt to "peg" sterling at any precise level. The immediate "pegging" of the pound in relation to gold would mean that, if we were not to risk the undesirable possibility of having to "let go" again, we should be assuming an obligation to follow in our internal price structure the future course of gold price movements. These movements, as may be seen from figures which we print on a later page, have been violently downwards during the past fortnight. While this is largely due to the depreciation of the pound, they are influenced by the events that are so quickly succeeding one another in other centres; their future trend is, in fact, incalculable; to attempt to conform to them is not practicable and might be highly disadvantageous. But though the wise policy may be that there should be no intervention designed artificially to influence the long-term trend of sterling, it is highly important that every effort should be made by the London market to minimise the extent of hour-to-hour fluctuations round the exchange's mean figure; to maintain as "close" a quotation for "spot" sterling as possible; and, above all, to provide the freest possible market in forward exchange.

As a condition precedent to progress along these lines, it is clear that in the light of the last fortnight's developments, Bank rate should not be hastily reduced. The beginnings, now fortunately arrested, of an unhealthy speculative boom in securities and commodities last week, emphasise the desirability of keeping Bank rate conditions; and the large number of increases during the past few days in the Bank rates of Continental countries underlines the need to keep money rates in London at a level calculated to offer adequate attraction to short-term capital. On the assumption, however, that a 6 per cent. Bank rate is likely to be the minimum for some time, there is much to be said for withdrawing without delay the present exchange restrictions imposed by Treasury Order. Such restrictions could not be really effective in preventing a flight from the pound, were there signs (and there are none) of such a tendency. On the other hand, the greater the freedom of dealing, the narrower is the margin likely to be between buying and selling rates, whose present "spread" is a serious handicap not only to London's purely financial business, but to our exporters. Moreover, it is possible that the absence of a completely free market in "spot" exchange is tending actually to impede the repatriation of balances at present held

abroad, but which would be brought back to London more readily if their owners were assured that rapid retransference to a foreign centre would not be impossible should untoward developments render such a course desirable to them.

The key question, however, is the vital need to expand the present restricted market in forward exchange dealings. In this matter there are two important considerations. In the first place, so long as it is impossible for British exporters and importers to cover forward exchange risks, and so long as the same protection is not available on an adequate scale for all dealers, both at home and abroad, in the sterling bill, the paralysis of trade, which the existing credit crisis must in any case to some extent produce, will be accentuated, and the hopes which are pinned in this country on a commercial revival will be largely disappointed. In the second place, there is the factor of the large foreign balances still held in London and invested to a considerable extent in Treasury bills. Until facilities are provided whereby banks and other financial institutions abroad who control these balances can secure themselves against the risk of incalculable loss resulting from further depreciation of sterling, there will be a tendency either for these balances to be gradually withdrawn (and this would mean a progressive impairment of the resources which have enabled London in the past to play its rôle of financier of world trade), or for them to be kept, at any rate, in a much more liquid form than the British Government's ninety-day bills. Any widespread disinclination on the part of foreigners to renew their holdings of Treasuries would clearly involve the risk of highly undesirable consequences, since recourse might ultimately have to be had to Ways and Means Advances, with the inevitably inflationary effect of such borrowings.

The precise technique whereby a larger forward exchange market can be developed is a matter which the authorities should be, and doubtless are, studying with the closest attention. We have already suggested that, to facilitate such development, the Government should consider the immediate removal of the restrictions which, as a precautionary step in the first uncertainty, they quite properly took. Apart, however, from having greater freedom of dealings, the market may require other assistance. To an extent much greater than was the case even in the 1919-25 phase of fluctuating currencies, forward exchange operations on the part of individual banks and private institutions may be impeded to-day by the element of risk involved in retaining balances in the hands of foreign banks whose solvency may unexpectedly prove doubtful. The development of a forward market would be greatly assisted by co-operation on the part of central banks for the purpose of providing unquestionably safe keeping for the resources involved in these transactions. That central banks should provide these facilities was, it may be recalled, a recommendation of the Genoa Conference which met, in a period of exchange instability, in 1922.

A FRENCH VIEW OF THE POUND.

The following first impressions of the situation created by Britain's suspension of gold payments has been sent us by Prof. Charles Rist, the distinguished French economist.

(1) *The Causes of the Crisis.*—The pound has fallen, like a good soldier, fighting for the stability of the currencies of Central Europe. It was because London had a large part of its resources immobilised in Germany and Austria that it was impossible during recent months to make good the withdrawals of foreign balances from London by calling in foreign credits. In a word, London was having to "carry" not only its own currency, but that of a large part of Europe.

The pound fell as a result of unjustifiable panic; the forces which led to its fall were largely external to England itself. In my opinion, the financial crisis would never have become so acute as it did, had it not been for the recrudescence in Europe during the past year of a policy of nationalism which superimposed on an already serious economic crisis a universal sense of political uncertainty.

The MERCANTILE BANK of INDIA

LIMITED.

Head Office: 15, Gracechurch St., London, E.C.3

Branches and Agencies throughout the East.

EVERY DESCRIPTION OF HOME AND EASTERN BANKING TRANSACTED.

Enquiries invited.

(2) *The Consequences.*—The repercussions caused abroad by the depreciation of the pound will be more serious from the financial point of view than from the angle of commerce.

So far as international trade is concerned, there will be some increase of British exports, but I do not believe that at this juncture such an expansion should create real inconvenience in foreign countries. (As I see it, the fall in retail prices of finished goods in Europe has, as matters stand, not gone far enough.) At the same time, one must naturally expect the clamour for Protection to be redoubled.

In the financial sphere there can be no question of the gravity of the repercussions. It would be a difficult matter for the world to do without the marvellous credit mechanism represented by the London market. No doubt Paris and New York can play a certain rôle, but foreign trade cannot be adequately financed without recourse to London. Now, so long as the pound is fluctuating, the process of financing trade through London must be, I would not say paralysed, but rendered extremely difficult. In any case, the foreign short-term capital which used normally to be lent in London, and which thus formed a necessary element in London's credit mechanism, will hesitate greatly before it returns there.

(3) *The Factor of Uncertainty.*—A further disturbing factor is the uncertainty felt by the whole world as to the future of the pound. Will there be definite devaluation? Or possibly a return to gold parity? An end to this uncertainty as quickly as possible is a matter of great importance. As soon as the world can have clearer assurance on these questions, anxiety will be lessened and financial transactions be made possible on a large scale. But, so long as nothing is known of England's intentions, sterling exchange will remain unstable. Before 1925 everyone knew that the pound would return to gold parity, and though the pound was depreciating the speculation in it was limited to "buying for a rise." To-day the world knows that a considerable section of British opinion views favourably the idea of devaluation. Foreigners will not place short-term capital in London until they know what line of policy the British Government is inclined to take.

In a word, the vital thing is not so much that the pound is inconvertible, as that it has become an unstable currency.

(4) *Desirable Policy.*—How should the situation be met? The first and foremost aim should be to restore the stability of the pound on whatever level seems most reasonable to the authorities in London. As soon as a decision is reached I am convinced that international co-operation can rapidly be mobilised to ensure that the decision is effective. Stability before all.

(5) *The Need for Rapid Action.*—A further reason why it is important that there should be no delay in reaching decisions of this nature in Great Britain is that, in the meanwhile, the "mal-distribution" of gold cannot but be aggravated. Since the Bank of England will no longer be a buyer of gold—or a buyer only at a price below the market level—the flow of gold is bound to be in the direction of Paris, New York and Berlin, and a situation which has given rise to almost universal dissatisfaction will be worsened.

(6) *Psychological Considerations.*—Rapid action is equally vital for psychological reasons. At all costs

countries which have recently stabilised their currencies and which have naturally been inclined to attribute all their present troubles to the fact of stabilisation must be prevented from getting into their heads the idea of imitating England. In such an event we should be reverting to the monetary chaos for whose alleviation the Bank of England has worked so hard during the last ten years, and the situation would be the more serious in that the countries which hold the largest stocks of gold—France and the United States—would not be able or inclined to come to the assistance of the whole world at once.

(7) *More General Considerations.*—Contrary to an opinion which is widely held, I am by no means convinced that the question of debts and reparations has played a very important part in the crisis which has just culminated in the suspension of the pound's convertibility. The best proof that this has not been the case is to be found in the fact that the Hoover moratorium did not change the situation at all and failed to check the withdrawal of funds from Germany and England. To find a remedy for present troubles, it is necessary to go much deeper than these two factors. In the first place, an end must be put to the growing nationalist and bellicose manifestations visible in parts of Europe, which were at the root of the first withdrawals of capital. In the second place, there must be greater freedom of international trade, and negotiations set on foot again for a reduction of tariffs. In the third place, the countries which are continually asking for capital loans from so-called "rich" nations, must be willing to give the lenders effective guarantees of good management and of material and moral security.

In short, those who were responsible for the outbreak of war in 1914, on the pretext that the organisation of Europe was intolerable, must not begin again to-day to declare that Europe's new organisation is insupportable, thus voluntarily or involuntarily giving the impression that nothing but another war can better it. Realisation of sound policy depends, in my opinion, on a close alliance between the three Powers in the world who are the strongest financially and the most determined to maintain peace, namely, England, France and the United States.

DEVELOPMENTS ABROAD.

It would be on every ground regrettable were public opinion in this country to be concentrated on our domestic problems—numerous and difficult though those problems are—to the exclusion of interest in developments in other countries. If we are to keep our heads cool and our minds clear in the present emergency, it is essential that we should abandon every vestige of an insular point of view, should realise that our own fortunes are inseparably bound up with those of foreign nations and that no solution of the world's economic crisis can be achieved except in terms of an international recovery. Events move with bewildering rapidity; and it is so difficult to keep track of developments from day to day that, for the period of the crisis, we propose to continue week by week the publication of our Diary and to print a greatly amplified service of foreign correspondence.

These features will, we hope, be of use to readers in helping them to obtain some picture of the course of events; but, at best, the canvas is so enormous, and the details so complicated, that it is by no means easy to deduce correctly the real trend which successive phases of the crisis are taking. As we read the situation at the time of going to press, the developments of the past week have been at once less outwardly catastrophic than might have been feared, and at the same time more ominous than the more optimistic observers in foreign countries were at first inclined to think would be the case.

Let us glance first at the surface manifestations. The three countries of Scandinavia are now definitely off the gold standard, a step foreshadowed as long ago as September 22nd by Denmark's decision to suspend gold exports. As we showed in an article last week, the British market absorbs 25 per cent. of Sweden's, 26½ per cent. of Norway's and over 55 per cent. of Denmark's total exports. Thus it was not unnatural that these three countries should be the

first of our foreign neighbours to follow Great Britain's example in suspending the gold standard. Moreover, Sweden, like Great Britain, was suffering from the strain of carrying—in a time of acute world depression—a very high level of real wages; and it would appear that this consideration had some weight in determining her authorities' decision. In all three countries, the exchange position appears to be well in hand, notwithstanding the inconvertibility of the currencies, and while the authorities both at Stockholm, Copenhagen and Oslo are evidently impressed with the desirability of maintaining stability in their internal price levels, there seems reason to suppose that if and when there is greater assurance of future stability in sterling exchange and the British price level, Scandinavia may be inclined even to link its currencies to the pound.

Apart from the Scandinavian abandonment of gold, the currency position has not shown signs of pronounced crisis during the past week. The Italian lira, after some weakness, recovered as a result of assurances by the Government that there was no intention of departing from the gold standard. It will be observed, however, that our Italian correspondent expresses some anxiety as to the ultimate reactions on the Bank of Italy of a deterioration in Italy's balance of payments as a result of a possible shrinkage of Italy's exports to Great Britain. Early this week the reichsmark had also a significant tendency to depreciate; but while this was apparently due in part to ill-informed rumours that Germany intended to declare a suspension of the gold standard, the real cause was the considerable strain placed on the exchange by the transfer of foreign "reichsmark balances" released under the terms of the "standstill" agreement. Whether Germany can ultimately succeed in maintaining her currency at parity with gold remains to be seen, but for the moment the situation for her is governed by three factors:—(a) her obligation under the Hague Agreement to remain on a gold basis; (b) the magnitude of her public and private foreign indebtedness in terms of gold currencies; and (c) her deep-seated fear of the possibility of a renewed inflation—a feature to which our Berlin correspondent this week calls particular attention.

In short, there has been no marked progress to record in the violent exchange disturbance of currencies. What is more disquieting in the development of the latest phase of the crisis is the indication of growing banking strain—not only in the "distressed" countries, but even in centres where gold stocks are largest, and where the stability of currencies seems *prima facie* most assured. Throughout the world losses occasioned to holders of sterling balances and to merchants who have invoiced goods in the form of forward sterling, have been heavy. One consequence has been enforced liquidation of securities, which has had to be concentrated on the few "gold currency" bourses still operating. The fall of security values has weakened the security of collateral held by banks in return for advances and has begun to lead to a vicious spiral of curtailment of credit and sales of bonds by banks themselves. On Wall Street, selling has been particularly severe, and the pressure has been accentuated to some extent by hoarding of dollars on the part of the public, which in turn has forced the banks to call in loans and liquidate their portfolios. In France a large bank has had to be supported; reports, ill or well founded, of banking difficulties in Switzerland are current; and in general—with this country as almost the sole exception—there is a growing sense of fear at the possibility of yet undisclosed banking insolvencies.

Difficulty in the banking world is, in fact, the salient feature which emerges from reports this week from centres abroad. It is a development which was to be feared and whose full effects have yet to be seen. For, it should be remembered, banking difficulties, just as much as actual depreciation of currencies, are capable of having cataclysmal repercussions on international trade, on stock markets, and on the whole of the world's financial structure.

Meanwhile, a not altogether unnatural consequence of events has been doubts of the gold exchange standard. Those central banks which hold a part of their currency reserves in London are already faced with a serious

exchange depreciation which, if not corrected by a rise of sterling, is already sufficiently large in certain cases to reduce the percentage of note cover below the legal minimum. Some countries adopted the gold exchange standard system rather unwillingly, and only did so in view of the great difficulty which would have arisen if there had been a severe blow, and three important European central banks have now definitely decided to convert their foreign reserves into gold. These decisions are largely responsible for the large call that has been made on America's gold in the last few days either in the form of "earmark" or of actual export. The crisis has, in fact, precipitated the gold scramble to avoid which such great efforts have been made.

If the withdrawals from New York continue, they will present the Federal Reserve system with an awkward problem; for in the present situation there is a shortage of commercial bills with which the gold withdrawn must be replaced.

A DIARY OF THE CRISIS.

Friday, September 25th.

Danish Bank rate raised from 4½ to 6 per cent.; Norwegian Bank rate raised from 5 to 6 per cent.

Italian Government announces duty of 15 per cent. (except coal, 10 per cent.) on all imports not subject to special international treaties.

Bolivia suspends convertibility of peso for thirty days or longer if necessary.

Indian banks reopen without disturbance; Finance Minister Banque Nationale de Crédit in difficulties; Finance Minister summons Paris bankers' conference to deal with the situation.

Wide fluctuations sterling between \$3.90 and \$3.40. Closing rates: dollar 3.80, French franc 96, guilder 9½, Swiss franc 19½, lira 74, reichsmark 16.

London Stock Exchange, further fall of fixed-interest stocks; equities lose early gains. Stock Exchange Committee announces that as from September 26th all bargains must be for cash and may not be continued from day to day; no further option business may be transacted; bargains already entered into for the account to be settled on October 8.

Foreign bourses: Wall Street irregular, wide fluctuations; Paris and Amsterdam heavy liquidation, general fall.

Saturday, September 26th.

Announced that Banque Nationale de Crédit will be supported by guarantee fund established by leading French banks.

Irish Free State Government declare that they will remain on sterling exchange standard.

Norway ships Kr. 27 millions gold to Switzerland. Sterling steadier. Closing rates: Dollar 3.84½, French franc 97, guilder 9½, Swiss franc 19½, lira 73, reichsmark 15½.

London Stock Exchange quieter, small recovery gilt-edged. Foreign bourses steadier.

Sunday, September 27th.

Norway and Sweden decide to suspend gold standard. Norwegian Bank rate raised from 6 to 8 per cent. Italian Bank rate raised from 5½ to 7 per cent. Greek Bank rate raised from 9 to 12 per cent.

Egyptian Government decides to prohibit the export of gold. MM. Laval and Briand in Berlin; public reception favourable.

Netherlands Bank announces that it will unconditionally maintain the gold standard, and that "by virtue of conversations recently held with the Bank of England," the Bank has every reason to believe that it "need not fear any loss" on its holdings of sterling bills, the interest on which "automatically offsets a possible temporary difference in book value."

Monday, September 28th.

British Cabinet meeting discusses possibility General Election; no decision reached.

Denmark decides suspend gold standard (gold exports already prohibited since September 22nd).

Netherlands Bank rate raised from 2 to 3 per cent.; Swedish Bank rate from 6 to 8 per cent.

Franco-German agreement announced to set up Joint Commission, with permanent secretariat, to examine all economic questions affecting the two nations.

Sterling's movements narrower. Closing rates: Dollar 3.83½, French franc 98, guilder 9½, Swiss franc 19½, lira rises to 80, Scandinavian currencies 17-18 nominal.

London Stock Exchange quieter, small movements. Foreign bourses: Wall Street weak, but volume liquidation small; gold exported \$20 millions, mainly to France; gold earmarked \$31 millions; sixteen small banks in various States suspended payments. Paris irregular, Rentes and bank shares lower. Amsterdam quiet.

Tuesday, September 29th.

Mr MacDonal has audience with H.M. the King. British Cabinet meeting again discusses possibility General Election; no decision reached. Commons pass Economy Bill by 297 votes to 242.

THE BRITISH LINEN BANK.

Incorporated by Royal Charter, 1746.

Capital and Reserve Funds, £3,600,000.

Head Office: 38, St. Andrew Square, Edinburgh

OVER 200 BRANCHES IN SCOTLAND

LONDON OFFICE: 38, Threadneedle St., E.C.2

Every description of Banking Business transacted.

Emergency Budget introduced in Indian Legislative Assembly.

People's Bank of Northern India suspends payment. Danish gold suspension bill passed, also enactment reducing legal minimum gold cover from 50 to 33½ per cent.

Bulgarian Bank rate raised from 8½ to 9½ per cent. Three German private banks—Paul Wildschutz und Sohn, Bassler und Thoma, and Seifert und Schmidt—suspend payment.

M. Venizelos issues decree to control export of currency from Greece.

Sterling steady, narrow movements. Closing rates: dollar 3.84, French franc 97½, guilder 9½, Swiss franc 19½, lira 79, reichsmark 16½. Some pressure on Berlin exchange through transfers of released "reichsmark balances" under "standstill" agreement.

London Stock Exchange quieter, gilt-edged close firm, industrials dull, German bonds weak.

Foreign bourses: Wall Street weak with increased selling; gold "earmarked" \$40 millions. Paris nervous, heavy liquidation, particularly on foreign account. Local bank at Rheims suspends payment. Amsterdam dull, quiet.

Wednesday, September 30th.

Further meeting British Cabinet; still no decision regarding dissolution.

Sterling firmer. Closing rates: dollar 3.92, French franc 91½, guilder 9½, Swiss franc 20.

Stock Exchange: London steady. Wall Street weak, continued liquidation; gold earmarked \$19 millions; Central Trust Savings Bank of Illinois suspends payment. Paris quieter; further restriction short selling imposed. Amsterdam weak, further selling. Schueler Bank of Cologne suspends payments.

Thursday, October 1st.

Further Cabinet Meetings: no official announcement of Election policy. After failure to obtain foreign credits, Bank of Finland rate is raised from 6 per cent. to 7½ per cent.

Stock Exchanges: London bonds firm, equities irregular; Wall Street, bonds sold heavily, equities dull, "earmarking" gold \$24 millions; Paris, quiet; Amsterdam, dull. Further gold shipment Holland to Paris.

Sterling better. Closing rate: Dollar 3.98, French franc 100½, Guilder 9½, Swiss franc 20½, Reichsmark 16½.

STERLING AND WORLD PRICES.

In the present unstable monetary situation the course of the wholesale prices of commodities in this country in relation to the trend of gold prices becomes a factor of great importance. We propose, therefore, for the next few weeks to publish our usual index number of prices at weekly instead of monthly intervals. The index number, calculated on the basis of the prices on September 30th, is given below. Corresponding figures relating to a year ago, the end of last month, and September 18th, i.e., a date immediately before the suspension of the gold standard, are added for purposes of comparison:—

BRITISH WHOLESALE PRICES.

(1927 = 100.)

	End Sept., 1930.	End Aug., 1931.	Sept. 18, 1931.	Sept., 1931.
Cereals and Meat	79.5	69.7	64.5	68.0
Other Foods	74.5	63.5	62.2	68.1
Textiles	56.9	44.1	43.7	49.5
Minerals	79.5	70.0	67.4	72.9
Miscellaneous	76.7	66.2	65.8	68.9
Complete Index	73.2	62.3	60.4	65.1
1913 = 100	100.8	85.7	83.1	89.6
1924 = 100	63.3	53.8	52.2	56.3

It will be seen that since September 18th sterling prices as measured by our index number, have risen by 7.8 per cent., whereas the depreciation of sterling in relation to the dollar amounts to about 18 per cent. This discrepancy, however, may be misleading unless it is borne in mind that during the same period there has been a pronounced downward movement in gold prices. We show in the next table a list of the prices of a few representative commodities in British and United States markets:—

PRICES IN THE UNITED KINGDOM.							
Date.	Wheat.	Sugar.	Cotton.	Rubber.	Copper.	Spelter.	Tin.
	Liverpool Futures, "December."	Raw Futures, "December."	American Middling, "spot."	Smoked Sheet, "spot."	"Standard Cash."	G.O.B.	"Standard Cash."
	Per 100 lbs.	Per 112 lbs.	Per lb.	Per lb.	Per ton.	Per ton.	Per ton.
Aug. 31	4 0	5 10½	3.86	2½	33 1 3	11 15 0	121 1 3
Sept. 18	3 9½	5 5½	3.74	2½	27 14 4½	10 12 6	111 1 3
Sept. 23	4 1½	5 1½	4.49	2½	32 8 9	12 16 3	119 8 9
Sept. 30	4 1½	6 6½	4.44	2½	33 8 9	13 1 10½	122 18 9

PRICES IN THE UNITED STATES.							
Date.	Chicago Futures, "December."	Raw Futures, "December."	New Orleans Middling, "spot."	Smoked Sheet, "spot."	Electrolytic "Domestic," "spot."	East St. Louis, "spot."	"Straits," "spot."
	Per 60 lbs.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.
Aug. 31	49½	1.30	6.67	5½	7.625	3.80	27½
Sept. 18	50½	1.32	6.08	5½	7.00	3.725	24½
Sept. 23	49½	1.33	6.23	5½	7.00	3.70	23½
Sept. 30	47½	1.37	5.70	4½	7.00	3.65	22½

The commodities listed above, however, are those particularly subject to speculative influences and extreme fluctuations. In the endeavour to afford a slightly better, though admittedly rough, guide to the gold prices trend, we have worked out provisionally an index number of the gold prices of the following commodities:—

Wheat	Sugar	Copper
Maize	Lard	Tin
Oats	Bacon	Rubber
Linseed	Cotton	Lead
Coffee	Wool	Pig Iron
Cocoa	Cotton-seed Oil	Petroleum

The quotations for all the above commodities are taken from the various American markets, with the exception of wool, for which we have taken the Le Havre quotation.

This "gold" index number, taking the prices of September 16th as a base, shows a fall of 2.5 per cent. as on September 23rd and one of 5.3 per cent. as on September 30th. Thus the true divergence between the course of sterling and that of gold prices can be expressed shortly as follows:—

	Sept. 18, 1931.	Sept. 30, 1931.
Sterling prices (<i>Economist</i> Index)	100	107.8
Gold prices (our Special Index)	100	94.7

The above figures suggest that there is at present a fairly wide disequilibrium between sterling and gold prices; for, on the basis of an 18 per cent. depreciation in sterling exchange, the index of sterling prices in relation to a 94.7 "gold" figure should theoretically be about 115.4.

The inference is that complete re-adjustment to the existing exchange level would require either a further rise of sterling prices, or, alternatively, a further fall of gold prices. Which of these two alternatives occurred would depend on the relative strength of sterling and gold currencies in determining the course of markets.

So far as the British commodity markets are concerned, the past week has put a distinct check on the signs of speculative activity which were visible a week ago. This speculation, however, so far as can be ascertained, did not attract any considerable volume of buying on the part of outsiders gambling "for a rise," but was confined in the main to regular dealers, whose motive in making speculative commitments was the desire to make good capital losses occasioned in other directions as a result of the trade crisis.

FOREIGN INVESTMENTS OF THE UNITED STATES.

In the light of the present world "credit-crisis" the extent to which the United States is involved in the economic fortunes of other countries is a matter of great interest. Some light on the subject is very opportunely thrown by an estimate of the volume and distribution of America's foreign investments, published recently by the United States Department of Commerce.* The investments which form the subject of its study are divided into two classes: (1) direct investments, which embrace corporate investments in American-controlled manufacturing and selling organisation; in the stocks and bonds of foreign-controlled manufacturing and selling corporations; in purchasing agencies; in petroleum lands, refining and distributing facilities; in mining and smelting properties, public utilities, plantations and other miscellaneous properties; and (2) portfolio investments, which are defined as foreign bonds; shares of foreign corporations that are traded in on American stock exchanges as "American shares" or are held in their original form; and bonds of American subsidiaries of foreign corporations and of American corporations that lend abroad directly. Short-term loans are not included in the analysis.

The table below shows the estimated total of private long-term investments abroad at the end of 1930, and its geographical distribution:—

PRIVATE LONG-TERM AMERICAN INVESTMENTS ABROAD, BY TYPES AND GEOGRAPHIC AREAS, AT END OF 1930.

(In thousands of dollars.)			
Area.	Direct.	Portfolio.	Total.
Canada	2,048,787	1,892,906	3,941,693
Europe	1,468,648	3,460,629	4,929,277
Mexico and Central America	930,843	37,733	968,576
South America	1,631,105	1,410,821	3,041,926
West Indies	1,072,000	161,484	1,233,484
Africa	115,329	2,500	117,829
Asia	419,504	603,445	1,022,949
Oceania	154,594	264,700	419,294
Total	7,840,810	7,834,218	15,675,028

After certain minor adjustments the figure finally arrived at is \$15,170,028. Europe, Canada and South America, in that order, are by far the most important areas of American foreign investment. There is a general tendency for direct investment to predominate in countries which have large undeveloped natural resources, or which are politically unstable, and there is also a predominance of direct investment in Great Britain, owing to the close cultural and business ties between the two countries.

American investments in Canada are larger than in any other single country, and it is remarkable that the public utility holdings, which amount to \$998,916,000, exceed those of Government and municipal stocks, which are estimated at \$857,185,000. In addition to this large sum of public utility stocks, United States citizens hold a further \$412,674,000 of Government-guaranteed railroad stocks. Investments in Canadian manufacturing amount to \$584,747,000, mostly direct; in mining and smelting to \$428,052,000, all direct; and in paper and pulp to \$413,253,000, of which \$284,525,000 is direct investment.

The most important geographical group is that of Europe, and the following table shows United States European investments by countries:—

PRIVATE AMERICAN LONG-TERM INVESTMENTS IN EUROPE, BY TYPES, AT END OF 1930.

(In thousands of dollars.)			
Country.	Direct.	Portfolio.	Total.
Austria	17,377	97,688	115,065
Belgium	65,246	188,965	254,211
Bulgaria	812	13,281	14,093
Czechoslovakia	4,875	30,518	35,393
Denmark	15,924	167,799	183,723
Finland	1,206	78,043	79,249
Other Baltic States	10,124	6,867	16,991
France	161,809	309,525	471,334
Germany	243,969	1,176,988	1,420,957
Great Britain	497,305	143,587	640,892
Greece	10,136	42,851	52,987

* Trade Information Bulletin No. 767. Washington, D.C. Superintendent of Documents. 10 cents.

Country.	Direct.	Portfolio.	Total.
Hungary	9,520	109,358	118,878
Irish Free State	3,129	3,497	6,626
Italy	121,216	279,924	401,140
Luxembourg	600	6,957	7,557
Netherlands	44,024	122,574	166,598
Norway	23,470	190,878	214,348
Portugal	17,546	...	17,546
Poland	53,193	124,130	177,323
Rumania	15,836	9,375	25,211
Saar Territory	...	7,952	7,952
Spain	91,480	3,000	94,480
Sweden	19,230	253,536	272,766
Switzerland	17,834	43,503	62,237
Turkey	13,755	...	13,755
Yugoslavia	8,132	49,833	57,965
Total	1,468,648	3,460,629	4,929,277

The enormous investment in Germany practically all dates from the floating of the Dawes Loan in 1924. Government, municipal and Government-guaranteed stocks account for all but \$376,273,000 of the portfolio investments. Of the private corporate securities over half are obligations of manufacturing companies. Of the investments in Great Britain, which comes second among European countries, over two-thirds consist of direct investments, and of these more than half are in manufacturing enterprises. American holdings of British securities are principally either Government obligations or "American shares." In Belgium, also, direct investments, especially in manufacturing, are large, but two-thirds of the United States investment in Belgium is in the bonds of the National Government. American investments in France are composed principally of Government issues and small holdings of private corporate securities, but there has been a considerable repatriation of Government issues lately. Direct investments are mainly in manufacturing, petroleum and public utilities, especially telephones. The figure for the Netherlands is to some extent misleading, as the Royal Dutch Company, whose operations are decidedly international, plays a large part. In the North-European countries American investments consist mainly of securities. The United States has little investment in the Balkans, and such investments as she has in Russia are not included in these figures.

When United States citizens invest in Latin America they almost invariably require a direct and dominant interest in the management, as is shown by the fact that, of some 5½ milliard dollars, only three-tenths was in the form of securities. Total American investments in Cuba, at \$1,066,551,000, are larger than in any other country except Canada and Germany. Mexico comes next among Latin-American countries, with \$694,786,000 of direct investments and a volume of portfolio investment which cannot be estimated until the Mexican National Railway Bond question is settled. Investments in Argentina, Chile and Brazil amount to \$807,777,000, \$700,935,000 and \$557,001,000 respectively. The United States has little capital invested in Oceania and Africa, and of the investments in Asia those of \$444,639,000 in Japan and \$201,333,000 in the Dutch East Indies are the most important.

The fact emerges very plainly from the study that the economic fortunes of the United States are closely bound up with those of the rest of the world, and, most of all, with those of Europe. It is fortunate that there are signs that the recognition of this fact is beginning to spread in the United States, for, until it is generally appreciated there, there can be little hope of a solution of the world's difficulties.

SOME WIDER PROBLEMS.

It was, of course, inevitable that the bewildering developments of the past few weeks should concentrate the whole attention of the country, its statesmen and its Press upon the break that has taken place in the currency system and the threat which had developed to the stability of our national finances. How the pound was swept from its gold moorings, where it will drift to, where and how and to what it will eventually be anchored, are questions that naturally absorb all thoughts. Yet in that absorption there lies a real danger lest, in the shock of this latest phase of

the world crisis, we should even for a moment forget the grave European developments that preceded it, or lose our realisation that day by day great European problems of politics, commerce and finance call ever more insistently for solution by co-operative international effort. When we use the word "crisis" to-day we are thinking of the pound. We ought to be using it in the far wider sense of the world-wide economic depression and of the peculiarly pressing difficulties still besetting Central Europe, which remains, as it was three months ago, the centre of the storm.

At the beginning of July, let us remember, Central Europe was steering so fast and straight for disaster that President Hoover was moved, in the interests of world stability, to initiate a year's holiday from all war-debt and reparations payments arising out of the war and the Peace Treaties. This, it was hoped, would provide a breathing space during which the governments could get together and work out measures for stopping the rot. But events moved fast. First Austria, then Germany were swept into financial crisis. Hasty *ad hoc* conferences of statesmen, of bankers and of experts, passing the problem from one to the other, eventuated in the arrangement of temporary alleviation of financial strain. But measures at present in force are purely temporary. The main underlying causes of strain and depression remain; concrete proposals for their more permanent alleviation have, indeed, been put on paper by League Committees, but they have led to no definite action. The September meeting of the League Council and Assembly, faced with such new irritants as the Sino-Japanese dispute in Manchuria, has made little headway with the urgent work of restoring security and prosperity to a harassed continent.

We have in these columns examined over and over again the causes underlying the world distress in general and the particular troubles of Europe, and last week we printed the analysis of the bad influences at work as given by the British Committee of the International Chamber of Commerce. Their list of bugbears is familiar: uneven expansion of productive capacity, maldistribution of gold, the existence of international debts, the post-war policy of high Customs tariffs, the lack of tangible political security. What is going to be done to eradicate these causes? They are not eradicated by Mr Hoover's one-year debt holiday nor by the six-months "standstill" agreement among Germany's creditors. Eradicated or modified they must be if Europe and the world are to be saved from collapses far worse than have yet been seen. Time, moreover, is the essential factor. The sands are running out. Germany, with her economic system frozen, is facing a winter of stern difficulty, and facing it without the promise that, at the end of it, intolerable strain will not be reimposed, or that there will be permanent rectification of the system which brought her to this pass. She cannot wait; Central Europe cannot wait; and because they cannot wait none of the other nations can afford to wait.

It is generally assumed that, in the near future, an international conference must be called to take decisions as to the future of international currency policy. Such a conference will be necessary, but by itself it will barely touch the fringe of the great tangled web of problems which demand a concerted policy of solution. Behind and beneath the financial problem lies the question of debts and reparations; above and beyond the problem of economic policy lies the question of the political appeasement of Europe and of the means to provide the feeling of security that now, by its absence, obstructs the path to a reduction of armaments. In our view nothing less is needed than a conference of plenipotentiary statesmen to survey the whole political problem with no subject barred, whether it be of debts or reparations, of treaties and frontiers, or of tariffs, armaments, or minorities. As in individual countries political parties are joining hands to tackle domestic troubles, so, faced by a growing world chaos, the governments of the nations must get together and contribute what is in the power of each to arrest its advance. And each of the great Powers has contributions that it, and it alone, can make. In the matter of debt revision the initiative can only come from the two great creditor countries, the United States and France; France alone, with her military preponderance, can lead the way

with certainty to armament reduction; and Britain can perhaps make the French lead easier by contributing more than she has yet done in the Treaties of Versailles and Locarno to provide France with the security which she demands as a condition precedent to a policy of disarmament and appeasement; Germany can make a contribution, intangible perhaps, but invaluable by refraining from those manifestations which have recently embittered Franco-German relations. It is something to the good that M. Laval and M. Briand have resumed in Berlin their conversations with Dr. Brüning and Dr. Curtius. Personal contact will serve to clear the ground of misunderstanding. But Europe's ills will not be cured by a bilateral Franco-German economic understanding even if that be achieved. All such arrangements must be judged by their suitability to fit into more comprehensive schemes, and, after all, are only secondary to the great political problems which can only be solved by concerted action.

In these great Councils of Peace it is essential that Britain's voice should speak with weight and authority. It is one of the tragedies of recent events that, owing to pre-occupation with home affairs, her responsible statesmen have been absent from the vital deliberations at Geneva. For years the moderating influence of Britain has been the most helpful factor in the sphere of European negotiations. It is quite essential in this time of crisis that this influence, momentarily withdrawn with unfortunate results, should be fully and authoritatively restored. We had hoped that Lord Reading, backed by the authority of a three-party Government, would find himself able promptly and effectively to assume the rôle of British spokesman; and it is not the least of the great drawbacks of an early general election that for several more precious weeks there will be no authoritative British participation in the fateful discussions of international affairs.

Notes of the Week.

A Labour Opportunity.—Two party conferences were due to be held next week, that of the Conservatives at Birmingham, and that of the Labour Party at Scarborough. The former has been cancelled, presumably because of the Party leader's belief in the imminence of a general election. The Labour conference, according to present information, is to be held, and on Wednesday were published the resolutions to be submitted by the National Executive. The gist of the more important resolutions can be summarised briefly:—the Conference is to be asked to affirm that Socialism is the real solution of present problems, to press for extension of national control of industries, to condemn the 1925 restoration of the gold standard, to disapprove both deflation and inflation, to demand public control of credit and banking, to urge the policy of stabilisation of wholesale prices, to recommend an international currency conference, and the reconsideration of war debts and reparations, to reject tariffs to support the policy of import and export boards and the recognition of basic industries as public utilities, to further the policy of disarmament, to urge the public ownership and control of land, and finally to condemn the method of balancing the Budget by the cuts of the Economy Act, and to call for maintenance of social standards. In normal times this programme would call for little comment, because in matters of general policy its line is almost everywhere the same as that adopted by previous Labour conferences. But under present circumstances there are two resolutions which are of immediate importance. The categorical repudiation of inflationary policy is very welcome, for it was of first importance at this juncture that the world should know that none of the British parties would willingly use the printing press. But the satisfaction derived from this resolution is somewhat impaired by the final point in the programme, namely, the condemnation of the economy cuts. The Conference is asked to call upon the next Labour Government "to restore as rapidly as the urgent claims of the unemployed and other

depressed sections of the community will permit the remuneration of teachers and other public servants and the reductions in the various services affected by the Act." The meaning of this is not clear, and the interpretation is all-important. It has been read by some to mean that a Labour Government coming into power in a few weeks' time would immediately cancel all the economies instituted specifically for the purpose of balancing the Budgets of this year and next. We trust that this interpretation is wrong and that Mr Henderson will say so at Scarborough; for, were it to be correct, it would mean that the only means left to a Labour Government to balance the Budget would be either penal taxation or the inflation which the Conference is asked to condemn. Mr Henderson has a great opportunity to serve the country next week by making it plain that he and his colleagues if returned to office would avoid such indiscriminate reversal of the acts of the present Government as would drive them on to the slippery slope of inflation, or into the false assumption that the purse of the taxpayer is bottomless.

Parliament's Progress.—The Economy Bill has reached the Statute Book. The third reading was carried in the House of Commons on Tuesday by a majority of 55, while the Lords passed it through all its stages on Thursday. The Finance Bill, embodying the Budget taxation proposals, will be finally sanctioned by the end of the week. The remaining items in the programme for the present session were announced by the Prime Minister on Wednesday. They are the Consolidated Fund (Appropriation) Bill, the Sunday Cinemas Bill, and a short Bill "to deal with the possibility of exploitation of the public in articles of food of general consumption." Mr MacDonald expressed the view that this programme could be completed by Wednesday, when the House would adjourn. So the emergency work of the session draws to a close. Essential measures for rectifying the situation of the public finances have been expeditiously passed, and the consistent steadiness of the Government majority proves that the present Administration has adequate power and sanction to carry on for the time being. Yet who knows whether the Parliament which adjourns on Wednesday will ever meet again? In connection with the election controversy it is often argued that Parliament has done its work and that, therefore, dissolution is desirable. This argument overlooks the essential fact that where the work of authorisation by Parliament ends, the work of administration by the executive begins. And it is sometimes forgotten that not one of the Orders-in-Council by which the Government is empowered to proceed has yet been issued.

France and Germany.—The visit paid by Messieurs Laval and Briand to Berlin last week-end is of only less international importance than the visit which Monsieur Laval is to pay to Washington this month, and the fact that it went off with some show of cordiality and without any untoward incident is a really important point on the credit side in the world crisis. No doubt there was a certain element of artificiality in the proceedings. Superlative precautions were taken by the German police for the protection of the French visitors; the friendly German crowds are reported to have been "hand-picked"; and even Herr Hitler appears to have done his bit by instructing his followers to "pay no attention" to the distinguished strangers in their midst. All this will have been clear enough to the French visiting party and to the French public at home. At the same time, we believe that the French people, who are extremely sensitive to all manifestations of German feeling in regard to Franco-German relations, will be favourably impressed by the reception which the representatives of France have been given in the German capital; and that French opinion will be right in regarding this reception as significant. So much for the "imponderables" of the visit. As for concrete results, it appears that not only all political questions, but also the question of Reparations were excluded from the scope of these Franco-German conversations,

tions, and that attention was concentrated upon concrete possibilities of economic co-operation between the two countries. This shows a sense of realities on both sides; for the immediate issue, which eclipses all other issues in Germany, is whether the country can be carried through the approaching winter without a "Nazi" or a "Communist" or a "Nazi-Communist" revolution. In the face of this issue, the political questions of the "Anschluss" and the "Ostmark" become luxuries which Germany cannot afford to indulge in, while on the other side it would be idle for France to consider what is to happen when the Hoover Moratorium comes to an end if once the revolution has engulfed Germany in the meantime. The economic discussions of last week-end have resulted in the setting up of a strong joint Franco-German economic committee; and there is no doubt about the practical task with which this committee will have to come to grips straight away. By bringing together French capital and German technique, it will have to seek ways and means of opening up some prospect of reasonable employment for the younger generation of the German middle class which, in its present economic desperation, is the spear-head of the German political revolutionary movement. If, in the short respite that remains, enough practical work on these lines can be done to give the German middle class a convincing prospect of employment, it is possible that their minds may be turned back from desperate courses into those prosaic constructive channels which are, after all, the age-long habit of the European bourgeoisie. In that event, the situation on the Continent this winter might be saved; and, after that, France would find herself in a position to obtain from Germany almost any guarantees of political security which she desires, in exchange for the indispensable French contribution to economic and social stability in Germany. Meanwhile, the new Franco-German joint economic committee must act quickly. Only last Sunday, when the French Ministers were in Berlin, the "Nazis" and the Communists obtained sweeping electoral successes in Hamburg. Hamburg is one of the traditional strongholds of Liberalism in Germany, but it is also particularly hard hit by the crisis in international finance and trade. These Hamburg elections are a danger-signal which the French cannot ignore.

The Manchurian Conflict.—In an article published last week, we dealt with the outbreak of the conflict in Manchuria and with its antecedents. We have now to record the sequel up to date, pending the final *dénouement*. On Tuesday, September 22nd, at Geneva, the League Council met to consider an appeal from the Chinese Government under Article 11 of the Covenant; and, after hearing the Chinese and Japanese representatives state their respective cases, the Council took two steps. It asked the two parties to withdraw their troops, and it communicated the minutes of the meeting to the Government of the United States. This action was taken on the motion of Lord Cecil, who was strongly supported by the representatives of France, Italy and Germany. Before the note from the Council reached Tokyo, the Japanese Government had already vetoed the withdrawal of all troops to Harbin and had ordered the withdrawal of all troops to the limits of the Japanese Railway Zone except—and these are big exceptions—at the three vital points of Mukden, Changchun and Kirin. Almost simultaneously, the Japanese Government published a statement on the situation in which nothing was said about the date of evacuation, but in which China was invited to enter into negotiations with Japan *à deux* for a comprehensive settlement of the Manchurian problem. Meanwhile, Mr Stimson had delivered an unofficial warning in a personal conversation with the Japanese Ambassador in Washington, and he had also informed the League Council at Geneva, by telegram, that his Government was "in whole-hearted sympathy with" the Council's attitude as expressed in their resolutions, and that it was taking action itself on similar lines. On the same day, the Chinese reply to the Council's note to China and Japan was received. The Chinese Foreign Minister, Mr

C. T. Wang, announced that his Government accepted—and was acting upon—the Council's recommendations unreservedly. The Japanese reply, which was received next day (that is, on Friday, September 25th), was less satisfactory. It re-affirmed the Japanese Government's demand for Sino-Japanese negotiations *à deux* (a procedure which would give the stronger power an advantage, in contrast to a public handling of the controversy in the forum of the League). It contended that the retention of Japanese troops at Mukden and Kirin, outside the Japanese Railway Zone, did not constitute a military occupation. And it only committed itself to completing the withdrawal of its troops "in proportion as the situation improves." Commenting on the Japanese reply in the Council, Lord Cecil drew a distinction between the League's primary task of maintaining peace, as contrasted with the secondary and subsequent task of inquiring into the merits, and eventually removing the causes, of the dispute out of which a breach of the peace had arisen. The implication of Lord Cecil's speech was that the Japanese Government's announcement about the withdrawal of its troops was to be accepted by the League Council as a substantial satisfaction of its demands. In some quarters, Lord Cecil's attitude has been criticised as an admission of inability, on the League's part, to call the stronger of the two disputants to order. And perhaps this is the Chinese Government's interpretation, since China has now agreed to the negotiations *à deux* which Japan has proposed. With Japanese troops still in possession of Mukden and Kirin, the balance, in these negotiations, will be heavily weighted against the Chinese; but perhaps—in the present state of the world—we ought to be content that negotiations should be put in hand under any conditions. Naturally, Chinese feeling has been aroused, and it has found expression in outbreaks of violence. There have been ugly anti-Japanese riots in Hong Kong, while at Nanking the Chinese Foreign Minister, Mr C. T. Wang, has been attacked in his office and brutally mishandled by Chinese students who consider, most unfairly, that he has done less than he might have done to further the Chinese cause.

The Round Table and Minorities.—The Round Table Conference has got down to the hard core—and a very hard one it is—of India's racial problems. The Prime Minister delivered to the Minorities Committee, on Monday, an admirable address on the communal question, the main theme of which was that arbitration was, in his view, unhelpful and that the onus of settling racial differences must rest upon the various sections of the Indian delegates themselves. This appeal has met with a definite response. Mr Gandhi, who has not abandoned his hope of achieving a comprehensive settlement of this age-long problem, has entered into conversations with the Aga Khan, which have progressed to a degree satisfactory to Mr Gandhi, if not to all his followers. Meanwhile, during these Hindu-Moslem negotiations, the delegates of the Sikhs and other minorities have agreed to co-operate in a search for a possible *modus vivendi* between themselves. It is difficult to be hopeful of a quick solution which can satisfy the opinion of races differing widely in custom, law, habit and ideal, and any progress in the negotiations between the present delegates from the various races must in any case be slow. Nevertheless, the fact stands out clearly and undeniably, that, unless and until some degree of understanding has been reached between them, there is little hope of achieving any substantial degree of harmony or progress in India. Of that fact we are constantly and forcefully reminded by such events as the deplorable killings in Cawnpore and Kashmir. No British Government can hope to invent and impose a racial settlement. It is the Indians alone who in this vital matter can work out their own salvation, and Mr MacDonald did well to say so in strong and eloquent terms.

The Bank and the Treasury.—On September 30th the question was raised in the House of Commons by Mr E. F. Wise of the liability of the Exchequer to recompense the Bank of England for any loss on exchange that might

arise when the time comes for the Bank to repay the equivalent of £50,000,000 it borrowed in Paris and New York last August in order to support sterling. In reply, the Financial Secretary to the Treasury made it clear that any liability should properly fall upon the tax-payer, both in equity and in law. He made it clear that in arranging these credits the Bank was acting with the cognisance and approval of the Government of the day and in the sole interest of the nation. That the use of both the Bank and the Treasury credits failed in the end to save the pound did not imply that it was so much wasted effort. It was the duty of the country to make every possible effort, and at least these credits enabled the gold standard to be maintained until the Budget had been balanced. It is, however, to be observed that it is not yet to be assumed that there will be any loss on exchange. The Bank has in hand, if the worst comes to the worst, enough gold to cover both its own and the Treasury credit, and this gold can be tendered at par. As and when sterling depreciates, this gold appreciates in value, and its appreciation in fact exactly offsets the exchange loss incurred on the bank and Treasury credits combined. What claims there will be on this appreciating asset or how it will be used it is too soon to say. While it does not follow that these credits will have to be repaid in gold, there is no need now to make special provision for this loss, for it is balanced automatically by gains—equally of a book-keeping character—elsewhere.

Six Months' Revenue.—For all practical purposes the revenue returns of the first six months of the current financial year are of purely historic interest, for they are based upon Mr Snowden's original Budget of last April, now superseded by his new Budget which he laid before Parliament as the Chancellor of the National Government. Yet the returns are of some value as evidence of the short-fall of revenue, which was one of the major causes of the deficit with which Mr Snowden found himself faced last August. Comparing estimates for 1930-31 and 1931-32 last April, Mr Snowden anticipated a decline in income tax of £12.0 millions. The decrease to date, during the slack season of the year when total receipts are very small, is already £6.3 millions. For surtax he looked for an increase of £7.5 millions. So far he has had £2.3 millions. Stamps were expected to decline by £3.0 millions,

but the decline to date is £8.3 millions. Taking inland revenue as a whole, he was prepared last April for no contraction at all, for both year's estimates were £437.0 millions. In actual fact there has so far been a decline of £13.7 millions. Customs and excise were expected to fall by £14.6 millions and non-tax revenue by £8.9 millions. In actual fact the deficiency to date is £2 and £20.2 under these two heads respectively. The final result is that in place of an estimated decline in revenue over the whole year of £23.4 millions, there has been a decline over the first half of £33.2 millions, notwithstanding the fact that part of the additional revenue proposals contained in last April's Budget came into force at once. As regards expenditure, debt service shows an increase of £4.9 millions and supply services one of £3.5 millions over last year's returns for the first six months. The total increase, including sinking fund, is £5.2 millions. This corresponds to an original estimated increase of £21.1 millions, but the whole basis of this estimate has been destroyed by the decision to include road fund and unemployment insurance fund borrowings in the Budget for the year, and by the economies proposed in the Bill now before Parliament. The salient feature of the returns is the serious deficiency in certain items of revenue. It is a matter for careful consideration by the Treasury whether, in the country's state of depression and financial stringency, which is acutely affecting many taxpayers' ability to pay, even with the new taxation the required revenue will, in fact, be obtained. This makes retrenchment still the paramount necessity.

The Incidence of Income Tax.—In our issue of September 19th we gave some figures relating to the incidence of the new taxation imposed by Mr Snowden in his emergency Budget. Further light on the burdens of the direct taxpayer are afforded by a White Paper (Cmd. 3954) issued this week by the Treasury. From the tables given we have compiled comparative statistics showing the position of the income-tax and surtax payer in the various categories of income for the year before the war, in 1929-30 and under the latest Budget. Almost as striking as the huge increase since pre-war days in the burdens on higher incomes is the substantial and sudden rise in the amounts this year demanded by the Exchequer from the income ranging from £500 to £2,000 per annum.

EARNED INCOME.

Total Income.	Single Persons.			Married Couples without Children.			Married Couples with 3 Children.		
	1913-14.	1929-30.	1931-32.	1913-14.	1929-30.	1931-32.	1913-14.	1929-30.	1931-32.
£	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
130.....	...	...	0 10 0	...	...	...	...	...	...
150.....	...	...	2 10 0	...	...	...	...	...	...
200.....	1 10 0	3 3 4	7 10 0	1 10 0	...	...	...	...	...
500.....	13 2 6	33 16 8	53 2 6	13 2 6	19 3 4	40 12 6	12 0 0	...	...
1,000.....	37 10 0	117 3 4	153 2 6	37 10 0	99 3 4	140 12 6	37 10 0	3 3 4	15 0 0
2,000.....	75 0 0	300 10 0	378 2 6	75 0 0	282 10 0	365 12 6	75 0 0	67 3 4	108 2 6
5,000.....	291 13 4	1,131 15 0	1,465 0 0	291 13 4	1,113 15 0	1,452 10 0	291 13 4	250 10 0	333 2 6
10,000.....	758 6 8	3,031 15 0	3,897 10 0	758 6 8	3,013 15 0	3,885 0 0	758 6 8	1,081 15 0	1,420 0 0
50,000.....	4,091 13 4	22,156 15 0	28,335 0 0	4,091 13 4	22,138 15 0	28,322 10 0	4,091 13 4	22,106 15 0	28,290 0 0

INVESTMENT INCOME.

Total Income.	Single Persons.			Married Couples without Children.			Married Couples with 3 Children.		
	1913-14.	1929-30.	1931-32.	1913-14.	1929-30.	1931-32.	1913-14.	1929-30.	1931-32.
£	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
130.....	...	...	3 15 0	...	...	...	...	...	...
150.....	...	1 10 0	6 5 0	...	...	...	...	...	...
200.....	2 6 8	6 10 0	12 10 0	2 6 8	...	...	...	...	...
500.....	20 8 4	50 10 0	78 2 0	20 8 4	32 10 0	6 5 0	0 11 8	...	...
1,000.....	58 6 8	150 10 0	203 2 6	58 6 8	132 10 0	65 12 6	18 13 4	11 10 0	33 2 6
2,000.....	116 13 4	350 10 0	453 2 6	116 13 4	332 10 0	190 12 6	58 6 8	100 10 0	158 2 6
5,000.....	291 13 4	1,181 15 0	1,540 0 0	291 13 4	1,163 15 0	1,527 10 0	116 13 4	300 10 0	408 2 6
10,000.....	758 6 8	3,081 15 0	3,972 10 0	758 6 8	3,063 15 0	3,960 0 0	291 13 4	1,131 15 0	1,495 0 0
50,000.....	4,091 13 4	22,206 15 0	28,410 0 0	4,091 13 4	22,188 15 0	28,397 10 0	4,091 13 4	22,156 15 0	28,365 0 0

Egypt and Sterling.—Up to the outbreak of the war Egyptian bank notes were convertible into gold on demand, and were covered by gold to the amount of 50 per cent., and securities for the balance. The outbreak of war led to a decree establishing inconvertibility; and difficulties in procuring gold led to the substitution of British Treasury bills for the statutory gold cover, in excess of £E.3.3 millions. The Egyptian pound was pegged to sterling at the rate £1 sterling = £E.0.975, and the National Bank of Egypt bought and sold exchange on London for banks at this rate, and for private individuals at a nominal difference from it. The level of prices in Egypt naturally followed that in the United Kingdom, and rose until the first half of 1920, to fall gradually later, as sterling appreciated. Exchange with gold currency countries also inevitably moved parallel to that of sterling. Once sterling came back to a gold basis, Egyptian currency, though theoretically not on a gold basis, was so in practice. The one weak point was that the National Bank of Egypt might refuse to sell sterling exchange, if it so chose, since there was no legal compulsion in the matter. But no case of refusal is known, and Egypt enjoyed the advantages of a sterling exchange, which was virtually a gold exchange, though the League of Nations thought differently. Telegrams from Alexandria on September 23rd stated that the Egyptian Government had decided, on the advice of bankers and traders, to maintain the connection between the Egyptian pound and sterling, and not to go on to a gold basis. The advantages of this to the financial interests, which have their securities chiefly in sterling, is obvious. The advantages to the people and the Government are less clearly manifest, and telegrams of the 24th hinted that difficulties had already arisen over the payment of the coupon. Bonds of the Egyptian Debt state that they are payable *en or*, and it is likely that bondholders will refuse to accept payment in paper. Indeed, the Caisse de la Dette Publique, custodians of the rights of bondholders, have never ceased, since 1914, to protest against payment in inconvertible paper. An analogous position arose after the devaluation of the franc, and numerous actions were brought against companies whose capital was quoted in francs and against others who had made contracts of insurance, for example, in francs. The object was to obtain payment in gold francs. Nearly all these actions were successful, and there is thus abundant precedent in the Mixed Tribunal's decisions, in favour of the bondholders of the Egyptian Debt. At the depreciation of the £ sterling of 20 per cent. the amount required for the service of the whole debt will be raised from £ ster. 4.3 millions to £ ster. 5.4 millions. The Unified, Privileged and Guaranteed Debts are secured on the revenues of thirteen provinces, which are paid automatically into the Caisse. In the second place, by the Decree of November, 1904, they are secured on all the resources of the Egyptian Treasury. The Caisse de la Dette holds a reserve fund of £E.1.8 million in Egyptian securities, worth, at market price, about £E.1.3 millions and £E.1.15 millions in cash. The Egyptian Government has a reserve fund which was recently stated to be £E.40 millions, but it is known that half of this has been frozen in buying cotton, or in advancing money on cotton; and of the balance, roughly, half is in British securities and cash, and half in Egyptian securities. The present budget is drafted to show a small balance; but, since its passage, the Government has undertaken heavy commitments in connection with the new Crédit Agricole, or bank of agricultural credit. Payment of the coupons appears to be well secured for the moment, but the decision to maintain the bond between sterling and the Egyptian pound may well cost the Egyptian Government dear, in the event of a long-continued and serious depreciation of sterling.

Indian Budget and Lancashire.—Our Manchester correspondent writes:—The Emergency Budget introduced into the Indian Legislative Assembly on Tuesday has caused a good deal of consternation amongst Lancashire traders. The imposition of a temporary surcharge of 25 per cent. on all but one of the taxes existing means that the import duty on cotton piece-goods will now be 25 per cent. as against 20 per cent. This is another burden which Lan-

cashire manufacturers will have to bear. Rayon manufacturers also are concerned at the increase in taxation on all artificial silk cloths, which has been advanced from 20 to 40 per cent. This is a blow to rayon makers, coming as it does at a time when trade with India in rayon cloths has been rapidly diminishing. The tax of 10 per cent. on all machinery will, of course, affect the textile machinery manufacturing firms. Considerable surprise has been expressed at the new duty of half an anna per lb. on all raw cotton imported into India. During the past few years there has been a tendency for the Bombay mills to manufacture finer cloths made from cotton grown in the United States and in Egypt and Africa. This new tax will somewhat compensate Lancashire manufacturers of fine fabrics, and will help them to compete against the Indian mills, which are expected to turn their attention more to coarse and medium quality fabrics.

Textiles and Devaluation.—Our Bradford correspondent writes:—Wholesale clothiers, tailors, and apparel manufacturers and retailers in general are put in a more difficult position than are spinners and weavers by the recent financial upheaval. They might have, just as much as the wool or cotton merchant, a conviction that prices will rise, but, whereas the latter buys raw materials heavily, it is not open to them to "go and do likewise" to nearly the same degree. As wool or cotton pass through the machines their ultimate form and use become increasingly more defined, until at last they are steered into just what fashion demands at the moment. But fashion changes. The mill man can buy two years' supply of cotton or wool at once, and it will still be usable at any date. But the mantle and gown manufacturer, and the retailer, cannot be sure that cloth, or garments, bought now will be saleable in four or six months. Therefore, if he distrusts his surplus funds, he must put them into raw materials, whose prices thus do not reflect only the demand of the mill man. Specialisation undoubtedly is always more practised in raw and semi-manufactured than in fully-manufactured goods. The devaluation of sterling has sent up quotations for cotton and wool enormously, those for yarns rather less, and those for fabrics least of all. There is an unhealthy element in the rush of recent new orders in that buyers of both cloth and yarn wish to state no delivery date, or as few and for as small proportions as possible. Too much of the business is speculative—on paper only. Some firms have ordered as much cloth in one week as they have bought in the past two years, but there is no increased demand from the man in the street. Does this mean, after the present rush, a cessation of buying for an even longer period than usual? Traders in textiles have welcomed the recent unaccustomed activity, but not quite everything in the garden is lovely yet.

Japan's National Accounts.—Our Tokyo correspondent writes:—The national accounts for the fiscal year ended on March 31st last, which were published last week, disclose a surplus of 39,108,000 yen, revenue amounting to 1,596,972,000 yen, and expenditure to 1,557,863,000 yen. The disclosed surplus, however, is mainly accounted for by a new loan of 38 million yen, so that we have only narrowly avoided an unbalanced Budget. The revenue shows a decrease of 17,147,000 yen in comparison with the revised estimates for the year, and of 229,472,000 yen as against the actual receipts of the preceding year. Receipts from taxation revealed a decrease of 61,768,000 yen. While death duties and the tax on the note issue produced 5.4 and 1.4 millions respectively more than were anticipated, income tax, business profit tax, sake, sugar, and textile duties and Customs fell by 3.4, 5, 19 and 38.8 millions respectively short of the estimates. As for non-tax revenue, profits of State monopolies alone show an increase of 18.5 millions, while postal receipts were down by 23.7 millions, earnings of Government undertakings by 16 millions, and revenue from State-owned forests by 8.8 millions. On the other hand, aggregate departmental expenditure shows a fall-off of 114,929,000 yen on the estimates, and of 178,453,000 yen upon the preceding year. Not all the

THE REVENUE.

I.—An ACCOUNT of the TOTAL REVENUE of the UNITED KINGDOM, in the undermentioned periods of the Year ending March 31, 1932, as compared with the corresponding period of the preceding year.

	Quarter from July 1 to September 30, 1931, compared with the corresponding Quarter of the preceding Year.				Period from April 1 to September 30, 1931, compared with the corresponding Period of the preceding Year.			
	Quarter ending Sept. 30, 1931.	Quarter ending Sept. 30, 1930.	Increase.	Decrease.	Period ending Sept. 30, 1931.	Period ending Sept. 30, 1930.	Increase.	Decrease.
Ordinary Revenue.								
Inland Revenue—								
Income Tax	£ 33,681,000	£ 37,672,000	£ ...	£ 3,991,000	£ 53,499,000	£ 59,761,000	£ ...	£ 6,262,000
Sur-tax, including Arrears of Super-Tax	4,710,000	3,550,000	1,160,000	...	15,890,000	13,580,000	2,310,000	...
Estate, &c., Duties	14,850,000	19,860,000	...	5,010,000	34,480,000	42,780,000	...	8,300,000
Stamps	3,800,000	3,990,000	...	190,000	6,380,000	7,890,000	...	1,510,000
Excess Profits Duty and Corporation Profits Tax	...	...	...	...	...	...	...	...
Land Tax and Mineral Rights Duty	50,000	20,000	30,000	...	180,000	150,000	30,000	...
Total Inland Revenue	57,091,000	65,092,000	1,190,000	9,191,000	110,429,000	124,161,000	2,340,000	16,072,000
Customs and Excise—								
Customs	36,107,000	30,462,000	5,645,000	...	64,967,000	59,772,000	5,195,000	...
Excise	29,300,000	30,700,000	...	1,400,000	56,600,000	59,800,000	...	3,200,000
Total Customs and Excise	65,407,000	61,162,000	5,645,000	1,400,000	121,567,000	119,572,000	5,195,000	3,200,000
Motor Vehicle Duties (Exchequer share)	419,000	450,210	...	31,210	1,206,000	1,251,298	...	45,298
Post Office (Net receipt)	3,250,000	1,800,000	1,450,000	...	6,550,000	4,600,000	1,950,000	...
Crown Lands	350,000	350,000	...	...	620,000	610,000	10,000	...
Receipts from Sundry Loans	2,699,883	7,697,742	...	4,997,859	12,083,798	17,081,195	...	4,997,397
Miscellaneous Receipts	1,341,848	6,871,136	...	5,529,288	7,110,644	12,205,418	...	5,094,774
Appropriation from Rating Relief Suspense Account	3,900,000	16,000,000	...	12,100,000	3,900,000	16,000,000	...	12,100,000
Total Ordinary Revenue	134,458,731	159,423,088	8,285,000	33,249,357	263,466,442	295,480,911	9,495,000	41,509,469
			£24,964,357 Net Decrease.				£32,014,469 Net Decrease.	
Self-Balancing Revenue.								
Post Office	14,450,000	14,800,000	...	350,000	27,550,000	28,500,000	...	950,000
Motor Vehicle Duties apportioned to Road Fund	3,110,000	3,217,790	...	107,790	6,590,000	6,776,702	...	186,702
Total Self-Balancing Revenue	17,560,000	18,017,790	...	457,790	34,140,000	35,276,702	...	1,136,702
Total	152,018,731	177,440,878	8,285,000	33,707,147	297,606,442	330,757,613	9,495,000	42,646,171
			£25,422,147 Net Decrease.				£33,151,171 Net Decrease.	

II.—An ACCOUNT showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the period ending September 30, 1931, as compared with the corresponding period of the preceding year.

RECEIPTS.	Period ending Sept. 30, 1931.	Period ending Sept. 30, 1930.	ISSUES.	Period ending Sept. 30, 1931.	Period ending Sept. 30, 1930.
Ordinary Revenue, as shown in Account I	£ 263,466,442	£ 295,480,911	Ordinary Expenditure.	£ 150,108,859	£ 145,211,830
Self-Balancing Revenue as shown in Account I	34,140,000	35,276,702	Payments to Northern Ireland Exchequer	2,569,360	2,563,416
			Other Consolidated Fund Services	1,081,168	1,307,064
Total Revenue	297,606,442	330,757,613	Total	153,759,387	149,082,310
Temporary Advances Repaid—			Supply Services—		
Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	...	...	Army, Navy and Air Votes	54,410,000	55,870,000
Road Fund	...	...	Civil and Revenue Votes (excluding Post Office)	153,707,304	148,747,467
Money Raised by Creation of Debt—			Total, Supply Services (excluding Post Office)	208,117,304	204,617,467
(a) For Capital Expenditure Issues—			Total Ordinary Expenditure	361,876,691	353,699,777
Under the Post Office and Telegraph (Money) Acts, 1928 and 1931	4,200,000	5,700,000	Self-Balancing Expenditure.		
(b) Under the Unemployment Insurance Acts, 1920 to 1931	28,610,000	11,990,000	Post Office	27,550,000	28,500,000
(c) For other Issues—			Road Fund	6,590,000	6,776,702
By Treasury Bills	1,294,183,000	1,326,007,000	Total Self-Balancing Expenditure	34,140,000	35,276,702
By 4½ per cent. Conversion Loan, 1940-44	...	46,774,808	Total Ordinary & Self-Balancing Expenditure	396,016,691	388,976,479
By 5 per cent. Conversion Loan, 1944-64	...	198,395	New Sinking Fund (1928)	19,766,406	22,824,838
By National Savings Certificates	24,250,000	21,050,000	Total, including New Sinking Fund	415,783,097	411,801,317
By British Government Loans Abroad	81,486,525	...	Temporary Advances		
(d) Ways and Means Advances	369,035,000	302,780,000	Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	8,612	18,458
Repayments—			Under the Unemployment Insurance Acts, 1920 to 1931	28,610,000	11,990,000
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	72,993	90,164	Road Fund, under Section 27 of the Finance Act, 1928	6,048,000	...
			Issues to meet Capital Expenditure—		
	2,099,443,960	2,045,347,980	Under the Post Office and Telegraph (Money) Acts, 1928 and 1931	4,200,000	5,700,000
			Redemption of Debt—		
			Treasury Bills paid off	1,246,200,000	1,234,995,000
			Principal of 4 per Cent. War Loan, 1929-42, paid off	...	...
			Principal of National Savings Certificates paid off	350,000	...
			Principal of Treasury Bonds paid off	18,500,000	17,550,000
			Principal of British Government Loans Abroad	5,888,521	24,568,113
			Ways and Means Advances Repaid	377,238,000	341,310,000
				2,102,826,230	2,047,932,888
Balances in Exchequer on April 1—			Balances in Exchequer—		
Bank of England	5,296,468	5,504,595	Bank of England	2,108,096	2,913,858
Bank of Ireland	695,075	620,619	Bank of Ireland	501,177	626,448
	5,991,543	6,125,214		2,609,273	3,540,306
	£ 2,105,435,503	£ 2,051,473,194		£ 2,105,435,503	£ 2,051,473,194

Mem.—Floating Debt, outstanding March 31, 1931 £594,325,000

	1931. Sept. 30, £	1930. Sept. 30, £
Ways and Means Advances outstanding:—		
Advances by Bank of England	16,297,000	10,000,000
Advances by Public Departments	618,110,000	680,065,000
Treasury Bills outstanding	634,407,000	690,065,000
Total Floating Debt outstanding	1,248,814,000	1,370,130,000
Net Increase	44,327,000	44,065,000

Treasury, September 30, 1931. * Includes £334,000 the proceeds of which were not carried to the Exchequer within the period of the account.

departments have spent so much as they asked for: the Army and the Navy, the Home Office, Communications, and the Treasury have surpluses of 37, 25.7, 20.3 and 13.2 millions respectively. Of the realised surplus, 33 millions was earmarked for deferred expenditure and some 1½ millions was allocated to debt redemption, leaving a "free" balance of 4½ millions. The prospective Budget deficit for the current year was estimated by the Treasury at 54 million yen. To make up this estimated deficit economies to the extent of 35 millions were agreed upon in the Cabinet Council, but no definite expedient has yet been devised to bridge the gap of the remaining 19 millions, the Economy Committee's plan having been temporarily dropped on account of the discord among the Cabinet Ministers on the proposed merger of departments.

Population Problems.—Two interesting papers on different aspects of the population question were read before the British Association last week. Professor Huxley's theme was the "new phenomenon of the first magnitude, which is likely to affect all countries in the present century," presented by the spread of contraceptive practices and the consequent danger of depopulation. He pointed out that, though human population problems have the same aspects as those of animals, there are certain fundamental differences, notably the steady increase, owing to inventions, of the optimum density of human population; the human faculty of long-distance migration, and the great variation of human fecundity. The dangers of life have been so greatly reduced that man's natural powers of reproduction are now excessive, but they are no longer exercised to the full. In the discussion which followed, other speakers referred to the tendency of the poorer and weaker sections of the community to multiply most rapidly, and Mr Haldane made the interesting point that the acquisition of wealth tends to sterilise those who acquire it. Another aspect of the same question was the subject of Dr. Edwin Cannan's Presidential address to Section F, in which he traced the changes which have taken place during the last hundred years in the attitude of economists to the population question. After dealing briefly with the earlier part of the period, he proceeded to examine the effect on present-day theories of production and distribution of the declining birthrate with its concomitant expectation that the population of this country will, before long, cease to increase. He suggested that it is becoming less and less necessary to insist on the need for restriction of population, and even insistence on the necessity of saving is less urgent, since saving will only be a condition of improving the standard of life, instead of, as with an increasing population, a condition of its maintenance. Further, the decline in the rate of increase of the population has brought about a transfer of emphasis from the production of food and primary products to the production of comforts and luxuries. From the theory of distribution, the landlord living on an income which the classical economists visualised as automatically expanding with every improvement in the general prosperity of the community, is gradually fading out, leaving "the theoretic arena open for discussion of the sharing of the whole produce between earnings of work and income derived from possession of property of all kinds." The advance of civilisation has, so far, caused the aggregate share of property to increase more rapidly than that of labour, because the amount of property has grown more rapidly than the population and so counterbalanced any decline in the rate of income per unit of property. Dr. Cannan considers that there is no evidence to show whether this tendency will be checked or intensified when the growth of population ceases, but he reminded his hearers that in any case this division of the product of industry between workers and property owners is losing its significance, as the proportion of the population which derives its income from one of these sources alone is steadily diminishing. In the question of distribution, the emphasis now is principally upon unemployment, and Dr. Cannan devoted the last part of his paper to combating the widely-held belief that unemployment in this country is accentuated by over-population.

He stressed the fact, too often forgotten, that demand for the products of industry is not something outside and independent of the amount of products, and continued: "Unemployment arises, not from insufficient demand for the products of industry as a whole, but from the number of persons offering to work in particular branches of industry being in excess of the number admissible, having regard to the conditions and wages which are required to satisfy both the would-be workers who are unemployed and the persons already in employment." Dr. Cannan did not, however, show that it was impossible for these requirements to be, in all occupations simultaneously, too high to allow of the absorption of the would-be workers, and this demonstration seems indispensable to his argument. We welcome, however, his conclusion that a stationary or declining population will increase rather than diminish the necessity for promoting geographical and occupational mobility of labour.

Overseas Correspondence.

LEAGUE OF NATIONS.

The Crisis — Action in Central Europe — Tariffs — Disarmament — The Sino-Japanese Affair.

(FROM OUR CORRESPONDENT.)

GENEVA, September 30.

It cannot be said that the depression under which the Assembly opened has been noticeably dispersed now that the meeting is ended. It is not reasonable, however, to attach too much blame for this to the Assembly. What is required for the grave emergencies of to-day is swift and immediate action dependent almost entirely upon what one or two States are prepared to do. The Assembly of the League is not designed to be an executive body for emergency measures, still less a dictatorial body on either economic or political matters. At the back of the minds of many, though they would not admit it in blunt terms, is the idea that the League is an oracle at Geneva where the States of the world go to receive instructions, whereas the fact is that States go to Geneva to endeavour to find out what they can do in common; the League is nothing more or less than the greatest common measure of agreement at any given moment. The Assembly cannot cancel reparations due to France or other countries if they are not willing; the Assembly cannot give long-term credits to Germany; it cannot reduce tariffs; it cannot take direct action or compel it; it can only attempt to proceed by discussion, persuasion and conference.

Though it must be admitted that it is difficult to point to any definite step which has an immediate influence on the crisis, the full exchange of views and the refreshingly positive proposals of Sir Arthur Salter and others must have their effect in the long run, while the Assembly, in carrying on its regular work, has not only done much towards building up the basis of international co-operation, but continues to take steps to have League machinery ready as soon as the States have been able to make up their minds what they require to be done. A single example of this is the instruction to the Financial Committee to consider M. Francqui's proposal to establish an institution for long-term and medium-term credits, and in the general authority given to enlarge the competence of the Financial Committee so as to ensure that action may be taken without delay. The situation as it is, however, depends still in the first place on what may come out of the meeting of the French and German Ministers in Berlin for any fairly immediate improvement in political and financial confidence.

The Assembly has taken and repeated for itself the views of the Basle Committee, the Sub-Committee of Experts, and the Financial Committee on the urgent necessity for political confidence; but confidence is not an automatic machine, and the experts, in emphasising the need of it, wanted the statesmen to act upon it. There

is little more that the experts can do. The one direct line of action which was laid before the Second Committee by Sir Arthur Salter (and to which the *Economist* referred last week) received a completely negative response from the French Minister of Finance, M. Flandin, who jauntily explained that political debts did not matter much, that the working of the gold standard was in no way to blame for the present maldistribution of gold and capital, that creditor countries had no obligations to give credits, and much of the same kind, in opposition to the general understanding of the requirements of the moment. It was, however, valuable to have the concrete suggestions of Sir Arthur Salter on record.

To take a few positive elements, the Financial Committee has reported on Austria, Hungary and Bulgaria and in none of the cases does it consider the difficulties insuperable. A detailed programme has been worked out for Austria, and a strong delegation is proceeding to Vienna for detailed execution of the plan of reforms. The work is not so far advanced in Hungary, where the League has not had the opportunity of a preliminary inquiry as in the case of Austria. The Committee agrees with the Austrian Government's view that to meet the requirements of the Treasury and to protect the foreign exchange of the National Bank, it will be necessary to raise 250 million schillings by foreign credits; the Committee considers such credits essential for the reconstruction of Austrian finance. The Committee, however, says that it cannot hide the fact that the success of individual methods of reconstruction in particular countries is closely dependent on the early solution of the general world price problem, which did not exist in the earlier reconstruction plans undertaken by the League. This problem was not confined to Austria, and was equally present in the great primary producing countries of the world. The Committee says it can only repeat and emphasise the warnings of the Basle and other committees.

The report of the Second Committee on economic matters, presented by M. Rolin, the French Minister of Commerce, was somewhat rhetorical. Underlying it is the usual assumption that it is other Governments which must listen to the wise words of the experts. However, there is a good deal of work provided for, despite the fact that there were crocodiles' tears about the failure of the World Economic Conference and of the successive conferences with a view to concerted economic action. The Governments are to be asked to present, if possible before next January, their observations on the report of the Subcommittee of Economic Experts. Amongst other things, an examination is to be made of the proposals for the execution of public works calculated to mitigate the effects of the depression and to assist the resumption of activity. The report shows also some appreciation of the anxieties expressed by overseas delegates that in the work of the European Commission their interests should be safeguarded.

It is impossible to enter into the important decisions taken with regard to amendments to the Covenant, the convention for improving means of preventing war, the disarmament truce and a number of other matters, except to say briefly that the Assembly, being unable to agree on the precise proposals put forward by Italy, has accepted a general resolution by which the Governments will be asked before a given date to say clearly and definitely whether they will refrain during twelve months from any measure involving an increase in armaments. This is the second best, but it was all that could be expected, and, as Lord Cecil said this morning, the replies will provide a great exposition of where the Governments of the world stand.

The Sino-Japanese conflict has, however, been the main interest, and the Council has followed its normal procedure of quiet and diplomatic pressure upon Japan to withdraw its troops from the occupied territories. The Japanese Government gave an undertaking to withdraw the troops as soon as they could safely do so, and subsequently informed the Council that the withdrawal had begun. Though some attempt has been made to act on the Chinese suggestion that a supervisory commission should be sent

to Manchuria, there seems a prospect of at least some arrangement by which there will be for the time being a joint Sino-Japanese body. If this sees the end of the immediate occupation all will be well, but if not, Lord Cecil said it may be considered whether the League should not lend some help in supervising the situation on the spot. This is a point which the Japanese have steadily resisted, and the Council has probably been wise not to push them too hard. The idea which seems to find favour in some quarters that the way to handle this matter is to bounce the Japanese representative round the Council chamber is a strange notion, as regards any State, least of all a great Asiatic Power. But it is interesting to note the rather subtle way in which the Council has moved. It first of all sought and obtained the most whole-hearted official support for its action from the United States Government, which promised to act on the same lines; the President of the Council informed the Assembly that he would probably have a communication to make to it on the subject; he went out of his way at a Council meeting to express the sympathy of the Council with Mr C. T. Wang for the attack which had been made upon him by Chinese Nationalists on the erroneous grounds that he had been weak in his League of Nations policy. This morning the promised account was given by the President of the Council to the Assembly, and the Council has given authority to the Secretary-General to keep the League offices in China and Japan telegraphically informed of proceedings in Geneva so that there should be no misunderstanding of what is happening.

UNITED STATES.

Opinions on British Crisis — Industry — Wage Reductions — Prices — Foreign Trade — Money — Bank Investments.

(FROM OUR CORRESPONDENT.)

NEW YORK, September 23.

FINANCIAL New York took calmly the news of England's abandonment of the gold standard, although until shortly before the event there was no general expectation of it. Some of the insurance companies and banks, anxious over the recent weakness in United Kingdom bonds, are reported to have liquidated, and most banks with funds lent in the London market had drawn them down and hedged the remainder in the futures market, so that losses will be negligible. American credits in London were estimated here at no more than \$50,000,000, nor was American investment in British securities particularly heavy.

Most commentators are disposed to assume that the British authorities understood their position better than anyone else, but the feeling here is, nevertheless, general that it might have been better to have given up gold before resorting to the use of so much foreign credit. As Wall Street sees it, the French attitude has been helpful, and much hope is placed in French co-operation both in regard to the British and the German situations.

The bill market has advanced an eighth per cent., the first change in rates since last May, and the fifteenth this year. The firmer tone was connected with the British position, but was due partly to other factors, such as the sales by domestic banks to secure greater liquidity against withdrawals of deposits and also to meet increased commercial demand for credit in some sections of the country.

Foreign bank sales, however, were reported to be heavy, and the fact that this week the Federal Reserve Bank announced an increase of \$109,100,000 in earmarked gold for foreign account lends colour to the report that France or other European countries are further building up gold reserves. France is believed already to have more than sufficient gold, and it is thought that some of the small European nations with currencies heretofore moored to the pound sterling are now shifting to the dollar and are seeking to build up gold reserves here. Gold under earmark at the Federal Reserve Bank now amounts to \$180,000,000, a new high record total. The country's gold stock is now reduced to less than \$4,900,000,000. If

the current change marks the beginning of large redistribution of the gold supplies, it will be well liked here.

The domestic industrial situation has changed little. In the absence of any appreciable rise in trade, two of the country's major corporations have announced wage or salary cuts. After cutting the pay of salaried personnel by an average of about 10 to 15 per cent. over a month and a half ago, the United States Steel Corporation is putting into effect at the beginning of next month a 10 per cent. reduction in the wages of ordinary labour. The industry is now operating at a loss, and, in any event, the Steel Corporation increased wage rates and reduced hours eight years ago. The dividend was cut from 7 to 4 per cent. last summer. The cuts in wages will affect over 200,000 men, and, on the basis of present employment, at about 90 per cent. of the regular payroll, will probably save the Corporation some \$30,000,000 a year, or about \$3.50 a share on the common stock. The Bethlehem Steel Corporation has announced a similar cut. The General Motors Corporation is cutting salaries 10 to 20 per cent., but for the time is leaving wages unchanged.

Since these corporations are the leaders in the country in financial policy as well as in size, their action will stimulate wage cutting generally and will probably leave only the railroads on the old wage base. Lower wages for the railroads also are more than probable. Hearings of evidence on the freight rate increase case are completed, and the final arguments are being made. A decision is expected soon, and it is now believed that the 15 per cent. blanket advance will not be allowed, but that enough increase in some categories of freights will be granted to bring in about \$250,000,000 of additional revenue. However, the railroads need further assurance that their securities will be protected and their credit maintained, and, in spite of the prospect of strikes, an attempt will no doubt be made later to lower wages.

While the action of the Steel Corporation has brought some criticism from labour leaders, the Washington Administration has been silent on the subject. The view is held to prevail there now that wage reductions are inevitable, and the lack of reference to the supposed agreements not to cut wages which industrial leaders gave to President Hoover at White House conferences in the autumn of 1929 is significant.

President Hoover this week addressed the national convention of the American Legion, the chief organisation of ex-Service men. He endeavoured to impress upon them the burdens already carried by the national Treasury, and urged them not to ask for additional bonus payments. While his address was favourably received, the Congress to extend favouring legislation. However, the country is less friendly to further payments than it was, and an addition to the deficit on this account may be avoided.

Commodity prices are showing more firmness at the moment. The Bureau of Labour statistics index for August gained three-tenths of 1 per cent. In July the index was unchanged from June. Farm products were slightly lower, as were raw materials generally, although sharp gains were noted in petroleum and its products. The index numbers are as follows (1926 = 100):—

	August, 1930.	July, 1931.	August, 1931.
All commodities	84.0	70.0	70.2
Farm products	84.9	64.9	63.5
Foods	87.1	73.1	73.7
Hides and leather products ..	98.9	89.2	88.5
Textile products	77.7	65.4	64.2
Fuel and lighting materials ..	75.4	58.2	62.3
Metals and metal products ..	92.7	87.5	87.1
Building materials	87.4	75.8	75.4
Chemicals and drugs	87.3	77.3	75.5
House-furnishing goods	95.9	88.0	87.5
Miscellaneous	71.2	61.0	58.5
Raw materials	81.8	64.3	64.1
Semi-manufactured articles ..	78.1	69.5	68.3
Finished products	86.4	74.0	74.6
Non-agricultural commodities...	83.8	71.5	72.1
All commodities less farm products and foods	83.3	71.8	72.3

Foreign trade returns for last month were poor, but better than had been expected. Exports of \$165,000,000 were \$1,000,000 under imports, the first import excess since May, 1929, and with that exception the only one since the first four months of 1926. Exports were the smallest since September, 1914, and imports the lowest since September, 1916. The declines from July were 10 and 6 per cent. respectively for exports and imports. For the first eight months exports are down 37 per cent. from last year, and imports are 33.5 per cent. lower.

This month is ending with virtually no sign of trade improvement outside those retail and wholesale lines which are having the benefit of reopening of the schools, special bargain sales and seasonal improvement. The steel industry is barely at 30 per cent. of capacity. Motor output is running under August, and an even further reduction is now predicted for October. However, steel prices are holding fairly well. Railroad traffic is still low and so far is not coming up to the usual seasonal autumn increase, due largely to holding of grain on the farms, the slow coal movement, and increasing motor competition.

Apart from the temporary disturbance caused by the débâcle of sterling, monetary conditions are unchanged. Short-term funds are as plentiful as ever. At the moment the banks are doing some window-dressing in preparation for an expected call for condition statements, and also they are continuing their trend toward greater liquidity. On the other hand, public hoarding of currency seems to be waning. Member banks of the Federal Reserve system report a large gain in Government security holdings, due to the recent Treasury financing, and their security loans are declining.

The Federal Reserve Board has made available a more detailed classification of member bank investments than has heretofore been published. For the year ending with June member banks had added \$1,280,000,000 to their United States Government security holdings, of which \$580,000,000 was in short-term obligations. Other security investments increased \$380,000,000. Holdings of foreign bonds decreased by \$47,000,000 to a total of \$642,000,000. Investment in State, county and municipal bonds rose \$300,000,000, railroad bonds were up \$100,000,000, and public utility bonds rose \$75,000,000. In the two years ended with June member bank investments rose \$2,060,000,000, a reflection of the sharp decline in demand for bank credit.

IRISH FREE STATE.

Views on Sterling Situation — Possible Benefits to Farmers — Railways — Foreign Trade.

(FROM OUR CORRESPONDENT.)

DUBLIN, September 28.

EVERYBODY in the Free State has watched the British financial situation with a sympathy that is not wholly disinterested. The economic and financial ties connecting the two countries are so close that a crisis in Great Britain cannot fail to have important repercussions here. Great Britain is by far the largest customer for Free State exports, and every circumstance affecting the purchasing power of the British consumer is of interest to Irish producers. Moreover, Irish investors hold very large quantities of British securities, and the condition of British credit vitally affects the value of their investments. But what is most important of all, the Irish pound is tied hand and foot to sterling, and every change in the value of sterling produces a precisely equivalent change in the value of Irish money. It is small wonder that the economic situation in Great Britain should be observed with such keen anxiety in the Free State.

Needless to say, the Opposition has attempted to make a point against the Government for having placed the value of the Free State currency so completely at the mercy of the British financial authorities. To have refrained from doing so would have been more than

human. In 1927, when the Currency Act was passed, many people were in favour of tying the new currency to the dollar. The argument against this course was that a rate of exchange with Great Britain would have been an inconvenience and possible an impediment to trade. Nobody at that time could reasonably have been expected to foresee the events of the last few weeks, and the decision was finally taken to base the new currency on the pound by means of a sterling exchange standard, which worked quite successfully until the recent crisis. Now the Irish Free State has been driven off the gold standard through no fault and by no wish of anybody in Ireland.

It is difficult to say with certainty whether the Free State will lose or gain by the departure from the gold standard. On the one hand the value of dividends from British Government securities and other sterling investments will be reduced, but as against this must be set off the reduction in the burden of the land annuities and other payments made by the Free State to Great Britain. Assuming that the depreciation of the pound stimulates something in the nature of a trade revival, the Free State should stand to benefit in two ways: in the first place, the demand for high-class foodstuffs would be increased, and in the second place the price of agricultural products would probably rise more rapidly than that of manufactured articles. There is a general feeling in Dublin that the Irish farmer has a good deal to gain from a little "inflation," provided it does not equally affect some of his Continental competitors. It is interesting to note, however, that he will probably not be allowed to reap such a differential gain for long, as Denmark, New Zealand and Australia have apparently decided to follow the same course as Great Britain.

It is taken almost as a matter of certainty that one result of the crisis will be some measure of Protection in Great Britain, and considerable discussion is heard as to the possible reactions of such a fiscal revolution on the Free State. If a tariff were imposed which excluded food from its scope, things would remain much as they are at present, except in the case of a few manufacturers who export to Great Britain. If, however, foodstuffs were included in the tariff, the question would at once arise whether the principle of Imperial Preference would be adopted. If it were, the Irish farmer would enjoy a measure of competitive advantage over his foreign rivals that would be very agreeable and should prove very profitable.

The condition of the railways is becoming more and more unsatisfactory. Road competition, both for passengers and goods, is making their position impossibly difficult. The Great Southern Railway has passed its preference dividend, has given notice of dismissal to hundreds of workers, and has closed several of its branches. Shareholders, employees, and the public are suffering various degrees of inconvenience. Meanwhile the Government is apparently quite oblivious of the crisis that has arisen. Public opinion is clamant for immediate action regulating the competition between rail and road and protecting the public against the loss of a valuable service; but all that can be obtained in official circles is a vague promise that a Bill dealing with the whole subject of transport will be introduced when several other lengthy and contentious measures have been passed through the Dail.

FRANCE.

The Berlin Visit — The Franc and the Slide from Gold — Bourse Restrictions.

(FROM A CORRESPONDENT.)

September 30.

THE week in Paris has been one of conflicting influences. Favourable news of the visit of M. Laval and M. Briand created some increase in confidence early in the week, but

the effect was more than counteracted by the abandonment of the gold standard by the Scandinavian countries; while satisfaction felt at the salving of the Banque Nationale de Crédit was impaired by some talk of banking trouble arising in another quarter. On Wednesday morning unfavourable influences came definitely into the ascendancy, and heavy selling of securities developed on the Bourse both on foreign and on domestic account. The substantial nature of the wave of liquidation, and the prevalence of the belief that further foreign liquidation was impending, led the authorities to place severe restrictions on forward selling. Credit sales were prohibited except in cases where selling orders are accompanied by certificates or by proof of definite ownership, or by the cover of 40 per cent. in cash and one-quarter of the amount of scrip involved. The bears being thus checked, the tone became definitely quieter on Wednesday, and some international stocks recorded a slight recovery in price.

Although the pessimists belittle both M. Laval's reception in Berlin and also the results of his conversations with the German Chancellor, well-informed opinion appears reasonably satisfied. While there is no inclination to magnify the actual results so far attained, there is a feeling that at least a moral gain has been recorded. M. Laval, the first French Premier to visit Berlin since 1878, has been favourably received, even though the manifestation of enthusiasm may have been confined to a small section of the Berlin population. Moreover, personal goodwill between M. Laval and Dr. Brüning has been further cemented, and the speeches of both statesmen at the Berlin banquet suggested a realistic and practical attitude. Nevertheless, it must be admitted that Paris opinion has been disturbed by the fresh Hitler victories in the Hamburg elections, which are read as a severe reminder of possible political effects which may ensue from persistent aggravation of economic strain, unless something is done to alleviate present conditions. The agreement to explore the possibility of a Franco-German economic entente is, therefore, being examined carefully; but at this point no one is inclined to use any stronger phrase than that of M. Laval himself, when he said that in Berlin he had attended at "the birth of a hope." The establishment of a joint Franco-German committee to explore avenues of co-operation in the economic sphere is accepted as a desirable step in the procedure of getting together, and it is supposed that the Layton Report will be the basis of early discussions. But it is not clear that the Ministers have got beyond agreement on method of procedure.

That M. Laval is to visit Washington so soon after his visit to the German capital, on the invitation of President Hoover, is taken as significant of the United States' continued practical realisation of the close interdependence of nations—a realisation which is rapidly being forced upon the minds of Frenchmen by the flight from the gold standard, and the new dangers and problems that this movement involves for the economy and banking system of France. It would not be fair to say that any general feeling of apprehension has been caused by the events of the past fortnight, and there are few signs of any doubts as to the stability of the franc. But there is, on the other hand, in banking circles full realisation of the growing strain that events can hardly fail to exert upon those centres which, like Paris, remain on the gold basis; and the withdrawals of balances from America on a considerable scale are due at least as much to the aim of fortifying the home position as to uneasiness, which, nevertheless, exists in same quarters, as to the strength of certain parts of the American banking structure.

Since the wave of Bourse liquidation last Wednesday there have been rumours of the preparation of further severe restrictions upon speculation, and the authorities are well alive to the possibilities of bouts of distressed liquidation recurring from ex-gold centres and are prepared to ensure that such movements shall not be aggravated by the action of home speculators.

GERMANY.

French Minister's Visit — Dr. Luther and Gold Standard — Bank Failures — British Capital — Savings Banks — Ruhr Wages — Hamburg Elections.

(FROM OUR CORRESPONDENT.)

BERLIN, September 29.

THE German public attached little hope to the visit to Berlin of the two French Ministers, and the very cordial demonstrations with which they were received were expressive of wishes rather than of expectations. The fairly concrete and at the same time far-reaching content of the conversations has almost occasioned surprise. A Franco-German economic committee is to be set up, composed of Government officials. Expert economists and trade unionists are to be co-opted *ad hoc* in connection with individual subjects of discussion, and these advisers will be nominated by the Government after consultation with the associations affected. The chair, as long as the commission meets in Berlin, will be taken by a Minister, presumably Dr. Trendelenburg, as Deputy-Minister of Economics.

Any suspicion that this arrangement is not meant to have binding force is forestalled by the fact that the Commission is to have a permanent secretariat, whose duty it will be to bring before the Commission any question which offers an opportunity of economic co-operation between the two countries. An important subject for discussion will certainly be the problem of international cartels. That is an important element in French economic policy, as was already clear at the Economic Conference in 1927, and the not very favourable experience with the International Steel Cartel has not altered this. But any industrial measures naturally raise financial questions too, and it may be taken for granted that on the German side particular stress will be laid on the treatment of credit problems.

The question whether Germany will follow the example of Great Britain in respect of her currency, or will adhere to the legally-established parity with the dollar, is answered on behalf of the Reichsbank by a speech of Dr. Luther before a meeting of the German savings banks. The President said:—

Many people may think that if England, with her financial strength, acts "magnanimously" as they call it, poor Germany has no need to cling proudly to her gold currency. It may also be a temptation to many that there are signs of a stimulus to trade on the other side of the Channel, that industry there is reviving, and that the burden in respect of the repay-receiving new orders, and that the burden in respect of the repayment of debts has grown lighter during the last week. People point to the fact that inflationist countries receive a premium on exports as their costs have not adapted themselves to the depreciation of the currency. All that is true in itself: we have, indeed, experienced it ourselves. But have we not also experienced what follows? Have we quite forgotten that this advantage is only present in the first stage of inflation, and that as soon as costs and prices catch up the premium on exports vanishes? If we are capable of thinking on such subjects at all, we must be convinced that in our case prices and costs would rise almost immediately, so that Germany would scarcely enjoy the first stage of inflation because everything would almost at once be calculated in terms of gold. . . . Then there would certainly be a demand to create a new "first stage," and so on. For this reason there is no question for us of a carefully-controlled dose of inflation.

Dr. Luther went on to stress the peculiarities of the German currency situation, which, he said, even apart from the danger of inflation, must preclude any question of Germany's following the example of Great Britain:—

Our daily bread depends upon the maintenance of a stable currency . . . our debts to foreign countries are predominantly not in marks, but in gold, dollars, or other gold standard currencies, and only to a very small extent in pounds. As therefore our foreign debt is the most important part of our indebtedness, to the extent which we obtained the anticipated relief in respect of the difficulties which have arisen from the depreciation of sterling, we should, having regard to our position, fail to receive the hoped-for relief in respect of our debts. . . . The milliards of foreign debts which are now subject to the standstill agreement would, with every decline in the value of the mark, stand at a higher value in the books of the debtors, who after a point would be irretrievably bankrupt. Germany's attitude cannot, therefore, be independent of the line taken in this matter by other countries.

This statement of the President of the Reichsbank was further emphasised, at the same meeting, by a very clear

and decided pronouncement of the Chancellor, who said:—

A poor country must be cheap. If it succeeds in establishing its payments and prices on this basis the effect would be secured, on a solid foundation, which a depreciation of the currency would only give for a very fleeting period. Conditions in Germany, however, are very different from those in Britain. No people that has had to endure, as Germany has, the ghastly experience of such inflation, can tolerate a fresh blow, in times of the greatest uncertainty and fear, to confidence in the future of their savings.

The Finance Minister spoke in the same sense at the meeting of the German State Party on Sunday. All the authorities who are responsible for financial policy in Germany are agreed that the gold and dollar parity of the mark must be maintained in all circumstances.

Meanwhile the sterling crisis has already brought about the failure of two banking houses of great standing: Deichmann and Co., of Cologne, and S. Schönberger and Co., of Berlin and Amsterdam. Deichmann and Co. was founded in 1858, and has been closely connected with J. Henry Schroeder. Debts could not be recovered and a number of industrial participations which were involving the house in losses could not be sold. The amount of the liabilities is not yet known. S. Schönberger and Co. is a more direct victim of the sterling crisis. The Bank had transacted a large volume of forward exchange business. Dealings of this kind in various gold currencies are widespread, and perfectly sound in themselves, but just for that reason commitments had attained a volume many times exceeding the former capital, and a loss of several million marks is anticipated. The other liabilities may amount to about 10 million marks. The Amsterdam subsidiary dates from 1923. Until last year the banking house of Bleichröder had shares in Schönberger, but this holding was not taken over when Bleichröder amalgamated with Gebrüder Arnhold.

An attempt is made in the latest weekly report of the Institut für Konjunkturforschung to analyse the capital relations between England and Germany. English capital invested in Germany is estimated approximately as follows:—

In Millions of Marks.	
Long term loans	1.10*
Holdings of shares, etc.	0.15
Ascertainable long-term investments (minimum)	1.25
Short-term loans to 28 leading German banks	1.10†
Other short-term loans (minimum)	1.00

* Nominal amount issued in England.

† Middle of July.

It is not known what volume of mortgage bonds and other marketable securities are in English hands, but they are by no means negligible sums. The German claims on England cannot be very great, but the depreciation of the pound, nevertheless, threatens German commerce with substantial losses, losses which may be devastating to certain branches of industry, especially textiles and paper, as a large part of their export contracts were in terms of sterling. These losses cannot yet be estimated as they depend on whether current contracts will in future be carried out in sterling or translated into terms of gold.

The German savings banks have great cause for anxiety. The July runs have ceased, but the withdrawals still exceed the payments into the banks, as they did before the July crisis. This is probably not due to mistrust, but to the pressure of the crisis upon the incomes of the masses, who, unable immediately to adjust their standard of living to reduced salaries and wages, are drawing upon their savings to meet current expenses. Between June and August the savings banks lost 7.5 per cent. of their deposits of 11 milliards, and withdrawals are expected to amount to 10 per cent. by the end of September. As the savings banks do not keep many liquid assets but have some 40 per cent. of their assets in mortgages, the means of meeting these withdrawals had largely to be procured by having bills discounted at the Reichsbank through the Acceptance Bank.

The wage agreement in the Ruhr mines expires on September 30th. Neither the conciliation negotiations nor the arbitration proceedings which have been instituted have led to any result. According to German law an arbitration

award can only be given if either the workers' representative or the representative of the employers, who sit with the Government representative on the tribunal, agrees to it. If, as in this case, the employers demand a heavy wage reduction which the Government arbitrator considers intolerable, and if he cannot get the workers to agree to a compromise, no result can be reached. In order to avoid this, which would mean that both parties would recover their freedom of action and a big labour dispute might follow, the President of the Reich, as once on an earlier occasion, issued an emergency decree requiring the arbitrator to appoint two more independent experts, with whose support he may then issue an award. As this award will presumably be given binding force, the danger of a strike or lockout has been avoided.

The elections in the Free State of Hamburg have led to a sweeping victory for the Radical parties. The Communists have added 21,000 votes to their poll at the last Reichstag elections, at the expense of the Social Democrats, and the National Socialists have increased theirs (which was, however, lower than in other parts of the country) by 40 per cent. Of the middle-class parties only the State Party and the German National Party have increased their votes; the German People's Party, the Economic Party, and the Christian Socialists have declined. The new City Council has no working majority. The Social Democrats, with 46 seats, remain the largest party, but the 35 Communists and the 43 National Socialists make the assembly, which has 160 seats, incapable of action. The result will be either that the old Senate will carry on the Government for a time, or else that the Reich Government will have to govern Hamburg by means of emergency decrees. This illustrates the steady increase in the internal political difficulties of Germany, and the action of the Reich may form a precedent for the situation which may arise in Prussia after the Landtag elections next spring.

HOLLAND.

Gold Standard Maintained — Stock Exchange — Demand for Protection.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, September 30.

THE relief measures of the Netherlands Bank, for which the board of the Amsterdam stock market appealed last week, contributed considerably towards assisting the Stock Exchange. The bankers' syndicate formed for the purpose of providing the market with funds for new prolongations also played its part. After one day, it is true, this syndicate was dissolved, but the bankers participating continue to be prepared to provide funds for the purpose in view, so that the threatened shortage of money was surmounted and a sudden boom manifested itself on the stock market. To a large extent the sharp rise in quotations was the result of covering on the part of scared bear operators, for there was no hope of success for bear manipulations now. In addition, however, other important factors played their part. The rise in shares was attended with a serious depression on the bonds market, to such an extent that even first-class loans proved hardly saleable. Several exaggeratedly low quotations were struck out from the quotations list by the board.

It is, therefore, evident that the situation is still by no means calm, and the situation in England, particularly the sharp drop in the quotation for sterling in the Netherlands, gave rise to a very nervous tendency. The uneasiness grew more and more intense when the English Government failed to publish any policy for meeting the crisis. In commercial and industrial circles the menace to Dutch interests was soon realised, as it means the cessation of exports to England on the one hand, and, on the other hand, competition here of British products. Meetings are being arranged in many parts of the country, and the call for adequate protection and support is becoming more and more insistent in the Netherlands. Meanwhile, Dutch exporters who have contracts for forward delivery have resolved to demand payment in gold pounds.

It is not surprising that in some circles the view was expressed that the only thing for the Netherlands to do in the circumstances was to abandon the gold standard too, and this was already being discounted by large offerings of bonds and demands for shares. The Netherlands Bank deemed it imperative to put an end to the existing uncertainty by publishing a communiqué to the following effect last Sunday:—

In view of questions which have been put to us, we desire to state that there is no reason for us to conceal the fact that our foreign bill portfolio does consist partly of sterling bills. In consideration of conversations held very recently with the Bank of England, and in view of the particular character of our sterling assets as the gold-bill portfolio of a bank of issue, we have every reason to believe that we need not fear any loss on these assets. The sterling bills held in our portfolio are yielding interest which in the meantime automatically offsets possible temporary loss in book value. For the Netherlands Bank, as a bank of issue, there can never be any reason for parting with its sterling bills at an inopportune moment. We declare most emphatically that our holdings of sterling bills will not impede the Netherlands Bank from fulfilling its function as bank of issue to the fullest extent. At the same time, we declare that we shall unconditionally maintain the gold standard. There is no inflation of Dutch currency, and no such inflation is to be expected.

The gold position of the Netherlands Bank is stronger than it has ever been before.

In connection with rumours in circulation to the effect that the Dutch East Indies had suspended the gold standard, the assurance was published that neither at the Colonial Office nor at the branch office at Amsterdam of the Javasche Bank was it known that any such measures were under consideration. The President of the Javasche Bank added that in this crisis the interests of the Dutch East Indies and of the Netherlands were so closely intermingled with regard to the guilder that depreciation of the East Indian guilder as compared with the Dutch guilder must be regarded as out of the question.

Mr Vissering's reassuring statement of Sunday, however, failed to affect the Stock Exchange. The big offers of bonds continued, and at the same time the funds still available for the shares market dwindled away more and more, so that the prolongation rates advanced rapidly. The situation on the foreign exchange market also became more serious, through the steep advance in all foreign currencies. The dollar and the French franc approached the gold export point, and gold has already been shipped to France. The Netherlands Bank found it necessary on Monday to raise its discount rate from 2 per cent. to 3 per cent., while the rate for advances on merchandise and securities was even raised from 2½ per cent. to 4 per cent. This active bank rate policy constitutes, of course, one of Mr Vissering's measures for maintaining the gold standard in the Netherlands. Whether he will be successful will have to be seen, but it may be pointed out that the tendency on the foreign exchange market was decidedly more satisfactory on Tuesday as the result of this measure.

AUSTRIA.

Drastic Retrenchment — Exchange Rationing — Industry — Sterling Losses.

(FROM OUR CORRESPONDENT.)

VIENNA, September 29.

THE next few days will witness decisions on important questions of national economy, but it is uncertain whether they will be made by the present Government or only after the establishment of a coalition. The Government desires to diminish the salary list by cutting down payments to the civil service by 82 millions and to curtail consumption of materials by 130 to 140 million schillings. This economy is to be effected by a cut in the emoluments of active officials, by increasing contributions to the pension fund, by diminishing special allowances, by prohibiting the engaging of fresh officials and by suspending all promotion. The civil servants declare that they cannot agree to such a curtailment, which would mean a loss to them of 16 per cent. of their income. Public meetings are to be convoked and even in the Government Party there is some diffidence in regard to such measures against the voters. As the Municipality of Vienna was also unable to carry out the

many cuts contemplated in its salary list and is in similar difficulties, an understanding on the question will have to be arrived at between the Social-Democratic Party and the present or a future Government. Further, a crisis tax is to be levied as a supplementary personal income tax. The tax on motor spirit is to be more than doubled. On the railways and at the post office service facilities are to be cut down and investment activity suspended.

The great question is, however, whether all these increases will suffice to outweigh the deficit which every tax and impost item will suffer owing to the inevitable diminution of consumption and the general impoverishment. The heaviest burden for the State is the assumption of responsibility for the Credit-Anstalt. This bank continues to work at a loss, as practically every business activity is hampered. Expenses are now to be reduced by the dismissal of about 400 to 500 bank clerks. Salary cuts are also to be imposed on the clerks and the management of the Credit-Anstalt, as its employees are paid much more than those of the State and those of the public bodies. Even if a reform of the administration is carried out and savings thereby effected, it is difficult to see how the institute will get along without the greatest difficulty.

The National Bank has drastically curtailed the issue of foreign currency. Of the means of payment demanded at clearing scarcely 10 per cent. has been allowed. It would perhaps have been better if the National Bank had resorted earlier to such measures and so prevented the procuring in Vienna of foreign means of payment for Hungarian, Yugoslavian, Roumanian and Polish account and the consequent inroads upon the holdings of the National Bank. Between July 31st and September 15th holdings of gold receded from 214 to 189 million schillings, though foreign currency notes calculated in cash holdings rose from 127 to 142 million schillings, while the foreign currency notes not included fell from 224 to 124 millions. In the week from September 15th to 23rd a further weakening of the foreign currency note holdings of the National Bank is observable. Now, however, it is regretted that holdings of foreign currency, which include pounds, were not last week diminished through sales, and that sales of gold approximating 25 million schillings were made out of the bank holdings. The restricted allotment of notes and the efforts of neighbouring countries to procure foreign means of payment have led, as always in such times, to the growth of clandestine transactions, in which notes, gold and, recently, also silver are negotiated at a premium.

The exchange is still closed, although no further decline on the share market is feared. On the contrary, in private trading there is a demand for individual Hungarian securities, which were previously offered in large quantities from Hungary. The closing of the exchange was enacted, however, because individual Austrian loan certificates are dealt in abroad, and it was not desirable that the relatively high rates which have been paid for these at home should be subjected to a pressure from foreign sales with consequent disquieting effect upon the public. In view of the shortage of money, mortgage business cannot carry out fresh issues. For first mortgages the rate is 11½ per cent. It is, however, worthy of note that a strong demand for real estate has again set in and houses containing small flats are being sought. Luxurious buildings find no purchasers.

In industry the ironworks complain of poor sales, and when the orders from the Federal Railways, which were placed a short while ago as emergency work, are completed more men will have to be dismissed. In the machine industry German competition has become weaker, but Czechoslovakia is competing more keenly. In textiles demand for gentlemen's and ladies' materials has commenced as a result of the bad weather, and the shoe factories are also busier. The drop in the pound has hit individual Austrian exporters rather hard, and complaints in this connection are made by clothing and textile manufacturers, the whole of the fancy-goods industry, the timber and paper industry, the glassware industry, the perfumery and drug manufacturers and by producers of certain fats and oils. Further, in view of the depreciation of sterling, import is feared of finished products of the heavy industries, hardware, crude metals, wool and woollen goods,

cotton and cotton goods, leather, machines, asbestos, rubber goods and, most important of all, of automobiles and motors.

Rather heavy losses appear to have been suffered in Vienna on pound notes. A number of private people who had no confidence in the schilling bought English pound notes several months ago, while for some reason or other French notes enjoyed little attention. This was probably still the effect of recollection of the franc crisis. Losses were suffered on these holdings of pounds as well as on fairly large amounts of English State loans which have been acquired by Austrians. The banks, too, probably have large sterling credits in England.

ITALY.

Reception of British News — Monetary Situation — Reaction on Industry.

(FROM OUR CORRESPONDENT.)

TURIN, September 23.

THE first repercussion of the suspension of the gold standard by Great Britain was in Italy one of bewilderment. The shock was keenly felt, especially in Milan, Turin and Genoa. Importers who had covered their future sterling requirements and exporters who had not already sold their sterling bills, felt anxious about their prospective losses. The official quotation of the pound sterling was suspended and banks refused on Monday and Tuesday to quote prices across the counter. The bourses were not closed, however, and business went on as usual. Prices of securities, especially speculative ones, were marked down, but falls were not spectacular. Bourse editors observed in their notes that the volume of transactions had already in the course of a long-dated depression been so much reduced, and the prices were so low, that there was not much room for further reductions. Press comments were singularly sober. A few debated in an historical mood on the passing of the sterling myth and on the transference of the leadership of the world money market from the sterling to the dollar; others, like ex-minister Alberto De Stefani, spoke only of a provisional act of foresight and insisted on the fundamental sanity and strength of Great Britain, which are a guarantee that the pound will be restored to free convertibility into gold. Even in the modest headlines, newspapers reveal a unanimous tendency not to stress the importance of the event. Some even hint that, had the British Press and the British politicians not made such a fuss about the dangers surrounding sterling, foreigners would not have been seized with panic, and things would not have drifted to the present impasse.

As to repercussions on the Italian economic and monetary situation, there do not appear on the surface symptoms akin to those which bred havoc in London. The gold reserve of the Bank of Italy has increased between December, 1927 (first balance sheet after stabilisation) and August 10, 1931, from 4,547.1 to 5,872 million lire; the bill and securities gold exchange reserve has decreased from 7,558.8 to 3,495 million lire; the total gold reserves decreasing thus by 3,238.9 million lire. But the notes issued decreased also by 3,399.3 millions (from 17,992.2 to 14,592.9). The other items do not reveal any really dangerous tendencies. Frozen credits of the Bank of Italy toward the Institute of Liquidations, after having diminished from 1,433.8 million lire at December 31, 1927, to 626.2 millions at December 31, 1930, are again increasing, but the latest figure of 1,207.6 millions at August 1, 1931, is yet of manageable dimensions. Nor has Italy big foreign deposits, liable to be called in for an emergency. No figures are published; but there is quoted in banking circles the figure of 2,000 million lire as representing the amount of foreign deposits held at call or short notice in Italian banks; but against it there can be set a much higher figure, of from 6,000 to 9,000 millions of deposits or securities held by Italian residents in foreign countries. It is a widespread impression that the majority of Italian securities issued in New York or other markets are in the possession of

Italians; so that they are not liable to be suddenly thrown on the market as if they were held by foreigners.

The apprehensions which are felt as a consequence of the British suspension are on the commercial and industrial side. Italy and England are direct competitors in some lines, such as textile goods, in the Levant, India and the Far East. In other places also the decline in English exports has been made good by Italian goods. The fall of sterling will no doubt give a temporary fillip to British exports and perhaps damage Italian trade. Italy, like many other countries, is suffering from some of the ills under which England is labouring. Professor Mortara, in his well-known "Prospettive Economiche" for 1931, has calculated that the increase in State and local taxation, had, in present lire, increased in 1930-31 by 145 per cent. over 1913-14, and by 51 per cent. over 1925-26. The increase in terms of lire of constant-purchasing power was, respectively, 140 and 98 per cent. This is a crushing burden; and equally high is the burden of fixed interest of debts on industry and agriculture. As the (Bachi) wholesale prices index number decreased between 1927 and June, 1931, by 33.8 per cent. and the national total cost of living index number (Central Statistical Institute) between June 1, 1927, and June 1, 1931, by only 17.3 per cent., the comparatively low purchasing power of wages is an obstacle to complete readjustments between wholesale prices and wages. It is feared that if the British suspension were followed by other weak countries, the menace to our exporting industries and to our balance of trade, much improved in later months, may become very strong and react on the Bank of Italy gold reserves.

HUNGARY.

Effect of Sterling Movement — League Advisers — Budget Deficit.

(FROM OUR CORRESPONDENT.)

BUDAPEST, September 28.

THE suspension of the gold standard in Great Britain did not affect the pengő directly, as dealings in foreign exchanges have been under the supervision of the National Bank since July 14th, and the Stock Exchange is closed since that date. The Hungarian Government, after the Central European banking troubles, which led to the temporary closing of banks and restrictions of deposits, decreed that all banking deposits and claims are gold pengő. This decree was intended to restore confidence among the depositors and to check inflation, and its operation proved effective, as the note circulation of the National Bank, which stood at 503.8 million pengő on August 7th, decreased to 352 millions by September 23rd. The sterling quotation of the National Bank corresponds to the devaluation of sterling on the principal money markets. On September 28th it stood at 21.90 pengő instead of 27.82, its gold parity. As Hungary is heavily indebted to London, if the stability of the pengő is maintained at the gold basis and sterling is devalued, the burden of the foreign indebtedness of the country will be lightened. Great as would be the gain on existing commitments from the devaluation of sterling—amounting to £30 millions approximately—it would not compensate Hungary for the temporary inaccessibility of the London market for further loans which are urgently needed for the reconstruction of the finances of the country.

The delegation of the League of Nations appointed by the Financial Committee at the request of the Hungarian Government to investigate Hungary's financial position on the spot, will arrive this week. The names of the members of the delegation are not officially announced yet, but it is certain that the American member will be Mr Royall Tyler, who worked in close collaboration with the League and Mr Jeremiah Smith, junr., the former Commissioner-General, to the great satisfaction of Hungary as well as of the League of Nations. In all probability the delegation will include Mr A. Loveday, the Director of the Financial Section of the League, and Mr Per Jacobssen, the Budget expert of the League, both of whom previously assisted Sir Arthur Salter when the first reconstruction plans began to operate in 1924. Apart from the above-mentioned

American, British and Swedish members, there will be a French, Italian, German and a Czechoslovak member, and Monsieur Avenol, the Deputy General Secretary, is also expected to visit Budapest. There is little doubt that the investigation of the League's delegation will convince the Council of the League and the creditor nations that Hungary cannot recover from her immense financial and economic difficulties without effective aid through the League of Nations.

According to the official statement made by the Hungarian Government, the budget deficit for the financial year ending June 30, 1931, amounted to 150 million pengő, of which 116.9 million is shown by the Administration Budget and 33.1 million pengő by the State enterprises. The deficit was covered partly from the £3 millions loan which was contracted in November, 1930. Apart from this deficit, according to Dr Teleszky, former Finance Minister, and present financial adviser of the Government, the debts contracted by the departments and enterprises amount to 363 million pengő, and guarantees assumed by the State total 200 million pengő, of which about 60 to 90 millions effective losses will have to be met from the Treasury, so that the total obligations of the State not included in the budgetary deficit for 1930-31 are estimated at 420 to 450 million pengő. It is obvious that the 420-450 million pengő, which is half of the total expenditure of the Administration Budget, cannot be met from current resources, and will have to be consolidated into a long-term loan. The £3 million loan concluded in London in November, 1930, and the £5 million Treasury bills placed in August, 1931, are not included in the 420-450 million pengő, of which about half is borrowed from abroad.

NORWAY.

Suspension of Gold Standard — Stock Exchanges Closed.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, September 28.

ECONOMIC developments in Norway during recent hours have been rather kaleidoscopic, as, indeed, in most of the other countries of the world. The immediate consequences of the drastic step on the part of the Bank of England on Monday last were not so overwhelming as might have been expected. The idea of a similar step on the part of the Norges Bank was, of course, at once openly discussed, but various declarations from authoritative quarters seemed to give sufficient reason to believe that such a course would not be followed, though it might become necessary to increase the Bank rate. No surprise was, therefore, caused by the raising of the Bank rate on the 26th from 4 to 5 per cent., which was in itself a heavy burden on our industry, recently escaped from the throes of a six months' labour dispute. However, the hopes that had been entertained that this increase would prove sufficient to safeguard our gold and maintain the parity of the krone were to be completely frustrated.

At a Government conference on Saturday night it was decided provisionally to suspend the obligation of the Norges Bank to redeem its notes in gold, and, at the same time, export of gold under any form whatsoever was prohibited. Yesterday the Norges Bank decided to increase the discount rate from 6 to 8 per cent. as from to-day.

There is as yet no reason to take it for granted that the Norges Bank has definitely given up the thought of once again bringing the krone back to parity. On the contrary, the increase of the Bank rate may certainly be regarded as an indication that the Bank intends to maintain as far as possible the purchasing power of the krone, and also to secure its position abroad if England brings the pound back to parity.

On the whole the new state of affairs seems to be accepted by the public with resignation, and it is a source of satisfaction that the three Scandinavian countries have agreed on the same policy both as regards discount rates and the gold suspension.

Conditions on the foreign exchange market were already rather difficult last week, with very limited business, and when the quotations were at last fixed to-day (nearly three hours later than usual) there was, of course, a con-

siderable movement against the krone. Sterling had been quoted at 16.50 since the 22nd, with transactions taking place at even lower figures; but to-day the quotation was 19.85. For other currencies the rise was at a rate of about 30 per cent., and even at these rates very few transactions took place.

The Stock Exchange has been closed for several days, and, as far as can be ascertained, the date for its re-opening has not yet been fixed.

DENMARK.

Suspension of the Gold Standard.

(FROM OUR CORRESPONDENT.)

COPENHAGEN, September 27.

FOLLOWING the departure from the gold standard by Great Britain, bond and share quotations in the Copenhagen Stock Exchange were suspended. After a temporary cessation of quotations for sterling the pound was fixed at 17.50, while other quotations, though nominal, remained unchanged. Rumours of a probable departure from the gold standard began to arise, but after negotiations with the Government the National Bank published at the end of the week a declaration that it was determined to adhere to the gold standard. After the raising of the discount rate from 4½ to 6 per cent., sterling was quoted on Friday and Saturday at 16.50 and 16 respectively. On Sunday the agricultural organisations, at a special meeting, passed resolutions calling upon the Government to suspend gold payments and declaring that otherwise there would be a collapse of Danish agriculture, which depends very largely on exports to England. Meanwhile the export of gold had already been prohibited. Before the Cabinet meeting, which had been fixed for Monday morning, the news of the suspension of gold payments by Norway and Sweden arrived, and on Tuesday, following an appeal by the National Bank to the Government, an Act was passed suspending until the end of November the obligation of the Bank to redeem its notes in gold, and to purchase gold. The Bank is to act in accordance with the Royal Bank Commissioner's wishes in currency dealings, and is to pay to the State any profits arising out of the suspension. The Act also provides for the appointment of an Exchange Committee. The gold cover of the Bank's note issue has at the same time been reduced from 50 to 33½ per cent.

CZECHOSLOVAKIA.

Repercussions of British Crisis — Rise in Bank Rate.

(FROM OUR CORRESPONDENT.)

PRAGUE, September 22.

THE suspension of the gold standard in Great Britain caused great surprise, but the first somewhat chaotic impression gradually gave place to a more confident opinion. This development was reflected accordingly on the Stock Exchange. The Stock Exchange, which, in sympathy with foreign exchanges, showed a declining tendency for some time, weakened further on receipt of the news from London; but the drop in prices was not considerable, and they recovered the following day. The Board of the Prague Stock Exchange did not consider it necessary to take an extraordinary action, and the House remained open. The board, however, are determined to stop excessive speculation, but do not so far think it necessary to check normal business. It is the general opinion in Czechoslovakia that the action taken by the British Government is an internal affair, due to particular circumstances and to the atmosphere of international lack of confidence, and that it will have no direct influence on economic and money matters in Czechoslovakia. In this country there was no serious repercussion either from the case of the Austrian Kreditanstalt or, later on, from the case of the Danatbank in Germany, and on this occasion, too, the situation has remained quiet. The feeling is gaining predominance that Great Britain and other leading States in the international markets will have sufficient foresight and power to maintain the stability of sterling.

On the other hand, conditions in England have a great influence on the Czechoslovak trade, because a considerable part of the Czechoslovak export trade, as, for

instance, that in iron and sugar, is calculated and sold in sterling. Weakening of sterling might, therefore, cause losses, though these might, of course, be balanced by the fact that imports of some goods are also calculated and paid in sterling.

It is not likely that the value of sterling will have any direct influence on the Czechoslovak loan of 1922, which is to be converted in 1932. The Skoda Works issued mortgage debentures in sterling and in French francs. The placing of Czechoslovak money in England, owing to the general confidence in the home money market, is of secondary importance.

The monetary situation is steady. The Treasury is liquid and has adequate reserves, so that no extraordinary steps are deemed necessary. In spite of the great general importance of the action taken by the British Government on the world trade, its direct influence on the Czechoslovak money market should not be over-estimated. Meanwhile the board of the National Bank considered it necessary, in view of the nervousness of the whole world, to take the precautionary measure of raising the rate of discount to 6½ per cent.

POLAND.

Effects of British Crisis — Saving on Sterling Debt — Intensified Competition.

(FROM OUR CORRESPONDENT.)

WARSAW, September 25.

BRITAIN's abandonment of the gold standard appears to have caused no more disturbance to Polish banking and currency than did the German crisis of mid-July. The atmosphere is calm, and the banks and stock exchanges have functioned normally throughout the week.

Poland undoubtedly stands to gain on balance by the depreciation of the pound. No authoritative figures have yet been published on the subject, but it is generally accepted that short-term sterling and merchandise credits granted to Poland exceed by several million pounds the holdings of sterling by Polish banks and industrial enterprises; while long-term and intermediate loans (exclusive of the war relief debts) also amount to several millions sterling. At a rough estimate, Poland's debts in sterling (including war relief credits) possibly amount to about £12 millions, while sterling credits (that is, bank deposits in London, bills received for exported merchandise, etc.) are probably well below £2 millions. On this estimate, therefore, Poland appears to be a potential gainer of about £1,000,000, assuming a 10 per cent. depreciation in sterling and the resumption of war debt payments on the expiration of the one-year moratorium, or of £500,000 if the war debts are cancelled.

Looking further ahead, however, the depreciation of the pound is likely to have less pleasant consequences for Poland, since it undoubtedly foreshadows an intensification of British coal competition in the Baltic and Scandinavian markets based on a lower price level; probably lower prices for Polish butter, bacon and other farm produce now being shipped in increasing amounts to the English market; keener competition from British imports, and greater difficulty in securing sterling credits for Polish banks and industrial enterprises pending definite stabilisation of the pound.

Just Published.

THE COURSE OF THE COMING BOOM

by L. L. B. ANGAS

This remarkable publication, appearing the day following the collapse in sterling, and forecasting certain stock market movements which have since occurred, will prove invaluable to investors as a guide in the forthcoming months. Mr. L. L. B. Angas's forecasts of stock market movements have, in the past, shown an uncanny accuracy, as witness his publications "The Coming Rise in Gold Shares" and "The Coming Collapse in Rubber." This latest publication can be equally recommended.

Publishers: ST. CLEMENTS' PRESS, PORTUGAL ST., W.C.2
Telephone: Holborn 7600.

5/- nett.

The Stock Exchange.

THE OUTLOOK FOR GILT-EDGED STOCKS.

TOWARDS the end of last week, when the pound sterling fluctuated between \$3.42 and \$4 in a single day, gilt-edged security prices were more erratic than at any time in living memory—the Great War not excepted. This week's return of stability suggests that fears of a large-scale flight by investors from fixed-interest into equity securities, as a species of "inflation insurance," were, to say the least, premature. Many investors, however, are seriously questioning the advisability of a certain re-orientation of their portfolios, and their answer to the question: "Should I retain my gilt-edged stocks?" must have a decisive effect on values in every market during the critical weeks ahead.

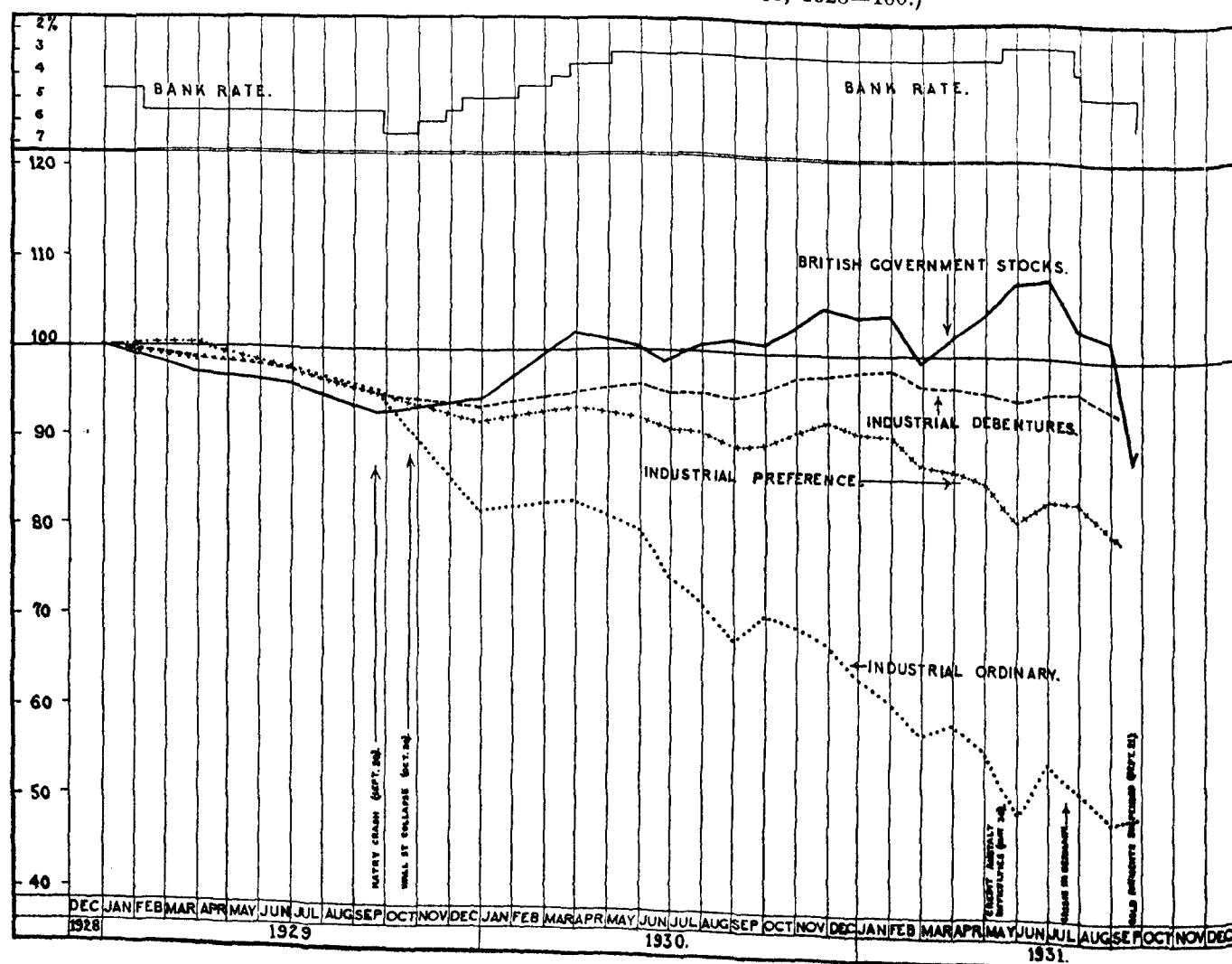
The total nominal amount of long- and short-dated British Government stocks quoted in the Stock Exchange Official List (including Treasury Bonds and Local Loans, but excluding guaranteed stocks and Trade Facilities issues) is no less than £5,900,000,000. Even if holders of no more than 2 per cent. of this total were to decide on a change of policy, the resulting transfer of nearly £120,000,000 of stock would have immense repercussions on the market. The distribution of British Government securities is more than nation-wide. The Colwyn Committee, four years ago, published an estimate that the then National Debt of Great Britain was held approximately as follows: By the Bank of England, £70 millions; by other joint-stock banks, £750 millions; by the Post Office and Trustee Savings Banks, £215 millions; by Savings Bank depositors *in propria persona*, £240 millions; by insurance companies, approximately £350 millions; by railway companies, £80 millions; by persons liable to estate duty,

£2,350 millions; by foreigners, trusts, charities, trade unions, joint-stock companies, etc., £1,650 millions. These figures are, of course, the broadest possible approximations, but they serve to show that British Government stock holding is a prerogative of innumerable persons and institutions, high and low, rich and poor. All have one feature in common—a desire for the maximum of security.

What conditions governed the market in recent months, before the taking of last week's decision? An answer is suggested by examination of a chart on this page, in which we show the course of average Stock Exchange values (according to the Actuaries' Investment Index) for three long-term British Government issues (Four per Cent. Consols, Four per Cent. Funding and Three and a Half per Cent. Conversion), 41 industrial debentures, 86 industrial preference shares and 131 ordinary shares, over the whole period since the peak of the last Stock Exchange boom in January, 1929. In the same chart we show the course of Bank rate, with an inverted scale, since the movement of gilt-edged values is normally inverse to that of general interest rates. The chart shows that while, in the first phase of the decline in British security values, the maintenance of a high Bank rate caused a drop in fixed-interest stock prices as well as in equities, the collapse of the New York boom, in October, 1929, ushered in a period of cheap money, rising gilt-edged values and rapidly declining prices for equities. Other fixed-interest stocks, however, showed little resilience, debentures rising but slowly, and preference shares even tending slightly to fall during this period, as

FLUCTUATIONS IN BRITISH SECURITY VALUES 1929-31.

WITH THE COURSE OF BANK RATE, REVERSED.
(ACTUARIES' INVESTMENT INDEX. DEC. 31, 1928=100.)



"industrial risks" began to have an increasing effect on market psychology. After a slump before the Budget of April, 1931, gilt-edged rose, this spring, to a peak, only to recede in the summer, with the beginning of the German crisis and the "fight for sterling," and to fall to the lowest level for nine years, on the suspension of gold payments last month.

By every traditional criterion, British Government stocks are "cheap" to-day. Five per cent. War Loan has recovered to 96½, after touching 90½ last week, and Three-and-a-Half per Cent. Conversion Loan to 72 after 67, but one must go back to 1922 for a previous example of the prices prevailing at the beginning of this week. The numerous buying orders for relatively small amounts—£100 to £10,000—which sustained the market even in last week's worst phases, may have been based upon this consideration. But is it necessary, so long as the £ remains unlinked from gold or any other objective base, to adopt new criteria of gilt-edged values?

The reply would appear to depend entirely on the course of events during the next few weeks or months. A hopeful view would assume that everything will progress as the Government hopes, the pound will remain relatively stable with no more than a moderate depreciation in terms of gold, and the Budget remain balanced. In such a case the "limited devaluation" of sterling may result in a check to imports, an export bounty and lower effective internal costs—in a word, in enhanced competitive power of British industry. This, in turn, might naturally be reflected in an increased "reward of industry" (expressed in sterling), and a perceptible tightening of interest rates, following a demand for extended facilities to finance an enhanced volume of business, after the passing of the present "crisis" rates for money. Thus a legitimate economic incentive might be forthcoming for a moderate increase in the demand for industrial ordinary shares, with its corollary, a limited decline in fixed-interest securities.

But if the stability of sterling is maintained, the lengths to which such a movement can go will be limited. The actual increase in profits will be governed by the ability of British industrialists to make effective use of their new opportunities, by the rate of recovery from acute depression in buying markets, and by the policy of other nations in retaining or rejecting the gold standard, which must obviously affect the scope of Britain's differential advantage.

Sooner or later, however, the question must arise of a return to a stable currency medium. We discuss this matter, in greater detail, on an earlier page. If sterling were stabilised at a lower exchange value than \$4.866, the "benefits" of the temporary departure from gold would continue, but in the meantime would probably have been partially offset by increased raw material prices and pressures for higher wages, etc., following a rise in internal costs and profits of possible tariff interference with the normal course of trade. If an attempt were made to restore something like the old parity for sterling the restrictive effect of "deflation" on industrial activity would be felt. In either case, there would be a limit to the increased attractiveness of ordinary stocks as a result of higher dividends. If "stabilisation" were effected without significant deflation, the re-establishment of confidence might find the Government able to draw upon an enhanced national income (in sterling), for the service of the debt, and an improved budgetary position would be reflected in a steady recovery in gilt-edged prices, which might ultimately restore the scheme of Five per Cent. War Loan conversion to the realm of practical politics.

Incidentally, the view that fixed-interest stocks in general must necessarily command lower prices because their interest is payable in a depreciated currency has no sound foundation. The purchasing power of the annual income from such securities, it is true, will be reduced, but as the Stock Exchange price of the principal is expressed in terms of the same depreciated currency, the ratio between the two, other things being equal, is unchanged. If currency stability, in short, can be taken for granted, it is difficult to see how the outlook for gilt-edged stocks can have changed, permanently, for the worse. Last week's selling, however, was prompted by

fears, natural after the first shock of the departure from gold, that the pound would go the way of the mark in 1923, for which the present Government cannot be held blameless. The new Cabinet, on its inception, appeared to have taken a leaf from the book of those preachers of an earlier generation, who endeavoured to induce right living in this world by eloquently picturing the horrors of the next. Nervous investors, dismayed by the imagined approach of the very contingency the Government had been formed to prevent, read into last week's wide movements in the franc and dollar exchanges the first confirmation of their fears.

In this week's calmer atmosphere, many stockholders have perceived that this view involves an assumption which it is to be hoped that events will disprove. Those who to-day maintain the necessity for a cautious investment policy, admit the likelihood of a national effort to avoid inflation at all costs, but are anxious lest external factors should force the country's hand. The present crisis, it is urged, may have been aggravated by various weaknesses in the British economic system, but its basic causes have been international. Conditions in many foreign centres are still dangerously tight, and have been made more rather than less difficult by London's decision. Much has been heard in the last few days of the difficulties of many Continental financial institutions, large and small, and the widespread selling of high-class international securities like Kreuger and Toll has been a disturbing sign of the "struggle for liquidity," whose effects, thanks to the continued closure of many European stock exchanges, must necessarily be concentrated at a few points.

If foreigners endeavour to realise their security holdings through the London Stock Exchange, they may find that a very large number of British fixed-interest stocks and foreign bonds are, for the moment, almost unmarketable. Extensive liquidation of those stocks for which a free market still exists—gilt-edged securities—if it were met by an extensive marking down of prices (which is the customary weapon of dealers against a "one way" movement), might provoke new fears among British holders, re-start a "flight from fixed interest," and release uncontrollable inflationary forces.

This view appears to us exaggerated. Although foreign holdings of high-grade British stocks may still be considerable, even after their extensive repatriation during recent weeks, they would appear to be now mainly located in countries, the policy of whose nationals will probably be influenced less by *force majeure* than by the opinion they form as to the future of the pound. Until the present transitional period has passed, therefore, and the level of ultimate "stability" of sterling can be ascertained, much may depend on the psychological effect produced by events in Great Britain. For example, from the point of view of the gilt-edged market, if a general election is finally decided upon, there is everything to be said for having it over quickly, since the interim period must necessarily be a critical time for sterling in foreign eyes.

For the present, therefore, it may well be that gilt-edged stockholders, while retaining a hopeful mind as to the long-term prospects of the market, will be largely swayed in their day-to-day judgment by the behaviour of the gold exchanges, and will welcome, above all things, a settled political situation at home and the beginnings of an effort to secure international co-operation to ameliorate financial conditions abroad.

THE WEEK IN THE MARKETS. THE LONDON STOCK EXCHANGE.

AFTER we went to press last week Gilt-edged stocks showed exceptional weakness, the leading British Government issues falling 1½ to 2 points on Friday, September 25th, to the lowest levels for many years. This disturbing movement was associated with a further levering up of industrial and mining shares and unprecedentedly wide fluctuations in the dollar and franc exchanges. Late in the

(Continued on page 622.)

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

[illegible]

† Free of Income Tax.

[illegible]

† Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Sept. 23, 1931.	Price, Sept. 30, 1931.
Pite County Council 4½% 1951-61	...	...	90-95	85-90
Great Universal Stores Ord. (5/-)	21	fy. pd.	13/6-14/-	14/9-15/3
Great Universal Stores Pref.	97½	fy. pd.	18/-18/6	18/-18/6
Jones (Peter) 6% deb.	94½	fy. pd.	94-96	94-96
Tanganyika 4% Guar. 1951-71	94½	fy. pd.	80-84	77-80
Inflation and Gen. Trust 7% Pref.	21/-	15/-	13/-15/-	13/-15/-
Walsall Corp. 4½% 1950-60	100	fy. pd.	90-95	85-90

(Continued from page 619.)

afternoon the Stock Exchange Committee announced that, from the next day, dealings in all markets would be for cash—a revival of a restriction in force during and after the war. The rule did not immediately result in a spectacular decline, but as this week progressed a perceptibly firmer tone in gilt-edged stocks, with its corollary, an orderly recession in industrials, attested the return of healthier conditions. On Thursday the recovery of gilt-edged prices was particularly well marked. The chief factor was, of course, the increased stability of the sterling-dollar exchange, but it was also evident that the market's resources were being augmented by the tentative return of funds previous put on deposit outside by nervous holders, and by reinvestment of the proceeds of the sales of dollar securities by some of the larger financial houses, to whom prices for many first-class British securities appeared tempting. Last week's inflationary fears, in short, tended appreciably to subside, though the possibility of unfavourable contingencies, including a decision for a general election, remained in the background of market sentiment.

Gilt-edged stocks, though irregular at times, showed small gains on balance each day, culminating in a well-marked recovery on Thursday. War Loan was in demand, and Conversion Fives and Funding Loan improved consistently after going ex dividend on September 26th. The market for India loans was narrow. The India Government's emergency budget proposals, though well received, drew attention to the difficulties of India's position, which are dealt with in a leading article on an earlier page. Home corporations were steadier, though somewhat heavy. Among Dominion issues, Australians were largely marked down.

With the completion of adjustments in the price of "gold" and "sterling" bonds, the foreign market settled down to less active conditions. The difficulties of financial institutions in several European centres were reflected in heavy selling of German issues, though French railway bonds obtained some support. Brazilians were heavy on the uncertainty regarding interest payments (discussed in an Investment Note on page 625.) Chinese bonds were assisted by the announcement of the coupon payments on the 1908 issue, but Japanese showed some weakness.

Speculative buying of home rails did not last long, and, though the week's traffic returns were less unfavourable than was expected, prices declined all round on the considerations set out in a Note on page 624. Argentine rails fluctuated with the exchange and suffered badly from profit-taking in mid-week. Antofagastas receded on the passing of the interim dividend.

The new regulation prohibiting fresh dealings "for the account," succeeded in pricking the bubble in equities. The closing of speculative bargains was quite orderly, but the volume of dealings fell off considerably. Iron and steel shares best maintained their improvement, but electrical manufacturing shares slipped back and motors were undecided. The higher tariff proposals of the Indian budget caused a sharp mark-

ing down in textile and rayon shares, though some improvement occurred later. Breweries suffered from further scattered selling, and tobacco shares lost ground. Shipping shares were dull. Little interest was taken in newspaper issues. The Swedish industrial group, with Kreuger and Toll, were heavily liquidated from the Continent early in the week, and though a slight rally occurred later, much uncertainty was caused by the report that the interim dividend of Swedish Match had been postponed. Bank shares were harder, a few buyers being attracted by the high yields of the partly-paid shares. Movements in insurance shares were usually against holders.

On the steadier tendency of sterling, commodity prices receded in many cases, and share prices lost ground. Tea shares were an exception, a moderate demand for stock on the firmness of the commodity, finding holders reluctant to part with stock originally bought at higher levels. The rubber share market, however, sank into its former lethargy, with prices easier all round. Speculative business in oil shares fell off sharply, the decision of the leading companies to collaborate "to the fullest extent" failing to prevent a sharp decline in quotations towards the end of the week, accentuated by selling, partly of a forced character, from the Continent.

The Kaffir boom was definitely checked, London playing, mostly, a neutral rôle, while Paris endeavoured to realise and Johannesburg was ultra cautious on uncertainty as to South Africa's currency policy. A harder tone, however, was noticeable before the week-end. The price of tin fell back and the share market became dull. Among copper shares, Rio Tinto were affected by Paris selling.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Sept. 24, 1931.	Sept. 25, 1931.	Sept. 26, 1931.	Sept. 28, 1931.	Sept. 29, 1931.	Sept. 30, 1931.	Oct. 1, 1931.
Government and Municipal Loans, Transport, Communications, and Public Utilities, Commercial and Industrial Banks, Insurance and Financial, Mines (including Nitrates), Oil, Rubber, Tea and Coffee	1,524	1,520	742	1,525	1,413	1,281	1,513
Total	983	1,186	392	917	662	667	620
Government and Municipal Loans, Transport, Communications, and Public Utilities, Commercial and Industrial Banks, Insurance and Financial, Mines (including Nitrates), Oil, Rubber, Tea and Coffee	2,650	3,231	1,059	1,941	1,651	1,617	1,396
Total	472	710	226	455	417	408	367
Government and Municipal Loans, Transport, Communications, and Public Utilities, Commercial and Industrial Banks, Insurance and Financial, Mines (including Nitrates), Oil, Rubber, Tea and Coffee	925	889	218	568	485	505	461
Total	276	342	120	181	93	166	123
Government and Municipal Loans, Transport, Communications, and Public Utilities, Commercial and Industrial Banks, Insurance and Financial, Mines (including Nitrates), Oil, Rubber, Tea and Coffee	179	300	62	141	107	142	135
Total	7,009	8,178	2,819	5,728	4,828	4,786	4,608

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Sept. 24, 1931.	Sept. 25, 1931.	Sept. 26, 1931.	Sept. 28, 1931.	Sept. 29, 1931.	Sept. 30, 1931.	Oct. 1, 1931.
72.3	53.1	62.6	63.4	62.7	62.9	62.3	61.5	61.1

FOREIGN STOCK EXCHANGES.

NEW YORK.

The tone was heavy in all markets, general liquidation driving many pivotal stocks to new low levels. The selling was due partly to unfavourable sentiment regarding the policy of overseas countries in relation to the gold standard, partly to realisation of the assets of banks which had recently failed, and partly to reductions of the holdings of institutions in Great Britain and other European countries. Doubts were also expressed as to the possibility of avoiding a rise in the Federal Reserve rate, following the firmness of market rates and the further ear-markings and withdrawals of gold, which totalled no less than \$279 millions during September. Further reductions of wages were announced, American Smelting and Refining, and the Aluminium Company being among the larger concerns following this policy. Trade indicators remained obscure. The business index of the *New York Times* was 68.9 for the week ended September 19th, against 69.8 for the previous week. Car loadings for the same period were 742,000, as compared with 958,000 in the corresponding week of 1930. The earnings of all railroads for August were recorded at \$56½ millions, against

\$95 millions in August last year. The U.S. Steel Corporation was estimated to be operating at 31 per cent. of capacity. On Thursday the Stock Exchange showed greater buoyancy, despite the news of the suspension of the firm Curtis and Sanger for insolvency. Rails were firm, the Baltimore and Ohio payment being above expectation.

	Sept. 17, 1931.	Sept. 24, 1931.	Oct. 1, 1931.		Sept. 17, 1931.	Sept. 24, 1931.	Oct. 1, 1931.
U.S. 3½% T. Bds.	105	104	104	Natl. Biscuit	46½	40	40½
Do. 4½% 32-47	102½	102	101½	Phelps Dodge	25½	26½	23
Do. 4½% 32-47	102½	102½	102½	Pullman	49½	42	32½
Do. 4½% 33-38	104½	104½	102½	Sears-Robuck	14	11½	9
Atchafalpa	115½	108½	108½	Studebaker	46	37½	33½
Chas. & Ohio	29½	28½	28½	Un. Fruit	3½	3½	3
Arie	13½	13½	12½	U.S. Leather	3½	3½	3
Illinois Central	29½	29	27	U.S. Rubber	80½	75½	71½
N.Y. Central	62½	61½	63½	U.S. Steel	49½	47	44½
Pennsylvania	33	33	32½	Westinghouse	62	55	47
Southern Pacific	63½	59½	54	Woolworth	154½	136	129½
Southern Ry.	18½	19½	18	Am. Tel. & Tlg.	11½	8½	8½
Union Pacific	121	118	112	Int. Tel. Teleg.	21½	17	15½
Am. Can.	87½	77	76½	Radio Corp.	16½	14	12½
Amer. Smelting	25½	22½	23	Utilities P. & L.	15½	12½	9½
Anacosta	18½	15½	15	W. Union Tlg.	99	98½	93
Bethlehem Steel	36	34½	28½	Associated Gas "A"	8½	7½	5½
Chrysler Motor	17½	14½	12½	Pan. Amer. B.	25	25	24½
Corn Producers Rf.	54	44½	41½	Shell	10½	10	6
Eastman Kodak	125	112½	101	Shell Union	4½	4	3½
Gen. Electric (New)	34½	30	27	Standard Oil	8	6½	6
Gen. Motors	32½	27½	22	Standard Oil	35½	32	29½
Int. Harvester	29½	29½	25½	Std. California	35	31½	29½
Montg. Ward	15½	12	10	Do. N.J.	35	31½	29½

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Sept. 23.	Sept. 30.
37 Industrials	134.5	218.9	98.2	174.1	99.6	73.0	61.6
34 Rails	127.8	173.8	89.1	145.6	92.0	58.2	50.5
34 Utilities	177.6	330.4	153.2	267.4	158.1	123.8	106.8
Total, 404 stocks	140.3	228.1	105.5	184.2	107.6	78.8	67.9
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	6.74%	8.07%

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Sept. 30.)	Sept. 23, 1931.	Sept. 24, 1931.	Sept. 25, 1931.	Sept. 26, 1931.	Sept. 28, 1931.	Sept. 29, 1931.	Sept. 30, 1931.
140.2	74.3	88.7	82.4	84.5	82.8	80.6	76.9	74.3

TOTAL DEALINGS IN NEW YORK.

	Sept. 24, 1931.	Sept. 25, 1931.	Sept. 26, 1931.	Sept. 28, 1931.	Sept. 29, 1931.	Sept. 30, 1931.	Oct. 1, 1931.
Stock Exchange—Shares (Thous.)	3,100	2,800	700	1,500	2,900	3,200	3,600
Bonds (Thous. \$)	21,750	16,637	8,072	16,162	21,356	19,127	15,207
Curb—Shares (Thous.)	500	500	150	300	500	650	800

* 2-hour session.

PARIS.

Though calmer conditions obtained, on the whole, business was restricted and the general tone unsettled. The foreign banking situation was anxiously watched. The prompt action of the authorities in protecting the Banque Nationale created a favourable impression, but bank shares generally continued to decline. Rentes were again sold to provide liquid funds. On Tuesday dealers experienced one of the worst sessions so far, heavy selling from abroad and renewed nervousness sending quotations down all round. Restrictions regarding the Coullisse account market were withdrawn, however, and in the cash market regulations calling for spot delivery of stock were relaxed to permit of delivery in seven days. The exchanges were again weak and quotations for Norwegian kroner had to be suspended. The end-of-month settlement passed off with less difficulty than had been anticipated, but the forthcoming account all selling orders, other than those for the purpose of liquidating buying positions, are to be accom-

panied either by the shares or by a cash cover of 40 per cent. and 25 per cent. of the shares.

	Sept. 25.	Sept. 30.	Oct. 1.		Sept. 25.	Sept. 30.	Oct. 1.
Banque de France	12,500	11,550	11,850	Wagons Lits	140	131	132
Credit Lyonnais	2,040	1,930	1,920	Mexican Eagle	33	29	30
Suez Canal	13,500	13,705	13,980	Chartered	83	79	80
Chargeurs Réunis	281	268	250	Ford	145	138	131
Rio Tinto	1,650	1,645	1,660	De Beers	342	288	282
Royal Dutch	15,200	14,100	14,050	"Johnnies"	115	103	104

AMSTERDAM.

A more settled tone prevailed on the Amsterdam Bourse at the opening, Unilevers being in demand, while several important securities registered advances, including Philips Lamps, A.K.U. and Royal Dutch. Renewed depression was the keynote of a very restricted turnover on Tuesday, however, the bond market being depressed and foreign loans weak. Business remained on a small scale, the prevailing uncertainty with regard to the exchange position militating against any pronounced movement.

	Sept. 25.	Sept. 30.	Oct. 1.		Sept. 25.	Sept. 30.	Oct. 1.
5½% German Loan	35½	29½	31½	Steel Common	76½	71½	72
Unilever N.V.	120½	119½	719½	A.K.U.	43½	40½	40½
Philips' Lamps	62½	58½	59½	Ford Motor	206	195	200
Netherlands Ship	86½	80½	82	Deli Batavia Tob.	134	130	130
Union	140	135	130	Royal Dutch	144	134	139

OTHER CENTRES.

Among leading foreign bourses, Berlin, Budapest, Cologne, Copenhagen, Frankfurt, Oslo, Stockholm and Vienna remained closed, and no dates for reopening have as yet been announced. "Street" bourses have been prohibited in Germany to prevent the spread of rumours. The Brussels Bourse remained open, but business was subject to various restrictions, and the tone was depressed. Restrictions on short selling were enforced on the Italian exchanges.

INCOME-TAX PAYERS

OLD and NEW

Under the terms of the EMERGENCY BUDGET every £10 saved by means of life assurance secures a rebate of Income Tax of no less than

25/-

Write for "INEXPENSIVE" leaflet describing life assurance plans specially designed for hard times.



THE HALL MARK OF
STERLING QUALITY IN
MUTUAL LIFE ASSURANCE

SCOTTISH WIDOWS' FUND

Write to the Secretary

Head Office:

9, ST. ANDREW SQUARE, EDINBURGH

London Offices:

28 CORNHILL, E.C.3 & 17 WATERLOO PLACE, S.W.1

Tel. Mansion House 9086.

Tel. Whitehall 6041

JOBSON'S INVESTMENT DIGEST.

AUSTRALIA'S LEADING FINANCIAL PERIODICAL.

DEALS WITH ALL COMPANIES LISTED IN AUSTRALIA.

Annual Subscription: £2 12s. 6d.

Single Copy: 2s. 6d.

London Agent: A. J. JOBSON, 8, Bouverie Street, E.C.4.

INVESTMENT NOTES.

Restrictions on Stock Exchange Business.—Late on Friday last week the Stock Exchange Committee announced that, as from Saturday, September 26th, all dealings would be on a cash basis only. Further detailed regulations have been issued this week. All bargains must be for cash and may not be continued from day to day. No fresh option business may be transacted. Bargains already entered into, before the close of business on Friday, September 25th, will be settled in the ordinary way on Account Day, October 8th. Unless otherwise arranged, no delivery of securities will take place on Saturdays. Among the detailed regulations regarding buying-in and selling-out, the most important is that the deliverer of securities deliverable by deed of transfer, who does not receive a ticket by 11 o'clock on the fourth business day after the date of the bargain, may "sell out" such securities. It is understood that no objection will be taken to existing contingencies being continued, but that they must not be increased or transferred from one member to another. Settlement prices, it is believed, will be officially fixed as in the past through the usual "make-up" list. The prohibition of dealings "for the account" has necessarily reduced the volume of speculation in the Stock Exchange, outside the gilt-edged markets, where dealings have always been on a cash basis, and its effects may limit the business of many of the smaller brokerage firms, to whom last week's activity in industrial and mining shares offered a prospect of increased receipts after a long and trying period of stagnation. The Committee's partial reversal of its earlier decision, last week, to reopen the "House" without any restrictions on business, was doubtless influenced by a fear of the development of an unhealthy boom in equity shares, associated with a "flight" from fixed interest stocks. Sterling, at the time of the decision, was weak and exceedingly erratic on the foreign exchanges, and the Committee may well have desired to check, at the outset, a movement which might have reached dangerous proportions when nerves everywhere were on edge, and the immediate repercussions of the departure from gold could not be foreseen. Undoubtedly, however, if the ban on dealings "for the account" is prolonged, it will be felt as a hardship by many members, and—more important from the public point of view—will deprive markets of the breadth and resilience which, in normal times, it is the function of speculation to provide. It may be hoped, therefore, that if this week's indications of greater stability all round are maintained, the Committee may see their way to revert to normal procedure at the earliest possible moment. The course of events in the last few days suggests that, on reflection, the speculative public has realised that the world slump has been by no means ended by Great Britain's departure from the gold standard. In any case, the public is still free to speculate for the rise in commodities such as rubber, tea, tin, lead and copper, and it would be regrettable if speculation, curbed on the Stock Exchange, were to break out in less desirable quarters.

Business Forecasting.—An important discussion on "Business Forecasting" took place in the Industrial Co-operation Section of the British Association centenary meeting, last Monday. Business forecasting, as it has developed since the war, is a science (or hopes to become a science), claiming by expert diagnosis of facts and tendencies at any particular moment, to afford investors and business men some idea of major changes in the outlook for varying periods ahead. Its technique is based mainly on the facts that the outcome of many regular tendencies can be deduced in their early stages, that there is a rhythm in business affairs (to which the term "trade cycle" is sometimes applied), and that certain changes frequently precede other changes in time—a falling off in industrial activity, for example, usually coming some weeks or months after a decline in equity share prices. While many

workers in this field are content to present the relevant facts with no more than a constructive diagnosis (on the general lines followed, e.g., in our *Monthly Supplements*) numerous "services" in America, and at least one in England, go further and assume the rôle of the scientific prophet. The representatives at Monday's meeting were chastened in spirit, since, unfortunately, scarcely a single institution had forecast the time and scope of the worst business depression of this generation. There was a perceptible tendency among some speakers to urge that business forecasting should confine its activities to diagnosis. Sir Josiah Stamp, however, made the sound point that psychology must influence even the selection of data. Sir Josiah suggested the construction of forecasts of varying "strengths" for varying periods ahead, and explained the inaccuracy of some recent forecasts by reference to the impact of world factors never previously encountered in history. If the forecasts had been correct for the present period, he declared, they must have been "cooked." We venture to question this dictum. Mr John A. Crabtree, chairman of the Management Research Groups Movement, whose paper was the basis of discussion, showed how his own firm, faced in 1927 with developments which would have involved financial loss if their later stages had coincided with an industrial depression, extemporised a forecasting technique. This suggested, first, that a break in America would occur somewhere between June, 1928, and December, 1929, and, secondly, after the break, that worse conditions lay ahead. Broadly, the professional "services" would seem to have successfully predicted the American minor trade recessions of 1923 and 1927, but to have failed badly in their predictions of 1929-31. Both success and failure may have had an element of fortuity. The speedy recoveries from the two minor depressions may have been due, in part, less to the conjuncture of particular statistics and curves than to early and determined action by Governor Benjamin Strong, of the New York Federal Reserve Bank. The latter's death before 1929-31 was an "abnormal factor," but the failure of the Federal Reserve authorities to take similar determined action to check the share boom by using the weapon of money rates early in 1928 should have warned the forecasting services of the danger of the movement's getting out of hand. Later, the rapidity of the fall in commodity prices was the plainest possible portent of the severity of the coming depression. In general, we regard the recent failures of forecasting as an argument, not for restricting its scope, but extending its technique. All prophets are sorely tempted to work by routine, to restrict their observations to data readily reduced to numerical form and susceptible of pictorial representation, and to neglect the big economic factors which, however "abnormal," are capable of being perceived by the economist. No one could have forecast Great Britain's departure from the gold standard, but the effect, e.g., of post-war debt settlements and tariff policy on gold supplies, prices and international credit, could and should have been taken into account as a long-term influence making an ultimate crisis inevitable.

Home Railways and "Devalorisation."—While the gross traffic receipts of the "Big Four" railways for the thirty-nine weeks ended September 27th are, possibly, no worse than anticipated, the figures, set out in the table below, afford little solid comfort for junior stockholders:—

DECLINE IN GROSS RECEIPTS FOR 39 WEEKS ENDED SEPTEMBER 27, 1931.				
(000's omitted.)				
	Passengers.	Merchandise.	Coal and Coke.	Total.
L.M.S.R.	-1,398	-2,588	- 334	- 4,320
L.N.E.R.	-1,191	-1,880	- 927	- 3,998
G.W.R.	- 801	- 881	- 538	- 2,220
S.R.	- 718	- 245	+ 70	- 893
Total	-4,108	-5,594	-1,729	-11,431

Before the gold standard announcement, quotations for home railway stocks reflected a gloomy view of the outlook. A brisk demand, however, subsequently arose

based presumably on supposed improved earning prospects, and most stocks registered sharp advances:—

	Price, Sept. 16.	Price, Sept. 24.	Price, Sept. 30.
Great Western ord.	40½	46	44
L. and N.E. def.	3½	4½	4½
" 5% pref. ord.	8	11	10½
" 5% pref., 1955.	57½	57½	57½
" 4% 2nd pref.	20	24	22½
L.M.S. ord.	15½	19½	18
" 4% pref., 1923	28	33½	32½
Southern def.	10½	11	10
" 5% pref. ord.	40	39½	37½
" 5% pref.	65½	62½	56½

Impartial consideration suggests that the movement is at least premature. Theoretically, the depreciation of sterling should result in increased exports, and the railway ways are certainly "on tiptoe" to take full advantage of any such advance. On the other hand, a revival in exports is conditional on the action of other countries, since any spread of devalorisation would automatically abolish our export "bounty," while the intensification of world economic and political disturbances might well prove a counteracting influence. At the same time, the automatic reduction of "real" wage costs, which in the case of railway ways are of prime importance, must have an appreciable effect on net receipts for some time to come. When present stocks of material are exhausted the railways will certainly have to pay more for imported supplies and steel. The increase of cost of oil will affect the railways' road competitors adversely, but all the companies have turned many of these competitors into sources of investment revenue. Tourist traffic may increase with the depreciation of the pound, but it is doubtful whether England's reputation as a holiday resort is sufficiently high for full advantage to be taken of this factor. Passenger traffic at home is bound to be detrimentally affected by "economy." In general, therefore, while some railway stocks may have fallen to very low levels, on a long-term view, investors who buy on the light-hearted assumption of a spectacular and early rise in net receipts may have disappointment in store. Quotations have shown a much easier tendency in the last few days.

Brazilian Bond Position.—Considerable doubt exists, as we go to press, on the question whether Brazil has or has not officially defaulted upon her overseas interest obligations. In the *Economist* of September 5th last, page 443, we discussed the Government's announcement of the temporary suspension of the redemption of foreign debts, with the exception of the two Funding Loans and the Coffee Loan of 1922. On September 17th, Messrs. N. M. Rothschild and Sons, the London agents, declared that while the October 1st coupons of the Five per Cent. Funding bonds of 1898 and the Seven and a Half per Cent. Coffee Loan of 1922 would be paid, no announcement was to hand regarding the coupons due on the same date, on the unsecured loans of 1888, 1889 and 1913. On the next day, information was made public to the effect that the Government had been unable to purchase sufficient exchange to provide for all the October 1st interest, but was in consultation with its bankers and would make a further announcement in due course. This announcement had not been made by the end of September, although in the meantime payment was advertised of the October 15th coupons of the 6½ per cent. Sterling Loan of 1927, the funds for which were received on September 1st last. The Brazilian exchange has continued to show weakness recently, and the reported grant of a monopoly in exchange transactions to the Bank of Brazil, as from September 29th, can obviously have little effect on its long-term trend. An early official statement is eminently desirable and is the least the bond-holders can ask for. Meanwhile, as the October 31st interest date has passed without holders of certain loans receiving interest, Brazil, apparently, must be counted for the time being at least in the list of defaulters.

Industrial Profits.—During the month of September, we received the annual reports of 74 companies, covering financial periods ending at varying dates around June 30th last. The percentage decline in net profits, as compared with the previous year's figures for the same companies, is the greatest recorded since the inception, last April, of our monthly statistics (as distinct from our more extended quarterly reviews). The number of reports received, and the percentage declines shown, month by month, have been as follows:—

Reports Published in	No. of Companies.	Per cent. decline in Net Profits (1931 compared with 1930).
April	217	- 10.49
May	211	- 22.3
June	192	- 21.93
July	185	- 39.46
August	55	- 19.59
September	74	- 44.02

We next set out the figures for various industrial groups, according to reports received during the last three months. We hope to comment at greater length on these statistics in a subsequent issue:—

INDUSTRIAL PROFITS JULY, AUGUST AND SEPTEMBER, 1931—PRELIMINARY FIGURES.

Group.	No. of Companies.	Net Profit (after Payment of Debenture Interest): Reports received during July, August and September, 1931.		Increase or Decrease.
		1929-30. £	1930-31. £	%
Breweries	20	8,603,425	8,003,306	- 6.97
Canals and docks	1	6,000	6,000	—
Electric lighting and power	1	204,777	220,281	+ 7.57
Financial, land and investment	28	1,999,585	505,422	- 74.72
Hotels, restaurants, &c.	2	27,777	23,585	- 15.13
Iron, coal and steel	26	648,901	<i>Dr. 8,648</i>	-101.48
Motor and cycle	3	<i>Dr. 309,829</i>	<i>Dr. 117,814</i>	...
Oil	1	<i>Dr. 27,480</i>	<i>Dr. 26,516</i>	...
Rubber	60	909,795	<i>Dr. 198,203</i>	-121.56
Shipping	7	1,658,127	<i>Dr. 366,298</i>	-122.09
Shops and stores	9	1,286,773	364,086	- 71.70
Tea	24	490,395	69,703	- 85.82
Telegraphs and telephones	2	1,379,090	1,321,208	- 4.2
Textiles	16	606,912	44,181	- 92.72
Tramways	1	445,490	144,521	- 67.55
Trusts	21	1,554,520	1,361,358	- 12.43
Waterworks	4	27,472	30,956	+ 12.99
Other companies	88	5,172,314	4,545,821	- 12.11
Total	314	24,690,044	15,905,949	- 35.58

A large share of the September decline is attributable to the bad showing of the White Star Line (which recorded a loss of £108,556, against a profit of £270,545 in the previous year) and of the Oceanic Steam Navigation Company. The Calico Printers showed a debit balance of £175,289, against a profit of £69,186 in the previous year, while the Ardath Tobacco Company's earnings declined by £186,655. Among the larger companies the best showing was made by Gaumont British and Staveley Coal.

BARCLAYS BANK

LIMITED

HEAD OFFICE: 54 Lombard Street, London, E.C.3.

TRUSTEE DEPARTMENT.

CHIEF OFFICE: 37 King William St., London, E.C.4.

BRANCHES:

London (City) 37 King William St., E.C.4.
 " (West End), Piccadilly Circus,
 27 Regent Street, S.W.1
 Birmingham: 67 Colmore Row.
 Bournemouth: 61 Old Christchurch Road.
 Brighton: 170 North Street.
 Manchester: York Street.

The Bank has power to act as EXECUTOR and TRUSTEE under Wills and Settlements, and as Trustee for Debenture Holders. A Pamphlet stating terms and conditions for transacting business may be obtained from the Manager of the Trustee Department, or from any Branch Manager.

Gaumont-British Picture.—Mr Mark Ostrer, at the meeting of Gaumont-British this week, claimed that his company had become the dominant factor in British film production, as well as the biggest distributor in this country of British films. The company's studio at Shepherd's Bush, he declared, had been enlarged to three times its original size, while the studio of the associated company, Gainsborough Pictures, had also been reconstructed. Mr Ostrer stated that 34 British films of feature length had been "trade shown" in ten years, but did not say how many films his company had actually produced as against the fifty produced by British International Pictures. So popular had the British films become, according to the experience of his company's circuit of 350 theatres, that Mr Ostrer claimed that the company's renting houses had eventually changed over "from a product mainly American to a product substantially British." We hope that the change-over will be somewhat more definite than Mr Ostrer implied as time goes on. With regard to the outlook for the current year, Mr Ostrer confessed that the trade depression had affected theatre attendances, and that the increased entertainments tax would add to the difficulty of maintaining the earnings of the circuit. Nevertheless, he thought that the profits for the current year would prove "quite satisfactory." The accounts of the company were analysed and discussed in our issue of September 26th.

The White Star Meeting.—To devise order from chaos is always a thankless task, but shareholders, at last week's White Star Line meeting, would appear to have realised that patience was the most useful contribution they could make in the circumstances. Mr Walter Runciman showed that the company's assets consisted of holdings in the Oceanic Steam Navigation Co., Shaw, Savill and Albion Co., and the Australian Commonwealth Line, acquired from the Commonwealth Government in 1929, there being an undischarged liability in each case. The amount due on the purchase of the Oceanic shares was £2,350,000, payable in 1936, while a further £100,000 had been paid in connection with the Shaw, Savill and Albion shares, leaving £300,000 outstanding. A request to the Australian Government from the voting trustees for a moratorium in respect of the £165,000 which fell due last month was receiving consideration. With regard to the sum of £2,370,550, which represented the amount unpaid and in arrear on the company's ordinary share capital, the board had carefully considered the possibility of enforcing the calls, but they had come to the conclusion that for the present nothing could be gained by drastic action. In reply to a question, the chairman stated that 6 per cent. interest would be charged on the outstanding calls. Turning to the operating side of the company's affairs, Mr Runciman affirmed that the fleet of the Oceanic Company had been maintained in a state of efficiency. The "Britannic," which was completed during the year, had proved so successful as to justify the decision to proceed with the construction of a sister-ship, the "Georgic." The relative position of the White Star Line in the North Atlantic passenger trade had been maintained, though the emigration business had been adversely affected by the restrictions imposed by the Canadian and American authorities. At the same time, the cargo carried during the year showed a decline of no less than 230,000 tons, the principal decline being in the outward Australian trade, and there was no reason to suppose that a revival in the export trade was in sight.

Montague Burton.—The report to March 31st last shows a satisfactory increase of profits. After payment of the preference dividend, one-third of the sum standing to preliminary expenses, £57,693, is written off, leaving a balance of £274,964 to be carried forward. Last year nothing was written off preliminary expenses, and £168,024 was carried forward. No dividend has been paid on the ordinary shares, all of which are held by the directors and their friends. The earnings of these shares

have been retained in the business and have improved the liquidity of the company.

Year ended March 31.	1929.	1930.
Net profit	£ 282,471	£ 273,134
Preference dividend	114,447	108,500
Ordinary dividend	168,024	164,634
Earnings per share	8.4	8.2
Paid %	Nil	Nil
Increase or decrease in carry forward ...	...	+ 106,940

The company has now paid off its temporary overdraft, the necessary funds being raised by the mortgage of unencumbered properties. Affected by the mortgage of unencumbered properties, the company has felt the effect of the diminution of its purchasing power in several industrial areas, it has been less marked than in many businesses, and has been offset by the increasing custom of business and professional services. During last year the company opened twenty-six new shops, but it is not intended to expand any further in new shops, but it is trade has revived. As a result of this direction until properties previously owned by the company have been transferred to a subsidiary of which the entire share capital is held, the freehold and leasehold assets are up by £1,839,420 and now stand at £5,942,661. On the liabilities £1,839,420 and taken over from Key Estates, Ltd., amount side the loans and swell the total of loans secured by mortgage to £2,350,475. The company is both a trading concern and a real estate enterprise, an increasing income being derived from the letting of portions of its premises not required for its own business.

Unilever Share Position.—A statement issued by the board of Unilever, Limited, over the week-end, resolved a problem which had been troubling holders of the shares of Unilever, Limited, and Unilever N.V. The above shares of the gold standard and depreciation of sterling had created an anomalous position as regards the dividends of the two companies, the ordinary shares of the Dutch company, which were quoted only 1s. 3d. higher than those of the English company before the departure from gold, being 3s. 1½d. higher last Saturday. The directors' statement reminds shareholders that the two companies were formed upon the footing of equality of interests in the joint equities. So long, therefore, as the disparity in the exchange continues, the ordinary dividends of each company will be declared in Dutch guilders in such a way that the same amount of dividend will be paid on the same amount of ordinary shares in each company (the nominal being taken for this purpose, as the equivalent of £ sterling guilders), and in the case of the English company the dividend so declared will be paid to shareholders in sterling at the rate of exchange ruling between England and Holland on the day of declaration. Adequate provision has already been made for this contingency. The 7 per cent. preference share dividends of each company will be declared and paid in sterling and guilders respectively, at the rate of 7 per cent. fixed by the respective statutes of the companies.

Lautaro Nitrate and "Cosach."—Early in September a meeting of English and French shareholders of the Lautaro Nitrate Company, which is now one of the largest subsidiaries of "Cosach," the merger company for the Chilean nitrate industry, protested against what they described as the "grave injustice" of a levy of 60 per cent. on nitrate production as security for "Cosach" bond issues. It was declared that about 60 per cent. of the whole amount would, in fact, be contributed by the Lautaro Company. A statement in reply has been issued this week from the London office, insisting that the merger having been carried through with the consent of the necessary shareholding majorities of the constituent companies, no fundamental change in its conditions could now be made without the complete dissolution of "Cosach" and the setting up of a new concern. This, the present state of the industry, would be a hazardous proceeding. The statement further pointed out that

Lautaro, along with other producers, had been relieved of an export tax of 100 pesos (£2 10s.) per ton, while the appreciably lower bond service charge was payable, not on every ton of nitrate shipped, but only on a tonnage sufficient to meet the service charge. The statement did not deal with the contention that Lautaro was responsible for too heavy a share of the bond service. Whatever the merits of this contention, however, it would appear highly improbable that, at this stage, the bondholders of "Cosach" would be prepared to consider any modification of their security. Rumours have lately been current in Chile that the Government might dissolve "Cosach," but, according to a statement which leading members of the present Government and Opposition are reported to have made this week to a Press correspondent in Santiago, all that is contemplated is a number of minor changes in the company's constitution, following a resolution by the Chilean Chamber in August calling for revision of the Cosach Law. The question, however, may conceivably become a political issue at the next Presidential election.

Oil Stabilisation.—An important conference has been sitting at Tulsa, Oklahoma, representative not only of most of the American oil industry but of a fair proportion of the oil industry outside America. It has been trying to reach a world stabilisation scheme by enlisting the support of the Standard Oil, Royal Dutch-Shell and Burma Oil-Anglo-Persian groups which control the bulk of the production in South America and the East. The scheme, which has now been presented by the conference to the Secretary of Commerce, contained the following provisions:—The limitation of American production by international State compacts, the curtailment of foreign imports into the U.S.A. to 140,000 barrels daily, an absolute embargo on the imports into the U.S.A. of refined oils; the curtailment of production of American-owned foreign fields, and the limitation of foreign production by international treaty. It is understood that the Royal Dutch-Shell and Anglo-Persian and Burmah Oil are prepared to collaborate by restricting production in Burmah, the Dutch East Indies, Persia and Irak, but the difficulty is to obtain the consent of the independently-minded American companies operating in Venezuela to any scheme which forbids free entry for their oil into the United States market. Probably individual interests will upset this ambitious attempt at world stabilisation. An interesting announcement has been made by the big marketing companies in Great Britain, which shows that competing oil interests are ready to practise real co-operation in the face of a common danger. The Anglo-American (Standard Oil), Anglo-Persian, Burmah Oil, Mexican and Canadian Eagle and the Royal Dutch-Shell groups have agreed to "collaborate to the fullest extent in the United Kingdom" in view of the present exchange difficulties. They are to develop "ways and means to secure that this co-operation will afford the unhampered supply of requirements at the lowest possible costs." In other words, they are ready to pool supplies to avoid a rise in the price of petrol following the depreciation in the pound.

Sub Nigel.—The suggestion in last year's "Note" that increased dividends might be expected, has proved amply warranted by results, the total being 60 per cent. in place of 40 per cent. previously. This highly satisfactory result is the outcome of a number of favourable factors—expansion in average yield as well as in tonnage milled, with a substantial reduction in costs—the latter in face of the performance of a much larger development footage than before. Of last year's earnings, £101,240 was absorbed by capital outlay, while the Government's participation called for £79,260. In 1929-30 the sums were £91,650 and £11,880 respectively. At £46,870 the carry-forward shows a small reduction. We contrast the results of the past three years—

	1929.	1930.	1931.
Ore crushed tons	291,400	323,800	378,000
Yield per ton	76/-	69/10	74/9
Cost per ton	42/3	44/-	37/5
Profit per ton	33/9	25/10	37/4
Total working profit.....	£491,160	£418,760	£705,650
Dividends, per cent.....	50	40	60
Development footage ...	42,367	45,290	58,140
Ore reserves tons	891,000	965,000	1,206,000
Average value ... dwts.	18.2	18.0	17.3

Operations in the Lease area continued to give results as a whole much in excess of those in the remainder of the mine. The payable percentage was 50, as compared with 54.3; but the inch-dwts. figure at 716 in place of 474. The total of 604 for the whole mine compares with 510 inch-dwts. in 1929-30. The decrease in the value of the ore reserves is partly accounted for by an increase of four inches in the calculated stopping width to twenty-seven inches—an "economic average"—at which it may be regarded as approximately standardised. Moreover, the reduction "is more than counterbalanced by the improved underground and surface sorting." With an additional tube mill in operation, and a further saving in costs likely, "a material increase in profits can confidently be anticipated for the current year." Sub Nigel 10s. shares are quoted at 65s. showing a gross yield on last year's dividend of approximately 9 per cent.

Gold Bonds—A Correction.—In our leading article last week we included, in a list of foreign government bonds issued on a gold basis, Belgian 7 per cent. Stabilisation Loan of 1926. This was incorrect, as the interest is payable in sterling or in guilders at the current rate of exchange. We would take this opportunity of adding to the list of gold loans Roumanian Stabilisation and Development Loan Monopolies Institute 7 per cent. Guaranteed Sterling Bonds, and Poland 7 per cent. Sterling Bonds, both of which have the privilege of a fixed dollar rate of exchange.

CAPITAL ISSUES.

The virtual suspension of the normal working of the new issue market in London during the financial crisis can scarcely be regarded as at an end by virtue of this week's offer to the public of debentures on behalf of Savory and Moore, underwritten by Investment Registry. The company, which was formed in 1928 to take over a business of manufacturing retail chemists, established circa 1780, is a sound concern of established reputation. As the debenture stock, however, is covered only twice as to interest by recent profits, and twice as to principal by net assets (exclusive of trade marks, patents and goodwill), its backing is not over-generous. The high yield of slightly over 7½ per cent. would appear to take this factor into account.

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative

148 Leadenhall St.

London, E.C. 3.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Sept. 26, 1931, £98,265,119.
Total, including conversion, recorded Jan. 1 to Sept. 26, 1931, £109,142,104.

National Savings Certificates.
Net sales, eleven days ended September 30, 1931, Dr. £300,000.
Total net receipts, April 1, 1931, to September 30, 1931, £5,750,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Savory and Moore	185,000	...	184,075	1,850	182,225
Total offered to Public, week ended October 3, 1931	185,000	...	184,075	1,850	182,225
To Shareholders only.					
London Express Newspaper, 500,000 7% cum. pref. £1 at par	500,000	...	500,000	62,500	437,500
Total offered to Shareholders only, week ended Oct. 3, 1931	500,000	...	500,000	62,500	437,500

	Jan. 1 to date—	Excluding Conversions.	Whole year—	Excluding Conversions.	Whole year—
1931	109,526,179	98,649,194	1930	454,888,794	267,800,700
1930	288,606,671	195,055,440	1929	488,764,940	285,239,400
1929	236,963,395	199,637,795	1928	693,100,056	369,058,073
1928	469,062,067	296,961,444	1927	355,165,970	230,782,600
1927	...	253,382,826	1926	232,214,500	209,326,101
1926	...	162,177,204	1925	209,326,101	271,399,173
1925	...	165,589,650	1924	...	...
1924	...	138,761,265	1923	...	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	75,049,349	6,723,059	16,876,786	98,649,194
1930	159,431,908	15,417,138	20,206,394	195,055,440
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,165,970
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,057,183	...	8,432,058
Total for week ended October 3, 1931	Nil	...	Nil
Total to date, 1931	8,057,183	...	8,432,058
Total to date, 1930	16,467,378	...	18,152,707

Savory and Moore.—Issue of £185,000 7½ per cent. first mortgage debenture stock at 99½ per cent., redeemable on September 30, 1931, by means of a cumulative sinking fund commencing in 1932, which is to be applied annually in redemption by purchase at or below 102 per cent., or by drawings at 102. The company reserves the right to redeem the whole or any part of the stock on or after September 30, 1933, at 102 per cent. The company was formed in 1928 with the object of taking over the business of Savory and Moore, manufacturing and retail chemists. The directors estimate that the profit for this year should be at least twice the amount required to cover interest on the debenture stock.

REPORTS AND NOTICES.

MISCELLANEOUS.

IMPERIAL AND INTERNATIONAL COMMUNICATIONS, LTD.—Estimated traffic receipts for eight months ended August 31, 1930, and 1931:—

	1930.	1931.	Rise or Fall.
January	£ 519,485	£ 412,908	— 106,577
February	460,052	390,461	— 69,591
March	492,316	447,668	— 44,648
April	456,120	386,706	— 69,414
May	466,279	371,704	— 94,575
June	413,471	374,502	— 38,969
July	437,220	377,774	— 59,446
August	411,090	334,326*	— 76,764

Aggregate for 8 months—

January to August, 1930 to 1931

* The sum of £18,500 must be deducted from the message receipts for August, 1931, in making a comparison with August, 1930, owing to changed conditions of sharing traffic.
† In comparing aggregates, regard must be had to the notes issued with the traffic figures for March to August, 1931.

TOKYO ELECTRIC LIGHT COMPANY, LIMITED.—The return for August, 1931, is as follows: K.W. hours sold, 273,316,000; gross revenue, yen 8,236,000; sterling equivalent at par of exchange, £843,503; decrease over corresponding period last year, £63,806.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Sept. 25, 1931.	Miles Open.	Week ended Sept. 27, 1931. (000's omitted.)					Aggregate 39 weeks, 1931. (000's omitted.)					
		Passen- gers, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total for Week	Passen- gers, &c.	Merchan- dise, &c.	Coal and Coke.	Total Goods.	Total Receipts.	
		£	£	£	£	£	£	£	£	£	£	£
Great Western...	3,761	230	198	105	303	533	8,819	7,319	4,081	11,400	20,215	
Do. for 1930...	3,761	246	209	103	322	568	9,620	8,200	4,619	12,819	22,433	
London & N. Eastern (c)	6,349	323	358	248	606	929	13,056	13,073	9,019	22,992	35,141	
Do. for 1930...	6,349	352	377	271	648	1,006	14,247	14,953	9,946	24,699	39,496	
London, Mid. & Scotch	6,358	507	482	241	723	1,230	19,673	17,883	9,418	27,301	46,197	
Do. for 1930...	6,358	542	518	255	771	1,290	21,071	20,472	9,751	30,223	51,291	
Southern	2,130	304	72	34	106	410	12,217	3,719	1,224	3,998	15,239	
Do. for 1930...	2,179	326	80	30	110	436	12,935	2,074	1,454	4,173	17,100	
Total, 1931	19248	1366	1110	628	1738	3,102	53765	40499	23742	64,791	119556	
Do. for 1930...	19245	1466	1182	669	1851	3,317	57893	46643	25471	72,114	128398	
Metropolitan (c)	59	31-6	...	...	3-7	35-3	1221-9	...	...	149-8	1371-7	
Do. for 1930...	59	32-9	...	...	4-0	36-9	1271-7	...	...	156-1	1427-8	
Indgd. E.R. (c)	...	305-9	...	...	305-9	11468-2	...	...	...	...	11468-2	
Do. for 1930...	...	308-6	...	...	308-6	11687-8	...	...	...	...	11687-8	
Green Buses, &c.	...	27-8	...	...	27-8	969-9	...	...	...	...	969-9	
Do. for 1930...	...	18-8	...	...	18-8	491-2	...	...	...	...	491-8	
London & S.W. Grp.(c)	...	45-3	...	...	45-3	1700-1	...	...	...	...	1700-1	
Do. for 1930...	...	46-2	...	...	46-2	1723-5	...	...	...	...	1723-8	
B'ham & Coal'ld (b)	80	2-6	...	...	0-7	3-3	107-7	...	...	25-8	133-5	
Do. for 1930...	80	2-4	...	...	0-8	3-2	112-5	...	...	28-4	140-9	
G. Northern (b)	562	11-5	...	...	14-4	25-9	448-7	...	...	55-9	1008-8	
Do. for 1930...	562	12-0	...	...	16-7	28-7	495-2	...	...	55-6	1053-7	
Gr. Southern (b)	2,188	25-6	...	...	40-5	66-1	1113-2	...	...	144-7	2559-9	
Do. for 1930...	2,188	28-6	...	...	42-6	71-2	1123-9	...	...	168-5	2807-4	

• Aggregate 37 weeks. † Green line not in existence.

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.				
ASSETS		-	-	£29,046,500
CLAIMS PAID		-	-	£56,933,000
Accidents and illness.				
Employers' Liability.		Fidelity Guarantees.		
Burglary.		Fire.		Motor Cars.
Inspection		and Insurance of		Boilers, Engines,
		Electrical Plant and		Lifts.
Executors and Trusteeships.				
Head Office: 38-44 MOORGATE, LONDON, E.C.				

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, September 30, 1931.

ISSUE DEPARTMENT.

Notes issued—	£		£
In Circulation	357,208,682	Government Debt	11,015,100
In Banking Department	52,609,183	Other Government Securities	235,404,045
		Other Securities	24,502,193
		Silver Coin	4,042,662
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	134,817,865
	£409,817,865		£409,817,865

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	3,725,425	Other Securities—	68,975,906
Public Deposits*	30,089,090	Discounts and	
Other Deposits—		Advances	£14,773,558
Bankers	£62,642,289	Securities	25,875,770
Other Accounts	52,564,680		
		Notes	40,649,328
		Gold and Silver Coin	52,609,183
7 Day and other Bills	1,762		1,341,829
	£163,576,246		£163,576,246

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

Both Departments.	Amount, Sept. 30, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	357,208,682	+ 4,533,145	+ 2,177,801
Public deposits	30,089,090	+ 7,071,042	+ 8,443,699
Bankers' deposits	62,642,289	+ 2,272,771	+ 1,324,558
Other deposits	52,564,680	+ 1,601,762	+ 17,775,355
Seven-day bills	1,762	+ 143	+ 381
Total, outside liabilities	502,506,503	+ 10,933,035	+ 25,365,430
Capital and reserve	18,278,425	+ 18,214	+ 5,578
Government debt and securities	315,431,051	+ 16,410,188	+ 26,985,070
Discounts and advances	14,773,558	+ 1,194,393	+ 2,856,881
Other securities	50,377,963	+ 7,876,361	+ 16,592,877
Silver coin in issue department	4,042,662	+ 555	+ 420,187
Coin and bullion (bank's reserve)	136,159,694	+ 1,186,066	+ 20,643,633
Reserve of notes and coin in banking department	53,951,012	+ 3,347,089	+ 3,465,832
Proportion of reserve to outside liabilities—			
(a) Banking department only	37½%	+ 4½%	+ 11½%
(b) Gold stocks to deposits and notes ("reserve ratio")	27½%	+ ½%	+ 6½%

(000's omitted.)

Date.	Issue Department.	Banking Department.	Gold in or out of Bank.	Back Rate.
	Notes Issued.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1931.	£	£	£	£
Aug. 19	408,560	354,129	19,726	61,755
26	408,341	350,311	26,323	40,099
Sept. 2	409,336	353,976	12,925	48,708
9	409,895	353,931	21,808	51,838
16	410,574	351,618	16,574	50,533
23	408,628	352,676	23,018	50,459
30	409,818	357,209	30,089	50,963
			62,642	52,565

(000's omitted.)

Date.	Issue Department.	Both Depts.	Banking Department.	Reserve & "Proportion."
	Govt. Securities.	Gold Coin and Bullion Ratio.	Govt. Securities.	Dis- counts & Advances.
1931.	£	£	£	£
Aug. 19	267,729	3,182	134,870	25,881
26	268,801	2,114	134,645	28,176
Sept. 2	268,110	2,798	135,668	28,352
9	266,150	4,771	137,206	28,911
16	261,135	9,811	136,880	28,931
23	238,845	32,113	134,974	28,176
30	246,455	24,502	136,100	28,976

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.	£	£	£	£
Jan. 1 to September 16	24,673,767	1,209,202	1,968,793	27,851,762
Week ended September 23	535,821	25,973	45,124	606,918
Week ended September 30	546,477	26,948	44,707	618,132
Total to date, 1931	25,756,065	1,262,123	2,058,264	29,076,452
Total to date, 1930	29,622,634	1,365,135	2,233,429	33,221,198
Increase or decrease in 1931	- 3,866,569	- 103,012	- 175,165	- 4,144,886
	- 13.1%	- 7.6%	- 7.8%	- 12.4%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	- 1,153,347	- 69,843	- 115,133	- 1,338,323
	- 2.9%	- 3.7%	- 3.7%	- 2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended September 26.	Month of August.	Aggregate Totals, January 1 to September 26.
	1930.	1931.	1930.
Number of working days	24	24	24
BIRMINGHAM	1,752	1,526	8,457
BRISTOL	886	579	3,154
DUBLIN	1,004	1,000	4,463
LIVERPOOL	4,117	3,833	2,819
LEEDS	595	532	3,454
MANCHESTER	579	636	3,551
NEWCASTLE	501	429	2,274
NOTTINGHAM	4,952	5,247	23,376
Sheffield	7,954	6,998	39,001
	1,174	964	5,892
	469	271	1,835
	558	409	3,503
Total	23,541	22,424	98,960

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; Russia in September 6; Denmark, Bank for International Settlements, Roumania, and National Bank of Egypt, in September 12; Canadian Banks, Lithuania, Danzig, and Chile, in September 23.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

RESOURCES.	Oct. 2, 1930.	Sept. 10, 1931.	Sept. 17, 1931.	Sept. 24, 1931.	Oct. 1, 1931.
Total gold reserve	2,976,770	3,470,050	3,485,740	3,327,430	3,138,180
Total bills discounted	185,920	260,230	262,990	309,830	327,920
Bills bought in open market	193,110	197,790	217,770	243,190	468,530
Total U.S. Govt. securities	601,180	728,060	742,460	737,980	742,340
Total bills and securities	980,970	1,192,350	1,238,560	1,305,810	1,557,790
Total resources	4,878,980	5,449,060	5,678,750	5,449,850	5,529,530
LIABILITIES.					
Federal Reserve notes in actual circulation	1,376,350	2,010,320	2,005,900	2,045,000	2,097,790
Deposits—Memberbank—reserve account	2,394,320	2,289,760	2,417,710	2,279,540	2,363,580
Total deposits	2,456,680	2,553,730	2,645,550	2,487,010	2,506,160
Capital paid in and surplus	447,580	441,700	441,530	441,310	441,390
Total liabilities	4,878,980	5,449,060	5,678,750	5,449,850	5,529,530
Ratio of total resources to deposits and Federal Reserve note liabilities combined	81.6%	79.5%	78.4%	77.0%	71.7%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Oct. 2, 1930.	Sept. 10, 1931.	Sept. 17, 1931.	Sept. 24, 1931.	Oct. 1, 1931.
Total gold reserves	1,043,450	1,147,700	1,205,780	1,098,810	1,124,880
Total bills discounted	26,390	46,970	46,670	53,840	53,520
Bills bought in open market	48,650	71,840	96,300	90,240	155,370
Total U.S. Govt. securities	186,240	221,550	235,550	235,700	225,700
Total bills and securities	266,030	346,860	386,320	387,030	446,200
Deposits—Memberbank—reserve account	1,008,710	960,620	1,093,460	973,940	1,078,050
Ratio of total res. to dep. and Federal Reserve note liabilities combined	86.6%	81.9%	79.6%	78.9%	76.0%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Sept. 17, 1930.	Aug. 19, 1931.	Aug. 26, 1931.	Sept. 2, 1931.	Sept. 9, 1931.	Sept. 16, 1931.
Loans	16,881	14,338	14,335	14,339	14,333	14,263
Investments	6,369	7,663	7,695	7,665	7,683	7,425
Time deposits	13,618	13,196	13,195	13,244	13,195	13,134
Due from banks	7,448	7,058	7,017	7,003	6,950	6,895
Due to banks	1,680	1,426	1,322	1,374	1,341	1,358
Federal reserve bor- rowings	3,590	3,219	3,052	3,192	3,144	3,078
	28	90	94	107	113	113

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Sept. 5, 1930.	Aug. 7, 1931.	Aug. 14, 1931.	Aug. 21, 1931.	Aug. 28, 1931.	Sept. 4, 1931.
ASSETS.						
Gold coin and bullion	6,604	6,046	6,120	6,179	6,426	6,310
Subsidiary coin	173	357	366	373	375	369
Bills discounted	7,832	6,708	6,144	6,558	6,807	6,795
Investments	1,404	2,105	2,105	1,885	1,935	1,935
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	8,175	6,879	6,568	7,801	7,875	7,875
Government deposits	1,228	1,561	1,999	1,807	1,807	1,807
Bankers' deposits	4,746	4,767	4,650	4,680	4,465	4,418
Ratio of cash reserves to liabilities to public	44.7%	45.0%	48.7%	47.9%	46.3%	47.3%

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

	Sept. 5, 1930.	Aug. 7, 1931.	Aug. 14, 1931.	Sept. 21, 1931.	Aug. 28, 1931.	Sept. 4, 1931.
ASSETS.						
Total securities	27,01,50	31,66,32	32,38,14	32,58,37	32,57,46	32,42,95
Loans	18,01,45	8,82,71	9,07,89	9,52,61	9,58,81	9,27,02
Cash Credits	29,14,40	27,80,55	26,76,79	26,54,99	26,61,29	26,63,27
Inland bills	1,84,68	2,71,36	2,28,55	2,76,35	2,70,81	2,40,54
Foreign bills	46,90	37,82	33,99	39,58	45,52	43,57
Dead stock	2,78,33	2,72,47	2,72,65	2,72,82	2,72,93	2,72,97
Bal. with other banks	22,41	17,85	19,96	19,19	3,96	2,71
Cash	23,09,62	19,64,40	20,71,20	21,94,70	21,57,67	17,94,24
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,37,50	5,42,50	5,42,50	5,42,50	5,42,50	5,42,50
Total deposits	89,74,26	82,26,35	82,79,23	84,87,54	84,42,61	80,73,50
The above includes—						
Deposits in London	6,885	937	978	928	875	861
Advances in London	7,982	905	928	928	899	870
Cash, &c., at other Banks in London	168	136	151	145	31	23

BANK OF FRANCE.—In francs (000's omitted).

	Sept. 26, 1930.	Sept. 4, 1931.	Sept. 11, 1931.	Sept. 18, 1931.	Sept. 25, 1931.
ASSETS.					
Gold	48,431,266	58,567,719	58,576,796	58,575,163	59,346,170
Foreign assets—					
Sight deposits	6,566,845	14,818,272	15,803,144	14,617,197	12,363,636
Bills discounted	19,036,090	11,287,707	10,878,230	10,523,474	10,456,562
Commercial bills dis- counted at home	6,154,577	4,468,041	4,231,356	4,417,525	...
Advances against sec.	8,504,399	8,264,818	8,264,818	8,264,818	8,253,818
To the State	2,796,453	2,817,336	2,790,728	2,768,335	2,754,051
Other advances	3,052,611	6,845,054	7,425,326	7,343,274	...
Other assets (exclud- ing forward exch.)	73,053,479	78,927,433	78,198,304	77,575,132	78,173,082
LIABILITIES.					
Notes in circulation	10,508,526	8,035,915	7,755,144	8,177,331	7,356,526
Public deposits	8,270,433	17,228,600	19,265,514	18,084,182	18,034,988
Private deposits	2,709,805	2,856,999	3,753,636	2,673,341	...
Other liabilities	...	...	...	...	...

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

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

ASSETS.	Sept. 15, 1930.	Aug. 15, 1931.	Aug. 31, 1931.	Sept. 7, 1931.	Sept. 15, 1931.
Gold and silver holdings	1,600,849	1,506,938	1,507,319	1,507,652	1,508,321
Loans and advances	1,203,300	464,161	451,341	518,790	486,462
Discounts and advances	761,793	860,241	846,704	842,954	844,121
Advances to the Treasury	3,279,302	3,063,822	3,063,822	3,058,822	3,058,822
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,254,104	1,184,343	1,184,328	1,184,550	1,184,334
Bank notes in circulation	3,727,842	3,348,516	3,406,008	3,321,823	3,312,433
Sight liabilities	1,348,582	1,335,428	1,318,892	1,321,172	1,305,491
Deposits	284,101	253,402	252,865	352,613	252,416

BANK OF GREECE.—In drachmas (000's omitted).

ASSETS.	Sept. 15, 1930.	Aug. 23, 1931.	Aug. 31, 1931.	Sept. 7, 1931.	Sept. 15, 1931.
Gold	519,657	489,215	489,494	489,783	490,391
Gold exchange	3,558,696	2,593,462	2,564,719	2,397,755	2,572,110
Other foreign exchange	39,840	1,630	1,628	1,514	1,604
Advances	151,674	152,000	151,837	164,572	152,881
Debt to the State	3,388,763	3,168,042	3,168,042	3,168,042	3,168,042
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,901,108	4,081,439	4,152,554	4,237,781	4,225,654
Deposits and current accounts	1,510,136	1,433,442	1,369,061	1,290,267	1,453,075
Foreign exchange liabilities	796,466	710,069	714,109	543,061	649,877

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Sept. 20, 1930.	Aug. 20, 1931.	Aug. 31, 1931.	Sept. 10, 1931.	Sept. 20, 1931.
Gold	703,505	567,932	567,979	568,013	568,040
Of which held abroad	219,046	81,716	81,716	81,716	81,716
Foreign currencies	296,739	275,027	280,717	281,834	281,457
Loans and advances	654,123	635,830	643,606	627,318	624,749
Reserve fund securities	82,680	101,802	111,385	111,515	104,140
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	110,000	114,000	114,000	114,000	114,000
Notes in circulation	1,258,509	1,163,991	1,245,074	1,185,764	1,140,574
Current accounts	272,020	284,615	226,034	252,029	268,518

* As from October 15, 1927, 8-91 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	Sept. 15, 1931.	Sept. 15, 1931.	Sept. 15, 1931.	Sept. 15, 1931.
Gold	35,091	301,813	301,813	301,002	300,830
Balance abroad and foreign bills	90,379	1,118,857	799,953	770,328	769,473
Finland and Foreign Government securities	21,826	373,217	396,029	405,613	405,043
Loans and advances	105,151	695,502	767,382	768,082	770,862
LIABILITIES.					
Notes in circulation	123,941	1,342,822	1,189,120	1,180,069	1,173,850
Deposits at notice	21,225	146,622	90,895	72,115	76,647

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Sept. 23, 1930.	Aug. 31, 1931.	Sept. 7, 1931.	Sept. 15, 1931.	Sept. 23, 1931.
Gold coin and bullion	6,541	6,543	6,543	6,543	6,546
Net foreign exchange	17,077	20,467	20,504	20,707	17,178
Subsidiary Estonian coin	1,488	1,484	1,701	1,723	1,725
Home bills discounted	13,809	9,496	9,479	9,377	9,278
Loans and advances	10,524	10,857	9,814	9,495	11,452
Thereof loans to Government	...	2,500	1,700	1,300	2,500
LIABILITIES.					
Notes in circulation	34,292	33,519	32,237	31,900	35,350
Sight deposits and current accounts	12,644	13,672	13,744	13,650	12,795
Ratio of reserve to current liabilities	50-32%	57-23%	58-8%	59-8%	49-3%

* Includes Ekr. 4,397,810-30 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Sept. 15, 1930.	Aug. 24, 1931.	Aug. 31, 1931.	Sept. 7, 1931.	Sept. 15, 1931.
Gold bullion and coins	24,059	24,011	24,013	24,017	24,017
Silver coin	6,795	7,149	11,097	11,062	10,928
Balance abroad	47,010	25,336	24,713	23,605	22,774
Treas. notes and sm. change	12,096	7,923	8,934	9,884	10,245
Short term bills	85,588	80,162	80,094	80,229	79,721
Loans against securities	56,612	61,872	61,892	61,218	60,644
Other assets	17,472	16,353	16,502	16,677	16,642
LIABILITIES.					
Notes in circulation	48,073	45,008	44,398	43,577	42,594
Capital paid up	18,735	19,676	19,676	19,676	19,676
Reserve	4,352	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500
Deposits	19,109	19,371	19,541	19,742	19,847
Current accounts	55,682	63,097	63,675	63,482	63,484
Government accounts	90,511	60,813	60,813	60,886	61,735
Other liabilities	10,669	6,611	6,965	6,903	7,171

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1931.	Sept. 15, 1931.	Aug. 15, 1931.	Aug. 22, 1931.	Aug. 29, 1931.	Sept. 5, 1931.
Gold coin & bullion	221,320	867,595	809,372	811,931	814,526	815,594
Other coin & bullion	41,740	56,312	67,684	66,446	65,435	65,611
Discounts	70,540	661,251	627,579	627,766	650,575	628,913
Advances	...	59,007	55,921	55,939	55,985	55,921
LIABILITIES.						
Notes	362,270	1,102,179	946,653	974,315	1,093,929	985,954
Govt. deposits	87,340	535,771	583,807	520,279	461,732	471,231
Other deposits	11,440	130,923	79,622	135,249	79,563	145,318

LONDON RATES.

	Sept. 24, 1931.	Sept. 25, 1931.	Sept. 26, 1931.	Sept. 28, 1931.	Sept. 29, 1931.	Sept. 30, 1931.	Oct. 1, 1931.
Bank rate (changed from 4 1/2% Sept. 21, 1931) ...	6 %	6 %	6 %	6 %	6 %	6 %	6 %
Market rates of discount—							
60 days' bankers' drafts	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3 months' do.	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
4 months' do.	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
6 months' do.	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Discount Treasury Bills	6	6	6	6	6	6	6
2 months' Treasury Bills	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3 months' Treasury Bills	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Loans—Day to day	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Short	4	4	4	4	4	4	4
Deposit allowances: Bank	4	4	4	4	4	4	4
Discount houses at call	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
At notice	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2

Comparison with previous week—

Short Loans.	Bank Bills.			Trade Bills.		
	3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1931.	%	%	%	%	%	%
Sept. 10	4 1/2	4 1/2	4 1/2	4 1/2	5	5 1/2
" 17	4 1/2	4 1/2	4 1/2	4 1/2	5	5 1/2
" 24	5	5 1/2	5 1/2	5 1/2	6 1/2	6 1/2
Oct. 1	4 1/2	5 1/2	5 1/2	5 1/2	6 1/2	6 1/2

RATES OF EXCHANGE.

London on	Usance.	Par.	Oct. 2, 1931.	Sept. 24, 1931.	Oct. 1, 1931.
New York	dollars to £1	Cable	4-8 1/2	4-8 1/2	3-88-91
Montreal	dollars to £1	Cable	4-8 1/2	4-8 1/2	3-93-95
Paris	francs to £1	T.T.	123-21	123-79-81	4-20-25
Berlin	marks to £1	T.T.	20-43	20-40-41	98 1/2-99
Amsterdam	florins to £1	T.T.	12-107	12-04-05	161-17 1/2
Brussels	belgas to £1	T.T.	35-00	34-83-84	98 1/2
Milan	lire to £1	T.T.	92-46	92-77-79	27 1/2-28
Zurich	francs to £1	T.T.	25-22 1/2	25-03-04	77-77 1/2
Oporto	kroner to £1	T.T.	18-159	18-15-16	161-17 1/2
Stockholm	kroner to £1	T.T.	18-159	18-08-09	15-15 1/2
Copenhagen	kroner to £1	T.T.	18-159	18-15-16	171-18
Madrid	pesetas to £1	T.T.	25-22 1/2	47-00-05	431-43 1/2
Lisbon	escudos to £1	T.T.	4-90	108 1/2	109 1/2-110
Vienna	schillings to £1	T.T.	34-58 1/2	34-41-44	28-32
Prague	krona to £1	T.T.	16 1/2	16 1/2	132-137
Belgrade	dinars to £1	T.T.	275-316	274-78	210-230
Budapest	pengo to £1	T.T.	27-82	27-74	...
Bucharest	lei to £1	T.T.	813-6	817-819	...
Sofia	leva to £1	T.T.	673-659	668-673	...
Athens	drachmas to £1	T.T.	375	374 1/2-375 1/2	...
Constantinople	piastres to £1	T.T.	110	102 1/2	...
Moscow	roubles to £1	T.T.	9-46	9-43-9-453	...
Warsaw	zloty to £1	T.T.	43-38	43-38	...
Helsingfors	F. marks to £1	T.T.	193-23	192-193 1/2	...
Kovno	lita to £1	T.T.	48-66	48-48	...
Reval	kroon to £1	T.T.	18-20	18-20	...
Riga	lata to £1	T.T.	25-22 1/2	25-17-27	...
Alexandria	piastres to £1	Sight	97 1/2	97 1/2	...
Buenos Aires	pence to peso	T.T.	47-62 1/2	39 1/2	...
Rio de Janeiro	pence to mls.	90 days	16-70	34-3 1/2	...
Montevideo	pence to mls.	90 days	51	34-3 1/2	...
Valparaiso	pence to peso	T.T.	40	21-22	...
Lima	pence to £1	90 days	39-96	34 nom	...
Calcutta	rupees to £1	90 days	14-40	14-40 nom	...
Bombay	to	T.T.	1/5 1/2	1/5 1/2	...
Madras	to	T.T.	1/5 1/2	1/5 1/2	...
Hong Kong	ster. to dollar	T.T.	1/5 1/2	1/5 1/2	...
Shanghai	ster. to tael	T.T.	1/1 1/2	1/1 1/2	...
Singapore	ster. to dollar	T.T.	2 1/2	2 1/2	...
Kobe	ster. to yen	T.T.	24-58 1/2	24-58 1/2	...
Manila	ster. to peso	T.T.	24-06 1/2	24-06 1/2	...
Mexico	pesos to £1	T.T.	9-76	10-20-40	...
Siam	ster. to baht	T.T.	21-82 1/2	11-25-12-25	...

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania	July 1, 1931 9 %	Madrid	July 8, 1931 6 %
Amsterdam	Sept. 29, 1931 2 3	Oalo	Sept. 28, 1931 6 %
Athens	Sept. 26, 1931 9 12	Paris	Jan. 2, 1931 2 1/2
Batavia	Mar. 10, 1930 6 1/2	Prague	Sept. 22, 1931 5 %
Belgrade	July 20, 1931 6 1/2	Pretoria	Mar. 12, 1931 5 %
Berlin	Sept. 2, 1931 10 8	Reval	Sept. 1, 1931 7 %
Brussels	July 31, 1930 8 1/2	Riga	Oct. 1, 1930 7 %
Bucharest	Mar. 31, 1931 9 8	Rome	Sept. 28, 1931 5 1/2
Budapest	Sept. 10, 1931 9 8	Sofia	Sept. 30, 1931 8 %
Calcutta	Sept. 22, 1931 7 8	Stockholm	Sept. 28, 1931 6 %
Canton	Sept. 1, 1931 3 1/2	Swiss Bank	Sept. 28, 1931 6 %
Copenhagen	Sept. 1, 1931 7 6	Tokyo	Jan. 22, 1931 2 1/2
Danzig	Oct. 1, 1931 6 7 1/2	Vienna	July 22, 1930 5 1/2
Helsingfors	Feb. 8, 1925 6 7 1/2	Warsaw	Oct. 5, 1930 6 7 1/2
Kovno	Aug. 8, 1931 7 1/2	Irish	Sept. 29, 1931 5 1/2
Lisbon	May 7, 1931 2 1/2		
New York Federal Reserve			

Central Bank of Chile.—Discount rate for member banks, 9%; discount rate for the public, 10%.

a 6% applied to banks and credit institutions.

b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:

	Oct.
--	------

MONTAGUE BURTON, LIMITED.

March 31, 1931.

LIABILITIES.		Compared with Mar. 31, 1930.	ASSETS.		Compared with Mar. 31, 1930.
Amount.	£		Amount.	£	
7% cum. pref. shares (£1)	2,000,000	...	Freehold and leasehold properties	5,942,661	+ 2,638,575
Ordinary shares (10s.)	2,000,000	...	Goodwill at cost	850,000	...
Capital reserve	227,661	...	Investments and advances	3,784	- 909,382
Loans	2,316,385	+ 872,387	Plant, &c.	121,100	+ 26,273
Interest accrued	34,091	+ 16,890	Shop fixtures, &c.	338,356	+ 65,781
Bank overdraft	367,233	+ 16,890	Stocks	781,384	- 109,516
Creditors	988,313	+ 192,436	Debtors	50,616	- 16,785
Profit and loss	386,907	+ 162,883	Premiums on insurance policies	34,494	+ 9,223
			Cash	25,115	- 92,340
			Preliminary expenses	66,640	...
			Expenses of share issue	56,440	...
			Underwriting commission	50,000	...
Total	8,320,590	+ 1,611,829	Total	8,320,590	+ 1,611,829

* As at March 31, 1930.

GAUMONT-BRITISH PICTURE CORPORATION, LIMITED.

March 31, 1931.

LIABILITIES.		Compared with March 31, 1930.	ASSETS.		Compared with March 31, 1930.
Amount.	£		Amount.	£	
7½% cum. pref. £1	1,250,000	...	Cash	162,418	+ 53,967
Ord. shares (10s.)	2,500,000	...	Stocks	10,801	+ 757
6½% deb. stk.	966,900	+ 182,900	Investments in subsidiaries	5,763,383	+ 44,681
Int. accrued	12,010	+ 2,136	Debtors	737,423	+ 150,556
Forfeited shares	17	...	Properties and plant	1,271,430	+ 5,210
Bank loan	270,000	+ 46,330	Shares in other cos.	337,358	+ 105,346
Mortgage int.	...	- 17,700	Deb. stk. of subsidiary co. at cost	12,970	+ 12,970
Loans from subsidiaries	193,555	+ 20,507			
Creditors	224,378	+ 62,263			
Pref. shareholders	36,328	+ 36,328			
Leasehold reserve	82,094	+ 30,388			
Debs. &c. sinking fund	33,040	+ 16,000			
Reserve	2,500,000	+ 40,470			
Profit and loss	234,461	+ 81,491			
Total	8,302,783	+ 372,587	Total	8,302,783	+ 372,587

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dends.
					Prefco.	Ordinary.					
						Amount	Amount.				
Breweries.											
Dalhousie - Talisker Dis- tilleries	June 30	£ 19,686	£ 15,059	£ 34,745	£ 3,914	£ 12,033	% 15	£ ...	£ 18,798	£ 22,752	% 20
Canals and Docks.											
Mountstuart Dry Docks ...	June 30	17,292	Dr. 15,383	1,909	...	...	...	...	1,909	27,536	6
Hotels, Restaurants, &c.											
Queen Anne Residential Mansions and Hotel	June 24	37,538	23,726	61,264	8,750	16,875	15	7,500	28,139	36,547	20
Rubens-Rembrandt Associ- ated Hotels	June 30	1,837	3,496	5,333	...	...	...	2,824	2,509	15,771	8
Iron, Coal and Steel.											
Denaby and Cadeby Main Collieries	June 30	50,844	45,197	96,041	12,000	30,000	2½	...	54,041	108,586	5
Ward (Thos. W.), Ltd.....	June 30	28,159	Dr. 62,796	Dr. 34,637	33,471	...	...	Dr 100,000	31,892	80,079	6½
Rubber, &c.											
Abaco (Selangor) Rubber ..	Mar. 31	3,446	Dr. 1,702	1,744	...	...	...	...	1,744	...	...
Bajoe Kidoel Rubber	Mar. 31	41,348	1,945	43,293	...	...	...	...	43,923	19,353	5
Hoscote (Malaya) Rubber...	June 30	2,620	Dr. 10,667	Dr. 8,047	...	...	...	...	Dr. 8,047	3,796	...
Malayalam Plantations.....	Mar. 31	113,869	2,530	116,399	...	...	...	...	116,399	81,982	2½
North Labis (Johore) Rubber	June 30	15,388	Dr. 3,070	12,318	...	...	...	...	12,318	1,018	...
Sungkap Para Plantations	June 30	6,183	1,465	7,648	...	...	...	1,850	5,798	5,393	...
Shipping.											
Hazlewood Shipping.....	May 16	843	317	1,160	...	...	...	...	1,160	694	...
Manchester Liners	June 30	47,611	49,910	97,521	22,886	33,390	10	...	41,245	65,574	10
Shops and Stores.											
Lockwood and Bradley	Aug. 15	...	22,572	22,572	15,226	...	...	...	7,346	...	...
Tea.											
Caledonian (Ceylon) Tea, &c.	June 30	4,336	1,405	5,741	1,920	...	...	...	3,821	11,211	15
Ceylon and Indian Planters	June 30	5,084	2,196	7,280	1,500	...	...	...	5,780	16,111	20
Trust.											
Latin American Investment Trust.....	June 30	7,186	17,746	24,932	...	...	...	20,000	4,932	25,338	4
Other Companies.											
Associated Fire Alarms	June 30	1,392	4,881	6,273	...	3,432	8	1,000	1,841	4,244	8
Brooks Wharf & Bull Wharf	June 30	9,045	18,764	27,809	8,899	5,562	5	2,000	11,348	17,897	5
Ferranti Limited.....	June 30	40,742	60,689	101,431	25,013	18,000	6	22,438	35,980	68,749	6
Harrisons and Crosfield.....	June 30	106,587	231,406	337,993	137,800	59,864	12½	40,000	100,329	352,004	20
Hodsman (George and Sons..	June 30	704	6,627	7,331	...	...	...	4,888	2,443	6,794	...
Leethams (Twilfit)	June 30	4,875	41,003	45,878	14,063	15,000	8	10,000	6,815	44,675	8
Triplex Safety Glass.....	June 30	29,104	34,496	63,600	...	30,000	10	...	33,600	36,735	5
Whitehall Court	June 30	18,779	35,886	54,665	...	25,000	12½	16,404	13,261	43,204	12½

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.		Dividend for Whole Years.	Latest Year.	Previous Year.
	Interim or Final.	Date of Payment.	Method of Payment.		
RAILWAYS.					
North Eastern of Uruguay	3½%†	...	...	% 7	% 7
San Paulo (Brazil) Railway	2%*	Oct. 22	...	...	...
BANKS.					
Bank of England	6%*	...	Half-yrly	6	6
Industrial of Japan	6%*	...	...	...	...
INSURANCE.					
Eagle Star & British Dominions	5%*	Oct. 1	Quarterly	...	...
Yorkshire Insurance	3/6 p.s.*	Oct. 19	Tax free	...	...
TEA AND RUBBER.					
Doomoo Tea of Ceylon	...	...	...	5	...
Maturata Tea and Rubber	7½%†	...	...	12½	20
New Dimbulu	27½%†	...	...	37½	37½
MINING.					
Gopeng Consolidated	4d. p.s.*	Sept. 30	...	...	...
Tekka	3d. p.s.*	Oct. 7	Less tax	...	...
OTHER COMPANIES.					
Albion Greyhounds	30%*	Oct. 5	Less tax	...	...
Anglo-Siam Corporation	15%†	...	...	20	27
Argus Press	5%*	...	Less tax	...	...
Ashby Staines Brewery	5%*	Sept. 28	...	...	...
Austin Motor	100	...	...	100	60
Balkis	2½%†	...	Less tax	5	5
Battagalia Estate	2½%†	Oct. 8	...	...	...
Brooks Wharf	5%*	...	...	5	5
Carpet Manufacturing	10%†	...	Tax free	...	...
City and International Trust	2½%†	...	...	5	6½
City Offices	15/6 p.s.*	Oct. 15	...	...	...
Cohen Weenen	...	...	...	36	...
Colombo Gas and Water	5%*	Oct. 15	Less tax	...	...
Consolidated Water of Rosario	2½%*	Oct. 1	...	...	...
Dalluaine Distilleries	10%*	...	Plus bonus of 5%.	15	10

Buenos Ayres Great Southern Railway Company, Ltd.—In view of the depreciation of Argentine exchange, the uncertain outlook and the necessity for conserving the company's cash resources, regret that they are unable to recommend the payment of a final dividend on the ordinary stock for the year ended June 30, 1931, although the results of working would allow of a small final distribution, after meeting debenture interest, preference dividends and all other fixed charges against net revenue. The annual ordinary general meeting of the company has been fixed for October 28th, on which date warrants for the payment of dividends on the company's preference stocks will be posted.

Commercial Reports.

MARKET SUMMARY.

The outstanding feature of the past week has been the sharp decline in terms of gold in the value of the principal raw materials. This decline is partly ascribed to the general deterioration in trade and industry and to the expectation of a reduction in the demand for certain commodities through the decreased buying power of countries which suspended the gold standard. A further contributory cause is the large number of "distress" sales in the United States and other countries. The principal cereals were all quoted at lower prices than last week in the United States, and the Chicago quotation for "September" wheat at 44½ cents per bushel shows a fall of no less than 3½ cents on the week. The New York quotations for Brazilian coffee and cocoa on Wednesday were also lower than a week ago. Sugar is one of the few exceptions in recording a slight rise. The market in cotton has been dull and New Orleans Middling dropped from 6-23 cents per lb. last week to 5-70 cents on Wednesday last. In the absence of an improvement in demand rubber registered a new low level in New York. Among non-ferrous metals, tin and lead continued to decline and the market in copper was inactive. In this country price movements are mainly determined by exchange fluctuations and there is a continuous tendency to keep sterling prices in equilibrium with gold prices. Incidentally it should be noted that the price of commodities which are produced in the United Kingdom has not advanced in proportion to raw materials which have to be imported. Thus the quotations for coal are practically unaltered and there are already signs of an increasing demand from foreign buyers. The same holds good, though to a lesser extent, of iron and steel, and it is expected that imports of the latter materials will fall off considerably. Manufacturers generally have bought raw materials in large quantities, in the hope of an expansion in exports and in order to cover themselves against any further depreciation in the value of the £ in terms of gold.

THE COAL TRADE.

GLASGOW.—Business has been better during the past week, but to what extent this has been due to the fall in sterling and to seasonal influences it is difficult to say. There is, however, a brisker foreign enquiry and there is a confident feeling that business will be helped by the depreciation in the value of sterling. Some difficulty is, however, experienced in quoting prices, owing to the exchange fluctuations. Prices generally have an upward trend, with trebles and doubles strong spots: LANARKSHIRE.—Ell best, 14s. 3d.; splint best, 15s. 9d.; splint second, 14s. 3d.; navigation, 14s. 3d.; Hartley, 15s. 6d.; steam, 13s. 6d.; 15s.; navigation second, 14s. 6d.; trebles, 14s.; doubles, 13s.; 10s. 6d.; pearls, 9s. 9s. 3d.; trebles, 13s. 6d.; doubles, 13s.; singles, 10s.; 9s. 3d.; dross, 9s. FIFE.—Screened navigation, 17s.; first-class steam, 13s.; third-class steam, 11s. 6d.; trebles, 15s.; doubles, 13s. 6d.; singles, 10s. 6d.; pearls, 9s. 6d. LOTHIANS.—Prime steam, 10s. 9d.-11s.; secondary steam, 10s. 6d.; trebles, 14s.; doubles, 13s.-13s. 6d.; singles, 10s.; pearls, 9s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 14s.; doubles, 13s.; singles, 9s. 3d.; pearls, 9s. 3d.; dross, 9s.

SHEFFIELD.—Business in South Yorkshire continues inactive but expectations of an improvement in the export section are general. Best steams continue in request and are none too plentiful, the export price being firm at first f.o.b. The home industrial demand is as poor as ever, the call for house coal and small fuels, time of year, and there is a surplus of secondary and small fuels. Best ordinary house is quoted at 20s. 6d. to 22s. 6d. at pits. Blast furnace coke has changed hands at as low as 9s. 6d. at furnaces. Sales for industry are very poor, but there is an increasing demand for coke for central heating.

CARDIFF.—On the Cardiff coal market this week business has been in a large measure suspended, owing to the price uncertainty created by the suspension of the gold standard and the depreciation of the £ by the suspension of the gold standard and the depreciation of the £ in terms of foreign currencies. In the case of Germany, the fall in the exchange has cheapened British coals in terms of marks by about 20 per cent.; in the case of France by 11-1 per cent.; and in the case of Italy by about 14 per cent.; but the price of British coals shipped f.o.b. to Scandinavia shows very little change, compared with that in August, while in the case of the Argentine, the exchange is more favourable to this country than it was a month ago. Quotations for South Wales coals, however, remain unchanged on the basis of the existing minimum schedule, but while some collieries have shown a reluctance to enter into forward commitments pending more stabilised exchanges, others have been prepared to enter into contracts even over next year, on the basis of current quotations. There has been a little more activity in foreign inquiries and one or two orders which have been placed for October shipment are believed to have been diverted to Cardiff entirely by the fall in the value of the sterling; but this week there has been little, if any, expansion in the volume of trade at the docks of the Great Western Railway Company. Proposals are under consideration for the disposal of surplus stocks of small coals, but the Executive Committee of the Marketing Association reaffirmed this week its recent decision not to make any change in the schedule prices of these grades. The following are the current approximate quota-

tions:—Best Admiralties, 19s. 6d.-20s.; seconds, 18s. 9d.-19s. 4½d.; best drys, 18s. 6d.-18s. 9d.; Black Veins, 18s. 3d.-18s. 6d.; Western Valleys, 17s. 9d.-18s.; Eastern Valleys, 17s. 3d.-17s. 7½d.; best small steams, 13s. 6d.; coking smalls, 13s. 6d.-13s. 9d.; cargo smalls, 11s. 6d.-12s. 6d.; anthracite best large, 30s.-37s. 6d.; Red Vein large, 22s. 6d.-27s. 6d.; machine made cobbles, 40s.-45s.; French nuts, 43s.-46s.; stove nuts, 39s. 6d.-43s. 6d.; rubbly culm, 8s. 6d.-9s.; foundry coke, 30s.-36s. 6d.; patent fuel, 18s. 6d.-19s. 9d.; pitwood, ex ship, 26s.-26s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—There is a better feeling in connection with Cleveland iron, and a slight expansion took place in the volume of transactions. Official prices have been considered too high for some time past, and in consequence consumers have only purchased for immediate requirements, but with the advance in Continental prices owing to the variation in exchange rates, they have been anxious to make larger purchases, and have not found makers too easy to deal with. A comparatively important business was reported up to the end of last week, but it was not considered advisable to advance prices under all the circumstances, and on Tuesday the old figures were reaffirmed, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge 57s. f.o.b. or f.o.t. Further business was reported at these figures, and an early advance is considered as not altogether unlikely. Business has been most active in hematite iron, which is not surprising, seeing that the price had fallen to such a low level, and it is directly affected by the rise in the costs of imported ores. Makers and merchants seemed slow to realise the position. Up to Wednesday last they have been quite willing to accept 59s. 6d. for mixed numbers for fairly early delivery, but the following day a number of orders came forward both for home and export, and the price quickly jumped by stages to 63s. for mixed numbers and 63s. 6d. for No. 1. A large business in the aggregate was transacted, which was practically all for early delivery, as makers are now unwilling to sell far ahead. After Thursday, buying eased off a little, but odd lots were sold at further advances, and at Tuesday's market up to 65s. had been paid, which was makers' minimum price at the close. In the finished trades the tone is better on the advance in Continental steel prices, and a fair amount of new business is being booked. Prices for home, under the rebate scheme, are unchanged as in most of the other heavy lines, but local semis are 10s. to 15s. higher since the withdrawal of foreign competition. 24-gauge galvanised corrugated sheets are advanced to £10, and 24-gauge black sheets to £8 5s. For ore no prices are quoted, owing to the dislocation caused by fluctuations in the rates of exchange and increased freights. Consumers, however, have large stocks on hand, and important balances of old contracts still to take out, so that they do not need to make fresh purchases. Coke, although still plentiful, is inclined to stiffen in price, and medium blast-furnace qualities are now quoted at 15s. 6d. delivered consumers' works. The number of blast-furnaces in operation in the district remains at seventeen.

SHEFFIELD.—Enquiries are coming in sufficiently to indicate increased exports of steel, and a number of manufacturers are covering future requirements of hematite pig iron and Swedish iron and steel material. The import trade in Continental billets and sheet and triplate bars has come to an end for the present. The uncertainty of the exchanges also renders buying of ferro-alloys from Scandinavia impossible. The sellers will only contract on the condition for payment in Swedish and Norwegian currency at the date of shipment. The position of this important trade is profoundly modified by the abandonment of the gold standard by Scandinavian countries. Some ferro-alloys are being sold out of stocks in this country at advances of from 20 to 30 per cent. Fairly large stocks of Swedish iron and steel are held in this country. Prices of British hematite pig are rising. The prospects of an early general election are a further unsettling factor in trade.



ESTABLISHED at the most important commercial centres in South America and Portugal, the Bank of London & South America Ltd. is particularly well equipped to carry out modern banking business of every description.

ARGENTINA—BRAZIL—COLOMBIA
CHILE—PARAGUAY—URUGUAY
PORTUGAL.

**BANK OF LONDON
& SOUTH AMERICA
LIMITED**

6, 7 & 8, TOKENHOUSE YARD, LONDON, E.C.2

MANCHESTER:
36, Charlotte St.

Affiliated to
Lloyds Bank Limited.

BRADFORD:
33, Huddersfield.

GLASGOW.—Monday of this week was the Glasgow autumn holiday and steel plants in the West of Scotland were closed then and also on the preceding Saturday. The present uncertainty in regard to the political situation and the disturbance caused by the departure from the gold standard have combined to make business exceedingly difficult, especially in those branches which are partially dependent on foreign supplies for their raw material. Steelmakers do not report any improved demand, which is largely accounted for by the scarcity of shipbuilders' specifications. There is quite a considerable amount of repair work on hand at Clyde yards, but a continued lack of contracts for new vessels. Users of semis are pressing for delivery of material previously contracted for with Continental works and there is a poor demand for home semis. There is a good deal of business being done in thin black sheets for export and in both black and galvanised sheets for the home trade, and prices have been further advanced this week. There is also a somewhat better demand for tubes. Other branches remain quiet.

CARDIFF.—On the Swansea Metal Exchange on Tuesday inquiries were more active and the prices of tinplates were increased to 15s. 3d. to 15s. 6d. per basis box, compared with 13s. 6d. a week ago. Welsh steel bars, however, were unaltered at £4 12s. 6d. per ton, but there were no quotations for foreign bars and some doubts are entertained as to whether all deliveries on contracts will be affected in view of the fall in the sterling value of French and Belgian francs. Galvanised sheets are a shade firmer market at £9 15s. per ton.

OTHER METALS.

TIN.—In view of the progressive decline in the activity of the tin-using industries, the international situation of the metal continues to deteriorate. World prices in terms of gold were again lower during the past week. In New York the metal was quoted at 22½ cents per lb. on Wednesday, against 23½ cents per lb. a week ago and 26-80 cents at the beginning of September. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £122 17s. 6d. to £123 per ton, compares with £119 17s. 6d. to £120 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 30,376 tons, show a decrease of 377 tons on the week.

COPPER.—The international position of copper is no better than that of tin. In fact, output is only partially under control and stocks remain enormous. Prices in terms of gold are lower than they have been for many years. "Domestic" spot has again been quoted officially at 7 cents in New York, but transactions are reported at an even lower level. Wednesday's official closing price for "standard cash" in London in terms of sterling, at £33 7s. 6d. to £33 10s., compares with £32 7s. 6d. to £32 10s. a week ago. Stocks of refined copper in British official warehouses at

the end of last week, at 22,536 tons, show a decrease of 13 tons while stocks of rough copper, at 1,424 tons, increased by 225 tons.

LEAD.—Though New York prices remained unchanged at 4-4½ cents per lb., the demand for this metal has recently been a little better and prices have been firm. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £14 to £14 3s. 9d. per ton, compares with £13 5s. on the corresponding day last week.

SPELTER.—There has been a setback in the gold price of spelter during the week. In New York the metal was quoted at 3-65 cents per lb., against 3-70 cents per lb. on the corresponding day last week. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," at £12 17s. 6d. to £13 6s. 3d. per ton, compares with £12 12s. 6d. to £13 on the corresponding day last week.

OTHER NON-FERROUS METALS.—The sterling prices of other non-ferrous metals were higher this week in proportion to the depreciation of the £. Aluminium has been advanced from £85 per ton to £95 per ton on Friday last week. Nickel was quoted at £215-£220, against £197 10s.-£202 10s. a week ago, and foreign antimony was advanced from £22 10s.-£22 15s. to £25-£25 10s.

TEXTILES.

THE COTTON TRADE.—Liverpool.—The market during the last week has been very excited under the influence of the dollar exchange, and a very large business has been done. The crop of late has been doing exceptionally well, and weather has been ideal for picking. The South so far has not been a free seller, and the present price is not attractive to buyers in view of the great possibility that the coming season's consumption will be less than the production, and the carry-over into the next crop larger than ever. Spot sales for the week 24th to 30th (inclusive) are 108,000 bales, of which 41,700 bales are American, 3,500 Brazil, 5,200 Argentine, 13,500 Peru, 25,200 Egyptian, 6,350 African, 2,850 East Indian, 9,340 Russian, and 360 sundries. Imports for the same period are 13,297 bales, of which 2,673 bales are American, 2,060 Brazil, 510 Argentine, 4,561 Peruvian, 1,400 Egyptian, 1,671 African, 400 East Indian, and 22 sundries. Quotations, September 30th:—American Middling, 4-46; Egyptian Sakel, 6-95; Uppers, 5-21; Brazil Fair, 4-44; Peru G.F. Smooth, 4-84; West African Middling, 4-44, and East African G.F., 5-34.

Manchester.—The market during the past week has been more subdued, and there is no doubt that the enthusiasm of traders has been somewhat damped by the sharp fall which has taken place in raw cotton prices since last Thursday. The burst of activity last week caused a wave of optimism to spread over Lancashire, and with many operators caught short there was a rush to cover, not only in raw cotton, but also in yarn. The turnover in piece goods has not been equal to the sales in yarn, and some spinners are now rather nervous as to what will be the attitude of users in view of the fact that cotton has suffered a substantial decline from the high point touched following the suspension of the gold standard. In certain respects the turnover in cloth has been disappointing. In this connection the outstanding feature has been that India has not been stimulated to act more freely. Traders have also been depressed by the increased duties on cotton and rayon cloths, as announced in the India Budget proposals on Tuesday. There has, however, been a large volume of trade for China with considerable support from Singapore and Java. Several other outlets, including Egypt, South America, and the Continent, have provided a bigger demand. Decidedly more activity has shown itself in home trade fabrics. During the past few days, however, less business has been done, many buyers having satisfied their requirements for the time being. Big orders have been booked in American and Egyptian yarns. Prices have been advanced, and at the beginning of the week, when cotton was falling, there was not a corresponding decline in yarn prices. Spinners generally are more favourably situated than has been the case for months back.

Cotton Prices.

	1931.				Corresponding Date.	
	Sept. 9.	Sept. 16.	Sept. 23.	Sept. 30.	1929.	1930.
Raw Cotton—Mid. American	d. 3-64	d. 3-89	d. 4-49	d. 4-44	d. 10-41	d. 5-70
" Sakellaridis Fully Good Fair Egyptian	d. 5-55	d. 6-95	d. 6-95	d. 6-95	d. 16-75	d. 9-75
Yarns—32's twist	7½	7½	8½	8½	15½	10
" 40's twist	8	8	8½	8½	15½	10½
" 60's twist (Egyptian)	13½	13½	15	16	25½	18
32-in. Printers, 116 yds., 16 by 16, 32's and 40's	s. d. 15 9	s. d. 16 0	s. d. 17 0	s. d. 17 9	s. d. 25 0	s. d. 19 5
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	s. d. 17 6	s. d. 17 9	s. d. 18 9	s. d. 19 6	s. d. 28 0	s. d. 21 9
36-in. ditto, 38 yds., 18 by 18, 10 lb.	9 10	10 5	10 6	11 0	15 3	12 3½
39-in. ditto, 37½ yds., 16 by 16, 8½ lb.	8 9	8 11	9 5	9 9	13 6	10 10½

THE WOOL TRADE.—Bradford.—Some very encouraging developments have been seen in the wool market, writes our correspondent. Prices in Australia and London have made a distinct recovery, and there is every probability of the advance being maintained. Though there has been a rise of 6d. per lb. in merino tops, wool has been selling in Sydney on a combed basis delivered Bradford, which is still higher than the figure which this advance represents. This improvement in wool has, however, no element of the fictitious about it. It is a direct result of a recovery in confidence brought about by the suspension of the gold standard and the placing of a big volume of new business in tops and yarns. The lead was given by the home trade, and since then Continental buyers have followed the pace, with the result that good greasy combing,

AUSTIN MOTORS

RECORD YEAR TO 31st JULY, 1931

CARS SOLD IN HOME MARKET 26% MORE THAN PREVIOUS YEAR

PROPOSED DIVIDENDS

20% ON PREFERRED ORDINARY SHARES.

100% ON ORDINARY SHARES.

TRADING PROFIT	-	-	£1,376,244
CASH AT BANK	-	-	£1,138,973
TOTAL ASSETS	-	-	£5,340,638
LIQUID ASSETS	-	-	£2,720,418

GROSS TRADING PROFIT	... £1,376,244
AMOUNT BROUGHT FORWARD...	279,819
DEDUCT:	1,656,063
MAINTENANCE AND DEPRECIATION	... 499,637
DEBENTURE INTEREST, SINKING FUND, PREFERENCE DIVIDENDS AND DIRECTORS' FEES	210,937
	710,574
	£945,489

THE DIRECTORS RECOMMEND:—

TRANSFER TO	
RESERVE	... £200,000
INCOME-TAX A/C.	... 250,000
20% ON PREFERRED ORDINARY SHARES	net 112,500
100% ON ORDINARY SHARES	net 112,500
	675,000
CARRY FORWARD	... 270,489
	£945,489

FIVE FINANCIAL PERIODS (58 Months).

	1st Oct., 1926	Average To 31st July, 1931.	Per Annum.
GROSS TRADING PROFIT	... £5,355,603	...	£1,208,056
CAPITAL EXPENDITURE	... 1,321,627	...	273,440
MAINTENANCE AND DEPRECIATION	... 1,885,312	...	390,064
INCOME TAX	... 722,177	...	149,416
DEBENTURE INTEREST AND DIVIDENDS (INCL. ARREARS)	... net 1,690,918	...	349,845
EMPLOYMENT INVOLVED—WAGES, SALARIES, SERVICES AND PURCHASES	... 43,570,898	...	9,014,668

A SAFEGUARDED INDUSTRY

SELLING PRICES REDUCED 65%

SINCE McKENNA DUTIES WERE INTRODUCED.

PRODUCTIVE WAGES PAID AVERAGED

2½ TIMES TRADE UNION RATES.

AUSTIN STAND AT OLYMPIA No. 113

THE MANAGEMENT COMMITTEE



SIR HERBERT AUSTIN, K.B.E.
(Chairman).



Mr. E. L. PAYTON
(Deputy Chairman and Financial Director).



MR. C. R. F. ENGELBACH
(Works Director).

YOUR INVESTMENT PROBLEMS

Inquiries on all matters of Stocks and Shares are promptly replied to in the daily "Answers" columns of

The Financial News

THE FIRST FINANCIAL DAILY

The advice given is positive and impartial, and aims solely at furthering the interests of investors

Address your queries to The Editor

The Financial News

20 BISHOPSGATE, LONDON, E.C.2

On Sale at all Newsagents and Bookstalls.
DAILY—TWO PENCE.

merinos are now 5 to 7½ per cent. above the close of the July series and there is a distinct improvement in scourings. Faulty wools have also met with a greatly-improved demand at about 10 per cent. more than was paid at the opening; fine crossbreds are 10 per cent. above the July level, and medium 5 per cent. New Zealand slips have recovered all the ground lost at the opening, and are now fully 5 per cent. dearer. Second-hand wools are meeting with a much better reception, though a profit is not yet realisable on some of the dearer purchases. The decision to extend the sales two days is indicative of the changed attitude of buyers, and of the improvement in prices being sufficient to induce owners to offer their wools. Though business is quieter in Bradford, quotations for all qualities of tops are firm. Even to-day's prices of 26d. for warp 64's and 1s. for 46's carded are reasonable enough, in view of the altered manufacturing outlook to encourage further new business. Anticipations are entertained in some quarters of the upward movement continuing until 64's tops reach 2s. 6d., but at the moment there is no desire to force the pace. Spinners have been able to realise better prices for both weaving and hosiery yarns, and there has been a revival of interest in piece goods on export account.

THE JUTE TRADE.—Dundee. — A welcome change for the better has taken place in the jute industry. Business in cloth and yarns has been brisk and spinners and manufacturers have sold their production for several months ahead. There has not been much speculative buying and it is to be hoped that consumers will take delivery as the material is made. Formerly, prices of all commodities were very low, and there has been a rush to purchase at the bottom prices. Many have been disappointed and have had to pay much higher terms, as both spinners and manufacturers have taken the first opportunity to raise values of yarns and cloth to a more economical level. Already a proportion of the standing looms and spindles have been restarted to cope with the larger orders received and the outlook for the jute industry is ever so much brighter than it has been for many months past. Inquiries are still pouring in for all kinds of yarns and cloth, including many from the Continent and elsewhere, but unfortunately Canada and America have been notably quiet as prospective buyers. Last week, raw jute rose about £4 per ton all round owing to heavy buying by the Calcutta mills and those countries which were favoured by the drop in the Exchange. The fibre has quietened down for the moment, but it may only be a pause before rising to a higher level. It will be remembered that the supply of jute is none too plentiful and if trade were to return to normal higher prices might be expected. Good First Marks are now up to £22 10s. and Lightnings have been sold at £21, September/October. Buyers have paid up to £19 5s. for the full group of Daisee assortment and £20 for single marks, while Tossa assortment is offered at £20 5s. for the full group and £21 paid for single mark, October/November. Prices of jute yarns are all advanced and a considerable business has been done. Common 8-lb. cops have been sold at from 1s. 10d. up to 2s. 2d., and now spinners are naming 2s. 3d., with spools quoted 1d. more. Twist is dearer at 3½d. to 4d. for 3-ply 8-lb., and sacking yarns have been sold at 2½d. for 24-lb. weight and 3½d. for 8-lb. chains. Rove has been rushed up to £22 paid for 48-lb. and £19 for 200-lb., while the finer yarns are very firm at 3s. 1d. for second quality 8-lb. Rio warp, 2s. 9d. for third and 2s. 6d. for fourth. A large business has been done in carpet yarns at from 3½d. for 14-lb. warp. Manufacturers have been unable to cope with the inquiries which have been made for jute cloth, and they are reluctant to quote owing to the uncertainty of the situation. For 10½-oz. 40-in. 3½d. has been paid and 2½d. is the rate for 8-oz. A really good business has been done and prices should be maintained for some time to come. The home trade has bought largely of linoleum hessians, but America has so far shown little interest. Heavy goods are all dearer and a better demand is experienced. Calcutta goods have improved in value, hessians to the extent of

2s. to 2s. 6d. and heavy goods about 6s. during the past ten days, owing to increased demand. A large business has been transacted on spot here at a steady advance in prices.

THE GRAIN MARKETS.

WHEAT.—The steadiness which has characterised the principal wheat markets during recent weeks has again given way to a downward movement in prices. In Chicago, "September" wheat was quoted at 44½ cents per bushel on Wednesday, against 47½ cents per bushel on the corresponding date last week. Factors making for the renewed decline are the general stagnation of business, a temporary decline in the demand for "cash" wheat, and reports that this year's Russian crop will be equal to the "bumper" crop of 1930. The fall in prices might have been even more pronounced but for the relatively small volume of wheat coming on the markets in North America and the absence of selling pressure from Russia. Reports of the condition of the crops of Argentina and Australia are favourable, but it must be remembered that in both cases the acreage sown is much smaller than last year. A forecast of the probable yield of the Australian crop at 170,000,000 bushels shows a reduction of 38,000,000 bushels as compared with last year. In view of the size of visible supplies, a definite upward movement in the near future is improbable. According to Mr G. Broomhall, the world's visible supplies of wheat and flour in terms of wheat on September 1st amounted to 500,000,000 bushels, against 469,000,000 bushels on the corresponding date in 1930, 435,000,000 bushels in 1929, and 232,000,000 bushels in 1928. After a period of speculative activity in the wheat markets of this country last week, sterling prices have adjusted themselves to world prices, and business has been generally quiet this week. Quotations, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 28s. 6d. per 496 lbs., as compared with 27s. 6d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 26s. 9d., against 25s. 9d.; No. 3 Northern Manitoba, Atlantic, ex ship, 25s., against 24s. 6d.; Russian, on sample, 22s. 6d. to 27s., against 20s. 6d. to 25s.; Australian, ex ship, 25s. 6d., against 23s. 6d. a week ago.

WHEAT FLOUR.—International flour prices declined in proportion to the fall in wheat prices. In this country there has been an expansion of buying in view of the rise in prices. Quotations of British milled flour, though higher than last week, are still below world prices. North American shipments, at 202,000 sacks, show a decrease of 6,000 sacks as compared with the previous week. Of this total, 91,000 sacks were consigned to Europe. Quotations Wednesday: Straight run, delivered country, 22s. per sack of 280 lbs., as compared with 21s. last week; delivered London, 21s., against 20s. Manitoba patents, ex store, 25s. to 27s., against 22s. 6d. to 25s. 6d., and Australian, ex store, 18s. 6d. to 19s., against 17s. 6d. a week ago.

BARLEY.—The sterling quotations for barley have advanced sharply this week and business in this country was brisk. The British crop is now being harvested under favourable weather conditions. Prices in terms of gold are scarcely changed on the week and the large supplies of maize prevent any definite advance in quotations. Quotations, Wednesday: "English feeding," f.o.r., per 448 lbs., 27s., as compared with 20s. to 24s.

OATS.—There has been no improvement in the demand for oats and in view of the heavy supplies, particularly in North and South America, prices in terms of gold declined further. On Wednesday, "September" oats were quoted at 20 cents in Chicago, against 21½ cents a week ago. Quotations, Wednesday: "River Plate," landed, 17s. 6d. per 320 lbs., as compared with 15s. 9d. last week; "River Plate," ex ship, 16s. to 16s. 6d., against 14s. 9d.; "Chilean White," landed, 24s. to 25s., against 23s. to 24s.

MAIZE.—Trading in maize has been active, but shipments from the Argentine are too large to be readily absorbed. Consequently, prices in terms of gold declined during the week. On Wednesday last, "September" maize was quoted at 36½ cents, against 39½ cents a week ago. Sterling prices showed a sharp upward movement, which eliminated the discrepancy in terms of gold between British and International prices. Quotations: "Plate," landed, 17s. 3d. per 480 lbs., as compared with 16s. 3d. last week; "Plate," ex ship, 15s. 6d., as against 14s. 6d. to 15s.; "Plate," September/October, new, 15s. 3d., as against 14s. 6d. Yellow maize meal, ex wharf, was quoted £5 5s. per ton, against £5 a week ago.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Oct. 1, 1930.	Jan. 2, 1931.	Sept. 16, 1931.	Sept. 23, 1931.	Sept. 30, 1931.
Winnipeg (No. 1 Manitoba) Cents per 60 lb.	148½	74½	56½	53	54½	53½
Chicago (No. 2 Winter) Cents per 60 lb.	130½	80½	79½	49½	48½	44½

The visible supply of wheat in Canada, at 51,238,000 bushels, shows an increase on the week of 4,123,000 bushels. Supplies a year ago stood at 651,658,940,000 bushels.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to September 26	Owts. 59,230	Owts. 157,614	Owts. 354,216	Owts. 374,763
4 weeks to September 26	219,233	646,731	1,680,106	1,503,662
Average price of English wheat per cwt.	s. d. 4 6	s. d. 7 2	s. d. 9 6	s. d. 9 2

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Sept. 19, 1931.....	Owts. 52,386	Owts. 151,358	Owts. 24,468	s. d. 4 8	s. d. 9 9	s. d. 5 7
Sept. 26, 1931.....	59,230	223,719	35,024	4 6	9 5	5 7
Sept. 24, 1927.....	247,437	292,144	72,656	10 6	13 0	8 11
Sept. 29, 1928.....	359,737	438,279	100,862	9 1	11 1	8 10
Sept. 28, 1929.....	365,511	356,172	82,921	9 8	10 0	7 11
Sept. 27, 1930.....	157,614	188,550	48,269	7 2	8 7	6 0

OTHER FOODS.

SUGAR.—There has been a slight improvement in the international sugar position early this week, and prices in New York showed a slight rise as compared with last week. The outstanding feature in this country is the heavy demand for refined sugar by distributors. Although prices of "British refined" were advanced 9d. per cwt. the demand could not be satisfied, and sales had to be rationed each day. Raw sugar prices in terms of sterling rose sharply this week in proportion to the fall in the gold value of the £. Wednesday's sales of "raws" include "December delivery" at 6s. 5½d. to 6s. 6½d. per cwt., against 6s. 1½d. to 6s. 3d., and "March," 1932, at 6s. 8½d. to 6s. 9½d., against 6s. 4½d. to 6s. 6½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	179	1,082	1,180	1,113	18,980	28,587
Liverpool.....	3,900	10,604	14,858	14,368	58,076	86,034
Total.....	4,079	11,746	16,038	15,481	77,056	114,621
Last week	21,738	25,512	16,148	16,015	89,015	118,356

COFFEE.—This week's auctions of coffee were characterised by keen competition at rising sterling prices. Last week's movements of coffee in London were as follows: Brazilian, landed, 94; delivered for home consumption, 127 bags; exported, 67; stocks, 2,173 bags, against 1,148 bags last year. Central American, landed, 96 packages; delivered for home consumption, 1,584; exported, 1,423; stocks, 85,625 packages, against 59,591 a year ago. Other kinds, landed, 471 packages; delivered for home consumption, 2,468; exported, 1,386; stocks, 71,072 packages, against 71,117 a year ago.

COCOA.—Cocoa has been in good demand at rising sterling prices. In terms of gold, however, the commodity has been cheaper and Wednesday's quotation in New York at 4.26 cents shows a fall of 0.36 cents on the week. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, November-January, at 24s. 9d. per cwt. f.o.b. London contract, shows a rise of 3s. 3d. Last week's movements of cocoa in London were as follows: Landed, 738 bags; delivered for home consumption, 4,605 bags; exported, 742 bags; stocks, 190,768 bags, as against 201,858 last year.

TEA.—The quantities catalogued for this week's auction comprised 66,975 packages of Indian, 23,326 packages of Ceylon, and 11,871 packages of Java and Sumatra tea. The auctions on Monday and Tuesday showed keen competition among buyers for nearly all grades of tea, and sterling prices, which did not advance last week in proportion to the depreciation of the £, were considerably higher. A slight reaction became noticeable on Wednesday's auction of Indian tea. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyassa-land.
Sept. 25, 1930	s. d. 1 5.10	s. d. 1 0.91	s. d. 1 7.50	s. d. 0 11.04	s. d. 0 11.38	s. d. Nil
Sept. 3, 1931	1 3.54	0 8.07	1 3.35	0 6.60	0 6.07	0 5.74
Sept. 11 "	1 3.66	0 7.92	1 3.70	0 6.96	0 6.09	0 6.00
Sept. 17 "	1 2.39	0 8.23	1 4.23	0 7.84	0 6.47	0 6.55
Sept. 24 "	1 3.66	0 9.27	1 4.74	0 8.24	0 7.32	0 5.85

RICE.—The market in rice has been steady and sterling prices, which remained unchanged last week, advanced slightly in view of the lower value of the £ in terms of gold. Wednesday's quotation for Burma No. 2, cleaned, October-November, in singles to the Continent and to the United Kingdom, at 9s. per cwt., shows a rise of 10½d. as compared with last week. Movements in London during the past week were as follows: Landed, 19 tons; delivered, 50 tons; stocks, 1,134 tons, as against 2,507 tons last year.

POTATOES.—There have been abundant supplies of potatoes at the principal markets, but the demand was again heavy and prices remained firm. At the Borough Market, "Best King Edward" sold at from 7s. to 7s. 6d. per cwt., as compared with 7s. to 7s. 6d. a week ago.

SPICES.—The market in spices has generally been steady and sterling prices were slightly higher than a week ago. Wednesday's quotation for "Black Singapore," at 6½d. per lb., shows a rise of ½d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 14 tons; delivered, 15 tons; stocks, 590 tons, against 786 tons last year. White, landed, 91 tons; delivered, 82 tons; stocks, 525 tons, against

MEAT.—Sterling prices of meat at the Smithfield market have been scarcely changed on the week. Since the suspension of the "gold standard" in this country, prices have been rather lower than before and an upward tendency has as yet scarcely been noticeable. It must, of course, be remembered that stocks of foreign meat in this country are considerable, and that the United Kingdom is the principal market for foreign meat. On Wednesday Argentine beef (chilled, hind quarters) was sold at 4s. 2d. to 4s. 6d. per 8 lbs., against 3s. 10d. to 4s. 6d. on the corresponding day last week, whole New Zealand frozen mutton realised 3s. 6d. to 4s. 2d., as against 3s. 6d. to 4s. 2d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,857 tons, as compared with 8,319 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.6 per cent. of the supplies, as against 80.9 per cent. a year ago; and imported mutton, mainly New Zealand, formed 69.6 per cent. of the total supply, as against 74.2 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—After a burst of activity in the closing days of last week much quieter conditions prevail. Business more than usual is influenced by the rates of exchange. Plate linseed was in active demand and up to £9 2s. 6d. was paid for old crop, October shipment, and £9 for new, January-February, but prices have receded in sympathy with the exchange to £8 10s. for all positions. Indian linseed is quiet, £10 15s. being asked for Calcutta, September-October, to Hull. Supplies of linseed are ample, and favourable reports of the growing crop in Argentina continue to come to hand. The quantity on passage to Europe is 127,700 tons, or 4,400 tons more than last week, and there is a substantial balance yet to be shipped. Cottonseed advanced sharply on advices from Alexandria, and up to £7 2s. 6d. was paid for new crop, October loading, current value being around £6 12s. 6d. A good trade has been done in most vegetable oils at higher figures. Linseed oil also engaged much speculative attention, and for raw oil on spot ex Hull £18 was paid, with later positions at a rising premium. This week, however, trade has been less active, Wednesday's spot quotations being £17 15s. spot and £16 10s. October-December. Cotton oil is firmer, and up to £23 was paid for crude Egyptian ex Hull, and this remains about present value. Oilcakes and meals are in improved demand and dearer.

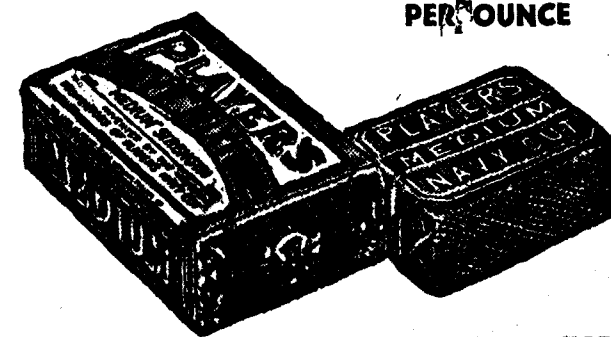
HIDE, LEATHER AND ALLIED TRADES.—There has been a considerable change in both the English and foreign markets for hides, and prices are now established on a higher level. At Manchester this week all ox and heifers over 60 lbs. made ½d. per lb.

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

In the calm contemplation of a pipe of good tobacco new hopes are born and life's little problems are viewed in their true perspective.

1/1
PER OUNCE



N.O.T. 2

The Investors' Chronicle and Money Market Review

A TRUCE IN POLITICS THE MARKETS' NEED

AN INVESTMENT POLICY FOR TRUSTEES

DOLLAR FUNDS OF BRITISH INSURANCE OFFICES

Copies may be obtained at all bookstalls and newsagents throughout the country, price 6d., or from

The Publisher:
"THE INVESTORS' CHRONICLE"
20 BISHOPSGATE, LONDON, E.C.2.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.		LARD.		WOOL—		Market Hides, London—	
CEREALS AND MEAT.		a. d. s. d.		a. d. s. d.		a. d. s. d.	
GRAIN.				Irish bladders.....	58 0 66 0	Best heavy ox and heifer	0 6 0 0
Wheat, No. 2, N. Man. 496 lb.	28 9			American, boxes, 56 lbs.	53 0 54 0	Best cow	0 4 0 0
Eng. Gaz. av., per cwt.	4 6			POTATOES—		Best calf	0 5 0 0
Barley, Eng. Gaz. av.	9 5			Good English, per cwt.	7 0 7 6		
Oats.	5 7			SPIES—			
Maize, La Plata, landed, 480 lb.	17 3			Pepper, per lb.—			
Flour, Lon. stan. ex mill, s. d.				Muntok, fair White	0 9 1 0		
280 lb.	19 9 0			Black Lampong	0 8 0 0		
Rice, No. 2 Burma, per cwt.	9 0 0			Chinamon—1st sort, per lb.	0 6 0 0		
Sago, Pearl, per cwt.	16 6			Ginger—Bansibar per lb.	0 9 0 0		
Tapoca, per cwt.				Ginger—per cwt.—			
E.I. flake, fair spot	17 6 0			African	28 6 0 0		
Medium pearl	20 0 0			Jamaica, ord. to good	47 6 85 0		
MBAT—				Mace	0 11 1 9		
Beef, per 8 lbs.—				Nutmegs 65s	1 4 0 0		
English long sides	4 4 5 4			SUGAR—			
Argentine chilled hinds	4 2 4 6			(Duty, 11s. 8d. per cwt.)			
Mutton, per 8 lbs.—				B.W.I., crystallised	18 6 21 6		
English wethers	5 0 6 4			Java, white, c. & f. India	8 3 0 0		
N.Z. frozen	3 6 4 2			October-December			
Pork, English, per 8 lbs.	5 4 6 4			REYNOLDS—London—			
OTHER FOODS.				Yellow Crystals	19 7 1 0		
BACON—				Cubans	24 0 24 6		
Irish	62 0 80 0			Crushed	23 0 23 6		
Danish	62 0 0 0			Granulated	20 4 1 1 1 1		
Dutch	58 0 0 0			Home Grown	20 0 20 1 1		
HAMS—Irish	0 0 0 0			TEA—			
Canadian	0 0 0 0			Indian—per lb.—			
American	96 0 0 0			Pekoe	0 7 1 1 1 1		
BUTTER—				Broken Pekoe	0 6 2 2 1 1		
Irish creamy per cwt.	0 0 0 0			Orange Pekoe	0 7 2 6		
Australian	116 0 118 0			Broken Orange Pekoe	0 7 4 8 1 1		
New Zealand	120 0 124 0			Ceylon—per lb.—			
Danish	136 0 0 0			Pekoe	0 6 1 2 6 1		
CHEESE—				Broken Pekoe	0 8 2 5		
Canadian	72 0 0 0			Orange Pekoe	0 9 2 6 1		
New Zealand	71 0 72 0			Broken Orange	0 9 2 9 1		
English Cheddars	56 0 80 0			TOBACCO—			
Dutch	70 0 0 0			(Duty 9/6-10/6 per lb.)			
COCOA—				Empire growths, 7/5-8/3 per lb.			
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)				Virginia leaf	0 9 2 9		
Acacia, f.f. per cwt.	23 0 30 0			Common to fine	0 10 1 6		
Trinidad	40 0 50 0			Rhodesian leaf	0 9 1 6		
Grenada	32 0 38 0			Nyasaland leaf	0 10 1 8		
COFFEE—				East Indian leaf	0 4 0 8		
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)				Strips	0 5 1 0		
Santos sup., c. & f. cwt.	40 0 0 0			COTTON—TEXTILES.			
Colombian, good	75 0 100 0			Mid-American	4-44		
Costa Rica, good to good	82 0 125 0			Sakellaridis, f.f.	6-95		
East Indian	86 0 100 0			Yarna, 32's twist	9 1		
Kenya, medium	72 0 85 0			60's twist	16		
EGGS—				FLAX—			
English	15 0 18 6			Livonian ZK	36 0 0 0		
Danish	14 5 15 6			Pernau HD	34 0 0 0		
FRUIT—				Slanetz Medium 1st sort	42 0 0 0		
Oranges—				HEMP—			
South African	11 0 19 0			Italian P.O.	34 0 0 0		
Lemons, Sicilian	14 0 22 6			Manila, July-Sept. "J2"	19 0 0 0		
"	16 0 26 0			N.Z.	nom.		
Malaga	18 6 21 0			Sisal, African, July-Sept.	16 0 16 10		
Apples: Amer. (var.) bris.	14 0 32 0			Mexican	nom.		
" (var.) boxes	0 0 0 0			JUTE—			
" Australian	0 0 0 0			Native 1st mks. per ton			
Onions—				c.i.f. H.A.R.B.	£19/0/0		
Valencia, case, 4s.	8 6 9 6			September-October	£19/5/0		
Egyptian Bags	0 0 0 0			October-November	£19/5/0		
Grapes, Lisbon	4 0 8 0			SILK—			
" Almeria	6 0 17 0			Canton	8 0 10 0		

more money, while lighter weights were $\frac{3}{4}$ d. per lb. up. Cows were also dearer to the extent of from $\frac{3}{4}$ d. to $\frac{1}{2}$ d. per lb., while bulls made $\frac{1}{4}$ d. per lb. more money. The calfskins market was distinctly firmer than for some weeks past, advances of up to $\frac{1}{4}$ d. per lb. being recorded. Compared with last week, sellers of imported hides now seem prepared to enter into business with rather more freedom, and asking prices for practically all descriptions are about one penny above the rates ruling a fortnight ago. In the South American market sales of Argentine ox have been made on the basis of 5d., with $\frac{1}{4}$ d. asked for second ox. Dry South American hides have also sold with more freedom, M.V. Americans making 5 $\frac{1}{2}$ d., Inservibles 3 $\frac{1}{2}$ d., and B.A. Americans 5 $\frac{1}{2}$ d. The market for African hides is now operating a little better, sales of Capes having been made at 6 $\frac{1}{2}$ d. and 5 $\frac{1}{2}$ d. for first and second drys, with 5 $\frac{1}{2}$ d. and 4 $\frac{1}{2}$ d. asked for drysalted. In view of the higher prices now being asked for imported sole leather, the home-produced article has come in for a greater amount of attention than has been experienced for many months past. In English and wet-salted hides the market has been quite active and the considerable sales made have covered light, medium and heavy weights, the larger part of the inquiry being centred on the two former. Dry hide bends for shoe manufacturers' needs also have been in greater request, and here again the call in varying degree has been for all weights. Good business has also been forthcoming on account of offal; both bellies and shoulders in satisfactory quantities have changed hands, orders covering rough as well as pinned descriptions. Producers and distributors of upper leathers also report a much more active market, with prices showing advances for most sorts. Anxiety to cover requirements is most noticeable on such lines as box and willow calf, patent and glacié kid, but at the same time there has been more interest taken in the position of reptile leathers and other grades of the fancy type. The curried upper leather section also has found business more brisk, and although the development of trade has not been equal to that for other descriptions, orders coming to hand are usually for larger quantities.

RUBBER.—There has been no improvement in the international statistical position of rubber. The price of smoked sheet in New

York, at 4 $\frac{1}{2}$ cents per lb., shows a decline of $\frac{1}{4}$ cent. on the week. The market in this country has been active, which is, however, the result of fluctuations in the exchange rather than of an expansion in consumption. Wednesday's official closing price for standard ribbed smoked sheet in London at 2 $\frac{1}{2}$ d. per lb., shows a fall of $\frac{1}{4}$ d. as compared with the corresponding day last week. In forward positions, business has been done at 2 $\frac{1}{2}$ d. for October, against 2 $\frac{1}{2}$ d. to 2 $\frac{3}{4}$ d.; and at 2 $\frac{1}{2}$ d. to 3d. for January-March, 1932, as against 2 $\frac{1}{2}$ d. to 3d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,163 tons; delivered, 2,401 tons; stocks at the end of last week, at 134,834 tons, show a decrease of 1,238 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Sept. 2.	Sept. 23.	Sept. 30.
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	45 $\frac{1}{2}$	48 $\frac{1}{2}$	44 $\frac{1}{2}$
Coffee, Rio No. 7, cash, per lb.	5 $\frac{1}{2}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$
" Santos No. 4, cash, per lb.	8 $\frac{1}{2}$	7 $\frac{1}{2}$	7 $\frac{1}{2}$
Cocoa, Acra, nearest future, per lb.	4-62	4-62	4-26
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-37	3-42	3-40
Cotton, New Orleans, middling, spot, per lb.	6-53	6-23	5-70
Rubber, smoked sheet, spot, per lb.	5 $\frac{1}{2}$	5 $\frac{1}{2}$	4 $\frac{1}{2}$
Petroleum, Pennsylvania crude, standard grades, per barrel	165-180	180-195	180-195
Copper, "Electrolytic," Domestic, spot, per lb.	7-625	7-00	7-00
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	8-00	7-50	7-50
Spelter, East St. Louis, spot, per lb.	3-80	3-70	3-65
Lead, spot, per lb.	4-40	4-40	4-40
Tin, "Straita," spot, per lb.	26-80	23-25	22-50

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, OCTOBER 10, 1931.

No. 4,598.

Royal Exchange Assurance

INCORPORATED A.D. 1720.

All classes of Insurance transacted and the duties of Trustee and Executor undertaken

For full particulars apply to
Head Office: ROYAL EXCHANGE, LONDON.

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK LTD.

9 BISHOPSGATE, E.C.2

Telegraphic Address:
Ultramarino, London

Telephone:
London Wall 6294

Capital Authorized
£1,500,000



Capital Issued
and fully Paid
£1,000,000

Sole London Representatives of:
BANCO NACIONAL ULTRAMARINO, LISBON,
and its offices in PORTUGAL, PORTUGUESE
COLONIES, BRAZIL AND BOMBAY and of
BANQUE FRANCO-PORTUGAISE D'OUTREMER, PARIS
AGENTS AND CORRESPONDENTS THROUGHOUT THE WORLD
A Complete International Banking Service.

Terms of Subscription to "THE ECONOMIST"

QUARTERLY - 14s. 6d. HALF-YEARLY - £1 9s. 6d.
YEARLY - £2 18s. 6d.
Colonies and Abroad, £3 1s. 6d. per annum.
Single Copies, post free, 1s. 1d.
Cheques and Post Office Orders to be made payable to the
Economist Newspapers, Ltd.
Office: 8, Bouverie Street, London, E.C.4. Telephone No.: City 8300-2.

Copies of "THE ECONOMIST" may always be obtained in the

CITY:
14, Bishopsgate.
Barker & Howard, 6, Fenchurch Buildings.
P. W. Cooper & Co., 11, King Street, Cheapside.
Davies & Co., 95, Bishopsgate.
Leathwait & Simmons, 54, Throgmorton Street.
Pottle & Son, 15, Cullum Street.
Willing & Co., Ltd., 50, Copthall Avenue & 123, Moorgate.
Messageries Hachette, 111, Rue Réaumur.
W. H. Smith & Son, 248, Rue de Rivoli.
W. Dawson & Sons, 13, Rue Albouy.
Gallucci Library, 224, Rue de Rivoli.
A/M: Internationaler Zeitung-Vertrieb, Rosentat. 8.
W. H. Smith & Son, 78, Rue du Marché aux Herbes.
AMSTERDAM: Van Gelderen, Prinsengracht 43.
GENEVA: Agence Naville, 3 & 7, Rue Leveier.
NEW YORK: The International News Co., 151, Varick Street.

TABLE OF CONTENTS.

The Money Market	641	Foreign Stock Exchanges—	
Leading Articles—		New York	670
The Unwanted Election	643	Paris	671
The Wider Arena	644	Berlin	671
The Election and Fiscal Policy	645	Amsterdam	671
"America's Money Problems"	646	Other Centres	671
A Diary of the Crisis	647	Investment Notes—	
Industrial Profits	648	The "House" and the Election	671
Insurance and the Pound	649	War Loan Conversion	672
Holding Companies	650	Austin Motor	672
Abroad	650	Textile Shares: A Note of Caution	673
The British Motor Market. I.—Private Cars	651	Imperial Airways, Limited	673
Notes of the Week—		Lampport and Holt	673
The Scarborough Conference	652	United Molasses Statement	674
The Government and Prices	652	Thos. W. Ward	674
Mr Goodenough and Sterling	652	Malayalam Plantations	674
Dwight Morrow	653	Swedish Match	674
The Situation in Manchuria	653	First Co-operative Investment Trust	675
The Pope's Appeal	653	New Capital Issues in September	675
Politics in Spain	654	Sherwood Starr	675
Sterling and World Prices	654	Capital Issues	676
Cotton Trade Affairs	654	Weekly Traffic Returns	676
Coal-Mining Results	655	Company Meetings, &c. ...	677
An International Coal Conference	655	Government Returns, &c.—	
Shipping Freights	655	National Accounts	677
Anglo-French Trade and the Pound	655	Treasury Bills by Public Tender	677
Japan's National Accounts	655	The Bankers' Gazette—	
Poland and the Gold Standard	656	Bank of England	678
Anglo-South American Bank	656	Bankers' Clearing Returns	678
Scottish Temperance and General	656	Provincial Clearing Returns	678
Reinsurance Corporation	656	Overseas Bank Returns	678
Overseas Correspondence—		Loan and Discount Rates	680
United States	656	Rates of Exchange	680
France	658	Overseas Bank Rates	680
Germany	658	Bullion	681
Italy	659	Gold and Silver Prices	681
Austria	660	Industrial Profits	682
Hungary	661	Company News—	
Holland	661	Summary of Balance Sheets	682
Sweden	662	Dividend Announcements	682
Norway	663	Profit and Loss Accounts	683
Czechoslovakia	663	Reports and Notices	683
Switzerland	664	Commercial Reports—	
Argentina	664	Market Summary	684
Books and Publications—		The Coal Trade	684
"The City of Markets"	665	Iron and Steel	684
Books Received	665	Other Metals	685
The Stock Exchange—		Textiles	685
Wall Street and Mr Hoover	666	The Grain Markets	685
The Week in the Markets	667	Other Foods	686
London Active Security Prices and Yields	668	Miscellaneous Commodities	687
New Issue Prices	670	Commodity Prices in the United States	688
		Prices Current	688

THE MONEY MARKET.

THE payment of the 3 $\frac{1}{4}$ per cent. Conversion Loan dividend on October 1st made money much easier, and this was at once made clear by the result of last week's Treasury bill issue. On September 25th, when admittedly conditions had still to adjust themselves, only £34,630,000 of the £40,000,000 of Treasury bills on offer were allotted, and, even so, the average rate was £5 12s. 8.37d. per cent.

On October 2nd the full £40,000,000 of bills on offer were allotted, and the rate eased to £5 11s. 0.07d. per cent. On Saturday there was the same superfluity of funds as used to be apparent in more normal times, and new money was finally offered down to 2½ per cent. This week money was again easy, as little calling by the clearing banks was in evidence, and 4-3½ per cent. was the ruling rate for new money. By Wednesday there were signs that supplies of funds were beginning to contract, but even so the rate remained unchanged, 4 per cent. being charged for renewals outside the clearing banks during the whole of the week.

This week's Bank return illustrates the extent to which money has lately been available, for it shows that bankers' deposits had expanded by £16.2 millions to the extremely high figure of £78.8 millions. The principal explanation of this big increase is the Conversion Loan dividend payment, reflected in the contraction of £19.5 millions in public deposits, but this is not the whole explanation, for on previous occasions when this payment has been made its effect has not been to supply the market so liberally with funds. A common market theory is that many of the Treasury bills issued on September 25th, and paid for from September 28th to October 3rd, were taken by the Bank, with the result that last week, the market was receiving the proceeds of maturing bills and had comparatively few new bills to pay for. This theory, however, finds no definite support in the Bank return, which shows a contraction in Government securities since a week ago, and practically no change either way over the past fortnight. Last week witnessed a further increase of £2.1 millions in the note circulation, but this is hardly exceptional for the time of year.

	Sept. 17, 1931.	Sept. 24, 1931.	Oct. 1, 1931.	Oct. 8, 1931.	Previous Rate and Date Changed.
Bank Rate	4½	6	6	6	4½ (Sept. 21, '31)
Banks' Deposit Rate..	2½	4	4	4	2½ (Sept. 21, '31)
Discount / Call	2½	4	4	4	2½ (Sept. 21, '31)
Houses / Notice	2½	4½	4½	4½	2½ (Sept. 21, '31)
Market rate (3 months' bills)	4½-5	5½	5½-6	5½-6	...

The discount market has been inactive, and many brokers are running narrow books, and so are needing less money than usual. At the same time there has been a fair demand for short bills and "hot" Treasuries, and these rates have tended to fall away. On Thursday, October and November bills were quoted at 4½ per cent., and December at 4½ per cent. Notwithstanding some reported sales by the Bank, which are believed to explain partially the slight drying-up of funds as the week progressed, the rate on hot Treasuries has fallen from 5½ to 5½ per cent. Three months' bank bills were quoted over the wide range of 5½-6 per cent., the rate depending partly on the names on the bill; but some special buying was reported at 5½-6 per cent. There has been practically no foreign buying of bills, and this has narrowed the outlet for commercial bills to one or two quarters. Nor is there any sign of any big return of foreign funds to London, though certain small sums have reached here this week.

Since the suspension of the gold standard, no Cape gold has been sold in the London market, and £2,114,000 has now accumulated and is lodged in London under the ownership of the South African mines. A further £1,153,000 is due next week, but the following week an insignificant amount is coming, and it is possible that with the suspension of the gold standard in London, the South African Government is deciding to mint the gold at Pretoria. This, however, is still surmise, and, in the meantime, bar gold is quoted nominally at a premium corresponding to the depreciation of sterling. One theory is that it is thought undesirable for sales to take place until it is known whether or not the proceeds of the sale will be thrown on the exchange market; but here, again, this suggestion must be accepted with great reserve. It is also

possible that those responsible have still to adjust conditions to the new situation.

The forward exchange market is now beginning to develop, and certain rates are quoted in a succeeding note. Inquiries show that, though genuine traders should experience no great difficulty in covering moderate needs, the market is still somewhat narrow. The official restrictions upon foreign exchange purchases are one reason, but another is that dealers are showing some reluctance to fill their books too far or too exclusively with certain names. Thus business has still to broaden out before the market another is that dealers are showing some reluctance to fill can be called either free or active, as indeed is proved by the wide margins in the rates now current.

In New York call money up to Thursday remained at 1½ per cent., while time money was a nominal 2½ per cent., with 3 per cent. charged for six months' money. Commercial paper hardened during the week, the rate for prime names rising from 2 to 2½ per cent. Open-market discount rates were unchanged, with 1½-2 per cent. quoted for 90-day bank bills. After the close of business on October 8th the New York Federal Reserve Bank announced that its re-discount rate was raised from 1½ per cent. to 2½ per cent. Mr Hoover's statement of October 6th, discussed in a later page, had a good effect, and the proposal for a \$500,000,000 bank pool and his announcement that international debts would be discussed with M. Laval on his visit to Washington were particularly welcome.

Sterling opened the week strongly against all the principal currencies, but reacted sharply later and, after some signs of recovery, finally became erratic. The New York rate opened at 3.91, then rose to 3.97, next fell to 3.76, and finally recovered to 3.83. Montreal was at 4.33. Paris, after touching 100½ and 95½, went to 97½. Brussels remained at about last week's levels on balance at 27½, while Milan gained 2½ to 3 points at 74½. Madrid was stronger at 42½, and Amsterdam was very firm at 9.50, after touching 9.47½. Berlin showed little change, and was a weak market at 16½. Switzerland remained firm at 19½. The Scandinavian currencies were comparatively steady, Stockholm being quoted at 16½ and Oslo and Copenhagen at 17½. The South American exchanges were weak and irregular, but quotations were more or less nominal. Rio, on balance, showed little change at 3½d., but Buenos Aires fell considerably to 29½d. Montevideo was also weak at 21d. In the Far East the rupee was firm at 1s. 5½d., and the yen was decidedly better at 2s. 6½d. Forward quotations were once more obtainable for a few currencies, but only between rather wide margins. New York, one and three months, stood either side of par. Paris, one month, ranged between par and ¼ franc premium, and three months between par and one franc premium. Brussels was at par to ½ belga, and par to one belga premium for the two periods respectively. Milan was unquotable. Madrid, for one month, stood at par to ½ peseta discount, and for three months at par to 2½ pesetas discount. Amsterdam was at par to 5 cents discount for one month's delivery, and at par to 10 cents discount for three months. Switzerland ranged between par and ½ franc premium for both periods. Silver prices largely followed the dollar exchange, cash rising by 1½d. to 16½d. and forward by ¾ to 17d., after both had been higher. The China silver exchanges rose in sympathy, Hong Kong from 1s. 2d. to 1s. 3d., and Shanghai from 1s. 6½d. to 1s. 7½d.

BANKING SUPPLEMENT.

With this issue is published the Economist Autumn Banking Supplement. It contains an analysis of some banking aspects of the British Crisis, and a retrospect of the Macmillan report. The banking situation in the United States, France, Germany, Central Europe and the Dominions is also reviewed, with special reference to the world financial crisis.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Boulevard Street, London, E.C.4.

THE UNWANTED ELECTION.

ALL efforts to avoid an election have failed. Parliament has been dissolved, and on October 27th the electorate is to instal a new House of Commons. After two years of a Government which claimed to have a policy, but enjoyed no majority, followed by five weeks of a Government which professed to have a short-term programme, but no long-term mandate, the constituencies are to be asked to give a mandatory majority to a Government whose head disavows either a distinctive policy or a definite programme. The position is bewildering, and if it be true that the world is mad these days, then this election is well in tune with the temper of the times. We abate no jot of our repeated contention that to plunge the country into confusion at this critical phase of British and world affairs is a blunder of the first order, for which history must be left to apportion the blame among the political leaders. The great issues of the day are such that they can be decided only in the council chamber by cool brains, not by heated debate upon a thousand platforms. Moreover, we hold more strongly than ever that the election was unnecessary and could have been avoided. Does not the Prime Minister's manifesto itself prove it? The only factor which threatened the Government with disintegration was the Conservative Party's propagation of the view that their leaders could not remain in office without power to introduce a tariff policy. The programme on which Mr MacDonald appeals to the country gives tariffs a bare mention among a host of possibilities. A Government returned on the strength of his manifesto will clearly have no shadow of a mandate for embarking upon the high tariff policy which commends itself to so large a section of his Conservative followers, or, indeed, to fasten any sort of tariff policy permanently on the country. If it is possible for Mr. MacDonald and his Conservative and Liberal colleagues to fight an election upon a programme too vague either to satisfy or to repel any section, why was it impossible for the Cabinet to hold together and show a firm front to the world upon great questions, on which there is no difference of opinion, until calmer times are reached? That is a question that jumps to the mind; and there is no answer.

But it is of little use to speculate upon what might have been. The election is here, and the country has got to make the best of it somehow, although to derive sound judgment out of the medley of conflicting unrealities is a task that will test to the utmost the political sense of the British people. Mr MacDonald took the initiative in issuing his election manifesto. It is an appeal for a blank cheque. "Steps of the utmost importance nationally and internationally must be taken to secure stability. . . . These are times of exceptional urgency and exceptional conditions, which demand exceptional treatment. As it is impossible to foresee in the changing conditions of to-day what may arise, no one can set out a programme of detail on which specific pledges can be given." In so far as policies definite or possible are hinted at, there is much that any party would endorse, and also gleams of hope for partisans of every camp. Even Mr Henderson cannot quarrel with the intention to pursue "a monetary policy which will establish sterling in confidence and authority," or the attempt to reach "international agreements which will remove some of the most fruitful causes of the economic misfortunes—like war debts and reparations—from which the whole world now suffers so grievously." Again, that "the Budget must not be allowed to slip into deficits" is a tenet undisputed by any section. There will be no dissent from these vague—if pious—pronouncements.

But what of the sops to Cerberus? "The possibility of home and Imperial development in all its aspects must be studied." Is that a double-baited hook to tempt both the Press Lords and the wizard of Churt? "The Government must be free to consider every proposal likely to help, such as tariffs, expansion of exports and contrac-

tion of imports, commercial treaties and mutual economic arrangements with the Dominions." The net is wide enough to contain anyone from Mr Runciman, with his advocacy of luxury import control, to Lord Beaverbrook's Empire Crusaders. More intriguing still are the statements that "everything that is possible will be done to meet hardships," and that the Government "must watch how the devaluation of money and the economies which had to be made to balance the Budget affect the lives of our people." Can that be read as an olive branch to official labour on the question of the cut in the dole?

We have posed many questions. They cannot be answered fully until the manifestoes of all the leaders are issued and until the electoral campaign develops in the Press and on the platform. We can only recall at the present juncture that the Army which Mr MacDonald leads into battle is composed of incongruous battalions of varying political colour and very divergent battle cries of their own. Behind him will march Mr Baldwin and the official Conservatives, whose manifesto first speaks guardedly of tariff possibilities, and then advocates agricultural protection extending to quotas for food imports; the high tariff Conservatives as typified by Mr Amery; Lord Beaverbrook with his revival of a policy of Empire Free Trade, which the Dominion Premiers at the last Imperial Conference scotched, if they did not kill; Lord Rothermere with his shaded variation of Imperial Protection; the MacDonald Labour candidates repeating their leader's appeal for a "free hand"; the Liberal Ministerialists with a similar appeal, but with the emphasis laid on Free Trade; the Liberal group formed by Sir John Simon, with "tariffs" of an entirely indefinite description nailed to the mast. What will the voter make of the infinite variety of interpretations which these various chieftains and their followers will place upon the national appeal of their Commander-in-Chief?

Nor will the opposing hosts present a united front. Mr Henderson and the official Labour Party will preach Free Trade, the gradual substitution of Socialism for a sick and battered capitalist system, the maintenance of social standards, reversal of "cuts," but no inflation and a balanced Budget. On one flank will be the Independent Labour Party crying for the moon of "Socialism in Our Time"; on the other, Sir Oswald Mosley and his small group pushing a doctrine indistinguishable from Fascism; and, behind, a small but motley company of Co-operatives, Independents and Communists. Inevitably the babel of voices will be deafening and bewildering. There is no clear-cut issue of policy. If an attempt be made to raise one in the form of Socialism *versus* Capitalism the issue is entirely unreal and out of date. If Individualism means the non-interference of the State it has long ago been buried. No Government of pure Socialistic colour could impose more drastic interference with the individual trader than that which is sanctioned by the Foodstuffs (Prevention of Exploitation) Act—a measure introduced last week by a Conservative President of the Board of Trade, which prescribes prison or penalties of £500 for any trader who charges for his foodstuffs a price regarded as excessive by a departmental tribunal.

It is this unreality that makes this election so extremely dangerous and unfortunate. While the financial and economic tempest still rages, and the minds of Ministers, public and Press should be concentrated solely upon grave and fundamental problems, the whole country is to be plunged into wordy warfare on false issues, inconsequences, and irrelevant, though bitter, controversies. It is a profound, and grievous pity. What may come of it, as Mr Pepys would say, God knows. To those who are responsible for fighting and guiding the course of this election we would appeal to remember that the littlenesses of the parish pump, which are often

allowed to loom so large in the heat and fury of the hustings, are of less account than the dust, compared with the great national problems that confront us; and to remember, too, that even Britain's difficulties are only a small part of vast world problems which still await the constructive attention of statesmanship. If they will all realise that the true gravity of the times does not permit of the angry ventilation of party trivialities, the damage done by the election may be minimised. And to our readers abroad, in whose ears the noise of this mad battle will be magnified, we should say this: It is not as bad as it sounds. That we are fighting instead of standing together in this crisis is deplorable; that we are suspending urgent tasks for three weeks of inconsistent debate is folly. But no catastrophe is threatened. There is no considerable party in the State that does not profess the policy of peace and disarmament; of international settlement of debts, reparations and tariffs; and at home a balanced Budget and the avoidance of inflation. The most likely outcome is a House of Commons of very much the same political complexion as that which has just been dissolved. In any case, whatever the confusion of the contest, whatever the figures of the polling, the peroration of Mr Philip Snowden's last Budget speech will still be justified: "England yet shall stand."

THE WIDER ARENA.

WHILE Great Britain has been giving almost undivided attention to the political crisis, and will be still more distracted for a further three weeks by the parochial excitement of a General Election, in which issues that have largely lost their significance and arguments which have ceased to be relevant will be hotly debated, greater events abroad are moving with increasing rapidity and unfolding the gigantic drama of a world in change.

On Monday there will be a historic meeting of the Bank for International Settlements at Basle. That institution, barely eighteen months old, is suddenly faced with a situation which is nothing less than a complete upheaval of its whole foundations. Apart from the nations interested in reparations, only those nations whose currencies "fulfil the practical requirements of the gold or gold exchange standard" are eligible under the statutes to participate in the Bank. Not only are the Bank's reparations functions in suspense as a consequence of the Hoover moratorium, but it will be faced next week with the confusing and bewildering aftermath of the suspension of the gold standard by one of the seven founder Powers and by three other important participating nations. Set up for the purpose of facilitating and improving the mechanism of the monetary system by means of which the world's trade is carried on, the Bank now finds the whole system thrown again into the melting pot. Of the nations who participate in its activities many will have lost a considerable part of the "backing" of their note issue, and have suffered losses to an extent which has not only made serious inroads into capital, but in some cases has reduced the percentage of their "cover" to a figure below the legal minimum.

In these abnormal circumstances it is not surprising that the banking authorities of the United States should have deemed it advisable to send Dr. Randolph Burgess, Deputy-Governor of the Federal Reserve Bank of New York, to attend the B.I.S. meeting. The Federal Reserve Bank is not a member of the B.I.S., but is deeply concerned with the financial difficulties of European banks of issue. In dealing with these difficulties, and endeavouring, so far as they may, to lay foundations for sound future monetary policy, a heavy responsibility rests on central bankers; and Mr Montagu Norman, who, we are glad to learn, is sufficiently well to attend Monday's meeting, will have a difficult part to play. He will miss at the board table the presence of Dr. Vissering, the *doyen* of central bankers, who has guided Holland

through difficult times and whose retirement was announced on Wednesday. In his successor, however, Holland has found a banking leader well equipped to step in at this crisis and deal with problems which are essentially international in their scope. Dr. L. J. Trip, formerly President of the Bank of Java, was a member of the International Advisory Committee for the Reorganisation of the British Indian Banking System, and was a member of the Committee of Economic Experts which recently met at Geneva. His experience and outlook should be most valuable at this juncture.

Central banking problems, however, represent only one facet of a many-sided crisis. The despatches which we publish on later pages from our various correspondents abroad reflect almost uniformly the far-reaching nature of the difficulties which have arisen and will continue to arise. To take only one illustration, the fact that there is hardly a country in Europe in which there are free dealings in foreign exchange exemplifies the extension of the paralysis which is creeping over a system based on credit. In South-Eastern Europe difficulties are obviously coming to a head, and, to those who read between the lines of the despatch from our Budapest correspondent, it will be apparent that for Hungary the question of declaring a complete moratorium on all foreign payments is arising in insistent shape. Such a decision, if it cannot be averted, is bound to have severe repercussions on the other countries of Balkan and Central Europe already undergoing an almost intolerable strain.

From Germany the latest news suggests that a political crisis is being rapidly superimposed on a continuing economic crisis. The Reichsbank's serious losses of foreign exchange are due partly, as our Berlin correspondent points out, to the withdrawal of reichsmark balances under the "standstill" agreement, and partly to the fact that German exporters for reasons which he explains in his letter are unable to comply with the order to surrender to the Reichsbank all *devisen* which they procure. The drain has led to fresh restrictions on the acquisition by private individuals of foreign exchange; and on Wednesday, following further stringent retrenchment decrees, Dr. Brüning resigned and, at the request of the President, began to reconstruct his Cabinet. As we write, his task is not yet finished; but the indications appear to be that, while moving a little further to the Right, he will endeavour to man his Government to a large extent with non-political experts, and will still make the People's Party his *point d'appui*. Whether, when the Reichstag meets next week, he will still be able to retain the united support of the Social Democrats, or whether the ominous marshalling of the Nationalist and Hitlerite forces next week-end, at Bad-Harzberg will lead to a Fascist *coup d'état*, or—less directly—to the proclamation of a naked dictatorship by Dr Brüning himself, remains to be seen. But, whatever the immediate future holds for Germany, it is clear that her situation is a warning that a financial crisis of this magnitude is not a mere technical question, but impinges on the whole sphere of political and social life.

To deal with the situation is a task which confronts the statesmen of the nations and which brooks no delay. In the *communiqué* issued after the White House Conference on Wednesday, President Hoover stated that he proposed to discuss with M. Laval, during the latter's coming visit to the United States, "the question of such further arrangements as are imperative during the period of depression in respect of inter-governmental debts." Expectations in the Press that Mr Hoover had called this conference for the purpose of announcing a sensational move towards either a prolongation of his moratorium plan, or the scaling down of debts and reparation payments, were not fulfilled; and some disappointment appears thereby to have been occasioned. Apart, however, from such difficulty as Mr Hoover might have in carrying with him certain elements of Congress, it was not likely that he should have forgotten that failure to prepare French opinion for his announcements last June led to a month of querulous discussion which largely nullified the effect which his moratorium plan was intended to produce. Thus, while Lord Reading talks to M. Laval in Paris, President Hoover makes ready to receive his French guest

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:

8 KING WILLIAM STREET, LONDON, E.C.4

at Washington. Here are, perhaps, the beginnings, or—shall we say?—the promise, of a preliminary accord between the world's two great creditor nations which may serve as a basis for the wider international agreement essential to a solution. But events are moving more rapidly than the statesmen.

THE ELECTION AND FISCAL POLICY.

THE election manifesto of the Prime Minister and the coincidence of a distinct change in the tone of the chief Conservative newspapers, combine to suggest that it is not the intention of the Conservative leaders and organisers to lay any primary or conspicuous emphasis on the demand for the immediate adoption of tariffs. It remains, however, very uncertain how far the fiscal question will be kept in the background or pushed to the front in a course of the sound and fury of electioneering. Even if a section of the Conservatives endeavour to make the tariff issue subservient and secondary to an anti-Socialist appeal, it would appear certain that in many constituencies other propagandists will force the fiscal controversy to the front. This being so, it is worth while to examine the form in which the argument for the adoption of Protection is likely to be presented by its principal advocates. Among those to be presented by its principal advocates, still who, even since the devaluation of the pound sterling, still continue their belief in the urgent need for a tariff, there are two clearly defined schools. First, there are those who think that in the present emergency the tariff is needed as a temporary weapon; secondly, there are those who retain as firmly as ever their belief that a tariff must be adopted as a permanent part of Britain's economic structure.

Let us examine the respective theses of these two schools of thought. The first, that which asks for temporary emergency tariffs, bases its arguments almost solely upon the necessity for correcting the trade balance. They argue, with the consent of all enlightened opinion, that the restoration of a favourable balance of payments is one of the supreme necessities of the moment. But they cannot bring themselves to share the belief of many former tariff advocates (including Mr J. M. Keynes) that the goal will be achieved by the depreciation of sterling exchange, without the artificial assistance of protective duties. They fear that the pound's depreciation is insufficient to rectify the balance, and further that, as Sir John Simon, Sir E. Hilton Young and others have suggested, the curtailment of imports and the stimulus to exports will prove to be merely temporary and fleeting, unless sterling depreciation is progressively continued under the influence of inflation. Both fears are unfounded. Of the two fears, that relating to the alleged inadequacy of the sterling depreciation to correct the balance is the less understandable; for the mere fact that the pound has been cut adrift from its gold moorings and left to find its own level assures that the means of correction are set automatically in force, and readjustment of the balance of imports and exports must follow.

More insidious, but no more serious, is the fear that, although the pound's depreciation is acting to restrict imports and increase exports, this favourable influence is purely temporary and will pass away, leaving behind it the necessity for a tariff to set the balance right. Those who accept this view are presumably basing their prediction upon the experience of certain foreign countries, which have, indeed, found that the bounty on exports provided by the depreciation of their currencies has been of an evanescent character. But they have overlooked an essential fact. The situation of this country is entirely different from that of, say, Germany during that country's period of inflation. In the case of Germany the advantage to exporters was lost through proportionate rises in the cost of living, leading to higher wages and higher manufacturing costs. But there is no reason whatever why that vicious circle should be repeated here. Supposing, as there is reason to believe, the pound (disregarding temporary fluctuations caused by big capital movements) is retained, pending eventual decision as to stabilisation, around its present level of, say, \$3.80, no justification exists for fearing a rise in the British level of retail prices such as to lead to general wage increases. True, some food imports from countries still on the gold standard will rise in price. But these form only a part of the necessary purchases of the British people. A rough calculation, which commends itself to high authorities, is that a depreciation of 20 per cent. in the gold value of the pound need not lead to a rise in British retail prices of much more than 5 per cent. Such a rise, even were it to occur, would not justify the general lifting of wages, since the steep fall of prices over the past three years had previously created an increase of at least as much, or more, in the purchasing power of British wages. If that be so, and a disproportionate rise in the British price level can be prevented, then the bounty on exports, as well as the restriction on imports, caused by the depreciation of sterling will be not temporary but permanent.

The second school, the advocates of a permanent tariff, besides relying upon the familiar academic case for protection, derive from the present situation two new arguments. To the fears of the neo-Protectionist school (referred to above) they add the contention that in the present unsettled state of affairs anything may happen, and therefore Britain must immediately take the precaution of arming herself with tariff powers. Again, they profess that the protective effect of currency depreciation is unscientific, since it is universal and not "selective" in its application to imports, and that therefore a "scientific" tariff is still necessary. The second of these arguments need not occupy us for long. A "scientific" tariff is a dream of the Protectionist, which has never yet come true in any country. Even if it were a possibility, its compilation would take years of work. Indeed, Professor Hewins, the tariff economist, whose services to the Conservative Party have been long and devoted, has confessed that he has been at work for years endeavouring to

produce a "scientific" tariff and has not yet concluded the task. As a measure to meet an emergency, we may rule out once for all the so-called "scientific" tariff.

We return to the argument that the instability of the present position makes a tariff "more imperative than ever." We agree that no man can foresee the future. In the topsy-turvy conditions of to-day it is even possible to conceive a collapse of the currencies either of our own or other countries such as would necessitate some temporary control or regulation of imports into this country. Were such a situation to arise, the question of the best method of dealing with it would have to be examined in relation to all the circumstances, and it is unlikely that the traditional tariff method would prove to be the most suitable. But the bare possibility of a situation arising in which some form of import control might become a fleeting necessity does not seem to us to justify the country in sanctioning the immediate institution of high emergency tariffs, which the present position in any case does not demand, because the payment balance "adjustment," which is the chief aim, is being automatically secured. Moreover, the imposition of substantial protection now would tend to impede the balance adjustment in two ways. It would increase and accelerate the rise in prices and set in motion the vicious process of higher wages and higher costs, thereby robbing our exports of the bounty which depreciation has given them. By imposing a new addition to export costs it would in fact leave our balance of payments where it was before.

Secondly, it would also lead, without a shadow of a doubt, to a vigorous retaliation by other countries, which would also contribute seriously towards reducing the competitive opportunities of our manufacturers in foreign markets. To impose a tariff in such unsettled circumstances as those of to-day would make confusion worse confounded.

So far we have been considering the fiscal problem purely from the British point of view. But it is necessary to look further afield and consider what repercussions abroad would follow the adoption by Britain of a high tariff system. High tariffs, we must remember, have played a conspicuous part in bringing the world into the difficulties of to-day. They have been an integral part of the narrow nationalistic policies, which have frustrated the work of international co-operation and appeasement; they have concentrated production unnaturally and hampered its proper distribution; they have checked the flow of trade and rendered impossible the payment of international war debts in the form of goods. In fact, one international conference after another has recognised quite clearly that the tariff system is part and parcel of the great problems which must be solved if prosperity is to return not only to Britain, but to the world. In the international negotiations, which are clearly imminent, the tariff position must be discussed and all methods for reaching saner economic policies investigated. In this discussion and investigation the influence of Britain will be powerful. If we plunge for tariffs now, not only will that influence vanish, but the road to European tariff reduction will be rendered infinitely rougher than it is now. There is much truth in the view expressed the other day by a well-known American writer:—"If England goes in for tariffs, it will be a further long step in the direction of international collapse."

From this cursory glance at the vital international aspect let us return for a last word on the home position. A vast majority of instructed opinion has long held that the only solution of British economic problems lies in the effective stimulation of the export trades. Real division of opinion is concerned only with the means and even the possibility of creating the stimulus. To-day the abandonment of the gold standard has (whether we like the means or not), in fact, presented us with the stimulus. It would surely be sheer madness to risk throwing away the new opportunity which an ill wind has blown to us; and that risk we should very gravely incur by adopting the system of protectionist tariffs into our economic life. The restoration of competitive power to our export trade is the keynote of the situation. Restoration is in force. Above all things, let us not jeopardise its continuance.

AMERICA'S MONEY PROBLEMS.

THE present crisis resembles the onslaught of a thunderstorm in a mountain range, when the lightning strikes first one peak and then a neighbour. Austria received the first shock last May, next came Germany, and then ourselves; and in each case severe damage was done. Now it is apparently the turn of the United States, for in the middle of September a drain of gold began on a scale comparable only with the gold losses incurred by Germany and Great Britain in earlier months. It is true that, so far, much of the gold so lost has not been removed physically from the United States, but has only been "earmarked" on foreign account, but the effect is just the same as a physical loss, especially as earmarking is in many cases proving only the prelude to shipment. As regards the actual magnitude of the loss, exports from September 18th to October 3rd were returned at \$92.3 millions, against which must be set imports from Canada, Mexico and the Argentine amounting to \$15.5 millions. Earmarkings and subsequent shipments bring the total loss to a much higher figure, whose magnitude is indicated by the contraction of \$449 millions in the Federal Reserve Banks' gold reserve between September 17th and October 8th.

A primary cause of these withdrawals is one that has been basic to the whole of the world financial crisis, namely, a loss of confidence by banks, both in the stability of foreign centres where they held balances, and in their power to meet the demands of their customers out of their home resources without drawing upon their funds lodged abroad. Ultimately this reduces to a lack of confidence of the banking public in the power of the banks to meet their engagements, and this is brought home in an article on the French banking situation published in the Banking Supplement, which accompanies this issue. It is true that in certain respects the American banking position has been arousing misgivings. The increase in the note circulation shows that hoarding is definitely taking place, and this hoarding is evidence of public distrust in the stability of American banks. The steady stream of bank failures corroborates this. Again, it is realised that depressed trade, and the collapse of security and real estate values during the past two years, has undermined the value of banking collateral and impaired the liquidity of the banks. Still, allowing for these somewhat ominous signs, it is probably true to say that the need of foreign banks to strengthen these home resources was a more cogent cause of the withdrawals.

The suspension also of the gold standard in Great Britain had three important results. Firstly, it gave a further shock to confidence. Secondly, it prevented foreign banks from drawing upon their sterling balances except at a heavy loss, and so drove them back on their dollar balances. Finally, it destroyed all faith in the safety and efficacy of the gold exchange standard, for foreign central banks found that the sterling exchange which they had legitimately held as part of their legal reserve had lost part of its value, thereby undermining their own stability, and inflicting upon them losses in many cases commensurate with their own capital. The result has been a general and hurried abandonment of the gold exchange standard and the conversion by central banks—notably those of Belgium and Switzerland—of their *devisen* into gold. This is an important explanation of American gold losses. Incidentally, it largely accounts for the diminution from Frs. 869.9 to Frs. 624.5 that occurred during September in central bank deposits on their own account at the Bank for International Settlements, which, in its turn, has had to realise assets in order to meet this drain. Thus, the movement possesses a world-wide scope, but circumstances both domestic and general have combined to make the main brunt fall upon the United States.

Inevitably the question is raised, how much gold is the United States free to lose. Current estimates vary, and no rigid calculation is possible, for long before the final limit had been reached, credit restriction, monetary stringency and a general deterioration of *morale* would have developed to an intolerable degree. It may be said at once, however, that the published returns of the Federal

Reserve system, including its current ratio of gold to liabilities, are a most incomplete guide. The real crux of the Reserve system's position is that, while the ratio of the gold cover to its notes need be only 40 per cent., the remaining 60 per cent. of the notes must be covered either by gold or by eligible paper, and this last excludes Government securities bought in the open market, and in practice consists of rediscounted Treasury bills and also of acceptances and other credit instruments based upon trade. Now the depressed state of trade has reduced the Reserve Banks' holdings of assets of this last kind and has forced them *en défaut de mieux* to add enormously to their holdings of Government securities. The actual figure for the last named was \$728 millions last August, against only \$150 millions two years before, while during the same period "eligible paper" had fallen from \$1,141 to \$316 millions. Add to this the actual and potential increase in the note circulation, and it is clear that this is the major factor in any calculation of the minimum gold requirements of the United States.

Some calculations have recently been published under the authority of the National City Bank of New York. Based on the statement of September 23rd, they give the Reserve system \$615 millions of free gold, after providing for the needs of the note issue and for the minimum 35 per cent. gold reserve against deposits. In addition they estimate that the New York member banks hold \$200 millions of "eligible" acceptances which, in case of need, could be sold to the Reserve Banks to be used by them as cover to their notes. Additional eligible paper, which could be rediscounted by the New York banks, would—again in case of need—raise the margin of free gold by another \$900 millions. Thus the United States could, at the last gasp, part with \$1,700 millions of gold, though the National City Bank very pertinently calls this a theoretical maximum. The practical limit is far below this figure.

Against this, what is the potential demand? Here again we are in the region of imponderables, for there is no estimate extant of the size of foreign balances in New York. A rough calculation, however, shows that European central banks together still hold foreign exchange equal to some \$1,400 millions. Not all of this, of course, is in dollars in New York, and not all of it could be disposed of. On the other hand, this figure does not include the large foreign (including dollar) holdings of commercial banks. It seems likely, therefore, that the potential threat to America's gold is sufficient to cause inconvenience even if partially carried out, and this week's increase in the New York re-discount rate is indicative of this.

What, then, is the remedy? The real remedy is the restoration of world confidence, and, no doubt, an appreciation of the significance of these calculations is bringing America to realise the wisdom of making her contribution to world co-operation in this imperative task. There are, however, domestic and technical remedies that she can apply, and some of these were outlined in a statement by Mr Hoover, issued to the country on October 7th, after a conference at the White House between the President and forty leaders of the Republicans and Democrats in Congress. To judge from cabled reports, Mr Hoover is making three specific proposals:—

(1) The formation of a banking consortium to administer a revolving fund of \$500,000,000 to be raised by a levy upon all banks equal to 2 per cent. of their deposits. This consortium is to operate under the title of the Emergency Credit Corporation, and it will be able to make loans to any financial institution and to re-discount banking assets not now eligible for re-discounting at the Federal Reserve Banks. It is perhaps intended that its own obligations should be rediscountable at the Reserve Banks, but legislation is needed to authorise this. It is understood that New York banks have already agreed to subscribe \$150,000,000 of the required sum.

(2) A scheme under which the twelve reserve banks and bankers in their territories should be prepared to make some advances on the assets of closed banks, or to take over some of these assets, in order that the receivers of those banks may pay some dividend to their depositors in advance of what would otherwise be the case pending liquidation.

(3) A recommendation to Congress that the eligibility provisions of the Federal Reserve Act be broadened,

thereby giving greater liquidity to banking assets. Coupled with this are proposals for subscription of further capital stock by the Government to the Federal Land Banks, and, if necessary, the creation of a finance corporation similar to the War Finance Corporation, set up to facilitate the provision of credit to quarters, which, owing to the abnormal circumstances prevailing during the war, were experiencing difficulty in obtaining it through the usual channels.

While the formation of a banking consortium appears to be a fairly drastic measure, it is difficult to see any real distinction between it and one of the big British banks with its widespread system of branches. The reason for the numerous American banking failures is not only the imprudence of their managers, not only the slump in values, but the fact that each one is a small isolated unit, dependent upon itself alone. Were that same small bank a branch of a big system, as it would be in England, it could get into just the same illiquid condition or incur just the same losses as it actually has, and yet survive; for the system would automatically come to its aid, and all that would happen would be at the most a change of management. There seems no doubt that it is lack of a branch banking system which explains many of the recent American banking failures, simply because what in England would be a branch, is in America an independent bank. If this view is correct, the formation of the consortium is nothing more than the creation of a banking pool of mutual support of exactly the same character as that provided automatically by a great British bank for every one of its branches.

As regards the remaining proposals, taken together they represent the administration of a mild dose of inflation. The widening of the scope of eligible paper will, by increasing the supply at the disposal of the reserve system, release gold to be added to America's so-called free stock, and so indirectly the problem of America's gold losses will be to some extent met. Apart from this, on general grounds, these proposals would have to be regarded as palliatives, except that they are palliatives applied in the most effective place. By giving additional support to the banks, they should restore the confidence of depositors. This should check the present tendency towards hoarding and, by arresting the withdrawal of deposits, should release banks from the need of calling in their loans and throwing securities on the market. This should stop the fall in security prices, and may even permit a rise to take place. The moment security prices improve, a greater margin of safety between bank loans and the collateral between them will be brought into being, and this will further strengthen the banks and restore public confidence. This is clearly Mr Hoover's line of attack, and, while in one sense it may be a psychological line, it is one based upon a reasonable mixture of psychology and sound sense. For this reason it possesses distinct elements of hope.

A DIARY OF THE CRISIS.

Friday, October 2nd.

House of Commons passes Finance Bill. Serious rioting in Glasgow.

Comptoir Lyon-Allemant, head office Paris, several provincial branches, closes doors.

Reichsbank return shows week's loss gold and foreign exchange 232.7 million marks; note cover \$1.2 per cent. Further restrictions on acquisition foreign exchange announced.

Sterling reacts; dollar closes 3.91½

Stock markets:—London, bonds firm, equities quiet; Paris, irregular; Wall Street, dull, but less liquidation; New York gold shipments \$37.4 millions, mainly to France.

Saturday, October 3rd.

Announced Lord Reading will visit Paris October 6. Austrian Economy Bill passed by Assembly and Senate.

Announced that National Bank of Denmark will place necessary credits at disposal of Handels Bank "to meet possible heavy withdrawals."

Bank für Handel und Gewerbe, Leipzig, suspends payment. Canadian Prime Minister reiterates Canada's determination to remain on gold standard.

Lithuanian Bank rate raised from 7 to 8½ per cent. Sterling has further reaction; dollar closes 3.88.

Stock markets:—London, bonds dull, equities shade firmer; Paris, irregular; Wall Street, heavy liquidation; New York gold exports \$10 millions (to Holland); "earmarked" for foreign account \$5.8 millions.

Monday, October 5th.

Japanese Bank rate raised from 5.11 to 5.84 per cent.
Finnish Government decree gives Bank of Finland entire control foreign exchange dealings.
Important failures Montreal stockbroking firms.
Sterling irregular; closing rate dollar 3.83 after 3.75.
Stock Exchanges:—London, British Government securities fractionally lower, foreign bonds weak, British industrials steady, international equities flat. Wall Street, Paris, Amsterdam violent liquidation, all-round slump of prices.
Following visit by Prime Minister to Mr Lloyd George at Churt, Cabinet decides at midnight to dissolve Parliament.

Tuesday, October 6th.

Prime Minister informs Parliament election date probably October 27th.
Dr. Curtius, German Foreign Minister, tenders resignation. New emergency decrees German Government published, providing, among other things, drastic punishment for tax evasion and reductions official pensions. Dresden People's Bank suspends payment.
President Hoover summons Congress leaders to discuss "a programme of national unity in setting up constructive forces in place of the destructive forces now working in this depression." Franklin Trust Company of Philadelphia and eighteen minor United States banks suspend payment.
Sterling firm, closing dollar rate 3.90 after 3.77.
Stock Exchanges:—London, British Government securities improved, industrials quiet; Paris, steady; Wall Street, sharp recovery on bear covering and hopes of outcome President's conference.

Wednesday, October 7th.
Parliament prorogued. Election nominations October 16th. Polling October 27th. Prime Minister issues manifesto asking for free hand.
President Hoover announces proposals to increase banking liquidity United States.
Lord Reading in Paris visits M. Laval.
German Government resigns. Dr. Brüning entrusted with formation of new Cabinet. Further decrees issued for "safeguarding the economic and financial situation and for combating political excesses."
Dr. Vissering, Governor Netherlands Bank, resigns and is succeeded by Dr. Trip.
Swedish and Norwegian Bank rates reduced from 8 to 7 per cent.
Greek Government announces more drastic exchange control measures.
Sterling uncertain, closing dollar rate 3.88.
Stock Exchanges:—London, slight reaction, gilt-edged slightly lower, equities firm; Wall Street, firm opening, close easier; Paris, further recovery.
Gold exported from New York \$31 millions, earmarking increased \$6 millions.

Thursday, October 8th.

Stricter measures foreign exchange control announced Austria, Jugo-Slavia and Latvia. Four German, one French, one Estonian and six American banks suspend payment.
Sterling opened lower, but recovered, closing dollar rate 3.87½ after 3.82½.
Stock exchanges:—London, steady to firm; Paris, heavy declines; Wall Street strong.
New York, gold exported dollars 18 millions, earmarked dollars 28 millions. New York Federal rate raised from 1½ to 2½ per cent.

INDUSTRIAL PROFITS.

THE proportion of company results published during the period July-September is always smaller than that for any other quarter of the year. Thus, the profits disclosed by our usual analysis are, to some extent, less representative than usual of the real trend of earnings. With this qualification, however, the figures disclosed by the following table are a striking reflection of the progressive deepening of the industrial depression. The accounts of 320 companies which have reached us during the past three months show net earnings, after payment of debenture interest, amounting to £15,996,685, a decline of £8,797,017, or 35.5 per cent., as compared with a year ago:—

NET PROFIT (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	No. of Companies.	Reports Published in		Increase (+) or Decrease (—).	
		1929.	1930.		
Third quarter	329	£25,232,486	£23,626,502	— 1,605,984	— 6.4
Fourth quarter	509	39,272,377	32,174,677	— 7,097,700	— 18.1
1930.					
First quarter	596	75,816,474	67,736,226	— 8,080,248	— 10.6
Second quarter	619	79,430,653	64,051,136	— 15,379,517	— 19.4
Third quarter	320	24,793,702	15,996,685	— 8,797,017	— 35.5

After eighteen months of irregular fluctuation, the third quarter of 1930 marked the beginning of a downward movement which in the past quarter has attained its maximum. In the next table the aggregate results, which relate, it should be borne in mind, to working periods ended some on March 31st and some on June 30th, are analysed by groups of undertakings. The almost universal incidence of the depression is illustrated by the fact that only two of the fifteen groups show an improvement on last year's position, and, in the case of one of the two, the improvement represents only a diminution of heavy losses previously recorded:—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	No. of Companies.	Reports Published in Quarter ended September 30.		Increase.	Decrease.
		1930.	1931.		
Breweries	20	£8,603,425	£8,003,306	£600,119	7.0
Financial, land, &c.	28	2,019,585	505,422	1,514,163	75.0
Gas	5	80,931	78,893	2,038	2.5
Hotels, restaurants, &c.	2	27,777	23,585	4,192	15.1
Iron, coal and steel	26	648,901	Dr. 9,648	658,549	101.5
Motor and cycle	3	Dr. 309,329	Dr. 117,874	192,015	62.0
Oil	1	909,795	Dr. 30,516	15,036	70.0
Rubber	60	1,658,127	Dr. 366,298	1,105,998	121.6
Shipping	9	1,286,773	364,086	2,024,425	122.1
Shops and stores	7	489,395	69,703	922,687	71.7
Tea	16	606,912	44,181	419,692	85.8
Textiles	21	1,554,520	1,361,368	562,731	92.7
Trusts	5	31,199	34,789	193,152	12.4
Waterworks	93	7,207,671	6,237,831	969,840	13.5
Miscellaneous	320	24,793,702	15,996,685	8,797,017	35.5

In a number of instances the aggregate figures for particular groups are a reflection of the adverse results of one or two undertakings whose magnitude has an undue weight in the average. For example, in the case of the financial and land investment group the diminution of net earnings is accounted for largely by the heavy loss made by the Hudson Bay Company; in the shipping group the conversion of substantial profit into a large debit is attributable to the unfavourable showing of two units of the R.M.S.P. combine; and in the shops and store group, where the majority of undertakings continue to make steady profits, the drop in earnings is explained mainly by the loss disclosed in the case of Waring and Gillow. On the other hand, losses were somewhat widely spread in the case of the iron, coal and steel and rubber groups, and, though the loss made by Calico Printers figured largely among textiles, a number of other concerns in this group also did badly. Earnings of trust companies, in whose case a certain time-lag has naturally to be allowed for, were fairly well maintained, and in the large miscellaneous group the aggregate profit showed a fall of not more than 13.5 per cent. But it may be noted that, of the 93 companies in this category whose accounts were examined, eighteen had an actual debit balance on the year. In many of the groups an unusually large proportion of gross profits had to be allocated to provide for depreciation of stocks—a form of loss which may be regarded as perhaps non-recurring—but actual trading losses were by no means infrequent.

The next table shows the distribution of profits during each of the past five quarters:—

DISTRIBUTION OF PROFITS.

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
1930.				
Third quarter...	£23,626,502	£14,830,457	62.8	4,469,225
Fourth quarter...	32,174,677	20,766,299	64.5	6,564,790
1931.				
First quarter...	£67,736,226	£42,043,943	62.1	14,731,666
Second quarter...	64,051,136	37,090,515	57.9	17,512,738
Third quarter	15,996,685	11,479,274	71.8	5,937,287

The salient fact which emerges from the analysis of the past quarter is that, in order to pay preference and ordinary dividends, after providing for debenture interest, reserves had to be drawn upon to the tune of nearly £1½ millions. This is a feature not visible in British industrial finance since the slump of 1921 and is, *prima facie*, disquieting. One qualification, however, has to be borne in mind. It should not be assumed that the concerns which

made no profits, or made actual losses, actually trenched upon their capital resources in order to pay dividends to shareholders. The dividends disbursed represent for the most part a legitimate distribution of earnings made by the more prosperous concerns. It remains true, however, that if the 320 concerns, whose results are averaged in the above table, are envisaged as an integral whole, the distribution of profits was in excess of actual earnings.

This consideration has to be remembered in connection with the analysis by individual groups which follows:—

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
Breweries	£8,003,306	£5,872,080	73.4	666,882
Financial, land, &c.	505,422	848,368	167.9	447,824
Gas	78,893	70,859	89.8	1,317
Hotels, restaurants, &c.	23,585	Nil	...	12,400
Iron, coal and steel	Dr. 9,648	512,260	5,309.5	112,495
Motor and cycle	Dr. 117,874	Nil	...	Nil
Oil	Dr. 30,516	Nil	...	Nil
Rubber	Dr. 196,203	18,566	9.5	8,487
Shipping	Dr. 366,298	252,960	69.1	58,125
Shops and stores	364,086	485,743	133.4	293,639
Tea	69,703	148,951	213.7	82,126
Textiles	44,181	359,474	813.6	282,536
Trusts	1,361,368	805,856	59.2	408,422
Waterworks	34,789	24,401	70.1	4,245
Miscellaneous	6,237,831	2,079,756	33.3	5,588,789
Total ...	15,996,685	11,479,274	71.8	5,937,287

It will be seen that, in a number of the foregoing categories heavy drafts on a group's accumulated resources were in fact made, although, as stated, the cause of this phenomenon was not the payment of illegitimately large dividends by individual concerns, but the fact that the group's aggregate profits, minus the dividends disbursed by the profitable companies, left a debit balance. In the by the profitable companies, left a debit balance. In the important miscellaneous group the amount reserved, 9.2 per cent., compares with 20.5 per cent. at this time last year and 24.4 per cent. two years ago.

The ratio of net profits to capital in the past quarter was 4.6 per cent., as compared with 8.6 per cent. in the previous quarter and 8.8 per cent. in the third quarter of 1930. The average rate of ordinary dividend fell from 8.3 per cent., both a year ago and in the June quarter of 1931, to 5.4 per cent. We print on page 682 our usual tables showing average rates of debenture interest and preference and ordinary dividend over a period of years, and also analysed by groups of undertakings in the past quarter.

INSURANCE AND THE POUND.

THE security of insurance policies underwritten in the London market has deservedly won world-wide recognition. Lloyds is a household word which has passed into the language of almost every trading nation; and the leading British companies equally enjoy a prestige and "sphere of influence" extending far beyond the shores of Great Britain. On this important element in the financial mechanism of the City the suspension of the gold standard and the resulting depreciation of sterling necessarily fell at first with a disturbing shock.

From the point of view of British residents in this country holding life policies or policies which cover any form of "internal" risk, the only obvious cause for anxiety that might have been occasioned by the suspension of the gold standard was lest precipitate depreciation of sterling, accompanied by a headlong fall in the value of fixed-interest stocks, should undermine the assets which form the basis for the security of their policies. Fortunately, as events have proved, there has been no catastrophic slump on the Stock Exchange. There has been only a limited depreciation of sterling; fixed-interest securities have not declined in this country to a serious extent; and in many cases insurance companies have been able to offset part of the losses incurred in their investment portfolio by realisation at a substantial exchange profit, of dollar and other "gold" securities. Moreover, though an increase in the sterling value of stocks of commodities might, eventually at least, raise the question of the necessity of

Stock Exchange

orders on Stockholm are executed with the least possible delay on telephone Stockholm 0101; or by cable:

KREDITBOLAGET

SKANDINAVISKA KREDITAKTIEBOLAGET

providing additional cover, and though a marked change in the whole range of the British internal price level would ultimately involve also considerations of the adequacy of life policies, no such disturbance of sterling prices has yet taken place as to make these factors of much more than hypothetical relevance.

The effect, however, of the fall in the value of sterling on the relations between companies and underwriters and their clients abroad has been at once more immediate and more complicated. The situation which has developed, and the steps which are being and will have to be taken to deal with it, have by no means yet assumed definite shape. The process of readjustment must take time, and, at the moment, all that can be done is to indicate briefly some of the main problems involved. And, as a preliminary, it is necessary to bear in mind that the policies underwritten in the London market to cover risks of foreigners, whether in respect to life, fire, marine or other accident dangers, are sometimes drawn up on a sterling and sometimes on a foreign currency basis. We may conveniently deal, first, with the considerations which apply to sterling policies.

In the case of sterling life policies the position is simple. The liability of the company is in no way affected by the depreciation of the pound; nor is the ratio borne by future premiums to the policy affected, since these also are paid in sterling, which costs the policyholder less to procure. The whole of the loss, represented by the fact that to the foreigner the value of the policy for which he has been paying has diminished, falls on the policyholder.

The value of sterling policies underwritten to cover fire risks has similarly diminished. In this case, however, the position is complicated by the fact that there are two kinds of policies, namely, those "subject to average" and those not so subject, the latter being commonly known as "first loss" policies. So far as policies "subject to average" are concerned, the situation is as follows. Should a total loss occur, that loss will fall on the policyholder in so far as the depreciation of the pound makes the value of the policy inadequate to cover the "gold" value of the building or goods destroyed. Should a partial loss occur, the liability of the company becomes greater than it was before the fall in the pound, since the value of the destroyed property has risen in terms of sterling. At the same time, this increased liability will in many cases be mitigated for the insurance company by the fact that, through the fall in the pound, the value of the goods in sterling, has risen and so brings the "average" clause into operation. By the application of this clause the policyholder cannot claim the full actual gold value of his partial loss.

What happens in the case of a sterling fire policy not "subject to average"? Here the underwriter's maximum liability is still represented by the total sterling value of the policy under-written. Should total loss occur, the excess of the gold value over the sterling value of the property destroyed falls on the policyholder. On the other hand, the underwriter has the liability to meet all actual loss up to the maximum cover insured, and the cost to him of meeting partial losses becomes proportionately heavier. The only mitigating circumstance for underwriters is that owing to the fall in gold prices, there is to-day a certain amount of "over insurance" which may offset to some extent, from the underwriter's point of view, the added burden of meeting partial "gold" losses out of accumulated sterling premiums.

The considerations which apply to fire policies are equally relevant to policies covering accidents of all kinds; but the problem which arises in the case of sterling marine policies requires separate mention. Firstly, there are "time" or "hull" policies covering vessels themselves, as distinct from their cargoes. Here the liability of underwriters of sterling policies for total loss is unaffected by the depreciation of sterling, and in so far as the value of a sunk vessel to its foreign owner is not sufficiently covered by the sterling value of his policy, the difference represents a loss which falls on him. (In this connection it is worthy of note that the world-wide trade depression has so reduced the value of shipping that almost all "time" policies had before the suspension of the gold standard a margin of "over insurance," so that it would be unwise to jump to the conclusion that many foreign vessels are now running under-insured.) These policies, however, though their terminology is different from that of fire policies, have the same effect as "not subject to average" fire policies in the event of partial loss. That is to say, if a vessel suffers damage any added cost in sterling of gold currency payment for repairs falls wholly on the underwriter.

Cargo policies, on the other hand, are normally subject both to "particular average" and "general average." So far as the first form of average is concerned, the position of the underwriter is not affected by the fall in sterling. Because he is liable for a portion of the insured value if the cargo is under-insured owing to the conditions of exchange, the loss must fall on the cargo owner. The "general average" loss, on the other hand, must rise considerably, since all salvage charges, warehouse charges, and similar expenditure incurred in a foreign port of refuge are automatically increased by the fall in sterling.

So much for the considerations which apply to sterling policies. The position of policies drawn up in terms of foreign currencies is obviously much simpler from the technical point of view. Here the liability of the underwriter is directly increased *pro tanto* with the depreciation of sterling, though in so far as foreign currency risks (e.g., the large volume of fire business undertaken by British companies in the United States) is underwritten through subsidiaries, which accumulate premiums in foreign currencies, the depreciation of sterling is not so important a factor. In every case, however, though the situation is for the moment greatly complicated by the question of re-insurance, the problem for the future consists simply of the steps which underwriters will have to take to guard against an incalculable increase of liabilities through exchange fluctuations, if premiums paid in terms of foreign currencies are converted into sterling.

Enough has been said to indicate the far-reaching effects both on insurer and insured of the changed value of sterling. The fact that the disturbance would be increased proportionately to the extent to which sterling depreciated is one important reason why every effort should be made to secure the pound from excessive depreciation. How far foreign policy holders will have eventually to increase the insured value of sterling policies is a question on which it would be premature to speculate until the eventual exchange level of sterling is known. For the moment, the fact that there has been no serious interruption in the flow to London of new foreign business offered in the world market is a tribute to the indispensable part which London plays in world insurance.

HOLDING COMPANIES ABROAD.

(BY A CORRESPONDENT.)

ONE of the consequences of the suspension of the gold standard has been the endeavour, both in this country and almost universally throughout Europe, to check international capital movements by means of exchange restrictions. During the post-war period of crisis, these measures proved to be ineffective in every country where they were applied; there is every reason to believe that at present they have even less chance to succeed. For, in the course of the last ten years, immense progress had

been made towards internationalisation of capital. Innumerable new channels have been established through which capital can flow from one country to another.

One channel which has recently become increasingly popular is that provided by the establishment of holding companies in countries where such companies receive favourable treatment. During the last few years many hundreds of holding companies, controlled by British, American, French, or other interests, have been registered in Switzerland, Luxembourg and Liechtenstein. According to the figures published in a recent circular of the Basler Handelsbank, during the six years ending 1930 1,002 new holding companies have been established in Switzerland, with a total nominal capital of 1,196,853,000 Swiss francs. Taking into consideration the capital increases of holding companies, the nominal capital of holding companies established in Switzerland increased during that period by over 2.8 milliard francs. In Luxembourg the law favouring holding companies became operative on July 31, 1929, and by the end of 1930 145 holding companies were established with a total capital of 1,335,701,000 Luxembourg francs. In Liechtenstein 575 companies were registered by the end of 1929. Although no details are available as to what proportion of them represents holding companies, considering that the population of the Duchy of Liechtenstein is only 11,000, and that it is not a commercial or industrial centre, it may be safely taken for granted that the predominant majority of these companies are holding companies controlled by foreign interests.

The governments and local authorities of these countries duly realise the advantages gained by the establishment of foreign holding companies on their territory. In the first place, it provides their treasuries with a new source of revenue of increasing importance. In spite of the favourable rate of taxation applied to holding companies, the receipts obtained through their taxation are by no means inconsiderable. Apart from this, local banks are bound to benefit by the movement to no slight extent. Foreign financial interests have to avail themselves of their collaboration in the establishment and administration of their holding companies. Especially in Switzerland, the law prescribes that a certain number of directors of companies registered under Swiss law should be Swiss citizens. For this reason participation has to be given to Swiss bankers or other local business men or individuals of standing in the foreign-controlled holding companies. Lawyers, brokers, etc., have also their due share of the benefits arising through the movement. It unquestionably contributes to increase the importance of the countries concerned in the sphere of international finance. On the other hand, the establishment of foreign holding companies does not necessarily tend to constitute an inflow of foreign capital. In the majority of cases the capital of holding companies is invested in securities outside the countries where they are registered, and the proceeds are also spent outside those countries. In spite of this, the benefits obtained are sufficiently large to make it worth their while to encourage the movement.

Switzerland was the first to realise the advantages of attracting foreign holding companies. The Kanton Glarus introduced legislation favouring them as early as 1908. Its example was followed by several other Kantons, and at present twelve Kantons, including Basle, Geneva and Zurich, apply a reduced scale of taxation upon holding companies. There is a movement on foot to induce the Government of the Swiss Federation to exempt holding companies from the Federal coupon tax, on the ground that, with the increasing competition of Liechtenstein and Luxembourg, Switzerland may prove a less attractive sphere for foreign holding companies at a time when the movement is likely to increase. That the Swiss authorities are aware of the interests involved is shown by the fact that when, after the war, they agreed to include the Duchy of Liechtenstein in the Swiss Customs territory, they stipulated that Liechtenstein should apply the same scale of taxation on holding companies as is in force in Switzerland. On the other hand, they have, of course, no means of counteracting the growing competition of Luxembourg otherwise than through a reduction of Federal taxes on holding companies. From a Swiss point of view, this is

becoming increasingly necessary, as the discrepancy between the interest rates prevailing in Switzerland and in Luxembourg, which has so far been a factor in favour of the former, tends to narrow down. In any case, the factor of interest rates is only considered by companies desirous of raising locally part of their capital. In Switzerland itself, there is keen competition between the various Kantons to attract foreign holding companies. The Kantons of Glarus and Graubünden charge the lowest rates, but the financial centres of Basle, Geneva, and Zurich are more popular, in spite of their slightly higher rates of local taxation, which is more than counteracted by the better facilities in these centres for the administration of holding companies. In Basle, the number of holding companies increased from 11 in 1922 to 70 in 1929, and 98 in 1930. The number of holding companies in Zurich was 14 in 1919, 37 in 1922, and 203 in 1929.

The above facts and figures give an idea as to the extent of the movement. Flight from taxation is one of the motives for the establishment of all these holding companies, but there are other motives. In certain cases, it is regarded as desirable to establish an international company on a neutral territory, so as to conciliate conflicting national interests. In other cases, the object of establishing a holding company in Switzerland is to issue debentures to the Swiss public. In any case, it seems probable that the present unsettled conditions will stimulate the development of the system. It may provide a channel for evading exchange restrictions in certain countries, while troubles in the leading financial centres may also divert capital towards this type of investment.

THE BRITISH MOTOR MARKET.

I.—Private Cars.

The annual British motor show opens on October 15th. In the following article a correspondent analyses the scope for expansion in the home market. A similar examination of the commercial motor position will appear in our next issue.

It is sometimes overlooked that the important position which the motor engineering trade now occupies in British industry—it employs over 247,000 people, or more than the shipbuilding—has been attained very rapidly. Since the industry only dates from the beginning of the century, it must be reckoned a newcomer, and as there are now over a million and a half cars in existence in Great Britain and Northern Ireland, it follows that the rate of expansion has been very high. It is interesting, therefore, to inquire at what rate it is now expanding and what scope the future holds. The answer to these questions will be found in the degree to which the demand—for the purpose of this article the home demand—has been saturated.

In dealing with private passenger cars it is essential to relate the question of saturation directly to the different income levels at which the various classes of cars are bought, since they determine the possible limits of potential demand. It is proposed to classify private cars into the following groups: Light car class (1-12 h.p.), medium car class (13-20 h.p.), and luxury car class (21 h.p. and over). Certain individual makes of cars may not fit into this classification quite perfectly; but broadly, owing to the present system of motor taxation, horsepower (for which alone detailed statistics are available) governs price, so that a division on this basis represents approximately the different income levels.

Saturation point means the point where the industry ceases to expand. This situation follows from the facts (a) that there is a definite, though moveable, limit to the potential demand for cars determined by movements in population, prices of securities and cars, and distribution of incomes; and (b) that the effect of cumulative new production is to bring the number of cars in existence nearer this limit. As the latter process goes on it is clear that the demand for cars from people who never previously owned one (expansion demand) must shrink unless the potential limit is increased by any of the causes mentioned above. At the same time, the demand from people who wish to replace a worn-out car or obtain a new model in

place of an old one (replacement demand) will remain the same unless diminished by any of the causes affecting the limits of potential demand. It follows from this that saturation is the point where expansion demand is equal to nil.

It is statistically possible to arrive at a reasonably close estimate of the degree to which the various classes of private cars have reached saturation. Expansion demand is measured by the increase in the number of cars in use from one year to the next; and since total new demand is represented by the new registrations, the volume of replacement demand may be obtained by deducting the expansion demand of any one year from the new registrations of that year. Having obtained the volume of expansion and replacement demand, it is now possible to set up a standard of saturation by expressing the two groups as percentages of the total new demand (annual registrations.) Saturation is the point where expansion demand has dropped to nil, and when this happens the replacement must be 100 per cent. of total new demand; consequently our standard of saturation is—how far from 100 per cent. is the proportion which replacement demand bears to new registrations?

It is now possible to assess the stages of saturation reached by the three groups defined above as representing the different income levels:—

LIGHT CAR CLASS (1-12 H.P.)

Year.	Cars in Use.	New Regs.	Expansion Demand.		Replacement Demand.	
			No.	Percentage of New Regs.	No.	Percentage of New Regs.
1927	445,303	81,892	65,478	80	14,414	20
1928	503,056	79,922	57,753	72	22,169	28
1929	565,502	90,587	62,446	69	28,141	31
1930	612,108	83,365	46,606	56	36,759	44

This table suggests, on the whole, that there is considerable scope for light cars. The rapid fall from 69 points off saturation in 1929 to only 56 in 1930 is probable largely due to the depression which has caused temporary suspension of expansion demand. The average degree from saturation attained between 1927-30 was 69.

The following table shows the situation in the next highest income grade:—

MEDIUM CAR CLASS (13-20 H.P.)

Year.	Cars in Use.	New Regs.	Expansion Demand.		Replacement Demand.	
			No.	Percentage of New Regs.	No.	Percentage of New Regs.
1927	248,607	65,575	46,467	71	19,108	29
1928	297,348	67,345	48,741	72	18,604	28
1929	339,279	64,232	41,931	65	22,301	35
1930	372,587	60,243	33,308	55	26,935	45

This group also shows room for expansion, although rather less so than the preceding class, the average degree from saturation attained 1927-30 in the former being 66.

The next group, luxury cars, presents the less pleasing picture of over-saturation. Here the number of cars in use has decreased from year to year, and as a result expansion demand is a negative quantity. The figure of replacement demand given below is also theoretic, because the new registrations must in the case of over-saturation represent the actual volume of replacements. The difference between these two figures shows that not only has demand ceased to expand but that replacements have fallen off as well. If we say that replacements fell during 1930 by 4,335 cars, this measures the volume of over-saturation, which may be expressed, in this case, by saying that the market for luxury cars was over-saturated 27 points.

LUXURY CAR CLASS (21 H.P. AND OVER.)

Year.	Cars in Use.	New Regs.	Expansion Demand.		Replacement Demand.	
			No.	Percentage of New Regs.	No.	Percentage of New Regs.
1927	106,202	14,136	- 7,388	...	21,524	166
1928	100,153	14,226	- 6,049	...	20,275	143
1929	94,721	14,596	- 5,432	...	20,028	138
1930	90,386	15,852	- 4,335	...	20,187	127

The unfavourable impression conveyed by the word "over-saturation" may be modified by the consideration that the degree of over-saturation is being rapidly reduced as manufacturers cease producing certain models. Moreover, a large part of the luxury class consists of foreign cars. It seems, however, that for the time being there is little possibility of expansion.

Notes of the Week.

The Scarborough Conference.—The shadow of the coming election was over the Labour Party Conference at Scarborough, and since the delegates were anxious to be back in their own constituencies as soon as possible, the proceedings were compressed into a shorter time than usual. They were not, however, without interest. On the very first day, a resolution on party discipline led to the severance of the Independent Labour Party from the official Party, Mr Maxton taking the resolution to be tantamount to his expulsion. So we now have the extraordinary position that the official Labour Party has shed both its MacDonald and Snowden head and also its Maxton tail. The resolutions presented to and passed by the Conference were summarised in these columns last week, and the debates upon them elicited some important declaration by ex-Ministers, particularly by Mr William Graham, in which he announced his adherence to a vigorous Free Trade policy, to which the Conference duly committed itself—and one by Mr Henderson in which he said:—"We are convinced that the decaying fabric of capitalism cannot be patched up any further. We must go forward decisively and courageously to a Socialist Society." Any tremors which this electioneering slogan might have aroused in the hearts of timid constitutionalists were somewhat strikingly allayed by Mr Graham, who, in an interview published in Thursday's *Manchester Guardian*, nailed his flag stoutly to the mast of sound finance. His words are worthy of recording:—"Labour entirely denies the suggestion that there is any danger to the stability of sterling in the return of a Labour Government. We have made it abundantly clear that we stand for a balanced Budget, and that this balance will be attained on thoroughly sound lines. . . . Labour," he continued, "is opposed root and branch to any inflationary policies." That is a timely and useful pledge from the man who, were Labour to win the election, would in all probability assume the office of Chancellor of the Exchequer. Thursday was marked by an incident which is of peculiar interest on the eve of an election. A resolution was moved to the effect that the Labour Party should refuse to take office unless returned to Westminster with a clear majority. This, on the motion of Mr Henderson himself, was overwhelmingly defeated; and so Labour remains free, if the opportunity should arise, to form an administration with the support of other progressive elements. Whether that opportunity will arise, or whether the Stock Exchange is correct in its estimate of a large clear majority for the Government, is a matter of pure speculation until the campaign has had time to develop some definite lines of contest.

The Government and Prices.—The Foodstuffs (Prevention of Exploitation) Bill, which the House of Commons passed before being dissolved, gives wide powers to the Board of Trade. Clause I. reads as follows:—

If it appears to the Board of Trade, that by reason of the action of any persons in exploiting the present financial situation there is, or is likely to arise in Great Britain or in any part thereof, any shortage of or any unreasonable increase in the price of any article of food or drink of general consumption, the Board of Trade, may by regulation make such provision as they consider necessary or expedient for the purpose of remedying or preventing that shortage or increase in price.

Infringement of regulations made by the Board of Trade is punishable by a heavy fine or imprisonment, or both; so that the Bill, though limited in its application to foodstuffs, goes much further than the Consumers'

Council Bill, which the late Government introduced and had to withdraw. The desirability of keeping the retail price level in this country as steady as possible—some increase in the price of imported foodstuffs is, of course, inevitable—is so important that it is perhaps as well that the Board of Trade should have these powers in reserve. It would be manifestly against the public interest were there to be any tendency for the present margin between wholesale and retail prices, which represents the cost of internal distribution, to be increased. At the same time, it is to be hoped that the powers, if used at all, will be used with discretion. Experience has shown that control of prices is apt to lead to the disappearance of the controlled article from the market, and the task of deciding what is an "unreasonable increase" in price is a matter of great delicacy. Indeed, Mr Alexander's speech in the second reading debate seemed to reveal some misconception as to the equity of the raising of the price of stocks to a level covering costs of replacement. It would appear that so far neither wholesalers nor retailers have done this, and the consumer is consequently benefiting. But, as Professor Robbins pointed out in a recent letter to the *Financial News*, all that happens in this case is that a transfer of capital from the distributor to the consumer takes place. If the consumer does not save the difference, but goes on spending as before, the real capital of the country is depleted in proportion to the fall in the purchasing power of the money capital of the dealer. The ultimate impoverishment of national capital that may be brought about by the dealer's inability to adjust prices quickly enough to cover replacement costs was demonstrated in the final phases of the German post-war inflation. Provided, however, that there is no further serious depreciation of the pound, this consideration is not of great practical moment.

Mr Goodenough and Sterling.—In the course of an address which he delivered at Halifax last Tuesday, the chairman of Barclays Bank expressed himself as definitely in favour of endeavouring to return to the gold standard at the pound's previous parity with the dollar. "It is my opinion," he said, "that a definite statement on the part of the British Government of its intention to return to the gold standard in all its integrity would result in a steady improvement in the present serious world conditions." He admitted that a return to the gold standard with the old parity would necessarily be very gradual, and could not finally be undertaken until its maintenance could be assured. "Its realisation would depend to a considerable extent upon the final solution of war debts and the reparation problem, a general adjustment in order to help international trade settlements so as to allow of a sufficient flow of commodities from one country to another, and an understanding between creditor nations as to the methods to be adopted in working the gold standard." On the other hand, "any such step as would lead to a permanent devaluation of the pound must shake the world's confidence in sterling besides operating unfairly to those who have saved and invested their money in sterling both at home and abroad." As a means of assisting us to restore the "integrity" of the gold standard, Mr Goodenough thought that it might be advisable to restrict imports by a "carefully considered tariff." It is a view from which, with all respect due to a distinguished banker, we totally dissent. Apart from the fallacious nature of the argument that a tariff is needed to help the balance of trade or that it could give more than a fleeting corrective to it (a question which we discuss in a leading article), it would be unwise to decide without mature consideration to link our currency once more to gold. Gold prices are still falling heavily, and reversion to the gold standard might mean that we should have to force down the price level in this country by restriction of credit and suffer again all the harmful effects of deflation. Still less is it easy to contemplate with satisfaction the prospect of fighting our way back to parity with the dollar in the interest of the holder of fixed-interest securities. It is true, as Mr Goodenough rightly pointed out, that we can ill afford to allow our income from overseas investments to be unduly curtailed by excessive depreciation of

the pound. But it may well be that by devaluation of the pound at a reasonable level, which would make it easier for foreign debtors to pay us their sterling obligations, we can find the only means of saving ourselves from total loss of many of our investments abroad. Above all, so far as our internal situation is concerned, to work, as Mr Goodenough suggests, for an increase in the pound's exchange value until the old parity with gold was regained, would mean recreating the old intractable problem represented by an uncompetitive price level in our export trades. Many problems of technique, of international adjustments and of equity present themselves, and some of them are exceedingly difficult to solve. Depreciation of the pound, as we have insisted in these columns, is no short cut to prosperity. But we have at least automatically readjusted our export prices at a cost in the form of dearer imports which falls not inequitably on all alike. If the world price level is destined to fall and to remain at a much reduced figure, the claim of the receiver of fixed interest to secure a greatly increased return of real purchasing power is a very weak one.

Dwight Morrow.—The unexpected news of the death of Mr Dwight Morrow means a grievous loss not only for America but for the world; for here was a statesman of whom the world, in its present crisis, had great need. In fact, Mr Morrow possessed that peculiar and by no means common combination of qualities and capacities and experiences which is eminently required at the present time; and, had he lived, there can be little doubt that twelve months hence he would have been one of the outstanding figures on the stage of world affairs. A student and thinker by temperament, and to the end actively devoted to the interests of his old college, Mr Morrow first became known on this side of the Atlantic as a partner of J. P. Morgan and Company, seconded for war service in Europe. As America's representative on the Allied Maritime Council, and later as a member of the peace delegation, he quickly won the confidence of his colleagues by his quick apprehension and sympathetic understanding. He broke entirely new ground when he resigned his partnership in this New York financial house in order to take up the post of American Ambassador in Mexico in the autumn of 1927. His acceptance of the ambassadorship when President Coolidge offered it was in itself the act of a bold and large-minded character. He was giving up a position in which his eminence and affluence were assured and undertaking a task which might have exceeded any man's capacity and broken any man's reputation. When Mr Morrow went to Mexico City, Mexico was still in that state of turmoil in which China remains to-day. The Government was precarious, the population in ferment, the State at loggerheads with powerful foreign interests. Mr Morrow secured a settlement of this controversy within three months of his arrival on the spot; and, though his financial and business experience no doubt stood him in good stead, the feat was really achieved by the brilliant diplomatic gifts which he now displayed. Nor was the settlement of the oil controversy Mr Morrow's greatest diplomatic achievement in Mexico. His diplomatic *chef d'œuvre* was the unobtrusive but effective part which he—a Protestant citizen of the United States—was able to play in bringing about a settlement of the controversy between the Mexican Government and the Roman Catholic Church. Mr Morrow was soon called upon to employ his diplomatic gifts in a wider field as one of the United States delegates to the London Naval Conference of 1930; and thereafter he resigned his ambassadorship in order to enter the field of domestic politics. He had been mentioned for next Republican candidate for the Presidency. Who knows how far a statesman of his character and ability might not have gone if Fate had spared him? His loss can be ill afforded.

The Situation in Manchuria.—While at Geneva Japan has succeeded in canalising the Manchurian dispute into the channel of direct negotiations between the Japanese and Chinese Governments *a deux*, the situation in Manchuria itself is palpably growing more awkward for Japan, and this in several ways. Trade is at a standstill. The

normal operations of banditry in Manchurian territory outside the Japanese Railway Zone—e.g., in the Chinese port of Newchwang—are now involving the Japanese themselves in armed intervention, in default of any effective local Chinese Government; and thus the Japanese Government is being compelled to extend its area of military occupation, though the success of the Sino-Japanese negotiations depends upon a withdrawal of the Japanese troops to within the limits of the Railway Zone at the earliest possible moment. Most awkward of all, there are already arising in Manchurian Chinese circles, in Kirio and elsewhere, sporadic movements in favour of local independence against both the regional Government of Marshal Chang Hsueh-liang and the All-China Central Government at Nanking. There is no reason to suppose that these movements are being instigated by the Japanese. They are sufficiently well accounted for by the apparently incurable spirit of factiousness which has been the keynote of Chinese politics for the last twenty years. Indeed, in face of this autonomist movement, the Japanese are showing every symptom of embarrassment. Wiser in their generation than the French in the Rhineland eight years ago, they evidently realise that a native autonomist movement which breaks out under a foreign military occupation is incapable of profiting the occupying Power and is only too likely to recoil upon the foreigner's head. As it is, this will probably happen in Manchuria, however "correct" the Japanese behaviour on this point may be. For the fact remains that this autonomist movement has actually occurred under the present irregular Japanese military regime, and presumably would not have occurred if the Japanese military authorities in Manchuria had not broken bounds. Thus the odium can hardly fail to fall upon Japan. The situation is awkward, not only for Japan and China, but for the world, which can ill afford any addition to its present troubles. Fortunately, there is one notable asset on the credit side in the personality and policy of the Japanese Foreign Minister, Baron Shidehara. The fact that he will be responsible, on the Japanese side, for the conduct of the Sino-Japanese negotiations is a guarantee that these will be conducted in a liberal and conciliatory spirit as far as Baron Shidehara's power extends. The danger is, of course, that while the negotiations are in train, some further untoward incident on the actual scene of conflict may excite the Japanese military authorities into taking the bit between their teeth again.

The Pope's Appeal.—Non-Catholics as well as Catholics will welcome and follow the lead which the Pope has taken in his appeal for "a crusade of charity and help" which he has launched in an Apostolic epistle of October 2nd. The document is brief, but it effectually deals with the heart of the matter, for it is addressed to everybody in his or her dual capacity as a private individual and as a citizen. In the private sphere, the Pope calls for charity, during the coming hard winter, towards the poor, and especially towards the children—a form of "direct action" which is in the oldest tradition of the Christian Church and which was indeed instrumental in saving some vestige of civilisation out of the wreck of the Ancient World some fifteen centuries ago. In the public sphere, the Pope makes a powerful appeal for disarmament. The Catholic Bishops, all over the world, are exhorted to bring these appeals home to their flocks. On the very date of the Pope's Epistle from the Vatican, the Fascist Grand Council in Rome passed a resolution in which they declared, among other things, that the world crisis "will not be solved except by the application of measures to be taken without delay that comprise in the first place the entire problem of armaments and also that of debts and reparations. The Grand Council accordingly approves the activities recently displayed by Signor Grandi at Geneva, which, overcoming prejudices and difficulties, succeeded in putting the international question of armaments upon a real and concrete basis." The Fascist Grand Council is, of course, the governing body of the Fascist movement, and thus Fascism has endorsed, without reservation, a policy which was first publicly

enunciated by Signor Mussolini himself in the summer of 1928. The Italian Government and the Holy See are showing the sincerity of their declared intentions, as far as their own relations are concerned, by proceeding with the steps necessary for implementing the recent agreement in regard to the dispute over the Azione Cattolica. In fact, the two Powers that have their seats in Rome have been giving a noteworthy lead to the world. It is one of the lesser ironies of the present world crisis that, at this very moment, the seamy side of the Fascist regime should have been given a sensational advertisement by the exploit of an anti-Fascist Italian airman who, from some base of operations outside Italy, has succeeded in flying over Rome and dropping fly-sheets of protest against the Fascist tyranny in the Roman streets.

Politics in Spain.—Temperatures are running high in Spain now that the Cortes is deliberating on those articles of the draft constitution which determine the fundamental tendency of the Republic. On Tuesday, in the course of a wrangle over the form of words that should assert the nation's priority over the individual property rights, the Prime Minister, Señor Alcalá Zamora, and the whole Parliamentary Committee responsible for the draft, gave and then took back their resignations. The law, as finally passed, vests the ownership of all "natural sources of wealth" in the State, and, property being assessed deliberately in terms of social utility, provides for its gradual socialisation. Normally there will be due compensation for the expropriated, but this proviso is explicitly made without prejudice to the superior interests of the State. There is to be no confiscation of personal as distinct from real property, but, on the other hand, nationalisation of public services, mines, commercial monopolies, etc., is to take effect forthwith. How these measures can be reconciled with the original promise to recognise the sanctity of private property is a riddle which no foreigner can be expected to solve. Despite heroic efforts by Señor Alcalá Zamora, whose wisdom and courage have provided one of the biggest surprises of the new Spain, the fissures in the Republican-Socialist coalition are now, it is clear, beyond repair. Señor Prieto, the Finance Minister, is fully representative of Socialist opinion in inveighing against Catalan intransigence, specifically on the question of stock exchange prerogatives, and, above all, labour legislation. Señor Miguel Maura, Minister of the Interior, on the other hand, has threatened that he will not stay in the Cabinet a minute longer if the anti-clerical measures which are being pressed fanatically by the Left parties are passed into law. Postponement of the section on the relations of Church and State pending negotiations with the Vatican has temporarily eased the Government's situation. It has at the same time given a chance for the "heaven to rage furiously together." Rome has evidently decided to make its peace with the present moderate Republican Cabinet lest worse befall, and has even taken the unprecedented step of accepting the resignation of the exiled Primate, Cardinal Segura. Whether the whole Jesuit order is to be dissolved, in accordance with the popular clamour, or only those of its leaders replaced who are known to be out of sympathy with the new regime, is still in the balance. The campaign (inspired by French ideas that are so strong among Spain's intellectuals) to deprive ecclesiastics of their part in the schooling of the country is waxing fast and furious. *El Debate*, the Catholic newspaper, has taken up the challenge, however, pointing out, with some justice, that the Church has been for a long time the only medium through which Spaniards have obtained any education at all, and that, in any case, it has an honourable record as compared with the State schools.

Sterling and World Prices.—During the past week little change has occurred in the level either of sterling or of gold prices. As may be seen from the table which follows, sterling prices, as measured by the *Economist* index number, have fallen by 0.5 per cent., while there has been a fractional increase in the index figure for the staple commodities included in our new "gold" index, the nature

of whose construction was explained last week. (See *Economist* of October 3rd, page 602):—

ECONOMIST INDEX.

(1927 = 100.)

	Sept. 18. 1931.	Sept. 30. 1931.	Oct. 7. 1931.
Cereals and meat	64.5	68.0	67.6
Other foods	62.2	68.1	68.3
Textiles	43.7	49.5	49.8
Minerals	67.4	72.9	72.7
Miscellaneous	65.8	68.9	67.8
Complete Index	60.4	65.1	64.8
1913 = 100	83.1	89.6	89.2
1924 = 100	52.2	56.3	56.0
Sept. 18, 1931 = 100	100	107.8	107.3
Gold price index	100	94.7	94.9

As there has been no appreciable alteration during the week in sterling exchange, the existing disequilibrium between sterling and gold prices, which was noted a week ago, has not been adjusted.

Cotton Trade Affairs.—Our Manchester correspondent writes:—The cotton-spinning employers of Lancashire, after giving close consideration during the last couple of years to a scheme for regulating production and prices, have been compelled to abandon the project. The scheme provided for a definite control of this section of the industry, and a few months ago a detailed plan was worked out, the proposals being embodied in the Cotton Spinners' Scheme, 1931. Originally the idea was that the American and Egyptian branches should be dealt with separately, but it was thought advisable to make the scheme applicable to all spinners. About a couple of months ago the scheme was approved at a general meeting of the members of the Master Spinners' Federation. It was then decided to have meetings in the districts for the purpose of explaining the proposals. After these had been held, ballot papers were sent to all members for the purpose of securing a definite expression of opinion. The result was announced on Tuesday last, and the figures were very disappointing, as only 27.65 per cent. voted in favour, there being 28.07 per cent. against. Members amounting to 22.22 per cent. were in favour of the scheme with qualifications, and no replies were received from 22.06 per cent. The Committee of the Federation, after considering the figures, decided by resolution that no further action should be taken in the matter, and the scheme will have to be dropped. It is quite evident the basis of these proposals was antagonistic to the strong individualism which still prevails in Lancashire. Since the suspension of the gold standard three weeks ago there has been a definite improvement in Lancashire trade. The turnover in yarn and piece-goods has been larger than in any similar period for many years back. An outstanding event has been the revival of buying for China. This development has been partly due to the rise in silver and partly owing to the Japanese boycott in China. This week manufacturers have secured contracts for standard goods which have not been bought for many years past, and a very big business has also been done in yarns. There is disappointment that India has not yet given increased support, but inquiry is now broadening, and some merchants are considering the question of buying speculatively owing to the anticipation of a larger demand in the near future. Some Lancashire firms have not yet experienced any definite relief, but the majority of spinners and manufacturers have distinctly more orders on the books than a month ago, and the prices now being secured are more remunerative. At the beginning of this week the Egyptian Government estimated the cotton crop for this season at 6,415,798 cantars. The growth for last season was 7,551,931 cantars. The record crop in Egypt was in 1926-27, when the output was 8,680,237 cantars. This official forecast was rather less than expected, but stocks of Egyptian cotton are heavy, and a rather smaller production this season should not have any vital effect upon the situation.

Coal-Mining Results.—The statistical summary issued by the Mines Department for the second quarter of the current year shows that the relatively favourable conditions obtaining during the first quarter were not maintained:—

Period.	Tonnage Dis-posable (Mill.)	Costs per Ton.		Proceeds per Ton.	Profit per Ton.	Output per Man-shift.	Earnings per Man-shift.
		Wages.	Total.				
1930.		s. d.	s. d.	s. d.	s. d.	cwts.	£ s. d.
1st quarter	60.0	9 2	13 4	14 5	1 1	21.94	9 3
2nd "	51.6	9 5	14 1	13 11	0 2	21.32	9 3
3rd "	50.1	9 5	13 11	13 9	0 2	21.34	9 4
4th "	52.6	9 3	13 7	14 1	0 6	21.84	9 4
1931.		s. d.	s. d.	s. d.	s. d.	cwts.	£ s. d.
1st quarter	52.2	9 2	13 6	14 3	0 9	21.78	9 2
2nd "	47.5	9 3	13 11	13 10	0 1	21.44	9 2

A sharp decline in the tonnage disposable commercially and in the output per man-shift was accompanied by an increase of 5d. in the cost per ton. As the average amount realised per ton was 5d. less than in the previous quarter, the result was a loss of 1.34d. per ton. Of the increase of the 5d. in the cost per ton, wages accounted for 1½d. The increase of 3d. per ton in "other costs" reflects the decline in output, with no corresponding decrease in general expenses. Despite the reduction in the selling price per ton, some of the Continental producers were apparently able to secure a larger proportion of the overseas trade in coal. The district results show that with the exception of Yorkshire, North and South Derbyshire, all fields were worked at a loss. The prospects for the industry, however, may be greatly modified by the fall in the exchange value of sterling.

An International Coal Conference.—At the invitation of the Central Council of the British coal-mining industry, representatives of Belgium, Czechoslovakia, France, Germany, Holland and Poland met in London on Wednesday and Thursday last week for a discussion on the coal export trade. Mr Evan Williams, President of the Mining Association of Great Britain, presided over the conference. The unsatisfactory situation of the coal export trade was recognised, and the delegates agreed that greater stability was desirable. Although the meeting was merely preliminary in character, it appears that the possibilities of an international agreement for regulating supplies were discussed. A committee was appointed for the purpose of preparing a statement on the results of the discussions. The report will be submitted to the coalowners' associations in the various countries for their consideration, and it is expected that a further conference will be held in the near future.

Shipping Freights.—Our index number of whole-cargo shipping freights showed little alteration in September, as compared with the previous month. The latest figure of the index is 10.7 per cent. lower than a year ago:—

AVERAGE 1898-1913=100.

	Average, 1913.	Sept. 1930.	July, 1931.	August, 1931.	Sept. 1931.
European Waters	110.0	87.3	81.2	80.6	82.5
North America	113.1	91.2	85.5	82.3	83.1
South America	123.4	95.7	86.3	86.3	86.3
India	106.3	103.0	87.6	87.3	85.2
Far East and Pacific	117.4	89.2	85.2	82.6	97.9
Australia	127.9	117.5	95.2	92.6	97.9
Total	116.3	97.3	87.3	86.6	86.9

During the first half of the month, business in all directions was at a low ebb. After the suspension of the gold standard in this country, the freight markets, in sterling, were upset and irregular. At the end of the month there was a somewhat better inquiry for colliers, but, apart from a steady demand for tonnage to load Argentine grain, trade was hesitant on all homeward routes. Changes in the monthly average for each section are shown in the next column.

THE DIFFICULTY

of finding a large initial premium for a Life Assurance Policy is overcome by the new Scheme whereby Life Assurance can be purchased by Monthly Premiums. No extra charge for this convenience. Full benefits from payment of first instalment. Ask for Monthly Premium Booklet. LEGAL & GENERAL ASSURANCE SOCIETY LIMITED Head Office: 10 Fleet Street, London, E.C.4 Estd. 1836

AVERAGE 1898-1913=100.

	Index Number	Inc. or Dec. Points.		Index Number	Inc. or Dec. Points.
Home Trade	75.7	+ 4.1	South America—out-	67.3	- 2.3
Bay—outwards	99.1	+ 5.5	wards		
Bay—homewards	83.9	+ 1.6	South America—	105.3	- 1.6
Mediterranean—out-			homewards	82.1	- 2.1
wards	77.1	- 5.5	India—outwards	90.2	- 2.5
Mediterranean—			India—homewards	85.2	- 2.1
homewards	83.7	+ 2.1	Far East, &c.	97.9	+ 5.3
North America	83.1	+ 0.8	Australia		

Expressed as a percentage of the average for 1913, the total figure of our index number of September works out at 74.7, compared with 74.4 in August and 83.6 a year ago.

Anglo-French Trade and the Pound.—French exporters to Great Britain (our Paris correspondent writes) are protesting strongly against the loss caused to them, in connection with the execution of existing contracts, by the depreciation of the pound. The Lyons silk exporters assert that their contracts with British importers, which are in sterling values, totalled about £5,000,000. The members of the Lyons Syndicat de la Soierie, on Tuesday, after studying the question thoroughly, passed a resolution unanimously to execute integrally all existing contracts made in sterling, but added a rider appealing to their British customers to recognise the justice of reimbursing the consigning firms, so far as concerns deliveries made prior to September 21st, with the difference between the old contract prices and the new sterling rates. In a *communiqué* since issued the Lyons organisation states that it relies on its British customers who are parties to contracts passed in French francs to execute them completely, in accordance with the recommendation of the London Chamber of Commerce.

Japan's National Accounts.—Our Tokyo correspondent writes:—The national accounts for the fiscal year ended March 31, 1931, disclose a surplus of 39,108,000 yen, revenue amounting to 1,596,972,000 yen and expenditure to 1,557,863,000 yen. The disclosed surplus is, however, mainly accounted for by a new loan of 38 million yen. The revenue shows a decrease of 17,147,000 yen in comparison with the revised estimates for the year, and of 229,472,000 yen against the actual receipts of the preceding year. Receipts from taxation revealed a decrease of 61,768,000 yen. While the death duties and tax on the note issue produced 5.4 and 1.4 millions respectively more than were anticipated, income tax (— 3.4), business profit tax (— 5), *sake*, sugar, and textiles duties (— 19), and Customs (— 38.8) fell short of the estimates. As for non-tax revenue, profits of State monopolies alone show an increase of 18.5 millions, while postal receipts were down by 23.7 millions, earnings of Government undertakings by 16 millions, and revenue from State-owned forests by 8.8 millions. On the other hand, aggregate departmental expenditure shows a reduction of 114,929,000 yen on the estimates, and of 178,453,000 yen upon the preceding year. All the Departments have not spent so much as they asked for, the Army and the Navy, the Home Office, Communications, and the Treasury having left over 37, 25.7, 20.3 and 13.2 millions respectively. Of the realised surplus, 38 millions was

earmarked for the deferred expenditure and some 1½ millions was allocated to the debt redemption, leaving a "free" balance of 4½ millions. The prospective Budget deficit for the current year was estimated by the Treasury at 54 million yen. A saving of 35 millions by economy and the postponement and slowing down of schemes was agreed upon in the Cabinet Council; but no definite expedient has yet been devised to bridge the gap of the remaining 19 millions. The Economy Committee's plan has been temporarily dropped on account of discord among the Cabinet Ministers on the proposed merger of Departments.

Poland and the Gold Standard.—Our Warsaw correspondent writes:—While Government spokesmen and bankers are assuring the public that the determination and ability of Poland to remain on the gold standard must not even be questioned, astute business men who are not blinded by national pride appear to realise the desirability—if not inevitability within a few weeks—of the gold standard being abandoned. The argument privately presented by the "abandonists" is that an orderly retreat at this stage, with a substantial reserve of metal and foreign *devisen* still available for the defence or re-establishment of the zloty at a later date, would be much more prudent than a die-hard fight for a few weeks with the gold reserve gradually melting away, and with the ultimate possibility of the complete exhaustion of foreign exchange reserves. The opinion of the Government and leading bankers, however, seems to be that any sign of weakness in their determination to maintain the gold standard would forthwith result in the collapse of the zloty. The argument from the bankers' side is that as the Polish public has passed, within a comparatively brief time, through three periods of currency devaluation, any talk at this moment in "high places" of the abandonment of the gold standard would be quite likely to result in a stampede. For the time being the exporters of coal, textile goods, wood, food products and grain express a very firm determination to meet price competition in depreciated sterling and Scandinavian currencies. Their ability to do so for any length of time, however, is largely dependent on the relatively high price level which prevails in the home market. If, therefore, domestic sales cannot be maintained in adequate volume, the export trades will quickly set up a clamour for the abandonment of the gold standard.

Anglo-South American Bank.—It has been for some time common knowledge that this institution has been operating under exceptional difficulties, owing to the heavy fall in the prices of South American staple commodities and to the acute trade depression on that continent. This year's results were therefore awaited with unusual interest. As regards the bank's current experience, the results are on the whole reassuring. Net profits have only fallen from £491,000 to £461,000, and in view of the adverse circumstances already referred to the shrinkage might easily have been greater. The dividend on both the "A" and "B" shares is reduced from 10 to 6 per cent., and while this will impose a considerable sacrifice upon the shareholders it is clearly an essential precaution. The main anxiety before the management of the bank is one that is common to many banks to-day, namely, the depreciation in the value of its holdings in subsidiaries and foreign banks and of its capital employed abroad. Somewhat drastic measures have had to be taken, for in addition to an appropriation to investment reserve account of £100,000 from current earnings, the directors have thought it necessary to transfer to a special reserve for depreciation of capital employed as above, and to meet other possible losses, £2,275,000 out of the present general reserve fund of £3,275,000, thereby reducing the bank's general reserve to £1,000,000. The report concludes by saying that when world conditions permit exchanges to become stable a more precise allocation of this special reserve will be made. The hope is expressed that the recuperative powers of the countries where the bank works will release at any rate a substantial proportion as a free reserve.

Scottish Temperance and General.—The year 1930 was the forty-eighth year since the company's foundation. At the end of its first year the life fund was £914; to-day it is £6,724,000, and the chairman, in his speech, stated that the fund is larger than that possessed in 1883 by any other company with the exception of the Scottish Widows, which was then 70 years old. The new business in 1930 showed a slight decline at £1,122,000 compared with £1,222,000, though part of this was due to a reduction of single premium business received. Interest earnings, owing to the rise in the standard rate of income tax, were 1s. 1d. down at £4 16s. 6d. per cent., but the expense ratio has risen from 12.6 per cent. to 13.9 per cent. by reason of the loss of single premium income. Of the investments, £1,600,000 is in mortgages, and a further £900,000 is represented by ground rents and properties. Such investments in these times are a very real source of comfort. The Stock Exchange securities not unnaturally show some depreciation during the year, but the aggregate book values still remain less than the market values, the difference constituting a hidden reserve.

Reinsurance Corporation.—After experiencing a severe setback in 1929 this company made a notable recovery last year. Fire and accident premiums together amounted to £537,000, compared with £518,000, but whereas 1929 showed a loss of £35,900, 1930 resulted in a profit of £15,150. The marine account also makes a better showing, the premiums having gone up from £162,000 to £191,000, and although, as in former years, the account has required a subsidy from profit and loss the amount of it is reduced from £12,700 to £3,050, being represented only by interest left in the account. After taking account of items in the profit and loss account, the net trading surplus works out at £10,467, compared with a net loss in 1929 of £50,130. The dividend has been maintained at 10 per cent. and the payment leaves a margin of interest earnings of over £5,000, so that the company's resources have been augmented by £15,000 during the year. The whole of this has been utilised to strengthen the general reserve fund from £75,000 to £90,000. The company's business consists wholly of reinsurance, and it is controlled jointly by the Royal Exchange and Yorkshire groups.

Overseas Correspondence.

UNITED STATES.

Effect of Gold Suspensions — Deficit — Money Market — Gold Movements — Bank Investments.

(FROM OUR CORRESPONDENT.)

NEW YORK, September 29.

IN financial and commercial quarters there is no tendency to minimise the unfavourable aspects of the business outlook, but satisfaction is felt at the ability of markets, so far, to survive the blows from Europe and the lack of improvement at home without more serious damage. To say that Great Britain's action in abandoning gold was expected here would be going too far, unless a very short time prior to the event were covered. There is no great tendency to criticise the action finally taken, it being assumed that the position at the time required so drastic a step, and many observers here felt that Great Britain had assumed too heavy a burden in resuming gold payments when she did so without revalorisation. At the same time, in some quarters it is felt that more might have been done earlier towards tightening up the London money market along orthodox lines. American banks are not believed to have suffered much by the drop in sterling, their engagements in London not having exceeded \$50,000,000 and commitments having been hedged.

No great gain either to Great Britain or to this country is expected to follow the abandonment of gold. Some inquiries have already been received by bankers on financing

business for other countries, but the building up of an extensive structure for bill financing, such as London has, would, it is recognised, take a long time and much special knowledge. Few are willing to predict the immediate future for foreign exchanges and commodity prices on the numerous gold abandonments, but the developments abroad are regarded as increasing if anything the burden of the trade depression in this country.

Extreme weakness in foreign bonds is the most distressing of the first effects of Europe's "holiday from gold." Even the United States Government issues have weakened somewhat as an indirect result of Europe's difficulties. Heavy gold shipments and earmarkings have contributed to a somewhat firmer tone in the money market. In addition, the sharp decline in income-tax collections for the third quarter make further Government borrowing, to help make good a large deficit, a virtual certainty. Tax collections for the third quarter are estimated at about \$287,000,000, as compared with \$498,500,000 for the same period of last year, and the deficit for the current fiscal year already is in excess of \$300,000,000.

Some relief is felt at the American Legion convention vote, placing that largest of ex-service men's organisations on record as opposing further demands for cash bonus payments. But with all economies and avoidance of special appropriations which are likely, the fall in revenue promises a large deficit. It will probably be met partly by increased borrowing and partly by a higher income-tax schedule. Secretary Mellon, of the Treasury, is endeavouring to prevent all attempts to suspend the action of the sinking fund in Liberty Bond retirement, and in this he has the support of all financial leaders.

The latest Treasury bill tender for \$100,000,000 went at an equivalent interest rate of 1.22 per cent., as compared with 0.62 per cent. for the previous sale. It was the first since last May that the Treasury has had to pay as much as 1 per cent. on its non-interest-bearing discount bills. Other evidence of a firmer trend in money rates is to be found in a sharp increase in the open market and in the Federal Reserve Bank's buying rate for bills, and in quotably higher rates for time money.

In the past week bankers' bill rates have advanced ½ per cent. for short and medium maturities and ¼ for long terms, and the Federal Reserve Bank met the rise by lifting its buying rate by ¼ per cent. Before raising its buying rate, however, the Reserve Bank kept doors open and bought all bills offered, thereby saving the dealers and banks from loss and doing much to offset in the money market the effect of heavy gold earmarkings. It is estimated that the Federal purchased more than \$100,000,000 of bills dumped on the market by foreign holders. The week has brought the heaviest gold movements on record here, earmarkings of metal at the Reserve Bank for foreign account amounting to \$214,086,000, while actual shipments in excess of imports were approximately \$24,000,000, of which \$19,000,000 went to France as a profitable exchange transaction. Other exports were taken by Holland, Czechoslovakia, Russia, Germany and Switzerland. More gold is leaving for France.

Further exports or earmarkings of gold are expected to continue, as foreign central banks are in the process of building up gold balances in an effort to remain on gold. New York and Paris doubtless will draw most of the world's free gold, while the tendency will be for the gold standard countries to increase their holdings. It is hoped that imports will be more than offset by earmarkings. Once the emergency is passed, gold will be released from earmark and put to work in the investment market. At all events there need be no alarm of other than a mild firming up of money. Yesterday, for instance, when time rates were quotably advanced, the banks were "over" some \$100,000,000 in their reserves, and the Federal Reserve Bank, while it might later lift its discount rate if the open market warrants, has no intention of changing its cheap money policy against trade revival. In a recent survey the Federal Reserve Board found that "free" gold in the system amounted to \$700,000,000, and, in making allowance for notes held by Reserve Banks in excess of over-the-counter requirements, the total was

Westminster Bank Leaflets

For the benefit of that large section of the public which finds itself bewildered by business language, the Westminster Bank issues from time to time simply worded explanations of various ways in which it is able and glad to be of use to its customers. Amongst its publications are the following: *Points before Travelling*, notes on the Protection of Travellers from Loss. *Thirty-nine Advantages of an Account with the Bank*. *The Saving Habit*, an outline of the Home Safe system. *Safeguards for Travellers*, a warning against carrying foreign notes. *Securities*, their Custody and Supervision. *Wills, Trusts, and Settlements*, the Bank as an Executor. Copies may be had on asking at almost any branch, or by addressing a postcard to the Secretary, Westminster Bank Limited.

41 LOTHBURY, LONDON, E.C.2

\$1,000,000,000. This amount of gold, which could be spared, could easily be augmented by another \$1,000,000,000, inasmuch as substitution of Federal Reserve notes for gold certificates and the use of discounts (which presumably would increase if much more gold were shipped) as collateral for Reserve notes instead of gold could release that much metal.

Bank liquidation of security collateral loans continues, the past week's statement of reporting city member banks of the Reserve system showing a further reduction of \$53,000,000, and brokers' loans dropping by about \$60,000,000. Although the banks have sold Government bonds—member bank investments declining by \$68,000,000 last week—they are now turning to other bonds with the idea that price depreciation has been carried too far in many instances. The market has been a thin one and prices have dropped largely because of the absence of bids, and not primarily on account of heavy liquidation. Member bank holdings of securities other than Government's increased \$43,000,000 for the week.

Contrary to reports, no banking pool has been formed to support the bond market. What has happened is that the large investment banks, acting individually, but after general discussion of the matter amongst themselves, have placed buying orders in the bond market for such issues as are regarded as intrinsically sound. The railroad and public utility markets have been noticeably strengthened by this support, and it has been discovered that no large amounts of bonds were obtainable at the registered sales prices reported on the Stock Exchange. New issues have been small. It is understood that over half the recent Canadian National Railways issue for \$50,000,000 was subscribed for by the Canadians and paid for in American dollars, which did nothing to help Canadian exchange.

Practically no change in business conditions has taken place. The steel industry is still dragging along at around 30 per cent. of capacity and railroad traffic is held back by the immobility of wheat, cotton and general merchandise. September seems to have sunk to a still lower level than August. Wage and salary reductions are spreading rapidly, but so far no alarming signs of social unrest have appeared.

A good deal of interest attaches to the forthcoming visit to this country of Monsieur Laval. It is supposed that he will wish to give our Government first-hand intelligence of the position of France on reparations, inter-allied debt payments and disarmament. Few believe that the insistence of France last summer for clarification of details regarding the German moratorium indicated a closed mind on the subject, but it is recognised, of course, that France will rightfully expect any arrangements for further debt suspension fully to protect her position.

FRANCE.

Budget Economies — Russia's Bills — Import Quotas.

(FROM OUR CORRESPONDENT.)

PARIS, October 7.

THERE is now every likelihood that the Budget, after all, will be disposed of before the end of the present financial year, and that it will be balanced, without requiring additional taxation, by ruthless cutting down of expenditure. Taking all the circumstances into consideration, the Government's decision approximates to the heroic. With general elections due in May, the 1931-32 Budget will be the last which retiring deputies will be called on to discuss. The problem facing the Cabinet, therefore, was how to avoid a repetition of the pre-election budgetary inflation which has characterised previous corresponding years. Supplementary expenditure already authorised (in connection with soldiers' pensions, the national insurance system and other vote-catching possibilities) fore-shadowed a practically certain deficit of 5,000,000,000 francs. The enormous Treasury surpluses of Poincaré and Chéron days have disappeared, thus leaving the Government with the alternative of a policy of sweeping economies or one of increased taxation; and the latter is recognised by all parties to be impracticable.

Further assistance from the Caisse Autonome d'Amortissement is practically impossible. Last year the Caisse helped out the taxpayers by taking over 1,900,000,000 francs of debt charges, which would otherwise have had to be met from the Budget, but this was—somewhat vaguely, it is true—only in consideration of an implied undertaking by the Government that, before the end of the current financial year, the Caisse should be compensated by the application of a massive Rentes conversion plan, which would correspondingly reduce the obligations of the Caisse under its sinking fund programme. Unfortunately, since this arrangement with the Caisse d'Amortissement was made the application of the Rentes conversion plans has been found for the present impracticable. This has rendered further relief of the Budget, by means of the indirect suspension of the sinking fund adopted last year, both inadvisable and impracticable. The Government has thus been driven back—probably not altogether against its will—towards a frank adoption of a policy of sweeping reductions of expenditure; and this at a period when the existing legislature is on the eve of expiration, and when expenditure for electoral purposes is most difficult to curb.

According to the latest official reports, the steps already taken have resulted in proposed expenditure during the coming twelve months having been reduced by about 3,000,000,000 francs, with more to follow. It is anticipated that strengthening of the rules of the Chamber, which is now under consideration in official quarters, will prove effective in still further restricting the possibilities of unnecessary expenditure designed to benefit deputies who are seeking re-election. So far as financial considerations are concerned, it now seems probable that the Laval Ministry will succeed in arriving at a balanced Budget without recourse to either loans or additional taxation, and without a further raid on the sinking fund. How candidate-deputies will react against this suppression of what has usually, in the past, been regarded as an electoral "slush" fund remains to be seen, but there are already indications that the country as a whole is behind the Government and its majority in the Chamber.

Exactly what Mr Hoover's object has been in inviting M. Laval to visit Washington is the subject of intense speculation in Paris. There is a good deal of nervousness displayed, and the newspapers to-day have been filled with suggestions of a pending "sensational declaration" by Mr Hoover. The general hope appears to be that, whether or no M. Laval's visit to the White House be followed by one from the head of the German Cabinet, the French Premier's interviews with Mr Hoover will, in any case, clarify Washington opinion as to the real situation in Europe, and to this extent, at least, will prepare the way for widespread common action.

In unofficial circles in Paris the Russian (rather than the German) financial situation is now regarded as the key to the whole European problem, both political and economic, as well as financial. According to Professor Bessonoff, in an article in *La Vie Economique des Soviets*, a journal published in Paris under the auspices of the Russian Government, Soviet bills totalling 520,000,000 reichsmarks, representing supplies of all kinds furnished to Russia by Germany, will become due for payment before the end of this year. These bills, the Professor stated, the Soviet Government will be unable to meet. Now, 350,000,000 reichsmarks of the Soviet bills, which become due this year, are guaranteed up to 60 per cent. by the German Government (under the law of February 26, 1926), and the balance of 170,000,000 reichsmarks up to "from 50 to 75 per cent." under the German Government plan for insuring export credits. Germany herself, it is evident, is incapable of renewing the bills in question, and no help is likely to be forthcoming from the United States, Italy, Austria or Norway, all of which are already hopelessly involved in Russian Soviet commitments.

All this explains the underlying reasons, perhaps, for the suggestions put forward in certain circles here during recent months for the conclusion of a new Franco-Russian commercial agreement. The exact origin of this project is unknown. What is known is that it is alleged to have the approval of M. Briand and M. Rollin, Minister for Commerce, and the support of the leading officers of the *Confédération Générale de la Production Française*, the *Comité de Forges*, the *Compagnie Générale de l'Electricité*, the *Chambre Syndicale des Forces Hydrauliques*, and several other great industrial associations and public companies. Virulent attacks have been made on the Government during the past week by a section of the Paris Press, alleging that further long-term loans to Russia are under consideration for the purpose of compensating Germany for the Soviet default. The Ministry for Commerce has issued an official *communiqué* stating that "neither the French Government nor the industrialists consulted by it have at any moment envisaged the extension to the Soviet Government, either directly or indirectly, of credits for the purpose of facilitating commercial transactions with French industry."

Following the application, a few weeks ago, of the quota system to imports of timber, wine and (so far as Great Britain and Belgium are concerned) coal, a decree has this week been promulgated bringing imports of live and dead meats, tinned foods, milk, butter, cheese and other dairy products under similar restrictions. This step is admittedly for the purpose of protecting French agriculture against foreign competition. The report attached to the decree states that imports of live bullocks, which totalled only 122,000 quintals during the first seven months of 1929, have amounted during the corresponding period of this year to 230,253 quintals. Imports of beef are stated during the same period to have risen from 62,174 quintals to 319,442 quintals, and of butter from 32,000 quintals to 139,000. The decree fixed the maximum quota of live bullocks allowed to enter at 23,000 quintals, fresh and refrigerated beef at 39,000 quintals, and butter at 12,000 quintals. The quota system, it is asserted, is to be regarded as having an exceptional and temporary application.

GERMANY.

Cabinet Reconstruction — Reichsbank Return — Foreign Exchange Losses.

(FROM OUR CORRESPONDENT.)

BERLIN, October 7.

WHEN the Reichstag reassembles on October 13th it will find a materially altered Cabinet. The Foreign Minister, Dr. Curtius, has perforce to go since the German People's Party, his own party, has for months been carrying on a sharp opposition to him. It can probably be assumed that, in the present situation, Dr. Brüning will not regard it as expedient to pick a politician for this portfolio. Such

an appointment would necessarily give rise to either foreign political or domestic political interpretations which might be unpleasant for the Chancellor. Hence, it is most probable that a civil servant will be chosen as Dr. Curtius' successor. Thus, the Chancellor will retain his decisive influence on foreign policies, and there will be no change in the route heretofore followed.

The Chancellor will now also fill the two vacant Ministries—Economics and Justice. The natural thing would, perhaps, be to give the politically important post of Minister of Economics to a personage whose political tendency could aid the Chancellor in regaining a firmer hold on his not altogether dependable supporters. But it is, nevertheless, more likely that he will here also not appoint a politician, but some man from Germany's economic life, who, however, could also naturally exert political influence.

A part of the Press is referring to the coming reorganisation of the Cabinet as "an extension of the Government toward the Right." Even if this should be true as to the personages chosen, this must not be interpreted as meaning that Dr. Brüning intends to steer a course farther rightward. On the contrary, there is good reason for believing that the Chancellor is more disposed just now to make concessions to the Left. In the emergency decree which is to be made public this week he has not yet included his decision as to social-political questions, but there is hardly any doubt that he will not accede to the desire of the employers to suspend for a time all collective wage agreements. Moreover, social-political reforms are to be considered first by a commission, to be appointed by President von Hindenburg from representatives of employers and employees—a fact which further shows that the Government will not resort to any extreme solution.

The political difficulties which Dr. Brüning must master will, however, not be small. The leaders of the National Socialists and of the German Nationalists will meet in the next few days in Bad Harzburg to prepare a joint plan of campaign against the Government. This alliance of open enemies would not be so dangerous for the Government if it were not that at the same time parts of the former Government *bloc* have gone over to the "working alliance of the national opposition." It has already been reported in the Press that, in addition to some agrarian Reichstag Deputies, other personages who enjoy influence in the political field between Hugenberg and the Centre will also be present at this Bad Harzburg conference. The signal for a general attack will undoubtedly be given from the Right.

But Herr Brüning still has a good chance of withstanding the storm, for the German People's Party, which he needs for a majority in the Reichstag, appears to have decided after some wavering to remain in the Government coalition. Its leader, Dr. Dingeldey, put forward at a conference in Schleswig the question "whether the People's Party, in view of the coming hard winter, can risk forcing the Social Democrats and the trade union organisations into the opposition." With this question he obviously intended to draw a line of demarcation against the policy of the National Socialists and German Nationalists, and, if the People's Party does not again change its mind, the votes of lack of confidence and motions for annulling the various emergency decrees, which can be expected when the Reichstag meets, will probably be defeated. This situation is also not likely to be changed by the fact that the Socialists have less freedom of action now than formerly, owing to the fact that, under the leadership of Deputies Rosenfeld and Seydewitz, who had long been in opposition to the party leadership and who were recently excluded from the party, a radically leftward "Socialist Labour Party" has been organised, which is endeavouring to attract supporters from the parent party.

The last report of the Reichsbank showed that a not inconsiderable amount of foreign currency has flowed from the bank:—

	Gold and other Covering.	Total Money in Circulation. (In millions of marks.)	Bills.
August 31	1,722	5,313	3,101
Sept. 23	1,672.2	5,123	3,003
Sept. 30	1,440	5,644	3,669

The extent of the strain is due, above all, to the fact that end-of-the-month requirements coincided with heavy demands from the savings banks. These are now subjected to withdrawals which are small in comparison with total deposits, but which are continuous, as a result of the economically straitened situation of many unemployed depositors. In addition to all this, the pound sterling crisis caused the public to wonder uneasily whether the mark might not follow the pound downward. For these reasons the savings banks, which, following the runs of the July crisis, have at their disposal only limited liquid funds, have made heavy calls on the Reichsbank. The withdrawals of *devisen* were in the main a result of the paying out of foreign mark deposits, of which, under the Basle agreement, 25 per cent. had to be paid. Hence the losses were to be expected. But it is not altogether understandable why the extraordinarily high surplus of Germany's foreign trade did not cover the greater part of these losses, and how a lowering of the Reichsbank's holdings as against the close of the preceding month could come about. This "riddle of the export *devisen*" is engaging the attention of the German Press in high degree. It would appear that German export firms, despite all efforts of the legislators to keep the payment of debts within the limits of the Basle agreement, are still paying their own debts by the proceeds of their exports. This is probably true above all as to debts owed in pounds sterling. In addition, the difficulty of securing reimbursement credits from England for the financing of exports may well have led in many cases to the German exporters securing at first no money at all for goods shipped, since he has to finance the operation himself.

Before the end of the month the Reichsbank had detected gaps in the legislation and decrees affecting foreign currency and had demanded that the Government should close these up. An emergency decree of October 2nd limits holdings of *devisen* without a licence from the Reichsbank to 200 marks. The previous figure was 1,000 marks. The same figure applies to exports of marks. *Devisen* that have not been secured through the Reichsbank, or from another German bank with the Reichsbank's approval—that is, above all, "export *devisen*"—must be offered to the Reichsbank within three days and, upon demand, sold to it.

The Reich has decided to employ its own funds to a limited extent for the assuring of domestic credits; it has for years been doing this for export credits and has had favourable results. The greatly increased uncertainty of credits has made it practically impossible for the "Hermes A.-G.," the only large insurance concern that still insures credits in Germany, to reinsure its risks adequately, and the risk is too great for the Hermes alone. Hence it has done little business for a year. As a result of the pound crisis, which has made reinsurance in English companies almost impossible, the insuring of credits has probably come to a complete end. The new emergency decree will provide that the fund established for insuring export credits can also be used to cover a guaranty by the Reich for domestic credit insurance. The detailed agreements between the Reich and the Hermes as to the extent of the guarantee and the *modus* appear to have been reached already, but they have not yet been made known.

ITALY.

Stability of the Lira — Emergency Decrees — Tariff.

(FROM OUR CORRESPONDENT.)

TURIN, October 5.

THE first two weeks following the suspension of the gold standard in England may be described as a successful fight on the part of the Italian Government, the Treasury and the banks to save the convertibility of the lira from the world monetary turmoil. On the evening of September 23rd an official *communiqué* was issued from the Government and the Bank of Italy stating that no change was to be made in the stabilisation rate fixed by the decree of December 21, 1927. This *communiqué*, which was repeated with great emphasis on September 29th, was

deemed necessary in view of the popular notion that the lira was fixed at the rate of 92.46 to the pound (the so-called *quota novanta*). It was officially stated that the true rate of stabilisation was 7.919 grammes of fine gold for every 100 lire, irrespective of the vagaries of sterling, the mark, or even the dollar. In the first scare, when gold standards tumbled down one after another, it appeared to some foreign observers that the lira was also doomed, as it was quoted at a discount of 5 to 6 per cent. against the dollar, 8 to 9 per cent. against the French franc, and even more than 10 per cent. against the Swiss franc. This situation, however, was short lived, for by the end of last week the exchanges had settled down just a little above the gold point, and a few bears in Paris and other foreign countries were obliged to search for cover with no lire available on the market.

The technical situation, of which the Bank of Italy quickly availed itself, was that Italy had no current foreign debts worth noting. Other lines of defence were utilised. On September 28th the Bank rate was increased from 5½ to 7 per cent. On that day, also the Finance Minister issued a decree to the effect that no forward sale of any security could be received on the Bourses if unaccompanied by the deposit of the security sold or of 25 per cent. of the cash, and no forward purchase, if unaccompanied by a deposit of 25 per cent. of the cash. Speculative transactions were thus killed outright. On September 29th the Finance Minister was authorised to regulate transactions in foreign exchanges, and on the same day the Fascist Credit Confederation circularised rules obliging all banks to send to the Bank of Italy a statement of their foreign exchange holdings as well as those of their foreign associates, and to make inquiries as to the future exchange needs of their clients, limiting credits to those who are reputed to possess foreign balances or to be receiving foreign bills in payment of exports. No bank can buy on its own or its clients' account foreign or Italian securities issued in foreign centres. Foreign exchanges cannot be negotiated for future dates, nor be sold to customers who cannot justify their request on commercial or other admissible grounds.

On September 25th a new general tariff of 15 per cent. *ad valorem* was imposed on all goods, previously dutiable or free, entering Italy. The duty on coal is 10 per cent., and different rates have been fixed for oil and gasoline, while cereals, the duty on which had only recently been increased, and such goods as may be entitled to special treatment by virtue of existing commercial agreements, are excepted. The objective of the new tariff is primarily a financial one, for the Exchequer hopes to receive from it a net yield of some 800 million lire yearly. But it may also be regarded as the first reaction to the suspension of the gold standard in England and other countries. Whether the duty will counteract possible "dumping" as a result of the depreciation of the pound, or whether it will initiate retaliation by other countries, remains to be seen. In the meantime, however, the General Confederation of Industry evidently has some misgivings, for on October 3rd it passed a motion, worded by Signor Olivetti, urging, in very prudent language, the adaptation of the tariff to the necessity of maintaining international trade.

AUSTRIA.

Economics — Banking Position — Exchange Dealings.

(FROM OUR CORRESPONDENT.)

VIENNA, October 5.

THE Minister of Finance, Dr. Redlich, has resigned. In a letter to the head of the Government he has declared that, apart from the acceptance of the retrenchment programme, there are great difficulties to be dealt with, and he personally is unable to handle them. He is overworked and feels that a Minister who is not a parliamentarian has to contend with extraordinarily serious obstructions. The fact is that economy is increasingly difficult, for, though it is possible to curtail the salaries of employees, revenue from taxation must shrink. The yield of the retrenchment measures is estimated as follows:—

The emoluments tax, 18 million schillings; the crisis tax, 27 millions; the automobile traffic tax, 3 millions; the motor spirit tax, 9.6 millions; the prolongation of the sugar tax, 23.6 millions; and the beer tax, 9.8 million schillings. If one takes into consideration a saving on Civil Service salaries of 80 million schillings and on material consumption of 132 millions, the result is an immense budgetary improvement, but it remains to be seen to what extent these savings will appear only on paper, for in the year 1928, when much more favourable economic conditions still obtained, there were in the whole of Austria only 630 census forms declaring incomes over 90,000 schillings, and only three showing an income of over one million schillings. Since that time the crisis has greatly reduced fortunes, and the big incomes which were enjoyed in financial circles have been particularly hard hit.

The Federal Railways will also try to reduce the deficit by putting up passenger fares by 6 per cent. to 20 per cent. The milk rate is to be increased, but other goods rates will probably remain about the same. Last year revenue from passenger and luggage traffic amounted to 219.6 million schillings, and that from goods traffic to 372.5 millions. There was a reduction in the latter case of 40 million schillings as compared with the previous twelve months. This year it is to be feared that the drop will be still greater and affect both goods and passenger traffic, as tourist traffic suffered badly through the crisis and imports and exports closed very weak.

Further savings are to be effected at the Credit Anstalt, where at least 140, and probably more, clerks are to be dismissed. Through parliamentary action it was possible to dissolve all managerial contracts at one month's notice. The opinion, however, is spreading that the assumption that the bank can be completely reconstructed is hardly well founded, and that sooner or later it will have to be liquidated or converted into a smaller institute. Various personages have tried to get the other banks, too, to fuse, but most of the institutes have flatly refused to consider the proposal. It was a mistake to let the Credit Anstalt handle such an immense business for this little country, and to let the other banks amalgamate would simply mean repeating the mistake.

Within the last few days the Niederösterreichische Escompte-Gesellschaft has been energetically vindicating its position and has provoked a declaration from the Austrian National Bank to the effect that after careful examination it appears completely untrue that the Escompte-Gesellschaft owes large sums of money to the Banque Nationale de Crédit in Paris, which, as is well known, has recently been in difficulties; furthermore, that it is completely false that negotiations have taken place between the Escompte-Gesellschaft and the Austrian National Bank with a view to rendering assistance of any kind.

Rumours and feelings of panic have greatly increased during the last few weeks, and they are intensified by the circumstance that the Austrian National Bank has introduced the strictest control of foreign currency business. It is refusing to supply foreign exchange wherever the requests are not proved to be absolutely urgent. It has refused to place at the disposal of the banks, which for some time now have been in the habit of issuing bonds made out in foreign currencies, foreign means of payment required to meet such bonds. It has also refused to accord to the Municipality of Vienna a modest sum in dollars to enable the Municipality to support the quotation of the Vienna City Loan in New York. The National Bank takes the quite proper view that it must wait and see whether fresh credits will be accorded in Paris for Austria. As is well known, there was a suggestion made in Geneva of such credits to an amount of 250 million schillings. Until these are available, the bank intends to maintain its holdings of foreign currencies.

For the time being, however, the National Bank is averse to the proposal made from various quarters that a general control of foreign values should be introduced on the lines followed in Germany and Czechoslovakia. It points out that in the "hold-up" contracts, which have been made by the banks and other firms with foreigners

under its leadership, the undertaking has been given that the instalment payments must under all circumstances be made. Further decisions as to policy by the National Bank will only be made when it is quite clear what is to happen in regard to the Paris credit negotiations. If these negotiations do not result in a tangible success, the financial crisis in Austria will be acute. At the end of last month very big calls were made on the Austrian National Bank, as all the banks and savings banks withdrew heavily and handed in bills of exchange for discounting purposes. A portion of the money withdrawn by the public is being used for investment in mortgages, on which it is often easy to get 15 per cent. on a first charge.

The stiff attitude of the National Bank in regard to foreign currency has brought into being unofficial trade in foreign means of payment, and considerable higher prices than those of the official quotations of the National Bank are being quoted. The amounts changing hands are not very large, it is true, but prices run up to 12 per cent. above official rates. In consequence of the foreign currency regulations in force in their own countries, Czechoslovakian, Hungarian, Polish and Yugoslav dealers are trying to procure foreign means of payment here, and there also appear to be orders from Germany. If no improvement takes place shortly in this connection, Austria, too, will have to resort to wider measures of control.

HUNGARY.

League Experts Inquiry — National Bank — The Pengö.

(FROM OUR CORRESPONDENT.)

BUDAPEST, October 5.

THE expert inquiry by the League of Nations, which Hungary requested, is being conducted at present in Budapest under the leadership of Mr Royall Tyler, the former Deputy High Commissioner of the League in Hungary, and of Mr A. Loveday, Director of the Financial Section of the League. The other members, including M. Charles Rist, the former Vice-Governor of the Banque de France, Sir Bertram Hornsby, former Governor of the Bank of Egypt, Mr Pospisil, Governor of the Czechoslovak National Bank, Signor Suvich, and Herr Hemming, are expected this week. The main preoccupation of the experts will be to devise means to safeguard the stability of the currency. Urgent action is absolutely necessary. The pengö is linked to the gold standard, and it is essential that its stability should be preserved at all cost, because Hungary, being a borrowing agricultural country, with low wages and debts fixed mainly in gold currencies, has everything to lose and nothing to gain by devaluation. It is the avowed policy of the Government not to inflate, but it is not enough to declare against inflation, it is essential that every step should be taken without delay to avoid drifting into it.

According to the balance sheet of the National Bank of Hungary on September 30th the total note circulation amounted to 882.8 million pengö, as against 414.6 million at the end of August. The decrease of the circulation is due to the confidence in the gold pengö, which was decreed by the Government after the removal of restrictions of deposits in August. The total statutory cover amounted to 111.5 million pengö, against 121.2 millions at the end of August. The statutory gold cover—as enacted by the Banking Law in 1924 when the League of Nations reconstruction scheme began to operate—is fixed now at 24 per cent. As the present note circulation is the lowest for years, and there is little hope of its further reduction, it is essential to preserve a minimum gold holding of 100 million pengö to safeguard the stability of the currency. The bill portfolio of the National Bank is very high. It amounts to 385.3 million pengö, excluding the bills rediscounted by the B.I.S., and it is desirable that it should be gradually reduced to a more normal level. Credit restrictions, heavy taxes and reduced national income, all bitter remedies by

themselves, are however absolutely necessary to check an inflationary rise in the price level. The League experts will have to decide, jointly with the Hungarian Government, before October 15th what steps are necessary to this end.

Unfortunately the bad harvest and the marketing difficulties of agricultural products leave little hope for a substantial export surplus with which to pay interest service on Hungary's foreign obligations. There can obviously be no question of capital repayments of the short-term loans now maturing, and the £3 millions Treasury Bonds due in November will have to be prolonged for another year by the issuing bankers as well as the other private and public banks, the problem of which is still unsolved in the absence of a "standstill" agreement.

HOLLAND.

Sterling Depreciation and Dutch Exports — Proposed Remedial Measures — Netherlands Bank — Bourse.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, October 7.

NEARLY three weeks have passed since the English Government announced the suspension of the gold standard in England, and still the world is in uncertainty as to what plans England will adopt for the future. Will the gold standard be reverted to, or will sterling continue on the paper standard and be brought to a certain degree of stability at a given level? Trade can hardly afford to wait very much longer for a well-defined scheme, for the existing uncertainty is proving a great handicap to commerce.

Holland, in particular, with its great export trade to England, is experiencing the adverse effects very acutely. In agricultural circles the situation is very gloomy, the more so because the German crisis has already dealt a severe blow and has crippled a considerable part of our export trade to Germany. In July and August, 1930, exports of fruit and vegetables to Germany amounted to 126,000 tons; in the corresponding months this year only 65,000 tons were exported. Although this decline of 61,000 tons meant a great handicap to our agricultural and horticultural interests, the disadvantage was somewhat compensated by an increase in exports to England. The exports of fruit and vegetables to England rose from 34,000 tons in July, 1930, to 45,000 tons in July, 1931. In August, 1930, the figure was 35,000 tons, and in August, 1931, 40,000 tons. With the help of these increases the growers managed to get through the summer fairly well, although, of course, much lower prices were realised.

Through the suspension of the gold standard in England, however, the fruit and vegetable exporting trade with that country has become extremely difficult. In the first place, the drop in sterling has involved serious losses on the produce already sold but not yet paid for, for the exporter has to wait 10 or 20 days before he receives the proceeds of the produce shipped. The total exports of fruit and vegetables in September, 1930, amounted to 4 million guilders, in September, 1929, to 6 million guilders, and in September, 1928, to 7 millions, approximately half of which went to England. Estimating the exports for September, 1931, at 4 million guilders, of which about 2 millions would go to England, the loss thus involved to the Dutch exporters, taking the depreciation of the £ at 25 per cent., would be about half a million guilders.

In view of these circumstances, the Ministry of Home Affairs and Agriculture held a meeting of parties involved in the exportation to England of agricultural, horticultural and dairy produce for the purpose of discussing possible measures. In the course of a lengthy discussion a plan was put forward for stabilising the rate of exchange of sterling for the purpose of the parties interested, which

stabilisation would be effected by the Government (or the Government in conjunction with the organisations concerned), who would shoulder the responsibility for the profits or losses accruing from fluctuations below or above a given rate. A small committee was appointed to examine and elaborate the scheme and to discuss the matter with the Government and several important banking institutions. The committee is also to investigate by what means trading with England for forward delivery can be resumed.

The Tilburg woollen fabric manufacturers have submitted an address to the Government, pointing out, *inter alia*, the difference between import duties on English fabric in the Netherlands and elsewhere. It was shown that Holland, with an import duty of 8.3 per cent., is the least protected of all the countries; whilst, on the other hand, Dutch fabrics are taxed more heavily than English goods in Australia, Canada and South Africa, where England enjoys the benefit of preferential tariffs. In consequence, Dutch goods in South Africa, for instance, are not charged 5 per cent., but 15 per cent. *ad valorem*.

In shipping circles in the Netherlands great difficulties are being encountered, too. The competition of the Dutch shipping companies with the English shipowners has naturally become more intense, and reduction in freight rates has already had to be resorted to. An increase in English exports to Holland may, on the other hand, have the beneficial effect of causing more activity in the port of Rotterdam.

As against these increasing difficulties for Dutch commerce and industry, the situation of the foreign exchange market has improved last week. After the declaration of the Netherlands Bank, and the rise in bank rates, greater calmness has characterised the market, and more confidence has been shown in the guilder. The shipment of 22,580 kilogrammes of gold to Paris was necessary, but, on the other hand, gold to the value of \$11½ millions is due in the Netherlands from New York. The Netherlands Bank holds gold immediately available for export without limit, and this, no doubt, also helped to give confidence in the guilder.

During the present crisis the resources of the Netherlands Bank are meeting exceptionally heavy demands. Apart from the withdrawals of gold referred to above, some foreign exchange holdings are also being disposed of, mostly French francs and dollar bills. As regards credits in Holland, the facilities for giving advances on securities based on the rates effective on September 19th, have not been used to any great extent. On the other hand, numerous inland bills were offered for rediscounting. This is the result of the stagnation in the acceptance market; on the bill discounting market even the best acceptances were, and still are, being refused, so that recourse has to be made direct to the Netherlands Bank.

The tendency on the bond market, under the prevailing circumstances, has been firm once more, and State and municipal loans advanced by leaps and bounds. The recent drop in the bond market was partly attributable to French offerings, as the banking difficulties there made it necessary for the French banks to ensure themselves sufficient liquidity. The tendency on the shares market has been, however, very weak again, and numerous forced liquidations took place daily, thus depressing rates more than ever. The great difficulties still in store for Dutch commerce and industry are apparently being discounted in advance. On Tuesday, however, there was a sudden change in the tendency on the stock market, due to expectations of a statement from President Hoover; the tendency, both for shares and for debentures, became very firm. The Holland-America Line is unable to pay the interest on its debentures issue, and a reorganisation is proposed.

The recent occurrences have, naturally, left their mark on the new issues market too. In September, new issues totalled only 3.5 million guilders, as against 17.1 in August, 1931, and 18.2 millions in September, 1930. Some issues already announced were withdrawn.

SWEDEN.

The Gold Decision — Causes of Abandonment — Trade Balance Position.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, October 6.

WITH such surprising swiftness have events developed since England dropped the gold standard that it is somewhat difficult to answer the question: "Could Sweden have maintained the gold value of her krona (crown), or was it necessary to follow the example of England in the existing situation?" It may be said, perhaps, that this question is now of academic interest only, as the Swedish State Bank, after striving energetically for eight days to withstand the temptation, was finally forced to capitulate. In actual fact, however, an attempt to answer the question put leads to a clarification of the course of events and renders possible a broader judgment.

It may be stated in the first place that Sweden has shown herself, in an almost surprising manner, capable of withstanding the effects of the international depression which has come more and more to the fore during the last two years, although these effects have naturally begun to make themselves progressively felt. Right up to August of the present year, however, production in the most important industries was maintained on the average at 103 per cent. of the level for the year 1923-24, whilst the average for 1929 was 135 and for 1930 131, in which connection it should be noted that the index in question (that of the "Svensk Finanstidning") includes very few of the purely home market industries, in regard to which the output has certainly dropped to a considerably lower level. Unemployment has kept at a fairly low level, and the influences on the finances of the State, which have begun to make themselves felt almost everywhere, have in Sweden so far been conspicuous by their absence. The latest Budget, the result of which has just been published, even closed with a small surplus.

It has, however, long been obvious that it was only a question of time before the effects of the depression would press upon Sweden also, if the crisis continued. This was suggested first and foremost by the increase in the figures on the wrong side of the balance of trade, the movement of which causes increasing anxiety. Already last spring this was much in evidence, the surplus of imports for January-May reaching the considerable figure of Kr. 180 millions. It is certainly normal for the spring months to show a marked balance on the wrong side, an effect of purely seasonal conditions, but the surplus of imports for the same period last year, in spite of the depression abroad, which was already in full swing, was no more than Kr. 97 millions. Although the summer usually brings a decided reversal to a favourable trade balance, this year, on the other hand, the unfavourable balance has continued to increase. Up to and including August the surplus of imports was no less than Kr. 226 millions, and if this rate of increase continued it would have led, perhaps, to a balance on the wrong side for the whole of 1931 of something like Kr. 800 millions. How serious this tendency was will best be seen from the fact that the years immediately preceding the period of depression showed a surplus of exports—for instance, for 1929 Kr. 30 millions.

Neither to the Swedish public nor to foreign observers, however, would the serious side of this tendency appear to have emerged clearly, owing to a special circumstance which camouflaged the situation. The difference between the rates of interest abroad and in Sweden, which has been particularly striking during the two last years, has led to the Swedish commercial banks relying less and less on the State Bank for their ordinary requirements of working capital. They have instead borrowed at much lower rates of interest abroad and have sold to the State Bank the currencies which in this way they have had at disposal. Whilst the home credits of the State Bank have almost continuously fallen, this reserve of currency has therefore shown an abnormal increase, a movement which has, moreover, been strengthened by the influx of foreign capital, particularly German, to

Sweden. The maximum point was thereby reached last autumn when the holding of foreign currencies by the bank amounted to Kr. 410 millions, whilst the year before the maximum was Kr. 282 millions, and before that Kr. 263 millions during the exceptionally favourable year 1927. At the end of last year, moreover, the Swedish banks still had net claims on foreign countries for Kr. 554 millions, as compared with Kr. 584 millions one year previously.

It goes without saying that this was a very unfortunate development, which, as mentioned, contributed, in the first place, towards giving a false idea of the actual position, and, secondly, constituted a great risk in the event of a swift alteration in international connections. On the one hand it gave the impression that our position could very well stand an unusually big debit balance of trade. On the other, it is to be noted that the large reserve of currency was, in fact, set off by abnormally large short-dated liabilities to foreign banks which might suddenly demand payment of their claims. Particularly illuminating as showing how sensitive this position was, may be mentioned the fact that the commercial banks, which at the end of January, 1930, had short-dated net claims abroad of Kr. 172 millions, showed at the end of May this year, on the other hand, short-dated foreign net liabilities of Kr. 141 millions, and during the same period foreign deposits with the commercial banks had increased from Kr. 98 to Kr. 343 millions.

When the German crisis broke out in July the consequences were at once felt very perceptibly by the Swedish commercial banks, and these consequences were subsequently aggravated at a rapid rate when the English crisis came on top of it. In a comparatively very brief time our short loans abroad had to be settled, and this had to be done almost entirely by home resources as at the same time our considerable investments abroad were tied up to a very great extent. The only road to be followed in this state of affairs was that the commercial banks should buy back from the State Bank at a continuously increased rate of rediscount the currencies which they had previously sold to the bank and deliver them abroad, viz., a procedure opposite to that followed during the last two years. From the end of the half-year and onwards to September 19th the reserve of currencies of the State Bank was drawn on to the extent that no less than about Kr. 200 millions, and, when England departed from the gold standard, the holding of foreign currencies by the State Bank had shrunk to only Kr. 97 millions, an amount which was manifestly too small even to cover normal requirements of currencies, as it was necessary to count on a continued unfavourable balance in our foreign trade account. It was, therefore, clear that it would be necessary to raise a big foreign loan in order to meet indispensable requirements under all conditions which the spring must bring with it.

In other words, Sweden was particularly ill-equipped to meet the pressure which was necessarily a consequence of the decision of England to suspend the gold standard, and the decision of England to suspend the gold standard, and it goes without saying that speculators would take advantage of this possibility. Unless a very considerable foreign credit could be arranged almost immediately it was quite out of the question that the State Bank would be able to master the situation. The demand for foreign currencies speedily became of such proportions that it was only possible for the State Bank to prevent its holding of foreign currencies being completely exhausted within a week by shipments of gold. In currencies and gold the bank had in six days to hand over Kr. 95 millions, causing the reserve to sink to Kr. 33 millions and the holding of gold by Kr. 31 to Kr. 199 millions. At the same time, it was declared on the one hand that the gold standard would be maintained, and, on the other hand, the negotiations for a foreign loan were pushed forward. When, on account of the feeling of panic in Paris and New York, it was impossible to bring these negotiations to a conclusion during the course of the critical week the bank had to give up the struggle. Had it been possible, on the other hand, to arrange a sufficiently large foreign credit at once everything points to the fact that it would have been possible to maintain the position.

NORWAY.

Prices — Exchange — Bank Return — Stock Exchange.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, October 5.

THE raising of the Bank rate on Monday last was considered absolutely inevitable, in order to check speculation. As far as commodities are concerned, there has already been some instances of a rise of prices, but the general inflation that was expected at the beginning of last week has, fortunately, not yet materialised. A meeting between representatives of our Merchant Associations and the Minister of Trade took place early last week, and it was agreed that there should be no increase of prices so long as existing stocks could be drawn upon.

After the sharp decline of the krone on Monday last, when sterling was quoted at 17.85, against 16.50 on the previous Saturday, a reaction set in on Tuesday, continuing—with a setback on October 2nd—throughout the week. The return of the Norges Bank dated September 30th naturally indicates the strain on its gold reserve experienced during the last week of the month. Gold fell from 146 million kroner on September 22nd to 118 million kroner, while notes in circulation rose by about 18 million kroner, deposits at call by 20 million kroner and balances abroad by some 25 million kroner. A new item, amounting to 27.2 million kroner, has been introduced into the Bank return under the heading "Gold deposited with foreign banks, at free disposal." According to the statutes of the Bank, this amount cannot be treated as a reserve in the same way as the ordinary holdings of gold in the vaults of the Bank, but was set aside for special purposes. On the whole, the last Bank return presents a far more favourable position than was anticipated, and seems to give some ground for the hopes of an impending reduction of the Bank rate.*

The Stock Exchange reopened to-day after having been closed for a fortnight. Bonds were, of course, quoted at considerably lower prices than at the suspension of operations, but buyers were rather keen, especially as regards Government bonds. Shares were also firm, shipping and industrials being favourites.

CZECHOSLOVAKIA.

Sterling Reactions — Bank Rate — Industry — Budget.

(FROM OUR CORRESPONDENT.)

PRAGUE, October 6.

HAVING raised its rate from 5 to 6½ per cent. on September 22nd, the National Bank of Czechoslovakia decided to restrict dealings in foreign exchange. A daily control of purchases of foreign exchange at the banks was introduced, as well as control of transfers on foreign account. As, however, these steps were not found sufficient to give a clear view of the capital movement between Czechoslovakia and foreign countries, a Government decree was issued on October 2nd, which reintroduced the control of foreign exchange to the same extent as in 1924. This control consists chiefly in the obligatory surrender of foreign exchange necessary for payments abroad, and the requirement of licences from the National Bank before foreign securities can be purchased, arbitrage operations in foreign exchange undertaken, or credits allowed to foreign firms. It should be pointed out, however, that the accounts of foreigners in foreign currencies as well as in Czechoslovak crowns are not subject to any restriction.

End-of-the-month requirements were rather heavy. The note circulation rose by 1,017 million Cz. K., to 7,172 million Cz. K.; and discounts and loans against securities increased by 696 million Cz. K. to 1,721 million Cz. K. The Stock Exchange naturally was under the influence of general nervousness and of the trend on other stock

*Norwegian Bank rate was reduced from 8 to 7 per cent. on October 7.

exchanges. The share market, after a temporary drop, regained approximately the August level; on the other hand, gilt-edged securities weakened after the raising of the discount rate. The foreign exchange market has settled down, and sterling is again quoted regularly. Our own currency is firm, as a result chiefly of the fact that the short-term indebtedness of Czechoslovakia abroad is of secondary importance.

With regard to industry and trade the depreciation of sterling is causing uncertainty not only as far as Great Britain is concerned, but also with regard to those countries where prices of import and export goods were calculated in sterling as a stable gold currency. Arguments are arising whether sterling, after the suspension of the gold standard may still be considered the same currency as "gold sterling," which was agreed to as a medium of payment. Similar difficulties are occurring also in the trade relations with the Scandinavian countries.

These questions were discussed by the Federation of Industries and Chambers of Commerce, who came to the conclusion that in view of the various aspects of our foreign commercial relations, it is not possible to propose uniform steps through official action. The opinion, however, was expressed that the difficulties caused by the fall in value of sterling could be amicably settled by individual negotiations between the firms in question. It was also recommended that the Czechoslovak firms should meet the foreign firms where possible.

The State's balance sheet for the year 1930 was published lately and shows an effective deficit of 666 million Cz. K. instead of the budgeted surplus of 53 million Cz. K. Having regard to this fact and to the general economic situation of the country, the Government are forcing energetic economies in the Budget prepared for the year 1932, so that it may be confidentially expected that the Budget will be balanced. The municipal elections, whose political significance is important, passed quietly and showed no substantial alterations in voting.

SWITZERLAND.

Banking Position — Gold Reserves.

(FROM OUR CORRESPONDENT.)

GENEVA, October 4.

SOME anxiety has been felt abroad, and even in this country, with regard to the financial position of Switzerland as a result of the world crisis, and it was thought that Switzerland, with other countries, might have to abandon the gold standard. A recent reassuring statement by M. Musy, Chief of the Finance Department, makes it clear, however, that the Government has no reason to abandon the financial policy it has pursued during and since the war.

The importance of Switzerland as a banking centre is shown by the fact that the aggregate balance sheets of the Swiss banks rose from £240 millions in 1906 to £880 millions in 1930; that their total profits increased during the same period from £3,760,000 to £15,080,000; and that in 1929 they paid over £2 millions to the State in taxation. The £880 millions deposited in the banks and administered by them may be analysed as follows:—

Mortgages	Thous. £
Securities (Swiss Confederation, cantons, municipalities and banks).....	296,000
Cash in hand	60,000
Loans to municipalities	20,000
Exchange bills	8,000
	80,000
	464,000

These form first-rate assets, the total of which corresponds to over one-half of the funds deposited in the banks. Then follow:—

Guaranteed accounts current.....	Thous. £
Other accounts current	212,000
Debtors	36,000
	96,000
	344,000

With regard to the engagements of Swiss banks in foreign countries, it may be stated that these amounted to £31,400,000 in Germany in March, but were reduced to £23,240,000 in July, and have since been further diminished. The total amount that Swiss banks have abroad in the form of short- and long-term loans, and holdings of French francs, dollars and pounds, does not exceed 15 per cent. of their aggregate engagements in short- and long-term loans. But, on the other hand, their total reserves aggregate £26,000,000, so that the situation remains sound and solid, even allowing for the banks sustaining losses abroad.

The position of the banks is closely connected with that of the Swiss National Bank, whose gold reserve has steadily increased since last year. A fortnight ago the Swiss National Bank held gold coin and gold bars to a total of £53,720,000 and £19,120,000 in gold currencies, against which the circulation was only £51,400,000. The figure of the gold reserve would have made a further issue of £82,000,000 in banknotes possible in case of need; and by converting foreign currencies into gold bars the issue could have been increased to £134,000,000. On September 30th the gold reserve had risen to £77,970,000, of which £64,348,000 was in gold coin and gold bars, while notes in circulation amounted to only £58,479,000. There is, therefore, no reason for anxiety in regard to the financial situation of Switzerland or of the Swiss banks. The latter's position is stronger now than it has been for some years, and deserves the confidence which Swiss and foreign investors have placed in it.

ARGENTINA.

Effect of British Gold Suspension — Political Situation.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, September 26.

BUSINESS in Buenos Aires has received with almost excessive optimism the changed monetary conditions due to Great Britain's abandonment of the gold standard. This may be primarily attributed to two main causes: in the first place, depreciation of the pound as compared with the dollar has been reflected in an improvement of the quotation in sterling of the Argentine peso, while the second, and more important factor, is the rise in price of all Argentine exportable produce. Cereals benefit through the fact that America's surplus stocks can no longer be regarded as an immediate threat to the market, while the European demand for wool and hides has put new heart into the export trade.

There is, moreover, considerable local jubilation over the almost complete cessation of imports from the United States. The high rate ruling for the dollar, in conjunction with the recently imposed additional duties on the majority of merchandise brought from North America, is acting as an emergency brake, and, for the moment, United States trade with Argentina has stopped, at any rate as regards shipments hither. With regard to Continental business, and more especially French business, the Argentine import position is, at the time of writing, somewhat obscure, and orders for both French and Italian merchandise are being suspended where such a course is possible, while no new engagements are undertaken. This is chiefly attributable to the exchange uncertainty, for during the past week the only continuous exchange market has been made in dollars and in sterling, other rates being unquoted and termed "nominal," though business has been done on the basis of London-New York-Paris quotations.

Prompt action was taken by the Banco de la Nacion to curb any tendency towards speculation, and that institution announced that it would henceforward consider the U.S. dollar as standard, establishing 180 Argentine gold dollars to \$100 U.S. as the basic rate, a course which led to frequent fluctuations in sterling. It is, however, reasonable to expect that, when the market has settled down—and provided that the first effect of the changed

conditions in Europe and the United States is maintained as regards demand and prices for Argentine produce—the Argentine peso will gradually improve as the year brings the country nearer to harvest time.

There is, however, one local influence of the highest importance that must not be overlooked, namely, the effect upon trade of the political situation and its culminating point—the Presidential Elections, billed to take place on November 8th. If these are carried out according to plan and the actual provisional Government hands over the affairs of the nation to a duly constituted, and, therefore, unquestionably legal, successor, complete with Congress and the whole machinery of provincial administration, which forms so important a part of the Federal form of government, all will be well, irrespective of whatever party may be able to bring its candidates to power. If, on the other hand, anything occurs to prevent the elections from being carried to their logical conclusion, nobody can say what the effect on the country is likely to be. Fortunately there is every reason to assume that the alternative just stated is reasonably remote.

Books and Publications.

THE CITY OF MARKETS.*

WHEN a successful novelist and man of letters, who is also assistant editor of a London daily financial newspaper, publishes a book on "The City," one looks for two things: an informed story and more than average skill in the telling. Mr Collin Brooks does not disappoint his readers. His most recent work is a very adequate description of the most complex square mile upon this earth. He has not essayed to write a textbook on the City of London. His aim is rather to take the general reader, who knows sufficient of the High Temple of Finance and Commerce merely to be perplexed by its ceremonies, for a tour within its walls in the company of a rather jovial raconteur, who is a fellow human being first and an expert second. He describes the founding and the foundering of the Royal Exchange, the life and work of the members of the Stock Exchange, the Money Market, the Metal Exchange, the Coal, Iron and Steel, Tea, Rubber and Produce Exchanges and Lloyds. "Here," he declares, "is the House Without Windows (but not without statuary), commonly called the Bank of England. Here is the Metal Exchange, the abode of 'The Forty Just Men.' This is Mincing Lane, where Samuel Pepys saw a house on fire. Keep together, please, whilst I give you an account of the history, organisation and practical working of each of these famous institutions." This is a difficult style to maintain, but the test of Mr. Brooks' success in his medium is his ability to compel the reader, say, who is not interested in rubber to read his chapter on rubber and to end by being interested in rubber. The author, however, is more than an effective City museum guide. He endeavours to set each sight into its context as an institution affecting the daily life of innumerable men and women in fact to justify the ways of the City to men. There is relevance in the effort to-day. Mr Brooks, on the whole, proves equal to his task, though his energy shows slight signs of flagging before the end.

BOOKS RECEIVED.

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

Economic Essays and Addresses. By A. C. Pigou and Dennis H. Robertson. (London) P. S. King and Son, Ltd., Orchard House, Westminster. 10s. 6d. net.

Most of the papers collected in this volume have already appeared in print. Those by Professor Pigou deal for the most part with questions of advanced economic theory, but the paper on "Limiting Factors in Wage Rates" is of interest to the general reader. Mr Robertson's essays, except for a brief note on international trade, are all financial subjects.

* "Something in the City: Men and Markets in London." By Collin Brooks (London), Country Life, Ltd., 20 Tavistock Street, W.C.2. 8s. 6d. net.

Everybody's Business. Hartley Withers. (London) Jonathan Cape, 30, Bedford Square. 10s. 6d. net.

Mr Withers, who can make the technicalities of the money market into genial bedside literature, has now undertaken an explanation of the general economic structure and functioning of the modern world in a similar vein. Though his book was completed early in June, readers whose interest in economics was only born last week will nevertheless find in it the answer to many of their questions.

Politics and the Younger Generation. By A. L. Rowse. (London) Faber and Faber, Ltd., 24, Russell Square. 10s. 6d. net.

An explanation of the Labour point of view with regard to the position of Great Britain in the world crisis.

How to Read the Money Article. By Charles Duguid. Sixth edition, revised by F. W. H. Caudwell. (London) Effingham Wilson, 16, Copthall Avenue. 5s.

An up-to-date edition of an elementary guide by the former City Editor of several leading London papers.

The Stabilisation or the Equalisation or the Insurance of Wool Values. By Sir John Higgins. (Melbourne) British Australasian Wool Realisation Association, Ltd.

A carefully-worked-out proposal for the formation of an association to ensure to wool-growers an average annual price over long periods.

The New Russia. (London) Faber and Faber, Limited. 24, Russell Square. 3s. 6d. net.

A collection of broadcast talks by eight speakers, including Dr. Margaret Miller, Sir Bernard Pares and Mr. H. G. Wells.

Direct Taxation in Austria. By John V. Van Sickle. (London) Oxford University Press, Warwick Square. 13s. 6d. net.

A detailed study of Austrian taxation since 1914, with the object of demonstrating the relation between public finance and the production and distribution of wealth.

Unemployment Benefit Plans in the United States and Unemployment Insurance in Foreign Countries. (Washington) Superintendent of Documents. 50 cents.

Part I. gives an account of a very large number of company and trade union plans in the United States; Part II. deals with public schemes in eighteen other countries.

Kingston's Continental Price Conversion Tables. By A. G. Kingston. (London) Kingston's Translations Institute, 96-98, Leadenhall Street. 4s. net.

A useful set of tables by which sterling prices per unit of British measurement can be converted at a glance into prices per metric unit in any of the principal continental currencies.

Jahrbuch 1930 des Allgemeinen Deutschen Gewerkschaftsbundes. (Berlin) Verlagsgesellschaft des ADGB, Insetstrasse 6a.

An annual statistical survey of a wide range of matters affecting labour in Germany.

OFFICIAL PUBLICATIONS.

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

Report of the Industrial Assurance Commissioner for the year ended December 31, 1930. 2s. net.

Unemployment Insurance (No. 3) Act, 1931: Report of the Advisory Committee on Draft Regulations. 2d. net.

Registrar-General's Review of Vital Statistics of Northern Ireland and Life Tables (1926). 5s. net.

Just Published.

THE COURSE OF THE COMING BOOM

by L. L. B. ANGAS

This remarkable publication, appearing the day following the collapse in sterling, and forecasting certain stock market movements which have since occurred, will prove invaluable to investors as a guide in the forthcoming months. Mr. L. L. B. Angas's forecasts of stock market movements have, in the past, shown an uncanny accuracy, as witness his publications "The Coming Rise in Gold Shares" and "The Coming Collapse in Rubber." This latest publication can be equally recommended.

Publishers: ST. CLEMENTS' PRESS, PORTUGAL ST., W.C.2
Telephone: Holborn 7600.

5/- nett.

The Stock Exchange.

WALL STREET AND MR HOOVER.

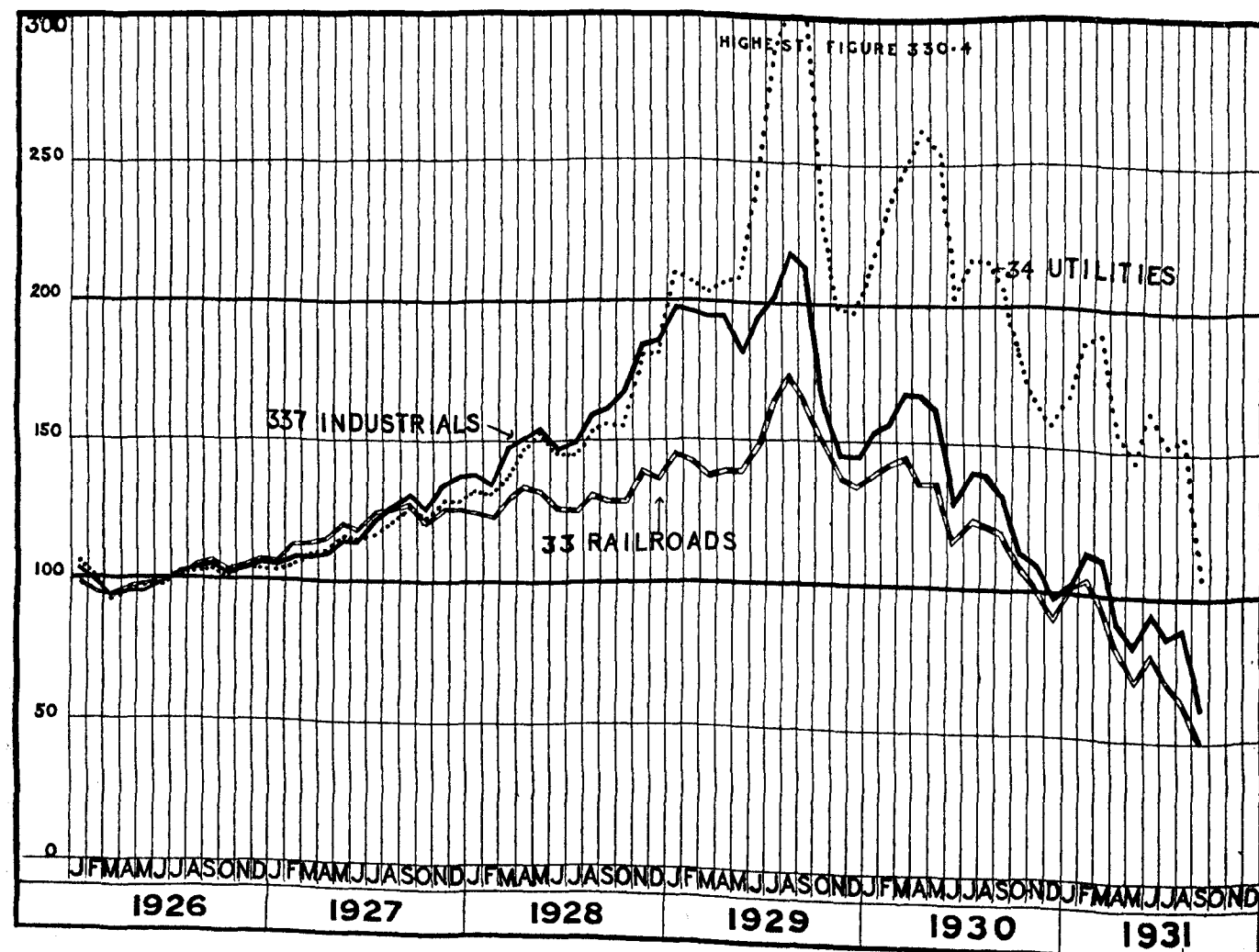
MR HOOVER has a habit of stepping in at the eleventh hour to avert disaster. Last Monday the liquidation of stocks on Wall Street had assumed such dimensions that it seemed impossible to avoid an investors' panic and a run upon the banks. The volume of transactions reached 3,200,000 shares, and all the leading common stocks—the hopes of the industrial future of America—touched new low levels. On the following day a dramatic change in sentiment was witnessed. Mr Hoover had announced that he was calling a conference of political leaders, following upon a meeting which he had held with representatives of the banks and of the real estate business. It was rumoured that the country banks were to be saved by making their paper eligible for rediscount by member banks of the Federal Reserve system. Immediately a wave of buying swept through the Stock Exchange. "Short" positions were liquidated, and a recovery developed as spectacular as the slump of the previous day. On Wednesday a minor reaction followed, which did not, however, wipe out the recoveries. The extent of the fall, rise and reaction in some of the leading stocks is shown in the following table:—

	High, 1931.	Sept. 26.	Oct. 5.	Oct. 6.	Oct. 7.
American Tel. & Tel.	201½	138	121½	132½	130
Consolidated Gas	109½	72½	61½	69	68½
U.S. Steel	152½	77½	62½	71½	67½
American Can.	129½	78½	72	79½	79
Allied Chemical	182½	88	69	77½	74½
Union Pacific R.R.	205½	117½	99½	110	108½
N.Y. Central R.R.	132½	62½	51	57½	53½
Eastman Kodak	185½	108½	93½	107½	101½
Auburn Auto.	295½	115½	84½	99	97½

AMERICAN SHARE VALUES.

STANDARD STATISTICS COMPANY INDICES—1926=100.

(LAST WEDNESDAY IN EACH MONTH.)



Elsewhere in this issue we discuss Mr Hoover's "new plan" in greater detail. To what extent can it bring about a recovery in security values? We must first consider the forces which have brought about the catastrophic fall in security prices this year. The chart which we have compiled of the end-month fluctuations in the price indices of representative utility, railroad and industrial stocks from 1926 to the present day permits the boom and slump in Wall Street to be seen in perspective. Utility shares, after the fantastic inflation of 1929, have now returned to 1926 levels. Railroads have never been so low since 1897. Industrials, on October 4th, touched their lowest levels since June, 1924. At the beginning of this year the usual attempt was made to discount a trade recovery in the spring. But the trade indices were reactionary, and the attempt did not last so long as that in the spring of 1930. By the last week in April all the ground gained had been lost. Since then, apart from a minor rally, the decline has more than kept pace with declining trade. It has been persistent and devastating. Not only has the confidence of the individual investor been undermined, but many inflated corporate positions have perforce been disintegrated.

When forced liquidation begins it tends to set up a vicious circle. Each time a new low level of security prices is reached, the shrinkage in the value of collateral held by the banks brings further liquidation of bank loans. Further, the country banks have their funds "frozen" in loans to farmers secured on crops which are difficult to market. Not only has the number of bank failures this year been increasing, but the size of each failure has been significantly increasing. Between June and August 414

banks failed for \$450 millions, against 198 banks for \$125 millions in the corresponding period of 1930. Forced distribution of bank assets and liquidation of bank loans are, no doubt, the root cause of the decline in security values which has persisted since March this year, but we must not under-estimate the justifiable selling of common stocks, whether by "bears" or disillusioned holders, which has followed the issue of company reports of a depressing nature.

The bond market has suffered equally with the share market. In fact it has had difficulties to contend with peculiar to itself. Various legal restrictions are placed upon the investments of financial institutions. In New York, and certain other States, according to the "Guaranty Survey," the law does not permit the investment of funds of savings investments of financial institutions. In New York, Massachusetts and certain other States, for example, the law does not permit the investment of funds of savings banks and trustees in the obligations of railway companies unless the earnings of such companies have, for a consecutive period of specified length, been sufficient to meet the amount of the interest on all bonds and other fixed charges, with a certain definite margin of safety. In New York, the law provides, *inter alia*, that a railroad company must have earned its fixed charges at least one and one-half times during five of the last six fiscal years preceding the date of investment before its bonds are eligible for savings banks and trustees. This margin, further, must have been shown during the fiscal year immediately preceding the investment. Under this requirement, the failure of any railroad company to earn its fixed charges with the required margin for two consecutive fiscal years automatically makes its bonds ineligible for a period of at least six years, even though its earnings record may be maintained without interruption both before and after the two-year lapse. It was shown before one of the recent hearings of the Interstate Commerce Commission on the railways' application for higher freight rates, that 67 companies, representing 90 per cent. of the earnings of the country's railroad system, would earn their fixed charges only 1.37 times during the first half of this year. Between October 1, 1930, and June 1, 1931, the market value of all railroad bonds listed on the New York Stock Exchange all declined by \$685,000,000. Recently, an estimate has been made showing that bonds with a par value of \$5,877,600,000—representing 77 per cent. of all railroad bonds legally listed for investment by savings banks and trustees in the State of New York—are in danger of removal from the list.

The law, however, does not specify that bonds removed from the "legal" list must be sold immediately. In the New York State, for example, it is left entirely to the discretion of the Superintendent of Banks to decide whether or not a savings bank should dispose of such securities. In the case of railroad bonds which are well secured and have a good record, but have been made ineligible for purchase by the present trade slump, it is unlikely that savings banks would be compelled, or would be inclined, to sell at a great sacrifice. Nevertheless, since it is important that these institutions should hold only securities which are readily marketable, even high grade railroad bonds may continue a reactionary market.

Federal Government securities also have come within the scope of bank liquidation. Partly as a result of the hoarding of Federal Reserve notes, members of the Federal Reserve system have had to reduce their investments by very substantial amounts.

In the foreign bond market, the position is distressing. Defaults in South America and distrust of the European situation have demoralised the market to such an extent that it is impossible to sell many foreign bonds, even if there has been no default. For example, Colombian and Brazilian issues, on which interest is still being paid, are standing at "default" levels, and even Argentine Government bonds are not far removed, in market appreciation, from the category of defaulters.

The logical effect of Mr Hoover's new plan should be to arrest the decline in security values. It may even produce a recovery, if it induces buying from those centres which are least hard-hit by depression and low commodity prices. The discounting by

by a National Credit Institution with a capital of \$500,000,000 of such assets of country banks as are not eligible for re-discount by the Federal Reserve Bank will liquify the resources of the embarrassed country banks, and serve to prevent for a time a renewal of forced liquidation. This is all to the good. Moreover, the American Bankers' Association are acting up to the plan by urging all banks not to sell investments at sacrifice prices or to force any excessive liquidation of securities which are held at collateral for loans. While it is improbable that the limited amount of inflation of credit which Mr Hoover's plan may bring about will be allowed to be expended, to any great extent, in the purchase of securities "for the rise," yet in so far as commodity prices are raised there may be a return to favour of equity stocks.

Further, it must be well understood in Wall Street by this time that America has not the power to bring about a substantial improvement in American trade without a recovery in world trade. Until a solution is found of the problem of reparations and international debts, and until the dangerous crisis in Germany, which threatens to be political as well as financial, has been solved, there is little justification of a return of bullish sentiment to the markets in Wall Street. The "bulls" may argue that common stocks are thoroughly deflated—the average yield of 50 industrial common stocks, according to the Standard Statistics Company, is nearly 8 per cent., as compared with a low level of 4.15 per cent. in 1930 and 3.10 per cent. in 1929. But America, with her steel plants working at under 30 per cent. of capacity, with her army of unemployed still rising—a figure of seven millions is a reasonable estimate of the present total—and with a prospect of a deficit on her Budget of \$1,500 millions, has little ground for optimism about her immediate trade future. The most hopeful news for holders of American securities would be that the political authorities had recognised the indispensability of an international conference to settle world trade and financial problems. It may be that discussions of certain of these issues with M. Laval, on his forthcoming visit to Washington, will encourage Mr Hoover to support a new plan which will be international instead of national in its scope and objectives.

THE WEEK IN THE MARKETS. THE LONDON STOCK EXCHANGE.

MARKETS remained quiet but relatively steady during the heavy New York liquidation at the beginning of the week. The upward reaction in Wall Street coincided with the announcement of the dissolution of the British Parliament and an early general election. The "House," which had previously given lukewarm support to the idea, to say the least, proceeded to put the best construction on the *fait accompli*. Gilt-edged remained firm, though slightly irregular, and a moderate but widespread demand was experienced for industrial shares likely to come within the scope of possible tariff proposals and for the equity stocks of companies in the railway and "export" industries. The movement had insufficient impetus to encourage attempts to bring about a "boomlet," but suggested, nevertheless, that a short-lived operation of this character might not be far off.

Gilt-edged stocks showed fewer sharp upward movements than in the latter part of last week, but values were sustained by numerous small buying orders, and fluctuated day by day in sympathy with sterling, with a rising trend. India loans were mostly firm, though little dealt in. Australian issues improved on more encouraging trade figures, and the announcement that New South Wales was repaying the interest previously remitted to holders of New South Wales Stocks by the Commonwealth Government, which was withdrawing all legal proceedings.

The foreign bond market was quiet, interest being chiefly centred on French Rentes, which moved with the sterling-franc exchange, and on German issues. The latter were depressed by unfavourable news from Germany, particularly the fall of Dr. Curtius, but recovered appreciably on the announcement by the Bank of International Settlements of the payment of interest on "Dawes" and

(Continued on page 670.)

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

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

Prices Year 1931 Jan. 1 to Oct. 7 (Inclusive).										Prices Year 1931 Jan. 1 to Oct. 7 (Inclusive).									
High- est.		Low- est.		Name of Security.	Price Sept. 30, 1931.	Price Oct. 7, 1931.	Rise or Fall.	Present Yield.	s. s. d.	High- est.		Low- est.		Name of Security.	Price Sept. 30, 1931.	Price Oct. 7, 1931.	Rise or Fall.	Present Yield.	s. s. d.
High- est.		Low- est.								High- est.		Low- est.							
British Funds.																			
59 1/2	52 1/2	60 1/2	49 1/2	Consols 2 1/2 %	53	55	+2	4 10 11		83 1/2	88 1/2	83 1/2	83 1/2	In. Ry. C. Am. No par	85 1/2	84 1/2	-\$1	...	
94 1/2	82 1/2	97	77 1/2	Consols 4 %	81	85	+4	4 15 3		57 1/2	18 1/2	26 1/2	11	Leopoldina Ord. Stk.	12	12	...	NH	
83 1/2	74 1/2	85 1/2	67 1/2	Con. Loan 3 1/2 %	71	74	+3	4 15 3		83 1/2	50 1/2	55 1/2	20	Do. 5 1/2 % Cum. Prt. Stk.	22	20	-1 1/2	...	
103	93 1/2	104 1/2	88 1/2	Do. 4 1/2 % 1944-64	90	95	+5	5 5 4		97 1/2	45 1/2	56 1/2	15	Nitrate Rlys. (£10)	20	20	...	20 0 0	
106 1/2	102 1/2	108 1/2	93 1/2	Do. 5 1/2 % 1944-64	95x	100	+5	5 0 0		42	19 1/2	21	8	Paraguay Cen. D. Db.	11	9	-2	27 15 0	
96 1/2	85 1/2	97 1/2	78	Funding 4 1/2 % 1960-90	81x	86	+5	4 14 1		85 1/2	65 1/2	70 1/2	70	Salvador Ord. (£10)	70	70	...	12 6 0	
102 1/2	98 1/2	102 1/2	93	Treasury 4 1/2 % 1932-34	94 1/2	97	+3	5 8 0		198	130	150	94	San Paulo Ord. Stk.	100 1/2	97 1/2	-1	12 6 0	
103 1/2	100 1/2	103 1/2	93	Treasury 5 1/2 % 1933-35	95	98 1/2	+4	5 8 6		80 1/2	65 1/2	70 1/2	20	Taltal Ry. Ord. £5	20	20	...	12 10 0	
97 1/2	91 1/2	98 1/2	85	Victory Bonds 4 1/2 %	88	89	+1	4 11 0		26 1/2	4	5 1/2	2	Utd. Havana Ord. Stk.	7	6 1/2	-1 1/2	...	
105 1/2	100 1/2	104 1/2	90 1/2	War Loan 5 1/2 % 1929-47	94	97 1/2	+3 1/2	5 9 7											
69 1/2	61 1/2	70 1/2	57	Local Loans 3 %	60	63	+3	4 15 3											
49 1/2	40 1/2	46 1/2	29 1/2	India 2 1/2 %	32 1/2	33	+ 1/2	7 11 6		17 7/8	14 3/8	16 9/8	5 9/8	Anglo-French (£1)	7 1/8	6 1/8	-1/-	9 6 0	
59 1/2	47 1/2	55 1/2	34 1/2	Do. 3 1/2 %	41	42	+1	7 2 10		12 1/8	10 1/8	11 1/8	9 1/8	Anglo-Internat. (£1)	10 1/8	9 1/8	...	NH	
66 1/2	58 1/2	64 1/2	41 1/2	Do. 4 1/2 %	48	47	-1 1/2	7 5 7		42	23 1/2	25 1/2	13 1/2	Bank of N. Zealand £1	500	47 1/2	-2 1/2	6 0 0	
90 1/2	78 1/2	86 1/2	55	Do. 4 1/2 %	61	62 1/2	+1 1/2	7 14 10		26 1/2	23 1/2	25 1/2	13 1/2	Bank of Eng. Stk.	244	240	-4	6 0 0	
106	100 1/2	106 1/2	94	Do. 4 1/2 %	61	62 1/2	+1 1/2	7 14 10		26 1/2	23 1/2	25 1/2	13 1/2	Barclay B. (£1)	44 1/2	46 1/2	+1 1/2	6 0 0	
109 1/2	104 1/2	110	90	Palestine 5 % 42-67	97 1/2	97 1/2	...	5 3 0		59 1/2	47 1/2	52 1/2	21 3/8	Barcl. (Dom. Ac.) A £1	20 1/2	21	+6d	4 11 1/2	
99 1/2	87 1/2	99 1/2	87 1/2	Sudan 5 1/2 % Bonds	97 1/2	99 1/2	+4 1/2	5 10 7		27 1/2	24 1/2	27 1/2	14 1/2	Bk. of Australasia (£5)	8x	7	-1	9 6 0	
				Ulatar 4 1/2 % 45-75	87 1/2	91 1/2	+4	5 2 0		58 1/2	33 1/2	38 1/2	14 1/2	Bk. of Montreal (\$100)	85 1/2	85	-83	6 0 0	
										28 1/2	25 1/2	28 1/2	14 1/2	Bk. of N.S.W. (£20)	222	221	-1	9 10 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Chand. Overseas A £5	4	4	...	8 15 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Outd. of India (£5)	12x	11	...	10 0 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Comel. Bk. of Aus. 10/-	13 1/2	11 1/2	...	7 18 0	
										58 1/2	33 1/2	38 1/2	14 1/2	District A £5, £10 pd.	46 1/2	40 1/2	...	8 0 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Do. B £1 fully paid	40	40	...	12 10 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Eng. Stk. & Aust. S.S. £3pd	3	3	...	7 0 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Hambro £10, £2 1/2 paid	6	6 1/2	+ 1/2	7 4 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Hong. and S. (£125)	£101	89 1/2	-24	6 13 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Lloyds £5, with £1 pd.	43 1/2	45 1/2	+1 1/2	6 13 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Martins £20, £2 1/2 pd.	4 1/2	4 1/2	...	8 0 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Midland £1, fully paid	65 1/2	66 1/2	+1 1/2	5 8 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Nat. of Egypt £10	21	19	-2	9 1 10 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Nat. of India £25, £12 1/2 pd.	229	227	-2 1/2	9 1 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Nat. Prov. £20, £4 pd.	9	9 1/2	...	7 8 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Royal Bk. of Scotland	305	320	+15	6 15 0	
										58 1/2	33 1/2	38 1/2	14 1/2	St. of S.A. £20, 25 pd.	11	11	...	6 16 0	
										58 1/2	33 1/2	38 1/2	14 1/2	Westminster £4, £1 pd.	52 1/2	58 1/2	+6 1/2	...	
													</						

† Free of Income Tax.

Price Year 1930.		Price Year 1931, Jan. 1 to Oct. 7 (Inclusive).		Name of Security.	Price Sept. 30, 1931.	Price Oct. 7, 1931.	Rise or Fall.	Present Yield.	Price Year 1930.		Price Year 1931, Jan. 1 to Oct. 7 (Inclusive).		Name of Security.	Price Sept. 30, 1931.	Price Oct. 7, 1931.	Rise or Fall.	Present Yield.
High.	Low.	High.	Low.						High.	Low.	High.	Low.					
7/14	2/9	4/82	2/-	Coal, Iron and Steel.	4/-	4/-	...	NH	20/74	9/9	11/74	5/14	Anglo-Banadianian £1...	6/-	6/-	...	12 0 0
16/1	11/6	10/18	2/-	Do. Anthracite £1...	10/-	10/74	+74d	NH	53/51	25/-	48/20	20/-	Anglo-Egyptian B £1...	25/-	25/-	...	14 0 0
104d	5d	104d	2d	Armstrong Whit. A 1/-	6d	6d	...	NH	55/51	53/14	56/24	26/24	Anglo-Persian B £1...	37/6	37/6	...	14 0 0
63/-	47/9	53/44	37/104	Babcock, Wilcox £1	50/-	49/-	-1/3	5 14 9†	28/9	16/3	20/-	9/6	Attock (India) 5/-	12/6	11/3	-1/3	14 15 6
4/24	1/9	3/9	1/4	Baldwins 4/-	2/9	2/9	...	NH	40/74	16/3	20/-	9/6	Brit. Cont. Oil (V. O. C.)	1/3	1/3	...	NH
13/-	4/44	7/11	2/-	Bengal Iron £1	10/-	10/-	...	16 0 0	95/74	65/114	72/6	33/9	Burmah Oil £1	40/-	40/-	...	11 5 0
13/74	10/3	17/7	8/9	Beyer Peacock £1	10/-	10/-	...	NH	14/-	6/3	9/3	4/10	Canadian Eagle, no par	5/-	5/-	...	NH
3/-	1/9	2/104	1/-	Brown (John) Ord. 6/-	2/-	1/-	-3d	NH	6/6	2/6	3/24	1/1	Kerr River Oil 10/-	1/6	1/6	...	NH
3/74	11/4	2/44	9d	Cannell Laird £1	6/6	7/6	+1/-	NH	54/04	24/4	30/-	12/6	Lobito Oilfields £1	17/6	16/3	-1/3	12 6 2
10/5	5/6	8/6	2/6	Consent Iron £1	57/6	58/9	+1/3	5 14 0	15/04	6/3	10/9	5/6	Mexican Eagle (£1/0/6)	5/9	6/-	+3d	...
3/3	5/6	6/04	4/6	Cory, William £1	4/6	4/9	+3d	NH	14/14	6/3	6/1	5/6	Phoenix Oil £1	4/6	3/-	-9d	26 13 3
7/3	3/4	5/9	2/3	Dorman, Long £1	1/6	1/3	-3d	NH	35/4	6/3	6/1	5/6	Royal Dutch (£88)	1/5	1/5	...	NH
1/7	6d	2/9	2d	Edwin Lloyd £1	1/6	1/6	...	NH	99/44	69/44	76/3	26/3	Shell £1	40/-	40/74	+74d	8 5 0†
36/104	23/9	24/3	10/14	Guest Keen, & Co. £1	15/-	15/-	+74d	NH	78/9	18/9	30/10	10/1	Trinidad Leasehold £1	16/3	18/-	+74d	8 6 0†
10/-	5/-	8/-	3/14	Haddfield £1	6/6	6/6	...	NH	62/94	27/6	35/114	16/104	V.O.C. Ord. £1	20/-	20/74	+74d	17 5 0
12/34	4/104	5/4	1/04	Hart & W.H. 5% Cmn. Pt.	18/9	18/9	...	8 0 0	21/3	16/44	20/74	16/74	Ager Broad £1	19/6	19/6	...	5 3 3
23/74	27/6	20/6	12/6	Horden Collieries £1	27/6	27/6	...	9 1 9	62/6	28/9	33/3	15/-	Akar Goss £1	20/-	20/-	...	11 5 0†
39/14	29/-	29/3	20/74	Lambert, Brown £1	3/9	3/9	...	NH	33/9	17/3	17/9	7/3	Allied Newspapers £1	11/3	10/-	+1/3	5 0 0
9/14	2/6	3/114	2/6	Millon & Askan £1	9/44	9/44	...	8 11 0	4/6	3/9	3/9	2/3	Amal. Dental Def. 5/-	1/9	1/9	...	10 0 0
14/9	8/11	9/74	6/3	Ocean Coal & Wilsons	2/3	2/-	-3d	NH	21/6	18/6	20/9	7/3	Amal. Press (10/-)	1/9	1/9	...	10 0 0
12/6	5/14	2/3	7/4	Pease and Fryer £1	7/6	7/3	-3d	NH	41/6	36/3	20/9	9/9	Assoc. Newsp. Def. 5/-	21/6x	21/6<		
23/6	17/6	23/9	3/6	Pertham Steel £1	20/-	22/6	+2/6	5 6 9	21/6	36/3	20/9	9/9	Assoc. Newsp. Def. 5/-	21/6x	21/6<		
11/-	4/14	10/-	3/3	Do. B. Ord. £1	10/-	10/-	...	4 9 0†	35/74	22/-	25/6	18/6	Assoc. P. Cement £1	24/-	24/6	+6d	6 11 0
22/-	18/6	28/9	16/9	Staveley Coal, & £1	26/3	26/104	+1/4	4 9 0	57/9	52/6	55/-	52/6	Barker (John) £1	56/3	56/3	...	7 0 0
28/-	20/44	22/9	10/9	Stewart & Lloyds £1	17/-	17/-	...	-1/3	8 14 7	49/44	43/14	23/14	Barry & Staines Lino	30/-	28/9	-1/3	5 4 4
24/-	18/9	19/9	11/3	Swan, Hunter £1	2/-	2/-	...	NH	16/4	7/3	14/3	7/3	Barrs Deferred £1	8/9	8/9	...	NH
3/14	1/14	2/114	6d	Thomas (Richard) £1	5/-	5/-	...	NH	40/9	36/3	37/6	29/44	Barrs Deferred £1	35/-	35/-	...	7 9 0
17/9	5/6	5/9	2/6	Do. 5 1/2% Cmn. Pref. £1	17/6	18/9	-1/3	13 17 3	48/9	29/6	31/3	18/9	British Match £1	22/6	22/6	...	6 19 0
20/3	13/9	15/6	8/11	Thornycroft, John £1	8/9	8/9	...	-5	7 17 3	27/3	22/6	26/-	British Match £1	22/6	22/6	...	6 19 0
9/3	6/3	9/9	6/-	U. States Steel £100	8/9	8/9	...	5 13 9	119/3	94/44	104/4	65/4	Brit. Am. Tobacco £1	81/3	77/6	-3/9	6 6 0†
16/9	12/9	13/9	5/-	Ward (Thos. W.) £1	6/3	6/3	...	NH	37/6	21/6	21/6	6/2	Carlton Hotel £1	15/-	15/-	...	16 0 0

† Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Sept. 30, 1931.	Price, Oct. 7, 1931.
Pike County Council 4½% 1931-61	...	...	85-90	89-91
Great Universal Stores Ord. (5/-)	£1	fr. pd.	14/9-19/3	14/9-19/3
Great Universal Stores Pref.	£1	fr. pd.	18/1-18/6	18/1-18/6
India 6% 1933-34	100	fr. pd.	90-94	90-94
Jones (Peter) 6% deb.	97½	fr. pd.	94-96	89-94
London and Thames Haven Oil New Ord.	50/-	15/-	...	9/-10/- pm
Middlesex 4½% 1930-70	101	fr. pd.	12-10 dis.	90-92x
New Zealand 5% 1932-34	99	fr. pd.	95-97	95-97
Odham Press 7% Deb. B.	98	fr. pd.	101-103	101-103
Primitiva Holdings 6% Red. Pref.	£1	fr. pd.	20/-20/6	20/-20/6
Rhokana Corp. 7% Conv. Debs.	100	75	5 dis.-5 pm	5 dis.-5 pm
Tanganyika 4% Guar. 1931-71	94½	fr. pd.	77-80	80-84
Telephone and Gen. Trust 7% Pref.	21/-	15/-	13/-15/-	9d. dis.-3d. pm
Walsall Corp. 4½% 1930-60	100	fr. pd.	85-90	89-91
Woolworth (F. W.) 5/- Ord.	40/-	fr. pd.	39/-40/-	37/6-38/-
Woolworth 6% Cum. Pref. £1	£1	fr. pd.	18/6-19/-	18/3-19/3

SAVORY AND MOORE, LTD.—Investment Registry, Ltd., announce that letters of allotment and regret in connection with the issue of £185,000 7½ per cent. first mortgage debenture stock in Savory and Moore, Ltd., were posted Wednesday afternoon, October 7th.

(Continued from page 667.)

"Young" bonds in gold. Chilean bonds showed improvement and a fair turnover occurred in selected Japanese loans.

The market put up the prices of home railway junior stocks after the election announcement, without precisely asking why. The week's traffic figures were colourless, but suggested that, so far as seasonal influences were concerned, the railways were holding their own. Argentine rails were weak on a break in the peso exchange, though all the companies, except B.A. Great Southern, published slightly higher traffic returns. American rails registered wide movements, breaking from one to eight points both on Monday and Tuesday, and thereafter reflecting the substantial gains of the rest of the American market.

The American break had surprisingly little effect on the industrial market, apart from the inevitable marking down of "international" counters. The ensuing American recovery found attention concentrated in London on the possible effects of a National Government victory at the elections, though operators were content, mostly, to watch the course of demand outside rather than back the movement with their own money, having regard to the ban on any but cash dealings. Rumours that the Committee would shortly reinstate fortnightly accounts, but allow no carrying-over of stock, elicited no confirmation. Electrical equipment shares recovered after initial weakness on American sales, and motors were harder. Iron and steel shares remained in steady demand on tariff talk, though Babcock and Wilcox fell back after declaring an interim dividend "subject to tax" instead of "free of tax." The leading textile issues were bought from the North of England, Courtaulds changing hands freely. Tobacco shares showed signs of revival, and breweries recovered after unusually wide movements early in the week. Cables and Wireless were speculatively purchased, and Dunlop attracted similar interest. Imperial Chemical also came within the "tariff zone." Insurance shares advanced, demand induced by dividend announcements finding a shortage of stock. Bank shares, though not active, were higher where changed.

The rubber share market again had an idle appearance, the leaders showing a few scattered advances in sympathy with the stronger tone of the commodity. Business in tea shares suffered a contraction, buyers being unwilling to take up many shares after the recent rise. Oil shares were initially liquidated from New York and Paris, but rallied later, the American crude oil production figures showing a further decrease.

In the mining share market, Kaffirs were firm, but the predicted boom again missed fire, the absence of carry-over facilities exercising a markedly restraining influence. Some finance company shares strengthened, but Crown Mines, Geduld and Daggafontein encountered profit-taking after a rise. Chartered were a little better on bear covering, but inquiry for other Rhodesians was modest. Incalculable fluctuations in tin prices checked any possible expansion of business in the shares. The advance in copper quotations, however, encouraged a demand for Rio Tinto from London and Paris.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Oct. 1, 1931.	Oct. 2, 1931.	Oct. 3, 1931.	Oct. 5, 1931.	Oct. 6, 1931.	Oct. 7, 1931.	Oct. 8, 1931.
Government and Municipal Loans	1,513	1,445	775	1,230	1,196	1,419	1,344
Transport, Communications, and Public Utilities	620	744	296	634	734	729	642
Commercial and Industrial	1,396	1,559	778	1,452	1,497	1,400	1,550
Banks, Insurance and Financial	357	427	209	384	408	453	436
Mines (including Nitrate)	461	408	145	403	443	429	317
Oil	123	100	47	121	120	116	85
Rubber, Tea and Coffee	135	144	42	110	98	89	74
Total	4,605	4,827	2,292	4,534	4,496	4,635	4,448

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Oct. 1, 1931.	Oct. 2, 1931.	Oct. 3, 1931.	Oct. 5, 1931.	Oct. 6, 1931.	Oct. 7, 1931.	Oct. 8, 1931.
72.3	53.1	61.1	61.1	61.0	60.8	60.8	62.1	63.1

FOREIGN STOCK EXCHANGES.

NEW YORK.

THE abrupt fluctuations in sentiment and prices in Wall Street are discussed at length in a leading article on page 666. The heavy falls in quotations last week-end were succeeded by something closely resembling panic on Monday, when the shares with the soundest earning position were among the heaviest sufferers. The view that the causes of the movement were chiefly domestic, having little direct connection with the gold drain, was confirmed by the extraordinary rally which occurred on President Hoover's announcement of the calling of a conference to deal with the internal situation. Sharp rises took place in every section. The short interest was taken completely by surprise and covered on a very large scale. The pace was too rapid, however, to be maintained, and a more uncertain tendency developed on Wednesday. On Thursday, however, the tone was firm. Undoubtedly the conference's decision was influenced not only by Monday's heavy liquidation, but by outward and visible signs of embarrassment in certain quarters, exemplified, over the border, by the failure of two well-known Canadian brokerage firms, Messrs McDougall and Cowans and Messrs Greenshields and Company, the latter having done a large mail order business. American trade indicators remained unfavourable, the steel industry continuing to operate at under 30 per cent. of capacity, while car loadings for the week ended September 26th were 788,000, against 742,000 in the previous week and 950,381 in the corresponding week of 1930. "The New York Times" index of American business was 68.0 for the week ended September 26th, against 68.9 for the previous seven days.

	Sept. 24, 1931.	Oct. 1, 1931.	Oct. 2, 1931.	Oct. 3, 1931.	Sept. 24, 1931.	Oct. 1, 1931.	Oct. 2, 1931.	Oct. 3, 1931.
U.S. 3½% T. Bds.	104	104	102½	102½	Natl. Biscuit	40	40½	47½
U.S. 4½% T. Bds.	102	102	101½	101½	Phelps Dodge	7½	6½	7½
Do. 4½% '32-47	102½	102½	102	102	Pullman	26½	23	26½
Do. 4½% '33-38	104½	102½	102½	102½	Studebaker	42	32½	40½
Atchafalpa	108½	108½	113½	113½	Un. Fruit	11½	9	11½
Chas. & Ohio	28½	28½	29½	29½	U.S. Leather	37½	33½	31½
Illinois Central	134	12½	12½	12½	U.S. Rubber	3½	3	3½
N.Y. Central	29	27	28½	28½	U.S. Steel	8½	8	7½
Pennsylvania	61½	63½	59½	59½	Westinghouse	75½	71½	72½
Southern Pacific	58½	58½	54½	54½	Woolworth	47	44½	48½
Southern Ry.	19½	18	18½	18½				
Union Pacific	118	112	114	114	Am. Tel. & Tg.	136	129½	127½
Am. Can.	77	76½	84½	84½	Interboro R.T.	8½	8½	12½
Amer. Smelting	22½	23	23½	23½	Int. Tel. Tel.	17	15½	17½
Anaconda	15½	15	15½	15½	Radio Corp.	14	12½	14
Bethlehem Steel	34½	28½	29½	29½	Utilities P. & L.	12½	9½	11½
Chrysler Motor	14½	12½	15½	15½	W. Union Tg.	98½	93	94
Corn Prodn. Rf.	44½	41½	45	45	Associated Gas "A"	7½	5½	7½
Gen. Electric	112½	101	109	109	Pan. Amer. B.	25	24½	20
Gen. Electric (New)	30	27	31½	31½	Shell	10	6	6
Gen. Motors	27½	22½	26½	26½	Shell Union	4½	3½	5
Int. Harvester	29½	25½	27½	27½	Sinclair Oil	6½	6	7½
Montg. Ward	12	10	12½	12½	Std. California	32	29½	33½
					Do. N.J.	31½	29½	33½

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Copthall Avenue, London, we print

the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Sept. 30.	Oct. 7.
337 Industrials	134.5	218.9	98.2	174.1	99.6	61.6	62.3
33 Rails	127.6	173.5	89.1	145.6	92.0	50.5	46.9
34 Utilities	177.6	330.4	153.2	267.4	158.1	106.8	107.5
Total, 404 stocks	140.3	228.1	105.5	184.2	107.6	67.9	67.1

Average yield of 50 Industrial Common Stocks	3-10%	5-23%	4-15%	5-95%	5-91%	8-07%	7-97%
--	-------	-------	-------	-------	-------	-------	-------

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Oct. 5.)	Sept. 30, 1931.	Oct. 1, 1931.	Oct. 2, 1931.	Oct. 3, 1931.	Oct. 5, 1931.	Oct. 6, 1931.	Oct. 7, 1931.
140.2	67.8	74.3	73.0	74.3	71.7	67.8	76.3	75.3

TOTAL DEALINGS IN NEW YORK.

	Oct. 1, 1931.	Oct. 2, 1931.	Oct. 3, 1931.	Oct. 5, 1931.	Oct. 6, 1931.	Oct. 7, 1931.	Oct. 8, 1931.
Stock Exchange—Shares (Thous.)	3,600	2,500	1,000	3,200	4,300	2,800	2,900
Bonds (Value Thous. \$)	15,207	16,846	8,165	18,961	18,961	14,934	14,608
Over—Shares (Thous.)	800	600	250	800	800	600	600

* 2-hour session.

PARIS.

Fears of impending trouble in Germany undermined any real confidence in the French stock markets. Bank shares were again subject to bear attacks, and rentes had an irregular appearance. South African shares were initially out of favour in sympathy with London quotations, but recovered on Tuesday. The weakness of Wall Street produced unfavourable reactions, and there was no sign of any general upward trend at any time. An improved tone supervened in mid-week, but was checked by profit-taking on Wednesday, when sentiment again became depressed.

	Oct. 2, 1931.	Oct. 5, 1931.	Oct. 8, 1931.
Banque de France	12,025	11,300	11,225
Crédit Lyonnais	1,920	1,840	1,750
Suez Canal	14,450	13,730	13,515
Chargeurs Réunis	249	245	240
Rio Tinto	1,605	1,550	1,570
Royal Dutch	14,500	13,600	14,200

	Oct. 2, 1931.	Oct. 5, 1931.	Oct. 8, 1931.
Wagons Lits	125	120	117
Mexican Eagle	29	27	27
"Chartered"	80	72	76
Ford	130	130	127
De Beers	275	298	260
"Johnnies"	104	95	108

BERLIN.

When the German stock markets were reopened on September 3rd after a respite of almost two months, writes our Berlin correspondent, it was generally expected that the coming weeks would be more quiet. At once, however, there came a sharp upward movement in stocks, due in the main to fears of a mark inflation by capitalists who preferred to hold stocks and loans, which in Germany are for the most part based on gold or dollars. When, later in September, it became known that the Reichsbank was supporting the German currency with all its resources, sharp declines occurred in the Bourses. The general nervousness, the weakness of the dendency of foreign stock markets, and the decline of the German loans in New York and London led, especially between September 14th and 18th, to losses of from 20 to 30 per cent. in Berlin. September 18th, contrary to all expectations, was the last Bourse day in Germany. After the announcement of England's decision the Bourse in Berlin was also closed on September 21st, and in contrast to the London Stock Exchange was not later reopened. At first it was the general unrest and anxiety about the currency and the future of Germany's economy that moved the authorities to close the Bourse. Later, however, the attitude of the Reichsbank also played a decisive rôle. In the course of the last few weeks—in trading from hand to hand after the closing of the Bourse—foreigners have sold considerable amounts of German stocks and transferred the proceeds to their own countries, as a result of which the Reichsbank has lost foreign exchange. In order to hinder selling by foreigners, the

publishing of any "free" quotations—mainly business done by telephone—was prohibited on October 3rd. As a result, transactions in stocks have been reduced to a minimum, for the givers of orders fear to suffer loss as a result of uncontrollable quotations. The following table contains the "free" quotations in the most important German stocks for October 2nd, the last day on which quotations were permitted to be made public. The number is naturally small. The table shows that most industrial stocks have held their own fairly well. Heavy losses are shown only by bank stocks and the stocks of the A.E.G. and the United Steelworks (Vereinigte Stahlwerke). Concerning the A.E.G. all kinds of unfavourable reports are being circulated, and as to the Vereinigte Stahlwerke the conviction is increasing that its capital is much too high. Loans again fell. Eight per cent. gold mortgage bonds changed hands at about 80 per cent. The heaviest loss in the course of the last month was recorded by the 7 per cent. Obligations of the Vereinigte Stahlwerke, which dropped from 50 to 35 per cent.

	Sept. 7.	Oct. 2.		Sept. 7.	Oct. 2.
Banking and Insurance			Industrials—continued		
Berliner Handelsg.	72	56	Dessauer Gas	79½	69
Commerz und Privat	70	58	Deutsche Erdöl	39½	34
Darmstädter	76	68	Deutsche Linoleum	38½	33
Deutsche und Disconto	71½	51	Farbenindustrie	97	95
Dresdner	44	38	Telefonbau	37	31
Reichsbank	108	96	Mannesmann	37	32
Communications			Rittgers	23	22½
Deutsche Reichsbahn	68½	57	Salzdetfurth	146	130
Hamburg-Amerika	27½	25	Schultheiss-Patzenhofer	90	81
Norddeutscher Lloyd	28½	26	Siemens und Halske	105	101
Industrials			Verein. Stahlwerke	27½	17
Allg. Elektrizität	47	38			

AMSTERDAM.

Uncertainty and irregularity continued on the Amsterdam bourse, with a general recognition of the seriousness of the international situation. A considerable degree of nervousness was in the air with regard to the American position, and the difficulties of the Copenhagen Handelsbank added to the uneasiness. Certain shares, however, were in demand, for special reasons, Royal Dutch strengthening visibly after initial weakness, while Unilever and Philips' Lamps were mainly firm. The resignation of Dr. Vissering as president of the Netherlands Bank was taken as a bear point.

	Oct. 2, 1931.	Oct. 5, 1931.	Oct. 8, 1931.		Oct. 2, 1931.	Oct. 5, 1931.	Oct. 8, 1931.
5½% German	33½	33½	33½	Steel Common	72½	65½	68½
Unilever N.V.	119	112	116½	A. K. U.	43½	40½	40½
Philips' Lamps	56½	55	60	Ford Motor	204	190	195
Netherlands Ship				Deli Batavia	133	130	132
Union	88	80½	81	Royal Dutch	141	131	139
Java Cultuur	142	136	145				

OTHER CENTRES.

Many minor foreign bourses remained closed, while in those centres where a market still existed dealings were few and far between and the general tone dull. Brussels, Oslo, and Milan fluctuated uncertainly, and, apart from minor rallies, proved largely featureless.

INVESTMENT NOTES.

The "House" and the Election.—The Stock Exchange has accepted the decision to hold a General Election with its customary determination to make the best of all things, if it cannot control them. No slump in gilt-edged stocks followed the announcement. Indeed, writes a "House" correspondent, the character of the buying which took place on Tuesday this week, when rises ranging from 1 to 1½ occurred in the Consol market, was suggestive of the dual effect of cessation of heavy sales and the small investor's confidence in the financial stability of the country. In one instance, an order to sell £250,000 of a Four per Cent. British Government stock was carried out so easily that the seller received ½ per cent. more than he expected, and the buyer was ready, at the end of the day, to take another quarter million of stock at a still higher figure. The small man, of course, is not buying in what the market calls "lumps," but where Stock Exchange dealers find themselves

surrounded from ten o'clock in the morning till four in the afternoon by brokers armed with orders to buy amounts such as £100, £250, and other sums up to £500 stock—nine out of ten orders being of the same description—the psychological effect on the market is considerable. The Stock Exchange realises, however, that it is not the best of centres from which to judge the prospects of a General Election. The City man has little opportunity for making contact with the political feeling prevailing in the North, the Midlands, and other industrial areas. He knows the danger of being too much swayed by the opinions of men like himself, who possibly understand the intricacies of the gold standard, devaluation, etc., a little better than the average member of the electorate. He takes a sober view, prophesies a majority for the National Party, but is not prepared to back his judgment too far. He believes that prices will go higher if his views are correct, but is a trifle uneasy at what may happen afterwards. The first flush of enthusiasm may give place to more sober considerations when the shouting is over, and the approach of the year-end brings nearer demands for tax payments. Nevertheless, the General Election is regarded in the "House" as one of the most momentous in the history of the nation. For this reason, even the dealings which take place in "Majorities" are deprecated by some members, who consider that the issues hanging upon the election are too serious to be made a gambling medium.

War Loan Conversion.—The discussion by the late House of Commons, on Thursday last week, of clause Eleven of the Finance Bill, which has now received the Royal Assent, produced an informative statement by Mr Snowden as to the Treasury's intentions regarding the Five per Cent. War Loan. It appears that, when the time is deemed opportune for conversion to a lower rate of interest, holders will be given three months' notice, with the option of transferring into new stock or demanding repayment in cash at the end of the period. The operation, however, will follow the precedent set by Mr Goschen in his famous conversion of "Consols," rather than the practice in previous conversion issues since the war. Unless the holder signifies dissent, he will be deemed to have agreed to the Treasury's proposals. He will, in effect, retain his old stock but the price attached to the stock will be different. Mr Snowden refused to say what would happen at the end of the three months, declaring that the Government's policy could only be decided when the result of the offer was apparent, but the tenor of his speech made it abundantly clear that no question of a "forced conversion" could arise. This view was strongly supported in subsequent speeches by members on the Government side. Mr Snowden was emphatic on the point that, whatever changes in the conditions attached to the present stock it might be desirable to incorporate in the conversion prospectus, no modifications would be imposed which would violate any of the conditions under which the Loan was originally subscribed. Commenting on the Government's powers to incorporate in the conversion terms the right, existing in the present stock, to pay dividend without deduction of tax at source, Mr Snowden declared that "a very considerable amount" of War Loan stock was held abroad, and there were obvious advantages in inducing foreign investors to buy sterling stock. Mr Snowden would appear to regard these advantages as having been strengthened by the devaluation of the pound. But as the Government's powers to issue stock under these conditions are permissive, and not obligatory, the Treasury's policy will doubtless be governed by conditions existing at the time when the operation is launched. Mr Snowden, naturally, said nothing regarding the probable date of the offer.

Austin Motor.—In these days the maintenance of high earnings, handsome dividends and generous reserve allocations is so rare a phenomenon that the directors of the Austin Motor Company may justly take to themselves a

good deal of the credit for their company's success, which they over-modestly attribute to the "safeguarding" duties. In the twelve months to July 31st last the company increased its sales of cars in the home market by 26 per cent.—a result which, to judge by the monthly Ministry of Transport figures of car registrations, would appear to be due, in no small part, to the popularity of its "baby" car of under 8 h.p., and the favourable reception of its new 12-h.p. six-cylinder model, introduced last January, rather than to any expansion of demand for its higher horse-power models. As the market for cars as a whole has not increased during recent months (the total new registrations of cars taxed on horse power during the first seven months of 1931 was only 94,744, against 104,900 in the same period of 1930), it must be assumed that the Austin Company has increased its share of the market, probably at the expense of the smaller concerns. If it is legitimate in a "seasonal" industry to write up the figures for the preceding period of seven months on a twelve months' basis (as is done in the table below), it will be seen that this year's profit was slightly below last year's proportionate figure, but that the same conservative policy was followed:—

	Year to Dec. 31, 1929.	7 Mos., to July 31, 1930.	Equivalent, on 12 Months' Basis.	Year to July 31, 1931.
Profit	£ 1,297,446	£ 858,137	£ 1,471,092	£ 1,376,244
Taxes, fees, maintenance and depreciation	602,658	395,045	677,220	752,012
Debt interest and sinking fund	135,000	78,750	135,000	135,000
Net profit	559,788	384,342	658,872	489,232
7% preference dividend	14,000	7,911	13,562	13,563
6% preference dividend	390,000(a)	35,000	60,000	60,000
20% preferred ord. div.....	116,250	67,813	116,250	112,500
Earned for ordinary { Amount 39,538 273,618 469,060 303,169 Rate... 34.0% (b) 235.4% (c) 403.5% 269.5% Paid on ordinary { Amount 23,250 69,750 119,572 112,500 Rate... 20% 60% (c) 102.8% 100%				
To reserves	Nil	Nil	Nil	200,000
Brought in	59,664	75,952	75,952	279,820
Carried forward.....	75,952	279,820	279,820	270,489

(a) 6½ years' dividend arrears paid off.
(b) After paying preference arrears; 318 per cent. after allowing for preference payments at normal rate.
(c) Actual.

The accounts are conservative throughout, charges for maintenance and depreciation being on a generous scale, so that although the company has expended £304,324 on new plant in the last twelve months, the balance-sheet item "plant and machinery" shows an increase of only £188,783. Accompanying the report is a leaflet replying to criticisms, from the labour side, of the 100 per cent. ordinary dividends. The company points out that each of its workers on the average receives a pay packet 2½ times as great as the labour union rates. In the past 58 months it has expended £43,570,000 on wages, salaries, service and purchases, and paid out only £1,691,000 net for debenture interest and dividends. Ordinary shareholders are paid no more than 25 per cent. gross on their capital as it stood before the writing down of 1927, after being required to go dividendless for the ten years to 1929. The capital reduction under the 1927 scheme is now seen to have been severe, but if the directors desire to prevent future misunderstanding regarding their dividend rate, they should urge an amendment in the law to allow of the issue of "no par" shares. The report says nothing regarding the experience of the companies formed to manufacture its 7-h.p. car abroad, except that licence fees received from this source during the year were £5,658. Though the British company is not directly concerned in the finance of the foreign concerns, many investors look for substantial royalties from them. Any reference to the position by the chairman at next Monday's meeting would be appreciated.

Textile Shares—A Note of Caution.—The tendency for professional operators and investors alike to regard our departure from the gold standard on September 21st as the augur of inevitable trade revival was reflected in the somewhat indiscriminate buying of industrial equities, and particularly of those shares which would be the first to benefit from a bounty on exports. The following table of representative textile shares indicates that in some instances as much as 50 per cent. has been added to their value, and prices are still firm as we go to press:—

Name of Company.	High., 1931.	Low., 1931.	Sept. 16.	Sept. 23.	Oct. 7.	Present Yield Per cent.
British Cotton & Wool Dyers	s. 3/7½	s. 2/-	s. 2/9	s. 3/3	s. 3/6	Nil
Bleachers	15/6	5/6	7/-	9/4½	10/-	Nil
Bradford Dyers	21/-	11/3	13/-	17/6	17/6	4 15 0
British Celanese	8/1½	3/6	4/3	5/1½	4/3	Nil
Calico Printers	9/6	4/6	5/7½	8/1½	8/9	Nil
J. and P. Coats	55/6	34/-	36/3	43/1½	46/3	6 9 9
Courtaulds	38/9	24/7½	30/-	33/9	35/-	3 8 0*
English Sewing Cotton ..	35/7½	19/3	26/3	31/3	33/9	5 18 6
Fine Cotton Spinners	21/-	10/-	11/3	15/-	16/3	4 16 0*
Linen Thread	26/-	15/6	20/-	8/9	11/3	Nil
Listers	14/4½	7/6	20/-	22/6	25/-	2 0 0
Patons and Baldwins	25/3	17/3	20/-	22/6	25/-	9 8 0
Whitworth and Mitchell ..	48/9	41/1½	46/3	46/3	47/6	Nil

* Tax free.

Activity in the share market merely reflected the stimulating effects of devaluation in the North, where a brisk demand accompanied rising prices for cloth and yarn. The liveliness of the market was in part due to eagerness to replenish stocks in anticipation of increased trade, but in part, also, to purely speculative purchases, as was shown by the reluctance of purchasers to name a delivery date. On the whole, it would appear that the genuine reports of factories reopening and new outlets secured are not as yet sufficiently widespread to justify unrestrained optimism. The remarks which we have made before on the subject of the world economic position are as relevant to cotton and wool as to any other export industry. The to cotton needed this season has still to be imported at a higher price, and any benefit that may be derived from the cheapening of Indian cotton in relation to American, as a result of the "pegging" of the rupee exchange to sterling, will be shared by our competitors. In the last resort, the textile trade, which is first and foremost the producer of goods for mass consumption, must depend on a *bona fide* expansion of demand for renewed prosperity. The danger of over-production in relation to the effective consuming power is materially increased by the world-wide movement for "economy," and as long as the demand of all markets for finished goods is steadily contracting the "equity" of the industry can very easily be exaggerated.

Imperial Airways.— "The only British Air-line" showed a trading profit of £155,165 for the year ended March 31st, as compared with £169,376 for the previous year. A decline of £5,729 in investment income, and of an increase of £5,355 in aviation expenditure, and of £8,886 in provision for obsolescence, combined to reduce the net profit by £7,999 to £27,140. The ordinary dividend has been reduced to 3 per cent. The following table shows the result of the past three years:—

Year ended March 31.	1929.	1930.	1931.
Net profit	£ 78,861	£ 35,139	£ 27,140
Ordinary dividend—			
Amount	35,558	18,371	14,041
Earned %	16.63%	7.45%	4.35%
Paid %	7.5%	5%	3%
W/O preliminary expenses, &c. ..	20,664	2,500	2,500
Obsolescence reserve	20,000	...	...
Increase in carry-forward	2,639	14,268	10,591

The main item of interest in the balance sheet is the increase of £166,064 in progress payments on aircraft under construction, now £258,148, and the acquisition of interests in Cobham-Blackburn Air Lines, £52,432. The

directors report that the lower traffic revenue has been to a large extent counteracted by substantial operating economies. There were no expansions in the company's European services during the year. There was a satisfactory increase over the England-India route, the number of letters carried showing an average weekly increase of 18 per cent. Since the close of the year under review the Italian Government has given provisional permission for the company's planes to call at certain Italian ports, thereby avoiding the Central European route. The route from England to Central Africa was opened early in March, and so has had little effect upon the year's accounts. The route to South Africa is expected to be opened late in the present calendar year. Although freights have been reduced, the planes are operating at a lower cost per ton mile than has previously been the case. The company's accounts would be far more informative to shareholders if the amount of subsidy received each year were clearly shown. Clearly, the company has a long way to go yet before it can stand on its own feet.

Lampert and Holt.—From the viewpoint of shareholders, the accounts of 1930, broken by the appointment of a receiver on August 27th, are of less importance than the statement signed by Sir William McIntock and addressed to the debenture stockholders. The profit and loss account shows that losses on voyages for the year amounted to £21,962, while, after payment of all expenses, including debenture interest, but before making any provision for depreciation, the total loss amounted to £544,342. Of this sum, no less than £408,100 was accounted for by the trading loss of the company's subsidiary, the Liverpool, Brazil and River Plate Steam Navigation Company, and £18,156 by Archibald McMillan & Son and the Companhia Navegacao das Lagoas:—

	Year to December 31.	1928.	1929.	1930.
Profit	£ 200,518	£ 109,797	£ 126,211	Dr. £ 21,876
Dividends	...	...	...	60,482
Special charges	...	...	60,538	*432 354
Fees	...	...	2,925	3,398
Depreciation of plant	Nil	95,200	Nil	Nil
Depreciation of investments ...	50,000	Nil	Nil	Nil
Debenture interest.....	147,500	147,500	147,500	147,196
Net profit	3,018	Dr. 70,155	Dr. 544,342	...
Brought forward	27,401	30,419	10,264	...
Reserve	Nil	Dr. 50,000	Nil	...
Carried forward	30,419	10,264	Dr. 534,077	...

* Including £408,100 provision for trading loss of Liverpool, Brazil and River Plate Steam Navigation Co., and £18,156 provision for trading loss of Archd. McMillan and Son.

Investment Registry Ltd.

have pleasure in announcing the closing of the lists
in connection with the issue of
£185,000 7½% First Mortgage Debenture Stock
in SAVORY & MOORE, LTD.
owing to OVERSUBSCRIPTION.

The following results of other issues made by them
during the last six months fully justify their
confidence in the readiness of the public to subscribe
to first-class British Industrial Issues, even in
times such as the present.

ODHAMS PRESS LTD.
4th May, 1931.

£200,000 7% "B" Mortgage Debenture Stock.
OVERSUBSCRIBED.

ASSOCIATED LONDON PROPERTIES LTD.
26th June, 1931.

£160,000 6½% Mortgage Debenture Stock.
OVERSUBSCRIBED.

6 GRAFTON STREET.
NEW BOND STREET, W.1

8th October, 1931

The receiver's report points out that, following his appointment in August last, it was decided that the services should be continued on a limited scale, and those which had resulted in the heaviest loss suspended. Out of a total fleet of 31 vessels there are now 14 in service and 17 laid up. At the same time, steps were taken to reduce standing charges and direct voyage expenses, resulting in a saving at the rate of approximately £112,000 per annum. The standard of the fleets has been fully maintained, and the voyages completed since December 31st last and the current voyages show that further losses have been avoided. After including investment income, there is a balance of net revenue for the period from January 1, 1931, before making any provision for depreciation and debenture interest. The report observes that until an improvement in trade conditions occurs it is unlikely that it will be possible to earn any substantial amount towards depreciation. The sale has been effected of the shareholding of the company and its chief subsidiary in the Argentine Navigation Company, and the proceeds used to repay a bank loan of £685,000 and to provide £137,500 for the carrying on of the business. There is due and unpaid a total sum of £317,000 from the Royal Mail Company. Sir William estimates, "with all reserve," that on the basis of a going concern, assets show a total value of £3,151,021, to meet debenture holders' claims for £3,000,949. It is emphasised that the present break-up value of the company's assets would be very much smaller than the above figure, and that a realisation in the present state of the market might well be impossible. In view of the success already achieved by those now in control, by way of stopping leaks in a structure which was on the point of foundering when they assumed command, debenture holders will be content to leave affairs in their hands.

United Molasses Statement.—The interim report issued last week by the United Molasses Company shows that the trading profit of the company and its subsidiaries totalled roughly £160,000 for the half-year ended June 30th last. On the other hand, depreciation calculated at the same rate as last year would require £150,000, while losses amounting to £115,000 have occurred as a result of the necessities of jettisoning molasses for which no market could be found at prices high enough to pay costs of transport from the producer to the consumer. It is also necessary to make provision for certain non-recurring losses in subsidiary companies amounting to £80,000, making the total net deficiency, after debiting the above items, £185,000. The report observes that since the annual meeting, held in April last, there has been a renewed decline in the absorption of molasses throughout the world—for industrial purposes, because of the chronic depression in the relevant industries, and for cattle-feeding purposes because of the reduced purchasing power of agriculturists. The Chadbourne sugar restriction scheme has not yet had time to influence the market appreciably, since hitherto it has functioned only in Cuba, whose decline in production has been roughly offset by a fall in American consumption. The immediate outlook must be considered far from rosy. The most that can be hoped for from the second half-year's trading is a repetition of the first half-year's results, but as a very large proportion of the Eastern crops now being produced will have to be wasted, the allowance under this head will of necessity be greater. The company's £1 ordinary shares, which in 1929 were run up to £8½, are now quoted at 5s. 7½d.

Thos. W. Ward.—In view of unprecedented trade conditions and the heavy stocks which the company is carrying, no ordinary dividend is being paid for the year ended June 30th. The report shows a loss on the year's trading of £62,796, which compares with a profit of £80,079 for the previous year. In order to meet the preference and employees' dividends some £100,000 is transferred from the reserve fund making, with the

amount brought forward from last year, a total of £128,159. Dividends absorb £33,471, leaving £31,892 available for the carry-forward.

Year ended June 30.	1929.	1930.	1931.
Net profit	£ 111,915	£ 80,079	Dr. £ 62,796
Brought forward	27,675	36,677	28,159
First preference dividend	6,000	5,953	5,812
Second preference dividend	25,000	25,000	25,000
Employees' dividend	2,574	2,644	2,659
Ordinary capital—			
Earned £	77,752	46,483	Nil
Paid £	68,750	55,000	Nil
Earned %	6.7*	5.2†	Nil
Paid %	6.25*	6.45†	Nil
To reserve	Nil	Nil	Dr. 100,000
Carried forward	36,677	28,159	31,892
* Tax-free.		† Less tax.	

The balance sheet is less liquid than its predecessor. Stocks are shown in the balance sheet at £1,140,021, as against £953,744. Land, buildings, steamships, plant, etc., are down by £109,997. Although the year's operations began with stocks of raw materials at pre-war values, the directors have been obliged to write down stocks by further considerable sums. The quarterly dividends on the preference shares, due September 30th, have been postponed.

Malayalam Plantations.—The annual report for the year ended March 31, 1931, shows a small profit, made entirely on the tea side of the business. Gross profit from the sale of tea was £93,605, against £82,683 for the previous year. Although the tapping of rubber was suspended on all estates during the three months May, 1930, and January and February, 1931, the cost of producing the commodity exceeds the proceeds of the sales by £72,000.

Year ended March 31.	1929.	1930.	1931.
Net profit	£ 220,945	£ 82,426	£ 2,530
Ordinary dividend	161,361	38,802	...
Earned %	12.9	4.9	2.5
Paid %	12	2.5	...
Inc. or dec. in carry-forward	+12,632	+10,007	+2,530

In 1931 the output of rubber was 5,117,747 lbs. compared with 5,244,749 for the previous year, while the price obtained was 3.13d. per lb., as against 7d. per lb. The unsold stock has been valued at 1.30d. per lb. Harvested at 8.79d. per lb., 8,447,486 lbs. of tea was disposed of at 11.46d. per lb. Last year's figure was 9,722,986 lbs., sold for 11.05d. per lb. Speaking at the annual meeting, the chairman, Mr. H. J. Welch, reviewed the company's policy in regard to rubber. On June 1st last half the rubber estates were closed down, and the remaining estates are to be closed as soon as possible, and at as little loss as possible to the company. Some expense will be caused by obligations to the employees, but next year, by means of caretakers, it is hoped that estates can be maintained at a cost of 30s. per acre. The prices obtained for tea have improved, and, with better quality coming forward, further betterment is hoped for.

Swedish Match.—A statement has been issued by Mr Kreuger to the effect that, owing to the abnormal "slump conditions," payment of the interim dividend on Swedish Match shares will be postponed until further notice. Mr Kreuger adds that the match sales for the first six months of 1931 were greater than for the corresponding period of 1930, but the company may have to devote part of its 1931 profits to writing down the value of securities held. This announcement, following so quickly upon the reassuring statement of the directors of Kreuger and Toll, which was referred to in the *Economist* of September 5th, came as a decided shock to the market, both Swedish Match and Kreuger and Toll falling to record low levels. It will be recalled that the directors of Kreuger and Toll had stated that there had been no case of default, delay or difficulty as regards the service of the company's holding of Government bonds. This seemed to imply that as

dividends are normally payable out of the recurrent profits (not out of trading or financing profits) dividends would be maintained. But if the directors of the Swedish Match Company consider it necessary to use part of their profits for writing down the value of their investments, presumably the directors of Kreuger and Toll will think likewise and withhold payment of dividends. The shares of both Kreuger and Toll and Swedish Match have subsequently recovered from the worst, but it is surprising that Swedish Match shares should stand below their par value (£5 10s.) and well below the price of £6 15s., at which they were introduced in the London Stock Exchange in 1927. Shareholders need not, however, be unduly alarmed. If the match sales continue to exceed those of 1930, the revenues of the match monopolies held by the group must be sufficient to cover the interest on the Government loans, which are specifically secured on the match monopoly receipts. It is only the German Government loan of \$125 millions which is not specifically secured on match monopoly receipts. The profit-earning capacity of this company is not affected by the withholding of profits from shareholders for the purpose of writing down depreciated investments.

First Co-operative Investment Trust.—The report for the half-year to July 31, 1931, shows a decline in net revenue as compared with the corresponding half-year in 1930 from £48,231 to £36,874. Dividends have been reduced from 2 per cent. actual to 1 per cent. actual. Investments, at cost, are shown as £1,916,200. On the basis of middle market prices as at July 31st (except in the case of German and Hungarian securities, which were valued as at July 11th and 13th), and a valuation of unquoted securities on the best information available, the market value amounted to £1,129,812. After deducting reserves—investment reserve £40,000, general reserve £25,000 and entrance fee reserve £20,000—there is a depreciation of 35.42 per cent., as compared with a depreciation of 26.2 per cent. at January 31, 1931. Even so, this valuation gives an unduly optimistic picture. First, in these days of wide prices, there is a great deal of difference between the middle price and selling price. In the second place German securities, which represented nearly 17 per cent. of the total, were valued when the Bourse was last open during July; but, of course, these prices would show a heavy decline if the Bourse were re-opened to-morrow. The portfolio shows a slight change-over from bonds to preference shares and ordinary shares:—

DISTRIBUTION OF HOLDINGS.

	Percentage of Valuation.		
	July 31, 1930.	Jan. 31, 1931.	July 31, 1931.
Bonds and debentures	51.36	55.47	53.23
Preference	16.05	14.87	15.78
Ordinary and deferred	32.59	29.66	30.99
	100.00	100.00	100.00

It is, however, more important for the shareholders to study the geographical distribution. The Trust has obtained very little benefit from exchange profits, as only 6.84 per cent. of its securities are held in the U.S.A., 8.78 per cent. in Belgium and 1.28 per cent. in France. The fact that 16.71 per cent. of its securities are held in Germany is the real weakness of the Trust's position, seeing that in Germany the whole financial and economic crisis of the world appears to be concentrated. The shareholders, however, can do nothing, for the Trust only agrees to "marry" buying orders for clients against selling orders. The report suggests, altogether, that while those in control are following a conservative policy to-day, the original effort to pay out the impossible rate of 7 per cent. on the ordinary shares was not abandoned in time to prevent the company subsequently finding itself in a decidedly "tight" position—made more difficult by its heavy stake in overseas countries where "freezing" of assets has occurred.

New Capital Issues in September.—In the following table we show the new capital raised in London by issue to the public or to shareholders, in September, and in recent years:—

Monthly Average.	United Kingdom.	(000's omitted) British Possessions.	Foreign Countries.	Total.
	£	£	£	£
1924	7,051	6,023	4,370	17,444
1925	12,918	5,077	1,356	19,351
1926	10,765	4,431	4,036	19,232
1927	17,240	8,318	4,039	29,597
1928	21,965	5,263	3,526	30,754
1929	16,502	5,081	2,186	23,769
1930	14,220	5,121	2,975	22,316
Monthly Average, Govt. Other.				
Jan.-Mar., 1930... 450	24,326	5,360	1,120	31,256
Jan.-Mar., 1931... 2,000	7,013	5,112	1,847	15,972
Apr.-June, 1930... 567	10,233	7,025	7,796	25,021
Apr.-June, 1931... 1,117	4,401	6,751	1,055	13,323
July-Sept., 1930 367	5,074	925	1,529	7,895
July-Sept., 1931 767	1,251	952	27	2,997
July, 1930 Dr. 350	13,600	990	4,135	18,725
July, 1931 ... 1,600	2,265	2,856	Nil	6,721
Aug., 1930 ... 600	431	Nil	451	1,482
Aug., 1931 ... 750	740	Nil	60	1,550
Sept., 1930 ... 850	1,193	1,785	Nil	3,828
Sept., 1931 ... Dr. 50	750	Nil	21	721

For the first time for some months, encashments of National Savings Certificates exceeded sales in September. Only two share offers were made during the month, both being "for shareholders only." The London and Thames Haven Oil Wharves offered 300,000 £1 ordinary shares at a premium of 30s., and the Pangnga Mining and Exploration Company issued 420,100 1s. shares at par.

Sherwood Starr.—Our mining correspondent writes:—Considerable importance attaches to the developments at depth which took place in this company's property last year. In the event, the new discoveries proved of greater significance from the standpoint of quantity than of value. At 151,300 tons the ore reserve estimate of June 30th

Wherever
you go

YOU
CAN BE
SURE
OF
SHELL

shows an increase of 41,800 tons, but the value has fallen back fully 20s. per ton to 46.6s. The net result is an expansion of approximately £70,000 in the gross value of the ore opened up. In this connection it may be noted that the development footage performed during 1930-31 amounted to 2,856, as against 1,792 in 1929-30. With the somewhat reduced tonnage of 56,000 put through the mill, the revenue average jumped from 46s. to 49s. 6d. Costs came out at 24s. 3d. per ton, in place of 22s. 10d., the difference being partly due to the treatment of accumulated slimes. The net working profit amounted to £63,770, as compared with £60,420. Dividends totalling 30 per cent. leave the somewhat increased balance of £16,080 to go forward. For 1929-30 the distributions aggregated 25 per cent., and £10,000 was placed to reserve. The balance sheet shows cash assets £21,700, against creditors £20,090 and dividends due £16,800. In the light of these figures and of the nature of recent monthly returns, it would seem doubtful whether last year's dividend rate can be maintained.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Oct. 3, 1931, £98,649,194
Total, including conversion, recorded Jan. 1 to Oct. 3, 1931, £109,528,179.

National Savings Certificates.

Total net receipts, April 1, 1931, to September 30, 1931, £5,750,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To Shareholders only.					
Union Steel Corporation (of South Africa), 25,000 "B" 8% Cum. Ptg. Pref. £1 at par	25,000	...	25,000	3,125	21,875
Total offered to Shareholders only, week ended Oct. 10, 1931	25,000	...	25,000	3,125	21,875
Total Offered for Subscription—					
Including Conversions.		Excluding Conversions.		Total.	
Jan. 1 to date—	£	£	£	£	£
1931	109,551,179	98,674,194	...	...	...
1930	294,933,286	201,382,055	...	...	...
1929	237,113,395	199,787,795	...	...	...
1928	474,684,817	302,584,194	...	...	...
1927	...	268,710,726	...	...	...
1926	...	162,828,454	...	...	...
1925	...	170,178,313	...	...	...
1924	...	150,791,265	...	...	...

Nature of Borrowing.

January 1 to date—	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
1931	75,049,349	6,748,059	16,876,786	98,674,194
1930	165,121,108	15,479,638	20,781,309	201,382,055
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,052,600	111,177,600	375,048,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

Amount previously recorded	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
8,057,183	...	...	8,432,058
Western New South Wales Electric Power Proprietary £700,000 8% Debentures at par	700,000	64½	451,500
Total for week ended October 10, 1931	700,000	...	451,500
Total to date, 1931	8,757,183	...	8,883,558
Total to date, 1930	16,467,378	...	18,152,707

[Other Stock Exchange information, including the latest summary of balance sheets, dividend announcements, profit and loss accounts and reports and notices will be found on p. 682 under the heading "Company News."]

The Midland Bank Executor and Trustee Company, Ltd., an affiliation of the Midland Bank, Limited, announce the appointment as a joint general manager of Mr G. E. Baldry, formerly the principal of the bank's legal department.

The National Provincial Bank, Ltd., announce that an office of the bank is now open at 60 King Street, Bolton.

The Commercial Bank of Australia, Ltd., announce that their branch at Hampton (Victoria) is now closed.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Oct. 2, 1931.	(c) Week ended Oct. 3, 1931.	Miles Open.	Week ended Oct. 4, 1931. (000's omitted.)					Aggregate 40 weeks, 1931. (000's omitted.)				
			Passenger	Merchandise	Coal and Coke	Total Goods	Total	Passenger	Merchandise	Coal and Coke	Total Goods	Total
Great Western...	3,761	210	214	105	319	529	9,029	7,533	4,186	11,719	20,748	20,748
Do. for 1930...	3,761	228	216	115	331	559	9,848	8,416	4,734	13,150	22,998	22,998
L. & N. East (c)	6,349	318	362	237	599	917	13,374	13,345	9,256	22,591	35,065	35,065
Do. for 1930...	6,349	356	393	267	660	1,016	14,603	13,546	10,213	25,559	40,162	40,162
Lon. Mid. & Scot.	6,954	495	503	240	743	1,238	20,168	18,386	9,658	28,044	48,212	48,212
Do. for 1930...	6,954	533	527	250	777	1,300	22,604	20,999	10,001	31,000	52,604	52,604
Southern	2,180	284	81	35	116	400	12,501	2,855	1,259	4,114	16,614	16,614
Do. for 1930...	2,179	303	80	31	111	414	13,238	3,098	1,186	4,284	17,522	17,522
Total, 1931	192,484	1,307	1,160	617	1,777	3,084	55,072	42,209	24,359	66,568	121,640	121,640
Do. for 1930...	192,451	1,420	1,216	663	1,879	3,299	59,293	47,859	26,134	73,993	133,286	133,286
Metropolitan (c)	59	31	3	...	3	35	225	2	...	153	7	1406
Do. for 1930...	59	32	7	...	4	36	304	4	...	160	3	1464
Undgd. M.R. (c)	...	307	0	...	...	...	117	52	...	...	...	117
Do. for 1930...	...	309	7	...	...	...	119	7	...	...	...	119
Green Busw. &c.	...	25	7	...	...	...	99	6	...	...	...	99
Do. for 1930...	...	18	7	...	...	...	18	7	...	...	...	18
Lon. & Ed. Grp. (c)	...	46	4	...	...	...	174	2	...	...	...	174
Do. for 1930...	...	46	4	...	...	...	176	9	...	...	...	176
B.I.F. & Co. D. (b)	80	2	2	...	0	3	109	9	...	...	...	109
Do. for 1930...	80	2	3	...	0	3	114	9	...	...	...	114
G. Northern (b)	562	12	4	...	15	28	461	1	...	...	...	461
Do. for 1930...	562	14	3	...	15	29	509	5	...	...	...	509
Gt. Southern (b)	2,188	30	0	...	47	4	114	2	...	...	...	114
Do. for 1930...	2,188	32	8	...	45	6	115	7	...	...	...	115

* Aggregate 39 weeks. † Green line not in full operation.

OVERSEAS RAILWAY RECEIPTS.

Name.	Week.	Ending.	Percent Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal	23	Sept. 5	1,330	Rs. 3,09,500	- 41,713	Rs. 82,57,305	- 310,661
Bam. L. Ry.	24	12	202	25,800	- 1,300	9,70,300	- 10,900
Bengal & N. Western	24	12	219	3,71,257	- 130,139	1,37,98,799	- 13,68,522
Bengal-Nagpur	23	Oct. 3	3,193	10,14,000	- 273,682	3,02,10,814	- 58,94,660
Bombay Bar. & C.I.	27	Sept. 17	36,084	17,36,000	- 63,000	4,86,03,000	- 27,92,000
Madras & S. Mahr.	24	Sept. 12	3,230	11,90,000	- 58	3,53,35,693	- 11,97,971
† Rohilk' & Kumaon	24	12	546	66,419	- 20,557	25,40,927	- 2,67,856
South Indian	24	12	2,492	10,80,958	- 2,43,839	2,58,40,996	- 34,45,419

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Name.	Week.	Ending.	Percent Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
Canadian National	39	Sept. 30	20,386	\$ 4,627,021	- 182,783	\$ 132,552,815	- 36,433,353
Canadian Pacifc.	39	Sept. 30	15,721	\$ 3,765,000	- 198,500	\$ 105,914,000	- 30,067,000

SOUTH AMERICAN.

Name.	Week.	Ending.	Percent Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
Antofagasta (Chili and Bolivia)	40	Oct. 4	804	\$ 13,590	- 5,990	\$ 679,990	- 398,470
Argentine N.E.	14	3	753	13,400	- 1,100	179,400	- 21,400
Argentine Trans. d'n.	14	3	111	1,717	- 3,535	24,080	- 17,309
B.A. and Pacific	14	3	2,806	127,000	+ 8,000	1,598,000	- 34,000
B.A. Central	14	4	...	11,978	- 136	157,520	- 32,174
B.A. Gt. Southern	14	3	5,075	179,000	- 24,000	2,309,000	- 233,000
B.A. Western	14	3	1,926	80,000	+ 15,000	945,000	+ 12,000
Central Argentine	14	3	3,442	217,000	+ 22,000	2,983,000	+ 283,000
Central Uruguay	14	3	273	11,777	- 12,525	138,833	- 166,130
C. Urug. (N. Bxt.)	14	3	311	2,044	- 2,436	26,708	- 33,349
C. Urug. (W. Bxt.)	14	3	185	1,081	- 1,555	13,682	- 21,502
C. Urug. (W. Bxt.)	14	3	213	965	- 1,335	12,580	- 18,409
Cordeba Central	14	3	1,218	48,000	- 19,000	782,000	- 129,000
Entre Rios	14	3	810	20,100	- 5,000	270,500	- 66,000
G. Westn. of Brazil	40	3	1,052	9,500	- 3,200	258,000	- 266,000
Leopoldina	40	3	1,918	28,239	- 144	926,617	- 458,899
Leopoldina Termal.	40	3	...	3,837	- 2,150	146,702	- 86,503
Nitrate	19	Sept. 30	411	1,642	- 11,610	14,750	- 204,897
Paraguay Central	14	Oct. 3	274	3,100	- 670	46,450	- 8,930
Salvador	14	3	...	2,374	+ 7	28,763	- 1,477
San Paulo	39	Sept. 27	1531	27,198	- 12,867	1,064,317	- 470,332
United of Havana	14	Oct. 3	1,369	15,635	- 14,679	269,877	- 233,141

† Months.

OTHER OVERSEAS.

Name.	Week.	Ending.	Percent Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
Gt. Southern of Spain	39	Sept. 26	104	Rs. 43,531	- 40,603	2,856,230	- 994,585
Mexican Railway	13	Sept. 30	483	191,500	- 148,100	2,230,800	- 759,200

TRAMWAYS WEEKLY GROSS RECEIPTS.

Name.	Week.	Ending.	Percent Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
Anglo-Argentine	39	Sept. 30	329	£ 71,824	- 8,585	£ 2,824,085	- 370,962
B. Aires Laocore	14	Oct. 4	...	10,051	- 1,341	134,826	- 15,188
Liverpool Corp.	26	Sept. 30	124	30,069	+ 155	783,427	- 6,790
Madras Electric	19	Sept. 30	...	Rs. 44,481	+ 1,142	8,84,845	+ 48,319
L.C.C. Tramways	26	Sept. 30	166	80,746	- 3,997	2,103,539	- 52,304

MONTHLY TRAFFICS.

MONTHLY TRAFFIC.							
Company.	Months.	Ending 1931.	Description.	Receipts for Month.		Receipts to Date.	
				1931.	+ or -	1931.	+ or -
Rangoon Elec. Tram...	8	Aug. 31	Gross Net	Rs. 476,332	- 178	3,826,698	- 27,027
La Guaira and Caracas Ry.	2	Aug. 31	Gross	Rs. 233,877	- 22,948	1,900,009	- 191,421
M'land of West Aust.	9	Sept. 30	Gross	7,260	- 2,740	79,755	- 13,295
Peruvian Corp.	2	Aug. 31	Gross	11,385	- 2,844	22,126	- 5,062
N.W. of Uruguay	3	Sept. 30	Gross	76,527	- 55,152	229,648	- 167,521
Bolivar Ry.	3	Sept. 30	Gross	4,255	- 627	12,999	- 1,321
Algonia and Hudson's Bay	8	Aug. 31	Gross	8,850	- 2,250	92,950	- 13,900
				\$80,778	- 31,635	\$62,926	- 400,490

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, October 7, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	359,324,319	Government Securities	11,015,100
In Banking Department	50,914,843	Other Government Securities	232,777,565
		Other Securities	27,175,156
		Silver Coin	4,032,179
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	135,239,162
	£410,239,162		£410,239,162

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	3,092,371	Other Securities—	64,125,966
Public Deposits	10,593,724	Discounts and	
Other Deposits—		Advances	£16,898,163
Bankers	£78,858,671	Securities	25,714,683
Other Accounts	51,879,158		42,612,846
7 Day and other Bills	130,737,829	Notes—	50,914,843
	2,178	Gold and Silver Coin	1,325,507
	£158,979,102		£158,979,102

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

Both Departments.	Amount, Oct. 7, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	359,324,319	+ 2,115,637	— 235,311
Public deposits	10,593,724	+ 19,495,366	+ 2,267,577
Bankers' deposits	78,858,671	+ 16,216,382	+ 12,411,657
Other deposits	51,879,158	+ 685,522	+ 17,627,966
Seven-day bills	2,178	+ 416	+ 311
Total outside liabilities	500,658,050	+ 1,848,453	+ 27,537,046
Capital and reserve	17,645,571	+ 633,054	+ 7,927
Government debt and securities	307,918,571	+ 7,512,480	+ 19,338,994
Discounts and advances	16,898,163	+ 2,124,605	+ 12,018,678
Other securities	52,889,839	+ 2,511,876	+ 18,732,566
Silver coin in issue department	4,032,179	— 10,483	+ 426,954
Coin and bullion (bank's reserve)	135,564,669	+ 404,975	+ 22,118,311
Reserve of notes and coin in banking department	52,240,350	+ 1,710,662	+ 6,883,000
Proportion of reserve to outside liabilities—			
(a) Banking department only	36 1/2 %	— 1/2 %	— 15 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	26 1/2 %	— 1/2 %	— 6 1/2 %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	£	£	£	£	£	£	%
Aug. 26	408,341	350,311	26,323	53,593	48,708	221 out	4 1/2
Sept. 2	409,336	354,976	12,925	60,352	51,838	992 in	4 1/2
9	410,895	353,931	21,808	54,845	50,533	1,557 in	4 1/2
16	410,574	351,618	16,574	58,437	50,459	333 out	4 1/2
23	408,628	352,676	25,018	64,915	50,963	3,165 out	6
30	409,818	357,209	30,089	62,642	52,565	2 in	6
Oct. 7	410,239	359,324	10,594	78,859	51,879	Nil	6

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.				
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Reserve Ratio.		Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."	
	£	£	£	%	£	£	£	£	%
1931.									
Aug. 26	268,801	2,114	134,645	28 1/2	50,176	9,296	28,052	59,334	46 1/2
Sept. 2	268,110	2,798	135,668	28 1/2	53,736	7,262	26,678	55,692	44 1/2
9	266,150	4,771	137,206	28 1/2	51,146	8,291	27,743	56,276	45 1/2
16	261,135	9,811	136,880	28 1/2	49,391	8,321	25,788	60,263	48
23	238,845	32,113	134,974	27 1/2	60,176	13,579	26,141	57,298	41 1/2
30	246,455	24,502	136,100	27 1/2	68,976	14,774	25,876	53,951	37 1/2
Oct. 7	243,793	27,175	136,565	26 1/2	64,126	16,898	25,715	52,240	36 1/2

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.	£	£	£	£
Jan. 1 to September 23	25,209,588	1,235,175	2,013,917	28,458,680
Week ended September 30	546,477	26,948	44,707	618,132
Week ended October 7	562,389	40,260	66,474	669,123
Total to date, 1931	26,518,454	1,302,383	2,124,738	29,745,935
Total to date, 1930	30,415,091	1,406,506	2,303,601	34,125,698
Increase or decrease in 1931—	- 4,996,637	- 104,123	- 178,863	- 5,279,763
	- 13.4 %	- 7.4 %	- 7.8 %	- 12.8 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930—	- 1,153,347	- 69,843	- 115,133	- 1,338,323
	- 2.8 %	- 3.7 %	- 3.7 %	- 2.9 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended October 3.		Month of September			Aggregate Totals, January 1 to October 3	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days			26	26			
BIRMINGHAM	£ 3,092	£ 2,819	£ 8,484	7,509	- 11.4	93,996	84,723
BRADFORD	1,003	1,178	3,203	2,526	- 21.1	34,206	28,348
BRISTOL	1,256	1,511	4,461	5,024	+ 12.6	42,864	42,157
DUBLIN	4,655	5,046	...	...	...	190,613	190,885
HULL	837	782	3,212	2,571	- 19.9	31,392	28,136
LEEDS	1,078	1,080	2,784	2,805	+ 0.7	36,536	35,056
LEICESTER	803	736	2,628	2,308	- 12.1	27,705	24,063
LIVERPOOL	7,118	7,817	23,361	20,743	- 11.2	252,734	211,613
MANCHESTER	11,118	11,297	38,131	33,578	- 11.9	415,717	357,460
NEWCASTLE	1,512	1,386	5,196	4,466	- 14.0	55,564	49,447
NOTTINGHAM	765	683	2,249	1,515	- 32.6	23,229	17,253
SHEFFIELD	1,094	1,046	3,151	2,520	- 20.0	35,444	29,261
Total	34,332	35,381	96,860	85,565	- 11.6	1,240,000	1,096,402

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; National Bank of Egypt, in September 12; Canadian Bank, Lithuania and Chile, in September 28; Poland, Estonia and Japan, in October 3.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

	June 30, 1931.	July 31, 1931.	Aug. 31, 1931.	Sept. 30, 1931.
ASSETS.				
Cash	11.2	10.1	15.6	9.1
Sight funds	168.5	192.8	284.7	127.1
Bills and acceptances—				
Commercial bills	438.1	389.9	368.8	359.4
Treasury bills	293.1	254.6	237.3	161.4
Time funds—				
Not exceeding 3 months	594.0	530.2	476.2	396.8
Between 3 and 6 months	24.7	24.6	2.2	2.2
Sundry investments	240.7	219.5	209.9	208.8
Other assets	10.1	10.1	11.1	11.0
LIABILITIES.				
Capital paid up	108.5	108.5	108.5	108.5
Reserves	3.8	3.8	3.8	3.8
Special deposits—				
Annuity trust account	154.1	154.0	154.1	153.8
German Government deposit fund	77.0	77.0	77.1	76.9
French Government guarantee fund	68.8	68.8	68.8	68.6
Time deposits of Central Banks—				
Between 3 and 6 months:				
By their own account	4.1	4.1	31.3	...
For account of others	31.3	31.2	31.3	...
Not exceeding 3 months:				
For their own account	551.9	436.8	333.3	307.6
For account of others	203.3	192.8	120.1	90.3
Other deposits	...	1.5	1.5	1.5
Sight deposits of Central Banks—				
For their own account	388.9	382.2	536.6	316.9
For account of others	169.0	156.4	152.0	123.5
Other deposits	1.1	0.9	1.7	2.0
Miscellaneous items	11.2	13.8	17.0	20.2

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	Oct. 9, 1930.	Sept. 17, 1931.	Sept. 24, 1931.	Oct. 1, 1931.	Oct. 8, 1931.
RESOURCES.					
Total gold reserve	2,976,530	3,485,740	3,327,430	3,138,180	3,036,950
Total bills discounted	173,170	262,990	309,830	327,920	463,390
Bills bought in open market	211,020	217,770	243,190	468,530	581,360
Total U.S. Govt. securities	600,440	742,460	737,980	742,340	738,340
Total bills and securities	990,900	1,238,560	1,305,810	1,557,970	1,801,220
Total resources	4,835,100	5,678,750	5,449,850	5,529,530	5,705,030
LIABILITIES.					
Federal Reserve notes in actual circulation	1,365,400	2,005,900	2,045,000	2,097,790	2,269,990
Deposits—Memberbank—re-serve account	2,407,760	2,417,710	2,279,540	2,363,580	2,277,430
Total deposits	2,466,110	2,645,550	2,487,010	2,506,160	2,486,030
Capital paid in and surplus	447,490	441,530	441,400	441,390	441,210
Total liabilities	4,835,100	5,678,750	5,449,850	5,529,530	5,705,030
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	81.6 %	78.4 %	77.0 %	71.7 %	67.1 %

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Oct. 9, 1930.	Sept. 17, 1931.	Sept. 24, 1931.	Oct. 1, 1931.	Oct. 8, 1931.
Total gold reserves	986,010	1,205,780	1,098,810	1,124,080	996,320
Total bills discounted	25,650	46,670	53,840	53,520	12,340
Bills bought in open market	83,840	96,300	90,240	155,370	317,160
Total U.S. Govt. securities	186,240	235,550	235,700	225,700	225,700
Total bills and securities	299,980	386,320	387,030	446,200	528,290
Deposits—Memberbank—re-serve account	1,001,690	1,093,460	973,940	1,078,050	983,650
Ratio of total res. to dep. and Federal Res. note liabilities combined	83.7 %	79.6 %	78.9 %	76.0 %	68.9 %

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Sept. 24, 1931.	Aug. 26, 1931.	Sept. 2, 1931.	Sept. 9, 1931.	Sept. 16, 1931.	Sept. 23, 1931.
Loans	16,912	14,335	14,398	14,333	14,263	14,228
Investments	6,385	7,695	7,665	7,683	7,683	7,684
Discounts	13,542	13,195	13,244	13,198	13,134	12,888
Time deposits	7,489	7,017	7,003	6,950	6,950	6,837
Due to banks	1,635	1,322	1,374	1,341	1,368	1,247
Due to Federal Reserve	3,497	3,022	3,192	3,144	3,078	2,905
Federal reserve bor-rows	33	94	107	113	113	146

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Sept. 12, 1930.	Aug. 14, 1931.	Aug. 21, 1931.	Aug. 28, 1931.	Sept. 4, 1931.	Sept. 11, 1931.
ASSETS.						
Gold coin and bullion	6,555	6,120	6,179	6,426	6,315	6,171
Subsidiary coin	182	366	373	375	369	375
Bills discounted	7,595	6,144	6,558	6,807	6,795	6,603
Investments	1,404	2,105	1,885	1,935	1,935	1,935
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	7,528	6,879	6,568	7,801	7,875	6,997
Government deposits	1,955	1,661	1,999	1,807	846	975
Bankers' deposits	4,536	4,650	4,680	4,465	4,818	4,711
Ratio of cash reserves to liabilities to public	45.3 %	48.7 %	47.9 %	46.3 %	47.3 %	47.9 %

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

	Sept. 12, 1930.	Aug. 14, 1931.	Sept. 21, 1931.	Aug. 28, 1931.	Sept. 4, 1931.	Sept. 11, 1931.
ASSETS.						
Total securities.....	23,783.53	32,384.4	32,587.3	32,576.4	32,425.95	32,514.43
Loans.....	18,539.41	9,079.89	9,521.21	9,581.9	9,970.02	10,550.80
Cash Credits.....	28,663.41	26,676.79	26,549.39	26,612.29	26,632.27	26,731.88
Inland bills.....	174.86	228.53	276.35	270.81	240.54	282.69
Foreign bills.....	49.71	33.99	39.58	45.52	43.57	38.07
Dead stock.....	2,784.49	2,722.65	2,782.82	2,732.93	2,728.97	2,733.11
Bal. with other banks.....	20.61	19.96	19.19	3.96	6.71	6.84
Cash.....	23,396.68	20,711.20	21,947.70	21,576.67	17,942.24	15,458.85
LIABILITIES.						
Capital paid up.....	5,625.50	5,625.50	5,625.50	5,625.50	5,625.50	5,625.50
Reserve.....	5,375.50	5,425.50	5,425.50	5,425.50	5,425.50	5,425.50
Total deposits.....	86,754.58	82,729.23	84,875.54	84,426.61	80,735.50	79,411.52
The above includes:-						
-Deposits in London.....	£ 6,870	£ 978	£ 962	£ 875	£ 861	£ 860
-Advances in London.....	7,932	928	928	899	870	869
Cash, &c., at other Banks in London.....	156	151	145	31	23	52

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

ASSETS.	Sept. 8, 1931.	Sept. 15, 1931.	Sept. 22, 1931.	Sept. 30, 1931.
Cash reserve—				
Gold at home and abroad	1,544,815	1,545,298	1,545,482	1,656,738
Foreign exchange	573,608	472,370	447,182	436,447
Other foreign exchange	199,960	90,582	118,652	113,968
Bills and advances against security	1,702,605	1,691,294	1,700,019	1,818,985
Government advances	1,824,421	1,824,419	1,824,446	1,824,395
LIABILITIES.				
Notes in circulation	5,071,199	4,955,053	4,890,742	5,196,715
Sight deposits	535,158	469,091	516,733	341,735

NATIONAL BANK OF ROMANIA.—In lei (000's omitted).

ASSETS.	Sept. 20, 1931.	Aug. 29, 1931.	Sept. 5, 1931.	Sept. 12, 1931.	Sept. 19, 1931.
Gold & gold exchange	10,887,243	10,386,006	10,537,315	10,606,138	10,634,437
Commercial bills	7,578,927	11,463,987	11,424,065	11,448,440	11,593,939
State debt, advances to State, &c.	5,599,056	5,484,561	5,484,561	5,484,561	5,484,561
LIABILITIES.					
Notes in circulation	19,355,040	21,161,465	21,549,842	21,610,879	21,900,638
Other sight liabilities	6,886,739	6,468,737	6,460,478	6,594,508	6,526,336

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

ASSETS.	Sept. 23, 1931.	Aug. 23, 1931.	Sept. 7, 1931.	Sept. 15, 1931.	Sept. 23, 1931.
Gold and silver holdings	1,602,986	1,507,319	1,507,652	1,508,321	1,508,714
Balance abroad and foreign currencies	1,201,791	451,341	518,790	486,462	475,886
Discounts and advances	748,732	846,704	842,954	844,121	832,506
Advances to the Treasury	3,279,302	3,063,822	3,058,822	3,058,822	3,058,822
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,253,987	1,184,328	1,184,550	1,184,334	1,184,334
Bank notes in circulation	3,696,013	3,406,008	3,321,823	3,312,433	3,347,369
Sight liabilities	1,353,830	1,318,892	1,321,172	1,305,491	1,255,227
Deposits	283,056	252,865	352,613	252,416	252,408

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Sept. 23, 1931.	Aug. 31, 1931.	Sept. 7, 1931.	Sept. 15, 1931.	Sept. 23, 1931.
Gold	521,460	489,494	489,783	490,391	490,707
Gold exchange	3,626,906	2,564,719	2,397,755	2,572,110	2,736,683
Other foreign exchange	39,452	1,628	1,514	1,604	1,612
Bills discounted	148,324	151,837	164,572	152,881	163,397
Advances	169,481	231,952	235,073	233,344	235,425
Debt to the State	3,388,763	3,168,042	3,168,042	3,168,042	3,168,042
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,925,080	4,152,554	4,237,781	4,225,654	4,271,435
Deposits and current accounts	1,690,336	1,369,061	1,290,267	1,453,075	1,109,676
Foreign exchange liabilities	804,191	714,109	543,061	649,877	605,814

RUSSIAN STATE BANK.—Note-Issuing Department.

ASSETS.	Oct. 1, 1931.	July 16, 1931.	Aug. 1, 1931.	Sept. 1, 1931.	Oct. 1, 1931.
Gold in coin and bullion	48,389	50,971	51,926	54,416	56,931
Other precious metals	2,369	2,360	2,366	2,347	2,238
Foreign currency	4,725	5,035	3,017	5,016	5,030
Drifts in foreign currency	304	232	232	228	229
Collateral for short term loans	159,213	169,902	175,959	180,993	188,572
LIABILITIES.					
Bank notes transferred to State Bank	214,567	225,842	231,531	240,346	252,715
Balance to which notes may still be issued	435	2,658	3,969	2,654	285

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	Sept. 23, 1931.	Sept. 14, 1931.	Sept. 15, 1931.	Sept. 23, 1931.
Gold	35,091	301,593	301,002	300,830	300,716
Balance abroad and foreign bills	90,379	1,072,034	770,328	769,473	722,885
Finland and Foreign Government securities	21,826	374,020	405,613	405,043	403,528
Discounts and loans	105,151	697,752	768,082	770,862	828,627
LIABILITIES.					
Notes in circulation	123,941	1,300,756	1,180,069	1,173,850	1,137,567
Deposits at notice	21,225	107,901	72,115	76,547	82,566

BANK OF LATVIA.—In late (gold francs) (000's omitted).

ASSETS.	Oct. 1, 1931.	Aug. 31, 1931.	Sept. 7, 1931.	Sept. 14, 1931.	Sept. 21, 1931.	Sept. 28, 1931.
Gold bullion and coins	24,062	24,013	24,017	24,016	24,017	24,020
Silver coin	6,653	11,097	11,062	10,990	10,928	10,635
Balance abroad	48,775	24,719	23,605	22,774	22,807	22,083
Treas. notes and sm. change	9,508	8,934	9,884	10,245	10,106	8,576
Short term bills	86,893	80,094	80,229	79,721	79,956	79,388
Loans against securities	56,969	61,892	61,218	60,644	60,184	59,997
Other assets	17,352	16,502	16,677	17,010	16,642	16,767
LIABILITIES.						
Notes in circulation	48,748	44,398	43,577	42,594	42,497	43,916
Capital paid up	18,735	19,676	19,676	19,676	19,676	19,676
Reserve	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	19,127	19,541	19,742	19,793	19,847	19,729
Current accounts	56,711	63,675	63,482	63,142	65,484	61,038
Government accounts	87,069	60,813	65,086	64,863	61,135	60,965
Other liabilities	8,970	6,965	6,903	7,401	7,171	6,513

BANK OF DANTZIG.—In Dantzig gulder (000's omitted).

ASSETS.	Sept. 30, 1931.	July 15, 1931.	July 31, 1931.	Aug. 15, 1931.	Aug. 31, 1931.	Sept. 15, 1931.	Sept. 30, 1931.
Gold coin and bullion	3,365	3,705	515	2,434	13,324	13,930	15,706
Dantzig subsidiary coin	3,248	3,575	385	2,304	2,754	3,360	3,285
Inc. notes	13,027	14,194	25,449	26,163	9,434	5,775	26,067
Bills of exchange	24,067	23,185	25,616	18,034	21,501	21,388	26,067
Loans	1,540	2,380	495	305	688	268	268
Foreign exchange	9,041	6,973	14,007	13,100	11,605	10,893	11,178
Other bills	22	33	66	48	43	43	39
Securities	4,366	3,993	3,993	3,993	3,993	3,993	3,993
LIABILITIES.							
Capital paid up	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation	37,616	37,221	40,899	37,681	40,999	37,212	42,133
Deposits on demand	4,760	2,761	7,675	4,779	3,007	3,712	3,556

LONDON RATES.

	Oct. 1, 1931.	Oct. 2, 1931.	Oct. 3, 1931.	Oct. 5, 1931.	Oct. 6, 1931.	Oct. 7, 1931.	Oct. 8, 1931.
Bank rate (changed from 4½% Sept. 21, 1931) ...	6%	6%	6%	6%	6%	6%	6%
Market rates of discount—							
60 days' bankers' drafts	5½	5½	5½	5½	5½	5½	5½
3 months' do.	5½	5½	5½	5½	5½	5½	5½
4 months' do.	5½	5½	5½	5½	5½	5½	5½
6 months' do.	5½	5½	5½	5½	5½	5½	5½
Discount Treasury Bills—							
2 months' ...	5½	5½	5½	5½	5½	5½	5½
3 months' ...	5½	5½	5½	5½	5½	5½	5½
Loans—Day to day ...	4-4½	3-5	2½-5	5½	5½	5½	5½
Short ...	4-4½	3-5	2½-5	5½	5½	5½	5½
Deposit allowances: Bank	4	4	4	4	4	4	4
Discount houses at call	4	4	4	4	4	4	4
At notice ...	4½	4½	4½	4½	4½	4½	4½

Comparison with previous week—

Interest on Provisional Loans								
	Short Loans.	Bank Bills.			Trade Bills.			
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.	
		%	%	%	%	%	%	
1931.								
Sept. 17	3½-4	4½-5	4½	4½	4½	5	5½-6	
" 24	5	5	5½	6	6	6½	7	
Oct. 1	4½-5	5½	5½	6	6	6½	7	
" 8	4½-5	5½	5½-6	6-6½	6	6½	6½	

RATES OF EXCHANGE.

London on	Usance.	Par.	Oct. 9, 1931.	Oct. 1, 1931.	Oct. 8, 1931.
New York ...	dollars to £1	Cable 4-86½	4-85½	3-93-95	3-82-84
Montreal ...	dollars to £1	Cable 4-86½	4-85½	4-49-52	4-31-34
Paris ...	francs to £1	T.T. 124-21	123-82-84	99-100-102	97-97-100
Berlin ...	marks to £1	T.T. 20-43	20-42-1	16-17	16-17
Amsterdam ...	florins to £1	T.T. 12-107	12-04-1	9-9-10	9-9-10
Brussels ...	belgas to £1	T.T. 35-00	34-82-1	28-28-1	27-1-1
Oslo ...	lire to £1	T.T. 92-46	92-79-81	77-77-1	74-1-1
Zurich ...	francs to £1	T.T. 25-22½	25-00-1	20-20-1	19-1-1
Stockholm ...	kronor to £1	T.T. 18-159	18-15-1	17-1-1	17-1-1
Copenhagen ...	kronor to £1	T.T. 18-159	18-08-1	16-1-1	16-1-1
Madrid ...	pesetas to £1	T.T. 18-159	18-15-1	17-1-1	17-1-1
Lisbon ...	escudos to £1	T.T. 25-22½	25-00-1	20-20-1	19-1-1
Vienna ...	schillings to £1	T.T. 34-58½	34-42-1	28-28-1	27-1-1
Prague ...	krona to £1	T.T. 16-44	16-3-1	13-13-1	12-12-1
Belgrade ...	dinara to £1	T.T. 275-316	273-274-1	210-230	205-1
Budapest ...	pengo to £1	T.T. 27-82	27-74-77	210-230	205-1
Bukarest ...	lei to £1	T.T. 813-6	817-819	650-670	625-650
Sofia ...	leva to £1	T.T. 673-659	668-673	525-550	500-525
Athens ...	drachmas to £1	T.T. 375	374-375-1	290-310	290-310
Constantinople ...	piastres to £1	T.T. 110	102-5 nom	...	...
Moscow ...	roubles to £1	T.T. 9-46	9-43-4	7-383-398	7-383-398
Warsaw ...	zlotys to £1	T.T. 43-38	43-3-1	33-38	33-37
Heligoland ...	marks to £1	T.T. 193-23	192-193-1	155-170	150-170
Kovno ...	litas to £1	T.T. 48-66	48-4-1	...	...
Riga ...	kron to £1	T.T. 18-159	18-20-27	...	...
Alexandria ...	lata to £1	T.T. 25-22½	25-15-25	...	...
Buenos Aires ...	pesos to £1	T.T. 97-1	97-1-1	97-1-1	97-1-1
Rio de Janeiro ...	pence to peso	T.T. 47-62-1	38-1-1	32-1-1	29-29-1
Montevideo ...	pence to peso	T.T. 5-899	4-1-1	3-1-1	3-1-1
Valparaiso ...	pence to peso	T.T. 61	39-1-1	21-22-1	20-21-1
Lima ...	pence to peso	T.T. 40	39-96	32-50	32-50
Calcutta ...	Eng. to Per £1	T.T. 15-20	15-20	13-80	13-60-1
Bombay ...	pence to T.T.	T.T. 18	15-1-1	15-1-1	15-1-1
Madras ...	rupees to T.T.	T.T. 18	15-1-1	15-1-1	15-1-1
Hong Kong ...	ster. to dollar	T.T. 1-13-1-1	1-13-1-1	1-13-1-1	1-13-1-1
Shanghai ...	ster. to dollar	T.T. 2-4-1	2-3-1-1	1-13-1-1	1-13-1-1
Singapore ...	ster. to dollar	T.T. 2-4-1	2-3-1-1	1-13-1-1	1-13-1-1
Kobe ...	ster. to yen	T.T. 24-58-2	2-0-1-1	2-5-1-1	2-5-1-1
Manila ...	ster. to peso	T.T. 24-06-6	2-0-1-1	2-6-1-1	2-6-1-1
Mexico ...	pence to T.T.	T.T. 9-76	10-20-40	10-75-11-75	10-24-1
Siam ...	ster. to baht	T.T. 21-82-1	1-9-1	...	1-9-1

† Nominal. ‡ Sellers.

OVERSEAS BANK RATES.

Changed. From To			Changed. From To		
Albania	July 1, 1931	% 8	Madrid	July 8, 1931	% 6
Amsterdam	Sept. 29, 1931	2 3	Oalo	Oct. 7, 1931	8 7
Athens	Sept. 26, 1931	9 12	Paris	Jan. 2, 1931	2 3
Batavia	Mar. 10, 1930	5 4	Prague	Sept. 22, 1931	5 6
Belgrade	July 20, 1931	6 7	Prerita	Mar. 12, 1931	5 5
Berlin	Sept. 2, 1931	10 8	Raval	Sept. 1, 1931	7 6
Brussels	July 31, 1930	3 2	Riga	Oct. 1, 1930	7 7
Bucharest	Mar. 31, 1931	9 8	Rome	Sept. 28, 1931	5 7
Budapest	Sept. 10, 1931	9 8	Sofia	Sept. 30, 1931	8 9
Calcutta	Sept. 22, 1931	7 8	Stockholm	Oct. 7, 1931	8 7
Copenhagen	Sept. 5, 1931	3 4	Swiss Bank		
Danzig	Sept. 1, 1931	7 6	places		
Heidelberg	Oct. 1, 1931	6 7	Tokio	Jan. 22, 1931	2 3
Korao	Oct. 3, 1931	7 8	Vienna	Oct. 5, 1931	5-11 5-8
Lisbon	Aug. 8, 1931	7 8	Warsaw	July 22, 1931	7 7
New York Federal Reserve	Oct. 8, 1931	1 2	Irish	Oct. 3, 1930	6 6

INDUSTRIAL PROFITS.

(See Article on page 648.)

AVERAGE RATES PAID.

	On Debenture Capital.				On Preference Capital.				On Ordinary Capital.			
	1928.	1929.	1930.	1931.	1928.	1929.	1930.	1931.	1928.	1929.	1930.	1931.
1st quarter	4.78	4.89	4.89	4.82	5.3	5.4	5.8	5.6	11.3	10.9	10.0	8.5
2nd "	5.43	5.10	4.94	4.96	6.0	5.9	6.3	5.8	10.0	9.8	10.3	8.3
3rd "	4.90	4.88	5.36	5.24	5.4	6.0	5.0	4.5	10.3	10.3	8.3	5.4
4th "	5.04	5.29	5.19	...	4.9	4.7	4.5	...	10.3	10.6	8.4	...
Year ...	5.02	5.15	5.39	...	5.4	5.5	5.7	...	10.6	10.5	9.5	...

ANALYSED RESULTS, JULY-SEPTEMBER, 1931.

	Debt Capital.	Rate of Interest.	Preference Capital.	Rate of Interest.	Ordinary Capital.	Rate of Dividend.	Rate of Dividend a Year Ago.
Breweries	15,133,609	4.5	13,643,114	4.9	32,303,158	18.2	18.8
Financial, land, &c.	13,031,639	5.3	10,627,992	4.2	20,922,207	4.1	5.0
Gas	192,000	4.0	23,865	5.5	956,063	7.4	7.4
Hotels, restaurants, &c.	260,000	5.0	276,950	4.5	200,000	...	6.1
Iron, coal and steel	7,552,200	6.5	4,975,929	2.3	19,115,108	2.7	3.3
Motor and cycle	326,839	7.0	662,049	...	634,024	...	5.6
Oil	Nil	...	Nil	...	500,000	...	3.7
Rubber	3,669,531	6.6	345,163	2.5	14,289,193	0.1	4.5
Shipping	2,582,863	6.0	13,422,945	0.4	14,350,487	1.8	10.0
Shops and stores	928,360	6.0	5,535,161	5.3	7,876,938	6.2	10.0
Tes.	163,188	6.5	1,366,170	3.8	4,322,014	3.4	5.9
Textiles	4,891,054	4.0	7,427,979	3.8	8,791,869	4.1	5.3
Trusts	5,582,068	4.5	8,565,009	4.8	15,595,875	5.2	4.8
Waterworks	80,381	4.6	89,235	4.8	289,651	8.4	6.6
Miscellaneous	23,191,157	5.5	64,381,183	5.6	72,015,200	2.9	8.5
Total	77,584,689	5.24	131,340,744	4.5	212,159,787	5.4	8.3

Company News.

SUMMARY OF BALANCE SHEETS.

IMPERIAL AIRWAYS, LIMITED.

March 31, 1931.

LIABILITIES.		ASSETS.	
Amount.	31, 1930.	Amount.	31, 1930.
Ord. shares	649,055 + 149,964	Aircraft & engines	353,603 - 37,829
Creditors	88,761 - 40,623	Progress payments	258,148 + 166,064
Dividends	14,041 - 4,330	Premises and plant	47,617 - 5,769
Subsidiary co.	7,729 + 7,729	Stocks	60,683 - 13,871
Unclaimed dividends	73 - 42	Debtors	65,862 + 3,949
Forfeited shares	40 ...	Deposits	2,088 - 3,998
Reserve for obsolescence	191,795 + 17,175	Investments in	
Subsidiary reserve	9,579 + 7,079	Brit. Govt. stks.	69,853a - 25,311
Profit and loss	31,555 + 10,599	Investment in	
		subsidiaries	10,693 + 9,997
		Advances to subsidiaries	484 + 484
		Investments in	
		associated cos.	456 + 456
		Cash	50,709 + 6,137
		Subsidy shares	20,000 - 2,500
		Cobham-Blackburn	
		Air Lines	52,432 + 52,432
Total	992,628 + 147,551	Total	992,628 + 147,551
		a Market value £67,328, March 31, 1931.	

AUSTIN MOTOR COMPANY, LIMITED.

July 31, 1931.

LIABILITIES.		ASSETS.	
Amount.	31, 1930.	Amount.	31, 1930.
7% Pref. shares (£1)	250,000	Freeholds & buildings	1,111,493 + 7,462
6% " " Pref. Shares (£1)	1,000,000	Leaseholds	1,567 - 400
20% Pref. Ord. shares (10s.)	750,000	Plant & machinery	1,184,478 + 188,782
Ord. shares (5s.)	150,000	Longbridge Estate	
6 1/2% Deb. Stock	1,262,374 - 54,263	& Flying Ground	15,920 - 520
Sinking fund	218,747 + 51,476	Debtors	116,859 + 15,948
Accrued charges	333,651 - 103,186	Cash	1,138,973 + 9,855
Creditors	430,378 + 147,942	Investments	236,421 + 104,825
Profit and loss	945,489 + 371,977	Stock and tools	1,254,929 + 87,994
		Goodwill & Patents	280,000
	5,340,638 + 413,946		5,340,638 + 413,946

It is announced that Lord Kysant has resigned his directorships of Elder Dempster and Company, Ltd., and African Steam Ship Company.

The Victory Insurance Company, Ltd., announces that Mr Edward Dexter has been appointed deputy chairman, and Mr H. E. Cooke and Mr K. W. S. Ogle to be assistant managers of the company.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Year.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Assam Railways	5%†	Oct. 21	...	10	12 1/2
BANKS.					
Anglo-South American, "A"	2/- p.s.†	...	...	...	...
" " " " "B"	4-8d. p.s.†	...	...	...	...
MINING.					
Bolsover Colliery	1 1/2%*	Oct. 15	Less tax	...	...
El Oro Mining and Railway	7d. p.s.†	...	Less tax	...	...
Timoh Tin Dredging	9d. p.s.†	...	Less tax	...	...
OTHER COMPANIES.					
Albert Baker and Company	2 1/2%*	...	...	...	...
Alexander Duckham and Co.	3%*	...	...	...	...
Alexander Thom and Company	2 1/2%*	Oct. 14	...	10	10
Associated Provincial Pictures	3%†	...	...	5	10
Borneo Company	3%†	...	...	10	20
British and Colonial Furniture	6 1/2%†	...	...	10	22 1/2
British Piston Ring	6 1/2%†	...	...	5 1/2	5 1/2
Caledonian Property Investment	2%*	Nov. 2	Less tax	...	...
Canadian & Foreign Investment	2%*	Oct. 14	Less tax	...	...
Craig Millar Steam Laundry	5%*	...	...	...	...
Daniell and Sons' Breweries	8d. p.s.†	Oct. 1	...	...	...
Direct Supply Aerated Water	5%*	Sept. 30	...	...	...
Edinburgh Investment Trust	10%*	Oct. 1	Less tax	17 1/2	17 1/2
Empress Brewery	5%*	...	...	5	5
Erinold	7%†	...	...	...	...
Fleming and Ferguson	3%*	Oct. 24	...	...	...
Gallaher	6 1/2% p.s.†	...	Less tax	...	...
General Accident	5%†	...	...	...	...
Harrison and Crossfield	4%*	Nov. 11	...	...	...
Home and Foreign Investment	2 1/2%*	...	...	...	...
Hopkinsons	5%*	Oct. 9	Less tax	...	...
Indestructible Paint	3%*	Sept. 30	Less tax	...	...
International Paint	2 1/2%*	...	...	...	...
John Dickinson and Co.	5%†	...	...	...	...
John V. Hutton	15%*	Sept. 30	...	...	...
Leathems (Twilite)	4%*	Oct. 1	Half-yrly	...	...
Lipton	4%*	...	...	...	...
London and Holyrood Trust	5%†	...	...	...	...
London and Provincial Trust	10	...	Less tax	10	12
London and Strathclyde Trust	10	...	Less tax	10	10
London United Laundries	10%†	Oct. 7	...	5	5
Manchester Liners	10%†	Oct. 15	...	...	...
Marine Steering Co.	10%†	Oct. 22	Less tax	35	35
Maynards	10%†	Oct. 15	...	14	18
Midland Counties Electric	2 1/2%*	Oct. 15	...	7 1/2	16(b)
Midland Electric Corporation	5%*	Oct. 22	Less tax	25	...
Minerals Separation	20%†	...	...	...	...
Murex	20%†	...	...	...	...
Nevett	...	...	...	...	...
Novello and Company	...	...	...	...	...
Parsons Marine Steam Turbine	...	...	Less tax	...	...
Perrett's Brick and Tile	...	...	...	...	...
Quicktho (1928)	...	...	...	...	...
Radiation	7 1/2d. p.s.†	Oct. 10	...	4 1/2	6
Ransomes and Marles	2 1/2%†	...	...	5	7
Raphael Tuck and Sons	7 1/2%†	Oct. 15	Tax free	...	...
Rio Improvements	10 1/2% p.s.†	Oct. 1	...	...	...
Ritz Hotel (Paris)	4%†	...	...	...	...
Robert Todd and Sons	4%†	Sept. 30	Less tax	...	...
Robinson and Cleaver	4%†	Sept. 30	Less tax	...	...
Rosario Drainage	2%*	...	...	...	...
Royal Brewery, Romford	4%*	Sept. 30	...	...	...
Selected Land and Property	2%*	Sept. 30	Less tax	...	...
Serck Radiators	...	...	...	31/- p.s.	3/6 p.s.
Simons and Company	...	...	...	1/- p.s.	1/- p.s.
Southall Bros. and Barclays	5%*	Oct. 1	Tax free	...	...
Stoddart Park Estates	4%*	Oct. 16	...	5	5
Trent Motor Traction	4%*	...	...	...	...
United States & South American	8%*	...	...	...	...
Inv.	...	...	...	...	...
Vulcan Foundry	5%*	Oct. 12	...	4	7 1/2
Wales	5%*	Sept. 30	Tax free	...	...
Whitehall Court	7 1/2%†	...	...	...	...
Willey and Co. Holding Trust	7 1/2%†	...	...	20 1/2(a)	...
Wilson Smith & Sutcliffe (8% Pf.)	4%*	Sept. 30	...	...	...
Witau Investment	2 1/2%*	Oct. 15	Quarterly	...	...

(a) Nineteen months.

(b) Tax free.

MONTE VIDEO WATERWORKS COMPANY, LTD.—The directors report that the ordinary business of the company made good progress during the half-year ending June 30, 1931, the net revenue in Uruguayan currency being the largest in the company's history, whilst the ratio of expenses to receipts shows a marked decline. These favourable features, however, have been more than counterbalanced by heavy losses sustained in the conversion of the currency net revenue into sterling. The average rate realised for the Uruguayan dollar during the half-year was only 32 1/2d., as against a par rate of 51d., a loss of approximately 36 per cent. The following is a comparative statement of the gross and net income in currency in Monte Video of the first six months of the years 1929, 1930 and 1931:—

	1929.	1930.	1931.
Gross revenue	931,656.42	979,012.51	1,044,669.79
Working expenses	427,735.68	434,105.71	390,545.61
Net income	503,920.74	544,906.80	654,124.18
	45.91%	44.54%	37.38%

When converted into sterling, the net receipts for the half-year ending June 30th last amounted to approximately £58,000. This sum, after making provision for interest, income tax and other revenue charges, leaves a surplus of approximately £40,000 towards dividend on the ordinary stock. In view, however, of the fact that the rates of exchange which have ruled since July 1st are considerably under desirable to postpone consideration of a dividend on the ordinary capital until the results of the working for the whole of the present year are ascertained.

DUNLOP RUBBER.—The board of the Dunlop Rubber Company regrets that owing to the continued trade depression and the present crisis, it is unable to declare an interim dividend upon the ordinary stock. The board has also decided that, owing to the obscurity of the outlook, the declaration of the dividend on the company's "A," "B" and "C" preference shares can only be considered when the accounts for the year 1931 are complete.

GODFREY PHILLIPS, LTD.—The directors of Godfrey Phillips, Ltd., state that, in view of the present financial conditions coupled with the extra capital required to finance the new duties, consideration of the interim dividend on the ordinary shares is postponed for three months. The volume of trade for the past eight months has been greater than for the corresponding period of last year.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Banks.											
Commercial Banking Co. of Sydney.....	June 30	85,226	441,816	527,042	...	402,816	8½	...	124,226	637,619	10
Breweries.											
Dublin Distillers Co.....	June 30	...	Dr. 27,764	Dr. 27,764	...	...	...	...	Dr. 27,764	Dr. 21,048	...
Empress Brewery Co.	Aug. 31	662	25,991	26,653	6,000	17,500	17½	...	3,153	24,045	17½
McEwan (William) and Co..	June 30	79,040	86,271	165,311	25,000	51,250	10½	10,000	79,061	88,072	10
Financial Land, &c.											
Borneo Company	Mar. 31	76,797	17,619	94,416	23,215	23,753	5	Dr. 17,500	64,948	98,162	6
Caledonian Property Invest- ment.....	July 31	...	3,229	3,229	...	1,657	5½	1,572	...	3,218	5½
Leach's Argentine Estates .	Mar. 31	...	29,671	29,671	...	...	...	29,671	...	32,402	...
Rio Negro (Argentina) Land	June 30	2,354	Dr. 7,838	Dr. 5,484	...	...	...	Dr. 10,000	4,516	Dr. 9,464	...
Trafford Park Estates	June 30	47,441	31,146	78,587	...	32,500	5	...	46,087	33,188	5
Iron, Coal and Steel.											
Kayser, Ellison and Co.....	June 30	10,769	5,206	15,975	6,000	...	...	...	9,975	25,967	6
Parsons Marine Steam Tur- bine	June 30	31,619	15,492	47,111	...	15,846	7½	...	31,265	20,525	10+
Vulcan Foundry Co.	June 30	106,355	21,086	127,441	5,000	33,800	4	...	88,641	68,816	7½
Motor and Cycle.											
Austin Motor Company	July 31	279,820	489,231	769,051	73,562	{ 112,500 112,500 }	{ 20 Pfd. 100 Ord. }	200,000	270,489	...	...
Rubber, &c.											
British Borneo Para Rubber	April 30	262	Dr. 3,489	Dr. 3,227	...	...	...	...	Dr. 3,227	Dr. 4,042	...
Ceylon Cocos and Rubber...	June 30	5	Dr. 1,267	Dr. 1,262	...	...	...	...	Dr. 1,262	...	...
Eaglehurst Rubber Estates	Mar. 31	5,024	Dr. 3,439	1,585	...	...	...	...	1,585	1,543	...
Harewood Rubber Estates .	Mar. 31	1,430	Dr. 2,266	Dr. 836	...	...	...	...	Dr. 836	...	...
Layang Rubber	June 30	14,688	Dr. 1,488	13,100	...	...	...	...	13,100	2,250	...
Sennah Rubber	Dec. 31	57,381	11,511	68,892	...	...	...	11,500	57,392	62,114	5
Sungei Gattah Rubber	Mar. 31	5,234	Dr. 1,368	3,866	...	...	...	...	3,866	...	...
Sungei Tukong Rubber	June 30	3,429	Dr. 673	2,756	...	...	...	400	2,356	2,588	...
Sungkai-Chumor Estates ...	June 30	22,026	Dr. 3,747	18,279	...	...	...	...	18,279	3,776	...
Tandjong Rubber	June 30	48,675	Dr. 16,585	32,090	...	...	...	...	32,090	1,172	...
Tangoei Rubber Estates	June 30	2,423	3,570	5,993	...	...	...	1,500	4,493	7,211	5
Tebolang Rubber	June 30	8,418	Dr. 4,435	3,983	...	...	...	...	3,983	Dr. 1,144	...
Shipping.											
Lampont and Holt.....	Dec. 31	10,264	Dr. 544,342	Dr. 534,078	...	...	...	...	Dr. 534,078	35,583	...
Textiles.											
Robinson and Cleaver	July 31	58,731	24,984	83,715	7,665	11,250	6	...	64,800	46,659	10
Trusts.											
First Co-operative Invest- ment Trust	July 31*	5,802	36,874	42,676	5,508	14,468	2	...	22,700	48,233	2
Hovea Rubber Trust.....	June 30	7,862	Dr. 32,248	Dr. 24,386	...	...	...	Dr. 25,000	614	154	...
London and Strathclyde Trust.....	Aug. 31	1,049	19,880	20,929	11,625	3,812	2½	671	4,821	22,177	5
Mid-European Corporation	July 31	53,758	107,481	161,239	30,250	57,000	6	...	73,989	132,396	8
Palmerston Investment Trust	June 30	Dr. 9,847	Dr. 49,763	Dr. 59,610	...	...	...	5,393	Dr. 65,003	Dr. 110,86	...
Staveley Trust	July 31	6,991	15,298	22,289	...	...	...	15,000	7,289	16,084	2½
Other Companies.											
British and Colonial Furni- ture Co.	June 30	24,503	122,441	146,944	42,328	11,000	10	42,553	51,063	103,045	20
Bucknall (Henry) and Sons	May 31	3,772	Dr. 123,751	Dr. 119,979	...	...	...	...	Dr. 119,979	28,126	3
Cavendish Furniture Co. ...	June 30	Dr. 76,787	Dr. 69,811	Dr. 146,598	...	...	...	...	Dr. 146,598	...	...
Cheshire United Salt Co. ...	June 30	4,866	1,131	5,997	...	...	...	...	5,997	2,861	...
Clyde Paper Company	June 30	9,753	56,660	66,413	16,875	...	...	34,245	15,293	56,021	...
Coventry Gauge & Tool Co.	Aug. 31	740	Dr. 4,706	Dr. 3,966	...	...	...	...	Dr. 3,966	5,476	5
Glenboig Union Fire-Clay ..	Aug. 31	3,235	Dr. 9,095	Dr. 5,860	...	...	...	Dr. 6,000	140	Dr. 4,141	...
Imperial Airways	Mar. 31	20,957	27,140	48,097	...	...	...	2,500	31,556	60,139	5
London Palace (1921), Ltd.	Mar. 25	7,962	Dr. 10,188	2,226	...	...	...	5,069	2,226	20,549	5
London United Laundries ...	June 27	4,047	11,171	15,218	...	6,050	10	...	4,099	13,746	14
Murex Limited	June 30	26,776	59,443	86,219	...	57,311	35	...	28,908	37,306	35
Priess, Tailors (1928).....	June 30	22,647	87,652	110,299	15,500	20,344	15	62,000	12,455	63,575	12½
Rosario Drainage	June 30	68,809	39,727	108,536	7,200	27,690	5	...	73,646	66,075	8½
Serek Radiators	July 31	2,810	20,506	23,316	...	13,500	15	...	9,816	26,496	17½
Tebbutt Brothers.....	June 30	6,693	1,063	7,756	...	...	...	...	7,756	6,476	5

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh, 35, St. Andrew Square.
 London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1

payment of these dividends is subject to the passing of the resolutions which will be submitted at the annual general meeting of shareholders, to be held on Monday, October 12th, and if approved, the dividend warrants will be posted on October 31, 1931. The company has had a record year. The sales of cars in the home market exceeded those of the previous year by 26 per cent.

CITY AND INTERNATIONAL TRUST, LTD.—Net revenue (subject to audit) for year ended August 31, 1931, after charging management expenses, income tax, debenture and bank interest, &c., amounted to £60,171 16s. 8d.; balance brought in from previous year, £12,136 16s. 6d., making amount available £72,308 13s. 2d.; 5 per cent. dividend paid on preferred stock, £30,000, leaving £42,308 13s. 2d.; 2½ per cent. interim dividend on ordinary stock paid March, 1931, £10,000, leaving £32,308 13s. 2d. The board now recommend payment of a final dividend on the ordinary stock of 2½ per cent. (making 5 per cent. for the year), £10,000, leaving to be carried forward, £22,308 13s. 2d.

Commercial Reports.

MARKET SUMMARY.

The sharp downward movement in the gold value of the principal raw materials last week has been followed by a slight reaction, as will be seen from our specially constructed gold index on an earlier page. The turnover has generally been not very large, and quotations moved irregularly. Among cereals, wheat, oats and maize have all been quoted at lower prices in New York, which is partly ascribed to the small "cash" demand. Sugar and coffee have been maintained at last week's level, but cocoa advanced a few points. In textile raw materials, cotton again declined sharply from 5.70 cents per lb. to 5.43 cents per lb. for "New Orleans middling." Base metals have been dull owing to the absence of an improvement in demand, and lead and spelter have been sold below last week's prices. In this country prices of the more sensitive commodities fluctuated according to movements in the exchange. The sterling quotations for commodities, which by their nature do not lend themselves to international arbitrage, are, however, still considerably below gold prices. A slight improvement has become noticeable in some of the principal industries of Great Britain. The main reason for this is, of course, the depreciation in sterling, which renders British goods less expensive in terms of gold. Thus various reports from the principal districts show an expansion in inquiries from abroad for coal and iron and steel. Among textile manufactures, the turnover in cotton and rayon goods has begun to increase.

THE COAL TRADE.

SHEFFIELD.—The export market for best steam coals and foundry coke has stiffened. The first-named are scarce and command 18s. per ton f.o.b. Coke is fetching a shilling per ton more than a fortnight ago. Consumption at home is likely to increase and stocks are declining. Actual demand for industrial and house coal is as weak as ever. A threatened increase of 2s. on house coal has not materialised, at any rate outside the London area. It is admitted that there is no justification for such a step. Best ordinary house coal is quoted at 22s. at pits.

GLASGOW.—Export business has improved, but shippers find some difficulty in quoting owing to the exchange fluctuations and also because of an upward trend in freight rates. Prices generally are firm. Washed trebles and doubles are strong features, especially in Fife and the Lothians, where supplies are now rather short. Steams are also a stronger market in these districts. In Lanarkshire, where the collieries are more dependent on the home trade, there has only been a slight improvement in business, due to seasonal influences. Prices for the shipping trade are approximately as follows (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s. 9d.; splint best, 15s. 9d.; splint second, 14s. 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 14s.; trebles, 13s. 6d.; doubles, 13s.; singles, 10s.; pearls, 9s. 9s. 3d.; dross, 9s. FIFE.—Screened navigation, 17s.; first-class steam, 14s.; third-class steam, 12s. 6d.; trebles, 15s. 16s.; doubles, 13s. 6d. 14s.; singles, 10s. 6d.; pearls, 9s. 6d. LOTHIANS.—Prime steam, 11s. 6d. 12s.; secondary steam, 11s.; trebles, 15s. 16s. 6d.; doubles, 13s. 6d. 14s.; singles, 10s.; pearls, 9s. 6d. AYRSHIRE.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 14s. 6d.; doubles, 13s. 6d.; singles, 10s.; pearls, 9s. 3d.; dross, 9s.

CARDIFF.—Inquiries on the Cardiff coal market have been a little more active this week, and the shipments have also slightly improved, but the general position shows very little change. Prices are nominally unaltered, many of the pits are working irregularly, and the glut of small coals is greater than ever. It is estimated that one group of collieries alone has stocks of small coals exceeding 200,000 tons, and of an approximate f.o.b. value of £100,000. There has been a renewal this week of the attempt to lower the minimum prices for these grades, and to market them on a collective basis, but the Executive Committee of the Marketing Association

has adhered to its recent decision to maintain the existing minimum schedule. Pitwood supplies from Bordeaux have been almost entirely suspended for the time being, owing to the dispute between the exporters and the South Wales importers over the terms of payment, in view of the depreciation of the sterling in terms of francs, but stocks are considerable, and ex-ship prices are a shade weaker than they were a few days ago. The following are the current approximate quotations:—Best Admiralties, 19s. 6d. to 20s.; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 18s. 9d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; cargo smalls, 11s. 6d. to 12s. 6d.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s.; foundry coke, 30s. to 36s. 6d.; patent fuel, 18s. 6d. to 19s. 9d.; pitwood, ex ship, 26s. to 26s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron is firm, the position of makers having been considerably strengthened by the increased business transacted during the last week or two. Considerably more iron has been sold to Scotch consumers recently than for some time past and there are indications that this trade will further expand seeing that Continental competition is practically withdrawn owing to the rate of exchange. Local consumers who had only been buying from hand to mouth have recently bought larger quantities. Altogether the market shows a different aspect, and although makers are still booking at the old prices, an upward move is not improbable before long. Tuesday's market was quite active, and makers reported orders coming forward very satisfactorily, particularly on home account, but not wishing to jeopardise the improvement by hasty action, they adhered to the old official figures, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. Hematite continues a very firm market and although buying has subsided somewhat from the scale recently experienced, orders are still coming in at the top figures reached and buyers are willing to go as far as possible ahead. Producers, however, are not anxious to sell beyond the end of the year and for this period quote 65s. as a minimum for ordinary mixed numbers. For delivery commencing January substantial premiums are asked owing to the uncertainty of costs of coke and imported ores. In finished steel large sales have been made recently under the rebate scheme arrangement, and there are important inquiries on the market in other directions from which it is expected some good business will result. Sheets are in much better demand and makers of "somis" are booking more orders. Prices of the latter are maintained at the advances of last week. The ore market is idle, there being no buyers, and no prices are quoted. The rise in freights already represents an advance of about 2s. per ton, in addition to which there is the difference in exchange to take into account. Approximately best rubio to-day should be about 18s. 6d. to 19s. c.i.f. Imports of all kinds of ore into Middlesbrough for September totalled 48,030 tons, against 46,958 tons in August. There is only a limited demand for coke, and producers' stocks are heavy. Prices are firm and ordinary furnace qualities are not less than 15s. 6d. delivered consumers' works for fairly early delivery, with some brands quoted at 16s. An extra blast-furnace has recently been blown in at Cargo Fleet works for the firm's own requirements. This makes the total now in blast in the district eighteen.

SHEFFIELD.—The unsettled economic conditions of the world are not conducive to business in iron and steel and the aggregate amount of orders and work on hand in Sheffield has increased only slightly. There has, however, been some buying of hematite pig iron and wire rods and consumers of Swedish iron and steel, various imported metals and alloys, are endeavouring to cover forward requirements before the cost of these has been increased by tariffs. Stocks have been heavily drawn upon. Business in imported materials is impossible under present conditions. Foreign suppliers under contract are endeavouring to saddle the loss due to the drop in the value of the sterling upon the importers here. Deliveries are being held up pending a settlement of this difficult problem. Tungsten, chrome and silicon, largely used in iron and steel making, have gone up 20 per cent. Business with makers abroad, however, is suspended. The state of the exchanges has almost stopped German, French and Belgian imports to this country, and German cutlery, if bought now, would cost as much as British. No foreign competition exists, however, in table cutlery and electro-plated ware. Prices of American files are affected by the reduced value of sterling. There are, however, large stocks in this country and the sellers have not yet modified their quotations. No general improvement in trade is anticipated this side of the Parliamentary election.

GLASGOW.—There has been a little more activity in some of the manufacturing trades this week, due principally to overseas buyers taking advantage of the monetary situation and also through home buyers anticipating possible increases in the event of tariffs. In the heavy steel trade the position remains unsatisfactory and there is little business being done. There is also very little demand for home semis, although there is less business being placed with the franc basis. Sheet makers have booked a considerable tonnage of light black sheets for Japan and there has also been a fair amount of business booked for other overseas markets. Employment in this branch is better than for some little time, although not all plants are able to keep going at full capacity.

CARDIFF.—More business is passing in the tinplate and galvanised sheet trades, and one or two steelworks, as well as tinplate factories, have resumed operations after having been idle for many months.

Prices of tinplates have ruled between 14s. 6d. and 15s. per basis box, but steel bars have been advanced by 7s. 6d. to £5 per ton. Foreign bars are still unquoted and imports under contract are declining. Galvanised sheets are quoted up to £10 per ton.

OTHER METALS.

TIN.—The international situation of tin shows no improvement on the week, and prices in terms of gold remained unchanged. In London, buying was active early in the week, and sterling prices advanced to £125 17s. 6d. per ton on Monday. As buying became restricted at that level, prices again declined. In New York the metal was quoted at 22½ cents per lb. on Wednesday, against 22½ cents per lb. a week ago, and 25.65 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £124 2s. 6d. to £124 5s. per ton, compares with £122 17s. 6d. to £123 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 30,139 tons, show a decrease of 237 tons on the week.

COPPER.—The principal event of the week has been the announcement that an international meeting of copper producers will be held in New York during the current month. It appears that a discussion will take place on the working of the copper cartel founded five years ago, and on the possibilities of an international scheme for the control of output. The past week saw little change in the markets for copper, but sterling prices are slightly higher than a week ago. "Domestic" spot has again been quoted officially at 7 cents in New York, against 7.025 a month ago. Wednesday's official closing price for "standard cash" in London in terms of sterling, at £33 16s. 3d. to £33 17s. 6d., compares with £33 7s. 6d. to £33 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 23,121 tons, show an increase of 535 tons, while stocks of rough copper, at 1,424 tons, remained unchanged.

LEAD.—As a result of considerable selling pressure, the price of lead in New York declined from 4.40 cents per lb. to 4.00 cents per lb. In view of the increase in production during August, this is not surprising. According to the Metallgesellschaft, A.G., the daily average of world production at 3,539 metric tons, shows an increase of 143 tons on July. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £12 15s. to £13 per ton, compares with £14 to £14 3s. 9d. on the corresponding day last week.

SPELTER.—In the absence of an improvement in demand the position of sellers became weak, and quotations in New York fell from 3.85 cents per lb. to 3.575 cents per lb. The market in London has been active, and sterling prices on Wednesday, though lower than a week ago, recovered above the low level touched earlier in the week. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," at £12 3s. 9d. to £12 16s. 3d. per ton, compares with £12 17s. 6d. to £13 6s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £95 per ton, and at £215-£220 per ton respectively, have been maintained at last week's level. Antimony again changed hands at £25-£25 10s. per ton for "foreign" and quicksilver was quoted at from £20 to £20 15s. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—A smaller business has been passing during the past week, and prices have declined steadily. Quite apart from the effect the rate of exchange has had on prices, cotton is now more attractive, and any further decline is likely to meet with considerable resistance. Of the cotton used in the world last season, 51 per cent. consisted of growths other than American. This year it is anticipated that owing to lower prices there will be a greater use of American as against outsiders. Various private crop estimators have raised their estimates of those of September last. Fossicks give 15,375,000 bales, against 14,718,000 bales; the New York Cotton Service, 16,004,000 bales, against 15,503,000 bales; Clement, Curtis, 15,908,000 bales, against 15,512,000 bales; and McFaddens, 15,904,000 bales. Imports for the week 1st to 7th (inclusive) are 15,406 bales, of which 2,155 bales are American, 374 Brazil, 5,649 Argentine, 2,630 Peru, 2,777 Egyptian, 1,252 African, 9 East Indian and 560 sundries. Quota-tions, October 7th: American Middling, 4-49; Egyptian Sakel, 7-00; Uppers, 5-32; Brazil Fair, 4-44; Peru G.F. Smooth, 4-94; West African Middling, 4-44; and East African G.F., 5-34.

Manchester.—The market has tended to become more active. Most spinners and manufacturers have reported an increased inquiry. Actual business has been somewhat irregular, but in certain quarters a substantial turnover has taken place. In piece goods, there have been freer operations for China, and in addition to fancies being purchased to an encouraging extent, more buying has occurred in the standard makes, such as grey and white shirtings. Some of the scattered sales have taken place. A fair miscellaneous trade has been mentioned for Egypt and the Near East, and steady buying has been experienced for certain African outlets, South America and the Continent. A persistent demand has been met with in home trade fabrics. Numerous manufacturers have now more work to go on with than for some time back, and sellers' quotations are much firmer. A steady business has again been done in American and Egyptian yarns for home consumption. Extensive buying has been reported in yarns suitable for China. Doubler's much busier. The market as a whole presents a better appearance, and it is expected that the improved demand will be maintained, as there is little probability of lower values.

Cotton Prices.

	1931.				Corresponding Date.	
	Sept. 16.	Sept. 23.	Sept. 30.	Oct. 7.	1929.	1930.
Raw Cotton—Mid. American	d. 3-89	d. 4-49	d. 4-44	d. 4-49	d. 10-23	d. 5-56
" Sakellaridis Fully Good Fair Egyptian	d. 5-95	d. 6-95	d. 6-95	d. 7-00	d. 15-90	d. 9-45
Yarns—32's twist	lb. 7½	lb. 8½	lb. 8½	lb. 9½	lb. 15½	lb. 9½
" 40's twist	lb. 8½	lb. 9½	lb. 9½	lb. 10½	lb. 15½	lb. 10½
" 60's twist (Egyptian)	lb. 13½	lb. 15	lb. 16	lb. 16	lb. 25	lb. 17½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d. 16 0	s. d. 17 0	s. d. 17 9	s. d. 17 9	s. d. 24 9	s. d. 19 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	s. d. 17 9	s. d. 18 9	s. d. 19 6	s. d. 19 6	s. d. 27 9	s. d. 21 4
38-in. ditto, 38 yds., 18 by 18, 32's and 40's	s. d. 10 5	s. d. 10 6	s. d. 11 0	s. d. 11 0	s. d. 15 1½	s. d. 11 10½
39-in. ditto, 37½ yds., 16 by 16, 32's and 40's	s. d. 8 11	s. d. 9 5	s. d. 9 9	s. d. 9 9	s. d. 13 4½	s. d. 10 7½

THE WOOL TRADE.—Bradford.—The fifth series of London sales finished on Wednesday. According to our correspondent, prices did not fully hold their own during the last few days compared with the previous week. In view of the fact that the sales had been extended three days for the disposal of an additional 24,000 bales, the results were fairly satisfactory. Any slackening in competition or failure of the offerings to command the best prices of the auctions must be attributed almost entirely to the requirements of buyers being filled for the time being. Yorkshire and other English buyers bought the bulk of the wools offered, French and German competition being restricted by lack of financial facilities. The suspension of the gold standard has created an entirely new relationship between this country and on the Continent. It has not operated prejudicially on wool-buying power, but there are big stocks of the raw material in France, and neither that country nor Germany have the same prospect of exporting big quantities of fully manufactured goods to England. Very little change has been seen in Bradford this week, but the volume of business in tops and yarns has been smaller, and prices for the former have eased slightly, particularly merinos. Crossbreds are steady, and comparatively inactive.

THE GRAIN MARKETS.

WHEAT.—The renewed downward movement in wheat prices at the principal international markets continued throughout this week. The Chicago quotation for "December" wheat was 40½ cents per lb. on Wednesday, against 47½ cents a week ago. The favourable factors, such as the decrease in the acreage sown in the Southern Hemisphere, the small quantity of wheat coming on the markets in the United States and Canada, and the probability of considerable import requirements by European countries, are more than outweighed by the unsatisfactory general situation and by the huge proportions of accumulated stocks, particularly in the United States. Harvesting of the British wheat crop, which has

THE CRISIS

WHAT IT IS
HOW IT AROSE
WHAT TO DO

by
ERNEST BEVIN
and
G. D. H. COLE

Everyone wants to know about the Crisis. Why did it happen, and how is it to be ended? Is the 'National' Government right in trying to meet it by cutting down wages and benefits and stopping expenditure even on productive objects? Or is the Labour Party right in calling for a policy of expansion? Why did we go off the Gold Standard, and are the results good or bad? Shall we go back to gold, or work out a new standard instead? In this booklet, Mr. Ernest Bevin, the Trade Union Leader, who served on the Macmillan Committee on Finance and Industry, and Mr. G. D. H. Cole, the well-known Economist, who is a member of the Economic Advisory Council, collaborate in answering these vital questions, which are the real issues of the impending General Election.

48 pages — SIXPENCE

On Sale Everywhere—Friday October 9
or by Post (8d.), from Publishers,

THE NEW STATESMAN & NATION
10 Great Queen Street, London, W.C.2

been hampered by unfavourable weather, is now practically complete. Supplies of English wheat are, however, small, and farmers are unwilling to dispose of their crop at the present low prices. Quotations in London, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 28s. per 496 lbs., as compared with 28s. 6d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 26s. 3d., against 26s. 9d.; No. 3 Northern Manitoba, Atlantic, ex ship, 24s. 9d., against 25s.; Russian, on sample, 22s. 6d. to 27s., against 22s. 6d. to 27s.; Australian, ex ship, 25s. 6d., against 25s. 6d. a week ago.

WHEAT FLOUR.—Flour, too, has been cheaper and foreign markets were generally dull. In this country, the demand for flour has been quiet and sterling quotations were reduced. North American shipments, at 152,000 sacks, show a decrease of 50,000 sacks as compared with the previous week. Of this total, only 71,000 sacks were consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 21s. per sack of 280 lbs., as compared with 22s. last week; delivered London, 20s., against 21s. Manitoba patents, ex store, 24s. to 26s., against 25s. to 27s.; and Australian, ex store, 18s. to 18s. 6d., against 18s. 6d. to 19s. a week ago.

BARLEY.—The market in barley has been steady and prices are scarcely changed on the week. The crop of the Northern Hemisphere has been estimated by Mr S. Broomhall at 142,560,000 quarters of 400 lbs., against an actual production of 167,570,000 quarters a year ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 448 lbs., 27s., as compared with 27s.

OATS.—The demand for oats has been a little better during the past week and prices were well maintained. Quotations in London, Wednesday: "River Plate," landed, 17s. per 320 lbs., as compared with 17s. 6d. last week; "River Plate," ex ship, 16s., against 16s. to 16s. 6d.; "Chilean White," landed, 24s. 6d., against 24s. to 25s.

MAIZE.—Argentine shipments are still large and the quantities offered continue to exceed demand. This week supplies have been particularly large, which resulted in a sharp fall in prices. Quotations in London, Wednesday: "Plate," landed, 16s. 6d. per 480 lbs., as compared with 17s. 3d. last week; "Plate," ex ship, 14s. 9d. to 15s. 3d., as against 15s. 6d.; "Plate," October-November, new, 14s. 9d., as against 15s. 3d. Yellow maize meal, ex wharf, was quoted at £5 5s. per ton, against £5 5s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat:				
1 week to October 3.....	61,910	132,144	354,216	374,763
5 weeks to October 3.....	281,143	778,875	1,680,106	1,503,662
Average price of English wheat per cwt.	s. d. 4 10	s. d. 7 0	s. d. 9 6	s. d. 9 2

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Sept. 26, 1931.....	Owta. 59,230	Owta. 223,719	Owta. 35,024	s. d. 4 6	s. d. 9 5	s. d. 5 7
Oct. 3, 1931.....	61,910	390,676	38,956	4 10	9 3	5 9
Oct. 1, 1927.....	200,104	321,615	72,608	10 6	13 5	9 1
Oct. 6, 1928.....	374,763	509,878	98,190	9 2	10 10	8 10
Oct. 5, 1929.....	354,216	565,878	78,951	9 6	10 6	7 10
Oct. 4, 1930.....	132,144	293,072	47,121	7 0	9 3	6 0

The Investors' Chronicle and Money Market Review

IS THE DOLLAR SAFE?
HOOVER'S NEW PLAN

ARGENTINE RAILWAYS
WHY TEA PRICES HAVE RISEN
LIFE OFFICE BONUSES
AND THE
DEPRECIATION OF SECURITIES

Copies may be obtained at all bookstalls and news-agents throughout the country, price 6d., or from

The Publisher:
"THE INVESTORS' CHRONICLE"
20 BISHOPSGATE, LONDON, E.C.2.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Oct. 8, 1930.	Jan. 2, 1931.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	72½	56½	54½	53½	52½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	78½	79½	48½	44½	46½

The visible supply of wheat in Canada, at 49,304,000 bushels, shows a decrease on the week of 1,934,000 bushels. Supplies a year ago stood at 69,467,000 bushels.

OTHER FOODS.

SUGAR.—Although the international markets in raw sugar have not been very active during the week, prices have been maintained at last week's level. December "futures" were again quoted at 1.37 cents per lb. in New York. The outstanding event during the past week has been the publication of Mr. Licht's estimate of the European crop. Excluding Russia, he estimates the yield for the season 1931-32 at 6,171,000 tons, against 8,631,150 a year ago. His figure for Russia at 2,150,000 tons shows an increase of 139,850 on the previous season. Sterling prices of raw sugar were firm and the recent advance in quotations for British "refined" has been maintained. Wednesday's sales of "raws" include "December delivery" at 6s. 8½d. to 6s. 9½d. per cwt., against 6s. 5½d. to 6s. 6½d., and "March," 1932, at 6s. 10½d. to 6s. 11½d., against 6s. 4½d. to 6s. 6½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	19	825	2,597	983	16,402	28,429
Liverpool	4,670	1,905	23,314	10,207	39,425	77,732
Total	4,689	2,730	25,911	11,190	55,827	106,161
Last week ...	4,079	11,746	16,038	15,481	77,056	114,821

COFFEE.—At this week's auctions all good qualities realised firm prices, but ordinary grades were irregular. Last week's movements of coffee in London were as follows: Brazilian, landed, 354; delivered for home consumption, 161 bags; exported, 46; stocks, 2,320 bags, against 1,348 bags last year. Central American, landed, 2,296 packages; delivered for home consumption, 2,018; exported, 3,444; stocks, 82,459 packages, against 56,085 a year ago. Other kinds, landed, 3,452 packages; delivered for home consumption, 2,123; exported, 3,471; stocks, 68,930 packages, against 69,151 a year ago.

COCOA.—The London market in cocoa has been quiet during the past week, and sterling prices were slightly easier. In New York, however, the demand has been a little better, and "December futures" advanced from 4.26 cents per lb. on Wednesday last week to 4.46 cents per lb. on the corresponding day this week. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, November-January, at 24s. 6d. per cwt. f.o.b. London contract, shows a fall of 3d. Last week's movements of cocoa in London were as follows: Landed, 2,890 bags; delivered for home consumption, 10,971 bags; exported, 435 bags; stocks, 182,242 bags, as against 200,075 last year.

TEA.—The quantities catalogued for this week's auction come priced 66,242 packages of Indian, 22,168 packages of Ceylon, and 8,533 packages of Java and Sumatra tea. Competition at this week's auctions has been less keen, and lower prices were realised, particularly for common Indian teas. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyassaland.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
Oct. 2, 1930	1 4-70	1 1-06	1 8-32	0 11-89	0 11-08	0 9-17	1 4-63						
Sept. 11, 1931	1 3-66	0 7-92	1 3-70	0 6-96	0 6-09	0 8-00	1 2-19						
Sept. 17 "	1 2-39	0 8-23	1 4-23	0 7-84	0 6-47	0 6-55	1 1-59						
Sept. 24 "	1 3-66	0 9-27	1 4-74	0 8-14	0 7-32	0 5-85	1 2-40						
Oct. 1 "	1 3-74	0 11-17	1 6-08	0 9-00	0 7-89	0 7-44	1 3-07						

RICE.—The market in rice has again been steady, and sterling prices were maintained at the higher level attained last week. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. 6d. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 203 tons; delivered, 61 tons; stocks, 1,276 tons, as against 2,107 tons last year.

POTATOES.—There has been a steady demand for potatoes at the principal markets, but, as supplies are now abundant, prices remained unchanged. At the Botolph Claydon Market, "Best King Edward" sold at from 7s. to 7s. 6d. per cwt., as compared with 7s. to 7s. 6d. a week ago.

SPICES.—The market in spices has been quiet, and last week's advance in prices was not generally maintained. The "spot" pepper market was dull. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as



SALMON P. CHASE, Secretary of the U.S. Treasury under LINCOLN

THE CHASE NATIONAL BANK of the City of New York

Statement of Condition September 29, 1931

RESOURCES		LIABILITIES	
Cash and Due from Banks . . .	\$391,336,208.55	Capital	\$148,000,000.00
Loans and Discounts	1,203,316,719.75	Surplus	148,000,000.00
U.S. Government Securities . . .	234,846,883.62	Undivided Profits	30,150,410.18
Other Securities	234,907,874.37	Reserve for Taxes, Interest, Contingencies, etc.	16,539,624.48
Real Estate	34,741,421.35	Dividend Payable Oct. 1, 1931 . . .	7,400,000.00
Redemption Fund—U.S. Treasurer . .	653,732.50	Deposits	1,670,441,905.66
Customers' Acceptance Liability . . .	\$124,819,887.54	Circulating Notes	12,889,150.00
Less Amount in Portfolio	12,137,044.61	Acceptances . \$131,006,651.33	
Other Assets	2,626,788.74	Less Amount in Portfolio	12,137,044.61
	\$2,215,112,471.81	Liability as Endorser on Acceptances and Foreign Bills . . .	49,289,913.12
		Other Liabilities	13,531,861.65
			\$2,215,112,471.81

This statement does not include the statements of any of the organizations affiliated with The Chase National Bank

London Offices:

10 MOORGATE, E.C.2 & BUSH HOUSE, W.C.2

Incorporated with Limited Liability under the Laws of the U.S.A.

MISCELLANEOUS COMMODITIES.

follows: Black, landed, nil; delivered, 12 tons; stocks, 569 tons, against 726 tons last year. White, landed, 36 tons; delivered, 62 tons; stocks, 499 tons, against 320 tons a year ago.

MEAT.—Meat prices at the Smithfield Market have been scarcely changed despite heavy supplies. Quotations for English meat have been a little lower, but Argentine beef was sold at firmer prices. On Wednesday Argentine beef (chilled, hind quarters) was sold at 4s. 2d. to 4s. 8d. per 8 lbs., against 4s. 2d. to 4s. 6d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 6d. to 4s., as against 3s. 6d. to 4s. 2d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,145 tons, as compared with 9,236 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.6 per cent. of the supplies, as against 81.7 per cent. a year ago; and imported mutton, mainly New Zealand, formed 71.2 per cent. of the total supply, as against 75.4 per cent. last year.

VEGETABLE OILS AND OLSEEDS.—Generally, quieter conditions now rule, though movements in prices are frequent owing in the main to exchange fluctuations. Linseed offers freely, but demand is slow. Old crop Plate is steady around £8 7s. 6d. for shipment to November, while new crop is quoted £8 2s. 6d. January-February. Calcutta linseed to Hull has been done at £10 15s., October shipment. The quantity of linseed on passage to Europe, at 132,200 tons, is 4,500 tons higher on the week, and there is still 365,000 tons (Plate and Indian) available for export to the end of the year, as against 276,000 tons actually shipped in the remainder of last year. The United States, however, is an active purchaser. Owing to steadier exchange quotations and a less promising trade, outlook, Egyptian cotton seed has dropped sharply, old crop on passage now offering at £6 2s. 6d., and new for November-January, £6 5s. Linseed oil is quiet and prices lower on the week. Raw oil on spot ex Hull mill is quoted £16 10s., and for delivery to December

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—					
CEREALS AND MEAT.				a. d. s. d.				a. d. s. d.				a. d. s. d.					
GRAIN, &c.—				Irish bladders.....	58	0	68	0	English Southdown, washed	d.			Best heavy ox and beef	0	6	0	0
Wheat, No. 2, N. Man. 496 lb.....	26	3		American, boxes, 56 lbs. 53	6	54	0	Lincoln hog, washed	12	1		Best cow	0	4	0	0	
Eng. Gaz. av. per cwt.....	4	10		POTATOES—				Queensland, scd. superembg.	19			Best calf	0	5	0	0	
Barley, Eng. Gaz. av. per cwt.....	9	3		Good English, per cwt. 7	0	7	6	N.S.W. greasy, super	12			INDIGO—					
Oats.....	5	9		SPICES—				N.Z., grey, half-bred 50-55	10			Bengal gl. red-vio. to	5	6	6	6	
Maize, La Plata, landed, 480 lb.....	16	6		Pepper, per lb.....	0	9	0	Crossbred 40-44	6			fine—per lb.					
Flour, Lon. stan. ex mill, s. d.				Muntok, fair White.....	0	9	0					LEATHER—					
280 lb.....	18	9	0	Black Lampong.....	0	6	0	Merinos 70's.....	26			Sole Bonds 8/14 lb.—	1	3	2	6	
Rice, No. 2 Burma, per cwt. 8	9	0	0	Cinnamon—1st sort, per lb.	0	8	0	64's.....	25			per lb.	2	6	3	0	
Sago, Pearl, per cwt.	16	6		Cloves—Zanzibar per lb.	0	8	0	Crossbred 48's.....	12			Bark Tanned Sole	0	6	0	0	
Tapioca, per cwt.—				Ginger—per cwt.....	28	6	0	46's.....	11			Shoulders fin DS Hides	0	6	0	0	
E.I. flake, fair spot ...	17	6	0	Jamaica, ord. to good.....	47	6	85	0				Do. Eng. or WS do.	0	9	1	4	
Medium pearl.....	20	0	0	Mace.....	0	8	1	9	MINERALS.			Do. Eng. or WS do.	0	7	0	11	
MEAT—				Nutmegs 65s.....	1	4	0	0	COAL—	s. d.	s. d.	Ro. Eng. or WS do.	1	3	1	8	
Beef, per 8 lbs.—				SUGAR—					Welsh, best Ad'ty.....	19	6	20	0	0	0	0	
English long sides.....	4	0	5	(Duty, 11s. 8d. per cwt.)					Durham, best gas, f.o.b.	14	6	0	0	0	0	0	
Argentine chilled hinds.....	4	2	4	B.W.I., crystallised.....	18	6	21	6	Tyne.....	14	6	0	0	0	0	0	
Mutton, per 8 lbs.—				Java, white, c. & f. India					Sheffield, best house, at	22	0	0	0	0	0	0	
English wethers.....	4	8	6	October-December	8	3	0	0	IRON AND STEEL—								
N.Z. frozen.....	3	6	4	REFINED—London—					Pig, Cleveland No. 3, ton 58	6	0	0	0	0	0	0	
Pork, English, per 8 lbs.	5	4	6	Yellow Crystals.....	19	7	0	0	Bars, M'brough.....	200	0	0	0	0	0	0	
				Cubes.....	24	0	24	6	Steel Rails, heavy.....	170	0	0	0	0	0	0	
				Crushed.....	23	0	23	6	Tin Plates, per box.....	14	6	15	0	0	0	0	
				Granulated.....	20	4	21	1	METALS—								
				Home Grown.....	20	0	20	1	Copper, Electrolytic, ton 41/0	41/15/0							
				TOBACCO—					Sheets (strong).....	75/0/0	0	0	0	0	0	0	
				(Duty 9/6-10/6 per lb.)					Standard.....	33/16/3	33/17/6						
				Empire growths, 7/5-8/5					Lead Eng. Pig... per ton 14/10/0	0	0	0	0	0	0	0	
				8/5 per lb.					Soft Foreign.....	12/15/0	13/0/0						
				Virginia leaf—					Spelter G.O.B.....	12/15/0	12/16/3						
				Common to fine.....	0	9	2	9	Tin—English Ingots.....	126/15/0	0	0					
				Rhodesian leaf.....	0	10	1	6	Standard cash.....	124/2/6	124/5/0						
				Nyasaland leaf.....	0	9	1	6	MISCELLANEOUS.								
				strips.....	0	10	1	8	Acid, citric, per lb. less 5%	s. d.	s. d.						
				East Indian leaf.....	0	4	0	8	Nitric.....	0	2	0	1	1	1	1	
				strips.....	0	5	1	0	Oxalic, net.....	0	3	0	4	0	0	0	
				COTTON—					Tartaric, English less 5%	1	0	1	0	1	0	1	
				Mid-American.....	4	49			Alcohol, Plain Ethyl.....	13	0	0	0	0	0	0	
				Sakelardis, l.g.f.....	7	00			Alum, lump.....per ton	9	0	9	10				
				Yarns, 32's twist.....	16				Ammonia, carb.....ton	36	0	38	0				
				60's twist.....	16				Sulphate.....	6	0	7	0				
				FLAX—					Arsenic, lump.....per ton	35	0	40	0				
				Livonian Z.K.....	38	0	0	0	Bleaching powder, per cwt.	7/10/0	6/12/6						
				Pernau H.D.....	34	0	0	0	Borax, gran.....per cwt.	11	0	0	0				
				Slanet Medium 1st sort 42	0	0	0	0	Do. powder.....	12	6	0	0				
				HEMP—					Nitrate of Soda.....per cwt.	10	10	6	0				
				Italian P.O.....	33	0	0	0	Potash—Chlorate, net.....	0	3	0	3				
				Manila, Oct.-Dec. "J2".....	17	10	0	0	Sulphate.....per cwt.	10	11	0	0				
				N.Z. African, Oct.-Dec.....	12	10	13	15	Sul-Ammoniao.....per cwt.	42	6	45	0				
				Mexican.....	nom.				Soda Ricarb.....per cwt.	9	10	16	0				
				JUTE—					Crystals.....per cwt.	5	0	5	3				
				Native 1st mks. per ton					Sulphate of Copper per ton	18	10	19	0				
				c.i.f. H.A.R.B.					ORMENT, London.....	s. d.	s. d.						
				September-October	£18/10/0				Portland, best Eng. pr. ton	45	0	48	0				
				Dalsee 2/3 c.i.f. Dundee	£18/0/0				COPRA—								
				October-November					S.D. Straits c.i.f., per ton	13/15/0	0	0					
				SILK—					Smoked South Sea.....	12/5/0	0	0					
				Canton.....	s. d.	s. d.			DRUGS—								
				Tussah.....	8	0	10	0	Camphor.....	s. d.	s. d.						
				Japan.....	11	0	14	6	Japan refined.....	2	7	2	8				
				Italian—Raw, fr. Milan	11	6	13	0	Ipecacuanha.....	85	0	95	0				

£16 5s., but attracts very little interest from consumers. Cotton oil is easier, and crude Egyptian (old) offers at £22 and new at £23, with common edible £26. Oilcakes and meals are in good request and in instances quotations are lower than last week.

HIDE, LEATHER AND ALLIED TRADES.—On account of the Shoe and Leather Fair, which is being held in London this week, no sales of hides and skins have taken place at either Leeds or Manchester. The market for domestic supplies, however, is firmer all round, and with a good demand experienced for most descriptions prices have shown an upward tendency. In the foreign hide market, business is now proceeding rather more freely, and some good sales have been effected of late at the higher prices. In the frigorific market parcels of Argentine ox have changed hands on the basis of 4½d., while light ox and cows have sold at a fraction over 4½d. In addition to orders from this country, business has also been done on account of the Continent and the U.S.A. Dry South American hides also have been an active market, orders for B.A. Americanos having been put through at 5½d., and M.V. Americanos at 5½d. Some descriptions of Africans have sold better. Cape hides, however, do not meet with much interest at the figures being asked for them, but a little more activity has been noticed in connection with Australians. Sales of all classes of leather have been on a larger scale than for a long time past, and in the sole section of the industry very satisfactory clearances of stock have been made. Light weight bends have changed hands freely, and the position of the market is such that most tanners have considerable orders on their books for future delivery. Medium and heavy weights also have shared very favourably in the business done, in addition to which an active inquiry is experienced for pinned shoulders and bellies. Rough off, however, remains only a moderate sale. Similar conditions are met with in the upper leather market. Buyers have been busy securing supplies of both box and willow calf and glacé kid, and the majority of producers and distributors have been able to clear off a considerable quantity of the stock recently held. Other descriptions of upper leathers have shared to a greater or lesser degree in the present activity, and the position now is that some firms are not prepared to commit themselves ahead for supplies.

RUBBER.—The low level to which rubber prices had fallen last week resulted in a broadening of inquiries from America and the Continent. Prices have since recovered a little, and on Wednesday "smoked sheet" was quoted at 4½ cents per lb. in New York, against 4½ cents a week ago. Wednesday's official closing price for standard ribbed smoked sheet in London at 2½d. per lb., shows a rise of ¼d. as compared with the corresponding day last week. In forward positions, business has been done at 3d. to 3½d. for December, and at 3½d. to 3¾d. for January-March, 1932, as against 2½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,227 tons; delivered, 2,138 tons; stocks at the end of last week, at 133,923 tons, show a decrease of 911 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Sept. 9.	Sept. 30.	Oct. 7.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel.....	47	44½	46½
Coffee, Rio No. 7, cash, per lb.....	5½	5½	5½
" Santos No. 4, cash, per lb.	8½	7½	7½
Cocoa, Accra, nearest future, per lb.	4.49	4.26	4.46
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3.42	3.40	3.45
Cotton, New Orleans, middling, spot, per lb.....	6.64	5.70	5.43
Rubber, smoked sheet, spot, per lb.....	5½	4½	4½
Petroleum, Pennsylvania crude, standard grades, per barrel.....	165-180	180-195	180-195
Copper, "Electrolytic," Domestic, spot, per lb.....	7.625	7.00	7.00
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.....	8.00	7.50	7.50
Spelter, East St. Louis, spot, per lb.....	3.80	3.65	3.575
Lead, spot, per lb.....	4.40	4.40	4.00
Tin, "Straits," spot, per lb.....	25.65	22.50	22.50

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, OCTOBER 17, 1931.

No. 4,599.

ALLIANCE

INSURANCE COMPANY, LIMITED.

(Established in 1824.) ASSETS EXCEED £30,000,000
HEAD OFFICE: BARTHOLOMEW LANE, LONDON, E.C.

LIONEL N. DE ROTHSCHILD, O.B.E., Chairman.

INSURANCES OF EVERY KIND.

LIFE DEPARTMENT

Children's Deferred Assurances with Educational Option.
Assurances with Disability Benefits (including Income Benefit).

Staff Assurances and Pension Schemes.

MOTOR INSURANCE.

The Company's Comprehensive policies comprise all the latest developments of this class of insurance, including Unlimited Third Party Indemnity.

For full information apply to the Head Office or to any of the Offices or Agents of the Company.
A. LEVINE, General Manager.CHRISTIANIA BANK
OG KREDITKASSE
OSLO

Established 1848.

Paid-up Capital and Reserve Funds,
Kr. 40,000,000.—.Oldest Norwegian Private Joint Stock Bank.
Direct correspondents throughout the country.
Offering complete services to banks and firms doing business on Norway.

Correspondence invited.

CREDITO ITALIANO

Limited Company Incorporated in Italy.

Capital fully-paid : : : Lire 500,000,000
Reserve : : : Lire 300,000,000

Head Office of the Bank: MILAN.

THE BANK HAS BRANCHES AND CORRESPONDENTS THROUGHOUT ITALY.

London Branch: 2 ROYAL EXCHANGE AVENUE,
E.C.3.Transacts a general Foreign Banking Business.
STERLING DRAFTS AND DOCUMENTS ON ITALY
COLLECTED ON SPECIALLY FAVOURABLE TERMS.
CORRESPONDENT OF THE ROYAL ITALIAN TREASURY.Telegrams: "Italocredi, London."
Telephone: Avenue 3031-6.

TABLE OF CONTENTS.

The Money Market.....	689	Foreign Stock Exchanges—	
Leading Articles—		New York.....	719
The Dust of the Arena.....	691	Paris.....	722
The League and Man- churia.....	692	Amsterdam.....	722
The Future of Currencies.....	694	Other Centres.....	722
The Round Table Conference.....	695	Investment Notes—	
Sanity versus Tariffs.....	696	The Rise in British Industries.....	722
A Socialist View.....	697	"Majorities".....	722
A Diary of the Crisis.....	698	Japanese and Chinese Bonds.....	723
The Dominions and the Gold Standard.....	699	Chilean Bonds.....	723
The British Motor Market. II.—Trucks and Buses.....	700	Interest Payments on "Young" Bonds.....	723
Notes of the Week—		Earnings Yields of British Shares.....	723
The Attacks on the Bankers.....	701	Investment Trusts and the Slump.....	724
The T.U.C. and Taxation.....	701	Harrods' New Purchase.....	724
Dr. Brüning's Ordeal.....	701	Splintex Safety Glass Scheme.....	725
Signor Grandi's Coming Voyage.....	701	Australian Stocks.....	725
Church and State in Spain.....	702	Central Argentine Railway.....	726
Ismet Pasha at Athens.....	702	Tea Share Outlook.....	726
America's Money Problems.....	702	Cam and Motor.....	726
The Cape Gold.....	703	San Francisco Mines.....	727
Overseas Trade in September.....	703	Capital Issues.....	727
Sterling and World Prices.....	704	Summary of Balance Sheets.....	727
Iron and Steel Production in September.....	704	Company Meetings, &c.	728
Improvement in Lancashire.....	704	Government Returns, &c.—	
The Shipbuilding Returns.....	704	National Accounts.....	728
British Agriculture.....	704	Treasury Bills by Public Tender.....	728
Polish Exports to Russia.....	705	The Bankers' Gazette—	
Denmark's Credit Policy.....	705	Bank of England.....	729
U.S. Cars at Olympia.....	705	Bankers' Clearing Returns.....	729
Anglo-South American Bank.....	705	Provincial Clearing Returns.....	729
Licences and General Insurance.....	706	Overseas Bank Returns.....	729
Overseas Correspondence—		Monthly Statement of London Clearing Banks.....	730
United States.....	706	Loan and Discount Rates.....	732
France.....	708	Rates of Exchange.....	732
Germany.....	709	Overseas Bank Rates.....	732
Austria.....	710	Bullion.....	733
Hungary.....	711	Gold and Silver Prices.....	733
Italy.....	712	Company News—	
Holland.....	712	Dividend Announcements.....	733
Norway.....	713	Reports and Notices.....	734
Sweden.....	713	Profit and Loss Accounts.....	734
Czechoslovakia.....	714	Weekly Traffic Returns.....	735
Greece.....	714	Commercial Reports—	
Bulgaria.....	715	Market Summary.....	735
Letters to the Editor—		The Coal Trade.....	735
The Pound—A German View.....	715	Iron and Steel.....	736
Books and Publications—		Other Metals.....	736
Books Received.....	716	Textiles.....	737
The Stock Exchange—		The Grain Markets.....	737
British Motor Shares.....	717	Overseas Trade Returns.....	738
The Week in the Markets.....	718	Other Foods.....	738
London Active Security Prices and Yields.....	720	Miscellaneous Commodities.....	739
New Issue Prices.....	722	Commodity Prices in the United States.....	740
		Prices Current.....	740

THE MONEY MARKET.

CONDITIONS have remained comfortable, and little change is noticeable. The Treasury bills issued on October 9th went at an average rate of £5 11s. 4.68d. per cent., or at only a few pence higher than in the preceding week. The New York and Paris rediscount rate increases had practically no effect upon London, but this was only to be expected, as London rates are still far above those current in

both the other centres. Money has been in ample supply, and there was a definite surplus available over the week-end, with rates at times running down as low as $2\frac{1}{2}$ per cent. These low rates, however, were abnormal, and, taking the week as a whole, 4 per cent. was the ruling rate for both old and new money. As in previous weeks, the clearing banks were calling very lightly; and this, with the absence of any large calls in respect of new capital issues, helps to explain the ease which became more pronounced on Thursday with the release of Treasury Bond dividends.

Apart for some demand by the clearing banks for late December Treasury bills, which were dealt in at 5 per cent., there was little business passing in bills early in the week, but on Wednesday there was rather more activity. The bank bought November Treasuries at $4\frac{1}{2}$ per cent. and late Decembers at $5\frac{1}{2}$ per cent., while hot Treasuries were dealt in at $5\frac{1}{2}$ per cent. There are still wide variations in the market rate on three months' bank bills. German renewals are currently charged $5\frac{1}{2}$ per cent. and $5\frac{1}{2}$ per cent., unless they carry a first-class London name, but other three months' bank bills have changed hands at rates down to $5\frac{1}{2}$ per cent. There has lately sprung up a fairly general demand for small quantities of Treasury bills from private individuals throughout the country. The motive behind this demand is that, with Treasury bills yielding practically as much as long-term Government securities, it is better to buy them and avoid any risk of capital depreciation. The banks are now receiving many applications of this kind, often from several customers who join together to make up an amount large enough to be dealt with by the banks.

A retail demand of this kind for a few thousands at a time cannot, of course, affect the tender rate, which is based upon an issue of forty millions, but it may help to explain the margin now existing between the tender rate of $5\frac{1}{2}$ per cent. and the relatively low rates at which, to the profit of the market, hot Treasuries are changing hands. Meanwhile, there is a general agreement in the City that discount rates should be maintained at about $5\frac{1}{2}$ or $5\frac{3}{4}$ per cent. There seems to be little chance of any reduction in Bank rate until after the election at earliest, and, in view of the uncertainties both at home and abroad, there is good reason why discount rates should not fall away. The upward trend of money rates abroad is another argument in favour of the maintenance of London rates.

	Sept. 24, 1931.	Oct. 1, 1931.	Oct. 8, 1931.	Oct. 15, 1931.	Previous Rate and Date Changed.
Bank Rate	6	6	6	6	$4\frac{1}{2}$ (Sept. 21, '31)
Banks' Deposit Rate..	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
Discount { Call	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
{ Notice ...	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$2\frac{1}{2}$ (Sept. 21, '31)
Market rate (3 months' bills)	$5\frac{1}{2}$	$5\frac{1}{2}$ - $5\frac{3}{4}$	$5\frac{1}{2}$ - $5\frac{3}{4}$	$5\frac{1}{2}$ - $5\frac{3}{4}$	...

The Bank return records a contraction of £2.6 millions in the note circulation, which now stands at £356.7 millions, against £351.6 millions on September 16th. Allowing for the current seasonal expansion and for the notes recently issued to the Scotch banks in exchange for gold, this disposes, at present, of any idea of currency inflation or hoarding. Payments for Treasury bills in excess of maturities and reductions of £5.1 millions in Government securities and of £2.8 millions in discounts and advances between them explain a sharp drop of £8.8 millions in bankers' deposits. These still stand at the relatively easy level of £70.1 millions, but even so a contraction in the week of nearly nine millions would have caused some stringency if there had been any big demand for money.

The September averages for the nine English clearing banks relate to dates before and after the suspension of the gold standard, and so it is difficult to draw any definite conclusions. The further decline in deposits probably reflects the heavy withdrawals of foreign funds which con-

tinued up to the suspension of gold payments on September 21st.

	September, 1930.	June, 1931.	July, 1931.	August, 1931.	September, 1931.
Capital and reserves.....	132.1	132.1	132.1	132.1	132.1
Acceptances	117.8	115.9	113.0	112.6	118.3
Deposits (including undi- vided profits, &c.).....	1,764.1	1,744.6	1,750.5	1,708.6	1,675.7
Total liabilities	2,014.0	1,992.6	1,995.6	1,953.3	1,926.1
Coin, notes, balance at bank, and cheques in course of collection	232.6	236.2	228.9	223.0	218.2
Money at call	132.9	129.9	126.9	110.5	104.2
Investments	281.3	281.1	306.7	311.2	313.4
Discounts	283.8	263.9	279.2	261.3	234.5
Loans and advances.....	925.4	906.6	899.7	892.4	895.0
Cover for accept., premises, &c.	158.0	157.9	155.2	154.9	160.8
Total assets	2,014.0	1,992.6	1,995.6	1,953.3	1,926.1

To meet this drain the banks have drawn to a limited extent upon cash and call money, but mainly have allowed their bills to run off, the reduction in discounts being £26.8 millions, against £32.9 millions in deposits. Advances expanded by £2.6 millions.

Following the rise in New York rediscount rate from $1\frac{1}{2}$ to $2\frac{1}{2}$ per cent. on the evening of October 8th, money rates there gradually adjusted themselves to the change. Call money rose from $1\frac{1}{2}$ to 2 per cent., but commercial paper, which rose from 2 to $2\frac{1}{2}$ per cent. during the week prior to the increase in the rediscount rate, remained on balance unchanged. Open market discount rates responded fully to the rediscount rate increase, 90-day bankers' acceptances being quoted at $2\frac{3}{4}$ per cent., against $1\frac{3}{4}$ per cent. a week ago. The Boston Reserve Bank has raised its rediscount rate from 2 to $2\frac{1}{2}$ per cent., while the Cleveland rate has advanced from $2\frac{1}{2}$ to 3 per cent. It is generally agreed that America's gold losses, amounting from September 1st to October 14th to \$550,000,000, was a major cause of the increase, but a further explanation is advanced that the recent era of cheap money having failed to achieve its objective of supporting the bond market, a spell of dearer money is now needed in order to draw funds back into the banks; thereby checking hoarding and relieving the banks from the need of realising bonds in order to meet customers' withdrawals. On October 15th rediscount rate was further increased to $3\frac{1}{2}$ per cent. Meanwhile, the outflow of gold continues. During the first fortnight of October \$158.2 millions were exported, of which \$135.4 millions went to France.

The foreign exchange market was quiet this week, and considerably steadier, with fluctuations on a much narrower scale. The general tendency of sterling was firm against all the principal currencies. The New York rate rose from 3.83 to 3.87 $\frac{1}{2}$, and Montreal from 4.33 to 4.37. Paris, after a good deal of movement, went from 97 $\frac{1}{2}$ to 98 $\frac{3}{4}$. Brussels was unchanged at 27 $\frac{1}{2}$. Milan weakened fractionally to 74 $\frac{1}{2}$. Madrid lost $\frac{1}{2}$ at 43 $\frac{1}{2}$. Amsterdam moved very slightly in our favour to 9.55. Berlin, after touching 17 $\frac{1}{2}$, recovered to 16 $\frac{1}{2}$, a loss of $\frac{1}{2}$ on the week. Of the Scandinavian currencies, Stockholm lost $\frac{1}{2}$ at 16 $\frac{1}{2}$, as did Oslo and Copenhagen at 17 $\frac{1}{2}$. Switzerland was weaker by $\frac{1}{2}$ at 19 $\frac{1}{2}$. Quotations of the South American exchanges were all nominal, and in the case of Buenos Aires and Montevideo no dealings were recorded on account of prevailing restrictions. Roughly, the rates were:—Rio, 34d.; Buenos Aires, 32 $\frac{3}{4}$ d.; and Montevideo, 20 $\frac{1}{2}$ d. The Far Eastern exchanges were very firm with the appreciation of silver, the rupee being unchanged at 1s. 5 $\frac{3}{4}$ d. but the yen was fractionally weaker at the close at 2s. 6 $\frac{1}{2}$ d. Forward quotations were inclined to be a little more settled than of late, but some currencies were still unquotable. New York stood at $\frac{1}{2}$ cent and one cent discount for one and three months respectively, and Paris at $\frac{1}{2}$ franc and $1\frac{1}{2}$ francs premium. Brussels ranged round $\frac{1}{2}$ belga premium for one month and $\frac{3}{4}$ belga premium for three. Amsterdam was firmer at one cent and $1\frac{1}{2}$ cents discount. Silver prices fell on balance by $\frac{3}{4}$ d. for cash to 17 $\frac{1}{2}$ d. and by $\frac{1}{2}$ d. for forward to 17 $\frac{1}{2}$ d. The China silver exchanges were stronger, Hongkong gaining $\frac{3}{4}$ d. at 1s. 3 $\frac{3}{4}$ d. and Shanghai $\frac{1}{2}$ d. at 1s. 8d.

THE DUST OF THE ARENA.

At the end of last week the list of declarations of party policy was completed by the publication of the texts of the Labour and Liberal election manifestos, the latter accompanied by a distinctive "scholiast's gloss" in the shape of a letter addressed to his constituency by Mr Lloyd George. The Labour Party's "Call to Action"—to give it its official title—was made up partly of an arraignment of the "National Government," on the ground that a false front of unity masked its true purpose as an instrument of capitalist oppression, and partly of a manifestation of party faith. The urgent necessity for Socialist reconstruction in the face of capitalist economic anarchy was emphasised; and a mandate was sought to impose some measure of public control over banking and the market for new capital, and to secure greater efficiency in industry by reorganisation on a "public service" basis. Tariffs were rejected without qualification; both currency inflation and deflation aimed at bringing sterling back to its old parity with gold were equally condemned; the need was urged for an international conference to deal with every aspect of the world crisis; and continuity of past policy was promised in regard to the problems of India and disarmament. Finally, with regard to the immediate domestic situation, the Economy Act was denounced as harsh and unjustified, and the hope was held out that the "cuts" in the case of teachers and other public servants would be restored "as rapidly as the claims of the unemployed and other depressed sections of the community permit." On the other hand, a balanced Budget was accepted "as the first condition of sound national finance."

The Liberal "Address to the Nation" emphasised the still critical nature of the present situation and the vital need to avoid inflation. The Budget must be balanced, however regrettable it might be to put a temporary check upon measures of social reform and national development. In addition, it was necessary that the country should secure a favourable balance of payments "by whatever methods, whether related to currency, to the expansion of exports or the restriction of imports, which might be found necessary and effective for that purpose." The Liberal Party, however, stood as an independent party which considered that, whatever emergency measures might be found to be necessary to deal with the immediate situation, Free Trade was "the only permanent basis for our economic prosperity." To this advocacy of Free Trade Mr Lloyd George added with emphasis that, since no new mandate was needed by Parliament to deal with the currency question or the national emergency as a whole, the election, forced on the country by the Conservatives, must be regarded as "a mere Tory ramp" designed to foist on Great Britain a disastrous tariff at the risk of deepening, intensifying and exasperating differences between class and class.

The various party pronouncements made, the arena was open for the contestants to marshal their forces and align their positions; but the past week of marching and counter-marching, with batteries here deliberately masked, and manœuvres there obscured from public scrutiny, has raised a still impenetrable cloud of dust over the portion of the terrain occupied by the "National" allied forces. On the one hand, there has been evidence of determined endeavours on the part of Conservative headquarters to keep the field as far as possible clear for a straight fight between "National" and Opposition candidates. In a few cases, notably that of Sir Herbert Samuel's constituency, the attempt has failed, and until Nomination Day it will remain uncertain how many three-cornered contests will be staged. It seems possible, however, that this strategy will be effective in considerably reducing the number of triangular elections. On the other hand, though a more or less solid front may be thus secured, the homogeneity of the army led by the Socialist Prime Minister has scarcely been enhanced by

the divergence between the various operation orders issued by Mr MacDonald's corps commanders and their sundry lieutenants.

Less in the hope of elucidating the position for our readers than because the *obiter dicta* of an election unique in British history for its irrationality seem to warrant a record of such permanence as these columns can give them, we propose to quote a few salient passages from speeches delivered in the past week by leading figures in the "National" ranks.

We may begin conveniently with Mr MacDonald, who observed last Monday at Seaham:—

I am a Labour candidate, I have not changed one idea or ideal that has guided me through the whole of my political life. . . . At the moment the national situation is such that we have to have a combination of parties, not a coalition Government, not a permanent change, but a temporary change. . . . I stand where I do with men who do not agree with me, men whose opinions I do not share . . . for the purpose of getting the nation over its temporary difficulties.

Having thus repeated his original declaration that the Government of which he is leader is asking the country for an "emergency mandate" to deal—not on party lines, but with open minds and a free hand—with whatever developments in the crisis may arise, Mr MacDonald showed, as he could not but do, that he was aware of the growing tendency for tariff protection to be pushed into the front of the programme by the less discreet among his Conservative supporters. Referring to the position of our balance of payments, Mr MacDonald expressed his willingness to consider any proposal on its merits; but, he added, "I do not believe that anyone in his senses . . . would suggest that by a tariff the Government should increase the cost of living at a time when the devaluation of the £ is now threatening of itself to increase the cost of living."

From these words it is tempting to conclude that the Prime Minister must have serious doubts of the mental balance of Mr Baldwin, who, in a speech at Birmingham last Friday, delivered himself as follows:—

If anyone can show me any method as swift in its execution and as sure in its results as I believe the tariff to be, I will examine that method with sympathy and interest. But until I am convinced of that, I adhere to the conclusions to which I came years ago, that the one weapon to deal with this subject is the weapon of the tariff. . . . The character of the National Government must be largely determined by us Conservatives because of the size of the Party.

The divergence of the policy of the Conservative Party from that of the leader of the Government was further underlined on the same occasion by Mr Neville Chamberlain, who declared that "there is no policy that we can see that can be an effective substitution for the policy of protection"; while Sir E. Hilton Young, speaking at Carlisle last Friday, went so far as to say that "no general low revenue tariff of 10 per cent. or so will serve to stabilise the £ . . . it must be on a basis of some 33 per cent." Nor have the protectionists in the Conservative camp troubled to pretend that in their view a tariff would be a remedy of temporary application. Sir Austen Chamberlain, speaking at Birmingham on Tuesday, stated that he and his colleagues "wanted for this great reform (i.e., a tariff) a national mandate which put it on a firm basis . . . and let the foreigner know that this thing has come to stay." To add still further to the elector's mystification, Sir Herbert Samuel, in his election address, assured his constituents that "the people are not called upon now to decide for or against a system of tariffs"; the *Times*, in a leading article this week, declared that "this election is not being fought in order to give the Conservative Party a mandate to impose tariffs only . . . it is being fought to give the nation a Government determined to save it from . . . inflation"; and Mr Churchill, to the final bemusement of democracy, announced at Epping on Tuesday that "the claim that Parliament must have a specific mandate from the electors for every important step it takes is a thoroughly bad and vicious constitutional doctrine. . . . The new House

of Commons will be completely free to set up a permanent general tariff."

What impression upon the electorate will be made by the various party attitudes we find ourselves totally unable to predict. By one section of the Conservative Press the voter is being asked to align himself under the patriotic flag in a naked issue of class war. We hope and believe he will pay no heed, whatever his economic circumstances or his political prejudices, to such a deplorable invitation, whose results would be apt to have the repercussions of a boomerang on those who have seen fit to issue it. But what is he to do? What is he even being asked to do? On the one hand, he is being offered by the Labour Party a programme which in many general issues, such as international affairs, is both uncontroversial and unexceptionable, but whose insistence on the maintenance of expenditure must occasion doubts as to the reliability of the promised Budget balance, and whose projected experiments in Socialist reconstruction of our financial machinery (with regard to which Mr. G. D. H. Cole has more to say on a later page) may strike many of Mr Henderson's more cautious adherents as a risky undertaking in the present critical situation of monetary affairs. On the other hand, he is being asked to give a mandate to an alliance of parties, which declines to call itself an Anti-Labour Coalition, yet unites in attacking Mr Henderson's policy, and whose leaders variously declare that they would regard success at the polls as giving them a mandate for an emergency non-party policy and as representing the "final triumph" of tariff reform.

In short, the elector does not know what is to happen if the "National" alliance carries the day and is faced with the task of translating into common action the different views and beliefs of its leaders. Will the "immediate desires," which Mr MacDonald assures us have been "put into the background for the time being," re-emerge insistently and, if so, will the "National" Government break up? Sir Herbert Samuel trusts that this will not be the case; but he has said "if some section of the House of Commons were to break up national unity and insist on party policy then . . . probably there will have to be another election." But is this the probability? Sir John Simon, speaking at Cleckheaton on October 12, stated that, though he agreed that economic arguments against tariffs were weighty, "if the broad base National Government finds it (i.e., a tariff) necessary, I am not going on that ground to refuse to support the National Government." If, then, the new Parliament contains an absolute majority of Conservatives and Simonite Liberals combined, does this mean that there will be, not as Sir Herbert Samuel thinks, another election, but the reconstruction of the "National" Government into a virtually Conservative Government which will claim, with Mr Churchill, that it has a mandate for "a permanent general tariff"?

The tragedy of this electoral situation is that the voter who is neither a Protectionist nor a Socialist seems likely in many cases to be placed in the dilemma of having to vote for one or other of two parties each of whose policies in part he dislikes. In asking for general support, as a statesman standing mid-way between reaction on the one hand and rash experiments on the other, Mr MacDonald *prima facie* is making an appeal which, in other circumstances, would evoke an enormous response from the electorate. The trouble is that the "independent" ground on which he stands appears to be slipping from under his feet.

On the other hand, we find ourselves unable to accept Mr Cole's dictum that, as a result of this election, the one straight issue in British politics has become, or will remain, that of Socialism *versus* Capitalism. This verdict is, in our opinion, an over-simplification of the position, just as misleading as the theory that fiscal policy is the test of "patriotism." Nor are we convinced that Mr Cole, for all the façade of Socialist theory and project in the official Labour manifesto, reads correctly the mind either of the majority of Labour's political leaders or of the bulk of the Labour electorate. Even though a result of the election may be a great diminution of "middle party" representation in Parliament, this will not mean that Mr Disraeli's "two nations" have now emerged as

the epitome of British politics. In the evolution of a centre party, embracing all the best elements of the three traditional political parties of the past, we believe that the best hope for the future of British politics is yet to be found. Such a party is not in sight, and it may require not only the lamentable confusion, hypocrisy and unreality of this election, but still less satisfactory consequences which this election may have in store, to bring such a party into being. In the meantime, the political soul of England, "hot for certainties" in the electoral maze of irrelevant controversies and unreal issues, is doomed, we fear, to get a very dusty answer.

THE LEAGUE AND MANCHURIA.

THE threat of war between China and Japan over Manchuria, which the Council of the League of Nations is dealing with this week in a special session at Geneva, is a test case. The prevention of war is the primary purpose for which the League has been brought into existence. True, this is a negative task. Yet, unless the League is able to demonstrate its ability to fulfil its primary negative task with effect, it will be powerless to carry out the great constructive work for which its services are so sorely needed by a disorganised world. The essential condition for a co-operative economic reconstruction of the world is general confidence; the essential condition for confidence is the assurance of peace. On several occasions during the last dozen years the League has been successful in preventing breaches of the peace between small countries: Greece and Bulgaria; Paraguay and Bolivia. The open question—a question which, so long as it remains open, will continue to keep alive the sense of insecurity throughout the world—is whether the League is capable of preserving peace in an affair in which one of the parties is a Great Power.

This question has loomed up once already, eight years ago, without receiving a clear answer. When the murder of the Italian General Tellini on the Graeco-Albanian frontier was followed by the Italian bombardment and occupation of Corfu, a situation arose between Italy and Greece which was not unlike the present situation between Japan and China. On that occasion the supreme disaster of war was avoided by a diplomatic compromise which amounted to a distribution of the necessary "loss of face" between the League and Italy. Italy accepted the loss of face involved in withdrawing from Corfu and refraining from further measures for imposing her will upon Greece by force of arms. The League accepted the loss of face involved in allowing the dispute to be taken out of its hands and referred to the Conference of Ambassadors, who did what was expected of them by rendering a decision which approximated closely to the Italian Government's terms. At the beginning of last week it looked as though the present Sino-Japanese dispute might be settled in some such way as this—settled, that is, by some compromise which would have the solid merit of avoiding war, without altogether escaping the serious defect of allowing the stronger party to get the benefit of its strength by obtaining pacifically the gist of what it had been threatening to extort by force. The week before last the Japanese Government had accepted in principle the League's request that it should withdraw its troops to within the limits of the leased territory and the railway zone in Manchuria, where Japan is entitled by treaty to maintain armed forces. This Japanese concession to the League's representations had been rather grudgingly made, and had been qualified by explicit exceptions which, though professedly temporary, were by no means unimportant. It was announced, for example, that, among other places outside the treaty limits, the Chinese occupation of Mukden itself was to remain under Japanese occupation for the time being. This was not satisfactory, but it was possible to condone it as a necessary stage in the Japanese manoeuvres of beating a dignified retreat; and in these circumstances it seemed only common sense that the League should not make things too difficult for Japan, short of going out of its way to build her a golden bridge.

This was the situation at the beginning of last week; but since then, unhappily, events have taken a more serious turn than they ever took in the Corfu affair of 1923. The sinister feature in the present Manchurian affair is the recalcitrance of the Japanese military authorities in Manchuria towards the Japanese Civil Government in Tokyo. The origin of the whole trouble was a high-handed military *coup* which was executed—in nominal reprisal for an alleged act of local provocation on the Chinese side—by the Japanese military authorities on the spot, without the approval or even the cognisance of their home Government. Last week it was presumed that this act of insubordination—deplorable as it had been—was at least an isolated aberration on the Japanese Army's part, and that the Japanese Government, after having been caught napping, had re-asserted that absolute authority over its public servants which is one of the hall-marks of a civilised commonwealth. Unhappily, this week, that reasonable expectation has been falsified. Undeterred—or possibly even provoked—by the assurances which the Japanese Government has given to the League Council, the Japanese military authorities in Manchuria have resumed the offensive.

At the beginning of last week the commander of the Japanese forces in South Manchuria, General Honjo, published in Mukden a declaration that Japan would no longer recognise the local Chinese administration of which Marshal Chang Hsueh-liang is the head. The Tokyo Government contented itself with issuing an official *démenti* of its own officer's unauthorised pronouncement on this matter of high policy. Thereupon General Honjo followed up words by a fresh series of militant acts. On Thursday, October 8th, he bombed Chinchow, a city of Manchuria, in the area under Chinese administration, which is situated on the Mukden-Peking Railway some hundred miles south-west of Mukden. The reason given for this act of war was that Chang Hsueh-liang had established the seat of his Manchurian Government at Chinchow since the Japanese occupation of Mukden, and that the Japanese intelligence service had ascertained that he was converting the town into a base for a projected Chinese military attack against the Japanese-owned South Manchurian Railway. Japanese military aircraft are also reported to have bombed the important Chinese town of Taonan in north-eastern Manchuria—a place which is likewise a railway centre and likewise right outside the limits of the Japanese zone. On Friday, the 9th, the Japanese Cabinet in Tokyo discussed General Honjo's latest acts in Manchuria; but their meeting ended without their having either dismissed the General or tendered their own resignations to the Emperor.

Since then, events have moved very fast indeed. On the 9th itself, while the Japanese Cabinet was refraining from action at Tokyo, their representative in China was delivering to the Government at Nanking a strongly-worded note requiring the Chinese authorities to suppress anti-Japanese manifestations in China, including the boycott of Japanese goods and the severance of business relations with Japanese firms. It is true, and not surprising, that the anti-Japanese manifestations in China have been violent and widespread. It is also true that the Chinese Central Government at Nanking would not be able, even if it were willing, to prevent them. Accordingly, the Japanese Government is taking its own measures for the protection of its nationals in China. Japanese warships have landed marines at Shanghai, and there is another Japanese warship anchored, up the Yangtze, off Nanking itself. This opens up the alarming prospect of a wide extension of the area of armed conflict unless the tension is eased without delay.

On the 9th, again, the Chinese representative on the Council of the League of Nations asked, on account of the serious information regarding events in Manchuria which he had received, that a special meeting of the Council should be summoned immediately. In response to this request, the President of the Council, Señor Lerroux (Spain), instructed the Secretary-General to telegraph on the same day convoking a meeting for Tuesday, the 18th (one day, that is, in advance of the date when the next meeting was to have taken place). It is in these circumstances that the Council has reassembled this week.

The MERCANTILE BANK of INDIA LIMITED.

Head Office: 15, Gracechurch St., London, E.C.3

Branches and Agencies throughout the East.

FIXED DEPOSIT ACCOUNTS.

Rates will be quoted on application.

Meanwhile, between Friday and Tuesday, events continued to move fast, partly for good and partly for evil. It is very much, indeed, to the good that the United States Government has telegraphed to Geneva, exhorting the Council to exert itself to the utmost within its own field of action and giving an assurance of energetic American support. And it is an even more important step that the American Government has instructed Mr Gilbert, its Consul at Geneva, to accept the League Council's invitation to attend the Council's deliberations. This is an event of first-class importance; for it has removed, at a stroke, in this Manchurian crisis, one complication—the uncertainty about American intentions—which has always been reckoned among the League's major unsolved problems hitherto. In taking this line, the Administration at Washington can count upon carrying American public opinion with them; for the traditional American horror of foreign entanglements is limited, like the similar British feeling, to the European Continent. There is an instinctive assumption in American minds that the affairs of the Far East, unlike the affairs of Europe, are an American concern. Thus, though the League finds itself confronted this week with the task of prevailing upon one member which is a Great Power, it is fortified by the assurance that one of the two Great Powers outside the League is working whole-heartedly with the League on this occasion. As for the other non-League Great Power, Russia, she has not yet made any sign. Yet it can hardly be supposed that, with her heavy stakes in North Manchuria, she wishes to see Japan get her own way in South Manchuria by main force.

As for China and Japan themselves, their juridical obligations are clear. They are both bound by the League Covenant; they are both bound by the Kellogg Pact; they are both bound by the Nine-Power Treaty, signed at Washington on February 6, 1922; and Japan is also bound by the Four-Power Treaty signed at Washington on December 13, 1921, the other signatories of which are the United States, Great Britain and France. So far, the Chinese Government has refrained, under great provocation, from taking any action contrary to its international pledges. At the same time, President Chiang Kai-shek has declared, in a speech delivered on this last Monday, the 12th, that, "if the League and the signatories of the Kellogg Pact fail to fulfil their sacred duties, China will not hesitate to make the supreme sacrifice of bankrupting the country for half-a-century to go to war."

As we go to press, the issue still hangs on the outcome of the Council's emergency session at Geneva. The proceedings opened on Tuesday with a series of statements by the representatives of the two parties: Dr. Sze and Mr Yoshizawa. The Japanese case is that Japan fully intends to withdraw her troops within the limits of her zone as soon as this can be done without jeopardy to Japanese lives and property outside. The Japanese military operations, including the latest bombing raids, are represented as being necessary protective measures. The settlement of the controversy is declared to be a matter for direct Sino-Japanese negotiations without the intervention of other parties. The Chinese case is two fold. Dr. Sze met Mr Yoshizawa's contention by quoting the declarations made by Monsieur Briand and Lord Cecil in 1925, *à propos* of the Graeco-Bulgarian crisis, to the effect that an invasion of foreign territory could not be justified on the plea of self-defence. He then went on to

raise a larger issue. China is relying, in this crisis, on the League Covenant and on the Kellogg Pact, and if these instruments are not proved to be effective in this test case, what are the prospects of the World Disarmament Conference, and what are the prospects of international economic reconstruction by co-operative effort? This, surely, is the heart of the matter. In this Manchurian affair, neither the League nor the United States, nor the world, can afford a failure. Happily, failure is not yet by any means certain. In fact, so far from exhibiting impotence, the League is entirely responsible for the fact that war has not yet been declared.

THE FUTURE OF CURRENCIES.

THE monthly meeting last Monday of the Board of the Bank for International Settlements—the first occasion since Great Britain's suspension of the gold standard for personal contact to be resumed between central bank Governors—was held at the beginning of a week destined to witness the temporary abandonment of gold by three additional countries, and a steady, though not sensational, intensification of the existing financial and economic strain. Indeed, it was at the very moment that the Board was in session that Northern Rhodesia, a British Protectorate, and Southern Rhodesia, a self-governing British Colony, intimated their decision to keep the exchange value of their currency linked with that of the pound sterling—a decision whose reactions on the position of the Union of South Africa forms the subject of comment in another article.

On the same day Finland also decided to suspend the gold standard. In making this decision she may to some extent have been influenced by the consideration that the British market is an important outlet for her exports, particularly of timber, but the step was actually forced upon her banking authorities by the loss of 500 million finmarks' worth of foreign exchange during the preceding three weeks, as a result largely of the withdrawal of credits which she had obtained from United States banks. Since Finland is the first of the countries which had previously experienced a phase of extreme inflation to follow Great Britain's lead in suspending the gold standard, the effects of her departure from gold were awaited with some anxiety. Reports from Helsingfors indicate that the immediate result was a general inclination on the part of the public to rush to buy equity shares and retail commodities, but the policy of the Bank of Finland in raising Bank rate to the stiff level of 9 per cent. should have the effect of keeping any inflationary tendencies within limits. Fortunately Finland has a substantial surplus on foreign trading account.

The actual decisions taken at Basle on Monday were in part a foregone conclusion, and, for the rest, were not of far-reaching moment. The Board decided to renew for a period of three months its share (one-fourth) of the \$100 million credit which was granted to Germany by the B.I.S., the Bank of England, the Bank of France, and the New York Federal Reserve Bank, and which was to mature on November 4th. It also decided to invite the three central banks mentioned to take similar action in the case of their portions of the credit; and there seems little reason to doubt that this course will be adopted. It was further agreed that the B.I.S. credit to the Bank of Austria of 90 million schillings and the outstanding balance (100 million schillings) of the Bank of England's credit to Austria, due for repayment on October 16th, should be prolonged until January 16, 1932, while a prolongation was also announced in respect to the credit of \$3 millions granted by the B.I.S. to the Bank of Yugoslavia. These formal decisions represent little more than the official recognition of a *fait accompli*, since in neither instance could immediate repayment be exacted from the debtors, while the conditions of the new capital market in every centre are such that it would be impossible for these short-term obligations to be at present funded into long-term loans.

Apart from the renewal of the credits the only other determination of the Board which had a direct bearing on the crisis was the decision to invite representatives from

countries which have found it necessary to restrict dealings in foreign exchange to meet at Basle to discuss means of co-ordinating and regulating such restrictions with a view to alleviating to some extent the inconvenience thereby occasioned to international trade. The intention was that the discussion should be concerned with matters of detail rather than of principle and that they should be confined to the countries of Central Europe. Exchange restrictions, however, are matters in which Governments and not Central Banks must have the last word, and it is possible that the constitution of the Committee and its place of meeting may be changed. Though the conference at the outset may only seek to secure a simplification of some of the present restrictions, this matter cannot be discussed without quickly opening up the whole question of the mutual adjustments which will permit the resumption of international trade. The talks may, therefore, do something to clear the ground for further action.

It was not to be expected that this meeting of the Board of the B.I.S. would succeed in evolving any definite plan for dealing with the crisis. The task of rebuilding a structure whose very foundations have been shaken cannot be approached without deliberation and careful preparation in advance. Not only so; as the *Economist* has emphasised throughout this phase of the crisis, the problems now involved, in the shape of international indebtedness, reparations, tariffs and other matters of high policy, lie far beyond the scope of effective action by banking authorities alone. The international agreements which are essential for world recovery are necessarily the concern of statesmen. None the less, it is a matter of satisfaction that direct contact between central bankers should this week have been resumed, and, in a crisis whose development may be unexpectedly rapid, it is more than possible that at the next monthly meeting of the B.I.S. Board the bankers may be able to take a clearer view of the situation, if not to pave the way for agreed lines of future policy.

And, in this connection, it is of the greatest importance that however great may be the distractions of the General Election, public opinion in this country should endeavour to keep firm hold of the realities of the situation. At the moment there is an appearance here of temporary "shelter" from the world-wide economic blizzard. Whereas the scramble for gold and a sense of uneasiness regarding the dollar (which appears to persist in some Continental centres, notwithstanding the assurance which Dr. Burgess, of the New York Federal Reserve Bank, gave the meeting of the B.I.S. Board) are still leading to gold exports from the United States, while even in the best situated European countries still on the gold standard the situation is characterised by a hoarding of currency, nervousness of depositors and growing paralysis of trade, Great Britain gives at the moment the impression of being insulated to some extent from the troubles of the outer world. The depreciation of the pound has already stimulated some new orders for her export trades, and the pound itself, after its initial sharp decline, has now for three weeks displayed a remarkable steadiness.

This in itself is satisfactory, but it should be appreciated that quite irrespective of the factor of our balance of payments on current account, the future movements of the pound are likely to be determined to a considerable extent by the flow inward and outward of capital. This being so, the course of sterling will be influenced greatly by the trend of opinion here as to its future exchange level. Any tendency to regard further substantial depreciation of the pound as other than a most undesirable development would, we suggest, be dangerous. If the impression is created abroad that there will be no attempt made in this country to prevent the pound's sliding to an exchange level of 3.50 to 3 against the dollar, the pressure which foreign industrialists abroad are already in some cases bringing to bear on their Governments to abandon the gold standard as a riposte to intensification of competition from British goods, may become irresistible. The idea of wholesale depreciation of currencies is not one which should be welcomed by British opinion, for though "selective" abandonment of the gold standard—particularly by countries which, like Great Britain, have not hitherto inflated and still have a high internal

level of prices and wages—might not have any disastrous results, it would be undoubtedly optimistic to hope that the course of events, if once a real "landslide" from gold began, would be of advantage to the interests of Great Britain. Rather is it likely that the upshot would be a complete loss to Great Britain of such limited benefit as she may still expect to derive from the suspension of the gold standard. But, of even greater weight than these calculations of advantage from the particular standpoint of British exports, there is the general consideration that a universal abandonment by the world of the gold standard would involve the gravest possible risk of a race in competitive inflation whose results no sensible person can lightly contemplate.

THE ROUND TABLE CONFERENCE.

IT is quite clear, even to the casual observer, that the Indian Round Table Conference has, to say the least, lost a great part of the momentum which it acquired during the first session of the Conference at the end of last year. Indeed, there are some, including persons in close touch with the daily work of the Conference, who express the opinion, or the fear, that it will end in mere stalemate if not in something worse. It is desirable, therefore, that the main features and conditions of the present situation should be clearly appreciated, and that there should be general understanding of the forces at work and the issues on which success or failure will turn.

It will be remembered that at last year's session the whole problem of India's future government took on a new, extended and highly promising aspect owing to the early declaration from the side of the Indian Princes that, under equitable conditions, they would enter with British India into an All-India Federation. Prior to this declaration the problem of the Conference had been visualised, both here and in India, as primarily a problem relating to British India. It was hoped that it would be possible to bring the Indian States into at least the beginnings of an organic connection with British India; but no very clear ideas had been expressed as to the manner in which this should be accomplished. Neither the Simon Report nor the Government of India Despatch on the Report regarded the Federation of All-India as anything but a distant ideal, and, therefore, the declaration of the Princes came with and, therefore, the declaration of its unexpectedness. It is not too much to say that the prospect of the realisation of this lofty conception of a federalised India vitalised all the proceedings of the last session of the Conference and profoundly impressed all sections of British political opinion from Left to Right.

It will be recalled that Lord Reading, conscious of the strength and value of the stabilising element which the Princes would form in an Indian Federal Government, declared on behalf of the Liberal Party that he was prepared to concede responsibility to the Federal Government and, of course, wide autonomous powers in the Provinces, subject to certain clearly defined safeguards which he laid down. His position was wholeheartedly accepted by the Labour Government; and the Conservatives, though they would prefer to see a definite scheme worked out, they were clearly much influenced by the declaration. The momentum thus gained carried the Conference successfully through a series of crucial decisions with regard to Defence, the North-West Frontier and the Indian Services. But, unfortunately, the ancient and thorny problem of inter-communal relations had to be left entirely unsolved. This particular problem found concrete expression in the demand by the representatives of the various Minority communities in India for constitutional safeguards which went deep into the fundamental parts of the Constitution. Further, the specific terms and conditions on which the Princes were to enter the Federation, including all sorts of important adjustments between the States *inter se*, and the vastly difficult subject of Federal Finance, had to be left over for the next session of the Conference.

It is idle now to regret that the work of the Conference was not renewed at the beginning of the summer immediately after the crowning act of Lord Irwin's statesman-

ship was accomplished, namely, the pact with Mr Gandhi, which has kept India largely free from internal turmoil during the past six months. But there are very strong grounds for believing that, had conditions here made it possible for the Conference to resume its work, either in England or in India last April, all the problems, whether of Minority relations or of relations between the States and British India, and between the States themselves, would have been less formidable than they are to-day. The long interval which elapsed between the adjournment last January and the reassembly in September led to a certain crumbling of the undoubtedly promising position attained at the first session. A perusal of the Indian newspapers and a study of events in India during the months between January and September show opinion in India on the subject of inter-communal or Minority adjustments to have been steadily hardening. The Muhammadans, in particular, held hundreds of public meetings all over the country which consolidated the community's front and gave added strength and weight to their far-reaching claims. Hindu communal opinion advanced along a similar path, and the grievous events in Cawnpore, and later in Kashmir, made the task of those who were working for inter-communal peace well-nigh hopeless.

Splits occurred also among the Princes, even among those who had been present at the first session of the Conference, and these found their most important and dramatic expression in the declaration of the Maharaja of Patiala, in which, in effect, he withdrew his support from immediate Federation and preferred instead to begin by setting the Princes' own house in order, so as to give the States unity of policy and, consequently, a better bargaining position *vis-à-vis* British India. In England, of course, a succession of fateful events, culminating in the present deplorable election, has inexorably thrust Indian affairs into the background and has deprived the Indian Conference of the benefits of the undivided attention of certain British leaders, notably the Prime Minister and Lord Reading, whose influence and wisdom were of incalculable value in the last session.

It is in such conditions as these that the Conference has resumed its work with the task in front of it of coming to decisions on the immensely difficult and fundamental practical problems which, as we have said, were left over from last time. In a word, the delegates are trying now to make and put together the working parts of a constitution which shall be able to function unhindered and untroubled by friction caused by age-old inter-communal and inter-State rivalries and antagonisms, a constitution which shall receive wholehearted support in India and yet square with the opinions, the rights, and the conscience of the majority of British people.

Is it any wonder that the work of the Conference is proceeding slowly, or, indeed, that it should be brought almost to a standstill? Let us remember the years that it has taken the other parts of the Empire to achieve their federation, and, be it noted, federation of an infinitely simpler sort and on an immeasurably smaller scale than the Federation of All-India. We are dealing here not with a few million folk, comprised in a handful of homogeneous States, each of them autonomous and with only their own interests and authority to consult. Here, we are dealing with a problem which is literally unique. The 350 million people of India are divided between a number of races, creeds, cultures, languages, and stages of development. The British Provinces are not autonomous units, and the Indian States with which the Federation is to be made are virtually sovereign territories in treaty relations with the British Crown, and politically connected with British India only by the somewhat exiguous tie formed by the fact that their paramount power also governs British India. Think, too, of these complexities as shot through with ancient irreducible communal and particularised rivalries and antagonisms, and then a faint conception of the truly bewildering difficulty of the task now in front of the Round-Table Conference will begin to emerge.

Lastly, in this connection, the presence of Mr Gandhi as representative of the Left Wing of Indian political opinion should not be overlooked, for he has brought a new and undoubtedly disturbing element into the problem. All the representatives of British India last time were men

who have always believed in constitutional methods of agitation, and who, on the whole, have had practical ideas as to the pace and scope of political development in India. Mr Gandhi has come with the mandate of the Karachi Congress as his demand. He demands independence for India as complete as that enjoyed by any of the British self-governing Dominions, and this includes absolute Indian control over Defence and Finance. His prestige among certain sections of the delegates is great, and, in any case, his influence overshadows that of any other Hindu in India, so that his dissent from anything which his Indian colleagues might agree to is bound to be a formidable thing. His action cannot but be of some anxiety to the British delegates and to some sections of the Indian delegates, notably the Muhammadans.

Mr Gandhi has tackled the Minorities problem and has failed to achieve any solution, not only by reason of Muhammadan intransigence, but because he has undoubtedly not been able to carry with him the majority of his Hindu colleagues. Nevertheless, the difficulties, even in this respect, have been somewhat narrowed. The problems of Sind and the North-West Frontier have been disposed of; the allocation of residuary powers to the Provinces appears to be a foregone conclusion; and even in the vexed question of joint or separate electorates it is possible that differences will not prove insuperable. But the hard, irrefragable core of the problem, namely, the arrangements for Bengal and the Punjab, remains untouched. There, the Muhammadans demand a statutory majority of the seats in the Provincial Councils, and this is a claim which the Hindus will not admit. In the Punjab, the position is complicated by the Sikhs, who in no circumstances will agree to an absolute majority of Muhammadans in their Provincial Council. It is difficult to see how this problem of the Punjab and Bengal can be solved by negotiations between Hindu and Muhammadan representatives. And, even if they come to an agreement, the other Minorities, notably the Depressed Classes and the Anglo-Indians, have still got to be fitted into the scheme. The Muhammadans have announced that until the whole question of their safeguards and position in the new Constitution has been disposed of they are not prepared to go on discussing the basic parts of the Federal Constitution. Finally, the vitally important questions of the weightage to be given to the Indian States in the Federal Legislature, of the part which they are to play in the Executive, of the extent to which they will have to surrender their sovereignty to the Federal Government, and the whole vast question of Federal Finance all remain to be settled; and these cannot be tackled until the Hindu-Muhammadan and other Minority problems have been satisfactorily solved.

This is a formidable catalogue of difficulties, but the thing that must not be done is that any section concerned in the future of India should lose heart. It would be worse than foolish, it would be criminal, to under-estimate the strength of the difficulties which have been discussed above, the more so because the problem of Minority safeguards is now not likely to be solved by negotiations among the delegates themselves. Nevertheless, a Federation of All-India there must be, and if it should be found impossible to achieve that Federation at this Conference, then a beginning may have to be made with those parts of the main scheme which are possible at this stage, and particularly with Provincial autonomy and some responsibility at the Centre in British India. From such a beginning it might be possible to proceed slowly, but naturally, until conditions were brought into being which would enable a future Conference to erect a greater structure.

SANITY versus TARIFFS.

A FRONTAL attack by massed forces is often easier to repel than a series of sporadic flank attacks by forces of varying strength and employing varieties of strategy and weapons. More insidiously dangerous, therefore, than a fight on a clear-cut tariff issue is the present series of flank attacks upon our fiscal system which the electorate is witnessing. It is, as will be seen from a previous article, difficult to say precisely where the tariff

issue stands in this election. Some Protectionist supporters of the National Government are keeping their fiscal theories in the background. Others, while giving lip service to Mr MacDonald's appeal, are making tariffs the main plank in their platform. Among the latter there are three distinct sections. One tells us that the effect of the depreciation of sterling is inadequate and fleeting and must be supplemented by a low tariff. Another argues that nothing short of high Protection will bring prosperity back to Britain. (Prominent in this section is Sir E. Hilton Young with his advocacy of a general tariff of the order of 33½ per cent., which would place Britain right among the high Protectionist nations.) The third, led by Lord Beaverbrook, wants Protection for the purpose of achieving what he euphemistically calls Empire Free Trade. We wish that every voter who is assailed by these various and contradictory tariff pleas could before polling day read a survey* of the tariff problem from all angles which has been issued this week by ten British economists under the chairmanship of Sir William Beveridge. The survey was undertaken before Britain left the gold standard, but an Epilogue is added dealing with the new circumstances. It is this Epilogue which lends supreme interest to the volume at the present moment. For in it the truth is relentlessly brought out that, whatever its dangers and drawbacks, the abandonment of the gold standard has automatically and finally cut the ground from under the argumentative case (such as it was) for the introduction of Protection into the economic system of this country. The succinct passage in which this conclusion is contained merits reproduction:—

As soon as a country is off the gold standard, the balance of exports and imports gets adjusted rapidly and automatically by the exchanges. If more sterling is offered on the exchange market than is asked for, as will happen if imports are too high for exports, the value of sterling in other currencies, no longer sustained by gold, must sink; imports are rapidly made dearer and exports cheaper, and equilibrium of the trade balance comes automatically. The problem for the Government becomes, not that of balancing the exchanges, but of avoiding at all costs internal inflation. Its primary duties are a balanced budget, severe control of credit, a veto on the printing-press, and avoidance of a tariff. For to impose a tariff when the exchange is fully free to fluctuate, is to deprive ourselves of the one obvious benefit which the break with gold confers—the stimulus to exports. If in such conditions we tax imports, the exchange moves in our favour, but it does so directly at the expense of exports; as it becomes more difficult to import, so it becomes more difficult to export. Tariffs and setting the exchange free from gold are mutually exclusive policies.

From this the authors turn to the argument, heard now upon the Protectionist platform, that the effect of currency depreciation upon the trade balance is inadequate and temporary. They describe it as "a complete misunderstanding," and continue:—

While a currency is depreciating, various complex reaction are set up which stop when the process of depreciation stops. But, unless and until prices and wages rise in proportion, the effect of encouraging exports and discouraging imports remains so long as the currency remains, however fixedly, below its former value in terms of other currencies. Leaving the exchange free to fluctuate itself brings about, through the exchange market, the relation of internal and world prices necessary to adjust the balance of trade. It acts just as contracting credit and lowering prices by a rise of bank rate acts under the gold standard. It has all the effects of a tariff in making imports dearer, and the additional effect of making exports cheaper. With an exchange free to fluctuate, a tax on imports hits directly at exports; its only effect is to bring about stabilisation of the trade balance at a slightly higher level of the exchange and a reduced volume of international trade. It makes employment in the export trades certainly less.

The case is unanswerable, as also is the further statement that a tax on imports is no remedy for any of the dangers or disturbances which may result from the divorce of the currency from the gold standard.

While this brief Epilogue so eloquently drives home the truth that even the theoretical argument for tariffs has been killed by the course of recent events, it should not monopolise the reader's attention; for in the rest of the volume will be found chapters demonstrating in effective style that many of the claims now being placed

* *Tariffs. The Case Examined.* By A Committee of Economists, under the Chairmanship of Sir William Beveridge. London: Longmans. 7s. 6d. net.

before the electors by various Protectionist schools were fallacious even under gold standard conditions. For instance, tariffs are being preached as a means to maintain a high standard of living. Here is the conclusion of Sir William and his colleagues:—

For maintenance of the standard of life of any high-wage country against competition from low countries, Protection is either unnecessary or unavailing; in the particular country of Britain, with a high standard dependent upon specialisation, large exports and cheap imports, Protection means an attack on the standard of life, not a defence of it.

Again, the idea, nurtured by Mr Baldwin and others, that, by adopting a tariff Britain can bargain her neighbours' tariffs down, is dismissed after a survey of the history of tariff bargaining, ending with the Imperial Conference of 1930:—

If we had any doubt before what tariff bargaining means in practice, we should have none after the Imperial Conference of 1930. The Dominion Premiers, anxious as they were, alike on grounds of sentiment and business, to make a bargain with us that would find a market for their wheat and wool, could not offer for this purpose to lower a single duty of their own. Their own vested interests barred the way.

A special chapter entitled "The Possibilities of Imperial Preference" may be recommended as giving the most conclusive of reasoned answers to the impracticable, if attractive, policy of an Empire economic unit and a vast diversion of trade from foreign to imperial channels. A careful review of possibilities leads to the verdict that

Imperial Preference, as a practical proposition, cannot be presented to-day . . . as a means to freer trade; to lower, if discriminating, tariffs. It means that Britain should put import duties on food and raw materials that now come in free from foreign countries, in order that the Dominions may tax yet more highly foreign manufactures that they tax already. It is an addition to tariffs, not a reduction of them.

The two essential truths are also clearly brought out: That the Protectionist policies deliberately adopted by the Dominions have made a campaign for a "Free Trade Empire" hopelessly out of date; and that the scope for Imperial Preference is immensely smaller than is usually supposed, because from its possible scope must be excluded two groups of commodities—namely, those of which the Empire has a substantial export surplus, and which the Empire's own supplies are only a small proportion of the Empire's demand. Since the book was written, we may remark in passing, the Canadian Government (as recorded elsewhere in this issue) has itself underlined the futility of pursuing Empire Free Trade by its action in raising tariff rates on British goods to rob the Mother Country of the advantage of the depreciation in the £.

There is much else in the book that deserves more space than we have to give. The "mass production argument," which has attracted some industrialists, is met and answered; and the idea is disposed of that tariffs are likely to bring any alleviation of unemployment. The "quota system" is examined and its Protectionist effect exposed. Export re-marrying and presentation of facts relating to these problems is welcome and timely. But, as we have said above, the most topical pages of the book are those in which it demonstrates that with the passing of the gold standard—and in spite of the grave problems which its suspension has raised—the question of our balance of payments, suddenly brought to the front by the fall in our receipts from overseas, has been resolved in the only way possible to us—so long as we were not able and willing to adjust our price level to the fall in world prices. Events have, in fact, changed the whole perspective of the problem. In the world's present situation to cheapen the cost of our exports and to do everything possible to maintain the solvency of other countries, and particularly of our debtors, are the vital problems. It was never more clear than to-day that to adopt a narrow and restrictive policy of protection would harm, and not help, this country. Perception, brought by high protection in other crisis, of the havoc wrought by high protection in other countries had already suggested doubts to many who were attracted by protectionist ideas of the wisdom at this moment of leading this country into the same morass. The suspension of the gold standard has destroyed the last vestige of the case.

The foundations of international trade must now be laid afresh. In the light of recent experience, there can clearly

be no restoration of a stable monetary basis—it would certainly be a profound mistake for this country to be a party to any such plan—unless it is accompanied by a reversal of the policies that have so disastrously impeded the freer movement of goods. This country would be false to its traditions no less than to its own self-interest if it fails at this critical moment to throw its great influence on the side of a saner counsel and against the forces of private interest and economic nationalism.

A SOCIALIST VIEW.

In the following article Mr G. D. H. Cole, who is a member of the Government's Economic Advisory Council, and whose work as an exponent of Socialist reconstruction will be familiar to our readers both at home and abroad, states, at the Economist's request, the immediate economic objectives, as he sees them, of Labour policy.

For a long time now the Labour Party has been, by its resolutions and declarations of policy, a Socialist party. But the present crisis has made it, for the time at least, Socialist in a new sense, and with a new immediacy of intention. Hitherto, the underlying assumption of Labour Party policy has been twofold. It has assumed both the stability and the "squeezability" of capitalism. But at length both these assumptions are being seriously questioned; for the Labour Party does not deny that there is a real crisis, that the Budget must be balanced, or that balancing it is bound to be, under any circumstances, a difficult and disagreeable task.

Labour has based its past policy mainly on the "squeezability" of capitalism. That is to say, it has aimed both at improving directly wages and working conditions, and at transferring from rich to poor through taxation a steadily increasing amount of "economic surplus." Its immediate appeal to the electors has been largely based on promises to extend the social services—promises which involve the finding of the money out of the pockets of the rich. But of late, though the *rentiers* have profited greatly from falling prices, and though there is still obviously a huge amount of "surplus" left, the fall in variable profits has made it a good deal harder to reach this "surplus" by direct taxation, without discouraging capitalist enterprise, or even "driving capital abroad"—the old familiar charge against Socialism as an economic policy.

This situation no doubt arises out of the world depression, and out of the longer trade depression from which Great Britain has suffered. But the end of the world depression is certainly not yet; and the British depression itself arises from causes some of which would remain in being even after a revival of world trade. Labour is coming to the conclusion that the old policy of advancing wages and improving the social services under Capitalism will no longer work; and even that, if Capitalism is left intact, the standard of living is certain to be forced down. It is, therefore, turning to Socialism of a different sort; for its object is no longer merely a redistribution of wealth, but even more an increase in the quantity of wealth produced, to be secured by a fundamental change in the economic structure of society.

There is, of course, nothing new in Labour's demand for the nationalisation, or socialisation, of the basic industries and services. That is one of the oldest ingredients in the Labour programme. But hitherto socialisation has been thought of in practice as an essentially gradual affair, spread over a number of years, and applied first to one industry and then, after an interval, to another. I do not mean to suggest that now Labour is thinking of a simultaneous socialisation of all the basic industries. But it is thinking, as it has never thought before, of a large simultaneous extension of public control over a wide field, of "National Economic Planning," and, especially, of the socialisation of the banks as a means to this simultaneous extension of control.

At the moment, Labour is very angry with the bankers, whom it regards as the chief source of the late Government's dissolution. For the great mass of the Labour Party is convinced that the Government's fall was the result of financial dictation, though it is not quite sure precisely on whose shoulders to lay the blame. Mr

MacDonald, in refusing to modify the new cuts in unemployment benefit, appears, indeed, to have admitted that not merely the balancing of the Budget, but the cutting of unemployment benefit as a means of doing this, was made a condition of the loans which were under negotiation by the Labour Cabinet, and have since been concluded by its successor; and, from whichever side of the Atlantic this dictation mainly came, its coming is deeply resented. The crisis has brought the socialisation of banking from the background right into the forefront of the Labour programme, and has caused a somewhat lukewarm proposal for the nationalisation of the Bank of England to be converted into an urgent demand for full public ownership and control of the joint stock banks as well.

As far as the Bank of England is concerned, this demand arises from a sense that the control of monetary policy is now essential both to the preservation of the standard of life and to the hope of industrial expansion. Labour is alarmed at the possibility that the bankers may desire to repeat the calamitous mistake of 1925, and restore the pound once more to its old parity; for it is realised that this could not be done without a drastic scaling down of wages in order to reduce costs. The great majority of the Labour Party would definitely far sooner have devaluation; for, though this may cause some rise in prices, it is not believed that the cost of living need rise by any means in proportion to the fall in the external value of the pound. Control of the Bank of England is regarded as the means to a "managed" currency, which will regulate the value of the pound so as to protect wages and stimulate industrial expansion, both by lightening debt burdens and by permitting a less rigid credit policy. But the Labour Party is distinctly against inflation. It wants the pound to find its natural level in relation to other currencies; but it would decisively reject any proposal to raise British prices and costs by an inflation of the currency.

But the Labour demand for socialisation extends also to the joint-stock banks. The motives are, in this case, somewhat different, and even more closely connected with Labour's plans for industrial reorganisation. The depressed industries, such as steel and cotton, must, it is felt, be reorganised, unified, and equipped with new capital and credit in order to make their reorganisation effective. An essential part of this process is to rescue them from their dependence on the banks, by converting the frozen credits and debentures now owned by the banks into contingent claims to a share in profits, and to ensure that available bank credit shall be rationed as effectively as possible in the national interest. Repeated failures by these industries to "rationalise" themselves have induced a belief that their reorganisation can only be brought about under the direct auspices of the State, and by their conversion into great public corporations under State control.

If this is to be the policy in relation to industry, it is felt to be out of the question to leave the joint-stock banks, on which these industries must depend for their supply of credit, in private hands. Indeed, the rationing of credits through a socialised banking system is held to be one of the chief means of advancing at once towards a "national planning" of industrial production on co-ordinated lines. Side by side with this reform, the Labour Party wants a National Investment Board, to gather in a large proportion of the savings of the community, and direct their investment in industry with a view to this co-ordinated plan of production. Capital and credit supply are alike to be as far as possible publicly controlled; and through these controls authority is to be exerted over the "rationalisation" and expansion of the various industries.

This policy has been forced upon the Labour Party by the waning of its belief in the stability and "squeezability" of the capitalist system. Capitalism, it is urged, is showing itself, all the world over, growingly unstable and restrictive. Instead of helping production to expand, it is deliberately damping it down at the hope of maintaining prices, and thereby perpetuating world depression. It is therefore necessary to take the productive system firmly in hand, and to re-

shape it in such a way as to make it less dependent on export trade, more nearly related to domestic demand, and more able, where it does depend on exports, to work along lines of mass barter instead of competitive marketing governed by the exigencies of private profit.

In this sphere of policy, Labour's third alternative to Free Trade and Tariffism emerges in this election far more plainly than ever before. Import Boards and Export Boards for bulk purchase and sale of international commodities now move up to the forefront of the Labour programme. Tariffs are rejected, because of their effects on the consumer; but bulk purchase and sale—that is, virtually, international barter based on the State control of foreign trade—becomes a clearly formulated alternative policy.

These elements—socialisation of the banks, a National Investment Trust, conversion of the basic industries into great public corporations, and the creation of Import and Export Boards for the control of overseas trade—form together an ambitious and far-reaching programme that is the more exacting in that it would be essential to success that the various measures should for the most part be carried simultaneously into effect. Herein, indeed, rather than in any change in the actual measures proposed, lies the vital difference between Labour's programme in 1931 and in previous years. Labour stands committed to work or maintenance for the unemployed, to the steady improvement of wages and social services, and to a progressive diminution of economic inequality; and it now sees no chance of securing these ends by merely gradualist methods within the general structure of the capitalist system. Hence the demand for a large dose of constructive Socialism here and now, as the only means by which the pledges given to the employed and the unemployed can be effectively redeemed.

British Labour is far from having become revolutionary: it thinks of realising its objects by parliamentary means, and of introducing a large dose of Socialism rather than a Socialism full, complete and authoritative on the Russian model. But it does now stand, as it has never in effect stood before, for Socialism as an immediate political objective. That goes far to explain the closing of the ranks against it, and the virtual return, in the present election, to a two-party system. For this is the first election in Great Britain that has ever been fought on the straight issue of Capitalism *versus* Socialism.

A DIARY OF THE CRISIS.

Friday, October 9th.

China requests that special meeting of Council of League of Nations be summoned to consider Manchurian crisis created by Japanese occupation. Meeting summoned for October 13th.

Dr. Brüning reconstitutes German Cabinet as follows:—

Dr. Brüning, Chancellor and Foreign Affairs.	Herr Schiele, Agriculture.
Herr Dietrich, Vice-Chancellor and Finance.	Herr Treviranus, Communications.
General Groener, Defence and Interior.	Herr Schätzal, Posts.
Herr Stegerwald, Labour.	Herr Hermann Warmbold, Economic Affairs.
	Herr Joel, Justice.

Reichsbank return shows reserve 78.7 million marks lower; cover 30.1 per cent.

French bank rate raised from 2 to 2½ per cent.

Sterling steady, closing rate dollar 3.87½.

European stock markets:—London, gilt-edged fractionally lower, equities firm; Paris, sharp recovery; Amsterdam, moderate rally. Swedish bourse reopens; prices steady after initial decline.

Wall Street opens firm, reacts in later dealings.

County Trust Bank, Philadelphia, suspends payment.

New York, gold exports \$45 millions, earmarkings \$22 millions.

Saturday, October 10th.

Governors central banks assemble at Basle for Board meeting B.I.S., October 12th.

Herr Hitler has audience with President Hindenburg.

Sterling steady, closing rate dollar 3.87½.

European stock markets:—London, gilt-edged quiet, dull, equities still improving; Amsterdam irregular.

Wall Street quiet, steady at first, irregular at close. Gold earmarking \$19 millions.

Sunday, October 11th.

Nazi-Stahlhelm demonstration at Harzburg attended by Herren Hugenburg, Hitler, Schacht and General von Seeckt. Anti-Japanese riot Canton.

Monday, October 12th.

Board of B.I.S. decide to renew for three months the \$25 millions credit granted to the Reichsbank, and to invite the Federal Reserve Bank, the Bank of England and the Bank of France to take similar action.

Also agreed that B.I.S. credit of 90 million schillings and Bank of England credit of 100 million schillings to National Bank of Austria, due for repayment on October 16th, should be renewable until January 16th, 1932.

Decided also to invite representatives of all countries where restrictions in currency transactions have been imposed to meet at Basle and discuss methods of alleviating the inconvenience thus caused to trade.

Gold standard suspended in Finland and Northern and Southern Rhodesia. Finnish Bank rate raised from 7½ to 9 per cent.

Sterling steady, closing rate dollar 3.88.

European stock markets:—London gilt-edged dull, equities firm; Paris and Amsterdam quiet, steady; Brussels weak.

Wall Street closed, Columbus Day holiday.

Tuesday, October 13th.

Reichstag reassembles; Dr. Brüning makes declaration of policy.

League Council hears Chinese and Japanese submissions in regard to Manchuria.

Sterling steady, closing rate dollar 3.88½. Reichsmark weak, 17½.

European stock markets:—London, dull; Paris, Amsterdam and Brussels, minor irregular improvement; Stockholm, bank shares weak, equities firm.

Wall Street, general decline, small volume liquidation.

Failure announced prominent firm New York bond dealers.

Ten minor banks suspend payment. New York gold exports \$13 millions, mainly to France.

Wednesday, October 14th.

League Council discuss Manchurian crisis. Statements by Japanese and Chinese representatives. American participation in the discussions proposed.

Resignation of Spanish Government, following resolution expelling Jesuits.

Sterling steady; closing rate, dollar 3.88. European stock markets:—London, gilt-edged brighter, industrials steady; Paris quietly firm; Amsterdam shade weaker; Brussels weak.

Wall Street general decline.

New York gold exports \$47 millions.

Thursday, October 15th.

League Council: Proposal to invite attendance United States observer agreed, Japan alone dissenting.

Sterling shade lower; closing dollar rate 3.87.

European stock markets:—London, quiet and undecided; Continental bourses similar.

Wall Street, early gains lost in later dealings. New York Federal Reserve Bank Rate raised from 2½ per cent. to 3½ per cent.

Gold export \$17 millions.

First National Bank of Youngstown, Ohio, and fourteen other minor banks suspend payment.

THE DOMINIONS AND THE GOLD STANDARD.

(BY A CORRESPONDENT.)

THE abandonment of the gold standard by Great Britain was bound to have disturbing effects upon monetary and trade conditions in the various Dominions, and it may influence the movement for closer Imperial economic relations. When the decision was taken on September 21st the currencies of two Dominions—Australia and New Zealand—had for some months been at a discount in relation to sterling of 80 and 10 per cent. respectively. The two other great Dominions, whose banking systems have more independence, had been able to maintain parity, and this was true also of the Indian currency and of the various "satellite" currencies of the Crown Colonies and Possessions. The action of the British Government created difficult problems throughout the Empire.

It was inevitable that the "satellite" colonial currencies, whether on a gold-exchange or sterling basis, should maintain parity with sterling and follow the British pound. The decision, however, of the two Australasian Dominions to follow the pound was dictated by custom and economic interest. Lacking established machinery for the working of independent systems, they would in any case have found difficulty in improvising credit and exchange arrangements. The balance of economic advantage, moreover, obviously lay in their maintaining the link with Great Britain and profiting by the immediate tendency for

sterling prices to rise in their principal market. New Zealand exports well over 70 per cent. of her exports to the United Kingdom and another 5 per cent. to other British countries outside Canada and South Africa. The corresponding figures for Australia are rather less than 40 per cent. and a little more than 11 per cent. Since a substantial rise in sterling prices has already developed for their main export commodities there is an obvious gain to these Dominions in the fact that their export prices will rise immediately, just as their main export season is opening—a gain that is emphasised by the contrary tendency towards falling prices of such commodities in other markets.

Nor is this gain likely for some time to be counterbalanced by increasing costs. Many of their costs, such as interest and taxation, are relatively fixed, while wages are largely controlled by awards and have recently been reduced. Import prices will, of course, tend to rise, substantially for imports from gold-standard countries, but more slowly for British imports, which are a larger proportion of the total and should tend to increase. The net result should be a stimulus to purchasing power and a distinct encouragement to further concentration of trade with Great Britain. Some improvement in the Australian and New Zealand exchange rates will be a natural consequence, but this may take a little time to develop.

How long this temporary stimulus will last, and to what lengths it will go depends obviously upon the future course of sterling; but it seems evident that a favourable situation has been created both for the Australasian Dominions and for British exporters in their markets. The limits of this improvement will, however, be set by the wider international consequences of the British decision. If the ultimate effect of abandoning the gold standard turns out to be a serious unsettlement of foreign currencies, with a widespread lapse from existing parities, hurried invocation of emergency tariffs, and an aggravation of the tendency to hamper world trade, the ultimate result may well prove to be a boomerang. From the Imperial as well as the national point of view, therefore, there is a strong case for limiting the depreciation of sterling. A mild fillip to inter-Imperial trade is much to be preferred to a scramble for the immediate and somewhat illusory gains from rapidly depreciating currencies, followed, as such a scramble must be, by the ultimate collapse of trade.

If the other Dominions were placed like Australia and New Zealand it would be possible to argue a stronger case on the ground of inter-Imperial trade for a substantial measure of depreciation. But the situation in Canada reinforces for Great Britain the desirability of keeping the fall in the pound within limits. Indeed, it illustrates the dangers and disadvantages accruing from even the present measure of depreciation. About 25 per cent. of Canada's exports go to the United Kingdom, and perhaps another 5 per cent. to other British countries; but 46 per cent. went to the United States in 1929-30, and from the United States Canada draws almost 70 per cent. of her imports. Moreover, she has substantial foreign relations with New York, and has good grounds, therefore, for her present attempt to maintain her currency at parity with the U.S. dollar, though that attempt has not been wholly successful, and a substantial divergence has appeared between the exchange value of sterling in New York and Montreal—a divergence reflected in the discount at which the Canadian dollar stands in New York.

More serious, however, from Great Britain's point of view than the mere disturbance in the Montreal-London exchange rate is the fact that the recent policies of the Canadian Government have appeared to be based upon the interests of Canadian industrialists rather than upon the advantage of Canadian agriculturists exporting wheat to Great Britain or of British exporters to Canada. Trade between Great Britain and Canada is bound to be severely restricted by the Canadian Order-in-Council of September 30th, by which power is taken to invoke the dumping provisions of the tariff against imports bought at less than the par rate of exchange.

South Africa is in a peculiar position. Approximately 50 per cent. of her exports consist of gold bullion; and of the commodity exports almost 70 per cent. are marketed in Great Britain. Gold has naturally gone to a premium in

sterling, and sterling prices of such commodities as wheat and wool have risen. Adherence to the gold standard has resulted in a rate of exchange which places the South African pound at a premium of nearly 20 per cent. above sterling. The balance of economic advantage would seem to point towards South Africa following the British example. The Union Government has relatively small sterling obligations to meet; and the fact that the two Rhodesias suspended the gold standard in favour of sterling on October 12th is an added reason for abandoning gold, since the trade and tourist relations between Southern Rhodesia and the Union are close, and competition from British products in the Rhodesian market is likely to be adverse to South African trade. But the experience of the Union after 1915, when gold production (under very different circumstances) was discouraged by rising prices, may be a factor making for retention of the gold standard by South Africa. There is also the consideration of the desirability of discouraging other countries from abandoning gold, and perhaps some hope that the British abandonment may be only temporary.

Two large questions are raised by this brief survey. First, in the Commonwealth, as in Great Britain, the case for Imperial tariff schemes as a method of economic improvement has been exploded. The attitude of Canada confirms the lessons of similar exhibitions of colonial nationalism in the past, and especially the recent past. The deplorable situation that has arisen between Canada and New Zealand, for example, does not bode well for the use of tariffs as a method of effecting Imperial economic unity. Secondly, the present crisis has thrown into striking relief the weakness arising from the lack of anything approaching an Imperial policy in banking and currency organisation, particularly the lack of strongly organised central banks in the Dominions linked closely with the Bank of England. There are possibilities of considerable strength, not, indeed, in the pooling of credit, but in the mutual reinforcement and support of credit institutions of this type—strength that would be available, not only in crises, but in the constructive strengthening of inter-Imperial trade and economic relations.

THE BRITISH MOTOR MARKET.

II.—Trucks and Buses.

In an article published in last week's "Economist," dealing with the market for private cars, a correspondent defined "saturation" as the point at which "replacement demand" becomes 100 per cent. of total new demand (annual registrations). In the following article he applies this formula to the market for commercial vehicles.

UNLIKE private cars, which are principally used for pleasure, and the demand for which must be, therefore, related to different income levels, commercial cars are used for profit, and consequently the question of saturation must be linked with the purpose which the vehicle is intended to serve—in the case of a truck its useful load and in the case of a bus its seating capacity. Bearing in mind this distinction, the following table may be drawn up:—

TRUCKS (ALL CLASSES).						
Year.	Vehicles in Use.	New Regs.	Expansion Demand.		Replacement Demand.	
			No.	Percentage of New Regs.	No.	Percentage of New Regs.
1928	311,410	37,911	23,395	62	14,516	38
1929	336,122	53,770	24,712	46	29,054	54
1930	354,948	53,331	18,826	35	34,505	65

Trucks are more highly "saturated" than either light or medium private cars. Partly this is due to the repressive effect of the trade depression on expansion demand. The average for 1928-30 shows 48 points off saturation, against only 35 points for 1930, and it is probable that cyclical fluctuations in trade affect commercial cars more than private cars, since the former are regarded as instru-

ments of profits. That there is still, however, plenty of scope in certain classes may be seen by analysing, on the same lines, the popular 1-2-ton lorry (this is unladen weight, but it is an approximate guide to useful load):—

TRUCKS (1-2 TONS UNLADEN WEIGHT).						
Year.	Vehicles in Use.	New Regs.	Expansion Demand.		Replacement Demand.	
			No.	Percentage of New Regs.	No.	Percentage of New Regs.
1928	71,403	16,173	11,196	69	4,973	31
1929	96,713	32,295	25,310	78	6,985	22
1930	122,756	31,469	26,043	83	5,426	17

Whilst the 12-cwt.—1-ton group, or tradesmen's van, is probably largely over-saturated, this medium lorry class seems to offer some scope for expansion. The heavy lorry is in itself the most economical means of transport of goods by road, and it is likely to be even more so when the use of heavy oil, for which this type is most suitable, is perfected. At present, trucks of over 2 tons represent only about 25 per cent. of the total lorries in use.

The buses group, which term is taken to mean hackneys with a seating capacity of more than eight persons (*i.e.*, excluding taxis and hire cars), has naturally a more stable and inelastic demand than any of the preceding classes. It is only to be expected, therefore, that the degree of saturation should be fairly high:—

HACKNEYS (EXCLUDING UP TO 8 PERSONS CAPACITY).						
Year.	Vehicles in Use.	New Regs.	Expansion Demand.		Replacement Demand.	
			No.	Percentage of New Regs.	No.	Percentage of New Regs.
1928	47,088	9,139	3,940	43	5,199	57
1929	50,642	9,176	3,534	39	5,622	61
1930	53,462	8,505	2,820	33	5,685	67

This relatively high degree of saturation is somewhat offset by the greater scope revealed in the 26-32-seater class, which tends to show that the demand for charabancs is by no means exhausted:—

HACKNEYS (26-32 SEATS).						
Year.	Vehicles in Use.	New Regs.	Expansion Demand.		Replacement Demand.	
			No.	Percentage of New Regs.	No.	Percentage of New Regs.
1928	10,950	2,835	1,453	51	1,382	49
1929	13,267	3,116	2,317	74	799	26
1930	14,675	2,691	1,408	52	1,283	48

In drawing some final conclusions from the present survey it may be remarked that the described method of calculating the extent of saturation of demand yields at least two interesting results. The first is that the market for commercial vehicles appears to offer less possibilities than that for private cars. This may be summarised by the following table, representing the degrees from saturation of the two groups:—

DEGREES FROM SATURATION POINT.		
	Private Cars.	Buses and Trucks.
1928	62	58
1929	57	45
1930	49	35

A probable explanation of this fact is to be found in the main phenomenon of the trade depression—namely, falling prices. Private cars are demanded by wage and salary earners and by receivers of fixed and variable investment incomes. A falling price level is to the advantage of the first three classes, and gives them a surplus which may be spent on motor cars—more particularly so as wages and salaries in this country have been generally "inelastic"—while the decline in demand from the variable investment income receivers cannot be compared with the effects of a falling price level on general business and, consequently, on the demand for commercial vehicles. The downward turn of the trade cycle has, therefore, tended to maintain the demand for private cars relatively higher than that for commercial cars.

Another interesting result of this method is the comparison it enables one to draw between the British market and the American. The latter has developed at a much greater rate than the British market—it produces annually more than three times the total number of cars in use here—but this very rapidity of development has led to a much higher degree of saturation.

DEGREES FROM SATURATION POINT.

(All motor vehicles.)

	United Kingdom.	United States.
1928	59	40
1929	54	40
1930	45	5

The comparison goes far to explain the motives which have led American manufacturers to bend their efforts of recent years towards expansion of exports.

Notes of the Week.

The Attacks on the Bankers.—"Baiting the Banker" is becoming a favourite sport of the Labour Party to-day. The sport has many attractions. The banker is a figure of mystery to the million. There is no end to the legends of wickedness which may be invented, without trespassing too far upon electoral credulity. Moreover, it is safer to bait the banker than the politician, because the former has little if any chance of defending himself or hitting back. So the sport grows in popularity. That the bankers, at the end of August, conspired to destroy the Labour Government is a cry designed to tickle the ears of the uneducated; and we may dismiss as mere electioneering clap-trap the T.U.C. slogan: "The first Labour Government was destroyed by a Red Letter. The second Labour Government has been destroyed by a Bankers' Order." Such ebullitions are common form at election times, and may be disregarded. But far more formidable, because it deals in half-truths, is the criticism of recent British banking policy, of which the statement made by Mr G. D. H. Cole and Mr Ernest Bevin, in a recently published pamphlet* may be regarded as typical. The burthen of this attack is that the British banks, in order to bolster up Germany, took "the heavy risk of lending for a long period money which they had only borrowed on short-term terms." This is neither a fair nor an accurate statement of the case. In the ordinary sense of the term, they did not "borrow" at all. They accepted foreign deposits. Ought they to have refused them? Secondly, the assertion that they lent "for a long period" is again, at best, only a half-truth. Some, no doubt, of the credits given by British to German banks lost, when re-lent to German industry, the liquidity normally attaching to short commercial credits; but the lenders relied for the repayment of the loans (which were technically in the main credits repayable at sight or in ninety days) on the liquidity of the German banks. Finally, was the whole policy of financing Central Europe wrong? In Mr Cole's and Mr Bevin's own words, it stayed off "German default and probably German revolution as well." It might be possible for the authors of "The Crisis" to argue with greater force that the deliberate maintenance of money rates in London at a level which attracted "bad money" proved, in the end, to have made London's position unduly vulnerable; or that, ideally, the rapid development of the 1931 crisis should have been foreseen earlier. In times of unexampled difficulties British bankers—like those of other countries—made mistakes, no doubt. But if criticisms are to be made, let us have them fairly stated.

to do with any inflationary policies and would balance the Budget "on thoroughly sound lines." Similar pledges have been given in other authoritative Labour statements, and they are welcome. We have not, however, yet been told how the Budget is to be balanced and inflation avoided, without fresh taxes or economy "cuts"; and we hope that Mr Graham will be more explicit on this point before the election is over. Meanwhile, the Council of the Trade Union Congress, in its manifesto issued on Thursday, makes no bones about it. They would attempt to do it by increasing the already enormous burden on higher incomes. At least, we can read no other meaning into the assertion that Labour "refuses to accept the assumption that the taxable limits of the nation have been reached while enormous wealth continues to accumulate in the hands of the few." Does this mean that, with the economy policy reversed, at least £70 millions of new taxation is to be imposed upon the "rich" in the next Budget, if the T.U.C. has its way? If so, do Mr. Graham and Mr Henderson agree that this is feasible, or that it justifies the expression "balancing the Budget on thoroughly sound lines"? They should tell the country without delay.

Dr. Brüning's Ordeal.—This is a fateful week for Germany. Within a few hours it will be known whether Dr. Brüning, with his reconstructed Cabinet, can secure the support of the Reichstag for his policy of conciliation abroad and financial rectitude at home. As we go to press there seems to be some reason for the prediction that Dr. Brüning will obtain a narrow majority, although the issue must be in doubt so long as the position of the parties of the Middle Right remain doubtful. Much has happened in Germany since our last issue appeared, and the events are reviewed by our Berlin correspondent on a later page. Following the political crisis precipitated by the resignation of Dr. Curtius, the Foreign Minister, Dr. Brüning reorganised his Cabinet, and has taken over the portfolio of Foreign Affairs himself. His attempt to induce leading industrialists to join the Cabinet was unsuccessful, and apart from the inclusion of General Groener, a trusted confidant of President Hindenburg, and of one industrialist in the shape of Professor Warnbold, the new Cabinet is composed mainly of old colleagues. The week-end afforded some opportunity to measure the strength and temper of the forces allied against the Administration. On Saturday Herr Hitler was received in audience by the President, and on Sunday Harzburg was the scene of a monster "Nazi" demonstration, at which, besides Herr Hitler, General von Seeckt and Dr. Schacht, the late President of the Reichsbank, appeared among the principal orators. The eyes of the world are upon the Reichstag, and the supersession of Dr. Brüning by a Government in which extremists, at either end of the political scale, were in control would arouse new and serious fears, not only of Germany's stability at home, but of her future rôle in European politics. Germany is still the storm centre of Europe's financial crisis, and upon the relations between Germany and France depends all hope of progress in the re-establishment of peace and security on the Continent. Let us hope that our Berlin correspondent is correct in asserting that the vigour of the proceedings at Harzburg on Sunday have caused a sufficient revulsion of feeling among timid flirts with Hitlerism to enable Dr. Brüning to overcome the challenge which, on a direct vote of "no confidence," he is now facing in the Reichstag.

Signor Grandi's Coming Voyage.—Last Sunday it was announced by the State Department at Washington that the Italian Foreign Minister, Signor Grandi, has been invited to pay an official visit to the United States, that the invitation has been accepted, and that the Minister is to sail from Naples for New York on November 7th. He is to spend ten days on American soil. The terms of the announcement are markedly cordial. The State Department almost goes out of its way to mention, in passing, that President Hoover would have been delighted

The T.U.C. and Taxation.—We recorded last week a specific pronouncement by Mr William Graham, who is presumably Chancellor-designate in the next Labour Government, to the effect that Labour would have nothing

* "The Crisis." What it is. How it arose. What to do. By Ernest Bevin and G. D. H. Cole. (London.) The New Statesman and Nation. Price 6d.

to receive a visit from Signor Mussolini himself had it been possible for the head of the Italian Government to leave Rome at this juncture; and the texts of the American note of invitation to Signor Grandi and the Italian note of acceptance breathe the same cordiality. This positive step towards bringing the American and Italian Governments into closer contact with one another is not the first move in this direction that has been made since the beginning of the world crisis. It will be remembered that the American Secretary of State, Mr Stimson, spent some time at Rome during his recent tour round the capitals of Europe. On that occasion the main subject of his conversations with the Italian Government is reported to have been the problem of disarmament, and the proposal for a general armaments holiday, pending the outcome of the Disarmament Conference, which Signor Grandi has since put forward at Geneva, is believed to have been made with the American Government's knowledge and approval. Unhappily, little has come of Signor Grandi's proposal so far, and we may presume that the main purpose of his forthcoming visit to Washington is to take up again the joint discussion of the problem of disarmament which was begun between him and Mr Stimson at Rome. It is interesting to observe how, all over the world, the logic of formidable events is breaking down long-cherished prepossessions. A few years ago it would have seemed incredible that the Government of the United States should be inviting the Prime Minister of France and the Foreign Minister of Italy to visit America in order to enter into personal consultations on international problems. At this eleventh hour America is discovering that she cannot in the last resort disentangle herself from a distressful world, and that world-peace and world-confidence are the indispensable conditions of American prosperity. It is to be hoped that President Hoover will be able to translate this new comprehension into action while there is still time.

Church and State in Spain.—A new crisis has arisen in Spain, as was inevitable so soon as the newly-constituted Cortes came to grips with the question of the relations of Church and State. On Tuesday, by a majority of 287 to 45 the Cortes approved Article 3 of the Republican Constitution, which deprives the Roman Catholic Church of any special State protection. This vote was a foregone conclusion, but it appeared on Tuesday that, thanks to eloquent appeals by the Premier, Señor Zamora, himself a devout Catholic, and Señor Fernandez de los Rios, the Minister of Justice, the intransigent anti-clerical measures contemplated under Article 24 of the Constitution had been staved off. On Wednesday, however, the scene changed. Article 24 was passed in a form which means, among other things, the dissolution of the Jesuit Society and the confiscation of its property. This decision, which was strongly influenced by a powerful speech from Señor Azana, the Minister for War, led at once to a political crisis. The Premier, Señor Zamora, resigned, and with him one of his chief colleagues, Don Miguel Maura. This caused a curious situation, since no supreme authority to appoint a new Prime Minister as yet exists under the new Constitution. An emergency method of meeting the *impasse* was adopted. The senior remaining Minister, Señor Lerroux, invited the President of the Cortes to take steps for the formation of a new Government, and the President thereupon called upon Señor Azana to make the attempt. The latter accepted, and was so immediately successful that, before Wednesday was out, he was able to present his new Cabinet to the Cortes. Señor Lerroux retains the office of Foreign Minister, so that there will be no break of continuity in Spain's representation and policy at Geneva. So far as domestic policy is concerned the changes in the Cabinet indicate a definite move towards the Left, and it would appear that Señor Azana and his Cabinet are at present assured of a large majority in the Cortes. But it cannot be expected that the Clericalists will submit to their defeat without a bitter struggle. The new Spain is not yet through its initial period of strife.

Ismet Pasha at Athens.—At a time when the world is at sixes and sevens, driven distracted by the evil genius of Nationalism, we may find not only some consolation but also a real ground for hope in the spectacle of reconciliation between two nations which, for six centuries past, have made themselves notorious by their classic feud. The visit of the Prime Minister of Turkey, General Ismet Pasha, to Athens represents a return of M. Venizelos's visit, a year ago, to Angora, and it sets the seal upon the great work of appeasement and settlement and understanding which has been achieved jointly by Greek and Turkish statesmanship, assisted by the good offices of Italian diplomacy. Already the reconciliation has been reflected in the armaments bills of the two countries, which have fallen notably during the past twelve months; and the cordial interchanges of visits between Greek and Turkish athletes, students, journalists and so on are trivial but significant signs that the change of spirit is genuine and that it has not remained confined to the statesmen but has permeated the two peoples. Now to any Greek or Turk or foreign student of Græco-Turkish relations as recently as ten years ago, the present friendship between Greece and Turkey would have been inconceivable. Any one, in 1921, would have prophesied that not ten years but ten decades or ten centuries must pass before these two peoples could begin to forget the wrongs which they had mutually inflicted and suffered. M. Venizelos himself was born a Turkish subject in Crete, and has spent the best part of his life in striving to liberate Turkey's Greek subjects from Turkish rule. Mustafa Kemal Pasha's birthplace is Salonica, which has been conquered from Turkey by Greece in Kemal's own lifetime. And the Ghazi has won his fame by repelling a Greek invasion of the heart of the Turkish homeland in Anatolia. This Anatolian War of 1919-1922 was a war to the knife, which was accompanied on both sides by wholesale devastation and massacre, and was followed by the forcible expatriation of the Greek minority from Turkey and the Turkish minority from Greece. And this was the finale of a process of war, massacre and eviction which had been going on intermittently for a century, since the outbreak of the Greek War of Independence in 1821. That, again, was a revolt against a Turkish domination of Greece which had lasted some four hundred years. Yet to-day this formidable account between the two nations has not only been liquidated but has somehow been expunged so that it has left no rancour behind. The solidity and sincerity of the new Græco-Turkish entente is attested by the signature, at Athens last week, of five matter-of-fact agreements, three of which are concerned with the last outstanding points in the great problem of the exchange of populations. The other two provide respectively for the suppression of smuggling in Græco-Turkish waters in the Ægean, and with Græco-Turkish—and, if possible, Græco-Turco-Bulgarian—collaboration in the development of the Oriental tobacco trade. The nature of these agreements is reassuring; for Governments do not deal in these prosaic and concrete terms unless they really mean business.

America's Money Problems.—With reference to the article bearing this title, which was published in last week's *Economist*, a correspondent writes:—On the whole, the article presents a fair picture of the position, but there are one or two questions of fact upon which further comment appears desirable. It is extraordinarily difficult to make any reliable estimate of the actual size of America's "free" gold. The recent heavy acquisitions of Government securities by the Reserve system were not due to the system's inability to secure other assets, but were a deliberate matter of policy on the Reserve Banks' part. The Reserve Banks bought Government securities heavily in order to make money more plentiful and easier, and to enable member banks to pay off their borrowings. If and when they decide to reverse that policy, rediscounting by member banks will automatically increase. The effect is that the Reserve system can add to its supplies of eligible paper whenever it thinks fit. In any event, there is no shortage of eligible paper in the country. It is true that abandonment by many countries of the gold exchange standard is a major cause of American gold losses, and

that whatever the final limit to such losses may be, long before that limit was reached the banks would be having to borrow, monetary stringency would arise, commodity prices would be depressed, business recovery would be retarded, and America would lose any power she has to extend fresh credits to foreign countries. Still, the "free" gold available is in excess of foreign short-term balances in New York. As regards the note circulation, no general hoarding of notes is taking place, but every time a bank failure occurs there is a purely local outbreak of hoarding in the vicinity concerned; and, so far, these notes are not yet returning to the banks. As for the \$500,000,000 bank pool, its main object is to relieve the bond market. Since the end of April, reporting member banks alone have thrown \$300,000,000 of bonds on the market, and they have done so not so much in order to meet actual demands from their customers as by way of a precautionary measure to meet any such an eventuality. The depression of the bond market is a major cause of such banking weakness as exists, and in order to break this vicious circle the pool has been created. The pool's obligations are not eligible for rediscount, and indeed, the pool will not take over bonds, but will merely lend against them as collateral. It should also be understood that the pool is not entitled to use its \$500,000,000 resources as a basis of further operations beyond the limit of that figure. On the other hand, it is possible that the Reserve system may obtain power to make "lombard loans" for short periods against approved securities, though these powers will be subject to rigid restrictions as regards the minimum rate of interest charged, and the class of securities eligible as collateral for such loans. The *Economist's* analogy of the automatic banking pool provided in England by the branch-banking system is a perfectly fair one. The American pool is definitely to be non-inflationary and to provide solely for a re-allocation of the existing credit fund.

The Cape Gold.—Since the suspension of the gold standard on September 21st the weekly sales of Cape gold in the London market have practically come to an end, although gold has continued to arrive in London each week, so that approximately £3½ millions is now held by the Bank of England on behalf of the South African Reserve Bank. This has given rise to some speculation as to the cause of the suspension of open market sales, the more so as it was reported this week that £1,000,000 of presumably Cape gold had been sold to France. The normal procedure is well known. The gold is sold to the South African Reserve Bank by the mines, who are then quit of the whole transaction. The Reserve Bank ships the gold to London, where it is lodged at the Bank of England, and is then sold for sterling in the London market, the proceeds being added to the Reserve Bank's sterling balance. The divorce of sterling from gold, and the adherence of South Africa to the gold standard, means firstly that the sterling price of gold varies with the sterling exchange against the leading gold currencies; and, secondly, that the value in South African pounds of the Reserve Bank's sterling balances is equally subject to variation. The practical result is that the Reserve Bank has to avoid accumulating more sterling than it is advisable to keep against its immediate and probable needs, as otherwise there might be a risk of loss through depreciation. This explains the absence of sales of Cape gold since September 21st. As regards the reported sale to France, there is no definite evidence that the amount is as much as a million, but if such a sale has taken place it probably represents a special transaction. The main point is that for a time at least sales of Cape gold will be regulated by the South African Reserve Bank's current requirements of sterling.

Overseas Trade in September.—It is obvious that the effect of Britain's abandonment of the gold standard could not possibly be reflected in the value figures of September's overseas trade, for statistics take time to collect, and it must not be supposed that the published figures for any

particular month refer precisely to the trade transacted in that period. And since the abandonment of gold did not take place until September 21st, it cannot be considered as a factor in the September returns. As normally, (August being a holiday month) both imports and exports show a slight increase over the previous month. The comparison of the figures for September and the nine months with those of the corresponding periods of 1930 and 1929 is given below:—

MONTH OF SEPTEMBER.
(000's omitted.)

	1931.	Increase or Decrease as compared with			
		September, 1930.		September, 1929.	
Imports	£ 68,318	£ -10,272	% -13.1	£ -30,098	% -30.5
British exports	29,846	-12,895	-30.1	-25,258	-45.9
Re-exports	3,763	-1,632	-30.3	-2,975	-44.2
Total exports	13,607	-14,527	-30.2	-28,233	-45.7
Excess of imports over total exports	34,711	+ 4,255	+ 14.0	- 1,865	- 5.2

FIRST NINE MONTHS.
(000's omitted.)

	1931.	Increase or Decrease as compared with first nine months of			
		1930.		1929.	
Imports	£ 621,353	£ -163,675	% -20.8	£ -275,801	% -30.7
British exports	292,391	-148,725	-33.7	-251,021	-46.2
Re-exports	48,255	-19,423	-28.7	-36,183	-42.9
Total exports	340,646	-168,148	-33.1	-287,203	-45.7
Excess of imports over total exports	280,707	+ 4,473	+ 1.6	+ 11,402	+ 4.2

The drop in the nine months' totals, both for imports and exports, are greater than can be accounted for purely by the downward movement of prices. In particular, the export decline reflects the serious contraction of international trade caused by the world depression. A point brought out by the figures, and one too often overlooked by fiscal controversialists, is that we are not faced by any serious swing in the balance of visible trade. Indeed, the excess of imports over exports is barely £4½ millions larger than in the period January to September, 1930. In a country so dependent as is Britain upon overseas supplies, there are limits to the contraction in the volume of imports, and the supreme trade problem of the country is the increase of its exports. How some of the leading exports have declined in volume is seen in the next table:—

SOME LEADING EXPORTS.
(Quantity.)

	First Nine Months.		
	1929.	1930.	1931.
Coal	44,124,337 tons	41,768,603	31,628,727
Pig iron and ferro alloys	423,289 tons	251,616	155,858
Railway material	357,805 tons	337,723	152,901
Total iron and steel	3,274,285 tons	2,520,092	1,450,846
Textile machinery	97,786 tons	72,410	38,779
Total machinery	416,441 tons	366,997	244,024
Cotton yarns	126,137,300 lbs.	102,414,100	93,966,100
Cotton piece-goods	2,848,350,300 sq. yds.	1,995,959,300	1,297,498,400
Wool tops	244,807 cents	208,255	199,721
Worsted yarns	28,629,300 lbs.	23,146,600	20,919,100
Worsted tissues	84,771,300 sq. yds.	62,701,000	42,981,400
Worsted piece-goods	37,365,000 sq. yds.	26,545,700	22,572,900
Linon piece-goods	54,527,400 sq. yds.	47,880,200	46,896,000
Leather boots and shoes dozen pairs	714,026	693,954	502,540
Leather	265,727 cwt.	194,865	117,875
Paper and cardboard	3,692,258 cwt.	3,342,107	2,388,194
Locomotives	28,746 tons	34,981	18,425
Motor cars and chassis	31,383 number	22,289	16,766

It is an eloquent story of the effects of the world depression, coupled with the high level of British production costs. Provided the domestic price level can be saved from a serious advance (such as tariffs would inevitably bring), the returns of coming months should show substantial revival on the export side of the account, together with a much needed reduction in the mass of unemployment which is concentrated so largely in our exporting industries.

Sterling and World Prices.—The past week has brought increases of an approximately equal amount in both sterling and gold prices. The weekly figures of the *Economist* index number and of our new "gold" index, a list of whose components was given in our issue of October 3rd, is set out below:—

	ECONOMIST INDEX. (1927 = 100).		
	Sept. 18, 1931.	Oct. 7, 1931.	Oct. 14, 1931.
Cereals and meat	64.5	67.6	70.1
Other foods	62.2	68.3	67.4
Textiles	43.7	49.8	51.0
Minerals	67.4	72.7	74.1
Miscellaneous	65.8	67.8	66.3
Complete Index	60.4	64.8	65.4
1913 = 100	83.1	89.2	90.0
1924 = 100	62.2	66.0	66.5
Sept. 18, 1931 = 100	100	107.3	108.3
Gold price index	100	94.9	95.7

In comparing the trend of the sterling and gold indices, it should be borne in mind that the "gold" index is based on only eighteen prices of primary commodities, subject normally to considerable market fluctuations.

Iron and Steel Production in September.—Obviously neither the production figures nor those of foreign trade for September reflect any influence of the suspension of the gold standard on the iron and steel industry. The number of blast furnaces in operation, which had fallen to 64 by the end of August, fell further to 62 by the end of September; and the production of pig iron, which had fallen to 275,700 tons in August, touched only 248,200 tons in September—a decline, allowing for the fewer days in September, of about 7 per cent. Steel production, which was unduly low in August on account of the holidays (357,300 tons), rose to 400,500 tons, but was very much lower than in September last year (580,600 tons). The following table, which gives the production of pig iron and steel in each quarter in the last two years, illustrates the rapid decline in production which has taken place. Pig iron production in the third quarter of this year was only 44 per cent. and steel production 50 per cent. of production in the first quarter of 1930:—

PRODUCTION OF PIG IRON AND STEEL QUARTERLY, 1930 AND 1931.

	Pig Iron.		Steel Ingots and Castings.	
	1930.	1931.	1930.	1931.
	(In thousands of tons.)			
1st quarter	1922.8	1012.5	2373.6	1388.7
2nd "	1797.3	993.5	1988.1	1261.4
3rd "	1327.8	840.9	1653.3	1186.5
4th "	1148.9	...	1283.5	...

Imports of iron and steel in September amounted to 220,300 tons and exports fell to 139,200 tons, the lowest level for many years. The following table gives the imports and exports of iron and steel quarterly in the last two years:—

IMPORTS AND EXPORTS OF IRON AND STEEL QUARTERLY, 1930 AND 1931.

	Imports.		Exports.	
	1930.	1931.	1930.	1931.
	(In thousands of tons.)			
1st quarter	850.0	609.3	983.8	481.2
2nd "	683.0	667.5	813.7	518.0
3rd "	618.0	653.2	722.5	451.6
4th "	757.3	...	637.8	...

Owing to the greatly reduced demand, imports in 1931 have been lower than in 1930, but represent a much greater proportion of the total demand for home consumption and export. Exports have fallen to a much greater extent than imports, and the average monthly excess of imports over exports throughout the first nine months of the year amounted to no less than 53,200 tons.

Improvement in Lancashire.—Since the end of the third week in September, writes our Manchester correspondent, a distinct change has come over all engaged in the cotton industry. Spinners, manufacturers, merchants and agents have encountered a definite trade revival and the business done has been on a large scale. It is held in some quarters

that the buying movement has been stimulated owing to external matters which may not last, but suffice it to say that numerous producers have obtained relief and are now in a much stronger position to hold out for better prices. So long as Lancashire has the advantage in exporting as a result of the depreciation in the value of the pound there is no reason to believe that the industry will meet with any setback. It must be realised, however, that, if the industry is to be placed on a sound basis, the efforts to reduce production costs will not have to be slackened in any way. Conditions at the moment are abnormal, and many things may happen in the near future, but the relief obtained has been very welcome and there is ground for believing that the larger demand for goods will spread. For a very long time traders have been under the handicap of falling prices, but there is now little likelihood of cheaper rates for raw cotton.

The Shipbuilding Returns.—As was to be expected, the shipbuilding returns, issued by Lloyd's Register for the quarter ended September 30th, are indicative of extreme depression in the British shipbuilding industry. The work in hand, which includes 122,000 tons of tankers, amounted at the end of September to only 417,000 tons, as compared with 556,000 tons at the end of June and 1,117,000 tons a year ago. A grain of comfort is perhaps to be derived from the fact that vessels commenced in British yards during the past quarter totalled 39,000 tons, as compared with 23,000 tons in the June quarter; but a minor upward fluctuation from such a low basis can scarcely be regarded as significant of real improvement. Abroad, there is also evidence of depression; and the tonnage under construction in foreign yards at the end of September, 1,114,000 tons, shows a decline of 157,000 tons as compared with three months ago. It is, however, significant that, comparing the aggregate figures of tonnage under construction in the United States, France, Italy, Sweden, Germany and Holland at the end of September with those of a year ago, the contraction amounts to only 17.5 per cent., as compared with a reduction of 62.5 per cent. in this country. It remains to be seen how far the depreciation of sterling will act in countering for the future the effects of subsidisation of shipbuilding in foreign countries which are still on the gold standard.

British Agriculture.—In view of the emphasis which would-be saviours of British agriculture tend to lay on cereal growing, an estimate of the value of agricultural and horticultural produce sold off farms in England and Wales, published recently by the Ministry of Agriculture and Fisheries, is of particular interest. The relative importance of the various branches of agriculture during recent years is clearly illustrated by the following table:—

	BRITISH AGRICULTURAL OUTPUT. (Million £.)				Average, 1926-30.	
	1925-26.	1927-28.	1928-29.	1929-30.	Value.	Proportion of Total %
LIVESTOCK AND LIVESTOCK PRODUCTS.						
Live stock	77.2	74.2	78.6	75.3	75.3	34
Milk and dairy produce	58.2	55.0	56.1	57.3	55.3	26
Poultry and eggs	15.3	15.9	16.9	18.7	16.4	8
Wool	2.7	3.85	2.8	1.8	2.9	1
Total	153.4	149.0	154.3	153.1	150.8	69
FARM CROPS.						
Corn	24.1	22.25	20.9	18.4	21.8	10
Potatoes	11.8	13.1	10.6	7.0	11.0	5
Sugar beet	1.2	4.0	3.6	5.3	3.5	2
Hops	3.4	2.9	2.5	1.5	2.8	1
Hay, straw and miscellaneous products	5.6	5.15	5.5	5.4	5.4	2
Total	46.1	47.7	43.1	37.6	44.5	20
FRUIT, VEGETABLES, FLOWERS, &c.						
Fruit	9.7	9.4	6.9	8.4	8.1	4
Vegetables	8.4	7.85	10.5	10.5	9.2	4
Flowers and honey and glasshouse produce	6.5	6.6	6.5	6.65	6.5	3
Total	24.6	23.7	23.9	25.5	23.7	11
All Products	224.1	220.6	221.4	216.2	219.0	100

Although the figures represent gross receipts by farmers,

thus cancelling variations in the quantity and value of feeding stuffs and fertilisers purchased, as well as changes in the wages bill and in the price realised per unit of output, it will be seen that the value of livestock and livestock products constitutes by far the most important branch of agriculture in England and Wales. Despite the large fall in wholesale prices, the gross receipts of farmers for these products in the past year were equal to those of five years ago. An encouraging feature is the growth in poultry farming, which balanced the decline in the receipts for meat, dairy produce and wool. It is true that cereal farming has been declining, but it should be remembered that the receipts for corn have formed only about 10 per cent. of the total receipts during the past five years. Although the relative importance of cereals is somewhat underestimated in the above table, since considerable quantities are used by farmers for feeding purposes, it is, nevertheless, a fact that wheat alone accounts for no more than about 5 per cent. of the total value of all our agricultural produce. Among farm crops, beet sugar alone shows an increase, which is, however, mainly ascribed to the subsidy to growers. Vegetable growing is showing welcome development, as may be seen by the increase in receipts since 1926. The total value of all products, at £216,200,000, shows a decline of only about 2.3 per cent. as compared with the year 1925-26.

Polish Exports to Russia.—Our Warsaw correspondent writes:—In the light of reports now coming from Upper Silesia concerning the export of iron and steel products (principally for construction purposes) to Soviet Russia, it appears that the immediate net gain to Poland from the fall of sterling must be considerably scaled down. Soviet bills on account of these exports are for the most part on a sterling basis, running on the average for about eighteen months. As the Upper Silesian foundries shipped more than 300,000 tons of products to Soviet Russia in 1930, and close on 200,000 tons during the first half of the present year, there is very clearly a great potential loss even if only a substantial portion of the bills is expressed in British currency. This business, of course, is highly competitive, the Upper Silesian mills having quoted very low prices in order to avoid the closing down of blast furnaces that would otherwise have been necessary. There was no margin of profit to cover such an unexpected contingency as the depreciation of the pound. Not all of the prospective loss, however, falls on Poland—perhaps not even 50 per cent. of it. The capacity of Polish banks and industrial enterprises to carry Soviet bills is strictly limited, even with generous Government support, so that a large part of the paper has been discounted abroad—principally in Germany, but some also in England. The Poles seem to feel, however, that no loss should be necessary, since the contracts implied sterling at gold parity. It is, accordingly, announced that Polish holders of these sterling bills have opened negotiations with the Soviet authorities in Warsaw in the hope of securing Soviet approval to payment of sterling at the gold rate.

Denmark's Credit Policy.—Our Copenhagen correspondent writes:—The suspension of the gold standard is still the all-engrossing event of Denmark's financial life. Things, however, have settled down now to some degree, and the past week has given rise to no serious dislocation. The fact that the credit policy of the banks has been made clear has been a contributive cause to the calmer tone. In a statement to the newspapers on Monday morning the Minister of Commerce declared:—

The credit policy now to be pursued must tend in the direction of, in a normal way, giving credit to all legitimate industries, but to finance no kind of speculative trade. Furthermore, the necessary credit, in cases which offer a possibility of increased employment, will certainly be given in a normal way. It is, of course, out of the question to restrict the development of the productive and legitimate industries—on the contrary.

In the same way, foreign exchange will be available for all purchase of raw and semi-manufactured materials, etc., necessary for production, while foreign money will, as before, be refused for purchase of luxuries.

The question was discussed on the same day among the banks, and the following statement was issued:—

At a meeting to-day between the National Bank and the principal banks, at which the Minister of Commerce was present, it was agreed to join the Minister's declaration of this morning to the press concerning the credit policy of the banks.

After this statement it was assumed that dealings in shares and bonds at the Copenhagen Stock Exchange would soon recommence. With regard to this matter, there has been a good deal of discussion, but the Exchange is not likely to open at least until the middle of this week.

U.S. Cars at Olympia.—Foreign makers who are usually responsible for a large number of stands at the Olympia Motor Show have suffered a severe setback as a result of the depreciation of sterling, writes a correspondent. Renting of exhibition space naturally took place some months ago, and the falling off in the number of foreign exhibitors from 45 to 33 (there are only four British exhibitors less) was due to the decline in the business done in this country during 1931 by importers of foreign cars. Statistical evidence of this is to be found in the trade returns for the first nine months of the year:—

	1930.	1931.
Cars and chassis ... No.	7,763	2,566
Trucks and chassis ... No.	1,411	1,278
Parts	Value £1,218,946	£1,857,960

And now, at a moment when nearly every British maker has announced further considerable price reductions, the foreigner is faced with the prospect of having to raise his prices and with considerable uncertainty in accepting business beyond the limits of his stocks. Among the American exhibitors, Chrysler is the only one to announce immediate increases. Rather than suffer from the unsettledness which lack of a well-defined price policy creates among trade and public alike, the company has purchased sufficient dollars to cover its purchases from the American factory to the end of the year, and has boldly raised prices from £26 on the cheapest De Soto model to £150 on the Chrysler Imperial Eights, the new prices to remain fixed to the close of the year. Chrysler are increasing the number of their purchases in this country, and some models are claimed to be 65 per cent. British. Should the present currency situation continue, the company might consider the erection of a factory in this country. General Motors, Ltd., who import the Buick, Cadillac and La Salle, state that there will be no increases in price on these models before the new year, when the new models are announced and when prices will naturally have to be reconsidered. The British distributors of Willys Knight, Marmon, Packard, Stutz, Auburn, Borden and Studebaker, all of which figure in the higher-priced market, have sufficient stocks to enable them to defer any decision with regard to price increases until a later date, when it is hoped that a clearer exchange situation may better enable them to formulate some policy for the future. However, price increases are admittedly inevitable should the present position endure. Studebaker Distributors, Ltd., state that until the £ appreciates in value they will be unable to import any more cars. Distributors of Auburn-Cord lines can accept non-stock business only on a dollar basis, which involves a gamble for the British purchaser. On the other hand, there is a feeling that, since America's need for her export markets is likely to become more and more pressing, the factories may assist their British distributors by supplying goods at little above cost price in order to retain goodwill. Such is the position of Hudson Essex cars, which, though almost wholly imported, trade in the low-price market with a saloon selling at £195; their business in this country must depend on their continuing to offer a cheap car.

Anglo-South American Bank.—The balance sheet of this bank, as at June 30, 1931, supplements the information given in the annual report, which was summarised in last week's *Economist*. The effect of the creation of the special reserve for the depreciation of capital employed abroad and other possible losses is seen in its true perspective, both against the issued capital and reserve fund of

the bank and also against its holdings of foreign securities, and shares in subsidiary and foreign banks:—

	June 30, 1929. £mn.	June 30, 1930. £mn.	June 30, 1931. £mn.
Issued capital	4.37	5.63	5.63
Reserve fund	3.36	3.38	1.13
Special depreciation reserve fund	...	...	2.27
Acceptances, &c.	8.33	9.40	12.49
Deposits, &c.	50.36	49.81	40.64
Cash	9.43	8.00	7.22
British Government securities	6.26	7.22	4.51
Foreign securities	2.92	2.15	1.89
Bills receivable	9.24	9.02	6.27
Holdings in subsidiary and foreign banks	5.26	5.25	4.86
Advances	28.38	31.41	27.13
Gross profits	2.20	2.13	1.92
Net profits	0.48	0.49	0.46
Dividend { amount	0.35	0.39	0.26
{ rate	10%*	10%*	6%*

* Less tax.

In considering these accounts, it should be appreciated that they relate to a date preceding the recent intensification of the world crisis, with its serious results in both England and South America. In determining their policy, however, the directors clearly had subsequent events in mind, for the report is dated October 6, 1931, and its reference to the instability of exchanges shows clearly that in creating the special reserve and in reducing the dividend from 10 to 6 per cent. the directors must have been guided by the present uncertain outlook. Superficially, the balance sheet reveals a definite shrinkage in the bank's resources, but only a relatively moderate decrease in profits, and the last is by itself insufficient to require so heavy a deduction in dividends. This, again, suggests that the directors have been influenced less by current facts than by the uncertain outlook, which besets not only banking but all classes of business.

Licences and General Insurance.—This company transacts all classes of insurance business excepting life, and was founded forty years ago with the object of specialising in an unusual class of insurance, namely, indemnity to licensees in the event of the non-renewal or forfeiture of their licences. Until shortly before the war the company confined itself entirely to this class of business, but since that time has developed an increasing connection in fire and accident business. During recent years the company has experienced an extremely lean period, but it is very satisfactory to observe that the 1930 report shows a considerable improvement, which has been achieved wholly in the fire department, where a loss of £30,000 has been turned into a small profit. Formerly the account included a considerable proportion of reinsurance treaty business, but this has been largely reduced, with the result that the claims ratio and commission ratio have come down to more moderate levels. The detailed figures of the last two years are as follows:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	£ 30,000	22.4	£ 688	0.5
Accident	235	1.6	1,074	7.2
Employers' Liability	179	0.7	535	1.7
Licences and General	8,188	22.5	3,606	1.1
Marine	...	...	135	0.6
Profits from sales of securities	...	...	17,834	...
Less items debited to profit and loss account	21,398	...	22,532	...
Total net trading surplus	28,750	...	14,935	...
	...	...	7,597	...

The dividend has been maintained at 20 per cent. and costs £15,913, compared with interest earnings of £21,271. The net result of the year's operations has increased the surplus funds by the sum of £12,955, whereas in 1929 they were depleted in the aggregate by

£47,187. The company's total premium income amounts to £530,000, against which departmental and other reserves, apart from capital, amount to £375,000. At their current level of about 40s. the shares yield exactly 5 per cent., a yield which is substantially less than that afforded by the average insurance share these days.

Overseas Correspondence.

UNITED STATES.

Banking Pool — Gold Movements — Business — Railway Questions.

(FROM OUR CORRESPONDENT.)

NEW YORK, October 7.

PRESIDENT HOOVER's proposal for a banking pool to come to the assistance of banks with frozen assets, his suggestions for somewhat similar aid to the "distressed" real estate situation, and his forecasts of favourable developments with regard to foreign debts have absorbed the country's attention. Wall Street's bankers started to work immediately on setting in motion the machinery for carrying out the President's plan. The mechanism will be similar to the emergency measures resorted to in 1914, just before the establishment of the Federal Reserve system. This was the Aldrich-Vreeland emergency currency plan, and it provided for the use of Clearing House certificates to make good the money shortage existing at that time.

Neither the Federal Treasury nor the Federal Reserve Banks will be called upon to supply any cash or credit under the present proposal. The banks themselves will subscribe to a central institution, which will have a nominal capital and the power to issue at least \$500 millions of debentures. These debentures will be sold to banks subscribing to the institution, and the money from the sale will then be available to banks applying for assistance. Local clearing house associations or their equivalent will be set up in the various cities for the purpose of passing on collateral of banks asking for help.

It is not to be assumed that all banks in danger will be helped, or that bank failures will cease. Banks which are solvent and have sound assets, but assets which can only be realised at a great sacrifice, will have help. President Hoover and his advisers realise that the most serious trouble in this country is lack of confidence, particularly in the banks, although as a whole the banks are sound and the Federal Reserve system was never in a stronger position. A mild hysteria has been attacking otherwise sane bank depositors, who have drawn out deposits to such an extent that cash in circulation has risen three quarters of a billion in a year, and this has forced the banks to liquidate investments. This has led to unfortunate repercussions on the securities markets, as well as to the closing of many banks.

The scheme was hailed with enthusiasm from the start as a confidence restorative, and the quick rebound of both the share and the bond markets reflected the favourable impression. There are, of course, certain doubts raised about the scheme, but no responsible person is willing to say much for publication in condemnation of it at this time, realising as all do that it will be easier to correct defects later than to allow things to continue to drift. Such criticism as might later be directed against the plan has to do with the proposal to widen the scope of the Federal Reserve system's discounting power. The banking organisation to provide temporary aid is meant principally as a stop gap. Later the Reserve Banks, if granted the power by Congress, might be expected to take over the debentures referred to above.

As it is, the Federal Reserve Banks may buy from members U.S. Government bonds, properly endorsed bankers' bills, and commercial paper of approved type. They may not discount ordinary stocks and bonds or real estate mortgages. Those advocating the change in the

Federal Reserve Act to overcome this recognise the danger of indiscriminate credit expansion, but believe that in emergencies such as now exist some sort of "Lombard loans," ought to be made by the Reserve system. Anyhow, the Reserve system is now in the position of having a great reservoir of credit, which a great many banks needing temporary assistance are unable to tap because they have not the necessary eligible paper. Much of the banking difficulties come, of course, from mismanagement, but not all; and it is the deserving institutions which are to be helped.

Meanwhile it is also planned to form credit institutions to relieve the congestion in real estate and provide more capital for home building. President Hoover's third plan has to do with the foreign situation, which, he realises, dovetails with the domestic position. It is believed likely that Premier Laval will be told that if France and the other ex-allies can see their way to reducing reparations, and perhaps going further along the road to armament reduction, a request for a downward revision of debts owed this country could be presented in the justifiable hope of favourable consideration by the Government. In informed quarters here there is no expectation of a Washington proposal for further extension of the moratorium in advance of more comprehensive plans.

Gold movements continue on a large scale. More than \$75 millions is going to France this week, and "ear-markings" at the Federal Reserve continue to rise. They have totalled about \$300 millions since the middle of September, and exports exceed \$150 millions. This week about \$35 millions is due from Japan and \$10 millions from Argentina, but the net import gain of \$400 millions

from January 1 to August 31 already has been converted into a net export. This is causing no alarm, although, in spite of Federal Reserve purchase of bills to offset it, combined with currency circulation increase, it is giving the short-term credit market a slightly firmer tone.

New financing for September was only slightly larger than the \$126 millions for August, the month being "sweetened" by large Federal Intermediate Credit Bank, State of New Jersey, State of New York, and Canadian National Railway bonds. The latter, incidentally, were more than 50 per cent. subscribed by Canadians and were adversely affected by the heavy discount on the Canadian dollar.

Trade activity is making no noticeable improvement outside the retail field, and the recurrence of unseasonably warm weather is holding even retail business back. Bank insolvencies are running fairly large, but other commercial failures are on the decline. Steel ingot output last month dropped 10 per cent. as compared with August, and averaged only 28 per cent. of capacity. The present rate is estimated at 29 per cent. Pig-iron production declined 6 per cent. since August, but the rate of fall has grown less. Prices are rather unsteady, and it is not yet clear that the mills will be able to retain the recent wage cuts instead of lowering prices. Railroad traffic and electrical output are gradually falling. In the eight months the railroads earned only 2.14 per cent. on their investment.

A fillip was given to railroad shares by the announcement of final agreement on disputed points holding up the Eastern trunk line consolidations. The roads have presented an application to the Interstate Commerce Commission to approve in principle the proposed consolidation



The National City Bank of New York

(Incorporated with limited liability under the National Bank Act of the United States of America)

including
Domestic and Foreign Offices

Condensed Statement of Condition as of September 29, 1931.

CAPITAL,
SURPLUS
and
UNDIVIDED
PROFITS
\$226,616,546.30

Head Office:
55 Wall Street,
New York

Fifty-four
Offices in
Greater New York

One hundred
Offices in
twenty-four
Foreign Countries

London Offices:
36 Bishopsgate,
E.C.2,
and
11 Waterloo Place,
S.W.1

ASSETS

Cash in Vault and in Federal Reserve Bank ...	\$174,009,936.54	
Due from Banks and Bankers ...	125,807,481.49	\$299,817,418.03
Loans, Discounts and Bankers' Acceptances ...	...	877,330,284.97
United States Government Bonds and Certificates ...	\$233,392,951.13	
State and Municipal Bonds ...	50,997,182.52	
Stock in Federal Reserve Bank ...	6,600,000.00	
Other Bonds and Securities ...	110,198,647.67	401,188,781.32
Ownership of:		
International Banking Corporation ...	8,000,000.00	
Bank Buildings ...	56,127,037.23	
Items in Transit with Branches ...	20,910,431.94	
Customers' Liability Account of Acceptances ...	131,835,647.92	
Other Assets ...	6,837,451.67	
TOTAL ...		\$1,802,047,053.08

LIABILITIES

Capital ...	\$110,000,000.00	
Surplus ...	90,000,000.00	
Undivided Profits ...	26,616,546.30	\$226,616,546.30
Reserves for:		
Contingencies ...	\$6,907,968.55	
Accrued Interest, Discount and other Unearned Income ...	4,059,414.81	
Taxes, Dividends and Accrued Expenses, &c. ...	7,814,001.28	18,781,384.64
Liability as Acceptor, Endorser or Maker on Acceptances and Bills ...	173,915,069.44	
Deposits ...	1,382,734,052.70	
TOTAL ...		\$1,802,047,053.08

Figures of Foreign Offices which are included herein are as of September 25, 1931.

of all Eastern and South-Eastern mileage into four main systems. If approval be granted, it will, of course, take a considerable period to round out the consolidations by acquisition of minority holdings; but the fact that, after eight years of bickering, the principal roads involved were able to agree on a plan made a good impression. The case for higher freight rates has also been completed, and it is hoped that the Interstate Commerce Commission will make a decision shortly. Some increase is expected, but scarcely the 15 per cent. requested. What the roads would gain from authority to raise rates to any great extent is problematical, in view of the growing competition from motor trucks; but the sentimental effect of such permission would be of some help.

FRANCE.

M. Laval's Visit — Production — Prices — Unemployment.

(FROM OUR CORRESPONDENT.)

PARIS, October 14.

THE near approach of the date of M. Pierre Laval's departure for America has made the French Premier's visit to Washington the outstanding topic of the day. So far, the leader of the Government has been absolutely reticent as to the nature of the programme to be discussed at Washington, and the most widely differing intentions have been attributed to the pending conferences. The bulk of the French Press inclines to the view that the conversations will be limited to international financial problems, including the German situation, the "redistribution of gold," and international credits. One Opposition journal to-day insists that disarmament will be the "essential theme" of the conference, but this theory meets with little support here.

This speculation has not been set at rest by the official announcement of the list of experts who will accompany the Premier to Washington. These will include M. Bizot, Assistant Director of the Mouvement des Fonds at the Treasury; M. Rueff, Financial Attaché at the French Embassy in London; Professor Basdevant, juriconsult at the Quai d'Orsay; M. Albert Buisson, Presiding Judge of the Seine Tribunal de Commerce; M. Louis Aubert, of the Superior Council for National Defence; and probably Professor Charles Rist, formerly Deputy-Governor of the Bank of France. MM. Farnier and Lacour-Gayet, of the Bank of France, have already left for New York, where it is understood they will have important conversations with the American financial leaders in preparation for M. Laval's visit.

Industrial production figures for August, which were issued this week, show further slight declines in most of the nine great industries covered, although both metallurgy and extractive industries record fractional improvement on the month. The general index figure (1913=100) is returned as 121, as compared with 123 in July, 139 in August last year, and means of 140 for 1930 (the record high year), 139 in 1929 and 127 in 1928 (base: 100 in 1913). Iron and steel production figures for August (revised figures for which are now available) remained practically unchanged on the month, the output of pig iron having been some 2,000 tons larger, while the crude-steel total was about 5,000 tons down. Compared with August, 1930, steel production was 17 per cent. smaller, and that of iron nearly 20 per cent. lower. Pig iron totalled 682,000 tons for the month, against 845,000 tons in August, 1930. Steel output was 645,000 tons, against 775,000 tons. Provisional figures for September indicate that the output of coal from the French mines was 4,310,000 tons, or 120,000 tons more than in August, 17,000 tons more than in July, but 311,000 tons less than in August, 1930. The mines in the Saar district contributed a further 880,000 tons, against 921,000 tons in August and 1,053,000 tons in August, 1930. Iron-ore output in September was 3,165,000 tons, against 3,089,000 tons in the previous month, and 4,060,000 tons in August last year.

The French steel plants, like those in Belgium and Luxemburg, are reported to be continuing to operate up to 75 per cent. of capacity (as compared with 30 per cent. in the United States). Iron exports during the first eight months of the year totalled 309,370 tons, against 345,983 tons during the corresponding period of 1930, while imports were 56,512 tons, against 98,671 tons. Steel exports were 1,598,974 tons, against 1,749,575 tons, and imports 59,917 tons, against 86,776 tons. The drop in steel production from 6,380,000 tons to 5,453,000 tons was chiefly due to the weakness of the home market.

The Statistique Générale returns the unweighted general index figure representing wholesale prices (45 products) at the end of September as 437 (July, 1914 = 100), as compared with 455 in August, 535 in September last year, and means of 543, 623 and 634 in 1930, 1929 and 1928 respectively. The figure representing wholesale prices of French products (29) is returned as 504 (against 521 at the end of August and 595 in September last year), while that for imported products (16) is given as 316 (against 335 in August and 428 a year ago). The figure for foodstuffs dropped during the month from 475 to 454 (against 538 a year ago), and that for raw materials from 414 to 398 (against 534 in September, 1930). The weighted wholesale price figure, covering 126 commodities, is returned as 473 at the end of September (1913 = 100), against 488 end of August and 566 end of September, 1930. The weighted wholesale price figure for Paris, covering 13 common household articles (July, 1914 = 100) is returned for September as 559, against 583 for August and 634 a year ago, and the weighted retail price figure for the same articles at the end of September as 588, against 595 at the end of August, and a mean of 614 for 1930.

Railway receipts have latterly been steadily rising, the weekly averages having increased from 270,000,000 francs in May to 289,000,000 francs in August, but this has been due chiefly to holiday traffic. The average in August last year was 317,000,000 francs, the average for that year having been 296,000,000 francs, against 299,000,000 francs in 1929 and 284,000,000 francs in 1928. The average number of trucks loaded daily in August was 51,720, against 51,020 in July, 56,720 in August, 1930, and daily means of 65,400 in 1930, 65,100 in 1929, and 63,300 in 1928. The index figure representing railway traffic in August is returned as 120 (1913 = 100), against 130 in August, 1930, and means of 128, 127 and 122 for 1930, 1929 and 1928 respectively.

Unemployment is apparently again slightly on the increase. The total number in receipt of official benefit throughout the country at the end of September was 38,524, as compared with 35,916 in July and 364 in August last year. M. Léon Blum, the Socialist leader, has insisted that there are now 650,000 totally unemployed workers and 2,500,000 partially unemployed. The *Bulletin de la Société d'Etudes et d'Informations Economiques* asserts, however, that these figures are exaggerated. The *Bulletin* points out that the only real sources of information on this subject are the unemployment funds and the monthly inquiry of the Ministry for Labour covering firms employing over 100 workers, and agrees that the number in receipt of the "dole" is undoubtedly much below the real number of totally unemployed and thus affords no reliable indications. In criticising M. Blum's figures, the *Bulletin* argues that the Ministry for Labour inquiry shows that the firms covered by it employed 2,814,752 wage-earners in August, 1930, and only 2,596,752 in August this year, or a difference of 8.4 per cent. The Socialist leader, the *Bulletin* observes, appears to have assumed that the whole of the country's wage-earners; that these total 7,500,000 units, which is a substantially larger total than the last census figures revealed; and that the whole of the workers displaced among firms employing over 100 hands have failed to secure work elsewhere. As to partial unemployment, the *Bulletin* frankly admits that 33 per cent. of the French wage-earners are working short time,

and that therefore the total number of part-time workers may be considered as at least 2,000,000, although it must not be overlooked that a large proportion of these are still working over 40 hours a week.

GERMANY.

New Cabinet — Dr. Brüning's Chances — Dr. Schacht and the Reichsbank — New Decrees.

(FROM OUR CORRESPONDENT.)

BERLIN, October 14.

WHEN Dr. Brüning decided to alter the composition of his Cabinet it was at first assumed that he would merely induce some of his colleagues to resign, and would name a few new Ministers. But he chose an unusual course, and one not without danger, in submitting to President von Hindenburg the resignation of the entire Cabinet and receiving from him the immediate commission to form a new administration. The Chancellor's resignation, which he had intended to be merely a formality, appeared for a time likely to result in a real crisis because some of the men whom he had in view refused his invitation to enter the Cabinet. Without doubt the President, and the Chancellor as well, desired to weaken the aggressive Opposition attitude of the parties rightward from the Centre by including in the Government some men representing "Business." But the only new man whom Dr. Brüning has been able to win is Professor Warmbold, formerly a member of the board of directors of Farbenindustrie, who also enjoys good relations with agriculture. He received the portfolio of Minister of Economics. Dr. Joel, Secretary of State in the Ministry of Justice, was made Minister of Justice, and Herr Groener, the Minister of Defence, will be at the head of the Ministry of the Interior. Dr. Brüning himself becomes titular Foreign Minister, which means that this Ministry will be conducted in fact by the Secretary of State, von Bülow.

In entrusting the Minister of Defence with the Ministry of the Interior, formerly conducted by Dr. Wirth, Dr. Brüning has made, politically, his most important change. The Minister of the Interior has, to be sure, no direct executive powers, since the execution of the Reich's laws concerning the matters falling under his office—above all, police legislation—is left to the various State Governments. But he must protect the rights of the Reich, keep the actions of the States within the bounds of the Constitution, and assure uniform execution of the laws. That the Department of the Reich concerned with police matters should be combined with the command of the Reichswehr is evidence of determination to protect the Reich against every extremist element which might attempt to overthrow the Government by violent means. It means especially a challenge to the extremists of the Right; for these hate Herr Groener more than any other man in the Cabinet. And, finally, the extension of the powers of Herr Groener, between whom and President Hindenburg strong bonds have existed since the last days of the war and the first months of the post-war period, will assure to the Cabinet President von Hindenburg's confidence in increased measure.

Thus, the very composition of the Cabinet shows that the Chancellor's experiences in building it have not deprived him of the courage to take up the gage of battle boldly against his opponents of the extreme Right. Here he can, as before, count on the support of the Socialists, who, however, have lost seven of their 143 Deputies to the newly organised Socialist Labour Party—a loss which, in view of the slender Government majority in the Reichstag, is not unimportant. The Chancellor is also sure of the support of the Centre, his own party, and of the German State Party. But the majority of the German People's Party has declared itself against him. This party, which represents especially the interests of the industrialists, reproaches the Chancellor with having failed to make possible a sufficient reduction of industrial wages or of social burdens, despite the fact that the *per capita* unemployment payments dropped from an average of 86

marks per month in 1929 and from a monthly average of 74 marks for the fiscal year of 1930 to 58 marks in September, 1931. However, about a third of the deputies of this party will probably vote for Dr. Brüning, and a definitive split in the party is not unlikely. The other groups of the moderate Right will also be divided in the voting. At the time of writing a scant victory for Dr. Brüning on the "no confidence" motion looks not improbable.

The Government's prospects have been improved by the "declaration of war" made at the conference of the "National Opposition" in Bad Harzburg. The united National Socialists, German Nationals, Stahlhelm members and leaders of the Landbund assembled there decided to move in the Reichstag a vote of lack of confidence, and also to demand the rescinding of all emergency decrees, the dissolution of the Reichstag, and new elections on November 8. In addition—a pure agitators' step—they demand the cessation of the Reich's grants-in-aid made to help cover the expenses of police administration in Prussia, which is ruled by a Cabinet of the Left. In the joint declaration the "organisations making up the national opposition" proclaim that "in future cases of unrest they will defend the life and property, house, farm or place of labour of those who, with us, stand openly on the side of the nation, but they refuse to protect with their blood the present Government and the system that to-day is dominant."

This denunciation of solidarity with citizens of opposing views or with the State itself has brought a revulsion of feeling to many waverers. The demand for new elections on November 8th—obviously a deliberate gesture intended to mark the close of the thirteen-year period since November, 1918—has without doubt frightened the small parties of the Middle Right, whose chances in an election would not be rosy. Many deputies of these groups, who would otherwise have voted with the Opposition, will perhaps stand by the Government bloc for this reason.

At the Harzburg conference Dr. Schacht, former President of the Reichsbank, also spoke, to the accompaniment of especially loud applause from the National Socialists. The fact that Dr. Schacht sharply attacked his successor created a sensation. But from an objective viewpoint what he had to say was anything but sensational. That among the 1,400 millions of marks in gold and devisen shown by the Reichsbank report there is contained also the 100 million dollar credit which the bank received from the other banks of issue, and that the sum includes, further, 50 million dollars from a credit from the Gold Discount Bank, has been made known to the public repeatedly. Why should not the Reichsbank include this credit in calculating its currency cover? That was the aim with which the credit was granted. Every bank of issue in other countries does the same thing. And, finally, when a private debtor abroad receives a short-term credit and hands over the devisen thus received to a bank of issue, the bank will, as a matter of course, count these devisen as part of its gold cover, despite the fact that they can be withdrawn after a short period. The situation is in principle the same when the bank itself is the debtor. The extension, just made, of the 100 million dollar credit has shown that a bank of issue can count with greater certainty on support from other central banks abroad than can a debtor as a rule on the sense and goodwill of his creditor.

"For fear that the public might become nervous," said Dr. Schacht, "it is not informed that the Reichsbank's portfolio consists now only in fractional part of discounted bills that accord with its regulations." The expression "fractional part" is an exaggeration. But that the Reichsbank has had to accept "irregular" paper in order to put the Danat Bank, the Dresdner Bank and the savings banks on their feet, has been discussed at column length in all German newspapers. The technical possibilities and the requisite private business security for this procedure were both created by the organising of the Bank of Acceptance. The business security is achieved by limiting the extent of these discounts, which the Reichsbank is watching carefully. It has thus brought it about that its note circulation of

September 30, 1931, was not higher than on September 30, 1930, despite the fact that currency circulates much more slowly. It can also claim that the fall of the pound sterling has not destroyed the equilibrium of the German currency.

All this Dr. Schacht termed a sign of "lack of uprightness" in German politics, and he declared along the same line that Germany's indebtedness abroad, according to recent statistics, is greater than was set forth in the Basle Report, and that this has not been made known to the public. It is true that the returns which, under the emergency decree, debtors have been compelled to submit have shown higher figures than the Basle experts were able to establish. But the dependability of these reports is very dubious. The Reichsbank would have subjected itself to justified reproaches if it had given publicity to these still absolutely unverifiable figures.

The new Brüning Government will submit to the Reichstag at once a "third emergency decree of the President for the security of economy and finance and for combating political excesses." The first and second emergency decrees "for the security of economy and finance" were issued in June of this year and December, 1930. The new decree, which came into effect on October 7, contains, like its predecessors, a great sheaf of the most varied legislative measures which Parliament would have dealt with in normal times. The Reich's contribution for the rehabilitation of the municipalities is increased from 60 to 230 million marks. The conversion of short-term municipal credits into long-term credits will be carried through without imposing any compulsion on the creditors. These will, however, have a strong incentive to consent to this conversion because of the fact that a special Department to be organised by the Ministry of Finance for the conversions will be able to convert the short-term into long-term credits guaranteed by the Reich. In addition, there will be created for each State a conversion fund which will be augmented by 12 per cent. of the receipts from the taxes on house rental values.

The altering of the highly complicated provisions governing this tax is one of the most important provisions of the new decree. Heretofore a third of the sum received from this source had to be used for erecting new dwelling-houses. The Governments of the various States are now authorised to do away with this restriction. The total proceeds of this tax—estimated at 1,300 million marks for the current year—are reduced by 20 per cent., a step which, in part, has become necessary to give house owners compensation for the increased revaluation interest which they will have to pay from January 1st for their old mortgages.

For the rest, the new emergency decree brings sharp pressure on all public undertakings to reduce their expenditures. In future the State Governments can dictate to the municipalities and other self-governing bodies any reduction of expenditure regarded as necessary and useful. The erection of new administrative buildings is forbidden. The pensions of officials are reduced from a maximum of 80 per cent. of the salary to a maximum of 75 per cent. In order to ease the burden on economic life, employers are given the right to reduce all "disproportionately high" salaries in so far as these exceed 15,000 marks a year. Only in the case of unemployment insurance and the pensions of war invalids does the new decree bring some mollification of the provisions of the June decree. It contains more drastic provisions for the investing of the funds of savings banks, a number of paragraphs aimed to further the creating of rural settlements, sharp provisions for the protection of railway traffic against private autobus competition, the compulsion to use potato flour in all bakeries using wheat flour (this to improve the market for Germany's great production of potatoes), and a great number of provisions dealing with less important problems.

Of great political importance are the provisions granting greater powers to the police for combating political excesses. The circulating of illegal printed matter and the evading of prohibitions by newspapers are made much more difficult, the film censorship is made more drastic, and it is made easier to detain persons arrested for offences

committed with weapons. The police have the right to take action against owners of buildings or keepers of public-houses who grant the use of their rooms for "activities dangerous to the State," and especially for the sheltering of violent groups. The Berlin police, acting under this authority, have already closed a number of "barracks" of the National Socialist storm troops.

AUSTRIA.

Exchange Restrictions — The Budget — Bankruptcies — Municipal Finances.

(FROM OUR CORRESPONDENT.)

VIENNA, October 12.

THE Austrian National Bank has finally been compelled to press for the introduction of a strict regulation of foreign currency business, and the Financial Administration has had the legal measures passed at express speed through the National Council. It was undoubtedly a mistake to delay so long with these measures and not to prevent foreign means of payment from leaving the country. There has developed a "black" exchange at rates considerably higher than those officially quoted. It remains to be seen whether the severe punishments threatened will have the effect of inducing holders of hoards of foreign currency to deliver them to the National Bank. This may result to some extent, but the principal effect of the restrictions will be the limitation of imports. Occasionally the National Bank has in recent days accorded only 2 per cent. of importers' demands and rejected the rest of the applications. This is the most effectual means of bringing down imports.

In the second "standstill" agreement, which applied not to the foreign obligations of the Credit-Anstalt but to those of the other banks and firms, it was provided that no check should be placed upon free dealings in foreign currency as long as the agreement remained valid. In the past few weeks, however, the international situation has changed so much that the National Bank was obliged to inform the members of the "standstill" syndicate that it was compelled to insist, in agreement with the Financial Administration upon the introduction of foreign currency regulations. This, however, does not prevent due discharge of obligations, i.e., the making of the monthly payments.

It was also necessary to put a stop to current rumour and to explain to the public that the 190 millions of foreign means of payment lent by the Bank of England and the Bank of International Settlements is already calculated in the foreign currency holdings. It would therefore be wrong to regard them as a reserve whose release would mean a considerable increase of the cover. In the last report of the Bank, gold holdings amounted to 189.5 million schillings, foreign notes and valuta which could be counted upon to 114.7 millions, and other foreign currency to 87.4 millions. It will therefore be seen that the 190 million schillings plays a very important part, and its repayment out of the holdings of the National Bank would mean a most severe shock. For this reason it is also expected that in one form or another the prolongation of the 190 million schillings is bound to take place.

The preliminary work on the new Budget is also now in progress. One of the most important questions, but one which it will be most difficult to put through Parliament, will be the reduction of the subsidy to farmers. In the Budget for 1931 expenditure amounted to 2,137 million schillings, of which 793 millions covered the salary list and 1,344 millions costs of materials, so that nearly 64 per cent. went on materials. No less than 125 millions of subsidies were included in this amount, namely, for cultivation of sugar beet 34.4, for agriculture and forestry 5.8, for the emergency gift to agriculture and forestry 68.0, for aviation 2.3, for the Danubian Steamship Company 2.5, and for the Post Office Savings Bank 5.5 million schillings. Those are only a few of the subsidies which are admitted officially. Unofficially,

a further 100 million schillings at least has been granted, and it will be necessary to effect incisive savings. Now that a drastic curtailment of the salaries of civil servants has been effected, a start should be made on the reform of the whole administration. This will be quite possible, as there are a number of superfluous offices, and the Federal Government and the individual States often rule against one another. But these measures, too, will of necessity increase unemployment, and the unemployed already number over 800,000.

Up to the present the economic crisis has been more noticeable in the provinces than in Vienna, as most of the subsidiary enterprises of the Credit-Anstalt, in which short time has been introduced and output diminished, lie away from Vienna. In conjunction with the new foreign currency regulations, some optimists look forward to recovery of domestic industries and of business life. In any case, it is a fact that consumption of Austrian coal, the quality of which does not come up to that of Czechoslovakian and Polish coal, will probably increase. Many of the people, too, who will now be forced to hand over their holdings of foreign means of payment will not deposit all the proceeds in the banks. It is likely that they will buy clothes, food and furniture. On several days motor cars, furs and furniture have been in demand.

There are no signs of inflation, as any tendency in this direction is counterbalanced by the circumstance that the National Bank is issuing no more notes, the salaries of all regular employees are falling, and taxes are being collected with rigour. It is urgently necessary that depositors at the savings banks should be reassured, so that they may prefer to leave their money in the banks rather than keep it at home. On several days last week there were important withdrawals. Official compositions with creditors and bankruptcies also are on the increase. The severe shocks to which they are exposed are crippling even old firms, who are liquidating voluntarily while they are still able. Several respectable houses in Vienna have already resolved to take this step.

The Municipality of Vienna is also feeling the effect of the times upon its revenue from local rates and taxes. On the year 1931 there is a deficit of 94.4 million schillings, which is to be covered out of cash reserves to an extent of 48.3 millions. It was presumed that the final deficit would not exceed this sum. Owing, however, to the revision of the apportionment of taxes between the Federal Government and the individual States, which proved to be necessary, the Municipality of Vienna suffered a loss of 28.8 million schillings. Further, the municipal taxes, especially as they were largely based upon consumption, entertainments and luxuries, have receded, whereas expenditure has been greatly increased through the spread of unemployment. For these reasons the municipality is compelled to effect big savings, and for the year 1932 estimated expenditure has been cut down by 19.3 per cent. House-building, of which the city was so proud, is also being affected by the cut.

HUNGARY.

League Finance Committee — Problem of the Pengő.

(FROM OUR CORRESPONDENT.)

THE Financial Committee of the League of Nations has been convened to a special meeting, which is being held this week in Budapest, to deal with the Hungarian financial situation, which requires urgent handling. The summoning of this meeting did not come as a surprise; its necessity was foreshadowed in the report of the Committee to the Council of the League in Geneva on September 19th. The Committee expressed their desire to elaborate with the Hungarian Government a definite plan at an early date for the amelioration of the financial situa-

tion in Hungary and publish a report on it. The inquiry which is being conducted at present in Budapest at the request of the Hungarian Government has apparently convinced the League experts that, in order to preserve the basic financial structure of the country, they can lose no time in submitting their report to the Financial Committee. It is very fortunate that it was possible to arrange for the Committee to meet in Budapest, because much can be gained by direct contact on the spot with the Hungarian Government, which is anxious to do everything in its power to safeguard the stability of the currency and to balance the budget. In order to achieve this, however, it will be necessary to resort to further drastic measures which will involve heavy sacrifices for Hungarians as well as for their creditors abroad.

The most pressing problem of Hungary is to preserve the stability of her currency, which was stabilised on the gold standard when the League of Nations Reconstruction scheme began to operate in 1924, and has been maintained ever since. Readers of the *Economist* are familiar with the difficulties which hit the Central European borrowing countries in general, and Hungary in particular, when the withdrawals of foreign funds began in May, 1931, after the collapse of the Austrian Credit-Anstalt. The Hungarian Government, in order to maintain the stability of the pengő, restricted free dealings in foreign exchanges as early as July, 1931, and declared that banking deposits, debts, claims, etc., are in gold pengő, thus checking speculation which might lead to the collapse of the currency. The gold pengő experiment has been successful so far, and confidence in the banks has been restored. This is demonstrated by the fact that note circulation, after having reached its peak at 503 million pengő in August, decreased to 350-380 million pengő in September and October, which is quite normal. Unfortunately, the statutory gold and exchange cover of the National Bank, in the absence of further foreign funds and a merchandise export surplus, has decreased to 113.8 million pengő, which is a very low figure, and the bank cannot afford to lose much more gold without seriously endangering the stability of the currency more or less maintained so far. In order to safeguard the stability of the currency and to maintain confidence in the gold pengő it is absolutely essential that the National Bank should preserve a gold reserve of 100 million pengő. The fall of the gold cover of the bank below 100 million pengő might destroy confidence in the gold pengő, which might lead to a currency collapse in spite of the best intention of the Government to avoid inflation.

An authoritative report by the Financial Committee on the financial situation of Hungary will be very opportune at this juncture. It is impossible to forecast the future of Hungary, because her future depends largely on factors which are beyond her immediate control. While the restoration of budgetary equilibrium and the maintenance of the stability of the pengő would serve as a solid basis for the future, the economic welfare of the country chiefly depends on tariff policy and on world prices. At present both tariff policy and world prices are the greatest hindrances to Hungary's economic recovery. The Financial Committee of the League when dealing with the fortunes of Austria and Hungary—two countries with which the League has been closely connected in the past, and towards which the League has moral and, in certain circumstances, legal obligations—will realise that financial aid alone will not suffice to bring about economic order in the Danube Valley. The fact that 12 years after the end of the Great War trade in the Successor States of the Austro-Hungarian Monarchy is more dislocated by currency and tariff restrictions than ever before, alone suffices to explain what is wrong in this part of the world.

It is to be hoped that the lessons of the crisis will be learnt, and it will be realised that currency and budgetary restoration can be successful only when it is established on a sound economic basis. And yet we witness, in the modern epoch of radio, speed and efficiency, Hungary compelled to barter with Czechoslovakia to exchange cattle for timber and similar bargaining taking place with

more or less success among the seven other Successor States which constituted one economic unit up to 1918. If the League of Nations will not take the lead to bring about normal trade and credit conditions in Central and South-Eastern Europe, the financial restoration will not be a lasting one. It is futile to attempt to gauge the capacity of the Danubian countries either to borrow or to pay, so long as the economic forces of the countries concerned cannot be developed on natural lines.

The financial difficulties of Hungary may be overcome if foreign creditors will wholeheartedly co-operate with the Hungarian Government under the auspices of the League of Nations. It is as yet too early to estimate when the moratorium which is impending on all foreign obligation can be lifted. Much depends on the big creditor nations, whose action through the League of Nations and the B.I.S. may greatly improve the welfare of Hungary as well as the chances of her foreign creditors.

ITALY.

Gold Reserves — Unemployment — Budget Figures.

(FROM OUR CORRESPONDENT.)

TURIN, October 11.

"HAPPY the peoples who have no history"—this may be the motto of the week. There is no development in the situation of the lira. The gold reserve of the Bank of Italy increased from 5,373 million lire at the end of August to 5,445 millions at the end of September, while the gold exchange reserves decreased, between the same dates, from 3,465 to 2,938 millions. The total reserves thus decreased from 8,838 to 8,383 million lire, a decrease of 455 millions. This is the price paid for the defence of the lira, not a formidable loss during such a critical period, and one partly counterbalanced by a decrease from 14,645 to 14,474 million lire in the total notes circulation.

Apparently the first shock of the British gold suspension has spent its force here, but the newspapers give vent to some anxiety about the next one, possibly coming from a German collapse. It may be, however, that Italian economy is too secluded, too small-agriculturalist, to be much concerned with international monetary portents. Even the higher figures of unemployment (about 650,000 at the beginning of the autumn, against 400,000 last year) do not arouse as much concern as they would in a purely industrial country, because the unemployed here receive aid from relatives on the land, thus rendering sufficient the present unemployment subsidy of 7.75 lire per day, payable for a maximum of 120 days.

The State Budget has not been obliged as yet to subsidise the Unemployment Fund, save indirectly by way of public works. Extraordinary appropriations to the Public Works Department have increased by 655.3 million lire to 1,316.5 millions since the beginning of the financial year; and this has been officially announced to be 520.9 million lire at the end of the second (August) month of the financial year. Should the deficit go on increasing at this rate it may well become heavy at the end of the year.

It should, however, always be remembered that these Budget deficits are paper deficits. It may be that in some future time the Exchequer will be obliged to pay, on account of the July-August, 1921, Budget, 520.9 millions more than the taxes received. In the meantime, so far as hard cash goes, the Exchequer has in these same two months received 2,631 millions and disbursed 2,172.7 million lire, so that the cash in the till has been increased by 458.3 millions. In fact, as Signor Mazzucchelli has pointed out in his monthly review in the *Rivista Bancaria*, the cash position of the Italian Exchequer is strong. Things may change, but for the moment there is plenty of cash funds to bear the brunt of the present monetary turmoil.

HOLLAND.

Gold Exchange Policy — M. Trip's Appointment — Plea for Import Restrictions.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, October 14.

DURING the past week the Netherlands Bank has been responsible for providing some big surprises. In the first place, the weekly statement showed that the present crisis had entailed some far-reaching adjustments in the division of assets. Mr Vissering consistently followed the "gold exchange" policy. By means of maintaining an extensive portfolio of foreign bills, as well as balances abroad, the Netherlands Bank was able to operate actively on the open-exchange market wherever it was necessary in order to keep the rate of exchange within the gold points, thereby reducing the shipment of gold. Through the drop in the value of sterling, however, confidence in the stability of foreign currencies has been badly shaken, and the Netherlands Bank has deemed it advisable to abandon its "gold exchange" policy and to revert to the "gold" policy instead. As a result the Netherlands Bank has converted its dollar bills and balances into gold. The holdings of foreign bills accordingly show a drop of 116.8 million guilders, or more than 50 per cent.; in addition, balances abroad to a total of over 11 million guilders were converted into gold. The Netherlands Bank's stock of gold increased by about 90 million guilders, and, in consequence, the gold covering for the bank-note circulation increased from 67.9 per cent. to 74 per cent. Gold to a value of 30 million guilders was shipped abroad from the Netherlands. The extent of the changes in these various items will be seen from the bank's return, which is printed on a later page of this issue.

The efflux of gold was principally to France. The rate of the French franc has, in fact, dropped to below the gold export point, but this does not necessarily mean that there will be no further movements of gold to France, for it may be assumed that the Banque de France will adopt the same attitude as the Netherlands Bank towards the "gold exchange" policy. Holdings of sterling, the bank states, have remained at the same level. It may thus be assumed that the remaining foreign bills held, amounting to some 153 million guilders, are principally sterling bills, on which, according to Mr Vissering's recent declaration, no great losses are to be feared.

The news of the unexpected resignation of Mr Vissering as President of the Netherlands Bank caused great disappointment. His successor, Mr L. J. H. Trip, on assuming his new appointment, declared that he regarded the maintenance of the gold standard in the Netherlands as his primary duty. "With all the means within my power," he stated, "I shall maintain the standard of our coinage, for it is my conviction that the world would become a chaos if gold were no longer the standard coin. The future policy of the Netherlands Bank will undergo no change in any respect whatsoever. All efforts will be concentrated on maintaining the stability of the guilder, and there is no doubt but that this will be accomplished. All conditions requisite for attaining this are present, but confidence is also imperative. The maintenance of this confidence must be the aim not only of the Government, but of the Netherlands Bank, and, above all, of the public. There is no doubt that we shall manage to get through these troubled times; if only the Dutch public maintains its reputation of being calm, cool and collected there will be no untoward occurrences, and the gradual process of adjustment can develop unabated. In my opinion, we are not passing through a crisis which will be succeeded by a boom period, but rather that a much lower standard of living will thereby be reached. The one great obstacle is that . . . retail prices have not yet adjusted themselves sufficiently to wholesale prices."

As regards the difficulties of Dutch industry, the Association of Catholic Employers has submitted a petition to the Minister of the Interior. The petition points out that

the abandonment of the gold standard in England represents for English industry the equivalent of a wage reduction, an increased import duty and an export bounty, amounting to about 20 per cent. "In addition," the petition continues, "we do not consider it at all unlikely that the existing import duties on industrial products may soon be raised, and that new duties will be imposed." What the loss of part of the English market would mean for Holland is best illustrated by the fact that in 1930 England took 22.28 per cent. of the Netherlands' entire exports, and was her chief customer.

The Association states that, owing to the extent to which protectionism is gaining ground throughout the world, the retention of the English market has become a matter of vital importance to the Netherlands. They feel that Holland will have to take immediate steps to regulate the importation of certain industrial products, in the fear that not only England but other countries will turn to the Netherlands as the only country whose market is open to all comers for the dumping of their goods. They consider that Parliament should invest the Government with powers to limit by a quota the importation of certain products in order to prevent the Dutch market from being flooded with foreign goods. Despite the pressing demands from all branches of Dutch industry, however, the Government has so far made no move in this direction.

NORWAY.

The Pound and Industry — Bank Rate Reduction — Stock Exchange.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, October 12.

THE fate of the krone is occupying a front place in the Press and among the public generally. The answer to this question, however, is so closely connected with the future of the £ that it is almost futile to try to tackle the problem at this juncture. The consequences of the depreciation of the £ are already making themselves felt in our export industry, whose chief markets are in England and her Colonies. The stabilisation of the £ on a lower level than the present quotation would be a serious blow not only to our export industry, but to the shipping and whaling industries, whose income is chiefly derived from contracts in terms of sterling.

Apart from the reduction of the Bank rate from 8 to 7 per cent. on Wednesday last, the week saw no event of outstanding importance as far as domestic economic developments are concerned. The decision of the Norges Bank to reduce its rate was received with the greatest satisfaction, and, although the present rate must still be regarded as abnormally high, the step is an indication of the Bank's intention to curtail the burdens of the crisis as much and as soon as possible. That the reduction was carried through in agreement with the Riksbank in Stockholm underlines the economic co-operation, already initiated at the outset of the crisis, between the two countries. In contradistinction to the week ending October 3rd the movements in the foreign exchange market last week have been against us, the quotation for sterling having risen from 17.35 at the beginning of the week to 17.60 to-day, the top of the curve being reached on Wednesday with 17.70 kroner to the £.

The tone on the Stock Exchange continued firm during the week, especially as far as Government stocks were concerned, and there was a marked tendency on the part of the public to re-invest. Thus the 4½ per cent. Government Loan of 1931, floated just before the outbreak of the crisis, rose during the week by about 3½ per cent., and a similar rise occurred in other Government and State-guaranteed loans. The rise that was anticipated in whaling and industrial shares has, however, not materialised, the tendency having been towards only moderate firmness.

SWEDEN.

Bank Rate Lowered — Stock Exchange Opened.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, October 13.

FINANCIAL interest during the past week has been mainly centred on two events, namely, the lowering of the Bank rate and reopening of the Stock Exchange. They are naturally intimately connected, but this does not prevent the first-mentioned from being considered as the more important. The exceptionally high rate, 8 per cent., which the State Bank fixed simultaneously with its decision to depart from the gold standard, has been the subject of extremely pungent criticism, and this not only from the advocates of a suitable dose of inflation, but even from the adherents of the gold standard and a well-ordered monetary system. The fact that it must be extremely onerous for industry would scarcely appear to need discussion.

It was difficult in the present position to determine what bank rate would be the right one, when it was a question of making it manifest that the suspension of the gold standard was a forced emergency measure and that it was by no means the intention of the responsible authorities to allow this step to be the thin end of the wedge for a pure inflation. It is, however, clear that the Bank rate as a weapon has at the present time lost a great deal of its normal efficacy, and it must, therefore, be regarded as hazardous to employ it to too great an extent, as it is easily possible thereby to give foreign countries an erroneous idea of the difficulties Sweden has to overcome.

It might be said from this point of view that a Bank rate of 8 per cent. signified a greater display of force than was called for by the necessity. It must be borne in mind, however, that increases in the Swedish Bank rate have followed one another particularly closely during the last few months: from 3 per cent. it was raised to 4 per cent. on July 31st, on the departure of England from the gold standard to 5 per cent., again, four days later, to 6 per cent., and in connection with our own suspension of the gold standard to 8 per cent. If we accept such a rate as a decided declaration of principle, it may perhaps have its justification, but in such case only for quite a short time. In other words, a new lowering of the rate should be imminent, a matter to which the market would by no means be indifferent. Significantly enough, it has already previously been discounted by the Stock Exchange, where bonds were firm at the beginning of the present week.

The Swedish crown has kept comparatively stable, or even firm, since the dropping of the gold standard. If we except the first few purely panic rates, it kept during the first four days round about 84 per cent. to 86 per cent. of par in Paris and New York, improved during the following eight days to an average of 86 per cent. to 87 per cent., and at the beginning of the present week has continued slowly to rise. In other words, the depreciation is less than in the case of some of the other new paper currencies. Manifestly, however, little is indicated thereby as to what the value of the new Swedish gold crown will be. "A retention of the home purchasing power of the Swedish crown" has been indicated as the directing point for the Swedish financial policy. Should the increase in prices through imported goods be very pronounced, this must lead to a restrictive discounting policy. It is possible, of course, on the other hand, that the tendency for an increase in the price of imported goods will be counterbalanced by a continued fall in the price of goods quoted in gold currencies, due to a continued fall in price in the gold currency countries. It appears to be inevitable under all circumstances that the outcome will be a permanent reduction in the gold value of the Swedish crown. Whether this will correspond, however, with that of the English currency is still quite unknown.

Like the Bank rate, the closing of the Stock Exchange has been the subject of very divided opinions; this not so much because it was closed during the first few days of panic, but that there was so long a delay in re-opening it. In point of fact, it was impossible to form any exact idea of the international quotation for the Swedish crown

so long as it was not possible to buy and sell international securities on the Stockholm Stock Exchange. Fortunately the re-opening of the Stock Exchange had no unpleasant consequences whatsoever. The fact that the drop in the price of bonds was fairly considerable is reflected, of course, in the first place by the abnormal Bank rate, but this has, as mentioned, already been adjusted to some extent. As regards shares, on the other hand, the fall was almost less than one would have been inclined to expect. A very good idea of this will be obtained by calculating the Stock Exchange value as regards the concerns quoted in the "A" list. During the first eight months of the year this had fallen by about Kr. 920 millions, a depreciation which was increased by no less than about Kr. 490 millions during the days the Stock Exchange was open in September. Between the dates of closing and re-opening of the Stock Exchange a new depreciation of Kr. 320 millions was recorded. As of this about Kr. 245 millions was to be attributed to our international securities, the fall in regard to the purely home concerns was no more than about 75 millions, a by no means overwhelming figure.

CZECHOSLOVAKIA.

Exchange Restrictions — Stock Exchange — Budget for 1932 — Import Regulations — Unemployment.

(FROM OUR CORRESPONDENT.)

PRAGUE, October 12.

THE restriction of the dealings in the foreign exchanges was taken quietly and regarded as unavoidable in the present situation, especially with regard to the development of conditions in the neighbouring countries. These measures having been taken by the National Bank, the withdrawals of foreign exchange ceased. The indebtedness abroad, which after all is only slight, showed a further decline during the week, especially with regard to United States dollars. The currency remained firm.

Also on the Stock Exchange, which reacts to the trend of events on the foreign bourses, further calming down became apparent. The quotations of gilt-edged securities, which temporarily declined as a result of the raising of the discount rate, partially recovered. On the share market stagnation prevailed, and the quotations did not decline to any considerable extent.

The Budget for the year 1932 is to be presented to Parliament at their first meeting to-morrow. The expenditure figures at 9,319 million Cz.K. (against 9,839 millions in the Budget for the year 1931), the revenue figures at 9,323 million Cz.K. (against 9,847 millions in 1931). Expenditure was reduced in comparison with 1931 by 520 million Cz.K. The State undertakings are budgeting for an expenditure of 8,930 millions and a revenue of 10,760 millions; this includes State railways with 7,800 millions of revenue and 7,876 millions of expenditure. The national debt amounts to 37,551 million Cz.K., viz., 25,991 millions of internal debt, 8,350 millions of external debt, and 3,300 millions of Treasury notes; the whole debt service for 1932 will call for 2,161 million Cz.K.

The difficult question of import regulations of corn and flour was ultimately solved by the Government fixing the exact amount of imports of these commodities for October; the import licence will depend on the purchase of a corresponding quantity of home produce. In this way the conflict with treaty obligations, especially as far as Roumania and Jugoslavia are concerned, was avoided.

There has been a pause in the negotiations for the treaty of commerce with Hungary; it is to be resumed probably in November; difficulties also arise with regard to the question of payments for Czechoslovak exports, as there are severe foreign exchange restrictions in Hungary. The number of unemployed rose to 228,383 during September, which is 13,373 more than in August and 123,870 more than in September, 1931.

GREECE.

British Gold Suspension and its Effects — Bank of Greece's Reserve — Control of Foreign Exchanges.

(FROM OUR CORRESPONDENT.)

ATHENS, October 8.

THE abandonment of the gold standard by England came as a very painful surprise here. Such was the faith in British financial power that, though the economic and financial difficulties of the United Kingdom were fully realised, nobody expected that they would finally drive England off the gold standard. Apart from the economic ties which are so close between the two countries, the traditional feelings of friendship and admiration for England found on this occasion an echo in sympathetic Press comments, and in a general wish that Britain will soon be able to regain her financial stability and maintain her supremacy as the principal economic and financial centre of the world. The absolute confidence in British solvency and the stability of the pound may be gauged from the fact that Greece, like so many other countries, had linked up her money with the pound sterling. State and private contractual engagements were often stipulated in sterling, considerable funds were deposited with London banks, and very large sums were invested in British as well as in foreign securities issued in pounds sterling. In fact, since the war the bulk of Greek investments has been in sterling securities. It is obvious, therefore, how deeply are Greek interests affected by the fate of the pound, and how harmful for British financial prestige in this country would be an eventual devaluation of sterling.

On receiving from London the news of the suspension of the gold standard, the Hellenic Government announced that Greece would maintain the gold basis of her currency. The dollar replaced the pound as a basis for calculating the value of the drachma in foreign currencies. At the same time reassuring statements were made by the authorities concerning the stability of the drachma. It was thought advisable, however, to close the Athens Stock Exchange. Moreover, as the bank of issue had not been following a gold policy, part of its reserve—about one-fourth of the total—was deposited with the Bank of England in current account. According to the statutes of the bank, this deposit can no longer be included in the note cover. Steps were taken, therefore, to ascertain whether the Bank of England would be disposed to consider this deposit as a liability in gold and not in paper sterling. The opinion of the B.I.S. on this matter was also asked. While the reply of the Bank of England is not yet known, the B.I.S. stated that no decision had yet been taken, and that the question would be submitted to its next board meeting.

Pending this decision, the Bank of Greece continues to include its sterling balances in the cover of the circulation, converted into dollars at the current rate of exchange on New York. In addition, and with a view to reinforcing its reserve, it borrowed a sum of 5,000,000 dollars from the National Bank of Greece. Thus, its weekly statement, dated September 30th, shows the proportion of reserve to the note circulation and other demand liabilities at 46.57 per cent., as against a statutory minimum of 40 per cent. As, however, the first repercussion of the British crisis was an unusual demand for dollar exchange, the authorities took the precautionary measure of instituting a control on transactions in foreign currencies. Accordingly, on September 28th, a decree was published in the Government Gazette, by virtue of which the purchase and sale of gold, gold coins, foreign exchange and foreign bank notes is thereafter effected exclusively by the Bank of Greece, which will sell, at its discretion, for commercial and other economic needs only. The proceeds of exports must be handed to the bank against payment of its equivalent value in drachmas. The encashment of cheques in drachmas drawn abroad is not allowed unless the equivalent in foreign exchange has previously been sold to the bank. Existing deposits in foreign exchange, coins and bank notes are repayable in drachmas at the current rate for the respective currency.

What will be the ultimate effects of the English crisis on the financial and economic situation of Greece it is too early yet to say. It is obvious, however, that the country is bound to feel, in common with the rest of the world, the unpleasant repercussions of recent events. Their first result—a personal one—was the regrettable resignation of the Governor of the Bank of Greece, M. Diomède, the reasons for which are not yet clear. A further effect—in the case of a lasting depreciation, or, possibly, a devaluation of the pound—will be a saving in the Budget and in the expenditure of some individuals or corporations on account of the service and repayment of loans and other contractual obligations in sterling. The profit arising from this economy is offset, however, to an important extent by the loss to Greek holders of the bonds of such loans. Yet another advantage for this country—assuming that the prices of English exports will not rise, and that the imports of currants from Greece will not diminish appreciably—is derived from the fact that Greek imports from the United Kingdom are approximately double Greek exports to that country. Against these advantages, however, should be placed the immense losses to Greek holders of sterling securities and funds, while the financing of public and other constructive works, hitherto chiefly effected through the London market, will be an added difficulty.

BULGARIA.

Export Difficulties — Foreign Exchange Control — Commercial Treaties — Budget.

(FROM OUR CORRESPONDENT.)

SOFIA, October 9.

RECENT developments connected with the gold value of sterling have resulted in a serious dislocation of the Bulgarian export trade. The great majority of exports have always been contracted in pounds, and practically the entire volume of export business going through the seaports of Varna and Bourgas was being financed by means of sterling sight drafts. According to the National Bank Statute Law, only gold and currencies freely convertible in gold are admitted as legal cover for Bulgarian bank notes. On September 22nd the National Bank stopped quoting the pound, and for nearly ten days sterling drafts could not be negotiated in Bulgaria, the National Bank having the exclusive monopoly of foreign exchange dealings. The difficulty has been settled by a hasty compromise, and quotations were recently resumed. Nevertheless, the wide fluctuations of the sterling rate continue to act as a deterrent to exporters.

The adoption of other currencies, such as the French or Swiss franc, the guilder or the dollar, as a basis of export business cannot be effected on an extensive scale, because the respective money markets do not offer the same facilities for technically smooth working. Moreover, British documentary credits have always played a leading part in the ultimate development of financing exports. French, Swiss and Dutch credits are not available in sufficient measure for this special purpose, and great difficulties have resulted. Exports dropped to a disquieting degree on account of this new handicap, coupled with the existing troubles caused by falling prices, and, in other departments of the export trade, by the disturbed state of the German and Austrian markets. Troubles in foreign markets also caused the raising of the official discount rate from 8½ to 9½ per cent., and a general restriction of credit, while banks and trading houses are building up reserves of liquid cash in preparation for further difficulties in the market.

The effects on the foreign trade balance and on the country's reserves of foreign exchange are very serious, especially at this period of the year, when heavy payments abroad are approaching on both Treasury and private commercial accounts. It seems fairly probable that the reinforced restrictions in foreign exchange dealings will hardly meet the requirements of the situation. There is much comment on the advisability of setting up an organism for

NATIONAL BANK OF GREECE Established 1841

Head Office: Athens.

Branches throughout Greece.

New York Agency, 51 Maiden Lane.

**THE BANK OFFERS EXCEPTIONAL
FACILITIES FOR BUSINESS WITH GREECE**

Capital paid up and Reserves Drs. 1,205,000,000.

distributing gradually the foreign exchange available according to the importance and urgency of requirements. Opinion in responsible quarters is reported to see in such a measure the only way of saving the gold cover of the Bulgarian currency. According to an official statement by the Minister of Finances, the gold reserves of the bank are at present about 32 per cent. of the notes in circulation.

In order to quicken exports the Government arrived at a decision which, in the opinion of almost every financial expert here, ought to have been taken some time ago. The Council of Ministers announced yesterday to the Press their resolution to enter immediate negotiations for commercial treaties with foreign States willing to co-operate with the Bulgarian Government to this effect. The urgent necessity of reducing import tariffs has been of late widely emphasised in different circles, and public opinion is apparently ripe for substantial changes, especially in duties on goods of prime necessity. Peasant protests against the excessive prices of manufactured goods have become so loud and widespread that the Government had hastily to pass legislation regulating artificially the selling prices of such goods. The effects of such action will probably be as inadequate as in former instances both here and abroad. It would appear that a resolute and systematic modification of import duties could achieve better, quicker and more general results without engaging the Government in the supervision and other expenditure which the above legislation will necessitate.

The position of the Treasury has not improved. In addition to heavily reduced receipts due to general economic difficulties and to an inefficient budgetary policy, the deficits of the Grain Purchasing Office have greatly widened the gap between revenue and expenditure.

Political uneasiness is gaining ground. The Government difficulties are greatly increased by party criticism exploiting the troubles of the moment. Good will and courage cannot be denied to M. Malinoff's* Cabinet, but, unhappily, efficient and competent men are scarce, and the efforts of those in charge of the country's affairs do not appear to find in Parliament the ready and disinterested backing the situation so badly needs.

Letters to the Editor.

THE POUND—A GERMAN VIEW.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The "French view of the pound" expressed by Professor Rist seems to me wrong from the beginning. The pound has not been fighting for the stability of the European currencies; if it has been fighting at all it has been fighting against the mal-distribution of gold provoked by France and the U.S.A. and other countries which, as one English paper

* On October 12th M. Malinoff resigned on grounds of ill-health, and was replaced by M. Mucharoff, formerly Minister of the Interior.

has put it, are lending umbrellas in time of sunshine and calling them back when the first drop of rain is falling. The causes for the decay of the pound were not at all external. There have been other disasters of magnitude since 1918 besides the collapse of Austrian and German banks, and there has been no shaking of the external position of British credit. Professor Rist is very wrong when he attributes the British crisis to "unjustifiable panic." If he would consider the revelations of your May Report, the enormous adversity of your trade balance—in spite of falling prices of food and raw materials since 1929—the deterioration of your balance of payments up to a real deficit in the current year and add to this the growing social unrest, he would understand that there is no great temptation for foreign investors to place their money just now in England. The credit-crisis is indeed justified.

Quite another question, however, arises when you ask for the causes of these economic facts, which have gradually undermined British economic welfare. These are indeed to a great extent "external." They relate to the world economic crisis, to tariff policy, of which France is no less an example than my country or the U.S.A., the peace treaties with their enormous burdens on all sides, the exaggerated "rationalisation" of industries and all the other facts which from Canada to Yokohama and Italy to Argentina have led to a universal overproduction. These facts, coupled with the maldirection of gold, have led to the present climax of economic depression, and Great Britain, being more than any other country bound to international trade, has become the main sufferer. It is very shortsighted—not to use a more significant phrase—to pretend that Germany—once more—is the cause of your troubles. Your money here has been indeed not more "immobilised" than in Australia or South America. It is not the immobilisation of your assets which has ruined the pound, but the mobilisation of short-term credit by your creditors, chiefly France and the U.S.A. You have been since the end of the war an ardent fighter for understanding and peace. I hope that you will not lend your ears to the "ideal" of Professor Rist: "England, France and U.S.A.," i.e., a new alliance against the rest of the world. If understanding comes it must be universal. If not, England will certainly not be an equal partner between the U.S.A. and France, but probably be in the position of those poor relations who, in the hope of being gently treated, have to agree to everything.—Yours, etc.,
Ballenstedterstr 16a, HERMANN LEVY.
Berlin, Germany.
October 5, 1931.

[Professor Levy may rest assured that the one thing Great Britain will not do is to form an alliance with the United States and France against the rest of the world. Whether we are destined to become a poor relation or not depends, as Professor Levy says, very largely on world events. But these, almost as much as our internal conditions, depend on the statesmanship of this country. Britain's future rests in British hands.—Ed., Econ.]

Books and Publications.

BOOKS RECEIVED.

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

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

Papers on Gold and the Price Level. By Sir Josiah Stamp. (London) P. S. King and Son, Ltd., Orchard House, Westminster. 7s. 6d.

A collection of articles and speeches of particular interest in the present crisis.

Just Published.

THE COMING BOOM

by L. L. B. ANGAS

This remarkable publication, appearing the day following the collapse in sterling, and forecasting the stock market movements which have since occurred, will prove invaluable to investors as a guide in the forthcoming months. Mr. L. L. B. Angas's forecasts of stock market movements have, in the past, shown an uncanny accuracy, as witness his publications "The Coming Rise in Gold Shares" and "The Coming Collapse in Rubber." This latest publication can be equally recommended.

Publishers: St. Clements' Press, Portugal St., W.C.2
Telephone: Holborn 7600.

5/- nett.

The Crisis. By Ernest Bevin and G. D. H. Cole. (London) *New Statesman and Nation*, 10, Great Queen Street. 6d.

A brief and clear exposition from the Labour point of view.

Le Droit de la Guerre et le Pacte Briand-Kellogg. By G. Rambert. (Lausanne) Librairie Payot et Cie.

An interesting study of the Kellogg Pact, the thesis of which is that the Pact is not a breach with tradition, but the crowning development of a long process of evolution in international law.

If I Had Fifty Millions! By Beckles Willson. (London) Simpkin, Marshall, Ltd. 2s. 6d. net.

Brimful of suggestions for solving this country's economic problems.

The End of Extraterritoriality in China. By Thomas F. Millard. (Shanghai) The A.B.C. Press.

An account of the circumstances that attended the institution of extraterritoriality in China and the reasons and methods of the Chinese Government in bringing the system to an end.

Bi-Metallism. By H. E. Moon. Published by the author at Thatched House Club, St. James's Street.

A short pamphlet in which the author states briefly his reasons for proposing the adoption of bi-metallism and the means by which he considers that it could be carried out.

The Official Year Book of New South Wales, 1929-30. Compiled by T. Waites. (Sydney) Alfred James Kent. 7s. 6d.

An indispensable book of reference, containing very full economic and social statistics, compiled from official sources, together with descriptive chapters on the geography, constitution and history of New South Wales.

A Merchant Adventurer in South America. By John Benn. (London) Ernest Benn, Ltd., 154, Fleet Street. 6s. net.

This account of a tour in search of markets is crisply written and makes pleasant as well as instructive reading.

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

This number includes articles by Sir Josiah Stamp and Prof. Henry Clay.

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

Contains articles on the Suspension of the Gold Standard and the Revised Budget.

Verkehrswesen im Kriege. (London) Oxford University Press, Warwick Square. 14s. net.

This volume in the Austro-Hungarian series of the Carnegie Endowment for International Peace deals with transport during the war.

Europe—United States. Vol. I. Address by Alberto Pirelli. Vol. II. Development and Direction of Trade. Vol. IV. Agricultural Problems. Vol. VII. Psychological Elements. (Paris) International Chamber of Commerce, 38, Cours Albert 1er.

An examination and discussion of the economic relations between Europe and the United States.

OFFICIAL PUBLICATIONS.

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

Registrar-General's Statistical Review of England and Wales for the Year 1930. Part I. Medical. 7s. 6d. net.

Colonial Reports: No. 1540. Cayman Islands, 1930. 9d. net; No. 60. Tanganyika Territory, 1930. 4s. net.

National Debt: Return showing, for each of the years 1913-14 to 1930-31, the Aggregate Liabilities of the State, the Estimated Assets and the Exchequer Balances at the close of each year, etc. Cmd. 3959. 6d. net.

Colonial Reports: No. 1541, Grenada: Report for 1930. 9d. net; No. 1542, British Guiana: Report for 1930. 1s. 6d. net.

Road Vehicles—Great Britain: Return showing Gross Amount received in Payment for Licences December 1, 1930, to August 31, 1931, and Number of Motor Cars Registered for the First Time during August, 1931. 2s. 6d. net.

The Stock Exchange.

BRITISH MOTOR SHARES.

No event in the British commercial year is better stage-managed than the Olympia Motor Show. The stirrings in the share market, which usually precede its opening, have this year found the public in not unappreciative mood, thanks to the success of the private-car industry in more or less maintaining its productivity in a period of wide-spread depression, to the recent disclosure of unexpectedly large profits by the Austin Company, one of the two largest producing units, and to the general buying movement in industrial shares, stimulated by the devaluation of the pound and the hoped-for return of a "well-disposed" National Government. In the *Economist* of last week (page 651) we published a review by a correspondent of the probable dimensions and distribution of the future demand for private cars in this country. What are the financial prospects of the industry?

The history of the trade in Great Britain exemplifies the view that it commonly takes about a quarter of a century to make "big money" out of a major invention. The industry is "new" in every sense. Though the petrol-driven internal-combustion engine dates from the nineties, the democratisation of motoring, accompanied by the emergence of a few great concerns from the welter of competing British producers, has been effected only in the last decade. Ten years ago, Oxford was a University town, with Sir William Morris just beginning his remarkable rise to fame. The Austin Motor Company, having greatly expanded its capital immediately after the war, had been hit by the slump between wind and water and was struggling against a receivership. The production of all motor vehicles (including commercial vehicles) was under 70,000, against 236,528 last year.

To-day motor production exhibits the characteristics of a new and expanding trade in innumerable ways. It shows the virility of youth, in the constant improvement of its manufacturing and technique, and the progressive reduction of its selling prices. It is a fiercely competitive industry, in which the battle is to the strong, and the identity of the latter is becoming less difficult to discern. It is still developing virgin soil in its potential market, and is greatly concerned with the ratio between "expansion demand" and "replacement demand." Its leading figures are generally self-made men, in the best sense. Sir William Morris is popularly credited with having made his life's start from a small bicycle shop. Sir Herbert Austin, whose company has paid out £10½ millions to its workers in the last five years, first visited the site of his present works, twenty-seven years ago, with £5,000 in his pocket.

Though there are over 40 firms in Great Britain producing private cars, the investor's choice of shares has been narrowed down to a very few companies. About two-thirds of the total output of cars (by number) is in the hands of Morris Motors and Austin Motor, the latter companies having lately begun to challenge the former for the position of the largest national producer. The Singer Company, third on the list, has not recently expanded its business as rapidly as was expected. If names like Standard, Rover, Riley and Armstrong-Siddeley be added, appreciably over 75 per cent. of the "sales power" of the trade will be represented, apart from producers for specialised parts of the market, like Rolls-Royce, or makers of marine or aviation engines, etc. The table at the head of the next column shows the recent financial results of a number of British producers.

Outside the territory of the two largest concerns, which are a law to themselves, there has lately been a noticeable tendency for the medium-sized firms to lose ground, and for some of the more enterprising of the smaller companies to improve their earnings position. This phenomenon has usually followed the putting on the market of a particular model which has caught the public fancy. Opportunities

Company and Balance Sheet Date.	Financial Year.	Net Trading Profit.	Earned per Ord. Share.	Paid per Ord. Share.	Added to Reserves and Carry forward, &c.
Morris Motors (Dec. 31).	1928 1929 1930	£ 1,198,015* 1,607,528 1,689,875	% 41.5† 40.7† 36.5†	% Nil 10† 10†	£ 829,854 614,118 530,402
Austin Motor (Dec. 31, 1929; July 31, 1930 and 1931).	1929 1930 (7 mths.) (Equiv. 12 mths.) 1931	1,297,446 858,137 1,471,092 1,376,244	34.0‡ 235.4 403.5 269.5	20 60 102.8 100	16,288 203,868 203,868 190,669
Singer and Company (July 31).	1929 1930 1931	212,413 207,543 161,515	22.3 18.0 2.2	17.5 18.43§ Nil	19,797 Dr. 1,980 14,469
Standard Motor (Aug. 31).	1928 1929 1930	Dr. 105,824 23,859 96,324	Nil Nil 13.4	Nil Nil Nil	Dr. 191,362 Dr. 17,780 40,192
Rover Company (Aug. 31, 1928 and 1929; July 31, 1930).	1928 1929 1930 (11 mths.)	Dr. 501,799 219,450 146,584	Nil 35.7 10.5	Nil 5 Nil	Dr. 1,051 103,444 34,032
Riley (Coventry) (July 31).	1928 1929 1930	10,152 89,200 94,589	1.8 55.6 65.9	Nil 10 10	1,976 50,018 58,492
Armstrong-Siddeley Development (Sept. 30).	1928 1929 1930	173,274 166,165 133,772	30.0† 36.3 27.2	15 Nil 6.5	58,274 112,986 62,422

* After repairs and depreciation, &c., not shown separately; corresponding figure for 1929, £1,163,011.

† Free of tax.

‡ After paying preference arrears; 318 per cent. after allowing for preference dividends at normal rate.

§ Paid in preference shares, not cash.

|| After writing-off deficiency of £360,000 by capital reduction.

¶ Controls Armstrong-Siddeley Motors, Sir W. G. Armstrong Whitworth Aircraft, and A. V. Roe.

of this kind may be expected to recur, but public taste is fickle, designs change frequently, and investment in the successful smaller companies is a specialised affair, of interest mainly to the capitalist with local or other differential knowledge and connections.

To the general investor, the two largest companies offer relatively well-secured fixed-interest issues but little opportunity to share in their equities. All the £2,000,000 ordinary capital of Morris Motors is privately held. The company, indeed, can best be regarded as a private business, the proprietor of which, once he has paid out some £225,000 annually on £3,000,000 7½ per Cent. Cumulative Preference shares, is at liberty to do as he will with his own. Sir William Morris, in fact, appears to be taking a leaf out of the book of his great American predecessor, Mr Henry Ford, by steadily feeding his business on its own profits and building up an immensely strong financial position. Apart from generous depreciation allowances—which are a vital necessity in every new industry—the company has added £1,974,374 to its effective working capital out of revenue in the last three years alone. At the end of last year liquid assets (including £2,802,625 of Government securities) exceeded current liabilities by no less than £4,550,000. The company should clearly be able to finance any practicable developments for some time ahead without recourse to the public market.

The Austin Motor Company has an unusual capital structure. Out of a total issued debenture and share capital of £3,412,374 only £150,000 is in ordinary shares. The reorganisation scheme of 1927, which marked the end of the company's post-war difficulties, changed the structure without altering the distribution rights of the various shares in the least. The £250,000 7 per cent. cumulative preference shares and the £1,000,000 6 per cent. (tax free) cumulative "B" preference shares were left untouched, and have since obtained all their arrears of dividend. The 1,500,000 £1 preferred ordinary shares had 10s. per share written off, but their maximum dividend was increased from 10 per cent. to 20 per cent.

The 600,000 £1 ordinary shares had 15s. written off, but retained the whole of the equity. To-day the shares are receiving 25 per cent. on their original amount, i.e., 100 per cent. on their written-down value. This figure, intelligible to the expert, has caused some misunderstanding in the eyes of "Labour," and involved the company in a defence of its policy when no defence was needed. If business develops, and it is desired in future to raise the dividend, an ill-informed but powerful clamour against "profiteering" will inevitably be raised. Presumably, therefore, the directors may be expected, when the company's reserve (at present £200,000) has reached fair proportions, to consider the advantages of a bonus share issue, which will leave the equity of the ordinary capital unchanged, but enable the nominal dividend rate to be reduced. The company, incidentally, has power to issue 2,850,000 shares of £1 each, at present unclassified.

The following table of "priority percentages" affords a useful indication of the "cover" of the various classes of securities of the two companies, on the basis of earnings in the last financial year:—

MORRIS MOTORS.		AUSTIN MOTORS.	
Class of Security.	"Progressive" Percentage of Earnings taken.	Class of Security.	"Progressive" Percentage of Earnings taken.
7½% preference shares	0 to 23½	6% debenture stock	0 to 13½
Ordinary shares	23½ to 44½	Debenture sinking fund	13½ to 21½
Retained "in the business"	44½ to 100	7% pref. shares	21½ to 23½
		6% pref. shares	23½ to 33½
		Prefd. ord. shares	33½ to 51½
		Ordinary shares	51½ to 69½
		Retained "in the business"	69½ to 100

In the years following the war the lot of the investor in motor shares was not a happy one, and the cautious attitude thereby inculcated is evidenced by the comparatively high yields obtainable to-day on many motor shares, both fixed interest and ordinary:—

	High, 1930.	Low, 1930.	Present Price.	Yield on Dividends, %	Yield on Earnings, %
Morris Motors:—					
7½% Cum. Pref. (£1).....	22/9	19/7½	20/6	£ s. d. 7 6 4	£ s. d.
Austin Motor:—					
6½% 1st Mort. Deb. Stock	101½	86½	99	6 11 3	...
7% Cum. Pref. (£1)	20/-	12/9	18/9	7 9 4	...
6% (tax free) B. Pref. (£1)	18/9	12/9	17/-	7 1 0½	...
20% Prefd. Ord. (10s.) ...	17/9	4/3	14/6	13 15 10	...
Ordinary (8s.)	4/3	5/4	33/9	14 16 0	39 14 0
Singer and Co.:—					
7% Cum. Pref. (£1)	18/6	13/6	10/-	14 0 0	...
Ordinary (£1)	35/6	17/6	10/-	Nil	4 8 0
Standard Motor Ord. (£1)...	16/3	10/-	17/-	Nil	15 12 0
Rover Ord. (8s.)	12/10½	5/3	3/9	Nil	14 0 0
Armstrong-Siddeley Develop- ment 6½% Cum. Pref. (£1)	17/9	15/7	14/4½	9 0 10	...
Biley (Coventry) Ord. (£1)	26/-	18/1½	35/-	5.14 3	37 14 0

† Free of income tax.

The outlook for the industry is promising in some directions and narrowly circumscribed in others. It is unlikely that, even under a tariff regime at Westminster, the industry would obtain a large addition to the 33½ per cent. protective duty it has enjoyed, with a single year's interruption, since 1915. But its real "safeguard" is the high efficiency low horse-power engine, an unique British product which is perfectly adapted for the requirements of a country of high motor taxation, short distances, and superlatively good road surfaces. The concentration of sales effort on the small car of seven to ten horse-power has tapped a hitherto unexploited market in the lower-middle and upper working-classes. Here, foreign competition is virtually non-existent, while as regards medium horse-power cars (up to about 16 h.p.), the industry's chief competitor, the Ford Company, is already established on British soil. The competitive power of the Ford works at Dagenham is still an unknown quantity, but the British manufacturers have made serious efforts to forestall it, not merely by price reductions, but by a strategic policy of bringing the six-cylinder engine—which is not yet manufactured by the Ford Company—into the lower horse-power groups.

In the foreign market, however, the British producer has still to find a footing in the populous countries of Europe, South America and the Far East. The home market continues to absorb from five-sixths to seven-eighths of total British production. The concentration of output in the hands of a few powerful firms may

eventually make for increased competitive power—the Austin Company, for instance, is developing an important export business in motor engines. The steady improvement of road conditions abroad is another long-term influence in favour of the British product. Efforts, however, to popularise low-power cars for street work in foreign cities have so far met with indifferent success, judging by such indications as the sales of the "baby" Austin car in America.

For the present, therefore, future dividends must depend mainly on the maintenance of the home market, the ability of the leading manufacturers to tap new strata of demand by a further cheapening of low horse-power models, and the extent to which Chancellors of the Exchequer, pressed for resources, can be relied upon not to add further to the burdens of the heavily-taxed motorist. The latter may not always find the producers of essentials, like petrol, as ready to oblige him in the matter of running costs as they are to-day.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

THOUGH the Stock Exchange remained optimistic as regards election results, and quotations for "majorities" hardened as the week progressed, the upward movement of values, based on devaluation and tariff considerations, proceeded less smoothly than last week. On Tuesday the market showed signs of preliminary profit-taking. The recession, however, did not go far, and by Thursday a firm tone again prevailed, though few striking gains were recorded. Gilt-edged stocks were assisted by the steadiness of sterling, and made measurable headway after early uncertainty following the announcement of higher bank rates in New York and Paris. Domestic news, for the most part, was good, the fall in the unemployment figures provoking particularly favourable comment. Foreign developments, however, caused slight uneasiness, Manchuria, Germany and Ireland being regarded as possible centres of disturbance. The announcement of the failure of a large bond-dealing house in New York, and the subsequent weakness of Wall Street, were unhelpful factors. On the whole, however, the course of markets in London suggested that, until the elections were over, domestic rather than external influences would continue to govern prices.

Gilt-edged stocks were dull at the outset, on scattered realisations. An improved tone was experienced, however, by mid-week, Five per Cent. War Loan and Four per Cent. "Consols" being particularly firm. The reinvestment of repatriated funds from abroad was again in evidence from time to time. India loans were irregular, tending to slip back after appreciable rises on a disproportionately small turnover. Australian issues were in greater favour, for reasons described in an Investment Note on page 725. Some £1,000,000 of Central Electricity Board Five per Cent. Stock, placed privately, was on offer at 94½, free of stamp, the price causing a downward adjustment in the quotation of the existing stock.

The Japanese air raids in Manchuria created an unfavourable Far Eastern atmosphere, but the resultant selling of Japanese—and to a less extent of Chinese—issues was partially arrested after the beginning of the Geneva negotiations. German bonds gained little from the announcement that the interest on the "Young" Loan would be paid in gold, further declines, however, being partially arrested by the good effect produced by Dr. Brüning's speech in the Reichstag. Among South Americans, Chilean stocks were steadier on the victory of the Presidential candidate of the Right.

Home railway issues encountered profit-taking after substantial rises. The recession, however, did not last long or go far, a firm tone being again established by Thursday, though the week's traffic figures showed no evidence of the expected upward tendency in receipts. Argentine rails rallied on an improvement in the peso, but received a sharp setback on the publication of the Buenos Aires and Pacific report, with its intimation of the passing

of final dividends on the second preference, 6 per cent. preference, and ordinary stocks. The absence of a final dividend on Entre Rios had been generally anticipated, and the decision to make no payment on Argentine North Eastern "C" Debentures was without effect on prices. American railroads were easier in sympathy with the general movement of values in Wall Street.

The undertone in industrial shares was firm throughout, but incipient profit-taking in mid-week checked the rise in quotations. The proportionate advance in certain markets, however, remained of noteworthy dimensions, as is shown by a table appearing on page 722. Electrical shares were undecided, and motor shares showed no sustained advance, despite the publicity associated with the opening of the Olympia Show. Breweries were easier, but tobacco shares obtained some support, Carreras being particularly firm. Cables and Wireless showed consistent improvement, though reports of a very considerable increase in September receipts were received with caution. Iron and steel issues showed symptoms of being over-bought, but the readiness with which tentative offerings were taken up by the market suggested that this view was premature. Textiles, similarly, obtained renewed support from the North upon scattered selling. Stores were firm, Harrods improving on the purchase of the stock and goodwill of the Haymarket Stores. "Internationals," lost ground on the recession in New York, and the Swedish group were easier on Stockholm liquidation. Good investment buying continued in evidence in the insurance share market, but bank shares showed greater irregularity.

Business in oil shares remained unexpectedly restricted. The tone was good, but little stock was available, the Stock Exchange restriction of transactions to a cash basis accentuating this feature. Prices on the whole were consolidating its rise to 3d., and although share prices were steady, the market remained in idle mood, under the influence of nebulous restriction rumours. Tea shares, whose prospects are discussed on page 726, showed few changes, holders of fairly substantial amounts of stock wisely refraining from pressing it upon the market.

Mining shares were less active than in the previous week. Dealings in Kafirs were restricted by exchange difficulties as between Paris and South Africa, by uncertainty regarding South Africa's ultimate policy as to the gold standard (which has now been abandoned in Rhodesia) and by the absence of any announcement of the disposal of recent arrivals of gold in London. Union Corporation were marked down, on the postponement of the interim dividend. Rhodesian copper shares showed the strength, Roan Antelope registering a sharp advance. The rise in tin prices to the highest point for the year had no marked effect on the share market. San Francisco Mines declined sharply on the announcement of the decision to suspend mining operations.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Oct. 8, 1931.	Oct. 9, 1931.	Oct. 10, 1931.	Oct. 12, 1931.	Oct. 13, 1931.	Oct. 14, 1931.	Oct. 15, 1931.
Government and Municipal Loans	1,344	1,207	625	1,330	1,193	1,244	1,186
Transport, Communications, and Public Utilities...	642	760	507	928	901	787	754
Commercial and Industrial	1,590	1,703	878	1,899	1,742	2,338	1,391
Banks, Insurance and Financial ...	436	426	225	531	496	430	401
Mines (including Nitrate)	317	416	166	528	461	397	358
Oil	85	106	65	119	70	87	93
Rubber, Tea and Coffee	74	93	42	102	115	54	59
Total	4,448	4,711	2,508	5,437	4,978	5,337	4,242

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

	Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Oct. 8, 1931.	Oct. 9, 1931.	Oct. 10, 1931.	Oct. 12, 1931.	Oct. 13, 1931.	Oct. 14, 1931.	Oct. 15, 1931.
72.3	53.1	63.1	64.3	64.8	64.7	63.9	64.0	64.2	

FOREIGN STOCK EXCHANGES. NEW YORK.

THE market remained under the influence of the Hoover proposals at the end of last week, the rise in the New York Federal Reserve Bank rate from 1½ to 2½ per cent. failing to check the firmness of share values. The reception of the proposals in the country were deemed satisfactory, though some disappointment was expressed at the indifferent response of certain banks to the request for subscriptions to the debenture issue of the new Credit Corporation. The Stock Exchange was closed on Monday for the Columbus Day holiday, and opened weak the following day. Pressure on high-grade bonds was accentuated by the failure of Kountze and Co., an old-established firm with a large trade "over the counter" in bond investments. The somewhat exaggerated expectations formed on the first announcement of the Hoover Plan were replaced by scepticism, equally overdone, as to its practical results. Pressure was brought to bear on all the leading issues, including railroads, the absence of a statement by the Interstate Commerce Commission regarding an increase in freight rates causing some foreboding as to its decision. By Wednesday the weakness had become pronounced, leading issues losing from 1 to 7 points in a thoroughly dull market. An unfavourable impression was created by the cut in the dividend of the Western Union Telegraph Company, for the final quarter of the year, from \$2 to \$1.50 per share. The announcement was accompanied by the intimation of a 10 per cent. reduction in the salaries of many employees. Western Union shares fell to the lowest level for ten years. The influences at work, otherwise, were chiefly psychological, the market failing to respond to the declaration of an extra \$2 per share Woolworth dividend, or to the American Telephone's announcement of a record revenue for the first nine months of the year. The market was steadier on Thursday, closing slightly higher. A few signs were observed, however, of an improving trade situation. Freight car loadings last week showed a more than seasonal rise at 778,000, compared with 738,000 in the previous week. Improved buying of steel was reported, though steel mill activity was unchanged at 29 per cent. of capacity. The New York rate was further raised from 2½ per cent. to 3½ per cent.

	Oct. 1, 1931.	Oct. 8, 1931.	Oct. 15, 1931.	Oct. 1, 1931.	Oct. 8, 1931.	Oct. 15, 1931.
U.S. 3½% T. Bds.	104	102½	99½	Natl. Biscuit	40½	47½
Lib. Ln. 3½% '32-47	101½	101½	99½	Phelps Dodge	6½	7½
Do. 4½% '32-47	102½	102	100½	Pullman	23	26½
Do. 4½% '33-38	102½	102½	100½	Sears-Robuck	32	40½
Atchafalpa	108½	113½	110	Studebaker	9	11½
Chas. & Ohio	28½	29½	30½	Un. Fruit	33½	31
Erie	12½	12½	12½	U.S. Leather	3	3½
Illinois Central	27	28½	29	U.S. Rubber	6	7½
N.Y. Central	63½	59½	59	U.S. Steel	71½	72½
Pennsylvania	32½	34½	33½	Westinghouse	44½	48½
Southern Pacific	54	53½	52	Woolworth	47	53½
Southern Ry.	18	18½	17	Am. Tel. & Tlg. ...	129½	127½
Union Pacific	112	114	111	Interboro R.T.	8½	12½
Am. Can.	76½	84½	80	Int. Tel. Tele.	15½	17½
Amer. Smelting	23	23½	23	Radio Corp.	12½	14
Anaconda	15	15½	14½	Utilities P. & L. ...	9½	11½
Bethlehem Steel	28½	29½	27½	W. Union Tlg.	93	94
Chrysler Motor	12½	15½	14	Associated Gas "A" ..	5½	7½
Corn Producers Rf.	41½	45	42	Pan. Amer. B.	24½	20
Eastman Kodak	101	109	103½	Shell	6	6
Gen. Electric (New)	27	31½	29½	Shell Union	3½	5
Gen. Motors	22½	26½	24½	Sinclair Oil	6	7½
Int. Harvester	25½	27½	25	Std. California	29½	33½
Montg. Ward	10	12½	11	Do. N.J.	29½	33½

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

	1929.		1930.		1931.	
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Oct. 7.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	62.3
33 Rails	127.8	173.5	89.1	145.6	92.0	46.9
34 Utilities	177.6	330.4	153.2	267.4	158.1	107.5
Total, 404 stocks...	140.3	228.1	105.5	184.2	107.6	67.1

Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	7.97%	7.80%
DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100.)							
Highest of 1931. (Feb. 24.)	Lowest of 1931. (Oct. 5.)	Oct. 7, 1931.	Oct. 8, 1931.	Oct. 9, 1931.	Oct. 10, 1931.	Oct. 12, 1931.	Oct. 13, 1931.

	140.2	67.8	75.3	81.9	80.5	81.5	†	77.4	75.6
Oct. 14, 1931.									

† Holiday.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931 Jan. 1 to Oct. 14 (inclusive).				Name of Security.	Price Oct. 7, 1931.	Price Oct. 14, 1931.	Rise or Fall.	Present Yield.	Prices Year 1931 Jan. 1 to Oct. 14 (inclusive).				Name of Security.	Price Oct. 7, 1931.	Price Oct. 14, 1931.	Rise or Fall.	Present Yield.
High-est.	Low-est.	High-est.	Low-est.						High-est.	Low-est.	High-est.	Low-est.					
British Funds.																	
59 1/2	52 1/2	60 1/2	49 1/2	Consols 2 1/2 %	55	54	-1	4 12 7	53 1/2	52 1/2	61 1/2	50 1/2	In. Ry. of Am. No par	54 1/2	56	+1 1/2	10 0 0
94 1/2	82 1/2	97 1/2	77 1/2	Consols 4 %	85	83	-2	4 17 7	57 1/2	56 1/2	61 1/2	55 1/2	Leopoldina Ord. Stk.	12	12 1/2	+ 1/2	NH
103 1/2	93 1/2	104 1/2	88 1/2	Do. 4 1/2 % 1940-44	74	74	0	4 15 3	83 1/2	82 1/2	86 1/2	80 1/2	Do. 5 1/2 % Cum. Prt. Stk.	20 1/2	23 1/2	+ 3	NH
106 1/2	102 1/2	108 1/2	93 1/2	Do. 5 1/2 % 1944-46	95	94	-1	5 7 8	87 1/2	86 1/2	90 1/2	84 1/2	Nitrate Rlys. (E10)	20 1/2	20 1/2	0	NH
96 1/2	85 1/2	97 1/2	78 1/2	Funding 4 1/2 % 1960-90	86	84	-2	4 16 5	85 1/2	84 1/2	88 1/2	82 1/2	Paraguay Gen. D. Db.	9	10	+1	25 0 0
102 1/2	98 1/2	102 1/2	93 1/2	Treasury 4 1/2 % 1932-34	97 1/2	96 1/2	-1	4 16 5	85 1/2	84 1/2	88 1/2	82 1/2	Salvador Ord. (E10)	70 1/2	70 1/2	0	NH
103 1/2	100 1/2	103 1/2	93 1/2	Treasury 5 1/2 % 1933-35	98 1/2	97 1/2	-1	5 14 5	198	190	150	94 1/2	San Paulo Ord. Stk.	97 1/2	98 1/2	+1	12 3 9 1/2
97 1/2	91 1/2	98 1/2	85 1/2	Victory Bonds 4 %	89	90	+1	4 9 5	80 1/2	79 1/2	82 1/2	76 1/2	Taital Ry. Ord. Stk.	20 1/2	20 1/2	0	NH
105 1/2	100 1/2	104 1/2	90 1/2	War Loan 5 % 1929-47	97 1/2	96 1/2	-1	5 11 7	26 1/2	4	9 1/2	2 1/2	Utd. Havana Ord. Stk.	6 1/2	6 1/2	0	NH
69 1/2	61 1/2	70 1/2	57 1/2	Local Loans 3 %	63	62	-1	4 16 9	17 1/2	14 1/2	16 1/2	5 1/2	Banks.	6 1/2	6 1/2	0	NH
49 1/2	40 1/2	46 1/2	29 1/2	India 2 1/2 %	33	34 1/2	+1 1/2	7 4 11	17 1/2	14 1/2	16 1/2	5 1/2	Anglo-French (E1)	10 1/2	9 1/2	-1	10 0 0
59 1/2	47 1/2	56 1/2	34 1/2	Do. 3 %	42	41 1/2	-1 1/2	7 4 7	12 1/2	10 1/2	11 1/2	8 1/2	Anglo-French (E1) cont.	10 1/2	9 1/2	-1	10 0 0
59 1/2	47 1/2	56 1/2	34 1/2	Do. 3 1/2 %	47	46 1/2	-1 1/2	7 10 6	7 1/2	4 1/2	5 1/2	1 1/2	Anglo S. A. £10 £5 pd	2 1/2	2 1/2	0	NH
106 1/2	100 1/2	104 1/2	90 1/2	Do. 4 1/2 % 1958-68	62 1/2	63 1/2	+1 1/2	7 12 4	26 1/2	22 1/2	25 1/2	13 1/2	American B. £1 £5 pd	14 1/2	15 1/2	+1 1/2	7 14 0
109 1/2	104 1/2	110 1/2	90 1/2	Do. 5 1/2 % 1960-70	97 1/2	97 1/2	0	5 3 0	59 1/2	47 1/2	52 1/2	41 1/2	Bank of N. Zealand £1	47 1/2	47 1/2	0	NH
99 1/2	87 1/2	90 1/2	87 1/2	Palestine 5 1/2 % 40-60	99 1/2	99 1/2	0	5 3 0	27 1/2	24 1/2	27 1/2	23 1/2	Bank of Eng. Stk.	240	240	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Sudan 5 1/2 % Bonds	99 1/2	99 1/2	0	5 3 0	58 1/2	55 1/2	58 1/2	54 1/2	Barclay B. (E1)	46 1/2	47 1/2	+1 1/2	5 17 9
95 1/2	82 1/2	89 1/2	75 1/2	Utd. 4 1/2 % 45-75	91 1/2	91 1/2	0	5 2 0	27 1/2	24 1/2	27 1/2	23 1/2	Barcl. (Dom. Sec.) A £1	21 1/2	20 1/2	-1 1/2	8 15 0 1/2
Dom. & Colonial Govts.																	
95 1/2	82 1/2	89 1/2	75 1/2	Australia 5 1/2 % 1945-75	85	73	+8	7 3 10	12 1/2	10 1/2	11 1/2	8 1/2	Bk. of Australia (E5)	50	50	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Canada 4 1/2 % 1940-60	84 1/2	84 1/2	0	5 1 0	63	63	63	63	Bk. of Montreal (E100)	50	50	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Ceylon 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Bk. of N. S. W. (E20)	50	50	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	British Overseas A £5	4	4	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Chtd. of India (E5)	11 1/2	11 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Comd. Bk. of Aus. 10/1	11 1/2	12 1/2	+1 1/2	9 0 0
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	District A £5, £1 pd.	46 1/2	46 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Do. B. £1 fully paid	40 1/2	40 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Eng. Scot. & Aust. £5, £1 pd.	3 1/2	3 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Hambros £10, £2 1/2 pd.	6 1/2	6 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Hong. and S. (E125)	93	93	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Lloyds £5, with £1 pd.	45 1/2	46 1/2	+1 1/2	8 6 6
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Martine £10, £2 1/2 pd.	66 1/2	67 1/2	+1 1/2	5 6 8
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Midland £1, fully paid	19	20	+1	9 0 0
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Nat. of India £25, £12 1/2 pd.	22 1/2	22 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Nat. Prov. £20, £4 pd.	9 1/2	10 1/2	+1 1/2	7 0 0
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Royal Bk. of Scot. £1	320	320	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	St. of A. £20, £5 pd.	11 1/2	11 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % 1936-51	101 1/2	101 1/2	0	6 0 0	5 1/2	5 1/2	5 1/2	5 1/2	Westminster £4, £1 pd.	58 1/2	58 1/2	0	NH
Foreign Governments.																	
95 1/2	82 1/2	89 1/2	75 1/2	Argentina 4 % Recies.	55	55	0	10 0 5	82 1/2	79 1/2	80 1/2	76 1/2	Alliance £1, fully pd.	17	17 1/2	+ 1/2	5 8 0
95 1/2	82 1/2	89 1/2	75 1/2	Austrian 6 % 1923-43	97 1/2	97 1/2	0	6 12 5	13 1/2	12 1/2	13 1/2	12 1/2	Atlas £5, £1 pd.	17 1/2	17 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Do. 7 % Int. by 1957	60	60	0	11 13 3	26 1/2	21 1/2	24 1/2	16 1/2	Com. U. £2 1/2, fully pd.	17 1/2	18 1/2	+1 1/2	5 9 0
95 1/2	82 1/2	89 1/2	75 1/2	Do. Aires (Prov.) 3 1/2 %	30	31 1/2	+1 1/2	11 5 9	46 1/2	38 1/2	41 1/2	34 1/2	Gen. Accident £5, £1 pd	12 1/2	12 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Belgian 7 %	98 1/2	98 1/2	+1 1/2	7 7 0	14 1/2	12 1/2	14 1/2	10 1/2	Lon. & Lanc. £5, £2 pd.	23 1/2	23 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Bulgaria 7 1/2 % Loan	45	45	0	16 17 3	360	337 1/2	355 1/2	295 1/2	N. Brit. & Mer. £5, £1 pd.	26 1/2	26 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Brazil 5 % Fund, 1914	48	44 1/2	-3 1/2	11 4 9	15 1/2	13 1/2	14 1/2	10 1/2	Northern £10, £1 pd.	12 1/2	13 1/2	+1 1/2	6 6 0
95 1/2	82 1/2	89 1/2	75 1/2	Do. 6 1/2 % (1927)	41	41	0	11 4 9	80 1/2	74 1/2	80 1/2	74 1/2	Phoenix £1, fully paid	9 1/2	10 1/2	+1 1/2	5 0 0 1/2
95 1/2	82 1/2	89 1/2	75 1/2	Chili 6 % (1929)	30	30	0	14 9 9	21 1/2	17 1/2	21 1/2	16 1/2	Prudential £1 A	19 1/2	19 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	China 5 % (1913)	36 1/2	34 1/2	-1 1/2	14 9 9	13 1/2	12 1/2	13 1/2	9 1/2	Do. £1, with A. paid	30 1/2	31 1/2	+1 1/2	3 4 0 1/2
95 1/2	82 1/2	89 1/2	75 1/2	Czechoslovakia 8 %	61 1/2	58 1/2	-3 1/2	8 12 3	16 1/2	13 1/2	16 1/2	10 1/2	Royal Exch. (£1)	4 1/2	5 1/2	+1 1/2	5 2 0
95 1/2	82 1/2	89 1/2	75 1/2	Danish 3 %	80	80	0	3 15 0	30	26 1/2	30 1/2	25 1/2	Royal £1, 10s. paid	4 1/2	5 1/2	+1 1/2	5 2 0
95 1/2	82 1/2	89 1/2	75 1/2	Danish 6 %	70 1/2	68 1/2	-2 1/2	10 0 0	37	30	34 1/2	25 1/2	Sea Insur., £1 fully pd.	3 1/2	3 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Egypt United 4 %	69	72 1/2	+3 1/2	5 13 6	17 1/2	14 1/2	16 1/2	12 1/2	San Insur., £1 with 5/- pd	2 1/2	2 1/2	0	NH
95 1/2	82 1/2	89 1/2	75 1/2	Estonia 7 % 1927	53	53	0	13 4 3	13 1/2	12 1/2	14 1/2	10 1/2	SeaLife Assur., £1 fy. pd.	4 1/2	5 1/2	+1 1/2	4 2 0
95 1/2	82 1/2																

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Oct. 7, 1931.	Price, Oct. 14, 1931.
Central Electricity Board 5% A Stk.	...	...	...	94½-94¾
Fife County Council 4½% 1951-61	...	...	...	89-91
Great Universal Stores Ord. (5/-)	£1	fy. pd.	89-91	15½-16½
Great Universal Stores Pref.	£1	fy. pd.	89-91	18½-19½
India 6% 1933-34	100	fy. pd.	90-94	90-93
Jones (Peter) 6% deb.	97½	fy. pd.	89-94	89-94
London and Thames Haven Oil New Ord.	50/-	15/-	9/-10/- pm	8½-9½ pm
Middlesex 4½% 1950-70	101	fy. pd.	90-92x	90-92x
New Zealand 5% 1932-34	99	fy. pd.	95-97	95-97
Odham's Press 7% Deb. B.	98	fy. pd.	101-103	101-103
Primitiva Holdings 6% Red. Pref.	£1	fy. pd.	20/-20½	20/-20½
Rhokana Corp. 7% Conv. Debs.	100	75	5 dis.-5 pm	5 dis.-5 pm
Savory and Moore 7½% Deb.	99½	20	...	par-1 pm
Tanganyika 4% Guar. 1951-71	94½	fy. pd.	80-84	80-84
Telephone and Gen. Trust 7% Pref.	21/-	15/-	9d. dis.-3d. pm	1½-6d. dis.
Walsall Corp. 4½% 1950-60	100	fy. pd.	89-91	89-91
Woolworth (F. W.) 5/- Ord.	40/-	fy. pd.	37½-38/-	38½-39½
Woolworth 6% Cum. Pref. £1	£1	fy. pd.	18½-19½	19/-20/-

(Continued from page 719.)

TOTAL DEALINGS IN NEW YORK.

	Oct. 8, 1931.	Oct. 9, 1931.	Oct. 10, 1931.	Oct. 12, 1931.	Oct. 13, 1931.	Oct. 14, 1931.	Oct. 15, 1931.
Stock Exchange—Shares (Thous.)	2,900	3,200	800	†	1,200	1,600	1,300
Bonds (Value Thous. \$) ...	14,608	17,779	8,445	†	20,559	16,798	15,717
Over-the-Counter—Shares (Thous.)	600	500	162	†	260	300	260

* 2-hour session. † Holiday.

PARIS.

Last week the indices of share market quotations, both for French stocks and foreign securities listed in Paris, reached the lowest level for several months. After the announcement of the raising of the Bank of France's rate from 2 to 2½ per cent. it was generally felt that the movement had been overdone, and markets opened this week with an appreciably firmer tone. Business, however, never reached large proportions, and such real buying as occurred had a timid character. The declaration of options, on Wednesday, prior to the mid-monthly settlement on the Parquet, passed off almost without notice. French industrials, generally, were steady. Bank shares, however, showed some irregularity. On Thursday prices slipped back, in sympathy with New York. Money for the settlement was arranged at ½ per cent. Government issues were irregular, and industrials lower.

	Oct. 8.	Oct. 12.	Oct. 15.		Oct. 8.	Oct. 12.	Oct. 15.
Banque de France	11,225	11,995	11,600	Wagons Lits	117	122	114
Crédit Lyonnais	1,750	1,850	1,825	Mexican Eagle	27	31	31
Suez Canal	13,515	14,000	14,150	"Chartered"	78	87	86
Chargeurs Réunis	240	252	255	Ford	127	130	130
Rio Tinto	1,570	1,660	1,670	De Beers	260	277	279
Royal Dutch	14,200	14,550	14,800	"Johnnies"	108	114	114

AMSTERDAM.

The Amsterdam Bourse had a quiet but firm tone. Dealings remained restricted in volume, large investment interests regarding the international situation, in its political as well as financial aspects, as much too uncertain to justify the taking up of new commitments. A very little buying, however, was sufficient to raise many quotations a point or two early in the week. Conditions subsequently, however, showed greater irregularity. Among sugar shares, Amsterdam Trading were unable to hold an initial rise. Philips Lamps recovered after a weak opening. The Unilever N.V. dividend was in accordance with expectation, the shares retaining their steady undertone. Bond prices were maintained, on a small turnover.

	Oct. 8.	Oct. 12.	Oct. 15.		Oct. 8.	Oct. 12.	Oct. 15.
5½% German	33½	34½	30½	Steel Common	68½	71½	67½
Unilever N.V.	116½	121	125	A. K. U.	40½	40	40½
Philips Lamps	60	58	67	Ford Motor	195	200½	205½
Netherlands Ship Union	81	81	81½	Deli Batavia	132	138	136
Java Cultuur	145	143	154½	Royal Dutch	139	141	143

OTHER CENTRES.

None of the closed Bourses of the Continent was reopened with the exception of Copenhagen, which announced its intention of resuming dealings on Thursday. The tone at Oslo was steady. Stockholm opened stronger, but suf-

fered a recession in mid-week, Kreuger and Toll reaching a new low level. The Swiss Bourses were somewhat nervous, though prices showed only slight variations. Brussels opened weak, under the influence of political possibilities in Germany, but strengthened to some extent on moderate buying of depressed stocks. Unofficial dealings which have taken place in Germany reveal a further decline of one to four points in securities like Siemens, General Electric and Reichsbank.

INVESTMENT NOTES.

The Rise in British Industrials.—Those who welcomed the restriction to a cash basis of Stock Exchange dealings, on the ground that undesirable speculation would be prevented, could not have expected the advance which has since occurred in the market valuation of British industrial "equities." Some examples are given in the following table:—

	Prices on Sept. 19.	Prices on Oct. 14.	Per cent. Increase.
Iron, Coal and Steel Shares:			
Babcock and Wilcox	41/3	51/9	25.5
Cory ord.	50/-	60/-	20.0
Guost, Keen and Nettles	16/-	18/3	14.1
Ocean Coal	6/6	11/3	73.1
Powell Duffryn	5/-	8/10½	77.5
Staveley Coal	23/-	28/3	22.8
Stewarts and Lloyds def.	13/6	18/9	38.9
Vickers	7/3	9/4½	29.3
Textiles:			
Bleachers	7/-	13/9	96.4
Bradford Dyers	12/9	20/3	58.8
Calico Printers	5/6	11/9	113.6
J. and P. Coats	35/9	45/3	26.6
English Sewing Cotton	26/-	35/7½	37.0
Fine Cotton Spinners	11/-	19/3	75.0
Courtaulds	28/-	37/3	33.0
Miscellaneous:			
Imperial Chemical ord.	10/4½	15/4½	48.2
Turner and Newall	23/-	28/3	22.8
Unilever ord.	21/3	29/4½	38.2
General Electric	33/-	45/-	36.4
Associated Portland Cement	19/3	25/-	29.9
Home Railways:			
Great Western	38	50½	32.3
L. & N.E. Rly. pref. ord.	7	14½	107.1
L.M.S. ord.	14	21½	53.6
Southern 5% pref. ord.	35½	41	15.5

The prohibition of short selling is, doubtless, partly responsible for what appears have been an exaggerated rise in market values. Indeed, the market is particularly vulnerable, for it would be liable to a sharp setback in the event of adverse news, as there would be no support from "bear closing." It should also be observed that the rise has not shown great discrimination. Profit taking in the last few days has brought prices back, but there is no doubt a change in sentiment in the industrial share markets—how far it is coloured by election hopes and tariff promises we cannot say—and a willingness on the part of the investor to acquire the leading British industrial "equities" for long-term investment. Whether it will last longer than the election, always provided the pound remains stable, time must be left to show.

"Majorities."—Dealings in election "majorities" this year are confined to one party—namely the supporters of the National Government. In previous years, a market was made for each party—Conservative, Liberal and Labour, and, occasionally, even for Independents. This year quotations are concerned merely with the prospective majority of the National Government. It does not appear to have occurred to jobbers that the "National Government" is an amorphous body, and that there may be some dispute at the end of the elections as to what the National Government's majority exactly is. Dealings began in National Government majorities at around 100, and the steady rise which has subsequently occurred has reflected the growing optimism of Stock Exchange members regarding the outcome. "Majorities" touched 180, fell back to 158, and recovered again. If the nominations con-

firm the Stock Exchange view that vote-splitting will be avoided as far as possible, a further rise is possible, for the Stock Exchange has always been anti-Socialist. Indeed, the more optimistic of the Conservative members are talking of a majority of 200. It may be useful to explain how dealings in "majorities" work. A speculator—the operation is, of course, a mere gamble—buys or sells a money unit, say, 2s. 6d. or 5s. or 10s. or £1. If he sells £1 of "majorities" at 160, he will gain £1 for every majority seat less than 160. If the National Government were defeated, he would receive £160 plus the number of the Labour majority. If, however, the National Government gains a majority larger than his "bargain," he will lose £1 for every seat in excess of 160. The experience of previous years does not suggest that the Stock Exchange view of election results is any more reliable than other guesses, though at the last election the market was less wide of the mark than on other occasions. The quotations a fortnight before the polls in the 1929 elections made the following comparison with the actual result:—

	Market Quotations.	Actual Result.
Conservative	270	260
Liberal	90	58
Labour	245	289

Naturally, optimism in the House always errs on the side of the Conservatives.

Japanese and Chinese Bonds.—The Sino-Japanese troubles have upset the market for the bonds of the two countries. Prices have been marked down this week as a precautionary measure, and margins have widened. The following table shows the recent trend of prices of various stocks:—

	July 31.	Sept. 29.	Oct. 14.
Chinese Government 5% Gold 1896	102	99	97
4½% Gold 1898	89	77½	73½
5% Gold 1912	43½	38	34½
5% Reorg. Gold 1913	68	63½	58
Shanghai-Nanking Rly. 5% Sterl.	45½	37½	35½
Tientsin-Pukow 5% debs.	16½	14½	12½
Chinese Engineering & Mining Co., £1 ord.	28/1½	31/3	28/-
Japanese Govt. 4% 1899	80½	62½	58
5% 1907	96	74½xd	70
4% 1910	76½	59½	53
6% 1924	102	92½	87
5½% Conv. 1930	99	107½	104½
South Manchurian Rly. 5% Bonds	102	92½	94
5% 1923	93	75	67½
4½% Ster.	97	85½	82½
City of Tokyo 5½% 1926	97	84½	77½
City of Osaka 5% Ster.	96½	89	87
City of Yokohama 5% Ster.	97½	97½	95

Dealings have been scarce, investors preferring to await the result of the negotiations at Geneva. Japanese bonds, for the most part, have reacted to a greater extent than Chinese. Owing to more encouraging news, quotations were steadier on Wednesday, but no great recovery can be expected till there is clear evidence that the mediatory efforts of the League of Nations Council have achieved definite success.

Chilean Bonds.—Satisfaction has been caused in London by the overwhelming victory of Señor Juan Montero at the Chilean presidential election. As the President-elect is a man of sound ideas regarding the maintenance of Chile's credit abroad, Chilean stocks have remained steady, with rises in one or two instances:—

	June 30.	July 31.	Oct. 7.	Oct. 13.
Chilean Government—				
5% 1909	65	45	20	20
5% 1910	70	45	30	30
5% 1911	70	45	20	30
7½% 1922	90	60	30	30
8% 1922	89½	75	40	40
6% 1926	72½	50	25	30
6% Ster. 1928	72½	50	30	30
6% Ster. 1929	72½	50	30	30
City of Valparaiso 5½% 1912	95½	90	35	35
City of Vina del Mar 5% Ster.	98	92	45	45
Anglo-Chilean Nitrate 7% debs.	79	78	55	55
Lautaro Nitrate—				
7% £5 cum. pref.	37/6	27/6	12/6	15/-
6½% debs.	87	82½	90	90
Cosach 7% debs.	75	75	75	75

Prices of Government bonds are still at "default" levels, but a victory for the Left might well have placed them on the rubbish heap. Bondholders will hope that, under Señor Montero, the question of resumption of payments at the earliest date will receive earnest attention.

Interest Payments on "Young" Bonds.—The Bank of England announced, at the end of last week, that it had received information from the Bank of International Settlements that it was the latter's intention to effect, as nearly as possible, payment of interest on the bonds of the German 5½ per cent. loan of 1930 in sterling of an amount equivalent to the gold value of sterling current when the loan was issued. The market learned with satisfaction of the decision to pay on a gold basis (which was ratified by the board of the B.I.S. at this week's meeting), the bonds immediately rising from under 40 to 44. The revival, however, was short-lived, the present price of the stock being no more than 38½. The announcement, in fact, followed the terms of the German Finance Minister's statement which accompanied and formed part of the London prospectus of the loan. The relevant passage declared that "the bonds will be expressed and payable in the currency of the country of issue at the equivalent of its present gold value." The market, however, was inclined to ask, as a matter of curiosity, what the position would be if certain instalments of the next payment (which is due to be made on December 1st next) had already been remitted to London in sterling before the announcement of the British Government's decision to depart from the gold standard. Any deficiency in the amount available as a result of the subsequent depreciation of sterling would necessarily be required to be made good by someone—but by whom, exactly, it would be difficult to say, particularly in view of the present moratorium on Reparation payments under the "Hoover plan."

Earnings Yields of British Shares.—Although the Actuaries' Investment Index has been published for less than eighteen months it has already made itself invaluable to many investors—particularly "institutional" investors. The decision to extend its scope to include figures of yields "on earnings," as well as "on dividends," will be widely welcomed. The first issue of the new service gives figures, as at the end of each year since 1928 and at the end of last month, for the same companies and groups as are included in its share price index. The main results may be summarised as follows:—

Group.	No. of Securities.	Yield on Dividends.				Yield on Earnings.			
		Dec. 31, 1928.	Dec. 31, 1929.	Dec. 31, 1930.	Sept. 30, 1931.	Dec. 31, 1928.	Dec. 31, 1929.	Dec. 31, 1930.	Sept. 30, 1931.
Ordinary Shares.		%	%	%	%	%	%	%	%
Banks and Discount Cos.	11	5.19	5.78	5.38	7.13	6.24	6.82	6.33	8.80
Insurance Companies	24	3.88	4.64	4.66	5.91	5.85	8.06	6.18	7.57
Investment Trusts	17	4.31	5.07	5.41	6.82	5.63	6.63	7.20	8.55
Productive Industries*	41	4.56	5.74	6.55	5.89	6.95	7.08	8.87	7.11
Distributive Industries†	30	5.39	6.37	7.30	7.14	5.18	5.65	9.39	6.90
Miscellaneous Industries‡	60	5.39	7.82	7.61	8.05	7.56	9.98	10.81	4.85
Industrials, all classes	131	5.14	6.81	7.21	7.16	6.81	8.05	9.87	6.03

* Building materials, coal, cotton, electric light and power, gas, iron and steel, and oil.
† Electric supplies, home rails, shipping, stores and catering.
‡ Breweries and distilleries and unclassified concerns.



ROYAL INSURANCE COMPANY LIMITED

SECURITY FIRST

Total Funds : £41,373,928

ALL CLASSES OF INSURANCE TRANSACTED

Head Offices: LIVERPOOL and LONDON.

The figures show a wide spread between different industries. Disregarding those sub-groups covering separate industries, in which the inclusion of "negative earnings" (i.e., losses) affects the comparability of the figures from a market point of view, it appears that in no sub-group is the investor satisfied with an earnings' yield of less than 8 per cent., except in the case of gas companies (7.45 per cent.) and of insurance companies (7.57 per cent.). He is, apparently, willing to accept a lower earnings' yield on coal shares (8.02 per cent.) than on bank and discount company shares (8.80 per cent.). The earnings' yield on brewery shares is no less than 13.77 per cent. On the shipping securities chosen by the Actuaries, the dividend yield is only 3.51 per cent., but the earnings' yield is no less than 29.24 per cent.—despite the fact that the group includes some "negative earnings." An element of time-lag must, of course, always be reckoned with. The yield on dividends is affected at once by the reduction or passing of a dividend, whereas the yield on earnings must await publication of a complete year's detailed accounts. The Actuaries have tackled the difficult problem, "What are earnings?" with customary thoroughness, and, though some of the rules adopted must necessarily be arbitrary, little fault can be found with their methods as a whole. They may decide, however, as time goes on, that small sub-groups—including, say, less than ten shares—may afford useful indices of share values, but much less reliable measures of earnings yields, particularly in unsettled times. A single company making a loss, possibly as a result of abnormal features in its own position, may upset the figure for the whole of a very small group. The Actuaries, in other words, may ultimately decide to reject, as unreliable, the figures for sub-groups which are too small to allow the so-called "law of averages" sufficient elbow room. In the meantime, users of the Index may concentrate attention mainly on those groups in which no "negative earnings" are included, or on those, like the "miscellaneous industries" group, which are sufficiently broad in their composition to obviate undue "weighting" by negative figures. In this connection, it would be useful if the Actuaries would state the number of companies in each sub-group which have "negative earnings."

Investment Trusts and the Slump.—Recent reports suggest that the slump in security values—particularly in those of bonds—is creating not a few problems for managers of British investment trusts. The older trusts have been writing-down their portfolios and accumulating reserves for many years against such an eventuality as the present. The Second Alliance Trust, for example, has issued a report showing that at July 31st last the market value of its securities was 11½ per cent. below book value, but that the depreciation was amply covered by reserve. This trust was established in 1883. Many of the post-war trusts, however, particularly those registered between 1926 and 1928, bought their stocks near the top of the boom. In theory, a trust company limits its losses by switching from less stable into more stable securities when markets lose their equilibrium; in practice, its scope in this respect is far more limited than is generally realised. In any case, a slump like the present,

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name.....

Address.....

which has hit foreign bonds as well as equity shares, is too severe to enable the shrewdest manager to avoid depreciation over a large part of his portfolio, particularly if his company has not been in existence sufficiently long to accumulate very large reserves. The following table, which has been compiled from the reports of those post-war investment trusts which have published their figures during the last week or two, shows the extent to which the world-wide fall in values has left its mark on trust company accounts:—

Company.	When Registered.	Date of Valuation.	Depreciation in Investments.		
			1929. %	1930. %	1931. %
First Co-operative	1924	July 31	(a)	21.8	35.42
Mid-European Corp.	1924	July 31	Surplus	Fully covered.	17.00
Capital and National	1927	July 31	Not stated.	5.09	23.82
Tor Investment	1927	July 31	Surplus	Surplus	11½
City and International	1926	Aug. 31	Surplus	13.45(b)	33.95
London and Strathclyde	1928	Aug. 31	1.49	16.34	37.33
City and Foreign	1928	Aug. 31	Surplus	13.7	38.01

(a) Depreciation (amount not stated) more than covered by reserves, &c.
(b) Without allowing for general reserve.

The unfavourable showing as regards portfolio values stands in strong contrast to the stability of income shown by practically all British investment trusts. The latter feature is clearly brought out in the next table:—

Company.	Date of Balance Sheet.	Investment Income.		
		1929.	1930.	1931.
First Co-operative	July 31*	£ 134,392	£ 118,948	£ 97,906
Mid-European Corp.	July 31	171,381	199,980	182,953
Capital and National	July 31	57,236	61,661	60,779
Tor Investment	July 31	21,504	21,200	20,789
City and International	Aug. 31	111,665	116,598	105,330
London and Strathclyde	Aug. 31	49,323	51,807	51,100
City and Foreign	Aug. 31	15,968	23,847	19,393
Total		561,469	594,041	536,260

* Figures for two half-years in each case.

The drop in the aggregate receipts of the seven trusts in 1931 as compared with 1930 was only 9 per cent. All investment trust receipts, however, are affected by an element of time-lag, the figures for 1931, for instance, representing dividends and interest paid during the last twelve months on the shares in the trusts' portfolios, but actually earned, mainly, in 1930. The trusts, of course, are entitled to pay dividends from income even though their investments show capital depreciation. In view, however, of the relatively high percentages under the latter heading, in some cases, shareholders may expect to suffer some reduction in dividends. Prudent managers will increase their reserves at a time like the present, even though they may regard present prices as largely "artificial," and expect an appreciable revival in values later on.

Harrods' New Purchase.—Harrods, Limited, announce the purchase of the stock and goodwill of the Civil Service Co-operative Society, which conducts a general and department store business in the Haymarket, London, and in Aldershot. The premises in the Haymarket are to be closed on October 17, and the goods will be transferred to Harrods, where a sale will take place after the Election. The stock taken over has a value of more than £100,000. The Haymarket premises remain in the hands of the Civil Service Co-operative Society. This purchase marks a further stage in the expansion of Harrods, which already owns Dickins and Jones, and D. H. Evans, and Shoolbred and Company. Presumably, the results of this purchase have been satisfactory, and a large percentage of Shoolbreds' customers have gone over to Harrods—otherwise the latter would hardly be taking over the business of the Civil Service Co-operative Society. The Society's history has been chequered since it acquired in 1919 the Junior Army and Navy Stores. In recent years it has made losses, and in May, 1929, shareholders were asked to give

consent to negotiations for the sale of the Haymarket Stores, and for a return of the preference stock out of the proceeds. These negotiations failed. The shareholders were subsequently asked to assent to the cancellation of the cumulative dividends on their shares on the understanding that if a suitable opportunity arose for the sale of the Haymarket Stores, the whole of the capital paid up on the preference stock would be refunded and any surplus applied to the ordinary and deferred shares. The ordinary shareholders have not received a dividend since 1919-20, and the preference dividend has remained unpaid for the past ten years. The nominal capital of the company is £375,000 in £250,000 preference stock, £100,000 ordinary shares, and £25,000 deferred shares. Harrods now have an issued capital of £6,215,194, of which £4,000,000 is in preference shares. There are no debentures outstanding. Business was last done in the Civil Service Co-operative Society £1 ordinary shares at 1s. and in the 7 per cent. cumulative preference stock at £25.

Splintex Safety Glass Scheme.—This company's report is accompanied by details of a proposed capital reduction scheme. The year to June 30th last resulted in a loss of £20,192, making the accumulated loss £35,270, and the dividend on the 8 per cent. preference shares was again passed. It is proposed to write down the 159,740 £1 8 per cent. cumulative preference shares to 6s. 3d. per share, and the 1s. ordinary shares to 3d. per share, reducing the capital from £250,772 to £74,918 15s. Preliminary expenses of £20,000 will be written off, processes and patents will be written down by £69,517 to £1, land and buildings by £8,002 to £74,771, plant and machinery by £11,524 to £23,936, investments by £33,313 to £1, European rights by £14,629 to £1, and profit and loss debit by £35,270. On the liabilities side the mortgage will be increased by £2,400 to £33,040. After utilising the reserve fund of £10,221, some £420 will remain to form a contingency reserve. The arrears of twenty-seven months on the preference shares will be wiped off. Should the above scheme be agreed to, certain motor trade interests are prepared to take up, at par, the remaining 500,000 unissued 3d. shares, besides a substantial quantity of shares already held by two of the company directors. The scheme, at least, does not ask existing shareholders to throw good money after bad, but fuller details of the proposed "deal" with an outside interest should be furnished to shareholders.

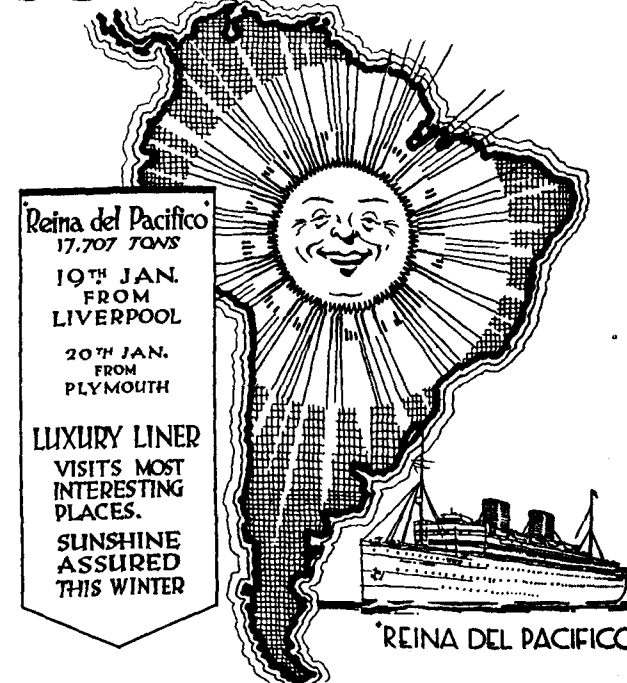
Australian Stocks.—Australian Government securities have enjoyed a gradual appreciation in market value since the departure of the Mother Country from the gold standard. The extent of the rise in representative stocks is shown:—

	Price, Present Sept. 19.	Price.	Yield, per cent.			
			Flat.	Redemption.	£ s. d.	£ s. d.
Commonwealth 6%, 1931-41...	77	86	7 0 0	8 5 0		
Commonwealth 5%, 1945-75...	65	76	6 14 0	6 17 0		
New South Wales 5%, 1932-42	62	70	7 4 0	9 10 0		
Queensland 4%, 1940-50	53	60	6 13 0	8 4 0		
South Australia 6%, 1930-40...	76	80	7 11 0	9 11 0		
Victoria 5½%, 1924-34	75	78	7 1 0	14 16 0		
Western Australia 4%, 1942-62	60	62	6 12 0	7 3 0		

There are various reasons for the change in market sentiment. In the first place, there is considerable satisfaction over the figures of Australian foreign trade. For the financial year ending June, 1931, imports amounted to £60,160,000 and exports to £88,999,000, giving a favourable visible trade balance of £28,830,000 (of which £18,000,000 represented bullion exported, against £27,748,000 in the preceding twelve months). This result has been achieved partly by the drastic restriction of imports following on the prohibitive tariff imposed and partly by the stimulus to exports following on the depreciation in the Australian exchange. Before

the departure of Great Britain from the gold standard £100 sterling was valued at £130 Australian, and this exchange rate has not yet been altered. No doubt the Australian Government is loath to give up the advantages accruing to its export trade from the disparity between the Australian and British pounds. The effects of a double depreciation in the Australian pound in terms of gold will be to restrict still further the country's purchases from the gold countries and to make Australian wheat and wool cheaper in the British market than wheat and wool from other primary producers. How long this advantage can be maintained it is impossible to say. As long as the Australian pound stands at a big discount in relation to the British pound the extra burden of the external debt payments remains, but the fact that Australian exports sold on a gold basis will command a greater number of pounds sterling has the effect of reducing this extra burden. Further, the budgetary position has been improved by the conversion of the internal debt, which is expected to save over £6 millions a year. Actually the Australian budgets have not yet been balanced. The Premiers' Conference at the beginning of September estimated an aggregate budget deficit on the Commonwealth and State budgets of from £15 millions to £18 millions. The Australian banks have already agreed to provide £16 millions towards this deficit, but no more. It is urged that a firm stand by the banks may lead to further economies in the State budgets. The market is undoubtedly impressed by the changed attitude of Mr Lang, the recalcitrant Premier of New South Wales, who has promised that his Government will meet the interest payments due on its debt and has given some undertaking of good financial behaviour in future. It must not be forgotten, however, that Australia still has an unfavourable balance on her international account. The total interest payments on the external debt of the Government and public authorities amount to about £36 millions a year. The favourable visible balance of trade to June last was about £16 millions apart from bullion. The prospects of the export trade,

SUNSHINE TOUR to SOUTH AMERICA



BOOKLET FROM
THE PACIFIC STEAM NAVIGATION CO.-LIVERPOOL.
ROYAL MAIL HOUSE. AMERICA HOUSE.
LEADENHALL ST. E.C.3. OR COCKSPUR ST. S.W.1.
LOCAL AGENTS

however, have improved. The wool clip is of good quality and possibly of record weight, and the season so far has been favourable for wheat, although the acreage has been reduced. The fact that exports of Australian produce will command a greater number of pounds sterling eases the transfer problem, and gives greater confidence to those who believe that Australia will be able to avoid default.

Central Argentine Railway.—The report of the Central Argentine Railway for the year ended June 30th last, shows shareholders why their ordinary dividend was cut from 5 per cent. to 1 per cent. As will be seen from the table below, the company actually secured higher net operating receipts than in the previous year, despite a drop of £371,000 in gross receipts. This result reflected the success of the company's efforts to reduce working costs, which fell by £458,000, their percentage of gross receipts being 73.07, against 74.69 in 1929-30. Unfortunately, the railway had less to bring in "from certain specific reserves created in previous years," while exchange losses cost shareholders no less than £790,000, against £125,000 in 1929-30. In short, the absence of a final dividend this year was due partly to the directors' unwillingness to deplete their reserves on last year's scale, and partly to the fall in the Argentine peso, the latter phenomenon itself costing ordinary shareholders nearly 2½ per cent. in dividend. The results for the last three years are shown:—

Years ended June 30.	1929.	1930.	1931.
Gross receipts	14,251,699	11,567,717	11,196,659
Working Amount	9,817,898	8,639,856	8,181,903
Expenses { Per cent. of gross receipts	68.89%	74.69%	73.07%
Net receipts	4,433,801	2,927,861	3,014,755
Interest received on investments, &c.	26,857	37,539	22,713
Taken from specific reserves	...	248,487	90,000
Balance	4,460,658	3,213,888	3,127,468
Debenture interest	567,109	739,609	753,417
Loss on exchange	35,794	124,905	789,915
Other deductions (interest, &c.)	512,557*	190,073	298,055
Net revenue for year	3,345,198	2,159,301	1,286,078
4½% preference	436,307	436,307	436,307
6% preference	300,000	300,000	300,000
Ordinary { Rate%	7%	5%	1%†
and Deferred { Amount of dividend	2,029,913	1,449,938	281,869†
To reserve	573,088	Nil	Nil
Brought forward	306,285	312,174	285,230
Carried forward	312,174	285,230	553,131

* Including £300,000 additional contribution to Renewals Fund.
† Ordinary stock.

During the year, some £3,012,000 5 per cent. Redeemable Debenture Stock was issued. The total capital expended during the year was £4,784,525. The number of passengers carried decreased by 1.1 per cent. The total passenger receipts, however, fell by 9.3 per cent., continued stagnation of commerce and unsatisfactory conditions in rural districts bringing about a heavy curtailment of long-distance travel and impelling the company to offer increased cheap fare facilities. Goods traffic increased in tonnage by no less than 18.7 per cent., but receipts showed an increase of only 1.1 per cent. This was a disappointing result for a year in which the amount of maize transported was the highest in the company's history. Increased revenue from the movement of crops, however, was almost completely swamped by a heavy drop in "general merchandise" traffic. The fall in imports, which benefited the trade balance of the Argentine, reduced the tonnage of such traffic, handled by the company, to the lowest figure for any post-war year.

Tea Share Outlook.—Tea shares have shown appreciable strength recently after a long period of stagnation. Although buyers have shown disinclination to go much further, the undertone of the market has remained steady

this week, and the advances made from the lowest point of the year are substantial:—

Share.	Highest, 1930.	Lowest, 1930.	Lowest, 1931.	Present Price.	Yield at Present Price.
Assam Company (£1)	36/-	24/6	9/9	15/-	3 6 9
Jhansia (£1)	51/6	38/-	22/6	30/-	6 13 4
Jokai (£1)	75/6	48/9	19/3	28/9	2 16 0
Consolidated Tea (£10)	26½	13½	6½	8½	2 17 0
Eastern Produce (£1)	90/-	63/9	34/4½	38/9	11 13 0
Darjeeling Consol.					
dated (£1)	72/6	55/9	44/4½	52/6	7 12 3
Anglo-Ceylon and					
General (£1)	37/2½	24/-	13/9	15/-	3 6 9
Doom Dooma (£1)	83/9	72/6	38/4½	47/6	8 8 6

The movement is associated with a sharp rise in the price of the commodity at recent weekly auctions. Last spring the market showed signs of collapse, Northern Indian teas fetching an average of only 7.73d. in the London sale rooms at the end of June, while the average for Ceylon teas fell to 10.28d. and that for all teas to 8.75d. By the end of September the average for Northern India teas had recovered to 1s. 3.74d., that for Ceylon to 1s. 6.08d., and that for all teas 1s. 3.07d. A setback then occurred, but the influence of a rise of about 75 per cent. in prices, from the lowest, has, naturally, profoundly affected market psychology. The abandonment of the gold standard has been one factor in the equation—incidentally, it has given a differential advantage to the British producer against the Dutch grower, who remains on the gold standard—but other influences have been at work, including good quality and better marketing. Earlier in the year unduly large supplies of Ceylon tea were coming to London, some of which would in more normal times have been marketed at Colombo. Exporters from Ceylon, however, have recently been regulating their shipments with more reference to London's absorptive capacity. At the Harrisons and Crosfield meeting on Tuesday Mr Eric Miller was relatively pessimistic as regards the outlook for rubber (declaring himself an unrepentant advocate of Government intervention), but much more cheerful as regards the tea industry. He showed that, although the total output in India, Ceylon and the Dutch East Indies last year, under a restriction scheme, was 57 million pounds below the 1929 level, the figures for the first eight months of the current year showed only an increase of 9½ million pounds over those of 1930, despite the abandonment of restriction. World consumption fell by 16 million pounds in 1930, but in 1931, in spite of world-wide depression, is expected to be at least equal to the 1929 figure. London tea stocks at the end of last month were 28 million pounds below the corresponding figure for 1930 and 7 million pounds below that for 1929. The real decline, however, may be a little less than these figures imply, since clearances in the early part of last month were exceptionally heavy owing to anticipations of the reimposition of a duty on tea in Mr Snowden's Emergency Budget. Mr Miller's figures, altogether, bear out the opinion we expressed in our last review of the outlook (see the *Economist*, September 12, 1931, p. 479), that the position of tea was far more healthy than that of the majority of primary commodities.

Cam and Motor.—Twelve months ago, writes our mining correspondent, the end of this Rhodesian enterprise appeared to be in sight. The Cam and the Petrol lodes were showing unpayable results at depth, while on the Motor the profitable runs of ore proved short. During the past session a noteworthy improvement has occurred in all three directions. As a consequence, despite the extraction of the record tonnage of 292,000, the ore reserves, at 878,000 tons, display a small increase, though the value is about 2s. 6d. down at 48.1s. In this connection mention may be made of the success of the measures taken to reclaim material previously written off. In the last month of the company's financial year just over 9 per cent. of the ore milled came from this source. At £191,600 the net mining profit for 1930-31 fell £12,200 short of the total for the preceding period. Writings off totalled £25,800, in place of £31,960, but on the present occasion £14,680 has been placed to reserve. This appropriation,

with the £35,320 standing to the credit of share premium account, makes the round sum of £50,000. The dividend total of 17½ per cent., comparing with 20 per cent., leaves £4,460 to go forward, against £12,070 brought in. At the date of the balance sheet the sums due (including the final dividend of 10 per cent.) exceeded the liquid assets by about £18,000. A feature of last year's operations was a reduction in costs accompanied by an improvement in the ratio of extraction. These changes are attributable partly to increased efficiency but mainly, it would seem, to a decrease in the antimony contents in the Motor lode, which has simplified the treatment. Almost contemporaneously with the issue of the annual report of the company came the announcement of Rhodesia's departure from the gold standard. It is calculated that on the basis of gold at 106s. 6d., and with expenses at that level, the Cam would earn an additional 15 per cent. That the market price of the shares should have made so little response to this prospect may be attributed to the existence of doubts on several points.

San Francisco Mines.—Some shareholders appear to have been much surprised and perturbed at the decision of this company's directors temporarily to suspend production at the end of 1931. Actually the determination to follow such a course need not have occasioned any surprise had it been arrived at earlier. Save for a trifling surplus in May, operations each month from April inclusive have resulted in a loss. For September the amount was \$48,407, although the return had the benefit of a plus adjustment of \$22,750. The latest deficit is the largest yet shown. With metals on the up grade as measured in sterling, it is at any rate on the cards that the suspension may not be carried into effect. It may be recalled that an interim dividend of 10 per cent. was paid on account of the year ending September 30, 1930, but that there has been nothing since.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Oct. 10, 1931, £98,674,194.
Total, including conversion, recorded Jan. 1 to Oct. 10, 1931, £109,551,179.

National Savings Certificates.									
Net Receipts, 10 days to October 10, 1931, Dr. £50,000.									
Total net receipts, April 1, 1931, to October 10, 1931, £4,800,000.									
		Conversions or Repay- ments.	New Money Cash Sub- scription.	First Payment.	Further Liability.				
		Nominal Capital. £	£	£	£				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil	Nil				
		Nil	Nil	Nil</					

COMPANY MEETINGS, &c.

HARRISONS AND CROSFIELD, LIMITED.

MR ERIC MILLER'S REVIEW OF THE TEA AND RUBBER POSITION.

Mr Eric Miller's speech at the annual meeting of Harrisons and Crosfield, Limited, on Tuesday, October 13th, included his usual review of the tea industry, in which he stated that the present price of common Indian tea was well below the average cost of production and that a continuance of too low prices must eventually result in the closing down of many estates. On the other hand, the latest crop figures showed that the increase in output during 1931 was comparatively small and consumption was expected to increase this year in spite of the general world-wide depression, as low prices induced most of the countries in the East to absorb more tea and India was already ahead of normal.

For years past he had regularly stressed the importance of quality production, and the course of the market had again pointed the moral, as throughout the whole year good prices had been paid for fine teas, and the growers who had suffered most had been those who had been attempting to reduce costs by producing the largest possible crops irrespective of the capacity of their factories to handle them properly.

Referring to the rubber industry, Mr Miller pointed out that cheapness of price could only give minor encouragement to consumption because the raw rubber cost was a relatively small part of the price of most articles made from rubber, and also that research on technical improvements prolonged the life of the finished article so that in the case of motor tyres mileage had been trebled during the last ten years.

He showed that leadership and example within the industry were incapable of remedying the situation and that the alternatives were either for producers to drift along penuriously until many of them had exhausted their funds, or for the Governments of the principal rubber-producing countries to collaborate in the preservation of the industry. He alluded to international agreement among the Governments of the tin-producing countries, including the Netherlands Indies, and expressed the hope "that the latter, with out whose co-operation nothing can be done, will soon express their willingness to join an international conference to consider the rubber problem for the benefit of all concerned."

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the ten days ended October 10, 1931, amounted to £13,430,000 against ordinary expenditure of £29,833,900. After allocating £550,828 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £21,420, the operations for ten days, as shown below, increased the National Debt by £16,934,000 to £7,714,728,000:—

(000's omitted.)

Bank of England Advances ..	+ 2,750	Treasury Bills	— 1,250
Public Dept. Advances	+ 32,900	National Savings Certificates ..	— 950
British Loans Abroad	+ 17,509	Principal of British Government Loans Abroad	— 16,460
Land Settlement	6	Road Fund	— 361
		Nat. Debt Commissioners	— 290
	+ 53,165		— 36,231

A complete analysis of the National Debt at Sept. 30, 1931, was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Oct. 10, 1931.	April 1, 1930, to Oct. 11, 1930.	Ten Days ended Oct. 10, 1931.	Eleven Days ended Oct. 11, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	£ 272,000,000	£ 58,859,000	£ 65,200,000	£ 5,360,000	£ 5,439,000
Sur-tax, including Arrears of Super-Tax	73,000,000	16,430,000	14,220,000	540,000	640,000
Estate, &c., Duties	83,000,000	35,800,000	44,430,000	1,320,000	1,650,000
Stamps	20,000,000	6,640,000	8,670,000	260,000	780,000
Excess Profits Duty and Composition Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	180,000	150,000	...	...
Total Inland Revenue ...	451,000,000	117,909,000	132,670,000	7,480,000	8,509,000
Customs and Excise—					
Customs	131,770,000	69,659,000	63,903,000	4,692,000	4,131,000
Excise	121,230,000	57,900,000	62,100,000	1,300,000	2,300,000
Total Customs and Excise	253,000,000	127,559,000	126,003,000	5,992,000	6,431,000

REVENUE.	Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Oct. 10, 1931.	April 1, 1930, to Oct. 11, 1930.	Ten Days ended Oct. 10, 1931.	Eleven Days ended Oct. 11, 1930.
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,231,000	2,054,298	25,000	803,000
Post Office (Net Receipts)	12,200,000	6,350,000	4,950,000	Dr 200,000	350,000
Crown Lands	1,300,000	620,000	610,000	...	...
Receipts from Sundry Loans	15,400,000	12,139,996	19,927,897	56,198	2,846,702
Miscellaneous Receipts	42,800,000	7,187,409	12,376,351	76,765	170,933
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	276,896,405	314,591,546	13,429,963	19,110,635
SELF-BALANCING REVENUE.					
Post Office	58,232,000	28,750,000	30,400,000	1,200,000	1,900,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	6,714,000	6,776,702	124,000	...
Total Self-Balancing Revenue	81,582,000	35,464,000	37,176,702	1,324,000	1,900,000
Total		312,360,405	351,768,248	14,753,963	21,010,635

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Oct. 10, 1931.	April 1, 1930, to Oct. 11, 1930.	Ten Days ended Oct. 10, 1931.	Eleven Days ended Oct. 11, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	£	£	£	£	£
Payments to Northern Ireland Exchequer	289,400,000	167,076,718	160,911,397	16,967,859	15,699,567
Other Consolidated Fund Services	6,350,000	2,771,146	2,765,880	201,786	202,464
Total	3,000,000	1,083,465	1,492,890	2,297	185,826
Total Supply Services (ex- cluding Post Office)	298,750,000	170,931,329	165,170,167	17,171,942	16,087,857
Total ordinary expenditure ...	1451,829,000	220,779,304	218,835,467	12,662,000	14,218,000
SELF-BALANCING EXPENDITURE.	750,579,000	391,710,633	384,005,634	29,833,942	30,305,857
Post Office	58,232,000	28,750,000	30,400,000	1,200,000	1,900,000
Road Fund	23,350,000	6,714,000	6,776,702	124,000	...
Total Self-Balancing Ex- penditure	81,582,000	35,464,000	37,176,702	1,324,000	1,900,000
Total Ordinary and Self- Balancing Expenditure...	832,161,000	427,174,633	421,182,336	31,157,942	32,205,857
New Sinking Fund (1928)....	32,600,000	20,317,234	23,968,107	550,828	1,143,269
Total, including New Sinking Fund		447,491,867	445,150,443	31,708,770	33,349,126

† Estimate prior to Revised Financial Statement, £439,829,000.

The aggregate revenue and expenditure to October 10th, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO OCTOBER 10TH.

(000's omitted.)		(000's omitted.)	
Expenditure	391,711	Revenue	276,896
New Sinking Fund	20,317	Decreases in balances	3,404
		Net amount borrowed	131,728
	412,028		412,028

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	Oct. 11, '30.	Mar. 31, '31.	Oct. 10, '31.	Oct. 10, '31.
Advances by Bank of England ..	35,700,000	24,500,000	2,750,000	+ 2,750,000
Advances by Public Departments ..	49,197,000	49,197,000	32,900,000	— 16,297,000
Treasury Bills outstanding	655,550,000	569,828,000	599,650,000*	— 18,460,000
Total Floating Debt	691,250,000	594,325,000	651,697,000	+ 17,190,000

* Includes £24,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on October 9, 1931, and the total amount applied for was £49,465,000. Tenders were accepted for bills at three months, dated Monday to Friday at £98 11s. 10d., about 30 per cent., and above in full; and Saturday at £98 12s. 2d., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931			
September 18	40,000,000	43,900,000	4 8 3-96
September 25	40,000,000	42,730,000	4 8 8-37
October 2	40,000,000	47,945,000	4 11 0-07
October 9	40,000,000	49,465,000	4 11 4-63

The Westminster Bank have opened a new branch at 1 Grosvenor Gardens, S.W.1.

Lloyds Bank, Ltd., announce that a branch of the bank is now open at Bournbrook (359 Bristol Road, Edgbaston).

The Commercial Bank of Australia, Ltd., announce that their branch at Manangatang (Victoria) is now closed.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, October 14, 1931.

ISSUE DEPARTMENT.

Notes issued—			
In Circulation	356,709,591	Government Debt	11,015,100
In Banking Department	53,649,033	Other Government Securities	234,185,047
		Other Securities	25,787,355
		Silver Coin	4,012,498
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	135,358,624
	£410,358,624		£410,358,624

BANKING DEPARTMENT.

Proprietors' Capital	14,553,000	Government Securities	57,625,906
Reserve	3,103,006	Other Securities	26,774,818
Other Deposits	14,441,217	Discounts and Advances	£14,077,651
Other Deposits	£70,098,863	Securities	40,852,469
Bankers'	£121,408,642	Notes	53,649,033
Other Accounts	6,445	Gold and Silver Coin	1,384,902
7-Day and other Bills			
	£153,512,310		£153,512,310

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

Both Departments.		Amount, Oct. 14, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Notes circulation		356,709,591	— 2,614,728	— 351,101
Public deposits		14,441,217	+ 3,447,493	+ 2,043,835
Bankers' deposits		70,098,863	+ 8,759,808	+ 3,935,446
Other deposits		51,309,779	+ 569,379	+ 15,242,524
Seven-day bills		6,445	+ 4,267	+ 4,472
Total, including bills		492,565,895	+ 8,092,155	+ 20,875,176
Capital and rest		17,656,006	+ 10,635	+ 14,216
Government debt and securities		302,826,053	— 5,092,518	+ 16,612,379
Discounts and advances		14,077,651	— 2,820,512	+ 8,949,615
Other securities		52,562,173	— 327,666	+ 18,053,113
Silver coin in issue department		4,012,498	— 19,681	— 447,971
Gold and bullion (bank's reserve)		136,743,526	+ 178,857	— 22,277,744
Reserve of notes and coin in banking department		55,033,935	+ 2,793,585	— 6,926,643
Proportion of reserve to outside liabilities				
(a) Banking department only ("proportion")	40½%		+ 3½%	— 13½%
(b) Gold stocks to deposits and notes ("reserve ratio")	27½%		+ ½%	— 5½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.							
Sept. 2	409,136	354,976	12,925	160,352	51,838	992 in	4½%
9	410,895	353,931	21,808	54,845	50,533	1,557 in	4½%
16	410,574	351,618	16,574	58,337	50,459	333 out	4½%
23	408,628	352,876	23,018	64,915	50,963	3,165 out	6
30	409,818	357,209	30,089	62,642	52,565	2 in	6
Oct. 7	410,239	359,324	10,594	78,859	51,879	Nil	6
14	410,359	356,710	14,441	70,099	51,510	Nil	6

(000's omitted.)

Date.	Issue Department.		Banking Department.			Reserve & the "Proportion."	%
	Govt. Debt and Securities.	Other Securities.	Gold and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.		
1931.							
Sept. 2	266,110	2,798	135,668	28	53,738	26,678	55.692
9	266,180	4,771	137,206	28	51,146	27,743	56.276
16	261,138	9,611	136,880	28	49,391	26,141	57.298
23	258,848	24,115	134,974	27	60,176	25,876	53.951
30	246,458	24,502	136,100	27	64,978	25,715	52.240
Oct. 7	243,783	27,176	136,565	27	64,126	26,775	55.034
14	245,200	25,787	136,744	27	57,626	26,775	55.034

BANKERS' CLEARING RETURNS (000's omitted).

		Town.	Metropolitan.	Country.	Total.
1931.					
Jan. 1 to September 30		25,756,065	1,262,123	2,058,624	29,076,812
Week ended October 7		562,389	40,260	53,215	655,864
Week ended October 14		467,613	31,172	...	...
Total to date, 1931		26,786,067	1,333,555	2,178,313	30,297,935
Total to date, 1930		31,117,471	1,440,842	2,360,894	34,919,207
Increase or decrease in 1931		— 4,331,404	— 107,287	— 182,081	— 4,620,772
		— 13.9%	— 7.4%	— 7.7%	— 13.2%
Total for year, 1930		34,782,577	1,812,146	2,963,631	43,558,354
Do. 1929		39,335,824	1,881,989	3,078,764	44,896,577
Increase or decrease in 1930		— 1,153,547	— 69,843	— 115,133	— 1,338,523
		— 3.3%	— 3.7%	— 3.7%	— 3.0%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended October 10.	
--	------------------------	--

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted).

Average Weekly Balances. SEPTEMBER, 1931.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provin- cial Bank, Limited.	West- minster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of Eng- land	33,212	1,328	2,441	35,260	7,450	37,272	2,983	24,321	26,390	3,076	173,733
Balances with and cheques in course of collection on other banks in the United Kingdom	6,752	445	749	7,268	1,797	12,442	154	7,263	6,298	703	43,871
Items in transit	...	...	...	3,085	654	...	...	...	...	...	3,739
Money at call and short notice	21,693	1,847	4,112	24,760	5,348	13,440	2,712	12,227	18,325	2,481	106,945
Bills discounted	52,340	1,382	1,030	43,451	6,093	57,991	2,377	37,492	33,072	1,230	236,858
Investments	59,607	4,049	5,455	57,405	20,333	43,680	15,923	36,169	53,728	7,654	304,003
Advances to customers and other accounts	171,396	8,880	13,022	177,220	36,294	198,449	15,789	142,077	132,796	14,909	910,832
Liabilities of customers for ac- ceptances, endorsements, &c.	13,812	532	2,334	40,997	4,179	25,548	19	10,976	19,106	859	118,362
Bank premises account	6,496	380	695	7,821	2,734	10,839	775	6,943	5,541	1,003	43,227
Investments in affiliated banks	6,849	...	...	5,681	...	7,280	...	2,514	2,992	...	25,316
	372,157	18,843	29,838	403,348	84,882	406,941	40,732	279,982	298,248	31,915	1,966,886
Ratio of cash to current, deposit and other accounts	9.99	8.14	9.50	10.47	10.20	10.56	8.18	9.72	10.13	10.91	10.14
LIABILITIES.											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	10,000	3,508	14,248	1,485	9,479	9,320	1,000	60,820
Current, deposit and other ac- counts	332,237	16,311	25,685	336,536	73,020	352,897	36,430	250,048	260,489	28,181	1,711,834
Acceptances, endorsements, &c.	13,812	532	2,334	40,997	4,179	25,548	19	10,976	19,106	859	118,362
Notes in circulation	...	...	...	5	15	...	1,298	...	13	...	1,331
Reduction of bank premises ac- count	...	...	229	...	...	...	...	...	...	...	229
	372,157	18,843	29,838	403,348	84,882	406,941	40,732	279,982	298,248	31,915	1,966,886

BANK OF FRANCE.—In francs (000's omitted).

ASSETS.	Oct. 10, 1930.	Sept. 18, 1931.	Sept. 25, 1931.	Oct. 2, 1931.	Oct. 9, 1931.
Gold	49,448,031	58,575,163	59,346,170	59,813,614	60,539,238
Foreign assets— Sight deposits	6,567,842	14,617,197	12,363,636	13,828,768	13,727,756
Bills, &c.	19,045,327	12,921,361	12,829,951	12,808,411	...
Home bills	4,749,219	4,437,228	5,880,429	6,613,226	...
Advances against sec. To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,886,498	2,768,335	2,754,051	2,915,856	2,844,863
Negotiable Bonds, Sinking Fund Dept. Other assets (exclud- ing forward exch.)	5,304,399	5,064,818	5,064,818	5,064,818	5,064,818
LIABILITIES.					
Notes in circulation	73,968,455	77,575,132	78,173,082	81,513,755	81,847,181
Public deposits	10,905,666	8,177,331	7,356,526	7,606,023	8,435,888
Private deposits	1,202,726	18,084,182	18,034,988	17,554,888	19,772,020
Other liabilities	3,684,573	2,673,341	2,773,238	2,822,924	...

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

ASSETS.	Oct. 7, 1930.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Gold	2,443,003	1,374,409	1,300,789	1,219,268
Of which deposited abroad	149,788	99,551	100,486	62,771
Reserve in foreign currencies	136,215	297,803	138,751	141,540
Bills of exchange and cheques	2,038,743	3,003,317	3,669,494	3,728,464
Silver and other coin	146,528	124,588	69,252	78,857
Notes of other German banks	15,553	12,243	2,454	7,105
Advances	60,123	141,165	300,504	167,559
Investments	102,493	103,075	103,075	103,040
Other assets	639,452	933,140	944,261	855,420
LIABILITIES.				
Share capital	177,212	150,000	150,000	150,000
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	4,501,352	4,173,886	4,609,219	4,522,918
Other daily maturing obligations	347,359	540,291	613,387	500,463
Other liabilities	239,472	788,232	818,643	790,541

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

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	Sept. 30, 1930.	Aug. 31, 1931.	Sept. 10, 1931.	Sept. 20, 1931.	Sept. 30, 1931.
Gold, coin and bullion	5,290,700	5,373,700	5,373,700	5,407,700	5,445,400
Foreign bills and balances abroad	4,968,300	3,464,100	3,438,200	3,325,800	2,837,800
Other cash	744,700	261,800	259,000	262,300	256,300
Gold deposited abroad due by the State	1,790,100	1,772,800	1,772,800	1,772,800	1,772,800
Discounts	2,820,400	3,270,600	3,132,300	3,098,400	3,267,700
Advances	1,316,900	1,179,600	1,147,600	1,115,600	1,463,500
Credit with "Istituto di Liquid- azione"	630,500	1,383,500	1,383,400	1,408,400	1,408,400
Government securities	1,149,300	1,347,900	1,348,700	1,348,200	1,348,100
LIABILITIES.					
Notes in circulation	16,170,100	14,645,300	14,641,200	14,512,600	14,474,700
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,723,600	1,582,100	1,542,100	1,515,200	1,591,200
Ratio of reserve to note and sight liabilities combined	56.39%	53.47%	53.46%	53.49%	51.23%

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

ASSETS.	Position, May 28, 1914.	Oct. 9, 1930.	Sept. 17, 1931.	Sept. 24, 1931.	Oct. 1, 1931.	Oct. 8, 1931.
Gold	232,650	863,615	831,360	26,484	27,895	28,322
Foreign Bills and Balances Abroad	...	3,451	24,559	859,756	843,356	875,233
Silver and other coin	697,600	745,383	832,570	...	...	...
LIABILITIES.						
Notes in circulation	934,150	3,141,616	5,335,040	3,456,651	3,555,597	3,581,156
Current accounts	112,125	111,634	288,984	250,502	136,278	210,466

(b) In thousand francs.

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

ASSETS.	Position, May 30, 1914.	Oct. 13, 1930.	Sept. 21, 1931.	Sept. 28, 1931.	Oct. 5, 1931.	Oct. 12, 1931.
Gold	163,092	415,533	703,131	702,480	792,199	798,257
Silver	8,436	23,584	33,112	32,367	30,673	29,989
Home bills discounted, Foreign bills	253,504	250,276	231,206	218,833	146,166	142,158
Loans and advances in current acct.	...	81,173	112,052	110,903	114,526	116,175
LIABILITIES.						
Notes in circulation	316,632	826,731	988,962	1,034,898	1,070,269	1,056,667
Deposits	5,016	42,649	207,948	186,697	150,984	157,230

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

ASSETS.	Position, May 30, 1914.	Oct. 11, 1930.	Sept. 19, 1931.	Sept. 26, 1931.	Oct. 3, 1931.	Oct. 10, 1931.
Gold	22,971	158,783	151,000	166,400	167,900	172,200
Silver	29,785	31,599	...	...	...	...
Discounts, advances, and other investments	77,567	107,319	113,000	92,800	88,700	88,200
LIABILITIES.						
Notes in circulation	109,499	264,898	238,900	237,700	239,800	246,400
Deposits and bills payable	11,250	30,903	35,100	31,500	27,500	21,300

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

ASSETS.	Oct. 11, 1930.	Sept. 19, 1931.	Sept. 26, 1931.	Oct. 3, 1931.	Oct. 10, 1931.
Gold reserve	242,039	229,510	217,274	198,596	198,591
Government Securities—Swedish foreign	14,032	3,042	3,042	3,042	3,042
Other Swedish bonds quoted on foreign bourses	65,992	31,542	8,910	...	1,089
Bills payable in Sweden	84	127	113	113	113
" " abroad	53,460	281,147	354,062	430,808	388,230
Balance abroad	88,067	21,823	1,440	622	466
Advances made on Government securities and bonds	244,793	43,391	28,005	29,265	27,871
LIABILITIES.					
Notes in circulation	28,404	30,783	30,177	45,657	29,971
Government deposits	548,241	541,083	538,295	578,557	549,640
Private deposits	99,996	110,984	99,844	93,140	90,639
	37,187	23,313	9,439	48,130	22,030

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

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

ASSETS.	Position, May 31, 1914.	Oct. 7, 1930.	Sept. 15, 1931.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Gold	171,175	639,690	1,215,079	1,363,461	1,698,709	1,726,610
Foreign Bills and Bal- ances abroad	...	334,439	566,582	478,179	340,665	354,980
Discounts	...	25,332	32,319	33,043	68,299	53,542
Advances	103,000	30,790	48,865	47,292	55,390	54,257
LIABILITIES.						
Notes in circulation	275,925	944,641	1,273,597	1,299,172	1,461,981	1,443,302
Deposits	33,750	181,709	680,540	726,582	715,884	770,833

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

ASSETS.	Position, May 31, 1914.	Oct. 7, 1930.	Sept. 22, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Coin and bullion—Gold	44,224	146,487	146,064	118,005	118,045*
Balance abroad and foreign bills Norwegian and Foreign Govern- ment securities	28,533	29,712	10,271	35,495	24,229
Discounts and loans	8,816	54,868	53,320	41,678	39,475
LIABILITIES.					
Notes in circulation	113,484	308,609	284,670	302,392	296,710
Deposits at sight	7,188	63,913	60,945	81,179	100,586

* In addition the Bank has at its free disposal abroad Kr. 44,064,000.

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

ASSETS.	Oct. 7, 1930.	Sept. 15, 1931.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Cash Reserve— Gold coin and bullion	214,487	189,339	189,539	189,539	189,539
Foreign exchange	12,796	142,567	121,409	114,732	112,301
Other foreign exchange	216,796	124,327	96,077	87,596	57,088
Bills discounted	478,043	604,932	630,508	688,503	736,171
Govt. debt	82,892	95,647	95,647	95,647	95,647
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,272	10,403	10,803	10,803	10,803
Notes in circulation	951,592	989,999	967,961	1,111,009	1,091,115
Deposits	145,336	172,789	173,919	74,456	110,634

† In dollar and sterling only.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengő

(000's omitted).					
ASSETS.					
	Oct. 7, 1930.	Sept. 15, 1931.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Metal reserve—					
Gold coin and bullion	162,650	104,787	104,785	104,787	104,788
Drafts and notes	19,860	12,760	7,280	6,785	9,083
Silver coin and bullion	9,721	4,152	4,922	4,260	3,848
Inland bills, warrants and securities	191,576	373,615	370,258	385,316	373,904
Advances to the Treasury	69,348	58,511	58,511	69,511	58,498
LIABILITIES.					
Share capital (gold crowns 30,000,000)*	34,756	34,756	34,756	34,756	34,756
Notes in circulation	404,456	372,972	352,150	382,795	367,580
Current accounts, deposits	783	174,872	139,062	119,162	124,510

GOLD AND SILVER PRICES.

The following statistics of imports and exports of gold for week ended October 15, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Netherlands	25,391	Poland (including Dantzig)	8,980
France.....	3,507	Germany.....	21,500
U.S.A.....	8,181	Netherlands	1,112,521
Channel Islands	2,981	France.....	504,043
British W. Africa	49,281	Switzerland... ..	2,100
British S. Africa	1,451,433	Austria	40,320
Straits Settlements	26,238	Czechoslovakia	10,600
New Zealand.....	45,210	Other countries	370
Canada	18,060		
Bahamas.....	297		
Other countries	3,268		
Total declared value of imports	1,633,847	Total declared value of exports	1,700,434

* Includes £706,870 exported during the period September 17, 1931, to September 21, 1931.

		Gold Per Ounce.	Silver— Per Ounce.		Date.	Silver
			Cash	Forward		Cash
		s. d.	d.	d.		d.
Oct. 9.....	107	0	17½	17 ⁵ / ₁₆	Oct. 16, 1925	32½
" 10.....	107	0	17 ⁷ / ₁₆	17½	" 15, 1926	25½
" 12.....	106	9	17½	17 11/16	" 14, 1927	25½
" 13.....	106	6	17½	17½	" 18, 1928	26 11/16
" 14.....	106	6	17½	17½	" 17, 1929	23
" 15.....	106	6	17	17½	" 16, 1930	16 11/16

NOTICES

Mr James Dwyer, of Hyde Park House, Montenotte, Cork, has been co-opted to a seat upon the board of the National Bank, Ltd.

Barclays Bank, Limited, announce the opening of new branches at 236 Pentonville Road, N.1, and at 328 Prescott Road, Liverpool. New sub-branches have been opened at Hawthorn Road, Perry Common, Birmingham; Cattle Market, Yarborough Road, Grimsby; and at Roydon, Essex.

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Bengal Doars Railway	4%†	...	Less tax, 2/6½ in £.	% 8	% 11
Entre Rios Railway	NH†	...	Less tax	1½	6
South Indian Railway	...	...	Less tax	8	8
Taitai Railway	1/6 p.s.†	...	Tax free	2/6 p.s.	6/- p.s.
BANKS.					
Hambros Bank, £10, with £2½ pd. Do., "A" shares	6½%* 3%*	Oct. 28 Oct. 28	Less tax Less tax	...	...
INSURANCE.					
Caledonian Insurance	8/9 p.s.	Nov. 11	Less tax	...	...
Commercial Union Assurance	10/3 p.s.	Nov. 3	Less tax	...	...
North British and Mercantile Ins.	11/6 p.s.	Nov. 11	Less tax	...	...
Royal Exchange Assurance	10%*	Nov. 6	Less tax	...	...
Royal Insurance	3/3 p.s.*	Oct. 31	Tax free	...	...
World Marine Insurance	4/- p.s.*	Oct. 31	...	...	...
TEA AND RUBBER.					
Bogawantalawa District Tea	5%*	Oct. 31	Less tax	...	...
Eastern Produce and Estates	5%*	Oct. 31	Less tax	...	...
Kintyre Tea Estates	7½†	...	Less tax	10	15
Lanka Plantations	...	...	Less tax	8	15
Lindoola Tea	10%*	Oct. 13	Less tax	...	...
Mooloya Estates	15%*	Oct. 28	...	...	...
Pundaloya Tea of Ceylon	8%*	Oct. 17	...	...	...
Rosehaugh (Ceylon) Tea	2½%*	Oct. 29	Less tax 5s. in £.	...	...
Vellikkelle Tea of Ceylon	8%*	Oct. 16	Less tax	...	...
MINING.					
Cam and Motor Gold	...	...	Less tax	17½	20
El Oro Mining and Railway	...	...	Less tax	7d. p.s.	10d. p.s.
Kamper Malaya Tin	...	Oct. 24	Less tax	3½	10
Bawang Concessions	...	...	...	5	...
Trepca Mines	5%	Nov. 30	(Maiden dividend)	...	...
OTHER COMPANIES.					
African City Properties Trust ...	4%*	Nov. 3	Less tax, 3/2½ in £.	...	...
Alexandria Water	4%*	Oct. 15	Less tax	...	...
Alliance Investment	2½%*	Oct. 31	Less tax	...	...
Anglo-American Debenture Corp. stock	5%*	Nov. 2	Less tax	...	...
Anglo-American Telegraph, ord. stock	8%*	Nov. 2	Less tax, 5/6 in £	...	...
Anglo-American Telegraph, pref. stock	1½%*	Nov. 2	Less tax, 5/6 in £.	...	...
Babcock and Wilcox	7%*	...	Less tax	...	...
Benger's Food	3½%*	Nov. 2	Tax free	...	...
British Combined Investors	1½%*	...	...	...	...
British Housing	...	...	...	5	5
Bristol United Breweries	11½%†	...	Less tax	16½	16½
Brown, Hopwood and Gilbert	12½%†	...	Tax free	17½	20
Bryant and May Ord.	6%*	Oct. 31	Tax free	...	...
Drake and Gorham	...	...	Less tax	5	5
Electro Trust	...	...	Less tax	4	NH
First Scottish American Trust	13½%*	Nov. 2	Less tax	...	...
Gerrard Industries	5%*	Oct. 16	Less tax	...	...
Hitchings	...	...	Less tax	10	6
Imperial Airways	7½%*	...	...	3	5
Imperial Continental Gas	5%*	...	...	...	...
Industrial and General Trust	...	Nov. 2	Less tax 5s. in £.	...	...
International Financial Society	3%†	...	Less tax	6	4
Investment Trust Corp. (Def.)	8%*	Nov. 5	Less tax	...	...
Joseph Lucas	15%†	...	Less tax	20	25
Lawsons, Limited	6%*	...	Less tax	...	...
London Trust	...	...	Less tax	...	...
Longmorn-Glenlivet Distilleries	...	...	Tax free	5	15
Madras Electric Supply	2½%*	Nov. 25	Tax free	...	...
Malmesbury and Parsons Dairies	5%*	Nov. 2	Less tax	...	...
Moolaya Estates	15%*	Oct. 29	Less tax	...	...
Oriental Telephone and Electric	4%*	Nov. 2	Tax free	...	...
Phoenix Brewery	...	...	Less tax	...	...
Rayne (H. and M.)	5%*	...	Less tax	2½ p.s.	3/-
Rlehmood Park Laundry	5%*	Nov. 1	Less tax	10	15
R.M.C. Textiles	3%*	Oct. 27	Less tax	...	...
Russian Corporation	...	...	Less tax	4	4
Scottish and Dominions Trust	2½%†	...	Less tax	20	20
Scottish Mortgage and Trust	5%*	...	Less tax	...	...

RATES OF EXCHANGE.

London on		Usance.	Par.	Oct. 16, 1930.	Oct. 8, 1931.	Oct. 15, 1931.
New York	dollars to £1	Cable	4-86½	4-85½-86	3-82-84	3-87½-88½
Montreal	dollars to £1	Cable	4-86½	4-85½-86	4-31-34	4-37-40
Paris	francs to £1	T.T.	124-21	123-90-92	97-97½	98½-99
Berlin	marks to £1	T.T.	20-43	20-43-54	16½-17	16½-17
Amsterdam	florins to £1	T.T.	12-107	12-05½-06½	91-94	91-94
Brussels	belgas to £1	T.T.	35-00	32-85½-85½	27½-28	27½-28
Milan	lire to £1	T.T.	92-46	92-46	74½-75	74½-75
Zurich	francs to £1	T.T.	25-224	24-99½-25-00½	19½-19	19½-19
Oslo	kronar to £1	T.T.	18-189	18-154-161	17-17½	17½-17½
Stockholm	kronor to £1	T.T.	18-189	18-09-109	16½-17	16½-17
Copenhagen	kroner to £1	T.T.	18-189	18-154-161	17-17½	17½-17½
Madrid	pesetas to £1	T.T.	25-224	50-40-45	42-43	43½-43½
Lisbon	escudo to £1	T.T.	4-50	108½-108	109½-110	109½-110
Vienna	schilling to £1	T.T.	34-58½	34-43-45	30-33	29-30
Prague	kroner to £1	T.T.	164½	163½-16½	128-130	130-132
Belgrade	dinars to £1	T.T.	275-316	273½-274	205½	205-230
Budapest	pengo to £1	T.T.	27-82	27-73-77	...	...
Bukarest	lei to £1	T.T.	813-6	817-818	625-650	630-650
Sofia	leva to £1	T.T.	673-658	668-673	525-550	510½
Athens	drachme to £1	T.T.	376	374½-375½	290-310	295-310
Constantinople	piastres to £1	T.T.	110	108½	...	...
Moscow	ruble to £1	T.T.	9-46	94¾-945½	7-383-398	7-49½-507
Warsaw	zloty to £1	T.T.	43-38	43½-44	33-37	33-37
Helsingfors	F. marks to £1	T.T.	193-23	192½-193½	150-170	190-194
Korvo	lira to £1	T.T.	48-66	48½-49	...	...
Barai	kroon to £1	T.T.	18-189	18-20-27	...	...
Riga	lata to £1	T.T.	25-224	25-17-27	...	...
Alexandria	piastres to £1	Sight	97½	97½-98	97½-98	97½-98
Buenos Aires	pence to peso	T.T.	47-62½	37½-38	29-29½	32½-32½
Rio de Janeiro	pence to mils.	90 days	5-899	41-5	3-33	3½-3½
Montevideo	pence to peso	T.T.	61	38½-1	20½-21½	20½-21½
Valparaiso	pence to £1	90 days	40	39-97	32-00	32-00
Lima	Eng. to Per £1	90 days	par	16-37½	13-60½	13-70
Calcutta	pence to £1	T.T.	18	1/5 1/8-1/8	1/5 1/8-1/8	1/5 1/8-1/8
Bombay	pence to £1	T.T.	18	1/5 1/8-1/8	1/5 1/8-1/8	1/5 1/8-1/8
Madras	rupee to £1	T.T.	18	1/5 1/8-1/8	1/5 1/8-1/8	1/5 1/8-1/8
Hong Kong	ster. to dollar	T.T.	2	1/3 1/8-1/4	1/2½-1/3½	1/3½-1/4
Shanghai	ster. to dollar	T.T.	2	1/7½-1/8	1/7½-1/8	1/7½-1/8
Singapore	ster. to dollar	T.T.	2s. 4d.	2/3 1/8-2/4	2/3 1/8-2/4	2/3 1/8-2/4
Kobe	ster. to yen	T.T.	24-582½	2/0½-1/8	2/6½-2/7	2/5½-2/6½
Manila	ster. to peso	T.T.	24-066½	2/0½-1/8	2/6½-2/7	2/5½-2/6½
Medico	pence to £1	T.T.	9-76	10-20-40	10-24½	10-50-11-00
Slam	ster. to baht	T.T.	21-82½	1/9½	1/9½	1/9½

† Nominal.
† Sellers.

OVERSEAS BANK RATES.

	Changed.	From To		Changed.	From To
	%	%		%	%
Albania	July 1, 1931	9	Madrid.....	July 8, 1931	6
Andorra.....	Sept. 29, 1931	2	Oslo.....	Oct. 7, 1931	8
Athens.....	Sept. 26, 1931	9	Paris.....	Oct. 9, 1931	2
Batavia.....	Mar. 10, 1930	5	Peking.....	Sept. 22, 1931	5
Belgrade.....	July 20, 1931	6	Preristia.....	Mar. 12, 1931	5
Berlin.....	Sept. 2, 1931	10	Raval.....	Sept. 1, 1931	7
Brussels.....	July 31, 1930	3	Riga.....	Oct. 1, 1930	7
Bucharest.....	Mar. 31, 1931	9	Rome.....	Sept. 28, 1931	5
Budapest.....	Sept. 10, 1931	9	Sofia.....	Sept. 30, 1931	9
Calcutta.....	Sept. 22, 1931	7	Stockholm.....	Oct. 7, 1931	8
Canton.....	Mar. 5, 1931	7	Swiss Bank.....	Jan. 22, 1931	2
Danzig.....	Sept. 1, 1931	3	Tokio.....	Oct. 5, 1931	5-11
Helsingfors.....	Oct. 12, 1931	7	Vienna.....	July 22, 1931	7
Kovno.....	Oct. 3, 1931	7	Warsaw.....	Oct. 3, 1930	6
Lisbon.....	Aug. 8, 1931	7	Irish.....	Sept. 29, 1931	5
New York Federal Reserve.....	Oct. 15, 1931	2			

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Oct. 15, 1930.	Sept. 16, 1931.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.	Oct. 14, 1931.
Call money	2	2	2	2	2	2
Time money (90 days' mixed coll.)	2½	1½	1½	2	1½	2
Bank acceptances:—						
Members—eligible, 90 days.....	2	1	1½	1½	1½	2½
Non-mem.—eligible, 90 days.....	2	1	1½	1½	1½	2½
Ineligible, 90 days.....	2½	1½	1½	1½	1½	2½
Commercial accept. 90 days.....	3	2	2	2	2	2½

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

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

Country.	Method of Quoting.	Par Value.	Usage.	Latest Rate.
Ecuador	Sucre to £	24-3345	Slight London	20-50
Guatemala	Bolivares to £	25-2215	"	25-00
Colombia (Bogota)	Peso to £	5	"	3-65
Nicaragua	Corobas to £	4-8665	"	3-65
Salvador	Colonos to £	9-73	"	8-44
Bolivia	Bolivianos to £	13-33	"	13-03

SOUTH AFRICAN EXCHANGE RATES

BUYING RATES.

	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on:—				
Rhodesia.....	$\frac{1}{2}$ dis.	$\frac{11}{16}$ dis.	$\frac{21}{32}$ dis.	$\frac{31}{64}$ dis.
South Africa.....	19 $\frac{1}{2}$ pm.	18 $\frac{1}{2}$ pm.	18 pm.	17 $\frac{1}{2}$ pm.

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on:—		
Rhodesia	£ s. d. 99 17 6	£ s. d. 99 15 0
South Africa	80 5 0	80 0 0

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF
NEW ZEALAND.

T.T.	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.
Sight,	131½	111½	130	109½	130	108½	130½	110
30 days	132	112	130½	110	129½	108½	130½	109½
60 days	133	112½	...	...	128½	108	130	109½
90 days	133½	113	...	...	128½	107½	129½	109
			...	...	127½	107	129½	108½

INDIA : REMITTANCES TO THE HOME TREASURY.

There were no remittances or sales of sterling by the Government of India during the week ending October 10, 1931.

India Office, S.W.1.
October 13, 1931.

GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on September 30, 1931:—

<i>In India :</i>		
Gold	£	£
<i>In England :</i>		27,938,200
Cash at the Bank of England	2,591	
Gold	2,152,334	
British Treasury Bills:—Value as on September 30, 1931.....	2,884,494	
Other British and Dominion Government Securities:— At market value on September 30, 1931.....	7,022,381	
		<u>12,061,800</u>
		\$40,000,000

India Office,
October 12, 1931.

SIDNEY TURNER,
Accountant-General.

BULLION.

The following statistics of imports and exports of gold for week ended October 15, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Netherlands	25,391	Poland (including Dantzig)	8,980
France	3,507	Germany	21,500
U.S.A.	8,181	Netherlands	1,112,521
Channel Islands	2,981	France	504,043
British W. Africa	49,281	Switzerland	2,100
British S. Africa	1,451,433	Austria	40,320
Straits Settlements	26,238	Czechoslovakia	10,600
New Zealand	45,210	Other countries	370
Canada	18,060		
Bahamas	297		
Other countries	3,268		
Total declared value of imports	1,633,847	Total declared value of exports	1,700,434

GOLD MOVEMENTS.

There have been no bullion operations on foreign and Colonial account announced at the Bank of England during the week ended Thursday, October 15th.

Messrs. Samuel Montagu and Company write on October 14 1931, as follows:—

GOLD

The Bank of England gold reserve against notes amounted to £135,239,162 on the 7th instant, as compared with £134,817,860 on the previous Wednesday. No South African gold was offered in the open market yesterday, but to-day about £40,000 from West Africa was disposed of to Continental buyers at the fixed price of 106s. 6d. per fine ounce. Southern and Northern Rhodesia have now departed from the gold standard, it being announced on the 12th instant that both these countries had decided to adopt sterling currency. Quotations during the week :—

	Per fine ounce.	Equivalent value of £ sterling
October 8th	107s. 8d.	15s. 9.4d
„ 9th	107s. 0d.	15s. 10.6d.
„ 10th	107s. 0d.	15s. 10.6d.
„ 12th	106s. 9d.	15s. 11d.
„ 13th	106s. 6d.	15s. 11.4d.
„ 14th	106s. 6d.	15s. 11.4d.
Average	106s. 10.83d.	15s. 10.7d.

SILVER.

The market developed a firmer tendency and compared with last week prices have ruled considerably higher. Movements in the United States exchange and the developments in the situation in Manchuria between China and Japan at first tended to restrain sellers, and moderate buying, mostly to cover bear sales, carried prices to 17½d. for cash and 17¾d. for two months' delivery by the 12th instant. At this level, however, China and America were more disposed to sell and yesterday saw a fall to 17½d. and 17½d. for the respective deliveries, which was followed to-day by a further fall to 17½d. and 17½d. The off-take continues poor and yesterday the discount on cash silver increased from ½d. to ¾d. Owing to the uncertainty of the factors which at present govern the market, the tendency still remains very undecided.

INDIAN CURRENTS RETURNS (in lacs of rupees).

	Oct. 7.	Sept. 30.	Sept. 27.
Notes in circulation	15,393	14,874	14,623
Silver coin and bullion in India	13,194	13,254	13,254
Silver coin and bullion out of India	...	...	...
Gold coin and bullion in India	421	421	449
Gold coin and bullion out of India	...	...	...
Securities (Indian Government)	1,528	949	920
Securities (British Government)	...	...	...
Bills of exchange	250	250	...

The stocks in Shanghai on the 9th instant consisted of about 66,300,000 ounces in sycee, 171,000,000 dollars and 920 silver bars as compared with 67,100,000 ounces in sycee, 173,000,000 dollars and 880 silver bars on the 3rd instant. Quotations during the week:—

IN LONDON.			IN NEW YORK.		
	Bar Silver	per oz. std.			Cents p
	Cash	Two Months'			Ounce . 9
	delivery.	delivery.			
October 8th ...	17 7/8d.	17 7/8d.	October 7th ...	29 1/2	
" 9th ...	17 7/8d.	17 7/8d.	" 8th ...	29 1/2	
" 10th ...	17 7/8d.	17 7/8d.	" 9th ...	30	
" 12th ...	17 7/8d.	17 7/8d.	" 10th ...	30 1/2	
" 13th ...	17 7/8d.	17 7/8d.	" 12th ...	Holiday	
" 14th ...	17 7/8d.	17 7/8d.	" 13th ...	30	
Average	17 333d.	17 542d.			

Rate of exchange on New York, October 8-14th :—
Highest, 3.801 Lowest, 3.80.

CARDIFF.—There has been no appreciable change this week in the position on the Cardiff coal market. The Portuguese State Railways are stated to be inquiring for 125,000 tons of smalls over November–March, or 250,000 tons over November–July, and the Brazilian Central Railways for 80,000 tons of two-thirds large and one-third small for delivery before the end of the present year; there has been a little more activity also in shipments at the local docks, but the volume of business continues very restricted, and many of the collieries have found it difficult to keep working without partial loss of time. Quotations are unaltered and are ruling nominally on the minimum schedule basis for practically all grades. There has been a spurt at Swansea in the demand for anthracite coals, and last week's total shipments were the largest recorded for some months. The following are the current approximate quotations:—Best Admiralties, 19s. 6d. to 20s.; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 18s. 9d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 38s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s.; foundry coke, 30s. to 36s. 6d.; patent fuel, 18s. 6d. to 19s. 9d.; pitwood, ex ship, 26s. to 26s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron continues firm, and the position of makers has been considerably improved. Local and inland consumers are buying steadily for their requirements two or three months ahead, and further sales have been made to Scotland, which brings the total sold to that market to quite a considerable figure. Stocks are now being drawn upon to meet current requirements, and the depletion will be greater when deliveries under recent sales get into full swing. It may then be found necessary to increase the production in order to cope with all demands, and it is expected that makers will favour this procedure rather than advance prices, which would have a detrimental effect by checking the improved demand that has set in. It is stated that the special concessions to Scotch consumers are now withdrawn, and that the full official prices will operate for future purchases. At the market on Tuesday increased interest was shown in business, several transactions of importance being reported. Official prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s. f.o.b. or f.o.t. Some sales were reported on export account, but so far the quantities sold are only of small dimensions. The position in regard to hematite is strong, and a steady flow of new business is coming to hand, both for home and Continental destinations. Large stocks are, of course, still held at the different producing works, but recent sales are making an inroad into these. There are only two furnaces producing on the Tees at present, but one or two more are likely to go in very shortly. For ordinary mixed numbers for delivery up to the end of the year 65s. is the present figure, and the tendency is upwards. In the finished trades the demand is more active. Some good orders have been booked recently, and the prospects for further improved business is encouraging. The demand for sheets is better at recent advances, 24-gauge galvanised corrugated sheets are now quoted at £10 and 24-gauge black sheets £8 5s. Mills producing semis are well employed owing to the suspension of offers of Continental material. Prices of steel for home under the rebate scheme are unchanged, viz.: Plates, ½ in. up, £8 16s.; angles, £8 7s. 6d.; joists, £8 15s. Heavy steel rails are £8 10s., and iron crown bars £10, both for home. There is no buying of foreign ore, and prices are quite nominal. For best Bilbao rubio, 17s. 6d. c.i.f. is now indicated as a probable price for early delivery, but this is purely an estimate, as there is nothing to actually fix values. There is not much demand for coke with so few furnaces blowing, but producers are firmer in their ideas of price and now name 16s. 6d. for good average qualities delivered consumers' works for early delivery, and 17s.

a month or two ahead. The number of blast furnaces in operation in the district is unchanged at 18.

SHEFFIELD.—The advantage which should accrue to export trade through the depreciation of our currency has not yet had much effect in stimulating business, although here and there one hears of increased booking of orders from overseas. The trade position is still in a very disturbed state and is not likely to settle until a new Government is formed. Comparatively little buying of imported materials is taking place. There is much negotiation with foreign suppliers of materials with respect to contract payments. Efforts are being made to obtain premiums on invoices sufficient to indemnify the suppliers for loss on the exchange. This movement is being resisted, although one hears of cases of compromise. Swedish iron, steel and ferro-alloys are being advanced about 15 per cent., which buyers here are not willing to pay. Some stocks have, however, been sold at the old prices. Buying of Continental crude steel has almost ceased. Prices of British material are firm but unaltered. The open-hearth steel department is still slack. Increased inquiry suggests more business at a later date. Prices of American tools are being advanced. Those of American files are not yet changed as there are large stocks in this country. Returns for September show considerable imports of crude steels and a substantial outward trade in the more finished steel goods. The outlook for tools and certain classes of cutlery is considered to be brighter, as foreign tools will be expensive in the near future. There is a fair amount of confidence about.

GLASGOW.—Some of the smaller engineering firms and makers of fittings, &c., for engineers, instrument makers and others are decidedly busier than they have been for some little time, and in some cases have sufficient work on hand to ensure employment for several months. At the steel plants the same improvement is not taking place and on the whole the situation in the Glasgow area shows little change in any of the heavier departments. The demand for semis is small and in the tube trade things remain quiet. Sheet makers are fairly well employed and the export demand for black sheets is maintained, as also that for both black and galvanised for home users. Prices of black are unaltered and for galvanised quotations for 24-gauge galvanised and corrugated are 7s. 6d. per ton less than a week ago. There is only a very limited demand for bar iron or re-rolled steel bars.

CARDIFF.—On the Swansea Metal Exchange on Tuesday conditions in the tinplate trade were stated to be comparatively quiet. The factories are operating a little more regularly, but they are producing principally for stock, in the expectation of an expansion of demand in the near future. Quotations are unchanged at 14s. 6d. to 15s. per basis box. Welsh steel bars are unaltered at £5, but it is reported that rebates are being allowed to tinplate works not using foreign bars. Imports of the latter last week were again heavy, and totalled over 9,000 tons, compared with 5,500 tons the previous week. Deliveries of foreign blooms and billets were also exceptionally large, totalling over 11,000 tons, compared with less than 3,000 tons the previous week.

OTHER METALS.

TIN.—There has been an improvement in the international situation of tin. Prices in terms of gold advanced following considerable buying orders in the United States. This expansion in buying is, of course, partly explained by the seasonal increase in the activity of the motor industry in the United States. In New York the metal was quoted at 23½ cents per lb. on Wednesday, against 22½ cents per lb. a week ago, and 25.00 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £130 15s. to £131 per ton, compared with £124 2s. 6d. to £124 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 29,905 tons, show a decrease of 414 tons on the week.

COPPER.—Although no change has taken place in the price of copper in the United States, there has been an improvement in demand during the past week. In London, too, the volume of transactions has increased at advancing sterling prices. "Domestic" spot has again been quoted officially at 7 cents in New York, against 7.625 a month ago. Wednesday's official closing price for "standard cash" in London in terms of sterling, at £35 10s. to £35 12s. 6d., compares with £33 16s. 3d. to £33 17s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 22,779 tons, show a decrease of 342 tons, while stocks of rough copper, at 1,324 tons, are 100 tons smaller.

LEAD.—This metal has been a little steadier this week. New York quotations remained unchanged at 4.00 cents per lb., but London prices in terms of sterling advanced slightly. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £13 7s. 6d. to £13 8s. 9d. per ton, compares with £12 15s. to £13 on the corresponding day last week.

SPELTER.—The market in spelter has again been depressed, and prices in New York declined further from 3.575 cents per lb. to 3.45 cents per lb. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," at £12 16s. 3d. to £13 6s. 3d. per ton, compares with £12 3s. 9d. to £12 16s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £95 per ton, and at £215–£220 per ton respectively, have been maintained at last week's level. Antimony advanced from £25–£25 10s. to £25–£26, while quicksilver was slightly cheaper at £19 17s. 6d. to £20 5s. per bottle, against £20 to £20 15s. a week ago.

TEXTILES.

THE COTTON TRADE.—Manchester. The market has continued to present a firmer tone and the tendency in most quarters has been for prices to harden. This situation has given confidence to buyers of yarn and cloth, and the improved demand has been well maintained. Here and there, however, the stiffer rates quoted and the extended delivery dates required have checked trade. Most producers are much less anxious to sell than a month ago. In the cloth market the most active outlet has again been China and a considerable inquiry has been dealt with. Encouraging sales have been put through in grey and white shirtings and printed and dyed goods. The business offering for India has shown some expansion, and rather more activity has occurred in light bleaching descriptions, chiefly for Madras and Karachi, but numerous offers put forward cannot be entertained. Only scattered transactions have been reported for Egypt and the Near East, but freer operations continue to take place for Africa, South America and the Continent. An irregular business has been done in home trade fabrics. It is still difficult to restart weaving sheds that have been stopped, but numerous manufacturers are now running more looms than a few weeks ago. Rates in American and Egyptian yarns have tended to harden and the demand continues to improve. A fair amount of business has been done from day to day in home counts. Active buying has again been reported for China, especially in two-fold descriptions. Doubtless are busier than for a long time back.

Cotton Prices.

	1931.				Corresponding Date.	
	Sept. 25.	Sept. 30.	Oct. 7.	Oct. 14.	1929.	1930.
Raw Cotton—Mid. American	4.49	4.44	4.49	4.78	10.08	6.75
" Bakalaridis Fully Good Fair	6.95	6.95	7.00	7.40	15.65	9.50
Yarns—32's twist	15	15	16	16	15	15
" 40's twist	15	15	16	16	15	15
" 40's twist (Egyptian)	15	15	16	16	15	15
22-in. Printers, 116 yds., 16 by 16, 32's and	17	17	17	18	24	19
24-in. Shirtings, 75 yds., 19 by 19, 32's and	18	19	19	19	27	21
24-in. ditto, 58 yds., 18 by 18, 10 lb.	10	11	11	11	13	11
24-in. ditto, 37½ yds., 18 by 18, 10 lb.	9	9	9	9	11	10

THE WOOL TRADE.—Bradford. There has been a slight improvement in the activity of combing, spinning and weaving, coupled with an encouraging interest in the raw material. A substantial expansion in business is, however, unlikely during the present period of political uncertainty. It need not be ignored that the last London sales did not leave values for the raw material at the highest point, and that subsequently there has been no disposition to force the pace unduly in Australia or South Africa. The situation in the latter centre is extremely disappointing, because the rate of exchange makes it impossible to land wool here at a price satisfactory to the grower. The time is approaching for the disposal of the New Zealand and South American clips. No great advance in values is at all likely. Very little can be said about the Bradford market. Prices for merino tops are steady. Some firms seem disposed to sell at reasonable prices, these evidently having no desire to see dearer wool. The consumption of merinos is good, medium and low crossbreds being the qualities in which the most improvement is needed. Prices for the two latter are, if anything, just slightly in buyers' favour.

THE JUTE TRADE.—Dundee. With prices of raw jute still showing a tendency to advance, there is a renewed interest on the part of buyers of jute yarns and cloth. Speculators are manipulating the raw jute position, and a good deal of "bear" covering is reported from Calcutta, but the Indian Mills are not operating to much extent. Arrivals of the fibre into up-country stations continue to be very small compared with normal, and this in turn affects the quantities coming into Calcutta. Spinners here have purchased a fair number of parcels of raw jute during the period of the advance, and they have paid up to £19 10s. for Daisee assortment full and also short group, October/November shipment. Daisee and Tossa also short group, October/November, and white jute has been qualities have come in for most attention, and white jute has been more or less neglected. Tossa-3 has been sold freely at from £19 15s. to £20 10s. for short groups, October/November. The value of best First Marks is now £23, and good Lightnings have been sold at from £20 10s. to £21 5s., October/November. Daisee-3 has been disposed of at up to £19 5s., and four's at £18, while Tossa-2/3 is quoted at £20 15s. for the full group, £20 10s. for three's, and £18 10s. to £19 for four's, October/November. Further business has been transacted in jute yarns. Hessian descriptions have been sold at from 2s. 1½d. to 2s. 2d. for common 8 lb. cops, and 2s. 2½d. to 2s. 3d. for 8 lb. spools, the higher rates now being very firmly adhered to. Twist has been done at 3½d. to 4d. for 3-ply 8 lb., and sacking yarns are firmer at 2½d. quoted for 24 lb. warp, and 3½d. for 8 lb. chains. Rove has been turned over at £20 10s. to £21 10s. for 48 lb. and £18 10s. to £19 for 200 lb., with sellers now at not less than £21 and £18 10s. respectively. The finer yarns are quiet, but steady at from 3s. for second quality 8 lb. Rio warp, 2s. 8d. for third, and 2s. 5d. for fourth. Carpet yarns have been fairly freely dealt in at 3½d. for 14 lb. warp. Cloth business has generally been quiet, but a number of manufacturers have secured fair orders, and prices are very steady. The lowest for 10½ oz. 40 in. Hessians is 3½d., and for 8 oz. 2½d. Works as a rule are better employed, and longer hours are being worked, while looms which have been standing idle have been re-started. Linoleum Hessians have not experienced much of an increase in business, and the demand for heavy goods has continued only of a moderate extent. Calcutta goods are all firmer in sympathy with the raw material, and also because of an improved business done, especially in heavy goods, Australia being a notable buyer of the latter.

THE GRAIN MARKETS.

WHEAT.—After reaching its lowest point a week ago, the downward movement in wheat prices at the principal international markets has given way to a firmer tendency. The immediate reason for this improvement is to be found in the temporary expansion of demand in several countries. Whether this advance will mark the beginning of a definite upward movement in wheat values in terms of gold it is as yet too early to say. The International Institute of Agriculture in Rome has estimated the European wheat crop at about 1,370 million bushels, which is almost equal to that of last year. The total production of the northern hemisphere (excluding China and Russia) has been estimated by the Institute at 3,050 million bushels, a decrease of 145 million bushels on last year. The crops of the southern hemisphere are progressing satisfactorily, but it should be remembered that the acreage under wheat has been severely reduced in Argentina and Australia. If the above estimates prove correct, the world's production will therefore be only slightly smaller than a year ago. Visible supplies at the end of the last crop year amounted, however, to 463 million bushels against 412 million bushels on August 1, 1930. It appears, therefore, that the estimated decrease in this year's world production is not sufficiently large to bring about substantial inroads into stocks, and on that assumption it is improbable that values in terms of gold will be established on a substantially higher level in the near future. Quotations in London, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 30s. per 496 lbs., as compared with 28s. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 27s. 9d., against 26s. 3d.; No. 3 Northern Manitoba, Atlantic, ex ship, 26s., against 24s. 9d.; Russian, on sample, 23s. to 27s., against 22s. 6d. to 27s.; Australian, ex ship, 27s. to 28s., against 25s. 6d. a week ago.

WHEAT FLOUR.—In sympathy with wheat, foreign flour has slightly risen in value in terms of gold. North American shipments, at 283,000 sacks, show an increase of 131,000 sacks as compared with the previous week. Of this total, 123,000 sacks have been consigned to Europe. There has been a good demand for flour in this country, but "home milled" has remained unchanged. Quotations in London, Wednesday: Straight run, delivered country, 21s. per sack of 280 lbs., as compared with 21s. last week; delivered London, 20s., against 20s. Manitoba patents, ex store, 24s. to 27s., against 24s. to 26s.; and Australian, ex store, 18s. 6d. to 19s., against 18s. to 18s. 6d. a week ago.

BARLEY.—Barley has been bought in larger quantities this week at rising prices. In Winnipeg, December "futures" advanced from 30½ cents per bushel on Wednesday last week to 31½ cents per bushel on the corresponding day this week. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 24s., as compared with 27s.; Russian, landed, 18s. 9d. per 400 lbs., against 17s. 3d. a week ago.

OATS.—The market for oats has been steady and prices in terms of gold have been slightly higher, with a corresponding rise in sterling prices. Quotations in London, Wednesday: "River Plate" landed 18s. 6d. per 320 lbs. as compared with 17s. 6d. last week; "River Plate," ex ship, 17s. 3d. to 17s. 9d., against 16s.; "Chilean White," landed, 25s. 6d., against 24s. 6d. a week ago.

MAIZE.—Although shipments of maize from the Argentine are still heavy, the demand is sufficiently large for their absorption. During the past week there has even been an advance in maize quotations at the principal markets in terms of gold with a proportional rise in sterling prices. Quotations in London, Wednesday: "Plate" landed, 18s. per 480 lbs., as compared with 16s. 6d. last week; "Plate," ex ship, 16s. 6d., as against 14s. 9d. to 15s. 3d.; "Plate," November–December, 17s., as against 15s. Yellow maize meal, ex wharf, was quoted at £5 5s. per ton, against £5 5s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931–32, 1930–31, 1929–30, 1928–29:—

	1931–1932.	1930–1931.	1929–1930.	1928–1929.
Estimated sales of home-grown wheat—				
1 week to October 10.....	Owts. 68,580	Owts. 123,267	Owts. 285,327	Owts. 327,756
6 weeks to October 10.....	349,723	908,142	1,965,433	1,831,418
Average price of English wheat per cwt.	s. d. 5 4	s. d. 7 0	s. d. 9 6	s. d. 9 5

FIGURES OF ASSURANCE A.M.P.

By careful and prudent administration the A.M.P. has made more than £2,000,000 for the benefit of its Policyholders since its establishment in 1849, and this, after providing for all expenses of management, commission, taxes, etc. A.M.P. premiums are low. Bonuses high and policies, as befits the largest British Mutual Life Office, world-wide. Assets £83,000,000. Annual Income £11,800,000. Full particulars on application.

MUTUAL AUSTRALIAN PROVIDENT SOCIETY Established 1849.
75-76 King William St., London, E.C.4
D. E. WALKER, Manager for the United Kingdom.

Terms of Subscription to "THE ECONOMIST"

QUARTERLY - 14s. 6d. HALF-YEARLY - £1 9s. 0d.
YEARLY - £2 18s. 0d.

Colonies and Abroad, £3 1s. 0d. per annum.
Single Copies, post free, 1s. 1d.

Cheques and Post Office Orders to be made payable to the Economist Newspapers, Ltd.
Office: 8, Boulevard Street, London, E.C.4. Telephone No.: City 8300-2.

Copies of "THE ECONOMIST" may always be obtained in the

CITY:
14, Bishopsgate.
Barker & Howard, 6, Fenchurch Buildings.
P. W. Cooper & Co., 11, King Street, Cheapside.
Davies & Co., 95, Bishopsgate.
Leathwait & Simons, 34, Throgmorton Street.
Pottle & Son, 15, Cullum Street.
Willing & Co., Ltd., 50, Copthall Avenue & 123, Moorgate.
Messageries Hachette, 111, Rue Réaumur.
W. H. Smith & Son, 248, Rue de Rivoli.
W. Dawson & Sons, 15, Rue Albouy.
Galignani Library, 224, Rue de Rivoli.
BRUSSELS:
W. H. Smith & Son, 78, Rue du Marché aux Herbes.
AMSTERDAM:
Van Gelderen, Prinsengracht 43.
GENEVA:
Agence Naville, 5 & 7, Rue Levisier.
NEW YORK:
The International News Co., 131, Varick Street.

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended September 30.		Nine Months ended September 30.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	6,957,898	5,661,723	52,991,080	38,887,206
B. Feeding stuffs for animals	357,262	435,841	4,464,131	3,572,489
C. Meat	7,990,710	7,549,568	85,654,306	70,358,987
D. Animals, living, for food	1,889,175	1,531,453	12,406,996	10,577,952
E. Other food and drink, non-dutiable	14,060,981	13,673,350	139,462,748	129,905,312
F. Other food and drink, dutiable	4,008,045	3,733,572	42,561,414	37,260,824
G. Tobacco	1,376,905	1,045,695	9,040,874	7,409,512
Total, Class I.	36,640,976	33,631,202	346,581,549	297,972,282
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,965	3,042	21,403	24,682
B. Other non-metallic mining and quarry products and the like	376,869	275,889	4,180,706	2,937,302
C. Iron ore and scrap	288,222	117,253	4,310,108	1,791,925
D. Non-ferrous metalliferous ores and scrap	726,567	443,861	9,884,947	5,501,039
E. Wood and timber	4,400,635	3,159,115	31,680,749	21,113,361
F. Raw cotton and cotton waste	1,844,397	994,608	32,516,225	17,403,205
G. Wool, raw and waste, and woollen rags	1,530,203	1,137,073	37,858,580	27,952,115
H. Silk, raw, knubs and noils	119,867	120,509	1,166,992	921,042
I. Other textile materials	363,184	301,289	8,032,485	4,576,435
J. Oil seeds, nuts, oils, fats, resins and gums	2,437,400	1,675,484	26,784,555	19,472,597
K. Hides and skins, undressed	1,176,316	904,027	12,865,512	8,569,220
L. Paper-making materials	967,556	869,927	9,092,349	6,922,683
M. Rubber	866,139	203,189	8,712,870	3,682,901
N. Miscellaneous raw materials and articles mainly unmanufactured	1,377,591	1,013,767	8,450,177	6,778,790
Total, Class II.	16,477,911	11,219,033	195,577,658	127,647,297
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	230	542	7,098	11,542
B. Earthenware, glass, abrasives, &c.	828,327	828,749	8,006,417	6,797,880
C. Iron and steel and manufactures thereof	1,770,846	1,493,217	17,664,257	13,501,301
D. Non-ferrous metals and manufactures thereof	2,238,191	1,603,375	23,266,472	15,502,660
E. Cutlery, hardware, implements, and instruments	589,097	608,612	5,752,473	4,985,691
F. Electrical goods and apparatus	571,391	588,361	5,035,404	3,878,076
G. Machinery	1,214,122	1,042,154	13,809,309	10,617,637
H. Manufactures of wood and timber	708,613	586,808	6,331,748	5,285,065
I. Cotton yarns and manufactures	806,305	920,086	7,149,151	6,417,175
J. Woollen and worsted yarns and manufactures	1,170,440	1,381,294	10,651,927	9,876,907
K. Silk and silk manufactures	1,013,267	820,341	8,730,468	6,519,707
L. Manufactures of other textile materials	1,319,340	1,355,237	11,812,001	11,030,796
M. Apparel	1,726,300	2,006,051	14,802,895	15,477,398
N. Chemicals, drugs, dyes and colours	1,053,461	1,041,709	10,318,639	9,226,947
O. Oils, fats, and resins manufactured	3,714,864	1,980,933	37,433,874	21,870,078
P. Leather and manufactures thereof	1,071,756	1,016,862	11,175,202	9,075,032
Q. Paper and cardboard	1,548,467	1,471,202	13,360,005	11,451,215
R. Vehicles (including locomotives, ships, and aircraft)	429,364	811,745	5,379,771	3,286,978
S. Rubber manufactures	252,172	284,323	2,929,383	2,467,084
T. Miscellaneous articles, mainly or wholly manufactured	2,563,543	2,776,534	20,469,528	20,571,466
Total, Class III.	24,590,096	22,618,135	234,386,022	187,850,635
IV.—Animals, not for food	431,843	378,325	2,813,983	2,725,442
V.—Parcel Post, non-dutiable articles	448,617	471,231	5,668,673	5,156,984
Total	78,589,443	68,317,926	785,027,885	621,352,640

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Oct. 3, 1931.....	Owts. 61,910	MWts. 390,676	Owts. 36,956	s. d. 4 10	s. d. 9 3	s. d. 5 9
Oct. 10, 1931.....	68,580	354,479	52,639	5 4	9 3	6 2
Oct. 8, 1927	219,396	333,871	74,843	10 6	13 8	9 2
Oct. 13, 1928	327,756	624,356	98,264	9 5	10 10	8 8
Oct. 12, 1929	285,327	615,120	87,495	9 4	10 4	7 10
Oct. 11, 1930	129,267	305,812	50,234	7 0	9 5	6 1

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Oct. 15, 1930.	Jan. 2, 1931.	Sept. 30, 1931.	Oct. 7, 1931.	Oct. 14, 1931.
Winnipeg (No. 1 Manitoba)	148½	72½	56½	53½	52½	55½
—Cents per 60 lb.						
Chicago (No. 2 Winter)	130½	78½	79½	44½	46½	50
—Cents per 60 lb.						

EXPORTS of PRODUCE and MANUFACTURES of the UNITED KINGDOM (Value F.O.B.).

	Month ended September 30.		Nine Months ended September 30.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	338,485	239,278	3,337,732	2,431,833
B. Feeding stuffs for animals	179,977	152,533	1,603,708	1,558,965
C. Meat	118,773	89,072	1,062,883	869,947
D. Animals, living, for food	23,983	13,090	132,638	132,200
E. & F. Other food and drink	2,883,530	1,826,103	22,753,420	16,722,008
G. Tobacco	701,975	423,844	6,688,348	4,075,710
Total, Class I.	4,246,723	2,743,920	35,578,729	25,890,663
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,844,381	2,942,983	34,930,017	25,595,020
B. Other non-metallic mining and quarry products and the like	124,047	93,077	1,260,689	839,879
C. Iron ore and scrap	44,062	33,122	413,404	330,650
D. Non-ferrous metalliferous ores and scrap	37,042	45,046	624,133	345,336
E. Wood and timber	19,795	16,356	226,934	164,289
F. Raw cotton and cotton waste	28,076	21,851	495,374	228,755
G. Wool, raw and waste, and woollen rags	288,002	220,939	3,749,154	2,248,963
H. Silk, raw, knubs and noils	141	1,604	11,264	7,752
I. Other textile materials	11,079	12,011	112,641	143,684
J. Oilseeds, nuts, oils, fats, resins, and gums	249,005	158,334	2,806,313	1,827,737
K. Hides and skins, undressed	88,713	32,231	1,164,699	574,403
L. Paper-making materials	60,532	44,673	815,406	516,432
M. Rubber	11,029	7,905	137,965	74,384
N. Miscellaneous raw materials and articles mainly unmanufactured	173,362	103,153	2,202,509	1,802,068
Total, Class II.	4,979,266	3,732,385	49,064,562	34,699,332
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	364,140	265,958	2,580,184	2,028,072
B. Earthenware, glass, abrasives, &c.	864,725	661,087	9,274,627	6,313,996
C. Iron and steel and manufactures thereof	3,349,193	2,100,699	40,508,659	22,663,545
D. Non-ferrous metals and manufactures thereof	721,350	492,982	9,383,801	5,307,448
E. Cutlery, hardware, implements, and instruments	558,364	414,240	5,669,041	3,962,959
F. Electrical goods and apparatus	1,349,372	481,734	9,261,805	5,799,764
G. Machinery	3,060,881	2,448,150	35,947,680	24,307,625
H. Manufactures of wood and timber	188,605	102,664	1,671,443	1,062,650
I. Cotton yarns and manufactures	5,474,829	4,092,553	71,352,429	42,716,920
J. Woollen and worsted yarns and manufactures	3,032,745	2,055,426	29,118,215	19,229,237
K. Silk and silk manufactures	113,515	83,737	1,221,399	810,959
L. Manufactures of other textile materials	1,416,806	980,556	15,441,830	9,688,637
M. Apparel	1,972,462	1,442,668	15,394,145	10,658,453
N. Chemicals, drugs, dyes, and colours	1,605,961	1,208,740	16,936,712	12,813,511
O. Oils, fats, and resins manufactured	586,788	333,367	5,847,582	3,986,574
P. Leather and manufactures thereof	352,841	259,613	4,175,541	2,418,661
Q. Paper and cardboard	634,064	524,390	5,549,114	4,659,529
R. Vehicles (including locomotives, ships, and aircraft)	3,423,587	2,148,218	37,849,305	24,376,610
S. Rubber manufactures	221,233	146,993	2,202,419	1,651,147
T. Miscellaneous articles, mainly or wholly manufactured	2,760,791	1,979,551	23,062,026	16,610,733
Total, Class III.	32,052,252	22,223,326	343,447,957	221,067,030
IV.—Animals, not for food	112,720	57,267	1,147,266	760,239
V.—Parcel Post	1,349,676	1,089,159	11,876,817	10,073,337
Total	42,740,637	29,846,057	441,115,331	292,390,601

The visible supply of wheat in Canada, at 47,567,000 bushels, shows a decrease on the week of 1,737,000 bushels. Supplies a year ago stood at 68,144,000 bushels.

OTHER FOODS.

SUGAR.—There has been more activity in raw sugar at the principal international markets. "December" futures in New York were quoted at 1.38 cents per lb. on Wednesday, against 1.37 cents per lb. a week ago. The New York market remained firm, despite considerable selling by producing interests. Sterling prices of raw "futures" advanced, but quotations for "British refined" remained unchanged. Wednesday's sales of "raws" include "December delivery" at 6s. 9½d. to 6s. 10½d. per cwt., against 6s. 8½d. to 6s. 9½d., and "March," 1932, at 6s. 11½d. to 7s. 0½d. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	222	120	3,937	1,155	12,687	27,394
Liverpool	13,194	18,789	13,185	15,166	39,434	81,865
Total	13,416	18,009	17,122	16,311	52,121	108,789

FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW.

Hamilton Fish Armstrong, Editor.

Tenth Year



IN THE OCTOBER ISSUE

"The Permanent Bases of American Foreign Policy"

By John W. Davis

"France and the Hoover Plan"

By Hamilton Fish Armstrong

"Cartels and the Business Crisis"

By Louis Domeratzky

"Facing the World Disarmament Conference"

By Viscount Cecil

Other Notable Articles in this Issue:

The Foreign Stake in China...George H. Blakeslee

The Indian Village and Indian Unrest

C. F. Strickland

Italy's Entrance into the War.....Sidney B. Fay

Stalemate and Reconstruction in Australia

Edward Shann

The Baltic States, Germany and Russia

Otto Hoetzsch

Tibet's Position in Asia Today.....Sir Charles Bell

The Feetham Report on Shanghai

Joseph P. Chamberlain

Single copies may be obtained from leading booksellers or through

THE INTERNATIONAL NEWS COMPANY, LTD.

5, Bream's Buildings, London, E.C. 4.

Subscription rate, \$5 a year, post free

(through any agency or direct from the publishers)

FOREIGN AFFAIRS

45 East 65th Street, New York, N.Y.

COFFEE.—At this week's auction in London business was dull, and with the exception of outstanding qualities prices were slightly easier. Last week's movements of coffee in London were as follows: Brazilian, landed, 123; delivered for home consumption, 297 bags; exported, 42; stocks, 2,104 bags, against 1,316 bags last year. Central American, landed, 1,162 packages; delivered for home consumption, 2,883; exported, 3,470; stocks, 77,718 packages, against 53,111 a year ago. Other kinds, landed, 1,326 packages; delivered for home consumption, 3,690; exported, 2,021; stocks, 64,545 packages, against 69,541 a year ago.

COCOA.—Cocoa has experienced a better demand during the past week, and in New York "December" futures were quoted at 4.59 cents per lb. against 4.46 cents per lb. a week ago. In London, too, business has been a little better, although sellers asked higher prices. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, November-January, at 25s. per cwt. f.o.b. London contract, shows an advance of 6d. Last week's movements of cocoa in London were as follows: Landed, 432 bags; delivered for home consumption, 6,307 bags; exported, 303 bags; stocks, 176,064 bags, against 183,779 last year.

TEA.—The quantities catalogued for this week's auction comprised 64,247 packages of Indian, 20,430 packages of Ceylon, and 9,873 packages of Java and Sumatra tea. Slightly lower prices have been realised at this week's auctions, particularly for Indian tea, and a considerable quantity of the latter has been withdrawn. It must, however, be remembered that the quantities offered for sale were considerably larger than a year ago. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mining Lane on Garden Account:—

AVERAGE PRICE PER LB.														
Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyassa-land.		Total.	
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
Oct. 9, 1930	1	4-32	1	2-14	1	8-46	0	11-03	0	11-70	0	8-99	1	4-70
Sept. 17, 1931	1	2-39	0	8-23	1	4-23	0	7-84	0	6-47	0	6-55	1	1-59
Sept. 24 "	1	3-66	0	9-27	1	4-74	0	8-14	0	7-32	0	5-85	1	2-40
Oct. 1 "	1	3-74	0	11-17	1	6-08	0	9-00	0	7-89	0	7-44	1	3-07
Oct. 8 "	1	2-43	0	10-43	1	5-66	0	8-39	0	7-51	0	7-09	1	2-50

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders.....				English Southdown, washed				s. d. s. d.			
GRAIN, &c.—				58 0 68 0				per lb. 1 1 1 1				Best heavy or and belfor			
Wheat, No. 2, N. Man. 496 lb.....				55 6 56 3				" Lincoln hog, washed				Best cow 0 4 0 0			
Eng. Gaz. av., per cwt.				POTATOES—				Queensland, scd. super cmbg.				Best calf 0 6 0 0			
Barley, Eng. Gaz. av.				Good English, per cwt.				N.S.W. greasy, super				INDIGO—			
5 3				SPICES—				12				Bengal gd. red-vio. to			
Oats,				Pepper, per lb.				N.Z., gray, half-bred 50-56				fine—per lb. 5 6 6 6			
Maize, La Plata, landed, 480 lb.....				Muntok, fair White				Oresbred 40-44				LEATHER—			
18 0				0 9 0 0				6 1				Sole leeds 8/14 lb.—			
Flour, Lon. stan. ex mill, s. d.				Black Lampung				Merinos 70's				per lb. 1 3 2 6			
280 lb.....				0 6 1 0				" 64's				Bark Tanned Sole			
Rice, No. 2 Burma, per cwt.				Cinnamom—1st sort, per lb.				Oresbred 48's				Shoulders for BS Hides			
8 6				0 8 0 0				12 1				Do. Eng. or WS do. 0 9 1 6			
Sago, Pearl, per cwt.				Ginger—per cwt.				" 46's				Bellies from DS do. 0 5 1 0			
16 6				28 6 0 0				11				Do. Eng. or WS do. 0 7 0 11			
Tapioca, per cwt.				Jamaica, ord. to good....				MINERALS.				Dressing Hides			
R.I. flake, fair spot ...				47 6 85 0				COAL—				1 3 1 8			
17 6 0 0				Mace				Welsh, best Ad'ty				Ro. Eng. Calt, 20/30 lb.			
Medium pearl				0 8 1 9				19 6 20 0				2 6 3 6			
20 0 0 0				Nutmeg 65s				Durham, best gas, f.o.b.				Aust. Hends			
MEAT—				1 4 0 0				Tyne				0 11 1 4			
Beef, per 8 lbs.				SUGAR—				Sheffield, best house, at				VEGETABLE OILS—			
English long sides				(Duty, 11s. 8d. per cwt.)				21 6 22 6				Linsced, naked, p. ton net			
4 6 5 2				B.W.I., crystallised				IRON AND STEEL—				17/76			
Argentine chilled hinds.				18 6 21 6				Pig, Cleveland No. 3, ton 58				28/0/0			
4 6 5 0				Java, white, c. & f. India				Bars, M'brough				Happ refined			
Mutton, per 8 lbs.				October-December				200 0 0 0				28/0/0			
English wethers.....				8 3 0 0				Steel Rails, heavy				25/0/0			
N.Z. frozen				REFINED—London—				Tin Plates, per box				23/0/0			
3 4 3 10				Yellow Crystals				14 6 15 0				18/15/0			
Pork, English, per 8 lbs.				Cubes				METALS—				Oil Cakes, Linsced, Eng.,			
5 4 6 0				24 0 24 6				Copper, Electrolytic, ton				per ton			
				23 0 23 6				41/10/0 42/10/0				Oil Seeds—Linsced—			
				20 4 21 1 1				Standard				La Plata, p. ton			
				20 0 20 1 1				57/0/0 0 0				September-October			
								35/10/0 35/12/6				Calcutta—per ton—			
								15/10/0 0 0				10/15/0			
								13/7/6 13/8/9				52 6 0 0			
								12/16/3 13/5/3				d. d. d.			
								133/0/0 135/0/0				PETROLEUM PRODUCTS—			
								130/15/0 131/0/0				s. d.			
												Motor spirit, No. 1, Lon.			
												don			
												3 1			
												Petroleum, Amer. gal.			
												bri. London per gal. 0 9 1			
												Fuel oil, in bulk, for			
												contracts, ex instal.,			
												Thames—			
												Furnace ... per ton			
												60 0			
												67 6			
												Diesel " " "			
												London—per ton—			
												10/0/0 22/10/0			
												10/15/0 17/5/0			
												10/2/6 30/0/0			
												ROBIN—			
												s. d. s. d.			
												American			
												per ton 12/0/0 21/0/0			
												RUBBER—			
												s. d. s. d.			
												St. ribbed smoked sheet			
												per lb. 0 2 1/2 0 3			
												Fine Hard Para per lb. 0 3 1/2 0 0			
												SHELLAC—			
												TN Orange			
												75 0 77 6			
												SHELLS—			
												s. s. s. s.			
												W. Aust. M.-o.-P.			
												2 10 10 10			
												TALLOW—			
												s. d. s. d.			
												London Town per cwt.			
												21 0 0 0			
												TIMBER—			
												s. s. s. d.			
												Swedish u/s 3 x 8 per std.			
												17 0 0			
												Do. 2 1/2 x 7 " "			
												16 0 0			
												Can'dn Spruce, Dis.			
												24 0 0			
												Pitchpine			
												per load			
												Rto Deals			
												per std. 0 0			
												Teak			
												per load 30 0			
												Honduras Mahg. logs			
												c. ft. 0 10 6			
												African			
												" " " "			
												Amer. Oak Boards			
												" " " "			
												English Oak Planks			
												" " " "			
												Do. " " " "			
												" " " "			

figure of £60.5 millions, thereby making money less plentiful. The two reasons are probably complementary, as with less cash at their disposal the clearing banks had probably to call in order to bring their weekly cash ratios up to the customary level. This suggests that it can hardly yet be said that the banks have abandoned window-dressing as they were recommended to do by the Macmillan Report.

Last week witnessed an unusually big demand for Treasury bills, applications for the £40 millions on offer reaching £61.5 millions. As a result the average rate fell to £5 10s. 5.56d. against £5 11s. 4.63d. per cent. last week and to some extent the market missed the tender. There is no doubt that applications were stimulated both by the wide margin current a week ago between money rates and the yield on Treasury bills, and also by the turn of about $\frac{1}{2}$ per cent. between the Treasury bill issue rate and the rate obtainable upon hot Treasuries. It is also possible that some foreign applications for Treasury bills were received, but though the strength of sterling encourages this view, there is no direct confirmation. Now that money is tighter, Treasury bills are less profitable to the market, though they still give a good return compared with earlier in the year. On the other hand, the fact that last week's tender was partially missed meant that there was a keen demand for hot Treasuries, and dealings were reported on Monday down to 5 $\frac{3}{4}$ per cent. Some prospective buyers, however, held off until later in the week, or even went without their normal week's quota altogether.

	Oct. 1, 1931.	Oct. 8, 1931.	Oct. 15, 1931.	Oct. 22, 1931.	Previous Rate and Date Changed.
Bank Rate	6	6	6	6	4 $\frac{1}{2}$ (Sept. 21, '31)
Banks' Deposit Rate..	4	4	4	4	2 $\frac{1}{2}$ (Sept. 21, '31)
Discount { Call	4	4	4	4	2 $\frac{1}{2}$ (Sept. 21, '31)
Houses { Notice	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	2 $\frac{1}{2}$ (Sept. 21, '31)
Market rate (3 months' bills)	5 $\frac{1}{2}$ -7	5 $\frac{1}{2}$ -7	5 $\frac{1}{2}$ -7	5 $\frac{1}{2}$ -7	...

Commercial bills are still subject to very wide quotations. German renewals are again quoted at 5 $\frac{1}{2}$ per cent., and there is an obvious reluctance in the market to take them without examination. It is also reported that since the standstill agreement came into force, London credits for Germany have in some cases been reduced to the amount of bills actually outstanding against them at the operative date of the standstill agreement. Other three months' bank bills when available are dealt in at 5 $\frac{1}{2}$ down to 5 $\frac{3}{4}$ per cent., and as already stated, hot Treasuries are wanted at still lower rates. There is a fair demand for Treasuries to be paid for on Saturday, as by taking these up on that day and selling them at a profit early in the following week, remunerative employment is found for money over the week-end. This week the demand for short bills fell away.

The Bank return reveals a contraction of £1.5 millions in the note circulation, and it is noticeable that the trend of the note circulation is exactly the same this autumn as in previous years. Allowing for a small net change in the Bank's gold holdings, the Reserve has risen by £1.8 millions, and the Proportion now stands at 42.9 per cent. Public deposits are £4.7 millions higher as a result of discrepancies between the dates of Treasury bill payments and maturities. Discounts and advances have run off by £3.7 millions, and other securities by £4.1 millions, but Government securities have risen by £2.6 millions. These movements possess little significance. The net result is that bankers' deposits are £9.6 millions lower on the week, and as already described, this has made money less easy. The Bank's gold stocks are now equivalent to 28.1 per cent. of its outside liabilities, including therein both notes in circulation and deposits. This is 6 $\frac{1}{2}$ per cent. less than the corresponding ratio a year ago.

On Thursday evening of last week the New York Reserve Bank raised its rediscount rate from 2 $\frac{1}{2}$ to 3 $\frac{1}{2}$ per cent. This followed the previous week's increase from 1 $\frac{1}{2}$ to 2 $\frac{1}{2}$

per cent., and two increases of a whole point in successive weeks are unprecedented. The other Reserve Banks are slowly coming into line, but those of Cleveland, Atlanta and Kansas City still maintain rates of 3 per cent. The Richmond and Dallas rediscount rates are at 4 per cent., while those in the remaining centres stand, like New York, at 3 $\frac{1}{2}$ per cent. The general impression is that the increase is designed partly to check the gold efflux, and partly to attract hoarded notes back into the banks. Gold losses to October 21st amounted to \$746,000,000, shipments accounting for \$329,000,000 and earmarkings for \$417,000,000.

Call money in New York has been adjusted to 2 $\frac{1}{2}$ per cent., against 1 $\frac{1}{2}$ per cent. a fortnight before; but early this week it was obtainable "outside" at 2 per cent. Open market rates on bankers' acceptances were raised from 2 $\frac{1}{2}$ to 3 $\frac{1}{2}$ per cent. The new National Credit Corporation is now functioning, and the Treasury has announced that its gold notes will be accepted as collateral against deposits of Government funds. This will release existing collateral, consisting of paper eligible for rediscount at the Reserve System, and so indirectly the foundation of the Corporation will enable member banks to obtain fresh credit, and will provide the Reserve System with additional eligible paper. This will ease the situation if the gold drain continues. The October Federal Reserve Bulletin announces that the earlier gold losses were easily replaced by the discount and purchase of acceptances and other eligible paper, so that the amount of free gold in the possession of the Reserve Banks is substantially unchanged. New York bankers are resisting strenuously the alleged French pressure to enforce higher rates in New York, but reports of French action of this kind should be received with great reserve, especially as this week the Banque de France is believed to have bought \$20,000,000 of American bankers' acceptances.

The Foreign Exchange market was rather more active this week, and fluctuations were frequent and often wide. Sterling, after opening weakly, recovered shortly afterwards and moved strongly at the close against all the important currencies. The New York rate went from 3.87 $\frac{1}{2}$ to 3.94 $\frac{1}{2}$, after touching 3.96 $\frac{1}{2}$. Montreal lost seven points at 4.44. Paris moved from 98 $\frac{1}{2}$ to 100 $\frac{1}{2}$ and Brussels from 27 $\frac{1}{2}$ to 28 $\frac{1}{2}$. Milan lost $\frac{1}{2}$ at 75 $\frac{1}{2}$, and Madrid $\frac{1}{2}$ at 44 $\frac{1}{2}$. Amsterdam weakened from 9.55 to 9.75. Berlin lost $\frac{1}{2}$ at 17.00. Switzerland was considerably weaker at 20.10. The Scandinavian currencies without exception moved in our favour, Stockholm being quoted at 16.90 and Oslo and Copenhagen at 17 $\frac{1}{2}$. The South American exchanges remained largely nominal in view of the restrictions, Rio being 3 $\frac{1}{2}$ d., Buenos Aires 32 $\frac{1}{2}$ d., and Montevideo 21d. In the Far East the rupee was firmer at 1s. 5 $\frac{3}{4}$ d., but the yen weakened from 2s. 6 $\frac{1}{2}$ d. to 2s. 5 $\frac{3}{4}$ d. Forward dollars were at $\frac{1}{2}$ cent and $\frac{1}{2}$ cent discount for one and three months respectively. Paris was quoted at $\frac{1}{2}$ franc and $\frac{1}{2}$ franc premium, and Brussels at $\frac{1}{2}$ franc and $\frac{1}{2}$ franc premium. Milan was again quotable, but transactions were few and not large, one month's delivery being at $\frac{1}{2}$ centesimi and three months at 1 $\frac{1}{2}$ centesimi discount. Madrid was decidedly weaker at wider discounts of $\frac{1}{2}$ peseta and 1 $\frac{1}{2}$ pesetas for the two periods. Amsterdam for one month's delivery remained at last week's quotation of 1 cent discount, but the three months' rate went from 1 $\frac{1}{2}$ cents discount to 2 cents premium. Switzerland was quoted at $\frac{1}{2}$ franc and $\frac{1}{2}$ franc premium. Silver prices weakened on balance by $\frac{1}{2}$ d. to 16 $\frac{1}{2}$ d. after touching 17 $\frac{1}{2}$ d. for cash. Forward also fell by $\frac{1}{2}$ d. to 17d., after touching 17 $\frac{1}{2}$ d., chiefly as a result of heavy Chinese sales on the rise and the absence of support. The China silver exchanges declined in sympathy, Hong Kong from 1s. 3 $\frac{1}{2}$ d. to 1s. 2 $\frac{1}{2}$ d., and Shanghai from 1s. 8d. to 1s. 7 $\frac{1}{2}$ d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Boulevard Street, London, E.C.4.

AWAITING THE VERDICT.

WITH ears deafened and minds bewildered with the most confusing babel of voices ever heard at a British general election, the people of this country face the task of deciding on Tuesday who shall be entrusted with the guidance of their destinies in the very critical period that lies ahead. In one respect the position is clearer than it was a week ago. Nomination day saw so large a withdrawal of Conservative and Liberal candidates, and the consequent assurance of so many straight fights between "Nationalist" and Labour in constituencies where triangular contests were expected, that the early prospect of a majority for Mr MacDonald's Government has changed into a probability which is nearly a certainty. But in other respects the past week has brought no clarification at all; and, as polling day approaches, it becomes daily more impossible to detect upon what issue the majority of the electorate think they are voting, or to gain any idea of what the people's verdict will mean when it has been given. Indeed, in the matter of distracting attention from the real issues of the day, in the creation of confusion, and the introduction of red herrings, the politicians and the Press between them have had a triumphant success.

The verdict—whatever it will mean—will be given on Tuesday. In so far as a majority for the Government accrues, it will be rightly interpreted as the justification of Mr MacDonald's action, and the condemnation of that of Mr Henderson and his colleagues, and as a vague expression of the desire for a strong Government to tackle big problems. But of any majority demand that any particular line of policy should be followed, the results cannot, in the nature of things, give any proof whatever. What does a vote for a National candidate mean? For the past three weeks we have endeavoured in vain to elucidate the question, and the party leaders have not made it any easier this week. For instance, the Chancellor of the Exchequer, in a broadcast speech on Saturday said:—

"I do not believe that the Conservative leaders would regard a majority obtained in the circumstances of this election as giving them a mandate to carry a general system of Protection in the new Parliament."

Mr Snowden's belief is clearly justified by the Prime Minister's appeal to the country and by the tone of his subsequent speeches. But it was promptly repudiated by Mr Neville Chamberlain, the Conservative Minister of Health, who stated categorically on Monday that the Government would be empowered, if they received a majority, to impose a tariff, if on examination they decided that it was the right thing to do, without a further appeal to the electorate. And, indeed, it is perfectly clear that, in far too many constituencies the Conservative candidates and their workers are forcing tariffs into the foreground. Sir Austen Chamberlain, First Lord of the Admiralty, calls upon his constituency to win "a triumph" for Protection; and at the same time the Liberal Home Secretary, Sir Herbert Samuel, and the Liberal Minister for Education, Sir Donald Maclean, are actually being opposed by official Conservatives (despite an honourable and courageous protest by Mr Baldwin) simply because they refuse to go further in relation to the fiscal question than the Prime Minister himself. On the other hand, while some Conservative Ministers, and many Conservative candidates, among whom Mr Churchill, Mr Amery and Sir Henry Page Croft are prominent, have allowed their Protectionist enthusiasm to carry them far beyond the terms of the agreed National appeal, other important sections of Conservatives have given Mr MacDonald a more faithful following. Mr Baldwin himself, while reiterating his belief in Protection, has given no sign that he would regard a National majority as justifying permanent tariff measures immediately. Moreover, the most influential of all Conservative newspapers, the *Times*, has studiously refrained from putting one foot out of time with the Prime Minister's marching orders.

Pleading on Tuesday that the issue before the country was to choose between men who would save and men who would destroy the pound, the *Times* went on to say:—

"There is no other issue, and it is an issue upon which men of all parties can fight for victory and work after victory. . . . There is no insuperable cleavage between them on the fiscal issue, for the bridge between those who think that tariffs will be necessary and those who admit that tariffs may be necessary, is clearly to be found in that kind of tariffs, if any, which prove necessary to their common determination to save the currency."

As a sequel to this on Thursday the Prime Minister himself laid it down that "this election does not give instructions to apply tariffs forthwith," and pledged himself to take no share in turning a national majority into a party one. All—and they are many—who are working and will vote for the Government on a basis such as this, would have every right to consider themselves betrayed, if the Government were to use a majority secured on Tuesday to impose high tariffs or any permanent system of Protection upon this country.

In a word, whatever the National majority, there will be no conceivable mandate for Protection. The only danger is lest an electoral landslide reaching proportions that would give Conservatives a clear majority in the House of Commons should embolden the tariff monomaniacs to cashier Mr MacDonald and his Labour and Liberal colleagues, and force a Protectionist policy upon their own leaders. How great this danger is cannot be foreseen. It may be that those who, like the Stock Exchange, forecast a majority of 200, are counting too much upon the visible weakness of the Socialist leadership, and upon the power of the "nation before party" slogan, while reckoning too little for the odium of the "economy cuts," the Free Trade broadcast of Mr Lloyd George, the stimulating goad applied to official Labour by Mr Snowden's bitter denunciation of all Labourites as Bolsheviks, and the oft-expressed antipathy of the masses of the people to "tariff reform." Let us hope that a large enough body of members will be returned, if not pledged to Free Trade, at least committed against high or permanent tariffs, to protect the country against a sudden plunge into the morass of economic insanity. In the absence of another Zinovieff letter—has Lord Beaverbrook got one up his sleeve?—such a result is by no means impossible.

Nevertheless, whatever Tuesday may bring forth, there can be no occasion for national rejoicing, and indeed no reason for satisfaction that the election has taken place. Whatever else it may have done—supposing present forecasts to be within miles of accuracy—the election will have shut out the possibility of a really National Government in which the official representatives of Labour should participate and share in responsibility. This is a profound pity. For in the foreign sphere times are at hand when the voice of the Government needs to be, beyond all doubt and question, the voice of Britain; while at home great problems face us which can only be solved by willing Labour co-operation. Depreciation of the pound will correct the trend of the British balance of payments and has torn up the paper case for Protection. But it has not in any way solved such problems as the disparity between "sheltered" and "unsheltered" wages, nor in the least diminished the need for the urgent prosecution, by employers and employees together, of greater efficiency in British productive industry. The country has been forced to waste three vital weeks in squabbling bitterly over non-essentials. It will not lightly forgive the rulers whom it is to elect on Tuesday if they, or any section of them, are tempted by a turn of fortune's wheel to subordinate grave considerations of national advantage to the fulfilment of party aspirations.

M. LAVAL AT WASHINGTON.

IN the First Book of Kings it is narrated how, after King Solomon had made a navy of ships in Ezion-geber, the Queen of Sheba, with a great train, "came to prove him with many hard questions." These questions King Solomon is reported to have answered with candour and sapience; and the Queen, impressed by his "wisdom and prosperity," presented him on her departure with one hundred and twenty talents. It is tempting to detect in this story *mutatis fortiter mutandis*, some analogy with the visit which M. Laval, whose vessel is within sight of the Statue of Liberty as these lines are written, is paying to President Hoover. The French Prime Minister is perhaps unlikely to be impressed to-day with the prosperity of his distinguished host's country, but the question of leaving in his care many talents of gold, if only under conditions, will certainly be one of the subjects of discussion, and it seems likely that M. Laval's questions may be hard enough for the President to answer.

From the day that the "Ile de France" sailed—with M. Laval and his impressive train of financial experts, juriconsultants, and last, but not least, journalists on board—the ether has crackled with wireless messages embodying many and various views and rumours as to the French Premier's intentions. He will use the dollar balances of the Banque de France as a weapon wherewith to persuade the United States to endorse French policy in connection with reparations and disarmament; he has a detailed plan in his pocket for the final solution of every international problem, political and economic; he is prepared radically to modify French reparations demands; he will propose a twenty-five per cent. budgetary reduction in armaments if Mr Hoover will agree to a fifty per cent. scaling down of all international debts; he has no such intention; he will insist that between reparations and debts, on the one hand, and security and armaments, on the other, there is no connection at all. From these conflicting accounts it is safe to draw only one conclusion: that M. Laval, who is in reality a student rather than master of world problems, has gone to America on a voyage of exploration, with an open mind and with no promises made to his fellow countrymen at home. Whatever he may say to Mr Hoover, and whatever indications of French policy may emerge in their conversations, M. Laval has been careful to avoid giving the impression that he is the bearer of any definite programme whatsoever. If, unlike Sheba, he returns home unimpressed and with empty hands, he cannot be assailed in the Chamber for "failure."

Direct personal contact between the heads of States is always of some value, but we find ourselves unable to be unduly optimistic as to the outcome of the Laval-Hoover conversations. In the first place, it is impossible to disguise the wide divergence which there is likely to be between their respective points of view; and, in the second place, though any approach to mutual understanding between the two great creditor countries of the world would be of considerable significance, the fundamental problems with which they will be confronted admit of no solution without reference to the other participants in the crisis. In the purely monetary aspect of Franco-American relations, an accord should not involve any insuperable difficulty; indeed, the financial experts who are accompanying M. Laval may be relied upon to recognise that, unless steps can be taken by concerted Central Banking action to arrest the flow of gold from New York to Paris, the results will be just as embarrassing to France as to the United States, namely, further deflation of gold prices and still greater depression of trade. But in the wider sphere, where considerations of economic advantage merge into issues of high national policy, there are much tougher nuts to crack.

Let us weigh briefly the possibilities. Firstly, there is the question of reparations and debts. French opinion has undoubtedly tended to form a conception of "reparations proper" as being that part of the Young Plan annuities which accrues to France net, i.e., after she has paid her war debts to her Allies—in round figures \$85 millions. It might well be that M. Laval would be willing to accept, or would even propose, the cancellation of all

inter-governmental payments arising out of the war with this one exception. It is a proposal to which Great Britain, from the standpoint of her own advantage, would not be likely to offer any opposition, since her receipts and payments on reparations and war debts account approximately balance. But is Mr Hoover in a position to accept? It would mean to the United States a loss of \$250 millions; the United States Treasury is faced with a formidable Budget deficit of \$1,500 millions; and the President has yet to secure the formal ratification by Congress of the twelve months' moratorium which, at his instance, became operative last summer. There are indications in reports from Washington that the idea of a further extension of the moratorium, for say three or five years, is being entertained at least tentatively in the White House; but from the point of view of America's domestic politics, "giving time" to debtors is psychologically by no means the same thing as finally writing off acknowledged bad debts. Moreover, there is a strong body of opinion in the United States which considers that the test of capacity to pay must be applied not only to Germany, but to every nation indebted to the United States, and that the ability to provide from Budgets undiminished sums for the maintenance of armaments is *prima facie* strong evidence of ability to continue to meet governmental obligations abroad. But if it becomes a question of France continuing to pay any of her own war debts, M. Laval, with the temper of his Deputies last summer in mind, seems likely to contest that this proposition automatically involves an increase in German payments, over and above the irreducible figure of French "reparations proper."

This will at once bring into the discussions the question of (a) the economic, and (b) the political capacity of Germany to pay. So far as the economic factor is concerned, the Report of the Basle Committee disclosed the fact that, before Germany can begin to pay reparations, she must have an export surplus of some \$200 millions, required to meet the service of her private indebtedness abroad. In 1930 Germany's export surplus was \$375 millions. This surplus has greatly increased during the present year, and last month it was at the rate of over \$1,000 millions a year. But it should be borne in mind that the recent surplus has been achieved only as a result of a contraction of imports so drastic that, not only has the standard of German living been greatly depressed, but there is reason to think that there has not been a replacement of stocks of materials commensurate with sales abroad. In other words, Germany has been living on her capital. If it is psychologically possible to keep up this "forced" rate of export, and to stop the present drain on the Reichsbank's reserves of foreign currency by even stricter compulsion on exporters to surrender *devises*, it may be possible for Germany next February to begin the gradual liquidation of her foreign debts frozen under the "standstill" agreement. But from this it is a long way to the resumption of reparations; for neither psychologically nor economically can restriction of imports be continued indefinitely beyond a certain point, while the volume of German sales abroad, given the present acute depression of world trade and the uncertain future of currencies, is highly problematic.

But, if it is difficult in the middle of a world crisis to arrive statistically at any reliable estimate of Germany's future capacity to create an export surplus, the political side of the question is equally obscure. On the one hand, even though under the Hoover Plan the payment of reparations has been temporarily suspended, it is undoubtedly to reparations that the German "man in the street" is inclined to attribute in the main his present crushing burden of taxation and unemployment. It may be said that Dr. Brüning secured in the Reichstag last week a majority for his "policy of fulfilment," but it would be unsafe to assume that the voting would have gone as it did but for the belief, entertained even by the Government's supporters, that the policy's real aim is to point to the demonstrable impossibility of its fulfilment. On the other hand, there is the intangible, but none the less important, factor in the German situation that the successive reductions of reparations from their original astronomical figure to annuities growing progressively less with the breakdown of each plan which the creditors put forward have had the

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL
BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:

8 KING WILLIAM STREET, LONDON, E.C.4

result that, in the mind at any rate of the generation growing up in Germany to-day, there is a feeling that the payment of reparations is wholly divorced from economic practicability.

These considerations are bound to obtrude on discussions at the White House so far as the reparations and debts aspect of the international tangle is concerned. Yet, however much Mr Hoover and M. Laval may recognise that inter-governmental payments arising out of the war have contributed to the mal-distribution of gold and to the world economic crisis, the fact will remain that neither statesman may be able to agree to what Congressmen and Deputies would join in regarding as a sacrifice of national interests. Can Mr Hoover secure from M. Laval a *quid pro quo* which would enable him to feel justified in taking the great political risk of agreeing that the United States should assume the whole burden of cancelling every inter-governmental debt except M. Laval's "reparations proper"—always provided that the German Government felt itself in a position to give an unconditional undertaking to maintain this unilateral payment to France for a specified number of years? The only possibility in this direction would seem to be a dramatic reciprocation by M. Laval in the direction of armaments. If President Hoover can secure from France agreement on a really big reduction in expenditure on fighting forces, with necessary guarantees against budgetary camouflage, he might be willing to stake his political life on the risk of cancelling debts.

But here the further difficulty arises that M. Laval has so far given no indication of readiness to depart from the position taken in the French Armaments Memorandum of last July, namely, that France will reduce her armaments only in return for "precise engagements" for effective mutual assistance in case of aggression." To ask Mr Hoover to give "precise engagements" of this nature is to "prove him" with a question at least as hard as any devised for Solomon by the Queen of Sheba. A consultative pact? Perhaps. According to "Pertinax," at M. Laval's elbow on the "Ile de France," the suggestion that America might agree to consult with other Powers in the event of a threat of war was put forward to M. Laval before he sailed by the American Ambassador at Paris—and rejected as inadequate. But to go beyond this and to undertake a more definite commitment in the European imbroglio would be a huge step for Mr Hoover to take without the assurance of Congressional endorsement.

Yet, intractable though the problem may be which M. Laval and his host will have to discuss, if their conversations are to be more than an agreeable exchange of compliments, there are perhaps two features in the situation from which a grain of encouragement can be derived. The appointment of the United States observer to participate in the League Council's discussions in the Manchurian crisis may fairly be regarded as evidence that American opinion is gradually being educated to realise that the United States cannot live in isolation from any of the

world's major issues. Of these, Europe, no less than China, is one. Again, it is perhaps not too much to hope from the recent Franco-German conversations that not only M. Laval but the vast majority of intelligent Frenchmen are beginning to recognise how precarious is the "system" of Europe at which French policy has aimed. Apart from the long-distance question of the effect of the re-emergence of Russia as a predominant Power, France to-day—not without signs of incipient nervousness in the form of domestic hoarding of currency and even bullion—stands rich, feared and hated, in the midst of a Continent whose trade and economic life is paralysed. M. Laval may well have in mind that the Midas touch proved a heavy burden to its possessor.

THE SHADOW OF THE GUNMAN.

THE political crisis of last week was the most serious that the Free State has experienced in the whole course of its career. After the final suppression of the Republican Party in 1923 the country enjoyed a long period of rest from active agitation. It was known that large quantities of arms were hidden in dumps in different parts of the country, but they were not unearthed for several years. Apart from one or two isolated outrages, such as the murder of Mr O'Higgins, public order was not menaced by the gunman, and both life and property were secure. During the last few months, however, there has been a renewal of active revolt against the Government. Murders both of police and civilians have been committed without anybody being brought to justice. Juries and witnesses have been systematically intimidated, and many serious crimes have gone unpunished. Quite recently a new form of intimidation has begun, namely, the attempted coercion, by means of domiciliary visits, of members of the Dail and Senate who were suspected of being in favour of sterner measures for dealing with political crime.

Until recently the agitation was inspired principally by nationalistic aims. The chief participants in the movement were known or suspected to belong to the extreme Left Wing of the Republican Party, which is imbued with separatist ideals. Within the last few weeks, however, an element of social, as distinguished from political, revolution has arisen. A new organisation named Saor Eire, with an avowedly Communist programme, has been publicly formed, and it is known that there is a connection between this body and the militant section of Republicans. The country is in a condition that makes the task of fomenting discontent easy. The economic crisis has not left Ireland unscathed, and the stoppage of emigration to America has created a class of idle and discontented young men easily aroused by the prospect of any excitement. Moreover, there is a desire among the Communist section, which is very anti-Catholic, to embarrass the organisation of next year's Eucharistic Congress.

It is impossible to say how far the movement of discontent is inspired from Russia. Many wild allegations of "Russian gold" have been made, but the evidence of actual connection with the Bolsheviks is somewhat flimsy. However, whether the situation is the result of Russian agitation or is of home manufacture, it is regarded by the Government as extremely grave and menacing. A special session of the Dail took place last week, at which there was introduced emergency legislation, of a very extreme degree of severity, in the shape of the Public Safety Bill. Special military courts have been established for the trial of seditious offences; wide powers of search, arrest and detention have been conferred on the police; and provision has been made for the nomination by the Governor-General of members of either House in the event of the existing members being prevented by intimidation from attending. As was to be expected, this drastic legislation was not passed without much heated discussion, in which both parties indulged in lamentable personal recriminations.

The official Opposition Party, led by Mr de Valera, opposed the Public Safety Bill, not because they sympathised in any way with armed agitation, but because they believed the measure would do more harm than good. They reminded the House, quite truly, that coercion had never succeeded in Ireland, to which the Government replied that repressive measures, which would not have been tolerated in the case of an alien administration, were justified if operated by a native Government. Mr de Valera expressed the view that the gravity of the crisis was being exaggerated as good election propaganda for the Government, and that, in so far as there was a crisis, it was caused by the dissatisfaction of the country with the Treaty and the oath of allegiance, and by the prevailing economic depression. He argued that, if the oath of allegiance were abolished, all sections of political thought could conscientiously enter the Dail, and that unconstitutional agitation would be no longer necessary.

The Labour Party was divided in its attitude towards the Bill. It was apparent from the debate that no germ of Communism has entered the parliamentary representatives of Irish labour, who denounced unconstitutional action of all kinds, whether Separatist or Bolshevik, with book, bell and candle. It seems possible, indeed, that the Labour Party might have been induced to give their undivided support to the Bill if they had been handled a little more tactfully by the Government. They dislike Mr de Valera's party intensely, and might well have been consulted by the Ministry on the policy which they would have been willing to apply to the suppression of armed disorder. Nobody acquainted with the Irish Labour movement would believe that it would refuse to co-operate in a measure designed to protect the ordinary citizen from the gunman, and to relieve jurors of an impossible task. Still, even as it was, two members of the party voted with the Government, which also obtained the support of all the independent members of the House. The Government, therefore, securing a comfortable majority.

The Bill was passed through its final stages on Saturday. On Sunday there was read in every Catholic church in Ireland an extremely strong pastoral letter signed by every bishop condemning revolutionary action in the most emphatic manner. The statements in this document regarding the widespread growth of Communist propaganda supported the case made by Mr Cosgrave in the Dail, and there is no question that the action of the Catholic hierarchy will greatly strengthen the Government in the execution of its difficult task. The pastoral letter mentioned certain organisations by name as being definitely sinful for Catholics to join, and laid it down clearly that the Government can be legitimately put out of power only by the ballot box, and not by the gun. References to recent events in Spain suggest that the Irish bishops have been alarmed by the rapidity with which Bolshevism and anti-clericalism can spread in an apparently Catholic community.

What the effects of the Public Safety Act will be is difficult to foretell. It is possible that the mere existence of the machinery of martial law, supported by the

approval of the Church, will be sufficient to quell the threatened disturbances, but it is equally possible that the Act will provoke resistance and help to create popular heroes or martyrs. A general election must be held next year, and it is certain that the Public Safety Act will play a large part in determining the result. Will the electorate welcome a strong policy aimed at protecting the ordinary citizen against the gunman, or will it resent a measure reminiscent of "Bloody Balfour" and "Buckshot Foster"? One thing at least is certain: the Act is a measure which can be justified only by the most extreme necessity. It puts plenary powers in the hands of the armed forces and places the ordinary citizen completely at the mercy of the army and police. If the election results in a change of Government, the Act may prove an extremely dangerous weapon in the hands of an administration less experienced and less tolerant than the present executive council. It should, therefore, be repealed at the earliest possible moment that the public safety allows.

THE GOLD RUSH.

It was inevitable that the suspension of gold payments in England should have a profound effect upon the position of leading central banks. Some who were engaged in operating the gold exchange standard were in possession of substantial holdings of sterling as part of their legal reserve against their notes and other sight liabilities, while others—such as the Banque de France—held equally large quantities of sterling, even though they were operating the full gold standard. All these central banks have had to face a 20 per cent. depreciation of their holdings of sterling, which for many of them means a substantial proportion of their legal currency reserves.

This situation has already had several far-reaching results. Many countries have summarily abandoned the gold exchange standard as a snare and a delusion, and their central banks have begun hurriedly to convert their *devisen* into gold. The general tendency has been to leave their sterling holdings intact, but to exchange dollar balances and bills for gold; and this is a major cause of the recent efflux of gold from the United States. Again, commercial banks have not been immune from the consequences of the crisis, and have had to meet the suspicion and distrust of their customers, fostered by very numerous (if individually not very important) bank failures all over the world. They have had to face the immobilisation under the "standstill" agreement of such part of their assets as they had ventured in Germany and Central Europe; they have suffered, in common with the central banks, a 20 per cent. depreciation of their sterling holdings; and, last, but not least, they have had to deal with the wide-spread dislocation to trade caused by the depreciation of sterling, which is the currency of world commerce. Thus commercial banks have, on the one hand, witnessed an outflow of notes into the hands of distrustful customers, and, on the other hand, they have had to mobilise their available assets, both at home and abroad, in preparation for further demands for currency.

It is important, therefore, to examine the extent of these movements, in order to see how serious have they become. Some indication of their magnitude is afforded by the following tables, summarising salient features in the returns of the central banks of the leading countries still adhering to the gold standard. The tables deal with changes in the central banks' holdings of gold and *devisen*, the fluctuations in the note circulation, and the position of commercial banks as evidenced by their deposits at the central banks, and the extent to which they are having to rediscount their bills. For comparative purposes all figures are reduced to dollars at the par of exchange. In certain cases it has been necessary to qualify the main headings of the tables, owing to the failure of some central bank returns to give the exact information required. All tables take the week immediately preceding the suspension of the gold standard in England as their starting point. The different bank returns relate to various dates in the calendar week.

The first two tables relate to gold and *devisen*, and in view of the recent abandonment of the gold exchange standard and the substitution by many central banks of gold for *devisen*, should, obviously, be considered together.

GOLD.
(\$ millions; foreign currencies converted at par of exchange.)

Week ending:—	Sept. 19.	Sept. 26.	Oct. 3.	Oct. 10.	Oct. 17.	Oct. 24.
U.S. Reserve Banks	3,486	3,327	3,138	3,037	2,836	2,764
Banque de France	2,296	2,321	2,342	2,373	2,435	...
Reichsbank	321	321	303	284	270	...
Netherlands Bank	267	282	282	318	321	...
National Bank of Belgium	224	346	347	352	356	...
Swiss National Bank	234	263	328	333	405	...

DEVISEN.
(\$ millions; foreign currencies converted at par of exchange.)

Week ending:—	Sept. 19.	Sept. 26.	Oct. 3.	Oct. 10.	Oct. 17.	Oct. 24.
U.S. Reserve Banks	...	...	...	...	...	...
Banque de France	1,078	985	1,043	1,123	*	...
Reichsbank	83	69	32	33	32	...
Netherlands Bank	92	93	88	41	41	...
National Bank of Belgium	116	...	...	...	...	...
Swiss National Bank	109	92	66	69	21	...

* Not available.

Three features emerge from these tables. The first is the extent to which the central banks of Holland, Belgium and Switzerland have turned their *devisen* (mainly dollar holdings) into gold. The second is the increase in the gold stock of the Banque de France, accompanied by an actual increase in the Bank's foreign exchange. This indicates that the French gold withdrawals from the United States have, so far, represented mainly the mobilisation and repatriation in gold of dollar holdings by the French commercial banks who have sold to the Banque de France most of the gold imported. The increase in *devisen* may be the result of the transfer of dollar balances from the Caisse d'Amortissement and the Treasury to the Banque de France. More doubtfully it has been suggested that the Banque de France may have increased its *devisen* in order to lend support to the dollar.

The third feature is the continued loss by the Reichsbank of both gold and *devisen*, as a result of "standstill agreement" withdrawals, and possibly also the payment of debts by the affiliations in foreign countries of German concerns. Allowing for Germany's present favourable trade balance this loss points to the Reichsbank's failure so far to obtain all the foreign exchange accruing to exporters. Finally, as regards America, gold losses up to October 9th had amounted to about \$450 millions. Of this France took \$80 millions, while gold withdrawals by the central banks of Belgium, Holland and Switzerland came to \$280 millions, nearly \$100 millions being unaccounted for, but probably representing gold in process of shipment on October 9th. Realisations of *devisen* by these three banks amounted to \$210 millions, and it is a fair inference that the margin of \$70 millions between their gold acquisitions and sales of *devisen* represents some mobilisation by the commercial banks of these countries of their dollar holdings, as is known to be the case with the French banks. These movements have continued during the last few days, for between October 9th and 23rd, the Reserve system lost a further \$273 millions, making \$720 millions in all. The Dutch and Swiss central banks have also made heavy conversions of *devisen* into gold.

The next table deals with note circulations. A temporary expansion is normal at the end of the quarter, and this must be allowed for in interpreting the table. The main indication to watch for, however, is whether an expansion of the note circulation is taking place upon such a scale as to suggest that hoarding is taking place, thereby pointing to public lack of confidence in the banks.

NOTE CIRCULATION.
(\$ millions; foreign currencies converted at par of exchange.)

Week ending:—	Sept. 19.	Sept. 26.	Oct. 3.	Oct. 10.	Oct. 17.	Oct. 24.
U.S. Reserve Banks	2,006	2,045	2,098	2,269	2,322	2,383
Banque de France	3,040	3,062	3,198	3,206	3,210	...
Reichsbank	991	974	1,072	1,053	1,055	...
Netherlands Bank	380	398	416	430	425	...
National Bank of Belgium	464	480	494	498	500	...
Swiss National Bank	246	251	282	277	274	...

On the whole, there appear to be fairly definite signs of hoarding, though in view of the varied extent to which

COLLECTION



of Bills, etc., on all
Scandinavian places

**SKANDINAVISKA
KREDITAKTIEBOLAGET**

Göteborg — Stockholm — Malmö

notes, as opposed to cheques, are the principal medium of circulation in different countries, it is unsafe to jump to positive conclusions. The expansion in the American note circulation, which has been in progress for some time, was discussed by a correspondent in last week's *Economist* (page 701). In France it has long been the usual experience for the note circulation to expand with the influx of fresh gold, and, as the next table shows, private (largely bank) deposits at the Banque de France are also growing. Hence it seems fair to deduce that the French banks are as much preparing for possible pressure in the future as suffering from such pressure at the present moment. The increase in the German note circulation appears to be a reflection of withdrawals by savings bank depositors. The proportionate expansion in the three last countries listed in the table is a little ominous.

This brings us to the two final tables, namely, private deposits and rediscounts at the central banks. It is here that the exact information required is not always available. Most central banks fail to distinguish between "bankers'" and "other deposits" in the English sense of the term, and not all distinguish rediscounts from bills bought in the open market. Again, some central banks are mainly "bankers' banks," while others, notably those of France and Germany, deal extensively with the public. Finally, there are divergences in the procedure of the various money markets, and the Dutch and Swiss central banks in particular make loans in addition to or in substitution for rediscounts. The last point, however, is one of minor practical importance.

PRIVATE DEPOSITS.

(\$ millions; foreign currencies converted at par of exchange.)

Week ending:—	Sept. 19.	Sept. 25.	Oct. 3.	Oct. 10.	Oct. 17.	Oct. 24.
U.S. Reserve Banks (member bank accounts)	2,418	2,280	2,364	2,277	2,223	2,276
Banque de France (comptes courants et comptes de dépôts de fonds)	709	707	688	775	887	...
Reichsbank (daily maturing obligations)	91	126	143	116	128	...
Netherlands Bank	68	70	71	58	62	...
National Bank of Belgium	39	33	17	28	35	...
Swiss National Bank (sight engagements)	131	140	138	149	180	...

REDISCOUNTS.

(\$ millions; foreign currencies converted at par of exchange.)

Week ending:—	Sept. 19.	Sept. 25.	Oct. 3.	Oct. 10.	Oct. 17.	Oct. 24.
U.S. Reserve Bank	263	310	328	463	628	698
Banque de France	268	324	342	372	372	...
Reichsbank (bills and cheques)	673	700	855	869	890	...
Netherlands Bank (loans)	36	45	45	46	47	...
National Bank of Belgium (bills)	116	120	117	122	124	...
Swiss National Bank (bills and lombard loans)	16	15	24	21	24	...

Taking the tables together, it is clear that American member banks are being subjected to some pressure, for their balances at the Reserve system are declining, and they are having to rediscount with greater freedom. The increase in French banks' balances points to a precautionary strengthening of liquid resources; and this, as already explained, should be construed with the repatriation of French dollar balances and the shipments of gold from New York. It is also noticeable that Treasury and

Caisse d'Amortissement balances at the Banque de France are growing; if the experience of previous years be a guide, this is an additional cause of French gold imports. The banks of Holland, Belgium, and Switzerland are experiencing in varied degree the same kind of pressure as is noticeable in the United States.

In the light of these figures it is clear that the suspension of the gold standard in Great Britain is having wide-spread and in many ways untoward repercussions. Quite apart from the fact that the Scandinavian countries were rapidly forced off the gold standard by loss of *deviën*, and that throughout Central and South-Eastern Europe a fictitious adherence to that standard is being maintained only at the price of exchange restrictions which are paralysing trade, the "gold rush" is demonstrably creating disturbances which render uncomfortable the position of even the central banks most solidly entrenched on gold. The breakdown of the gold exchange standard is in itself sufficiently serious, for it intensifies the world demand for gold and is calculated to depress gold prices still further, to the detriment of world trade.

INDIAN FEDERAL FINANCE.

THE report of the Federal Finance Sub-Committee of the Round Table Conference covers much the same ground, and deals with similar problems, as the Finance Report of the Simon Commission. The fact, however, that the Round Table Conference is now considering a constitution which includes the Indian States means that the problem is cast from a rather different angle, and there are some fundamental differences in the basis of the scheme now proposed. In view of the States' desire to preserve their present status as far as possible unchanged, the functions of the Centre are reduced to a minimum. A corollary of this is that the Centre is to be assigned certain sources of revenue and that the residuary powers of taxation are to be left to the States and Provinces. It is recognised that the taxes assigned to the Federation should be of such a kind that they fall on the inhabitants of Provinces and States alike. As the States are unwilling to surrender to the Federation the right of direct taxation in the form of income tax, this means that the sources of revenue assigned to the Centre will be very much the same as at present, *i.e.*, customs, salt, opium and other non-alcoholic excises, but that the important item of income tax will be assigned to the States and Provinces. It is hoped, however, that the States will agree to the corporation tax being retained by the Centre.

The report points out that the need of revenue of the Centre and Provinces, respectively, will not be appreciably different from what it is at present, and, at all events to begin with, it is improbable that any considerable head of revenue could be surrendered by any of the Governments without acquiring alternative resources. In view of their proposal with regard to the transfer of the income tax, therefore, the Committee are led to suggest that the Provinces should make contributions to the Centre on some scale to be agreed upon, provided that these contributions should be extinguished by annual stages over a definite period of, say, 10 or 15 years. At the same time, the existing contributions from the States to the Centre would be reduced *pari passu*. The underlying assumptions of this proposal are either that the expenses of the Federal Government will tend, over a period of time, to fall, or that the yield of customs, the main source of Federal income, will expand, or the imposition of additional excises (*e.g.*, matches, cigarettes and other articles of common use) will develop into expanding sources of revenue as alternatives to the income tax which the Centre now receives. Possibly all three tendencies will, in fact, be manifested.

This scheme is the inevitable conclusion from the attitude adopted by the Indian princes, namely, that they are willing to permit all-India excises to be imposed in their territories, but not to surrender their right of levying direct taxation. It is couched, however, in very general terms and opens up a number of difficulties. In the first place, no attempt is to be made to remove the

remaining internal customs barriers of India and to provide some alternative source of revenue to those States which at present levy their own customs duties. It is to be regretted that it has not proved possible to propose this step towards the economic unification of India. Again, the provincialising of the income tax raises an administrative problem. The Committee recommend that the income tax should still be collected and administered by a central service, and most of them think that it should be levied on a uniform basis throughout British India. But this suggestion is a departure from the principle that the right to impose and administer a tax should be vested in the authority which receives the proceeds. The suggestion is thrown out that this difficulty might be partially met if it were laid down that the Federal Finance Minister, before introducing any proposals to vary the income tax rate, should be compelled to consult provincial Finance Ministers. It will be recalled that the Statutory Commission proposed a more detailed piece of machinery for dealing with centrally collected taxes, the proceeds of which were to be distributed to the Provinces in connection with its scheme for setting up a Provincial Fund. Clearly, the present proposal will require a similar elaboration.

Again, the Committee is very cautious in its reference to the suggestion that individual Provinces might be empowered, if they so desired, to raise or appropriate the tax on agricultural incomes. This is, of course, a matter of acute controversy in India, but, in the absence of any practical suggestion for introducing greater variation into the system of land revenue, it will not be possible to secure by any other means greater elasticity in the yield of taxation upon the agricultural production of the country, which is by far its largest economic activity.

The Committee recognise that the expansion of sources of revenue may ultimately make it possible for the allocation of the proceeds of certain taxes to be diverted from, for example, the Centre to the Provinces, or *vice versa*, and they very properly suggest that the constitution should not be so rigid as hitherto in this matter. At the outset, as already indicated, they propose contributions from the Provinces to the Centre, but in the long run it may well be that these payments will be in the other direction, unless greater functions are ultimately given to the Federal body. The Committee suggest that the Constitution should lay down the basis of allocation of any such surplus revenue, but do not themselves make any proposals. Indeed, on a great many points they give indications rather than definite conclusions; and indeed the Report reveals differences of opinion on many important matters. They, therefore, propose that all these matters—including estimates of future revenue and expenditure; the basis of contributions from the Provinces to the Centre, on the one hand, and the allocation of proceeds of centrally collected taxes on the other (*i.e.*, whether such distribution should be on a *per capita* or some other basis); the question of the taxation of agricultural incomes, and many other points—should be referred to an expert committee which, it is suggested, should draw up a detailed financial scheme for the Federation as a whole. This committee will have so important a function to fulfil that it is recommended that the field of inquiry should be divided into two parts—the one, a general survey of the problem and an examination of the general scheme; and the other covering those matters which concern the States and their relation to the Federation. These inquiries, it is suggested, might be taken up by two separate committees with a common chairman.

After considerable discussion of this Report, the Federal Structure Committee will apparently adopt it, subject to the important qualification that the Expert Committee is not to be free to make changes in principle but is to be given a "fact-finding" mandate. This will leave many important matters indeterminate, and it is evident that the work of producing a definite financial scheme has yet to be taken in hand. The principles outlined in the present Report are, however, sufficient indication of the general basis on which it may be possible to establish a Federation between the States and British India.

Though the Report shows all the evidences of compromise, it may afford a working basis for a commencement of federation. This, after all, is the important point for the present. Into what mould the ultimate financial structure of a Federated India will grow is another story.

THE DANISH FARMER.

Denmark's decision to follow Great Britain's lead and leave the gold standard lends special immediate interest to the following description, contributed by a correspondent, of the problems and position of the Danish farmer. Reference to the Danish Government's decision to provide funds to meet agricultural distress will be found in our Copenhagen correspondent's letter on a later page.

The British farmer is frequently invited to regard his Danish rival as a model of agricultural perfection, by imitating whom he may overcome his own difficulties. There may, therefore, be a certain consolation in observing, though without malice or exultation, the unhappy position of Danish agriculture at the present moment. During the first years after the war the Danish farmer abounded in prosperity, but rapid deflation in 1925-27 hampered his export trade and taxed his capacity for production at an economic figure. The net return on agricultural land fell from 8 per cent. in 1921 on the capital value to 1.8 per cent. in 1925. The Danish response was to increase production, tighten control and lower costs. New legislation in 1928 established a stricter supervision over bacon factories, and, while fixing grades for eggs, required every egg exported to hold a licence. The control over eggs is the more instructive in that only 20 per cent. of the egg export is in co-operative hands. Denmark, like the Irish Free State, is not afraid to exercise compulsion over the independent trader.

This attempt to meet the crisis appeared at first to be successful. The profit on agricultural capital rose again to 6.5 (1928) and 5.8 (1929). Great Britain, which in 1927 took 56 per cent. of the Danish exports, took 59 per cent. in 1930, and though the price of bacon, butter and eggs in England was steadily falling, an increase in the quantity exported went far to maintain the return in value. In 1929 more than £27,000,000 was paid by this country to Denmark for bacon, £20,000,000 for butter, and £4,700,000 for eggs, and these three represented 96 per cent. of the total sum of imports. But in 1930 the fall in British prices continued and became sharper; bacon lost 40 per cent. of its value; cereals, eggs and butter 20 per cent. to 30 per cent.; and, though an increase of 25 per cent. in the quantity of bacon sent to England maintained the value at £27,000,000, an addition of 7 per cent. to the butter was insufficient for the purpose, and Danish eggs also lost ground. The process has been repeated in 1931.

If the Danish farmer's costs were proportionately reduced, it would seem that the sale of ever greater quantities at an ever lower price might be indefinitely continued, and it is true that the maize and other cereals which he imports as feeding stuffs were 80 per cent. cheaper in 1930 than in the previous year, and have again fallen in 1931. The Dane is the one agricultural producer for whom grain prices can never be too low. But grain does not solve all his problems. Competition from the British Dominions is more acute, as production and export have there been brought under closer control, and in 1931, for the first time, the imports of Empire butter into England have begun to exceed those of foreign countries. Preference for home-grown and Empire goods no doubt exerts a certain influence over the British consumer; but more important is the reduction in price and the improvement in quality which organisation in the Dominions and the National Mark at home are bringing about. The Dane no longer rules the market.

Up to the time of Denmark's departure from the gold standard, the farmer was finding it difficult to make his labour costs conform to the needs of competitive markets. The introduction of Polish labour is no longer permitted, and though 90 per cent. of the farms are owned by actual cultivators, two-thirds of them require to employ addi-

tional labour outside their own families. Danish labour is no longer cheap; for whereas the retail cost of living in 1930 stood at 159 (1913 = 100), the corresponding figure for wages was 261 per cent.

Interest on mortgage debt and an instalment of principal have also to be found. The average farmer holds 60 per cent. of his capital from a mortgage institution. The total of agricultural mortgage debt is double that of 1914, though rateable values have risen only 60 per cent. and farm valuations are still inflated. Despite the lenient policy of the credit associations, the proportion of overdue loans is uncomfortably large; indefinite postponements cannot be allowed, and it is improbable that the Government would support the credit associations as it supported the Landmandsbank. The Danish farmer is, consequently, at the present moment, for the first time since a generation, in serious distress. His net income, after allowing for family labour, but not for mortgage charges, was estimated at £3 10s. per acre in 1928, £3 3s. in 1929 and only £1 in 1930. It will be a minus quantity in 1931, and the payment of mortgage dues has in many cases become impossible. Farms meanwhile are fully stocked; there has been a huge increase in the number of pigs and poultry in the last two years, and the area of arable land is being steadily, though slowly, extended. (In 1,500 square miles Denmark has 7,000,000 acres under the plough; England and Wales in 51,000 square miles have 9,600,000.) Reduction of outlay seems therefore impossible; at all events, it cannot be immediate, and the Dane's only remedy appears to be a continuance of his existing policy, selling more goods at a lower price, and asking his creditors to be patient.

The introduction of a tariff or a control over imports in Great Britain would be a final blow. Germany has set up new barriers against the entry of live cattle and butter, and the restriction of the British market might well bring the Danish farmer to despair. If a British tariff provided for imperial preference, his rivals would gain on him; and under a quota regime he can hope for no British favours, since our exports to Denmark are not important, amounting in 1930 to only £14,000,000.

The prospect is not bright, but the history of the last fifty years proves the resourcefulness and the organising power of the average Danish cultivator. The Folk High Schools are there to give him courage; the agricultural farms to provide science. He produces 48 bushels of wheat per acre and 727 gallons of milk per cow. The output of sugar beet per acre is 50 per cent. above that of Great Britain. Still more intensive cultivation, still closer organisation of purchase and sale, and a limitation of production (*e.g.*, of pigs) by the authority of the State appear to be the only remedies available to him, and it is noteworthy that precisely these measures are being recommended by experts to the British farmer.

A DIARY OF THE CRISIS.

Friday, October 16th.

Mr Gilbert, U.S. observer, joins League Council in Man-ohurian discussion, with authorisation from U.S. Government "to participate in the discussions of the Council when they relate to the possible application of the Kellogg-Briand Pact to which the U.S. is a party."

Opposition motion in Reichstag of no confidence in Brüning Government defeated by 295 votes to 270, the Economic Party voting with the Government.

British General Election, nomination day. Candidates nominated:—Conservative 517, Labour 513, Liberals 180, National Labour 21, New Party, 23, Communists 25, others 27. M. Laval sails for New York.

Sterling weaker, closing dollar rate 3.85½.

European stock markets:—London, bonds quiet, equities firm; Paris, weak; Amsterdam, dull.

Wall Street, rally follows weak opening. Gold exports \$42 millions, released from earmark \$8 millions.

Saturday, October 17th.

Japanese Note to League Council takes exception on legal grounds to co-option of U.S. observer.

Reichsbank weekly statement shows further 66 million marks loss of gold and foreign exchange; note circulation 28.6 per cent.

Financial Committee of the League of Nations, investigating situation of Hungary, confers with Count Karoly.

Irish Free State Constitution Amendment Bill passed giving military tribunals summary powers.

Sweden and Norway decide to reduce Bank rate from 7 to 6 per cent. from October 19th.

European stock markets:—London, gilt-edged improve, further small advance equities; Amsterdam, general recovery. Wall Street, undecided. Gold exports \$10 millions, gold earmarked \$10 millions.

Sunday, October 18th.

Further meeting League Council. Japan reserves right not to recognise Council's decisions and retains liberty future action.

Brazil announces three years' suspension of cash payments in respect of external debt services, excepting two Funding and 1922 Coffee Loan.

Monday, October 19th.

League Council holds private session. Announcement from Washington that Japan withdraws objections to U.S. observer. M. Briand, on behalf of League Council, makes certain suggestions to the Japanese representative for settlement of Manchurian dispute.

Signor Grandi, Italian Foreign Minister, invited by German Government to visit Berlin. Invitation accepted and visit arranged for Sunday, October 25th.

Canadian Government issues Order-in-Council prohibiting gold exports, except by licence.

Sterling firm, closing dollar rate 3.90½.

European stock markets: London, general rise gilt-edged and equities; Continental Bourses all firmer.

Banque Commerciale Africaine de Paris suspends payment.

Wall Street, quiet. Gold movements negligible. Eleven small banks in various States close doors.

Tuesday, October 20th.

United States join with Great Britain and other members of the League Council in dispatching note reminding China and Japan of their obligations under the Briand-Kellogg Pact. League Council awaits reply from Japanese representative to suggestions made by M. Briand on previous day. Reported from Tokyo that Japan will propose five fundamental principles as basis of agreement with China:—

- (1) Both countries agree not to commit any act of aggression.
- (2) They promise to abstain from hostile agitations, boycotts, and propaganda.
- (3) Japan undertakes to respect the territorial integrity of Manchuria.
- (4) China guarantees the protection of Japanese subjects in Manchuria.
- (5) Japan and China will make arrangements providing for co-operation in the avoidance of ruinous competition between the South Manchurian and other railways, and China will give effect to all existing railway treaties.

Sterling rises, closing dollar rate 3.94½.

European stock markets:—London, strong; Paris, Amsterdam, both firm.

Wall Street, moderate advance. Gold exports \$1 million, earmarkings \$8 millions. Reported from New York that Banque de France asks for more than the ½ per cent. now paid on foreign central bank deposits.

Wednesday, October 21st.

Fighting reported at Tiehling on South Manchurian Railway. Reported from Tokyo that Japan is willing to substitute for Principle (5) of her terms (see above) a general declaration by China to respect treaty rights. Chinese delegation reported to have handed M. Briand memorandum embodying Chinese terms of settlement:—(1) Evacuation of Manchuria; (2) neutral committee to control evacuation; (3) creation of permanent arbitration committee to deal with future disputes in Manchuria.

Inner committee of League Council meet and decide to submit to full Council meeting on Thursday proposals for settlement.

Further improvement sterling, closing dollar rate 3.95½.

European stock markets:—London, general reaction; Paris, Amsterdam, weak after firm opening.

Wall Street, dull tendency, particularly railway stocks. Gold exports \$22 millions, earmarkings \$9 millions. Monongahela National Bank of Pittsburgh suspends payment.

Thursday, October 22nd.

League Council in public session considers draft resolution (see next column) for settlement Manchurian dispute.

M. Laval arrives Washington.

Roumanian bank Marmorosch Blank and Company closes its doors pending reconstruction.

Sterling reacts; closing dollar rate 3.93.

European stock markets:—London, improvement after weak opening; Paris and Amsterdam similar.

Wall Street, weak tone. Gold exports \$1 million. Earmarked \$3 millions. Imported from Japan \$7 millions.

Notes of the Week.

The League and Manchuria.—The *détente* at Geneva which resulted from the final withdrawal last Monday, albeit belatedly and with reluctance, of Japan's objections on constitutional grounds to the co-option by the League Council of a United States observer had inspired hopes that the League's slow but steady process of applying moral pressure to the disputants in the Manchurian crisis would yield good results. By Wednesday night, however, fears had begun to arise that these hopes were not in the way to immediate fulfilment. Although no further public developments had taken place at Geneva, reports of the attitude both of Japan and China (noted in our Diary of the Crisis) appeared to point to a considerable divergence of view as to acceptable terms of settlement; and, still more discouraging, it was rumoured that the Japanese reply to the suggestions which M. Briand had put forward on behalf of the Council on Monday was not considered satisfactory. These suggestions are understood to have required from Japan the evacuation of Manchuria, with no time limit or neutral observers imposed, in return for certain guarantees from China. Stiffened, apparently, by Japan's somewhat intransigent refusal to consider even this compromise, the League Council, at its public session on Thursday, took the plunge and presented a resolution in the following terms:—

The Council calls upon the Japanese Government to begin immediately and to proceed progressively with the withdrawal of troops into the railway zone, so that the total withdrawal may be effected before the date fixed for the next meeting of the Council—November 16th.

It calls upon the Chinese Government, in execution of its general plan, to assume responsibility for the safety of the lives of Japanese subjects resident in Manchuria . . . and requests the Chinese Government to associate with the Chinese authorities designated for that purpose, the representatives of other Powers in order that such representatives may follow the execution of the arrangements. It recommends that the Chinese and Japanese Governments, as soon as the evacuation is completed, begin direct negotiations on questions outstanding between them.

The Council decides to adjourn till November 16th, on which date it will examine the situation, but authorises its president (M. Briand) to convoke a meeting at any earlier date should it, in his opinion be desirable.

Until the reception of this resolution is finally known—its adoption requires an unanimous vote—the situation must remain critical. But the Council has merited praise for propounding terms which lack neither justice nor courage.

Dr. Brüning's Victory.—Last week we described Dr. Brüning's then imminent ordeal. We have now the welcome duty of reporting his victory. The Reichstag reassembled on Tuesday, October 13th, and the vote on the joint Opposition motion of no confidence was taken last Friday. The motion was rejected by 295 votes to 270—565 members, in all, taking part in this division out of a total membership of 577, and only three of the members who were present on this occasion abstaining. The Reichstag has now adjourned till February. The circumstances in which this victory has been won (by the unexpectedly large margin of 25 votes) are of the utmost significance. It is a victory over the united opposition of Nazis, Hugenberg Nationalists and Communists; it has been gained at a moment when Germany is falling under the deepening shadow of the coming winter, and when the extremists of the Right have been recently heartened by their electoral success at Hamburg, by President Hindenburg's reception of Herr Hitler, and by the Nazi-Nationalist fraternisation (if it really was a fraternisation) the Sunday before last at Harzburg. Nor was the vote taken in a hurry after the Reichstag had re-assembled. The deputies had four days in which speakers of all parties could, and did, air their views. As the debates proceeded during the four days, the Government's prospects perceptibly improved; and the final victory may be ascribed to two causes. One cause is the steady adherence of the Social Democrats to their policy of supporting Dr. Brüning, notwithstanding the fact that the Chancellor's policy of economies has borne hardly on the German working class as well as on other sections of the population. Dr. Brüning could not possibly have

won his victory if the Social-Democratic vote in the Reichstag had not once again been cast solidly in his favour. On the other hand, the margin of 25 votes by which he won might well have been cast on the other side if his own personality had not once again asserted itself, as it did in his reply to the debate—a reply which preceded the division and which was perhaps the turning-point in the struggle. The Chancellor took his stand on the preservation of national unity. "The aim of the responsible politician," he declared, "must be to prevent the German people from being divided into two hostile camps during the coming months of want and international tension. That is what I am fighting for." It is on this issue that Dr. Brüning has won, and his victory in these circumstances will help Germany, if anything can, to come through the winter without political revolution and economic chaos.

Cabinet Secrets and Electioneering.—We have seen nowhere any comment on what appears to us to be one of the most unfortunate features of the General Election. It is the competition between certain Ministers of the late Labour Government to make electioneering capital out of "disclosures" of private Cabinet discussions. Until recently a Cabinet Council was regarded as a secret and confidential occasion, and up to the time of the Great War no note of the proceedings was allowed to be taken by any member, except the Prime Minister, who occasionally jotted down notes as an *aide-memoire* for a subsequent report to the Sovereign. Thereafter, it is true, minutes began to be taken, but the documents containing them were, and still are, secret State papers. Now, if the precedent set by Mr Snowden and Mr Graham is to be followed, all the secrets of the Council Chamber may be shouted upon the housetops. It is, in our view, a most deplorable development, carrying with it a threat of grave restraint upon the free and unfettered discussion of national and international issues which should be the function of the Cabinet. If Ministers have to prepare their phrases as carefully for the Cabinet room as for the platform, and feel that intimate discussions with colleagues are liable to public misrepresentation, then the Cabinet will become an inept and ineffective instrument of Government. Nor does the danger end there. If every passing remark in the Cabinet is liable to correct or incorrect publication, according to the taste or interpretation of colleagues, indiscretions (harmless or occasionally inevitable in any committee) might be blazoned round the world and cause a constantly recurring international friction. If one minister is free to repeat in public any chance remark of another upon wage cuts or tariffs, what is to prevent Mr Henderson from publishing any heedless word of a colleague on the subject of French, or German, or American policy? Cabinet secrecy and Cabinet loyalty, even after the break up of an administration, are absolutely essential to the successful functioning of representative Government. Ministers in breaking this rule, have taken a dangerous and unjustifiable course. Moreover, it is a course which is as unfair as it is dangerous; for the disputants over Cabinet events are relying largely upon their memories, and memories are apt to become distorted in the heat of the hustings. Incidentally, in his castigation of Mr Graham Mr Snowden has allowed bitterness to override logic. We hold no brief for Mr Graham, but even if he did in the August crisis consider the possibility of a revenue tariff as a *pis aller*, it by no means follows that he can be accused of protectionist leanings. These personal recriminations do not improve the tone of the election campaign.

The New Government in Spain.—Last week we recorded the replacement of Señor Zamora's Government at Madrid by Señor Azana's in consequence of the voting, in the Constituent Cortes, on the contentious clauses in the new constitution which deal with the relations between Church and State. The new Ministry, which

held its first meeting last Thursday, October 15, proceeded forthwith to take administrative action on some of the clauses which the Cortes had already passed: for example, in regard to the cutting down of the emoluments of the higher ranks of the ecclesiastical hierarchy, and in regard to the prohibition of educational work on the part of the religious orders. The new Government appear to be in no danger of finding themselves without an ample majority in the Cortes for carrying through the constitution with its anti-clerical clauses and corollaries. At the same time, there are certain rather serious danger-signals. As a sign of protest, no less than 43 deputies—credited with representing over 2,000,000 electors—have withdrawn from the Cortes altogether; the clerical feeling in the Basque country and Navarre is being inflamed; and there is a remarkable tendency in Catalonia to take the clerical side against Señor Azana and his colleagues. Perhaps the Catalan Nationalists feel that they and the clericals in other parts of Spain are equally threatened by a vigorous movement for the All-Spanish Republic, secular and indivisible. Meanwhile, the Pope has made another public protest against the treatment of the Roman Church in Spain. It seems hardly possible that the anti-clericals in Spain, however vigorous they may be, should be able to ride roughshod over the Spanish clericals without a severe struggle, and it is to be hoped that Señor Azana's Government will not "ask for trouble," which neither Spain nor the world, at this moment, can well afford. As it is, the unity of the pro-Republican parties—a unity which they had solemnly bound themselves to maintain until after the passage of the new constitution—has been almost irretrievably broken up; and this is a grave misfortune; for the statesmanlike resolve to avoid dissension on secondary matters in order to co-operate on essentials was the chief guarantee that the Spanish Revolution would do its work in a conciliatory fashion and therefore with an enduring effect. The ability of the new Government to control the forces of disruption which it seems to have let loose may be tested severely.

Bank of England's American Credits.—Considerable mystification was caused in London on Thursday by cables from New York to the effect that the Bank of England had repaid \$100 millions of the \$125 millions credit obtained on August 1st from the Federal Reserve Bank. It appears that the origin of this story was the disclosure in the Federal Reserve Bulletin, published on the previous day, of the fact that the Reserve Bank's holdings of foreign bills had declined on September 30th by approximately that amount as compared with a month ago. From this the quite unwarrantable deduction appears to have been drawn that the whole amount of the bills was necessarily British, and that the Bank of England had in fact repaid four-fifths of its indebtedness to the Federal Reserve Bank. The facts, however, appear to be that, as is generally known, a considerable portion of the British Treasury credit in America was utilised during the flight from the pound, not in providing spot dollars, but in covering commitments for forward deliveries of dollars on various dates running considerably ahead. Thus, at the end of September a substantial proportion of the Treasury credits would be still temporarily available in the form of dollars. These, no doubt, were placed to the credit of the Bank of England with the Federal Reserve Bank, thus enabling the Bank of England to retire, again temporarily, a proportionate amount of the bills which it had presented to the Federal Reserve Bank in the terms of its rediscount credit. As and when dollars are required to meet forward exchange commitments on their due dates, it will presumably be necessary for the Bank of England again to have recourse to its rediscount facilities within the limits of its total credit. It is clear that the figure on September 30th of the Federal Reserve Bank's bill holdings gives no indication whatever of any real repayment by the Bank of England. The story of repayment has gained such wide currency and prominence that it would seem to be desirable for the Bank of England to issue an official explanation of the real state of affairs.

Foreign Interests in China.—The present troubles in Manchuria lend particular interest to an article* by Mr George H. Blakeslee in the current issue of *Foreign Affairs* which gives a picture of the extent and importance of various foreign interests in China, and emphasises the particular value to Japan of her assets in that country. So far as foreign investments in China are concerned, statistics are not easily available, but it has been estimated that they probably reach a sum of \$3,000 millions. The chief participants in this amount are Great Britain, Japan, Russia, and the United States, whose respective shares are estimated approximately as follows:—

	Million \$
Great Britain ...	1,250
Japan ...	1,250
Soviet Russia ...	200-400
United States ...	250

British investments in China, although amounting to a substantial figure, represent only a small proportion of her total foreign holdings. They are centred mainly in Hong Kong, the towns of the Yangtze Valley, and in the International Settlement at Shanghai. British holdings of Chinese Government loans are estimated to amount to about \$165 millions, while approximately \$400 millions are invested in real estate, \$95 millions in railways and \$10 millions in mines. The importance of British shipping in China is illustrated by the fact that in 1929 over 44 per cent. of the Chinese coastal trade was carried in British ships. Japan's investments in China approximately equal those of Great Britain and represent practically the whole of her foreign investments. Some 75 per cent. of these holdings are in South Manchuria, the South Manchuria Railway being Japan's chief asset in this area. In addition, however, she holds large interests in mines, steel mills, factories and hotels. In view of her own lack of mineral resources, Japan is largely dependent on Chinese mines, and in this connection the Fushun Colliery, the world's largest open cut coal mine, operated by the South Manchuria Railway Company, is of particular value to her, and has an output capable of meeting all deficiencies in the Japanese market for some time to come. Japan's interests in the Far East are also increasing in Shanghai and several northern ports. In shipping she is only second to Britain, while she has made great progress in the cotton industry, and at the beginning of 1930 owned and operated 39 per cent. of all the cotton spindles in the country. An estimate of Russia's investments, which are located chiefly in North and Central Manchuria, depends largely on the valuation of the Chinese Eastern Railway, which is a matter of some difficulty. There is difference of opinion as to whether this asset should be valued on the basis of original cost of construction, upon total expenditure, including annual deficits, or upon the present cost of replacement. On the later basis it has been estimated that \$50 millions represents a fair figure, but any calculation is complicated by the fact that, under the Sino-Soviet Agreement of Mukden in 1924, the Chinese Government will become the sole owner of the line sixty-three years after its original opening, i.e., in 1963. American investments in China are comparatively small. Her commercial interests are mainly in Shanghai, and until recently were particularly concerned in the petroleum business. During the past three years, however, United States capital has been sunk in several Chinese utility concerns, and in civil aviation. These business interests have been variously estimated at between \$95 and \$125 millions. But America's missionary and philanthropic interests in China are much larger than those of any other country, and represent a capital sum of probably something between \$52 and \$70 millions. The importance of Chinese commerce to Japan is again emphasised by the statistics of foreign trade. In 1929 Japanese trade with China amounted to \$500 millions, United States trade to \$398 millions, and British trade to \$160 millions. But whereas the Japanese figure represents 24.4 per cent. of

her total world trade, that of the United States amounts to only 3.5 per cent., and that of Great Britain to only 1.6 per cent. of their respective foreign commerce. These three countries share between them about three-quarters of China's total foreign trade. The relative importance of China to these countries was somewhat aptly expressed by a leading Japanese diplomat, who said: "Japan's interests in China are vital; British interests in China are substantial, American interests in China are—sentimental!"

Canada and Gold.—The Order-in-Council issued by the Canadian Government, on October 19th, formally prohibiting the export of gold, except under licence, is, in fact, simply the conferring of legal recognition to a previous *fait accompli*. For some months the Montreal exchange on New York has been at a discount which would have allowed a substantial profit on gold shipments to the United States. Though gold on one or two occasions has been exported from the Dominion to New York, the market has been kept by the Canadian authorities under a sort of unofficial control. Indeed, our Ottawa correspondent points out, in a letter which we print on a later page, that though Ministerial spokesmen have recently proclaimed that the Dominion was still on the gold standard, that standard had already been suspended in a strict sense long before the Order-in-Council was published, since business interests, who had applied for gold in order to meet obligations in the United States, had been refused it, while Canadian holders of a maturing dollar loan were paid in Dominion notes, though the American holders received gold. The Federal Government will, doubtless, be able to meet in gold its obligations maturing in the near future in New York, but the Canadian currency must now be regarded as openly off a gold basis. The dwindling premium enjoyed by the Canadian dollar over sterling should, at any rate, help Canadian wheat exporters to some extent in competition with the Argentine.

A Warning from the Continent.—On a later page of this issue our Amsterdam correspondent describes the trade difficulties caused to Holland by the depreciation of sterling and other currencies, and reports a strong movement for import restrictions to deal with the new situation. A project for tariffs even up to 40 per cent. is spoken of. Our Trondheim correspondent tells a not dissimilar story of the trend of affairs in Norway. These two despatches, coming on the top of Canada's action in raising customs rates against British imports, are worthy of serious attention at this moment. The depreciation of the pound is by itself proving sufficient to cause in other countries a demand for protective tariffs. If to the depreciation of the pound we were to add a British tariff, it is quite clear that the dogs of tariff war would everywhere be unleashed. Britain's adoption of Protection at this juncture would certainly instigate a perfect welter of tariff increases all round the world; and, as every student of recent economic history must know, such a result would intensify the world depression and bar the way against concerted measures for the renewal of trade activity.

New Security for German Loans.—A correspondent writes:—In pre-war times house property in Germany was mortgaged on the average up to 70 per cent. of its value. Since inflation relieved homeowners of a great part of this burden, the German Government, in addition to a Rent Restriction Act, has imposed since 1925 a heavy tax on rents (*Hauszinssteuer*), which recently has been 48 per cent. of the pre-war rent, but is to be reduced by 20 per cent. from March 1, 1932. It is believed that the German Government has recently been considering a scheme for capitalising the rent tax into a kind of consolidated debt. The suggestion is that the rent tax should be abolished, but that there should be introduced in its place a permanent mortgage on house property up to the amount of, say, three times the assessed annual amount

of the present tax. In that way the German Government would become the owner of first-class mortgages of a capital value of several milliard marks. These mortgages could be used as a security for Government credit operations. It is true that under this scheme the Treasury would have to face some loss of current revenue, but it would be of great advantage to the Government to have at its disposal a substantial amount of valuable assets which could be placed as security for internal or external loans, by which a part of Germany's short-term debt might be consolidated and additional capital provided for her trade and industry. Since mortgages in real estate are a form of security well liked in some foreign capital markets, the scheme appears to offer possibilities for the refunding abroad of part of Germany's short-term liabilities now frozen under the "standstill" agreement.

Sterling and World Prices.—During the past week gold prices, as measured by our new index number, based on the prices of eighteen primary commodities, have recovered nearly to the point at which they stood immediately before the British suspension of the gold standard. On the other hand, as will be seen from the following table, sterling prices, as measured by the regular *Economist* index, have remained virtually unchanged:—

"ECONOMIST" INDEX.
(1927 = 100.)

	Sept. 18, 1931.	Oct. 14, 1931.	Oct. 21, 1931.
Cereals and meat	64.5	70.1	70.9
Other foods	62.2	67.4	66.8
Textiles	43.7	51.0	51.4
Minerals	67.4	74.1	73.9
Miscellaneous	65.8	66.3	66.2
Complete Index	60.4	65.4	65.5
1913 = 100	83.1	90.0	90.1
1924 = 100	62.2	56.5	56.6
Sept. 18, 1931 = 100	100.0	108.3	108.4
Gold price index	100.0	95.7	99.4

Although there was a slight rise during the past week in the exchange value of sterling, the rise in gold prices leaves the disequilibrium between gold and sterling prices more marked than ever. It should, however, be borne in mind that only about one-third of the commodities included in the *Economist's* index number are such as to be immediately affected by depreciation of sterling.

A Foreign Exchange Analysis.—We print on this page a table showing the premium or discount on sterling established by other currencies since the British abandonment of the gold standard. Quotations are given for the Wednesday before the abandonment took place and for each subsequent Wednesday. The figures tell their own story, in which some of the prominent features are the consistent maintenance by the French franc of a premium over the dollar, the past week's all-round recovery of sterling, and the fact that the premium on sterling established by the Swedish krona is three times as large as that established by the currencies of Norway and Denmark.

TELEGRAPHIC EXCHANGE QUOTATIONS.
(Italic Figures represent Discounts.)

	Premium against Sterling.									Discount against Sterling.		
	New York.	Montreal.	Paris.	Milan.	Copenhagen.	Oslo.	Stockholm.	Kobe.	South Africa.*	Buenos Aires.	Rio de Janeiro.	Australia.†
September 16	%	%	%	%	%	%	%	%	%	%	%	%
" 23	0.13	0.37	0.23	0.48	0.13	0.13	0.01	0.77	1.25	37.0	49.2	31.5
" 30	14.8	7.0	14.3	9.2	3.6	3.6	5.0	16.0	9.5	32.8	45.0	31.5
October 7	20.2	9.6	20.7	16.2	0.9	0.9	6.4	22.1	11.0	29.1	45.0	31.5
" 14	19.9	10.1	20.3	17.8	3.6	3.6	7.1	22.1	19.5	36.4	45.0	31.5
" 21	20.3	10.1	20.8	18.8	3.6	3.6	9.1	23.3	19.5	31.5	45.0	31.5
" 21	18.7	8.8	19.2	17.9	2.3	2.3	7.7	21.0	18.0	31.7	38.6	31.5

Buying rate, sight drafts.

† Buying rate, demand.

Employment and the Cost of Living in September.—On the whole employment showed no improvement in September. According to the *Ministry of Labour Gazette*, among the workers insured against unemployment in Great Britain and Northern Ireland, the percentage unemployed at September 21st was 23.2, as compared with 22.7 per cent. at August 24th, and 17.6 per cent. a year ago. It is estimated that on the above dates the numbers of insured persons in work were approximately 9,326,000, 9,365,000 and 9,679,000 respectively. The total number of persons registered as wholly unemployed at September 21st was 2,044,482. This was 86,087 more than a month ago, and 631,240 more than a year ago. Those temporarily stopped at September 21st amounted to 654,755, as compared with 661,829 at August 24th and 596,773 a year ago, while the unemployed among those usually in casual employment numbered 112,378—1,180 less than a month ago, but 12,735 more than in August, 1930. The Ministry's latest returns show that on October 12th the total number of registered unemployed had fallen to 2,766,746, including 2,120,410 wholly unemployed, 531,002 temporarily stopped, and 115,334 normally in casual employment. But while those temporarily without work have decreased during the first fortnight of October by 100,000, the numbers wholly unemployed have increased by 39,750. With regard to the cost of living, the index number of the Ministry of Labour at October 1st registered 45 per cent. above the level of July, 1914, as compared with a similar figure on September 1st, and 56 per cent. a year ago. For food alone the index was also stationary during the month at 28 per cent., as compared with 43 per cent. last year.

Trade Union Membership.—Detailed statistics of the number and membership of trade unions in Great Britain and Northern Ireland at the end of 1930 are published in the current number of *The Ministry of Labour Gazette*. These figures are based on returns collected by friendly societies, by trade unions and by the Ministry of Labour, and relate to the organisations of salaried and professional workers, as well as those of manual wage-earners. We print below the figures for 1930, with comparisons covering the previous five years:—

Year.	Number of Trade Unions at End of Year.	Membership at End of Year.	Percentage Inc. (+) or Dec. (−) on Total Membership of Previous Year.
1925	1,156	5,497,000	− 0.7
1926	1,143	5,209,000	− 5.2
1927	1,137	4,908,000	− 5.8
1928	1,123	4,792,000	− 2.3
1929	1,113	4,839,000	+ 1.0
1930	1,098	4,825,000	− 0.3

The total number of trade unions in existence at the end of last year include twenty having their headquarters in Northern Ireland; while of the total membership some 81,000 members were in Irish Free State branches and about 27,000 in overseas branches of certain unions. Workers in the manufacturing industries represented about 40 per cent. of the total membership at the end

* "The Foreign Stake in China": *Foreign Affairs*, Oct. 1931 (New York) Council of Foreign Relations, \$1.25.

of last year. The metal and textile industries together had 24 per cent. of the membership, while transport services accounted for 27 per cent., and mining and quarrying for 13 per cent. Other groups well represented in the unions were Government, commerce, distribution, finance and teaching. Of the female membership, 58 per cent. were in the textile industry and the teaching profession.

Deep Sea Fisheries.—In the second quarter of the year landings of wet fish from the deep sea fisheries were, as usual, heavier than in the first quarter, when weather conditions were not so favourable. This particularly applies to the landings of British-caught fish at ports in England and Wales, where there was a substantial increase in weight and a substantial fall in aggregate value, the same applying to a comparison with the second quarter of 1930. At times supplies much exceeded demand and forced down prices to an unremunerative level, notably at Hull, where the unsold surplus had to be turned over to the factories making fish meal and fertiliser. In Scotland, however, the position was different. The following table relating to the April-June quarter is compiled from the returns of the Ministry of Agriculture and Fisheries:—

April-June.	Weight in Cwts.		Value.	
	1930.	1931.	1930.	1931.
<i>British-caught.</i>			£	£
England and Wales.....	3,334,620	3,382,535	5,042,085	2,757,700
Scotland.....	1,780,454	1,289,321	935,628	841,875
Shellfish.....	...	...	107,671	103,861
Total.....	5,115,074	4,671,856	4,085,384	3,703,436
Foreign landings.....	641,048	511,840	347,198	263,445
Imports.....	554,730	357,018	931,733	834,275

In England and Wales the effect of big supplies on prices was to reduce the average first-hand value to 16s. 3½d. per cwt., as compared with 18s. 2½d. per cwt. in the second quarter of 1930. In Scotland smaller landings kept up values, the average being 13s. 0½d. per cwt., as against only 10s. 6d. per cwt. Both foreign landings and imports of wet fish were also smaller, and possibly relieved the pressure on the market to some little extent. The statistics for the completed half-year printed below emphasise the general features just referred to:—

January-June.	Weight in Cwts.		Value.	
	1930.	1931.	1930.	1931.
<i>British-caught.</i>			£	£
England and Wales.....	6,050,547	6,108,724	6,287,368	5,877,054
Scotland.....	2,883,524	2,269,359	1,859,078	1,679,097
Shellfish.....	...	...	183,131	167,615
Total.....	8,934,524	8,378,083	8,146,446	7,556,151
Foreign landings.....	1,010,388	905,164	597,528	535,842
Imports.....	1,366,748	1,010,445	1,957,876	1,709,660

The landings of British-caught fish during the half-year in England and Wales were only a matter of 58,000 cwts., or less than 1 per cent. more, but the decrease in aggregate value was £410,314, equal to 6.5 per cent., while the average value was but 19s. 2d. per cwt., as against 20s. 9½d. per cwt. in the first half of last year. In Scotland the decrease of 614,165 cwts. was equal to 21.3 per cent., and the decrease in value of £179,971 equal to 9.6 per cent., the average realised being 14s. 9½d. per cwt. as against 12s. 10½d. per cwt. The landings of foreign-caught fish were rather less, but constituted 9.7 per cent. as against 10.1 per cent. of the total British and foreign landings. Imports also were less. As a set-off to the last-named we exported during the half-year 475,634 cwts. of wet fish, valued at £562,203, as compared with 450,865 cwts. and £572,505. Our exports of cured or salted fish (not canned) had a f.o.b. value of £1,364,495, as against £1,757,285, herrings representing about two-thirds of the total. At the same time, Great Britain imported cured or salted fish to the value of £177,381, as against £312,074, and canned fish valued at £1,862,145, as against £2,005,502. The re-exports of the former had a value of £104,924 and of the latter £392,018, comparing with £209,844 and £522,376 in the corresponding half of last year.

Transvaal Gold Output.—The gold output of the Transvaal mines during September amounted to 916,024 fine ounces, as compared with 916,425 fine ounces in August. In September, 1930, the output amounted to 903,176 fine ounces. In the following table we show the monthly output since the beginning of 1925:—

Month of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.
January	823,692	796,270	859,782	843,857	876,452	882,801	914,576
February	753,925	753,924	779,339	816,133	815,264	818,188	839,357
March	825,479	834,340	860,511	877,380	866,529	889,370	910,998
April	787,519	803,303	824,014	825,907	872,123	868,506	882,337
May	813,249	849,214	859,479	886,186	897,598	916,213	910,279
June	780,251	852,145	855,154	862,363	856,029	887,867	897,750
July	818,202	860,134	851,861	867,211	889,480	912,652	916,843
August	808,218	843,854	863,345	891,863	889,601	921,081	916,425
September	797,247	839,939	842,118	857,731	849,553	903,176	916,024
October	812,832	853,296	855,743	897,720	888,690	926,561	...
November	787,633	840,276	848,059	872,484	861,593	884,753	...
December	791,455	836,157	851,225	859,761	851,134	908,492	...
Total.	9,599,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	8,105,103

The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors at the end of September totalled 224,326, as compared with 224,677 at end of August. Comparative figures for the last eight months are shown below:—

	Jan., 1931.	Feb., 1931.	Mar., 1931.	Apr., 1931.	May, 1931.	June, 1931.	July, 1931.	Aug., 1931.	Sept., 1931.
Gold mines	209,442	209,777	207,239	206,770	207,109	207,209	208,155	209,409	209,424
Diamond mines	13,865	13,740	13,436	13,242	13,305	13,286	13,512	13,563	13,276
Total	223,307	223,517	220,675	220,012	220,414	220,495	221,667	222,972	222,700

The number of natives employed at the mines shows little change on the month.

Overseas Correspondence.

UNITED STATES

Credit Corporation — Gold — Reserve Position — M. Laval.

(FROM OUR CORRESPONDENT.)

NEW YORK, October 14.

ALTHOUGH the seriousness of the Manchurian troubles is appreciated, domestic developments of the past week captured the imagination of the security markets and brought about a sharp rise in prices, followed by the inevitable sobering up on a closer examination of the position. It is thought that the National Credit Corporation, the name for the organisation formed at President Hoover's solicitation to extend help to needy banks, will begin operations in a few days. Virtually \$500 millions have been pledged by the banks, and this sum doubtless could be doubled if needed. The Corporation will operate in close harmony with local clearing-house associations. It has no intention of buying or lending money on doubtful assets, but will confine itself to security of recognised standing which, owing to depressed markets, cannot be disposed of advantageously and is ineligible for discount at the Federal Reserve Banks.

No one thinks, of course, that this scheme is going to lift the country out of a business depression, but all hope that if it can swing into action at once it may do good by instilling confidence in banks and relieving the security markets from the pressure of bank sales. For the week of October 7th the reporting member banks in leading cities showed a further drop of \$85 millions in their investments, while their security loans were reduced by \$265 millions.

The tendency of timid bank depositors to withdraw their funds and hoard currency is widely denounced; an undoubtedly is an important factor in the banking situation, just as the numerous failures have helped to weaken public confidence in the banks. The new credit organisation

tion, it is hoped, will do much to break up this vicious circle. Hoarding of American currency is not confined to American citizens. Some estimate that as much as \$400 millions are now hoarded abroad. This week, for instance, \$1 million of a gold shipment to France were in \$20 gold pieces, whereas the usual practice is to ship gold bars.

No rapid diminution of the gold flow is taking place, although imports also continue. Since September 20th the total loss of gold in this country through exports and earmarkings tops \$500 millions. No great anxiety over the departures is shown as yet, but the money market is firming up, along with the inflation in currency circulation. The Federal Reserve Banks have done much to offset the tightening effects of gold exports and bank currency needs by buying bank bills in large volume. Last week the system's bill portfolio rose \$112 millions; the member banks borrowed \$135 millions; and total reserve bank credit increased \$261 millions. Money in circulation rose \$185 millions. The bill purchases are paid for with Reserve Bank notes, which have increased by nearly \$1,000 millions as compared with a year ago. Member banks are borrowing \$463 millions, against \$173 millions a year ago, and total Federal Reserve Bank credit outstanding, at \$1,839 millions, is \$827 millions higher than last year, in spite of the steady decline in trade. In fact, Reserve Bank credit outstanding is now higher than it was at the height of the boom period.

Obviously the Federal Reserve system's cheap money policy has failed to stimulate either business or bond markets, and its partial abandonment is regarded as advisable, although the lifting of the New York discount rate from a 1½ to a 2½ per cent. basis last week came as a surprise. Rumours of a change a fortnight previously had been stoutly denied, and it is likely that, while the rising tone of the money market dictated a restoration of the official rate from an abnormally and ineffective low level to a normal level, other shifts in the scene were important influences. Whatever the case may be, the automatic upward adjustment of bank commercial paper rates was a distinct help to the banks, which have been on a starvation diet induced by the excessively cheap money policy of the Reserve. It is now thought that deposit rates will be lifted shortly, and that the banks will thereby attract corporation money now placed in the short-term security markets, as well as make a bit more on their lendable credit.

With a further rise of a half per cent. in bill rates this week, followed by a rise in the Federal Reserve's buying rate, after an additional \$50 millions in bills had been bought from the banks, the asking rate on 90-day bills is now 2½ per cent. Any further rise would therefore suggest a higher discount rate. Banks sold about \$200 millions in bills to the Reserve in recent weeks and still hold around \$400 millions, which the present rate levels prevent them from selling except at a loss and which therefore they probably will hold to maturity. The Treasury is having to pay the cost of rising interest rates. Its latest discount bill issue of \$50 millions found a lack of eager bidders and went at an average interest rate of 2½ per cent., compared with 1.22 per cent. on September 30th and the record of 0.46 per cent. on July 27th. While firmer money is thus an accomplished fact, it is unlikely to change the aspect of things for the worse. The Federal Reserve system's reserve ratio is still higher than 67 per cent., and gold reserves at \$3,036,000,000 are \$60 millions higher than a year ago. Also, in spite of the low interest rates and falling deposits, the strong banks have been able to get along fairly well. The statements of condition for their third quarter show that the thirteen large New York banks, which hold the bulk of deposits, earned from June 30th to the end of September a total of \$82,438,000 and paid dividends of \$28,761,000. The banks suffered a substantial loss in gross deposits, most of which was seasonal in character. Only two institutions failed to cover their regular dividends. The bank share market, after having sunk alarmingly, has turned quite buoyant.

Business conditions show no important change. The steel industry, while feeling some stirrings of autumn

business, is still operating at around 29 per cent. of capacity. Freight car loadings for the first week of October were the highest for any week of the year, but were far below a year ago. An Interstate Commerce Commission decision on the higher freight rate application is expected within a few days, and the general run of conjecture is that a rise of about half the 15 per cent. asked will be granted. In any event, after the announcement the railroads probably will take up the question of wage reductions for their unionised labour. This must be done through concerted action, as the unions make a general contract with the roads. Wages elsewhere continue to be levelled down and, apart from certain commodities such as wheat and cotton, prices are receding.

Premier Laval's visit is awaited with much interest, but hopes should not be raised too high of a material early reduction in international debt payments. The Administration's view is believed to be that, given an accord among France and other European nations on German reparation reductions, as well as possibly promises on armaments, this Government would consider scaling down the debts due to the United States. Just how far the temper of the country would permit Congress to go is problematical, but if such reduction could plausibly be proposed as a cure for the business depression, and if higher taxation resulting from it could be so distributed as to disturb very little the majority of citizens, the deal might be made. In principle the American is not opposed to cutting the European debt, but he is not at present disposed to shoulder an additional tax burden for that purpose, light as his present burden relatively is.

FRANCE.

Election Dates — Budget Problems — Overseas Trade.

(FROM OUR CORRESPONDENT.)

PARIS, October 21.

It now appears to be practically certain that, by force of circumstances, the dates of the General Elections for the Chamber will have to be fixed for April 17 and 24, which are the only two Sundays free that will enable Constitutional requirements to be met without general inconvenience. The new Chamber must hold its opening sitting on June 1st, so that the latest possible date for the elections would be May 15th (with May 22nd for second ballots). This happens to be Whit Sunday, however, which most French people spend away from home. The previous two Sundays will be devoted to the great national Joan of Arc commemoration (May 8th) and Labour Day (May 1st), which are equally unsuitable. This bringing forward of the date of the polls will naturally still further curtail the time available for disposing of the Budget.

The problem of how to accommodate the passage of the 1931-2 Budget by the expiring Chamber to the fact that it would thus come into operation under the auspices of an entirely fresh Lower House, has now received definite solution. The new Budget will be drafted to cover only the nine months to the end of 1932, from which period there will be a return to the old financial year, which began as from January 1st. This was the system in vogue down to the beginning of 1930, when M. Tardieu found himself compelled, in order to gain time for the annual financial discussions, to postpone the beginning of the Budget year to April 1st. M. Tardieu's difficulties were due to the time-wasting methods that seem inherent to most Continental parliaments. M. Laval, although in part for somewhat different reasons, has now been obliged, like his predecessor, to make a second change in the period covered by the annual Budget. The coming Budget, therefore, will be only what may be termed an interim one. The new Chamber, which will begin work on June 1st, will within three months of coming into existence be called on to take up in earnest, in the spirit directly inspired by the electorate, the nation's new national and international financial problems.

The elections for the *Conseils Généraux* (county councils) throughout the country last Sunday have given a fairly good indication of the probable present trend of the electoral mind. An analysis of the returns foreshadows that, if last Sunday's voters cast their ballots similarly at the coming General Election, as it may fairly justly be inferred they will, the new Chamber will possess a substantially reinforced Centre and appreciably weaker Extremist Parties of all kinds. Last Sunday's outstanding characteristic was a somewhat sharp defeat of Communist, Socialist and "Die-Hard Reactionary" candidates in many of the cantons. The Socialist leader, M. Léon Blum, himself lost his seat as a county councillor of the district. The Radical Socialist candidates, on the whole, held their ground unexpectedly well. These local elections are usually regarded as affording fairly sound indications as to the real state of mind of the mass of the parliamentary electors, which explains what the foreign observer is inclined to regard as the exaggerated importance ascribed to them in French political circles.

The evolution of the new Budget Bill is proceeding vigorously. According to official announcements, "equilibrium will be obtained without recourse either to a loan or to new taxation, and without any fresh call on the Caisse d'Amortissement." The Budget Minister, M. Pietri, states that proposed expenditure has been substantially brought down, and that "equilibrium will be obtained thanks to certain exceptional resources on which we believe to be able to count this year." Whether this is an allusion to the pending application of part of the Government's extensive Renten conversion plans is not clear. "Customs receipts," the Minister added, "will without doubt compensate for loss of revenue from income tax on industrial and commercial profits and from the turnover taxes." The Caisse d'Amortissement will continue to make itself responsible for the additional 1,900 million or so of debt burden which it took over from the Budget last year, but will still command about 2,500,000,000 francs for debt extinction purposes. "The resources constituted by the unconditional annuity of the Young Plan will form part of our estimated revenue." It is also intended to put into operation a further portion of the Tardieu plan for new public works for the re-equipment of the national economic plant. This will be organised with a special view to absorbing unemployed labour. The necessary money will in all probability be furnished by a loan issue.

Taxation continues to come in satisfactorily. The total yield from all "normal and permanent" Budget sources in September was 3,617,598,000 francs, as compared with 3,414,272,000 francs in September, 1930, and 3,368,910,000 francs in the same month of 1929 (since which latter date a good deal of taxation relief has been accorded). The yield from the imposts which are grouped in this country under the heading of "indirect taxes" and from State monopolies (other than tobacco) was about 113½ millions in excess of Budget estimates. This, however, was solely due (like the similar "surpluses" in June, July and August) to the recent increases in various schedules of the Customs duties, especially in regard to entries of agricultural products. In September import duties yielded 118 millions more than in September last year (notwithstanding the substantial drop of over 800 millions in total imports, a decline which was only in small part due to lower yield from most of the *ad valorem* duties), and nearly 165½ millions more than Budget estimates. Since the beginning of the financial year, last April, total recoveries have resulted in an excess over Budget estimates of 312,120,000 francs. During the same period Customs duties have produced 918,312,000 francs more than expected, so that apparently, but for recent revisions upwards of Customs rates, the half-year would have resulted in a deficit of 606 millions instead of in a surplus. The yield from taxes on securities in September was 11½ millions more than in September last year, while stamp duties were 2,978,000 francs higher, and petrol duties nearly 15 millions more. Most of the other categories showed a falling off on the month. The drop in turnover taxes, which yielded 580,000,000 francs, was only 54½ millions, or about 8½ per

cent.; which suggests that business in general during the holiday period was not so unsatisfactory as was generally alleged. It is also significant that amusement taxes in September produced 1,788,000 francs more than in the same month last year.

The foreign trade figures for September, which were made known on Saturday, show small increases in both exports and imports. Exports had a value of 2,434,654,000 francs (or about 118½ millions more than in August), and as compared with 3,360½ millions in September, 1930, while imports were 3,345,851,000 francs (or 156 millions more than in August), as compared with 4,225 millions in September, 1930. Imports exceeded exports during the month by 911 millions, as against a deficit of 974 millions in August and 1,402 millions in June last, which was the highest deficit figure ever registered. The detailed figures for the first nine months of the year are as follows:—

	First nine months of 1930.	1931.	Differences in 1931.
Imports:—			
Foodstuffs	8,066,702,000	10,848,334,000	+2,781,632,000
Raw materials	22,622,716,000	15,526,670,000	-7,096,046,000
Manufactured goods	8,526,363,000	6,998,533,000	-1,527,830,000
Totals	39,215,781,000	33,373,537,000	-5,842,244,000
Exports:—			
Foodstuffs	4,458,856,000	3,185,454,000	-1,273,402,000
Raw materials	7,672,734,000	5,508,074,000	-2,164,660,000
Manufactured goods	20,537,784,000	14,711,594,000	-5,826,190,000
Totals	32,669,374,000	23,405,122,000	-9,264,252,000

The large increase in imported foodstuffs since the beginning of the year has, of course, been due to last year's poor French harvest, caused by the heavy storms which ruined much of the 1930 wheat crop. The nine months' exchanges show a total deficit balance of 9,968,000,000 francs, as compared with one of 6,646 millions for the corresponding period of 1930. The drop in exports latterly has been chiefly due to a falling off in foreign purchases of French agricultural produce, chemical products, motor cars and textile goods. Exceptionally, potato exports have been larger this year, down to the present, but the coming into operation of the British embargo on imports of potatoes coming from districts in which disease due to the ravages of the Colorado beetle (*dioryphora*) exists is expected to prove a serious blow to this form of trade. Simultaneously, entries of foreign cattle, fresh and frozen meats, wines, cereals, fruits and farm produce in general have been substantially larger this year, owing to successful foreign competition against the high domestic prices of home produce of these categories. How serious this competition has been is evidenced by the fact that total prohibition was recently imposed on entries of foreign wines of all kinds. Imports of wool, cotton, rubber and chemical and engineering products, on the other hand, have fallen off considerably.

GERMANY.

Reichstag — Economic Council — Reichsbahn Loan — Trade — Unemployment.

(FROM OUR CORRESPONDENT.)

BERLIN, October 21.

CHANCELLOR BRÜNING'S victory in the Reichstag was above all a personal victory. In the last weeks before the decisive session of the Reichstag venomous intrigues were formed against him, but no one has ventured to speak of him face to face otherwise than with expressions of high respect, not only for his uprightness, but also for the strength of his will and his grasp of the situation. Even Adolf Hitler, in his open letter to the Chancellor, used almost respectful tones. Naturally the Opposition has not abandoned hope that Dr. Brüning's authority will exhaust itself in the coming months. But to-day the

Chancellor occupies a position of such moral strength as no other Chancellor has enjoyed since the war.

At the same time, the majority in the Reichstag was not due to Dr. Brüning's impressive speeches alone. Among the groups of the moderate Right, whose support was courted by both sides, the feeling that responsibility for an overthrow of the Cabinet could not be assumed became steadily stronger in the course of the proceedings. It must even be assumed that some deputies of the German People's Party and the Landvolk group voted against the Government only because they were unwilling to disregard the decision of a majority of their parties, and because they were further convinced that the Government would win despite their votes.

The next task facing the Government is the solving of the social problems of the day. This is to be undertaken above all with the help of a "Wirtschaftsbeirat," an Economic Advisory Council to be composed of the various departments of economic life and of the trade unions, with President von Hindenburg as chairman. As a matter of fact, an Economic Advisory Council is already in existence—the "Reichswirtschaftsrat," which was created by the Constitution. But this organ has not understood how to acquire authority. Hence the Government regards it as necessary to create by extraordinary means a new advisory body. It is questionable, however, whether it will be possible to achieve unity of opinion in this council. Trade unions and employers have but recently used very sharp language to each other in public utterances. The questions which they must now deal with are extraordinarily ticklish. Without abandoning the system of collective wage agreements, such agreements are to be given an element of elasticity in order to make possible a better adjustment of wages to the capacities of the different employers in the time of crisis. Hence the negotiations will be attended on the one side by the wild protests of the Communists, who accuse the trade union leaders of treachery, and on the other side by the no less loud protests of the groups of the political Right, to which most of the employers probably belong, against any concession to "Socialism." President von Hindenburg will have to make use of his great moral authority in order to keep both sides at the conference table until such time as the differences shall have been somewhat worn down. A compromise in the problem of the controlling of cartels, which will also occupy the Council, will probably be reached more easily than in matters of social policies.

The Government has achieved an almost astonishing success with the tax-free Reichsbahn loan. More than 170 million marks have been subscribed, and the period for subscriptions has been extended, as the last days brought a pronounced increase of subscriptions, and there were indications that a number of people might still subscribe. The greatest part of these subscriptions has, without doubt, come from tax-evading capital, whose owners desire to take advantage of the taxation amnesty. The desire to bring capital back to Germany may also have been furthered by the psychological effect of the sterling crisis. Since the pound has lost a part of its value, the faith in the security of investments abroad has been severely shaken in Germany. And since the tax requirements that brought about the flight of capital do not come into consideration for the subscriber to these loans during the next years, and he needs only to accept a comparatively small interest return on his property, the shifts in the currency situation have obviously been very effective. Naturally, the result does not come up to the fantastic ideas held in many quarters regarding the extent of the flight of capital and of the possibility of replacing it. But all sober observers have seen their expectations greatly exceeded. The Reichsbahn, which receives the proceeds of the loan, will use the money for increasing its orders for material. The Reichsbahn is thus well financed for this year, since a very considerable part of the Hoover Plan savings also go to it. The idea is, of course, to ease the crisis in the labour market through new orders. A further factor is the realisation that the Reichsbahn represents an extra-

ordinarily great asset to the Reich; hence its property must not suffer depreciation through the effects of the crisis. This is also the reason for the drastic step taken by the Reich through its new decrees regarding the competition of privately-operated automobile trucks with the railways.

Germany's foreign trade in September reached a new record in surplus of exports over imports. Exports were 835 million marks, imports only 448 millions. In 1929, the year of the largest foreign trade figures, exports and imports were about equal, with a monthly average of, roundly, 1,120 millions. That the value of imports decreased so much more than that of exports is explained only in small part by the fact that the imports consisted in the main of raw materials, and hence were more strongly affected by the worldwide drop in prices than were the exports. For the greater part, the decline in imports is a result of the declining German purchasing power, and of a situation of production that has grown worse in far greater extent than the worldwide decline. The German export trade seems not to have been greatly affected by the pound crisis, despite contrary expectations held in many quarters. The drop in the pound's value naturally amounts to an export premium for Germany's English competitors, but one conjectures that fear of the introduction of protective tariffs in England and other countries has led different countries to make covering purchases which have compensated for the increased activity of the competitors.

Despite this great surplus of exports, the Reichsbank lost more gold and *devisen* in the first half of October. The covering of the Reichsbank notes amounted on October 15th to only 28.6 per cent, the \$150,000,000 of foreign credits being calculated as a part of the covering. Happily the Reichsbank and the responsible Press have for months been explaining to the German public that the stability of a currency is not dependent on the percentage to which it is covered. Thanks to the "freezing" consortium and the German legislation governing *devisen*, the German payment balance is not seriously menaced, despite the recent losses of foreign currency. It is true that the Reichsbank has in the course of the last month had to pay out somewhat over 400 million marks in gold and *devisen*, but this was due solely to the effect of previous happenings. The "freezing" agreement came into effect at the end of September, and all seasonal credits, all foreign accounts due as a result of "term" engagements in foreign currency, and 25 per cent. of the mark deposits had to be released and transferred to the foreign creditors. The next months, as a result of the "freezing" agreement, will bring only small withdrawals of *devisen*, and the German *devisen* provisions render practically impossible any transfer of German property to foreign countries. In these circumstances the export surplus must sooner or later make itself felt in an expansion of the German stock of gold. The Reichsbank is now trying with all its energies to add to its covering funds the sums of foreign currency due to German exporters. In a period of international nervousness and anxiety about currency, the Reichsbank will doubtless not succeed in doing this completely; but, nevertheless, all calculations make it appear very probable that the present percentage of covering can be maintained until the end of the year. What will happen then, especially when the "freezing" agreement expires on March 1, 1932, can, of course, not be predicted. But there is no room for doubt as to the firm decision of the German Government to maintain the stability of the currency at all costs.

The demands made on the Reichsbank through presentation of domestic bills have also increased. But, despite the simultaneous losses of gold, they will probably not be regarded as a reason for increasing the present discount rate of 8 per cent. The Reichsbank has been compelled in the last few days to accept considerable sums of paper in order to make it possible for the Savings Banks to meet depositors' withdrawals. An increase of the discount rate would make no change in the amount of such bills or of future bills in a crisis. An increase of the interest burdens for good commercial paper, on the contrary, would further increase deflationary pressure, and it is the Reichsbank's effort to avoid this as far as possible.

Unemployment figures have taken a not unfavourable turn in recent weeks. In the second half of September—in which, however, the harvesting of the potato crop regularly required extra labour—the total number of unemployed increased by only 31,000, as against 21,000 in the same period of 1930. Since the (very high) minimum standard of the summer, the total has increased by roughly 400,000, against 369,000 in the same period last year. The following table shows the development:—

Date.	Increase in two weeks		Totals.	
	1930.	1931.	1930.	1931.
July 15	75,000	2,000	2,716,000	3,956,000
July 31	49,000	34,000	2,765,000	3,990,000
August 15	80,000	114,000	2,845,000	4,104,000
August 31	38,000	111,000	2,883,000	4,215,000
September 15	100,000	109,000	2,983,000	4,324,000
September 30	21,000	31,000	3,004,000	4,355,000

These figures cover those registered at the employment agencies as seeking work, and hence include both those drawing support and those receiving none. Of the 4,300,000 unemployed, 1,300,000 receive payments from unemployment insurance, 1,100,000 from the "crisis aid," that is, mainly at the expense of the Reich, and about one million are dependent on the Poor Relief funds of the municipalities. The remainder live from their savings or are supported by relatives.

AUSTRIA.

Credit-Anstalt — Budget Cuts — Exchange Control.

(FROM OUR CORRESPONDENT.)

VIENNA, October 19.

THE big change in the Credit-Anstalt is now completed. At the beginning of his activity the new Minister of Finance gave notice to all the directors and assistant directors of the bank. Only the few directors nominated since the collapse of the institution remain. Previous to this change there was a serious crisis in the reconstruction committee, whose chairman, the former Minister, Dr. Gürtler, and vice-chairman, Dr. Mosing, have resigned their positions. Both of these gentlemen were of the opinion that the majority of the directors, and especially those under whose management the collapse took place, should immediately withdraw. The managing director, Dr. Spitzmüller, was not of this opinion, but the Government went over his head and issued the dismissals. In so doing they were guided by the fact that with every day that passes the liability of the Federal State for the Credit-Anstalt is growing, and there is talk of figures running into alarming amounts. The proceedings at the Credit-Anstalt are also beginning to take on political significance, for the farmers, the officials and the business people, who now have to pay new taxes or whose salaries are being reduced, have been voicing the sharpest complaints at election meetings against the relief action for the Credit-Anstalt and against its management; and there have been demands that the courts should intervene. Criminal proceedings are therefore in progress against the former director of the Credit-Anstalt, Fritz Ehrenfest. The report of the chartered accountants is still being kept secret, but it is said that at the meeting of the reconstruction committee and the Ministry of Finance there are computations of the losses of the Credit-Anstalt and of the guarantee of the State which amount to a very high sum, several times as great as the first estimate of 140 million schillings. It is pointed out that the Budget cannot be balanced, and that all retrenchment will be in vain so long as no definite figures are available in regard to the deficit of the Credit-Anstalt and the amount of the guarantee assumed by the State.

The estimates for the year 1932, which will very shortly be submitted to the National Council, provide for a saving on materials consumed of 265 millions, and on salary expenses of 55 million schillings. The most drastic retrenchment is being effected in the Ministry of Commerce, at the War Office and in regard to agriculture. Originally the Ministry of Commerce estimate figured at 105 million schillings, but it has been reduced by exactly one-third; drastic cuts have been made in the appropriation for roads and buildings. The estimated expenditure for

the Ministry of Agriculture for the year 1931 was 121.6 millions, and now a curtailment of 31 per cent. is shown. The War Office required 110.4 millions, and the curtailment will amount to 28.5 per cent. It is also intended to make important savings at the Ministry of Education and at the State theatres. The previous expenditure of 97.7 million schillings is to suffer a reduction of 22 per cent., and the deficit of the theatres, which necessitated a State allowance of seven millions a year, is to be brought down to three millions. At the Ministry for Social Administration alone there are practically no possibilities of retrenchment in view of increasing economic distress and of the growth of unemployment. In the State enterprises a general reduction of expenses of 10 per cent. is to be made. The Government appears to be optimistic in regard to the development of the tobacco monopoly and of the Customs duties, although the introduction of the strict control of foreign currency business will undoubtedly lead to a big loss of Customs revenue. The regression in the consumption of tobacco cannot be counterbalanced by an increase of prices.

As a result of the compulsory surrender of foreign means of payment, the National Bank shows a very considerable influx of foreign currency, which the Bank needs urgently; for the 190 million schillings credit which has been prolonged and, until the end of the year, is still to remain a debt to the Bank of International Settlements or the Bank of England, may not be utilised. Furthermore, bills of exchange which were passed by the National Bank for discount by foreign banks, are not being prolonged. Consequently the bill portfolio has swollen, as the National Bank is placing these bills in its own portfolio. Furthermore, holdings of *devisen* show a decline, because the foreign means of payment which the National Bank received for these bills of exchange have again run out. Still, for a few weeks now the National Bank has a breathing space and hopes that the negotiations which are taking place in Paris will result in a small advance against Treasury bonds presently to be issued.

The National Bank is adhering rigidly to the official rates for foreign exchange. By means of the severe punishment regulations it has suppressed private trading, in which considerably higher prices had figured. Further, the sending abroad of Austrian notes is being rendered difficult by every available means, and the suspension of quotations on most of the foreign markets is a reflection of the restrictions which the National Bank is imposing in regard to the conversion of schilling notes for any but absolutely legitimate requirements. Every effort is being exerted in Austria to avoid inflation. The rigorous collection of taxes and the drastic measures of retrenchment which are everywhere being put through will take care of this. There is no intention to open the Bourse, and the sale of shares and investment stocks is therefore still more difficult. Further, in regard to making advances against security, the credit institutions are very cautious. Savings banks are observing a similar attitude. Mortgages are also not easy to raise, especially as the banks have been told to exercise the greatest reserve in issuing fresh credits and to maintain ample cash in hand.

The complete paralysis of money and credit transactions with Hungary makes it very difficult to collect outstanding debts in that country, and this circumstance is exercising a depressing influence upon Austrian trade. Commerce with Yugoslavia and Poland, and latterly with Czechoslovakia, in which country a still sharper control of foreign values has been instituted, is also damped down considerably.

HUNGARY.

League Financial Committee — Currency — Budget Problems.

(FROM OUR CORRESPONDENT.)

BUDAPEST, October 20.

THE Financial Committee of the League of Nations, which was convened to a special meeting at Budapest on October 16th, began its deliberations under the chairmanship of Signor Suvich. The Committee is very strong,

Sir Otto Niemeyer, Monsieur de Chalendar, Mr Ter Meulen and Mr R. N. Olds, the former American Under-Secretary of State, being present. It is expected that the Committee will conclude its work by the end of the week. No official statement has been given of the proceedings, but it is no secret that the Committee is considering the material collected by the experts of the League who have been investigating the financial situation of Hungary on the spot since October 1st. Although an official *communiqué* is expected when the Committee adjourns, it is uncertain yet whether the report on the finances of Hungary, prepared by them, will be published before it is submitted to the Council of the League. Readers of the *Economist* are familiar with the precarious currency and budgetary conditions in Hungary, which require urgent handling in order to preserve the basic financial structure of the country on which its future recovery depends.

The latest return of the National Bank is satisfactory. The note circulation has decreased by 4.9 million to 362.6 million pengő, the bill portfolio has diminished by 9.4 million to 364.4 million pengő. The gold and gold exchange holding amounted to 116.4 million pengő, a slight increase on the previous week. The note circulation, which has oscillated between 350 and 400 million pengő in the last six weeks, is very satisfactory; the absence of increase demonstrates that depositors trust the banks and the gold pengő. The gold holding of the Bank slightly increased on October 1st, but this is due only to the fact that the rationing of foreign exchanges for merchandise imports was very vigorous. As was pointed out in previous dispatches, Hungary can at last balance her imports by merchandise exports, but there is no hope of an export surplus with which to pay interest, sinking fund and other maturities due in the next few months.

The endeavours of the Government to balance the budget have been examined by the Finance Commission. There is a considerable deficit in the first quarter of the current financial year, which begins on July 1st. No official publication is available yet of the results of the first quarter, but they will be made public in all probability on November 1st. In view of the depressed economic conditions and the fall in the price level, in spite of the increased taxes, it would be unwise to expect more than 800 million pengő revenue in the current financial year. As the expenditure, in spite of the cuts already effected, amounts to nearly 900 million pengő, further curtailments will have to be enforced in order to restore the equilibrium of the budget. The State enterprises' budget, especially that of the State railways, needs thorough reorganisation. The finances of the municipalities are also in a very unsatisfactory state, and their wasteful expenditure must be drastically cut down. The balancing of the State budget, as well as that of the State enterprises and municipalities, will involve heavy sacrifices.

ITALY.

Gold — Foreign Trade — Unemployment.

(FROM OUR CORRESPONDENT.)

TURIN, October 19.

GREAT prominence is given in the newspapers to the fact that 80 barrels of gold were landed on Friday at Genoa for delivery at the Bank of Italy, and that the proportion of gold reserves (exclusive of gold bills), which stood at 25.2 per cent. on December 31, 1927, just after the stabilisation decree, has increased continuously thereafter to the present level of 37.3 per cent. As the legal cover for notes in gold and gold bills is 40 per cent., we are, so the comments run, very near to having reached the legal requirements in gold alone. This would appear to mean that the final policy of the Bank of Italy would be to abandon the gold standard system. This should perhaps be regarded as a final stage, because at present foreign exchanges are strictly controlled and only "cash" foreign bills are sold. Forward coverings are thus barred, with no small discomfort to industry and trade.

Figures published this week of September foreign trade point to a favourable balance, imports being restricted to

839.2 million lire, against 1,272.6 millions in the corresponding month of last year, while exports decreased only from 901.5 millions in 1930 to 871 millions in 1931. This favourable balance of 31.8 million lire may be exceptional, but it is a symptom of a tendency. In the first nine months imports decreased from 13,066.2 million lire in 1930 to 9,106.5 millions in 1931, while exports decreased only from 9,048.7 millions to 7,405.4 millions, so that the import excess decreased from 4,022.5 millions to 1,701.1 millions. What is the true significance of this sharp contraction of foreign trade, and what will be its future consequences, is not so easy to see. Reductions from 31,451 tons in the first half of 1930 to 22,714 tons in the same period of 1931 in the imports of raw jute, from 128,140 to 95,009 tons of raw cotton, from 31,339 to 26,892 tons of wool, from 521,062 to 284,698 tons of broken iron, from 92,565 to 48,979 tons of pig iron, from 61,376 to 34,217 tons of iron and steel, from 5,375,899 to 4,605,593 tons of coal, from 95,012 to 87,951 tons of cellulose, not fully compensated by some increases such as from 329,555 to 433,694 tons of mineral oils derivatives, or from 16,816 to 20,050 tons of hides, may well cause some misgivings as to the activity of Italian industry. But from a monetary point of view they point to an easy situation; so much the more as it is prognosticated that the balance of international payments, including invisible items, will close with a favourable surplus. Pilgrimages, most famous of all that of St. Anthony of Padua, which had been suspended when Church and State were at loggerheads about the Catholic Action, were restarted once peace was restored, and they are bringing money into Italy.

That industrial activity is on the down-grade is indicated by the unemployment figures. In 1930 unemployed were 394,630 at the end of September, reaching 642,169 only at the end of December, and rising to a maximum of 765,325 at the end of February, 1931. After a short-lived decrease to a minimum of 573,593 at the end of June, we are again up with a figure of 757,764 at the end of September. As the subsidy period is generally 90 (in some cases 120) days, the number of unemployed on the subsidy list is only 234,000. To provide for the others a big drive has to be made on public charity, with large subscriptions coming from employers, public bodies, employees and workers on the pay roll.

The limitation of the Bourses to cash transactions has reduced business to a dwindling fraction. In the first week of October transactions in securities reached only 3.5 million lire daily, which is a decrease of 80.5 per cent. on the same week of the past year, and of 96 per cent. on the maximum turnover reached in the third week of May, 1928. Quotations are lifeless but quiet, which is, perhaps, the utmost we can expect.

HOLLAND.

Exchange Problems — Tariff Agitation — Trade.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, October 21.

SINCE the suspension of the gold standard in England and the resultant increase in the intensity of foreign competition in the Dutch market, various branches of Dutch industry and commerce have submitted petitions to the Government stressing the urgent necessity for safeguarding measures. As a result, the Minister of Labour, Commerce and Industry has instructed the Director-General of Labour to institute a speedy inquiry into the situation in the various branches of industry. The work was commenced immediately, and a questionnaire has been supplied to every industrial undertaking employing more than ten persons. The replies have to be sent in by October 21st and, with the aid of the particulars thus secured, the report of the Minister will be compiled. In Parliament, also, several members have questioned the Ministers with regard to the Government's intentions for dealing with the prevailing economic crisis in the Netherlands. The Minister of Home Affairs announced in this connection that the Government intends to introduce a Bill for

coping with the problems which have been encountered lately with regard to imports. As to schemes for providing employment, the Government has already done much in this direction, and it is hoped to extend these further. The Government is prepared to furnish unemployment funds with additional support again in 1932 if necessary.

Evidently the introduction of a general emergency Bill can shortly be expected in Parliament, and in most circles increased import duties are anticipated. As a matter of fact, in view of the budgetary deficit, legislation has already been proposed for an all-round increase of the 8 per cent. import duty to 10 per cent., whilst, in addition, a Bill has also been introduced for investing the Government with power to enforce temporary measures for coping with artificial competition from abroad. This would enable the Government, for a period of one year at the most, to restrict imports or to levy special tariffs up to a maximum of 40 per cent. without reference to Parliament. These proposals are, generally speaking, viewed as paving the way to a more protectionist commercial policy in the Netherlands, and accordingly there is violent opposition on the part of the Liberals. In addition, it is considered in some quarters that the measures proposed are in contravention with the Treaty of Oslo. The Government, however, states that the Treaty of Oslo does not restrict Holland from exercising its right to take temporary measures with regard to the import of merchandise, if such be considered necessary for fiscal or economic reasons. If such measures be adopted, the Government is only called upon to give notification thereof, and to give due consideration to any appeals made by other signatories if they consider their interests are endangered. It should be remarked, however, that the Treaty was built up on the assumption that the signatories would abstain from taking such measures as far as possible, and that they should only take recourse to them in the event of absolute necessity.

The Government is closely following the trend of public opinion expressed in the Press and elsewhere with regard to an entire or partial Netherlands-Belgium customs union. The responsible Minister has stated that, in principle, there can be no objection to two or, as the case may be, three of the signatories of the Oslo Treaty extending their co-operation beyond the actual scope of the Oslo Treaty, if they wish to do so. The Government considers that it is very doubtful whether the creation of a Netherlands-Belgian-Scandinavian customs union would be a useful development, but that, apart from that, the extent to which the signatories of the Oslo Treaty can develop their co-operation is very large.

From all the developments referred to, it is evident that Holland is tending to follow an active foreign commercial policy more and more for the sake of saving at least what has been achieved in the way of industrial enterprise.

The problem of the fluctuating sterling rate of exchange gave rise to discussions over here as to the institution of an official foreign exchange futures market, with clearing house under the management of the Netherlands Bank. Although operations in sterling for forward delivery met with considerable obstacles the first few days after the suspension of the gold standard in England, everything is working fairly normally again now, and customers can now cover their exchange risks at their banks by buying or selling sterling for forward delivery in the usual way. The necessity of an official market for forward sterling is, therefore, no longer being felt so urgently.

State revenue continues its downhill trend. The income in the month of September was 34.6 million guilders, against 40.8 millions in September, 1930. The total revenue in the first nine months of the year was 334 millions, as compared with 380.3 millions in the corresponding period of 1930.

Reports from commercial and industrial circles continue unsatisfactory. Great loss is being involved to port interests by the fact that most steamers no longer bunker in Rotterdam, Amsterdam or Flushing, but bunker with English coals in England owing to the lower prices in guilders there. France has now announced the institution of a quota system for the importation of Dutch cattle and produce again, and has already put the system partially

into operation, while at the same time Denmark is exporting large quantities to Holland as a result of the depreciation of the Danish exchange. In agricultural circles things are as gloomy as ever, with the failure of the potato crop and the handicap of the German commercial policy.

As regards the Tilburg woollen industry, practically all the factories are still in operation for the time being, some even with more than one shift, but it is taken as certain that there will be very serious unemployment in a few weeks time, unless the Netherlands Government take measures in time to prevent the market over here from being flooded with foreign fabrics and ready-made wear.

SWEDEN.

Bank Rate — Banking Position — Trade Balance.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, October 20.

As anticipated, last week brought a new fall in the Bank rate, although not on Thursday, the expected day, but only on the Saturday, to come into force the beginning of this week. Our official minimum discount rate is thereby again down to 6 per cent., or the same rate as was fixed on the abandonment by England of the gold standard. If the notably stable position of the Swedish crown during the past few weeks is maintained, it should be possible to anticipate fresh falls in the Bank rate. The Stock Exchange has, moreover, shown a particularly firm attitude at the end of last and the beginning of the present week. It is, however, open to question whether all factors have been taken into calculation in this connection, as it must be remembered that the position may be complicated if New York is forced to raise its Bank rate higher. Moreover, a large factor of uncertainty is what effect would be produced on the Swedish crown if any considerable foreign holdings of international Swedish securities were to be thrown upon the Stockholm Stock Exchange.

It can, therefore, scarcely be said that the position has become any clearer. We must content ourselves with stating that the first panic feeling has been overcome and that the tone has become more calm. In one respect the position has materially improved. It is possible to conclude from the September bank reports that the strain of the international liquidation crisis on the Swedish commercial banks has passed. Their position in relation to foreign countries has, in fact, improved in a particularly striking manner. At end of May the net liabilities at short date for foreign account were no less than 141 million crowns, and at the same time the foreign deposits with our commercial banks amounted to 343 million crowns. At the end of last month the first-mentioned debit balance had become converted into a credit balance of 94 million crowns, whilst the foreign deposits had dropped to 66 million crowns. In other words, the latter were more than fully covered by short date claims abroad, a state of affairs which has not prevailed since March last year. The commercial banks have thereby improved their position in relation to foreign centres since the end of May by 235 million crowns, and their foreign borrowing has been reduced by 277 million crowns.

This improvement, however, could only be brought about by a corresponding deterioration in the position of the State Bank. During the third quarter, the depletion of its currency reserve reached the abnormal figure of 301 million crowns, 95 million crowns of which were lost during the last week of our adherence to the gold standard. The result for the country as a whole has, in other words, been a very serious deterioration of the balance of payments. Our total foreign banking credit balance fell during the third quarter by 112 million crowns, whilst normally for this period there is a somewhat marked improvement. Moreover, since the beginning of the year the deterioration in the balance of payments amounts to no less than 329 million crowns, the foreign credit balance having fallen to only 264 million crowns, as compared with 578 million crowns a year ago. When we add to

this the fact that so great a proportion of the foreign claims consists of bonds, it is manifest that it will be impossible to avoid a foreign loan, even apart from the need of such in order to give the State Bank adequate strength, when it again desires to carry through a definite stabilisation of the Swedish crown.

The consequence of the release from the gold standard must, of course, be a stimulation of export and a contraction of import, which should gradually bring about equilibrium in the balance of trade. In the figures for foreign trade during September it is still, of course, too early to trace any effects in this direction. It is possible, however, to ascertain that the fall in exports has not continued. Moreover, imports fell sharply at the same time. Manifestly, however, in spite of last month's figures, it appears by no means improbable that the margin on the wrong side in the visible balance of trade for the first three quarters of the year will amount to 250 million crowns. In other words, much remains to be set right before the proportion again becomes anything like normal.

DENMARK.

Reopening the Bourse — Relief for Farmers and Unemployed.

(FROM OUR CORRESPONDENT.)

COPENHAGEN, October 17.

The outstanding event in the financial sphere this week was the reopening of the Bourse, which had been closed for nearly a month. Uncertainty as to the level at which quotations would settle down caused a good deal of excitement. The experiences of other countries on the reopenings of their bourses led to considerable fear of big fluctuations. These, however, in the event, proved moderate. It is true that Government bonds, municipal bonds and the Credit Association's bonds were all quoted at a lower rate, as a natural consequence of the higher discount and interest level caused by the events of these last weeks, but the fall in most cases amounted to only 3 or 4 per cent.

The reopening of the Bourse led to a rise in equity stock and share quotations, which in some instances amounted to as much as 15 per cent. This is partly explained by the fact that the devaluation of the Danish crown is expected to create better conditions for industry and for shipping. Moreover, during the weeks prior to the closing of the Bourse, a considerable fall in quotations had set in—a fall which caused the National Bank, in its annual report, issued last week, to declare that, on the whole, it seemed to be an exaggerated expression of the reduction of income caused by the falling price level.

This week has also seen an important agreement between the Government and the Conservative Opposition with regard to support for the distressed farmers during the crisis, and extra support for the unemployed. For this purpose Kr. 41 million have been placed at the Government's disposal. The money will be obtained by a 25 per cent. increase in the income tax, and by an addition to the beer and petrol taxes and the silk duty. This agreement has given rise to sharp protests from industry, trade and shipping.

NORWAY.

Bank Rate — Import Regulation.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, October 19.

The Bank return dated October 15th again revealed an increase in the gold reserve of about 2 million kroner, while notes in circulation declined by about 4 million kroner to 292.4 million kroner. Loans and discounts were reduced by 6 million kroner, while balances abroad remained practically unaltered. This favourable position, as well as the desire to relieve our trade and industry of

the deadweight of a high discount rate under the present extraordinary conditions, led to the decision taken by the Bank on Saturday to reduce Bank rate to 6 per cent. as from to-day. When the reduction from 8 to 7 per cent. took place on October 8th the general opinion was that a further reduction would occur in the near future, and movements of prices on the Stock Exchange also indicated that such an event was anticipated. However, in spite of this, the reduction was hardly expected before the turn of the month. This comparatively rapid liquidation of the extraordinary conditions in the domestic money market has naturally caused great satisfaction, and will stimulate business and inspire more confidence in the future on all quarters. Again, as on the previous occasion, this step was taken in co-operation with the Riksbank in Stockholm. It is not generally expected, however, that a further reduction of the Bank rate will be possible for some time.

On Wednesday last a conference was held in Oslo at the invitation of the Industrial Association of Norway (Norges Industriforbund), at which representatives of our export and import industries, as well as of agriculture, trade, banking and many other branches, were present. The programme of the conference was to discuss the best course to take in order to maintain the economic independence of the country during the present conditions. As a result of the discussions, a manifesto was issued to the Press, the gist of which was an appeal to the public to give preference to goods of Norwegian origin to the extent that this was possible. It was expressly stated by Mr Throne Holst, who presided, and who said that he was in favour of free trade in principle, that it was not the aim of this action to make Norway a self-supporting country at any price or to suppress all imports, but to endeavour to counterbalance the difficulties experienced by our export industries through such regulating measures as had lately been taken in most countries. Although this way of trying to solve the problems that had been forced upon us under the present state of affairs was not, he went on to say, without its serious drawbacks, there seemed, under the prevailing circumstances, no other course open.

During the week just elapsed the krone has been comparatively stable, the movement being rather slightly against us. Government stocks, after having shown some weakness during the earlier part of the week, hardened slightly towards the end of the week, while shares have only attracted small attention, prices showing a sagging tendency.

CANADA.

The Pound — Government's Policy — Tariff Regulation — Business.

(FROM OUR CORRESPONDENT.)

OTTAWA, October 3.

The abandonment by Britain of the gold standard could scarcely fail to have serious repercussions in Canada. Immediately after the arrival of the news Mr Bennett, in his capacity of Finance Minister, announced that Canada would not follow the British example; but the Canadian dollar at once began to slide downward in New York. It reached bottom at 85½ cents on September 30th, and has since been fluctuating between that point and 88 cents, while sterling in Montreal has been ranging between \$4.30 and \$4.45. In view of Canada's intimate financial and trade relations with the United States this decline of the Canadian dollar is a source of serious embarrassment both to Government and business interests, whose obligations in the United States call for their discharge in American currency. It is contended here that Canada's financial position does not justify this sharp decline in the dollar, and that the reason for it is the inability of Americans to differentiate between the British and Canadian situations and to realise that allegiance to the same sovereignty does not necessitate an identical financial plight.

The Federal Government has made every provision for meeting in gold certain obligations which mature soon in

New York and anticipates no difficulty about its own immediate commitments. The obligations of certain provinces, however, constitute a less simple problem. Ministerial spokesmen proclaim that the Dominion is still on the gold standard, but it is an open secret that in a strict sense the standard has been suspended, inasmuch as certain business interests which applied for gold in return for legal tender, in order to meet obligations in the United States, have been refused it, and a virtual embargo upon the export of gold now exists.* Moreover, Canadian holders of certain unconverted portions of a loan, amounting to 14 million dollars, which matured on October 1st and was payable in gold, were paid in Dominion notes, while the American holders received gold. Steps have also been taken to prevent speculation in exchange, and the Government is asserting its right to buy such gold as the country produces. Mr Bennett has announced that "Canada will honour her obligations in accordance with the terms of the borrowing contracts," and presumably, if the exchange situation does not right itself at an early date, appropriate steps will be taken to help the embarrassed provinces in their difficulties.

The decline of the pound also affected the trade situation, and in this connection the Bennett Ministry has pursued a somewhat tortuous policy which has aroused considerable criticism. On September 28th it promulgated an Order-in-Council decreeing that for the purposes of collecting duties the value of imports from countries with depreciated currencies would be based on the rate of exchange on the day of shipment. But as soon as Canadian manufacturers realised that this regulation implied a substantial increase of the British tariff preference they flooded Ottawa with representations against it; they alleged that owing to the prospect of cheaper British goods many orders for domestic mills had been cancelled and diverted to Britain, and that if this diversion continued many local plants, particularly textile mills, would have to close down.

The Bennett Ministry is so dependent upon the support of industrialists that it could not afford to disregard these representations, and accordingly on September 29th it passed another Order-in-Council reversing its previous decision, and ordaining that for duty purposes the value of shipments from Great Britain would be computed as if the pound sterling were at par. Next day this move was followed by a third Order-in-Council, which declared that the difference between the depreciated pound and the par pound should be treated as a "dumping duty" to be collected on all importations from Great Britain. The two later Orders-in-Council have aroused strong criticism from many quarters, and it is likely to grow in volume, especially now that other European countries have abandoned the gold standard. The later Orders-in-Council were directed only at Great Britain, and the result is that, for the time being, Scandinavian countries enjoy an advantage in exportations to Canada. It is objected that the Government has no legal authority for these tariff Orders-in-Council, but in Ministerial circles it is contended that the wide powers in tariff matters taken at the Emergency Session convey the requisite authority. The episode is, however, a very convincing revelation that the present Canadian Ministry is determined to persevere with the policy of rigid economic nationalism to which it is committed and to consider Britain's difficulties as no excuse for departing from it.

Meanwhile there is little change to record in the general business situation. A bulletin recently published by the Department of Trade and Commerce claims that signs of an improvement are visible in a progressive increase since March of imports of raw cotton, raw wool and wool yarn and crude petroleum, and that in August several important Canadian industries, notably sugar refining and flour milling, showed a distinct gain in production, while during the month a new high record of gold output was established. But the latest business

survey of the Bureau of Statistics does not exactly confirm this claim, as the following table of weighted indices of the physical volume of business in Canada, based on the six-year period 1919-24, and corrected where necessary for seasonal variations, clearly shows:—

	Aug. 1930.	July, 1931.	Aug., 1931
Forestry	169.0	152.1	135.6
Mining	143.2	126.5	112.3
Construction	219.0	136.0	119.5
Manufacturing	145.7	137.2	136.3
Employment in trade	139.1	133.0	132.7
Imports	128.1	104.0	92.6
Exports	107.5	81.9	89.6
Carloadings	126.4	96.3	92.3
Shares traded	220.9	97.0	66.9
Share debits	136.7	119.1	119.5

Some of the recessions revealed by this table are severe, and the only substantial gain is in exports, which is largely seasonal. The majority of business indices continue to be unsatisfactory, and the car-loading figure for the week ending September 26th, at 50,325 cars, shows a decline of 3,469 cars as compared with the figure for the previous week, and of 20,481 as compared with the corresponding week of 1930. Again, in August the production of pig iron, placed at 23,212 tons, was the smallest tonnage reported for any month since December, 1924, and was 17,000 tons below the figure for July; the production of steel ingots and castings for the month, placed at 52,491 tons, showed a gain of 16 per cent. over the July output and the first increase for five months. The great majority of Canadian industrial plants continue to work well below capacity, and with a large proportion of the population experiencing a reduction in purchasing power the outlook for the winter is decidedly gloomy. The continued fine weather has tended to keep fuel bills low, but has also retarded the sales of warm clothing and heavier footwear. Some remnants of the Western grain harvest have still to be completed in Alberta, but the crop has been garnered under favourable conditions and its quality is reported to be high. The export demand, however, remains weak and wheat prices are still well below 60 cents. Many Western farmers are finding it impossible to meet their obligations to mortgage and implement companies, but the latter are showing great consideration, based probably on the knowledge that foreclosures would be futile. Exporters of cattle, apples, grain and other produce to Britain find their business adversely affected by the exchange situation, but it is hoped that it will operate as preference to such Canadian products as have to meet American competition in the British market.

AUSTRALIA.

The Tariff — Exchange Rates — Government and the Banks.

(BY A CORRESPONDENT.)

MELBOURNE, September 24.

THE Commonwealth Parliament is now giving detailed consideration to the various tariff amendments which have had provisional validity by resolutions of the House at various dates during the last two years. A notable feature was the elaborate statement, on September 16th, by the Minister of Customs, who offered reasons why protection on galvanised iron should be granted at a higher rate than that recommended by the Tariff Board, the recommendation of the latter being set aside, partly for the reason that it was based on an estimated output of 60,000 tons per annum, which is unlikely to be reached for some time. As regards the tariff generally, however, country members are showing more restiveness against the weight of protection at its present high level, which accentuates the disparity between prices of wool, wheat and other primary products and manufactured goods.

The departure of England from the gold standard has given rise to the question whether any alteration in Australian exchange on London is to be expected. But, while prices for Australian exports in British currency have advanced, and the weight of the interest payable

in London is thus reduced, the main point remains that the total amount of Government remittances, £36,000,000 per annum (subject to any reduction under the Hoover Plan), plus private requirements, is still so heavy as to dominate the position, notwithstanding the curtailment of Australian imports. The Australian trade returns for 1930-31 showed an excess of exports of £28,300,000 (British currency), but of this nearly £12 millions net was due to gold shipments, a special item for which there is now little further possibility. Another factor is that there is still a substantial amount of money in Australia awaiting remittance, the influence of which would be felt if exchange rates became more favourable.

The result of the request made by the Premiers for further banking accommodation was announced in the House of Representatives, on September 17th, by the Prime Minister, Mr Scullin, who presented a letter from Sir Robert Gibson, chairman of the Commonwealth Bank, in which he set forth the great amount of assistance already given in various ways, and stated that the banks would endeavour to provide £3,000,000 for a wheat bounty and £2,250,000, or a smaller amount, towards financing, until December 31st, such public works now in progress as are considered necessary and productive.

In going this far, it is felt in financial circles that there is something to be said for finishing works in hand, suspension of which would be uneconomic, though the amount of assistance to the Government makes a further addition to the inflation already represented by the degree to which the Governments are leaning on the banks. At the same time, it has been apparent that the object of Government policy is simply to spend everything obtainable, subject to no limitation except that of sheer inability to raise more money, and there is now much talk of expanding the note issue still further.

Limited dealings in the new Commonwealth 4 per cent. securities have taken place at prices declining from 84 to 79½ for the 1938 maturity, and from 82 to 79½ for the 1941 date. The recent announcement that those who dissented from the reduction in interest are to be compelled to convert, thus rendering the whole thing compulsory, has made a bad impression amongst private holders.

NORTHERN IRELAND.

Finance — Economy Bill — Tax Burden.

(FROM OUR CORRESPONDENT.)

BELFAST, October 17.

THE revenue of Northern Ireland—like Cæsar's Gaul—may be divided into three parts. In the first place, certain revenues which were formerly collected in the area by the British Treasury, but which had no parallel in Great Britain, have been made over to the Northern Ireland Government as a contribution towards the expenses incidental to the organisation and administration of a new State. The principal source of revenue involved is the Land Purchase Annuities collected from Northern Ireland land tenants who bought out their holdings under one or other of the Irish Land Purchase Acts prior to 1921. The income from these annuities in the present year is estimated at £860,000. In the second place certain taxes formerly collected by the British Treasury have been handed over, both as regards their collection and incidence, to the Northern Ireland Government. These transferred taxes include death, stamp and motor vehicle duties, and entertainment tax, and are estimated to yield £1,578,000 in the current year. The third source of revenue—from which the bulk of the income of the province is obtained—consists of reserved taxes collected by the British Treasury—Customs and Excise, income and super tax—estimated to yield £6,720,000 this year. The reserved taxes collected in Northern Ireland are paid into a separate account and the actual amount paid over to the Northern Ireland Exchequer represents the balance after deducting the cost of reserved services in the six county area (e.g., the cost of the Post Office) and the contribution of Northern Ireland to Imperial services. The actual amount of this "Residuary Share of Reserved

Taxes" paid to Northern Ireland is determined by the Joint Exchequer Board in accordance with the formula arrived at by the Special Arbitration Committee appointed in 1923. Broadly, the underlying principle of the award of this Committee was that Northern Ireland should retain sufficient revenue to maintain the same or equivalent social services as are maintained in Great Britain.

In the early years after the establishment of the Northern Ireland Government very considerable sums were available as a contribution to the Imperial Exchequer. Until March 31, 1922, the contribution of Northern Ireland was at the rate of £7,920,000 a year, the sum fixed by the Government of Ireland Act. This statutory contribution was excessive, and had to be modified. Nevertheless, substantial contributions continued to be made, and from the establishment of the Northern Ireland Government up to March 31, 1928, these contributions aggregated £22,224,000. During the past year or so the amount of contribution it has been possible to make has been small. In the current year it is placed at £75,000, and even this figure was only possible through a raid on the Road Fund.

This reduction in the contribution to Imperial services has, of course, been brought about by two sets of circumstances—falling revenue and increased expenditure on social services concurrently with the expansion of these services in Great Britain. Whereas in 1922-23 reserved taxes were able to yield £11,037,396, in 1930-31 the revenue from this source is estimated at only £6,720,000. The position, indeed, has been reached when not only will Northern Ireland be unable to make any significant contribution towards the cost of Imperial services but every effort will be necessary to effect economies in expenditure if she is going to "live on her own" and at the same time maintain a standard of social services broadly similar to that of Great Britain.

The need for economy was recognised by the Government at the commencement of the present financial year when reductions were made in Ministerial salaries, and in the salaries of Members of Parliament, teachers and policemen. Since the introduction of the Economy Bill in the Imperial Parliament further economy measures have been adopted in Northern Ireland. Parliament was summoned on September 24th and an Economy Act passed enabling "cuts" to be made in the rates of unemployment benefit and doctors' capitation fees similar to those adopted in Great Britain. So far as unemployment benefits are concerned, the position is governed by the Unemployment Re-insurance Agreement, which was entered into between Great Britain and Northern Ireland in 1926 with the object of maintaining the Unemployment Funds of both countries in a state of parity on the basis of their respective insured populations. In order to maintain this arrangement it will be necessary to cease borrowing for the Unemployment Fund in Northern Ireland when the debt reaches £2,550,000, which is approximately the equivalent of the statutory borrowing limit of £115,000,000 in the case of the British Unemployment Fund. The amount borrowed by the current account of the Northern Ireland Unemployment Fund was £2,256,000 at August 31st, and the cessation of borrowing is estimated to involve a direct additional cost to the Exchequer of £177,000 in the current year and £492,000 next year.

In connection with the recent Economy Bill in Northern Ireland a White Paper was circulated which contained a number of estimates regarding the cost of unemployment. The original estimates for the current year, on the basis of 25 per cent. unemployment, showed a total State expenditure of £1,333,000. After the introduction of economy proposals and the cessation of borrowing, the estimated cost for the current year on the basis of 29 per cent. unemployment is £1,622,000, while a preliminary estimate for 1932-33, on the basis of 30 per cent. unemployment, is £2,223,000. The additional revenue which is estimated to be obtained in Northern Ireland from the changes in reserved taxation announced in Mr Snowden's second Budget is £441,000, against which it is stated that a drop of £141,000 in the yield of Inland Revenue must be offset, leaving a net gain of £300,000. It will be noticed that this is just about equal to the increase in the cost of unemploy-

* It was announced by the Prime Minister on October 19th that an Order-in-Council had been passed prohibiting the export of gold except under licence.

ment. Figures are not yet available regarding the probable effect of the new taxes on the revenue for 1932-33, but, in view of the preliminary estimate of practically £900,000 in the increased cost of unemployment, it is apparent that the financial position in 1932-33 will be one of difficulty. This is especially the case because, whereas in the current year some £205,000 has been available towards the cost of derating from the Rating Relief Suspense Account, this account will now be exhausted, and, in introducing the Budget for this year, Mr Milne Barbour remarked that, "to meet the cost of derating for the future, we must either effect economies or provide extra revenue from some source or another."

In these circumstances very special interest attaches to a report which has recently been issued by a Committee set up in July, 1930, to inquire into the financial relations between the State and Local Authorities in Northern Ireland. The Committee present a table showing that the expenditure per head of the population on "domestic" services—i.e., exclusive of such expenditure as that on National Debt and National Defence—amounted to £11 2s. in Great Britain and £10 12s. in Northern Ireland in 1930-31. Of these sums only £1 4s. represented the expenditure per head out of rates levied in Northern Ireland, as compared with £3 15s. in Great Britain. Whereas in Great Britain approximately 50 per cent. of the cost of police and 45 per cent. of the cost of education is borne by local authorities, in Northern Ireland practically the whole of the expenditure on these services is borne by the State, only a little over 5 per cent. being defrayed by local authorities in the case of education and less in the case of police. Despite the fact that rate-borne expenditure is very much higher in Great Britain than in Northern Ireland, the Committee have, however, been unable to recommend any material increase in the burden of expenditure which should be defrayed out of rates. Indeed, they consider that the rateable capacity of Northern Ireland has been nearly reached.

This conclusion is largely based upon a comparison of the burden of rates relative to State taxation in Northern Ireland and in Great Britain. During the four financial years 1925-26 to 1928-29 the revenue from State taxation ranged from £14 19s. to £15 11s. per head in Great Britain and from £6 14s. to £7 1s. per head in Northern Ireland. During these same years the amount of rates per head ranged from £3 16s. to £4 5s. in Great Britain and from £1 13s. to £1 15s. in Northern Ireland, giving a percentage of rates to total tax revenue (including rates) of round about 20 per cent. in both countries. After the introduction of de-rating the ratio of rates to total tax revenue (including rates) fell to about 15 per cent. in Northern Ireland, but remained at about 20 per cent. in Great Britain. Apparently, therefore, the burden of rates in relation to the yield of taxation in Northern Ireland is not so very different from Great Britain.

The figures quoted above indicate the very much lower yield of both taxes and rates per head of the population in Northern Ireland than in Great Britain. Nevertheless, "domestic" expenditure per head of the population is only slightly less than in Great Britain (£11 2s. and £10 12s. respectively in 1930-31). The surplus revenue of Great Britain above that of Northern Ireland is, of course, being expended on Imperial services. If, however, through the reduction of armaments, or the conversion of debt, it becomes possible for Great Britain to increase her expenditure on social services in the future, then the ability of Northern Ireland to follow suit may well be questioned. Already the "domestic" expenditure of Northern Ireland absorbs practically the whole of her revenue. The Committee remark: "In the course of this process of keeping pace with (or, rather, out-stripping), Great Britain's normal domestic expenditure so far Northern Ireland has avoided the financial consequences by a process of attrition of the Imperial contribution. With it at vanishing point (£75,000 in the current year), Northern Ireland's expenditure has, in our opinion, dangerously exceeded its economic limit. This is illustrated by the fact that the 1931-32 Budget was only balanced by having recourse to various temporary ex-

pedients." Hitherto it has been the object of Northern Ireland to maintain as high a standard of social services as Great Britain. The Committee consider that some curtailment of social services in Northern Ireland may be necessary.

Letters to the Editor.

RUSSIAN BILLS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Your issue of October 10, No. 4,598, contains an article from your Paris correspondent in which the author, citing an article published by me, "La Vie Economique des Soviets," maintains that, according to my calculations, the Soviet Government will not be able to pay 170 million marks to German firms until the end of the current year.

This statement by your Paris correspondent is an absolute invention from beginning to end. Never and under no circumstances have I ever said anything of the kind. The exceeding punctuality with which the Soviet Government fulfils its obligations does not need any special proof.

The article to which your Paris correspondent refers appeared in No. 138 on June 15, 1931, of the journal "La Vie Economique des Soviets," under the title "Le financement de nos commandes en Allemagne." This article is a translation of my article which appeared in the German periodical "Sowjetwirtschaft und Aussenhandel" No. 8, of May 1, 1931, under the title "Die Finanzierung der Sowjetbestellungen in Deutschland." In this article I showed that German economy is in a position to take up and finance considerably larger Soviet orders than were contemplated in the agreement of April 14, 1931 (300 millions credit).

I would request you to publish this letter in the next number of your valuable journal.—Yours, etc.,

Berlin SW 68,
Lindenstrasse 20-25.
October 16, 1931.

PROFESSOR S. BESSONOFF,
Mitglied des Rates der
Handelsvertretung der U.S.S.R.

[We are glad to give publicity to Professor Bessonoff's denial of the statement attributed to him. The article in "La Vie Economique des Soviets," of which he has sent us a copy, completely bears out what Professor Bessonoff says in his letter. It appears to have been misquoted in the Paris press; and we regret that our Paris correspondent unwittingly gave currency to a misinterpretation.—Ed., Econ.]

FASCISM AT HOME.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Although my attention has only just been drawn to Professor Salvemini's letter in your issue of August 29th concerning a previous letter of mine (I was absent in America at the time), I trust you will allow me space to reply.

Professor Salvemini is at pains to prove that Italy underwent economic difficulties even before the world depression. It is, of course, notorious that the whole world has been in difficulties ever since the end of the war, and if Italy is no exception, her difficulties were being seriously dealt with and overcome, as the returns for all aspects of her economic life indicate. Even the figures which Professor Salvemini quotes for dishonoured bills from 1926 to 1930 show little alteration in that period, and, indeed, that for 1930 is less than those for 1927 and 1928.

With regard to the alleged fall in wages, on which Professor Salvemini lays so much stress, we must remember that before 1926-27 wages oscillated irregularly as a result of agreements between the various employers' and workers' unions, which were not yet legally recognised bodies, while the currency and prices also oscillated. The deflation of the currency began in the summer of 1926, and by December, 1927, when stabilisation was effected, the lira stood actually higher in the market than the figure at which it was stabilised. At the same time the syndical system was legally organised, and subsequent wage agreements were the result of a definite plan in correspondence with enhanced value of the lira and the reduction of prices. In the spring of this year the Government adopted a general scheme of wage reduction, combined with an active policy of price reduction. Altogether in the period from 1926 to 1927 the reduction in paper wages amounted to about 25 per cent. (in some districts and occupations the difference may have been a little more or a little less), and this is just about the extent of the fall in prices; in house rents the reduction has been even greater. Apart from figures, anyone

who compares the conditions of the Italian workers to-day with those of a decade or two ago cannot fail to be struck by the great improvement attained in food, clothes, housing and general well-being.

Professor Salvemini's remark about *polenta* shows that he still holds to the exploded theory that it is unwholesome. What was unwholesome in the diet of the Italian workers 30 or 40 years ago was the exclusive consumption of *polenta*; but when it is varied, as it is now, with other kinds of food, it is wholesome and nourishing, as well as extremely appetising.

In the matter of unemployment, if it were true, as the writer asserts, that Italian statistics are "systematically falsified," it would be useless to discuss them. But, as it happens, Italian statistics, under the auspices of Professor Jini, a scientist of world-wide repute, are known to be at least as accurate as those of any other country. Professor Salvemini himself proceeds to quote the Italian figures and to base arguments on them, and those figures simply show that unemployment in Italy was greater before 1929 than after. That year, a phenomenon common to all other countries. He adds that Italian unemployment figures cannot be compared with those of more highly industrialised countries; but the fact that Italy is still predominantly agricultural is an advantage and justifies the Government's policy in favour of developing agriculture more than industry. The fact remains, however much it may displease Professor Salvemini, that there is far less unemployment, relatively to the population, in Italy to-day than in Great Britain, Germany, Austria or the United States. The assertion that agricultural labourers and a part of the industrial workers do not receive unemployment relief suggests that these categories do not figure in the unemployment returns. The statistical bulletin, however, gives figures both for the insured and the uninsured, for agriculture and industry.

As for the methods of dealing with unemployment, the Italian authorities do not put much faith in insurance, agreeing in this with Sir William Beveridge, who in his recent essay, "Causes and Cure of Unemployment," defines the existing British insurance scheme as an anæsthetic, which relaxes both social and individual effort. Italy instead is adopting the method of public works calculated to increase the country's wealth. Professor Donham, Dean of the Harvard Business School, in his book "Business Adrift," advocates for the United States a system very similar to that of Italy, his view being that the only cure for unemployment is work.

The best answer to Professor Salvemini's statements is, I think, contained in the following passage: "But though her (Italy's) foreign trade and her home industries have undoubtedly experienced a severe decline in activity, the statistics at present available suggest that by facing early the necessity of a reduction in her industrial costs and in her public expenditure, she may have placed herself in a position to weather the depression with greater success than many other countries." The quotation is from an Editorial Note in the *Economist* for September 12, 1931, commenting on a report of the British Department for Overseas Trade.—I am, Sir, Yours faithfully,

2, Via Antonio Bosio, Rome.
September 26, 1931.

LUIGI VILLARI.

Books and Publications.

EYES OF YOUTH.*

No doubt it is a good thing that the old should from time to time be put in their places by the young. This Mr Rowse has indeed achieved with great thoroughness. Before him he finds two generations that obstruct the path of his own—the old, who stand condemned by their failure to escape from the outworn conceptions of pre-war politics, and the middle generation, mostly rendered impotent and often cynically indifferent to public affairs, by the shattering experiences of the war, from which they have never recovered. True, there are honourable exceptions, to whom Mr Rowse pays generous homage. But his judgments are candid and ruthless, even upon those whose outlook might be supposed to have much in common with his own. Let Mr Cole, Mr Ernest Bevin, Mr Tawney or the Archbishop of York refer to Mr Rowse's index, and each will find his place duly and frankly assigned.

* "Politics and the Younger Generation." By A. L. Rowse. Faber and Faber. 1931. 10s. 6d.

Nevertheless, Mr Rowse's elders should make an effort to overcome the irritation which his attitude will almost inevitably arouse, for he has much to say that is both interesting and constructive. Moreover, he is refreshingly optimistic. Rapidly surveying the economic position of this country, he finds that we are by no means "finished." In politics he regards us still as the natural leaders of the world; and he has a fine faith, begotten of direct experience, in the vitality and sense of the working class.

Into his pages Mr Rowse has compressed both projects of practical reform and a sketch of the philosophy by which he is inspired. The former include reformation of the Houses of Parliament and expropriation of "non-productive" interests, notably landlords and prelates of the Established Church. (Mr Rowse appears to have a particularly violent objection to the expenditure of public money upon religious purposes, though he does not grudge those who die unhappy and friendless the solace of a comfortable illusion.) He would reform the education system, not excluding the Universities; and, above all, in every phase of economic policy he would work and work again for equality and the abolition of class.

For one who fears so much the dead hand of the past Mr Rowse is curiously favourable to Marxism, which is, indeed, the corner stone of his philosophic position. Political parties, he believes, have vitality only so long as they roughly correspond to coherent economic groups; while international relationships are interpreted (in some of the best chapters of the book to which a short review cannot do justice) in the same terms. Particularly does Mr Rowse hold that to Marxism is due the readiness with which the present age reads its social problems in the light of their history; and the one weakness of English as contrasted with Continental Socialism he finds in the comparative failure of the former to apprehend Marxism as a consistent and relatively complete social philosophy.

Mr Rowse's chapters deal with much beside politics and economics, notably art and morals (concerning the attitude of youth, on which he has some interesting things to say). Of all he writes with great vigour and sincerity in a style of his own, which pays a most practical tribute to his avowed contempt for the "correctness" of expression dear to the English cultured classes. Seldom, indeed, can an Oxford scholar have produced a book which does more consistent violence to the common rules of English syntax.

TARIFF FALLACIES.

MR WILLIAMS'S book* falls roughly into three parts. The first three chapters contain a brief and objective history of tariff policy and propaganda in Britain. His next three chapters are argumentative in character: he deals successively with the balance of trade, with "the price theory of Protection," and with the problem of efficiency where industries are protected. The remainder of the book covers various miscellaneous topics; in particular, commercial treaties, "safeguarding," and Imperial preference.

The weakest part of the book, which throughout is strangely perfunctory in its expression, is its argumentative passages. Mr Williams writes as though he is tired of his own arguments (as indeed he may well be); the average heckler at a Free Trade meeting could do better with the balance of trade argument than he does. His general line is that exaggerated emphasis is laid upon our "external" balance of trade and that the "internal" balance of trade (e.g., as between London and Sheffield) is not less important. Why should not Sheffield cutlery sell their razor blades to London hatters, and in return wear London-made, instead of foreign, hats? Let us, says Mr Williams, encourage non-competitive imports; but keep out competitive ones and so secure full employment for our own people.

This argument, so far from submitting the case against tariffs "to the test of precise analysis" (which is the claim that Mr Williams modestly makes for it), in fact begs a number of relevant questions. What, to begin with, are competitive,

* "Through Tariffs to Prosperity." By Herbert G. Williams. Philip Allan. pp. 208. 7s. 6d.

as opposed to non-competitive, imports? The distinction is surely one of degree and not of kind. Peaches are sold in this country at 2d. each, and, quite probably, by keeping them out we could create a certain amount of employment for the home peach-grower. But this hardly seems a good argument for excluding them. In short, the basic assumption of the Free Trader—that welfare is maximised by giving competitive advantage free play—is practically ignored by Mr Williams. He rejects the division of labour in the international field as an exploded form of economic Darwinism.

"The price theory of Protection," as it grandiloquently calls itself, is hardly less familiar as a tariffist contention. It has become, by virtue of constant repetition, the accepted platform answer to the Free Trade argument that tariffs tend to raise prices. It used to be urged that the foreigner paid the tax; now it is claimed that, from the consumer's point of view, there is no tax; because control of the home market will enable prices to be reduced. The argument is usually supported by illustrations drawn from America—which, seeing that the United States is internally a "Free Trade continent" is rather curious. The short answer to it, of course, is that tariffs do not in practice achieve what is claimed for them; if they did, a point would be arrived at at which they could safely be taken off. But if we look at, for example, motor cars—our most important protected industry—we find, after fifteen years of also continuous Protection, that our manufacturers are as insistent as ever on the need for a high rate of duty. The argument that motor-car prices have fallen, which seems to impress Mr Williams, is quite irrelevant, in view of the steady fall in world prices and the special circumstances of this particular industry. The real test of the "price theory of Protection" would be to take off the duty on motor cars and see what happened then.

Mr Williams's book, considered as an introduction to the tariff question, is, however, more remarkable for its omissions than for what it includes. Thus, he hardly deals at all with the international aspect of the tariff problem, though this far transcends in importance its domestic aspects; he makes no attempt to compare the standard of life or general wellbeing of protected countries and our own and he seems to be quite unconscious of the part which our exchange and shipping activities play in the maintenance of our prosperity. If the book is designed—as its general tendentiousness would seem to imply—as a *vade mecum* for Protectionist speakers, these points ought to be dealt with.

With the crisis in world trade, and the abandonment by Britain of the gold standard, the bottom has dropped out of Mr Williams's world. Protected countries have shown that their resistance to the ravages of the slump is inferior to our own; while suspension of gold payments has deprived our Protectionists of their one valid argument—that it might have been psychologically easier for us to restrict imports, and so diminish real wages by a subterfuge, than to bring down money wages to a competitive level.

BOOKS RECEIVED.

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

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

The Problem of Unemployment. By Paul H. Douglas and Aaron Director, with a Preface by Frank Aydelotte. (London) George Allen and Unwin, 40, Museum Street. 15s. net.

This exhaustive study of the present labour problem is the result of an investigation initiated by Swarthmore College. The final section of the book, after a consideration of the systems at work in the chief European countries, puts forward a plan of unemployment insurance for the United States.

The Pound Sterling. By A. E. Feavearyear. (London) Oxford University Press, Warwick Square. 15s. net.

An opportune publication covering the history of the pound from its inception to the Currency Note Act of 1928.

Lancashire and the Far East. By Freda Utley. (London) George Allen and Unwin, Ltd., 40, Museum Street. 16s. net.

This book is primarily concerned with labour conditions in Japan; the British, Japanese and Indian competitive position; and general conditions and British Imperial policy in India in relation to the Lancashire cotton industry.

An Outline of Modern Knowledge. Edited by William Rose. (London) Victor Gollancz, Ltd., 14, Henrietta Street. 8s. 6d. net.

This book, which is wonderful value for money, is a collection of memoranda by experts on outstanding aspects of (a) Science, Philosophy and Psychology; (b) Economics, Political Science and History; and (c) Literature and Art.

The German Credit Problem. By E. Saxon Napier. (London) London General Press, 6, Bouverie Street. 2s. 6d. net.

An interesting and informative little pamphlet on Germany's credit difficulties, containing a suggested remedy for their solution.

The International Labour Organisation. With a Preface by Albert Thomas. (London) Geo. Allen and Unwin, Ltd., 40, Museum Street. 12s. 6d. net.

A companion volume to the recently published survey of the work of the League during the first ten years.

The End of the Russian Empire. By Michael T. Florinsky. (Washington) Carnegie Endowment, 2, Jackson Place. \$3.00.

An interesting picture of Russian national life during the war and of the events which led to the establishment of the Soviet regime.

Commerce Year Book, 1931. Vol. I. United States. (Washington) Superintendent of Documents. \$1.00.

The latest edition of this yearbook is as valuable as ever in its supply of official statistics of every branch of economic life in the United States.

Foreign Affairs, October, 1931. (New York) Council of Foreign Relations, 46, 65th Street, New York. \$1.25.

This number contains an article by Viscount Cecil on "Facing the World Disarmament Conference."

The Countryman, October-December. Edited and published by J. W. Robertson Scott at Idbury, Kingham. 2s. 6d.

Readers who have been deprived of country enjoyments this year by the absence of a summer may find partial compensation in reading the "Countryman" in the comfort of their own fire-sides.

Political Science Quarterly. September, 1931. (New York) Academy of Political Science, Columbia University.

Sir Arthur Salter contributes an article in this number on the Silver Problem.

Ehrliches und unehrliches Silbergeld. By Dr. Gottfried Kunwald. (Jena) Verlag von Gustav Fischer.

A lecture on silver currency.

Europe—United States. Vol. III., Industrial Problems; Vol. V., Distribution Problems; Vol. VI., Economic Crises. Unemployment. (Paris) International Chamber of Commerce, 38, Cones Albert.

Further volumes in the important series of studies by the International Chamber of Commerce. Volume II. consists of monographs on cost of production; mass production; and economic aspects of the wage question.

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

Just Published.

THE COURSE OF THE COMING BOOM IN SECURITIES.

by L. L. B. ANGAS

This remarkable publication, appearing the day following the collapse in sterling, and forecasting the stock market movements which have since occurred, will prove invaluable to investors as a guide in the forthcoming months. Mr. L. L. B. Angas's forecasts of stock market movements have, in the past, shown an uncanny accuracy, as witness his publications "The Coming Rise in Gold Shares" and "The Coming Collapse in Rubber." This latest publication can be equally recommended.

Publishers: St. Clements' Press, Portugal St., W.C.2
Telephone: Holborn 7600.

5/- nett.

The Stock Exchange.

JAPANESE BONDS.

THOUGH the immediate cause of the recent selling of Japanese Government bonds has been the widespread fear of war in Manchuria, investors have undoubtedly been influenced by a certain trepidation regarding the effect of world depression and falling prices on Japan's internal economy. This has been enhanced rather than assuaged by recent specific developments which have appeared to present a picture of Japanese trade, threatened on the one hand by the boycott in China and higher tariffs in India, and on the other by the competition of Great Britain and other countries whose goods are being sold in terms of depreciated currency.

Japanese bonds before the present world crisis were valued in London under a 5½ per cent. basis and in New York on approximately a 5½ per cent. basis. Subsequent selling has lowered Japanese Government credit, as expressed in bond prices, to a 7 per cent. basis in London and a 6½ per cent. to 8 per cent. basis in New York. The following table gives the price of representative stocks in London and New York, a month ago and on Wednesday of this week:—

LONDON MARKET.				NEW YORK MARKET.			
Sterling Issues.	Price on Sept. 20.	Price on Oct. 21.	Yield %.	Dollar Issues.	Price on Sept. 20.	Price on Oct. 21.	Yield %.
Japan 4½, 1899 ...	71	59	6.76	Japan 4½, 1954 ...	97½	95½	6.79
Japan 4½, 1910 ...	68	56	7.14	Japan 4½, 1958 ...	93	69	7.77
Japan 4½, 1907 ...	85	74	6.73	Japan 4½, 1953 ...	96	71½	8.36
Japan 4½, 1924 ...	100½	87	6.90	Taiwan Electric 5½ ...	86	70	7.85
Japan 5½, 1924 ...	94	78	7.05	Yokohama 6½, 1961 ...	87½	74	8.11
Japan 5½, 1930 ...	97½	104½	4.99	Tokyo City 5½, 1961 ...	76	71	7.75
				Japan 5½, 1930 ...	88	83½	6.59

* Guaranteed by Japanese Government.
† This loan commands a higher price in sterling, as it is payable in U.S. dollars at the fixed rate of 4/8665.

Too much importance must not be attached to the high yields obtainable on the dollar bonds, as the New York bond market has been suffering from causes peculiar to itself, which have tended to depress all bonds alike. The disparity between the yields obtainable on bonds of identical security is evidence of the chaos that still exists in the New York bond market. How far do present prices bear direct relation to Japan's own financial position?

On any comparison of national indebtedness Japanese Government credit deserves to stand on a relatively low yield basis. Though the national debt has been increasing steadily since the war, Japanese loans have been raised for the most part for productive or reconstructive purposes, and at 66.42 yen, or £6 16s. per head, national indebtedness is still relatively low. Australia's per capita indebtedness is £123. The following table shows the growth in internal and external debt for the past ten years:—

AMOUNT OUTSTANDING AT END OF FINANCIAL YEAR.				
Year.	Internal Loans.	Foreign Loans.	Total.	Debt per Head.
1920-21 ...	1,820	1,424	3,244	41.42
1921-22 ...	2,185	1,359	3,544	44.68
1922-23 ...	2,450	1,359	3,809	47.02
1923-24 ...	2,576	1,621	4,198	50.39
1924-25 ...	2,823	1,507	4,330	51.29
1925-26 ...	3,520*	1,479	4,999*	57.88
1926-27 ...	3,711	1,461	5,172	58.96
1927-28 ...	3,944	1,453	5,398	60.81
1928-29 ...	4,380	1,451	5,831	64.98
1929-30 ...	4,513	1,447	5,959	66.42

* Since the year 1925-26, special exchequer notes have been included.
† The population in this period has increased from 78,318,323 to 89,726,948.

It may be observed that under the National Loan Redemption Act the national debt must be redeemed to

an amount, each year, equal to 1.16 per cent. of the total outstanding at the beginning of the preceding year. An amendment to this Act in 1925 required an additional appropriation of not less than 25 per cent. of the Budget surplus actually created in the year before the preceding year. From 1915-16 up to 1927-28 the Budget total (revenue and capital items) was growing at a somewhat disconcerting pace, and it was not until 1929 that a determined effort was made to reduce Government expenditure. This was part of the Government's plan for the removal of the gold embargo, which was actually carried out in January, 1930. For example, the Government not only banned the issue of loans for financing expenditure in the General Account but reduced by one-half the programme of loans in the Special Account. It also urged the local governments to retrench their expenditure and undertook to restrict the issue of local loans as in the case of national loans. Further, it decided to allot German reparation payments, amounting to 6.8 million yen annually, to the redemption of the national debt.

Our next table, which gives the total revenue and expenditure (ordinary and extraordinary) for the past four years, shows the reductions which were effected in expenditure in 1929-30 and 1930-31:—

ANNUAL STATE REVENUE AND EXPENDITURE.					
Years ending April 1st to March 31st.					
(In million yen.)					
Financial Year.	Revenue		Expenditure		
	Extraordinary.	Total.	Ordinary.	Extraordinary.	Total.
1927-28	1,485	2,062	1,172	594	1,765
1928-29	1,505	2,006	1,184	631	1,815
1929-30	1,481	1,826	1,212	524	1,736
1930-31*	1,516	1,609	1,226	385	1,611
1931-32 (estimates)	1,397	1,489	1,182	307	1,489

* Represents the working Budget.

In the 1930-31 Budget, income tax accounted for 13½ per cent. of the total ordinary revenue and other taxes for 45½ per cent., while the receipts of public undertakings accounted for 33½ per cent. Under the Public Account Act, the surplus created in each financial year is transferred to the Budget of the succeeding year. The net surpluses actually created in 1927-28 and 1928-29 were 52.5 million yen and 42.6 million yen respectively. In 1930-31 there was no surplus, and in the current year it is anticipated that there will be a deficit of 54 million yen, which is to be met as to 39 million yen by economies or postponement of works.

As regards the external trade returns, a steadily rising trend was shown up to 1930, broken only by the slump of 1920-21, the great earthquake of 1923 and the financial disturbance of 1927. The efforts made in 1929 in connection with the removal of the gold embargo caused a remarkable development in foreign trade. In comparison with the returns of the preceding year, the exports for 1929 showed an increase of 9 per cent., while imports increased by less than 1 per cent. In 1930 a heavy slump in exports was seen, which was not entirely countered by the fall in imports. The total exports and imports for the last six years are shown in the following table:—

(In million yen.)					
Year.	Merchandise.		Gold and Silver Bullion.		
	Exports.	Imports.	Exports.	Imports.	Excess of Exports.
1925	2,305	2,573	22	...	22
1926	2,045	2,377	36	2	34
1927	1,992	2,179	49	8	41
1928	1,972	2,196	3	3	...
1929	2,148	2,216	3	...	3
1930	1,470	1,546	311	10	301
1931 (six months)...	577	691	113	7	8

The principal exports of Japan, in 1929, were as follows:—

(Thousand yen.)	
Raw silk.....	781,040
Cotton tissues.....	412,707
Silk tissues.....	149,955
Potteries.....	36,962
Knitted goods.....	36,711
Refined sugar.....	29,975
Wheat flour.....	26,816
Cotton yarns.....	26,756
Paper.....	26,288
Tinned and bottled foods.....	25,681
Coal.....	23,215
Marine products.....	22,350

The slump in the prices of the principal commodities exported has been responsible for the disturbingly large adverse balance of trade shown in the first half of 1931. Raw silk, for example, has fallen in price by 28 per cent. since the beginning of the year. The second half of the year is, however, usually the more favourable, and it is reported that up to the end of September the foreign trade resulted in an excess of imports over exports of 76 million yen for Japan proper and 40 million yen for overseas territories, making a total import surplus of 116 million yen. This is actually a decrease of 100 million yen as compared with the corresponding figure of 1930.

As regards the balance of payments (current items), it is officially reported that there was still a favourable balance up to the end of September, 1931, amounting to approximately 100 million yen. In 1929 the favourable balance on international account was estimated at 12.9 million yen, but in the previous two years there were deficits, on "current items" of 105.2 million yen and 163.9 millions respectively, as will be seen from the next table:—

BALANCE OF INTERNATIONAL PAYMENTS.

(Million yen.)				
(a) Current Items.				
	Debit.		Credit.	
	1927.	1928.	1927.	1928
Merchandise	2,389.7	2,401.0	2,106.6	2,077.6
Gold coin and bullion	0.1	0.4	36.1	...
Interest and dividends ...	102.7	108.0	99.6	93.1
Miscellaneous	246.4	255.7	391.4	430.5
Total	2,738.9	2,765.1	2,633.7	2,601.2
(b) Capital Items.				
Long-term sale of securities..	158.4	144.7	150.4	332.8
Other long-term payments	118.2	134.7		
Short-term pay- ments	...	...	172.7	87.3
Total	276.6	279.4	323.1	420.1

Even if the estimates of the balance of international payments can be accepted as an assurance that the yen exchange from the trading point of view is not yet endangered, consideration must be given, however, to inward and outward movements of capital. Obviously a creditor country cannot be forced off the gold standard unless its own nationals indulge in a "flight of capital" or unless there is an excess amount of short-term balances which can be withdrawn by foreigners. As regards the latter, Japan is in the happy position of having no appreciable short-term liabilities to foreigners. On the other hand, Japanese holdings of securities in foreign countries amounted to 783 million yen at the end of June, 1931, against 665 million yen at the end of December, 1930. This increase in the amount of Japanese investments abroad, together with the payment for the adverse visible balance of trade, was responsible for the gold loss of 246 million yen last year and 7 million yen in the first nine months of 1931 sustained by the Bank of Japan.

The departure of Great Britain from the gold standard at first threw the Japanese exchange market into confusion. There was a rush to buy dollars, mainly for the cover of import bills, as sterling funds had become tied up. This led to the shipment of gold, and it is expected that the Yokohama Specie Bank will ship about 70 million yen of gold during October. The Bank of Japan has, therefore, seen fit to raise its rate of discount by 0.73 per cent. to 5.84 per cent., and if it is successful in lessening the disparity between the yield of internal and external Japanese securities, the outflow of funds may cease of its own accord. In that event a serious danger to the yen exchange will have been removed. But whether Japan

will deem it wise to depart from the gold standard voluntarily, in order to protect its trade against the competition of the gold standard countries, is a question which events alone can decide. Until it is answered, investors may tend to maintain an open mind and a somewhat conservative attitude towards Japanese securities. That a complete and peaceful settlement of the Manchurian situation would be hailed as a bull point is evidenced by the firmness of prices this week, whenever news from Geneva suggested the probability of such a development. Apart, however, from any temporary movement of this character, due to special circumstances, it is clear that the permanent return of Japanese stocks to their traditional popularity in this market will be hastened by the rehabilitation of world trade generally, from whose recent malaise Japan, like every other country, has been a sufferer.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

In the first half of the week the rise in industrial shares continued without check, accompanied by a strengthening of election "majority" quotations to over 200. The pound showed steady appreciation in terms of the dollar, and Gilt-edged stocks remained firm, with evidence of further repatriation of balances previously sent abroad for safe keeping. The extent of the rise in some sections of the market, on "devaluation" and "tariff" hopes began, however, to be regarded as disproportionate to the volume of real inquiry in a somewhat narrow market, and on Thursday signs of hesitancy became evident. The tone of the foreign bond market was firm, despite the absence of signs of definite progress in the Geneva negotiations for a settlement of the Manchurian question, and the not altogether favourable atmosphere for the Hoover-Laval discussions. The more speculative markets, with a few exceptions, made little headway, partly owing to the irregular movements of many commodity prices.

Investment demand for Gilt-edged stocks was well maintained, though more irregular conditions supervened before the end of the week. Most issues showed substantial rises, War Loan being particularly strong. Funding Loan and Victory Bonds were also well absorbed. Increased inquiry for the longer-dated India loans found stock in only moderate supply, and some sharp gains were recorded. Australians remained firm, investors showing a tendency to switch from Commonwealth to the higher-yielding State bonds.

The foreign market, for the most part, was in optimistic mood. Japanese loans enjoyed a good recovery, the market making the most of good news from Geneva and ignoring less favourable developments. European sterling bonds, such as Austrian Sixes and Belgian Sevens, were in demand on the appreciation of the pound, but German bonds again came on offer. Despite the somewhat gloomy picture painted by the chairman of the Anglo-South American Bank (whose speech to shareholders is dealt with on page 774), many South American stocks were supported. A good reception was accorded to the funding scheme of the Brazilian Government, details of which will be found on page 773.

Home railway prior charges continued to improve in sympathy with British Government stocks, while the junior securities came within the scope of the boomlet in British industrials. The week's traffic figures, however, showed slight evidence of an immediate improvement in the outlook, and a reaction in values occurred in the latter part of the week. A rise, similarly, in Argentine rails, based primarily on "sentiment" and possibly, also, on the economies in expenditure revealed in the B.A. Great Southern report, did not survive the publication of a disappointing batch of traffic figures and a setback to the peso. The 1930-31 results of the Great Southern and the Western are dealt with on pages 776 and 777.

The industrial market made the most of a further decline in the unemployment figures, and the apparently favourable progress of the National Government's election campaign. The pace of the upward movement, however,

became too rapid, and although inquiry continued to come for selected shares from the Midlands and North, signs of a check to the rise were observable as the week progressed. Coal, iron and steel issues were supported, to the accompaniment of encouraging reports from industrial centres. Prices, however, tended to recede immediately a few sellers appeared on Wednesday and Thursday. Electrical shares became more subdued after a substantial advance. Motor issues also showed greater irregularity, despite the improved results announced by the Standard Company. The publicity given to the reopening of some Lancashire mills encouraged activity in textile shares, with a profit-taking tendency in evidence as the week wore on. Tobacco shares gained further ground, but did not completely hold it. Breweries gave a mixed display, though the undertone of the market was moderately good. Cables and Wireless reacted, after a rise whose proportions are commented on in a Note on page 774. The Swedish group enjoyed a moderate recovery. Stores shares had a firm undertone, but dealings in provision company issues were quiet. Bank shares were bought, on a steady investment demand, and insurance shares improved.

Oil shares were harder than for some weeks past, American tendencies being more helpful, and the Continent more or less neutral. Prices, however, showed no wide movement. The rubber share market was more active, partly on vague hopes of intervention associated with a change of governorship in the Dutch East Indies, but mainly in sympathy with firmness in other markets. Some of the leading shares hardened, but there was no shortage of available stock and the rise did not go very far. A similar condition tended to limit the dimensions of a potential improvement in the tea share market, though the undertone remained firm on the results of the week's commodity auctions.

The volume of trading in the mining share markets remained restricted. Kafir was steady to firm, but in many quarters there was an indisposition to operate until the question of South Africa's ability to remain on the gold standard had been settled. Rhodesians were steady, with Chartered again a centre of interest. An intermittent inquiry was received for tin shares, but the price of the metal fluctuated irregularly, and share values made little headway. Burma remained steady and San Francisco Mines further improved, despite a fall in the price of silver. Paris was an occasional buyer of Rio Tinto, but the market lacked stamina, and reacted sharply in mid-week.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Oct. 15, 1931.	Oct. 16, 1931.	Oct. 17, 1931.	Oct. 19, 1931.	Oct. 20, 1931.	Oct. 21, 1931.	Oct. 22, 1931.
Government and Municipal Loans	1,186	1,188	630	1,218	1,400	1,572	1,304
Transport, Communications, and Public Utilities	754	652	433	950	966	1,055	930
Commercial and Industrial	1,391	1,437	848	2,285	2,547	2,805	2,370
Banks, Insurance and Financial	401	404	165	497	494	629	526
Mineral (including Nitrates)	358	436	136	400	449	478	444
Off-shore	93	78	48	130	146	151	134
Rubber, Tea and Coffee	59	41	14	109	82	145	145
Total	4,242	4,236	2,274	5,589	6,084	6,835	5,853

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

	Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Oct. 15, 1931.	Oct. 16, 1931.	Oct. 17, 1931.	Oct. 19, 1931.	Oct. 20, 1931.	Oct. 21, 1931.	Oct. 22, 1931.
72.3	53.1	64.2	64.9	66.0	67.5	68.4	68.0	68.4	68.4

FOREIGN STOCK EXCHANGES.

NEW YORK.

Although some market commentators professed to discover evidence of more widespread institutional buying, the market showed no disposition to put up prices indiscriminately after a moderate rise in values on Monday.

On the whole, the tone was firmer, but the financial situation was still a subject of keen discussion. The response of some of the interior banks to the appeal for support of the National Credit Corporation was considered disappointing, and there was some measure of support for the view expressed by the Harvard Economic Society that the President's proposals had come too late to have a stimulating effect on autumn business, since the termination of the period of seasonal expansion was at hand. The most important announcement of the week was made by the Interstate Commerce Commission, which declined to grant the 15 per cent. increase in freight rates demanded by the railways, but instead authorised certain increases on specific commodities, which it estimated would produce between \$100,000,000 and \$125,000,000 in revenue, if applied both to State and Inter-State traffic. Railway bonds were weak on the announcement, and common stocks tended to lose ground. The Commission's selection of particular commodities apparently had reference to the avoidance of possible losses of traffic in directions where road competition was already formidable. Considerable criticism centred round the Commission's stipulation that the freight income obtained from the increase was not to accrue to the railroads in receipt of satisfactory revenue, but was to be pooled and used to assist railroads in difficulties. This feature was regarded in some quarters as a further move in the collectivisation of transport. It is believed that a meeting of railway executives to be held next Thursday will decide on acceptance of the terms, but will demand, in addition, a reduction of wages. Whether this could be effected without formidable opposition from labour, which is strongly organised on the railways, remains to be seen. Conferences have begun this week between world copper producers, at which the advisability of a further curtailment in output will be discussed. The fate of such a proposal is uncertain, much depending on the attitude of the delegates of the International Nickel Company. Substantial reports were current of a decision in favour of a "pegged" price of 8 cents, with a comprehensive scheme of curtailment.

	Oct. 8, 1931.	Oct. 15, 1931.	Oct. 22, 1931.		Oct. 8, 1931.	Oct. 15, 1931.	Oct. 22, 1931.
U.S. 3½% T. Bds.	102½	99½	99½	Natl. Biscuit	47½	44	46½
Lib. Ln. 4½% '32-47	101½	99½	98½	Phelps Dodge	7½	7½	8½
Do. 4½% '32-47	102	100½	100½	Pullman	26½	28½	27½
Do. 4½% '33-38	102½	100½	101½	Sears-Roebuck	40½	38½	40½
Atchafalpa	113½	110	110	Studebaker	31½	31	33
Ches. & Ohio	29½	30½	30½	Un. Fruit	3½	2	3
Erie	28½	27	27	U.S. Leather	7½	6½	7½
Illinois Central	59½	59	55½	U.S. Rubber	72½	66½	68½
N.Y. Central	34½	33½	32½	Westinghouse	48½	44½	47½
Pennsylvania	53½	52	50½	Woolworth	53½	52½	54½
Southern Pacific	18½	17½	16½	Am. Tel. & Tlg.	127½	131½	137½
Southern Ry.	114	111	110	Interboro R.T.	12½	10½	11
Union Pacific	84½	80	83½	Int. Tel. Teleg.	17½	15½	17½
Am. Can.	23½	23	26½	Radio Corp.	14	12½	13½
Amer. Smelting	15½	14½	17½	Utilities P. & L.	11½	11½	12½
Anacosta	29½	27½	27½	W. Union Tlg.	94	85	86
Bethlehem Steel	15½	14	14½	Associated Gas "A" ..	7½	7	7½
Chrysler Motor	45	42	44½	Pan. Amer. B.	20	22	22
Corn Producers	109	103½	108	Shell	6	6	6½
Eastman Kodak	31½	29½	30½	Shell Union	8	3½	4
Gen. Electric (New) ..	26½	24½	25½	Sinclair Oil	7½	6½	6½
Gen. Motors	27½	25½	27½	Std. California	33½	30½	31½
Int. Harvester	12½	11	12½	Do. N.J.	33½	30½	32½

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Oct. 14.	Oct. 21.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	62.9	69.0
33 Rails	127.8	173.6	89.1	145.6	92.0	49.1	51.4
34 Utilities	177.6	330.4	153.2	267.4	158.1	108.7	109.9
Total, 404 stocks...	140.3	228.1	105.6	184.2	107.6	68.0	69.0
Average yield of 50 Industrial Common Stocks	5.10%	5.23%	4.15%	5.95%	5.91%	7.80%	7.44%

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

	Highest of 1931. (Feb. 24.)	Lowest of 1931. (Oct. 5.)	Oct. 14, 1931.	Oct. 15, 1931.	Oct. 16, 1931.	Oct. 17, 1931.	Oct. 19, 1931.	Oct. 20, 1931.	Oct. 21, 1931.
140.2	67.8	75.6	76.8	79.1	79.4	80.6	84.0	83.4	83.4

(Continued on page 772.)

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

Prices Year 1930.				Prices Year 1931 Jan. 1 to Oct. 21 (Inclusive).				Name of Security.				Prices Year 1930.				Prices Year 1931 Jan. 1 to Oct. 21 (Inclusive).				Name of Security.				Prices Year 1930.				Prices Year 1931 Jan. 1 to Oct. 21 (Inclusive).				Name of Security.				Prices Year 1930.				Prices Year 1931 Jan. 1 to Oct. 21 (Inclusive).				Name of Security.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.

† Free of Income Tax.

Prices Year 1930.		Prices Year 1931. Jan. 1 to Oct. 21 (inclusive).		Name of Security.	Price Oct. 14, 1931.	Price Oct. 21, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931. Jan. 1 to Oct. 21 (inclusive).		Name of Security.	Price Oct. 14, 1931.	Price Oct. 21, 1931.	Rise or Fall.	Present Yield.
High-Fest.	Low-Fest.	High-Fest.	Low-Fest.						High-Fest.	Low-Fest.	High-Fest.	Low-Fest.					
7 1/4	2/9	5 1/4	2/-	Coal, Iron and Steel.	4/6	5/3	+9d	NH	20 7/8	9/9	11 7/8	5/14	Anglo-Romanian £1...	2/6	6/9	+9d	10 10 0
16 1/2	11 1/6	14 1/6	14 1/6	Adm. Anthracite £1...	12/6	12/6	...	NH	55 5/8	25 1/2	56 1/4	26 1/4	Anglo-Egyptian £1...	6/6	24/6	+9d	14 2 0
10 1/4	4 1/4	10 1/4	4 1/4	Do. 7% Cum. Pref. £1...	6d	9d	+3d	NH	53 1/2	25 1/2	56 1/4	26 1/4	Anglo-Peruvian £1...	39 3/4	42/6	+3 1/2	7 1 3
63 1/2	47/9	55 7/8	37 1/4	Babcock, Wilcox £1...	51/3	53 5/8	+3/9	NH	40 7/8	16 3/8	20/-	9/6	Apex (Trinidad) 5/-...	8/6	8/6	...	14 15 6
1 1/2	3/9	3/9	1 1/4	Baldwins £1...	3/3	3/6	+3d	NH	40 7/8	16 3/8	20/-	9/6	Attok £1...	11/3	11/3	...	NH
13 1/4	7 1/8	7 1/8	2/-	Bengal Iron £1...	12/6	12/6	...	12 16 0	95 7/8	65 11/16	72/6	33/9	Burnah Oil £1...	1/6	1/10 1/4	+4 1/2	10 12 0
10 1/4	10 1/4	10 1/4	8/9	Beyer Peacock £1...	2/6	3/9	+1 1/3	NH	14 1/4	6 1/3	9/3	4/10	Canadian Eagle, no par	5/4	5/10 1/4	+6d	NH
3 1/4	3/4	3/9	1/-	Brown (John) Ord. 6/-	2/3	2/6	+3d	NH	6/6	2/6	3/2	11/16	Ken Hill Oil 10/-...	1/6	2 1/4	+7 1/2	10 13 4
10 1/4	5/6	9/-	9d	Cammell Laird £1...	7/6	8/9	+1 1/3	NH	54 1/4	24 1/4	10/9	5/6 1/2	Mexican Eagle (£10/6)...	6/4	6/10 1/4	+6d	NH
3 1/4	3/4	3/6	2/6	Consett Iron £1...	60/-	61 1/3	+1 1/3	5 14 0	15 1/4	6 1/4	8/-	3/6	Phonix Oil £1...	4/6	5/-	+6d	20 0 0
7/3	6/3	6/3	4/6	Cory, William, £1...	5/6	6/-	+6d	NH	14 1/4	6 1/3	25 1/8	9/-	Royal Dutch (£8 1/2)...	15 1/2	16	+6d	8 18 0
12/3	6/-	8/3	2/6	Dorman, Long £1...	6/9	7/9	+1/-	NH	99 1/8	69 1/4	76 1/3	26/3	Shell £1...	43/-	45/-	+2/-	7 15 0
18/9	6d	8/3	2/6	Do. 8% Non-Cum. P.F.O. £1	1/3	1/3	...	NH	78 1/8	18/9	30 1/4	10/-	Trinidad Leaseholds £1	18/9	18/9	...	5 6 8
30 1/4	23 1/4	24 1/4	10 1/4	Gnest Keen, & Co. £1...	18/9	21/9	+3d	NH	62 1/2	27/6	35 11/16	16 1/10	V.O.C. Ord. £1...	23/-	23/9	+9d	14 15 0
12 1/2	6/-	8/3	3 1/4	Hadfields £1...	2/9	3/6	+9d	NH	21/3	16 1/4	16 7/8	17/3	Miscellaneous.	18/9	18/9	...	5 6 8
23 1/2	21 1/2	21 1/2	12/6	Har. & W.H. 6% Cum. P.F.	32 1/2	32 1/2	+6d	6 3 0	62 1/8	28/9	33 1/2	17 1/3	Asarated Bread £1...	18/9	20/-	...	11 5 0
30 1/4	26 1/2	26 1/2	10 1/4	Hoard Collieries £1...	3/9	6 1/3	+2 1/2	NH	33 1/2	17/3	17 1/3	3/9	Amal. Dental Def. 5/-	3/-	3/9	+9d	6 13 3
9 1/4	2/6	33/-	20 7/8	Lambert Bros. £1...	3/2	3/2	...	NH	4/6	18/6	3/9	20/-	Amal. Pres. (10/-)...	16/3	16/3	...	9 4 7
14 1/8	8 1/4	14 1/8	2/6	Millom & Askan £1...	11 1/2	12	+9d	6 15 0	24 1/4	16/6	38/6	23/9	Army & Navy 10/-	26/3	25/-	-1/3	9 0 0
4 1/4	1 1/4	6/3	3/4	Ocean Coal & Wilsn...	2/3	3/-	+9d	NH	2	2	2	2	Assoc. Newspapers D.5/-	12/6 1/2	15/-	+2/6	13 6 9
12 1/2	6/-	8/3	3/4	Pearall Duffryn £1...	8/9	9 1/4	+1 1/6	4 7 3	25 1/2	22/6	27/6	18/6	Assoc. P. Cement £1...	25/-	26/6	+1/6	6 0 0
23 1/2	21 1/2	21 1/2	12/6	S. Durham Steel £1...	25/-	26 1/2	+1 1/2	7 14 0	27/6	22/6	27/6	18/6	Barker (John) £1...	56 1/2	56 1/2	+1/3	4 19 3
11 1/2	4 1/4	10 1/4	3/3	Do. B. Ord. £1...	10 7/8	10 7/8	+7 1/4	4 5 0 1	67/6 1/2	22 1/2	23 1/2	23 1/2	Barrs & Staines Lino	28/9	32/6	+3/6	4 12 3
28 1/2	18/6	22/6	16/9	Staveley Coal, &c. £1...	18/9	20/-	+1 1/3	5 15 0	89 1/4	41 1/4	43 1/4	23 1/4	Borax Deferred £1...	1/6	10/-	+2/6	NH
20 1/4	18/9	19 1/3	11/3	Stewart & Lloyds £1...	16/3	16 3/4	...	7 7 8	7/6	7/3	7/3	29 1/4	Borax Deferred £1...	35/-	35/-	...	7 9 0
3 1/4	1 1/4	3/3	6d	Swan, Hunter £1...	2/6	3/-	+6d	NH	40/9	36/3	37/3	18/9	British Aluminium £1	29 1/4	32/6	+3 1/4	6 3 0
11 1/2	5/6	8/3	2/6	Thomas (Richard) £1...	7/3	8/-	+9d	NH	48/9	29/6	31/3	18/9	British Match £1...	23/9	25/-	+1/3	4 16 0
18/9	28 1/2	31/6	24/6	Do. 6 1/4% Cum. Pref. £1	21 1/2	18/9	-2/6	13 17 0	118 3/4	7 15 0	118 3/4	105/-	Brit. Am. Tobacco £1...	80/-	82/6	+2/6	6 0 0
30 1/4	139	156	6 1/8	Thomson, J. & Co. £100	89 1/2	10 1/4	+4 1/2	5 3 0	37/6	21 1/2	24/6	9/6	Carlton Hotel £1...	11/3	13/3	+2/6	10 11 0
9/3	6/3	10/3	6/-	Vickers 6 1/8	9/9	10 1/4	+4 1/2	5 3 0	13 1/4	4 1/8	6 1/2	2 1/2	Carroll & Co. Ord. £1	27/-	28/9	+1/9	6 5 3
24/-	3 1/4	4 1/2	2/-	B. Ctn. & Wool Ds. 5s.	13/9	16/3	+2 6	NH	57/6	27/6	37/-	25 1/2	Critical Manuf. £1...	17/6	18 1/4	+7 1/4	8 5 9
33/9	17/9	24 1/2	11/3	Bleachers £1...	20 7/8	23/9	+3 1/4	3 10 0	31 7/8	16/6	30/6	5 1/4	Denham Sec. (5/-)...	2/-	2/-	...	NH
15 1/8	6 1/2	8 1/4	3 1/4	Bradford Dyers (£10/-)	5/9	8/-	+2 1/3	NH	11 1/2	4/9	5 1/4	14/9	Dunlop £1...	18/9	19/3	+1 1/3	6 4 0
16 1/8	8 1/4	9 1/4	3 1/4	Brit. Celanese Ord. (10/-)	7/-	9/3	+2 1/3	NH	46/6	28/6	45 7/8	18/9	Electric and Musical	22/6	27/6	+5/-	8 9 0
14/6	5/4	7/6	4/-	Do. 7% Lat. Cum. P.F. £1	6/-	6/9	+1/9	NH	21/6	15/9	20/6	17/-	Reer Ready Co. 5/-...	19/6	20/9	+1/3	5 0 0
87/2	52/9	55/6	34/-	Do. 7% Lat. Cum. P.F. £1	12 1/2	14 1/2	+4 1/2	NH	96/6	66 3/4	71/3	40/6	Finlay (James) & Co. £1	5/9	6/3	+5 0	NH
87/2	52/9	55/6	34/-	Do. 7% Lat. Cum. P.F. £1	45/-	46/9	+4/6	2 19 0	12 1/2	6 1/8	7/3	2/3	Frederick Thomas 7/6	9/-	9 1/4	+4/6	6 8 6
87/2	52/9	55/6	34/-	Do. 7% Lat. Cum. P.F. £1	35/-	37/6	+2/6	5 6 8	19/-	9 10/4	14/6	7/4	Gaumont-Brit. (10/-)...	45/-	47 1/2	+3/6	5 6 0
24/-	18/9	19/3	11/3	Courtauld & Co. £1...	15/-	15/-	...	8 0 0	138/-	67/6	73/9	25/6	Harrisons & Cross, Def.	7/-	7/-	...	10 15 0
29 1/2	17/3	22/9	10/3	English Velvet, &c. £1	19 1/4	22/-	+2 7/8	NH	21 1/4	12/3	15/3	6/3	Harrods (B.A.) 15/-Ord	48/9	55/-	+6/3	7 2 0
29 1/2	17/3	22/9	10/3	English Velvet, &c. £1	25/-	26 1/3	+1 1/3	4 11 5 1/2	74/6	51/3	55/6	11/3	Home Colonial Stores £1	13/-	13/3	+3d	6 0 0
29 1/2	17/3	22/9	10/3	English Velvet, &c. £1	15/-	16/3	...	NH	17 10/4	11 7/8	11 7/8	11 7/8	Imperial Airways £1	12/6	13/-	+1/-	4 14 0
29 1/2	17/3	22/9	10/3	English Velvet, &c. £1	27/6	30/-	+2 1/6	1 13 3	30/-	16 7/8	18 1/4	5/6	Imperial Def. (10/-)...	15/6	17 1/2	+2/3	6 17 0
29 1/2	17/3	22/9	10/3	English Velvet, &c. £1	5/6	5/6	...	9 0 0	29 1/2	16 1/8	18 1/4	5/6	Imperial Def. (10/-)...	4/6	5/6	+1/3	NH
29 1/2	17/3	22/9	10/3	English Velvet, &c. £1	48/9	49/6	+9d	9 0 0	91 1/2	43/4	95 11/16	72 1/2	Imperial Tobacco £1	75/6	83 1/4	+7 1/4	5 12 0 1/2
32/-	19/9	25/3	15/-	Whitworth & Mitchell £1	21/9	25/-	+3/9	4 16 0	82 1/2	43 1/2	82 1/2	82 1/2	International Holdings.	81 1/2	81 1/2	...	7 1 2
80/9	64/-	67/6	47/6	Associated Elec. (£1)...	26/3	60/-	+3/9	5 0 0	84 1/2	43 1/2	82 1/2	82 1/2	International Nickel of Can.	81 1/2	81 1/2	...	7 1 2
78/9	62/-	63/9	46/3	British Insulated (£1)...	26/3	60/-	+1/-	5 0 0	27 1/2	17 1/2	22 1/2	18 10/4	International Tea 5/-	20/6	21/6	+1/-	7 1 2
26/9	23/6	23/6	17/6	Callenders (£1)...	23 1/2	22/6	...	6 13 4	33 1/2	22 1/2	25 1/2	25 1/2	Kreuger & Toll (R.A.) 100	22/-	22/-	...	6 7 0
26/9	23/6	23/6	17/6	Crompton Parkman 5/-	7/6	7/6	...	NH	24/9	21/9	24/3	20/-	Leaver 7 1/2 Cum. £1	21/-	21/-	...	7 10 7
6 1/8	5/6	5/6	2/-	English Electric (£1)...	43/-	47/6	+4 1/6	4 4 3	25 1/2	21/9	23 1/2	23 1/2	Brook 8% Cum. A.P.F. £1	40/-	42/6	+2/6	9 8 0
6 1/8	5/6	5/6	2/-	English Electric (£1)...	5 1/2	6	+4 1/6	5 6 5	44 1/2	35 1/3	41 1/2	30/6	Do. 20% Cum. P.F. Ord. (£1)	35/9	37/-	+1/3	14 15 0
40 1/4	33/-	37 1/2	24 1/4	General Electric (£1)...	21/6	24/6	+3 0	6 3 3	102 1/8	91/6	101 3/4	81 1/3	London Brick £1...	95 3/9	97/-	+1 1/2	11 11 0
40 1/4	33/-	37 1/2	24 1/4	General Electric (£1)...	23 1/2	24 1/4	+1 1/5	6 3 3	42/6	36/3	34/3	24 1/3	Lyons (J.) £1...	81 1/3	85/-	+3/9	11 18 0
88 1/2	82 1/2	82 1/2	89 1/2	Johnson & Phillips £1	81 1/2	81 1/2	+8 3/4	...	130/-	65 7/8	92/6	68 1/4	Marks and Spencer 10/-	4/-	4/-	...	8 15 0
64/6	54/-	62/6	54/6	Electric Light, no par	58/9	58/9	...	5 2 3	5 10/4	4 1/4	4 1/2	3/6	Maypole Dairy Ltd £1...	2/6	2/6	...	...
82 1/2	42/9	45/9	27/6	Bournemouth & Poole	29 1/4	32 1/2	+3 7/8	8 15 0	6 3/-	39/-	39/-	2/6	Millars Timber & Saw	5/-	5/-	+2/6	NH
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	29 1/4	29/-	...	5 12 0	9/3	7/6	7/6	20/3	Pinchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	35/-	35/-	...	5 14 3	62 1/4	34 10/8	36/-	20/3	Pitchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	31/3	32/-	+9d	5 5 0	108 1/2	97	106 1/2	64 1/2	Pitchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	42/6	42 1/4	+6d	5 5 0	102 1/8	91/6	101 3/4	81 1/3	Pitchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	21/6	25/-	+3 1/2	5 4 0	81 10/4	75/-	78/-	73 1/4	Pitchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	23 1/2	25/-	+1 1/2	5 4 0	81 10/4	75/-	78/-	73 1/4	Pitchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	23 1/2	25/-	+1 1/2	5 4 0	81 10/4	75/-	78/-	73 1/4	Pitchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	23 1/2	25/-	+1 1/2	5 4 0	81 10/4	75/-	78/-	73 1/4	Pitchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	23 1/2	25/-	+1 1/2	5 4 0	81 10/4	75/-	78/-	73 1/4	Pitchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	23 1/2	25/-	+1 1/2	5 4 0	81 10/4	75/-	78/-	73 1/4	Pitchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	23 1/2	25/-	+1 1/2	5 4 0	81 10/4	75/-	78/-	73 1/4	Pitchin Johnson 10/-	27/-	28/9	+1/9	7 16 0
29 1/2	31/9	30/6	28/9	Calcutta Electric £1...	23 1/2	25/-	+1 1/2	5 4 0	81 10/4	75/-	78/-	73 1/4	Pitchin Johnson 10/-</				

* Free of Income Tax.

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Oct. 14, 1931.	Price, Oct. 21, 1931.
Central Electricity Board 5% A Stk....	...	...	94½-94½	95-95½
Pfife County Council 4½% 1951-61.....	...	...	89-91	91½-93½
Great Universal Stores Ord. (5/-).....	£1	fy. pd.	15/3-16/3	17/-18/-
Jones (Peter) 6% deb.	£1	fy. pd.	18/6-19/6	18/6-19/6
London and Thames Haven Oil New Ord.	50/-	15/-	8/6-9/6 pm	10/6-11/6 pm
Middlesex 4½% 1950-70.....	101	fy. pd.	90-92½	93-95
New Zealand 5% 1932-34.....	99	fy. pd.	95-97	95-97
Primitiva Holdings 6% Red. Pref.....	£1	fy. pd.	20/-20/6	20/-20/6
Savory and Moore 7½% Deb.	99½	20	par-1 pm	par-2 pm
Tanganyika 4% Guar. 1951-71.....	99½	fy. pd.	80-84	86-88
Telephone and Gen. Trust 7% Pref.....	21/-	15/-	1/6-6d dis.	1/6-6d dis.
Walsall Corp. 4½% 1950-60.....	100	fy. pd.	89-91	90-92

(Continued from page 769.)

TOTAL DEALINGS IN NEW YORK.

	Oct. 15, 1931.	Oct. 16, 1931.	Oct. 18, 1931.	Oct. 19, 1931.	Oct. 20, 1931.	Oct. 21, 1931.	Oct. 22, 1931.
Stock Exchange—							
Shares (Thous.)	1,300	1,400	600	900	2,500	2,200	1,400
Bonds (Value Thous. \$) ...	15,717	18,147	7,391	13,485	15,377	12,096	11,944
Curb—							
Shares (Thous.)	260	250	128	190	400	440	240

* 2-hour session.

PARIS.

After conspicuous weakness at the end of last week, the Paris markets opened with a much firmer tendency on Monday. An optimistic view was taken of the possibilities of the Washington conversations. Other favourable factors were the success of Dr. Brüning in obtaining a Reichstag majority last week, the strength of sterling, the better tendency of Wall Street, and the results of the French local elections. Rentes strengthened appreciably, and bank shares were harder under the lead of Bank of France. French industrials also recovered the ground lost in the previous week. On Wednesday, while most issues held their gains, sentiment was somewhat damped by a substantial drop in Suez Canal shares, ascribed to fears of a lower dividend as a result of a reduction in the volume of shipping using the Canal. On Thursday, conditions were firm and active, prices closing at the highest levels of the day.

	Oct. 15, 1931.	Oct. 19, 1931.	Oct. 22, 1931.
Banque de France	11,600	12,090	13,200
Crédit Lyonnais	1,825	1,875	1,990
Suez Canal	14,150	14,105	13,840
Chargers Réunis	255	253	252
Rio Tinto	1,670	1,735	1,805
Royal Dutch	14,900	15,200	15,700

AMSTERDAM.

Political and financial uncertainty continued to restrict investment business, both price fluctuations and the volume of trading remaining small. The rise in discount rates in Amsterdam, New York and Paris passed without exerting any but a minor influence on the Bourse. The Amsterdam money market even showed some relaxation, prolongation rates dropping to 3 per cent. As regards individual issues, the Unilever interim dividend had been fully discounted. Philips were firm, and Ford and A.K.U. were steady. Great disappointment was caused by the "Holland-America Line's failure to meet the interest on its 6 per cent. debentures. Plantation securities were somewhat better. The publication of sugar statistics, envisaging a reduction in European sugar production of 28.5 per cent., had an encouraging effect. At the Sumatra tobacco sales, at Amsterdam, the tobacco offered was of very unsatisfactory quality. The crop to be marketed next year is of better quality, and prices will be higher. The International Viscose Company, a holding company of British Breda Silk, has reported a loss equivalent to £1,159,000. The share capital is to be reduced from 12 million florins to 3 million florins, and 2.4 million any untoward incident. Milan was active at the outset

	Oct. 15, 1931.	Oct. 19, 1931.	Oct. 22, 1931.
5½% German	3½	3¾	35
Unilever N.V.	125	133	136½
Philips' Lamps	67	68½	72½
Netherlands Ship Union	81½	84	84
Java Cultuur	154½	159	157

OTHER CENTRES.

Business in the Canadian centres remained restricted, the announcement of the suspension of gold payments having little effect either way. The undertone, on the whole, showed some improvement. Among the Continental bourses, Brussels was distinctly more cheerful, in sympathy, largely, with Paris. Stockholm showed a certain strength, Kreuger and Toll leading a recovery in industrials. Oslo was steady, but Copenhagen had an unsettled tone, though its reopening passed off without any untoward incident. Milan was active at the outset, but suffered a reaction in mid-week. The German Stock Exchanges remained closed, but unofficial dealings showed little change in leading issues, Dye Trust being "done" at 103.50, Siemens at 123, A.E.G. at 42, and Reichsbank at 103.

INVESTMENT NOTES.

The Rise in Industrial Shares.—At the moment of writing, the industrial share markets are suffering from a slight reaction due to profit-taking, but the undertone of the market remains firm. It is becoming increasingly evident that the restrictions on dealing imposed by the Stock Exchange Committee are creating somewhat abnormal market conditions. The departure from the gold standard caught everyone unawares. In particular, the Stock Exchange dealers in British industrial shares found themselves short of stock and unable to meet even the moderate demand which came from all over the country for British industrial equities. The result has been a rise in share prices out of proportion to the volume of business transacted. Dealers have had no option but to advance prices sharply. But as dealings have been for cash and purchases have been made for the most part by genuine investors, the selling has not materialised. As "short" dealing is prohibited there is no professional activity on the part of "bears," which would normally counter the exaggerated rise. The appreciation which has occurred in market values has been much greater than that justified on even an optimistic prospect of company earnings and dividends. In the textile market, for example, Bleachers Association ordinary shares have enjoyed a rise of 128.6 per cent. and Calico Printers of 116 per cent. In the railway market, London and North Eastern preferred stock has risen by 143 per cent., while Cables and Wireless 5½ per cent. preferred stock has jumped from 40 to 64, a rise of 62.5 per cent. If the return of the National Government stimulates a further buying of British industrial shares on the ground of tariffs or otherwise it is very desirable that the Stock Exchange should immediately restore dealings "for the account." As soon as short selling is permitted the bears may be relied upon to counter any exaggerated rise in industrial share prices as a result of election hysteria. A "House" correspondent's view of the matter is given in a succeeding "Note."

Cash Dealings—A "House" View.—In recent issues we have drawn attention to the effect of the current ban on dealings "for the account." Its connection with recent movements of security values in London, upon which we comment in a preceding Note, has lately been much discussed in Stock Exchange circles. The following views have been contributed by a correspondent in the "House":—"Cash business has been in force for a little over a month. In spite of the fact that a similar rule was operative during the whole period of the war, and for some time afterwards, many members of the Stock Exchange, and a still larger number of their clients, had almost forgotten its effects on the movements of prices. Under a regime of dealings for cash, a seller must be prepared to deliver within two or three days after the bargain is done. This is one reason why prices have recently gone ahead so sharply. In an ordinary Stock Exchange account, running for fourteen days (and succeeded by the days of grace allowed to the seller for delivery of stock after the pay-day has passed), sufficient

time is given to a seller to look round and to wait for shares to come in, if he has sold without having the shares actually on his book, or a firm seller from whom he can get them. In these circumstances a dealer in the Stock Exchange will be willing, as part of his ordinary business, to take such risks as a hundred and fifty years of experience in jobbing has taught the Stock Exchange to consider reasonable. Provided he has room in which to turn round, in case his bargain goes against him for the time being, or if he cannot promptly buy back what he has sold, the dealer will make a price as a matter of course. He may not do so if he is going to be called upon to deliver shares within two or three days of the making of the bargain. If the public is eager to buy the shares, quotations may thus move more abruptly, and clients may sometimes complain of the prices they are called upon to pay. Cash dealings, in short, act as a barrier to free marketability. The Stock Exchange Committee are fully aware of the handicap imposed upon their own members and the disability laid upon the public. But until the financial position is clearer they are unlikely to relax a regulation which they regard, rightly or wrongly, as a safeguard against ill-advised speculation in a delicate period.

German Bonds.—The moderate recovery in German Government bonds which followed upon the favourable vote for Dr. Brüning in the Reichstag has so far been maintained, but the market is anxiously awaiting the result of the discussions between M. Laval and President Hoover in Washington regarding the reparations problem. If payment of reparations could be disregarded altogether or removed from the sphere of practical politics by the extension of the one-year holiday into, say, a five years' moratorium, then the commercial loans of Germany would return to investment favour. It may be recalled that in the first six months of 1931 there was an excess of exports over imports of no less than £50 millions, while the external interest requirements of the 7 per cent. Dawes Loan, the 5½ per cent. Young Loan and the commercial loans of Germany amounted to only £20 millions. The withdrawals of foreign balances have, of course, lessened the external interest requirements. The export surplus balance of £50 millions in the first half of 1931 must not be regarded as normal, seeing that imports have been drastically restricted and exports stimulated, but the "cover" for these Government and commercial loan interest payments could be regarded as adequate if only the reparations burdens were removed. Unless the Hoover-Laval conversations arrive at some settlement of this problem, the conversion of German short-term debts into long-term debts becomes impossible. The six months' "standstill" agreement which was concluded with the bankers at Basle expires in February next, and if the problem of reparations is not settled by that time there is no chance of a long-term loan being raised to meet the short-term obligations. In that event the suspension of interest payments on German bonds might be difficult to avoid. A question regarding Germany's ability to remain on the gold standard may remain, even if a satisfactory solution of the reparations problem is announced from Washington. Under the "standstill" agreement, Germany is required to repay a certain fraction of her short-term obligations and it would appear from the decline in the Reichsbank's holdings of gold and foreign exchange reserves, that even these payments are appreciably affecting the financial position. Obviously the restrictions which have been imposed on foreign exchange dealings have not completely prevented a flight of capital. Exporters by some means or other are not surrendering their foreign currencies to which they become entitled, so that the pressure on the Reichsbank continues in spite of the export surplus. Obviously Germany can make no move away from gold on her own initiative, but if she is forced off the gold standard by the utter exhaustion of her gold and foreign exchange reserves, it seems certain that she will then declare a temporary moratorium on all commercial payments. This is the immediately depressing outlook for the market in German bonds.

Holders will trust that, if the statesmanship of the world is not bankrupt, a solution may be found along lines calculated ultimately to improve the investment status of the German Government and commercial loans.

Brazilian Funding Scheme.—Doubts regarding the Brazilian Government's position *vis-à-vis* its foreign bondholders, to which we recently drew attention, have now been settled by an announcement that interest and sinking fund can no longer be paid in cash, except on the 5 per cent. Funding Loan of 1898 and the 5 per cent. Funding Loan of 1914 (the service of the 1922 7 per cent. Coffee Security Bonds is already provided for). Thus Brazil becomes a defaulter *malgré lui* for the third time in her existence as a republic, and justifies the warning note which we were among the first to sound two and a half years ago. The market, on this occasion, is ready to see in Brazil the victim of *force majeure*, in a crisis of falling prices which has enormously increased the real burdens of debtors throughout the world. In addition, she has disarmed criticism in advance by her acceptance of Sir Otto Niemeyer's recommendations for internal financial reconstruction, and by the terms of the funding scheme, details of which have accompanied her announcement of this week. For the next three years the interest on all loans will be paid in special scrip carrying interest at 5 per cent. The first series of Funding Bonds will be redeemable in twenty years, and will be issued against the following loans:—

1903 5 per cent. Sterling Bonds; 1909 5 per cent. French Franc Bonds; 1921 8 per cent. Gold Dollar Bonds; 1922 7 per cent. Gold Dollar Bonds; 1926 6½ per cent. Gold Dollar Bonds; and 1927 6½ per cent. Sterling and Gold Dollar Bonds.

THE STANDARD BANK OF SOUTH AFRICA LIMITED

Bankers to the Imperial Government in South Africa; and to the Governments of Northern Rhodesia, Southern Rhodesia, Nyasaland and Tanganyika.

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£3,164,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

Board of Directors.

William Reiersen Arbuthnot, Esq. Rt. Hon. the Earl of Athlone, K.G. Rt. Hon. Lord Balfour of Burleigh Stanley Christopher, Esq. Edward Clifton-Brown, Esq. Robert E. Dickinson, Esq.	Horace Peel, Esq. Rt. Hon. the Earl of Selborne, K.G. William Smart, Esq. Rt. Hon. Lord Sydenham. G.C.S.I., F.R.S. Sir Roderick Roy Wilson.
---	--

Joint General Managers in South Africa—James S. Shiel, G. F. Le Sueur, W. K. Robertson.
Deputy General Managers in South Africa—Francis E. King, Herbert G. Hoey.
Assistant General Manager in South Africa—E. C. Frost.
London Manager—Bertram Lowndes.
Secretary—T. D. Williams.

Head Office: 10 CLEMENTS LANE, LOMBARD STREET, and 77, KING WILLIAM STREET, LONDON, E.C.4.
London Wall Branch: 63, LONDON WALL, E.C.2.
West End Branch: 9, NORTHUMBERLAND AVENUE, W.C.2.
NEW YORK BRANCH: 67, WALL STREET.
HAMBURG BRANCH: 49-53, SOHLENBURGER-STRASSE
Bank of British West Africa, Ltd., 49-53, SOHLENBURGER-STRASSE
Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST and CENTRAL AFRICA.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the World. The closest touch with Trade and Industrial conditions is maintained, with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

THE STANDARD BANK MONTHLY REVIEW is sent post free on application. It gives the latest information on all South, East and Central African matters of Trade and Commercial Interest.

The second series, redeemable in forty years, will be in respect of all other existing Brazilian Federal Government foreign loans. The situation will be reviewed at the end of the first and second years, with a view to the extension of cash payments if circumstances permit. The funding of the interest will be arranged by means of the deposit in an approved Rio de Janeiro bank of equivalent amounts in currency, at 6d. per milreis, and invested either in bills of exchange, to be applied to redemption or drawings of the new scrip, or in bonds of the internal debt, to be held in trust until exchange can be obtained. It will be noted that Brazil does not seek any reduction of the principal of her indebtedness or of the rate of interest payable on any bond. On the contrary, she maintains her intention of meeting all her present obligations when exchange conditions permit. Appreciation of this fact was reflected in the action of the market in putting up the 1898 and 1914 Funding issues some 5½ points on the day following the issue of the official announcement. The latter, incidentally, does not apply to any Brazilian State loans, but covers only Federal obligations.

Outlook for South American Bonds.—The announcement of a Brazilian funding scheme (referred to in the preceding Note) has not been the only South American development of importance this week from the investor's point of view. The Bolivian Government has promulgated a law formally establishing a moratorium of thirty days as regards the settlement of foreign obligations and the payment of debts in foreign currency. The moratorium may be prolonged, entirely at the Government's discretion. Bondholders who have been disquieted by these and other obvious symptoms of severe economic strain in South America will obtain much valuable information, if not a great deal of consolation, from the speech made last Tuesday by Mr R. J. Hose to the shareholders of the Anglo-South American Bank. Mr Hose, who is a foremost authority on South American conditions, traced the origin of present troubles to the altogether calamitous fall in the world price of South America's basic products. Many of these, Mr Hose declared, had fallen not merely to pre-war levels, but to as much as 40 per cent. below that standard. During the first eight months of this year Argentina increased the volume of her export trade by 72 per cent. and received a monetary reward actually 3 per cent. less than in the same months of 1930. To those unfamiliar with the recent course of the great primary commodity markets, these figures may appear almost unbelievable. When account is taken of the fact, further, that few other South American countries have been as fortunate as Argentina, the fall in values having been accompanied in their case by a decline in the volume of exports, a sufficient reason is apparent for their exchange difficulties and debt payment suspensions. Naturally, republics like Bolivia, Brazil, Chile and Peru, which are now in default on their overseas obligations, may have contributed to some extent to their present undoing by heavy past borrowing. If responsibility for this is to be apportioned, however, some share must go to lenders, who poured huge amount of new capital into South America in the years immediately preceding the crisis. Mr Hose calculates that, between 1926 and 1930, South American public long-term loans abroad on behalf of Governments, departments, municipalities, etc., were no less than the equivalent of £300,000,000 sterling. Some £253,000,000 of this total was raised in the three years 1926-1928. Including the service of previously existing loans, the principal South American countries, on Mr Hose's computation, are now required to find an annual amount to meet the service of their public long-term external debts equivalent to something like £50,000,000 sterling at par of exchange. Seeing that the currencies of many of the countries concerned have to-day seriously depreciated, and that the bulk of the 1926-1930 new borrowings were for programmes of economic development which may take years to mature, or have already been offset by the fall in commodity prices, investors may seriously question whether some of the republics will be in a position to resume the service of their entire debt in any

reasonable time, failing a most extensive rise in prices. The possibility may need to be seriously considered of a composition between South American countries and their creditors, having as its object the lightening of a burden whose real weight has been enormously increased by factors outside South America's control, and whose indefinite continuance may be a serious obstacle to the restoration of healthy economic conditions when trade revives.

American Motor Industry.—The motor industry claims, at the moment, to be doing as well as any other American industry, and considerably better than the majority. Production during the first seven months was down by about 25 per cent., but it is thought that by the end of the year the decline will be about 23 per cent. as compared with 1930, and 50 per cent. as compared with the abnormal 1929 figure. The close of 1929 saw dealers heavily stocked and the sudden trade slump that followed left these stocks high and dry. Their total, however, has since been reduced, and the whole industry is in a position to answer to every swing of the trade helm.

U.S.A. AUTOMOTIVE PRODUCTION DURING FIRST SEVEN MONTHS.			
	1929.	1930.	1931.
Passenger	3,182,241	2,117,465	1,497,798
Commercial	526,355	359,684	291,119
Other	17,687	4,762	2,996
Total	3,726,283	2,481,911	1,791,913

Perhaps the most striking feature of the year is the way in which Ford and General Motors have exchanged their respective positions in the industry:—

PERCENTAGE OF TOTAL PRODUCTION.

—Seven Months—		
	1930.	1931.
Ford	43	33
General Motors	33	44
Other	24	23

This reversal can be attributed to one single product of General Motors, the Chevrolet, whose sales during the first eight months of 1931 have been 643,410, compared with approximately 660,000 for Ford. Although employment is said to have regained its usual level at the Ford works at Detroit after the long August shut-down, and although dealers' stocks are said to be on the point of exhaustion, no announcement is expected as regards the rumoured new model before November. The next table shows the net profits reported by representative American motor manufacturers for the first six months of the year, during which some 60 per cent. of the year's business is conducted:—

	Jan.-June, 1930.	Jan.-June, 1931.
Chrysler	\$ 3,408,856	\$ 2,252,035
General Motors	98,355,355	84,122,000
Graham Paige	880,960	835,056 (Loss)
Hudson Essex	3,392,012	526,992
Packard	5,528,837	90,120 (Loss)
Reo	349,398 (Loss)	572,283 (Loss)
Studebaker	2,258,702	2,029,355
Willis Overland	151,704	304,648

The car with which Chrysler has made its bid for the cheap car market, the New Plymouth (see the *Economist*, July 25, 1931), has met with great popular favour, and at once reached third position in the returns of registrations by make. This success is welcome, as the Chrysler Company has done none too well of recent years. United States statistics of exports by value show a drop for the motor industry of 47.8 per cent. during the first-half of the year.

Cables and Wireless.—The market in Cables and Wireless stocks has come to be regarded as a species of barometer of British trade. The directors of Imperial and International Communications have always been at pains to point out in their reports, by graphical illustration, how close is the connection between the message receipts of their company and the foreign trade of Great Britain. At the last general meeting in July, the managing director stated: "The business of the Communications Company

is very sensitive, as is clearly illustrated by the fact that during the present year, when New Zealand suffered from a disastrous earthquake, and more recently when Mr Hoover made his offer to the Powers in connection with the German crisis, the traffic showed an immediate but, of course, only temporary, improvement. There can be no possible doubt that, on the first sign of trade revival, there will be an immediate improvement in the traffics of your undertaking." The falling-off in traffic receipts this year is shown in the following table:—

ESTIMATED TRAFFIC RECEIPTS			
	1930.	1931.	Per cent. Decline.
January	519,485	412,908	— 20.52
February	460,052	390,461	— 15.13
March	492,316*	447,668*	— 9.08
April	456,120*	386,706*	— 15.22
May	466,279	371,704*	— 20.28
June	413,471	374,502*	— 9.42
July	437,220	377,774*	— 13.60
August	411,090	334,326*	— 18.67
September	424,138	...	...

* Approximately £22,500 included in March, £21,500 in April, £22,000 in May, and £21,500 in June, 1931, formerly shared by the Indo-European Telegraph Co., and the Indo-European Telegraph Dept. Similarly £21,000 for July, 1931, and £18,500 for August.

The Stock Exchange was not slow to jump to the conclusion that the stimulus which the departure from gold had given to our export industries would have an immediate effect upon the traffic receipts of the communications subsidiary of Cables and Wireless. A memorandum was prepared by one of the leading dealers, in which it was pointed out that Cables and Wireless was now in a position to compete successfully with the American telegraph companies owing to the fall in the value of the £, and that, where the company operated in countries still on a gold basis, the sterling profits were proportionately greater. It was added that the company at December 30, 1930, held British Government and other securities valued at over £14 millions, whereas the then market value of the three classes of the company's capital was approximately £17 millions, and that the income from investments alone in 1930 amounted to £611,941, which was sufficient to pay a dividend of 2.7 per cent. on the 5½ per cent. preference stock. At the time the memorandum was circulated the preference stock was valued at 51½. As a result of the demand which followed the stock advanced in a few days to 64. The extent of the total appreciation in the market valuation of the Cables and Wireless undertaking since September 21st is shown in the following table:—

	September 19th.	October 21st.
	Market Price.	Market Price.
5½% pref. stk.	40	64
7½% "A" ord. stk.	9½	24
7½% "B" ord. stk.	5½	15½
	11,705,626	21,151,035

An appreciation of £9,445,409, or 80.6 per cent., in the market valuation of Cables and Wireless on a relatively small volume of buying is a striking example of the disproportion between cause and effect in recent market movements.

United Dairies.—This company, which supplies some millions of customers in London and the Home Counties with the necessities of life, shows a substantial increase in net profit this year:—

	1929.	1930.	1931.
Year ended June 30.	£	£	£
Net profit	511,705	518,489	548,739
Preference dividend	194,997	195,000	195,000
No. of times covered	2.62	2.66	2.81
Ordinary dividend:—			
Amount	222,393	222,797	245,300
Earned %	13.01%	14.50%	15.86%
Paid %	10%	10%	11%
Written off investments in subsidiaries	100,000	100,000	79,850
To investment reserve	...	...	10,000
To reserve for pensions	...	...	20,000
To reserve fund	...	...	50,000
Increase or decrease in carry-forward	— 5,685	+ 692	— 51,411

During the year certain subsidiaries were liquidated by reason of centralisation by the parent company. Con-

sequently investments in subsidiaries have fallen by £1,492,205 to £1,160,155. Properties have risen by £784,935 to £2,126,596, and sums due from subsidiaries have risen by £788,674 to £3,331,857. Debtors declined by £14,575 to £36,630 and investments by £105,692 to £213,661. The bank credit rose by £46,391 to £121,002. On the liabilities side, creditors increased by £48,445 to £196,238, and a decline of £108,518 was shown in sums due by subsidiaries. There was a rise of £759,226 to £3,179,503 in the surplus of liquid assets over current liabilities. The entire capital is to be converted into stock if shareholders agree to a proposal at the general meeting on October 30th. At the present price the ordinary shares yield £6 10s. 2d. per cent.

Joseph Lucas, Ltd.—Though a further decline of £24,183 to £208,812 was shown in the net profit for the year ended August 7 last, the earnings of this electrical accessory company have, all things considered, been maintained in encouraging fashion. Although the customary dividend rate of 25 per cent. was more than earned, the directors have taken the precautionary measure of declaring a distribution of only 20 per cent:—

	1929.	1930.	1931.
	£	£	£
Year ended August 7.			
Net profit	245,923	232,996	208,812
Preference dividend	11,080	11,097	10,734
No. of times covered	22.19	20.99	19.55
Ordinary dividend:—			
Amount	163,860	188,943	147,514
Amount %	25%	25%	20%
Paid %	25%	25%	20%
To reserve fund	58,186	50,000	25,702
Superannuation and benefit fund	15,000	10,000	...
Increase or decrease in carry-forward	— 2,203	— 26,855	+ 24,863

The main points of interest in the balance sheet are the increase of £152,808 to £544,213 in land, works and properties and the decline of £274,400 in sums due by subsidiaries, now £31,771. Plant, etc., is £146,741 higher at £414,161, stock has risen by £133,651 at £662,891. The surplus of liquid assets over current liabilities has fallen, however, by £254,669 to £217,159. During the year two subsidiaries, Powell and Hanmer, Ltd., and M-L Magneto Syndicate, were disposed of at a surplus of £104,298, which was added to the reserve fund. At £8 the £1 ordinary shares yield £7 0s. 4d. per cent.

A. W. Gamage Reconstruction.—Though the final clearing up of the position of the ill-fated Gamage (West End) Company is being held up by the delay experienced in the realisation of its Marble Arch building, substantial progress is being made with the examination of the affairs of the parent company, A. W. Gamage, Limited, by a shareholders' committee appointed at the meeting on June 22nd last. This body has issued an interim report, which declares that, while the participation of A. W. Gamage in the West End venture was ill-advised and a grave error of judgment, the trade of the parent concern was undoubtedly affected by depression as well as by the opening of the West End store. Various recommendations of the committee for economies and improved general policy have been put into effect by the board, and in the first six months of the current financial year the number of

OFFER TO NEW READERS.

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

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

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

Name.....

Address.....

customers served has increased by approximately 25 per cent. and the turnover by something over 14 per cent. Sir Charles Gott, the well-known surveyor and valuer, has made a complete valuation of the company's property, and, although no final figure can be arrived at until the company's contingent liability under its guarantees in respect of the West End Company is known, the committee finds, happily, that there will be, in any case, a substantial surplus of assets over liabilities. This should cover debentures, mortgage, bank overdraft, trade creditors, and preference shares, but the necessity of a writing-down of the value of the ordinary shares is being considered. In the committee's view, however, the reduction should not bring the nominal value of the ordinary shares as low as the Stock Exchange quotation, which was 3s. 9d. on the eve of the publication of the report. The shares have since risen to 5s. The company would appear to be earning profits at the rate of about £10,000 a year, after paying expenses and debenture interest, in view of the committee's statement that, apart from any loss in connection with the West End concern, the company has earned its preference dividend for the six months to July 31st. Mr E. M. Gamage has resigned his position as governor and chairman, while remaining managing director, and the chairman of the committee, Mr John T. Greenwood, has become chairman—without remuneration for the present.

Sudan Plantations' Bad Year.—The report for the year to June 30th last makes somewhat unhappy reading for shareholders. In recent years this company has carried out a big development programme which, up to the eve of the world depression, promised encouraging financial results. Between 1922-23 and 1928-29 the issued share capital was increased from £450,000 to £2,250,000 (including a £600,000 capital bonus in 1925), but gross revenue rose from £203,829 to £933,795, and dividends of 25 per cent. to 30 per cent. were regularly paid. In 1929-30 gross revenue declined to £442,007, and in the year just closed to £209,356. Low cotton prices, aggravated by a bad crop yield, have hit the company badly at a time when it would normally have expected to reap the fruits of recent heavy capital expenditure. Last year, for instance, the Gezira cotton area increased by 11 per cent., but the crop showed a decline of as much as 33½ per cent. The capital, rather than the revenue losses of the company, however, revealed in the present report, are the most serious feature from the shareholders' point of view. The directors have deemed it necessary to reserve £279,935 against advances made to tenants in the Gezira area, to write £38,540 off the 1929-30 Gezira Cotton Stock, and to transfer to reserve for depreciation of investments some £101,649 from profit and loss account, and £190,262 from share premium account. As some £65,000, in addition, has been provided for taxation, the balance of profit and loss, which a year ago stood at £486,951, has now been extinguished.

	(Years ended June 30).	1929.	1930.	1931.
Total revenue	£	933,795	442,007	209,356
Expenses	£	204,519	203,556	196,411
Other deductions*	£	75,805	11,104	14,772
Reserved for taxation	£	10,000	...	65,000
Special allocations	£	...	...	420,124†
Net balance	£	643,471	227,347	Dr. 486,951
Earned	%	29.5%	10.1%	Nil
Paid	%	25%	10%	Nil
Amount of dividend	£	562,500	225,000	Nil
To reserve	£	Nil	Nil	†
Brought forward	£	403,634	484,605	486,951
Carried forward	£	484,605	486,951	Nil

* Depreciation, estate reserves, staff bonuses, and directors' remuneration.

† Comprising reserve against advances to tenants, Gezira, £279,935; amount written off 1929-30 Gezira Cotton Stock, £38,540; balance transferred to reserve for depreciation of investments, £101,649.

‡ £190,262 transferred from share premium account to reserve for depreciation of investments.

The chairman, at next Wednesday's meeting, may possibly disclose whether the company expects to have to make further reserves against advances to tenants. Some explanation is also called for of the circumstances which have rendered advisable the writing-down of investments by £291,910 this year. This is a very large sum, in view of the fact that, apart from British Government securities valued at £629,600, the company's investments in other concerns now have a balance-sheet value of no more than £302,050. The companies in which Sudan Plantations is interested are Kassala Cotton (which is inevitably affected by low prices), Cambuhy Coffee and Cotton Estates, Sudan Salt (which will require additional money to bring its plant to the producing stage), and Parana Plantations. The last-named concern does not operate in the Sudan at all, but in Brazil. Its profit-earning prospects will be enhanced next year, when a railway line from San Paulo to a point near the boundary of the company's land will be open for traffic. In the meantime, its capital requirements have been a factor in the depletion of the working capital of Sudan Plantations, which holds £105,700 of its 6 per cent. cumulative participating debentures. Sudan Plantations £1 shares, which touched 90s. 7d. in 1929, now stand at 22s. 6d.

Buenos Aires Western Railway.—Since railways depend wholly upon the prosperity of national industries, both for freight and the travelling capacity of the population they serve, the South American railways are having their full share of the results of current depression. On the B.A. Western Railway, in the year to June 30th last, gross traffic receipts fell by £559,229 (12.7 per cent.) to £3,822,120. This was accompanied, however, by a saving of £298,227 (8.9 per cent.) in expenses, with the result that net earnings were £261,002 lower at £779,654. Income from investments and other sources declined by £193,674 to £263,681, and the exchange loss on remittances rose to £197,038, as compared with £76,531. The results of the past three years are fully shown in the following table:—

	Year ended June 30.	1929.	1930.	1929.
Gross receipts	£	5,275,311	4,381,349	3,822,120
Working expenses:				
Amount	£	3,457,808	3,340,693	3,042,466
Percentage of gross receipts	%	65.55%	76.25%	79.60%
Net receipts	£	1,817,503	1,040,656	779,654
Interest on investments, &c.	£	165,153	397,355	263,681
Balance	£	1,982,656	1,438,011	1,043,335
Debt interest	£	483,773	483,774	483,774
Loss on exchange	£	14,404	76,531	197,038
Other deductions	£	35,159	48,127	238,025
Net profit	£	1,449,320	829,579	124,498
5% preference dividend	£	15,000	15,000	15,000
4½% preference dividend	£	114,855	114,855	114,855
Ordinary dividend:				
Amount	£	1,214,336	867,383	...
Earned per cent.	%	7.03%	4.03%	...
Paid per cent.	%	7%	5%	...
To reserve fund	£	100,000	...	Dr. 103,848
Prov. for currency depreciation	£	...	...	103,848
Brought forward	£	230,242	235,371	67,711
Carried forward	£	235,371	67,711	62,353

Receipts per train kilometre were 8s. 9d., as compared with 10s. 7½d., and costs were 6s. 8d., against 6s. 11½d. The company's freight traffic suffered from the results of seriously damaged crops. The management's efforts at economy have been hindered by labour regulations and agreements, and demands for increased wages. The charge for renewals has been decreased by £125,064. Prospects for the current year, however, are declared to be more favourable. The number of passengers carried was 3,871,406 greater, at 27,429,228, but receipts declined to £1,124,811, as compared with £1,164,730. The freight carried was 277,513 tons, as compared with 342,435, a decline of 18.96 per cent.

Buenos Aires Great Southern Railway.—The fall in the price of Argentine products has been the main cause of the disappointing results shown by this railway. Gross traffic receipts, of all descriptions, fell away by £865,812 to £11,348,750 last year, but compensating economies of £24,262 were effected in working expenses. Losses involved in remittances were £632,559, as compared with £188,838 in 1929-30 and an additional £430,892 has been withdrawn from the general reserve fund to provide for further exchange depreciations. The net profit was £712,307 lower at £1,516,273:—

	Year ended June 30.	1929.	1930.	1931.
Gross receipts	£	13,066,789	12,214,562	11,348,750
Working expenses:—				
Amount	£	8,754,446	8,782,900	7,958,639
Per cent. of gross revenue	%	67.00%	71.91%	70.13%
Net receipts	£	4,312,243	3,431,662	3,390,111
Interest on investments, &c.	£	238,967	404,760	273,647
Balance	£	4,551,310	3,836,422	3,663,758
Debt interest	£	713,790	745,794	847,636
Loss on exchange	£	27,071	188,839	632,560
Other deductions	£	584,766	583,208	577,289
Net profit	£	3,225,683	2,318,581	1,516,273
% Preference dividend	£	400,000	400,000	400,000
% Preference dividend	£	260,251	407,235	480,000
Ordinary dividend:—				
Amount	£	2,560,000	1,920,000	320,000
Earned %	%	8.03%	4.72%	1.99%
Paid %	%	8%	6%	1%
Taken from specific reserves	£	...	374,206	430,892
Provision for further currency depreciation	£	...	...	430,892
Brought forward	£	338,657	344,088	1,309,641
Carried forward	£	344,088	309,641	715,914

Passengers carried during the year declined by 992,505 to 9,517,077, while freight fell by 379,078 tons to 7,222,881 tons. Crop prospects are described as good this year, but reduced area has been sown. Capital expenditure has been rigorously reduced and certain improvement and extension schemes have been suspended. No further works of this nature will be contemplated till conditions return to their normal position. The present price of the ordinary stock is 34½.

Gold Fields Rhodesian.—Like other undertakings of the kind, this company suffered severely from the conditions recently prevailing. For the year ended May 31st the net operating profit amounted to only £7,200, against £116,660 in 1929-30. In respect of the latter period, the writings-off totalled £11,370. An interim dividend of 5 per cent. was paid, absorbing £62,860; but in view of the uncertain outlook it was considered necessary to carry forward the balance. Last year a most noteworthy development occurred in the shape of the failure of the Mayfair Mine subsidiary. This necessitated a charge for profit and loss of £143,950, included in an amortisation of £150,200. Thus the credit of £71,800 brought forward is converted into a debit of £72,800. Investments now stand at £902,100, against £928,250, their value (at market price or directors' valuation) being £535,200. At the date of the balance sheet the surplus liquid assets amounted to £128,000—including £72,800 advances and loans. Tariff prospects have lately improved the value of the company's holding of Turner and Newall shares. Fresh acquisitions are in the loan Antelope Copper and the Ashanti Goldfields—both of which have lately been rather in the limelight.

Broken Hill Proprietary.—Almost contemporaneously with the frank announcement that no dividend will be paid for the current half-year comes the full text of the report to May 31st. Despite the stoppage of work at Broken Hill owing to the lowness of metal prices, and the reduced demand for the company's iron and steel products owing to economic conditions in Australia, the

revenue reached the substantial total of £2,358,870. With depreciation on a reduced scale, and only £25,000 set aside for income tax (as against £50,000 previously), the net profit came out at £83,260 in place of £161,890. No distribution was made for either period, the last payment being 1s. in respect of 1928-29. Against the balance of £569,800 now carried forward, the liquid assets amount to £466,600, irrespective of the company's interest in other undertakings. By further drawings the first debentures have been reduced to £138,400 and the second to £677,200. Once again the directors have to complain of burdensome legislation—not only actual but prospective. The company is devoting some attention to the discovery of a gold proposition, the principal object being to obtain a large low-grade formation. So far no tangible results can be reported.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Anglo-South American Bank, Assam Railways, and Trading, Central Argentine Railway, Ste. Madeleine Sugar, Raphael Tuck and Sons, and Cam and Motor Gold Mining. Speaking at the annual meeting of the Ste. Madeleine Sugar Company, Limited, Mr Geo. Moody Stuart said that when prices rose the industry would need the "present preference and additional help" until the day when all countries swept aside protection. He explained the Chadbourne Plan, whereby Continental beet sugar growers and Javan cane growers will unite with Cubans in reducing production. Mr R. J. Hose told shareholders of the Anglo-South American Bank that the prices of export commodities in South America were below pre-war levels. Imports were being restricted to restore credit. Crop anticipations were sanguine and conditions in Chile were improving under the new administration. Further reference to Mr Hose's speech is made in a "Note" on page 774 of this issue.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Oct. 17, 1931, £97,724,194.
Total, including conversion, recorded Jan. 1 to Oct. 17, 1931, £108,601,179.

National Savings Certificates.
Net Receipts, week ended October 17, 1931, Nil.
Total net receipts, April 1, 1931, to October 17, 1931, £4,800,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.	Nil	Nil	Nil	Nil	Nil
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—Including Conversions.	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—Excluding Conversions.	Nil	Nil	Nil	Nil	Nil
Jan. 1 to date—	£	£	£	£	£
1931	108,601,179	97,724,194	...	...	...
1930	398,190,786	218,089,555	...	...	...
1929	239,725,435	201,399,835	...	...	...
1928	497,282,468	323,252,757	...	...	...
1927	...	284,008,174	...	...	...
1926	...	181,636,326	...	...	...
1925	...	183,230,147	...	...	...
1924	...	163,257,309	...	...	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	74,099,349	6,748,059	16,876,786	97,724,194
1930	181,288,608	15,479,638	21,321,309	218,089,555
Whole year—	£	£	£	£
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	375,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	£	£	£
	8,757,183	...	8,883,558
Total for week ended October 24, 1931...	Nil	...	Nil
Total to date, 1931	8,757,183	...	8,883,558
Total to date, 1930	16,467,378	...	18,152,707

COMPANY MEETINGS, &c.

ANGLO-SOUTH AMERICAN BANK, LIMITED.

EFFECT OF FALL IN PRICES—EXTERNAL DEBT COMMITMENTS.

MR. R. J. HOSE ON CONDITIONS IN SOUTH AMERICA.

The forty-third annual general meeting of the Anglo-South American Bank, Limited, was held, on the 20th instant, at Winchester House, Old Broad Street, London, Mr R. J. Hose (chairman of the company) presiding.

The Secretary (Mr C. J. Shea) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said: As you are all aware, the economic crisis from which the world is suffering is quite unprecedented both in its universality and severity. The phrase, "economic blizzard," has been aptly coined, and I may tell you at once that this blizzard has blown nowhere more fiercely than in the countries where we work, due to the fact that they are producers of primary commodities, the slump in which is at the root of all our troubles.

I would emphasise that the departure of this country from the gold standard on September 21st was principally due to conditions abroad rather than here, the crisis in Central Europe having induced a nervousness in foreign markets which led them to draw their cash balances from London in order to strengthen their own positions.

Great Britain remains fundamentally in a sound position, and, with her unrivalled financial experience and enormous resources, will undoubtedly retain undiminished her monetary predominance.

PRECIPITATE FALL IN PRICES.

Dealing with South America, the fact is hard to realise that prices of its products have continued to fall so precipitately that they are down not merely to pre-war levels, but, in the majority of cases, to as much as 40 per cent. below. Let me give you an example of what this means. During the first eight months of 1931, Argentina actually increased the volume of her export trade by 72 per cent. over that for the same period of 1930, but the total value was some 3 per cent. less. When it is borne in mind that the other South American countries have not been so fortunate as Argentina, inasmuch as a fall in values has been accompanied by a decline in exports, the dire effect upon their economy may well be imagined. To this state of affairs may be directly ascribed the grave exchange difficulties with which practically all the Republics are faced, as well as the default on foreign debt services into which Bolivia, Brazil, Chile and Peru have been driven during the past few months.

In order to restore as far as possible their economic balance, the principal South American countries are restricting imports drastically, so that already a "favourable" balance of merchandise trade is re-emerging in Argentina and Chile. Necessary though this import restriction may be from the point of view of the individual country, it is indicative of the slowing-up of world trade due to the present breakdown in international credit machinery, and is of little comfort to exporting countries such as Great Britain. A further factor now operating strongly to contract export trade with South America—and thereby also banking business—is the official control of exchange established in the principal trading countries there, namely, Argentina, Brazil, Chile and Colombia. The existing difficulty of obtaining return remittances in sterling for exported goods sold in local South American currencies is so obviously discouraging to our overseas trade that I need not comment further upon this additional evidence of the freezing up of international commerce due to present credit conditions, beyond saying that so serious is the position likely to become very soon that an early solution must be forthcoming if the wheels of commerce are not to stop.

INCREASE IN EXTERNAL DEBT COMMITMENTS.

The present difficult position of the South American countries has been aggravated in varying degree by the increase in their external debt commitments at a time when, without foreknowledge by them, world conditions were developing towards a collapse in the markets for primary products which was to result in their income being drastically diminished. During the five years 1926 to 1930, South American public long-term loans abroad on behalf of Governments, departments, municipalities, etc., amounted to no less than the equivalent of 300 million pounds sterling, of which 253 millions were floated in the three years 1926 to 1928. While conditions then ruling in New York—where the bulk of the money was raised—were such as to render extremely facile the placing of foreign bonds, it must be remembered that, so far as the South American borrowers were concerned, the funds were destined

mainly for programmes of economic development, the likely benefits of which, however, have for the present been largely nullified by the fall in prices. If there be included the service of previously-existing loans, the principal South American countries now have to find an annual amount to meet the service of their public long-term external debts of the equivalent of something like 50 million pounds sterling at par of exchange. They can provide for such indebtedness only by shipments of goods or gold, and, with the enormous fall in value of their exports, they have been compelled to part with the greater proportion of their surplus gold holdings. In Argentina, for example, the gold held by the Conversion Office has dropped since October, 1930, by 163 million pesos, and now represents a ratio to the total note circulation of 55 per cent., as compared with 77.5 per cent. In those countries where there had been recently established central banking systems and a gold standard of exchange, the drain of gold naturally resulted in a persistent decline in the ratio of gold holdings to note and deposit liabilities. In the case of Chile, she was ultimately faced with two alternatives, either to continue the heavy payments required for the foreign debt with the certain early exhaustion of the Central Bank's gold reserve and consequent abandonment of exchange stabilisation, or to suspend temporarily the service of the foreign debt and so stem the drain of gold from the country. Wisely, but reluctantly, Chile chose the latter course after having attempted honourably to fulfil her debt obligations until the last possible moment.

To sum up, the situation in South America is that the income of that continent has, through the slump in prices, been reduced to a level quite out of alignment with external obligations. The continent has, therefore, a vital interest in the adjustment and stabilisation of prices and the restoration of international credit, the dislocation of which is now so generally recognised and deplored. Under normal conditions, the foreign indebtedness of Latin-America would have been adjusted by increased shipments of goods plus a continuation of lending from abroad. In fact, however, the supply of loans from New York has quite dried up during the current year, while the decline in commerce with the United States has been particularly marked.

DANGERS OF GOLD STERILISATION

Commenting at some length at our last meeting upon the cause of the slump in world prices and the advantages of the preservation of the gold standard, I referred to the dangers arising from the sterilisation of large gold stocks in certain centres, and this unbalanced state of affairs has since driven many countries off the gold standard. Despite the benefits to export trade which may arise from a depreciated currency no longer linked with gold, these can of their very nature be only temporary and sink into insignificance beside the dangers and disorganisation to world trade resulting from the abandonment of the gold standard and instability in currency values. The truth is that the world was attempting to operate the gold standard under an impossible set of circumstances, among which have to be numbered high tariffs, reparations and war debts, as well as rigid wages and other high production costs. Under a gold standard system the metal is intended to do no more than make up for temporary fluctuations in the international balances of payment. Therefore, any unwieldy and persistent inflow of the metal, which is symptomatic of uneconomic factors upsetting credit equilibrium, should not be regarded for long with complacency even by a large creditor country. When such a country is also the possessor of a large visible trade balance, still more should it ponder carefully its international economic policy—especially in relation to import tariffs.

The Hoover plan for a one-year holiday in war debts was hailed with general relief, and there will undoubtedly be further developments in this respect. While it is admitted that the more recently contracted foreign debt obligations of Latin-America are in a different category to war debts, they are alike inasmuch as they were created at a time of high prices, and, being fixed in gold, represent an increasing burden as commodity prices decline. Present world conditions necessitate an early and definite measure of co-operation between the various nations in an attempt to find a way out of the present credit impasse. That such co-operation will eventuate shortly under the pressure of economic circumstances there is little doubt. In the very universality of the breakdown lies probably the hope of eventual and, maybe, speedy recovery.

REVIEW OF GENERAL CONDITIONS.

I do not propose now to occupy your time by a detailed review of conditions in the countries where we operate. This will be contained in the booklet which will be posted to you with your dividend warrants. The principal points, however, may be summarised as follows:—

The economic situation of Argentina is difficult, the great increase in the volume of her export trade having been nullified by unprecedentedly low prices. Obviously, a betterment in world prices,

October 24, 1931.]

THE ECONOMIST.

779

STE. MADELEINE SUGAR COMPANY, LIMITED.

MR G. MOODY STUART'S INTERESTING REVIEW.

The twelfth annual general meeting of the Ste. Madeleine Sugar Company, Limited, was held, on the 19th instant, at Southern House, Cannon Street, London, Mr Geo. Moody Stuart, C.B.E. (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said: You will have seen from these that our crop has been 34,334 tons of sugar and the profit on the year £13,318, the expenditure being £354,024 and the revenue £367,342. After providing for the deficit brought from the previous year and for income tax there remains a credit balance of £2,514. In view of the continued depression in the market and of the number of places that are worse off, I hope the shareholders will feel we have not done badly.

ORIGIN OF OVER-PLANTING.

The long period of unprofitable work, one year making a loss, another year making a profit, but never enough to pay a dividend, is weary work. What started the industry getting into this deplorable state was the continuance of extension of plantations in Cuba after there was no need for them—no outlet for the extra sugar.

The Cuban planters and their New York bankers seem to have been misled by the excessive profits they had made during the war and early post-war years. Possibly they were too optimistic as to increased world's requirements. However that may be, as long as the biggest producing country persisted in working regardless of losses it has been impossible for others to make a profit. Hence all these years of fruitless labour.

CUBAN PLANTERS' CHANGED POLICY.

But now at last the Cuban planters and the New York bankers have seen the necessity of making an entire change in their policy. They formed a committee under the chairmanship of Mr Thomas Chadbourne, which has evolved a plan that goes by the name of the Chadbourne Plan, the object of which was to get the Continental beet sugar and Java cane sugar producers to join with the Cubans in removing the pressure of surplus stocks on the market and in putting an end to over-production. It has now been tried sufficiently to show that it is on sound lines, and it has already shown results more than up to expectations for the first year.

It has brought about a big change in the position of stocks. Cuba has withdrawn from the market 1,300,000 tons, placing that in store, to be released at the rate of one-fifth part yearly for five years, the Cuban Government having arranged for advances to the owners of the sugar meantime. Java has similarly segregated 650,000 tons, and the Continental beet countries, apart from Russia, are all segregating their surplus.

The steps for checking over-production have already brought about drastic reductions in crops. Cuba has this year made 1,500,000 tons less than last year, and the Continental beet crop now being made is estimated at 2,500,000 tons less than last year. These are big figures. Java is to adjust her production to requirements so as to prevent any accumulation of stocks.

PRODUCTION BROUGHT BELOW CONSUMPTION.

The result of all this—and it is a striking result—is that the world production has been brought well below the consumption. So there is no doubt that the surplus stocks will disappear, according to plan. It is difficult to arrive at a close forecast of production and consumption during the season 1931-32, but on present indications it would appear that production may fall below consumption to the extent of about 1,800,000 tons. The world production, excluding Russia, is estimated at 23,800,000 tons, and the consumption at approximately 25,600,000 tons. In the estimated production the figure for Java is based on the estimate of next crop—that is, the crop now growing—the harvesting of which commences next May, for the Chadbourne Plan was brought in too late to affect the crop that has been reaped this year. This reduction in crops enables the annual release from the segregated stocks to be easily absorbed.

Prices have not yet responded to the changed position. One must remember it is a five-years plan, and one could not look for any great improvement before even the first year had been completed, but there is no doubt that if we had not been under this financial crisis we should even now have seen some advance. However, the assured reduction in supplies gives the assurance of better times some day. Meantime we must have patience and allow time for excess stocks to work down.

NEED FOR PREFERENCE.

Even when higher prices are established we will still require our present preference and the additional help, too, which Mr Baldwin indicated some time ago he was prepared to approve of. Germany

however slight, would be of benefit to Argentina proportionately to the increased volume of exports. The political future is dependent upon the General Election, fixed for November 8th; meanwhile, the Provisional Government has devoted praiseworthy attention to the restoration of the national finances. Our Buenos Aires branch cabled on 16th inst. as follows:—

"Reports of the growing crops in the principal zones continue favourable, and the general outlook has materially improved by the recent upward trend of cereal prices. Area sown with wheat smaller than last year, but the linseed area is largest on record. Current interest rates reflect tightness of money. Stock markets have displayed considerable activity in past few days, Gilt-edged being in good demand at rising prices. General conditions expected to continue quiet until after elections and beginning of harvest."

In Chile the remarkable patriotic response of the general community in aid of the Government at the time of the recent Communist agitation in certain naval units is sufficient indication of the fervent adherence of the Chilean nation to constitutional rule and ordered progress. There was a reaction in economic activity last year, and there is now being felt the full effect of the lack of demand for export products, as well as the curtailment of internal activity. The position of the national finances is not satisfactory, but we learn, from a cable from our Santiago branch, dated 16th inst., that the election of Señor Juan Esteban Montero as President of the Republic by a substantial majority has relieved the political situation, and prices of Stock Exchange securities, including industrials, show a general advance. Exchange control, however, is tending to restrict the movement of commerce.

With regard to nitrate, I referred last year to the formation of the Compañía de Salitre de Chile ("Cosach"), which was then in the process of organisation. We take a confident view of the future of this important customer, and we have no reason to doubt its ability to meet its obligations to us.

PERU AND MEXICO.

Peru has suffered exceptionally depressed conditions by reason of continued heavy falls in prices of the two primary products of cotton and sugar, and there have been persistent politico-financial difficulties, as well as a further devaluation of the monetary unit. In Mexico, also, we have, in common with others working there, experienced exceptional difficulties by reason of the demonetisation of gold and adoption of a silver currency system, which has altered the whole basis of monetary contracts, all creditors in gold having automatically suffered considerably by the reduction in the value of their collectable debts. Generally depressed commercial conditions have ruled in Colombia, although the position of the coffee market has been maintained on a fairly firm basis. The recent marked decline in the ratio of gold held by the Central Bank may be ascribed to the internal effect of the recent abnormal developments in the international money markets, and, while remaining on a gold standard of exchange, the Government has decided as a precautionary step, in view of existing world conditions, to introduce a measure of control. The political situation is very satisfactory, the present Government consistently pursuing a statesmanlike policy. (Hear, hear.) The other countries where we work, which are also largely dependent on coffee, and situated in Central America, have naturally experienced adverse conditions, but, generally speaking, the depression is not so marked as in South America. As you are doubtless aware, the City of Managua, the capital of Nicaragua, was completely destroyed by an earthquake and fire which occurred in March last, and I am sure you will join in an expression of sympathy to the Government and people of that Republic in the suffering caused by this catastrophe of the first magnitude. With the practically instantaneous demolition of the capital city, there naturally ensued a period of complete disorganisation and restriction of business throughout the Republic, which, in turn, as will be appreciated, had a very serious adverse effect upon banking business, including that of our institution.

Our net profits for the year are some £30,000 lower, at £461,383. I must, however, point out that since the date of our accounts the difficulties of trading which we have experienced have become even more accentuated. As I have already emphasised, in all the countries where we operate there is, with minor exceptions, official control of exchange, and the restrictions in regard to remittances, etc., add, as will be appreciated, very considerable obstacles to the facile and profitable conduct of business. In addition, there exist official policies of credit restriction, the limitation of imports, as well as generally adverse commercial and political conditions throughout some parts of our territory. These call for the greatest care and prudence and a continuance of a consistently conservative policy, which will, I am certain, have in these times your whole-hearted support.

The resolution was seconded by Mr J. A. Goudge, C.B.E., and carried unanimously.

es a protection at par of exchange of £15 18s. 3d. a ton; France 3 18s. 9d.; the United States £12 5s.; and we get £3 15s. It is marvel that we have been able to carry on even in the way we have been doing. We ought to be given some further help until the y comes when all protection is swept away and we are all on an al footing. The resolution was carried unanimously, and votes of thanks to a chairman, directors and staff terminated the proceedings.

RAPHAEL TUCK AND SONS, LIMITED.

CONTINUED SUCCESS OF VARIOUS DEPARTMENTS.

The thirtieth annual general meeting of Raphael Tuck and Sons, imited, was held, on the 20th instant, at Raphael House, Moor- olds, London.

Mr Gustave Tuck (chairman and managing director) said that i this storm-tossed world it was a good thing to have a safe anchorage. A firm like Raphael Tuck and Sons gave the definite surance that we did not regard ourselves as a nation of aterialists, but as a people imbued with the love of the beautiful nd the artistic. Human life, however prosaic it might seem, had s poetic side; it could and must be illuminated. The company maintained that their productions had tended for a period of any years to introduce this illumination into millions of homes, hether it was the Christmas card, with its greeting of good will, he calendar with its daily reminder, the picture which brightened he wall, or the postcard with its pictorial message, they all tended n one way or another to provide an antidote to the sterner side f human life. The success of their endeavours in this direction ad spread all over the world, for whenever people thought of a hristmas card, or a calender, or children's books, or a postcard, he name of Tuck instinctively arose before them. It was something o have gained this world-wide reputation, and it was so priceless n asset to the company that they were continually evolving new deas and publications to maintain that high repute with which he world acclaimed them.

Reviewing the various departments, the Chairman said that the time-honoured custom of sending good wishes to one's friends all over the world was still growing, and the Christmas and New Year card department had again shown remarkable progress.

The book department, with which he had been personally associated for so many years, showed renewed vigour. The company catered for all tastes, from the child in the nursery to the boy and girl at school. The new generation were now looking for something more than the old style of child story. Children nowadays thought a great deal more for themselves than they used to, consequently the reading matter had to be more engrossing and interesting. Thrilling adventures found ready readers and listeners. The book department gave strong evidence of a fresh and alert vitality in its new publications. With this aim before them they had changed the name of "Father Tuck's Annual" to "Tuck's Annual," and were here ministering to the taste of children of a more advanced age. The number of "annuals" published was legion, but this year "Tuck's Annual," with its remarkable addition of realistic surprise panoramas and "Come to Life" pictures, which charmed the minds of boys and girls, was taking the foremost place which it deserved.

The company's range of calendars continued to grow apace. It embraced over 600 different varieties. The collection itself was practically a Royal Academy. The outstanding calendar of the year was a splendid reproduction of a painting of His Majesty the King by J. A. A. Berrie, which was exhibited in the Royal Academy in 1931. It was finely reproduced in its original colours, and was a veritable little oil painting.

The postcard department still maintained its high reputation for variety and originality. The world-wide reputation of Tuck's picture postcards had never stood higher than it did to-day.

The pictorial advertising department continued in a sound, healthy, and progressive condition. National and other advertisers in increasing numbers throughout the country were proving eager to avail themselves of the striking and original showcards, posters, calendars, catalogues, and other forms of pictorial advertising produced by this enterprising department. He had, while on this subject, an important announcement to make—namely, the inauguration some three weeks ago of a complete advertising agency under the name of The Raphael Tuck Advertising Agency.

Dealing with the accounts, the Chairman said that the profit for the year was £27,766, and after paying a dividend of 5 per cent. for the year on the ordinary shares they were carrying forward £13,521. The reserves, as set out in the balance sheet, totalled £138,484.

The report and accounts were unanimously adopted.

ASSAM RAILWAYS AND TRADING COMPANY, LIMITED.

SUCCESSFUL RESULTS OF THE YEAR.

The fifty-first ordinary general meeting of the Assam Railways and Trading Company, Limited, was held, on the 21st instant, at Winchester House, London.

Mr James Mackenzie (the chairman) said that they were holding their meeting in times of very great difficulty, and it gave them all the greater satisfaction, therefore, to be able to present accounts which made such a favourable showing. They had been extremely fortunate in that the prevailing depression had not reflected itself in the results of their operations to any marked extent during the year under review. Since the year closed they had felt the effects of the slowing up of trade in a much more marked degree.

The railway showed the best results which they had ever achieved, both the gross earnings and the percentage of profits being a record. Their trading ventures had, on the whole, done quite well, but their dividends on their investments in the tea companies showed a very marked falling off. The balance of the general revenue account was, he hoped it would be agreed, satisfactory.

The board could not hold out any great hope that the next accounts would be as good as the present ones. The depression had now reached their particular activities, and they were so intimately connected with the tea industry that anything that affected that must affect them. Tea had had an extraordinarily bad year in 1930, and consequently tea companies were economising in every possible way, which affected both the sale of coal and the traffic on the railway.

After stating that they considered themselves justified in making a final distribution of 5 per cent. on the "B" stock, he went on to say that it was difficult to speak definitely as to the prospects for the current year. In their trading departments the demand for their products had fallen off, and they were curtailing operations all round. In the railway, general traffics had also fallen off, while the receipts from coal, by reason of the curtailment of output, were substantially reduced. All they could say was that they hoped that the results of the current year would not be altogether unsatisfactory.

The report and accounts were unanimously adopted.

CAM AND MOTOR GOLD MINING COMPANY (1919), LIMITED.

REDUCED COSTS—ENCOURAGING DEVELOPMENTS.

The ordinary general meeting of the Cam and Motor Gold Mining Company (1919), Limited, was held, on the 20th instant, in London.

Mr L. E. B. Homan (the chairman) said that it was his pleasure to comment on the improved financial position of the company at approximately £32,000 over last year, and since June 30th there had been a further improvement, so that his ambition to create a reserve account of £50,000 cash had at last been reached. Costs showed a decrease, due principally to the elimination of the blast furnace and oil flotation plant, which had become possible principally owing to the decrease of antimony in the lever levels of the mine. The costs were 22s. 0.33d., as against 23s. 1.27d., for the period under review, and since June 30th they had been further reduced to 18s. 9.16d. (in spite of 3s. 6d. per ton charged to development redemption), and further reductions were anticipated.

While developments at depth were very encouraging as regards values, they now had between the 19th and 23rd levels three split reefs which entailed extra work, driving on them, as against driving on concentrated large bodies of ore in the upper levels. The value of these split reefs was very high. He would draw attention to the developments on the 21st Level Petrol, which at the time of the report showed 210 ft. of strike of 15 in., valued at 42s., as against 110 ft. over 41 in., valued at 41s., on the 19th level. This reef had now lengthened to 380 ft., the last 65 ft. of which averaged 59s. over 60 in., so that there was not only widening of the reef but a considerable increase in its value. Very good values were also being met with on No. 23 Level Cam Lode. For instance in August 26 ft. driven averaged 112s. 6d. over 27 in., and September 58 ft. were driven, averaging 82s. 6d. over 36 in. Equal important was the development in the 528 ft. winze, which was going down from the 24th to the 25th Level Motor Lode, and now showed 31 ft. sunk, assaying 146s. 3d. over 44 in.

It would please shareholders to know that beyond shaft-sinking there was little capital expenditure in prospect at present. It was under £10,000 for the period under review, and of that £2,641 was for the Madoda Bridge, which was non-recurring. With regard shaft-sinking, it was intended to take the circular shaft to the 24 level, and when it was connected by a drive to the 528 ft. win

on the same level, they would have a greatly improved air position at their lowest level, and work would be carried on under much more pleasant conditions.

Improvements had been made during the year under the heading of "Reclamation"; 9,860 tons of ore had been recovered from pillars in the upper levels, which had been previously written off, and 9.33 per cent. of June's tonnage came from this source. This good work had continued, and they were now extracting an average of 140 tons a day.

The ore reserves of 678,000 tons were given as having a value of 48.1s., as against 875,400 tons, value 50.8s. last year. This difference in value was being counter-balanced by the reduction in working costs. Last year he stated that the ore reserves were three years ahead of the mill, and he hoped he was not overstepping the mark when he said that, after crushing 292,000 tons of ore during the period under review, they were to-day three and a half to four years ahead of the mill, and good developments were continuing all over the mine. This was surely a very sound position for a mining proposition.

Referring to the effect upon the company of this country and Southern Rhodesia going off the gold standard, the chairman said that they would benefit by the gold premium, which at present was at least £1 per ounce, because they were shipping all their gold to the best market, and, as they produced 10,000 oz. of gold a month, the calculation of extra profit was a simple one, governed only by the duration of existing conditions. In addition to this, they had already benefited by the remittance of surplus funds to this country under very favourable exchange conditions. Furthermore, they did not anticipate any material rise in costs.

The report and accounts were unanimously adopted.

CENTRAL ARGENTINE RAILWAY, LIMITED.

AN UNUSUALLY DIFFICULT YEAR.

The ordinary general meeting of the Central Argentine Railway, Limited, was held, on the 22nd instant, at River Plate House, London.

Mr H. A. Vernet, who presided in the absence through illness of the chairman, Lord Forbes, said that he had to place before the shareholders the results of an extremely and unusually difficult year. For 60 long, dreary weeks the receipts had shown regular decreases of varying—sometimes of alarming—intensity. Between the first week of the financial year under review and the week ending December 6, 1930, the aggregate decrease had run up to £1,052,000. Then the tide had turned and increases in traffic had commenced as the new wheat and linseed began to move.

While the increase in the cereal tonnage carried, especially in maize, was satisfactory, the aggregate still fell short of the amounts carried in 1929 and 1928. The combination of poor crops followed by a severe fall in prices had led to the impoverishment of their customers up and down the country, and that was reflected in the reduction in other traffics, particularly general merchandise and passenger traffic.

An interesting and important matter was that during the past year a movement had developed for the construction, on co-operative principles, of a number of grain elevators.

As to the year's working results, gross receipts had decreased by £371,058 and working expenses by £457,951, while net receipts had increased by £86,893. The reduction in gross earnings was largely accounted for by the decrease in passenger earnings. It was hoped that the completion of electrification of the suburban lines would initiate a new period of development and of traffic expansion.

The provision for exchange differences, amounting to the enormous sum of £789,915, was due to the fall in the Argentine exchange. Of that sum, £734,196, equal to more than 2½ per cent. of the company's ordinary stock, arose directly from loss on remittances. The exchange losses also accounted in part for the magnitudes of the bank overdraft, the size of which had been a potent factor in their omission to recommend a final dividend on the ordinary stock. Such a dividend would have been justified by the earnings, and under normal circumstances it would have been paid. As to the action taken by the Executive power in assuming control of the exchange, doubtless that action was dictated by what was deemed to be the pressure of necessity. It was to be hoped that such pressure would shortly be relieved and thus permit the removal of control at an early date.

The report was adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended October 17 1931, amounted to £10,897,700 against ordinary expenditure of £13,115,100. After allocating £190,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £414,996, the operations for the week, as shown below, increased the National Debt by £2,822,000 to £7,717,550,000:—

(000's omitted.)

Treasury Bills	+ 8,201	Bank of England Advances.....	2,750
		Public Dept. Advances.....	1,500
		P.O. and Telegraph Money	400
		Nat. Debt Commissioners	290
		Road Fund	430
		Interest on Exchequer Bonds ..	9
	+ 8,201		5,379

A complete analysis of the National Debt at September 30, 1931 was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Oct. 17, 1931.	April 1, 1930, to Oct. 18, 1930.	Week ended Oct. 17, 1931.	Week ended Oct. 18, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	272,000,000	59,948,000	66,043,000	1,089,000	843,000
Sur-tax, including Arrears of Super-Tax	73,000,000	16,700,000	14,450,000	270,000	230,000
Excise, &c., Duties	83,000,000	36,580,000	45,610,000	780,000	1,180,000
Stamps	20,000,000	7,250,000	8,920,000	610,000	250,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	180,000	160,000	...	10,000
Total Inland Revenue ...	451,000,000	120,658,000	135,183,000	2,749,000	2,513,000
Customs and Excise—					
Customs	131,770,000	2,033,000	66,149,000	2,374,000	2,246,000
Excise	121,230,000	62,700,000	69,370,000	4,800,000	7,270,000
Total Customs and Excise ...	253,000,000	134,733,000	135,519,000	7,174,000	9,516,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,603,000	1,385,298	372,000	Dr. 669,000
Post Office (Net Receipts)	12,200,000	6,950,000	5,200,000	600,000	250,000
Crown Lands	1,300,000	620,000	610,000	...	...
Receipts from Sundry Loans	15,400,000	12,139,996	21,302,897	2,708	1,375,000
Miscellaneous Receipts	42,800,000	7,190,117	13,708,100	...	1,331,749
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue ...	784,700,000	287,794,113	328,908,296	10,897,700	14,316,749
SELF-BALANCING REVENUE.					
Post Office	58,232,000	29,450,000	31,100,000	700,000	700,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	6,879,000	7,445,702	165,000	669,000
Total Self-Balancing Revenue ...	81,582,000	36,329,000	38,545,702	865,000	1,369,000
Total		324,123,113	367,453,997	11,762,708	15,685,749

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30):
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Oct. 17, 1931.	April 1, 1930, to Oct. 18, 1930.	Week ended Oct. 17, 1931.	Week ended Oct. 18, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	289,400,000	173,680,319	166,663,924	6,603,601	5,752,527
Payments to Northern Ireland Exchequer	6,350,000	2,797,146	2,834,189	26,000	68,309
Other Consolidated Fund Services	3,000,000	1,278,964	1,492,890	195,499	...
Total	298,750,000	177,756,429	170,991,003	6,825,100	5,820,836
Total Supply Services (excluding Post Office)	451,829,000	227,069,304	226,385,467	6,290,000	7,550,000
Total ordinary expenditure ..	750,579,000	404,825,733	397,376,470	13,115,100	13,370,836
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	29,450,000	31,100,000	700,000	700,000
Road Fund	23,350,000	6,879,000	7,445,702	165,000	669,000
Total Self-Balancing Expenditure	81,582,000	36,329,000	38,545,702	865,000	1,369,000
Total Ordinary and Self-Balancing Expenditure	832,161,000	441,154,733	435,922,172	13,980,100	14,739,836
New Sinking Fund (1928)	32,600,000	20,507,234	24,458,107	190,000	490,000
Total, including New Sinking Fund		461,661,967	460,380,279	14,170,100	15,229,836

The aggregate revenue and expenditure to October 17th, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO OCTOBER 17TH.			
(000's omitted.)			
	Revenue	Expenditure	
Expenditure	404,826	287,794	
New Sinking Fund	20,507	2,989	
	425,333	290,783	
		134,550	
		425,333	

POSITION OF THE FLOATING DEBT.			
Ways and Means Advances Outstanding—	Oct. 18, '30.	Mar. 31, '1.	Oct. 17, '31.
Advances by Bank of England ..	28,750,000	24,500,000	47,697,000
Advances by Public Departments ..	661,835,000	569,825,000	607,855,000*
Treasury Bills outstanding			+3,950,000
Total Floating Debt	690,585,000	594,325,000	655,552,000

Tenders for £40,000,000 in Treasury Bills were opened on October 16, 1931, and the total amount applied for was £61,480,000. Tenders were accepted for bills at three months, dated Monday to Friday at £98 12s. 1d., about 74 per cent., and above in full; and Saturday at £98 12s. 5d., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931			
September 25	40,000,000	42,730,000	5 12 8-37
October 2	40,000,000	47,945,000	5 11 0-07
October 9	40,000,000	49,465,000	5 11 4-63
October 16	40,000,000	61,480,000	5 10 5-56

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, October 21, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	355,230,909	Government Securities	11,015,100
In Banking Department	55,443,460	Other Government Securities	240,584,043
		Other Securities	19,370,302
		Silver Coin	4,030,555
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	135,674,369
			£410,674,369

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	14,553,000	Other Securities	53,800,906
Public Deposits	3,133,385	Discounts	...
Other Deposits	19,093,860	Advances	£10,421,878
Bankers'	260,515,285	Securities	29,047,208
Other Accounts	52,776,935		
7-Day and other Bills	113,292,220		
	1,850		
	£150,074,315		£150,074,315

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

Both Departments.	Amount, Oct. 21, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	355,230,909	+ 1,478,682	+ 703,030
Public deposits	19,093,860	+ 4,652,643	+ 8,830,130
Bankers' deposits	60,515,285	+ 5,883,576	+ 5,010,595
Other deposits	52,776,935	+ 1,467,156	+ 18,677,792
Seven-day bills	1,850	+ 4,595	—
Total, outside liabilities	487,618,839	+ 4,947,056	+ 15,552,040
Capital and rest	17,686,385	+ 30,379	+ 43,571
Government debt and securities ..	305,400,049	+ 2,573,996	+ 19,855,898
Discounts and advances	10,421,878	+ 3,655,773	+ 5,443,128
Other securities	48,417,510	+ 4,144,663	+ 13,821,292
Silver coin in issue department	4,030,555	+ 18,057	+ 434,279
Coin and bullion (bank's reserve) ..	137,035,232	+ 291,706	+ 23,090,428
Reserve of notes and coin in banking department	56,804,323	+ 1,770,388	+ 893,448
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	42 1/2%	+ 2 1/2%	+ 12 1/2%
(b) Gold stocks to deposits and notes ("reserve ratio")	28 1/2%	+ 1 1/2%	+ 6 1/2%

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1931.					
Sept. 9	410,895	353,931	21,808	54,845	50,533
16	410,574	351,618	16,574	58,437	50,459
23	408,628	352,676	23,018	64,915	50,963
30	409,818	357,209	30,089	62,642	52,565
Oct. 7	410,239	359,324	10,594	78,859	51,879
14	410,359	356,710	14,441	70,099	51,310
21	410,674	355,231	19,094	60,515	52,777

Issue Department.		Both Depts.		Banking Department.		Reserve & the "Proportion."	
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."
1931.							
Sept. 9	266,150	4,771	137,206	28 1/2%	51,146	8,291	27,743
16	261,135	9,811	136,880	28 1/2%	49,391	8,321	25,788
23	258,845	32,113	134,974	27 1/2%	60,176	13,579	26,141
30	246,455	24,502	136,100	27 1/2%	68,976	14,774	25,876
Oct. 7	243,793	27,175	136,565	26 1/2%	64,126	16,898	25,715
14	245,290	25,787	136,744	27 1/2%	57,626	14,078	26,775
21	251,599	19,371	137,035	28 1/2%	53,801	10,422	29,047

BANKERS' CLEARING RETURNS (000's omitted).				
	Town.	Metropolitan.	Country.	Total.
1931.				
January 1 to October 7	26,318,454	1,302,383	2,125,098	29,745,935
Week ended October 14	467,613	31,172	53,215	552,000
Week ended October 21	482,911	31,246	54,219	568,376
Total to date, 1931	27,268,978	1,364,801	2,232,523	30,866,311
Total to date, 1930	31,845,611	1,474,702	2,416,862	35,737,175
Increase or decrease in 1931	-4,576,633	-109,901	-184,330	-4,868,864
	-14.4%	-7.5%	-7.6%	-13.6%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2.8%	-3.7%	-3.7%	-2.9%

PROVINCIAL CLEARING RETURNS. (000's omitted.)				
	Week ended October 17.	Month of September.	Aggregate Totals January 1 to October 17.	
	1930.	1931.	1930.	1931.
Number of working days	26	26		
BIRMINGHAM	2,038	2,171	8,484	7,509
BRADFORD	602	537	3,203	2,526
Bristol	1,093	1,183	4,461	5,024
DUBLIN	4,695	4,783	19,544	19,544
HULL	806	798	3,212	2,571
LEEDS	949	965	2,784	2,805
LEICESTER	735	708	2,628	2,308
LIVERPOOL	5,634	5,627	23,361	20,743
MANCHESTER	9,306	9,344	38,131	33,578
NEWCASTLE	1,095	1,155	5,196	4,466
NOTTINGHAM	579	478	2,249	1,515
SHEFFIELD	843	709	3,151	2,520
Total	28,376	28,458	96,860	85,565

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; Lithuania in September 20; Bank for International Settlements, Vienna, Denmark, and Spain in October 10; National Bank of Egypt, Roumania, Japan, China and Netherlands in October 17.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).				
RESOURCES.	Oct. 23, 1930.	Oct. 1, 1931.	Oct. 8, 1931.	Oct. 15, 1931.
Total gold reserve	3,016,610	3,138,180	3,036,950	2,836,010
Bills discounted	191,980	327,920	463,390	527,580
Total U.S. Govt. securities	176,590	468,530	581,360	730,410
Total bills and securities	602,030	742,340	738,340	727,000
Total resources	976,900	1,557,970	1,801,220	2,104,440
LIABILITIES.	Oct. 23, 1930.	Oct. 1, 1931.	Oct. 8, 1931.	Oct. 15, 1931.
Federal Reserve notes in actual circulation	1,368,510	2,097,790	2,269,990	2,321,820
Deposits—Memberbank—reserve account	2,437,090	2,363,580	2,277,430	2,225,020
Total deposits	2,437,090	2,363,580	2,277,430	2,225,020
Capital paid in and surplus	2,489,420	2,506,150	2,486,030	2,619,340
Total liabilities	4,974,910	4,974,910	4,974,910	4,974,910
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	82.1%	71.7%	67.1%	61.8%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).					
	Oct. 23, 1930.	Oct. 1, 1931.	Oct. 8, 1931.	Oct. 15, 1931.	Oct. 22, 1931.
Total gold reserves	1,083,100	1,124,880	996,320	892,200	1,001,680
Total bills discounted	31,840	53,520	12,340	205,940	159,030
Bills bought in open market	42,670	155,770	317,160	200,740	214,150
Total U.S. Govt. securities	187,340	225,700	225,700	245,260	241,700
Total bills and securities	266,100	446,200	528,290	657,890	629,560
Deposits—Memberbank—reserve account	1,028,220	1,078,050	983,650	942,790	1,029,660
Ratio of total res. to dep. and Federal Res. note liabilities combined	82.2%	76.0%	68.9%	61.8%	65.8%

FEDERAL RESERVE MEMBER BANKS. In \$'s (000,000's omitted).					
	Oct. 1, 1931.	Sept. 23, 1931.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Loans	16,813	14,333	14,263	14,191	13,858
Investments	6,485	7,683	4,265	7,916	7,831
Time deposits	13,557	13,195	13,134	12,885	13,227
Due from banks	7,541	6,950	6,895	6,837	6,775
Due to banks	1,645	1,341	1,358	1,247	1,131
Federal reserve borrowings	3,604	3,144	3,078	2,905	2,881

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted).					
	July 31, 1930.	Apr. 30, 1931.	May 31, 1931.	June 30, 1931.	July 31, 1931.
ASSETS.					
Cash and bank balances	376,261	358,295	343,868	356,888	321,714
Bank balances abroad	114,182	88,396	94,914	120,041	84,223
Call and short loans	421,799	297,132	285,021	290,143	267,972
Securities	1,477,026	651,307	668,891	694,974	693,818
Loans in Canada	1,393,645	1,294,817	1,294,309	1,271,585	1,266,031
Loans abroad	224,780	216,554	211,304	214,396	208,466
Other assets	193,035	180,916	183,968	180,645	173,173
LIABILITIES.					
Note circulation	152,177	134,495	143,750	142,559	137,099
Deposits					
Government	105,969	69,671	63,996	84,159	53,463
Public in Canada	2,007,310	2,049,003	2,036,446	2,051,104	2,012,550
Foreign	383,824	338,961	338,121	355,930	330,635
Bank balances—					
Canadian	11,348	16,029	12,267	12,917	11,135
Foreign	71,426	71,859	80,294	77,517	71,098
Bills payable, &c.	102,928	76,572	80,423	77,939	70,234
Capital and res.	305,603	307,250	306,500	306,500	306,500
Other liabilities	5,475	4,411	6,435	5,630	4,192

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.
(000's omitted).

ASSETS.	Oct. 15, 1930.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.	Oct. 15, 1931.
Gold coin and bullion	1,412,757	1,524,075	1,520,298	1,533,329	1,552,720
Balance abroad and foreign currency	2,452,687	1,268,169	1,177,197	1,108,270	1,104,794
Discounts and advances	258,616	1,024,809	1,721,599	1,714,426	1,597,344
State notes and debt balance	3,513,207	3,265,604	3,257,838	3,255,067	3,249,082
Other assets	1,009,158	665,443	701,569	649,977	633,751
LIABILITIES.					
Bank notes in circulation	6,453,538	6,155,506	7,172,261	6,872,862	6,593,929
Check account balances	1,330,171	687,907	308,717	544,857	678,079
Other liabilities	354,328	373,776	386,612	352,439	354,774

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

ASSETS.	Sept. 22, 1931.	Sept. 30, 1931.	Oct. 8, 1931.	Oct. 15, 1931.
Cash reserve	1,545,482	1,656,738	1,656,771	1,656,783
Gold at home and abroad	447,182	436,447	441,300	400,730
Foreign exchange	118,652	113,968	95,685	92,739
Other foreign exchange	1,700,019	1,818,985	1,933,686	1,977,503
Bills and advances against security	1,824,446	1,824,395	1,824,395	1,824,394
LIABILITIES.				
Notes in circulation	4,890,742	5,196,715	5,306,901	5,217,509
Sight deposits	516,733	341,735	307,756	307,957

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

ASSETS.	Oct. 7, 1930.	Sept. 15, 1931.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Gold and silver holdings	1,434,805	1,508,321	1,508,714	1,509,262	1,509,575
Balance abroad and foreign currencies	1,044,310	486,462	475,886	419,799	397,297
Discounts and advances	764,237	844,121	852,506	860,930	847,584
Advances to the Treasury	3,279,302	3,058,822	3,055,822	3,050,822	3,050,822
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,212,218	1,184,334	1,184,334	1,184,266	1,184,240
Bank notes in circulation	3,745,134	3,512,433	3,347,369	3,334,724	3,358,285
Sight liabilities	1,269,599	1,305,491	1,255,227	1,233,385	1,179,789
Deposits	283,038	252,416	252,408	252,408	252,078

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Oct. 7, 1930.	Sept. 15, 1931.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Gold	523,296	490,391	490,707	490,707	490,743
Gold exchange	3,549,614	2,572,110	2,735,683	2,501,735	2,571,715
Other foreign exchange	39,630	1,604	1,612	1,568	1,731
Bills discounted	148,519	152,881	163,397	169,240	158,191
Advances	176,075	233,344	235,425	284,828	298,080
Debt to the State	3,388,763	3,168,042	3,168,042	3,168,042	3,168,042
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	5,075,278	4,225,654	4,271,435	4,421,962	4,433,085
Deposits and current accounts	1,663,673	1,453,075	1,109,676	608,353	636,314
Foreign exchange liabilities	729,223	649,877	605,814	638,430	1,185,250

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Oct. 10, 1930.	Sept. 10, 1931.	Sept. 20, 1931.	Sept. 30, 1931.	Oct. 10, 1931.
Gold	561,912	568,013	568,040	568,056	576,047
Of which held abroad	77,396	81,716	81,716	81,716	89,686
Foreign currencies	414,423	281,834	281,457	249,955	229,616
Bills discounted	720,330	627,318	624,749	634,468	630,372
Loans against securities	83,455	111,513	104,140	116,538	125,313
Reserve fund securities	86,411	93,225	93,225	93,225	93,121
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	110,000	114,000	114,000	114,000	114,000
Notes in circulation	1,336,499	1,185,764	1,140,574	1,224,793	1,187,405
Current accounts	205,908	202,029	268,518	198,039	216,486

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1914.	Oct. 8, 1930.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 8, 1931.
Gold	350,910	301,248	300,716	301,480	306,066
Balance abroad and foreign bills	90,379	1,079,703	722,885	648,893	494,514
Finland and Foreign Government securities	21,826	375,397	403,528	396,544	406,100
Discounts and loans	105,151	698,251	828,627	878,626	1,088,902
LIABILITIES.					
Notes in circulation	123,941	1,345,818	1,137,567	1,200,928	1,203,859
Deposits at notice	21,225	58,299	82,566	...	60,965

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Oct. 7, 1930.	Sept. 15, 1931.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.
Gold coin and bullion	6,546	6,543	6,546	6,547	6,548
Net foreign exchange	17,012	20,707	17,178	17,253	16,417
Subsidiary Estonian coin	1,541	1,723	1,525	1,602	1,627
Home bills discounted	13,676	9,377	9,278	9,722	9,744
Loans and advances	10,098	9,495	11,452	10,892	10,815*
Thereof loans to Government	...	1,300	2,500	1,700	1,700
LIABILITIES.					
Notes in circulation	32,468	31,900	35,350	34,362	35,400
Sight deposits and current liabilities	15,835	13,660	12,795	12,547	12,688
Ratio of reserve to current liabilities	50.88%	59.81%	49.28%	50.74%	49.83%

BANK OF LATVIA.—In lat. (gold francs) (000's omitted).

ASSETS.	Oct. 15, 1930.	Sept. 14, 1931.	Sept. 21, 1931.	Sept. 28, 1931.	Oct. 5, 1931.	Oct. 12, 1931.
Gold bullion and coins	24,062	24,016	24,017	24,020	24,996	26,949
Silver coin	6,373	10,990	10,928	10,635	10,551	10,474
Balance abroad	42,951	22,774	22,807	22,083	15,297	14,879
Treas. notes and sm. change	10,332	10,245	10,106	9,576	9,655	9,650
Short term bills	86,579	79,721	79,956	79,588	80,170	80,243
Loans against securities	56,663	60,644	60,184	59,397	60,152	59,616
Other assets	18,232	17,010	16,642	16,767	16,847	17,262
LIABILITIES.						
Notes in circulation	49,071	42,594	42,497	43,916	42,685	42,409
Capital paid up	18,735	19,676	19,676	19,676	19,676	19,676
Reserve	4,351	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	19,326	19,793	19,847	19,729	19,386	19,159
Current accounts	54,390	63,142	65,484	61,038	60,838	64,017
Government accounts	86,179	64,865	61,735	60,965	60,096	59,265
Other liabilities	9,639	7,401	7,171	8,513	10,626	8,312

BANK OF DANTZIG.—In Dantzig gulder (000's omitted).

ASSETS.	Oct. 15, 1930.	July 31, 1931.	Aug. 15, 1931.	Aug. 31, 1931.	Sept. 15, 1931.	Sept. 30, 1931.	Oct. 15, 1931.
Gold coin and bullion	3,706	515	2,434	13,324	13,930	15,706	19,559
Dantzig subsidiary coin	3,588	385	2,304	2,754	3,360	3,285	3,574
Bal. Bk. of Eng.	12,982	25,449	26,163	9,434	5,775	26,067	28,468
Inc. notes of Eng.	19,782	25,616	18,034	21,501	21,388	268	795
Loans	2,580	495	305	688	688	11,178	10,086
Foreign exchange	8,353	14,007	13,100	11,605	10,893	39	39
Other bills	4,405	3,993	3,993	3,993	3,993	3,993	3,993
LIABILITIES.							
Capital paid up	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation	32,332	40,899	37,681	40,999	37,212	42,133	40,206
Deposits on demand	1,971	7,675	4,779	3,007	3,712	3,556	7,930

LONDON RATES.

	Oct. 15, 1931.	Oct. 16, 1931.	Oct. 17, 1931.	Oct. 19, 1931.	Oct. 20, 1931.	Oct. 21, 1931.	Oct. 22, 1931.
Bank rate (changed from 4 1/2% Sept. 21, 1931).....	6%	6%	6%	6%	6%	6%	6%
Market rates of discount—							
60 days' bankers' drafts	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%
3 months' do.	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%
4 months' do.	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%
6 months' do.	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%	5 1/2%
Discount Treasury Bills—							
2 months'	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%
3 months'	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%
Loans—Day-to-day	3 1/2%	3 1/2%	3 1/2%	3 1/2%	3 1/2%	3 1/2%	3 1/2%
Short	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%
Deposit allowances: Bank	4%	4%	4%	4%	4%	4%	4%
Discount houses at call	4%	4%	4%	4%	4%	4%	4%
At notice	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%

Comparison with previous week—

		Bank Bills.			Trade Bills.		
Short Loans.		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1931.	%	%	%	%	%	%	%
Oct. 1	4 1/2	5 1/2	5 1/2	6	6 1/2	6 1/2	6 1/2
" 8	4 1/2	5 1/2	5 1/2	6	6	6	6
" 15	4 1/2	5 1/2	5 1/2	6	6	6	6
" 22	5	5 1/2	5 1/2	6 1/2	6 1/2	6 1/2	6 1/2

RATES OF EXCHANGE.

London on		Usance.	Par.	Oct. 23, 1930.	Oct. 15, 1931.	Oct. 22, 1931.
New York	dollars to £1	Cable	4.864	4.85 1/2	3.87 1/2-88 1/2	3.93 1/2
Montreal	dollars to £1	Cable	4.864	4.85 1/2	4.37-40	4.37-40
Paris	francs to £1	T.T.	124.21	123.82-85	98 1/2	99 1/2-100
Berlin	marks to £1	T.T.	20.43	20.39-40	16 1/2-17	16 1/2
Amsterdam	florins to £1	T.T.	12.107	12.06 1/2	9 1/2	9 1/2
Brussels	belgas to £1	T.T.	35.00	34.85 1/2	27 1/2	28 1/2
Milan	lire to £1	T.T.	92.46	92.81-84	74 1/2	75 1/2
Zurich	francs to £1	T.T.	25.22 1/2	25.01 1/2-02	19 1/2	20.00
Oslo	kroner to £1	T.T.	18.159	18.15-16	17 1/2	17 1/2
Stockholm	kronor to £1	T.T.	18.159	18.09-11	16 1/2	16 1/2
Copenhagen	kroner to £1	T.T.	18.159	18.15-16 1/2	17 1/2	17 1/2
Madrid	pesetas to £1	T.T.	25.22 1/2	46.33-37	43 1/2	44.44 1/2
Lisbon	escudo to £1	T.T.	4.50	108 1/2	109 1/2-110	109 1/2
Vienna	schilling. to £1	T.T.	34.58 1/2	34.43-47	29-30	29-30 1/2
Prague	kroner to £1	T.T.	164 1/2	163 1/2	130-132	131-134
Belgrade	dinars to £1	T.T.	275.316	274 1/2	205-230	210-225
Budapest	pengut to £1	T.T.	27.82	27.74-78	...	...
Bukarest	lei to £1	T.T.	813.6	817-819	630-650	650-670
Sofia	leva to £1	T.T.	673.689	668-673	510 1/2	510-530
Athens	drachma to £1	T.T.	375	374 1/2-375 1/2	295-310	310 sellers
Constantinople	piastres to £1	T.T.	110	1025 nom	7.492-507	7.496-6
Moscow	roubles to £1	T.T.	9.46	9433-9452	...	...
Warsaw	zloty to £1	T.T.	43.38	43 1/2	33-37	33-37
Helsingfors	F. marks to £1	T.T.	193.23	192 1/2-193 1/2	190-194	191-193
Kovno	lita to £1	T.T.	48.66	48 1/2	...	...
Reval	kroon to £1	T.T.	18.159	18.20-27	...	...
Riga	lata to £1	T.T.	25.22 1/2	25.17-27	...	...
Alexandria	piastres to £1	Sight	97 1/2	97 1/2	97 1/2	97 1/2
Buenos Aires	pesos to peso	T.T.	47.63d.	38 1/2	32 1/2	32 1/2
Rio de Janeiro	pesos to milis.	90 days	5.899	44-5	31 1/2	31 1/2
Montevideo	pesos to peso	T.T.	61	38 1/2	20 1/2	21-22
Valparaiso	pesos to £1	90 days	81	39-96	32.00	32.50
Lima	soles to £1	90 days	par	16 1/2	13-70	13-75
Calcutta	rupee to £1	T.T.	1/5 1/8	1/5 1/8	1/5 1/8	1/5 1/8
Bombay	rupee to £1	T.T.	1/5 1/8	1/5 1/8	1/5 1/8	1/5 1/8
Madras	rupee to £1	T.T.	1/5 1/8	1/5 1/8	1/5 1/8	1/5 1/8
Hong Kong	ster. to dollar	T.T.	1/5 1/8	1/5 1/8	1/5 1/8	1/5 1/8
Shanghai	ster. to tael	T.T.	2 1/2	1/7 1/2	1/7 1/2-1/8	1/6 1/2-1/8
Singapore	ster. to dollar	T.T.	2s. 4d.	2/3 1/2	2/3 1/2-1/8	2/4-1/4
Yokohama	ster. to yen	T.T.	24.582d.	2/0 1/2	2/5 1/2-3/6	2/5 1/2-4
Manila	ster. to peso	T.T.	24.065d.	2/0 1/2	...	...
Mexico	pesos to £1	T.T.	9.76	10-15	10-35	10-50
Siam	ster. to baht.	T.T.	21.82d.	1/9 1/2	1/9 1/2	1/9 1/2

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
BANKS.					
Bank of Adelaide	4*	Nov. 11	Less tax	12	13
Bank of Montreal	3%†	Dec. 1	Less tax	12	14
Canadian Bank of Commerce	3%†	Dec. 1	Less tax	12	14
National Bank of Australasia	3%†	Dec. 1	Less tax	12	14
Royal Bank of Canada	3%†	Dec. 1	Less tax	12	14
INSURANCE.					
London and Lancs. Insurance	10/- p.a.*	Nov. 2	Less tax	12	13
Northern Assurance	8/- p.a.*	Nov. 5	Less tax	12	13
TEA AND RUBBER.					
British Darjeeling Tea	2½%*	Nov. 13	Less tax	12	13
Ceylon Proprietary Tea	4%*	Nov. 21	Less tax	12	13
Demodora Tea	5%*	Oct. 23	Less tax	12	13
Duckwall Tea and Rubber	5%*	Oct. 23	Less tax	12	13
Kandapala Tea	5%*	Oct. 24	Less tax	12	13
Mayfield (Dimbula) Tea	5%*	Oct. 30	Less tax	12	13
Ouvah (Ceylon) Estates	6%*	Nov. 10	Less tax	12	13
Spring Valley Ceylon Estates	4%*	Nov. 10	Less tax	12	13
Standard Tea Co. of Ceylon	10%*	Oct. 29	Less tax	12	13
Talawakelle Estates	10%*	Oct. 24	Less tax	12	13
MINING.					
El Oro Mining (S.A.)	7d. p.a.†	Oct. 26	Less tax	12	13
Pengaklan Pref. Ord.	5%*	Oct. 31	Less tax	12	13
Petaling Tin	2½%*	Oct. 31	Less tax	12	13
St. John Del Rey Mining	3½%*	Nov. 20	Less tax	12	13
OTHER COMPANIES.					
Adelaide Electric	4½%†	Dec. 1	Tax free	8½	12
Andersons' Rubber Co.	2½%*	(Second Interim)	Less tax	12	13
Austin Reed	5%*	Nov. 1	Less tax	12	13
Baird (Hugh) and Sons	25 c. p.a.	Dec. 1	Less tax	12	13
Brazilian Traction	12½%†	Nov. 10	Tax free	20	20
Bristol Brewery, Georges & Co.	5%*	Nov. 10	Less tax	12	13
British Shareholders Trust	5%*	Nov. 10	Less tax	12	13
Burmah Oil	5%*	Nov. 10	Less tax	12	13
Burt, Boulton and Haywood	4%†	Nov. 21	Less tax	8	9
Calcutta Electric	5%*	Nov. 21	Less tax of 2/6 in £.	12	13
Castle Bellingham and Drogheda	3%*	Nov. 24	Less tax	6	6
Breweries	3%*	Nov. 24	Less tax	6	6
Cawnpore Electric	3%*	Nov. 24	Less tax	6	6
City and West-End Properties	3%*	Nov. 24	Less tax	14	15
Clydesdale Investment	6½%†	Nov. 23	Less tax	14	15
Consolidated Trust (Def.)	5%*	Nov. 23	Less tax	14	15
Continental Union Trust	4%*	Nov. 23	Less tax	14	15
Debenham Securities	5%*	Nov. 19	Less tax	12	13
Egyptian Markets	3%*	Nov. 19	Less tax	12	13
Freehold Assets	3%*	Nov. 19	Less tax	12	13
Gieve's	5%*	Nov. 2	Less tax	12	13
Gordon Selfridge Trust	3%*	Nov. 2	Less tax	12	13
Highland Distilleries	8%†	Nov. 2	Less tax	12	13
Hodgson's Kingston Brewery	8%†	Nov. 2	Less tax	12	13
John Delaney	(a) 5%†	Oct. 19	Less tax	10	12½
Lambert Brothers	2%*	Nov. 2	Less tax	5	7
London and Overseas Investment	10%*	Nov. 2	Less tax	5½	5½
Manley and Keegan	2%*	Nov. 2	Less tax	5½	5½
M. Kellar (John C.)	3%*	Nov. 2	Less tax	5	5
Metropolitan Housing	3%*	Nov. 2	Less tax	5	5
New Zealand and Australian Land	2½%*	Jan. 2	Less tax	2	4
North American Co.	1½%†	Nov. 2	Less tax	4	5
Railway and General Investment	3%*	Nov. 2	Less tax	7	9
River Plate Electricity	3%*	Nov. 2	Less tax	7	9
Scottish National Trust	3%†	Nov. 6	Less tax	12	15
Second Edinburgh Investment	6%†	Nov. 6	Less tax	12	15
Second Mercantile Trust	2½%†	Nov. 6	Less tax	6	8
Second Scottish National Trust	2½%†	Nov. 6	Less tax	6	8
Shanghai Electric	6½%†	Nov. 2	Tax free	12½	12½
Smedley's Hydropathic	6½%†	Nov. 2	Tax free	10	12½
Sneyd Collieries	2½%*	Dec. 1	Less tax	2½	10
Spillers	2½%*	Dec. 1	Less tax	2½	10
Stothert and Pitt	2½%*	Dec. 1	Less tax	2½	10
Sudan Plantations Syndicate	2½%*	Dec. 1	Less tax	2½	10
Third Caledonian Trust	2%*	Dec. 1	Less tax	5	6
Third Scottish National Trust	2%*	Dec. 1	Less tax	5	6
Trinidad Leaseholds	2%*	Dec. 1	Less tax	5	6
Trust and Agency Co. of Australasia	Nil*	Nov. 9	Less tax	5	7½
Val de Travers Asphalt	2½%*	Nov. 3	Less tax	5	7½
Weaver and Co.	2½%*	Nov. 3	Less tax	5	7½
Wilson's Brewery	5%*	Nov. 3	Less tax	5	7½

(a) Also distribution of 5 per cent. realised proceeds of capital accretions.

ASSOCIATED DYERS AND CLEANERS LIMITED.—With a view to conserving the resources of the company, and owing to the difficult industrial conditions of the present time, the directors of Associated Dyers and Cleaners Limited have decided to pay no interim dividend on the ordinary share capital of the company. Dividend warrants for the payment of the half yearly dividend on the 6½ per cent. cumulative preference shares, due on October 31, 1931, will be posted on the 30th instant.

CARLTON HOTEL, LTD.—The results of the year ending August 31st last do not, in their opinion, justify the payment of the balance of the preference dividend for the year.

EDGAR ALLEN AND COMPANY, LTD.—Five per Cent. Cumulative Preference Shares.—In the opinion of the directors, the results of the current year's working and the present and prospective trade and financial outlook render it advisable that the company's financial resources shall be conserved so far as possible. In their judgment, it is undesirable that dividends should be distributed at present; payment of the dividend on the cumulative preference shares for the half-year ending September 30, 1931, will be deferred.

P. AND W. MACLELLAN, LTD.—The directors have resolved to defer the consideration of a dividend on the 6 per cent. cumulative preference shares of the company until after the completion of the company's financial year.

TAYLORS (CASH CHEMISTS) LONDON, LTD.—The directors have decided to postpone consideration of the payment of the final dividend on the preference shares due on the 30th instant until they have had an opportunity of considering the accounts for the current year ending on October 3, 1931.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Oct. 16, 1931. (c) Week ended Oct. 17, 1931.	Miles Open.	Week ended Oct. 18, 1931. (000's omitted.)					Aggregate 42 weeks, 1931. (000's omitted.)				
		Passenger, &c.	Merchandise, &c.	Coal and coke.	Total Goods.	Total for Week.	Passenger, &c.	Merchandise, &c.	Coal and coke.	Total Goods.	Total Receipts.
Great Western	3,761	193	208	104	312	505	9,420	7,949	4,397	12,346	21,766
Do. for 1930	3,761	210	217	114	331	541	10,274	8,244	4,962	13,806	24,080
L. & N. B. (c)	6,349	293	338	240	578	971	15,274	14,113	9,740	23,853	37,826
Do. for 1930	6,349	327	408	252	587	967	15,254	15,147	10,723	25,870	42,134
Lon. Mid. & Scot.	6,958	459	513	243	715	1,127	21,106	19,411	10,723	25,870	50,654
Do. for 1930	6,958	508	549	249	767	1,225	22,625	22,079	10,507	32,586	55,211
Southern	2,180	252	75	32	107	369	13,035	1,001	1,320	4,321	17,356
Do. for 1930	2,179	280	82	30	112	392	13,809	3,257	1,246	4,503	18,312
Total, 1931	19,248	1,207	1,134	619	1,753	2,960	57,534	44,474	25,604	70,708	127,612
Do. for 1930	19,245	1,325	1,247	645	1,892	3,217	61,972	50,327	27,438	77,765	139,737
Metropolitan (c)	59	30.8	...	...	3.9	34.7	131.5	...	...	161.5	147.7
Do. for 1930	59	32.3	...	...	4.2	36.5	135.9	...	...	168.7	153.8
Undgd. E.R. (c)	...	301.0	...	...	301.0	...	301.0	...	...	301.0	...
Do. for 1930	...	312.2	...	...	312.2	...	312.2	...	...	312.2	...
Green Buses, &c.	...	25.4	...	...	25.4	...	25.4	...	...	25.4	...
Do. for 1930	...	19.6	...	...	19.6	...	19.6	...	...	19.6	...
Lon. & S. B. (c)	...	45.0	...	...	45.0	...	45.0	...	...	45.0	...
Do. for 1930	...	46.7	...	...	46.7	...	46.7	...	...	46.7	...
* R.F. & C. (b)	80	1.9	...	...	1.9	...	1.9	...	...	1.9	...
Do. for 1930	80	1.9	...	...	1.9	...	1.9	...	...	1.9	...
* G. Northern (b)	562	9.6	...	...	15.6	25.2	481.1	...	...	605.4	1086.5
Do. for 1930	562	9.8	...	...	17.2	27.0	530.2	...	...	607.9	1138.1
* Gt. Southern (b)	2,188	25.0	...	...	47.4	72.4	1190.2	...	...	1589.5	2779.7
Do. for 1930	2,188	24.4	...	...	44.8	69.2	1206.9	...	...	1822.2	3029.1

* Aggregate 41 weeks.

† Green line not in full operation.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal	25	1931. Sept. 19	1,330	Rs. 3,59,600	- Rs. 72,878	Rs. 89,55,505	- Rs. 4,20,280
Barsi L. Ry.	25	19 202	202	24,400	- 1,900	9,94,700	- 12,800
Bengal & N. Western	25	19 2,119	2,119	4,09,269	- 76,354	1,42,08,068	- 14,44,876
Bengal-Nagpur ...	25	19 3,199	3,199	11,00,000	- 3,12,787	3,23,98,814	- 64,34,585
Bombay, Bar. & C.I.	28	Oct. 10 3,084	3,084	15,95,000	- 1,69,000	5,01,99,000	- 29,61,000
Madras & S. Mahr.	25	Sept. 19 3,230	3,230	11,88,000	- 3,05,136	3,65,23,693	- 14,13,107
† Rohilk. & Kumaon	25	19 546	546	75,801	- 8,584	27,16,728	- 2,76,440
South Indian	26	30 2,492	2,492	48,900	- 500	10,43,590	- 37,60,126

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	41	Oct. 14	20,386	3,059,687	- 184,455	138,824,267	- 39,494,005
Canadian Pacific	41	Oct. 14	15,721	2,877,000	- 121,800	11,482,000	- 32,761,000

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia)	42	Oct. 18	804	12,180	- 13,020	£10,380	- £416,630
Argentine N.E.	16	Oct. 17	753	13,900	- 1,100	206,700	- 29,600
Argentine Trans. & N.	16	Oct. 17	111	1,842	- 2,144	27,330	- 22,561
B.A. and Pacific	16	Oct. 17	2,806	121,000	- 1,000	1,844,000	- 28,000
B.A. Central	16	Oct. 17	18	17,000	- 153	179,762	- 33,399
B.A. Gt. Southern	16	Oct. 17	5,075	170,000	- 29,000	2,658,000	- 266,000
B.A. Western	16	Oct. 17	1,926	70,000	- 5,000	1,085,000	- 22,000
Central Argentine	16	Oct. 17	3,442	215,000	- 24,000	3,423,000	- 334,000
Central Uruguayana	16	Oct. 17	273	11,044	- 17,120	1,682,621	- 421,319
C. Urug. (East Ext.)	16	Oct. 17	311	1,820	- 4,740	316,649	- 102,675
C. Urug. (N. Ext.)	16	Oct. 17	185	1,079	- 1,881	164,781	- 74,973
C. Urug. (W. Ext.)	16	Oct. 17	211	816	- 1,673	149,139	- 62,452
Cordoba Central	16	Oct. 17	1,218	43,000	- 17,000	872,000	- 159,000
Entre Rios	16	Oct. 17	810	19,700	- 4,300	311,500	- 71,900
G. Western of Brazil	42	Oct. 17	1,052	11,300	- 5,000	280,300	- 267,400
Leopoldina	42	Oct. 17	1,918	25,258	- 9,861	978,168	- 434,419
Leopoldina Termal.	42	Oct. 17	17	3,492	- 1,875	153,990	- 80,887
Parana	16	Oct. 17	411	1,501	- 15,478	121,210	- 220,305
Paraguay Central	16	Oct. 17	274	2,860	- 1,080	52,170	- 10,210
Salvador	16	Oct. 17	17	2,097	- 4,373	32,532	- 1,959
San Paulo	41	Oct. 17	1,553	26,250	- 4,319	1,117,400	- 489,444
United of Havana	16	Oct. 17	1,369	16,830	- 15,224	302,946	- 262,490

† Months.

OTHER OVERSEAS.

Gt. Southn. of Spain	41	Oct. 10	104	Pes. 68,635	- 14,838	3,011,011	- 1,047,095
Mexican Railway	15	Oct. 14	483	\$173,500	- 63,100	2,573,900	- 900,500

TRAMWAYS WEEKLY GROSS RECEIPTS.

Anglo-Argentine	41	Oct. 14	329	£1,538	- 10,255	2,969,345	- 389,699
B. Aires Lacroze	16	Oct. 14	18	10,040	- 1,482	154,993	- 18,163
Liverpool Corp.	28	Oct. 14	124	31,098	- 1,284	845,829	- 4,458
Madras Electric	† 15	Oct. 14	15	Rs. 51,970	- 1,964	936,815	- 50,283
L.O.C. Tramways	28	Oct. 14	166	81,750	- 2,218	2,368,917	- 56,071

Africa, and steady buying has taken place for the countries of Northern Europe, but trade for South America has not been prominent. Useful orders have been booked in home trade fabrics. A pleasing feature of the week has been the tendency for demand to spread over a wider range of cloths and more outlets abroad have shown increased interest in Lancashire's products. Production in most Lancashire weaving towns is increasing. Rates in American and Egyptian yarns have stiffened and spinners have held firmly to full quotations. A very fair business has been done in home counts. Further buying has taken place in two-folds for China and rather more has been done for India.

Cotton Prices.

	1931.				Corresponding Date.	
	Sept. 30.	Oct. 7.	Oct. 14.	Oct. 21.	1929.	1930.
Raw Cotton—Mid. American per lb.	4.44	4.49	4.78	4.90	10.13	5.87
" Sakellaridis Fully Good Fair Egyptian..... per lb.	6.95	7.00	7.40	7.35	15.90	9.40
Yarns—32's twist..... per lb.	8½	8½	9	9½	15½	9½
" 40's twist..... per lb.	9½	9½	9½	9½	15½	10
" 60's twist (Egyptian)..... per lb.	16	16	16	16	25	17½
32-in. Printers, 116 yds., 16 by 16, 32's and 40's.....	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	17 9	17 9	18 0	18 0	24 9	18 9
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	19 6	19 6	19 9	19 9	27 6	21 0
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	11 0	11 0	11 2	11 2	15 14	11 9
	9 9	9 9	9 11	9 11	13 4½	10 7½

THE WOOL TRADE.—Bradford.—A satisfactory demand for wool continues, writes our correspondent. This week several sales have been held in Australia, and in every centre prices have remained firm, there being a good demand from the home trade. The most disappointing section of the market is South Africa, because of the maintenance of the gold standard. All the buying that is now being done seems to be against actual needs or in anticipation of a return of the National Government. It is also recognised that the price of wool at present is at a reasonable level, provided only that the expansion in requirements at home is continued, and is accompanied by similar developments on the Continent. Though the news received from abroad is none too good, this is not exerting any really depressing influence here. Merino and fine crossbred wool is certainly the most popular, and in these the upward tendency in values is most marked at the present time. Nevertheless there is a prospect of medium and low qualities beginning to move better when international trading conditions become more settled. During the week a considerable amount of business has been done in tops by all the leading makers, and these are looking to the future with no small measure of confidence. Prices for merino and fine crossbred qualities are against the buyer, 25d. now being realisable for warp 64's. Medium and low crossbreds are firm without any big turnover. It looks as if these will have to wait some little time longer before beginning to move freely, but on the whole the outlook from the spinning and manufacturing point of view is much better.

THE GRAIN MARKETS.

WHEAT.—The upward movement of wheat prices in terms of gold which began a fortnight ago has continued throughout the past week. It is significant, however, that this advance in prices has not been confined to wheat alone, but has extended to all cereals. It is evident that this upward movement has been brought about by a general improvement in confidence rather than to the factors which usually determine the course of wheat prices. It therefore follows that this improvement cannot be regarded as definite. Nevertheless, the international situation of wheat itself is slightly better and it is almost certain that the production of the past season will not entirely suffice to meet requirements. From the

short-period point of view, the fact that there are scarcely any Russian offers for shipment at the present moment has relieved markets of considerable pressure. Stocks in that country are, however, by no means negligible, and it is expected that Russia will resume the offering of shipments at no distant date. Meanwhile, buying has been active at advancing prices. The principal sellers at this moment are Canada and the United States. Quotations in London, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 31s. per 496 lbs., as compared with 30s. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 28s. 3d., against 27s. 9d.; No. 3 Northern Manitoba, Atlantic, ex ship, 27s., against 26s.; Russian, on sample, 23s. to 27s., against 23s. to 27s.; Australian, ex ship, 27s. to 28s., against 27s. to 28s. a week ago.

WHEAT FLOUR.—The demand for flour, particularly in this country, has been steady during the past week and foreign flour has been dearer. Home-milled qualities remained unchanged. North American shipments, at 194,000 sacks, show a decrease of 89,000 sacks as compared with the previous week. Of this total, 128,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 21s. per sack of 280 lbs., as compared with 21s. last week; delivered London, 20s., against 20s. Manitoba patents, ex store, 24s. 6d. to 28s., against 24s. to 27s.; and Australian, ex store, 19s., against 18s. 6d. to 19s. a week ago.

BARLEY.—The upward movement in barley prices continued this week. On Wednesday "December" futures were quoted at 34½ cents per bushel, against 31 cents per bushel a week ago. Despite this rise, there is still a strong demand, and available supplies appear to be not too heavy. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 24s., as compared with 24s.; Russian, landed, 19s. 9d. per 400 lbs., against 18s. 9d. a week ago.

OATS.—The buying movement which set in last week has caught markets short of supplies and higher prices were generally demanded "December" futures, which on Wednesday last week stood at 2½ cents per bushel in Chicago, sold at 23½ cents per bushel on the corresponding day this week. Quotations in London, Wednesday: "Kiver Plate," landed, 18s. 6d. per 320 lbs., as compared with 18s. 6d. last week; "River Plate," ex ship, 17s. 3d. to 17s. 6d., against 17s. 3d. to 17s. 9d.; "Chilean White," landed, 26s. 6d., against 25s. 6d. a week ago.

MAIZE.—Maize on passage from Argentina has again been bought in large quantities, but the recent improvement in prices has been maintained. Quotations in London, Wednesday: "Plate," landed, 18s. per 480 lbs., as compared with 18s. last week; "Plate," ex ship, 16s. 9d., as against 16s. 6d.; "Plate," November-December, 17s., as against 17s. Yellow maize meal, ex wharf, was quoted at £5 10s. per ton, against £5 5s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to October 17.....	Cwts. 99,688	Cwts. 128,777	Cwts. 263,144	Cwts. 344,066
7 weeks to October 17.....	449,411	1,036,919	2,228,577	2,175,464
Average price of English wheat per cwt.	a. d. 5 9	a. d. 6 11	a. d. 9 5	a. d. 9 8

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Oct. 10, 1931.....	Cwts. 68,580	Cwts. 354,479	Cwts. 52,639	a. d. 5 4	a. d. 9 3	a. d. 6 2
Oct. 17, 1931.....	99,688	509,409	65,763	5 9	9 6	6 4
Oct. 15, 1927.....	241,041	498,740	84,595	10 6	14 3	9 4
Oct. 20, 1928.....	344,066	673,814	86,539	9 8	10 9	8 8
Oct. 19, 1929.....	263,144	624,463	79,442	9 5	10 3	7 10
Oct. 18, 1930.....	128,777	411,536	56,509	6 11	9 8	6 2

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Oct. 22, 1930.	Jan. 2, 1931.	Oct. 7, 1931.	Oct. 14, 1931.	Oct. 2, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	74½	56½	52½	55½	59½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	80½	79½	46½	50	53

The visible supply of wheat in Canada, at 45,717,000 bushels, shows a decrease on the week of 1,850,000 bushels. Supplies a year ago stood at 70,067,000 bushels.

OTHER FOODS.

SUGAR.—The buying movement which had kept up raw sugar values recently has suddenly come to an end, giving way to selling pressure, particularly by Cuban interests. Stocks in refiners' hands appear to be ample. It is therefore not surprising to find a considerable decline in raw sugar prices. "December" futures in New York were quoted at 1.27 cents per lb. on Wednesday, against 1.38 cents per lb. a week ago. Sterling prices of raw "futures" declined sharply, but quotations for "British refined"

remained unchanged. Wednesday's sales of "raws" include "December delivery" at 6s. 5d. per cwt., against 6s. 9½d. to 6s. 10½d., and "March," 1932, at 6s. 7d. to 6s. 7½d., against 6s. 11½d. to 7s. 0½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
London	53	414	3,083	1,247	9,657	26,561
Liverpool.....	6,050	18,306	12,745	16,146	32,739	83,525
Total tons	6,103	18,720	15,828	17,393	42,396	110,086

Last week 13,416 18,909 17,122 16,311 52,121 108,759

COFFEE.—Not much interest was taken in coffee at this week's auctions, but prices nevertheless remained steady, particularly for outstanding qualities. Last week's movements of coffee in London were as follows: Brazilian, landed, 272; delivered for home consumption, 239 bags; exported, 98; stocks, 2,039 bags, against 1,328 bags last year. Central American, landed, 4,478 packages; delivered for home consumption, 2,344; exported, 3,118; stocks, 76,734 packages, against 50,614 a year ago. Other kinds, landed, 528 packages; delivered for home consumption, 2,587; exported, 2,526; stocks, 59,960 packages, against 65,307 a year ago.

COCOA.—The recent improvement in the international situation of cocoa has not been maintained and prices declined sharply in New York and London. "December" futures were quoted at 4.44 cents per lb. in New York on Wednesday, against 4.59 cents per lb. on the corresponding day last week. As compared with the corresponding day last week, Wednesday's quotation for Acera, fair fermented, new crop, November-January, at 22s. per cwt. f.o.b. London contract, shows a fall of 3s. Last week's movements of cocoa in London were as follows: Landed, 469 bags; delivered for home consumption, 6,620 bags; exported, 95 bags; stocks, 169,818 bags, as against 179,853 last year.

TEA.—The quantities catalogued for this week's auction comprised 64,793 packages of Indian, 19,394 packages of Ceylon, and 9,232 packages of Java and Sumatra tea. A better tendency characterised this week's auctions, particularly those held at the beginning of the week. Common and medium teas realised slightly higher rates and there was keen competition for good qualities, particularly on Monday. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyassa-land.		Total.
	a. d.	s. d.	a. d.	s. d.	a. d.	s. d.	a. d.	s. d.	a. d.	s. d.	a. d.	s. d.	
Oct. 16, 1930	1 3 7½	1 1 39	1 8 31	0 10 79	0 11 67	0 9 00	1 4 28						
Sept. 24, 1931	1 3 66	0 9 27	1 4 74	0 8 14	0 7 32	0 5 85	1 2 40						
Oct. 1, "	1 3 74	0 11 17	1 6 08	0 9 00	0 7 51	0 7 09	1 3 07						
Oct. 8, "	1 2 43	0 10 43	1 5 65	0 8 39	0 7 44	0 6 67	1 1 96						
Oct. 15, "	1 1 73	0 11 28	1 6 57	0 8 73									

RICE.—The market in rice has again been dull and prices were barely maintained. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. per cwt., shows a fall of 3d. as compared with last week. Movements in London during the past week were as follows: Landed, 122 tons; delivered, 71 tons; stocks, 2,220 tons, as against 2,917 tons last year.

POTATOES.—Despite abundant supplies of potatoes at the principal markets, prices have been slightly higher this week. At the Borough Market, "Best King Edward" sold at from 8s. to 8s. 6d. per cwt., as compared with 7s. to 8s. per cwt. a week ago.

SPICES.—The market in spices has been quiet in the absence of any sustained demand and prices were generally easier. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a fall of ½d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 66 tons; delivered 33 tons; stocks, 599 tons, against 644 tons last year. White, landed, 40 tons; delivered, 54 tons; stocks, 485 tons, against 253 tons a year ago.

MEAT.—Despite heavy supplies of beef at the Smithfield market the recent advance in prices has been maintained. Pork was slightly dearer while lower rates were quoted for mutton. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 4s. 10d. to 5s. 2d. per 8 lbs., against 4s. 6d. to 5s. 2d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 4d. to 3s. 10d., as against 3s. 6d. to 4s. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,486 tons, as compared with 8,994 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.5 per cent. of the supplies, against 82.5 per cent. a year ago; and imported mutton, mainly New Zealand, formed 67.0 per cent. of the total supply, as against 76.4 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Generally quiet but on the whole fairly steady conditions rule in the markets for oilseeds and their products. Plate linseed is steady and dearer on reports of short supplies from now to the end of the season and an improved exchange, but demand is very poor, current value being around £8 15s. for seed afloat and for shipment. More interest is being taken in the new crop and business to Hull is reported at £8 10s., January-February shipment. Calcutta linseed is quoted £11 for October-November. The quantity of linseed on passage to Europe

is again larger at 147,200 tons, or 6,000 tons more than last week. The estimated balance for shipment to the end of the year is 279,000 tons (South America 96,000 tons, India 183,000 tons), against 243,000 tons actually shipped in the remainder of 1930. The new crop in Argentina is doing well and a record yield is anticipated. Cottonseed has been in more active demand, and for Egyptian on passage to Hull £6 10s. has been paid and rather less for shipment. Vegetable oils are in only slow demand. Linseed oil is erratic and consumers are not interested to any substantial extent. Current value of raw oil, ex Hull mill, is £16, and for delivery to the end of December £16 10s. Cotton oil is quiet and lower, crude Egyptian, ex Hull, offering at £22 5s. and common edible at £25.

HIDE, LEATHER AND ALLIED TRADES.—After several weeks of advancing prices the market for hides and skins from home-slaughtered cattle is now more settled, and at the auctions held in Manchester this week all ox and heifers, together with cows and bulls, were unchanged in value. Calfskins also showed no variation excepting for a slight advance on second lights. Business in regard to imported hides continues to be maintained at a fair level, but here, also, there is nothing to indicate higher prices in the near future. As a matter of fact, for certain descriptions already the tendency is slightly in favour of buyers, but as the advantage is so very small, it cannot be taken as indicating a weaker position. In the South American market business has been done in Argentine ox at the equivalent of 5½d., while second ox have realised 4½d., and bulls 3d. Dry hides have experienced a good sale, with 5½d. paid for B.A. Americanos, 6d. for Montevideo Americanos, and for B.A. Inservibles 3½d. Cape hides are nominal at 7d. and 6d. for first and second dries, and 1d. less for dry-salted, but these prices are considered too dear for the trade of this country, with the result that very little is being done. Rather better business has transpired in regard to Australians, and for some lines slightly lower prices are being mentioned. Quite an appreciable amount of trade is being done in most descriptions of sole leather, but the quantity going into consumption is not so large as has been the case during the last few weeks. In certain weights of English and wet-salted bends the call has fallen away slightly, but the lighter averages continue to meet with a very ready sale. Inquiry for dry hide bends has been rather less active, but at the same time a fair day-to-day trade continues to be done, particularly on lines which consumers are in need of for immediate requirements. Good business has again transpired in pinned bellies and shoulders, but the market for rough offal remains quiet. Shoe manufacturers have not been quite so active in the upper leather market, but steady trade continues to be done all the time at prices which show firmness all round. Regular lines, such as glacé kid and box and willow calf, are moved off in fair-sized parcels, in addition to which frequent calls are made for supplies of patent. Reptile leathers have shown an improving tendency, while sheep leather for lining purposes continues to be asked for. In nearly every direction the outlook for the future remains good, and although slight setbacks are likely to be encountered, the feeling is general that the industry has taken a definite turn for the better.

THE TIMBER TRADE.—The comparatively moderate September receipts of European sawn building and joinery woods, writes our correspondent, assisted in bringing the decline in quantity of these descriptions this year to 153,382 Petrograd standards (of 50 cubic feet) on a total import of 895,220 standards, which shows the care in purchasing by British importers, merchants and consumers. In view of the large supplies still unsold in producing countries, imports last month could have been much heavier, but no doubt fair quantities were not consigned owing to exchange difficulties ruling towards the end of last month. The departure of Finland from the gold standard was inevitable from the timber standpoint, for under that system it was impossible to compete with the Swedish and Russian shipments. Britain is the only large timber-importing country in the world that shows any activity in the wood-buying market this year, so that with still very large supplies available she can choose to her own satisfaction. Stocks of these sawn building and joinery woods, although ample, are not so heavy as a year ago. The trade is more stable, although on a lower level of prices, for last year the Russian wood was coming over to the order of the Soviet, on consignment, whereas this year it is being conducted on more normal, and cheaper, lines. There seems to be little doubt that the country will be well supplied with building and joinery woods before the year is out, by which time trade should be well on the turn, for already, although the building trade is bad, there are signs of improvement in the shipbuilding, colliery, cotton and motor-vehicle industries. The furniture trade usually brightens up about this time, and with the London operatives' strike ended in employers' favour the hardwood trade shows good signs of improving. Although some forward business continues to be done in American lumber, it is obvious that until general supplies of that material are well down, consumers will look around for native and other woods before ordering from the States

The Investors' Chronicle and Money Market Review

This Week's Contents: MARKET PROSPECTS AFTER THE ELECTION

MOTOR SHARES IN THE COMING YEAR SUDAN PLANTATIONS

Obtainable at all bookstalls and newsagents
throughout the country, price 6d., or from

The Publisher:

"THE INVESTORS' CHRONICLE"
20 BISHOPSGATE, LONDON, E.C.2.

NATIONAL PROVIDENT INSTITUTION

MAXIMUM INITIAL PROTECTION

combined with
PARTICIPATION IN PROFITS

is given by the

MINIMUM PREMIUM POLICY.

48 Gracechurch Street, London, E.C.3.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				s. d. s. d.				s. d. s. d.				s. d. s. d.			
GRAIN, No. 2, N. Man. 496 lb.	28	3	0	Irish bladders.....	58	0	68	English Southdown, washed	d.			Best heavy ox and heifer	0	6	0
Wheat, No. 2, N. Man. 496 lb.	28	3	0	POTATOES—	55	6	57	American, hog, washed	12			Best cow	0	4	0
Eng. Gas. av., per cwt.	5	9		Good English, per cwt.	8	0	8	Queensland, ad. super embg.	19			Best calf	0	7	0
Barley, Eng. Gas. av.	5	9		SPICES—				N.S.W. grey, super	12			INDIGO—			
Oats	6	4		Pepper, per lb.				N.Z., grey, half-bred 50-56	10			Bengal gd. red-vio. to	5	6	6
Malze, La Plata, landed, 480 lb.	18	0	0	Muntok, fair White	0	8	0	Crossbred 40-44	6			fine—per lb.			
Flour, Lon. stan. ex mill, s. d.				Black Lampong	0	6	0	Top—				Sole Bends 8/14 lb.—			
280 lb.	18	0	0	Cinnamon—1st sort, per lb.	0	8	0	Merinos 70's	26			per lb.	1	3	2
Rice, No. 2 Burma, per cwt.	8	7	0	Cloves—Zanzibar per lb.	0	8	0	" 64's	24			Bark Tanned Sole	2	6	3
Sago, Pearl, per cwt.	16	6	0	Ginger—per cwt.	28	6	0	Crossbred 48's	12			Shoulders fin DS Hides	0	6	0
Tapoca, per cwt.	17	6	0	African	28	6	0	" 46's	11			Do. Eng. or WS do.	0	9	1
E.I. flake, fair spot	17	6	0	Jamaica, ord. to good	47	8	85	Top—				Do. Eng. or WS do.	0	7	0
Medium pearl	20	0	0	Nutmeg 55s	1	5	0	Merinos 70's	26			Dressing Hides	1	3	1
MEAT—				SUGAR—				MINERALS.				LEATHER—			
Beef, per 8 lbs.—				(Duty, 11s. 8d. per cwt.)	18	6	21	Welsh, best Ad'ty ..ton	19	6	20	per lb.	1	3	2
English long sides	4	4	5	B.W.I., crystallised	18	6	21	Durham, best gas, f.o.b.	14	6	14	Shoulders fin DS Hides	0	6	0
Argentine chilled hinds	4	10	5	Java, white, c. & f. India	8	3	0	Sheffield, best house, at	22	9	0	Do. Eng. or WS do.	0	9	1
Mutton, per 8 lbs.—				October-December	8	3	0	Refined—London—				Do. Eng. or WS do.	0	7	0
English wethers	5	0	5	Yellow Crystals	19	7	0	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
N.Z. frozen	3	4	3	Cutes	24	0	24	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Pork, English, per 8 lbs.	5	8	6	Granulated	20	4	21	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
OTHER FOODS.				Home Grown	20	0	20	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
BACON—				TRA—				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Irish	58	0	80	Indian—per lb.—				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Danish	58	0	0	Pekoe	0	6	1	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Dutch	46	0	52	Broken Pekoe	0	6	2	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
HAMS—Irish	0	0	0	Orange Pekoe	0	7	2	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Canadian	0	0	0	Broken Orange Pekoe	0	6	3	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
American	100	0	0	Ceylon—per lb.—				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
BUTTER—				Pekoe	0	7	2	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Irish creamery per cwt.	0	0	0	Orange Pekoe	0	8	2	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Australian	110	0	113	Broken Orange	0	9	2	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
New Zealand	114	0	120	TOBACCO—				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Danish	128	0	130	(Duty 9/6-10/6 per lb.)				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
CHEESE—				Empire growths, 7/5				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Canadian	68	0	70	8/3 per lb.				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
New Zealand	66	0	67	Virginia leaf				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
English Cheddars	66	0	68	Common to fine	0	9	2	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Dutch	52	0	63	Rhodian leaf	0	10	1	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
COCOA—				Nyasaland leaf	0	9	1	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
(Duty, British grown,				" strips	0	10	1	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
11s. 8d.; foreign, 14s. cwt.)				East Indian leaf	0	4	0	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Acara, f.f., per cwt.	23	0	30	" strips	0	5	1	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Trinidad	42	0	50	COTTON—				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Grenada	32	0	38	Mid-American	4	90		Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
COFFEE—				Sakelardie, f.f.	7	35		Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
(Duty, British grown,				Yarna, 32's twist	9			Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
11s. 8d.; foreign, 14s. cwt.)				60's twist	16			Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Santos sup., c. & f. cwt.	47	0	0	FLAX—				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Colombian, good	75	0	100	Livonian ZK	£	8	£	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Ostea Rica, med. to good	82	0	125	Pernau HD	37	0	0	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
East Indian	86	0	120	Slanetz Meduim lat sort	41	0	0	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Kenya, medium	72	0	85	HEMP—				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
EGGS—				Italian P.C.	33	0	0	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
English	15	6	19	Manila, Oct.-Dec. "J2"	18	10	0	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Danish	13	6	15	N.Z.	nom.			Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
FRUIT—				Sisal, African, Oct.-Dec.	13	10	14	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Oranges—				Mexican	nom.			Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
South African	11	0	17	JUTE—				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Lemons, Sicilian	14	0	19	Native 1st mks. per ton				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
" cases	21	0	27	c.i.f. H.A.R.B.				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Malaga	18	0	20	November-December	£19/5/0			Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Apples: Amer.(var.) brla.	12	0	23	Dalasee 2/3 c.i.f. Dundee	£19/0/0			Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
" (var.) boxes	10	6	11	October-November	£19/0/0			Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
" Australian	0	0	0	SILK—				Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Onions—				Canton	8	6	11	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Valencia, case, 4s.	9	0	0	Tussah	4	0	6	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Egyptian Bags	0	0	0	Japan	11	0	14	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
Grapes, Liban	0	0	0	Italian—Raw, fr.	11	0	12	Crushed	24	0	24	Do. Eng. or WS do.	0	7	0
" Almeria	8	0	20					Crushed	24	0	24	Do. Eng. or WS do.	0	7	0

on gold standard terms. Incidentally, the United States supplies over 50 per cent. of the United Kingdom's annual requirements of sawn hardwoods. Lumber hardwoods are not in heavy stock, and a better consumption would stiffen spot values still further. Plywood declined in import last month by ten million sq. ft., and the deficit this year is one of over 64 million sq. ft. on an import of 231,596,000 sq. ft. Stocks in the P.L.A. warehouses are very much smaller compared with a year ago. The forward market will improve as the exchange difficulties are surmounted.

RUBBER.—The past week has seen a little more activity in the rubber markets. The expansion in demand which led to a slight hardening of prices, both in terms of gold and in terms of sterling, came mainly from the United States, but there has also been an

increase in buying by the Continent and this country. The statistical situation of rubber is, however, scarcely changed for the better, but negotiations with a view to the restriction of output are believed to be still going on. Wednesday's official closing price for standard ribbed smoked sheet in London, at 3d. per lb., shows a rise of 1/4d. as compared with the corresponding day last week. In forward positions, business has been done at 3 1/4d. to 3 1/2d. for December, against 3 1/4d.; and at 3 1/4d. to 3 1/2d. for January-March, 1932, as against 3 1/4d. to 3 1/2d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,022 tons; delivered, 1,295 tons; stocks at the end of last week, at 134,253 tons, show a decrease of 273 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Sept. 16.	Oct. 14.	Oct. 21.
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	49 1/2	50	53
Coffee, Rio No. 7, cash, per lb.	5 1/2	5 1/2	5 1/2
" Santos No. 4, cash, per lb.	8 1/2	7 1/2	7 1/2
Cocoa, Accra, nearest future, per lb.	4-32	4-59	4-44
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3-45	3-45	3-38
Cotton, New Orleans, middling, spot,			
per lb.	6-31	5-95	6-60
Rubber, smoked sheet, spot, per lb.	5 1/2	4 1/2	5 1/2
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	180-195	180-195	180-195
Copper, "Electrolytic," Domestic,			
spot, per lb.	7-125	7-00	7-00
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	7-50	7-50	7-50
Spelter, East St. Louis, spot, per lb.	3-75	3-45	3-30
Lead, spot, per lb.	4-40	4-00	3-75
Tin, "Straits," spot, per lb.	25-00	23 1/2	23-10

CANADIAN CLUB tobacco

Navy Cut · Flake · Curly Cut · Mixture and Rough Cut

Grown next door to Virginia in America's sunniest spot

11 1/2^{D.} per oz. for 2 ozs. 1/10

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, OCTOBER 31, 1931.

No. 4,601.

TABLE OF CONTENTS.

The Money Market	793	Investment Notes—	
Leading Articles—		The Election and the	
The Voters' Verdict	795	Markets	821
No Progress at Wash- ton	796	London Active Securities	822
The League and Man- churia	797	New Issue Prices	824
The Disturbances in Cyprus	798	"Majority" Dealings— Heavy Differences	824
Tariffs: A South African Lesson	799	Railway Rates in the United States	824
A Diary of the Crisis	799	Uruguay Railway Pay- ments	824
The Outlook for Tea	800	United Railways of Havana	825
Notes of the Week—		Labour on the Argentine Railways	825
The Victors and the Van- quished	801	Gramophone Merger	825
Election Figures	802	British Celanese	826
Signor Grandi in Berlin... ..	802	Insurance Share Index ..	826
Canton and Nanking	802	Copper Prospects	827
The Balkan Conference... ..	802	Mexican and Canadian Eagle Oil	827
Troubles in Austria	803	Wanderer Consolidated ..	827
Hungary and her Creditors ..	803	Capital Issues	828
The International Cham- ber and the Crisis	803	Weekly Traffic Returns ..	828
Sterling and World Prices ..	803	Company Meetings, &c. ... 829	
The Volume of Overseas Trade	804	Government Returns, &c.—	
Foreign Exchange Restriction Conference	804	National Accounts	829
The German Standstill Agreement	804	Treasury Bills by Public Tender	830
Polish Coal Exports	805	The Bankers' Gazette—	
Idle Shipping	805	Bank of England	830
Overseas Correspondence—		Bankers' Clearing Returns ..	830
France	805	Provincial Clearing Re- turns	830
Germany	806	Overseas Bank Returns ..	830
Austria	807	Rates of Exchange	832
Hungary	808	Overseas Bank Rates	832
Holland	809	Bullion	833
Belgium	810	Gold and Silver Prices ..	833
Sweden	810	Company News—	
Norway	811	Dividend Announcements ..	834
Spain	811	Summary of Balance Sheets	834
Roumania	812	Oil Outputs	834
Turkey	813	Profit and Loss Accounts ..	835
India	813	Reports and Notices	835
Hong Kong	815	Rubber Company Statistics ..	836
Letters to the Editor—		Commercial Reports—	
The Balance of Payments ..	815	Market Summary	837
Books and Publications—		The Coal Trade	837
The Adolescence of Indus- trialism	816	Iron and Steel	837
Books Received	817	Other Metals	837
The Stock Exchange—		Textiles	838
Argentine Railways	818	The Grain Markets	838
The Week in the Markets ..	820	Other Foods	839
Foreign Stock Exchanges—		Miscellaneous Commodi- ties	839
New York	820	Commodity Prices in the United States	840
Paris	821	Prices Current	840
Amsterdam	821		
Other Centres	821		

cent. and even higher for new money, with $4\frac{1}{2}$ per cent. for renewals. On Tuesday money was again usable, but the following day fresh supplies emerged and the rate for new money eased off finally to 4 per cent. On Thursday money was again easy at $4\frac{1}{2}$ per cent.

Friday of last week witnessed further heavy applications for Treasury bills, their total reaching £64,010,000 for offerings of £40,000,000. Consequently there was an appreciable fall in the average tender rate from £5 10s. 5.56d. to £5 7s. 8.07d. per cent., or to practically $5\frac{3}{4}$ per cent. In addition to the British funds now being attracted into Treasury bills it is believed that there were some foreign applications. The discount market was very quiet over the week-end, with hot Treasury bills quoted at $5\frac{1}{2}$ to $5\frac{3}{4}$ per cent., but by Tuesday a demand for hot Treasuries had sprung up which ultimately forced their rate down to $5\frac{1}{8}$ per cent. The market rate on three months' bank bills was also lower, at $5\frac{3}{4}$ per cent. against $5\frac{1}{2}$ per cent. last week. It is noticeable that this rate is still quoted with a wide margin. December bills were bought by the banks at $4\frac{1}{4}$ and $4\frac{1}{2}$ per cent., but it is believed that this year's maturities have now passed almost entirely into the hands of the banks, so that very few are available in the market.

	Oct. 8, 1931.	Oct. 15, 1931.	Oct. 22, 1931.	Oct. 29, 1931.	Previous Rate and Date Changed.
Bank Rate	6	6	6	6	$4\frac{1}{2}$ (Sept. 21, '31)
Banks' Deposit Rate..	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
Discount / Call	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
Houses { Notice ...	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$2\frac{1}{2}$ (Sept. 21, '31)
Market rate (3 months' bills)	$5\frac{1}{2}$ to $5\frac{3}{4}$	$5\frac{1}{2}$ to $5\frac{3}{4}$	$5\frac{1}{2}$ to $5\frac{3}{4}$	$5\frac{1}{2}$ to $5\frac{3}{4}$	...

The Bank return has this week recorded few significant changes. The note circulation has increased by £800,000, and this mainly explains the contraction of £898,142 in the Reserve. The Proportion has fallen by 1 per cent. to 41.9 per cent. There is an increase of £2,075,809 in Other Securities, but the remaining earning assets of the Bank are practically unchanged. Public Deposits are £1,840,195 lower, while Bankers' Deposits have risen by £2,962,246 to the comfortable figure of £63,477,531. The Reserve Ratio of gold to outside liabilities stands at 28 per cent., or practically the same as last week. Next week, Funding Loan and other dividends are payable, so that money is likely to be even easier, once the end-of-the-month turnover of funds is passed.

The announcement of the result of the General Election had very little effect upon sterling, and, after a momentary improvement to \$3.97, the New York rate fell back again. This absence of movement was a little surprising, as a marked recovery had been anticipated. Apparently foreign speculation in sterling had fully discounted in advance the victory of the National Government. Moreover, certain sales of sterling to meet commercial engagements were in evidence, and it is also suggested that further sales may have been made to cover imports of foreign goods in anticipation of a tariff. It may be added that the City is further expressing the hope that the victory of the National Government will not be the prelude to a gradual movement of sterling in the direction of parity. Such an appreciation of the pound would raise several grave problems, and, apart from this, the maintenance of sterling at its natural level is the course of action which has most to recommend it.

Meanwhile no reduction in Bank rate has been announced this week, though now that the uncertainties of the election campaign have been brought to an end, it is possible to make out a case for relieving the country from a burden of a 6 per cent. Bank rate. The authorities, however, have had to watch the position in other centres, and with grave financial uncertainties in many foreign centres and with the possibility of a further increase in the Paris and New York rediscount rates, few can

quarrel with their decision to hold their hand. If tension at home has been relieved, tension abroad still remains, and it would be manifestly undesirable to relax London rates, if the only result were further fluctuations in sterling which might ultimately necessitate the restoration of the present Bank rate. There is no doubt that the authorities are giving full weight both to the needs of British industrial borrowers and to the present cost of Treasury bills, but they cannot be blamed for refusing to take precipitate action, or for insisting that the result of the election has made no difference to the fundamental economic situation.

Call rate in New York has remained at $2\frac{1}{2}$ per cent., but there has been a slight hardening of other rates, for prime commercial paper is quoted at $4\frac{1}{2}$ per cent. against 4 per cent. in the preceding week, and 90-day bankers' acceptances in the open market at $3\frac{1}{2}$ per cent. against $3\frac{1}{4}$ per cent. There was some disposition to look for another increase in the New York rediscount rate this week, especially as it is understood that one outcome of the French conversations is that if French balances are to remain in New York, the American authorities are to take any steps needed to maintain the stability of the dollar. Gold shipments to Europe continue, France having taken \$63,000,000 during the week ended October 28th, Holland \$5.6 millions, Belgium \$2.6 millions, and Italy \$2.1 millions. Imports include \$9.1 millions from the Argentine, \$3.0 millions from Uruguay, and \$500,000 from Canada. Following the formation of the National Credit Corporation, it is believed that currency is beginning to be paid by the public back into the banks.

The Foreign Exchange market was quieter this week, and fluctuations were less wide and not so frequent. Sterling weakened against all the principal currencies for reasons already discussed, to which may be added some French buying of dollars in fairly large amounts. New York went from 3.94 $\frac{1}{2}$ to 3.88 after being $\frac{1}{4}$ lower, and Montreal from 4.44 to 4.33. Paris improved from 100 $\frac{1}{2}$ to 98 $\frac{1}{2}$ and Brussels from 28 $\frac{1}{2}$ to 27 $\frac{1}{2}$. Milan was practically unchanged at 75 $\frac{1}{2}$. Madrid gained a point at 43 $\frac{1}{2}$. Amsterdam was fractionally better at 9.60, and Berlin gained $\frac{1}{2}$ at 16.50. Switzerland went from 20.10 to 19.90, after being lower. The Scandinavian exchanges were not very much changed, but Stockholm weakened from 16.90 to 17.50, whilst Oslo and Copenhagen were quoted at 17.90 and 17.75 respectively. The South American currency quotations remained nominal in view of the prevailing restrictions, Rio being unchanged at 3 $\frac{1}{2}$ d., whilst Buenos Aires was better by $\frac{1}{2}$ d. at 32 $\frac{1}{2}$ d., and Montevideo by 3d. at 24d. In the Far East the rupee was very firm, and at 1s. 6 $\frac{3}{4}$ d. was well above parity. The yen gained $\frac{1}{2}$ d. at 2s. 6d. Forward quotations remained in some cases rather nominal, and Milan and Berlin were practically unquotable. New York was at $\frac{1}{2}$ cent discount for one month's delivery and $1\frac{1}{2}$ cents discount for three. Paris one month was unchanged at $\frac{1}{2}$ franc premium, but three months' delivery narrowed from $\frac{1}{2}$ franc to $\frac{1}{4}$ franc premium. Brussels was round about par for one month, and at $\frac{1}{2}$ franc premium for three. A nominal rate for Milan was given at $\frac{3}{4}$ centesimi and $1\frac{1}{2}$ centesimi discount for the two periods. Three months' Madrid remained at $1\frac{1}{2}$ pesetas discount, but one month's was weaker by $\frac{1}{2}$ at $\frac{3}{4}$ peseta discount. Amsterdam was firmer at par for one month and 3 cents premium for three. Switzerland was unchanged at $\frac{1}{2}$ franc and $\frac{1}{4}$ franc premium. Silver prices rose on India and China buying, cash by $\frac{3}{4}$ d. to 17 $\frac{1}{2}$ d. and forward by $\frac{1}{2}$ d. to 17 $\frac{1}{2}$ d. The China exchanges improved in sympathy, Hong Kong by $\frac{1}{2}$ d. to 1s. 3d. and Shanghai by $\frac{3}{4}$ d. to 1s. 7 $\frac{1}{2}$ d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Bonville Street, London, E.C.4.

THE VOTERS' VERDICT.

TUESDAY, October 27, 1931, will go down to history as the date of the greatest electoral tide in the whole story of British democratic politics. Soon after the election campaign began, it became clear that a substantial majority for the National Government was a big probability, but the actual polling result, which gives the Government over 550 seats, and the Opposition a mere handful of 50 odd, astounded the most optimistic of the Government's supporters. In 1906, after six years of unpopular Conservative rule, the Liberal Party, led by Sir Henry Campbell-Bannerman, won 512 seats out of a total of 670. In the "khaki" election of 1918 the Coalition, led by Mr Lloyd George, with his irresistible prestige as "the man who won the war," obtained 461 seats out of a total of 707. But even these two remarkable spring tides of electoral change failed to touch the high-water mark of the 1931 election. The figures of polling results, which are analysed in a later column, do not tell the whole story. In the average size of the Government candidates' majorities and in the almost complete submergence of all the leading spokesmen of one of the great parties of the State, last Tuesday's election creates a record which has never been approached, and in all human probability will never be equalled again.

What was the primary cause which set this irresistible avalanche in motion? The only intelligible answer is that the public at large were genuinely convinced that they were faced with a crisis comparable with that of the war period. Such cries as "The nation first," "Solveny or bankruptcy," really went home, and a huge majority, genuinely persuaded that wages, savings and, indeed, livelihood, depended upon the establishment of a strong Government, responded to a call, reinforced by every form of patriotic appeal, to vote National and to put country before party. The result is due to the simultaneous operation of fear and patriotism, and if one could coin any one phrase as expressing the objective of the masses who voted for Mr MacDonald and his Government it would be "Safety and the Union Jack." Indeed, there is some parallel between the atmosphere of 1931 and 1914, when the people instinctively called for Kitchener. It is a strange turn of fortune's wheel which has brought the pacifist of 1914 to play the rôle of national hero.

It was inevitable that genuine apprehension should here and there give rise in the heat and emotion of the contest to absurd exaggeration, and things have been said which it will be kinder hereafter to allow to sink into oblivion. The Prime Minister himself, whose personality and prestige have clearly weighed very heavily with the electors, allowed himself to make the people's flesh creep by suggesting that, unless the National Government won a great victory, the pound would become practically worthless. Mr Snowden described the Labour programme, for which until a few months ago he stood himself, as "Bolshevism run mad." Small savers were frightened on the very eve of the poll by a distortion of the facts regarding Post Office indebtedness to the Treasury, sanctioned by three Governments, into a threat that if Labour were returned to power the deposits in the Savings Bank would be lost in the bottomless pit of dole finance. Even bishops took a hand in construing the election as a fight between the State and its enemies, between the forces of righteousness and unrighteousness, and the note of alarm rose day by day in a crescendo until on the eve of the poll a Conservative Minister said to the country, "Tomorrow there will be a new England or no England." But whatever the influences at work to produce that result, the fact stands out clearly that the nation has demanded in the loudest possible tones a strong "safety-first Government." It has condemned the late Labour Government for its dalliance with an approaching financial crisis, and has visited upon the Ministers who refused to stand with Mr MacDonald the dire penalty of wholesale rejection.

The Government of national safety that the country wanted has been installed; will it fulfil the hopes of the electorate? It is difficult to believe that the country

voted consciously for a policy of Protection, yet it finds itself possessed of a House of Commons in which advocates of tariffs and of economic nationalism are in great preponderance. The country has voted for careful husbandry of the national resources and has declared unequivocally against risky or costly experiments. But there is no reason whatever for thinking that it wants or has asked for reactionary policy at home or abroad. Will it get it?

So important is this question and so big the responsibility of the Conservative leaders, that every sign from Mr Baldwin will be eagerly watched, and there is reason for initial satisfaction with his post-election message to the country. "This is no party victory," says Mr Baldwin. "It is an emphatic declaration by the people as a whole in favour of national co-operation." The same note is struck by Mr MacDonald, but in his message is expressed the anxiety which must be exercising many minds. "The very emphasis of the response," says the Prime Minister, "is embarrassing." It is truer perhaps of political majorities than of anything else in life that it is possible to have too much of a good thing. We are reminded, indeed, of the Scottish Minister who, having implored the Almighty to send rain upon the sun-scorched fields, heard a sudden overwhelming deluge descending upon the roof of his Church. "Oh Lord," cried the Minister, "we have prayed for rain, but Thou must know Thyself that this is maest ridiculous." Similarly Britain, having prayed for refreshing rain, has received the deluge, and the deluge has swept away much that might usefully have remained.

The truth is that a Parliament in which there is no effective Opposition can hardly function as a national council chamber in which great problems should be thrashed out from every angle and every viewpoint. A Cabinet does not function at its best when bereft of the inestimable stimulus of formidable criticism. Nor can it be anything less than deplorable that, while vital policies affecting prices, wages and standards of living are being framed, official Labour should be not merely without representation in the Government, but without authoritative spokesmen in the national assembly. Is there not a danger lest organised Labour, swept for the moment from the field of political action, should be inclined to reverse its recent march away from industrial action? These are some of the grave questions raised by the magnitude of the landslide, and that they are fully realised by the Prime Minister is shown by his quick assurance "that our triumph will in no way mean that either the interests or the point of view of the working classes will be overlooked in the performance of the task that is before us."

The election has once more emphasised the desirability of electoral reform. We have always held it to be a postulate of democracy that the nation's representative assembly should as nearly as possible reflect the opinion of the nation. Polling figures, not yet quite complete, suggest that about sixteen million votes have been cast for the Government, and seven millions for the Opposition. On that basis the Government should have a majority in the House of Commons of about 200 instead of 500. Had that result accrued, as it should roughly have accrued under a system of proportionate representation, both the Government and the House of Commons would have been immeasurably stronger and more efficient and the verdict of the country in no way weakened. We imagine that Labour leaders are ruefully regretting their refusal to accept P.R. Instead, we have a Party which polls seven million votes represented at Westminster by a tiny flock without a single practised shepherd.

So ends the most amazing of all elections. The world knows that the people of Britain insist upon their affairs being conducted upon safe and sound lines. It will watch eagerly to see how the country's leaders use the unexampled trust reposed in them. Will they use or abuse their "free hand"? Mr MacDonald has got his Doctor's Mandate. How will he solve the Doctor's Dilemma?

NO PROGRESS AT WASHINGTON.

WHEN it became known that M. Laval intended to make a round trip on the "Ile de France" and that his visit to Washington, after his much-heralded crossing of the Atlantic, was to be confined within the limits of a brief weekend, little hope remained that the conversations between President Hoover and the French Premier would result in any far-reaching agreement. Moreover, it is as true of international conferences as of human relationships, that those who bring nothing to them may expect to take nothing out; and it was fair to assume that M. Laval, adhering consistently to the traditional post-war attitude of France, carried with him in his portfolio of policy too many barren negations for there to be much chance of his reaching any fruitful agreement. Nevertheless, even to those who expected little, the *communiqué*, which we print in full in our "Diary of the Crisis," embodying the results of the weekend's conversations, was bound to come as a disappointment. Faced with a crisis menacing far and wide the stability of currencies, the solvency of banks, and the maintenance of trade and production—to say nothing of the grave political problems in the background—President Hoover and M. Laval have between them not only failed to give any lead in the direction of a solution of the world's problems, but have succeeded—by their assertion that neither country has shifted from its traditional attitude—producing an impression of deadlock which would render those problems more intractable than ever.

Stripped of verbiage, the *communiqué* has little positive to say. Maintenance of the gold standard in France and the United States is to serve "as a major influence" in the restoration of "the normal economic life of the world." This phrase, it may be deduced, represents the statesmen's blessing on the agreement which appears to have been concluded whereby the Bank of France will leave its existing balances in New York in return for American co-operation in a joint policy of higher money rates in New York and Paris. Whether or not this policy will succeed in checking the ominous tendency to hoarding, both in France and the United States, remains to be seen. That the withdrawal of the Bank of France's deposits would have been embarrassing, both directly to the United States and indirectly to France, is open to little doubt; and it is a matter for satisfaction that the disturbing flood of gold eastwards across the Atlantic not to be augmented so far as the Bank of France is concerned. Even so, it is questionable whether this agreement by itself will suffice to restore confidence in the dollar; indeed, the selling of dollars from the Continent which followed last weekend's announcement suggests that in some quarters the readiness of the American banking authorities to fall in with the wishes of the Bank of France may be interpreted, rightly or wrongly, as evidence of consciousness in New York of the weakness of the United States banking position. Moreover, the financial strain and the pressure on currencies which have manifested themselves in the past month are ills which cannot be remedied save in relation to the wider political and economic strain; and it is precisely here that the barrenness of the Laval-Hoover conversations is most patent.

Whether M. Laval entertained real hopes of securing from President Hoover some form of "security pact" as a condition precedent to any political understanding, we do not know; but any illusions he may have cherished on this score were shattered in advance by Senator Borah, who unburdened himself very frankly to a group of French and American journalists on the day of M. Laval's arrival at Washington. Speaking for an influential body of opinion in the United States, Mr Borah declared that while he would advocate absolute cancellation of debts and reparations, any pact of mutual assistance would simply mean nailing down more substantially and completely ties, whose revision was an essential condition of the centri tranquility of Europe and of progress towards disforeigment. In view of this uncomfortably frank in the

Mr Hoover could not succeed in achieving on the issue of security and armaments any more definite approach to common understanding than that described in the official *communiqué* as a declaration of "our joint purpose that the conference for the limitation of armaments will not fail to take advantage of the great opportunity which presents itself." This pious aspiration must serve as best it can to cloak the fact that, in the matter of France's claim not to lower the level of armaments below the point at which she can maintain—with such aid as may be forthcoming from her Central European allies—the "Versailles system" of Europe, M. Laval has given nothing away.

But if President Hoover is entitled, perhaps, to sympathy rather than blame for his inability to achieve even a tiny step forward towards the cause of disarmament, which he has so deeply at heart, the same can hardly be said of his readiness to make what is, in fact, a retreat on the equally vital, but more pressing, question of reparations and debts. In this matter Mr Hoover—for the present at all events—merely throws the ball back to Europe. "In so far as inter-governmental obligations are concerned," the *communiqué* states, "we recognise that prior to the expiration of the Hoover year of postponement some agreement regarding them may be necessary, covering the period of business depression, as to the terms of conditions of which the two Governments make all reservations. The initiative in this matter should be taken at an early date by the European Powers principally concerned within the framework of agreements existing prior to July 1, 1931." With these words, President Hoover has allowed the initiative to pass from his hands. So far as he is concerned, there will, presumably, be no proposal for any extension of the present complete moratorium on inter-governmental payments.

But action must be taken. Only a few short months remain before the "standstill" agreement, covering the greater part of Germany's short-term commercial indebtedness, comes to an end. The revised estimate which the German Government, by means of a financial census carried out under recent decrees, has been able to make of the extent of the country's short-term debts, strongly confirms the patent fact that, to meet the obligations maturing under the present arrangement, at the end of February, is a task completely beyond Germany's capacity. Since a simple declaration of default would have far-reaching untoward repercussions on the banking structure of the creditor countries, some fresh arrangement for the future must obviously be made; and the heroic efforts which Germany has made during the crisis to keep faith with her creditors is an earnest of her willingness to co-operate in any practicable and equitable arrangement that can be devised. But, obviously, no basis for an arrangement regarding this commercial indebtedness can be found except by funding part of the short-term debt, and this cannot be done on the basis of the purely temporary suspension of reparations for which the Young Plan provides.

It is true that, under the Young Plan, Germany has the right, on giving ninety days' notice, to declare a postponement of transfers of the "conditional" part of the reparation annuity, and that upon such a declaration a special advisory committee, convened by the Bank for International Settlements, shall "make a full investigation of Germany's position in regard to her obligations under this Plan" and shall report to the Governments concerned and to the Bank. But it may be doubted if this Committee is the right line of approach. In the first place, it is specifically provided that the committee "shall play no part in connection with the unconditional annuity." The function of the committee is therefore circumscribed in that it can report only on a part of the reparation payment, and would exceed its strict rights in proposing an extension of the present complete moratorium. Again, it can say nothing about other international debts; it could not—unless its formal terms of reference were deliberately extended—be charged with the duty of making proposals regarding the commercial debt position of Germany; and, as the Basle Committee pointed out, the possibility of a funding loan for Germany requires also a settlement of political problems. The whole question, therefore, is one

which calls for radical treatment, beyond the scope of advisory experts and falling definitely within the province of statesmen.

Having regard to the precarious hold which Dr. Brüning has over dangerous forces in Germany, and the deepening gravity of the world's financial paralysis, we confess that we expected a more definite lead from the representatives of the creditor Powers most directly concerned in this key problem. It has generally been assumed that the Washington *communiqué* means that the next step must come from Germany. But it is difficult to see what step Germany can be expected to take. In any approach to the problem America must eventually co-operate, for the matter cannot possibly be settled without very definite action from her side. But to-day, if it be the case that, for reasons of domestic politics, Mr Hoover has to play for time, the immediate responsibility rests upon France; and it may well be that during the conversations at Washington M. Laval assured Mr Hoover that on his return he would be willing to take the initiative either by proposing a conference or by some other action. On the face of it, the French Premier's voyage on the "Ile de France" has been sterile of results; but there are to-day evidences, both in Europe and America, of the stirring of strong elements of sanity and goodwill—illustrated, for example, by the generous words spoken at Naples last Sunday by Signor Mussolini. We look to M. Laval to give a lead to these forces when he sets foot again in Europe this week.

THE LEAGUE AND MANCHURIA.

THE special session of the League Council came to an end last Saturday, October 24th, after the draft resolution of the Council which had been put forward on the 22nd had been endorsed by the votes of all members of the Council with the sole exception of the Japanese representative. Juridically, this single dissentient vote has the effect of making the resolution inoperative, since, up to this point in the Sino-Japanese dispute, the Council has been acting under Article XI. of the Covenant, and action under this article requires a unanimous vote, including the votes of the disputants. It is, of course, open to China now to seize the Council of the question once again under Article XV., under which the votes of the disputants do not have to be counted in order to satisfy the legal requirements of unanimity. Whether this change of legal ground will prove necessary or desirable will depend on what happens between now and November 16th—the date on which the Council is to re-assemble.

As for the terms of the Council's present resolution (quoted in the *Economist* last week), the gist of them is that Japan is called upon to withdraw her troops into her railway zone—and to complete the withdrawal by a specific date, namely, November 16th, before any other action is taken by any party. If and when Japan proceeds to carry out this preliminary measure, China is called upon, in the resolution, to assume responsibility for the safety of Japanese persons and property in the evacuated areas, and is requested to associate the representatives of other Powers with the Chinese authorities for this purpose. The Chinese and Japanese Governments are requested to open direct negotiations with one another on the substantive questions in dispute as soon as the evacuation is completed.

The text of the resolution was communicated to the Chinese and Japanese representatives at Geneva, on the 22nd, and next day they both reported the instructions of their respective Governments. Dr. Sze had been instructed to accept the Council's draft resolution without reservations. Mr Yoshizawa had been instructed to propose amendments which really amounted to an alternative draft. The essence of the Japanese amendments was that on the one hand the direct Sino-Japanese negotiations should be started forthwith, while on the other hand the withdrawal of the Japanese troops should only take place "when spirits had been calmed and the situation relieved

The MERCANTILE BANK of INDIA

LIMITED.

Head Office : 15, Gracechurch St., London, E.C.3

CAPITAL AUTHORISED £3,000,000

CAPITAL PAID UP £1,050,000

RESERVE FUND & UNDIVIDED PROFITS... £1,666,845

Branches and Agencies throughout the East.

by the realisation of an agreement between the Chinese and Japanese Governments on the fundamental principles governing normal relations." A question from Lord Cecil failed to elicit from Mr Yoshizawa what these fundamental principles were; but the subsequent official statement from Tokyo shows that the reference was to five points which the Japanese Government had communicated to Monsieur Briand on the 21st. The crucial point was that Japan and China should "make arrangements providing for co-operation in the avoidance of ruinous competition between the South Manchurian and other railways," and that China should "give effect to all existing railway treaties."

Monsieur Briand is understood to have suggested a simple formula providing for the mutual implementation of treaty obligations in general. Even this simple formula raises a thorny question, since China maintains that the Sino-Japanese treaty of 1915 regarding Manchuria—which is the treaty now in question—was extorted from China under duress and is therefore not legally binding. At the moment, however, this is not the issue. The issue on which Japan finds herself, since last Saturday, in a minority of one is the question whether—in negotiating with China for the recognition of legitimate Japanese treaty rights, whatever these may turn out to be—Japan is to have the advantage of a military occupation of Chinese territory which she has effected by acts of war in defiance of the Kellogg Pact and the League Covenant alike. If Japan is confident that her treaty rights are unimpeachable, then her proper course is to put herself in the right by completing the withdrawal of her troops before November 16. Then, and not till then, she will be in a position to put China in the wrong, supposing that when the Sino-Japanese negotiations take place under these conditions, the Chinese refuse to recognise any Japanese treaty rights which are palpably valid.

The question of the criterion by which Japanese treaty rights in Manchuria are to be tested is evidently of the highest importance; and, though this point has not yet been reached, its appearance on the horizon, as a possible stumbling-block ahead, is already proving an adverse factor in the present situation. It is highly desirable to do anything that can be done now in advance in order to assure Japan that, when the stage of negotiations on the substantive issue is reached, her treaty rights will not be cavalierly treated. Such an assurance would go far to remove her present motive for retaining her troops beyond the limits of her zone while the question of treaty rights is under discussion, and it would certainly deprive her of any vestige of moral justification which she may plead for persisting in an attitude which has evoked a virtual note of censure from all her colleagues on the Council. On this account, the latest Chinese move is very welcome. Since the Council dispersed on the 24th, Dr. Sze has conveyed in a letter to Monsieur Briand a statement on this treaty question from the Chinese Government. In general, the Chinese Government declare that they consider themselves bound by the Covenant to "scrupulous respect for all treaty obligations." In particular, they declare that China is willing to settle all disputes with Japan concerning treaty interpretation by arbitration or judicial settlement as provided for in Article 13 of the Covenant, and is further willing, for this purpose, to conclude an arbitration treaty with Japan similar to those concluded in increasing numbers by

members of the League in recent years, or that recently concluded between China and the United States.

This would surely give Japan the necessary assurance of a fair interpretation and effective enforcement of the treaty right in Manchuria, about which she is most concerned. This is the right referred to in the fifth point (quoted above) of the five points on which Japan is insisting as the basis for Sino-Japanese negotiations. The Treaty of 1915 binds China not to construct railways or ports in the Manchurian territories under Chinese administration which would wantonly compete with the Manchurian railways and ports which are Japanese property or Japanese leaseholds. During the last sixteen years, there has been a great deal of Chinese railway-building in Manchuria; and most of these new Chinese lines are unobjectionable from the Japanese standpoint. In fact, many of them are useful feeders to the Japanese South Manchuria Railway, and have actually been constructed with the S.M.R.'s financial and technical assistance. There is, however, a Chinese project for building a Chinese line in Chinese territory parallel to the S.M.R. to serve a Chinese port in competition with the Japanese port of Dairen; and this project—whether contrary to treaty or not—is certainly vexatious from the Japanese point of view and is in any case primarily political and not economic in its aim. Hitherto, the Japanese have wisely made little of this Chinese threat, on the ground that the Chinese are unlikely to be able to execute it unless and until the population and trade of Manchuria have developed to such an extent that there will be room for two trunk-railways and two first-class ports to operate profitably side by side. Now, it seems, the Japanese have made up their minds to clear this matter up. They are, of course, entitled to do so; and the Chinese Government's latest offer meets them half way.

The vindication of treaty rights, therefore, does not demand the continued maintenance of Japanese troops beyond the limits of the Japanese zone. Moreover, the Japanese Government itself, in its statement published on the 26th, declares that nothing is further from Japan's thoughts than to bring armed pressure to bear upon China in the course of the forthcoming negotiations. At the same time, this Japanese statement—the Council's resolution notwithstanding—does insist on the continued maintenance of Japanese troops outside the Japanese zone. But it now bases this insistence exclusively on the danger to which Japanese lives and property would be exposed if the troops were withdrawn. Japanese residents, it is argued, would be exposed to the gravest dangers if the troops were withdrawn completely under no better guarantee than Chinese official assurances. This question of local guarantees, then, is the crux of the situation at the moment.

The upshot seems to be this: If the Council is to secure the withdrawal of the Japanese troops by November 16th, it must take effective steps for sending neutral observers or military attachés or even gendarmerie or marines to the spot in order to provide, in co-operation with the Chinese authorities, for the protection of Japanese lives and property in areas from which the Japanese troops are to be withdrawn. This is no doubt a difficult undertaking; but the Council, in their resolution, have envisaged the possibility of it, and the difficulties are not insuperable. For one thing, the Chinese Government is evidently in a reasonable and accommodating frame of mind. For another thing, the areas in question are mostly urban areas of comparatively small extent which are readily accessible by railway. In previous crises of the present kind, Monsieur Briand—seconded by Sir Eric Drummond—has shown himself an adept at making such arrangements efficiently on short notice. We are confident that the chairman of the Council and the Secretary-General, between them, can put through in Manchuria such effective arrangements for supervision as they put through once, half-a-dozen years ago, in Macedonia.

The essential next step is to build a golden bridge for the Japanese army's retreat. If this can be done before November 16, the Council will then find itself in a strong position for completing the formidable task on which it made a creditable beginning last week.

THE DISTURBANCES IN CYPRUS.

On Wednesday, October 21st, the discontent of the Greek Cypriots with the British régime, which has been long familiar to the British Government and long ignored by it, came to a head in a sudden and unexpected outbreak of disorder. That night, a crowd—shouting for union with Greece and singing the Greek National Anthem—surrounded Government House at Nicosia and burnt it to the ground with all its contents (the Governor, Sir Ronald Storrs, and his staff happily escaped from the flames unhurt). Next day there was a similar outbreak at Limassol, and the local District Commissioner's house was burnt down likewise. Meanwhile, warships hastened to the spot and troops were rushed across by air from Egypt—in time to prevent the burning of the District Commissioner's house at Paphos on the 24th. On the 25th, the Union Jack was torn down, and the Greek flag hoisted in its place, over the District Commissioner's house in Kyrenia. There have been minor disturbances in other parts of the Island, so that the upheaval among the Greek population would appear to have been widespread. There have, of course, inevitably been collisions between the rioters and the troops or police; but few casualties are reported, and only three of the wounded rioters have so far died of their wounds. On Saturday, five persons were arrested, including two members of the Legislative Council and the Bishop of Kition. The Bishop of Kyrenia was also arrested next day.

For the moment order appears outwardly to be restored, but psychologically the situation is described as remaining extremely tense—and so it is likely to remain until the causes of the discontent are clearly understood and wisely dealt with. The proximate cause is an Order in Council which has been passed over the heads of the Legislative Council to cover a deficit in the Colonial Budget by an increase in the customs duties. The terms of the Order had been placed before the Legislative Council by the Colonial Government as a Bill, but had been thrown out by thirteen votes to twelve. The majority proposed to balance the budget by economies—particularly on the salaries of British officials. The excessive expensiveness of the British element in the administration is one of the grounds on which the Greek Nationalist Party in Cyprus advocates secession from the British Empire and union with Greece; but the fundamental basis of their claim is the principle of self-determination. Four-fifths of the population of Cyprus are Orthodox Christian Greeks—the remainder being Muslim Turks.

Cyprus was offered to Greece by Great Britain in 1915 in consideration of Greece intervening in the war on the side of the Allies—a condition which was not fulfilled in that year, when King Constantine was still in power at Athens. The island had only been annexed by Great Britain in 1914, upon the outbreak of war with Turkey. Before that it had been a piece of Ottoman territory under British occupation—an occupation which had been brought about by an Anglo-Turkish secret agreement in 1878 and which had been stipulated to last so long as the ex-Ottoman territories of Kers, Ardahan and Batum, in the Caucasus, remained in the hands of Russia. Since 1915 Great Britain has pledged herself not to alienate Cyprus without the consent of France, and British Governments—Conservative and Labour alike—have met Cypriot demands for self-determination with the reply that the political destiny of Cyprus was a closed question. The latest statement to this effect was made by Lord Passfield on November 28, 1929. The British Government's case is that the Turkish minority in Cyprus must be protected, that the leaders of the Nationalist Movement are unrepresentative oppressors of the poor, and that the island is an asset which the British Empire would be rash to part with. The local Greek Nationalists might retort that Great Britain once did give up the Ionian Islands, that the Nationalist Movement in Cyprus is not less genuine than other nationalist movements elsewhere, and that the Turkish minority has little to fear from Greek rule now that there is a Græco-Turkish entente. As for the Greek Government's attitude, it has been scrupulously correct throughout and remains so now. Apparently the Hellenic Consul in Cyprus has behaved less correctly

than the Government which he represents; but the revocation of his exequatur by King George has been anticipated by his recall to Athens by his own principals. As for the future of Cyprus, it is evident that order has to be restored, but it is equally evident that the question of the island's future must be reconsidered with a fair and open mind.

TARIFFS: A SOUTH AFRICAN LESSON.

Now that the heat and fury of the General Election have abated, the country will, we hope, be more inclined to examine dispassionately the merits of various fiscal policies as business, and not political, propositions. New material for the study of the practical effects of Protection in countries where that system is in force accumulates day by day, the latest contribution being an official report* by Mr Elmslie, His Majesty's Senior Trade Commissioner in the Union of South Africa, on the economic conditions in that Dominion. In this document the experience of South Africa since 1925, when a tariff "definitely protective in character" was imposed, is authoritatively and impartially reviewed, and the facts that emerge give serious food for thought to the people of this country at a moment when they are faced with a demand from some quarters that the tariff system should be extended to their own country.

The story as told by Mr Elmslie, in his capacity of official and unbiassed observer, contains nothing that will surprise those who hold that tariffs, while yielding benefits in certain directions, bring grave disadvantages in the form of raising production costs, hampering export, and depressing the standard of living of the worker—disadvantages which, in a country so vitally dependent upon export as is Great Britain, would be nothing short of disastrous. To "certain productive industries," says Mr Elmslie, "the tariff policy has been of immense advantage." The raising of prices has rendered possible the development of the sugar, wheat and dairy industries, and without the tariff many of the secondary industries could not have grown or continued to exist "in face of competition from more highly industrialised countries with lower production costs and larger scale production." Quite so, production costs and larger scale production. But certain producers have derived substantial benefit. But who has paid for this benefit? Not the foreigner, but the exporters and the workers of South Africa. This is how Mr Elmslie, having given due weight to the selective benefits conferred by Protection, paints the other side of the picture:—

"On the other hand it (i.e., tariff policy) has raised the cost of a large range of goods and articles produced in the country or prevented their cost from falling as it would otherwise have done; the consequent increase in cost of living and of production is the consequent increase in handicap the production for export of handicapping or tending to handicap the production for export of goods which the country should produce cheaply. Since the products protected are naturally those for which the internal market is the largest, namely, foodstuffs and articles in common use by the mass of the people, the section of the population most severely affected by the resultant increase in the cost of living is the very poorest, who benefit least from the highly-paid employment afforded by the protected industries."

These results are serious enough in South Africa, but it is beyond question that such consequences, which inevitably follow the imposition of protective tariffs, would be infinitely more serious in Britain, owing to her essential dependence upon export trade. Indeed, Mr Elmslie's report gives us a much needed object lesson from practical current experience, and proves that we can do nothing that would more certainly rob us of the trading advantages accruing from sterling depreciation than to adopt a system of protection.

In the last sentence of the quotation given above the official report speaks of the "highly paid employment" afforded by protected industries. It might be deduced from this phrase that the South African tariff has succeeded in raising the real wage level of industrial workers, but this deduction is one that must be made with the greatest caution. Shortly before his recent lamented death, Professor Freemantle, of Cape Town University,

* (London) H.M. Stationery Office, price 2s. net.



YOUR SON SHOULD HAVE THE BEST POSSIBLE START
in the one big race of his life—the race for a career. Don't let him be handicapped by a scanty education. It is far too important a matter to leave to chance. Make his Education complete—and certain. The booklet "EDUCATION" explains how this can be done. Write for a copy.

Legal & General Assurance Society Limited
10 Fleet Street, London, E.C.4
Assets exceed £21,000,000. General Manager—W.A. Workman, F.I.A.

sent to us the results of his study of this particular angle of South Africa's economic position. In the course of his study he raises very serious doubts as to whether the tariff policy of 1925 can really be credited with any considerable proportion of the industrial expansion that has taken place since, and he is especially illuminating on the question of employment and remuneration. A classification of South African industries and their workers leads him to the conclusion that the increase in employment which took place between 1925 and 1930 was twice as rapid in the worst-paid as in the best-paid industries. Speaking of increased industrial employment, the Professor says:—

"For these results a heavy price has had to be paid. In South Africa an average European wage of £10 a month for Europeans is horrible. It must conceal many cases of girls earning £8 or even £5. This is what we have gained—the luring into our great towns of some thousands of country girls to earn miserable wages of this kind. On the other hand, we obtain this result by forcing our poor white people and our non-European people as they slowly emerge into civilised standards of life, to pay 25 per cent. on their clothing, a cruel exaction, which cannot be foregone lest our clothing industry perish altogether. We may have added a little to our industrial Europeans by our tariff policy, but both our Europeans and our non-Europeans have paid for it. Aceldama! The price of blood!"

As regards the general effect of the tariff on the volume of production and trade, Professor Freemantle sums up as follows:—

"Industry rises and falls with the general prosperity of the country, and it is impossible to detect in the figures any trace of the effects of the tariff of 1925, except that in return for making life hard for the poor we have somewhat swelled the numbers of underpaid industrialists. No doubt also part of the bill has been paid by a certain crippling of the primary industries of agriculture and mining, on which alone, as things now are, our industries depend for their existence."

So we have from two independent, but first-hand, expert observers the same recent conclusions as to the effects of tariff policy in South Africa. They are emphatically not of a kind to encourage us to follow on a path which, by the nature of things, would provoke far greater difficulties for Britain even than those which it has created in the Dominion. The South African object lesson is perhaps not so clear or so overwhelmingly convincing as that of Australia, but it is, to say the least of it, instructive, and its skilled exposition in the Trade Commissioner's Report is timely and useful.

A DIARY OF THE CRISIS.

Friday, October 23rd.

M. Laval at Washington confers with Mr Stimson. Senator Borah, Chairman of Foreign Relations Committee of the Senate, makes important declaration on United States foreign policy.

League Council debates draft resolution for settlement of Manchurian dispute. China accepts League's plan.

Riots in Cyprus suppressed by British troops landed by air from Egypt.

Sterling fractionally lower, closing dollar rate 3.92.

European stock markets: London, quiet, irregular, some profit taking; Paris reacts; Amsterdam, idle, dull.

Wall Street, sharp recovery after weak opening. Gold exports, \$18 millions; gold earmarked, \$5 millions.

Ten small banks in United States close doors.

Saturday, October 24th.

League Council adjourns until November 16th, Japan alone dissenting from resolution embodying terms of settlement.

M. Laval confers with President Hoover.

Further rioting in Cyprus, martial law proclaimed.

Sterling again shade lower, closing dollar rate 3.914.

European stock markets : London, quiet, steady ; Amsterdam, similar.

Wall Street, weak tone after steady opening. Gold exports, \$10 millions ; imports \$10 millions, mainly from the Argentine.

Sunday, October 25th.

Laval-Hoover conversations ; official *communiqué* issued :—

The traditional friendship between the United States and France, the absence of all controversy between our two Governments, a record of many events in collaboration towards the peace of the world, embracing among its recent phases the adoption of the Kellogg-Briand Pact, render it possible and opportune for representatives of our Governments to explore every aspect of the many problems in which we are mutually interested.

Indeed the duty of statesmen is not to overlook any means of practical co-operation for the common good. This is particularly true at a time when the world looks for leadership in relief from the depression which reaches into countless homes in every land. The relations of mutual confidence between Governments have a most important bearing upon speeding the recovery which we seek. We have engaged upon that mission with entire frankness. We have made real progress.

We canvassed the economic situation in the world, and the trends in international relations bearing upon it, problems of the forthcoming conference for the limitation and reduction of armaments, the effect of the depression on payments under inter-Government debts, stabilisation of the international exchanges, and other financial and economic subjects.

Informal and cordial discussion has served to outline with greater precision the nature of the problems. It has not been the purpose of either of us to engage in commitments binding our Governments, but rather through the development of fact to enable each country to act more effectively in its own field.

It is our joint purpose that the Conference for the Limitation of Armaments will not fail to take advantage of the great opportunity which presents itself, and that it will be capable of meeting what is in reality its true mission—that is, the organisation on a firm foundation of permanent peace.

In so far as inter-Governmental obligations are concerned, we recognise that, prior to the expiration of the Hoover year of postponement, some agreement regarding them may be necessary, covering the period of business depression, as to the terms and conditions of which the two Governments make all reservations. The initiative in this matter should be taken at an early date by the European Powers principally concerned, within the framework of agreements existing prior to July 1, 1931.

Our especial emphasis has been upon the more important means through which the efforts of our Governments could be exerted toward the restoration of economic stability and confidence. Particularly we are convinced of the importance of monetary stability as an essential factor in the restoration of the normal economic life in the world, in which the maintenance of the gold standard in France and the United States will serve as a major influence.

It is our intent to continue to study methods for the maintenance of stability in the international exchanges.

While in the short time at our disposal it has not been possible to formulate definite programmes, we find that we view the nature of these financial and economic problems in the same light, and that this understanding on our part should serve to pave the way for helpful action by our respective Governments.

Signor Mussolini at Naples makes important speech regarding reparations and debts. Signor Grandi in Berlin.

Monday, October 26th.

M. Laval leaves Washington for New York.

Signor Grandi's Berlin visit : official *communiqué* announces, "Far-reaching agreement . . . in the appreciation of the situation and its requirements. On both sides in particular conviction has found expression that the effective solution of a crisis like that which is now disturbing the whole world is no longer possible without systematic co-operation of the nations concerned . . . founded upon mutual confidence and mutual respect."

China informs M. Briand, acting President of the League Council, that she is willing to settle all disputes with Japan concerning treaty interpretation by arbitration or judicial settlement, as provided for by Article 13 of the Covenant, and is further willing, for this purpose, to conclude an arbitration treaty with Japan.

Bank of Finland rate reduced from 9 to 8 per cent.

Sterling recovers on foreign selling of dollars ; closing dollar rate 3.93.

European stock markets : London, all-round advance on election optimism ; Paris, Amsterdam, general decline.

Wall Street, heavy tone, but liquidation moderate. Gold exports, \$21 millions ; gold "unarmarked," \$3 millions.

Tuesday, October 27th.

Officially stated Cyprus situation is easier.

Report of Financial Committee of League on situation in Hungary is published in Geneva and Budapest.

British General Election polling day.

Sterling lower, closing dollar rate 3.88½.

European stock markets :—London, bonds irregular, further advance equities ; Paris quiet, undecided ; Amsterdam dull.

Vienna Bourse reopens, but business limited.

Wall Street, general decline. Gold exports \$20 millions ; gold unarmarked \$9 millions.

British General Election early results show sweeping Government majorities.

Wednesday, October 28th.

British General Election, Government gains sweep the country, indicating majority of about 500.

Sterling advances to 3.97, but reacts ; closing dollar rate 3.90½.

European stock markets : London, close uncertain after firm opening ; Paris, weak ; Amsterdam dull.

Wall Street, irregular opening followed by heavy liquidation, weak close. Gold exports \$4 millions ; gold earmarked \$1 million ; gold imports \$3 millions from South America.

Thursday, October 29th.

South African Government announces 10 per cent. export bounty and primage duty of 5 per cent. on imports.

Colonial Office states Cyprus constitution has been abused and must be reconsidered.

Greek Bank rate reduced from 12 per cent. to 11 per cent.

Rhineland Peasants' Bank of Cologne suspends payment.

Sterling lower. Closing dollar rate 3.86½. European stock markets : London, general reaction ; Paris, weak ; Amsterdam, steady, dull ; Wall Street, quiet, irregular ; gold export, \$4 millions.

THE OUTLOOK FOR TEA.

(BY A CORRESPONDENT.)

THE slump in tea is no doubt attributable to the usual causes—the chief of which are over-production or under-consumption, an increasing proportion of common or low-quality tea and the natural inclination of middlemen and distributors to reduce stocks in times of financial stringency. But whatever the cause of the trouble, the effects are obvious and interesting to the traveller in tea-growing districts in India.

Economy and efficiency are the aim of all concerned. Slowly but steadily everybody is contributing to one or both. The main items of expenditure on the gardens are: European supervision, 10 per cent., native supervision, including the manufacturing of tea, 15 per cent., plucking the tea 10 per cent., and cultivation 25 per cent. These figures are very approximate, and only amount to 60 per cent. of the cost; distribution is probably a substantial item in the balance, including the cost of packing and freight. European salaries have generally been reduced by at least 10 per cent., and, where possible, the number employed has been curtailed, but it is usually difficult to effect a reduction in numbers, because supervision is hampered by undulating land or scattered areas which are unsuitable for cultivation and break up the tea. Also, there is a natural reluctance on the part of managers and agents to throw Europeans out of employment. This difficulty does not arise to the same extent with native supervision, and in all grades except the lowest wages have been reduced and there has been a reduction in the number employed. Factory hands who received wages which placed them on the coolie level have had their tasks increased wherever possible. The same statement applies to plucking, but in addition to a greater amount of leaf being required, the actual rate has frequently been reduced.

Cultivation, amounting as it does in many cases to a quarter of the cost of the crop, has been the subject of much scrutiny. In most instances little or no manuring is being sanctioned for the coming cold weather, and the rate for hoeing is likely to be reduced. Under these circumstances a smaller crop can confidently be predicted for 1932. Where funds are low, old areas yielding under 400 lbs. per acre are being abandoned and replanting programmes are either held in suspense or likewise abandoned. New areas that would have been brought into the plucking round are likely to receive less cultivation, and will, therefore, be delayed. But, with all these economies, costs are not likely to be reduced more than 20 per cent., and in most cases the reduction will probably not exceed 15 per cent., especially if account be taken of work which is merely postponed.

Labour has not caused much trouble so far because tea gardens pay in cash, and, although wages have been reduced, the reduction has not been of the same extent as the fall in cost of living for the coolie, which has varied from 20 to 45 per cent. according to local conditions. The estate coolie is provided with a house, free medical attention and medicines, in addition to which he can, in many instances, have enough land to grow half his rice requirements for the year. It should, therefore, be realised that the coolie is probably feeling the slump as little as anybody because his rice costs him less than ever before.

All managers are insisting upon fine plucking, which means that the leaf is picked more frequently, and is, therefore, younger and smaller. The effect of this should be to make smaller crops of better quality tea. So far the shipment figures indicate a substantial reduction in crop. At the same time, experiments and investigations are being scientifically carried out by the Indian Tea Association Experimental Station at Tocklai. They cover all aspects of tea production, from planting and cultivation to fermenting and firing the leaf. Most managers are in close touch with these experiments, following up all suggestions for improving quality at once.

It should be added that a tea garden takes from six to ten years to establish, providing nothing unforeseen occurs. The equipment, with coolie accommodation, manager's bungalow, factory and hospital, is not likely to cost much under £30 per planted acre, in addition to the cost of land, planting and cultivating, which means that good new tea would not cost less than £100 per acre to bring to maturity. Thus it is obvious that tea-producing companies have property in jeopardy which has cost a lot and would take a long time to replace. Every effort is being made to reduce costs, but relief is more likely to come from increased consumption.

World production of tea was 900 million lbs. in 1930, of which the United Kingdom consumed 421 million lbs., or nearly half. The consumption per head in the United Kingdom is approximately 9.2 lbs., which is sufficient to provide five cups of tea per day per person. It can safely be assumed that a good deal is wasted in the tea pot, but, even so, the British public seems to be approaching the saturation point. Therefore, other markets must be found to absorb the increase in crop, which is already in sight. Sumatra alone expects to add 50,000,000 lbs. annually to the world's production for the next five years. The Continent of Europe is mainly coffee drinking, and it has been found that good coffee drinkers are not convertible to tea. The same remarks apply to the United States of America. The Indian Tea Cess Committee have been spending £50,000 a year on advertising tea in America, but there is little to show by way of results. American consumption was:—

	Total Tea. Lbs.	Indian Tea. Lbs.
1928	91,000,000	18,000,000
1929	93,000,000	21,000,000
1930	84,000,000	19,000,000

From these figures it appears that American consumption is not increasing, but that Indian tea forms an increasing percentage of what is consumed. This is poor return for £50,000 a year.

Turning to India, the figures are much more hopeful. The following show the consumption for each year ending March 31st:—

	Lbs.
1920-21	30,000,000
1924-25	44,000,000
1928-29	57,000,000
1930-31	65,000,000

The Indian Tea Cess Committee is spending £45,000 per year on popularising tea in India with considerable success. At all railway stations of any pretensions to size there are tea stalls which transact a lucrative business at a halfpenny a cup. In the poorest quarters of the towns tea is becoming a popular drink, and it only remains for the propaganda to be pushed into the villages and homes before a still greater increase in consumption takes place. Up to the present the women have neither learnt to make tea nor have they acquired a taste for it, but that is probably because the demonstrators are men, and,

therefore, women in their homes are inaccessible. When women demonstrators are employed another huge potential market will be open. At first the Indian was content with the very lowest quality, but now his palate is improving and, although the demand is still for cheap tea, discrimination as to quality is becoming evident.

Tea is a particularly suitable drink for India because all village water is bad, and the boiling required for tea provides the sterilisation which is so necessary. Blenders are now awake to the fact that in India they have a home market of 350 million people for tea that is suitable as regards flavour and price, and they are packaging tea to be retailed at a farthing per bag. Each bag contains one-fifth oz. of tea, and instructions are issued free. Obviously, the present consumption of 65 million lbs. is capable of enormous expansion, and, if the tea industry is to be saved from a disastrous war of attrition, the Indian market is likely to do it.

Notes of the Week.

The Victors and the Vanquished.—Not the least striking feature of the election is the way in which fate treated the leaders of the Parties. Every Cabinet Minister of the National Government was safely returned and the sole casualties in the whole Administration amounted only to three junior Liberal Ministers. On the other side, practically the whole of the late Labour Cabinet was swept away, the only ex-Minister of Cabinet rank to hold his seat being Mr George Lansbury. Defeated ex-Cabinet Ministers included Messrs Henderson, Graham, Alexander, Clynes and Tom Shaw. So extensive were the casualties in the higher ranks of Labour that no less than thirty-four members of Mr MacDonald's Government which resigned in the third week of August find themselves excluded from the House, usually by imposing majorities. Of the personal triumphs yielded by the election, that of the Prime Minister himself at Seaham must be considered the greatest, for he won the day against the full force of the official Labour machine. Almost equally striking, and statistically even more convincing, was the easy return of Mr J. H. Thomas at Derby, where the rank and file of the railwaymen clearly have not lined up behind the trade union officials who so recently excommunicated Mr Thomas. Significant, from a different point of view, was the return of two Liberal Ministers, Sir Herbert Samuel and Sir Donald Maclean, who were both opposed by Conservative as well as Labour candidates, and their victories underline the general impression of the polling results that the electorate has voted on national and not on party lines. Two other incidents catch the eye, namely, the practical extinction of trade union leaders, with the exception of some miners' representatives, and the complete failure of Sir Oswald Mosley and his New Party not only to capture a seat, but even to poll with reasonable heaviness. The small group of Labour members who broke with the Party and followed Mr MacDonald scored a high proportion of victories. In spite of the safe return of Mr MacDonald, Mr Thomas, Mr Baldwin, Mr Lloyd George, Sir John Simon, Mr Churchill and other protagonists in debate, the House will be conscious of important empty places. Mr Snowden did not contest a seat at this election and is expected shortly to enter the House of Lords. Mr Henderson's exclusion is on many grounds deplorable. It is poetic justice, perhaps, that he should suffer in person the force of the national verdict against the Party which he led, but it is unfortunate at this juncture that the man who recently conducted British foreign policy with prestige and success, and had been invited by the League Council to preside over the vital forthcoming Disarmament Conference, should be excluded from the national assembly. The experience of women candidates was on all fours with that of the men. Every Labour woman candidate was defeated, including such old servants of the Labour cause as Miss Bondfield, Miss Susan Lawrence, Miss Jenny Lee, Miss Ellen Wilkinson and Miss Jewson, while thirteen

Conservative women members were elected, of whom ten are new to the House of Commons. The total of the female fourteen is completed by Miss Megan Lloyd George, who, with her father and brother, again received the confidence of the Welsh electors.

Election Figures.—Four records in election statistics have been set up. "Labour gains" stand at nil—surely the first time that a great party has failed to break new ground anywhere; a larger number of candidates than ever before (86 to date) forfeited their deposits; majorities of over 50,000 were recorded in several constituencies; and, as if to afford a little light relief, one candidate (a Communist) failed to receive a single vote. Until the final results are received it is not possible to determine the exact percentage of electors who exercised the franchise, but there are indications that the poll was definitely heavier than in 1929. In that year the total votes cast were 22,639,297. This year it was ascertained that, when 541 results had been declared, the aggregate votes already reached nearly 21½ millions, and allowance must also be made for the fact that the number of unopposed returns was substantially larger than two years ago. It is clear that, when the full total is available, it will exceed that of 1929. But the most striking feature of the election statistics is the way in which our electoral system, which assisted the Labour Party in 1929, worked against it this time. This is clearly shown in the following table compiled from the first 541 returns:—

Party	Total Votes received.	Candidates returned.	Members returned.	Average votes per member.
Conservative	11,862,734	440	422	28,111
Liberal National ...	653,844	22	21	31,135
Liberal	1,635,827	115	37	44,211
National Labour ...	339,721	18	13	26,132
Total, Government	14,492,126	595	493	29,396
Labour	6,639,300	463	45	147,540
New Party	34,355	21	...	...
Communist	70,844	24	...	...
Total, Opposition	6,744,499	508	45	149,878
Independent	165,548	23	3	55,183

The figures show that the Labour Party had to poll 147,540 for each seat obtained, while 28,111 votes won one for the Conservatives. The discrepancy is, indeed, greater than appears at first sight, owing to the fact that an exceptionally large number of Conservatives were allowed a "walk-over." If these seats had been fought, the total Labour poll would have been greater, but the number of Labour members elected would have been unchanged. Even the most confirmed opponent of electoral reform must admit that the present system never works with impartial fairness to all parties. A majority of perhaps 2½ votes to 1 in the country has produced something near an 11 to 1 majority in the House of Commons. The foregoing figures themselves reveal a completely decisive verdict for the National Government, and their exaggerated reflection in Parliamentary representation cannot make that verdict more imposing than it is.

Signor Grandi in Berlin.—The Italian Foreign Minister has now returned the recent visit of the German Ministers to Rome. Signor Grandi arrived in the German capital last Sunday, and the Italo-German discussions which began on that day covered the same ground as the Franco-American discussions which at that moment were coming to a close. There are, in fact, now only two questions that can appear on any international agenda—one being Disarmament and the other Finance—and both questions are really no more than different aspects of one single fundamental question, namely, whether the world can restore its own confidence in its own future and so save itself from collapsing through sheer failure of nerve. The Italo-German conversations, though not of the same importance as the Franco-American conversations, have a significance of their own. They help to give expression to an opinion which is declaring itself with

rapidly growing urgency all over the world: that the situation cannot be saved without a radical revision of the post-war settlement in all its aspects. Senator Borah at Washington and Signor Mussolini at Naples, last Sunday, in their different language, said the same things with equal emphasis. Senator Borah scouted the suggestion of American adherence to any Pact of Mutual Assistance on the ground that "it simply means nailing down more substantially and completely the Treaty of Versailles—making eternal the status quo." Signor Mussolini observed that peace dissociated from justice becomes "a protocol inspired by vendetta, by rancour and by fear." Senator Borah does not believe that "there is going to be any disarmament by Europe until things are changed considerably—so long as certain conditions which arise out of the Treaty of Versailles continue to exist." Signor Mussolini asks: "How is it possible to speak of reconstruction unless there is a modification in certain clauses of certain peace treaties which have driven the world to the brink of material disaster and moral despair?" This union is portentous. And even if Monsieur Laval were inclined to ignore the utterances of the Middle Western Senator and the Romagnol Dictator when they were contradicting one another, he must surely give ear when the two voices fall into harmony.

Canton and Nanking.—The Manchurian crisis has produced at least one happy effect upon the internal politics of China. It has induced the rival Governments at Canton and Nanking to lay aside their weapons and make a serious attempt to come together. In the politics of revolutionary China, this kind of good sense and goodwill is sadly rare and therefore infinitely welcome. The last—if not the sole—example hitherto is the fusion between the rival Governments of Nanking and Hankow which followed the downfall and expulsion of the Kuomintang's Russian Communist adviser, Borodin, in 1927. In the bubbling of the Chinese witches' cauldron, there has been a lamentable rhythm. Again and again, a political movement has bubbled up in Canton, spread by force of arms to the Yangtse, dissipated its energies there, and finally made way for the next bubble to arise in the endlessly eruptive Southern capital. In August last, a "northern expedition" marched out from Canton to give the coup de grâce to Chiang Kai-shek, as Chiang himself once marched out, five Augusts ago, to give the coup de grâce to Wu Pei-fu: the war-lord who reigned then where Chiang reigns to-day. This time, however, the latest Cantonese champions of the Revolution seem to have been sobered by the anarchy and banditry in the South and by the natural disaster of the Yangtse floods and by the international crisis in Manchuria; and last week their delegates received a friendly welcome at Nanking when they arrived there to negotiate for a fusion. It seems to be recognised that Mr T. V. Soong is indispensable at the Ministry of Finance and that President Chiang Kai-shek cannot simply be bundled out of office, though the present range of his powers might reasonably be curtailed. On the other hand, room is presumably to be found again in the Central Government for the left-centre of the Kuomintang. In personal terms, this probably means the return to the Ministry of Foreign Affairs of Mr Eugene Chen, who proved his mettle in 1926-27; and the restoration, to high positions in the Kuomintang organisation, of Messrs Wang Ching-wei and Hu Hui-min, who have both fallen out with President Chiang Kai-shek in recent years. It is too early yet to forecast the prospects of the negotiations on these lines which have now begun. But we hasten to welcome them, in view of the importance of a strong Central Government at Nanking for China herself and, indirectly, for the rest of the world.

The Balkan Conference.—The Balkans have an individuality of their own, and they display it by doing the opposite to whatever the rest of Europe may be doing at the moment. From 1871 to 1914, when Europe as a

whole was unusually peaceful and sensible and respectable, the Balkans were a byword for passion and strife, and they did not rest until they had had a handsome share in bringing about the European War. To-day, when other parts of Europe are still prostrated by the shock of 1914-18, and when European capacities for constructive and co-operative action remain desperately paralysed, the Balkans have elected to set a good example to the rest of the Continent. The miracle of a Græco-Turkish reconciliation was signalled a few days ago by Ismet Pasha's visit to Athens in return for Monsieur Venizelos's visit of last autumn to Angora. And just as the Greek visit to Angora almost coincided with the first meeting of the Balkan Conference at Athens, so the Turkish visit to Athens has been followed up on Monday, October 21st, by the opening of the second session of the Balkan Conference in Constantinople under the auspices of Ismet Pasha himself. This Balkan Conference, which now promises to become a regular institution, belongs to a new type of international organisation (on the borderline between the official and non-official worlds and between politics and private affairs) which has come into existence since the Peace Settlement. The nearest analogue is perhaps the Institute of Pacific Relations—a non-governmental international organisation, representing the principal countries round the shores of the Pacific Ocean, which at this moment is attempting, under great difficulties, to hold its fourth biennial session in China. Like the I.P.R., the Balkan Conference is encouraged by "official circles" without being manipulated by them. Likewise, it does most of its work in committee, and it softens the edges of angular and spikey political questions by handling them in an economic or social or cultural setting. In this respect, the Balkan Conference has an easier task than the Institute of Pacific Relations. For the peoples represented on the I.P.R. are divided not only by differences of national interest and sentiment but also by differences of civilisation. In the Balkan world there is no deep cultural cleft like that which sunders the Chinese and Japanese from the English-speaking peoples. The Balkan peoples—Greeks and Turks, Serbs and Bulgars, Christians and Muslims alike—have a common background of Ottoman and Byzantine civilisation and a common social problem, namely, how to adapt their lives to the exigencies of Western civilisation. This common problem and common tradition are at last drawing the Balkan peoples together again now that the territorial questions over which they have been massacring one another for the past century have been decisively—once not in all cases justly—disposed of. All the old wounds have not yet healed over. The tenderest skins now are Bulgarian. Nevertheless, a genuine co-operation has become possible, and the Balkan Conference is proving itself an effective instrument for the purpose.

Troubles in Austria.—In his letter, which we publish on a later page, our Vienna correspondent describes the serious economic and financial difficulties experienced by Austria. According to an article in the *Neue Freie Presse* of October 27th, the situation has been further complicated by an agitation against the payment of taxes in certain agricultural districts. The gist of the story as told in the *Neue Freie Presse* is as follows:—The disastrous fall in the prices of cereals and livestock, coupled with extremely heavy taxation, has led to disturbances in Salzburg, and, furthermore, in the Tyrol. The efforts to exact the payment of taxes are being resisted by force, and riots are a daily occurrence. Tradesmen in the districts of Pongau and Lungau at a meeting on Monday last demanded the resignation of the Government. According to reports from the mayors of the Eastern Tyrol, the inhabitants of several towns wish to strike immediately against the payment of taxes. They demand strong measures against profiteering, and they insist on a change in agricultural policy, coupled with the reduction in the cost of the administration and the introduction of compulsory military service for the education of young men. The writer urges that the spreading of this unrest should

be prevented by concessions to the farmers, who are suffering severely from a system of high taxation at a time when prices for agricultural produce are steadily declining.

Hungary and Her Creditors.—The report of the Financial Committee of the League of Nations on the situation in Hungary was published in Geneva on Tuesday night. Unfortunately, a copy of this important document did not reach London in time for us to deal with it adequately this week. So far as can be judged from rapid perusal of the text, the Committee reached the opinion that, if the Budget is resolutely balanced, and if the National Bank of Hungary has ample powers to control and limit foreign credit transactions, and to maintain the present control over dealings in foreign exchange, the credit of Hungary can be maintained—always provided that "standstill" agreements to cover commercial short-term indebtedness are concluded for a minimum of six months, that the steps taken by Hungary are received in creditor States in a spirit of co-operation and goodwill, and that arrangements with Hungary's neighbours will lead to mitigation of the hardships involved in restrictions on foreign trade and exchange. Full comment must necessarily be reserved until there has been time to study the report, but at first impression there appear to be a number of large "ifs" in this analysis. A distinctly less reassuring picture of the future is drawn by our Budapest correspondent in a letter which we print on a later page this week.

The International Chamber and the Crisis.—The meeting last week of the International Chamber of Commerce in Paris considered and passed a series of resolutions which had been prepared by a "Committee of Ten" constituted for the purpose of examining memoranda on the world crisis prepared for it by a number of independent experts, including Mr Henry Clay, Dr. Coates, Herr Karl Melchior, and M. Charles Rist. The resolutions which the Chamber adopted deal with various facets of the crisis, and, though they contain no strikingly original matter, they reinforce powerfully the necessity for settlement of many vital issues. With regard to reparations and debts, they emphasise that the temporary nature of various moratorium devices involves the prolongation of an element of instability which tends to preclude the resumption of international lending. The "illusory benefits" of inflation are also stressed, as is the essential need to maintain the balance of budgets. Attention, too, is drawn to the stifling effect of restrictions on exchange dealings, which, as shown by past experience of the post-war period, are "most ineffective as regards their own immediate purpose, whilst acting as a brake on legitimate international trade." The promotion of the efficient functioning of the forward exchange market in all the leading financial centres is rightly emphasised. With regard to the wider international problems which are contributing to the world depression of trade, the Chamber's resolution is worth quoting. There must be, it states, "the adoption of economic policies which, taking into account the temporary requirements of every nation, shall lead ultimately to a freer international movement of goods, capital, persons and services."

Sterling and World Prices.—As measured by the *Economist* index number, the average level of British wholesale prices shows no change on balance during the past week. Figures of our index for October 28th are shown below in comparison with those for the previous week and for September 18th, i.e., immediately before our departure from the gold standard:—

	(1927 = 100)		
	Sept. 18, 1931.	Oct. 21, 1931.	Oct. 28, 1931.
Cereals and meat ...	64.5	70.9	70.2
Other foods ...	62.2	66.8	66.9
Textiles ...	43.7	51.4	52.5
Minerals ...	67.4	73.9	73.7
Miscellaneous ...	65.8	66.2	65.8
Complete Index ...	60.4	65.5	65.5

It will be seen that, since September 18th, the *Economist* index number shows a rise of 8.4 per cent. Our index of gold prices, whose construction was described in our issue of September 26th, has risen this week from 99.4 (September 18th=100) to 101.4. It is evident, however, as we have said in previous weeks, that comparison of this figure with that of the *Economist* index number is somewhat misleading, since the latter not only includes more semi-finished and finished articles, but is also weighted with a large number of commodities (e.g., British cereals) produced at home and not immediately sensitive to changes in the world price. We have accordingly extracted from our index number a list of seventeen commodities of which all but one (namely, pig iron) are imported, and which correspond approximately to the list of commodities forming the basis for our "gold" index. If we may define these two indices as index numbers of sterling and gold "primary" prices, their comparative movements, given below, show that when home produced and the more worked-up articles are excluded, the divergence between sterling and gold prices corresponds much more closely to the depreciation of sterling:—

	September 18.	October 21.	October 18.
Primary Price Indices			
Gold	100	99.4	101.4
Sterling	100	113.7	114.4

In conclusion, we give the following list of foreign index numbers, published in the *Financial Times* of October 26th, and showing the position in the preceding week. The week immediately preceding the suspension of the gold standard is equated to 100 in each case by our contemporary:—

United States (Irving Fisher)	99.3
France (Statistique Générale)	97.3
Italy (Milan Chamber of Commerce)	99.7
Germany (Statistische Reichsamt)	98.6

None of these index numbers, immediately after the British suspension of the gold standard, fell so far as did the *Economist's* gold index shown above. That index touched 94.7 on September 30th, whereas the American figure never fell below 98.7, and the minimum reached was 96.9 recorded for France.

The Volume of Overseas Trade.—Last week's *Board of Trade Journal* contained the usual quarterly article, in which our overseas trade is revealed on the basis of the values in 1924, in order to afford a basis for measuring changes in volume:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS.

Period.	Retained Imports.				Exports of Domestic Produce.			
	De- clared Values.	Index of Average Values.	Values in terms of 1924 Values.	Index of Volume.	De- clared Values.	Index of Average Values.	Values in terms of 1924 Values.	Index of Volume.
1924	Mill. £.	100.	Mill. £.	100.	Mill. £.	100.	Mill. £.	100.
1928 Quarterly av.	284.4	100.0	244.4	100.0	200.2	100.0	200.2	100.0
1929	263.8	87.7	305.5	107.8	180.9	85.3	209.6	104.7
1930	277.8	85.7	324.2	114.0	182.3	84.1	215.9	108.3
1930 1st quarter...	239.5	75.6	316.9	111.4	142.6	80.3	177.6	88.7
1930 2nd quarter...	259.0	80.7	320.8	112.8	164.1	82.0	200.1	99.9
1930 3rd quarter...	235.5	76.3	306.0	107.6	140.7	80.5	174.8	87.4
1930 4th quarter...	225.0	75.8	296.1	104.2	126.3	80.1	170.2	85.0
1931 1st quarter...	240.3	69.6	345.0	121.4	129.4	78.2	165.5	82.7
1931 2nd quarter...	192.5	63.7	302.0	105.2	103.3	74.7	138.5	69.1
1931 3rd quarter...	189.7	61.3	310.0	108.9	95.8	72.7	131.7	65.8
1931 4th quarter...	191.0	59.7	320.2	112.5	95.2	70.9	131.5	65.7

It will be seen that, as a result of the extreme depression of the prices of the primary commodities figuring largely in our purchases from abroad, the divergence between the indices of the average values of retained imports and British exports has been increasing rapidly since the beginning of 1930. As compared with 1924, the index of retained import values has fallen 41.3 per cent. and that for export values only 29.1 per cent. Comparing the past quarter with the April-June period of the current year, it will be noted that there has been a further fall in the indices of average import and export prices. The volume of retained imports shows an increase, while the quantity of British exports has declined further. As revalued at the values of the corresponding quarter in 1924, retained imports of food, drink and tobacco were over 10 per cent.

greater than in the corresponding quarter of 1930, and those of raw materials slightly less. There was, however, an increase of more than 5 per cent. in the category of wholly or mainly manufactured articles. British exports show an all-round decline.

Foreign Exchange Restriction Conference.—The Bank for International Settlements issued this week the following statement:—"At its last meeting, held on October 12, 1931, the Board of Directors of the Bank for International Settlements authorised the management of the Bank to get into contact with the national banks in Central European countries in order to find out whether these banks would be interested in a meeting for the discussion of the existing foreign exchange regulations and practices. It has been found that such a discussion would be of interest, not only to the central banks in countries in which such control has been established, but also to other central banks whose markets are in close commercial relationship with the countries having adopted exchange control. Consequently it has been decided to hold an informal meeting of exchange experts from the central banks interested, together with representatives of the Bank for International Settlements. The meeting will open in Prague on Tuesday morning, November 3, 1931." While the proposed discussions take no account of exchange restrictions in other parts of the world, such as South America, it is all to the good that the Central European *impasse* should be explored, for evidence is accumulating that exchange restrictions are stifling trade. The conclusion of this informal meeting will be awaited with interest.

The German Standstill Agreement.—In the issue of the *Frankfurter Zeitung* of October 27th a writer subjects to strong criticism various aspects of the "Standstill Agreement" which came in to operation on September 1st. Among the clauses in the Agreement which, in the view of the writer, have caused difficulties, is that which provides that the German "credit-taker" shall make every effort to provide the foreign bank creditor with eligible bills for acceptance, i.e., bills customarily rediscountable in the respective foreign creditor countries. The writer criticises particularly the attitude of some of the American banks. During recent years, he states, they have continuously increased the facilities for rediscounting bills. This policy has now been reversed, and banks which formerly accepted bills as long as they were in some way connected with the financing of imports or exports, now accept them only if they are accompanied by bills of lading. Another clause which has led to friction is that under which German banks are obliged to substitute, at the request of a foreign bank, a drawer of good credit-standards for any drawer of bad credit-standards. Contrary to the intention of this clause, some of the foreign banks have assumed the right to control credit by demanding from the German banks special information even about firms of high standing. They have insisted that accounts should be kept in a form specified by them; and all expenses arising from additional work have to be borne by the individual firm. Again, the "tutelage" over credit-takers has been tightened by the clause which gives the right to the foreign bank to demand that individual firms should furnish to their banks collateral for the credit extended to them. These measures have resulted in the contraction of the volume of foreign credit. The writer estimates that the foreign indebtedness of the banks has been reduced by 750 to 1,000 million Rm. since the middle of July, when it was estimated in the Basle Report at 5,100 million Rm. In the case of British credits, the liquidation of a large volume of credit is partly due to the depreciation in the value of the £. But even where obligations had been contracted in terms of other currencies, the volume of repayments has assumed larger proportions than required by the Standstill Agreement, partly because the ultimate "credit-takers" wished to rid themselves of the control exercised by some of the foreign banks. The Reichsbank has been obliged to stop the flow of repayments because of the continued depletion

of its reserves in foreign currencies. Many credit-takers have thus been debarred from repayment. Considerable friction has also been caused by the high rates of interest charged by some of the foreign banks—in some cases twice or even three times as high as that ruling before the Agreement came into force. In this connection particular annoyance has been caused by the attitude of Dutch and Swiss banks, which are charging about 8 per cent. for overdrafts to German banks, while allowing the latter only 4 per cent. on deposits. In the view of the writer, Germany made too many concessions at the recent negotiations in Basle. The writer points out that the scheme has worked to the satisfaction of neither creditors nor debtors, and that a permanent settlement on a different basis will have to be reached on some such lines as advocated in the *Frankfurter Zeitung* of October 21st. In that issue a proposal was made for the repayment of the credits over a period of ten years. Such a plan, however, assumes the previous settlement of the reparation problem, as otherwise the necessary guarantees would not be forthcoming.

Polish Coal Exports.—Our Warsaw correspondent writes:—"Great Britain's release from the gold standard has created a very difficult situation for the Polish coal industry. Subsidised by high coal prices in the domestic market, and low transport rates to the Baltic seaboard, and further strengthened by much lower wage scales than in Great Britain, Polish coal exporters, prior to September 21st, were able to undersell British exporters in the Baltic and Scandinavian markets without any drain on their capital—that is, at an export price of 11s. to 12s. (gold) per metric ton f.o.b. Danzig or Gdynia. Polish coal business with the Northern countries is done exclusively on a sterling basis, and Britain's abandonment of the gold standard found these exporters not only with sterling bills on hand, but with a considerable volume of forward contracts on which a substantial loss is now being taken. Polish coal exporters on September 21st did not anticipate a decline in the value of sterling of anything like 20 per cent. Ten or, perhaps, 15 per cent. was as much as they looked for, and, on this reckoning, they were prompt to announce that there would be no diminution in coal shipments from Poland to the Northern countries. A sterling depreciation of 20 per cent., however, is more than they had bargained for, and more than they are prepared to meet for any length of time. They are, in consequence, now making very strong representations to the Government for diminished taxation, the lowering or temporary elimination of social service charges, the abrogation of the prevailing wage agreement with the miners so that lower wages can be imposed, and a further reduction in transport rates to the Baltic. The Government and organised labour naturally have very strong objections to any and all of these proposals, and conversations are now proceeding between the authorities and the coal exporters (a coal export convention comprises all the exporting companies, so that they act as a unit) in an attempt to find a way out of the *impasse*. What the coal industry would doubtless welcome would be the abandonment forthwith by Poland of the gold standard, especially as this country has had much greater experience than Great Britain in transacting business in unstable currencies. The Government, however, are clearly determined to adhere to the gold standard as long as they can possibly do so.

Idle Shipping.—The return, issued by the Chamber of Shipping, of vessels lying idle in ports of Great Britain and Ireland on October 1, 1931, shows, as might be expected, no improvement over the situation which existed on July 1st. The aggravation of the world financial crisis during the third quarter of the year sufficed effectively to prevent the normal development of seasonal activity in chartering which is usually to be seen from the middle of August onwards. At the beginning of October, the idle shipping in this country amounted to 2,089,443 net tons, as compared with 2,044,092 net tons at the beginning of July and approximately one million net tons a year ago. An interesting analysis shows that

of the present laid-up tonnage approximately half has been idle for over six months. It is too early yet to say how far the depreciation of sterling will lead to increased exports of British coal and so provide greater employment for shipping, but it is evident that the surplus tonnage now out of commission cannot be reabsorbed until there is a general recovery from the present "frozen" condition of international commerce.

Overseas Correspondence.

FRANCE.

Council Elections — M. Laval — Public Works — Money Rates.

(FROM OUR CORRESPONDENT.)

PARIS, October 28.

The second ballots in the *Conseils Généraux* elections last Sunday, which took place in 254 country council electoral districts, whose representation was left undecided by the previous week's contests, have rather upset the conclusions drawn from the results of the majority of the contests in which no second ballot was necessary. The official analysis of the returns, issued by the Minister for the Interior (M. Tardieu), who will at least not be suspected of presenting matters as worse than they are, indicates that the 1,517 contests resulted in gains of 20 seats by the Radical Socialists, 12 by the Socialists, and 10 by the Republican Socialists and Independent Socialists. The Conservatives, or Extreme Right, lost 25 seats; the U.R.D. (Marin Nationalists) 15 seats, and the Communists one of the five seats previously held by them. The full returns, therefore, indicate that, instead of the extremist parties of both the Left and the Right having lost ground to the benefit of the Centre, the real situation is that the anti-Briandist parties have grown weaker to the profit of the Briandists. This modification of the first conclusions drawn has been due almost entirely to the fact that, in the second ballots last Sunday, three-cornered contests were, in most cases, avoided by the Radicals and the Socialists again playing into each other's hands. Socialist candidates were withdrawn in most cases in which the Radicals had enjoyed greater support in the first ballots, and *vice versa*. The actual change in county council election results was only a trifle over 3 per cent., but the fact that this was due to a revival for all practical purposes of the *Cartel des Gauches*, is possibly significant of the outcome to be expected from next spring's Parliamentary elections.

Expectation here ruled high, down to the date of M. Laval's arrival in America, that valuable concrete results were likely to be immediately obtained from the Washington conferences in regard to most, if not all, of the principal international problems awaiting solution. The joint *communiqué* issued by the two Governments, however, suggesting to minds expecting far greater results that only meagre progress had apparently been accomplished, reacted here in the form of sharp disappointment. This was immediately reflected in the somewhat marked setback of Monday's Bourse. During the subsequent 48 hours, however, opinion in general has once more begun to take a more optimistic view. It has argued here that, after all, the Washington and New York interviews have resulted in a practical certainty of close financial co-operation between the two Governments in the future; that both countries are now definitely pledged to the maintenance of the gold standard; that the French demand that any application for an extension of the present moratorium in favour of German reparation payments shall be dealt with in the cadre of the conditions laid down in the Young Plan has been recognised by the United States; that Senator Borah himself has now definitely admitted the right of France to reimbursement for her direct war losses; that an important further step has been taken by the United States in the direction of recognising that Allied debts to America and German reparation payments are

largely bound up together; and that these represent very important advantages.

Confirmation of the assertion that Mr Hoover—in view of the fact that he, like President Wilson, is not his own master *vis à vis* the United States Senate—has now definitely left Europe to settle its own troubles, is thought here to be given by the unofficial, but, so far, uncontradicted, announcement that M. Laval, on his return to Paris, intends to secure authorisation from his colleagues to call a special conference of the nations (including Germany) which are interested in the reparations problem. The object of this conference, it is asserted, will be to consider whether fresh reductions of reparation payments are possible, and to prepare plans to be substituted for the extended moratorium for which Germany is expected to apply in prolongation of the present moratorium, which comes to an end on July 1st next. Current talk here, which should be accepted with all reserve, is that the new conference will take place in Paris towards the end of November or the beginning of December.

It is asserted here that MM. Farnier and Lacour-Gayet, of the Bank of France, during their conversations with the representatives of the Federal Reserve Bank in New York, came to a satisfactory agreement in regard to the Bank's sight and short-term money in New York (reported to total something like \$600,000,000). There was, naturally, some nervousness in New York whether these balances, in view of recent experiences in London, might not be suddenly withdrawn to Paris, to the obvious prejudice of the dollar. The French officials were unable to give any unconditional undertaking that the Bank's gold balances would not be withdrawn, as this would be tantamount to the "freezing" of an important part of the institution's assets. They consented, however, not to complicate the task of the Federal Reserve Board by withdrawing their Bank's deposits, on condition that the American monetary authorities will follow a policy that will effectively defend the dollar, and which will safeguard the Bank of France against further losses similar to those suffered by its sterling balances.

The further portion of the great programme of public works, designed to re-equip the national economic plant, which is to be put into operation as soon as possible, will involve a total expenditure of some 4,700 million francs, of which 3,000 millions will be borne by the State and the balance by the Local Government and other bodies. The State's part in the programme will include 500,000,000 francs for main road development, 500,000,000 francs for port development, 550,000,000 francs for agricultural works, 300,000,000 francs for new schools, 385,000,000 for hospitals, 150,000,000 francs for civil aviation, 100,000,000 francs for country road improvements, 50,000,000 francs for inland waterways, 40,000,000 francs for the reconstruction of the Colonial School, 10,000,000 francs for additional playing fields, etc. The programme of new public works (both State and otherwise) has been specially drawn up with a view to absorbing as much unemployed labour as possible. It is estimated that the total programme about to be put in hand will provide labour for at least a year for 300,000 workers of all kinds (at average daily wages of around 40 francs per head), and should thus contribute largely to extinguish anything like real unemployment throughout the country. In addition to the works already in hand, under previous portions of the Government plan (including housing undertakings, defensive organisation of the frontiers, railway development, etc.), a large amount of public work is also being carried out by the local authorities. Authorisation of the new programme by the Chambers will be applied for when Parliament reassembles, and probably also powers to raise the necessary money by a loan issue.

The cost of money, as might be expected, in view of the recent raising of the Paris discount rate from 2 to 2½ per cent., is again steadily rising. The rate paid on National Defence Bonds was increased from 2½ to 3 per cent. on Monday last. The average rate offered by new bond issues in September was 5 per cent., against 4½ per cent. in August, 4.60 per cent. in June and July, 4.10 per cent. in February, and means of 4.69 per cent. in 1930, 5.36 per cent. in 1929, and 6.03 per cent. in 1928. The

yield from Bourse issues of variable revenue at the end of September was 4½ per cent., as compared with 3.83 per cent. during the first three months of the year, and a highest of 2.24 per cent. in 1929-30, while that from issues of fixed return dropped from a highest of 5.19 per cent. in 1929-30 to 3.78 per cent. during the first quarter of this year, and 3.51 per cent. in August, and stood at the end of September at 3.78 per cent. The Caisse d'Amortissement reports that the total Defence Bonds in circulation at the end of June was 28,236,000,000 francs, as against 28,499,000,000 francs at the end of May, 28,912,000,000 francs in February, and 28,248,000,000 francs at the end of 1930.

GERMANY.

Washington and Laval — An Economic Committee — A Financial Sensation.

(FROM OUR CORRESPONDENT.)

BERLIN, October 28.

GERMAN political circles have not been surprised to learn that the visit of M. Laval to Washington has brought no results. At the time when M. Laval and M. Briand visited Berlin, Germany gained the impression that the leading French statesmen were personally ready to come to an understanding, but that owing to internal political conditions they were unable to take any serious decision in accordance with the good-will inspiring them. The same would naturally apply to the United States. If there really has been a French Plan providing for considerable concessions in respect of reparations and disarmament it must have been (as is assumed here) encumbered with claims on the question of security, regarding which France ought to have known that America would never agree.

All this, of course, does not in any way alter the point that the attitude of America is of vital importance to Germany. Germany is rather indifferent as to how America stands in the question of military guarantees for France, but she is naturally anxious that America should not feel compelled to divorce herself from European negotiations. In view of the fact that the official statement issued by Mr Hoover and M. Laval places on the shoulders of European countries the initiative to be taken on the expiry of the Hoover Plan, Germany is faced with the question whether she herself should take this initiative. Such procedure would involve Germany in grave dangers. It may be that the French elections, next spring, will relieve the tension; but it would be unbearable if the world should have to wait until then in order to know under what conditions it will have to labour after July 1, 1932.

The President of the Reich has now appointed the members of the Economic Privy Council. The appointments clearly show that this is not to be an expert committee in the ordinary sense of the word, nor a political body possessing any power of decision. The list contains five leaders of Socialists and Christian Trade Unions, representative industrialists like Ernst von Borsig, Dr. Silverberg, Albert Vögler, Dr. Schmitz of the I. G. Farbenindustrie, and the former councillor of the Reich, Dr. Cuno, Chairman of the Hapag. No scientists or other independent experts are on the Council. It is evidently not the task of the Council to find new solutions of pending problems. Its deliberations are rather intended to show the Government where the point of least resistance is to be found for the necessary reductions in wages and prices—whether, for instance, legal alterations in wage rates or ordinary reductions of wages with the aid of the existing arbitration system will meet with less resistance, so that it (the Government) may follow up the line indicated through emergency decrees.

Apart from the social political questions and the Cartel problem, the Economic Council has also to consider the question whether the level of German interest rates can be reduced. Reduction in the rates of interest would be very popular, both with industrial workers and the farmers, and also with a large number of industrialists.

But it is not probable that any considerable reduction will be achieved. It will not in any case be possible to reduce the rate for long-term investments, especially the rate of interest on mortgages. In this field investors are very scarce, and hardly any capital is available at present. The price paid for the commodity "capital" corresponds to its scarcity. The Reichsbank's rate of discount is and likewise fixed in accord with currency considerations, and it is already a considerable achievement that the Reichsbank seems to be able to carry on without an increase, although since the German rate of discount was fixed last time at a level of 8 per cent., bank rates have increased in almost all the leading countries abroad. At most it might be possible to reduce the difference between the rates for advances and the rates for deposits adopted by the private banks. But this will in turn touch the earning capacity of the banks, which has been seriously affected after the losses suffered of late.

The position of the Reichsbank, as published on October 23rd, shows only a slight reduction in the gold and foreign currency holdings (6.6 million Reichsmarks), although during the period under review there has been a transfer of 50 million Reichsmarks in accordance with the standstill agreement. In addition, there has been a reduction in the call for credit; the bill holding decreased by about 160 millions, rediscounts by 70 millions, notes in circulation by 154 millions. Obligations on current account were reduced by 67 millions. The gold and foreign currency cover amounts to 29.4 per cent., against 28.6 per cent. during the previous week. The comparatively heavy influx of foreign currencies may partly be due to the Reichsbank having threatened exporters that it will withhold credit if they are tardy in handing over their foreign currency receipts. But the effect of the high foreign trade balance seems to be increasingly reflected in the position of the Reichsbank.

To the list of financial scandals that have occurred during recent years a fresh case has been added in the last few days. There have been rumours in circulation for weeks that something was wrong with the largest brewery concern, the Schultheiss-Patzenhofer A.G. An official statement issued by the company on Saturday last revealed huge losses incurred by the company without the knowledge of the Supervisory Board of Directors (*Aufsichtsrat*) through speculations in its own shares. Since the autumn of 1929 the managing director of the company has arranged the purchase, at an average price of 285, of shares amounting to nominally 14.5 million Reichsmarks, which would represent a loss of more than 26 million Reichsmarks if these shares were treated as having been redeemed at par, in which case the share capital would consequently be reduced to 40 million Reichsmarks. The purchases were financed by the Darmstädter Bank and by the Commerz- and Privatbank, who obtained the company's guarantee covering losses by depreciation. But both Mr Jacob Goldschmidt and Mr Friedrich Reinhart, the managing directors of these two banks, who at the same time belonged to the Supervisory Board of the company, not only failed to inform the other members of the board of this gigantic commitment, but in addition permitted an official Stock Exchange prospectus to be published in the autumn of 1930 in which no indication whatever was given of the commitment. The present Schultheiss-Patzenhofer A.G. was only formed last year by amalgamating the two companies, the Schultheiss Brewery and the Ostwerke A.G., two concerns which had been very closely connected since the inflation period. The managing director of the Ostwerke A.G., which company had already previously acquired a large block of Schultheiss shares, was Mr Ludwig Katzenellenbogen, while the post of managing director of the Schultheiss Brewery was held by Mr Walter Sobernheim, chairman of the Supervisory Board. Conversely, in the Schultheiss Brewery concern, Mr Katzenellenbogen was the chairman of the Supervisory Board. Yet it is said that it was only in the autumn of 1930 that Mr Sobernheim learned of these share commitments and that he likewise did not consider it necessary to inform the board.

The representative of the Deutsche Bank, Mr von Strauss, who is the vice-chairman of the Supervisory Board, only learned of these transactions when they could not be concealed any longer. However, apart from this, there appear to have been a number of serious inaccuracies, and the balance sheet issued in the autumn of 1930, when the merger took place, seems to have been incorrect in important points. Moreover, the company's own shares, which were held by a subsidiary not mentioned in the prospectus, are said to have been shown as assets at banks and so on. At present it is difficult to say how the reorganisation of the Schultheiss concern will be effected under the circumstances. The banks have declared their readiness to postpone until January 1, 1934, the date fixed for taking delivery of the shares purchased. It will, consequently, be possible to wait for some time to see how share quotations will develop. Apart from this, it has been necessary to write off 21 millions from investments, 3 millions from "subsidiaries," and 8 millions from debtors, that is 32 millions in all. In view of the fact that fixed "subsidiaries" according to the Commercial Code need not be written off, these adjustments cover a multitude of doubtful speculative transactions of other kinds regarding which the public has never been officially informed. It is true that the company is sufficiently strong to withstand even such a blow. The Schultheiss concern not only comprises the largest German brewery, with an annual production of about 3 million hectolitres, but also (through the former Ostwerke) is interested in the Silesia Portland Cement Works, in the large Siemens Glassworks (bottles), malt works and yeast factories. Its interests in mills, and in an engineering works which has become insolvent, have either been disposed of or written off. During the last financial year the company still earned 16 million Reichsmarks, and possesses disclosed and secret reserves of 40 to 50 millions. However, this does not minimise the scandal, for the concern was generally regarded as the soundest and wealthiest in Germany, and this makes the case the most regrettable of those that have occurred in recent months. The company itself has already taken action, and Herr Ludwig Katzenellenbogen, who is also on the board of the Commerzbank, has been compelled to relinquish all his posts. It is assumed, moreover, that the Schultheiss scandal will also react on the position of Mr. Jacob Goldschmidt, who has already been involved in the Nordwolle affair, and also on the position of Mr Reinhart, director of the Commerzbank, who has hitherto been counted as one of the close advisers of the Chancellor of the Reich.

AUSTRIA.

Effects of Exchange Control — Budget — General Business.

(FROM OUR CORRESPONDENT.)

VIENNA, October 26.

THE restrictions on foreign exchange, which have now been in force for three weeks, have already caused considerable limitation of trade. Imports have been throttled, thereby reducing the adverse Austrian balance of trade. On the other hand, exports are bound to suffer, for it is now very difficult to get fresh supplies of certain raw materials and semi-manufactured goods. The National Bank is still adhering strictly to the practice of granting only 2 to 3 per cent. of the applications for foreign currencies, even where important articles needed from abroad are concerned. For instance, the import of cotton, wool, certain metals and jute is rendered difficult.

Merchants, on the other hand, are now in a position to dispose of the old stocks they have on hand. Austrian coal output has greatly increased, and it is stated that the domestic mines should be able to deliver about a million and a half tons per year more than heretofore. The price of coal has also increased by 10 per cent. to 15 per cent., and sales of brown coal have gone up. In the course of the last ten days more firewood has been sold than in the whole of the previous three months. Other prices have also risen. It appears certain that the position in the clothing industry will be an awkward one on account of

diminished imports, and there is a lively tussle in progress between sellers of Austrian and foreign automobiles and tyres. Whereas in some factories an improvement is hoped for, in others more workmen and clerks are being laid off. The impossibility of securing foreign means of payment for use at a later date is causing certain circles in industry and commerce to add a gold value clause to their invoices. Others have approached the Government with a view to obtaining prohibition of the gold clause, but this request has been refused. The Government takes the view that the Austrian schilling is perfectly stable and that the gold clause is therefore of purely theoretical significance.

It is understood that France is willing to let the Austrian National Bank have a credit amounting to 60 million schillings through the Bank for International Settlements. Failing such a credit, the means at the National Bank's disposal would not be adequate to repay either the advance made by the Bank of England to the Government or the rediscount credit of the B.I.S., amounting in all to 190 million schillings. The position is still rather tense, for it must not be forgotten that Austria has to pay abroad some 30 million schillings in foreign currencies in connection with commitments of the Federal State, the individual States and on account of the "standstill" agreement of banking and other public commitments. Some relief has been obtained at home through the fact that the banks have either prolonged the bonds, which they issued in foreign currency, or merely redeemed them in schillings under the plea that the Government is allowing no foreign means of payments for this purpose.

The principal items of the Budget, which were given in last week's letter, have been greatly reduced in comparison with last year's estimates, but there still remains the question whether the inevitable drop in customs receipts and in revenue from the merchandise turnover tax, the two sources which constitute the backbone of the Budget, has not been under-estimated. In general, the process of impoverishment is alarmingly rapid. Outstanding taxes, which in spite of the sharpest measures on the part of the tax gatherers, cannot be collected, amount to over 200 million schillings. In view of the wage and salary cuts in the Civil Service and in private concerns, a big reduction of revenue from income tax is also to be expected.

The position of the Credit-Anstalt is still a matter of grave concern, and menaces private trade and the financial affairs of the State. The new Minister of Finance has given notice of dismissal to all the directors, with the exception of the few who were appointed by the Bank after the crash. The former managing directors, Herrn Neurath and Deutsch, have definitely gone, and there is a popular demand for criminal proceedings against Herr Ehrenfest. The losses of the Credit-Anstalt continue to increase, and, doubtless, the proceeds from the sales of securities have been drawn upon to keep current business going. The dismissal of employees, which is now proceeding very rapidly, must also entail large compensation.

Regular business is at a complete standstill, and the opening of the Stock Exchange is not likely to make much difference. There will be little business in Czechoslovakian securities; trade in Hungarian shares is still forbidden; and the most stringent measures are to be taken against "bear" movements. The chief anxiety is lest pressure be brought to bear upon investment securities, and result in a serious fall in quotations. One or two of the banks have kept the value of their shares very high, and adjustments may be necessary. Mortgage business is quite stagnant; the granting of credits against mortgage certificates has been very limited; and deposits at the banks and savings banks are fluctuating widely, though exact figures are not obtainable.

In spite of reduced incomes, the cost of living has not gone down; on the contrary, it is a little higher. The index figure has risen from 58.9 on September 15th to 59 on September 30th, and to 60.6 on October 15th, and the foreign currency restrictions are bound to send prices even higher. The Government is, however, contemplating recourse to the provisions of the Profiteering Act, which are not at present operative, and it hopes by this means to prevent disquiet among consumers. One of the greatest worries is still the question of railway traffic, for in spite

of all the increases in rates which have been imposed, and of the economies which have been practised, there is still a deficit of about 40 million schillings to be carried over to next year's accounts.

HUNGARY.

Financial Committee -- Foreign Trade and Debts -- Transfer Problem.

(FROM OUR CORRESPONDENT.)

BUDAPEST, October 26.

THE Financial Committee of the League of Nations, which has been investigating the position of Hungary at the Hungarian Government's request, has finished its inquiry and has communicated its report and recommendations to the Hungarian Government. With the exception of Mr Royall Tyler, who is to remain here as an adviser on behalf of the League, all the members of the Financial Committee and the League experts have left Budapest. Although nothing has been officially announced so far, the local Press is full of speculations as to the recommendations of the Committee. For anyone familiar with the financial situation it is not difficult to prophesy that the Committee has recommended the strictest economy in order to restore budgetary equilibrium. The cutting down of expenditure of the State and municipal budgets is urgent and imperative in view of the large deficit. The currency situation is such that a suspension of transfer was generally expected on all capital and interest payments, but according to the Press the Hungarian Government did not demand, and the League Financial Committee did not recommend, a transfer moratorium. As the maintenance of the basic financial structure of the country is clearly in the interest of Hungarians and their foreign creditors, it is worth while once more to examine the situation in the light of the latest developments.

Hungary's international balance of payments is determined by two main factors—merchandise trade and the service of foreign debts. The first nine months of 1931 disclose an adverse balance of merchandise trade of 28.5 million pengő, and the best that Hungary can hope is that the last quarter will offset the deficit. The development of the last four years is as follows:—

(In million pengő.)

	Imports.	Exports.	Balance.	Total value of trade.
1927	1182.3	807.6	— 374.7	1989.9
1928	1211.4	826.0	— 385.4	2037.4
1929	1063.7	1038.5	— 25.2	2102.2
1930	832.9	910.4	+ 77.5	1743.3

Imports in the first nine months of 1931 amounted to 429.3 million pengő as against 627.8 million in the corresponding months in 1930 and exports totalled 400.8 million pengő against 664.8 million a year ago. In August and September there was an export surplus of 25 million pengő, according to the official figures of the Statistical Department. Unfortunately the National Bank could not get hold of the total export devisen, and it will be fortunate if more than two-thirds of the export devisen are placed at its disposal in the future. As there is no active invisible item of importance the annual interest and sinking fund payment of Hungary's foreign debts, amounting to some 270 million pengő, cannot be met except by further borrowing. There is little chance of Hungary's obtaining funds abroad, and it is even doubtful whether it would be in her interest in the long run to maintain interest payments from new borrowing.

The total interest and sinking fund service of Hungary's funded debts amounts to 200 million pengő per annum. The interest on short-term debts at 7 per cent. roughly amounts to 70 million pengő, which makes a total of 270 millions. In the next twelve months exports will hardly exceed 500 million pengő in view of (a) the bad harvest, (b) falling prices and marketing difficulties, (c) import restrictions of Hungary's customers to safeguard their own currencies. Supposing that Hungary could restrict her imports to 20 millions per month, that is to say to 240 millions per annum—as against more than 1,200 million pengő in 1928 and 830 millions in 1930—there would

theoretically remain an export surplus of 260 million pengő, which would suffice to meet the service of Hungary's foreign obligations in full. The question, however, still remains: Where can Hungary place her export surplus? The marketing difficulties of the Danish farmers were amply demonstrated in a recent article in the *Economist* (page 749), yet the Hungarian farmers would consider themselves fortunate in their place. Hungary, being an agricultural country with no sea shores, has a very limited export radius. Consequently more than three-quarters of her export goes to the Successor States of the old monarchy and to Germany—countries all faced with the same problems as Hungary, i.e., how to produce a more favourable balance of trade to pay interest on foreign debts, as there are no further foreign loans available.

And yet who is bold enough to suggest that Hungary can restrict her total merchandise imports to one-fifth of 1928 or less than one-third of 1930 without paralysing the whole economic system and jeopardising the efforts to balance the budget which, together with the stability of the currency, are the very basis of the much-needed recovery?

It is not impossible to continue interest and sinking fund payments of the funded foreign debts in the respective currencies, but it is a dangerous experiment. There are 40 million pengő maturities between now and the end of the year, the transfer of which can be effected if there is a sufficient export devisen surplus or other sources such as private holdings of currency, whose surrender is made compulsory by Government Decree. It is obvious, however, that Hungary cannot pay 270 million pengő interest and sinking fund per annum in gold currencies so long as her total exports are scarcely twice that amount. Foreign creditors must realise that the radically changed price level requires readjustments of the payments due to them in the form of scaling down the 7 and 8 per cent. interest rates of the post-war period to 3 or 4 per cent. It is no good stipulating 8 per cent. for the prolongation of the short-term loans, because foreign creditors will be fortunate if Hungary can pay 4 per cent. on her foreign obligations. It should be borne in mind that Hungary has mainly at 7 and 8 per cent. borrowed in the years 1925-28 on the basis of wheat prices of 30 pengő. At present wheat sells at 8-9 pengő, which suffices to explain that even if all loans contracted in the post-war period had been ideally used, Hungary would be unable to transfer 7 and 8 per cent. interest in gold. The fundamental question for the future is Hungary's ability to transfer interest to her creditors. This depends on agricultural prices and marketing conditions abroad. Therefore the creditor nations would do well to use their political influence through the League and endeavour to bring about healthier economic conditions in Central Europe. The working out of a detailed scheme for future transfers could follow the lines provided by the Dawes Plan for Germany in 1924, with special considerations applicable to Hungary. It would perhaps be wise to provide that transfers should be on a sliding scale based on prices and the export surplus.

HOLLAND.

Import Restriction — Foreign Trade — Oslo Treaty — Stock Exchange.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, October 28.

THE Minister of Home Affairs has announced that a Bill for coping with the problems arising in regard to imports is shortly to be introduced into Parliament. The Bill apparently is to provide, by way of an emergency measure, for the taking of certain steps with regard to imports, if such are needed. This will be considered to be the case if the Netherlands market is threatened with a flood of imports from countries who are taking measures against each other. The new Bill differs from the anti-dumping law in that the latter is directed primarily against low prices. The present concern is with quantities. The Bill will naturally not be in contravention of

any existing commercial treaties. The Government has in mind quota systems, such as those being enforced by other countries, who are also committed by commercial treaties. They propose, however, to put these quotas into practice in a less objectionable fashion than is the case in some countries. The intention, apparently, is to preserve our home market as the normal outlet for our own agriculture and industry. Complete prohibition of imports is only to be considered as an extreme measure, and as this is not the primary intention of the Bill the new law is not likely to be regarded as inimical to foreign countries, where it is fully realised to what extent Holland's trade and industry are menaced from all sides under existing conditions.

In the circumstances it is uncertain whether the Netherlands' balance of trade can be maintained at the present level. Taking the figures quarter by quarter, it is obvious that the trade slump continues unabated, and in fact, in the third quarter of 1931, the value of imports and exports was 18 million guilders less than in the second quarter. The total for the first nine months of the year is also lower than in 1930 and 1929. Nevertheless, the situation is not without a hopeful factor, namely, that in the past quarter exports have been developing to a relatively more favourable extent than imports. This tendency in our trade balance at a time when danger may threaten our currency is distinctly a welcome sign. Statistics of imports and exports, for the first three quarters of the year, are shown below:—

	IMPORTS.		EXPORTS.	
	Weight. (Thous. tons.)	Value. (Mn. fl.)	Weight. (Thous. tons.)	Value. (Mn. fl.)
1st quarter, 1931	6,842	494	4,038	343
2nd quarter, 1931	7,423	423	4,235	334
3rd quarter, 1931	8,131	468	4,527	342
Jan.-Sept., 1931	22,396	1,454	12,800	1,019
Jan.-Sept., 1930	23,902	1,874	12,286	1,324

It is a striking feature that exports in the third quarter of 1931 show an increase both in value and in weight as compared with the second quarter.

In view of the depreciation of sterling, some further particulars as to trade between Holland and England may be of interest. Our commerce with England leaves a gradually increasing credit balance, but at the same time the aggregate value of our trade with Britain shows a decline. Our imports from England for the nine months, January to September, totalled 178 million guilders in 1930 and 119 millions in 1931. Exports were 294 millions and 248 millions respectively, leaving a balance of exports over imports of 116 and 129 million guilders respectively.

The Treaty of Oslo was ratified without a division in the Second Chamber last week. In reply to a question, the Minister stated that the English authorities had also been consulted with regard to joining the treaty, but that English legislation precluded England's participation in the convention. As regards Germany, negotiations are still in progress. The treaty provides that the signatories are to respect the interests of all the countries participating, but does not preclude the signatories from the right to levy temporary import duties of a fiscal nature.

As regards financial developments in the Netherlands, sterling has displayed a firm tendency, but pressure on the dollar and franc continues, in consequence of which there have been large importations of gold from America. There was also a shipment from Paris to the Netherlands. The majority of these gold shipments, however, were not for the Netherlands Bank, but on private account.

On the Stock Exchange the drop in the dollar rate of exchange, as well as the fact that dollars for forward delivery are at a considerable discount, has entailed great pressure on dollar bonds. German bonds, on the other hand, were firm owing to optimistic expectations with regard to the Hoover-Laval conversations. On the whole, however, an irresolute tendency has characterised the market, and the rise has not progressed further this week, as the Washington conference failed to yield any tangible results.

BELGIUM.

Banking Position — Stock Markets — Export Trade — Coal Agreement.

(FROM OUR CORRESPONDENT.)

LOUVAIN, October 27

THE crisis in the sterling exchange and the consequent aggravation of general uneasiness throughout the whole world have caused in Belgium real damage, though only on a limited scale. The sterling bills held by the National Bank of Belgium no longer constitute part of the gold reserve, which is now composed solely of gold metal. Losses on account of the previous sterling portion of cover of the note circulation will be very moderate and are to be borne by the State. This provision is all the more equitable since the Treasury has always received the interest on the invested part of the note cover. On the other hand, reduction in indebtedness (expressed in francs) in respect of sterling public loans has retrieved the loss suffered by the Treasury on the sterling portfolio of the National Bank.

The commercial banks have naturally also suffered losses on sterling assets, but, so far as is known, they have been of small amounts, except perhaps in one case. The stability of the Belgian banking system has not been undermined in the least. In the days following "Black Monday" (September 21st) the bankers felt some anxiety and largely increased their cash reserves. But public opinion has remained absolutely calm, and orders for substantial withdrawals have not been given to any bank. The quantity of gold demanded at the National Bank for hoarding purposes has been small, but here as well as in France the note circulation has been increasing largely.

In the present circumstances it may be opportune to recall the "mixed" structure of nearly all the Belgian banks; they deal in commercial discounts, accept deposits and are at present interested in the financing of industrial enterprises. This apparent lack of specialisation, which has been condemned by certain theorists, has not proved now to be a weakness in the Belgian banking system. No bank failures have occurred, nor have there been any disquieting rumours during the present credit pressure, a state of affairs existing in only a few countries at the present time.

General credit pressure has caused the repatriation of a considerable amount of Belgian stocks previously held abroad. America and Switzerland have sold Belgian railway stocks, and Holland has liquidated heavy amounts of Belgian Government securities. This has disturbed temporarily the Government securities market, but the stocks have been largely reabsorbed by purchases by the poorer classes in Belgium, who have transferred their funds from savings deposits. A stock syndicate was created at the end of September to support the industrial market. This plan was open to criticism, but its psychological effect proved successful. One milliard francs were put at the disposal of the syndicate, but up to the time of writing only a very small amount has been involved in the support of the market. By virtue of a special clause this organism may not deal in bank notes.

The depreciation of sterling has seriously disturbed the export industries. The iron and steel market has endeavoured unsuccessfully to maintain quotations in the gold pound, and the fall of sterling has, of course, had a harmful effect on the export of eggs, vegetables and raisins to Great Britain, and the prices of these products are at present abnormally low. On the other hand, the fall of the Danish crown has caused a decrease in the price of butter at a time when there is usually a seasonal advance. In these circumstances, the agricultural class is again beginning to clamour for protection. In spite of strong opposition the Government has refused to raise the price of wheat, but it will probably have to give way in regard to an increase of the butter import duty, which before the war amounted to 20 centimes per kilo., and has remained nominally at the same level in spite of the devaluation of the Belgian currency. It is

anticipated that this duty will be fixed at 1.40 paper francs, or 20 gold centimes. Agriculturists have also insisted upon an increase in the import duty on meat.

In regard to the future prospects of the coal industry, an official agreement has been entered into between German and Belgian pitowners. The Belgian collieries have agreed to a slight reduction of output, while the German concerns are to moderate their dumping practice. The present monetary situation has rendered British competition keener in certain districts of the country, and after much hesitation the Government has issued a decree limiting the import of coal through the establishment of a "licence" regime, to one-half the total tonnage imported in 1930. This measure has met with strong opposition from free traders, who have formed a committee, under the leadership of Professor de Leener, in an endeavour to bring pressure on the Prime Minister. Protest has also arisen against the limiting of imports of azotised manures.

In general, however, Belgium has faced the crisis comparatively well. The situation of the small agriculturist has been bearable, although the few interested in extensive cultivation have felt the depression more acutely. The balancing of the 1932 Budget and the situation of the Exchequer have been the most disquieting topics, and unless there is a very marked improvement in the general situation, a redressing of the budgetary position will be unavoidable.

SWEDEN.

Foreign Exchanges — Prices — Foreign Trade — Employment — Budget.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, October 27.

It is roughly a month ago that Sweden abandoned the gold standard, and a sufficient length of time has elapsed to enable one to form some idea of the effect of this step on the international quotation of the Swedish crown. Happily one can say that after the adjustment in a downward direction of the first few days, our currency has shown an almost surprising stability. Measured on the basis of the New York and Paris rates on Stockholm, the variations are remarkably small. According to the New York quotation, the Swedish crown gradually rose from 86.6 per cent. of the par value to 87.6 per cent., and then declined to 87.1 per cent. last week. Towards the end of last week the tendency took a downward direction, but not to any more marked extent; and it may therefore be stated that the Swedish crown, during the first month after the abandonment of the gold standard, has adjusted itself at a level approximately 13 to 14 per cent. below the old gold parity.

It is hardly to be expected that this factor will fail to make its mark on the level of prices. Has this already happened? It is naturally difficult, in view of the comparatively short period which has elapsed, to express any very definite opinion on this point. It is undeniable, however, that the commencement of a rise in the level of the prices of raw materials has begun to show itself. The only gauge which our country possesses in regard to this is the weekly index of prices of raw materials which is published regularly by the *Svensk Finanstidning*. On the British suspension of the gold standard this automatically reacted in a downward direction, but as soon as Sweden followed England's example there was a swing back in the opposite direction, and the index figure has since slowly but steadily crept upwards. The figure for last week was 93.8 (1913 = 100), as compared with 92.1 at September 17th. This certainly indicates no important rise, but it should be noted that since the beginning of the year the index has fallen consistently from approximately 100.

If these facts are relatively favourable, we have, however, this week had a new and serious reminder of the effect of the general depression on our economic position. The figures of foreign trade during September have now been published, and they show a surplus of imports of no less than 29 million crowns, whilst there is normally

a surplus of exports for the month. The adverse balance in our balance of trade has thereby, as anticipated, risen to the considerable amount of a quarter of a milliard crowns, or, to be exact, 255 million crowns, for the first three quarters of the year. Compared with the same time last year, this signifies a change for the worse of no less than 167 million crowns, as the surplus of imports then went no further than 88 million crowns, which already indicated a marked effect of the depressed state of affairs.

Further statistical data, also published during the week, have contributed to throw these figures into a strong light. According to the September report of the labour market, the average figure for the number of applicants per 100 vacancies certainly fell from 201 to 197. As the first autumn month in the ordinary way usually shows the most favourable figure for the year, this improvement may, however, be regarded as being of a fortuitous nature. It should, for instance, be borne in mind that the corresponding relative figure for one year ago was 146 and for two years ago 127; and it must be noted, above all, that the number of unemployed seeking assistance, as reported to the State Unemployment Commission, amounted at the beginning of September to about 36,000, as compared with 30,500 a month previously and only 6,300 a year before. Even if this is a particularly low figure compared with the majority of other countries, it is impossible, nevertheless, to misunderstand the tendency.

Against the background of this development it is extremely significant to be able to establish that the Swedish State finances have maintained a pronounced soundness. The result of the budget for the year 1930-31, in spite of the not very favourable course of events, was a small surplus which was placed to the so-called "exchequer fund," which was hereby increased to 76 million crowns. It is particularly worthy of note that the total influx of actual income to the State exchequer during the budget year exceeded the corresponding income from the boom period budget for 1929-30. In other words, Swedish national economy has been able to bear a further increased State budget, having recourse solely to the current income for the year. When it is borne in mind that the State budget has shown a great rise during a number of years, the question must, however, be put whether this continually increased demand can in the long run be met without an increased burden of taxation which can certainly scarcely be regarded as compatible with the position of affairs. It should, however, be noted in this connection that the actual income of the last budget amounted to 783 million crowns, whilst the actual expenditure went no further than 734 million crowns. There is, consequently, a surplus here of 49 million crowns, expenditure for capital increase having been financed from current income. It is scarcely necessary to give a reminder that 32 million crowns have been allocated for redemption of the national debt, a figure which can manifestly be reduced. The yield from the productive funds of the State, together with the profit of the State Bank, amounted to 164 million crowns, whilst interest on the national debt absorbed 82 million crowns.

NORWAY.

Trade — Bank Return — Bourse.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, October 26.

THE figures of Norway's foreign trade for September still reflect, to some extent, the consequences of the labour dispute and the general world crisis, although there is some improvement compared with the preceding two or three months. The total value of exports during the month amounts to 35.8 million kroner, against 57 million kroner in September last year, and about 26 million kroner for each of the months May to August this year. The only export items showing a higher value this year than last are metals, fats and oils. The value of imports amounts to 79.8 million kroner, as against 112.3 million

kroner last year, and some 60 million kroner during the months May to August, 1931. The value of ships imported declined by about 19 million kroner, compared with the corresponding month last year. The result of the first nine months' foreign trade this year is an import surplus of about 306 million kroner, which compares with 271 million kroner during the same period last year. Although, as already mentioned, the labour dispute and the crisis of the latter half of the month are responsible for this aggravation of the trade balance, the facts revealed above form the background, against which the call for "rationalisation" of our imports should be considered.

The Bank return as of October 22nd indicates a further conversion into gold of the bank's foreign balances, the item "Gold at free disposal with foreign banks" having increased by about 7 million kroner. On the other hand, there is a reduction in "balances abroad" from 15.54 million to 8.48 million kroner, while the item "foreign securities" remains unaltered. Deposits rose slightly, while there was a contraction of notes in circulation of nearly 2 million kroner. The favourable development already evidenced by the two or three preceding Bank returns thus seems to be continuing.

As far as foreign exchanges is concerned, the salient feature last week was the sharp appreciation of the pound, the quotation rising to 17.90 kroner on October 22nd. Transactions, however, have been on a limited scale only. Government securities continue to attract the interest of investors, and consequently prices have been rather firm, although some slackening was experienced about the middle of the week. Shares, on the other hand, attract little attention, with the exception of whaling and certain industrial stocks, e.g., Borregaard and Norsk Hydro. The latter have risen from about 125 to 145 in a comparatively short time.

SPAIN.

Budget Deficit — Bank Bond Issue — Industrial Conditions — Import Restrictions.

(FROM OUR CORRESPONDENT.)

MADRID, October 21.

THE past month has been marked by events of great political and economic importance. Business on the Bolsa has been practically at a standstill, with a large volume of offers still to be absorbed and quotations maintained at an artificial level by the Stock Exchange Committee. Transactions are, however, being made privately at prices considerably under the official quotations. The Minister of Finance has announced a budgetary deficit of 510,000,000 pesetas, of which 138,000,000 pesetas are on account of the ordinary budget and 372,000,000 pesetas due to expenses in connection with the railways. The former amount is to be covered by taxation and the latter by a loan, as soon as conditions are favourable for a public issue. The State revenues have declined in the past year by some 102,000,000 pesetas, the largest decreases being Customs 73,000,000 pesetas, Stamp Duties 11,500,000 pesetas, and the Tobacco Monopoly 4,300,000 pesetas.

The Bank of Spain has given its approbation to a projected public issue of short-term bonds to be made (under State control) by the Bank of Industrial Credit. These bonds will bear interest at the rate of 4 per cent. per annum for three months, or 4½ per cent. per annum for six months maturities, the total amount of the issue being 250,000,000 pesetas. A novelty is to be introduced in the form of an undertaking that buyers can at any time obtain reimbursement of capital and accrued interest, less 1 per cent., through any bank or banker registered in Spain. The latter will in turn be able to recover their disbursements by handing the bonds over to the Bank of Spain. It is, however, not stated whether the 1 per cent. deduction remains the property of the

private bankers. Public issues have been few and far between for some time past, and have fallen from 2,562,000,000 pesetas in 1929 to 724 millions in 1930, while the figure for the present year is likely to be smaller still. Consequently there is much curiosity as to how the public will receive the projected issue. Bankers do not consider the terms attractive in view of the quotations at present ruling in the market.

The Socialistic tendency of certain articles of the new Constitution, and especially that which gives workmen and employees in firms employing fifty or more men, the right to elect a representative on the board of directors, has caused a further slump in industrial shares, which have reached record low levels in spite of official intervention and restrictions. This effect has been further intensified by the possibility of serious trouble over the recent decisions on the religious problem, involving the separation of the Church from the State, the expulsion of the Jesuits and the eventual suppression of all schools run by religious orders.

A new electro-technical company has been formed in Madrid with a capital of 20,000,000 pesetas, subscribed by the A.E.G. Iberica and the Sociedad Iberica de Construcciones Electricas (SICE) on behalf of the following:—A.E.G. of Berlin, Société de Constructions Electriques et Mécaniques Als. Thom., Cie. Française Thomson-Houston and the International General Electric Co., of New York. The new company will work in close co-operation with the General Electrica Espanola, of Bilbao.

The present situation of the Spanish railways is far from encouraging. The 1931 figures to the end of August show that the gross receipts of the Northern Railway have decreased by 12 million pesetas (4½ millions for passengers and 7½ millions for goods traffic), as compared with last year. The Madrid, Zaragoza and Alicante Railway has earned 18 million pesetas less this year than for the same period in 1930, and the Andaluces-Sur, six millions less. No definite arrangement has yet been arrived at with regard to the future status of the Spanish railways, none of which are able to maintain their previous scale of dividends. With the ever increasing competition of the motor coaches, the effect of the present economic depression is considerably accentuated and future prospects are not very bright. The Government will probably consider the advisability of taking over the whole of the railway system as soon as possible.

Further restrictions have been placed on imports into Spain. It is now necessary to obtain a certificate declaring that the details of the imports have been registered with a special department of Customs, before any foreign currency may be purchased to pay for them. The object of this measure is to prevent foreign currency being purchased and not applied to commercial transactions; all applications will be checked by the Customs against the respective imports.

ROUMANIA.

Sterling Contracts — Future of the Leu — New Banking Law.

(FROM OUR CORRESPONDENT.)

BUCHAREST, October 19.

ONE of the first effects of the abandonment of the gold standard by Great Britain was the severe blow which was dealt thereby to the Roumanian export trade, in so far as existing unfulfilled contracts are concerned. As is well known, the principal export trades, i.e., cereals, petroleum and timber, have mainly been carried on on a sterling basis. To avoid loss caused by the fall of the pound, Roumanian grain exporters have declared that, unless they are paid in gold sterling, they intend to withhold delivery in respect of contracts made before September 20th. This attitude has naturally evoked energetic protests

from buyers. It is at best a one-sided interpretation of the contracts, as it does not take into account that the balance of payments between England and Roumania is against the latter country, and, if Roumanian creditors ask for payment in gold sterling, the same can be demanded from Roumanian debtors. It is not likely, therefore, that the request of the exporters will obtain official support.

The loss caused to the petroleum and timber industries, weakened as they are by the adverse conditions which have prevailed during the last two years, is also very serious. The import trade from England has not yet felt the benefit which might be expected from the changed conditions, as buyers are holding back in view of the uncertain value of sterling. On the whole, the depreciation of the pound has provoked a general feeling of uncertainty very prejudicial to commerce. Dealings in sterling, though temporarily active round the end of September, owing to quarter-day requirements, have dwindled considerably, and the rate is oscillating between 630 and 670.

The first feeling with which the British decision to abandon the gold standard was received was one of general consternation. This, however, did not last long. The National Bank announced that its gold reserve amounted to 31.66 per cent. of its liabilities, i.e., 6.66 per cent. above the legal minimum, and that, without counting its stock of sterling, the total cover in gold and foreign exchange amounted to more than the legal minimum of 35 per cent. This timely declaration did much to calm public excitement, while the shares of the National Bank and the various Government loans, both internal and external, soon regained the loss in price which they had sustained in the first few days of uneasiness. To judge by recent Press comments, it would appear that the Roumanian currency is entirely safe; and this opinion is supported by the intention of the Government, the principal party leaders, and the National Bank, to maintain at all cost the value of the leu. Nevertheless, the situation is not without its dangers, and to an unbiased observer it appears that the guardians of the Roumanian currency will be hard put to it to prevent its depreciation in the near future. In this connection one has only to point to the precarious economic situation of the country, the very narrow margin of the total reserve of the National Bank, the certainty of a heavy budget deficit this year, and the remote possibility of reducing public expenditure next year to such an extent as to bring it within the limits of the necessarily diminished revenue. Leading financial circles are, therefore, looking to the future with great uneasiness, particularly as foreign assistance, on which one had counted in connection with various schemes for ameliorating economic conditions, is not likely to be available for some time to come in the present state of the financial centres of the world.

The plan to regulate banking in Roumania has taken shape in a Bill published by the Minister of Finance and shortly to be placed before Parliament. The severe banking crisis, which came to a head last summer, has caused controlling circles to speed up this measure in order to safeguard the interests of the public. According to statistics now available, banks with an aggregate capital of about 479 million lei, of which 331 millions is paid up, and with deposits amounting to 947 millions, have failed in the years 1925-1930. Others with a capital of 296 millions, of which 228 millions is paid up, and with deposits of 1,212 millions, have made, or are in course of making, arrangements with their creditors. Other failures have only been avoided by the intervention of the National Bank and the State. The Bill fixes the minimum capital for joint stock banks in Bucharest at 80 million lei, and for those in the principal provincial towns at 40 million lei. The banks will be under the supervision of a Council composed of six delegates—one from the Ministry of Finance, one from the Ministry of Justice, one from the National Bank and three from the Roumanian Banking Association. Operations are divided into ordinary banking operations and those that require the special authority of the Council. To the latter belong the issue of deposit books payable to bearer, the issue of debentures, the issue of circular or travelling cheques, and the receipt of deposits at interest. Foreign banks are allowed to carry on banking business in Roumania if they conform to the provisions

of the law. At least one-third of the members of the board of directors (and of the council of auditors) in all banking companies functioning in Roumania must be Roumanian citizens. The Bill has caused widespread discussion and not a little resistance on the ground that it interferes too much in the management of the banks. On the whole, however, the measure has had a good Press. It is felt that some kind of control is necessary as Roumania is at present heavily "over-banked."

TURKEY.

Effects of British Gold Suspension — Foreign Trade.

(FROM OUR CORRESPONDENT.)

CONSTANTINOPLE, October 21.

THE Turkish Government successfully met the crisis caused by the British suspension of the gold standard. It immediately disconnected Turkish currency from sterling and adopted the French franc as the norm at 12.05 francs to the Turkish lira. Though the Turkish lira was not legally stabilised, it had been maintained at a fixed rate for some time by the measures of control exercised by the Consortium of Banks. The only difference made by the new situation is that sterling has depreciated to about 816 piastres to the pound as compared with 1,030 piastres. The Turkish lira has maintained its relative position in regard to other currencies. This is largely due to the fact that Turkish finances are not as greatly involved with sterling as, for instance, are the finances of Greece. The fact that the Republican Government has refrained from taking out new loans has borne its fruit in the comparative immunity of Turkish currency at the present crisis. The successful, if severe, monetary policy which Angora has adopted since the autumn of 1929 has enabled the country to carry on without the difficulties experienced elsewhere.

But there is no doubt that the national wealth has been considerably diminished by the fall of sterling. A very large proportion of the capitalist section of the Turkish population had placed part, if not most, of its liquid capital in sterling, owing to the comparative lack of confidence which was felt in the Turkish lira. But this is a reaction which will become of more importance in the future. Meanwhile, apart from the perturbations and restrictions of the exchange market, the main reaction of the gold standard suspension is that it falls very unfavourably on Turkish exporters, as this period is the principal Turkish exporting season, and contracts have already been made. The chief losers will be the exporters of raisins and cotton, which are for the most part negotiated in sterling. Tobacco, the principal export, will suffer less owing to the fact that sales are conducted in dollars and Dutch florins as well as in sterling. The fig export trade is in the same situation, as the major part of its exports is sent to the United States. But, in spite of these mitigations of the losses, there is no doubt that Turkish exporters are very badly hit. They are looking anxiously for a decision that sterling contracts should be paid in gold, and are urging official action in this direction.

While Britain has been steadily receding from the first place she held in the Turkish market before the war, and has now fallen to third place, Germany and Soviet Russia have been gaining ground. In 1924 Russia's proportion of imports into Turkey was only 3.2 per cent. of the total Turkish imports, but it had risen to nearly 8 per cent. by 1930. The trade balance between Russia and Turkey, however, remains unfavourable to Turkey, and the reports which have been current of large Soviet purchases in Turkey are not justified, but are probably propaganda to cover the campaign of imports into Turkey, where Russia wishes to regain many departments of the market. It appears that it is becoming practically impossible to get any but Soviet goods in the eastern provinces of Anatolian Turkey, where Russian textiles and machinery are sent in

large quantities. Even marine engines, which used to be a British speciality in the Black Sea provincial market, are now offered cheaply by the Soviets, and agricultural machinery is another line which is being strongly pushed all over the country, even to the extent of setting up repair stations and centres for spare parts. Rubber articles and cement are also coming from Russia in considerable volume. With regard to Germany, her imports in 1930 represented over one-fifth of the total imports into this country, and have risen from 9.2 million Turkish pounds in 1923 to 38.9 millions in 1929. These imports consist chiefly of steel and iron products, especially for railways, tramways, bridges and other heavy works of reconstruction. Owing to Swedish and Belgian groups having obtained the railway-building concessions, the material sent into Turkey for these works is mostly German. Germany is also one of Turkey's chief customers, and in 1930 took one-seventh of her total exports, but it is doubtful whether this rate will be maintained, owing to the fact that Soviet Russia last year captured the Turkish tobacco market in Germany. Tobacco has been the principal Turkish export to Germany, and it will be difficult to replace this loss.

There is also considerable anxiety felt on other grounds as to the future of the Turkish export trade. It is recognised that there is an indication of a general loss of markets as well as of discontent with the quality of Turkish goods. To meet this situation, an export office has been created, and is looking for new outlets, and endeavouring to devise means for the standardisation of Turkish export goods. A European packing specialist is to be engaged to modernise the packing system of the fig and raisin trade.

But perhaps the most interesting initiative to meet the new situation is the mission of the ex-Finance Minister, Saradjoglou Shukri Bey, to the United States. He has instructions to get into touch with the heads of the larger American industrial and commercial enterprises, and to consider how to stimulate their contacts with Turkey. The fact is that Turkey is beginning to see that her trade relations need fresh fields if the unfavourable commercial balance is to be corrected, and that these fresh fields are no longer to be found in Europe.

INDIA.

Foreign Trade — Rupee and Sterling — Taxation and Retrenchment — Rural Distress — Railway Deficit.

(FROM OUR CORRESPONDENT.)

CALCUTTA, October 17.

IN HIS voluminous analysis of India's foreign trade in 1930-31 the Director-General of Commercial Intelligence expounds the reactions of "one of the worst industrial and trade depressions in history." Suffice it to recall here that, during this disastrous year, the fall in the value of India's imports of private merchandise, compared with 1929-30, was, roughly, 76 crores, and in the value of her exports just over 90 crores. Exports, indeed, declined approximately to the pre-war average, namely, 220 crores against 219 crores, while imports totalled 165 crores against a pre-war average of 146 crores (pre-war in this calculation signifying the five years 1909-10 to 1913-14). These comparative totals have been quoted in order to underline the significance of the further decline in foreign trade in the current official year 1931-32, the figures at present available covering the five months April to August. In that period imports decreased, compared with last year, by Rs. 20 crores, or 26 per cent., and amounted to Rs. 56 crores, while exports of Indian merchandise dropped by Rs. 39 crores, or 38 per cent., to 64 crores; the grand total of imports, exports and re-exports amounting only to 122 crores, as against 182 crores, a decrease of 60 crores, or 33 per cent., even as compared with a year so unsatisfactory as 1930. The "treasure" figures are of almost equal interest and significance, especially in view of the recent shipments of gold which occasioned so much unnecessary perturbation. In the five months ending

August, India's imports of treasure (Government and private) decreased by 14 crores to 3 crores. Gold bullion fell by 4.60 crores to 45 lakhs, sovereigns and other British gold coin by 4.87 crores to 49 lakhs, and other coined gold by 2.16 crores to Rs. 29,000 only. The value of silver imported declined by 4.45 crores to 2.16 crores; and exports of treasure increased by 2.03 crores to 3.19 crores. It may be added that India's total visible balance of trade fell in these five months to 9.03 crores, against 13.75 crores in the corresponding months last year, and 21.81 crores in the same period in 1929.

The immediate effect of linking the rupee with sterling, following British suspension of the gold standard, has been to stimulate exports, and, in conjunction with the heavy new tariffs imposed in Sir George Schuster's Emergency Budget, to restrict imports. Three advantages are expected to ensue—an increase in the over-sea demand for, and a rise in the rupee price-level of, Indian agricultural produce; an increased demand for Indian industrial products, owing to the exclusion of competitive goods, especially from Japan; and a strengthening of exchange, resulting from the development of a more favourable balance of trade. Criticism of official policy has not been lacking, but has emanated almost exclusively from disappointed exchange speculators or from commercial organisations and political spokesmen amenable to them and anxious to promote their interests. As recognised by the leading financial journals, Indian as well as British, and by the Bengal National Chamber—which, on this issue, has expressed opinions in direct conflict with those broadcast from the Indian Chambers located in or controlled from Bombay—under the new arrangement, India has secured all the advantages of depreciation, for which the industrialists of Bombay and their satellites have been so loudly and persistently clamouring, without the previously-apprehended disadvantages in the form of loss of stability and an increase in the burden of the Home charges. As has been emphasised by so strong an opponent of the 1s. 6d. ratio, and so well-informed a critic as Sir Victor Sassoon, "the only people who would gain by the depreciation of the rupee in terms of sterling are those speculators who, having anticipated a drop in the value of the rupee, turned their rupees into sterling and now find that, although their prognostications have come true, there is no profit for them as sterling has dropped equally, because their profit depends on the difference between sterling and the rupee. What is, therefore, the objective of those who are criticising Government policy to-day? Do they want the rupee to drop to a shilling gold and then be pegged there by Government, or to drop to 9d. gold or 6d. gold, or what?"

To this query the only response forthcoming is the vague suggestion that the rupee should be permitted to "find its own level." One of the British commercial representatives in the Legislative Assembly estimated the amount remitted from India by the exchange speculators, who are now organising and financing anti-Government propaganda, at 40 crores (say, £30 millions); and, like the "cloth boycott," if the manœuvre succeeded, doubtless the money hazarded would prove a very profitable investment. The estimate quoted has not been challenged for the excellent reason that it is approximately correct; nor can it be doubted that, if Government allowed the rupee to drift, the money thus accumulated abroad would be brought back to India, and that the retransfer would leave a considerable profit in the hands of the speculators. If the purpose in view is to adjust the rupee to the lower prices obtainable for primary products, it is clear that a drop to 1s. 4d. (12½ per cent.) would not suffice, inasmuch as the price-level of agricultural staples has fallen 40 per cent. or more, and that, on this basis of reasoning, it would be necessary to depreciate the rupee to about one shilling, subject to any further adjustments necessitated by recent fluctuations alike in prices and in the gold value of sterling. Present conditions are, in any event, manifestly transitional, and this affords an additional reason for deferring final decisions, pending greater stability than at present exists, or than is discernible in the near future. Doubtless the outlook will be clearer when the new Federal Assembly materialises, and begins to function,

and, in that event, there might be a case for leaving the fixation of the ratio, in the light of the situation as it will then have developed, to its unfettered judgment. Although legalised only in 1927, the present ratio has actually been operative since April, 1925, and, up to the end of 1929, coincided with high prices for agricultural produce and great activity in foreign trade.

The effect of the new duties imposed last March having been a decline in Customs revenue of 10 crores, Sir George Schuster has raised the duties still higher in the vain hope of recovering the revenue thus lost. In reality, Customs duties in India have reached the stage whereat they have become subject to the law of diminishing returns. The official analysis of India's foreign trade last year, already mentioned, acknowledges on the one hand that a great portion of the fall in the value of imports was due to the fact that the Indian consumer has been unable to buy the imported commodities because of his depleted purchasing power; and on the other to the equally potent circumstance that the fall in prices in the case of exported articles, which go to pay for the imported articles, has been more than twice as great as the price fall for imported articles. The result of this change in the relative prices of exported and imported articles has been that the ryot could buy only smaller quantities of the imported articles than he could at times when the prices which he realised for his exportable products were more favourable. It seems clear that the progressive increases in the tariff can only accentuate the tendencies thus disclosed. When agricultural products are in many cases selling below cost, when industrial profits are nil or negligible, when salaries are low and income tax high, and when the gap between the price-levels of exports and imports is already so high, the only possible effect of higher tariffs must be to curtail imports to the irreducible minimum. Trade will contract, but official revenues will not expand. Lower tariffs, by stimulating consumption, might increase the income of Government. High tariffs, by cancelling or deferring purchases, will only reduce it.

Evidence has been adduced, from time to time, of the losses inflicted on the Indian cultivator not only by the lower prices of produce, but also by the decline in the gold value of silver, his favourite store of value. A further point, emphasised by the Indian Central Banking Committee, is the extent to which the present price-level has increased the real burden of Indian rural indebtedness. The Committee observe:—"The Punjab Committee have, for example, estimated that the total agricultural debt in the Province has increased from Rs. 90 crores in 1921 to Rs. 135 crores in 1929. The burden of indebtedness has really become much more crushing than can be judged from a comparison of the growth of its volume in rupees, when we take into account the fact that the fall in the price of the crops since 1921 has been roughly 50 per cent. To understand the full effects of this burden, we may state, for instance, that the increase of rural debt in the Punjab from Rs. 90 crores in 1921 to Rs. 135 crores in 1929 really represents a debt of Rs. 270 crores in 1930." As the total rural indebtedness of India is estimated at Rs. 900 crores, the general effect of the lower price-level can be estimated.

If further evidence is required of the slump in the internal, as well as the foreign, trade of India it may be found in the startling decline in railway revenues. Since 1929, the Commerce Member testifies, prospects have gone steadily from bad to worse, and we are passing to-day through a period when the revenue is falling off rapidly, when it seems that the income of the railways will be insufficient to meet their interest charges in full, and when the entire reserve fund, which seemed so substantial 2½ years ago, has been swallowed up; while at the same time the capital programme has been rigorously restricted to the barest essentials, and the strictest economy rigidly enforced in every branch of the administration. The gap cannot be bridged by imposing higher rates and fares, for the sole effect would be to reduce revenue still further.

HONG KONG.

British Gold Suspension — Anti-Japanese Demonstrations — Nanking-Canton Position.

(FROM OUR CORRESPONDENT.)

HONG KONG, October 6.

THE economic crisis in England and the subsequent departure from the gold standard came as an unwelcome shock. Trading interests were resigned to the depreciated dollar and had adjusted prices accordingly, deriving some consolation from the concurrent drop in commodity prices which had considerably offset the decline in exchange. But for some months past the possibility of a sudden rise in exchange had caused no little uneasiness. It was felt that such a contingency would have a most disturbing effect, and this has now been borne out by the course of events since Great Britain went off gold. The reaction of the crisis upon silver led to a hasty covering by exchange speculators, principally in Shanghai, and the rate of the Hong Kong dollar, which for some weeks previously had scarcely moved more than small fractions either side of 11½d., shot up to 1s. 2½d. within a few days, and later, after temporary setbacks, to over 1s. 3d. So marked a rise has naturally upset many calculations, and has created an atmosphere of uncertainty. Ultimately, no doubt, the prices of British manufactured articles will rise in proportion to silver, but, in the meantime, stocks imported at under 1s. are much above replacement cost. On the other hand, the fall in the New York-London cross rate places stocks of American origin in a favourable position, while Continental goods, which are usually purchased on a sterling basis, can only be replaced at prices equivalent to the gold standard sovereign. The home crisis occurred when the buying season for fancy cotton piece goods was practically at an end. There were, however, several offers still on the wires, but as soon as the Chinese dealers saw the way exchange was going they promptly withdrew their offers. This action was disconcerting to those importers who were in a position to close, and led to one or two disputes. The dealers have, however, decided that no further business is to be done, and, through their Piece Goods Guild, have notified importers accordingly. Very wisely the Guild members wish to protect themselves against being undersold by goods purchased on the basis of a higher rate of exchange. The current rate is 25 per cent. above that at which the bulk of the season's transactions have been booked, and, while it is now difficult to ensure shipment in time for the early spring clearances, the Guild's policy has forestalled a scramble which might have resulted in an appreciable quantity of piece goods arriving in time to disturb the market. As regards woollen piece goods, there was some apprehension as to the position of French and Italian manufacturers, whose orders are mainly financed through London. Fortunately, however, practically all the goods for this market had been shipped, and only in a few instances has there been any trouble in regard to payment in depreciated pounds. Apart from trade, the rise in exchange has had a depressing effect on the Stock Exchange. An abundance of money, which for the past two years has been pouring into the Colony, has found its principal outlet in the local share market. Many shares have been run up to a level far beyond their intrinsic value, and, despite the forebodings of the more conservative people here, nothing had occurred hitherto to check the rise. Undoubtedly the whole market was top-heavy, and consequently the stream of selling orders brought about by the rise in exchange has led to an all round sagging, which is likely to continue in view of the lack of buyers.

Interest in the development of the British situation was soon supplanted by events closer at hand. The political clash in Manchuria caused intense excitement in every trading centre in China, but Hong Kong has the unhappy distinction of being the scene of rioting which led to the slaughter of several innocent Japanese. The trouble started through the observance of a Day of Humiliation, when Chinese banks and business houses displayed their national flag at half mast and all entertainments and sports

events fixed for that particular day were somewhat ostentatiously cancelled. In the evening several open-air meetings were held and ended in a brick-bat bombardment of Japanese shops and cafés. The next day individual Japanese were attacked all over the Colony, and further serious riots occurred at night, a repetition of these events taking place on several days following, despite the strenuous efforts of the police. Then, on the fourth night, the mob attacked a Japanese house in an outlying district and caused the death of six of the inmates. This ghastly outrage led to a state of emergency being declared and troops from the garrison, as well as naval ratings, were called on to assist the police in keeping order, and are still being so employed. The presence of this additional force has been quite effective and, so far as can be judged, rioting is at an end. The anti-Japanese feeling is, however, still extremely bitter, and a boycott, which seems likely to last, is now in force. Chinese dealers have repudiated all outstanding contracts with Japanese firms and are refusing to handle any goods of Japanese origin. In fact, many of the Chinese shops retailing Japanese goods suffered very severely at the hands of the rioters, and in several cases the owners witnessed the destruction of their entire stock. Japan has become, during recent years, so indispensable as a supplier of Chinese necessities that it appears hardly possible for a stringent boycott to be maintained for any length of time. The spirit of hostility is, however, burning very fiercely in the breasts of the Chinese, and consequently orders, which formerly went to Japan, have now been diverted to Great Britain. Many lines of British origin which have long since ceased to be of interest to Chinese dealers are now in strong demand, and, thanks to the big jump in exchange coinciding with depressed prices at home, business is resulting, much to the astonishment of British merchants.

Considerable progress has been made towards healing the breach between Nanking and Canton, but complete reunion seems hardly possible so long as Chiang Kai Shek remains at the head of the Central Government. The past few months have shown a mutual desire to avoid civil warfare and both sides have been exerting every effort to come to terms. The Nanking peace delegates appeared willing to sacrifice their leader in order to conciliate the southern party, and reports foreshadowing Chiang's early retirement were circulated to the Press. However, Chiang seems to be firmly established, and, despite the unfortunate loss of Dr. C. T. Wang and the impending resignation of Mr T. V. Soong, the Central Government shows no signs of breaking up. As usual, the people of China carry on regardless of political dissensions, and in the southern provinces business has greatly benefited from the comparatively peaceful conditions which have prevailed during the past twelve months.

Letters to the Editor.

THE BALANCE OF PAYMENTS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The great attention which is now being given to the question of this country's balance of international payments, and the big part which payments for commodity imports and exports play in determining that balance, requires that some critical scrutiny should be made of the propriety of using the figures returned by importers and exporters to the Customs authorities as indicative of the payments made by this country or to this country for imports or exports, respectively.

The Customs instructions regarding the value to be returned by importers are (1) "In the case of goods which are invoiced at a quoted price the value to be stated in this entry should be the prime cost with freight and insurance added ('c.i.f.' value)." (2) "When the goods are consigned for sale, the value to be given should be the latest sale value of such goods." In the case of exports, the instruction is simply "The 'f.o.b.' (or free on board) value should be given." There is ample evidence that (overlooking the ambiguity in the definition of "c.i.f. value") the Customs authorities are vigilant in ensuring that these instructions are carried out to the best of the ability of all concerned.

It does not follow, however, that the value stated on the import form is the actual amount which is remitted from this country in respect of the particular transaction, or that the value stated on the export form is the amount actually remitted to this country. Even when exchanges are stable, there may be appreciable discrepancy between the payments made and the Customs returns of value, while when exchanges are unstable, as at present, the discrepancy may be substantial.

There are so many different forms of organisations doing export and import business that it is impossible in a short statement to refer to all the ways in which these discrepancies occur. Foreign trade is not merely passing goods from a firm in one country to a firm in another, and passing an equivalent amount of money in the opposite direction. In the case of a certain commodity produced in South Africa, for example, the organisations dealing with it fall in one or other of four distinct categories: (a) Firms with headquarters on this side and a branch office on the other side; (b) firms with headquarters on the other side and a branch office on this side; (c) firms with headquarters on the other side and an agent on this side; (d) firms with headquarters on this side buying outright from firms with headquarters on the other side. Invoices are invariably passed, and when the firms or their representatives on this side receive the shipping documents for 100 tons of the commodity, valued at, say, £1,000, the same return is made to the Customs in each case, and our import records show an import of £1,000 each time. But in case (a) the amount remitted is what is necessary to cover expenses on the other side. At certain times this is more than the amount received here, and at other times considerably less, according to market conditions. In case (b) the amount remitted is the total received less certain (variable) expenses for the organisation on this side. In case (c) the amount remitted is the total received, less a fixed percentage. In case (d) the total amount involved is remitted. It is impossible to say which type of case is more prevalent. Rubber and mineral products probably fall much more under (a) than any other heading, machinery and capital goods probably fall more under (d). It seems clear, however, that there may be a substantial error involved in assuming that the aggregate of returns made to the Customs authorities is the same as the aggregate of the amounts remitted. Moreover, this would not be a constant error. In times of high prices it would probably be in one direction, and in times of low prices in the other. Within the very limited field with which I am acquainted, I should say that of recent months the Customs returns of imports are lower than the amount remitted abroad, while three years ago the reverse was the case.

In the case of imports consigned to this country, during a time of falling prices the amount actually remitted abroad is frequently below that returned to the Customs; while in a period of rising prices it is probably the reverse. During the past two years, it has frequently been extremely difficult for the firm making the Customs returns to know "the latest sale value of such goods." In a falling market each sale is made at a price lower than the previous one, and although the return made to the Customs is quite bona fide, it does not turn out to be the amount remitted abroad. Cases in which the difference has been as much as 30 per cent. have come to my notice.

During periods of unstable exchanges, however, the discrepancies can become much more serious. Since September 21st this has applied to our trade with many countries, but long before that date it applied to our trade with Argentina and Brazil, where the exchanges frequently moved substantially between the time of entering into a contract and in paying for the goods. The nature and extent of the discrepancy depends upon the particular method by which the contract is carried out, and which side bears the loss (or profit) on exchange. Cases have occurred in which the return, quite properly, made to the Customs has been at £7 per ton, but in respect of which the amount remitted out of this country has been 20 per cent. more.

In the case of goods exported there seems to be no reason to expect discrepancies where sales are made in sterling. An increasing number now, however, are not being made in sterling, and there will probably be many cases in which the amount remitted to this country when transferred to sterling will be less than the amount notified to the Customs when the goods were exported.

It seems impossible to get any idea of the resultant effect of all these factors, and to say whether as a consequence of them the adverse balance shown by the excess of imports over exports as given by the Customs returns is in excess or defect of the balance of remittances sent abroad. It is possible that at some times the resultant effect is in one direction, and at other times in the opposite one. It would certainly appear, however, that a substantial margin of error is possible in inferring from the balance of trade (as given by the Customs returns) what is the balance of foreign payments

in respect of commodities. So long as such a margin of error is possible in the biggest item in the statement of international payments, it hardly seems justifiable to take extreme trouble over the accuracy of some of the small items.

The figures of imports and exports were collected on their present basis long before the question of the balance of international payments was of practical importance. So long as the question of balance of payments was one of academic discussion only, these figures were quite good enough for the purpose. Now that very vital decisions may be taken on the strength of the balance of payments being, say, £10 million in one direction or the other, however, the figures are no longer adequate. There is a tendency among economists to accept without critical examination any data which are in existence which appear to serve their purpose, even though these data may have been collected for a totally different purpose. I think that a warning should, therefore, be given against using the foreign trade figures for any calculation regarding international balance of payments in which accuracy is important.—Yours faithfully,

E. C. SNOW.

"Thornhill,"
Hayes Lane,
Kenley, Surrey.
October 28, 1931.

Books and Publications.

THE ADOLESCENCE OF INDUSTRIALISM*.

In the early days of the London School of Economics students were wont to say that the difference between a pass man and an honours man was just this: a pass man was taught that the industrial revolution began in 1760, whereas an honours man was taught that it began in the days of Queen Elizabeth. Mr A. P. Wadsworth and Miss De Lacy Mann have produced a book* on the history of industrial Lancashire between 1600 and 1780, which confirms the honours student's darkest apprehensions. Incidentally, it makes full claim on his honours concentration; for undoubtedly it is a heavy book, packed tightly with the fruits of copious historical research, presented in much detail and closely integrated from chapter to chapter. Indeed, such claim might be regarded as almost merciless in its severity on the general reader were it not for the intimate human contacts with merchants and manufacturers, masters and men, slavers, inventors and company promoters, which are provided through the medium of very free quotation from letters, accounts, indentures, and the like.

The book is important as far as the student of industrial history is concerned, because in reconstructing with such close detail the industrial and commercial developments of the period 1660 to 1780 it helps to redress a certain lack of historical balance which has been caused by the concentration of so much research on the social upheavals of the late eighteenth and early nineteenth centuries. Mr Wadsworth and Miss Mann provide a rude awakening for the inadvertent general reader who may have chosen to assume that industrial, as opposed to commercial, capitalism sprang fully armed into the economic arena in the golden but insanitary age of Richard Arkwright. There is a rude awakening, too—or it may be an element of consolation—for the harassed Lancastrian of to-day who imagines that his present discontents in regard to international wage levels and Indian competition are peculiar to his own generation. For it appears that behind the inspiring expansiveness of the nineteenth century lie two hundred years of industrial growth, during which Lancashire grappled with such complications as "the competition of Holland, where all the poor were believed to work for six days a week cheerfully, and of France, where the people were credited with living on nothing but bread and garlic," not to mention losing battles such as that fought by Lancashire cottons against Indian cottons in the African market between 1751 and 1780. But perhaps the most significant factor

* "The Cotton Trade and Industrial Lancashire, 1600-1780." By A. P. Wadsworth and Julia De Lacy Mann. Manchester University Press. 25s. net. Pp. xi.-539.

which emerges from the book is the complexity of the commercial machinery which took shape at a stage in the history of the textile industry when industrial capitalism and technique were comparatively undeveloped (though less undeveloped than the student of such matters has hitherto been led to suppose). It has been suggested by some modern critics that the horizontal disintegration of processes is a contributory feature in the present decline of the Lancashire cotton industry. If the obstinate survival of a system is to any extent conditioned by its antiquity, the book under review throws light upon present-day industrial organisation, for that disintegration has its roots in the period under review. What one might call the commercial and financial pattern of the industry was, it seems, plotted out more than a century in advance of the mechanical revolution of its technique. And plotted out, as we learn on page 53, in the light of a "high degree of practical individualism," free with the sturdy spirit of Lancashire freedom, from those Elizabethan conceptions of ordered industry to which Stuart policy sought to give a new lease of life. With this thought the reader may well ask himself whether it is not possible that the rationalism of one age may stultify the rationalisation of another.

In conclusion, it should be added that the authors deserve congratulation on the happy manner of their collaboration. Having demarcated their respective spheres, each writes under his or her own name, yet without disturbing contrast of style or breach of continuity.

BOOKS RECEIVED.

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

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

Onward Industry. By James D. Mooney and Alan C. Reiley. (London) Harper and Bros., 90, Great Russell Street. 21s. net.

A presentation of the history of the principles of organisation in all its aspects, written with a view to providing the key to their more efficient application to industry.

Investment Trusts. By Hans Seischab. (Stuttgart) C. E. Poeschel Verlag, Calwerstrasse, 18. Rm. 8.75.

The author is primarily interested in working out "an economic theory of investment trusts." The bulk of the book is occupied by an analysis of different types of trusts. The text is in German.

Weeds in the Garden of Marriage. By George Pitt-Rivers. With an Introduction by Sir Arthur Keith. (London) Noel Douglas, 38, Great Ormond Street. 3s. 6d.

A study of the problems of race and population, their application to social and political questions and their reactions on religious opinion.

The Economic History of England, 1760-1860. By Arthur Redford. (London) Longmans, Green and Company, Limited, 39, Paternoster Row. 3s. 6d. net.

A useful little book for the student of economics, based largely on monographs published during the last decade.

Essai sur la Nature du Commerce en Général. By Richard Cantillon. Edited with an English Translation by Henry Higgs. (London) Macmillan and Company, Limited, St. Martin's Street. 15s. net.

A reprint of Cantillon's work, interleaved with an English translation and followed by Jevon's article on Cantillon and a chapter by Mr Higgs on the author's life and work.

A Money Market Primer. By George Clare. New and enlarged edition revised by Maurice H. Megrahan. (London) Effingham Wilson, 16, Copthall Avenue. 6s.

An up-to-date edition of a standard textbook.

Crises, Finances and Industry. Crises in Brazil. By Roberto Simonsen. (Sao Paulo) Editora Limitada imprimiu, rua Brigadeiro Tobias, 78-80.

A discussion of some of the economic problems of Brazil.

Some Aspects of Fiscal Reconstruction in India. By Gyan Chand. (London) Oxford University Press, Warwick Square. 4s. 6d. net.

A collection of six lectures on taxation in India, delivered in Patna in 1927.

Denmark, 1931. Compiled and published by the Ministry of Foreign Affairs and the Statistical Department, Copenhagen.

In addition to more general information this year book contains a descriptive account of all aspects of the Danish dairy industry.

The Moral Issue in India. By Robert Stokes. With an introduction by the Rt. Hon. Lord Meston. (London) John Murray, Albemarle Street. 1s. net.

An outspoken statement on British responsibility in India.

Algunos Problemas Actuales de Nuestra Política Bancaria y Monetaria. (Buenos Aires) Instituto de Economía Bancaria.

An essay on Argentine monetary problems.

The Annals of the American Academy of Political and Social Science, September, 1931. (London) P. S. King and Son, Orchard House, Westminster.

This issue is devoted to a consideration from all angles of the American prison system.

Die 40 Stunden-Woche. By Theodor Leipart. (Berlin) Verlagsgesellschaft des Allgemeinen Deutschen Gewerkschaftsbundes, Insetstr. 6a. Rm. 3.60.

A collection of essays, written from the Labour point of view, on the possibility and desirability of reducing working hours in Germany.

Bulletin of the British Library of Political and Economic Science, September, 1931. Edited by B. M. Headcar. (London) London School of Economics, Houghton Street. 6d.

This number of the Bulletin contains a special bibliography of the Five-Year Plan of the Soviet Union.

The Law Relating to Insurance Agents and Brokers. By J. B. Welson. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street. 5s. net.

A textbook for students of accountancy.

Empire Review, October, 1931. (London) Macmillan and Company, Ltd., St. Martin's Street. 2s.

The "Lancet" Commission on Nursing. Second Interim Report. (London) The Lancet, Limited, 7, Adam Street, Adelphi. 6d.

A most valuable source of information on the conditions of the nursing profession.

Economic Investigations in the Hyderabad State, 1929-30.

Vol. I. General Survey. By S. Kesava Iyengar. With an introduction by B. Abdy Collins. (Hyderabad) The Government Central Press. 7s. 6d.

A summary of investigations into the economic conditions of the districts of Mahboobnagar and Nizamabad, Nanded, Warangal, Aurangabad and Raichur.

The Political Quarterly, October-December, 1931. (London) Macmillan and Company, Ltd., St. Martin's Street. 3s. 6d.

Contains a symposium on the present crisis by G. B. Shaw, H. J. Laski, J. H. Hobson, G. Lowes Dickinson, A. Zimmermann and others.

Compte Rendu des Travaux de la Commission de la Dette Publique d'Égypte pendant l'exercice 1930-31. (Cairo) Imprimerie Nationale.

A detailed official record of the Egyptian public debt.

Bulletin de l'Institut International de Statistique. Published by the Institute at The Hague.

The three sections of the Bulletin deal in turn with demographic, economic and social statistics.

International Review of Agriculture, August, 1931. (Rome) Bestetti and Tumminelli, 32, Via Michelangelo Caetani.

Just Published.

THE COURSE OF THE COMING BOOM IN SECURITIES.

by L. L. B. ANGAS

This remarkable publication, appearing the day following the collapse in sterling, and forecasting the stock market movements which have since occurred, will prove invaluable to investors as a guide in the forthcoming months.

Mr. L. L. B. Angas's forecasts of stock market movements have, in the past, shown an uncanny accuracy, as witness his publications "The Coming Rise in Gold Shares" and "The Coming Collapse in Rubber." This latest publication can be equally recommended.

Publishers: St. Clements' Press, Portugal St., W.C.2
Telephone: Holborn 7600.

5/- nett.

The Stock Exchange.

ARGENTINE RAILWAYS.

SHAREHOLDERS in British enterprises in all new countries must be prepared to take the rough with the smooth. In 1928-29 the leading British-owned railways in the Argentine reached a pinnacle of prosperity after seven years of the most rapid economic development in the history of the country. In 1929-30, however, the first onset of world depression synchronised with a partial crop failure, and reduced railway net earnings below the level of 1922-23. During the year which ended on June 30th last hopes of better crop yields were largely borne out, but a further disastrous fall in prices entirely nullified their effects. Hampered by reduced Argentine purchasing power and, until the revolution of September, 1930, by their relations with an inefficient and comatose Government, the railways cut expenses to the bone, suspended or severely reduced capital expenditure on developments long overdue, and were still unable to pay dividends on their ordinary shares at the end of the year. Though the accounts published this month may conceivably register low-water mark so far as earnings during the present depression are concerned, the absence of an early improvement would leave holders of prior charges by no means in an assured position.

The following table shows how last year's results on the "Big Four" Argentine systems compared with those for 1929-30:—

GENERAL RESULTS, 1929-31.

	B.A. Gt. Southern.	Central Argentine.	B.A. and Pacific.	B.A. Western.
Gross Receipts { 1929-30	£ 12,214,562	£ 11,567,717	£ 7,854,906	£ 4,381,349
1930-31	11,348,750	11,196,659	7,067,293	3,822,120
Inc. or Dec. (%) in 1930-31	- 7.1	- 3.2	- 10.0	- 12.8
Working Expenses { 1929-30	8,782,900	8,639,855	5,715,966	3,340,693
1930-31	7,958,639	8,181,904	5,557,376	3,042,466
Inc. or Dec. (%) in 1930-31	- 9.3	- 5.3	- 2.8	- 8.9
Net Receipts { 1929-30	£ 3,431,662	£ 2,927,862	£ 2,138,940	£ 1,040,656
1930-31	3,390,111	3,014,755	1,509,917	779,654
Inc. or Dec. (%) in 1930-31	- 1.2	+ 3.0	- 29.4	- 25.1
Earnings for Fixed Charges { 1929-30	£ 3,114,375	£ 2,840,495	£ 2,362,008	£ 1,313,351
1930-31	2,048,018	2,139,570	1,370,083	504,423
Inc. or Dec. (%) in 1930-31	- 34.1	- 24.6	- 42.0	- 62.6
No. of times total deb. interest covered { 1929-30	3.9	3.1	3.1	2.7
1930-31	2.35	2.3	1.7	1.0
No. of times total pref. requirements covered { 1929-30	1.95	1.71	1.28	2.14
1930-31	1.17	1.27	0.74†	0.62
Ordinary stock { 1929-30	Earnings Paid 4.4%	Earnings Paid 4.0%	Earnings Paid 5.2%	Earnings Paid 4.0%
1930-31	0.9%	1.6%	Dr. 4.8 Nil	Dr. 0.6 Nil
Added to (+) or taken from (-) reserves and carry forward { 1929-30	£ -408,654	£ -234,841	£ -183,114	£ -167,661
1930-31	- 24,618	+ 177,901	- 395,021	- 109,206

* After adding other income and deducting other expenses (interest, &c.) and exchange losses.
† Final dividends on 6 per cent. preference and second preference not paid.

The Great Southern and the Central Argentine just covered, and the Pacific and Western failed to cover their preference dividend requirements last year. The Pacific declared no final dividend on its 6 per cent. preference and second preference stocks, for the first time in ten years. The Great Southern and Central, however, shared the distinct achievement of maintaining their net railway earnings at approximately the level of the previous year, both systems reducing working expenses by a larger percentage than the fall in revenue. The severe reduction in income suffered by their ordinary shareholders was due partly to the sound decision of the boards against any further inroads on cash reserves, but mainly to circumstances totally unconnected with railway working. That the Great Southern earnings available for fixed charges were one-

third and the Central Argentine's one-fourth less than in 1929-30, after both had been approximately "all square" on net railway receipts, is a measure (as will be shown later) of the heavy cost to the railways of the depreciation in the Argentine peso.

The Pacific and the Western made a less satisfactory showing than the Southern and Central. Both suffered a significant reduction in gross receipts, and, being unable to effect proportionate reductions in working expenditure, were left with declines of over 25 per cent. in net railway receipts. In addition to exchange losses, the Western was faced with a drop in receipts from dividends on its investments in the Railway Petroleum Company and heavier interest allowances. The net result was that a 10 per cent. drop in gross receipts was swollen to a 42 per cent. decline in earnings available for fixed charges on the Pacific, and a 13 per cent. drop in receipts to a falling off of nearly 63 per cent. in net earnings on the Western. In both cases receipts for the first sixteen weeks of the present year have run very close to last year's level, and, in the absence of any substantial improvement with the marketing of this season's crops (which so far do not promise a large quantitative increase over last year's figures), the immediate outlook for preference shareholders is not promising.

The troubles of the railways can be traced directly to the shattering effect of world trade depression and low commodity prices on Argentine economy. Though a greater courage in the employment of the national gold reserve might have postponed the depreciation of the peso, no unilateral action by the Government could have prevented it, having regard to the extent of Argentina's external obligations and the collapse in the price of her staple export commodities. The impact of these conditions has affected the railways in two ways. In the first place, they have been compelled to write off formidable losses, not only on money remitted to London for stores, dividends, etc., but also in respect of depreciation of floating assets, which are carried in their accounts at sterling figures. The significance of these losses, from the stockholder's point of view, may be appreciated from the next table:—

EXCHANGE LOSSES.

	B.A. Gt. Southern.	Central Argentine.	B.A. and Pacific.	B.A. Western.
Loss on remittances { 1929-30	£ 188,839	£ 124,905	£ 69,714	£ 76,531
1930-31	632,560	789,915	330,387	197,039
Other exchange differences { 1929-30	£ 430,892	£ ...	£ ...	£ 103,848
(deprec. of floating assets, &c.) 1930-31	...	...	...	...
Total exchange losses { 1929-30	£ 188,839	£ 124,905	£ 69,714	£ 76,531
1930-31	1,063,452	789,915	330,387	300,887
Equivalent percentage on ordinary capital { 1929-30	0.6%	0.4%	0.7%	0.4%
1930-31	3.3%	2.8%	3.3%	1.7%

* Includes all exchange differences.

The Argentine authorities have recently supported the exchange by gold exports, the stock of metal in the Conversion Office and the Argentine Legations abroad having been reduced by \$124 millions—from \$448 millions to \$319 millions—between June 30, 1930, and September 2, 1931. The peso, which a year ago stood at over 38d., has recovered only to 33½d. from the low-water mark of 30½d. touched last August, when sterling was still on the gold standard. The Government's decision this month to go further, and establish official "control" of the exchange, is likely rather to vex and embarrass the railways in making future remittances, than to limit their losses.

A second main cause of the depression in railway earnings has been the straitened economic circumstances of the whole Argentine population. This conclusion is

strongly suggested by the following comparison of last year's receipts with those of 1929-30:—

RECEIPTS, 1930-31.

	B.A. Gt. Southern.		Central Argentine.		B.A. and Pacific.		B.A. Western.	
	1930- 31.	Com- pared 1929- 30.	1930- 31.	Com- pared 1929- 30.	1930- 31.	Com- pared 1929- 30.	1930- 31.	Com- pared 1929- 30.
Passengers—								
Number (thousands)	59,517	<i>“</i> <i>“</i> <i>“</i>	50,292	<i>“</i> <i>“</i> <i>“</i>	18,735	<i>“</i> <i>“</i> <i>“</i>	26,876	<i>“</i> <i>“</i> <i>“</i>
Receipts (£'000).....	3,063	<i>“</i> <i>“</i> <i>“</i>	3,069	<i>“</i> <i>“</i> <i>“</i>	1,128	<i>“</i> <i>“</i> <i>“</i>	1,026	<i>“</i> <i>“</i> <i>“</i>
Goods:—								
Hay and grain (thous. tons)	2,783	<i>“</i> <i>“</i> <i>“</i>	5,025	<i>“</i> <i>“</i> <i>“</i>	1,450 ^o	<i>“</i> <i>“</i> <i>“</i>	1,084	<i>“</i> <i>“</i> <i>“</i>
General merchandise (thous. tons)	3,782	<i>“</i> <i>“</i> <i>“</i>	681	<i>“</i> <i>“</i> <i>“</i>	116	<i>“</i> <i>“</i> <i>“</i>	831	<i>“</i> <i>“</i> <i>“</i>
Total (including others, thou. tons)	7,223	<i>“</i> <i>“</i> <i>“</i>	8,261	<i>“</i> <i>“</i> <i>“</i>	3,276	<i>“</i> <i>“</i> <i>“</i>	1,927	<i>“</i> <i>“</i> <i>“</i>
Livestock (thous.)...	9,046	<i>“</i> <i>“</i> <i>“</i>	1,354	<i>“</i> <i>“</i> <i>“</i>	1,629	<i>“</i> <i>“</i> <i>“</i>	9,117	<i>“</i> <i>“</i> <i>“</i>
Total goods and live- stock receipts (£'000)	6,575	<i>“</i> <i>“</i> <i>“</i>	7,194	<i>“</i> <i>“</i> <i>“</i>	5,129	<i>“</i> <i>“</i> <i>“</i>	2,379	<i>“</i> <i>“</i> <i>“</i>
Miscellaneous receipts (£'000).....	703	<i>“</i> <i>“</i> <i>“</i>	301	<i>“</i> <i>“</i> <i>“</i>	176	<i>“</i> <i>“</i> <i>“</i>	29	<i>“</i> <i>“</i> <i>“</i>
Total working receipts (including others) (£'000).....	11,349	<i>“</i> <i>“</i> <i>“</i>	11,197	<i>“</i> <i>“</i> <i>“</i>	7,067	<i>“</i> <i>“</i> <i>“</i>	3,822	<i>“</i> <i>“</i> <i>“</i>

* Also wine, 543,000 tons, a decrease of 16.3 per cent.

All the railways, except the Pacific, succeeded in approximately maintaining the volume of their passenger traffic, but only at the expense of fare concessions, which considerably reduced total receipts on all lines but the Great Southern. Passenger receipts, however, do not normally account for as much as one-third of the total revenues of the Argentine systems, whose prosperity depends mainly on a large volume of outward traffic in goods, constructional materials, etc. Last year the grain trade was comparatively active, the maize crop being the greatest ever harvested. All the lines carried a higher tonnage of cereals than in 1929-30, particularly the Central Argentine, which is much the most dependent of the four on this class of traffic. Livestock transport was well maintained on the Southern and the Central, though a decline was registered on the Pacific and the Western.

The most serious feature in every case, however, was a widespread falling off in general merchandise receipts. Argentina's success in converting an unfavourable "visible" national trade balance of \$36 millions gold in the first half of 1930 into a favourable one of \$42 millions in the first six months of 1931 was due to lower imports, which declined in value by 25.3 per cent., while exports fell by 5.5 per cent., despite an increase in the value of no less than 71.4 per cent. The improvement in the trade balance was thus achieved at considerable cost to the railways, who were unable adequately to offset their losses on inward traffic, despite their haulage of an increased volume of native-grown agricultural products.

Their success in reducing working expenses was, at first sight, a great achievement. It is necessary, however, to examine the detailed figures somewhat closely in order to discover the main sources of the reductions:—

WORKING EXPENSES, 1930-31.

	B.A. Gt. Southern.		Central Argentine.		B.A. and Pacific.		B.A. Western.	
	1930-31	Compared 1929-30	1930-31	Compared 1929-30	1930-31	Compared 1929-30	1930-31	Compared 1929-30
	£'000.	%	£'000.	%	£'000.	%	£'000.	%
Permanent way and works.....	1,004	- 27.3	1,379	- 16.2	848	- 22.5	320	- 26.5
Locomotive maintenance	554	- 11.9	528	- 12.4	482	- 10.3	268	- 2.9
Coaching stock maintenance.....	310	- 20.2	372	- 6.1	171	- 23.7	171	- 17.2
Goods stock maintenance	289	- 27.1	447	- 4.3	284	- 18.7	144	- 5.7
Locomotive running	2,417	+ 2.1	2,264	...	1,653	- 2.8	739	- 6.3
Traffic expenses	2,152	- 2.1	2,184	- 2.2	1,388	- 4.6	956	- 3.3
General charges	465	- 2.3	431	- 3.1	448	- 3.0	294	- 0.3
Miscellaneous	603	- 20.4	461	- 3.6	247	- 5.7	84	- 29.7
Total (including other items) ...	7,959	- 9.3	8,182	- 5.3	5,557	- 2.8	3,042	- 8.9

Apart from an increased allowance for permanent-way maintenance on the Pacific Railway, all four companies

achieved their economies in working expenses less by way of lower running expenses than by way of reduced allowances for maintenance. Though part of the latter saving reflected the lower cost of raw materials, and involved no departure from the high physical standard maintained on all four properties, it is clear that the immediate scope for further large-scale economies of this nature is severely limited.

Stock Exchange prices of all Argentine railway stocks have, naturally, fallen heavily during recent months, as our final table shows:—

MARKET QUOTATIONS.

	High-est. 1929.	High-est. 1930.	Low-est. 1930.	High-est. 1931.	Pre-sent Price.	Yield %	On Dividend.	On Earnings.
B.A. Gt. Southern:—						£ s. d.	£ s. d.	£ s. d.
4% Deb. Stk.	82	78½	72½	77½	64½	6 7 0	...	...
6% Pref. Stk.	111½	105½	92	96½	64	9 7 6	...	...
5% Pref. Stk.	95½	90	78	85	56½	8 17 0	...	...
Ordinary	110½	100½	64	71½	37½	2 13 4	1 18 0	...
Central Argentine:—						£ s. d.	£ s. d.	£ s. d.
4% Deb. Stk.	82	77	70	76	63½	6 9 1	...	...
5% Red. Deb. Stk.	95½	94	84	89½	70½	7 1 10	...	...
4½% Consol. Deb. Stk.	85	81	70	74½	47½	9 18 0	...	...
4½% Pref. Stk.	85	79½	66	71½	55	8 10 0	...	...
6% Ann. Conv. Pref. Stk.	110	105	91	95½	66	9 7 6	...	...
Ordinary	100½	89	51	65	37½	2 13 4	4 5 4	...
B.A. and Pacific:—						£ s. d.	£ s. d.	£ s. d.
5% (1912) Deb. Stk.	95½	91	80	83	49½	10 10 6	...	...
4½% Consol. Deb. Stk.	85	81	70	74½	47½	9 18 0	...	...
4½% Pref. Stk.	103½	104½	77½	99	40	7 10 0	...	...
Ordinary Stk.	106½	90½	44½	53½	26½	Nil	Nil	...
B.A. Western:—						£ s. d.	£ s. d.	£ s. d.
4% Deb. Stk.	81½	76½	69	73½	59½	6 18 0	...	...
4½% Pref. (£10)	88	7½	61	64	44	10 12 0	...	...
5% Pref. (£10)	94	8½	71	81	64	8 3 0	...	...
Ordinary Stk.	100½	83½	46	55	26½	Nil	Nil	...

† Based on a 3 per cent. dividend paid for the year 1930-31.

The market at present, paradoxically, views the outlook for the prior securities of all four companies with a certain conservatism, as evidenced by the high dividend yields obtainable at current prices, but maintains the ordinary stocks at prices which discount a considerable recovery in earnings.

What is the outlook for existing stockholders? The position of the four companies is clearly not identical. The Great Southern and the Central Argentine have so far shown greater resilience, in the face of depression, than the Western and the Pacific. The last-named company, in particular, has a large mileage in territories still in the development stage. Since last June the Central Argentine has improved on last year's corresponding gross receipts figure by about 10 per cent., while the figures for the Great Southern have fallen in approximately the same proportion. The crop season is as yet too little advanced to render such comparisons of great practical value, but current indications strongly suggest that even a good crop year cannot be expected to increase the earnings of the railways sufficiently to restore junior stocks to an assured earnings basis, except possibly on the Central Argentine. Nor can the railways hope to gain anything from higher rates and fares in view of the impoverishment of the community they serve. Even if the Argentine elections of November 8th return a strong administration which will continue the energetic policy of the Provisional Government of the last thirteen months, the restoration of prosperity is largely dependent on world factors outside Argentina's control. Low prices and the "bounty" of a depreciated exchange have already stimulated Argentina's export trade to a remarkable extent. Putting on one side, however, such imponderable questions as the possible effect on Argentina of any attempt by a Conservative-National British Government to divert wheat purchases from non-Empire to Empire sources, a substantial enhancement in the value of Argentine external trade and the volume of internal purchasing power is likely to be a slow process in the absence of a considerable rise in world prices. On a long view, the future of the railways, under strong British administration and finance, need cause stockholders no loss of sleep. Their potentialities for immediate expansion; however, have lately received a sharp check, and their securities must necessarily remain in the speculative category pending the revival in general trade, for which stockholders in many other countries besides Argentina are anxiously waiting.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

THE firm tendency of the Gilt-edged and industrial markets continued without check right up to the end of polling day. A steady stream of small orders came from the public, but inside interests showed more concern as to a possible recession after the election. An emphatic Government victory was expected, but the size of the majority took the entire market by surprise, and proved embarrassing to those who had sold "majorities" at prices below 200. The broadcasting of election results into the early hours made the approximate extent of the landslide a matter of public knowledge before the opening of the Stock Exchange on Wednesday, and an early start of business found the majority of stocks marked higher by dealers as a precautionary measure. After a preliminary spurt of orders had been executed, however, it was found that while small investors were still buying, some large interests were potential sellers. Prices immediately receded, and on Thursday profit-taking was much in evidence. Gilt-edged stocks, simultaneously, suffered a setback on Thursday's fall in sterling. Speculative shares failed to advance as a result, mainly, of the irregular tendency of commodity prices.

Steady investment demand kept Gilt-edged prices firm at the beginning of the week, 5 per cent. War Loan going above par before being quoted ex dividend on Tuesday. Victory Bonds were good, but Funding Loan failed to hold an early rise. An all-round marking up of quotations followed the announcement of the result of the election, but a decidedly more reactionary tendency occurred on Thursday, when the pound was sold from the Continent. A rise in India loans was due more to the technical position of the market than to increased business. Australian issues gained further ground on a moderate but intermittent demand.

Though the foreign bond market was never active, dealings continued to broaden, and the range of really "negotiable" stocks was extended. German issues were weaker on the negative results of the Hoover-Laval conversations, but Hungarians strengthened after the issue of a League of Nations' report declaring the ultimate position of the country to be sound. A fair inquiry was received for Greek bonds. South American issues were steady, and Japanese held their ground despite the absence of a positive result to the League of Nations' mediation in the Manchurian dispute.

Interest in the home rail market tended to shift from ordinary stocks to "depressed preferences" and prior charges. The traffic figures showed some improvement on those of the previous week, particularly on the London and North-Eastern, but gave no definite sign of a marked increase in transport activity. The undertone of foreign railway stocks was firmer, but no increase in business resulted. Tentative inquiries for certain prior stocks of the Argentine railways revealed a shortage of supplies, but the cautionary note sounded by the chairmen at the week's meetings restricted movements in ordinary shares, despite the firmness of the peso exchange. American rails had a downward trend, and Canadian Pacifics showed weakness.

Most sections of the industrial market shared in pre-election optimism, except international securities, which were dull in sympathy with America and the Continent. Cables and Wireless were strong on the improved showing made by the September traffic figures, but reacted after the election. Textiles were again in demand early in the week, the unfavourable report of British Celanese (analysed on page 826) making slight impression on the market. Courtaulds, Joshua Hoyle, and Bradford Dyers were bought from the North, but became easier later. Electrical shares were in steady demand, and coal and steel issues continued to attract buyers. Both classes, however, suffered from profit-taking before the end of the week. Motors were irregular, Leyland failing to hold an initial rise. Imperial Chemical ordinary touched par but fell back on profit-taking. Store shares were firmer, but closed below the best. Brewery and tobacco shares had an undecided trend. A steady demand persisted for the

best shipping issues. Insurance shares met a steady investment inquiry, and fractional improvements occurred in bank shares.

The oil share market was depressed, Continental selling, particularly from Amsterdam, affecting prices at the outset, while subsequently the postponement of the Mexican and Canadian Eagle dividends (discussed on page 827) proved an adverse factor. All the leaders were marked down on the news. Signs of activity in the rubber market were barely perceptible, the commodity showing no signs of strength, while the optimists of the industry were subdued by the announcement that the new Governor-General of the Dutch East Indies was unfavourable to Government-controlled restriction. Tea shares, however, were firm, though business remained on a moderate scale.

Business in the mining markets continued to be predominantly professional. Kaffirs had a firm tone, but failed to advance materially in the absence of further news from South Africa regarding the future of the gold standard. Tin shares hardened slightly on purely "sentimental" factors, but copper shares were easier owing to fears that the conference in America would achieve no real measure of agreement. The main factors in the copper position are set out on page 827.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Oct. 22, 1931.	Oct. 23, 1931.	Oct. 24, 1931.	Oct. 25, 1931.	Oct. 26, 1931.	Oct. 27, 1931.	Oct. 28, 1931.	Oct. 29, 1931.
Government and Municipal Loans	1,304	1,193	655	1,231	1,375	1,223	1,297	
Transport, Communications, and Public Utilities	930	859	426	967	970	1,028	1,008	
Commercial and Industrial	2,370	2,341	973	2,617	2,587	3,056	2,447	
Banks, Insurance and Financial	526	539	242	578	524	484	480	
Mines (including Nitrate)	444	564	180	530	369	417	405	
Oil	134	103	88	148	109	116	148	
Rubber, Tea and Coffee	145	62	28	164	114	98	131	
Total	5,853	5,661	2,592	6,235	6,048	6,422	5,916	

* Including iron and steel and breweries.

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

	Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Oct. 22, 1931.	Oct. 23, 1931.	Oct. 24, 1931.	Oct. 25, 1931.	Oct. 26, 1931.	Oct. 27, 1931.	Oct. 28, 1931.	Oct. 29, 1931.
	72.3	53.1	68.4	68.0	68.3	69.2	70.3	70.9	69.0	

FOREIGN STOCK EXCHANGES.
NEW YORK.

The stock markets remained under the influence of depressed psychology. The *communiqué* summarising the results of the Hoover-Laval talks was interpreted to mean that the President had subscribed to the French view as regards reparations, while refusing any concession to the French thesis of "security." Generally, disappointment was expressed at the negative outcome of the negotiations. German bonds, in particular, being sold. A more immediately depressing influence, however, was the passing by the Illinois Central Railroad of its common dividend for the first time in living memory. Scepticism as to the position of the railroads was confirmed by the published figures of 31 companies for September, which showed a drop of 43 per cent. in net earnings as compared with September, 1930, and of 52 per cent. as compared with September, 1929. The plight of many of the smaller banks throughout the country continued to provoke comment, but the National Credit Corporation was not regarded as having made as much progress as those behind it had hoped. Further reports of wage reductions were discussed, associated with the name of Ford among others. The slightly firmer tendency of commodity prices encouraged a few short-lived attempts at a rally in share values, but the trend of markets as a whole was weak. Reports from various centres showed a slow recession, partly seasonal, in general business. Car

loadings in the week ended October 17th were 762,000, as compared with 764,000 in the previous week and 931,000 in the corresponding week of 1930. The Business Index of the *New York Times* stood at 67.2, against 68.3 in the previous week. Markets enjoyed a firmer tone on Thursday after a poor opening.

	Oct. 15, 1931.	Oct. 22, 1931.	Oct. 29, 1931.		Oct. 15, 1931.	Oct. 22, 1931.	Oct. 29, 1931.
U.S. 3½% T. Bds.	99½	99½	98½	Natl. Biscuit	44	46½	47½
Lb. Ln. 3½% '32-47	99½	98½	98½	Phelps Dodge	7½	8½	8
Do. 4½% '32-47	100½	100½	101	Pullman	28½	27½	25
Do. 4½% '33-38	100½	101½	100½	Sears-Robuck	36½	40½	41
Atchafalpa	110	110	107	Studebaker	11	11½	11½
Ches. & Ohio	30½	30½	30½	Un. Fruit	31	35	31
Erie	12½	13½	12½	U.S. Leather	2	3	3½
Illinois Central	29	27	20	U.S. Rubber	6½	7½	6½
N.Y. Central	59	55½	50½	U.S. Steel	66½	68½	65
Pennsylvania	33½	32½	31½	Westinghouse	44½	47½	45½
Southern Pacific	52	50½	48½	Woolworth	52½	54½	54½
Southern Ry.	17½	16½	15½	Am. Tel. & Tlg.	131½	137½	134½
Union Pacific	111	110	100½	Interboro R.T.	10½	11	10
Am. Can.	80	83½	80	Int. Tel. Teleg.	15½	17½	16½
Amer. Smelting	23	26½	23½	Radio Corp.	12½	13½	12½
Anacosta	14½	17½	15½	Utilities P. & L.	11½	12½	12½
Bethlehem Steel	27½	27½	25½	W. Union Tlg.	85	86	77½
Chrysler Motor	14	14½	15½	Associated Gas "A"	7	7½	6
Corn Produce Rf.	42	44½	45½	Pan. Amer. B.	22	22	22
Eastman Kodak	103½	108	104½	Shell	6	6½	10
Gen. Electric (New)	29½	30½	29	Shell Union	3½	4	4
Gen. Motors	24½	25½	25½	Sinclair Oil	6½	6	6
Int. Harvester	25½	27½	27½	Stl. California	30½	31½	31½
Montg. Ward	11	12½	11½	Do. N.J.	30½	32½	31½

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

	1929.		1930.		1931.	
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Oct. 21.
337 Industrials	134.5	218.9	98.2	174.1	99.6	69.0
33 Rails	127.8	175.8	89.1	145.6	92.0	51.4
34 Utilities	177.6	330.4	153.2	267.4	158.1	109.9
Total, 404 stocks	140.3	228.1	105.5	184.2	107.6	69.0
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	7.44%
						7.32%

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

	Highest of 1931. (Feb. 24.)	Lowest of 1931. (Oct. 5.)	Oct. 21, 1931.	Oct. 22, 1931.	Oct. 23, 1931.	Oct. 24, 1931.	Oct. 25, 1931.	Oct. 26, 1931.	Oct. 27, 1931.	Oct. 28, 1931.
	140.2	67.8	83.4	80.8	84.0	84.6	82.3	80.5	78.1	

TOTAL DEALINGS IN NEW YORK.

	Oct. 22, 1931.	Oct. 23, 1931.	Oct. 24, 1931.	Oct. 25, 1931.	Oct. 26, 1931.	Oct. 27, 1931.	Oct. 28, 1931.	Oct. 29, 1931.
Stock Exchange—Shares (Thous.)	1,400	1,300	800	1,200	1,400	1,800	1,300	
Bonds (Value Thous. \$) ...	11,944	11,313	5,061	11,798	14,459	11,794	10,621	
Over-the-counter—Shares (Thous.)	240	250	120	320	230	270	220	

* 2-hour session.

PARIS.

Despite the general satisfaction provoked by the overwhelming victory of the British National Government, the general tone on the Paris Bourse was undecided. Suez Canal shares registered a further sharp decline early in the week on rumours of reduced dividends and a cut in the canal tolls. Disappointment at the absence of more positive outcome from the Hoover-Laval conversations induced a wave of liquidation and a general fall in prices, Royal Dutch losing nearly 100 points on rumours that the interim dividend was to be postponed. Gold mining shares proved a more satisfactory feature. Bank shares continued to evince marked weakness, while the uncertain German outlook, the fear of an early British tariff, and the postponement of the "twin" Eagle dividends contributed to a further reaction. At the time of going to press there has been no improvement, and further small losses have been incurred all round.

	Oct. 22, 1931.	Oct. 26, 1931.	Oct. 29, 1931.		Oct. 22, 1931.	Oct. 26, 1931.	Oct. 29, 1931.
Banque de France	13,200	12,510	12,300	Wagons Lits	105	105	102
Crédit Lyonnais	1,990	1,850	1,825	Mexican Eagle	35	31	27
Suez Canal	13,840	13,105	12,855	"Chartered"	94	91	90
Chargeurs Réunis	252	252	241	Ford	142	144	133
Rio Tinto	1,805	1,680	1,640	De Beers	348	324	303
Royal Dutch	15,700	14,210	13,500	"Johannes"	123	118	115

AMSTERDAM.

The Amsterdam Bourse opened the week in quietly cheerful mood, with German bonds firm and industrial steady. Profit taking, however, soon induced weakness, and sharp declines occurred in Royal Dutch and Philips Lamps. Rubber shares were on offer, and a depressed tone was noticeable in tobacco and shipping shares. Prices continued to sag, with A.K.U. and Amsterdam Trading in the forefront of the decline. The British election results failed to change the listless tone of the markets, or to induce any increase in the volume of business.

	Oct. 22, 1931.	Oct. 26, 1931.	Oct. 29, 1931.		Oct. 22, 1931.	Oct. 26, 1931.	Oct. 29, 1931.
5½% German	35	37½	35½	Steel Common	71	69½	63½
Unilever N.V.	136½	131	131½	A. K. U.	46½	45½	43½
Philips' Lamps	72½	69½	68½	Ford Motor	220	210½	201½
Netherlands Ship	84	82½	80½	Deli Batavia	141	135	125
Union	157	148	146	Royal Dutch	152½	138	130½

OTHER CENTRES.

Other centres presented a mixed appearance, but the general tendency was irregular. Brussels suffered from continued liquidation, while Stockholm and Milan were little better at the outset. Later in the week, however, Swedish business tended slightly to broaden, and Copenhagen was firmer, on balance. The Vienna Bourse reopened on Tuesday, under new regulations providing for the restriction of business hours to 11.30-12.30 each day. Exchange dealings in foreign currency remained under a ban. The reopening was accompanied by no untoward incident, the tone being quiet in the extreme. Unofficial dealings in Berlin showed a further decline in values, Dye Trust being "done" at 97 (against 103.50 a week earlier), Siemens at 117.50 (against 123), A.E.G. at 36 (against 42), and Reichsbank at 97 (against 103).

INVESTMENT NOTES.

The Election and the Markets.—The Stock Exchange may be forgiven its high spirits on Wednesday morning. It had expected the triumphant return of a National Government, but its bewilderment at the astounding results can well be imagined. In the general elation on Wednesday, British Government stocks and British industrial shares were all marked up by dealers in anticipation of a big public demand. But the only prices which held their rise were "majorities" which had jumped from 205 at the close of Tuesday to 485 at the opening on Wednesday. The large public demand for securities did not materialise, and prices came back in every market, although the closing level on Wednesday was above that of the previous day. Thursday morning again brought no increase in the public demand, and in the afternoon prices in the industrial share markets fell sharply. Government stocks were also flat on the reaction in the dollar exchange, which, after a jump to 3.92½ on Wednesday, came back on Thursday evening to 3.86½. It is not difficult to explain the behaviour of markets. The "professional" traders who, on account of cash dealings, have to sell within three days if they wish to avoid taking up the stock and paying stamp duty, were naturally anxious to take profits. In the absence of an inrush of orders this profit-taking brought prices down. But there was no evidence that the in-

(Continued on page 824.)

Castbury
Maker
of Fine Chocolates.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.		Prices Year 1931 Jan. 1 to Oct. 28 (Inclusive).		Name of Security.	Price Oct. 21, 1931.	Price Oct. 28, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to Oct. 28 (Inclusive).		Name of Security.	Price Oct. 21, 1931.	Price Oct. 28, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to Oct. 28 (Inclusive).		Name of Security.	Price Oct. 21, 1931.	Price Oct. 28, 1931.	Rise or Fall.	Present Yield.	
High- est.	Low- est.	High- est.	Low- est.						High- est.	Low- est.	High- est.	Low- est.						High- est.	Low- est.	High- est.	Low- est.						High- est.
British Funds.																											
89 1/2	52 1/2	60 1/2	49 1/2	Consols 2 1/2%	56	57	+1	4 7/9	9	83 1/2	88 1/2	12 1/2	33 1/2	In. Ry. O. Am. No par	86	86	...	...	...	...	...	...	...	...	...	...	...
94 1/2	82 1/2	87 1/2	77 1/2	Consols 4%	87	88	+1	4 12/6	6	57 1/2	58 1/2	1 1/2	11	Leopoldina Ord. Stk.	13 1/2	15	+1 1/2	...	...	...	...	...	...	...	...	...	
83 1/2	74 1/2	85 1/2	72 1/2	Con. Loan 3 1/2%	76	78	+2	4 10 11	8	83 1/2	85 1/2	2 1/2	11	Do. 5 1/2% Cam. Prt. Stk.	23 1/2	25 1/2	+2	...	...	...	...	...	...	...	...	...	
103 1/2	93 1/2	104 1/2	88 1/2	Do. 4 1/2% 1940-44	96	97	+1	5 0 9	9	97 1/2	98 1/2	1 1/2	15	Nizam's Ry. (£10)	20 1/2	20 1/2	...	...	...	...	...	...	...	...	...	...	
106 1/2	102 1/2	108 1/2	93 1/2	Do. 5% 1944-46	101	102	+1	4 15 10	9	42	49	7 1/2	21	Paraguay Can. D. Db.	70 1/2	70 1/2	...	...	...	...	...	...	...	...	...	...	
96 1/2	85 1/2	97 1/2	78 1/2	Funding 4 1/2% 1950-90	88	89	+1	4 10 9	9	85 1/2	86 1/2	1 1/2	15	Salvador Ord. (£10)	70 1/2	70 1/2	...	...	...	...	...	...	...	...	...	...	
102 1/2	98 1/2	102 1/2	93 1/2	Treasury 4 1/2% 1932-34	97	98 1/2	+1 1/2	5 2 0	9	198	130	68 1/2	70 1/2	San Paulo Ord. Stk.	98 1/2	102 1/2	+4 1/2	...	...	...	...	...	...	...	...	...	
103 1/2	100 1/2	103 1/2	93 1/2	Treasury 5% 1935-35	98 1/2	99 1/2	+1	5 2 9	9	80 1/2	65 1/2	15 1/2	20 1/2	Taltal Ry. Ord. £5	20 1/2	20 1/2	...	...	...	...	...	...	...	...	...	...	
97 1/2	91 1/2	98 1/2	80 1/2	Victory Bonds 4%	93	94	+1	4 6 0	9	26 1/2	4	9 1/2	20 1/2	Ud. Havana Ord. Stk.	5 1/2	4	-1 1/2	...	...	...	...	...	...	...	...	...	
105 1/2	100 1/2	104 1/2	90 1/2	War Loan 5% 1929-47	99	99 1/2	+1/2	5 2 6	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
69 1/2	61 1/2	70 1/2	57 1/2	Local Loans 3%	63 1/2	64 1/2	+1	4 13 0	9	17 1/2	14 1/2	16 1/2	5 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
49 1/2	47 1/2	49 1/2	37 1/2	India 2 1/2%	36 1/2	37 1/2	+1	6 13 4	4	12 1/2	10 1/2	11 1/2	8 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
68 1/2	55 1/2	64 1/2	41 1/2	Do. 3 1/2%	44 1/2	44 1/2		6 14 10	4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
90 1/2	78 1/2	85 1/2	54 1/2	Do. 4 1/2%	52 1/2	52 1/2		6 13 4	4	26 1/2	23 1/2	25 1/2	13 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
106 1/2	100 1/2	106 1/2	94 1/2	Palestine 5% 42-67	68 1/2	70 1/2	+2	6 17 0	9	49 1/2	47 1/2	2 1/2	13 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
99 1/2	87 1/2	99 1/2	77 1/2	Sudan 5 1/2% Bonds	90 1/2	101 1/2	+11 1/2	4 16 6	9	27 1/2	24 1/2	27 1/2	230	...	...	...	...	...	...	...	...	...	...	...	...	...	
				Ulster 4 1/2% 45-75	92 1/2	94 1/2	+2	5 4 3	9	58 1/2	53 1/2	5 1/2	44 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
					104	105 1/2	+1 1/2	4 17 10	9	28 1/2	25 1/2	26 1/2	19 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
Dom. & Colonial Govts.																											
95 1/2	76 1/2	80 1/2	58 1/2	Australia 5% 1945-75	73	75	+2	7 0 9	9	12 1/2	8 1/2	9 1/2	6 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
95 1/2	85 1/2	95 1/2	75 1/2	Canada 4% 1940-60	84 1/2	84 1/2		5 1 0	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
106 1/2	102 1/2	106 1/2	97 1/2	Ceylon 6% 1936-61	102	103 1/2	+1 1/2	5 15 3	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
98 1/2	92 1/2	98 1/2	82 1/2	Gold Coast 4 1/2% 1956-	89	92	+3	5 4 7	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
105 1/2	99 1/2	105 1/2	90 1/2	Kenya 5% 1948-58	96	98	+2	5 5 7	9	24 1/2	14 1/2	14 1/2	10 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
105 1/2	101 1/2	105 1/2	92 1/2	Nigeria 5% 1950-60	96	97 1/2	+1 1/2	5 5 4	9	68 1/2	56 1/2	12 1/2	38 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
92 1/2	70 1/2	72 1/2	46 1/2	N.S. Wales 5% 35-55	90	92 1/2	+2 1/2	5 18 7	9	42 1/2	37 1/2	5 1/2	44 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
95 1/2	99 1/2	102 1/2	85 1/2	N.Z. 5% 1946-	90 1/2	92 1/2	+2	5 18 7	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
92 1/2	70 1/2	72 1/2	46 1/2	Queensland 5% 40-60	68	70 1/2	+2 1/2	7 12 5	9	120	99 1/2	11 1/2	34 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
104 1/2	99 1/2	105 1/2	82 1/2	S. Africa 5% 1945-75	97 1/2	98 1/2	+1	5 3 6	9	66 1/2	59 1/2	6 1/2	38 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
94 1/2	82 1/2	94 1/2	70 1/2	Stria. Set. 4 1/2% 35-45	90	90		5 16 0	9	82 1/2	73 1/2	9 1/2	60 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
Foreign Governments.																											
105 1/2	100 1/2	105 1/2	93 1/2	Argentina 4% Recem.	57 1/2	60 1/2	+3	9 2 0	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
96 1/2	89 1/2	96 1/2	75 1/2	Austrian 6% 1923-43	98 1/2	99 1/2	+1	6 7 4	4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
113 1/2	108 1/2	112 1/2	83 1/2	Do. 7% Int. red. by 1957	31 1/2	31 1/2		12 14 6	4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
92 1/2	74 1/2	83 1/2	36 1/2	B. Aires (Prov.) 3 1/2%	104	106 1/2	+2 1/2	6 14 10	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
87 1/2	62 1/2	75 1/2	43 1/2	Bulgaria 7 1/2% Loan	47 1/2	49 1/2	+2	15 3 10	9	80 1/2	74 1/2	7 1/2	29 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	
94 1/2	54 1/2	79 1/2	28 1/2	Brazil 5% Fund. 1914	59	62 1/2	+3 1/2	8 1 4	4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
95 1/2	79 1/2	94 1/2	40 1/2	Do. 6 1/2% (1927)	42 1/2	45 1/2	+3 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
95 1/2	79 1/2	94 1/2	40 1/2	Chili 6% (1929)	38	42	+4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
115 1/2	109 1/2	113 1/2	83 1/2	China 5% (1921)	35	41	+6	12 3 9	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
96 1/2	81 1/2	96 1/2	66 1/2	Do. 5% (1913)	60 1/2	61 1/2	+1	8 5 0	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
100 1/2	91 1/2	92 1/2	73 1/2	Czechoslovakia 4%	100 1/2	100		8 0 0	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
100 1/2	91 1/2	92 1/2	73 1/2	Danish 3%	75	75		4 0 0	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
109 1/2	99 1/2	106 1/2	85 1/2	Denmark 6 1/2%	65	67	+2	10 16 9	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
90 1/2	68 1/2	81 1/2	37 1/2	Egypt 4 1/2%	72 1/2	75 1/2	+3	5 8 10	17	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
104 1/2	98 1/2	104 1/2	80 1/2	Estonia 7% 1923	53	55	+2	17 10 10	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
104 1/2	98 1/2	104 1/2	80 1/2	Finland 6% 1923	77	78	+1	8 0 0	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
109 1/2	99 1/2	106 1/2	85 1/2	French 4% (British)	25 1/2	25 1/2		3 18 6	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
90 1/2	68 1/2	81 1/2	37 1/2	Do. 5%	25	258 1																					

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Oct. 21, 1931.	Price, Oct. 28, 1931.
Central Electricity Board 5% A Stk....	...	...	95-95½	95½-97½
Fife County Council 4½% 1951-61	...	...	91½-93½	94½-95½
Great Universal Stores Ord. (S/-)	£1	fy. pd.	17/-18/-	20½-21½
Great Universal Stores Pref.	£1	fy. pd.	18½-19½	19½-20½
Jones (Peter) 6% deb.	97½	fy. pd.	86-91	88-93
London and Thames Haven Oil New Ord.	50/-	30/-	10½-11½ pm	14½-15½ pm
Midland 4½% 1950-70	101	fy. pd.	93-95	95½-96½
Primitiva Holdings 6% Ret. Pref.	£1	fy. pd.	20/-20½	20½-20½
Savory and Moore 7½% Deb.	99½	20	par-2 pm	1-3 pm
Tanganyika 4% Guar. 1951-71	94½	fy. pd.	86-88	86-89
Telephone and Gen. Trust 7% Pref.	21/-	15/-	1½-6½ dis	1½-6½ dis
Walsall Corp. 4½% 1950-60	100	fy. pd.	90-92	93-94

(Continued from page 821.)

vestors who had recently bought British industrial shares for the long-term had at all changed their minds. Anticipations of an improvement in the position of British trade following the devaluation of the pound sterling resulted in a good deal of real investment buying. It may be that, when more is known of the intentions of the National Government, genuine investors will come back into the market. At the moment there is a wise disposition to wait upon political events. The following table gives the fluctuations in prices which occurred in representative stocks on the eve of the election and after:—

	Oct. 27. (Close.)	Oct. 28. (Opening.)	Oct. 29. (Closing.)
Associated Portland Cement, £1	26¼	27½	26½
Babcock and Wilcox, £1	54½	54½	52½
Coats, £1	48½	50½	47½
Courtaulds, £1	2½	2½	1½
Guest Keen, £1	22½	23½	21½
Imperial Chemicals, £1	18½	20½	17½
Pinchin Johnson, £1	31½	33½	30½
Turner and Newall, £1	35½	37½	32½
United Glass Bottles, £1	24½	24½	23½
Staveley Coal and Iron, £1	29½	29½	28½
Vickers, 6s. 8d.	10½	11½	9½

The Stock Exchange may be congratulated on not taking leave of its senses—as yet. If industrial share prices had risen sensationally, speculators would have been attracted and the wrong type of market activity would have been seen. Now that prices have fallen sharply, real investors may be attracted. There is some reason to believe that the Stock Exchange Committee may restore “dealings for the account” next week, on the assumption that the danger of an inflationary boom is past.

“Majority” Dealings—Heavy Differences. — It is believed that some makers of “books” in election majorities will have to meet differences running into considerable sums on November 10th, which has been agreed on as “Settlement Day.” Although a fair amount of bear selling took place whilst the quotation was under 150, many of these bargains were closed as the figure rose towards 200. The more or less steady increase in the quotation right up to the eve of the election suggested that the market’s obligations to buyers of majorities exceeded those to sellers, and it is known that some large transactions took place on the eve of the poll. Presumably a good deal of “hedging” was done by those concerned, many of whom may have profits on shares, accrued during the last six weeks, to set against their losses on “majorities.” Whether the settlement will be carried through without difficulties remains to be seen, but it would be highly unfortunate if a pure gamble, without rhyme or reason, were to involve such unfortunate consequences. There would be little regret if, in future, election dealings were dropped completely. They do no good to the reputation of the “House.” Those who undertake them have no special facilities for obtaining knowledge of the progress of electoral campaigns, and are at the mercy of those who possess such information. Lord Rothermere, for instance, who was reported to have been a buyer of “majorities” at a high stake at just under 200 on Monday, has an organisation at his disposal for obtaining intelligence of the feeling of the country on the eve of a poll which no Stock Exchange member can hope to rival. The whole business is a species of guesswork with unlimited liability, and, as such, does not deserve the

space accorded it in British and foreign newspapers as a barometer of pre-election feeling, or the expenditure of the time and money of members of the “House.”

Railway Rates in the United States.—Last July, the American railways applied to the Interstate Commerce Commission for a flat increase of 15 per cent. in the level of freight rates. After a series of nation-wide hearings before members of the Commission (as already reported in the *Economist* of September 26th last) the decision was made public on October 20th. The application, in the form presented by the American railways, has been refused absolutely. A flat increase in all rates, such as was permitted during the early post-war period, has not been allowed. On the other hand, the Commission has granted increases on certain commodities which are expected to bring in added revenue amounting to £25,000,000. This compares with £84,000,000, which the railways themselves deemed necessary as a minimum to protect their credit and to preserve the trustee status of their bonds, which are largely held by trust and insurance companies, and by banks. The increased rates are to apply to heavy railway traffics, such as iron, iron ore, coal and so forth, which are unsuitable for diversion to competitive means of transport. They are to be levied on a car-load basis irrespective of distance handled. Preference was expressed in favour of such a basis for increasing revenue by important industrial interests at the Commission’s public hearings. Its application, however, will undoubtedly result in disorganisation of the very fine marginal advantages at present held by competitive producing areas. Further, the granting of the increases is subject to the pooling of the added receipts, so as to assist the weaker lines and enable them to preserve their credit. In view of the refusal of the railways to countenance any such pooling suggestion when it was advocated by the National Industrial Traffic League at the hearings, it was doubtful for some time whether the railways would accept the small increase permitted on such a basis. Subject to an amendment by the Interstate Commerce Commission stipulating that the railways must repay sums obtained from the pool for fixed charges before paying dividends, news received up to the present would seem to suggest that the railways will accept the offer of higher rates after all. The question of pooling receipts is of considerable interest not only from the economic but from the legal side, and many believe that the Interstate Commerce Commission has exceeded its powers in this respect. That the decision has failed to benefit railway credit is clear from the fact that the prices of several stocks have touched new low records for this year since the decision was published. The position is still obscure in some respects. Fuller information as to future policy, however, should be available during the first week in November. In the meantime, a recovery in American railway shares can scarcely be expected. Such events as the passing of interim dividend payments by the Illinois Central, for the first time for nearly eighty years, have not improved the situation.

Uruguay Railway Payments.—The debenture holders and proprietors of the Central Uruguay Railway, of Montevideo, and of those companies worked and controlled by it, have been informed that, for the time being, the remittance of funds for the payment of debenture interest and dividends in foreign countries has been prohibited. The law provides that the equivalent in pesos, which would normally have been used for purchasing exchange, must be deposited in a local bank, and that the funds thus accumulated are to be released for remittance, as to 25 per cent. each month, after January 1st next. The stocks affected are those of the Central Uruguay, Central Uruguay Eastern Extension, Central Uruguay Northern Extension, Midland Uruguay, Midland Uruguay Extension, and Uruguay Northern. The accounts of the Uruguay Northern Railway, though no worse than was to be expected, nevertheless show a decline in net receipts of £2,909, and an exchange loss of £4,497. A debit balance of £2,916 is carried forward.

United Railways of Havana.—Chiefly as a result of the low price of sugar and the restrictions imposed by the Chadbourne plan, the earnings of this once prosperous railway have fallen to the lowest level in its history. Receipts for the year to June 30, 1931, amounted to £1,943,199, compared with £3,207,177 in 1929-30, and £1,895,323, against £2,856,821. The ratio of expenditure to receipts was 97.54 per cent., compared with 89.08 per cent. last year. After debiting the full year’s interest on debentures and other charges, there remains a debit balance amounting to £591,964, leaving a total deficit to be carried forward of £886,958:—

	1929.	Year to June 30, 1930.	1931.
	£	£	£
Railway receipts ...	3,802,998	3,207,177	1,943,199
Railway expenses...	2,935,442	2,856,821	1,895,323
Debt interest	667,056	663,911	614,884†
Net profit	179,723	Dr. 326,278	Dr. 591,965
Preference dividend	177,713	88,856*	...
Carried forward.....	120,141	Dr. 294,993	Dr. 886,958

* Interim only.
† £51,244 paid and rest accrued and held in suspense under Scheme of Arrangement.

The reserve account stands at £1,199,617, while general renewals reserve account, which now amounts to £17,562, has been debited with £54,585 in respect of special expenditure during the year. With regard to the scheme of arrangement sanctioned by the Court on July 28, 1930, it is reported that no profits were available in cash during the year, and consequently no debenture interest has been paid with the exception of that upon the 4 per cent. debenture stock, which has been regularly met from the proceeds of the dividends received on the shares of the American and Foreign Power Company. The ordinary stock is quoted at 4, against a high level of 107 in 1925.

Labour on the Argentine Railways.—In a leading article on an earlier page we give our reasons for taking a conservative view of the immediate outlook for British-owned railways in the Argentine. The chairmen’s speeches at this week’s annual meetings have reflected a similar attitude, tempered by the mild optimism generally considered appropriate on such occasions. In Argentina itself the managements are taking energetic measures to secure an amelioration of present working conditions. This week’s issue of the *Railway Gazette* contains a letter from an obviously well-informed correspondent in Argentina, declaring that the directors and legal representatives of the foreign-owned railways have now addressed a memorandum to the Director-General of Railways, in which they state that, failing a reduction in salaries and wages, they will be compelled to resort to wholesale dismissals. The matter has been discussed with the two big railwaymen’s unions—Union Ferroviaria and La Fraternidad—who admit the necessity for wage reductions, but insist on concessions in other directions, the refusal of which has brought matters to a deadlock. The railways maintain that labour costs have risen out of proportion to other factors. They point out that the B.A. Western Railway, for example, paid out of every \$100 of revenue some \$36.01 in wages in 1917 and \$61.24 in 1930-31. The percentage increase in gross receipts and in the wage bill respectively on eight foreign-owned lines since 1917 is given as follows:—

	(INCREASE SINCE 1917.)	Receipts (Per cent.)	Wage Bill (Per cent.)
Central Argentine.....	113.40	188.02	190.09
B.A. Gt. Southern	97.93	159.51	116.19
B.A. Western	52.59	99.22	144.77
B.A. and Pacific	59.91	156.72	163.08
Provincial de Santa Fe...	48.55	...	...
Cordoba Central	87.06	...	...
Argentine North-East ...	77.73	...	...
Entre Rios	122.47	...	...

It remains to be seen whether the railways will be able to effect a much-needed reduction in their costs without the occurrence of labour troubles, which would be particularly unfortunate at the present moment.

Gramophone Merger.—Although the first apparent result of the merger of the Gramophone and Columbia companies was the reduction in the price of records, further advantages of the combination are likely to be exercised in favour of the shareholder. It is understood, by those in close touch with the gramophone industry, that the policy adopted by Electric and Musical Industries may actually increase trade competition between the two constituent companies. Both will operate independently, formulating and carrying out their own policies. Data relating to each company will, however, be in the hands of the holding company’s board, which includes the higher executives of each concern and will act as a general headquarters, directing operations from the rear. Production figures, costs, factory output, etc., are all to be overhauled. Should it be found, for example, that two factories are working only at 50 per cent. of capacity on a similar product, one company will cease production of the article in question, and allow the other to operate at 100 per cent. The sales organisations, however, will be left to work independently and competitively, so far as this policy is calculated to lead to greater efficiency and profits. A vigorous sales drive by the Gramophone Company, backed by the biggest advertising campaign on which the company has ever embarked, has just resulted in the Gramophone Company’s announcement that it has taken on nearly 2,500 additional hands at its Hayes factory where, with three shifts, production is kept going day and night the week round. It must not, however, be expected that Electric and Musical Industries will be able to show results at all comparable with those of the two separate companies in the year ending June, 1930, which was the last financial year reported. Although trade in Great Britain has improved, the position in Germany, France, Japan, or America may not be equally good; in the gold standard countries, in fact, it may well show a certain falling off. The capital of Electric and Musical Industries is now £6,266,000, divided into 5,806,000 ordinary shares of £1 and 460,000 6 per cent. preference shares of £1. It is believed that



Thieves, Ancient and Modern

THE CHATWOOD SAFE

Has a strong deep hold upon Bankers and those with treasure to protect.

It gives a feeling of confidence that only work of quality can give.

The protection lies in the strength of the defence, while the design embodies the experience of the past and the knowledge of the present.

What The Chatwood Safe has it holds, for delivery only to the keeper of the key.

It is the cheapest Safe that can be bought having regard to the contented security offered.

J. E. S.

THE CHATWOOD SECURITY

Folder No. 10—
Classified Service

THE CHATWOOD SAFE CO., LTD.,
Bankers' Engineers,
SHREWSBURY, England.

the merger company has £2 of assets for every £1 of issued capital. The preference shares are quoted at 20s. and the ordinary shares at 31s. 10½d., as compared with a low level this year of 18s. 9d.

British Celanese.—Disappointment with the figures of the report for the year to June 30th last is not removed by the board's assurance that the larger volume of orders now in hand should result in substantial profits during the coming year. This may well be, but shareholders, who have heard the same story with depressing iteration in the past, may be excused a certain scepticism. The year's figures cannot be readily compared with those for 1929-30, partly because the last accounts covered a period of sixteen months and partly because writings-off for patent rights, royalties, depreciation, obsolescence, etc.—all items of special importance in a new and rapidly developing industry like artificial silk—have not been identical in the two years. In particular, nothing has been written off commutation of royalties this year, nor has any depreciation been charged, the directors defending the latter decision on the irrelevant plea that only a small part of the plant has been in operation and that the year's results were adverse. We show below a comparison of this year's figures with those of the previous period, re-expressed on a twelve months' basis, and have added a final column showing the approximate extent of the loss for 1930-31 if depreciation had been allowed on the same scale as in 1929-30:—

	1929-30 16 Months. £	1929-30 Proportionate Figures for Twelve Months. £	1930-31 Actual Figures. £	1930-31 Adjusted Figures if Depreciation had been made on 1930-31 scale. £
Trading profits, transfer fees, and interest	2,634,845	1,376,134	1,012,624	1,012,624
Expenses, royalties, Excise, etc.	1,185,684	889,263	737,685	*737,685
Sundry charges and stock adjustments	77,855	58,391	57,350	57,350
Research and advertising, and additions to patent rights (1930-31) written off	161,454	121,091	172,699	172,699
Depreciation	266,666	200,000	Nil	200,000
Debt interest	382,595	286,946	283,886	283,886
Debt interest premium redemption	46,056	34,542	35,629	35,629
Net profits, after deducting all above items	514,535	385,901	Dr274,625	Dr474,625

* Auditors' report declares that nothing has been written off Commutation of Royalties for 1930-31. No allowance has been made for this in the re-calculation above. On the last occasion on which the amount was shown separately in the accounts, some £23,754 was allowed.

In 1929-30 the company paid eighteen months' dividends (£166,250) on the first preference shares, and similar dividends, aggregating £378,516, on the second participating preference shares. The first preference received a half-year's dividend for 1930-31, but no final is being paid, the company carrying forward a debit balance of

£99,385. The text of the chairman's speech at the meeting on Friday of this week was not available as we went to press. The present market price of 9s. for the 10s. ordinary shares is difficult to justify, since it would appear that, sooner or later, the question of a fresh reduction of capital must be faced. Undoubtedly, the company has had exceptional difficulties to contend with in recent months. According to a trade correspondent, the depression of the past twelve months has affected acetate yarns more than viscose yarns. Competition and price-cutting have been keener than ever. The weaving plant has had a difficult trading period, marked by a continual decline in stock values. In this respect the trade has frequently complained of the bewildering changes in policy made by the company. The chemical side of the business has, similarly, been depressed, and the labour situation has been disturbed. Employment at the Spondon works has improved recently, but, it is understood, is still below normal, and has certainly not gone far enough as yet to justify extravagant market expectations. Apart from preference dividend arrears, profits would be required to raise £1½ millions above last year's level before the company could pay 10 per cent. on its ordinary shares. But the company is still carrying £3,276,129 of intangible assets (goodwill, commutation of royalties, new issue expenses, etc.) in its balance sheet, and a considerable part of its buildings, plant, etc., valued at £7,003,985, is standing idle.

Insurance Share Index.—In the table which follows we analyse the history of an investment in 1913 of £1,000 in the ordinary shares of each of 25 leading companies. The figures are based on the mean of the highest and lowest prices in each year, except in the case of the last four columns, which relate to the middle market prices on the dates specified. In all cases where an issue of bonus shares has been offered due allowance has been made by assuming that the rights are sold and the proceeds utilised to purchase an additional holding in the original shares:—

	1913.	1928.	1929.	1930.	Mar. 31, 1931.	June 30, 1931.	Sept. 30, 1931.
Alliance	1,000	1,738	1,675	1,588	1,575	1,554	1,344
Atlas	1,000	3,595	3,532	3,222	3,206	3,175	2,413
Caledonian	1,000	5,254	5,700	4,702	4,403	4,403	3,648
Commercial Union	1,000	5,038	4,545	4,179	4,005	3,613	2,960
Employers Liability	1,000	2,955	2,725	2,636	2,432	2,352	1,847
Equity and Law	1,000	1,725	2,009	1,864	1,875	1,897	1,876
General Accident	1,000	6,538	8,133	7,983	8,000	8,000	6,400
Gresham Fire	1,000	3,886	2,872	2,251	2,381	2,381	1,905
Gresham Life	1,000	3,852	4,030	5,015	4,641	4,597	4,152
Guardian	1,000	2,678	2,596	2,558	2,513	2,583	3,141
Legal and General	1,000	5,233	6,536	6,776	6,721	6,776	5,027
Life Association of Scotland	1,000	1,804	1,989	1,801	2,193	2,140	2,140
London and Lancashire	1,000	4,673	4,548	4,327	4,154	4,115	3,385
London Assurance	1,000	2,350	2,126	1,910	1,771	1,819	1,455
North British and Mercantile	1,000	4,467	4,514	4,309	4,395	4,331	3,376
Northern	1,000	2,068	2,011	1,884	1,881	1,910	1,493
Phoenix	1,000	1,937	1,945	1,818	1,759	1,657	1,421
Prudential	1,000	1,995	2,163	2,227	2,302	2,254	1,846
Royal Exchange	1,000	3,481	3,227	3,114	3,142	3,019	2,403
Royal	1,000	2,961	2,882	2,731	2,710	2,753	2,237
Scottish Life	1,000	2,242	2,680	2,697	2,360	2,261	2,191
Scottish Union and National	1,000	5,032	5,213	4,741	4,289	4,067	3,253
Sun Fire	1,000	2,604	2,853	2,729	2,578	2,444	1,956
Sun Life	1,000	2,138	2,237	2,131	2,257	2,237	1,814
Yorkshire	1,000	3,005	3,041	2,685	2,628	2,731	2,371
Average	1,000	3,330	3,431	3,275	3,207	3,151	2,602

During the first quarter of the current year the customary upswing in the index on anticipations as to dividends failed to materialise, and the index fell slightly. During the second three months of the year there was a further and more pronounced fall, but nearly the whole of the depreciation which has occurred this year has been concentrated in the last three months, which, as will be seen, were responsible for a decline of 18 per cent. It was scarcely to be expected that insurance shares could escape the effects of the general Stock Exchange depression, since insurance companies have been hit not only by falling premium incomes but also by depreciation in their securities. Nevertheless, interim dividends for the current year have been universally maintained, and the recent rise in sterling commodity values, along

with the devaluation of the £, must bring prospects of increased business. Compared with the depreciation on industrial shares during the last three months the depreciation in insurance shares appears to have been overdone. According to the Actuaries' Investment Index industrial shares declined during that period by 7 per cent.—less than one-half the decline in insurance share values. The result is that, according to the same authority, the average yield on insurance shares stands for the first time for a very long period at over 6 per cent.

Copper Prospects.—No agreement has yet been reached by the copper producers who are sitting in conference in New York. A premature report that the price of refined copper had been hoisted to 8 cents a pound was not confirmed. The official quotation of the Copper Exporters, Inc., remained at 7½ cents c.i.f. Continent, but smelters in America are still offering electrolytic at 7 cents. The London price of electrolytic has remained this week at £42½ per ton. Since the end of March refined stocks have increased from 354,000 to 480,000 tons. It is estimated that the present rate of world consumption cannot be much greater than 1,000,000 tons per annum, while production so far this year has been at the rate of 1,520,000 tons per annum. The world's total stocks are gradually increasing by about 30,000 tons a month at the present. The unsatisfactory stock position is seen in the following figures:—

	(In thousands of metric tons.)	End Sept., 1930.	End Sept., 1931.
U.S.A. refined	361.1	478.9	
U.S.A. blister	227.0	178.2	
Stocks elsewhere	18.4	46.6	

The problem of restriction is a very real one. Next year the new Rhodesian mines begin to enter the production stage. So far the American producers have borne the full brunt of the restriction, as will be seen from the next table:—

	U.S. Mine Production. Tons.	World Smelter Production. Tons.
Monthly average 1929	75,000	159,000
" " 1930	52,200	136,400
" " 1931	40,600	115,200
January, 1931	43,600	116,800
February, 1931	43,100	117,700
March, 1931	44,200	122,200
April, 1931	42,100	115,600
May, 1931	41,400	117,400
June, 1931	40,300	115,600
July, 1931	35,000	110,800
August, 1931	35,300	111,200

American mine production has been curtailed by 50 per cent. since 1929. World smelter production, if the two may be compared, has declined only by 30 per cent.

Mexican and Canadian Eagle Oil.—The directors of the Mexican and Canadian Eagle Oil companies have announced their decision to postpone dividends on the first preference shares of both companies, payable on October 31, 1931, until information is available regarding the trading results for the year. Under the terms of the mutual guarantees entered into by each company, if one company makes a loss and the other a profit, the company with a profit applies to reserve the amount of the other's loss. It then pays its own first preference share dividends and, if there is a balance available, the dividends of the first preference shares of the company which has made a loss. The same rule applies to the payment of dividends of the participating preference shares. We assume from the directors' statement that Canadian Eagle has been adversely affected by the fall in the price of crude oil, and possibly by the fact that it is operating on a gold basis and selling partly on a sterling basis. If the Mexican Eagle has two differences in exchange to meet, both companies must necessarily wait until the end of the year to ascertain their exact position, since any loss on Mexican Eagle would then be applied to the accounts of Canadian Eagle. We do not suggest

that any such loss has occurred, but the directors, in any case, may prefer, as a precautionary measure, to postpone the decision regarding the payment of dividends on the preference shares until the end of the year. In 1930, the Mexican Eagle, after allowing for depreciation, earned 5,818,114 Mexican gold pesos, which was sufficient to pay the first preference share dividends of 1,153,206 gold pesos and the 8 per cent. participating preference share dividends of 272,000 pesos, and to leave a balance available for the ordinary shares sufficient to pay a dividend of 6 per cent. (3,379,863 pesos) and to increase the carry forward by over 700,000 pesos. The Canadian Eagle, which has a settled business of refining the oil purchased from the Venezuelan Oil Concessions and selling the refined products to the Anglo-Mexican Petroleum Company (apart from its shipping business, carried on by the Eagle Oil Transport), showed a profit of 6,929,905 Canadian dollars. This was sufficient to pay the first preference dividends of \$1,094,953, the participating preference share dividends of \$204,119, a dividend of 12 cents on the ordinary shares (\$1,455,392), and increase the carry forward by \$1,230,000. One cannot, therefore, assume, at this stage, that the preference share dividends of both companies will not be paid at the end of the year. It may be added that both companies are required to operate a sinking fund for the redemption of the preference shares. The market prices of both preference shares dropped on the announcement. Mexican Eagle first preference were dealt in at 6s. 6d. on Wednesday, against 7s. 6d. on Monday, and Canadian Eagle first preference at 9s. 6d., against 10s. 6d.

Wanderer Consolidated.—From the production standpoint, writes our mining correspondent, this reorganised Rhodesian proposition fared considerably better last year than in its initial period. The substantially increased tonnage of 182,650 was crushed, for a slightly higher average yield than before, at the reduced cost ratio of 14s. per ton. The operating profit of £63,000 compared with £20,400. From the balance of £18,800 carried over from 1930, the preliminary expenses of £6,960 were written off. After deduction of administration expenses and income tax a surplus of £67,440 remained, and was carried forward. On June 30th last the liquid cash assets totalled £57,560, and 10s. remained to be called up on 50,000 shares. Creditors stood at £23,800. On the development side, results have not come up to anticipations. Far from being accompanied by expansion in the ore reserves, the performance of a largely increased amount of underground work has entailed reconsideration of the position. The ore bodies display extreme irregularity, and it has been found inadvisable to assume them to be continuous from one level to another.



ESTABLISHED at the most important commercial centres in South America and Portugal, the Bank of London & South America Ltd. is particularly well equipped to carry out modern banking business of every description.

ARGENTINA—BRAZIL—COLOMBIA
CHILE—PARAGUAY—URUGUAY
PORTUGAL

**BANK OF LONDON
& SOUTH AMERICA
LIMITED**

6, 7 & 8, TOKENHOUSE YARD, LONDON, E.C.2

MANCHESTER: 36, Charlotte St. Affiliated to: Lloyds Bank Limited. BRADFORD: 33, Hustlergate.
And at NEW YORK, PARIS and ANTWERP.

OFFER TO NEW READERS.

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

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

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

Name.....

Address.....

Accordingly, in the new estimate the ore reserves have been classified into two sections—(A), material immediately available for milling, amounting to 225,000 tons, having a value of approximately 5 dwts., and (B), 257,000 tons of "indicated" ore. This requires further development, and its value cannot be stated. The total falls 148,400 tons short of the 1930 computation. In the light of these facts the projected extension of the treatment plant has been postponed. Presumably, the projected introduction of the shares on the London Stock Exchange has been held up for similar reasons.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Oct. 24, 1931, £97,724,194.
Total, including conversion, recorded Jan. 1 to Oct. 24, 1931, £108,601,179.

National Savings Certificates.
Net Receipts, week ended October 24, 1931, Dr. 100,000.
Total net receipts, April 1, 1931, to October 24, 1931, £4,700,000.

	Nominal Capital.	Repay-ments.	New Money Cash Sub- scription.	First Payment.	Further Liability.
To the Public	Nil	Nil	Nil	Nil	Nil
To Shareholders only.					
Pelmacula Rubber, 23,800 6% cum. pref. £1 at par	23,800	...	23,800	2,975	20,825

Total offered to shareholders only, week ended October 31, 1931, 23,800 ... 23,800 2,975 20,825

	Total Offered for Subscription—Including Conversions.	Excluding Conversions.	Total Offered for Subscription—Including Conversions.	Excluding Conversions.
Jan. 1 to date—				
1931	108,524,979	97,647,994	1930	454,888,784
1930	404,564,986	223,849,355	1929	488,764,940
1929	242,592,935	204,267,335	1928	369,058,073
1928	504,011,033	329,981,302	1927	355,165,970
1927	288,814,024	230,782,600	1926	232,214,500
1926	187,511,825	188,190,597	1925	209,326,101
1925	188,190,597	166,718,122	1924	271,399,173
1924	166,718,122			

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	73,999,349	6,771,859	16,876,786	97,647,994
1930	187,048,408	15,479,638	21,321,309	223,849,355
Whole Year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	375,058,100
1927	228,958,000	36,836,600	89,371,400	355,165,970
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,757,183	...	8,883,558
Total for week ended October 31, 1931	Nil	...	Nil
Total to date, 1931	8,757,183	...	8,883,558
Total to date, 1930	16,467,378	...	18,152,707

South-West Suburban Water.—Offer for sale by tender of 6,000 Six per cent. £10 Preference Shares or such number as will, including premiums, realise the net sum of £60,400. Minimum price of issue £10 10s. per share, yielding £5 14s. 4d. per cent. The shares constitute a full trustee investment.

[Other Stock Exchange information, including the latest dividend announcements, reports and notices, summary of balance sheets and oil outputs, will be found on page 834.]

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative

148 Leadenhall St. ... on, E.C. 3.

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

	(b) Week ended Oct. 23, 1931.	(c) Week ended Oct. 24, 1931.	Week ended Oct. 25, 1931. (000's omitted.)	Aggregate 43 weeks, 1931. (000's omitted.)
	Miles Open.	Miles Open.	Miles Open.	Miles Open.
Great Western...	3,761	192	209	106
Do. for 1930...	3,761	210	214	114
L. & N. Eastern (c)	6,349	276	279	256
Do. for 1930...	6,349	276	279	256
Lon., Mid. & Scot.	6,954	429	429	231
Do. for 1930...	6,954	429	429	231
Southern	2,180	252	71	23
Do. for 1930...	2,180	252	71	23
Total, 1931	19,244	1,146	1,171	621
Do. for 1930...	19,244	1,172	1,233	636
Metropolitan (c)	59	31	3	3
Do. for 1930...	59	31	3	3
Unkd. R.R. (c)	297	297	297	297
Do. for 1930...	297	297	297	297
Green Bus, &c.	294	294	294	294
Do. for 1930...	294	294	294	294
Lon. & S. Grp. (c)	44	44	44	44
Do. for 1930...	44	44	44	44
*B'f'at'Co'd'w' (b)	80	1	9	2
Do. for 1930...	80	1	9	2
*G. Northern (b)	562	9	5	14
Do. for 1930...	562	9	5	14
*G. Southern (b)	2,188	21	2	17
Do. for 1930...	2,188	21	2	17

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1931.	+ or - 1931.
INDIAN.					
Assam Bengal	26	Sept. 26	1,350	3,70,600	77,449
Barelly J. Ry.	25	19	202	24,400	1,900
Bengal & N. Western	26	30	2,119	7,13,007	51,066
Bombay-Nagpur	25	19	3,199	11,00,000	3,12,787
Bombay Bar. & C.I.	30	Oct. 3	3,084	17,80,000	15,000
Madras & S. Mahr.	26	Sept. 26	3,250	17,66,000	3,69,359
†Rohilk' & Kumaon	26	30	516	106,813	36,357
South Indian	26	30	2,492	48,900	500

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	92	Oct. 21	20,165	3,921,853	812,492	142,746,120	40,306,497
Canadian Pacific	92	Oct. 21	15,721	3,116,000	595,000	114,598,000	33,556,000

SOUTH AMERICAN.

Antofagasta (Chile and Bolivia)	43	Oct. 25	804	13,950	12,980	721,230	429,610
Argentine N.E.	17	24	753	15,600	1,700	222,300	20,700
Argentine Trans. & N.	17	24	111	1,491	4,139	26,821	27,900
B.A. and Pacific	17	24	2,806	125,000	5,600	1,969,000	25,000
B.A. Central	17	25	...	11,175	1,112	190,937	35,051
B.A. Gt. Southern	17	24	5,075	180,000	13,000	2,838,000	279,000
B.A. Western	17	24	1,326	75,000	8,000	1,160,000	30,000
Central Argentine	17	24	3,442	228,000	27,000	3,643,000	361,000
Central Uruguay	17	24	273	14,062	15,319	175,169	210,900
C. Urug. (N. Ext.)	17	24	311	2,598	3,709	33,095	44,324
C. Urug. (W. Ext.)	17	24	185	1,326	2,258	17,142	27,150
C. Urug. (N. Ext.)	17	24	211	1,019	1,242	15,415	22,750
Entre Rios	17	24	1,218	46,000	8,000	918,000	167,000
G. West. of Brazil	17	24	810	20,400	4,000	331,900	75,900
Leopoldina	43	24	1,052	12,100	3,800	292,400	471,200
Leopoldina Term.	43	24	1,918	21,531	6,292	999,699	32,127
Nitrate	43	24	...	3,464	843	157,454	220,305
Paraguay Central	17	24	411	1,501	15,478	121,210	10,510
Salvador	17	24	274	3,010	300	55,180	1,617
San Paulo	42	18	1534	25,667	12,804	1,143,067	502,248
United of Havana	17	24	1,369	16,443	14,486	319,569	276,976

† Months.

OTHER OVERSEAS.

Gt. Southern of Spain	42	Oct. 17	104	10,530,000	27,677	3,66,311	1,074,772
Mexican Railway	16	21	483	1,172,600	54,900	2,746,560	955,400

TRAMWAYS WEEKLY GROSS RECEIPTS.

Anglo-Argentine	42	Oct. 21	329	72,564	8,132	3,041,909	397,831
B. Aires Lacroze	17	25	...	10,476	1,191	165,469	19,354
Liverpool Corp.	29	21	124	30,169	140	875,998	4,318
Madras Electric	194	15	...	51,970	1,964	936,815	50,283
L.O.C. Tramways	29	21	166	80,060	4,034	2,349,642	59,818

† Months.

MONTHLY TRAFFICS.

Company.	Months	Ending 1931.	Description.	Receipts for Month.		Receipts to Date.	
				1931.	+ or -	1931.	+ or -
Canadian National Ry.	9	Sept. 30	Gross	\$15,159,905	5,697,043	128,987,044	20,154,262
Costa Rica Ry.	2	Aug. 31	Net	\$1,387,081	2,513,672	3,565,770	16,279,091
Hellenic Electric Ry.	9	Sept. 30	Gross	£26,924	912	50,346	11,526
Zafreani Ruelva	9	Sept. 30	Gross	£20,003	1,118	170,925	3,905
Barcelona Traction	9	Sept. 30	Gross	Pes. 337,328	106,092	2,805,922	685,488
Cities Service Co.	9	Sept. 30	Gross	Pes. 8,268,900	316,012	79,515,679	11,202
Burma Elec. Supply	12	Sept. 30	Net	Pes. 5,249,946	206,409	52,089,166	396,609
	9	Sept. 30	Gross	\$2,504,479	2,435,329	41,264,823	19,001,231
	9	Sept. 30	Net	\$1,328,707	2,333,065	26,622,182	23,495,920
	9	Sept. 30	Gross	Rs. 55,981	9,795		10,588

COMPANY MEETINGS, &c.

BUENOS AYRES GREAT SOUTHERN RAILWAY COMPANY, LIMITED.

REASONS FOR SETBACK.

The ordinary general meeting of the Buenos Ayres Great Southern Railway Company, Limited, was held, on the 28th instant, at River Plate House, London.

Mr H. C. Allen (chairman of the company), in the course of his speech, said:—Like other apparently impregnable undertakings, we have had to bow to the storm of economic trouble which has overtaken the whole civilised world, and to suffer a decline—I hope only temporary—of our prosperity. The causes of this decline are, broadly speaking, the severe fall in prices of the prime commodities produced in our zone, the consequent commercial depression and reduced spending power of our clients—the public users of the railway—the reduced value of exports, resulting in pronounced weakness in the exchange, and the difficulty of rapidly enforcing economies, particularly in labour costs, to meet the altered conditions.

There was a falling off in receipts under the principal heads of passengers, parcels, goods traffic and miscellaneous, while livestock traffic showed a small increase. In nearly all departments reductions in expenditure were shown. For many years past we have made a practice of charging against maintenance generous allocations to the general renewal fund, which has not been drawn upon to the same extent. This provision has resulted in the accumulation of £7,941,000 at credit of the general renewal fund.

The accounts show that, after charging the loss on exchange, there is still a balance of £715,914 at credit of net revenue, but, although this is equivalent to over 2 per cent. on our ordinary stock, we decided that it would be most unwise to recommend a final distribution. Our duty is to maintain the credit of the company and to avoid risk of jeopardising its financial stability.

The Chairman, having dealt at length with the question of exchange and the steps taken to effect economies, said:—I should like to point out that the Great Southern is now in its seventieth year, and since its incorporation in 1862 it has never in any year failed to pay a dividend on its ordinary stock. Over the last nine years the average distribution has been exactly 7 per cent. per annum.

The report and accounts were unanimously adopted.

BUENOS AYRES WESTERN RAILWAY COMPANY, LIMITED.

BRIGHTER OUTLOOK FOR CURRENT YEAR.

The forty-second ordinary general meeting of the Buenos Ayres Western Railway, Limited, was held, on the 26th instant, at River Plate House, Finsbury Circus, London, Mr Follett Holt (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—The past year proved beyond measure distressing and difficult. Two years ago the Western was in calm water; we were able to pay our 7 per cent. dividend and carry forward a large sum. Last year, when our crops failed and exchange began to break, we had only a fair wheat crop and carried a small part of a bumper maize crop, but prices were so low that exchange failed us completely, commerce fell to pieces, and we have had to pass our divi- dends, commerce fell to pieces, and we have had to pass our divi- dends. Comparing our sterling operating profits of three years ago with the year under review, there is the enormous difference of over £1,300,000. The loss of crops in the one year and the low prices in the other impoverished our clients and affected all classes of traffic, and, added to the crash in exchange, played havoc with our revenue.

Up to the point of being a cause of acute disturbance in a somewhat heavily charged political atmosphere, we have done everything within our railway knowledge and ingenuity to meet the adverse factors with which we have been faced.

In London we have all made personal sacrifices, and so have our representatives and headquarters and general staff in Argentina, and progress is being made with the various unions to carry these sacrifices right through the whole of the organisation.

As to this year, as we have some 300,000 tons of grain more on hand to carry than at the same date of last year, and as there is such a marked rise in prices, the general outlook is brighter.

In spite of all difficulties, I am glad to be able to report to you that, with economies and the aid of the heavy maize crop, which is making some amends for the falling off of general traffic, we have secured for the first three months of the current year better sterling results than for the same months of last year, and we hope this progress will continue. But final results must depend largely upon the crop outcome and upon exchange—two factors which remain in the lap of the gods.

The resolution was carried unanimously.

STOCK MARKET LOSSES.

£10·2·1 a month

enables a healthy man aged 40 next birthday to re-create his estate to the extent of

£5,000

(Larger or smaller amounts proportionately)

Write today for full particulars to THE

LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY, LTD.

HEAD OFFICE:
1, Dale Street, Liverpool.

LONDON:
(Chief Office) 1, Cornhill, E.C.3

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended October 24, 1931, amounted to £14,203,400 against ordinary expenditure of £8,858,100. After allocating £327,569 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £188,472, the operations for the week, as shown below, increased the National Debt by £5,206,000 to £7,712,344,000:—

(000's omitted.)

Treasury Bills	+ 2,016	Public Dept. Advances	— 6,847
British Govt. Loans	+ 403	Nat. Savings Certificates	— 100
		Nat. Savings Bonds	— 10
		Nat. Debt Commissioners	— 302
		Depreciation Fund	— 364
		Sundries	— 2
	+ 2,419		— 7,625

A complete analysis of the National Debt at September 30, 1931, was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Oct. 24, 1931.	April 1, 1930, to Oct. 25, 1930.	Week ended Oct. 24, 1931.	Week ended Oct. 25, 1930.
ORDINARY REVENUE.					
Inland Revenue—	£	£	£	£	£
Income Tax	272,000,000	60,846,000	66,872,000	898,000	829,000
Sur-tax, including Arrears of Super-Tax	73,000,000	17,110,000	14,720,000	410,000	270,000
Estate, &c., Duties	83,000,000	38,090,000	47,450,000	1,510,000	1,840,000
Stamps	20,000,000	7,350,000	9,140,000	100,000	220,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	180,000	160,000	...	...
Total Inland Revenue ...	451,000,000	123,576,000	138,342,000	2,918,000	3,159,000
Customs and Excise—					
Customs	131,770,000	75,094,000	69,268,000	3,061,000	3,119,000
Excise	121,230,000	66,400,000	71,295,000	3,700,000	1,925,000
Total Customs and Excise	253,000,000	141,494,000	140,563,000	6,761,000	5,044,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,393,000	1,385,298	2,210,000	...
Post Office (Net Receipts)	12,200,000	8,150,000	6,600,000	1,200,000	1,400,000
Crown Lands	1,300,000	860,000	610,000	240,000	...
Receipts from Sundry Loans	15,400,000	12,139,996	21,302,897	...	...
Miscellaneous Receipts	42,800,000	10,484,541	17,443,133	3,294,424	3,735,000
Appropriation from Rating Relief Suspense Account ...	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	301,997,537	342,246,328	14,203,424	13,338,000
SELF-BALANCING REVENUE.					
Post Office	58,232,000	30,150,000	31,800,000	700,000	700,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	7,089,000	7,445,702	210,000	...
Total Self-Balancing Revenue	81,582,000	37,239,000	39,245,702	910,000	700,000
Total		339,236,537	381,492,030	15,113,424	14,038,000

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Oct. 24, 1931.	April 1, 1930, to Oct. 25, 1930.	Week ended Oct. 24, 1931.	Week ended Oct. 25, 1930.
		£	£	£	£
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	289,400,000	174,838,455	167,309,209	1,158,136	645,285
Payments to Northern Ireland Exchequer	6,350,000	2,797,146	3,036,653	...	202,464
Other Consolidated Fund Services	3,000,000	1,278,964	1,492,890	...	...
Total	298,750,000	178,914,565	171,838,752	1,158,136	847,749
Total Supply Services (excluding Post Office)	451,829,000	234,769,304	235,985,467	7,700,000	9,600,000
Total ordinary expenditure ...	750,579,000	413,683,869	407,824,219	8,858,136	10,447,749
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	30,150,000	31,800,000	700,000	700,000
Road Fund	23,350,000	7,089,000	7,445,702	210,000	...
Total Self-Balancing Expenditure	81,582,000	37,239,000	39,245,702	910,000	700,000
Total Ordinary and Self-Balancing Expenditure...	832,161,000	450,922,869	447,069,921	9,768,136	11,147,749
New Sinking Fund (1928).....	32,600,000	20,834,803	25,727,684	327,569	1,269,577
Total, including New Sinking Fund		471,757,672	472,797,605	10,095,705	12,417,326

The aggregate revenue and expenditure to October 24th, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO OCTOBER 24TH.			
(000's omitted.)			
	Revenue	Expenditure	
Revenue	413,684	301,998	
Expenditure	20,835	5,177	
New Sinking Fund	434,519	129,344	
		434,519	

POSITION OF THE FLOATING DEBT.				
Ways and Means Advances Outstanding	Oct. 25, '30.	Mar. 31, '31.	Oct. 24, '31.	Oct. 24, '31.
Advances by Bank of England	25,000,000	24,500,000	40,850,000	-6,847,000
Advances by Public Departments	663,275,000	569,825,000	609,855,000*	+2,000,000
Treasury Bills outstanding	689,275,000	594,325,000	650,705,000	+4,847,000
Total Floating Debt	1,357,550,000	1,248,650,000	1,651,360,000	+392,710,000

TREASURY BILLS BY PUBLIC TENDER.
Tenders for £40,000,000 in Treasury Bills were opened on October 23, 1931, and the total amount applied for was £64,010,000. Tenders were accepted for bills at three months, dated Monday to Friday at £98 12s. 8d., about 56 per cent., and above in full; and Saturday at £98 13s. 0d., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931	£	£	£ s. d.
October 2	40,000,000	47,945,000	5 11 0-07
October 9	40,000,000	49,465,000	5 11 4-63
October 16	40,000,000	61,480,000	5 10 5-56
October 23	40,000,000	64,010,000	5 7 8-07

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, October 28, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	356,031,240	11,015,100	
In Banking Department	54,646,242	243,513,502	
		16,430,449	
		4,040,949	
		275,000,000	
		Gold and Silver	£410,677,482

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	14,553,000	50,535,906	
Public Deposits	3,122,707		
Other Deposits	17,253,665		
Advances	2,253,665		
Bankers' Advances	2,253,665		
Other Accounts	52,644,743		
7-Day and other Bills	116,122,274		
	1,308		
	£151,052,954		£151,052,954

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

Both Departments.	Amount, Oct. 28, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	356,031,240	+ 800,331	+ 9,594,821
Public deposits	17,253,665	+ 1,840,195	+ 3,716,781
Bankers' deposits	63,477,531	+ 2,962,246	+ 7,783,698
Other deposits	52,644,743	+ 132,192	+ 17,642,805
Seven-day bills	1,308	+ 512	+ 879
Total, outside liabilities	489,408,487	+ 1,789,544	+ 22,114,022
Capital and rest	17,675,707	+ 10,678	+ 20,953
Government debt and securities	305,054,508	+ 335,541	+ 23,490,229
Discounts and advances	10,547,997	+ 126,119	+ 6,299,107
Other securities	50,493,319	+ 2,075,809	+ 16,498,938
Silver coin in issue department	4,040,949	+ 10,394	+ 425,790
Coin and bullion (bank's reserve)	136,937,421	+ 97,811	+ 23,729,569
Reserve of notes and coin in banking department	55,906,181	+ 898,142	+ 9,134,688
Proportion of reserve to outside liabilities—			
(a) Banking department only	41 1/2 %	+ 1 %	+ 16 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	27 1/2 %	+ 1 %	+ 6 1/2 %

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1931.	£	£	£	£	£
Sept. 16	410,574	351,618	16,574	58,437	50,459
23	408,628	352,676	23,018	64,915	50,963
30	409,818	357,209	30,089	62,642	52,565
Oct. 7	410,239	359,324	10,594	78,859	51,879
14	410,359	356,710	14,441	70,075	51,310
21	410,674	355,251	19,084	60,515	52,777
28	410,677	356,031	17,254	63,478	52,645

Issue Department.		Both Depts.		Banking Department.		Reserve & the "Proportion."	
Date.	Govt. and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."
1931.	£	£	£	£	£	£	%
Sept. 16	261,135	9,811	136,880	28 1/2	49,391	8,321	60,263 48
23	238,845	32,113	134,974	27 1/2	60,176	13,579	57,298 41 1/2
30	246,455	24,502	136,100	27 1/2	68,976	14,774	55,951 37 1/2
Oct. 7	243,793	27,175	136,565	26 1/2	64,126	16,898	52,240 36 1/2
14	245,200	25,787	136,744	27 1/2	57,626	14,078	55,034 40 1/2
21	251,599	19,371	137,035	28 1/2	53,801	10,422	56,804 42 1/2
28	254,529	16,430	136,937	27 1/2	50,536	10,548	55,906 41 1/2

BANKERS' CLEARING RETURNS (000's omitted).				
	Town.	Metropolitan.	Country.	Total.
1931.	£	£	£	£
January 1 to October 14	26,786,067	1,333,555	2,178,313	30,297,935
Week ended October 21	482,911	31,246	54,219	568,376
Week ended October 28	448,998	29,224	47,863	526,085
Total to date, 1931	27,717,976	1,394,025	2,280,395	31,392,396
Total to date, 1930	32,543,338	1,507,417	2,467,151	36,517,906
Increase or decrease in 1931	-4,825,362	-113,392	-186,756	-5,125,510
	-14.8 %	-7.5 %	-7.6 %	-14.0 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2.8 %	-3.7 %	-3.7 %	-2.9 %

PROVINCIAL CLEARING RETURNS. (000's omitted.)				
	Week ended October 24.	Month of September.	Aggregate Totals, January 1 to October 24.	
	1930.	1931.	1930.	1931.
Number of working days	26	26	26	26
BIRMINGHAM	1,914	1,845	8,484	7,509
BRADFORD	640	731	3,203	2,526
BRISTOL	1,018	892	4,461	5,024
DUBLIN	4,642	4,686	4,686	4,686
HULL	612	631	3,212	2,571
LEEDS	636	613	2,784	2,805
LIVERPOOL	558	516	2,828	2,308
MANCHESTER	5,310	6,417	23,361	20,743
NEWCASTLE	1,247	1,017	5,196	3,378
NOTTINGHAM	496	341	2,249	1,515
SHEFFIELD	529	568	3,151	4,520
Total	26,120	26,752	96,860	85,565
			-11.6	1,322,614

OVERSEAS BANK RETURNS.
NOTE.—The latest return of the Bank of Portugal appeared in the Economist of August 8; Bank for International Settlements, Russia and Denmark in October 10; National Bank of Egypt in October 17; Italy, Austria, Danzig, and Federal Reserve Member Banks in October 24.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).				
RESOURCES.	Oct. 30, 1930.	Oct. 8, 1931.	Oct. 15, 1931.	Oct. 22, 1931.
Total gold reserve	3,037,190	3,036,950	2,836,010	2,764,120
Total bills discounted	201,600	463,390	627,580	698,310
Bills bought in open market	165,660	581,360	730,410	769,070
Total U.S. Govt. securities	601,440	734,340	727,430	727,000
Total bills and securities	975,020	1,801,220	2,104,440	2,224,400
Total resources	4,856,180	5,705,030	5,926,490	5,827,100
LIABILITIES.				
Federal Reserve notes in actual circulation	1,354,880	2,269,990	2,321,820	2,383,360
Deposits—Memberbank—reserve account	2,468,280	2,277,430	2,223,020	2,275,510
Total deposits	2,519,410	2,486,030	2,519,340	2,507,260
Capital paid in and surplus	447,380	441,210	445,020	439,300
Total liabilities	4,856,180	5,705,030	5,926,490	5,827,100
Ratio of total resources to deposits and Federal Reserve note liabilities combined	82.4 %	67.1 %	61.8 %	59.9 %

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Oct. 30, 1930.	Oct. 8, 1931.	Oct. 15, 1931.	Oct. 22, 1931.	Oct. 29, 1931.
Total gold reserves	1,137,280	996,320	892,200	1,001,680	1,007,740
Total bills discounted	38,550	12,340	205,940	159,030	138,650
Bills bought in open market	42,870	317,160	200,740	214,150	201,060
Total U.S. Govt. securities	187,340	225,700	245,260	241,700	243,940
Total bills and securities	273,010	528,290	657,890	629,560	598,240
Deposits—Memberbank—reserve account	1,088,350	983,650	942,790	1,029,660	1,004,310
Ratio of total res. to dep. and Federal Res. note liabilities combined	87.6 %	68.9 %	61.8 %	65.8 %	67.1 %

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

ASSETS.	Oct. 3, 1930.	Sept. 4, 1931.	Sept. 11, 1931.	Sept. 18, 1931.	Sept. 25, 1931.	Oct. 2, 1931.
Gold coin and bullion	6,962	6,315	6,171	5,913	6,541	6,925
Subsidiary coin	182	369	378	382	385	375
Bills discounted	7,594	6,795	6,603	6,560	6,374	5,227
Investments	1,397	1,935	1,935	1,776	1,899	1,935
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	8,424	7,875	6,997	6,552	6,852	8,263
Government deposits	706	846	975	1,566	1,694	1,236
Bankers' deposits	4,793	4,818	4,711	4,830	4,809	4,311
Ratio of cash reserves to liabilities to public	49.8 %	47.3 %	47.9 %	48.1 %	50.2 %	52.2 %

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

ASSETS.	Sept. 26, 1930.	Sept. 4, 1931.	Sept. 11, 1931.	Sept. 18, 1931.	Sept. 25, 1931.	Oct. 2, 1931.
Total securities	23,85,66	32,42,95	32,81,43	33,78,41	33,61,70	33,52,33
Loans	17,44,62	9,87,02	10,55,80	10,06,29	13,13,08	11,85,76
Cash credits	28,66,25	26,63,27	26,73,18	26,74,96	28,68,44	27,63,75
Inland bills	2,00,28	2,40,54	2,82,69	3,05,31	2,68,44	3,49,97
Foreign bills	41,14	43,57	38,07	33,86	36,87	36,45
Dead stock	2,78,65	2,72,97	2,73,11	2,73,30	2,73,37	2,73,42
Bal. with other banks	16,26	2,71	6,54	14,74	12,05	12,48
Cash	25,60,67	17,94,24	15,45,85	12,25,87	6,45,56	9,25,81

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted).

ASSETS.	Oct. 18, 1930.	Sept. 26, 1931.	Oct. 3, 1931.	Oct. 10, 1931.	Oct. 17, 1931.
Gold & gold exchange	10,970,671	10,485,109	10,441,792	10,305,338	10,309,197
Commercial bills	7,526,555	11,626,423	11,690,162	11,856,663	11,618,456
State debt, advances to State, &c.	5,099,057	5,484,561	5,468,561	5,430,561	5,400,561
Notes in circulation	19,167,121	21,861,036	21,817,134	21,874,525	21,812,287
Other sight liabilities	6,941,153	6,160,283	6,108,199	5,937,776	5,924,695

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

ASSETS.	Oct. 15, 1930.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.	Oct. 15, 1931.
Gold and silver holdings	1,436,536	1,508,724	1,509,262	1,509,575	1,409,668
Discounts and advances	1,079,890	475,886	419,799	397,297	368,359
Advances to the Treasury	753,084	832,506	860,330	847,584	863,999
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,212,088	1,184,334	1,184,266	1,184,240	1,184,531
Bank notes in circulation	3,746,624	3,347,369	3,334,724	3,358,285	3,325,962
Sight liabilities	1,518,631	1,255,227	1,233,385	1,179,789	1,169,030
Deposits	282,802	252,408	252,408	252,078	251,605

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Oct. 15, 1930.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.	Oct. 15, 1931.
Gold	524,534	490,707	490,707	490,743	868,181
Gold exchange	3,524,701	2,736,683	2,501,735	2,571,705	2,385,126
Other foreign exchange	39,917	1,612	1,568	1,731	2,707
Bills discounted	142,873	163,397	169,240	158,191	158,047
Advances	179,220	235,425	284,828	298,080	292,945
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	5,061,680	4,271,435	4,241,962	4,433,085	4,309,885
Deposits and current accounts	1,615,621	1,109,676	608,353	636,314	756,512
Foreign exchange liabilities	682,741	605,814	638,430	1,185,250	873,080

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Oct. 20, 1930.	Sept. 20, 1931.	Sept. 30, 1931.	Oct. 10, 1931.	Oct. 20, 1931.
Gold	561,936	568,040	568,056	575,407	585,009
Of which held abroad	77,396	81,716	81,716	89,686	98,640
Foreign currencies	407,210	281,457	249,955	229,616	213,146
Bills discounted	708,256	624,749	634,468	630,242	621,462
Loans against securities	84,933	104,140	116,538	125,513	126,102
Reserve fund securities	86,401	93,225	93,225	93,121	93,121
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve fund	110,000	110,000	110,000	110,000	110,000
Notes in circulation	1,291,327	1,140,574	1,224,793	1,187,045	1,153,547
Current accounts	227,376	268,518	198,039	216,486	236,770

* As from October 27, 1927, 8-9 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1914.	Oct. 15, 1930.	Sept. 30, 1931.	Oct. 8, 1931.	Oct. 15, 1931.
Gold	35,091	301,106	301,480	306,066	305,936
Balance abroad and foreign bills	90,379	1,094,901	648,893	494,514	519,652
Finland and Foreign Government securities	21,826	376,195	396,544	405,100	394,829
Discounts and loans	105,151	703,420	878,626	1,088,902	1,115,338
LIABILITIES.					
Notes in circulation	123,941	1,322,308	1,200,928	1,203,859	1,257,651
Deposits at notice	21,225	120,228	...	60,969	69,028

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Oct. 15, 1930.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.	Oct. 15, 1931.
Gold coin and bullion	6,548	6,546	6,547	6,548	6,549
Net foreign exchange	17,005	17,178	17,253	16,417	16,508
Subsidiary Estonian coin	1,542	1,525	1,602	1,627	1,645
Home bills discounted	13,846	9,278	9,222	9,744	10,129
Loans and advances	10,579	11,452	10,892	10,815	12,096*
Thereof loans to Government	...	2,500	1,700	1,700	1,700
LIABILITIES.					
Notes in circulation	32,385	35,350	34,362	33,400	35,580
Sight deposits and current liabilities	14,223	12,795	12,547	12,688	11,819
Ratio of reserve to current liabilities	50.53%	49.28%	50.74%	49.83%	47.64%

* Includes Ekr. 4,385,125-73 guaranteed by the Government.

BANK OF LATVIA.—In late (gold francs) (000's omitted).

ASSETS.	Oct. 22, 1930.	Sept. 21, 1931.	Sept. 28, 1931.	Oct. 5, 1931.	Oct. 12, 1931.	Oct. 19, 1931.
Gold bullion and coins	24,063	24,017	24,020	28,996	28,949	28,952
Silver coin	6,290	10,928	10,635	10,551	10,474	10,378
Balance abroad	41,360	22,807	22,083	15,257	14,879	15,225
Treas. notes and sm. change	10,495	10,106	8,576	9,665	9,690	9,955
Short term bills	86,412	79,956	79,988	80,170	80,243	80,640
Loans against securities	59,725	80,184	59,997	60,152	59,616	59,877
Other assets	17,794	16,642	16,767	16,847	17,262	17,565
LIABILITIES.						
Notes in circulation	48,849	42,497	43,916	42,685	42,409	42,475
Capital paid up	18,735	19,676	19,676	19,676	19,676	19,676
Reserve	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	19,401	19,447	19,729	19,386	19,159	18,900
Current accounts	52,852	65,484	61,038	60,938	64,017	65,186
Government accounts	87,132	61,735	60,965	60,096	59,268	58,906
Other liabilities	11,318	7,171	8,513	10,626	8,312	9,221

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position June 30, 1914.	Oct. 11, 1930.	Sept. 19, 1931.	Sept. 26, 1931.	Oct. 3, 1931.	Oct. 10, 1931.
Gold coin and bullion	221,320	854,232	817,341	817,869	803,464	790,558
Other coin and bullion	58,574	647,985	621,102	629,187	633,596	631,517
Discounts	41,740	58,258	55,968	55,974	55,022	56,029
LIABILITIES.						
Notes	362,270	1,020,830	913,198	988,510	1,000,077	975,728
Govt. deposits	87,340	525,457	472,171	447,199	457,621	457,008
Other deposits	11,440	250,870	220,279	173,881	126,265	156,579

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	Sept. 26, 1930.	Sept. 4, 1931.	Sept. 11, 1931.	Sept. 18, 1931.	Sept. 25, 1931.
Gold at home	61,699	63,220	63,241	63,631	63,657
Gold abroad	362,038	133,754	135,078	134,786	133,676
Discounts and advances	32,290	118,675	116,134	107,134	99,936
LIABILITIES.					
Notes of the bank in circulation	316,025	294,556	302,891	298,302	292,040
Deposits	69,477	68,016	61,605	60,719	65,567
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	Oct. 22, 1931.	Oct. 23, 1931.	Oct. 24, 1931.	Oct. 25, 1931.	Oct. 27, 1931.	Oct. 28, 1931.	Oct. 29, 1931.
Bank rate (changed from 4½% Sept. 21, 1931).....	6	6	6	6	6	6	6
Market rates of discount—							
60 days' bankers' drafts	5½	5½	5½	5½	5½	5½	5½
3 months' do.	5½	5½	5½	5½	5½	5½	5½
4 months' do.	5½	5½	5½	5½	5½	5½	5½
6 months' do.	5½	5½	5½	5½	5½	5½	5½
Discount Treasury Bills—							
2 months	4½	4½	4½	4½	4½	4½	4½
3 months	4½	4½	4½	4½	4½	4½	4½
Loans—Day-to-day	4	4	4	4	4	4	4
Short	4	4	4	4	4	4	4
Deposit allowances: Bank	4	4	4	4	4	4	4
Discount houses at call	4	4	4	4	4	4	4
At notice	4½	4½	4½	4½	4½	4½	4½

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1931.	%	%	%	%	%	%	%
Oct. 8	4½-5	5½-6	5½-6	6-6½	6	6½	7
" 15	4½-5	5½-6	5½-6	6-6½	6	6½	7
" 22	5	5½-6	5½-6	6-6½	6½-7	6½-7	6½-7
" 29	4½	5½-6	5½-6	6-6½	6-6½	6½-7	6½-7

RATES OF EXCHANGE.

London on	Usance.	Par.	Oct. 30, 1930.	Oct. 22, 1931.	Oct. 29, 1931.
New York	dollars to £1	Cable	4.85½	4.85½	3.931-87
Montreal	dollars to £1	Cable	4.85½	4.85½	4.37-40
Paris	francs to £1	T.T.	124.21	123.81-83	99½-100½
Berlin	marks to £1	T.T.	20.43	20.38½-39½	16½-17
Amsterdam	florins to £1	T.T.	12.107	12.06½-06¾	9½-10
Brussels	belgas to £1	T.T.	35.00	34.84½-85½	28-28½
Milan	lire to £1	T.T.	92.46	92.79-81	75½-76
Zurich	francs to £1	T.T.	25.22½	25.02½-25.03	20.05-10
Oslo	kroner to £1	T.T.	18.159	18.15½-16½	17½-18
Copenhagen	kroner to £1	T.T.	18.159	18.15½-16½	17½-18
Stockholm	kroner to £1	T.T.	18.159	18.15½-16½	17½-18
Madrid	pesetas to £1	T.T.	25.22½	43.38-43	44-44½
Lisbon	escudos to £1	T.T.	110	108½-109	109½-110
Vienna	schillings to £1	T.T.	34.58½	34.44-47	29-30
Prague	kroner to £1	T.T.	164½	163½-164	131-134
Belgrade	dinars to £1	T.T.	275.316	273½-274½	210-225
Budapest	pengos to £1	T.T.	27.82	27.75-78	...
Bankast	lel to £1	T.T.	813.6	817-819	650-670
Sofia	leva to £1	T.T.	673.659	668.673	510-530
Athens	drachmae to £1	T.T.	375	374½-375½	310 sellers
Constantinople	piastres to £1	T.T.	110	1025	805 sellers
Moscow	roubles to £1	T.T.	9.46	9435-9452	7.589-7.603
Warsaw	zlotys to £1	T.T.	43.38	43½-44	33-37
Helsingfors	F. marks to £1	T.T.	193.23	192½-193½	191-193
Kovno	litas to £1	T.T.	48.66	48½-49	29½
Riga	kronon to £1	T.T.	18.159	18.20-27	14-15½
Alexandria	piastres to £1	T.T.	97½	97½-98	97½-98
Buenos Aires	pesos to £1	T.T.	47.62½	38½-41	33½
Rio de Janeiro	pesos to £1	T.T.	5.899	4½-5	3½-4
Montevideo	pesos to £1	T.T.	51	38½	21-22
Valparaiso	pesos to £1	T.T.	40	39-97	32-30
Lima	soles to £1	T.T.	90 days	15-45	13-75
Calcutta	rupees to £1	T.T.	1½	1½-1½	1½-1½
Bombay	rupees to £1	T.T.	1½	1½-1½	1½-1½
Madras	rupees to £1	T.T.	1½	1½-1½	1½-1½
Hong Kong	ster. to dollar	T.T.	...	1½-1½	1½-1½
Shanghai	ster. to dollar	T.T.	...	1½-1½	1½-1½
Singapore	ster. to dollar	T.T.	2s. 4d.	2½-2½	2½-2½
Kobe	ster. to yen	T.T.	24.582½	24½	2½-2½
Manila	ster. to peso	T.T.	24.066½	2½	2½-2½
Mexico	pesos to £1	T.T.	9.76	10.25-45	10.40-70
San Francisco	ster. to dollar	T.T.	21.82½	1½	1½-1½

† Nominal. ‡ Sellers.

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania	July 1, 1931	Madrid	July 8, 1931
Amsterdam	Sept. 29, 1931	Oslo	Oct. 17, 1931
Athens	Oct. 29, 1931	Paris	Oct. 9, 1931
Batavia	Mar. 10, 1930	Prague	Sept.

NOTICES.

The retirement is announced, as from October 31st, of Mr John J. Meagher, Manager in London of Williams Deacon's Bank, Ltd., after forty-seven years' service. Mr C. H. Scott, the present sub-manager, will succeed Mr Meagher as manager at Birchin Lane. Mr Meagher entered the service of the bank in Manchester in 1884 and in 1893 he received an appointment at the West End office of the bank in London, of which he became manager in 1912. He was appointed to the City office as manager in London in 1912. He is well known in London in City and financial circles, has been a member of the Council of the Institute of Bankers for the past nineteen years, and is a director of the Alliance and Dublin Consumers' Gas Company. He is a liveryman of the City of London and a Past Master of the Worshipful Company of Makers of Playing Cards.

Barclays Bank, Ltd., announce the opening of a new branch at Church Lane, Kingsbury Green, N.W.9.

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Bengal-Nagpur Railway	2%†	...	Less tax	4½	5
INSURANCE.					
Phoenix Assurance	7/- p.s.	Dec. 15	Less tax	...	...
TEA AND RUBBER.					
Consolidated Estates	21%†	...	Less tax	7½	17½
Craig Tea Estates	5%*	Nov. 7	Less tax	...	...
Craighead Tea	5%*	Oct. 28	Less tax	...	...
Nuwara Eliya Tea Estates	8%*	Nov. 10	Less tax	...	...
Standard Tea of Ceylon	10%*	Oct. 29	Less tax	...	...
OTHER COMPANIES.					
Atlas Electric and General Trust	1%†	...	Less tax	3	5
Bankers' Investment Trust (Def.)	2½%*	Nov. 14	Less tax	...	...
Bereford (S. and W.)	7½%*	...	Less tax	12½	10
British Match	2%*	Nov. 14	Tax free	...	...
Buff Book (Ord. and Def.)	5%*	Nov. 2	Less tax	...	...
Clapton Stadium	12½%*	Nov. 27	Less tax	...	...
Craigpark Electric Cable	4%*	Nov. 2	...	...	...
Dubarry Perfumery	10%*	Nov. 2	Less tax	...	...
Ever Ready Co. (Gt. Britain)	10%*	Nov. 30	Less tax	...	...
Frost (S.) and Co.	3%*	Oct. 31	Less tax	...	...
Garrard Engineering (Ord. and Prof. Ord.)	Nil	...	...	...	...
Glenfield and Kennedy	4%*	...	Less tax	...	...
Holbrooks	4%*	Nov. 2	Less tax	...	...
Horden Collieries	21%*	...	Less tax	5	7½
Hughes-Johnson Stampings	5%†	...	Less tax	10	15
Investment Company	30/- p.s.	Oct. 30	Less tax	...	...
Jones (Peter) Preference	30%*	Oct. 21	(4 years to July 31, 1926)	...	...
Lake View Investment Trust	4½%*	Dec. 1	Less tax of 4/10 in £	...	...
Malin Tiles (Burslem)	5%*	Oct. 30	Less tax	...	...
Meters Limited	2½%*	...	Less tax	...	...
Packing Materials Association	Nil	...	(6 months to Nov. 30, 1931)	Nil	5
Para Electric Ry. (Deb. Stk.)	Nil	...	...	...	...
Ribble Motor Services	4%*	...	Less tax	...	...
Realisation and Debenture Corporation of Scotland	7%†	...	Less tax	12	12
Rochdale and Manor Brewery ...	6½%*	...	Less tax	9	10
Scottish National Trust	3%*	Nov. 12	Less tax	7	9
Second Guardian Trust	2%*	...	Less tax	...	...
Second Scottish National Trust	2½%*	...	Less tax	6	8
St. Andrew Trust	2%*	Nov. 11	Less tax	...	...
Stanton Ironworks	4%*	...	Tax free	...	...
Stroud Brewery	12½%*	...	Tax free	20	20
Taylor's Hygienic Service	10%*	Nov. 3	Less tax	...	...
Third Scottish National Trust ...	2%*	Nov. 12	Less tax	...	...
Thornycroft (John I.) Ord.	...	...	...	Nil	13
Prof. Ord.	...	...	...	Nil	9
Urban Electric Supply	3%*	Nov. 2	Less tax	...	...
Western Electricity Supply	12%*	...	Less tax	15	10
Woolworth (F. W.) and Co.	30%*	Dec. 1	Less tax	...	...

CANADIAN EAGLE OIL.—The directors have decided to postpone a decision regarding the payment of the dividend on the 7 per cent. first preference shares, payable on October 31, 1931, until they have available information regarding the trading results of the year 1931. For 1930 the full dividend was paid on the 1st preference shares, 23.88 cents per share was distributed on the participating preference shares, and the ordinary shares received 12 cents per share.

F. W. WOOLWORTH AND COMPANY.—The directors have declared an interim dividend of 1s. 6d. a share, or 30 per cent., on the ordinary shares of 5s. each, and a dividend at the fixed rate on the six per cent. preference shares for the five months ending November 30th, both payable on December 1st. The company has an issued capital of £8,750,000, of which £5,000,000 is in preference shares and £3,750,000 in ordinary shares. In June last 4,260,000 preference shares and 2,250,000 ordinary shares were offered for sale, the former at par and the latter at £2 a share. The dividend now declared is therefore the first to be announced on those shares. Holders of the shares that were offered for sale are reminded of the provision in the offer that the shares represented by fully paid provisional scrip certificates which are not surrendered to N. M. Rothschild and Sons for registration prior to November 3, 1931, will be registered in the names of N. M. Rothschild and Sons' nominees. Holders of provisional scrip certificates will be entitled to receive transfers of shares 14 days after surrendering the certificates to N. M. Rothschild and Sons, the appropriate transfer duty and any incidental expenses to be payable by the transferee.

MEXICAN EAGLE OIL.—The directors have decided to postpone a decision regarding the payment of the dividend on the 7 per cent. 1st preference shares, payable on October 31, 1931, until they have available information regarding the trading results of the year 1931. The full dividend was paid on these shares last year and, in addition, 8 per cent. was distributed on the participating preference and 6 per cent. on the ordinary shares.

TEXTILES TRADING CORPORATION (BERLIN) (BANK FÜR TEXTILINDUSTRIE A.G.) (20-YEAR TRUST CERTIFICATES).—It is announced that there is available in the hands of the trustees a fund sufficient to admit of a distribution among the holders of the above certificates at the rate of £25 per £100 nominal. In order to participate in the above distribution, certificate holders must lodge their certificates with Messrs Helbert, Wagg and Company, Ltd., 41 Threadneedle Street, E.C.2, from whom listing forms may be obtained. Certificates will be retained three clear days for examination, after which they will be suitably endorsed and returned, together with a cheque for the appropriate amount to the person by whom they are deposited. It is recommended that certificates should be deposited through a London banker, as payment through the post can only be made at the holder's risk.

THE CENTRAL URUGUAY RAILWAY COMPANY OF MONTE VIDEO, LTD.; THE CENTRAL URUGUAY NORTHERN EXTENSION RAILWAY; THE CENTRAL URUGUAY EASTERN EXTENSION RAILWAY; THE MIDLAND URUGUAY RAILWAY; THE MIDLAND URUGUAY EXTENSION RAILWAY; THE URUGUAY NORTHERN RAILWAY.—The directors consider it their duty to inform all debenture holders and proprietors of the Central Uruguay Railway and those companies worked and controlled by it, of the receipt of cable advice that a law has been passed in Uruguay prohibiting the payment of dividends in foreign currencies. The law further provides that the equivalent in pesos which otherwise would have been used for purchasing exchange must be deposited in a local bank and that these accumulated funds will be released for remittance, as to 25 per cent. each month, after January 1st next. Full representations have been made to the Uruguayan Government, but in the circumstances it is impossible for the directors to make any forecast as to the ability of the company to meet its obligations at due dates.

UNILEVER.—The boards of Unilever, Ltd., and Unilever N.V., have each declared an interim dividend on their ordinary shares, which in the case of the Dutch company is 40th on every share of 1,000th. The £1 shares of the English company have been taken as equal to 12th each, so that the equivalent dividend on the shares of the English company amounts to 48 Dutch cents per share. This amount, converted into sterling at the rate of exchange ruling, is 1s. per share.

VENESTA, LTD.—As far as can be ascertained at present, the company's trading for the year ended June 30, 1931, will show a small profit, but not sufficient to cover the dividend on the company's 7 per cent. cumulative preference shares. In the circumstances, and in order to strengthen the cash position, the directors have decided not to pay the dividend for the half-year ending September 30th next. The directors regret that this action should be necessary, but in view of the obscure outlook, it is the only course to pursue in the interests of the company. The turnover has been well maintained in bulk, but prices have fallen progressively and considerably during the past year.

WALDORF HOTEL COMPANY, LTD.—In view of the unsettled conditions, the directors have decided to await the result of the full year's trading before considering the question of payment of a dividend on the ordinary shares of the company.

SUMMARY OF BALANCE SHEETS.

ATLAS ELECTRIC AND GENERAL TRUST, LIMITED.

March 31, 1931.

LIABILITIES.		ASSETS.	
Amount.	Compared with March 31, 1930.	Amount.	Compared with March 31, 1930.
7% cum. pref. shares (£1).....	3,000,000	Investments at or under cost.....	6,282,436 + 5,873
Ord. shares (£1).....	3,000,000	Subsidiary co.	3,854,687 + 106,351
5% deb. stock, 1929/79	750,000	Special reserve	1,150,000
Int. accrued	11,719 - 390	Loan against security	Nil - 100,000
Reserve and redemption acts.	222,570 + 8,320	Office furniture	2,000 + 500
Capital reserve	1,928,244	Sales for future settlement	11,105 + 11,105
Purchases for future settlement	12,104 - 224,849	Debtors	2,059 - 227
Unclaimed principal deb. stk.	Nil - 2,306	Indian Government Treasury bills	Nil - 198,722
Creditors	16,693 - 20,676	Cash	191,737 - 128,151
Provision for taxation and contingencies	113,861 - 13,430		
Unclaimed interest	4,206 + 1,680		
Provision for dividends	101,250 - 50,875		
Revenue account	33,377 - 1,745		
Total	9,194,024 - 303,271	Total	9,194,024 - 303,271

BRITISH CELANESE, LIMITED.

June 30, 1931.

LIABILITIES.		ASSETS.	
Amount.	Compared with June 30, 1930.	Amount.	Compared with June 30, 1930.
7½% cum. pref. (£1).....	2,000,000	Freehold land, building, &c.	7,003,935 - 1,260,441
7% cum. pref.	4,250,000	Goodwill, &c.	1,913,118
Ord. shares, 10s.	2,211,333	Commitment of royalties	1,222,846 - 5,128
7% deb.	816,073 - 50,320	New issues exps.	12,452 - 18,109
7½% bonds	3,000,000	Stocks	1,062,538 - 702,688
Loan	150,000	Sundry debtors	561,210 - 296,227
Sundry creditors	367,681 - 267,907	Ins. policy	9,714 + 2,286
General reserve	...	Investments	70,773 + 29,994
Depreciation reserve	...	British Celanese 7½% bonds at cost	111,442 + 15,719
Prem. reserve	105,000 - 30,331	Cash	704,861 + 155,928
Profit and loss	...	Profit and loss	99,385 + 99,385
Total	12,900,087 - 1,989,181	Total	12,900,087 - 1,989,181

OIL OUTPUTS.

THE MEXICAN EAGLE OIL COMPANY, LTD.—The production for the week ended August 29, 1931, was 255,000 barrels. Production for the week ended September 5, 1931, was 267,000 barrels. Production for the week ended September 12, 1931, was 248,000 barrels. Production for the week ended September 19, 1931, was 241,000 barrels. Production for the week ended September 26, 1931, was 235,000 barrels. Production for the week ended October 3, 1931, was 235,000 barrels. Production for the week ended October 10, 1931, was 231,000 barrels. Production for the week ended October 17, 1931, was 183,000 barrels.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefco.	Ordinary.					
					Amount.	Rate.					
Breweries.											
Backus and Johnston's Brewery.....	June 30	5,097	26	5,123	56,000	12,245	4	...	5,123	9,048	7†
Brown (Matthew) and Co.	Sept. 30	13,594	76,703	90,297	...	3,981	15	...	22,052	99,415	12½
Longmore (William) and Co.	Sept. 30	8,566	1,425	9,991	...	...	...	...	6,010	5,092	20†
Financial Land, &c.											
Western Canada Investment Hotels, Restaurants, &c.	June 30	3,633	3,334	6,967	4,452	...	...	50	2,465	5,994	4
Glenburn Hydropathic.....	Aug. 31	2,814	Dr. 1,584	1,230	...	...	...	...	1,230	758	...
Smedley's Hydropathic Co.	Sept. 30	6,925	9,282	16,207	1,125	9,375	12½†	...	5,707	15,655	14½†
Iron, Coal and Steel.											
Lysaght (John), Ltd.....	Dec. 31	338,653	144,751	483,404	36,000	100,000	5†	...	347,404	338,448	15†
Osborn (Samuel) and Co.....	July 31	21,974	2,462	24,436	14,366	...	...	...	10,070	35,291	7
Motor and Cycle.											
Rudge-Whitworth, Ltd.	Aug. 31	60,148	Dr. 19,889	40,268	...	...	...	...	40,268	14,685	...
Rubber, &c.											
Batu Matang Rubber.....	June 30	1,245	Dr. 1,430	Dr. 185	...	...	...	Dr. 1,000	815	Dr. 898	...
Ceylon Land and Produce	June 30	12,808	4,349	17,157	3,000	...	...	...	14,157	27,702	15
Eastern Sumatra Rubber	June 30	9,434	3,226	12,660	...	...	...	3,000	9,660	Dr. 238	...
Galang Besar Rubber	June 30	503	188	691	...	...	...	...	691	Dr. 2,338	...
Kamuning (Perak) Rubber	June 30	20,246	4,799	25,045	...	...	...	...	25,045	15,034	...
Kuala Kubu Rubber	June 30	6,621	Dr. 733	5,888	...	...	...	...	5,888	526	...
Lewa Rubber Estates	June 30	3,630	2,426	6,056	...	4,281	11½	...	1,775	7,128	12½
Mambau (F.M.S.) Rubber.....	June 30	2,380	Dr. 372	2,008	...	...	...	...	2,008	807	...
Monerakelle Rubber Estates	June 30	572	Dr. 2,307	Dr. 1,735	...	...	...	...	Dr. 1,735	Dr. 3,508	...
Pahang Para Rubber	Apr. 30	Dr. 1,662	Dr. 4,960	Dr. 6,622	...	...	...	...	Dr. 6,622	Dr. 2,294	...
Singapore Para Rubber	June 30	8,734	Dr. 1,121	7,613	...	...	...	...	7,613	3,350	...
Shipping.											
Walford Lines, Limited	Apr. 30	Dr. 11,094	Dr. 8,742	Dr. 19,835	...	...	...	Dr. 16,847	Dr. 2,988	2,863	...
Telegraphs, &c.											
Amazon Telegraph Co.....	June 30	Dr. 13,439	12,450	Dr. 989	...	...	...	Dr. 5,794	4,805	Dr. 8,408	...
Textiles.											
British Celanese	June 30	229,491	Dr. 274,626	Dr. 45,135	54,250	...	...	...	Dr. 99,385	781,201†	...
Trusts.											
Atlas Electric and General Trust.....	Mar. 31	33,843	223,660	257,503	160,125	69,000	3	Dr. 5,000	33,378	283,819	5
London & Overseas Invest.	Oct. 15	3,448	9,185	12,633	7,875	2,678	5	...	2,080	13,107	7
Second Scottish Investment	Oct. 1	23,489	127,073	150,562	67,505	45,750	20	19,024	18,283	142,066	20
Tyre Investment Trust.....	May 31	10,997	14,723	25,720	...	...	...	...	25,720	53,844	...
Other Companies.											
Baird (Hugh) and Sons	Aug. 31	2,252	7,020	9,272	3,050	2,663	5	...	3,559	6,732	5
Burberrys, Ltd.	Mar. 31	43,504	50,848	94,352	75,000	...	...	...	19,352	127,153	5
Burt, Boulton and Haywood	June 30	15,070	51,934	67,004	10,500	42,585	8	...	15,919	73,445	9
Herrburger Brooks	June 30	112,682	2,312	114,994	...	...	...	...	114,994	32,795	10†
Kayan (F.M.S.) Coconut ...	June 30	7,428	Dr. 789	6,639	...	...	...	500	6,139	4,334	6
Marco Refrigerators	Sept. 30	7,136	Dr. 5,181	1,955	...	...	...	...	1,955	Dr. 7135†	...
Metropolitan Industrial Dwellings.....	Sept. 29	35,448	25,837	61,285	4,000	9,775	6†	21,790	25,720	26,915	6†
North of Scotland Milling...	Sept. 30	1,856	1,679	3,535	741	1,564	10	...	1,230	4,697	10
Packing Materials Assocn....	Sept. 30	9,206	Dr. 1,724	7,482	6,910	...	...	Dr. 10,000	10,572	6,360	5†

RUBBER COMPANY STATISTICS.

Name.	Financial Year Ends.	Share and Paid.	Shares Issued.	Highest and Lowest, 1931.	Total Div. % for '31 Year.	Acres Planted Rubber.	Acres in Reserve.	Last Published.			Last Financial Year's Output.	Output July, 1931.	Output August, 1931.	Output Sept., 1931.
								Average Selling Price.	Cost f.o.b.	Cost all in.				
Allied Sumatra.	Dec. 31	£	1,400,000	10/0 5/0	NH	21,568	22,346	0/5 24	0/5 63	...	Lbs. 4,995,572	Lbs. 347,000	Lbs. 317,000	Lbs. 292,000
Ampat.	Sept. 30	2/0	700,050	1/2 1/2	NH	2,855	5,143	0/8 49	0/5 61	0/6 47	4,995,572	347,000	317,000	292,000
Anglo-Dutch.	Dec. 31	1	2,350,350	2/3 1/2	NH	31,910	123,974	0/5 51	...	...	13,211,630	62,600	60,700	1,090,500
Anglo-Java.	Mar. 31	2/0	7,366,750	1/1 1/2	NH	31,218	7,672	0/8 17	0/5 61	...	10,988,431	1,073,900	1,188,500	1,090,500
Anglo-Malay.	Dec. 31	1/0	1,500,000	0/3 0/1	NH	1,408	525	0/4 70	0/6 16	0/9 56	412,128	48,000	50,000	45,000
Ayer Kuning.	Dec. 31	1	140,000	18/6 8/6	NH	5,782	2,584	0/4 83	0/6 73	...	1,371,627	52,428	51,817	49,181
Badak.	Dec. 31	1	123,200	18/9 6/3	NH	3,874	2,054	0/5 16	0/4 24	0/5 39	1,070,408	104,000	101,000	160,000
Bah Lias.	Dec. 31	1	153,215	15/3 4/3	NH	4,788	7,867	0/5 22	0/5 21	...	1,116,831	102,404	37,700	80,182
Bandar Sumatra.	July 31	1	99,847	11/0 3/3	NH	8,729	2,482	0/6 45	0/7 83	...	1,392,792	110,000	119,000	108,000
Banteng (Selangor).	April 30	1	99,000	12/6 5/6	NH	1,900	318	0/5 36	0/6 25	...	765,000	64,000	58,000	51,000
Batang Consol.	Dec. 31	2/0	2,458,840	0/8 0/1 1/2	NH	2,671	...	0/5 13	0/3 86	0/5 84	1,047,744	75,000	74,000	111,755
Batu Tiga.	Dec. 31	1	221,666	13/0 3/9	NH	6,153	408	0/5 70	0/4 27	0/5 23	2,500,193	248,000	115,332	234,500
Bekoh Consolidated.	June 30	2/0	2,993,007	0/9 0/2 1/2	NH	2,672	616	0/7 54	0/4 17	0/6 18	956,260	74,859	76,181	76,181
Bertam Consolidated.	Mar. 31	2/0	3,340,000	2/4 1/0	NH	10,333	4,389	0/4 40	0/4 06	...	3,082,262	302,000	269,570	274,024
Besoeek.	Dec. 31	1	110,000	18/1 8/6	NH	1,984	...	0/6 84	...	...	925,329	83,300	84,100	43,500
Bikam.	Dec. 31	2/0	1,885,000	1/2 1/2	NH	3,280	1,524	0/4 45	0/5 86	...	959,721	83,300	84,100	83,000
Biting.	Mar. 31	2/0	750,000	0/4 0/1 1/2	NH	982	...	0/6 75	0/4 79	0/6 37	286,000	22,000	17,000	17,000
Bradwall.	Dec. 31	1	90,000	16/3 5/3	NH	2,915	249	0/5 31	...	0/6 36	564,900	Nil	Nil	Nil
Brooklands.	June 30	2/0	1,750,000	2/4 0/7 1/2	NH	5,109	220	0/6 69	0/5 28	...	1,365,600	...	...	...
Broom.	June 30	1	135,000	4/6 2/3	NH	1,803	...	0/3 90	0/3 21	...	134,780	...	69,000	67,000
Bukit Kajang.	June 30	1	175,000	10/3 4/1 1/2	NH	4,770	967	0/6 38	0/6 38	...	1,070,408	131,667	139,594	119,605
Bukit Mertajam.	Mar. 31	2/0	3,000,000	1/8 0/7 1/2	NH	7,490	3,507	0/4 33	0/6 42	0/5 26	2,731,975	...	...	...
Bukit Selangor.	Mar. 31	2/0	2,330,881	0/6 0/1	NH	2,502	822	0/11 12	0/7 27	0/8 56	912,671	...	...	...
Bukit Sembawang.	Dec. 31	2/0	5,339,550	0/7 0/1 1/2	NH	5,870	...	0/7 84	0/6 43	0/6 51	1,581,732	100,260	104,800	106,500
Castelfield.	June 30	2/0	1,000,000	3/7 1/0	NH	3,324	152	0/6 79	0/6 72	0/5 74	1,074,674	118,155	112,425	103,175
Ceylon (Para).	Dec. 31	2/0	700,000	3/6 1/1	NH	3,446	744	0/4 44	0/4 77	0/5 74	1,587,371	...	...	...
Chempong (1920).	Mar. 31	2/0	2,782,694	0/8 0/3	NH	2,662	162	0/3 86	0/4 80	...	999,295	...	...	...
Chersonese (F.M.S.).	Dec. 31	2/0	2,700,000	1/7 0/10	NH	2,662	162	0/3 86	0/4 80	...	911,715	111,700	105,600	106,500
Cheviot.	Dec. 31	2/0	2,300,000	3/0 1/8	NH	4,947	216	0/5 64	0/4 29	0/4 65	1,890,052	168,000	170,000	178,958
Cleely Ord.	Mar. 31	2/0	1,334,312	3/5 1/0	NH	5,007	767	0/4 31	0/4 28	0/5 89	3,320,302	186,777	178,958	182,660
Consolidated Malay.	Dec. 31	2/0	750,000	3/6 1/3	NH	3,704	1,330	0/4 97	0/5 05	0/5 89	816,001	90,000	97,000	95,000
Dennistown.	Dec. 31	2/0	1,678,820	0/6 0/1	NH	3,261	406	0/5 05	0/5 05	0/5 89	1,002,902	88,601	71,461	89,265
Djember.	Dec. 31	1	164,496	16/3 4/0	NH	3,108	2,592	0/5 08	...	...	806,424	...	...	...
Eastern Produce Ord.	Dec. 31	1	333,000	60/6 34/4	NH	2,974	4,645	0/3 38	0/7 1	...	2,511,550	192,000	214,500	197,480
F.M.S. Rubber Plant.	Dec. 31	2/0	210,000	17/6 10/7 1/2	NH	6,028	1,775	0/6 03	0/4 12	0/7 10	463,097	...	...	...
Gadajah.	April 30	2/0	482,177	2/1 0/3	NH	2,023	6,622	0/9 27	0/6 40	0/7 10	1,298,252	50,000	53,152	59,000
General Ceylon.	Dec. 31	1	305,000	16/9 6/0	NH	4,155	2,579	0/4 09	...	...	733,000	59,000	62,500	53,400
Glen Bervie.	Sept. 30	1	85,069	3/1 2/0	NH	2,105	110	0/4 05	0/5 53	0/6 52	752,300	58,500	58,500	53,400
Glenish (1919).	Dec. 31	1	175,000	7/4 2/6	NH	2,105	110	0/4 05	0/5 53	0/6 52	887,112	95,946	88,396	82,007
Golden Hope.	Dec. 31	1	113,000	10/4 6/3	NH	2,202	157	0/4 42	0/5 38	0/6 13	2,405,840	185,193	183,435	179,136
Grand Central.	Dec. 31	1	1,225,000	11/10 3/9	NH	16,123	5,662	0/4 76	0/5 38	0/6 13	2,551,193	303,770	283,459	327,268
Hewagam.	Dec. 31	1	240,000	6/3 3/9	NH	2,822	600	0/4 66	0/5 87	0/5 62	1,783,598	186,000	188,000	181,000
Highlands & Lowlands.	Dec. 31	1	309,481	18/9 7/6	NH	5,551	792	0/5 21	0/4 44	0/5 62	411,119	25,750	28,250	24,400
Inch Kenneth.	June 30	1	30,000	25/0 10/0	NH	1,467	210	0/7 10	0/7 62	0/6 13	526,195	53,800	55,000	53,000
Insulind.	June 30	2/0	1,211,820	0/6 0/1	NH	2,395	10,568	0/7 52	0/5 44	0/6 13	1,460,137	124,000	92,600	94,800
Java Alamgated.	Dec. 31	1	185,000	16/3 5/0	NH	3,761	...	0/4 94	...	0/7 22	832,613	51,000	38,000	...
Java Rubber Plant.	Dec. 31	2/0	699,660	1/9 1/0	NH	2,213	134	0/3 36	...	...	906,891	92,020	89,684	...
Java United.	Dec. 31	1	150,000	16/3 5/0	NH	3,082	3,500	0/6 97	...	...	1,895,040	...	...	...
Jeram.	June 30	1	112,500	5/0 2/6	NH	2,342	...	0/3 31	0/4 4	0/7 99	1,895,040	...	...	...
Jong-Land.	June 30	1	89,500	13/6 3/9	NH	2,342	...	0/7 30	0/6 50	0/7 99	3,859,497	98,000	91,000	...
Jugra Land & Carey.	Dec. 31	1	1,435,738	9/10 3/9	NH	9,899	11,788	0/5 26	0/6 36	0/6 75	1,032,552	81,700	86,000	76,500
K.M.S.	June 30	1	169,554	13/6 4/7 1/2	NH	3,518	1,017	0/4 66	0/6 36	0/6 75	851,715	88,000	86,000	76,500
Kali Glajah.	Mar. 31	2/0	985,100	0/10 0/2	NH	3,841	...	0/4 93	...	...	1,307,000	...	...	...
Kali Jawa.	Dec. 31	2/0	668,147	0/7 0/1	NH	1,027	1,024	0/4 93	...	...	1,307,000	...	...	...
Kampung Kuantan.	Dec. 31	2/0	835,499	2/4 1/5 1/2	NH	3,487	605	0/4 02	0/4 09	0/5 78	1,563,220	134,000	131,000	70,3
Kamuning Rub. & Tin.	June 30	2/0	2,010,000	2/4 0/9	NH	3,806	2,330	0/7 2	...	...	899,100	88,000	60,600	...
Kawie (Java).	Mar. 31	2/0	750,000	2/10 0/9 1/2	NH	2,213	...	0/4 31	0/3 46	...	753,163	54,643	54,643	...
Kepitigalla.	Mar. 31	2/0	1,375,000	0/10 0/5	NH	2,826	680	0/3 03	0/5 11	...	2,077,607	...	158,873	...
Keppong (Malay).	Dec. 31	2/0	1,130,000	3/9 1/9	NH	5,763	625	0/7 7	0/4 45	0/5 41	1,140,000	...	103,580	...
Kinta Kelas.	Mar. 31	2/0	1,300,000	1/10 0/5	NH	3,845	1,600	0/6 77	0/6 24	...	1,135,990	99,375	98,997	93,243
Klangang Produce.	Dec. 31	2/0	870,000	3/4 1/7 1/2	NH	2,578	874	0/4 82	0/5 87	...	1,921,082	92,940	95,333	84,350
Kuala Selangor.	Dec. 31	2/0	775,000	2/6 1/0	NH	1,953	...	0/4 82	0/5 87	...	1,056,770	65,000	64,000	58,000
Labu (F.M.S.).	Dec. 31	1	234,564	27/0 15/0	NH	5,302	2,636	0/5 87	0/6 29	0/4 83	3,921,408	347,000	395,500	481,195
Lanadron.	Dec. 31	1	360,000	7/3 3/1	NH	5,391	6,310	0/4 99	0/7 20	0/4 83	1,212,730	106,000	103,650	109,000
Langen.	Aug. 31	1	125,000	13/9 6/6	NH	3,102	1,255	0/5 42	0/5 59	0/6 18	3,191,861	...	...	...
Langkat Sumatra.	Dec. 31	1	123,971	3/0 1/0	NH	1,178	1,851	0/3 03	...	...	773,600	49,500	52,000	49,500
Langkon N. Borneo.	Mar. 31	2/0	1,096,380	0/1 0/1	NH	1,633	10,264	0/8 14	0/6 01	0/8 18	3,921,408	347,000	395,500	481,195
Laras.	Mar. 31	2/0	5,003,920	0/7 0/1	NH	10,228	9,369	0/3 43	0/5 97	...	1,212,730	106,000	103,650	109,000
Ledbury.	Dec. 31	1	108,500	14/0 7/3	NH	1,530	573	0/5 06	0/5 97	...	1,921,082	92,940	95,333	84,350
Lingai Plant. Ord.	Dec. 31	2/0	560,000	14/0 4/6	NH	1,530	573	0/5 06	0/5 97	...	1,921,082	92,940	95,333	84,350
London Asiatic.	Sept. 30	2/0	4,920,669	2/9 1/4	NH	13,833	5,234	0/5 75	0/4 89	0/6 39	3,532,773	347,000	395,500	481,195
Lumut.	Sept. 30	1	211,482	25/9 11/9	NH	3,903	6,239	0/5 75	0/4 89	0/6 39	3,532,773	347,000	395,500	481,195
Malacca Ordinary.	Dec. 31	1	541,613	18/9 6/3	NH	21,558	9,125	0/5 88	0/4 49	0/6 49	6,497,650	624,000	649,000	...
Malayalam Plan.	Mar. 31	1	1,777,021	16/3 5/0	NH	13,671	31,864	0/3 09	0/6 20	0/6 20	5,117,747	151,000	162,000	127,000
Mendalis (Sumatra).	Dec. 31	1	430,862	10/3 4/9	NH	6,384	6,383	0/5 24	0/6 27	0/5 72	3,902,335	270,000	295,000	363,500
Merlimau Pegoh.	Dec. 31	2/0	5,947,795	1/7 0/6	NH	11,967	1,979	0/4 71	...	0/1 47	2,387,463	145,000	137,000	130,100

4 cents per lb. on Wednesday. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £13 8s. 9d. to £13 10s. per ton, compares with £13 7s. 6d. on the corresponding day last week.

SPELTER.—Spelter suffered a setback in New York, where quotations were reduced from 3.30 cents per lb. to 3.25 cents per lb. The London market has been active at the beginning of the week, but later the demand was checked by the reserve of sellers. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," at £13 8s. 9d. to £13 11s. 3d. per ton, compares with £13 2s. 6d. to £13 11s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £95 per ton, and at £215-£220 per ton respectively, have been maintained at last week's level. Antimony again sold at from £25 to £26, but quicksilver was again cheaper at £19 to £19 15s. per bottle, against £19 2s. 6d. to £19 17s. 6d. a week ago.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Cotton seems to have advanced unwillingly. There has been absolutely no bullish enthusiasm here at all events. It has been steady trade buying, coupled with the covering of a few shorts which has put prices up. It is hardly to be wondered at that speculators hesitate to touch this market, as to do so would be to take a gamble on the rate of exchange. In America, of course, there has been a good deal of speculation and the measures taken by the Government to try and improve matters certainly seem to have had considerable effect. It looks as if the Government there think commodities a better investment than gold. A striking feature has been the fact that cotton in the South has advanced a good deal more than the contract markets, thus making it almost impossible to import cotton into this market except at a loss. Manchester continues to do a very good business and again many large orders have been booked. The Chinese boycott of Japanese goods, coupled, of course, with the recent rise in the price of silver, is helping us very much. The U.S. Department of Agriculture issued its report of ginnings to October 17th on Monday last, the figures being 9,498,000 bales, against 9,255,000 bales last year. Imports for the week 22nd to 28th (inclusive) are 29,208 bales, of which 9,740 are American, 2,623 Argentine, 6,782 Peruvian, 3,530 Egyptian, 6,026 East Indian, and 507 sundries.

Manchester.—The improved conditions in the Lancashire cotton industry have been maintained. Operations in yarn and cloth have not been so spectacular as recently, but on the whole business has been more general than a few weeks ago. The turnover is still being checked by the firmer attitude of sellers and by the fact that producers now want longer delivery dates. Cloth manufacturers are consolidating their position. Numerous contracts have again been arranged for China chiefly in standard goods and fancies. There has been a slight improvement in the turnover for India, but many cloths remain neglected. A useful trade has been done for Africa, the Continent and Egypt. There is still a tendency for production to increase in the weaving centres. Yarn quotations have been firm and a healthy business has been done in coarse and medium American numbers. Production is gradually increasing and is now estimated to be between 75 and 80 per cent. of full capacity. Business in Egyptian yarns has been rather irregular, but most mills are improving their position. On Monday the United States Government announced record ginning figures of American cotton. In two weeks the amount ginned totalled to over 4,000,000 bales, bringing the total amount to date to 9,498,000 bales, as compared with 5,408,000 bales a fortnight previously. There is every indication that the official final crop estimate of 16½ million bales will be realised.

Cotton Prices.

	1931.				Corresponding Date.	
	Oct. 7.	Oct. 14.	Oct. 21.	Oct. 28.	1929.	1930.
Raw Cotton—Mid. American	d. 4.49	d. 4.78	d. 4.90	d. 5.03	d. 9.87	d. 6.39
" Sakelardie Fully Good Fair						
" Egyptian	7.00	7.40	7.35	7.40	15.25	10.05
Yarns—32's twist	8½	9	9½	9½	15	10½
" 40's twist	9½	9½	9½	9½	15½	10½
" 60's twist (Egyptian)	16	16	16	16	24½	18
32-in. Printers, 116 yds., 16 by 16, 32's and	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
" 50's	17 9	18 0	18 0	18 0	24 6	19 2
36-in. Shirtings, 75 yds., 19 by 19, 32's and	19 6	19 9	19 9	19 9	27 3	21 4
" 40's	11 0	11 2	11 2	11 2	15 0	12 0
38-in. ditto, 37½ yds., 16 by 15, 34 lbs.	9 9	9 11	9 11	9 11	13 4½	10 10½

THE WOOL TRADE.—Bradford.—Almost complete satisfaction has been expressed in the wool trade with the result of the Parliamentary election, writes our correspondent. Some of the spinners and manufacturers do not seem to expect that the whole of the lost export business will ever be recovered, but it can be taken for granted that strenuous efforts will be made in that direction. The weakness of the situation as it affects the raw material is that though there has been a big increase in employment and the running of machinery in the West Riding of Yorkshire since the suspension of the gold standard, the orders placed represent simply a transference of business from Continental spinners and manufacturers to our own. In other words, there has not been any increase in the aggregate consumption of wool. Meanwhile wool is proving to be a very saleable commodity, its market value now being

higher than at the close of the last series of London sales. The position in Bradford is sound. Since last week a further big volume of business has been done in tops, particularly merinos and carded crossbreds. Prices are higher and quotations for all qualities have been advanced as a protective measure. So much business has been done by topmakers, spinners and manufacturers that the present machinery activity is assured for the next few months, and for that length of time at least no depreciation in values is expected for wool or tops.

THE JUTE TRADE.—Dundee.—A marked improvement can be recorded in the jute industry generally. Through an advance in prices of raw material, buyers have been influenced to purchase on broader lines and now spinners and manufacturers are fairly comfortably placed with orders. Many of the Dundee mills and factories are working full time and more and more workers are being absorbed from the lists of unemployed. The home trade consumers have mostly been responsible for the improvement, and when export trade is resumed it is expected conditions will be even better and that spinners and manufacturers will be in a position to insist upon the payment of higher terms, which are now required to meet the extra cost of production following the advance in raw jute values. During the past five weeks the fibre has risen in value to the extent of £5 10s. per ton, but yarns and cloth have not yet been raised to a comparative level. Prices are all very firm, however, and they look like tending dearer. The strength of raw jute is accountable to the smallness of imports of the fibre into up-country markets. Good First Marks are quoted at from £23 10s. and crack Lightnings at £21 10s. for short group to £22 5s. wanted for Green Ram, while Daisee assortment has been sold at up to £20 10s. for full group and £21 for single marks and fours at £19 2s. 6d. to £19 5s., with Tossa assortment at £21 10s. to £22, and fours sold at £19 10s. to £20, November-December. Spinners here have purchased large quantities during the past fortnight, freely paying the higher prices. A quiet steady business is passing in jute yarns. Occasionally rollers have been found to accept 2s. 2d. for common 8-lb. cops and 2s. 3d. for 8-lb. spools, but the very lowest now is 2s. 2½d. and 2s. 3½d. respectively, with most sellers naming 2s. 3d. for cops. Twist has been largely sold at 3½d. for 3-ply 8-lb., and most spinners now require 4½d., while a feature of the market has been the strength of sacking yarns, which are now up to 2½d. wanted for 24-lb. weight and 3½d. for 8-lb. chains. Rove has been dealt in at the former rates of £21 to £21 10s. for 48-lb. and £19 to £19 10s. for 200 lb. The finer yarns are very firm at 3s. 0d. for second quality 8-lb. Rio warp, 2s. 9d. for third and 2s. 5d. for fourth. Carpet qualities are quiet at from 3½d. for 14-lb. warp. Inquiries for jute cloth are numerous, but buyers are still hesitating to place orders. They have already secured a fair quantity of material and are undecided about the future. Manufacturers, however, are very firm in their ideas, at from 3½d. for 10½-oz. 40-in. hessians and from 2½d. for 8-oz. Linoleum hessians are being bought only for home trade account, and American users are still keeping more or less out of the market. Sacking and tarpauling are finding a moderate outlet, but bagging is quiet. The Calcutta goods market has occasionally shown strength, and prices have been advanced to 20s. for 10½-oz. 40-in. and 16s. 3d. for 8-oz., November-December, and 20s. 3d. and 16s. 5d. for January-March. On spot here 20s. has been paid for 10-oz and 16s. 6d. for 8-oz.

THE GRAIN MARKETS.

WHEAT.—During the past week wheat prices in terms of gold continued to advance sharply. The upward movement has again extended to all cereals. The statement made last week that the advance has been occasioned by a general improvement in confidence rather than by the factors which usually determine the course of wheat prices, appears therefore to have been justified. It is, however, been pointed out that the international situation of wheat itself was slightly better. The factors making for such an improvement have since gained force. Most important among them is the continued absence of chartering from Russia, the small volume of offers from that country, which suggests that the export surplus has been over-estimated. Meanwhile buying has been concentrated on the American markets, which has helped drive up prices. To this must be added that the crops of Australia and Argentina have been estimated at a figure considerably below that of the last crop. Business has been active during the past week, and this country and the Continent appear to have bought considerable quantities. Quotations in London, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 31s. 3d. per 496 lbs., as ex ship, 29s. 9d., against 28s. 3d.; No. 3 Northern Manitoba, Atlantic, ex ship, 28s. 3d., against 27s.; Russian, on sample, 24s. 6d. to 28s., against 23s. to 27s.; Australian, ex ship, 29s., against 27s. to 28s. a week ago.

WHEAT FLOUR.—Trading in flour has been active and prices in terms of gold advanced in sympathy with wheat values. Home milled qualities could, however, be obtained at last week's price. North American shipments, at 236,000 sacks, show an increase of 42,000 sacks as compared with the previous week. Of this total 121,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 21s. 1d. London, 20s., against 20s. Manitoba patents, ex store, 28s. to 29s. against 24s. 6d. to 28s.; and Australian, ex store, 19s. to 21s. against 19s. a week ago.

BARLEY.—The market in barley has been firm, owing to continuance of a strong demand which was met by comparatively few offers. On Wednesday, "December" futures were quoted 36½ cents per bushel in Winnipeg, against 34½ cents a week

and 31 cents a fortnight earlier. Quotations in London Wednesday: "English feeding," f.o.b., per 448 lbs., 22s. to 24s., as compared with 24s.; Russian, landed, 20s. 9d. per 400 lbs., against 19s. 9d. a week ago.

OATS.—The supply of oats at the principal markets continues to be rather limited and as the strong demand has not subsided, prices advanced further. "December" futures, which a week ago stood at 23½ cents per bushel in Chicago, sold at 24½ cents per bushel on Wednesday this week. Quotations in London, Wednesday: "River Plate," landed, 19s. per 320 lbs., as compared with 18s. 6d. last week; "River Plate," ex ship, 17s. to 17s. 3d., against 17s. 3d. to 17s. 6d.; "Chilean White," landed, 27s. 6d., against 26s. 6d. a week ago.

MAIZE.—There was a slight reaction in maize prices early this week, but prices quickly advanced above last week's level following a renewed buying movement. The huge export surplus of Argentina is being rapidly absorbed, and, according to an estimate of Mr George Broomhall, the total supply available for shipment does not now exceed 9½ to 12½ million quarters. Quotations in London, Wednesday: "Plate," landed, 19s. 3d. per 480 lbs., as compared with 18s. last week; "Plate," ex ship, 18s., as against 16s. 9d.; "Plate," November-December, 18s. 3d., as against 17s. Yellow maize meal, ex wharf, was quoted at £5 15s. per ton, against £5 10s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to October 24	Owts. 38,451	Owts. 132,210	Owts. 264,302	Owts. 300,645
8 weeks to October 24	547,862	1,163,129	2,492,879	2,476,109
Average price of English wheat per cwt.	s. d. 6 1	s. d. 7 0	s. d. 9 7	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Oct. 17, 1931	Owts. 99,688	Owts. 509,409	Owts. 65,763	s. d. 5 9	s. d. 9 6	s. d. 6 4
Oct. 24, 1931	98,451	429,907	66,381	6 1	9 0	6 5
Oct. 22, 1927	273,953	554,673	95,793	10 7	14 1	9 4
Oct. 27, 1928	300,645	723,084	84,458	9 9	10 10	8 10
Oct. 26, 1929	264,302	688,459	70,629	9 7	10 2	7 9
Oct. 25, 1930	132,210	528,955	55,159	7 0	10 0	6 1

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Oct. 29, 1930.	Jan. 2, 1931.	Oct. 14, 1931.	Oct. 21, 1931.	Oct. 28, 1931.
Winnipeg (No. 1 Manitoba)	148½	72½	56½	55½	59½	62½
Chicago (No. 2 Winter)	130½	79½	79½	50	53	57½

The visible supply of wheat in Canada, at 48,135,000 bushels, shows an increase on the week of 2,418,000 bushels. Supplies a year ago stood at 69,107,000 bushels.

OTHER FOODS.

SUGAR.—The principal event of the week is the announcement made by the International Sugar Council to the effect that Peru will adhere to the International Sugar Agreement of May 9, 1931. The export quotas for Peru have been fixed at 360,000 long tons for the current year, and 373,750 long tons for each of the four succeeding years of the agreement. The stagnation in the raw-sugar markets has given way to a slight expansion in buying, which caused prices to harden a little in America. Nevertheless, the supply of sugar available in Cuba for the United States is believed to exceed requirements, which has a depressing effect on markets. "December" futures in New York were quoted at 1.29 cents per lb. on Wednesday, against 1.27 cents per lb. a week ago. The market in this country has been dull, and sterling prices were barely maintained, but quotations for "British refined" remained unchanged. Wednesday's sales of "raws" include "December delivery" at 6s. 4½d. to 6s. 4½d. per cwt., against 6s. 5d., and "March," 1932, at 6s. 7d. to 6s. 7½d., against 6s. 7d. to 6s. 7½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
London	Tons. —	Tons. 148	Tons. 990	Tons. 1,541	Tons. 8,667	Tons. 25,168
Liverpool	2,715	—	12,916	15,585	22,538	67,940
Total	2,715	148	13,906	17,126	31,205	93,108
Last week	6,103	18,720	15,828	17,393	42,396	110,086

COFFEE.—Buyers of coffee showed little interest at Wednesday's auctions, but prices were maintained, and outstanding qualities realised steady rates. Last week's movements of coffee in London

were as follows: Brazilian, landed, 969; delivered for home consumption, 52 bags; exported, 65; stocks, 2,891 bags, against 1,500 bags last year. Central American, landed, 2,240 packages; delivered for home consumption, 3,103; exported, 2,104; stocks, 73,767 packages, against 47,463 a year ago. Other kinds, landed, 696 packages; delivered for home consumption, 2,843; exported, 1,765; stocks, 50,048 packages, against 61,518 a year ago.

COCOA.—The sharp setback suffered by cocoa a week ago has been followed by a slight reaction, and on Wednesday quotations in New York and London were slightly higher. "December" futures were quoted at 4.47 cents per lb. in New York on Wednesday, against 4.44 cents per lb. a week ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, November-January, at 22s. 3d. per cwt. f.o.b. London contract, shows a rise of 3d. Last week's movements of cocoa in London were as follows: Landed, 137 bags; delivered for home consumption, 7,164 bags; exported, 382 bags; stocks, 162,409 bags, as against 173,609 last year.

TEA.—The quantities catalogued for this week's auction comprised 52,174 packages of Indian, 12,916 packages of Ceylon, and 9,000 packages of Java and Sumatra tea. The Indian auctions last Monday opened with strong support for most grades, and prices advanced sharply. This firm tendency was maintained at the Ceylon auctions on Tuesday and again at Wednesday's Indian sales. No doubt this improvement has partly been caused by the smaller quantities of both Indian and Ceylon tea offered for auction. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyassa-land.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
Oct. 23, 1930	1 3-49	1 1-15	1 7-87	0 11-02	0 11-25	0 9-32	1 3-9	1 3-9	1 3-9	1 3-9	1 3-9	1 3-9	1 3-9
Sept. 24, 1931	1 3-66	0 9-27	1 4-74	0 8-14	0 7-32	0 5-85	1 2-45	1 2-45	1 2-45	1 2-45	1 2-45	1 2-45	1 2-45
Oct. 1, "	1 3-74	0 11-17	1 6-08	0 9-00	0 7-89	0 7-44	1 3-09	1 3-09	1 3-09	1 3-09	1 3-09	1 3-09	1 3-09
Oct. 8, "	1 2-43	0 10-43	1 5-66	0 8-39	0 7-51	0 7-09	1 2-97	1 2-97	1 2-97	1 2-97	1 2-97	1 2-97	1 2-97
Oct. 15, "	1 1-73	0 11-28	1 6-57	0 8-73	0 7-44	0 6-67	1 1-95	1 1-95	1 1-95	1 1-95	1 1-95	1 1-95	1 1-95
Oct. 22, "	1 0-91	0 9-99	1 6-15	0 8-87	0 7-41	0 6-73	1 1-26	1 1-26	1 1-26	1 1-26	1 1-26	1 1-26	1 1-26

RICE.—The market in rice has been a little steadier, but there has been no advance in prices. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 27 tons; delivered, 128 tons; stocks, 1,253 tons, as against 2,858 tons last year.

POTATOES.—Supplies of potatoes at the principal markets have been abundant. Business was active and quotations have been maintained at last week's level. At the Borough Market, "Best King Edward" sold at from 8s. to 8s. 6d. per cwt., as compared with 8s. to 8s. 6d. per cwt. a week ago.

SPICES.—Spices have been neglected and prices again sagged. Wednesday's quotation for "Black Singapore" pepper, at 6d. per lb., shows a fall of ½d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 5 tons; delivered, 13 tons; stocks, 402 tons, against 568 tons last year. White, landed, 31 tons; delivered, 49 tons; stocks, 424 tons, against 156 tons a year ago.

MEAT.—In view of the heavy supplies of meat available at the Smithfield market, Wednesday's prices of beef, mutton and pork were all lower than a week ago. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 4s. 4d. to 5s. per 8 lbs., against 4s. 10d. to 5s. 2d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 4d. to 3s. 10d., as against 3s. 4d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,926 tons, as compared with 9,598 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.1 per cent. of the supplies, as against 82.5 per cent. a year ago; and imported mutton, mainly New Zealand, formed 73.0 per cent. of the total supply, as against 77.7 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets generally have a firmer tone and notwithstanding attention being directed to the General Election a fair volume of business has been recorded. A feature has been the activity in Plate linseed, both old and new crops being in good demand at advanced figures up to 29 7s. 6d. being paid for old on passage or for shipment, while a good trade has been done in new crop at £8 12s. 6d. January-February, £8 15s. March, and £8 17s. 6d. April-May. Current value of old is around £9 12s. 6d. and of new, January-February, £8 17s. 6d. The balance awaiting shipment in South America has been reduced to 55,000 tons against 221,000 tons actually shipped in the remainder of 1930. In addition, however, India is expected to send 183,000 tons against only 12,000 tons. Moreover, there is a substantial quantity afloat for Europe, viz., 155,000 tons against 97,300 tons a year ago. Reports on the growing seed in Argentina are still favourable. Egyptian cottonseed has been in active demand and has advanced to £6 15s. for black for shipment to January. Trade in vegetable oils is only moderate. Consumers of linseed oil appear to be well supplied. Prices, however, are steady, raw oil on spot ex Hull mill quoting £17, and for delivery to December £16 10s. Cotton oil is neglected and somewhat easier. Oilcakes are in satisfactory demand and prices are steady.

HIDE, LEATHER AND ALLIED TRADES.—Demand for hides and skins from home-slaughtered cattle remains good, but tanners are

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.			LARD—			WOOL—			Market Hides, London—		
CEREALS AND MEAT.			s. d.			English Southdown, washed			s. d.		
GRAIN, &c.		s. d.	Irish bladders.....	58	0 68 0	per lb.	12 1/2	Best heavy ox and heifer	0 5 1/2 0 6 1/2		
Wheat No. 2, N. Man. 496 lb.....	29	9	American, boxes, 56 lbs.....	53	0 55 3	per lb.	8 1/2	Best cow	0 4 0 4 1/2		
Eng. Gaz. av., per cwt.....	6	1	POTATOES—			per lb.	12	Best calf	0 5 1/2 0 7 1/2		
Barley, Eng. Gaz. av.....	9	0	Good English, per cwt.....	8	0 8 6	per lb.	10	INDIGO—			
Oats.....	6	5	SPICES—			per lb.	6 1/2	Bengal gd. red-vio. to	5 6 6 6		
Maize, La Plata, landed, 480 lb.....	19	3	Pepper, per lb.—			per lb.	11 1/2	fine—per lb.	10		
Flour, Lon. stan. ex mill, s. d.			Muntok, fair White.....	0	8 1/2 0 0	per lb.	26 1/2	LEATHER—			
280 lb.....	18	9	Black Lampong.....	0	8 1/2 0 0	per lb.	25 1/2	Sole Benda 8/14 lb.—	1 3 2 6		
Rice, No. 2 Burma, per cwt.....	8	6	Cinnamom—1st sort, per lb.....	0	8 1/2 0 0	per lb.	12 1/2	Bark Tanned Sole	0 6 0 9		
Sago, Pearl, per cwt.....	16	6	Cloves—Zanzibar per lb.....	0	8 1/2 0 0	per lb.	11 1/2	Shoulders (m DS Hides)	0 9 1 6		
Tapioca, per cwt.....	20	0 0 0	Ginger—per cwt.—	28	6 0 0	per lb.	11 1/2	Do. Eng. or WS do	0 5 1/2 0 11 1/2		
B.I. flake, fair spot.....	17	6 0 0	African.....	45	0 75 0	per lb.	19	Bellies from DS do.	0 7 1/2 1 8		
Medium pearl.....	20	0 0 0	Jamaica, ord. to good.....	0	8 1 9	per lb.	6	Do. Eng. or WS do.	1 3 1 8		
MEAT—			Nutmegs 65s.....	1	6 0 0	per lb.	14	Ro. Eng. Calf, 20/30 lb.	2 6 3 6		
Beef, per 8 lbs.—			SUGAR—			per lb.	6 1/2	Aust. Benda	0 11 1 4 1/2		
English long sides.....	4	4 5 0	(Duty, 11s. 8d. per cwt.)	18	6 21 3	per lb.	6	VRGETABLE OILS—			
Argentine chilled hinds.....	4	4 10	B.W.I., crystallised.....	8	3 0 0	per lb.	6	Linseed, naked, p. ton net	17/2/6		
Mutton, per 8 lbs.—			Java, white, c. & f. India	8	3 0 0	per lb.	6	Rape, refined	28/0/0		
English wethers.....	4	8 5 8	October-December	8	3 0 0	per lb.	6	Cotton-seed, crude	22/10/0		
N.Z. frozen.....	3	4 3 10	REFINED—London—			per lb.	6	Cocunut, crude	23/0/0		
Pork, English, per 8 lbs.	6	8 6 0	Yellow Crystals.....	19	7 2 6	per lb.	6	Palm	18/10/0		
OTHER FOODS.			Cubes.....	24	0 24 6	per lb.	6	Oil Cakes, Linseed, Eng.	7/10/0		
Bacon—			Crushed.....	22	6 23 0	per lb.	6	per ton			
Irish.....per cwt.	54	0 80 0	Granulated.....	20	4 21 1 1/2	per lb.	6	Oil Seeds—Linseed—			
Danish.....	52	0 54 0	Home Grown.....	19	6 19 10 1/2	per lb.	6	La Plata, p. ton	8/17/6		
Dutch.....	48	0 50 0	TEA—			per lb.	6	October-November	8/17/6		
HAMS—			Indian—per lb.—			per lb.	6	Calcutta—per ton—	10/17/6		
Canadian—Irish.....	0	0 0 0	Pekoe.....	0	6 1 9	per lb.	6	PETROLEUM PRODUCTS—			s. d.
Orange.....	0	0 0 0	Broken Pekoe.....	0	6 1/2 2 4 1/2	per lb.	6	Motor spirit, No. 1, Lon-	1 3 1/2		
American.....	100	0 0 0	Orange Pekoe.....	0	7 1/2 6 1/2	per lb.	6	Petroleum, Amer. fld.	0 9 1/2		
BUTTER—			Broken Orange Pekoe.....	0	7 4 1	per lb.	6	Fuel oil, in bulk, for			
Irish creamery per cwt.....	0	0 0 0	Ceylon—per lb.—			per lb.	6	contracts, ex instal.			
Australian.....	112	0 114 0	Pekoe.....	0	7 1/2 5 1/2	per lb.	6	Thames—			
New Zealand.....	115	0 120 0	Broken Pekoe.....	0	8 1/2 0 3	per lb.	6	Furnace.....per ton	60 0		
Danish.....	138	0 140 0	Orange Pekoe.....	0	9 1/2 2 6	per lb.	6	Diesel.....	67 6		
CHEESE—			Broken Orange.....	0	9 1/2 2 7 1/2	per lb.	6	Lubricating oil ex store,			
Canadian.....per cwt.	69	0 70 0	TOBACCO—			per lb.	6	London—per ton—			
New Zealand.....	68	0 69 0	(Duty 9/6-10/6 per lb.)			per lb.	6	Pales.....	10/0/0 22/10/0		
English Cheddars.....	66	0 88 0	Empire growths, 7/5 1/2			per lb.	6	Reds.....	10/15/0 17/5/0		
Dutch.....	55	0 64 0	8/3 1/2 per lb.)			per lb.	6	Cylinder.....	10/2/6 30/5/0		
COCOA—			Virginia leaf.....	0	9 2 9	per lb.	6	ROBIN—			s. d.
(Duty, British grown,			Common to fine.....	0	9 2 9	per lb.	6	American.....	per ton 12/0/0 21/0/0		
11s. 8d.; foreign, 14s. cwt.)			Rhodesian leaf.....	0	10 1 6	per lb.	6	RUBBER—			s. d.
Acara, f.f., per cwt.....	23	0 30 0	Nyasaland leaf.....	0	10 1 8	per lb.	6	St. ribbed smoked sheet			
Trinidad.....	42	0 50 0	" strips.....	0	4 0 8	per lb.	6	per lb.	0 2 1/2 0 2 1/2		
Grenada.....	32	0 38 0	East Indian leaf.....	0	5 1 0	per lb.	6	Soda Biscarb.....	per lb. 0 3 1/2 0 0		
COFFEE—			" strips.....			per lb.	6	Crystals.....	per cwt. 5 0 5 3		
(Duty, British grown,			COTTON—			per lb.	6	Sulphate of Copper per ton	18 10 19 0		
11s. 8d.; foreign, 14s. cwt.)			Mid-American.....	5-03		per lb.	6	SHELLING, London—	s. d.		
Santos sup., c. & f. cwt.....	47	0 0 0	Sakellaridis, f.f.....	7-40		per lb.	6	Forlaid, best Eng. pr. ton	42 0 44 0		
Colombian, good.....	75	0 100 0	Yarns, 32's twist.....	9 1/2		per lb.	6	COPRA	s. d.		
Oats Rice, med. to good.....	82	0 125 0	60's twist.....	16		per lb.	6	S.D. Straits c.f.f. per ton	13/17/6 0 0		
East Indian.....	86	0 120 0	FLAX—			per lb.	6	Smoked South Sea	12/7/6 0 0		
Kenya, medium.....	72	0 85 0	Livonian ZK.....	per ton 51 0 0 0		per lb.	6	DRUGS—			
EGGS—			Livonian HD.....	37 0 0 0		per lb.	6	Camphor.....	s. d. s. d.		
English.....per 120	16	0 20 0	Slavonia Medium 1st sort	40 0 0 0		per lb.	6	Japan, refined.....	2 7 2 8		
Danish.....	14	0 16 6	HEMP			per lb.	6	Ipecacuanha.....	6 0 6 3		
FRUIT—			Italian P.C.....	per ton 33 0 0 0		per lb.	6	Peppermint, Wayne Co.	9 3 9 6		
Oranges.....			Manila, Oct.-Dec. "J2"	20 0 0 0		per lb.	6	HIDES—			
South African boxes	11	6 16 6	N.Z.....	nom.		per lb.	6	Wet salted—Australian	per lb. 0 4 1/2 0 5 1/2		
Lemons, Sicilian boxes	8	0 19 0	Sisal, African, Oct.-Dec.	14 10 15 5		per lb.	6	West Indian.....	0 3 1/2 0 4 1/2		
" cases.....	12	0 30 0	Mexican.....	nom.		per lb.	6	Cape.....	0 4 0 4 1/2		
Malaga cases 420 No. 1	16	6 17 0	JUTE—			per lb.	6	Dry and Drysalted Cape	0 6 0 7		
Apples: Amer. (var.) bria.	24	6 0 0	Native 1st mks.....	per ton		per lb.	6	COMMODITY PRICES IN THE UNITED STATES.			
" (var.) boxes	10	6 11 3	c.f.f. H.A.R.B.	\$20/5/0		per lb.	6	Sept. 23.	Oct. 21.	Oct. 28.	
" Australian.....	0	0 0 0	Dalase 2/3 c.f.f. Dundee	\$20/10/0		per lb.	6	Cents.	Cents.	Cents.	
ONIONS—			October-November	\$20/10/0		per lb.	6	Wheat, No. 2, Winter, nearest future,			
Valencia, case, 4s.....	10	0 0 0	SILK—			per lb.	6	Wet salted—Australian	per lb. 0 4 1/2 0 5 1/2		
Egyptian Bags.....	0	0 0 0	Canton.....	per lb. 8 6 11 0		per lb.	6	West Indian.....	0 3 1/2 0 4 1/2		
Grapes, Lisbon boxes.....	0	0 0 0	Tussah.....	4 0 6 0		per lb.	6	Cape.....	0 4 0 4 1/2		
" Almeria bria.....	6	0 18 0	Japan.....	11 0 14 6		per lb.	6	Dry and Drysalted Cape	0 6 0 7		

not prepared to pay higher prices for supplies. At the auction held in Manchester this week all cattle hides changed hands at last figures, while calfskins were cheaper in the heavy weights and slightly dearer in the lighter averages. A fair amount of business has been done in imported hides, and generally speaking the level of quotations is unchanged to a slightly easier tendency for some sorts. In the South American frigorifico market Argentine ox have changed hands at the equivalent of 5 1/2 d. Some satisfactory sales have been made of dry River Plates, B. A. Americanos having realised 5 1/2 d., and Inservibles 3 1/2 d. In Africans sales have been made of unbathed Adis Abebas at 5 1/2 d., while 5 1/2 d. has been paid for Mombasas. Capes, however, have been a very quiet market, and although 6d. and 5d., and 7d. and 6d., is asked for first and second dry salted and drys, these figures are still considered too high. The market for Australians has become firmer, with a fair amount of business being done. Turnover in regard to sole leather, while continuing steady, is not quite so brisk as that of last week. Of course, a satisfactory amount of business is being done all the time in bonds, but the demand on shoe manufacturing account for dry hide varieties has been rather less. On the other hand inquiry has come to hand for English and wetsalted descriptions, and of these some good sales have been made. Offal, also, has inclined to be less active, although a fair amount of trade has been done in pinned shoulders and bellies. Producers and distributors of upper stock continue to maintain a satisfactory turnover, quite respectable size parcels going out all the time. Black and coloured glacé kid—particularly the latter—is frequently inquired for, in addition to which there is a steady consumptive demand for box and willow calf. Patent leather is also receiving more attention, while of late there has been a better inquiry for supplies of reptile skins and the more fancy types of upper leather. Viewing the position as a whole the market for all descriptions of leather is firm, and on those lines of imported goods where the exchange is against this country prices have a tendency to advance.

RUBBER.—The slight spurt in buying which took place last week, particularly from America, has subsided, and prices once more fell

back to a lower level. The decline has been accelerated by rumours that the Dutch Government was against any scheme of controlling the industry. Wednesday's official closing price for standard ribbed smoked sheet in London, at 2 1/2 d. per lb., shows a fall of 1/4 d. as compared with the corresponding day last week. In forward positions, business has been done at 2 1/2 d. to 3d. for December, against 3 1/4 d. to 3 1/2 d.; and at 3d. to 3 1/4 d. for January-March, 1932, as against 3 1/4 d. to 3 1/2 d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,022 tons, delivered 1,295 tons, stocks at the end of last week, at 134,262 tons, show an increase of 282 tons, as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Sept. 23.	Oct. 21.	Oct. 28.
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	48 1/2	53	57 1/2
Coffee, Rio No. 7, cash, per lb.	5 1/2	5 1/2	5 1/2
" Santos No. 4, cash, per lb.	7 1/2	7 1/2	7 1/2
Cocoa, Accra, nearest future, per lb.	4-62	4-44	4-47
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3-42	3-38	3-36
Cotton, New Orleans, middling, spot,			
per lb.	6-23	6-60	6-47
Rubber, smoked sheet, spot, per lb.	5 1/2	5 1/2	4 1/2
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	180-195	180-195	180-195
Copper, "Electrolytic," Domestic,			
spot, per lb.	7-00	7-00	7-00
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	7-50	7-50	7-50
Spelter, East St. Louis, spot, per lb.	3-70	3-30	3-25
Lead, spot, per lb.	4-40	3-75	4-00
Tin, "Straita," spot, per lb.	23-25	23-10	22 1/2

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, NOVEMBER 7, 1931.

No. 4,602.

TABLE OF CONTENTS.

The Money Market	841	Investment Notes—	
Leading Articles—		The Markets and the	
The Government's Task	843	Pound	873
The Indian Minorities	844	The Settlement in	
The League and Hungary	845	"Majorities"	873
Hungarian Statistics	847	Iron and Steel Prospects	874
Russia's Trade Bills	848	Lord Kysant's Appeal	
The National Power		Fails	874
Scheme	849	Sir Arthur Wheeler Con-	
A Diary of the Crisis	850	victed	874
Notes of the Week—		Textile Machinery Merger	875
The Bank of England's		Wallpaper Manufacturers	875
Credits	851	United Dairies' Meeting	875
The Pound Sterling	851	British Celanese Meeting	875
The German Crisis	851	John I. Thornycroft and	
The Armaments Truce	852	Company	875
The Week in Manchuria	852	Atlas Electric and General	
The Colonial Office and		Trust	876
Cyprus	852	New Capital Issues in	
The Liberal Leadership	853	October	876
Another Socialist Reverse	853	Royal Dutch-Shell Divi-	
The League and Import		dends	876
Restrictions	853	The Copper Position	877
The Future of 'Iraq	854	New Jagersfontein	877
Common Sense on East		Capital Issues	877
Africa	854	Transvaal Gold Output	
Stern Measures in Spain	854	Statistics	877
An Empire Currency		Company Meetings, &c. ...	878
Scheme	855	Government Returns, &c.—	
Cotton Trade Improve-		National Accounts	879
ment	855	Treasury Bills by Public	
International Wheat Prices	855	Tender	879
American Railroad Award	856	The Bankers' Gazette—	
Banca Commerciale		Bank of England	879
Italiana	856	Bankers' Clearing Returns	880
Overseas Correspondence—		Provincial Clearing Re-	
United States	856	turns	880
France	858	Overseas Bank Returns	880
Germany	859	Rates of Exchange	882
Austria	859	Overseas Bank Rates	882
Hungary	860	Bullion	882
Italy	861	Gold and Silver Prices	883
Holland	862	Company News—	
Norway	863	Dividend Announcements	883
Sweden	863	Weekly Traffic Returns	883
Finland	864	Reports and Notices	884
Greece	864	Profit and Loss Accounts	884
South Africa	865	Commercial Reports—	
Japan	866	Market Summary	884
Argentina	866	The Coal Trade	884
Books and Publications—		Iron and Steel	885
Books Received	867	Other Metals	885
The Stock Exchange—		Textiles	886
The Tin Outlook	868	The Grain Markets	886
The Week in the Markets	869	Other Foods	887
London Active Securities	870	Miscellaneous Commodi-	
New Issue Prices	872	ties	887
Foreign Stock Exchanges—		Commodity Prices in the	
New York	872	United States	888
Canada	872	Prices Current	888
Paris	873		
Amsterdam	873		
Other Centres	873		

THE MONEY MARKET.

A WEEK ago it appeared that money was likely to become easier this week, as a result of Funding Loan and other dividend payments. This view was clearly taken by the market on Friday, October 30th, for Treasury bill applications on that day amounted to £66.3 millions, and although £45.0 millions of bills were on offer, the average tender rate was £5 5s. 1.42d. per cent., against £5 7s. 8.07d. the previous week. On Saturday, money

Royal Exchange Assurance

INCORPORATED A.D. 1720.

All classes of Insurance transacted and the duties of Trustee and Executor undertaken

For full particulars apply to
Head Office: ROYAL EXCHANGE, LONDON.

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK LTD.

9 BISHOPSGATE, E.C.2

Telegraphic Address: Ultramarine, London

Telephone: London Wall 6294

Capital Authorized £1,500,000

Capital Issued and fully Paid £1,000,000



Sole London Representatives of:

BANCO NACIONAL ULTRAMARINO, LISBON, and its offices in PORTUGAL, PORTUGUESE COLONIES, BRAZIL AND BOMBAY and of

BANQUE FRANCO-PORTUGAISE D'OUTREMER, PARIS

AGENTS AND CORRESPONDENTS THROUGHOUT THE WORLD

A Complete International Banking Service.

BANCA COMMERCIALE ITALIANA.

Limited Company incorporated in Italy.

Established in 1894. Head Office: MILAN.
Capital 700 million Lire. Reserves 580 millions.
Deposits 8,395 millions.

Branches in every centre of commercial and industrial importance in Italy; also in London, New York, Istanbul (Constantinople), and Izmir (Smyrna).
Affiliated an Auxiliary Institutions in France (Paris and Riviera), Switzerland, Czechoslovakia, Poland, Yugoslavia, Austria, Hungary, Bulgaria, Roumania, Greece, Egypt, Morocco, U.S.A., Brazil, Argentina, Chile, Uruguay, Peru, Colombia, Ecuador, etc.

London Office:

32, Threadneedle Street, E.C.2.

A. JOEL, Manager

Correspondents to the Italian Treasury.

hardened slightly on the news of the Bank's gold shipments, and owing to the end-of-the-month turnover of funds; but, even so, conditions were very comfortable. Monday and Tuesday, however, came as a disappointment to the market. Owing to the fact that Bank Holiday fell on August 3rd, there were no Treasury bill maturities on either day, and, as the Government interest payments had not had time to filter through to the market, money was inclined to be difficult, with rates running up to 5 per cent. Further stiffening factors were the weakness of sterling, the unsettling effects of the Bank's heavy gold shipments, and finally sales of January bills by the Bank at 5½ per cent.

The discount market has been very idle, but rates have hardened in sympathy with the money position and other unfavourable factors already enumerated. Hot Treasury bills which, last week, were quoted at barely 5½ per cent., have since hardened to 5¾ per cent., while the market rate on three-months' bank bills has similarly risen from 5½-¾ per cent. to 5¾-¾ per cent. One consequence of this is that Treasury bills applied for last week at the average tender rate of 5½ per cent. have, so far, involved their holders in a loss, but as the Bank's sales imply, it is in every way a good thing that discount rates should have hardened, and the market can set this week's losses against the very satisfactory turn that was obtainable on hot Treasury bills in previous weeks. Further comfort may be derived from the knowledge that this week's Treasury bills are a useful maturity, and so are desirable to hold.

	Oct. 15, 1931.	Oct. 22, 1931.	Oct. 29, 1931.	Nov. 5, 1931.	Previous Rate and Date Changed.
Bank Rate	%	%	%	%	4½ (Sept. 21, '31)
Banks' Deposit Rate..	4	4	4	4	2½ (Sept. 21, '31)
Discount / Call	4	4	4	4	2½ (Sept. 21, '31)
Houses / Notice ...	4½	4½	4½	4½	2½ (Sept. 21, '31)
Market rate (3 months' bills)	5½-¾	5½-¾	5½-¾	5½-¾	...

The Bank return reflects the Bank's repayment of £20,000,000 out of the £50,000,000 credits it raised three months ago in Paris and New York, and also its sale of practically £15,000,000 of its gold in order to cover this transaction. Reference to the causes and significance of these operations will be found upon a later page. In so far as the Bank's own position is concerned, its gold stocks have fallen by £15.0 millions, and as the note circulation has expanded (seasonally) by £2.8 millions, the reserve is £17.8 millions lower. In the Banking Department the main movement is a contraction of £12.4 millions in Other Deposits. This clearly relates to the past repayment of the Paris and New York loans to the Bank. Public Deposits rose by £7.6 millions as a result of the absence of Treasury bill repayments early in the week. Government securities held in both departments are £4.0 millions higher on the week, and Other Securities are £1.3 millions higher. The expansion in these items seems surprising in view of the Bank's sales of bills, but it must be remembered that many items in the Bank return have been affected by the partial repayment of the Bank's foreign credits. With Discounts and Advances practically unchanged, Bankers' Deposits have fallen by £2.5 millions, but still stand at the comfortable level of £60.9 millions.

The contraction in the Banking Department's reserve by £17.8 millions has reduced the proportion from 41.9 to 31.4 per cent., while the combined effect of the Bank's gold losses and the reduction in "other deposits" is to lower the Bank's reserve ratio of gold to outside liabilities from 27.9 to 25.4 per cent. Judged by the experience of former post-war years, these figures are fully adequate, and, in fact, leave an ample margin for the usual Christmas expansion of the note issue. It must be remembered, too, that as regards Christmas currency requirements

the experience of previous years is hardly a reliable guide to-day. To mention one obvious, if somewhat tragic point, Christmas shopping by many households will be tempered by the unusual magnitude of the New Year income tax demands.

Some question has been raised as to the status of German renewal bills drawn after December 1st, on the ground that if these have the usual maturity of three months they will fall due for payment after the date at present fixed for the termination of the "stillhalte" agreements. It may be said at once that there is already a disinclination in the discount market to take up German bills maturing after February 29th, but the London Accepting Houses have decided that even after December 1st German renewal bills are not to be drawn for dates after February 29th. The practical effect of this is that, unless the "stillhalte" agreement is prolonged, German renewal bills will only be drawn for the normal period of three months up to the end of November.

Latest Wall Street reports display a far more confident tone. The Federal Reserve system's return for the week ended October 26th recorded a net contraction of \$24.0 millions in the note circulation, while simultaneously gold shipments have slackened, and the quantity of gold earmarked on foreign account has declined by \$26.8 millions, thus showing that as earmarked gold is exported, fresh earmarkings are not taking place. These two developments are regarded as evidence of a revival of confidence in the American banking system, and as showing that the creation of the new Credit Corporation has had a good effect. The rise in wheat prices and the better world outlook from the grower's point of view has also improved the general tone. Call money remains at 2½ per cent., while open market discount rates are also unchanged at 3½-¾ per cent. for 90-day bankers' acceptances.

The foreign exchange market was quiet, and fluctuations were fewer and within narrow limits. The general tendency was against sterling, but with some recovery towards the close. The New York rates moved against us from 3.88 to 3.75, after touching 3.68. Montreal improved from 4.33 to 4.17, and Paris gained nearly three points at 95½. Brussels was better by a point at 28½. Milan hardened to 72½, and Madrid also gained a point at 42½. Amsterdam went from 9.60 to 9.30, and Berlin improved to 15.75. Switzerland was better at 19.20. The Scandinavian exchanges all moved against us, Stockholm from 17.50 to 17.25, Oslo from 17.90 to 17.70, and Copenhagen from 17.75 to 17.50. The South American quotations were largely nominal, Rio being quoted at 4d., Buenos Aires at 36½d., and Monte Video at 28d. The Far Eastern exchanges were very firm, the rupee gaining ¾d. at 1s. 6½d., and the yen 1½d. at 2s. 7½d. Batavia was quoted at 9.30. In the forward market dollars and Dutch florins were both round about par for both periods. Paris remained at ½ franc and ¾ franc premiums. Three months' Brussels was also unchanged at ¾ franc premium, but one month's Brussels, however, moved from par to ¼ franc premium. Milan was again rather nominal at 25 centesimi and 75 centesimi discount. The discount on forward Madrid widened by ½ to ¾ peseta, but that for three months' delivery was unchanged at 1½ pesetas. Switzerland was at ¾ franc premium for both deliveries. The silver market was more active, with sharp rises as a result of the weakness in sterling and demand from India, cash advancing by 1½d. to 18½d. after 19½d. and forward by 1½d. to 18½d. after 19½d. The China silver exchanges rose in sympathy, Shanghai improving by 1½d. to 1s. 4½d. and Hong Kong by 2d. to 1s. 9½d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Boulevard Street, London, E.C.4.

THE GOVERNMENT'S TASK.

THE electoral strife at an end—the battle decisively won and even more decisively lost—the next question for the observer was how soon the smoke of battle would blow away sufficiently to give a clear glimpse of the future. The National Government wooing the suffrages of the citizens last week won an unprecedented victory. But a large question remained to be answered. Could, or could not, the Party which, on the terms of the "national" appeal, had won nearly five-sixths of the seats in the House of Commons, do the big thing and recognise that the victory was for the nation and not for the party? The first indications were distinctly encouraging. Mr Baldwin himself, as leader of the predominant party, made a great beginning. On the morrow of the poll he said to the country: "This is no party victory." The attitude of the most responsible organ of the Conservative Press was notable for its consistent and studious moderation. Even the high-protectionist Parliamentary group, presided over by Sir Henry Page Croft, met and decided to refrain from immediate agitation for tariffs. Sir Austen Chamberlain, who, with filial piety, asked his constituents to "make tariffs triumph," offered, to his supreme credit, to relinquish claim to office.

The favourable impression thus created happily outlived the mischief of rumour—partly exaggerated, partly malicious—set going by the delay in announcing the personnel of the new Administration. Whether the desire for a brief and well-earned rest was Mr MacDonald's sole motive in retiring on Tuesday from London to Lossiemouth, or whether—like other Premiers before him—he found it easier to assess from a distance the merits of conflicting claims, the fact remains that the new Cabinet, whose composition is announced as we go Press, strengthens the belief that unity of purpose has prevailed over party considerations.

Mr MacDonald has chosen a strong team, fairly representative of the various groups of political opinion supporting the Government. Mr Baldwin, as Lord President of the Council, will be available for "general purposes," as will the late Chancellor of the Exchequer, succeeded in that office by Mr Neville Chamberlain. And if the new Chancellor's avowed fiscal convictions suggest that Protection may have weighty support in the Cabinet, the appointment of Sir Walter Runciman to the Board of Trade is an assurance of balanced judgment, backed by wide business experience, in that important Department. The presence in the Cabinet of Sir Herbert Samuel at the Home Office and Sir Donald Maclean at the Ministry of Education is a further earnest that the mandate for which the "National" candidates asked will not be interpreted as a mandate for tariffs, and while other important offices, such as the Secretaryship for India (Sir Samuel Hoare), the Ministry of Labour (Sir H. Betterton) and the Ministry of Health (Sir E. Hulton Young) have naturally and rightly been allotted to Conservatives, Liberalism in the Administration is reinforced by the inclusion of Sir John Simon as Secretary for Foreign Affairs, and Sir A. Sinclair as Secretary for Scotland, while Lord Sankey as Lord Chancellor and Mr Thomas at the Dominions Office complete—with the Prime Minister and Mr Snowden—a quartette of leaders of the late Labour Government.

A promising National Government thus formed, it is to be hoped that issues of party controversy will not be raised in Parliament to distract attention from the essential issues. For the problems before the Government are not those of traditional domestic partisanship—they are less political than economic—and they are overwhelmingly international in texture. At home, the need first and foremost is to make sure that effective administrative action is taken to put Mr Snowden's "budget-balancing" proposals into effect. There can be no difference of opinion about that. Next there is the problem of the pound. Is there any conceivable ground for immediate party controversy here? For the time being there is sufficient common agreement that our aim must be to maintain a maximum stability of the

internal price level. Sudden decisions as to the re-stabilisation of the pound, and the means to be adopted for its accomplishment, are not called for. They must await the development of the international situation. Then there is the question of the balance of payments. In this matter the leaders of all parties in the new Coalition have pledged themselves to that careful examination which is so obviously necessary before any action is taken. What is the balance? How is it moving? The data, especially in respect of estimates of "invisible" items, are notoriously inadequate. Long and careful investigation is essential. All these questions are of national economic expediency, and call for cool deliberation by the Cabinet, freed from the distractions of party controversy in Parliament.

It would ill serve the national interests if Parliament were to be used as a "sound box" to magnify the voices, already audible in some sections of the Press, advocating hasty, narrow policies. "Dumping has started. It must be stopped. Only tariffs can stop it." So shout the partisans, eager to use to the full anything that may be exploited for party advantage. We do not pause to emphasise the exaggerated nature of current clamour about "dumping," nor even to debate the meaning of the phrase. If it be interpreted (incorrectly but popularly) as a rush of imports to evade a possible tariff duty, then the depreciation of the pound itself will keep it within proportions, even if the supposition be valid (which we question) that either British importers or foreign merchants could finance, or undertake the exchange and other risks involved in, the accumulation in this country of huge unsold stocks. But the point we wish to make is that the domestic implications of so-called "dumping" are of meagre importance as compared with its international significance. "Dumping," in so far as it exists or is threatened, is an international danger signal. Cabinet after Cabinet, all round Europe, is seeking desperately to "correct the balance" by restricting imports and encouraging exports by all means in its power. The spectacle of Europe is one of a group of countries all straining their efforts to sell, in order to meet foreign obligations, yet preventing other nations from attaining the same object by selling to them. Along that path lies ultimately the cessation of international trade and the bankruptcy of the world—not excluding Britain, the greatest of the world's international traders. That great, urgent, world problem, beside which considerations of domestic controversy are utterly trivial, is the big thing that confronts the Government of Britain to-day. Emergency tariffs here, without consideration or scientific examination, could not fail gravely to exacerbate the situation.

Superimposed upon the great economic difficulties of Europe are international political problems of the most exacting order—reparations, disarmament, the future of India, co-operation with the Empire. In political, as well as in the economic sphere, careful and complete preparation and examination of all essentials must precede action. It is true that a precious month has been wasted by the election, and that problems which were pressing a month ago brook still less delay now. This does not mean that there is any justification for panic measures. It means rather that there is ever-increasing need for effective team-work in consultation and the framing of policies that meet national requirements rather than fulfil party aspirations. The Cabinet will need the fullest possible leisure to study the tasks before it. We hope, therefore, that the Speech which His Majesty will read on Tuesday next will be a brief recital of the national and international emergency, and that Parliament will speedily adjourn until, in the New Year, it can be presented with the considered and unanimous proposals of its National Ministers, framed after a full and uninterupted survey of facts.

THE INDIAN MINORITIES.

WHILE all minds in Great Britain have been pre-occupied with the General Election, the Indian Round Table Conference has been going ahead with the technical side of its task. On Saturday, October 31st, the Draft Third Report of the Federal Structure Sub-Committee was circulated to members of the Conference, and its contents were made public at the beginning of this week. The Sub-Committee reaffirm the conviction that "it is in a federation of provinces and States that the solution of the problem of India's constitutional future is to be found," and they proceed to work out a scheme in detail, down to an oath of allegiance.

The first impression made by this rather formidably technical document is this: Supposing one were a historian living a century hence, with this document as the only "original sources" for the history of India during this week, how completely ignorant one would be of the real events and the real forces which are rudely thrusting themselves upon our attention at this hour because we have the good (or bad) fortune to be contemporaries. The constitutional technicalities may be important enough in their due time and place; but the very reason why they continue to be elaborated so smoothly and so voluminously is just because they are not of first-rate importance here and now. The important thing at the moment is not the drafting of constitutional clauses but the transfer of power. The British Raj represents the greatest and most effective concentration of power that has ever been achieved in India since the beginning of Indian history. This power is now on the point of being relinquished by its present British holders—but relinquished to whom and in what proportions? This apple of discord which is to be thrown into the Indian arena is of so great a price, and the penalty of failure to seize it will be so heavy, that the prospect is stirring India to the depths and is letting loose mighty forces, some of which have been dormant for more than a hundred years. This is the reality which the constitution-making activities at St. James's have almost ceased to veil. All concerned—Hindus and non-Hindus, British Indians and Princes—are manœuvring for position in order to scramble for the apple when it falls.

In this bewildering surge of political movement, we may pick out three prominent waves: the coalition of the non-Hindu minorities in London; the anti-European terrorism in Bengal; and the Hindu-Muslim strife on the Panjab-Kashmir border.

In London last week the event of real importance was the lining up, behind the Muslims, of all the non-Hindu minorities: Depressed Classes, Indian Christians, Anglo-Indians and Europeans. These five communities have now drawn up a joint statement of their claims for submission to the Prime Minister as Chairman of the Minorities Committee; and this is the problem with which Mr MacDonald is now wrestling. The essential claim is that those communities and interests which at present enjoy representation in any legislature through nomination or election shall have, under the new Constitution, adequate representation in such legislature through separate electorates which shall be continued until relinquished by the community concerned. The conditions and procedure by which a change from separate to joint electorate might be brought about are closely and jealously defined. The minorities further claim certain general guarantees against discrimination of all kinds in their disfavour, as well as guarantees for their adequate representation in the Provincial and Federal Cabinets and in the public services. The Muslims have already signified their intention to veto all further steps towards constitution-making until their claims for such safeguards are satisfied; and their position, strong before, will be materially strengthened now that all the other minorities have formed up behind them.

In saying "all the other minorities" we beg the question of the Sikhs, who are conspicuous by their absence from this minoritarian condition. But the Sikhs, for present purposes, are to be reckoned among the Hindus. In fact, they have made themselves the spear-head of the Hindu phalanx in the Panjab. They are

determined to be masters of the Panjab once again in a self-governing India, as they were for a century and a half between the death of the Mogul Aurangzib and the British conquest of the Sikh principalities in the middle of the nineteenth century. Evidently they cannot recapture this position of local dominance unaided; but they believe themselves to have a fair prospect of success if Sikh valour is supported by Hindu numbers, since Sikhs and Hindus together constitute little less than half of the total population of the Panjab.

If it comes to that, the Panjabi Sikhs and Hindus have a practical precedent in Kashmir, next door, where at this moment an almost solidly Muslim population is being ruled by a Sikh dynasty through the instrumentality of a small Hindu minority. Hence the very serious situation on the Panjab-Kashmir border with which the Government of India is now faced. The Kashmir Government has not been exemplary; and the reports of ill-treatment inflicted upon the Kashmir Muslims by their non-Muslim rulers have lost nothing in the telling. Within the last few days Muslim feeling in the adjoining districts of the British-administered province of the Panjab has been worked up to a point at which it has boiled over into action. Bands of Muslim Red Shirts are crossing the border and coming into conflict with the Kashmir Government's police and troops; and the Kashmir Government, feeling that the situation has got beyond it, has called upon the Government of India to send in British forces to restore order. The Government of India has complied, and had to comply, for it could not allow the law and order of an Indian State to be overthrown by an invasion of British Indian subjects from a territory for which the Government of India is directly responsible. Very rightly, the dispatch of British troops is being followed up by an official inquiry into the situation in Kashmir which has made the Government of India's intervention necessary. All the same, it is an unhappy situation. For supposing that there is an armed collision between British troops and Panjabi Muslim Red Shirts in Kashmir, what effect is this likely to have upon the negotiations in London between the Prime Minister and the All-India Muslim representatives?

Evidently the Muslims are manœuvring already for an effective control of the entire Indus Basin from Kashmir and the North-West Frontier Province through the Punjab to Sind inclusive. They may also reasonably look forward to making themselves masters of Eastern Bengal, where they have an overwhelming majority. In addition, they have a fair chance of dominating a corridor between Eastern Bengal and the Panjab—a corridor which contains all the historic centres of the Muslim Raj in India, though numerically the Muslim element here is in a minority. With these great territories in their hands, the Muslims would hold a large Hindu population in pawn, as pledges for the safety of the scattered Muslim minority in other parts of India. In the worst event, they could retreat into their north-western and north-eastern citadels, pending reinforcement from the solid core of the Islamic world, which lies just on the other side of the Sulayman Mountains.

That is how the Indian Muslims see the future, supposing that the British Empire in India were to go the way of the Manchu Empire in China. They do not seem to be afraid of the future. At any rate, they are not clinging at all apprehensively to the skirts of the British Raj. They welcome the transference of power from British to Indian hands by the constitutional process, on the condition that they are assured, at this stage, of those minority guarantees which they have now demanded, jointly with the other minorities, from the Prime Minister. Supposing that the constitutional process of transference breaks down and there is a scramble for the British legacy, in that event also the Indian Muslims seem to be confident of holding their own against the Hindus in spite of the disparity of numbers.

And what are the Hindus thinking? Some Hindus in Bengal are thinking that the moment has come for getting rid of the British Raj quickly by fair means or foul. This is presumably the meaning of the campaign

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL
BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:

8 KING WILLIAM STREET, LONDON, E.C.4

of terrorism which was signalled by two (happily unsuccessful) outrages last week: an attack on Mr Durno, the District Magistrate of Dacca, on the 28th, and another attack on the 29th on Mr Villiers, the President of the European Association, in Calcutta. On the 29th the Viceroy signed an ordinance still further sharpening the Bengal Criminal Law Act. In fact, in Bengal as in the Panjab, the capacity of the British Raj to stand against violence is now on trial.

And what is in the mind of the Hindu leaders in London? Suspicion that the British are seeking to elude or delay the fulfilment of their promise to grant self-government to India? Belief that the minorities and the princes are being made to serve as stalking-horses for some such British policy? Such notions are as hard to entertain seriously as they are hard to disprove positively. A more serious consideration in Hindu minds is the fear that, if the communal principle is embodied in the Indian Constitution now, it will remain embedded in it in perpetuity—thereby preventing the growth of an all-Indian national consciousness. Thus suspicion and partisanship and reason all contribute towards confirming the Hindus in their determination to insist on rejecting the communal principle, though the heavens may fall.

And supposing the heavens did fall, what would be likely to come out of the ensuing chaos? A homogeneous Indian national State, blended into unity in the fiery furnace of suffering? Or a second China, in which Muslims and Hindus, princes and tribes, castes and sects, would be fighting one another, up and down the length of a continent, in an ever indecisive battle? The second alternative seems the more probable when we remember what has happened to the Ottoman Empire. A century and a half ago the Ottoman Empire was the counterpart of the Indian Empire as it is to-day. May the peoples of India be saved from suffering what the peoples of the Near East have suffered during the last hundred and fifty years.

THE LEAGUE AND HUNGARY.

LAST September the Hungarian Government requested the League of Nations to examine the financial situation of the country by means of an expert inquiry. This request was referred by the Council to the Financial Committee, which first sent a delegation to Budapest to make a preliminary investigation, and later held a special session, under the chairmanship of M. Suvich, at Budapest on October 16th. The report of the Committee, which has now been published, is a model of conciseness and lucidity; but its authors, although presenting an admirably clear picture of the problem, unfortunately fail to give a wholly convincing explanation of how it is to be solved.

The Committee begin by observing that though the local financial problem in Hungary does not present so many grave features as in 1923, when the country—still suffering from the revolution and its aftermath of currency inflation—first addressed itself to the League, world conditions, to-day, make it much more difficult to deal with. The first difficulty which has to be considered is Hungary's budgetary position. The development of the past six years (the accounting period is July 1st-June 30th) is summarised below:—

(In millions of pengö.)

	Closed Accounts				Provisional Results 1930-31	Budget as Voted 1931-32	Budget as Revised 1931-32
	1926-27	1927-28	1928-29	1929-30			
Expenditure	806.5	891.1	974.4	974.0	946.5	878.3	922.9
Receipts	954.8	987.1	983.9	975.5	829.6	878.8	918.0
Balance	+148.3	+96.0	+9.5	+1.5	-116.9	+0.5	-4.9

In 1930-31 the fall in receipts resulting from trade depression began to assume formidable dimensions, and though the budget voted in June, 1931, was nominally balanced, new credits, amounting to 77 million pengö, had to be opened either to make good under-estimates or to provide for new expenditure not foreseen in the original budget. On the other hand, it became evident that the estimate of receipts was unduly optimistic, and that there might be a short-fall of 100 million pengö, leaving a prospective deficit of over 175 millions. The Hungarian Parliament in August empowered the Government to take all measures necessary to balance the budget, and certain fresh taxes, together with additional economies, were imposed. On the basis, however, of the yield of revenue in July-September, the Committee are of opinion that it would not be prudent to rely on total revenue in 1931-32 exceeding 800 million pengö.

In addition, moreover, to the budget of the Administration, there is the budget of the State enterprises (post and telegraphs and railways) which should include both trading accounts and capital expenditure. The development of this budget is shown below:—

(In millions of pengö.)

	Closed Accounts				Approximate Results 1930-31	Revised Estimates 1931-32
	1926-27	1927-28	1928-29	1929-30		
Surplus on the budgets of the State enterprises	+24.1	+16.7	+13.1	+0.3	-23.3	+4.6
Capital expenditure	56.1	65.5	35.8	93.1	39.6	6.2
Balance	-32.0	-48.8	-22.7	-83.8	-62.9	-1.6

A reduction of 11 million pengö in salaries and pensions and an increase in railway tariffs became operative near the beginning of the current financial year, but though the Committee do not express a definite opinion, it seems questionable whether the balance given in the revised

1931-32 estimates will, in fact, be realised. In the meantime, the cash balance at the Treasury on September 30th amounted to only 66 million pengő (since reduced by 9 millions), and the Treasury has substantial internal payments, amounting to over 200 million pengő, to meet in respect of commitments on roads and other capital outlay. Thus, making due allowance for the fact that some arrears of taxes, etc., which amount nominally to about 235 million pengő, may be collected, the Committee find that the Treasury is likely to be in cash difficulties this month in the event of further budgetary deficits.

In a declaration which it made to the Committee, the Hungarian Government has announced that, so far as the State budget is concerned, it proposes to fix maximum expenditure for 1931-32 at 890 million pengő, and for 1932-33 at 830 millions; and, in addition, it will secure equilibrium in the budget of the State undertakings by necessary increases of tariffs, by curtailment of capital outlay, and by transferring to private hands certain of its undertakings such as gold mines, steel works, etc. Expenditure by local authorities will be effectively controlled, and the programme of budgetary reform will be concerted in detail with a representative of the Financial Committee resident in Budapest. These proposals are described by the Committee as being "eminently desirable." But the Committee suggest that the maximum expenditure envisaged for 1931-32 may prove to be 90 millions in excess of probable receipts and may require further retrenchment.

So much for the budgetary position, which appears to be of technically manageable proportions, always provided that the drastic retrenchment considered by the Committee (and substantially admitted by the Government) to be necessary, meets with no insuperable political obstacles. Nor is the internal debt of the State, which amounts to 136 million pengő of funded and 89 million pengő of floating debt, disquietingly large. Much more difficult, however, is the problem presented by Hungary's foreign indebtedness, statistics of which we reprint from the Committee's report on the opposite page, together with an analysis of Hungary's balance of payments, which forms the background against which the problem of her foreign indebtedness must be considered. It will be seen that Hungary's total foreign indebtedness amounts to 4,094 million pengő, of which 1,629 millions represents State obligations, 517 millions debts of public bodies, and 1,948 millions the banking and commercial indebtedness. Of this total, 2,604 million pengő are long-term debts and 1,490 millions medium and short-term obligations, of which it is estimated that at least 1,000 million pengő fall due for repayment in the course of the next twelve months. Some part of this is covered by "standstill" arrangements which, however, run only for three months at a time.

The Committee agree that the foreign indebtedness of the State, which is to-day only 260 million pengő more than its total after the issue of the Reconstruction Loan of 1924, cannot be considered as excessive, but they criticise the Government for not having exercised more effectively powers of control over the borrowing of public bodies in Hungary, and they observe that the foreign debt of the whole community "has been increased in the past six years at a rate which, in our opinion, the real need of the country did not warrant." However this may be, the immediate question is that of repayment; and it is in this matter that the report is least satisfactory. The Committee note that by September 30, 1931, in spite of loans from the B.I.S. and certain central banks, the reserves of the National Bank in gold and foreign exchange had fallen to 112 million pengő, as compared with 230 million pengő at the end of 1930, notwithstanding the fact that since July all foreign exchange transactions have been centralised by decree at the National Bank. Bank rate stood at 5½ per cent. until June 16th, after which it was raised by progressive stages to 9 per cent. on July 24th. On September 11th it was reduced to 8 per cent., a step which the Committee criticise. The implication of the report in this direction is that more drastic internal deflation would be desirable. The considerations which lead to this conclusion have their origin in the situation of the country's balance of payments.

Subject to the qualification that the interest charge on the medium and short-term debt is an approximation, the Committee calculate that Hungary's total annual charge for interest and amortisation is not far short of 300 million pengő, of which two-thirds relates to long-term and one-third to short-term debt, the State's liability being 82 million pengő for long term and 18 million pengő for short term. Now, though the adverse balance of merchandise trade, which reached a maximum of 370 million pengő in 1928, was actually converted into a surplus of 61.5 million pengő in 1930, the position thus achieved was both precarious and insufficient to meet the invisible debit items. Moreover, though imports in the nine months ending September, 1931, were reduced to 426 million pengő, or an annual rate of 568 millions, the depression of trade, and particularly the fall in the price of cereals, resulted in exports falling in the same period to 398 million pengő, or an annual rate of 530.6 millions. Having regard to this immediate position, the Committee admit that "standstill" arrangements must be extended to cover short-term debts now excluded from their scope, and should be prolonged for a period of not less than six months. But for the future Hungary is simply told that by hook or crook she must achieve an adequate active balance of payments, since the process of paying debts by more borrowing is rightly condemned. That is to say, presumably, since debt charges require 300 million pengő, and other invisibles roughly cancel out, Hungary, unless she can increase her exports, must reduce her imports to 230 million pengő a year (or one-fifth of their 1927-29 volume). Since such drastic restriction of imports would mean, other things being equal, a serious internal rise of prices, contraction of credit, as stated above, is a necessary concomitant of restrictionist policy.

But can exports be conceivably maintained even at their 1930 level? The Committee agree that there are difficulties in the way, since over half Hungary's normal exports go to Germany, Austria and Czechoslovakia, all of which countries have instituted rigid systems of exchange control designed to restrict imports. Moreover, for most of her exports Hungary's practicable radius of marketing is severely restricted by her geographical position. The Committee take note of these arguments, but only to reject them. "All the evidence of recent years and recent months in other countries," they say, "has gone to show how much greater than is commonly believed is the adaptability of trade—how rapidly in normal circumstances a passive trade balance may be converted into an active, and vice versa." They add that "former lending States must . . . inevitably find that their balance of trade, previously rendered active by their lending, will now become passive, or, at least, less active than it was." But, apart from the fact that Hungary's neighbouring "debtor" countries are all being driven by the weight of their foreign indebtedness to seek an active balance by curtailing imports, the indications at present are that the world's "creditor" countries are by no means disposed to accept the inevitability of a more passive balance in their own case at the cost of aggravating their own domestic problem of unemployment.

In short, we find ourselves unable to understand what result, except the annihilation of international trade and the consequent inability of debtors to meet their obligations, can be expected to follow from the regime which the League's financial doctors have prescribed in the case of Hungary. Indeed, in their concluding paragraph, the Committee appear to have had a lingering doubt as to the efficacy of their prescription. "We wish," they say, "to emphasise again that the Hungarian problem is not isolated; it is part of a very much wider issue. Hungary cannot hope to contribute greatly alone to constructive measures designed to ameliorate world economic conditions." This is patent truth; and however desirable it was to encourage Hungary to defend her credit by resolute insistence on a balanced budget, we regret that the Committee should have allowed it to appear from their report that the problem of liquidating international indebtedness can be furthered by any and every country pursuing with sufficient vigour the self-contradictory aim of exports without imports.

HUNGARIAN STATISTICS.

I.—HUNGARY'S BALANCE OF PAYMENTS.

(In millions of pengő.)

Items.	Payments from abroad (exports, credits).				Payments to foreign countries (imports, debits).				Balance.			
	1927.	1928.	1929.	1930.	1927.	1928.	1929.	1930.	1927.	1928.	1929.	1930.
Current Items.												
Visible current items:												
Merchandise	738.5	819.0	1,066.1	944.8	1,148.6	1,189.1	1,107.0	883.3	-350.1	-370.1	-40.9	+ 61.5
Gold and silver	0.2	0.1	...	0.1	1.8	5.0	4.5	8.1	- 1.6	- 4.9	- 4.5	- 8.0
Invisible current items:												
Interests & dividends:												
Interest on State debts	3.0	1.1	...	...	68.1	64.0	...	54.0	- 65.1	- 62.9	...	- 54.0
Interest on other long-term debts	...	...	14.6	1.4	32.3	51.4	171.4	71.5	- 32.3	- 51.4	- 156.8	- 70.1
Interest on short-term private debts	10.3	11.2	...	4.4	22.8	29.3	...	43.3	- 12.5	- 18.1	...	- 38.9
Dividends	7.7	7.7	...	7.3	11.1	18.0	...	23.3	- 3.4	- 10.3	...	- 16.0
Railway and shipping traffic	21.2	23.1	25.4	25.5	6.5	1.2	12.0	8.9	+ 14.7	+ 21.9	- 13.4	+ 16.6
Tourist traffic	7.4	20.6	21.8	26.7	39.0	38.1	52.3	57.0	- 31.6	- 17.5	- 30.5	- 30.3
Emigrants and immigrants' movement	28.6	44.9	44.0	35.4	6.8	7.9	7.5	5.6	+ 21.8	+ 37.0	+ 36.5	+ 29.8
Post, telegraph and telephone service	6.5	5.6	5.9	5.6	5.6	4.8	5.5	5.4	+ 0.9	+ 0.8	+ 0.4	+ 0.2
Other invisible items	11.6	54.2	59.9	59.7	31.8	80.4	91.0	86.0	- 20.2	- 26.2	- 31.1	- 26.3
Total current items	895.0	987.5	1,237.7	1,110.9	1,374.4	1,489.2	1,451.2	1,246.4	-479.4	-501.7	-213.5	-135.5
Movement of Capital.												
New foreign loans and credits	524.1	387.8	234.4	311.9	...	...	68.0	68.9	+524.1	387.8	+166.4	+243.0
Repayments and amortisations of foreign capital:												
State debt	...	...	0.8	...	15.5	31.2	...	32.8	- 15.5	- 31.2	- 44.2	- 32.8
Other long-term debts	0.3	2.1	...	...	6.8	10.6	...	22.2	- 6.5	- 8.5	...	- 22.2
Transactions in new capital issues, securities and land	68.9	144.0	83.5	56.8	63.6	88.8	55.3	39.1	+ 5.3	+ 55.2	+ 28.2	+ 17.7
Change in the deposits of the National Bank and in other deposits abroad (net)	...	99.1	57.5	5.5	27.7	...	...	...	- 27.7	+ 99.1	+ 57.5	+ 5.5
Total capital items	593.3	633.0	376.2	374.2	113.6	130.6	168.3	163.0	+479.7	+502.4	+207.9	+211.2
Total capital and current items	1,485.3	1,620.5	1,613.9	1,485.1	1,488.0	1,619.8	1,619.5	1,409.4	+ 0.3	+ 0.7	- 5.6	+ 75.7
Residual balance (representing errors and omissions)	...	...	5.6	...	0.3	0.7	...	75.7	- 0.3	- 0.7	+ 5.6	- 75.7
Total	1,488.3	1,620.5	1,619.5	1,485.1	1,488.3	1,620.5	1,619.5	1,485.1	...	...	...	...

II.—HUNGARY'S FOREIGN DEBTS.

(Million pengő.)

	Long Term.	Medium and Short Term.	Total.
Government	1,315	314	1,629
Public bodies	498	19	517
Banks (net)*	791	787	1,578
Private account (net)	...	370	...
Total	2,604	1,490	4,094

* Including the National Bank.

Note.—Excluding the National Bank, the medium and short term liabilities of the banks are:—

	Million Pengő.
Deposits by foreigners	145.9
Acceptance credits	344.7
Re-financed credits	127.8
Current account credits	102.5
Other liabilities	102.1
Total (gross)	823.0
Less assets and claims abroad	120.0
Net, say	700.0

III.—HUNGARY'S BANK CREDITORS.

Commercial Banks, Medium and Short-term Foreign Liabilities (Gross Amounts), according to Principal Creditor Countries and Currencies in which due.

(In Millions.)

	\$	£	Swiss Fr.	French Fr.	Czech Cr.	Dutch Fl.	Pengő.	Equivalent in pengő at mint par.
United States ...	39.9	0.1	0.1	...	...	...	2.3	232.4
Great Britain ...	0.7	5.4	0.1	...	...	...	3.4	158.3
Switzerland ...	12.6	0.2	56.4	...	...	...	15.2	157.4
Austria ...	3.0	0.1	2.7	0.2	24.3	...	42.5	70.4
France ...	1.4	0.1	0.1	177.5	...	...	5.5	55.6
Germany ...	3.6	0.2	0.2	0.4	...	0.2	10.2	38.9
Czechoslovakia ...	1.1	...	2.0	...	64.2	...	12.3	32.4
Roumania ...	0.8	0.1	0.8	...	0.1	...	13.8	20.6
Netherlands ...	0.2	...	...	...	...	4.6	3.5	16.8
Yugoslavia ...	0.7	0.1	1.7	0.1	1.5	...	4.4	16.1
Italy ...	0.7	0.1	0.6	0.3	...	...	4.4	12.3
Other countries ...	0.5	...	0.2	0.2	1.3	...	7.6	12.2
Total	65.2	6.4	64.9	178.7	97.3	4.8	125.7	823.4
Equivalent in pengő at mint par	372.6	178.0	71.6	40.0	16.5	11.0	125.7	823.4

RUSSIA'S TRADE BILLS.

(BY A CORRESPONDENT.)

RUMOURS about the Soviet Government's inability to meet engagements maturing in the near future have been circulating in the European Press for some time and came to a head with a recent article in *Germania*, stating that Russia was about to ask for a moratorium or long extensions of her acceptances. This provoked counter statements by the Russian and German Governments and, what is perhaps equally important, elicited fresh figures of Russian trade with Germany and bills maturing in the next fifteen months.

For a general view of Russia's balance of payments, invisibles may be ignored. Statements made from Russian sources, valuing Russia's invisible exports at a high figure, may be regarded with some scepticism; and against receipts from these sources the Soviet Government must have fairly important outgoings on freights, insurances, and the diplomatic services and trade delegations abroad. Any favourable difference in the balance of invisibles is likely to be of small importance in relation to the value of visible exports and imports in any year.

On the other hand, peculiar importance, in evaluating Russia's balance of payments, must be attached to credit. Russia's imports in any year are paid for—to some extent—over the next two or three years. The credits obtained by the Soviet Government abroad have grown in volume and in length year by year. If it is possible to make a reasonable estimate of this credit structure, it will be possible to offer an opinion of some value about the position of Russia's balance of payments in the near future. For it is not unreasonable, on the other side, to reckon exports as cash. It is true that some cases are known, on the Continent, where Russia has sold on short credit. But, on the other hand, Russian producers, notably the Co-operatives, have been able to obtain advances on goods from foreign buyers before the goods are even ready for export. Russia's actual balance may therefore be rather more favourable to her than an estimate which assumes, as the following figures do, that all exports produce cash.

Russia's imports in the last seven years have averaged just over 800 million roubles a year, rising from 720 million roubles in 1924-25 to over 1,000 millions in 1929-30. During the nine months ending June, 1931, imports amounted to 755 millions. The leading suppliers have been Germany and the U.S.A., who have each furnished about one-quarter, or more, of Russia's annual imports for some years past. Germany in 1926, with the assistance of German Government guarantees, sold goods to Russia, on credit, for 360 million reichsmarks, say 180 million roubles. The credits were long—half at two years, half at four years. (The last of these credits, despite rumours to the contrary, was paid off this year.) These credits partly replaced and partly increased credits that had been granted to Russia already by German industry. They have been continued year by year at the same total amount, or a little more, though the terms of credit have been shortened, it is said, to two years for most supplies, and up to three years for a few. This continued until early 1931, when new orders were accepted from Russia for an amount far in excess of previous years and on longer terms. So far, however, as concerns goods that have been delivered to Russia up to June 30, 1931, Russia may be assumed to have obtained, on the average, two years' clean credit for 200 million roubles (400 million reichsmarks) per annum since 1926 or even earlier.

An equal annual amount has been imported from the U.S.A., but in so far as these imports were raw materials (cotton, etc.) the credits Russia could obtain would be short. For tractors, on the other hand, the usual terms of payment are said to have been 25 per cent. cash and 25 per cent. in each of three succeeding years. Some manufacturers may have obtained larger cash payments with consequent smaller instalments. Other goods—e.g., electrical supplies, which have been purchased in U.S.A. for very large sums—have been sold on very long credit

with instalments running up to five years, and equivalent probably to over two years' clear credit. But there is no central institution for sales to Russia in the U.S.A., and the variety of credit terms reflects the variety of opinions that business men may form about Russia. It is quite likely that a certain amount of sales have been made on, say, 50 per cent. cash, and the rest at not more than nine months' credit. On the whole, however, Russia's purchases of food and raw materials in the U.S.A. have diminished year by year and purchases of machinery, on long credit, have increased.

Russian purchases in the United Kingdom have varied in amount appreciably. In 1930, including re-exports, they exceeded £15 millions. The re-exports (roughly £9 millions) were rubber, wool and other Colonial produce, and were sold partly for cash and partly on short credit. The domestic produce was sold either by the Co-operative Wholesale Societies (say £2 millions) or by firms using the British Government's guarantee. The former probably gave long credit—say two years. The remaining £4 millions or more would be mostly on credit of 12 to 18 months. In 1929 the figures were smaller and the British Government's credit period shorter—not more, it is understood, than twelve months. For some years before that, British exports to Russia ran to only a few millions a year. But long credits were given by some private firms. Thus as early as 1925 textile machinery was sold on five years' credit, and important transactions on very long terms took place even earlier. At the present time orders are being placed on two years' credit for important amounts, but they could hardly come into consideration in any picture of the near future.

This covers about three-quarters of Russia's imports. The remainder comes from a number of countries and commands various terms of credit. Austria (the Government and the Municipality of Vienna) has for some years past exported to Russia about £2 millions annually on long credit—two years and even up to four years. Considerable orders have been placed in the Polish metallurgical industry on appreciably long credit. Certain supplies have been shipped from Czechoslovakia on credit running up to two years. Recently the Italian Government has made two successive agreements covering supplies up to £6 millions in all, over about two years, with credits going up to three years. From time to time French firms are said to have sold machinery, motor cars, etc., on important credit terms. Norway has been selling herrings, aluminium, etc., on credits of twelve months or more.

To form an estimate of Russia's present balance of payments it is necessary first to summarise all the facts indicated above in some formula. Any such formula distorts and unduly simplifies a situation that has changed each year. The results, however, are interesting. If we assume a formula 2—1—2, i.e., that, on all Russian imports, payment is made two-fifths in cash, one-fifth after one year, and two-fifths after two years, we obtain (on the other assumptions made above) the following rough estimate of Russia's annual balance of payments:—

	Imports.	Maturities.	Cash from Exports.	Balance.
1924-25	720	288	575	+287
1925-26	756	446	677	+231
1926-27	714	726	770	+44
1927-28	945	822	778	-44
1928-29	836	810	878	+68
1929-30	1,069	972	1,002	+30
1930-31—June	755	713	663	-50
July-October	...	137	...	...
1931-32	...	560	...	...
1932-33	...	302	...	...

It is certain that Russia had no such favourable balances in 1924-25 and 1925-26, as this table would suggest. These figures result largely from the omission of the instalments payable in and after 1924 on goods bought before that year. Also, as Russia's credit has been improving year by year, the imports of 1924-25 would be paid for during those years to a greater degree than the table suggests. It is possible, however, and even probable, that about this time Russia accumulated important holdings of valuta which would be useful in meeting temporary deficits in the balance of payments which are highly likely to arise from time to time.

Any probable formula must leave the early years in doubt. It must, however, be considered that the Soviets have been getting a good deal of credit going beyond two years, and the following formula may come as near to the facts, viz., one-fifth cash, two-fifths after one year, one-fifth after two years, one-fifth after three years. This gives:—

	Imports.	Maturities.	Cash from Exports.	Balance.
1924-25	730	144	575	+431
1925-26	756	440	677	+237
1926-27	714	590	770	+180
1927-28	945	769	778	+9
1928-29	836	838	878	+40
1929-30	1,069	876	1,002	+126
1930-31—June	755	738	663	-75
July-October, 1931	...	197	...	...
1931-32	...	682	...	...
1932-33	...	365	...	...
1933-34	...	151	...	...

These tables probably indicate as closely as any summary of the available information can, the general position of Russia's balance of payments up to June 30, 1931, though both may over-estimate the amount of credit that Russia has obtained. If this is the case, then Russia's outstandings at the end of June, 1931, would be well under 1,000 million roubles. Since Russian exports in the nine months ending June, 1931, realised 660 million roubles, and the maturities are spread over two years or more, the balancing of receipts and payments in the near future should not present more than the usual difficulties—unless the fall in the pound is already upsetting the balance, or some new factor enters into the calculation.

The fall in the pound must have benefited Russia on all her sterling maturities. The sterling bills due to British exporters and outstanding this summer amount probably to about £5 or £6 millions. To this must be added, however, the bills drawn in sterling by exporters in other countries. It is known that such bills have been guaranteed by the German Government, and, it is believed, for a large amount. It is thought, too, that many of the acceptances given by Russia for purchases in Austria and Central Europe, in Finland and the Baltic States, and even in Poland and France, have been expressed in sterling. The total amount now outstanding in all countries, including the United Kingdom, is probably of the order of £15 millions or more.

Against the effect on future sterling payments must be set, in the first place, the effect on future sterling receipts. So far as the immediate future is concerned these receipts must arise from deliveries under contracts already made and not yet exhausted. It is doubtful, however, whether these unexpired contracts cover any important sum. It seems to be the case that all the main deliveries have already been effected. From the point of view of the Soviet export institutions Great Britain's departure from gold took place at the most convenient time. The loss on winding-up old contracts will be small.

The only other way in which the depreciation of the pound may have seriously affected Russia's balance of payments is by reducing in value the sterling balances which Russia held here on September 21st. Rumour has been busy with this suggestion. It is known, of course, that Russia had certain balances which she was bound to maintain here for certain purposes. It is not thought that they were large—say, more than £2 millions at most. Any other balances were free, and the unknown quantity in the equation is the size of these free balances on September 21st last. Whether in recent months they have at any time been large is open to question. It would certainly seem more convenient for Russia to hold them in Germany, where interest rates were high, and large maturities are frequent, or in the U.S.A. where, also, important sums keep falling due for payment, and the currency seemed above any suspicion of weakness. But, whatever free Russian balances may have been here in the summer, it seems unlikely that they would not have been withdrawn in August and September when all the world was selling sterling. Moscow's handling of her foreign exchange position over many years gives no ground for any other assumption.

BANKING

Orders on Sweden are executed
with the least possible delay.
Cables: KREDITBOLAGET

'Phone:
Goteborg 718.20 Stockholm 0101 Malmö 8210

SKANDINAVISKA KREDITAKTIEBOLAGET

The effect of the fall in the value of sterling seems more likely to have been beneficial than detrimental to Russia's external finances, so far as the near future is concerned. The conclusion that this financial position should not present any unusual difficulty in the next few months is not upset by the movements of the pound. What may happen later depends on other factors.

THE NATIONAL POWER SCHEME.

(BY A CORRESPONDENT.)

It will be recollected that the purpose of the Central Electricity Board is to co-ordinate the production of electricity in Great Britain in a number of selected highly efficient generating stations, to interlink those generating stations by main transmission lines, operating at 132,000 volts, to establish subsidiary lines at 33,000 volts, to serve important points of distribution, to standardise the frequency of generation at A.C. 50 cycles, and to effect, through this work of co-ordination, a reduction in the costs of electricity, with the widest possible dissemination of such economies, translated into the prices charged by authorised distributors.

One can distinguish, perhaps, three phases in the work of the Board. First, the "wayleave and construction" phase, when the main and secondary transmission systems were being erected in the ten areas into which Great Britain has been divided for the purpose of the scheme. Second, the "standardisation of frequency" phase, when generating plant and consumers' apparatus in non-standard areas were being converted. Third, the determination of agreements regarding tariffs between the Board and authorised undertakers supplied from the national transmission system.

If we take the first phase we find that by the end of 1930 nine schemes, covering 76.7 per cent. of the area of Great Britain, 98.2 per cent. of the population, and 99.5 per cent. of the output of authorised undertakers, had been endorsed by the Electricity Commission, that eight schemes had already been adopted by the Board, while the ninth, namely, that referring to South Scotland, was finally adopted, after much negotiation, on July 31, 1931. The last remaining area, the North of Scotland, was still being surveyed by the Electricity Commission, and it had not yet been received by the Board.

The principal difficulty confronting the programme of construction was the necessity to obtain wayleaves, very often against the most determined opposition, but, by the end of September, 1931, remarkable progress had been made both in primary and in secondary lines. During those nine months wayleaves covering 832 miles of primary lines operating at 132,000 volts and 304 miles of secondary lines operating at lower voltages, or the total of 1,136 miles had been obtained. In a number of areas, notably Central Scotland, North-East England, Mid-East England, Central England, East England and, to all intents and purposes, North-West England, negotiations were almost complete. In South-East England, which presented special difficulties owing to the enormous congestion of population round London and the great number of housing estates which have come into existence and are being developed, more than 80 per cent. of all wayleaves required had been obtained. Progress in

South-West England is so rapid that, by the early spring of 1932, it may be expected that here also negotiations would be completed.

At the end of September, 1931, 1,730 miles of transmission lines had been erected, with a corresponding number of sub-stations, an increase of 913 miles since December 31st. Primary lines accounted for 1,363 miles, and secondary for 367. Examination of Table I shows that a number of areas were approaching completion in addition to Central Scotland, notably North-East England and Mid-East England. It was estimated that at the end of December, 1931, a total of 2,100 miles would be erected, an increase of 1,200 miles during the year, while 3,246 miles of wayleaves would be negotiated, representing an increase of 1,500 miles, and it was estimated that, by the end of 1932 or the beginning of 1933, the construction period would come to an end.

TABLE I.

PROGRESS MADE IN THE CONSTRUCTION OF THE "GRID" IN THE FIRST THREE QUARTERS OF 1931.

Scheme Area.	Approx. Total Miles-ages of Routes.	Miles of Way-leaves obtained.		Total Towers erected (miles) at Sept 30, 1931.	Lines in Operation at Aug. 31, 1931.	
		At Dec. 31, 1930.	At Sept. 30, 1931.		Route Miles.	Circuit Miles.
(i) Primary Lines.						
Central Scotland	240.6	240.6	240.6	240.6	240.6	296.5
North-East England.....	91.3	70.0	91.3	82.9	...	...
North-West England.....	313.0	231.2	299.7	140.8	...	...
Mid-East England.....	322.7	198.8	319.3	251.3	...	...
Central England.....	395.5	320.4	392.6	285.1	76.1	83.9
East England.....	138.1	14.3	137.1	40.4	...	...
South-East England.....	520.5	301.9	442.3	307.7	149.1	159.3
South-West England.....	647.0	14.0	299.8	13.7	...	...
Totals.....	2,568.7	1,391.2	2,222.7	1,363.5	465.8	539.7
(ii) Secondary Lines.						
Central Scotland	19.7	...	18.1	0.4	...	...
North-East England.....	89.6	30.2	84.8	36.7	...	...
North-West England.....	263.8	129.0	177.8	100.6	72.9	135.6
Mid-East England.....	201.1	97.6	191.5	117.9	39.9	39.9
Central England.....	18.0	17.8	17.9	17.9	15.7	31.3
East England.....	24.0	...	7.5	...	...	...
South-East England.....	209.9	71.9	145.4	80.2	67.4	109.8
South-West England.....	110.0	8.5	15.2	13.2	8.6	17.2
Totals.....	925.1	355.0	659.2	366.9	204.5	333.8
Grand totals	3,593.8	1,746.2	2,881.9	1,730.4	670.3	873.5

The second and parallel phase in the Board's activities covers the standardisation of frequency. The areas affected are the West of Scotland, North-East England and Central England. In the West of Scotland at the end of September, 1931, more than half of the expenditure required in connection with standardisation had been sanctioned by the Board; in North-East England about 40 per cent., in Central England about 33 per cent., and in other areas between 30 per cent. and 40 per cent., the total expenditure sanctioned amounting to slightly more than £7,000,000, the half of this figure being represented by North-East England alone. It has been estimated that this work will be completed in about two years' time. The total expenditure incurred by the Board, inclusive of standardisation of frequency, can be

given as about £28,000,000, the statistics covering construction programmes alone, without reference to standardisation being given in Table II. It will be seen, in this table, that South-East England alone represents 36 per cent., and is easily the most important area, followed at some considerable distance by North-West England, Central England, Mid-East England and South-West England.

The third phase, namely, negotiations with authorised undertakers, has not yet reached the stage where one can select any area other than Central Scotland for special attention. In Central Scotland, as already stated, a grid tariff has been introduced, but negotiations with authorised distributors are not yet completed. In all other areas, without exception, agreements, largely of a provisional nature, have been made with isolated undertakers without any tariff being yet introduced for an entire area. It may be possible to arrange such a tariff for South-East England during 1932. On the whole, the progress made by the Central Electricity Board in 1931 has been definitely ahead of programme, and it has been attended by few technical difficulties.

A DIARY OF THE CRISIS.

Friday, October 30th.

Bank of England announces repayment of £20 millions of the £50 millions credit granted to it in equal parts by the Bank of France and the Federal Reserve Bank on August 1st, and due to expire on October 31st, the remaining credit of £30 millions being extended for a further period of three months.

Herr von Hoesch, German Ambassador in Paris, visits Berlin. Failure announced of the Hollandsche Credit Bank of Dusseldorf, and the Comptoir d'Escompte de Tournes.

Sterling lower, closing dollar rate 3.861. European stock markets: London, quiet; Paris, Amsterdam, dull, weak tendency.

Wall Street, final rally after early reaction. Gold exports \$13 millions; gold "unmarked" \$3 millions. Federation Bank and Trust Company closes doors.

Saturday, October 31st.

German "standstill" committee of bankers, meets under chairmanship of Dr. Brüning.

Sterling weaker, closing dollar rate 3.83. European stock markets: London, quiet; Amsterdam, firm. Wall Street irregular. Gold exports \$363,400; gold imports \$1 million from Canada; gold "unmarked" \$27 millions.

Monday, November 2nd.

M. Laval arrives in Paris. Announced that League's proposal for a year's armament truce has been accepted by 35 States.

Federal Reserve Bank agrees to renewal of Reichsbank credit.

Sterling weak, closing dollar rate 3.743. European stock markets: London, Paris closed; Amsterdam, quiet but firm.

Wall Street firm opening, later irregular. Gold imports \$3 millions from Canada and India; gold "unmarked" \$1 million.

Tuesday, November 3rd.

British Government announces adhesion League's proposed armament truce.

Herr von Hoesch has interview with M. Laval.

TABLE II.

TOTAL VALUE OF CONTRACTS ENTERED INTO BY SCHEME AREAS IN GREAT BRITAIN AS AT AUGUST 31, 1931.

Contracts entered into.	Central Scotland.	South-East England.	Central England.	North-West England and North Wales.	Mid-East England.	North-East England.	South-West England and South Wales.	East England.	Totals.
Principal main transmission lines	£ 664,996	£ 1,990,601	£ 990,216	£ 1,018,417	£ 801,383	£ 601,635	£ 1,165,323	£ 303,883	£ 7,536,454
Lower voltage transmission lines	6,105	2,231,698	52,274	414,333	394,017	177,490	61,092	...	3,337,009
Principal transforming stations	994,203	1,837,079	1,224,573	1,367,579	874,396	425,350	838,097	139,858	7,701,135
Lower voltage transforming stations	...	1,082,951	17,206	198,887	222,968	14,011	26,253	6,007	1,568,283
Other works	89,106	226,245	123,868	65,250	61,518	27,210	827	15,300	609,324
Totals.....	1,754,410	7,368,574	2,408,137	3,064,466	2,354,282	1,245,696	2,091,592	465,048	20,752,205

Central and South-Eastern European central banking representatives meet at Prague, under chairmanship of Dr. Popisil, to discuss existing exchange regulations.

Reichsbank end-of-month statement shows note cover 26.9 per cent.

Further fall sterling, closing dollar rate 3.723.

European stock markets: London, quiet, gilt-edged weak; Paris, firm; Amsterdam, weak tendency.

Wall Street closed. Announced that U.S. Treasury deficit July-October totals \$661 millions.

Wednesday, November 4th.

Publication of M. Briand's reply to Japanese Government's note of October 26.

Louis Guérin et Fils, of Lyons, Banque Charpenay, of Grenoble, and Banque Ramel Tardif, of Saint Etienne, suspend payment.

Japanese Bank rate raised from 5.84 to 6.57 per cent.

Sterling stronger, closing dollar rate 3.754.

European stock markets: London, quiet, but firm; Paris, active; Amsterdam, stronger tendency.

Wall Street, firm close follows weak opening. Gold exports \$3 millions; gold imports \$9 millions, mainly from Japan; gold "unmarked" \$4 millions.

Thursday, November 5th.

Reports of severe fighting between Chinese and Japanese in Manchuria.

Composition new British Cabinet announced, twenty-one members.

Sterling steady. Closing dollar rate, 3.75.

European stock markets: London, Paris, Amsterdam, all firm. Limited business.

Wall Street steady. Gold exports nil. Earmarked 81.3 million.

Notes of the Week.

The Bank of England's Credits.—Last Friday an official announcement was made by the Bank of England in the following terms:—

"With reference to the credits for the approximate equivalent in each case of £25,000,000 granted to the Bank of England from August 1st last by the Bank of France and the Federal Reserve Bank of New York in francs and dollars respectively, which credits expire on October 31st, those banks have, at the request of the Bank of England, agreed to extend for a further period of three months the approximate equivalent in each case of £15,000,000.

"In part provision of the balance, the repayment of which was proposed by the Bank of England, the sale of £15,000,000 in gold has been arranged."

The decision of the Bank of England to employ gold from its reserve to the extent of £15 millions in repaying the portion of the credit not renewed (the implication being that the balance of £5 millions was repaid in *devisen*) appears to have led to some misunderstanding abroad.

In the first place, the suggestion made by some London newspapers that the resulting fall in the reserve might necessitate a further expansion of the fiduciary issue in order to meet Christmas currency demands has apparently been interpreted abroad as an ominous indication of forthcoming inflation. The still more far-fetched inference seems also to have been drawn that the Bank's willingness to part with gold reflects a decision on the part of the authorities never again to return to the gold standard.

Such deductions are quite unwarrantable. The obvious and correct interpretation of the Bank's decision is that it desired to avoid the exchange loss and the disturbance to the market in sterling which would have been occasioned by the acquisition of such a large sum of dollars and francs. Moreover, the reserve stands at £37 millions, and even allowing for the normal increase in the active circulation during the Christmas season, there is no warrant for jumping to the conclusion that sanction to any further increase in the fiduciary issue need be or will be requested.

The Pound Sterling.—At the end of last week the pound developed a distinctly weaker tendency and, though there has been a recovery from the lowest point touched on Tuesday, and the dollar, as we go to press, is steady round 3.76, this rate represents an appreciable decline from the level ruling on the morrow of the General Election. Though the pound's failure to reflect the general feeling of greater confidence engendered by the National Government's victory may have been a surprise to public opinion, the explanation is to be found in a number of causes which are neither obscure nor in themselves surprising. In the first place, the comparative

stability enjoyed by sterling during October was the result of influences of a temporary nature. Though foreign balances continued to be withdrawn from London, their effect was offset (possibly more than offset) by repatriation of British funds from abroad and by a wave of mistrust on the Continent in the American banking position which led to heavy sales of dollars. In the second place, apart from the possible effect of misunderstanding abroad (referred to in the preceding note) in relation to the Bank of England's use of gold to repay part of its Franco-American credits, the end of the election brought into play a considerable volume of postponed demands for foreign currencies in exchange for sterling. Both foreign merchants who had acquired sterling balances here and British importers who desired to cover forward commitments had apparently held up their sales of sterling during the course of the election in the hope that a politically favourable result would create a good market for their transactions. Execution of these postponed commercial dealings was quite sufficient to account for the fall in the pound which took place last week. Finally, however heavily we may discount the exaggerated stories of a flood of tariff-dodging imports (a question to which we refer in a leading article), it remains a fair presumption that, excluding capital movements, our balance of payments on revenue account may for the time being remain unfavourable to a considerable extent. It should be borne in mind that, though currency depreciation cannot fail automatically to correct the balance of payments, there is bound to be a certain time-lag before this result is actually achieved. Imports have to be paid for long before payment for exports is received, and the increased activity, of which signs are already apparent, in our manufacturing industries, is calculated to involve an immediately greater demand for imported raw materials whose financing must temporarily place a strain on sterling exchange. November, in any case, normally witnesses large payments on account of maturing cotton bills. It would certainly be premature to attempt to forecast at this moment the rate of sterling exchange at which any disequilibrium in our balance of payments will be corrected.

The German Crisis.—With the return of M. Laval to Europe, and the opening of Franco-German conversations, a new phase in the reparations-debts crisis has begun. On Tuesday afternoon, M. Laval gave an interview to Herr von Hoesch, the German Ambassador at Paris, who paid a visit at the end of last week to Berlin, and returned charged not, as ill-informed rumour had it, to lay definite proposals before M. Laval, but to open discussions of a general exploratory nature with the French Premier. The official *communiqué* issued in Paris at the end of the conversations was brief and reticent. M. Laval, it stated, "informed the Ambassador of the conversations which he had had with President Hoover with regard to the substitution of the normal regime of the Young Plan for the present moratorium resulting from President Hoover's proposal last June." In the absence of a fuller official statement, rumour has been busy with suggestions as to what transpired in the Laval-Hoesch interview. On rumour's veracity and implications it would be premature to speculate or comment. To judge, however, by the interpretations variously placed on the *communiqué* by the Press of Paris and Berlin, there is a danger of public opinion being led to concentrate exclusively in France on "political," and in Germany on commercial debts. It is an issue on which, until the statesmen have defined their attitudes, we prefer to reserve comment. This much, however, may be said. The financial census of Germany's foreign commercial indebtedness, carried out in accordance with the German Government's decree of July 27th, has disclosed the fact that Germany's short-term obligations of all kinds amounted to no less than £600 millions (gold) or £200 millions (gold) more than the estimate provisionally arrived at by the Basle Committee last August. (How far, if at all, the estimate of Germany's counter-claims abroad on short-term account requires similarly to be raised, is unknown.) Since the immediate repayment by Germany at the end of February of anything approaching £400 millions (gold) would be a patent impossibility, the higher

figure of short-term indebtedness now disclosed does not alter the character of the problem involved. But, on the assumption that during the "standstill" agreement perhaps \$50 millions (gold) have been liquidated by Germany, the magnitude of the short-term commercial indebtedness still outstanding emphasises forcibly the gravity of the repercussions which would be felt in the world's entire banking system should there be failure to reach an agreement as to ways and means after the end of February. It would appear that the "standstill" committee of the German Economic Advisory Council have in mind, as the only obvious method of dealing with the situation, the replacement of existing short-term credits by notes redeemable over a period of years. The difficulty, however, is that any refunding scheme must depend ultimately for its success on the willingness of the public in creditor countries to absorb the bonds created by Germany; and this in turn would be conditioned by the outlook with regard to reparations and the wider political problems. In brief, a solution of the critical problem that has to be faced before the end of the "standstill" period is contingent on agreement as to the future of inter-governmental debts, whose payment, it may be recalled, was suspended under the Hoover Plan (followed by the London Conference, in which France participated, and which took the responsibility of recommending the bankers to concert a "standstill" scheme) for the express purpose of obviating German default in respect of commercial indebtedness. But in any consideration of the "political" debts problem, the fact has to be faced, quite apart from all the many debatable issues of legal and moral "priority," that a complete breakdown of Germany's commercial credit would not only be a grave embarrassment to the world's banking system, but would be such a disastrous shock to Germany's economic life that all questions of her external obligations would become academic.

The Armaments Truce.—When Signor Grandi made his proposal at Geneva for a suspension of competition in armaments pending the outcome of the World Disarmament Conference, it looked for the moment as though French opposition had killed the plan. As it turns out, the somewhat blurred and attenuated version of Signor Grandi's proposal, as it was passed by the Assembly, has been making considerable headway. By the middle of this week replies had been received from nearly forty out of sixty-four States which are to take part in the Disarmament Conference, including Britain, France, the United States, the U.S.S.R., Italy, Japan and Germany. As for the replies already received, the Russian criticises the vagueness of the plan without rejecting it, while all the other Great Powers, and the great majority of the smaller countries that have replied up to date, have accepted the plan with certain reservations. The most obvious and most frequent reservation has been that neighbouring States shall do likewise, and this proviso has already been met to a large extent by the very frequency of the favourable responses. The British, French, Japanese and American Governments have all also reserved, with more or less precision, their right to maintain existing standards of efficiency and to proceed with the execution of existing programmes. The Germans have agreed on the understanding that the effect of the armaments truce—that is, the temporary stabilisation of armaments at their existing levels—is not to prejudice the programme of the Disarmament Conference. Indeed, Dr. Brüning, in his letter of acceptance (addressed to the Secretary-General of the League) takes occasion to reassert the German thesis that the task of the Conference "is not to stabilise the present level of armaments" but "is, above all, to bring about an effective reduction of armaments on the part of the highly armed countries, which must proceed from the fundamental idea of equality of status and the equal right of all the signatory Powers to national security." Both the German and the French reservations are characteristic and probably inevitable. Nevertheless, the fact that both Governments have managed to accept Signor Grandi's proposal in some form ought to make things rather easier during the critical Franco-German conversations that have been initiated.

The Week in Manchuria.—As November 16th—the date of the League Council's reassembly—approaches, the Japanese do not seem to be putting themselves in much better posture, so far, for meeting the other nations represented on the Council or associated with it for the occasion. The Japanese Government has not taken up the Chinese Government's suggestion (recorded in the *Economist* last week) that all treaty questions between the two Governments should be dealt with by judicial settlement or arbitration. This was surely a fair and conciliatory response, on the Chinese side, to the quite reasonable Japanese demand that the treaty situation in Manchuria should be cleared up. The Japanese have retorted by declaring that there is no question of the interpretation of Sino-Japanese treaties, but only of their infraction on the Chinese side. In other words, Japan again takes up the position that Japan's treaty rights in Manchuria are to be interpreted and secured to Japan's satisfaction in Sino-Japanese negotiations *à deux*, which are to take place while the Japanese forces still remain in their present positions. Meanwhile, the Japanese Government—or, perhaps, more accurately, the Japanese Army—has been taking steps which threaten not only to extend very materially the range of Japanese operations outside the Japanese Zone, but also to embroil Japan with Russia. On October 28th it was announced in Tokyo that a repair gang, escorted by a detachment of troops, was being sent out north-westward to repair certain bridges which had been blown up, in a local Chinese civil war, on the Taonan Railway. This is a Chinese-owned line, which is one of the feeders of the Japanese South Manchurian Railway and which has been financed to a large extent with Japanese capital, but which runs right up to Tsitsihar, an important point on the Chinese Eastern Railway which is under joint Chinese and Russian control. At the same time, it was announced that the Japanese Foreign Minister, Baron Shideharas, had addressed a note to Moscow, protesting against reported concentrations of Russian troops on the Manchurian Border and also against reported military assistance, from the Russian side, to General Ma, the local Chinese commander in the Tsitsihar district. Karakhan, the Deputy-Commissar for Foreign Affairs of the U.S.S.R., has replied with a denial of these rumours; and since then the situation has been eased by discussions between the Japanese and Russian Consuls-General at Harbin. On November 2nd, however, it was reported that the Japanese repair gang had been fired at by General Ma's troops at the Nonni bridge. The still heavier fighting which appears to have occurred on the following day at this strategic point makes it clear that the Manchurian terrain is filled with perilously explosive material. Meantime, two further diplomatic notes have been made public: a note of October 30th from M. Briand to M. Yoshizawa, and a Japanese reply to a Chinese note of October 27th in which the Japanese Government was asked to appoint representatives to settle the details of evacuation "in accordance with the resolution adopted by the League Council on October 24th." The Japanese have replied that no resolution was adopted (as is legally correct, owing to the sole dissentient Japanese vote). They call upon the Chinese once more to negotiate forthwith on the Japanese terms. M. Briand, in a masterly exposition, shows that four out of the five Japanese points have actually been embodied in texts to which all parties have agreed. On point 5—"the respect for the treaty rights of Japan in Manchuria"—he submits that Mr. Sze's letter of the 24th (summarised in the *Economist* last week) gives the pledges required on the Chinese side; and he therefore adjures Japan to withdraw her troops in accordance with the Council's resolution of September 30th, to which (unlike the resolution of the 24th) the Japanese delegate adhered. The issue as it is now brought to a point, could not possibly be made more clear.

The Colonial Office and Cyprus.—The Colonial Office has substantially added to the difficulties of an already sufficiently difficult situation in Cyprus by sending to the Governor of the island the telegram which was published in the Press on October 30th. The message bears the sig-

nature of the Secretary of State according to common form, but a consideration of the date suggests that Mr Thomas cannot have had much time to think about Cyprus at the moment, and the document is to be regarded as essentially a departmental product. A Zionist onlooker at the troubles of the Colonial Office in a territory next door to Palestine would assuredly pronounce that the document bears the genuine departmental stamp which Zionists discerned in the notorious Palestine White Paper which emanated from this same department some twelve months ago. At that time the *Economist* was disinclined to follow Jewish opinion in reading into that White Paper the degree of wrongheadedness and tactlessness which it appeared to exhibit in the sight of its critics. Unfortunately, the tone and temper of the present document are so unmistakably what they ought not to be that the Cyprus telegram goes some way to justify the criticisms of the Palestine White Paper in retrospect. The vice of the present Colonial Office telegram is that it studiously ignores all the material facts in the situation, and is quite barren of any suggestion for constructive action. It takes the tone of a governess towards a naughty child, and a very old-fashioned governess at that. It expresses "grave concern" at violent measures being taken by "British subjects," without mentioning that the Cypriots were made British subjects seventeen years ago without being asked, and that their new status has never enabled them to obtain an effective hearing in London during the years since the armistice when the Cypriots have repeatedly attempted to further their cause by the constitutional and pacific method of deputations. "It is obvious that the liberties given under the present constitution have been abused by disloyal political leaders"—as though we had a moral claim upon the loyalty of people whom we have annexed against their will, and as though there were any evidence that these leaders do not fairly represent their constituents. "Accordingly, in the general interests of the people of Cyprus, His Majesty's Government will have to review the whole question of the constitutional future of the island." In other words, the Cypriots are to be cured of their desire for self-determination by having their present modicum of self-government cut down. This means governing Cyprus by sheer physical force—a consummation which will not, we believe, commend itself to British public opinion. The country which is wrestling with the formidable task of giving self-government to India is not likely to take the Colonial Office view about the question of Cyprus, where the situation is so much more simple and the solution more obvious.

The Liberal Leadership.—Mr Lloyd George's retirement from the leadership of the Liberal Parliamentary Party is the inevitable sequel to his action in ranging himself against the National Government. In a letter to Sir Herbert Samuel, which was read to a meeting of Liberal Members of Parliament on Wednesday, Mr Lloyd George expressed himself as being "completely at variance with the disastrous course into which the Party has recently been guided," and stated that he was "not a candidate for any office in the group." Sir Herbert Samuel, who has acted as Liberal leader during Mr Lloyd George's illness, was elected in his stead and will lead a group of some thirty members, while the new Liberal Nationals, boasting roughly the same numerical strength, have naturally elected as chairman their founder, Sir John Simon. In Mr Lloyd George's letter to Sir Herbert Samuel there is a passage which gives food for speculation as to future Party possibilities:—

I am hoping that by the New Year my health will be fully restored. I am looking forward then to the pleasure of co-operating with all those who have at heart the advancement of those ideas to which so many millions rallied hopefully in 1929.

For the moment these causes have been overwhelmed by the calamitous folly of October, and any attempt to revive them will be met for some time by impatience and ridicule. That phase will soon pass and all true progressives can then resume the task out of which they were so regretfully manœuvred.

How, in the quietude of Churt and Carnarvon, will Mr Lloyd George develop his obvious desire for welding together a strong progressive party? Is it in his mind

that before long Liberals of all sections, disillusioned with the working of a Coalition, will re-unite? Or is his orientation definitely towards the Left? For the answer we must wait till February, when, given restoration of full health and vigour, Mr Lloyd George may yet write new chapters in British political history.

Another Socialist Reverse.—The view had been expressed that since the municipal elections followed so close upon the General Election the slack voter would abstain, thereby paving the way for widespread Socialist gains. The results of the local polls, held on Monday, November 2nd, show that this view was incorrect, and the localities have in fact vigorously endorsed the verdict given by the nation last week in favour of careful finance. At the last municipal elections, three years ago, Socialists gained 71 seats in London and 111 in the provinces. On Monday the tide was reversed with a vengeance, Labour suffering a net loss of 201 seats on the councils of eighty of the principal provincial cities and boroughs and of no less than 203 seats in London alone. This convincing swing-over was accompanied, as in the parliamentary elections, by very striking increases in the size of anti-Socialist majorities, and the country's verdict with regard to the conduct of its local affairs seems to have been hardly less striking than its verdict on the national administration. Out of the 28 London Councils only three remain under a Socialist majority, such former strongholds of Labour as Shoreditch, Woolwich, Battersea and Stepney having gone over to the anti-Socialist parties. The ratepayers have indeed spoken with the same voice as the taxpayers.

The League and Import Restrictions.—The Report of the Economic Committee of the League of Nations on the Thirty-sixth Session contains some timely, if somewhat mild, comments on the safeguarding measures to which many countries have been driven by the crisis. The Report observes that not only those countries which find the external value of their currencies falling, but even those countries whose currencies seem to be threatened are endeavouring by restriction of imports and by control of foreign exchange dealings to secure a "favourable" balance of payments. These restrictive measures in their turn force other countries to defensive action, largely for the protection of employment against the competition of imports. The Economic Committee point out that these measures not only make commercial relations precarious and unstable, but that, if generally introduced, they may—"will" would have been a more accurate word—have the effect of paralysing international trade. The Committee go on, however, to say:—"It must doubtless be admitted that the measures in question are regarded by the countries taking them at the moment imperatively necessary; they are steps taken for the public safety, justified by exceptional circumstances; they appear to these countries as being the only means of preventing a financial or economic collapse." The Report, accordingly, proceeds to suggest provisions which would limit the worst effects of restriction of exchange dealings. As might be expected, these provisions do not amount to very much. The recommendations are, in the main, that foreign countries affected should be consulted, and that the restrictions should not be continued longer than necessary. While it is satisfactory that responsible League opinion should express itself as definitely opposed in principle to the current restrictive policy, it is disappointing that the Economic Committee has not more openly and explicitly faced the fact, with which we deal in a leading article on Hungary, that, in a world in which there is no buying there can be no selling, so that a universal policy of maintaining a "favourable" trade balance would be prevented from effecting the complete destruction of commerce only by the fact that it would be impossible of realisation. Meantime, a meeting of representatives of central banks of Central and South-Eastern European countries, convened at Prague this week under the auspices of the B.I.S., has been engaged in discussing means whereby the impedi-

ment to international trade caused by exchange restrictions can be minimised. We go to press before the results of the conference are known, but it is difficult to entertain great hopes that much will come of the meeting. It is possible that methods may be devised for making some of the restrictions less vexatious in detail, and if some system could be evolved to facilitate the "marrying" of demands for foreign currency in the respective countries, the situation might be somewhat alleviated. But minor modifications and improvements cannot eradicate the root difficulty that rationing exchange in order to restrict imports has for its logical conclusion the annihilation of international commerce and general impoverishment.

The Future of Iraq.—This week, at Geneva, the Permanent Mandates Commission of the League of Nations is considering the annual report on the administration of Iraq, which is being presented by the British High Commissioner, Sir Francis Humphrys, as the accredited representative of the Mandatory Power. In addition to this recurrent task, the Mandates Commission this time is considering the question of the termination of the mandate in the only legal way in which a mandate can be terminated: that is, by the admission of the mandated territory to membership in the League as "a fully self-governing state." Since this is the first occasion on which a request for such admission has been in prospect, and since the Mandates Commission's views will, no doubt, carry great weight with the Council and the Assembly, this week's deliberations will be of great interest, not only to Iraq herself and to Great Britain, but to the League in general and to all its members. The present situation has arisen out of the Anglo-Iraq Treaty which was signed on June 30, 1930. In this instrument, which was the last of a series, Great Britain undertook to support Iraq's candidature for admission to membership in the League in 1932, and to give this support unconditionally. The unconditionality of the pledge was probably essential for the maintenance—or restoration—of confidence, in Iraq, in regard to Great Britain's goodwill and good faith. At the same time, it involved the omission from the treaty of any provision for the protection of minorities in Iraq; and this omission has given rise to considerable heart-searchings in diverse quarters—first and foremost among these minorities themselves, but also in the British Parliament and Press, as well as in the minds of the League Council and of the Permanent Mandates Commission. It is already evident that the will and power of the Government of Iraq to protect the non-Arab minorities under its jurisdiction will be taken as "the acid test" of Iraq's fitness for admission to membership in the League. There are good precedents for this; since, from the outset, it has been the practice that States seeking admission to membership (as opposed to original members of the League) should satisfy the Council in regard to the treatment of minorities within their frontiers, unless such minorities are non-existent or negligible, and unless such States are already bound by existing treaties or undertakings in which the treatment of minorities is covered. Finland, Albania, Lithuania, Latvia and Estonia have all given satisfaction to the Council on this point within less than two years, at the longest, after their admission. There is no reason why the Council should be less strict in dealing with Iraq, and no reason, from the British standpoint, for us to make difficulties about this. Indeed, such action on the Council's part might extricate us from the unpleasant position (in which the treaty of June, 1930, threatens to place us) of having to put British military forces at the Iraq Government's disposal for executing a policy towards minorities which we might not approve.

Common Sense on East Africa.—This week the report of the Joint Select Committee of Parliament on closer union in East Africa has been published as a parliamentary paper*. This document represents the last stage of

a discussion which has been going on ever since a provision for possible administrative union with adjoining British Colonies or Protectorates was inserted in the British Mandate for Tanganyika. The problem has been investigated on the spot by the Ormsby-Gore Commission in 1924 and the Hilton Young Commission in 1928, and by Sir Samuel Wilson on a special mission in 1929. All these labours have been reviewed by the Joint Select Committee, whose report is now published; and the Committee's recommendations are conservative in the good sense and not in the bad. While they leave the door open for economic co-operation, within the limits that are at present practicable, between the several territories under British administration or control in East Africa, they do close the door—and this presumably for a long time to come—upon a very dangerous political vision. This vision was the prospect of a united East Africa enjoying dominion status as "a White Man's Country." Those who dreamed this dream cherished the hope that, if East Africa were once united, the white settlers in the highlands of Kenya Colony would leave the lump. The result would have been a latter-day reproduction of "the South" of the United States as it was before the American Civil War. Indeed, it would have been far worse; for, even if the white settlers were to succeed in occupying the highlands in Tanganyika as well as in Kenya, they would remain an infinitesimal minority in the total population of British East Africa; and to hand the Government of this great region over to this dominant caste would have been equivalent to handing India over to a Brahman raj. This possibility, which has never (we believe) come within the range of practical politics, has been finally ruled out by the combined effect of common sense at Westminster and financial stringency in East Africa. On grounds of cost and of native opposition and of economic immaturity, the Joint Select Committee find that "this is not the time for taking any far-reaching step in the direction of formal union." They suggest that economic co-operation should be secured by the amalgamation of certain technical services and by the development of the annual conference of East African Governors. In regard to white settlement in the highlands, they pronounce that "its success cannot yet be considered as definitely established." With regard to the relations between the white and black races, they comment very sensibly on the doctrines of "paramountcy" and "trusteeship." "The doctrine of paramountcy means no more than that the interests of the overwhelming majority of the indigenous population should not be subordinated to those of a minority belonging to another race, however important in itself." As for the doctrine of trusteeship, "the control of His Majesty's Government must remain unimpaired." And the arbitral authority for dealing with divergencies of racial interest "exists in the Secretary of State and the Governor acting under his instructions." With regard to the special problem of administration in Kenya Colony, the Committee declare against a geographical division between the highlands and the rest of the country and make a constructive suggestion for the appointment of a chief native Commissioner with wide powers. It is to be hoped that the Committee's recommendations will give peace and quiet to East Africa for some time to come.

Stern Measures in Spain.—Whatever may be the deeper strength of Catholic resentment at the anti-clerical measures passed by the Cortes, on the surface calm prevails in Spain and the end of the Constitutional debate is in sight. Last week the new code with regard to matrimony was taken. Divorce is to be permissible by mutual agreement of the parties, or at the request of either, just cause being shown. Illegitimate children are to have normal rights of citizenship. This week the powers of the President of the Republic have been defined, and a referendum procedure has been sanctioned, to apply to a revision of all legislation except "the constitutional laws," the status of the autonomous regions, and Spain's obligations to the League of Nations. No doubt the general tranquillity is chiefly due to the very stringent provisions of the Law for the Defence of the

Republic, which was passed on October 20th, less than a week after the change of Government. Señor Azaña is taking advantage of this state of "constitutional dictatorship," not unlike that which obtains in Germany, to make sweeping reforms, which, however much they were needed, would not have stood the ghost of a chance of being carried through in normal circumstances. A few days ago he sprang a surprise by issuing an ordinance that the Civil Service was to be reduced at once by 50 per cent., with the exception of certain key departments. Failing the requisite number of voluntary resignations, functionaries will be compelled to retire, but will receive compensation to the extent of 80 centimos for every peseta that they were earning. When he called upon the Cortes to give its approval, it behaved like a lamb, and even proceeded to sanction into the bargain a measure declaring to be incompatible the holding of various official and semi-official jobs by the same person. There is, as may be imagined, consternation at the grinding of this efficiency mill, for from time immemorial your urban Spaniard has been a pluralist in respect of employment. But Señor Azaña is not going to have any of the old reproaches levelled against the Spanish Civil Service. Instead of working in the mornings only in many cases—with barely enough work to go round—they are to have a regulation working week of thirty-nine hours and will have to show regular attendance. The new Prime Minister enjoys enormous prestige because of the way he has bent the Army to the Republican will. And Spaniards, for all their individualism, have always a tacit admiration for good government. All the same, the foreigner may be excused for thinking that he is riding for a fall. Sensing his growing unpopularity, perhaps, he has now capitulated to the Socialists in the Cabinet, who have behind them the strongest organised force in the country. That was the outcome of an important Cabinet meeting at the week-end, when it was decided to go ahead as quickly as possible with the reform of the Bank of Spain, on the lines of State control, and with the agrarian laws which provide, in some cases, for expropriation and, under trade union direction, will amount to a revolutionary change in methods of land-holding and cultivation. Leviathan is swallowing up traditional idiosyncrasies at an alarming rate. But we must certainly hail Señor Azaña as a man of character. He has given explicit promise that he will uphold Señor Alcalá Zamora's sympathetic policy in his dealings with Catalonia.

An Empire Currency Scheme.—A joint committee of the Federation of British Industries and the Empire Economic Union has issued a report on Empire Monetary and Financial Policy. As is inevitable from the composition of the committee, much of the report is concerned with an attack upon Free Trade, which is not wholly relevant to the subject. Another large portion of the report is simply a reproduction of views expressed by the Macmillan Committee, which are already familiar ground. Towards its end, however, the report contains the germ of an idea which merits further exploration, and that is the co-ordination of Empire monetary policy. After making every allowance for the traditions, needs and customs of the various members of the Empire, and also for their geographical situation and political independence, there is, *prima facie*, a case for asking why exchange fluctuations should occur inside the Empire on just the same scale as in the world at large. But this is not to say that there is an easy or obvious remedy, for every member of the Empire is legitimately jealous of its right to manage its banking and currency affairs, and there are obvious difficulties in the way of instituting a common Empire currency. Again, one cannot envisage lightly the Committee's tentative proposal for the foundation of a "Central Bank of Empire." Its relations with the Bank of England, for one thing, would be a matter of extreme delicacy, in view of the Bank of England's existing world position, and in some ways it might be less impracticable to develop the Bank of England into the "Bank of the British Empire." Still, useful lessons

can possibly be learned both from the manner in which the currency system of certain members of the Empire are already linked to sterling, and still more from the relations between the twelve American Federal Reserve Banks and the Federal Reserve Board at Washington and from the operations of the American Gold Settlements Fund. The crux really lies in the Dominions. There is no need for the Dominions to abandon their present monetary denominations, but such matters as Canada's financial relations with New York would clearly have to be faced. India, too, is a special problem bristling with a thousand difficulties, and so is the silver question, on which the Committee expresses views in favour of bimetalism. Still, it is tempting to envisage the creation of an Imperial exchange pool to be drawn upon or fed, at a fixed exchange rate, by the various members of the Empire according to the fluctuation of their trade, each member being left to adjust its monetary policy to the size of the exchange standing to their credit in the pool. It is also tempting to suggest that the creation of a common Empire monetary system upon these lines, carrying with it the avoidance of inter-Imperial exchange fluctuations and the stabilisation of Empire currency as against gold and foreign gold currencies at an equitable level, would be a more than adequate substitute for tariffs and Imperial preference. But the proposal is still in an embryo stage and the existence of many difficulties must be fully recognised.

Cotton Trade Improvement.—Our Manchester correspondent writes:—Confirmation of the relatively big improvement in the English cotton industry is contained in the figures regarding unemployment, and, according to the latest statistics issued this week by the Cotton Trade Statistical Bureau, the cotton industry has accounted for the greater part in the reduction of the British unemployment total. Between September 21st and October 19th (the latest statistics available), the net fall in the unemployment total for the whole country was 74,000, and the cotton trade accounted for 48,000 of that total. Commenting upon the situation, the Bureau states it is still impossible to assess either the size or the probable duration of Lancashire's present recovery. "Though the larger volume of orders placed during the last three or four weeks has already affected production and unemployment, it has not yet become visible in the export trade, and even the October export figures may not reflect the increased volume of trade. As sterling has been relatively steady during the past few weeks at a level favourable to British producers, the rise in exports is likely to be appreciable before the end of the year." For the eighth week in succession production of spinning mills in the cotton industry has continued to increase. According to official statistics compiled by the Master Spinners' Federation for 150 mills, the production figure for the week ended October 24th was 74 per cent. of normal capacity. This figure compares with 63 per cent. on October 3rd and 50 per cent. on September 5th. Sales in relation to actual production have each week exceeded the production figure, as also have deliveries of yarn. Since the statistics were made up more machinery has been restarted. It is estimated that between twenty and thirty spinning mills have restarted work during the past month. With regard to the manufacturing section, production has also increased. As a result of the big business done during the past six weeks a number of spinners and manufacturers have found it necessary to resort to overtime working. In the doubling section of the trade in Yorkshire many of the mills are working in excess of the 48-hour week, and the operatives' leaders have visited the area to deal with the matter. In Lancashire, also, some firms are working longer hours, and the trade union leaders are bringing all pressure to bear to make the employers keep to the 48-hour agreement.

International Wheat Prices.—A month ago the downward trend of wheat prices suddenly gave way to a movement in the opposite direction. The quotation of No. 2 "Winter" in Chicago rose from 46½ cents per bushel

* 1931: (184). H.M. Stationery Office. 1s. 6d. net.

("December" futures) on October 7th to 53 cents within a fortnight, and on November 3rd the price reached 62½ cents. This corresponds to a rise of nearly 35 per cent., but it should be remembered that the present price of the cereal is still about 50 per cent. lower than at the beginning of 1930. The catastrophic fall in prices last year was, of course, the consequence of the huge crop, which turned out to be considerably in excess of requirements. According to Mr G. Broomhall, the visible supply of wheat and flour at the end of the last season, at 463 million bushels, showed an increase of 50 million bushels as compared with the corresponding date in 1930. In addition, the Federal Farm Board had accumulated a large quantity of wheat, amounting to over 200 million bushels at the end of July. Excluding Russia, this year's world production of wheat had some time ago been estimated at a figure considerably below that of last year, as a result, mainly, of the failure of the Canadian crop. Further, it had been known that Australia, Argentina and the United States had drastically reduced the acreage destined for the 1932 crop. Yet these favourable factors in the wheat situation failed to influence prices, which continued to decline after a short-lived upward movement in June. It, therefore, appears that the wheat market's recent trend has been largely governed by opinion with regard to Russia's export surplus. Reports from that country had shown that the acreage had been further increased, and it was believed that this year's production would exceed last year's bumper crop. This belief was apparently confirmed by Russian exports during August and September, which were far in excess of those of the previous year. At the beginning of October, however, exports from Russia declined rapidly, and it became clear that her export surplus was smaller than a year ago. The International Institute of Agriculture has estimated that Russian exports during the current season will not exceed 73½ million bushels, against 110 million bushels a year ago. As soon as these facts were realised a buying movement began in North American markets, giving rise to a sharp advance in values. If, however, the Institute's forecast of a reduction during the present cereal year of 180 million bushels in this carry-over proves to be correct, the surplus in prospect next July is still sufficiently above normal to suggest that present speculation may easily be overdone.

American Railroad Award.—Our New York correspondent writes:—Much disappointment was felt over the freight rate decision given by the Interstate Commerce Commission. No one had expected that the full request for a blanket rise of 15 per cent. would be granted, and the amount finally awarded, which on some commodities would mean an increase of 10 per cent., but which excepted agricultural commodities, and on the whole was calculated to increase revenues by only \$100 millions instead of the \$400 millions hoped for, would have been satisfactory had no qualifications been attached. The Commission proposed that all such increased revenues be pooled and allowances given to railroads which fail to cover bond interest charges. Railroad executives have not yet decided to accept this condition, and have asked if it might not be modified to make this distribution take the form of loans, repayable to the fund and eventually to the roads which made the contributions. As it now stands, the roads collecting most of the additional revenue merely turn it over to other lines which, owing to the nature of the rate increases, would not earn more. The roads most in need of help are the lines carrying farm products, while the eastern coal and industrial roads will have the bulk of the rate increases. What the roads need, of course, is more traffic and a better spread between expenses and revenues. Even loans to needy lines would merely delay the day of reckoning. Those who oppose the Commission's counter-offer feel that it is impracticable and of doubtful legality, but the roads probably might, with modification, be inclined to accept it as some slight aid to the general situation. The nature of the decision admittedly puts the railroads into an awkward position, for if they reject the chance of higher rates thus offered their position in wage negotiations will be weakened. Labour will probably then say that the roads have

thrown out of the window some \$100 millions of additional revenue. Meanwhile it is reported that President Hoover has another scheme in mind, involving assistance through Government funds provided through some organisation similar to the War Finance Corporation. Whether a way can be found to accept the Interstate Commerce Commission's conditions on the higher wage award or not, the railroads intend to seek wage cuts. No formal action will be taken until the rate question is settled, but work is going forward on the line of agreement. Most of the union trainmen on one Southern road have already agreed to accept a 10 per cent. reduction, and the outlook is fairly good for early agreement. If so, it will be possible to put lower wages into effect during the winter.

Banca Commerciale Italiana.—The directors of this bank announce that they are transferring the whole of the bank's industrial holdings to the Società Finanziaria Industriale Italiana, which is a holding company whose capital has been subscribed by a group of Italian industrial undertakings. This course of action will add appreciably to the liquidity of the bank, and, in fact, it is calculated that the bank's liquid resources, in the form of cash, loans, bills and Government stocks, will easily exceed 100 per cent. of its short-term liabilities of all descriptions. The formation of a special company for this purpose—the finance of which is incidentally assured for a long period by independent means—enables these assets to be disposed of by the bank without throwing them on the stock markets. It is further announced that an increase in the capital of the Consorzio Mobiliare Finanziario, which controls a substantial block of Banca Commerciale Italiana shares, is taking place for the purpose of taking over additional shares from a syndicate which is to be dissolved. The new capital is being provided from independent sources. As a matter of sound banking practice, these changes are to be welcomed, for recent experience in many countries has illustrated the danger of a bank immobilising its resources in industrial investments, and other leading Italian banks found it advisable to take similar action over a year ago. In this particular case, the change possesses two meanings. Firstly it is possibly the final step in the reorganisation of the affairs of the Banca Commerciale Italiana after a period of several vicissitudes. It may also be permissible to link it up with the gradual but steady consolidation of Italian economic and industrial life which has been one of the main principles of the Fascist Government.

Overseas Correspondence.

UNITED STATES.

M. Laval's Visit — Reparations — Debts — Gold Standard — Money — Industry — Prices — Copper Restrictions.

(FROM OUR CORRESPONDENT.)

NEW YORK, October 28.

WELL informed bankers and others in Wall Street do not share the feeling of dissatisfaction mentioned in foreign dispatches and evinced in some speculative circles here over the failure of President Hoover and M. Laval to outline a definite programme on debts, gold and political dispositions. On the contrary, a good deal of satisfaction is felt over the outcome. Most people here who favour any debt revision think that all should be done within the provisions of the Young Plan, and that a mistake was made last summer when President Hoover took the initiative without due consideration of the French position.

One accomplishment of the conference, it is believed, is that this Government is assured of the willingness of France to consider suspension of reparations and reduction of the ultimate amounts to be collected. The delays last summer had done something to promote the opposite impression. At the same time, France now understands

that this country will look abroad for the initiative, recognising the French right in the matter and the desirability, from the American point of view at least, for requests for moratoria or reductions in reparations to be made by Germany. Perhaps not the least of the new developments is the tacit admission by the Administration that reparations and inter-allied debts are inseparably mixed. It may be assumed that, in the event of a reparations reduction, strong support will be given by the Administration and favourable consideration in Congress to corresponding cuts in inter-allied debts.

While the effect on Europe of an out and out declaration of the firm intention of this country to remain on the gold standard might have been good, it is felt here that the wording agreed upon for that part of the discussion was the only one possible. No one here ever has had the slightest doubt that the United States would maintain the gold standard, and to protest that intention might have raised such doubts. Interpretation of the reference to gold to mean that a deal has been made on Federal Reserve Bank policy is erroneous. Bank of France officials and Federal Reserve Bank authorities doubtless came to an understanding of one another's policies, and while a higher New York discount rate is in prospect, the intimation that political influence has been brought to bear on the Reserve Board is much resented.

On the political side, it is not believed that France was asked to make a cut in armaments as a concession for debt reduction or for any other reason. However, it is understood here that considerable reduction in military expenditures are in prospect for France on her own initiative.

Credit supplied by the Federal Reserve banks continues to rise, making up for some of the gold exports, but day money is plentiful at the new rates of 2½ per cent. on the Stock Exchange and 2 per cent. in the outside market. This week commercial paper and time money rates have slightly stiffened. Weakness in United States Government bonds suggests apprehension of a higher discount rate, but no fresh rise has yet taken place in the bill market. The Treasury is now borrowing regularly \$50 to \$60 millions weekly in discount bills, and the rates paid are rising. Virtually \$1,000 millions in Treasury certificates and notes mature on the December 15th tax date, and previous plans to refund with a long-term issue may have to be changed.

Concern over the gold exports grows less, although the movement is still considerable. For the month the exports plus earmarkings total approximately \$500 millions, which added to the exports and earmarkings for September bring the total loss for the two months to \$805 millions. Deducting imports, the net reduction in gold stocks for the period is \$715 millions. However, this means that the country has given up little more than the \$400 millions gained in the eight months ended August 31, 1931, plus the \$300 millions added in 1930.

A better feeling in retail trade continues, but it is finding little reflection as yet in the basic industries. The steel industry seems to have increased its operating rate from 28 to 29 per cent. of capacity, and railroad car loadings have turned a trifle better, helped somewhat by the firmer tone in agricultural commodity prices. Steel prices have been a little shaky. The United States Steel Corporation, while maintaining the common dividend at the \$1 a share quarterly rate established last summer, showed a poor earning statement. Earnings progressively declined in July, August and September, and the third quarter ended with an operating deficit. Approximately 88 cents a share was shown for the preferred stock, with the allocation of over \$7 millions profit from the sale of properties. For the nine months, including \$14.3 millions of this special profit, only \$4.81 was earned on the preferred. It is reported that the sale of a public utility property in Gary, Ind., early in the year yielded about \$20 millions, of which \$15 millions now has been definitely shown in the earning statements. Presumably some more special income will be shown for the remaining quarter. Also the wage cuts went into effect at the beginning of this month, but even so, the Corporation will scarcely show earnings on common shares this year.

THE BRITISH LINEN BANK.

Incorporated by Royal Charter, 1746.

Capital and Reserve Funds, £3,600,000.

Head Office: 38, St. Andrew Square, Edinburgh

OVER 200 BRANCHES IN SCOTLAND

LONDON OFFICE: 38, Threadneedle St., E.C.2

Every description of Banking Business transacted.

The General Motors Corporation also failed to cover its common share dividend in the third quarter, and industrial earnings generally are running 20 to 25 per cent. under the third quarter of last year, and are only about half those of the second quarter of this year. Railroad net income for September, as shown by the majority of roads reporting, was 43 per cent. under the same month of last year.

There is some disappointment at the continued lack of important trade recovery. Perhaps too much was expected from the operation of the newly-formed National Credit Corporation, the organisation suggested by President Hoover to thaw out bank credit. This institution began business last week, and while here and there it met with opposition from banks asked to subscribe to its debentures, the means whereby it is to raise capital to be lent to banks on collateral of good quality but ineligible under the law for discounting at the Federal Reserve Banks, it has generally had a favourable reception.

Bank failures in September, according to the Federal Reserve Board's calculation, amounted to 298, but there were seven reopenings. From the first of the year to the end of last month failures totalled 1,294 and reopenings were 202, against a net closing record of 1,345 for the whole of 1930. Although failures in October also have been heavy, no really important institution has been affected, and the feeling of uneasiness is growing steadily less. The country has obviously been overbanked, and many of the small banks have been poorly managed, but the position is in a fair way towards stabilisation without much danger of anything like panic. On the whole the banks are extremely strong and liquid to an unprecedented degree.

Some stiffening in commodities, particularly in wheat, cotton and copper, has come this month, but in September the Bureau of Labour statistics wholesale price index fell about 1½ per cent. The indices are shown in the following table:—

	Sept., 1930.	Aug., 1931.	Sept., 1931.
All commodities	84.2	70.2	69.1
Farm products	85.3	63.5	60.5
Foods	89.2	73.7	72.9
Hides and leather products	99.1	88.5	84.8
Textile products	75.5	64.2	62.9
Fuel and lighting materials	76.4	62.3	63.3
Metals and metal products	91.8	87.1	87.2
Building materials	86.4	75.4	74.9
Chemicals and drugs	86.6	75.5	74.8
House furnishing goods	95.4	87.5	84.7
Miscellaneous	69.7	58.5	58.4
Raw materials	82.1	64.1	62.7
Semi-manufactured articles	76.5	68.3	66.3
Finished products	86.8	74.6	74.0
Non-agricultural commodities ...	84.0	72.1	71.7
All commodities less farm products and foods	82.8	72.3	72.0

While the prospect of tariffs in Great Britain is not particularly pleasing to a section of the financial community, the net effect of the elections was favourable in Wall Street. Much as the financial community liked and respected as individuals the members of the Labour Cabinet, there always had been much uneasiness over their equipment for handling economic and financial matters. It is safe to say that confidence in the British position has been strengthened by the election results.

Conferences, so far informal, are under way among the British and Belgian interests and the Americans and Canadians looking toward a world-wide agreement on output restriction. Under this influence copper shares and the price of copper have stiffened slightly. Talk here of a tariff on copper is growing, particularly in the West, and there is no doubt that threat is being used for all it is worth as a means of securing large concessions from the Belgian Katanga interests. On their arrival here they indicated their willingness to reduce their present rate of 65 per cent. operations to 40 per cent., but that would merely put them on a level with the current rate for American producers. Some copper men here feel that the industry should drop to at least 25 per cent. of capacity if any progress is to be made in reducing surplus stocks.

FRANCE.

Coming Session — M. Laval's Return — Coal Production — Unemployment — Family Allowances.

(FROM OUR CORRESPONDENT.)

PARIS, November 4.

It was definitely decided yesterday that the Chambers, which have been in recess since July 3rd, shall be convoked forthwith for the resumption of their work on Thursday next. The session, which will be the last before the General Elections, will be exceptionally short, and will in all probability, after a fortnight's recess for Christmas and the New Year, come to a close at the end of January, in order to leave deputies free to spend February and March in their constituencies, in preparation for the elections, which have been provisionally fixed for April 17th and 24th. Over 100 notices of interpellation of the Government on all kinds of subjects have already been sent in, including several on the Government's foreign policy, which are certain to provoke a full-dress debate of the first importance, in view of M. Laval's recent visits to Berlin and Washington.

The first important subject to be taken up will be the Government's proposals for putting in hand the further series of public works with a view to meeting the expected increase of unemployment throughout the country during the winter months. These are expected to give rise to a prolonged debate, as an important section of the Chamber, although in agreement with the Government as to the proposals in general, is by no means satisfied with the project of meeting the cost by raising a loan. An interesting feature of the session will be the discussion of proposed modifications of the methods of procedure in the Lower House. The Rules Committee, with a view to reinforcing the stability of the Budget, propose that in future any deputy when proposing an increase or decrease of credits shall accompany his motion with proposals involving corresponding increases or decreases of revenue. The effect such a stipulation would have in checking purely demagogic expenditure needs no comment. It is expected that the complete text of the Budget Bill will be in the hands of the Finance Commission within a week of the reassembly of the Chamber, and that the Commission will have completed its work on it by January 1st. Another outstanding feature of the coming session, it is hoped, will be the discussion of the Government's proposals for rescuing the railways from the serious financial difficulties which they are experiencing owing to the imposition of enormously increased taxation burdens without powers to apply correspondingly increased traffic rates.

M. Laval's visit to Washington has had a favourable effect on French opinion as a whole, now that the meaning has been grasped of the formal statement issued for international consumption. It is universally recognised that M. Laval, like Mr Hoover, is the prisoner of his parliamentary majority, and, to an even greater extent than the American President, of the public opinion of his country. The attention of the nation is now focused

on the outcome of the conversations formally begun in Paris yesterday between the French and the German Governments. The precise nature of the conversations has so far not been divulged. All that is known here is that last night, after his long interview with M. Laval, M. Briand and the Finance Minister, M. Flandin, Dr. von Hoesch cabled a long report to his Government. Germany's need is great, and no doubt is entertained here as to the fact that the price asked by this country for her help is already being anxiously discussed by the German political and financial leaders. Reports from Berlin assert that the German Government has directed its efforts primarily towards finding means for "unfreezing" the foreign banking credits. As French commitments of this kind in Germany are only in the neighbourhood of 5 per cent. of the total, as compared with an estimated 60 per cent. on the part of American banks and 35 per cent. in the case of British banks, M. Laval and his colleagues have little to gain by assuming a leading rôle in the furthering of the German programme. It is readily recognised here, however, that whatever risk France assumed in the matter would be more than compensated for by the direct benefit that would accrue therefrom to Great Britain and the United States, and consequently to the whole financial and economic world. Behind the question of the frozen credits, however, lies the much more important one of the future of German reparation payments and European debt payments to America.

September coal production returns, which have been made public this week, indicate that the total output of the French collieries during the month was 4,154,314 tons (in 26 working days), as compared with 4,011,491 tons in the previous month, 4,603,000 tons in September, 1930, and monthly averages of 4,584,000 tons in 1930, 4,577,000 tons in 1929 and 4,369,000 tons in 1928. To this must be added the output from the Saar area, which is returned as 880,000 tons in September, as compared with an average of 1,103,000 tons in 1930. The total labour employed in the French mines in September was 279,138 units, against 177,054 in September last year, the average daily output having dropped meanwhile from 177,054 tons to 160,460 tons. Demands for industrial coal continue small, whereas absorption of domestic supplies, householders having this year refrained largely from the usual practice of stocking their cellars during the summer months, has been exceptionally active. The new quota system for British and other coal exports (based on maximum entries of 20 per cent. less than the mean of the previous three years) came into more or less definite effect only with October, as a very large elasticity was deliberately accorded to importers in August and September, when the new maximum tonnages for foreign coals theoretically came into operation. French importers are now demanding that the various quotas shall be fixed on bases of the actual needs of consumption for the several categories of fuel. French pithead stocks are asserted to have now been brought down to 125,000 tons. Complaints of delivery delay of native fuel are asserted by the French coalowners to be due to inadequate transport facilities.

The unemployment returns for October 24th, the last week reported on, suggest a substantial deterioration of the general situation. The total number in receipt of relief is returned as 51,564, against 44,117 in the previous week, and is appreciably larger than the highest yet recorded since the present crisis began. During the week 1,175 foreign workers were admitted (563 for industry and 612 for agriculture), and 1,414 left the country.

Interesting decisions modifying the rates of family allowances have been put into operation by the employers' organisations identified with this system in the Roubaix district textile, metallurgical and building industries. Speaking generally, the allowances have been lowered in so far as families with only one or two children are concerned, and appreciably increased in regard to wage-earners with three or more. The rates paid by the Consortium de l'Industrie Textile de Roubaix-Turcoing, for instance, have been modified as follows: For one child, 1 franc per working day (instead of 2 francs 50c.); two children, 4 francs 50c. (instead of 6 francs); three children,

10 francs (9 francs 60c.); four, 15 francs (12 francs); five, 20 francs (15 francs); six, 25 francs (18 francs); seven, 30 francs (21 francs). The Roubaix building trade employers' organisation will henceforward pay 190 francs a month in extra wages to families comprising four children and 270 francs a month to those with five. One of the Lille textile associations is now paying (in addition to standard wages) 300 francs a month to families with three children, 380 francs when there are four and 470 francs (say, £4 15s. a month) when there are seven. These super-wages, it may be recalled, are entirely voluntary on the part of the employers, and are paid direct to the mothers, who also receive maternity benefits at each confinement, nursing allowances and many other advantages.

GERMANY.

Laval-Hoover Conversations — German Foreign Debt — Economic Advisory Council — Grain Market.

(FROM OUR CORRESPONDENT.)

BERLIN, November 3.

No detailed official account of the content of the conversations between Mr Hoover and M. Laval is yet available, but it is clear that for the next few months America is leaving it to the French to clear up the questions in dispute in Europe, and that in settling the reparations problem M. Laval may even count on the Americans helping towards the solution by a remission of the debts of the European reparations creditors. This means that Germany, even if, in accordance with Franco-American wishes, she invokes Clause 119 of the Young Plan and proposes the convocation of the special advisory committee, is practically referred to France alone.

Germany does not grudge France the prestige that may accrue to her from this accord of a free hand by America. Everything depends upon whether France recognises that it is impossible to lead Europe without inviting Europe, and that the very minimum requirement for that is agreement on the most pressing tasks of the moment—agreement and not a new dictatorship. Germany cannot, of course, repay the total of her debts upon the expiry of the "standstill" agreement next February, nor can she resume the payment of reparations next July when the Hoover year expires. Yet it is equally impossible for her to take upon herself any new political obligations as no statesman could, in present conditions, represent such a policy at home.

France seems to attach great importance to the retention of the forms of the Young Plan in the new reparations settlement. From the point of view of domestic politics, this is a severe burden on Germany, and in any case the instruments which the Young Plan created are not suitable for the evolution of a settlement in present conditions. It is neither desirable that Germany should declare a reparations moratorium "on her own responsibility," nor could much be hoped from the reference of the political decision once more to a committee of "independent experts" who are not competent to make it. If the decision is to be reached at all without the responsible participation of the other Governments, it must be sought in a direct discussion between the Governments of France and Germany.

The report on German foreign indebtedness, provided for by an emergency decree of July 27th, gives short-term debt as 12 milliards and long-term debt as 11.5 milliards as at July 28th. All debts for less than twelve months are counted as short-term. The Basle Report placed short-term debt as at the end of July at 8 milliards and long-term at 9 milliards, but these were expressly offered only as estimates. In both sets of statistics the figures are gross, and consist of debit items against which no German assets have been offset. The Basle Report under-estimated particularly the direct private indebtedness of German firms and individuals abroad, placing them at 1½ milliards, whereas they must have amounted to some 5 milliards as at the end of July. If the figure of 8 milliards given in the Basle Report for German repayments during the first seven months of the year be

accepted, Germany has repaid about 4 milliards in ten months, and including the sales of securities by foreigners almost 5 milliards, a truly vast sum which fully explains the peculiar severity of the German crisis.

The new Economic Advisory Council was opened by the President of the Reich, on October 29th, with an important speech. Herr von Hindenburg rightly designated the convocation of this committee "a special and extraordinary measure." He outlined the tasks of the new body as follows:—"I hope that the result of this co-operation of economic experts with the Reich Government will be an adjustment of economic and social difficulties and an improvement in the distressing economic condition of Germany. If this difficult task is to be accomplished, every one of you will have to regard himself as responsible only to the nation and to his conscience, every one of you will have to rid himself of thoughts of group interest and personal advantage." It will, indeed, be by no means easy for many members of the Council not to regard themselves as representatives of group interests, as they were appointed to the Council frankly on account of their prominent position in important economic organisations. Finally, it is one of the tasks of the Council to keep the Government in touch with particular sections of public opinion, and it would hardly serve this purpose if the trade union representatives, for example, were personally to accede to decisions which their unions would then bitterly resist. The President, however, was assuming, and with justification, that precisely because of the way in which the members have been chosen there is far from being any danger of too great a relaxation of the connection between individual members and the sections of the population which they represent, and that the danger is incomparably greater in the opposite direction, that the hands of representatives may be tied by too close association with group interests. It now remains to be seen whether the Council will be able to play its unusual part as a hybrid between a committee of experts and a political body. It has begun by constituting itself into a number of committees, to concern themselves respectively with prices, wages, the rate of interest and the provision of employment, and yet another committee has been formed to prepare a new standstill agreement. It has already collected material and opinions to be used in the forthcoming introductory conversations between Herr von Hoesch and the French Prime Minister.

According to recent investigations by the German Institute for Agricultural Market Research, Germany will have to buy 550,000 tons of wheat and 300,000 tons of rye on the world market in the crop year 1931-32, even if the 6 per cent. reduction in consumption on account of the economic crisis, which the Institute is assuming, takes place, and this is a somewhat doubtful assumption in view of the inelasticity of the demand for bread. The import of rye might perhaps be avoided if cheap barley could be imported, as that would free for bread-making purposes rye which would otherwise be needed for fodder. The present duty on fodder barley is 180 rm. per metric ton, about equal to the present home price, so that import is only possible in the case of special qualities. The rise in German grain prices is due not only to the poor German harvest, but to the rise in world market prices. If the grain duties are not modified, this increase will make it very difficult to bring about the reduction in wages at which the Government is aiming.

AUSTRIA.

Credit-Anstalt — Exchange Restrictions — Railways — Stock Exchange — Unemployment — Prices.

(FROM OUR CORRESPONDENT.)

VIENNA, November 2.

THE Credit-Anstalt affair has extended during the past week in several disagreeable ways. The attacks in Parliament against the former board have become extraordinarily sharp, and the Minister of Justice has made the former directors answerable for, at least, deficient supervision. He has pointed out bluntly that the bank is insolvent, and is only keeping its head above water with the support of

the State. Such statements, which would perhaps have been appropriate a few months ago, while the position in regard to the subsidiary enterprises and to the Successor States was not yet so critical, are much too late now. They are likely merely to destroy the little confidence which is still reposed in the Credit-Anstalt. The general manager, Dr. Spitzmüller, has also addressed an appeal to the public, in which he has requested patience, so that the desperate position of the institute may not be aggravated and undesirable reactions for the credit of the State may be avoided. Violent disputes also appear to have taken place on the board, and the sudden departure of Herr van Hengel, who has also written a letter to the Government, is assumed to be associated with this internal crisis in the Credit-Anstalt.

The investigations into the Credit-Anstalt have been resumed. It is generally known that Baron Rothschild has already made the largest sacrifices for the Credit-Anstalt and will have to continue to do so, though his confidence in the board has been badly shaken. It is also said in financial circles that he is thinking of selling several of the valuable assets in the industrial field which lie in the Successor States, and, in particular, in Czechoslovakia.

The second question which is engaging the interest of the public relates to the further development of foreign currency control. The period for the reporting of holdings of foreign values has terminated, but so far the National Bank has not published the amount of the sums notified. It is believed that it has requisitioned a considerable sum, and also that, through sales which have been made to avoid the obligation to declare holdings, large sums of foreign means of payment have found their way into the possession of the National Bank. The National Bank does not wish, however, to announce the amount notified so long as it is not certain what sums it will have to liberate to meet the requirements of the banks and of certain industries which get their raw materials from abroad. The allotment of foreign currency is consequently still very small, and amounts to no more than 3 and 4 per cent. of demands.

The one momentary advantage of the check to imports is that a number of Austrian industries have a large number of orders on hand. In the textile, metal, motor car, tyre, clothing and luxury industries purchases are all of home manufacture. In addition, consumers are trying more than ever to use home products, so that it is probable that a recovery will take place in other industries and particularly in the coal industry. In order to reduce the responsibility of the National Bank in the allotment of foreign means of payment, about 36 committees are to be formed of the most important branches of trade and industry for the distribution among their individual members of the foreign means of payment placed at their disposal.

The difficult position of the Federal Railways has again given rise to a rumour that they are to be leased. There is also talk of their being electrified, though it is impossible to see where the necessary means would come from. The fact remains that a confidential representative of the League of Nations, a Swiss, Dr. Herold, is shortly to arrive in Vienna and collaborate on the Federal Railways. His task will not be easy, for in the present state of affairs it is practically out of the question to obtain a subsidy from the State, nor would it be easy for the banks to allow the Federal Railways fresh credits. The recent increases of railway rates has led to a further diminution of traffic.

The general reduction in purchasing power is appalling. The reopening of the Stock Exchange has shown that the majority of shares have shrunk to a fraction of their former value, while even at the prevailing levels large batches cannot be disposed of. Moreover, most of the accounts are saddled with very large sums outstanding. In former times, when a buyer paid up 50 per cent. on the purchase of shares he believed that he was very well covered, whereas now this margin has disappeared completely. The general index, which was still at 81.4 per cent. on September 15th of last year, had fallen to 50.5 per cent. by September 15th of the present year. Then the Stock Exchange was closed for several weeks, and when it opened again the prices ruling were still lower. The index

can hardly be calculated at present, as Hungarian securities may not be quoted at all and Czechoslovakian securities are being traded in very slight volume. In any case, a considerably lower figure than that for September 15th would undoubtedly result.

Unemployment remains at about the same level, the figure for the whole of Austria still being approximately 206,000. This figure reflects the reduction of imports, but exports will also decline. The index of the cost of living has gone up from 107 in the middle of September to 108 at the middle of October. Wholesale prices for foodstuffs and groceries have stiffened throughout. For example, wheat, rye, barley, oats, maize, rice, sugar and wine are considerably dearer than they were last year. There was a decline in the prices of potatoes and veal. The movement in savings deposits has been very unsteady during the past few weeks. In August there was still an increase, but withdrawals began in September, and in October they continued. If there is political peace in the country and no further economic disturbances occur there may be a return of savings to the banks, especially as it is practically impossible to acquire foreign currency and but few people have the courage to buy stocks and shares. The principal thing in Austria appears to be that confidence in the State finances and also in the banks is returning. It is hoped, however, that the release of the 60 million credit by the Bank of International Settlements will be arranged without delay.

HUNGARY.

League Report — Budget Deficit — Foreign Debt Service Difficulties.

(FROM OUR CORRESPONDENT.)

BUDAPEST, November 2.

THE report of the Financial Committee of the League on the financial position of the country has been widely commented upon by the local Press, and it appears that some of its findings are misunderstood by the public. It seems that in spite of the official warnings it was hoped that the results of the League inquiry would lead to a foreign loan as in 1923, when the League first undertook the reconstruction of Hungarian finances. The revelations of the League report about the precarious budgetary situation are eagerly discussed by the Press and by politicians, without much understanding however, for the fundamental thesis of the report, that "the fiscal solution of difficulties arising from over-borrowing cannot be sought in further borrowing," is almost totally ignored. It is true that the total foreign indebtedness of the country was somewhat under-estimated; it was thought to be about 3,600 million pengő instead of 4,094 million pengő as stated by the report, and the annual service was supposed to be 240-250 million pengő instead of nearly 300 million pengő, as revealed by the League experts. On the basis of the present price level Hungary cannot transfer in foreign currencies either 240 or 300 million pengő. The unquestionable fact is that the country is "over-borrowed," and its future financial policy must be based on a reduction of expenditure to the level of its own resources instead of hoping for further foreign funds. The League Financial Committee might have rendered a real service to Hungary if it had stated in unmistakable terms that Hungary cannot borrow from abroad in the next few years except for purposes of funding its already existing debts. The greatest problem with which the country is faced is that of eradicating the habit of borrowing abroad, which has dominated Hungary, as well as other Central European debtor nations, from 1924 until the present.

Parliament reassembles this week to discuss the report of the League, and there is little doubt that bitter remarks will be directed against the financial administration of Count Bethlen, who resigned in August, 1931, after more than ten years of uninterrupted tenure of the office of Prime Minister. While it is impossible to exempt from blame the financial administration of the late

Government, especially those responsible for the direction of the Treasury in the last two years, it would be unfair to put all the blame on Count Bethlen alone for the excessive foreign borrowing and the resulting heavy increase of public expenditure, because all sections of the Press, as well as all political parties, have always urged the late Government to borrow abroad to its utmost capacity and to carry out investments which were often unproductive. The plea that investments were effected to avoid the introduction of the dole system may palliate but does not excuse the faults of those responsible for this unsound borrowing, and, what is worse, for the concealment of the real situation of the Treasury, the timely revelation of which would undoubtedly have prompted Count Bethlen to act before it became too late. It is indeed difficult to exonerate from responsibility the officials of the Treasury, who, so it is rumoured by the Press, did not fully inform the late Prime Minister of the true position of the national finances. A painful illustration of the budgetary situation which was not revealed until last week was a statement of Dr. Walko in the Committee of Thirty-three that the total expenditure for the current financial year was 985 million instead of the 878 million pengő as voted by Parliament for 1931-32. According to Dr. Walko, the economies already effected brought down expenditure to 922.8 million pengő. Further curtailments are inevitable, as the total revenue which can be expected in the current financial year will be less rather than more than 800 million pengő.

The deficit of the first three months of the present financial year for the Budget proper amounted to 83.6 million pengő. Expenditure totalled 255.5 million pengő, and revenue yielded only 171.9 million pengő. It is imperative that expenditure should be reduced to 800 million per annum, a figure which was suggested by the *Economist* in August and which is recommended by the Financial Committee of the League as the maximum figure for the year. It will be a tremendous task to restore budgetary equilibrium, but it must be achieved, no matter what sacrifices it involves, for the only alternative to a further deficit would be inflation, and this the Government is anxious to avoid by all means in its power. It is for Parliament to achieve the necessary cruel legislation needed to bring down expenditure to 800 millions per annum. Politicians and Press are untiring in pointing out that the late Government has increased expenditure from 500 millions in 1924 to nearly 1,000 millions now and they are loud in demanding that it be reduced again to 500 millions. If it were ever to prove practical to reduce the heavy expenditure on salaries, etc., from 419.8 millions as is provided for in the revised estimates of the current year, to 334.1 million pengő, which was the actual expenditure in 1926-27, a much-needed saving of 85.7 million pengő, the very people who are demanding that budgetary expenditure be halved would be the most violent opponents of such a measure, both in Parliament and in the Press.

The weekly statements of the National Bank reveal that its gold and exchange holding, which oscillates between 110-115 million pengő, just suffices to cover the note circulation, which oscillates between 340-500 million pengő, and, as has been stated in previous despatches, there is no margin with which to meet the service of Hungary's foreign debts, which according to the League report amount to nearly 300 million pengő per annum. As it was pointed out in the *Economist* last week (page 808), on the basis of a total export of 500 million pengő Hungary cannot hope to produce a sufficiently large merchandise trade surplus to pay her foreign debt service. In spite of the fact that the Government did not ask for a transfer moratorium and that the Financial Committee of the League did not recommend such a step it is impossible to carry on interest and sinking fund payments any longer without seriously jeopardising the basic financial structure of the country.

In view of the precarious situation of the National Bank and the meagre prospects of producing a sufficiently large export surplus to pay all interest in full, it would be a great error to interpret the recommendation of the

League Committee that "every effort should be made to meet the service of the foreign debt," as the Hungarian Press seems to have done, as equivalent to continuing interest payment in foreign exchange until the last ounce of gold is lost by the National Bank. Nothing would be more disastrous to Hungarians, as well as their foreign creditors, than to risk the stability of the currency, which has been more or less maintained so far, in order to postpone the transfer moratorium by a few weeks or months. At best, Hungary can maintain interest payments in foreign currencies on the State debts amounting to 54.4 million pengő per annum which would cover the interest but not the amortisation service of the League Loan of 1924 and the Caisse Commune Rentes (pre-war), the service of which was scaled down by the Innsbrück Agreement to 1.3 per cent. from the original 4 and 4½ per cent. There is little doubt that similar scaling down schemes will be needed for the post-war loans bearing 7 and 8 per cent. interest, because on the basis of the present price level Hungary cannot hope to transfer more than 100-150 million pengő per annum instead of nearly 300 millions, which is the amount of her annual obligation at the interest rates ruling at present.

ITALY.

Prime Minister's Speeches — Maintenance of Gold Standard — Social Policy — Stock Exchanges.

(FROM OUR CORRESPONDENT.)

TURIN, November 2.

THE speeches of the Prime Minister at the gatherings of Fascist representative bodies at Naples in commemoration of the congress held in the same city a few days before the march on Rome, let fall a few hints on economic policy. He laid great emphasis on the decision of the Government to maintain the lira at its present level of stabilisation, and the last balance sheet of the Bank of Italy furnishes a timely commentary on it. From September 20th to October 20th gold bills and securities reserves declined 652.2 millions from 3,326.5 to 2,674.3 million lire. This reduction is not disproportionate to the importance of the cause, and the fact that during the same interval discounts and advances increased by 642 millions is clear evidence that the market was in need of accommodation for payments for imports or for reimbursement of temporary foreign advances. The Bank of Italy was able, notwithstanding these heavy calls of trade, to decrease in the meantime its note circulation by 319.7 millions and to increase the gold bullion reserves by 77.9 millions. Comments in the newspapers insist on the increase of this gold bullion reserve, whose proportion to the notes issued has risen from 37.28 to 38.65 per cent. during the same period, which seems to indicate a general tendency to leave the gold exchange system in favour of the gold standard proper.

Signor Mussolini also made a significant reference to social policy. Fascism, he said, must go towards the people, maintaining itself equally remote from Bolshevism and from Liberalism. "We have nothing to fear from foreign plutocracies. . . . If obstacles should be laid in the way of this direct communion of the regime with the people we shall break them down." What is the exact meaning of these utterances only time will show. Perhaps the first result was the decision of the Central Corporative Committee on October 30th that no further general wage reductions should be enforced. Italy set a year ago the example of a 12 per cent. reduction of wages and salaries; further inroads in the workers' budgets are neither necessary nor desirable. Only in special cases can reductions be tolerated, when it can be proved that they are not required to bolster up weak concerns, or to assure continuity of work, and if other elements of the cost of production are to be simultaneously reduced. As to agricultural wages, the committee recommended also the general adoption of the system of partnership, which establishes labourers on the land. It may be observed on this point that Italy is withstanding the shock of the world crisis better than other countries, mainly owing to the

great number of landowners. Over five million men till their own land; several other millions are already on a partnership system (*mezzadria*, etc.). This system, which Sismondi exalted in 1801 against Arthur Young, is still to-day the backbone of our agricultural life. Big landowners, and farmers on a large scale, especially in Lombardy, Emilia and the South of Italy, are having very hard times. Small landowners and partners are not affluent, and they are obliged to stop saving for the time being; but they are able to carry on until times improve. In the rice-fields of Novara and Vercelli, a district of large landowners, the crisis is playing special havoc with prices of rice as low as 450 lire per ton against a cost of production very cautiously estimated at 700 lire. A National Rice Institute was recently created to fix prices and conditions of sale. Producers and traders are free to negotiate; but the rice cannot be delivered unless the contract is registered by the Institute. Prices had already risen on the announcement that something was in sight; so that the Institute was able to fix the price at 700 lire. Italian rice is of higher quality than Asiatic rice, and is mainly exported for seed use. It is uncertain whether this attempt to regulate rice prices will be more successful than other attempts for wheat, coffee, rubber and other commodities. Much will depend on the prudence of the Board.

Suppression of forward dealings has brought the bourses to a standstill, and the usual closure from October 31st to November 4th will not be resented by operators. The following are quotations for a few of the more active shares:—

	October 31, 1930.	March 28, 1931.	August 28, 1931.	October 30, 1931.
Bank of Italy	1,746	1,696	1,541	1,365
Banca Commerciale...	1,415	1,302	1,301	1,301
Meridional Railways	1,004	890	771	655
Navigazione Generale	499	374	263	238
Chatillon	253	239	237	235
Montecatini	206	202	149	124
Fiat	255	238	186	129
Edison	694	678	536	456
Risanamento	1,069	1,051	857	790
Eridania	389	370	258	234
Fondi rustici	93	32	10	10

With the exception of the Fondi Rustici, these shares are specimens of the best type of concern enjoying a good reputation. The slump has not been spectacular when compared with American movements, but, though gradual, it has been almost continuous. The worst feature is the quietness of markets, which makes small offers fall on the void.

HOLLAND.

Deficit — Municipal Finances — British Election and Tariffs — Gold Influx — Demand for Protection.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, November 4.

THE developments of the last few days have not been very cheerful. In the first place, there was the announcement of the Minister of Finance that the State finances had become much more unfavourable since the budget was compiled. Reliable new estimates are not available, but the Minister estimates that there is a deficiency of at least 20 million guilders on the revenue as estimated in the budget. In consequence the votes for the principal services will be reduced by five million guilders, while the petrol tax, at first fixed at three Dutch cents a litre, will be raised to 4½ cents, yielding an additional five million guilders. A considerable deficit still remains, however, and the Government hopes to save this by means of economies to be brought into operation in the course of the year, for which purpose a commission is to be appointed.

The second disappointment was provided by the report that the municipality of Rotterdam was in financial difficulties and unable to raise funds for its cash requirements. The authorities in several smaller places find themselves in a similar predicament. The banks decline to advance additional cash or to prolong current credits; this attitude was taken also by banks well supplied with

available funds, which wanted to hold themselves prepared for eventualities. The root of the trouble is not so much the attitude of the banks as the financial policies followed by certain municipal councils, which drives the banks to exercise great caution.

This caution on the part of the banks is also being prompted by higher authorities. An indication of this is the attitude of the Netherlands Bank, which will only discount municipal bills up to 10 per cent. of the ordinary revenue of the municipality in question, and it may safely be assumed that this policy has been adopted in consultation with the Government. By means of the Act providing for reduced grants to municipal and local authorities, the Government has in fact given a very distinct hint that local expenditure has to be retrenched, and even prescribes the methods by which expenditure can be reduced. In places where the financing of cash requirements is meeting with difficulties, it is expected that the Government will be called upon for credit. Rotterdam has already made a successful application, so that the municipality has been enabled to continue to meet its obligations. In the meantime a Bill has been introduced into Parliament providing regulations for support to be granted by the Government to local authorities unable to finance their cash requirements; the Government will not grant any credits to municipal authorities unless sufficient assurances are given that a more rational financial policy will be followed in future.

The results of the English elections were at first regarded optimistically, and the Amsterdam Stock Exchange assumed a firm tendency, but this was soon reversed when, on second thoughts, it was realised that high tariff walls are now possible in England, to the detriment of Dutch exports. Commercial intercourse is being hampered more and more by all kinds of artificial factors, even by restrictions on the import of certain goods in some countries. Holland, however, thanks to the most strenuous efforts, has not yet given up the revenue character of her Customs tariff. Changes in monetary relationships and developments in international commerce again threaten to give rise to new difficulties. It is not doubted that Netherlands industry will persist in the struggle, and every possible measure will be adopted to reduce the cost of production in this country in order to meet foreign competition as far as possible. The abnormal circumstances, however, are threatening our domestic market to such an extent that the Government considers it imperative to take measures to safeguard the vital interests of the country. Undoubtedly, the exceptional obstacles placed in the way of commercial intercourse by foreign countries will not be of a permanent nature, and, therefore, safeguarding schemes need only to be of a temporary character. Accordingly, a Bill has been introduced into Parliament empowering the Government to keep the import of certain goods within normal bounds by means of quotas fixed by Order-in-Council. The quotas are to be on an equivalent basis for all countries, and are to be fixed at a certain ratio to the average imports in the years 1928, 1929 and 1930. The safeguarding measures proposed in these abnormal circumstances are not in contravention of the terms of any of the treaties concluded by the Netherlands, and the most-favoured-nation clause will be strictly adhered to. The Minister is to have a committee of experts at his disposal for advisory purposes.

The influx of gold still continues, and the bank note circulation of the Netherlands Bank is covered by gold alone to the extent of 80.6 per cent. Some of the gold imported still remains in the hands of the private banks, however, and the Netherlands Bank has now requested deposits for the purpose of compiling the total amount of gold in the Netherlands. It is presumed that about 15 to 20 million guilders worth of gold is in private hands at the moment.

Reports from Dutch industrial circles become more and more unfavourable, and the appeals to the Government increase all the time. Now the Federation of Dutch boot and shoe manufacturers has submitted a petition to the Government drawing attention to the great difficulties being encountered by the Dutch boot and shoe industry

and stressing the urgent necessity of immediate measures for restricting the import of foreign footwear. In the first eight months of this year over 8½ million pairs of boots and shoes were imported into Holland, against which the exports were only 350,000 pairs, which means that the Dutch manufacturers are solely dependent upon the home market, while this outlet is largely taken away from them through the abnormal import of foreign boots and shoes. Great dissatisfaction is being felt both among the manufacturers and among the employees through the attitude of the Government, who, according to the petition, are leaving the boot and shoe industry, threatened with ruin, to its fate. The Federation urgently demands from the Government that the import of foreign boots and shoes be reduced to reasonable limits without further delay, in order to enable the Dutch industry to continue to exist.

NORWAY.

Agricultural Difficulties — Municipal Elections — Foreign Exchanges.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, November 2.

THAT the future course of the krone is a problem which concerns not only those directly connected with trade and industry but also a far greater part of the population of Norway, was strikingly evidenced at a conference which took place last week between a deputation of farmers on one side, and the Premier and the Governor of the Norges Bank on the other side. The difficulties experienced by the farmers are of course not of recent date only; the problem has been more or less in the foreground during the last four or five years, ever since the sudden rise of the krone to par. With the continual fall of the prices of all kinds of agricultural products, however, in addition to the present high rate of interest which the farmers have to pay on debt whose face value is still in inflated paper kroner, the position of a great many small and average farmers has become precarious. It was in order to put before the authorities the present hard position of these farmers that the deputation was sent, and in answer to the question, what steps could be taken by the Government to relieve the difficulties, the Premier said that the Government were already fully aware of the position, and that they would take such measures as were deemed expedient with a view to the common interests of all parties concerned. A similar answer was given by the Governor of the Norges Bank, to whom the deputation addressed a demand for a speedy reduction of the Bank rate, as well as the establishment of a krone value corresponding to the present economic capacity of the country.

Judging by the results of the local elections in the country communities last week, it is not only in England that public sentiment seems to be strongly against Socialist and Labour rule, although the tendency here is not so marked as in England. Besides, the elections in the town communities will not take place till December, so it is not possible to tell what the ultimate outcome will be, though the result of the English elections may perhaps be taken as an omen.

Contrary to all expectation, the overwhelming triumph of the British Government did not lead to an appreciation of the pound, although the tendency immediately before the result was known was rather strongly against the krone, the quotation being 17.90 on October 28th. On the 31st, however, the quotation was 17.80 to the pound, but as only small amounts were in the market, transactions took place at somewhat above the latter figure. All the other currencies, with a few exceptions, moved against us. With regard to our export industry, the result of the English elections will of course not be without consequences, the seriousness of which cannot yet be measured. Great Britain's trade balance in relation to Norway has usually been in her favour, and it is to be hoped that the active and mutually advantageous trade relations between the two countries will not be too seriously impaired.

SWEDEN.

Fall in the Krone — Trade Balance and Exchange — Ore Exports.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, November 3.

LAST week has given a discouraging indication of the real position which our country has reached after the decision to introduce a free paper currency. During the period of very nearly four weeks the Swedish crown kept surprisingly stable at the level at which it found itself practically immediately after the suspension of the gold standard, i.e., at approximately 87 per cent. of the old par value. Small fluctuations have occurred throughout the period, but not of such extent as to give reason to anticipate any new material depreciation as being imminent. Towards the middle of last week, however, a particularly marked fall in the rate of exchange for Swedish crowns set in quite suddenly, which in the course of a few days forced the international value of our currency down to 81 per cent. of the old parity.

Manifestly no serious change occurred in the economic position of Sweden to explain such a swift and heavy depreciation of our currency. The fall reflects to some extent the usual demand for currencies which makes itself felt before the end of the month. Significantly enough, the downward movement slackened off at the end of the month, which does not mean, however, that any recovery could be noted. On the other hand, the fall in the rate of exchange has continued during the present week—to 80 per cent. to-day. The depreciation is probably to be attributed in the first place to removals of capital from Sweden, which, in the present sensitive position of affairs, has had quite a different effect to what it would have under normal conditions. The internationalisation of our big concerns has, of course, during recent years made such capital transactions quite an ordinary thing, and normally they have no appreciable influence on the quotation for our currency. After the catastrophic drain upon our currency resources, and especially those of the State Bank, since the summer, the effect must necessarily be quite different. Whilst in normal cases the State Bank would have the situation in hand, it can at present do nothing but resign itself to watching developments. Its only remaining means of exercising force, the rate of discount, would manifestly not affect the transactions in question here, and demands for currencies not particularly remarkable even for normal conditions may in such a state of affairs influence the quotation for the Swedish crown in a very regrettable manner. In other words, what has occurred emphasises the factor of uncertainty, which the paper currency has introduced into the economic life.

In somewhat glaring contrast to the impression made by these experiences are the particulars which have now been published relative to production in the most important industries during September. After the substantial curtailment of output during the summer months, September brought the pleasant surprise that a considerable increase of production had set in. From 117 in June (1923 = 100) the index of production of the *Svensk Finanstidning* had in August fallen as low as 103. So considerable a recovery took place in September that the index figure then rose to 114. In some degree this rise is an expression of the normal seasonal autumn upward swing which usually commences in September. Deeper investigation, however, suggests that the increase in production may be due to the over-draught cutting down of output during the summer on account of the pessimistic atmosphere then prevalent. In point of fact there is a parallel here to the development in June, when a very marked increase in production took place after the pronounced reduction brought about by the pessimism of May. The fluctuations in the index figure emphasise, in other words, the uncertainty in the position of affairs.

In September practically all the more important trades showed increased employment. Most noticeable was the

increase in production as regards the crushing of iron ore and also the iron and steel industry, while the saw mills continued to be a notable exception.

A figure which unquestionably emphasises the effects of the depression in Sweden is the figure showing the shipments of ore by the Grängesberg Company during October. These stood at the exceptionally low quantity of 74,000 tons, or little more than 15 per cent. of the quantity for October last year. For the past ten months of the year the shipments have only been 3.12 million tons, a figure which even falls below the corresponding figure for the big strike year 1928. This means a cutting down, as compared with January-October, 1930, of 56 per cent., and as compared with the boom year 1927 of 63 per cent. It may be that this is not representative of Swedish export industry as a whole, but shipments of ore play a big part in our balance of trade.

FINLAND.

Gold Standard Suspended — Bank Rate — Money Market — Bank Situation — Foreign Trade.

(FROM OUR CORRESPONDENT.)

HELSINGFORS, October 30.

THE abandonment of the gold standard by England created great difficulties in Finland, for England is the largest buyer of Finnish goods. The situation was aggravated when the Scandinavian countries followed the example of Great Britain a week later. As these countries, to a great extent, export the same kind of goods as Finland, competition in the British market became too difficult. As a result confidence in Finland's ability to maintain the gold value of the mark was shaken, and the foreign balances of the Bank of Finland were rapidly reduced. When it became evident that there was to be no effective international action for averting the threatened danger to the world's finances, the Bank of Finland was obliged to suspend the gold standard. This was done on October 12th, and was confirmed by the Diet on October 24th. Sterling, which had steadied itself at its new level, has subsequently been quoted almost at parity.

Even before the suspension of the gold standard there was considerable nervousness, which, when this important step was taken, showed itself in the withdrawal of deposits and a general anxiety to buy. Such an inclination to panic is natural, as the public still remembers its mournful experiences of inflation during and after the war, but in a few days the atmosphere grew calmer.

In order to emphasise the fact that this was not a case of inflation, the Bank of Finland raised its rate to 9 per cent. on October 12th. Before a fortnight had passed the position had so far improved that the Bank rate was lowered to 8 per cent. on October 24th.

The considerable efflux of foreign currency, with consequent borrowing or withdrawal of deposits from the joint-stock banks, was clearly reflected in the changes in their position and in that of the Bank of Finland, though it should be noted that the usual seasonal development proceeds in the same direction. Deposits in the joint-stock banks were reduced in September by 166.0 million marks, compared with 154.1 millions last year, while, on the contrary, credits, which had fallen off in September, 1930, rose by 104.8 million marks. Simultaneously the position of the joint-stock banks abroad grew worse by 83.9 million marks. In spite of a simultaneous reduction in their cash, the banks were forced to resort to the help of the central bank on a large scale.

The credits of the Bank of Finland grew in September by 111.3 million marks, of which 67.6 millions referred to rediscounted bills. As the reserve of foreign currency was reduced by 129.1 million marks, the note reserve of the Bank of Finland naturally declined. This tendency continued in the beginning of October. The reserve of foreign currency fell off during the first week by 96.3

millions and during the second week by another 25.1 millions to 340.9 million marks, though there had been a small increase during the last few days. By October 23rd the supply of foreign currency had risen again by 43.0 million marks to 383.9 millions. The other figures illustrating the position of the Bank of Finland display a similar development. Rediscounted bills increased in the first half of October by 214.1 million marks, but fell off again during the third week by 44.0 millions to 335.9 millions. However, the total credits of the Bank had not yet shown any falling off by October 23rd, and amounted to 1,133.7 million marks in comparison with only 767.4 millions at the end of August. On the other hand, the note reserve rose slightly during the third week in October after its severe drop in the previous weeks. It may therefore be said that, although the past weeks have proved a great strain on the Bank of Finland and the joint stock banks, the position during the last week has displayed a decided improvement. Moreover, the reduction in the foreign balances of the banks is counteracted by a corresponding falling off in the foreign indebtedness of the business world.

It is probable that imports will be reduced further, so that the already favourable balance of trade will improve still more. As imports, which used to be heavy, have fallen to less than half their value in 1928 and 1929, while exports have not fallen off to anything like the same degree, the surplus of exports this year has grown to higher sums than ever before. For January-September the surplus of exports amounted to no less than 676.7 million marks, compared with 292.1 millions last year and an appreciable surplus of imports in the preceding years.

GREECE.

New Exchange Restrictions — Service of Public Debt — Revenue — Financial Situation — British Elections — Bank Rate.

(FROM OUR CORRESPONDENT.)

ATHENS, October 30.

ON October 8th a new forced law concerning "the protection of the national currency" was published in the Government Gazette, completing the first forced law of September 28th. By virtue of these two enactments the Bank of Greece acquired an absolute control of money movements to and from the country, and a virtual monopoly of all transactions involving the import and export of capital. The aim of these measures is to protect the foreign exchange reserve of the bank of issue and improve, if possible, the balance of trade. Foreign exchange is, therefore, granted by the Bank for indispensable and immediate economic needs only. As, however, imports are normally twice as large as exports, trade, already severely handicapped by a contraction of the note circulation, a restriction of bank credits and a rise of interest rates, superimposed on the adverse effects of the world crisis, is bound to be further injured by these measures.

While thus taking steps to discourage the outflow of capital and to strengthen the exchange position of the central bank, the authorities, on the other hand, declared that all State obligations in respect of debts in gold currencies will be met in full in gold. Sterling loans, however, made after the war and not specifically contracted in gold or in other currencies representing gold, will be paid in sterling. This decision, strictly in accord with the letter of the respective contracts and the precedent set by other States and the United Kingdom itself, is undoubtedly above criticism. The view expressed by a London broker that the service of all the loans, without discrimination, should be paid either in gold or in sterling is considered groundless, and the arguments invoked in support of this thesis untenable. If during the war, it is retorted, the service of the loans was made to British bondholders in sterling and not in gold, this was due to the fact that Britain, as well as the other countries in whose currencies the loans were issued, and indeed nearly every country of the world, was off the gold standard.

Complete returns are now available of public revenue and expenditure for the financial year 1930-31. This time again the Budget closes with a surplus estimated at approximately 325 million drachmas. While these returns are gratifying, a decline in revenue must be anticipated this year in view of the present economic conditions of the world and their reaction on every country. In addition, the restrictive measures rendered necessary for the protection of the currency since the abandonment of the gold standard by Britain will no doubt contribute also to a decrease of revenue, by a decline in import duties and of income tax on business profits. Indeed, whereas the Budget for the current year was estimated at least to balance, revenue receipts for September show a falling off compared with the same month of last year. Consequently, with a determination to maintain the equilibrium of the Budget, the Government decided to revise the estimates of expenditure, in order to cut down and, if necessary, postpone all expenses not absolutely indispensable. Receipts for the first eight months of this year from the revenues assigned for the service of the external public debt show an increase of 100 million drachmas over those of the same period of last year.

The financial situation in Greece is in suspense, waiting for signs of improvement on the international horizon. Great hopes are placed on the results of the French Premier's visit to America and the election in Britain. The first reports, announcing an overwhelming majority for Mr MacDonald's National Government, gratified everybody. Accordingly, the Bank of Greece lowered yesterday its rediscount rate from 12 to 11 per cent. A further reduction may take place at a not distant date, and there may possibly be a relaxation of exchange restrictions. The Athens Stock Exchange, which has been closed ever since the outbreak of the British crisis, is expected to open soon. The material, and still more the psychological, effect of these developments is calculated to stimulate business activity by inspiring confidence and reviving hope.

SOUTH AFRICA.

Gold Standard — Low-Grade Mines — Unemployment.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, October 7.

THE abandonment of the gold standard by Great Britain has naturally caused very great interest (not to mention some alarm) in the principal gold-producing country of the world. For a few days business in South Africa was in a state of disturbance previously witnessed by few even of its oldest citizens. There was a good deal of panic selling of shares (especially Randfonteins and Daggafonteins) for a day or two, although this was partly caused by an extensive but very weak bull position in the two stocks mentioned. There was some difficulty with exchanges, but this has now been rectified, not only by the quotation by the banks of proper rates, but by the establishment of direct exchange between South Africa and most of her trade connections.

The balance of the argument is now as to whether or not South Africa should remain on the gold standard. The Minister of Finance and his more influential colleagues in the Cabinet are very strongly in favour of so doing, and have announced categorically and officially that South Africa will not follow sterling or otherwise depart in any way from the standard. There can be little doubt that this is in the interests of the country as a whole, and further that it is the logical course for a country which is not only perfectly solvent, but whose position is strong in relation to its size and by comparison with the business world as a whole. At the same time, it can easily be understood that exporting producers of agricultural and pastoral products and of base metals fear a further fall in the gold prices of their goods. Very strong pressure from the two sources mentioned is being brought to bear on the Cabinet, which has, however, shown no sign of yielding so far. There is some doubt, nevertheless, as to the final decision.

The Chamber of Mines has submitted evidence to the Low Grade Ore Commission, placing the industry in a somewhat new light in relation to the general economy of South Africa. The industry is directly responsible for some two-ninths of the national income of the country, and this figure has previously been accepted by the public as a reasonable measure of its importance. It is perhaps not unjust to say that the position has hitherto been allowed to go by default. In two statements submitted to the Commission the Chamber has pointed out that, but for the mines, an important proportion of other production in the country would have no market in the existing stage of the development of South Africa. Doubtless other markets could be developed, but it is more than optimistic to think that these could yield to the European his present and fiercely defended standard of living. Much of the production has, in fact, been called into being by the mines, and without them would probably terminate—or be continued under disastrously different circumstances. Readers of the *Economist*, accustomed to the economic circumstances of more advanced countries, will have some difficulty in assessing the importance of an area so relatively small as the Witwatersrand in a territory the size of the Union. The purport of the Chamber's statements was that only slightly less than half of the whole population and economy of the country is at present dependent on the gold mines. The statements were not seriously questioned, nor was their import diminished in principle by the cross-examination by members of the Commission. In a further statement, to which the two already mentioned were really anterior, it was estimated that a reduction of two shillings per ton in working costs would increase the life of the industry by 50 per cent., whilst a reduction of four shillings per ton would more than double the present estimated life.

South Africa, although better situated than many other parts of the world, has her unemployment problems. These are at present somewhat more pressing than usual owing to the very depressed conditions in the country areas. The mines are better supplied with native labour than at any previous stage of their history, and still there are thousands of natives who are in dire need of work. This aspect of the matter is almost entirely obscured from the ill-informed or unthinking South African, owing to the fact that detribalised natives are still a not very important fraction of the native population. Natives who are still members of their tribes are entitled by custom—almost by right—to a share of the tribal resources. It is thus unusual for the tribal native to be destitute. Under pressure of circumstances in rural areas, abnormal numbers of both black and white seek work in the towns. Last week there was a municipal conference in Pretoria, called by the Government, to discuss the problem. Unfortunately we are still far from seeing the problem as a whole—most South Africans see the problem of European unemployment more or less distinctly, with a hazy and entirely separate vision of native unemployment much further away. The greatest single—and practicable—step to strengthen the economic position of the Union would be the raising of both the industrial and rural culture and earning power of the native. In the meantime, the conference above referred to invited the Government to consider the appointment of a Commission to investigate the question of creating an unemployment fund. This section of their recommendations cannot fail to cause some misgivings in the minds of those who have studied the records of unemployment funds elsewhere.

Appearances definitely indicate that some action will shortly be taken in regard to Provincial Government. The present system has broken down financially and has fallen short, in other respects, of the hopes of twenty years ago. Natal is strongly in favour of the retention of the Council of that Province, and the Government has promised not to coerce its citizens into any fresh scheme. The possession, by one surviving council, of powers differently applied in the rest of the Union would, however, be likely to lead to complications. The whole problem has been before the Cabinet, and will most likely be prominently before the electors when next they are consulted. Far-reaching changes in the Constitution may easily arise.

JAPAN.

Gold Shipments — Banking and Industrial Profits — Foreign Trade — Crop Reports.

(FROM OUR CORRESPONDENT.)

Tokyo, October 10.

THE raising by the Bank of Japan of its official minimum rate from 5.11 per cent. to 5.84 per cent.* was an endeavour to check the outflow of funds and "safeguard the gold standard"; for, since the latter part of last month, there has been heavy buying of dollar bills and securities in apprehension of a possible reimposition of the gold embargo, and Japan has been forced to ship some 70 million yen of gold. Those who became panic-stricken by the British gold suspension are mainly responsible for this heavy export of Japanese capital. The underlying financial facts in Japan, however, are not so unfavourable as to point to the probability of a suspension of gold payments, and the rise in Bank rate should do much to restrict further purchases of foreign securities and relieve the strain on the exchange. With the shipments of gold the money market in its turn is beginning to feel the pinch, and an early advance in deposit rates is predicted, though the clearing banks are not yet decided on the matter.

According to the Mitsui Bomei Kaisha's half-yearly analysis of profits of Japanese joint-stock banks and industrial joint-stock undertakings, the aggregate net profits of 250 banks for the first half of this year totalled 72,017,000 yen, a decline of 418,000 yen upon the second half of 1930. The decreased bank earnings are obviously attributable to smaller demands for credit and lower money rates ruling during the period. On the other hand, net profits of 1,000 industrial companies amounted to 148,615,000 yen, a marked increase of 25,523,000 yen, as against those earned by the same concerns in the preceding half-year. The increase is mainly accounted for by the textiles group, which turned a net deficit of 7.3 million yen into a net profit of 23.6 millions. While flour mills, tanneries, kilns, drugs and chemicals and trading companies and stores disclosed increased earnings, iron and steel, shipbuilding, machinery and tools, shipping and rubber recorded huge losses, and copper, mining, stock and produce exchanges, and warehouses made an extremely adverse showing. Though the aggregate earnings rose, the ratio of net profit to capital is still on the very low level of 4.8 per cent., as against 4 per cent. in the preceding half-year. There were 239 industrial companies of the total that reported deficits for the past half-year, the aggregate loss amounting to 40,060,000 yen, while in the second half of 1930 there were 297 companies having a combined deficit of 60,983,000 yen.

The Chinese floods, the military collision in Manchuria, and other unfavourable external developments have affected our trade adversely. The September returns show that, as compared with the corresponding month of last year, imports increased by 1,750,000 yen, while exports decreased by 29,967,000 yen, the excess of exports over imports amounting to only 6,625,000 yen, as against 88,342,000 yen. The increase in imports is solely accounted for by raw cotton, which rose by 12.2 million yen, while the contraction in exports is accountable by such staples as raw silk, cotton piece-goods, wheat flour, sugar, and tinned and bottled provisions. The total value figures for the first nine months of the year reveal that imports and exports fell by 283,346,000 yen and 218,594,000 yen respectively, the apparent adverse balance being 64,752,000 yen lower at 76,428,000 yen, the smallest for many years.

The Department of Agriculture and Forestry's forecasts of the rice crop for the country at September 20th, issued on October 1st, placed the year's crop at 57,965,000 koku, or a decrease of 8,908,000 koku (- 13.3 per cent.) upon last year's actual yield, and 2,920,000 koku (- 4.8 per cent.) below the five years' average. The Korean crop prospects are also reported to be unsatisfactory, and are put at 16,351,000 koku, a decrease of 2,829,000 koku, or 14.7 per cent. upon the actual yield of 1930. The wheat crop, however, has been good this year. The yield of

* Bank rate was again raised on November 4 to 6.57 per cent.

wheat (excluding that of Hokkaido) totalled 19,987,000 koku, an increase of 1,035,000 koku (+ 5½ per cent.), as against last year, and is 503,000 koku (+ 2½ per cent.) above the quinquennial average.

According to a report of the same Department, the output of spring cocoon totalled 52,667,000 kamme, a decline of 3,435,000 kamme (- 6.1 per cent.) against last year, and its value was estimated at 154,831,000 yen, disclosing a heavy decrease of 55,537,000 yen (- 26.4 per cent.). The estimated crop of summer and autumn cocoon was put at 40,225,000 kamme, a decline of 10,134,000 kamme (- 21 per cent.) upon the actual output of a year ago. The combined cocoon output for the year amounted to 92,893,000 kamme, as compared with 106,463,000 kamme for last year.

The downward movement in commodity prices was again accelerated during last month. The wholesale index number of the Bank of Japan for September registered a drop of 1½ per cent. on the month, and is now 12.7 per cent. lower than a year ago. The fall is most pronounced in the cereals and textiles groups.

ARGENTINA.

Protective Policy — Export Trade — Exchange Control

(FROM OUR CORRESPONDENT.)

Buenos Aires, October 16.

Two recent decrees, issued by the Provisional Government during the past fortnight, have reacted sharply upon Argentine commercial and financial conditions. The purchase and sale of foreign exchange is now subject to strict official control, and import dues have been further increased by an all-round 10 per cent., such increase being over and above the higher sums now payable as duty owing to the recent extensive upward movement in the official tariff of values. To this may be added yet a third circumstance that will add to, rather than lessen, the difficulties under which local trade is labouring at the present time, namely the tax of 3 per cent. upon all commercial transactions above a certain minimum.

It has been clear for some time past that the Protectionist Party in Argentina was gaining ground in political circles. Ostensibly the new taxation is imposed solely for the purpose of filling the depleted Treasury, but it is also claimed to be temporarily helpful to local industry, and, furthermore, to serve as an effective check upon luxury imports. This is, at any rate, the official view; it entirely overlooks the fact that, however self-supporting Argentina may become in course of time, at the present moment both production and the general standard of living are, to a large extent, dependent upon the use of foreign-made articles. Everything points to the cost of living going up, and there is a very real danger that, if this policy is continued when the new Government is elected, on November 8th, the countryside, as a whole, will feel justified in insisting upon higher wages, while in the towns that possibility may become a certainty. In a word, Argentina is fast following along the lines that experience has proved to be so heavy a handicap upon Brazilian business in general. It is, of course, insisted that the increased charges are temporary, but, unfortunately, past experience shows that indirect taxation, once imposed, is rarely, if ever, removed. Coming, as they do, on top of an exchange depreciation of 40 per cent., these increased Customs charges have, for the time being, most effectively throttled import trade in general, and Argentina's purchases from America and France in particular.

Meanwhile, among Argentine producers, the upward movement of prices for all cereals is cause for considerable satisfaction. The bulk of Argentina's wheat and linseed has already been shipped, and the figures for the first nine months of the year show 12,762,527 tons of agricultural products, as against 6,752,661 tons for the corresponding period last year. Altogether, excluding specie, Argentina's shipments amounted to no less than 13,908,000 tons, as against 8,078,000 tons for the first nine months of 1930. Even this tremendous difference in quantity still leaves the values in favour of last year, inasmuch as for 1931 the total is put at \$474,482,544 gold, while for the first nine months of 1930 it was \$482,586,784 gold. Wheat has been

slightly over \$7.00 paper per 100 kilos for spot shipment, but is now a little lower at \$6.85, while maize is \$4.20, linseed \$11.50, and oats \$6.70.

Strict control of exchange has only been in force a week. It is primarily designed to prevent exporters from selling their foreign currency, whatever form it may take, outside the Argentine Republic; and, in order to attain this desideratum, thereby providing banks and other entities with the cover they need in connection with their regular drawings, no produce can be exported without a certificate emanating from a special committee that acts in direct conjunction with the Banco de La Nacion and is known as the Exchange Control Committee. Through the hands of this committee all business must be passed, would-be remitters having to show good cause for the demands they make upon the banks for drafts in foreign currencies, while exporters are not allowed to ship unless they have documentary evidence officially controlled and proving that exchange has been taken here to cover the outgoing merchandise. Watertight though the scheme appears to be, there are many in Buenos Aires to-day who feel that with the local rate at 32½d., and the London rate somewhere round about 30d., means will be found to circumvent the authorities.

There are, moreover, many dangers in the pursuance of what is at best but an empiric policy. First and foremost must be reckoned the general elections to be held on November 8th. Assuming that they are peacefully carried to a conclusion in accordance with the constitution, and that the party in power continues the strict economy and administrative revision that the Provisional Government certainly has to its credit, all will go well, and Argentine prospects, both locally and internationally, should improve almost immediately. There is the probability, however, that European firms, previously doing profitable trade with this Republic, will find their market cut off, and Argentina seems to have completely forgotten that one of the worst evils of protection is its quality of infection. If she abandons the liberal trading conditions that have been traditional here almost since the foundation of the Republic, it is quite possible that she will find difficulty in placing her raw material and her foodstuffs in markets where previously they were taken freely. All these considerations are, furthermore, subject to the course of world conditions. If Europe and America are able to increase their power of consumption, Argentina will certainly be one of the places where that recovery will first be noticed. Argentina has saved money during the past year, and much of it she has been in a position to re-invest locally; her floating debt is more or less what it was a year ago, and no new loans have been contracted. Therefore, if the normal business rhythm of the Republic is restored by good crops and reasonable prices, improvement all round will follow.

Politically and financially, however, the immediate situation is marked by considerable delicacy. Down to the moment of writing, that condition of affairs has been universally recognised. One can but hope that the same common sense will prevail during the November elections, and, whatever party may prove to be the national choice, it is essential for it to remember that Argentina's future is wholly bound up with her commercial prosperity, and that such prosperity can never be a one-sided affair. If this is realised, and the hindrances to trade that at present exist are speedily removed, the benefit will be mutual and immediate.

Books and Publications.

BOOKS RECEIVED.

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

Trade Depression and the Way Out. By R. G. Hawtrey. (London) Longmans, Green and Company, 39, Paternoster Row. 2s. 6d. net.

An admirably lucid and suggestive collection of essays on the problems of the gold standard, highly relevant to the present crisis.

Holding Companies. By Sir Gilbert Garnsey. Second Edition. (London) Gee and Company (Publishers), Limited, 8, Kirby Street, 15s. net.

This interesting treatise has now been brought up to date by the inclusion and discussion of those provisions of the Companies Act which affect holding companies. Other welcome additions are a chapter on direction and management and a detailed index.

The Balance of Births and Deaths: Vol. II. Eastern and Southern Europe. By Robert R. Kuczynski. (Washington) The Brookings Institution, 26, Jackson Place. \$2.00.

This work, based largely on official statistics, reveals the fact that during the last generation reproduction has been decreasing in every section of Central Europe, Russia alone being an exception to the general rule.

The Approach to Economics. By H. M. Scott. With a Foreword by Sir Josiah Stamp. (London) Christophers, 22, Berners Street. 4s. 6d. net.

A most helpful little text book which Sir Josiah Stamp thinks "might well be read on the sly by many business men and others in high places, with advantage to the community."

Value and Income. By Arthur E. Monroe. (London) Oxford University Press, Warwick Square. 15s. net.

A theoretical work for advanced students on the complex subject of prices in relation to the earnings of productive factors.

World Depression to World Prosperity. By A. G. McGregor. (London) P. S. King and Son, Orchard House, Westminster. 5s. net.

An engineer's remedy for the present world slump.

Modern India. Edited by Sir John Cumming. (London) Oxford University Press, Warwick Square. 8s. 6d.

A collection of essays on present-day India by such well-known persons as Sir Harcourt Butler, Sir Philip Hartog, the Lord Meston, and others.

The Geography of London River. By Lt. Rodwell Jones. (London) Methuen and Company, Limited, 36, Essex Street. 21s. net.

An interesting account of the influence of the physical characteristics of the Thames estuary on the development of the Port of London, from the end of the eighteenth century to the present day.

The Clinchfield Railroad. By William Way. (London) Oxford University Press, Warwick Square. 22s. 6d. net.

An interesting and well-illustrated account of the development of a trade route across the Blue Ridge Mountains.

A Study of the Diversification of Insurance Company Investments. (New York) J. G. White and Co., 37, Wall Street.

An analysis of the investment holdings of leading companies in New York State.

The Law of Banking. In two volumes. By H. L. Hart. Fourth Edition. (London) Stevens and Sons, Limited, 119 and 120, Chancery Lane. 3 guineas net.

An invaluable book of reference on all questions arising from banking and Stock Exchange transactions.

OFFICIAL PUBLICATIONS.

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

Department of Overseas Trade: Economic Conditions in the Canary Islands. August, 1931. 1s. 9d. net.

Colonial Reports: No. 1545. *Nyasaland*, 1930. 2s. net; No. 1546. *Bermuda*, 1930. 9d. net.

Just Published.

THE COURSE OF THE COMING BOOM IN SECURITIES.

by L. L. B. ANGAS

This remarkable publication, appearing the day following the collapse in sterling, and forecasting the stock market movements which have since occurred, will prove invaluable to investors as a guide in the forthcoming months.

Mr. L. L. B. Angas's forecasts of stock market movements have, in the past, shown an uncanny accuracy, as witness his publications "The Coming Rise in Gold Shares" and "The Coming Collapse in Rubber." This latest publication can be equally recommended.

Publishers: St. Clements' Press, Portugal St., W.C.2.
Telephone: Holborn 7600.

5/- nett.

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

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

Prices Year 1931 Jan. 1 to Nov. 4 (Inclusive).				Price Oct. 28, 1931.				Price Nov. 14, 1931.				Rise or Fall.				Present Yield.				Prices Year 1931 Jan. 1 to Nov. 4 (Inclusive).				Price Oct. 28, 1931.				Price Nov. 14, 1931.				Rise or Fall.				Present Yield.			
High.		Low.		High.		Low.		High.		Low.		High.		Low.		High.		Low.		High.		Low.		High.		Low.		High.		Low.		High.		Low.		High.		Low.	
est.		est.		est.		est.		est.		est.		est.		est.		est.		est.		est.		est.		est.		est.		est.		est.		est.		est.		est.			
British Funds.																																							
59 1/2	52 1/2	60 1/2	49 1/2	Consols 2 1/2 %	57	56	-1	4	9	3	53 1/2	51 1/2	52 1/2	50 1/2	In. Ry. C. Am. No par	86	86	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
94 1/2	82 1/2	97 1/2	77 1/2	Consols 4 %	88	86	-2	4	14	8	57 1/2	55 1/2	56 1/2	54 1/2	Leopoldina Ord. Stk.	15	14	-1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
83 1/2	71 1/2	74 1/2	67 1/2	Consols 4 1/2 %	78	75	-3	5	3	0	83 1/2	81 1/2	80 1/2	78 1/2	Do. 5 1/2 % Cum. Prt. Stk.	25 1/2	25 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
103 1/2	93 1/2	104 1/2	93 1/2	Do. 4 1/2 % 1944-44	102	100	-2	5	0	0	97 1/2	95 1/2	94 1/2	93 1/2	Do. 5 1/2 % Cum. Prt. Stk.	20 1/2	20 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
106 1/2	92 1/2	108 1/2	93 1/2	Do. 5 % 1944-44	102	100	-2	5	0	0	45 1/2	43 1/2	42 1/2	41 1/2	Paraguay Gen. D. Db.	10	10	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
96 1/2	85 1/2	97 1/2	78 1/2	Funding 4 1/2 % 1960-90	89	87	-2	4	12	11	85 1/2	83 1/2	82 1/2	81 1/2	Salvador Ord. (£10)	70 1/2	70 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
98 1/2	86 1/2	99 1/2	79 1/2	Treasury 4 1/2 % 1932-34	98 1/2	97 1/2	-1	5	9	0	198	190	180	170	San Paulo Ord. Stk.	102 1/2	102 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
103 1/2	100 1/2	103 1/2	98 1/2	Treasury 5 % 1933-35	99 1/2	98 1/2	-1	5	8	9	80 1/2	78 1/2	77 1/2	76 1/2	Taitai Ry. Ord. £5	20 1/2	20 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
97 1/2	91 1/2	98 1/2	85 1/2	Victory Bonds 4 %	94	93 1/2	-1	4	6	6	26 1/2	24 1/2	23 1/2	22 1/2	Utd. Havana Ord. Stk.	4	3 1/2	-1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
105 1/2	100 1/2	104 1/2	90 1/2	War Loan 5 % 1929-47	98 1/2	97 1/2	-1	5	8	8	17 1/2	16 1/2	15 1/2	14 1/2	Banks.																								
69 1/2	62 1/2	70 1/2	57 1/2	Local Loans 3 %	64 1/2	62 1/2	-2	4	16	0	12 1/2	10 1/2	9 1/2	8 1/2	Anglo-French (£1)	12 1/2	10 1/2	-2	5	13	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
49 1/2	40 1/2	46 1/2	29 1/2	India 2 1/2 %	37 1/2	35 1/2	-2	6	13	4	12 1/2	10 1/2	9 1/2	8 1/2	Anglo-Internat. (£1)	9 1/2	9 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
59 1/2	47 1/2	55 1/2	34 1/2	Do. 3 %	44 1/2	42 1/2	-2	6	13	4	12 1/2	10 1/2	9 1/2	8 1/2	Anglo S. A. £10 5/8 pd	15 1/2	15 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
68 1/2	55 1/2	64 1/2	44 1/2	Do. 3 1/2 %	52 1/2	50 1/2	-2	6	13	4	12 1/2	10 1/2	9 1/2	8 1/2	American B. £1 1/2 pd	16 1/2	15 1/2	-1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
97 1/2	83 1/2	96 1/2	68 1/2	Do. 4 % 1958-68	101 1/2	101 1/2	...	6	16	6	26 1/2	23 1/2	22 1/2	21 1/2	Bank of N. Zealand £1	41 1/2	41 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
106 1/2	100 1/2	106 1/2	94 1/2	Palestine 5 % 1942-67	101 1/2	101 1/2	...	4	16	6	26 1/2	23 1/2	22 1/2	21 1/2	Bank of Eng. Stk.	25 1/2	24 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
109 1/2	104 1/2	110 1/2	90 1/2	Sudan 5 1/2 %	105 1/2	105 1/2	...	5	4	3	27 1/2	24 1/2	23 1/2	22 1/2	Barclay B. (£1)	54 1/2	50 1/2	-4 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
99 1/2	87 1/2	99 1/2	87 1/2	Uster 4 1/2 % 1945-75	94 1/2	92 1/2	+ 1	4	18	3	58 1/2	53 1/2	58 1/2	53 1/2	Barcl. (Dom. &c.) A £1	23 1/2	23 1/2	-6d	4	2	0	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
Dom. & Colonial Govts.																																							
95 1/2	76	80 1/2	58	Australia 5 % 1945-75	75	75 1/2	+ 1 1/2	6	18	0	69	56 1/2	63	47	Bk. of Australasia (£5)	8 1/2	8 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
95 1/2	86	96 1/2	75	Canada 4 % 1940-60	84 1/2	85 1/2	+ 1	4	15	0	38 1/2	28 1/2	26	18	Bk. of Montreal (£100)	24 1/2	24 1/2	+ 1/2	4	15	0	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
106 1/2	102 1/2	105 1/2	97	Ceylon 6 % 1936-51	103 1/2	92 1/2	...	5	4	7	5 1/2	5 1/2	5 1/2	3	British Overseas A £5	4 1/2	4 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
98 1/2	92 1/2	101 1/2	87	Gold Coast 4 1/2 % 1956-...	98 1/2	92 1/2	...	5	5	7	13 1/2	15 1/2	17 1/2	10 1/2	Chid. of India (£5) pd	14 1/2	13 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
108 1/2	98 1/2	105 1/2	90	Kenya 5 % 1942-67	98 1/2	98 1/2	...	5	5	7	24 1/2	14 1/2	14 1/2	9 1/2	Dom. Bk. of N. Zealand £10	15 1/2	15 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
105 1/2	101 1/2	104 1/2	92	Nigeria 5 % 1950-60	97 1/2	97 1/2	...	5	5	4	58 1/2	56 1/2	56 1/2	46 1/2	District A £5, £1 pd	52 1/2	52 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
92 1/2	70	72 1/2	46 1/2	N.S. Wales 5 1/2 % 35-55	68	69 1/2	+ 1 1/2	8	0	0	42 1/2	37 1/2	34 1/2	26 1/2	Do. B. £1 fully paid	40 1/2	40 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
105 1/2	99 1/2	102 1/2	85	N. Zealand 5 % 1946-...	92 1/2	94 1/2	+ 2	5	16	5	7	4 1/2	4 1/2	2 1/2	Eng. Scot. & Aust. £5, £5 pd	4 1/2	4 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
92 1/2	70 1/2	80	48	Queensland 5 % 40-60	70	70 1/2	+ 1/2	7	12	0	9 1/2	8 1/2	8 1/2	6 1/2	Hambros £10, £24 paid	6 1/2	6 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
104 1/2	99 1/2	105 1/2	82	S. Africa 5 % 1945-75	98 1/2	100	+ 1 1/2	5	3	0	120	99 1/2	113 1/2	93 1/2	Hong. and S. (£125) ...	£10 1/2	£10 1/2	-2 1/2	6	16	7	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
98 1/2	93 1/2	100	85 1/2	Stras. Sec. 4 1/2 % 35-45	90	90	...	5	16	0	66 1/2	59 1/2	63 1/2	38 1/2	Lloyds £5, with £1 pd.	£12 1/2	£12 1/2	-4 1/2	6	16	7	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...			
Foreign Governments.																																							
89 1/2	82	88	53	Austria 4 % 1925-35	60 1/2	62	+ 1 1/2	8	6	9	82 1/2	74 1/2	74 1/2	60 1/2	Midland £1, fully pd.	7 1/2	6 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
105 1/2	100 1/2	105 1/2	95 1/2	Austrian 6 % 1923-43	99 1/2	99 1/2	...	6	7	4	34 1/2	27 1/2	31 1/2	19 1/2	Nat. of Egypt £1 pd.	23 1/2	23 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
96 1/2	89 1/2	98 1/2	82	Do. 7 % Int. red. by 1957	55 1/2	54 1/2	-1	12	17	0	14 1/2	12 1/2	14 1/2	10 1/2	Nat. of Greece £2, £2 pd	£31 1/2	£31 1/2	+ 1 1/2	7	13	10	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
61 1/2	51 1/2	56	29 1/2	B. Aires (Prov.) 3 1/2 %	31 1/2	34 1/2	+ 3	10	9	0	360	337 1/2	357 1/2	295	Royal Bk. of Scotland	335	335	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
113 1/2	108 1/2	112 1/2	89	Belgian 7 % red. by 1956	106 1/2	104 1/2	+ 2	6	12	0	15 1/2	13 1/2	14 1/2	10 1/2	St. S.A. £20, £5 pd.	11 1/2	11 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
92 1/2	74 1/2	83 1/2	36	Bulgaria 7 % Loan	49 1/2	49 1/2	...	15	3	0	80 1/2	74 1/2	80 1/2	47 1/2	Wm. Watson £1, £1 pd.	73 1/2	66 1/2	-7 1/2	6	0	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
87 1/2	62 1/2	75 1/2	43	Brazil 5 % Fund, 1914	62 1/2	58 1/2	-2 1/2	8	11	0	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
94 1/2	54 1/2	79	28	Do. 6 1/2 % (1927)	45 1/2	42 1/2	-2 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
99 1/2	79 1/2	94	20	Chili 6 % (1929)	42 1/2	41 1/2	-1	12	...	9	21 1/2	17 1/2	21 1/2	16 1/2	Alliance £1, fully pd.	19	18 1/2	-1 1/2	5	1	0	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
65 1/2	27 1/2	52 1/2	33	China 5 % (1913)	40 1/2	41 1/2	...	8	7	0	13 1/2	12 1/2	13 1/2	9 1/2	Atlas £5, £1 pd.	12 1/2	11 1/2	-1 1/2	5	7	0	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
69 1/2	54 1/2	70	35	Do. 5 % (1913)	61 1/2	60 1/2	...	8	0	0	26 1/2	21 1/2	24 1/2	16 1/2	Comm. Un. £2, fully pd.	20 1/2	20 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
113 1/2	109 1/2	116 1/2	83 1/2	Czechoslovakia 8 %	100	100	...	16	...	...	13 1/2	15 1/2	17 1/2	11 1/2	Gen. Accidents £5, £1 pd	25 1/2	25 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
96 1/2	81 1/2	87 1/2	60	Danish 3 %	75	75	...	4	0	0	30 1/2	28 1/2	28 1/2	20 1/2	Lon. & Lanc. £5, £1 pd	33 1/2	33 1/2	-1 1/2	3	14	0	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
80 1/2	70 1/2	78 1/2	66 1/2	Danzig 6 1/2 %	60	60	...	10	16	9	37 1/2	30 1/2	34 1/2	25 1/2	N. Brit. & Mer. £5, £1 pd	33 1/2	33 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...							

† Free of Income Tax.

Prices Year 1930.				Prices Year 1931. Jan. 1 to Nov. 4 (inclusive).				Name of Security.				Price Oct. 28, 1931.				Price Nov. 4, 1931.				Rise or Fall.				Present Yield.			
High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.				
7 1/2	2/9	6 1/4	2/-	Coal, Iron and Steel.	6/-	5/6	-6d	NH	20/7 1/2	9/9	11/7 1/2	5/1 1/2	Anglo-Banquard £1...	7/-	6/6	-6d	10 15	0									
16/-	11/6	5/4	2/-	Amal. Anthracite £1	13/9	13/9	...	NH	55/1 1/2	25/1 1/2	48/6	20/10	Anglo-Egyptian £1...	25/7 1/2	25/-	-7 1/2d	14	0	0	0	0	0	0				
10 1/2	4/9	10 1/2	7/-	Do. 7% Cum. Pref. £1	9d	9d	...	NH	25/9	13/9	25/9	12/6	Anglo-Siam £1...	43/7 1/2	37/6	-2/6	8	0	0	0	0	0	0				
4 1/2	1/9	5/3	37/10	Armstrong Whit. A 1/-	55/9 1/2	51/-	-4/6	5	29/9	12/6	5/6	20/9	Apex (Trinidad) £1...	11/3	12/6	-6d	14	15	6	0	0	0	0				
15/-	4/4	4/3	1 1/4	Babcock, Wilcox £1	5/2	5/2	...	NH	40/7 1/2	16/3	20/-	2/9	Attock £1	11/3	12/6	-6d	14	15	6	0	0	0	0				
3 1/2	10/3	1/7	8/9	Baldwins 4/-	5/2	5/2	...	NH	95/7 1/2	65/11 1/2	72/6	33/9	Brit. Cont. Oil (V.T.O.)	41/3 1/2	36/9	-2/6	11	12	0	0	0	0	0				
13 1/2	1/9	4/6	1/4	Bayer Iron £1	12/6	12/6	...	12 16	0	15/7 1/2	6/3	9/3	Burmah Oil £1	4/7 1/2	5/3	+7 1/2d	...	...	...	...	...	...	...				
3 1/2	11 1/2	3/4	9d	Bengal Iron £1	4/-	3/6	-6d	NH	54/10	24/4	30/-	12/6	Canadian Eagle, no par	1/10 1/2	1/9	-1 1/4d	...	...	...	...	...	...	...				
10 1/2	5/6	9/10	2/6	Beyr Peacock £1	61/3	60/-	-1/3	5	17	0	15/10	6/3	Kern River Oil 10/-	20/-	20/-	...	10	0	0	0	0	0	0				
3 1/2	3/4	63 1/2	44/6	Brown (John) Ord. 5/-	6/6	6/-	-6d	NH	14/1 1/2	6/3	10/9	5/6	Lobitos Oilfields £1	5/7 1/2	6/3	+7 1/2d	...	...	...	...	...	...	...				
12 1/2	5/-	9/-	2/6	Cannett Laird £1	8/6	7/9	-9d	NH	35/9	23 1/2	25 1/2	9/-	Mexican Eagle (10/0/6)	4/3	3/9	-6d	26	13	3	0	0	0	0				
17 1/2	4d	2/-	3d	Cory, William, £1	2/3	1/6	...	NH	78/9	18/9	30/10	10/-	Royal Dutch (£68)	39/3	40/-	+9d	9	12	0	0	0	0	0				
36/10 1/2	23/9	24/3	10 1/2	Do. 8% Non-Cum. P.O. £1	22/6	20/3	-2/3	NH	62/9 1/2	27/6	35/11 1/2	16/10	Shell £1	20/-	19/3	-9d	5	3	0	0	0	0	0				
10/-	5/-	24/3	10 1/2	Do. 7% Cum. Pref. £1	8/3	8/-	...	NH	21/3	16/4	20/1 1/2	15/7 1/2	Trinidad Leaseholds £1	21/3	20/-	-1/3	17	10	0	0	0	0	0				
12 1/2	4/10	5/4	3/10	Guest Keen, & Co. £1	4/6	3/6	-1/-	NH	62/6	28/9	33/3	15/7 1/2	V.O.C. Ord. £1	18/9	18/9	...	5	6	8	0	0	0	0				
23 1/2	17/3	23 1/2	11 1/2	Hadfield £1	32/-	30/-	-1/-	6	13	3	33/9	17/9	Aerated Bread £1	20/-	20/-	...	11	5	0	0	0	0	0				
39 1/2	29/-	33/-	20/7 1/2	Har. & Wk. 6% Cm. Pk.	8 1/2	8 1/2	...	NH	4/6	3	4/6	3	Agar Cross £1	14/4	13/9	-7 1/2d	3	15	0	0	0	0	0				
9 1/2	2/-	8 1/2	2/6	Horden Collieries £1	12/6	12/-	-6d	6	10	0	24/12	18/6	Amal. Press (10/-)	16/3	16/3	...	9	4	7	0	0	0	0				
14/9	8 1/2	1 3/3	6/3	Millar, Baker & Co. £1	3/-	2/9	-3d	NH	41/6	36/-	38/6	23/9	Amal. Dental Def. 5/-	26/3	26/3	...	8	10	0	0	0	0	0				
14 1/2	2 1/2	3 1/2	7/3	Ocean Coal & Wilsons.	9/6	9/-	-6d	15	5	5	35/7 1/2	19/6	Amal. Press (10/-)	15/15	15/15	...	13	6	9	0	0	0	0				
12 1/2	5/6	10 1/2	3/6	Pease and Partners £1	27/6	26/5	-1/3	4	11	5	27/6	22/-	Assoc. Newpaper, Df. 5/-	27/-	26/-	-9d	6	8	0	0	0	0	0				
25/6	17/6	28/9	8/9	Powell Duffryn £1	20/7 1/2	19/12	-7 1/2d	4	5	0	69/4 1/2	41/10 1/2	Barker (John) £1	37/6	36/-	-2/6	4	6	0	0	0	0	0				
22/-	10 1/2	10 1/2	3/3	S. Durham Steel £1	20/7 1/2	19/12	-7 1/2d	4	5	0	16/-	7/3	Barry & Staines Lino	10/7 1/2	10/7 1/2	...	7	9	0	0	0	0	0				
22/-	10 1/2	10 1/2	3/3	Do. B. Ord. £1	17/6	16/-	-9d	7	2	0	40/9	36/3	Borax Deferred £1	35/-	35/-	...	6	8	0	0	0	0	0				
24/-	18/9	19/3	13/3	Staveley Coal, & Co. £1	3/-	2/6	-6d	NH	48/9	29/6	31/6	18/9	British Aluminium £1	32/6	31/3	-1/3	4	6	0	0	0	0	0				
3 1/2	5/6	8/9	2/6	Stewarts & Lloyds £1	8/3	8/-	-3d	NH	27/3	22/-	26/-	20/3	British Match £1	25/-	25/-	-10 1/2d	4	16	0	0	0	0	0				
7 1/2	2/9	6 1/4	2/-	Swan, Hunter £1	20/-	18/9	-1/3	NH	119/3	94/4	105/-	65/7 1/2	Brit. Am. Tobacco £1	85/-	82/-	-2/6	6	10	0	0	0	0	0				
20 1/2	13/9	15/6	8 1/2	Thomas (Richard) Pk. £1	88 1/2	89 1/2	+5	8	0	0	37/6	21/3	Brit. Am. Tobacco £1	85/-	82/-	-2/6	6	10	0	0	0	0	0				
9 1/2	6/3	11/3	6/-	Thornycroft & John £1	10/10 1/2	10/-	-1 1/2d	5	6	9	15 1/2	24/6	Brit. Am. Tobacco £1	85/-	82/-	-2/6	6	10	0	0	0	0	0				
20/-	15/10 1/2	23/9	14 1/2	U. States Steel \$100	22/6	22/6	...	NH	51/7 1/2	27/6	37/-	25/6	Caracas "A" Ord. £1	4 1/2	4 1/2	...	10	16	0	0	0	0	0				
6/3	3/1 1/2	5/-	2/-	Vickers 6/8	5/-	4/6	-6d	NH	11/2	16/6	20/6	14/6	Chinese Eng'g £1	28/9	28/9	...	7	6	0	0	0	0	0				
24/-	14/9	18/9	11/3	Weardale Steel & Df. £1	16/3	16/3	...	NH	46/6	28/6	39/-	18/9	Crittall Manufg. £1	19/4 1/2	18/9	-7 1/2d	8	0	0	0	0	0	0				
15/6	6/3	10 1/2	5/6	B. Ctn. & Wool Ds. 5s.	23/9	23/9	...	3	10	0	45/7 1/2	18/9	Debenhams Can. (5/-)	2/-	2/-	-1/-	7	0	0	0	0	0	0				
14/6	5/6	8/-	2/6	Bleachers £1	16/3	16/3	...	NH	21/6	15/9	23/6	17/6	Dunlop £1	19/-	17/-	-2/-	7	0	0	0	0	0	0				
16/3	7/6	13/6	4/6	Bradford Dyers (£1)...	9/3	9/3	...	NH	96/6	66/3	71/3	40/6	Electric and Musical	32/6	32/6	...	7	15	6	0	0	0	0				
67/-	52/9	56/6	34/-	Brit. Celanese Ord. £1	9/-	8/6	-6d	NH	12/7 1/2	6/1	6/3	2/3	Industries Ord. £1...	22/6	22/6	-3d	7	15	6	0	0	0	0				
67/2	55/-	45/7 1/2	24/7 1/2	Do. 7% 1st Cm. £1	7/9	7/6	-3d	NH	19/-	9/10	73/9	25/6	Reer Ready Co. 5/-	58/9	53/9	-5/-	5	11	9	0	0	0	0				
29/7 1/2	16/6	13/3	13 1/2	Do. 8% 2nd Cm. Pk. £1	13/1 1/2	13/1 1/2	...	NH	13/8	6/10	15/3	6/3	Amal. Press (10/-)	16/3	16/3	...	9	4	7	0	0	0	0				
29/7 1/2	16/6	13/3	13 1/2	Calico & Crims £1	49/3	47/-	-2/3	6	8	0	19/-	9/10	Gannett Brit. (10/-)	5/-	5/-	...	5	0	0	0	0	0	0				
29/7 1/2	16/6	13/3	13 1/2	Casta, J. & P. (£1)...	36/9	36/9	...	7	8	0	21/4	6/3	Harrisons & Cros. Def.	51/3x	50/-	-1/3	5	0	0	0	0	0	0				
29/7 1/2	16/6	13/3	13 1/2	Courtaulds £1	18/9	18/9	...	7	8	0	17/10 1/2	17/10	Harrods (B.A.) 15/-Ord	8/9	8/9	...	8	12	0	0	0	0	0				
29/7 1/2	16/6	13/3	13 1/2	English Sng. Ctn. £1	28/9	27/6	-1/3	4	7	3	16/7 1/2	17/12	Harrods £1	56/3	55/-	-1/3	7	6	0	0	0	0	0				
29/7 1/2	16/6	13/3	13 1/2	English Velvet, & Co. £1	17/6	16/3	-1/3	NH	29/-	17/-	21/3	8/7 1/2	Home Colonial Stores 4/-	13/9x	13/4	+6d	4	3	6	0	0	0	0				
29/7 1/2	16/6	13/3	13 1/2	Fine Cotton Spins. £1	17/6	16/3	-1/3	NH	29/-	17/-	21/3	8/7 1/2	Imperial Airways £1	13/9x	13/4	+6d	4	3	6	0	0	0	0				
29/7 1/2	16/6	13/3	13 1/2	Linen Thread (£1)...	30/-	30/-	...	1	13	3	9/10 1/4	4/6	Imperial Ford. £1	6/6	6/-	-6d	6	16	0	0	0	0	0				
29/7 1/2	16/6	13/3	13 1/2	Patons & Baldwins £1	6/6	6/-	-6d	NH	101/6	89/4	95/11 1/2	72/6	Imperial Tobacco £1	84/4	82/6	-1/10 1/2	6	16	0	0	0	0	0				
29/7 1/2	16/6	13/3	13 1/2	Saia Viscosa Lire 40	50/-	50/-	...	9	0	0	85 1/2	82 1/2	International Holdings	81 1/2	81 1/2	...	...	...	...	...	...	...	...				
32/-	19/9	25/10 1/2	15/-	Whitworth & Mitchell	25/-	23/-	-2/-	4	16	0	27/1 1/2	17/9 1/2	Inter. Nickel of Can.	81 1/2	81 1/2	...	...	...	...	...	...	...	...				
80/9	64/-	67/6	47/6	Electrical Manufg. (£1)	61/3	61/3	...	4	18	0	33 1/2	21/4	International Tea 5/-	21/6	21/6	...	7	1	2	0	0	0	0				
79/9	62/-	63/9	46/3	Associated Elec. (£1)	60/-	57/6	-2/6	6	13	4	24/9	21/9	Kreuger & Toll (Kr. 100)	82/6	82/6	...	...	...	...	...	...	...	...				
20/9	19/-	23/6	17/6	British Insulated (£1)	22/6	22/6	...	6	13	4	24/9	21/9	Reuter & Tord. (Kr. 100)	82/6	82/6	...	...	...	...	...	...	...	...				
66/6	9/9	11/3	2/9	Oallenders (£1)	11/3	11/3	...	NH	58/6	46/3	52/4	34/7 1/2	Bro. 1 1/2 Cm. "A" Pk. £1	41/3	41/3	+9d	7	2	3	0	0	0	0				
6 1/2	33/-	37/3	24 1/4	Crompton Parkins 5/-	49/6	45/-	-3/3	4	6	0	102/6	85/6	Do. 20% Cm. Pk. Ord. (£1)	26/9	26/9	+9d	8	13	0	0	0	0	0				
26 1/4	33/-	37/3	24 1/4	English Electric (£1)	32/6	32/6	...	6	3	0	42/6	33/6	London Brick £1	38/-	37/6	-6d	10	13	3	0	0	0	0				
86 1/2	82/0	82 1/2	82 1/2	Henleys (W. T.) (£1)	24/4 1/2	23/9	-7 1/2d	6	6	3	130/-	85/6	Lyons (J.) £1	97/6	97/6	...	4	12	0	0	0	0	0				
64/6	54/-	62/6	54/6	Johnson & Phillips £1	32/6	32/6	...	6	6	3	130/-	85/6	Mandrie and Garton £1	30/-	32/6	+2/6	9	17	0	0	0	0	0				
23/3	42/-	45/9	27/6	Siemens £1	24/4 1/2	23/9	-7 1/2d	6	6	3	130/-	85/6	Marble and Spencer 10/-	91/3	90/-	-1/3	3	6	9	0	0	0	0				
23/3	42/-	45/9	27/6	Electric Light, & Co.	81 1/2	81 1/2	...	5	2	3	8/6	3/9	Maypole Dairy 2/-	4/-	4/-	...	8	15	0	0	0	0	0				
23/3	42/-	45/9	27/6	Brasil Trac., no. 5	58/9	58/9	...	5	2	3	8/6	3/9	Millar Timber 2/-	4/-	4/-	...	8	15	0	0	0	0	0				
23/3	42/-	45/9	27/6	Bournemouth & Poole	53/5x	53/5	...	5	12	17	52/4	34/10 1/2	Millar Timber 2/-	4/-	4/-	...	8	15	0	0	0	0	0				
23/3	42/-	45/9	27/6	Charing Cross Elec. £1	29/-	29/-	...	5	14	3	108 1/2	97	Polish Symb. 7% Gld.	85 1/2	83 1/2	+1 1/2	8	7	9	0	0	0	0				
23/3	42/-	45/9</																									

† Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Oct. 28, 1931.	Price, Nov. 4, 1931.
Central Electricity Board 5% A Stk....	...	...	96½-97½	96½-97½
Fife County Council 4½% 1931-31	...	...	94½-95½	94-95
Great Universal Stores Ord. (5/-)	£1	fy. pd.	20½-21½	19½-20½
Great Universal Stores Pref.	£1	fy. pd.	19½-20½	18½-19½
Jones (Peter) 6% deb.	97½	fy. pd.	88-93	88-93
London and Thames Haven Oil New Ord.	50/-	30/-	14/-15/- pm	14/-15/- pm
Middlesex 4½% 1930-70	101	fy. pd.	95½-96½	95½-96½
Savory and Moore 7½% Deb.	99½	20	1-3 pm	½-2½
Tanganyika 4% Guar. 1931-71	94½	fy. pd.	86-89	85-88
Walsall Corp. 4½% 1930-60	100	fy. pd.	93-94	92-93

(Continued from page 869.)

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Oct. 29, 1931.	Oct. 30, 1931.	Oct. 31, 1931.	Nov. 2, 1931.	Nov. 3, 1931.	Nov. 4, 1931.	Nov. 5, 1931.
Government and Municipal Loans	1,297	1,232	638	Stock Exchange Holiday	1,738	1,215	1,337
Transport, Communications, and Public Utilities...	1,008	823	366		970	758	968
Commercial and Industrial*	2,447	2,289	837		2,548	1,799	2,062
Banks, Insurance and Financial ...	480	278	180		505	425	459
Mines (including Nitrate)	405	343	112		456	397	438
Oil	148	144	59		165	161	186
Rubber, Tea and Coffee	131	139	25		102	78	80
Total	5,916	5,248	2,217		6,484	4,833	5,530

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

	Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Oct. 29, 1931.	Oct. 30, 1931.	Oct. 31, 1931.	Nov. 2, 1931.	Nov. 3, 1931.	Nov. 4, 1931.	Nov. 5, 1931.
	72.3	53.1	69.0	68.8	69.1	*	69.4	69.3	69.7

* Stock Exchange Holiday.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets showed signs of at least a temporary recovery, the motive power of which was provided by a rise in wheat prices and reports of a moderate, if belated, autumn business revival. The wheat price movement, though traceable to sound market factors such as the prospect of increased European imports and re-purchasing by Russia, was accompanied by much speculative talk. Numerous mail order businesses reported an appreciable quickening of demand from the interior, but the movement was obviously in its early stages, and it was generally agreed that prophecy as to its extent and duration was futile. Much interest was shown in the efforts made by the New York Central Railroad to secure a voluntary 10 per cent. reduction in wages. It was generally believed that if the New York Central's efforts were successful, similar steps would be taken by many other major railroads. The heads of the Brotherhoods of railway workers met in Washington to consider the matter, but no report has yet been made by the railroad concerned. A moderate demand in the stock market centred largely on industrials, and was helped by the declaration by General Motors of a dividend for the third quarter at the regular rate of 75 cents. Though this payment was not fully earned, the decision was interpreted as a gesture of confidence in automobile industry prospects. The copper negotiations were reported to be making slow but steady progress, but no details were available of the lines of ultimate agreement. Freight car loadings in the week ended October 24th were 770,000, as compared with 959,000 in the corresponding week of 1930. The New York Times business index at the same date stood at 66.2 against 67.2 in the preceding week. Price movements on Thursday were a trifle irregular, with no striking alteration in sentiment, but markets enjoyed a firmer tone towards the close.

	Oct. 29, 1931.	Oct. 30, 1931.	Nov. 5, 1931.		Oct. 29, 1931.	Oct. 30, 1931.	Nov. 5, 1931.
U.S. 3½% T. Bds. ...	99½	98½	100½	Natl. Biscuit	46½	47½	48½
Lib. Lns. 3½% 32-47	98½	98½	100	Phelps Dodge	8½	8½	8½
Do. 4½% 32-47	100½	101	101½	Pullman	27½	25	26½
Do. 4½% 33-38	101½	100½	101½	Sears-Roebuck	40½	41	42½
Atchafalpa	110	107	109	Studebaker	11½	11½	13
Cheese & Ohio	30½	30½	31½	Ua. Fruit	33	31	32
Erie	13½	12	12½	U.S. Leather	3	3	3½
Illinois Central	27	20	20	U.S. Rubber	7½	6½	7½
N.Y. Central	55½	50½	50	U.S. Steel	68½	65	68½
Pennsylvania	32½	31½	30½	Westinghouse	47½	45½	47½
Southern Pacific	50½	48½	49½	Woolworth	54½	54½	53½
Southern Ry.	16½	15½	15½	Am. Tel. & Tlg.	137½	134½	138½
Union Pacific	110	100½	105	Interboro R.T.	11	10	11½
Am. Can.	83½	80	81½	Int. Tel. Telog.	17½	16½	17½
Amer. Smelting	26½	23½	27½	Radio Corp.	13½	12½	13½
Anaconda	17½	15	16½	Utilities P. & L.	12½	12½	13½
Bethlehem Steel	27½	23½	28	W. Union Tlg.	86	77½	75½
Chrysler Motor	14½	15½	16½	Associated Gas "A" ..	7½	6	6½
Corn Produce Rf.	44½	45½	46	Pan. Amer. B.	22	22	23½
Eastman Kodak	108	104½	107	Shell	6½	10	10
Gen. Electric (New) ..	30½	29	31½	Shell Union	4	4	5½
Gen. Motors	25½	25½	27½	Sinclair Oil	6½	6½	7½
Int. Harvester	27½	27½	34½	Std. California	31½	31½	34½
Montg. Ward	12½	11½	13½	Do. N.J.	32½	31½	35½

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be-ginning of Year.	Oct. 28.	Nov. 4.
337 Industrials ..	134.5	218.9	98.2	174.1	99.6	64.9	69.7
33 Rails	127.8	173.8	89.1	145.6	92.0	46.2	48.7
34 Utilities	177.6	330.4	153.2	267.4	158.1	115.7	116.9
Total, 404 stocks...	140.3	228.1	105.5	184.2	107.6	69.4	74.1
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	7.32%	7.00%

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

	Highest of 1931. (Feb. 24.)	Lowest of 1931. (Oct. 5.)	Oct. 28, 1931.	Oct. 29, 1931.	Oct. 30, 1931.	Oct. 31, 1931.	Nov. 2, 1931.	Nov. 3, 1931.	Nov. 4, 1931.	Nov. 5, 1931.
	140.2	67.8	78.1	78.0	80.6	81.6	*	81.4	84.8	

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Oct. 29, 1931.	Oct. 30, 1931.	Oct. 31, 1931.	Nov. 2, 1931.	Nov. 3, 1931.	Nov. 4, 1931.	Nov. 5, 1931.
Stock Exchange—Shares (Thous.)	1,300	1,600	800	1,500	†	1,500	1,500
Bonds (Value Thous. \$) ...	10,621	11,863	7,747	10,059	†	13,348	13,800
Over-the-counter—Shares (Thous.)	220	250	150	270	†	300	300

* 2-hour session.

† Holiday.

CANADA.

In the last half of September the Canadian markets turned sharply downward in sympathy with New York. So serious was the collapse that some of the more important stocks were "pegged" at minimum prices, and remained in that condition. A further blow came as a result of the failure of Macdougall and Cowans and Green-shields and Company—two of the largest brokerage houses in the country. These firms had been attracted by the cheapness of money in the United States, and could not meet their calls on American funds after the decline of the Canadian dollar. A preliminary statement of the liquidator of Macdougall and Cowans shows a nominal surplus of assets of \$2,700,000, dependent, however, upon the collection of some \$5,000,000 of book debts listed as "doubtful." The Greenshields' firm's affairs are somewhat better. Secured creditors of the two firms are at liberty to liquidate their securities when they choose, but a delicate problem arises, since many of the stocks "pegged" in Canada are selling in New York at a much lower level than in Montreal or Toronto. The bond market outlook is obscure. It is reported that a rise in the Canadian dollar to 95 cents (U.S.) would be the signal for heavy liquidations of Canadian bonds by embarrassed American banks at present unwilling to take the loss involved. There has been a good rise in the sounder gold stocks, but the mining market otherwise remains weak. The Bureau of Statistics "Investors" Index of Industrial Common stocks, which stood at 79.5 on Septem-

ber 17th, fell to 68.1 by October 8th, and recovered to 72.0 by October 15th.

	July 29, 1931.	Aug. 26, 1931.	Nov. 3, 1931.		July 29, 1931.	Aug. 26, 1931.	Nov. 3, 1931.
Liberal Power & Paper	4½	3½	3½	Fraser Companies	1½	1½	1½
Bank of Montreal	260	247	235	Hollinger Gold Mining	6	6	5½
Brazilian Tracoon	18½	17½	12½	International Nickel ..	12½	13	10½
Canadian Can.	11	10	9	Massey Harris	4½	4½	5½
Canadian Cement	10½	9	7½	Power Corp. Canada ..	27½	27½	22½
Can. Indus. Alcohol "A" ..	2½	2½	2	Steel of Canada	11½	10	8½
Canada Power & Paper	6	5½	6½	Winnipeg Electric			
Lockhart Plow							

PARIS.

A three-day rest had a beneficial effect on sentiment, and on Tuesday moderate gains were recorded all round. The weakness of sterling was an adverse factor, but more favourable news from New York and the advance in wheat prices acted as a spur to activity. Bank shares encountered a fair demand, and Royal Dutch were firmer. The end-of-month settlement passed off without any trouble, money being plentiful, and the subsequent recovery in sterling encouraged a further advance in share values. Thursday's opening witnessed a continuation of the previous satisfactory tone, but profit-taking ensued before the end of the session.

	Oct. 29, 1931.	Nov. 2, 1931.	Nov. 5, 1931.		Oct. 29, 1931.	Nov. 2, 1931.	Nov. 5, 1931.
Banque de France	12,300	12,100	12,730	Wagons Lits.	102	107	101
Crédit Lyonnais	1,825	1,800	1,665	Mexican Eagle	27	27	31
Suez Canal	12,855	12,600	13,350	"Chartered"	133	130	142
Chargers Réunis	241	253	255	Ford	303	294	312
Rio Tinto	1,640	1,617	1,714	De Beers	115	119	112
Royal Dutch	13,500	12,750	14,350	"Johnnies"			

AMSTERDAM.

The Amsterdam Bourse opened cheerfully, though business was still restricted. Tobacco shares were in moderate demand, following the news that Sumatra tobacco was to be admitted into America. Unilever and Philips Lamps also scored appreciable advances. Rubber shares were better, and Amsterdam Trading improved. On Tuesday a reaction occurred, induced to a great extent by the weakness of sterling, but when the pound rose on Wednesday previous losses were made good. Royal Dutch continued firm, the passing of the interim dividend having been previously discounted.

	Oct. 29, 1931.	Nov. 2, 1931.	Nov. 5, 1931.		Oct. 29, 1931.	Nov. 2, 1931.	Nov. 5, 1931.
5½% German	35½	37½	42	Steel Common	65½	68½	70
Unilever N.V.	131½	128½	128	A. K. U.	43½	45	47½
Philips Lamps	68½	71½	75½	Ford Motor	201½	213½	214½
Netherlands Ship Union	80½	84	84½	Dell Batavia	125	147	160
Java Cultuur	146	157	166½	Royal Dutch	130½	134	139½

OTHER CENTRES.

A number of foreign centres were closed at the beginning of the week, and subsequent business was on a reduced scale. Brussels opened firm and continued to advance. Copenhagen, however, was reactionary, and Vienna made little headway. Sentiment in Berlin was adversely affected by French insistence that reparations should take precedence of commercial debt obligations, and unofficial "quotations" were lower in every case. Dye Trust was done at 94.50 (against 97 a week ago), Siemens at 118 (against 117.50), A. E. G. at 33.50, against 36), and Reichsbank at 92.50 (against 97).

INVESTMENT NOTES.

The Markets and the Pound.—The fall in the sterling exchange rate this week had a surprisingly adverse effect on the market in British Government funds. It appeared, at one time, that the market was returning to the condition which immediately succeeded the departure from the gold standard, when prices moved down with every fall in the sterling exchange, and vice versa. Allowance should be made, however, for the fact that the prices of British funds had been raised in company with sterling,

LIVERPOOL INVESTMENT BUILDING SOCIETY

ASSETS EXCEED £1,300,000
SUMS CAN BE INVESTED AT

5%
ON SHARES
AND
4%
ON DEPOSITS

FOR THREE MONTHS CERTAIN

FREE OF INCOME TAX
WITH ABSOLUTE SECURITY

NOTE: DEPOSITS ARE COVERED BY ASSETS
MORE THAN FOUR TIMES.

DIRECTORS:

LOUIS B. PHILLIPS, J.P., CHAIRMAN.
C. HEWETSON NELSON, J.P., F.S.A.A., VICE-CHAIRMAN
SIR BENJAMIN S. JOHNSON, D.L., J.P.
HAROLD V. MCCAIG. J. PARKE JACKSON. J. M. REID
ALD. E. RUSSELL-TAYLOR, J.P.

STANLEY W. HANSCOMBE, A.S.A.A., MANAGER.

WRITE, TELEPHONE, OR CALL FOR
FREE PROSPECTUS.

CITY OFFICE:

13, FINSBURY SQ., LONDON, E.C.2

Tel.: NATIONAL 0588.

HEAD OFFICE:

67, LORD STREET, LIVERPOOL.

Tel.: BANK 3703.

before the General Election, and some speculative commitments were doubtless closed this week. By Thursday prices had already shown a recovering tendency. It would be well for investors to realise that as long as there is no fear of inflation—so long, that is, as the Budget remains balanced and the credit of the Government holds good—there is no reason why British Government funds should be marked up and down on day-to-day fluctuations in the sterling exchanges. As both principal and interest are paid in sterling, the ratio between capital and income—in other words, the yield—should depend upon the general level of interest rates. The following table shows the fluctuations in various British Government stocks this week:—

Name.	Friday, Oct. 30.	Tuesday, Nov. 3.	Thursday, Nov. 5.	Fall since Oct. 30.
Consols 2½%	57	56	56½	½
Consols 4%	87	86	85½	1½
Conversion Loan 3½% ..	77	75	75½	1½
Do., 4½%, 1940-44	97	96	96½	½
Do., 5%, 1944-64	102	100	100½	1½
Funding Loan 4%	87	87	86½	½
Victory Bonds 4%	94	93	93	1
War Loan 5%, 1929-47 ..	97½x	96x	97½x	½
Local Loans 3%	63½	62½	62½	½

As regards the industrial share markets, although a further reaction has occurred on profit-taking, the undertone remains good and there is a disposition on the part of some investors to purchase British industrial stocks for long-term holding. To what extent this is a speculative movement based on the prospect of a high protective system, or an investment movement based on the conviction that a turn in British trade has come as a result of the departure from the gold standard, it is difficult to say.

The Settlement in "Majorities."—The Stock Exchange Settlement in "Majorities" will take place (as stated in last week's *Economist*, page 824) on Tuesday next, November 10th. The price at which it will be carried through is 493, so that a buyer of £1

worth of Majorities at 150 will receive £343. Little doubt is now entertained (writes a "House" correspondent) as to the smooth running of the Settlement. Though no open trouble may be disclosed, it remains true to say that little regret would be caused if dealings in Majorities were discontinued in future. Last month's general election has shown that unexpected risks can lurk in political speculations, which cannot allow adequately for anything in the nature of a landslide. Stock Exchange men are accustomed to run hazards, and they are tolerably familiar with risky speculations. It is generally agreed, however, that the transactions in "Majorities" are beyond the bounds of reasonable speculation, and are liable to be fraught with real danger to a good many people who cannot afford such losses as have arisen in the present instance. It is, known, for example, that many clerks in the Stock Exchange, and in Mining Lane and other City offices, have been selling bears of modest amounts—ten shillings, five shillings, and even less—hoping to pick up two or three pounds in winnings. They now find themselves liable for losses ranging from £50 to £150. This is the kind of gambling against which the Stock Exchange Committee have always set a resolute face in the past.

Iron and Steel Prospects.—The rise in iron and steel shares has been an outstanding feature of the market during the last few weeks. In many cases values are within sight of the peak point of 1930. It will be seen from the following table, which gives quotations (a) before the departure from the gold standard, (b) at the middle of October, (c) after the election of the National Government, and (d) at the present time, that prices advanced steadily up to the election, and then reacted in some cases:—

Name of Security.	Amount of Share Fully Paid.	Year 1930.		Prior, Year 1931.				
		Highest Price.	Lowest Price.	Sept. 18th.	Oct. 15th.	Oct. 29th.	Nov. 4th.	
Armstrong Whitworth "A"	1/-	10 1/4	5d.	4 1/2	6d.	9d.	9d.	
Baldwins Ord.	4/-	4 1/2	1/9	2 1/3	3 1/3	3 1/2	3 1/2	
Brown (John) and Co. ord.	6/-	3/-	1/9	1/6	2 1/9	4/-	3 1/2	
Cannell Laird ord.	£1	3 1/2	11 1/4	1 1/2	2 1/2	3/-	3/-	
Consett Iron ord.	£1	10 1/2	5 1/2	5 1/2	7 1/2	9 1/2	9 1/2	
Dorman Long and Co. ord.	£1	7 1/2	3 1/4	3 1/2	5 1/2	6 1/2	6 1/2	
Do., 8% non-cum. pref. ord.	£1	12 1/2	5/-	4 1/2	6 1/2	7 1/2	7 1/2	
Ebbw Vale ord.	£1	1 1/2	6d.	6d.	1 1/2	2 1/2	2 1/2	
Guest Keen ord.	£1	35 10 1/2	23 9	16 1/2	18 9	21 6	20 3	
Hadfields ord.	£1	10 1/2	5/-	7 1/2	7 1/2	8 1/2	8 1/2	
Millom and Askam Hematite Iron ord.	£1	9 1 1/2	2 1/2	3 1/2	3 1/2	8 1 1/2	8 1 1/2	
Pease and Partners ord.	£1	4 1/4	1 1/2	1 1/2	2 1/2	3 1/2	2 1/2	
South Durham Steel ord.	£1	23 1/2	17 1/2	17 1/2	25 1/2	27 1/2	26 3	
Do., "B" ord.	£1	11 1/2	4 1/4	4 1/2	8 1/2	10 1/2	10 1/2	
Stewarts and Lloyds ord.	£1	28 1/2	20 1/4	14 1/4	18 9	20 6	18 9	
Thomas (Richard) ord.	£1	3 1 1/2	1 1/4	1 1/2	2 1/2	3 1/2	2 1/2	
Do., 6 1/2% cum. tax-free pref.	£1	11 1/2	5 1/2	4 1/2	7 1/2	7 1/2	8 1/2	
Vickers ord.	6 1/2	9 3	6 3	7 1/2	9 9	10 1/2	10 1/2	
Weardale Steel, &c., ord.	£1	20 1/2	15 10 1/2	17 1/2	22 1/2	22 1/2	22 1/2	

The rise may be attributed primarily to hopes of increased steel company earnings, by reason of the enhanced competitive power of British producers in foreign markets, since our abandonment of the gold standard. Spain and Sweden, two important sources of the raw material, are also on a non-gold basis, *de facto* or *de jure*. The better tone reported from the export centres would, indeed, appear actually to reflect increased orders, particularly in the case of pig iron, foreign imports of which have been drastically curtailed. On the other hand, a part of the increased activity is probably due to buying against a future rise in prices, while any marked improvement in the market for steel goods must inevitably depend on a revival in shipbuilding and structural work, which is not at present in evidence. The effect of a possible import duty on iron and steel can scarcely be estimated at this stage. A tariff here would certainly provoke higher Continental duties—a matter of some moment, since, in 1930, 48 per cent. of our pig iron exports went to Germany, France and Belgium. In the long run, any further rise in iron and steel share prices would be justified only on the basis of improved world trade.

Lord Kysant's Appeal Fails.—Last Wednesday the Court of Criminal Appeal dismissed Lord Kysant's appeal against his conviction at the Old Bailey, last July, on a charge relating to a debenture prospectus of the Royal Mail Steam Packet Company. No new point of law would seem to have been brought out in the summing up of Mr Justice Avory, who delivered the judgment of the court. Everyone knows that a prospectus can be false in a material particular by omission as well as by specific statement. The prospectus of the Royal Mail debenture issue conveyed a false impression by placing before intending investors, as material on which they could exercise their judgment, figures which apparently disclosed the existing condition, but in fact concealed it. "The implication in the prospectus," said Mr Justice Avory, "that a prudent investor could safely invest in the debentures arose particularly from the statement that dividends had been regularly paid over a number of years, although times had been bad, a statement which was misleading when it was omitted that they were paid, not out of current earnings, but from funds earned in the abnormal war period." "There was ample evidence," the judge added, "on which the jury could find that Lord Kysant knew of its falsity, knowing as he did of the means by which the dividends had been paid." As it could not be disputed that the prospectus was published with intent to induce persons to lend money to the company, he concluded that there was ample evidence to support the verdict of the jury. The trouble, indeed, with most prospectuses which cause the investor to lose his money is not a fraudulent statement or omission about past earnings but an unfounded cheerfulness about the prospects of the future. The Kysant case, however, merely emphasises the fact that a prospectus must stand or fall by the general impression it conveys about past earnings. Nevertheless, if the case induces increased circumspection and a stern sense of responsibility on the part of those responsible for the drafting of prospectuses, its results will be highly beneficial. Many of the promoters of the more speculative issues of the 1928-29 boom must needs have scrutinised the reports of the trial with the painful reflection that a slight turn of fate might well have found them playing a central role in the drama.

Sir Arthur Wheeler Convicted.—It is curious that both Lord Kysant and Sir Arthur Wheeler have been sentenced to twelve months' imprisonment in the second division for very dissimilar crimes. Sir Arthur Wheeler was convicted last week of fraudulently converting to his own use sums of money which had been entrusted to him by his clients. The judge, referring to Sir Arthur Wheeler's comparison of his business with the sinking ship on which it would have been cowardice to haul down the flag, remarked: "You have to consider whether it is honest for a captain who knows his ship is sinking to invite passengers on board." The troubles of Sir Arthur Wheeler began with the Hatry crash and the Wall Street slump in the autumn of 1929, followed by other failures in the City of London. The temptation to use other people's money to bolster up a weak or shattered financial position was the temptation to which Clarence Hatry and his associates succumbed on a larger scale. Sir Arthur Wheeler failed to complete the transfer of stocks purchased or sold on behalf of clients. The firm of Sir Arthur Wheeler and Company carried on a stock and share broking business—the turnover of which at one time exceeded £10 millions per annum, and during the two or three years before its downfall was never less than £6 millions—while the jobbing business, which involved the purchase of securities from clients outright, was carried on through the Midland Industrial Joint Trust. The moral of the Wheeler case would appear to be one which the Stock Exchange Committee should take to heart. The business was obviously one of which a large number of provincial investors made use. It fulfilled a useful service so long as it was properly conducted. Its huge clientele was built up through extensive circularising and advertisement. It is difficult to see any permanently valid objection to the granting

of reasonable advertising facilities to members of the Stock Exchange, as a means towards the attraction of a good deal of business to the "House" which is now done by outsiders, who may in some cases be perfectly honest men, but are under no central control or supervision.

Textile Machinery Merger.—A circular sent to shareholders of Howard and Bullough states that a provisional agreement has been entered into with the newly-incorporated holding company, Textile Machinery Makers, and that five other important firms are considering a similar agreement. Provision is made for the transfer of the whole of the textile machinery business to the new organisation in return for a block of shares. The bulk of the present investments of Howard and Bullough will be retained. The capital of Textile Machinery Makers will be £1,788,000 non-cumulative 6 per cent. preference shares, with, perhaps, a small addition, and £1,615,000 ordinary shares. Howard and Bullough will receive 327,000 preference and 550,000 ordinary shares of £1, credited as fully paid. This proportion of shares will entitle Howard and Bullough to 34 per cent. of the profits earned by the merger, after payment of the fixed preference dividend. The name is to be changed to Howard and Bullough (Securities), Limited.

Wallpaper Manufacturers.—This strongly-organised concern continues to earn satisfactory profits. It owns fifteen mills, of which four are in the London area, and in addition has important interests in the "Walpamur" Company and Canadian Wallpaper Manufacturers. In a preliminary statement the directors announced that profits for the year to August 31st last totalled £592,636, comparable, apparently, with £672,916 for the previous twelve months. A dividend of 5 per cent. on the ordinary shares is recommended, making 10 per cent. for the year, and a final dividend of 6 per cent. on the deferred shares, making 10 per cent., against 15 per cent. in 1930. The sum of £75,000 is written off goodwill, and £10,000 is allocated to staff funds. At the annual meeting last year, before the depression had reached its climax, the chairman pointed out that the company's export trade had suffered most, the previous year's shipments to customers being in many cases still in stock unsold. Shareholders, therefore, are unlikely, despite their reduced dividend, to be dissatisfied with the present figures, since the trade depression has been intensified, competition in the industry has become more keen, and demand has been consistently lower since the chairman's statement was made. At 32s. 6d. the £1 deferred shares yield £6 8s. per cent., allowing for the final dividend.

United Dairies' Meeting.—At last week's meeting of United Dairies, the chairman, Mr H. Maggs, showed conclusively that the conspicuously successful results of the combine were the fruits, in the main, of energetic development and continuous internal "rationalisation." The volume of sales expanded last year to an impressive extent—the quantity of milk dealt with increased by over 8,000,000 gallons, butter by nearly 3,500,000 lbs., and eggs by over 15,000,000. As a result, however, of reduced prices, turnover was practically the same as in 1929-30. No fresh issue of capital has been made since 1926, and during that period investments in subsidiaries have been written down by £379,849. The insurance fund has been increased by £47,000, while internal reserves for property depreciation have been considerably increased. Rapid progress has been made in the rationalisation of the retail distributing depots. Twenty-one old depots have been enlarged, and seventeen new depots built and equipped. Progress has been made in enlarging and modernising the company's creameries and factories at a total cost of over £500,000. In all factories improvements have been carried out in the method of refrigeration. Special encouragement is given to roundsmen to "push" the sales of the company's products. Altogether, a fair share of the

credit for the results of a flourishing business should, obviously, be given to those responsible for its senior staff work.

British Celanese Meeting.—The chairman's speech at last week's shareholders' meeting showed that Dr. Henry Dreyfus was as enthusiastic as ever regarding the future of the industry and of his own company, but produced nothing which could in any way be regarded as "news" to shareholders. Dr. Dreyfus expressed himself an advocate of a "flexible" tariff, which, he claimed, should be based not on the invoice price of the goods imported, but on the value of similar goods manufactured and sold in this country—an ingenious suggestion, under which the higher the price charged by British manufacturers, the greater the protection they would enjoy. The American Celanese Company, Dr. Dreyfus disclosed, did a considerably better trade in the first half of this year than of last. The Canadian company's experience was also satisfactory, "considering the conditions." For the rest, the chairman explained the general decline in selling prices by reference to intense home and foreign competition, and the part played by British Celanese in the movement to the directors' resolve to "liquidate the company's stocks as far as possible" in order to increase its cash resources. Dr. Dreyfus declared that "a large and progressive number of orders" had been received, substantially in excess of those the company had had at any previous time, but did not define the "clear indications" which led the board to believe that business would continue at a steadily increasing rate. The recent improvement is, of course, gratifying, though it is insufficient to occupy anything like the whole of the company's plant. In the industry as a whole, however, it has been a very recent phenomenon, and, from the point of view of shareholders, everything turns upon its probable duration. In earlier notes on this company we have taken occasion to point out that while Dr. Dreyfus's record on the technical side is beyond challenge, as has been amply attested by the quality of the products put out by British Celanese under his guidance, his record on the marketing side has been much less convincing. In view of the imperative need of the company to secure and maintain a very large volume of output if its enormous capacity is to operate at maximum advantage, shareholders would have welcomed much more detailed information from the chairman as to the extent of possible competition, as well as the actual amount of recent orders, in terms of plant capacity. In our note last week (page 826) we calculated the proportionate results shown by British Celanese for 1929-30 (which were originally expressed for a period of sixteen months) on a twelve months' basis. By a typing error the item "trading profits, transfer fees and interest," as recalculated, was given as £1,376,134, instead of £1,976,134. We would ask our readers to note this correction.

John I. Thornycroft and Company.—This company suffered a sharp setback in the year to July 31st last. Activity in shipbuilding and marine engineering was practically at a standstill, and the motor transport

CANADIAN CLUB Tobacco

Navy Cut · Flake · Curly Cut · Mixture and Rough Cut

Grown next door to Canada in
America's sunniest state

11 1/2 D. Per 100

section was severely affected, especially in overseas markets.

	Year ended July 31,		
	1929.	1930.	1931.
Net profit	129,700	95,876	4,849
Preference dividend.....	12,000	12,000	12,000
No. of times covered	10.81	7.99	0.40
Preferred ordinary dividend:			
Amount	22,500	22,500	...
Rate %	9%	9%	...
Ordinary dividend:—			
Amount	52,500	39,000	...
Earned %	31.73%	20.79%	...
Paid %	17½%	13%	...
Reserve fund.....	30,000	20,000	...
Benevolent fund	6,000	5,000	...
Inc. or dec. in carry-forward	+ 6,700	- 2,624	- 7,151

During the year debtors were reduced by £127,335 to £138,914, and creditors were substantially reduced. Cash account was reduced by £43,049 to £33,754. Investments in, and loans to, subsidiaries increased by £89,514 to £278,937, of which £207,571 was represented by shares. The £1 ordinary shares, which touched 79s. in 1929, now stand at 18s. 9d.

Atlas Electric and General Trust.—During the year ended March 31st last a gross income of £283,630 was recorded, a decline of £11,667. A reduction of £7,920 in debenture interest was almost offset by increases in directors' fees. A new item, loss on exchange, £4,051, appears in the accounts. The net profit, however, was well maintained at £223,660, a fall of £10,159. The ordinary dividend was reduced to 3 per cent:—

	Year ended March 31,		
	1929.	1930.	1931.
Net profit	282,672	233,819	223,660
Preference dividend.....	154,000	165,375	160,125
No. of times covered	1.84	1.41	1.39
Ordinary dividend:—			
Amount	110,000	117,750	69,000
Earned %	5.36%	2.64%	2.76%
Paid %	5%	5%	3%
Reserve fund	...	Dr. 50,000	Dr. 10,000
Capital redemption reserve	15,000	5,000	5,000
Inc. or dec. in carry-forward	+ 3,672	- 3,306	- 465

The main items of interest in the balance sheet include an increase of £106,351 to £3,854,687 in investments in subsidiary companies. Over 90 per cent. of the company's investments (other than in subsidiaries) are quoted, and it is estimated that these, at present, show a depreciation of 12½ per cent. on their balance-sheet figure of £6,282,436, covered by capital reserve. The ordinary shares, at 15s. 7½d., yield £3 18s. 9d. per cent.

New Capital Issues in October.—In the following table we show the new capital raised in London by issue to the public or to shareholders, in October, and in recent years:—

	(000's omitted)			
	United Kingdom.	British Possessions.	Foreign Countries.	Total.
Monthly Average.	£	£	£	£
1924	7,051	6,023	4,370	17,444
1925	12,918	5,077	1,356	19,351
1926	10,765	4,431	4,036	19,232
1927	17,240	8,318	4,039	29,597
1928	21,965	5,263	3,526	30,754
1929	16,502	5,081	2,186	23,769
1930	14,220	5,121	2,975	22,316
Monthly Average.				
Jan.-Mar., 1930...	450	24,326	5,360	31,256
Jan.-Mar., 1931...	2,000	7,013	5,112	15,972
Apr.-June, 1930...	567	10,233	7,025	25,621
Apr.-June, 1931...	1,117	4,401	6,751	13,323
July-Sept., 1930...	367	5,074	925	7,895
July-Sept., 1931...	767	1,251	952	2,997
Oct., 1930	850	11,839	12,000	26,169
Oct., 1931	Dr. 1,350	684	49	Dr. 617

For the first time for many years, issues for public capital showed a negative total last month, mainly as a result of the excess of encashments over new sales of National Savings Certificates. During the month only four new issues were made, the largest being that of the London Express Newspaper, offering shareholders £500,000 in £1 7 per cent. cumulative preference shares at par, and Savory and Moore, which issued £185,000 in 7½ per cent. debenture stock at 99½ for public subscription.

Royal Dutch-Shell Dividends.—The market was not unprepared for the shock of the passing of interim dividends by the Shell Transport and Trading and Royal Dutch companies. The postponement of the preference dividends of the Mexican and Canadian Eagle companies, to which reference was made last week, and the passing of the interim dividend by the Venezuelan Oil Concessions had paved the way for the Royal Dutch-Shell announcement. The "Shell" directors' statement was to the effect that on account of the unsettled conditions ruling in the industry they were unable to make an estimate of the year's working sufficiently reliable to justify them in declaring an interim dividend for the year. That some dividend for the year may be paid may be inferred from their remark that a decision would be taken on receipt of the year's results of the different companies in which the group was interested. It may be mentioned that the loss of Shell Union dividends for the entire year, dividing the group's holding of shares in Shell Union as to 60 per cent. to the Royal Dutch and 40 per cent. to the Shell Transport, is equivalent to the loss of a 3½ per cent. dividend on the Royal Dutch ordinary capital and a 4 per cent. dividend on the Shell Transport ordinary capital. To what extent the dividends of the main operating subsidiaries are likely to be affected it is impossible to say, but it would be surprising if the Royal Dutch paid a higher dividend than 10 per cent. and the Shell Transport 10½ per cent. tax free for the year 1931. The directors of the Shell Transport did their best to lessen the shock of their announcement by a reassuring statement about the group's financial position. Their associated companies have at their disposal in liquid cash—in addition to their world-wide stocks of oil, which are entirely unpledged—no less than £20 millions in sterling and \$50 millions in U.S.A. currency. The Shell Union alone had nearly \$36 millions in cash at the end of the September quarter. As often happens after unpleasant announcements, the shares of the Royal Dutch and Shell Transport were marked down at first and then recovered sharply afterwards. This may be attributed in part to bear covering (there was a bear account in Shell Transport held over from the days of "account" dealings), in part to the reassuring statement of the directors, and in part to the recovery in oil shares in America. This has followed on the recent rise in the prices of Mid-Continent and Texas crude oils. A more hopeful view is apparently taken in America of the restriction movement. The allowable rate per well in East Texas has been reduced to 150 barrels, and the militant Governor of Texas State has announced that restriction on new drillings will be enforced by martial law if necessary. The price of Mid-Continent crude oil in Tulsa has risen to 85 cents, as against a low level this year of approximately 20 cents. Too much importance must not be attached to this advance in crude

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd."

8, Boulevard Street, E.C.4.

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

Name.....

Address.....

oil prices. The big American oil companies are desirous of eliminating competition in the retail sale of gasoline by making the price of raw material dearer to the independent refiners. The statistical position in the industry has slightly improved, but stocks of crude oil are still excessive, international competition in marketing remains severe, and world consumption of oil has received a setback. Nevertheless the position of the Royal Dutch-Shell group relative to the rest of the industry has certainly not deteriorated. They have effected important economies and have maintained assets and facilities up to date, at the same time making the usual allowance for depreciation in their books. They have also a large quantity of production which is at present shut in and can be opened at short notice to meet any new situation without further capital expenditure. Any talk of a new issue by the Royal Dutch-Shell group may, therefore, be dismissed.

The Copper Position.—Never in the history of copper has the outlook been so uncertain, writes a trade correspondent. Although the price of the metal in New York stands at the lowest level seen for a century and a half, there is no certainty that an even lower quotation will not be recorded. According to the official American figures, the combined total of deliveries for North and South America in October was only 62,000 short tons, and the reserves of blister and refined copper at October 31st were close on 660,000 short tons. This colossal total has been the subject of recent discussions in New York, where an attempt has been made to devise ways and means of cutting down world production, but it looks very much as if the task were proving beyond the powers of the assembled delegates—in spite of the fact that the present price of 7 cents is well below cost of production for many properties. The most recent reports from New York suggest that hopes of an agreement still exist, and in view of the seriousness of the situation it would be strange indeed if the discussions were abandoned without exploration of every possible avenue of agreement. With the consumption of the red metal down to the lowest point for years past and the stocks at a huge figure, it is unlikely that much improvement in values will occur immediately, whatever the final result of the curtailment discussions. In any conclusions reached it is essential that the crying need for increased use of copper should be borne in mind. To this end every facility should be afforded to consumers, and the short-sighted policy of refusing to sell to merchants abandoned. During the past twelve months the system of limited quotas for Europe has undoubtedly mitigated against sales, and it is difficult to see how much progress towards improving consumption can be achieved unless this restriction is abandoned. Another essential is the provision of consignment stocks, for although Europe has more copper in warehouse than for a long time past, the removal some years ago of the consigned stock concession has checked buying and hampered the trade. Rumours have been current that the Copper Exporters Inc. might break up. Failure to revise existing sales methods might well make such a development inevitable in the last resort.

New Jagersfontein.—The difficulty of the period through which the diamond industry has been—and still is—passing is strikingly exemplified by the experience of this undertaking. Sales last year realised only £104,700, or less than one-half the amount required to cover the mining expenses; and the net outcome of operations was a deficit of £153,200, comparing with a surplus of £253,400 in the twelve months ended March 31, 1930. After deduction of a small allowance for taxation, the surplus now carried forward is £46,900. The last dividend was 10 per cent. interim on account of 1929-30. Chiefly through a further investment of £125,000 (making a total of £250,000) in the Diamond Corporation, the modest cash surplus shown twelve months ago has been converted into a deficit of £129,000. A bank overdraft now appears. Retrenchment having failed to meet the

position, production has been suspended altogether. The bulk of the capital is held by De Beers, which made no payment on its preference shares for the first half of the current year.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Oct. 31, 1931 £97,447,994.
Total, including conversion, recorded Jan. 1 to Oct. 31, 1931, £108,524,979.

		National Savings Certificates.		Net Receipts, week ended October 31, 1931, Dr. £200,000.		Total net receipts, April 1, 1931, to October 31, 1931 £4,500,000.	
		Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.	
To the Public.		Nil	Nil	Nil	Nil	Nil	
To Shareholders only.		Nil	Nil	Nil	Nil	Nil	
Total Offered for Subscription—		Including Conversions.		Excluding Conversions.		Total Offered for Subscription—	
Jan. 1 to date—		Including Conversions.		Excluding Conversions.		Whole year—	
1931	108,324,979	97,447,994	1930	454,888,784	267,800,700	1930	454,888,784
1930	409,819,986	229,104,355	1929	488,764,940	285,239,400	1929	488,764,940
1929	248,024,038	209,698,438	1928	693,100,056	369,058,073	1928	693,100,056
1928	506,961,409	332,931,678	1927	...	355,165,970	1927	...
1927	...	291,583,642	1926	...	230,782,600	1926	...
1926	...	196,268,090	1925	...	232,214,500	1925	...
1925	...	194,139,668	1924	...	209,328,101	1924	...
1924	...	172,413,607	1923	...	271,399,173	1923	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	73,799,349	6,771,859	16,876,786	97,447,994
1930	192,153,408	15,629,638	21,321,309	229,104,355
Whole year—				
1930	227,558,500	15,548,800	24,593,300	267,800,600
1929	137,670,200	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	555,156,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,757,183	...	8,883,558
Total for week ended November 7, 1931.....	Nil	...	Nil
Total to date, 1931	8,757,183	...	8,883,558
Total to date, 1930	17,153,378	...	18,852,707

TRANSVAAL GOLD OUTPUT STATISTICS.

Name of Mine.	September, 1931.			October, 1931.		
	Ore.	Est. Yield.	Est. Profit.	Ore.	Est. Yield.	Est. Profit.
Brakpan	Tons. 96,500	£ 148,560	£ 46,467	Tons. 104,000	£ 156,075	£ 50,967
City Deep	77,000	85,173	1,176	81,000	88,029	3,505
Consolidated Main Reef	66,300	95,396	15,553	67,000	96,782	15,661
Crown Mines (10s. shs.)	264,000	335,090	94,283	271,000	357,277	92,658
Durban Rdoopt. Deep	46,800	64,086	7,197	49,000	66,682	8,020
East Rand Proprietary	156,000	177,719	14,010	160,500	181,845	14,508
Geduld Proprietary	84,200	115,026	46,336	86,500	118,393	48,057
Goldenhuis Deep	72,500	72,290	6,734	74,500	74,542	6,763
Glynn's Lydenburg	6,100	11,009	1,012	6,400	11,272	1,053
Government Areas	203,000	403,979	232,687	210,000	415,823	241,098
Kleinfontein, New	82,000	112,656	16,474	84,000	114,804	17,144
Langlaagte Estate	30,500	32,833	4,519	32,000	33,892	4,487
Lupard's Vlei	17,600	17,767	3,019	18,300	19,569	4,276
Meyer and Charlton	74,000	94,265	35,093	76,000	97,616	36,023
Modderfontein Deep	44,200	93,489	59,375	46,000	96,967	62,054
Modderfontein East	72,500	92,204	16,177	75,000	93,147	16,069
Modderfontein, New	164,000	276,914	150,671	170,000	288,879	157,440
New State Areas	83,000	171,364	83,023	87,000	183,277	89,148
Nourse Mines	70,000	89,392	7,119	70,000	89,253	7,130
Randfontein Estates	230,000	262,721	55,081	250,000	286,180	57,658
Robinson Deep	97,500	119,251	55,533	100,000	121,298	26,607
Rose Deep	61,000	53,829	2,737	64,000	55,521	2,830
Stimmer and Jack	76,800	93,999	14,016	77,500	96,047	14,028
Spring Mines	73,000	150,279	72,406	76,000	152,478	72,985
Sub-Nigel	36,000	127,964	65,104	36,500	129,528	66,108
Transvaal G.M. Estates	16,000	21,564	2,950	16,500	21,733	2,939
Van Byn	45,000	42,750	5,040	46,000	44,521	5,057
Van Byn Deep	66,000	97,889	29,048	67,000	97,420	29,073
West Rand Consolidated	91,500	103,601	24,203	94,500	106,502	25,019
West Springs	72,400	74,450	13,252	76,500	78,078	14,127
Witwatersrand Knight	62,000	52,985	3,034	64,000	54,706	3,231

COMPANY MEETINGS, &c.

UNITED DAIRIES, LIMITED.

LARGE EXPANSION IN SALES.

The sixteenth ordinary general meeting of United Dairies, Limited, was held, on the 30th ultimo, at the Connaught Rooms, Great Queen Street, London, Mr Joseph H. Maggs (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—As regards the trade of the company, it must be remembered that the year under consideration was one of heavily falling prices, so that a sterling turnover of practically the same amount as last year represents a largely increased volume of sales. The quantity of milk dealt with increased by over three million gallons, butter by nearly 3½ million pounds, and eggs by over 15 millions, while for the twelve months to October 17th last our sales of English eggs increased by more than 13 millions. I might also mention the fact that our ice-cream manufacturing business, which we established some few years ago, is steadily expanding. This business—the Premier Ice Cream Company, Limited—specialises in the manufacture of ice cream of the highest grade, and it is a matter of satisfaction to the board to note the unfailing commendation our products have received from American and other overseas visitors.

In regard to the retail shops, eleven new shops have been erected to meet the growing requirements of the outer suburbs, and forty-three of the existing shops have been enlarged and modernised on our standard lines.

HINT TO THE COLONIES.

Our engineering and utensil companies (the Dairy Supply Company, Limited, A. G. Enock and Company, Limited, and Perfect Dairy Machines, Limited) show satisfactory expansion, despite the known depression in the engineering trade generally. Our works at Park Royal have been greatly enlarged during the last year, and now cover upwards of 10 acres in area. They are equipped for the manufacture of practically all machinery and utensils required by the modern milk trade, a very different position, I can assure you, from that existing even five years ago. During the year we have built and installed in our depots an entirely new design of high-speed compressor for refrigeration, which has proved remarkably efficient; we have built for ourselves new soaker type bottle-washers, and even the automatic refrigerator cabinets for our shops are now all made in our own works. Our unique experience on the practical side of dairying is, of course, of immense value in designing machinery for the use of the dairy trade, as the experience so gained is placed at the disposal of the trade in general through our engineering companies. It is a significant fact that, whereas in our first milk bottling depot practically every item of the plant had to be imported from America, to-day the only item in our plants for which we have to go abroad is glass-enamelled tanks. I venture to hope that in future our Colonial friends, on whose dairy products United Dairies spend millions a year, will reciprocate by placing more of their orders for dairy machinery in this country with our company.

COMPANY'S POLICY TO BUY BRITISH AND SELL BRITISH.

Whatever measure our new Government may find necessary to take to restore the balance of trade should be helpful to the manufacturing side of our business. The effect of the departure from the gold standard was momentarily to stimulate our trade in condensed milk both home and export. The Continent, however, have since had to modify their prices somewhat, so that, without some form of restriction, our markets are still likely to be flooded with the dumped surplus of skimmed condensed milk from abroad. As regards imported full-cream milk from America, we should certainly be in a better position to compete on price. We have not raised the prices of our branded case goods, Diploma, Regal, Coronet and Moonraker, and if people would only insist on buying "British" they would find at least equal value and assist the exchange position. I take this opportunity once more to affirm that every drop of milk we sell is produced in this country. Our policy is definitely to buy British and sell British goods.

The burdens directly laid upon us by the new taxes, apart from income tax, are about £10,000 for increased petrol duty and over £5,000 for Employment Insurance. In respect of the latter item, a similar sum has, of course, to be paid by our employees. Whilst the increased allowance for wear and tear is a slight step in the right direction, these allowances are still totally inadequate in these days. It is not generally realised that no deduction whatever is allowed by the Revenue Authorities for depreciation of buildings or leaseholds, and the necessary sums we provide for these involve the payment of income tax at a much higher rate than 5s. in the £ on real profits. Now that income tax has reached such confiscatory heights, it is quite time that the whole question of depreciation allowances should be reconsidered and traders more fairly dealt with.

The resolution was carried unanimously.

CENTRAL ARGENTINE RAILWAY, LIMITED.

BORROWING POWERS INCREASED.

An extraordinary general meeting of Central Argentine Railway, Limited, was held on the 5th instant at River Plate House, London, E.C., for the purpose of submitting resolutions increasing the borrowing powers of the company to an amount equal to the allotted share capital, and empowering the board to issue, when deemed desirable, the 310,000 unissued shares of £10 each, so as to rank *pari passu* with any 6 per cent. cumulative convertible preference stock or shares which might be in existence at the time of the issue.

Mr. H. A. Vernet, who presided, first referred with deep regret to the death of Lord Forres, remarking that his loss was a real sorrow to the directors, for his great business capacity, together with his personal qualities, had secured him a high place in the regard and affection of them all. He had brought an acute mind and a sound, independent judgment to the solution of each problem as it had arisen, and on his visits to the Argentine he had always been inventing something new to help the railway.

Having mentioned that his colleagues had done him the honour of selecting him to succeed Lord Forres as chairman, Mr Vernet said he would like to draw attention to the marked advance which had taken place in cereal prices during recent weeks, and to state that they had received a telegram from the general manager, dated November 2nd, as follows:—"Favourable agricultural outlook continues, maize, wheat and linseed in the company's zones being in excellent condition and free from damage by locusts or rust."

Dealing with the resolutions, he said it was neither intended, nor was it necessary, to borrow the whole amount represented by the proposed increase in the borrowing powers of the company. No such amount was required to be raised at present; indeed, until times improved new issues of capital were not practicable. It was, however, deemed desirable that the directors should have adequate powers, and they therefore asked the proprietors to authorise the whole amount at this time in order to avoid the necessity and expense of their having to come to the proprietors again in the future, and in order to be prepared for all contingencies. With reference to the unissued capital, in that case also there was no intention on the part of the board to issue such shares at present. The resolution simply sought powers which might be utilisable to advantage when times changed for the better.

The resolutions were unanimously adopted.

BUENOS AIRES AND PACIFIC RAILWAY, LIMITED.

PROBLEM OF THE EXCHANGE.

The ordinary general meeting was held, on the 30th ultimo, at Winchester House, London, E.C.

Viscount St. Davids (the chairman) said that last year he had warned them quite frankly that if exchange stood where it was then this company could not earn any dividend on its ordinary stock; exchange was then at 38½, and he had told the shareholders to watch exchange. That had proved a dreary job, for, with slight temporary reactions, all through the year, exchange had got worse and worse. For the year 1929-30 the average had been 44½, while for year 1930-31 the average had been 37½, which had given them a very bad year. Unless there was a very marked recovery in the current year, of which almost four months had gone, the position as regarded exchange would be markedly worse. Last year, as he had said, it was 37½; at that date, September 19th, when Great Britain went off the gold standard, exchange had stood at 29, and at that figure he could say quite frankly that they could hardly earn their fixed charges. From 29d. there had been a slight recovery to 33d., at which the exchange now stood, but he was bound to point out that with the pound standing at 15s. 10½d., where it did yesterday, the Argentine exchange should not have stood at 33d., but at 36½d. Therefore the Argentine exchange, compared with the American dollar, had fallen still further, and really, in gold value, stood to-day at 26½d., as against its par value of 47½d.

The position was one of terrible difficulty for them. But there was even worse behind that. With the rate of exchange where it was they were earning very little, but up to a few days ago whatever that little was they could get it. Now exchange was being controlled by the Government and was rationed. They could not send money out of the Argentine, all they could get was their proportion of whatever the Government allowed.

Shareholders would ask whether there was no bright spot. The bright spot was that, after all, the thing was temporary. Exchange had broken down all over the world, and nobody knew whether they were at the bottom of it anywhere; but, after all, the world must keep on trading; this country must buy things from the Argentine, and the Argentine must buy things from this country. We must keep buying as a nation, and we must keep selling, and sooner or later exchange would be put right again; the whole world

would have to put it right. When that day came, which he hoped would be soon, they could remember that the Argentine was a great country, with a great and industrious population and a rich soil. There were plenty of countries which had a rich soil—a little patch of rich valley here and there—but the Argentine was the only country he knew where the soil for hundreds and hundreds of miles was the richest of the rich. In addition, the Argentine had an excellent climate and great natural advantages, and when the world did come back to normal the Argentine would be one of the first countries to recover.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended October 31, 1931, amounted to £16,503,600 against ordinary expenditure of £14,193,100. After allocating £220,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £85,754, the operations for the week, as shown below, increased the National Debt by £7,995,000 to £7,720,339,000:—

(000's omitted.)

	£		£
Public Dept. Advances.....	+ 7,500	Nat. Savings Certificates.....	200
Treasury Bills.....	+ 3,017	Nat. Debt Commissioners.....	290
Interest on Exch. Bonds.....	+ 17	Road Fund.....	1,449
		P.O. and Tele. Money.....	400
	+ 10,534		2,339

A complete analysis of the National Debt at September 30, 1931, was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Oct. 31, 1931.	April 1, 1930, to Nov. 1, 1930.	Week ended Oct. 31, 1931.	Week ended Nov. 1, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax.....	272,000,000	61,413,000	69,981,000	567,000	3,109,000
Sur-tax, including Arrears of Super-Tax.....	73,000,000	17,390,000	14,970,000	280,000	250,000
Estate, &c., Duties.....	83,000,000	38,400,000	48,490,000	710,000	1,040,000
Stamps.....	20,000,000	7,790,000	9,570,000	440,000	430,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty.....	800,000	180,000	160,000	...	...
Total Inland Revenue...	451,000,000	125,573,000	143,171,000	1,997,000	4,829,000
Customs and Excise—					
Customs.....	131,770,000	77,605,000	71,540,000	2,512,000	2,272,000
Excise.....	121,230,000	67,800,000	72,723,000	1,400,000	1,428,000
Total Customs and Excise	253,000,000	145,405,000	144,263,000	3,912,000	3,700,000
Motor Vehicle Duties (Exchequer Share).....	5,000,000	1,778,000	1,637,298	385,000	252,000
Post Office (Net Receipts).....	12,200,000	8,350,000	7,400,000	200,000	800,000
Crown Lands.....	1,300,000	860,000	900,000	...	290,000
Receipts from Sundry Loans	15,400,000	12,139,996	21,302,897	...	...
Miscellaneous Receipts.....	42,800,000	10,494,140	17,515,546	9,599	72,413
Appropriation from Rating Relief Suspense Account.....	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	308,501,136	352,189,741	6,503,599	9,943,413

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30)
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Oct. 31, 1931.	April 1, 1930, to Nov. 1, 1930.	Week ended Oct. 31, 1931.	Week ended Nov. 1, 1930.
SELF-BALANCING REVENUE.					
Post Office.....	58,232,000	31,750,000	32,500,000	1,600,000	700,000
Motor Vehicle Duties apportioned to Road Fund.....	23,350,000	7,162,000	7,545,702	73,000	100,000
Total Self-Balancing Revenue	81,582,000	38,912,000	40,045,702	1,673,000	800,000
Total.....		347,413,136	392,235,443	8,176,599	10,743,413

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Oct. 31, 1931.	April 1, 1930, to Nov. 1, 1930.	Week ended Oct. 31, 1931.	Week ended Nov. 1, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt.....	283,400,000	175,874,331	179,503,481	1,035,876	12,194,272
Payments to Northern Ireland Exchequer.....	6,350,000	2,981,049	3,036,653	183,903	...
Other Consolidated Fund Services.....	3,000,000	1,503,254	1,536,225	224,290	43,335
Total.....	292,750,000	180,358,634	184,076,359	1,444,069	12,237,607
Total Supply Services (excluding Post Office).....	451,829,000	247,518,304	246,694,467	12,749,000	10,709,000
Total ordinary expenditure...	750,579,000	427,876,938	430,770,826	14,193,069	22,946,607
SELF-BALANCING EXPENDITURE.					
Post Office.....	58,232,000	31,750,000	32,500,000	1,600,000	700,000
Road Fund.....	23,350,000	7,162,000	7,545,702	73,000	100,000
Total Self-Balancing Expenditure.....	81,582,000	38,912,000	40,045,702	1,673,000	800,000
Total Ordinary and Self-Balancing Expenditure...	832,161,000	466,788,938	470,816,528	15,866,069	23,746,607
New Sinking Fund (1928).....	32,600,000	21,054,803	26,247,748	220,000	520,064
Total, including New Sinking Fund.....		487,843,741	497,064,276	16,086,069	24,266,671

The aggregate revenue and expenditure to October 31st, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO OCTOBER 31ST.

(000's omitted.)

	£	Revenue	£
Expenditure.....	427,877	Revenue.....	308,501
New Sinking Fund.....	21,054	Decreases in balances.....	3,091
		Net amount borrowed.....	137,339
	448,931		448,931

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Nov. 1, '30.	Mar. 31, '31.	Oct. 31, '31.	Oct. 31, '31.
Advances by Bank of England.....	£	£	£	£
Advances by Public Departments.....	33,900,000	24,500,000	48,150,000	+ 7,300,000
Treasury Bills outstanding.....	669,285,000	569,825,000	612,885,000*	+ 3,030,000
Total Floating Debt.....	703,185,000	594,325,000	661,035,000	+ 10,330,000

* Includes £25,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on October 30, 1931, and the total amount applied for was £66,305,000. Tenders were accepted for bills at three months, dated Monday to Friday at £98 13s. 5d., about 48 per cent., and above in full; and Saturday at £98 13s. 9d., and above, in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931			
October 9.....	40,000,000	49,465,000	5 11 4-63
October 16.....	40,000,000	61,480,000	5 10 5-56
October 23.....	40,000,000	64,010,000	5 7 8-07
October 30.....	45,000,000	66,305,000	5 5 1-42

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, November 4, 1931.

ISSUE DEPARTMENT.

	£		£
Notes issued—		Government Debt	11,015,100
In Circulation	358,856,922,	Other Government Securities.....	240,272,840
In Banking Department ...	36,832,827	Other Securities	19,671,416
		Silver Coin	4,040,644
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,689,749
	£395,689,749		£395,689,749

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.	
ASSETS	£8,046,500
CLAIMS PAID	£56,933,000
Accidents and Illness, Fidelity Guarantees, Burglary, Fire, Motor Cars, Public Liability, Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts, Executors and Trusteeships.	
Head Office: 36-44 MOORGATE, LONDON, E.C.	

BANKING DEPARTMENT.

Proprietors' Capital	£14,553,000	Government Securities	£57,825,906
Reserve	3,142,553	Other Securities	—
Public Deposits	19,877,160	Discounts and Advances	£10,750,890
Other Deposits	40,208,514	Securities	32,090,489
Bankers' Deposits	£60,936,340	Notes	42,841,379
Other Accounts	40,208,514	Gold and Silver Coin	35,832,827
7-Day and other Bills	1,600		1,219,055
	£138,719,167		£138,719,167

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

Both Departments.	Amount, Nov. 4, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	358,856,922	+ 2,825,682	+ 2,393,184
Public deposits	19,877,160	+ 2,623,495	+ 499,955
Bankers' deposits	60,936,340	+ 2,541,191	+ 5,403,775
Other deposits	40,208,514	+ 12,436,229	+ 5,693,984
Seven-day bills	1,600	+ 292	+ 155
Total, outside liabilities	479,880,536	+ 9,527,951	+ 13,990,743
Capital and rest	17,695,553	+ 19,846	+ 6,104
Government debt and securities	309,113,846	+ 4,049,338	+ 30,115,113
Discounts and advances	10,750,890	+ 202,893	+ 6,291,657
Other securities	51,761,905	+ 1,268,586	+ 17,648,667
Silver coin in issue department	4,040,644	+ 305	+ 425,151
Coin and bullion (bank's reserve)	121,908,804	+ 15,028,617	+ 39,633,439
Reserve of notes and coin in banking department	38,051,882	+ 17,854,299	+ 27,026,623
Proportion of reserve to outside liabilities			
(a) Banking department only	31½%	— 10½%	— 28%
(b) Gold stocks to deposits and notes ("reserve ratio")	25½%	— 2½%	— 9½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	£	£	£	£	£	£	%
Sept. 23	408,628	352,676	23,018	64,915	50,953	3,165 out	6
30	409,818	357,209	30,089	62,642	52,565	2 in	6
Oct. 7	410,239	359,324	10,594	78,859	51,879	Nil	6
14	410,359	356,710	14,441	70,099	51,310	Nil	6
21	410,674	355,231	19,094	60,515	52,777	Nil	6
28	410,677	356,031	17,254	63,478	52,645	Nil	6
Nov. 4	395,690	358,857	19,877	60,936	40,209	14,999	6

(000's omitted.)

Date.	Issue Department.		Both Depts. Gold Coin and Bullion and Reserve Ratio.		Banking Department.				
	Govt. Debt and Securities.	Other Secur- ities.			Govt. Secur- ities.	Dis- counts & Advan- ces.	Other Secur- ities.	Reserve & the "Pro- portion."	
1931.	\$	£	£	%	£	£	£	£	%
Sep. 23	238,845	32,113	134,974	274	60,176	13,579	26,141	57,298	41½
30	246,455	24,502	136,100	274	68,976	14,774	25,876	53,951	37½
Oct. 7	243,793	27,175	136,565	261	64,125	16,898	25,715	52,240	36½
14	245,200	25,787	136,744	274	57,626	14,072	26,775	55,034	40½
21	251,599	19,371	137,035	281	53,801	10,422	29,047	56,804	42½
28	254,529	16,430	136,937	274	50,536	10,548	34,063	55,906	41½
Nov. 4	251,288	19,671	121,909	251	57,826	10,751	32,090	58,052	31½

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.	£	£	£	£
January 1 to October 21	27,268,978	1,364,801	2,232,532	30,866,311
Week ended October 28	448,998	29,224	47,863	526,085
Week ended November 4	493,683	32,300	50,398	576,381
Total to date, 1931	28,211,659	1,426,325	2,330,793	31,968,777
Total to date, 1930	33,361,978	1,544,578	2,527,190	37,433,746
Increase or decrease in 1931	- 5,150,319	- 118,253	- 196,397	- 5,464,969
	- 15.4%	- 7.6%	- 7.7%	- 14.6%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	- 1,153,347	- 69,843	- 115,133	- 1,338,323
	- 2.8%	- 3.7%	- 3.7%	- 2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended October 31.		Month of October.		Inc. or Dec.	Aggregate January 1 to October 31.	
	1930.	1931.	1930.	1931.		1930.	1931.
Number of working days:	27	27	27	27			
BIRMINGHAM	2,419	1,935	9,738	9,639	- 1.1	102,324	92,608
BRADFORD	983	824	3,392	3,549	+ 4.6	37,113	31,173
BRISTOL	1,100	1,039	4,845	4,870	- 0.5	48,267	47,874
DUBLIN	4,447	4,824	17,430	17,430	—	208,632	210,222
HULL	707	574	3,352	3,162	- 5.6	34,208	30,795
LEEDS	812	890	3,749	3,973	+ 5.9	39,623	36,252
LEICESTER	634	537	2,958	2,727	- 7.8	30,262	26,336
LIVERPOOL	5,782	6,323	25,886	29,064	+ 12.2	275,012	235,872
MANCHESTER	9,737	8,773	41,663	41,990	- 0.7	452,255	388,153
NEWCASTLE	1,587	1,196	5,507	5,423	- 1.5	60,645	53,999
NOTTINGHAM	505	410	2,596	2,146	- 17.3	25,353	18,874
SHEFFIELD	643	596	3,457	3,207	- 7.2	38,175	31,764
Total	29,386	27,921	107,143	109,750	+ 2.4	1,351,869	1,203,922

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; Bank for International Settlements and Denmark in October 10; National Bank of Egypt in October 17; Danzig in October 24; Spain, Norway, Bulgaria, Roumania, Poland, Czechoslovakia, Yugoslavia, Lithuania, Sweden, and Finland, in October 31.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	Nov. 6, 1930.	Oct. 15, 1931.	Oct. 22, 1931.	Oct. 29, 1931.	Nov. 5, 1931.
RESOURCES.					
Total gold reserves	2,999,390	2,836,010	2,764,120	2,738,430	2,772,750
Total bills discounted	212,770	627,580	698,310	716,680	705,220
Bills bought in open market	185,600	730,410	759,070	724,680	642,030
Total U.S. Govt. securities	601,530	727,430	727,000	726,960	727,580
Total bills and securities	1,000,200	2,104,440	2,224,400	2,168,240	2,105,030
Total resources	4,840,480	5,926,490	5,827,100	5,731,550	5,664,970
LIABILITIES.					
Federal Reserve notes in actual circulation	1,360,550	2,321,820	2,383,360	2,383,950	2,447,070
Deposits—Memberbank—reserve account	2,409,700	2,223,020	2,275,510	2,228,870	2,122,140
Total deposits	2,479,340	2,519,340	2,507,260	2,460,060	2,319,270
Capital paid in and surplus	447,360	445,020	439,300	439,290	439,140
Total liabilities	4,840,480	5,926,490	5,827,100	5,731,550	5,664,970
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	81.8%	61.8%	59.9%	59.9%	61.5%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Nov. 6, 1930.	Oct. 15, 1931.	Oct. 22, 1931.	Oct. 29, 1931.	Nov. 5, 1931.
Total gold reserves	1,040,050	892,200	1,001,680	1,007,740	967,680
Total bills discounted	84,080	205,940	159,030	138,650	124,070
Bills bought in open market	49,090	200,740	214,150	201,060	177,000
Total U.S. Govt. securities	187,340	245,260	241,700	243,940	241,990
Total bills and securities	294,760	657,890	624,560	598,240	557,900
Deposits—Memberbank—reserve account	1,000,280	942,790	1,029,660	1,004,310	910,540
Ratio of total res. to dep. and Federal Res. note liabilities combined	85.0%	61.8%	65.8%	67.1%	68.7%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Oct. 22, 1930.	Sept. 23, 1931.	Sept. 30, 1931.	Oct. 7, 1931.	Oct. 14, 1931.	Oct. 21, 1931.
Loans	16,716	14,228	14,191	13,858	13,680	13,541
Investments	6,667	7,844	7,916	7,831	7,821	7,748
Demand deposits	13,710	12,885	13,227	12,739	12,587	12,521
Time deposits	7,560	6,837	6,775	6,624	6,536	6,418
Due from banks	1,509	1,247	1,282	1,131	1,155	1,039
Due to banks	3,389	2,905	3,071	2,881	2,787	2,624
Federal reserve borrowings	58	146	154	274	414	451

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Oct. 10, 1930.	Sept. 11, 1931.	Sept. 18, 1931.	Sept. 25, 1931.	Oct. 2, 1931.	Oct. 9, 1931.
ASSETS.						
Gold coin and bullion	7,059	6,171	5,913	6,541	6,925	8,036
Subsidiary coin	185	375	382	385	375	380
Bills discounted	7,072	6,603	6,560	6,374	5,227	2,401
Investments	1,403	1,935	1,776	1,899	1,936	1,785
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	7,687	6,997	6,552	6,852	8,263	7,415
Government deposits	1,313	975	1,566	1,694	1,236	1,226
Bankers' deposits	4,422	4,711	4,630	4,809	4,311	4,267
Ratio of cash reserves to liabilities to public	49.5%	47.9%	48.1%	50.2%	52.2%	60.8%

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

	Oct. 10, 1930.	Sept. 11, 1931.	Sept. 18, 1931.	Sept. 25, 1931.	Oct. 2, 1931.	Oct. 9, 1931.
ASSETS.						
Total securities	24,20,67	32,61,43	33,78,41	33,61,70	33,52,33	33,16,12
Loans	17,24,91	10,55,80	10,06,29	13,13,08	11,85,76	10,32,36
Cash credits	27,22,06	26,73,18	26,74,96	26,68,44	27,63,75	26,20,75
Inland bills	1,75,36	2,82,69	3,05,31	2,68,44	3,49,97	4,38,92
Foreign bills	30,42	38,07	33,86	36,87	36,45	32,58
Dead stock	2,78,38	2,73,11	2,73,30	2,73,42	2,73,42	2,73,42
Bal. with other banks	22,76	6,54	14,74	12,05	12,48	4,42
Cash	25,37,70	15,45,85	12,25,87	14,55,96	9,25,81	8,18,34
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	6,37,50	5,42,50	5,42,50	5,42,50	5,42,50	5,42,50
Total deposits	86,51,56	79,41,52	77,10,32	75,60,46	74,37,53	70,72,02
The above includes—						
Deposits in London	£ 8,688	£ 860	£ 889	£ 924	£ 935	£ 854
Advances in London	7,630	869	868	865	883	850
Cash, &c., at other Banks in London	170	52	112	93	95	35

BANK OF FRANCE.—In francs (000's omitted).

	Oct. 31, 1930.	Oct. 9, 1931.	Oct. 16, 1931.	Oct. 23, 1931.	Oct. 30, 1931.
ASSETS.					
Gold	50,807,010	60,539,238	62,154,598	63,884,034	64,648,226
Foreign assets	—	—	—	—	—
Sight deposits	6,492,041	15,727,756	17,078,597	15,631,320	14,856,512
Bills, &c.	19,124,182	12,961,684	12,433,769	12,703,855	12,743,775
Home bills	7,104,310	7,390,776	7,391,846	7,966,132	8,808,827
Advances against sec.	—	—	—	—	—
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,770,043	2,844,863	2,811,753	2,735,017	2,711,660
LIABILITIES.					
Notes in circulation	74,786,601	81,847,181	81,937,179	81,768,790	83,638,617
Public deposits	13,088,732	8,435,888	8,435,888	8,435,888	8,435,888

RATES OF EXCHANGE.

London on	Usance.	Par.	Nov. 6, 1931.	Oct. 29, 1931.	Nov. 5, 1931.
New York.....	dollars to £1	Cable	4.85 1/2	4.85 1/2	3.74 1/2-75
Montreal.....	dollars to £1	Cable	4.85 1/2	4.85 1/2	4.16-19
Paris.....	francs to £1	T.T.	124.21	123.67-69	98 1/2-98 1/2
Berlin.....	marks to £1	T.T.	20.43	20.38-38 1/2	15 1/2-16
Amsterdam.....	florins to £1	T.T.	12.107	12.06 1/2-8	9 1/2-8
Brussels.....	belgas to £1	T.T.	35.00	34.83 1/2-4	27 1/2-27 1/2
Milan.....	lire to £1	T.T.	92.46	92.79-82	75-75 1/2
Zurich.....	francs to £1	T.T.	25.22 1/2	25.02 1/2-03	19 1/2-80-85
Oslo.....	kroner to £1	T.T.	18.159	18.15 1/2-16	17 1/2-18
Stockholm.....	kronor to £1	T.T.	18.159	18.15 1/2-16	17 1/2-18
Copenhagen.....	kronor to £1	T.T.	18.159	18.15 1/2-16	17 1/2-18
Madrid.....	pesetas to £1	T.T.	25.22 1/2	42.90-95	43 1/2-43 1/2
Lisbon.....	escudos to £1	T.T.	110	108 1/2-1	109 1/2-110
Vienna.....	schillings to £1	T.T.	34.58 1/2	34.48-51	27-29 1/2
Prague.....	krone to £1	T.T.	16 1/2	16 1/2-13 1/2	126-127
Belgrade.....	dinars to £1	T.T.	275.516	274.274 1/2	210-220
Budapest.....	pengo to £1	T.T.	27.82	27.73-78	24 1/2
Bukarest.....	lei to £1	T.T.	813.6	817-819	620-640
Sofia.....	leva to £1	T.T.	673.659	668-673	500 1/2
Athens.....	drachme to £1	T.T.	375	374 1/2-375 1/2	310 1/2
Constantinople.....	piastre to £1	T.T.	110	102 1/2	770 1/2
Moscow.....	roubles to £1	T.T.	9.46	9453-9452	7.59-7.605
Warsaw.....	zloty to £1	T.T.	43.38	43 1/2-4	31-35
Helsingfors.....	F. marks to £1	T.T.	193.23	192 1/2-193 1/2	190-193
Kovno.....	litas to £1	T.T.	48.66	48 1/2-49	191-193
Reval.....	kroon to £1	T.T.	18.159	18.20-27	14-15 1/2
Riga.....	lata to £1	T.T.	25.22 1/2	25.18-28	20-22 1/2
Alexandria.....	piastres to £1	Sight	97 1/2	97 1/2-1	97 1/2-1
Buenos Aires.....	pesos to £1	T.T.	47.62d.	47 1/2-1	36 1/2-1
Rio de Janeiro.....	pence to mils.	90 days	5.89	48 1/2-5	4 1/2-4 1/2
Montevideo.....	pence to peso	T.T.	51	39 1/2	23 1/2-24 1/2
Valparaiso.....	pence to £1	90 days	40	39.97	31-32
Lima.....	soles to £1	90 days	par	15-20	13-07 1/2
Calcutta.....	pence to rupee	T.T.	18	1/5 1/2-1/5 1/2	1/6 1/2-1/6 1/2
Bombay.....	pence to rupee	T.T.	18	1/5 1/2-1/5 1/2	1/6 1/2-1/6 1/2
Madras.....	pence to rupee	T.T.	18	1/5 1/2-1/5 1/2	1/6 1/2-1/6 1/2
Hong Kong.....	ster. to dollar	T.T.	1/12 1/2	1/12 1/2-1/12 1/2	1/12 1/2-1/12 1/2
Shanghai.....	ster. to dollar	T.T.	2a. 4d.	2/3 1/2-2/3 1/2	2/3 1/2-2/3 1/2
Singapore.....	ster. to dollar	T.T.	2a. 4d.	2/3 1/2-2/3 1/2	2/3 1/2-2/3 1/2
Kobe.....	ster. to yen	T.T.	24.582d.	2/0 1/2-2/0 1/2	2/1 1/2-2/1 1/2
Manila.....	ster. to peso	T.T.	24.066d.	2/0 1/2-2/0 1/2	2/1 1/2-2/1 1/2
Mexico.....	pence to \$	T.T.	9.76	10.30-50	9.40-80
Sierra Leone.....	ster. to baht	T.T.	21.82d.	1/9 1/2	1/11 1/2

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania.....	July 1, 1931 9 8	Madrid.....	July 8, 1931 6 1/2
Amsterdam.....	Sept. 29, 1931 2 3	Oslo.....	Oct. 17, 1931 7 1/2
Athens.....	Oct. 29, 1931 12 1	Paris.....	Oct. 9, 1931 2 1/2
Batavia.....	Mar. 10, 1931 6 1/2	Prague.....	Sept. 22, 1931 5 1/2
Belgrade.....	July 20, 1931 5 1/2	Reval.....	Mar. 12, 1931 5 1/2
Berlin.....	Sept. 2, 1931 10 8	Riga.....	Sept. 1, 1931 7 1/2
Brussels.....	July 31, 1930 3 2 1/2	Rome.....	Oct. 1, 1930 7 1/2
Bucharest.....	Mar. 31, 1931 9 8	Sofia.....	Sept. 28, 1931 5 1/2
Budapest.....	Sept. 10, 1931 9 8	Stockholm.....	Sept. 30, 1931 8 1/2
Calcutta.....	Sept. 22, 1931 7 8	Swiss Bank.....	Oct. 17, 1931 7 1/2
Copenhagen.....	Sept. 26, 1931 4 1/2	Tokyo.....	Jan. 22, 1931 2 1/2
Danzig.....	Sept. 1, 1931 7 8	Vienna.....	Nov. 4, 1931 5 84
Helsingfors.....	Oct. 26, 1931 8 8	Warsaw.....	July 22, 1931 10
Kovno.....	Oct. 3, 1931 7 8	Vienna.....	Oct. 3, 1930 6 1/2
Lisbon.....	Aug. 6, 1931 7 1/2	Irish.....	Sept. 29, 1931 5 1/2
New York Fed. Res. Bank.....	Oct. 15, 1931 2 1/2		

Central Bank of Chile.—Discount rate for member banks, 9%; discount rate for the public, 10%.
 6% applied to banks and credit institutions
 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Nov. 5, 1931.	Oct. 7, 1931.	Oct. 14, 1931.	Oct. 21, 1931.	Oct. 28, 1931.	Nov. 4, 1931.
Call money.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Time money (90 days' mixed coll.).....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Bank acceptances:—						
Members—eligible, 90 days.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Non-mem.—eligible, 90 days.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Ineligible, 90 days.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Commercial accept. 90 days.....	3	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2

Rates of Exchange, New York on—	Par.	Nov. 5, 1931.	Oct. 21, 1931.	Oct. 28, 1931.	Nov. 4, 1931.
London—					
60 days.....		4.84 1/2	3.90	3.84 1/2	3.71 1/2
Cable.....		4.85 1/2	3.96 1/2	3.90 1/2	3.75 1/2
Cheques.....		4.85 1/2	3.96 1/2	3.90 1/2	3.75 1/2
Paris.....	Cents for 1 franc	3.918	3.92 1/2	3.93 1/2	3.93 1/2
Brussels.....	Cents for 1 franc	13.90	13.95 1/2	14.03	13.97
Switzerland.....	Cents for 1 franc	19.30	19.40	19.60	19.53 1/2
Italy.....	Cents for 1 lire	5.263	5.23 1/2	5.20	5.18
Berlin.....	Cents for 1 mark	23.31	23.81	23.05	23.72
Vienna.....	Cts. for Aust. shg.	14.07	14.095	...	...
Madrid.....	Cents for 1 peseta	19.30	11.25	8.98	8.83
Amsterdam.....	Cents for 1 guilder	40.195	26.72 1/2	22.30	21.68
Copenhagen.....	Cents for 1 kroner	26.80	26.72 1/2	22.30	21.68
Oslo.....	Cents for 1 kroner	26.80	26.72 1/2	22.30	21.68
Stockholm.....	Cents for 1 kroner	26.80	26.72 1/2	22.30	21.68
Athens.....	Cents for 1 drachma	1.297	1.29 1/2	1.28 1/2	1.28 1/2
Montreal.....	Can. cents for \$1	100	49.65	10.12 1/2	9 1/2
Yokohama.....	Cents for 1 yen	49.85	49.65	49.30	49.10
Hong Kong.....	Cents for H.K. dollar	31.90	31.90	24.80	25.50
Shanghai.....	Cts. for 1 shg. tael	31.90	31.90	32.12 1/2	31.87 1/2
Calcutta.....	Cents for 1 rupee	36.50	36.02	29.70	28.40
Buenos Aires.....	Gold pesos for \$100	103.65	134.5	187.25	174.00
Rio de Janeiro.....	Cents for 1 milreis	11.96	11.78	6.30	6.30
Valparaiso.....	Cents for 1 peso	12.125	12.02	...	...

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires.....	Sucre to \$	24.3325	Sight London	20.50
Venezuela.....	Bolivares to \$	25.2215	"	25.25
Colombia (Bogota).....	Pesos to \$	5	"	4.20
Nicaragua.....	Colonos to \$	4.8665	"	4.96
Salvador.....	Colonos to \$	9.73	"	8.44
Bolivia.....	Bolivianos to \$	13.33	"	13.03

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—				
Rhodesia.....	1 1/2 dis.	1 1/2 dis.	2 1/2 dis.	3 1/2 dis.
South Africa.....	1 1/2 pm.	1 1/2 pm.	1 1/2 pm.	1 1/2 pm.

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on—		
Rhodesia.....	99 17 6	99 15 0
South Africa.....	80 5 0	80 0 0

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

NEW ZEALAND.								
	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.
T.T.	...	...	130	109½	130	...	130½	110
Sight.....	131½	111½	130½	110	129½	108½	130½	109½
30 days.....	132½	112½	...	...	128½	108	130	109½
60 days.....	133	112½	...	...	128½	107½	129½	109
90 days.....	133½	113	...	...	127½	107	129½	108½

All rates (Australia and New Zealand) now based on £100—LONDON.

BULLION.

The following statistics of imports and exports of gold for week ended October 29, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Germany.....	Poland.....
Netherlands.....	Netherlands.....
France.....	Belgium.....
Brazil.....	France.....
British S. Africa.....	Switzerland.....
British India.....	Austria.....
Australia.....	Czechoslovakia.....
Other countries.....	Other countries.....
Total declared value of imports.....	Total declared value of exports.....

GOLD MOVEMENTS.

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

1931.	ARRIVALS.	1931.	WITHDRAWALS.
Oct. 30	Bars bought.....	Oct. 30	Bars sold.....
Nov. 2	3	Nov. 2	3
3	4	3	4
4	5	4	5
5	6	5	6
Total.....	508	Total.....	14,999,076

Net withdrawals, £14,998,568.

Messrs Samuel Montagu and Company write on November 4, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £135,677,482 on the 28th ult., as compared with £135,674,369 on the previous Wednesday. The movements of gold as announced by the Bank of England on the 31st ult. showed a sale of about £15,000,000 of bar gold. On the 30th ultimo £300,000 of bar gold was offered for sale by tender and about £100,000 was secured for the Continent at the price of 107s. 3d. per fine ounce. The balance was disposed of privately. Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
October 29th.....	106s. 8d.	15s. 11.1d.
30th.....	107s. 3d.	15s. 10.1d.
31st.....	107s. 6d.	15s. 9.7d.
November 2nd.....	108s. 2d.	15s. 8.5d.
3rd.....	111s. 5d.	15s. 3.0d.
4th.....	110s. 3d.	15s. 4.9d.
Average.....	108s. 6.5d.	15s. 7.9d.

SILVER.

During the week under review the market showed a very firm tendency and prices advanced rapidly, rising from 17 1/2d. for both deliveries on the 29th ultimo to 19 1/2d. for cash and 19 1/2d. for two months' delivery yesterday. This level, however, attracted selling, but with buyers holding back, there was a reaction to-day of 1/2d., the quotations for the respective deliveries receding to 18 1/2d. and 18 1/2d. The weakness of sterling again tended to restrain sellers, America offering only on a small scale, so that moderate buying, mostly for India, had a marked effect on the poorly-supplied market. China bears have been disposed to cover, but a few sales have also been made on China account. A satisfactory feature has been some demand from India for silver for prompt shipment, and this, following recent large shipments to the Far East, has caused cash silver to be quoted at a premium, the spot quotation yesterday being fixed at 1/2d. over that for two months' delivery.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

		Week ended Nov. 1, 1931. (000's omitted.)						Aggregate 44 weeks, 1931. (000's omitted.)					
(b) Week ended Oct. 30, 1931.	(c) Week ended Oct. 31, 1931.	Miles Open.	Passenger, etc.	Merchandise, etc.	Coal and Coke.	Total Goods.	Total for Week.	Passenger, etc.	Merchandise, etc.	Coal and Coke.	Total Goods.	Total for 44 weeks.	
			£	£	£	£	£	£	£	£	£	£	
Great Western....	3,761	184	205	105	310	494	9,796	8,363	4,608	12,971	22,767	25,150	
Do. for 1930....	3,761	196	215	112	327	523	10,680	9,273	5,188	14,461	25,141	25,141	
L. & N. Eastn. (c)	6,349	276	398	264	662	938	14,525	14,890	10,260	25,150	39,675	39,675	
Do. for 1930....	6,349	306	455	257	712	1,018	15,884	17,011	11,231	28,242	44,126	44,126	
Lon. Mid. & Scot.	6,958	407	496	247	743	1,150	23,549	20,419	10,628	31,047	57,663	57,663	
Do. for 1930....	6,958	447	516	244	760	1,207	23,545	23,122	10,994	34,116	57,663	57,663	
Southern.....	2,180	245	80	34	114	359	13,532	3,152	1,382	4,534	18,066	18,066	
Do. for 1930....	2,179	266	88	33	121	387	14,350	3,428	1,307	4,735	19,085	19,085	
Total, 1931.....	19,248	1,112	1,179	650	1,829	2,941	59,792	46,824	26,878	73,702	133,944	133,944	
Do. for 1930....	19,248	1,215	1,275	645	1,920	3,135	64,459	52,834	28,720	81,554	146,013	146,013	
Metropolitan (c)	59	30.3	...	...	3.8	34.1	1,376.8	...	...	...	169.2	1,546.0	
Do. for 1930....	59	32.1	...	...	4.1	36.2	1,434.6	...	...	...	177.0	1,611.6	
Undgd. R.R. (c)	...	291.1	...	...	...	291.1	12,971.5	...	...	...	12,971.5	12,971.5	
Do. for 1930....	...	306.0	...	...	...	306.0	13,035.5	...	...	...	13,035.5	13,035.5	
+Green Buses, &c.	...	23.5	...	...	...	23.5	1,097.1	...	...	...	1,097.1	1,097.1	
Lon. & S.W. Grp. (c)	...	42.7	...	...	...	42.7	1,923.8	...	...	...	1,923.8	1,923.8	
Do. for 1930....	...	45.1	...	...	...	45.1	1,953.4	...	...	...	1,953.4	1,953.4	
*B'F&G&Co'd'(b)	80	1.8	...	...	9.7	2.7	117.6	...	...	...	30.7	147.6	
Do. for 1930....	80	1.9	...	...	9.8	2.8	122.8	...	...	...	32.7	155.5	
*G. Northern (b)	562	8.7	...	...	17.8	26.5	499.3	...	...	...	637.4	1,136.7	
Do. for 1930....	562	10.0	...	...	18.2	28.2	549.8	...	...	...	641.9	1,191.7	
*Qt. Southern (b)	2,188	20.6	...	...	44.0	64.6	1,234.0	...	...	...	1,680.7	2,912.7	
Do. for 1930....	2,188	24.2	...	...	48.9	73.1	1,252.0	...	...	...	1,918.3	3,172.4	

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square.
 London: 5, Walbrook. E.C.4, and 4, St. James's Street, S.W.1

REPORTS AND NOTICES.

Mr James Alexander Tassie has been elected a director of the Bengal Doars Railway Company, Ltd., to fill the vacancy on the board consequent on the death of the late Mr Robert Miller.

BANKS.

THE AUSTRALIAN BANK OF COMMERCE, LIMITED.—All transfers of shares should be lodged not later than November 14, 1931, so that they may be registered before the company amalgamates with the Bank of New South Wales. Shareholders in the Australian Bank of Commerce, Ltd., will be entitled to shares in the Bank of New South Wales according to the number of shares they hold in the Australian Bank of Commerce, Ltd., on November 16, 1931.

MISCELLANEOUS.

UNITED DRAPERY STORES, LTD.—According to an interim report dated September 15, 1931, the approximate accounts of the subsidiary companies for the half-year ended July 31st last are now in the hands of the board. Although three of the Companies show increases in turnover, the aggregate turnover for the six months is £573,144 compared with £597,759 for the corresponding period of last year, a decrease of £24,615, equal to 4.12 per cent. of turnover. The aggregate net profits for the same period are £45,975 compared with £54,846 last year, a decrease of £8,871. The slight fall in turnover which is reflected in the net profits is accounted for by lower selling prices, which necessitate larger quantitative sales to maintain the same financial turnover. Having regard to existing trade conditions, your board are of the opinion that these results must be considered satisfactory, but they feel that in view of the uncertainty of the outlook, financial resources should be conserved. Accordingly, it is not their intention to call for interim dividend declarations from the subsidiaries, or to make any interim dividend declaration by this company.

Commercial Reports.

MARKET SUMMARY.

This week, international commodity markets presented a situation of sharp contrasts. The outstanding event has been the continued advance in cereal prices. The upward movement has been considerably accelerated by a wave of speculation in North America which was by no means confined to market operators. Sugar, coffee and cocoa have also been dearer in New York, while, among textile raw materials, cotton has gained further in strength. On the other hand, the non-ferrous metal markets remained extremely depressed, and tin, spelter and lead lost further ground. Rubber, which had made a better showing a fortnight ago, continued to sag in the absence of buying. Sterling quotations of commodities which lend themselves to international arbitration have, of course, moved in sympathy with international prices, but some of the other materials remained unchanged. Thus, cereals, raw sugar, coffee, cocoa and textile raw materials moved upwards, while non-ferrous metals and rubber remained barely steady. Of particular interest was the decline in meat prices at the Smithfield Market this week. This is, of course, ascribed to the increasing supplies shipped to this country in view of the fact that meat growing has recently become more profitable than cereal cultivation. According to reports from various industrial centres, the recent improvement in the textile industries is still gaining strength. On the other hand, business in iron and steel has been a little quieter. The depression in the coal trade has shown signs of lifting in some of the districts, but, according to our Cardiff correspondent, little improvement has taken place in the situation in South Wales.

THE COAL TRADE.

SHEFFIELD.—There has been a further, if slight, increase of activity in South Yorkshire coal. The textile industries are taking increased quantities of small boiler fuel. Export demand is not much better, but all available supplies of best steams are being taken, the price being firm at 18s. 6d. f.o.b. The house-coal trade has improved. The prospects for blast-furnace coals are better, with the price a little firmer, namely, from 10s. 6d. per ton at ovens upward.

GLASGOW.—There has been a lull in the shipping side of the Scottish coal trade during the past week. The instability of

sterling continues to give difficulty in the negotiation of business, but probably the main reason for the falling off in business, apart from the fact that in a good many instances foreign importers have covered their requirements for the time being, is the keener competition from Poland, where it appears the collieries have been granted still further concessions on railway rates with a view to enabling them to maintain their export trade. It is also understood that by means of various domestic arrangements the collieries have been able to make a further reduction in their costs as a set-off to their exchange disadvantages in competition with the British collieries. Prices for most qualities of Scottish coal are fairly well maintained, but the tone of the market generally is not quite so strong as it was a week or so ago, and in one or two instances shippers are quoting a shade under the collieries rates. Current prices for the shipping trade are approximately as follows (f.o.b. district ports):—**LANARKSHIRE.**—Ell, best, 14s. 6d.; splint, best, 15s.-15s. 6d.; splint, second, 14s. 3d.; navigation, 15s.; navigation, second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 9d.; trebles, 15s.; doubles, 13s.; singles, 10s.; pearls, 9s.-9s. 3d.; dross, 9s. **FIFE.**—Screened navigation, 17s.; first-class steam, 13s. 6d.; third-class steam, 12s. 6d.; trebles, 16s. 6d.-18s. 6d.; doubles, 13s. 6d.-14s. 6d.; singles, 10s.; pearls, 9s. 6d. **LOTHIANS.**—Prime steam, 12s. 6d.; secondary steam, 12s.; trebles, 15s. 6d.-16s.; doubles, 13s. 6d.; singles, 10s.; pearls, 9s. 6d. **AYRSHIRE.**—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 15s.; doubles, 14s.; singles, 10s.; pearls, 9s. 3d.; dross, 9s. 7d.

CARDIFF.—The position of the Cardiff coal market this week has been unchanged. Some of the drier qualities have been fairly active, but for other grades the demand has been exceptionally slack, some of the leading collieries reporting that they have not received a single order. The reports in the general newspapers that the depreciation of the sterling has been followed by a considerable revival in the industry, writes our correspondent, are almost entirely baseless. During October shipments were actually 95,000 tons less than in September, and shipments this week are proceeding at a slower rate than last week. Delays are also being experienced in the renewing of contracts over next year. One or two have been placed during the past few days, including one for the supply of 120,000 tons of smalls for the Portuguese State Railways; the French Midi Railways have also placed a contract for 50,000 tons of large coals; but the volume of contract business arranged so far is considerably below the average at this period of the year. Prices have been stationary for most grades at the minimum scheduled figures. It is anticipated that the award of the arbitrator in the arbitration over the prices of small coals will be communicated to the executive committee of the Marketing Association on Friday. The following are the current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7d.; best small steams, 13s. 6d. to 13s. 9d.; anthracite, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; best large, 38s. to 38s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s.; foundry coke, 32s. 6d. to 36s.; patent fuel, 18s. 6d. to 19s. 6d.; pitwood, ex ship, 23s. 6d. to 24s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—Since the Election an increased business has been done in Cleveland foundry iron with local and inland consumers and also users in Scotland. Indications point to further steady expansion of trade, and consumers are not only purchasing a month or two ahead, but are making contracts extending into the early months of next year fearing that prices may be advanced. At Tuesday's market more interest was shown in business, and a fair number of sales were reported at the official prices that have ruled since the middle of January, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. Hematite is quite a firm market. Makers have good orders in their books for this year, and making further sales of moderate quantities almost daily. A satisfactory feature is that more interest is now being taken in forward supplies, and although consumers find it difficult to reconcile their ideas of prices with the higher figures now asked by makers, a fair forward business has been done and further quantities of importance are under negotiation. For this year's delivery ordinary mixed numbers remain at 65s. per ton, but 6d. to 1s. more is asked for forward. In the steel trade a number of orders are coming to hand and other important business is under negotiation. Prices under the rebate scheme are unchanged, as also for other of the main products. In the shipbuilding trade, William Gray and Company, Ltd., of West Hartlepool, have just booked a third cargo steamer for J. & C. Harrison, London. Like the two previous ones, this vessel will be of about 9,000 tons deadweight, and will be engaged at the Builders Central Marine Engine Works, West Hartlepool. Messrs Grays have now six steamers on order of about the same size. There is still no buying of ore. Best Rubio is nominally 17s. 3d. c.i.f. Tees, and the current freight Bilbao/Middlesbrough is estimated at 6s. 3d. Coke is firm in price at 17s. delivered works for ordinary blast-furnace qualities for this year's delivery, but there is only a moderate demand. No addition to the number of blast-furnaces in operation in the district has yet been made, and they remain at eighteen.

SHEFFIELD.—The position of heavy and special steels is very mixed, and in some departments there is less activity than previously. A considerable tonnage of raw and semi-materials was bought at the time the country went off the gold standard, but the spurt has not continued, and some manufacturers are disappointed at the absence of any substantial expansion of demand for finished goods. Nevertheless, confidence in a revival prevails, and sellers of pig iron, billets, scrap, &c., are not willing to contract beyond the end of

the year. Makers of foundry and forge pig speak of an advance of 2s. 6d. in January. Steel scrap has gained further strength on the week. Owing to the depreciated sterling, business deflected from the Continent is coming to this district, and the position of the currencies is likely to discourage large importations of foreign goods to anticipate the imposition of tariffs. Considerable stocks of foreign tools, cutlery and special steels are held in this country. The cutlery and silver-plate branches are booking a good many belated Christmas season orders. Shop-keepers, anticipating increased buying by the public in connection with Christmas, are ordering more freely than a year ago.

GLASGOW.—In the West of Scotland reports regarding many branches of the iron and steel industry are more encouraging this week. In several divisions of Lanarkshire there has been a decided increase in the amount of employment available at the steel plants, although they are all still working far below capacity. At the Clyde shipyards there have been further contracts placed within the week amounting to a quite considerable tonnage. Some of the tube makers are also finding a better demand, but the improvement in this trade is not quite general. The position at the sheet rolling mills shows a further improvement, and one of the plants in Glasgow district has sufficient work on books to ensure regular employment till practically the end of the year. Sheet galvanizers have also booked large tonnages for export. While all works are not equally well placed, the position on the whole is definitely better. Demand for scrap, which has been a poor market for some time, is considerable, and prices, though low, show some advance.

CARDIFF.—On the Swansea Metal Exchange on Tuesday it was reported that the tinplate market showed no signs of material improvement. The demand has been inactive, and prices are a little easier than they were a week ago. The position in the galvanised sheet trade is also unsatisfactory. Quotations for tinplates have ruled between 13s. 9d. and 14s. 3d. per basis box; galvanised sheets at £9 7s. 6d. per ton; and steel sheet and tinplate bars at £5 per ton.

OTHER METALS.

TIN.—The world's "visible" supply of tin at the end of October at 50,092 shows a reduction of 316 tons on the month. The improvement in the statistical situation has been reflected in the market for tin, which has remained steady throughout the week. In New York the metal was quoted at 22.15 cents per lb. on Wednesday, against 22.87 cents per lb. a week ago, and 22.50 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £128 to £128 5s. per ton, compares with £127 2s. 6d. to £127 7s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 29,761 tons, show an increase of 137 tons on the week.

COPPER.—Nothing is known so far of the deliberations of the conference of copper producers in New York. Meanwhile, world production of this metal has again increased during September. The daily average of that month has been estimated by the Metallgesellschaft A.G. at 3,675 metric tons, against 3,593 metric tons in August. As consumption has shown no expansion, stocks of rough and refined copper at the end of September at 597,000 metric tons, show a further increase of 25,000 metric tons. Markets have been dull during the week, and prices have been barely maintained. "Domestic" spot has again been quoted officially at 7 cents in New York, against 7 cents a month ago. Wednesday's official closing price for "standard cash" in London in terms of sterling, at £35 13s. 9d. to £35 16s. 3d., compares with £36 to £36 1s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 21,938 tons, show a decrease of 118 tons, while stocks of rough copper, at 897 tons, are 176 tons smaller.

LEAD.—The demand for lead has been quiet. World production during September has been estimated by the Metallgesellschaft A.G. at a daily average of 3,369 metric tons, against 3,552 metric tons in August. In the absence of buyers, the New York quotation has been reduced from 4 cents per lb. to 3.85 cents per lb. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £13 10s. to £13 11s. 3d. per ton, compares with £13 8s. 9d. to £13 10s. on the corresponding day last week.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Rochdale & Manor Brewery	Sept. 30	18,243	8,427	26,670	2,520	7,153	9	...	16,997	10,458	10
Financial Land, &c.											
Argentine Southern Land...	June 30	16,329	<i>Dr. 10,744</i>	5,585	...	...	...	...	5,585	7,189	4
London and Colonial Invest- ment.....	Sept. 30	4,773	19,862	24,635	5,536	9,817	7	2,000	7,282	21,592	7
Realisation and Debenture Corporation of Scotland...	Aug. 31	61,874	79,444	141,318	22,656	46,033	15	...	72,629	99,077	18
Town Investments.....	Sept. 29	1,440	173,704	175,144	7,000	60,000	24	103,730	4,414	48,805	20
Hotels, Restaurants, &c.											
Carlton Hotel.....	Aug. 31	12,947	11,757	24,704	5,500	6,000	3	8,333	4,871	56,119	12
Iron, Coal and Steel.											
Thornycroft (John I.) and Co. Oil.	July 31	59,258	4,850	64,108	12,000	...	...	...	52,108	95,876	9 Pf. Ord 13 Ord
Kern River Oilfields of Cali- fornia	May 31	10,280	3,047	13,327	...	...	...	4,000	9,327	3,337	...
Rubber, &c.											
Anglo-Sumatra Rubber.....	May 31	17,306	<i>Dr. 5,793</i>	11,513	...	...	...	...	11,513	4,044	5
Brooklands Selangor Rubber	June 30	17,151	1,694	18,845	...	...	...	...	18,845	8,777	...
Buntar Rubber Estates.....	June 30	1,463	<i>Dr. 2,896</i>	<i>Dr. 1,433</i>	...	...	...	...	<i>Dr. 1,433</i>	<i>Dr. 733</i>	...
Jong-Landor Rubber.....	June 30	18,738	<i>Dr. 4,818</i>	13,920	...	...	...	...	13,920	<i>Dr. 2,482</i>	...
Lawas (Sarawak) Rubber ...	June 30	6,768	<i>Dr. 8,644</i>	1,876	...	...	...	<i>Dr. 1,781</i>	3,657	...	...
New Hayoep Rubber.....	June 30	3,178	<i>Dr. 8,644</i>	<i>Dr. 5,466</i>	...	...	...	...	<i>Dr. 5,466</i>	<i>Dr. 582</i>	...
Pullangode Rubber Estate...	June 30	626	<i>Dr. 2,795</i>	2,169	...	...	...	...	2,169	<i>Dr. 3,595</i>	...
Sumatra Planting Syndicate	June 30	<i>Dr. 1,840</i>	<i>Dr. 726</i>	<i>Dr. 2,566</i>	...	...	...	...	<i>Dr. 2,566</i>	<i>Dr. 3,409</i>	...
Shipping.											
Liverpool and North Wales Steamship	Oct. 2	4,798	1,590	6,388	...	4,777	7½	...	1,611	5,839	10
Tea.											
Associated Tea Estates of Ceylon	June 30	1,768	2,837	4,605	3,600	...	...	...	1,005	3,880	...
Trusts.											
Cedar Investment Trust.....	Sept. 30	10,034	30,729	40,763	8,235	16,875	5	3,319	12,334	39,619	6
London Maritime Investment	Sept. 30	6,000	42,878	48,878	19,063	7,750	2	16,065	6,000	50,689	6
Scottish National Trust Co.	Sept. 30	5,014	61,391	66,405	22,725	21,623	7	...	22,057	62,011	9
Second Investors' Mortgage Security	Sept. 30	9,032	89,000	98,032	28,516	54,104	14	...	15,412	111,153	14
Second Scottish National Trust	Sept. 30	6,133	42,178	48,311	17,057	13,915	6	...	17,339	51,588	8
Other Companies.											
African Lakes Corporation...	Jan. 31	<i>Dr. 1,501</i>	8,222	6,721	...	6,250	2½	...	471	<i>Dr. 1,501</i>	Nil
Associated British Malsters	Aug. 31	24,170	104,580	128,750	49,479	28,125	15	26,000	25,146	101,437	15
Beresford (S. and W.)	Sept. 30	6,723	44,348	51,071	4,500	28,125	12½	7,500	10,946	29,173	10
Blackpool Pier Company ...	Oct. 31	10,677	9,099	19,776	656	6,500	13½	2,000	10,620	9,612	13½
Grosvenor Electric Batteries	June 30	...	2,843	2,843	946	...	...	...	1,897	...	...

† Free of income tax.

BARCLAYS BANK LIMITED

Head Office: 54 LOMBARD ST., LONDON, E.C.3.
 And over 2,100 Branches in England and Wales.

AUTHORISED CAPITAL - £20,000,000
ISSUED & PAID-UP CAPITAL - £15,858,217
RESERVE FUND - £10,250,000
DEPOSITS, &c. (30th June, 1931) - £342,450,383

EVERY DESCRIPTION OF BRITISH AND FOREIGN BANKING BUSINESS TRANSACTED.

SPELTER.—The market in spelter has again been depressed, and producers in the United States found it impossible to maintain prices at the recently reduced level. The quotation was therefore reduced from 3.25 cents per lb. to 3.15 cents per lb., against 3.57 cents a month ago. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," at £13 3s. 9d. to £13 13s. 9d. per ton, compares with £13 8s. 9d. to £13 11s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals aluminium remained unchanged at £95 per ton, but the quotation for nickel was raised from £215-£220 per ton to £225-£230 per ton. Antimony at £25 10s.-£26 was also slightly dearer, but quicksilver at £18 10s. per bottle, against £19-£19 15s. per bottle, was again cheaper.

TEXTILES.

THE COTTON TRADE.—Liverpool.—A good trade demand has been experienced, though it has not been nearly as good as that of a few weeks ago. More mills and looms have, however, been restarted after months, if not years, of enforced idleness. As to cotton itself, the overwhelming supply is likely to prevent any runaway market. In the south of the United States the price remains remarkably steady, which may be ascribed, not merely to the official support, but also to the fact that small people with a few hundred dollars in the bank have been withdrawing their savings in view of the numerous bank failures, and investing them in cotton. There is no doubt, however, that demand is broadening. Trading in the future market here is rendered very difficult by the constantly varying rate of the sterling/dollar exchange. Imports for the week, October 29th to November 4th (inclusive) are 58,547 bales, of which 42,120 bales are American, 2,577 Argentine, 2,445 Brazil, 3,845 Peru, 5,593 Egyptian, 901 African, 305 East Indian, and 761 sundries.

Manchester.—The market has continued to present an active appearance and business in yarn and cloth has been on an encouraging scale. Many sellers have been unable to arrange sales owing to delivery and price difficulties. Prices continue to move against buyers. There has been a steady demand in piece-goods for numerous outlets, and as a result of order lists being extended, makers are holding out for more remunerative rates. China has not sent very cheerful news and there is no doubt that the Manchurian trouble is having some effect upon trade in Shanghai. India has provided a larger inquiry and freer buying has taken place in light bleaching cloths, fancies and prints. Grey and white shirtings have also been in request. The smaller outlets, such as Java, Singapore, West Africa, Egypt and the Continent, have given steady support. There has been more activity for the home trade and the Dominions. Spinners of American and Egyptian yarns have been firm in quotation. The current output is being sold.

Cotton Prices.

	1931.				Corresponding Date.	
	Oct. 14.	Oct. 21.	Oct. 28.	Nov. 4.	1929.	1930.
Raw Cotton—Mid. American	d. 4-76	d. 4-90	d. 5-03	d. 5-07	d. 9-65	d. 6-14
" Sakellaridis Fully Good Fair						
" Egyptian	7-40	7-35	7-40	7-55	14-90	9-90
Yarns—32's twist	9	9½	9½	9½	14½	10
" 40's twist	9½	9½	9½	9½	15½	10½
" 60's twist (Egyptian)	16	16	16	16	24½	18
32-in. Printers, 116 yds., 16 by 16, 32's and	s. d. 18 0	s. d. 18 0	s. d. 18 0	s. d. 18 3	s. d. 24 3	s. d. 19 0
36-in. Shirtings, 76 yds., 19 by 19, 32's and	19 9	19 9	19 9	20 0	27 0	21 2
38-in. ditto, 36 yds., 18 by 16, 10 lb.	11 2	11 2	11 2	11 3	14 9	11 10½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 11	9 11	9 11	10 0	13 3	10 9

The Investors' Chronicle and Money Market Review

This Weeks Contents :
**WHY BRITISH FUNDS
SHOULD BE
HELD.**

**THE PROSPECT
FOR
IRON AND STEEL.**

Obtainable at all bookstalls and newsagents
throughout the country, price 6d., or from

The Publisher :
"THE INVESTORS' CHRONICLE"
20 BISHOPSGATE, LONDON, E.C.2.

THE WOOL TRADE.—Bradford.—During the past week there has been a further upward movement in values accompanied by extensive operations by home trade buyers. Those seem to be largely responsible for setting the pace in Australia and South Africa, with the result that merino wool is now worth pence per lb. more than could be realised for it only two months ago. Big quantities of fine wool are going into consumption. This is encouraging importing topmakers to place big orders in Australia at higher limits than have hitherto been afforded. There is also a definite move in the sale of the South African clips. Nearly six weeks have been lost by the Union Government refusing to come off the gold standard, for without any compensation this meant serious loss to the growers. It appears, however, that the ten per cent. bounty on exports from the Cape, and the five per cent. import duty, are bringing about the desired result, and the clip may now be expected to move steadily. The Bradford market is quite firm, quotations for merino qualities of tops being against the buyer. Further big sales have taken place, and contracts are going out very satisfactorily. Spinners are also able to realise better prices for yarn, this being accompanied by a steady flow of new business. Unemployment is decreasing, and among both woolen and worsted manufacturers more machinery is running. Substantial orders have been placed for dress goods—Bradford's principal worsted fabric—and whilst the bulk will be delivered to home merchants, there will also be some decent consignments for abroad.

THE GRAIN MARKETS.

WHEAT.—The upward movement in the price of cereals has continued with increased rapidity during the past week. Wednesday's quotations for wheat in Chicago show a rise of nearly 40 per cent. within the short period of four weeks. This upward turn in prices has been mainly occasioned by the wheat situation in Russia. During August and September that country shipped more wheat than a year ago, which gave the impression that this season's export surplus would be even larger than that of a year ago. The sudden halt in Russian shipments marked the turning point in the wheat markets, and as Australia and Argentina have now almost sold their export surplus, buying was concentrated on the North American markets. Prices began to move upwards, at first slowly, but later the movement gained an increased stimulus by extensive speculation of outsiders. Under these circumstances the large stocks which had been accumulated in this country have proved to be a good investment. Quotations in London, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 26s. 9d. per 496 lbs., as compared with 31s. 3d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 34s. 3d., against 29s. 9d.; No. 3 Northern Manitoba, Atlantic, ex ship, 33s. 3d., against 28s. 3d.; Russian, on sample, 28s. 6d. to 31s., against 24s. 6d. to 28s.; Australian, ex ship, 32s. 9d., against 29s. a week ago.

WHEAT FLOUR.—Business in flour has been active at rising prices North American shipments, at 248,000 sacks, show an increase of 12,000 sacks as compared with the previous week. Of this total, 104,000 sacks have been consigned to Europe. The price of home-milled flour which had remained almost unchanged until last week has now been brought into line with international prices. Quotations in London, Wednesday: Straight run, delivered country, 26s. 6d. per sack of 280 lbs., as compared with 21s. last week; delivered London, 25s. 6d., against 20s. Manitoba patents, ex store, 27s. to 30s., against 26s. to 28s.; and Australian, ex store, 22s. to 23s., against 19s. to 20s. a week ago.

BARLEY.—The market in feeding barley has been firm and prices advanced further. On Wednesday, "December" futures were quoted at 43½ cents per bushel in Winnipeg, against 38½ cents per bushel a week ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 448 lbs., 25s. to 26s., as compared with 22s. to 24s.; Russian, landed, 24s. 9d. per 400 lbs., against 20s. 9d. a week ago.

OATS.—A better demand has sprung up for oats this week and prices quickly recovered from the setback of last week. On Wednesday substantially higher prices had to be paid. "December" futures, which, a week ago, stood at 24½ cents per bushel in Chicago, sold at 26½ cents per bushel on Wednesday this week. Quotations in London, Wednesday: "River Plate," landed, 19s. 9d. per 320 lbs., as compared with 18s. last week; "River Plate," ex ship, 18s. 9d., against 17s. to 17s. 3d.; "Chilean White," landed, 28s. 6d., against 27s. 6d. a week ago.

MAIZE.—Despite the heavy shipments still forthcoming from Argentina at the rate of about one million quarters a week, prices have jumped up several points this week and there are as yet no signs of a falling off in demand. Wednesday's quotation in Chicago for "December" futures at 44½ cents shows a rise of 4½ cents per bushel on the week. Quotations in London, Wednesday: "Plate," landed, 22s. 3d. per 480 lbs., as compared with 19s. 3d. last week; "Plate," ex ship, 18s., as against 18s.; "Plate," November-December, 21s., as against 18s. 3d. Yellow maize meal, ex wharf, was quoted at £6 10s. per ton, against £5 15s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to October 31.....	Owts. 107,437	Owts. 156,055	Owts. 231,539	Owts. 274,710
9 weeks to October 31.....	655,299	1,325,184	2,724,418	2,750,619
Average price of English wheat per cwt.	s. d. 6 5	s. d. 6 11	s. d. 9 7	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Oct. 24, 1931.....	Owts. 98,451	Owts. 429,907	Owts. 66,381	s. d. 6 1	s. d. 9 0	s. d. 6 5
Oct. 31, 1931.....	107,437	449,156	63,157	6 5	9 1	6 6
Oct. 29, 1927.....	310,116	576,469	99,303	10 6	13 8	9 2
Nov. 3, 1928.....	274,710	678,378	78,432	9 9	10 10	8 10
Nov. 2, 1929.....	231,539	610,771	52,533	9 7	9 11	7 9
Nov. 1, 1930.....	156,055	543,898	54,868	6 11	9 10	6 0

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Nov. 5, 1930.	Jan. 2, 1931.	Oct. 21, 1931.	Oct. 28, 1931.	Nov. 4, 1931.
Winnipeg (No. 1 Manitoba) — Cents per 60 lb.	148½	66½	56½	59½	62½	70½
Chicago (No. 2 Winter) — Cents per 60 lb.	130½	72½	79½	53	57½	64½

The visible supply of wheat in Canada, at 48,135,000 bushels, shows an increase on the week of 2,418,000 bushels. Supplies a year ago stood at 69,107,000 bushels.

OTHER FOODS.

SUGAR.—There has been a slight improvement in the raw sugar markets this week, brought about by an increase in buying by American refiners. In this country, too, sterling prices of raw sugar advanced, but "British refined" was reduced from 6d. to 1s. in order to stimulate buying. "December" futures in New York were quoted at 1.32 cents per lb. on Wednesday, against 1.29 cents per lb. a week ago. Wednesday's sales of "raws" include "March delivery" at 6s. 8½d. to 6s. 8½d. per cwt., against 6s. 7d. to 6s. 7½d., and "May," 1932, at 6s. 9½d., against 6s. 9½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	60	3,361	1,066	1,238	7,661	27,291
Liverpool ...	11,548	15,866	12,981	15,154	21,105	68,642
Total tons ...	11,608	19,217	14,047	16,392	28,766	95,933
Last week ...	2,715	148	13,906	17,126	31,205	93,108

COFFEE.—This week's auctions of coffee met with a better demand, and higher prices were realised for Costa Rica and African qualities. Last week's movements of coffee in London were as follows: Brazilian, landed, 252; delivered for home consumption, 156 bags; exported, 346; stocks, 2,641 bags, against 1,595 bags last year. Central American, landed, 3,119 packages; delivered for home consumption, 2,172; exported, 4,210; stocks, 70,504 packages, against 44,869 a year ago. Other kinds, landed, 3,064 packages; delivered for home consumption, 2,648; exported, 2,649; stocks, 53,815 packages, against 62,417 a year ago.

COCOA.—The past week has witnessed a sharp advance in cocoa prices, both in New York and London, and turnover has been on a considerable scale. "December" futures were quoted at 4.95 cents per lb. in New York on Wednesday, against 4.47 cents per lb. a week ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, November-January, at 25s. per cwt. f.o.b. London contract, shows a rise of 2s. 9d. Last week's movements of cocoa in London were as follows: Landed, 335 bags; delivered for home consumption, 9,774 bags; exported, 733 bags; stocks, 152,237 bags, as against 172,756 last year.

TEA.—The quantities catalogued for this week's auction comprised 55,792 packages of Indian, 15,382 packages of Ceylon, and 8,911 packages of Java and Sumatra tea. The Indian auctions opened quietly on Monday, but subsequently the tendency became firmer. Keen competition was experienced on Tuesday, when Ceylon teas were auctioned, but on Wednesday's Indian auctions prices declined, and common and medium teas suffered a setback. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	AVERAGE PRICE PER LB.						Total.
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyassa-land.	
Oct. 30, 1930	s. d. 1 3-11	s. d. 1 2-13	s. d. 1 8-17	s. d. 0 11-30	s. d. 0 11-60	s. d. 9-97	1 3-57
Oct. 8, 1931	1 2-43	0 10-43	1 5-66	0 8-39	0 7-51	0 7-09	1 2-97
Oct. 15	1 1-73	0 11-28	1 6-57	0 8-73	0 7-44	0 6-67	1 1-95
Oct. 22	1 0-91	0 9-99	1 6-15	0 8-87	0 7-41	0 6-73	1 1-26
Oct. 29	1 1-16	0 10-95	1 6-75	0 8-66	0 8-14	Nil	1 1-36

RICE.—The market in rice has been quiet, but prices were again maintained. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 151 tons; delivered, 80 tons; stocks, 1,324 tons, as against 2,709 tons last year.

POTATOES.—The potatoes offered for sale at the principal markets found ready buyers at unchanged prices. At the Borough Market, "Best King Edward" sold at from 8s. to 8s. 6d. per cwt., as compared with 8s. to 8s. 6d. per cwt. a week ago.

SPICES.—Business in spices has been a little more active, and prices were steadier. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a rise of ½d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 2 tons; delivered, 35 tons; stocks, 369 tons, against 494 tons last year. White, landed, 31 tons; delivered, 124 tons; stocks, 331 tons, against 146 tons a year ago.

MEAT.—Prices of meat at the Smithfield market have suffered a sharp decline during the past week. This is, of course, mainly ascribed to the heavier supplies now available. Meat prices generally have not so far declined in price as much as other foodstuffs, and countries like Argentina are therefore increasing the production of meat. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 3s. 8d. to 4s. 4d. per 8 lbs., against 4s. 4d. to 4s. 10d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. to 3s. 6d., as against 3s. 4d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 10,284 tons, as compared with 9,039 tons in the corresponding week last year. Imported beef, principally Argentine, formed 82.5 per cent. of the supplies, as against 79.9 per cent. a year ago; and imported mutton, mainly New Zealand, formed 75.6 per cent. of the total supply, as against 72.7 per cent. last year.

MISCELLANEOUS COMMODITIES.

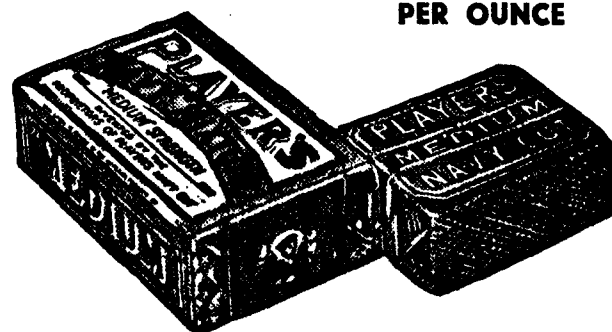
VEGETABLE OILS AND OILSEEDS.—Markets generally are firm and still subject to exchange troubles. Linseed is not offered by Plate shippers owing to the difficulty they have in buying £'s sterling to finance shipments, consequently business is confined to seed afloat, of which there is a substantial supply, the quantity on passage to Europe having risen to 160,800 tons, or 5,700 tons more than last week. Old crop Plate for shipment is now about exhausted, but 180,000 tons is expected to be available from India for shipment to the end of the year. New crop Plate had been in active demand at rising prices. The reports of the crop in Argentina continue satisfactory and an exportable surplus of 2,400,000 tons is confidently anticipated. Current value of Plate on spot and afloat is around £10, and new crop for December shipment £9 17s. 6d., and January-February, £9 5s. Calcutta to London, October-November, is quoted £11 15s. Cottonseed is in good demand and dearer, Egyptian (black) having advanced to £7 in all positions to January. Linseed oil is in fair request and firmer in sympathy with seed, present value on spot being £17 10s., and for delivery to the end of the year £17 5s. ex Hull mill. Cotton oil is dull and neglected, crude Egyptian ex Hull quoting £22 and common edible £25. Oilcakes are in improving demand and steady.

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

In the calm contemplation
of a pipe of good tobacco
new hopes are born and
life's little problems are
viewed in their true per-
spective.

**1/1
PER OUNCE**



N.O.T. 2

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders.....				English Southdown, washed				Best heavy ox and heifer			
GRAIN, &c.—				American, boxes, 56 lbs. 53				per lb. 13				Best cow			
Wheat, No. 2, N. Man. 496 lb.	34	3		POTATOES—				" Lincoln hog, washed				Best calf			
Eng. Gaz. av., per cwt.	6	5		Good English, per cwt. 8				Queensland, scd. super cmbg.				INDIGO—			
Barley, Eng. Gaz. av.	9	1		SEEDS—				N.S.W. greasy, super				Bengal gd. red-vio. to			
Oats, 240 lb.	22	3		Pepper, per lb.—				N.Z., gray, half-bred 50-56				fine—per lb.			
Maize, La Plata, landed, 480 lb.	22	3		Muntok, fair White				Crossbred 40-44				LEATHER—			
Flour, Lon. stan. ex mill, s. d.	24	3		Black Lampong				Top—				Sole Bends 8/14 lb.—			
Rice, No. 2 Burma, per cwt.	8	9		Cinnamon—1st sort, per lb.				Merinos 70's				per lb.			
Sago, Pearl, per cwt.	16	6		Cloves—Zanzibar per lb.				" 64's				Bark Tanned Sole			
Tapoca, per cwt.	17	6		Ginger—per cwt.				Crossbred 48's				Shoulders for DS Hides			
E.I. flake, fair spot	20	0		African				" 46's				Do. Eng. or WS do.			
Medium pearl	20	0		Jamaica, ord. to good...				MINERALS.				Bellies from DS			
MEAT—				Nutmegs 65s				COAL—				Do. Eng. or WS do.			
Beef, per 8 lbs.—				SUGAR—				Welsh, best Ad'ty...				Dressing Hides—			
English long sides	4	0	4	(Duty, 11s. 8d. per cwt.)				Durham, best gas, f.o.b.				Ro. Eng. Calf, 20/30 lb.			
Argentine chilled hinds	3	8	4	B.W.I., crystallised				Tyne				Aust. Bends			
Mutton, per 8 lbs.—				Java, white, c. & f. India				Sheffield, best house, at				VEGETABLE OILS—			
English wethers	4	4	5	October-December				nls				Linsed, naked, p. ton net			
N.Z. frozen	3	0	3	REFINED—London—				IRON AND STEEL—				Rape, refined			
Pork, English, per 8 lbs.	5	4	5	Yellow Crystals				Pig, Cleveland No. 3, ton				Cotton-seed, crude			
OTHER FOODS.				Cubes				Bars, M'brough				Coconut, crude			
Irish—				Crushed				Steel Rails, heavy				Palm			
Danish—				Granulated				Tin Plates, per box				Oil Cakes, Linsed, Eng.			
Dutch—				Home Grown				METALS—				per ton			
HAMS—Irish	0	0	0	TEA—				Copper, Electrolytic, ton				Oil Seeds—Linsed—			
Canadian—	0	0	0	Indian—per lb.—				Sheets (strong)				La Plata, p. ton—			
American—	92	6	0	Pekoe				Standard				October-November			
BUTTER—				Broken Pekoe				Lead Eng. Pig				Calcutta—per ton—			
Irish creamery per cwt.	0	0	0	Orange Pekoe				Soft Foreign				Turpentine, per cwt.			
Australian	109	0	113	Broken Orange Pekoe				Spelter G.O.B.				Motor spirit, No. 1, Lon-			
New Zealand	112	0	118	Ceylon—per lb.—				Tin—English Ingote				don			
Danish	132	0	134	Pekoe				Standard cash				PETROLEUM PRODUCTS—			
CHEESE—				Orange Pekoe				CHEMICALS—				Motor spirit, No. 1, Lon-			
Canadian—	69	0	70	Broken Orange				Acid, citric, per lb. less 5%				don			
New Zealand	68	0	69	Duty 9/6-10/6 per lb.				Nitric				Petroleum, Amer. ref.			
English Cheddars	70	0	90	Empire growths, 7/5½				Oxalic, net				bri. London per gal.			
Dutch	58	0	66	8/3½ per lb.)				Tartaric, English less 5%				Fuel oil, in bulk, for			
COCOA—				Virginia leaf				Alcohol, Plato Ethyl				contracts, ex instal.,			
(Duty, British grown,				Common to fine				Alum, lump				Thames			
11s. 8d.; foreign, 14s. cwt.)				Rhodesian leaf				Ammonia, carb.				Furnace			
Accra, f.f., per cwt.	24	0	30	Nyassaland leaf				Sulphate				Diesel			
Trinidad	40	0	50	" stripes				Arsenic, lump				London—per ton—			
Grenada	30	0	37	East Indian leaf				Bleaching powder, per cwt.				Pales			
COFFEE—				" stripes				7/10/0 6/12/6				Reds			
(Duty, British grown,				COTTON—				BORAX, gran.				Cylinder			
11s. 8d.; foreign, 14s. cwt.)				Mid-American				Do. powder				ROBIN—			
Santos sup., c. & f. cwt.	51	0	0	Sakellardis, f.g.f.				Nitrate of Soda				American			
Colombian, good	75	0	100	Yarns, 32's twist				Do. Chlorate, net				St. ribbed smoked sheet			
Costa Rica, med. to good	82	0	125	60's twist				Sulphate				Fine Hard Para per lb.			
East Indian	88	0	122	FLAX—				Sal-Ammoniac				SHELLS—			
Kenya, medium	75	0	90	Livonian ZK				Do. per cwt.				TN Orange			
EGGS—				Peruvian H.D.				Coca Bicarb.				W. Aust. M.-o.-P.			
English	22	0	24	Kenya, medium 1st sort				Crystals				TALLOW—			
Danish	14	6	16	HEMP—				Sulphate of Copper per ton				London Town per cwt.			
FRUIT—				Italian P.O.				Do. 2½ x 7				TIMBER—			
Oranges—				Manila, Oct.-Dec. "J2"				Do. 2 x 4				Swedish u/s 3 x 8			
South African boxes	11	6	16	N.Z.				Castor-oil				Do. 2½ x 7			
Lemons, Sicilian boxes	8	0	19	Sisal, African, Oct.-Dec.				Ipecacuanha				Can'dn Spruce, Dis.			
" " " " " " "	12	0	30	Mexican				Peppermint, Wayne Co.				Pitchpine			
Malaga cases 420 No. 1	16	0	17	JUTE—				DRUGS—				Rio Deals			
Apples: Amer. (var.) bris.	21	0	22	Native 1st mks. per ton				Wet salted—Australian				Teak			
" (var.) boxes	10	6	11	c.i.f. H.A.R.B.				Japan, refined				Honduras Mahg. logs			
" Australian	0	0	0	November-December				Do. 2 x 4				African			
Onions:				Dalsee 2/3 c.i.f. Dundee				Do. Ash				Amer. Oak Boards			
Valencia, case, 4s.	8	9	9	October-November				Cape				Do. Oak Planks			
Egyptian Bags	0	0	0	SILK—				West Indian				Do. Ash			
Grapes, Lisbon boxes	0	0	0	Canton				Do. 4 x 4				English Oak Planks			
" Almeria bris.	5	0	16	Tussah				Do. 4 x 4				Do. Ash			
				Japan				Dry and Drysalted Cape							
				Italian—Raw, fr. Milan											

HIDE, LEATHER AND ALLIED TRADES.—

depleted and rates of $4\frac{1}{2}$ to 5 or $5\frac{1}{2}$ per cent. for new money were the rule. Renewals, which last week were arranged outside the clearing banks at $4\frac{1}{2}$ per cent., have since hardened to $4\frac{3}{4}$ per cent., and there is no doubt that the 6 per cent. Bank rate is more effective than it was a week or two ago.

The market recognised this on Friday of last week when Treasury bill applications were cut down from £60.3 to £55.3 millions. As the number of bills on offer was increased from £40 to £45 millions the average tender rate rose sharply from £5 5s. 1.42d. to £5 10s. 8.47d. per cent. Hot Treasuries were immediately quoted at $5\frac{1}{8}$ per cent., and they have remained there all the week. The result is that the market is now once more able to obtain its turn on hot Treasury bills. Three months' Bank bills are quoted at $5\frac{3}{8}$ to $5\frac{1}{2}$ per cent., according to their character, but business has been very restricted owing to lack of confidence in the international outlook. The clearing banks are still buying such short bills as are available, and at the week-end $4\frac{3}{4}$ per cent. was paid for the favourite end-of-December maturity. Still, apart from Treasury bills, the discount market has been very idle.

The Bank return records few important changes. In the Issue Department the note circulation has contracted by £1.7 millions, and with the gold stocks practically unchanged, an additional £1.6 millions is available for the Banking Department's reserve. There has been a turn-over of £3.7 millions from "other" to Government securities in the Issue Department. In the Banking Department Government securities have contracted by £2.8 millions. Discounts and advances have expanded by £0.9 millions, while other securities have fallen by £2.7 millions, or a net decrease of £4.6 millions in the Bank's earning assets. Among liabilities, public deposits are £0.7 millions lower, other deposits £1.9 millions lower, and bankers' deposits £0.5 millions lower. The proportion of the Banking Department's reserve to liabilities stands at 33.6 per cent., and the reserve ratio of the Bank's gold to note and deposits at 25.7 per cent. Both these figures are high enough to leave some margin for the anticipated expansion in the note circulation.

	Oct. 22, 1931.	Oct. 29, 1931.	Nov. 5, 1931.	Nov. 12, 1931.	Previous Rate and Date Changed.
Bank Rate	6%	6%	6%	6%	$4\frac{1}{2}$ (Sept. 21, '31)
Banks' Deposit Rate...	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
Discount of Call	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
Houses' Notice ...	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$2\frac{1}{2}$ (Sept. 21, '31)
Market rate (3 months' bills)	$5\frac{1}{2}$ - $5\frac{3}{4}$	$5\frac{3}{8}$ - $5\frac{1}{2}$	$5\frac{3}{8}$ - $5\frac{1}{2}$	$5\frac{3}{8}$ - $5\frac{1}{2}$	...

No further developments have taken place with regard to the position of German renewal bills drawn after November 26th, and if of three months' usance maturing after February 29th, the date when the "stillhalte" agreement terminates. It is known that discussions are taking place in London and other centres, and various reports have been heard in the market, to which little credence should as yet be attached. It is generally recognised that the whole question of the "stillhalte" agreement is bound up with that of reparations, and for that reason it is not surprising that on Thursday morning London discount rates eased temporarily on an unconfirmed report that France and Germany had reached an agreement upon the method of procedure on the reparations question. It would be of great convenience to the discount market if the future of the "stillhalte" agreement and certain doubts as to its proper interpretation could be settled before November 26th, and in the meantime this uncertainty is restricting business.

The October statements of the nine English clearing banks show that the decline in deposits has been checked. To some extent the October increase may be seasonal, for a similar expansion occurred last year. At the same time, it is some evidence of a return of confidence, and of a cessation of the net outflow of funds from this country.

	October, 1930.	July, 1931.	August, 1931.	September, 1931.	October, 1931.
Capital and reserves.....	132.1	132.1	132.1	132.1	132.1
Acceptances	116.4	113.0	112.6	118.3	111.2
Deposits (including undi- vided profits, &c.).....	1,791.2	1,750.5	1,708.6	1,675.7	1,687.8
Total liabilities	2,039.7	1,995.6	1,953.3	1,926.1	1,931.1
Coin, notes, balance at bank, and cheques in course of collection	239.3	228.9	223.0	218.2	225.5
Money at call.....	141.9	126.9	110.5	104.2	111.7
Investments	283.3	308.7	311.2	313.4	313.0
Discounts	296.0	279.2	261.3	234.5	235.0
Loans and advances.....	922.3	899.7	892.4	895.0	894.4
Cover for accept., promises, &c.	156.9	155.2	154.9	160.8	153.5
Total assets	2,039.7	1,995.6	1,953.3	1,926.1	1,931.1

The expansion in deposits is reflected mainly in increases in cash and call money among the banks' assets, and discounts, investments and advances are all practically unchanged. Acceptances have fallen back to their August level, and it looks as if the September figure was abnormal. Taking the returns as a whole, they do not suggest that the British banks are being called upon to finance much fresh business, especially when the rise in sterling commodity prices is taken into account.

Money on Wall Street is definitely easier, for while call money remains at $2\frac{1}{2}$ per cent., discount rates on bankers' acceptances have been cut, so that 90-day bills in the open market are this week quoted at $3\frac{1}{4}$ - $3\frac{1}{2}$ per cent., against $3\frac{1}{2}$ - $4\frac{1}{2}$ per cent. a week ago. These declines in part reflect the general improvement in tone, inspired largely by the rise in wheat prices. At the same time there is outstanding \$1,000,000,000 of Government short-term paper maturing in early December. Hence a period of easier money would be of assistance from the Government point of view. The Treasury estimates that money in circulation increased from \$5,246 to \$5,539 millions during October, but it is argued that part of this increase is seasonal. The corresponding figure for October last year was \$4,492 millions. Gold continues to arrive from Japan, the receipt of \$15 millions being reported at San Francisco last week, raising Japan's total shipments to \$90 millions for the preceding month.

The foreign exchange market remained quiet during the past week, the tendency of rates being generally favourable to sterling. New York, after rising to 3.80 on November 11th, closed at 3.78, against 3.75 a week ago. Montreal was quoted 4.19, a rise of 2 cents on the week. Paris was more favourable to sterling, closing at 96 $\frac{1}{2}$, and Brussels moved in our favour from 26 $\frac{3}{4}$ to 27 $\frac{1}{4}$. Italian lire and Dutch guilders were also on offer at 93.00 and 9.40 respectively. Switzerland cheapened against sterling to 19.30, as did Berlin to 16.00. The Scandinavian exchanges were all better from our point of view, Stockholm being quoted at 17.80, Oslo at 17.85 and Copenhagen at 17.70. Business in the South American exchanges was very restricted owing to local regulations, and turnover was on the small side. Buenos Aires moved to 39 $\frac{1}{2}$ d. from 36 $\frac{1}{2}$ d. a week ago, reflecting a considerable improvement, but one which resulted solely from the lack of a free market. Rio remained around 4d., and Monte Video was 28 $\frac{1}{2}$ d. Rupees continued in demand, rising to 1s. 6 $\frac{3}{4}$ d. Japan fluctuated uncertainly with the rumours about the abandonment of the gold standard, and closed at 2s. 7 $\frac{1}{2}$ d. In the forward market dollars were in better demand at premiums of $\frac{1}{4}$ cent for one month and $\frac{1}{2}$ cent for three months. Dutch florins moved to premiums of 1 and 3 cents, and Paris was quoted $\frac{1}{4}$ franc premium and $\frac{3}{8}$ franc premium for the respective periods. Brussels forwards continued at last week's levels. Forward Milan was at a discount of $\frac{1}{4}$ lire for one month and $\frac{1}{2}$ lire for three, and forward pesetas were at discounts of $\frac{1}{4}$ peseta and 1 peseta, but continued a nominal market. Forward Switzerland was at premium of $\frac{1}{8}$ franc and $\frac{1}{4}$ franc. Berlin forwards remain unquoted. Silver was a firm market, rising to 21 $\frac{3}{4}$ d. on November 10th for spot, but closed under the best at 20 $\frac{3}{4}$ d. for spot and 20 $\frac{3}{4}$ d. for forward. The silver exchanges moved sympathetically to 1s. 6 $\frac{1}{2}$ d. for Hong Kong and 1s. 11 $\frac{1}{2}$ d. for Shanghai.

MR MACDONALD'S LEAD.

MR MACDONALD and his new National Government have made a definitely promising start. A week ago, when the names of the Cabinet were announced, we found the omens to be favourable, in that the Prime Minister had succeeded in achieving, among the body of his immediate colleagues, a very fair balance of the forces which joined together in the victorious appeal to the country. The omens were not misleading. The announcement of the personnel of the Government outside the Cabinet confirms earlier impressions; a strong team has been gathered, and extremists of any shape or description have been rigidly excluded. Moreover, in his first post-election speech, at the Lord Mayor's banquet on Monday, Mr MacDonald emphasised that both the Government's victory and its tasks were of a national and not of a party nature. The King's Speech at the opening of Parliament on Tuesday conformed completely with the Premier's election manifesto, and, as the new Government sets out on its adventurous voyage, one receives the impression of a determination among the officers of the ship to hold together and to obey, in the spirit and in the letter, the terms of the agreement under which the country engaged their services.

But, happily, reason for satisfaction with the Government's initial essays does not stop there. The speech which the Prime Minister delivered at the Guildhall was remarkable, not merely for its strict adherence to the national, as distinct from the party, angle, but even more for its firm grip of the essential fact that British policies must not be conceived inside a watertight chamber of domestic ambitions, but must be studiously elaborated in relation to a full review of the difficulties of the international situation. Mr MacDonald's speech was, indeed, an admirable and comprehensive survey of world problems and also of the way in which these problems touch the economic life of Britain, and, of necessity, condition future British policies. "The economics of Europe must be straightened out and rationalised before any nation in Europe can find foundations for stable economic and industrial conditions." Again: "See how everything hangs together and runs into vicious circles. Examination of the monetary crisis leads inevitably back to the economic chaos in Europe. Why? This chaos has been attacked by committee after committee set up by the League of Nations, also by certain Governments, but everyone has sooner or later come up against the prohibitive tariffs, reparations and war debts." Mr MacDonald asseverated his Government's determination to play its part in the process of "disentangling" this knotted skein, and he laid especial emphasis upon the view that the time has come for negotiation of permanent settlements, and that the time has passed for temporising makeshifts. Nor is Mr MacDonald under any illusion as to the outstanding lesson of what is going on around us. "We have been witnessing," he said, "the complete breakdown of the doctrine of national economic self-sufficiency, and have been giving to the historians and economists of all time material for many a study in the inefficiency and insufficiency of that doctrine." In those phrases we find not merely the kernel of the truth but also convincing assurance that the leader of the new Government is not the man to be stampeded by those who press him to adopt hastily and unthinkingly for England the very policies which he has so eloquently condemned as a primary cause of Europe's discontents.

Indeed, it was a keynote, not only of the Guildhall speech, but also of the Prime Minister's statement in the House of Commons in the debate on the Address, that the Government must be given time for concentrated study, and must not be expected to wave the wand of healing magic. This attitude was illustrated in Mr MacDonald's reference to the Government's policy in regard to the future stabilisation of the pound. While admitting that the stabilisation of sterling is an important desideratum of world economic confidence, and expressing

the desire to achieve stability at the earliest practicable date, he made it quite clear that the time and level and method of stabilisation must depend to no inconsiderable extent upon international factors. It is, in fact, legitimate to read into both the speeches which Mr MacDonald has made this week this meaning: that the task of the present Government and Parliament does not lie in the field of domestic legislation, but in the sphere of international negotiation for the betterment of world trade conditions which must be a prelude to the revival of prosperity here. No nation can be prosperous in a sick world, and until European statesmen co-operate to remove their common maladies no Government can restore happy conditions to any member of the Euporean family, even if it dwell upon a sea-girt isle.

The upshot of the first week of the new Cabinet's life would appear to be this: that the expectations entertained in some foreign centres that the sweeping Conservative majorities achieved in the General Election would be followed by headlong protective measures will not be realised. It is true that the intransigent Protectionists are neither silent nor inactive, and that their claims for tariffs at once have been sponsored in the House of Commons very forcefully by Mr Churchill. It appears also that the new President of the Board of Trade, Mr Walter Runciman, will next week ask the House of Commons for powers to impose duties on imports which may prove to be entering this country in "abnormal" quantities. If it were to be the case that our markets were for one reason or another being submerged by an unprecedented flow of foreign goods, so great that the temporary flood might imperil the stability of the pound and our capacity to obtain essential imports, there is no school of fiscal thought which would resist the claim for some measure of action against the temporary menace; and, therefore, since one section of thought in this country believes that those conditions might arise, we do not cavil at the Government taking such powers of action into their hands. But for the moment it is sufficient to note that the Government has no intention of being driven by sectional clamour into a quick and haphazard revolution of the traditional fiscal system of the country.

In the House of Commons, as at the Guildhall, Mr MacDonald laid stress upon the inter-connection of Continental and British trade problems, and when urged by Sir Henry Page Croft and Mr Hannon, those indefatigable twin protagonists of high Protection, to "think of Britain first," Mr MacDonald, in an eloquent phrase, replied that "the storm clouds" were coming from the Continent at the moment and intensifying all our problems. And again, when further pressed on the same lines, Mr MacDonald answered "You cannot possibly deal with the financial and industrial position of this country without considering it in relation to the weaknesses abroad. . . . Negotiations must be put in hand at once, and the Government will take up most of its time immediately upon that." We believe that the Prime Minister's unwearied insistence upon the international key to the solution of British problems has made a profound effect upon business communities in this country, and we believe also that the Government's determination to present a united front to the world is shared by a large body among the Conservative rank and file. That is enough for the moment, and it is unprofitable to prophesy the course of those influences which will be at work in the Conservative Party and Press between now and the next session of Parliament, which is to begin in February.

The task of getting the Governments together to restore sanity to an economically mad world is a task for Titans. As if that were not enough, the question of the future Government of India, in itself one of the most complicated questions ever presented to statesmen, claims immediate and vital decisions. In addition, the problems of internal industrial and trade efficiency, which, to borrow a phrase from the Prime Minister, are of "colossal magnitude," are knocking urgently at the door, and the list of

first-class pre-occupations is enlarged by the crisis in Manchuria, with all that it means for the future of the League and of world peace and disarmament, and the problem of closer co-operation between the various countries that form the British Commonwealth of Nations. Insatiable, indeed, would be the Government that asked for a more stupendous programme of constructive, preparatory and diplomatic work to occupy fully the energies of the strongest and wisest team of statesmen. There is no room, and there is no time, for our political leaders to turn their eyes aside for one moment to considerations of party or parochial importance, and it is the most comforting reflection of the week that this fact is realised to the full by Mr Ramsay MacDonald.

THE LEAGUE OF NATIONS AND JAPAN.

ON Monday, the Council of the League of Nations is to re-assemble in order to take action in regard to the conflict between China and Japan. When the Council went into recess three weeks ago, it was hoped that, when it met again, it would have a less difficult and less disagreeable task. It was hoped that this time its first business would be not to take action itself, but to register and approve an act of the Japanese Government which would have made action by the League unnecessary.

The last act of the Council before it dispersed was to put on record a draft resolution calling upon the Japanese Government to withdraw its forces, before November 16th, to within the limits of the Japanese zone, in consideration of arrangements for the safety of Japanese persons and property in Manchuria outside these limits—arrangements in which the League offered to co-operate with the Chinese authorities. When these essential preliminary conditions had been fulfilled, the Council looked forward to negotiations between Japan and China—to be assisted by the Council's own good offices—for a settlement of the questions in dispute. This resolution lacked legal validity only because the issue has been raised by China, up to this point, under Article 11 of the Covenant; and under this article—which is the mildest weapon in the League's armoury—the votes required to achieve legal unanimity include those of the parties to the case. Thus Japan's sole dissentient vote was sufficient to deprive the Council's draft resolution of its juridical effect—though not of its moral value.

Its moral value is illustrated by two facts. In the first place, as M. Briand pointed out in his note of October 30th, addressed to the Japanese Government, to which we referred last week, the major part of the draft resolution has already been endorsed by Japan herself in previous resolutions or statements to which the Japanese representative on the Council has made himself a party. In the second place, the United States Ambassador in Tokyo has informed the Japanese Government that the United States Government associates itself with the Council's draft resolution. In view of all these circumstances, it was reasonable to hope that the Japanese, in spite of having voted against the Council's draft resolution at Geneva, would nevertheless comply with its terms in Manchuria before the date set by the Council arrived.

In that event the Council would have been able to pass on, this coming Monday, from the first to the second stage of the proceedings. It would have achieved its primary and elementary duty of banishing the threat of war and of preventing the settlement of an international controversy through the application of military force by the stronger of the two parties. The Council could then have turned its energies, from the beginning of next week onwards, to the posterior task of helping the two disputants to clear up the underlying issues. Unfortunately, the events of the last three weeks—and particularly the events of this last week of all—have confronted the Council with a very different situation from that which it had hoped to find awaiting it.

The Council still finds itself faced with its primary problem, and this in an aggravated form. It has still to

secure the withdrawal of the Japanese forces from those Manchurian territories under Chinese administration, outside the Japanese zone, which the Japanese army has occupied by *force majeure*. The delay which the Council has accorded to Japan has been used—through no fault of the Council's—by the Japanese; not to improve the situation, but to make it worse. So far from withdrawing, the Japanese have greatly increased the area of their military operations; and this "forward policy"—deliberately carried on after the Council's draft resolution had been made public—has resulted in the most serious fighting between Chinese and Japanese forces that has yet taken place since the beginning of the present Manchurian crisis.

This fighting has arisen out of the dispatch of a Japanese repair gang, under the escort of a Japanese military force, to repair the bridge over the Nonni River, which carries the Chinese-owned and Chinese-operated railway from Supingkai to Tsitsihar. Supingkai is a point on the Japanese-owned South Manchurian Railway. Tsitsihar is the capital of the Chinese province of Heilungkiang, and it lies on the further side of the Chinese Eastern Railway, which is under joint Chinese and Russian ownership and management. The Nonni Bridge is less than fifty miles from Tsitsihar itself and considerably nearer to Anganki, where the Supingkai—Tsitsihar Railway and the Chinese Eastern Railway intersect. The Nonni Bridge is thus not only right outside (in fact, some two or three hundred miles outside) the Japanese zone in Manchuria. It is on the edge of a zone in which the Russians have a special interest, comparable in origin and character to the Japanese interest in the south.

According to the Japanese account, the Japanese expeditionary force to the Nonni Bridge began by sending parlementaires to the local Chinese military commander, General Ma, who agreed to withdraw his troops ten kilometres. His orders, however, to this effect, were apparently communicated only by telephone and messenger, and not in writing, to the Chinese officer commanding the front line. Thereafter, when the repair gang and its escort arrived at the bridge, the Chinese front line opened fire; and stubborn fighting began, which resulted, on Friday, November 6th, in the ejection of the Chinese from their positions. The Japanese are now repairing the bridge, and they have not rescinded their original declaration that they intend to retire as soon as the repairs are completed; but for this, as for other occupations of Chinese territory beyond the Japanese zone, the Japanese have committed themselves to no time limit. Meanwhile, it remains uncertain whether the local Chinese forces will deliver a counter-attack. On the other hand, it has unhappily become certain that, when the Council meets again on Monday, it will find its demand for a Japanese withdrawal still further from fulfilment than it was three weeks ago.

On November 6th, M. Briand again reminded the Chinese and Japanese Governments of their undertakings not to aggravate the situation. But what action will the Council take the day after to-morrow? In every respect the situation has been going from bad to worse. At Mukden, the puppet Chinese Government set up by the Japanese military authorities is reported to have proclaimed its independence. At Tientsin, a Chinese mob has attacked the Japanese Concession and has been driven back by machine-gun fire. In Japan, the League Secretariat, as well as certain League missions in China, have been most unwarrantably accused of displaying an anti-Japanese bias. And it has been announced semi-officially at Tokyo that, whatever the League Council may say or do, the Japanese forces will not be withdrawn until China has complied with the Japanese "Five Points" to Japan's satisfaction.

It looks as if not only a conflict of wills but a trial of strength between Japan and the League Council were now almost inevitable. What is the next step? It is open to China to transfer the issue, which she has hitherto raised under Article 11 of the Covenant, to Article 15. The difference in procedure would be two-fold. Under Article 15, unlike Article 11, the unanimity required to give validity to a decision of the Council is exclusive of the votes of the parties to the dispute. In the second

place, Article 15, unlike Article 11, has a sanction in the shape of Article 16, which opens as follows:—

"Should any Member of the League resort to war in disregard of its covenants under Articles 12, 13 or 15, it shall *ipso facto* be deemed to have committed an act of war against all other Members of the League, which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a member of the League or not."

This paragraph bristles with difficulties. Supposing that the case is now transferred from Article 11 to Article 15, and the Council decides that Japan has disregarded her covenant under this Article, whose responsibility is it to decide whether Japan has "resorted to war"? Does the decision lie with the Council, or with the several Governments of the States Members of the League at their own discretion? Since 1920, the interpretation of this article has been engaging the attention of the Assembly and the Council and the Secretariat; but hitherto no interpretation or amendment of the Article has attained legal validity, so that we have to make the best that we can of the Article as it stands. But it is evident that, next week, the Council, and the States Members, including Great Britain, may be called upon to consider what the Article means, how it is to be applied, and whether or not it is right and wise to apply it in the present instance.

Two points are clear. The first is that Japan is more vulnerable to economic sanctions than any other Great Power in the world except, perhaps, Great Britain. In the second place, if the League fails in Manchuria now, the cause of disarmament and security in Europe will have been lost before the World Disarmament Conference meets in Geneva next February. If Japan overrides the League Council now by sheer force of arms, France and her Continental European military allies will justly infer that, in the world as it is, superiority of armaments is the only effective means of security; and neither Covenants nor Protocols nor Kellogg Pacts will have any value in their eyes any longer. In fact, the value of all instruments of co-operative security will fall to zero, and armaments will remain the only reality. The stakes on the Council table, this coming week, are terribly high.

THE FUTURE OF THE OPPOSITION.

ON TUESDAY last a joint meeting of the General Council of the Trades Union Congress and the Executive Committee of the Labour Party was held to consider the results of the General Election and to make plans for the future. The official report of the decisions reached promises "an energetic effort to extend the influence of the organised Labour movement and to promote the closest and most continuous co-operation between its political and industrial sides," to be embodied in "joint propaganda in the country." This *communiqué*, however, couched in vague, not to say traditional, terms, affords no indication that either the political or the industrial side of the Labour movement has yet got to grips with the real problem which calls for a decision, namely, the future orientation of the Parliamentary Party's policy. Much will turn on that question, and though policy tends to be gradually evolved rather than determined by sudden resolutions, the attitude of Labour leaders with regard to the future seems likely to be conditioned largely by their reading of the past.

In reviewing the outcome of the General Election, Tuesday's meeting placed on record its disapprobation of the "panic methods" employed by supporters of the National Government; but though appeals to various emotions, including that of fear, cannot be dismissed as wholly negligible factors in determining the results of the polls, their influence is unlikely to be exaggerated by the clearest-thinking elements in the Labour movement, who are prepared to face the facts and to draw from them the correct deductions. The facts are that though seven million of the electorate voted Labour, this number included not only a considerable sprinkling of middle-class "radicals" (in the American sense), but a proportion of Liberals who could not find it within their conscience to

The MERCANTILE BANK of INDIA

LIMITED.

Head Office: 15, Gracechurch St., London, E.C.3

Branches and Agencies throughout the East.

INTEREST ALLOWED ON DAILY CREDIT BALANCES.

vote for a Conservative, even though the "National" label was affixed to his candidature, or who decided that, regardless of all other considerations, their vote should be cast in favour of Free Trade. There is no shadow of doubt that a very large block of predominantly working-class votes which the Labour Party gained in 1929 was lost in 1931, and this swing over was most marked, not in Labour's politically "backward" areas—the counties—but in industrial constituencies where Labour's previous progress had been, arithmetically, at least, most striking.

In searching for explanations of last month's crushing blow to their onward march, the Labour Party Executive, if they are honest with themselves, can hardly deny that two factors, much more potent than "scare" propaganda about the collapse of the pound or the insolvency of Savings Banks, emerge from the electoral results. In the first place, the vast majority of the electors had no desire to give the Government of this country a mandate to put into effect a Socialist policy whose consequences would be, in the economic sense, of a revolutionary character. In the second place, the electors recognised that the Labour Party in its manifesto had now more patently than ever put forward a programme which meant either a revolutionary break with the existing economic order—or nothing. By no means in the mind for revolutionary Socialist experiments, the country had seen the late Labour Government endeavouring not very successfully for two years to reconcile its professed Socialistic theory with the practice of administering the country on "capitalist" lines, and it had pronounced the results to be, as they were, ineffective in times of comparative ease and lacking courage in moments of crisis.

Under these circumstances the Labour Party has two alternatives. On the one hand it can endeavour to convert the vague millennial promises of "Labour and the Nation" into a class-conscious revolutionary Socialist programme which is really meant for immediate application. This course, no doubt, may be urged by the Left Wing elements, but it would be highly repugnant to the Party's present leadership and would drive into exile the majority of the Party's middle-class members, who have contributed not a little to the Party's influence and prestige. Moreover, unless the "capitalist" system gets itself into such an intolerable mess that political reactions, to-day unpredictable, are the consequence of its breakdown, it would mean a Conservative-Nationalist majority in Parliament for many years, perhaps a generation, to come. The wiser members of the Labour Party's Executive are unlikely to forget one lesson of the recent election, which is that, quite apart from lack of enthusiasm for constructive Socialism, a party appeal based on predominantly working-class support is more apt than any other to be the victim of a propaganda stampede to which the more highly educated and reflective portion of the electorate (to give the middle-class its due) is less vulnerable.

The alternative would be to relegate the millennium to an upper shelf and to endeavour to concentrate on a programme for immediate application on "progressive" lines. This in turn would mean shedding the Left Wing and, as Mr Lloyd George suggested, widening the Party's area of recruitment; for "progress" on purely working-class lines would be apt, in terms of a party programme, to mean an undue concentration on the maintenance of nominal wages and crude, unconstructive eleemosynary measures. As such it would never achieve a wide enough

appeal to be effective. Will a reorientation on lines of moderate progress, calculated to attract the very large body of Left Centre opinion in this country, be the Labour Party's future? The answer depends to some extent on the course of events in Parliament; but it depends also to an even greater extent on the attitude of the Trades Union Congress. Traditionally the Parliamentary Labour Party's *provenance* has been the trade unions who, for all the Party's more recent recruits from Liberalism, have continued to be its solid core of support, both financially and electorally. Sudden or complete severance of the political side of the Labour movement from the industrial is scarcely a probability, but it remains to be seen how far, on mature reflection over the results of the General Election, the Trades Union Congress may deem it to their own interests to concentrate more on industrial negotiations, leaving greater liberty of action to the Parliamentary Party. Nor is it necessarily to be assumed that if the Labour movement as a whole sees that it has come to the parting of the ways—revolutionary Socialism or gradual progress on realist lines—the verdict of the T.U.C. would necessarily be cast in favour of the former course.

OCTOBER TRADE.

THE trade returns for October are of interest as covering the first month since this country went off the gold standard. It was not, of course, to be expected that the October figures would show in any very marked degree the "corrective" effects of the depreciation of sterling. On the one hand, export orders placed in this country during the past six weeks will in most cases not appear for some months in the trade returns, while, as regards imports, not only have many uncompleted contracts still to run, but the long-run influence of the pound's depreciation in checking purchases from abroad might be expected to be neutralised for some time by larger imports of raw materials required on account of enhanced manufacturing activity. For these reasons, the October returns shed little light on our foreign trade situation under the new conditions created by our departure from gold, and in the main reflect conditions that obtained prior to that event.

Our trade, like that of our chief competitors, presents a very gloomy picture—with our imports reduced in value by one-third and our exports by nearly one-half since 1929. These figures, indeed, even more than those of unemployment or of production, are the measure of the slump that has overwhelmed the commercial world, and is responsible for the financial crisis. It is true that there is an expansion of exports, as compared with September, but both in their case and in that of imports, seasonal fluctuations have to be taken into account. In the first table we show in summary form the value figures for the month of October and for the first ten months of this year, as compared with those of 1930 and 1929:—

MONTH OF OCTOBER.
(000's omitted.)

	1931.	Increase or Decrease as compared with			
		October, 1930.		October, 1929.	
Imports	£ 80,685	£ -10,172	% -11.2	£ -29,553	% -36.8
British exports	32,832	-14,089	-30.0	-31,757	-49.2
Re-exports	5,276	-1,933	-26.8	-3,852	-42.2
Total exports	38,109	-16,022	-29.6	-35,609	-48.3
Excess of imports over total exports	42,576	+ 5,850	+ 15.9	+ 6,056	+ 16.6

FIRST TEN MONTHS.
(000's omitted.)

	1931.	Increase or Decrease as compared with first ten months of			
		1930.		1929.	
Imports	£ 701,976	£ -173,844	% -24.8	£ -305,221	% -43.5
British exports	325,223	-162,814	-33.3	-282,778	-48.1
Re-exports	53,532	-21,356	-28.5	-40,035	-42.8
Total exports	378,755	-184,170	-32.7	-322,813	-46.1
Excess of imports over total exports	323,221	+ 10,326	+ 3.3	+ 17,592	+ 5.7

The percentage decline in British exports in October, as compared with a year ago, was almost exactly the same as the figure recorded in a similar comparison for September. On the other hand, the percentage drop in imports amounts to only 11.2 per cent., as compared with 13.1 per cent. in September, and the excess of imports over exports has risen somewhat. It should, however, be borne in mind that imports and, to a lesser extent, exports, normally increase between September and October. The extent of the expansion in recent years has been as follows:—

INCREASE BETWEEN SEPTEMBER AND OCTOBER.
Average 1927-29

	£	1930
Imports	10.2	12.3
Exports	5.9	4.2

The extent to which this seasonal increase has taken place in the present year and the main categories in which it has occurred is brought out clearly in the following table:—

	Oct., 1930.	Sept., 1931.	Oct., 1931.
Imports :	£'000.	£'000.	£'000.
Food, drink and tobacco	44,101	33,631	40,815
Raw materials and articles mainly unmanufactured	18,107	11,219	11,907
Articles wholly or mainly manufactured	27,715	22,618	27,249
Total	90,857	68,318	80,685
British Exports :			
Food, drink and tobacco	4,381	2,744	3,371
Raw materials and articles mainly unmanufactured	5,346	3,733	4,306
Articles wholly or mainly manufactured	35,916	22,223	23,958
Total	46,922	29,846	32,832
Re-exports :			
Food, drink and tobacco	2,091	1,312	1,872
Raw materials and articles mainly unmanufactured	3,077	1,040	1,859
Articles wholly or mainly manufactured	1,966	1,372	1,529
Total	7,209	3,761	5,277

It will be seen that total imports increased in October by £12.4 millions, or a rate of increase some £200,000 greater than a year ago. Imports of articles "wholly or mainly manufactured"—a category which includes many commodities which are raw materials for our own finishing industries—increased by £4.3 millions, against a corresponding increase of £3.1 millions between September and October, 1930, but, even so, their value was less than a year ago. Exports increased by £3 millions, or rather less than the amount of expansion recorded at this time last year; but, as has been said, the export bounty resulting from the depreciation of the pound could not be immediately reflected in actual shipments.

Owing to the great changes which have occurred in the level of prices, comparisons of values are apt to be misleading. It is therefore worth examining some of the leading figures of available quantities. In the first of the following tables we compare exports in September and October, 1930, and 1931:—

SOME LEADING EXPORTS.
(Quantity: 333's omitted.)

	1930.		1931.	
	Sept.	Oct.	Sept.	Oct.
Coal	4,633	4,797	3,584	3,951
Iron and steel	200	264	139	159
Machinery	30	44	25	27
Cotton yarn	9,108	11,685	9,006	12,818
Cotton piece-goods	142,717	150,340	128,460	143,060
Worsted yarns	2,581	3,048	3,191	3,279
Woolen tissues	9,594	8,711	6,798	6,670
Worsted " "				

These figures confirm the evidence of the returns of values that the slight improvement in British exports last month was rather less than the normal seasonal movement. The most satisfactory feature is the substantial increase in the shipments of cotton yarn and piece goods, in whose case the October improvement was much more marked this year than last.

Turning to our purchases from abroad, we show below, first of all, the retained imports of the main items of food-stuffs:—

FOOD, DRINK AND TOBACCO.

Item.	Unit.	October.		
		Average, 1927-29.	1930.	1931.
Grain and flour	Thous. cwts.	17,541	19,757	25,710
Beef	"	1,076	1,059	1,038
Mutton and lamb	"	397	307	543
Bacon	"	688	830	939
Butter	"	384	503	623
Cheese	"	231	217	275
Potatoes	Thous. cwts.	99	272	1,833
Tea	Million lbs.	56.7	54.2	51.4
Sugar	Thous. cwts.	3,051	2,983	2,196
Tobacco	Million lbs.	33.6	43.0	24.7

Imports of grain and flour last month were unusually heavy, as also were those of mutton and lamb, bacon, butter and potatoes—the cause in the last-named case being the comparative failure of the English crop.

In the next table we give a representative list of raw materials:—

RAW MATERIALS.

Item.	Unit.	October.		
		Average, 1927-29.	1930.	1931.
Iron ore	Thous. tons	461	279	135
Sawn hard wood	Thous. cub. ft.	2,664	3,028	1,957
Cotton, raw	Thous. centals	1,061	998	557
Sheep's and lambs' wool	"	32	12	59
Silk, raw, knubs, noils	Thous. lbs.	378	324	289
Petroleum, crude	Million gallons	55.4	44.4	24.5
Pulp wood	Thous. tons	129	111	142
Rubber, crude	Thous. centals	157	203	129
Cotton seed	Thous. tons	33.4	37.4	29.4
Flax or linseed	"	22.9	21.3	28.6

Here the only increases recorded are the quantities of pulp wood and flax imported; other items, as compared with a year ago, show a general decline.

Next in order we come to a group of articles which may roughly be defined as semi-manufactured goods:—

SEMI-FINISHED GOODS.

Item.	Unit.	October.		
		Average, 1927-29.	1930.	1931.
Pig iron and ferro-alloys	Thous. tons	21.8	31.3	30.5
Steel, blooms, billets, bars	"	60.2	48.9	62.7
Steel, sheet bars and tin-plate bars	"	51.2	56.0	68.6
Cotton yarn	Thous. lbs.	1,188	1,130	1,245
Woolen and worsted yarn	"	1,635	1,986	2,130
Petroleum, refined	Million gallons	106	157	171
Leather	Thous. cwts.	67.4	73.6	74.1

As compared with a year ago, the only increases of much note are in semi-finished steel, which is a raw material for many vitally important "finishing" branches of British heavy industry.

Finally, we come to finished articles:—

FINISHED ARTICLES.

Item.	Unit.	October.		
		Average, 1927-29.	1930.	1931.
Clocks, complete	Thous.	365	446	515
Watches, complete	"	550	745	593
Machinery	Thous. tons	8.3	8.9	10.2
Cotton piece-goods	Thous. sq. yds.	6,886	7,656	9,476
Woolen tissues	"	3,304	3,852	5,621
Worsted tissues	"	440	403	519
Carpets	"	573	773	1,025
Boots and shoes	Thous. doz. prs.	22.2	19.5	24.4

In this list October certainly showed a number of appreciable increases over the corresponding month of previous years, but before the conclusion is reached that these have been "abnormal" or "dumped" imports, much further analysis is required of the sources of the imports, and of their character. The really striking and alarming fact that emerges from the figures is not the increase in the excess of imports (indeed, the increase here is slight), but the enormous contraction in our export trade. It is this aspect of the trade situation, far more than any other, that demands the concentrated attention of the Government and their advisers, who will doubtless realise the grave danger of taking any steps which will further enhance the difficulties of export trade, or hinder its revival.

EXCHANGE RESTRICTIONS IN S. AMERICA.

(BY A CORRESPONDENT.)

THE Republics of the South American Continent being, without exception, producers of primary products, have inevitably met with difficulties at least as serious as those confronting other countries by reason of the universal economic crisis arising from the collapse of commodity prices. So precipitous has been the fall in values of Latin-American products that they are down, in many cases, to as much as 40 per cent. below pre-war level. The difficulty thus created has been aggravated by an increase in external debt commitments entered into at a time when the collapse in the markets for primary products was not foreseen. During 1926-30, South-American public long-term loans abroad on behalf of Governments, Departments, Municipalities, etc., amounted to no less than the equivalent of 300 million pounds (gold), of which 253 millions were floated in the three years 1926-28. If there be included the service of previously-existing loans, the principal South-American countries now have to find an annual amount to meet the service of their public long-term external debts of the equivalent of something like 50 million pounds sterling at par of exchange. They can provide for such indebtedness only by shipments of goods or gold, and, with the enormous fall in value of their exports, they have been compelled to part with the greater proportion of their surplus gold holdings.

The situation in South America is, in fact, that the income of the Continent has, through the slump in prices, been reduced to a level quite out of alignment with external obligations. Faced with this situation, the South-American Republics have been driven, like the debtor countries of Europe, to aim at contraction of imports. In many cases they have instituted higher Customs duties and import prohibitions; and, more recently, they have imposed restrictions on exchange dealing. Temporarily these measures have improved the Republics' balance of payments. So great, in fact, has been the diminution of imports into the leading Republics that, notwithstanding the lower value of exports, due to the fall in prices, export surpluses are again emerging in the foreign trade returns. For instance, during the first nine months of 1931, Argentina had a visible "favourable" balance of trade of 59,000,000 pesos (gold), as compared with an adverse balance of 85,000,000 pesos (gold) in the same period of 1930, while, during January-June last, Chile re-established an export surplus of 42,000,000 pesos, against an excess of imports of 21,000,000 pesos in the first half of 1930. But the whole policy of import contraction is operating most seriously in restraint of trade.

The exchange restrictions, in particular, render uncertain the possibility of sterling remittances being secured by exporters of British goods in respect of merchandise sold in the local currencies of the various South-American markets. Under these conditions, the banks are disinclined to undertake the purchase of bills, and the sole alternative is for such drafts to be sent for collection. Merchants and traders, however, are seldom prepared to shoulder the risks inherent in this procedure, so that the whole tendency is to hamper, if not actually to stop, shipments of goods to South America.

The nature of the restrictions and the method of their application vary widely in the different countries. In Chile, the chief object of the restrictions has been to prevent depreciation in the exchange value of the currency and to defend the central banking organisation, which has functioned with marked success since its inauguration in 1926. The relative Law took effect as from August 1, 1931, and under its provisions a body has been set up styled the "Comission de Control de Operaciones de Cambio." This Commission has full powers to restrict or prohibit the sale and purchase of gold coin and bullion, excepting that actually necessary to commerce, industry, banking and other economic activities of the country or of private parties. The Commission may prohibit (a) any foreign exchange operations not corresponding to regular and legitimate trade movement, and (b) any operation considered to be speculative in character. The Banco Central de Chile is the sole party free to pur-

chase exchange and to whom exchange may be freely sold. Other banking houses may buy and sell foreign exchange, subject, however, to the authority of the Control Committee. On the same authority, the Banco Central may demand that foreign currency be resold to it. In addition, the following operations may not be made without the authority of the Control Board: (a) the making of contracts in foreign currency in Chile or requiring the fulfilment of contracts in such currency made outside the Republic and subsequent to July 30, 1931; (b) exporting gold coin or bullion, with the exception of articles of personal use and the exports effected by the Banco Central; and (c) the carrying out of Stock Exchange operations, payment of which is to be effected in foreign exchange, or by buying or selling of gold coin. The Control Committee may also supervise exports of produce and goods, and authorise such exportation, or otherwise, if not satisfied that their net value has been or will be remitted to the country in cash or goods. This provision does not apply to the export of nitrate, iodine, copper or iron, or by-products thereof. These are the main features of the restrictions, which, as already stated, are being strictly enforced.

Exchange control was established in Argentina on October 13, 1931, and the principal provisions of the new regulations are as follows:—Foreign exchange drawings are limited to the equivalent of 5,000 pesos daily per client; drawings for over 5,000 pesos and all operations in futures must be authorised by the Control Commission; there are no restrictions at present on the payment of overseas documentary bills or availments, when due, under letters of credit already established; there are no restrictions on purchases of foreign exchange, except that the price will be fixed by the Control Commission periodically and selling prices based thereon with the usual margins; drafts and letters drawn abroad in pesos are prohibited. In practice, the restrictions are found to be fairly elastic; satisfactory remittances are usually obtainable, and it is confidently anticipated that the control of exchange may be removed in the near future.

Regulations governing the purchase and sale of foreign exchange in Brazil have been in force for a considerable period; indeed, they have been made increasingly comprehensive by the promulgation of successive Decrees throughout the régime of the present Provisional Government, which took office in November last year. Broadly, it may be said that the effect of the restrictions has been to place absolute control of exchange dealings and rates in the hands of the Banco do Brasil. Brazil has made considerable endeavours to maintain without interruption the service of her external debt, and, as in the case of Chile, it has been only by reason of *force majeure*, imposed by continued adverse economic circumstances, that she has been compelled to elaborate a third Funding Scheme to provide for postponement of interest and amortisation payments. At the same time, as has been indicated, every possible means has been utilised to prevent undue depreciation in the exchange, and, so severe have the restrictions latterly become, that the market in Brazilian exchange has temporarily been rendered quite inactive, with no quotations available. Moreover, a commercial moratorium is effective in Brazil in respect of all foreign bills falling due between October 9 and December 31, 1931; maturities may be extended for 60 days. Against these commitments, however, drawees are to deposit funds in currency with local banks at a fixed rate equivalent to a gold value of 4 pence per milreis.

In the case of Colombia, the present exchange restrictions are due to recent developments in the international money markets, which have frozen the sources of foreign credits, and necessitated measures for the protection of the gold reserves of the central bank. A summary of the principal provisions of the Decree controlling exchange, issued under date September 25, 1931, is as follows:—(a) The free gold market is temporarily suspended and gold exports prohibited, except in the case of the Banco de la República—the central bank—which retains powers for the purchase, sale and export of gold and for the negotiation of foreign exchange; (b) In defence of national interests, a Committee is appointed to assume temporary control of international exchanges and the

transfer of funds abroad; (c) This Committee will have full powers to restrict or prohibit the purchase and sale of gold coin or bullion and of all foreign currencies or drafts, except in the case of transactions effected by the Banco de la República. The Committee may permit all transactions which, in its opinion, are necessary to commerce and industry; (d) The Committee may prohibit (1) all exchange transactions not warranted by normal economic and financial activities, and (2) all transactions considered as speculative; (e) The Committee may authorise the purchase of foreign exchange by banks other than the Banco de la República, but, under such authorisation, the latter institution may require the purchasing banks to resell such exchange to it; (f) The Banco de la República is free to sell foreign exchange to the public, and other banks may do so when authorised by the Committee. The redemption of notes by the Banco de la República is to be effected under authorisation of the Committee in sight drafts on New York at an exchange rate within gold points. The purchase of bullion by the Banco de la República is to be effected at the same exchange rate fixed for the purchase of dollar drafts. A further Decree published simultaneously established prohibition of all imports of luxury articles and provided for substantial increases in import duties on foodstuffs.

The various exchange restrictions outlined above have in every case been due directly or indirectly to the expansion of loan commitments at a time of falling prices, plus a falling off of export values due to the fall of prices. The lower value of all primary products has increased enormously the burden of debts and rendered them hopelessly disproportionate to the wealth produced on the basis of the new low level of values. In brief, the case of South America is one more illustration of the serious excess of interest obligations of a non-commercial character existing throughout the world; and it is clear that some form of international co-operation must be evolved to deal with Latin-American indebtedness just as much as with that of Central Europe.

PROBLEMS OF DISTRIBUTION.

DURING recent years the business world, once concerned almost exclusively with the problems arising from production as such, has become increasingly preoccupied with distribution. Many convergent forces are responsible for the change. The increase in the world's wealth and the consequent development of new desires on the part of consumers whose simpler wants have been satisfied, the growth of new industries in vigorous competition for the consumer's patronage and purchasing power, the unforeseen and tremendous increase in man's power over nature resulting from the advance and application of scientific knowledge to industrial problems, the development of productive capacity until in too many industries plant and equipment became a drug on the market even before the world slump—these, and a multitude of other factors, have combined to make the problem of distributing the goods and services actually produced or producible by the world's fields and mines and factories far more intricate, more difficult and more important than at any previous period in the world's history. It was, accordingly, a sign of the times that, last summer, the Washington meeting of the International Chamber of Commerce should have been presented with a report on the distribution problem*—a document which merits study with a view to an appreciation of trends likely to be in evidence when the immediate world financial crisis has been surmounted.

The final function in the distribution of many essential commodities to consumers is retailing. The importance of the retailer's function has only recently been realised. His is the task of "making merchandise available to consumers at the time, place, and in the form required by them." He serves as a "purchasing and supply agent for his community"; and his immediate contact with con-

* "Distribution in the United States and Europe." Report of the Europe-U.S.A. Committee of the International Chamber of Commerce, International Management Institute, 2, Boulevard du Theatre, Geneva, Switzerland.

sumers, if efficient, should accurately and quickly reflect their quantitative and qualitative needs back to the other agencies of distribution and production. Yet retailing is to-day, as in the past, very largely an unorganised and, indeed, an unskilled occupation. The mere number of retail outlets is enormous. In the United States there are over 1,600,000 stores. For Europe as a whole figures are lacking; but in Great Britain there are some 700,000 retail outlets; in Germany some 800,000; in France a similar number; while other countries for which statistics exist show similar totals roughly proportionate to their populations.

In the United States, as well as in Europe, by far the overwhelming proportion of all retail outlets are operated by small, independent retailers. In the United States they number about 1,300,000, and their shops account for the \$25,000 millions of sales, or from 50 to 60 per cent. of the total retail turnover. In the European countries for which statistics or estimates are available the independent retailer likewise accounts for the great bulk of all retail outlets. On the other hand, both American and European experience shows that the typical independent retail establishment is small, unprofitable and short-lived. The lishment is small, unprofitable and short-lived. The statistics, where any exist, confirm observation and bear out common knowledge. Thus, in the United States it is estimated that some 75 per cent. of such stores have annual sales volumes of less than \$25,000 each, and make less than 20 per cent. of the total independent retail sales. The annual turnover of between 45 and 50 per cent. is under \$10,000 each, and the turnover of between 25 and 30 per cent. is under \$5,000. In the light of these facts, it is not surprising that many retail establishments are exceedingly short-lived. Thus, one American enquiry shows that, out of a given number of independent retailers in the business at a given time, no fewer than 50 per cent. of the drug stores, 85 per cent. of the grocery stores, 62 per cent. of the hardware stores, and 74 per cent. of the shoe stores had gone out of business or into bankruptcy at the end of five years. Another enquiry showed that some 70 per cent. of failures in all lines of retailing were due to lack of capital or incompetence; the force of competition accounted for under 4 per cent.

Where comparable figures are available for Europe a similar situation appears. The recent Enquête Ausschuss exhibited precisely similar tendencies in Germany, while in France a pre-war enquiry showed that only one-seventh of the retailers in Nîmes had survived the whole of the two decades ending in 1913; and in Holland an investigation published in 1929 into the figures for grocery shops in five towns showed that in four of the towns the total result of private trading was a definite loss, and in the fifth town, though a small net profit was achieved on balance, 12 out of 29 shops made a loss. In view of these facts, it is not surprising that the report observes that "there is a heavy expense carried by the distributive agencies and by society as a whole through the existence of so many unprofitable and unstable small retail outlets. . . . The uneconomic and retailers whose shop passes drearily from bankruptcy to bankruptcy is a luxury for which the consumer has to pay." On the other hand, in so far as the demise of unnumbered retailers is the result of progressive forces competing in the distributive field, the process, though painful, is healthy and perhaps encouraging.

The multitude of agencies competing with the independent and unorganised retailers divide themselves fairly accurately into half-a-dozen groups. In the United States the largest of these is the chain-store group, some 10,000 companies owning 150,000 to 200,000 stores, selling annually from \$8,000,000,000 to \$10,000,000,000 worth of goods, and accounting for 18-20 per cent. of total retail sales. Department stores, both chain and independent, form the next largest category, and account for 8,000 to 12,000 stores, \$7,000,000,000 to \$8,000,000,000 of sales, or 14 to 16 per cent. of the total. Mail-order houses (including their retail outlets) number from 1,000 to 1,200 companies, and sell \$1,500-2,500 millions worth of goods, or 3-5 per cent. of the total. Company or industrial stores, house-to-house selling, and canvassing and peddling are each responsible for some \$1,200 to \$1,500 millions of sales, or about 3 per cent. each of the total. In Europe comprehensive statistics are not avail-

Westminster Bank Leaflets

For the benefit of that large section of the public which finds itself bewildered by business language, the Westminster Bank issues from time to time simply worded explanations of various ways in which it is able and glad to be of use to its customers. Amongst its publications are the following: **Points before Travelling**, notes on the Protection of Travellers from Loss. **Thirty-nine Advantages of an Account with the Bank**. **The Saving Habit**, an outline of the Home Safe system. **Safeguards for Travellers**, a warning against carrying foreign notes. **Securities**, their Custody and Supervision. **Wills, Trusts, and Settlements**, the Bank as an Executor. Copies may be had on asking at almost any branch, or by addressing a postcard to the Secretary, Westminster Bank Limited

41 LOTHBURY, LONDON, E.C.2

able, but in general it appears to be true that department stores are responsible for a substantially smaller fraction of total retail sales (say, 5 to 7 per cent., against 14 to 16 per cent. in the U.S.A.); while chain stores, with which in Europe must be included the co-operatives, also usually account for a smaller proportion of all retail sales than in the United States. To this general statement Great Britain is an exception. In Britain, taking chains and co-operatives together, some 3,500 groups controlling 45,000 retail outlets and accounting for 21 to 23 per cent. of the total retail trade occupy very much the same position as do chain stores alone in the United States.

For both department stores and chains and co-operatives satisfactory information about the European tendencies is very hard to obtain. Broadly speaking, however, both these types of retailing exhibit a striking growth in recent years. Thus a group of representative British department stores with a sales index of 100 in 1913 and 242.3 in 1920 showed sales in 1927, in spite of a heavy fall in prices, of about 350. Both in Europe and in the U.S.A. there has been an increasing tendency to amalgamations and mergers in this field, and large and far-flung chains are one of the most characteristic features of the modern department store movement. As regards chain stores, the position in the United States is adequately reflected by the estimated percentage of total retail sales effected through chain stores. In 1923 chain stores accounted for 6 per cent. of the total, in 1926 for 8 per cent.; in 1927 for 12 per cent.; and in 1929 for 18 per cent. While in Europe the development of the chain store movement is more spotty, the countries of the outer agricultural circle being as a rule extremely backward in this respect, the chain store movement in Britain, Germany and France has made great strides in recent years, and in these countries chain stores account for an important proportion of all retail sales, particularly in the grocery, foodstuffs, and dairy trades, where some of the largest chains are to be found.

The great growth in chain and department stores in the U.S.A. and in Western Europe is only one sign of current change. Amongst others may be mentioned the growth in direct retailing by manufacturers which has made tremendous strides in recent years; the absorption of the wholesaler's function at various other stages in the distributive process and the consequent weakening of the position of wholesalers; the vast growth of advertising both in America and Europe; the increasing sales of packeted and standardised goods which diminishes the sales effort required and *pro tanto* cheapens distributive costs; the gradual education of the consumer, particularly in America, resulting from national advertising of branded goods and, to a greater extent, from the spread and development of domestic science training in the schools and through other organisations; and the growth of market

intelligence and market research services. No less remarkable is the increasingly detailed study, particularly in America, of marketing costs with a view to eliminating needless expense and cutting out unprofitable orders. Studies made in the United States show that minima exist in orders, shipments and accounts and maxima in trading areas and stocks which, though varying as between groups of commodities and between commodity lines within specific groups, nevertheless cannot be disregarded without loss. In this field, both in Europe and in America, there is wide scope for further study. Similar study is needed in connection with the outstanding tendency towards ever larger vertical organisations, whether of manufacturers pushing out towards retail outlets and the consumer, or of retailers stretching back to factories and sources of supply. The distributive world is to-day in flux as never before. What all the existing tendencies show to be the most essential requirements are "the allocation and evaluation of the potentialities of each local market for the consumption of goods by commodity lines; the efficiency of retail outlets in supplying them; and the economic adjustment of all other distribution and production planning and activities to the efficient retailing of goods, in accordance with the effective demand which can be developed in each local market." To these ends what is needed above all is objective factual and statistical information, in the collection and collation of which government statistical organisations must play an indispensable part.

THE AUSTRALIAN POSITION.

(BY AN AUSTRALIAN CORRESPONDENT.)

THOUGH it was difficult to convince some Australian Governments that the economic crisis demanded a major adjustment of Government and private finance, the events of the last four months have made a great change in the local situation. They demonstrate the capacity of a people with a complex economic and political structure to adjust conditions to a new and rather desperate situation. Unfortunately, the trend of world prices and the disturbances to the international money markets have robbed Australia of the immediate benefits that would normally have followed from the strenuous efforts she has made to deal effectively with her acute internal problem.

There was a certain elation of spirit when it was realised that the grand move made at the May-June Conference to reduce the Budget deficits to manageable amounts was likely to succeed. The sacrifices imposed on all sections of the people by the proposals then agreed to were heavy. Adjustable expenditure was to be cut by at least 20 per cent., new taxation to the extent of about £10,000,000 was to be extracted from an already highly taxed people, and the internal interest burden was to be reduced by 22½ per cent. on a debt amounting to £556,000,000. On the whole, this programme has been implemented. In some States, notably Victoria, South Australia and Western Australia, adjustable expenditure has been cut by about 30 per cent. This expenditure includes everything but interest and sinking fund on the debt and the cost of unemployment relief. Before the crisis these fixed charges amounted to approximately £60,000,000 in a total expenditure of £190,000,000. Owing mainly to the heavy cost of unemployment relief and the exchange on the external interest charges, this fixed expenditure has increased to £87,000,000 at a time when depression has cut severely into revenue of all kinds. The task of attaining budget equilibrium was, therefore, very difficult, and in spite of the changes made in expenditure, taxation and internal interest charges there is still a deficit of £16,000,000 over all the budgets. The conversion loan was a remarkable success, only 3 per cent. not being turned into the new loan at reduced interest rates. Apart from the direct saving of interest of about £6,000,000, there will be an almost complete freedom from internal conversions during the next seven years.

In this achievement, however, there is one important lapse. The Government of New South Wales has not taken up its responsibilities under the plan cheerfully,

and its results to date hardly come up to the requirements of the plan. Still less do they meet the fundamental needs of New South Wales. For instance, the expenditure for "Administration and General" has been reduced by only 10 per cent., compared with not less than 23 per cent. for nearly all the other Governments. Mr Lang claims that his tax of 1s. in the pound for unemployment relief should be counted as a saving. It is certainly much higher than in other States, but so is the expenditure on unemployment relief, even on a *per capita* basis for the unemployed. By keeping up the basic wage in Government occupations, the Ministry doubtless hopes to check the insistent demand for a revision of the State basic wage. But New South Wales is taking a grave responsibility in standing out of a common effort to reform the national finances, and yet under constant pressure, going just far enough in retrenchment to secure advances from the banks for current expenditure. It is quite clear that whatever may be said of the other budgets, the budget of New South Wales is definitely out of balance, and will not be adequately adjusted even if a rapid trade recovery takes place. The other budgets would, on the whole, be balanced in three years if trade conditions improved only moderately.

But reform in public finance is not the whole story of Australia's effort. The first really important official announcement upon the gravity of the crisis came from the Commonwealth Arbitration Court last February, when it reduced the real wage by 10 per cent. The continued fall in retail prices has brought down the Commonwealth basic wage by nearly 25 per cent. since the crisis began. It would be of interest to know whether any other country can point to such a wage adjustment undertaken with practically no industrial strife. There have also been revisions in the State basic wages in all States except New South Wales. For instance, in South Australia the basic rate has fallen from 14s. 3d. to 10s. 6d. per day. New South Wales stands out, and the basic rate there remains at £4 2s. 6d. per week plus child endowment. Unfortunately New South Wales is the greatest industrial State, and high wages there and restrictive working conditions are a heavy burden on all other States. Apart from South Australia, which has been seriously depressed by several very bad harvests and the low prices of wheat, unemployment is higher in New South Wales than elsewhere. In the June quarter of 1931 the percentage of members of trade unions returned as unemployed for the Commonwealth as a whole was 27.6 per cent., for Victoria 26.5 per cent., and for New South Wales 30.7 per cent. It is only a matter of time when the wage rate must fall in that State; but, meanwhile, Mr Lang's obstinacy is very embarrassing to the other States, and especially to Labour Governments. The general decline in wages has now been accompanied by a fall in private interest on existing contracts. Legislation has been passed in all States providing for a revision of interest on mortgages and other fixed interest obligations of a maximum of 22½ per cent. unless the mortgagee can show cause why the rate should not fall. Trustees were empowered to convert their holdings of Government bonds into the new loans, bank rates have been reduced, and the Treasury bill rate for Government short-term borrowing through the Loan Council now stands at 4 per cent. This interest adjustment may contain a great many unorthodox measures, but it is the logical and, indeed, the only course that Australia or any other debtor country can pursue in the face of the present depression.

In another direction Australia has attempted to meet her obligations by drastic action. Despite the great increase in the volume of exports, the sterling value of merchandise exported for 1930-31 amounted to only £75,000,000, compared with £140,000,000 before the crisis. Imports have been reduced from £140,000,000 per annum to £60,000,000, and at present monthly rates of importation will be less than £50,000,000 for the current year. The exchange rate, the high tariff, and the general decline in spending power are responsible for this drastic adjustment. But prices of exports have been falling all the time, and every move made to relieve both the internal and external position has been more than countered by this continued drop in prices. To meet overseas obliga-

tions more than £40,000,000 in gold have been shipped, and the internal reserves now amount to only £10,000,000. The floating debt abroad has been reduced from £18,000,000 to £5,000,000, but gold reserves cannot any longer be drawn upon, and there may not be sufficient surplus in the trade balance to meet debt obligations overseas unless international prices recover. The concession on account of the war debt, amounting to £5,500,000, is a great relief, but there will be even more need for it next year than this. It amounts to about 15 per cent. of the total overseas obligations, and, under ordinary circumstances, would be sufficient relief.

There is little doubt that opinion in Australia is slowly realising the enormous difficulties created by the continued fall in commodity prices. The suspension of the gold standard by Great Britain will give some relief, but the amount depends upon the subsequent level of gold prices and the level of the sterling exchange. In view of Britain's own difficulties, direct relief from London is hardly a reasonable expectation. Failing this, or some recovery in overseas prices, Australia will be placed in a very serious position. It is not more serious, perhaps, than that of many other debtor countries, but there will be a great change of opinion in Australia towards her international obligations, if, after the effort she has made, her credits in London are not sufficient to enable her to meet her interest charges. It is well that this view should be appreciated abroad. Here is a debtor that has now made a really serious effort, though she has made it late, and had, in the past, committed many errors of policy. She is going on with this effort; and the tariff, the wage-fixing system, and other causes of high costs are being reviewed. Owing to conditions over which she has no control, the prices of her products have fallen so much that, despite an increase in the volume of production, she may be unable to meet her interest charges to overseas creditors. How can a nation retain its respect for a monetary system that places it in such a position, and brands it with a stigma that will take a generation to remove? Australia has a good export season before her, she has behind her the achievement of an adjustment more equitable and severe than that of any other country, yet the outlook at the moment is still obscure. A rise of gold prices may bring alleviation. If not, it will be realised that Australia, "controlled deflation" against an international price movement that keeps her whole economy on shifting sands.

Notes of the Week.

Thirteen Years After.—Anniversary of the Armistice succeeds to anniversary; the vivid horror of the War slowly recedes into the realm of history, where Marlborough, Alexander and Napoleon are at one, and the motives, noble and ignoble, which strewed with corpses the fields of Sedan and Colenso fade into obscurity. How far the growing generation shares with its elders, in the Silence of November 11th, a sense of overmastering sorrow and shame, we do not know. But this we believe: it may be that youth to-day—and it is youth which matters—sees as little coherent sense in the emotions which led nine million Europeans to their death as it sees in the *realpolitik* which infused the statesmen of Europe with the blind urge that led to that mass butchery; yet even the young, unscathed by the holocaust, recognise, however dimly, that a great debt, still unpaid, is owing to the dead. We need have scant regard to the unreal pretence that men, on any side, enlisted consciously for "a war to end war." The initial impulse, be it in London, Paris or Berlin, was cruder, more compact of unreflective mass patriotism than that. But as the years of blood and agony dragged on, obscuring for the combatants whatever vestige there once was of intelligible motive for their immolation, the resolve "Never Again" did emerge as the one predominant expression of an international *volonté generale*.

Those who died in their millions may have had few illusions. Let us hope so; for the survivors have seen a peace of folly and injustice, an aftermath in which jealousies and hatreds have had full room for recrudescence. One act alone of statesmanship has been worthy of the fallen—the creation of the League. An innovation, cutting clear across the world's traditional "nationalisms," the League may have functioned, so far, imperfectly and with less than ideal justice or efficacy. Yet, tentative and experimental though its efforts at influence and authority may have been, it remains the one single earnest of the world's resolve that those who died should not have died wholly in vain. Dearly bought with needless bloodshed, the League stands as the world's sole achievement in the direction of peace and justice between nations. If it be denied the whole-hearted support on which its powers and prestige depend, it will be a creation as sterile as the untimely death of those who fell in 1914-18, cursing the folly which destroyed them. But, whatever be its shortcomings yet to be made good, the League holds within itself the seeds of goodwill and co-operation which might have saved, had they been mobilised in time, the loss of all the poor shattered flesh, all the ardour and decent kindness that perished, half a generation ago. The mean, ignoble spirits who now urge us to retire into a selfish nationalism, to denounce our membership of the League, and abandon all efforts to establish a seat of jurisdiction and authority higher than the nationalistic individualism which gave the Europe of to-day its graveyards, its hysteria, its impoverishment and its remorse, pay poor tribute of remembrance to all the brave, lovable humanity uncomplainingly crucified in the War's purposeless, insensate Calvary.

An Eastern Locarno?—English minds instinctively recoil from any suggestion that Great Britain should guarantee the terms of the peace settlement in Eastern Europe, as she has already guaranteed them in the West by subscribing to the pacts of Locarno. This English aversion arises from two considerations. On the one hand, there is a strong and widespread feeling among us that Eastern Europe is not our business, and that we have no call to undertake new responsibilities in this particularly dangerous field when we already have our hands so full of commitments in other parts of the world. In the second place, we are apt to judge, when we look into the East European settlement, that its terms are inequitable and that they ought not to be perpetuated, even if they could be. This attitude is expressed in the characteristic English way in a letter from a correspondent which we print in another column. We draw attention to the question here because it is possible that, in the near future, it may become a very live issue on which the people and the Government of this country may have to make up their minds. This issue may be formulated as follows. A universal sense of insecurity is the evil which is paralysing the economic and financial life of the world; these paralysing fears are political as well as economic; they are predominantly political in France, whose consequent financial policy is the crux of the present international situation; these French political fears turn partly upon the insecurity of the East European peace settlement; and anything that can be done by other parties to remove these French fears will, therefore, contribute to producing in France that change of mind which it is of vital importance to produce in the general interest of the world. We may, therefore, have to ask ourselves: is the danger of being involved in East European commitments really greater for England than the danger of being involved, here and now, in the world-wide economic and financial breakdown which the present universal sense of insecurity threatens to bring about? Much would depend on the basis on which an Eastern "Locarno" settlement reposed. For example, could we, perhaps, become a party to an arrangement providing for (i) no alteration of treaty-terms by force; (ii) an effective procedure for implementing Article 19 of the League Covenant, which contemplates treaty-revision; (iii) an understanding that, when revision comes up for consideration, the obvious economic and social remedies (e.g., effective lowering of Customs barriers and effective

protection of minorities) should be given a trial before territorial changes are placed on the agenda? It is, at any rate, expedient that British public opinion should begin to think about the Eastern frontier question as one of Europe's burning issues, rather than simply react to a phobia which is one of the psychological contributory causes of the present predicament of the world in general and of Great Britain in particular.

The Round Table Conference.—During the past week the progress of the Indian Round Table Conference has waited upon the development of the minorities problem; and the Minorities Committee of the Conference did not meet till Friday morning, when the *Economist* was already in the press. At this moment, therefore, we have only to record two things—the decision of the Working Committee of the Indian Congress to give Mr Gandhi a free hand on the question of the date of his return to India, and the despatch of a letter to Mr MacDonald by twenty-eight delegates to the Round Table Conference who are of the Liberal camp. The Congress decision at Bombay was taken last Sunday, and the letter from the 28 Conference delegates in London reached the Prime Minister at Lissiemouth on the same day. The gist of the letter was a protest against the suggestion that provincial autonomy might "be introduced as a first step in the political reconstruction of India, leaving federation and responsibility at the centre to follow later." The signatories "realise the importance of the Minorities Question, of which no satisfactory solution has yet been found." At the same time, they express their "clear opinion that it must not be allowed to block the way of a full and comprehensive scheme of responsible government, which alone can provide an adequate settlement of a pressing problem." This letter is an important document, not only for its substance but for its signatures. Its promoters have obtained Mr Gandhi's support, and his name heads the list—which also includes the names of the Pandit Malaviya, Sir Tej Bahadur Sapru, Mr Sastri, Mr Jayakar and Dr. Moonji. This letter, together with the joint statement put forward by all the minorities except the Sikhs, present, between them, the crux of the problem before the Conference, which is now evidently entering upon its critical stage.

The Punjab-Kashmir Border.—The Government of India's intervention in the disturbances on the Punjab-Kashmir border, which we recorded in an article last week, has brought about a distinct improvement in the situation. At the Maharajah of Kashmir's own request, British troops took over the border districts of Jammu and Kashmir States from the Maharajah's troops on November 3rd and 4th. Their arrival has been received with relief by the Muslim element, which constitutes an overwhelming majority of the local population; and the Muslim agitation on this side of the line has subsided for the time being, pending the inquiry into the causes of the trouble, which the Government of India has set on foot. Meanwhile, the British Indian authorities have had to deal with the jathas (bands) of Muslim enthusiasts from British Indian territory in the Punjab who have been crossing, or attempting to cross, the boundary into Kashmir and Jammu in order to come to the rescue of their co-religionists there who have been suffering misrule at the hands of a Sikh dynasty employing Hindu administrators and soldiers to govern an overwhelmingly Muslim population. The Punjabi Muslim method of righting Kashmiri Muslim wrongs is evidently a form of "direct action" that is bound to do more harm than good; and it is also an intolerable affront to law and order, as well as a serious embarrassment to the relations between British India and the Indian States. On November 4th the Punjab Government published an ordinance making the passage of jathas from Punjabi into Kashmir territory illegal; and when this ordinance came into force on November 7th, more than a thousand persons were arrested at the border by the British authorities, interned in wire-netting enclosures, condemned by the magistrate

to two months' imprisonment each, taken back to the interior of the Punjab in lorries, and subsequently released on an undertaking not to do the same thing again. All this has been done without violence; and if there had been the same good sense and good will on the part of the Kashmiri authorities, the end of this local trouble would be in sight. Unfortunately, there are between four and five thousand members of Punjabi jathas interned in Kashmir under deplorable conditions; and the Kashmiri Hindu troops made matters worse on November 7th by firing on a jatha which was already in retreat from Kashmiri territory, and killing a boy. The victim's funeral at Sialkot naturally gave occasion for a demonstration, and the incident has evoked protests at Delhi from the leaders of the Indian Muslim community. The plain truth is that misgovernment, on lines of communal prejudice, in Kashmir has given India an addition to her present troubles which she cannot afford. The Government of India's inquiry into the Kashmir Government's record ought to be swift and searching and the remedy ought to be drastic.

French Socialist-Radical Congress.—On November 6th the Socialist-Radical Party Congress elected Monsieur Herriot to the presidency of their executive committee in succession to Monsieur Deladier. This means that Monsieur Herriot will lead the party in the general election campaign next spring; and, if the party's hopes are realised, M. Herriot and Mr. MacDonald may once again find themselves representing their respective countries at the international council-table, where they met before in 1924. Seven years ago the collaboration between these two statesmen produced the draft Geneva Protocol for the Pacific Settlement of International Disputes. The Protocol was stillborn, but the problem which it was designed to solve is more urgent to-day than ever. Accordingly, it is significant that the French Socialist-Radical Party devoted the latter part of its time, during last week's congress, to a discussion of disarmament policy with an eye to the forthcoming World Disarmament Conference, which is to meet in February, and will not have progressed far with its labours before the French general election has taken place. The upshot of this discussion shows that the policy of the party has not changed. It sincerely desires disarmament, but shares the general feeling of the French nation that armaments can only be reduced appreciably in exchange for the effective provision of alternative means of security. On this principle the Socialist-Radical Congress has adopted a resolution in favour of two alternative plans corresponding to two different situations. Supposing that the alternative means of security remain no more effective than they are at present, the party advocates a progressive, simultaneous, controlled and proportionate reduction of armaments by a cutting down of national defence budgets to the extent of 15 or 20 per cent. for a trial period of five years. On the other hand, the party contemplates going further if there are improvements in the procedure for the settlement of international disputes and in the provision of sanctions against aggressors. The organisation of a permanent system of international control is given a prominent place. It may be remembered that a Permanent Armaments Commission already figures in the draft convention which the Preparatory Commission for the Disarmament Conference has prepared, and that this was a British suggestion. The present Socialist-Radical resolution suggests possibilities of fruitful Franco-British co-operation, on this vital matter of disarmament, in the coming year.

Elections in Yugoslavia and Argentina.—In these times, elections in any country are of some general interest; for our present *malaise* is world-wide, and an election is apt to throw light on the local form and degree of the distemper. From this point of view, the elections which took place in Yugoslavia and Argentina last Sunday are deserving of notice. The Yugoslav election seems to have been conducted on the Fascist system carried to extremes

and thereby reduced to absurdity. The electors could vote for the maintenance of the present dictatorial regime but they could not vote for anything else, with the result that very few of them took the trouble to vote at all; and if this election was designed to ensure the Yugoslav dictatorship and dynasty against the fate which has overtaken their counterparts in Spain, it has assuredly produced just the contrary of the effect that was intended. It has shown how utterly divorced the present regime in Yugoslavia is from popular support; and the moral hardly needed pointing by demonstrations of University students at Belgrade. As for Argentina, the superficial issue of the election has been that between personal and constitutional government; but, in Latin America, personal government is an endemic political malady into which a community is apt to relapse in bad times; and the alarums and excursions of the present Argentinian election, like the revolution which overthrew the personal government of President Irogoyen some fourteen months ago, and like the Irogoyen regime itself, are to be interpreted as symptoms of economic stress. On this occasion, the electoral campaign has been accompanied by a certain amount of unrest—including the mutiny of a regiment up country—and this led the Provisional Government to expel from the country certain leaders of the "Personalist" Radical Party who had returned from abroad to organise their followers. Among those who were thus "invited to leave" was a former President, Dr. Alvear, and a former Argentinian Ambassador to the United States, Dr. Pueyrredon. In consequence, the "Personalist" Radicals have abstained from taking part in the election—leaving the field to the Conservative "National Democratic Party" and to the Democratic Socialist Alliance. The electioneering has been keen and the polling heavy, while the number of places to be filled has been very large. For this has been an omnibus election for a National President and Vice-President, 30 National Senators and 158 National Deputies, as well as 13 Governors of provinces, 9 vice-governors, 177 provincial senators and 367 provincial deputies.

The B.I.S. Board Meeting.—The monthly board meeting of the Bank for International Settlements, last Monday, reached, as was to be feared, little more than conclusions of a negative character. From the Prague Conference on exchange restrictions there was but a lean harvest whose garnering could be recorded. The Conference had approved the conclusion of bilateral agreements as to allocations of foreign exchange, provided that such agreements confined the rôle of central banks to that of a clearing house, and did not import political aims into the direction of trade or interfere with existing commercial treaties; but this amiable decision scarcely touched the crux of the matter, which is that the "rationing" of foreign exchange for the purpose of restricting imports is a process (no matter how cogently *force majeure* may be pleaded) whose logical end is the destruction of international trade. This noted, the B.I.S. board was equally unable to take any notable forward step in monetary policy pending such time as decisions in regard to the German crisis are taken by the statesmen, on whose policy depends the maintenance of confidence in the whole world's banking structure. Under the shadow of that major threat to the financial stability of nations, the needs of Austria inevitably had to be relegated to a category of less extreme urgency; and the hoped-for Austrian credit of 60 million schillings, the granting of which received, in form, the blessing of the Banque de France three weeks ago, was deferred pending development in Vienna. ("Never urgent," it seems, must be added by Austria to the *mot*: "Always hopeless, but never serious.") In this decision, however, as we suggest below, lack of resources rather than of goodwill was presumably the determining factor.

B.I.S. Balance Sheet.—The balance sheet of the B.I.S. for October 31st reveals a further decline from 1,273.6 to 1,093.3 millions of Swiss francs in the bank's total resources. This is primarily due to a decrease of Frs. 237.5 millions in central banks' deposits on their own account,

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS).

OVER 400 BRANCHES IN

THE UNION OF SOUTH AFRICA
NORTHERN & SOUTHERN RHODESIA
KENYA · TANGANYIKA · UGANDA · NYASALAND
PORTUGUESE EAST AFRICA · SOUTH WEST AFRICA
BRITISH WEST AFRICA · BRITISH WEST INDIES
BRITISH GUIANA · EGYPT · SUDAN · PALESTINE
MALTA · GIBRALTAR · MAURITIUS

LIVERPOOL MANCHESTER NEW YORK Agency HAMBURG

FACILITIES FOR THE IMPORT OF PRODUCE ARRANGED.

HEAD OFFICE:
54, LOMBARD STREET, LONDON, E.C.3.

offset, in a limited degree, by an increase of Frs. 73.4 millions in central bank deposits "for account of others." The liquidity of the B.I.S. has suffered to a still greater extent, for central banks have turned a further Frs. 61.3 millions of their balances over from "time" to "sight" accounts, while "sight" deposits on account of "others" have also increased by Frs. 14.3 millions. Thus, notwithstanding the unofficial appeals made at Basle a month ago, that every effort should be made not to deplete further the resources of the B.I.S., central banks have withdrawn still more of these funds in order to strengthen their own cash position. This depletion in one sense only confirms previous evidence of the breakdown of the gold exchange standard; but, at the same time, it places the B.I.S. in a difficult position. To meet these withdrawals, the B.I.S. has had to reduce its bill portfolio and to draw heavily upon its own time funds. Furthermore, it has felt bound to increase its own liquidity in order to balance its customers' transfer of funds from time to sight accounts; and, as a result, its own sight funds are higher by Frs. 41.8 millions. The practical consequence is that the power of the B.I.S. to grant further credits on its own account to central banks in need of assistance are now severely circumscribed. At the same time it would be wrong to argue that the B.I.S. is no longer able to function effectively. Even in its present state, there is much essential advisory and co-ordinating work which it alone can do.

Sterling and Gold Prices.—During the past fortnight the *Economist* index number, based on the wholesale sterling price of fifty-eight commodities, has risen by approximately 1.7 per cent. The latest figures of our index are shown below in comparison with those for September 18th, when the pound was still at its gold parity:—

	"ECONOMIST" INDEX. (1927 = 100.)		
	Sept. 18, 1931.	Oct. 28, 1931.	Nov. 11, 1931.
Cereals and meat	64.5	70.2	71.9
Other foods.....	62.2	66.9	66.6
Textiles.....	43.7	52.5	54.0
Minerals.....	67.4	73.7	75.4
Miscellaneous	65.8	65.8	66.4
Complete index	60.4	65.5	66.6

Expressed as a percentage of the average for 1913, our index number now stands at 91.7, as compared with 83.1 on September 18th, while the current figure, converted to a percentage of the average for 1924, works out at 57.6. In the next table we show the recent course of our index number expressed as a percentage of the September 18th level, adding for purposes of comparison, on the same base, our new index of sterling "primary" prices, our index of "gold" prices (these, too, it may be recalled, are largely of primary products) and the four index

numbers of foreign "gold" countries published by our contemporary, *The Financial Times* :—

September 18th = 100.

Date.	Economist Indices.			Irving Fisher U.S.A.	Statistique Générale France.	Milan Chamber of Commerce Italy.	Statistische Reichsanstalt Germany
	Complete Index (sterling)	Primary Products (sterling)	Gold Prices.				
Sept. 30th ...	107.8	...	94.7	98.7	96.9	98.8	98.9
Oct. 14th ...	108.3	...	95.7	98.9	96.9	99.7	98.0
Oct. 28th ...	108.4	114.4	101.4	99.3	95.6	99.9	98.7
Nov. 11th ...	110.3	119.3	103.5	...	...	...	...

As is natural, our sterling index of primary products has reflected much more markedly than our complete sterling index the effect of the depreciation of the pound. With regard to gold prices, it will be seen that during the past fortnight there has been a further rise of approximately 2 per cent., making the aggregate upward movement since the end of September quite considerable. The increase, however, is confined almost entirely to grainstuffs and wool, the world prices of such key commodities as sugar, tin, lead, rubber, petroleum and pig iron all being lower than they were on September 18th, while cotton and coffee have done no more than recover the ground which they lost immediately after the British suspension of gold payments.

Grain Prices.—The rise in the world price of grainstuffs, to which reference is made in the preceding note, had extended by the beginning of this week to all the five chief cereals; and though, as will be seen from the following table, a reaction occurred on Tuesday, prices show a general and substantial advance over the low level at which they stood at the end of last September :—

(NEAREST "FUTURE," CENTS PER BUSHEL.)

Date.	Wheat, No 2 Winter Chicago.	Maize, Chicago.	Oats, Chicago.	Rye, Chicago.	Barley, Winnipeg.
End Sept., 1929.....	128½	98½	52½	109½	73
End Sept., 1930.....	75	85½	36½	45½	29
End Sept., 1931.....	44½	36½	20	36½	29½
Nov. 9.....	66½	47	28	56½	43½
Nov. 10.....	63½	44½	26½	52	43½
Nov. 12.....	61½	42½	26½	49½	42½

The foregoing summary illustrates the extent of the lost ground which has to be made good before the level even of September, 1930, is restored (with the exception of rye, in whose case the European crop is estimated at about 150 million bushels less than that of 1931); but the recovery has already been of sufficient magnitude to ease appreciably the difficulties of agricultural communities, provided it can be maintained. The key to the situation is, of course, the production and consumption of wheat, to whose trend we referred in a Note on page 855 of the *Economist* last week. In amplification of that Note we give below a table summarising estimates of world production, exportable supplies, imports and stocks :—

(Million bushels.)

Season.	Production (excl. China).			Exportable Supplies		World Imports.	"Carry-over" at end of Season.	Price No. 2 Winter, Chicago (Cents per bush.)		
	World (excl. Russia).	Russia	Exporting Countries (a)	World (excl. Russia).	Russia			Lowest.	Highest.	Average.
1926-27	3,395	915	2,311	1,084	1,030	40	819	251	130½	153
1927-28	3,623	786	2,429	1,194	1,110	Nil	801	309	123½	168½
1928-29	3,936	794	2,712	1,224	1,420	Nil	886	536	98	143
1929-30	3,450	702	2,102	1,348	1,123	7	662	468	87½	136½
1930-31	3,712	1,084	2,517	1,195	1,242	108	804	546	50½	96½
1931-32(b)	3,540	...	2,300	1,240	1,165	75	880	360	...	...

(a) Canada, United States, Argentina, Australia, India, Bulgaria, Hungary, Rumania, Yugoslavia, Morocco and Tunis.
(b) Provisional estimates.

If the estimates for 1931-32 shown above are realised, there should be a sensible alleviation of the critical conditions of glut which have embarrassed farmers throughout the world, notwithstanding efforts such as those of the Canadian pools and the Federal Farm Board to hold stocks off the market during recent years. Making due allowance for the considerable estimated reduction of acreage sown

in Argentina and Australia, the "carry-over" figure of 360 million bushels, forecast for July 31st next, is not unmanageable. Nevertheless, visible supplies are still sufficiently voluminous in the case of wheat, as they are in the case of other commodities, such as rubber, metals and so forth, to suggest that any further early advance in price will probably be of only moderate dimensions.

South Africa and Gold.—A few weeks ago it appeared certain that South Africa would at all costs adhere to the gold standard, partly because she was naturally unwilling to take any action which might assist towards the general abandonment of the gold standard, and so to a decreased demand for the gold which is her major staple product, and partly because she has vivid memories of the post-war difficulties which finally involved her in the serious Rand labour troubles of 1922. Latterly, however, the pressure of events has brought her very near to the suspension of the gold standard. The depreciation of sterling, which was her chief link with foreign currencies, has forced her to try and establish a foreign exchange market of her own. Worse still, it has adversely affected her export trade and has exposed her industries to the pressure of competition from countries that have abandoned gold. A secondary, though more serious, consequence of these developments has been that there has arisen a marked loss of confidence in South Africa's financial stability, leading to a definite flight of capital. South Africa has, therefore, been forced to resort to emergency measures, some of which are of a make-shift character. Thus the banks are only providing foreign exchange for genuine trade purposes and are even refusing to negotiate clean bills. Even when foreign exchange is provided, the customer's demands are being severely rationed, and as a result of this a "black" or unofficial foreign exchange market is springing up in South Africa, while many exporters are refusing to repatriate the proceeds of their sales. In response to political pressure from industrial and agricultural interests the Government last month tried to neutralise the effects on South African trade of the depreciation of sterling and other currencies by imposing a primage duty of 5 per cent. on imports, and granting a 10 per cent. bounty on exports; but the interests concerned remain unsatisfied; and, meanwhile, the sequence of events is rapidly depleting South Africa's foreign exchange reserves. It is believed that up to the end of October the Reserve Bank had to sell over £13,000,000 of foreign exchange, and has also drawn heavily against credits opened in London against the recent Cape gold shipments which it has withheld from sale. More definite evidence of the difficulties of the situation is given by the revelation of South Africa's abortive efforts to raise a loan of £10,000,000 in Paris. In view of the trend of political feeling, coupled with her financial straits, it would not be surprising if South Africa had to abandon the gold standard at an early date.

The International Chamber and Silver.—A Committee of Experts appointed by the International Chamber of Commerce, and consisting of Mr E. L. Franklin, senior partner of Samuel Montagu and Company, Mr E. D. Van Walree, an Amsterdam banker, and Mr Marshal W. Tuthill, of Tuthill and Company, New York, has issued a very sane report on the silver question regarded from the international standpoint. The Committee recognises that any proposals in the direction of bi-metallicism or of the remonetisation of silver stand no chance of early application in practice, and that in the meantime there is ground for hope that the silver problem will have solved itself in a general adjustment of commodity prices. The Committee therefore concentrates upon measures which are immediately practicable and which neither depend upon nor conflict with any fundamental change in the monetary use of silver which may be agreed upon in the remote future. Firstly, the Committee recommends the Chamber to investigate the possibility of bringing the North American producers and refiners into a sales agreement with the Government of India. The report reviews this proposal and its mon-

obvious difficulties in some detail, but concludes that the latter are not insuperable, and that there is no reason why this proposal should not be tried immediately. Secondly, if it is true that a scarcity of gold is to be apprehended, it would not be impossible to alleviate this scarcity to a certain extent by the use of silver—a possible method of procedure being to issue notes of low denomination against silver backing. Thirdly, the Chamber might urge Governments to restore their subsidiary silver coinage to its pre-war fineness; and, fourthly, research should be undertaken by the silver interests for the purpose of devising new uses and expanding present uses of silver in the field of industry and the arts. The Committee notes that there would be a considerable increase in the industrial demand for silver were a satisfactory process discovered which would eliminate the tendency of silver to tarnish. This completes the Committee's recommendations. It will be seen that they are very properly confined within immediately practicable limits.

American Cotton Crop.—Our Manchester correspondent writes :—At the beginning of this week the United States Department of Agriculture published further statistics relating to the cotton crop for this season. The forecast of the yield was increased to 16,903,000 bales, the estimate of a month ago being 16,284,000 bales. The report was better than expected, and in trading circles there was considerable comment on the big yield per acre of 197.8 lb. It is now practically certain that the cotton crop in the United States for this season will be the second largest on record, and, as the carry-over from last season was 9,000,000 bales, prospective supplies for the current twelve months amount to the large total of 26,000,000 bales. The world consumption last season was rather less than 11,000,000 bales. It is anticipated that spinners' requirements will tend to increase, but the consumption for this year is likely to be less than 13,000,000 bales. So users have the advantage of two years' supply. The officials at Washington have also announced that, up to the end of October, 12,130,000 bales of cotton had been ginned, against 9,498,000 bales a fortnight earlier and 10,864,000 bales same time last year. It is stated that, except in scattered localities, weather conditions during the past month were practically ideal for picking, the temperatures being above average and rainfall light. These crop statistics were undoubtedly bearish, but the effect upon prices was practically nil. Operators have now discounted the big supplies and the loss or gain of 250,000 bales cannot make any difference in the general situation. Future values are more dependent upon indications of a bigger consumption and an improvement in world affairs.

Iron and Steel Production in October.—For the first time for six months the production figures for iron and steel just issued by the National Federation of Iron and Steel Manufacturers show an improvement. The number of blast furnaces in operation increased by four during the month to 86, the output of pig iron rose from 248,000 tons in September to 284,200 tons in October (an increase, allowing for the extra working day, of 10 per cent.), and of steel from 400,500 tons to 457,000 tons. Production is, however, still very much lower than it was twelve months ago, pig iron being 82 per cent. and steel 11 per cent. below the corresponding months last year. Imports of iron and steel in October amounted to 275,700 tons, an increase of 55,400 tons over September and also an increase of 11,200 tons compared with October, 1930. This is also the highest figure since December, 1930 (283,000 tons). Exports of iron and steel increased by 19,600 tons to 158,800 tons. While the depreciation of sterling reduces the price of British steel in foreign markets, where these countries have not themselves abandoned the gold standard, it does nothing to increase their purchasing power, and for any sustained and substantial revival the steel industry must await improved world conditions. Such improvement as has already taken place is, in the main, in those sections of

the trade manufacturing for more immediate consumption, such as the wire rope, light steel sheets and galvanised sheets, bright drawn bars, and so on. The heavier sections of the industry, such as those employed on shipbuilding and structural material, are not likely to experience much improvement until the great amount of idle tonnage is reduced and until sufficient confidence returns to justify extensions of plant, factories and other buildings.

Commercial Cars at Olympia.—Economic transport plays such a vital part in industrial distribution that the development of the commercial motor industry has a special significance. Market conditions governing the production of commercial vehicles are totally different from those applicable to the passenger branch of the industry; the part which public caprice plays in the private car trade is altogether absent from the commercial market; and distribution is fairly evenly divided over all twelve months of the year. The steadiness of the demand for new commercial vehicles is itself well maintained, as is indicated by the following table, which shows that new registrations of commercial vehicles have remained constant during the last three years, whereas the private car market has suffered severely :—

NEW REGISTRATIONS IN GREAT BRITAIN.

First Nine Months.	Private Cars.	Goods Vehicles.
1929.....	132,828	39,821
1930.....	120,967	38,676
1931.....	106,652	38,729

Constancy under such conditions as have prevailed during the last two years might well be considered marked progress. The Show held this week, writes a correspondent, has revealed the extent to which the adaptation of the heavy oil engine to motor transport has been proceeding beneath the surface. At the 1929 Show only two oil-driven models were exhibited, one a Swiss and one a German make. In the 1931 Show more than a dozen makers are offering oil engines as alternative to petrol in their established chassis, and there is hardly a British producer of the heavy-load lorry who has not developed an oil engine or who does not offer oil engines on the chassis he builds. One of the most interesting developments in this direction is the new Armstrong-Saurer combination. The Swiss Saurer Company is a pioneer of the oil engine, and has delivered 1,400 oil-consuming engines in all parts of the world; Armstrong-Whitworth have arranged to manufacture the Saurer engine in England; and, last summer, there was registered Armstrong-Saurer Commercial Vehicles, Limited, an Armstrong-Whitworth subsidiary in which Saurer have a minority holding in return for their patents. The faith placed in the oil development may be judged from the action of the other pioneer of oil engines, Mercedes-Benz, who have altogether abandoned the petrol engine for commercial vehicles. However, the prospects of this company in England have been somewhat damped by the exchange position, which has necessitated a 15 per cent. increase in prices. A foremost British manufacturer of the oil engine is L. Gardner and Sons, Limited, of Lancashire, who have over 200 oil engines in daily service, sixty of them on buses. Leyland, Thornycroft, A.E.C., Blackstone, Crossley, Fowler, Guy, Dennis and Richard Garrett are among the other British manufacturers who have developed oil engines. The advantages of the oil engine include a fuel consumption of about a third compared with that of a petrol engine; and with the cost of oil about a quarter of that of petrol, fuel costs are reduced to about 15 or 20 per cent. Furthermore, heavy oil is non-inflammable, an important advantage, including cheaper insurance rates. The obstacles in the way of development have been the greater weight and size of oil engines and the difficulties of servicing; the two former have been overcome, and oil and petrol engines are now interchangeable on models with a load above 6 tons. Further progress in this direction lies in the reduction of the present oil engine to a size and weight compatible with smaller classes of truck, and, finally, with the private car. The next step will be the 4-ton oil-driven truck, which Armstrong-Saurer are to announce early next year. The problem of servicing is more difficult; the petrol engine to-day is practically fool-

proof, and the driver has become, consequently, carefree in regard to the maintenance of his engine, but oil units are more or less an unknown quantity and will require expert attention. The initial extra cost of the oil engine averages £225, a figure which is soon recovered by the cheaper running, but £1,275 is about the lowest price at which an oil-engined chassis can to-day be obtained.

Shipping Freights.—Our index number of whole-cargo shipping freights rose in October by 9.4 per cent., the current figure, as will be seen from the following table, is now approximately at the same level as a year ago:—

AVERAGE 1898-1913=100.

	Average, 1913.	Oct. 1930.	Aug., 1931.	Sept. 1931.	Oct., 1931.
European Waters	110.0	91.1	80.6	82.5	90.8
North America	113.1	85.6	82.3	83.1	91.5
South America	123.4	93.3	88.3	86.3	89.6
India	106.3	101.3	88.4	86.1	97.6
Far East and Pacific	117.4	85.2	87.3	85.2	94.0
Australia	127.9	113.9	92.6	97.9	106.8
Total	116.3	95.1	86.6	86.9	95.0

Actual expansion of business during the past month was not great, though there was a somewhat more active inquiry for outward coal tonnage, particularly for European discharge, and, among the homeward markets, Argentine and Australian grain shippers chartered a fair number of vessels. Russian grain chartering was much reduced. Indeed, the rise in the index number must be regarded as a reflection primarily of the depreciation of sterling, since most of the freights which form the basis for the index are quoted in British currency, while the portion of vessels' running expenses which relates to foreign port dues and bunkers bought abroad has obviously been increased by the fall in the pound. Detailed movements of each section of the index are shown below:—

AVERAGE 1898-1913=100.

	Index Number	Inc. or Dec. Points.		Index Number	Inc. or Dec. Points.
Home Trade	82.9	+ 7.2	South America—out-	67.3	...
Bay—outwards	110.1	+ 11.0	wards		
Bay—homewards	96.8	+ 12.9	South America		
Mediterranean—out-			homewards	111.8	+ 6.5
wards	80.7	+ 3.6	India—outwards	86.3	+ 4.2
Mediterranean—			India—homewards	109.0	+ 18.8
homewards	91.3	+ 7.6	Far East, &c.	94.0	+ 8.8
North America	91.5	+ 8.4	Australia	106.8	+ 8.9

Expressed as a percentage of the average for 1913, the total figure of our index number for October works out at 81.7, compared with 74.7 in September and 81.7 a year ago.

Italian Banking Reorganisation.—Further details of the changes affecting the Banca Commerciale Italiana, referred to in last week's *Economist*, have been forwarded by our Turin correspondent and will be found on a later page. For many years Italian banks have been faced, in their ordinary discount business, with the competition of the Central Bank, which in Italy, as in France, deals direct with the public, while, on the other hand, the Italian banks have had to follow the German precedent of granting long-term credits to industry, as there was no other way in which Italian industry could obtain the finance necessary for its development. Another unfavourable development, not unknown in the past history of Italian banking, was found in the sporadic attempts by industrial groups to obtain control over important banks by purchasing their shares in the open market in order to force such banks to grant them accommodation beyond the limits of sound banking practice. It was to frustrate such an attempt upon the Banca Commerciale Italiana that, eleven years ago, the "Consorzio Mobiliare Finanziario" was created, as a kind of trust company, to buy and hold a large quantity of the bank's shares and so to protect it from future assaults of this character. Until recently the Consorzio worked in alliance with a syndicate

of large shareholders of the bank, and it is to enable the Consorzio to take over the syndicate's shares that its capital is now being increased from lire 210 to lire 630 millions. Simultaneously an attempt is being made to free the Banca Commerciale Italiana from its incubus of frozen assets accumulated through no fault of its own during the stabilisation crisis of 1926 and the world crisis of the past two years. It is for this purpose that the Società Finanziaria Italiana has recently been created. This has a share capital of lire 300 millions, but as this will be insufficient to finance the absorption of the bank's frozen assets, a new semi-public body, similar to the Shipping Credit Institute, and the Credit Institutes for Public Utilities and Public Works, has been created, which will issue debentures to the public and use the proceeds to take over the frozen assets of the bank. The new institution, which is entitled L'Istituto Mobiliare Italiano, is to have a share capital of 500 million lire, with power to issue debentures up to ten times the amount of its capital. Where the object to be attained by a particular series of debentures is of exceptional interest, they may be guaranteed by the State. The Institute is to act as an investment trust, and in that capacity may issue shares representative of special groups of industrial shares. The object of this scheme is to overcome the reluctance of the average investor to buy industrial shares and debentures. The creation of an intermediary is the obvious solution to this difficulty, especially as savings banks, superannuation and pension funds are expected to absorb a large part of the new debentures. If in any given year the profits, after putting 20 per cent to reserve, are insufficient to distribute a 5 per cent. dividend, the Exchequer will make up the difference and be reimbursed out of the profits of subsequent years.

Sweden and the Gold Standard.—The quarterly report of the statistical department of Skandinaviska Kreditaktiebolaget contains a concise account of the circumstances which led up to the suspension of the gold standard by Sweden. Until the second half of 1930 Sweden appeared to be feeling the effects of the crisis less severely than other countries. From then onwards the export industries began to suffer, but home industry was fairly well maintained, and the purchasing power of the public remained at a sufficiently high level to enable imports to be continued on a very slightly diminished scale. This tendency was accentuated by an increasing influx of foreign capital, which continued even into the present year, and also by the fact that the Swedish price level was higher than the level of world prices. In consequence, whereas until recently Sweden had a favourable balance of payments averaging 150 million kronor a year, this surplus diminished to 100 millions in 1930, and may, according to Skandinaviska Kreditaktiebolaget, be replaced by a debit balance of between 100 and 200 million kronor this year. At the same time, the general distrust of banks, engendered by the international crisis, reacted severely on Sweden, and a steady withdrawal of foreign capital began early in the summer. This was intensified when Great Britain's abandonment of the gold standard led to a widespread anticipation that Sweden, whose biggest export market is Great Britain, would follow suit, and during the six days from September 21st-26th the Riksbank's stock of gold and foreign currency fell by about 70 million kronor. It was at that point that the Government decided to prohibit the export of gold and to exempt the Riksbank from its obligation to convert its notes into gold as from September 28th to the end of November. The Skandinaviska Kreditaktiebolaget stresses the fact that the Swedish economic situation is far sounder than at the time of the post-war crisis. The budget generally shows a surplus, and borrowing is so strictly confined to productive purposes that the revenue from State commercial undertakings, after deduction of that part of it which is deemed to fall under the head of taxation, exceeds the interest on the national debt, 85 per cent. of which is held internally. Moreover, the foreign investments of Sweden are believed to exceed her holdings of foreign capital. Doubt is, however, expressed in the article referred to whether the Swedish public will approve of an early re-

turn to the gold standard. The defects of the gold standard are clearly realised in Sweden, and at present an experiment is being made by the Riksbank on the lines of a "managed" currency, based on index numbers especially adapted for the purpose. The Kreditaktiebolaget is of the opinion that unless an international inquiry be held forthwith into the possibilities of perfecting the gold standard system, it may sooner or later be abandoned on a still wider scale.

Overseas Correspondence.

IRISH FREE STATE.

Public Finance — Electricity Supply — Tariffs —
Balance of Payments.

(FROM OUR CORRESPONDENT.)

November 7.

THE Irish Free State has escaped the worst consequences of the economic blizzard, but it has nevertheless not been totally unaffected by the abnormal conditions of the last few years. Owing to the shrinkage in the income tax on external investments and to a large decrease in the excise duty on beer, the budget estimate for the present financial year has not been realised, and a deficit of £900,000 is likely to be incurred. The Government proposes to make good half this deficit by means of further measures of economy, the details of which are still undisclosed, and to bridge the remainder by increases of taxation. The standard rate of income tax has been raised from 3s. to 3s. 6d. in the pound, and the duty on petrol has been raised by fourpence per gallon. These increases have been received by the public in a spirit of resignation.

In the same week in which income tax and the duty on petrol was raised the Electricity Supply Board decided to increase the rates charged for electric current by to amounts varying from ten to twenty-five per cent. The Board is bound by statute to fix charges so as to produce a revenue sufficient to cover all outgoings and to repay part of the capital cost of the Shannon scheme in the year 1933-4. No doubt, if the Board is held to its statutory obligations, the present increase of rates is necessary, but the opinion is widely held that the financial provisions of the scheme are ultra-conservative, and that the provisions for the repayment of capital expenditure are needlessly severe. Both in the matter of balancing the budget in the face of the world economic crisis and in that of paying for the construction of the Shannon scheme, the Government shows a regard for posterity that does not tend to endear them to the present generation. But it is the present generation, and not posterity, that will vote at next year's election.

One result of the return of the National Government in Great Britain is that everybody in the Free State anticipates the imposition of a tariff. In so far as Great Britain adopts a protective policy for food, the Free State is in a position to derive considerable advantage from Imperial preferential rates on dairy products. The more immediate reaction of a British tariff, however, is the possibility of large-scale dumping in the Free State of goods excluded from Great Britain. In order to deal with this emergency, there has been passed an Act giving to the Government, for a period of nine months, power to impose duties on articles which in their opinion are or may become the subject of such dumping. Duties so imposed must be ratified by the Dail within ten days, and may be referred to the Tariff Commission for a report as to whether they should be continued, varied or terminated. This emergency measure need cause no alarm to British manufacturers, as it is aimed solely at foreigners who find themselves unable to dispose of their stocks in the British markets.

The Tariff Commission has recommended, and the Dail has imposed, an import duty on oats of 2s. 6d. per hundredweight. This is the second agricultural import

duty in the Free State, the first being the duty on butter introduced last year. In view of the fact that the Free State normally produces an export of oats, it is difficult to understand how this duty will benefit farmers. It is probably justified on the ground that the "dumping" of quite small quantities of foreign oats in recent years has caused an undue fluctuation of the price of oats in the home market. The duty on oatmeal has been raised from 2s. 6d. to 6s. per hundredweight. In the case of both duties there is an Imperial preference of 33½ per cent.

The following table is an official estimate of the external balance of payments of the Free State in the year 1930:—

	(£000's.)	
	Exports.	Imports.
Merchandise	45,731	56,740
Bullion and coin	179	104
Invisible items	18,111	11,760
Total	64,021	68,604

The net balance of payments appears to be unfavourable according to this estimate. There is reason to believe, however, that some of the passive items has been over-valued, and that a number of items on the active side of the account have been omitted or under-valued. The best opinion in Dublin banking circles is that the net balance of payments is neutral, if not favourable.

FRANCE.

Budget — Public Works — Foreign Loans — Industry —
Railways — Prices — Unemployment — Bankruptcies.

(FROM OUR CORRESPONDENT.)

PARIS, November 11.

THE Chambers will re-assemble to-morrow for the last session in the life of the present legislature, which will be followed by the general elections for the Lower House towards the end of April. The Government programme includes three measures of outstanding importance, namely, (1) the Budget Bill, which this year will cover only the nine months from April 1st to the end of the year; (2) the project for putting into operation a further portion of the great programme of public works; and (3) the measure for re-organising the finance of the railways. Of these measures, only one, the public works project, is so far ready for consideration. The draft of the Budget Bill is to be distributed to-morrow, and is expected to occupy the Finance Commission of the Chamber until January 1st. The plan for refinancing the railways is still very far from definite form, and has to undergo recasting by the Government.

The new public works project has already been sent to the Finance Commission for consideration, and was yesterday the subject of an important sitting of the Commission, to which detailed explanations of the measure were given by the three Ministers most directly concerned, the Ministers for Finance (M. Flandin), the Budget (M. Pietri), and National Economics (M. Gignoux). M. Lamoureux, the Commission's "Reporter," explained that, for the purpose of financing the 3,000,000,000 francs of expenditure provided for by the scheme, the Government reserved the right to choose between four different methods—mobilisation of the annuities arising from reparation payments in kind, advances by the Caisse de Dépôts et Consignations (to which the savings bank and other surpluses are entrusted), advances from the Treasury, and a public bond issue. No provision has been made for financing the 1,500,000,000 francs of expenditure to be borne by the local and semi-public organisations. "The Government," the rapporteur declared, "demands on this point an absolutely free hand, and, in the circumstances, it would be difficult to refuse this." M. Flandin, referring to the proposed mobilisation of the annuities due to the State from industrials who have entered into contracts for the supply of materials under the system of reparations payments in kind, explained that this would take the form of a discounting of the maturing annuities by the Caisse de Dépôts. Finally, in the last resort, the Treasury would have the right, if necessary, to make an

issue of 30-year bonds, but for the moment the Government did not foreshadow such a direct resort to the public savings, though it desired to have the power to adopt that method. M. Flandin added that he has not given up the application of a policy of rente conversion should circumstances permit.

The Finance Minister and the Budget Minister were somewhat persistently heckled as to the accuracy of reports that advances from the Treasury had been made to certain foreign governments. M. Mandel was especially anxious to know what governments have benefited from such loans. M. Pietri indicated that among them were the Yugoslavian and Hungarian Governments. M. Flandin, in reply to questions, warmly defended the policy of the Government in making advances recently to certain great Paris banks which were in difficulties, and insisted that the Treasury in so doing had in no way exceeded its rights.

Industrial production index figures for September, which were issued last night by the Statistique Générale, indicate a drop of three points in the general figure for the nine great industries covered. This is returned as 118 (1913 = 100), against 137 for September, 1930, and means of 140 for 1930, 139 for 1929, and 127 for 1928. The smallest declines on the month are of one point each in extractive industries and building, the figure for the former being 105 (against means of 123, 123 and 117 in 1930, 1929 and 1928), and for the latter 120 (against 137, 122 and 97). The point lost by the building industry in September was recovered in October. Falls of two points are indicated in metallurgy (101), leather (102), paper (107) and textiles (63), which latter industry remains, as during the previous three years, the only one below pre-war levels. Mechanical industries stand at 132 for September, or three points lower on the month, against means of 157 for both 1930 and 1929. Rubber trades stood at 893, or five points down on the month, and also five points below the mean for 1930. The motor-car industry shows an exceptionally heavy drop of 17 points of 514, as compared with 600 for September, 1930, and means of 640 in 1930 and 657 in 1929.

Revised production figures for iron and steel in September show that the total output of pig iron was 654,000 tons, against 680,000 tons in August, 800,000 tons in September, 1930, and means of 841,000 tons, 864,000 tons and 832,000 tons in 1930, 1929 and 1928. Crude steel output in September was 656,000 tons, against 644,000 tons in August, 764,000 tons in September last year, and means of 783,000, 808,000 and 792,000 tons in 1930, 1929 and 1928 respectively. Coal production was 4,384,000 tons in October, against 4,154,000 tons in September and 4,603,000 in September, 1930.

Railway receipts in September (main lines) averaged 297,000,000 francs a day, against 289,000,000 francs in August, and 318,000,000 francs in September, 1930. The average number of trucks loaded daily was 54,220, against 51,720 in August and 60,220 in September, 1930. Merchant shipping in September totalled 4,856,000 tons of entries, against 5,251,000 tons in August and 4,607,000 tons in September, 1930, while outward bound shipping totalled 3,074,000 tons, against 5,704,000 tons in August and 4,869,000 tons in September, 1930.

The indices of wholesale and retail prices for October show a sharp drop on the month under both headings. The general figure for wholesale prices (1914 = 100) is 423 against 437 in September, 455 in August and 519 in October, 1930. The figure for wholesale prices of French products in October is 484, or 20 points lower on the month (against 581 in October, 1930), while that for imported goods is 314, or two points lower on the month, against 525 in October last year. The general figure for foodstuffs is 460, against 482 in September and 525 in October, 1930, and that for raw materials as 392, against 398 in September and 515 in October last year. The general (unweighted) figure representing retail prices in Paris of thirteen articles of common household necessity (July 1914 = 100) in October is 571, against 588 in the previous month and 637 in October, 1930. The cost of living for a Paris working-class family of four persons during the third quarter of the year, including food, heat-

ing, lighting, rent and clothing, is represented by an index figure of 565 (base, 1914 = 100), as compared with one of 581 throughout last year, 556 in 1929 and 519 in 1928.

Unemployment has substantially increased with the approach of winter, and there is some nervousness as to the figures that may be reached in the near future. The number in receipt of benefit at the end of October is returned as 56,121, as against 38,524 at the end of September, 36,000 in August, 988 in September, 1930, and means of 2,433 in 1930 and 909 in 1929. The number of applicants who failed to find jobs in September was 56,802, while 7,200 vacant jobs had to be left unfilled. The reports of some of the large stores for the financial year ending with last July or thereabouts show a substantial drop in profits. The number of bankruptcies and judicial liquidations during October rose to 1,005, as against 675 in September and means of 521,508 and 474 in 1930, 1929 and 1928 respectively.

GERMANY.

Chancellor's Speech — Home Politics — Osthilfe — Proposed Reduction of Interest Rates — Handelsgesellschaft Share Transaction.

(FROM OUR CORRESPONDENT.)

BERLIN, November 10.

At the meeting of the executive committee of the Centre Party last week, Dr. Brüning made an important pronouncement. He said: "I should like to make it quite clear that I have no intention of dispensing with Parliament for any length of time. Even the October crisis, which I anticipated, has had its advantages, for opportunity has been afforded for the airing of certain opinions, and the Government are in a much stronger position for the conduct of foreign politics than if they had postponed until November or December the decisions which they took in October. All we want is time, in case of necessity—and only in case of necessity—for it is impossible to carry out quickly these fresh tasks which are arising every day, while Parliament is sitting. No other object underlies this policy."

This makes clear the nature and purpose of the régime of emergency decrees: not a dictatorship in opposition to Parliament, but action by a parliamentary Government which has claimed extended powers on grounds of expediency but which continues nevertheless to recognise its responsibility to Parliament. The Chancellor's policy is certainly not free from mistakes, but the way in which he has repeatedly repudiated all attempts to abandon the path of democracy, and has prevented the connection with Parliament from being destroyed, bespeaks the true statesman.

The Chancellor has also thought it necessary to prepare the German public for the difficulties in store: "The year 1932 will be financially the worst, so far as the normal expenditure of the Reich, the States and the communities is concerned, for in that year the tax revenue will be based on the actual income of the crisis year 1931, so that even without reparations we shall not be able to avoid difficult and trying measures in every direction. I am telling you this now, quite openly, and I am saying it even at the moment when reparations discussions with other countries are in full swing. But in all these sacrifices it is important that the people should feel that perfect justice is being done, that the burdens and sacrifices are being fairly shared."

At the same conference, the President of the Centre Party, Dr. Kaas, spoke on home policy. Discussion has been going on for weeks as to whether Dr. Brüning and the Centre were now more inclined towards a coalition with the National Socialists than during last session, when the Centre Party announced at a critical moment that they would support no Government of the Right, whatever its complexion. Dr. Kaas has now declared: "I do not know that anything has occurred meanwhile which is calculated to alter or to diminish the grounds for that

decision." The position is thus stated unequivocally. The Centre will not open to Herr Hitler the "legal" path to power during the coming months, and without the Centre this path is inaccessible. Herr Hitler knows, however, as well as Dr. Brüning, that any attempt at illegal force is foredoomed to failure. Some organs of the Press are suggesting that Dr. Kaas' declaration is not to be regarded as the law of the Medes and Persians, and they are, of course, right. The Centre always attaches great importance to keeping its freedom of action, but just for that reason this announcement is of the greatest importance: Herr Kaas has established his party on as firm a foundation as its position and traditions allow, and the resentment expressed in the National Socialist Press shows that he has thereby disappointed the hopes of the Hitler Party.

The relief of the Eastern farmers, which was originally one of the principal points in the programme of the Brüning Cabinet, and is still a matter of great importance in domestic politics, has been endangered by the financial difficulties of the Government and by the collapse of the credit market. Hitherto this relief has consisted principally in the granting of cheap long-term credits to farmers in order to liquidate the short-term debts which they owed at high rates of interest. The funds available to the Reich for this purpose are now exceedingly limited and money cannot even be had from loans. Relief, must, therefore, be adapted to these limited means, and it is not yet clear how that is to be done. Important political changes have, however, already occurred. The Prussian Government, which inclines to the Left, has, so far, made great sacrifices for agrarian relief, although the burden of this relief has to be borne by the city populations who constitute the mass of the supporters of the parties of the Left. In doing this Prussia was aiming at a redistribution of the land of East Prussia, reducing the importance of large estates and combining the distribution of relief credits with the settlement of small and medium-sized holdings. The idea was to be sparing with credits to large holders, to acquire cheaply the land of those large holders who were heavily in debt, and to establish small or medium-sized farms on it. These plans were already encountering strong opposition from the agricultural sections of the population, who wished to maintain the existing distribution of land, and as the economic situation grows worse, the heavy expenses of settlement become harder to meet. At present relief, according to the ideas of the Prussian Government, is even more impossible to continue than relief on the old plan. Prussia grew, in consequence, thoroughly tired of participating in the "Osthilfe," which she has hitherto conducted jointly with the Reich, while Dr. Brüning was glad to be able to meet the Right Wing of his Coalition by getting rid of the influence of Prussia, which the Right has always regarded with suspicion. An agreement was, therefore, reached between the Chancellor and the Prussian Prime Minister that the "Osthilfe" should in future be the business of the Reich alone, and the President has made this agreement binding by two emergency decrees.

Serious anxiety is widely felt in economic circles in consequence of the Government's intention to submit to the Economic Advisory Council a plan for the compulsory reduction of interest rates. The proposal is associated with the "Osthilfe" problem, as a reduction of agricultural interest rates is first to be considered. It is felt that help must be given to agriculture by this means, since State assistance has to be so severely curtailed. A compulsory reduction of the rates paid by agricultural debtors would inevitably lead to a general legal reduction of all interest rates, and not even the Reichsbank discount rate would remain unaffected. Some supporters of compulsory reduction would even like to begin with the Reichsbank rate. If the rates paid by debtors are to be lowered, the credit rates of the banks will, of course, have here to be reduced; if mortgage interest is reduced, the interest on mortgage bonds will likewise have to come down. When this plan became known, the quotations for mortgage bonds in the transactions between banks which are at the moment acting as a partial substitute for the closed Stock Exchanges, fell sharply. The spread between 7 and 8 per

cent. mortgage bonds has also become very small, as it is anticipated that the difference will be wiped out by such legislation. The result of this uncertainty as to the future course of interest rates also seems to be involving Germany in an exchange loss, as German holders of rentes are trying to sell them and purchase foreign loans instead, on the sound assumption that the interest in German foreign loans will not be touched.

The proposals, however, are meeting with strong resistance. The mortgage banks have made a public announcement in which the following passage occurs: "The mortgage banks are convinced that in present conditions everything must be done to reduce the rate of interest. Nevertheless the mortgage banks, which have to take into consideration the present and future interests of credit on real property, can only issue a solemn warning against a possible interference with existing obligations by means of compulsory conversions. Such interference would have as its consequence a fresh destruction of confidence and of legal security, whose devastating effects cannot be estimated." The Reichsbank is also opposed to any compulsory intervention in the capital of credit market. It may be hoped that Dr. Brüning recognises the enormous danger of such interference and will speedily put an end to the uneasiness which has arisen.

Last Saturday it was officially announced that "in connection with the development of friendly relations between the Berliner Handelsgesellschaft and the banking house of MM. Warburg and Company, of Hamburg, a foreign group with the co-operation of MM. Warburg has acquired a parcel of Handelsgesellschaft shares." This brief communication leaves open more questions than it answers. It does not reveal the size of the parcel of shares which has been sold abroad, nor what group has acquired them, nor wherein the development of friendly relations between the Handelsgesellschaft and Warburg consists. For the last few weeks Handelsgesellschaft shares have been sold at rising prices, and it was clear that purchases were being steadily made, while other bank shares were weak. The proprietors of Handelsgesellschaft have held a parcel of shares since Stinnes' time, which were bought from Stinnes when he had to give up his attempt to get control of the Handelsgesellschaft. The Handelsgesellschaft, unlike other banks, appears, however, to have taken little, if any, action in support of its own shares. The shares which are now passing into foreign ownership may perhaps amount to between five and seven millions nominal value. The selling price is said to be over 90, while the unofficial quotation recently was down to 65. The purchases undoubtedly include the particular American friends of Warburg, but there appear also to be English and Dutch banks in the group. For the Handelsgesellschaft this means not only a much-desired relief, but an extraordinary triumph of prestige, at a time when the only desire abroad is to get rid of German shares, not to acquire them.

AUSTRIA.

Railway Deficit — Credit Difficulties — Possible Exchange and Anti-Profitteering Laws.

(FROM OUR CORRESPONDENT.)

VIENNA, November 9.

The Swiss adviser to the Federal Railways, Dr. Herold, has arrived in Vienna. He has had lengthy conferences with the Government and with the Federal Railways, and has pointed out the seriousness of the situation. It is true that this is nothing new, for the Government and the new general manager have already stated that the deficit of the Federal Railways threatens to assume staggering dimensions. The loss in cash for the year 1931 amounts to 42 million schillings, but the effective deficit amounts to 76 millions. After a reduction by the Ministry of Finance of 30 million schillings in the budget of the Federal Railways, the general manager still estimates it at 73 millions for 1932. At the same time it is reported that the increase in

* Later news from Berlin is to the effect that the proposal has been negatived by the Government.

rates is not bringing much increase in revenue. At the discussions, in which Dr. Herold took part, it was also decided to close down certain local lines which are not paying, and to make further reductions in staff.

Both the Federal Railways and the Government must persist rigorously in their economies, as it is becoming clearer and clearer that revenue from taxes and imports is declining. Though the rumours which are circulating are very extravagant, it cannot be denied that the seizures for arrears of taxes are becoming more numerous every day on account of the heavy indebtedness of the farmers. They have reached a formidable extent, and, at the same time, there is a growing resistance to the seizures, which often deprive the peasants of their last head of cattle. In view of this privation, the courts are proceeding considerably, and the collection of outstanding mortgages is also not now being carried out at so rapid a rate.

The mortgage institutes are not disposed to grant fresh credits. The credits they are giving very seldom exceed 10,000 schillings, and the interest demanded on first mortgages is 12 per cent. Private lenders are more accommodating, but when they lend rather large sums they demand that both capital and interest service be in terms of gold schillings. It also appears that the Central Savings Bank of the Municipality of Vienna no longer accords credits so freely. It granted large advances on the houses of the municipal housing scheme. It has also placed short-term loans at the disposal of a number of cities and towns, because it was hoped that these cities and towns would shortly be able to contract loans on long terms. An attempt is now being made to bring out a new type of mortgage, so that the Central Savings Bank may recover its resources and the public may furnish the necessary cash through the purchase of these mortgages. The other savings banks are resisting this course and pointing out that, even now, it is not easy to keep up the quotations of their issues. There is also the difficulty that before its crisis the Credit-Anstalt took over the mortgage department of the Bodeneredit-Anstalt and issued mortgages, which were offered to the public at 95 per cent. At present they can hardly be sold at 70 and 75 per cent. In anticipation of these mortgage loans from the Credit-Anstalt many people have had houses built and are now unable to get the loans from the Credit-Anstalt, and are finding difficulty in raising the means elsewhere.

Rumours have repeatedly arisen during the past week, and have been reflected in the tense financial and economic situation. It was said that the Ministerial Council and also the National Bank were contemplating the imposition of further restrictions in regard to foreign exchange. The surrender of foreign means of payment has not brought in the amount anticipated, which is comprehensible, because foreign means of payment deposited abroad have shrunk, and those people who have foreign values in most cases have large commitments abroad which they must take into their calculations. There was, therefore, talk of a law to enforce the reporting of foreign securities in the possession of Austrians and to enable the National Bank to acquire them after a certain fixed date. Energetic protests against this measure were made immediately, and it was pointed out that the public had suffered the greatest losses on the purely Austrian shares, so that, through the foreign currency decree and the possible enforced surrender of foreign shares, they would be deprived of their last assets. There was also a rumour that private gold and silver holdings would be requisitioned, and the immediate result was a drop in the price of gold traded in privately. There had been a rise from 4,700 to 6,300 schillings, because gold was being hoarded largely, and, in view of the foreign values decree, neither gold nor silver can be brought into the country for private use. Fear that gold thus requisitioned might be paid for at a lower price caused a fall. Further recourse to war-time methods is represented by a Bill now before Parliament by the Government which is directed against profiteering, and designed to provide the lower administrative authorities with extensive rights. In trade and industry it is feared that unnecessary vexations will result and will be all the more keenly felt, as prices are gradually rising as a consequence of the restriction of imports. Agriculture is

still enjoying special protection. Efforts are being made through legal channels to influence supply and price. The help which agriculture is thus afforded is certainly not undeserved, but trade and industry also appear to be in need of support, and, as they have not yet been granted subsidies, they are disposed to attribute the preferential treatment accorded to the farmers to the political influence of agriculture.

HUNGARY.

Political and Financial Uncertainty — Agriculture — Short-Term Loans and Banking.

(FROM OUR CORRESPONDENT.)

BUDAPEST, November 9.

COUNT KAROLYI, who valiantly assumed office amid the financial chaos of last August, and who, after presenting his Cabinet to Parliament, has governed by Decrees, will face a none too friendly House of Deputies this week, when the general discussion on the League Report begins. It is, however, not the Opposition which Count Károlyi has to fear, since they number scarcely 50 members, as against 200 supporters of the Government. The question is whether the Government's supporters will indulge in political intrigues which might break up the majority into several rival groups, as the local Press seems to believe.

The precarious situation of the Treasury and the National Bank and the economic distress of the country call for a stable and strong Government with a ruthless Finance Minister, who will lose no more time in balancing the budget and declaring a transfer moratorium on Hungary's foreign debts. The uncertainty which prevails at present is highly detrimental to the country. The politicians and the Press are speculating as to the intentions of the Government, and, as everybody knows that the present level of budgetary expenditure cannot be maintained in view of the falling revenue returns and the practically empty Treasury, further cuts in salaries and pensions are feared.

Agriculture is in a very bad state. Owing to the bad harvest, the available grain export surplus is much smaller than it was in 1929 and in 1930. It is estimated by reliable experts that the total wheat surplus available for export at present is not more than 3 million quintals. Although wheat and other cereal prices rose here in recent weeks in sympathy with the rise in the price level on the world markets, prices are still too low even to cover the cost of production. The wheat bounty will be discontinued, as the Treasury cannot bear the huge burden involved. Cattle prices have declined in Austria, Czechoslovakia and Italy, and their adverse effects will be plainly demonstrated by the falling off in the value of exports. Insolvencies are on the increase again on farms as well as among traders.

Commercial relations, which have never been satisfactory among the Succession States since the introduction of protective tariffs after the breaking up of the Austro-Hungarian monarchy, are at present worse than ever before. Although almost permanent negotiations are going on between Austria, Czechoslovakia and Hungary, the foreign exchange restrictions involving merchandise import restrictions have completely upset normal trade relations in Central Europe. The Prague Conference of the central banks, recently held under the auspices of the B.I.S., did not remove the difficulties.

Negotiations for a standstill agreement for all short-term loans are being conducted now by Baron Károlyi, a former Finance Minister, after the failure of several private bankers to attain a common agreement with the creditors. It must be realised by the foreign creditors that practically all the short-term loans placed in Hungary are "frozen," partly because they have been used instead of long-term loans for other than strictly commercial purposes, and partly because they constitute the working capital of the country, the withdrawal of which would upset the whole economic system. Some of the short-term creditors are apprehensive of discrimination by the

Hungarian authorities in favour of the long-term creditors by continuing payment of interest and sinking fund on long-term loans when short-term debtors are not allowed to transfer either interest or principal to their creditors. There is little doubt that such discrimination cannot continue, and the solution in all probability will be a general transfer suspension on all foreign debts, interest and principal, with the possible exemption of the interest service of the State Debt, which amounts to about 50 million pengő out of the total of nearly 800 million pengő which would be required for interest and sinking fund on all foreign debts at the rates ruling at present.

The commercial banks did not pay much attention to the League Report, which urged the publication of monthly balance sheets. Considering that no half-yearly balance sheets were issued, except by one big bank, it is highly desirable that the commercial banks should publish their quarterly balance sheets as for September 30th without further delay, since the public is surely entitled to know by the middle of November what has happened to the banks since the end of last year. Though the Bourse is still closed, private dealings in stocks are tolerated by the authorities, and quotations, in some cases, such as coal-mining shares, are higher than those ruling in July, when the Bourse was ordered to suspend dealings.

HOLLAND.

Improved Tone — Public Finance — Economies — Tariff — Gold Movements.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, November 11.

THERE has been some change in the general situation during the week past, in particular through the important advance in prices on the Rotterdam grain market and the firm sentiment on the Amsterdam Stock Exchange, as a result of which numerous securities advanced considerably. In consequence, there has been a general tendency to view the situation from a more optimistic standpoint, especially as the large number of German securities traded in at Amsterdam also registered considerable advances, in view, no doubt, of the Franco-German conversations and the possibility of a revision of the reparations debts.

Nevertheless, there were also several factors which indicated that the recovery was much more the result of technical market influences than of a genuine improvement in the general economic situation. Indeed, the further sharp drop in the sterling rate of exchange at Amsterdam proved that the necessary confidence and the so greatly desired stability of sterling have not yet been attained. To Dutch trade and industry, in particular, this is of vital importance, as England is Holland's best customer, and only third among the countries from which she imports, as the following table shows:—

	Imports.		Exports.	
	(Thousand guilders)			
	1930.	1931.	1930.	1931.
Germany	601,197	473,520	290,023	200,903
Belgium	199,627	149,808	138,416	128,350
England	178,378	119,412	294,490	248,442
America	163,544	113,738	38,920	24,063
France	85,549	59,633	101,360	90,380
Dutch E. Indies	71,116	56,609	112,135	72,296

The budget debates in the Second Chamber also provided distinct reminders of the existence of a serious crisis in the Netherlands. In particular, the troubles which the State and the municipalities are encountering in making their budgets balance are of a very serious nature, and are the cause of the present difficulties in securing sufficient short-term credits. In a memorandum in connection with the State budget, the Minister of Finance cited several figures relative to the probable development of the floating debt of the Netherlands, which once more emphasise how precarious the financial position of this country has become. To provide for the finances of the Dutch East Indies the State will have to raise in 1932 over 300

million guilders (last year 117 millions) as floating debt, without any prospect of being able to redeem it for the time being. The Dutch East Indies have a considerable deficit on the ordinary budget, both for 1931 and for 1932, and already now 141 millions of the 300 millions above referred to have been taken up. In addition, cash now has to be provided for the municipalities and local authorities, and it is evident that the Government may have to act as banker for some local authorities for a considerable time to come, and in that capacity will have to raise the funds itself. For the time being it is impossible to give even a rough idea of the amount involved. On top of this, there is the floating debt of the State itself, which will arise chiefly on account of capital outlays for 1932, and any deficit on the ordinary services of the 1932 budget. At the moment it is impossible to estimate the total figure with any pretence of accuracy, but it is not considered likely to be below 250 million guilders.

In view of this precarious situation of the State finances, it is no wonder that rumours have been circulated that there was to be a compulsory State loan, on the lines of those raised during the war. These rumours, however, were emphatically contradicted by the authorities.

The Government have recently introduced into Parliament two Bills which show how seriously they are taking in hand the stability of the guilder. This has become so urgently necessary now that it is certain that the State will have to call upon the money market next year for subscriptions to large amounts of Treasury bonds. This will only be possible, without endangering the guilder, if confidence is felt that the Government has left no stone unturned in its endeavours to reduce official expenditure and the general standard of living. Both Bills aim at assisting the local authorities in this respect. The first Bill is to empower the Government to reduce the grants to local authorities by 3 per cent. of the amount paid this year for wages and salaries, to be in force for three years, the period of the reduction in State salaries. This involves a saving of 1,400,000 guilders to the State, but that is of secondary importance; the principal thing is that the State thereby compels the local authorities to adopt a more rational financial policy. The same object is aimed at in the other Bill, which regulates the provision, to local authorities unable to finance their requirements of ready cash, of an advance from the Exchequer or a guarantee covering an advance by a third party, provided the local authority undertakes to abide by the conditions upon which the Minister is prepared to grant this assistance. Those conditions will, naturally, refer to measures for economy. By means of these conditions the Government is easily enabled to dictate the reduction of extravagant municipal expenditure. It is, in fact, considered absurd that in these times the local authorities continue to pay higher salaries and wages than, for instance, the State.

Nevertheless, it hardly seems likely that the conversion of the 6 per cent. State loan 1922 (300 million guilders) which is proposed for the spring of 1932 will be made possible by these measures. This alone would cost the State 2½ million guilders more for interest in 1932 than was allowed for in the budget. In connection with the proposed all-round increase in the import duties from 8 to 10 per cent., the Government announce that the measure is of a purely fiscal nature and that they are not in favour of a further increase to 12 per cent. in the general tariff. The increased duties are to apply to all goods imported from January 1, 1932, onwards, whether they were invoiced before that date or not.

The flow of gold to the Netherlands still continues. On November 2nd the stock of gold of the Netherlands Bank amounted to no less than 856 million guilders, as compared with 385 millions a year ago. At the same time the circulation of bank notes surpassed the 1,000,000,000 guilder mark for the first time, amounting to 1,092,000,000 guilders. In addition to the gold stock, the Netherlands Bank still retains a holding of foreign bills to a total of over 89 million guilders, but these are undoubtedly sterling bills, which for the present are to be regarded as frozen bill assets, in view of the depreciation of sterling.

ITALY.

Banking Changes — A New Body.

(FROM OUR CORRESPONDENT.)

TURIN, November 9.

THE great event of the week was the Banca Commerciale Italiana arrangement, which was officially announced on Tuesday night. Italian banking traditions partake at the same time of the French and German systems. As in France, the bank of issue is not only the bankers' bank, but deals directly with the public, and is, therefore, a direct competitor of ordinary banks. This is largely explained by the fact that the banks of issue were founded in the 'fifties, when ordinary banking was very little developed. When, afterwards, commercial banks arose they thus found themselves deprived of a part of the ordinary discount business, in which their deposits would have found their most obvious outlet. On the other hand, there do not exist, except for loans on land and houses, special organisations for making permanent advances to industry. Great industries, such as textiles, iron and steel, navigation and electricity, could not be created had they not found in the banks a permanent aid. Credit to industry is, according to the German model, fatally tied up for a more or less long period of time. In the past, banks have come to grief because they have overstepped the limits of prudence in apportioning deposits between short discounts and advances and long investments. Sometimes these limits were exceeded because the bank was in the power of the industries which were its customers. The most famous instance was the Banca Italiana di Sconto, which failed in 1921 because it became the prey of the Ansaldo group.

In 1918 an attempt was made on the part of certain industrial groups to get control of the Banca Commerciale and of the Credito Italiano; and the struggle between the Perrone-Ansaldo group and a group of friends of the B.C.I. (the Gruppo Marsaglia) ended in the victory of the latter. In March, 1920, the assault on the B.C.I. was repeated on a bigger scale. The Perrone-Ansaldo group, in the endeavour to get hold of a majority of the capital shares of the B.C.I., pushed the price of the shares in a few days from 1,255 to 2,450 lire. For the second time the attempt failed. Then the "Consorzio Mobiliare Finanziario" was created, which bought all shares sold by the discomfited Perrone-Ansaldo group and subsequently worked in alliance with a financial syndicate of supporters and large shareholders of the B.C.I., so as to secure the bank against future attempts by industrial and commercial customers to capture the bank and its deposits. During the period from 1920 to 1931 this syndicate acquired, so it appears, a large amount of B.C.I. shares.

The present arrangement aims, firstly, at consolidating this long-drawn-out development. The "Consorzio Mobiliare Finanziario" is to increase its capital from 210 to 630 million lire; the fresh capital, the subscription of which is already guaranteed from sources outside the bank, being devoted to buying the "syndicate" B.C.I. shares. Thus, the majority of the capital shares of the B.C.I. will become the definite property of the Consorzio; and the shareholders of the Consorzio (directors of the bank, financiers, stockbrokers and other supporters of the B.C.I.) will constitute in their turn a syndicate which shall keep in safe hands the shares of the Consorzio and guarantee the B.C.I. against any possible inroad. In 1930 a similar arrangement was arrived at for the Credito Italiano.

Now comes the second part of the arrangement. War and inflation influenced the B.C.I., as all other banks. Probably the frozen credits and investments might have been disposed of if the stabilisation of the lira at a level about 25 per cent. lower than the average level current from 1921 to 1926 and the subsequent deflation policy of the Bank of Italy—the notes issued were reduced from 17,992.2 at the end of 1927 to 14,441 at the end of October, 1931—had not made customers of the B.C.I. desirous of further aid. The world crisis, coming on the top of the deflation crisis, made it well-nigh impossible to float industrial shares on the internal markets and closed the American market to issues of debentures. It is to the

credit of the B.C.I. managers that they were able to avoid increasing their discounts and advances during these trying years. Discounts were 4,149.5 million lire at the end of 1924, as against 4,075.8 at June 30, 1931, and loans against collateral were 688.5 and 683.8 million respectively. Investments and "partnerships" rose, however, during the same period from 571.9 to 1,382.7 million, and sums due by correspondents from 1,670.8 to 3,268.2 million lire. It is no wonder that in these assets there should be some measure of frozen investments. Under an energetic guidance these assets may in the end prove to be good; but it will take some years of organisation and abstinence from dividends to come through the ordeal.

Provision has to be made in the meantime for frozen credits and assets at present unsaleable. The amount of these non-banking assets can only be guessed. On the basis of the difference between the present and the 1924 figures of the above-quoted items, we may reach a figure of roughly 2,000 million lire, mainly holdings in and debts by iron and steel, chemical, naval and shipping industries. Whatever the total sum, the entire block will be sold to a new body, called the Società Finanziaria Italiana, with a share capital of 300 million lire. The sale will be made at a price involving no loss for the B.C.I. Shareholders of the new Società are to bear the whole risk of the operation. It is hoped that no loss will ultimately be incurred, inasmuch as the new body will have plenty of time to liquidate. Of course, the new Società Finanziaria will not be able to pay for the whole of the frozen assets purchased, which amount to some 2,000 millions, out of its own 300 millions capital. A new semi-public body, on the pattern of the existent Credit Institutes for Public Utilities and Public Works, or the Shipping Credit Institute, is to be created, which will issue debentures on a large scale. The arrangement thus aims at transforming banking assets not quickly disposed of to a public which is not to-day in the mood for purchasing large amounts of industrial shares into debentures issued by a semi-public body, which should be bought more easily by the saving public. Everybody recognises the difficulty of selling debentures directly to a saving public, which in Italy, as in other countries, is very shy of "new" securities, albeit buying voraciously "old" securities like Treasury bonds, railway debentures, mortgage, land and houses bonds, etc. The new debentures now under consideration, as those of other semi-public credit institutes, will find an outlet in savings banks and other superannuation and pension funds, which have a regular source of revenue from new savings and premiums, and can easily, by disposing of old securities, absorb large quantities of them.

The general conclusions which may be drawn from these far-reaching events are manifold. In the first place, no recourse will be had to the printing of notes, and the stability of the lira will not be impaired. Secondly, the Banca Commerciale will recover its full freedom of movement and, freed from the incumbrances of the past, reassert its hardly and ably won supremacy in the field of commercial banking. Thirdly, these recent events make imperative the study of a re-arrangement of the various inter-related banking agencies. They consist at present of (1) several thousand small and medium-sized private, popular, savings and rural banks with a limited field of action. A country where agriculturists and small industrialists and traders number millions cannot well do without these small banks, provided they are well managed. A supervision such as that exercised by the Bank of Italy is all that is needed. (2) A small group of commercial banks, at the head of which are the Banca Commerciale Italiana and the Credito Italiano. (3) A small group of powerful semi-public banks and savings banks, such as the Bank of Naples, the Bank of Sicily, the Lombard Savings Bank, the Turin Savings Bank, etc. (4) A few public institutions for the granting of credit to public utilities, public works, naval concerns, including the new Institute for Industries. (5) The Institute of Liquidation, a creation of the Bank of Italy, whose business is the winding up of 1,500 millions of old and new frozen assets from 1921 to 1930. (6) A few investment trusts, the outstanding instance of which is the Meridional Railways Company. (7) A big State bank, the Cassa Depositi e Prestiti, which centralises the deposits, about 14,000

million lire, of the postal savings banks. (8) The Bank of Italy.

Between these various banking types some sort of division of labour already exists. The short commercial credit in the usual English sense should be the appanage of groups 1 and 2; the long-term credit to industries, trade and agriculture is in principle the privilege of groups 3, 4 and 5, which also, together with the Cassa Depositi e Prestiti, finance public bodies. If these lines of division were more strictly observed, if new investment trusts, run independently of the banks, were created, and if, finally, the Bank of Italy, renouncing its old ordinary banking functions, were to remain only a central bankers' bank, our banking system would work very well. The Banca Commerciale arrangements, as well as those for the Credito Italiano last year, make for progress on these lines, but such a development cannot be completed if a market is not created for fixed-interest bonds and debentures. At present, such a market exists only for State securities, land and houses mortgage bonds, some old railways and local public bonds. The industrial bond market is practically non-existent, and industrial bonds are perforce kept in the coffers of some of the above-mentioned banking groups (2 to 6, with some occasional transfer from group 2 to the others). Of course, such a development cannot be perfected at a time of crisis, but a cautious beginning could be made, taking advantage of the keen public demand for fixed-interest, well-secured bonds. The Lombard Savings Bank mortgage bonds are negotiated, even in these days of dear money, at a yield of about 5 per cent., and other similar industrial mortgage bonds could be equally good sellers, if only purchasers were sure of the possibility of re-selling them in case of necessity.

POLAND.

Parliament — Unemployment Relief — Budget — Export Subsidies — Bank of Poland — Foreign Trade.

(FROM OUR CORRESPONDENT.)

WARSAW, November 7.

THE Budgetary session of the Sejm began at the beginning of October, with no specific programme other than to approve the estimates for the Budget year beginning April 1, 1932, and to vote new taxes with the object of increasing revenue during the present fiscal year and for aiding the unemployed. It has been decided in the latter connection to try to collect tax arrears from farmers—otherwise uncollectable—in the form of produce for direct distribution to the needy this winter. Such a scheme, however, will, no doubt, meet with considerable difficulties at the source. Other measures voted or proposed for the purposes indicated are supplementary taxes on certain classes of income, on railway and cinema tickets, higher postal rates, etc. With the Opposition "gagged" and intimidated, the Government party has complete control over the legislatures; so much so, in fact, that the Opposition groups talk of abandoning the Sejm entirely.

The number of registered unemployed (agricultural workers, comprising the bulk of the population of Poland, are not included) now exceeds 250,000, and will, no doubt, increase steadily during the winter. Distress among the unemployed is very acute, and, while the public authorities are doing all that can reasonably be expected of them with the limited means at their command, the problem will probably become one of increasing intensity as the winter progresses, and may have unpleasant political repercussions.

The preliminary Budget for 1932-33 submitted to the Sejm estimates income at 2,375 million zlotys, and expenditure at 2,452 millions. The present year's Budget, as originally voted, estimated income at 2,865 million zlotys and expenditure at 2,851 millions. It is unusual for the estimates to show a deficit, and the deficit in those now before the Sejm is, no doubt, due to the anticipation by the Government that it will be more than met by the extension after June 30, 1932, of the moratorium on war and relief debts. Poland benefits in this connection to the

extent of more than 100 million zlotys per annum. The actual deficit for the first half of the present fiscal year is shown to be about 120 million zlotys, with the possibility that the payment of substantial sums already due has been deferred. An encouraging feature, however, is that the monthly deficits are now diminishing, owing to the very severe contraction which is taking place in expenditure. It is very improbable, however, that Budget revenue this year will exceed 2,000 million zlotys, and the Minister of Finance appears to be unwarrantably optimistic in anticipating next year's income at 2,375 millions.

A considerable drag on the national economy is the large amount now being spent on the subsidising of exports. An authoritative German periodical recently stated that direct export subsidies this year would cost Poland 200 million zlotys (140 millions for export bounties and 60 millions in railway freight subsidies), and that indirect subsidies in the form of high domestic prices to off-set unprofitable export business means that Poland's export trade this year will be subsidised to a total of some 500 million zlotys. The German authority referred to, consequently, charges Poland with "dumping" on a scale comparable with Soviet Russia; but the Poles readily answer the charge by claiming that, like Soviet Russia, they must export in order to obtain foreign exchange for debt charges and necessary imports, and that they are in precisely the same position as Germany and other countries in this respect. It is largely for this reason that, no matter how greatly British coal competition in export markets is intensified in consequence of the depreciation of the pound, Polish coal exports will not be allowed to diminish. If ultimately British competition cannot be met in any other way, Poland herself will, no doubt, go off the gold standard. She may, in fact, be forced off because of the determination to maintain coal, timber, farm produce and other exports, the returns on which have been greatly diminished because of the abandonment of the gold standard by Great Britain, Sweden, Denmark, Finland, etc.

The Bank of Poland during the past month has added a few million zlotys to its actual gold reserve through the sale of foreign *devisen*. There continues to be a steady net loss of gold cover, but the actual gold reserve against outstanding currency exceeds 40 per cent., and it is clearly the determination of the authorities to gather in as much metal as possible. For a long time the Bank of Poland has had to meet an insistent demand for dollar banknotes, of which there is believed to be a considerable hoard in this country, but this demand has recently been sharply checked by lowering the selling price of dollar notes. They were even quoted at a discount of about 5 per cent. for a few days in the middle of October, and this "scare" brought back to the banks a considerable flow of dollars which in the preceding weeks had been sold to the public at a good premium over the cable transfer rate. Poland is one of the very few remaining countries in Europe which have not yet found it necessary to impose official restrictions of any kind on the purchase and sale of foreign exchange.

The following figures show the great contraction which has taken place in Poland's foreign trade:—

(Thousands of Zlotys.)			
January 1st to September 30th.	Imports.	Exports.	Balance.
1929	2,398,823	2,043,002	-355,821
1930	1,721,007	1,846,216	+125,209
1931	1,155,134	1,446,297	+291,163

With a large part of imports representing the necessary raw materials of industry (cotton, wool, ores, copper, etc.) it will be better realised what a drastic decline has taken place in imports of manufactured goods that are not vitally necessary. The further curtailment in the value of Polish exports (coal, agricultural products, textile goods, timber, etc.) which will inevitably result from currency depreciation in other countries, and the additional import restrictions of other European countries still nominally on the gold standard, clearly indicate that Poland will have to restrict her imports still further this winter. If the world's statesmen were deliberately intent upon the complete abolition of foreign trade, they could hardly be succeeding better.

SPAIN.

British Elections — Reduction in Civil Service —
Proposed Presidency — Bank Legislation — State
Mercury Mines.

(FROM OUR CORRESPONDENT.)

MADRID, November 6.

The results of the elections in England were followed with keen interest in Spain, not only for their significance locally, but for their possible effect on Spanish politics. The Socialists make light of such an eventuality, but the fact remains that election results in England have put heart into the Conservatives over here, and, should they be able to sink their minor differences and reach a semblance of cohesion, a political swing to the right is deemed quite possible in the near future.

Señor Azaña, the new Prime Minister and Minister for War, threw another bombshell in the form of a decree which called for an all-round reduction of the number of civil servants by 50 per cent. The procedure was to have been similar to that which reduced the numbers of army officers, but so great was the outcry caused by the announcement that the other members of the Government induced the Prime Minister to withdraw the decree, for the time being at least. Señor Azaña, who was quite unknown before the advent of the Republic, has made his personality felt, and, however unpopular some of the measures taken by him may be, he inspires considerable respect all round. The statement that he was prepared to apply to disgruntled civil servants the full vigour of the recent law of the Defence of the Republic was known to be no idle threat, and only the imminence of a crisis within the Cabinet forced him to withdraw the unpopular decree. Thus the strong man of the Government, who had previously effected a wholesale reduction of army officers, a thing the Dictator, Primo de Rivera, had been unable to accomplish, was frustrated in his attempt to apply the same principle to governmental bureaucracy.

The Government made a formal visit *en bloc* to Señor Alcalá Zamora with the object of offering him the Presidency of the Spanish Republic, although the ex-Prime Minister is notoriously opposed to certain clauses of the new Constitution, especially to Article 34, which deals with the religious question. Señor Alcalá Zamora has asked for time so that he may consult his political friends, but it is thought that his reply will be in the affirmative and that his acceptance of the honour will tend to smooth over some of the difficulties which threaten in connection with Article 34. The period of office of the President of the Republic will be six years, and his functions similar to those of the President of the French Republic.

A project for a law modifying the privileges and organisation of the Bank of Spain has met with considerable opposition on the part of the board and the shareholders of that institution. The Minister of Finance, in presenting the project, stated that he considered it unjust that the profits of the national banking institution should increase in inverse ratio to the degree of prosperity of the country. He proposes to establish a closer State control by means of three directors nominated by the Government and a permanent inspection department consisting of a maximum of ten inspectors taken from the Ministry of Finance. The expenses of the latter department are to be paid by the Bank of Spain. The conditions governing the intervention of the bank in the exchange market to support the peseta are also to be modified in the sense that the bank and the Treasury will henceforth share both profits and losses. Up to the present any losses incurred in this connection have been borne mainly by the Treasury. The committee governing exchange operations will, if the project becomes law, be constituted as follows:—The Governor of the Bank of Spain as chairman, a director of the same bank in representation of the shareholders, a representative of private banking interests, a member named by the Congress and one nominated by the Cabinet on the recommendation of the Minister of Finance. The law will give the Minister of Finance authority to modify the official discount rate of the bank during a period of

instability of foreign exchanges or when he considers such a measure necessary to protect the economic interests of the country. Participation by the State in the profits of the Bank of Spain derived from any increase in the note circulation is provided for by a sliding scale of taxes based on the relation of the bank's reserves (gold and silver) to the note circulation and to the minimum legal reserve. Provision is also made for the eventuality of the gold standard being introduced into Spain, in which case the gold reserves of the Bank of Spain will be revalued, and any excess value of such gold over 3,444.44 pesetas a kilo appropriated by the State. At an extraordinary meeting of the shareholders of the Bank of Spain, held on November 1st, the board were specially empowered to take any measure they might deem convenient for the protection of the interests threatened by the new law.

The Government is considering a suggestion which has been made with a view to covering a part of the budgetary deficit, that is, by selling or mortgaging the State-owned mercury mines of Almaden. As, however, one of the clauses of the newly-voted constitution states that any national property may be socialised at any time with or without indemnity, it is doubtful whether a buyer or mortgagor could be found for that valuable property. A further suggestion was made to the effect that the stock of mercury in Almaden, estimated at 100,000 bottles, should be deposited abroad, instead of gold, against a loan of £1,000,000.

The time limit for the stamping of bank notes by the Bank of Spain has been extended until December 10th next. On and after November 15th the bank will issue stamped notes only. These have been no radical improvement in the position of the Stock Exchange during the past month, and on balance quotations are still lower in spite of official intervention.

CANADA.

Gold Export Restrictions — St. Lawrence Waterway —
The Dumping Duties — The Railway Problem —
Business Conditions.

(FROM OUR CORRESPONDENT.)

Ottawa, October 21.

EVER since the Canadian dollar followed the pound downward in New York the Bennett Ministry has been struggling with the financial problems created by the new situation. Both the Finance Department and the banks found themselves faced with continual demands for gold from interests which had obligations to liquidate in New York. If the claimants did not respond to an appeal to their patriotism, their requests were politely refused, but the position was unsatisfactory, as there was no legal authority for refusing gold. The Bennett Government has now cured this situation by an Order-in-Council which prohibits the export of gold from Canada, except under a licence issued by the Minister of Finance. It is provided that such a licence will only be granted to a Canadian chartered bank, and anyone without a licence who attempts to export or carry out of Canada gold coin, gold bullion or fine gold bars, will be liable, upon summary conviction, to penalties of not more than 100 thousand dollars fine or three years' imprisonment. The Order-in-Council states that the Canadian Government and certain Provinces and municipalities have incurred obligations payable in gold outside Canada, particularly in the United States; and that the Minister of Finance is of the opinion that Canada should take reasonable precautions to ensure the discharge of such obligations in accordance with the terms of contracts, and make provision for Canadian trade to be maintained with a credit structure based on notes of the Dominion, backed by the security of the gold holdings stipulated by statute.

In passing the Order-in-Council, the Government invokes the authority conferred upon it last session to take any steps deemed necessary for the maintenance of peace, order and good government, and unless amended or rescinded, the Order will remain in force until March 1,

1932. It is understood that the total obligations of the Canadian Government and private corporations, which mature in New York before March 1st, are in excess of 190 million dollars, and at the present rate of exchange a burdensome premium of about 20 million dollars would be involved in meeting them. The Government is aiming, as far as possible, at conserving the gold resources of the country and intends to reinforce them by buying the whole gold output of Canadian mines, which now amounts to roughly one million dollars per week. But it is obvious that all Canadian obligations in New York cannot be paid in gold and it is highly desirable that the exchange situation should be righted as soon as possible.

The announcement recently made to the effect that the Canadian and American Governments were ready to negotiate a treaty for the early construction of the St. Lawrence Waterway has produced a suspicion that a deal has been made whereby Canada, in return for her co-operation in the immediate construction of a waterway, will be accommodated with a substantial gold credit in New York. Partly for political reasons and partly for the purpose of helping the unemployed, the Hoover Administration is more anxious than ever to proceed with the waterway and, if forecasts are correct, has made a decidedly generous offer to assume the cost of constructing the international section. But the news of the negotiations has been very coldly received in Quebec and protests have been forthcoming both from Premier Taschereau, the *Montreal Gazette* and other quarters. The general attitude of the Canadian people is that they are awaiting the disclosure of the terms of the treaty before giving their benediction to it.

The Bennett Administration is also encountering vigorous and varied opposition to its new dumping duties. Not only has Mr Mackenzie King subjected them to a critical analysis, and the Liberal papers of the country added their protests, but an equally hostile attitude has been taken by Conservative papers such as the *Ottawa Journal* and the *Calgary Herald*. The *Ottawa Journal* argues that the new regulations constitute a misapplication of the dumping duties and that they are an unfair blow at Great Britain, inasmuch as they are a bad example to other nations and promise to impair whatever value the depreciation of the pound might have had as a stimulus to Britain's export trade. The *Calgary Herald* cites data to prove how the British market for Canadian products has been expanding in recent months and thinks that the dumping duties are a poor form of requital. The *Manitoba Free Press* observes that the new duties amount to an assertion that, come what may, British goods will not be allowed to enter Canada to compete with home-made articles. It declares that Canada is in the throes of the exclusionist mania which has afflicted so many of Britain's customers and has been the prime factor in the depreciation of the pound.

The Minister of Railways has announced that the Government contemplates the appointment at an early date of a Royal Commission, which shall be entrusted with the investigation of the railway situation, with correlated problems connected with the highways and waterways, and to make recommendations which will effect economies in Canada's transportation Bill. Semi-official forecasts also indicate that the Government is considering the abandonment of most of the services now conducted by the State-owned Mercantile Marine. It is examining tenders made by private shipping companies for services to South America, New Zealand and Australia, but it is reported that the subsidies which they at present demand are in the aggregate not less than the annual deficit of the governmental marine. If, however, the shipping companies pare down their subsidy demands, their offer might be accepted. But in any event there is no intention of interfering with the passenger service now conducted by the State-owned "Lady" boats to the West Indies, as Canada is obliged by the terms of her trade agreement with the British West Indies and the Colonies to maintain it until 1938.

There are some remnants of the grain harvest to be cleaned up in Alberta, as threshing operations have been

delayed by rain, but throughout the rest of the Dominion the crops have been safely gathered. On the whole the crops of Eastern Canada are fairly satisfactory, with at least an average yield in most lines, and the fruit crops have been exceptionally good. In the West all the pessimistic forecasts have been fulfilled; but, fortunately, there has been an abundance of moisture in recent months, and the fodder situation there has been greatly ameliorated.

There is, however, no sign of any real improvement in business, and wholesale houses report that merchants are just buying from hand to mouth and placing very small orders. Retailers, too, state that, in spite of the stimulation of low-priced sales, their volume of business is substantially lower than it was a year ago. Really cold weather has not yet arrived to give a stimulus to the sale of furs and warm winter clothing. However, the car-loading figure for the week ending October 10th, placed at 58,158 cars, shows for the second week in succession an increase (2,125 cars) over its predecessor, but it is still 13,093 cars below the figure for the corresponding week of 1930. Unemployment remains a very serious problem in all the larger centres, but the public works programme which the Government and municipalities are undertaking is getting under way, and single unemployed men are being drafted out to construction camps in Northern Ontario.

During the past fortnight the financial world has been somewhat disturbed by the failure of a series of brokerage houses, including MacDougalls and Cowans and Green-shields, both of Montreal. Their failure is attributed to the calling of funds by American tender; but, although the liabilities are heavy, the aggregate loss to clients will probably not be severe.

The trade returns for September, as shown below, are again disappointing:—

	September, 1931.	September, 1930.
Exports	\$ 48,991,385	\$ 81,046,227
Imports	45,372,057	87,900,201

The principal item of export was wheat (14,335,637 bushels), but it was little more than half the 27,817,058 bushels exported in September, 1930.

For the first half of the fiscal year (*i.e.*, to September 30th) the comparative trade figures are as follows:—

	1931.	1930.
Exports	\$ 295,516,898	\$ 433,451,938
Imports	318,214,678	514,848,067

The federal revenues also continue to show a disconcerting shrinkage. Collections for the Department of Revenue for the month of September totalled \$18,413,732, a decrease of \$2,633,547 as compared with September, 1930; while an increase of \$2,744,000 in excise taxes was more than offset by declines of \$3,801,782 in customs duties and \$155,099 in excise duties.

Letters to the Editor.

THE LEAGUE AND HUNGARY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I should not normally think it the function of any particular member of the League of Nations' financial committee to take upon himself the duty of commenting on views expressed by the committee as a whole, but as I happen to be the only English member of the committee who was able to attend the recent discussions in Budapest, I do not think I can let the last paragraph of your article on "The League and Hungary" pass without a mild protest. I do not know why you attribute to the committee the view "that the problem of liquidating international indebtedness can be furthered by any and every country pursuing with sufficient vigour the self-contradictory aim of exports without imports." If you look again at what the committee's report actually said, you will not find anything to suggest that my colleagues hold any such views. The duty of the committee was to consider not economic generalities but an individual practical problem, though the committee were fully conscious (and, indeed, say

as much) that that problem can only receive a complete solution in connection with much wider world issues to which Hungary itself can contribute little. What Hungary and those who advise her have, as it seems to me, to consider is not a world policy of general application but precisely what is that little which Hungary herself can contribute. In so doing, it is impossible to overlook the fact that a substantial part of Hungary's normal imports, which her exports must balance, takes the economic form of foreign debt service. If Hungary is to hope for such conditions as will maintain and increase the export surplus which the last two or three months of Hungary's balance of trade have shown, she must at least see that her merchandise imports are not excessive, as they undoubtedly were when in the years 1927 to 1929 they were artificially increased by entirely excessive foreign borrowing.—Yours faithfully,

OTTO NIEMEYER.

8 Addison Crescent, W.14.

November 11, 1931.

[We regret that Sir Otto should consider that the *Economist* did the Hungarian Report less than justice. In our comment we made it clear that the financial committee expressly stated that the difficulties of Hungary were only part of a larger problem; but we adhere to our opinion that the Report failed adequately to recognise that contraction of trade is a process which must tend of itself to aggravate the difficulty of paying external debts.—ED. *Econ.*]

AN EASTERN LOCARNO.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The official Memorandum on Disarmament issued by the French Government this summer makes it clear that our late allies and the national States set up at the Peace Conference are prepared to reduce their armaments only upon certain conditions. They will probably ask us next February to guarantee to them the present frontiers for a further period of years. They require some treaty of mutual assistance similar to the Geneva Protocol which we rejected seven years ago. They want an "Eastern Locarno," and, realising our great desire for some measure of general disarmament, they hope that we may be persuaded to meet their wishes.

At Locarno we were satisfied that Germany's western frontier was equitable enough to warrant our undertaking to defend it against aggression by either party, even at the risk of war. Wisely or unwisely, we took this risk in the interests of European security. If Germany's eastern frontier similarly satisfies the ethnical, cultural, geographic, economic and political requirements in a reasonable measure there is no particular reason why we should not guarantee it in return for genuine disarmament on the part of the nations concerned.

What, then, are the essential facts about this frontier? A cursory glance at the map is disconcerting. The impression conveyed by the political frontiers is that of a wedge or stake driven into Eastern Germany so as to sever East Prussia from the Reich, and to chip off altogether the City of Danzig. The Corridor has been described as a gaping wound in the body of the Reich; it is, perhaps, not surprising that the political and economic health of Germany remains so unsatisfactory while the foreign body of this Polish peninsula remains *in situ*!

Apart from the Corridor, the German-Polish frontier is astonishing. Its tortuosity and its capacity for defiance of all natural boundaries are phenomenal. Its length is about 1,650 miles. The province of Silesia alone has a frontier of 730 miles. German Upper Silesia projects as a narrow tongue of land between Poland and Czechoslovakia. All new frontiers inevitably cause some inconvenience and dislocation of trade and traffic, but the achievement of this frontier surely constitutes a record. In Upper Silesia it has cut across 68 railway lines, 144 main roads and 722 traffic roads. On 60 miles of busy frontier, 61 customs stations have been erected.

The ethnographical picture is scarcely less strange: 40 per cent. of all Polish subjects to-day are not Poles, but comprise more or less disaffected minorities. So far from being inhabited by a population "indisputably Polish," the Corridor as a whole, including the City of Danzig, according to the German census of 1910, had a population in which Germans outnumbered all other races by about 30 per cent. The Kachoubes, who inhabit the northern part of the Corridor, are neither Poles nor Germans; they were handed over to Poland without a plebiscite being taken. In Upper Silesia a plebiscite was indeed taken; an absolute majority of votes were cast in favour of Germany; as in *Alice in Wonderland*, the richer parts of Upper Silesia were thereupon given to Poland, who had, in fact, anticipated this decision by a *coup d'état*! As a result of this partition of Upper Silesia without regard to its economic integrity, Germany lost all the iron ore, 85 per cent. of the zinc and lead, and 80 per cent. of

the coal. Incidentally, over four million individuals were removed from the German State by this award.

The origin of the Corridor was the promise to provide for Poland "free and secure access to the sea." Poland has never been a seafaring nation. Her industries are less highly developed than those of Czechoslovakia. Yet, Czechoslovakia's access to the sea consists of special areas put at her disposal at the port of Hamburg, to which her commerce is conveyed by ships sailing down the Elbe under their own national flag. It is at least arguable whether Czechoslovakia's free access to the sea, based as it is upon reciprocal goodwill and the absence of provocation, is not more "secure" than that of Poland, reliant upon the strategic base of Gdynia and the renewal of the military alliance with France. Free navigation of the rivers and the establishment of "free ports" at Stettin, Danzig and Königsberg would have satisfied all Poland's legitimate economic needs. Her relations with Germany might then have developed along lines altogether advantageous to herself. As it is, the hatred felt by the German nationalists for Poland and everything Polish constitutes a real source of danger to the very existence of the Polish State.

Although under legal obligation to utilise the port of Danzig to its fullest capacity, Poland now aims at transferring the Free City's more remunerative business to her own new port of Gdynia. From being a commercial port, Danzig has now become chiefly a carrier port for the cheaper Polish exports. The Free City faces the prospect of a lingering death by throttling.

East Prussia has lost its trade with Russia, and also its natural markets in Posen and West Prussia. Isolated from the rest of Germany, and thrown back upon its own inadequate resources, the whole province is more or less in a state of bankruptcy.

Pomerania has similarly suffered as a result of the territorial mutilation.

Such are the essential material facts. The political reaction to them on the part of those nations which desire to preserve the *status quo* is illuminating. France has contributed to the situation the new railway between Polish Upper Silesia and Gdynia; economically, it will ruin the German interests in Silesia; strategically, it will serve to join up Poland's western frontier; politically, it has crystallised the *status quo*. Poland, however, regards the Corridor as a makeshift. To fling back the German nation behind the Oder, and to swallow up East Prussia, are her final aims. In the meantime, she pursues two policies—degermanisation and colonisation—both within and without her boundaries. Bribery, intimidation, wholesale confiscations and intensive methods of penetration, are all exploited to the full. Time is on the side of Poland. A bankrupt and hopeless people cannot stand up against the unscrupulous coloniser. Since 1919, already 800,000 Germans have been forced to leave Posen and West Prussia. From East Prussia 165,000 inhabitants have emigrated.

To Germany the sentimental associations of the German East are very sacred. From the days of the Teutonic Order to the time of the Confederation under Prussia, the Eastern Provinces have been regarded as bulwarks of German civilisation. From them came Kant and Schopenhauer. The present situation is intolerable.

One does not need to be endowed with an abnormally vivid imagination in order to foresee that for us to guarantee Germany's eastern frontier would be an act of sheer criminal lunacy. Until the Vistula Corridor is altogether eliminated, an "Eastern Locarno" is unthinkable. Great Britain has not the remotest interest in the preservation of the sources of future war. If Poland must have a seaport of her own and a Polish territory leading to it, one might suggest that Memel would be quite suitable for this purpose, and that at the same time some equitable settlement might be made with Lithuania.—Yours faithfully,

R. G. WALMSLEY.

Mossley Hill,

Liverpool.

November 7th.

[This letter is referred to in a Note of the Week.—ED., *Econ.*]

Books and Publications.

ECONOMICS FOR ALL.*

MR WITHERS has, indeed, meddled with everybody's business. He begins by exhorting the typist who buys a cup of tea for twopence in a teashop to understand and to admire the marvellous co-operation of thousands of brains and hands all the world over which alone enables her to have the tea there in the cup just when and where she

* "Everybody's Business." By Hartley Withers. Cape. 10s. 6d.

wants it; and he ends by delivering practical advice to a supposed benevolent despot as to the right way to set about getting us out of the present economic mess. In the course of this extensive journey Mr Withers touches nearly every part of the subject-matter of economics. He discusses the relation between work and reward: he attempts to evaluate the activities of bankers, financiers, speculators, middlemen, and, in fact, all those classes of whom hard things are commonly said; he argues the case for and against Free Trade; he unravels the mysteries of "the gold muddle"; and he traces the growth of taxation in this country of recent years, bidding us pause to consider whether grave damage may not be inflicted by it upon our industry.

Throughout, Mr Withers writes with that gift for reducing complicated abstractions to simple concrete images which has made his name so justly famous among the unhappily small number of those who can make economic truths intelligible. In this respect his chapters on the gold question are particularly masterly. Mr Withers has explained with remarkable lucidity just what Central Banks do, what they are widely blamed for having lately done wrong, and what, in his judgment, are the factors which explain their not having always succeeded in doing right. In particular, he stresses the extent to which the banker (even the American or French banker) is powerless either to compel people to borrow when they do not want to do so, or to ensure that credit once created goes into industry and not into Stock Exchange gambling.

It is not necessary to accept all Mr Withers's conclusions. Many will lament his departure from the path of strict Free Trade. And very many of those whom he is most anxious to convince will feel that his defence of the capitalist system frequently proves too much. One cannot simultaneously believe both that the rich are no happier for their riches, and also that, without the prospect of great wealth, they would not find the job, for which this wealth is the reward, worth doing—unless indeed, they are deluded beyond all imagining. But we must respect Mr Withers's plea (even though its reiteration may at times be irritating) that toleration and good temper are the prime necessities of all social progress. Mr Withers wishes his benevolent despot to introduce moderate protection, to remove anomalies in the administration of unemployment insurance, to promote public works (if necessary out of a national loan for the purpose) on a large scale and to stabilise, if not to reduce, direct taxation; but his last word is a reminder that "nothing will bring us contentment unless we make it for ourselves."

BOOKS RECEIVED.

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

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

The International Gold Problem. (London) Oxford University Press, Warwick Square. 12s. 6d. net.

A record of material collected and discussions held by a study group of the Royal Institute of International Affairs. It includes an introductory survey of the international functions of gold by Sir Josiah Stamp, and papers, some of them followed by discussions, on "Gold Production," by Joseph Kitchen; "How to Economise Gold," by Sir Otto Niemeyer; "Some Problems of International Banking Policy," by Dr. M. Palyi; "Central Bank Reserves," by C. H. Kisch; "For What Objects do Central Banks Hold Gold?" by the Hon. R. H. Brand; and "The International Consequences of the Present Distribution of Gold Holdings," by M. Charles Rist.

The Cuban Situation and the Treaty Relations. By Philip G. Wright. (Washington) The Brookings Institute. \$2.50.

An account of the growth and present collapse of the Cuban sugar industry, with special reference to American treaty relations and tariff policy.

Japan. By Harold G. Moulton. With the collaboration of Juniche Ko. (Washington) The Brookings Institute. \$4.00.

A most interesting account of Japan's economic development, including with a judicial consideration, based on a mass of statistical material, of her future prospects and potentialities.

The Gold Standard. By R. G. Hawtrey. Second edition. (London) Longmans, Green & Company, 39, Paternoster Row. 3s. 6d. net.

A revised edition of the short exposition of the "Theory of Currency and Credit," published in 1927.

This Tariff Question. By Collin Brooks. (London) Edward Arnold and Company, 41 and 43, Maddox Street. 7s. 6d. net.

An attempt to supply the urgent need for an impartial account for the layman of the facts upon which the tariff question depends and the arguments on both sides.

The A B C of Foreign Exchanges. By George Clare and Norman Crump. (London) Macmillan and Company, St. Martin's Street. 4s. 6d. net.

The ninth edition of this standard text-book brings the history of the principal foreign exchanges up to date, and includes a chapter on the German crisis up to the end of July, 1931.

The Land of Ireland. By D. Coghlan. (Dublin) Veritas Company, Ltd., 7 and 8, Lower Abbey Street. 10s.

An interesting study from the earliest times to the present day of the occupancy, laws and customs of the land in Ireland.

The Imperial Gazetteer of India. Vol. XXVI. Atlas. Revised edition. (London) Oxford University Press, Warwick Square. 17s. 6d. net.

This compact atlas contains sixty-six plates showing general maps of India, indicating economic as well as geographical and meteorological features, maps of the Provinces and plans of several of the more important towns.

Am Tage nach dem Zusammenbruch. By Dr. Heinrich Rittershausen. (Berlin) Verlag von Georg Stilke, Dorotheenstrasse, 65.

A discussion of the causes of the present crisis in Germany.

L'Organisation Scientifique du Travail Agricole en Europe. (Rome) Bestetti and Tumminelli S.A., Via Michelangelo Caetani, 32.

An account, published by the International Institute of Agriculture, of scientific management as applied in European agriculture.

Economic Conditions in Denmark after 1922. By Jørgen Pedersen. (Copenhagen) Institute of Economics and History.

A concise and useful memorandum.

Income Tax and the Business Men. By K. Adlard Coles. (London) Crosby, Lockwood and Son, Stationers' Hall Court, Ludgate Hill. 2s. 6d.

A guide to income-tax assessments and reliefs, incorporating the provisions of the 1931 Emergency Budget.

Building and Loan Associations in New Jersey. By Howard S. Piquet. With a foreword by Howard R. Heydon. (London) Oxford University Press, Warwick Square. 16s. net.

An interesting theoretical account of building finance in the United States.

International Labour Review, October, 1931. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. 6d. net.

This issue contains an article on "Woman Labour in India."

World Peace and Armaments. By A. J. Jacobs. (London) Hutchinson and Company (Publishers), Limited, 34, Paternoster Row. 5s. net.

A re-statement of a thesis originally put forward by the author in 1917 in an essay entitled "Neutrality versus Justice."

International Review of Agriculture, September, 1931. (Rome) Bestetti and Tumminelli, 32, Via Michelangelo Caetani.

Lo Zolfo. By Cesare Vannutelli. (Milan) "L'Industria Lombarda." Via Meravigli, 9.

A study of conditions in the world sulphur markets.

Merseyside Employments for Boys and Girls. (Liverpool) (Liverpool Education Committee).

This little booklet gives an interesting account of the various commercial activities open to young people in the Mersey district.

The Canada Year Book, 1931. (Ottawa) Dominion Bureau of Statistics.

This year book gives statistical information on all aspects of the Dominion's economic life.

The Stock Exchange.

THE RESPONSIBILITIES OF DIRECTORS.

It may be hoped that the Kysant *cause célèbre*, in addition to encouraging more careful prospectus drafting, will provoke much healthy searching of heart among the Duke of Plaza-Toro's descendants, the army of guinea-pig directors. Among the more disquieting facts dragged into the limelight by the trial was the effective subjection of the interests of a shipping combine controlling an aggregate share and debenture capital of £90,000,000 and a tonnage of no less than 3,000,000 to the will of one individual. The Royal Mail Steam Packet Company had six directors, but only one voice. Lord Kysant, an able and successful shipowner at the outset, attempted to administer an ultra-large and topheavy combine in magnificent isolation, failed disastrously in a task which would have overtaxed the wisest of men, and fell (as his cross-examination at the Old Bailey showed quite clearly) with the firm conviction that he was less a wrongdoer than a victim of circumstances.

The real issue, in short, which the Kysant conviction raises for investors is not the amount of non-disclosure likely to bring the author of a prospectus within the Larceny Act, but the extent of potential abuses of a system which permits of a virtually complete divorce between ownership and control of capital. The Companies' Acts, which made limited liability available for the asking, were founded on the assumption that proprietors would enforce their will through the machinery of a representative democracy. The rise of great industrial units has brought the validity of this conception seriously into question. To-day, for example, Imperial Chemical Industries has 125,000 shareholders, Imperial Tobacco 95,000, Courtaulds 58,000, and Dunlop Rubber 53,000. In most large-scale public companies about two-thirds of the total voting proprietors hold less than 200 shares each. The responsibility of directors has thus increased more than in proportion to the size of the average company, since shareholders, as a body, have become progressively less cohesive and coherent as their numbers have expanded.

Having regard to the decisive position of directors in the industrial system, it is remarkable how little is known by the outside world of their identity, remuneration, duties or qualifications for office. Most investors have heard of a few dominating or picturesque personalities like Mr Sam Courtauld, Sir Harry McGowan and Sir Hugo Hirst, but how many shareholders could name, off-hand,

the remaining directors of Courtaulds, Imperial Chemical Industries, or the General Electric Company? It may be of interest, therefore, to set out various relevant facts in this connection, as has been done, in the table at the foot of this page, in the case of fifteen large and representative concerns, whose shares are among the most active on the Stock Exchange.

The first impression given by the figures is the large size of many boards, which appears to bear little direct relation to the amount of paid-up capital. Lloyds Bank, with under £16,000,000 of paid-up capital, has thirty-four directors, while the Great Western Railway, with £147,000,000 of capital, has a board of twenty-five. Imperial Tobacco, with £50,000,000 of capital, has thirty-four directors, and Imperial Chemical Industries, with 50 per cent. more capital, less than half as many. Clearly, some forms of business may require more detailed control "at the top" than others, or may be scattered over a greater number of "key" trading points, but other factors would appear to enter into the matter. It would seem that, in some cases, the size of boards has been determined by past history rather than present expediency, so that amalgamations tend to have more directors per £1,000,000 of capital than "unitary" companies. Secondly, some companies allot fewer administrative duties than do other companies to their boards, as such, and leave more responsibility with particular individuals, or with the "Permanent Civil Service" of managers and departmental heads.

Broadly, the larger boards may be presumed to be much more "routine" bodies than the smaller boards. *Prima facie*, a directorial board of ten is an executive body and a board of over thirty a debating body. In the first case, directorial division of labour may lead, as regards specialised branches of business, to government by individuals, and in the second case to government by sub-committees. Economic factors may decide which of the two is the more advantageous, but it is difficult to discover convincing evidence, in our table, that such considerations have been decisive in every case.

A second feature revealed by the table is the astonishing diversity between the remuneration of directors in different companies. The average varies from £104 per director in Unilever and £250 in Marks and Spencer to £2,224 in Courtaulds and £3,370 in Imperial Chemical.

Company.	Number of Directors.	Total Directors' Fees (last balance sheet).*	Average Remuneration per Director.*	Profits, last complete year (before Debenture Interest).	Directors' Fees as per cent. of Profits.	Directors' Qualification.	Minimum Amount of Capital represented by Directors' Qualification Shares.	Total issued, Ordinary Preference and Debenture Capital.	Proportion of Total Capital represented by minimum Directors' Holdings.
Great Western Railway .	25	£ 25,000	£ 1,000	7,136,634	0.35	£ 2,000	£ 50,000	147,377,111	0.03
Imperial Chemical	16	53,919†	3,370	4,473,392	1.21	1,000	16,000	76,671,829	0.02
Imperial Tobacco	34	10,000	294	10,177,046	0.10	10,000	340,000	50,350,561	0.67
Shell Transport	15	20,000	1,333	5,027,118	0.40	500	7,500	36,121,361	0.02
Courtaulds	11	24,462	2,224	2,274,409	1.08	2,000	22,000	32,000,000	0.07
J. and P. Coats	15	11,666	778	1,809,852	0.64	1,000	15,000	20,250,000	0.07
Lloyds Bank	34	57,944	1,704	1,929,515	3.00	5,000	170,000	15,810,252	1.07
Unilever, Limited	29	3,000	104	1,798,856	0.17	500	14,500	14,014,865	0.10
Cunard	12	9,030	752	218,601	4.13	2,000	24,000	12,070,261	0.20
General Electric	17	4,575	269	841,446	0.54	1,000	17,000	10,233,885	0.17
Guinness	11	5,000	454	2,380,356	0.21	2,000	22,000	9,500,000	0.23
Harrods	8	12,500	1,562	752,482	1.66	500	4,000	6,215,194	0.06
Rio Tinto	7	6,000	857	686,966	0.88	2,000	14,000	5,750,000	0.24
Babcock and Wilcox	7	7,307	1,044	590,706	1.24	2,000	14,000	4,578,712	0.31
Marks and Spencer	6	1,500	250	422,002	0.36	500	3,000	3,148,600	0.10

* Apart from managing directors' remuneration.

† Chargeable to subsidiary companies.

The average for the whole fifteen companies is £1,020 per annum. These figures do not tell the whole story, since under the Companies Act of 1929 annual accounts are not required to show the amounts paid to managing directors, or to directors in salaried employment, other than their receipts by way of directors' fees. On the whole, however, the presumption is, or ought to be, that more time, trouble and skill is expected from, say, a director of Courtaulds than his opposite number in J. and P. Coats, and that the duties of a member of the board of Harrods are six times as onerous as those of a director of Marks and Spencer.

When directors' fees are compared with profits, the most striking conclusion which emerges is not so much the "spread" of the figures (as shown, for example, by the fact that directors' fees last year represented a percentage of total profits nearly nine times as high in the case of Lloyds Bank as in that of the Great Western Railway) as the low ratio of total fees to total profits in the great majority of cases. Though the profit figures cover a period of industrial depression, when earnings were below normal, only in three cases were directors' fees, as revealed in published accounts, equal to more than 1½ per cent. of net earnings. In six instances the ratio was less than ½ of 1 per cent. The inclusion of managing directors' fees and "salaried remuneration" would probably raise the percentages, though not very considerably. Instances are on record of directors receiving a fixed portion of profits. The case of Lord Kysant, who was entitled to a percentage of total turnover when the Royal Mail Company paid an ordinary dividend of 5 per cent. or over, was a somewhat extreme example. These arrangements, however, are less numerous than is generally supposed. Directors are certainly entitled to claim that if (to take the average figures for the fifteen concerns in our table) they are prepared to produce £1 of profits for approximately 1½d. of remuneration, to shoulder innumerable legal and administrative worries, and to place specialised knowledge at a company's service on such terms, they have a case to make against the charge of "profiteering in fees."

It is true that shareholders, on the whole, obtain the services of good directors fairly cheaply. A single year's fluctuation in the profits of a successful company may be many times as large as its total directors' fees. A bad director, conversely, may bring losses on a company greatly exceeding his ostensible "cost," and the fact that in the past, when things have gone wrong, so many shareholders have been placated by a mere reduction of directors' fees, is melancholy evidence of imperfect appreciation of this truth. Unfortunately, the remaining figures in our table suggest that the legal stake of some boards of directors in their company's capital may be even less than their stake in earning power. Certain directors may be the articles of association of many of the largest concerns would appear to lay down a *minimum* qualification which is negligible in proportion to the millions of paid-up capital in issue. Only in two of the fifteen examples shown are minimum directors' holdings equal to more than ¼ of 1 per cent. of the total paid-up share and debenture capital. The proportion for the whole fifteen companies is no more than 0.17 per cent., and the nominal value of directors' qualification shares, at par, is no more than three years' fees.

Our analyses go far to suggest that a relatively small minority of directors, with a special personal interest and a heavy financial stake in their companies, may attain the position of dictators without undue difficulty under the present dispensation, partly because their ultimate constituents are an unorganised army of small shareholders, and partly because their fellow-directors are "part-time" men, with many other interests, between whom and the companies concerned the effective *nexus* is an annual fee rather than a real community of interest. The "part-time" system, doubtless, has some advantages. A director may bring to the board room a wealth of knowledge of other industries, a ripe experience of men and money and a broad vision untrammelled by the multiplex details of a single business. It may be contended, indeed, that directors are most effective when they confine themselves to the broadest decisions of

policy, leaving actual "direction" of affairs to an expert and adequately remunerated permanent staff. Money and brains, again, are united in any given individual only by coincidence, and insistence on large shareholding qualifications might deprive some companies of the services of men of first-rate ability. A director who opens his mouth only to agree with everyone else may be worth thousands of pounds a year as a personal link with an important source of supply or demand.

Instances might be multiplied to show that a pluralist director is not necessarily a parasite. Nevertheless, the figures given in this analysis suggest that the doctrine of directorial detachment from the fortunes of individual companies may have been carried to somewhat extreme lengths in many cases. We have purposely chosen, for our purpose, the returns of profitable British concerns, whose credit deservedly stands high, and whose position is beyond criticism. With how much greater force would our conclusion apply to the host of weaker concerns in this country! "Where your treasure is, there will your heart be also" remains as profound a truth to-day as nineteen hundred years ago. It can scarcely be questioned that British industry would benefit considerably if more directors had a larger financial stake in the companies of whose interests they were the nominal trustees. It avails little to bring to book individual offenders against the law, or to urge that shareholders, as such, should insist on stricter control. The real problem involves not only the creation of a "public opinion" in favour of fewer and better directors, but the provision of legal and economic machinery for making that opinion effective.

AMERICAN RAILROAD CONSOLIDATION.

AMERICAN investors and speculators have been so largely preoccupied with the probable consequences of the refusal by the Interstate Commerce Commission of the application of the American railways to increase freight rates by 15 per cent., that an even more important development has passed largely unnoticed. As on October 1st last, the four large Eastern railway groups officially approached the Interstate Commerce Commission with regard to consolidation. There is, in fact, a close connection between the two events. Trade depression and resultant loss of traffic have been a potent force in bringing about the present agreement between the New York Central, the Baltimore and Ohio, the Pennsylvania and the Nickel Plate groups.

Present conditions might have been very different if effect had been given to the recommendations as to consolidation made in the Transportation Act of 1920. The credit of the stronger lines would then, in times like the present, have been available to sustain the weaker companies and preserve their credit, as in Great Britain under the amalgamations brought about by the Railways Act of 1921. In default of any large-scale scheme of amalgamation, the Interstate Commerce Commission, by its recent decision, itself granted certain rate increases, conditional on the formation of a common fund to assist the credit of the weaker lines.

The present consolidation plan, as presented by the four big Eastern groups, follows the main outline of the proposals previously explained in the *Economist*. The main essentials may be briefly summarised. The plan, as formulated by the Commission on December 9, 1929, provided for five large groups between New York and Chicago. By the beginning of 1931, however, the unwieldy Wabash-Seaboard Air Line system had fallen out of the picture completely. The remaining four large systems were practically in agreement as to the general outline of their scheme, as was shown by their communication to the Interstate Commerce Commission of January 2, 1931.

During the last ten months many of the minor difficulties have been eliminated and the "Four-System Plan" is now practically complete. The Plan, as it stands, leaves the position of the purely New England systems, such as the Boston and Maine, undisturbed, though the Boston and Albany, being part of the New

York Central system, retains its parentage. The four systems will be composed as follows:—

The *New York Central System* will absorb the Pittsburgh and Lake Erie, the Delaware, Lackawanna and Western, the New York, Ontario and Western, and many small lines of local importance.

The *Pennsylvania System* will include the Long Island, the Norfolk and Western, the Wabash, the Detroit, Toledo and Ironton, and many lines of lesser importance.

The *Baltimore and Ohio System* will be rounded out by the Reading, the Central of New Jersey, the Western Maryland, together with the Chicago and Alton, and the Buffalo, Rochester and Pittsburgh (which it already controls), and many smaller lines.

The *Chesapeake and Ohio—Nickel Plate Group* will include the Erie, the Pere Marquette, the New York Chicago and St. Louis (all of which are now within the group), the Lehigh Valley, the Wheeling and Lake Erie, the Bessemer and Lake Erie, certain important lines in the Pittsburgh industrial area, and various minor lines of local importance.

The most important feature of the whole scheme is the running powers granted extensively to each of the four groups. Thus, the Pennsylvania is to have important running powers over the Lehigh Valley, the New York Central over sections of the Reading, and the Pere Marquette, and the Baltimore and Ohio over the New York Central in Ohio. Another interesting development is the proposal that the Delaware and Hudson should be jointly owned by all four systems. This is a curious commentary on the criticism so frequently levelled at the joint ownership of lines in Great Britain.

If the proposed plan goes through in its present form, approximately 66 per cent. of all coal handled by rail will originate from mines served by one or more of these systems. On the basis of the 1929 figures, the tonnage of bituminous coal transport may be put as follows:—

	Tons.
New York Central	(nearly) 30,000,000
Pennsylvania.....	(nearly) 121,000,000
Baltimore and Ohio.....	(about) 60,000,000
Chesapeake and Ohio—Nickel Plate	(nearly) 98,000,000
Total.....	(approx.) 309,000,000

The consummation of the present plans will obviously be of the greatest possible significance, both to railroad investors and traders in the Eastern States.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
November 17.	November 19.

THE "House" was divided between distrust of the international situation and anxiety to do justice to trade prospects at home. The improvement in the gold price of some commodities helped a number of the more speculative issues, but the tone as a whole was irregular. The Committee's announcement regarding the repeal of the "cash dealings" rule (discussed on page 922) was not reflected in any increase of business. The Government's reserved attitude to the tariff question gave speculators in industrial shares little to go for. Later in the week, anxiety regarding Germany's debt position and the European situation as a whole increased perceptibly.

Gilt-edged stocks were out of favour, the early weakness of sterling preventing any wide extension of demand. War Loan Fives came on offer, and quotations of other leading issues slowly declined. India loans opened firm, but subsequently fell away in sympathy with British Government stocks. Australians were a strong feature on the more encouraging Commonwealth revenue statement for October and the improved wool clearances.

Argentine loans again led the advance in foreign bonds, broken later by profit taking on reports of rust in the wheat belts. German bonds were a poor market, though a rally occurred in mid-week, following the post-

ing in the "House" of a notice alleging an agreement between Germany and France. Potash bonds developed weakness with the completion of the sinking fund operations. Japanese bonds slowly fell back on the continued deadlock in Manchuria, though little stock was pressed on the market.

Foreign rails were not particularly active, though some interest was taken in the prior charges, especially of the Argentine lines. Home rails continued to attract intermittent attention, but the publication of a further disappointing batch of traffic returns left the market in two minds. The London passenger group was firmer, the memorandum of the Metropolitan Railway (discussed in a Note on page 922) and the Prime Minister's speech leaving a net impression that the Transport Bill would ultimately become law.

The steady tone of the Industrial market on Monday was not wholly maintained. Wall Street opened strongly, but fell away in mid-week, and the Continental bourses followed much the same course. International Nickel was active on the initial firmness of copper, but enthusiasm was checked by a disappointing third quarter's earnings statement. Among shipping shares, Royal Mail came unexpectedly into demand, the idea being widely held that the report of the "Voting Trustees" would inaugurate radical changes in the affairs of the group. Lautaro were sold on the uncertainty regarding the future of Cosach (referred to on page 925). Siemens were steady, in the electrical equipment list, on the maintenance of the interim dividend. Dennis, among motors, were unaffected by the cut in dividend, which had been anticipated. Tate and Lyle were a good feature on the expectation of a satisfactory report. J. Lyons were firm, the interim dividend being fully maintained.

Oil shares had an improved appearance at the outset, but business remained restricted, occasional liquidation of the leaders coming from the Continent. Rubber shares were a little harder with the commodity, following a decline in United Kingdom stocks, but indications of a practical outcome of the "restriction" conversations appeared as far off as ever. Anglo-Dutch and Malayalam hardened, and Kuala Lumpur advanced on the issue of a fairly satisfactory report. Tea quotations made slightly more headway, the market having an appreciably better undertone.

Mining shares tended to become increasingly active on Monday, under the stimulus of improving metal prices. Business, however, subsequently fell away. Apart from a discriminating inquiry for Kafirs, demand was irregular and half-hearted. "Chartered" continued to decline, among Rhodesians, and Rhokana led a recessionary tendency among the Northern issues. Tin shares fell back with the metal in mid-week, and copper shares reacted on pessimistic reports of the fate of the American conference and the possible break-up of Copper Exporters, Incorporated.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Nov. 5, 1931.	Nov. 6, 1931.	Nov. 7, 1931.	Nov. 9, 1931.	Nov. 10, 1931.	Nov. 11, 1931.	Nov. 12, 1931.
Government and Municipal Loans	1,337	1,396	701	1,368	1,339	1,480	1,391
Transport, Communications, and Public Utilities	968	935	505	1,031	1,219	1,054	967
Commercial and Industrial*	2,062	1,881	892	2,187	2,342	1,861	1,854
Banks, Insurance and Financial	459	447	225	491	544	490	455
Mines (including Nitrates)	438	700	442	889	764	556	526
Oil	186	135	67	133	107	111	71
Rubber, Tea and Coffee	80	61	50	125	181	227	99
Total.....	5,530	5,555	2,882	6,224	6,496	5,779	5,363

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Nov. 5, 1931.	Nov. 6, 1931.	Nov. 7, 1931.	Nov. 9, 1931.	Nov. 10, 1931.	Nov. 11, 1931.	Nov. 12, 1931.
72.3	53.1	69.7	69.5	69.5	70.4	69.8	69.0	69.2

FOREIGN STOCK EXCHANGES.

NEW YORK.

The stock market showed signs of increasing optimism at the end of last week, 2,000,000 share transactions being recorded on Saturday, November 7th—the highest total for a short session for many weeks. The underlying cause of the improvement in values was the firmness of commodity prices, particularly of wheat and silver. This affected not only industrial shares, but a number of foreign bonds, including Argentines, which showed a particularly sharp advance. Hopes of a 10 per cent. reduction in railroad wages continued to run high, and railroad issues further recovered on Monday when the Investment Bankers' Association Convention issued a statement declaring that wage cuts were an economic necessity if the soundness of carrier securities was to be maintained. Estimates were current in the market that the net operating income of the national railways would be increased by \$250 millions annually if a wage reduction was synchronised with the increased rates recommended by the Interstate Commerce Commission. The undertone of the markets, however, became easier as the week progressed. Liquidation was not extensive, but prices declined all round. Rumours were persistent as to the break-up of the International Copper Conference. The rise in commodity prices, simultaneously, suffered a check. The resignation of the President of the New York Central Railroad was regarded as a bear point. The earnings figures of that system turned out to be much lower than was expected, and other third-quarter statements made a disappointing showing. On Thursday markets generally displayed an increasingly weak tendency. Trade reports had a slightly more optimistic tenor, but evidence of concrete improvement was hard to discern. Freight car loadings for the week ended October 31st, at 740,460, were 4 per cent. lower than in the preceding week, while the *New York Times* business index for the same period was 65.4 against 66.2. The U.S. Steel Corporation's unfilled orders declined during October by 25,401 tons to 3,119,432 tons, but the reduction was rather less than had been expected. Automobile output last month showed its customary seasonal contraction, and at 86,328 units was 72,614 units below the figure for October, 1930. The figures of General Motors, however, made a better comparison, October sales to dealers totalling 25,975, against 28,253 a year earlier.

	Oct. 29, 1931.	Nov. 5, 1931.	Nov. 12, 1931.		Oct. 29, 1931.	Nov. 5, 1931.	Nov. 12, 1931.
U.S. 3½ T. Bds.	98½	100½	101½	Natl. Biscuit	47½	48½	50½
Lb. Ln. 3½ '32-47	98½	100½	101½	Phelps Dodge	25	26½	26½
Do. 4½ '32-47	101	101½	101½	Fullmer	41	46½	45
Do. 4½ '33-38	100½	101½	101½	Seam-Robuck	11½	13	15
Atchafalpa	107	109	116½	Studebaker	31	32	32½
Ches. & Ohio	30½	31½	32½	Un. Fruit	3½	3½	4½
Erie	12	12½	12½	U.S. Leather	6½	7½	8
Illinois Central	20	20	21½	U.S. Rubber	65	68½	70½
N.Y. Central	50½	50½	49	U.S. Steel	45½	47½	47½
Pennsylvania	31½	30½	31½	Westinghouse	54½	53½	53
Southern Pacific	48½	49½	50½	Am. Tel. & Tlg.	134½	138½	142½
Southern Ry.	15½	15½	17	Interboro R.T.	16½	17½	17½
Union Pacific	100½	103	110½	Int. Tel. Tlg.	12½	13½	13½
Am. Can.	80	81½	83½	Radio Corp.	12½	13½	13½
Amer. Smelting	23½	27½	32½	Utilities P. & L.	77½	75	72½
Anacosta	15	16½	16½	W. Union Tlg.	6	6½	7
Bethlehem Steel	23½	28	30½	Associated Gas "A"	22	23½	23
Chrysler Motor	15½	16½	17½	Pan. Amer. B.	10	10	13½
Corn Prodn. Rf.	45½	52	55	Shell	4	5½	5½
Eastman Kodak	104½	107	112	Shell Union	31½	34½	35
Gen. Electric (New)	29	31½	31½	Sinclair Oil	31½	34½	35
Gen. Motors	25½	27½	29½	Std. California	31½	35½	35½
Int. Harvester	27½	34½	33½	Do. N.J.	31½	35½	35½
Montg. Ward	11½	13½	12½				

By courtesy of the Standard Statistics Company, Inc. of New York, and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1928 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Nov. 4.	Nov. 11.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	69.7	71.3
33 Rails	127.8	175.5	89.1	145.6	92.0	48.7	51.5
34 Utilities	177.6	330.4	153.2	267.4	158.1	116.9	120.7
Total, 404 stocks...	140.3	228.1	105.5	184.2	107.6	74.1	76.1
Average yield of 50 Industrial Common Stocks	5.10%	6.23%	4.15%	5.95%	5.91%	7.00%	6.86%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1928 = 100).

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Oct. 5.)	Nov. 4, 1931.	Nov. 5, 1931.	Nov. 6, 1931.	Nov. 7, 1931.	Nov. 9, 1931.	Nov. 10, 1931.	Nov. 11, 1931.
140.2	67.8	84.8	83.9	86.6	88.9	89.9	87.5	85.9

TOTAL DEALINGS IN NEW YORK.

	Nov. 5, 1931.	Nov. 6, 1931.	Nov. 7, 1931.	Nov. 9, 1931.	Nov. 10, 1931.	Nov. 11, 1931.	Nov. 12, 1931.
Stock Exchange—Shares (Thous.)	1,500	2,300	2,000	3,000	1,800	1,500	1,400
Bonds (Value Thous. \$) ...	13,800	13,917	8,607	14,352	15,195	8,004	9,677
Curb—Shares (Thous.)	300	330	287	400	270	230	250

* 2-hour session.

PARIS.

The Paris Bourse opened the week with a fairly firm tone, but unsettled conditions supervened, following the unloading of stock by tired bulls, and the continuation of indifferent news regarding affairs in Central Europe and in the Far East. Bank of France showed some improvement, while Royal Dutch and De Beers also advanced. Further profit-taking ensued on the eve of Armistice Day, which was a public holiday. Some international counters gained ground, but "Kaffir" shares were liquidated. Movements in the speculative issues on Thursday were mostly against holders.

	Nov. 5, 1931.	Nov. 9, 1931.	Nov. 12, 1931.		Nov. 5, 1931.	Nov. 9, 1931.	Nov. 12, 1931.
Banque de France	12,730	12,770	12,710	Wagons Lits.....	101	109	103
Crédit Lyonnais ...	1,665	1,890	1,875	Mexican Eagle ...	31	31	31
Suez Canal	13,350	13,230	13,100	"Chartered"	92	93	92
Chargeurs Réunis	255	262	255	Ford	142	137	132
Rio Tinto	1,714	1,760	1,690	De Beers	312	345	337
Royal Dutch	14,350	14,400	14,500	"Johnnies"	112	118	120

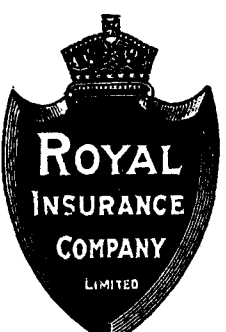
AMSTERDAM.

Considerable activity marked the opening of the Amsterdam Bourse, prices rising steadily all round. Philips' Lamps were active and rubber shares in demand. A reaction set in towards the close on Monday, but on the following day the upward trend was resumed, with Philips' Lamps buoyant on rumours of an agreement with Telefunken, in Germany. Royal Dutch were marked up and sugar shares were firm, but unfavourable news from New York subsequently produced an easier tone everywhere.

	Nov. 5, 1931.	Nov. 9, 1931.	Nov. 12, 1931.		Nov. 5, 1931.	Nov. 9, 1931.	Nov. 12, 1931.
5½% German	42	39½	41½	Steel Common	70	74½	73½
Unilever N.V. ...	128	131	130½	A. K. U.	47½	50½	54½
Philips' Lamps ...	75½	99½	102½	Ford Motor	214½	220	218½
Netherlands Ship	84½	88½	87	Dell Batavia	160	174	170
Union	166½	170	173	Royal Dutch	139½	142½	141½

OTHER CENTRES.

The minor European Bourses made a mixed showing, the general trend being irregular. Brussels made progress before being attacked by profit-taking, but recovered again in mid-week. Copenhagen opened firmly, but became irregular, and Stockholm turned reactionary in the later sessions. Unofficial quotations in Berlin reflected a slightly less depressed attitude regarding the outcome of the debt negotiations. Dye Trust was done at 95.75 (against 94.50 a week ago), Siemens at 118.75 (against 118), A.E.G. at 34.25 (against 33.50), and Reichsbank at 91.50 (against 92.50).



SECURITY FIRST

Total Funds :
£41,373,928

ALL CLASSES OF
INSURANCE
TRANSACTION

Head Offices:
LIVERPOOL and LONDON.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1930.		Prices Year 1931 Jan. 1 to Nov. 11 (Inclusive).		Name of Security.		Price Nov. 4, 1931.		Price Nov. 11, 1931.		Rise or Fall.		Present Yield.	
High- est.	Low- est.	High- est.	Low- est.										
British Funds.													
92 1/2	52 1/2	60 1/2	43 1/2	Consols 2 1/2 %	56	56	...	4	9	3	...	...	...
94 1/2	77 1/2	97 1/2	77 1/2	Consols 4 %	75	74 1/2	-1 1/2	4	15	5	...	...	...
103 1/2	94 1/2	104 1/2	88 1/2	Do. 4 1/2 %	96	96 1/2	+	5	2	0	...	...	...
106 1/2	102 1/2	108 1/2	93 1/2	Do. 5 1/2 % 1944-45	100	100 1/2	+	5	0	0	...	...	...
96 1/2	85 1/2	97 1/2	78 1/2	Funding 4 1/2 % 1960-90	87	85 1/2	-1 1/2	4	14	6	...	...	...
102 1/2	98 1/2	102 1/2	93 1/2	Treasury 4 1/2 % 1932-34	97 1/2	97 1/2	...	5	8	0	...	...	...
103 1/2	100 1/2	103 1/2	95 1/2	Treasury 5 1/2 % 1933-35	98 1/2	98 1/2	...	5	9	0	...	...	...
97 1/2	91 1/2	93 1/2	85 1/2	Victory Bonds 4 1/2 %	92 1/2	92 1/2	...	4	6	9	...	...	...
105 1/2	100 1/2	104 1/2	90 1/2	War Loan 5 1/2 % 1929-47	97 1/2	97 1/2	-1 1/2	5	5	8	...	...	...
69 1/2	61 1/2	70 1/2	57 1/2	Local Loans 3 1/2 %	57 1/2	57 1/2	...	4	16	0	...	...	...
49 1/2	40 1/2	46 29 1/2	37 1/2	India 2 1/2 %	37 1/2	38	+	6	11	7	...	...	...
49 1/2	47 1/2	55 1/2	34 1/2	Do. 3 1/2 %	45 1/2	46	+	6	10	5	...	...	...
64 1/2	55 1/2	64 1/2	41 1/2	Do. 4 1/2 %	52 1/2	54	+	6	9	8	...	...	...
106 1/2	101 1/2	106 1/2	95 1/2	Do. 4 1/2 % 1935-38	101 1/2	101 1/2	...	6	8	10	...	...	...
106 1/2	101 1/2	110 1/2	94 1/2	Palatine 5 1/2 % 1942-47	101 1/2	101 1/2	...	5	4	3	...	...	...
109 1/2	99 1/2	99 1/2	87 1/2	Sudan 4 1/2 % Bonds	105 1/2	105 1/2	...	4	19	6	...	...	...
99 1/2	87 1/2	99 1/2	87 1/2	Uster 4 1/2 % 1945-75	92 1/2	91 1/2	-1 1/2	4	19	6	...	...	...
Dom. & Colonial Govts.													
95 1/2	76 1/2	83 1/2	58 1/2	Australia 5 1/2 % 1945-75	76 1/2	82	+5 1/2	6	7	3	...	...	...
95 1/2	76 1/2	83 1/2	58 1/2	Canada 4 1/2 % 1940-60	85 1/2	85 1/2	...	4	15	3	...	...	...
106 1/2	102 1/2	105 1/2	97 1/2	Canada 5 1/2 % 1935-51	103 1/2	103 1/2	...	5	15	3	...	...	...
98 1/2	92 1/2	101 1/2	87 1/2	Gold Coast 4 1/2 % 1935-60	92 1/2	92 1/2	...	5	4	7	...	...	...
105 1/2	99 1/2	105 1/2	90 1/2	Kenya 5 1/2 % 1945-58	98 1/2	98 1/2	...	5	5	7	...	...	...
105 1/2	101 1/2	104 1/2	92 1/2	Nigeria 5 1/2 % 1950-60	97 1/2	97 1/2	...	5	5	4	...	...	...
92 1/2	70 1/2	77 1/2	46 1/2	N.S. Wales 5 1/2 % 35-55	69 1/2	76 1/2	+7 1/2	7	1	0	...	...	...
105 1/2	99 1/2	105 1/2	94 1/2	N. Zealand 5 1/2 % 1946-50	94 1/2	94 1/2	...	7	16	5	...	...	...
104 1/2	70 1/2	80 1/2	48 1/2	Queensland 5 1/2 % 40-60	70 1/2	75 1/2	+5 1/2	6	18	6	...	...	...
104 1/2	99 1/2	105 1/2	82 1/2	S. Africa 5 1/2 % 1945-75	100 1/2	100 1/2	...	5	3	0	...	...	...
98 1/2	93 1/2	93 1/2	87 1/2	Strat. Sel. 4 1/2 % 35-45	90 1/2	93 1/2	+3 1/2	5	8	10	...	...	...
Foreign Governments.													
105 1/2	100 1/2	108 1/2	85 1/2	Argentina 4 1/2 % Recem.	62 1/2	72 1/2	+10 1/2	7	5	0	...	...	...
105 1/2	100 1/2	108 1/2	85 1/2	Australia 4 1/2 % 1924-43	99 1/2	99 1/2	...	6	7	10	...	...	...
96 1/2	89 1/2	98 1/2	52 1/2	Do. 7 1/2 % (Prov.) by 1957	54 1/2	54 1/2	...	12	17	0	...	...	...
61 1/2	51 1/2	56 29 1/2	29 1/2	B. Aires (Introd.) 3 1/2 %	34 1/2	43 1/2	+9 1/2	8	0	11	...	...	...
113 1/2	108 1/2	112 1/2	89 1/2	Belgian 7 1/2 % red. by 1956	104 1/2	104 1/2	...	6	12	0	...	...	...
92 1/2	74 1/2	83 1/2	36 1/2	Bulgaria 7 1/2 % Loan	49 1/2	49 1/2	...	15	3	0	...	...	...
84 1/2	62 1/2	62 1/2	54 1/2	Brazil 5 1/2 % Fund. 1914	58 1/2	60 1/2	+	8	6	9	...	...	...
94 1/2	79 1/2	79 1/2	28 1/2	Do. 6 1/2 % (1927)	42 1/2	44 1/2	+	4	11	8	...	...	...
99 1/2	79 1/2	94 1/2	20 1/2	Chile 5 1/2 % (1929)	40 1/2	40 1/2	...	12	16	3	...	...	...
55 1/2	27 1/2	52 1/2	33 1/2	China 5 1/2 % (1919)	41 1/2	39 1/2	-2 1/2	12	16	3	...	...	...
93 1/2	64 1/2	70 1/2	55 1/2	Do. 5 1/2 % (1913)	40 1/2	60 1/2	...	8	7	0	...	...	...
115 1/2	109 1/2	113 1/2	83 1/2	Czechoslovakia 8 1/2 %	100 1/2	100 1/2	...	8	0	0	...	...	...
96 1/2	81 1/2	86 1/2	70 1/2	Danish 3 1/2 %	75 1/2	75 1/2	...	4	0	0	...	...	...
96 1/2	81 1/2	86 1/2	70 1/2	Danish 6 1/2 %	60 1/2	60 1/2	...	10	16	9	...	...	...
80 1/2	70 1/2	78 1/2	66 1/2	Egypt Unified 4 1/2 %	73 1/2	74 1/2	+1 1/2	5	8	1	...	...	...
92 1/2	73 1/2	76 1/2	35 1/2	Estonia 7 1/2 % 1927	35 1/2	35 1/2	...	16	5	6	...	...	...
100 1/2	91 1/2	92 1/2	71 1/2	Finland 6 1/2 % 1923-43	71 1/2	75 1/2	+4 1/2	8	5	0	...	...	...
21 1/2	19 1/2	31 1/2	20 1/2	French 4 1/2 % (British)	27 1/2	26 1/2	-1 1/2	4	18	0	...	...	...
21 1/2	20 1/2	30 1/2	20 1/2	Do. 5 1/2 %	27 1/2	26 1/2	-1 1/2	4	18	0	...	...	...
90 1/2	68 1/2	81 1/2	37 1/2	German 7 1/2 %	71 1/2	69 1/2	-2 1/2	10	2	9	...	...	...
93 1/2	86 1/2	93 1/2	64 1/2	Do. 5 1/2 % Sig. Bds. 1939	51 1/2	50 1/2	-1 1/2	10	17	9	...	...	...
104 1/2	100 1/2	104 1/2	80 1/2	Greek 6 1/2 % Stab. Lm.	74 1/2	75 1/2	+1 1/2	8	0	0	...	...	...
104 1/2	100 1/2	104 1/2	80 1/2	Do. 7 1/2 % Refugees	98 1/2	98 1/2	...	7	13	0	...	...	...
104 1/2	98 1/2	103 1/2	42 1/2	Hungary 4 1/2 %	54 1/2	53 1/2	-1 1/2	14	3	0	...	...	...
96 1/2	91 1/2	111 1/2	83 1/2	Japanese 4 1/2 % 1935-65	102 1/2	100 1/2	-2 1/2	7	5	12 3/4	...	...	...
102 1/2	98 1/2	105 1/2	83 1/2	Do. 6 1/2 % (1924)	89 1/2	89 1/2	...	7	9	3	...	...	...
26 1/2	12 1/2	14 1/2	5 1/2	Mexican 5 1/2 % (1899)	7 1/2	11 1/2	+4 1/2	4	12	0	...	...	...
94 1/2	82 1/2	98 1/2	80 1/2	Norwegian 4 1/2 % 1911	85 1/2	89 1/2	+4 1/2	4	12	0	...	...	...
106 1/2	102 1/2	108 1/2	85 1/2	Peru 7 1/2 % 1922	55 1/2	55 1/2	...	14	3	3	...	...	...
92 1/2	77 1/2	86 1/2	54 1/2	Poland 7 1/2 %	60 1/2	67 1/2	+7 1/2	10	7	3	...	...	...
107 1/2	101 1/2	104 1/2	95 1/2	Siamese 6 1/2 % 1924-64	97 1/2	97 1/2	...	8	0	0	...	...	...
86 1/2	77 1/2	86 1/2	67 1/2	Swedish 3 1/2 % 1908	42 1/2	42 1/2	...	4	12	1	...	...	...
96 1/2	81 1/2	96 1/2	39 1/2	S. Paulo Coffee 7 1/2 %	53 1/2	58 1/2	+5 1/2	13	12	9	...	...	...
19 1/2	7 1/2	10 1/2	4 1/2	Turkish 4 1/2 % Unified	6 1/2	6 1/2	...	10	0	0	...	...	...
89 1/2	73 1/2	80 1/2	45 1/2	Uruguay 5 1/2 % 1919	50 1/2	50 1/2	...	10	0	0	...	...	...
Corporation Stocks.													
96 1/2	74 1/2	84 1/2	24 1/2	Birmingham 5 1/2 % 1932-57	37 1/2	37 1/2	...	16	14	6	...	...	...
106 1/2	99 1/2	107 1/2	91 1/2	Bristol 5 1/2 % 1945-56	100 1/2	100 1/2	...	5	0	0	...	...	...
106 1/2	99 1/2	107 1/2	91 1/2	Danish 7 1/2 % 1935-45	70 1/2	70 1/2	...	10	0	0	...	...	...
101 1/2	96 1/2	101 1/2	97 1/2	L. of London 5 1/2 % 1960-70	97 1/2	97 1/2	...	5	4	9	...	...	...
103 1/2	98 1/2	105 1/2	97 1/2	Johannesburg 5 1/2 % 1937-52	97 1/2	97 1/2	...	6	14	0	...	...	...
69 1/2	60 1/2	71 1/2	58 1/2	L.C.C. 3 1/2 %	64 1/2	63 1/2	-1 1/2	4	15	3	...	...	...
70 1/2	62 1/2	73 1/2	57 1/2	Met. Wat. Bd. B. 3 1/2 %	65 1/2	65 1/2	...	4	12	4	...	...	...
106 1/2	101 1/2	107 1/2	94 1/2	Met. Wat. Bd. 5 1/2 % 1950-70	99 1/2	99 1/2	...	6	1	1	...	...	...
111 1/2	104 1/2	112 1/2	87 1/2	Sine 7 1/2 % 1935-52	106 1/2	106 1/2	...	6	1	1	...	...	...
93 1/2	75 1/2	77 1/2	52 1/2	Sydney 5 1/2 % 1954	61 1/2	65 1/2	+4 1/2	8	17	0	...	...	...
British Railways.													
94 1/2	62 1/2	69 1/2	38 1/2	G. Western Ord. Stk.	55	55	...	10	0	0	...	...	...
133 1/2	81 1/2	81 1/2	24 1/2	L. & N.E. & N. Def. Stk.	6 1/2	7 1/2	+1 1/2	...	...	...	...	...	...
106 1/2	94 1/2	104 1/2	59 1/2	Do. 5 1/2 % Pref. Ord. Stk.	72 1/2	73 1/2	+1 1/2	...	...	...	...	...	...
94 1/2	80 1/2	84 1/2	59 1/2	Do. 5 1/2 % Pref. Ord. Stk.	72 1/2	73 1/2	+1 1/2	...	...	...	...	...	...
63 1/2	37 1/2	44 1/2	16 1/2	Do. 4 1/2 % 2nd Pref. Stk.	35 1/2	36 1/2	+1 1/2	10	19	3	...	...	...
57 1/2	31 1/2	34 1/2	13 1/2	L.M.S. Ord. Stk.	23 1/2	23 1/2	...	8	10	3	...	...	...
73 1/2	54 1/2	55 1/2	25 1/2	4 1/2 % Pref. Stk. 1923.	41 1/2	43 1/2	+2 1/2	9	4	0	...	...	...
75 1/2	58 1/2	58 1/2	34 1/2	Metropolitan Com.	42 1/2	45 1/2	+3 1/2	7	13	9	...	...	...
79 1/2	72 1/2	77 1/2	57 1/2	Met. Dist. Ord. Stk.	61 1/2	62 1/2	+1 1/2	8	0	0	...	...	...
72 1/2													

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Nov. 4, 1931.	Price, Nov. 11, 1931.
Central Electricity Board 5% A.Stk....	...	...	96½-97½	97-98
Fife County Council 4½% 1951-61	...	...	94-95	94-95
Great Universal Stores Ord. (5/-)	...	...	19½-20½	19½-20½
Great Universal Stores Pref.	...	...	18½-19½	19½-20½
Jones (Peter) 6% deb.	...	...	88-93	89-94
London and Thames Haven Oil New Ord.	...	...	14/-15/-	14/-15/-
Middlesex 4½% 1950-70	...	...	95½-96½	95½-96½
Savory and Moore 7½% Deb.	...	...	1½-2½	1½-2½
Tanganyika 4% Guar. 1951-71	...	...	85-88	84½-85½
Walsall Corp. 4½% 1950-60	...	...	92-93	93-94

INVESTMENT NOTES.

Stock Exchange Restrictions.—On Monday last the Stock Exchange Committee for General Purposes announced that, as and from November 16th, dealings for the Account would again be permitted, but that the ban on option business and the carrying-over of bargains from one account to another would remain. The decision to relax the "cash dealings" rule, which had been in force from September 26th, was not unexpected, and was generally welcomed for reasons we have fully discussed in recent issues. Though the partial nature of the concession provoked no considerable hostile criticism among members, who were inclined to regard the Committee's action as a half-way house to the complete restoration of normal facilities, it would appear that the Glasgow Stock Exchange Committee regarded the decision as unduly timorous. This latter body decided, on Tuesday, not to fall into line with other provincial Stock Exchanges (which had followed London both as regards the "cash rule" and its partial abolition), but to resume continuation and option business in the ordinary way next Monday. The Glasgow Committee's announcement appears to have been based partly on the feeling that the London ruling did not prevent continuation business, but merely made it inconvenient and dear for the client (who was quite at liberty to instruct his broker to sell for an old account and simultaneously buy back for a new account), and partly the feeling that the continued prohibition of option dealing was damaging to the market. However this may be, the incident had an unexpected sequel on Thursday, when the Glasgow Stock Exchange Committee announced that it had rescinded its previous decision to allow the transaction of continuation and option business "at the special request of the Treasury." This let the cat out of the bag in unexpected fashion. It had previously been believed that though the London Committee might have received a hint from high quarters, its actual decision to impose the original ban on Account Dealing was taken on its own initiative. The Treasury's attitude was much criticised in the market, which has seen nothing in the behaviour of prices during the last few weeks to suggest the necessity for any form of restriction on purely market grounds. It is difficult, in any case, to see why it should appear perfectly safe, to Whitehall, to allow a man to be a bull or a bear for a fortnight, but not for a month.

Metropolitan Railway and the Transport Bill.—Though we have endorsed the principles of the London Passenger Transport Bill, we have consistently declared that the Metropolitan Railway has a grievance in that the whole of its equity, including country estates in "Metroland" and a block of flats over Baker Street Station, is to be taken over by a board appointed to manage passenger transport in the London area. The directors of the Metropolitan Railway have now issued a circular of protest to their stockholders. It is to be regretted that the directors have given political bias to their memorandum by declaring that the Bill is a Socialist measure tending towards a policy of confiscation of property. They are on firm ground, however, when they point out that the Metropolitan Railway is quite distinct from the Tube and Underground undertakings, since it projects into the

country for considerable distances beyond the London Passenger Transport Area set up under the Bill, and carries a considerable mineral and goods traffic, amounting in 1930 to no less than 3,000,000 tons, in addition to parcels and mails. Further, they are justified in the criticism (which the *Economist* has already made) that "although the Bill casts the duty upon the Transport Board of so conducting their undertaking and of fixing such fares and charges as to secure that their revenues shall be sufficient to defray all charges required by the Bill to be defrayed out of revenue, including the interest payable on the senior stocks and interest on the "C" stock at a standard rate, yet economic forces may prevent the carrying of these intentions into effect, and future results must depend upon the wisdom and skill with which the vast combined undertaking created under the Bill is managed and the economies which can be effected by reason of the amalgamation." The directors of the Metropolitan appreciate that the co-ordination of London passenger transport is a sound object of policy, but they suggest that the arrangements for co-ordination which are found suitable and sufficient in the case of the suburban passenger traffic of the main line traffic companies are equally suitable and sufficient for the Metropolitan. They consider, therefore, that the inclusion of the Metropolitan Railway in the arrangements with the other main line companies, preserving its separate identity, would be the best solution. Before the dissolution of the last Parliament the London Passenger Transport Bill had been remitted to a committee of the whole House, having previously been considered by a joint committee of both Houses, which by a majority of one vote had decided that the Bill should proceed in its present form. Proceedings on the Bill may be resumed in the new Parliament at the stage at which they were discontinued, on the passing of a motion to that effect. In the House of Commons this week the Prime Minister declared that the Bill was still under consideration with the promoters and those chiefly concerned. Though it was, he admitted, "not exactly a Government measure," he was anxious to secure its passage, either in its present or an amended form, without the sacrifice of any of its essential provisions. It would appear unlikely, however, that Parliamentary time will be given to the Bill before next year.

Commercial Motor Shares.—Reference is made in a Note of the Week on page 903 to important engineering developments at this week's Commercial Motor Show at Olympia. Share prices have advanced, in many cases, since the middle of September. Though the abandonment of the gold standard had no immediate effect on the industry, which relies on advance orders and sales to a large extent, the prospect of increased exports has stimulated market dealings. In the table below details are given of profits, dividends and prices for various companies which have a prime or important subsidiary interest in the manufacture of commercial vehicles. It will be noticed that the older companies have suffered rather severely from the depression, while the figures for Ford and Morris (which, together with the Chevrolet company, absorb a large proportion of the market for the lighter class of lorry) are complicated by the companies' other interests. Dennis Brothers have just announced a dividend of 175 per cent., compared with 283½ per cent. for 1929-30.

Name of Company.	Net Profit, 1929.	Ord. Div.	Net Profit, 1930.	Ord. Div.	Price, Sept. 19, 1931.	Price, Nov. 10, 1931.	Present Yield.
Albion Motors, ord. £1	63,061	12½	45,195	7½	1½	1	7½
Dennis Bros., ord. (£1)	336,585	350	286,805	283½	17½	21½	8½
Ford Motor Co., ord. £1	713,994*	10	790,353	10	1½	2½	4½
Leyland Motors, ord. £1	559,374	NII	366,245	20	1½	2½	9½
Morris Motors, 7½% cum. pref.	1,039,118	10	955,402	10	1½*	1½	7½
John I. Thornycroft, ord. £1	90,876†	13	4,850‡	NII	½	½	NII

* Period to December 31, 1929.

† Year to July 31, 1930.

‡ Year to July 31, 1931.

§ Calculated on basis of 1930-31 dividend of 175 per cent.

The serious effect on commercial vehicle sales of the world-wide depression was emphasised by Sir John Thornycroft on Wednesday. Sir John declared, however, that his company now had models equipped with entirely new designs of six-cylinder engines, embodying all the improvements which could be made with present knowledge; while the six-wheeled vehicles which they had produced for service in undeveloped countries continued to give excellent results. Profit figures, in general, can hardly be said to give an accurate picture of current prospects. Available statistics of commercial vehicle sales for the year to September 30th last suggest that the decline will barely exceed 1½ per cent., compared with a probable decline in the sales of hackney vehicles of something over 10 per cent. In a year of industrial depression such results cannot be regarded as unsatisfactory. There is no reason why British vehicles should not improve their export position if and when international trade revives.

Industrial Profits.—During the month of October, the accounts of 170 companies were received, and, as will be seen from the table below, the percentage decline in net profits constituted a new "record" since our monthly statistics began last April. The number of reports received, and the percentage declines shown, month by month, have been as follows:—

Reports Published in	No. of Companies.	Variation in Net Profits (1931 compared with 1930).
April	217	— 10.49
May	211	— 22.3
June	192	— 21.93
July	185	— 39.46
August	55	— 19.59
September	74	— 44.02
October	170	— 58.26

We next set out the figures for various industrial groups, according to reports received during the last month.

INDUSTRIAL PROFITS—MONTH OF OCTOBER, 1931.

Group.	No. of Companies.	Net Profit (after Payment of Debenture Interest). Reports received during October, 1931.	Increase or Decrease.
Breweries	10	1929-30. £ 279,184 1930-31. £ 200,314	— 28.25
Canals and Docks	1	27,536	— 185.86
Financial Land and Investment	12	617,600	— 68.84
Hotels, restaurants, &c.	12	119,234	— 46.14
Iron, coal and steel	11	898,821	— 74.05
Motor and cycle	3	287,872	— 6.89
Rubber	43	287,819	— 109.84
Shipping	5	122,211	— 502.82
Tea	6	116,391	— 40.60
Telegraphs, &c.	1	Dr. 4,408	— 157.71
Textiles	1	432,560	— 10.96
Tramways	2	24,180	— 32.44
Trusts	1	1,056,908	— 32.24
Other companies	18	3,013,611	— 58.26
Total	51	7,385,509	— 58.26

Nearly all important groups contributed their quota to the general decline, shipping and textiles making a particularly poor showing. Motors, on the other hand, with a decline of only 6.99 per cent., were a relatively good feature. Lampport and Holt, which suffered a loss of £544,342, was mainly responsible for the shipping decline, while British Celanese, with a debit balance of £274,626 instead of a profit of £385,901, accounted in the miscellaneous group, recorded a noteworthy gain of nearly £30,000 in profits.

Independent Investment Company.—This company (whose directors are Messrs. O. T. Falk, J. M. Keynes and I. Macpherson) has issued a statement declaring that, although the income for the half-year to September 30th last amounted to £14,095, against £16,462 for the corresponding period of 1930, and covered the preference dividend requirements approximately twice over, it has been decided not to pay an interim dividend on the ordinary stock. An explanation of the decision may doubtless be

ESTABLISHED OVER FIFTY YEARS

LIVERPOOL INVESTMENT BUILDING SOCIETY

ASSETS EXCEED £1,300,000
SUMS CAN BE INVESTED AT

5%
ON SHARES
AND
4%
ON DEPOSITS

FOR THREE MONTHS CERTAIN
FREE OF INCOME TAX
WITH ABSOLUTE SECURITY

NOTE: DEPOSITS ARE COVERED BY ASSETS
MORE THAN FOUR TIMES.

DIRECTORS:

LOUIS B. PHILLIPS, J.P., CHAIRMAN.
C. HEWETSON NELSON, J.P., F.S.A.A., VICE-CHAIRMAN.
SIR BENJAMIN S. JOHNSON, D.L., J.P.
HAROLD V. McCAIG. J. PARKE JACKSON. J. M. REID.
ALD. E. RUSSELL-TAYLOR, J.P.
STANLEY W. HANSCOMBE, A.S.A.A., MANAGER.

WRITE, TELEPHONE, OR CALL FOR
FREE PROSPECTUS.

CITY OFFICE:

13, FINSBURY SQ., LONDON, E.C.2

Tel.: NATIONAL 0588.

HEAD OFFICE:

67, LORD STREET, LIVERPOOL.

Tel.: BANK 3703.

found in a further statement to the effect that a valuation of the investments at September 30th showed that, after deducting the preference dividend, the break-up value of the net assets was £248,642 below the value of the paid-up capital of £420,000. Though there is much in the directors' contention that it would be dangerous to accept such an estimate as a sound valuation of the assets, in view of the wide and unreliable nature of quotations for many securities in New York and elsewhere, the extent of actual depreciation is serious. The company was formed in 1924 to take advantage, from the investment point of view, of short-term changes in the monetary and trade cycle. That the depreciation in its assets is no less—if it is not actually greater—than that shown by other recently formed investment trusts, run on more orthodox lines, does not necessarily show that the company's original conception was unsound. It does, however, suggest that the practical difficulties in the way of its application have been much greater than the directors realised. The broad lines of the company's recent policy may be inferred from the following table, which shows how the distribution of investments has changed over the last year and a-half:—

DISTRIBUTION OF INVESTMENTS.

	March 31, 1930.	Sept. 30, 1931.
British	40.0	19.3
American	48.8	71.9
Foreign	11.2	8.8
Total	100.0	100.0
Bonds and debentures	10.7	9.5
Preference	34.5	60.6
Ordinary	54.8	29.9
Total	100.0	100.0

Clearly, the company has a heavy stake in the restoration of American prosperity. Many of its American investments have been acquired on a falling market, and consist, to an appreciable extent, of preference and preferred

stocks. Presumably, as American trade revives and Wall Street becomes more active, the company will make a partial change-over into equity securities. It may then recoup some of its book losses, though whether this process will go sufficiently far to enable it to recover more than a part of its capital, within a moderate period, is another question. So far, it has succeeded in maintaining its income reasonably well, but at a heavy cost on the capital side.

Textile Machinery Merger Details.—The introduction of a measure of rationalisation into the manufacture of textile machinery was brought a step nearer this week, when the shareholders of Howard and Bullough agreed at specially convened meetings to a merger scheme on the lines referred to in last week's *Economist*. Four of the seven companies concerned—Asa Lees and Company, J. Hetherington and Sons, Platt Brothers, and Howard and Bullough—have now accepted. Brooks and Doxey, and Dobson and Barlow are expected to accept, but Tweedales and Smalley have turned down the scheme. Each company will sell its works to "Textile Machinery Makers, Limited," which in turn will re-sell the assets which it buys, without a profit, to subsidiary companies bearing similar names to those of the constituent companies, in order that the considerable goodwill attaching thereto may not be lost. Present information gives the capital of the new merger company as 1,835,000 6 per cent. non-cumulative preferred shares of £1 and 1,615,000 ordinary shares of £1. Of these, Brooks and Doxey will receive 73,800 ordinary shares and 53,000 preference, Howard and Bullough 550,000 ordinary and 327,000 preference, J. Hetherington and Son 92,000 ordinary and 67,000 preference, and Platt Brothers 610,000 ordinary and 981,000 preference. Platt Brothers will thus own about 53 per cent. of the preference capital and 38 per cent. of the ordinary capital, while Howard and Bullough, the next most important partner, will take 18 per cent. of the preference and 34 per cent. of the ordinary shares of the new company. Platt Brothers will keep their two collieries, cash, £1,000,000 of investments, £600,000 of book debts and some other property, while Sir George Bullough made it clear, at this week's meetings, that Howard and Bullough would retain its considerable reserve funds, investments and cash assets. All the contracting companies appear confident that the merger, by pooling research activities, technique, and organisation abroad, will effect considerable savings and quickly reach a profit-earning basis.

Thomas Tilling's Capital Issue.—In order to meet liabilities which have been incurred during the current year, Thomas Tilling are making an issue of two new shares at 30s. per share for every three held. This will increase the ordinary capital by 527,350 shares to a total of £1,318,375. In March this year, the company acquired the National Omnibus and Transport Company. This operation involved a payment of approximately £440,000, which the directors declared could be financed out of the existing resources of the company. In April the company acquired a controlling interest in United Counties Omnibus and Road Transport Company (which had an issued capital of £150,000), on the basis of 38s. 6d. for each ordinary share, 26s. 3d. for each 6 per cent. participating preference share, and 23s. for each 7 per cent. preference share. The directors of Thomas Tilling now declare that the purchase of these interests and expenditure in the renewal of omnibus fleets, motor coaches, etc., have involved an outlay since January 1st last in excess of £1,250,000, which has been provided out of the general resources of the business and by loans from bankers. The proceeds of the present issue will amount to £791,025, which, together with the gilt-edged investments still held by the company, will be sufficient to repay the bank loan and leave a surplus for further development. With regard to the dividend prospect, last year the company paid 25 per cent. on its old capital, which has subsequently been

increased by a bonus of 50 per cent. The directors state that, so far as can be ascertained from the preliminary accounts for the expired portion of the current year, the profits up to date are satisfactory, and, subject to any unforeseen contingency, it is anticipated that the dividend for the year will be at the rate of 20 per cent. An interim dividend of 10 per cent. has already been paid. The shares reacted sharply in the market on this announcement. Having been $3\frac{3}{4}$ they are now quoted at $2\frac{1}{2}$ ex rights and dividend, and the new shares at 18s. $7\frac{1}{2}$ d. premium.

Horden Collieries.—Though this company is among the strongest in the trade, both as regards production and finance, it has suffered recently from decreased industrial demand at home and unsettled conditions abroad, particularly in Europe. Its output has also been affected by the operation of the restrictive clauses of the Coal Mines Bill of 1930. The Shotton Colliery was idle throughout the year to September 30th last. The total profit from coal, coke and by-products dropped by £84,960 to £69,086. Other income totalled £82,418, against £87,816, and, after a reduction in the depreciation allowance and in directors' fees, the net profit was £69,411 lower at £71,257. The dividend was reduced from $7\frac{1}{2}$ per cent. to 5 per cent.

	Year ended September 30,		
	1929.	1930.	1931.
	£	£	£
Net profit	129,241	140,668	71,257
Dividend:			
Amount	112,500	112,500	75,000
Earned	8.62%	9.38%	4.75%
Paid	7½%	7½%	5%
General reserve	...	5,000	...
Inc. or dec. in carry-forward	+16,741	+23,168	-3,743

The company's collieries have been written down during the year by a net figure of £39,088, and now stand at £1,688,774. Debtors declined by £46,807. Investments dropped by £22,301 and stocks by £11,920, while creditors rose by £79,031. The £1 shares yield £4 13s. per cent. at their present price of 22s. 6d.

Aurochs Investment Company: A Strange Position.—An unusual state of affairs is shown by the balance sheet of the Aurochs Investment Company, Limited, as at June 1st last. This company, which was registered in March, 1920, has an authorised and issued capital of £2,100,000 in ordinary stock, together with £300,000 of 5 per cent. debenture stock, issued privately in 1926 at 75. The chief item on the assets side of the balance sheet is £2,000,000, representing the consideration for the assignment of a charter party, discharged by the issue of fully-paid shares. For some years past the balance sheet has contained a note stating that as the charter party has been cancelled, the assignment is of no value. The assets also include an investment item of £374,813, which is shown by the auditors' report to be made up of £239,212 book value of investments and £135,601 realised losses on investments. The balance sheet states that depreciation has substantially increased since June 1, 1930, and present values are largely unascertainable, while the auditors rightly protest against the merging of investment depreciation with the investment total. Apart from "assets" representing merely past losses, such as £75,000 discount on debentures and £37,453 debit to revenue account, the only other assets are £225 owed by a debtor and £2 in cash. Thus it would appear that, against a total share and debenture capital of £2,400,000 and other loan and interest obligations totalling £87,494, the company's only valuable assets are £239,212 book value of investments, whose real value the directors are unable to ascertain, and a small loan to an outside debtor. What is the nature of the company's business, or what its present *raison d'être*, one cannot readily perceive. It would appear that the original issue of shares was made over to the assignors of the charter party, which has subsequently been proved to be valueless. The original value

placed upon this asset would seem to have been surprisingly high, even at the 1920 scale of values. In 1926 the company made an issue of 99,593 £1 shares at par (subsequently converted into stock), in which Stock Exchange dealings were allowed. The capital apparently now has a fairly wide ownership, the Somerset House register, dated August 9th last, showing approximately 75 holders of £1,000 or more of stock. Eighteen holdings exceed £10,000, the largest being in the name of Bishopsgate Nominees, Limited (£453,500), while the chairman, Mr. Martin Coles Harman, is shown as holding £200,100, and Mr. S. T. Harman £150,000. The ordinary stock was last quoted on October 1, 1929, at 25½, and the debenture stock on October 2, 1929, at 55.

Cosach's Position in Chile.—Six weeks ago (see the *Economist*, October 3rd, page 626) we dealt with a protest made by the English and French shareholders of the Lautaro Nitrate Company against the alleged unfavourable terms of their company's merger agreement with "Cosach" (Compania de Salitre de Chile). The latter unfortunate company is now called on to meet a formidable attack from quite a different quarter. The original agreement between Cosach and the Chilean Government was criticised by some people as being over-favourable to Chile. Depression intervened, however, before the combine's financial arrangements could be carried through. Important modifications were made as the price of American and British financial assistance, and were duly embodied in a Decree Number 4,945, enacted under the régime of the Chilean "dictator" Ibanez, whose régime was subsequently brought to a violent end. In August the Chilean Chamber passed a resolution calling for a revision of the Cosach Law, and this month a sub-committee, appointed by the special official committee which is investigating the events of the Ibanez dictatorship, has issued a report frankly recommending the dissolution of the combine. The tone of the report suggests that the sub-committee has regarded Cosach developments as an effective stick with which to beat the ex-President. Some of the grounds for its advice, the statement that Decree 4,945 was unconstitutional. Others are technical, including the statement that the capital was increased by 423 million pesos beyond the 3,000 million pesos sanctioned by law. Others, again, are concerned less with the possibility of exploiting Chile's nitrate resources by the most economic methods—a thorny question on which Cosach, at least, was prepared to put its own views into practice—than with the necessity for securing maximum employment and national revenue in Chile itself. The sub-committee appears to suggest that concentration of the present reduced output on the labour-saving Guggenheim plants should be discontinued, and that "all Shank's plants should again light their fires"—without reference to conditions of demand for Chilean nitrate in world markets. The sub-committee desires that the greatest possible number of workmen should find employment on the nitrate pampas, that the northern provinces of Tarapaca and Antofagasta should again take large quantities of agricultural and manufactured products from Southern Chile, and that the national steamers should earn a considerable revenue once more. How far the committee's recommendations will be acted upon is uncertain. The acting President of Chile, Senor Trucco, is reported to have declared that careful consideration of the position by technical experts must precede any action, while the President-elect, Senor Montero, is said to have gone further and declared that although the combine's legal position was irregular, no practical question of its disintegration could arise. Many considerations would appear to support this latter view. As Cosach has entered into contractual relations with its bond and shareholders, for good consideration subscribed in good faith on the basis of the company's agreement with the Chilean Government, the annulment of the combine's concessions would involve the repudiation by the present Government of the

financial engagements of its predecessors—a principle which international financial opinion has always regarded as vicious. It would be regrettable if Chile's credit, which has always ranked high among South American States, were to be impaired, for many years to come, by hasty action by the present régime. In any case, the Guggenheims' influence in the economic life of Chile has been so great, in recent years, that open antagonism with so powerful a North American interest might have disastrous internal consequences for Chile. It may be hoped, therefore, that counsels of moderation will prevail and a *modus vivendi* will be secured by mutual concessions.

Sinai Mining.—The directors of this manganese concern, whose properties are situated in Egypt, propose to return 10s. upon each of the 50,000 preference and 25,000 ordinary £1 shares. Of the amount 5s. per share is to be satisfied in cash and 5s. in redeemable debenture stock carrying no interest. Apparently the object is to avoid the expense of more than one application to the Court. The company has a lengthy dividend record to its credit. It may be recalled that at the recent meeting of the Cam and Motor Gold Mining Company the announcement was made that a return of capital was under consideration—apparently out of the proceeds of the gold premium, Rhodesia having followed Great Britain's example in changing the basis of her currency. Early this year yet another Rhodesian gold concern—the Rezende—having accumulated funds in excess of requirements, repaid its members 2s. 6d. per share. It is a moot point whether mining companies might not more generally follow this practice; indeed, whether all distributions should not be regarded as return of capital until the outlay on plant and development has been refunded. A mine is a wasting asset, but shareholders seldom establish a fund for amortisation of capital.

**YOU
CAN BE
SURE
OF SHELL**

WINTER SHELL
is specially blended to give
quick starting in cold weather

Witbank Colliery.—In this year's report, writes our mining correspondent, this Transvaal undertaking makes a new departure by presenting a profit and loss account. There are, however, only two entries on the credit and three on the debit side. The former show that the net working revenue was supplemented by £91 interest, etc.; the latter, that administration absorbed £3,250 and debenture interest £9,010. The surplus now stands at £53,960 against £51,670. Capital outlay and taxation call for somewhat increased amounts; the dividends total 10 per cent. in place of 7½ per cent. for the year ended August 30, 1930, and 5 per cent. in respect of the four preceding periods. The slightly reduced amount of £80,740 now carried forward is represented by cash or cash assets. At 760,670 tons the coal despatched from the mines showed a decrease of 73,000 tons, but the working costs fell off in a more than corresponding degree. The directors report that developments continue to expose coal of standard quality and thickness.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Nov. 7, 1931, £97,447,994.
Total, including conversion, recorded Jan. 1 to Nov. 7, 1931, £108,324,979.

	National Savings Certificates.				
	Net Receipts, week ended November 7, 1931, Dr. £150,000				
Total net receipts, April 1, 1931, to November 7, 1931, £4,350,000.					
	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Total offered to the Public	Nil	Nil	Nil	Nil	Nil
To Shareholders only.					
San Finx Tin Mines, £10,000	10,000	...	10,000	2,500	7,500
10% Deb. Stk. at par	10,000	...	10,000	25,000	7,500
Total offered to Shareholders only, week ended Nov. 14, 1931	10,000	...	10,000	25,000	7,500
Total Offered for Subscription—		Including Conversions.		Excluding Conversions.	
Jan. 1 to date—					
1931	108,184,979	97,307,994	Whole year—	1930	454,888,784
1930	411,903,436	230,147,805	1929	488,764,940	285,239,400
1929	250,114,038	211,788,438	1928	693,100,056	369,058,073
1928	510,687,191	336,657,460	1927	...	355,165,970
1927	...	307,087,011	1926	...	230,782,600
1926	...	199,953,490	1925	...	232,214,500
1925	...	202,340,376	1924	...	209,326,101
1924	...	174,938,525	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	73,659,349	6,771,859	16,876,786	97,307,994
1930	192,576,858	15,649,638	21,821,309	230,147,805
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,570,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,165,970
1926	145,180,000	39,593,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,757,183	...	8,883,558
Total for week ended November 14, 1931	Nil	...	Nil
Total to date, 1931	8,757,183	...	8,883,558
Total to date, 1930	17,302,953	...	19,003,832

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents

Special Representative

148 Leadenhall St. London, E.C. 3.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Nov. 6, 1931. (c) Week ended Nov. 7, 1931.	Miles Open.	Week ended Nov. 8, 1931. (000's omitted.)					Aggregate 45 weeks, 1931. (000's omitted.)				
		Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total Receipts.
Great Western...	3,761	175	207	101	308	483	9,971	8,570	4,709	13,279	23,250
Do. for 1930...	3,761	189	204	117	321	510	10,869	9,447	5,305	14,782	25,651
L. & N. Eastern (c)	6,349	260	368	234	662	862	14,785	12,528	10,494	28,752	40,537
Do. for 1930...	6,349	295	419	247	666	961	16,179	17,430	11,478	28,908	45,087
Lon. Mid. & Scot.	6,954	390	502	255	757	1,147	22,329	20,921	10,883	31,804	54,133
Do. for 1930...	6,954	433	527	263	790	1,223	23,978	23,649	11,257	34,906	58,884
Southern	2,180	243	62	22	84	327	13,775	3,214	1,404	4,618	18,393
Do. for 1930...	2,179	262	69	24	93	355	14,612	3,497	1,331	4,828	19,440
Total, 1931	19,248	1,068	1,139	612	1,751	2,819	61,860	47,963	27,490	75,453	137,313
Do. for 1930...	19,245	1,179	1,219	651	1,870	3,049	65,638	54,053	29,371	83,424	149,062
Metropolitan (c)	59	29.7	...	...	3.8	33.5	1406.5	...	...	173.0	1579.5
Do. for 1930...	59	32.1	...	...	4.1	36.2	1466.7	...	...	181.1	1647.8
Uncl. E.R. (c)	...	299.5	...	...	302.8	...	299.5	...	...	...	13270.8
Do. for 1930...	...	302.8	...	...	302.8	...	302.8	...	...	...	13537.3
Green Buses, &c.	...	24.4	...	...	24.4	...	1121.5	...	...	...	1121.5
Lon. & Sh. Grp(c)	...	44.7	...	...	44.7	...	1968.5	...	...	...	1968.5
Do. for 1930...	...	45.3	...	...	45.3	...	1997.5	...	...	...	1997.5
*B'f & Col'd w(b)	80	1.8	...	...	7	2.5	119.4	...	...	30.7	150.1
Do. for 1930...	80	2.0	...	...	7	2.7	124.7	...	...	33.4	158.1
*G. Northern (b)	562	10.0	...	...	11.5	21.5	509.3	...	...	648.9	1158.2
Do. for 1930...	562	10.2	...	...	12.4	22.6	560.0	...	...	654.3	1214.3
*Gt. Southern (b)	2,188	25.0	...	...	43.7	68.7	1257.0	...	...	1724.4	2981.4
Do. for 1930...	2,188	23.9	...	...	47.8	71.7	1278.0	...	...	1966.1	3244.1

* Aggregate 43 weeks.

† Green line not in full operation.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal	28	Oct. 10	1,330	Rs. 4,05,300	+	Rs. 1,01,04,152	- 5,10,516
Barsi Lt. Ry.	29	17	202	23,300	+	3,500	26,300
Bengal & N. Western	2	17	2,119	4,82,389	+	28,130	92,034
Bengal-Nagpur	26	Sept. 30	3,199	19,33,000	-	4,65,418	23,32,992
Bombay, Bar. & C. I.	32	Nov. 7	3,084	19,48,000	-	3,57,000	33,73,000
Madras & S. Mahr.	29	Oct. 17	3,230	14,74,000	+ 1,21,279	4,18,30,223	14,24,356
† Rohilk' & Kumaon	2	17	546	84,479	+	14,895	31,797
South Indian	27	17	2,492	11,15,008	-	94,522	46,79,943

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National.	43	Oct. 31	20465	\$ 5,825,461	-	\$ 995,143	\$ 148,571,581	-	\$ 41,301,640
Canadian Pacific ..	44	Nov. 7	15721	3,468,000	-	97,000	122,883,000	-	33,937,000

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia)	45	Nov. 8	804	£ 12,730	-	£ 9,750	£ 752,940	-	£ 447,110
Argentine N.E.	19	7	753	15,000	+	800	250,000	-	26,300
Argentine Trans.	19	7	111	2,118	+	931	32,867	-	31,452
B.A. and Pacific	19	7	2,806	123,000	+	1,000	2,216,000	-	17,000
B.A. Central	19	8	...	10,026	-	1,825	212,705	-	36,921
B.A. Gt. Southern ..	19	7	5,075	186,000	+	8,000	3,203,000	-	292,000
B.A. Western	19	7	1,926	75,000	+	8,000	1,315,000	+	51,000
Central Argentine ..	19	7	3,442	201,000	+	4,000	4,066,000	+	391,000
Central Uruguay ..	19	7	273	21,370	+	8,284	215,484	+	231,162
C. Urug. (East Ext.)	19	7	311	3,845	+	2,089	40,703	-	48,368
C. Urug. (W. Ext.) ..	19	7	185	1,970	+	1,050	20,936	-	29,668
Cordoba Central	19	7	211	1,588	+	698	18,112	-	192,000
Entre Rios	19	7	1,218	47,000	-	11,000	1,007,000	-	85,300
G. Western of Brazil	45	7	810	22,400	-	3,600	374,000	-	281,400
Leopoldina	45	7	1,918	37,169	+	7,616	1,055,942	-	416,368
Leopoldina Term.	45	7	...	4,030	-	2,206	165,087	-	111,107
Paraguay Central ..	10	Oct. 31	411	2,493	-	15,238	123,703	-	235,573
Salvador	19	Nov. 7	274	3,260	-	220	60,710	-	11,870
San Paulo	19	7	...	2,045	-	340	39,197	-	2,397
United of Havana ..	44	1	1534	37,669	+	8,517	1,203,734	-	503,294
...	19	7	1,367	14,302	-	17,913	350,547	-	310,832

† Months.

OTHER OVERSEAS.

Gt. South. of Spain	44	Oct. 31	104	£ 99,454	-	£ 11,473	£ 3,221,428	-	£ 1,105,967
Mexican Railway ..	17	31	483	£ 280,600	-	3,600	3,038,100	-	948,000

TRAMWAYS WEEKLY GROSS RECEIPTS.

Anglo-Argentine ...	44	Nov. 4	329	£ 76,163	-	£ 5,856	£ 3,190,793	-	£ 410,933
B. Aires Lacroze ...	19	8	...	10,214	-	2,042	188,858	-	22,839
Liverpool Corp.	30	4	124	30,207	+	487	935,464	+	4,099
Madras Electric	10	Oct. 31	...	Rs. 46,964	+	5,882	983,779	+	56,165
L.O.O. Tramways ..	31	Nov. 4	166	79,365	-	2,233	2,510,924	-	64,667

† Months.

MONTHLY TRAFFICS.

	Month.	Ending 1931.	Description.	Receipts for Month.		Receipts to Date.	
				1931.	+ or -	1931.	+ or -
Singapore Traction	10	Oct. 31	Gross	\$124,000	-	18,000	...
Shanghai Elec. Const.	10	Oct. 31	Gross	\$495,761	+	49,861	4,745,503
Bolivar Rly.	10	Oct. 31	Gross	9,000	-	2,600	101,950
Midland Uruguay	4	Oct. 31	Gross	10,543	-	7,097	30,231
N.W. Uruguay	4	Oct. 31	Gross	3,167	-	1,633	9,353
Uruguay Northern	4	Oct. 31	Gross	1,412	-	462	4,486
Dorada Rly.	10	Oct. 31	Gross	7,300	-	4,000	106,300
Do. (Bopeway Rly.)	10	Oct. 31	Gross	3,300	-	500	43,300

COMPANY MEETINGS, &c.

LONDON MARITIME INVESTMENT COMPANY, LIMITED.

SHIPPING TRADE DEPRESSION.

BOARD'S SOUND FINANCIAL POLICY.

The thirty-fourth annual general meeting of the London Maritime Investment Company, Limited, was held, on the 11th instant, at Winchester House, Old Broad Street, London, E.C.

Sir F. Vernon Thomson, K.B.E. (chairman and managing director), presided.

The Secretary (Mr O. A. Hall) having read the notice convening the meeting and the report of the auditors.

The Chairman said: Gentlemen,—The directors' report, with statement of accounts, for the year ended September 30, 1931, having been circulated to the stockholders 10 days prior to the annual meeting, they will, I hope, as usual be taken as read. The accounts, read in conjunction with the directors' report, set out clearly the position of the company.

This company, as will be seen by a glance at the summary of its investments shown in the balance sheet, is largely interested in shipping, and shipowning has, of course, always been an adventurous trade. The directors' report for last year stated that the shipping industry was then experiencing the most acute trade depression in the history of modern shipowning. In these circumstances it is not surprising that our revenue in respect of that year is almost £8,000 less than for its predecessor.

The net profit of the year was £42,877, to which must be added the balance of £6,000 odd brought forward, making an available sum of £48,877. Of this the dividend upon the company's £500,000 five per cent. cumulative preference stock and the interim dividend of 2 per cent. upon the £500,000 ordinary stock absorb £26,812 10s., leaving an available balance of £22,064.

LIQU

—made it a very bad year for all Argentine railways, and from July 1st to the end of October the exchange position was getting steadily worse, so that it looked as if the current year—merely on account of exchange and nothing else—must be much worse than the past year. I am glad to say that since the beginning of November exchange has taken a sudden and dramatic turn. It was down to 29d., but I am glad to say that I have heard to-day that it is 39d., which is rather above the average price that prevailed during the whole of last year. If the exchange position continues to improve, the future will have for us a very much more cheerful aspect—but I would only tell you, as I have told you before, that the one thing you have to do in connection with Argentine railways is to watch exchange.

The resolution was carried unanimously.

JOHN I. THORNYCROFT AND COMPANY, LIMITED.

COMPANY'S VARIED ACTIVITIES.

The thirtieth annual general meeting of John I. Thornycroft and Company, Limited, was held, on the 11th instant, at Winchester House, Old Broad Street, London, Sir John E. Thornycroft, K.B.E., M.I.C.E. (managing director), presiding.

The Chairman, after referring in detail to the results of the year, said that he reported last year they were then engaged upon the British experimental Destroyer "Acheron," fitted with special high-pressure machinery, and that the two destroyers building for the Canadian Navy had been launched. During the present calendar year these vessels had been completed and delivered. The Admiralty had expressed themselves as more than satisfied with the results, and they had heard from Canada that the "Saguenay" and the "Skeena" were regarded as most satisfactory vessels in every way. The board felt confident that they would serve to maintain the company's reputation as leading designers and builders of vessels of the destroyer class. While referring to the ship-building side of the business, he went on to say at the last meeting that the depressed state of the industry was well known, and that he was afraid, in spite of what was being done to close down some of the redundant shipyards, it would be very difficult to obtain orders with a reasonable margin of profit. Following his remarks, conditions rapidly became worse, and there were many yards in the country which had no work at all. The company did succeed, in the face of the keenest competition, in securing the order for two destroyers for the British Navy.

Having referred to other activities of the company—repair work, motor boats and marine motors, motor vehicles, six-wheeled vehicles—he mentioned the important economies which had been made throughout the whole of the organisation. Finally, he said that the necessity of keeping down costs of production to enable the company to compete successfully in foreign markets was fully appreciated by the board, and, he hoped, labour would be willing to co-operate to reduce the cost of manufacture in this country, so that the company be placed in a more favourable position to contend with competition from the Continent, where production costs in shipbuilding and many other classes of work were very much less, mainly owing to freedom from restrictions in the way in which the work was carried out and heavy taxation for social and other purposes.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended November 7, 1931, amounted to £11,836,200 against ordinary expenditure of 24,489,300. After allocating £325,000 to Sinking Fund and saving allowed for a decrease in Exchequer Balances of £184,100, he operations for the week, as shown below, increased the National debt by £12,794,000 to £7,733,133,000:—

(000's omitted.)

Treasury Bills	+13,366	Public Dept. Advances.....	— 4,250
Irish Loans Abroad.....	+ 4,437	Nat. Savings Certificates.....	— 150
Indies.....	+ 11	Nat. Debt Commissioners.....	— 293
		Road Fund	— 350
	+ 17,814		— 5,020

A complete analysis of the National Debt at September 30, 1931, was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Nov. 7, 1931.	April 1, 1930, to Nov. 8, 1930.	Week ended Nov. 7, 1931.	Week ended Nov. 8, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	272,000,000	65,500,000	71,006,000	4,087,000	1,025,000
Sur-tax, including Arrears of Super-Tax	73,000,000	17,670,000	15,180,000	280,000	210,000
Stamp Duties	83,000,000	39,780,000	48,540,000	980,000	1,050,000
Excise	20,000,000	7,790,000	9,570,000	...	...
Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	180,000	160,000	...	...
Total Inland Revenue	451,000,000	130,920,000	145,456,000	5,347,000	2,285,000
Customs and Excise—					
Customs	131,770,000	80,666,000	74,120,000	3,000,000	2,580,000
Excise	121,230,000	69,200,000	74,100,000	1,400,000	1,377,000
Total Customs and Excise	253,000,000	149,866,000	148,220,000	4,400,000	3,957,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	2,357,000	2,464,298	579,000	827,000
Post Office (Net Receipts)	12,200,000	9,650,000	8,600,000	1,300,000	1,200,000
Crown Lands	1,300,000	860,000	900,000	...	...
Receipts from Sundry Loans	15,400,000	12,229,890	21,470,144	89,894	167,247
Miscellaneous Receipts	42,800,000	10,554,407	17,523,512	60,267	7,966
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	320,337,297	360,633,954	11,836,200	8,444,213
SELF-BALANCING REVENUE.					
Post Office	58,232,000	32,450,000	33,400,000	700,000	900,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	7,543,000	7,738,702	381,000	193,000
Total Self-Balancing Revenue	81,582,000	39,993,000	41,138,702	1,081,000	1,093,000
Total		360,330,297	401,772,656	12,917,200	9,537,213

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Nov. 7, 1931.	April 1, 1930, to Nov. 8, 1930.	Week ended Nov. 7, 1931.	Week ended Nov. 8, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	289,400,000	191,461,085	183,166,301	15,586,754	3,662,820
Payments to Northern Ireland Exchequer	6,350,000	3,182,835	3,239,117	201,786	202,464
Other Consolidated Fund Services	3,000,000	1,762,973	1,567,504	259,719	31,279
Total	298,750,000	196,406,893	187,972,922	16,048,259	3,896,563
Total Ordinary expenditure	298,750,000	196,406,893	187,972,922	16,048,259	3,896,563
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	32,450,000	33,400,000	700,000	900,000
Road Fund	23,350,000	7,543,000	7,738,702	381,000	193,000
Total Self-Balancing Expenditure	81,582,000	39,993,000	41,138,702	1,081,000	1,093,000
Total Ordinary and Self-Balancing Expenditure	380,332,000	236,399,893	229,111,624	17,129,259	4,989,563
New Sinking Fund (1928)	32,600,000	21,379,803	26,862,748	325,000	615,000
Total, including New Sinking Fund		257,779,696	255,974,372	17,454,259	5,604,563

The aggregate revenue and expenditure to November 7th, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO NOVEMBER 7TH.

(000's omitted.)		(000's omitted.)	
Expenditure	452,366	Revenue	320,337
New Sinking Fund	21,380	Decreases in balances	3,276
		Net amount borrowed	150,133
	473,746		473,746

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Nov. 8, '30.	Mar. 31, '31.	Nov. 7, '31.	Movement week ended Nov. 7, '31.
Advances by Bank of England	...	...	...	...
Advances by Public Departments	33,900,000	24,500,000	43,900,000	+4,250,000
Treasury Bills outstanding	673,735,000	569,825,000	626,250,000	+13,366,000
Total Floating Debt	707,635,000	594,325,000	670,150,000	+9,111,000

* Includes £24,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on November 6, 1931, and the total amount applied for was £55,340,000. Tenders were accepted for bills at three months, dated Monday to Friday at £98 12s. Od., about 14 per cent., and above in full;

and Saturday at £98 12s. 4d., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931			
October 16.....	40,000,000	61,480,000	5 10 5-56
October 23.....	40,000,000	64,010,000	5 7 8-07
October 30.....	45,000,000	66,305,000	5 5 1-42
November 6.....	40,000,000	55,340,000	5 10 8-47

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, November 11, 1931.

ISSUE DEPARTMENT.

Notes issued:—		Government Debt	
In Circulation.....	357,195,262	Government Securities.....	11,015,100
In Banking Department	38,503,130	Other Government Securities.....	243,929,691
		Other Securities.....	16,001,341
		Silver Coin	4,053,868
		Amount of Fiduciary Issue.....	275,000,000
		Gold Coin and Bullion	120,698,392
			£395,698,392

BANKING DEPARTMENT.

Proprietors' Capital		Government Securities	
Reserve.....	14,555,000	Other Securities.....	54,995,906
Public Deposits.....	19,143,347	Discounts and Advances.....	£11,677,207
Other Deposits.....	£60,461,123	Securities.....	29,355,878
Bankers' Accounts.....	38,343,177		41,033,085
Other Accounts	98,804,300		38,503,130
7-Day and other Bills	1,328		1,138,195
	£135,670,316		£135,670,316

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

Both Departments.		Amount, Nov. 11, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.....		357,195,262	— 1,661,660	+ 1,814,343
Public deposits.....		19,143,347	— 733,813	+ 2,164,838
Bankers' deposits.....		60,461,123	— 475,217	+ 139,832
Other deposits.....		38,343,177	— 1,865,337	+ 5,193,039
Seven-day bills.....		1,328	— 272	+ 257
Total, outside liabilities.....		475,144,237	— 4,736,299	+ 9,311,795
Capital and reserve		17,721,341	+ 25,788	+ 9,982
Government debt and securities		309,940,697	+ 826,851	+ 29,154,684
Discounts and advances		11,677,207	+ 926,317	+ 7,389,403
Other securities.....		45,357,219	+ 6,404,686	+ 11,430,713
Silver coin in issue department		4,053,868	+ 13,224	+ 409,064
Coin and bullion (bank's reserve)		121,856,587	— 72,217	— 38,243,959
Reserve of notes and coin in banking department.....		39,641,325	+ 1,589,443	— 25,058,302
Proportion of reserve to outside liabilities—				
(a) Banking department only ("proportion")		33%	+ 2%	— 24%
(b) Gold stocks to deposits and notes ("reserve ratio")		25%	+ 1%	— 81%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.							
Sept. 30	409,818	357,209	30,089	62,642	52,565	2 in	6
Oct. 7	410,239	359,324	10,594	78,859	51,879	Nil	6
14	410,359	359,324	10,594	78,859	51,879	Nil	6
21	410,674	356,710	14,441	60,515	52,777	Nil	6
28	410,677	356,031	17,254	63,478	52,645	Nil	6
Nov. 4	395,690	358,857	19,577	60,936	40,209	14,999 out	6
11	395,698	357,195	19,143	60,461	38,343	Nil	6

(000's omitted.)

Date.	Issue Department.		Banking Department.			Reserve & the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Advances.	
1931.						
Sept. 30	246,455	24,502	136,100	27	68,976	53,951
Oct. 7	243,793	27,175	136,565	28	64,126	52,240
14	245,200	25,787	136,744	27	57,626	55,034
21	251,699	19,371	137,035	28	53,801	56,804
28	254,629	16,430	136,937	27	50,536	55,906
Nov. 4	251,288	19,671	121,909	25	57,826	38,052
11	254,945	16,001	121,837	25	54,995	39,641

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
January 1 to October 28	27,717,976	1,394,025	2,280,395	31,392,396
Week ended November 11	432,683	32,300	50,398	515,381
Week ended November 11	446,795	30,749	59,739	537,283
Total to date, 1931	28,659,454	1,457,074	2,390,532	32,506,060
Total to date, 1930	34,085,054	1,577,782	2,584,348	38,247,184
Increase or decrease in 1931	— 5,426,600	— 120,708	— 193,816	— 5,741,124
	— 15.9%	— 7.6%	— 7.5%	— 15.0%
Total for year, 1930.....	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930.....	— 1,153,347	— 69,843	— 115,133	— 1,338,323
	— 2.8%	— 3.7%	— 3.7%	— 2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended November 7.		Month of October.		Aggregate Totals January 1 to November 7.	
	1930.	1931.	1930.	1931.	1930.	1931.
Number of working days	27	27	27	27	27	27
BIRMINGHAM	£ 2,720	£ 2,749	£ 9,738	£ 9,639	— 1-1	105,045
BRADFORD	763	825	3,392	3,549	+ 4-6	37,876
BRISTOL	1,155	1,248	4,845	4,870	— 0-5	4

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

ASSETS.	Oct. 17, 1930.	Sept. 18, 1931.	Sept. 25, 1931.	Oct. 2, 1931.	Oct. 9, 1931.	Oct. 16, 1931.
Gold coin and bullion.....	1,930.	1,931.	1,931.	1,931.	1,931.	1,931.
Subsidiary coin.....	6,798.	5,913.	6,541.	6,925.	8,036.	6,843.
Bills discounted.....	7,092.	6,560.	6,370.	5,227.	2,401.	2,802.
Investments.....	1,403.	1,776.	1,899.	1,936.	1,785.	1,609.
LIABILITIES.						
Capital.....	1,000.	1,000.	1,000.	1,000.	1,000.	1,000.
Reserve.....	720.	802.	802.	802.	802.	802.
Notes in circulation.....	7,141.	6,552.	6,852.	6,823.	7,415.	6,803.
Government deposits.....	2,137.	1,566.	1,694.	1,236.	1,226.	1,708.
Bankers' deposits.....	4,639.	4,830.	4,809.	4,311.	4,267.	4,271.
Ratio of cash reserves to liabilities to public.....	49.2%.	44.1%.	50.2%.	52.2%.	60.8%.	55%.

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

ASSETS.	Oct. 17, 1930.	Sept. 18, 1931.	Sept. 25, 1931.	Oct. 2, 1931.	Oct. 9, 1931.	Oct. 16, 1931.
Total securities.....	25,20,87.	33,78,41.	33,61,70.	33,52,33.	33,16,12.	32,54,85.
Loans.....	16,84,19.	10,06,29.	13,13,08.	11,85,76.	10,32,36.	9,55,67.
Cash credits.....	27,08,40.	26,74,96.	28,68,44.	27,63,75.	26,20,75.	24,91,02.
Inland bills.....	1,60,90.	3,05,31.	2,68,44.	3,49,97.	4,38,92.	4,50,59.
Foreign bills.....	29,15.	33,96.	36,87.	36,45.	32,58.	48,14.
Dead stock.....	2,78,39.	2,73,30.	2,73,37.	2,73,42.	2,73,48.	2,73,58.
Bal. with other banks.....	13,66.	14,74.	12,05.	12,48.	4,42.	2,147.
Cash.....	26,86,37.	12,25,87.	6,45,56.	9,25,81.	8,18,34.	9,29,08.
LIABILITIES.						
Capital paid up.....	5,62,50.	5,62,50.	5,62,50.	5,62,50.	5,62,50.	5,62,50.
Reserve.....	5,37,50.	5,42,50.	5,42,50.	5,42,50.	5,42,50.	5,42,50.
Total deposits.....	88,52,78.	77,10,32.	75,60,46.	74,37,53.	70,72,02.	71,02,06.
The above includes—						
Deposits in London.....	6,815.	889.	924.	935.	854.	837.
Advances in London.....	7,359.	868.	865.	883.	850.	844.
Cash, &c., at other Banks in London.....	104.	112.	93.	95.	35.	163.

BANK OF FRANCE.—In francs (000's omitted).

ASSETS.	Nov. 8, 1930.	Oct. 16, 1931.	Oct. 23, 1931.	Oct. 30, 1931.	Nov. 6, 1931.
Gold.....	40,298,109.	62,154,598.	63,884,034.	64,646,226.	67,580,594.
Foreign assets.....					
Sight deposits.....	7,311,576.	17,078,597.	15,631,320.	14,856,575.	13,374,307.
Bills, &c.....	19,131,878.	12,433,769.	12,703,855.	12,743,772.	12,743,772.
Home bills.....	6,870,897.	7,391,846.	7,966,132.	8,808,827.	8,808,827.
Advances against sec. To the State.....	3,200,000.	3,200,000.	3,200,000.	3,200,000.	3,200,000.
Other advances.....	2,994,769.	2,811,753.	2,735,017.	2,711,660.	2,864,936.
Negotiable Bonds, Sinking Fund Dept. Other assets (excluding forward exch.).....	5,304,399.	5,064,818.	5,064,818.	5,064,818.	5,064,818.
LIABILITIES.					
Notes in circulation.....	67,099,716.	81,937,179.	81,768,790.	83,638,617.	82,794,909.
Public deposits.....	13,484,750.	7,873,277.	8,824,841.	8,227,279.	8,815,837.
Private deposits.....	7,202,906.	22,636,502.	22,664,839.	22,415,422.	20,902,667.
Other liabilities.....	2,684,408.	2,844,404.	2,964,634.	2,980,369.	2,980,369.

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

ASSETS.	Nov. 7, 1930.	Oct. 23, 1931.	Oct. 31, 1931.	Nov. 7, 1931.
Gold.....	2,180,009.	1,144,572.	1,144,539.	1,101,298.
Of which deposited abroad.....	221,576.	100,454.	87,345.	66,719.
Reserve in foreign currencies.....	219,185.	142,886.	130,731.	160,650.
Bills of exchange and cheques.....	2,178,856.	3,667,010.	4,009,525.	3,830,121.
Silver and other coin.....	157,726.	120,413.	61,939.	93,841.
Notes of other German banks.....	15,766.	11,794.	2,572.	7,080.
Advances.....	101,208.	133,288.	239,516.	112,268.
Investments.....	102,475.	102,884.	102,884.	102,884.
Other assets.....	485,257.	838,994.	898,063.	870,077.
LIABILITIES.				
Share capital.....	177,212.	150,000.	150,000.	150,000.
Reserve.....	371,139.	337,331.	337,331.	337,331.
Notes in circulation.....	4,372,863.	4,372,769.	4,745,870.	4,541,599.
Other daily maturing obligations.....	313,658.	484,561.	518,136.	398,903.
Other liabilities.....	260,034.	817,180.	838,432.	800,386.

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

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

ASSETS.	Position, May 28, 1914.	Nov. 6, 1930.	Oct. 15, 1931.	Oct. 22, 1931.	Oct. 29, 1931.	Nov. 5, 1931.
Gold.....	232,650.	1,295,119.	2,557,654.	2,567,947.	2,567,417.	2,557,814.
Foreign Bills and Balances Abroad.....		885,372.	30,299.	32,884.	34,036.	29,067.
Silver and other coin.....	697,600.	4,139.	893,862.	934,526.	957,180.	919,983.
LIABILITIES.						
Notes in circulation.....	934,150.	3,148,461.	3,598,641.	3,579,172.	3,601,694.	3,605,960.
Current accounts.....	112,125.	100,890.	262,106.	305,653.	299,157.	231,022.

(b) In thousand francs.

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

ASSETS.	Position, May 30, 1914.	Nov. 10, 1930.	Oct. 19, 1931.	Oct. 26, 1931.	Nov. 2, 1931.	Nov. 9, 1931.
Gold.....	163,092.	426,174.	810,726.	835,870.	856,085.	864,401.
Silver.....	8,436.	24,826.	29,837.	29,712.	28,757.	28,114.
Home bills discounted.....		49,629.	143,573.	145,089.	136,141.	132,747.
Foreign bills.....		250,659.	101,258.	99,840.	88,464.	81,549.
Loans and advances in current acct.....		168,886.	117,982.	118,461.	125,918.	112,806.
LIABILITIES.						
Notes in circulation.....	316,632.	837,667.	1,046,762.	1,037,239.	1,092,663.	1,058,373.
Deposits.....	5,016.	18,713.	183,499.	219,689.	182,742.	205,580.

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

ASSETS.	Position, May 30, 1914.	Nov. 8, 1930.	Oct. 17, 1931.	Oct. 24, 1931.	Oct. 31, 1931.	Nov. 7, 1931.
Gold.....	22,971.	138,783.	174,800.	175,800.	174,700.	176,700.
Silver.....	29,785.	34,150.				
Discounts, advances, and other investments.....	77,567.	113,523.	84,900.	84,600.	80,900.	80,100.
LIABILITIES.						
Notes in circulation.....	109,499.	263,044.	243,300.	238,200.	238,500.	242,300.
Deposits and bills payable.....	11,250.	41,534.	23,200.	28,700.	27,600.	26,100.

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

ASSETS.	Position, May 31, 1914.	Nov. 7, 1930.	Oct. 15, 1931.	Oct. 23, 1931.	Oct. 31, 1931.	Nov. 7, 1931.
Gold.....	171,175.	671,926.	2,096,763.	2,181,741.	2,187,548.	2,199,420.
Foreign Bills and Balances abroad.....		346,612.	108,641.	106,116.	100,199.	92,827.
Advances.....		22,853.	69,639.	68,031.	74,806.	74,465.
Discounts.....		37,518.	53,487.	53,987.	52,677.	54,661.
LIABILITIES.						
Notes in circulation.....	275,925.	955,651.	1,417,198.	1,426,421.	1,497,632.	1,461,499.
Deposits.....	33,750.	202,812.	929,817.	994,211.	933,566.	971,665.

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	Oct. 31, 1930.	Sept. 30, 1931.	Oct. 10, 1931.	Oct. 20, 1931.	Oct. 31, 1931.
Gold, coin and bullion.....	5,292,700.	5,445,400.	5,447,500.	5,485,600.	5,570,800.
Foreign bills and balances abroad.....	4,891,400.	2,937,800.	2,753,000.	2,674,300.	2,548,800.
Other cash.....	123,400.	256,300.	256,700.	263,600.	269,300.
Gold deposited abroad due by the State.....	1,788,200.	1,772,800.	1,772,800.	1,772,800.	1,772,800.
Discounts.....	2,789,300.	3,267,700.	3,592,200.	3,527,800.	3,710,500.
Advances.....	1,524,500.	1,463,500.	1,230,200.	1,328,200.	1,540,500.
Credit with "Istituto di Liquidazione".....	630,500.	1,408,400.	1,478,400.	1,478,400.	1,478,400.
Government securities.....	1,161,500.	1,348,100.	1,376,000.	1,376,000.	1,377,400.
LIABILITIES.					
Notes in circulation.....	15,740,500.	14,474,200.	14,335,100.	14,192,700.	14,441,200.
Public deposits.....	300,000.	300,000.	300,000.	300,000.	343,500.
Other deposits and drafts.....	1,690,100.	1,591,200.	1,548,700.	1,801,800.	1,451,500.
Ratio of reserve to note and sight liabilities combined.....	57.44%.	51.23%.	50.67%.	50.08%.	50.14%.

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

ASSETS.	Nov. 8, 1930.	Oct. 17, 1931.	Oct. 24, 1931.	Oct. 31, 1931.	Nov. 7, 1931.
Gold reserve.....	241,747.	198,547.	213,451.	213,451.	213,422.
Government Securities—Swedish foreign.....	9,565.	4,131.	4,131.	4,131.	4,131.
Other Swedish bonds quoted on foreign bourses.....	65,992.				
Bills payable in Sweden.....	84.	113.	103.	103.	103.
" " abroad.....	33,780.	366,504.	349,953.	367,534.	366,716.
Balance abroad.....	90,253.	399.	396.	371.	346.
Advances made on Government securities and bonds.....	234,478.	33,697.	25,847.	24,259.	23,394.
LIABILITIES.					
Notes in circulation.....	28,648.	36,949.	30,538.	40,422.	35,058.
Government deposits.....	547,892.	635,162.	515,598.	578,593.	546,510.
Government deposits.....	89,234.	94,401.	95,398.	74,901.	76,042.
Private deposits.....	16,244.	22,408.	27,483.	23,905.	34,909.

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

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

ASSETS.	Position, May 31, 1914.	Oct. 31, 1930.	Oct. 15, 1931.	Oct. 22, 1931.	Oct. 31, 1931.
Coin and bullion—Gold.....	44,224.	146,427.	118,050.	118,050.	118,077.
Balance abroad and foreign bills.....	28,533.	35,675.	24,025.	15,540.	10,887.
Norwegian and Foreign Government securities.....	8,816.	55,942.	37,698.	37,698.	36,816.
Discounts and loans.....	76,911.	217,323.	221,771.	219,871.	229,772.
LIABILITIES.					
Notes in circulation.....	113,484.	312,250.	292,414.	289,711.	294,713.
Deposits at sight.....	7,188.	80,838.	97,899.	99,491.	95,750.

* In addition the Bank has at its free disposal abroad Kr. 53,703,000.

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

ASSETS.	Position, May 30, 1914.	Oct. 31, 1930.	July 31, 1931.	Aug. 31, 1931.	Sept. 30, 1931.	Oct. 31, 1931.
Coin and bullion.....	76,644.	172,124.	171,797.	171,652.	164,121.	164,174.
Loans & discounts.....	88,470.	101,144.	118,962.	126,517.	139,378.	172,796.
Debtors abroad.....	24,472.	87,950.	55,703.	43,957.	51,978.	42,881.
Securities.....	11,988.	47,613.	40,602.	38,881.	38,226.	38,722.
LIABILITIES.						
Circulation.....	157,266.	369,741.	335,810.	330,469.	333,579.	366,252.
Deposits.....	6,698.	27,299.	37,353.	29,518.	36,358.	41,272.

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

ASSETS.	Position, May 30, 1914.	Oct. 31, 1930.	Oct. 10, 1931.	Oct. 17, 1931.	Oct. 24, 1931.	Oct. 31, 1931.
Gold.....	521,775.	2,476,712.	2,276,796.	2,276,899.	2,246,678.	2,246,718.
Silver.....	728,600.	202,149.	537,821.	533,231.	531,683.	530,043.
Loans & Discounts.....	800,725.	2,256,136.	3,297,813.	3,267,681.	3,324,125.	3,324,125.
Spanish 4% stock.....	344,475.	344,475.	344,475.	344,475.	344,475.	344,475.
Advances to Treasury.....	150,000.	150,000.	150,000.	150,000.	150,000.	150,000.
LIABILITIES.						
Circulation.....	901,550.	4,699,305.	5,091,230.	5,080,058.	5,060,295.	5,072,611.
Deposits.....	477,500.	841,958.	1,113,155.	1,096,209.	1,102,307.	1,112,906.

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

||
||
||

BANK OF ESTONIA.—In Est. kronas (000's omitted).

	Oct. 31, 1930.	Oct. 7, 1931.	Oct. 15, 1931.	Oct. 23, 1931.	Oct. 31, 1931.
ASSETS.					
Gold coin and bullion	6,552	6,548	6,549	6,549	6,549
Net foreign exchange	17,635	16,417	16,508	16,359	15,927
Subsidiary Estonian coin	1,486	1,627	1,645	1,524	1,617
Home bills discounted	14,111	9,744	10,129	10,470	10,540
Loans and advances	12,328	10,815	12,096	12,665	13,018
Thereof loans to Government	—	1,700	—	2,300	2,300
LIABILITIES.					
Notes in circulation	34,152	33,400	36,580	39,095	38,094
Sight deposits and current liabilities	14,549	12,688	11,819	9,590	10,735
Ratio of reserve to current liabilities	49.66%	49.83%	47.64%	47.06%	46.03%

* Includes Ekr. 4,535,376-16 guaranteed by the Government.

BANK OF LITHUANIA.—In lt. (000's omitted).

	Oct. 31, 1930.	Aug. 31, 1931.	Sept. 15, 1931.	Sept. 30, 1931.	Oct. 15, 1931.	Oct. 31, 1931.
ASSETS.						
Gold	37,113	39,529	39,531	39,535	44,122	47,610
Silver	2,985	2,659	2,523	2,491	2,455	2,415
State Treasury bonds	1,453	1,340	1,324	1,300	1,296	1,286
Foreign currency	98,659	58,470	57,664	54,896	46,984	42,494
Discount and credit	97,209	112,891	112,835	118,199	123,810	123,850
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,553	1,900	1,900	1,900	1,900	1,900
Banknotes in circulation	118,278	117,178	112,851	118,258	116,668	120,645
Deposits	104,672	85,610	89,222	86,022	88,967	83,947

BANK OF JAPAN.—In yen (000's omitted).

	Position June 30, 1914.	Oct. 26, 1930.	Oct. 3, 1931.	Oct. 10, 1931.	Oct. 17, 1931.	Oct. 24, 1931.
ASSETS.						
Gold coin and bullion	221,320	834,516	803,464	790,558	760,613	715,920
Other coin and bullion	—	59,589	66,644	66,826	67,039	67,069
Discounts	41,740	660,706	633,596	631,517	631,966	632,783
Advances	70,540	58,257	56,022	56,029	56,022	56,025
LIABILITIES.						
Notes	362,270	1,080,565	1,000,077	975,728	979,397	1,010,797
Govt. deposits	87,340	481,195	457,021	457,008	439,866	404,518
Other deposits	11,440	225,666	126,285	156,579	136,858	91,412

NATIONAL BANK OF EGYPT.—In £ (000's omitted).

	Sept. 30, 1930.	July 31, 1931.	Aug. 31, 1931.	Sept. 30, 1931.
Banking Department.				
LIABILITIES.				
Capital	2,925	2,925	2,925	2,925
Reserves	2,876	2,925	2,925	2,925
Government deposits	5,500	6,024	5,002	4,424
Other deposits	15,134	14,126	14,832	14,910
Other accounts	3,174	3,595	2,956	3,150
ASSETS.				
Cash: Notes	1,417	1,080	1,077	1,236
Gold, silver, &c.	1,041	1,335	1,378	960
Money at call and short notice	414	1,438	1,346	453
Investments	15,737	15,284	14,960	14,396
Advances	7,661	7,230	6,874	7,870
Bills	1,166	1,080	1,092	1,106
Other accounts	2,173	2,147	1,915	2,312
Note Issue Department.				
LIABILITIES.				
Notes issued	22,500	19,200	19,000	20,500
ASSETS.				
Gold	3,340	3,340	3,340	3,632
British Treasury Bills	12,785	9,485	9,285	10,785
British War Loan at par	4,875	4,875	4,875	4,583
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

By authority of the Egyptian Government British Treasury Bills were deposited in lieu of gold.

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

	Oct. 10, 1930.	Sept. 18, 1931.	Sept. 25, 1931.	Oct. 2, 1931.	Oct. 9, 1931.
ASSETS.					
Gold at home	61,695	63,631	63,657	63,666	66,664
Gold abroad	351,520	134,786	133,676	134,424	128,338
Discounts and advances	34,824	107,134	99,936	80,146	94,576
LIABILITIES.					
Notes of the bank in circulation	308,356	298,302	292,040	296,477	300,448
Deposits	62,221	60,719	65,567	77,987	89,180
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	Nov. 5, 1931.	Nov. 6, 1931.	Nov. 7, 1931.	Nov. 9, 1931.	Nov. 10, 1931.	Nov. 11, 1931.	Nov. 12, 1931.
Bank rate (changed from 4% Sept. 21, 1931).....	6	6	6	6	6	6	6
Market rates of discount—							
60 days' bankers' drafts	4½-5	5½	5½	5-5½	5½	5½	5½
3 months' do.	5½-6	5½	5½	5½-6	5½	5½	5½
4 months' do.	5½-6	5½	5½	5½-6	5½	5½	5½
6 months' do.	5½-6	5½	5½	5½-6	5½	5½	5½
Discount Treasury Bills—							
2 months'	4½	5½	5½	5½	5½	5½	5½
3 months'	5½	5½	5½	5½	5½	5½	5½
Loans—Day-to-day	5-5½	4½	4½	4½-5	4½	4½	4½
Short	5	4½	4½	4½	4½	4½	4½
Deposit allowances: Bank	4	4	4	4	4	4	4
Discount houses at call	4	4	4	4	4	4	4
At notice	4½	4½	4½	4½	4½	4½	4½

Comparison with previous week—

		Bank Bills.			Trade Bills.		
Short Loans.		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1931.	%	$\frac{\%}{100}$	%	$\frac{\%}{100}$	$\frac{\%}{100}$	$\frac{\%}{100}$	$\frac{\%}{100}$
Oct. 22	4 $\frac{1}{2}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$ -6	5 $\frac{1}{2}$ -6 $\frac{1}{2}$	6 $\frac{1}{2}$ -7	6 $\frac{1}{2}$ -7	6 $\frac{1}{2}$ -7
Nov. 5	4 $\frac{1}{2}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$	6-6 $\frac{1}{2}$	6 $\frac{1}{2}$	6 $\frac{1}{2}$
Nov. 12	5	5 $\frac{1}{2}$	5 $\frac{1}{2}$ -6	6-6 $\frac{1}{2}$	6	6 $\frac{1}{2}$	7
		5 $\frac{1}{2}$		6 $\frac{1}{2}$		7	7

RATES OF EXCHANGE.

London on	Usance.	Par.	Nov. 6, 1930.	Nov. 5, 1931.	Nov. 12, 1931.
New York	dollars to £1	Cable	4-86½	4-85½-88	3-74½-75
Montreal	dollars to £1	Cable	4-86½	4-85½-88	4-19-21
Paris	francs to £1	T.T.	124-21	123-66-68	95½-1
Berlin	marks to £1	T.T.	20-43	20-38½-4	15½-16
Amsterdam	florins to £1	T.T.	12-107	12-07½-8	91½-9
Brussels	belgas to £1	T.T.	35-00	34-82½-4	23½-4
Moscow	lire to £1	T.T.	92-46	92-77-79	72½-4
Zurich	francs to £1	T.T.	25-22½	25-04-4	19½-4
Oslo	kronor to £1	T.T.	18-155	18-15½-161	17½-18
Stockholm	kronor to £1	T.T.	18-155	18-104-11	17½-18
Copenhagen	kronor to £1	T.T.	18-155	18-16-1	17½-18
Madrid	pesetas to £1	T.T.	25-22½	42-05-11	42½-4
Lisbon	escudo to £1	T.T.	110	108½-4	109½-110
Vienna	schillings to £1	T.T.	34-58½	34-47-49	27-29½
Prague	krone to £1	T.T.	164½	163½-4	125-127
Belgrade	dinars to £1	T.T.	275-316	274-4	210-225
Budapest	pengo to £1	T.T.	27-82	27-78	24½
Bukarest	lei to £1	T.T.	813-6	217-219	620-640
Sofia	leva to £1	T.T.	675-659	668-673	500½
Athens	drachmas to £1	T.T.	375	374½-375½	305½
Constantinople	piastres to £1	T.T.	110	1025	770½
Moscow	roubles to £1	T.T.	9-46	9-432-9-451	7-59-7-605
Warsaw	zloty to £1	T.T.	43-38	43½-4	31-35
Helsingfors	F. marks to £1	T.T.	193-23	192½-193½	191-193
Kovno	litas to £1	T.T.	48-66	48½-49	190-195
Reval	kroon to £1	T.T.	18-159	18-20-27	13-90-14-25
Riga	late to £1	T.T.	25-22½	25-18-28	20-25½
Alexandria	piastres to £1	Sight	97½	97½-4	97½-4
Buenos Aires	pence to peso	T.T.	47-62½	36½-4	39½-40½
Rio de Janeiro	pence to milreis	90 days	5-899	4-4½	—
Montevideo	pence to peso	T.T.	61	38½-4	28-29
Valparaiso	pence to £1	90 days	40	39-95	31-30
Lima	soles to £1	90 days	17-3	15-60	13-07½
Calcutta	pence to rupee	T.T.	1/5½-1/8	1/5½-1/8	1/6½-1/8
Bombay	ster. to dollar	T.T.	1/5½-1/8	1/5½-1/8	1/6½-1/8
Madras	ster. to dollar	T.T.	1/5½-1/8	1/5½-1/8	1/6½-1/8
Hong Kong	ster. to dollar	T.T.	1/5½-1/8	1/5½-1/8	1/6½-1/8
Shanghai	ster. to dollar	T.T.	2½-4½	2/13-1/17½	1/11½-2/0½
Singapore	ster. to dollar	T.T.	2½-4½	2/13-1/17½	2/4-2/4½
Kobe	ster. to yen	T.T.	24-582½	2/0½-1/8	2/7½-1/8
Manila	ster. to peso	T.T.	24-066½	2/0½-1/8	2/7½-1/8
Mexico	pence to \$	T.T.	9-76	10-30-50	9-9½
Sierra Leone	ster. to baht	T.T.	21-82½	1/9½	—

† Nominal.

‡ Sellers.

OVERSEAS BANK RATES.

	Changed.	From To		Changed.	From To
Albania	July 1, 1931	% 8	Madrid	July 8, 1931	% 8½
Amsterdam	Sept. 29, 1931	2 3	Oalo	Oct. 17, 1931	7 6
Athens	Oct. 29, 1931	12 11	Paris	Oct. 9, 1931	2 2½
Batavia	Mar. 10, 1930	5 4½	Prague	Sept. 22, 1931	5 6½
Belgrade	July 20, 1931	6½ 7½	Pretoria	Nov. 13, 1931	5 6
Berlin	Sept. 2, 1931	10 8	Reval	Sept. 1, 1931	7 6½
Brussels	July 31, 1930	3 2½	Riga	Oct. 1, 1930	7 6½
Bucharest	Mar. 31, 1931	9 8	Rome	Sept. 28, 1931	5½ 7
Buenos Aires	Sept. 10, 1931	9 8	Sofia	Sept. 28, 1931	8½ 9½
Calcutta	Sept. 22, 1931	7 8	Stockholm	Oct. 17, 1931	7 6
Canton	Sept. 26, 1931	4 6	Swiss Bank	Jan. 22, 1931	2½ 2
Copenhagen	Sept. 1, 1931	7 6	Tokio	Nov. 4, 1931	5-84 6-57
Danzig	Oct. 26, 1931	9 8	Vienna	Nov. 11, 1931	10 8
Helsingfors	Oct. 3, 1931	7½ 7	Warsaw	Oct. 3, 1930	6½ 7½
Kovno	Aug. 8, 1931	7½ 7	Irish	Sept. 29, 1931	5½ 6
Lisbon	Oct. 15, 1931	2½ 3½			

Central Bank of Chile.—Discount rate for member banks, 9%; discount rate for the public, 10%. a 6% applied to banks and credit institutions. b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Nov. 12, 1930.	Oct. 14, 1931.	Oct. 21, 1931.	Oct. 28, 1931.	Nov. 4, 1931.	Nov. 11, 1931.
Call money	2½	2½	2½	2½	2½	2½
Time money (90 days' mixed coll.)	2½	2½	2½	2½	2½	2½
Bank acceptances:—						
Members—eligible, 90 days.....	2	2½	3½	3½	3½	3½
Non-mem.—eligible, 90 days.....	2	2½	3½	3½	3½	3½
Ineligible, 90 days.....	2½	2½	4	4	4	4
Commercial accept. 90 days.....	3	2½	4	4	4	4

Rates of Exchange, New York on—		Par Level.	Nov. 12, 1930.	Oct. 28, 1931.	Nov. 4, 1931.	Nov. 11, 1931.
London—						
60 days	Dollars for £1	4-8666	4-83½	3-84½	3-71	3-74½
Cable			4-85½	3-90½	3-75½	3-78½
Cheques			4-85½	3-90½	3-75½	3-78
Paris	Cheques	Cents for 1 franc	3-918	3-92½	3-93½	3-93½
Brussels		Cents for 1 Belgia	13-90	13-94½	13-97	13-95
Switzerland ..		Cents for 1 franc	19-30	19-39½	19-58	19-54½
Italy		Cents for 1 lire	5-263	5-23½	5-18	5-17½
Berlin		Cents for 1 mark	23-31	23-81½	23-60	23-55
Vienna		Cts. for Austrn. shlg	14-07	14-08½	23-60	23-72
Madrid		Cents for 1 peseta	19-30	11-55	8-92	8-83
Amsterdam ..		Cents for 1 guilder	40-195	40-23½	40-50	40-30
Copenhagen ..			26-75	21-95	21-68	21-45
Oslo		Cents for 1 kroner	26-80	26-75	21-90	21-30
Stockholm ..			26-81	22-10	21-70	21-37
Athens		Cents for 1 drachma	1-297	1-29½	1-28½	1-28½
Montreal		Can. cents for \$1	100	9½ dis	10 dis	9½ dis
Yokohama		Cents for 1 yen	49-85	49-60	49-10	49-35
Hong Kong		Cents for H. Kong \$	—	31-70	24-80	25-50
Shanghai		Cts. for 1 Shng. tael	—	39-00	28-40	29-50
Calcutta		Cents for 1 rupee	16-60	36-00	31-87½	33-50
Buenos Aires ..		Gold pesos for \$100	103-65	36-00	29-45	28-40
Rio de Janeiro ..		Cents for 1 milreis	11-96	—	187-25	174-00
Valparaiso		Cents for 1 peso	12-125	12-02	6-30	6-30

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver— Per Ounce.		Date.	Silver. Cash
		Cash	Forward		
1931.	s. d.	d.	d.		d.
Nov. 6.....	109 4	20 1/8	20 3/8	Nov. 13, 1925	32 1/8
" 7.....	108 10	20 1/8	19 3/4	" 12, 1926	25 1/8
" 9.....	109 3	21 1/8	20 3/8	" 11, 1927	26 1/8
" 10.....	108 9	21 1/8	21 1/8	" 15, 1928	26 1/8
" 11.....	109 0	20 3/8	20 3/8	" 14, 1929	22 1/8
" 12.....	109 3	21 1/8	21 1/8	" 13, 1930	16 1/8

NOTICES.

The Midland Bank announces the opening of a new branch at 418 Ewell Road, Tolworth, near Surbiton, Surrey. Night safe banking facilities are available at this branch. A new branch has also been opened at Chequer's Corner, Dagenham, Essex, and a new office at St. Andrew's Dock Extension, Hull. Night safe banking facilities will be available at Dagenham.

Mr Floyd Gilbert Blair has been elected a vice-president of the National City Bank of New York. In his new work Mr Blair will function in connection with the office of the chairman, Mr Charles E. Mitchell, where he will act as a special liaison officer. Prior to his association with the National City Bank of New York, Mr Blair in 1927 acted as legal adviser to the World War Foreign Debt Commission and also to the Secretary of the Treasury on foreign financial matters. Mr Blair has been decorated by the Governments of Czechoslovakia, Italy and Belgium.

Company News.

SUMMARY OF BALANCE SHEETS.

HORDEN COLLIERIES, LIMITED.

September 30, 1931.

LIABILITIES.		Compared with Sept. 30, 1930.	ASSETS.		Compared with Sept. 30, 1930.
Amount.	£		Amount.	£	
Ord. shares, £1	1,500,000	—	Properties	2,252,544	— 37,280
5% deb. stock	656,900	— 9,300	Advances on mort-	—	— 3,462
Loans	37,939	— 6,660	gages	83,446	— 3,462
Debits on open	—	—	Horses, ponies,	84,030	+ 20,091
accounts	47,010	— 6,954	motors, &c.	12,825	— 1,864
Provisions for in-	—	—	Investments in	—	—
come tax, &c.	111,038	— 52,086	Govt. securities	—	—
Wages accrued	9,313	— 10,973	and public board	—	—
Royalty rents	7,191	— 9,018	stock (at market	—	—
Debiture sinking	—	—	price)	70,025	— 32,987
fund account	59,000	+ 14,000	In other securities	—	—
General reserve	200,000	—	at cost	32,686	+ 10,686
Profit and loss	113,742	— 22,493	Rents recoverable	4,871	— 439
			Stocks of coal,	—	—
			and coke, by prod-	15,634	— 438
			ucts and bricks	26,947	— 11,484
			Stores, farm stocks	—	—
			Debts due to com-	—	—
			pany on open	77,940	— 16,578
			account	51,004	— 29,729
			Due by bankers	181	—
			Cash	—	—
Total	2,752,133	— 103,484	Total	2,752,133	— 103,484

JOSHUA HOYLE AND SONS, LIMITED.

September 30, 1931.

LIABILITIES.		Compared with Sept. 30, 1930.	ASSETS.		Compared with Sept. 30, 1930.
Amount.	£		Amount.	£	
1% cum. pref., £1	1,000,000	—	Land, buildings,	2,275,187	— 2,069
Ordinary shares £1	999,950	—	Stock-in-trade and	—	—
7% deb. stock	1,266,623	— 34,179	sundry stores	428,746	— 125,900
Interest accrued	16,625	— 1,017	Accounts owing to	—	—
Renewals and re-	—	—	company and	—	—
serve fund	105,000	— 20,000	cash in hand	158,765	— 62,690
Ordinary loans	44,831	— 4,987	Investments	252	—
Accounts owing	—	—	Investments in	—	—
by company	269,995	— 99,729	subsidiary co.'s	510,800	—
Indebtedness to	—	—	Loans to and trade	—	—
subsidiary com-	—	—	indebtedness of	—	—
panies	800	—	subsidiary com-	—	—
Profit and loss	1,132	— 38,309	panies	331,206	— 7,562
			Total	3,704,956	— 198,221
Total	3,704,956	— 198,221			

JOHN I. THORNCROFT AND CO., LIMITED.

July 31, 1931.

LIABILITIES.		Compared with July 31, 1930.	ASSETS.		Compared with July 31, 1930.
Amount.	£		Amount.	£	
6% cum. pref. £1	200,000	—	Cash	33,754	— 43,049
Prof. shares £1	250,000	—	Debtors	138,914	— 127,335
Ord. shares £1	300,000	—	Investments	279,037	— 89,514
5% deb.	160,000	—	Stocks	647,690	— 46,959
5 1/4% deb.	100,000	—	Properties and	—	—
Reserve account	275,000	+ 20,000	plant	475,249	— 19,413
Special reserve	50,000	—	Premiums	72,210	+ 2,604
Creditors	252,686	— 80,485	Goodwill	1,000	—
Unclaimed div.	914	+ 123			
Deb. int. accrued	1,146	—			
Profit and loss	58,108	— 84,276			
Total	1,647,854	— 144,638	Total	1,647,854	— 144,638

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay- ment.	Method of Payment.	Latest Year.	Pre- vious Year.
RAILWAYS.					
Bengal-Nagpur Railway	—	—	—	4 1/2	5
Bombay, Baroda and Central	1 1/2%*	—	—	—	—
India	1 1/2%*	Dec. 31	Quarterly	—	—
Canadian Pacific	—	—	—	—	—
BANKS.					
English, Scottish and Australian	4%*	—	Tax free	8	12 1/2
Bank	—	—	—	2	3
Spanish Bank of the River Plate	—	—	—	—	—
INSURANCE.					
Alliance Assurance	8/- p.s.*	—	Less tax	—	—
Castle Traders' Insurance	—	—	—	20	20
TEA AND RUBBER.					
Elmhurst Tea and Rubber	4%*	Dec. 4	—	15	22 1/2
Highfields Ceylon	5%*	Nov. 17	—	—	—
Limbanguri Tea	—	—	—	—	—
MINING.					
Leibong Tin	10	Dec. 1	Less tax	—	—
Mount Lyell Mining	—	—	—	6d. p.s.	—
South African Coal	—	—	—	5	5
Wankie Colliery	—	—	—	12 1/2	17 1/2
OTHER COMPANIES.					
Abney Park Cemetery	2 1/2%*	Dec. 5	Less tax	—	—
Andhra Valley Power	—	—	Tax free	4	3
Anglo Scottish Investment	—	—	—	2 1/2	5
Archibald Campbell Hope	5/- p.s.*	—	—	10	10
Asa Lees and Co.	—	—	—	5	7 1/2
Birmingham Aluminium Casting	—	—	—	16 1/2	16 1/2
Bristol United Breweries	—	—	—	6	7
Buenos Aires Southern Dock	3%*	Nov. 14	Less tax	—	—
Charrington Gardner Lockett	5%*	Nov. 14	Less tax	17 1/2	20
Chester Northgate Brewery	10%*	—	plus bonus of 5%	14	15
Clydesdale Investment	6 1/2%*	—	—	1/9 p.s.	3/6 p.s.
Daily Mail Trust	—	—	Tax free	175	283 1/2
Dennis Bros.	—	—	—	6	6
Dunville and Co.	7/- p.s.*	Nov. 11	—	—	—
East Kilbride Dairy Farmers	1/- p.s.*	Nov. 11	Less tax	—	—
East of Scotland Trust	4%*	—	Less tax	7	8
East Surrey Water "A"	10%*	—	Less tax	—	—
East Surrey Water "B"	7%*	—	Less tax	—	—
Enfield Cycle	5%*	—	—	5	10
Frank Mason and Co.	2 1/2%*	Dec. 1	—	—	—
Fletcher and Cartwrights	—	—	—	7(a)	9(b)
George M. Callender and Co.	—	—	—	25	25
Gartside (Brookside Brewery)	5%*	—	—	—	—
Grand Junction	3d. p.s.*	Dec. 1	—	—	—
Hants and Dorset Motor Services	4%*	Nov. 30	—	—	—
Investors Mortgage Security	8%*	—	—	16	16
J. Compton, Sons and Webb	10%*	Nov. 16	Less tax	—	—
J. Lyons and Co., "A"	1/8 p.s.*	Dec. 1	—	—	—
J. Lyons and Co., "B"	3 1/2%*	Dec. 1	Less tax	—	—
John Yeo and Co.	—	—	—	2 1/2	3
Kelvin Investment Trust	—	—	—	—	—
Liverpool and North Wales	—	—	—	7 1/2	10
St. Asaph and Southern Super	—	—	—	—	—
Cinemas	6%*	—	Less tax	—	—
London General Investment (Def)	8%*	Nov. 29	Less tax	—	—
New Zealand and Australian Land	5%*	—	—	2	4
Nitrate Producers' Steamship	5%*	Oct. 31	Tax free	—	—
Northampton Brewery	6 1/2%*	—	Tax free	11 1/2	13 1/2
Parsons' Foreign Patents	1/3 p.s.*	Dec. 1	Less tax	—	—
Portsmouth Water	5%*	—	—	4	5
Railway and General Investment	8%*	—	—	—	—
Realisation and Deben- ture of	—	—	—	—	—
Scotland	—	—	—	—	—
Renold Chain	2 1/2%*	—	—	—	—
Riley (Coventry)	—	—	—	20	10
S. & W. Beresford	7 1/2%*	—	—	12 1/2	10
Scottish National Trust	3%*	—	Less tax	7	9
Second Broadmount Trust (d)	—	—	—	5	7 1/2
Second Industrial Trust	—	—	—	6	14
Second Investors' Mortgage	7%*	—	—	14	8
Second Scottish National Trust	2%*	—	—	6	12
Securities Trust of Scotland	7%*	—	—	12	—
Siemens Bros.	2 1/2%*	—	Less tax	—	—
Slipsters and Pond	2 1/2%*	—	Less tax	5	10 1/2
Stuttford and Co.	2 1/2%*	—	Less tax	7	7
Tata Hydro-Electric	1 1/2%*	Nov. 11	Tax free	—	—
Texas Land and Mortgage	2 1/2%*	—	—	5	6
Third Caledonian Trust	5%*	—	Less tax	10	12 1/2
Third Edinburgh Investment	1%*	—	—	3 1/2	5
Trans-Oceanic Trust	—	—	Tax free	2/6 p.s.	6
Unity Ring Mill	—	—	—	6	—
W. G. Clarke and Sons (1929)	—	—	—	—	—
W. T. Henley's Telegraph	1/6 p.s.*	Dec. 1	—	10	15
Wall Paper Manufacturers (Def)	6%*	—	—	—	—
William Cowan	5%*	—	—	—	—
Wm. Cory and Son	5 1/2%*	—	—	—	—

(a) Tax free.

(b) Less tax.

DOMINION-SCOTTISH INVESTMENTS LIMITED.—The directors of the Dominion-Scottish Investments Limited have declared a dividend on the 5 per cent. cumulative redeemable preference stock (par value £50,000) of the company at the rate of 5 per cent. per annum for the quarter ending October 31, 1931, payable on November 1, 1931, to shareholders of record at the close on October 20, 1931.

JOHNSON AND PHILLIPS, LIMITED.—The directors regret that they have reluctantly decided not to declare an interim dividend this year. During the past six months the continued depression, which has been world-wide, has affected this business in common with others. The result has been a suspension of the normal business, and since the last annual meeting, of many of the more important contracts in hand, and other necessary business has been seriously restricted, particularly in Australia and India. Notwithstanding these adverse influences a reasonable net profit has been earned during the year, and the work in progress is satisfactory in the circumstances. In connection with the above decision the directors have in mind the financial requirements of the company in connection with its current contracts, and the possibility of a further period of difficult trading before conditions again approach the normal. Although the outlook is more promising than it appeared a few months ago, it is clear that there is not likely to be a sudden revival in industry, but rather a slow and dignified recovery. In all these circumstances the directors are satisfied that the right policy for them to adopt is to preserve the liquid assets of the company and to decide upon the recommendation to be made to shareholders as to the dividend.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Doprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Archibald Campbell, Hope and King	Sept. 30	12,938	17,489	30,427	3,850	6,000	10	14,000	6,577	17,590	10
Bristol United Breweries ...	Sept. 30	44,410	84,691	129,101	13,800	55,440	16½	16,000	43,861	89,296	16½
Stocks (Joseph) and Co.	Sept. 30	8,662	5,225	13,887	4,000	...	...	...	9,887	9,383	5
Stroud Brewery Company...	Sept. 30	10,541	60,322	70,863	4,020	35,050	20	21,000	10,793	60,572	20½
Financial Land, &c.											
Australian Mercantile, Land and Finance.....	June 30	17,843	61,725	79,568	...	...	...	25,000	54,568	2,971	3½
Dalgety and Co.	June 30	238,888	128,470	367,358	25,000	105,000	7½	25,000	212,358	235,946	10½
New Zealand and Australian Land	Mar. 31	6,265	Dr. 74,183	Dr. 67,918	30,000	30,000	2	Dr. 130,000	2,082	Dr 104,796	4
Iron, Coal and Steel.											
Brown, Bayley's Steel Works	July 31	26,884	Dr. 18,984	7,900	...	...	...	...	7,900	40,473	...
Horden Collieries	Sept. 30	79,985	85,257	165,242	...	75,000	5	14,000	76,242	157,668	7½
Motor and Cycle.											
Enfield Cycle	Aug. 31	49,734	Dr. 2,847	46,887	2,647	8,437	5	...	35,803	27,029	10½
Oil.											
Trinidad Leaseholds	June 30	105,730	122,705	228,435	...	65,578	5	132,706	30,151	247,596	7½
Rubber, &c.											
Bandar Sumatra Rubber ...	July 31	1,321	Dr. 5,102	Dr. 3,781	...	...	...	Dr. 5,000	1,219	Dr. 1,748	...
Bantar Dawa Rubber	June 30	Dr. 5,206	Dr. 4,028	Dr. 9,234	...	...	...	Dr. 9,234	Dr. 6,754	...	...
Glen Rubber Co.	June 30	509	Dr. 1,415	Dr. 906	...	...	...	Dr. 1,000	94	Dr. 908	...
Kuala Lumpur Rubber	June 30	25,820	836	26,656	...	...	...	...	26,656	8,331	...
Singapore United Rubber ...	June 30	5,790	Dr. 4,247	1,543	...	...	...	Dr. 214	1,757	Dr. 2,020	...
Sonosekar Planting Co.	June 30	3,321	Dr. 2,901	420	...	...	...	...	420	Dr. 2,368	...
Sumatra Para Rubber	June 30	7,723	Dr. 1,813	5,910	...	...	...	Dr. 5,162	11,072	3,350	...
Textiles.											
Hoyle (Joshua) and Sons ...	Sept. 30	39,440	Dr. 58,307	Dr. 18,867	...	...	...	Dr. 20,000	1,133	27,540	...
Tramways and Omnibuses.											
Buenos Aires Town and Docks Tramways	June 30	4,029	26,664	30,693	...	4,951	1	21,619	4,123	44,404	3½
Trusts.											
Anglo Scottish Investment Trust.....	Sept. 30	4,105	18,002	22,107	11,948	3,875	2½	445	5,839	22,133	5
Clydesdale Investment Co...	Sept. 30	33,924	74,911	108,835	20,250	42,750	14	...	45,835	85,465	15
Daily Mail Trust	Sept. 30	51,622	370,954	422,576	...	176,269	8½	...	246,307	367,019	17½
East of Scotland Trust	Sept. 30	11,108	23,192	34,300	11,250	10,650	7	...	12,400	27,300	8
Foreign Railways Investment Trust.....	Oct. 31	24,753	24,398	49,151	2,906	...	...	...	46,245	133,381	5
Second Broadmount Trust	Sept. 14	2,148	9,349	11,497	6,862	1,875	5	550	2,210	10,357	5
Second Industrial Trust.....	Sept. 30	19,781	38,568	58,349	13,565	18,338	6	6,000	20,446	48,149	7½
Third Caledonian Trust	Sept. 30	6,950	23,887	30,837	11,250	7,625	5	...	11,962	25,443	6
Other Companies.											
Birmingham Aluminium Casting.....	July 31	24,394	15,488	39,882	161	10,198	5	5,000	24,523	25,266	7½
British Cyanides Co.....	June 30	529	2,928	3,457	1,512	...	...	...	1,945	3,684	...
Callender (George M.) & Co.	June 30	1,520	5,802	7,322	2,393	1,750	35	2,000	1,179	8,614	35
Chappell and Company.....	June 30	13,230	14,221	27,451	11,250	...	...	2,000	14,201	16,358	...
Eastern Chemical.....	Mar. 31	Dr. 21,874	Dr. 11,625	Dr. 33,499	...	...	...	...	Dr 33,499	Dr. 758	...
Fairfield Shipbuilding, &c.	June 30	66,729	Dr. 23,497	43,232	...	...	...	...	43,232	Dr 11,247	...
Irish Times	Sept. 30	18,353	18,334	36,687	18,658	...	...	3,000	15,029	25,843	5
Morland and Impey	July 31	4,628	2,361	6,989	6,591	...	...	...	398	13,391	5
New Darvel Bay (Borneo) Tobacco	June 30	Dr. 39,503	Dr. 44,020	Dr. 83,523	...	...	...	...	Dr 83,523	Dr 22,625	...
Rich (E.) and Co.	June 30	1,142	1,217	2,359	...	...	...	...	2,359	10,238	5
Valparaiso (Chile) Drainage.	Mar. 31	18,788	15,600	34,388	4,000	...	...	10,409	19,979	14,451	...

THE MILLON AND ASKAM HEMATITE IRON COMPANY, LTD.—The Millon and Askam Hematite Iron Company, Ltd., have acquired the control of all the interests of the North Lonsdale Iron and Steel Company, Ltd. The company have paid no cash, having arranged to give in exchange for the shares in the North Lonsdale Iron and Steel Company, Ltd., preference and ordinary shares in the Millon and Askam Hematite Iron Company, Ltd. The exchange has been effected on the basis of giving for one-sixth of the North Lonsdale shares an equal number of 7 per cent. cumulative and participating preference shares in the Millon Company and for the remaining five-sixths of North Lonsdale shares, ordinary shares in the proportion of three Millon shares for four North Lonsdale shares. The interest on the preference shares so issued will only commence on the date of the allotment of these shares. Whilst the directors consider the above arrangement to be very fair to the North Lonsdale shareholders, they are also satisfied that the amalgamation of the interests of the two companies is a source of increased strength to this company. The benefits to be derived from the amalgamation will consist (inter alia) of: (1) The centralisation of control, including buying and selling and the elimination of unnecessary competition; (2) economies resulting from amalgamation of interests; (3) a further outlet for ore from the company's Florence and Alquie mines; (4) the combination of shareholdings in the Ullecoats Mining Company, Ltd.

Commercial Reports.

MARKET SUMMARY.

Movements in the principal international commodity markets have been irregular during the past week. Business in cereals has again been active. The outstanding event has been the reaction in wheat and maize prices. On the other hand, barley, rye and oats have been maintained. New York quotations for coffee, cotton and rubber show a slight advance on last week, but cocoa and sugar have been cheaper. Among non-ferrous metals, copper has been flat owing to the failure of the international conference of copper producers. Tin, lead and spelter, however, have experienced a better demand at rising prices. Sterling quotations of commodities which lend themselves to international arbitrage have moved in sympathy with international values. Among cereals, wheat and maize have been cheaper. Rubber, lead, spelter and tin have been quoted at higher levels. The demand for tea has been less keen than a week ago, and the feature has been the renewed decline in the price of foreign beef and mutton. According to various reports from industrial centres, the improvement in the coal trade has not yet gone far, but iron and steel manufacturers are experiencing an increase in the demand for their products. Among the textile industries, the recent improvement in the demand for Manchester and Bradford goods has been maintained, and jute mills are steadily increasing production.

THE COAL TRADE.

GLASGOW.—Shipments are now beginning to fall away again after the spurt of the previous month or two, when trade was stimulated by the fall in the £. The collieries have lost some of the advantages resulting from the devaluated pound because of the advance in their prices. The licensing policy of some of the Continental countries is also a drawback to business, and Polish competition has become keener again as a result of steps taken by the Polish Government to assist export trade. Washed trebles and doubles remain the firm spots of the market, which is steady on the whole, although the smaller sizes of nuts have an easier tendency. Current prices for the shipping trade are approximately as follows (f.o.b. district ports):—LANARKSHIRE.—Rill, best, 14s. 6d.; splint, best, 15s. 15s. 6d.; splint, second, 14s. 3d.; navigation, 15s.; navigation, second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 9d.; trebles, 16s.; doubles, 13s. 13s. 6d.; singles, 9s. 6d.; pearls, 9s.; dross, 9s. FIFE.—Screened navigation, 17s.; first-class steam, 13s. 6d.; third-class steam, 12s. 6d.; trebles, 16s. 6d. 18s. 6d.; doubles, 13s. 6d. 14s. 6d.; singles, 10s.; pearls, 9s. 6d. LOTHIAN.—Prime steam, 12s. 6d.; secondary steam, 12s.; trebles, 16s.; doubles, 13s. 6d.; singles, 10s.; pearls, 9s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 15s.; doubles, 14s.; singles, 10s.; pearls, 9s. 3d.; dross, 9s. 7d.

SHEFFIELD.—There has been a steady export demand for best steam coals, with the price firm at 18s. 6d. f.o.b. Increased tonnages of small boiler fuel are being taken by the textile industries. The demand for house coal is rather below normal for the time of year. Best ordinary house is quoted at 21s. 6d. to 22s. 6d. at pits. Blast-furnace coke is moving more freely and there is less price cutting. The general position of the industry is a little better but, has not yet improved very much by the suspension of the gold standard.

CARDIFF.—Business has been very inactive this week on the Cardiff coal market, and shipments have been below recent weekly averages. Last week, according to the official returns of the Great Western Railway Company, the total foreign and coastwise exports (cargo and bunkers) were only 361,620 tons, compared with 438,180 tons the previous week, and 478,070 tons in the corresponding week last year. There were one or two new contract inquiries on the market for supplies over next year, but it is reported that the Midi Railway order for 50,000 tons, which was believed to have been placed with a Cardiff firm for South Wales coals, has gone to Germany. Quotations are nominally unchanged, and for all except one or two of the grades of washed coals they have ruled on the basis of the minimum schedule. The following are the current

approximate quotations:—Best Admiralties, 19s. 6d. per ton; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 38s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; French nuts, 40s. to 48s. 6d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 18s. 6d. to 19s. 6d.; pitwood, ex ship, 23s. 9d. to 24s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron is firm and a steady business is being transacted, although the tonnage put through during the past week has not been so large as during the previous one. The present easing may be accounted for by the fact that consumers have now practically covered their requirements for this year. The feeling is general that there is not likely to be any reduction in the official prices and the fear of an advance might cause a further buying movement at any time. Prices at the weekly market on Tuesday remained unchanged, viz., No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t. A fair business was reported at the meeting, including a few parcels for abroad, which is a very gratifying experience. The hematite trade shows improvement. Sales are now taking up the small current production and causing an important reduction in the heavy stocks held at different works. Moderate orders continue to be placed for this year's delivery on the basis of 65s. for ordinary mixed numbers, but makers are asking premiums for delivery commencing January which is causing hesitation on the part of consumers. In the steel trade the position is better in most departments and work is more regular. No very large contracts have recently been reported, but manufacturers are anticipating important new business. Prices for steel under the rebate scheme are unchanged, viz., plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other products are: Heavy steel rails, £8 10s.; iron crown bars, £10; 24-gauge black sheets, £8 5s.; and 24-gauge galvanised corrugated sheets, £9 10s., all for home use. In the ore trade there is still little new buying owing to heavy stocks held by consumers and large arrears of old contracts still on their books. Dealers, in view of the uncertainties of exchange and freights, have not been naming very close prices recently, but to-day best rubio is nominally 17s. c.i.f. for early delivery, and the estimated freight Bilbao/Middlesbrough is 5s. 3d. Coke is offering at 17s. delivered works for ordinary blast-furnace qualities for this year, but 17s. 6d. is asked for delivery over the first few months of next year. The number of blast furnaces in operation in the district is so far unchanged at 18.

SHEFFIELD.—Firms engaged in the basic industries report quietude. There was a good deal of buying of materials a month ago to cover requirements in anticipation of a revival in finished materials. This has not materialised yet to any substantial extent, but makers are hopeful. The steadiness of prices, especially of some of the more important essential materials which have to be imported, is the subject of comment. Several alloying metals for steel are up 20 per cent., and copper and nickel cost much more than a month ago. The disadvantages incidental to the reduced sterling are not yet being felt to any considerable extent. The hardware, cutlery and plate trades report more export business and there is a considerable sprinkling of busy works in Sheffield's lighter industries. Special large contracts for scissors and knives are a feature. It is believed that uncertainty regarding the tariff policy of the Government is holding back a revival of trade. Purchasers of hardware goods and special steels from the Continent are falling off, but there are considerable stocks of foreign goods in the country.

GLASGOW.—The outlook in the West of Scotland is brighter in most branches of the iron and steel trades this week. Although steelmakers are not yet benefiting to any great extent from the greater activity at the Clyde shipyards, they are better employed, and in view of the amount of new and repair work now on hand at the shipbuilders, they anticipate a considerably increased demand at an early date. Engineering firms and machinery makers are fairly well placed with orders at present and in most of the manufacturing trades business is decidedly better than for some little time past. There is a steady demand for both black and galvanised sheets for export and the demand from home consumers is also satisfactory. Some branches of the tube trade are still poorly employed, and the demand for wrought iron is also poor.

CARDIFF.—On the Swansea metal Exchange on Tuesday business in the tinplate trade was reported to be more active, and shipments totalled 157,193 boxes, compared with 117,201 boxes in the previous week, and 102,324 boxes in the corresponding week last year. Stocks were consequently reduced, and at the end of last week were about 22,000 boxes less than at the same period in 1930. Merchant prices are reported to have touched 13s. 9d. per basis box, but makers are quoting between 14s. and 14s. 3d. f.o.b. works port. Galvanised sheets are steady at £9 7s. 6d. per ton. Welsh bars are unchanged at £5 per ton, but foreign bars, supplies of which have increased considerably during the past few weeks, have been obtainable at between £4 10s. and £4 15s. delivered.

OTHER METALS.

TIN.—The past week has witnessed greater activity in the metal markets, and prices were generally firmer. Tin was bought freely at the beginning of the week in New York and London at advancing prices. On Wednesday, however, the demand began to fall off, an sellers predominated. A slight reaction in quotations followed. In New York the metal was quoted at 23½ cents per lb. on Wednesday, against 22-15 cents per lb. a week ago, and 23½

month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £132 to £132 5s. per ton, compares with £128 to £128 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 30,703 tons, show an increase of 942 tons on the week.

COPPER.—It appears that the international conference of copper producers, held in New York, was unable to evolve an agreed scheme of regulating the output of the metal. The New York copper market was again dull, and the slight improvement of last week was not maintained. In London, prices advanced a little on increased buying, but after the news of the breakdown of the conference the metal relapsed. On Wednesday "Domestic" spot has been quoted officially at 7 cents per lb. in New York, against 7 cents a week ago and 7 cents a month ago. Wednesday's official closing price for "standard cash" in London in terms of sterling, at £36 17s. 6d. to £37, compares with £35 13s. 9d. to £35 16s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 31,608 tons, show a decrease of 330 tons, while stocks of rough copper, at 947 tons, are 50 tons smaller.

LEAD.—A spurt in buying drove up the price of this metal in London and New York, and the quotation which had been reduced from 4 cents per lb. to 3-85 cents per lb. a fortnight ago, was advanced to 4-05 cents per lb. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £14 6s. 3d. to £14 17s. 6d. per ton, compares with £13 10s. to £13 11s. 3d. on the corresponding day last week.

SPELTER.—According to the Metallgesellschaft A.G., the average daily smelter output of spelter during September, at 2,455 metric tons, shows a reduction of only one ton on the month. In common with other metals, prices advanced at the beginning of the week in New York and London. The quotation in New York, which a fortnight ago had been reduced from 3-25 cents per lb. to 3-15 cents per lb., was advanced this week to 3-25 cents per lb. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," at £13 10s. 3d. to £14 5s. per ton, compares with £13 3s. 9d. to £13 13s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals aluminium remained unchanged at £95 per ton, while the quotation for nickel was reduced from £225-£230 per ton to £220-£225 per ton. Antimony advanced sharply from £25 10s. to £27-£27 10s., but quicksilver was cheaper at £17 10s. per bottle against £18 10s. a week ago.

TEXTILES.

THE COTTON TRADE.—Manchester.—The tone of the market during the past week has continued firm. A considerable inquiry has again been experienced and in certain quarters producers have secured very fair orders, but there have been indications of rather less activity than a week or two ago. Spinners and manufacturers are now much stiffer in quotation and for certain goods longer delivery terms are wanted so that more difficulties are encountered in arranging terms of fresh contracts. A satisfactory feature, however, is that the larger output of the machinery is being well absorbed. Inquiry in piece-goods for India has tended to broaden and in small lots the turnover has been rather better. White and shirtings have attracted increased attention for Karachi and Bombay, and quite a useful business has been done in light whites. Rather more demand has been experienced for Calcutta with isolated transactions in dhooties, mulls and jaconets. Fair operations have again taken place for China in standard makes and fancies, and trade in many quarters has been helped by the further rise in the price of silver. Some reports from Egypt have been rather less encouraging, but in heavy goods some moderate lines have been booked for African outlets. Only occasional sales have been mentioned for South America, but printed and dyed fabrics continue to move off fairly well for the Continent. There have been signs of rather less demand in home trade goods. American and Egyptian yarns for home use have been stiff in quotation and there is still a tendency for spinners to improve their margins. The sales have been quite equal to the bigger production. A steady business has again been done in yarns suitable for China.

Cotton Prices.

	1931.				Corresponding Date.	
	Oct. 21.	Oct. 28.	Nov. 4.	Nov. 11.	1929.	1930.
Raw Cotton—Mid. American	d. 4-90	d. 5-03	d. 5-07	d. 4-98	d. 9-22	d. 6-02
" Sakellardis Fully Good Fair	d. 7-35	d. 7-40	d. 7-55	d. 7-40	d. 14-80	d. 9-80
Yarns—32's twist	9½	9½	9½	9½	14½	10½
" 40's twist	9½	9½	9½	9½	14½	10½
" 60's twist (Egyptian)	16	16	16	16	24½	18
32-in. Printers, 116 yds., 16 by 16, 32's and 60's	s. d. 18 0	s. d. 18 0	s. d. 18 3	s. d. 18 3	s. d. 24 0	s. d. 18 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	19 9	19 9	20 0	20 0	26 9	21 0
36-in. ditto, 36 yds., 18 by 18, 10 lb.	11 2	11 2	11 3	11 3	14 6	11 9
36-in. ditto, 37½ yds., 16 by 16, 14 lb.	9 11	9 11	10 0	10 0	13 0	10 7½

THE WOOL TRADE.—Bradford.—Interest still centres largely on overseas markets, writes our correspondent, and cables from Australia indicate advancing prices for all descriptions of raw material. There has been no lessened call for wool during the week, and values tend in sellers' favour. It is felt that while the home trade has certainly benefited very materially since the abandonment of the gold standard, the increased activity in the West Riding has led to a diminished consumption at all manufacturing centres on the Continent, hence in the aggregate there is no real improvement in trade. It appears that in the aggregate there is an increase of 25 per cent. in the running of machinery compared with anything

obtaining before September 21st. Wool values continue to harden slightly in overseas markets, and we note some improvement in the offering and purchase of larger quantities of wool in South Africa.

THE JUTE TRADE.—Dundee.—The jute industry continues to show improvement, and spinners and manufacturers are steadily increasing their production. Orders for fair quantities of both yarns and cloth are being placed at gradually hardening prices. The raw jute market has been ruling on strong lines, and in the past few days an increase of 30s. per ton is recorded. The Indian Jute Mills have sold considerable quantities of goods, which led to the purchase of the fibre in large volume. Owing to the short crop this season, imports into up-country markets have continued very light, which goes to strengthen the hands of sellers and creating great reserve on their part. The turn in the tide of depression has now definitely come, and, with the great advance in values of raw jute, spinners and manufacturers are steadily working themselves into a position to command higher rates for their productions. Daisee assortment has been sold at up to £22 10s. for the full L.J.A. group, and £22 10s. for short group and single marks, with three's quoted now at £22 5s., and four's at from £21 5s., November-December. Tossa assortment was raised to £23 10s., and three's have been sold at up to £23 for full group, and £23 10s. for single marks, while four's rule from £22 5s., same shipment. White jute is not of much interest here, and the bulk of the business done has been in Daisee and Tossa. Good First Marks are quoted at £25 10s., and Lightnings from £23 10s. to £25, according to quality. Green Circle Ram is offered at £25, while Hearts rule from £22 10s., November-December. Spinners have sold large quantities of hessian yarns at up to 2s. 4d. for common 8 lb. cops, and 2s. 6d. for 8 lb. spools, and further small business has been concluded at 2s. 4½d. for cops, and 2s. 5½d. for spools. The lowest prices now quoted are 2s. 5d. for cops, and 2s. 6d. for spools, and spinners have every confidence of making these rates in the very near future. Twist is firm at from 4½d. to 4½d. for 3-ply 8 lb., and sacking yarns, especially wets, continue strong. For 24 lb. wet the usual price is 2½d. to 3d., and 8 lb. chains, which have not been so freely sold, are quoted at from 3½d. to 3½d. Rove is dearer at from £22 for 48 lb. and £19 10s. for 200 lb., while the finer yarns, being in some little demand, have been increased to 3s. 2d. for second quality 8 lb. Rio warp, 2s. 9d. for third, and 2s. 7d. for fourth. Carpet yarns are wanted, and are firm at from 3½d. for 14 lb. warp. Inquiries for jute cloth are numerous, and quite a fair business is resulting, buyers paying steadily advancing prices. The rate for 10½ oz. 40 in. hessians has been increased to 3½d., and for 8 oz. 24d. packed, and the light weight hessians have been in most request. Linoleum hessians are quiet, but tending dearer in sympathy with the general improvement. Heavy goods have experienced quite a moderate trade, and prices of these are also higher. The Calcutta goods market has been active and values have advanced to 21s. 10½d. for 10 oz. 40 in., and 17s. 6d. for 8 oz., November-December, and to 22s. 1d. and 17s. 9d. for January-March.

THE GRAIN MARKETS.

WHEAT.—At the beginning of this week international wheat prices stood at a level nearly 40 per cent. higher than at the beginning of October. Since then there has been the inevitable reaction which usually follows a sharp rise in prices. Prices are still declining, but so far only a few points of the recent gains have been lost. In the absence of large exports from Russia and decreases in the acreage sown in Australia, Argentina and the United States, the wheat situation is improved, and it is improbable that prices will fall back to the low level at which they stood until a few weeks ago. Estimates of this year's crops are now available, and it seems certain that requirements will exceed the production. The deficiency will have to be made up by inroads into stocks, and the "carry-over" at the end of the current season is expected to show a considerable decrease on that of July 31, 1930. The crops of Argentina and Australia are now about to be harvested, and, so far, reports of their condition have been favourable. Quotations in London, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 35s. 9d. per 496 lbs., as compared with 36s. 9d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 33s. 3d., against 34s. 3d.; No. 3 Northern Manitoba, Atlantic, ex ship, 31s. 9d., against 33s. 3d.; Russian, on sample, 30s. to 32s., against 28s. 6d. to 31s.; Australian, ex ship, 32s. 6d. to 33s. 6d., against 32s. 9d. a week ago.

WHEAT FLOUR.—Trading in flour has again been active during the past week and shipments from North America have again been heavy. North American shipments, at 262,009 sacks, shows an increase of 14,000 sacks as compared with the previous week. Of this total, 100,000 sacks have been consigned to Europe. In this country there has been a strong demand for home-milled flour at higher prices. Quotations in London, Wednesday: Straight run, delivered country, 27s. per sack of 280 lbs., as compared with 26s. 6d. last

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name.....

Address.....

week; delivered London, 26s., against 25s. 6d. Manitoba patents, ex store, 28s. to 30s., against 27s. to 30s.; and Australian, ex store, 22s. to 23s., against 22s. to 23s. a week ago.

BARLEY.—The market in barley has been steady, but prices began to decline early in the week in view of larger supplies of feeding qualities. On Tuesday, "December" futures were quoted at 43½ cents per bushel in Winnipeg, against 43½ cents per bushel a week ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 48 lbs., 25s. to 26s., as compared with 25s. to 26s.; Russian, landed, 24s. 6d. per 400 lbs., against 24s. 9d. a week ago.

OATS.—The market in oats has been firm in view of the scarcity of supplies. "December" futures, which, week ago, stood at 26½ cents per bushel in Chicago, sold at 26½ cents per bushel on Tuesday this week. Quotations in London, Wednesday: "River Plate," landed, 19s. 6d. per 320 lbs., as compared with 19s. 9d. last week; "River Plate," ex ship, 18s. 6d., against 18s. 9d.; "Chilean White," landed, 28s. 6d., against 28s. 6d. a week ago.

MAIZE.—Quotations for maize continued to advance until the end of last week; but the enormous quantities arriving from Argentina (last week's arrivals amounted to 1,500,000 quarters), have recently been slightly in excess of demand and since Monday values have been declining steadily. Tuesday's quotation in Chicago for "December" futures at 44½ cents shows a rise of 4½ cents per bushel on the week. Quotations in London, Wednesday: "Plate," landed, 19s. 9d. per 480 lbs., as compared with 22s. 3d. last week; "Plate," ex ship, 18s. 6d., as against 18s.; "Plate," November-December, 18s. 6d., as against 21s. Yellow maize meal, ex wharf, was quoted at £6 per ton, against £6 10s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to November 7	79,191	124,248	216,554	288,752
10 weeks to November 7	734,490	1,449,432	2,940,972	3,039,571
Average price of English wheat per cwt.	s. d. 6 7	s. d. 6 10	s. d. 9 5	s. d. 9 11

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Oct. 31, 1931.....	Owts. 107,437	Owts. 449,156	Owts. 63,157	s. d. 6 5	s. d. 9 1	s. d. 6 6
Nov. 7, 1931.....	79,191	469,893	46,513	6 7	9 2	6 6
Nov. 5, 1927.....	239,070	526,149	87,796	10 5	13 2	9 3
Nov. 10, 1928.....	288,752	606,559	85,299	9 11	10 10	8 11
Nov. 9, 1929.....	216,554	516,386	54,570	9 5	9 8	7 7
Nov. 8, 1930.....	124,248	526,468	55,204	6 10	9 8	5 11

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

Nearst Future.	Jan. 2, 1930.	Nov. 12, 1930.	Jan. 2, 1931.	Oct. 28, 1931.	Nov. 4, 1931.	Nov. 10, 1931.
Winnipeg (No. 1 Manitoba) —Cante per 60 lb.	148½	65½	56½	62½	70½	67½
Chicago (No. 2 Winter) —Cante per 60 lb.	130½	72½	79½	57½	64½	63½

The visible supply of wheat in Canada, at 48,135,000 bushels, shows an increase on the week of 2,418,000 bushels. Supplies a year ago stood at 69,107,000 bushels.

The Investors' Chronicle and Money Market Review

This Week's Contents:

WHEAT AND THE STOCK MARKETS. COMMERCIAL MOTORS. AND THE INVESTOR. THE RAND'S GOLD "RECORD."

Obtainable at all bookstalls and newsagents throughout the country, price 6d., or from

The Publisher:

"THE INVESTORS' CHRONICLE"
20 BISHOPSGATE, LONDON, E.C.2.

OTHER FOODS.

SUGAR.—The second estimate of the European beet sugar crop of 1931-32, at 8,370,000 tons, shows an increase of 849,000 on the first estimate. The small increase in the estimate left markets unaffected. During the past week there has been little change in the raw sugar markets, and the slight improvement attained a week ago has been maintained. "British" refined sugar remained unchanged in price. "December" futures in New York were quoted at 1.31 cents per lb. on Wednesday, against 1.32 cents per lb. a week ago. Wednesday's sales of "raws" include "March delivery" at 6s. 8½d. per cwt., against 6s. 8½d. to 6s. 8½d., and "May," 1932, at 6s. 10½d. to 6s. 10½d., against 6s. 9½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	50	1,586	1,063	1,784	6,658	27,093
Liverpool	31,985	25,070	12,659	17,330	40,431	76,382

Total tons

Last week

COFFEE.—Costa Rica and African varieties experienced a good demand at Tuesday's auctions, and other sorts remained generally steady. Last week's movements of coffee in London were as follows: Brazilian, landed, 190; delivered for home consumption, 271 bags; exported, 86; stocks, 2,474 bags, against 1,473 bags last year. Central American, landed, 1,133 packages; delivered for home consumption, 2,412; exported, 2,390; stocks, 66,835 packages, against 43,141 a year ago. Other kinds, landed, 3,461 packages; delivered for home consumption, 2,518; exported, 852; stocks, 53,906 packages, against 59,813 a year ago.

COCOA.—The sharp rise in cocoa prices a week ago has been followed by a slight reaction, but "December" futures were quoted at 4.90 cents per lb. in New York on Wednesday, against 4.95 cents per lb. a week ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, now crop, November-January, at 24s. 9d. per cwt. f.o.b. London contract, shows a fall of 3d. Last week's movements of cocoa in London were as follows: Landed, 1,879 bags; delivered for home consumption, 5,486 bags; exported, 615 bags; stocks, 148,015 bags, as against 168,451 last year.

TEA.—The quantities catalogued for this week's auction comprised 54,331 packages of Indian, 15,978 packages of Ceylon, and 9,912 packages of Java and Sumatra tea. Monday's Indian auctions opened with a strong demand for medium and fine teas. Keen competition was maintained at Tuesday's sales of Ceylon tea, but on Wednesday the market was easier. Outstanding qualities were maintained, but medium and common grades were cheaper. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.								
Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyassa-land.	Total.	
Nov. 6, 1930	s. d. 1 2 6	s. d. 2 0 0	s. d. 1 7 10	s. d. 0 11 46	s. d. 11 6 8	s. d. 0 8 22	s. d. 1 3 24	
Oct. 15, 1931	1 7 3	0 11 28	1 6 57	0 8 73	0 7 44	0 6 67	1 1 95	
Oct. 22 "	1 0 91	0 9 99	1 6 15	0 8 87	0 7 41	0 6 73	1 1 26	
Oct. 29 "	1 1 16	0 10 95	1 6 75	0 8 66	0 8 14	Nil	1 1 36	
Nov. 5 "	1 0 44	0 11 28	1 6 05	0 9 55	0 7 45	0 6 61	1 0 96	

RICE.—The market in rice has been steady and prices were maintained at last week's level. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 355 tons; delivered, 70 tons; stocks, 1,584 tons, as against 2,643 tons last year.

POTATOES.—Although supplies of potatoes at the principal markets were adequate to meet requirements, prices advanced a shade. At the Borough Market "Best King Edward" sold at from 8s. 6d. to 9s. per cwt., as compared with 8s. to 8s. 6d. per cwt. a week ago.

SPICES.—The market in spices was steady, but business was quiet. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 5 tons; delivered, 8 tons; stocks, 366 tons, against 465 tons last year. White, landed, 166 tons; delivered, 76 tons; stocks, 420 tons, against 158 tons a year ago.

MEAT.—Although supplies have not been as heavy as a week ago, prices did not recover from the low level to which they fell a week ago. English beef and mutton were a little dearer, but Argentine beef and New Zealand mutton declined further. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 3s. 8d. to 4s. 2d. per 8 lbs., against 3s. 8d. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 10d. to 3s. 4d. as against 3s. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,391 tons, as compared with 9,304 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.2 per cent. of the supplies, as against 79.9 per cent. a year ago; and imported mutton, mainly New Zealand, formed 75 per cent. of the total supply, as against 73.6 per cent. last year.

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended October 31.		Ten Months ended October 31.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	6,878,398	6,093,408	59,869,478	44,980,614
B. Feeding stuffs for animals	413,312	529,039	4,877,443	4,101,528
C. Meat	8,156,541	7,825,510	93,810,847	78,184,497
D. Animals, living, for food	2,392,227	2,262,516	14,799,223	12,840,468
E. Other food and drink, non-dutiable	18,558,968	17,947,548	158,021,716	147,852,860
F. Other food and drink, dutiable	5,136,269	4,894,667	47,633,382	42,094,181
G. Tobacco	2,955,611	1,262,076	11,606,437	8,671,581
Total, Class I.	44,101,326	40,814,764	390,618,526	338,725,729
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,591	2,927	23,994	27,609
B. Other non-metallic mining and quarry products and the like	390,835	284,407	4,571,541	3,221,709
C. Iron ore and scrap	332,549	135,547	4,642,657	1,927,472
D. Non-ferrous metalliferous ores and scrap	742,958	500,274	10,627,905	6,001,313
E. Wood and timber	4,554,952	3,016,293	36,235,701	24,129,654
F. Raw cotton and cotton waste	3,204,104	1,338,776	35,720,329	18,741,981
G. Wool, raw and waste, and woolen rags	1,602,620	1,148,127	39,460,200	29,100,242
H. Silk, raw, knubs and noils	127,666	96,654	1,294,658	1,017,696
I. Other textile materials	455,186	539,558	8,487,671	5,115,993
J. Oil seeds, nuts, oils, fats, resins and gums	2,698,113	1,699,194	29,482,668	21,171,791
K. Hides and skins, undressed	1,285,344	1,163,475	14,170,856	9,732,695
L. Paper-making materials	293,240	922,131	9,990,589	7,844,814
M. Rubber	740,809	307,336	9,453,679	3,990,237
N. Miscellaneous raw materials and articles mainly unmanufactured	1,072,037	752,515	9,522,214	7,531,305
Total, Class II.	18,107,004	11,907,214	213,684,662	139,554,511
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	255	427	7,353	11,969
B. Earthenware, glass, abrasives, &c.	1,012,562	1,056,649	9,018,979	7,854,529
C. Iron and steel and manufactures thereof	1,989,408	1,831,083	19,653,665	15,332,384
D. Non-ferrous metals and manufactures thereof	2,265,501	1,971,885	25,532,033	17,474,545
E. Cutlery, hardware, implements, and instruments	708,373	857,940	6,460,846	5,843,631
F. Electrical goods and apparatus	734,644	809,273	5,770,048	4,687,349
G. Machinery	1,498,879	1,698,272	15,308,188	12,315,909
H. Manufactures of wood and timber	787,740	717,074	7,419,488	6,002,109
I. Cotton yarns and manufactures	989,552	1,060,380	8,138,703	7,477,555
J. Woollen and worsted yarns and manufactures	1,420,521	1,559,131	12,072,448	11,436,038
K. Silk and silk manufactures	985,457	802,058	9,715,925	7,321,765
L. Manufactures of other textile materials	1,302,231	1,545,822	13,114,232	12,576,618
M. Apparel	1,835,728	1,852,127	16,638,623	17,329,525
N. Chemicals, drugs, dyes and colours	1,253,822	1,590,765	11,572,461	10,817,710
O. Oils, fats, and resins manufactured	3,641,509	2,721,104	41,075,383	24,591,182
P. Leather and manufactures thereof	1,483,428	1,481,350	12,658,630	10,556,382
Q. Paper and cardboard	1,693,468	1,661,762	15,053,473	13,112,977
R. Vehicles (including locomotives, ships, and aircraft)	609,149	447,097	5,988,920	3,734,075
S. Rubber manufactures	413,668	395,082	3,343,051	2,862,166
T. Miscellaneous articles, mainly or wholly manufactured	3,089,344	3,189,466	23,558,872	23,760,932
Total, Class III.	27,715,299	27,248,715	262,101,321	215,099,350
IV.—Animals, not for food	390,659	249,349	3,204,642	2,974,791
V.—Parcel Post, non-dutiable articles	542,409	464,519	6,211,082	5,621,503
Total	90,856,697	80,684,561	875,820,233	701,975,884

EXPORTS of PRODUCE and MANUFACTURES of the UNITED KINGDOM (Value F.O.B.).

	Month ended October 31.		Ten Months ended October 31.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	£ 330,758	£ 290,574	£ 3,668,490	£ 2,722,407
B. Feeding stuffs for animals	190,996	175,917	1,794,704	1,734,882
C. Meat	133,589	128,321	1,196,472	999,268
D. Animals, living, for food	19,014	12,979	151,652	145,179
E. & F. Other food and drink	3,158,301	2,354,667	25,911,721	19,076,675
G. Tobacco	547,797	407,471	7,236,145	4,483,181
Total, Class I.	4,380,455	3,370,929	39,959,184	29,161,592
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,953,745	3,235,656	38,883,762	28,830,676
B. Other non-metallic mining and quarry products and the like	152,602	105,779	1,413,291	945,658
C. Iron ore and scrap	45,497	39,871	458,901	370,501
D. Non-ferrous metalliferous ores and scrap	78,718	34,701	702,851	380,037
E. Wood and timber	21,808	21,678	248,742	185,967
F. Raw cotton and cotton waste	41,918	28,532	537,292	257,287
G. Wool, raw and waste, and woollen rags	386,191	348,303	4,135,345	2,597,266
H. Silk, raw, knubs and noils	1,160	1,431	12,424	9,183
I. Other textile materials	16,071	14,297	242,772	157,981
J. Oil seeds, nuts, oils, fats, resins, and gums	270,597	200,151	3,076,910	2,027,888
K. Hides and skins, undressed	83,781	42,818	1,248,480	617,221
L. Paper-making materials	84,785	49,350	900,191	565,782
M. Rubber	11,751	9,030	149,716	83,414
N. Miscellaneous raw materials and articles mainly unmanu- factured	197,828	173,870	2,400,337	1,975,938
Total, Class II.	5,346,452	4,305,467	54,411,014	39,004,799
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	341,971	350,254	2,922,155	2,378,326
B. Earthenware, glass, abrasives, &c.	1,023,290	757,283	10,297,917	7,071,279
C. Iron and steel and manufac- tures thereof	4,349,638	2,363,954	44,858,297	25,027,499
D. Non-ferrous metals and manuf- actures thereof	987,118	548,506	10,370,919	5,855,954
E. Cutlery, hardware, implements, and instruments	608,813	469,093	6,277,854	4,432,052
F. Electrical goods and apparatus	981,537	617,157	10,243,342	6,416,921
G. Machinery	4,127,796	2,791,946	40,075,476	27,099,571
H. Manufactures of wood and timber	225,044	158,366	1,896,487	1,221,016
I. Cotton yarns and manufactures	6,091,337	4,623,485	77,443,766	47,340,405
J. Woollen and worsted yarns and manufactures	2,919,146	2,024,599	32,037,361	21,253,836
K. Silk and silk manufactures	138,316	84,544	1,359,715	695,503
L. Manufactures of other textile materials	1,671,429	1,098,319	17,113,259	10,786,956
M. Apparel	1,925,509	1,432,347	17,319,654	12,090,800
N. Chemicals, drugs, dyes, and colours	1,941,454	1,456,328	18,878,166	14,269,839
O. Oils, fats, and resins, manu- factured	513,394	442,638	6,360,976	4,429,212
P. Leather and manufactures thereof	425,400	338,572	4,600,941	2,757,233
Q. Paper and cardboard	722,184	551,574	7,271,298	5,421,103
R. Vehicles (including locomotives, trucks and aircraft)	3,864,889	1,389,589	41,714,194	25,766,199
S. Rubber manufactures	221,024	182,562	2,423,443	1,833,709
T. Miscellaneous articles mainly or wholly manufactured	2,836,876	2,277,215	25,898,902	18,887,948
Total, Class III.	35,916,165	23,958,331	379,364,122	245,025,361
IV.—Animals, not for food				
	108,204	98,280	1,255,470	858,519
V.—Parcel Post				
	1,170,537	1,099,335	13,047,354	11,172,672
Total	46,921,813	32,832,342	488,037,144	325,222,943

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY, CEREALS AND MEAT.			
GRAIN, &c.—	s.	d.	
Wheat, No. 2, N. Man. 495 lb.....	35	3	0
Eng. Gas. av., per cwt.....	6	7	0
Barley, Eng. Gas. av.....	9	2	0
Oats.....	6	6	0
Maize, La Plata, landed, 480 lb.....	19	9	0
Flour, Lon. stan. ex mill, s. d.			
280 lb.....	24	9	0
Rice, No. 2 Burma, per cwt.....	8	9	0
Sago, Pearl, per cwt.....	16	6	0
Tapioea, per cwt.....			
E.I. flake, fair spot.....	17	6	0
Medium pearl.....	20	0	0
MEAT—			
Beef, per 8 lbs.....			
English long sides.....	4	4	10
Argentine chilled hinds.....	3	8	4
Mutton, per 8 lbs.....			
English wethers.....	4	8	5
N.Z. frozen.....	2	10	3
Pork, English, per 8 lbs.....	5	4	5
OTHER FOODS.			
BACON—			
Irish.....per cwt.....	60	0	83
Danish.....	54	0	58
Dutch.....	54	0	0
HAMS—Irish.....	0	0	0
Canadian.....	0	0	0
American.....	90	0	0
BUTTER—			
Irish creamery per cwt.....	0	0	0
Australian.....	106	0	108
New Zealand.....	110	0	114
Danish.....	132	0	134
CHEESE—			
Canadian.....per cwt.....	70	0	71
New Zealand.....	66	0	67
English Cheddars.....	74	0	94
Dutch.....	58	0	66
COCOA—			
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)			
Accra, f.f., per cwt.....	24	0	30
Trinidad.....	40	0	50
Grenada.....	30	0	37
COFFEES—			
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)			
Colombian, good.....	75	0	100
Costa Rica, med. to good.....	82	0	125
East Indian.....	80	0	122
Kenya, medium.....	75	0	90
EGGS—			
English.....per 120.....	22	0	25
Danish.....	Nom.		
FRUIT—			
Oranges—			
South African.....boxes	15	0	18
Lemons, Sicilian.....boxes	10	0	17
Malaga.....cases 420 No. 1	12	0	16
Apples: Amer. (var.) bris. 20	0	26	0
" (var.) boxes	10	0	11
" Australian.....	0	0	0
Onions:—			
Valencia, case, 4s.....	0	9	0
Egyptian Bags.....	0	0	0
Grapes, Lisbon.....boxes	0	0	0
" Almeria.....bris.	4	0	17
LARD—			
Irish bladders.....s. d. s. d.			
American, boxes, 56 lbs. 51	0	52	6
POTATOES—			
Good English, per cwt.....	8	6	9
SPICES—			
Pepper, per lb.....			
Muntok, fair White.....	0	84	0
Black Lampung.....	0	64	0
Cinnamon—1st sort, per lb.....	0	8	0
Cloves—Zanzibar, per lb.....	0	84	0
Ginger—per cwt.....	30	0	0
African.....	47	6	80
Mace.....per lb.....	10	10	10
Nutmegs 656.....	1	6	0
SUGAR—			
(Duty, 11s. 8d. per cwt.)			
B.W.I., crystallised.....	18	6	21
Java, white, c. & f. India			
November–December.....	8	74	0
REFINED—London—			
Yellow Crystals.....	19	14	0
Cubes.....	23	6	24
Crushed.....	22	0	22
Granulated.....	19	104	2 74
Home Grown.....	19	3	19
TEA—			
Indian—per lb.....			
Pekoe.....	0	64	1 4
Broken Pekoe.....	0	64	2 24
Orange Pekoe.....	0	7	1 114
Broken Orange Pekoe.....	0	64	3 1
Ceylon—per lb.....			
Pekoe.....	0	74	2 04
Broken Pekoe.....	0	84	2 1
Orange Pekoe.....	0	94	2 6
Broken Orange.....	0	104	2 64
TOBACCO—			
(Duty 9/6-10/6 per lb., Empire growths, 7/54-8/34 per lb.)			
Virginia leaf.....	0	9	2 9
Common to fine.....	0	10	1 6
Rhodesian leaf.....	0	9	1 6
Nyasaland leaf.....	0	10	1 8
strips.....	0	4	0 8
East Indian leaf.....	0	5	1 0
COTTON—TEXTILES.			
Mid-American.....per lb.....	4	98	
Sakellaridis, f.g.f.....	7	40	
Yarns, 32's twist.....	94		
60's twist.....	16		
FLAX—			
Livonian ZK.....per ton	38	0	0
Pernau HD.....	36	0	0
Slanetz Medium 1st sort	40	0	0
HEMP—			
Italian P.O.....per ton	33	0	0
Manila, Nov. Jan. "J2".....	21	0	0
N.Z. African, Dec. Feb.....	15	10	16
Mexican.....	nom.		
JUTE—			
Native 1st mks.....per ton			
c.i.f. H.A.R.B.....			
November–December.....	£22/15/0		
Dalae 2/3 c.i.f. Dundee.....	£22/10/0		
November–December.....			
SILK—			
Canton.....per lb.....	9	0	12
Tuesah.....	4	0	6
Japan.....	11	0	14
Italian—Raw, fr. Milan	11	0	12
WOOL—			
English Southdown, washed			
per lb.....	13		
Lincoln hog, washed			
Good S.W. greasy, super embg.	22		
N.Z., gray, half-bred 50-56	104		
Crossbred 40-44.....	7		
TOPS—			
Merinos 70's.....	27		
64's.....	26		
Crossbred 48's.....	124		
45's.....	114		
MINERALS.			
Welsh, best Ad'ty.....ton	19	6	0
Durham, best gas, f.o.b.			
Tyne.....	14	6	14
Sheffield, best house, at			
plts.....	21	6	22
IRON AND STEEL—			
Pig, Cleveland No. 3, ton	58	6	0
Bars, M'brough.....	200	0	0
Steel Rails, heavy.....	170	0	0
Tin Plates, per box.....	13	6	14
METALS—			
Copper, Electrolytic, ton	41/0/0	43/0/0	
Sheets (strong), ton	72/0/0	0	
Standard.....	36/17/6	37/0/0	
Lead Eng. Pig.....per ton	16/5/0	0	
Soft Foreign.....	14/16/3	14/17/6	
Spelter G.O.H.....	13/16/3	14/5/0	
Tin—English Ingots.....	134/0/0	0	
Standard cash.....	132/0/0	132/5/0	
MISCELLANEOUS.			
Acid, citric, per lb. less 5%.....	1	04	1 1
Nitric.....	0	24	0 4
Oxalic, net.....	0	34	0 4
Tartaric, English less 5%.....	1	0	1 04
Alcohol, Plain Ethyl.....	13	0	0
Alum, lump.....per ton	9	0	10
Ammonia, carb.....ton	36	0	38
Sulphate.....	6	0	7
Arsonic, lump.....per ton	35	0	40
Bleaching powder, per cwt.....	7/10/0	6/12/6	
Borax, gran.....per cwt.....	11	0	0
Do, powder.....	12	6	0
Nitrate of Soda.....per cwt.....	9	0	9
Potash—Chlorate, net.....	0	3	0 34
Sulphate.....per cwt.....	10	0	11
Sal-Ammoniac.....per cwt.....	12	6	45
Soda Bicarb.....per cwt.....	9	0	10
Crystals.....per cwt.....	5	0	5
Sulphate of Copper per ton	18	10	19
CEMENT, London.....	2	10	10
Portland, best Eng. pr. ton	42	0	44
COPIA.....	£ s. d.		
S.D. Straits c.i.f., per ton	15/5/0	0	0
Smoked South Sea.....	12/17/6	0	0
DRUGS—			
Camphor.....s. d. s. d.			
Japan, refined.....	2	7	2 8
Caster.....	85	0	95
Ipecacuanha.....	6	0	0
Peppermint, Wayne Co.....	9	3	9
HIDES—			
Wet salted—Australian			
per lb.....	0	44	0 54
West Indian.....	0	34	0 44
Cape.....	0	4	0 44
Dry and Drysalted Cape.....	0	6	0 7

Kingdom) in the nine months were 51,139 tons, valued at £1,457,427, and oilcakes and meals 66,779 tons, of a value of £431,828. It will thus be seen that very nearly the whole of the production of oils and cakes, plus certain imports, is absorbed by the home industries devoted to paint and varnish, linoleum, soap and margarine manufacture, and by agriculture.

HIDE, LEATHER AND ALLIED TRADES.—In the presence of a fairly good demand prices for hides and skins from home-slaughtered cattle remain firm in price, with a tendency towards higher figures. At the auctions held in Manchester this week, the lighter weights in clear ox and heifers were in some instances from 1d. to 1½d. per lb. dearer, while warbled classes were unchanged. Cows remained steady, but the market was slightly firmer for calfskins. Sheepskins are realising rather better prices. Business is difficult in the imported hide market on account of the fluctuation in prices owing to the variation in exchange in some of the producing countries. For instance, very few sales have been made this week of South American hides owing to the appreciation of the Argentine peso, and tanners for the most part are waiting until quotations become more stabilised. This, perhaps, has accounted for the rather increased attention paid to other descriptions of hides, as more interest has been shown in Africans. In the latter direction sales have been made of Mombasas at from 5½d. to 6½d., while Nigerians have realised from 6½d. to 7½d. Business has also been done in Capes, 7d. and 6d. having been paid for first and second dries, and 6½d. and 5½d. for dry-salted 20-39 lbs. Prices for Australians are firmer, with a moderate amount of business passing. A slight improvement has been noticed in the inquiry for sole leather and, all things considered, the turnover has been better than that of the previous week. Medium weight dry hide bends have accounted for a considerable portion of the business done, in addition to which there has been a steady call for the lighter weights. In English and wet-salted descriptions the best inquiry is for mediums and heavies, and in these some fair sales have been made. Pinned bellies have also received more attention, but other descriptions of offal are only being taken up in limited quantities. Producers and distributors of upper leathers continue to receive a fair number of inquiries, the bulk of which are for willow and box calf and glaze kid. A slight improvement has been experienced in the sale of patent, but fancy upper stock is not a good market and the tendency

is for orders in this direction to become smaller. The markets for both sole and upper leather remain firm, and hopes are entertained of a further improvement in turnover in the near future.

RUBBER.—There has been a slight improvement in the market for rubber and prices advanced a little in New York and London in the expectation that the Dutch Government might after all consider the adoption of a scheme of restriction. Wednesday's official closing price for standard ribbed smoked sheet in London, at 2½d. per lb., shows a rise of ¼d. as compared with the corresponding day last week. In forward positions, business has been done at 3½d. for January–March, against 2½d. to 3d.; and at 3½d. for April–June, 1932, as against 3½d. to 3¾d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 934 tons; delivered, 1,841 tons; stocks at the end of last week, at 132,607 tons, show a decrease of 907 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Oct. 14. Cents.	Nov. 4. Cents.	Nov. 11 Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel.....	50	64½	63½
Coffee, Rio No. 7, cash, per lb.....	5½	6	6½
" Santos No. 4, cash, per lb.....	7½	8	8½
Cocoa, Acera, nearest future, per lb.....	4-59	4-95	4-90
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3-45	3-42	3-38
Cotton, New Orleans, middling, spot, per lb.....	5-95	6-50	6-65
Rubber, smoked sheet, spot, per lb.....	4½	4½	4½
Petroleum, Pennsylvania crude, standard grades, per barrel.....	180-195	170-185	170-185
Copper, "Electrolytic," Domestic, spot, per lb.....	7-00	7-00	7-00
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.....	7-50	7-50	7-50
Spelter, East St. Louis, spot, per lb.....	3-45	3-15	3-25
Lead, spot, per lb.....	4-00	3-85	4-05
Tin, "Straits," spot, per lb.....	23½	22-15	23½

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, NOVEMBER 21, 1931.

No. 4,604.

INCREASED ANNUITY RATES

The following are examples of the Rates of Annuity that will be allowed in respect of each £100 of Purchase Money:

Age Attained	Males.			Females.		
	£	s.	d.	£	s.	d.
60	9	8	2	8	4	8
65	10	18	9	9	8	10
70	13	1	11	11	4	2
75	16	5	6	13	17	4

The rates quoted are for Annuities payable by half-yearly instalments, the first payment being made six months after the date of purchase, and the final payment at the half-yearly due date preceding the death of the Annuitant.

Write for Leaflet.

EQUITY & LAW

LIFE ASSURANCE SOCIETY

18 Lincoln's Inn Fields, W.C.2.

Established 1844

Funds £9,800,000



You cannot afford to ignore
an immediate and certain
Bonus of £30
per cent.

Under the Distinctive System of this Institution the premiums are on so moderate a scale that, at early and middle ages, the annual sum charged elsewhere for a Whole Life Assurance of £1,000, with profits, will here secure from the first as much as £1,300 or thereby with right to bonuses.

Full particulars and rates will be sent on application.

The Scottish Provident Institution

London (City) Office: 3 Lombard Street, E.C.3
HEAD OFFICE: 6 St. Andrew Square, EDINBURGH
FUNDS £22,500,000

BANCA COMMERCIALE ITALIANA.

Limited Company Incorporated in Italy.

Established in 1894. Head Office: MILAN.
Capital 700 million Lire. Reserves 580 millions.
Deposits 8,395 millions.

Branches in every centre of commercial and industrial importance in Italy; also in London, New York, Istanbul (Constantinople), and Izmir (Smyrna).

Affiliated an Auxiliary Institutions in France (Paris and Riviera), Switzerland, Czechoslovakia, Poland, Yugoslavia, Austria, Hungary, Bulgaria, Roumania, Greece, Egypt, Morocco, U.S.A., Brazil, Argentina, Chile, Uruguay, Peru, Colombia, Ecuador, etc.

London Office:

32, Threadneedle Street, E.C.2.

A. JOEL, Manager

Correspondents to the Italian Treasury.

TABLE OF CONTENTS.

The Money Market	941	Amsterdam	967
Leading Articles —		Other Centres	967
“Abnormal” Imports	943	Investment Notes —	
India: The Latest Phase	944	Business Forecasting	970
The Far Eastern Crisis... ..	945	Computation of Railway	
The Statute of West-		Traffic Figures	970
minster	946	Ford in Italy	970
Road Transport Policy	947	The Royal Mail Mora-	
The Direction of Overseas		torium	971
Trade	948	Canadian Pacific Railway	
“Buy British”	949	Bass, Ratcliff and Gretton	
Notes of the Week —		Lewis Berger and Sons	972
The Government and		Charterhouse Investment	
Agriculture	950	Trust	972
Mr Thomas's Tour	950	First British Fixed Trust	
Mr Snowden's Peerage	951	Two Australian Pastoral	
The German Crisis	951	Companies	973
South-Eastern Europe	951	Peruvian Corporation	973
Signor Grandi at Washing-		A New Oil Distributing	
ton	951	Company	973
The League and Iraq	951	The American Copper	
The Iron Hand in Cyprus		Conference	974
The Pound Sterling	952	Trinidad Leaseholds	974
Lancashire and “Anti-		Burma Corporation	974
Dumping” Powers	952	Wankie Colliery	975
Cotton Trade Hours and		Mount Lyell	975
Wages	953	Capital Issues	975
The Reaction in Silver	953	Company Meetings, &c. ...	976
The Reduced Unemploy-		Government Returns, &c. —	
ment Register	953	National Accounts	977
Employment and Cost of		Treasury Bills by Public	
Living in October	953	Tender	977
The Scandinavian Ex-		The Bankers' Gazette —	
change	954	Bank of England	977
Royal Bank of Scotland	954	Bankers' Clearing Returns	
French Wines and Tariffs		Provincial Clearing Re-	
Overseas Correspondence —		turns	978
United States	954	Overseas Bank Returns	978
France	955	Rates of Exchange	980
Germany	956	Overseas Bank Rates	980
Austria	957	Bullion	981
Hungary	958	Gold and Silver Prices	981
Holland	959	Company News —	
Sweden	960	Summary of Balance	
Denmark	961	Sheets	981
Yugoslavia	961	Dividend Announcements	
Bulgaria	962	Weekly Traffic Returns	983
Letters to the Editor —		Reports and Notices	983
An Eastern Locarno	962	Profit and Loss Accounts	
Books and Publications —		Oil Outputs	984
A Choice of Evils	964	Commercial Reports —	
Books Received	964	Market Summary	985
The Stock Exchange —		The Coal Trade	985
The Outlook for Aus-		Iron and Steel	985
tralian Securities	965	Other Metals	986
The Week in the Markets		Textiles	986
London Active Security		The Grain Markets	986
Prices and Yields	968	Other Foods	987
New Issue Prices	970	Miscellaneous Commodi-	
Foreign Stock Exchanges —		ties	987
New York	967	Commodity Prices in the	
Paris	967	United States	988
		Prices Current	988

the War Loan dividend due on December 1st. This, of course, represents a steady drain upon market resources. A second, though allied, factor is the discrepancy between Treasury bill payments and maturities. No bills mature on Mondays of this month, and in consequence money tends to be scarce early in the week. Finally, it is suggested that the clearing banks are now making-up on their normal scale, and that this is depriving the market of some temporary relief that it has recently obtained. There is no reason to suppose that the banks ever deliberately refrained from calling, and what probably happened in previous weeks was that they found that they had sufficient cash at their disposal without having to call. If so, their resumption of calling is only additional proof that money is becoming less plentiful.

Be that as it may, money was none too easy over the week-end, though both new loans and renewals were obtainable outside the clearing banks at $4\frac{1}{2}$ per cent. On Monday and Tuesday greater difficulty supervened, with new money only available at 5 and $5\frac{1}{2}$ per cent. and 5 per cent. charged for renewals. Wednesday was a curious day, for though in certain directions the position was easier, the total amount of funds available proved insufficient for market needs, and in the end resort had to be made to the Bank, which also gave assistance through special purchases of January bills at $5\frac{1}{2}$ per cent. The general trend of rates was 5 and $5\frac{1}{2}$ per cent. for new money, and these rates are low enough to suggest that the pressure was not excessive. This is confirmed by the Bank return, which records an expansion of only £0.4 millions in Discounts and Advances. On Thursday money was again scarce, with rates running up to $5\frac{1}{2}$ per cent., but resort to the Bank was avoided.

	Oct. 29, 1931.	Nov. 5, 1931.	Nov. 12, 1931.	Nov. 19, 1931.	Previous Rate and Date Changed.
Bank Rate	%	%	%	%	% (Sept. 21, '31)
Banks' Deposit Rate..	4	4	4	4	2½ (Sept. 21, '31)
Discount { Call	4	4	4	4	2½ (Sept. 21, '31)
Houses { Notice ...	4½	4½	4½	4½	2½ (Sept. 21, '31)
Market rate (3 months' bills)	5½-½	5½-½	5½-½	5½-½	...

The Discount Market has again been very quiet. Last week, although £45 millions of Treasury bills were offered against £40 millions the week before, applications fell away from £59.2 to £55.3 millions. The market had apparently accurately judged the position, for in spite of the falling off in applications, the average tender rate only hardened from £5 10s. 0.35d. to £5 10s. 8.47d., or by $\frac{1}{2}$ per cent. Hot Treasuries were dealt in at $5\frac{1}{2}$ per cent. early in the week, a rate which left a turn of only $\frac{1}{2}$ per cent., but hardened on Thursday to $5\frac{1}{2}$ per cent. German renewals are still quoted at $5\frac{1}{2}$ per cent., and the somewhat vague statement issued in London early in the week has had no effect on the rate. It may be remarked that even though Germany intends not to discriminate between various maturities next year, her intentions might be defeated by force of circumstances. Other three-months' bank bills were quoted at $5\frac{1}{2}$ per cent. until Wednesday, when monetary stringency drove the rate up to $5\frac{1}{2}$ per cent. and to $5\frac{1}{2}$ per cent. the following day.

Last week it was announced that the Bank Committee had recommended the re-election of Mr Norman as Governor and Sir Ernest Harvey as Deputy-Governor for the new year. The City will be glad to know that Mr Norman's recovery in health is sufficient to justify him in undertaking another year of office. The Bank return reveals surprisingly little evidence of the prevailing monetary stringency. The note circulation has actually decreased by £2.6 millions, a movement which should have made for greater ease. Again, Bankers' Deposits, though lower by £0.8 million on the week, still stand at the relatively comfortable figure of £59.7 millions. The increase of £2.1 millions in Public Deposits to £21.2 millions is more significant, as it points to the withdrawal of funds from the market in preparation for the War Loan dividend.

In view of the difficulties South Africa is experiencing in maintaining the gold standard, brief reference to which was made in last week's *Economist*, some interest attaches to recent fluctuations in the South African exchange. As regards sterling, the rate between London and Pretoria has remained very steady during November. The mean rate on November 1st was £79 15s. South African per £100 sterling, and the rate has since risen, with minor fluctuations, to £80 10s. During this period, however, sterling has depreciated against the dollar, from \$3.830, or 78.7 per cent. of gold parity, to \$3.770, or 77.5 per cent. of gold parity. The consequence is that while on November 1st there was a margin of only 1.05 per cent. between the depreciation of sterling on Pretoria and New York respectively, on November 19th the margin was 3 per cent., and this margin measures the depreciation of the South African pound below its parity with the dollar. As the cost of shipping gold from South Africa to New York is only 1.15 per cent., it is clear that the South African exchange on New York now stands below the gold point, and this is additional evidence of South Africa's difficulties.

Further evidence of a return of confidence in American finances is available in the form of a slight reduction in money rates. Call money has remained steady at $2\frac{1}{2}$ per cent., but open market discount rates on 90-day bankers' acceptances have been lowered from $3\frac{1}{2}$ -3 per cent. to $3\frac{1}{2}$ -2½ per cent., and the total reduction during the past fortnight is one of $\frac{1}{2}$ -¾ per cent. Commercial paper remains at $3\frac{1}{2}$ -4 per cent., but this rate does not compare unfavourably with a $3\frac{1}{2}$ per cent. rediscount rate. Gold shipments have come practically to an end, and the leading gold exchanges are now in most cases favourable to the dollar. Comparing October 14th with November 18th, the Paris rate (parity 3.918 cents) has recovered from 3.93½ to 3.91½ cents; the Amsterdam rate (parity 40.26 cents) from 40.59 to 40.11 cents; the Brussels rate (parity 13.90 cents) from 14.05 to 13.89 cents; and the Swiss rate (parity 19.30 cents) from 19.61 to 19.44 cents.

The Foreign Exchange market was quiet and the turnover was small this week. Fluctuations were within narrow limits, and sterling held its own fairly well against most of the principal currencies, although it closed rather below the best. The New York rate went fractionally against us to 3.77, but Montreal weakened from 4.19 to 4.21. Paris was ½ weaker at 96½, as was Milan at 73½. Brussels was unchanged at 27½. Madrid was weak at 44½, against 43½ last week. Amsterdam moved against us from 9.40 to 9.39, as did Berlin from 16.00 to 15½. Switzerland was not appreciably changed at 19½. All the Scandinavian currencies moved sharply in our favour, it is suggested as a result of withdrawal of funds. Stockholm declined from 17.80, Oslo from 17.85, and Copenhagen from 17.70, all to the same quotation of 18.25. The South American exchanges remained largely nominal as a result of restrictions, Rio declining by ½d. to 3½d., Buenos Aires by 2d. to 37½d., and Montevideo by ½d. to 28d. In the Far East the rupee was very steady at 1s. 6½d., but the yen was inclined to weakness on the rumours, later denied, of an intended departure from the gold standard, and declined by ½d. to 2s. 7½d. In the forward market dollars were at ½ cent and 1½ cent premium for one and three months respectively. Paris remained at ½ franc premium for one month but rose by ½ to ¾ franc premium for three. Brussels remained at last week's levels. Milan was weaker at ¾ lira and 1½ lire discount. Madrid was unaltered for one month, but weakened to ½ peseta discount for three. Amsterdam remained at 1 and 3 cents premium. No quotation was again recorded for Berlin. Switzerland was unchanged at ½ franc and 1 franc premium. Silver prices fluctuated mildly as a result of speculation in New York, prices touching 21½d. for cash and 21½d. for forward at one time, but subsequently there was a sharp fall as a result of realisation and the absence of support to 18½d. and 17½d. respectively. The China silver exchanges fell sharply in sympathy, Hong Kong from 1s. 6½d. to 1s. 4d. and Shanghai from 1s. 11½d. to 1s. 9½d.

“ABNORMAL” IMPORTS.

WHATEVER the future may hold, there can be no doubt that the week which is now ending marks a new and critical chapter in the economic history of Britain. In the country which has stood out in the eyes of the whole world as the citadel of Free Trade, the House of Commons, by an overwhelming majority, has accorded powers to the President of the Board of Trade to impose at his own discretion (though subject, it is true, to subsequent Parliamentary sanction) duties up to the maximum height of 100 per cent. on the vast range of imported commodities classified in the official trade returns as “Articles wholly or mainly manufactured.”

How has this come about, and what does it mean? It is an accepted commonplace, dinned a thousand times into the ears of the world, that the National Government, formed in August, was brought into being for the purpose of saving the pound. It proved to be too late to save the gold standard; but in the domestic sphere two main purposes were still emphasised. The first was to balance the Budget; the second to correct any adverse tendency that might appear in the nation's balance of payments. Measures for achieving the first objective were passed by Parliament before the first National Cabinet thought it necessary to hold the General Election. The appeal to the country which followed was primarily a request for an entirely free hand to concert measures to contribute to a solution of the world crisis and to safeguard Britain's trade position. But when the election returned a House of Commons containing a clear majority of those who favoured Protectionist measures, it became a foregone conclusion that the pressure for some definite action on the part of the Board of Trade would quickly become irresistible. Again, it was inevitable that other circumstances should play into the hands of those who called for immediate fiscal action. Long before the election was over the probability of a Conservative majority in the House of Commons was foreseen all round the world, and it can be no matter for surprise that both British merchants and their foreign suppliers began then a process of building up stocks and forestalling possible duties—a process which was accelerated after the election results were known and was likely to continue so long as fears of a coming tariff were kept alive by Protectionist clamour in the House. It was, therefore, anything but unexpected that the political situation would make it essential for the Cabinet to arm itself with powers to stop what, in the opinion of many, might become a really formidable flood of (so-called) “dumped” or “abnormal” imports. This the Cabinet has done, and a short Bill has been rushed through all its stages in Parliament in the space of three days.

It does not follow, however, because a thing was politically inevitable, that it is either welcome or desirable. In point of fact, the Bill which Mr Runciman introduced into the House of Commons on Tuesday is as open to severe objection as any legislation proposed to the House of Commons within living memory. Four years ago a World Economic Conference assembled at Geneva with the hope of stemming the tide of economic nationalism which threatened to strangle international commerce. Among its unanimous findings were declarations against Customs prohibitions, and against sudden changes in Customs duties without due notice. Whatever may be said on the grounds of national necessity, the fact is that these essential canons of international economic wisdom have been violated by Mr Runciman's Bill. Where the Board of Trade or the Cabinet deem it desirable to check an “abnormal” stream of imports, they may clap on a prohibitive duty; and they may do it suddenly without any warning. Moreover, the procedure followed is calculated to afford the maximum of uncertainty, both for British manufacturers and for foreign traders, for

no man can prophesy for how long an “anti-dumping” duty will remain in force or into what it may eventually evolve. From the domestic point of view, also, the procedure is a constitutional revolution. It has been one of the fundamental safeguards of British democratic freedom that taxation, direct or indirect, should be decreed by the people's representatives and by them alone. From many points of view, therefore, the method adopted by the Cabinet is deplorable in the extreme.

It may seem superfluous, having granted the irresistible political pressure, to question whether this measure is necessary in the economic sense, the more so since we have admitted above that heavy forestalling of threatened duties is a practical possibility. Nevertheless, neither the raging propaganda of the Protectionists nor the moderate and reasoned speech of Mr Runciman carry any conviction that a state of affairs has actually arisen, or is immediately threatened, in which the emergency measures now granted to the Cabinet need to be used. Imports of the so-called manufactured class have been on the increase, and may increase more; but two considerations must be borne in mind. In the first place, this classification of imports consists, as to a great deal more than half its contents, of articles which are not in the proper sense finished manufactures, but are, in fact, the raw materials of British industries, and to some extent the recent increase noted by Mr Runciman may have been due to the impetus given to certain manufactures in this country by the trading advantage conferred by the depreciation of the pound. In any case, as Mr Runciman himself admitted, it is impossible to draw any serious deduction from the import figures of ten days, with which so much play has been made. Moreover, apart from the consideration that a currency no longer “anchored” to gold automatically provides its own corrective for an adverse balance of payments, is it not a fair question to ask how it comes about that the pound sterling maintains a remarkable steadiness if it is really true that our markets are being swamped by imports to the grave detriment of our trade balance? The only satisfactory feature in the whole position is Mr Runciman's clear appreciation of the extreme delicacy required in the use of the weapon which has been put into his hands; and we may be thankful that at this vital juncture we have at the Board of Trade a man who is fortified by sound economic knowledge and thorough training in practical business, and who is not in the least likely to be stampeded into reckless or indiscriminate use of his new prohibitive powers. Nor can Mr Runciman be unaware of the formidable danger of violent retaliation which would act as a boomerang upon British exporters; and were he even momentarily oblivious of that danger, striking warning has been given in the shape of the action taken by the French Government in raising their Customs schedules upon certain British exports.

This action is not a reply to Mr Runciman's Bill, but is ostensibly calculated to balance the effect of the depreciation of the pound, and different rates are to be imposed on the imports into France from Scandinavian countries which have departed from the gold standard, calculated, presumably, according to the degree of depreciation. Whether this action is in accordance with most-favoured-nation treatment or not we need not here discuss, for though France—like other countries which have enjoyed the benefit of the British market—has in fact consistently granted us most-favoured-nation treatment in practice, she is one of the few countries in the world with whom we have had no most-favoured-nation treaty for the last fifty years. But it is not irrelevant to point out in passing that France's action is in very sharp contrast to our own behaviour when the boot was on the other leg. If, when the franc was falling, we had adopted the principle now applied by France we

which the Japanese were not prepared to accept on their side. One condition seems to have been that the Japanese should withdraw simultaneously on their part; another seems to have been that the Japanese should not allow the use of the Taonan-Anganchi Railway to a local Chinese war-lord who is in opposition to the *ci-devant* Mukden Government, which General Ma represents—or did represent until Wednesday last.) Whatever may prove to be the truth about these points, they are points of secondary importance, and the two points of primary importance are clear beyond question. The first of these points is that Japan, after flouting the League's authority during the interval given by the Council for a Japanese withdrawal, has flouted it, still more flagrantly, for the second time at a moment when the Manchurian question is again actually under discussion in the Council Chamber. Japan's defiance of the League is now open and indefensible—indeed, undefended by the Japanese themselves, who now declare their intentions to the Council without troubling to argue the legitimacy of their acts. The second point of primary importance is that this last military offensive, which has carried the Japanese front line in Manchuria from the Nonni Bridge to Tsitsihar, has completed (as we have shown above) the process of bringing the whole of Manchuria into Japan's power.

Thus Japan, who is professing to be acting in this way in order to safeguard her treaty rights in Manchuria, stands convicted of having violated treaty obligations of her own which affect not only Manchuria but the whole world. She has violated the Covenant of the League of Nations; she has violated the Kellogg Pact, in which she pledged herself not to resort to war as an instrument of national policy; she has violated the Nine-Power Washington treaty, in which she pledged herself to respect not only the territorial but the administrative integrity of China. At the same time, she refuses to have her treaties with China concerning Manchuria either discussed by the Council with a view to conciliation or submitted to the permanent International Court for interpretation. She will not even agree that, as a first step towards finding an issue out of the present deadlock, the Council should review those particular provisions in the treaties which relate to the security of Japanese persons and property in Manchuria, with a view to finding ways and means for the protection of these interests which would enable the Japanese forces to withdraw without exposing them to danger. The Japanese are still insisting upon the terms upon which they insisted a month ago. They will not withdraw their troops until their five points—including the fifth point requiring respect for treaties concerning Manchuria—have been settled to their satisfaction; and they insist on settling these five points with the Chinese *à deux*, without the mediation of the League Council or any other third party. In other words, they insist upon taking advantage of the military stranglehold which they have acquired over Manchuria by main force in order to compel the Chinese not only to re-endorse these Manchurian treaties (which were extracted from the Chinese, in 1915, by *force majeure*), but also to assent to any interpretation of the treaties which the Japanese may choose to impose.

This is not negotiation but dictation, and the Chinese, at the Council meeting this week, are showing themselves as firm in refusing to fall in with it as the Japanese are firm in insisting upon it. The Chinese insist now, as they have insisted all along, that, before the withdrawal of the Japanese troops, they will negotiate about nothing except the protection of Japanese persons and property in Chinese territory outside the Japanese zone. On this the Chinese are willing to negotiate here and now. On all other questions involved in the Manchurian treaties, they are willing to have negotiation and conciliation and arbitration when the Japanese forces have been withdrawn but not before. After re-affirming the Chinese position, in this sense, on Wednesday evening, Mr Sze intimated that China would take the first opportunity of transferring the procedure from the field of Article 11 of the Covenant to that of Article 15. As we reminded readers of the *Economist* last week, Article 15 differs

from Article 11 in two important respects. In the first place, the votes of the disputants do not have to be taken into account for the purposes of securing juridical unanimity. In the second place, if the Council (excluding the parties to the dispute) takes a unanimous decision and one of the parties then resorts to war in defiance of it, then, in this case, Article 16 comes into play; and under Article 16 all States Members of the League are bound to subject the Covenant-breaking State to an economic boycott.

After mentioning Article 15, Mr Sze put the direct question: "What is the Council going to do about it?" This question is perhaps the most searching, and the most momentous, that has been addressed to the League since its birth. At the moment when we go to press it remains unanswered, though, by the time when this issue appears, the answer may have been given for weal or woe. It is clear now that the League must either assert itself forthwith in some immediately effective way or must contemplate the collapse of all that it has built up during twelve years.

The forces of defeatism are formidable. During the last few days the Japanese have been encouraged in their intransigence by a number of conservatively-inclined organs of the French and British Press—as if the conservation of French and British interests in the world were likely to be promoted by a fresh victory of militarism over international law and order. There is also some uncertainty about the distance which the United States would be prepared to accompany the League along the road of coercion. On Wednesday, Mr Stimson issued a *communiqué* at Washington in which he declared that the American Government "has consistently urged, and is continuing to urge, that only peaceful means shall be used in the settlement of the dispute"; but it is not clear whether or not he includes, among peaceful means, either the withdrawal of ambassadors from Tokyo or the stronger step of an economic boycott. No doubt one cannot "bell the cat" without a risk of scratches. But if it is a choice—as it certainly is a choice—between risking scratches now and courting destruction in another world war hereafter, who can doubt which is the right course for the Council of the League and the Government of the United States to follow?

THE STATUTE OF WESTMINSTER.

The Statute of Westminster, now before the British Parliament, after having been passed by the Parliaments of South Africa, Australia, Canada and New Zealand earlier in the year, gives legal expression to a relationship between the several self-governing States members of the British Commonwealth which had already become established in practice before the Imperial Conference of 1926. In the course of that Conference, the spirit of this relationship, as it was then and is to-day, was expressed with inimitable conciseness and lucidity in the Balfour Report. It was recognised, at the same time, that the existing practice and the spirit by which it was inspired were not completely supported by the existing legal situation, and that this situation needed to be cleared up and revised. Accordingly, a Conference on Dominion Legislation and Merchant Shipping Legislation sat in London in the autumn of 1929, under the chairmanship of Lord Sankey; and the report of this Conference was adopted, subject to certain elucidations, by the Imperial Conference of 1930. The proposals relating to merchant shipping were cast in the form of a draft agreement. Those relating to the general question of autonomy in legislation were cast in the form of clauses and recitals in a statute to be called "the Statute of Westminster."

In detail, the Imperial Conference of 1930 recommended that the statute proposed to be passed by the Parliament at Westminster should contain the provisions scheduled; that December 1, 1931, should be the date as from which the proposed statute should become operative; that, with a view to the realisation of this arrangement, resolutions passed by both houses of the Dominion Parliaments should be forwarded to the United Kingdom in the summer of

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:

8 KING WILLIAM STREET, LONDON, E.C.4

1931 with a view to the enactment by the Parliament of the United Kingdom of legislation on the lines set out in the schedule; and that the statute should contain such further provisions as to its application to any particular Dominion as might be requested by that Dominion.

The essential provisions of the statute are that the Parliament of a Dominion should have full power to make laws having extra-territorial operation; that the Colonial Laws Validity Act, 1865, should not apply to any law made after the commencement of this Act by the Parliament of a Dominion; and that no law made after the commencement of this Act by the Parliament of a Dominion should be void or inoperative on the ground of its being repugnant to the laws of England (with the corollary that the powers of the Parliament of a Dominion should include the power to repeal or amend any Act of Parliament of the United Kingdom in so far as the same might be part of the law of the Dominion).

Up to this point, it is more or less plain sailing. Such difficulties and delicacies as "the Statute of Westminster" may involve all arise from the historical connections between the relations of the Dominions to the United Kingdom, on the one hand, and certain features in the internal constitutions of the Dominions, on the other. A majority of the Dominions have either a federal element in their political structure or a minority element in their population or some combination of both these features. Hence, in their internal economies, there are delicate questions of "State rights" versus the paramountcy of the Central Government and minority rights versus the ascendancy of the majority element in the populations. The consequent problems, which have often proved so difficult to solve in countries which have stood wholly by themselves, have hitherto been met in the Dominions to a large extent by the expedient of defining the relations between provincial and central Governments or between minorities and majorities in this or that Dominion in Acts of the Parliament at Westminster which it has not been in the power of the Dominion Parliaments to alter. This expedient has had great advantages in its day. It has made it possible, without evoking serious internal troubles, to grant full self-government in other respects to Dominions which might have found it difficult, in their political adolescence, to deal with these formidable problems had they had them within their own competence. However, the retention of the Westminster Parliament's prerogatives in these "reserved" matters was obviously transitory; and the time was bound to come, as it has now come, when minority rights and provincial rights would have to be secured in the Dominions by internal arrangements without the intervention of the senior State-member of the Commonwealth.

In the cases of South Africa and Australia and Canada, this problem of reconciling the safeguarding of fundamental constitutional guarantees with the full transfer of legislative powers has apparently been solved without great difficulty. On the other hand, during

the last few days the question has been raised whether the passage of "the Statute of Westminster" as it stands might not confer on the Dail the right to repeal, in the Irish Free State, the existing legislation which embodies certain civil and religious safeguards contained in the Anglo-Irish Agreement of 1922. We have little doubt, however, that this last remaining question will be settled to the satisfaction of all parties.

ROAD TRANSPORT POLICY.

(BY A CORRESPONDENT.)

ONE of the most progressive Departments under the late Labour Government was the Ministry of Transport, and the road traffic industry will eagerly await some sign as to how far the policy of active reorganisation initiated by the late Minister will be continued under the present regime. The first question is, of course, the future of the London Passenger Transport Bill, which has met with the same ill-luck as the 1929 Bill, in that the Government introducing it just failed to remain in office long enough to carry it through. It will be regrettable if the London traffic problem is to continue to be made the sport of party politics, as there is general agreement on the main issue, that a unified control of London traffic is essential, and there should be no insoluble difficulty in reaching similar agreement with regard to the constitution of the controlling authority and the extent to which it should be subject to official supervision.

The future policy of the Area Traffic Commissioners set up last April by the Road Traffic Act is of even greater importance to the transport industry as a whole. A stabilisation of the omnibus and motor-coach industry has already virtually been achieved, and, generally speaking, no licences are now being granted for new services. There had been a rapid development of services during the eight months between the passing of the Road Traffic Act and the appointment of the Area Traffic Commissioners. Many of the services begun during those months have failed to obtain licences, and the proprietors, with surplus vehicles on their hands, have been unable to obtain permission to explore fresh fields of activity. In consequence, there has been a slump in new registrations of public passenger vehicles, sales for the six months following the appointment of the commissioners numbering only 4,149, compared with 5,226 for the corresponding period of the previous year. The demand is more and more for double-decker buses, as operators are anxious to increase their seat-mileage with a limited number of vehicles.

A new development has occurred in the North-Western area, where the railway companies have attempted to negotiate with the Commissioners along the lines of an undertaking to electrify particular lines in exchange for a reduction in road competition. Bargains of this kind are open to criticism, for they rest on the hypothesis that road transport is an interloper to be suppressed where possible, and only permitted where there is no alternative means of public transport. If the omnibus interests are to be

expected to proceed with the rationalisation of their industry and its proper co-ordination with other agents of transport, they must be given security of tenure. Rationalisation should logically, in most cases, be preceded by the purchase of smaller operators with vested interests in particular areas by the big concerns, which are now for the most part affiliated with the Tilling group; but, without security of tenure, such purchases are unlikely to take place. One of the most important recommendations of the Royal Commission on Transport was that the Area Traffic Commissioners should be instructed to work towards "controlled monopolies of transport," presumably by using their power to grant or withhold licences for services with a view to bringing about amalgamations. The logical goal of such a policy would have been a number of public corporations constituted on the lines laid down in the London Passenger Transport Bill, and owning and operating all the omnibus and tramway services in the country. Such a development would, obviously, be a big step towards the nationalisation of transport, and it is hardly probable that the present Government will give it their approval. A somewhat milder interpretation of the duties of the Area Traffic Commissioners seems likely to be the result of the change of Government, and a slowing down of the rather feverish pace at which unification was being brought about.

The most important of the remaining independent omnibus proprietors are the Lancashire United Transport Company, the West Riding Automobile Company, the Red and White Services of the South Wales border district and Barton Bros. of Nottingham. The last concern has formed an association with other independent operators in the Midlands. There are still a small number of undertakings affiliated with the Tilling group in which the railways have not yet taken an interest, notably the Potteries Electric Traction Company, the Caledonian Omnibus Company, and the South Wales Motor Transport Company, while the Tilling group has yet to take an interest in the Southern Vectis Omnibus Company, which is controlled by the Southern Railway, but which is associated with the Tilling concerns in the B.E.F. (British Electrical Federation) for the purchase of supplies on favourable terms. The Bristol Tramways, Manx Motor Services, Scottish Motor Traction Company and the Highland Transport Company are also railway-controlled concerns into which the Tilling group will probably shortly be admitted.

The final Report of the Royal Commission on Transport was inclined to be a little half-hearted in its recommendations for the control of the haulage industry. Although recommending licensing by the Traffic Commissioners, it did not go nearly so far as the memorandum submitted by the Long Distance Road Haulage Committee of Inquiry, which represented about forty of the largest and best organised firms in the industry. These firms were apparently willing to exchange the last shred of their independence for an assured status *vis-à-vis* the railways and protection from the cut rates and long hours of the smaller haulage contractors. It will be surprising if, under the present Government, any further changes in the organisation of the haulage industry are enforced by law.

The Road Traffic Act imposed strict regulations with regard to maximum speeds and hours of work for the motor transport industry, which, unlike previous speed restrictions, it was intended to have generally enforced. It was widely felt by the authorities responsible for seeing that the law was obeyed, that the present was not a suitable time for adding to the duties of the police force, on the one hand, while insisting on the need for economy, on the other, and the Ministry of Transport has not received universal co-operation in enforcing the Act. In practice many of the new speed limits for motor vehicles are still habitually broken, and, although the Traffic Commissioners will doubtless study time-tables with a view to stopping this, it will be no easy matter, as, under modern conditions of traffic congestion, the maintenance of even very moderate speeds over long distances involves frequent temptations to break the law. The regulations concerning hours of work are even harder to enforce, particularly for goods vehicles. A tightening up will be difficult without involving a good deal of fresh expenditure, and, in view of the need for stringent economy, it seems questionable whether such expenditure will be authorised.

THE DIRECTION OF OVERSEAS TRADE.

WITH the publication of the October Trade Returns it becomes possible to analyse geographically our trade during the first three quarters of this year. Imports declined by 21 per cent., from £785,193,510 in the corresponding period of 1930 to £621,352,640, but the percentage decline was only 14½ per cent. in European imports, whereas imports from other foreign countries fell by 28½ and Empire imports by 22 per cent. During the third quarter of the year taken by itself the total decline was lower, and imports from British countries fell much more than foreign imports.

Our first table shows trade with European countries and their dependencies:—

TRADE WITH EUROPEAN COUNTRIES.
JANUARY TO SEPTEMBER
(000's omitted.)

	Imports from				Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Russia	£ 28,592	£ 17,285	£ 19,641	£ 21,000	£ 12,942	£ 2,680	£ 5,030	£ 4,793
Finland	...	10,565	9,537	8,069	...	2,526	1,745	1,120
Estonia	...	2,163	1,599	1,482	...	356	273	165
Latvia	...	4,185	4,104	2,168	...	1,105	826	471
Sweden	10,103	18,405	16,899	12,224	6,123	7,630	7,897	5,557
Norway	5,709	10,531	9,646	5,883	4,765	7,352	8,962	6,003
Denmark	17,490	40,942	40,214	35,006	4,525	7,787	7,740	6,259
Poland	...	5,284	6,189	6,368	...	3,281	2,068	1,454
Germany	59,116	49,943	47,804	45,500	30,085	27,996	20,449	13,435
Netherlands*	20,666	45,860	40,735	33,977	17,298	23,961	19,829	12,618
Belgium*	17,276	32,906	29,248	23,453	10,232	15,116	12,202	7,784
France*	37,526	47,877	41,966	32,745	24,187	28,083	26,749	20,158
Switzerland	8,458	9,977	9,280	8,114	3,183	4,794	4,061	3,124
Portugal*	2,711	3,652	3,372	2,651	4,660	6,127	5,795	4,251
Spain*	11,562	15,852	14,700	12,122	7,545	10,080	8,529	4,750
Italy*	6,046	12,130	11,370	10,849	11,151	12,049	10,990	7,269
Austria	5,632	1,892	2,373	1,936	3,378	1,946	1,704	1,015
Hungary	...	518	549	766	...	815	600	398
Czechoslovakia	...	4,851	4,472	4,784	...	1,631	1,376	1,010
Greece and Crete	1,043	1,106	794	784	1,678	3,773	2,736	2,437
Roumania	1,000	1,424	3,807	2,055	1,340	1,727	1,576	1,043
Turkey in Europe	905	635	509	377	1,684	1,944	1,243	1,082
Other European countries	55	1,571	1,593	1,886	278	2,742	2,026	1,756
Total	233,950	339,259	320,201	274,199	145,034	175,501	154,408	107,952

* Including dependencies.

On the import side a few small increases are noticeable, including imports from Russia (mainly wheat), Poland, Hungary and Czechoslovakia. In the September quarter, however, Russian imports were down, while imports from several countries, including Germany and Italy, were higher than in the third quarter of 1930. The heaviest declines were in imports from Sweden, France, Austria, Holland and Switzerland. Exports to the more important countries showed declines ranging from 25 per cent. in the case of France to 40 per cent. in exports to Austria, but during the third quarter our exports to some of the countries of South-Eastern Europe and to several French possessions exceeded those of the corresponding quarter last year.

Trade with foreign countries outside Europe is shown in the next table:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE.
JANUARY TO SEPTEMBER
(000's omitted.)

	Imports from				Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Turkey in Asia	£ 2,241	£ 836	£ 700	£ 449	£ 3,792	£ 557	£ 216	£ 222
Egypt	13,541	16,789	10,219	7,222	7,170	9,293	7,641	4,894
Iraq	...	1,062	700	389	...	1,861	1,316	867
Persia	329	6,314	7,234	4,423	518	1,559	2,198	556
China	3,519	8,805	7,492	5,704	11,250	11,058	6,797	5,717
Japan and Korea	3,237	6,221	5,928	5,102	12,119	10,134	6,799	4,511
United States*	95,385	140,689	113,906	74,004	21,467	34,692	22,658	13,077
Canada	3,288	6,698	6,180	3,551	1,698	1,655	1,069	521
Mexico	1,560	2,071	2,237	1,759	1,825	1,856	1,824	754
Colombia	798	1,806	1,110	710	1,277	2,701	1,108	1,060
Peru	2,070	4,411	3,046	2,356	1,109	1,478	1,155	478
Chile	4,412	8,159	6,303	3,976	4,610	6,152	4,638	1,723
Brazil	7,790	4,820	7,235	4,532	9,705	10,381	6,442	3,066
Uruguay	2,362	4,490	6,001	4,178	2,314	2,639	2,572	1,651
Argentina	34,175	60,790	43,170	38,523	16,899	22,118	19,152	12,050
Other foreign countries (non-European)	6,113	13,049	10,945	9,410	5,201	8,923	6,723	4,032
Total	180,820	287,010	232,406	166,288	100,954	127,057	92,288	55,179

* Including dependencies.

BANKING ORDERS ON

SWEDEN

SKANDINAVISKA KREDITAKTIEBOLAGET

Imports from the United States, Chile and Brazil are more than one-third lower than in the first three quarters of last year, and in the September quarter imports from Chile declined by nearly 47 per cent. Imports from Argentina, which were not quite 11 per cent. down over the whole period, actually showed an increase on the third quarter alone. The declines in exports to these four countries were very heavy, and amounted in the cases of Chile and Brazil to over half the 1930 volume. In the September quarter the decline in our exports to Chile and the Argentine was accelerated.

Imports from and exports to the countries of the Empire are shown below:—

TRADE WITH BRITISH COUNTRIES.
JANUARY TO SEPTEMBER
(000's omitted.)

	Imports from				Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Irish Free State	£ ...	£ 31,788	£ 31,219	£ 26,029	£ ...	£ 26,526	£ 26,186	£ 22,650
West Africa	3,871	6,911	7,020	3,902	4,611	8,796	8,175	4,648
South Africa	9,026	17,902	14,729	9,804	16,506	24,468	20,170	16,358
India and Ceylon	39,614	55,032	47,501	33,790	54,984	63,566	46,415	26,766
Straits Settlements	12,332	10,290	7,570	4,104	4,356	9,502	6,022	3,579
Malay States	2,891	2,503	1,865	880	968	2,350	2,475	1,250
Australia	27,239	43,178	35,098	32,265	25,730	39,843	26,385	11,038
New Zealand	18,928	41,272	38,363	31,454	18,110	26,544	21,700	16,275
Canada	21,879	34,085	28,047	22,003	15,531	14,038	8,528	...
West Indies	1,766	4,372	3,962	3,385	1,556	3,396	3,427	2,772
Other possessions	5,495	21,510	17,212	13,239	9,798	20,331	19,425	15,398
Total	143,031	270,842	232,586	180,866	144,774	240,853	194,419	129,262

Imports show very uneven rates of decline; those from Australia fell only 8 per cent.; those from the Irish Free State and New Zealand fell about 17 and 18 per cent. respectively; those from Canada and India by about 22 and 34 per cent. respectively. In the September quarter the decline in Indian and Australian imports was still greater, while imports from the Free State, New Zealand and Canada were not quite so far below the 1930 level. Exports show more severe declines, though the comparative prosperity which has been maintained in the Irish Free State is reflected in the fact that the decline of 13½ per cent. in our exports to her is very much below the average. Exports to Australia, on the other hand, were no less than 58 per cent. below the 1930 level.

The last table shows re-exports of imported merchandise:—

RE-EXPORTS.
JANUARY TO SEPTEMBER
(000's omitted.)

	1913.	1929.	1930.	1931.
Russia	£ 7,231	£ 1,999	£ 1,871	£ 1,355
Sweden	794	841	694	544
Norway	388	354	261	195
Denmark	484	18,634	13,375	10,109
Germany	15,384	3,976	5,312	2,274
Netherlands*	3,976	7,259	5,342	2,632
Belgium*	5,195	13,950	11,583	7,461
France*	8,512	1,289	728	535
Italy*	684	82	69	120
China	134	164	121	120
Japan	231	13,112	9,156	6,299
United States*	23,180	7,495	7,464	6,406
South Africa	1,425	1,174	943	790
India and Ceylon	1,144	1,592	1,104	713
Australia	2,591	607	1,176	482
New Zealand	707	1,741	607	421
Canada	2,699	7,853	1,456	1,194
Other possessions	7,605	8,552	7,863	6,257
Total	82,364	84,437	67,679	48,255

* Including dependencies.

Here the figures are as depressing as ever, and with the somewhat surprising exceptions of Japan and China the decline is universal.

The effects of the world crisis are reflected with appalling clarity, not only in the general downward tendency of these figures—and comparison with 1929 illustrates still more strikingly the all-round contraction—but in the way in which that downward tendency is distributed. Those countries which have recently been suffering to an exceptional extent have all been obliged to curtail their imports, and in consequence our exports to Germany, Austria, Hungary, Australia, Chile and Brazil

have already shown particularly heavy falls, though the effects of this autumn's policy of restriction by means of exchange control have yet to be seen. Of these same countries, those which have a sufficiently extensive repertoire of exports have strained every nerve to increase their sales abroad, and our imports from Germany, Australia, Hungary and Czechoslovakia in consequence have either increased or declined very much less than the average. A policy of exceptionally organised economic nationalism has produced similar results in the foreign trade of Russia and Italy. The effects of the depression in the United States and Sweden are clearly reflected in the heavy declines in our trade with those countries, and it is noteworthy that while our imports from France and her dependencies show a decline of no less than 22 per cent. on last year's level, compared with an average decline of 14½ per cent. for Europe as a whole, the decline of nearly 25 per cent. in our exports to France, though unpleasantly severe, is considerably less than the fall in our exports to most of the other principal countries.

"BUY BRITISH."

No FOREIGNER, and few Britons, have the gift of prophesy—how the British public will react to any given circumstances or any particular appeal. Napoleon and Kaiser Wilhelm II. signally failed; but have British statesmen always succeeded? Let the late Joseph Chamberlain, and Messrs Baldwin and Lloyd George reply. And, therefore, although three weeks ago the nation rose in its millions to answer what it held to be a national appeal, we venture no prophecy as to the response that will be given to the demand that is being made upon it this week and next to "Buy British." Assailed by the ubiquitous poster, attacked by every artifice of advertisement, coaxed by the personal appeal of Royalty, will the British masses stand solid and unmoved, will they rush to impose a voluntary trade barrier against foreign imports, or will the result of all this huge expenditure of money by the Empire Marketing Board and of vocal energy by our politicians evoke just a medium response? Who can tell?

On the face of it the appeal would seem compelling. John Citizen is told that the balance of payments is awry. There are two ways to correct that: we may export more, or we may import less. The ordinary citizen may well argue to himself that though he cannot increase exports, he can at least help to restrict imports by buying British goods in place of the foreign goods he used to purchase. He may go further, and say that it is better that the balance should be corrected by voluntary effort than by State action, if that action is to take the form of a tariff calculated to raise prices and costs of production. He may even agree with a writer in the *Times*, who likens the "Buy British" campaign to the appeal for voluntary enlistment which, during the Great War, preceded the introduction of conscription. He may properly applaud the campaign in so far as it acquaints an unknowing public of the existence of efficient British goods offered at economic prices, or is intended to be an incentive to British manufacturers to make increased efforts. He may welcome the opportunity to "do his bit" to help the country in a crisis.

So far so good. But as soon as we look below the surface economic doubts begin to arise. If a check on certain ranges of foreign imports is necessary, the Cabinet, which alone has access to the full facts, is the only body which can prescribe how and where the check should be applied. It cannot be done scientifically by Mrs Smith and Mrs Robinson on their Saturday afternoon rounds of marketing. It is fantastic to suppose that the man and woman in the street can judge whether, by substituting a British for a foreign article in their shopping baskets, they are helping British employment or, on the other hand, tending rather to displace an export worker than to create work for a producer for the home market. Blind, patriotic instinct is hardly likely to work to the best advantage in relation to a delicate and intricate economic problem. It might even produce ludicrous results. Much has been said of the flood of imports of foreign butter and bacon. Supposing the housewives in their millions suddenly demanded Devonshire butter and Wiltshire bacon. Not a tenth of their requirements could be met. In spite of the fantastic fallacies propounded by the new Lord Mayor of London on Wednesday, it remains a fact that neither the pound nor the balance of payments would be in any way assisted if there were to be a switch-over in consumption from Danish to New Zealand cheese. If the flow of trade must be artificially regulated, it can only be done by conscious and expert action by the competent authorities who know the facts and can decide upon the objective to be aimed at.

We are inclined, therefore, to think that even as a temporary and emergency measure the merits of the "Buy British" campaign are very dubious. If we take a longer view and regard it as an attempt at the permanent inculcation of economic nationalism in an island which depends for its very existence upon overseas trade, it is wholly objectionable. It may lead to friction and retaliation abroad. It will stimulate the absurd delusion which seems to be spreading rapidly around the world that you can cease buying from your neighbour without ceasing to sell to him. It is an insidious and haphazard essay in trade restriction, even less "scientific"—save the mark—than Government prohibition of imports. For ourselves, we regret that for once in a way the Prince of Wales, whose past services to British trade have been great, has been the victim of bad advice in allowing himself to be persuaded to sponsor a campaign whose merits are dubious, whose aims are controversial and whose nature is political rather than economic. "Buy British" is a slogan which should be addressed principally to purchasers in countries abroad. The proper claim—the only economic justification for selling anything to anybody—should be that in buying British goods the purchaser gets the best possible value obtainable for the money. Without attempting here to apportion responsibility, we may say that our troubles of recent years have largely been due to the fact that our goods have been too dear. If we can now remedy this state of affairs, the present campaign will coincide with a revival of prosperity; if not, no amount of diversion from foreign to British buying will save us from economic decline.

Notes of the Week.

The Government and Agriculture.—The conferment of powers upon the Board of Trade to shelter industrialists from a possibly increasing flow of imports has served to redouble pressure upon the Government to give State help to the farmer. So far, the Minister of Agriculture has made no promises, but it is commonly believed that the Government are about to take some step, and current rumour is that that step will be in the direction of establishing a quota system for British wheat. This system, it will be remembered, was, in one form or another, advocated by Dr Addison when he was Minister of Agriculture in the Labour Government, and has since been adopted by Mr Baldwin as an article of Conservative policy. Rumour has it that the wheat grower is to be promised that all flour milled in this country is to contain 15 per cent. of home-grown wheat, and that for

the wheat which he supplies the farmer will be guaranteed a fixed price, which, if it accords with the frequent demands of farmers, will be 50 or 55 shillings per quarter. The price of English wheat is now about 28 shillings per quarter. Who is to pay the difference? The Government, in the form of a subsidy, or the consumer, in the increased price of the loaf? If the former, then a burden of probably more than £6 millions a year will be added to Budget expenditure. To work the quota system a tax on flour imports would probably be necessary as a compensation to the millers, for, unless the country is to see the economic extravagance of Norfolk wheat being railled to Liverpool or Glasgow in order to enable each individual mill to comply with the quota provisions, arrangements must be made for quota certificates to be transferable by purchase, and the cost of such purchase would fall to be borne by mills grinding overseas wheat in competition with mills abroad. If so, the price of the loaf would rise anyhow—a formidable prospect, when, as the Prime Minister stated at the Guildhall, the maintenance of the internal price level is all important. Moreover, if direct or indirect protection for agriculture begins with wheat, it can hardly stop there. The pressure to extend State help to other cereal crops would be irresistible, and since the whole cereal output of Britain represents only one-tenth of the total agricultural production of this country, 90 per cent. of our agricultural interests would soon be up in arms demanding to know why they are left unsheltered while State assistance is offered to the favoured one-tenth. The immediate difficulties inherent in the establishment of the quota system are so formidable, and the vista of consequent economic changes so disquieting, that we sincerely hope the Government will refrain from any sudden decision to place even one foot upon a very slippery slope.

Mr Thomas's Tour.—The Secretary of State for the Dominions is to undertake the rôle of *commis voyageur* of Imperial trade and is to make a tour of the Dominions, preparing the ground for the Imperial Conference, which the Government hopes, will be held next year. Mr J. H. Thomas does not suffer from inferiority complexes, and he appears to be full of confidence as to the fruits of his coming negotiations with the overseas Premiers. Whether or not his optimism is well placed remains to be seen, and in any case it depends largely on what he hopes to achieve. There is undeniably much good work to be done in the development of inter-Imperial trade on natural lines of mutual interest. But if, as we fear, Mr Thomas, sped on his crusade with the plaudits of the parliamentary majority of Protectionists, is going to negotiate on the basis of tariffs and preference, he has a formidable task before him if he hopes to further the advantage of the country. The last Imperial Conference showed that the readiness of the Dominions to see Great Britain impose far-reaching duties on imported foreign foodstuffs and raw materials, and to embark on a perilous experiment of vast diversion of trade from its natural channels, varied in inverse ratio to their willingness to give British manufacturers any real preference against their own. Mr Thomas will have to persuade Mr Scullin to renounce his determination to encourage Australia's "secondary industries" in competition with those of Great Britain and to persuade Mr Bennett to allow British and Canadian manufacturers to compete in the Canadian market on equal terms. For, if he fails in these directions, he will be hard put to it to convince British public opinion that the erection of a tariff barrier between Great Britain and foreign countries, with preferences on imports from the Empire, would be compensated by the maintenance of existing Dominion duties against British goods and the still further increase simply of their tariff walls against imports from the United States and other foreign countries. There is, however, one point on which Mr Thomas might usefully negotiate. If it is the intention of the British Government, in defiance of their mandate from the electorate, to impose a system of high protection on this highly populated island, dependent as it is for very existence on its export trade, then the Secretary

of State would do well to discuss with the Dominions the possibility of their accepting, duty free, wholesale imports "on hoof" of the population of this country no longer able to find a livelihood here.

Mr Snowden's Peerage.—The list of Dissolution Honours issued on Monday has the quality of extreme brevity. Knighthoods are conferred on Mr Gillett, who was Parliamentary Secretary to the Ministry of Transport in the Emergency Administration that preceded the General Election, and on Mr Watson, who was Solicitor-General in the late Labour Government. Sir Robert Newman and Sir Martin Conway receive baronies "for public and political service," to which no exception can be taken. The feature, however, of this highly selective conferment of honours, in welcome contrast to the prodigal shower which was common form not so long ago, is the elevation of Mr Snowden to the rank of Viscount. This is an honour which the late Chancellor's many friends will rightly prefer to regard as a guerdon which rewards long and valiant service in the cause of progress rather than as a symbol of a regrettably embittered breach with the political party which he helped to build, and to whose leadership he greatly contributed. The country will be glad to think that, both as Lord Privy Seal and as a distinguished recruit to the Upper House, Viscount Snowden will be available to contribute to the Government's deliberations—notably in the vital issue of fiscal policy—his great qualities of realism and sanity.

The German Crisis.—Another week has passed in the protracted negotiations between the authorities in Berlin and Paris as to the procedure to be followed in approaching the question of the future of Germany's external liabilities. It seems probable, however, as we go to press, that, before these lines are read, Germany will have invited the B.I.S. to appoint an advisory Committee as contemplated in the Young Plan. Meantime the German press has published a summary of the disposal of the foreign exchange holdings of the Reichsbank during the last nine weeks, from which it appears that the Reichsbank received a total of 1,297 million reichsmarks in foreign exchange between September 1st and November 7th, while withdrawals during the same period amounted to 1,761 millions. The difference of 464 millions was thus met out of its holdings. Less than half the withdrawals, namely, 784 million reichsmarks, were used to pay for imports, a further 35 millions being absorbed by insurance, freight duties, postal cheque transfers, etc. No less than 942 million reichsmarks went in meeting capital obligations; 690 millions for repayment of credits, 187 millions for interest and amortisation of long-term debts, 57 millions for sundry items, and finally 8 millions for the purchase of silver. This shows that without the credit repayments the Reichsbank in these nine weeks would not have shown these losses, but would even have strengthened its foreign exchange reserve. In all, over one milliard reichsmarks of credits have been repaid since the end of July. From the release of the mark balances under the Stillhalte agreement, there arose demands for foreign exchange amounting to over 350 million reichsmarks. In addition there was the effect of withdrawals of seasonal credits and credits against securities not covered by the "standstill" agreement, and also the exemption from the agreement in respect of German concerns' affiliates abroad. The biggest part, however, seems to have been played by the involuntary reduction owing to a variety of causes in the volume of reimbursement (e.g., acceptance) credits. It is observed significantly that there are now some 500 million reichsmarks of unused "credit lines" outstanding.

South-Eastern Europe.—News from Budapest, and more especially Vienna, conveyed this week in our correspondents' dispatches, printed on a latter page, is by no means encouraging. Disclosures with regard to the position of the Credit-Anstalt in relation to the National

Bank of Austria and the guarantee of the Austrian Government emphasises the formidable character of Austria's immediate financial problem. In another direction the situation of both these countries is likely to be aggravated by the decision of the Yugoslav Government to suspend all dealings in Austrian and Hungarian exchange and to prevent all withdrawals from Yugoslavia of Austrian and Hungarian balances which are now immobilised there. This step has apparently been taken by way of retaliation against the rigid measures of exchange control which Austria and Hungary are being forced as debtor countries to take in the hope of preserving the stability of their currencies. Thus one more twist is given to the vicious circle.

Signor Grandi at Washington.—It was a happy coincidence that, last Monday, when Signor Grandi arrived in New York on his official visit to President Hoover, the Secretariat of the League of Nations was able to announce, at Geneva, a favourable response to the disarmament truce proposal, which Signor Grandi himself put forward at the twelfth session of the League Assembly this autumn. It will be remembered that the substance of Signor Grandi's proposal was embodied in a resolution of the Assembly which was circulated to the Governments of all States which are to take part in the forthcoming World Disarmament Conference. The replies have now been received; and the President of the League Council has circulated a letter on the results. In this letter it is announced that all the Governments have declared their willingness to accept the truce; that the reciprocity, which some of the Governments stipulated as a condition of their acceptance, has in fact been achieved; and that the many interpretations and observations included in the replies appear to be in keeping with the spirit and letter of the Assembly's resolution. The President accordingly suggests that, unless objections are filed forthwith, the Armaments truce should be regarded as having been accepted as for one year, running from November 1, 1931, by the Governments which are to participate in the Conference. In terms of war-material and man-power it would no doubt be difficult to measure the effect which this general acceptance of the disarmament truce for twelve months is likely to have. It can, however, be said with confidence that its psychological effect will be considerable. Indeed, its influence upon the atmosphere of the Conference may well prove to be one of those imponderable factors that turn the balance between success and failure. Thus Signor Grandi has landed in America on a day on which an important result of his statesmanship has come to maturity. It is believed that his original *démarche* at Geneva in September was made with Mr Stimson's knowledge and approval; and the two statesmen will now be able to take heart from this success in addressing themselves, in consultation, to the harder tasks that lie before them in common with the other statesmen of the world. We may recall that, following Signor Mussolini's speech of June, 1928, the constructive and conciliatory international policy which was enunciated by the Duce on that occasion has been pursued steadily by the Italian Government ever since. This is indeed one of the few bright gleams in a clouded international sky.

The League and Iraq.—Last week, the Permanent Mandates Commission completed and adopted its report on the fitness of Iraq to pass from the status of a mandated territory (which it occupies in the eyes of the League) to the status of sovereign independence—a change which a mandated territory has to achieve by the process of admission to membership in the League. The Commission, of course, in spite of the high prestige and authority which it enjoys, thanks to the individual distinction of its members and the wisdom of their joint work in the past, is juridically no more than an advisory body to the Council; and on one celebrated occasion it was rapped over the knuckles for alleged excess of zeal by the representatives of certain Mandatory Powers on whose conduct the Commission had been required to make animadversions in the course of its duties. Since then, the

Permanent Mandates Commission has always proceeded with extreme caution; and in the present instance it appears to have gone no further than to report that the several well-known difficulties in the way of the complete emancipation of 'Iraq have not, on examination, appeared to warrant the Commission in advising against the granting of 'Iraq's claim. In other words, the responsibility for the ultimate decision remains with the Council and with the Mandatory Power, between them. Nevertheless, it will, no doubt, be a primary consideration in the Council's mind, when the decision comes to be made, that the Permanent Mandates Commission has found no insurmountable obstacle either in the problem of minorities in 'Iraq or in the question of economic equality for all States members of the League, or in the provisions for the temporary retention of British troops in 'Iraq and the permanent maintenance of a British air route across the country—provisions which are contained in the Anglo-'Iraqi treaty of alliance. A number of states which were not original members of the League have already signed treaties, or given undertakings to the Council, for the protection of their local minorities as a condition of their admission to membership; and these precedents will, no doubt, be applied in 'Iraq's case. Another condition on which the League has always insisted is that states admitted to membership should have clearly defined and recognised frontiers. In the case of 'Iraq, the last step necessary for fulfilling this condition has been put in train by a joint request from the British and French Governments that the Council will place on the agenda of its meeting this week, as a matter of urgency, the question of the delimitation of the frontier between 'Iraq and Syria—a question which is one of the minor unsettled points left outstanding from the Peace Conference. Altogether, the prospects for 'Iraq, when her claim for admission actually comes before the Council next year, seem much more favourable to-day than they seemed a few months ago.

The Iron Hand in Cyprus.—At the end of last week it was announced that the legal formalities had been taken for abolishing the Legislative Council in Cyprus and for vesting the power to make laws in the Governor-in-Council. This action was foreshadowed in the Colonial Office despatch on which we commented a fortnight ago. It is a piece of punitive action without any redeeming element of constructiveness in it. It opens up the prospect of Cyprus being governed for an indefinite time to come on the old Hapsburg method of administrative decree enforced by bayonets; and the history of the Hapsburg Monarchy and of all other empires that have come to grief tells us what is the penalty of such confessions of political bankruptcy. Within the last year or two, the adjoining British Colony of Malta and the Mandated Territory of Palestine have already lapsed into this wholly unsatisfactory state of affairs. Cyprus is now added to the list. The problems of Malta and Palestine are both fraught with difficulties for which the Colonial Office is not to blame. The problem of Cyprus is relatively simple; for here the task of the Colonial Office has not been complicated by anything corresponding to either the Balfour Declaration in Palestine or the quarrel between Lord Strickland and the Roman ecclesiastical authorities in Malta. Why, then, is the Cyprus Legislative Council now being abolished—apparently *ad infinitum*—without the substitution of any other parliamentary organ in its place? The Colonial Office despatch, in its nursery-governess language, intimates that this is the appropriate punishment for a naughty child. It is perhaps more pertinent to recall that last April, for the first time during the half-century of the Cyprus Legislative Council's existence, a Government Bill was thrown out by a non-official majority. The history of the composition of the Cyprus Legislative Council is interesting. As originally constituted in 1882, it had six official members, three elected Turkish members, and nine elected Greeks. In 1925 the number of the official members was raised to nine and that of the Greeks to twelve, the Turks being left with three representatives as before. This change gave the Greeks, as compared with the Turks,

a representation in proportion to the relative strengths of the Greek and Turkish population in the island; but in essence it left the balance of power on the Council unchanged. For with the Governor's casting vote in reserve, nine official votes and three Turkish votes add up to one more than twelve Greek votes. In plain terms, the composition of the Cyprus Legislative Council has always been so arranged that, with the aid of the Governor's casting vote, the officials and the Turks could always put the Greeks in a minority of one. It was assumed that the representatives of the Turkish minority would always "vote English"; and so they did from 1882 to 1931. Last April, however, a portent occurred. One Turkish member failed to do what was expected of him. He voted with his Greek colleagues on the merits of a financial question in which the "communal" issue was not involved. And so, for the first time in Cyprus, a Government Bill, to which the Government attached importance, was rejected. After having existed for fifty years, the Cyprus Legislative Council had shown a sign of life. And how does the Colonial Office respond? Does it welcome this tardy fruit of British political education? On the contrary, it abolishes the adolescent Legislative Council six months later.

The Pound Sterling.—The country has been treated in the past ten days to several authoritative views on monetary policy, including both those of Mr Baldwin, as the spokesman of the Government, and those of two eminent bankers, Sir Arthur Maxwell and Mr Beaumont Pease. Sir Arthur Maxwell, in his presidential address to the Institute of Bankers, admitted that the time was not yet ripe to make a final decision on the restoration of the gold standard, and made it clear that in his opinion a period of *de facto* stabilisation must intervene. During this period, whose length he was careful not to specify, not only must Government finance be rehabilitated and our costs brought into line with those of our competitors, but such international questions as war debts, reparations, and obstacles to the free play of trade must be dealt with. Evidently Sir Arthur can see no firm ground for the permanent stabilisation or revaluation of sterling so long as our own and the world's affairs are so sadly out of joint. Mr Beaumont Pease, in a speech to the Newark Chamber of Commerce two days later took much the same view—that undue haste was inadvisable. He was in no doubt that the suspension of the gold standard afflicted British industry with many grave problems and uncertainties, and he also deplored our inability to maintain the pound at its gold level. Yet he, too, felt that it was not possible to determine in the near future the real economic value at which the pound should be stabilised. Reading between the lines of both speeches it is clear that both these distinguished bankers recognise that in no circumstances must the pound be stabilised at so early a date or at so high a level as to run the risk of a second slip. Mr Baldwin, in his speech in the House on November 13th, was equally at pains to hint at the need for adequate delay; for his reference to the prior need for several balanced Budgets and his insistence upon England's interest in the outcome of the Franco-German reparations negotiations can only be interpreted by assuming that the Government realise that the successful stabilisation of sterling is contingent upon a favourable outcome to developments at home and abroad. In short, the world now understands that while we mean to put our house in order we are not going to be so hurried in our task as to run the risk of not making a sound and lasting job of it.

Lancashire and "Anti-Dumping" Powers.—Our Manchester correspondent writes:—At the General Election the National Government received very full support from people engaged in the Lancashire cotton industry and strong Free Traders took the risk of the Government deciding to bring about a change in the fiscal policy of the country. This week there has been some uneasiness in certain quarters in view of the proposals relating to the prevention of dumping put forward by the President

of the Board of Trade. During the last year or two there has been a good deal of talk in Lancashire about the increasing imports of cotton fabrics, but the imports remain comparatively small in relation to our export trade. It is significant, however, that Mr. Runciman, in his speech in the House of Commons, referred to coloured cottons along with other manufactured goods as likely to be affected by the Orders-in-Council. It may be pointed out that so far this year the imports of coloured cotton goods have been over 12,000,000 square yards, against rather more than 5,000,000 square yards in the same period of 1930. It is believed, however, that a substantial part of the coloured goods which come into this country are cloths which have been woven in Lancashire, but sent to the Continent to be dyed. In view of the big export trade in cotton goods, despite the depression of the last few years, Lancashire spinners and manufacturers are somewhat concerned as to whether the policy of the Government will not ultimately result in a rise in the cost of living and if such a development takes place Lancashire producers will be in a worse position in competing in the markets of the world.

Cotton Trade Hours and Wages.—Joint conferences continue to take place between representatives of the Master Cotton Spinners' Federation, the Cardroom Operatives' Amalgamation and the Operative Spinners' Amalgamation with regard to production costs in the cotton industry. Very little official information, writes our Manchester correspondent, has so far been available as to the progress made at these discussions. It is understood that the conferences are covering a wide range of subjects, but it is feared that difficulty will be experienced in coming to any agreement as to action being taken. On the part of the employers it is held that no vital effect upon production costs can be secured without some modification of the existing agreement relating to hours and wages. On the other hand, the leaders of the workpeople hold the view that economies can be brought about by some reorganisation of the industry as a whole, chiefly in the way of eliminating the profits of middlemen and the promotion of larger units. According to unofficial reports, it has been stated, on behalf of the employers, that the operatives should be willing to work longer hours for the same wages as at present, but of course a proposal of this kind has received strong opposition from the trade union officials. In trade circles the opinion prevails that these conferences will not achieve much success, and if the negotiations break down it remains to be seen whether the Master Spinners' Federation will be prepared to make a definite claim for longer hours or lower wages. The industrial position, of course, has been considerably affected by the trade improvement since the suspension of the gold standard, and it is not likely that the employers would be so united on labour demands as would have been the case a couple of months ago.

The Reaction in Silver.—The sharp fall in the price of silver early this week came as no surprise to the market, for a rise since early September from 26 cents to 37½ cents per ounce in the New York price, equivalent to 45 per cent., was obviously excessive. There are certain definite causes, however, for this rise, which has brought the price of silver back to more reasonable levels. Among them are the strained situation in Manchuria and the adherence of India to sterling. The former factor has had the usual effect of increasing the Chinese demand for silver, though on this occasion what has happened has been not so much the fresh Chinese buying as a check to former selling. The adherence of India to sterling has meant that a gold premium exists in India as in London, and consequently there has been a certain disposition to sell gold hoards in exchange for silver. A third factor may be the increase in the price of Chinese export commodities. Apart from these definite changes in the demand for silver, the only other explanation lies in speculative operations in the New York metal exchange, and it is not surprising that this is already proving far too insecure a foundation for so marked a price

COMPLETE EDUCATION

THE PRIVILEGE of the child
THE PROBLEM of the parent
THE POLICY of the
LEGAL & GENERAL

The booklet "EDUCATION" will be sent on request to parents confronted with the problem of Educational Provision.

LEGAL & GENERAL ASSURANCE SOCIETY LIMITED
10 Fleet Street, London, E.C.4

increase. There is as yet no sign of even the moderate recommendations of the International Chamber of Commerce's Committee being followed, and, as the report of that body pointed out, any more drastic proposals in the direction of bimetalism or the remonetisation of silver are to-day not practical politics. It must be remembered that silver is mined mainly as a by-product, and so its output bears little relation to its current price. All this means that, if anything, the recent recovery in silver prices has gone too far, and this week's recession is proof of this fact.

The Reduced Unemployment Register.—While the gradual decline in the numbers of the registered unemployed during the past six weeks has been a welcome event at a time of year when there is a seasonal tendency for the figures to increase, the latest return must evidently be read in the light of the recent "comb-out" among claimants to unemployed benefit:—

Date.	Persons normally in regular employment.		Persons normally in casual employment.	Total.
	Wholly unemployed.	Temporarily stopped.		
Oct. 26, 1931 :—				
Men.....	1,582,194	349,407	113,252	2,044,853
Boys.....	60,271	10,146	217	70,634
Women.....	438,612	116,423	2,115	557,150
Girls.....	46,866	6,577	12	53,455
Total.....	2,127,943	482,553	115,596	2,726,092
Nov. 2, 1931 :—				
Men.....	1,597,858	339,704	111,772	2,049,334
Boys.....	60,352	9,975	182	70,509
Women.....	425,220	111,556	1,956	538,732
Girls.....	46,269	6,086	14	52,369
Total.....	2,129,699	467,321	113,924	2,710,944
Nov. 9, 1931 :—				
Men.....	1,610,610	341,352	107,557	2,059,519
Boys.....	59,542	9,904	182	69,628
Women.....	398,368	103,791	1,990	504,149
Girls.....	44,830	5,782	16	50,628
Total.....	2,113,350	460,829	109,745	2,683,924

Though the total unemployment figure shows a decline of 27,000 on the previous week, and the number wholly unemployed a decline of over 16,000, the number of men under both these headings increased. While unemployment among boys and girls showed some decline, the fall in the total figure is accounted for as to over 34,000, and that in the figure of wholly unemployed as to nearly 27,000, by women. Most of these were presumably married women whose claims to unemployment benefit have just been disallowed, so that their removal from the register is indicative, not of trade improvement, but of an administrative reform.

Employment and Cost of Living During October.

October witnessed some improvement in the general employment situation, for, according to the *Ministry of Labour Gazette*, the percentage unemployed among insured workers in Great Britain and Northern Ireland had fallen to 21.9 on October 26th, as compared with 22.6 per cent. on September 21st and 18.5 per cent. on

October 27, 1930. It is estimated that on October 26th there were approximately 9,436,000 insured persons in employment in Great Britain—an increase of 110,000 as compared with a month ago, but 145,000 less than a year ago. There was, however, no improvement in the number of persons wholly unemployed, which rose from 2,044,482 at the end of September to 2,127,943 on October 26th, and compares with 1,551,095 last year. Those temporarily unemployed, however, decreased during the month by 172,202 to 482,553, which was 99,061 less than a year ago. Unemployment among those usually in casual employment amounted to 115,596 on October 26th, showing increases of 3,218 and 10,804 respectively as compared with last month and October, 1930. With regard to the cost of living, there was a slight seasonal rise last month, the index number of the Ministry of Labour at October 31st registering 46 per cent. above the level of July, 1914, as compared with 45 per cent. at the end of September and 57 per cent. a year ago. For food alone the corresponding figures were 30, 28 and 44 per cent. respectively.

The Scandinavian Exchanges.—Although, for a few days in late September, sterling stood at the same discount against the Scandinavian currencies as it did against those of other countries, Sweden, Norway and Denmark were prompt to follow England in the suspension of the gold standard; and since that date their currencies have been gradually creeping up to parity with sterling. This point has now been reached, for, on Wednesday, rates on all three centres were quoted at Kr. 18½, against parity of Kr. 18.159. Simultaneously it has been found necessary in Copenhagen to impose restrictions upon dealings in foreign exchange. The Danish Government has just passed a Bill empowering, *inter alia*, the Minister of Finance to require exporters to repatriate the proceeds of their sales, and regulating the transfer abroad of Danish cheques, currency and securities. Certificates for foreign shares can now only be issued with the consent of the National Bank, unless they are bought for resale to foreign countries, in which case the amount of the sale will be lodged in a special account at the National Bank to be drawn upon with the Bank's consent. The National Bank has simultaneously been authorised to suspend its obligation to buy gold or to redeem its notes in gold until the end of February. In Sweden, the steady fall in the kronor, culminating in its return to parity with sterling, has given rise to serious misgivings, and developments are being closely watched in official circles. It is argued by the Government Press, however, that no exceptional measures which would necessitate the summoning of the Riksdag are intended.

Royal Bank of Scotland.—As the following summary of the last balance sheet shows, the accounts of this bank for the latest year are the first to give full effect to the absorption in 1930 of Williams Deacon's Bank by means of an exchange of shares. This operation also explains the increase in the Royal Banks' net profits from £505,000 in 1928-9 to £611,000 in 1930-31.

	1929.	October 12,	1931.
	£ thou.	£ thou.	£ thou.
Capital	2,500	3,362	3,780
Reserve	2,910	3,581	3,781
Deposits	46,235	50,387	49,416
Notes	2,758	2,773	2,781
Acceptances	1,178	781	933
Cash	5,173	5,454	5,125
Call money	6,770	7,002	6,848
Investments:—			
(a) General	12,282	16,180	16,411
(b) Williams Deacon's	...	2,084	3,094
Discounts	6,214	6,346	5,034
Advances	23,834	23,663	22,816
Net profits	505	534	611
Dividend	17%	17%	17%

In view of the many difficulties with which banks in common with others are having to contend, little surprise need be felt at the fact that the expansion in profits is hardly commensurate with the growth in capital. Shareholders have the satisfaction of knowing not only that their

dividend is maintained, but also that the directors, by virtue of their decision, are fully satisfied as to the ability of the bank to withstand the present stress of circumstances, though, as the report shows, this year's surplus is being used to strengthen inner reserves. The balance sheet reveals comparatively few changes of any significance. There is a welcome improvement in acceptances, but to meet other changes in the bank's assets and liabilities, a heavy reduction has been made in the bank's bill portfolio. There has been a slight shrinkage in deposits during the past twelve months, but, even so, they are appreciably higher than they were two years ago.

French Wines and Tariffs.—The present French policy in tariff matters is well exemplified by the manner in which the problem of wine imports is being handled just now, writes our Paris correspondent. Some three months ago the Government provided itself with a fresh weapon, for use in the then pending negotiations with Italy and Spain, in regard to modifications of the existing commercial agreements with those countries, by suddenly applying the quota system to wine imports of every description. As all the importing countries had already exceeded their quotas for the current year, the promulgation of the decree was equivalent to a total and immediate prohibition of further entries of wine until the end of 1931. The direct effect, in view of the intolerable confusion into which wine exporters in other countries were thrown, was a considerable speeding up in the negotiations for the new commercial treaties. On November 10th a decree was published bringing into effect appreciable modifications of the Franco-Spanish convention of 1922, which gave important advantages to both countries concerned. Spain received the right to send into France a fixed annual quota of 1,800,000 hectolitres of wine, which will henceforward enter under the minimum tariff of 84 francs per hectolitre, as well as other important concessions. In return France has received correspondingly valuable concessions in regard to many of her peculiarly national industrial products, Spanish import duties on which have been brought down to minimum tariff rates, while in other cases (motor cars, bicycles, artificial silks, photographic appliances, sparkling wines, etc.), the Spanish duties have been appreciably reduced, and in other instances (including pharmaceutical products) exactly reciprocal rates by each country have been fixed. Under a new agreement signed between France and Italy this week end, wines equivalent to the existing Italian quota will enter France under the old 55 francs minimum tariff rate, while larger quantities, up to a new maximum quota will pay a duty of 84 francs. The new quota will come into force immediately. For the moment details of the advantages obtained by France under the new agreement are unknown, but it is understood these are important. Another victim of French suspension of foreign wine entries is Hungary, whose Government is directly suffering from the loss of this outlet for tokay, which is, for all practical purposes, a Hungarian Government monopoly. In this case tokay will doubtless constitute an important pawn in the political as well as in the commercial negotiations between the two countries.

Overseas Correspondence.

UNITED STATES.

Price Rise — Politics — Public Finance — Debt Revision
Railroad Rates — Industry — Money

(FROM OUR CORRESPONDENT.)

NEW YORK, November 7.

A MORE cheerful feeling is spreading throughout the country, based on the considerable rise in farm commodity prices in the past few weeks rather than on any change in the fundamental position. Wheat prices are nearly double their early autumn minimum, and while so far the recovery means nothing more than paper improvement to most wheat growers the markets are

beginning to anticipate the favourable effects. In the hope of securing higher prices the farmers stored nearly half the current wheat crop, and the pressure on them by their creditors to move it into cash, thaw out bank credit and pay bills will be heavy. An influx of cash into the farm country would work wonders, but it remains to be seen how genuine the recovery proves to be.

Well-known wheat speculators are active in the market, and there is some scepticism as to whether they have merely shown good judgment or have been mainly responsible for the rise. Perhaps too much publicity and unconcealed rejoicing among Administration officials have accompanied the better market. Other farm products also have risen, and, in consequence, Dun's index of wholesale prices for October shows a gain of 2.9 per cent. This is the first rise of consequence since September, 1929. The attitude toward cotton, however, is less optimistic. The Farm Board is exerting itself to promote a holding movement in the South, with bank aid, and one view is that this will merely postpone the day of reckoning.

Election results, while confirming the drift away from the party in power, are of no great significance. The Democrats have made some gains in Congress, but the balance of power remains in the hands of the small group of independent Republicans from the central agricultural States. It is still true that strictly party measures will find the going hard when Congress meets in December, and even Democratic success in organising the House of Representatives would probably not add greatly to the embarrassment of the Government. The chief concern of the Government will be to balance its Budget, and disputes over a taxation and expenditure programme, which are bound to involve the European debt and reparations problem, are unlikely to follow party lines very closely.

In the first four months of the fiscal year the Treasury deficit rose to \$661,120,000, and these large figures settle all doubts as to the Government's ability to make both ends meet without increased taxation, even if it were so inclined, as it appeared to be a few months ago. It cannot be predicted, of course, just what form the taxation will take, but it is likely to be spread over fields now exempt as well as to involve an increase of existing rates.

Repercussions of the Hoover-Laval conference are still felt, and opinion favouring a downward revision in debts has gained ground. In Wall Street the prevailing view, which finds an echo through the interior, was succinctly set forth this week by Mr Thomas W. Lamont, of J. P. Morgan and Company, in an article in a current periodical. Reviewing the recent book on reparations written by Dr. Hjalmar Schacht, Mr Lamont envisaged four main points requisite for a return to prosperity. These points were: (1) a rapprochement between France and Germany; (2) reduction in reparations; (3) reduction in inter-Allied debts; and (4) reduction in tariffs. Doubtless the first three will be easier of accomplishment than the fourth, but even that is not hopeless, and this country's high tariff now lacks the strong support of full employment and high wages.

The matter of acceptance by the railroads of the freight rate increases, made conditional upon formation of a pool of the added revenues, is still in abeyance. Meanwhile discussions among the railroads and the trainmen's unions on wage reductions are progressing. Some roads are acting independently with the employees on their own lines, and the labour union leaders have invited the railroad executives to a general conference, hoping to gain shorter working hours and a spreading of the available work among more men in return for lower wage scales. The roads wish, above all, to reduce the total wage bill, but the two points of view are not irreconcilable, especially with the growing recognition by labour that wages and commodity prices are connected and that a cut is inevitable.

There are slight stirrings in trade. The steel industry has moved up about 80 per cent. of capacity operations, though pig-iron output in October fell, on a daily basis

average, lower than in September, and was the lowest since September, 1921. Railroad traffic is improving slowly. Thanks to the harmony now achieved among the South-Western States enforcing proration of oil, mid-continent prices have risen 15 cents a barrel, and that section of the country is feeling better. As yet there has not been enough meeting of minds to warrant the holding of a general conference among the American, British and Belgian copper interests. The proposal made by some interests to establish a common selling arrangement in lieu of adequate reduction in output is unlikely to be carried out, although some modification may be made in the practices of Copper Exporters, Inc.

Company earnings for the third quarter were further reduced from the low level of the second quarter. A compilation by the National City Bank of industrial and mercantile company profits shows a reduction from the second quarter of 35 per cent., and a drop of 49 per cent. from the same quarter of last year. In the nine months the decline was 47 per cent. Non-ferrous mining companies fared the worst, with steel and iron makers next. Machinery, motors, railway and electrical equipment were close behind. On the basis of net worth, industrial companies earned in the nine months at the rate of a little less than 5 per cent. on capital and surplus, compared with 9.5 per cent. a year ago. Railroad net operating income for the first nine months was at the annual rate of return on property investment of 2.08 per cent., against 3.44 per cent. last year. In September the rate of return was only 1.76 per cent. Gross earnings of electric light and power were only 1 per cent. lower in the first eight months.

In its current review the New York Reserve Bank points out that in October the country sustained a net loss of \$439 millions in gold, a record for any country, and that since the movement began in September the outflow is equal to the inflow since the beginning of 1930. It points out that the Reserve system still has reserves in excess of the amount which it is legally required to hold of more than \$1,000 millions, and that, "in addition, there is about \$1,000 millions of gold certificates in circulation in this country, a considerable part of which could if desired be replaced with other forms of currency." There was a further gain in Federal Reserve credit in use last week, and a decline in member bank loans and investments. However, the critical point in bank failures is past, and confidence in the position among the timid and the ignorant is much greater. Nothing more than a much needed weeding out process is now going on, with sporadic failures of small institutions.

FRANCE.

Budget — Supplementary Estimates — Wine Harvest — Other Crop Forecasts.

(FROM OUR CORRESPONDENT.)

PARIS, November 18.

As promised, the Finance and Budget Ministers presented the members of the Chamber on Thursday, when Parliament re-assembled, with the text of the Finance Bill for the nine months' national financial "year" which the coming Budget will cover. The total estimates are presented as follows:

	Francs.
Revenue	41,037,290,741
Expenditure	40,935,018,566
Surplus	102,272,175

The preamble of the Bill sets forth that the Budget for 1930-31, according to present estimates, will, in all probability, show a deficit of at least 2,500,000,000 francs, "due to supplementary credits voted in the course of the year which so far total, in round figures, 3,300,000,000 francs." The current Budget, for the year ending March 31st next, is expected to show a yield from direct taxation of 300,000,000 francs less than was expected, while the revenue from indirect taxes and State monopolies, down to the end of September, was 312,000,000 francs more than Budget estimates, owing to an increase of 900,000,000 francs in the yield from

Customs, consequent on the raising of certain duties. "Unfortunately, supplementary credits have already absorbed nearly the whole of the surplus registered. Additional credits already voted by Parliament total 130,000,000 francs. During the recess supplementary credits totalling 141,000,000 francs were opened by Conseil d'Etat decrees, while the Chamber has had laid before it proposals for a further 83,000,000 francs of new expenditure." In the circumstances the Budget Minister, while congratulating the Chamber that the general situation may be regarded as satisfactory, in view of the economic crisis, insists that a "vigilant and tenacious" effort will be required to maintain a balanced Budget.

The Budget Minister, M. Pietri, in his introduction to the Bill, sets forth that the more important items of this supplementary expenditure comprised 630,000,000 francs for national defences, about 400,000,000 francs for victims of floods and other public calamities, about 700,000,000 francs representing readjustment of credits for various categories of war victims (including 360,000,000 francs of extra allowances to former soldiers), 290,000,000 francs representing taxation relief, 150,000,000 francs for non-reimbursable advances to departments and communes for assistance to the needy, 210,000,000 francs for electrification and other works in the rural districts, 80,000,000 francs for roads, and 190,000,000 francs due to slowing down of Rente extinction by the Caisse d'Amortissement (due to funds at the disposal of the Caisse having been drawn on to assist in balancing the Budget).

Analysis of the proposed expenditure for 1932 shows that much of the supplementary expenditure voted latterly and involving future years will tend materially to increase the burden on the coming and future Budgets also. The following list, showing increases of expenditure to be provided for under the 1932 Budget, indicates that some of these items are substantial:—

	Million Francs.
National insurance funds	300
Former soldiers' mutual aid organisations	75
Pensions for maritime conscripts	38
Public health department	28
Former soldiers' pensions	400
Consumptive and permanent invalids	83
Free medical assistance	13
Main roads (routes nationales)	200
Services of advances and loans for rural roads, water supply, &c.	55
Naval programme	150
Subsidies for merchant shipping	164
Interest, &c., service for loans to meet deficit on railways common fund	60
Twelve months' military service law	180
Grants for encouraging various crops	103
Increased pay for the teaching body	40

Some of these increases for the current year are admittedly due to hasty legislation in connection with which the ultimate expenditure was under-estimated. The Minister declares that, for the coming year's Budget, the establishment of a balance will solely depend on the wisdom of Parliament, as the Government is determined to reject all demands for fresh expenditure which is not strictly obligatory; which may be interpreted as meaning that, pending elections notwithstanding, purely demagogic expenditure will be ruthlessly opposed.

Ostensibly for the purpose of checking "dumping" from countries whose currency has depreciated, the Government last Sunday promulgated a decree applying forthwith a surtax of 15 per cent. on goods entering the country from Great Britain, Australia, Denmark and Sweden, 10 per cent. on products from the Argentine and Uruguay, 8 per cent. in respect of similar goods from Norway, and 7 per cent. on those from British India and the Native States. The preliminary list of products to be exempt from surtax comprises wheat in the grain, bait for mackerel and cod, oleaginous nuts, etc., and tea. Other lists are to follow.

Estimates of this year's wine harvest, issued on the authority of M. Douarche, director of the International Wine Office, suggest that the 1931 vintage has been of

substantially larger volume than has hitherto been expected. Basing his estimates on the figures returned for the Hérault, the Aude, the Gard, and the Pyrénées Orientales departments, whose yield normally represents one-half of the total for the whole country, M. Douarche estimates that the total production will amount to 55,000,000 hectolitres, as compared with 42,000,000 hectolitres in 1930, 63,000,000 in 1929 and 58,000,000 in 1928. The figures for the current year correspond to those for an "average good crop," which experience shows has a much greater economic value than a reduced crop, such as that of 1930 (which nevertheless helped towards reducing existing stocks), or than a "bumper" harvest, like that of 1929, which brought disappointment to the whole of this great French industry.

Provisional figures, representing the results of the 1931 cereal crops, which are issued by the Ministry for Agriculture, are as follows:—

	1930. Quintals.	1931. Quintals.
Wheat	62,900,000	72,382,550
Mixed wheat and rye	866,710	865,540
Rye	7,431,170	7,877,740
Barley	9,870,630	11,932,580
Oats	43,944,030	49,963,840

The average weight this year is returned as 75.30 kilos. per hectolitre, as compared with 72 kilos. in 1920.

GERMANY.

Reparations Question — Public Opinion — Interest Rates — Unemployment — Trade Balance — Commercial Treaties — Exchange Regulation — Reichsbank Reserves.

(FROM OUR CORRESPONDENT.)

BERLIN, November 17.

THE cardinal political and economic question of the moment in Germany is the outcome of the Franco-German conversations. These conversations alone, it is true, cannot settle the inextricably interwoven problems of reparations and short-term credits, in spite of the free hand given France by the United States, but they are the first, and by far the most important step towards the solution of these problems. Public opinion in Germany is wholeheartedly in accord with the Prime Minister's Guildhall speech, in which he called for a final settlement of the international debt problem, but such a settlement naturally presupposes the possibility of reducing political debts to a level which will be permanently tolerable. The figures which it is now considered possible permanently to maintain are very much lower than even the debtors thought at the time of the Young negotiations.

Mr MacDonald was perfectly right in stressing the fact that mere provisional settlements cannot create the confidence which is necessary for world recovery. The urgent need for a solution of the reparations question has recently been further emphasised by the fact that the Americans are patently not prepared to agree, in present conditions, to a long-term moratorium on German short-term private credits. Any schemes, however, which may be devised for realising the credits which are practically frozen in Germany, and thereby creating a more favourable situation, depend on the creation of confidence, and on the rest of the world's being informed as to what the future figures of international indebtedness are to be. On the other hand, however, it is quite impossible for Germany to accept a settlement whose burden exceeds her capacity. There is no longer any room for the tactical considerations which in the past overrode practical objections to the reparations settlements, and the internal condition of Germany would completely preclude any acceptance of a "final" programme which could not be completely fulfilled. The Landtag elections in Hessen have just shown a doubling of the National Socialist vote since the Reichstag elections of 1930, and heavy losses of the Social Democrats to the Communists. If the Brüning Government is to maintain itself against this flood it will not have to allow itself to be forced by

diplomatic considerations into a policy which the people cannot understand. It is already a great popular grievance that the outward forms of the Young Plan are to be adhered to in revising the terms of reparations, as this seems to accentuate the inviolability of the Young Agreement which is so strongly opposed in Germany. In the negotiations now going forward in Paris, care will have to be taken that the forms of the Young Plan do not prevent a practical and tolerable settlement. That safeguarded, there will have to be a difficult campaign for the education of the German people as to what is and what is not possible in foreign politics.

The argument over the priority of political or private debt settlements is really only a preliminary skirmish, for it is clear that without an extension of the moratorium on private debts, Germany will not be able to pay reparations within any measurable distance of time, and that without a reparations settlement she can be given no new moratorium.

All economic circles were seriously disturbed last week by rumours of a proposed reduction in the rate of interest, and urgent protests came even from abroad, and especially from America, as to the injury such a measure would inflict upon German credit. The Government at first denied this rumour in somewhat ambiguous terms, and when this failed to produce the desired impression the Chancellor announced, in a notable speech at Mainz, "The Government has long been considering the possibility of reducing the rate of interest, but has never contemplated a compulsory reduction." That the Government must have been preoccupied by the question how interest rates in Germany might be reduced is self-evident, for the level of these rates in Germany is imposing an excessive burden on German economy. The Government, in its deliberations, must have reached the only correct conclusion, that a reduction of the level of interest can only be brought about by the accumulation of capital and by the establishment of confidence, which would make possible a reduction of the premium on risk-bearing. It is, indeed, possible that in the Economic Advisory Council, which still seems to be disappointing even the slight hopes which were pinned to it, the desire for a compulsory attack on domestic credit contracts is not yet dead, but it is highly improbable that any such attack will ever materialise. Even the latest idea, of levying a special tax on incomes from loan interest and using the proceeds to grant advances of interest to mortgagors in difficulties, can have no prospect of being carried out. The proposal would not be unreasonable if the tax could be kept very low, but the dangers of abusing such a tax are so evident that they must deter the Government from entertaining the idea.

The number of unemployed is only increasing very slowly. The increase of about 138,000 in the second half of October is scarcely greater than at the same time last year. From the end of June, when unemployment was at its lowest for 1931, to the end of October the number increased by 648,000; last year the increase from the lowest point to the end of October was 617,000. There is, of course, the big difference that 1.3 million more people are unemployed this year than last (4,622,000, against 3,252,000), but the increase as compared with last year is no longer growing. Of the total of 4,622,000, 1,185,000 are on unemployment benefit and 1,350,000 on emergency benefit. The rest are receiving poor relief or nothing at all.

In October a surplus of exports amounting to nearly 400 millions was achieved. Both imports and exports were higher than in the preceding month—a seasonal increase. It is still astonishing how little of the export surplus is reflected in the official German balance of *devisen*.

The trade treaties between Germany on the one hand and Roumania and Hungary on the other, which were to establish preferential rates for the import of grain from the two Danubian countries into Germany, in consonance with the Geneva resolutions, cannot be put into effect because some of the most-favoured-nations, namely Czechoslovakia, Argentina and Turkey, have refused their consent. The United States, Russia and Denmark have reserved their decision. Those sections of the German-Hungarian treaty which do not concern the preference will

come into effect shortly, and further negotiations are also to take place between Germany, Hungary and Roumania.

A new foreign exchange regulation, issued a few days ago, introduces further restrictions with exchange dealing and will seriously hamper the use by foreigners of their German holdings. It is, however, in the ultimate interest of the whole body of Germany's foreign creditors, as the foreign banks of issue have recognised. The new decree contains provisions regarding traffic in securities. Earlier decrees had already forbidden persons domiciled in Germany to buy foreign securities without permission from the "foreign exchange offices." This prohibition is now extended to foreign shares which are quoted on German bourses, and to German loans quoted on foreign bourses. Especially timid German capitalists have during recent weeks been buying large quantities of Svenska, Kreuger-Toll, and other foreign shares, as well as the dollar bonds of German industrial companies, and thereby reducing the gold of foreign exchange reserves of the Reichsbank. The purchase of German dollar bonds by German capitalists means the redemption of Germany's long-term foreign debt, which at the moment, when short-term debt cannot be repaid, is undesirable. The same applies to the second, even more important provision of the new decree: foreign holders of German securities can still sell their German holdings, but the proceeds of these sales may not be transferred abroad without permission. Foreign holders of German securities must be classed with Germany's long-term creditors, whose claims are not to be given a preference. This new decree has, of course, given rise to bitter feeling among many small and large capitalists abroad, though liquidation of holdings which the foreigner no longer considers desirable is in no way prevented. The foreigner can change the composition of his German investment portfolio, he can hold bank balances instead of securities, but he cannot demand foreign exchange for the purpose of transferring his property abroad.

The most important direct cause of this and the numerous preceding strengthenings of the regulation of foreign exchange is the unfavourable development of the position of the Reichsbank. Owing to the numerous flaws in the Basle standstill agreement the continued outflow of foreign exchange from Germany persists: by the middle of November the gold and exchange reserve of the Reichsbank fell to something under Rm. 1,200 millions, of which Rm. 630 millions were foreign credits lent to the Reichsbank for a few months.

AUSTRIA.

State and Credit-Anstalt — Personnel Reductions — International Clearing — Motor Spirit Monopoly — Foreign Exchange.

(FROM OUR CORRESPONDENT.)

VIENNA, November 14.

SOME degree of clarity has at last been created in the relation of the Federal State to the Credit-Anstalt. Austria had previously, it is true, some notion of the amount of the State obligations for the debts of the Credit-Anstalt and some knowledge was also available in regard to the liability towards the National Bank. Now, however, individual figures have been published, and the picture they outline is startling. It has been disclosed that the amount of the bills of exchange which the National Bank has discounted for the Credit-Anstalt is about 608 million schillings. In view of the fact that the total bill portfolio amounts to only 760 millions, this commitment is extremely heavy. Moreover, the bills which the bank has had rediscounted abroad are not included in the figures published. Furthermore, it is now known that the total guarantees of the Federal Government for the Credit-Anstalt amounted to 1,400 million schillings, and now, after small repayments have been made, the amount is still in excess of 1,200 million schillings, and it is hardly likely to fall any lower. This information has caused great consternation, especially in view of the fact that when the guarantee was taken up and when the relief action was started, the Credit-Anstalt authorities

gave the assurance that the total liability was only 140 million schillings.

All possible measures of reducing the risk borne by the State are being considered, but the course to be taken has not yet become clear. It is growing steadily more evident that Austrian State credit will shortly have to be freed from the responsibility for the Credit-Anstalt. Further, the National Bank is demanding a reduction of its risks in respect of bills discounted for the Credit-Anstalt. Within the last few days a plan has been contemplated to take a portion of these bills out of the portfolio of the National Bank and declare it to be a national debt, which will be amortised in the course of years and bear interest in the meantime. This in itself would not decrease the liability of the State, but it would permit the National Bank accounts to present a better appearance. According to the last report, the loan debt of the State amounts to 95.5 millions, and, if this national debt is increased, the shareholders of the National Bank will surely demand an extension of the charter.

The former managing director of the Credit-Anstalt, Herr Neurath, leaves on November 17th after the expiration of the month's notice prescribed by the Government. Both the management and the staff of the Credit-Anstalt have been greatly reduced. The retrenchment commissioners of the Government have worked out another plan for the curtailment of staffs. If it is put into operation, many of the Government offices will be amalgamated. In the ministries alone 15 per cent. of the clerks are being pensioned off. But the dismissal and pensioning of civil servants does not help very much, if there is not also an amalgamation of the various departments themselves and a general reform of the administrative machinery, a task which is not so simple in times of crisis. There is, of course, no prospect for a domestic loan, as the public is greatly disappointed that insurance policies made out in foreign currency values are not being paid in the respective currencies but in schillings, even though all premiums have up to the present been paid in the foreign values. The coupons on foreign securities must also be credited in schillings, as, in accordance with the foreign currency regulations, all foreign means of payment have been surrendered to the State. This also applies to the proceeds of the coupons of the League of Nations loan, in so far as they are in the possession of Austrians.

Attempts are now being made to arrange a clearing system between Austria and several neighbouring States in such a manner that, with the co-operation of the Government and the National Bank, foreign means of payment should not be demanded, but the goods themselves should be cleared. The respective balances alone should be taken into consideration. This plan is, however, attended by great difficulties, and it is doubtful whether the negotiations will be successful. The Prague Conference did not afford much hope in this direction.

The leasing of a motor-spirit monopoly has again been under discussion. Up to the present the Ministry of Finance has consistently opposed the project. Now, however, the resistance appears to be less strong, but there is no prospect for the monopoly. The discussions for the fusion of the Danube Steamship Company with the Federal Railways are still going on. This would be an advantage for the Credit-Anstalt, for the Danube Steamship Company owes it a very large sum, while the Federal Railways would again have the possibility of covering their coal requirements cheaply from the Fünfkirchen mines, which belong to the Danube Steamship Company. The only sufferers would again be the shareholders, who, like those of the State Railway Company, would have very little hope of ever seeing the enterprise pay a dividend again.

Under the pressure of public opinion, the Austrian National Bank has reduced the bank rate from 10 per cent. to 8 per cent. From the reasons advanced for the change it was clear that the hopes which had been entertained of strong support from abroad and, particularly, of the liberation of the credit of 60 million schillings, have not been realised. The high bank rate was maintained at the explicit wish of the Bank for International Settlements, even though Austrian economy suffered

seriously under the burden. The belief that the high bank rate would attract foreign capital has been weakened by the strict foreign currency regulations, not only in Austria but in other countries. Still, on the last occasion the National Bank was again able to publish a not unfavourable report, which showed that, since foreign currency has been controlled, the Bank has reduced its own holdings by only 15 millions. This, however, must not hide the fact that, in spite of all the restrictions in the allotment of foreign means of payment, the demand still remains very heavy. The explanation of the fact that the calls on the foreign currency holdings of the National Bank are not greater is that after the decree was issued the public sold 84 millions' worth, including 11 millions in currency and other values which had been declared. Of this, about half was required for foreign interest service and the repayment of bills of exchange, which had been rediscounted at foreign commercial banks. The other half was put at the disposal of commerce.

HUNGARY.

Parliament and the League Report — Budget Deficit — Winter Prospects.

(FROM OUR CORRESPONDENT.)

BUDAPEST, October 16.

PARLIAMENT is discussing the League Report on the financial position of the country. The debate has so far contributed very little to the real issue. Instead of putting forward practical propositions for balancing the Budget, members are indulging in futile criticism of the past. The League Report is blamed for failing to offer a solution of the crisis. It is a thousand pities that Parliament and Press alike entirely ignore the fact that a financial crisis arising out of a radical change in the price level in a debtor nation which is "over-borrowed" cannot be solved except by readjusting the State Budget as well as other fixed money charges to the country's reduced capacity to pay.

Both the parties supporting Government and the Opposition are urging the Government to declare a transfer moratorium on all foreign payments in order to secure the basic financial and economic structure of the country. A suspension of transfer on principal and interest is unavoidable, because there are more than 1,000 million pengő maturities of short-term credits within the next twelve months, and the interest and amortisation service of Hungary's total foreign obligations of 4,094 million pengő amount to nearly 300 million pengő. Reckoning with a total merchandise export of 500-550 million pengő in the next twelve months, it is obvious that Hungary cannot meet her debt service, either principal or interest, as her balance of payments, apart from merchandise trade, has no active item of importance. It would be very unwise to expect more than 100-120 million pengő active trade balance on a total export of 500-550 million pengő at a time when the country is surrounded by neighbours who are restricting imports for the same reason that Hungary has to force exports, namely, to meet foreign debt charges. But before a transfer moratorium can be declared by the Government it is necessary to balance the Budget, because foreign creditors will hardly agree to make sacrifices on the assumption that they are necessary to the preservation of the basic financial structure of the country unless the budgetary deficit is made up by further sacrifices by Hungarians themselves.

No statement has been issued so far by the Finance Minister on the budgetary situation. In the absence of the monthly statements of the Treasury the position of the current financial year may be gauged from the data published in the League Report and in the Report of the Committee of Six appointed by both Houses of Parliament to effect economies. The figures are very unsatisfactory. The deficit of the first quarter is 83.6 million pengő. Although tax receipts in November will in all probability improve the Treasury position, the fact still remains that expenditure is higher than revenue. As was stated in the League Report, the Hungarian Government proposed

to limit expenditure for the remaining eight months from November, 1931, to July, 1932, to 565 million pengő on an annual basis of 850 million pengő. The declaration of the Government states further "that the Government is fully aware of the dangers of inflation, and is determined to avoid it. If the Government finds it impossible to maintain Budget equilibrium during the current Budget year by measures which have now been taken, it will decide without further delay upon other reductions in order to ensure equilibrium. At the same time, it will take measures to secure equilibrium in the Budget of all State undertakings, especially that of the railways." These pledges must be carried out without further delay, because, as the Committee of Six has stated in its report, the State Railways will have a deficit of at least 18 million pengő, even on the revised estimates. It seems that an increase of charges as well as reduction of salaries and of the number of personnel is inevitable if the railways are to pay their way. The excessive personnel charges of the State Railways are due to the fact that the number of pensioners exceed those in actual employment, because many thousands of refugees from the lost territories are receiving pensions here.

The restoration of equilibrium in the Administration Budget is even a more difficult task than that of the State undertakings. According to the revised estimates, the expenditure for 1931-32 amounts to 922.9 million pengő, as against 806.5 million pengő in 1926-27. The expenditure on personnel and pensions has risen from 334.1 million pengő to 419.8 million pengő. Subsidies to autonomous administrations for salaries and pensions from 44.5 million pengő to 62.3 million. It is obvious that further reductions of salaries and pensions must be made before the end of the year, for revenue will hardly exceed 800 million pengő. If expenditure cannot be reduced to that level the only alternative would be either inflation or uncertainty whether the State would be able to pay its employees and pensioners in full on January 1, 1932, and onward. Whatever cruel sacrifices a further cut in personal services would involve, it is surely better than a complete chaos, which would result from the other alternatives. These measures require a more ruthless Finance Minister than Count Károlyi has so far been. Members of Parliament would do better to insist on immediate economy measures than to suggest futile financial and economic schemes which are nothing short of disguised inflation.

The country is facing the most difficult winter since 1919-20. The distress on the farms, especially in the north-eastern districts, is great, on account of the bad harvest. The Government has organised relief for the distressed areas, and the unemployed in the cities will receive some support through their trade unions, to which the Government will also contribute on a very modest scale. Although the political and financial outlook is uncertain, there is no need to fear disturbances, because the Hungarian people have not forgotten the evils and terror of the Bolshevik experiment in 1919, and will not seek their welfare in social and political upheavals.

HOLLAND.

Dutch East Indies Budget — Netherlands Public Finance — Capital Issues — Money Market — Industry — Stock Exchange.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, November 18.

THE necessary Bills for the approval of the Dutch East Indies Budget for 1932 have been introduced into Parliament. In 1930 expenditure totalled 891,541,000 guilders, revenue 753,973,000 guilders, leaving a deficit amounting to 137,568,000 guilders. In 1931 the deficit is expected to be 172,600,000 guilders according to the very rough estimate which can be made at present. Despite considerable economies and temporary increases in certain taxes, it has not proved possible to effect economies sufficient to counterbalance the further decrease in revenue. All efforts will be concentrated on restoring the balance

within the shortest possible time, according to the Government memorandum. Expenditure will have to be cut to a greater extent than was considered justifiable at the beginning of this year. The draft Budget for 1932 provides for 845,250,568 guilders total expenditure, and 724,516,972 guilders total revenue, so that the deficit is estimated at 120,733,596 guilders.

As a step towards restoring the equilibrium of the Budget in Holland the Second Chamber has now passed legislation for reducing the salaries of Government officials. The Bill encountered considerable opposition, but has now been passed in a modified form, the date from which the reduction is to come into effect being postponed to April 1, 1932. The salaries of Ministers are also being reduced. The Queen-Mother and Princess Juliana have voluntarily given up 10 per cent. of their State income, and the Queen herself is foregoing far more than 10 per cent. The Minister justified the cut in the salaries of Government officials on the grounds that many other classes of the community have also undergone, and are still undergoing, reduction in their income, that the index of the cost of living has dropped, and that the millions thus saved are needed to contribute towards balancing the country's Budget, for the sake of averting inflation. That the danger of inflation is not purely imaginary is distinctly demonstrated by the unsatisfactory development of the Netherlands balance of trade. In October, 1931, the figures were as follows:—

	(In millions of guilders.)				
	Jan.-Oct. 1930.	1931.	Sept. 1931.	1930.	1931.
Imports	2,072	1,613	153	198	160
Exports	1,476	1,130	120	151	111

Compared with September, imports in October have registered a distinct advance, while exports show a steep decline, with a consequent increase in the balance of imports over exports from 33 million guilders to 49 millions. Our balance of trade has always been passive, but this has not involved a deficit on our balance of payments as the deficit on the balance of trade has been compensated for by income from shipping, international bank and financial business, investments abroad, and so on. These sources, however, have been drying up; and it is therefore argued that if our total balance of payments is to be maintained special attention to the balance of trade is imperative; our imports must be reduced as much as possible and exports increased as much as possible. The Government is aiming at the achievement of this object, on the one hand, by the enforcement of the quota system, for which legislation has already been introduced into Parliament, and, on the other hand, by bringing pressure to bear upon the level of wages in order to stimulate exports. By means of the cut in the salaries of its officials, the Government has given a lead in this direction.

The course of the State finances continues disappointing. The Government returns show that in October the revenue was 8 million guilders lower than in 1930. The yield for the first ten months of 1931 amounted to 367,841,683 guilders, as compared with 421,874,976 in the corresponding period of 1930. The Government are endeavouring to raise their necessary cash requirements by the issue of Exchequer bonds. In this connection it is reassuring that the difficulty of procuring funds for cash requirements are already largely a thing of the past, both for the State and for the municipalities. The Municipality of Rotterdam has now received an advance of 4 million guilders from the State, but with the intimation that, if the municipality should want to convert the advance into a loan, the Government would have to exact conditions for such transaction.

The Province of North Holland has come on the open market for subscriptions to a 4½ per cent. loan of 2 million guilders at 97½ per cent. In addition, subscriptions have been opened for a 2½ million 5 per cent. loan at par for the Municipality of Bois-le-Duc, and the issue of a new loan is being considered by the Province of Limburg. Furthermore, the Government announces the issue of Treasury bonds to the value of 60 million guilders.

It is thus evident that the new issues market is displaying more animation, as far as loans for official bodies are

concerned. Generally speaking, revival of confidence is becoming more and more apparent; there is, in consequence, a firm tendency on the investment market, and the quotations for bonds have advanced further. This has rendered once more possible the issue of new loans. On the foreign bond market, also, a revival of confidence is manifesting itself. Dollar securities, for instance, have been firm lately in sympathy with the improved tendency of the dollar. German loans also enjoyed a firm tendency, and the Young loan in particular was in demand on hopes of French concessions to Germany. Scandinavian and other descriptions were also in demand.

On the Amsterdam money market, too, there are more signs of confidence. On the part of the banks there is more demand for Treasury bonds, indicating that there is now some inclination to invest funds at present lying idle, even if at very short term and on very liquid commitments. For this purpose Treasury bonds due at a not too distant date (six to eight months' bills, for instance, and sometimes 12 months' Treasury warrants) are particularly in favour. The result has been that discount rates have dropped again, while prolongation money is also at the lower level of $1\frac{1}{2}$ per cent. The hoarded bank notes are beginning to flow back to the banks once more, in view of which the banks are even considering a further reduction in the rates of interest on deposits.

The difficulties of Dutch industry are still increasing. The conflict in the textile industry of Twente with regard to a 5 per cent. wage cut is becoming more acute, and a partial strike has been declared. In connection with the various industrial difficulties a meeting has taken place at the Ministry of Labour, Commerce and Industry between representatives of the general associations of employers and of employees, with ex-Minister Dr. Kan as chairman, preliminary to the appointment of a Government commission which is to examine and report upon the prevailing crisis in industry. Dr. Kan has consented to preside over this commission.

On the Stock Exchange a good firm tendency is maintained, though trading is very limited in extent, with only slight price fluctuations in consequence. The greater liquidity of the money market has been a contributory factor to the improved sentiment. In some quarters on the Exchange it is thought that in these circumstances the issue of a big Netherlands State loan may be expected in December or January.

SWEDEN.

Currency Depreciation — Trade Balance — Banking Position.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, November 17.

THE fall in the rate of exchange for the Swedish crown has continued to form the centre of interest in financial circles in this country. As was to be anticipated, the forces which gained ascendancy with the suspension of the gold standard have continued to press down our currency at a remarkably rapid rate during the last two weeks. Our rate of exchange for the dollar, which may now be said to be the deciding factor for the international valuation of the Swedish crown, has risen practically without interruption from 4.60, when I last wrote, to 4.80 to-day. Viewed from an international standpoint, the Swedish crown has now dropped to not quite 78 per cent. of the old gold parity and even to little more than 77 per cent. if we measure it instead with the Paris quotation. This means that it has depreciated to an equal extent to the English currency, and has done this at a surprisingly rapid rate. With to-day's quotation the old parity between sterling and the Swedish crown has, in point of fact, been reached. With regard, moreover, to the other Scandinavian currencies, it has even for the moment outdistanced the Danish crown, which for several days has been quoted above par in Stockholm.

One of the material reasons for this development would still appear to have been extensive capital transactions for

one of our international concerns. It appears, however, that other factors also have played a considerable part. The question is asked whether the progressive expected decline in the currency has not led to increase of imports, since, from the importers point of view it must be more advantageous to purchase goods earlier than would otherwise be the case, as these goods at a later date would come out dearer if the crown continued to depreciate. It is by no means improbable that, contrary to what had been anticipated, the first few months after suspension of the gold standard will show an increased instead of a decreased surplus of imports.

Such a movement would represent nothing else but speculation in the anticipated depreciation of the Swedish crown; and speculation has certainly been one of the determining factors in the fall in the rate of exchange. It appears obvious that people have generally come to assume that depreciation of the Swedish currency would assume the same proportions as that of the English currency. This means, however, that we must be on the look out for a powerful swing of the pendulum in the opposite direction, particularly in view of the fact that our currency is now undoubtedly undervalued. Speculation based on this calculation would probably also contribute to excessive attempts at forcing up the value of the Swedish crown. Taken together these factors must further increase the difficulties of the business world, and a consequence will manifestly be an inevitable rise in the Swedish level of prices. It is possible that a comparatively long period may elapse before this expresses itself in any pronounced manner in the level of retail prices. It is, however, already possible even there to note a rising tendency, although naturally for the time being this has mainly shown itself in the level of prices for raw materials. Measured by the weekly price index of the *Svensk Finanstidning*, which is purely an index of the prices of raw materials, the upward movement has been a full 8 points since the week preceding the suspension of the gold standard, the index having in this period jumped from 89.9 to 97.9.

It is too early yet to prophesy the effect of this development on the foreign trade figures, as it is mainly during the month of November that the depreciation of the crown has gained ground. The particulars of quantities for foreign trade in October, recently made available, on the other hand throw little light on the effect of the depreciation of currency, which was, moreover, to be anticipated. The export figure to some degree fulfils hopes of the stimulating effect of the fall of the crown. In any case, from 64 per cent. of the 1929 figure in August and 65 per cent. in September, it has risen to 72 per cent. At the same time, however, imports have tended to increase, i.e., from 98 per cent. of the 1929 figure in September to 100 per cent. in October. Should it be found that November brought with it any acceleration of imports, the great demand for foreign currencies will be explained.

These statements may not be very cheering from the Swedish point of view. On the other hand, however, some economic data have been published in the course of the last few days which point to a surprisingly quick effect from the measures taken by the State Bank against a repetition of the currency *débâcle* of September. The official October report for the banks indicates a particularly noticeable cutting down of the volume of credit, a displacement which is the more significant in view of the fact that a progressive increase in the demands for credit is seasonally usual for the month. Last year these demands were swollen by 24 million crowns and two years ago by 16 million crowns during the same month. This year the burden has been lightened instead to the extent of no less than 87 million crowns. No doubt can exist that we see here a pronounced effect of the restrictive discounting policy. The degree to which the strain on the commercial banks during September has been overcome is also particularly noticeable. They were able during the last month to reduce their rediscounting with the State Bank by nearly 100 million crowns, and this in spite of the fact that, while they have kept considerably larger sight resources than normally, they have drawn on one another to a lesser extent than usual. At the same time, moreover, they were able further to check the deterioration in their position

vis-à-vis foreign countries. In the aggregate, the reduction of our net claims on foreign countries was only 6 million crowns, a sharp contrast to the change for the worse of September of fully 65 million crowns.

DENMARK.

Bacon and Butter Prices — Stabilisation of Supply — British Preference.

(FROM OUR CORRESPONDENT.)

COPENHAGEN, November 15.

INTEREST is still chiefly concentrated on the agricultural situation. Last Friday the price of bacon was further reduced, and now stands at 66 öre, the lowest during the crisis. In Great Britain the demand has been reduced, while in Denmark the supply has been increasing. The number of swine slaughtered and the amount of bacon exported have recently fluctuated a great deal, and the effect on the market has not been healthy. The price committee has, therefore, taken steps to stabilise the supply of pigs for slaughter. Butter prices have risen 3 öre to 210.

The Danish farmers are following political developments in Great Britain, and especially the "Buy British" campaign, with great interest. Various occurrences have shown that the farmers in this country are anxious to give still greater preference to British imports. For instance, the co-operative slaughterhouses and dairies on Lolland-Falster have unanimously decided to buy in future British coal instead of Polish or German. The dairies in question use 10,000 tons of coal every year.

JUGOSLAVIA.

French Credit — Foreign Trade — Elections.

(FROM OUR CORRESPONDENT.)

BELGRADE, November 14.

THE nadir of gloom in Yugoslavia was reached towards the end of September. It was known then that the Government deficit, caused by the default of reparation payments, by falling receipts and by losses on the wheat monopoly, could not be much less than 2,000,000,000 dinars. By that time also the Government had claimed no less than 470 million dinars of the credit of 600 millions opened to it by the National Bank, and this, besides contributing to the difficulties of the Bank, helped to further the restriction of credit and the shortage of liquid cash. Added to this, malevolent rumours were spread by the Opposition: that an internal moratorium would be declared, that the service of State debts would be suspended, that the Government would lay hands on private deposits in banks, and that on October 1st probably no salaries would be paid. Government securities began to fall, and a panicky rush of private depositors on banks developed.

Fortunately, several things just then coincided to prevent a complete financial collapse. The first news of the visit of M. Laval and M. Briand to Berlin was distinctly favourable; the Minister of Finance, Dr. Diuritch, denied all rumours of a moratorium, of the suspension of debt service, and of a raid on private deposits; it was announced that salaries would not be cut more than 5-6 per cent., or, inclusive of bonuses, up to 10 per cent.; news was received of a French credit to compensate for the losses suffered through the operation of the Hoover Plan; and the trade returns for August showed a favourable balance of 106,000,000 dinars. All this helped to still the incipient panic.

The French credit of 800,000,000 French francs did not come through till October 21st, however, when it gave rise to a short spell of optimism. It was then announced that budgetary savings up to nearly 1,000,000,000 dinars had been effected by cutting down capital expenditure, grants to autonomous bodies and salaries, and that it was ex-

pected that the increased price of tobacco and the duty on sugar, together with the new tax on business turnover and the French credit, would suffice to bridge the gap.

Since then, although it would be ridiculous to talk of any revival of business with the continued gold scramble, the increasingly severe restrictions on dealings in foreign currency, and the creeping paralysis of international trade, yet things have been slightly easier in some ways. The French credit has enabled the National Bank to increase slightly its fiduciary circulation and to issue more credits, the figures for the latter being, on September 8th, 1,702 million dinars, on October 8th 1,933 millions, and on November 8th 2,096 million dinars. The rise of wheat prices and the preferential agreement signed with France for the export of 15,000 trucks of wheat from Yugoslavia give hope that the deficit on the wheat trade may be lessened. Government securities, though they show no rise, are maintained at a level above that of the end of September. Banks, while still insisting on notice being given for large withdrawals of deposits, are less rigorous in the matter of smaller deposits. Some of the money hoarded at the time of panic appears to be slowly finding its way back. Although all this may not amount to much, and one international shock or the continued drifting of inter-European affairs may undo it all, yet there is reason to be thankful for a short respite, during which matters are at least not getting visibly worse.

The fall of sterling, though it was a shock, has had little direct influence on Yugoslavia, as the amount of British capital in the country is small. One large bank only, the First Croatian Savings Bank, which holds the largest amount of deposits in the country and has extensive connections with England, has suffered considerably, and had, therefore, to sustain a severe rush. There is reasonable hope, however, that even this bank will gradually drift into calmer waters.

Trade is poor, nor can there be much hope of a revival with international conditions as they are. September failed to maintain the improvement registered in August, and the total for nine months shows a decrease of 30 per cent. in exports and of 28 per cent. in imports as compared with the previous year. The actual figures for the first three quarters are: Exports, 3,682 million dinars, as against 5,005 millions in 1930, imports, 3,800 millions, as against 5,276 in 1930; deficit in trade balance, 118 million dinars, as against 271 millions in 1930.

The results of the elections can only be of academic interest, as there were no Opposition candidates, although the number of voters, even allowing for all Opposition stories of false returns, is remarkable. Much of this may be attributed to the fact that the election law allowed several opposing Government supporters in every district, and since many of these were recruited from adherents of formerly opposing parties, the struggle between candidates in many parts was but little different from that under normal elections. Thus, although all candidates elected are supporters of the present Government, yet they hardly represent a homogeneous mass, and as their differences are bound to come to expression in time, it is more than likely that within the future Parliament there will begin the process of new party formation. For this reason it may hold many surprises for those who consider it merely a docile Parliament.

BULGARIA.

Tariffs — Trade — Banking — Politics.

(FROM OUR CORRESPONDENT.)

SOFIA, November 9.

THE expected reduction of import duties was introduced, although only partially, on November 3rd. The rate at which these duties are being calculated has been diminished from 27 to 25, 22, 20, 18, 15, 10 or 5 paper leva for one gold lev on various commodities, the most important of which are certain chemicals, mineral and vegetable oils, lubricating substances, woollen and cotton

textiles, window and other glass, soap, certain iron and steel goods of wide consumption, wire, some tinned foods, candles, wines and brandies. This is a result of the Government's desire to give satisfaction to widespread complaints as to the existing discrepancy between industrial and agricultural prices on the one hand, and to pave the way towards commercial agreements with foreign countries likely to purchase Bulgarian goods, on the other.

It is generally believed that further reductions will take place, as the commercial treaties now in course of negotiation are concluded. Conversations with the French Government, with a view to securing Customs facilities in compensation for important French purchases of wheat and possibly of tobacco, are reported to be making some headway. Negotiations are also being pursued for the conclusion of Treaties of Commerce with Czechoslovakia and, in a less advanced stage, with other countries. This may be considered the first step towards serious changes in the much-resented policy of excessive protection of local industry. A further attempt at dealing efficiently with this situation has been made by introducing, last week, a 10 to 12 per cent. *ad valorem* duty on raw materials and half-manufactured goods imported by local industrial concerns. Until now these imports have enjoyed an almost complete freedom.

It is also reported on good authority that the organisation of new industrial undertakings will be strictly regulated by the Government, and, in many cases, licences and privileges will not be granted in future. This line of conduct, strongly advocated by expert opinion for some time past, has required a good deal of firmness on the part of the authorities, as a powerful and well-supported opposition had to be faced in a drastic and uncompromising way. It is expected that the results, as regards the interests of both Treasury and consumers, will soon convince everybody of the soundness and opportuneness of the measure.

One of the main arguments of the opponents is the danger of increasing imports in a period of insufficient export trade. The fresh restrictions on dealings in foreign exchange will admittedly work as an efficient safeguard against excesses in this direction by placing in the power of the National Bank the absolute control over all means of payment for orders abroad. In point of fact, the foreign trade results for the nine months ending September 30th last, as compiled by the Statistical Office of the National Bank, do not appear to indicate a real danger of a great excess of imports over exports.

	1930.		1931.	
	Thousand tons.	Million Leva.	Thousand tons.	Million Leva.
Exports	360,838	4,548	533,081	4,322
Imports	235,160	3,404	211,624	3,616
Export surplus		1,144		706

Although these results may be considered satisfactory, especially if the persisting weakness of agricultural prices is taken into account, the huge amount of foreign exchange required by the Public Debt Service and for other payments of the State abroad—totalling at present 1,480 million leva plus about 130 millions needed until December, 1931, will thoroughly upset the final balance of payments. The resulting changes in the National Bank's cover and other foreign reserves in recent months appear clearly in the published statements of the Bank:—

	1931.				
	000's omitted.				
	July 7th.	Sept. 15th.	Oct. 7th.	Oct. 15th.	Oct. 23rd.
Gold coin and bullion	1,503	1,508	1,510	1,510	1,510
Gold exchange.....	253	167	48*	39	55
Other exchange.....	185	178	214*	183	201

* The Bank's sterling balances were transferred from "Gold" to "Other" exchange.

The cover ratio, after deduction of the bank's liabilities in gold exchange, is at present 35.26 per cent., the legal minimum being 33.33 per cent.

This situation has brought about a strict curtailment of demands for *devisen* by importers and a severe control

over export of foreign balances held here, but maturing trade obligations, as well as coupons and other foreign commitments of the State, are being punctually met. Although the normal functions of trade are seriously handicapped by these restrictions, they have so far been effective in keeping the lev on its former level of 139 to the dollar. Internal prices have not materially increased, and though nervous depositors, frightened by Press comments upon financial disturbances abroad, have withdrawn part of their balances with local banks to invest in real property and to hoard, the movement has not extended to really dangerous proportions, and, as the banks met all demands in full, the nervousness has almost completely died down. The cash position of the large banks is reported to be still strong, and fear of a possible recurrence of withdrawals is bringing about an all-round restriction of credits and calling in of loans. Discounting of good commercial paper is, however, still sought after at 11 and 12 per cent. Short-term foreign credits are being repaid, even where there has been no cancellation or notice from abroad. In the whole period between January and November this year there have been only three unimportant bank failures. The situation, in this respect, continues to be faced without serious apprehension.

The recent improvement in the prices of some agricultural produce is apparently having a good effect on local trade, especially in the provinces where peasants are buying more actively than for many months past. Transactions are being effected mainly on a cash basis, especially as a Bill for the compulsory reduction of peasant indebtedness is reported to be in preparation. As this Bill is likely to be passed, and also in consequence of rather too sanguine promises to the peasants in connection with the recent parliamentary and municipal elections, payments on old debts in agricultural districts are becoming difficult. This, unhappily, also applies to the payment of taxes, and, as compared with last year, the budgetary receipts on September 30th were 153,378,000 leva below the already unsatisfactory figures for the same period in the preceding exercise. The whole deficit accumulated until now is estimated at 1,360,000,000 leva. There is, as yet, no positive and workable plan for dealing with this situation. Retrenchments have been decreed and new taxation will probably be introduced shortly, but all the measures in preparation would hardly bring about adequate results. This remains the most serious feature in the present situation of the country.

Although internal politics and foreign relations may be described as improving on the whole, there remain important tasks to be dealt with firmly and without delay. The reconstruction and strengthening of local administration is more than ever essential to the proper working of public finance. The settlement of the long-drawn-out dispute with Greece is hampering almost every attempt at securing the much-needed co-operation of certain foreign financial markets. The country cannot afford to remain much longer in the state of political and financial isolation in which excessive nationalism has placed it. The composition of the present Government appears to be particularly appropriate for breaking the spell of this unhappy tradition and for embarking on a more constructive foreign policy.

Letters to the Editor.

AN EASTERN LOCARNO.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I hope you will allow me to make certain observations on the editorial note in which you comment on Mr R. G. Walmsley's letter under the above heading in your issue of the 14th instant.

As to the letter itself, I am sorry I cannot agree with you that its author's attitude is "characteristically English." I cannot for a moment assume that English public opinion would be so utterly ignorant of the "essential material facts" con-

cerning Polish-German relations as is your correspondent, who, with disarming credulity, supplies your readers with a catalogue of German propagandist arguments, including the surprising statement that, through the Silesian award, "four million individuals were removed from the German State," whereas the actual number amounted to 980,236.

While, therefore, dismissing Mr Walmsley's letter as too careless a contribution to the solution of the issues in question, I note with interest your assertion that

"there is a strong and widespread feeling among us that Eastern Europe is not our business, and that we have no call to undertake new responsibilities in this particularly dangerous field when we already have our hands so full of commitments in other parts of the world."

Your words bear a curious resemblance to those uttered by Lord Palmerston nearly a hundred years ago when defending his Government against the accusation of the Opposition that England condoned the violations by Russia of treaties regarding her Polish obligations, he declared, on the floor of the House, on March 1, 1848:—

"I need not remind the House how deep a sympathy the sufferings of Poland excited in this country. Many things have passed in Poland since that time which the British Government greatly regrets, and in respect to which the rights laid down by treaty have been violated. But when we are asked why the British Government have not enforced the treaty rights in every case, my answer is that the only method of enforcing them would have been by methods of hostility; and that I do not think those questions were of sufficient magnitude in their bearing on the interests of England to justify any Government in calling on the people of this country to encounter the burdens and hazards of war for the purpose of maintaining those opinions."

I may, therefore, say quite frankly that there are not many illusions entertained anywhere as to the willingness of England to assume new and special responsibilities at the present time in that part of Europe to which you refer.

There remains the consideration of your statement that "a universal sense of insecurity is the evil which is paralysing the economic and financial life of the world." While agreeing with it, I regret that you recoil from the unpleasant truth which is recognised on the Continent by friend and foe alike, namely, that the principal source of the lack of confidence and of the anxiety generally felt in Europe is to be found in the policy of Germany as it has been conducted from the Armistice up to the present time.

German propaganda which, during that period, spent many, many millions on the revisionist agitation in every country of the world, has obviously worked, not for the economic rehabilitation of Europe from the consequences of the war, but in the direction of increasing the difficulties which have largely been responsible for the present European misery. I may be allowed to adduce a few confirmations of this statement which bear directly on German-Polish relations, and I am sure you will willingly testify that they represent essential material and true facts.

1. When that part of Upper Silesia which voted overwhelmingly Polish in the Plebiscite was allotted to Poland in conformity with the stipulations of the Treaty, the German Government warned the Allied Governments that German industries would be ruined if coal supplies from Polish Silesia were cut off, and consequently Poland was obliged to undertake to supply to Germany at least six million tons of coal annually for a number of years. Immediately on expiry of the stipulated period, on June 15, 1925, the German Government declared an embargo on Polish coal for purely political reasons, with an utter disregard of all economic considerations.

2. This German embargo on Polish coal not only forced Poland to turn to the Northern coal export markets of Britain, but precipitated a commercial "war" between Poland and Germany. For six and a-half years the efforts of the Polish Government to terminate that senseless "war" were frustrated by the ill-will of Germany. Last year a commercial treaty was, indeed, signed and ratified by the Polish Parliament, but up till now Germany has not only refused to ratify it, but she has even terminated the interim Rye and Timber agreements with Poland.

3. While thus refusing for purely political reasons to regulate her trade relations with a neighbouring country of 31,000,000 people, and complaining of the economic fetters of the Peace Treaties, Germany coolly proceeded to throw her "Anschluss" bomb into the seething cauldron of Europe, pretending that she cannot exist without economic union with Austria, though, as you know, her trade with the seven million Austrians is highly competitive, and, in any case, of considerably lesser consequence to Germany's economy than her trade with Poland.

4. It is of particular relevance to remember on the eve of the Disarmament Conference, when Germany is pleading her

poverty as an excuse for her inability to meet her foreign obligations, that since the Armistice she spent more than 500 million pounds on her armaments, though she is supposed to be disarmed, and that Poland, though in a considerably less favourable geographical and strategical position, spent less than 200 millions during the same period.

5. The story of the six pocket battleships is too notorious to require detailed elucidation. Not even the threat of bankruptcy was strong enough to make the German Government agree to renounce their construction. We owe to Mr Wickham Steed the knowledge of the secret memorandum in which General Groener justifies their necessity by pointing to Poland as the country against which they are intended.

6. What, also, of the rallies of 150,000 "Steelhelmets" a stone's throw from the Polish frontier, when innocent on-lookers are being arrested by German authorities as spies? What of the Nazi storm troops? What of the Reichswehr-Red Army "Abmachungen"? What of the provocative speeches of German Cabinet Ministers like Herren Treviranus and Schiele?

These are the real causes that deepen that "universal sense of insecurity" which is paralysing the economic and financial life of the world. Well-meaning people like Mr Walmsley may invoke the notorious "cursory glance at the map," blissfully unaware that they are encouraging all the forces of destruction in Europe. By all means let us have a good look at the map; but does it not occur to you, Sir, that what is called "The Polish Corridor" is less a "gaping wound" in the side of Germany, which separates two million East Prussians from the 63 millions that live in Germany, than the central life-giving artery for the living body of 31 million toilers of Poland? Look again at the map. In the East of Poland the 900 miles of frontier with Soviet Russia are as dead to reasonable commercial intercourse as the Soviet monopoly of trade can make them. In the West and North, across the 1,200 miles of frontier with the Reich, Germany is waging a ruthless commercial war at an enormous expense to herself. In the South, the barrier of the Carpathian mountains is a sufficient natural hindrance to the development of trading relations. It is only through the "Corridor," that vital part of Polish national territory, through her free access to the sea, and thus to all countries of the world, that Poland has been able to frustrate the evil designs of her bad neighbours and to carry on her peaceful trade by increasing her overseas turnover from two to fourteen million tons of goods per annum in less than ten years.

Sir, there is no country in Europe which has suffered more through war and which more ardently prays for peace than Poland. But Poland will fight to the knife in defence of every inch of her territory. These are grave issues, and I have no hesitation to encroach upon the hospitality of your columns. The true facts of the European situation cannot be indefinitely ignored or glossed over without a deadly peril to the peace of the world. Germany to-day is seething with youth rendered almost crazy by the daily poison of lies about Poland, spread day and night by thousands of German papers and preachers of hatred.

Indeed, the issue to-day is not an "Eastern Locarno" with an English guarantee of the Polish-German frontier, but an appeasement of German agitation, a termination of the dangerous duplicity in German policy, German honesty in trying to work the existing settlement instead of clogging it, in short a cessation of Germany's desperate efforts to retrieve her defeat by another war and Germany's co-operation in establishing a political truce in Europe for the duration of the indispensable economic and financial reconstruction of the world. These are the subjects of the only peaceful revision which is possible to-day.

The February Disarmament Conference cannot but end an utter failure if these issues are not faced and solved. Economic recovery and reconstruction ought not to be complicated by political issues and provocative revindications which may only render the way out of the crisis more difficult or even impossible. Germany cannot be saved if she refuses to co-operate with other nations on the only reasonable terms possible to-day.

It is for agencies such as the *Economist*, with its great international reputation, to support that thesis with sufficient emphasis to make it quite clear to public opinion of the world, and to impress it upon German opinion in particular that Europe cannot recover without German-Polish co-operation, a co-operation which is sincerely desired by Poland.—Yours, etc.,

Polish Press Bureau,

London, W.1.

November 17, 1931.

F. B. CZARNOMSKI.

Books and Publications.

A CHOICE OF EVILS.*

MR BROOKS, one infers, is a Protectionist; but surely no subtler Protectionist ever rode forth to battle. He has the wisdom of the serpent and the harmlessness of the dove. His book, as he tells us, is "neither a partisan appeal nor a candidate's handbook"; it is an engaging presentation of argument and counter-argument. The blundering in consequence of the average Protectionist is not for him; he neither despises nor underrates the strength of the Free Trade position. If you argue that "many British consumers rely for their own purchasing power on foreign trade," Mr Brooks will concede your point. If you claim that employment in protected trades can only be increased at the expense of trades manufacturing for export, he is with you. If you urge that tariffs breed corruption, he is aware of it. His basic position, in short, is a sound one—that framing economic policy involves, at best, a choice of evils.

Every problem, says Mr Brooks, is in essence dynamic—a balancing of ebb and flow. Loss of trade here must be balanced against better business there. "Increased employment in coal and iron and steel is obviously to be wisely bought at a decrease in the employment in such industries as that of mock-antiques." "It is highly probable that in applying tariffs in Great Britain to the formation of a closer-knitted Empire the psychological factor will play a heavier part than the economic factor. (. . . The psychological imponderable is so often neglected in balancing probabilities.)" "Tariffs undoubtedly tempt corruption. . . . To that contention there is, again, only the answer of preference, strengthened thus, 'Give me relief from embarrassment and I will deal with corruption.'"

Quite clearly, if the case for tariffs is to be argued at all it should be argued on these lines, and the extracts just quoted show how well Mr Brooks has mastered his most appropriate technique. The protagonist of Free Trade (or free imports, as Mr Brooks would call them) can readily assemble statistics which give him, *a priori*, an overwhelming case—statistics showing our dependence upon overseas trade, its profitability, and the relative superiority of our standards of well-being over those of our competitors. These quantitative considerations can only be rebutted by qualitative ones. The statesmanlike attitude, says Mr Brooks, is this: "I conceive the future of Britain worthily to be of such-and-such a kind; by what means are we to shape it so?"

The drift of his argument—that tariffs represent a choice of evils, but that on the whole impalpable considerations incline one to consider them favourably—may thus well carry the complaisant reader an unsuspected distance. For this reason, Free Traders may regard the book as dangerous. While admiring Mr Brooks' intellectual equipment, and conceding to the full his honesty of conviction, they will feel he has unconsciously been influenced by, and has so selected for emphasis, "imponderables" which seriously distort his economic perspective.

Or perhaps it would be truer to put this criticism the other way round. Mr Brooks, we may say, has ignored, or has failed to do justice to, "imponderables" which are of great importance. The reactions in European politics of Britain's economic policy—the impracticability of the Empire Zollverein envisaged by Lord Beaverbrook—the dependence of the economic structure on our invisible exports—scant justice, perhaps, is done to these considerations. One cannot complain that Mr Brooks' argument is not a well-knit one; one can complain that its final pattern lacks solidity and balance.

The book, which is inductive in form—a sketch of tariff history with a critical commentary—is very attractively written. Its facts are selected with judgment and not unfairly. An index would be useful. Mr Brooks, moreover, has wit, good humour and a sense of style, and his book should take a high place in tariff literature.

* "This Tariff Question." By Collin Brooks. Arnold. 7s. 6d.

BOOKS RECEIVED.

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

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

Survey of International Affairs, 1930. By Arnold J. Toynbee. Assisted by V. M. Boulter. (London) Oxford University Press, Warwick Square. 21s. net.

The six sections deal respectively with disarmament; Europe, including the Briand Plan; the Middle East; China, the American Continent, and economic affairs. The last-named includes two chapters on reparations and German economy.

Documents on International Affairs, 1930. Edited by John W. Wheeler-Bennett. With an Introduction by Sir Frederic G. Kenyon. (London) Oxford University Press, Warwick Square. 12s. 6d. net.

A valuable book of reference.

Survey of London Life and Labour. Vol. II. London Industries. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 17s. 6d. net.

The second volume of this conspicuously important series consists of studies of seven London industries.

Branch, Group and Chain Banking. By Gaines T. Cartin-hour. (London) Macmillan and Company, Ltd., St. Martin's Street. 22s. 6d. net.

A very detailed study of these forms of banking in the United States.

International Review of Agriculture, October, 1931. (Rome) Bestelli and Tumminelli S.A., 32, Via Michelangelo Caetani.

This monthly crop report contains the latest agricultural statistics available, together with accounts of recent discoveries and developments in all countries.

Pacific Affairs, November, 1931. (Honolulu) Journal of the Institute of Pacific Relations. 25 cents.

Includes articles on New Zealand trade and on the crisis in Manchuria.

OFFICIAL PUBLICATIONS.

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

Foreign Office: Handbook of Commercial Treaties, etc., with Foreign Powers. Fourth edition. £1 1s. net.

Hong Kong Currency: Report of a Commission appointed by the Secretary of State for the Colonies; May, 1931. Cmd. 3932. 1s. net.

Report from the Select Committee on Shop Assistants: Vol. I, Report, together with Proceedings of the Committee, 2s. net; Vol. II, Appendices. 6s. net; Vol. III, Minutes of Evidence. 17s. 6d. net.

Report and Proceedings of Conference of Colonial Directors of Agriculture held at the Colonial Office, July, 1931. 1s. 3d. net.

Empire Marketing Board: Dairy Research, November, 1931. 1s. net.

Registrar-General's Statistical Review of England and Wales for the year 1930. Tables. Part II, Civil. 2s. net.

Twenty-first Report of the Development Commissioners, being of the year ended March 31, 1931. 4s. net.

Return Showing the Number of Persons in Receipt of Poor Relief in England and Wales on the Night of January 1, 1931. 9d. net.

Scotland: Criminal Statistics for year 1930. Cmd. 3963. 1s. 6d. net.

Department of Overseas Trade: Economic Conditions in Finland, July, 1931. 2s. net.

Customs and Excise: Report for the year ended March 31, 1931. Cmd. 3961. 3s. net.

Accounts Relating to the Trade and Navigation of Certain Foreign Countries and British Countries Overseas during the period ended June 30, 1931. 2s. net.

Colonial Reports: No. 1547. Federated Malay States, 1930. 3s. net.

Department of Overseas Trade: Economic Conditions in Egypt. July, 1931. 4s. net.

The Stock Exchange.

THE OUTLOOK FOR AUSTRALIAN SECURITIES.

IN a leading article which appeared in the *Economist* last week, a correspondent described the heroic efforts which had been made by the Australian Government and people to effect an adjustment of their financial and economic position. It is probably true to say that no country, faced with the problem of curtailing public and private expenditure, has carried out the principle of "equality of sacrifice" so widely as Australia, for interest on the Government's internal debts, rates on mortgages and other fixed-interest obligations have been reduced, together with wages. This remarkable change of attitude on the part of Australian Governments towards the virtues of sound public finance and economy has so impressed the investor in this country that there seems to be some danger of his forgetting the reverse side of the picture—that while the internal financial situation has improved, the external economic situation has (up to the present) deteriorated. Indeed, the prices of primary products, until quite recently, fell so rapidly as to rob Australia of the benefits which would normally have followed from her internal readjustment.

It is advisable for the holder of Australian Government securities to realise that there is still an insufficient surplus on international account to meet overseas debt obligations. In fact, if higher average prices are not realised for primary products in the financial year ending June, 1932, it is not improbable that Australia will be obliged to borrow abroad to meet a deficiency unless her creditors scale down her debts or grant her a moratorium. It has been stated by Mr Scullin that the external interest payments of the Commonwealth and State Governments and municipal and public authorities amount to approximately £36 millions a year. The concession on account of the repayments of war debt, amounting to £5,500,000, or 15 per cent. of the total overseas obligations, might, under ordinary conditions, have provided sufficient relief, but the visible trade balance in 1930-31 was only £28.3 millions in Australia's favour, after allowing further export of £13 millions of gold. The internal gold reserves now amount to less than £10,000,000, including bullion and specie, and can no longer be drawn upon. The following table shows the visible balance of Australian trade for the past three financial years:—

VISIBLE BALANCE OF AUSTRALIAN TRADE.
(000's omitted.)

Period.	IMPORTS.		EXPORTS.		Total Imports.	Total Exports.	Balance of Imports (-) or Exports (+).
	Merchandise.	Bullion & Specie.	Merchandise.	Bullion & Specie.			
Years to June 30:							
1928-29...	143,281	368	137,706	3,927	143,648	141,633	- 2,015
1929-30...	130,759	323	97,378	27,749	131,081	125,127	- 5,954
1930-31...	60,159	39	75,764	13,047	60,558	88,811	+ 28,253
Month of—							
July, 1931	4,002	64	5,658	1,466	4,066	7,124	+ 3,058
Aug., 1931	4,934	49	4,294	296	4,983	4,590	- 393

As regards the current financial year, it will be seen that there was a surplus of exports (including gold) over imports for the two months of July and August last of £2,665,000. The improvement in the trade balance has been achieved, partly by the drastic restriction of imports following upon prohibitive tariffs and partly by the stimulus of exports consequent on the depreciation in the Australian exchange. Before the departure of Great Britain from the gold standard £100 sterling was valued at £130 Australian, and this rate has not yet been officially altered, in spite of the subsequent depreciation in the British pound. The effect of a double depreciation of the Australian pound in terms of gold has been to restrict still further the country's purchases of goods from the gold standard countries and to stimulate its exports. But there is a limit to these movements, and, until the values of her export produce advance, Australia cannot look for any further external,

permanent and healthy improvement in her trade balance.

The recent rise in the prices of primary products was, therefore, of considerable importance to Australia and to holders of its Government securities. Let us take the case of wool. Over the period 1923-29 the price of Australian wool (greasy) averaged 19d. per lb. In the 1929-30 season the average price was 11.3d. per lb., the total value of the wool exports being £36,596,100, as compared with £61,612,995 in the previous year. In 1930-31 the average price was 9.17d., and the exports realised £32,002,181. Wheat from 1923 to 1929 averaged 5s. 7d. per bushel. In 1929-30 the average export price was 4s. 10d., and, the harvest being extremely poor, exports amounted to £10 millions, against £20 millions in the previous year. In 1930-31 the average price slumped to 2s. 5.68d. per bushel, but an increase in quantity brought the export proceeds up to £14,743,459. The figures of wool and wheat exports for the past three years are shown in detail in the next table:—

(1 cental = 100 lbs.)

	WHEAT.		WOOL.		Total
	Weight (centals).	Value. £	Weight (centals).	Value. £	
1928-29	49,137,787	20,336,199	472,001	5,710,377	61,612,995
1929-30	24,234,424	10,036,535	449,146	3,664,991	36,596,100
1930-31	71,533,950	14,743,459	456,324	2,624,167	32,002,181

It would appear from this table that, if Australia is to make good, by exports, a debit balance on international account of, say, £15,000,000 (disregarding gold movements but taking credit for the war debts holiday), the price of wheat must double or the price of wool advance by 50 per cent. over the 1930-31 level, or, alternatively, that together the price of wheat must advance by 50 per cent. and of wool by 25 per cent. These estimates assume quantities to be unvaried. Actually, wheat prices in Chicago between September 30th and November 12th advanced by 36½ per cent., but about a third of this rise has since been lost. The present price is still no better than the average (above stated) for 1930-31. The gold price of wool similarly has increased by nearly 20 per cent. since the middle of September.

It would appear that the recent buying of Australian Government stocks has anticipated a very substantial advance in wheat and/or wool prices. Otherwise it could hardly be justified. The next table shows how the present market prices compare with the lowest prices ruling this year:—

	Lowest Price, 1931.	Present Price.	Yield %.		With Redemption. £ % d.
			Flat.	With Redemption.	
Australian Commonwealth 5% (1945-75)	58	89½	6 1 2	6 7 3	
Do. 6% (1931-41)	65	95	6 6 3	7 0 1	
New South Wales 5%, 1945-65 ..	47	79½	6 6 9	6 10 0	
Do. 3½%, 1933	30	60	5 5 3	6 17 3	
Queensland 5½%, 1934-36	55	89½	4 2 11	9 17 4	
Do. 5%, 1940-60	46	79½	6 5 9	6 12 0	
South Australia 4%	45	67½	5 3 8	6 15 0	
Victoria 3½%, 1929-49	40	61½	5 13 10	7 9 0	
West Australian 6%, 1930-40	66	92½	6 9 8	7 11 6	

A higher yield basis is obtainable from the State Government stocks, although the Commonwealth has made itself responsible for the payment of the interest on the State debts, as it demonstrated at the time of the default of New South Wales. It is not, however, forgotten that there is a considerable difference between the States in the matter of their budgets and administration. For example, Mr Lang, the Prime Minister of New South Wales, has held out against the reductions in wages and unemployment payments which the other States have effected, and has not attempted to bring his Budget into

any sort of balance. It was the opinion of our correspondent (in our last issue) that, while other State budgets would be balanced in about three years if trade conditions improved moderately, that of New South Wales would not be adjusted even if a very rapid trade recovery took place. But, internal finances apart, it is the uncertain future of the prices of primary products, an advance in which alone can make the payment of interest on the external debt assured, that suggests a question of the wisdom of the somewhat precipitate rise in quotations of Australian Government stocks.

The same criticism may be passed on the market in other Australian securities. Both the prior charges and the equity shares of the pastoral and finance companies have already registered considerable rises, as the next table will show:—

	Lowest 1931.	Present Price.	Per cent. Rise.
Australian Mercantile, Land and Finance— £5 shares fully paid	2½	3½	40
Dalgety— 5 per cent. non cum. pref. (£10).....	6½	7	3½
£20 ord. shares, £5 paid	4	8	100
New Zealand and Australian Land— 4 per cent. "A" pref. stock	49	55	12½
Ordinary stock	60	60	...

The last reports of these companies were decidedly mixed and not very encouraging. The results of Dalgety and the Australian Mercantile Land and Finance are shown in a "Note" in page 973. The Australian Mercantile Land passed its dividend for the year to June 30th last, but showed a profit of £61,725 in place of a loss in the previous year. Dalgety's gross profits in the same period dropped from £927,222 to £80,895. The New Zealand and Australian Land Company again reported a heavy loss (£80,249, against £104,796), and transferred £130,000 from its contingency funds to pay the preference share dividend and a dividend of 2 per cent. on the ordinary shares.

The Australian banks make a better showing, but in every case there is a considerable reduction in profits and dividends:—

	Shares.	Net Profits.		Dividends.		Present Prices.	Dividend Yield per cent.
		1929-30.	1930-31.	1929-30.	1930-31.		
Australian Bank of Commerce...	£1	180,693	89,904	7	4	14s. 3d.	5 12 3
Commercial Bank of Australia...	10s.	389,841	308,450	15	11½	17s. 6d.	6 8 7
Bank of N. South Wales	£20	994,825*	734,699*	10	9½	25	7 16 0
Commercial Bank of Sydney	£25 (£12½ pd.)	637,619	441,816	10	8½	10	10 12 6
English, Scottish and Australian	£5 (£3 pd.)	601,262	542,736	12½†	8†	4½	5 1 0†
National Bank of Australasia ...	£10	655,134	561,805	9	7	8½	8 4 8
Queensland Nat. Bank	£5	194,956	132,291	8	6½	4	8 2 6
Union Bank of Australia	£15 (£5 pd.)	525,655	283,019	12½†	7†	7½	4 10 4†

* Year to December 30.

† Free of tax.

It is unlikely that a very great improvement in bank profits will be achieved for the year to June next, in view of the drastic reduction in the national income and the cut in interest effected under the Government's scheme.

Australia, as a primary producer, has been severely shaken by depression, following immediately upon extensive drought, and may be congratulated on having escaped, so far, the damaging effects of a series of large-scale failures and suspensions, as in the crisis of the 'nineties. She has tackled many of her difficulties with spirit, energy and determination—if not always on strictly orthodox lines. She has the additional advantage of not being embroiled in the politico-economic controversies of the Old World. The evidence suggests, in short, that her trade and finance will revive as early as those of any other primary producer. It certainly does not suggest more than that. Recent recoveries in wool and wheat prices, so far as they have gone, are highly welcome, but the rise in Australian stocks has fully discounted them. Investors should look for reliable signs of a more world-wide revival before consenting to follow any further upward market movement of considerable dimensions.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. December 1.	ACCOUNT. December 3.
------------------------	-------------------------

REACTIONARY movements were again paramount, the resumption of dealings for the account failing conspicuously to coincide with any renewal of activity. Business was restricted by continued anxiety with regard to the finances of Central Europe, nervousness over the Sino-Japanese conflict in Manchuria, dissatisfaction with the supposed inadequacy of the "Anti-Dumping" Act, and the sharp fall in various commodities, particularly in wheat, silver, and later, copper.

Gilt-edged stocks reflected the stringency of the Money Market, and fears that the Chancellor's pronouncement against an early return to gold augured the continuance of high internal interest rates. Quotations sagged throughout the week, Victory Bonds and Funding Loan leading the declines, while War Loan was one of the rare exceptions. Australian issues suffered from profit-taking after their recent popularity, but Indian loans rallied when the Conference took on a new lease of life.

Foreign bonds had an irregular appearance. German bonds were steady on the somewhat improved atmosphere of the Franco-German negotiations, but were lower on Tuesday. Japanese loans were maintained, despite the negative progress made by the League Council at Paris. Brazilians improved on Dr. Whitaker's reassuring statement. Peru Corporation slumped heavily on the report (discussed on page 973).

Home rails had an unsatisfactory week, losing part of their recent gains. The traffic returns were unexpectedly unsatisfactory, and caused a sharp relapse in Great Western and London, Midland and Scottish. Argentine rails were fairly well maintained, in the face of a number of adverse factors.

The Industrial share market opened in the shadow of reactionary commodity prices. When it became apparent that buyers were holding back, declines occurred in most sections. Brewery shares were heavy as a result of discouraging trade reports following the recent increase in taxation. The decision of Fine Cotton Spinners to pass their interim preference dividend came as an unpleasant shock. Other textiles declined, though Courtaulds were temporarily supported on the possibility of increased import duties. Royal Mail prior charges weakened with the publication of the Voting Trustees' proposals for a renewal of the moratorium (summarised on page 971). Electrical shares were steady, but Engineering shares and Motors lacked support. Bank shares lost ground, particularly Bank of London and South America following the recent dividend reduction. Insurance shares were similarly dull. International issues improved slightly after a very weak opening, but among trans-Atlantics, Nickels reflected the cut in dividend. Cables and Wireless fell back on profit-taking.

Oil shares were again dull despite a continuance of better news regarding the industry in America. Paris and Amsterdam were quiet. The leading issues declined, consideration of a dividend might be postponed till the end of the company's year. The steadier tone of Rubber shares was fairly well maintained, but was not reflected in Ceylon companies, tea shares were very quiet, movements being mostly against holders.

The sharp reaction in silver and the break-up of the copper conference had a depressing effect on Mining shares. Kaffirs were influenced adversely by the determined opposition to South Africa's abandonment of the gold standard, and an all-round recession occurred. Rhodesians presented a cheerless aspect in the face of the copper position. De Beers were also marked down. Tin shares were dull with the metal, and Tintos declined sharply. Practically the only improvement recorded in mid-week was in Ashanti Goldfields.

"FINANCIAL NEWS" DAILY BARGAIN INDEX. (Approximate number of Bargains recorded in Stock Exchange Lists.)

	Nov. 12, 1931.	Nov. 13, 1931.	Nov. 14, 1931.	Nov. 15, 1931.	Nov. 16, 1931.	Nov. 17, 1931.	Nov. 18, 1931.	Nov. 19, 1931.
Government and Municipal Loans	1,391	1,298	642	1,251	1,336	1,264	1,207	
Transport, Communications, and Public Utilities...	967	763	545	881	772	844	830	
Commercial and Industrial*	1,854	1,744	870	2,128	1,932	1,553	1,778	
Banks, Insurance and Financial ...	455	422	210	449	402	389	333	
Mines (including Nitrates)	526	479	255	691	590	455	461	
Other ...	71	62	50	69	65	85	68	
Wool, Rubber, Tea and Coffee	99	139	33	135	126	123	116	
Total	5,363	4,907	2,605	5,604	5,223	4,713	4,793	

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Nov. 12, 1931.	Nov. 13, 1931.	Nov. 14, 1931.	Nov. 15, 1931.	Nov. 16, 1931.	Nov. 17, 1931.	Nov. 18, 1931.	Nov. 19, 1931.
72.3	53.1	69.2	69.0	69.1	68.1	67.8	66.9	66.1	

FOREIGN STOCK EXCHANGES.

NEW YORK.

After a few scattered signs of better conditions early in the week, share prices again turned downward. Continued uncertainty regarding railroad prospects had a most discouraging influence. The New York Central figures for the third quarter shook the market severely, income being shown as only 4 cents per share, against \$1.75 in the third quarter of 1930. Selling of railroad securities affected bonds as well as stocks, many seasoned issues coming under pressure. This selling extended as the week progressed to other high-grade industrial bonds. The question of possible railroad wage cuts remained undecided as we went to press, though there was some evidence of readiness on both sides to discuss the issue amicably. The course of commodity prices was another discouraging market factor, the severe week-end reaction followed by partial recovery on Monday, the sudden drop in silver, and the cut in copper quotations on the failure of the Conference combining to produce the settlement of mind. Western Union reached the lowest level for many years, and the Radio group were weak on the drastic nature of the Radio-Keith-Orpheum scheme. Investors, indeed, were pre-occupied with the necessity of making the worst of bad news, and tended to give little weight to some of the more favourable factors, such as the maintenance of an improved position in the oil industry and a slight improvement in the operations of steel makers (excluding the U.S. Steel Corporation) to 81 per cent. of capacity. Freight car loadings for the week ended November 7th were 717,126, compared with 740,460 in the previous week and 81,401 in the corresponding week of 1930. The demand for automobiles is showing rather more than seasonal expansion, and it is expected that December production will be the largest for some months past. The \$500 millions capital of the National Credit Corporation has now been fully subscribed, but it is understood that requests for loan facilities from banks throughout the country have so far been relatively modest.

	Nov. 12, 1931.	Nov. 13, 1931.	Nov. 14, 1931.	Nov. 15, 1931.	Nov. 16, 1931.	Nov. 17, 1931.	Nov. 18, 1931.	Nov. 19, 1931.
U.S. 3½% T. Bds. ...	100½	101½	100½	100½	100½	100½	100½	100½
U.S. 4½% T. Bds. ...	101½	101½	101½	101½	101½	101½	101½	101½
Do. 4½% 32-47 ...	101½	101½	101½	101½	101½	101½	101½	101½
Do. 4½% 32-47 ...	101½	101½	101½	101½	101½	101½	101½	101½
Do. 4½% 33-38 ...	101½	101½	101½	101½	101½	101½	101½	101½
Atchafalpa	109	116½	105					
Ches. & Ohio	31½	32½	31					
Erie	12½	12½	11½					
Illinois Central	20	21½	17½					
N.Y. Central	50	49	40					
Pennsylvania	30½	31½	28½					
Southern Pacific	49½	50½	44					
Southern Ry.	18½	17	15½					
Union Pacific	103	110½	95					
Am. Can.	81½	83½	76					
Am. Smelting	27½	32½	24½					
Anacosta	16½	18½	13½					
Bethlehem Steel	28	30	27					
Chrysler Motor	16½	17½	15					
Jorn. Produs. Rf.	52	55	50½					
Kaiser Steel	107	112	101½					
Gen. Motors (New)	31½	31½	28½					
Gen. Motors	27½	29½	26					
Int. Harvester	34½	33½	32½					
Kontg. Ward	13½	12½	11½					
Natl. Biscuit	48½	50½	48					
Phelps Dodge	26½	26½	25½					
Fullman	45½	45	44½					
Seare-Roebuck	13	15½	14½					
Studebaker	32	32½	30					
Un. Fruit	3½	4	3½					
U.S. Leather	7½	8	6½					
U.S. Rubber	68½	70½	64½					
U.S. Steel	47½	47½	38½					
Westinghouse	53½	53	48½					
Woolworth	138½	142½	134½					
Am. Tel. & Tlg.	11½	10½	8					
Interboro R.T.	17½	17½	14½					
Int. Tel. Teleg.	13½	11½	10½					
Radio Corp.	13½	13½	12½					
Utilities P. & L. ...	75½	72½	57					
W. Union Tlg.	6½	7	6½					
Associated Gas "A" ..	23½	23	23					
Pan. Amer. B.	10	13½	11					
Shell	54	54	47					
Shell Union	7½	7½	7½					
Standard Oil	34½	35	32½					
Std. California	35½	35½	32½					
Do. N.J.								

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Nov. 11.	Nov. 18.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	71.3	66.5
33 Rails	127.8	173.9	89.1	145.6	92.0	51.5	44.4
34 Utilities	177.6	330.4	153.2	267.4	158.1	120.7	112.9
Total, 404 stocks...	140.3	228.1	105.8	184.2	107.6	76.1	70.5

Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	6.86%	7.45%
--	-------	-------	-------	-------	-------	-------	-------

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

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Oct. 5.)	Nov. 11, 1931.	Nov. 12, 1931.	Nov. 13, 1931.	Nov. 14, 1931.	Nov. 15, 1931.	Nov. 16, 1931.	Nov. 17, 1931.	Nov. 18, 1931.
140.2	67.8	85.9	85.9	83.1	82.2	80.7	82.4	79.0	

TOTAL DEALINGS IN NEW YORK.

	Nov. 12, 1931.	Nov. 13, 1931.	Nov. 14, 1931.	Nov. 15, 1931.	Nov. 16, 1931.	Nov. 17, 1931.	Nov. 18, 1931.	Nov. 19, 1931.
Stock Exchange— Shares (Thous.)	1,400	1,400	1,100	1,500	1,500	1,700	1,500	
Bonds (Value Thous. \$) ...	9,677	9,677	5,838	3,750	9,148	9,069	9,400	
Over- Shares (Thous.)	250	250	147	220	240	240	220	

* 2-hour session.

PARIS.

The mid-monthly settlement was accomplished without difficulty, money being plentiful and bull positions few. The volume of new business, however, proved greatly disappointing. The influence of Wall Street was unhelpful. The market, on the whole, showed considerable powers of resistance, but most prices were lower on the week. Egyptian Foncier and Central Mining were firm at the outset, but the decline in bank shares, particularly Banque de France, and the adverse effect of the Copper Conference collapse encouraged more extensive liquidation, and a weak tone generally on Thursday, Tintos declining sharply.

	Nov. 12, 1931.	Nov. 13, 1931.	Nov. 14, 1931.	Nov. 15, 1931.	Nov. 16, 1931.	Nov. 17, 1931.	Nov. 18, 1931.	Nov. 19, 1931.
Banque de France	12,710	12,700	12,045	105	98	95		
Crédit Lyonnais ...	1,875	1,865	1,850	31	31	28		
Suez Canal	13,100	13,250	13,148	92	92	87		
Chargers Réunis	255	257	258	132	133	119		
Rio Tinto	1,690	1,740	1,585	337	348	320		
Royal Dutch	14,500	14,100	13,625	120	126	120		

AMSTERDAM.

Listless conditions prevailed on the Amsterdam Bourse, business being at a low ebb. Sugar shares were weak on disappointing Java prices, but rubber share values were fairly well maintained. Tobacco shares, however, had a weaker tendency. Philips' Lamps and A.K.U. rallied on Wednesday, but a fresh reaction after hours caused sharp declines in many leading issues.

	Nov. 12, 1931.	Nov. 13, 1931.	Nov. 14, 1931.	Nov. 15, 1931.	Nov. 16, 1931.	Nov. 17, 1931.	Nov. 18, 1931.	Nov. 19, 1931.
5½% German	130½	127	123	73½	68½	65½		
Unilever N.V. ...	102½	95	86½	54½	51½	49½		
Philips' Lamps ...	87	85	81½	218½	215½	208		
Netherlands Ship	173	163½	160	170	170	146		
Union				141½	136½	132½		
Java Cultuur								

OTHER CENTRES.

Idle conditions prevailed, for the most part, on other bourses. A certain liveliness in copper shares was in evidence at the beginning of the week in Brussels, but prices subsequently trended downward. Stockholm was quiet, but moderately steady, Vienna dull, Basle and Zurich irregular. Unofficial quotations in Berlin revealed some improvement on the levels of the previous week. Dye Trust was done at 97.75 on the 71th (against 95.75), Siemens at 121.00 (against 118.75), General Electric at 34.25 (unchanged), and Reichsbank at 92.00 (against 91.50).

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931 Jan. 1 to Nov. 18 (Inclusive).							Prices Year 1931 Jan. 1 to Nov. 18 (Inclusive).						
Price Nov. 11, 1931.		Price Nov. 18, 1931.		Rise or Fall.	Present Yield.	£ s. d.	Price Nov. 11, 1931.		Price Nov. 18, 1931.		Rise or Fall.	Present Yield.	£ s. d.
High.	Low.	High.	Low.				High.	Low.	High.	Low.			
British Funds.													
59½	52½	60½	49½	56	54	-2	4 12 7	53½	48½	51½	33½	33½	4 12 7
94½	82½	97	77½	84½	83½	-1	4 17 3	57½	48½	51½	33½	33½	4 17 3
103½	94½	104½	88½	94½	93½	-1	5 3 1	85½	75½	80½	55½	55½	5 3 1
106½	102½	108½	93½	100½	99½	-1	5 0 0	97½	85½	95½	55½	55½	5 0 0
96½	87½	97	78	85½	84½	-1	4 16 0	85½	75½	80½	55½	55½	4 16 0
102½	98½	102½	93	97½	97	0	5 9 6	198	130	158	92½	92½	5 9 6
103½	100½	103½	93½	98½	98½	0	5 8 9	80½	65½	75½	26½	26½	5 8 9
97½	91½	98½	85	92½	91½	-1	4 9 0	26½	4	9½	2½	2½	4 9 0
105½	100½	104½	90½	97½	97	0	5 5 8	9½	2½	2½	2½	2½	5 5 8
69½	61½	70½	57½	62½	61½	-1	4 17 6	62½	61½	62½	61½	61½	4 17 6
49	40½	46	29½	38	39	+1	6 8 3	17½	14½	16½	5½	5½	6 8 3
59½	47½	55½	34	46	48	+2	6 5 0	11½	10½	11½	10½	10½	6 5 0
68½	55½	64½	41	54	55	+1	6 7 0	7½	4	6½	1½	1½	6 7 0
90	78½	86½	55	73½	74	+1	4 16 9	73½	74	75	74	74	4 16 9
106	100½	106½	94	101	101	...	5 4 3	101	101	101	101	101	5 4 3
109½	104½	110	90	105½	105½	...	4 19 6	105½	105½	105½	105½	105½	4 19 6
99	87½	99½	87½	91½	91½	...	...	91½	91½	91½	91½	91½	...
Dom. & Colonial Govts.													
95½	76	85½	58	82½	82½	+1	6 7 3	82½	82½	82½	82½	82½	6 7 3
95	86½	96½	75	88½	88½	+1	4 18 0	85	86½	87½	86½	86½	4 18 0
106½	102½	105½	97	103½	103½	...	5 15 3	103½	103½	103½	103½	103½	5 15 3
98	92½	101	87½	92½	91½	-1	5 4 2	92½	91½	92½	91½	91½	5 4 2
105	99½	105½	90	98½	98½	...	5 4 0	98½	98½	98½	98½	98½	5 4 0
105	101	104½	92	98½	98½	+2	6 17 0	98½	98½	98½	98½	98½	6 17 0
92½	70	80	46½	74½	74½	+3	5 10 0	74½	74½	74½	74½	74½	5 10 0
105	99½	102½	85	94½	94½	+3	6 12 6	94½	94½	94½	94½	94½	6 12 6
92½	70½	81	48	76½	76½	+3	5 3 0	76½	76½	76½	76½	76½	5 3 0
104½	99	105	82½	100	100	...	5 3 0	100	100	100	100	100	5 3 0
98½	93½	100	85½	93½	91½	-2	5 7 9	91½	91½	91½	91½	91½	5 7 9
Foreign Governments.													
89½	82	88	53	72½	74½	+2	6 19 6	72½	74½	74½	74½	74½	6 19 6
105	102	105½	95	99	97½	-1	14 14 9	99	97½	97½	97½	97½	14 14 9
96	89	98½	47½	84	84	...	8 15 0	84	84	84	84	84	8 15 0
61½	51	56	29½	43½	43½	...	6 12 0	43½	43½	43½	43½	43½	6 12 0
113½	108½	112½	89	104½	104½	+1	15 15 9	104½	104½	104½	104½	104½	15 15 9
87	74½	85½	36	74½	74½	...	...	74½	74½	74½	74½	74½	...
94½	79	85	28	40	42½	+1	...	40	42½	42½	42½	42½	...
99½	74	84	20	44	44	...	...	44	44	44	44	44	...
55	27	52½	33	39	40	+1	12 10 0	39	40	40	40	40	12 10 0
69	54½	70½	55	60	61	+1	8 5 0	60	61	61	61	61	8 5 0
115½	109½	113½	83	100	100	...	4 0 0	100	100	100	100	100	4 0 0
82	78½	86½	70	75	75	...	10 16 9	75	75	75	75	75	10 16 9
96½	81	87½	60	74½	74½	+4	5 2 7	74½	74½	74½	74½	74½	5 2 7
80½	70	78½	66½	63	63	...	16 5 6	63	63	63	63	63	16 5 6
92	73	76	35	62½	62½	...	5 5 0	62½	62½	62½	62½	62½	5 5 0
113½	108½	112½	89	104½	104½	+1	15 15 9	104½	104½	104½	104½	104½	15 15 9
87	74½	85½	36	74½	74½	...	...	74½	74½	74½	74½	74½	...
94½	79	85	28	40	42½	+1	...	40	42½	42½	42½	42½	...
99½	74	84	20	44	44	...	...	44	44	44	44	44	...
55	27	52½	33	39	40	+1	12 10 0	39	40	40	40	40	12 10 0
69	54½	70½	55	60	61	+1	8 5 0	60	61	61	61	61	8 5 0
115½	109½	113½	83	100	100	...	4 0 0	100	100	100	100	100	4 0 0
82	78½	86½	70	75	75	...	10 16 9	75	75	75	75	75	10 16 9
96½	81	87½	60	74½	74½	+4	5 2 7	74½	74½	74½	74½	74½	5 2 7
80½	70	78½	66½	63	63	...	16 5 6	63	63	63	63	63	16 5 6
92	73	76	35	62½	62½	...	5 5 0	62½	62½	62½	62½	62½	5 5 0
113½	108½	112½	89	104½	104½	+1	15 15 9	104½	104½	104½	104½	104½	15 15 9
87	74½	85½	36	74½	74½	...	...	74½	74½	74½	74½	74½	...
94½	79	85	28	40	42½	+1	...	40	42½	42½	42½	42½	...
99½	74	84	20	44	44	...	...	44	44	44	44	44	...
55	27	52½	33	39	40	+1	12 10 0	39	40	40	40	40	12 10 0
69	54½	70½	55	60	61	+1	8 5 0	60	61	61	61	61	8 5 0
115½	109½	113½	83	100	100	...	4 0 0	100	100	100	100	100	4 0 0
82	78½	86½	70	75	75	...	10 16 9	75	75	75	75	75	10 16 9
96½	81	87½	60	74½	74½	+4	5 2 7	74½	74½	74½	74½	74½	5 2 7
80½	70	78½	66½	63	63	...	16 5 6	63	63	63	63	63	16 5 6
92	73	76	35	62½	62½	...	5 5 0	62½	62½	62½	62½	62½	5 5 0
113½	108½	112½	89	104½	104½	+1	15 15 9	104½	104½	104½	104½	104½	15 15 9
87	74½	85½	36	74½	74½	...	...	74½	74½	74½	74½	74½	...
94½	79	85	28	40	42½	+1	...	40	42½	42½	42½	42½	...
99½	74	84	20	44	44	...	...	44	44	44	44	44	...
55	27	52½	33	39	40	+1	12 10 0	39	40	40	40	40	12 10 0
69	54½	70½	55	60	61	+1	8 5 0	60	61	61	61	61	8 5 0
115½	109½	113½	83	100	100	...	4 0 0	100	100	100	100	100	4 0 0
82	78½	86½	70	75	75	...	10 16 9	75	75	75	75	75	10 16 9
96½	81	87½	60	74½	74½	+4	5 2 7	74½	74½	74½	74½	74½	5 2 7
80½	70	78½	66½	63	63	...	16 5 6	63	63	63	63	63	16 5 6
92	73	76	35	62½	62½	...	5 5 0	62½	62½	62½	62½	62½	5 5 0
113½	108½	112½	89	104½	104½	+1	15 15 9	104½	104½	104½	104½	104½	15 15 9
87	74½	85½	36	74½	74½	...	...	74½	74½	74½	74½	74½	...
94½	79	85	28	40	42½	+1	...	40	42½	42½	42½	42½	...
99½	74	84	20	44	44	...	...	44	44	44	44	44	...
55	27	52½	33	39	40	+1	12 10 0	39	40	40	40	40	12 10 0
69	54½	70½	55	60	61	+1	8 5 0	60	61	61	61	61	8 5 0
115½	109½	113½	83	100	100	...	4 0 0	100	100	100	100	100	4 0 0
82	78½	86½	70	75	75	...	10 16 9	75	75	75	75	75	10 16 9
96½	81	87½	60	74½	74½	+4	5 2 7	74½	74½	74½	74½	74½	5 2 7
80½	70	78½	66½	63	63	...	16 5 6	63	63	63	63	63	16 5 6
92	73	76	35	62½	62½	...	5 5 0	62½	62½	62½	62½	62½	5 5 0
113½	108½	112½	89	104½	104½	+1	15 15 9	104½	104½	104½	104½	104½	15 15 9
87	74½	85½	36	74½	74½	...	...	74½	74½	74½	74½	74½	...
94½	79	85	28	40	42½	+1	...	40	42½	42½	42½	42½	...
99½	74												

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Nov. 11, 1931.	Price, Nov. 18, 1931.
Central Electricity Board 5% A Stk....	...	...	97-98	97-98
Fife County Council 4½% 1951-51	...	...	94-95	93½-94½
Great Universal Stores Ord. (5/-)	£1	fy. pd.	19½-20½	19/-20/-
Great Universal Stores Pref.	£1	fy. pd.	19½-20½	18½-19½
Jones (Peter) 6% deb.	97½	fy. pd.	89-94	89-94
London and Thames Haven Oil New Ord.	50/-	40/-	14/-15/- pm	15/-16/- pm
Middlesex 4½% 1950-70	101	fy. pd.	95½-96½	94½-95½
Savory and Moore 7½% Deb.	99½	20	1½-2½ pm	par-1 pm
Tanganyika 4% Guar. 1951-71	94½	fy. pd.	81½-85½	84-85
Walsall Corp. 4½% 1950-60	100	fy. pd.	93-94	91-92xd

INVESTMENT NOTES.

Business Forecasting.—It is regrettable that the earlier advocates of business forecasting made exaggerated claims for their "new" subject just before the onset of a devastating economic blizzard, of which the professional astrologers, with remarkable unanimity, failed to give warning. When Mr R. G. Glenday (an economic adviser of the Federation of British Industries) read a paper at the Royal Statistical Society, last Tuesday, the discussion concerned itself but slightly with the pros and cons of forecasting, most speakers evidently preferring the well-beaten tracks of monetary controversy. Even Sir Josiah Stamp did less than justice to the paper by his comparison of Mr Glenday with a violinist who had taken his audience completely into his confidence regarding the tools of his trade, but had omitted to say how he produced his music. In point of fact, Mr Glenday carried the discussion of business forecasting a step further than before by introducing a new conception of its scope—or, more correctly, by forcefully re-stating an old idea which his professional brethren had been in danger of overlooking. Practical business forecasting, basing itself on the trade cycle, has tended to concentrate its attention on deviations from a given trend, rather than on the trend itself. Thus, while some forecasters (though not all) announced the arrival of a depression in 1930-31, none foretold its extreme severity, because the latter characteristic was the result of international conditions—war debts, reparations, tariffs, rigid economic organisation in a period of increasingly fluid demand, etc.—which were non-cyclical. Mr Glenday is the first professed exponent of the new craft who has publicly accepted the implications of this fact, and future commentators may award him a pioneer's credit. If we interpret Mr Glenday's intentions aright, his paper was written to emphasise the contention that trade meteorologists must concern themselves not exclusively with the timing of primary and secondary cyclonic phenomena, but must go back to the origins of these disturbances. They must interest themselves less

in fluctuations and more in trends. One does not propose the abolition of the weather office because it prophesies a fine day which happens to be wet. One does expect it, however, to give warning of disastrous hurricanes. Mr Glenday's insistence that analysis must continually take account of long-term underlying factors is of greater moment than his own assignment of importance to particular forces, such as the quantity and velocity of money in relation to industrial demand. Mr Glenday, indeed, appears to be somewhat exclusively pre-occupied with the "supply" side of the equation and to give much too meagre a share of his attention to far-reaching developments affecting "demand" for available resources. But if last Tuesday's paper gives a new and more helpful orientation to future "forecasting" research, it will have amply served its purpose. The business world stands to lose so much by unpreparedness for major developments in the world situation that it cannot afford to discourage any movements which make the investigation of such changes their *raison d'être*.

Computation of Railway Traffic Figures.—Investors who have examined recent railway gross traffic returns for tangible signs of a quickening in British trade activity since the departure from the gold standard have obtained only a negative satisfaction. The returns for the last few weeks have run consistently below those of the corresponding weeks last year, and it is difficult for even the most optimistic eye to trace any regular or widespread tendency towards improvement. It has been suggested, however, that the figures are partly retrospective, and that they include not only passenger and goods receipts—paid for more or less simultaneously with the performance of the transport services in question—but cash settlements by traders running monthly and other "time" accounts with the railways, whose incidence may not be identical from week to week and may be governed by railway services performed in the recent past rather than the present. This assumption, however, is incorrect. The weekly statements of receipts represent the estimated return attributable to any given week's traffic, and are not affected by the cash position. To some extent they are estimates, based on a variety of data and past experience. That the estimates approach very closely to the true results, however, is shown by the very small corrections made when the results are revised at the end of each year. For example, in the first week of November last year, the total receipts of the four main line railways were shown as £3,039,000. Subsequent revision showed a net error of only 0.4 per cent. in this figure, the revised total being £3,049,000. It would appear, therefore, that the stimulation of trade to which attention has recently been drawn—as regards reports of the placing of new orders, the reopening of factories, the decline in the unemployment figures, etc.—has not as yet been reflected in any increase of traffic on the railways, unless more helpful factors have been cancelled by other influences in the opposite direction. On the whole, the experience of the railway managements has been that merchandise has yielded rather better results than were anticipated three or four months ago, but that heavy traffics have been more disappointing, and have given little tangible indication of any far-reaching change during recent weeks.

Ford in Italy.—Ford Italiana S/A is the only Continental subsidiary of Ford Motor Company, Limited, in respect of which no public share issue has yet been made in the country of incorporation, in accordance with the articles of association of the English company. Nor is such an issue imminent. Although the Italian business was conducted at a profit last year, the chairman, in his speech, did not disguise the difficulties which the company was experiencing in the Italian market. The recent imposition of an additional all-round duty of 15 per cent. on all imports has brought Ford business virtually to a standstill; since Ford units for the Italian market are shipped from Detroit via Barcelona, where they are assembled, no advantage was to be gained from the fall in sterling,

against which the extra 15 per cent. tariff was said to be designed. However, even before this last straw was added, the camel's back was severely strained. The price of a Ford 2-door sedan, as received from Spain, is 11,600 lire (£126 at par); the Italian duties, reckoned chiefly according to weight, amount to no less than 15,820 lire (£172), making the price to dealers 27,420 lire (£298); the retailer adds on anything up to 20 per cent., which brings the selling price to anything up to 32,900 lire (£357 10s.). The retail price of the comparable Fiat model is 19,250 lire (£209)!. This protection, moreover, is thought not to be the only assistance which the Italian motor industry is receiving. In an article entitled "Ford in Europe" (published in the *Economist* for February 28, 1931), reference was made to negotiations then being carried on with the Isotta Fraschini company. It was proposed that Ford should contribute some 49 per cent. to the reorganised capital of Isotta, in return for which the Isotta factory at Milan would manufacture the Ford car for the Italian market. Under these conditions the competition of Fiat and other Italian manufacturers might well have been met. These negotiations have been temporarily abandoned, and the present economic crisis is not likely to encourage their resumption for the present. It would seem, however, that some such agreement is highly desirable in order to assist Ford's progress in the Italian market, since the coming into full production of the Dagenham factory, even should the present sterling position endure, would hardly overcome the Italian tariff situation. Ford Italiana controls Italy, Sicily, Sardinia, Tripolitania and Libya. Yugoslavia has recently been transferred to the Istamboul company, which covers Arabia, Albania, Afghanistan, Bulgaria, Greece, Mesopotamia, Palestine, Persia, Roumania, Syria, Turkey, Montenegro, etc. Despite the present difficulties, the Ford organisation still has confidence in the possibilities of the Italian market. Branch service stations have recently been opened at Naples and Bologna (the head offices are now established at Genoa), which actually retail cars and generally maintain interest among the native distributors.

The Royal Mail Moratorium.—In a circular addressed to the first and second debenture holders of the Royal Mail Steam Packet Co. and the guaranteed preference shareholders of the White Star line, the voting trustees of the Royal Mail ask this week for a prolongation of the moratorium which is due to expire on December 31st next. The circular points out that the financial crisis which arose in August, 1931, and the general uncertainty which followed, enormously accentuated the difficulties of drawing up a scheme of arrangement under the depressed conditions of the shipping trade. A scheme has been formulated which aims at enabling the fleets of the various companies to be operated on the most economical lines. This is at present under discussion with banks and other individual creditors. Owing to its complicated nature and the possible necessity of modifications, it is not feasible to present it for sanction and render it binding before the expiration of the second preliminary scheme, on December 31st. Prolongation of the moratorium is, therefore, requested till June 30th next, though the before the expiration of the second preliminary scheme end of March next. The third preliminary scheme now submitted is on the same lines as the two schemes previously sanctioned, except that it covers not only the instalments of dividend on the preference shares of the White Star Line, already overdue, and that falling due on January 1, 1932, but also the half-year's interest on the due on January 1st. The half-year's interest on the first debenture stock due on January 1st next, will be paid punctually. The circular observes that the power of borrowing up to £250,000 conferred upon the company by the two previous schemes has not been exercised, but is preserved in the third scheme as a precautionary measure. Shareholders will scarcely hesitate to give the voting trustees the necessary authority. The process of "pulling the chestnuts out of the fire," thankless as it must needs be, can only be handicapped by interference at this stage.

Canadian Pacific Railway.—Prominent among the shares which have appreciated and reacted in sympathy with the recent rise and fall in wheat prices has been the common stock of the Canadian Pacific Railway. The traffic figures of this company are now showing the unpleasant results of the marketing of a poor wheat crop at abnormally low prices. As compared with the corresponding periods in 1930, the gross traffic figures for the first quarter of this year showed a decline of 15 per cent., for the second quarter of 19 per cent., and for the third of 30 per cent., while net earnings dropped by 24½ per cent., 8 per cent. and 51 per cent. respectively. The fourth quarter figures are usually the best of the year, and the directors probably anticipated this fact when they maintained the quarterly dividend of 1½ per cent. (for the quarter ending September 30th), which is payable on December 31st. The severe drop of 51 per cent. in the net earnings for the September quarter suggests that the company is reaching the limit of savings in operating expenditure. In the first nine months of 1930 it met \$20 millions of a decline of \$25½ millions in gross receipts by effecting savings in working expenditure. In the corresponding period of this year it has met a further decline in receipts of \$30 millions by savings of \$22 millions. This is a fine achievement, but the third quarter showed that the peak of economies had been passed—savings of only \$8½ millions being made to offset a decline in gross receipts of \$15½ millions. Estimates of net earnings for the whole year vary between 3½ per cent. and 6½ per cent., as compared with 8.24 per cent. last year (after the elimination of a non-recurrent item of \$6.1 millions). These estimates depend upon the views taken of the decline in gross receipts and the amount of savings to be realised in the last quarter. It is, however, expected that dividends of 5 per cent. for the year will be paid (against 10 per cent. in 1930). The market is chiefly concerned to know whether a recovery in earning power will

THE STANDARD BANK OF SOUTH AFRICA LIMITED

Bankers to the Imperial Government in South Africa; and to the Governments of Northern Rhodesia, Southern Rhodesia, Nyasaland and Tanganyika.

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£3,164,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

Board of Directors.

William Rolleston Arbuthnot, Esq. Rt. Hon. the Earl of Athlone, K.G. Rt. Hon. Lord Balfour of Burleigh. Stanley Christopherson, Esq. Edward Clifton-Brown, Esq. Robert E. Dickinson, Esq.	Horace Peel, Esq. Rt. Hon. the Earl of Selborne, K.G. William Smart, Esq. Rt. Hon. Lord Sydenham, O.C.S.I., F.R.S. Sir Roderick Roy Wilson.
--	--

Joint General Managers in South Africa—James S. Shiel, G. F. Le Sueur, W. K. Robertson.
Deputy General Managers in South Africa—Francis E. King, Herbert G. Heay.
Assistant General Manager in South Africa—E. C. Frost.
London Manager—Bertram Lowndes.
Secretary—T. D. Williams.

Head Office: 10 CLEMENTS LANE, LOMBARD STREET, and 77, KING WILLIAM STREET, LONDON, E.C. 4.
London Wall Branch: 63, LONDON WALL, E.C. 2.
West End Branch: 9, NORTHUMBERLAND AVENUE, W.C. 2.
NEW YORK BRANCH: 67, WALL STREET.
HAMBURG BRANCH.
Bank of British West Africa, Ltd., 49-53, SOHAEUBURGER-STRASSE
Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST and CENTRAL AFRICA.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the World. The closest touch with Trade and Industrial conditions is maintained, with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

THE STANDARD BANK MONTHLY REVIEW is sent post free on application. It gives the latest information on all South, East and Central African matters of Trade and Commercial Interest.

Terms of Subscription to "THE ECONOMIST"

QUARTERLY - 14s. 6d. HALF-YEARLY - £1 9s. 0d.
YEARLY - £2 18s. 0d.

Colonies and Abroad, £3 1s. 0d. per annum.
Single Copies, post free, 1s. 1d.

Cheques and Post Office Orders to be made payable to the Economist Newspapers, Ltd.
Office: 8, Boulevard Street, London, E.C. 4. Telephone No.: City 8300-2.

Copies of "THE ECONOMIST" may always be obtained in the

CITY:	14, Bishopsgate. Barker & Howard, 6, Fenchurch Buildings. P. W. Cooper & Co., 11, King Street, Cheapside. Leathwait & Simmons, 34, Throgmorton Street. W. Abbot, Ltd., 32, Eastcheap. Pottle & Son, 15, Cullinan Street. Willing & Co., Ltd., 50, Cornhill Avenue & 123, Moorgate.
PARIS:	Messageries Hachette, 171, Rue Réaumur. W. H. Smith & Son, 248, Rue de Rivoli. W. Dawson & Sons, 13, Rue Albouy. Gallani Library, 224, Rue de Rivoli.
BERLIN, N.W. 7:	Messrs. Georg Stille, Dorotheenstrasse 65.
FRANKFURT A/M:	Internationaler Zeitungs-Vertrieb, Rosentstr. 8.
BRUSSELS:	W. H. Smith & Son, 78, Rue du Marché aux Herbes.
AMSTERDAM:	Van Gelderen, Prinsengracht 43.
GENEVE:	Agence Naville, 3 & 5, Rue Levisier.
NEW YORK:	The International News Co., 137, Varick Street.

be seen next year. The reaction in the wheat market has left the level of grainstuff prices at about the average level for 1930-31. The wheat acreage sown this year in Canada showed a considerable increase on last year, but the official estimate of the yield is only 11.4 bushels, against 16 bushels for 1930-31, the total production being estimated at 271.4 million bushels, as against 397.9 millions. The acreage of barley and rye has declined, the total barley yield being estimated at 68 million bushels, as against 165 millions, and the yield of rye at 6 million bushels, as against 22 millions. The following figures, issued by the Dominion Bureau of Statistics, show the wheat position as at the end of September:—

	1930-1931.	1931-1932.
Carry-over, July 31st	111,094,912	133,381,623
Exports, wheat and flour, August and September	52,583,399	31,099,089
Balance (*)	58,511,513	102,282,534
Production	397,872,000*	271,400,000†
Domestic consumption	130,000,000	120,000,000†
Balance (†)	267,872,000	151,400,000
Available for export and carry-over (*) and (†)	326,383,000	253,682,000

* Final estimate. † Preliminary estimate.

The recent advance in grainstuff prices is encouraging, but it is too early to say that the prospects for Canada and its railroads next year have definitely improved.

Bass, Ratcliff and Gretton.—The latest balance sheet of this famous brewery company shows total reserves of £1,680,299, while the profit and loss account reveals that income has been more than sufficient to cover a repetition of last year's ordinary distribution of 19 per cent. The reduction of the final dividend to 12 per cent., tax free, for the current year, making 17 per cent. in all, must therefore be regarded as a precautionary measure. The carry-forward is increased from £320,181 to £394,181.

	Year to September 30,	1929.	1930.	1931.
		£	£	£
Brewery profit.....	1,247,958	1,207,405	1,143,079	
Net profit	542,632	538,969	522,059	
Brought forward	246,480	273,983	320,181	
Preference dividend.....	68,000	68,000	68,000	
No. of times covered	7.9	7.9	7.6	
Ordinary dividend:				
Amount.....	447,128	424,771	380,059	
Earned %.....	21.2	21.1	21.1	
Paid %	20*	19*	17*	
Carried forward	273,983	320,181	394,181	

* Tax free.

The recent increase in beer duty, which has already tended to reduce consumption, has been reflected in the market quotations of all brewery shares, and Bass has suffered with the rest. The company's ordinary shares at one time this year touched 62s., but have now fallen to 48s. At that price the yield is about £7 9s. per cent., tax free, allowing for the final dividend.

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name.....

Address.....

Lewis Berger and Sons.—This large paint manufacturing company has not escaped the effects of depression. The ordinary dividend has been passed, net profits, at £30,978, being £75,656 lower than in 1929-30.

	Year ended July 31,	1929.	1930.	1931.
		£	£	£
Net profit	121,593	106,634	30,978	
Preference dividend.....	28,000	28,000	28,000	
No. of times covered	4.34	3.81	1.11	
Ordinary dividend:				
Amount.....	52,727	52,727	...	
Earned %.....	17.75%	14.91%	0.56%	
Paid %	10%	10%	...	
Reserve fund	25,000	...	...	
Increase in carry-forward.....	15,867	25,808	2,978	

The outstanding features on the assets side of the balance sheet are a decline of £81,466, to £83,982, in advances to subsidiaries, and a drop of £20,781, to £135,586, in debtors. Cash is £52,110 higher, at £64,606. The surplus of liquid assets over current liabilities has been maintained. Goodwill stands at £37,743, but is more than offset by the general reserve fund of £75,000. The £1 ordinary shares stand at par.

Charterhouse Investment Trust.—The latest report shows a gross profit £27,838 lower, at £108,424, representing 8.79 per cent. of the book value of the investments. Net profit declined by £24,038 to £76,387. Some £32,371 was set aside for taxation and the dividend was reduced from 7½ per cent. to 5 per cent.:

	Year ended November 11,	1929.	1930.	1931.
		£	£	£
Net profit†	240,570	100,425	76,387	
Dividend:				
Amount	80,000	58,123	38,125	
Earned %	24.05%	10.04%	7.64%	
Paid %	10%	7½%	5%	
Reserved for income tax	78,414	82,289	32,371	
Special reserve	24,157	10,043	7,639	
General reserve.....	75,000	...	...	
Decrease in carry-forward	16,001	50,031	1,748	

On November 11th, the book value of the quoted securities was £1,223,198, being 6.85 per cent. above the market value. Quoted shares (other than in subsidiaries' shares) were £153,816 lower than a year ago at £628,858, while quoted shares in subsidiaries and unquoted investments were £594,339 and £12,082 respectively, a combined decline of £37,305. A noteworthy feature of the balance sheet is the non-appearance of a bank loan shown in 1930 at £200,000. The securities depreciation reserve was increased during the year from £10,467 to £150,000, by a transfer from the general reserve, which now stands at £100,000. During the year no loss was sustained by any subsidiary company. At 15s. the £1 shares yield £6 17s. 11d. per cent.

First British Fixed Trust.—In an article in the *Economist* of May 2, 1931 (page 949), we discussed the underlying principles of "fixed trust" company management, with special reference to the First British Fixed Trust. This trust was formed last April by Municipal and General Securities Company, Limited, controlled by J. G. White and Company, Inc., of New York. This trust has now paid its first dividend, which amounts to 8d. per sub-unit, free of tax. This is equivalent to £5 11s. 9d. per cent. (before tax) on an ex-dividend price of 31s. 6d. per sub-unit. As the trust does not distribute fractions of one penny, a small balance of 0.09d. per sub-unit is being carried forward, as the property of sub-unit certificate holders. The trust is able, so far, to make out a fairly good case for the wisdom of its original selection of securities. Our analysis shows that of the twenty-four companies whose shares are held, only nine paid a lower dividend for their last complete year than for the previous financial period.

The total amount distributed by the twenty-four companies in respect of their last financial year showed a decline of less than 10 per cent. as compared with the previous period. This is an "unweighted" average, whereas the monetary value of the trust's holding, per unit, in different companies is not identical. It suggests, at least, that the original choice was mainly confined to stable dividend-paying securities in a difficult trading period. As the trust's distribution is based on amounts received during half-yearly periods by way of dividends on the component stocks, it is of interest to ask whether receipts are likely to come evenly as between one half-year and another, since British companies generally declare lower interim than final dividends. We find on examination that, had the trust been formed six months earlier, it would have received 33 per cent. more in dividends for the six months to April 30th last than for the half-year to the end of last month (which is covered by the present sub-unit distribution). That the next six months' payment will show an increase of such dimensions is unlikely, in view of the probability that some dividends due in the next six months may be reduced. In normal circumstances, however, the incidence of dividend payments may be such that the trust's unit holders will receive larger distributions in May than in November.

Two Australian Pastoral Companies.—The results of Dalgety and Company and the Australian Mercantile Land and Finance Company have shown a somewhat surprising dissimilarity during the past financial year, Dalgety's earnings suffering a further heavy reduction, while those of the Australian Mercantile have recovered in gratifying fashion:—

	DALGETY AND COMPANY.	1929.	1930.	1931.
	(Year ended June 30).	£	£	£
Net profit	422,590	235,946	60,741*	
Preference dividend	25,000	25,000	25,000	
No. of times covered	16.90	9.44	2.43	
Ordinary dividend:—				
Amount	255,000	150,000	105,000	
Earned %	26.51	14.06	2.38	
Paid†	17%	10%	7%	
Written off premises	25,000	25,000	25,000	
Staff benevolent fund	25,000	25,000	25,000	
Bonus to staff.....	60,000	...	...	
Contingency fund	...	...	...	
Inc. or dec. in carry-forward ...	+ 32,590	+ 10,946	— 26,530	

* Plus £25,000 from contingency reserve.

† To cover abnormal exchange position.

	AUSTRALIAN MERCANTILE LAND AND FINANCE COMPANY.	1929.	1930.	1931.
	(Year ended June 30).	£	£	£
Net profit	162,189†	Dr. 20,454†	61,725†	
Dividend:—				
Amount	140,000	49,000	...	
Earned %	11.53%	...	4.41%	
Paid†	10%	3½%	...	
Equalisation reserve	...	Dr. 50,000	...	
General reserve	...	...	25,000	
Inc. or dec. in carry-forward ...	+ 22,189	— 19,454	+ 36,725	

† After income tax.

‡ Subject to income tax.

While the advances to the man on the land by the Mercantile Company have risen by £280,265 to £3,428,998, those of Dalgety and Company, Limited, have declined by £63,743 to £5,854,294. Both companies considerably reduced their debtor items last year, the former by £331,386 to £336,878, and the latter by £149,744 to £935,832. Creditors were also substantially reduced in both cases. The surplus of liquid assets over current liabilities in the Dalgety balance sheet was £5,854,294, a reduction of £83,743, while that of the Mercantile was £60,735 higher at £4,171,268. Both companies own stations in Australia, and conduct wool sales, receiving a commission from the grower, and are now, doubtless, benefiting from the recent rise in wool prices. The wheat crop has been affected by heavy rains, and is about 25 per cent. below that of last season. A review of the outlook

for Australia is given in a leading article on an earlier page. During the last few weeks Dalgety shares, priced at £8 per £20 share to £5 paid, yield £4 9s. 9d. per cent. The Mercantile £5 fully-paid shares stand at £3 5s. per share.

Peruvian Corporation.—Being dependent upon the export of guano and metals, the Peruvian railways have suffered severely from current economic conditions, including decreased areas under crops and low prices for basic metals. The gross revenues of the railways controlled by the Peruvian Corporation have fallen by £611,668 to £1,253,851, and, despite considerable economies in running expenses, the net receipts have fallen by £270,566 to £366,873. Of this sum £243,193 has been taken into the Corporation's accounts, as compared with £543,388 in 1930. The net result is a gross loss for the year of £68,209, as compared with a net profit of £283,072 in 1930. All dividends have been passed:—

	Year ended June 30.	1929.	1930.	1931.
		£	£	£
Gross receipts (all railways)	1,834,375	1,865,519	1,253,851	
Working expenses (all railways)	1,205,409	1,228,080	886,978	
Percentage of gross receipts	65.16%	65.83%	70.74%	
Net receipts (all railways)	628,966	637,439	366,873	

	Peruvian Corporation:—	1929.	1930.	1931.
		£	£	£
Revenue from railways	562,921	543,388	243,193	
Interest from investments, &c.	209,151	41,474	30,287	
Balance	772,072	584,862	273,480	

	1929.	1930.	1931.
Debt charges	242,265	247,515	261,765
Loss on exchange	...	...	36,103
Other deductions	159,683	54,275	43,921

Net profit

	1929.	1930.	1931.
Preference dividend.....	373,046	223,832	...
Earned %	4.93%	3.77%	...
Paid %	5%	3%	...

	Ordinary dividends:—	1929.	1930.	1931.
		£	£	£
Amount	...	...	...	...
Earned %	...	0.66%	...	...
Paid %	...	...	...	...

Lake steamers reserve.....

Inc. or dec. in carry-forward ...

The number of passengers carried declined by 4.04 per cent., and the aggregate freight tonnage by 27.95 per cent. The coffee plantations have been written down heavily. Investments in British Government securities have fallen by £73,387 to £511,004, cash by £90,118 to £25,724, and bills receivable by £33,627 to £77,653.

A New Oil Distributing Company.—The formation of a private company called Shell-Mex and B.P., Ltd., with a nominal capital of £100 is more important than the latter figure suggests. It marks a further step towards rationalisation in the oil distributing trade and a further consolidation of the alliance between the Royal Dutch-Shell group and the Burmah Oil-Anglo-Persian groups. This alliance is now working in a practical way in three important areas of the world's markets. In India the Anglo-Persian shares with the Royal Dutch-Shell group in the trade surplus to the requirement of the indigenous oil companies. In the Eastern markets, outside India, the Anglo-Persian has an equal partnership with Royal Dutch-Shell group, their marketing organisations being merged in a company called Consolidated Petroleum. The

THE FIVE YEAR PLAN of the NATIONAL PROVIDENT INSTITUTION

will be of interest to all Business Men. It is specially designed to assist them in the present period of Economic Reconstruction.

48 GRACECHURCH ST., LONDON, E.C.3

market in Great Britain is now to be handled jointly by the two groups through the agency of the new company, Shell-Mex and B.P., Ltd. Associated with the Shell group in this organisation will be the Canadian and Mexican Eagle Oil companies. Each group is entitled to include in the arrangement any company whose capital as to 75 per cent. is held for the time being directly or indirectly by the participating companies. It is understood that the joint marketing company will be managed independently by directors representing both parties, and that the sales of no particular grade of petrol will be pushed to the disadvantage of any other grade of petrol marketed by the two groups. There is to be a pooling of distributive facilities so that the duplication of plant, unnecessary transport and handling will be eliminated. Presumably the two groups will agree the basis of profits according to the proportions of the trade which they are now handling. Shareholders will rightly assume that this latest development is designed to enable the two groups more effectively to meet the competition of the Standard Oil Company of Indiana, which is rapidly developing its sale of petrol at cut prices through a British subsidiary company. It is curious that no mention has been made of the Anglo-American Oil Company in the new marketing alignment, although it was announced in September that this subsidiary of the Standard Oil Company of New Jersey would co-operate with the other big groups so as to avoid a rise in prices consequent upon the departure of Great Britain from the gold standard. While American companies are unable to enter into marketing combinations in their own countries on account of the Anti-Trust laws, there would appear to be no reason why the Standard Oil Company of New Jersey should not combine with foreign companies in foreign markets. The announcement of the new marketing company had no effect upon the shares of the companies concerned, the market being more concerned with the interim dividend of the Anglo-Persian Oil, which is due shortly to be declared. It is feared that, like the Royal Dutch and Shell Transport, the Anglo-Persian will defer consideration of a dividend until the year's results are obtained.

The American Copper Conference.—Although no official statement has been issued regarding the New York conference on copper curtailment, which ended last Tuesday, its failure to agree upon any plan for limiting output, and thus to reduce the enormous burden of unsold stocks, led to very heavy liquidation last Wednesday, the loss on the day's trading in standard copper being about £3. The abrupt conclusion of the conference came as something of a shock, for hopes had been running high that a compromise would be reached with the Katanga interests on the question of a percentage reduction in output. Agreement, however, has not apparently been possible, and there is, unfortunately, ample evidence of a wide gulf dividing copper interests in the Old World and the New. Many rumours of the impending dissolution of Copper Exporters Incorporated are in circulation. For the moment the copper market is disorganised. So far as London is concerned, values have been raised by speculative buying; but, apart from loss of confidence, consumers will probably suffer little, for they have latterly adopted a very cautious buying policy. There is no certainty that the curtailment discussions have finally failed, but rather an expectation that the interested parties may come together again. Nor are there, in fact, solid grounds for supposing that the Copper Cartel is on the eve of a break-up. It is certainly difficult to see how American and African producers can find common ground, and the future will probably bring wide divergence. With the metal selling at 7 cents, however, producers have the strongest

of incentives to sink their differences in a real effort to obtain a reasonable measure of stability at a more remunerative price level. A renewal of efforts to arrive at a curtailment plan may therefore be expected.

Trinidad Leaseholds.—The directors of Trinidad Leaseholds explain the reduction in working profit from £452,637 to £349,727 by the fact that drilling expenses at the Guayaguayare Field, amounting to £50,063, had been charged against working costs instead of capital account as in previous years, and by the fact that revenues suffered from the continued fall in oil prices, although substantial economies and reductions in operating expenditure had been effected. After allowing for depreciation of £217,715, against £179,275 in the previous year, and £95,000 for taxes, against £70,000, the company was only able to show earnings of 1.4 per cent. on its ordinary capital, although dividends of 5 per cent. were paid. The reserve account has been decreased by £135,000, of which £75,000 has been applied to writing down the book value of shares in Tocuyo Oilfields and other companies, and £60,000 to a reserve against share interests in the North Venezuelan Petroleum Company and the Siparia Trinidad Oilfields, for which no market quotations are available. The carry-forward has been reduced from £105,730 to £30,151, which is accounted for partly by the dividend payment in excess of earnings and partly by writing £28,227 off the purchase price of the goodwill of the petrol distributing business in Great Britain. The following table, showing the distribution of profits for the past three years, brings home to shareholders the misfortunes which this company suffered:—

	Years to June 30.		
	1929.	1930.	1931.
Working profit	£ 683,550	£ 452,637	£ 349,727
Expenses and directors' remuneration	38,947	25,766	18,786
Depreciation	231,436	179,275	217,715*
Taxes	Nil	70,000	95,000
Earned for dividend	413,167	177,596	18,226
Gross dividend	393,469	98,367	65,578
Earned	31.9%	15.3%	1.4%
Paid	30%	7.5%	5%
Reserve	Nil	75,000	Dr. 75,000†
Carry forward	101,501	105,730	30,151‡

* Including £9,479 reserve in respect of claims against and allowance for loss incurred by a subsidiary company.
† Utilised as follows:—£10,625 written off shares in another company and £64,375 written off shares in subsidiary companies. During 1931 a further £60,000 was transferred from reserve account to reserve against shares in other companies.
‡ After writing off £28,227 purchase price of goodwill of United Kingdom petrol distribution business.

It will be recognised by shareholders that, while the company has a good oil-producing territory, it made a costly investment in the North Venezuelan Petroleum Company and the Tocuyo Oilfields of Venezuela. A test drilling on a portion of the concession held by the North Venezuelan Petroleum Company is now being carried out by the Standard Oil Company of Venezuela and the prospects are fairly encouraging. Tocuyo Oilfields has so far revealed nothing but unproductive wells and complex underground conditions. Further, the company has undertaken heavy capital expenditure in developing its petrol distributing business in Great Britain. It is selling its petrol at 1d. under the combine prices, and, therefore, cannot be making much profit. The directors, however, report a steady expansion in demand for the company's petrol. The ordinary shares are now quoted at 21s. 3d., having been as high as 78s. 9d. in 1930.

Burma Corporation.—Our mining correspondent writes:—Last year's note concluded with an expression of opinion that, in view of the fall in metal prices which had occurred since the date of the company's accounts, the maintenance of the 1929-30 dividend rate was unlikely. This warning has been fully justified by events. The interim dividend in respect of 1930-31 was at the rate of

3 annas instead of 7, and no final distribution has been found practicable. Some reduction in output was accompanied by a drop of about £6 per ton in the price of lead, 37 in zinc, £31 in copper, and 6½d. per oz. in silver. The difference represented no less than £1,100,000 on the year's production. To meet this position, drastic economies were effected in wages and staff, and also in development. Nevertheless, the net earnings amounted to less than one-fourth the previous year's total, and the disbursement of a modest 3 annas entailed a draft upon the carry-forward. Including investments, which have been written down to market value, the balance sheet discloses surplus cash assets to the amount of £857,700. We summarise the results of the past three years:—

	1928-29.	1929-30.	1930-31.
Ore mined	tons 463,060	500,590	462,180
Field refined lead	" 78,720	79,270	76,520
Field fine silver	ozs. 7,347,330	7,225,880	6,512,780
Working profit	£ 1,488,680	1,059,560	462,630
Ordinary revenue	£ 78,050	81,970	72,180
Depreciation, &c.	£ 253,900	225,650	179,930
Taxes and duty	£ 257,990	222,270	189,780
Net profit	£ 1,054,842	693,600	165,100
Per cent. earned	10.4	6.8	1.6
Per cent. paid (free of Indian and British tax)	10.0	8.1	1.9
Reserve	£ 235,640	235,640	202,760
Carried forward	£ 203,246	71,650	46,320

Despite reduction of the development frontage by about one-third, the ore reserves show only a trifling set back in quantity, there is a small shrinkage in the silver and copper values. The tonnage is now placed at 4,233,120, and the averages at 20.1 oz. silver, 25.5 per cent. lead, 5.3 per cent. zinc, and 0.76 per cent. copper. The quantity represents between nine and ten years' supply for the mill. In this connection, note may be taken of the improvement which has been effected in the efficiency of the treatment plants. Silver is now standing well above the level ruling on June 30th—while a small recovery has taken place in lead and zinc as measured in sterling. Hence the policy for shareholders would appear to be—“Wait and hope.”

Wankie Colliery.—Restriction of operations by the Katanga group, in the Belgian Congo, owing to the low price of copper, has exercised an adverse effect upon the fortunes of this Rhodesian enterprise. At 576,381 tons the sales of coal fell off to the extent of 278,700 tons, while the coke sales were 32,000 tons down at 65,900 tons. A cut of £20,000 has been made in the depreciation allowance, which now figures at £46,000; while debenture interest absorbed somewhat less than before. Nevertheless, the net profit came out at £139,800, in place of £189,800, entailing a reduction of 5 per cent. in the dividend rate. The 2½ per cent. now declared makes a total of 12½ per cent. for the year ended August 31st last. During this period the balance of the debenture issue was redeemed. In respect of the new colliery, the proved coal reserves are estimated at 11,298,000 tons, an expansion of 200,000 tons on the year. The Wankie is in a position to supply largely increased tonnage of fuel, but if the Katanga group eventually agrees to join in world curtailment of copper output a still further shrinkage in demand may be experienced—unless compensation is provided by requirements for Northern Rhodesia. The 10s. shares now stand at about 17s. 6d.

Mount Lyell.—Last year's experience on the part of this Australian enterprise in several respects runs parallel with that of the Burma Corporation. The adverse effects of low metal prices were partly counterbalanced by a cut in wages and salaries, and by greater operating efficiency. In another factor in the results was the treatment of an increased quantity of ore. Through the production of fertilisers the Mount Lyell holds a considerable stake in agriculture, and here also depression has ruled. For the twelve months ended September 30th the net profit amounts to £78,060, against £131,180 for 1929-30, and the dividends at 5 per cent. against 10 per cent. Exclusive of shares

in other companies, valued at £1,450,170, the net liquid assets stand at £373,400, a decrease of £80,100 over the period, due mainly to expenditure on new plant. The company in the current year will obtain the full benefit of recent additions to the treatment and power works. A somewhat pessimistic view of the copper position is taken by the directors.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Nov. 14, 1931, £97,307,994
Total, including conversion, recorded Jan. 1 to Nov. 14, 1931, £108,184,979.

National Savings Certificates.
Net receipts, week ended November 14, 1931, Dr. £100,000.
Total net receipts, April 1, 1931, to November 14, 1931, £4,250,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscription.	First Payment.	Further Liability.
To the Public.					
Week ended Nov. 21, 1931.....	Nil	Nil	Nil	Nil	Nil
To Shareholders only.					
Clark's Bread, 20,167 ord. 10s., at 15s.	10,083	...	15,124	6,048	9,076
Thomas Tilling, 527,350 ord. £1, at 30s.	527,350	...	791,025	263,675	527,350

Total offered to Shareholders only, week ended Nov. 21, 1931 537,433 ... 806,149 269,723 536,426

Jan. 1 to date—	Including Conversions.		Excluding Conversions.		Total.
	£	£	£	£	
1931	108,891,128	98,014,143	1930	454,888,784	267,800,700
1930	414,021,686	231,629,055	1929	488,764,940	285,239,400
1929	483,751,288	279,425,688	1928	693,100,056	369,058,073
1928	516,593,704	342,563,973	1927	...	355,165,970
1927	...	319,847,283	1926	...	230,182,500
1926	...	208,126,017	1925	...	232,214,500
1925	...	208,794,177	1924	...	209,326,101
1924	...	182,134,775	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	73,559,349	6,771,859	17,682,935	98,014,143
1930	194,139,358	15,649,638	12,840,059	231,629,055
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	555,156,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,757,183	...	8,883,558
Total for week ended November 21, 1931 ...	Nil	...	Nil
Total to date, 1931.....	8,757,183	...	8,883,558
Total to date, 1930.....	17,940,093	...	19,662,857

Tendring Hundred Waterworks Co.—Offer for sale by tender of 2,500 6 per cent. preference shares of £10 each, minimum price of issue £10 10s. per share. The net revenue of the company for the year to December 31st last was £20,457, covering interest on loan capital and preference shares, including the present issue, nearly three times.

[Other Stock Exchange information, including the latest summary of balance sheets, dividend announcements, weekly traffic returns, reports and notices, and profit and loss accounts, will be found on page 981 under the heading “Company News.”]

JOBSON'S INVESTMENT DIGEST.

AUSTRALIA'S LEADING FINANCIAL PERIODICAL.

DEALS WITH ALL COMPANIES LISTED IN AUSTRALIA.

Annual Subscription: £2 12s. 6d. Single Copy: 2s. 6d.

London Agent: A. J. JOBSON, 8, Bouverie Street, E.C.4.

Liverpool Firm employing 600 people could do with finance for its forward sales. Might be able to use £100,000, but probably much less. Will pay at rate of 3% per annum over bank rate.

Box 16, The Economist Office, 8, Bouverie St., London, E.C.4.

COMPANY MEETINGS, &c.

PERAK RIVER HYDRO-ELECTRIC POWER COMPANY, LIMITED.

BETTER OUTLOOK—SUBSTANTIAL ECONOMIES.

The fifth annual general meeting of the Perak River Hydro-Electric Power Company, Limited, was held, on the 18th instant, at Winchester House, London, Mr Geo. Balfour, M.P. (chairman of the company), presiding.

The Chairman, in moving the adoption of the report and accounts, referred, first, to changes which had taken place in the company's administration.

Detailing the circumstances in which last January the creation of £400,000 prior lien debenture stock was authorised, the Chairman said that the directors had meantime refrained from issuing any part of the prior lien debenture stock except as collateral for a loan in the hope that they might be able to formulate a scheme of capital reorganisation which would enable them to cancel the prior lien; it was, however, quite useless to contemplate this until they saw signs of stability and improved trade conditions.

During the year under review the company had sold 58,540,000 units; the maximum demand on the plant had varied from 8,855 kilowatts to 11,900 kilowatts, the demand being 11,000 kilowatts at the close of the financial year.

TIN RESTRICTION IN MALAYA.

The bulk of the company's demand came from the tin mines, and they were, therefore, very much concerned with anything which affected that industry. For the year ended July 31, 1931, the price had fluctuated between £135 and £101 per ton, with an average of £117. In March last the tin restriction scheme came into force in Malaya, and the reduced output in Malaya of 2,000 tons per month represented over 38 per cent. of the total world restriction. In order to make that contribution the assessments of potential production of the individual mines in Malaya, based on the 1929 figures, had, since August last, each been reduced by 60 per cent. Shareholders, therefore, would readily appreciate that the operation of the scheme had caused a considerable loss of business to the company. Any improvement in world demand for tin, with a continuation in the improvement in price, would soon be reflected in increased revenue for the company.

The financial programme fixed when the prior lien was issued had been worked to and the estimates and forecasts justified. Following upon the reorganisation of the board, a rapid investigation of the position in Malaya and London was undertaken, with the result that, during the current year, expenditure in Malaya and London would together show a reduction of approximately £25,000. These reductions should enable the company to maintain last year's earnings, even with reduced receipts.

The directors had given close attention to the question of tariffs and introduced two months ago a special tariff to help the tin producers during these difficult times. Their efforts in that direction were fully appreciated by the company's consumers and would, no doubt, when trade improved bring their own reward.

Dealing with the accounts, the Chairman said that shareholders would be interested to know that the monthly receipts from customers had varied from approximately £15,500 to a little over £19,000, the total amounting to a little over £210,000 for the year, against which £15,000 had been reserved for bad or doubtful debts, leaving £194,098 brought in to the revenue account. The total operating costs for the year had amounted to approximately £81,520, leaving a balance of £113,513, or, together with miscellaneous London income of £2,210, a total balance of £115,723, which, deducting London office expenses and directors' fees, left £100,932 available for depreciation and interest charges.

Out of the available balance of £100,932 there had been paid £62,500 interest on the 5 per cent. guaranteed stock and £34,955 2s. 9d. had been applied to sinking fund account for the redemption of the 5 per cent. guaranteed stock. After providing those amounts there remained the sum of £2,358, which the directors proposed to carry forward.

Before moving the adoption of the report and accounts he desired to express the company's great appreciation of the work of the general manager, Captain Dane, and his staff in Malaya.

FUTURE PROSPECTS.

As to the position at present and the future prospect, he believed they had seen the worst. While he warned them not to be too optimistic, he did not hesitate to express the opinion that even this year they might see some improvement. Last year, in answer to a question, the then Chairman had said that the company would be on a sound basis with tin at £200 per ton. He (the speaker) thought they could build up their business satisfactorily even though the

price of tin did not reach that figure. If the world demand was restored, thus enabling Malaya to work her tin properties up to something like their capacity, a price of £150 per ton or over would enable them to add considerably and rapidly to their demand. The report and accounts were unanimously adopted without question or comment.

DALGETY AND COMPANY, LIMITED.

HON. EDMUND PARKER ON WOOL POSITION.

The forty-seventh annual meeting of Dalgety and Company, Limited, was held, on the 19th instant, at 65-68, Leadenhall Street, London, E.C.

The Hon. Edmund W. Parker (the chairman) said that since he last addressed the shareholders the atmosphere, both in the political arena and in the markets for the sale of the primary products of the Commonwealth and the Dominion, had by no means cleared. Indeed, a financial crisis of the first magnitude had developed in Australia, and an upheaval of this description had left its mark in many ways on the affairs of this company. In order to meet the grave financial situation in which Australia found itself it had been agreed to a reduction in the interest on the whole of their internal loans of £550,000,000 by 22½ per cent.; great retrenchment in the public services and heavy sacrifices by the general community had been agreed to, while imports had been drastically curtailed by means of prohibitive duties, and, as a result, the Commonwealth external trade position for the year ended June 30th last showed a great improvement.

OUTLOOK IN AUSTRALIA.

Australia was now experiencing a fine season, and he was hopeful that they were on the eve of a rise in the prices of her primary products. Given these factors and a fall in production costs, he believed—now that the financial position had been so bravely faced—that it would not be long before the road to permanent prosperity was open, though the process must necessarily be slow. During the year the exchange problem had become very acute, and it had caused the financial operations necessary for the carrying on of the company's business and the services of their debts on this side to be very costly. Although the depreciation in sterling must in the end benefit the Australian producer, he did not think that there would be anything but a very gradual reduction of exchange rates, so trading conditions must continue to be adversely affected for some time to come.

Most of the company's clients had passed through very trying times during the period under review, and a great number of their pastoral accounts would have to be nursed in order to allow their friends an opportunity of recovering their position.

The result of the year's operations was sufficiently satisfactory to enable the directors to recommend a dividend of 7 per cent., free of income tax, for the year, but in order to do this they had had to dip into the reserves to some extent beyond that shown in the profit and loss account. Every source of effecting economies had been and was still being explored, and already substantial savings had been made; he was certain that next year's results would show further progress in this direction. He thought the shareholders were to be congratulated on the balance sheet presented and he hoped it would be considered thoroughly satisfactory.

THE WOOL SEASON.

The 1930-31 wool selling season would rank as one of the leanest in wool history, and one which rendered it extremely difficult for the grower, and indeed for every section of the industry, to make ends meet. The season, however, concluded with everyone in better heart to face the future, owing to the measure of recovery which was experienced in the later months. Prices had fallen to a disastrous level in the earlier part of the season, but the last three months saw prices on a more remunerative basis. One of the best features of the season was the way in which owners met the market, and with the improved demand the wool year closed in Australia with a very small carryover.

In New Zealand many growers were not prepared to accept the miserably low prices to which wool had fallen—far below, indeed, the cost of production in most cases—and when the next selling season commenced in November there would still be some of the 1929-30 clip on hand, as well as of the season just past. The company in 1930-31 sold in Australia, New Zealand and London 521,245 bales against 511,580 bales in 1929-30. The Australian 1931-32 selling season opened in Sydney at the end of August, and unfortunately prices were on a lower basis again, but since then the market had improved. The September sales in London had opened with prices on a lower basis than at the end of July, but on September 21st the departure from the gold standard was announced, and prices rose rapidly. The wool trade at the moment

—in this country, at any rate—was in a healthier condition than it had been for some time.

The net profits for the year, at £128,469, showed a decrease of £107,476, as compared with the previous year, but he thought that in all the circumstances they had every reason to be pleased with the result.

In conclusion, the Chairman read the latest news received by cable, which stated that the general outlook in Australia was brighter, while in New Zealand the result of the British elections had inspired confidence in trade revival.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended November 14, 1931, amounted to £8,801,100 against ordinary expenditure of £6,260,600. After allocating £190,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £71,847, the operations for the week, as shown below, decreased the National Debt by £22,278,000 to £7,730,855,000:—

(000's omitted.)			
Treasury Bills	+ £6	Public Dept. Advances	— 1,550
		Nat. Savings Certificates	— 100
		Nat. Debt Commissioners	— 290
		P.O. and Telegraph Money	— 400
		Sundries	— 4
	+ 66		— 2,344

A complete analysis of the National Debt at September 30, 1931, was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Nov. 14, 1931.	April 1, 1930, to Nov. 15, 1930.	Week ended Nov. 14, 1931.	Week ended Nov. 15, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	272,000,000	66,522,000	71,980,000	1,022,000	974,000
Excise, including Alcoholic	73,000,000	17,970,000	15,520,000	300,000	340,000
of Super-Tax	83,000,000	40,780,000	51,010,000	1,000,000	1,470,000
Relate, &c., Duties	20,000,000	8,370,000	10,120,000	580,000	550,000
Stamps	2,200,000	...	...	...	...
Excess Profits Duty and Corporation Profits Tax	800,000	180,000	160,000	...	...
Land Tax and Mineral Rights Duty	...	...	...	...	...
Total Inland Revenue	451,000,000	133,822,000	148,790,000	2,902,000	3,334,000
Customs and Excise—					
Customs	131,770,000	33,512,000	76,261,000	2,846,000	2,141,000
Excise	121,250,000	70,780,000	75,977,000	1,580,000	1,877,000
Total Customs and Excise	253,000,000	104,292,000	152,238,000	4,426,000	4,018,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,791,000	1,954,298	Dr 568,000	Dr 510,000
Post Office (Net Receipts)	12,200,000	10,850,000	9,700,000	1,200,000	1,105,000
Crown Lands	1,300,000	860,000	900,000	...	...
Receipts from Sundry Loans	15,400,000	12,229,890	21,470,144	839,101	1,099,604
Miscellaneous Receipts	42,800,000	11,393,508	16,623,116	...	...
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	329,138,398	369,675,558	8,801,101	9,041,604

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30):
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Nov. 14, 1931.	April 1, 1930, to Nov. 15, 1930.	Week ended Nov. 14, 1931.	Week ended Nov. 15, 1930.
SELF-BALANCING REVENUE.					
Post Office	58,232,000	33,150,000	34,300,000	700,000	900,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	8,260,000	8,398,702	717,000	660,000
Total Self-Balancing Revenue	81,582,000	41,410,000	42,698,702	1,417,000	1,560,000
Total		370,548,398	412,374,260	10,218,101	10,601,604

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Nov. 14, 1931.	April 1, 1930, to Nov. 15, 1930.	Week ended Nov. 14, 1931.	Week ended Nov. 15, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	289,400,000	192,711,643	184,026,782	1,249,558	860,481
Payments to Northern Ireland Exchequer	6,350,000	3,182,835	3,291,382	...	52,265
Other Consolidated Fund Services	3,000,000	1,762,973	1,570,593	...	3,089
Total	298,750,000	197,657,451	188,888,757	1,250,558	915,835
Total Supply Services (excluding Post Office)	451,829,000	260,969,304	263,527,467	5,010,000	8,100,000
Total ordinary expenditure	750,579,000	458,626,755	452,416,224	6,260,558	9,015,835
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	33,150,000	34,300,000	700,000	900,000
Road Fund	23,350,000	8,260,000	8,398,702	717,000	660,000
Total Self-Balancing Expenditure	81,582,000	41,410,000	42,698,702	1,417,000	1,560,000
Total Ordinary and Self-Balancing Expenditure	832,161,000	500,036,755	495,114,926	7,677,558	10,575,835
New Sinking Fund (1928)	32,600,000	21,569,803	27,355,599	190,000	492,851
Total, including New Sinking Fund		521,606,558	522,470,525	7,867,558	11,068,686

The aggregate revenue and expenditure to November 14th, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO NOVEMBER 14TH.		(000's omitted.)	
Revenue	£	Revenue	£
Expenditure	458,627	Decreases in balances	329,138
New Sinking Fund	21,570	Net amount borrowed	5,204
			147,855
	480,197		480,197

POSITION OF THE FLOATING DEBT.		Movement week ended	
Ways and Means Advances Out-	Nov. 15, '30. Mar. 31, '31. Nov. 14, '31. Nov. 14, '31.	£	£
standing—			
Advances by Bank of England	2,750,000	2,750,000	—1,550,000
Advances by Public Departments	33,900,000	24,500,000	—1,550,000
Treasury Bills outstanding	671,820,000	559,825,000	+ 45,000
Total Floating Debt	708,470,000	594,325,000	—1,505,000

* Includes £3,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on November 13, 1931, and the total amount applied for was £59,160,000. Tenders were accepted for bills at three months, dated Monday to Friday at £98 12s. 2d., about 37 per cent., and above in full; and Saturday at £98 12s. 6d., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931			
October 23	40,000,000	64,010,000	£ 5 7 8-07
October 30	45,000,000	65,305,000	£ 5 5 1-42
November 6	40,000,000	55,340,000	£ 5 10 8-47
November 13	40,000,000	59,160,000	£ 5 10 0-35

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, November 18, 1931.

ISSUE DEPARTMENT.

Notes issued:—		Government Debt	
In Circulation	£	£	£
In Banking Department	354,614,998	11,015,100	243,226,794
	41,088,511	Other Government Securities	16,720,037
		Other Securities	4,038,109
		Silver Coin	275,000,000
		Amount of Fiduciary Issue	120,703,509
		Gold Coins and Bullion	£395,703,509

BANKING DEPARTMENT.

	£	Government Securities	£
Proprietors' Capital	14,553,000	51,005,906	
Reserve	3,178,858		
Public Deposits	21,213,372		
Other Deposits		£12,067,781	
Bankers' Accounts	£59,662,473	31,900,381	
Other Accounts	37,616,589		
7-Day and other Bills	97,279,062		
	5,745		
	£136,230,037	£136,230,037	

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

Both Departments.	Amount, Nov. 18, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	354,614,998	- 2,580,264	+ 874,676
Public deposits	21,213,372	+ 2,070,025	+ 3,433,535
Bankers' deposits	59,662,473	- 798,650	+ 201,608
Other deposits	37,616,589	- 726,588	+ 4,663,221
Seven-day bills	5,745	+ 4,417	+ 3,945
Total, outside liabilities	473,113,177	- 2,031,060	+ 9,176,916
Capital and reserve	17,731,858	+ 10,517	+ 9,104
Government debt and securities	305,247,760	- 4,692,937	+ 27,755,298
Discounts and advances	12,067,781	+ 390,574	+ 7,669,627
Other securities	47,720,418	+ 2,363,199	+ 11,379,916
Silver coin in issue department	4,038,109	- 15,759	+ 424,216
Coin and bullion (bank's reserve)	121,770,967	- 65,620	- 37,194,605
Reserve of notes and coin in banking department	42,155,969	+ 2,514,644	- 23,069,281
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	35%	+ 1%	- 23%
(b) Gold stocks to deposits and notes ("reserve ratio")	25%	+ 1%	- 8%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	£	£	£	£	£	£	%
Oct. 7	410,239	359,324	10,594	78,859	51,879	NH	6
14	410,359	356,710	14,441	70,099	51,310	NH	6
21	410,674	355,231	19,094	60,515	52,777	NH	6
28	410,677	356,031	17,254	63,478	52,645	NH	6
Nov. 4	395,690	358,857	19,877	60,936	40,209	14,999 out	6
11	395,698	357,195	19,143	60,461	38,343	NH	6
18	395,704	354,615	21,213	59,662	37,617	NH	6

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.				
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	%	Govt. Securities.	Dis- counts & Advances.	Other Securities.	Reserve & the "Pro- portion."	
1931.	£	£	£	%	£	£	£	£	%
Oct. 7	243,793	27,175	136,565	26 1/2	64,126	16,898	25,715	52,240	36 1/2
14	245,200	25,787	136,744	27 1/2	57,626	14,078	26,775	55,034	40 1/2
21	251,599	19,371	137,035	28 1/2	53,801	10,422	29,047	56,804	42 1/2
28	254,529	16,430	136,937	27 1/2	50,536	10,548	34,063	55,906	41 1/2
Nov. 4	251,288	19,671	121,909	25 1/2	57,826	10,751	32,090	58,052	31 1/2
11	254,945	16,001	121,837	25 1/2	54,996	11,677	29,356	59,641	33 1/2
18	254,242	16,720	121,156	25 1/2	51,006	12,068	31,000	42,156	35 1/2

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1931.	£	£	£	£
January 1 to November 4	28,211,659	1,426,325	2,330,793	31,968,777
Week ended November 11	446,795	30,749	59,399	537,943
Week ended November 18	457,291	29,385	64,850	541,526
Total to date, 1931	29,115,745	1,486,459	2,445,382	33,047,586
Total to date, 1930	34,757,000	1,611,707	2,643,782	39,012,489
Increase or decrease in 1931	- 5,641,255	- 125,248	- 198,400	- 5,964,903
	- 16.2%	- 7.8%	- 7.5%	- 15.2%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	- 1,153,347	- 69,843	- 115,133	- 1,338,323
	- 2.8%	- 3.7%	- 3.7%	- 2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended November 14.		Month of October.			Aggregate Totals, January 1 to November 14.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days	27	27	27	27		27	27
BIRMINGHAM	1,987	1,907	9,738	9,639	- 1.1	107,032	97,264
BRADFORD	516	739	3,352	3,543	+ 4.6	38,451	32,736
BRISTOL	1,077	1,084	4,845	4,870	+ 0.5	50,499	50,206
DUBLIN	5,397	5,131				220,361	221,104
LIVERPOOL	681	747	3,352	3,162	- 5.6	25,746	32,240
LEEDS	788	698	3,749	3,973	+ 5.9	41,316	37,887
MANCHESTER	810	709	2,958	2,727	- 7.8	31,780	27,748
LIVERPOOL	6,849	6,259	25,886	29,064	+ 12.2	288,661	247,751
MANCHESTER	9,408	8,879	41,663	41,930	- 0.7	472,685	407,382
NEWCASTLE	1,327	1,118	5,507	5,423	- 1.5	63,285	56,469
NOTTINGHAM	587	601	2,596	2,146	- 17.3	26,571	19,834
SHEFFIELD	720	640	3,457	3,207	- 7.2	40,000	33,384
Total	30,207	27,212	107,143	109,750	+ 2.4	1,416,387	1,264,005

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; Roumania, Canadian Banks and Finland, in October 21; Russia in November 7; Lithuania, Japan, National Bank of Egypt, Denmark, Italy, Danzig, Poland, Chile and Bank for International Settlements in November 14.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted.)

RESOURCES.	Nov. 20, 1930.	Oct. 29, 1931.	Nov. 5, 1931.	Nov. 12, 1931.	Nov. 19, 1931.
Total gold reserve	3,640,980	2,738,430	2,772,750	2,826,650	2,874,780
Total bills discounted	209,040	716,660	705,220	681,760	662,040
Bills bought in open market	178,270	724,680	642,030	596,750	534,020
Total U.S. Govt. securities	595,770	726,960	727,580	727,460	727,060
Total bills and securities	983,080	2,198,240	2,105,030	2,039,580	1,956,150
Total resources	4,929,010	5,731,550	5,664,970	5,704,200	5,692,610
LIABILITIES.	Nov. 20, 1930.	Oct. 29, 1931.	Nov. 5, 1931.	Nov. 12, 1931.	Nov. 19, 1931.
Federal Reserve notes in actual circulation	1,383,600	2,383,950	2,447,070	2,449,960	2,433,390
Deposits—Memberbank—reserve account	2,448,750	2,228,870	2,122,140	2,098,530	2,123,870
Total deposits	37,140	2,460,060	2,319,270	2,333,350	2,312,480
Capital paid in and surplus	2,514,200	439,290	439,140	439,080	438,710
Total liabilities	4,365,540	5,283,110	5,664,970	5,704,200	5,692,610
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	81.9%	59.9%	61.5%	62.5%	64.1%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted.)

	Nov. 20, 1930.	Oct. 29, 1931.	Nov. 5, 1931.	Nov. 12, 1931.	Nov. 19, 1931.
Total gold reserves	1,099,910	1,007,740	967,680	975,040	1,001,750
Total bills discounted	31,550	138,650	124,070	116,200	109,520
Bills bought in open market	45,900	201,060	177,000	163,770	144,890
Total U.S. Govt. securities	185,440	243,940	241,590	241,990	241,230
Total bills and securities	267,140	583,650	532,660	521,960	511,630
Deposits—Memberbank—reserve account	1,035,840	1,004,310	910,540	903,180	912,590
Ratio of total res. to dep. and Federal Res. note liabilities combined	87.5%	67.1%	68.7%	68.8%	71.0%

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted.)

	Oct. 29, 1930.	Sept. 30, 1931.	Oct. 7, 1931.	Oct. 14, 1931.	Oct. 21, 1931.	Oct. 28, 1931.
Loans	16,764	14,191	13,858	13,680	13,541	13,521
Investments	6,731	7,916	7,833	7,821	7,748	7,700
Time deposits	13,830	13,227	12,139	12,591	12,449	12,449
Due from banks	1,568	1,282	1,131	1,155	1,039	981
Due to banks	3,427	3,071	2,481	2,787	2,624	2,628
Federal reserve borrowings	62	154	274	414	451	453

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted.)

	Oct. 24, 1930.	Sept. 25, 1931.	Oct. 2, 1931.	Oct. 9, 1931.	Oct. 16, 1931.	Oct. 23, 1931.
ASSETS.						
Gold coin and bullion	7,046	6,541	6,925	8,036	6,343	6,729
Subsidiary coin	198	385	375	380	388	392
Bills discounted	7,561	6,174	5,227	1,581	2,402	4,139
Investments	1,329	1,999	1,936	1,785	1,609	1,459
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	6,907	6,852	8,263	7,415	6,803	6,679
Government deposits	2,492	1,694	1,236	1,226	1,708	2,147
Bankers' deposits	4,664	4,809	4,311	4,267	4,271	4,342
Ratio of cash reserves to liabilities to public	49.9%	50.2%	52.2%	50.8%	55%	51%

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

	Oct. 24, 1930.	Sept. 25, 1931.	Oct. 2, 1931.	Oct. 9, 1931.	Oct. 16, 1931.	Oct. 23, 1931.
ASSETS.						
Total securities	26,74,15	33,61,70	33,52,33	33,16,12	32,54,85	31,94,95
Loans	16,83,37	13,13,08	11,85,76	10,32,36	9,55,67	8,92,18
Cash credits	26,48,35	28,68,44	27,63,75	26,20,75	24,91,02	23,72,47
Inland bills	1,71,25	2,68,44	3,49,97	4,38,92	4,50,59	4,65,02
Foreign bills	34,87	36,87	36,46	34,87	34,87	34,87
Dead stock	27,49	2,73,37	2,73,42	2,73,48	2,73,48	2,73,48
Bal. with other banks	27,28	12,05	12,48	4,42	21,47	44,93
Cash	26,78,70	6,45,56	9,25,81	8,18,34	9,29,08	10,56,24
LIABILITIES.						
Capital paid up	6,62,50	6,62,50	6,62,50	6,62,50	6,62,50	6,62,50
Reserve	6,37,50	5,42,50	5,42,50	5,42,50	5,42,50	5,42,50
Total deposits	89,79,98	75,60,46	74,37,53	70,72,02	71,02,06	71,13,28
The above includes—						
Deposits in London	6,882	924	935	854	837	846
Advances in London	7,203	865	883	854	844	841
Cash, &c., at other Banks in London	208	93	95	35	163	340

BANK OF FRANCE.—In francs (000's omitted.)

	Nov. 14, 1930.	Oct. 23, 1931.	Oct. 30, 1931.	Nov. 6, 1931.	Nov. 13, 1931.
ASSETS.					
Gold	51,380,027	63,884,034	64,648,226	67,580,594	67,580,594
Foreign assets					
Sight deposits	6,513,085	15,631,320	14,856,575	13,374,307	13,094,879
Bills, &c.	19,135,146	12,703,855	12,743,772	11,051,428	11,051,428
Home bills	7,575,572	7,966,132	8,808,827	8,660,177	8,660,177
Advances against sec.					
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	2,914,995	2,735,017	2,711,650	2,864,936	2,799,395
Negotiable Bonds					
Sinking Fund Dept.	5,304,399	5,064,818	5,064,818	5,064,818	5,064,318
Other assets (excluding forward exch.)	3,488,339	5,037,928	5,227,808	5,590,693	5,590,693
LIABILITIES.					
Notes in circulation	74,698,198	81,768,790	83,639,617	82,794,909	82,276,258
Public deposits	13,564,728	8,824,841	8,227,279	8,815,637	8,268,232
Private deposits	8,545,922	22,664,839	22,415,422	20,902,687	21,920,719
Other liabilities	2,705,215	2,964,634	2,980,369	3,073,541	3,073,541

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

	Nov. 15, 1930.	
--	----------------	--

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

Assets.	Nov. 12, 1931.	Oct. 12, 1931.	Oct. 19, 1931.	Oct. 26, 1931.	Nov. 2, 1931.	Nov. 9, 1931.
Gold bullion and coins.....	24,061	28,949	28,952	31,530	31,533	31,536
Silver coin.....	6,160	10,474	10,378	10,200	12,858	12,717
Balance abroad.....	40,011	14,879	15,225	13,614	13,777	13,383
Treas. notes and sm. change.....	10,587	9,650	9,955	10,138	9,266	10,621
Short term bills.....	86,764	80,243	80,640	81,206	81,272	80,224
Loans against securities.....	61,450	59,616	59,877	59,265	59,282	59,098
Other assets.....	18,351	17,262	17,565	17,440	17,410	17,366
LIABILITIES.						
Notes in circulation.....	49,216	42,409	42,475	42,436	42,969	41,813
Capital paid up.....	18,735	19,676	19,676	19,676	19,676	19,676
Reserve.....	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve.....	3,500	3,500	3,500	3,500	3,500	3,500
Deposits.....	19,575	19,159	18,900	18,674	18,503	18,303
Current accounts.....	53,527	64,017	65,186	66,551	66,356	67,408
Government accounts.....	87,745	59,268	58,906	58,464	60,174	60,144
Other liabilities.....	10,734	8,312	9,221	9,363	9,491	9,373

LONDON RATES.

	Nov. 12, 1931.	Nov. 13, 1931.	Nov. 14, 1931.	Nov. 15, 1931.	Nov. 16, 1931.	Nov. 17, 1931.	Nov. 18, 1931.	Nov. 19, 1931.
Bank rate (changed from 4½% Sept. 21, 1931).....	5½	5½	5½	5½	5½	5½	5½	5½
Market rates of discount.....	5½	5½	5½	5½	5½	5½	5½	5½
60 days' bankers' drafts.....	5½	5½	5½	5½	5½	5½	5½	5½
3 months' do.....	5½	5½	5½	5½	5½	5½	5½	5½
4 months' do.....	5½	5½	5½	5½	5½	5½	5½	5½
6 months' do.....	5½	5½	5½	5½	5½	5½	5½	5½
Discount Treasury Bills.....	5½	5½	5½	5½	5½	5½	5½	5½
2 months' do.....	5½	5½	5½	5½	5½	5½	5½	5½
3 months' do.....	5½	5½	5½	5½	5½	5½	5½	5½
Loans—Day-to-day.....	5½	5½	5½	5½	5½	5½	5½	5½
Short.....	5½	5½	5½	5½	5½	5½	5½	5½
Deposit allowances: Bank.....	4	4	4	4	4	4	4	4
Discount houses at call.....	4½	4½	4½	4½	4½	4½	4½	4½
At notice.....	4½	4½	4½	4½	4½	4½	4½	4½

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1931.	%	%	%	%	%	%	%
Oct. 29	4½	5½	5½	5½	6-6½	6½-½	6½-½
Nov. 5	5	5½	5½	6½	6	6½	7
" 12	5	5½	5½	6-6½	6	6½	7
" 19	5-5½	5½	5½	6-6½	6	6½	7

RATES OF EXCHANGE.

At 4 p.m.

London on	Usance.	Par.	Nov. 20, 1930.	Nov. 12, 1931.	Nov. 19, 1931.
New York.....	dollars to £1	4.865	4.855	3.791	3.751
Montreal.....	dollars to £1	4.865	4.855	4.19	4.20
Paris.....	francs to £1	124.21	123.64	95½	96½
Berlin.....	marks to £1	20.43	20.38	16.16	15½
Amsterdam.....	florins to £1	12.107	12.074	98½	93.35
Brussels.....	belgas to £1	35.00	34.82	27½	27½
Milan.....	lire to £1	92.46	92.76	73½	72½
Zurich.....	francs to £1	25.224	25.054	19½	19½
Oslo.....	kroner to £1	18.159	18.151	17½	18½
Stockholm.....	kronor to £1	18.159	18.094	17½	18½
Copenhagen.....	kroner to £1	18.159	18.16	17½	18½
Madrid.....	pesetas to £1	25.224	25.054	19½	19½
Lisbon.....	escudos to £1	110	108½	109½	110½
Vladivostok.....	rubles to £1	34.584	34.44	28½	28½
Prague.....	koruna to £1	164½	163½	127-128	125-127
Belgrade.....	dinars to £1	275.316	274½	210-225	210-220
Budapest.....	pengo to £1	27.82	27.75	80	80
Bukarest.....	lei to £1	813.6	817-819	620-640	620-650
Bohemia.....	leva to £1	673.659	668.673	500	500-550
Athens.....	drachmas to £1	375	374½-375½	305	300-315
Constantinople.....	piastres to £1	110	1025	785	775
Moscow.....	roubles to £1	9.46	9.432-9.451	7.381-395	7.33-35
Warsaw.....	zloty to £1	43.38	43½	33-36	32-36
Helingsfors.....	P. marks to £1	193.23	192½-193	190-195	190-195
Kovno.....	lite to £1	48.66	48½-49	13-90	13-14
Reval.....	kroon to £1	18.159	18.20-27	13-90	13-14
Riga.....	lata to £1	25.224	25.18-28	20-25	18-21
Alexandria.....	piastres to £1	97½	97½	97½	97½
Buenos Aires.....	pence to peso	47.624	38½	39½	37-37½
Rio de Janeiro.....	pence to mils.	5.899	4½-4½	5	5
Montevideo.....	pence to peso	51	38½-39½	28-29	27-28½
Valparaiso.....	pence to peso	40	35-37	31-00	30-30
Lima.....	soles to £1	17.3	15-25	13-55	13-40
Calcutta.....	pence to rupee	18	1/5½-1/5½	1/6½	1/6½
Bombay.....	ster. to dollar	---	1/5½-1/5½	1/6½	1/6½
Madras.....	ster. to dollar	---	1/5½-1/5½	1/6½	1/6½
Hong Kong.....	ster. to dollar	---	1/5½-1/5½	1/6½	1/6½
Shanghai.....	ster. to dollar	---	1/5½-1/5½	1/6½	1/6½
Singapore.....	ster. to dollar	---	1/5½-1/5½	1/6½	1/6½
Kobe.....	ster. to yen	24.5824	2/0½-1/5	2/7-2/7½	2/7½-2/8
Manila.....	ster. to peso	24.0664	2/0½-1/5	2/7-2/7½	2/7½-2/8
Mexico.....	pence to \$	9.76	10.40-60	9-9½	10.00-50
San Francisco.....	ster. to baht.	21.824	1/9½	1/9½	1/9½

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania.....	July 1, 1931	Madrid.....	July 8, 1931
Amsterdam.....	Sept. 29, 1931	Oso.....	Oct. 17, 1931
Athens.....	Oct. 29, 1931	Paris.....	Oct. 9, 1931
Batavia.....	Mar. 10, 1930	Prague.....	Sept. 22, 1931
Belgrade.....	July 20, 1931	Pretoria.....	Nov. 13, 1931
Berlin.....	Sept. 2, 1931	Reval.....	Sept. 1, 1931
Brussels.....	July 31, 1930	Riga.....	Oct. 1, 1930
Bucharest.....	Mar. 31, 1931	Rome.....	Sept. 28, 1931
Budapest.....	Sept. 10, 1931	Stockholm.....	Sept. 30, 1931
Calcutta.....	Sept. 22, 1931	Swiss Bank.....	Oct. 17, 1931
Copenhagen.....	Sept. 26, 1931	places.....	Jan. 22, 1931
Danzig.....	Sept. 1, 1931	Tokio.....	Nov. 4, 1931
Helingsfors.....	Oct. 26, 1931	Vienna.....	Nov. 11, 1931
Kovno.....	Oct. 3, 1931	Warsaw.....	Oct. 3, 1930
Lebanon.....	Aug. 8, 1931	Irish.....	Sept. 29, 1931
New York Federal Reserve.....	Oct. 15, 1931		

Central Bank of Chile.—Discount rate for member banks, 9%; discount rate for the public, 10%.
 * 6% applied to banks and credit institutions.
 * 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Nov. 19, 1930.	Oct. 21, 1931.	Oct. 28, 1931.	Nov. 4, 1931.	Nov. 11, 1931.	Nov. 18, 1931.
Call money.....	2½	2½	2½	2½	2½	2½
Time money (90 days' mixed coll.).....	2½	2½	2½	2½	2½	2½
Bank acceptance.....	2½	2½	2½	2½	2½	2½
Members—eligible, 90 days.....	2½	2½	2½	2½	2½	2½
Non-members—eligible, 90 days.....	2½	2½	2½	2½	2½	2½
Ineligible, 90 days.....	2½	2½	2½	2½	2½	2½
Commercial accept. 90 days.....	2½	2½	2½	2½	2½	2½

Rates of Exchange, New York on—	Par Level.	Nov. 19, 1930.	Nov. 4, 1931.	Nov. 11, 1931.	Nov. 18, 1931.
London.....	Dollars for £1	4.8656	4.855	3.71	3.74
60 days.....			4.855	3.75	3.77
Cable.....			4.855	3.75	3.77
Paris.....	Cents for 1 franc	3.918	3.924	3.93	3.91
Brussels.....	Cents for 1 franc	13.90	13.94	13.95	13.89
Switzerland.....	Cents for 1 franc	19.30	19.37	19.54	19.44
Italy.....	Cents for 1 lire	5.263	5.23	5.18	5.15
Vienna.....	Cents for 1 mark	23.31	23.81	23.72	23.77
Madrid.....	Cts. for Austrn. shlg.	14.07	14.09	8.83	8.54
Amsterdam.....	Cents for 1 guilder	40.195	40.21	40.32	40.15
Copenhagen.....	Cents for 1 kroner	26.80	26.73	21.68	21.45
Oslo.....	Cents for 1 kroner	26.80	26.73	21.68	21.45
Stockholm.....	Cents for 1 kroner	26.80	26.73	21.68	21.45
Athens.....	Cents for 1 drachma	1.297	1.297	1.28	1.28
Montreal.....	Can. cents for \$1	100	100	94	104
Yokohama.....	Cents for 1 yen	49.85	49.56	49.00	49.35
Hong Kong.....	Cents for 1 Hong Kong	...	31.70	25.50	28.00
Shanghai.....	Cts. for 1 Shing. tael	...	39.12	33.50	36.50
Calcutta.....	Cents for 1 rupee	36.50	35.90	28.40	28.60
Buenos Aires.....	Gold pesos for \$100	103.65	134.30	174.00	167.50
Rio de Janeiro.....	Cents for 1 milreis	11.96	11.96	6.30	6.32
Valparaiso.....	Cents for 1 peso	12.125	12.02	...	...

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on:—				
Rhodesia.....	1½% dis.	1½% dis.	21% dis.	3½% dis.
South Africa.....	18½% pm.	17½% pm.	16½% pm.	15½% pm.

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on:—		
Rhodesia.....	£ s. d.	£ s. d.
South Africa.....	81 5 0	81 0 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires.....	Escros to £	24.3325	Sight London	20.50
Venezuela.....	Bolivares to £	25.2215	"	25.30
Colombia (Bogota).....	Pesos to £	5	"	4.20
Nicaragua.....	Cordobas to £	4.8665	"	4.96
Salvador.....	Colonos to £	9.75	"	8.44
Bolivia.....	Bolivianos to £	13.33	"	13.03

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

T.T.	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.
Eight.	131½	111½	130	109½	130	...	130½	110
30 days	132½	112½	...	110	129½	108½	130½	109½
60 days	133	112½	...	...	128½	108	130	109½
90 days	133½	113	...	...	127½	107½	129½	109
					127	107	129	108½

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

During the week ending 1 to Nov. 14, 1931.

	From April 1 to Nov. 14, 1931.	From Nov. 15, 1931.
Sterling purchased in India.....	868,000	3,426,000
Net transfer to Home Treasury.....	...	...
From paper currency reserve in England.....	...	...
From gold standard reserve in India.....	...	...
From gold standard reserve in India against gold transferred in India from paper currency reserve to gold standard reserve.....	...	23,047,804

Less sales of sterling..... 868,000 26,473,804

Net remittance to Home Treasury..... 868,000 12,426,000

India Office, S.W.1.
November 18th, 1931.

BULLION.

The following statistics of imports and exports of gold for week ended November 19, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Netherlands.....	Germany.....
U.S.A.....	Netherlands.....
British W. Africa.....	Belgium.....
British S. Africa.....	France.....
British India.....	Italy.....
Australia.....	Rumania.....
Other countries.....	U.S.A.....
	Other countries.....
Total declared value of imports.....	Total declared value of exports.....
1,952,151	1,928,492

GOLD MOVEMENTS.

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

1931.	ARRIVALS.	1931.	WITHDRAWALS.
Nov. 13.....	Nil	Nov. 13.....	Nil
" 14.....	Nil	" 14.....	Nil
" 15.....	Nil	" 15.....	Nil
" 16.....	Nil	" 16.....	Nil
" 17.....	Nil	" 17.....	Nil
" 18.....	Nil	" 18.....	Nil
" 19.....	Nil	" 19.....	Nil
Total.....	Nil	Total.....	Nil

Messrs Samuel Montagu and Company write on November 18, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,698,392 on the 11th instant, as compared with £120,689,749 on the previous Wednesday. Amounts of gold offered in the open market have been small. Yesterday about £95,000 from Rhodesia was available and was acquired for the Continent at 108s. 6d. per fine ounce.

DALGETY AND COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with June 30, 1930.	Amount.	Compared with June 30, 1930.
Ord. shares.....	1,500,000	Cash.....	468,936 + 219,336
Prof. shares.....	500,000	Bills receivable ..	97,640 + 5,316
Reserve.....	1,000,000	Advances on land ..	6,610,984 - 293,306
General reserve ..	500,000	Merchandise	565,108 - 142,424
Staff fund.....	341,000	Sundry debtors.....	935,832 - 149,745
Irred. deb. stock ..	2,475,454	Balances in transit ..	57,926 + 57,926
4½% deb. stock ..	500,000	Premises, plant, &c.....	306,827 + 6,074
Debentures.....	665,150 - 80,859	Reserve invest-ments.....	1,000,000
Int. accrued.....	41,384 - 652	Investments in Govt. stock, &c.	29,869 + 3,497
Prof. dividend ..	12,500		
Bills payable.....	34,289 - 278,050		
Sundry creditors ..	2,200,794 - 310,928		
Produce realised ..	5,193 - 5,972		
Balances in transit ..	14,007		
Profit and loss ..	297,358 - 66,530		
Total.....	10,073,122 - 731,998	Total.....	10,073,122 - 731,998

ROYAL BANK OF SCOTLAND.

LIABILITIES.		ASSETS.	
Amount.	Compared with Oct. 11, 1930.	Amount.	Compared with Oct. 11, 1930.
Deposits.....	49,416,138 - 970,952	Gold, silver and currency notes	5,124,665 - 329,440
Notes in circulation	2,780,755 + 7,478	Money at call and notice	6,848,140 - 153,630
Drafts outstanding	402,026 - 26,400	British Government securities	15,108,994 + 1,381,035
Acceptances.....	933,148 + 152,334	Colonial stocks, &c.....	972,838 - 136,887
Capital.....	3,780,192 + 417,750	Other marketable securities	329,864 - 12,705
Reserve.....	3,780,926 + 200,000	Bankers' Industrial Development Co.	100
Proposed dividend	240,987 - 7,384	Williams Deacon's Bank	3,093,750 + 1,009,609
		Bills discounted ..	5,033,692 - 1,312,769
		Advances.....	21,417,558 - 476,994
		Loans.....	1,398,020 - 369,990
		Acceptances	933,148 + 152,334
		Bank buildings ..	406,523 + 14,878
		Property.....	191,871 + 7,385
		Freehold property in London	475,000
Total.....	61,334,172 - 227,174	Total.....	61,334,172 - 227,174

WALL PAPER MANUFACTURERS, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Aug. 31, 1930.	Amount.	Compared with Aug. 31, 1930.
5% cum. pref. shs. (£1).....	1,200,000	Land, buildings, &c.....	2,298,971 - 69,013
Ord. shares (£1).....	1,400,000	Goodwill, &c.....	1,123,816 - 100,000
Deferred shs. (£1).....	2,000,000	Investments.....	1,014,214
4% deb. stock ..	1,014,214	British Govt. securities and other investments at or under market values	1,238,544 + 245,497
Creditors.....	312,836 - 46,501	Investments and current accounts with subsidiaries	1,910,685 - 89,474
Bank loan.....	23,626 + 23,626	Stock-in-trade ..	758,498 - 71,747
Workmen's Insur.	14,120 + 1,837	Debtors.....	169,101 - 12,305
Owing to subsidiaries	18,875 - 66	Insurance	9,845 - 9,768
Reserve fund ..	1,000,000	Bills receivable ..	49,817 - 17,000
Profit and loss ..	577,761 - 103,235	Cash.....	2,155 - 529
Total.....	7,561,432 - 124,339	Total.....	7,561,432 - 124,339

BIRMINGHAM SMALL ARMS COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with July 31, 1930.	Amount.	Compared with July 31, 1930.
5% "A" cum. pref., £5.....	203,150	Property.....	860,073 - 7,241
6% "B" cum. pref., £1.....	350,580	Plant.....	1,650,484 + 32,377
Ord. shares, £1 ..	2,000,000	Stocks.....	524,237 - 170,664
6% deb. stock ..	2,000,000	Due from subsidiary cos.	484,315 - 125,823
Trade creditors ..	237,650 - 20,678	Sundry debtors ..	104,005 - 8,119
Due to subsidiaries	70,236 + 1,987	Investments in subsidiaries.....	3,970,682 - 158,887
Assets reserve ..	327,448 - 2,666	Sundry investm'ts	185,878 + 138,499
Depreciation res.	908,142 + 47,826	Cash and bills.....	107,752 - 95,744
Investments res.....	473,014 - 10,000	Cash in hands of deb. trustees ..	692 - 11,285
General reserve ..	500,000	Investments in Govt. securities at cost.....	186,290 + 186,290
Profit and loss ..	89,016 - 337,066		
Total.....	7,974,408 - 320,597	Total.....	7,974,408 - 320,597

CHARTERHOUSE INVESTMENT TRUST, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Nov. 11, 1930.	Amount.	Compared with Nov. 11, 1930.
Ord. shares.....	1,000,000	Cash.....	59,005 - 824
Special reserve ..	87,093 + 7,639	Stocks and shares at cost or under:	
General reserve ..	100,000 - 159,534	Quoted.....	628,859 - 153,805
Securities depreciation reserve	150,000 + 139,534	Unquoted.....	12,082 + 12,082
Bank loan.....	Nil - 200,000	Quoted (in subsidiary cos.)	594,339 - 49,387
Reserve for income tax.....	28,500 + 28,500	Loans against security.....	19,499 - 23,751
Creditors.....	49,861 - 10,784	Debtors.....	41,047 + 29,544
Unclaimed dividends.....	343 - 43	Freehold property	94,464
Profit and loss ..	30,306 - 12,060	Furniture, &c.	6,008 - 607
Total.....	1,456,103 - 186,748	Total.....	1,456,103 - 186,748

PERUVIAN CORPORATION, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with June 30, 1930.	Amount.	Compared with June 30, 1930.
5% pref. stock ..	7,500,000	Properties.....	14,129,587 + 17,768
Ord. stock.....	9,000,000	Ord. stocks on railroads at par value or cost ..	3,998,140
Deb. bonds.....	3,969,400 - 21,250	Creditors.....	35,563 - 35,061
Reserve.....	35,563	Expenditure in respect of reconstruction and extension of railways ..	1,867,489 - 94,109
Railway renewals and reserve acts	215,582 - 513	Discount on debenture issues	907,840
Deb. int. accrued and deb. amort. reserve.....	70,475	Mollendo Port improvement ..	85,815 - 2,504
Div. warrants outstanding.....	7,747 - 1,023	Real estate in Peru.....	78,443 - 193
Shaking fund ..	522,175 - 72,633	Stores, &c.....	85,526 + 4,326
Reserve account ..	700,000	Current accounts railway cos.	346,122 - 62,526
Lake steamers and insurance acct.	207,287 + 9,528	Debtors.....	210,488 + 22,692
Net revenue acct.	118,680 - 294,142	Investments in Peru.....	23,077 - 3,417
		Investments in British Govt. and Indian Govt. securities at or under cost	511,004 + 173,387
		Bills receivable ..	77,654 - 33,626
		Cash.....	25,724 - 90,118
Total.....	22,346,909 - 415,094	Total.....	22,346,909 - 415,094

† Market value, June 30, 1931, £525,659.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
BANKS.					
Bank of London & South America	2%†	...	Less tax	5	9
Commercial Bk. of Scotland "A"	...	...	...	16	16
Italo-Belgian Bank "B"	...	...	...	10	10
TEA AND RUBBER.					
Darjeeling Co.	2½*	Dec. 11	...	...	...
MILKING.					
Frontino Gold	7½†	Jan. 1	...	10	Nil
Tibba.....	7½†	...	...	10½d. ps.	...
OTHER COMPANIES.					
A. B. Fleming and Co.	5%*	...	Less tax	...	...
Anglo-Portuguese Telephone ..	3%*	...	...	...	...
Ansell's Brewery.....	6½† plus bonus of 24%	...	Tax free	17	19
Bass, Ratcliff and Gretton ..	...	...	...	20	20
Callenders Share and Investment	7½*	Dec. 1	...	...	...
Ceylon Estates Investment Assoc.	6d. p.s.†	...	...	5	7½
Charterhouse Investment Trust	3½†	...	...	2½	...
City Business Properties ..	4%*	Dec. 19	Tax free	6	6
Cope Bros. and Co.	2½*	...	...	...	...
Dominion and General Trust ..	5%†	Dec. 8	Tax free	10	10
East India Tramways (Def.) ..	5%†	...	...	10	10
Hepworth and Grandage	7½*	...	...	...	...
Hovis.....	16*	Dec. 11	...	...	...
Indian and General Investment (Def.) ..	10%*	...	...	...	...
Inglis and Co.	5c. p.s.*	...	Quarterly	...	...
International Nickel	4½d. p.s.*	...	Quarterly	...	...
J. and P. Coats	15s. p.s.†	...	Tax free	10	25
Kompton Park Racecourse ..	5%*	Dec. 4	...	20	12½
Liverpool Warehousing	10%† plus bonus of 1s.	...	...	...	...
London Brick Co.	5%*	Nov. 25	Tax free	...	...
Moon and Robson's Breweries ..	...	...	...	...	...
Newton Chambers and Co.	...	...	...	...	...
Northampton Brewery	4½†	...	Tax free	2½ p.s.	2½ p.s.
Oriental Gas.....	4½†	...	Less tax	6	7½
Palace and Derby Castle	...	...	...	...	...
P.C.T. Construction Co.	7½*	...	Less tax	4	4
Portlands and Spencer	6d. p.s.†	...	Less tax	17½	20
Scottish Investment Trust	2½†	...	...	...	...
Second Anglo-Celtic Trust ..	2½†	...	...	...	...
Slators and Bodega	2½†	Dec. 1	...	10	12
Stockholders' Investment Trust	2½†	Dec. 1	Tax free	5	7
Tenement Dwellings	5%†	...	...	10	12
Third Edinburgh Investment ..	...	...	...	3½	5
Trans-Oceanic Trust	...	...	...	...	...
United African Explorations (Def.) ..	6%†	Nov. 28	...	4	...
Weardale Steel (Def.)	3%*	Dec. 1	...	...	...
Wiggins, Teape and Co.	...	...	...	...	...

THE FINE COTTON SPINNERS' AND DOUBLERS' ASSOCIATION, LTD.—The directors state that the result of the trading of the mills of the Association for the six months ended September 30th last, although it shows some little improvement on the last financial year, does not in their opinion warrant the payment of a dividend on the preference, preferred ordinary and ordinary shares. The directors trust that the improvement which has recently manifested itself may continue, and that the position at the close of the financial year may be more favourable.

THE MONTEVIDEO GAS AND DRY DOCK COMPANY, LTD.—The directors have announced that a law was passed on October 15th by the Uruguayan Government prohibiting the remittance of funds for the payment of dividends or of debenture interest of foreign-owned companies. The law also exacts that deposit be made in local banks of the equivalent dollars which would have been required to purchasing exchange for the payment of dividends and debenture interest, and which will not be withdrawable until January, when 25 per cent. monthly of the accumulated amount may be remitted. Remittances during the half-year ended June 30, 1931, were received at an average rate of exchange of 32.67d. per dollar as compared with the par rate of 51½d. per dollar. Since July 1st, the rate has been as low as 20d. per dollar. Under these circumstances, the board are unable to pay an interim dividend in respect of the half-year to June 30, 1931.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Nov. 13, 1931.	Miles Open.	Week ended Nov. 15, 1931.					Aggregate 46 weeks, 1931.				
		(000's omitted.)					(000's omitted.)				
		Passenger.	Merchandise.	Coal and coke.	Total Goods.	Total for Week.	Passenger.	Merchandise.	Coal and coke.	Total Goods.	Total for Week.
Great Western.....	3,761	171	202	101	303	474	10,142	8,772	4,810	13,582	23,724
Do. for 1930.....	3,761	187	206	122	328	515	11,056	9,683	5,427	15,110	26,166
L. & N. Eastn. (c) ..	6,349	264	370	253	603	867	15,049	15,528	10,727	28,355	41,404
Do. for 1930.....	6,349	288	414	269	683	971	16,467	17,844	11,747	29,991	46,058
Lon. & Mid. & Scot.	6,958	394	508	244	752	1,146	22,723	21,430	11,126	32,556	55,279
Do. for 1930.....	6,958	426	516	276	782	1,218	24,404	24,164	11,534	35,698	60,102
Southern.....	2,180	237	70	30	100	337	14,012	3,284	1,434	4,718	18,730
Do. for 1930.....	2,179	255	79	33	112	367	14,867	3,576	1,364	4,940	19,807
Total, 1931.....	192,481	1,066	1,150	608	1,758	2,824	61,926	49,114	28,097	77,211	139,137
Do. for 1930.....	192,454	1,156	1,215	700	1,915	3,071	66,794	55,267	30,072	85,339	152,133
Metropolitan (c) ..											
Do. for 1930.....	59	29.8	...	...	3.8	33.6	1436.3	...	...	176.8	1613.1
Undgd. E.R. (c) ..	59	32.4	...	...	4.1	36.5	1499.1	...	...	185.2	1684.3
Do. for 1930.....	...	294.5	...	...	294.5	1356.5	...	...	...	...	1356.5
Do. for 1930.....	...	305.4	...	...	305.4	1384.7	...	...	...	...	1384.7
† Green Buses, &c. ..	...	23.8	...	...	23.8	114.5	...	...	...	...	114.5
Lon. & Sd. Grp. (c) ..	...	43.2	...	...	43.2	2041.9	...	...	...	...	2041.9
Do. for 1930.....	...	1.7	...	...	1.7	121.1	...	...	...	...	121.1
* B'f's & Co. (d) (b) ..	80	1.8	...	...	1.8	126.6	...	...	...	...	126.6
Do. for 1930.....	...	8.0	...	...	8.0	518.1	...	...	...	...	518.1
* G. Northern (b) ..	562	9.0	...	...	15.7	24.7	569.0	...	...	...	569.0
Do. for 1930.....	2,188	19.5	...	...	44.2	63.7	1177.2	...	...	...	1177.2
* Gt. Southern (b) ..	2,188	21.5	...	...	49.1	70.6	1302.5	...	...	...	1302.5
Do. for 1930.....	...	...	...	...	...	...	...	...	...	...	...

* Aggregate 45 weeks. † Green line not in full operation.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
				Rs.	Rs.	Rs.	Rs.
Assam Bengal.....	29	Oct. 17	1,330	433,600	+ 11,048	1,05,37,752	- 4,99,46
Barot Lt. Ry.....	30	24	202	23,400	+ 2,100	11,25,500	- 24,200
Bengal & N. Western	3	24	2,119	4,68,102	- 13,904	15,98,858	- 1,05,93
Bengal-Nagpur.....	27	Oct. 7	3,199	19,33,000	- 4,56,418	3,44,98,825	- 67,32,99
Bombay Bar. & O.I.	32	Nov. 14	3,084	18,04,000	- 5,01,000	5,91,91,000	- 38,74,00
Madras & S. Mahr.	30	Oct. 24	3,230	12,87,000	+ 89,008	4,31,17,223	- 13,35,28
†Rohilk'd & Kumaon	3	24	546	98,995	+ 13,162	3,05,699	- 18,653
South Indian.....	28	24	2,492	10,89,028	+ 186,012	3,23,23,226	- 44,93,93
Barroilly State Railway.							

SOME IMPORTANT COMPANY RESULTS.—Some important company results are announced as we go to press. Messrs. Tate and Lyle's report for year ended September 30, 1931, shows an estimated gross profit of £992,731, against a gross profit of £385,938 for preceding year. The ordinary dividend is raised from 10 per cent. to 13½ per cent. The carry-forward is increased from £40,850 to £61,832. The Aerated Bread report to September 30, 1931, discloses a record profit. The profit figure is £194,666, against £171,065 for 1929-30, and £76,699 for 1928-29. The ordinary dividend remains at 5 per cent. The carry-forward is increased from £20,847 to £53,449. The bank overdraft of £49,698 has been repaid. Cash at bank is at £32,450, against nil. Peter Walker (Warrington) and Robert Cain shows profit of £523,337 for year ended September 30, 1931, against £570,805. The ordinary dividend remains at 7½ per cent. Weardale Steel profit is at £80,052, against £86,628, the deferred dividend remaining at 6 per cent. The net revenue of the Tobacco Securities Trust has been reduced from £800,954 to £644,050 for year ended October 31st. The ordinary dividend is reduced from 18 to 17½ per cent.

TEXTILE MERGER.—All the companies interested in the Textile Machinery Merger have now accepted the arrangements proposed by Sir Gilbert Garnsey. The companies to join the merger are:—Platt Brothers and Company, Ltd., Asa Lees and Company, Ltd., Howard and Bullough, Ltd., John Hetherington and Sons, Ltd., Brooks and Doxey (1920), Ltd., Dobson and Barlow, Ltd. The scheme is one whereby the six companies sell their machinery manufacturing assets to the merger company, which will be known as Textile Machinery Makers, Ltd. The merger company will

re-sell, without profit, these assets to a subsidiary bearing a similar title. The various companies will receive payment by taking shares. In this way the name and goodwill of the various concerns will be preserved. Platt Brothers and Company, Ltd. will own approximately just over 53 per cent. of the preference capital, and approximately just under 38 per cent. of the ordinary capital. Sir Walter Preston, M.P., will be chairman of Textile Machinery Makers, Ltd.

WALL PAPER MANUFACTURERS, LTD.—The profit for the year ended August 31, 1931, was £592,636. This compares with a profit of £672,916 for the year 1929-30 and £794,198 for year 1928-29. Including the amount brought in of £260,996 there is £853,632 available. Income tax absorbed £55,302, against £47,147. Debit interest again absorbed £40,569. Preference dividend absorbed £60,000 as before. The ordinary dividend is 10 per cent., absorbing £140,000 as before. The dividend on the deferred shares has been reduced from 15 per cent. to 10 per cent., absorbing £200,000, against £300,000. The sum of £75,000 is written off goodwill, against £100,000. Staff funds receive £10,000, against £20,000. The carry-forward is increased from £260,996 to £272,762.

OIL OUTPUTS.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of October are as follows: Production of oil, 46,110 tons; deliveries 45,210 tons.

STEAVA ROMANA (BRITISH), LTD.—Production of the Steaua Romana Company, Bucharest, for October, was 87,120 tons.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
		£	£	£	£	£	%	£	£	£	%
Banks.											
English, Scottish and Aus- tralian Bank	June 30	305,478	266,657	572,135	...	240,000	8½	35,000	297,135	542,737	12½
Royal Bank of Scotland ...	Oct. 10	...	611,116	611,116	...	490,007	17	121,109	...	533,665	17
Breweries.											
Ansells Brewery	Sept. 30	253,147	166,153	419,300	17,500	120,000	15	20,000	261,800	174,734	15
Bass, Ratcliff and Gretton	Sept. 30	320,181	523,059	843,240	68,000	381,059	17½	...	394,181	538,970	19½
Brickwood and Company ...	Sept. 30	30,969	123,449	154,418	9,150	78,240	11½	11,500	55,528	109,379	15
Kenward and Court	Sept. 30	6,618	13,141	19,759	...	10,000	10	...	9,759	14,629	12½
Northampton Brewery Co.	Sept. 30	41,673	45,071	86,744	8,250	21,873	2¼	15,000	41,621	56,957	2½
Financial Land, &c.											
Argentine Eastern Land ...	June 30	950	2,057	3,007	...	...	...	...	3,007	4,444	5
Investors' Mortgage Security	Sept. 30	28,187	139,200	167,387	41,405	89,782	16	8,000	28,200	164,497	16
Peruvian Corporation	June 30	188,989	<i>Dr. 65,309</i>	123,680	...	...	...	5,000	118,680	283,072	...
Hotels, Restaurants, &c.											
Palace and Derby Castle ...	Oct. 31	5,254	10,522	15,776	3,000	6,600	6	1,000	5,176	12,237	7½
Iron, Coal and Steel.											
Instone (S.) and Co.	June 30	94,286	7,121	101,407	...	...	...	...	101,407	22,503	...
Motor and Cycle.											
Birmingham Small Arms Co.	July 31	305,297	<i>Dr. 201,194</i>	101,103	23,784	...	...	...	77,319	148,026	5
Oil.											
Anglo-Ecuadorian Oilfields	June 30	77,621	<i>Dr. 42,720</i>	34,901	...	...	...	...	34,901	104,115	3½
Rubber, &c.											
Asahan Rubber Estates.....	July 31	13,077	<i>Dr. 8,141</i>	4,936	...	...	...	...	4,936	<i>Dr. 2,628</i>	...
Bantam (Java) Rubber.....	June 30	12,576	<i>Dr. 3,113</i>	9,463	...	...	...	...	9,463	5,818	...
Bekoh Consolidated Rubber	June 30	16,296	<i>Dr. 302</i>	15,994	...	...	...	...	15,994	6,016	...
Bukit Lintang Rubber	June 30	11,020	<i>Dr. 940</i>	10,080	...	...	...	...	10,080	658	...
Bukit Pulau Rubber	June 30	1,884	<i>Dr. 3,011</i>	<i>Dr. 1,127</i>	...	...	...	...	<i>Dr. 1,127</i>	<i>Dr. 932</i>	...
Inch Kenneth Rubber	June 30	8,951	<i>Dr. 3,734</i>	5,217	...	...	...	...	5,217	128	...
Langkapera (Sumatra) Rub.	June 30	17,578	<i>Dr. 7,294</i>	10,285	...	...	...	...	10,285	4,380	...
Lenggeng Rubber Co.	July 31	3,978	<i>Dr. 855</i>	3,123	...	...	...	...	3,123	2,369	...
Textiles.											
Hirst (Geo. H.) and Co.	Aug. 31	<i>Dr. 67,283</i>	<i>Dr. 20,928</i>	<i>Dr. 88,211</i>	...	...	...	7,826	<i>Dr. 96037</i>	<i>Dr. 6,403</i>	...
Simpson and Godlee	Sept. 30	149,948	<i>Dr. 18,884</i>	131,064	17,500	...	...	...	113,564	<i>Dr. 17,152</i>	...
Tramways and Omnibuses.											
Cape Electric Tramways ...	June 30	46,632	7,901	54,533	...	...	...	14,200	40,333	23,092	...
Trusts.											
Charterhouse Invest. Trust	Nov. 11	13,304	44,016	57,320	...	38,125	5	7,639	11,556	18,138	7½
Railway and General Invest- ment Trust	Sept. 30	1,391	20,575	21,966	11,438	6,125	4	...	4,403	24,020	5
Third Edinburgh Invest- ment Trust	Nov. 5	63,160	38,328	101,488	17,110	19,323	10	...	65,055	56,792	12
Trans-Oceanic Trust	Oct. 31	20	37,571	37,591	22,500	10,750	3½	<i>Dr. 1,612</i>	5,953	51,506	5
Other Companies.											
Agua Santa Coffee Co.	Dec. 31	29,827	<i>Dr. 15,046</i>	14,781	...	...	...	...	14,781	<i>Dr. 13615</i>	...
Berger (Lewis) and Sons ...	July 31	65,541	30,978	96,519	28,000	...	...	...	68,519	106,634	10
Cinzano, Ltd.	Sept. 30	7,603	105,399	13,002	24,784	41,590	2½	40,000	6,628	176,579	9
Goode, Durrant and Co. ...	July 20	490	<i>Dr. 91,231</i>	<i>Dr. 90,741</i>	...	...	...	70,000	<i>D 160741</i>	1,613	...
Liverpool Warehousing ...	Sept. 30	59,862	77,719	137,581	12,960	48,750	10	8,000	67,871	113,224	12½
Lloyd's Packing Warehouses	Sept. 30	42,973	18,274	61,247	11,979	25,916	5	<i>Dr. 25,808</i>	49,160	72,869	10
Roneo, Ltd.	June 30	12,670	37,106	49,776	21,421	...	...	...	28,355	99,062	10
South London Greyhound											
Racecourses	Sept. 30	3,022	38,130	41,152	8,905	18,000	60	6,000	8,247	27,542	50
Venesta, Ltd.	June 30	93,642	1,138	94,780	21,000	...	...	4,000	69,780	93,254	8
Wall Paper Manufacturers...	Aug. 31	260,996	496,766	757,762	60,000	340,000	{Ord 10 Def. 10}	85,000	272,762	585,200	{0.10 Def. 10}
Xetal Safety Glass	Mar. 31	<i>Dr. 12,178</i>	<i>Dr. 5,830</i>	<i>Dr. 18,008</i>	...	...	...	...	<i>Dr. 18008</i>	<i>Dr. 6,025</i>	...

† Free of income tax.

Commercial Reports.

MARKET SUMMARY.

After last week's irregular movements the trend of prices in the principal international commodity markets has been definitely downward this week. In New York the reaction in cereals, which became noticeable last week, continued further. It was, however, most pronounced in the case of wheat. Last week's improvement in non-ferrous metals, with the exception of copper, was not maintained. It appears that no agreement was reached at the international conference of copper producers, which caused a fall of copper to a new low level. Rubber has been barely maintained, while, among textile raw materials, cotton suffered a setback. Among other commodities, coffee, cocoa and sugar all realised lower prices this week. Sterling quotations of commodities which lend themselves to international arbitrage have moved in sympathy with international values. The turnover in this country has been smaller than a week ago, and markets were generally quiet. The demand for tea at this week's auctions has been less active than a week ago. Among other foodstuffs, butter and cheese have been cheaper. Foreign meat continued to decline in price in view of the heavy shipments from Argentina, Australia and New Zealand, but home grown qualities were slightly firmer. According to various reports from industrial centres, the situation of the coal trade, though slightly better than in summer, is still far from satisfactory. The restrictive policy pursued by some of the chief customers on the Continent hinders a definite upward turn in activity. Although transactions in iron and steel have slightly increased during the last few weeks, little headway has as yet been made. Among the textile trades, the recent advance in the demand for cotton goods has been followed by a slight reaction, but the improvement in the wool and rayon industries appears to have been maintained.

THE COAL TRADE.

SHEFFIELD.—The situation in the South Yorkshire coal market continues unsatisfactory, although improving slightly in slacks for boilers and blast-furnace coke. Shipments of best steams are well maintained at former levels, with prices firm at 18s. 6d. f.o.b., but there is little forward contracting. Coalowners are pressing for some modification of the existing quota arrangement. There is a steady demand for house coal, best ordinary qualities of which are quoted at 22s. at pits. Consumption of blast-furnace coke has increased and prices are firmer, 10s. to 10s. 6d. at ovens being the prices of good South Yorkshire brands.

GLASGOW.—The position of the Scottish coal trade has shown little change during the week. There is a fair day-to-day inquiry for prompt or early business, but forward business remains poor. The majority of the collieries are, however, fairly well placed for their outputs up to the end of the year, and maintain firm prices for most sorts. Washed trebles remain the strong feature of the market, with France a brisk buyer. The London demand for nuts has not been good lately, and some of the smaller sizes are showing a tendency to ease in price. Round coals are approximately as current quotations for the shipping trade are approximately as follows (f.o.b. district ports): LAMARSHIRE.—Ell best, 14s. 6d.; splint best, 15s.-15s. 3d.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 9d.; trebles, 16s.; doubles, 13s.-13s. 6d.; singles, 9s. 6d.; pearls, 9s.; dross, 9s. FIFE.—Screened navigation, 17s.; first-class steam, 13s. 6d.; third-class steam, 12s. 6d.; singles, 9s. 6d.-10s.; pearls, 9s. 6d.; doubles, 13s. 6d.-14s. 6d.; singles, 9s. 6d.-10s.; pearls, 9s. 6d.; LOTHIAN.—Prime steam, 12s. 6d.; secondary steam, 12s.; trebles, 16s.; doubles, 13s. 6d.; singles, 9s. 6d.; pearls, 9s. 6d.; Ayrshire.—Unscrened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 15s.; doubles, 13s. 9d.; singles, 10s.; pearls, 9s. 3d.; dross, 9s. 7d. 15s.

CARDIFF.—The most disturbing incident in the coal trade this week has been the imposition by France of a 15 per cent. surtax on coals imported from the United Kingdom. The old Customs on coals imported from the United Kingdom value represented a duty of 2½ per cent. on the declared import value plus an increase of charge of between 5d. and 6d. per ton; the new surtax increases the charge on bituminous coals to between 3s. and 3s. 6d. per ton, and on anthracite coal to about 5s. per ton. The effect of this measure has been to bring temporarily to a standstill new business in the Anglo-French trade, and to practically deprive this country of the whole of the benefit expected from the depreciation of sterling in terms of French francs. Shipments have continued at a low level, and a great deal of lost time has been reported from all the steam-coal areas of the coalfield. For nearly all grades prices have ruled on the basis of the minimum schedule. The following are the current approximate quotations:—Best Admiralties, 19s. 6d., are the current approximate quotations:—Best Admiralties, 19s. 6d., seconds, 18s. 9d. to 19s. 4½d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; cargo smalls, 11s. 6d. to 12s. 6d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 3s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s. to 19s. 6d.; pitwood, ex ship, 24s. to 24s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron is quieter, but the undertone remains firm, and makers are in a much better position than a few weeks ago as regards orders. Consumers' requirements, both locally and in Scotland, are practically covered up to the end of the year, and with diminishing stocks there is not a great quantity of free iron available before January. This being

so, producers are not pressing sales, feeling satisfied that there will be ample outlets for all the iron that they are able to offer, particularly as there is not likely to be any increase in the production for the present. It is a satisfactory feature that prices are not being advanced, and at the weekly market on Tuesday the old official figures were reaffirmed, viz.: No. 1, 61s.; No. 3, 55s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s., f.o.b. or f.o.t. A moderate business was reported, which included a few lots for export, which indicates some expansion of trade for Cleveland iron in that direction. The market for hematite is steady, and although business has recently been rather quiet, good deliveries are going forward and the large stocks held are being gradually reduced. The two extra furnaces in preparation are not likely to be blown in immediately, so that there are only four in operation on hematite in the district, which is insufficient to meet current requirements. The depletion of stocks is, therefore, likely to continue. For delivery up to the end of December ordinary mixed numbers are selling at 65s. per ton, and are firm at this figure. For delivery commencing January, buying continues rather slow, but premiums are asked for forward periods. Although the steel trade is showing signs of improvement in certain departments, there is an absence of large contracts. It is generally understood, however, that orders of importance are temporarily held up for one reason or another, and that some substantial business may soon be announced. Prices for steel under the rebate scheme are unchanged, and in other lines also remain unaltered from last week. The ore market remains almost idle. Best rubio is nominally 17s. c.i.f., and the freight, Bilbao-Middlesbrough, is about 5s. 3d. Coke is a little easier, and ordinary blast-furnace qualities are rather pressed for sale at 17s. delivered consumers' works. The demand, however, is very restricted. The number of furnaces in operation on the North-East Coast remains at 18.

SHEFFIELD.—Quietude pervades the local iron and steel trades which at present have benefited little by the depreciation of sterling. Buyers appear to be pursuing a "wait-and-see" policy, and uncertainty as to tariff changes may be affecting the situation adversely. More Continental semi-steel is being imported than was thought possible having regard to its increasing cost. Another surprising feature is the steadiness of the prices of imported materials essential to making steel and finished steel goods. Some have been modified in an upward direction, but a much larger number are unchanged. The largeness of stocks and the paucity of demand are responsible for this, but there is a general disinclination to raise prices until absolutely necessary. Prices of pig iron and crude steel are probably fixed until the end of the year, when they will be brought up for review. Merchants supplying alloys for heavy and special steels report a weakening tendency of demand. In this country special alloy steels must benefit by the sterling situation, as considerable quantities are imported regularly from Germany and Czechoslovakia. The October overseas figures reveal increased imports and decreased exports of such steels. Home demand for tool steels is improving a little. In the lighter and finished branches certain lines are benefiting by waning competition. In such goods foreign makers can now be undersold, both abroad and at home. The ordinary trade in cutlery and plated goods is extremely flat, but the situation is being saved by special contracts for articles for gift schemes and the steady development of the home and export trade in safety razors and blades. This item is approaching half the value of exports of cutlery.

GLASGOW.—The situation in the West of Scotland shows practically no change from that existing a week ago, and business is unsettled pending definite tariff announcements. There is just slightly more activity at the steelmaking plants, although there is still only a very small proportion of the producing plant in operation. There are numerous inquiries for semi-finished materials on the market at the moment, but not a great deal of actual business is being done. Sheetmakers in Glasgow remain busy, and there is a steady demand for both black and galvanised sheets for export, particularly in the thinner gauges. Tube makers are only partially employed. Sheet-metal workers, machinery makers and tool makers are, speaking generally, doing a fair amount of business, and the tendency is towards improvement.

CARDIFF.—In the heavier branches of the iron and steel industry in South Wales, the Government Bill for the restriction of the imports of wholly and mainly manufactured goods is strongly approved, and it is confidently anticipated that the Government

FIGURES OF ASSURANCE A.M.P.

By careful and prudent administration the A.M.P. has made more than £42,000,000 for the benefit of its Policyholders since its establishment in 1849, and this, after providing for all expenses of management, commission, taxes, etc. A.M.P. premiums are low, Bonuses high and policies, as befits the largest British Mutual Life Office, world-wide. Assets £83,000,000. Annual Income £11,800,000. Full particulars on application.

MUTUAL AUSTRALIAN PROVIDENT SOCIETY
73-75 King William St., London, E.C.4. Established 1849.
D. E. WALKER, Manager for the United Kingdom.

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square
 London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1

will use the powers of the new Act to reduce imports of foreign steel bars. These have been exceptionally heavy during the past few weeks, and the c.i.f. prices of foreign bars have ruled round about 85s. per ton, compared with £5 per ton charged for Welsh bars. There has been a fair inquiry for tinplates, the prices of which have been steady at from 14s. to 14s. 3d. per basis box. Galvanised sheets, however, have been easier at from £9 2s. 6d. to £9 5s. per ton f.o.b.

OTHER METALS.

TIN.—There has been a considerable turnover in tin at the London Metal Exchange early this week owing to the increase in the activity of the motor and tinplate industries. There was, however, no corresponding activity in New York, and on Wednesday prices declined sharply. In New York the metal was quoted at 22.85 cents per lb. on Wednesday, against 23½ cents per lb. a week ago, and 23.10 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £131 17s. 6d. to £132 per ton, compares with £132 to £132 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 30,573 tons, show an increase of 320 tons on the week.

COPPER.—The copper markets in London and New York have recently been largely under the influence of rumours about the discussions of the delegates to the international copper producers' conference in New York. It now appears that the conference has failed to agree to a scheme of restriction. American producers were apparently disposed to restrict output to 26 per cent. of capacity, and representatives of British interests were willing to co-operate in a plan of restriction. It is reported that the failure to reach an agreement was due to the attitude of the Belgian delegates, who did not agree to a proportional cut in the output of the Katanga mines. This news was followed by a slump in the price of the metal. On Wednesday "Domestic" spot was quoted officially at 6.75 cents per lb. in New York, against 7 cents a week ago and 7 cents a month ago. Wednesday's official closing price for "standard cash" in London in terms of sterling, at £35 12s. 6d. to £35 15s., compares with £36 17s. 6d. to £37 a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 21,390 tons, show a decrease of 218 tons, while stocks of rough copper, at 773 tons, are 174 tons smaller.

LEAD.—The market in lead has remained steady, though business was slightly less active than last week. The recent advance in prices was, however, maintained. In New York, the metal was again quoted at 4.05 cents per lb. on Wednesday, against 4.05 cents a week ago and 4 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £14 12s. 6d. to £14 12s. 6d. per ton, compares with £14 6s. 3d. to £14 17s. 6d. on the corresponding day last week.

SPELTER.—The demand for spelter in London has been active during the past week and sterling prices advanced considerably. Wednesday's quotation in New York, at 3.25 cents per lb., shows no change as compared with that of the corresponding day last week. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," at £14 to £14 7s. 6d. per ton.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £95 per ton and at £220-£225 per ton respectively, have been maintained at last week's level. Antimony advanced sharply from £27-£27 10s. to £28-£30 per ton for "foreign," but quicksilver remained unchanged at £17 10s. per bottle.

TEXTILES.

THE COTTON TRADE.—Manchester.—The conditions prevailing in the market during the past week have not shown very much change. On the whole, however, the tone has been quieter, and spinners and manufacturers have booked fewer orders than recently. The lull has been partly due to a little distrust of current prices and uncertainty as to the effect of certain world factors. Makers of piece goods have met with plenty of inquiry, but there are numerous complaints of offers being unworkable. For India there are signs of more activity for Calcutta, and in addition to white shirtings being sold, occasional orders have been put through in dhooties. Mulls and jaconets have again been sold for Karachi, but very little can be done for Bombay at the moment. Trade with China has been somewhat disturbed by the slump in the price of silver at the beginning of the week, but operations have not been at a standstill, most of the buying being in white shirtings. Reports are being received of Hong Kong being rather over-supplied for the time being. A fair miscellaneous business has been done for Egypt, the Near East, South America and the Continent, and after reduced activity, there are indications of rather more buying for the home trade in plain goods and fancies. The yarn market has been slower, and to secure contracts, spinners have had to be prepared to shade prices. The larger output in both American and Egyptian counts continues to be well absorbed.

Cotton Prices.

	1931.				Corresponding Date.	
	Oct. 28.	Nov. 4.	Nov. 11.	Nov. 18.	1929.	1930.
Raw Cotton—Mid. American..... per lb.	5-03	5-07	4-98	4-98	9-81	5-97
" Sakellaridis Fully Good Pair..... per lb.	7-40	7-55	7-40	7-50	15-10	9-65
Yarns—32's twist..... per lb.	9½	9½	9½	9½	14½	9½
" 40's twist..... per lb.	9½	9½	9½	9½	15½	10½
" 60's twist (Egyptian)..... per lb.	16	16	16	16	24½	18
32-in. Printers, 116 yds., 16 by 16, 32's and 60's.....	18 0	18 3	18 3	18 3	24 3	18 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	19 9	20 0	20 0	20 0	27 0	21 0
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	11 2	11 3	11 3	11 3	14 7½	11 9
58-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	9 11	10 0	10 0	10 0	13 1½	10 7½

THE WOOL TRADE.—Bradford.—The attention of the trade, writes our correspondent, is once again directed towards London, where another series of sales of colonial and foreign wool will commence next Tuesday. The quantity available at 223,600 bales, shows that there will be generous offerings of most descriptions, and as there are 105,000 bales of New Zealand, there will be a by no means despicable supply of crossbreds, accompanied by 3,000 bales of Punta Arenas. The total quantity named is larger than was originally expected, and there is every probability of owners doing their best to meet the market, particularly as it is a foregone conclusion that prices for all descriptions will be higher than at the close of the previous auctions. Opinion varies somewhat about the extent of the rise, and as is usual after an upward tendency has been seen in consuming centres and a substantial amount of business has been done, some extreme forecasts are being made. It really seems, however, as if compared with the previous series around ten per cent. advance in merinos and 15 to 25 per cent. advance in medium and fine crossbreds, with low sorts 5 to 10 per cent. higher, sellers should be able to make some very good clearances indeed. The biggest advance will certainly be seen in fine crossbreds, for these are very scarce. The home trade is likely to be a very big buyer, for since the suspension of the gold standard trade has been steadily improving, outlets having been found for weights of tops which seem almost phenomenal, compared with the meagre sales which for a very long time have had to suffice. The improvement anticipated in London is fully justified by the upward tendency in values seen in Australia, and the ready way in which clearances have been effected. For several weeks that has been the only really open market in the world, though there is now a probability of South Africa and South America being more easily accessible. Even if bigger weights of wool can be bought from these two sources, there is no likelihood of any serious reaction in values. The position in Bradford does not need much comment. Prices for tops seem to have reached the limit for the time being, but there is still a demand for fine crossbreds and merinos. Spinners being well booked ahead, can face the future without much misgiving; they have no need to sell further forward unless they can do so at prices which cover the present cost of wool.

THE GRAIN MARKETS.

WHEAT.—The international wheat markets have been quiet during the past week and the downward trend in prices which set in a week ago continued unchecked. This downward movement has been stimulated by the increase in the estimate of the Canadian crop and by the heavy arrivals in North American markets which cannot readily be absorbed. Another adverse factor was the Farm Board's estimate of its wheat holdings, which, at 194,000,000 bushels, exceeded expectations. Continental demand is at present very small as, in view of the restriction of imports, the home crops are used up first. The general situation has, however, not deteriorated, and it is improbable that prices will again decline to the low level of the past summer. Crop reports from Argentina and the United States reveal generally satisfactory conditions, although in some districts of Argentina rain appears to hinder harvesting. In this country good progress is being made with seeding, and various reports suggest that the acreage under wheat will be larger than during the past season. Quotations in London, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 35s. per 496 lbs., as compared with 35s. 9d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 32s. 3d., against 33s. 3d.; No. 3 Northern Manitoba, Atlantic, ex ship, 31s. 3d., against 31s. 9d.; Russian, on sample, 29s. to 31s., against 30s. to 32s.; Australian, ex ship, 31s. 6d. to 33s., against 32s. 6d. to 33s. 6d. a week ago.

WHEAT FLOUR.—The turnover in flour has been smaller than last week and prices declined in sympathy with wheat. North American shipments, at 220,000 sacks, show an increase of 14,000 sacks as compared with the previous week. Of this total, 90,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 26s. per sack of 280 lbs., as compared with 27s. last week; delivered London, 25s., against 26s. Manitoba patents, ex store, 26s. 6d. to 29s. 6d., against 26s. to 30s.; and Australian, ex store, 22s. to 23s., against 22s. to 23s. a week ago.

BARLEY.—The market in barley has been less active, and prices showed a downward tendency, particularly as supplies, attracted by the higher level of quotations, became more abundant. On Tuesday, "December" futures were quoted at 42½ cents per bushel in Winnipeg, against 43½ cents per bushel a week ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 48 lbs., 25s. to 26s., as compared with 25s. to 26s.; Russian, landed, 23s. 6d. per 400 lbs., against 24s. 6d. a week ago.

OATS.—The demand for oats has remained steady, and prices are scarcely changed on the week. "December" futures, which, a

week ago, stood at 26½ cents per bushel in Chicago, sold at 26½ cents per bushel on Tuesday this week. Quotations in London, Wednesday: "River Plate," landed 19s. per 320 lbs., as compared with 19s. 9d. last week; "River Plate," ex ship, 18s., against 18s. 6d.; "Chilean White," landed, 28s., against 28s. 6d. a week ago.

MAIZE.—Maize declined further in price during the past week, owing to the falling off in demand for "Plate," which is still being shipped in large quantities. Tuesday's quotation in Chicago for "December" futures, at 44½ cents, shows a fall of ½ cent per bushel on the week. Quotations in London, Wednesday: "Plate," landed, 19s. 6d. per 480 lbs., as compared with 19s. 9d. last week; "Plate," ex ship, 18s. 6d., as against 18s. 6d.; "Plate," November-December, 18s. 9d., as against 18s. 6d. Yellow maize meal, ex wharf was quoted at £5 17s. 6d. per ton, against £6 a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat:—				
1 week to November 14.....	Cwts. 89,271	Cwts. 124,662	Cwts. 231,816	Cwts. 288,752
11 weeks to November 14.....	823,761	1,574,094	3,172,788	3,039,571
Average price of English wheat per cwt.	s. d. 6 10	s. d. 6 9	s. d. 9 6	s. d. 9 11

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Nov. 7, 1931.....	Cwts. 79,191	Cwts. 469,893	Cwts. 46,513	s. d. 6 7	s. d. 9 2	s. d. 6 6
Nov. 14, 1931.....	89,271	456,512	63,526	6 10	9 0	6 10
Nov. 12, 1927.....	233,350	474,282	79,582	10 2	12 6	9 2
Nov. 17, 1928.....	322,172	588,284	82,105	9 11	10 7	9 1
Nov. 16, 1929.....	251,816	477,980	59,068	9 6	9 5	7 5
Nov. 15, 1930.....	124,662	456,923	46,189	6 9	9 8	5 11

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Nov. 19, 1930.	Jan. 2, 1931.	Nov. 4, 1931.	Nov. 10, 1931.	Nov. 17, 1931.
Winnipeg (No. 1 Manitoba).....	148½	59½	56½	70½	67½	64½
Chicago (No. 2 Winter).....	130½	73½	79½	64½	63½	59½

OTHER FOODS.

SUGAR.—There has been little activity in the raw sugar markets in London and New York, and in the absence of demand prices offered a setback. This deterioration in the situation is partly ascribed to the uncertainty about the production in Cuba and to the lowness with which the crop of Java is being marketed. "December" futures in New York were quoted at 1.23 cents per lb. on Wednesday, against 1.31 cents per lb. a week ago. Wednesday's sales of "raws" include "March delivery" at 8s. 10d. per cwt., against 6s. 8½d., and "May," 1932, at 6s. 10d. s. 6d. 10½d., against 6s. 10½d. to 6s. 10½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	15	1,400	840	1,505	5,833	26,988
Liverpool.....	12,413	8,644	12,780	11,686	40,064	73,340
Total.....	12,428	10,044	13,620	13,191	45,897	100,328
Last week.....	32,035	26,656	13,712	19,114	47,089	103,475

COFFEE.—Good Costa Rica and African qualities were readily sought at Tuesday's auctions. Cheaper varieties remained steady. Last week's movements of coffee in London were as follows: Brazilian, landed, 24; delivered for home consumption, 92 bags; exported, 53; stocks, 2,358 bags, against 1,765 bags last year. Central American, landed, 2,585 packages; delivered for home consumption, 1,975; exported, 2,158; stocks, 65,565 packages, against 41,974 a year ago. Other kinds, landed, 540 packages; delivered for home consumption, 2,397; exported, 758; stocks, 1,269 packages, against 55,999 a year ago.

COCOA.—The market in cocoa has been quiet, and prices continued to decline. "December" futures were quoted at 4.60 cents per lb. in New York on Wednesday, against 4.90 cents per lb. a week ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, shows a fall of 9d. Last week's movements of cocoa in London were as follows: Landed, 688 bags; delivered for home consumption, 5,651 bags; exported, 304 bags; stocks, 142,748 bags, against 166,766 last year.

TEA.—The quantities catalogued for this week's auction comprised 59,648 packages of Indian, 17,016 packages of Ceylon, and

8,337 packages of Java and Sumatra tea. Competition has been less keen at the auctions this week, and the prices realised were generally lower than a week ago. The feature at the "Indian" and "Ceylon" sales was the lack of support given to tea of good quality. The setback was less pronounced in the case of common and medium varieties. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyassa-land.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
Nov. 13, 1930	1 2-52	1 2-56	1 6-85	0 9-55	0 11-66	0 9-54	1 3-10						
Oct. 22, 1931	1 0-91	0 9-99	1 6-15	0 8-87	0 7-41	0 6-73	1 1-26						
Oct. 29 "	1 1-16	0 10-95	1 6-75	0 8-66	0 8-14	Nil	1 1-36						
Nov. 5 "	1 0-44	0 11-28	1 6-05	0 9-55	0 7-45	0 6-61	1 0-96						
Nov. 12 "	0 11-67	0 11-11	1 5-73	0 8-49	0 7-46	0 6-90	1 0-35						

RICE.—Business in rice has been quick, but prices are scarcely changed on the week. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 163 tons; delivered, 101 tons; stocks, 1,646 tons, as against 2,603 tons last year.

POTATOES.—The principal potato markets were abundantly supplied; but, in view of the strong demand, particularly for good home-grown varieties, prices advanced further. At the Borough Market, "Best King Edward" sold at from 9s. to 9s. 6d. per cwt., as compared with 8s. 6d. to 9s. per cwt. a week ago.

SPICES.—Trading in spices was generally quiet, and prices remained almost unchanged. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 21 tons; delivered, 17 tons; stocks, 370 tons, against 499 tons last year. White, landed, 64 tons; delivered, 67 tons; stocks, 416 tons, against 203 tons a year ago.

MEAT.—Supplies of meat, particularly of overseas origin, have again been heavy, and the tendency of beef and mutton prices was weaker. On the other hand, English beef and mutton have been a little dearer. On Wednesday, Argentine beef (chilled, hind-quarters) was sold at 3s. 8d. to 4s. 2d. per 8 lbs., against 3s. 8d. to 4s. 2d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 8d. to 3s. 4d., as against 2s. 10d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,875 tons, as compared with 9,623 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.8 per cent. of the supplies, as against 81.2 per cent. a year ago; and imported mutton, mainly New Zealand, formed 76.8 per cent. of the total supply, as against 72.9 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Much quieter conditions rule in the markets for oilseeds, &c., with an easier tendency in regard to prices. Only a small trade in linseed is reported. Old Crop Plate is in restricted supply and near positions are at a fair premium, seed on spot and afloat being held for £10, with November-December about £9 15s. New crop, January-February, is quoted around £9 5s., and for February-March £9 3s. 9d. has been paid. The quantity of linseed afloat for Europe has undergone a further slight contraction to 146,200 tons. Reports concerning the growing Argentine crop continue favourable, and harvesting in the northern provinces is imminent. Indian linseed is in little or no demand, Calcutta to London quoting around £11 10s. November-December cottonseed is quiet and lower in the absence of demand. Egyptian (black) for early shipment is quoted £6 15s., and for January, £6 15s. has been accepted. Linseed oil is in fair consumptive demand and steady current value of raw oil on spot ex Hull being £17 10s., and delivery to the end of the year £17. Cotton oil is neglected and lower, crude Egyptian quoting £21 and common edible £24 ex Hull mill. Other vegetable oils are quiet and without quotable change. Oilcakes and meals are in fair demand and late values hold.

CANADIAN CLUB tobacco

Navy Cut · Flake · Curly Cut · Mixture and Rough Cut

Grown next door to Virginia in
America's sunniest spot

11½^D per oz. for 2 oz. 1/10

Issued by the proprietors, Godfrey Phillips Limited. Established 1844.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.			LARD—			WOOL—			Market Hides, London—		
GRAIN, &c.			Irish bladders.....			English Southdown, washed			Best heavy ox and heifer		
Wheat, No. 2, N. Man. 496 lb.	32	3	58	0	70	d.	13		0	5	6
Eng. Gaz. av., per cwt.	6	10	49	9	51	per lb.	13		0	4	0
Barley, Eng. Gaz. av.	9	0				per lb.	12		0	5	0
Oats, 280 lb.	19	6				per lb.	11		0	5	0
Maize, La Plata, landed, 480 lb.	19	6				per lb.	11		0	5	0
Flour, Lon. stan. ex mill, s. d.	23	9				per lb.	11		0	5	0
Rice, No. 2 Burma, per cwt.	8	7				per lb.	11		0	5	0
Sago, Pearl, per cwt.	16	6				per lb.	11		0	5	0
Tapoca, per cwt.	24	0				per lb.	11		0	5	0
E.I. flake, fair spot	11	9				per lb.	11		0	5	0
Medium pearl	11	9				per lb.	11		0	5	0
MEAT—			SUGAR—			COAL—			INDIGO—		
Beef, per 8 lbs.	4	4				Welsh, best A.D.T. ... ton	19	6	0	0	
English long sides	4	4				Durham, best gas, f.o.b.	14	6	14	9	
Argentine chilled hinds	3	8				Sheffield, best house, at	22	0	0	0	
Mutton, per 8 lbs.	5	0				plate	22	0	0	0	
English wethers	5	0				IRON AND STEEL—					
N.Z. frozen	2	8				Pig, Cleveland No. 3, ton	58	6	0	0	
Pork, English, per 8 lbs.	5	0				Bars, M'brough	200	0	0	0	
OTHER FOODS.			REFINED—			Steel Rails, heavy	170	0	0	0	
BACON—			Yellow Crystals	19	1	0	Tin Plates, per box	14	0	14	3
Irish	68	0	Crushed	22	0	0	per ton	131	17	132	0
Danish	44	0	Granulated	19	10	2					
Dutch	42	0	Home Grown	19	3	19					
HAMS—Irish	0	0									
Canadian	0	0									
American	90	0									
BUTTER—											
Irish creamery per cwt.	0	0									
Australian	104	0									
New Zealand	106	0									
Danish	132	0									
CHESSE—											
Canadian	70	0									
New Zealand	64	0									
English Cheddars	76	0									
Dutch	60	0									
COCOA—											
British grown	11	8									
Acara, f.f. (foreign, 14s. cwt.)	24	0									
Trinidad	40	0									
Grenada	30	0									
COFFEE—											
British grown	11	8									
Santos sup. c. & f. cwt.	50	0									
Colombian, good	75	0									
Costa Rica, med. to good	82	0									
East Indian	88	0									
Kenya, medium	75	0									
EGGS—											
English	120	0									
Danish	22	0									
FRUIT—											
Oranges	15	0									
South African	12	0									
Lemons, Sicilian	16	0									
Malaga	20	0									
Apples: Amer. (var.) brie	10	0									
" (var.) boxes	10	0									
" Australian	0	0									
Onions—											
Valencia, case, 4s.	8	6									
Egyptian Bags	0	0									
Grapes, Lisbon	0	0									
" Almeria	8	0									

HIDE, LEATHER AND ALLIED TRADES.—The limited quantities of domestic hides and skins arriving at the various centres appear to be responsible for the firm tone of the market. The majority of tanners are using every endeavour to keep prices down to a reasonable level. At Manchester this week advances ranging from 1d. to 1d. per lb. were realised for both clear and warbled ox and heifers, while 1d. per lb. more had to be paid for cows. The calfskin market was fairly steady, but sheep skins are in better request and making more money. A fair business is being done in imported hides, and here again values show an upward tendency, in some instances, of course, owing to exchange movements. In South American wet salted descriptions sales are limited, but business has been done in Frigorific ox at 5 1/2d., with 4 1/2d. paid for second ox. Rather more interest has also been taken in the position of drys, but the prices asked for the most part are considered excessive. As an indication of this B. A. Americanos are quoted at 6 1/2d., while 6 1/2d. is wanted for M. V. Americanos. The market in African hides has been most active, and some good business has been done in dry Capes at 7d. and 6d. for first and seconds, while dry salted 20/30 lbs. have sold at 1d. less. Some classes of Australians are in limited supply, with a fair inquiry in existence. Orders for sole leather have been confined in most instances to immediate requirements only, and the aggregate turnover has inclined to be slightly less. The decrease in sales has been most marked in connection with English and wet salted bends, for which only a restricted inquiry has been in evidence. Dry hide stock for the manufacturing end of the footwear industry has accounted for the best part of the trade done, with heavier weight bends showing some improvement. Business in regard to offal has been fair; pinned descriptions have been the best market, but more interest has been taken in rough shoulders. Producers and distributors of upper leather continue to find a satisfactory outlet for most descriptions of this stock, the chief inquiry being for glacé kid and willow calf. Box calf and patent, however, have received more attention, while a moderate trade is passing all the time for reptiles and suede. Carriers do not meet with much success in trying to increase turnover; business on account of overseas markets is very limited, while home trade purchases are generally confined to small quantities of kip butts and splits.

RUBBER.—The market in rubber has been steady both in New York and London, but the general situation remains unfavourable. The attitude of the Dutch Government is still obscure. World production has scarcely been curtailed and according to the latest information, consumption in the United States during October at 22,277 tons, shows a decline of 1,361 tons as compared with September. Wednesday's official closing price for standard ribbed smoked sheet in London, at 3d. per lb., shows a rise of 1/4d. as compared with the corresponding day last week. In forward positions, business has been done at 3 1/4d. to 3 1/2d. for January-March, against 3 1/4d.; and at 3 1/4d. to 3 1/2d. for April-June, 1932, as against 3 1/4d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 934 tons; delivered, 1,841 tons; stocks at the end of last week, at 131,189 tons, show a decrease of 1,418 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Oct. 21.	Nov. 11.	Nov. 18.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	53	63 1/2	59 1/2
Coffee, Rio No. 7, cash, per lb.	5 1/2	6 1/2	6 1/2
" Santos No. 4, cash, per lb.	7 1/2	8 1/2	8 1/2
Cocoa, Acara, nearest future, per lb.	4.44	4.90	4.60
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3.38	3.38	3.35
Cotton, New Orleans, middling, spot,			
per lb.	6.60	6.65	6.19
Rubber, smoked sheet, spot, per lb.	5 1/2	4 1/2	4 1/2
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	180-195	170-185	170-185
Copper, "Electrolytic," Domestic,			
spot, per lb.	7.00	7.00	6.75
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	7.50	7.50	7.50
Spelter, East St. Louis, spot, per lb.	3.30	3.25	3.25
Lead, spot, per lb.	3.75	4.05	4.05
Tin, "Straita," spot, per lb.	23.10	23 1/2	22.85

The Economist,
WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, NOVEMBER 28, 1931.

No. 4,605.

ALLIANCE

ASSURANCE COMPANY, LIMITED.

(Established in 1824.) ASSETS EXCEED £30,000,000
Head Office: BARTHOLOMEW LANE, LONDON, E.C.

LIONEL N. DE ROTHSCHILD, O.B.E., Chairman.

INSURANCES OF EVERY KIND.

LIFE DEPARTMENT.

Children's Deferred Assurances with Educational Option.
Assurances with Disability Benefits (including Income Benefit).

Staff Assurances and Pension Schemes.

MOTOR INSURANCE.

The Company's Comprehensive policies comprise all the latest developments of this class of insurance, including Unlimited Third Party Indemnity.

For full information apply to the Head Office or to any of the Offices or Agents of the Company.
A. LEVINE, General Manager.CHRISTIANIA BANK
OG KREDITKASSE
OSLO

Established 1848.

Paid-up Capital and Reserve Funds,
Kr. 40,000,000.—.Oldest Norwegian Private Joint Stock Bank.
Direct correspondents throughout the country.
Offering complete services to banks and firms
doing business on Norway
Correspondence invited.

CREDITO ITALIANO

Limited Company Incorporated in Italy.

Capital fully-paid : : : Lire 500,000,000
Reserve : : : Lire 300,000,000

Head Office of the Bank: MILAN.

THE BANK HAS BRANCHES AND CORRESPONDENTS
THROUGHOUT ITALY.London Branch: 2 ROYAL EXCHANGE AVENUE,
E.C.3.Transacts a general Foreign Banking Business.
STERLING DRAFTS AND DOCUMENTS ON ITALY
COLLECTED ON SPECIALLY FAVOURABLE TERMS.
CORRESPONDENT OF THE ROYAL ITALIAN TREASURY.

Telegrams: "Italo credit", London.

Telephone: Avenue 3031-8.

TABLE OF CONTENTS.

The Money Market.....	989	Foreign Stock Exchanges—	
Leading Articles—		New York	1010
British Policy and India	991	Canada	1022
Germany and her Credi-		Paris	1022
tors	992	Amsterdam	1022
Fifty per Cent.	993	Other Centres	1022
Manchuria: The Back-			
ground	996	Investment Notes—	
Canada's Railway Prob-		Industrial Shares and	
lem.—I.	998	"Anti-Dumping" ..	1023
Notes of the Week—		Secret Reserves: An	
The League and Man-		Accountant's Views ..	1023
churia	999	Revival in New Issues?	1021
The Statute of West-		Dalgety's Profits and	
minster	1000	Prospects	1024
The Government and the		Electricity Supply Com-	
Farmer	1000	pany Prospects	1024
Two German Mistakes ..	1000	Aerated Bread Company	1025
The Burma Conference ..	1001	Peter Walker and Robert	
The Outlawry of Ex-		Cain	1025
King Alfonso	1001	Tate and Lyle	1025
Sterling and Gold Prices	1001	Dennis Brothers	1025
The Australian Crisis ..	1002	Second Co-operative In-	
Cotton Trade Deadlock	1002	vestment Trust	1026
The Silver Question ..	1002	Tin—A Further "Cut" ..	1026
Humber Coal Exports ..	1003	Anglo-Persian Oil	1026
British Production	1003	Consolidated Gold Fields	1026
The Russian Grain Situa-		Company Meetings of the	
tion	1003	Week	1027
A Scotch Banker on		Capital Issues	1027
Stabilisation	1003	Company Meetings, &c....	1028
American Cotton Crop ..	1004	Government Returns, &c.—	
Canadian Anti-Dumping		National Accounts	1037
Duties	1004	Treasury Bills by Public	
Conditions in Norway ..	1004	Tender	1037
The Redistribution of			
Incomes	1004	The Bankers' Gazette—	
Banque Belge pour		Bank of England	1037
l'Etranger	1005	Bankers' Clearing Re-	
Overseas Correspondence—		turns	1038
United States	1005	Provincial Clearing Re-	
France	1006	turns	1038
Germany	1007	Overseas Bank Returns...	1038
Austria	1008	Rates of Exchange	1040
Hungary	1009	Overseas Bank Rates ..	1040
Holland	1010	Bullion	1041
Sweden	1010	Gold and Silver Prices	1041
Belgium	1011	Company News—	
Switzerland	1012	Dividend Announcements	1041
Czechoslovakia	1012	Profit and Loss Accounts	1042
Roumania	1013	Reports and Notices	1042
Turkey	1014	Weekly Traffic Returns	1043
Letters to the Editor—		Commercial Reports—	
Elections in Yugoslavia ..	1014	Market Summary	1043
An Eastern Locarno	1016	The Coal Trade	1043
Books and Publications—		Iron and Steel	1044
Bolshevism contra Mun-		Other Metals	1044
dum?	1016	Textiles	1045
Books Received	1016	The Grain Markets	1046
The Stock Exchange—		Other Foods	1046
Iron and Steel Shares ..	1017	Miscellaneous Commodi-	
The Week in the Markets	1018	ties	1047
London Active Security		Commodity Prices in the	
Prices	1020	United States	1048
New Issue Prices	1022	Prices Current	1048

THE MONEY MARKET.

FRIDAY's Treasury bill tender rate reflected both the stringency of the previous few days and the fact that £45,000,000 of bills were on offer, as against £40,000,000 the week before, for although applications amounted to just over £60 millions, the rate rose from £5 10s. 0.35d. to £5 1s. 11.03d. per cent. The same day money became more plentiful, and the usual easy conditions prevailed

over the week-end with $3\frac{1}{2}$ to $4\frac{1}{2}$ per cent. charged for new money and $4\frac{1}{2}$ per cent. for renewals. On Monday money became a little tighter owing to the absence of Treasury bill maturities and calling by two of the clearing banks, but conditions were not excessively uncomfortable and new money was obtainable at $5\text{--}5\frac{1}{2}$ per cent., with 5 per cent. charged for renewals. On Tuesday and Wednesday, however, much greater stringency prevailed, especially upon the latter day, when the small amount borrowed from the Bank had to be repaid, and it was only by means of special assistance that resort to the Bank was avoided. New money ran up to $5\frac{3}{4}$ per cent., and renewals outside the clearing banks cost $5\frac{1}{2}$ per cent.

The discount market has again been quiet and inactive. Hot Treasury bills were dealt in this week at $5\frac{1}{16}$ per cent., or a fraction above the tender rate. The market rate on three months' bank bills has also hardened, and on Wednesday German renewals could only be disposed of at fully Bank rate of 6 per cent. Other three months' bank bills changed hands at $5\frac{1}{2}$ per cent. These high rates mark, not only the prevailing monetary stringency, but also the market's lack of confidence in the general outlook and the reaction of the further depreciation of sterling. An early reduction of Bank rate is now quite out of the question, and even a further increase cannot be entirely ruled out of account.

It is clear that it is not desired to drive the market into the Bank, for on Wednesday the position was eased by special buying of February Treasury bills at $5\frac{1}{16}$ per cent., and this week's Bank return records an increase of £6.1 millions in the Bank's holding of Government Securities, with market resources in the form of Bankers' Deposits practically unchanged at £59.8 millions. It is easy to understand why market borrowing at the Bank is not desired, for were the market to borrow for a week at a time (the minimum period for which the Bank lends) it is quite likely that a day of stringency would be succeeded by six days of artificial ease, thereby giving the market and the world at large a false feeling of relaxation and security. On these grounds there is ample justification for the Bank's policy of rendering just enough assistance and no more than is required to keep the market in funds.

	Nov. 5, 1931.	Nov. 12, 1931.	Nov. 19, 1931.	Nov. 26, 1931.	Previous Rate and Date Changed.
Bank Rate	6	6	6	6	$4\frac{1}{2}$ (Sept. 21, '31)
Banks' Deposit Rate..	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
Discount { Call	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
Houses { Notice ...	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$2\frac{1}{2}$ (Sept. 21, '31)
Market rate (3 months' bills)	$5\frac{1}{2}$ – $5\frac{3}{4}$	$5\frac{1}{2}$ – $5\frac{3}{4}$	$5\frac{1}{2}$ – $5\frac{3}{4}$	$5\frac{1}{2}$ –6	...

The technical key to the stringency is to be found in Public Deposits, which this week have risen by £5.8 millions to the high figure of £27.0 millions. Clearly, the Bank and the Treasury between them have decided to accumulate in advance a substantial proportion of the funds required next week for the payment of the War Loan dividend. By so doing they will obviate last-minute borrowing by the Government on Ways and Means Advances, and will reduce to a minimum the extent of the extreme ease that has succeeded War Loan dividend payments so often in the past. Here again the authorities are acting upon the right lines, for it would be most undesirable for easy conditions to prevail at a time when the Christmas expansion in the note circulation and contraction in the Bank's reserve will probably be beginning, when the exchanges were moving against London and when international economic affairs were rapidly approaching one of the most critical turning points since the war.

Apart from the above factors, money seems likely to be stringent during December, for, in addition to Christmas currency requirements, it is understood that income-tax demand notes will be issued early in December. In addition to the far heavier taxes that are this year to be demanded, there will be an incentive to taxpayers to be prompt in their payments, for only by paying up as much

as they can at once will they qualify for the extended terms of grace which are being granted this year in approved cases in respect of the balance due from them. Thus the turnover of funds to the Treasury seems likely to begin this year in December, whereas in previous years few people have paid before January. Thus, with the steps being taken to obviate the War Loan dividend ease, with a paucity of December maturities in the hands of the markets, and with the prevailing uncertainty and pressure upon the exchanges, December does not seem likely to prove an easy month.

Apart from the general causes of the depreciation of sterling, including the normal seasonal pressure and payments for imports made in anticipation of the new duties, a technical explanation of the rapidity of the fall is found in the fact that the foreign exchange market is to-day a very narrow one. The Treasury restrictions place no obstacle in the way of bank and other dealers evening out their books by purchases in the market on their own account, but the fact that exchange purchases for speculative or investment purposes are prohibited means that business is limited to normal commercial demands. In the long run this may be desirable, but in the short run it increases the likelihood of sudden and wide fluctuations.

In New York call rate is unchanged at $2\frac{1}{2}$ per cent., but open market discount rates on 90-day bank bills have been increased from $3\text{--}2\frac{3}{4}$ per cent. to $3\frac{1}{2}$ –3 per cent. The amount of gold earmarked on foreign account was steadily reduced during the week, while small quantities of gold have been imported from Argentina, Mexico and Canada. Apart from the heavy depreciation of sterling, and a fall in Swiss francs from 19.44 to 19.39 $\frac{1}{2}$ cents, the leading foreign exchange rates are practically unaltered.

The foreign exchange market was erratic, and movements were irregular, the general tendency being against sterling. As we write, this appears more pronounced as a result of the general weakness which developed in New York about Wednesday, followed by the selling of sterling by the Continent. The New York rate, after touching 3.58 on Thursday, is 3.60, against 3.77 last week. Montreal moved from 4.21 to 4.13 and Paris from 96 $\frac{1}{2}$ to 91 $\frac{1}{2}$. Brussels, Milan and Madrid were all at appreciably lower quotations than last week at 25 $\frac{1}{2}$, 70 and 42 $\frac{1}{2}$ respectively. Amsterdam went from 9.39 to 9.00, Berlin from 15 $\frac{1}{2}$ to 15 $\frac{1}{4}$, and Switzerland from 19 $\frac{3}{4}$ to 18 $\frac{3}{4}$. The Scandinavian currencies were the exception to the general trend, Stockholm being unchanged and weak at 18 $\frac{1}{2}$, Oslo losing $\frac{1}{4}$ at 18 $\frac{1}{2}$, and Copenhagen $\frac{1}{4}$ at 18 $\frac{3}{4}$. The South American currencies were again rather nominal owing to the restrictions, Rio and Monte Video being unchanged at 84 $\frac{1}{2}$ d. and 28d. respectively, whilst Buenos Aires gained 1 $\frac{1}{2}$ d. at 38 $\frac{1}{2}$ d. In the Far East, the rupee was $\frac{1}{16}$ d. lower at 1s. 6 $\frac{3}{4}$ d., but the yen advanced to 2s. 9d., against 2s. 7 $\frac{3}{4}$ d. last week. In the forward market, dollars remained at last week's quotations of $\frac{3}{4}$ and $1\frac{1}{4}$ premiums. On the Continent, Paris was stronger at $\frac{1}{16}$ franc and $\frac{1}{16}$ franc premium. Brussels, one month, remained at $\frac{1}{16}$ franc premium, but three months hardened by $\frac{1}{16}$ to $\frac{1}{8}$ franc premium. Milan was little changed at $\frac{1}{16}$ lira and $1\frac{1}{2}$ lire discount. One month's Madrid remained at $\frac{1}{4}$ peseta discount, but three months were quoted at a discount of $1\frac{1}{2}$ pesetas, against $\frac{3}{4}$ peseta last week. Amsterdam was at $1\frac{1}{2}$ cents and $2\frac{1}{2}$ cents premium for the two periods respectively. Berlin again was not quoted, and Switzerland was par for one month and $\frac{1}{8}$ franc premium for three. Silver prices were steadier and rose by $\frac{3}{4}$ d. to 18 $\frac{1}{4}$ d. for cash and by $\frac{1}{16}$ d. to 18 $\frac{3}{4}$ d. for forward as a result of India and China buying. The Chinese silver exchanges rose in sympathy; Hong Kong by $\frac{1}{4}$ d. to 1s. 4 $\frac{1}{4}$ d. and Shanghai by $\frac{3}{4}$ d. to 1s. 9 $\frac{1}{4}$ d.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade

BRITISH POLICY AND INDIA.

DURING the past week the centre of interest in the Indian problem has lain for the most part, not in St. James's Palace, but in Downing Street. The debates in the Federal Structure Committee of the Round Table Conference—conducted, as they have been, without the participation of the Moslem Delegation—have elicited generalities, not detailed definitions for the guidance of constitutional draftsmen. The tenour of the speeches on both sides could be foreseen pretty well before they were delivered. On the question of Financial Safeguards, as on that of Commercial Discrimination, arguments were duly marshalled anew in defence of familiar positions taken in advance; but the points of difference and agreement disclosed did not carry matters much further, or give a definite lead in the task of constitution-building. Such a result could hardly be achieved by set eloquence of debate; and though Lord Sankey's draft reports have summarised broadly the various views expressed, no serious effort was made to negotiate, on realistic lines of compromise, concession and bargaining, any agreed, workable terms of settlement.

Thus, even before Wednesday's demand by the Hindu Delegation for a "show-down," eyes were naturally turned to the attitude of the British Government, which was bound to have become increasingly conscious, as it listened in, that when the final stage—the Conference's concluding Plenary Sessions—was reached next week, there would devolve upon the Prime Minister the duty of enunciating future policy without much constructive help from the Conference itself. And, though the voice of Islam at St. James's had suffered a self-imposed silence, the voice of reaction at Westminster has muttered ominously, while a torrent of irresponsible newspaper propaganda had demanded, in effect, of the Cabinet that they should summarily terminate the Conference and "leave it at that."

But if there is one thing crystal-clear, it is that matters cannot be "left at that." Last January, with the full assent of the leaders of all the parties in the State, the head of the British Government made a declaration marking out a line of policy from which—save in circumstances of necessity established beyond dispute—there can be no departure if we hope to be acquitted either by Indian or world opinion of the charge of breaking faith. Let us recall the terms of Mr MacDonald's announcement. The Government, he declared, accepted the principle that responsibility for the administration of India should rest with Legislatures, central and provincial. Provincial Ministries should be drawn from and responsible to the Legislature (with a minimum of essential emergency powers reserved to the Governor), subject always to the overriding authority of the Centre in matters defined as of All-India concern. In the Central Government, given an All-India federal basis, the Executive should likewise be responsible to the Legislature, there being reserved to the Governor-General the subjects of Defence and External Affairs. The new Constitution, in its application to Provinces and Centre alike, should contain "such provisions as may be necessary to guarantee during a period of transition the observance of certain obligations" (e.g., financial "safeguards," rights of minorities, etc.), but it would be "the primary concern of His Majesty's Government to see that the reserved powers are so framed and exercised as not to prejudice the advance of India through her new Constitution to full responsibility for her own government."

It is necessary to recall the terms of that declaration, because—dismissing the puerility of noble Lords who would have us solve the Indian problem by forthwith incarcinating the whole of the Congress in the Andamans—there appears to be a tendency more widely-spread among the ranks of the Conservative Party, and of much greater practical significance, to hold the view that "things have now changed," and that the maximum

forward step which could now be taken would be to offer India provincial autonomy, without prejudice to the grant, at some indefinite future date, of responsibility at the Centre.

To what extent individual members of the Cabinet have been inclined to endorse this suggestion we do not pretend to know. Mr Gandhi himself, it would appear, toyed with the idea on the assumption that he might thus be able to capture Provincial Legislatures and so "pack" a Constituent Assembly, which would be charged with the task of framing an All-India constitution. But this royal road to full self-government, as the Mahatma has now recognised, could scarcely be opened by the sort of provincial autonomy, or constitution-building procedure, likely to secure the blessing of the Conservative Party's Indian Committee; and the belief that the British Government might yield to pressure from its Conservative supporters, and retreat from its pledge of responsibility at the Centre, provoked, on Tuesday, a manifesto from the Hindu Liberals (followed, on Wednesday, by demands for explicit assurances at the Federal Structure Committee meeting) protesting that the half loaf of provincial self-government would be as unsatisfying as the maintenance of the *status quo*. Sir Samuel Hoare disclaimed the idea that the Cabinet was as yet committed to any particular line of policy, and, until the Prime Minister has finally disclosed the Government's intentions, we may advisedly defer judgment on the Cabinet's statesmanship.

Yet, for all the confusion of the Round Table alignment—with the Princes, the Hindus, the Depressed Classes and the Moslems at sixes and sevens—one simple question confronts the British Government. Have conditions so altered that the pledge given ten months ago is no longer binding? That the answer is "No," there can be no reasonable doubt. Mr Gandhi has been intransigent? Doubtless, but last January there was little enough ground to hope that he would even attend the Conference; and since his coming to London scant pains have been taken to induce that inconvenient "cross" of saint and politician to talk in terms of sincerely-meant, working realities. If the Round Table's adjourned meeting has been mainly a beating of the air, the blame rests largely with the distractions of the British Government, immersed in electoral tactics and negligent of the issues of our major Imperial crisis. The minorities deadlock is a formidable obstruction in the path of progress? True, but this obstacle existed last January, when the declaration in favour of Indian self-government was made; and if the absence of Hindu-Moslem agreement on electorates is adduced as a reason why responsibility at the Centre cannot be workable, it is logically a reason *a fortiori* why there cannot be elected, responsible Legislatures in the Provinces.

In truth, if communal differences are to be utilised as a plea for withdrawal of the promise made last January, that India should acquire the status of a Dominion (subject only to certain transitional "safeguards"), logic demands that on this score we pronounce against any further extension of self-government at all. This, indeed, is precisely what our reactionaries at Westminster—whose voices in this, as in many another issue, are a pitiable travesty of the opinion of the country—wholeheartedly desire. But what would be the fruits of such a decision on the British Government's part? Discount as we may the theatricalities of Mr Gandhi's public pose, or the rhetoric of India's disillusioned Liberal believers in the continuity of British policy, the hard facts remain that no governmental system in a sub-continent embracing one-fifth of the human race is workable without the goodwill of the governed; that if boycotts, civil disobedience and terrorism are to be renewed and intensified, the lives and property of British subjects in India will be in almost universal jeopardy; and that the forces of the Crown available are inadequate in the last resort to deal with a

guerilla campaign conducted by a hostile population reckoned in hundred millions.

These are not words inspired by the spirit of melodrama which Sir Samuel Hoare deprecated at Wednesday's meeting of the Federal Structure Committee. Mr Churchill and his irresponsible adherents, these "no surrender" advocates of the strong hand in India, have yet to explain what troops they intend to mobilise, what calls they propose to make on the resources of an England which is utterly out of sympathy with their standpoint, for the maintenance of order in an India driven back on destructive opposition. They have yet to demonstrate how the security of Britain's £400 millions of investments in India is to be guaranteed by bayonets. And all of us must ask ourselves how any constitution in India is to work which fails to evoke the loyal co-operation of at least one dominant section of Indian public opinion.

By the time these lines are read, the Government's decision as to their future intentions for India may have been announced. We need not anticipate its terms; but of this we are convinced: the British Government must face up to the responsibility which the barren harvest of the Round Table Conference has placed upon it. Unless we are to witness a renewal in India of a disastrous struggle between fanatical nationalism and an Imperialism driven by events to greater and greater repression, the Government must stake its fortunes on a far-sighted, courageous policy. While abating nothing of its very proper determination to put down terrorism and maintain law and order, it should announce that it will itself decide the minorities question (utilising, it may be, the services of an impartial arbitrator, such as General Smuts), and that it will proceed with a minimum of delay to introduce legislation enacting provincial and federal (All-India) Constitutions whose entry into operation shall be conditional on acceptance of the minorities' award by the leaders of the two major communities concerned. The reservation of the subjects of Defence and External Affairs, and the incorporation of adequate financial "safeguards," both of which provisos would be demanded by the great majority of British opinion, might forfeit the support of Congress extremists; but by holding out to India an immediate, concrete Constitution, embodying, as it could do, all that Indian moderates aspire to in this generation, we should rally to British policy the overwhelming bulk of Indian opinion. Every consideration of good faith, duty and self-interest combines to urge that we cannot honourably or safely take any other course.

GERMANY AND HER CREDITORS.

A NEW chapter will shortly open in the chequered history of reparations. The first phase was the period of the Reparations Commission—with its astronomical figures of Germany's indebtedness—which came to an end with the final collapse of Germany's currency and the occupation of the Ruhr. Chapter two covered the calmer atmosphere of the Dawes Plan. That scheme was designed to make possible the re-establishment of Germany's credit; and, without attempting to fix Germany's final liability, it laid down specific payments for a series of years. By covering the first annuity with a foreign loan, by throwing upon the Transfer Committee, representing the Creditor Powers, the responsibility for transfer, and by introducing flexible provisions, such as the index of prosperity and the clause that the annuities should be varied if there was a large change in the value of gold, it created conditions in which confidence was, in fact, restored without the reparation creditors definitely abandoning any of their claims.

But, as all the world now knows, the task of meeting her obligations under this Plan was made easier for Germany by the inflow of foreign capital. As the annuity rose to its maximum and the rate of lending to Germany began to slow down, the full burden of the annuities for the first time made itself felt. This, coupled with the desire in Germany that control should cease and with the wish of creditors all over the world that there should be some finality, led to chapter three, which took the form

of the Young Plan, which purported to reach finality and to take the whole question out of politics. In return for a scaling down of the figures, the so-called transfer protection was swept away and the old flexible provision—*"here left out of the scheme. While no one can blame the experts for not having the gift of prophecy, it almost seems as if a mischievous Fate had been lying in wait to prove on the grand scale that 'the best laid schemes o' mice an men gang aft agley.'"* The ink was hardly dry on the Young Plan before a sensational fall in world prices began, to meet which contingency the "value of gold" provision of the Dawes Plan had been invented. From that moment events moved rapidly to the dramatic *dénouement*. To prevent the financial collapse of Germany, or even to mitigate it, the modest provisions of the Plan, under which the conditional annuities may be suspended for one or even two years, were quite inadequate, and even the total suspension of all Government debts under the Hoover moratorium failed to stave off the *crise de confiance* of this fateful summer and autumn. Hence, within less than two years of the signing of the Hague Agreement the problem must be taken up afresh, and chapter four opens with the convening of the Special Advisory Committee, for which the Young Plan made provision.

This step has been taken after a series of talks between international statesmen in Washington and Paris, the upshot of which was a formal application last week-end by Germany to the Bank for International Settlements to convene the Advisory Committee. The Young Plan provides that if the German Government declare to the Creditor Governments and to the Bank for International Settlements "that they have come to the conclusion in good faith that Germany's exchange and economic life may be seriously endangered by the transfer in part or in full of the postponable portion of the annuities," the Committee shall be convened. The Committee shall forthwith consider the circumstances and conditions, satisfy themselves that the German authorities have made "every effort in their power to fulfil their obligations" and "make a full investigation of her position with regard to her obligations under the Plan." The Committee is to act in a purely consultative capacity, and its findings have no effective force "unless confirmed and accepted by the Banks as trustee for the Creditors and, if necessary, by the Governments concerned." It is, however, added that "the Committee shall play no part in connection with the unconditional annuity accepted by Germany."

It must be remembered that this procedure forms part of a plan the authors of which believed that "in the scale of annuities and the conditions recommended we have given proper regard to the potentialities of all the economic conditions and financial forces normally and naturally involved," and that "we have provided for the possibility of meeting any abnormal or special difficulty arising which might seriously affect Germany's capacity for a time." It is evident from the German memorandum that Germany does not share these views, and as that statement, drawn up after prolonged conversations in Paris, is a document of great diplomatic interest, we reproduce it in full:—

The German Government herewith apply for the convocation by the Bank for International Settlements in Basel of the Special Advisory Committee provided for in the New Plan of The Hague of January 20, 1930. As to the cause and object of this application the German Government wish to make the following statement.

As early as the beginning of June of this year the German Government had arrived at the conclusion that, in spite of the most rigorous reductions of State expenditure and repeated increases in the burden of taxation, they would be unable to continue the payment of the annuities of the New Plan. The economic and financial situation of Germany was most seriously endangered already at that date. The German Government had, therefore, decided to draw the necessary consequences from this situation.

That decision was followed on June 21st by the declaration of the President of the United States of America, which proposed a one year's postponement of all payments on account of inter-Governmental debts, reparations and relief debts. The object of this far-seeing initiative was, as explained in the declaration, to contribute to the return of confidence, and thereby to promote the political peace and the economic stabilisation of the world; the debtor nations were thereby to be given time for recovering their national prosperity. The hope that this proposal would bring about a decisive turn in the world crisis has not been realised. As a result of later developments the Hoover year by itself proved to be insufficient to banish the danger of collapse. For this reason the British Govern-

ment in July took the initiative of calling the London Conference. The recommendations of the Conference resulted in the prolongation of the rediscount credit granted to the Reichsbank, in the so-called Basel Standstill Agreement, and in the report of the Basel Committee of Experts nominated by the Bank for International Settlements.

Important though all these measures were for creating an immediate alleviation, they were by their very nature bound to be of a merely preparatory character. The London Conference stated in its final declaration that the measures recommended by the Conference were only a first step, and that they should form the basis for more far-reaching action to follow. Accordingly, the experts who collaborated in the carrying out of the London recommendations always had the provisional character of all these measures before their eyes. The Standstill Agreement, therefore, states that the contracting parties have concluded the settlement provided only "for the period until a more permanent solution of the problem of German short-term indebtedness had been found." Similarly, the report of the Basel Experts Committee concludes by urging all Governments concerned most earnestly "that they should lose no time in taking the necessary measures for bringing about such conditions as will allow financial operations which will bring to Germany, and thereby to the world, sorely-needed assistance."

During the months which have since elapsed the economic and financial situation of Germany has reached a state of extreme tension. The facts which characterise this situation are generally known; in other countries, too, the pressure of the crisis has produced the most serious symptoms. The world has increasingly realised the inner interdependence of the different financial problems caused by the situation, and the necessity to tackle them as a whole without delay. In the course of the considerations as to the best method of approaching this task, lately the idea has come into the foreground to start by convening the Special Advisory Committee. As, under the system of the New Plan, the initiative for calling the Special Advisory Committee depends on an application by the German Government, the German Government have decided to take this step in order to do everything in their own power which may open the road to comprehensive combined measures of the Governments.

Under the New Plan this application is conditional on a declaration of the German Government to the effect "that they have come to the conclusion in good faith that Germany's exchange and economic life might be seriously endangered by the transfer in part or in full of the postponable portion of the annuities." In making this declaration the German Government feel bound to state that a declaration in these terms does not in effect do justice to the actual position. Since the New Plan was conceived the economic and financial situation of the world, particularly in Germany, has been fundamentally altered by an unparalleled crisis. As the New Plan confers upon the Special Advisory Committee the task of considering the position from all points of view, the Committee must examine the problem as a whole, and with regard to all its contributory causes, and, in doing so, must particularly consider the fact that the question of Germany's private indebtedness has to be settled in due time, before the end of February next, by an agreement to be concluded between the foreign creditors and the German debtors.

As the present circumstances require the necessary measures to be taken with the greatest urgency, the German Government propose that the Special Advisory Committee should meet without delay, and that it should carry out its task as quickly as possible, so that a conference of those Governments who are concerned with the decisions to be reached may take place in the nearest future.

The most significant point in this official letter, which closely conforms to the prescribed procedure, is that in which the German Government states that the actual position is far worse than that which is suggested by the formula to which its signature is appended. Neither the framers of the Young Plan nor the signatories of the Hague Agreement could possibly have foreseen the course of international economic events during the past two years—the catastrophic fall in commodity prices, the world-wide slump in trade, production and employment, the struggle of the nations to maintain the equilibrium of their Budgets and balances of payments, the failure of co-operation in commercial policy and the consequent resort, especially in recent days, to policies of high tariffs and ever-narrowing economic nationalism. Nor could they have foreseen two years ago that Germany would be forced into a position in which a postponement of the settlement of all her commercial borrowings would be inevitable. Yet these are the circumstances under which the Advisory Committee will meet.

The members of the Advisory Committee have been appointed according to procedure by the heads of the Central Banks of the creditor countries. They are M. Francqui, Vice-Governor of the Société Générale de Belgique (Belgium); Professor Rist, Deputy-Governor of the Bank of France (France); Dr. Melchior, a Vice-Chairman of the B.I.S. (Germany); Sir Walter Layton, Editor of the *Economist* (Great Britain); Signor Beneduce, a Director of the B.I.S. (Italy); Dr. Walter Stewart, Chairman of Case, Pomeroy and Company (America); and Mr. Nogara (Japan). This Committee of seven is empowered to co-opt four additional members.

Simultaneously with the session at the B.I.S. headquarters at Basle of the Advisory Committee, a body of international bankers will assemble in Berlin at the invitation of the German Debtors' Committee to discuss arrangements with regard to the question of German private debts and the measures which require to be taken in view of the prospective expiration of the existing "Standstill" Agreement in February next. Obviously the work of the two Committees must be to some extent inter-connected, for whatever views may be held regarding the priority of commercial and Government debts, the whole question of Germany's future solvency is the issue which really must occupy the attention of both Committees.

But neither one nor the other can settle the problem. The Advisory Committee is purely consultative in character. It can only recommend. It is for the Governments and the statesmen to adopt, to implement or to improve upon the conclusions at which the Committee arrives. Time is the essence of the problem, for financial and economic paralysis is stalking across Europe, and the first steps towards the reconditioning of the machinery of international trade cannot be taken until some reasoned decision has been taken upon the German problem by the statesmen of the respective countries. It is expected, therefore, that the meeting of the Advisory Committee will be followed early in the New Year by a conference of plenipotentiary statesmen meeting with the determination not to arrive at yet another patched-up compromise (for which, as Mr MacDonald has rightly said, the time has now long passed), but at a durable and agreed settlement which may form the basis upon which certainty and confidence—the first essentials of business revival—may be securely rebuilt.

FIFTY PER CENT.

THE hustle with which, as we described last week, the Abnormal Importations Act was passed through Parliament, was paralleled by the promptitude with which the Board of Trade availed itself of the new powers conferred upon it. The Act, permitting a duty of 100 per cent. to be placed upon any imported articles included in Class III. of the Trade and Navigation Returns, received the Royal Assent on Friday of last week. On Saturday morning Mr Runciman issued a first and extensive schedule of articles which he proposed to subject to an import duty of 50 per cent.; and on Wednesday that duty actually came into force. In the large tables appended to this article we have made an attempt to give as close an impression as possible of the scope and range of import trades affected by the first Order under the Act. For the figures given in them we cannot claim infallibility, because the classifications used in the Order do not in all cases correspond with the classifications given in the Annual Statement of Trade.

Nevertheless, our tables may be useful as presenting a rough picture of the extent to which the Government has this week laid an interfering hand upon the country's import trade. Total imports from all sources of all commodities now subjected to duty were some £30 millions in 1929 and nearly £28 millions in 1930; and it has been stated by certain organs of the Press, with a unanimity which suggests inspiration, that at the recent "forestalling" rate of import the volume would have amounted to some £44 millions per annum. The last-named figure would represent about one-seventh of the amount of Class III. imports entering this country in the year 1930. Another large list is daily expected to be issued from Whitehall, and although by one first stroke of the pen Mr Runciman has decreed the most abrupt disturbance in British trade ever created, except by the war, his activities in this direction are apparently not ended. The concern with which we await his second step is by no means lessened by contemplation of the first.

In our view Mr Runciman has made at the outset a tactical mistake. Both he himself and his Parliamentary Secretary were at pains to emphasise in the House of Commons that the Abnormal Importations Act was designed merely to check "forestalling" imports—not to "tax" imports, but to "keep them out." The only course of action appropriate to that declaration of

MR RUNCIMAN'S SELECTION.

TOTAL IMPORTS DURING 1929 AND 1930 OF ARTICLES LIABLE TO DUTY UNDER THE "ABNORMAL IMPORTATIONS (CUSTOMS DUTIES) No. 1 ORDER, 1931."

	1929.			1930.			Principal Sources.	
	From Foreign Countries.	From British Countries.	Total Imports.	From Foreign Countries.	From British Countries.	Total Imports.	Country.	Value in 1930.
	£	£	£	£	£	£		
A.—Pottery for Domestic Use :								
General Earthenware	432,239	2,489	434,728	453,023	2,237	455,260	{ Germany ...	273,198
Other ware	7,922	83	8,005	7,803	81	7,884	{ France ...	41,241
B.—Sanitary Ware :								
Earthenware	58,429	17	58,446	54,646	25	54,671	{ Germany ...	26,344
Of Fireclay, enamelled	23,368	12	23,380	14,540	61	14,601	{ Holland ...	19,791
Other Sanitary Ware	14,401	58	14,459	9,896	68	9,964	{ Holland ...	7,373
C.—Glazed Wall and Hearth Tiles :	167,736	8	167,744	185,750	91	185,841	{ France ...	5,207
D.—Domestic Glassware	2,006,451	2,639	2,009,090	2,060,660	1,448	2,062,108	{ Germany ...	3,962
E.—Furniture of Metal	143,249	17,012	160,261	125,615	13,785	139,400	{ Germany ...	101,734
F.—Cutlery :							{ Czechoslovakia ...	582,839
Knives	71,833	281	72,114	61,592	46	61,638	{ Germany ...	834,722
Scissors	92,431	...	92,431	72,735	34	72,769	{ Belgium ...	455,763
Razors, Safety (complete)	6,257	42	6,299	15,545	2	15,547	{ U.S.A.	111,037
Razors, Safety (parts)	497,870	5,980	503,850	282,750	15,842	298,592	{ Germany ...	
Other Razors	19,505	27	19,532	13,708	...	13,708	{ Germany ...	
Knife Sharpeners	797	...	797	923	...	923	{ Germany ...	
G.—Tools :								
Files and Rasps	73,428	148	73,576	61,893	70	61,963	{ U.S.A.	45,412
Saws	87,844	638	88,482	75,603	355	75,958	{ Germany ...	16,752
Axes, Hatchets	8,432	911	9,343	8,476	1,168	9,644	{ U.S.A.	55,603
Carpenters' and Joiners' Tools	154,915	1,180	156,095	145,046	1,676	146,722	{ Germany ...	4,100
Engineers' Tools	757,546	6,151	763,697	586,616	2,504	589,120	{ Germany ...	83,115
H.—Electrical Vacuum Cleaners	353,533	225,280	578,813	468,760	294,817	763,577	{ U.S.A.	51,316
I.—Wireless Sets and Parts :							{ Germany ...	170,099
Wireless sets, &c.	1,424,525	3,786	1,428,311	1,022,675	3,438	1,026,113	{ U.S.A.	375,955
Other	199,952	368	200,320	169,837	702	170,539	{ Canada ...	240,103
J.—Typewriters and Parts :							{ Germany ...	294,164
Typewriters (complete)	741,344	511	741,855	595,242	1,319	596,561	{ Germany ...	452,857
Typewriters (parts)	115,567	307	115,874	90,940	801	91,741	{ Holland ...	284,339
K.—Manufactures, wholly or partly of Wool :							{ U.S.A.	126,461
Woollen Tissues, all wool	3,902,822	188,001	4,090,823	3,155,383	151,991	3,307,374	{ Belgium ...	67,927
Woollen Tissues, mixed	1,268,455	4,068	1,272,523	1,837,665	9,345	1,847,010	{ U.S.A.	58,561
Worsted Tissues, all wool, Linings, Lastings	462	405	867	113	68	181	{ Germany ...	480,848
Worsted Tissues, all wool, other tissues	1,125,518	1,740	1,127,258	845,131	3,132	848,263	{ Holland ...	239,703
Worsted Tissues, mixed, Linings and Lastings	277	7	284	772	11	783	{ France ...	1,377,262
Worsted Tissues, mixed, other tissues	113,602	952	114,554	174,267	223	174,490	{ Germany ...	1,065,559
Mohair, Alpaca, and Cashmere	1,597	...	1,597	715	...	715	{ France ...	835,247
Wool and Mohair Plushes and other Pile Fabrics	117,024	49	117,073	115,785	16	115,801	{ France ...	103,114
Flannels and Delaines	16,943	298	17,241	21,949	231	22,180	{ Germany ...	91,817
Blankets	56,990	1,476	58,466	27,806	1,672	29,478	{ Holland ...	13,125
Shawls, other than knitted	42,274	222	42,496	29,842	210	30,052	{ France ...	13,995
Travelling Rugs, Coverlets and Wrappers	11,304	1,293	12,597	19,436	2,979	22,415	{ Germany ...	13,436
Wool Felt	8,678	24	8,702	122,185	15,504	137,689	{ Germany ...	7,565
Carpets, Printed Tapestry	533,623	611	534,234	589,731	302	590,033	{ Germany ...	98,117
Carpets, Brussels and Wilton	1,026,242	2,621	1,028,863	925,846	1,754	927,600	{ France ...	14,917
Carpets, Axminster	1,886,169	572,299	2,458,468	1,400,735	419,340	1,820,075	{ Belgium ...	338,493
Carpets, Woollen, incl. Oriental							{ France ...	200,151
							{ Belgium ...	403,884
							{ France ...	355,188
							{ Russia ...	236,572
							{ Turkey ...	249,275
							{ Persia ...	330,603
							{ Br. India ...	394,052

	1929.			1930.			Principal Sources.	
	From Foreign Countries.	From British Countries.	Total Imports.	From Foreign Countries.	From British Countries.	Total Imports.	Country.	Value in 1930.
	£	£	£	£	£	£		
L.—Stockings and Hose, wholly or partly of Silk or Rayon :								
Mainly Silk	412,764	1,002	413,766	288,908	943	289,851	{ Germany	99,410
Mainly Rayon	975,820	269	976,089	1,462,587	474	1,463,061	{ France	96,902
M.—Handkerchiefs, wholly or partly of Linen	22,880	55,850	78,730	21,332	26,811	48,143	{ U.S.A.	77,803
N.—Tissues, wholly or partly of Linen :							{ Germany	1,408,534
Piece-goods, plain, unbleached	258,085	165,414	423,499	266,705	139,130	405,835	{ Belgium	182,426
Piece goods, plain, bleached ...	49,945	16,941	66,886	21,796	15,410	37,206	{ Irish F. State	139,045
Piece-goods, Damask or Diaper	389	3,685	4,074	805	4,062	4,867	{ Belgium	17,210
Piece-goods, Checked, printed or dyed	28,852	7,187	36,039	24,172	5,769	29,941	{ Irish F. State	4,062
Piece-goods, Sailcloth or Canvas	159,557	13,159	172,716	104,384	7,386	111,770	{ Belgium	17,527
O.—Overcoats and Mantles	7,970	814	8,784	7,378	160	7,538	{ Belgium	88,341
P.—Men's and Boy's Suits, &c. :							{ U.S.A.	4,241
Wools or mixed	54,529	5,281	59,810	46,382	9,907	56,289	{ U.S.A.	26,025
Other descriptions	19,970	687	20,657	27,533	3,282	30,815	{ U.S.A.	11,973
Q.—Gloves :								
Leather and Fur	992,716	8,547	1,001,263	829,449	9,685	839,134	{ Germany	64,574
Fabric Gloves, mainly cotton ..	576,928	2,284	579,212	380,318	2,173	382,491	{ France	126,474
Fabric Gloves, other materials ..	28,923	141	29,064	58,953	48	59,001	{ Italy	532,367
Others, mainly wool	20,530	4,988	25,518	23,854	5,830	29,684	{ Czechoslovakia	32,905
Others, other materials	86,589	841	87,430	104,287	316	104,603	{ Canada	9,430
R.—Paper :							{ France	9,337
Packing and Wrapping, unglazed	106,140	53	106,193	82,817	657	83,474	{ Germany	345,021
Packing and Wrapping, glazed and machine glazed	1,594,478	1,346	1,595,824	1,494,846	1,480	1,496,326	{ Germany	57,381
Packing and Wrapping, oiled, waxed	24,036	9	24,045	52,337	7	52,344	{ Germany	15,575
Packing and Wrapping, Kraft, unglazed and glazed	1,822,196	45,050	1,867,246	1,566,407	43,030	1,609,437	{ Germany	92,846
Tissue Paper	472,407	50	472,457	457,348	118	457,466	{ Sweden	18,440
Vegetable Parchment and Greaseproof Paper	1,723,137	754	1,723,891	1,664,815	764	1,665,579	{ Norway	14,587
S.—Tyres and Tubes for Cycles, other than Motor Cycles :							{ Germany	20,006
Outer Covers	100,780	694	101,474	89,555	283	89,838	{ Sweden	791,245
Inner Tubes	52,822	829	53,651	46,813	246	47,059	{ Norway	138,440
T.—Rubber Heels and Soles	58,856	394,236	453,092	56,164	511,833	567,997	{ Germany	303,233
U.—Linoleum :							{ Holland	38,839
Inlaid	60,832	6	60,838	41,463	13	41,476	{ Finland	278,111
Other	184,047	2,535	186,582	163,914	1,201	165,115	{ Sweden	811,533
V, W.—Perfumery, &c. :							{ Norway	384,272
Containing dutiable Alcohol	93,077	20,349	113,426	89,946	14,005	103,951	{ Germany	57,088
Other sorts	701,210	26,054	727,264	850,769	11,261	862,030	{ Canada	42,770
Total	28,262,019	1,821,049	30,083,068	26,195,007	1,763,913	27,958,920	{ Sweden	34,147
							{ Norway	165,594
							{ Germany	120,857
							{ Sweden	298,886
							{ Norway	231,323
							{ Germany	480,576
							{ Belgium	249,262

policy was to impose, in cases where "forestalling" might prove to be actual or threatened, the full prohibitive duty of 100 per cent. Such action would have told the whole world that the present measure was a temporary improvisation to meet an emergency, and, to quote Mr Runciman's own words, would "keep the field clear" for any future action in the fiscal sphere that might be adopted as part of a permanent policy. By adopting the figure of 50 per cent. he had added unnecessarily to the uncertainty as to the Government's real aims, and has given to polemic Protectionists the opportunity for claiming that the "anti-forestalling" powers have been used to lay the foundations of a permanent high tariff for this country. The present steps cannot be regarded as in any way a clue to future tariff policy.

When we examine the schedule itself, it appears that Mr Runciman has studiously tried to avoid the inclusion of articles which are to any large extent used as raw materials of other industries. He has thereby limited the mischief which an entirely indiscriminate use of his powers might have wrought. But in one sense or another there are comparatively few commodities that are not a raw or semi-raw material in the eyes of some consumer. The high protection now imposed in the case of articles entering into clothing manufacture, building, administration (typewriters) and distribution (wrapping paper), will lead to some increase of costs to British producers. That aspect will become the more serious, no doubt, with the forthcoming extension of the scheduled lists. But other grave disadvantages are more immediately apparent. If any of our readers chances momentarily to have forgotten the truth that you cannot refuse to buy from your neighbour without reducing his power to buy from you, he will find a trenchant reminder in the despatches from overseas correspondents which appear on later pages. In France, and even in Holland and Belgium, alarm at the loss of markets is leading to action to curtail purchases from Britain. France has, indeed, led the way in retaliation, for, in addition to the imposition of an extra duty of 15 per cent. on British imports, her Government has revised its coal import quota in a way which means that France will reduce her purchases of British coal to the tune of no less than a million tons per annum. With such facts before us, can we be so sure that the new import restrictions may not aggravate, rather than improve, the position of this country's balance of payments?

Woollen goods are by far the most important category in the list, accounting, on the 1930 basis, for over one-third of the imports affected by the Order. Bradford has, indeed, received the lion's share of Mr Runciman's favour. If we steel our hearts to regard with complacency the difficulties which, as our Paris correspondent points out, are being created for the district of Roubaix, we may at least pause to question the wisdom of placing at this juncture so many obstacles in the way of those exports by which alone Germany can hope to meet the most pressing claims of her creditors, Britain included. A feature of the appended tables is, indeed, the frequency with which Germany appears as the principal source of a newly-taxed import. It is impossible to read the figures without realising that British action has added to the already formidable impediments in the way of Continental trade recovery, and we can, in consequence, only feel that we are ourselves responsible if British exports to the great European market show further declines.

Of the aggregate imports under Class III, about one-tenth is computed to come from countries within the Empire. Of the goods now proscribed by the Board of Trade the Empire share is even less—in 1930 only £1.8 millions out of a total of £28 millions. Nevertheless, there are important lines of trade in which Canada, India and the Irish Free State receive the benefit of a full 50 per cent. preference. On the basis of 1930 Canada will get this advantage on a trade of nearly £300,000 of vacuum cleaners and over £500,000 of rubber soles and heels (in which line she already almost monopolises our import trade), the Irish Free State in perhaps half a million pounds' worth of woollen and linen goods, and India on an export to us of carpets which exceeded £500,000 in 1929 but fell to below £400,000 in 1930. Strange figures are cut in the list by a few articles such as knife-sharpeners,

tapestry and damask, the trade in which might have been thought to be too insignificant to attract the attention of authority.

The figures given in our tables are those of *total* imports, and are inclusive of goods afterwards re-exported. Section 5 of the Act gives exemption to "articles imported for exportation after transit through the United Kingdom or by way of transshipment." On paper, therefore, it would seem that the British *entrepôt* trade will remain unaffected by the new duties. But their exemption is "subject to compliance with such conditions as to the security of a re-exportation of the articles as the Commissioners for Customs and Excise may impose." In this condition—which is an essential administrative adjunct to an effective protective duty—may lurk, we fear, many a harassing delay and many an obstacle to re-export business. It may be that Mr Runciman has chosen his list with the greatest circumspection possible under the circumstances. Nevertheless, all the circumspection in the world will not alter the fact that it is impossible to divert channels of trade, created by long experience of trial and error by private firms in various countries, without creating trade disturbance, whose ramifications will prove to be serious in their effect and almost unlimited in their scope.

MANCHURIA: THE BACKGROUND.

To many people in this country whose attention has been drawn to Manchuria by the international crisis of the last few weeks, the name "Manchuria" suggests some sort of *Ultima Thule*, a remote and exotic region somewhere beyond the pale of the ordinary workaday world, a place in which the writ of the League of Nations could hardly be expected to run. Such a conception of Manchuria is very far from the truth. In reality, Manchuria lies very near the heart of the modern world, for good or evil. Though it is a long way from Mukden to either Geneva or Washington in physical distance, Manchuria is, nevertheless, the point on which the political pressures of many of the Greatest Powers in the world converge. To put it bluntly, Manchuria might become the theatre of a world war in which not only China and Japan, but the U.S.S.R. and the U.S. and the British Empire would all be implicated. To pass from the political to the economic plane, it is also a long way from the banks of the Nonni River to the urban areas of England; yet the economic nexus between North Manchuria and London or Lancashire or the West Riding turns out to be remarkably close when we take account of the middle term. This middle term is Denmark. The Danish animal products are one of the main sources of British food-supplies, besides being the staple export of Denmark herself. The Danes raise their stock on imported feed. The staple imported feed for live-stock in Denmark is oil-cake; and this oil-cake that is imported into Denmark is largely made from Manchurian soya beans. These two illustrations, chosen at random out of many, may suffice to show that Manchuria already plays an indispensable rôle in the general life of the world.

The next point to notice is that Manchuria is a new country in both the economic and the political sense. The first shipment of Manchurian soya beans—from Dairen to Liverpool, by the enterprise of the Japanese firm of Mitsui—was made no longer ago than 1908. The immigration of Northern Chinese agricultural settlers into Manchuria did not begin until the ban maintained by the Manchu rulers of China (in order to save their homeland, and their kinsmen at home, from being engulfed) fell at last with the fall of the Manchu Dynasty itself in 1911. The export to Japan of Manchurian coal from the Fushun mines, which amounted to 1,849,000 tons in 1929, had been no more than 110,000 tons in 1912. In the political sphere, the present situation in Manchuria is hardly older than in the economic. The Russians only gained their foothold in Manchuria in 1896-98; the Japanese only in 1905; and the reversal in the political relations between Manchuria and China did not take place till 1911. From the seventeenth century of our era, down to 1911, China stood to Manchuria, politically, in the relation of England to Normandy after the Norman Conquest. Since 1911, Manchuria has

ECONOMIC DATA OF MANCHURIA.

The sketch map at the foot of this page shows the principal lines of the railways developed in Manchuria. The mileage in operation in 1930 was 37,000. The Chinese Eastern Railway (1,069 miles), connecting Vladivostok with Russia, via Chita, has Sino-Russian management with Russian and French capital. The Southern Manchurian Railway (690 miles), connecting the Korean frontier and Dairen with Mukden and Changchun, is a Japanese undertaking. Of the Chinese Government lines that from Peking to Mukden was constructed partly with British capital, and those from Ssuningkai to Taonan, Taonan to Anganchi (the centre of the bean area), and Changchun to Kirin were built with Japanese capital, the last-named being under Japanese management.

Of the developed coal resources, the most important are the mines at Fushun and Yentai, south-east of Mukden. The Fushun deposit is estimated at about 1,000 million tons. Production has risen from 2.4 million tons in 1917-18 to 7.0 million tons in 1929-30. Exports in 1929-30 amounted to 3.8 million tons, including 2.3 million tons to Korea and Japan and 1.3 million tons to China. There is also a coal field at Penhsihu on the Mukden-Antung line.

The main iron works are at Anshan on the S.M.R., between Dairen and Mukden. Production has risen from 57,000 tons in 1921-22 to 210,000 tons in 1929-30. There are considerable mineral resources across the Chinese frontier in the Province of Jehol.

The following particulars relating to Manchurian foreign trade, including trade with China proper, are taken from the 1931 report of the S.M.R. :—

(Million Haikwan taels.)		
Year.	Imports.	Exports.
1913	125.7	113.0
1920	205.1	225.9
1927	268.9	408.0
1928	303.0	434.0
1929	329.6	425.7

The following were the principal export and import commodities in 1929 :—

(Million Haikwan taels.)			
Exports.		Imports.	
Soya beans.....	168.2	Cotton piece-goods	60.1
Beancake	65.3	Tea, spirits and tobacco	26.7
Coal and coke	37.6	Wheat flour	23.5
Bean oil	21.6	Iron and steel	17.2
Millet	16.5	Wool, silk and miscellane- ous piece-goods	16.6
Seeds	12.4	Gunny bags	14.4

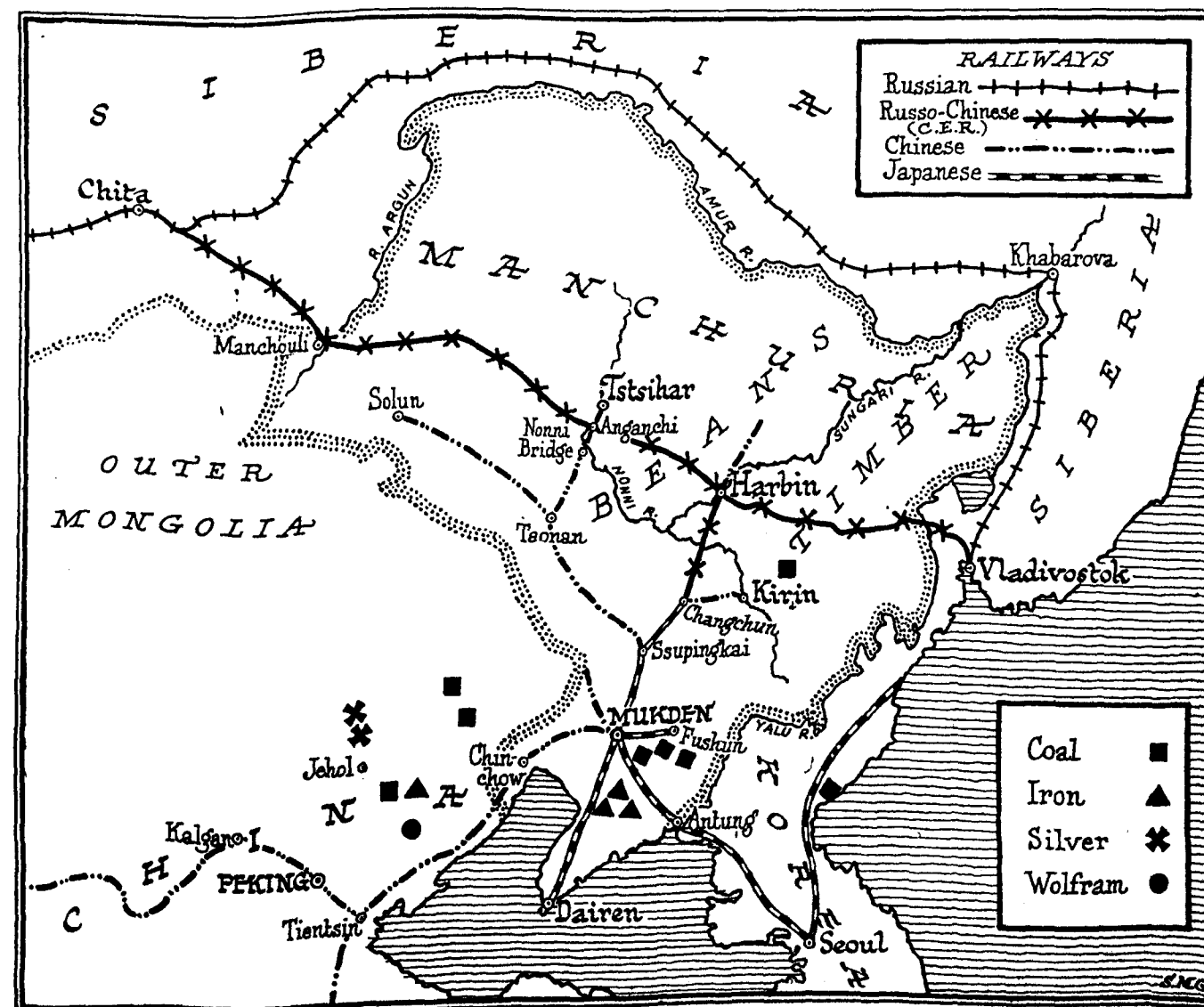
It will be seen that beans and beancake amounted to 55 per cent. of the exports and cotton piece-goods to 21 per cent. of the imports. The distribution of Manchuria's trade in 1929 was as follows :—

(Million Haikwan taels.)		
	Imports from	Exports to
Japan and Korea.....	138.7	168.9
China	99.5	93.1
United States	25.9	10.3
British Empire.....	26.2	28.8
Russia	15.7	40.3
Others	23.6	84.3
Total	329.6	425.7

The following figures, also from the S.M.R. 1931 report, show Japan's investments in Manchuria as at March 31, 1930 :—

		Million Yen.
South Manchuria Railway :—		
Direct undertakings		716.2
Loans to affiliates and Chinese railways		318.4
Japanese Government loans to China.....		98.7
Other investments		554.3
Total		1,687.6

MANCHURIAN RAILWAYS AND RESOURCES.



come to stand to China in the relation of the Channel Islands to England at the present day. The country which bred the last nomadic barbarian emperors of China has now been transformed into "the Three Eastern Provinces" of the Chinese Republic.

The social and economic development of Manchuria to-day can perhaps be conveyed most shortly and clearly to English readers by analogy with the development of North America in the nineteenth century. In fact, in Manchuria at this moment the social historian can study "in the life" a phase of social history which has already become obsolete in the New World. In Manchuria he will run across a number of familiar nineteenth-century American phenomena: a huge country (the area of Manchuria almost equals the combined areas of France and Germany); a vast influx of immigrants; a rapidly growing network of railways to carry the immigrants into the interior and to bring down their produce to the coast; a young mining and manufacturing industry near the seaboard; a still younger agriculture and lumber business (both on the grand scale) in the interior; and a "Wild-West" regime in the neighbourhood of the expanding frontier.

Immigration is the most important factor of all, because it is the key to the political as well as the economic future. A nation which populates an empty country can hardly fail to become complete master of that country in the long run; and, in twentieth-century Manchuria, the Northern Chinese are playing the dominant part that was played in nineteenth-century America by the Northern Europeans. The old Imperial policy of "Manchuria for the Manchus" is quite dead. The Manchus have gone the way of the Red Indians; and it is not the Russians and not the Japanese but the Chinese that have taken their place. The total population of Manchuria to-day is estimated to be 27,000,000—about the same as the population of Poland; but whereas one-third of the population of Poland are non-Poles, perhaps not more than one-twentieth of the population of Manchuria are non-Chinese (counting Russians and Japanese and Koreans and Manchus together). Latterly, the Chinese have been coming into the country at the rate of something like a million immigrants a year; a larger number than the net annual increase of the population of Japan. On the other hand, in 1928 the total number of Japanese in Manchuria was only 203,000 and the total number of Koreans (who were or had been Japanese subjects) 893,000.

These Koreans are mostly domiciled outside "the Japanese Zone," in territory under Chinese administration, and they are engaged in rice cultivation. Indeed, the Manchurian rice crop is mostly raised by these Korean settlers, and it is said to be capable of great expansion. On the other hand, soil and climate seem to condemn rice cultivation in Manchuria to yield precedence, permanently, to wheat, kaoliang, and above all to the soya bean; while, socially and politically, the Koreans in Manchuria are likely to be kept down by the higher economic competitive power of the local Chinese peasantry and by the unfriendly discrimination of the local Chinese authorities. As for the 200,000 Japanese residents in Manchuria, these are domiciled almost exclusively inside "the Japanese Zone" (i.e., the leased territory of Kwantung, containing Dairen and Port Arthur; the railway zone of the Japanese-owned South Manchuria Railway; and the Japanese settlements at Mukden, Antung and Tinkow). It is also significant that only 2,326 (1.22 per cent.) of these 200,000 Japanese in Manchuria are engaged in agriculture and only 8,838 (4.63 per cent.) in mining; whereas 40,746 (21.30 per cent.) are engaged in manufacture, 44,838 (23.51 per cent.) in commerce, 38,177 (19.9 per cent.) in transport, and 38,192 (20.00 per cent.) in the public service and the professions. In fact, the civilian Japanese population in Manchuria play the rôle of the Germans and the Jews in the pre-war Polish provinces of the German Empire. They are there as administrators and managers and technicians; but they are not on the land.

The inability of the Japanese to colonise the Manchurian countryside has been recognised by the Japanese

themselves very frankly; and the Japanese-owned S.M.R., a semi-governmental railway company which overshadows all other economic concerns in the whole of Manchuria, has pursued the enlightened policy of "stimulating Chinese immigration on the reasonable calculation that a growing population of the race which is able, in Manchuria, to settle effectively on the land will benefit Japanese interests in two ways. It will provide Japan with an expanding source of supply of raw materials and an expanding market for Japanese manufactures. In 1929, the total foreign trade of Manchuria was of the value of 755,225,360 Haikwan taels, of which her trade with Japan (including Korea) accounted for 307,608,645.

If some stroke of magic could eliminate politics from the Manchurian situation, the interplay between Chinese and Japanese activities in the development of this great and rich new country would be ideal, since it answers to both people's urgent economic needs. The Chinese need virgin soil for a congested peasantry; and Manchuria supplies this to them thanks to Japanese industrial and commercial organisation. The Japanese need sources of supply and markets, and Manchuria supplies this to them thanks to Chinese immigration. Why should not this interplay of Chinese and Japanese economic activities in Manchuria to-day be as fruitful and as friendly as the interplay between English capital and American pioneering was in the building up of the United States last century? But, alas, it is here that politics play havoc. In Southern Manchuria, as in Upper Silesia or the Polish Corridor, there is an ominous contrast between the economic activity in the material environment and the political tension in the psychological atmosphere. Such situation are explosive, as the Ostmark demonstrated yesterday and Manchuria is demonstrating to-day.

CANADA'S RAILWAY PROBLEM.—I.

(BY OUR OTTAWA CORRESPONDENT.)

The problem of unemployment is still a major source of anxiety to the Governments and people of Canada, but in the last few months it has receded in importance as compared with the problem of the railway situation. It has been recognised for some years that one of the fundamental economic disabilities of Canada lies in the fact that the exuberant optimism of pre-war days provided her with a physical equipment of transportation facilities far beyond the needs of her existing population. Comfort was derived from the hope that her superabundance of railways would in time prove merely to have been an intelligent anticipation of her future expansion, but this pleasant theory has been demolished by the world-wide depression, of which Canada has been suffering the full impact.

According to the "Canada Year Book" for 1931, Canada has a railway mileage of 42,378 miles, divided between her two systems, the Canadian National Railways and the Canadian Pacific Railway. The C.P.R. has found itself for the last dozen years in competitive contrast with the State-owned Canadian National system, which is the fruit of a merger of a series of derelict private railways with the old inter-colonial system, built after confederation as a link with the Maritime Provinces. As long as times were prosperous, and railway earnings seemed satisfactory, it was a favourite thesis that Canada had arrived at a peculiarly happy solution of her railway problem, inasmuch as there existed a very healthy and stimulating competition between her great private railway corporation and the State-owned line. Both the Liberal Ministry of Mr Mackenzie King and the Conservative Administration of Mr Bennett were committed to the continuance of this state of affairs, and when Mr Bennett, during the last election campaign, was charged with unfriendliness to the C.N.R., he retorted that his own and his party's policy was "Competition ever; amalgamation never."

But with the advent of the economic depression the railway situation has come to be viewed in a different and decidedly pessimistic light; and the more it is studied

the more baffling does it seem. Realisation has come that Canada's annual railway transportation bill has reached dimensions intolerable to a country whose national income has experienced a serious curtailment as the result of the collapse in the prices of the natural commodities which are her chief products; and with the realisation there has developed a clamorous public demand, supported by the Press of all shades of opinion, for some sort of immediate remedial action.

For some years after the war the Canadian National system had all the earmarks of an experiment doomed to failure, but, when Sir Henry Thornton assumed direction of its fortunes in 1923, he contrived to weld it into a unified coherent system and develop an *esprit de corps* among its personnel, with the result that, aided by the general economic prosperity which prevailed for half a dozen years, its earnings showed a remarkable expansion. Its operating surplus grew year by year until, in 1927, it was able to show net earnings of \$54 millions. This was sufficient to pay the fixed charges due to the public and leave a little over for capital development. In 1928, however, the earnings of the C.N.R. system began to shrink, and for the last two years the net earnings figures have been: 1929, \$46,818,025; 1930, \$26,510,937.

During the current year the shrinkage has become progressively worse, and in January-June the net earnings of the system were \$1,329,035, as compared with \$11,393,910 in the first half of 1930. Thus it seems probable that at the end of the year the revenue will be little more than the operating expenses, and the whole burden of the obligations due to the public (amounting to roughly \$50 millions) will fall upon the Federal Treasury. Under these circumstances the Government has called a halt to capital expenditure except where absolutely necessary, and has stopped the construction of the ambitious new terminals in Montreal, whose estimated cost is at least \$50 millions. But it is the capital burden involved in the Canadian National system which staggers serious students of the railway situation. At the end of 1930 the Canadian people had provided by cash or credit more than \$1,500 millions to the Canadian National Railways; and of this, almost three-quarters represented loans for which the annual interest has to be found.

The Canadian Pacific Railway has experienced a similar curtailment of earnings, and its net earning figures for the first three quarters of the present year are given as \$14,660,241, compared with \$22,883,999 in the parallel period of 1930. Last year the C.P.R. was able to meet its fixed charges and pay its usual dividend of 10 per cent. on its common stock by utilising some \$20 millions drawn from its special account; but it was only left with a nominal surplus of \$133,186. If the proportionate decline visible in the first three quarters is maintained, the total railway earnings for the whole year will be about \$22 millions, and the amount available from the special account cannot fail to be lower. At present the fixed charges of the C.P.R. call for interest amounting to roughly \$19 millions, and while these will easily be covered the directors may decide that it is wise to conserve the financial resources of the company at the expense of dividends.

The fact remains that, as a result of the world crisis, both the great railway companies of Canada have been reduced to straits which two years ago would have been deemed unthinkable. The car-loading bulletins published weekly by the Dominion Bureau of Statistics show a decline of 20 per cent. from the level of 1930, and of nearly 30 per cent. from that of 1929. Moreover, there has been a similar falling off in passenger traffic, as only the wealthier classes can afford to journey any long distance, and the American tourist traffic, which has been very profitable to both railways, has naturally shrunk. But another contributing factor to the troubles of the railways has been the competition of motor buses and trucks, which are now estimated to be diverting to themselves at least a hundred million dollars' worth of business which the railways formerly had. In 1921 there were only some 31,000 motor vehicles engaged in public transportation work in Canada, but last year their number

had mounted to 165,000. The motor truck services are able to offer cheaper rates between many places than the railway companies, and newsprint mills in Ottawa, for example, are using them to ship their products to Toronto. The railways feel deeply aggrieved at this motor competition, but, except in isolated localities, they have taken no steps to secure control of it by buying out the motor transportation companies.

The shareholders and friends of the C.P.R. are disposed to lay all their company's troubles at the door of the Canadian National Railway. They allege that Sir Henry Thornton and his subordinates, knowing that they have no shareholders' dividends to consider and that they have the Federal Treasury behind them, have spent money extravagantly, and that they have compelled the C.P.R. to embark upon heavy expenditures in order to meet this unfair competition. But the supporters of the C.N.R. and the principle of public ownership are not prepared to let this indictment go by default. They contend that, on the evidence available, public ownership of railways in Canada has not been less efficient or more extravagant than private ownership. Admitting that the capital obligations of the Canadian National have grown at the average rate of \$60 millions per annum during the last three years, they point out that the capital structure of the C.P.R. has shown almost as great an expansion, having been swollen from \$808 millions at the end of 1928 to \$951 millions at the end of 1930. They contend that the capital expansion of both companies is an intelligible advancement, as the railway systems of a new country must of necessity be constantly-growing organisations. As for wanton competition, they can point to cases, particularly in the Prairie Provinces, where the C.P.R. has spent a great deal of money on branch lines which invaded territory which the C.N.R. already served effectively.

Public criticism, indeed, has been fastening upon the numerous cases of wasteful duplications of services which are before its eyes; there are some places between which half-empty trains are running on the two systems on almost parallel tracks at almost the same time. In response to Press protests about this wastage, the managements of the two railways have taken steps to eliminate a part of it; the Canadian National, for instance, has reduced its train mileage by about ten million miles per annum without inflicting any undue hardship upon its patrons, and the C.P.R. has taken similar steps. But the competitive rivalry of the two systems places a certain limitation upon efforts in this direction, and an adequate solution of the problem of duplication will have to await the labours of the Special Railway Commission which the Bennett Ministry has decided to appoint.

Notes of the Week.

The League and Manchuria.—Having completed her occupation of Manchuria last week by the capture of the third of the three provincial capitals, Tsitsihar, Japan began to think about building a golden—or gilded—bridge for the retreat, not of the Japanese forces into the Japanese Zone, but of the League Council into an acquiescence in the *de facto* situation. She proposed that the League should send out a commission of investigation—not to investigate the military operations of either party in Manchuria and not to supervise evacuation or intervene in negotiations between China and Japan, but to consider the Chinese Government's ability to protect foreign life and property and to ensure the observance of treaties. The commission was to conduct its investigations not only in Manchuria but throughout the territories of the Chinese Republic. Though this bridge is rather gimcrack and the gilding rather thin, the Council have made the best of it; and on Wednesday they published the text of a new draft resolution on this basis. In this text there is no mention of the Council's abortive resolution of October 24th—the resolution which was invalidated by the single vote of Japan—whereby Japan was

called upon to withdraw her troops by November 16th. The new text reaffirms the resolution of September 30th, to which both China and Japan were parties, in which Japan's intention to withdraw was put on record, but this without a time limit. In the new resolution the Japanese and Chinese Governments are invited to take all steps necessary to assure the execution of the resolution of September 30th, "so that the withdrawal of the Japanese troops within the railway zone—a point to which the Council attaches the utmost importance—may be effected as speedily as possible." Further, "the two parties undertake to give to the commanders of their respective forces the strictest orders to refrain from any initiative which may lead to further fighting and loss of life, and to take all measures necessary to avoid any further aggravation of the situation." The League Commission is provided for, with vague terms of reference, but with the caveat that its appointment and deliberations are not to prejudice in any way the engagement taken by the Japanese Government in regard to the withdrawal of Japanese troops within the railway zone. While this text was being painfully hammered out at Paris, the Council was hourly faced with the prospect of a fresh Japanese military offensive—this time against the remnant of the Manchurian Chinese Army which is concentrated at Chinchow, on the Mukden-Peking Railway, in which British capital is invested, half-way between Mukden and Tientsin. (Reference to the map which appears on an earlier page will show that Chinchow is a tempting base for an advance towards some of China's most important coal and ore deposits.) On Tuesday of this week the Japanese drove the Chinese disbanded soldiers and bandits who were still at large in the neighbourhood of Mukden out of the country east of the Liao River. This was thought to be a preparatory step for an advance on Chinchow; and the Japanese military authorities were reported to have vetoed the acceptance by the Japanese Government of any clause binding Japan to observe an armistice. Since then, however, the military authorities are reported, from Tokyo, to have yielded to the consideration that military operations along the Mukden-Peking Railway might damage British interests and evoke a British protest; and they have accordingly allowed the Japanese Government to accept the new resolution with a reservation in favour of military measures, in case of necessity, for protecting Japanese lives and property against bandits. This is good as far as it goes; for it averts, or at least defers, the danger of a Japanese advance in a new direction which might bring Tientsin and Peking, as well as Mukden and Kirin and Tsitsihar, under Japanese military occupation. Still more important, it is the first victory which the Civil Government of Japan has so far gained over the militarists. Thus the new resolution seems sure of acceptance by Japan. The Chinese attitude, as we write, has still to be declared.

The Statute of Westminster.—On Tuesday, the Statute of Westminster Bill passed the Committee stage and the third reading in the House of Commons, after a division, which the Government won by 350 to 50 votes. In this division, the dissentient votes were not those of the Labour Party—which had publicly accepted the Bill at an early stage—but of members who are officially the Government's supporters. The cross-division of opinion which the Bill has produced was in evidence during the debates on Tuesday and on the previous Friday. On the Friday, when Mr Thomas, in moving the second reading, met with a distinctly hostile reception, the leading opponent was Mr Churchill, who was supported by a Liberal, Mr Hopkin Morris, but opposed by Mr Churchill's own frequent ally, Mr Amery. The unfriendliness displayed towards the Bill seems to have been due to a cumulation of causes: a feeling that this was a boring subject which had been handled in a pedantic way; a traditional dislike for giving written legal form to political relations in which non-legal factors of sentiment and evolution play an essential part; a certain soreness at having the virtual sovereign independence of the Dominions rubbed in, as it were, grain by grain; but perhaps above all a definite and concrete fear

(to which we alluded last week) that the Irish Free State might take advantage of the terms of the Statute in order to annul unilaterally certain of the safeguards which are embodied in the Anglo-Irish Agreement of 1922. These considerations, and the temper induced by them, governed the debate on the 20th. The final debate on the 24th began in a less hostile atmosphere, and the corner was turned when Mr Thomas read to the House a letter, dated November 21st, from Mr Cosgrave to the Prime Minister, putting on record the Irish Government's view that the Agreement of 1922 could be altered only by mutual consent, that good relations must rest upon good faith and upon a mutual belief in one another's good faith, between the two parties, and that any attempt to insist upon good faith by statute would undermine the Irish people's belief in the sanctity of the Agreement. This letter did not move Mr Churchill, but it shook Lord Hugh Cecil and mollified Sir Austen Chamberlain. A rejection of the Bill by the Parliament at Westminster after the passage of the corresponding Bills, according to programme, by the Dominion Parliaments, would have created a serious embarrassment for all States Members of the Commonwealth, whereas the Bill, now passed, merely puts into legal form certain developments which were implicit in the Balfour Report of 1926.

The Government and the Farmer.—Though the statement of the Cabinet's agricultural policy, made by Sir John Gilmour on Thursday evening, raises almost as many questions as it answers, one thing at least is clear: the Government, yielding once more to pressure from their Protectionist cohorts, have decided to plunge into dangerous and ill-considered schemes for interfering with the normal mechanism of the country's food supply. Their first proposal is to take powers to restrict by a tariff, of so far unspecified dimensions, the importation of non-essential agricultural and horticultural products which anticipate the home crops. Of this effort of statesmanship it is sufficient to say that if the need to "save the pound" is pleaded as justification, the means are derisory, while, though luxury duties on Italian carnations and French asparagus are economically perhaps less objectionable than many other forms of tariff, the farmers' friends at Westminster are hardly likely to be content that the fruit and vegetable grower should be protected while the raising of pigs and poultry is left unsheltered. Once more we are at the beginning of a slippery slope. The Government's second proposal to apply the principle of the quota to home produced wheat of milling quality is even more fatuous as a remedy for the country's troubles. There is apparently to be no guaranteed price and no State subsidy for wheat growers and, until the figure is announced, it is impossible to estimate what advantage in the form of artificially inflated prices the farmer may expect to derive at the consumer's expense. If the experience in other countries be a guide, pressure continually to raise the quota, and with it the cost of bread, will be insistent and, unless the Government proposes to control wheat prices, a successful ring on the part of British wheat growers, taking advantage of this partial monopoly now conferred statutorily upon them, might send British wheat prices soaring. What will be the attitude of the growers of barley and of oats? What will be the attitude of the millers producing flour in competition with foreign mills? And what, above all, will be the attitude of every agriculturalist who finds that the cost of the wheat and its by-products which he uses for poultry feed, etc., has been raised as a result of the Conservative Party's curious obsession that millable wheat, whose value is some 3 per cent. of our total agricultural output, must secure at all costs a higher protected price?

Two German Mistakes.—Recent news from Germany records two legal decisions which, from every point of view, are deplorable and disquieting. A Polish subject has been sentenced to six months' imprisonment for "treason," on the ground that he "spied" upon the great Stahlhelm demonstration of May 31st last; and the

editor of a German Radical newspaper has been sentenced to 18 months' imprisonment on the ground that, in the course of an article on civil aviation, he revealed official secrets, whose disclosure endangered national security. It is quite inevitable that enemies or critics of Germany will read serious interpretations into these two sentences. They will, in the first case, infer that, despite all the official affirmations to the contrary, the Stahlhelm organisation is a serious national military force, whose secrets must in the interest of the German nation be carefully guarded. In the second case, they will leap to the conclusion that the German Government, debarred by treaties from the possession of a military air force, is surreptitiously building up such a force under the pretence of encouraging civil aviation, and is prepared ruthlessly to punish anyone who discloses the fact. For ourselves, we are inclined to hope that innocuous explanations of both episodes will be forthcoming. It may be that in each case the sentences were due to other factors not reported in the Press; or it may be that local magistrates have been guilty of serious mistakes. If that is the case, we trust that such explanations will speedily be issued from an authoritative source. For the circumstances are such as to make it highly desirable for Germany to walk delicately in the eyes of the world. Vital conferences are pending between Germany and her creditors, at which the presence of goodwill and the absence of suspicion are the conditions of sound and permanent solution. Pending, too, is the Disarmament Conference, whose difficulties are already so formidable that they cannot afford to be increased by indiscretions on the part of Germany or any other nation. The German Government may then urge the difficulty of restraining their military hotheads in her disarmed condition surrounded by strong military forces. The plea will receive the greater sympathy if the German Government offers explanations which will allay the suspicions not unnaturally aroused by sentences like these. This is a moment when appeasement and not irritation of international susceptibilities is essential for Germany.

The Burma Conference.—On Friday, November 27th, the Burma Round Table Conference was formally opened in London by the Prince of Wales. The genesis of the Burma Round Table Conference goes back to the first session of the India Round Table Conference last year, when the separation of Burma from India was recommended by a sub-committee and was "noted" (or in other words virtually accepted) by the Conference itself. As a logical consequence, the second session of the Indian Conference, unlike the first, has not been attended by delegates from Burma; and a separate Conference is being held, on a proportionately smaller scale, to carry Burma along the road to self-government on her own account. Though the Burma Conference has opened just when the Indian Conference is on the point of closing, the members of the Burma Conference have arrived in London in time for an unofficial exchange of views with their Indian confrères. Compared to the Indian problem, the Burmese problem seems simple. Here is a country of relatively modest size and with a relatively small and homogeneous population. There is no religious diversity, no caste, no division between British territory and native States in treaty relations with the Crown. There seems no reason why the Burmans should not find their way to self-government as quickly and as successfully as their neighbours and co-religionists, the Siamese, who, after the Japanese, have solved the problem of "Westernisation" more effectively than any other people in Asia. In Burma, the most difficult point to settle will be the status and representation of the important foreign communities in the country who include not only Europeans but Indians and Chinese. Indeed, in Burma, the Indians find themselves in much the same position as the Europeans in India itself. Side by side with the Europeans, they constitute an alien trading community in Burma which will be anxious to be safeguarded in the pursuit of its lawful commercial activities. These, however, are minor problems. On the whole, the course of the Burma Round Table Conference may be expected to run smooth.

The MERCANTILE BANK of INDIA

LIMITED.

Head Office: 15, Gracechurch St., London, E.C.3

Branches and Agencies throughout the East.

Correspondents in all parts of the World.

WORLD-WIDE LETTERS OF CREDIT AND DRAFTS ISSUED.

The Outlawry of Ex-King Alfonso.—The indictment against ex-King Alfonso came up before the Constituent Assembly at Madrid on the night of November 19th, and, after a debate in the small hours, the Assembly, at 4 a.m. next day, passed a resolution in which the late Sovereign of Spain was declared guilty of high treason. The resolution goes on to place Don Alfonso's person outside the pale of the law, to confiscate all his property in Spain, and to authorise any Spanish citizen to lay hands on him should he enter the national territory. In the debate, the King was defended by Count Romanones, and attacked, with the most vigour and effect, by the late Prime Minister of the Republican Government, Señor Alcala de Zamora, who was supported by his successor, Señor Azana. The debate brought prominently to light the deep resentment which has been smouldering against Don Alfonso ever since the great military disaster at Annual, in the Spanish Zone in Morocco, in 1921. At Annual, 'Abd-el-Karim won the leadership of the Rifis, while Alfonso forfeited the affections of the Spaniards. Rightly or wrongly, it has been widely believed in Spain that the King was responsible for the disaster through having intervened to secure the appointment of his personal favourites to military commands which they were totally incompetent to hold. It is also believed—and this is really the gravamen of the indictment—that thereafter the King deliberately brought on the dictatorship of the Marquess de Estella in order to prevent a public inquiry into the Annual disaster, in which his own reputation would have been involved. If this is really proved, it is serious enough. At the same time, it is perhaps more to the point that all this is now past history. The King has gone; and since his departure from Spain he has done nothing to embarrass the succeeding regime. In the circumstances, the Constituent Assembly's act has the appearance of being vindictive and more than the mere appearance of being unstatesmanlike. This act, if it profits anybody, will profit the King in exile and not the Republican Government in office; for exiles are innocuous in so far as they are left unmolested. It should be the cue of their successors to be sedulous in preventing them from being uncomfortable, and their own cue to insist upon becoming martyrs. In this case, the Constituent Assembly has played Alfonso's game for him—assuming that it is a game which he really wishes to play, though of this his conduct abroad, which has been thoroughly dignified and "correct," has so far given no indication.

Sterling and Gold Prices.—The past fortnight has seen a striking reversal of the price trend which characterised the first half of November. We show below, in the first instance, the figures of the *Economist* index based on the sterling price of fifty-eight commodities:—

"ECONOMIST" INDEX.
(1927 = 100.)

	Sept. 18, 1931.	Nov. 11, 1931.	Nov. 25, 1931.
Cereals and meat	64.5	71.9	70.4
Other foods	62.2	66.6	65.4
Textiles	43.7	54.0	53.7
Minerals	67.4	75.4	74.5
Miscellaneous	65.8	66.4	66.6
Complete index	60.4	66.6	65.9
1913 = 100	83.1	91.7	90.7
1924 = 100	52.2	57.6	57.0

The net result of the movement between November 11th and November 25th has been a fall of approximately 1 per cent. This movement contrasts with a much greater decline in our sterling index of primary prices and in our index of gold prices. The figures of these are given below, together with the full index numbers of four "gold" countries abstracted from the *Financial Times*:—

September 18th = 100

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statistique Générale, France.	Milan Chamber of Commerce, Italy.	Statistik Reich, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Oct. 14th...	108.3	114.3	95.7	98.9	95.9	99.7	98.0
Oct. 28th...	108.4	114.4	101.4	99.3	95.6	99.9	98.7
Nov. 11th...	110.3	119.3	103.5	99.3	95.0	99.3	98.3
Nov. 25th...	109.1	114.8	98.0	...	...	...	...

Comparing our three indices, it will be seen that gold prices (mainly of primary commodities) fell by 5.3 per cent. as compared with a fall of 3.8 per cent. in primary products and with a fall, as already stated, of 1 per cent. in the case of the complete *Economist* index. Between November 11th and November 25th the depreciation of sterling amounted to 3.8 per cent.

The Australian Crisis.—The Scullin administration, defeated on a trivial matter in the House of Representatives, has fallen in much the same way as the late Lord Rosebery's Government did in 1895. In both cases the Government had for long been insecure, and in both cases the final defeat came on a matter of no importance. Here, however, the parallel ends, and a new one begins; for, like Mr MacDonald, Mr Scullin has been in recent months constrained by the pressure of financial events to abandon pure Labour policy and to co-operate with the Opposition in carrying through the programme of retrenchment and debt conversion commonly known as the Premier's Rehabilitation Plan. The Plan has now been successfully launched, but in the course of the vicissitudes of the past year Mr Scullin became involved in a breach first with his more moderate colleagues, Mr Lyons and Mr Fenton, and, secondly, with the Labour extremists, typically represented by Mr. Lang, the Premier of New South Wales. It was the later breach that was responsible for his downfall. An immediate general election is to take place, but the Opposition has accepted the challenge thrown out by Mr Scullin during the debate which ended in his defeat, and so the parallel between him and Mr MacDonald comes equally to an end. Mr Scullin is not to assume the leadership of a National Government, and caught, as he is, between the Opposition (now led by Mr Lyons) and his own Left Wing, his prospects of victory are doubtful. Much clearly hangs upon the recent improvement in Australia's economic position. This was set out very clearly in an address delivered opportunely enough this week by Mr Andrew Williamson to the shareholders of the English Scottish and Australian Bank. Mr Williamson began with the trade balance; and after eliminating gold shipments and reducing Australian pounds to sterling, he showed that an import surplus of £33.4 millions in 1929-30 has been turned into an export surplus of £15.6 millions in 1930-31. Since the close of the period 1930-31, on June 30th, wool prices have improved, and current stocks are not excessive. Wheat shipments were relatively heavy in 1930-31, but prices were deplorable, though Mr Williamson added that Australia's export surplus has been successfully cleared and that the present outlook is brighter, both as regards prices and harvest prospects. Butter exports are steadily growing, and meat shipments are well maintained. Elsewhere in his address Mr Williamson emphasised the need for a reduction in costs of production, and condemned the rigidity of wages and the system of Arbitration and Conciliation Courts which was a leading cause of that rigidity. It is on questions such as these that the forthcoming election may well be fought, for greater elasticity must be given to Australia's economic structure if the work of recuperation so well begun is to be successfully completed.

Cotton Trade Deadlock.—Our Manchester correspondent writes:—There are indications of labour matters in the Lancashire cotton industry becoming more acute. It is quite possible that, before the end of the week, action will be taken by the employers which will cause a crisis. For the fourth time this year a deadlock has been reached in the negotiations on the more looms questions between the Cotton Spinners' and Manufacturers' Association and the Operative Weavers' Amalgamation. On Tuesday last there was a further joint conference in Manchester to consider the latest proposals of the workpeople. Mr John Grey, the chairman of the employers, at the close, said that the first two clauses were fundamental and mean a minimum wage of 50s. a week on plain cloths. The trade union officials were informed that the employers could not accept the principle involved or any modification of it. In the circumstances the negotiations came to an end, and the central committees of the Cotton Spinners' and Manufacturers' Association and the Operative Weavers' Amalgamation are to consider the situation on Friday this week. Manufacturers throughout Lancashire are becoming very tired of these fruitless discussions, and in their opinion the leaders of the workpeople are determined to put every obstacle in the way of the establishment of the more looms system. Of course, a few firms in Lancashire outside the Association are working the system satisfactorily in spite of the opposition of the trade union. Conferences continue to be held between the Master Spinners' Federation and the operatives in that branch of the industry with regard to production costs, and progress is very slow. This section of the employers have decided to press for a return to the working week of 55½ hours instead of 48 as at present. The Federation has asked the Cotton Spinners' and Manufacturers' Association to join them in this movement, and the matter is to be considered this Friday. In view of the failure of the negotiations relating to the more looms question there is a possibility of united action by the whole of the cotton employers of Lancashire on the hours question. A serious position of affairs, therefore, may arise at an early date, and, if this claim is pressed by the employers, it may be taken for granted that the trade unions will offer strong resistance.

The Silver Question.—Mr E. L. Franklin, one of the signatories of the International Chamber of Commerce report on the silver question, explained the motives behind the report in a speech this week to the American Chamber of Commerce in London. He began by emphasising that bimetalism was neither practicable nor necessary, for what the world was suffering from was not a shortage, but a maldistribution of its monetary metallic reserves. To add silver to gold as a basis for currency would not cure maldistribution, and, apart from this, at a time when the pound was not even on a single metal standard it was idle to talk of bimetalism. In any case, bimetalism, though it would impose a lower limit to the price of silver, would not prevent a rise so long as China was on a silver basis and India remained a hoarding nation. Mr Franklin next proceeded to consider the causes of the recent catastrophic fall in silver prices. The causes were not the same as those of the general fall in commodity prices, for production had not increased, nor had demand fallen away, but was still in excess of production. In the past there had been the abnormal supplies of silver thrown upon the market as the result of demonetisation, but these had practically come to an end and the main menace to-day was the 500,000,000 ounces held in the form of silver rupees in the hands of the Indian Government. It was to meet this potential menace that the first recommendation of the International Chamber's report was that a sales agreement should be reached between silver producers and the Government of India, and he argued that this proposal was made immediately practicable by the fact that 70 per cent. of the world's output was controlled and marketed by four American corporations. As regards the price to be fixed, Mr. Franklin held that it was premature to suggest a definite figure, but he said that if too high a price were fixed, Chinese export trade and purchasing power would be crippled, and Indian purchases would be checked. From the standpoint of China, and those trading with her, the

essential thing was to promote a stable price so as to put an end to the recent wide and unsettling fluctuations in the Chinese exchange. Mr Franklin concluded with a reference to the hope expressed in the report that some way could be invented of preventing the tarnishing of silver. The household work involved in the continual cleaning and polishing of silver was, he was sure, a real deterrent to the purchasing of real silver articles by the bulk of the population. Were this problem solved, there would be an immediate and wide market for mass-produced silver goods, and this would immensely increase the industrial demand for the metal.

Humber Coal Exports.—The serious decline in the coal exports from the Humber ports, writes a correspondent, is commented upon in the annual report of the Humber Coal Exporters' Association. For the first nine months of this year they totalled only 3,072,730 tons, compared with 4,522,914 in the corresponding period last year and 6,662,515 tons from January to September, 1913. While the exports of the country as a whole were 25 per cent. down this year compared with 1930, those from the Humber ports were less by 35 per cent. The Association attributes the decline to several factors, including high cost of production, excessive railway and port charges, competition from Poland, increased production and greater dependence on national supplies in other countries, import restrictions, and uncertainty following upon the introduction of the Coal Mines Act. Since the war there has been a marked change in the destination of coal from the Humber ports. Before 1914 80 per cent. of the coal went to the following countries, in order of importance:—Russia, Germany, Denmark and Norway. The loss of the Russian market and the competition of Poland and other countries has caused the order to be changed as follows:—France, Germany, Belgium, Holland and South America. The Humber Exporters' Association takes the view that the marketing schemes as at present constituted under the Coal Mines Act must hinder any revival of the export trade. While being sceptical whether any scheme of international partition of markets could be satisfactory to this country, exporters are prepared to lend whatever assistance lies in their power if such an expedient should be decided upon.

British Production.—The physical volume of production in the United Kingdom in the third quarter of 1931, as estimated by the Board of Trade, was 2.5 per cent. lower than in the second quarter of the current year, and 9.9 per cent. below that of the corresponding quarter of a year ago. The following table shows the comparative figures for the respective groups:—

INDEX OF PRODUCTION (1924=100).					
Group.	Year 1929.	Year 1930.	Sept. Quarter, 1930.	June Quarter, 1931.	Sept. Quarter, 1931.
1. Mines and quarries	96.8	91.3	84.3	79.7	75.7
2. Iron and steel and manufactures thereof	114.0	88.8	80.0	62.9	61.0
3. Non-ferrous metals	120.5	119.1	128.6	120.9	96.7
4. Engineering and shipbuilding	121.0	116.6	112.2	99.7	91.3
5. Textiles	98.5	79.5	71.4	75.0	70.3
6. Chemical and allied trades	115.8	102.2	105.5	96.1	91.1
7. Paper and printing	+	+	+	+	+
8. Leather and boots and shoes	98.5	101.4	98.3	99.1	95.4
9. Wood, drink and tobacco	106.0	104.9	108.3	100.4	108.6
10. Gas and electricity	135.8	138.7	+	+	+
Total of manufacturing industries (2-10)*	115.5	106.3	103.4	95.0	93.2
Total of all groups (1-10)*	111.8	103.3	99.5	91.9	89.6

* Including also various industries not specified above.
† Adequate information in respect of the paper and printing trades has not up to the present been available. The particulars received have been included in the general index.

† No information is available as to the quantities of gas made in each quarter. The available data for electricity have been included in the general index.
The fall of about 19 per cent., as compared with a year ago, in the index for engineering and shipbuilding is ascribed mainly to the depression in shipbuilding and marine engineering. The deterioration in the tinplate and electrical manufacturing industries was largely responsible for the decrease of 24 per cent. in the figure for non-ferrous metals. In the textile group an expansion of activity in the cotton, linen and silk trades was offset by a further

contraction in the output of woollen and worsted materials, jute manufactures and hosiery. Since the end of September a slight revival has become noticeable, particularly in the textile industries, and the latest available information suggests that the index for the December quarter may record a small increase in the volume of industrial activity.

The Russian Grain Situation.—A survey in the *Economist* of May 30th last indicated that the prospects for the satisfactory fulfilment of the Russian 1931 grain plan were much less roseate than Soviet official statements suggested, attention being particularly directed to a probable short-fall in the spring-sown crops. This view, writes a correspondent, appears to have been borne out by the event. Russian wheat shipments this season reached a much earlier and appreciably lower peak than last year, and in the past three weeks they have totalled only 801,000 quarters, against 2,367,000 quarters in the same three weeks of last year. The figures of "Collections," i.e., quantities of grain delivered to the official grain-receiving organisations, show the following percentages of the amounts officially planned for each month:—

	Per cent.
July	114
August	97
September	69
October	52

The progressive short-fall reflects the switching-over of the collections from a basis of good winter crops (and possibly heavy farm "carry-overs" from the good 1930 crops) in July and August, to a basis of poor spring crops from September 1st onwards. Spring crops are much more important than winter crops in Russia, making September and October more important than July and August in the matter of collections; normally the movement in September alone far exceeds July and August combined, and was planned so to do this year. This enhances the significance of the drop since September 1st, which continues to be a subject of bitter complaint in the Soviet official Press. The autumn grain-sowing plan called for an increase of 6 million acres over last year; but, with the sowing period practically finished, this plan appears to be petering out badly:—

AUTUMN SOWINGS.
(Winter Wheat and Rye.)

Period.	1930. Acres.	1931. Acres.
Sown by September 10th	35,500,000	46,500,000
September 11th-15th	10,200,000	10,100,000
September 16th-20th	8,300,000	7,100,000
September 21st-25th	8,500,000	5,200,000
September 26th-30th	6,700,000	4,500,000
October 1st-5th	3,800,000	3,200,000
October 6th-10th	5,100,000	3,200,000
October 11th-15th	4,000,000	2,700,000
October 16th-20th	3,600,000	3,500,000
October 21st-25th	3,500,000	1,600,000
October 26th-31st	2,900,000	2,000,000
November 1st-5th	1,800,000	2,200,000
November 6th-10th	2,900,000	600,000

Total sown by November 10th

1930	96,300,000
1931	92,400,000

On September 10th autumn sowings stood 11½ million acres ahead of last year, but have since fallen steadily short, owing, apparently, to weather and technical difficulties. On November 10th acreage fell 3,900,000 acres short of last year, and it appears physically impossible for this to be made up, considering the date; about 96 per cent. of the total had been sown by this date last year, and even that was considered protracted. The final return may well show more than 4 million acres short of last year instead of the planned 6 million increase.

A Scotch Banker on Stabilisation.—At the conclusion of his annual address to the shareholders of the Royal Bank of Scotland, the Duke of Buccleuch observed that "the stabilisation of the pound, however desirable, must wait, as we cannot afford to take action until we are absolutely assured that we can maintain the new basis as a definite and permanent arrangement." This observation, representing as it does the first statement on this important matter to be made by a bank chairman to his

shareholders, should help to dispel any idea that the banking world is anxious to rush the country into a premature restoration of the gold standard at an impracticable level of exchange. While he did not disguise the seriousness of our position, which called for much hard work and personal effort, the Royal Bank's chairman claimed that the country had secured, as a result of the election, a return of confidence and that sense of security which is essential to all trading enterprise, and that the suspension of the gold standard, despite its limitations, had had some stimulating effect upon the export trade. As regards the Royal Bank's own affairs, he contended that the contraction in deposits was quite moderate in the circumstances, and that the margin of banking profit had not been unsatisfactory. Full provision had been made for bad and doubtful debts, but these were of no more than reasonable dimensions. The bank had also had to write down its holdings of British Government stocks to conform to the low prices current on October 10th. This, though an important element in the bank's accounts, had been easily achieved out of inner reserves, and as short-dated Government bonds had been written down equally with longer-dated securities, there was room for considerable capital appreciation. Favourable reports could be made of the progress of the bank's recent acquisitions, including its Bond Street branch and the old Western Branch of the Bank of England; Williams Deacon's Bank had added its quota to the year's profits; and the two boards were working together most harmoniously, with every promise of the connection proving most beneficial to both institutions.

American Cotton Crop.—The United States Department of Commerce has announced that the amount of cotton ginned so far this season up to November 13th amounted to 14,210,000 bales. This total, writes our Manchester correspondent, was larger than expected, and compares with 12,130,000 bales a fortnight earlier and 11,963,000 bales same time last year. There is now every likelihood of the crop being over 17,000,000 bales, and, since there is a carry-over from last season of 9,000,000 bales, supplies are over-abundant. The recent reports, however, of a larger output have had practically no effect upon prices. It is significant that, although American cotton in Liverpool is now selling at round 4½d. a lb., the price in the Southern States of America is only about 5½ cents. According to the Annual Report of the Federal Farm Relief Board, the holding of that organisation is 1,300,000 bales, the cost being 16.3 cents a lb. The Board have promised to retain this cotton until the end of July next year. A strong movement is now going on in the United States for a big cut in the acreage for next season, and an attempt is being made to obtain a reduction in the area under cultivation of 50 per cent. The different organisations have now made arrangements to hold over 6,000,000 bales for a year at least.

Canadian Anti-Dumping Duties.—The Bennett Ministry finally yielded to the barrage of criticism about its dumping duties, writes our Ottawa correspondent. It was faced by widespread protests from consuming and importing interests, and apart from the protests of Liberal papers like the *Manitoba Free Press*, the outspoken criticism directed against the duties by Conservative papers like the *Ottawa Journal* and the *Calgary Herald* indicated a preponderance of public sentiment against them, largely upon the ground that they were an unfair blow, dealt at the bidding of selfish manufacturers, against Great Britain, Canada's best customer, at a time when she was struggling with unprecedented financial and other difficulties. The avowed aim of the latest Order-in-Council on the subject is to put British goods in the position that prevailed before Britain abandoned the gold standard. By the new regulation, which will be effective until December 31st, the par value of the pound sterling for special duty purposes is "pegged" at \$4.40, and the dumping duty will be the difference between the average value of the pound and \$4.40. The Customs Department will proclaim an average

value for the pound on the 1st and 16th days of each month. Importing interests consider this part of the new regulation a serious drawback, as the value of the pound for customs purposes may be changed every two weeks, and in many cases at least two weeks must elapse between the time that goods are shipped from a British factory and the time that they are cleared at the Canadian customs house. However, the change is greatly welcomed by Canadian importers, as under the original regulations trade with Britain had become a sheer gamble. The dumping duties will continue to apply only to goods of a class or kind produced in Canada; and other British goods, being exempt from the dumping duties, will enter on payment of the ordinary duties calculated on the basis of the pound at par.

Conditions in Norway.—The depreciation of the krone continues to form the chief subject of interest in financial circles here, writes our Trondheim correspondent. During the latter part of last month the quotations for sterling oscillated around 17.85, which corresponded fairly well to the international value of the krone, but during the current month the quotations for sterling have been at a considerable discount in comparison with quotations for kroner in London. This was especially conspicuous last week, when sterling was quoted here officially at 18.15, while Norwegian kroner in London were valued as low as 18.625, which was only a nominal quotation. The offer of sterling and other foreign exchanges on the domestic market could not meet the existing demand, and heavy obligations were thus incurred by the Norges Bank, to whom buyers of foreign exchange had to apply. This development is, perhaps, a reflection of the conditions in Denmark, and more especially in Sweden. The domestic value of the Norwegian krone has not hitherto been influenced very much by conditions introduced through the suspension of the gold standard. This is also clearly borne out by the official wholesale index for November 15th, which, at 119, has been unchanged since October 15th. An advisory council of bankers and representatives of industry and trade was formed some time ago in order to draw up the lines to be followed with regard to our future exchange policy. It has not been considered necessary to establish, as in Denmark, a central exchange control. The plan is to establish, on a free basis, an intimate co-operation between importers, exporters and bankers, imports to be restricted to a certain percentage of the imports during 1930. The consequences of the British tariff policy have not yet made themselves directly felt, but there is no denying that its existence will create new difficulties for our exporters. The duty of 50 per cent. which has already been introduced on various kinds of British imports includes certain Norwegian paper, such as kraft and grease-proof paper. It is, therefore, likely that the influx of fresh orders from British buyers of Norwegian paper will be greatly reduced, but, as the tariff has only been made valid for six months, Norwegian exporters are hoping for an improvement at the expiration of this period.

The Redistribution of Incomes.—Professor John Hilton, in his inaugural lecture as Professor of Industrial Relations in the University of Cambridge, made some suggestive observations on wage and interest problems consequent on our departure from the gold standard. Owing to the recent fall in prices, he said, real wages and real interest had been higher than industry could bear, and if the community attempted to stabilise them at that level, industry would languish. As, therefore, the average level of wage rates had remained almost unmoved while prices fell, so it must be kept unmoved while they rose again. The two million workers whose wages were governed by cost-of-living sliding scales had gained nothing by the fall in prices, and would, if their employers stood by their agreements, lose nothing by the rise. Employees in the export industries, who had suffered particularly severe reductions in wages, would, he hoped, secure increases greater than the increases in the cost of living; but if the large body of "sheltered" employees, whose wages have been to a great extent maintained during the decline in prices,

were to use their economic strength to maintain these advantages, the share of wages in the national income would still be out of proportion and economic recovery would be prevented. The same applied to the salary earner and the recipient of interest, both of whom must, if the balance was to be restored, lose the increment with which the price decline of the last two years had presented them. Professor Hilton pointed out that the only way of settling the distribution of the product of industry is by contest, but that the code of rules governing this contest provides that all the facts be disclosed, that the contest for the thing made should not be allowed to interrupt the making of it, and that those contestants who consent to a referee should abide by his decision.

Banque Belge pour l'Etranger.—The report and balance sheet of this institution is this year of particular interest, owing to the bank's ramifications all over the world. It should be noted, however, that the period covered ended on June 30th last, so that it takes no account of the recent momentous developments in world financial history. Even so, the directors in their report bear testimony to the intensity of the world crisis, and in these circumstances the accounts of the bank, summarised below, show the success with which it is weathering the storm:—

	Year ended June 30,		
	1929.	1930.	1931.
	Frs. thou.	Frs. thou.	Frs. thou.
Profits	30,595	30,855	23,099
Dividend (free of Belgian Coupons tax)	10%	10%	8%
Capital:—			
Subscribed	200,000	200,000	200,000
Paid up	158,424	158,424	158,424
Reserves	110,000	120,000	130,000
Creditors	4,298,808	3,770,511	3,861,760
Acceptances	803,821	730,027	672,000
Note issue in China	11,212	6,432	4,297
Debtors	2,891,769	2,392,027	1,625,446
Bills receivable	667,345	935,752	1,382,379
Investments and financial participations	84,797	216,689	293,542
Shares in allied and affiliated banks	171,255	177,183	142,963
Total of balance sheet	5,458,936	4,820,749	4,855,675

The reduction in the dividend is no more than common prudence, and the contraction in profits is amply explained by the reactions of the world trade depression. Further evidence of this is found in the big shrinkage in debtors (i.e., advances), but the expansion in bills suggests that this shrinkage may be partly due to accidental causes, variations in the dates of harvests and so on; for at one stage a crop will be financed by an advance and at another stage by a bill. Deposits are well maintained, and investments and participations are not excessive. The contraction in acceptances is shared in by most banks all over the world.

Overseas Correspondence.

UNITED STATES.

Prices — Foreign Trade — Silver and Copper — Banking — Railroad Rates.

(FROM OUR CORRESPONDENT.)

NEW YORK, November 17.

MODERATE cheerfulness over the outlook persists in spite of a more sober tone in commodity and security markets. On the whole recent gains have been fairly well maintained, but markets have had little to sustain them in current operations. The sharp movements in wheat, rye, and some other grains and in mid-Continent crude oil prices, along with the speculative fireworks in silver, have obscured other price movements. Wholesale prices for October, according to the Bureau of Labour Statistics, dropped a little more than 1 per cent. Declines were noted in foods, hides, leather, textiles, and farm products. The October index of 68.4 showed a drop of 17 per

cent. from a year ago. Raw materials as a whole were lower. Prices by groups compare as follows:—

	October, 1930	September, 1931	October, 1931
All commodities	82.6	69.1	68.4
Farm products	82.6	60.5	58.8
Foods	88.6	72.9	72.6
Hides and leather products	96.5	84.8	82.2
Textile products	73.8	62.9	61.5
Fuel and lighting materials	75.1	63.3	63.4
Metals and metal products	90.4	87.2	86.5
Building materials	85.8	74.9	74.3
Chemicals and drugs	86.0	74.8	74.1
House furnishing goods	95.3	84.7	83.2
Miscellaneous	68.8	58.4	59.0
Raw materials	80.0	62.7	61.5
Semi-manufactured articles	75.5	66.3	64.7
Finished products	85.6	74.0	73.7
Non-agricultural commodities ..	82.8	71.7	71.2
All commodities less farm products and foods	81.5	72.0	71.4

Foreign trade improved moderately last month, thanks largely to an increased movement of cotton, which accounted for over half the \$25 millions rise in exports. Imports were slightly under the September totals, but exports, at \$205 millions, were \$35 millions more than imports, compared with a favourable balance of only \$10 millions in the previous month and with a small adverse balance in August. However, the rise was less than seasonal, and in dollar value exports were only about two-thirds those for October of last year. For the ten months the country's exports were \$2,047,000,000, leaving an excess over imports of approximately \$250,000,000.

The gold movement has slowed down, and there is no indication of a relapse into a state of apprehension over the banking position. The National Credit Corporation, the bank pool formed to thaw out frozen bank investments, after two weeks of operation announces that requests for money and loans actually made have been so small in proportion to the authorised capitalisation of \$1,000 millions that it has decided to continue to borrow from banks pending accumulation of enough loans to make it worth while to sell debentures to the subscribing institutions. Originally it was thought that an early call for 10 per cent., or \$40 millions of the subscription, would be made. Wall Street estimates actual loans at between 10 and 15 millions. It is clear now that the scheme is unlikely to bring on much, if any, credit inflation, and that it has performed its principal function of quieting nerves, relieving the bond market from bank investment liquidation and stopping currency hoarding. Bank failures have, as a natural consequence, diminished greatly.

The speculation in silver futures on the Metal Exchange has had a shock in the recent sharp decline. The coincidence of improvement in other markets with the recent rise in silver has stimulated efforts to promote schemes for a world-wide conference on silver and for bimetalism. These ideas are given no encouragement in most quarters in Wall Street, where the feeling against bimetalism runs very strong. Much surprise is felt here at the support given to that side of the case in Great Britain.

The Comptroller of the Currency has published statistics on the condition of national banks as of September 29th. Since, in the three months from the previous statement, 147 banks dropped out of the system and, in the year, 539 disappeared, through closing or merger, the figures make it difficult to draw comparisons. However, the drop of \$2,600 millions in resources compared with a year ago and of \$1,900 millions compared with June 30th last is less important than appears on the surface, owing to the diminished velocity of bank deposits, which reduced the floating items in the balance sheets. Since the end of June the national banks added \$33 millions to their Government bond holdings, and \$472 millions on the year. Other investments have dropped \$38.5 millions in the quarter, but have risen \$73 millions on the year. Presumably investments are carried at cost, since the Comptroller granted the banks this privilege with respect to high-grade bonds, so that the figures do not show the losses taken on investments owing to the sharp decline in prices. It is also impossible to estimate the great amount of shifting from second-grade into first-grade bonds in recent months which is known to have taken place. It is

likewise, impossible to draw conclusions on bank earnings, owing to the reduction in figures imposed by the elimination of so many banks.

Deflation in bank loans and investments has not yet ceased. For the week of November 11th the reporting member banks of the Federal Reserve System (city banks with approximately 40 per cent. of the country's banking resources) show a drop of \$19 millions in security loans and of \$70 millions in other loans, largely bill holdings, the sale of which was profitable on recent rise in rates. Investments were reduced \$25 millions. Brokers' loans have continued their decline. This week the market changed over to the new rule of Clearing House member banks not to lend money in the Stock Exchange pool for account of individuals and corporations. Transfer of part of the \$160 millions so employed to bank deposits, requiring about \$20 millions increase in bank reserves, had some effect on money, but the mild firming in rates was due mainly to the daily maturing of bills held in the Federal Reserve Bank's portfolio. Fundamentally, money conditions are quite easy.

The local banking group handling German credits is expecting an early communication from Germany on proposals for credit renewal at expiration of the standstill agreement. The feeling is that at least 20 per cent. of the credits should be liquidated, but there is, of necessity, willingness to negotiate time extension for the remainder.

A colourless statement is expected to issue from Washington, following the Hoover-Grandi conferences. Washington is now mainly concerned with ways of cutting into the \$2,000 millions deficit which is impending for the current fiscal year. President Hoover has swung round to a higher tax schedule, as have influential republican party leaders. Washington appreciates the impossibility of making good the entire deficit with fresh borrowing. Increase in taxes on the higher incomes, luxury levies, larger estate and gift taxes are fairly certain, with later, no doubt, an extension of the incidence of taxation to smaller incomes.

Railroad executives have worked out a tentative plan for acceptance of the Interstate Commerce Commission's proposal of a freight rate increase. Instead of payment of increased revenues into a pool for distribution to roads failing to cover interest charges as the Commission suggested, the roads proposed merely to form a pool to lend money to needy roads. Meanwhile active negotiations are continuing with heads of the railway labour unions, and there is a moderate prospect of an agreement on a wage reduction of perhaps 10 per cent.

FRANCE.

Public Works — British Duties — Revenue.

(FROM OUR CORRESPONDENT.)

PARIS, November 25.

THE Chamber has resumed work with the customary deluge of eloquence in the form of interpellations on a long list of subjects, and these have rendered difficult methodical work of a practical character. Nevertheless, good progress has been made with the Bill for the application of a further portion of the plan for the improvement of the national equipment. According to the report drawn up by M. Lamoureux, the Commission which has considered the Bill has slightly increased the total credits asked for, and has rejected the suggestion that the necessary 3,000,000,000 francs required to finance the State's portion of the programme shall be raised by loan. The Commission has left the Chamber to choose between the four other methods suggested by the Government: mobilisation of the annuities due from French industry in payment for supplies obtained under the system of German reparation payments in kind, advances by the Caisse des Dépôts and Consignations, a bond issue, or advances from the available funds now in the hands of the Treasury (which, on October 31st, totalled about 3,000,000,000 francs). The Chamber, in its turn, appears to be practically agreed to the Government's request that it should be

left to the Treasury to decide, in view of the state of the market, the best means to be adopted.

Another important measure of direct interest to investors, which was adopted by the Chamber yesterday and has now gone to the Upper House, is an omnibus Bill embodying an important series of reforms in regard to the fusion of companies, the removal of part of the burden borne by certain categories of issues in the form of double taxation, and the placing of French banks on the same footing as foreign banks in respect of the creation and issue in France of certificates to replace the actual scrip of *non-abonné* foreign issues negotiable here. Hitherto shareholders in French companies with foreign subsidiaries have been required to pay a triple income tax: (1) That imposed by the country in which the subsidiary is established, (2) French income tax on the yield entering France from the subsidiary, and (3) French income tax on the dividends distributed. So far as concerns *non-abonné* foreign issues, admitted to quotation on the Bourse and inscribed in French text, no French bank, in the present state of the law, can exercise the right to create and handle the bearer certificates which constitute the only form in which such issues can be negotiated here. The result has been that French banks have been deprived of a good deal of business of this kind, in the handling of which they have been replaced by British institutions. The leading case under this heading is that of the big issue of Canadian Pacific shares, which was admitted to quotation on the Bourse some three years ago and the handling of which was placed in charge of the Westminster Bank, French institutions being prohibited by the law from undertaking such business.

The new British fiscal measure imposing Customs duties of an additional 50 per cent. on foreign imports has been received with consternation by the French industrial and commercial world, and has relegated the whole question of German reparations and other foreign debt anxieties entirely into the background. Analysis of the incidence of the British protectionist plan, as so far developed, reveals that France will be harder hit by the new British duties than any other country, owing to the special nature of the majority of her principal categories of exports. The Minister for Commerce, M. Louis Rollin, declares that, in the case of many peculiarly French products, such as silk stockings and similar goods, which already have to bear a British import tax of 35 per cent., the new duties will raise the total impost payable to 85 per cent. *ad valorem*, which, the Minister insists, is a prohibitive rate. In the same interview M. Rollin defends French action in imposing a surtax of 15 per cent. on British products, on the ground that this is still inadequate to compensate the French manufacturer, when in competition with British goods in his home market, for the advantage which his British rival has secured for his export trade by reason of the depreciation of the pound. These 15 per cent. "compensatory duties," the Minister explained, are designed as merely temporary and "for the purpose of re-establishing the broken equilibrium between exchange rates and prices." The news that statements have been made in the House of Commons to the effect that the British Government proposes to make diplomatic representations to the Quai d'Orsay in regard to the French surtax has been received here with surprise.

In view of the fact that French foreign trade has been showing an unfavourable balance averaging 1,000,000,000 francs per month since the beginning of January, the alarm felt here as to the effect of the new British tariffs on this country's industry has been intensified. In many trades the conviction is expressed that henceforward, unless some agreement is come to between the two countries, the British market may be regarded as closed to French products. This is particularly the case in regard to the textile industry, the only great French industry still below pre-war levels. Between 40 and 50 per cent. of the French output of woollen goods has hitherto been absorbed by the British market, the closing of which must inevitably result in wholesale closing of a good many factories in the Roubaix district which have already been on short time for some months, and a consequent large increase in unemployment. M. Maurice Dubrulle, the chairman of

the International Wool Federation, takes consolation in the belief that British re-exporting trade will itself suffer a severe blow, as he contends that French goods must in future reach their eventual markets through other channels. So far as the glass industry is concerned, it is asserted that at least sixty French plants, mostly situated in the Lower Seine Department, and which depend almost entirely on the British market, will have to close down. Many other trades are expressing similar opinions.

Taxation returns for October, which is always one of the best months, indicate that the revenue continues to come in astonishingly well, in view of the general economic situation of the country. The total yield from "normal and permanent" sources was 5,203,000,000 francs, as compared with 5,587,000,000 francs in October last year and 5,987,000,000 francs in 1929. The entire yield was 284,000,000 francs (or slightly over 5 per cent.) below that of October, 1930, one-half of this decline being in respect of direct taxation, which produced 142,000,000 francs less than in the corresponding month last year, while the yield from the national domains was 66 millions lower. These declines, however, will have little or no effect on the Budget balance, as this year's estimates were naturally based on lower levels, as will be evident from the fact that the yield in October from indirect taxation and State monopolies was only 1,678,000 francs below expectations.

This deficit, as in previous recent months, would have been much more appreciable but for the fact that, as a result of largely increased Customs dues, and particularly those on foodstuffs, entries of foreign merchandise, notwithstanding a substantially lower tonnage, produced 52,304,000 francs (or practically 10 per cent.) more than in October last year, and no less than 162 millions more than was estimated for when the Budget was drafted. Without these increases of import duties the yield from indirect taxation and monopolies would have shown a deficit of 164,000,000 francs, as compared with estimates. The taxes on turnover—which yield substantially more than any other category of imposts, with the sole exception of income tax—and which produced 709 millions in October, yielded within a shade of 10 per cent. less than in October, 1930. This sum was collected in respect of sales effected during the previous month, and the drop in the yield may be regarded, in view of the far-reaching incidence of these taxes, as fairly exactly indicating the extent to which the country has so far been affected by the economic slump. The category "Contributions indirectes," which includes taxes on wines, spirits, amusements, motor car licences, etc., actually yielded 6,577,000 francs (or over 1 per cent.) more last month than in October last year.

GERMANY.

Young Plan Revision — Agricultural Debt — Reichsbank — Steel Results.

(FROM OUR CORRESPONDENT.)

BERLIN, November 6.

GERMANY has made, to the Bank for International Settlements and the reparations creditors, the application provided for in the Young Plan for the establishment of a special committee to inquire into her capacity to pay. The wording of the application has avoided the difficulty engendered by the limited powers allowed to the expert committee according to the Young Plan. The committee was only "to put forward for the consideration of the creditor Governments and of the Bank measures which, in its opinion, ought to be taken for the execution of the Plan." Now it is in fact, if not in form, to consider, not a mere alteration in the method of applying the Plan, but a revision of its content. For that reason the German Government lays great stress on the fact that the situation to-day is much worse than that envisaged by the Young Committee of Experts as likely to give occasion for the summoning of the committee.

At the same time, the discussion of the illusory problem of the priority of private or political debts comes to a long-merited end; the German Government states definitely

NATIONAL BANK OF GREECE Established 1841

Head Office: Athens.

Branches throughout Greece.

New York Agency, 51 Maiden Lane.

THE BANK OFFERS EXCEPTIONAL
FACILITIES FOR BUSINESS WITH GREECE

Capital paid up and Reserves Drs. 1,205,000,000.

that the committee will have to take account of the urgency of a new standstill agreement for private short-term credits. The negotiations for this will take place simultaneously with the proceedings of the Basle Committee and a conference of Governments will have to settle the new reparations arrangements promptly, so that the private agreements in the prolongation of credit can be constructed on this basis.

The declaration, in accordance with the intention of the Young Plan, is made by the German Government on its own responsibility, but there is no doubt that the contents, and probably also its form, were thoroughly discussed in the numerous conversations between Herr von Hoesch and the French statesmen, and that it, therefore, constitutes in effect, if not in form, a sort of preliminary Franco-German agreement as to the proceedings to be followed in making the new arrangements.

The agitation for a compulsory reduction of internal interest rates has now achieved a partial success. A new decree for the relief of the farmers of the Eastern Provinces makes it possible at the discretion of the so-called "Landstellen" which are organs of the Government, for arrears of interest owed by farmers to be cancelled, current interest to be reduced to 4½ per cent., and even for the principal to be reduced by half without the consent of the creditors, if the farm could not otherwise continue in existence. Only first-class mortgages are to be exempted from such measures. Farms thus relieved are to be placed under the supervision of a trustee who is responsible for seeing that the income from them is properly used for the continuance of production and for the fulfilment of the remaining obligations. Such supervised farms are at the same time protected against distraint. These measures have rightly been severely criticised, as they are very harmful to agriculture. They have completely stopped the flow of new credit, except in so far as it can be obtained from public sources. Many East German produce exchanges have discontinued quotations in consequence of the decree, for the grain trade, as an agricultural creditor, is very severely hit. It is only fair to recognise, however, that the Government were in an extraordinarily difficult position when they issued the decree. Up till then they had tried to help the farmers with cheap credits which they did not wish for the most part to provide out of Government funds, but out of long- and short-term loans raised on the credit market with a Government guarantee. This possibility was removed by the collapse of the credit market, while at the same time the increasing financial difficulty made it impossible for the Reich and the States to give help from their own resources. Meanwhile the need of the farmers was growing steadily more urgent, as many of their products—not, indeed, corn; but milk, butter, cattle and pigs—were falling heavily in price. Certainly many creditors of East German agriculture would have lost a part of their loans if there had been no Government intervention. As the Government seem surprised at the unfavourable public reception

of their measure, they will, no doubt, try to mitigate in its administration the hardships involved to creditors.

The proceedings of the Economic Council terminated on Monday. In thanking the Council, the President of the Reich observed that they were in agreement with the Government as to the economic measures which are now necessary to afford a basis for a revival. Much goodwill was evident during the Council's proceedings, but even this could not prevent three farmers' representatives and the representative of the Socialist salaried workers' unions from absenting themselves from the final sitting as a protest; while the other trade union representatives, including the Socialist Grassman, were only present out of consideration for the Chancellor and, still more, for the President. It proved impossible to secure agreement in the Council upon any resolutions. Dr. Brüning did, indeed, sum up the result of the discussions as it appeared to him; but on the most politically delicate questions, the social problems, his formulæ encountered open opposition from the Socialists, and more or less decided, if silent opposition from the other trade union representatives.

One of the formulæ framed by Dr. Brüning declared that a relaxation was necessary in the connection between prices and wages, and stressed the necessity of reducing them simultaneously. Cartels should not be dissolved, but compelled to maintain a moderate price policy; wage agreements should be more elastic and the compulsory putting into force of tariff wages by arbitration should be limited. In respect of credit policy, Dr. Brüning declared, this time unquestionably in agreement with all the members of the Council, that "all measures are to be rejected which might lead to inflation." Further, he stated that bank rates of interest should be reduced, and the margin between borrowers' and lenders' interest at the same time narrowed. The Government also wishes to take steps to reduce the cost of long-term credit. Undoubtedly, much of this will remain a pious aspiration, but the most important thing is that no compulsory interference with interest rates is recommended.

Disappointment with the result of the Council's deliberations is fairly general. What the Chancellor has formulated could have been stated before in a Government announcement; no new solutions have been offered and nothing has been done to make the political path of the Government in following these prescriptions any easier. It has, however, had a useful effect in demonstrating the superiority of Parliament over committees of experts, a demonstration which was particularly needed in this country.

At the end of the week the Government will issue an emergency decree in which it will make an attempt itself to solve the problems which were referred to the Economic Council. It is generally assumed that this decree will enable the Reich to take effective measures to meet the financial difficulties of the States and Communes, even if it involves increasing the turnover tax.

The unfavourable development of the gold and foreign exchange holdings of the Reichsbank continues. In the second week of November alone the bank lost Rm. 72 millions worth of cover, and even in the third week the loss was nearly 50 millions. Altogether, since the beginning of September and the coming into force of the "Standstill" agreement, the bank has lost Rm. 550 millions gold and exchange in spite of the larger active balance of trade during the same period. But for the great excess of exports over imports the position would be far worse. In two months the Reichsbank has provided 784 millions of foreign exchange to pay for imports, but in the same time it has received 1,200 millions out of payments for exports. None the less, this balance was too small; in the same period the Reichsbank had to provide nearly 200 million marks for interest on amortisations and over Rm. 700 millions for repayments of credit. These new announcements of the Reichsbank show that even during the "Standstill," Germany has been obliged to reduce her short-term foreign debt very substantially. The Basle agreement itself contemplates large repayments and contains omissions which necessarily involve

repayments, as, for example, the non-utilisation of reimbursement credits. In these circumstances it cannot be expected that the Reichsbank will be in any better position at the expiry of the agreement than it was at the time of its conclusion. It is only thanks to the great export balance and the severe exchange regulations of the Reichsbank that the transfer of the sums necessary for meeting the interest on the German foreign debt is proving possible.

The first reports of the big mining concerns are now published. The Klöckner-Werke closed their last business year with a profit of Rm. 6,800; Gutehoffnungshütte with a loss of Rm. 3 millions; Hösch-Köln-Neussen with a loss of 5.8 millions. The business year of these companies ends on June 30th, and must therefore have been rather more favourable than that of the other two big combined coal and iron companies, whose year ends on September 30th. These are Krupp, whose results are not yet known, and Vereinigte Stahlwerke, which has just announced that the gross profit of last year does not cover depreciation, so that there will be a loss of some millions. All these balance sheets show that the big steel concerns have worked without profit during the past year. The shareholders, who only received from 4 to 7 per cent. last year, will this time receive nothing. The financial condition of the German mining concerns has grown worse during the past year, because production could not be curtailed in proportion to the reduction in the market. The increase in stocks, which made necessary the taking up of short-term bank credits by nearly all the works, was partly a result of old contracts for the purchase of ore from the Swedish Grängesberg Company, under which the German companies were obliged to receive quantities of ore greatly in excess of their 1931 requirements. These contracts have now been annulled by agreement, and the works are also taking the most stringent measures to reduce their output.

AUSTRIA.

Public Debt — Foreign Trade — Finance and Industry.

(FROM OUR CORRESPONDENT.)

VIENNA, November 25.

THE explanations prepared for the Federal Finance Bill of 1932 give the following figures of Austrian indebtedness:—League of Nations Loan, 828.4 million schillings; International (1930) Federal Loan, 438.8 millions; Relief Debts, 405.8 millions; and other "currency" debts, 262 millions. Deducting from the International Federal Loan of 1930 the Austrian portion of 50 million schillings, the sum of foreign indebtedness remaining from the above-mentioned debts is 1,885 million schillings, or about 265.5 million dollars. According to the statistics of the National Bank of Austria, the total of public foreign loans for the years 1922 to 1929, excluding the League of Nations Loan (i.e., the sum of issues of public loans, including those of the provincial States and of the municipalities) is 56 million dollars. The total of the public foreign debt of Austria is, therefore, 321.5 million dollars. According to the same statistics of the National Bank, private foreign debts incurred in the years 1922 to 1929 were equal to 34.4 million dollars in long-term loans. As in the year 1930, apart from the big Federal Loan, neither public nor private loans of any size were contracted abroad, the long-term foreign indebtedness of public bodies and private concerns amounts to about 356 million dollars. In conjunction with the Standstill Agreement, the short-term foreign loans of the Credit-Anstalt amounted to about 70 million dollars, and at the negotiations for the standstill of the other short-term foreign credits in Austria a sum of 30 million dollars was mentioned. The addition of all these items, which are in part only estimates, gives a total of 456 million dollars, which represents the long-term and short-term foreign indebtedness of the public bodies and private concerns of Austria.

Austrian foreign trade with the neighbouring States has decreased still further in the past week. On the pretext that

Austrian exchange regulations are throttling merchant traffic, Yugoslavia has sequestered Austrian credits that country. Merchandise traffic is, therefore, seriously interrupted and can only be protected from further limitation if some form of clearing can be arranged through the intermediary of the two national banks. Czechoslovakia also entered upon reprisals against the Austrian exchange regulations, so that remittances from that country to Austria are practically impossible, the disposal of bills belonging to Austrians is attended with the greatest difficulties, and it is to be presumed that the Austrian National Bank will strike out of its clearing the quotation "Payments in Prague." Within Austria the purchase and sale of Czech crowns at the National Bank and at its pointed offices is still permissible. It is also feared that, no clearing arrangement results from the negotiations with Switzerland, goods traffic with that country also will cease. In view of all these measures, the crisis in Austria is of necessity become worse and unemployment must increase. The decrees of the Austrian National Bank make very difficult for importers to get in the necessary raw materials and semi-manufactured goods. If goods are exported, a corresponding amount of credit is sequestered in number of neighbouring countries.

If no change takes place shortly in this respect, unemployment must increase rapidly, and the merchandise turnover tax, which constitutes the backbone of the budget, will suffer greatly. For the year 1931 the revenue from this source was estimated at 255 million schillings, while the estimate for the year 1932 has been reduced to 3 millions. Meanwhile, the exchange regulations have been imposed in Austria and in the neighbouring States, so that further decline is inevitable. The loss of revenue from taxes must also increase on account of the privation among farmers, which has compelled the Government to instruct tax authorities, both Federal and provincial, to refrain from distraining upon small farmers for taxes, social imposts or interest on mortgages, the last being not expressly mentioned but actually respected in practice. This step was urgently needed, even though it means losses to the State finances. The impoverishment of the farmers has reached a shocking state. Cattle and grain prices have fallen, whereas there is no reduction in the prices of the various industrial products which the farmers must have. The retail price index, which is shortly to be published, will also show that the cost of living is rising. In consequence of this, privation among regular employees, whose salaries have all been cut down, also extending.

The Federal Railways have worked out a programme which is said to be calculated to restore financial equilibrium. This is all very well in theory, but it will not work in practice. Passenger traffic has fallen off seriously, and the last increase of fares has done no more than maintain revenue in face of the reduced number of passengers carried. It is difficult to see where the railways are to find the means to pay the legal indemnities to the thousands of railway clerks who are to be discharged, but something must be done in this direction. There can be no question of electrifying the railways, and it is just as impossible at the moment to raise a loan. It is true that the Federal Chancellor has stated that, when the Credit-Anstalt affair has once been cleared up and the Budget balanced, he will endeavour to raise first a domestic loan and then a foreign loan. One of the preliminary conditions of a domestic loan is that the movement of savings deposits should be steadied, and the Government has no intention of resorting to a compulsory loan. It has also energetically denied that it desires to reduce the guarantee which it has given in regard to the Credit-Anstalt. There is no doubt, however, that it will become necessary to approach the foreign creditors of the Credit-Anstalt and explain to them that the Government has committed itself far beyond its strength in according to foreign creditors a guarantee or a sum based on a total loss in the Credit-Anstalt, not of 140 million schillings, but of 1,400 million schillings. The foreign creditors will themselves see that they will be obliged to make concessions in regard to the period over which the repayments have to be made. Austria is already burdened enough, since, in addition to the commitments

mentioned in the beginning of this letter, it has to pay abroad under the Standstill Agreement, which does not embrace the Credit-Anstalt, 4½ million dollars per quarter, and to continue to do so for a period of about 1½ years.

HUNGARY.

Politics — Currency — Foreign Trade.

(FROM OUR CORRESPONDENT.)

BUDAPEST, November 23.

Four weeks have elapsed since the publication of the League Report, but in spite of the menacing budget deficit and other financial problems urgently awaiting solution, practically nothing has been done. An idle parliamentary debate continuing for more than three weeks, with scores of speeches dealing with everything except real and immediate economy proposals, does not afford much ground for optimism. It is just three months since the Károlyi Government assumed office, and it has not yet found a suitable Finance Minister who would carry on with the cruel legislation needed to save the basic financial structure of the country. On the other hand, there is no scarcity of candidates for the office of Prime Minister, but Count Károlyi has overcome more than one domestic crisis, and it is not impossible that ambitious politicians will have to wait longer than they expect before he is out of office. This political and financial uncertainty, however, is highly detrimental to the country, because it delays every sound measure.

The latest balance sheet of the National Bank shows that the total gold and statutory cover has decreased by 4.6 million pengő to 117.1 million pengő as on November 15th. The bill portfolio amounted to 396.9 million pengő, but the bills rediscounted with the B.I.S., amounting to more than 100 million pengő, are not included in the bank's weekly return. The note circulation amounted to 379.5 million pengő, a very satisfactory figure. Thanks to the favourable working of the gold pengő experiment, the note circulation is normal. The price level is stable, and the internal purchasing power of pengő is fully maintained.

Foreign trade returns for October were very satisfactory. Exports amounted to 62.4 million pengő, imports totalled 40.3 million pengő, thus leaving a favourable balance of 22.1 million pengő. The comparative figures of foreign trade for the first ten months are as follows:—

(In million pengő.)

	Imports.	Exports.	Balance.
January–October, 1930	710.5	734.3	+23.8
" " 1931	468.5	463.4	— 5.1

In all probability there will be an export surplus in November and perhaps also in December, so that the year 1931 will perhaps end with a slight merchandise export surplus, in spite of the deficit of 47.4 millions in the first half of 1931. But the favourable merchandise trade balance shown by the Statistical Office unfortunately does not mean a corresponding foreign exchange surplus in the holding of the National Bank, because a great portion of the export *devisen* evades the compulsory surrender. More severe regulations to control export *devisen* will come into force this week, but even so the National Bank will be fortunate if *devisen* of three-quarters of the exports as shown by the Statistical Office are placed at its disposal. It should not be overlooked that a great deal of merchandise is sold abroad against pengő notes, which thus find their way back to Hungary.

In view of the exchange and trade restrictions of Hungary's main purchasers, it is becoming more and more difficult to realise a merchandise export surplus. There is little hope that the situation will ease in this respect in the near future; indeed, it is more likely that further troubles will arise. The example set by Yugoslavia in preventing withdrawals from Austrian and Hungarian balances has been followed by Czechoslovakia. Similar difficulties have already arisen with Roumania, and if this tendency continues, trade will soon be completely paralysed in the Danube Valley, just at a time when people

in all the Succession States are beginning to realise that the break-up of the Austro-Hungarian monarchy and the creation of tariff barriers are the main reason for the desperate state of affairs in this part of the world.

Clearing agreements to carry on trade are being negotiated at present with Austria and Italy, the two most important export markets for Hungarian products. In the first nine months of 1931 exports to Austria have decreased to 114.1 million pengő, as against 197 millions in the corresponding period of 1930; imports have fallen from 73.8 millions to 52 million pengő, thus the active balance is halved. Exports to Italy have fallen from 92.8 million pengő to 42.9 millions, and the favourable balance of 63.3 millions is reduced to 18.4 million pengő.

HOLLAND.

British Tariff — Industry — Trade Policy.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, November 25.

THE ray of hope which was thought to be discernible last week, in view of the advancing prices of grain, cotton and metals, has quite disappeared, and has given place to a feeling of great uncertainty. This has been intensified now that England, the principal customer for our export products, has begun to raise import duties most drastically. As from to-day an import duty of 50 per cent. on the value in England is to be levied there on a large variety of goods. In these circumstances it will not be surprising if Holland has to have recourse to prohibition of imports and to quota systems in order to prevent her industries from being completely annihilated. The country is too small for the domestic market to afford an adequate outlet for her industries, and, in consequence, attention is being concentrated more and more on the possibility of a customs union with Belgium, embracing also the vast colonies of both countries outside Europe. If the two countries could succeed in combining to form a united front as regards tariffs, they would represent a block which would command the deference of other nations. Together, the two nations mean a group with a population of more than 14 million, vast colonies and great wealth.

The introduction of the English anti-dumping tariffs has not occasioned undue alarm for the time being, for, as far as the principal Dutch export articles are concerned, they only apply so far to a limited number of lines, such as paper and woollen fabrics. The country is therefore waiting to see what additional measures will be adopted by England.

The Bill for the all-round increase from 8 to 10 per cent. in the general tariff on imports into Holland was duly passed by the Second Chamber last week. An amendment to increase the duty on sugar from 2.40 to 5.40 guilders was rejected, as it was considered that this would be of a too protectionistic character and would not be in keeping with the fiscal revision of the import duties. The Minister of Finance promised, however, to present proposals for a technical revision of the tariffs shortly.

A favourable exception to the general industrial crisis in the Netherlands is formed by the coal mining industry. The net output of the Limburg coal mines was 1,155,788 tons in October, 1931 (October last year 1,100,899 tons). In the first ten months of the year the total production was 10,748,064 tons (last year 10,211,040 tons). The reorganisation of the International Viscose Company, the holding company of the Breda concern, took place last week, and the shares were written down to 25 per cent. of the face value. The A.K.U. has co-operated in this reorganisation, and directors of the A.K.U. have been elected to the Board of the International Viscose Company. As a result, the co-operation between the two Dutch artificial silk companies has become very close. An international selling company is to be founded at Arnhem shortly, for the purpose of marketing the products both of the Breda and of the A.K.U. concerns. In consequence, the competition between the different factories of

the two concerns on the world market will be eliminated. The resultant saving in selling costs will also be important. The Dutch artificial silk industry is, however, not yet optimistic as to the future; export prices averaging 2.59 guilders per kilog. for October, 1931, constitute a new low record.

With the object of maintaining the level of exports and meeting foreign competition, a general tendency to reduce wages is noticeable in the Dutch exporting industries. In this connection it is important that the cost of living in the Netherlands be reduced in proportion to the drop in wholesale prices. For this reason, the Minister of Labour, Commerce and Industry held a meeting on Friday with executives of three shop-keepers' associations, in order to consider what that section of the community could do in these critical times to ensure that the prices of the primary necessities of life adjust themselves to the general level of prices as rapidly as possible. The shop-keepers' associations undertook to give the matter earnest consideration, and hoped to submit concrete proposals to the Minister very shortly.

That the Government are also devoting their attention to the stimulation of the export trade is evident from the fact that a Bill empowering the Government to take temporary measures for the regulation of the export of certain articles is to be introduced into the Second Chamber within a few days. Before expressing an opinion as to the desirability of proceeding further with the anti-dumping Bill, the Government first wishes to gain experience in the operation of the quota system. A "National Crisis Committee" has just been formed on a large scale on the initiative of Princess Juliana, with the object of providing financial support to the victims of the crisis. Large gifts have already been received.

There has been a decided improvement in the Amsterdam money market, as is evident from the success accorded the issue of Exchequer bonds; 197 million guilders were subscribed for, and only 55 millions could be allotted. The loans issued by the municipality of Bois-le-Duc and the province of North Holland were also a great success, and the investment market benefited in consequence.

SWEDEN.

Exchange Fall — Control Attempts — Their Failure.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, November 24.

SWEDEN has experienced in her foreign exchange market a development which must be characterised as sensational. For nearly two months the attitude of the State Bank in relation to foreign exchange had been passive—a position which was by no means a voluntary choice, but was enforced by the course of events during the dramatic days just before the departure from the gold standard. When the Swedish crown, at the commencement of last week, fell to the same level as the £ sterling, the State Bank again appeared on the market quite unexpectedly and declared that its intention was to stabilise the crown on the same level as the £. The result was the opposite to what the Bank had anticipated. Instead of the comparative calm which had shown itself on the market, a state of chaos rose. Instead, moreover, of checking the fall of the crown, the Bank produced an accelerated downward tendency. The action terminated in a complete fiasco. The Bank was compelled by Saturday—that is to say, after four days—to capitulate; and as from the present week the market is again quite free.

From a psychological point of view the action of the State Bank can be understood, as it must be extremely nerve-racking for the management of a central bank to be compelled for a period of nearly two months to stand by and passively watch the currency depreciate as a result of forces which at least to some extent must be characterised as speculative. The error in the interference of the Bank was, however, that it chose neither the right means nor the right moment. The prerequisite for the success of

the Bank in its new policy was that it should have adequate means at its disposal. And this the Bank by no means had. The fact that it was necessary to abandon the position at the end of September was due precisely to the fact that the currency resources of the Bank were exhausted; and since that time practically no change had taken place. The currency reserve of the Bank, when it commenced its intervention in the market last week, amounted to such an inconsiderable sum as 21 million kronor, an absurdly small amount in relation to the strain which would necessarily follow, and the only possibility of increasing its resources was to dispose of part of the gold reserve. This, however, taking into consideration the provisions in force relative to the cover of notes, was conceivable only to quite a trivial extent. Under such circumstances, the result was, not surprisingly, that the State Bank quickly lost the greater part also of its last currency resources.

Fully aware of this, the Bank took a further course which was bound to lead to new disturbance in the exchange market. It decided on a rationing of the allocation of currency. It was, consequently, announced that the Bank would sell and buy sterling at a rate of exchange of 18.15, but that the requirements of currency must be notified before a certain hour of the day and substantiated by proper invoices. The technical procedure proved to involve such difficulties that a complete congestion immediately arose; and, in fact, this procedure meant obviously the Bank's right to regulate imports, which always involves the risk of ending in pure arbitrariness, assuming that the action is successful. The result could not be other than one official quotation for our currency and another in the open market. Those who did not succeed in obtaining currencies from the State Bank at its fixed rate of exchange had to cover themselves in the open market at considerably higher rates. The distrust abroad in the Swedish crown was increased in this way, and in speculative purchases of devisen naturally increased—in both cases the opposite to what the State Bank had intended. Whilst the State Bank on Saturday quoted dollars at 4.87, the dollar rose in the open market to as much as 5.05; and, as against the State Bank's fixed rate for sterling of 18.15, there was a corresponding "free" quotation of 18.60 to 18.75.

For a period of approximately one month after our departure from the gold standard the Swedish crown kept to an average of 87 per cent. of the old gold value, in spite of the fact that no measures were taken to support the rate of exchange. The fact that since the last days of October such a persistent fall in the Swedish currency set in is probably to be ascribed in the first place to a "forced" rate of importing and to speculation. It began to be anticipated that the depreciation of the crown would not stop at 13 per cent., and that it was probable that a new position of equilibrium was to be sought at the level at which the other Scandinavian currencies had already approached, viz., the level of the £ sterling. A "forced" rate of importing before this level had been reached would therefore be a paying proposition. As exchange to cover such imports had to be secured immediately, the demand for currencies was thereby very greatly increased. It is, moreover, by no means out of the question that a contributory reason for this development has been the propaganda in favour of import duties or a regulation of imports which has been pushed very intensively, particularly from Conservative quarters.

In view of our general position it appears reasonably probable that our currency would approximately have retained its level, had the market been allowed to develop freely. It does not even appear to be out of the question that a recovery would have taken place, when profits were taken by those who had bought foreign currencies on speculation. Viewed from this point, the intervention of the State Bank stands out as still more unfortunate, and there is scant reason for the expression of any satisfaction as regards the measure by which the bank sought to cover its retreat. It arranged with the commercial banks that they should adopt certain limitations of credit in order to cut down such imports as cannot be regarded

as indispensable. Even if this method should be regarded less unsympathetically than the pure rationing of currencies, it may nevertheless entail consequences by no means intended. Above all, the measure appears to be uncalled for just at the moment when, to judge from everything, the approximate level was about to be reached where the fall in the crown can be expected to stop, while the depreciation of the crown has now become so emphatic that this automatically has the effect of a bar on imports.

BELGIUM.

Public Finance — Industry — Agriculture.

(FROM OUR CORRESPONDENT.)

LOUVAIN, November 24.

PARLIAMENT has just begun work upon the Budget for the fiscal year 1932. In accordance with an old rule it has been divided into an ordinary and an extraordinary Budget, the latter including productive expenditure for public works. The estimated revenue from the ordinary Budget amounts to 10,837 million francs, and leaves a surplus over expenditure of 35 millions. Supply appropriated to administrative expenses and to the service of the public debt, taken alone, would show a surplus of 430 million francs out of the ordinary revenue, but this surplus will be almost entirely absorbed by the expenses arising out of the war (mainly pensions) and the deficit on the Post Office and on aviation. The extraordinary Budget amounts to 310 million francs, mainly required for new waterways, which will have to be raised by issuing debenture stock.

In the present situation the balancing of the ordinary Budget is something of an achievement. Taxation revenue was increased about 1,300 millions per annum by the passing of finance bills five months ago, but, in order to maintain the balance, additional ways and means amounting to 300 million francs have been deemed necessary. The Government has not yet explained what increases of taxation will be demanded, but they are expected to cover tobacco, alcohol, and perhaps motor spirit.

The estimates of the revenue from taxation appear to have been made on a prudent basis. On the other hand, non-taxation receipts are likely not to come up to the Treasury estimates. For instance, the German reparation payments falling due in the course of the second half-year of 1932 have been included, though the Hoover moratorium will very likely be prolonged or replaced by that provided for by the Young Plan. Also the bonds of the Reichsbahn obtained in connection with the Hoover moratorium have been treated as liquid, though it is not certain that they will be so.

It has been mentioned above that the Belgian Government will have to raise time money at least for the execution of public works. The home market for Government securities is at present depressed, and it will not be possible in the immediate future to offer here a loan for public subscription. The position of the Treasury has remained difficult in many ways, and some people anticipate that it will be necessary to have recourse to the issue of Exchequer Bonds (Bons du Trésor). Such an issue was responsible for the big financial crisis of 1926. Undoubtedly there is a danger of the adoption of unsound measures to meet the expansion in the estimates, but the present unfavourable situation should not be exaggerated, as the country is now in a position to take prompt action if its position were to be seriously threatened. The situation to-day is far from comparable to that of 1925-26 when the country had hardly recovered from the war.

Critics of the Budget memorandum have pointed out that the total reduction in expenditure will be very slight and less than might reasonably have been anticipated in view of the fall in prices. It has also been stressed that the reduction in estimates has been performed by cutting expenditure for purchases of material and for productive equipment, and not administration expenses. The

amount involved by pensions of all kinds has been steadily increasing. In short, the Budget for 1932 appears permissible in a period of crisis, provided that the few weaknesses indicated are attentively watched in order that they may be remedied promptly and energetically if they should become dangerous.

Belgian industry is still suffering from the disorganisation of the foreign markets and the depreciation of the sterling exchange. The metallurgical industry has been most affected by this depreciation, and its output, which had been stable for a year, decreased slightly in October. There is a remarkable stability in the textile industry; spinning mills, for instance, have obtained orders from British weaving enterprises, and in general the industry has enjoyed a slight improvement during recent weeks. Short time has extended over all the collieries, and pitmen are out of work two days per month. On the other hand, coal imports into Belgium have been automatically reduced, so that there has been no further increased stocks at the pithead, which amount to 3½ million tons. Still, the general outlook is still poor, and many of the recent balance sheets are really bad. Unemployment has been extending slightly; there were in October 75,000 totally and 120,000 partially unemployed. The share of the State in the unemployment relief fund will amount for the fiscal year 1932 to £2,200,000, according to the present state of unemployment, and a further million will have to be disbursed by the local Treasuries. In order to reduce this heavy burden the Government intended to accelerate the execution of certain public works, especially railway improvements, and has caused the National Railways Company to start the renewal of its passenger coaches.

Agriculture, which until the last few months enjoyed a preferential position, has been seriously affected by the crisis. Sales of Belgian eggs have become difficult in England and France, and in the latter country restrictive customs measures have just been taken. Denmark has recently flooded the Belgian market with cattle and meat at absurd prices (3 francs per kilo. live weight, about 2½d. per lb.). Arrivals of Danish butter have also forced the price of butter to a very low level. The representatives of agricultural districts have demanded the restoration of the pre-war import duties, and Parliament will shortly introduce them.

SWITZERLAND.

Banking — Foreign Trade — Unemployment.

(FROM OUR CORRESPONDENT.)

GENEVA, November 21.

THE economic situation in Switzerland is governed by the general crisis and the depression has been intensified by the depreciation of sterling, which was mainly felt in the embroidery and silk industries, both of which normally find their principal outlet in Great Britain. The Swiss Government has furnished the public with an exact statement on the country's financial situation, and M. Musy, chief of the Finance Department, laid stress, in Parliament, on the soundness of Swiss economy. The funds at the disposal of the Swiss banks are estimated at about £200,000,000, thus allowing for considerably more than normal withdrawals. The liquidity of the banks is based mainly on the large reserve deposited at the Swiss National Bank, the gold reserve of which now represents 154 per cent. of the note circulation.

Yet while the financial position is remarkably strong, the situation remains unsatisfactory in trade and industry, though a small improvement was recorded in September and October. The foreign trade returns for the first nine months of the year show that imports, at £66,459,873, were 16 per cent. lower than in the corresponding period of 1930. The decrease was particularly important in regard to raw materials—a sign of reduced activity in industry—foodstuffs and textiles. Exports, on the other hand, amounted to £41,444,852, a decrease of 22 per

cent. over last year, the drop being especially striking with regard to the watchmaking, textiles and machines industry. The adverse balance, which was £26,063,105 in 1930, reaches £25,015,021 for the first nine months of the present year, and there is no great hope of its being made good by means of indirect exports. The earnings of the hotel industry, for example, will be much reduced owing to the general crisis which prevented foreign visitors from spending their holidays in Switzerland.

Unemployment is increasing. The number of unemployed, which was 27,300 in January, gradually decreased to 14,300 in May, but since then it has risen again and reached 17,400 in July and about 27,500 in October. Unemployment is not general, however; it is mainly confined to a certain number of industries, particularly the watchmaking and textile trades, which together supply about 70 per cent. of the total of unemployed. Though unemployment is serious, it nevertheless only affects 4 per cent. of the works, and it does not reach the figures recorded during the crisis of 1922-23, when there were over 100,000 out of work out of 400,000 factory workers. But it is most likely that unemployment will further increase during the coming months, as several watchmaking and textile factories have given notice to their employees for the end of the year, and bad weather will, as usual, stop work in the building industry and in agriculture. The situation is, therefore, very gloomy, prospects for the coming winter are most unsatisfactory, and economic experts are of opinion that the worst of the crisis has not yet been surmounted.

CZECHOSLOVAKIA.

Industry — Exchange Conference — Budget.

(FROM OUR CORRESPONDENT.)

PRAGUE, November 23.

AT the end of October the Czechoslovak Foreign Minister, Dr. Benes, declared, in the sessions of the Foreign Committees of the Chamber of Deputies and of the Senate, that, in his opinion, the present world crisis is likely to last for some time to come. As the first remedy he recommends self-help, limitation of expenditure and protection of home finances. Dr. Benes does not exclude the possibility of a return to the older forms of commercial policy—compensations, quotas and limitations of imports. With regard to the future, he sees the only correct policy in a general endeavour towards international collaboration and solidarity.

Unemployment has increased, and the greatest depression is still manifested in the textile industry. The home market is weak, but on the whole fairly well balanced; the deterioration is mainly due to the export hindrances caused by the currency changes, exchange losses, difficulty of calculating prices, exchange restrictions and foreign customs duties abroad. A great blow has been dealt to Czechoslovak exports by the new duties in Great Britain, which will affect specially china, porcelain, glass, textiles, gloves and paper. Having regard to the importance of the English market for Czechoslovakian exports, it may be expected that the new tariff duties will have a serious and unfavourable influence on the further development of trade between the two countries.

Foreign trade for the first ten months of 1931 shows a great decline in volume when compared with the previous year. Imports amounted to Kr. 9,518 millions as against Kr. 13,065 millions; exports to Kr. 10,872 millions, as against Kr. 14,441 millions. The Stock Exchange index is very low; the Bourse has calmed down somewhat, but quotations fell even for very good industrial shares and are in consequence considered unduly low.

The foreign exchange control introduced in Czechoslovakia on October 2nd has recently been tightened in some respects, but the principle of "allotments in full" to meet payments for imports and other economic or legal obligations has not been relaxed in any way. It is, of course, doubtful whether this state of things can last.

The payments due to Czechoslovakia from abroad are coming in more and more slowly. According to the recommendations of the Foreign Exchange Conference, negotiations with Austria and Hungary are being conducted, and it is hoped that these will lead to a speedy conclusion, because in the last few days the National Bank of Czechoslovakia had to apply special restrictions with regard to both these countries. The Austrian and the Hungarian National Bank have not been allowing any transfers to be made from private deposits or accounts of the Czechoslovak nationals; consequently the National Bank of Czechoslovakia had to take similar steps by way of retaliation.

In these circumstances it is being discussed whether Czechoslovakia will not be forced to introduce certain import restrictions. In almost all the neighbouring countries there has been an artificial stimulation of exports, and import is restricted or even made impossible. It thus appears difficult for Czechoslovakia to persevere in her present policy of unrestricted imports.

The Budget for 1932 has passed the parliamentary committees, and is now to be dealt with in plenary session. Beside the reductions already effected in expenditure on materials, the Government has passed a resolution to effect further restriction with regard to personnel items and to increase the income tax. Another Banking Bill is under consideration, aiming at an enlarged protection of money deposits in the banks, increasing the responsibility of the members of boards of directors and in certain respects a further tightening control over the banks.

ROUMANIA.

Marmorosh Blank — Parliament — Budget

Agricultural Debts.

(FROM OUR CORRESPONDENT.)

BUCHAREST, November 16.

THE banking crisis in Roumania came to a climax when the Banque Marmorosh Blank and Company closed its doors towards the end of October after considerable efforts had been made to save it. The bank has now asked for an arrangement with its creditors under the supervision of the Courts. The balance sheet submitted for this purpose reveals assets of Lei 4,505,324,154, against liabilities of Lei 4,143,325,095, and the bank offers payment in full in the course of three years, free of interest, payment as to 20 per cent. to be made in the first year, 30 per cent. in the second and 50 per cent. in the third. The assets include over 1,600 million Lei in "participations," about 500 millions in land holdings, over 1,350 millions in current accounts and other debtors, and bills about 400 millions. Amongst liabilities figure deposits and creditors in current accounts, etc., 1,900 millions. The debts to the National Bank are shown under three headings: Special account, 167 millions; rediscounts, 991 millions; "syndicate," 700 millions; and they are eloquent proof of the considerable assistance rendered by the National Bank. The amount of 700 millions shown in the "syndicate" account appears to represent the facilities obtained by the bank from the syndicate of large Bucharest banks which was formed last summer for the purpose of assisting any of its five members when temporarily in difficulties. If this is so, the amount would be guaranteed jointly by the other four members of the syndicate.

The Banque Marmorosh Blank and Company was formed in 1848 and became a joint-stock company in 1904. It is one of the most important banks in Roumania, and has taken a prominent part in the economic development of the country. Its ramifications are widespread, and one of the causes of its downfall is undoubtedly the immobilisation of its funds in the industry and commerce of Roumania. The liquidation of its multitudinous "participations" and investments will be exceedingly difficult, and will only be possible with considerable loss.

The news of the difficulties of the Banque Marmorosh Blank and Company provoked a panic among the depositors

of the various banks all over the country. The withdrawals of deposits took alarming proportions, and grave fears were entertained with regard to other prominent banks. These have, happily, not been realised, thanks to the efficient measures taken by the Minister of Finance, in conjunction with the National Bank. Still, the amount of currency withdrawn from circulation and hoarded by the public is very large, and, although the withdrawals have now ceased, it cannot be said that public confidence has yet been restored. Especially in the provinces the banking situation is very serious. Many of the banks pay their depositors in small instalments. The strain put on the National Bank is clearly shown in the last statement. The note circulation is increased to 23,000 million Lei, and bills discounted to 13,000 millions, figures which compare with 18,000 millions and 7,000 millions respectively at the beginning of the year. Yet the provincial banks are clamouring for more help. In these circumstances it is only natural that the banks are calling in credits, as far as this can be done at present, and that the granting of new credits is practically out of question. This hits commerce and industry very severely, the latter particularly, as it is already much handicapped by the large outstanding debts of the State, and sees now the last plank, the support of the banks, withdrawn from under its feet.

Parliament reassembled to-day, and much speculation is rife as to the immediate future of the Jorga Government, which could easily be overthrown if the Opposition parties were to combine. If it remains in power it will only be because none of the larger parties is prepared to lead the country through the very difficult period of hardship and sacrifice inevitable for the rehabilitation of the economic situation. A very full programme awaits Parliament in the new session, but by far the most important measure will be the Budget for 1932. It is quite obvious that this year's Budget will close with a heavy deficit, and that it will be impossible to balance that of next year by the methods which have been adopted so far. Mr Argetoianu, the Minister of Finance, has evidently realised this, and his new proposals, in so far as they have been made known through the Press, are a masterpiece of contrivance. He begins next year's account with a clean sheet, and reduces the Budget to about 25,000 million Lei, providing only for the most necessary expenditure, such as the service of the public debt, the payment of salaries (much reduced), and the upkeep of existing equipment. This constitutes the ordinary Budget. All past deficits and old debts will be contained in an extraordinary Budget. The settlement of the floating debt will be entrusted to an Institute of Amortisation to be created for this purpose with an initial fund of 1,000 million Lei provided by the ordinary Budget. The extraordinary Budget is divided into three parts: (a) unpaid pensions, unpaid salaries of past years; (b) debts for material resulting from contracts, transactions, works, etc.; (c) expenses considered necessary by the different State departments for 1932 which will be met out of extraordinary revenue and will be authorised only to the extent that such revenue is available. It appears from this that all old debts of the State will be definitely disregarded until such time as money is found to meet them.

A further measure to be brought before Parliament will be the plan for the settlement of the agricultural debts, which for this purpose are divided into three classes: (1) Properties up to five hectares; (2) properties from five to 25 hectares; (3) properties over 25 hectares. Debts on the properties of the first class are to be paid within 30 years with 4 per cent. interest. The Institute of Amortisation is authorised to buy up debts of this kind. The conversion of the other debts is to be effected with the assistance of the Bank of Agriculture. The debts are to be reduced by 25 per cent. As regards properties of above 25 hectares, an amount of 60 per cent. of the total value is admitted for conversion. For the purpose of the conversion of the debts of the second class a maximum value of 7,000 Lei per hectare is fixed. The debts of the second and third classes will be payable to the Bank of Agriculture within 30 years with 8 per cent. interest. The creditor will be paid by the Bank of Agriculture. To provide funds, the latter is authorised to issue bonds carrying 8 per cent. interest, subject to annual drawings and guaranteed by the

State. The conversion of the debt can only be effected with the consent of the creditor. For debtors who are not admitted under the plan of conversion there is yet another means of settlement open: this is an arrangement with the creditor for the payment of at least 75 per cent. of the debt with 30 years with 7 per cent. interest. It is left to the courts of justice to decide if the debtor may obtain such an arrangement. It must be admitted that the measure is a serious attempt at a solution of the much-debated problem of the agricultural debts. Its success, however, seems at present problematical. Is the creditor going to assent to the substantial sacrifice which is asked of him? Will the Bank of Agriculture be able to place its bonds to provide the necessary funds? These are questions which become obvious at the most cursory examination of the proposals, whereas the direct arrangement between debtor and creditor bears too much similarity to the "concordat preventif" of commercial firms to encourage hopes regarding its merits as a satisfactory means of settling the debts.

TURKEY.

New Decree-Law — Import Restrictions — Revenue.

(FROM OUR CORRESPONDENT.)

CONSTANTINOPLE, November 17.

EVERYTHING of importance at Angora goes on behind closed doors, and the drastic measures which have been taken this week to restore the balance of payments are no exception. Orders were transmitted at night to close the Customs houses from the following morning and to permit no imported goods to leave the Customs till a new decree-law had been received. This secrecy was partly due to the belief of Angora that it is undesirable to have public discussions beforehand of measures which are to be decided "for the safety of the State." But it was also due to the lesson which the Turks learnt when their new tariffs came into existence in 1929, and when the announcement of the date of the change caused their market to be flooded with an excess of imports from which they have hardly yet recovered.

When Kemal Pasha opened the National Assembly at the beginning of November, he practically told the members that the State—like other modern States—was "in danger," not this time from foreign or internal enemies, but from the economic crisis. He implied that the Cabinet must act as a Committee of Public Safety in these matters. The first result is the present decree-law which restricts all categories of imports to quotas fixed every two months by the Cabinet. The first two months period will run from November 15 to the end of December next. The second will run from January to the end of February, and so on. The quotas fixed for the two-month periods will be known at least twenty days before the previous period runs out. It is not clearly indicated on what bases the quotas will be established, but the principle will be that the commercial balance, which is at present unfavourable to the extent of 20 million Turkish pounds, must be rectified. It appears that, in the first instance, the quotas have been based on the imports of 1930. It is hoped that, as the decree-law gets into working order, the Cabinet decisions will take into account the desiderata of the Chambers of Commerce and of importing traders.

An important point of the new decree-law is that goods similar to those now manufactured in Turkey cannot, while it remains in force, be imported at all. This will especially affect silks, textiles, leather goods, cement, etc., in which the recently founded industries in Turkey are handicapped by the rivalry of European countries and lately of Russia. There has been a good deal of outcry against "dumping," especially by Japan, who has increased her shipments very considerably during the past year and is underselling Turkish merchants. Though Angora has never admitted that the Turkish market was being deliberately flooded with goods similar to the new home manufactures, the leaders have always reserved to themselves the right of taking protective measures. The

present decree-law goes one better, and acts as a prohibitionist decree.

Another stipulation of the decree-law is that foreign concessionaires engaged in carrying out public works in Turkey on behalf of the Government or of semi-public institutions are to be obliged to purchase in the country goods to the amount of the articles they import. This proviso can, however, be suspended by the Cabinet if it thinks fit. As the public works involve importations on a very large scale, the importance of this clause to the economy of the country is obvious. Care will, naturally, be taken that the raw materials necessary for the industry of the country are still imported in sufficient quantities. How long the decree-law will remain in force is not indicated, but it is likely to be a permanent measure during the continuance of the world crisis.

As the Government bowed to outcries of the now extinct "Liberal" party two years ago, and introduced laws reducing taxes, and also abolished some years ago the heavy tax on the peasantry which was its chief resource, it is confronted this year with an insufficient revenue. Already last year it diminished the State expenditure by forty millions, and yet there is again a deficit in prospect. It is thought that the Cabinet will be forced to cut down the coming budgetary expenditure by fifteen millions to about 165 million Turkish pounds. Nevertheless, even then, the revenue will be insufficient, owing to the diminution of the revenue from imports, which have gone down considerably in the past year, and owing to the reduction in taxes. So the Government has decided to impose a special "Crisis Tax" on all salaried workers in the community, whether employed by the Government or by private firms. The law embodying this tax has not yet been drafted, but it appears that it will be passed before the Assembly rises at the end of this month. The very fact that the Assembly is to rise, instead of—as previously—sitting for six months, is a change which has been made owing to the economic crisis. It will give the House an opportunity of framing the Budget nearer to the opening of the Turkish financial year in June. The "Crisis Tax" is reckoned to bring in nine million Turkish pounds, and will make up for the diminutions in taxation which were too rashly undertaken last year.

Letters to the Editor.

ELECTIONS IN JUGO-SLAVIA.

TO THE EDITOR OF THE ECONOMIST.

SIR,—May I crave your indulgence to furnish a few details concerning the recent elections in Jugo-Slavia on which you commented in your issue of November 14th? Full details are now available of every election division, and since there is no reasonable justification for questioning the integrity of the persons who signed the results for every polling station in that country, the results may throw some light on the election.

Of the total number of the registered electors in Jugo-Slavia 66 per cent. went to the polls on November 8th. In spite of the fact that there was only one national list 2,325,000 people voted. The number of votes cast was higher than that obtained by all the parties in 1927. All the big towns voted in greater numbers than they did in 1927. Not only did Belgrade poll 31,500 as against 27,000 in 1927; but also Zagreb, the metropolis of Croatia, with its 23,204 as against 19,530 in 1927, and Ljubljana, the Slovene centre, cast 13,464 votes against 10,101 in 1927. The poll in Croatia, for example, was 53 per cent. of the total number of electors, while in Slovenia it was 52 per cent. The Government obtained more votes in the Province of Sava, which practically covers Croatia, than the Croat Peasant Party did in the whole country in the 1927 elections. The Government majority in the Province of Sava over that of the Croat Peasant Party in 1927 amounted to 171,000, while their majority in the Province of Drava (Slovenia) over Dr. Koroshetz, the leader of the Slovene People's Party, in 1927 was over 12,000.

No matter what construction is put upon these figures there is no reason, I think, why they should not be allowed to speak for themselves. There is no material available to prove

First Number Now Ready.

The Crown Colonist

A Monthly Journal of Information for all concerned in the Trade and development of BRITISH EAST and WEST AFRICA, THE WEST INDIES, CEYLON, MALAYA and THE OTHER COLONIES, PROTECTORATES and MANDATED TERRITORIES OF THE EMPIRE.

Bahamas	Falkland Is.	Leeward Is.	Nyasaland	Sudan (A.-E.)
Barbados	Fiji	Malaya	Palestine	Tanganyika
Bermuda	Gambia	Malta	St. Helena	Trinidad
British Guiana	Gold Coast	Mauritius	Sarawak	Uganda
British Honduras	Hong Kong	Nigeria	Seychelles	W. Pacific Is.
Ceylon	Jamaica	N. Rhodesia	Sierra Leone	Windward Is.
Cyprus	Kenya	North Borneo	Somaland	Zanzibar

THE BRITISH COLONIAL EMPIRE, as distinct from the Dominions and India, has of late sprung into prominence. The potentialities of this vast but largely undeveloped asset, comprising nearly 40 separate countries spread across the globe, as an expanding market for British manufacturing industry are now recognised.

No journal at present exists, authoritative and technically competent, which, covering the Colonial Empire as a whole, makes its special concern the trade and industry, public services and private enterprises, growth and economic development of all the Colonies, their relations with one another, with the rest of the Empire, and especially with Great Britain.

This high place and function The Crown Colonist will endeavour to fill. Individually the Colonies are of varying degrees of importance, but collectively they form a great economic commonwealth spread across the world, united with strong bonds of loyalty to the mother country, and destined possibly to become of primary importance to the future of British manufacturing industry.

A complimentary copy will be sent on receipt of trade card or note heading to any Banker, Manufacturer, Merchant, or Exporter interested in Colonial Trade.

Monthly **The Crown Colonist** One Shilling

Illustrated

33, TOTHILL STREET, WESTMINSTER, LONDON, S.W.1.

Principal Contents

DECEMBER NUMBER.

- Colonial Markets.
Their Importance in British Trade, and the Work of the Department of Overseas Trade.
- Colonial Tariffs and Preferences.
A Summary of the Present Position.
- A Great Trading Enterprise.
From Bush Store to Africa House; Organisation and Methods of Operation of the United Africa Company throughout West Africa.
- Colonial Production of Tung Oil.
The essential raw material for the manufacture of varnishes and paints; a new Colonial industry.
- Science and the Empire Producer.
A descriptive account of what the Empire Marketing Board is doing for the Colonies.
- Colonial Forest Resources.
Their Care and Use; an introductory survey of the position. By W. G. Freeman, B.Sc., A.R.C.S., F.L.S., of the Imperial Institute.
- Special Correspondents' Reports.
Exclusive Trade Advice from our own Correspondents in Kenya, Rhodesia, Malaya, Ceylon, West Indies, and other Colonies.
- Colonial Produce Markets.
Specially contributed review of movements and prices in the principal Colonial products, Rubber, Tin, Sugar, Tea, Coffee, Maize, Cocoa, Sisal, Copra, Cotton, etc.
- Round the Colonial Empire.
All the Essential News at a glance from Kenya, Uganda, Tanganyika, N. Rhodesia, British Guiana, Hong Kong, Ceylon, Palestine, Malaya, Gold Coast, Nigeria, etc., etc.
- And Other Articles and Regular Features.

that undue pressure was exercised. But there seems to be a lot to suggest that the national appeal of the Government for the preservation of the unity and integrity of the country was one of the primary reasons for so strong a response. On the other hand, there seems to be growing a definite conviction among the masses of the people that the economic and social problems which are affecting their lives to a very great extent should have the priority which they did not enjoy before.—Yours truly,

16, The Vale, N.W.
November 18th.

JAMES RICE.

[Reports, more or less circumstantial, from Jugo-Slavia throw considerable doubt on our correspondent's suggestion that the figures of votes cast are impressive. In many cases there does appear to have been "undue pressure" put upon voters in order to prevent them from abstaining.—Ed., Econ.]

AN EASTERN LOCARNO.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I am obliged to the Polish Press Bureau for their courtesy in pointing out the clerical error in my previous letter, by which I used the term "by this award" where I should apparently have written with greater accuracy "by these awards." I would also myself correct the error in my letter whereby the total length of Germany's eastern frontier was made to apply to that portion of it which borders only on Poland. From these rather trivial errors in my reference to data Mr Czarnomski has seen fit to charge me with "utter ignorance" of the essential facts; but it is remarkable that he has made no serious attempt to refute any of the more essential data or conclusions. With the irrelevancies, generalisations and invective against the German Government of which the greater part of his letter is composed, I hope that some representative of the other party will be allowed to deal.

—Yours faithfully,
Brontë, Elmsley Road,
Mossley Hill, Liverpool.
November 25, 1931.

R. G. WALMSLEY.

Books and Publications.

BOLSHEVISM CONTRA MUNDUM?

In its quiet and unassuming way, Mr Loder's book* is a model of its kind. Its author carefully evades the more obvious pitfalls which beset the literary path of the itinerant politician home from Russia. He admits his philosophical hostility to the Communist conception of society in the preface, instead of obtruding it in the subsequent chapters. He makes it clear that his main object is "to give those to whom Bolshevism is instinctively repulsive grounds for opposition based on reason rather than on emotion or prejudice." His treatment is sufficiently objective to make one wonder whether those for whom it is written will appreciate it. At least, they will derive little enough comfort from his wary comment on the "slavery" legend. "It has been said that the collectivisation of the peasantry virtually amounts to the re-introduction of serfdom. Strictly speaking, this is not a proposition which could be sustained, but as a rhetorical expression it contains some truth." Part I of the book attempts an historical analysis, necessarily sketchy but otherwise unexceptionable, of the events leading up to the Revolution, and the early days of the Communist régime. Part II contains the personal impressions of a tourist who travelled fifteen thousand miles during two visits of a combined duration of four months, and learned something of the extraordinary diversity and complexity of the Russian problem. Part III touches on the more theoretical aspects of the Communist dictatorship, on the objects and achievements of the Pütiletka, and on the future of Communism vis-à-vis the capitalist world. Mr Loder envisages the possibility of "war to the knife" between the two creeds, if Bolshevism refuses to trim its rougher edges and Western Europe to seek a greater tolerance. In so far as this book throws its weight into the search for a *modus vivendi* it may be deemed to have justified itself. As its author writes in another context, "it is often not facts but what people believe to be facts that determine

* "Bolshevism in Perspective." By J. de V. Loder. George Allen and Unwin. 12s. 6d.

the course of events." At least, if our civilisation is to wreck itself on the rocks of conflicting social philosophies, let us be quite certain what exactly it is that we are to fight about.

BOOKS RECEIVED.

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

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

Some Aspects of the Tariff Question. By Frank W. Taussig. Third edition. (London) Oxford University Press, Warwick Square. 20s. net.

This examination of the development of American industries under protection has now been brought up to 1930.

Bolshevism in Perspective. By J. de V. Loder. (London) George Allen and Unwin, Ltd., 40, Museum Street. 12s. 6d. net.

The author, who gives his personal impressions, gathered in two visits, an historical background, describes his main object as "to give to those to whom Bolshevism is instinctively repulsive grounds for opposition based on reason rather than on emotion or prejudice."

International Studies on the Relation between the Private and Official Practice of Medicine, with Special Reference to the Prevention of Disease. By Sir Arthur Newsholme. (London) George Allen and Unwin, Ltd., 40, Museum Street. 21s. net.

A valuable study of the organisation of medical services in the chief European countries.

Stalin. By Stephen Graham. (London) Ernest Benn, Ltd., 154, Fleet Street. 6s. net.

A short study of Stalin's life and work.

The Present Depression and Monetary Reform. By G. D. Birla. (London) East Indian Produce Company, Ltd., 30, Mincing Lane.

A plea for a currency of stable purchasing power in India.

A Market Analysis of the Population. Statistics for Great Britain and Ireland. Prepared by the Statistical Department of the J. Walter Thompson Company. (London) P. S. King and Son, Ltd., Orchard House, Westminster. 2s. 6d. net.

A little book which should be of value to all business men when studying prospective markets.

L'Organisation du Crédit en Pologne. By Samuel Guterman. (Paris) A. Pedone, 13, Rue Soufflot.

A study of the trend of credit in Poland from 1924 to 1930.

Annuaire de la Société des Nations, 1931. (London) Williams and Norgate, Limited, 88, Great Ormond Street. 12s. 6d. net.

A useful handbook giving detailed information of the League's constitution, activities and personnel.

Official Year Book of the Union of South Africa, 1929-30. (Pretoria) Government Printing and Stationery Office.

A most valuable book of reference.

Lloyd's Calendar, 1932. (London) Corporation of Lloyd's. 3s. 6d. net.

Contains a considerable amount of new material, including articles on shipping, shipbuilding and the oil industry.

The Land Value Tax, 1931. By R. Strachan Gardiner. (London) Central Landowners' Association, 7, Charles Street, St. James's Square. 1s. 6d. net.

A guide to valuation, assessment and procedure.

OFFICIAL PUBLICATIONS.

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

Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Countries, 1930 compared with the years 1928-29. Vol. I. 10s. net; Vol. II. £1 10s. net.

Report of the Land Division of the Ministry of Agriculture for the year 1930. 1s. 3d. net.

Department of Overseas Trade: Economic Conditions in Palestine. July, 1931. 1s. 6d. net.

The Stock Exchange.

IRON AND STEEL SHARES.

IRON and steel shares were in the van of the advance in British equity share prices between the departure from the gold standard and the general election. Individual shares rose by 50 to 100 per cent., and the nine iron and steel securities included in *The Investor's Chronicle* index by 50 per cent. The reasons are not far to seek. Iron and steel shares were outside the scope of the 1928-29 Stock Exchange boom, but participated more than proportionately in the 1930-31 slump. Before the suspension of the gold standard *The Investor's Chronicle* iron and steel share index was 73.6 per cent. below the level of December, 1923, while the index for all "general business" shares was only 23.9 per cent. below that datum point. Thus the "heavy" shares had ample scope for recovery. In the second place, the industry was backed as a favourite in the race to obtain the "benefits" of devaluation. There was no lack of publicity for the increased orders placed for British iron and steel products, while in the background, as a market factor, was the propaganda of certain Press and other interests for tariff support of the industry. The upward movement in values halted soon after the General Election, and a moderate recession has since taken place. A renewal of the rise, however, in the future is more than a possibility, and it is relevant, therefore, to examine the financial position of the leading companies whose shares are dealt in on the Stock Exchange.

The post-war depression of iron and steel securities was due not merely to Great Britain's inability to secure her former share of trade in an expanding world market, but also to the fact that the enormous war-time expansion of plant capacity was followed, in the ensuing boom, by the creation of a large volume of new securities. Many of

these being of a fixed-interest type, the prolonged depression found many companies unable to meet even their prior charge requirements. A vicious circle was created by their consequent inability to raise new capital, with their existing issues at a discount, at a time when far-reaching technical changes demanded constant readaptation of plant as the price of world competitive power. The first serious attempts to break the circle, by ruthlessly writing-off lost capital (including, in some cases, debenture capital), and rationalising productive power as a prelude to obtaining new financial facilities, had been inaugurated by several large interests shortly before the beginning of the world trade slump.

The table at the foot of this column gives particulars of the earnings, dividends and market capitalisation of a large number of British iron and steel concerns. The companies have been arranged under geographical headings, which must, to some extent, influence the course of any future process of consolidation. Within these groups (and in some cases cutting across them) the existing companies, from the investor's viewpoint, fall at present into one of four categories. In the first are included a select number of small or moderate-sized companies, which, as a result of moderate capitalisation—and/or peculiar advantages as regards situation, specialisation of product, etc.—have remained prosperous throughout the depression, and have paid regular dividends to date on all classes of shares. Examples are to be found in almost every area, as, for instance, some of the "Furness" companies, like South Durham on the North-East Coast, and Stewarts and Lloyds in Scotland—a prosperous tube-making concern which has an interest also in the Birmingham district.

CAPITALISATION AND PROFITS.

Company.	Total paid-up Capital (Deb., Pref. and Ord. combined).	Profits for last three years. (After Debenture interest.)			Last Ord. Div.		Present Price Ord. shares (Nom. value £1.)	Present market capitalisation* (Deb., Pref. and Ord.).
		Year I.	Year II.	Year III. **	%	Year.		
<i>N.E. Coast:—</i>								
Cargo Fleet	£ 655,500	£ 4,698	£ 2,537	£ 976	5	1921	...	£ 519,142
Consett Iron	6,000,000	63,255	118,011	136,467	2½	1925	7/-	3,831,250
Dorman, Long	16,956,832	33,597	123,699	22,844	5	1921	4/6	6,832,988
Pease and Partners	4,248,503	Dr. 222,615	Dr. 95,148	Dr. 276,623	1½	1925	2/3	861,976
South Durham	1,537,624	39,367	39,656	39,229	6	1930	25/-	1,221,062
<i>Scotland:—</i>								
William Beardmore	4,617,965	Dr. 285,646	18,142	Dr. 278,054	6	1919	...	2,245,945
David Colville	3,669,320	...	...	...	5	...	...	...
James Dunlop	550,000	7,661	2,574	Dr. 6,957	5	1919	...	287,500
Scottish Iron and Steel	780,000	30,951	41,741	14,150	6	1929	5/-	326,250
Steel Co. of Scotland	500,000	...	...	...	5	1923	...	...
Stewarts and Lloyds	5,757,092	407,114	493,817	340,645	3½	1930	17/6	5,566,206
<i>Sheffield:—</i>								
John Brown	2,862,489	87,262	24,184	Dr. 13,176	5	1925	(b) 2/6	1,724,989
Brown Bayley's	800,000	44,884	40,473	Dr. 18,984	7½	1921	...	590,000
English Steel Corporation	7,884,447	...	...	...	...	...	...	...
Hadfields	3,183,921	54,900	52,420	Dr. 16,592	2½	1929	7/6	1,583,647
Parkgate Iron and Steel	1,875,000	31,248	42,007	8,210	7½	1921	...	1,106,250
United Steel	6,662,884†	Dr. 303,002	Dr. 348,892	Dr. 286,703	3	1921	...	...
Vickers	15,718,968	939,903	941,971	775,926	8	1930	(a) 9/3	16,431,887
<i>South Wales:—</i>								
Ebbw Vale	7,425,900	Dr. 407,393	Dr. 344,717	Dr. 317,491	5	1921	1/9	1,074,034
British (Guest, Keen—Baldwins)	5,349,174	...	...	...	...	...	...	...
Guest, Keen	14,744,075	956,071	968,698	409,222	10	1930	17/3	12,272,675
Baldwins	6,115,520	3,339	48,305	19,191	5	1921	(c) 3/-	4,272,397
Richard Thomas	7,294,873	43,105	27,566	203,991	2½	1925	2/-	2,736,834
Whitehead Iron and Steel	455,537	41,108	40,505	24,635	5	1931	21/3	471,508
<i>Lancashire:—</i>								
Lancashire Steel Corporation	3,960,676	...	...	3,913	...	...	...	...
<i>Shipbuilding Companies:—</i>								
Cammell Laird	5,870,273	Dr. 82,694	10,685	28,783	5	1922	2/-	1,286,198
Fairfield Shipbuilding	1,000,000	28,442	Dr. 11,247	Dr. 23,497	5	1929	...	582,500
Harland and Wolff	7,115,394†	204,355	216,749	105,746	5	1924	...	900,000†
Swan Hunter	2,819,809	168,695	188,389	157,294	6	1930	16/10½	2,540,616

* Unquoted shares taken at par. ** Latest available year. † After reconstruction. ‡ Excluding value of 3,090 £1,000 shares. § Excluding value of £1,000,000 Ordinary Shares. (a) Nominal value, 6s. 8d. (b) Nominal value 6s. (c) Nominal value 4s.

Prices							Prices					
--------	--	--	--	--	--	--	--------	--	--	--	--	--

Prices Year Year	Year 1931. Jan. 1 to		Price Nov.	Price Nov.	Rise	Present	Prices Year Year	Year 1931. Jan. 1 to		Price Nov.	Price Nov.	Rise	Present
------------------------	-------------------------	--	---------------	---------------	------	---------	------------------------	-------------------------	--	---------------	---------------	------	---------

[illegible][illegible]

† Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Nov. 18, 1931.	Price, Nov. 25, 1931.
Central Electricity Board 5% A Stk.	...	...	97-98	95½-96½
Great Universal Stores Ord. (5/-)	£1	fy. pd.	19/-20/-	17½-18½
Great Universal Stores Pref.	£1	fy. pd.	18/9-19/9	18/6-19/6
Grootvlei Prop. Mines	...	...	...	1½-1½
Jones (Peter) 6% deb.	97½	fy. pd.	89-94	89-94
London and Thames Haven Oil New Ord.	50/-	40/-	15/-16/- pm	15/6-16/6 pm
L.G.O.C. New 5% Inc. Deb.	...	...	...	92½-93½
Midland Counties Electric Supply New Ord. £1.	24/-	...	...	1/6-2/- pm
Savory and Moore 7½% Deb.	99½	20	par-1 pm	par-1 pm
Tilling (Thos.) New Ord. £1	30/-	10/-	...	18/9-19/9 pm
Wallah Corp. 4½% 1950-60	100	fy. pd.	91-92xd	91½-92½xd

(Continued from page 1019.)

were 690,490, compared with 717,126 for the previous week and 829,251 for the corresponding week of 1930. The recession is somewhat greater than was expected, and is interpreted as an indication of an inelastic business situation.

	Nov. 12, 1931.	Nov. 19, 1931.	Nov. 25, 1931.		Nov. 12, 1931.	Nov. 19, 1931.	Nov. 25, 1931.
U.S. 3½% T. Bds.	101½	100½	99½	Natl. Biscuit	50½	48	43½
Lib. Ln. 3½% '32-47	101½	100½	99½	Phelps Dodge	9½	7½	7½
Do. 4½% '33-38	101½	101½	101½	Pullman	26½	23½	22½
Atchafalpa	116½	105	94½	Sears-Roebuck	45	41½	38½
Ches. & Ohio	32½	31	28½	Studebaker	15½	14½	12½
Erie	122½	11½	9½	U.S. Fruit	32½	30	30½
Illinois Central	21½	17½	13½	U.S. Leather	4½	3½	3½
N.Y. Central	49	40	34½	U.S. Rubber	70½	64½	57½
Pennsylvania	31½	28½	24½	U.S. Steel	47½	38½	35½
Southern Pacific	50½	44	35½	Westinghouse	53	48½	45½
Southern Ry.	17	15½	12½	Woolworth	142½	134½	128½
Union Pacific	110½	95½	86½	Am. Tel. & Tg.	10½	8	7½
Am. Can.	83½	76	71½	Interboro R.T.	17½	14½	11½
Amer. Smelting	32½	24½	22½	Int. Tel. Teleg.	11½	9½	11½
Anacosta	16½	13½	13½	Radio Corp.	13½	12½	11½
Bethlehem Steel	36½	27½	25	Utilities P. & L.	72½	57	51½
Chrysler Motor	17½	15½	14½	W. Union Tg.	7	6½	6½
Corn Produce Ed.	15	14	14	Associated Gas "A" ..	23	23	23
Eastman Kodak	112	101½	93½	Pan. Amer. B.	13½	11	10
Gen. Electric (New) ..	31½	28½	26½	Shell	5½	4½	4½
Gen. Motors	29½	26	24½	Shell Union	7½	7½	6½
Int. Harvester	35½	32½	29	Sinclair Oil	35	32½	31
Montg. Ward	12½	11½	10½	Std. California	35½	33½	32½
				Do. N.J.			

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Nov. 11.	Nov. 18.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	71.3	66.5
33 Bonds	127.8	173.5	89.1	145.6	92.0	51.5	44.4
34 Utilities	177.6	330.4	153.2	267.4	158.1	120.7	112.9
Total, 404 stocks...	140.3	228.1	105.5	184.2	107.6	76.1	70.5

Average yield of 50 Industrial Common Stocks	5.10%	5.23%	4.15%	5.95%	5.91%	6.86%	7.45%
--	-------	-------	-------	-------	-------	-------	-------

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

Highest of 1931 (Feb. 24).	Lowest of 1931 (Oct. 5).	Nov. 11, 1931.	Nov. 12, 1931.	Nov. 13, 1931.	Nov. 14, 1931.	Nov. 16, 1931.	Nov. 17, 1931.	Nov. 18, 1931.
140.2	67.8	85.9	85.9	83.1	82.2	80.7	82.4	79.0

TOTAL DEALINGS IN NEW YORK.

	Nov. 19, 1931.	Nov. 20, 1931.	Nov. 21, 1931.	Nov. 23, 1931.	Nov. 24, 1931.	Nov. 25, 1931.	Nov. 26, 1931.
Stock Exchange—Shares (Thous.)	1,500	2,000	900	1,300	1,200	1,400	†
Bonds (Value Thous. \$) ...	9,400	10,417	4,290	9,147	8,999	8,900	†
Over-the-counter—Shares (Thous.)	220	280	129	220	200	220	†

* 2-hour session.

† Holiday.

CANADA.

After showing a healthier tone, the Canadian markets have suffered a fresh recession, which has brought many of the "pegged" stocks back to their former level. The sharp rise in wheat and other grains was mainly responsible for the forward movement, and the setback in grain prices for the downturn. The stocks of companies interested in Western business are now looked upon with a little more favour, but business conditions do not justify

any substantial advance. Some recent earnings returns have been disappointing. The liquidators of the Montreal brokerage houses which recently went into bankruptcy are faced with the necessity of unloading heavy blocks of Montreal Power, Brazilian Traction, and other key stocks, and hopes of a steady rise of prices during the winter months are regarded as slender. Arrangements have been made, however, with the creditors of Macdougall and Cowans, the largest of the "failed" brokerage firms, for a plan of reorganisation to enable the resumption of business. Newsprint stocks have been slightly more buoyant, as a result of plans for a gigantic merger of the leading pulp and paper companies. Distillery stocks have been weak, earnings having severely declined as a result of a curtailment of liquor purchases by the public. The bond market has been reasonably firm, but is marking time until the terms of the new Federal loan are made public. The Bureau of Statistics "Investors" index of industrial common stocks for the week ended November 12th was 85.9 as compared with 79.6, 74.9, and 73.6 for the weeks ended November 5, October 29 and 22 respectively.

PARIS.

The Paris Bourse opened in heavy and listless fashion. Liquidation followed the news of a sharp break in sterling, bank shares suffering heavily. In the speculative markets, Central Mining and Tinto relapsed. A slight recovery occurred on bear covering, but on Wednesday the tone was adversely influenced by the fresh relapse in wheat prices. Many quotations reached new low levels. International securities were especially affected. A partial revival was seen of pressure on German loans, while renewed weakness became general on Thursday following a further decline in sterling.

	Nov. 19, 1931.	Nov. 23, 1931.	Nov. 26, 1931.		Nov. 19, 1931.	Nov. 23, 1931.	Nov. 26, 1931.
Banque de France	12,045	11,390	11,205	Wagons Lits	95	91	93
Crédit Lyonnais ...	1,850	1,790	1,742	Mexican Eagle ...	28	28	28
Suez Canal	13,148	12,880	12,790	"Chartered"	87	82	81
Chargours Réunis ..	258	246	246	Ford	119	116	111
Rio Tinto	1,585	1,560	1,547	De Beers	320	307	304
Royal Dutch	13,625	13,025	12,995	"Johnnies"	120	115	113

AMSTERDAM.

Unfavourable business reports and a general lack of interest unfavourably influenced the Amsterdam Bourse. Unilever and Royal Dutch were weak, though Philips Lamps were steadier on the announcement that the British import duties would scarcely affect the company's sales. On Tuesday, unexpected firmness developed, in which the speculative markets shared. Amsterdam Rubber were quoted higher, while Sugar and Tobacco shares remained steady. A reaction occurred on Wednesday, but Rubber shares showed unexpected powers of resistance.

	Nov. 19, 1931.	Nov. 23, 1931.	Nov. 26, 1931.		Nov. 19, 1931.	Nov. 23, 1931.	Nov. 26, 1931.
5½% German	37½	37	35½	Steel Common	65½	60½	59½
Unilever N.V. ...	123	116½	113	A. K. U.	49½	47½	44½
Philips Lamps ...	86½	87	92½	Ford Motor	208	205½	205
Netherlands Ship Union	81½	76½	77	Deli Batavia	146	140	135½
Java Cultuur	160	157	...	Royal Dutch	132½	126½	126½

OTHER CENTRES.

Moderate but intermittent activity was displayed by certain other European Bourses. Stockholm was fairly buoyant at the beginning of the week, domestic issues in particular being firmer, but a reaction followed. Oslo reported increased activity in whaling shares. Brussels improved after a weak opening. Unofficial quotations in Berlin, however, showed an appreciable decline during the week. Dye Trust was done at 95.00 (against 97.7 Siemens at 120.75 (against 121.00), General Electric 29.50 (against 34.25), and Reichsbank at 89.50 (aga-

INVESTMENT NOTES.

Industrial Shares and "Anti-Dumping."—No increase in activity in the industrial share market has followed the first Board of Trade Order under the anti-dumping Bill—which is discussed on page 993 of this issue—but brokers have been dealing with a large number of inquiries regarding the companies which will be affected. We give below a table of the leading companies operating in the trades affected by the Order, whose shares are dealt in on the Stock Exchange. We show the lowest prices recorded this year, the earnings and dividends in the last two years reported, and the dividend yields at present prices. The order given follows the order of the articles as detailed in the Board of Trade list:—

	Lowest, 1931.	Present Price.	Earnings Last two years.	%	Divs. Last two years.	%	Gross Div. Yield.
Twyford & Shanks £1	20/-	23/3	17.3	11.5	12.5	9.0	7.74
Shanks & Co. £1	17/-	17/6	17.7	10.7	10.0	6.0	6.86
Canning Town Glass Works 5s.	1/4½	3/6	10.7	5.3	7.5	5.0	7.14
John Shaw of Wolverhampton £1	1/2	1/9	NH	NH	NH	NH	...
Electrolux (Kr. 100) £1	77/6	£5	12.1	11.7	9.0	9.0	7.75
Fye Radio (Kr. def. shs.)	6/-	9/6	150.9	190.3	100.0	100.0	10.53
Patons & Baldwins £1	16/9	30/-	NH	2.7	2.5	2.5	1.67
Quilt Manufacturers £1	7/-	11/3	9.9	NH	free	free	...
Grout £1	10/-	20/-	NH	1.4	NH	NH	...
Winterbotham, Strachan & Playne £1	17/4½	21/3	11.3	10.9	10.0	8.0	7.53
Salts (Saltaire) £1	1/-	4/9	NH	NH	NH	NH	...
Wolsey £1 A	11/1	16/5½	6.0	2.0	5.0	3.0	3.65
Illingworth Morris £1	1/4	4/6	NH	NH	NH	NH	...
Wardle & Davenport £1	23/-	40/-	10.9	7.8	10.0	8.0	4.00
Whitworth & Mitchell £1	40/3	50/9	37.2	34.3	22.5	22.5	8.87
Dent Allcroft 4s.	8/6	1/6	0.7	NH	NH	NH	...
Phillips Rubber Soles £1	26/4½	28/9	26.7	17.1	15	15	10.43
E. S. & A. Robinson £1	22/7½	...	28.6	19.9	16.0	16.0	...
Wiggins Teape £1 ...	19/3	26/3	14.6	10.0	10.0	10.0	7.62
John Crossley & Sons £2	11/3	15/-	NH	NH	5.0	NH	...

Twyford and Shanks are the leading concerns manufacturing sanitary ware, glazed wall and hearth tiles. Both companies have suffered from foreign competition—the directors of Shanks attributing it to a large factory in Germany backed by unlimited American money. Wages were, however, reduced in this industry in June last, and the depreciation of the pound will, perhaps, provide a more effective protection than the anti-dumping Order. The protection of domestic glassware may help Canning Town Glass, which has been feeling the ill-effects of intense competition at lower prices. With regard to cutlery and tools, John Shaw and Sons, of Wolverhampton, are one of the leading machine tool firms, having a large export trade to India and the Colonies. The company has been earning nothing on its ordinary capital, and was forced to pass its preference dividends in July. As the Swedish-owned Electrolux is manufacturing in Great Britain, it will benefit from the duty on vacuum cleaners. The duties on wireless sets and parts may assist a number of companies, in particular Pye Radio, General Electric, Associated Electrical, Electrical and Musical Industries, and Marconi Wireless. Wireless, however, is merely a side issue for all these companies, except Pye Radio, which was prosperous before Protection was seriously thought of or the pound sterling depreciated. The duties on woollen and worsted goods may help Patons and Baldwins, Salts (Saltaire), Winterbotham, Strachan and Playne, John Crossley and Sons, and Illingworth Morris, woollen and worsted manufacturers and dyers, and Wolsey, manufacturers of woollen goods; while the duties on artificial silk stockings will be of some benefit to the artificial silk manufacturers, in particular Grouts (which has been earning nothing on its ordinary capital), Wardle and Davenport and Whitworth and Mitchell—the last two already prosperous companies. Phillips Rubber Soles, which explains itself, Dent Allcroft, glove manufacturers, Wiggins Teape, and E. S. and A. Robinson, paper and wrapping paper manufacturers, are other companies directly concerned. Quilt Manufacturers has been

earning nothing for ordinary shareholders, but may possibly be assisted by the duties on rugs and coverlets. The list of companies we have given is not exhaustive, but it serves to emphasise the wide range of companies whose shares may receive speculative attention as a result of the Board of Trade's solicitude.

Secret Reserves: An Accountant's Views.—The Kysant case was bound to cause much searching of heart among professional accountants, and it is well that eminent members of the profession should address themselves to the task of enunciating the conclusions it has suggested, particularly as regards the question of "secret reserves." For many years previously, accountants had frequently been accustomed to certify balance sheets, without qualification, containing items whose valuation was affected by the existence and utilisation of secret reserves. At least one accountant, of acknowledged authority, defended the creation and use of secret reserves as being no more than prudent financial policy. The opposite view has now been forcibly stated by Mr Henry Morgan, President of the Society of Incorporated Accountants and Auditors. Mr Morgan's view is that, so long as a secret reserve exists, every set of accounts is, technically, incorrect. When the reserve is created, certain liabilities are overstated or assets understated, and the profit is also understated. When a secret reserve, already existing, is continued, the profit-and-loss account may be correct, but the balance sheet is incorrect. When such a reserve is utilised, the balance sheet becomes correct, but the profits are overstated. Mr Morgan's *credo* is commendably free from the technical niceties which make the pronouncements of many accountants, like those of other professional men, difficult, at times, for laymen to apprehend. He does not controvert the theory (which all accountants apply in practice) that it is prudent to "err on the safe side" in estimating liabilities, but he sees no justification whatever for absence of disclosure when secret reserves are drawn upon. He shrewdly observes that if disclosure were made compulsory, the creators of such reserves would find, frequently, that their chief *raison d'être* had vanished. Mr Morgan does not agree that, where secret reserves exist, an auditor has done his duty merely by insisting that the accounts include some form of words intimating, more or less oracularly, that "balances" are present or have been drawn upon. He believes that in such a case the auditor should definitely qualify his certificate as being "subject to the non-disclosure of the amount of the reserve in question in the balance sheet or profit-and-loss account." Mr Morgan has thrown down a gage which, we imagine, some of his professional colleagues will not be slow to take up. They will probably point out that the element of approximation



ESTABLISHED at the most important commercial centres in South America and Portugal, the Bank of London & South America Ltd. is particularly well equipped to carry out modern banking business of every description.

ARGENTINA—BRAZIL—COLOMBIA
CHILE—PARAGUAY—URUGUAY
PORTUGAL

BANK OF LONDON & SOUTH AMERICA LIMITED

6, 7 & 8, TOKENHOUSE YARD, LONDON, E.C.2

MANCHESTER:
36, Charlotte St.

Affiliated to
Lloyds Bank Limited.

BRADFORD:
33, Hustlergate.

And at NEW YORK, PARIS and ANTWERP.

must necessarily enter into the value of many items in every set of company accounts. Until the future has revealed the actual extent of many liabilities, it may be flatly impossible for an accountant to declare, categorically, that the provision made has been excessive. In such an event, the position of an auditor would be onerous in the extreme if he were deemed blameworthy unless he qualified his certificate. Nevertheless, the question of disclosure is so fundamental for investors that Mr Morgan's forthright contribution must be regarded as a public service, calculated to stimulate active discussion of a matter which cannot be left in its present unsatisfactory state.

Revival in New Issues?—Recent announcements of a number of industrial issues are not unwelcome, in view of the recent stagnation of the new capital market. During the first 48 weeks of this year total offerings in London have been only £100 millions, against £238 millions in the corresponding period of 1930, and £279 millions in 1929. During the three months ended October 31st last, indeed, total issues were negligible on balance, the excess of National Savings Certificate repayments over new purchases being practically equal to the whole of the new flotations. Such conditions cannot be regarded as "healthy." They suggest that an important part of the British financial machine has not been functioning. During the present month, however, the period of stagnation has been broken, though some of the issues have had a certain element of *force majeure*. Thomas Tilling, the road transport contractors, have invited ordinary shareholders to apply for 527,350 new £1 shares at 30s., to provide part of the finance required in respect of purchases of a controlling interest in transport undertakings and other capital expenditure. Messrs. Furness Withy have announced an early issue, subject to the sanction of shareholders, of £2,000,000 of £1 shares at a price estimated in the market at 21s. There has been much speculation as to the object of the issue, the suggestion of a possible purchase of the White Star Line being discredited, though that of the taking over of refrigerator tonnage for the South American trade, from the Royal Mail group, has commanded more support. Particulars will be found, in our "Capital Issue" columns, of an offer made this week by Lazard Bros. of £1,400,000 of 5 per cent. debenture stock, at 93, on behalf of the Galloway Water Power Company—a statutory company, not as yet in operation—to develop the hydro-electric power in the Galloway area, on the River Dee, and sell its output direct to the Central Electricity Board. Finally, Associated Electrical Industries is offering 1,399,560 £1 shares, to existing shareholders, at 21s., the proceeds being destined to finance the repayment of £1,396,390 of 7 per cent. mortgage debenture stock of a subsidiary—the British Thomson-Houston Company. These four issues involve a total, in money, of £5,662,553. The nature of the response evoked will be watched with interest. Although the present period of unsettled conditions and high interest rates is not, *prima facie*, favourable for extensive long-term capital operations, many companies which have been temporarily financing unavoidable capital requirements by recourse to bank loans would doubtless welcome an early opportunity to put these obligations on a permanent basis, provided this could be done at a reasonable cost. The banks, naturally, would view the process with favour.

Dalgety's Profits and Prospects.—With reference to our leading article last week on the outlook for Australian securities, it may be of interest to add the views expressed by the chairman of Dalgety and Company, Mr Edmund Parker, at the shareholders' meeting on November 19th. Mr Parker said that Australians were now experiencing a fine season, and were hopeful that they were on the eve of a rise in the prices of primary products. As regards wool, the 1930-31 selling season had been one of the leanest ever experienced, for it had been difficult for the growers to make ends meet. The

joint "wool cheque" for Australia and New Zealand had fallen to £31.2 millions, against £39 millions in 1929-30, and an average of £69.3 millions in the previous three years. But the end of the season found everyone in better heart to face the future, owing to the recovery in prices which had since occurred. The selling season opened in Sydney at the end of August, with prices again on a lower basis, the average price for greasy wool being 6½d. per lb., against an average at the same time last year of 8.60d. per lb. Since then the market had improved and the catalogues had been well cleared. The September sales in London opened with prices at a lower basis than at the end of July, but since the departure from the gold standard prices had risen rapidly with the depreciation in the value of sterling and a flood of orders had come from the home trade, which was replenishing its stocks. At the peak of the auctions prices had risen from 25 per cent. to 30 per cent. above the lowest point. This sharp rise had not been maintained, but Mr Parker was of opinion that the wool trade was in a much healthier condition, a good volume of business having been done both for home consumption and for export. As regards wheat, a large crop was harvested, the quantity being about 205 million bushels, but the quality had been seriously affected by rain in the Eastern States. The prices realised were the lowest known for forty years. For the 1931-32 season the acreage planted was smaller, and the total crop was estimated at 177 million bushels. Growers would benefit, he declared, by the depreciation in the £ sterling, and as, in addition to the recent advance in wheat prices, the Australian Government had voted a bonus to farmers of 4½d. a bushel on all wheat marketed, the returns would be far more satisfactory. Since Mr Parker's speech was made the defeat of Mr Scullin has introduced a new factor into the equation, the result of which can scarcely be foreseen until the outcome of the elections is known. As regards the company's prospects, the chairman stated that it had been necessary to dip into reserve to some extent in order to pay the dividend, but every source of possible economies was being explored. We take this opportunity of correcting a misprint, which occurred in our leading article, regarding the company's gross profits. These dropped last year from £927,222 to £801,895, not to £80,895 as stated in our article. It may be added that the company has written down, out of revenue, its freehold and leasehold properties from £1,196,800 to £306,800, and that its ordinary and general reserve funds now total £1,500,000, an amount equal to the paid-up ordinary capital. These figures are a testimony to the conservative policy of the directors and the strong financial position they have been able to build up.

Electricity Supply Company Prospects.—At a time when the outlook for industry as a whole is obscure and complex, it is not easy accurately to estimate the probable course of the electricity industry. Electricity supply companies have hitherto enjoyed an exceptionally favourable field and, as may be seen from the following table of recent profits and dividends, full advantage has been taken of the facilities provided by increasing concentration and the growth of "electrification":—

Name of Company.	Net Profit, 1929.	Ord. Div.	Net Profit, 1930.	Ord. Div.	High-est Price, 1931.	Low-est Price, 1931.	Price, Nov. 25, 1931.	Yield.
Bournemouth and Poole (£1)	12,410	15	116,814	15	62/6	54/6	58/9	5 2 3
Charing Cross Electricity* (£1)	140,727	8.1	144,615	8.1	30/6	28/9	29/6	5 10 0
City of London (£1) ...	273,888	10	283,222	10	38/3	34/3	35/-	5 14 3
Clyde Valley (£1) ...	191,995	8	226,142	8	35/6	28/9	32/6	4 18 6
County of London (£1)	682,824	11	633,069	11	49/9	40/-	45/-	4 19 0
Lancashire Electric (£1)	173,109	7.0	169,687	6.5	26/-	20/6	25/-	5 4 0
Metropolitan Electric (£1)	206,922	10	286,384	10	42/6	36/9	40/7½	4 19 3
Midland Counties (£1)	211,073	7	233,196	7	29/-	25/-	27/-	5 1 0
Newcastle-on-Tyne (£1)	437,784	6	446,169	6	25/9	20/6	24/4½	4 19 0
North Metropolitan (£1)	355,492	10	398,269	10	49/3	41/-	42/6	4 14 0
Scottish Power (£1) ...	173,940	8	244,786	8	30/6	25/4½	28/1½	5 13 6
Yorkshire Electric (£1)	341,083	8	332,558	8	34/6	28/6	32/6	4 18 6

* West End.

As regards future prospects, the companies may be roughly divided into three groups. In the first are included concerns supplying current to the London district and the Midlands, both highly promising areas from the electrical point of view. This group has scarcely been affected, in an absolute sense, by the current depression, the output of current for South-East England having increased by eleven per cent. in the twelve months to October 31st last. The predominant feature of the industry—increasing returns to capital expenditure—is here very noticeable. In the second group occur the virtually "stationary" areas of the North Midlands, Yorkshire and Lancashire, where, though output has not declined, the companies are required to earn increased revenue to meet the costs of increased capital expenditure. The third group—including North-East England, Scotland and South Wales—has had to bear the brunt of the industrial crisis, and one or two of the companies concerned may find it difficult to maintain dividends without calling on reserves. The fact that, in a time of stress, there has been so little falling off in consumption nevertheless speaks well for the future. The abandonment of the gold standard appears to have given an immediate stimulus to sales, particularly in Lancashire and Yorkshire, but in Scotland and on the North-East Coast, where shipbuilding is of great importance, there has been little appreciable improvement.

Aerated Bread Company.—As a result of intensive re-organisation—involving development, extension and improvement—this company is able to show a further increase in earnings for the year to September 30th. Gross profits rose by £22,906 to £198,075, and net profit was £104,665, against £79,828:—

	Sept. 28, 1929.	Sept. 27, 1930.	Sept. 26, 1931.
Net profit	16,242	79,328	104,665
Preference dividend	26,000	25,594	25,187
No. of times covered	0.62	3.10	4.15
Ordinary dividend:—			
Amount	...	48,437	46,875
Earnings	...	5.42%	7.61%
Paid	...	5%	5%
Inc. or dec. in carry-forward	-9,758	+5,297	+32,603

Additions to freehold and leasehold properties, during the year, were £19,891, bringing this item to £1,054,918—a total just short of the 1931 figure, since depreciation has been deducted from the gross amount. After allowance for depreciation, plant, etc., showed a slight rise. Debtors were reduced, but cash rose by £32,636 to £38,615. The bank overdraft of £49,698 has been completely repaid. The £1 ordinary shares now stand at par, and yield £5 5s. 8d. per cent.

Peter Walker and Robert Gain.—Trade depression and high taxation are responsible for a drop in gross earnings of this brewery holding company of £47,468 to £523,837. The net profit of £370,458, however, was more than sufficient to maintain the dividend:—

	Year ended September 30, 1929.	1930.	1931.
Net profit	417,266	418,005	370,458
Preference dividend	160,000	160,000	160,000
No. of times covered	2.61	2.61	2.32
Ordinary dividend:—			
Amount	170,250	170,250	170,250
Earnings	11.33%	11.36%	9.23%
Paid	7½%	7½%	7½%
To reserve fund	50,000	50,000	25,000
To superannuation reserve	5,000	5,000	5,000
Increase in carry-forward	32,016	32,755	10,208

The main alterations in the balance sheet are connected with the company's holdings in Peter Walker and Son,

Warrington and Burton, Limited. These, after deducting reserve, now stand at £3,800,000, a reduction of £305,767. Amounts payable by associated companies have risen by £350,000 to £580,000. At 16s. the £1 shares yield 10 per cent.

Tate and Lyle.—The accounts of these sugar refiners to September 30th last show impressive recovery. Trading profit, at £905,872, is more than four times the amount for 1930, while net profit, struck after deduction of income tax, fixed charges, and depreciation reserves, has increased from £339,584 to £731,418.

	1929.	Year to September 30, 1930.	1931.
Trading profit	782,373	213,949	905,372
Net profit	736,582	339,584	731,481
Brought forward	41,135	59,417	40,850
Preference dividend ...	71,500	71,500	71,500
No. of times covered	10.9	4.5	11.0
Ordinary dividend:—			
Amount	496,800	340,000	459,000
Earnings	21.4	7.9	21.1
Paid	15	10	13½
Reserve	150,000	26,651	180,000
Carried forward	59,417	40,850†	61,832

† After including £80,000 transferred from dividend reserve.

Last year it was found necessary to draw on reserves to the tune of £80,000. This year, the same amount is reallocated to dividend reserve, and a further £100,000 is added to general reserve, which now stands at £1,250,000. The carry-forward is increased from £40,850 to £61,832. The report makes no comment on the results, but it is to be supposed that the great advance in income is due largely to the fact that stocks, heavily written down to the low level of twelve months ago, have been liquidated during the past year at steadily rising prices. The current balance sheet shows stocks at £1,465,829, against a previous figure of £1,667,971. Investment revenue, over the same period, has fallen from £178,072 to £93,053. At 40s. the £1 ordinary shares yield about £7 2s. per cent., allowing for the final dividend.

Dennis Brothers.—The latest accounts of this commercial vehicle manufacturing concern suggest that new business has been affected by general trade depression during the past financial year. Trading profit has fallen from £296,514 to £137,524—a decline of no less than 53.6 per cent.—while net profit, at £135,743, compares with £286,805. Dividends on the ordinary capital (of which 17s. out of every former £1 share was returned to shareholders in earlier years) has been reduced from 28½ per cent. to 17s. per cent.:—

	1929.	Year to September 30, 1930.	1931.
Trading profit	346,356	296,514	137,524
Net profit	336,585	286,805	135,743
Brought forward	97,739	96,391	95,345
Ordinary dividend:—			
Amount	262,933	212,851	131,467
Earnings	472.5	410.3	180.7
Paid	350	283½	175
Reserve	75,000	75,000	Nil
Carried forward	96,391	95,345	99,621

Past finance has been highly conservative, and the balance sheet remains very liquid. Reserves alone total £650,000, or nearly nine times the issued capital. The balance sheet shows a slight decline in "stock on hand and work in progress" from £310,409 to £286,865. Shareholders will await with interest the chairman's speech, when further particulars relating to the company's position *vis-à-vis* its competitors may be forthcoming. At 21s. 8d., the 1s. shares yield 8½ per cent., allowing for the final dividend.

Second Co-operative Investment Trust.—A valuation of this Trust's investments at September 30, 1931, taking quoted securities at middle market prices and unquoted securities on the basis of "the best information available," showed a depreciation, after deducting reserves and the carry-forward, of 44.31 per cent., as against one of 20.15 per cent. at September 30, 1930. This fact makes unpleasant reading for shareholders, despite the directors' observation that, owing to the disorganisation of the stock markets, the valuation affords no true index of the worth of the securities held. The fact that 15.39 per cent. of the securities are located in Germany and 18.67 per cent. in other European countries outside Germany, France and Belgium—in other words, that 34.06 per cent. are held in the financial storm centres of the world—suggests that a significant part of the Trust's holdings must be unrealisable at the present time. The net revenue for the half-year ended September 30th last amounted to £23,410, against £30,396 in the corresponding period of 1930, and a dividend of 1½ per cent. actual, against 2 per cent., is being paid. The transfer to general reserve is £5,000, against £10,000, and £4,517 is carried forward, against £3,194 at September 30, 1930.

Tin—A Further "Cut."—On Tuesday last the International Tin Committee, representing the Governments of Bolivia, the Dutch East Indies, the Federated Malay States, Nigeria and Siam, held a meeting at The Hague. As a result, it was announced that, as from January 1st next, an additional cut of 15,000 tons a year would be made in the production and export of tin. In 1932, therefore, the output of these countries (which are estimated by supporters of tin restriction to control all but 9,000 tons of world output), will be reduced to 91,000 tons, or approximately 56 per cent. of the 162,000 tons produced in 1929. The table below is based on the presumption that the four chief participating countries will share the increased rate of curtailment in proportion to their present quotas. The figures show the effect of the various arrangements made since the quota scheme was introduced:—

(Tons per annum.)				
	Agreed 1929 Production.	After Initial cut, March 1, 1931.	After Second cut, June 1, 1931.	After Third cut, Jan. 1, 1932.
Malaya	69,366	53,853 (22.36%)	45,355	38,904
Bolivia	46,338	34,220 (26.15%)	28,818	24,701
Dutch East Indies	35,730	29,870 (16.4%)	25,159	21,564
Nigeria	10,412	7,830 (24.8%)	6,577	5,637
Siam	*25,000-30,000	*25,000-35,000	{	{
Others				
Total	186,846-191,846	150,773-160,773	124,909	109,806

* General market estimates.

† Tin restriction authorities' estimates.

Against the new estimated world production of 110,000 tons, deliveries for September and October, covered by the official returns, were at the rate of about 98,500 tons. It remains to be seen, therefore, whether the new cut will bring supply and demand into balance without a revival of consumption. The price of tin did not rise appreciably on the announcement, and fell on Thursday to £135 5s., against £136 at the beginning of the week.

Anglo-Persian Oil.—That the Anglo-Persian Oil Company would follow the example of the Royal Dutch, Shell Trading and Transport, and Venezuelan Oil Concessions in passing its interim dividend was generally expected in the market. A close connection between the Anglo-Persian and the Royal Dutch-Shell group exists, and has lately been cemented by the formation of a joint marketing company in Great Britain, to which reference was made in our last week's issue. Though the Anglo-Persian has been able to effect great economies in its operating, transport and refining expenditures—it is probably the cheapest producer of crude oil in the world—it has not been able to escape the effects of cut-throat marketing competition in this country and on the Continent. It may

be conjectured, however, that it will pay some dividend when the accounts for the whole year are available. In respect of 1930 it paid 15 per cent., which represented £534,298 gross dividends to the Burmah Oil Company, including the B.O.C.-A.P. Share Trust, on their holding of 3,561,990 shares, and £1,125,000 to the Treasury on the British Government holding of 7,500,000 shares. In the meantime the Anglo-Persian is making the holders of the 7 per cent. non-cumulative participating preference shares of Scottish Oils, Limited, an offer to acquire their shares, cum all dividends not already declared and paid, in exchange for 9 per cent. cumulative second preference shares of the Anglo-Persian Oil Company, Limited, ranking for dividend as from April 1, 1931, at the rate of two Anglo-Persian shares for three Scottish Oil shares, fractions being adjusted in cash. A similar offer is being made to the holders of the preference shares of the Pumpherson Oil Company, Limited, the Broxburn Oil Company, Limited, and the Oakbank Oil Company, Limited, but in these cases the shares to be issued in exchange will be the 8 per cent. cumulative first preference shares of the Anglo-Persian Oil Company, Limited. The Anglo-Persian is already in control of Scottish Oils through its holding of the ordinary shares, while Scottish Oils own all, or nearly all, the ordinary shares of the other companies named. The proposal represents a valuable offer to these preference shareholders, for hitherto the Anglo-Persian was under no obligation to pay their dividends.

Consolidated Gold Fields.—Twelve months ago the directors gave the lie to rumour by declaring a dividend upon the ordinary shares—though at the reduced rate of 7½ per cent. On the present occasion there was no room for doubt, a clear warning having been afforded by the postponement of the distribution due in October on the second preference shares. In view of the conditions which have prevailed during the year ended June 30th last, the gross income of the operating company, the New Consolidated Gold Fields, has fallen off to a less extent than might have been expected. It figures at £438,900, compared with £504,830 in 1929-30, but depreciation calls for £713,200, as against a provision of £300,000 twelve months ago. Towards meeting the former sum, £406,048 is transferred from the reserve built up in prosperous years, leaving that fund at a round £200,000. Some rather substantial changes are shown in the balance sheet. Investments are naturally down; loans at short call have been reduced to comparatively trifling proportions. On the other hand, cash advances and mortgages have been almost doubled. Altogether the position is less liquid than it was twelve months ago. At £7,019,400, the balance-sheet total indicates a shrinkage of about half a million. The results of the past three years are summarised below:—

	Year ended June, —		
	1929.	1930.	1931.
Investments	3,202,380	4,290,610	3,826,520
Shares in subsidiaries	1,054,460	1,147,590	1,118,640
Properties and ventures	373,370	399,090	477,490
Loans at short call	939,190	338,130	17,400
Debtors	164,760	263,090	177,440
Cash advances, &c.	703,340	672,450	1,234,390
Cash	366,540	376,220	150,090
Creditors	373,790	200,950	466,250
Net profit*	452,820	330,890	149,790
Dividend per cent.*	15	7½	Nil
Carried forward*	51,930	55,780	59,110

* Gold Fields Company. Other figures relate to the New Consolidated Gold Fields.

The information contained in the report as to the company's South African interests for the most part merely summarises what is already known—though it may be emphasised, in passing, that the gold shares figure prominently amongst the company's most satisfactory holdings. The purchase of a "substantial interest" in the Ashanti Goldfields has proved profitable, and the acquisition of an option over a block of shares in the Taquah and Abosso seems to have possibilities. On the other hand, the participations in the Lake View and the Wiluna—especially the latter—have so far turned out anything but well. A poor

story also has to be told of the company's oil interests. As affecting the Transatlantic investments, concerning which information is not readily obtainable here, note may be taken of progress on the part of the American Potash and Chemical Corporation—though recent conditions have necessitated a curtailment of output. The net earnings of the Celanese Corporation are on the upgrade. A record production by the South American Gold and Platinum Company has resulted in lower profits, owing to the disastrous fall in the value of the white metal. The Yuba Corporation was under the necessity of cutting its dividend from 20 cents to 10 cents; but the prospects of other gold-dredging enterprises appear promising. Gold Fields £1 ordinary shares are now quoted around 15s.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—English, Scottish and Australian Bank, Royal Bank of Scotland, Johannesburg Consolidated Investment, Wall Paper Manufacturers, Goode Durrant and Company, Anglo-Ecuadorian Oilfields, and New Modderfontein Gold Mining. Presiding at the annual meeting of the New Modderfontein Gold Mining Company, Mr John Martin, after discussing the influences which had necessitated the abandonment of the gold standard, expressed the view that (a) gold would continue to play an essential part as an international standard of value; (b) its future would not be determined by the countries which happened to produce gold; (c) countries going off the gold standard would be bound in course of time to return to it, if not at parity, on a stabilised devalued level, and (d) gold as a standard was still functioning, but it would do so more beneficially after an equitable redistribution of existing supplies. At the annual meeting of Johannesburg Consolidated Investment Company, Professor J. G. Lawn said that the level of expenditure in South Africa was on too high a plane, and the simplest and least disturbing method of remedying this was by a devaluation of its currency, which would help the farming, mining and secondary industries. At the annual meeting of Wall Paper Manufacturers, the chairman informed shareholders that during September there was a very large increase in imports of foreign wallpaper, presumably caused by the fear of a tariff.

CAPITAL ISSUES.

Reference is made in an "Investment Note" on page 1024 to a recent stirring in the dry bones of the new capital market. Apart from announcements of important issues, actual or pending, by existing companies to shareholders, a public offer has been made this week of debenture stock on behalf of the Galloway Water Power Company. The company's generating stations, when in operation, will be "Selected Stations" under the South Scotland Electricity Scheme, and the whole output will be purchased by the Central Electricity Board. As the running yield on the debentures is only 5½ per cent., the issue price would appear to take full account of the "semi-gilt-edged" character of the loan's auspices.

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative

148 Leadenhall St. London, E.C. 3.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Nov. 21, 1931, £98,014,143. Total, including conversion, recorded Jan. 1 to Nov. 21, 1931, £108,891,128.

National Savings Certificates.

Net receipts, week ended November 21, 1931, Nil.
Total net receipts, April 1, 1931, to November 21, 1931, £4,250,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Galloway Water Power Co., £1,400,000 5% Red. Deb. Stk. (1947-91), issued at 93%	1,400,000	...	1,302,000	140,000	1,162,000
Total offered to the public, week ended November 28, 1931 ...	1,400,000	...	1,302,000	140,000	1,162,000
To Shareholders only.					
Midland Counties Electric Supply, 300,000 Ord. Shares £1 at 24s.	300,000	...	360,000	150,000	210,000
Palmadulla Rubber, 23,800 6% Red. Pref. £1 at par	23,800	...	23,800	2,975	20,825
Total offered to shareholders only, week ended Nov. 28, 1931	323,800	...	383,800	152,975	230,825

Total Offered for Subscription—		Total Offered for Subscription—			
	Including Conversions.	Excluding Conversions.			
Jan. 1 to date—	£	£	Whole year—		
1931	110,576,928	99,690,943	1930	454,888,784	267,800,700
1930	420,196,686	237,804,055	1929	488,764,940	282,359,040
1929	483,193,288	278,867,688	1928	693,100,056	368,058,073
1928	523,791,004	349,761,273	1927	...	355,165,970
1927	...	327,125,408	1926	...	230,782,600
1926	...	213,160,515	1925	...	232,214,500
1925	...	211,995,499	1924	...	209,326,101
1924	...	185,308,864	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	74,861,349	6,795,659	18,042,935	99,699,943
1930	200,299,358	15,664,638	21,840,059	237,804,055
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	555,165,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,757,183	...	8,883,558
Total for week ended November 28, 1931 ...	Nil	...	Nil
Total to date, 1931	8,757,183	...	8,883,558
Total to date, 1930	20,779,168	...	22,532,617

Galloway Water Power Company.—Issue of £1,400,000 5 per cent. redeemable debenture stock (1947-91) at 93 per cent. The stock will be redeemed by means of a cumulative sinking fund, calculated to provide for repayment not later than December 1, 1991. The company will reserve the right to redeem the stock in whole or part on December 1, 1947, at par, on giving three months' notice. Interest and sinking fund payments will be covered from a date not later than August 1, 1936, by payments which the Central Electricity Board have covenanted to make to the company. Until such date, interest will be met partly out of grants to be received and partly out of capital.

West Surrey Water Company.—Issue by tender of £9,000 5 per cent. perpetual debenture stock, minimum price £98 per £100, yielding at that price £5 2s. per cent.; and also 2,000 £10 5½ per cent. preference shares, minimum price £10 5s. per share, yielding at that price £5 7s. 4d. per share. The net revenue of the company for the year to December 31st last was £22,606, covering interest on debenture stock, including the present issue, over five times.

[Other Stock Exchange information, including the latest dividend announcements, profit and loss accounts, reports and notices, weekly traffic returns and summary of balance sheets, will be found on page 1041 under the heading "Company News."]

We are informed by the Dunlop offices that there is no truth in the rumour that the United States Rubber Co. or any of its principal shareholders have acquired any interest in the Dunlop Tire and Rubber Corporation of the United States or the Dunlop Tire and Rubber Company of Canada.

We are informed that Mr H. E. Carter has resigned his seat on the board of T. S. Motors, Ltd., of which he was chairman, and that Mr H. Ramsbotham has also resigned his position as director, following his appointment as a Member of H.M. Government.

COMPANY MEETINGS, &c.

ROYAL BANK OF SCOTLAND.

ANNUAL GENERAL COURT OF PROPRIETORS.

SUCCESSFUL RESULTS—PROFITS WELL MAINTAINED.

THE BANKS AND THE PUBLIC.

RETURN OF CONFIDENCE IN TRADE.

THE DUKE OF BUCCLEUCH'S SPEECH.

The annual general court of proprietors of the Royal Bank of Scotland was held at Edinburgh on Wednesday, 25th instant, His Grace the Duke of Buccleuch, K.T., governor of the bank, presiding.

In moving the adoption of the report, His Grace said:—

I presume it will be your pleasure that the annual report and balance sheet with the auditors' report, which have now been in your hands for some days, shall be taken as read. The directors are pleased, having regard to the trying time through which we have been passing, to submit a statement of so satisfactory a nature.

DEPOSITS, ETC.

The deposits are down by nearly a million pounds—the amount as appearing in the balance sheet being £49,416,000—but such a fall is quite moderate in the circumstances. Dealing with large figures, representing sums occasionally held for quite temporary periods, we are bound to have substantial fluctuations from time to time. The amount at credit of small deposit accounts, opened under the scheme introduced a year or two ago, continues to increase in a marked way, and this department has been the means of bringing us numerous customers. Our note circulation is slightly up, whilst there is also an increase in our acceptances.

LIQUID RESOURCES.

On the other side of the balance sheet the opening items give the customary evidence of the liquid strength of the bank, whilst our investments under the head of British Government securities are increased by £1,380,000, bringing the total up to £15,108,000. There is a reduction in our portfolio of trade and bank bills, arising from the depressed trading conditions, whilst our holding of Treasury bills at £2,680,000, forming a further strong liquid element, is much the same as last year. Advances on cash credit and current accounts, and loans on stocks and securities, show moderate reductions, the causes of which are obvious. From these figures it is patent that the bank has a considerable reserve of resources available for trading purposes when, under improving conditions, the demand for accommodation develops.

PROFITS.

The margin of banking profit has not been unsatisfactory for the period covered by our financial year, and profits have been well maintained. The net profits exhibit a substantial increase upon the figures of the previous year owing to our having received the dividend on our holding of shares of Williams Deacon's Bank, Limited. According to our custom we have provided in a very full way for all bad and doubtful debts. In a time of unexampled difficulty such as we have been passing through the call for such provisions is unavoidable, although the directors are pleased to reflect that in all the circumstances these have not assumed anything more than reasonable figures.

BRITISH GOVERNMENT SECURITIES.

A much more important element has been the quite abnormal fall in the prices of British Government securities following upon the political and financial crisis. Thanks to the strong internal position of the bank we are able as usual to state in the report that all the bank's investments are valued in the balance sheet at or under the prices ruling at the date of the balance. As a proportion of our holdings consists of short-dated Government bonds which are payable at par within quite a limited number of years, and these with all our other investments have been valued at the low prices of October 10th, it will be realised that there is room for considerable appreciation in the quotations as then ruling.

APPROPRIATIONS.

In all these difficult circumstances the directors are pleased to find themselves able to recommend a dividend for the half-year,

payable at Christmas, at the same rate as formerly—17 per cent. per annum—and to make the usual appropriations to bank buildings and heritable property and pension reserve fund. As you will see, after giving effect to these adjustments, there is a surplus of over £71,000—which it is now proposed should be carried to inner reserves against contingencies. Hitherto it has been customary to add such a balance to the rest or reserve fund, but the directors feel that with that fund at £3,780,926 (which is already slightly more than the paid-up capital) it has reached such a figure that it is not necessary to add to it for the present. It may be noted that the capital and rest or reserve fund of the bank now amount together to over £7,500,000.

RECENT EXTENSIONS.

I am pleased to be able to report favourably of the various new or recently added constituents of our large organisation. Drummond's Branch, whilst retaining its original character and individuality under the same management, has become part of ourselves, and continues to prosper. Our branch in Bond Street, London, is making excellent progress and has already collected quite an important clientele. We feel honoured and have had much satisfaction in succeeding the Bank of England at their old Western Branch in Burlington Gardens, and I am glad to inform you that we have retained practically all the excellent private business previously conducted by them at that office. We are much indebted to Mr Howe, the former agent of the Bank of England there, who now represents the Royal Bank, for all his loyalty and good work on our behalf. We have opened five new branch offices in Scotland during the year.

WILLIAMS DEACON'S BANK, LIMITED.

You are no doubt interested to see from the report which is in your hands that we now own the whole of the shares of Williams Deacon's Bank, Limited—our important English associate. The arrangements for carrying on the two banks in association with each other through representation on the respective boards are working most harmoniously, and there is every promise that the connection will prove beneficial to both institutions. The business of Williams Deacon's Bank is well maintained and goes on as formerly, their customers and connections recognising that there is really no change so far as they are concerned.

In this connection may I express the gratification of the directors, in which I am sure you will join, at the acceptance by Lord Derby of the position of an extraordinary director of the Royal Bank. His Lordship's name is a household word in the area in which Williams Deacon's Bank chiefly operates, and he is well known for his local patriotism as well as for his eminent public services. I am sure this association will be regarded very favourably by the friends of Williams Deacon's Bank.

THE BANKS AND THE PUBLIC

Last year, speaking from this chair, I made a strong plea for public economy and protested against the growing expenditure of the time, much of which seemed to be not only wasteful but demoralising. I endeavoured to show the seriousness of the position which, as I pointed out, was even then tending to become a national emergency. I am no seeker for honour as a prophet, but we have truly had to face a great national emergency culminating in a financial and political crisis which has affected practically the whole business world. The banks have no politics, but on the occasion of the recent election they found that the question of the nationalisation and public control of the whole banking system of the country, including the joint stock banks, had become a plank in the platform of one of the contending parties. All this seems somewhat extraordinary to those connected with the practical administration of the banks, who have been engaged with much hard work and a good deal of anxiety in doing their best to encourage, develop and sustain the trade of the country over a series of most difficult years.

They are quite unconscious of any desire to dominate credit or industry or any other interest. Their chief care is to look well after their depositors' money, which is drawn from all classes of the community, and whilst at all times ready to make advances for trading and general purposes and to do whatever is necessary to uphold the industries and the credit of the country, they have constantly to keep their assets in a reasonably liquid state so that they may be in a position at any time to fulfil their contract to repay their depositors on demand. It would be difficult to conceive of anything less like the swollen money trust of the imaginations of some of the extreme critics of the banks than a Scottish bank, which is conducted on the lines suggested by the experience of over two hundred years of prudent management and service to the people. Happily there is another side to the picture. The banking structure of the country has recently been subjected to the keenest scrutiny by the distinguished body of men forming the Macmillan Committee, with an eminent Scotsman at its head. I think it may fairly be claimed that apart from a certain degree of criticism, to which all human effort is open, the banking system has emerged from that inquiry practically unscathed; but with all deference and respect to that Committee the banks have also received exoneration from an even more important tribunal—namely, the people themselves, who have surely given them a very striking vote of confidence. That is not surprising. The inhabitants of this northern part of the Kingdom do not need to be reminded of Lord Macaulay's dictum that "her schools and banks had transformed Scotland," or of the pronouncement of a well-known authority to the effect that the banking system of Scotland "has contributed more to the prosperity of our country than any other class of institutions"—and I might perhaps add Sir Walter Scott's remark in his famous defence of the Scottish bank note issues written more than one hundred years ago when, under the name of "Malachi Malagrowther," he said on behalf of the banks: "We are well, our pulse and complexion prove it: let those who are sick take physic."

TRADE REVIVAL

On the subject of the revival of trade it is only possible as yet to speak in very general terms. We have secured the desired return of confidence and that sense of security which are essential to all trading enterprise. There is a new atmosphere. Abandonment of the gold standard, as is daily pointed out, has had a stimulating effect upon our export trade, although that has its limitations. In various industries there are new and broadening inquiries, and connections dormant for years have been reopened. High hopes are centred upon the measures to be adopted by the National Government, but it must never be forgotten that in addition to what can be achieved in that way, much hard work and personal effort will be required before we are in the position to resume our old place in the markets of the world. It must be observed also that we are in the grip of a great world crisis, and substantial progress cannot be made unless by conference and negotiation the different Governments come to an agreement about war debts and reparations, and the great central banks on credit and currency problems. In the meantime the stabilisation of the pound, however desirable, must wait, as we cannot afford to take action until we are absolutely assured that we can maintain the new basis as a definite and permanent arrangement.

THANKS TO OFFICIALS AND STAFF

The directors desire to renew their expression of thanks to the officials and members of the staff at head office, London—the City and West End offices—Glasgow, and Dundee, and all the other branches for their loyal and willing co-operation.

The directors again desire to place on record their high appreciation of the valuable services rendered by Sir Alexander Wright, the general manager, during a year of considerable difficulty. In their thanks and appreciation they would also wish to include Mr William Whyte, the deputy-general manager.

APPROVAL OF ACCOUNTS: DIVIDEND.

With these observations I beg to propose that the report now submitted, containing a statement of the accounts and balance sheet, be approved, and that out of the profits of the year a dividend at the rate of 17 per cent. per annum for the half-year, under deduction of tax, be now declared in conformity therewith.

The report was approved, and the governor, deputy-governor, extraordinary directors and the retiring ordinary directors were re-elected, and auditors were reappointed for the ensuing year.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

WALL PAPER MANUFACTURERS, LIMITED.

SUCCESSFUL RESULTS OF A DIFFICULT YEAR.

The annual general meeting was held, on the 26th instant, at the Holborn Restaurant, London, The Chairman (Mr Alan V. Sugden), in moving the adoption of the report and accounts, referring to the accounts, said:—
The following are the comparative figures:—

	1931.	1930.
	£	£
Balance brought in.....	260,996	295,795
Profit on trading, &c.	592,636	672,916
Balance for appropriation.....	577,761	680,996
Land, buildings and plant.....	2,298,970	2,367,984
Goodwill	1,123,815	1,223,815
Investments	1,238,543	993,046
Subsidiaries.....	1,736,459	1,778,820
Stock in trade	758,498	830,245
Debtors	169,101	181,406
Bills receivable	49,817	66,817
Cash at bankers and in hand ... (Dr.)	21,470	(Cr.) 2,684
Issued share capital	4,600,000	4,600,000
Debentures	1,014,214	1,014,214
Creditors	312,835	359,337
Reserve fund	1,000,000	1,000,000

GENERAL CONDITIONS.

During the year there has been a decline in sales in practically every market, particularly overseas, due entirely to bad trade conditions.

The business, apart from world conditions, is in a very sound state, and is ready to go forward very promptly the moment there is the stimulus of increased demand.

So far, the exchange question has not caused any material change in our position; there have been signs of improvement in the export of our goods to certain markets, whilst the reverse is the effect to others.

Many markets exhibit a waiting attitude, as if desirous of knowing whether any further depreciation will take effect before deciding on further purchases. Impoverishment abroad is a very real factor in a business like ours.

On the other side a very high percentage of our raw materials, other than paper, are not produced in this country, and our costs have just recently increased as a consequence of the depreciated pound.

During September, there was a very large increase in imports of foreign wallpaper, presumably caused by the fear of a tariff. As that month's figure was about twice that for the corresponding month last year, we promptly brought it to the notice of the Board of Trade. The October figures also showed a considerable increase.

COMPETITION.

As a result of the reduction in purchasing power, there has been rather more price cutting by competitors during the past year. On the other hand, the departure from the gold standard has already created difficulties for merchants in this country who issue pattern books to the decorating trade containing foreign wallpapers, and also to the many multiple retail shops which trade in foreign goods. It is worth while warning our shareholders that, when buying, they should inquire if the article is marked "Crown" wallpapers.

Your board entirely believes in the necessity for a tariff on wallpaper, primarily on the ground of the lower wage rates paid in competing countries and of the general absence of trade union regulations and Governmental restrictions about which we make no complaint except that they do not always apply elsewhere.

THE WALPAMUR COMPANY.

It must be remembered that whilst wallpapers cater solely to interior decoration, the scope of paints goes beyond this field. It includes the protection of innumerable and varied surfaces, and also the production of "industrial finishes" for shipping, for machinery and for an enormous range of manufactured articles.

The Walpamur Company, despite general depression, has continued to increase its trade and the range of its products.

TAXATION.

I think it is my duty to draw the shareholders' attention to the considerable injustice our industry suffers from taxation. Not only do we bear our share of general taxation, but we are amongst those industries singled out for special burdens in the matter of duty on white spirit. In addition, I am much concerned at the effect which the increased instalment of income tax payable in January will have on our business, as this is normally the season of the year when decoration comes into consideration.

The resolution was carried unanimously and a vote of thanks to the Chairman, directors and staff terminated the proceedings.

ENGLISH, SCOTTISH AND AUSTRALIAN BANK, LIMITED.

A YEAR OF EXCEPTIONAL DIFFICULTIES.

POSITION AND PROSPECTS IN THE COMMONWEALTH.

MR ANDREW WILLIAMSON'S INTERESTING REVIEW.

The thirty-ninth ordinary general meeting of English, Scottish and Australian Bank, Limited, was held, on the 25th instant, at 5, Gracechurch Street, London, Mr Andrew Williamson (the chairman) presiding.

Mr E. M. Janion (London manager and secretary) having read the notice convening the meeting and the auditors' report,

The Chairman first referred to the heavy loss which the bank had sustained by the death of Viscount Knutsford, who had been a director for 38 years.

Proceeding, the Chairman said:—The past year has been one of exceptional difficulty. It is not too much to say that, however you view it—politically, financially or industrially—it has been the most critical year in the history of Australia. When addressing you a year ago I explained how this critical position in Australia had arisen through the catastrophic fall in the world's prices of all the primary commodities which Australia produces, and by the export of which she is supplied with the necessary funds in London to pay for the goods she imports and to meet the annual obligations of her Governments for the payment of interest on her overseas debt, and for services, amounting to fully £36,000,000 a year. This was accentuated by over-borrowing in the past and by the hurtful effects of uneconomic legislation.

PREMIERS' AGREEMENT.

In short, Australia was faced with the double danger of unbalanced Budgets and unbalanced trade, a position of national danger of which we ourselves have recently had such painful experience, and from the dire consequences of which we have only just escaped, and with which we are still contending. I was, however, able to tell you that a plan had been agreed at a Conference of the Commonwealth Prime Minister and of the State Premiers—after consultation with Sir Otto Niemeyer, representative of the Bank of England, who, at the request of the Commonwealth Government, had visited Australia—by which the Budgets would be balanced.

Meanwhile, the Commonwealth Bank and the various trading banks had come to an agreement for the pooling of London exchange, whereby the Commonwealth Government was given the first charge on the various banks' London exchange to the extent of £3,000,000 a month, or £36,000,000 a year. This, of course, *pro tanto*, restricted the accommodation we could give to meet the trading requirements of our customers. These arrangements, together with a drastic limitation of imports, opened up a way to save the situation, and had the Premiers' agreement been resolutely and faithfully adhered to by all the signatories Australia would to-day have been much further on the road to financial recovery. The Federal Government, however, hung back, and the State of New South Wales broke away completely.

COMMITTEE'S REPORT.

At our last annual meeting I expressed the hope that the Federal Government would resolutely put into force the terms of the agreement. In this, however, we were disappointed, and matters were allowed to drift, with increasing unemployment, till in April last the situation had become so acute that the Commonwealth Bank found it necessary to intimate to the Loan Council representing the Federal Government and all the States that it would not continue to provide finance for the various Governments beyond a defined limit. The result was the appointment of a committee consisting of the Under-Treasurers of the Commonwealth and the various States and of four of the leading economists. This committee made a close investigation of the position and set out the steps they considered necessary to restore financial equilibrium. A conference of the Federal and States leading Ministers was then summoned to consider the report of this committee.

Their report recommended drastic reduction in Government expenditure and further taxation, with its incidence so spread as to secure as far as possible equality of sacrifice by the whole community, as well as reduction in the interest payable on the whole of the internal loan debt of the Commonwealth and all the States, and also reductions in banks and savings banks rates of interest on deposits and advances and on private mortgages. After full consideration, calling into counsel the leading members of the Opposition, and prolonged discussion, this report, with certain modifications, was approved and adopted, to be put into effect with all dispatch. The course so decided is known as the Premiers' Rehabilitation Plan.

CONVERSION LOAN ACHIEVEMENT.

An essential part of the plan, and which was the first to be carried out, was the issue of a Conversion Loan to place the whole internal

debt of Australia, Federal and State, amounting to £557,000,000, on to a practically 4 per cent. basis by the reduction of existing rates by 22½ per cent. The holders of the various existing loans were invited in the national interest voluntarily to convert their holdings into the new stock. This stupendous operation was so successfully accomplished that of the whole £557,000,000 holders of only between £16,000,000 and £17,000,000 refused. This marvellous achievement was a wonderful tribute to the patriotism of the Australian people, and immediately enhanced the credit of Australia overseas.

In accordance with the policy of the Premiers' plan, the banks as from June 26 last reduced the rates payable on fixed deposits arranged after that date by 1 per cent., with a view to the reduction in due course in lending rates. It will, of course, take time for the full effect of this to be felt, probably two years, for the contracts for previously fixed deposits cannot be altered and must run out to their due dates. The banks' lending rates have since been similarly reduced. In the special circumstances of the present time we are in full accord with this policy of the Premiers' plan, though the reduction of interest rates on overdrafts will be an additional burden on the banks, as their old fixed deposits still carry the old high rates of interest until they mature.

DUTY OF THE BANKS.

The first duty of the banks is to their depositors, who supply by far the largest portion of the funds with which the banks have to deal. Their next duty in the present critical times is to the Governments, but accommodation to the Governments can only be accorded when that can be done with perfect safety to the security of our depositors, and also with some regard to the necessities of our trading customers. If you will bear all this in mind you will recognise, from what I have already said of the general position, how severely the general difficulties of the present situations of affairs in Australia restrict for the time being the earning powers of the banks, and it is in this way, in a very marked degree, that the shareholders of the banks are contributing to the personal sacrifice in which the Governments have called upon all the people of Australia to share in order to rehabilitate the whole position and open the way for gradual and sound recovery.

During the last two difficult and anxious years the sheet anchor that has been the chief means of steadying the position and making the way to ultimate recovery possible without an intervening disaster has been the loyalty with which, at much sacrifice to themselves, the banks have co-operated with and supported the Governments. Had not the banks over a long course of years been ably and prudently conducted on sound economic lines, the support they have accorded to the Governments would have been impossible. I am glad to have this opportunity to bear a cordial tribute to the admirable way in which Sir Robert Gibson and his colleagues on the board of the Commonwealth Bank have, together with the trading banks, handled the many critical and delicate situations that have arisen. The whole of Australia is under a lasting debt of obligation to the banks which it would be difficult to exaggerate.

IMPROVED TRADE POSITION.

The balancing of the Budgets of the Governments—and keeping them balanced from year to year—is an essential factor in Australian recovery, but one of equal importance is the restoration of the balance of trade and the provision by the required excess of exports from Australia over imports to meet the fully £36,000,000 annual obligation in London for interest on overseas loans and services. The trade position has very definitely improved, as the following official statistics of Australian overseas trade for the last year showing an excess of exports amounting to £41,408,303. Eliminating the gold from both the imports and exports in both years, and reducing the exports of merchandise other than gold to British currency, we then have the figures for the two years, thus:—

To June 30,	Imports.	Exports.
1930	£130,755,597	£97,378,299
	showing an excess of imports of £33,377,298.	
1931	£60,159,042	£75,800,000
	showing an excess of exports of £15,640,958	

EXCESS OF TOTAL EXPORTS.

You will notice that last year imports fell by £70,596,555, and that exports also fell by rather over £21,500,000, showing a severe

shrinkage in overseas trade. If we add back the gold imported and exported last year, we have a real excess of total exports over total imports of £28,288,861, or a net improvement last year over 1930 in the trade balance of over £34,000,000. This is a gratifying movement in the right direction, but is still a long way short of the amount that Australia requires in the form of London money each year to provide for her annual obligations and for financing her export trade from London. During the last two years Australia, to pay her way, has exported £40,000,000 of gold, which cannot be repeated. Nor can she for probably some years to come materially increase the volume of her exports; relief must come through a recovery from the catastrophic fall in her commodity prices, and reducing her costs of production.

Since Britain was forced off the gold standard there has been a gratifying rise in world prices for practically all Australian exports. If this rise is maintained, and still more if the improvement goes further, and if the Federal and State Governments resolutely adhere to the Premiers' plan and costs of production are brought into closer relation to world costs, then we should witness a steady and all-round recovery, expansion of trade and industry, increased employment, a gradual improvement in exchange, and a steady advance towards more prosperous times.

THE ACCOUNTS.

From the reserve fund of £3,175,000 you will observe that there has been transferred to a special reserve for depreciation in Australian currency the sum of £1,585,000, leaving in the free reserve fund the sum of £1,590,000. The £1,585,000 carried to special reserve represents what it would cost to bring over to London at the rate of exchange ruling at the date of the balance sheet the assets which, in the event of final settlement, would have to be dealt with on this side.

The directors look on the present abnormal exchange position as only a temporary phase, and that the exchange will, as trade improves and the balance swings more and more in favour of Australia, gradually return to par. In such event this special provision would no longer be required, and the amount so earmarked would be restored to the general reserve fund.

DEPOSITS AND CURRENT ACCOUNTS.

Current accounts and fixed deposits together at £28,522,421 are less than in the previous balance sheet by 1,759,271, which has meant diminished profits. Until recovery in the general situation sets in and the poor returns, and in many cases losses, which traders are making are once again replaced by revived trade and normal profits, some further diminution of fixed deposits and current accounts may be expected. The reduction of interest on fixed deposits required by the Premiers' Plan may further accentuate this.

VERY STRONG POSITION.

Turning to the assets side of the balance sheet, you will see that our cash in hand and bullion and cash at bankers, including cheques in course of collection, at £8,589,192, is greater than last year by £1,811,454. This large increase in our cash shows a very strong position, putting our liquid resources into the ratio of 17s. 6½d. to the £ of our call liabilities.

Advances and other assets, after deducting provision for bad and doubtful debts and contingencies reserves, at £25,699,203, show a diminution of £3,168,845, a result of the cautious policy we have followed. It is interesting to note that our advances and other assets show a ratio to our current and fixed deposits at interest of 18s. 0½d. in the £.

PROFIT AND LOSS ACCOUNT.

The gross profits as shown by the profit and loss account, after deducting interest on the perpetual stocks—the necessary provision for bad and doubtful debts having been charged to contingencies reserves—amounted to £1,275,825, a shrinkage from the previous year of approximately £311,923. This, perhaps more than anything else, brings home to us with painful vividness how intimately the earning power and general prosperity of the bank are interlinked with the general welfare and prosperity of the whole community, and how ludicrous are the contentions of some Australian politicians that the troubles of Australia were largely brought about by the banks for their own selfish ends. Any more preposterous statement it is difficult to imagine, though we have found it recently re-echoed by the Socialists on this side.

As I have so often emphasised, the well-being of the banks is bound up with the well-being of the community. In a time of acute depression there is a shrinkage of banking profits in all directions, and there is a special obligation on the bank to support distressed customers wherever it can prudently do so, and to lighten their burdens as far as possible so as to assist them in tiding over a time of general and exceptional difficulty, even at the cost of concessions that curtail for the time being the bank's profits. In prosperous times we benefit, and in adverse times we suffer.

APPROPRIATIONS.

We have the sum of £437,134 available for appropriation. The appropriations we recommend are:—

- (1) To reserve fund, a further £15,000, bringing the total appropriation to £30,000.
- (2) To E.S. and A. Bank Officers' Provident Fund, £5,000.
- (3) To a further dividend of 4 per cent. free of income tax, making 8 per cent. free of income tax for the year, payable out of the profits of the year, £120,000.

After deducting these appropriations there is left to be carried forward to next year the substantial sum of £297,134.

While the reduction in the year's profits, with the consequent reduction in dividend, is a trying and painful experience for us all, it is the inevitable result of the depression from which the whole world is suffering, accentuated by the special causes arising from the state of things peculiar to Australia. Provided that the conditions laid down in the Premiers' Plan are faithfully observed in the spirit as well as in the letter, and that in the future politicians are not allowed to play fast and loose with economic law, I have no fear for the future of Australia, but these conditions need to be observed if full recovery is to be secured and a full tide of prosperity reached later on.

COSTS OF PRODUCTION.

Costs of production will have to be reduced. The needless and harassing burdens placed on industry, both primary and secondary, by the awards and regulations of the Arbitration and Conciliation Courts will have to be mitigated.

The fixation of wages ought in future to have some relation to the actual value the recipient can give in return, and not merely to what he can consume or to the number of years he has lived, totally regardless of individual merit. Probably the only way out of the morass into which these tribunals have led all branches of industry will be to abolish them altogether. (Hear, hear.) If employer and employed were left free to make their own agreements, I believe an immense change for the better would eventuate between capital and labour, to the lasting benefit of the workers and the good of the whole community.

GENERAL ELECTION PROBABLE.

In May next a general election was expected to take place for the Federal Parliament. We can only hope that this critical election, for critical it must be, will result in the firm establishment of a wise Government consisting of men who place the urgent needs of their country above all personal or party considerations, and who will be entitled to, and who will receive the full confidence and support of the people.

This morning a cable has come in intimating that the Federal Government in Australia was last night defeated and that there is the probability of an immediate or more or less immediate general election.

I will now, following my usual custom, give you a brief review of the principal branches of the export trade from Australia.

WOOL.

The quantities and values of wool exported during the last four years have been:—

To June 30.	Bales.	Value. £
1928	2,470,036	66,095,901
1929	2,643,885	61,612,995
1930	2,464,695	36,588,523
1931	2,673,890	32,002,181

While the quantity last year was increased by 209,195 bales the proceeds fell by £4,586,342 compared with the previous year; and, as contrasted with the year ended June 30, 1928, there is, last year, an increase in bales of 203,854 and a decrease in value of not less than £34,093,720. The average values for greasy wool for each of the last four completed years have been given by a high authority as 19.5d., 16.4d., 10.2d., and 8.3d. respectively. It is impossible in the case of wool, with between 800 and 900 different qualities, to give any really correct average, but the foregoing reflects closely enough the actual trend of prices, which have been disastrously adverse to this the chief of all Australia's exports.

During the year since our last meeting prices fell in January and February; they had a sharp recovery in March, falling away again in May and still further in July, but on our suspending the gold standard they advanced with the remarkably increased activity which then took place in the manufacturing side of the industry in Yorkshire. At the November-December sales which opened yesterday in Coleman Street there was a keen demand at an advance of 5 per cent. to 7½ per cent. for greasy merino over the September-October sales, and with prices par to 5 per cent. lower as compared with the prices ruling at the date of our last meeting. The rise so far is based mainly on the increased activity in our home market;

dividend of 45 per cent. was declared in June last. The ore reserves at end of 1930 amounted to 10,840,000 tons, of an average value of 8.9 dwts. over a stoping width of 61 inches.

NEW STATE AREAS, LIMITED.

The results for 1930 surpassed the previous year's record and operations in every way were satisfactory. The tonnage crushed shows an increase of 12,000 tons, and gold produced 54,507 fine ounces more than the production in 1929. Working costs increased 9½d. per ton, but the cost per fine ounce of gold recovered was reduced from 48.9s. to 45.2s.; working profit was increased by £181,074, the total for the year being £891,348. Dividends totalling 17½ per cent. were distributed and £511,650 was paid to the Government in terms of lease. In June last a dividend of 10 per cent. was declared. The improved results reflect the sound position of the mine, and a long and successful life is assured. The ore reserves at the end of 1930 were estimated at 2,716,000 tons, with a value of 8.9 dwts. over a stoping width of 50 inches.

VAN RYN DEEP, LIMITED.

The treatment of 771,000 tons resulted in a working profit of £463,516. The decreased profit is due to a fall in grade in keeping with the lower ore reserve value and to increased costs due to narrower stoping width in upper leaders, from which source it is now necessary to draw the greater percentage of ore. Dividends totalling 30 per cent., absorbing £359,068, were distributed. The development of the main reef leaders was practically completed, consequently there will be a gradual drop in the ore reserves on this reef. Exploratory work has been, and is being, done on the upper leaders with good results, and the mine has a considerable life ahead. A dividend of 12½ per cent. was declared last June. The ore reserves at the end of 1930 were estimated at 2,854,000 tons of an average value of 7 dwts. over a stoping width of 48 inches.

WITWATERSRAND GOLD MINING COMPANY, LIMITED.

The working profit for 1930 was £37,955 from treatment of 659,500 tons, representing increases of £22,608 and 18,500 tons compared with previous year. Two dividends of 5 per cent. were declared in 1930, absorbing £46,962. A dividend of 2½ per cent. was declared in June last. The ore reserves at the end of the year were estimated at 391,000 tons, of an average value of 5.5 dwts. over a stoping width of 54 inches. Less than 25 per cent. of the ore crushed is drawn from ore reserves, the balance being won from reclamation areas which contain a very large tonnage of low grade rock. The future of the mine depends on the trend of working costs.

THE LANGLAAGTE ESTATE AND GOLD MINING COMPANY, LIMITED.

The working profit for 1930 was £385,645, being an increase of £73,813 over the previous year. Two dividends of 10 per cent. each were distributed. The results of the operations and development were satisfactory. The major development programme was approaching completion, but a good deal of subsidiary development remains to be done. A dividend of 10 per cent. was declared in June last. The ore reserves at the end of 1930 were estimated at 1,530,000 tons, of an average value of 7.4 dwts. over a stoping width of 43 inches.

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED.

During 1930 the crushing of 2,573,000 tons yielded a working profit of £412,520, being an increase of 45,000 tons in ore crushed and £165,815 in profit earned compared with the previous year. The increase in the working profit is due partly to a larger tonnage and in greater measure to an improvement in the yield of nearly half a pennyweight. The improvement was well maintained during the current year, the first six months showing a working profit of £274,555. The ore reserves at the end of 1930 were estimated at 5,290,000 tons of an average value of 6 dwts. over a stoping width of 41 inches, showing a distinct improvement due to the large development programme accomplished and better values exposed. During the current year development work has been accelerated wherever possible and improved values have been maintained. The sinking of No. 2 North Shaft was completed in July at a depth of 4,576 feet, and the shaft is now being brought into commission. The Randfontein Leader and the West Reef were passed through near the bottom of the shaft, and the values were satisfactory, being equal to the average value of the mine. The most important feature is the progressive flattening of the reefs in the lower levels of the main section of the property where reefs maintain a steep dip from the surface down to a depth of 4,000 feet. The lowest exposures of the reefs show a dip of 15 to 25 degrees only, and there is no reasonable doubt that the reefs will become flat and finally assume reverse dip until cut by the Witpoortje fault which lies at a considerable distance to the east of the present workings, thus the

reefs to the west of the Witpoortje fault lie in the form of a syncline or trough. Had the steep dip persisted, the ore available for exploitation would be limited by the depth to which it could be mined, whereas with the changed conditions all the ore will lie at workable depth. Unfortunately, the sinking of No. 2 North Shaft proved to be more costly than expected, because of a heavy flow of water which was cut in depth; nevertheless, it is expected that the company will re-enter the dividend list at the end of this year. The redemption of the outstanding debentures is nearly completed. Debentures amounting to £155,200 fall to be paid in March next, leaving only £46,760 outstanding, which will be redeemed in March, 1933.

COAL.

For the financial year ended September last the Consolidated Collieries and New Springs Colliery distributed dividends of 7 per cent. and 7½ per cent. respectively.

SOUTH AFRICAN CARBIDE AND BY-PRODUCTS COMPANY, LIMITED.

This company had a successful year, with increased sales. The outstanding dividends on the preference shares were paid to the end of the company's financial year, and a dividend of 8 per cent. was paid to ordinary shareholders.

COPPER.

The copper interests in Northern Rhodesia are now consolidated into two strong groups, N'kana Group and Chester-Beatty Group, working in entire harmony and making control of production feasible, and ensuring opening up and equipment of the mines as expansion justified. It may now be said that the copper industry in Northern Rhodesia is organised on sound lines, making for progressive development and permanent advantage. The first producing mines will be Roan Antelope, N'kana, Mufulira and N'Changa West. The first two equipped with a concentration plant, its concentrates being smelted at one or both first two mines. Ore from N'Changa West would be treated in the first instance at N'kana. The Roan Antelope has been already producing for several months. The treatment of the ore has proved simple and satisfactory, as was anticipated. Working results fully confirm grade of ore as deduced from boreholes, and working costs are lower than the most hopeful estimates foretold. N'kana Mine is very near the producing stage, and Mufulira will follow soon after.

CHEAP PRODUCTION.

Both equipments are making excellent progress towards completion. Working costs have demonstrated that cheap copper can be produced in Northern Rhodesia, and when methods of mining and treatment have become perfected and standardised, there is every reason to hope that production will be as cheap as anywhere in the world. In the meantime, copper has suffered severely in the world depression. Attempts to regulate the price have proved abortive, because they were not accompanied by any adequate scheme of restriction of output. Seeing that big copper production is in comparatively few hands, it was hoped agreement would have been reached ere this, but interests were so financially strong and conditions under which copper is produced are so varied, that agreement has proved difficult. Though the conference recently held in New York, at which Northern Rhodesia was represented, resulted in no agreement being reached; such agreement will come one day, and gradually copper mining will resume its old position as a great industry. The mines are greatly helped by Northern Rhodesia going off the gold standard. The future is looked forward to with confidence.

PLATINUM.

Platinum producing companies suffered severely during the year from price cutting, the price reaching the low figure of £4 12s. 10d. per ounce. In April last negotiations were commenced with a view to forming a company for marketing the output of all important producers, and the first step taken was to steady up the price. The details of organisation took a long time to arrange, and the company has only just been registered, under the title of Consolidated Platinums, Limited. The new company will carry on research and propaganda and so increase sales of the metal. As it was felt that it would add strength to the South African position if the companies producing platinum in South Africa consolidated their interests by amalgamation, the Ferstegeluk Mine, belonging to Potgietersrust Platinums, Limited, and the adjoining Waterval Mine were formed into one company, called Rustenburg Platinum Mines, Limited, all the shares being held by the parent companies. The technical position is being constantly improved as experience is gained, and platinum can now be produced at a figure well below selling price. Providing the sales do not fall to a very low figure the position is hopeful, and it is reasonable to expect the establishment of platinum mining as a profitable South African industry.

DIAMONDS.

The diamond industry, in which the company has a considerable interest, is suffering from severe depression, due, partly, to world conditions and partly to lack of confidence in the stability of prices. Sales of uncut stones are limited in amount, and consequently production has been heavily curtailed. Although the industry is largely a luxury trade, yet diamonds have been looked upon as a convenient means of storing wealth. A luxury trade is bound to suffer severely in world-wide depression, but in time of uncertain currencies and crashing values it is reasonable to expect that diamonds would be still sought after as a hoarding medium had confidence not been undermined by actions of the Union Government.

Confidence is the only foundation on which the diamond industry can be maintained. This can be secured only by restricting production, eliminating competitive selling, and by the marketing of uncut stones through one channel. This essential condition was clearly recognised in the past by all interested in the industry, so that the Diamond Syndicate was able to secure the selling, not only of output of principal South African producers, but also of producers in Angola, Congo Territories and West Africa.

UNION GOVERNMENT'S ATTITUDE.

In this way confidence was established, and, although anxiety was felt for a time owing to the working of the rich alluvial fields in Lichtenburg and Namaqualand, the Diamond Syndicate, at heavy financial risk, was able to maintain the position until the Union Government, eager to establish a cutting industry in South Africa, sold diamonds to South African cutters at prices enabling the cutters to undersell European cutters who bought from the Syndicate. This competitive selling of uncut stones undermined the confidence in the stability of prices and threatened chaos in the diamond industry. Crumbling of confidence also hastened by alarming increase of illicit dealing, which led to the appearance in overseas markets of considerable quantities of diamonds which had not come through the usual channels nor paid export taxes, and which, in the first instances, were sold by people having no regard for the rights of others and no sense of responsibility or interest in the future of the diamond industry. Happily, the position is now changed; the Government has agreed to allow a representative of the Diamond Corporation to be present when diamonds are sold to South African cutters on condition that it has the right to send a representative when the Diamond Corporation sells diamonds.

IMPROVED ORGANISATION OF THE INDUSTRY.

While something is gained by this scheme, it is not so satisfactory as selling all uncut stones through one channel and so maintain a uniform standard of price, but it is hoped it will re-establish confidence as the Government has reverted to a stricter attitude regarding illicit dealing. The organisation of the industry is much improved in other respects. The De Beers Company now controls all principal South African producers, so facilitating regulation of output. Also, the Diamond Syndicate has been replaced by the Diamond Corporation, in which the principal South African producers are interested, and thus the industry is in an excellent position to profit by improvement in world conditions provided the Union Government consistently encourages re-establishment of confidence in stability of prices. The industry has suffered adversity in the past, but has always shown wonderful powers of recovery, and we believe the industry will again be prosperous when times improve, although it may be necessary to still further curtail production.

DIRECTORS.

The appointment of Mr H. J. Joel, the son of the permanent chairman, and Mr F. L. Johnson, who has been associated with Barnato Bros. in London for many years, and Mr J. H. Crosby, general manager in Johannesburg, was confirmed.

OFFER TO NEW READERS.

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

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

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

Name.....

Address.....

.....

NEW MODDERFONTEIN GOLD MINING COMPANY, LIMITED.

Incorporated in the Union of South Africa.

SOUTH AFRICA AND THE GOLD STANDARD.

The thirty-fourth ordinary general meeting of shareholders was held in Johannesburg, on Tuesday, October 27, 1931.

The Chairman (Mr John Martin) said:—The directors' report and audited accounts for the year ended June 30, 1931, show that profit for the year was £2,044,237 and, adding the unappropriated balance of £251,978 brought forward and a small amount of £823 in respect of unclaimed dividends forfeited in accordance with the company's Articles of Association, there was a total of £2,297,038 which, as shown in the report, was dealt with in the following manner:—Dividends Nos. 49 and 50, of 65 per cent. and 60 per cent. respectively, absorbed £1,750,000; Government and Provincial taxation accounted for £278,304; a further amount of £26,652 was set aside towards meeting the company's outstanding liability in respect of miners' phthisis compensation; and the balance of £242,082 was carried forward, represented as to £132,066 by cash assets, mainly stores, materials and similar items, and as to the remaining £110,016 by net cash and investments, after allowing for all current liabilities.

Before leaving the subject of our finances, I should refer to the position of the cash investments of the company as affected by the depreciation of sterling, following upon the suspension by Great Britain of the gold standard. For many years past the proceeds of gold realisations in excess of current local requirements have usually been transferred to London for short term investment. Latterly, because of the altered circumstances, all funds as they come to hand have been retained in Johannesburg and invested on short term conditions, where possible. The position to-day is that the company's cash on current account, deposit and short loan amounts to £872,394. This total is held as to £514,184 in London and as to £358,210 in Johannesburg. Our sterling funds are not required for current purposes, and will be left in London to meet payments that may have to be made there. The largest demands will be on dividend account and the loss, if any, which the company will incur, as and when it becomes necessary to convert sterling funds into South African currency, can only be estimated if and when such conversions have to be made.

RECORD TONNAGE CRUSHED.

The tonnage crushed during the past financial year, at 1,934,000 tons, exceeded the previous year's record figure by 123,000 tons. The further minor alterations and additions that have been made to the reduction plant greatly facilitated this substantial increase. It was also partly due to the milling of a larger proportion of Upper Leader and South Reef ore, which has proved to be more easily crushed than Main Reef Leader ore. Working costs were reduced by 10d. per ton milled, compared with the previous year, but the yield and working revenue per ton milled were lower by 0.943 dwt. and 4s. 1d. respectively. The working profit per ton milled was therefore 3s. 3d. less, and the total working profit of £2,017,768 reflected a decrease of £170,409. The drop in the grade was, of course, to be expected in view of the lower average value of the ore reserve and the increased proportion of ore mined from the Upper Leaders and South Reef, amounting to 37 per cent. during the period under review, as against 27 per cent. for the previous year. The lower value of the ore obtained from reclamation was a contributing factor. The effect on working profits of the decline in yield during recent years has been offset to a considerable extent by the increase in the tonnage crushed and the substantial reductions made in working costs, despite the maintenance of a large development programme. The comparative figures for the past four years and the first quarter of the current year are as follows:—

	Year ended June 30, 1928.	Year ended June 30, 1929.	Year ended June 30, 1930.	Year ended June 30, 1931.	Three months ended Sept. 30, 1931.
Yield per ton milled dwts.	11.030	10.301	9.610	8.667	8.004
Average tons milled per month	135,500	142,750	150,917	161,167	166,333
Average development footage per month	4,880	6,248	7,611	6,977	7,334
Working costs per ton milled.....	19s. 5d.	17s. 9d.	16s. 10d.	16s. 0d.	15s. 6d.
Average monthly working profit	£186,814	£187,703	£182,348	£168,147	£154,645

The ore developed on all reefs during the past year totalled 893,800 tons of an average value of 6.1 dwts. per ton. This shows a decrease of 400,400 tons in quantity and of 1.2 dwts. per ton in average value as compared with the previous year's figures.

STOCK MARKET LOSSES.

£10.2.1 a month

enables a healthy man aged 40
next birthday to re-create his
estate to the extent of

£5,000

(Larger or smaller amounts proportionately)

Write today for full particulars to THE

LIVERPOOL & LONDON & GLOBE
INSURANCE COMPANY, LTD.

HEAD OFFICE: LONDON:
1, Dale Street, Liverpool. (Chief Office) 1, Cornhill, E.C.3

which is due to the lower proportion of payability and the lower average value of the Upper Leaders and South Reef in comparison with the Main Reef Leader.

The ore reserve, as estimated at June 30th last, totalled 8,024,800 tons, of an average value of 7.8 dwts. per ton over an estimated stoping width of 49.8 inches. This included 1,235,800 tons averaging 6.2 dwts. per ton contained in shaft and safety pillars which are not at present available for stoping.

THE GOLD STANDARD.

During the past month every section of the community has been preoccupied and affected by the situation recated through the departure of Great Britain from the gold standard, of which for generations she had been the exponent and the mainstay. The world has entered upon an epoch of economic change, and the present financial crisis is unparalleled in modern times. It is not that gold has failed but that confidence has fled. And until a large measure of international confidence and co-operation has been restored, no country, irrespective of whether it is on the gold standard or not, can feel secure or regain any assured stability or prosperity.

I am led to express the view, without wishing to appear dogmatic, that (a) gold will continue to play an essential part as an international standard of value; (b) its future will not be determined—or even influenced—by the countries which happen to produce gold, whether such countries themselves remain on pre-war gold parity or not; (c) countries going off the gold standard will be bound, in course of time, to return to it, if not on the basis of parity, on a stabilised devalued level; (d) gold as a standard is functioning still, but it will do so more generally and more beneficially once an equitable redistribution of existing supplies becomes possible by the removal of the underlying political and economic causes of its present maldistribution, a maldistribution which, in itself, is a symptom and not a primary cause of the world's financial and industrial distresses.

The report and accounts were unanimously adopted.

ANGLO-ECUADORIAN OILFIELDS, LIMITED.

THE INDUSTRY'S DIFFICULT CONDITIONS.

The thirteenth annual ordinary general meeting of the Anglo Ecuadorian Oilfields, Limited, was held, on the 26th instant, at Winchester House, London.

Mr H. C. R. Williamson, the chairman, who presided, referred first to the loss sustained by the company in the death of the late Lord Forbes. Continuing, he said that it was with regret that the board submitted accounts showing an adverse balance, but shareholders who had followed the course of the market for crude oil would not be surprised. The price for mid-Continent crude of 36° Beaume gravity had fallen successively since June 30, 1930, from \$1.29 per barrel to 95 cents on October 27th; to 59 cents on March 5, 1931, on June 1st to 33 cents and on July 9th to 18 cents. Since then, however, there had been a recovery in successive stages to 38 cents on July 24th, 62 cents on August 22nd, and 77 cents on November 2nd.

Real progress had been made in the United States generally towards proration of output, but owing to the bringing in of numerous new wells in East Texas, with an enormous potential production from comparatively shallow sands, it had been

exceedingly difficult to keep the daily production of the United States fields within the desired bounds. Oil from Texas had been sold as low as 5 cents per barrel—practically given away owing to lack of storage facilities.

The problem of more or less equalising output and consumption had been tackled with some success also in countries other than the United States, and the various powerful oil groups had seen the necessity for co-operation. Russia, however, in oil as in other respects, remained an enigma and a danger. Under the five-year plan her products for 1931 was set at 192,500,000 barrels. On the basis of production to September, 1931, the total production for this year might be about 150,000,000 barrels, which was far short of the figure aimed at. The "Five-Year Plan" aimed at a production of 330,000,000 barrels in 1933, but it did not appear likely that that figure would be reached, based on progress to date.

In regard to their own company, production of crude oil for the year was 204,663 tons, an increase of over 15,000 tons, and their aim was to maintain production at about 16,000 tons per month. The number of wells producing had increased during the year from 231 to 342, while at June 30, 1931, ten wells were in course of drilling. The quality of their oil shipped as crude had been maintained and local business in refined products continued to expand, in spite of acute financial depression in Ecuador.

The report and accounts were unanimously adopted.

GOODE, DURRANT AND COMPANY, LIMITED.

SIGNS OF IMPROVEMENT IN AUSTRALIA.

The thirty-third ordinary general meeting of Goode, Durrant and Company, Limited, was held, on the 20th instant, at Winchester House, Old Broad Street, London.

Mr W. E. Pennick, vice-chairman, who presided in the unavoidable absence of the chairman (Mr J. A. Williams), said that for over thirty years the company enjoyed a measure of prosperity which enabled the directors to pay good dividends on the ordinary shares and to safeguard the business by the creation of substantial reserves which made it possible to meet the serious situation which had arisen without asking the shareholders to sacrifice any part of their capital.

He had recently returned to Australia, and in studying the situation there it was apparent that the two States in which the company was most interested—South and Western Australia—were suffering severely owing to the serious fall in the prices of primary products. Extensive credits had been given by both bankers and merchants in the past, and, owing to these low prices, many traders had been forced to realise that a big proportion of their assets were solidly frozen, and it would take some time to make them liquid again. The directors believed that the present trouble would lead to a much more satisfactory standard of trading in the future and a restriction of credit to a reasonable degree.

THE FUTURE.

He wished it were possible to give shareholders some definite assurance regarding the immediate future, but there was no question that the present year 1931-32 would be of a most critical nature. Australia had been passing through a period of extraordinary difficulty, but the directors thought there were signs of improvement. They believed that the people were doing their utmost to live economically and meet their obligations, and were certainly making reductions in the cost of Government and adjusting wages and salaries to a more economic level. With the improved prices now being obtained for both wheat and wool the agricultural industries would benefit.

Having read the latest telegrams received from the company's branches in Adelaide and Perth, which, he remarked, gave some hope for the future, the chairman said that the directors believed Australia would continue the prudent policy which had been adopted during recent months, and they had reason to hope that, by careful administration, and with improved markets, a period of prosperity would come again to the Commonwealth, in which they would all share.

The report and accounts were unanimously adopted.

JOBSON'S INVESTMENT DIGEST.

AUSTRALIA'S LEADING FINANCIAL PERIODICAL.

DEALS WITH ALL COMPANIES LISTED IN AUSTRALIA.

Annual Subscription: £2 12s. 6d. Single Copy: 2s. 6d.

London Agent: A. J. JOBSON, 8, Bouverie Street, E.C.4.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended November 21, 1931, amounted to £10,908,000 against ordinary expenditure of £7,739,200. After allocating £325,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £53,012, the operations for the week, as shown below, decreased the National Debt by £2,791,000 to £7,728,064,000:—

(000's omitted.)

Treasury Bills.....	£ 509
Public Department Advances.....	1,250
National Debt Commissioners.....	800
Road Fund.....	230
Sundries.....	2
	— 2,791

A complete analysis of the National Debt at September 30, 1931, was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Nov. 21, 1931.	April 1, 1930, to Nov. 22, 1930.	Week ended Nov. 21, 1931.	Week ended Nov. 22, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax.....	272,000,000	£ 67,144,000	73,481,000	622,000	1,501,000
Sur-tax, including Arrears of Super-Tax.....	73,000,000	18,230,000	15,770,000	260,000	250,000
Stamp Duty.....	83,000,000	41,720,000	53,070,000	940,000	2,060,000
Excise Profits Duty and Corporation Profits Tax.....	20,000,000	8,450,000	10,160,000	80,000	40,000
Land Tax and Mineral Rights Duty.....	2,200,000	...	...	...	...
	800,000	180,000	160,000	...	...
Total Inland Revenue...	451,000,000	135,724,000	152,641,000	1,902,000	3,851,000
Customs and Excise—					
Customs.....	131,770,000	£ 85,639,000	78,396,000	2,127,000	2,135,000
Excise.....	121,230,000	77,900,000	82,800,000	7,120,000	6,823,000
Total Customs and Excise...	253,000,000	163,539,000	161,196,000	9,247,000	8,958,000
Motor Vehicle Duties (Exchequer Share).....	5,000,000	1,609,000	1,638,298	Dr. 182,000	Dr. 316,000
Post Office (Net Receipt).....	12,200,000	10,650,000	9,200,000	Dr. 200,000	Dr. 500,000
Own Lands.....	1,300,000	860,000	900,000	...	...
Receipts from Sundry Loans.....	15,400,000	12,229,890	22,975,144	...	1,505,000
Miscellaneous Receipts.....	42,800,000	11,534,771	19,931,295	141,263	1,308,179
Appropriation from Rating Relief Suspense Account.....	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue SELF-BALANCING REVENUE.	784,700,000	340,046,661	384,481,737	10,908,263	14,806,179
Post Office.....	58,232,000	34,750,000	36,100,000	1,600,000	1,800,000
Motor Vehicle Duties apportioned to Road Fund.....	23,350,000	8,442,000	8,714,702	182,000	316,000
Total Self-Balancing Revenue	81,582,000	43,192,000	44,814,702	1,782,000	2,116,000
Total.....		383,238,661	429,296,439	12,690,263	16,922,179

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Nov. 21, 1931.	April 1, 1930, to Nov. 22, 1930.	Week ended Nov. 21, 1931.	Week ended Nov. 22, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt.....	289,400,000	£ 193,676,890	184,825,988	965,247	799,206
Payments to Northern Ireland.....	6,350,000	3,253,432	3,291,382	70,597	...
Exchequer.....	3,000,000	1,766,309	1,571,342	3,336	749
Other Consolidated Fund Services.....	298,750,000	198,696,631	189,688,712	1,039,180	799,955
Total Supply Services (excluding Post Office).....	451,829,000	267,669,304	269,027,467	6,700,000	5,500,000
Total ordinary expenditure...	750,579,000	466,365,935	458,716,179	7,739,180	6,299,955
SELF-BALANCING EXPENDITURE.					
Post Office.....	58,232,000	£ 34,750,000	36,100,000	1,600,000	1,800,000
Road Fund.....	23,350,000	8,442,000	8,714,702	182,000	316,000
Total Self-Balancing Expenditure.....	81,582,000	43,192,000	44,814,702	1,782,000	2,116,000
Total Ordinary and Self-Balancing Expenditure.....	832,161,000	509,557,935	503,530,881	9,521,180	8,415,955
New Sinking Fund (1928).....	32,600,000	21,894,803	28,716,599	325,000	1,361,000
Total, including New Sinking Fund.....		531,452,738	532,247,480	9,846,180	9,776,955

The aggregate revenue and expenditure to November 21st, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1st to NOVEMBER 21st.

(000's omitted.)		(000's omitted.)	
Expenditure.....	£ 466,366	Revenue.....	£ 340,047
New Sinking Fund.....	21,895	Decreases in balances.....	3,151
		Net amount borrowed.....	145,063
	488,261		488,261

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Nov. 22, '30.	Mar. 31, '31.	Nov. 21, '31.	Nov. 21, '31.
Advances by Bank of England.....	£ 26,800,000	24,500,000	41,100,000	— 1,250,000
Advances by Public Departments.....	674,705,000	569,825,000	625,790,000*	— 505,000
Treasury Bills outstanding.....				
Total Floating Debt.....	701,505,000	594,325,000	666,890,000	— 1,755,000

* Includes £7,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on November 20, 1931, and the total amount applied for was £60,645,000. Tenders were accepted for bills at three months, dated Monday to Friday at £98 11s. 9d., about 75 per cent., and above in full; and Saturday at £98 12s. 1d., and above, in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931			
October 30.....	£ 45,000,000	£ 66,305,000	£ 5 1 4-2
November 6.....	40,000,000	55,340,000	5 10 8-47
November 13.....	40,000,000	59,160,000	5 10 0-35
November 20.....	45,000,000	60,645,000	5 11 11-03

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, November 25, 1931.

ISSUE DEPARTMENT.

Notes issued:—		Government Debt.....	
In Circulation.....	£ 354,400,879	Other Government Securities.....	243,788,580
In Banking Department.....	41,308,721	Other Securities.....	16,146,540
		Silver Coin.....	4,049,780
		Amount of Fiduciary Issue.....	275,000,000
		Gold Coin and Bullion.....	120,709,600
	£395,709,600		£395,709,600

BANKING DEPARTMENT.

Proprietors' Capital.....		Government Securities.....	
Rest.....	£ 14,553,000	Other Securities.....	56,580,906
Public Deposits.....	3,222,595	Discounts and Advances.....	£12,698,193
Other Deposits.....	27,033,736	Securities.....	31,232,923
Bankers.....	59,844,438	Notes.....	43,931,116
Other Accounts.....	38,140,166	Gold and Silver Coin.....	41,308,721
7-Day and other Bills.....	97,984,604		974,662
	1,470		
	£142,795,405		£142,795,405

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

Both Departments.	Amount, Nov. 25, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.....	£ 354,400,879	— 214,119	+ 3,275,951
Public deposits.....	27,033,736	+ 5,820,364	+ 8,164,785
Bankers' deposits.....	59,844,438	+ 181,965	+ 3,943,251
Other deposits.....	38,140,166	+ 523,577	+ 1,327,409
Seven-day bills.....	1,470	+ 4,275	— 49
Total, outside liabilities.....	479,420,689	+ 6,317,512	+ 16,711,347
Capital and rest.....	17,775,595	+ 43,737	+ 1,089
Government debt and securities.....	311,384,586	+ 6,136,826	+ 32,732,106
Discounts and advances.....	12,698,193	+ 630,412	+ 6,617,596
Other securities.....	47,379,463	— 340,955	+ 13,666,259
Silver coin in issue department.....	4,049,780	+ 11,671	— 416,778
Coin and bullion (bank's reserve).....	121,684,262	— 86,705	— 35,888,925
Reserve of notes and coin in banking department.....	42,283,383	+ 117,414	— 24,164,876
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion").....	33½%	— 1½%	— 25½%
(b) Gold stocks to deposits and notes ("reserve ratio").....	25½%	— ½%	— 9½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	%
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.							
Oct. 14	£ 410,359	356,710	14,441	70,099	51,310	Nil	6
21	410,674	355,231	19,094	60,515	52,777	Nil	6
28	410,677	356,031	17,254	63,478	52,545	Nil	6
Nov. 4	395,690	358,857	19,877	60,336	40,209	14,999 out	6
11	395,698	357,195	19,143	60,461	38,343	Nil	6
18	395,704	354,615	21,213	59,682	37,617	Nil	6
25	395,710	354,401	27,034	59,844	38,140	Nil	6

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.				
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."		
1931.	£	£	£	£	£	£	£	%	%
Oct. 14	245,200	25,787	136,744	27 1/2	57,626	14,078	26,775	55,034	40 1/2
21	251,599	19,371	137,035	28 1/2	53,801	10,422	29,047	56,804	41 1/2
28	254,529	16,430	136,937	27 1/2	50,536	10,548	34,063	55,906	41 1/2
Nov. 4	251,288	19,671	121,909	25 1/2	57,826	10,751	32,090	38,052	31 1/2
11	254,945	16,001	121,837	25 1/2	54,936	11,677	29,356	39,641	33 1/2
18	254,242	16,720	121,155	25 1/2	51,006	12,068	31,000	42,156	35 1/2
25	254,804	16,147	121,584	25 1/2	56,581	12,698	31,233	42,283	35 1/2

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.	£	£	£	£
January 1 to November 11	28,658,454	1,475,074	2,390,532	32,506,060
Week ended November 18	457,291	29,385	54,850	541,526
Week ended November 25	412,490	28,592	48,387	489,469
Total to date, 1931	29,528,235	1,515,051	2,493,769	33,537,055
Total to date, 1930	35,453,111	1,643,409	2,695,322	39,802,842
Increase or decrease in 1931	-5,924,876	-128,358	-201,553	-6,254,787
	-16.7%	-7.8%	-7.5%	-15.7%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,327
	-2.8%	-3.7%	-3.7%	-2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended November 21.		Month of October.		Aggregate Totals, January 1 to November 21.	
	1930.	1931.	1930.	1931.	1930.	1931.
Number of working days	£	£	£	£	£	£
BIRMINGHAM	2,091	1,724	9,738	9,639	-1.1	109,123
BRADFORD	628	497	3,392	3,549	+4.6	39,079
BRISTOL	1,141	1,127	4,845	4,870	-0.5	51,640
DUBLIN	4,659	4,467	...	...	...	225,021
LIVERPOOL	742	686	3,352	3,162	-5.6	26,497
LEEDS	597	797	3,749	3,973	+5.9	42,273
MANCHESTER	655	573	2,958	2,727	-7.8	28,321
NEWCASTLE	6,336	5,846	25,886	29,064	+12.2	294,997
NOTTINGHAM	9,062	8,767	41,663	41,990	-0.7	481,747
SHEFFIELD	1,287	1,253	5,507	5,423	-1.5	64,572
	528	362	2,596	2,146	-17.3	27,099
	762	675	3,457	3,207	-7.2	40,762
Total	28,848	26,769	107,143	109,750	+2.4	1,441,131

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; Russia in November 7; National Bank of Egypt, Denmark, Chile, and Bank for International Settlements in November 14; Netherlands, U.S. Federal Reserve and New York Federal Reserve in November 21.

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Nov. 12, 1930.	Oct. 14, 1931.	Oct. 21, 1931.	Oct. 28, 1931.	Nov. 4, 1931.	Nov. 11, 1931.
Loans	16,668	13,680	13,541	13,521	13,510	13,421
Investments	6,767	7,821	7,748	7,700	7,637	7,612
Demand deposits	14,049	12,587	12,521	12,449	12,343	12,287
Time deposits	7,552	6,536	6,418	6,358	6,297	6,256
Due from banks	1,672	1,155	1,039	981	1,043	1,057
Due to banks	3,593	2,787	2,624	2,528	2,654	2,625
Federal reserve borrowings	61	414	451	453	428	411

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted).

	Assets.	Liabilities.
Cash and bank balances	361,698	343,868
Bank balances abroad	94,456	94,914
Call and short loans	444,568	285,021
Securities	457,580	668,891
Loans in Canada	1,378,484	1,294,309
Loans abroad	222,243	211,304
Other assets	187,819	183,968
Notes in circulation	166,154	143,750
Deposits	85,503	63,996
Government	2,002,296	2,036,446
Public in Canada	384,818	338,121
Foreign	11,459	12,267
Bank balances—Canadian	67,543	80,294
Foreign	90,117	80,423
Bills payable, &c.	305,680	306,500
Capital and reserves	7,519	6,435
Other liabilities	...	...

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Oct. 31, 1930.	Oct. 2, 1931.	Oct. 9, 1931.	Oct. 16, 1931.	Oct. 23, 1931.	Oct. 30, 1931.
Assets.						
Gold coin and bullion	6,953	6,925	8,036	6,843	6,729	6,189
Subsidiary coin	192	375	380	388	392	386
Bills discounted	7,341	5,227	2,401	2,802	4,139	4,570
Investments	1,272	1,936	1,785	1,609	1,459	1,626
Liabilities.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	8,535	8,263	7,415	6,803	6,679	8,340
Government deposits	2,102	1,236	1,226	1,708	2,147	1,986
Bankers' deposits	4,908	4,311	4,267	4,271	4,342	4,300
Ratio of cash reserves to liabilities to public	46.4%	52.2%	60.8%	55%	51%	44.2%

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

	Oct. 31, 1930.	Oct. 2, 1931.	Oct. 9, 1931.	Oct. 16, 1931.	Oct. 23, 1931.	Oct. 30, 1931.
Assets.						
Total securities	28,220.21	33,523.33	33,161.12	32,545.87	31,945.95	32,244.77
Loans	16,304.24	11,857.76	10,326.36	9,556.67	8,921.18	8,921.18
Cash credits	26,891.41	27,635.71	26,207.75	24,910.02	23,724.17	23,805.65
Inland bills	1,659.38	5,497.97	4,382.92	4,509.59	4,650.02	5,000.42
Foreign bills	39.19	36.45	32.58	41.14	33.50	30.67
Dead stock	2,786.67	2,734.42	2,734.48	2,735.58	2,738.89	2,739.97
Bal. with other banks	18.29	12.48	4.42	21.47	44.93	9.97
Cash	26,650.02	9,258.81	8,163.34	9,239.08	10,562.24	11,692.26
Liabilities.						
Capital paid up	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00
Reserve	5,375.00	5,425.00	5,425.00	5,425.00	5,425.00	5,425.00
Total deposits	91,304.41	74,375.53	70,702.02	71,026.06	71,132.28	72,622.26
The above includes—						
Deposits in London	6,825	935	854	837	846	808
Advances in London	6,992	863	850	844	841	801
Cash, &c., at other banks in London	136	95	35	163	340	76

BANK OF FRANCE.—In francs (000's omitted).

	Nov. 21, 1930.	Oct. 30, 1931.	Nov. 6, 1931.	Nov. 13, 1931.	Nov. 20, 1931.
Assets.					
Gold	51,709,874	64,648,226	67,580,594	67,580,325	67,675,698
Foreign assets—					
Sight deposits	6,551,405	14,856,575	13,374,307	13,094,879	15,660,709
Bills, &c.	19,138,111	12,743,772	11,051,429	11,326,374	...
Home bills	7,424,186	...	6,860,177	6,970,505	...
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State	2,847,793	2,711,660	2,864,936	2,799,395	2,726,676
Other advances	...	...	...	...	...
Negotiable Bonds	5,304,399	5,064,818	5,064,818	5,064,318	5,064,818
Sinking Fund Dept.	...	...	...	...	...
Other assets (excluding forward exch.)	3,497,806	5,227,808	5,590,693	5,363,294	...
Liabilities.					
Notes in circulation	74,148,423	83,638,617	82,794,909	82,276,258	81,644,657
Public deposits	13,739,293	8,227,279	8,815,837	8,266,232	8,067,879
Private deposits	9,041,037	22,415,422	20,902,667	21,920,719	22,726,787
Other liabilities	2,724,820	2,980,369	3,073,541	2,933,881	...

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

	Nov. 22, 1930.	Nov. 7, 1931.	Nov. 14, 1931.	Nov. 21, 1931.
Assets.				
Gold	2,179,927	1,101,298	1,036,008	1,008,551
Of which deposited abroad	221,589	66,719	84,458	84,458
Reserve in foreign currencies	509,809	160,650	151,774	167,517
Bills of exchange and cheques	1,611,190	3,830,121	3,781,369	3,655,016
Silver and other coin	187,671	93,841	118,848	162,340
Notes of other German banks	23,041	7,080	8,534	11,012
Advances	61,253	112,268	133,364	118,964
Investments	102,474	102,884	102,884	102,884
Other assets	475,948	870,077	894,904	849,056
Liabilities.				
Share capital	122,788	150,000	150,000	150,000
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	3,954,312	4,541,599	4,463,459	4,277,191
Other daily maturing obligations	402,282	398,903	406,836	424,433
Other liabilities	300,792	850,386	862,059	886,385

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

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

	Position, May 30, 1914.	Nov. 20, 1930.	Oct. 29, 1931.	Nov. 5, 1931.	Nov. 12, 1931.	Nov. 19, 1931.
Assets.						
Gold	194,000	1,295,875	2,567,417	2,557,814	2,558,573	2,557,505
Foreign bills and balances abroad	232,650	903,836	...	...	...	...
Silver and other coin	697,600	4,337	34,036	29,067	29,613	32,160
Securities	...	737,045	957,180	919,983	921,113	915,580
Liabilities.						
Notes in circulation	934,150	3,131,084	3,601,694	3,605,960	3,588,805	3,549,685
Current accounts	112,125	152,517	299,157	231,022	273,240	298,419

(b) In thousand francs.

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

	Position, May 30, 1914.	Nov. 22, 1930.	Oct. 31, 1931.	Nov. 7, 1931.	Nov. 14, 1931.	Nov. 21, 1931.
Assets.						
Gold	22,971	138,759	174,700	176,700	176,400	176,900
Silver	29,785	37,248	...	...	...	...
Discounts, advances, and other investments	77,567	101,052	80,900	80,100	77,400	73,900
Liabilities.						
Notes in circulation	109,499	259,934	238,500	242,300	240,800	235,000
Deposits and bills payable	11,250	40,308	27,600	26,100	25,900	28,200

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

	Position, May 30, 1914.	Nov. 22, 1930.	Oct. 31, 1931.	Nov. 7, 1931.	Nov. 14, 1931.	Nov. 21, 1931.
Assets.						
Gold	171,175	671,990	2,187,548	2,199,420	2,199,791	2,200,767
Foreign bills and balances abroad	...	334,804	100,199	92,827	102,588	112,431
Discounts	...	22,950	74,806	74,465	74,596	131,354
Advances	103,000	36,735	52,677	54,661	53,029	52,381
Liabilities.						
Notes in circulation	275,925	904,496	1,497,632	1,461,499	1,431,332	1,413,766
Deposits	33,750	247,265	933,566	971,645	1,014,177	1,002,596

BANK OF ITALY.—In lire (000's omitted).

LONDON RATES.

	Nov. 19, 1931.	Nov. 20, 1931.	Nov. 21, 1931.	Nov. 22, 1931.	Nov. 23, 1931.	Nov. 24, 1931.	Nov. 25, 1931.	Nov. 26, 1931.
Bank rate (changed from 4½% Sept. 21, 1931.)	6%	6%	6%	6%	6%	6%	6%	6%
Market rates of discount—								
60 days' bankers' drafts	5½-6	5½-6	5½-6	5½-6	5½-6	5½-6	5½-6	5½-6
3 months' do.	5-6	5-6	5-6	5-6	5-6	5-6	5-6	5-6
4 months' do.	5-6	5-6	5-6	5-6	5-6	5-6	5-6	5-6
6 months' do.	6-6½	6-6½	6-6½	6-6½	6-6½	6-6½	6-6½	6-6½
Discount Treasury Bills—								
2 months'	5½	5½	5½	5½	5½	5½	5½	5½
3 months'	5½	5½	5½	5½	5½	5½	5½	5½
Loans—Day-to-day	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½
Short	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½
Deposit allowances: Bank	4	4	4	4	4	4	4	4
Discount houses at call	4	4	4	4	4	4	4	4
At notice	4½	4½	4½	4½	4½	4½	4½	4½

Comparison with previous week—

Short Loans.	Bank Bills.			Trade Bills.		
	3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1931.	%	%	%	%	%	%
Nov. 5	5½	5½	6½	6	6	7
" 12	5½	5½	6½	6	6	7
" 19	5½	5½	6½	6	6	7
" 26	5½	5½	6½	6	6	7

RATES OF EXCHANGE.

At 4 p.m.

London on	Usance.	Par.	Nov. 27, 1930.	Nov. 19, 1931.	Nov. 26, 1931.
New York ...	dollars to £1	Cable	4-86½	4-85½-76½	3-59½-74
Montreal ...	dollars to £1	Cable	124-21	123-58-60	96-96½
Paris ...	francs to £1	T.T.	20-43	20-36-37	15½-4
Berlin ...	marks to £1	T.T.	12-107	12-06½-1	8½-9-00
Amsterdam ...	florins to £1	T.T.	35-00	34-82½	25½-26
Brussels ...	belgas to £1	T.T.	92-46	92-84-86	70-70½
Milan ...	lire to £1	T.T.	25-22½	25-07½-1	18½-1
Zurich ...	francs to £1	T.T.	18-159	18-15½-16½	18½-1
Oslo ...	kroner to £1	T.T.	18-159	18-08½-09½	18½-1
Stockholm ...	kronor to £1	T.T.	18-159	18-15½-16	18½-1
Copenhagen ...	kronor to £1	T.T.	25-22½	25-07½-1	18½-1
Madrid ...	pesetas to £1	T.T.	110	109½-110½	109½-110½
Lisbon ...	escudo to £1	T.T.	34-58½	34-48-50	28½
Vienna ...	schillings to £1	T.T.	164½	163½-174	125-127
Prague ...	koruna to £1	T.T.	275-316	274½-275	210-220
Belgrade ...	dinars to £1	T.T.	27-82	27-76-79	25½
Budapest ...	pengo to £1	T.T.	813-6	817-819	620-650
Sofia ...	leva to £1	T.T.	673-659	668-673	500-550
Athens ...	drachma to £1	T.T.	375	374½-375½	300-315
Constantinople ...	piastres to £1	T.T.	110	102½ sellers	265-290
Moscow ...	roubles to £1	T.T.	9-46	9-427-9-446	7-15½-17½
Warsaw ...	zloty to £1	T.T.	43-38	43½-44	31-34
Helsingfors ...	F. marks to £1	T.T.	193-23	192½-193	194½
Kovno ...	lite to £1	T.T.	48-66	48½-49	37-40
Reval ...	kroon to £1	T.T.	18-159	18-20-27	13½-14½
Riga ...	lata to £1	T.T.	25-22½	25-18-28	18½-21
Alexandria ...	piastres to £1	T.T.	97½	97½-98	97½-98
Buenos Aires ...	pence to peso	T.T.	47-62½	38½-39	38½-39
Rio de Janeiro ...	pence to mils.	90 days	51	38½-39	34-44
Montevideo ...	pence to peso	T.T.	51	38½-39	34-44
Valparaiso ...	pence to £1	90 days	40	39-86	28½-29½
Lima ...	soles to £1	90 days	17-3	15-65	30-20
Calcutta ...	pence	T.T.	1/5½-1/6	1/5½-1/6	13-05
Bombay ...	rupee	T.T.	1/5½-1/6	1/5½-1/6	1/6½-1/7
Madras ...	ster. to dollar	T.T.	1/3½-1/4	1/3½-1/4	1/3½-1/4
Hong Kong ...	ster. to dollar	T.T.	1/6½-1/7½	1/6½-1/7½	1/6½-1/7½
Shanghai ...	ster. to dollar	T.T.	2s. 4d.	2/3-2/4	2/4-2/4½
Singapore ...	ster. to dollar	T.T.	24-582½	2/0½-2/1	2/7½-2/9½
Kobe ...	ster. to yen	T.T.	24-066½	2/0½-2/1	2/7½-2/9½
Manila ...	ster. to peso	T.T.	9-76	10-55-75	9-00-50
Mexico ...	pesos to £1	T.T.	21-82½	1/9½	9-00-50
Siam ...	ster. to baht.	T.T.			

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Albania ...	July 1, 1931	Madrid ...	July 8, 1931
Amsterdam ...	Sept. 29, 1931	Oslo ...	Oct. 17, 1931
Athens ...	Oct. 29, 1931	Paris ...	Oct. 9, 1931
Batavia ...	Mar. 10, 1930	Prague ...	Sept. 22, 1931
Belgrade ...	July 20, 1931	Pretoria ...	Nov. 13, 1931
Berlin ...	Sept. 2, 1931	Reval ...	Sept. 1, 1931
Bombay ...	July 31, 1930	Riga ...	Oct. 1, 1930
Brussels ...	Mar. 31, 1931	Rome ...	Sept. 28, 1931
Bucharest ...	Sept. 10, 1931	Sofia ...	Sept. 30, 1931
Budapest ...	Sept. 22, 1931	Stockholm ...	Oct. 17, 1931
Calcutta ...	Sept. 26, 1931	Swiss Bank	
Copenhagen ...	Oct. 26, 1931	Tokyo ...	Jan. 22, 1931
Danzig ...	Sept. 24, 1931	Vienna ...	Nov. 11, 1931
Helsingfors ...	Oct. 3, 1931	Warsaw ...	Oct. 3, 1930
Kovno ...	Aug. 8, 1931	Irish ...	Sept. 29, 1931
Lisbon ...	Oct. 15, 1931		
New York Fed. Reserve ...	Oct. 15, 1931		

Central Bank of Chile.—Discount rate for member banks, 9%; discount rate for the public, 10%.
a 6% applied to banks and credit institutions.
b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—		Nov. 26, 1930.	Oct. 28, 1931.	Nov. 4, 1931.	Nov. 11, 1931.	Nov. 18, 1931.	Nov. 25, 1931.
Call money	%	2½	2½	2½	2½	2½	2½
Time money (90 days' mixed coll.)	%	2½	2½	2½	2½	2½	2½
Bank acceptances:—							
Members—eligible, 90 days	%	2½	2½	2½	2½	2½	2½
Non-mem.—eligible, 90 days	%	2½	2½	2½	2½	2½	2½
Ineligible, 90 days	%	2½	2½	2½	2½	2½	2½
Commercial accept., 90 days	%	3	3	3	3	3	3

Rates of Exchange, New York on—	Par Level.	Nov. 26, 1930.	Nov. 11, 1931.	Nov. 18, 1931.	Nov. 25, 1931.
London—					
60 days	Dollars for £1	4-866½	4-83½	3-74½	3-56½
Cable			4-85½	3-78½	3-62½
Cheques			4-85½	3-77½	3-61½
Paris—	Cents for 1 franc	3-918	3-92½	3-93½	3-91½
Brussels—	Cents for 1 franc	13-90	13-94½	13-95½	13-90
Switzerland—	Cents for 1 franc	19-30	19-35½	19-54½	19-38½
Italy—	Cents for 1 lire	5-263	5-22½	5-17½	5-00
Berlin—	Cents for 1 mark	23-31	23-32	23-55	23-77
Vienna—	Cts. for Aust. shg.	14-07	14-07½	14-07½	14-07½
Madrid—	Cents for 1 peseta	19-30	11-15	8-73½	8-45
Amsterdam—	Cents for 1 guilder	40-195	40-23	40-30	40-15½
Copenhagen—	Cents for 1 kroner	26-80	26-73	21-45	20-60
Oslo—	Cents for 1 kroner	26-80	26-72½	21-30	20-62
Athens—	Cents for 1 drachma	1-297	1-29½	1-28½	1-28½
Montreal—	Can. cents for \$1	100	98	98	101
Yokohama—	Cents for 1 yen	49-85	49-56	49-35	49-55
Hong Kong—	Cents for 1 Hong Kong \$	30-95	28-00	25-50	25-50
Shanghai—	Cts. for 1 Shing. tal.	38-87½	36-50	33-50	33-12½
Calcutta—	Cents for 1 rupee	36-50	35-03	29-00	28-60
Buenos Aires—	Gold pesos for \$100	103-65	134-40	161-00	167-50
Rio de Janeiro—	Cents for 1 milreis	11-95	6-35	6-32	6-32
Valparaiso—	Cents for 1 peso	12-125	12-07	...	...

* No quotation.

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on:—					
Rhodesia ...	1½% dis	2½% dis.	1½% dis.	2½% dis.	3½% dis.
South Africa ...	22% pm	21½% pm.	20½% pm.	19½% pm.	18½% pm.

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on:—		
Rhodesia ...	£ s. d. 99 17 6	£ s. d. 99 15 0
South Africa ...	78 5 0	78 0 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Per Value.	Usance.	Latest Rate.
Ecuador	Sucre to £	24-3325	Sight London	20-30
Venezuela	Bolivares to £	25-2215	"	25-30
Colombia (Bogota)	Pesos to £	5	"	4-20
Nicaragua	Cordobas to £	4-8665	"	4-96
Salvador	Colonos to £	9-73	"	8-50
Bolivia	Bolivianos to £	13-33	"	13-03

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

London on Australia and New Zealand.		Australia and New Zealand on London.*	
Buying.	Selling.	Buying.	Selling.
Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.
T.T. ...	131½	130	109½
Sight ...	131½	129½	108½
30 days ...	132½	128½	108
60 days ...	133	128½	107½
90 days ...	133½	127½	107

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

	During the week ending 1 to Nov. 21, 1931.	From April 1 to Nov. 21, 1931.
Sterling purchased in India	969,000	4,395,000
Net transfer to Home Treasury.	...	...
From paper currency reserve in England	...	...
From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve.	...	23,047,804
Less sales of sterling	969,000	27,442,804
Net remittance to Home Treasury	969,000	13,395,000
India Office, S.W.1, November 25th, 1931.		

BULLION.

The following statistics of imports and exports of gold for week ended November 26, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Sweden	529,000	Germany	3,600
Netherlands	31,464	Netherlands	947,230
Brazil	57,558	France	2,049,488
Argentina	6,849	Switzerland	1,565,851
British S. Africa	977,855	Austria	10,350
Kenya	2,000		
British India	83,348		
Straits Settlements	29,000		
New Zealand	29,518		
British Guiana	4,955		
Other countries	673		
Total declared value of imports	1,752,050	Total declared value of exports	4,576,519

GOLD MOVEMENTS.

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

1931.	ARRIVALS.	£	1931.	WITHDRAWALS.	£
Nov. 20	...	Nil	Nov. 20	...	Nil
" 21	...	Nil	" 21	...	Nil
" 22	...	Nil	" 22	...	Nil
" 23	...	Nil	" 23	...	Nil
" 24	...	Nil	" 24	...	Nil
" 25	...	Nil	" 25	...	Nil
" 26	...	Nil	" 26	...	Nil
Total	...	Nil	Total	...	Nil

Messrs Samuel Montagu and Company write on November 25, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,703,509 on the 18th instant, as compared with £120,698,392 on the previous Wednesday. About £100,000 of bar gold from India was available in the open market on the 23rd instant, and was taken for New York at the fixed price of 111s. 9d. per fine ounce. To-day about £220,000 bar gold from an undisclosed source was offered and was disposed of to the United States and the Continent at the fixed price of 111s. 10d. per fine ounce.

Quotations during the week:—		Equivalent Value	
		Per fine ounce.	of £ sterling.
November 19th	...	109s. 1d.	15s. 6-9d.
" 20th	...	109s. 7d. (nom.)	15s. 6-1d.
" 21st	...	110s. 1d.	15s. 5-2d.
" 22nd	...	111s. 9d.	15s. 2-5d.
" 23rd	...	113s. 5d.	14s. 11-8d.
" 24th	...	111s. 10d.	15s. 2-3d.
Average	...	110s. 11-5d.	15s. 3-8d.

SILVER.

Prices have continued to fluctuate, but movements were not so wide as those recorded last week. On the whole, the market has shown a firmish tendency, due in a measure to the weakness of sterling, which caused sellers to hesitate. Business has been fairly general, the Indian Bazaars and China having both bought and sold, but speculative operations have been rather less in evidence. America has been disposed to sell for near delivery, and this, with a decline in offtake, resulted in the cash quotation being fixed at a discount of ½d. on the 23rd instant.

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Bar silver per oz. std.		Cents per ounce .999.	
Cash Two Months' delivery.			
November 19th	18½d.	November 18th	30½
" 20th	18½d.	" 19th	30½
" 21st	18½d.	" 20th	31
" 22nd	18½d.	" 21st	30½
" 23rd	18½d.	" 22nd	30
" 24th	18½d.	" 23rd	30
" 25th	18½d.	" 24th	30½
Average	18-385d.		18-479d.

The highest rate of exchange on New York recorded during the period from the 12th to the 18th instant was \$3-77½ and the lowest \$3-62.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 16th instant to mid-day on the 23rd instant:—

IMPORTS.		
----------	--	--

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.				
Breweries.		£	£	£	£	£	%	£	£	£	%
Hull Brewery	Sept. 30	41,998	83,739	125,737	9,100	35,000	12½	31,500	50,137	100,731	17½
Morgans Brewery	Sept. 30	42,973	59,565	102,538	13,800	27,043	15	19,000	42,695	65,119	15
Peter Walker (Warrington) and Robert Cain and Sons Financial, Land, &c.	Sept. 30	130,860	370,458	501,318	160,000	170,250	7½	30,000	141,068	418,005	7½
New Zealand Loan and Mercantile Agency	June 30	12,463	Dr. 148,465	Dr. 136,002	...	...	...	Dr. 155,000	18,998	76,551	4
Tube Investments, Ltd. ... Hotels, Restaurants, &c.	Oct. 31	76,943	239,422	316,365	41,763	150,008	8	49,597	74,997	245,998	10
Aerated Bread Company ...	Sept. 26	20,847	104,665	125,512	25,188	46,875	5	...	53,449	79,328	5
Grand Hotel, Manchester ...	Sept. 30	7,677	3,417	11,094	1,687	2,000	10½	...	7,407	6,453	10½
Ilkley Wells Hydropathic Co.	Sept. 30	Dr. 2,551	Dr. 543	Dr. 3,094	...	...	...	Dr. 3,094	Dr. 2,640	Dr. 2,640	...
Slaters and Bodega	Sept. 30	4,134	89,557	93,691	4,531	50,625	10	13,000	25,535	103,925	12
Strand Hotel, Ltd.	Sept. 30	22,395	119,181	141,576	37,000	32,200	14(a) 644(b)	30,000	10,176	113,489	13(a) 598(b)
Iron, Coal and Steel.											
Broomhill Collieries	June 30	55,133	24,564	79,697	8,138	3,282	2½	20,000	48,278	61,147	5
Fassifern Coal Company ...	June 30	...	Dr. 1,101	Dr. 1,101	...	...	...	Dr. 1,101	Dr. 5,448	Dr. 5,448	...
Weardale Steel Coal and Coke	Sept. 30	20,277	68,560	88,837	30,000	13,500	6	25,000	20,337	75,136	6
Motor and Cycle.											
Dennis Brothers	Sept. 30	95,345	135,743	231,088	...	131,467	175	...	99,621	286,805	283½
Humber, Ltd.	July 31	5,298	Dr. 96,156	Dr. 90,857	...	...	...	Dr. 126,665	35,808	42,275	...
Rover Company	July 31	136,425	Dr. 77,530	58,895	...	...	...	...	58,895	34,031	...
Triumph Company	Aug. 31	16,722	10,354	27,076	2,437	...	...	4,002	20,637	40,188	5
Rubber, &c.											
Java Produce Company ...	June 30	Dr. 4,146	Dr. 8,946	Dr. 13,092	...	...	...	...	Dr. 13,092	3,059	...
Sungei Bahr Rubber	June 30	2,324	Dr. 2,815	Dr. 491	...	...	...	Dr. 2,000	1,509	Dr. 2,795	...
Tea.											
Scottish Tea and Lands Com- pany of Ceylon	Aug. 31	16,273	42,067	58,340	...	41,063	12	...	17,277	57,213	16
Textiles.											
Wilson, Smith and Sutcliffe	Sept. 30	237	8,011	8,248	7,420	...	...	...	828	3,040	...
Trust.											
Anglo-Scottish Amalgamated Corporation	Sept. 30	7,673	25,395	33,068	...	...	...	33,068	...	27,934	...
Cleveland Trust	Sept. 30	999	3,774	4,773	...	2,786	...	1,000	987	3,969	...
Scottish Investment Trust...	Nov. 1	19,492	90,816	110,308	50,625	33,281	17½	...	26,402	112,247	7
Second Anglo-Celtic Trust ..	Nov. 1	1,908	19,870	21,778	11,342	3,750	2½	...	6,686	21,150	20
Second Co-operative Invest- ment Trust	Sept. 30*	4,512	22,411	26,923	1,718	16,688	1½	5,000	4,517	30,397	2½
Stockholders Investm't Trust	Oct. 31	5,525	30,571	36,096	17,062	11,562	5	386	7,086	40,829	7
Tobacco Securities Trust Co.	Oct. 31	110,285	644,050	754,335	...	560,000	17½ Ord. 80,000 6-857d Df	...	114,335	800,954	18 Ord 8-229d Def.
Other Companies.											
British Instructional Films (Proprietors)	May 31	2,073	Dr. 84,966	Dr. 82,893	...	...	...	Dr. 82,893	3,183	...	...
British Ropes	Aug. 31	55,273	36,547	91,820	...	...	...	5,864	85,956	61,405	...
Carr and Company	Sept. 30	4,057	54,483	58,540	19,500	22,500	7½	9,451	7,089	36,912	15
Foster Clark, Ltd.	Sept. 24	65,127	135,984	201,111	7,500	78,750	22½	51,500	63,361	149,627	30
Hepworth and Grandage ...	Sept. 30	1,712	18,156	19,868	...	12,500	10	5,000	2,368	17,539	10
Imperial Smelting Corp. ...	June 30	35,360	113,582	148,942	134,538	...	...	...	14,404	231,373	5
Ingall, Parsons, Clive and Co.	Sept. 30	8,398	13,124	21,522	4,300	3,579	10	3,000	10,643	8,859	5
Madame Tussaud's, Ltd. ...	Oct. 31	27,384	39,840	67,224	22,000	11,250	25	5,000	28,974	49,066	50
Murray (D. and W.), Ltd. ...	July 19	2,813	Dr. 265,001	Dr. 262,188	...	...	...	10,000	Dr. 272,188	209	...
Piccadilly Picture Theatre (Manchester)	Nov. 27	5,763	4,305	10,068	...	...	...	6,000	4,068	18,610	...
Pinners Hall (Austin Friars)	Sept. 30	2,398	15,629	18,027	...	13,548	10	1,000	3,479	15,116	11
Proprietors of Hay's Wharf	June 30	65,284	230,826	296,110	89,400	100,000	10	25,000	81,710	248,387	10
Sage (Frederick) and Co. ...	Sept. 30	48,444	Dr. 5,027	43,417	8,373	16,200	6	...	18,844	24,250	6
Santa Cruz Coffee Company	Dec. 31	2,273	Dr. 29,940	Dr. 27,667	...	...	...	Dr. 11,000	Dr. 16,667	Dr. 16,667	...
Stuttaford and Company ...	Aug. 31	54,000	24,017	78,017	12,600	20,000	5	...	45,417	52,229	10
Tate and Lyle	Sept. 30	40,850	901,482	942,332	71,500	459,000	13½	350,000	61,832	339,583	10

* For six months.

(a) Preferred ordinary.

(b) Deferred ordinary.

REPORTS AND NOTICES.

MISCELLANEOUS.

FURNESS, WITBY AND COMPANY, LTD.—The directors desire to express their very keen appreciation of the many kind messages of sympathy which they have received from shareholders, from personal friends and clients, and from the public through the Press, in regard to the destruction of the *M. V. Bermuda*. We are informed that if the damage should unfortunately prove to be beyond repair, an order for the construction of a new ship will, in all probability, be placed immediately with a British shipbuilding yard, which should give employment to a large number of men during the next 18 months. The transfer books of the company will be closed from Tuesday, November 24th, to Wednesday, December 2, 1931, both days inclusive, for the purpose of the proposed new issue of ordinary shares.

STRAND HOTEL, LTD.—The report for the year ended September 30, 1931, discloses a profit of £130,541, comparing with a profit of £124,850 in preceding year, and a profit of £119,441 for year ended September 30, 1929. Adding £22,395 brought in to the accounts.

there is £152,936 available against an available balance of £130,555 for preceding year. Debenture interest again absorbed £11,360, while preference dividends again took £37,000. The preferred ordinary dividend has been raised from 13 per cent. to 14 per cent., absorbing £32,200, against £29,900. The same amount of money is allocated to holders of deferred shares, which makes their dividend 644 per cent., against a dividend of 598 per cent. for preceding year. The sum of £30,000 is put to reserve, against no allocation a year ago. The carry forward is reduced from £22,395 to £10,176. Turning to the balance sheet, we find that total assets have increased from £1,804,001 to £1,927,184. Leasehold and freehold properties and equipment have increased from £1,488,516 to £1,592,056, the latter figure including payments on account of work in progress on the Marble Arch site. Stock is lower at £10,930, compared with £11,418. Debtors are at £13,484, against £14,270. Amount owing by subsidiary company is £86,672, against £91,101. Investments stand at £135,715, against £114,257. The market value of these investments is substantially in excess of these figures. Cash has increased from £69,399 to £73,286. Creditors stand at £385,654, against £280,959. Bank loan is at £250,000, against £255,000. Reserve is at £180,000, against £150,000. The meeting will be held at Trocadero Restaurant, Shaftesbury Avenue, W.1. on December 3rd, at 12.30 o'clock.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Nov. 20, 1931. (c) Week ended Nov. 21, 1931.	Miles Open.	Week ended Nov. 22, 1931. (000's omitted.)					Aggregate 47 weeks, 1931. (000's omitted.)				
		Passen.	Freight.	Mail.	Goods.	Total.	Passen.	Freight.	Mail.	Goods.	Total.
		Gr. & L.	Gr. & L.	Gr. & L.	Gr. & L.	Gr. & L.	Gr. & L.	Gr. & L.	Gr. & L.	Gr. & L.	Gr. & L.
Great Western...	3,761	168	197	109	306	474	10,310	8,969	4,919	13,888	24,198
Do. for 1930...	3,761	181	201	135	336	517	11,237	9,884	5,562	15,446	26,683
L. & N. Eastn. (c)	6,349	260	370	238	608	868	15,309	15,998	10,965	26,963	42,272
Do. for 1930...	6,349	278	405	278	654	961	16,745	18,249	12,025	30,274	47,019
Lon., Mid. & Soth.	6,953	326	505	278	654	1,142	23,111	21,935	11,375	33,310	56,421
Do. for 1930...	6,953	409	509	310	819	1,228	24,813	24,673	11,844	36,517	61,330
Southern	2,180	235	72	29	101	336	14,247	3,356	1,463	4,819	19,066
Do. for 1930...	2,179	245	76	38	114	359	15,112	3,652	1,402	5,054	20,166
Total, 1931	19,244	1,051	1,144	625	1,769	2,820	62,977	50,258	28,722	78,980	141,957
Do. for 1930...	19,245	1,113	1,191	761	1,952	3,065	67,907	56,458	30,833	87,291	155,198
Metropolitan (c)	59	29.4	...	...	3.8	33.2	1465.7	...	...	180.6	1646.3
Do. for 1930...	59	31.4	...	...	4.1	35.5	1530.5	...	...	187.3	1719.8
Undgd. B.R. (c)	...	280.1	...	...	...	290.1	13856.5	...	...	...	13856.5
Do. for 1930...	...	294.7	...	...	...	304.7	14137.4	...	...	...	14137.4
Green Buses, &c.	...	22.5	...	...	...	22.5	1167.8	...	...	...	1167.8
Lon. & S.W. (c)	...	42.6	...	...	...	42.6	2054.4	...	...	...	2054.4
Do. for 1930...	...	43.3	...	...	...	43.3	2085.1	...	...	...	2085.1
* B.R. & C.W. (b)	...	8.1	...	...	...	8.1	122.8	...	...	...	122.8
Do. for 1930...	...	8.0	...	...	...	8.0	128.4	...	...	...	128.4
* Gt. Northern (b)	562	8.4	...	...	...	8.4	526.5	...	...	...	526.5
Do. for 1930...	562	9.2	...	...	...	9.2	578.2	...	...	...	578.2
* Gt. Southern (b)	2,188	19.7	...	...	...	19.7	1196.2	...	...	...	1196.2
Do. for 1930...	2,188	21.3	...	...	...	21.3	1323.8	...	...	...	1323.8

* Aggregate 46 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Millage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
		1931.		Rs.	Rs.	Rs.	Rs.
Assam Bengal	30	Oct. 24	1,330	3,16,700	- 107,139	1,08,54,452	6,06,607
Barcl Lt. Ry.	31	Oct. 31	202	24,200	- 40,900	11,47,700	6,51,001
Bengal & N. Western	4	Oct. 31	2,119	5,02,034	- 28,302	21,00,592	1,34,240
Bombay-Nagpur	28	Nov. 14	3,199	10,14,000	- 3,75,639	3,83,91,825	76,35,970
Bombay, Bar., & C.I.	31	Nov. 21	3,084	21,14,000	- 1,90,000	6,10,98,000	42,71,000
Madras & S. Mahr.	31	Oct. 31	3,230	12,48,000	- 1,32,856	4,43,44,929	12,22,726
† Rohilk' & Kumaon	4	Nov. 14	546	24,277	+ 783	3,99,976	17,865
South Indian	31	Nov. 21	2,492	11,03,019	- 292,285	3,33,32,993	42,94,891
				Specialty State Railway.			

CARDIFF.—The South Wales coal market is still acutely depressed. The French surtax of 15 per cent. on British coals has reacted more on South Wales than on any of the other coalfields of the country, and it is feared that the returns for the current month will show a considerable slump in the export trade with France. Strong representations are being made to the President of the Board of Trade, but in view of the recent changes in our own commercial policy, it is feared that the tax will not be withdrawn. Inquiries for all grades of bituminous coals have been extremely scarce, and quotations are nominally unchanged at minimum scheduled figures. Drys are a better market. Dry nuts are scarce and commanding prices substantially above the schedule, while dry large is also at a premium. Coke and patent fuel are steady, but with no expansion in business. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 19s. 19s. 4d.; best drys, 18s. 6d.-19s.; Black Veins 18s. 3d.-18s. 6d.; Western Valleys, 17s. 9d.-18s.; Eastern Valleys, 17s. 7d.-18s.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d.-12s. 6d.; coking smalls, 13s. 6d.-13s. 9d.; anthracite, best large, 36s.-38s. 6d.; Red Voin, large, 22s. 6d.-27s. 6d.; French nuts, 40s.-48s. 6d.; stove nuts, 39s. 6d.-43s. 6d.; rubbly culm, 8s. 3d.-8s. 9d.; foundry coke, 32s. 6d.-36s.; patent fuel, 19s.-19s. 6d.; pitwood, ex ship, 24s.-25s.

WORKINGTON.—This is the first week that the coal trade has shown any liveliness. The increased demand is due largely to the restarting of the linen mills in Ireland, and Ulster merchants are at last placing orders quite freely. The cross-Channel shipments are, however, still lighter than they were in the corresponding week in previous Novembers. Industrial fuel is in only moderate demand, small coal being especially difficult to market on account of there being so few ovens in operation in the district. House coal is in sharper request all round. Prices are firm. Best round is 22s. 6d.; washed doubles, 21s.; washed singles, 19s., all f.o.b. Small, 16s. 6d. per ton. Best house coal, 31s. 6d.; and house nuts, 30s. at station. Gas coal, 28s. per ton. Local coke is from 16s. 6d. to 17s. 6d. per ton.

SHEFFIELD.—Conditions in South Yorkshire are the reverse of satisfactory and, as a whole, do not improve. The amount of forward and spot business transacted lately is disappointingly small and the outlook is none too good. Nevertheless, shipments of best steams continue steady and prices are quite firm at 18s. 6d. f.o.b. The home demand for small fuel is rather better, but sales and deliveries of industrial coal continue rather restricted. Sales of house coal are below the averages for the season. Best house is quoted at 22s. at pits. Blast-furnace coke has gained further strength and prices have advanced to 12s. at ovens. Considerable quantities of this class of coke are being bought for central heating.

IRON AND STEEL.

MIDDLESBROUGH.—Now business in Cleveland iron continues quiet as requirements for the remainder of this year have been practically covered, and consumers have not so far turned their attention seriously to forward business. A few purchases have been made of important quantities for delivery commencing January, but buying on a more general scale will be necessary before long. News in the meantime is anxiously awaited as to the Government's intention in regard to tariffs on iron and steel. At Tuesday's market a moderate business was passing in Cleveland iron for December delivery, and odd sales were also made for the first quarter, prices being unchanged at the old official figures, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. In the hematite department business is also quiet, but producers have fair order books up to the end of the year, and stocks continue to be drawn upon. There still remains only four furnaces producing hematite in the district, and as there appears no immediate prospect of further furnaces being re-lighted, the reduction of stocks will continue. Ordinary mixed numbers can still be secured from makers at 65s. for delivery up to the end of December, but for the first quarter 65s. 3d. to 65s. 6d. is quoted. There are inquiries in circulation for important quantities for

delivery, commencing January, but business is slow to mature. Producers, however, are anticipating a buying movement before long. The finished trades show some improvement, and work is more regular in certain departments, but a greater influx of new business is urgently needed. Prospects in this direction are regarded as favourable. In shipbuilding, local builders are tendering for four or five cargo steamers, for which inquiries have been received, and a great effort will be made to secure part of the work for the Tees, where there are only two vessels under construction at the present time. In ore there is practically nothing doing. Best rubio is now offered at 16s. 6d. c.i.f., and the freight Bilbao/Middlesbrough is easier at 5s. Coke is not meeting with much demand, and it might now be possible to buy prompt lots at slightly under 17s. delivered works, but a little more is asked for delivery over the first quarter. The number of blast-furnaces in operation in the district remains at eighteen.

SHEFFIELD.—Most branches of the local steel industry continue depressed and it is evident that buyers are pursuing an extreme cautious policy. This is due in part to uncertainty as to the incidence of the new export duties. While these may benefit certain departments, it is realised that they may also react to the detriment of others, and there is a general disposition to mark time until the effects are revealed. Quietude is reported in the open-hearth department and also in the various fine steels for which Sheffield is famous. Exports of these have fallen off sharply of late and the home trade is none too good. Rollers of cold-wrought strip anticipate that duties on these products will ease the Continental competition against which they have struggled for a long time. The call for ferro-alloys used in special and ordinary steels has dropped to a new low level. In a minority of instances makers of steel products have booked a lot of new business since the departure from the gold standard. The cutlery trade is quiet except in the scissors and razor-blade departments, which are on full time. There is little doing in silver and electro-plated goods, the seasonal orders having been delivered. Prices of most materials and metals are steady but advances will probably be general after the turn of the year. An additional blast furnace is being lighted at Renishaw, Derbyshire.

WORKINGTON.—The buying movement that developed after the suspension of the gold standard and enabled makers in the North-West Coast pig-iron trade to dispose of nearly all the heavy stocks accumulated during eighteen months has spent itself, and the market for hematite is now featureless. Makers are paying the penalty of being well sold forward, and that they manage each week to sell the whole of their production is as much as can be expected. Very favourable circumstances indeed would have to arise for any free placing of orders on the scale that obtained at the beginning of October, and the general anticipation is that there will be no marked revival of buying until the New Year. Meantime the Midland and Continental demand is steady, there are larger Scottish and South Wales needs to satisfy, and local absorption is as considerable as can be looked for considering the state of the steel trade. Prices are firm, with Bessemer mixed numbers £3 14s. 6d. per ton at Glasgow; £4 1s. at Manchester; £4 3s. 6d. at Sheffield; and £4 4s. 6d. at Birmingham. Foreign users are paying 3s. per ton above the afore-mentioned figures. Special qualities are from 2s. 6d. to 5s. per ton in excess of the prices quoted above. Malleable iron is a steady trade at £5 17s. 6d. per ton delivered at Birmingham, but ferro-manganese is quiet at from £10 15s. to £11 5s. per ton home. The steel market is weak and shows none of the improvement recorded in the iron trade. Barrow, however, holds orders that have kept busy for two months the mills on rails and hoops, and Workington next month has a substantial tonnage of rails, fishplates and sleepers to roll. Native ore is in good local request at from 16s. to 18s. per ton, but Scottish and East Coast smelters' needs are small.

GLASGOW.—In Glasgow, business conditions have been exceedingly quiet this week, mainly because of the uncertainties attending the political situation. While there are a large number of inquiries on the market, buyers seem reluctant to make purchases beyond their actual immediate requirements. In practically every branch of the iron and steel industry this is in evidence. The steel plants remain very quiet. Sheet makers have still a fair tonnage on hand, but new business shows some falling off. There is a steady business being done by machinery makers and makers of machinery parts. Tube makers do not report any definite improvement and in the wrought-iron trade also dull conditions continue. Two blast furnaces at the Gartsherrie Iron Works, Coatbridge, have been rekindled this week.

CARDIFF.—There has been a slight improvement in the volume of the tinplate export trade during the past week, and quotations have been steady at from 13s. 9d. to 14s. 3d. per basis box. The factories are a little more actively employed, but current production is still below 60 per cent. of capacity. Welsh steel bars are ruling at £5 per ton, less a rebate on certain conditions, and as foreign bars are quoted 85s. c.i.f., the margin between the local and the imported material is now very small. Galvanised sheets are a shade firmer, at from £9 2s. 6d. to £9 5s. per ton f.o.b.

OTHER METALS.

TIN.—The outstanding feature this week has been the announcement, on November 25th, of the International Tin Committee (representing the Governments of Bolivia, the Dutch East Indies, the Federated Malay States, Siam and Nigoria) to make an additional cut in the production and export of tin of 15,000 tons a year from January 1, 1932. At the same time the International Tin Pool stated in a communiqué that they have increased their holding from 12,250 tons at the end of October to 15,800 tons. These two announcements had a favourable effect on the market in London. Buying was active at rising sterling prices. The market in New York has been dull at the beginning of the week,

but later a steadier tendency became noticeable. In New York the metal was quoted at 22.87 cents per lb. on Wednesday, against 22.85 cents per lb. a week ago, and 23.10 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £137 2s. 6d. to £137 5s. per ton, compares with £131 17s. 6d. to £132 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 30,550 tons, show a decrease of 23 tons on the week.

COPPER.—The downward movement in copper prices which began after the failure of the international conference of copper producers to reach an agreement became known continued throughout the past week. Quotations have established a new low record. It appears that Phelps, Dodge and Company have withdrawn from the U.S. Copper Exporters, Inc., probably in order to be free to export the metal without the restriction of price imposed by the association. On Wednesday "Domestic" spot was quoted officially at 6.25 cents per lb. in New York, against 6.75 cents a week ago and 7 cents a month ago. Wednesday's official closing price for "standard cash" in London in terms of sterling, at £33 15s. to £33 16s. 3d., compares with £35 12s. 6d. to £35 15s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 20,730 tons, show a decrease of 660 tons, while stocks of rough copper, at 773 tons, remained unchanged.

LEAD.—The demand for lead has been small during the past week and prices in New York declined. The London market was a little steadier, but quotations were barely maintained. In New York, the metal was quoted at 3.85 cents per lb. on Wednesday, against 4.05 cents a week ago and 4 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £14 10s. to £14 15s. per ton, compares with £14 12s. 6d. on the corresponding day last week.

SPELTER.—The London market in spelter has been active at the beginning of the week, but on Wednesday buying fell off and sterling prices declined in sympathy with the decline of the metal in New York. Wednesday's quotation in New York, at 3.15 cents per lb., shows a decline of 0.10 cent per lb. as compared with that of the corresponding day last week. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," at £14 to £14 6s. 3d. per ton, against £14 to £14 7s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, the quotation for aluminium has been maintained at £95 per ton, while antimony lost part of last week's advance by declining from £28 to £30 per ton for "foreign" to £28 5s. to £28 15s. per ton. On the other hand, nickel has been advanced from £220 to £225 per ton to £225 to £230 per ton, and quicksilver from £17 10s. per bottle to £18 10s. per bottle.

TEXTILES.

THE COTTON TRADE.—Manchester.—The market during the past week has continued steady. Although the general inquiry has been fairly extensive, spinners and manufacturers have met with a reduced turnover, and it is doubtful whether the production has been sold in certain branches. Buyers are certainly less inclined to place orders freely, but producers have the advantage of fair contract lists, and so far there has not been any particular pressure to sell. Inquiry in piece-goods for India has rather tended to expand and on the whole more sales have been arranged, but there is still an absence of bulk business. Most of the buying has been in light fabrics and fancies. The improvement in the demand for in light fabrics has been very welcome. Although the offtake for China Calcutta has been rather smaller than a week or two ago, useful lines have again been booked in white shirtings. Some moderate contracts have been arranged for Singapore and the Straits Settlements. Very little has been done for Egypt and the Near East. Printing cloths for South America have not been altogether idle. Only odd lots have been mentioned for the Continent. Irregular operations have occurred in home-trade fabrics, but clearances throughout the country are fairly encouraging. A slower demand continues to be experienced in American and Egyptian yarns for home use. Some spinners have been more prepared to consider offers and there are signs of supplies being rather more plentiful. Less activity has been reported in export numbers.

Cotton Prices.

	1931.				Corresponding Date.	
	Nov. 4.	Nov. 11.	Nov. 18.	Nov. 25.	1929.	1930.
Raw Cotton—Mld. American	5.07	4.98	4.98	4.97	9.65	8.89
" Sakellaridis Fully Good Fair						
" Egyptian	7.55	7.40	7.50	7.40	14.65	9.40
Yarns—32's twist	9 1/2	9 1/2	9 1/2	9 1/2	14 1/2	9 1/2
" 40's twist	9 1/2	9 1/2	9 1/2	9 1/2	14 1/2	10
" 50's twist (Egyptian)	16	16	15 1/2	15 1/2	24	17 1/2
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	18 3/4	18 3/4	18 3/4	18 3/4	24	18 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	20	20	20	19 9/16	26	20 9
36-in. ditto, 38 yds., 18 by 16, 10 lb.	11 3/4	11 3/4	11 3/4	11 3/4	14	11 7/8
36-in. ditto, 37 1/2 yds., 16 by 16, 8 1/2 lb.	10	10	10	9 11/16	13	10 6

THE WOOL TRADE.—Bradford.—The chief event this week has been the opening of the sixth series of London sales, and, writes our correspondent, it must be admitted that the advance in values is not as much as was originally anticipated. The rise reported by selling brokers was about 5 per cent. less than was freely mentioned in certain quarters from which reliable forecasts are usually forthcoming. It must be said, however, that certain new factors have come into operation, and the full significance of some already at work was not realised. There has been an easier tendency in values

in Australia and South Africa. This has primarily affected merino wool, but there is no doubt that the opening of the New Zealand season at the end of this week has also been kept in mind. Besides this, spinners and manufacturers are having to recognise quite as much as ever the relationship between the market value of their commodities and the cost of wool. The reaction of all these factors in Coleman Street has been to leave greasy merino combing with an advance of no more than 5 to 7 1/2 per cent. compared with the close of the October series, and scoured up to 15 per cent. Fine crossbreds have been readily picked up at about 15 per cent. advance, medium and coarse qualities being a good 5 per cent. dearer. The prospect of a further improvement as the sales continue is doubtful. So far as the home trade is concerned, supplies in the hands of users are not excessive, and the Continent is buying quite as well as was expected. The demand for merinos, fine crossbreds and medium wools of carding length is satisfactory, but low preparing sorts are likely to drag. Prices for tops are steady. Most of the spinning and weaving machinery is busy, the bulk of the output still being for hosiery and dress goods. Further big quantities of wool are expected to be required for the latter, fashion having gone off artificial silk and other substitutes.

THE JUTE TRADE.—Dundee.—Business in the jute industry has quietened down to a considerable extent, mainly because of a fall in raw-material prices. It was the strength of the raw jute market which enabled producers to obtain advanced prices for jute yarns and cloth, so that when the fibre became easier buyers withdrew their support from the market. No change is made in the quotations of spinners and manufacturers, however, as there is the feeling abroad that the recent decline in raw jute values may prove to be only temporary. Up-country markets in India have maintained a firm undertone, despite the fact that speculators have depressed the position by profit-taking. America has been considering the question of putting additional tariffs on their imports of jute cloth and bags, with the view of helping the cotton industry, and this has had a depressing influence on the Calcutta goods market. America is by far the largest consumer of jute goods. For the nine months ending September 30th last, the exports of jute cloth from Calcutta to North America were 618,493,473 yards, out of a total exported of 780,440,759 yards, compared with 769,040,166 yards and 1,033,488,178 yards respectively for the same period last year. After being up to £23 7s. 6d., the value of Daisee-2/3 has reverted to £20 17s. 6d. and business done for full group, with three quoted at £20 15s., and four sold at £19 15s., December-January. Tossa assortment is offered at £22 10s., three at £22 5s., and four at £21, same shipment. First Marks are rather more freely quoted at from £25 and good Lightnings at from £23, with Green Circle Ram named at £23 15s., and Fuji-M First Mark at £24, December-January. Heart Ram tops are reduced to £22 10s., after being quoted at £24 7s. 6d. The quotations for hessian yarns are still 2s. 5 1/2d. for common 8-lb. cops and 2s. 6 1/2d. for 8-lb. spools,



Appreciation

Appreciation is the subtle element in industry and business that leads to higher achievement.

No man ought to be in executive control of a business until he has learned to appreciate the value of the efforts of others.

Success in industry is never due to an individual effort; it is the co-ordination of a combined effort. The modern burglar appreciates the degree of security offered by The Chatwood Safe, for recently a gang of burglars, over a period of a fortnight, attacked in neighbouring towns five different shops owned by the same firm.

At each of the first two shops the burglars failed after a strenuous effort to open The Chatwood Safe, and at the remaining three shops attacked by them, they did not even try to open The Chatwood Safe, but devoted their limited time to safes of other makes.

J. E. S.

THE CHATWOOD SECURITY

Folder No. 10—
Classified Service

THE CHATWOOD SAFE CO., LTD.,
Bankers' Engineers,
SHREWSBURY, England.

Terms of Subscription to "THE ECONOMIST"

QUARTERLY - 14s. 6d. HALF-YEARLY - £1 9s. 0d.
YEARLY - £2 18s. 0d.

Colonies and Abroad, £3 1s. 0d. per annum.
Single Copies, post free, 1s. 1d.

Cheques and Post Office Orders to be made payable to the
Economist Newspaper, Ltd.

Office: 8, Boulevard Street, London, E.C. 4. Telephone No.: City 8300-2.

Copies of "THE ECONOMIST" may always be obtained in the

CITY:
14, Bishopsgate,
Barker & Howard, 6, Fenchurch Buildings.
P. W. Cooper & Co., 11, King Street, Cheapside.
Davies & Co., 95, Bishopsgate.
Leathwait & Simmonds, 44, Throgmorton Street.
W. Abbot, Ltd., 32, Eastcheap.
Pottle & Son, 15, Cullum Street.
Willing & Co., Ltd., 50, Copthall Avenue & 123, Moorgate.
PARIS:
Messageries Hachette, 111, Rue Réaumur.
W. H. Smith & Son, 248, Rue de Rivoli.
W. Dawson & Sons, 13, Rue Albouy.
Gallmann Library, 224, Rue de Rivoli.
BERLIN, N.W.7:
Messrs. Georg Stilke, Dorotheenstrasse 65.
FRANKFURT A/M: Internationaler Zeitungs-Vertrieb, Rosserstr. 8.
BRUSSELS: W. H. Smith & Son, 78, Rue du Marché aux Herbes.
AMSTERDAM: Van Gelderen, Prinsengracht 43.
GENEVA: Agence Naville, 4 & 7, Rue Lévrier.
NEW YORK: The International News Co., 131, Varick Street.

but buyers are not even offering to do business at 2s. 5d. and 2s. 6d. respectively, which are the prices at which business in any volume was last done. Twist is firm at from 4½d. to 4¾d. for 3-ply 8-lb., and sacking yarns rule from 2½d. to 3d. for 24-lb. web and 3½d. for 8-lb. chains. Rove prices are steadily held at £22 for 48-lb. and £19 10s. for 200-lb., and fine yarns are more or less nominal at 3s. 2d. for second quality 8-lb. Rio warp, 2s. 10d. for third, and 2s. 8d. for fourth. Carpet yarns are quiet. Cloth orders have been much fewer during the past week, but this has made no difference to manufacturers, who are now all fairly well engaged, and they are adhering to their prices of from 3½d. for 10½-oz. 40-in. and 2½d. for 8-oz. Linoleum bessians and heavy goods are of small interest. The Calcutta goods market has gone steadier, after displaying weakness.

THE GRAIN MARKETS.

WHEAT.—The downward trend in wheat prices which began a fortnight ago continued throughout the past week. Nevertheless, prices are still considerably above the low level which prevailed throughout the summer. Among the factors making for a decline, is the resumption of heavy shipments from Russia and the statement of M. Pavloff, director of the Soviet grain export department. The gist of this statement was that the Soviet Government intends to continue forcing the export of grain, and that the whole of the original export programme would be carried out, because the foreign currency plans of Russia are chiefly based on receipts for exports. Other adverse factors were the satisfactory nature of the crop reports from Australia and Argentina and the news of rainfall in the United States winter belt. In this country the sowing of winter wheat is proceeding rapidly under favourable circumstances, and according to various reports, the acreage under winter wheat is being increased. Quotations in London, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 34s. 3d. per 496 lbs., as compared with 35s. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 31s. 6d., against 32s. 3d.; No. 3 Northern Manitoba, Atlantic, ex ship, 30s. 6d., against 31s. 3d.; Russian, on sample, 29s. to 31s., against 29s. to 31s.; Australian, ex ship, 30s. 9d. to 33s., against 31s. 6d. to 33s. a week ago.

WHEAT FLOUR.—The markets in flour have been steady, but quotations declined in sympathy with wheat. North American shipments, at 247,000 sacks, show an increase of 27,000 sacks as compared with the previous week. Of this total, 84,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 25s. 6d. per sack of 280 lbs., as compared with 26s. last week; delivered London, 24s. 6d., against 25s. Manitoba patents, ex store, 26s. 6d. to 29s. 6d., against 26s. 6d. to 29s. 6d.; and Australian, ex store, 21s. 6d. to 22s. 6d., against 22s. to 23s. a week ago.

BARLEY.—The market in feeding barley has been quiet, and prices continued to weaken. On Wednesday "December" futures were quoted at 41½ cents per bushel in Winnipeg, against 42½ cents per bushel a week ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 48 lbs., 25s. to 26s., as compared with 25s. to 26s.; Russian, landed, 23s. per 400 lbs., against 23s. 6d. a week ago.

OATS.—There has been little demand for oats during the past week, and, despite the smaller quantities offered at the principal markets, quotations were easier. "December" futures, which a week ago stood at 26½ cents per bushel in Chicago, sold at 26½ cents per bushel on Wednesday this week. Quotations in London, Wednesday: "River Plate," landed, 19s. per 320 lbs., as compared with 19s. 9d. last week; "River Plate," ex ship, 18s., against 18s. 6d.; "Chilean White," landed, 28s., against 28s. 6d. a week ago.

MAIZE.—Argentina continues to ship heavily, but although there has been considerable buying, prices declined steadily. Wednesday's quotation in Chicago for "December" futures, at 39½ cents, shows a fall of 4 cents per bushel on the week. Quotations in London, Wednesday: "Plate," landed, 18s. 9d. per 480 lbs., as compared with 19s. 6d. last week; "Plate," ex ship, 17s. 6d., as against 18s. 6d.; "Plate," November-December, 18s., as against 18s. 9d. Yellow maize meal, ex wharf, was quoted at £5 17s. 6d. per ton, against £5 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to November 21.....	Owts. 73,670	Owts. 145,502	Owts. 215,048	Owts. 322,998
12 weeks to November 21.....	897,431	1,719,596	3,387,836	3,684,741
Average price of English wheat per cwt.	s. d. 6 10	s. d. 6 7	s. d. 9 3	s. d. 9 1

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Nov. 14, 1931.....	Owts. 89,271	Owts. 456,512	Owts. 63,526	s. d. 6 10	s. d. 9 0	s. d. 6 10
Nov. 21, 1931.....	73,670	501,688	55,803	6 10	9 1	7 0
Nov. 19, 1927.....	285,148	487,574	83,245	10 0	12 1	9 1
Nov. 24, 1928.....	322,998	593,782	85,493	9 11	10 5	9 1
Nov. 23, 1929.....	215,048	474,277	47,869	9 3	9 2	7 3
Nov. 22, 1930.....	145,502	470,212	45,088	6 7	9 4	5 10

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Nov. 26, 1930.	Jan. 2, 1931.	Nov. 10, 1931.	Nov. 17, 1931.	Nov. 25, 1931.
Winnipeg (No. 1 Manitoba)						
—Cents per 60 lb.	148½	61½	56½	67½	64½	60½
Chicago (No. 2 Winter)						
—Cents per 60 lb.	130½	75½	79½	63½	59½	64½

The visible supply of wheat in Canada, at 59,579,000 bushels, shows an increase on the week of 1,077,000 bushels. Supplies a year ago stood at 62,355,000 bushels.

OTHER FOODS.

SUGAR.—The principal raw-sugar markets have been dull during the past week. In the absence of a satisfactory demand from refiners, prices in New York suffered a sharp setback. Sterling prices of raw sugar have also been lower, despite the fact that the value of the £ in terms of currencies on the gold standard has fallen considerably. The reduction made last Tuesday in the quotations for "British refined" sugar has acted as a slight stimulus to buying. "December" futures in New York were quoted at 1-11 cents per lb. on Wednesday, against 1-23 cents per lb. a week ago. Wednesday's sales of "raws" include "March delivery," at 6s. 6½d. to 6s. 7d. per cwt., against 6s. 8d., and "May," 1932, at 6s. 8½d., against 6s. 10d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
London.....	Tons. 186	Tons. ...	Tons. 753	Tons. 1,510	Tons. 5,266	Tons. 25,478
Liverpool.....	46,603	27,544	12,415	12,940	74,252	87,944
Total tons ...	46,789	27,544	13,168	14,450	79,518	113,422
Last week ...	12,428	10,044	13,620	13,191	45,897	100,238

COFFEE.—No auctions have been held this week on Tuesday. The spot market was quiet but steady. Brazilian, landed, 47s; delivered for home consumption, 337 bags; exported, 31; stocks, 2,456 bags, against 1,971 bags last year. Central American, landed, 829 packages; delivered for home consumption, 2,397; exported, 2,010; stocks, 61,987 packages, against 42,532 a year ago. Other kinds, landed, 288 packages; delivered for home consumption, 2,540; exported, 834; stocks, 48,183 packages, against 52,007 a year ago.

COCOA.—Cocoa prices declined sharply in New York in the absence of demand, but in London, sterling prices remained steady, despite a small turnover. "December" futures were quoted at 4-39 cents per lb. in New York on Wednesday, against 4-60 cents per lb. a week ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, December-February, at 24s. 3d. per cwt. f.o.b. London contract, shows a rise of 3d. Last week's movements of cocoa in London were as follows: Landed, 1,742 bags; delivered for home consumption, 3,769 bags; exported, 138 bags; stocks, 140,583 bags, as against 161,812 last year.

TEA.—The quantities catalogued for this week's auction comprised 55,918 packages of Indian, 15,490 packages of Ceylon, and 8,007 packages of Java and Sumatra tea. The quantity offered for sale this week has been smaller than during recent weeks. Nevertheless, prices were barely maintained, with the exception of those for the cheaper varieties. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

AVERAGE PRICE PER LB.														
Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.	
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
Nov. 20, 1930	1	2-7 1	1	2-30	1	6-89	0	11-42	0	10-70	0	9-51	1	3-41
Oct. 29 1931	1	1-16	0	10-95	1	6-75	0	8-66	0	8-14	0	8-14	1	1-36
Nov. 5 "	1	0-44	0	11-28	1	6-05	0	9-55	0	7-45	0	6-61	1	0-96
Nov. 12 "	0	11-67	0	11-11	1	5-73	0	8-43	0	7-46	0	6-90	1	0-35
Nov. 19 "	0	11-27	0	11-60	1	4-68	0	9-12	0	7-66	0	6-74	1	0-03

RICE.—The market in rice has been quiet and prices generally were weaker than a week ago. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 10s. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 175 tons; delivered, 99 tons; stocks, 1,722 tons, as against 2,382 tons last year.

POTATOES.—The advance in potato prices continued this week although supplies were abundant. At the Borough Market, "Best King Edward" sold at from 9s. to 10s. per cwt., as compared with 9s. to 9s. 6d. per cwt. a week ago.

SPICES.—The market for spices has been quiet, but prices remained steady. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 16 tons; delivered, 16 tons; stocks, 370 tons, against 450 tons last year. White, landed, 141 tons; delivered, 43 tons; stocks, 504 tons, against 251 tons a year ago.

MEAT.—The slight advance in the price of home-grown meat last week has given way to a reaction, and reports from the Smithfield market suggest that prices generally have been lower than a week ago. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 3s. 8d. to 4s. 2d. per 8 lbs., against 3s. 8d. to 4s. 2d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 8d. to 3s. 4d., as against 2s. 8d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,661 tons, as compared with 9,437 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83 per cent. of the supplies, as against 81.3 per cent. a year ago; and imported mutton, mainly New Zealand, formed 70.8 per cent. of the total supply, as against 64.5 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Extremely quiet conditions rule in the markets for oilseeds and their products and very little business is recorded. Variable exchanges and a poor trade outlook combined with ample supplies are contributing factors. Old crop plate linseed is now within narrow compass, but there is no urgency of purchase, the main interest centreing in new crop, shipment of which is expected to begin in late December. Old crop on spot and afloat is quoted around £9 7s. 6d., and business in new seed or January-February shipment has been done as low as £8 15s., since when values have rallied slightly. For December loading, 19 2s. 6d. is asked. Indian linseed is quiet, with Calcutta to Hull, November-December, quoted £11. Baltic linseed is also offering, the value on spot at Hull being £10. The quantity of linseed on passage to Europe is 144,800 tons, or 14,000 tons less than last week. Hopes entertained that it would be included in the list of articles subject to import duty having been disappointed, linseed oil has turned easier. Raw oil on spot ex Hull mill is quoted

£16 10s. and delivery to April, £16. Cotton oil is still neglected and again lower, crude Egyptian offering at £19 10s. and common edible at £22 10s. without attracting buyers. Oilcakes are in poor demand, but prices are unchanged.

HIDE, LEATHER AND ALLIED TRADES.—Prices for cattle hides were steady at the auctions held in Manchester this week and prices of all weights in both clear and warbled ox and heifers and cows remained at last week's level. The calfskin market was also fairly steady, although there was a slight firming up of prices for certain weights. Sheepskins are more readily disposed of at rather higher figures. Business in imported hides has moved on satisfactory lines, and the tendency of prices is toward advances. In the South American market sales of Argentine ox have been made at the equivalent of 5½d., and second ox at 4½d. It is reported that Germany has paid up to 5½d. for cows. Dry South American hides have been slightly weaker, B.A. Americanos having changed hands at 6½d., while Inservibles have realised a fraction over 3½d. Sales also include M.V. Americanos at 6½d., Cuyabanos at 5½d., and Sierra Cordobas at 8½d. Fair business has been done in various classes of Africans, and first and second dry Capes are now quoted at 7½d. and 6½d., while dry-salted 20-30 lbs., are offered at 1d. per lb. less. Business in Australian hides continues to be limited owing to the advanced prices being asked by shippers. Turnover in regard to sole leather has not been on a large scale, but at the same time the market remains firm and the level of prices has been maintained. English and wet-salted bends suitable for the repairing section of the trade have been taken up with a little more freedom, while there has also been inquiry for light weight dry hide bends for the shoe-manufacturing industry. Medium and heavy weights in the latter description, however, are not a very ready market at the moment, but against this additional interest has been shown in certain kinds of offal. Business in the upper-leather market is generally confined to the purchase of box and

The Frankfurter Zeitung

the leading German economic Journal, will inform you fully and systematically in a thoroughly objective manner regarding German financial and economic conditions and with regard to the general international business situation in Germany.

The 75th Anniversary Edition of the Frankfurter Zeitung has just appeared. Post-war world economic developments—the requirements, as seen by internationally famous experts, for constructing a successful economic system that is based on free enterprise and upon which can be built a sound general prosperity... are the subjects which comprise the keynote of this 75th Anniversary Edition of the Frankfurter Zeitung.

The price of the "75th Anniversary Edition of the Frankfurter Zeitung" is RM 10.—

Subscription Rates for the "Frankfurter Zeitung" are RM 7.50 monthly

Specimen copies free by the "Frankfurter Zeitung", Frankfurt am Main, Große Eschenheimer Straße 31-37 Germany

All men who say "I'm not the man I was" should write for the "NEW LIFE" Booklet. It will tell you the way to regain and maintain Energy, Vitality and Physical Powers.

Dr. MAGNUS HIRSCHFELD, LTD., 17, Audrey House, Ely Place, E.C.1

RUSSIAN SUPPLEMENT

A Reprint of the above in pamphlet form may be obtained

Price 1s. By Post 1s. 1d. from the Publisher

THE ECONOMIST,
8 Bouverie St., E.C.4.

The Investors' Chronicle and Money Market Review

This Week's Contents:

IS THE ADVANCE IN AUSTRALIANS JUSTIFIED?

AVIATION SHARES

CONSOLIDATED GOLD FIELDS

Obtainable at all bookstalls and newsagents throughout the country, price 6d., or from

The Publisher:

"THE INVESTORS CHRONICLE" 20 BISHOPSGATE, E.C.2.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.		LARD—		WOOL—	
CEREALS AND MEAT.		s. d. s. d.		s. d. s. d.	
GRAIN, &c.		Irish bladders.....	58 0 70 0	English Southdown, washed	13
Wheat, No. 2, N. Man. 496 lb.	31 6	American, boxes, 56 lbs.	49 6 50 9	per lb.	13
Eng. Gaz. av. per cwt.	6 10	POTATOS—		Lincoln hog, washed	8 1/2
Barley, Eng. Gaz. av.	9 1	Good English, per cwt.	9 0 10 0	Queensland, red. super omg.	23 1/2
Oats,	7 0	SPICES—		N.W. W. grey, super	12
Maize, La Plata, landed, 480 lb.	18 9	Pepper, per lb.—		N.Z., grey, half-bred 50-56	11
Flour, Lon. stan. ex mill, s. d.		Muntok, fair White	0 8 1/2 0 0	Crabbed 40-44	7 1/2
280 lb.,	23 3 0 0	Black Lampung	0 6 1/2 0 0	Topa—	
Rice, No. 2 Burma, per cwt.	8 6 0 0	Chinamon—1st sort, per lb.	0 8 1/2 0 0	Morinos 70's	26
Sago, Pearl, per cwt.	16 6	Cloves—Zanzibar per lb.	0 8 1/2 0 0	64's	25
Tapioca, per cwt.		Ginger—per cwt.—		Crabbed 48's	12 1/2
Fine Java, spot	24 0 0 0	African	30 0 0 0	46's	11 1/2
Fair Flake, Singapore.	11 6 0 0	Jamaica, ord. to good...	52 6 90 0	MINERALS.	
MEAT—		Mace	0 10 1 10	COAL—	
Beef, per 8 lbs.—		Nutmegs 65s	1 8 0 0	Welsh, best Ad'ly	19 6 0 0
English long sides	4 0 5 0	SUGAR—		Durham, best gas, f.o.b.	25
Argentine chilled hinds.	3 8 4 2	(Duty, 11s. 8d. per cwt.)		Tyne	14 6 14 9
Mutton, per 8 lbs.—		R.W.I. crystallised	18 6 21 3	Sheffield, best house, at	22 0 0 0
English wetters	4 4 5 0	Java, white, c. & f. India	8 7 1/2 0 0	IRON AND STEEL—	
N.Z. frozen	2 8 3 4	November-December	8 7 1/2 0 0	Pig, Cleveland No. 3, ton	58 6 0 0
Pork, English, per 8 lbs.	5 0 5 4	REFINED—London—		Bars, M'brough	200 0 0 0
OTHER FOODS.		Yellow Crystals	18 10 1/2 0 0	Steel Rails, heavy	170 0 0 0
BACON—		Cubes	23 3 23 9	Tin Plates, per box	13 9 14 3
Irish	62 0 73 0	Crushed	21 9 22 3	METALS—	
Danish	48 0 0 0	Granulated	19 7 20 4 1/2	Copper, Electrolytic, ton	39/0/0 41/0/0
Dutch	44 0 0 0	Home Grown	19 0 19 1 1/2	Sheets (strong)	70/0/0 0 0
HAMS—Irish	0 0 0 0	TEA—		Standard	33/15/0 33/16/3
Canadian	66 0 68 0	Indian—per lb.—		Lead Eng. Pig	16/5/0 0 0
American	90 0 0 0	Pekoe	0 6 1/2 2 0 1/2	Soft Foreign	14/10/0 14/15/0
BUTTER—		Broken Pekoe	0 6 1/2 2 1/2	Spelter (G.O.B.)	14/0/0 14/6/3
Irish creamy per cwt.	0 0 0 0	Orange Pekoe	0 7 2 6 1/2	Tin—English ingots	139/0/0 140/0/0
Australian	100 0 103 0	Broken Orange Pekoe...	0 7 1/2 3 7 1/2	Standard cash	137/2/6 137/5/0
New Zealand	103 0 107 0	Ceylon—per lb.—		MISCELLANEOUS.	
Danish	126 0 0 0	Pekoe	0 7 1/2 2 4 1/2	CHEMICALS—	
CHEESE—		Broken Pekoe	0 8 1 10	Acid, citric, per lb. less 5%	1 0 1 0 1/2
Canadian	69 0 71 0	Orange Pekoe	0 10 2 7 1/2	Nitric	0 2 1 0 4
New Zealand	61 0 62 0	Broken Orange	0 10 2 4	Oxalic, net	0 3 1/2 0 4
English Cheddars	80 0 100 0	TOBACCO—		Tartaric, English less 5%	0 11 1/2 1 0
Dutch	62 0 67 0	(Duty 9/6-10/6 1/2 per lb.)		Alcohol, Plain Ethyl	13 0 0 0
COCOA—		Empire growths, 7/5 1/2		Alum, lump	9 0 9 10
(Duty, British grown,		8/3 1/2 per lb.)		Sulphate carb.	36 0 38 0
11s. 8d.; foreign, 14s. cwt.)		Virginia leaf	0 9 2 9	Sulphate	6 10 7 10
Accra, f.f., per cwt.	24 0 30 0	Common to fine	0 10 1 6	Arsenic, lump	35 0 40 0
Trinidad	40 0 50 0	Rhodesian leaf	0 9 1 6	Bleaching powder, per cwt.	7/10/0 6/12/6
Grenada	30 0 37 0	Nyasaland leaf	0 10 1 8	Borax, gran.	14 10 0 0
COFFEE—		East Indian leaf	0 4 0 8	Do, powder	16 0 0 0
(Duty, British grown,		strips	0 5 1 0	Nitrate of Soda	9 0 9 6
11s. 8d.; foreign, 14s. cwt.)		COTTON—		Potash—Chlorate, net	0 3 0 3 1/2
Santos suptr., c. & f. cwt.	52 0 0 0	Mid-American	4 97	Sulphate	10 0 11 0
Colombian, good	75 0 100 0	Sakelaria, f.g.f.	7 40	Sul-Ammoniac	42 6 45 0
Costa Rica, med. to good	82 0 125 0	Yarna, 3 1/2 twist	9 1/2	Soda Bicarb.	9 0 10 6
East Indian	88 0 122 8	60's twist	15 1/2	Crystals	5 0 5 3
Kenya, medium	75 0 90 0	FLAX—		Sulphate of Copper per ton	18 10 19 0
EGGS—		Livonian ZK	39 0 0 0	CEMENT, London—	
English	18 6 22 6	Pernau HD	37 0 0 0	Portland, best Eng. pr. ton	42 0 44 0
Danish	18 6 21 3	Slanetz Medium 1st sort	42 0 0 0	COPRA—	
FRUIT—		HEMP—		S.D. Straits c.f.f., per ton	14/7/5 0 0
Oranges—		Italian P.O.	35 0 0 0	Smoked South Sea	12/5/0 0 0
South African ..boxes	0 0 0 0	Manilla, Nov.-Jan. "J2"	21 0 0 0	DRUGS—	
Lemons, Sicilian ..boxes	14 0 20 0	N.Z.	15 0 16 5	Camphor	
Malaga ..cases 420 No. 1	14 0 18 0	Mexican	nom.	Japan, refined	2 9 2 10
Apples: Amer. (var.) brls.	15 0 20 6	JUTE—		Castor-oil	85 0 95 0
" (var.) boxes	11 0 13 3	Native 1st mks.		Ipecacuanha	6 0 0 0
" Australian	0 0 0 0	December-January	£21/10/0	Peppermint, Wayne Co.	9 3 9 6
ONIONS—		Daisee 2/3 c.f.f. Dundee ..	£20/17/6	HIDES—	
Valencia, case, 4s.	6 0 9 0	December-January	£20/17/6	Wet salted—Australian	
Egyptian Baga	0 0 0 0	SILK—		per lb.	0 4 1/2 0 5 1/2
Grapes, Lisbon ..boxes	0 0 0 0	Canton	9 0 12 0	West Indian	0 3 1/2 0 4 1/2
" Almeria ..brls.	6 0 22 6	Tunash	4 0 6 0	Cape	0 4 0 4 1/2
		Japan	11 6 15 6	Dry and Drysalted Cape...	0 6 0 7 1/2
		Italian—Raw, fr. Milan	11 6 13 0		

willow calf and glaze kid, for both of which there is a steady day-to-day call. More activity has been noticed in connection with patent leather, while a dropping sale continues to be experienced in connection with both real and imitation reptile skins. Curried leathers are again inclined to be quiet, but dressers of sheepskins continue to make fairly satisfactory sales.

THE TIMBER TRADE.—This month opened with the market for European building and joinery woods still in favour of buyers, both for forward and spot business, although the October receipts were much lower than in the corresponding month of 1930 and 1929. Receipts for the ten months compared with the corresponding period last year showed a decline of 542,000 loads (of 50 cubic feet) on a total import of 3,493,720 loads, and a still larger deficit compared with the same time in 1929. London dock stocks, too, were lighter, as were October deliveries from docks, the real source of dissatisfaction being that the consumption has dropped appreciably as compared with last year. In planed and dressed woods, the imports, stocks and October drawings from docks were less than a year ago. The building trade remains dull, but there are signs of improvement in the erection of new business premises in anticipation of a larger manufacturing trade in this country. Opinion, of course, is divided on the question of import tariffs. Incidentally, it should be remembered that 90 per cent. of the raw material will have to come from abroad. Free-on-board business is still in progress. The clearing-up sales for the year prior to the closing of navigation and the market shows a better tone for parcels of good shipment. Much Russian, Finnish and Swedish wood is coming in this month, but Polish wood is hanging fire for a time. Whereas the softwood market is both a forward and spot buyers' market, the hardwood trade favours spot holders. Imports of States lumber dropped by more than 50 per cent. last month, forward buyers being averse to purchasing whilst the dollar is so high compared with sterling. The American feeling is that the United Kingdom will have to buy sawn hardwoods from the States sooner or later, as it is not easy to obtain in a few days, or even months, such large and as cheap quantities elsewhere. It is no secret that American exporters have been selling their lumber at a loss throughout the year. Mahogany is up in value on account of the shortage of logs to hand. Plywood imports made a little recovery last month, but are still some 60 million feet down on the year, and dock supplies

are now of only moderate volume. There is likely to be an increase in import of this wood manufacture in view of possible import tariffs.

RUBBER.—Little interest was shown in the market for rubber this week, and quotations were easier, both in New York and London. Meanwhile production continues to exceed consumption, with the result that world stocks are still increasing. Wednesday's official closing price for standard ribbed smoked sheet in London, at 2 1/2 d. per lb., shows a fall of 1/4 d. as compared with the corresponding day last week. In forward positions, business has been done at 3 d. to 3 1/4 d. for January-March, against 3 1/4 d. to 3 3/4 d.; and at 3 1/4 d. to 3 1/2 d. for April-June, 1932, against 3 1/4 d. to 3 3/4 d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 2,122 tons; delivered, 2,650 tons; stocks at the end of last week, at 130,661 tons, show a decrease of 528 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Oct. 28.	Nov. 18.	Nov. 25.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future,			
Chicago, per bushel	57 1/2	59 1/2	54 1/2
Coffee, Rio No. 7, cash, per lb.	5 1/2	6 1/2	6 1/2
" Santos No. 4, cash, per lb.	7 1/2	8 1/2	8 1/2
Cocoa, Accra, nearest future, per lb. ...	4 47	4 60	4 39
Sugar, Cuban Centrifugals, 96 deg.,			
spot, per lb.	3 36	3 35	3 20
Cotton, New Orleans, middling, spot,			
per lb.	6 47	6 19	6 05
Rubber, smoked sheet, spot, per lb.	4 1/2	4 1/2	4 1/2
Petroleum, Pennsylvania crude, stan-			
dard grades, per barrel	180-195	170-185	170-185
Copper, "Electrolytic," Domestic,			
spot, per lb.	7 00	6 75	6 25
Copper, "Electrolytic," Copper Ex-			
porters, Inc., spot, per lb.	7 50	7 50	7 00
Spelter, East St. Louis, spot, per lb.	3 25	3 25	3 15
Lead, spot, per lb.	4 00	4 05	3 85
Tin, "Strait," spot, per lb.	22 1/2	22 85	22 1/2

The Economist,
WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, DECEMBER 5, 1931.

No. 4,606.

Royal Exchange
Assurance

INCORPORATED A.D. 1720.

All classes of Insurance
transacted and the duties of
Trustee and Executor undertakenFor full particulars apply to
Head Office: ROYAL EXCHANGE, LONDON.ANGLO-PORTUGUESE
COLONIAL AND OVERSEAS BANK LTD.

9 BISHOPSGATE, E.C.2

Telegraphic Address:
Ultramarina, LondonTelephone:
London Wall 0294Capital Authorised
£1,500,000Capital Issued
and fully Paid
£1,000,000

Sole London Representatives of:

BANCO NACIONAL ULTRAMARINO, LISBON,
and its offices in PORTUGAL, PORTUGUESE
COLONIES, BRAZIL AND BOMBAY and of

BANQUE FRANCO-PORTUGAISE D'OUTREMER, PARIS

AGENTS AND CORRESPONDENTS THROUGHOUT THE WORLD

A Complete International Banking Service.

BANCA COMMERCIALE
ITALIANA.

Limited Company Incorporated in Italy.

Established in 1894. Head Office: MILAN.
Capital 700 million Lire. Reserves 580 millions.
Deposits 8,395 millions.Branches in every centre of commercial and
industrial importance in Italy; also in London,
New York, Istanbul (Constantinople), and Izmir
(Smyrna).Affiliated and Auxiliary Institutions in France
(Paris and Riviera), Switzerland, Czechoslovakia,
Poland, Yugoslavia, Austria, Hungary, Bulgaria,
Roumania, Greece, Egypt, Morocco, U.S.A.,
Brazil, Argentina, Chile, Uruguay, Peru, Colombia,
Ecuador, etc.

London Office:

32, Threadneedle Street, E.C.2.

A. JOEL, Manager.

Correspondents to the Italian Treasury.

TABLE OF CONTENTS.

The Money Market	1049	Foreign Stock Exchanges—	
Leading Articles—		New York	1079
An End and a Beginning	1051	Paris	1082
The Disarmament Conference	1052	Amsterdam	1082
A Dispute in Lancashire?	1053	Other Centres	1082
The Steel Industry and Protection	1054	Investment Notes—	
Exchange Restrictions in Europe	1056	Industrial Share Movements	1083
The Greengrocery Bill	1057	More "Anti-Dumping" Shares	1083
Notes of the Week—		American Company Earnings	1083
The League and Manchuria	1058	Royal Mail Company's Future	1084
France and Reparations	1059	London Passenger Transport Bill	1084
Foreign Trade Policy	1059	Electric and Musical Industries	1085
The Weakness of Sterling	1060	Aerated Breat Meeting	1085
The Results of the Argentinian Elections	1060	Peninsular and Oriental	1085
Constitutional Progress in Syria	1060	Rolls-Royce Purchase of Bentley	1086
The Second Dose	1061	Dorman, Long	1086
Anti-Dumping Duties and Drawbacks	1061	Offer to Magadi Deben-ture Holders	1086
The Government and the Millers	1062	Tin Restrictions Criticised	1087
Beer and Taxation	1062	Company Meetings of the Week	1087
London and the "Still-halte"	1062	Capital Issues	1087
Shipping Freight Index Number	1062	Oil Outputs	1088
The Credit Anstalt	1062	Weekly Traffic Returns	1088
Australian Banking	1063	Company Meetings, &c.	1089
The Potato Market	1063	Government Returns, &c.—	
Conditions in Japan	1063	National Accounts	1093
The British Overseas Bank	1064	Treasury Bills by Public Tender	1094
Bank of London and South America	1064	The Bankers' Gazette—	
N.Y. Metropolitan Life	1064	Bank of England	1094
Record Transvaal Gold Output	1065	Bankers' Clearing Returns	1094
Overseas Correspondence—		Provincial Clearing Returns	1094
United States	1065	Overseas Bank Returns	1094
France	1066	Loan and Discount Rates	1096
Germany	1067	Rates of Exchange	1095
Austria	1068	Overseas Bank Rates	1096
Holland	1069	Bullion	1097
Denmark	1069	Gold and Silver Prices	1098
Italy	1070	Company News—	
Greece	1071	Dividend Announcements	1098
Turkey	1072	Reports and Notices	1098
Canada	1072	Profit and Loss Accounts	1099
South Africa	1073	Summary of Balance Sheets	1100
Letters to the Editor—		Commercial Reports—	
Currency Depreciation and Exports	1074	Market Summary	1100
Rights of Preference Shareholders	1075	The Coal Trade	1100
Books Received	1075	Iron and Steel	1101
The Stock Exchange—		Other Metals	1101
American Railroads	1076	Textiles	1102
Union Minière du Haut-Katanga	1078	The Grain Markets	1102
The Week in the Markets	1078	Other Foods	1103
London Active Security Prices	1080	Miscellaneous Commodities	1103
New Issue Prices	1082	Commodity Prices in the United States	1104
		Prices Current	1104

THE MONEY MARKET.

OWING to the approach of the end of the month, money was not so plentiful as usual at the week-end, and there was a sharp drop from £60.6 to £53.2 millions in applications for Treasury bills. As a result of this the average tender rate fell fractionally from £5 11s. 11.03d. to £5 11s. 6.27d. per cent. On Saturday new money was obtainable at 4 1/2 down to 4 1/2 per cent., but 4 1/2 per cent.

was charged for renewals. On Monday, the last day of November, conditions proved surprisingly comfortable for the end of the month. The narrowness of the foreign exchange market and especially of forward exchange dealings meant that the month-end settlement is now much lighter. Though $5\frac{1}{2}$ per cent. was paid in isolated cases for new money, 5 per cent. was the ruling rate both for fresh loans and renewals. On Tuesday, the War Loan interest was paid, and as the week progressed and the warrants were cashed, the market gained the benefit of this money. By Wednesday money was almost unobtainable at rates running down to 3 per cent., and renewals could be arranged at $4\frac{1}{2}$ per cent. By Thursday money had become a little more usable at $4\frac{1}{4}$ per cent.

Though business in bills is still limited, a better tone prevails in the discount market, and some small demand for bills is apparent. December maturities are now largely held by the banks, and this is likely to make money more stringent during the coming weeks. Hot Treasury bills were dealt in at $5\frac{1}{8}$ per cent. early in the week, but the abundance of money later drove the rate down to no better than $5\frac{1}{2}$ per cent. The market rate on three months' bank bills was generally quoted at $5\frac{1}{4}$ per cent., the higher rate being charged for German renewals. Following the declaration by the German Government that after the expiry of the standstill agreement there will be no discrimination against bills of later dates, it is announced that London acceptance houses have agreed to continue accepting German renewal bills right up to February 29th, the date when the standstill agreement is due to expire, even though those bills will mature after that date.

This week's Bank return reflects firstly the beginning of the Christmas expansion in the note circulation, and secondly the effects of the War Loan interest payment. The increase in the note circulation has so far amounted to £4.1 millions, and with no change in the fiduciary limit or in the Bank's gold holdings, the Reserve is reduced by the same amount to £38.1 millions. The Proportion is only 28.4 per cent., against 33.8 per cent. the week before, but much of the decrease is explained by the increase in the Banking Department's liabilities due to the War Loan interest payment, and this is a purely temporary movement. *Prima facie*, it appears that the normal Christmas expansion of the circulation can be fully provided for out of the existing fiduciary limit at the cost of running the Bank's Proportion down to a relatively low figure. As the notes will all return immediately after Christmas, and as this fact is well known to the financial world at home and abroad, there seems to be no real objection against allowing the Bank's Proportion to fall to this low figure just for two or three weeks.

	Nov. 12, 1931.	Nov. 19, 1931.	Nov. 26, 1931.	Dec. 3, 1931.	Previous Rate and Date Changed.
Bank Rate	%	%	%	%	%
Banks' Deposit Rate..	4	4	4	4	$4\frac{1}{2}$ (Sept. 21, '31)
Discount / Call	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
Houses / Notice	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$2\frac{1}{2}$ (Sept. 21, '31)
Market rate (3 months' bills)	$5\frac{1}{4}$ - $7\frac{1}{4}$	$5\frac{1}{4}$ - $7\frac{1}{4}$	$5\frac{1}{4}$ -6	$5\frac{1}{4}$ - $7\frac{1}{4}$	...

The War Loan interest payment is mainly responsible for three big changes in the Bank return, namely, an increase of £14.9 millions in Government Securities, a contraction of £18.4 millions in Public Deposits, and an expansion of £26.3 millions in Bankers' Deposits. The inference is that, as suggested a week ago, a large portion of the money required for this payment was gradually accumulated by the Treasury in advance and lodged in Public Deposits, but that a fair amount had to be raised by borrowing from the Bank on Ways and Means. This latter operation is as a rule only carried out absolutely at the moment when the money is required, and so does not appear in last Saturday's revenue returns. It

may not fully appear in next Saturday's return, if part of the debt has been repaid in the meantime. The release of all this money has raised Bankers' Deposits to £86.2 millions, which amply explains the prevailing ease. It must be expected that tax payments, fresh issues of Treasury bills and other operations will rapidly reduce this figure to more normal proportions.

Following a conference between the Commonwealth Bank and the Australian trading banks, it is understood that for the time being the Australian exchange upon London is to be periodically fixed by the Commonwealth Bank, and the current rate is announced to be £125 Australian per £100 sterling. This compares with the rate of £130 10s. hitherto in force. In view of the recent trend of unofficial dealings this reduction in the rate has caused no surprise, nor would it have been natural for the Australian pound to have continued to depreciate against gold currencies *pari passu* with sterling. Apart from this Australia is now in several respects in a sounder financial position, so that an improvement in her exchange is amply justified.

Call money on Wall Street remains unchanged at $2\frac{1}{2}$ per cent., and so, too, are open market discount rates at $3\frac{1}{2}$ -3 per cent. for ninety-day bankers' acceptances. Gold exports have practically ceased, and the statement for the week ended November 25th showed an influx of \$3.3 millions, two millions of which came from Canada. The arrival of a further \$1.5 millions from Canada was announced on November 28th. Gold earmarked on foreign account also continues to decline, the release of \$3.5 millions being announced on November 30th.

The Foreign Exchange market was very irregular this week, fluctuations being frequent and wide. Sterling showed renewed weakness against all the principal currencies, although it was rather better towards the close. The New York rate went from 3.60 to 3.38, after touching 3.23, Paris moving similarly from $91\frac{1}{4}$ to $86\frac{1}{2}$ after $82\frac{1}{2}$. Montreal was quoted at 3.92. Brussels did not go quite so sharply against us at $24\frac{1}{2}$ after $23\frac{1}{2}$, and Milan also moved within narrower limits at $65\frac{1}{2}$ after $63\frac{1}{2}$. Amsterdam at one time touched 8.00, but went back to $8\frac{1}{2}$, and Berlin, after reaching $13\frac{1}{2}$, recovered to $14\frac{1}{2}$. Switzerland was at $17\frac{1}{2}$ after $16\frac{1}{2}$. The Scandinavian currencies recovered, Stockholm, Oslo and Copenhagen all being quoted at 18.10. The South American exchange quotations were still largely nominal on account of the currency restrictions in force, Rio being somewhere about $4\frac{1}{2}$ d., Buenos Aires at $40\frac{1}{2}$ d., and Montevideo at $31\frac{1}{2}$ d. In the Far East the rupee was steady at 1s. $6\frac{3}{4}$ d., but the yen improved sharply from 2s. 9d. to 2s. $11\frac{1}{2}$ d. The forward market showed fewer striking fluctuations, dollars moving up from $\frac{3}{4}$ cent and $1\frac{1}{2}$ cents premium to $\frac{1}{2}$ cent and $1\frac{1}{2}$ cents premium. One month's Paris remained at $\frac{1}{8}$ franc premium, but three months' was harder at $1\frac{1}{2}$ franc premium. Brussels also hardened at $\frac{3}{4}$ belga and $\frac{1}{8}$ belga premium, against $\frac{1}{8}$ and $\frac{3}{8}$ last week. Amsterdam was at 2 and 6 cents premium, a rise of $\frac{1}{2}$ cent in each case. No quotation was recorded for forward Berlin, and Switzerland was unchanged at par and $\frac{1}{4}$ franc premium. The silver market was quiet, with the weakness of the dollar exchange, and sellers were inclined to hold off. Prices advanced from $18\frac{1}{2}$ d. to $19\frac{1}{2}$ d. for cash and from $18\frac{1}{2}$ d. to $19\frac{1}{2}$ d. for forward on some support from India and China, and the absence of any large offerings. The China silver exchanges improved in sympathy, Hong Kong by $\frac{1}{2}$ d. to 1s. $4\frac{1}{2}$ d. and Shanghai by a penny to 1s. $10\frac{1}{2}$ d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's-Economist Services, 8, Boulevard Street, London, E.C.4.

AN END AND A BEGINNING.

THE Round Table Conference has come to an end. It is the end, not of a book, but of a chapter, and the ending is of such a nature as to leave both expectancy and hope with regard to the development in the succeeding pages. Nothing, indeed, has become the Conference so well as its manner of ending. Only a few weeks ago the life of the Conference seemed to hang by a thread, and had the end come then it would have meant an acknowledgment of a deadlock, which could not have failed to obstruct formidably and indefinitely further progress towards the realisation of Indian ambitions or the fulfilment of British pledges. To-day we can look back on a Conference which has fulfilled a purpose and marked the completion of a stage. If it has produced disappointingly little in the way of positive agreement on vexed questions, it has left the door open for settlement. Representative spokesmen of every shade of Indian opinion have frankly stated their views, discussed the claims of others, and looked hard facts in the face. The British Government, for their part, have reiterated Britain's pledges to India, and announced their determination to go straight on with the work of evolving the Indian Constitution. No Indian can longer remain in doubt that this country is in earnest; no Indian can longer pretend that the main obstacle to speedier progress lies anywhere but in the failure of the Indian peoples themselves to compose their own differences. If the Conference had done no more than to clarify those two facts, it would not have sat in vain. But it has done more than merely clear away misunderstandings and unrealities. It has paved the way—as nothing else could have paved it—for the real hard-tack committee work on the thousand practical problems of the constitution builder.

Thus, while the pessimist or the cynic may complain that the Conference has talked much and done little, it was possible for the Prime Minister to say, as he said in his farewell address to the delegates on Tuesday:—"Great strides have been made, greater, I am sure you will find, than the most optimistic think." This rosy estimate of the value of the Conference is the more striking because it came at the end of a speech in which frank acknowledgment was made of disappointments and difficulties. Mr MacDonald indulged in no pretences. He admitted and deplored the continued deadlock on the communal problem and the absence of settlement among the States as to "their place in the Federation and their mutual relationship within it." But with the admission he coupled an eloquent appeal to the Indians not to accept failure, but to "take further opportunities to meet together and present us with an agreement." Meanwhile, the policy of the British Government is clear and definite. "The great idea of an All-India Federation," said the Prime Minister, "still holds the field. The principle of a responsible Federal Government, subject to certain reservations and safeguards through a transition period, remains unchanged. And we are all agreed that the Governors' Provinces of the future are to be responsibly governed units, enjoying the greatest possible measure of freedom from outside interference and dictation in carrying out their own policies in their own sphere." The translation of these principles into concrete action may not have been rendered very much easier by the Round Table Conference. But, said Mr MacDonald, "we intend to go ahead." In order that the work of consultation and negotiation may not be interrupted, the British Government is to nominate a "small representative committee—a working committee—of this Conference which will remain in being in India, with which, through the Viceroy, we can keep in effective touch." Three other committees are to be set up at once:—(a) To investigate and advise on the revision of the franchise and constituencies; (b) to put to the test of detailed budgetary facts and figures the recommendations of the Federal Finance Sub-Committee; and (c) to explore more fully the specific financial problems arising in connection with certain individual States.

These committees are to get to work in India "under the chairmanship of distinguished public men from this country as early as possible in the New Year." If Indian agreements on the big outstanding problems are not forthcoming, "even this disability will not be permitted to be a bar to progress." In the absence of such agreement, "His Majesty's Government would have to settle for you not only your problems of representation, but also to decide as wisely and as justly as possible what checks and balances the constitution is to contain to protect minorities." In a word, if India cannot contribute agreed foundations on which to build the constitution, the British Government will endeavour to lay the foundations and to build themselves. Mr MacDonald warned the Conference that this alternative was unsatisfactory and would add greatly to the difficulties. But in his insistence that the Government meant to go ahead towards the fulfilment of their pledges to India under any circumstances, Mr MacDonald was emphatic.

This historic statement of the Prime Minister was debated in the House of Commons on Wednesday and Thursday, when it was clearly shown that the National Parliament is strongly behind the National Government in its Indian policy; and we are convinced that the House of Commons, fresh from close contact with the constituencies, speaks the almost unanimous voice of the British people. It will not escape the attention of Indian observers that this new re-statement of determination to proceed with the framing of a self-governing constitution for India comes from a Government and a Parliament in which the Conservative element is numerically supreme. The much-heralded opposition of Mr Churchill and his group came to very little indeed. One of the most significant events in Wednesday's debate was the speech of Earl Winterton, a Conservative ex-Under-Secretary for India, who appealed to Mr Churchill to withdraw his amendment because the Government's policy contained nothing against which he could properly fight. We have reached, then, this stage: all parties in this country unite to say to India, "It is our aim to give you the constitution that you want. For our part we are going on trying to build that constitution, but it can only be satisfactory if you compose your own differences and come in and help us with the building."

The position is one which holds a serious warning both for the British Government and for India. The former cannot hope to succeed in its task unless it can carry Indian opinion with it, including the support of Congress. Time, therefore, as Mr MacDonald admitted, is an essential factor. A constitution cannot be built in a month, but, on the other hand, long-protracted committee work spread over years would certainly be regarded by Indian opinion as a method of evading the transfer of responsibility by delaying tactics. We trust that Mr MacDonald, to whose tactful and untiring devotion the work of the Conference and its redemption from failure are mainly due, will keep this factor constantly in mind. As for Mr Gandhi, whose part in the Conference, although never so intransigent as had been expected in some quarters, has been curiously ineffective, upon his shoulders now rests a tremendous responsibility. A future which will fulfil Indian ambitions is within India's grasp. Is it possible that Mr Gandhi will deliberately choose to place impediments between the hand and the prize? Or, persuaded at last of Britain's good faith, will he abandon the policy of obstruction which might spell years of disturbance, suffering and disappointment for millions of his fellow-countrymen, and lend his co-operation to a task complex and difficult enough in the most favourable circumstances, but quite beyond the power of any British Government to perform successfully unless the maximum of Indian goodwill is forthcoming. The British Government and the British people have spoken. India's future lies in Indian hands.

THE DISARMAMENT CONFERENCE.

IN the first week of February next there is due to meet, under the Presidency of Mr Arthur Henderson, a World Disarmament Conference which is intended to be the largest and most important international congress to assemble since the Peace Conference itself. The membership of this World Disarmament Conference is to be wider than that of the League. It is to include not only the United States, who is not a member of the League though she took part in the Peace Conference, and not only Germany, who was not represented at the Peace Conference though she has since become a member of the League. It is to include also the U.S.S.R. and Turkey, countries represented neither at Paris in 1919 nor at Geneva since—with the notable exception of the Preparatory Commission for the Disarmament Conference, on which both Russian and Turkish delegates have taken an active part.

This Preparatory Commission, whose long and arduous labours came to an end only last year, held its first session as long ago as the spring of 1926, and was set up before the end of 1925. A general all-round process of disarmament, to be carried out by the ex-victors and the ex-vanquished and the ex-neutrals alike, was one of the fundamental provisions of the Peace Settlement. It was embodied in the Disarmament Chapter of the Versailles Treaty and in the correspondence that passed between the Supreme Council of the Allies and the German delegation before the Germans signed the Treaty, as well as in the Covenant of the League of Nations, which was itself an integral part of each of the four European peace treaties. Thus the obligation to take part in the Conference whose date is now approaching was implicitly undertaken by every signatory of the European peace treaties and by every original member of the League of Nations. In other words, the Conference was conceived a full decade before the present economic crisis began. But now the child of much diplomatic travail is due to come to birth at the height of the present "economic blizzard," at a moment when the storm is likely to be blowing with even greater fury than now.

Tantus labor non sit cassus: on that, all men and women of good will, in all countries, will be agreed. The worst fate for the World Disarmament Conference would be a miscarriage; and it is evident that the danger of miscarriage has now to be reckoned with very seriously. This danger raises a difficult and debatable question of practical policy which needs deep consideration now. We have to consider which of two alternative policies is the less dangerous in the circumstances. Is it wiser to let the Conference meet at its appointed date—to let the child be born into the world at the natural time, even though it be a time of storm and stress? Or is it wiser to postpone the date—to delay the birth beyond the natural time at the risk of a still birth? Which policy, which treatment, offers the lesser risk of catastrophe? That is the grave question on which statesmanship and public opinion throughout the world have to come to a speedy decision.

The argument for postponement is that the coincidence of date between the World Disarmament Conference and the world crisis is a pure accident and—having regard to the vexed inter-related issue of reparations and war debts—an untoward accident which may have to be undone if it is not to work serious mischief. Being men and not gods, we cannot change the date of the economic crisis. Therefore, it is contended, the only course of wisdom is to change the date of the Disarmament Conference by putting it off to some more convenient and propitious season, however distant. The advocates of lengthy postponement go on to argue that disarmament is, after all, a long-term, long-range operation. The ultimate goal is the practical objective of guarding against the outbreak of another Great War. But a glance at modern European history shows that a great war, like a great plague, confers automatic immunity from its own recurrence for at least a season. After the wars of Louis XIV, the world had peace for twenty-six years, from 1713 to 1739; after the Napoleonic wars the world had peace for thirty-three years, from 1815 to 1848. It may be, no doubt, that history moves nowadays at a swifter pace, so that our

period of automatic immunity may be shorter this time than it was one and two centuries ago. On the other hand, the Great War of 1914-18 was more destructive and exhausting, in its material and social and psychological effects, than its predecessors, so that, allowing for a difference of tempo, the period of recovery may be destined to be proportionately longer. On the whole (it may be contended on this argument), we shall be safe in allowing ourselves twenty-five years from the date of the Armistice as our time of grace for achieving disarmament before the next war may be expected to come upon us. If we aim at attaining our objective some time before 1943, we shall be within the safety line; and this gives us a whole decade more to turn round in. Surely, then, in the present unforeseen circumstances, it would be folly to insist rigidly on carrying out our disarmament programme up to time. The wise course is to postpone the World Disarmament Conference from February next until "the economic blizzard" has finally subsided.

The advocates of postponement *sine die* may also point out that some of the most important parties to the Conference—parties any one of which has the power to bring the Conference to grief—are not now in a suitable frame of mind. At the last full-dress debate on Disarmament in the House of Commons at Westminster, the leaders of all three political parties in Great Britain declared that the British Empire had gone as far as it could go along the path of disarmament without some proportionate response from other countries. In negotiation with the other two principal Naval Powers of the world we had achieved, at the London Naval Conference of last year, a comprehensive agreed limitation of our respective naval armaments. The next step forward, in the British view, must be taken by the Military Powers on the Continent of Europe. As for the German state of mind, there is a still more striking agreement among the otherwise more deeply divided political parties of Germany. The universal German feeling is that, unless the forthcoming Disarmament Conference results in the ex-victors voluntarily bringing down their armaments, forthwith, to the level imposed on the ex-vanquished States in the peace treaties, Germany will be morally entitled to regard the disarmament chapter of the Versailles treaty as having been invalidated by the failure of the other signatories to honour their own disarmament pledges. In that case, Germany, in the German view, ought to take the first opportunity to re-arm herself up to the present level of France and Poland. As for the French state of mind, it was revealed, with startling violence, in the organised wrecking of the great public meeting held in the Trocadéro at Paris last Friday, November 27th, under the auspices of the private and non-official International Conference on Disarmament which was in session in Paris last week. At this meeting, at which distinguished members of the Diplomatic Corps were present, the majority of the foreign speakers were howled down. A simultaneous French anti-disarmament meeting was held under the chairmanship of Colonel Marchand (whose name stands for the Fashoda incident and for the whole state of hostility between France and England which preceded the establishment of the Entente). And these French anti-disarmament demonstrations were approved by half the Paris Press. Better let sleeping dogs lie? The advocates of postponement might reply that the dogs of war are already awake and growling, and that we may be thankful if we can induce them to lie down and go to sleep again in the assurance that the item entitled Disarmament has been postponed, for an indefinite time to come, on the agenda of international transactions.

At first sight these arguments for lengthy, if not indefinite, postponement—which we have done our best to marshal in full force—may appear to be overwhelmingly strong. In a pertinent speech addressed to the National Peace Council last Monday Lord Reading observed "that it was useful to be an idealist, but in dealing with matters one must be a realist." What, then, in this difficult practical problem of the date of the Disarmament Conference, is the realistic point of view? In our belief, the fundamental realities of the present situation are

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL
BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:
8 KING WILLIAM STREET, LONDON, E.C.4

expressed in another passage of Lord Reading's same address. "One of the great obstacles," he said, "to prosperity at the moment was the lack of confidence in the world in the present economic and financial position, and they could not separate the financial aspect from the political aspect." Here, surely, is the heart of the matter. The essence of the present world crisis is the fact that all the local and sectional and departmental problems of human affairs have now coalesced into a single problem, no part of which can be solved without a concurrent solution of the rest. The world is suffering from a general failure of nerve towards all the practical activities of human society—political and economic—and the violent and intransigent and unreasonable temper which the nations are displaying over the question of disarmament is merely one of many symptoms of the general state of neurasthenia. In our belief—and this is the fundamental point—the advocates of an indefinite postponement of the Disarmament Conference have based their whole case on a false premise in assuming that the coincidence of date between the crisis and the Disarmament Conference is accidental. It is just because the Disarmament Conference is due and overdue, it is just because the problem of disarmament remains too long unsolved, that there is a world-wide sense of insecurity; and a sense of insecurity is the exact analogue, in the political and military sphere, of a restriction of credit in the economic and financial sphere. Nor are insecurity and lack of credit merely analogous in their nature. In the present instance the two disorders clearly spring from one and the same psychological root: from that general failure of nerve from which the world is now suffering. It is evident that the world's present nervous breakdown must be diagnosed and treated as a whole. We cannot hope to deal effectively with this or that symptom piecemeal.

What is the practical upshot of this approach—which we believe to be the realistic approach to our world problem? The practical point is that an international conference is going to meet in January in order to grapple with the problem from the economic and financial end. Assuredly this financial conference will not be able finally to solve the problem of credit unless its labours are to be supplemented, without undue delay, by another meeting of statesmen prepared to come to grips with the kindred problem of security; and the problem of security is a synonym for the problem of disarmament. It would be well advised, we think, to postpone the Disarmament Conference from February until later in the spring—clash of tempers over reparations and war debts might otherwise be as detrimental as actual clash of dates—but so far from it being necessary to adjourn the Conference until 1933 or later, we believe that it will follow most opportunely upon the financial conference; and that the two Conferences may well resolve themselves into the first and second sessions of a world conference for dealing with the world crisis as a whole.

A DISPUTE IN LANCASHIRE?

A SERIOUS labour dispute affecting both the spinning and weaving sections of the Lancashire cotton trade has become a possibility. This is the more disconcerting because, thanks to the combined operation of a depreciated pound and the Chinese boycott of Japanese cotton goods, Lancashire has been enjoying some degree of much-needed improvement in her staple export trade; and it will be a profound pity if a first-class labour dispute is allowed to occur at such a juncture. Two main dangers are involved. The worse is, of course, a deadlock and a stoppage, which would mean the loss of markets now laboriously being recaptured; the other, less formidable, but sufficiently serious, is the creation of a fresh split among the employers, and the consequent retardation of the already too slow progress of effective reorganisation. Let us hope that wisdom and restraint on both sides will prevent either of these unfortunate occurrences.

The employers in the two sections of the industry have started two separate movements for a revision of working conditions. On the one hand the Federation of Master Cotton Spinners' Associations has sent a letter to all the trade unions concerned, giving notice of the termination as from December 31st of the agreement entered into in July, 1919. On the other hand, the Committee of the Cotton Spinners' and Manufacturers' Association, which is the employers' organisation in the weaving branch of the industry, has asked its local constituent associations for authority to give one month's notice to abrogate the uniform list of prices for weaving and wages agreements. The two movements merit consideration from very different angles. The employers' action in the weaving section is not difficult to understand. The uniform list of wage rates, which the employers seek to abrogate, was drawn up no less than forty years ago, and the result of numerous variations and amendments during the last few years has been to render it both complicated and out of date. Nevertheless, this moment might not have been chosen for the precipitation of critical discussions, had it not been that the continued failure of the trade unions to make concessions in regard to the "more looms per weaver" question has driven the employers to despair. It may be fairly said that in the weaving section the employees are definitely to blame for any trouble that may arise, for the primary cause of the employers' present action is the intransigently obstinate resistance of the trade unions to the introduction of modern cost-saving improvements into the process of production—an obstinacy which even the growing difficulties of the industry over the last two years have entirely failed to shake. Almost as soon as these words are in print it will be known whether the local associations have empowered their central organisation to take the proposed action. If such power is given, let us hope

that the trade unions will respond by developing a more enlightened policy.

In the other section of the industry the shoe seems to us to be on the other foot. The agreement of July, 1919, which the Federation of Master Cotton Spinners' Association has given notice to terminate, effected a reduction in working hours from 55½ to 48 hours per week; and naturally enough the trade unions at once interpreted the notice of termination as representing an attempt by the employers to return to the pre-1919 working hours, which would mean a resumption of early morning work. Any such proposal would clearly evoke whole-hearted resistance from the workers and their unions, and, indeed, would rightly be regarded by the entire Trade Union Congress as the beginning of an onslaught on the whole principle underlying the Washington Convention. Fortunately, Mr Mills, the President of the Federation, cleared the air somewhat by a statement issued on Wednesday morning, in which he said that the Federation's action "does not by any means involve a crisis in the trade," and explained that the employers merely wanted "to make the subject of the agreement an issue for review with the object of achieving what is necessary to secure a more competitive position in the markets of the world and at the same time to provide increased employment for the workpeople." This statement has eased the situation a little, but it has by no means removed the suspicions of the trade unions that the employers are preparing a definite attack on working conditions, either by lengthening hours or by reducing wage rates, or both.

Certainly, the Spinners' Federation has chosen a strange time to launch an offensive. The depreciation of the pound is not a cure for industrial ills, but for the moment it has brought advantage to the Lancashire employers in the shape of a stimulus to exports which in time precedes a rise in the cost of living. But whatever means the authorities may take to carry out Mr MacDonald's avowed policy of maintaining the stability of the internal price level, some rise is inevitable. As that rise takes place and becomes really noticeable, pressure on the employers to raise nominal wages will develop, and the employers' proper and effective answer will be to point out that the rise in prices is doing no more than to deprive real wages of a part of the enhanced purchasing power gratuitously accorded by two years' fall in the price level. To choose the present moment for an attempt to reduce nominal wages is therefore not merely logically resisted by the trade unions, but is also extremely short-sighted policy on the part of the employers. And there is the added objection to the spinners' action that it has rendered more difficult the negotiations in the weaving section. There is, in our view, as much need among the spinning employers as there is among the weaving employees for thorough reconsideration of their position on lines of common sense and conciliation. Difficult negotiations lie ahead of the industrial world in the coming year, and it is deplorable that their successful and conciliatory handling, on which the recovery of this country in no small measure depends, should be jeopardised in advance by hasty actions in the present transition period by either employers' organisations or trade unions.

THE STEEL INDUSTRY AND PROTECTION.

The demand of the iron and steel industry for Protection is no new thing. As long ago as 1925 its case for a "safeguarding duty" was heard by the Committee of Civil Research, and its claims refused by Mr Baldwin and his Cabinet. Since then the demand for Protection has become steadily more insistent, particularly in the last two years of dwindling trade; and it was therefore certain that the National Government, returned to office with "a free hand," would be immediately and forcibly reminded that the iron and steel industry was prominent among the list of expectant claimants for its fiscal favours. Mr

Runciman, however, has stood firm against the clamour for hasty action. On Tuesday evening, he explained to a largely attended meeting of Conservative members that, owing to the vast complexity of the problems involved in any proposals for protecting the whole or parts of this vital industry, the question was one that demanded prolonged and careful study by the Board of Trade. One does not need to be a Free Trader to appreciate the reasons for Mr Runciman's decision. Indeed, we doubt if the most earnest and convinced Protectionist can examine the analysis of Britain's trade in iron and steel, which is published on the opposite page, without admitting that even the most carefully planned "scientific tariff" would have to pick its way very delicately lest grievous harm should be done, and the tariff become on balance a burden rather than a help.

Two main facts emerge from the table of iron and steel imports. The first is that out of imports of £23 millions in 1930 no less than £16 millions represent definite raw materials or semi-raw materials, while even in the class of "more finished materials" the majority of articles enter either into the cost of further stages of manufacture or into the cost of transport or construction. The second is that up to the end of October of this year the figures afford no evidence whatever of what the modern Protectionist calls "abnormal imports" or "dumping." True it is that, if Continental exporters of "semis" and home producers of finished goods feel that a high tariff is likely to be imposed in the next British Budget, steel imports into Britain are likely to increase; for to "forestall" a threatened tax is but human nature all the world over. But the 1931 data point, so far, to an all-round decline of imports, reflecting chiefly the depression of our "finishing" iron and steel industries.

The export table is equally instructive, since out of a total of £51 millions for 1930 no less than £41 millions come under the classification of "more finished materials," our exports of crude and "semis" representing to a large extent specialities in which British firms have learnt to excel and which are exchanged for other specialities in which they have been unable to compete. Taking the import and export figures together, the story is a very clear one of an export trade of finished products built up largely upon the economic use of cheap imported materials in earlier stages of manufacture. The average value per ton of our total exports, it will be observed, is double that of our imports.

The Protectionist urges that Britain is capable of making these raw materials and "semis" (or a large part of them) for herself, and that, by imposing a sufficiently high duty upon foreign imports, a large amount of employment would be provided for British workers in the iron and steel industry. The argument is superficially attractive, but it overlooks certain facts which explode it altogether. In 1930 Britain exported, directly, 40 per cent. of her steel production, and the proportion was higher before the great world depression began. Moreover, this figure takes no account of steel ultimately exported in the shape of articles (or their components) listed under other headings in our trade returns. This means that the bulk of the British steel workers depend upon our power to sell in foreign markets, where competition is very keen. To maintain their foreign sales our exporters must clearly be able to obtain their raw materials as cheaply as their competitors. If a general tariff on iron and steel were imposed, they would no longer be able to do so. The object of a tariff presumably would be to enable British producers to oust foreign material from the home market. What this would mean in cost to the consuming manufacturer of finished steel is shown by the following representative quotations, obtained from a well-known firm engaged in the industry.

The present price of British billets and sheet bars is from 105s. to 112s. 6d. delivered to buyers' works, while the Continental price is 55s. (gold) f.o.b. Antwerp, to which has to be added freight, which may vary from 8s. per ton to 20s., according to whether the user's works are located on the East Coast, South Wales, Scotland or the Midlands. The Ironmonger of November 28th says that British buyers have not been prepared to pay more than

(Continued on page 1056.)

BRITISH IRON AND STEEL TRADE.

IRON AND STEEL. (Re-exports negligible.)

Item.	Quantity (thous. tons).					Value (million £).					Value per Ton.				
	1924.	1928.	1929.	1930.	1931.*	1924.	1928.	1929.	1930.	1931.*	1924.	1928.	1929.	1930.	1931.*
A. Crude Iron and Steel :—															
Pig iron and ferro-alloys	308	119	154	312	293	£ 1.7	£ 0.8	£ 1.1	£ 1.5	£ 1.2	£ 5.6	£ 7.1	£ 7.0	£ 4.8	£ 4.0
Special steels, ingots, billets, etc.	41	71	45	37	22	0.6	0.7	0.6	0.4	0.3	14.3	10.2	13.3	11.9	14.9
Iron and steel blooms, billets, &c.	707	624	578	568	492	5.1	3.7	3.5	3.4	2.4	7.2	5.9	6.1	5.9	5.0
Steel bars and tinplate bars	378	540	419	527	654	2.7	2.8	2.3	2.7	2.6	7.0	5.1	5.4	5.2	4.0
Total	1,434	1,354	1,196	1,444	1,461	10.1	8.0	7.5	8.0	6.5	7.0	5.9	6.2	5.5	4.5
B. Rolling-mill Products :—															
Iron bars, sections, &c.	255	175	186	164	108	2.2	1.2	1.3	1.1	0.6	8.5	6.7	6.8	6.8	6.0
Steel bars, sections, &c.	137	339	390	398	325	1.3	2.5	3.0	2.9	2.0	9.7	7.4	7.7	7.2	6.3
Wire rods	74	116	125	91	71	0.7	0.9	1.0	0.7	0.6	9.9	7.7	7.9	8.0	7.8
Girders, beams, &c.	89	157	141	121	104	0.8	1.0	0.9	0.8	0.6	8.5	6.5	6.4	6.4	5.5
Hoops and strips	36	148	173	162	125	0.4	1.0	1.2	1.1	0.9	10.2	6.7	6.9	7.1	6.9
Plates and sheets	146	201	197	162	143	1.3	1.7	1.7	1.4	1.2	9.1	8.3	8.6	8.5	8.2
Total	737	1,136	1,212	1,098	876	6.7	8.3	9.1	8.0	5.9	9.1	7.3	7.5	7.3	6.7
C. More Finished Materials :—															
Cast pipes and fittings...	27	46	32	21	13	0.4	0.5	0.4	0.2	0.2	13.9	11.7	11.4	11.6	13.3
Wrought tubes and fittings	38	65	78	61	56	0.9	1.2	1.5	1.2	1.1	23.4	18.3	18.7	20.0	19.6
Railway and tramway material	36	22	17	24	31	0.4	0.2	0.2	0.2	0.2	10.3	10.2	9.5	8.2	6.8
Wire and wire manufactures	105	136	149	133	119	1.9	1.8	2.0	1.8	1.5	18.9	13.2	13.2	13.5	12.8
Nails, rivets, screws, bolts, nuts	12	26	27	23	18	0.4	0.6	0.6	0.5	0.4	31.2	21.4	21.3	23.0	22.9
Hollow-ware	6	10	5	6	6	0.4	0.5	0.3	0.3	0.3	63.6	50.4	53.5	50.7	44.0
Rough castings and forgings	14	28	27	22	10	0.3	0.6	0.6	0.5	0.2	23.9	23.1	21.8	23.3	20.6
Other manufactures	22	73	81	74	55	1.0	2.4	2.8	2.6	2.1	44.0	33.0	34.2	34.6	35.3
Total	260	406	416	364	308	5.7	7.8	8.4	7.3	6.0	21.5	19.3	19.6	20.2	19.2
Grand total—all classes	2,429	2,897	2,822	2,908	2,647	22.3	24.1	24.7	23.3	18.4	9.2	8.3	8.7	8.0	6.9

* Estimated on basis of January–October period.

BRITISH EXPORTS.

Item.	Quantity (thous. tons).					Value (million £).					Value per Ton.				
	1924.	1928.	1929.	1930.	1931.*	1924.	1928.	1929.	1930.	1931.*	1924.	1928.	1929.	1930.	1931.*
A. Crude Iron and Steel :—															
Pig iron and ferro-alloys	600	455	545	317	204	£ 4.1	£ 2.3	£ 2.9	£ 1.8	£ 1.1	£ 6.9	£ 5.1	£ 5.3	£ 5.7	£ 5.3
Special steels, ingots, billets, &c.	19	19	26	22	10	0.9	0.8	0.9	0.7	0.4	47	40	33	32	39
Total	619	474	571	339	214	5.0	3.1	3.7	2.5	1.5	8.1	6.5	6.5	7.4	6.9
B. Rolling-mill Products :—															
Iron bars, sections, &c.	42	27	27	18	9	0.6	0.4	0.3	0.2	0.1	14.6	13.2	12.3	13.0	13.4
Steel bars, sections, &c.	278	297	320	218	118	3.9	3.4	3.6	2.5	1.4	14.1	11.3	11.4	11.5	12.2
Girders, beams, &c.	73	82	88	54	26	0.8	0.7	0.8	0.5	0.2	10.9	8.8	8.7	9.0	9.1
Hoops and strips	70	60	60	43	29	1.0	0.7	0.6	0.5	0.3	14.0	10.9	10.6	10.7	10.0
Plates and sheets	478	514	516	340	198	7.6	6.1	5.9	3.8	2.1	16.0	11.8	11.5	11.3	10.5
Total	941	980	1,011	673	380	13.9	11.2	11.3	7.5	4.2	14.8	11.4	11.1	11.2	11.0
C. More Finished Materials :—															
Galvanised sheets	650	718	712	432	275	13.5	11.2	11.1	6.1	3.3	20.8	15.6	15.8	14.2	11.9
Tinned andterne plates, &c.	556	534	581	508	384	13.9	10.5	11.6	10.1	6.6	24.9	19.7	19.9	19.9	17.2
Cast pipes and fittings...	84	114	136	116	71	1.3	1.3	1.5	1.3	0.8	15.6	11.6	11.7	11.2	11.4
Wrought tubes and fittings	168	276	318	230	132	4.8	5.8	6.5	5.1	2.9	28.4	20.8	20.5	22.1	22.2
Railway and tramway material	370	610	487	389	198	5.3	7.1	5.5	4.7	2.3	14.3	11.6	11.4	12.1	11.5
Wire and wire manufactures	128	132	133	89	57	4.5	3.7	3.7	2.6	1.7	35.0	27.8	28.0	29.4	30.3
Nails, rivets, screws, bolts, nuts	52	53	53	43	25	1.8	1.5	1.5	1.2	0.7	34.9	28.3	34.8	26.9	27.1
Hollow-ware	19	17	17	13	9	1.3	1.0	1.0	0.7	0.5	67.6	60.0	57.9	54.8	53.6
Other manufactures	264	352	361	327	184	8.8	10.5	10.6	9.4	5.6	33.5	29.8	29.3	28.7	30.6
Total	2,291	2,806	2,798	2,147	1,335	55.2	52.5	53.0	41.2	24.4	24.1	18.7	18.9	19.2	18.2
Grand Total—all classes	3,851	4,260	4,380	3,158	1,930	74.2	66.8	68.0	51.3	30.0	19.3	15.7	15.5	16.2	15.6

* Estimated on basis of January–October period.

£3 8s. to £3 12s. (paper) f.o.b. Antwerp. Thus even the depreciation of the pound has not brought the sterling price of the imported material anywhere within range of the higher British price. The same story is true of steel bars, whose Continental price of about £3 17s. 6d. (paper) f.o.b. Antwerp (say, something under £5 delivered to the most inaccessible of English works), compares with British prices of from £6 2s. 6d. to £6 5s. for bars rolled in Britain from imported billets, and about £7 10s. per ton for bars which are "100 per cent. British." Can it be doubted that, if the British manufacturer were compelled to buy his material at British prices, he would lose the greater part of his export trade? To the picture of workers in the earlier stages of the industry being put into employment there is the reverse of export workers being thrown upon the "dole." Incidentally, although it may be true that physically British equipment might be equal to the task of producing at home most of the materials required by the finishing sections of the industry (except in times of booming trade, which unfortunately seem to lie far ahead) home production could not be worked up to the requisite level except after a considerable interval.

At this point it must be remembered that the more prudent of the Protectionists suggest that damage to the export trade might be avoided by a system of rebates on materials used in the manufacture of products afterwards exported. This is a possibility. The system is clumsy and involved and difficult to administer; but, if our rulers are driven into a protective measure for iron and steel, some rebate system aiming at mitigating the difficulties of the exporters would be indispensable to the scheme. But even if a perfect scientific tariff, with a perfect rebate scheme, could minimise the prospective damage which a tariff would deal to exporters, the objections to a tariff on steel would still be overwhelming. For, apart from the consideration that excluded imports would be diverted to other markets, in competition with British exports, it is palpable that dearer crude steel would affect adversely a wide range not only of "finishing," but of steel-consuming industries. The following table gives food for thought:—

	Heavy Iron and Steel Industry.*	Iron and Steel using Industries.†
Estimated number of insured persons, July, 1931	188,830	1,404,880
Unemployed, October, 1931	83,249	461,581
Percentage	44.1	32.9

* Pig iron, steel melting and iron puddling, iron and steel rolling and forging.

† Tin plates, iron and steel tubes, wire, engineering, vehicles, shipbuilding, stove and general ironfoundry, heating and ventilating apparatus, tools, cutlery, bolts, nails, &c.

Before imposing iron and steel tariffs, Mr Runciman has to look far beyond the iron and steel industry itself and consider the effect upon production and employment in a long list of industries employing many times as many workers as the "primary" iron and steel industry. The fact is that you cannot play with the question of a steel tariff without touching Britain's economic life in a very vital spot. Surely, with such grave and far-reaching factors involved, the keenest of Protectionists will hardly grudge Mr Runciman adequate time to study all the network of implications arising from the policy which is being pressed upon him. Of these implications we have only mentioned a few. Nor is it necessary to pursue the list further just now. Two conclusions stare us in the face. One is that there is no single industry in which arbitrary interference with imports could present more danger of serious and far-reaching consequences, likely, on balance, even under the most carefully framed tariff, to be disadvantageous to the interests of the nation as a whole. The other is that the supreme need of the steel trade is not to restrict imports, but to increase exports, whose catastrophic decline is shown by the table on the previous page. In our view, the iron and steel industry would do well to divert its attention from clamouring for State assistance and concentrate rather upon removing those causes (by no means all of their own creation) of backwardness of organisation and dearth of production which too often hamper it in the fight both for the home and for the international market.

EXCHANGE RESTRICTIONS IN EUROPE.

(BY A CORRESPONDENT.)

A STUDY of European Central Bank returns reveals the fact that it was the shock caused by the collapse of the Credit Anstalt in Austria last May which marked a distinct change between fairly normal credit conditions in Europe and the beginning of crisis. From the end of May the granting of new credits completely stopped and a withdrawal of credits already granted began. The Central Banks in the countries primarily affected did not immediately give up the struggle as lost. They tried to meet the demand with their resources of foreign exchange, which were consequently very much reduced. The German Reichsbank, for instance, utilised 768 million marks, or 30 per cent. of its declared gold and foreign exchange holdings, for satisfying the demands for *devisen* between the beginning of May and the beginning of September; and the Austrian National Bank used 383 million schillings during the same period.

During the summer the German Reichsbank obtained a credit of 630 million marks, the Austrian Government and Austrian National Bank credits totalling together 250 million schillings (of which 60 millions have been repaid), and the Hungarian National Bank credits equivalent to about 175 million pengő, while the Hungarian Government in addition in August received credits from France amounting to 354 million French francs. In view, however, of the magnitude of the short-term debts of these countries, it soon became evident that, in spite of the Hoover moratorium, the situation could not longer be kept in hand by normal means. The countries most seriously affected had to choose between either reducing payments abroad or accepting a depreciation in the rates of their foreign exchanges. On July 13th, Germany suspended foreign payments, and in the middle of that month detailed restrictions of foreign exchange payments were issued. In the same month Hungary also imposed restrictions.

These were the only two countries which interfered with their foreign exchange markets until, on September 20th, Great Britain went off the gold standard. Then came with a rush a new batch of countries, namely, Great Britain herself, who on September 22nd issued some very mild restrictions; Estonia and Greece, who followed on September 28th; Czechoslovakia on October 3rd; Finland on October 5th; Yugoslavia on October 7th; Latvia on October 8th; Austria on October 9th; and Bulgaria on October 15th; while Italy, on September 29th, had empowered her Central Bank to make regulations with regard to foreign exchange, although such regulations have not in fact been issued. Subsequently, Denmark introduced restrictions on November 19th, and Sweden made an attempt to regulate her foreign exchange market throughout four days in November, but having seen the complications which ensued, gave up the attempt. To some extent supervision is also in force in Norway and certain measures against the flight of capital are being applied in Lithuania.

Now foreign exchange restrictions can attempt to control either one or both of the following categories of exchange transactions:—

- (a) export of capital—the granting of credits abroad and/or repayment of foreign debts;
- (b) purchases of imports.

The restrictions introduced in Germany and Czechoslovakia control only operations falling into the first of these two categories, while in most other countries a control of imports has been introduced with the object of allotting foreign exchange only for the import of such commodities as are thought necessary for the maintenance of the economic life of the country (usually raw materials, foodstuffs, etc.). That is to say, in Germany and Czechoslovakia everybody who produces an invoice or other document as evidence of import of commodities, is entitled to receive foreign exchange without any further investigations being made. In the countries which have introduced restrictions falling into the second category, it is usually necessary to have the authorisation of some official or semi-official organisation in order to obtain the foreign exchange; and even then it may not always be

certain that the supply in the Central Bank is found sufficient to satisfy even the authorised need.

In Germany, foreign exchange (by which is meant foreign notes, claims, bills of exchange, cheques and gold in any form, but not foreign bonds or shares or other industrial participations, except bonds acquired after July 12th) must, within three days after acquisition, be sold to the Reichsbank or the bank usually dealt with, and may only be retained in virtue of a permit issued as an exceptional measure by the Reichsbank upon receipt of an application giving a statement of the reasons for the request. Foreign exchange is otherwise released by the Reichsbank only with the permission of the competent Landesfinanzamt (provincial revenue office). Forward business in foreign exchange may only be transacted with the permission of the competent Landesfinanzamt and subject to the consent of the Reichsbank. Money credits to foreign countries may only be granted with the permission of the competent Landesfinanzamt and the same applies to money debts to foreign countries, where the creditors are not banks. Where the creditors are banks, a permit must be obtained on each occasion from the Reichsbank Direktorium in Berlin under the Stillhalte agreement.

In Austria, as in Hungary, foreign exchange regulations are intended not only to prevent the flight of capital, but also to restrict what are thought to be unnecessary imports. In agreement with the rules applied in Germany, everyone resident in Austria was made liable to declare his holdings of foreign exchange as on October 9, 1931, and thereafter to offer for sale to the Austrian National Bank all foreign exchange held amounting to more than 500 schillings, within three days of its acquisition. The foreign exchange decree does not stipulate for what objects foreign exchange may be given, but only concentrates dealings in the hands of the National Bank. In practice the following system is applied:—In the case of imports the permission of the semi-official organisation "Devisenzentrale" must be obtained. Imported commodities have been divided into five groups, according to their importance for industrial purposes and for the consumers, and this division serves as a criterion for the granting of foreign exchange. The first group comprises foodstuffs; the second coal and other fuel; the third raw materials used in manufacture; the fourth semi-manufactured products; and the fifth finished articles. There is a further subdivision into (a) such goods as are necessities of life; (b) such as are needed by industries necessary for the maintenance of export; (c) luxury articles for foreign demand; and (d) luxury articles for domestic demand.

In Hungary very similar regulations are in force, the organisation officially entitled to restrict imports being the "Budapester Handels und Gewerbekammer." It will be remembered that as regards Austria a moratorium has been granted only to the Credit Anstalt and not to other Austrian firms and banks, whereas, in Hungary, but, in effect, creditors are not able to transfer funds from the Austrian or Hungarian market as the Central Banks' Stillhalte negotiations are at present being carried on; are unable to provide the necessary foreign exchange. It is noteworthy that, contrary to what took place during the last period of foreign exchange restrictions, at the end of the war, dealings on the "Black Bourse" are comparatively limited, the power of the supervision of a Central Bank being now much more effective than formerly.

It is obviously impossible, in a short article, to review the position in each separate country. Enough has been said to give some indication of the various systems in force, but, in conclusion, reference must be made to certain recent developments. The conference on foreign exchange restrictions, convoked in Prague under the auspices of the Bank for International Settlements, laid stress on the advantage of negotiating clearing arrangements between Central Banks in the various countries which have introduced clearing exchange restrictions. The National Bank of Austria, for instance, has entered into an agreement with the National Bank of Hungary, under which Austria will allot foreign exchange for the import of which Austria will allot foreign exchange for the import of grain and certain other foodstuffs, while Hungary will use the exchange thus obtained for purchases in Austria. When payments are made, the foreign exchange is not given to the exporter, but only transferred between the

Crowns, Fmks, Lats

We deal in all foreign exchanges,
and specialize in Scandinavian
and Baltic Currencies.

SKANDINAVISKA KREDITAKTIEBOLAGET

Phone Stockholm 0101

Central Banks, which pay their nationals in their own currencies. These agreements, which amount to a kind of barter of commodities, ensure, in the first place, that some trade is made possible; and, in the second place, that the foreign exchange goes through the hands of the Central Banks. Agreements on similar lines have been introduced between Hungary and Czechoslovakia, and between Bulgaria and Austria. Even those countries which have not themselves imposed foreign exchange restrictions, but which find their exports hampered by the existence of such restrictions in other countries, are becoming parties to similar agreements in order to retain as much of their trade as possible. Poland, for instance, has concluded an agreement with Austria. Switzerland has entered into interesting agreements with Austria and Hungary, under which the Swiss National Bank has promised to make its own importers pay to it amounts due to Austrian and Hungarian exporters, those amounts being credited to the Austrian and Hungarian National Banks. The funds obtained are to be utilised partly for the purchase of goods in Switzerland; partly for the repayment of Austrian (or Hungarian) debts due to Swiss creditors, and the remainder is to be at the free disposal of the Austrian (or Hungarian) National Bank.

These clearing agreements may to some extent lessen the danger involved in the import restrictions, which otherwise threaten to cause a general collapse of international trade. There is a story told of a German professor, who is said to have explained the decline of the Roman Empire by the fact that, as the Empire grew and grew, in the end it comprised all the known world—and then it got no foreign trade. But a good story, where the Roman Empire is concerned, may be a grim reality for contemporary Europe. Divided, as it is, into 27 different Customs areas, Europe, to-day, looks like destroying its own economic existence by cutting trade relations in a despairing effort to maintain the stability of currencies. The Bank for International Settlements made an attempt at Prague to devise certain helpful measures as between Central Banks. It was found, however, that the application of import restrictions was in the majority of countries part of the commercial policy dependent upon the decisions of political authorities, and therefore outside the sphere of Central Bank action. In this, as in many other economic matters, ultimate responsibility rests with those in political power.

THE GREENGROCERY BILL.

THE debate at the beginning of this week upon the emergency Customs duties on fruit, vegetables and horticultural products revealed an extraordinary confusion of thought among the proponents of the measure as to what its purpose was. The Minister of Agriculture claimed that the measure dealt in the main with luxury articles, abstention from the consumption of which would involve no hardship to people of moderate means. He urged the necessity of the duties on the grounds that "agricultural produce can play a large part in helping to deal with the problem of the balance of trade," and that the step "will be an encouragement to the small agricultural producers." Yet he admitted that complete exclusion of all the commodities covered by the measure would contract our purchases only by some £7.8 millions upon the items which he classed as "luxuries," and by about £13 millions on the whole list. When allowance is made for exemp-

tions and for purchases not discouraged by the duty, it is obvious that, apart altogether from the general question of the repercussions of tariffs on exports, the argument that the stability of the pound depends on these duties is derisory.

Supporters of the duties stressed their luxury character and implied that they were intended only to prevent foreign producers of early fruit and vegetables from "skimming the cream of the market" before the British season begins. It is, however, far from clear that the duties are only to be operative on products "out of season," and many members pressed vainly for further enlightenment on this point. If that is the intention, it will require extraordinary ingenuity to carry it out. (Colonel Wedgwood pertinently inquired "what an early potato was and when an early potato became a late potato, or rather when a new potato became rather too old.") If, on the other hand, this list—which comprises cherries, currants, gooseberries, hothouse grapes, plums, strawberries, asparagus, green beans, brocoli and cauliflowers, carrots, chicory, cucumbers, endive, lettuce, mushrooms, peas (green), potatoes (new), tomatoes, turnips, cut flowers, plants in flower, flowers attached to bulbs, bulbs, foliage and rose trees—is intended to apply during any part of the normal season of the respective products, those who characterise these goods as luxuries must have curious and unhygienic ideas of the diet appropriate to working-class households.

For example, Mr T. Williams spoke eloquently of the very valuable part played in the diet of the poor by the cheap tomatoes now available from Holland; and in this he was supported later in the debate by Dr. Salter, who, speaking from thirty years' experience of general practice in an industrial neighbourhood, viewed "with the gravest possible alarm" any measure which would have the effect of reducing the quantity of fruit and vegetables obtainable by the working classes. In short, this "luxury" plea simply will not hold water. Duties on the goods specified are going to bear very heavily indeed on people of moderate incomes. They are going to involve interference of that most pernicious kind which forces people to substitute a less healthful form of expenditure for that in which they would have indulged if left to themselves.

The only other alleged excuse for these duties is the argument that they will benefit agriculture. But, as several Opposition speakers pertinently asked, if this be an emergency and temporary measure—so much an emergency measure that the Minister rejected an amendment providing for marketing boards to supplement protection, on the ground that they would take too long to set up—what possible basis would it afford for the extension of production in glasshouses and orchards which take years to come into full bearing? A *reductio ad absurdum* was effectively offered by Colonel Wedgwood, who suggested that much employment might be afforded by the growing of oranges and bananas under glass, if only the Government had the courage to make the people pay half a crown for a banana.

Moreover, it is arguable that the imports which these duties seek to exclude do not come into competition with home products to anything like the extent that our Protectionists are pleased to imagine. The housewife who buys freely of threepenny and fourpenny tomatoes will probably delete tomatoes from her menu altogether when only the English hothouse product is available, at something over a shilling per pound, and cheap foreign strawberries and cherries are bought chiefly by people who would seldom indulge in the English product. Mr T. Williams and Major Milner both quoted statistics of home crops and imports during recent years which left very little ground for supposing that foreign competition was excessive or was increasing. The British fruit and vegetable growers' cardinal handicap is inefficient marketing and the high costs and profit-margins of distribution. These troubles Sir John Gilmour has not attempted to touch.

In short, here is an ill-considered measure which will impose definite hardship upon consumers with small incomes, affect adversely the British jam-making industry, and irritate our customers abroad, without offering any hope that it will improve either the country's balance

of foreign payments or the situation of fruit growers. It is only possible to conclude that the Government are putting it forward less for its intrinsic value than as a *ballon d'essai*. It looks suspiciously as though the Member was right who designated it "Protection for the sake of Protection, not because it has any particular virtue in the case of these particular vegetables and flowers." It is, on the one hand, an attempt to insert the thin end of the food tax wedge, and, on the other, an attempt to placate the Conservatives representing country seats. Because the working man has only comparatively recently included fruit and vegetables in his dietary, taxes on them arouse less instantaneous and deep-rooted opposition than taxes on the so-called staple foods. But if these taxes are accepted without protest, can we suppose that the more traditional foods will long be immune? Once these are taxed, what is to become of the indispensable policy of keeping down costs and maintaining the internal value of the pound?

Notes of the Week.

The League and Manchuria.—While the League Council in Paris is still engaged on the arduous task of working out formulas and procedures under Article XI. of the Covenant which will be acceptable to both parties in the Manchurian dispute, the conflict of wills between the Japanese Civil Government at Tokyo and the Japanese military authorities in Mukden has come to a head. The Japanese have admitted that the Army is neither *de facto* nor *de jure* under the Government's control; and ever since the soldiers took things into their own hands in Manchuria on September 21st a struggle between these two unco-ordinated forces in Japanese public life has been going on. The test case has been the question whether the Japanese forces in Manchuria should or should not attack Chinchow—a point on the Mukden-Peking Railway in the extreme south-western corner of Manchuria, which now alone remains free from Japanese occupation and control. The report, last week, that the Japanese Army had accepted the Japanese Government's policy of leaving Chinchow unoccupied was premature. The Council, on its part, succeeded, on Thursday, November 26th, in securing, in principle, the consent of both the Chinese and the Japanese delegates to the first draft of a new resolution providing for the despatch of neutral observers to Manchuria, for the establishment of a neutral zone (presumably in the Chinchow area) between the Japanese and Chinese forces, and for the giving of instructions, by both Governments, to their military commanders in the field not to initiate hostile action. To this last formula the Japanese General Staff compelled the Japanese Government, on the same day, to request an amendment by telegram, on the ground that the formula was not in accord with the Japanese constitution. Meanwhile, British official observers who had gone to Chinchow had reported, on November 24th, that the rumours of a concentration of Chinese troops there were without foundation. On the morning of the 27th, however, the Japanese forces at Mukden entrained and started off along the Mukden-Peking Railway; there was a brush between the outposts of the opposing forces at Takushan, and Chinchow was bombed by Japanese aeroplanes. In other words, the Japanese military authorities had again taken the law into their own hands in the hope of once more presenting the Government at Tokyo and the League Council in Paris with a *fait accompli*. This time, however, the worm turned. The Japanese Cabinet appears to have made a personal petition to the Emperor, and the new Japanese filibustering expedition in Manchuria was countermanded on the day on which it had started out. At this point the Chinese delegate in Paris came to the Council's aid by intimating that China would be prepared to waive her demand for the insertion of a time-limit for the Japanese withdrawal into the Japanese zone if the withdrawal of the Japanese forces from the Chinchow district were confirmed by neutral observers. On the other hand, the Japanese delegation has continued to make difficulties. It has objected to the Council's efforts to secure the establishment of a neutral

zone on the ground that this is an unpermissible interference by a third party in a matter which must be settled directly between China and Japan. The Japanese are also objecting to any arrangement which would leave the Chinchow district under Marshal Chang Hsüeh-liang's authority. As we write, the resolution, with a covering statement by Monsieur Briand, which the Council has drafted, remains in suspense pending definitive acceptance or rejection by the Governments of Tokyo and Nanking.

France and Reparations.—The lengthy debate on foreign policy in the French Chamber ended last Friday in a vote of confidence in the Government's policy, carried by a majority of 327 against 151. In his concluding speech M. Laval reviewed the development of the financial crisis which had led to the London Conference, his visit to Berlin, and, later, his voyage to Washington. It was, he said, a still growing crisis from which "no nation could isolate itself." From this sound premise, however, he proceeded to develop the "French thesis" in relation to reparations. M. Laval claimed that his negotiations with Mr Hoover had resulted in agreement by the United States that the normal regime of the Young Plan should be substituted for the exceptional regime of the Hoover moratorium so that France would in future be protected against "initiatives," like that taken by the American President last June. Germany had now asked that the Advisory Committee provided for in the Young Plan should be convened; the Committee's report would be followed by a new conference of Governments; at such a conference the task of French statesmen would be to ensure that the rights conferred on France by the Hague Agreement were not impaired. "For the period of the depression we shall not refuse to examine the bases (*les modalités*) of new agreements between debtors and creditors. . . . We shall accept a new modification only for a limited period. We shall consent to a revision of reparations only in so far as there is at least an equivalent reduction granted us in respect of our war debts. We shall insist on the payment by Germany of the unconditional annuity, and we shall not accept the principle that Germany's private debts should have priority over reparations due to France." This statement provoked a letter in the *Times* of Monday last from a correspondent, Sir John Williams, who asked whether M. Laval's speech should be interpreted as meaning that France claims it to be the international duty of the German Government to prevent German nationals from paying their debts abroad until all current liabilities of the Reich for reparations are discharged. We find it difficult to credit M. Laval with such an intention; and, whatever interpretation may be placed upon his speech, there must at least be common ground in the proposition that the first consideration governing any plan with regard to Germany's future must be to restore and maintain her commercial credit. Nor are responsible circles in France likely to ignore the consideration, when it comes to "brass tacks" as opposed to Parliamentary debate, that the destruction, by default, of Germany's commercial credit would have repercussions shaking to its foundations the whole banking system of Europe, including that of France itself. M. Flandin, the French Minister of Finance, shot pheasants in Surrey last Saturday. But he was also in pursuit of bigger game, for, before his return to Paris, he met Sir John Simon, Mr Chamberlain and Mr Runciman for an informal interchange of views on the wide range of urgent financial and economic questions affecting the future, not only of France and England, but of the whole of Europe. Although no official information was issued as to the topics under discussion, it is natural to suppose that one of them was the attitude of the two Governments to the problem of reparations and debts, and it is tempting to hope that M. Flandin succeeded in softening the rather harsh impression created by M. Laval's speech.

Foreign Trade Policy.—Reports of forthcoming Anglo-French and Anglo-Belgian conversations on the question of mutual trade relationships appear to have occasioned

THE BRITISH LINEN BANK.

Incorporated by Royal Charter, 1746.

Capital and Reserve Funds, £3,600,000.

Head Office: 38, St. Andrew Square, Edinburgh

OVER 200 BRANCHES IN SCOTLAND

LONDON OFFICE: 38, Threadneedle St., E.C.2

Every description of Banking Business transacted.

various alarms in Protectionist breasts. On the one hand there is a disposition to fear lest, by abatements of our 50 per cent. duties, the pound may be exposed to violation at alien hands, and the process of securing its chastity by a still more completely protective *ceinture* impeded. On the other hand, our more Imperially-minded protagonists of tariffs appear to have been seized with apprehensions lest the Board of Trade, by committing itself to some sort of preferential arrangement with European countries, might prejudice the results of their cherished plan to effect a wholesale diversion of our trade from its established natural channels by coupling still wider measures of high Protection with preferences exclusive to the Dominions. Indeed, on Tuesday, in the House of Commons, Mr Runciman was pressed to give, and gave, an undertaking that no preferential agreement—whatever that may mean—would be made with a foreign country until after next year's Imperial Conference. In so far as such a pledge may be considered to tie the British Government's hands in fiscal negotiations with other countries we regret that the President of the Board of Trade should have given this undertaking. Actually, however, we think that little concern need be felt on this score either by Protectionists or by those who stand for economic sanity in international trade. Bilateral conversations are an essential preliminary to wider action; but it may be doubted whether it is wise for this country to attempt to obtain final results by piecemeal negotiations. In saying this we are not referring solely or specifically to the case of France. French trade is hit hard by our Abnormal Importations Act; France has placed a 15 per cent. "surtax" on imports of British goods in consideration of the depreciation of sterling, and, by reducing her coal import quotas, has indirectly (not, be it said, by way of a discriminatory action) restricted her purchases from the South Wales mines. *Que MM. les assassins commencent.* We may leave it to negotiators from the French Ministry of Commerce and the British Board of Trade to fight it out with due regard to the various commercial treaties and most-favoured-nation clauses to which their respective countries are committed; the results are unlikely to be substantial, for, as matters stand, ill-considered clamour from the Conservative back benches that the pound must be saved would make it difficult for the Government to abate any of its duties. In any case, this country could not embark on a series of special preferences outside the Empire in view of our most-favoured-nation obligations. The most that could be done, if Protectionist pressure in this country were not too strong, would be to scale down, in relation to shipments from all foreign countries, the present very high duties on some articles. Apart from this, matters have now gone much too far to be tackled effectively by a series of bilateral agreements, necessarily slow of negotiation and rendered the more difficult by obligations of most-favoured-nation treatment. Attempts to liberate the frozen system of Europe's international trade by a process of selective bargaining will achieve little, and will be apt to complicate, rather than smooth out, the existing tangle. What is needed—and the need will be emphasised by the growing deadlock with every week that passes—is an international conference at which all the countries who are prepared to stand for the principle of lowering tariff barriers can form a definite low-tariff bloc which might or might not lead eventually to a complete Customs union. Such a bloc should be ready to denounce all existing most-

favoured-nation obligations if such a step were needed to existing high protective tariffs. Meantime, though conversations of all kinds with other nations on trade questions are to be welcomed, we must await, with such patience as we can muster, the day when the extinction of international trade will produce—as produce it will—a compelling movement to general tariff elimination.

The Weakness of Sterling.—During the past week the pound's exchange value has declined more abruptly than at any time—with the exception of the first few days' chaotic movements—since Great Britain went off the gold standard. On Wednesday a low point of 3.23 in the dollar quotation was momentarily touched, and, though a rally followed which left the dollar at 3.37 on Thursday afternoon, this figure compared with 3.60 on the previous Thursday and 3.77 a fortnight ago. In view of the narrowness of the market and the fact that the exchange is entirely unsupported, such wide movements are not wholly surprising, though in so far as a violent depreciation of sterling, even temporarily, would render much more difficult the task of keeping the internal price level steady, they are necessarily a matter of some concern. Various factors appear to have contributed to the depression of the exchange—payments for seasonal and abnormal "forestalling" imports; liquidation of sterling balances by Amsterdam; difficulties encountered by British exporters in obtaining payments for shipments to countries with increasingly stringent exchange restrictions; and, finally, some speculative "bear" selling of sterling by foreign interests prompted by the belief (not altogether dispelled by the Treasury's latest announcement) that the fiduciary portion of the note issue might be increased over Christmas, and that this would be regarded abroad as an inflationary step. The present position of the exchange should serve, we hope, to put an end to irresponsible agitation for a lower Bank rate. At the same time, nervousness in foreign centres as to the possible development of inflationary tendencies in this country appears to be exaggerated, having due regard to the steadiness both of the prices of non-imported goods and of the active circulation. On a long view, foreign opinion may be right to be "bearish" of our economic prospects should Protectionist pressure drive the Government (as we profoundly trust will not prove to be the case) into further extensions of their deplorable high tariff experiments. But, so far as the early future is concerned, while the continued world-wide financial strain and the approach of the end-year date when bank and other balance sheets are made up, may lead to further withdrawals of funds from London and a consequent weak tendency of sterling, it is unduly pessimistic to regard the stability of the pound as seriously menaced by any factor which could not be corrected, if need be, by the bold use of Bank rate on traditional lines. This, however, must be added: the recent slide in sterling exchange and, still more, the disturbance occasioned by its wide hour-to-hour fluctuations, emphasise very forcibly the vital need to develop a freer market in "forward" as well as "spot" exchange. The condition precedent to the realisation of this highly desirable objective is the repeal of the Treasury's regulations on foreign exchange dealings—regulations which, so far from protecting the pound, have only succeeded in robbing it of the steadying effect produced by normal dealings in a free market.

The Results of the Argentinian Elections.—The returns of the Argentinian elections, held on Sunday, November 8, have at last been published; and the National Democratic candidate for the Presidency, Don Augustin Justo, has won a substantial victory over Dr. Don Lisandro della Torre, the candidate of the Democrat-Socialist Coalition. In other words, the new administration will be continuous with the present irregular Government, under General Uriburu's provisional presidency, which has been in power since the revolution which overthrew the semi-dictatorial regime of President Irigoyen last year. This result of the recent elections was perhaps a foregone conclusion, since General Uriburu's Government took drastic measures for clipping its opponents' electoral wings. The candidatures of former active sup-

porters of the Irigoyen regime were vetoed, and the leaders of the Opposition were actually expelled from the country during the election period. Thus these Argentinian elections have by no means been free; and to the extent to which they have been "made" they are void of political value. Nevertheless, they must in fairness be regarded as a serious attempt to restore the political life of Argentina to its normal constitutional course. The Argentinians are justly proud of the fact that they have put the revolutionary method of politics behind them for the best part of a century; and the relapse into revolution last year was an effect of the world-wide economic depression, which has produced political portents in many countries. We may hope that Argentina is now well on the way towards a return to normal conditions of constitutionality and stability. The well-being of Argentina is a matter of close concern to Great Britain, for Argentinian prosperity is one of the essential conditions for a revival of world trade.

Constitutional Progress in Syria.—Syria is one of the three ex-Ottoman Arab territories which have been placed, as a result of the Peace settlement, under mandates of the "A" class—mandates, that is, which are envisaged as being transitory and which are eventually to be extinguished by the admission of the mandated territories to membership in the League of Nations as sovereign independent States. These three mandated territories of the "A" class are Palestine, Iraq and Syria; and, of the three, Palestine at this moment is stationary, Iraq is approaching its metamorphosis, and Syria is travelling along the same road that Iraq has traversed in advance of her. For "Syria" it would be more correct to say "the French mandated territory in the Levant"; since "Syria," in the wider popular sense, has been organised by the Mandatory Power into several separate States: the Great Lebanon, the Alouites, and Syria Proper; and even Syria Proper has been made to hive off the autonomous Governments of the Jebel Druze and Alexandretta. This mosaic of States is held together by a common Customs union and a common supervision on the part of the Mandatory Power; but it is probable that the Lebanon and Syria, at least, will eventually be launched by the Mandatory Power as separate States into the community of independent nations. This political sub-division of the mandated territory has been the French method of dealing with local diversities of nationality and religion. The Lebanon is predominantly Christian, Syria Proper predominantly Muslim, Alexandretta predominantly Turkish, while the Jebel Druze and the Alouites are named after two local religious communities. The Muslim Arab Nationalist opposition in the State of Syria Proper is the crux of the Mandatory Power's problem. This opposition is an aftermath of the abortive insurrection of 1925-26, and the bitterness has not yet died away. In 1930, however, the able and statesmanlike French High Commissioner in the Levant, M. Ponsot, succeeded in reaching agreement with a Syrian Constituent Assembly on all but half-a-dozen clauses of a Syrian Constitution. Last year this constitution was promulgated in the form in which the Assembly had voted it, except for the contentious clauses, in which the French, as opposed to the Syrian, version was made to prevail. M. Ponsot is now proposing to put this constitution into force; and, if the necessary support is forthcoming on the Syrian side, the next step will be to place Franco-Syrian relations on a treaty basis, following the Anglo-Iraqi precedent, as a preliminary to the admission of Syria (and, no doubt, also the Lebanon) to membership in the League in Iraq's footsteps. This is all to the good, but it makes it urgent for the Mandatory Power in Palestine to achieve some advance there. Otherwise, we may wake up one day to find our mandatory regime in Palestine left stranded.

The Second Dose.—The Board of Trade have issued their second Order imposing a Customs duty of 50 per cent. under the Abnormal Importations (Customs Duties) Act. The Order covers eleven classes of goods, the actual schedule being set out in the table on the opposite page; but with one or two notable exceptions the volume

of imports affected is inconsiderable, and it is difficult to understand why it was thought worth while to include certain goods in the Order. Jute tissues, for example, are imported almost entirely from India, and, as Empire goods are exempt from duties under this Act, the bulk of this category of imports will be unaffected. The largest and most controversial item in the list is woollen and worsted yarns, and their inclusion is open to all the objections of a tax upon a raw material. Mr Runciman has so far resisted successfully the pressure for an order on iron and steel imports, on this very same ground that iron and steel products are essentially raw materials, and it is not easy to understand why he has brought woollen and worsted yarns within the ambit of his new duties. The only possible conclusion is that he has been influenced by the increase in imports during October and early November, and in this connection a White Paper shows the following details regarding yarn imports:—

	1930.	1931.
	Lbs. thou.	Lbs. thou.
September	1,383	1,423
October	1,900	2,154
November	1,528	2,114*

* First 20 working days following period included in the October return.

The October increase was obviously seasonal, but the November, 1931, imports bid fair to be double those of November, 1930, so that presumably Mr Runciman saw a *prima facie* case in accordance with the spirit of the new Act, though he appears to have ignored the danger of any restriction in our imports of woollen yarn (and these are "specialised" imports) being more than offset by a consequent decline in our exports of woollen piece-goods. Meanwhile, the extent and intensity of the present "lobbying" on behalf of particular trades is most dis-

quieting, and a still more disturbing feature of the recent Orders is the frequency with which Germany crops up as a principal source of the imports concerned. In view of the paramount necessity of preserving Germany's stability and the grave consequences that would ensue upon a failure to do so, we would once more urge upon the Government the need of proceeding with great circumspection, and for taking into account all the consequences, both direct and indirect, that are likely to follow the application of these and similar duties. It by no means follows that the balance of trade or the stability of the pound would be benefited, even temporarily, by an indiscriminate imposition of duties under the new Act; and concessions to sporadic and interested pressure from individual industries means contributing, step by step, to the general paralysis of world trade.

Anti-Dumping Duties and Drawbacks.—Merchants generally, writes a correspondent, and especially the City textile houses, are seriously perturbed over the surprising information that, under the operation of the new 50 per cent. duties, there is to be no system of drawbacks on re-exports. This was not apparent on a first perusal of the Act, but has come to light since and is understood to be confirmed by the Board of Trade. Under Section 5 of the Abnormal Importations (Customs Duties) Act, 1931, provision is made for the exemption from duty (subject to Customs satisfaction) of "articles imported for exportation after transit through the United Kingdom or by way of transshipment." It is found that H.M. Customs interpret these words in a severely restricted way as covering only goods which are actually transhipped in bulk at port of arrival or pass through the country on rail "in transit" from one port to another. No provision is made to protect

TOTAL IMPORTS DURING 1929 AND 1930 OF ARTICLES LIABLE TO DUTY UNDER THE "ABNORMAL IMPORTATIONS (CUSTOMS DUTIES) NO. 2 ORDER, 1931."

Item.	1929.			1930.			Principal Sources.	
	From Foreign Countries.	From British Countries.	Total Imports.	From Foreign Countries.	From British Countries.	Total Imports.	Country.	Value in 1930.
A.—Glass Bottles and Jars	£ 898,455	£ 470	£ 898,925	£ 737,308	£ 718	£ 738,026	{ Germany..... Holland.....	{ 372,153 142,147
B.—Battery Carbons	63,811	Nil	63,811	92,928	Nil	92,928	France.....	71,567
C.—Yarn, wholly or partly of Wool : Woollen, carded	3,907,645	4,848	3,912,493	3,126,973	5,504	3,132,477	{ France..... Belgium	{ 2,219,122 599,188
Worsted, combed	536,590	1,379	537,969	540,981	3,624	544,605	Germany.....	422,523
Alpaca and mohair	4,828	Nil	4,828	1,717	Nil	1,717	...	...
Others	56,847	1,506	58,353	50,614	3,330	53,944	France.....	26,029
D.—Coir Mats and Matting.....	164,999	439,006	604,005	143,166	462,196	605,362	{ British India Belgium	{ 459,053 75,573
							Holland	58,641
E.—Household Linen, wholly or partly Linen : Damask table linen, not in the piece	65,143	1,000	66,143	61,212	1,638	62,850	Germany.....	26,956
Other linen manufactures	204,091	7,639	211,730	154,467	7,780	162,247	Belgium	65,246
F.—Jute, Tissues in the Piece, wholly or partly of Jute	260,039	871,728	1,131,767	184,732	762,165	946,897	{ British India Belgium	{ 748,514 76,620
G.—Jute, Carpets and Rugs, wholly or partly of Jute	197,835	395	198,230	230,228	3,421	233,649	{ Czechoslovakia Germany.....	{ 143,054 62,525
H.—Candles and Tapers.....	9,299	6,601	15,900	13,608	6,543	20,151	{ Germany..... Irish F. State	{ 10,219 6,543
I.—Sporting Guns and Rifles : Sporting guns	37,986	165	38,151	34,452	247	34,699	Belgium	25,491
Sporting carbines and rifles	7,495	51	7,546	4,400	35	4,435	Belgium	2,143
J.—Air Guns and Air Rifles	13,288	477	13,765	14,373	517	14,890	Germany.....	14,011
K.—Spoons and Forks of Metal, other than Gold and Silver.....	34,612	158	34,770	38,893	77	38,970	Germany.....	32,793
Total	6,462,963	1,335,423	7,798,386	5,430,052	1,257,795	6,687,847	...	...

the re-export trade of merchant houses who bring dutiable goods to their warehouses and break bulk before dealing with indents. The Irish Free State especially has been an important market to these wholesale houses; their travellers are continually on the road there, and many hundreds of made-up parcels are despatched from London daily. The refusal to apply the drawback system is the more remarkable since, under certain of the Safeguarding Duties, drawbacks have been allowed. British merchants cannot understand why, for example, the system of drawbacks which worked successfully under a 33½ per cent. Glove Duty for five years after 1925 cannot be conceded to them now that the same duty has been reimposed at 50 per cent. In the absence of drawback facilities the new duties will totally destroy this *entrepôt* trade so far as the taxed goods are concerned.

The Government and the Millers.—Indications point to a pretty imbroglio between the Government and the milling industry over the operation of the ill-considered scheme for the introduction of a quota system for next year's home-grown wheat crop. On Wednesday a deputation from the National Association of British and Irish Millers waited on the Minister of Agriculture, who presumably informed them of the details of a scheme which intimately affects their interests. Apart from the special difficulties entailed by inflated English wheat prices in the case of consumers (e.g., biscuit makers) who normally use that source of supply almost exclusively, but who might be forced to seek alternative competitive sources of soft wheat, the British milling industry has to face the fact that its whole economic position in relation to Canadian and other foreign competitors may be seriously prejudiced by the proposed British quota plan. The Government is, therefore, likely to be pressed strongly to embark still further on its career of food taxing by the imposition of duties on imported flour. But what of our flour exports, which amount to some four million hundredweight a year? How will this keenly competitive trade be affected if British mills are compelled either to use a prescribed percentage of English wheat, yielding flour which may not be acceptable to their customers' tastes, or, alternatively, to have the cost of buying transferable quota certificates added to their production costs?

Beer and Taxation.—Every economist, if not every Socialist, knows the doctrine of the optimum yield of taxation and realises that in every tax a point may be reached where an increase in the rate charged may result in a decline in revenue. It looks very much as if the beer duty is giving us a new example of the operation of this law. In his "crisis" Budget in September, Viscount Snowden raised the duty on beer from £5 3s. 6d. to £6 14s. 6d. per 36 gallons. Since then consumption has fallen sharply, as the following table shows:—

QUANTITY OF BEER CHARGED WITH DUTY.

		Standard Barrels.
1924	Monthly Average	1,727,700
1929	"	1,619,600
1930	"	1,567,600
1931	Monthly average, January to September	1,425,500
1931	October	1,152,000

These figures are compiled from information given in the House of Commons this week, which also showed the monthly average for the September quarter as 1,508,700 gallons. Whatever other influences may have been at work to produce a very sharp curtailment in consumption, the increased duty imposed in September is clearly responsible to a considerable extent. The extra "penny on the pint" seems to have produced more psychological effect upon the habitual consumer than years of hard work by the most ardent temperance reformer. But the Chancellor of the Exchequer, we take it, is seeking to obtain revenue, and not to enforce abstinence, and he is presented with an interesting exchequer problem.

London and the "Stillhalte."—Last Friday a statement was issued from the London Bankers' Clearing House giving the results of an inquiry made into the amount of facilities held at the disposal of Germany by London banks and accepting houses under the "standstill" agreement. The statement showed that the amount of these credit facilities being used on October 31st was under £55 millions, as compared with £64 millions on July 31st, and that approximately half of the credits were on a documentary basis, necessitating definite proof of shipment of goods. The publication of these figures was evidently intended to set at rest rumours which appear to have been current exaggerating the figure of Germany's liabilities in London under this head. It should, of course, be appreciated that the Clearing House statement does not cover the whole of Germany's short-term indebtedness to London. On Wednesday a further announcement was made by the Clearing House to the effect that confirmation has now been received from all the banks and accepting houses interested that they will continue up to February 29, 1932, to accept bills of customary tenor falling under the German Standstill Agreement.

Shipping Freight Index Number.—During November the average level of (sterling) shipping freights, as measured by our index number, rose further by approximately 1 per cent., and is now 4 per cent. higher than a year ago:—

	Average, 1913.	November, 1930.	September, 1931.	October, 1931.	November, 1931.
European Waters	110.0	89.5	82.5	90.8	91.1
North America	113.1	85.0	83.1	91.5	92.0
South America	123.4	90.4	85.3	89.6	85.0
India	106.3	99.8	86.1	97.6	99.1
Far East and Pacific	117.4	81.0	85.2	94.0	98.8
Australia	127.9	107.7	97.9	106.8	108.6
Total	116.3	92.2	86.9	95.0	95.8

The volume of business in November showed no expansion; indeed, the important Plate market absorbed considerable less tonnage than of recent months. Spasmodic chartering for Canadian grain, Cuban sugar, Manchurian beans, etc., was in evidence; but trade generally continued to reflect the restrictive influence of exchange and import regulations. Detailed movements were as follows:—

	Index Number.	Inc. or Dec. Points.		Index Number.	Inc. or Dec. Points.
Home trade	80.7	- 2.8	South America—outwards	65.2	- 2.1
Bay—outwards	108.3	- 1.8	South America—homewards		
Bay—homewards	96.8	...	India—outwards	104.8	- 7.0
Mediterranean—outwards	83.6	+ 2.9	India—homewards	109.8	+ 0.8
Mediterranean—homewards	96.5	+ 5.2	Far East, &c.	98.8	+ 4.8
North America	92.0	+ 0.5	Australia	108.6	+ 1.8

Expressed as a percentage of the average for 1913, the total figure of our index number for November works out at 82.3, compared with 81.7 in October and 79.3 a year ago.

The Credit Anstalt.—The negotiations which had been proceeding between the Austrian Government and a delegation consisting of Sir Robert Kindersley, Sir Otto Niemeyer and Mr S. L. Chandler, acting on behalf of the foreign creditors of the Credit Anstalt, resulted last Saturday in a provisional protocol, which was ratified on Tuesday by the Austrian Assembly. Only brief details of the concordat have been published, but it would appear that a preliminary agreement has been reached providing that the management of the Credit Anstalt shall in future be vested in a committee consisting of a Director-General and four members, of whom one is to be a foreigner. The Director-General himself may be either an Austrian or a foreigner, and is to be chosen by the management committee in agreement with the foreign creditors, subject always to the approval of the Austrian Government. This

powers, it would seem, are to be somewhat strictly circumscribed, in so far as major banking operations or the disposal of the Bank's assets are concerned, by the management committee. The Austrian Government, on its part, has apparently undertaken to pass the necessary legislation to reduce the Bank's expenditure on personnel and to provide that the Bank shall not be compelled on account of its existing statutes to go into liquidation contrary to the desires of the management committee. This undertaking is subject to the willingness of the signatories of the creditors' agreement of last June not to enforce their claims to repayment of their loans to the Bank. In his weekly dispatch, which will be found on a later page, our Vienna correspondent reports that the agreement is strongly opposed by the Social Democrats on the ground (1) that the creditors have not been more precise in their undertaking to be accommodating towards Austria in the matter of the State's guarantee in respect of Credit Anstalt losses, and (2) that the Director-General, with the approval of the management committee, has power to shut down summarily any of the Credit Anstalt subsidiary enterprises and to terminate collective agreements with employees. The latter proviso clearly raises issues which might become of serious political significance in Vienna. In so far as the State's guarantee is concerned, our Vienna correspondent cannot be accused of undue pessimism when he suggests that the Austrian Government would find it completely beyond its powers to make good in the near future guarantees which have already run up to the colossal figure of 1,200 million schillings. With every week that passes it becomes increasingly evident that the real problem is the salvage not so much of the Credit Anstalt itself as of the entire economy of Austria, a task which cannot be achieved simply by tightening up the Credit Anstalt management and effecting retrenchment in its expenditure on salaries, pensions, etc., but which requires the "unfreezing" of the paralysed trade of Central and South-Eastern Europe.

Australian Banking.—Our Melbourne correspondent, writing on October 30th, says:—The banking position in Australia, as disclosed by the quarterly average returns to September 30th of the trading banks, reflects, on the one hand, the shrinkage in business, which involves less trading demand for accommodation, and, on the other hand, the manner in which the banks are assisting the Governments as well as country producers. In New Zealand, also, there has been a diminution in trading requirements. The principal totals (relating to operations within Australia and New Zealand but exclusive of external business) as compiled from the returns in the various States, compare with those for the previous quarter and a year ago as follows:—

	Sept. 30, 1930.	June 30, 1931.	Sept. 30, 1931.
AUSTRALIA:			
Deposits	262,232,610	261,083,620	257,028,115
Advances and securities	276,652,349	262,604,620	268,433,833
Coin and bullion	2,739,617	1,960,359	1,997,165
Australian notes and cash with Commonwealth Bank	32,998,158	51,145,994	43,244,640
NEW ZEALAND:			
Deposits	56,150,539	54,996,125	53,466,003
Advances and securities	58,262,956	58,431,926	56,518,749
Coin and bullion	6,838,877	6,926,030	6,942,332
Legal tender notes of other banks	66,034	47,813	44,005

Advances and securities of the trading banks in Australia show a decrease of £8,218,516 for the past year as the net result of a decrease of £16,913,921 in advances and an increase of £8,695,405 in Government and municipal securities, inclusive of Commonwealth Treasury Bills, which are practically equivalent to cash from the banking point of view owing to the rediscount arrangements available with the Commonwealth Bank. The Commonwealth Bank, which is not included in the above figures, shows balances due to other banks nearly £23 millions, or an increase of over £7½ millions for the year. Its advances within Australia, inclusive of short-term loans, have risen to £29 millions, or an increase of nearly £15½ millions.

The Potato Market.—Complaints of potato dumping are apt to arise, as at present, whenever distress among potato growers coincides with the consumption in this country of more than the usual quantity of imported potatoes. Yet actually this alleged "dumping" might often be more appropriately designated relief work, and the use of the word "dumping" is in a small way as inept as it would have been to talk of "dumping" wheat into Russia in 1921. A recent report of the Ministry of Agriculture on the Organisation of Potato Marketing makes it abundantly clear that most of the troubles of British potato growers other than those, like the present crop failure, which are attributable to the weather, are due to the fact that in spite of a demand and a product which lend themselves more than usually well to market organisation, the potato trade is wholly unorganised to meet the fluctuations in supply which are inevitable in any agricultural product. The question of imports is only incidental to the subject of the report, but none the less the fact is clearly brought out that foreign imports fluctuate directly with home prices, or, more accurately, with the margin between prices at home and abroad, and that "increases or decreases in imports are the result, and not the cause, of changes in prices in this country." An analysis of home and foreign crops in the years 1922-30 shows that "natural conditions help to protect the British potato market from heavy foreign supplies, except where there was a need for them." This statement is borne out by the following figures of the British crops and foreign imports into Britain during those years:—

	In thousands of tons.	
	United Kingdom	Imports.
	Crop.	Year beginning September.
1922	6,478*	228.8
1923	4,495	331.2
1924	4,370	597.4
1925	5,377	319.2
1926	4,731	312.2
1927	4,911	494.8
1928	5,699	285.7
1929	5,867	264.7
1930	4,459	520.8

* Excluding crop in Irish Free State.

In each of the three years 1924, 1927 and 1930, in which imports were above the average, the home crop was below the average. It is, on the other hand, noticeable that little appears to be done to expand the British export trade in years of glut, though the evidence suggests that the demand in certain countries for British potatoes is sufficiently elastic to make this course worth trying. This apparent lack of enterprise is presumably due to the same absence of organisation which accounts for the lack of standardisation of produce and of trade practices, the maladjustment of supply as between markets, and as between different parts of the season, and the fluctuations in supply from season to season. The report, which has interesting sections on potato market organisation abroad, leaves the consumer wondering what claim the producer has earned on him, that in a bad season like the present, when natural conditions have disabled his British suppliers from meeting the full demand for sound potatoes, he should be prevented from availing himself of the supplies offered by other countries.

Conditions in Japan.—According to a recent speech by Mr Inouye, the Finance Minister, the Japanese Government economised on heads of expenditure to the amount of 43 million yen for the current financial year, and has, in response to the further decrease in the revenue since last September, made economies of 69 million yen in the forthcoming Budget. These economies, which are to be effected by means of financial and administrative readjustments, reductions of the numbers and salaries of Government staffs and revisions of the pension law, will, according to the estimates, keep total expenditure down to about 1,479 million yen. If 41.2 million yen expenditure on unemployment relief and 14.4 millions in respect of the Karafuto Special Account be deducted to make the figure comparable with that of the previous year, there

remains a total of 1,424 million yen, against 1,458 millions in 1931. As this will not, however, be enough to meet the anticipated diminution of the revenue, the deficit is to be covered partly by temporary increases in taxation and partly by the issue of a loan. The suspension of the gold standard in Great Britain gave rise to heavy sales of foreign exchange by the Yokohama Specie Bank, and in consequence about 220 million yen, in gold, had been exported by November 21st. The Bank of Japan twice raised its discount rate, which has stood at 6.57 per cent. since November 5th. The decrease in the gold reserve, which still amounted to 602 million yen on November 21st, is accounted for by Japanese investment in foreign currencies and by the excess of imports, which for the first ten months amounted to 1,140 million yen, against exports of 1,014 million yen. A favourable invisible trade balance of 100 million yen is, however, still hoped for. Japan's foreign liability was stated by Mr Inouye to amount to 2,217 million yen, of which 1,479 millions are Government loans, 244 millions local government loans and 495 millions the debt of private companies. Short-term debt is practically non-existent. Against these liabilities Japanese holders have 850 million yen securities in foreign currencies.

The British Overseas Bank.—While this institution has been affected by the world trade depression, its 1931 accounts are in some respects better reading than those of other banks mainly engaged in financing international trade. Its net profits at £166,000 are the highest for the past three years, though prevailing uncertainties have imposed upon the board the advisability of making a special allocation of £100,000 to contingencies out of current profits. In consequence, it has been necessary to reduce the dividend upon the "B" shares from 6 to 2 per cent. The leading items in the accounts are summarised below:—

	1929.	1930.	1931.
	£ thou.	£ thou.	£ thou.
Capital paid up	2,000	2,000	2,000
Reserve Fund	225	225	225
Deposits	5,114	4,549	3,047
Acceptances	4,659	3,927	4,277
Cash	278	294	197
Call Money	2,282	1,820	1,267
Balances Abroad	310	215	201
Bills Discounted	1,000	1,071	205
Government Securities	305	354	470
Other Investments	606	598	623
(incl. subsidiaries)			
Advances	2,161	2,149	1,918
Net Profit	160	140	166
To Reserve Fund	25	nil	nil
To Contingencies	nil	nil	100
Dividend:			
A shares	6%	6%	6%
B shares	6%	6%	2%

The main feature of the accounts is the heavy decrease in deposits, offset mainly by calling money from the market and by a big reduction in the bank's bill portfolio. The bank's ratio of cash to deposits is unchanged at 6.5 per cent., but the accounts show that the bank habitually operates upon a small margin of actual cash as opposed to call money and balances with banks abroad. The increase in acceptances, though welcome, may be accidental, due to the vagaries of the season and the maturity of crops. Investments have been increased, and the contraction in advances is by no means excessive. In connection with these two last items, much depends upon the current market prices of the bank's securities and upon the liquidity of its advances. In these days matters such as these are often not so much within a banker's control as he could wish.

Bank of London and South America.—As the accounts show, this institution, which is affiliated to Lloyds Bank, has shared in the manifold difficulties of South America; and the directors have in the circumstances thought it advisable to increase the allocation from current profits to contingencies by £50,000, and furthermore to transfer from the published reserve to contingencies the sum of £1,500,000. The report states that this transfer is made to provide for depreciation of capital employed abroad,

all bad and doubtful debts, and possible future contingencies. There is no doubt as to the wisdom of this step, in view of the financial, exchange and commercial uncertainties of the countries which the bank serves, though it by no means follows that the whole of this special appropriation will have to be used. In any case, the accounts reveal a cash position of unusual strength, and the fact that the directors have thought fit to declare even a reduced dividend is additional ground for reassurance. The main items in the accounts are appended below:—

	September 30th.	1929.	1930.	1931.
		£ thou.	£ thou.	£ thou.
Capital	3,540	3,540	3,540	3,540
Reserve	3,000	3,000	3,000	1,500
Deposits, &c.	40,992	39,363	34,312	34,312
Acceptances	2,453	2,092	1,513	1,513
Bills for collection	14,782	11,085	8,569	8,569
Cash	7,121	8,706	10,575	10,575
Bills receivable	15,602	12,864	9,474	9,474
Advances, securities, &c.	27,096	26,118	20,156	20,156
Gross profit	1,815	1,754	1,455	1,455
Net profit	435	390	332	332
To contingencies	45	100	150	150
Dividend	11%	9%	5%	5%

The contraction both in deposits and in such indices of general trade as acceptances, advances and bills for collection on account of customers illustrates the effects of the fall in commodity prices and the contraction in South American commerce, to which the decline in the bank's profits is obviously to be ascribed. The strengthening of the bank's cash position is in itself a consequence of the trade depression, for it suggests that the bank can no longer find adequate safe outlets for its funds. At the same time the increase is to be welcomed, for a greater margin of safety is required by most banks in these troublous times.

N.Y. Metropolitan Life.—Rather more than four years ago the Metropolitan Life Insurance Company of New York—the largest in the world—established a United Kingdom branch for the strictly limited purpose of transacting in this country group insurance business. Group insurance is devised to meet the need of the employees of an industrial company. One master-contract is issued covering each employee for a stipulated amount, generally one year's wages, and, provided the age distribution is normally constituted, the cost each year is usually about 1 per cent. of the pay roll. In conjunction with group insurance the company has introduced to this country a new method of providing for superannuation in the form of "Group Pensions." This scheme, like group insurance, is based on a master-contract and provides for each employee a stipulated amount of pension for each year of service after the inauguration of the scheme, and a stipulated amount of pension for each year of past service. The measure of the company's success in its attempts to popularise this new kind of group provision may be judged from the following figures relating to group insurance policies issued:—

NEW BUSINESS.				
Year.	No. of Policies.	Sums Assured.	Yearly Premiums.	
1927	2	£1,040,100	£13,253	
1928	13	1,084,290	11,799	
1929	27	2,390,533	20,956	
1930	47	1,383,413	14,669	

No figures are published separately for group pension business, but from the revenue accounts it appears that consideration money for group annuities during the last four years has amounted to £264,000. The total premium income during the same period from group insurance business has been £132,000, of which £62,000 has been paid out in claims. The first striking feature from the table is, of course, the large amount of each policy, which, however, is readily understood when it is borne in mind that each contract relates to a large number of lives. Although the number of policies issued has shown a steady increase it may not be without significance that the sums assured in 1930 show a large drop. The ability of industrial companies to add to their already large fixed charges in times

of trade depression is, of course, much reduced, while the activities of the Metropolitan Life have, in the meantime, stimulated a number of British offices to launch out in the same direction.

Record Transvaal Gold Output.—According to the monthly statistics supplied by the Transvaal Chamber of Mines, a record gold output has been achieved by the mines of the Transvaal. The total output for October was 945,113 ounces of fine gold, which compared with 916,024 ounces produced in September and 926,561 produced in October, 1930, which, incidentally, was the previous record output. In the following table we show the monthly output since the beginning of 1925:—

Month of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.	Fine Oza.
January	823,692	796,270	839,782	843,857	876,452	882,801	914,576
February	753,925	753,924	779,359	816,133	815,284	816,188	839,937
March	825,479	834,340	860,511	877,380	866,529	869,370	910,998
April	787,519	803,303	824,014	825,907	874,123	868,606	882,337
May	813,249	849,214	859,479	886,186	897,598	916,213	910,279
June	780,251	852,145	855,154	862,363	856,039	887,867	897,150
July	816,202	860,134	851,861	867,211	889,480	912,652	916,843
August	808,218	843,854	863,545	891,863	889,601	921,081	916,425
September	797,247	839,939	842,118	857,731	849,553	903,176	916,024
October	812,832	853,296	855,743	897,720	888,690	926,561	945,113
November	787,833	840,276	848,059	874,484	861,593	884,753	...
December	791,455	836,157	851,225	859,761	851,134	908,492	...
Total.	9,599,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	9,050,282

The aggregate of 9,050,282 ounces for the expired ten months of the current year compares with 8,926,515 ounces for the corresponding period of 1930. The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors at the end of October totalled 223,565, as compared with 224,326 at end of September. Comparative figures for the last eight months are shown below:—

	Feb. 1931.	Mar. 1931.	Apr. 1931.	May 1931.	June 1931.	July 1931.	Aug. 1931.	Sept. 1931.	Oct. 1931.
Gold mines	209,777	207,239	206,772	207,109	207,209	208,155	209,409	209,424	208,987
Coal mines	13,740	13,436	13,242	13,505	13,286	13,512	13,563	13,276	13,061
Diamond mines	4,333	4,206	4,030	3,689	3,345	1,817	1,705	1,626	1,517
Total	227,850	224,781	224,042	224,103	223,840	223,484	224,677	224,326	223,565

The native labour statistics show a small decline as compared with September.

Overseas Correspondence.

UNITED STATES.

Finance — Railroads — Reparations.

(FROM OUR CORRESPONDENT.)

NEW YORK, November 25.

THE country has travelled a long way from its former position of indifference toward financial and economic conditions in Europe and the rest of the world, but recently there has developed a tendency to look at home for the next impetus to trade. The horizon still shows no sign of improvement, but sentiment continues better. Company and individual earnings are poor and calls for assistance are numerous and moving, but the panicky feeling has disappeared. The approaching session of Congress is attracting much less attention for what is likely to be done on foreign debts and tariffs than on ways and means of meeting the Treasury deficit, placed for this year at fully \$2,000 millions. Both Parties are now agreed that taxes will have to be increased, but naturally there is a disposition to make the burden as light as possible for earners of small incomes, who, of course, are the most numerous and consequently have the most votes, and to look to borrowing for a large portion. The Treasury is hard at work on a new taxation schedule, which at first will probably be largely replacement of the 1924 rates, leaving imposition of special taxes on luxuries or sales taxes to be debated at greater length. Meanwhile, the

Treasury will have short-term maturities of over \$1,000 millions to meet on December 15th, and the market is looking for fresh short-term borrowing rather than a long-term bond issue. However, the market is now more favourable to long-term bonds than it was a month ago, the trend in money rates being downward with the virtual cessation of gold movements. This month the Treasury has added about \$35 millions to the floating debt by net bill sales.

Weaker money rates have not yet stimulated new capital offerings. In the past week the market has had a small railroad bond issue, which was quickly taken on account of its high-grade character, and there is a good demand among insurance companies for the new Canadian internal loan. For the most part the market, such as it is, is dealing with municipal loans. Rumours of a Japanese or an Italian loan may be dismissed as without foundation.

The chief domestic development is the railroad wage conference. At a formal meeting this week the railroad labour union leaders rejected the railroad managers' proposal for a 10 per cent. reduction, countering with the suggestion of a six day week and a guarantee of employment. The breakup of this conference will mean the holding of others by individual roads and groups of roads, and there is a fair chance of success. The contention of labour leaders that they should not be asked to take lower wages in order to support "idle" capital invested in railroads, while dividends are still being paid, is not taken seriously, being designed for union member consumption. The railroads would probably be willing to agree not to ask for more than 10 per cent. wage reductions if the unions would accept them at once, and the likelihood that, if the procedure of the Transportation Act were followed, cuts of 15 to 20 per cent. would be made on some roads, is scarcely likely to escape the notice of the unions. If an amicable settlement cannot be arrived at, a board of mediation, composed of disinterested men, may attempt a solution. If this should fail, either the railroads or the unions, or both, could request arbitration, or the President could create an emergency board to deal with the matter. Failure to agree at any point would probably mean a delay of four or five months.

The appointment of Mr Walter Stewart as the American member of the Basle Committee to look into revision of the Young Plan was well received. Mr Albert Wiggin also leaves this week on his way to Berlin to negotiate on short-term German credits. The view is strongly held here that these commercial and private credits should be regarded as standing alone, and payable regardless of what may be done about reparations. The public attitude of French statesmen on the question of priority is believed to mean failure on their part to appreciate the fact that without commercial credits the whole economic structure of Germany must collapse.

American banks will naturally work for the best deal under the "stillhalte" which they can make, but it is doubtful if they anticipate anything more than a very limited reduction in the total sums involved at the expiration of the present agreement. This will be disappointing to some of the American banks, but reports on the European side of the water that American bankers are determined to insist on full repayment may be taken with a grain of salt. Full confidence is felt in Mr Wiggin's appreciation of the fact that, while German debtors have the goodwill to pay, their present ability to find the necessary exchange is limited; but, at the same time, he is fully competent to protect the banking interests.

In good quarters it is believed that the committee called together by the Bank for International Settlements will "stay within" the Young Plan, however much they may alter its appearance. The prevailing view here still is that the reparations matter is primarily one for France and Germany to settle, and while one section of opinion thinks it would be "good business" to cancel both reparations and debts owed this country, no one thinks this will be done. It is probably in vain to hope for the American Congress to consent to any large debt reduction, but some relief, particularly on interest rates and maturity dates, is possible.

FRANCE.

Politics — Treasury Loans — Industry.

(FROM OUR CORRESPONDENT.)

PARIS, December 2.

THE first full-dress debate of the session in the Chamber, which came to an end at 3 a.m. last Friday, after a remarkably brief and characteristic declaration of the Government's foreign policy by the Premier, resulted in an incontestable victory for the Laval Cabinet by a majority of 176 votes (327, against 151). The actual voting, however, cannot be regarded as gauging the real strength of the Government's majority in the expiring Chamber. No fewer than 120 of the 609 Deputies constituting the Chamber abstained from voting, including 96 of the 110 members of the Radical Socialist Party (now once more led by M. Herriot, as the result of his re-election to the headship of the party at the recent annual congress). Of the minority of 151, no fewer than 120 comprised the Socialist and Communists. The real Laval majority was probably revealed by a previous vote on a motion by M. Herriot himself, which was rejected by 315 votes against 264 (with about a score of abstentionists scattered over no fewer than nine different groups). There seems now to be a general belief that the Ministry will retain power until at least after the elections in the spring, and that French policy will necessarily continue on its present lines so far as the pending important international conferences are concerned.

Party intrigues are now rampant again in the Chamber. An important section of the Left is pressing for an earlier dissolution than the constitution calls for, apparently in the belief that opponents of the Government's inherently Nationalist policy have nothing to gain by allowing the present Lower House to live out its full term. A proposal from the opposite camp, which seems to be finding a good deal of support, is for the suppression of the present system of second ballots, and its replacement by another which will lend itself much less easily to opportunist party alliances in respect of three-cornered contests. This is so obviously directed against possibilities of a revival of the Cartel des Gauches (which derived substantial advantages at the 1924 elections from the system then adopted of mutual support at second ballots), that its application for the spring elections is probably more than doubtful.

As a result of Socialist "indiscretions," which took the form of the publication in M. Léon Blum's newspaper of certain alleged confidential information as to advances to French banks and foreign Governments from the French Treasury, the Minister of Finance, M. Flandin, addressed, on November 19th, a letter to M. Malvy, the President of the Chamber of Finance Commission, setting forth in detail the list of these advances. This letter was read to the Chamber during the course of last week's debate, and furnished one of the most notable features of the discussion. The letter stated that, down to October 31st last, advances of foreign exchange totalling 1,413,000,000 francs had been made by the Treasury to French railway companies and shipping concerns, under Article 120 of the law of April 16, 1930. These advances were as follows:—

July 25, 1930.—Midi Railway Co., 15,000,000 (Swiss) frs.
August 6, 1930.—Compagnie Générale Transatlantique, \$3,829,170 (Canadian dollars).
October 20, 1930.—Est Railway, \$19,439,790.
November 21, 1930.—Midi Railway, \$4,800,000.
November 29, 1930.—Messageries Maritimes, \$8,305,753.
November 29, 1930.—Compagnie Générale Transatlantique, £1,424,400.
1930-1931.—P.L.M. Railway, £302,000 and \$8,035,000.

These operations, the letter stated, were almost all based on legal guarantees or State guarantees, except the second-mentioned advances to the Transatlantique Company, in which case mortgage guarantees were demanded on the occasion of the recent reorganisation of the company. The rates charged vary from 4 to 5 per cent., except in the case of the P.L.M. Railway, where the advance was limited to repayment by the end of 1932 and the rate fixed at 3 per cent. Reimbursements, except in the case of the P.L.M., are to be made by annuities.

Advances to foreign Governments have been as follows:—

Poland.—Amount outstanding on October 31st, 216,300,000 frs., secured on the annuity of amortissement of the Upper Silesian mines and State forest revenues, the rate of interest being 5 per cent. and reimbursement being in 15 years.

Yugoslavia.—Amount outstanding on October 31st, 263,300,000 frs., secured on State monopolies, the rate being 5 per cent., and reimbursement being by five equal annuities.

Advances agreed to during the recent Parliamentary recess:—

Yugoslavia.—250,000,000 frs. advanced (October, 1931) at 3 per cent., guaranteed by revenue from State monopolies, and repayable by half-yearly instalments within 2 years.

Hungary.—354,000,000 frs. advanced at 5½ per cent. on October 31st last, in the form of Treasury bonds, guaranteed *pari passu* with bonds issued in 1930, by surplus receipts affected to the 1924 loan by the American Relief Credit (gross revenue from Customs, sugar tax and tobacco monopoly, and the net revenue from the salt monopoly). Reimbursement in one-year bonds, renewable for six months.

Advances to various banks:—

Bank of Alsace-Lorraine.—Outstanding on October 31, 1930, 910,000,000 frs., secured on the whole of the bank's assets (realised by a committee under control of a representative of the Ministry of Finance), and by funds constituted by capital and reserves, and by an engagement of 20,000,000 frs. by board of directors. Reimbursement as and when assets are realised.

Banque Nationale de Crédit (operation begun on September 28th last).—Amount outstanding on October 31, 1931, 1,062,000,000 frs. Guarantees constituted by the whole of the bank's assets, the management of the bank being controlled by a delegate of the Bank of France, acting for the latter and for the Treasury; plus funds constituted by the bank's capital and reserves and an engagement of 20,000,000 frs. by the board of directors; and, lastly, by a fund of 260,000,000 frs. constituted by the principal Paris banks and by the Bank of France. Reimbursement as the assets are realised.

The Minister's letter concludes:—"I add, in reply to your question, that no engagement has been entered into by the Government, notably in respect of the Bank of France, as a counter-party to other advances agreed to by the latter."

Coal production figures for October indicate a slight increase of 150,000 tons on the month, allowing for an additional working day, and was within a fraction of that registered in October, 1930. Total production by the French mines (including Alsace-Lorraine, but exclusive of the Saar area) was 4,431,769 tons (27 working days), against 4,154,314 tons in September, and monthly averages of 4,568,000 tons in 1930 and 4,577,000 tons in 1929. Output of metallurgical coke from the colliery plants was 368,000 tons, against 346,500 tons in the previous month, notwithstanding the sharp drop in both iron and steel production. The increased coal tonnage on the month was due mainly to the gradual coming into operation of the new quota system designed to restrict entries of British and other foreign fuel. According to *La Situation Economique* (based on Ministry for Labour figures), the percentage of total unemployment in the colliery industry in October was 10.2, as compared with 4.8 per cent. in all the undertakings—those employing more than 100 units of labour—covered by the Ministry's systematic inquiry, and as against 5½ per cent. in all French industries, collieries included. The number of labour units employed by the collieries in October was about 1,500 fewer than in September; nevertheless, the average daily output was 164,139 tons, against 159,781 tons in the previous month. Coal imports in October were only 2,070,000 tons, against 2,436,000 tons in September, but were still 77,000 tons more than the new maximum quota, which fixes total entries at 1,993,000 tons.

Iron and steel production in October was fractionally lower under both heads, but 190,000 tons in the case of iron and 171,000 tons in that of steel below the output of October last year. The total output of pig iron was 637,000 tons, against 654,000 tons in September, 827,000 tons in October last year and a monthly average of 864,000 tons in 1929, which registered new high records in this country for both iron and steel production. The number of blast furnaces in activity was 103, against 139 in October last year, the number closed down or undergoing construction being 109, against 78. The total crude steel turned out was 626,000 tons, against 656,000 tons in the

previous month, 797,000 tons in October, 1930, and a monthly average of 808,000 tons in 1929. Activity remains at a very low level both in the home market and in export trade, with prices still dropping. Unemployment figures continue on the upgrade. Additional municipal and departmental funds are being opened, and entries of recruited foreign labour have, for all practical purposes, been suspended.

GERMANY.

Nazis — Loan Repayments — Security Values.

(FROM OUR CORRESPONDENT.)

BERLIN, December 1.

THE publication of the Hesse documents revealing the measures which the National Socialists would take if they succeeded to power is of great importance for domestic conditions in Germany. Its importance is in no way diminished by the fact that the originators of this programme maintain—thereby perhaps avoiding criminal proceedings—that it is only intended for use in the event of a temporarily successful Communist *putsch*, subsequently suppressed by the National Socialists. It is true that there was already no room for doubt that the National Socialists, if they ever came to power, would thoroughly errorise their opponents. Dr. Frick, who is not one of the most extreme members of his party, some time ago promised the Social Democrats and Communists a sort of massacre of St. Bartholomew, but those Conservatives who have been watching the rise of the National Socialists with sympathy consoled themselves by refusing to see in these and similar utterances anything more than irresponsible speeches for purposes of agitation. Now it has become evident that official sections of the party have been entertaining the idea of starving out their political opponents, should they not prove sufficiently accommodating, by confiscating all food supplies when they came into power, and by suppressing the slightest attempt at resistance by the wholesale use of firearms.

Nobody who has read these documents can have the slightest doubt left that if the Hitler Party came into power it would take away from all Germans who were not National Socialists every right to political liberty and would recognise even their right to personal existence only provisionally. Many illusions have thus been destroyed, and the revelation has in consequence very substantially strengthened the position of the Brüning Government. The groups of the moderate Right are beginning to see what enormous dangers for the State and the people they would conjure up if they overthrew Dr. Brüning and thereby helped Herr Hitler to power. Even in the Centre, all tactical considerations as to whether it would not be advisable to let the National Socialists govern for a time have probably been set aside as a result of the alarming impression made by the Hesse documents. The danger of Germany's drifting into a Hitler regime because her politicians are unaware of the seriousness of the peril is now substantially diminished.

The Chancellor has urgent enough need of this strengthening of his authority, for he has now to promulgate a new series of unpopular measures, in an emergency decree whose contents are not yet precisely settled. The decisive factor in German domestic politics will be the outcome of the negotiations with France on the reparations question. Without a success in foreign politics, Dr. Brüning will hardly be able, in spite of the improvement in the situation, to prevent the power of the National Socialists from resuming its growth and ultimately becoming overwhelming.

Dr. Luther, the President of the Reichsbank, has informed the representative of the Associated Press that Germany has repaid nearly five milliard marks since last autumn. It was already possible to calculate this total from the figures which had been published, but none the less it had produced a sensational effect. In a single year—and a year, too, which saw the greatest rise in her unemployment figure, which means that a large part of her productive capacity was out of action—Germany was

able to repay almost one-third of the short-term debts which she contracted in a more favourable period. It is true that this greatly overtaxed her powers, as Dr. Luther pointed out. In the period from September 1st to November 15th more foreign exchange was required for the repayment of debt and for other capital services than for payment for imports. For a country like Germany, which has to import its most important raw materials with the exception of coal, this is a fantastic arrangement of its balance of payments, and it is out of the question that the process can continue at anything like the same rate. The figures, however, show clearly that, if foreign countries show any sort of consideration for German economy, the repayment of Germany's commercial debts is absolutely assured.

For this it is, indeed, also essential that the obstacles placed in the way of German exports shall not be excessive. At the moment it looks as though almost all export markets were aiming at denying access, partly by means of duties and partly by refusing foreign exchange for purposes of import, to goods from Germany, and indeed from other countries as well. The Wiggins Report has already established with unsurpassed clearness the fact that the German export surplus which the repayments make necessary involves a serious disturbance to world economy, but Germany will be obliged to export to the extent that she has to pay, and she will only be able to pay to the extent that she is able to export. For that reason, standstill agreements, reparations agreements, and international trade policy are closely connected, and the attempt simultaneously to exact the greatest possible payments and to admit the smallest possible exports from Germany is doomed to failure because of the mutual incompatibility of these aims.

The Government and the Reichsbank have declared against the reopening of the German stock exchanges during the current year. They have been closed since September 18th, and will thus remain closed until the beginning of January. The most important reason which is adduced for not reopening them is the desire to avoid causing uneasiness among the public by the publication of stock exchange quotations. An active trade in securities is, of course, carried on by telephone among banks, and the public are able to buy and sell securities, but the publication of quotations is forbidden. A week ago securities had begun to change hands at rates which, at least to official eyes, seemed calculated to awaken uneasiness as to the state of particular undertakings, of agriculture, or of the German cities; and during the last few days this downward movement has continued. Only a few isolated shares are being dealt in at more than their nominal value; shares of big concerns can be had at 10, 20 or 30 per cent. of their nominal value, and according to the price of their shares factories which cost millions are valued at a few hundred thousand marks. One reason for the decline is the fact that at present in Germany everybody is looking to the yield on his capital, and it is known that most German industrial companies, banks (with the exception of the Reichsbank), and shipping companies will pass their dividends for 1931. Only last week the two greatest industrial undertakings in Germany, I.G. Farbenindustrie and Siemens and Halske, whose condition is very much better than the average, announced that they would have to reduce their dividends considerably for 1931. The greatest German public utility company, the Rheinisch-Westfälische Elektrizitätswerke, is also reducing the dividend on its ordinary shares from 10 to 5 per cent. for the year ended June 30, 1931. Almost all industrial companies are in a far worse state and their receipts are not at present covering their costs. In addition to these industrial losses they have incurred further losses in consequence of the decline in the value of their investments. This abnormal profit situation is, however, undoubtedly not the only cause of the decline; it is supplemented by the general nervousness which is causing many people at home and abroad to liquidate their interests in industry at all costs, and also by the complete absence of any speculative activity. Speculation would indeed be

severely hampered in any case by the high rates of interest which are now ruling. Bank credits cost 11-12 per cent.

The rente market is even gloomier. On the basis of income the holder of German fixed-interest securities has so far fared best: the manufacturer, the merchant, the farmer, the house owner, and the shareholder are all receiving less than a few years ago, while the rentier's income is unchanged, for so far all interest on long-term loans has been punctually met. None the less, even the best secured long-term loans have fallen so heavily that they now yield 13 or 14 per cent. In addition to the fear that interest payments may be discontinued (especially in the case of agricultural loans), fear of Government action is responsible for the fall. Some time ago rentiers feared that there might be issued an emergency decree imposing an all-round reduction of interest. At the moment it is feared that a coupon tax may be introduced. The effects of these fears are also clearly evident in the capital market; long-term credits are completely unobtainable, even in the form of first-class mortgages.

The only gleam of consolation afforded by the general slump in securities is the evidence of faith in the German currency. At an earlier stage, fear of inflation gave rise to a rush to invest in commodities, and therefore in ordinary shares; now practically nobody in Germany is anticipating a depreciation of the mark, and even the withdrawals of balances from the banks and savings banks have ceased since the Chancellor's victory in the Reichstag in the middle of October.

A few days ago the collapse of a medium-sized bank in Berlin caused some sensation. The Berliner Bank für Handel und Grundbesitz, which was founded by organisations of house owners and succeeded in substantially increasing the volume of its deposits in a few years, was obliged to close. Deposits amounting to Rm. 70 millions are involved, and some 70 per cent. of these will probably be lost, though it is said that some help will be forthcoming from the Reich to make possible an orderly liquidation. This failure is, however, in no way typical of German banking. The bank has never belonged to any of the banking organisations, it issued no interim balance sheets, and pursued a business policy of unparalleled frivolity. With a share capital of only Rm. 2 millions, millions of marks' worth of shares and long-term mortgages on land were purchased out of short-term deposits.

AUSTRIA.

Credit-Anstalt — Exchange Problems — Trade Crisis.

(FROM OUR CORRESPONDENT.)

VIENNA, November 30.

The negotiations between the Government and the foreign creditors of the Credit-Anstalt have led to a provisional result. Whether it can be realised will be seen shortly,* but in any case the Credit-Anstalt will still remain a major source of anxiety. The central point of the Vienna negotiations was the demand of the foreign creditors that the management of the bank should be strictly centralised and that they should nominate the managing director, who should be furnished with extraordinary powers. One thing is certain, namely, that Herr van Hengel will not become managing director, as for a time appeared likely. He is leaving Vienna for good. The Social Democrats appear to regard two decisions of the agreements as insufferable—on the one hand, the vague promise of the foreign creditors to be accommodating towards Austria in the question of the guarantee given by the State; on the other hand, the power exercisable by the managing director of the board of closing down, without further ado, any of the subsidiary enterprises of the Credit-Anstalt and also of serving notice of termination of the collective agreements with the employees.

In the matter of the guarantee, foreign interests will have to make concessions, for since May there has been

* The agreement was ratified by the Assembly on December 1st.

a fundamental change in circumstances. At that time the Government was optimistic, and was of the opinion that things could be straightened out with a sum of 140 million schillings. Since then, gigantic losses have been made known, new difficulties have arisen in individual subsidiary enterprises, and assets in neighbouring States have become uncollectable. According to the views of responsible circles here, the foreign creditors themselves do not know the whole extent of the losses. Their amortisation by the State in the course of twelve months, or even only the settlement of the claims of the foreign creditors by the State, is quite impossible. In the best of circumstances a long-term loan might be floated with the help of the creditors. Again, the proposed interference with the collective contracts might lead to serious political tension. Moreover, in view of the great difficulties of Austrian management of foreign currency, every payment made abroad must be very thoroughly considered beforehand.

It is true that the National Bank has not been obliged during the last few weeks to make use of its holdings of foreign values, but this is simply for the reason that it is constantly claiming the foreign currency and other values which are being reported as in private possession. But through this process the reserves which the banks, industry, and commerce have in such claims are vanishing. The attempts to obviate some of the difficulties by means of a special form of clearing arrangement with the Succession States are still in progress. It is intended to make such clearing treaties with Hungary, Yugoslavia, Germany, Switzerland, Roumania and Poland. The agreements may work out very well on paper, but in practice serious disturbances can hardly be avoided. How imperative these agreements are can be seen from the fact that the number of unemployed, which is constantly increased through the decline of export trade, will probably be in the neighbourhood of 400,000 at the beginning of December. At the middle of November there were 365,000 unemployed, or 50,000 more than at the same time last year. The index of general business in October had sunk to 70.1 as compared with 72.4 in September, and it will show further depreciation for the month of November.

The only business on the share market is offers to purchase. In certain brewery, building and electric shares there were rises between the middle and the end of November of up to 30 per cent. However, very little paper changed hands, and the turnover was due partly to speculation. But later the public began to buy timidly, as people are converting bank deposits into share holdings in view of the fact that the banks and savings banks recently reduced the rate of interest on deposits by 2 per cent. Also the schilling credits which foreigners have in Austria have been used to procure shares. On the other hand, apart from the National Bank shares, which rose rather considerably, bank shares are being neglected. The same applies to investment scrip.

In spite of the reduction of wages and salaries, according to the official statistics commodity prices show sharp and constant advances. The lowest level of the index (1923 = 100) was on September 15, 1931, when it stood at 59.9. By October 15th the index had risen to 60.6, and by the middle of November to 65.3.

How serious the crisis is in the heavy industries may be judged from the fact that orders in hand in the iron industry are given at 11.6 per cent. of normal, which is an unprecedented low level. The output of iron ore in October was not half so great as in October of last year, and it amounts to only one-fifth of the output of October, 1929. These are considerations which are the more serious in view of the decline of exports. In October, for instance, exports to Germany had fallen to 17.4 million schillings, as compared with 36.7 millions for October, 1930. Czechoslovakia took only 15 millions worth of goods instead of 19 millions worth, Italy 8.6 millions instead of 16 millions, Great Britain only about 7.9 millions worth instead of 10.3 millions.

During the last few days it has been announced that the Municipality of Vienna intends to increase the housing tax. The increased tax is to apply to all dwellings which

cannot be included in the strict category of small dwellings. The proceeds of this tax are to be employed to continue the housing policy of the City of Vienna, and 20 million schillings is expected from the new tax. As the Municipality of Vienna is obliged to throttle down its expenditure, owing to the decline in cash holdings, falling revenues, and the Municipality's reduced participation in the Federal taxes, it is desired to create the new tax in order to avoid stagnation in the housing scheme. In reality, such a plan is in direct contradiction of the declarations, which have been given by Social Democratic circles, namely, to protect the interests of the population and to cover the deficit by not increasing taxation but by practising the greatest possible retrenchment.

HOLLAND.

British Duties — Netherlands Bank — Stock Exchange.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, December 2.

THE new commercial policy of Great Britain undoubtedly threatens the existence of numerous Dutch industries. Not only is the English market completely closed for many of their products, but, in addition, keen competition is now encountered from English goods in other foreign markets, owing to the depreciation in the value of sterling. The Dutch industries which are the hardest hit include the bicycle tyre industry. England has been our chief outlet both for outer covers and inner tubes. Of the 803,185 outer covers, to a value of 771,000 guilders, exported during the first ten months of this year, 400,584 tyres, to a value of 375,000 guilders, were exported to England. The 50 per cent. import duty in England has also dealt a severe blow to the earthenware and wall tiling industries. By far the largest buyer of this line in January to October, amounting to 4,866 tons (last year 5,582) and a value of 875,000 guilders (last year 1,137,000), no less than 2,569 tons (last year 2,623), to a value of 493,000 guilders (last year 584,000) were shipped to England. The Dutch woollen fabric industry has also been badly hit by the anti-dumping measures in England. This industry, in fact, counts upon the home market for 70 per cent. of its production, and has to find an outlet abroad for the remaining 30 per cent. England has hitherto been our best customer.

Pressure is, of course, being brought to bear on the Government to take counter measures, and a Bill has been introduced into Parliament for the provision of relief to our exporting industries. The Bill empowers the Government to take temporary measures for the regulation of the export of certain classes of goods. Apparently such regulations will take the form of an allocation of the quota among the exporters.

The market for Dutch bonds has not been particularly animated lately, but there has been a decided return of confidence, as is amply illustrated by the results of the recent issue of exchequer bonds. The subscriptions were enormously in excess of the amount available for allotment, and the exchequer secured very satisfactory rates. Some pressure is being exerted on the market by a quick succession of issues for various municipalities. Money rates continue to follow a downward course. Prolongation rates averaged 1.758 in November, against 3.065 in October, 1931. The interest rate on bank deposits has also been reduced all along the line. Nevertheless, hoarded bank notes are flowing back to the banks at a very slow pace, and the Netherlands Bank's circulation of bank notes is still above the 1,000,000,000 mark, although a gradually declining tendency is noticeable. At the same time the stock of gold continues to show an upward trend, and now the gold cover of all liabilities payable on demand amounts to 70.22 per cent.

This week the Netherlands Bank issued the following official statement with regard to its holdings of sterling:—

The Board of Directors of the Netherlands Banks in their communiqué of September 27th stated that they had every reason to believe that they need not fear any loss on their sterling holdings.

From the consultations, both verbal and in writing, which have taken place meanwhile, it is now evident that the Bank of England is not inclined to acknowledge the claims which the Netherlands Bank considers it was reasonably entitled to make.

Although the Netherlands Bank is maintaining its point of view and is continuing its efforts to secure satisfaction, the Board is of opinion that, under these circumstances, they can no longer run the exchange risk on the Bank's holdings of sterling. It has, therefore, endeavoured to find a solution which would enable the Bank to retain the majority of its sterling, without further risk on the rate of exchange.

In co-operation with the Dutch Government, such a solution has been found. These holdings of sterling—as far as they can be destined for the redemption of the two Dutch East Indies loans in sterling, the redemption of which can be effected *in toto* as from July 15, 1933, and August 15, 1933, respectively—have been sold for forward delivery to the Dutch East Indies Government. Such sterling bills as could not be applied to the redemption purposes above mentioned have already been realised.

The losses ensuing from this transaction and the sales on forward delivery referred to, will result in a considerable adverse balance for the financial year 1931-32 for the Netherlands Bank. Schemes for economising in expenditure on salaries and otherwise have already partly been decided upon and other measures in view of the losses referred to are being considered.

It is needless to emphasise that, after the transactions above referred to, the sterling holding of the Netherlands Bank cannot be of any adverse influence in the fulfilment of its task of maintaining the gold value of the Dutch currency. The last weekly return issued shows that the gold cover for all liabilities repayable on demand amounts to 70.22 per cent., which is 30.22 per cent. in excess of the statutory minimum cover. The ability of the bank to fulfil the above-mentioned task remains, therefore, entirely unimpaired.

From this official statement it can be concluded that the two Dutch East Indies loans of £5,000,000 and £6,000,000 which were issued in London in 1923, are to be redeemed at par as early as next year. Part of the sterling necessary for this purpose has been bought for forward delivery from the Netherlands Bank. As has previously been reported, the aggregate sterling holdings of the Netherlands Bank are estimated at about £11,000,000. With sterling at its present level, it will be seen that the loss involved to the Netherlands Bank is very considerable. The capital of the Netherlands Bank is 20 million guilders, and the open reserves 15.5 million, a large part of which has accordingly now been lost. This will be the first time since the Netherlands Bank was founded in 1814 that it has had to close a financial year with an adverse balance and pass the payment of dividend. Last year a profit of 5 million guilders was made, and 7.2 per cent. dividend was distributed. The bank's loss means also a loss to the State of something like 4 million guilders, for seven-eighths of the profit has to be handed over to the State. In connection with these developments, the quotation for shares of the Netherlands Bank dropped from 133 per cent. to 105 per cent. in a single day, while the Dutch East Indies sterling loans failed to register any recovery, despite the early redemption at par.

The Stock Exchange tendency was weak all round, and Unilevers in particular suffered a considerable drop and reached a new low record. Philips Lamps were also on offer. All-round cuts in wages and salaries, on a progressive scale, are to be put into operation at the Philips Works as from January 1, 1932. The dispute with their foremost competitor, Telefunken, has been settled, but this failed to exert any influence on the market. Van Berkel's Patent have already acquired a factory site in England in view of the prohibitive import duties.

Since the practical standstill in the issues market during September and October, there has been some revival again the last fortnight. The aggregate of 10.23 million guilders for the issues in November is small, especially in comparison with November of last year, when the issues totalled 106.74 millions, but the Dutch loans issued this month have had very satisfactory results.

DENMARK.

Exchange and Import Restrictions.

(FROM OUR CORRESPONDENT.)

COPENHAGEN, November 29.

IN Denmark as well as in Sweden it was intended to keep the sterling rate firm at 18.15 (which nearly corresponds to gold parity) and thus prevent Danish money from being influenced by fluctuations in the pound. This policy, how-

ever, had to be given up. During the week the sterling rate was raised to 18.30, and exchange rates on the free market were for some time quoted higher than the official quotations from the National Bank. On a further decline in the international value of sterling, the rate was, however, fixed at 18.20.

Almost simultaneously with these alterations a concentration of money dealings was carried out. In future, transactions in foreign money can only be effected through certain banks and stockbrokers. The National Bank will see that, in the disposal of money received by these banks and members of the Stock Exchange, which may only be dealt in at the rate quoted at the Copenhagen Bourse, preference is given to the import of industrial raw materials, especially those used by the export trades.

The Government introduced a Bill imposing import restrictions which was passed by the Danish Parliament in a few hours. This law provides that, until the New Year, the import of champagne, brandy, liqueurs, etc., is prohibited, while during 1932 the import of these goods will be restricted to half the import of 1931. Whisky is not included in these provisions. There will also be an increase of duty on certain luxury goods until the end of 1932. This increase covers certain fancy articles, including jewels, pearls and precious stones, as well as perfumes and big passenger motor cars.

ITALY.

Stock Exchange — Shipping Combine — Council of Corporations — Industry — Money.

(FROM OUR CORRESPONDENT.)

TURIN, November 23.

THE hopes which were entertained in some financial circles that the Banca Commerciale Italiana deal might mean support to the Bourses were soon disappointed, as the following figures show:—

	Oct. 31, 1930.	Nov. 7, 1931.	Nov. 14, 1931.	Nov. 21, 1931.
Bank of Italy	1,746	1,364	1,421	1,481
Banca Commerciale	1,415	1,300	1,307	1,301
Meridional Railways	1,004	630	688	627
Navigazione Generale	499	237	265	250
Chatillon	253	153	257	263
Montecatini	206	114	131	122
Fiat	255	128	150	136
Edison	693	416	475	452
Risanamento	1,069	764	806	762
Eridania	389	242	255	245
Fondi Rustici	93	10	11	11

After a short-lived spurt, prices have lost ground in the past week; some sellers were caught short, and were made to pay the penalty of their daring; a few Chatillon shares brought as much as 400. The abolition of the compulsory payment of 25 per cent. cash on speculative transactions (still to be paid on short sales) did not succeed in bringing to life a dead market. Forced liquidations of securities by weak holders is partly prompted by a regulation forbidding savings banks from making advances on collateral other than State or public securities. Savings banks will be able, with the sums thus realised, to buy debentures of the new institute for industrial credit, thereby providing it with the means of absorbing the floating mass of variable dividend shares. The amount of this floating mass is very difficult indeed to estimate. Probably out of 50 billion lire of share capital of the Italian joint-stock companies about 35 are the capital of private companies and never come on the market. Of the other 15 billions, the greatest part is in the coffers of banks as investments or collateral. The creation of the new institute—of which Signor Tumedei, a prominent member of the Budget Committee of the House of Deputies, was appointed vice-president, means that from 3 to 5 millions of these shares will be transferred to it from the banks. The investing public, which since 1925 has shown an invincible distaste for shares, will be persuaded to buy, in their stead, fixed-interest debentures.

The crisis has induced the biggest shipping concerns to combine into a new company, called "Italia," with a

capital of 740 million lire, which, after the New Year, will run the fleets of the Navigazione Italiana and of the Lloyd Sabaud. Each of these two will contribute 330 million lire, the rest of the capital being allocated to the Banca Commerciale group. The new company will control the Cosulich Line of Trieste, which, in its turn, will control the Lloyd Triestino, and, through it, the Sitar and the Italiana di Cervizii Marittimi. The Italia Company is authorised to issue 450 million lire of debentures, including 300 already extant and sold to the Istituto di Credito Navale, a semi-public body, which does for shipping concerns what the new Istituto Mobiliare Italiano will do for industries in general. As public works and public utilities are already financed by similar institutes, it looks as though the whole of Italian industry is gradually coming under the control of public institutes; that is to say, of the State, which will have its say in the choosing of directors and in the management of the companies. The tendency, however, should not be exaggerated. At the utmost, the direct or indirect public control of private industry will be limited to 15 out of 50 billions; there is a whole host of industrial and commercial concerns which are genuinely private, wholly outside the joint-stock companies' world, and in agriculture the joint-stock system has certainly not been a success.

More interesting from the point of view of the speculations as to present economic tendencies in Italy were the discussions, closed on November 13th, at the National Council of Corporations, the supreme consultative and partly legislative body of the corporative state. As Signor Bottai, Minister for Corporations, pointed out, the discussion marked the birth of a new sort of struggle between economic categories, which is taking the place of the old class warfare. It was a very guarded struggle between people promptly made to bow before Signor Mussolini's authority; but agriculture unmistakably set its face against industry and commerce. The subject was tariffs; a subject to which the imposition of new British duties is likely to add fire. No free traders' voices were heard; all university professors, with one solitary exception, preferring to serve as unbiassed experts. Strange to observe, agriculturists, who in past times were, except for wheat, free traders, went solidly in favour of protection, advocating a most extreme form of it, the so-called "balanced exports" system, a mercantilist revival in modern garb. Imports, they argued, should be subject to the condition that the importing country shall buy a corresponding amount of Italian goods. How the system could work; how, in a world of inter-dependent nations, separate balances could be struck in groups of isolated two nations, is difficult indeed to imagine. Agriculturists aiming at the exclusion of cereals and meat coming from countries like Argentina, United States, Yugoslavia, etc., whose purchases in Italy are small, hope to restrict in this way imports which to them are a nuisance. Industrialists, whose exports go to countries which could not possibly sell large quantities of goods to Italy, were greatly concerned at the prospect; and while, in the years immediately after the war, they were advocates of an inter-dependent double tariff system and bitter critics of the commercial treaty system, they now come forward as strenuous defenders of the most-favoured-nation clause. A motion was finally approved which sought to conciliate both tendencies, and recommended the appointment of a special reporting committee.

Economic indices are no better. In the first ten months of 1931 imports totalled 8,894 million lire, against 14,432 in the same period of 1930, and exports 8,236, against 10,109. The excess of imports over exports thus decreased from 4,323 million lire in 1930 to 1,658 in 1931; which is very good for the balance of payments, but not so good from the industrial point of view. Production of electricity decreased from 7,657.7 kw.h. in the first nine months of 1930 to 7,313.4 millions in the corresponding period of 1931. In the first ten months iron and steel production decreased respectively from 448,715 and 1,523,997 tons in 1930 to 425,812 and 1,229,982 tons in 1931. Cement and paper output also decreased. The most significant and almost solitary increase was in artificial silk from 22.6 million kg. to 25.5 millions. Goods carried on State rail-

ways decreased from 45.9 million tons in 1930 (ten months) to 37.6 in 1931, while goods shipped to and from Italian ports decreased from 30.1 to 27.4 million tons. Owing to the general decrease of industrial activity, unemployment is increasing:—799,744 (of which 226,000 were in receipt of benefit) at October 31st, against 446,496 at the same date in 1930. The October figure is a record for many years past. Even in the category of public works and building the figure is up, at 229,592, against 110,305 at the same date in 1930. This means that probably many public works which the State and other public bodies began for the sake of increasing employment, are being delayed for lack of funds.

The deficit in the State Budget during the first four months of the current financial year (July to October) is 1,099 millions, while the Treasury is in a very strong cash position with 2,574 million lire at October 31st, of which 2,309 were held in deposit at the Bank of Italy. This, in turn, is a consequence of our strong monetary policy. The note issue is not being allowed to increase, and to this end the Treasury are keeping a big deposit at the bank. Only by high taxation and postponement of public expenditures not absolutely urgent is it possible to keep 2,309 million lire of the Exchequer funds at the central bank, thus enabling it to face withdrawals of gold exchange bills reserving, keep internal discount and advances to a level corresponding to the needs of ordinary banks, and at the same time keep down the note issue at a level between 14 and 14.5 billion lire. Albeit achieved through great sacrifice, this stern monetary policy has been hitherto an unmistakable success.

GREECE.

Politics — Cyprus — Public Finances — Foreign Trade.

(FROM OUR CORRESPONDENT.)

ATHENS, November 26.

FEARS that an appeal to the country might soon be made have been dispelled by the opening of Parliament, which provided the opportunity for the recently obscure political situation to be entirely cleared up. The opposition parties declared themselves in agreement with the measures taken by the Government for the protection of the national currency.

Speaking of the recent disturbances in Cyprus, M. Venizelos, though he observed that the movement of Cypriots for their union with Greece could hardly leave the nation untouched, was most emphatic in deprecating the unlawful methods resorted to and the excesses committed by them, and the criticisms levelled in certain quarters here against the action of the local British authorities. The most vital interests of Greece, he said, require the undisturbed maintenance of friendly relations with Great Britain. Only if Great Britain were to be convinced that Cyprus was not at all useful to her, or that such usefulness as it might present could be secured by the retention only of a small part of the island, would it be probable that Great Britain would grant the national wishes of Cypriots; and this only if their relations with the Sovereign Power were restored to such a normal state as to preclude the possibility of supposing that Great Britain had yielded to violence. Indeed, he had reason to believe that the possibility of Great Britain's one day ceding Cyprus to Greece was not out of the question. Of one thing he was sure, however: that a revolt in Cyprus could not serve the cause of the population. He spoke in the same spirit also concerning the Dodecanese question, and, in both cases, his speech faithfully reflected sound public opinion in Greece.

The financial disturbance caused by the British crisis has necessitated a revision of the budget estimates for the current financial year. By curtailment or postponement of expenditure, and by the utilisation of a surplus of 250 million drachmas, the Minister of Finance feels confident that the budget can withstand, without danger to its equilibrium, a fall in revenue of 700 million drachmas for the remaining months of the present financial year. The prospective fall in revenue is put by the Minister at considerably less than this sum.

However, should a heavier decrease of revenue be subsequently indicated, the Government, he said, would not hesitate in proposing other cuts in expenditure, so as to ensure the equilibrium of the budget. A balanced budget and stability of the currency are the aims for which the Government will fight with all its forces. On the other hand, M. Venizelos declared that he is prepared to face public disgrace in order to impose, by regulating the export of foreign exchange, the restrictions required for securing a balance of foreign payments, even if, for more general reasons, the conclusion of a foreign loan be postponed and the inflow of capital from abroad suspended.

That the authorities are determined to take every possible measure for reducing the export of capital and thereby preserving the reserve of the bank of issue, is becoming more and more evident from the frequent consultations of the Government with their financial advisers and the gradual tightening of the measures of control regarding the external movement of capital. Imports of merchandise from abroad are also being increasingly restricted, and purchasers are urged to give preference to articles of home manufacture. Negotiations are, moreover, in progress with foreign interests for the purchase of wheat on credit. Economies in consumption are being contemplated, and the concentration of the import of sugar and wheat in the hands of a semi-public institution is proposed. In this way the authorities believe that exchange of products with the exporting countries might become easier, thus increasing the export of Greek products and reducing payments abroad. In addition, a Bill will shortly be laid before Parliament authorising the Government to increase by decree up to 1,000 per cent. the import duty on foreign goods coming from countries with which commercial agreements do not exist. This measure will be used as a weapon against those countries which export articles to Greece without importing Greek goods. Another Bill to be soon presented to Parliament will provide for the institution of a national economic council.

Provisional returns for October show a further contraction in the value of the foreign trade of Greece. Imports amounted to 242,684 tons, of a value of 795 million drachmas, and exports to 62,591 tons, of a value of 547 million drachmas. Imports in the corresponding month of last year were 224,961 tons, valued at 1,028 million drachmas, and exports 60,271 tons, valued at 788 million drachmas. For the first ten months of the year imports reached 2,122,709 tons, of a value of 7,511 million drachmas, against 2,115,530 tons and 9,049 million drachmas for the same period of last year, and exports 506,761 tons, valued at 3,285 millions, against 645,572 tons and 4,202 million drachmas for the corresponding period of 1930. Thus the commercial deficit for this year is smaller by 621 million drachmas. Important purchases of tobacco have been made in the course of this year by the Italian and Polish monopolies, while representatives of the French monopoly were recently here for similar purposes. The Austrian monopoly proposes the purchase by Greece of Austrian articles in exchange for the import by Austria of Greek tobacco. Public revenue for October shows a decline of 46 million drachmas in comparison with the receipts of October, 1930.

A difficult financial situation is reported by the Athens and Piræus Transport Company, which is one of the group of companies established jointly by British and Greek interests for the production and distribution of electric current. The difficulties of the company are ascribed by it chiefly to the keen competition of private taxicabs, which are running on most of the lines served by the company, in contravention of the contract with the State. The question is being considered by the responsible Minister, who declared that, if necessary, legislative measures will be enacted to stop this illegal competition.

Great satisfaction was felt here at the recent conclusion of an agreement with Bulgaria regarding the application of the Hoover moratorium in connection with the Caphantaris-Mollof agreement. It is wished and hoped that this first agreement may pave the way for a general understanding on all questions pending between the two countries.

that South Africa cannot maintain the present position. In a speech at the Agricultural Union Congress at Pretoria, on October 29th, the Minister of Finance announced that since September 21st the Reserve Bank had sold sterling and other currencies to the amount of £13,000,000 (South African money)—an entirely abnormal amount in spite of restriction of apparently genuine transactions. On the other side of the account is the fact that some 60 per cent. of the Union debt of £250,000,000 is held in London. The position of the Reserve Bank is one of great difficulty. The Board have for long endured a great deal of ill-informed criticism on account of the magnitude of their London balances. The point "went down" well with audiences or readers who disliked the idea of South African money lying abroad. A better-informed and less vocal body of critics questioned whether it was necessary for the Bank to keep all its foreign balances in London. In any case the Bank's shares have fallen from £200 to £120 in consequence of its loss in London.

A special session of Parliament has been summoned for the middle of November, before which the Government propose to place a somewhat remarkable suggestion—a special duty of 5 per cent. on all imports, and a bounty of 10 per cent. on exports other than gold, diamonds, sugar and bunker coal. In making the announcement (at the Agricultural Union Congress) the Minister of Finance reiterated the determination of the Government to retain the gold standard, and put this proposal forward as a palliative for some of the pressing difficulties in so doing. It seems to be generally regarded, however, as a scheme sounding better from a platform than it will look when practically administered. So far as the public are concerned, its results—should it prove workable at all—will be analogous to a departure from the gold standard. It is doubtful whether the percentages are large enough to be of practical use. It is almost certain that no administrative measure can secure to the producer—who is really the sufferer from exchange variations—the whole advantage of a bounty which must be paid to the shipper. Moreover, duties are to be charged on all imports whether from gold standard countries or not, and bounties are to be paid on all exports regardless of destination. Except in so far as the gold mines indirectly pay the expense, the producer of mealies and wool will simply be taking money from one pocket and putting it into another, less a percentage for expenses. The application of the 5 per cent. duty to all articles (including, apparently, the present free list) will disturb the incidence of Customs duties which, according to the Government protests, are the results of careful consideration and in pursuance of a settled policy. The export bounty is certain to attract special dumping duties in some countries.

The special session will also consider certain detail amendments to the Acts under which the Reserve Bank works, having for their object the restoration, partly from the Government's share of its profits, of the position as it was on September 21st. It appears not impossible, if admittedly improbable, that South Africa may establish a standard coin of her own—the number of differently valued "pounds" in the world being somewhat confusing and a cause of loss, at any rate, to holders of South African pounds.

The Board of Trade and Industries has just issued a voluminous report on its Cost of Living Inquiry. The value of the report has to be considered in the light of the fact that it is the work of the body on whose advice the Customs Tariff is devised and applied. Bearing this in mind, the report is still of great value as a record of facts not previously very accessible. It confirms the opinion already widely held that variations in the cost of living have been less considerable in the Union than in most places with the standards of living current amongst Europeans in South Africa. The tendency of the report is to underestimate the influence of world conditions in bringing about the local fall in the cost of living, and to attribute this fall to Government policy—which, as a matter of fact, has probably prevented a far greater fall, while providing a certain amount of artificial "development."

Letters to the Editor.

CURRENCY DEPRECIATION AND EXPORTS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—It appears to be one of the tenets of those who still regard the principles of Free Trade to be fundamentally and economically sound at the present time from a national point of view, that the fact that our currency is no longer "anchored" to gold automatically provides a corrective for an adverse balance of payments. Although it is the balance of payments which it is essential for the Government to keep stable, it is to the balance of trade and not to the balance of payments that attention should be paid if we are to argue the question of Free Trade or Protection. One should, therefore, examine the possible corrective effect on the balance of trade provided by the fact that we are no longer on a gold standard. Before I do this, however, may I venture a definition of the balance of trade? It is the excess of the value of home-owned output of goods and services (other than gold) placed at the disposal of foreigners, over the value of the corresponding foreign-owned output placed at our disposal.

It must be pointed out, first of all, that the depreciation of a currency must always stimulate exports, but there is a certain point after which it ceases to decrease an adverse balance of trade. The cause of this is that the currency depreciation has the double effect of increasing the volume of exports but decreasing its real value per unit. As long as currency depreciation results in the expansion of exports to the extent that the total real value expands we shall be all right, but the foreign demand for our goods is not perfectly elastic, and so a point will soon be reached at which depreciation no longer increases the real value of exports. In our case, the moment we left the gold standard, sterling depreciated, primarily owing to withdrawals of funds from London on capital account, but also owing to an adverse balance of trade. The result of this depreciation was to make our goods cheaper for foreigners and thus bring about an expansion of exports. This expansion was an expansion both of the physical volume of exports and of the volume of the money receipts in terms of gold. There was, therefore, an increase in the gold value of exports over the value of imports and a decrease in the adverse balance of trade. Suppose, however, that the depreciation of sterling had been much greater, owing to a much greater withdrawal of funds from the London market, it is quite possible that the point would have been passed at which the increase in the volume of exports more than counterbalanced the decrease in the money value in terms of gold received from the sale of these exports. The depreciation of sterling would, therefore, not have counteracted the adverse balance of trade.

While it still remains true to say that our present currency conditions must automatically provide a corrective for an adverse balance of payments the same is not true of the balance of trade. Considerations such as these would appear to render invalid the suggestion that all is now well, and, having abandoned the gold standard, we need no longer worry about adverse balances of trade, since these will only cause a depreciation of sterling which will then wipe out the adverse trade balance.

Although this should lead one to the conclusion that the needs of British trade may demand protection from "abnormal" imports, from the international point of view the fact still remains that all further hinderances to international trade can only have a detrimental effect on this country.—Yours faithfully,
King's College,
Cambridge.

G. STRAKOSCH.

JUST PUBLISHED.

THE MONOPOLY OF CREDIT

By C. H. DOUGLAS.

Author of "Social Credit," "Warning Democracy," etc.
At all Bookshops, 3/6 net; or direct from the Publishers
4/- post paid. Chapman & Hall, Ltd., 11 Henrietta Street,
Strand, London, W.C.2.

ARNOLD

An Economic Christmas Gift

THIS TARIFF QUESTION

By COLLIN BROOKS. 7/6 net.

Mr. Brooks's delightfully written book, reviewed at length in *The Economist* on November 28, will be of great practical value during the coming year. Dedicated jointly to Cobden and Joseph Chamberlain, its lucid discussion of the various possible policies provides a basis for a reasoned opinion on the question of the day. "Mr. Brooks" said *The Economist*, "has wit, good humour and a sense of style, and his book should take a high place in tariff literature."

Descriptive leaflet from
41 & 43 MADDOX ST., W.1

[We are unable to follow our correspondent in his assertion that the case for Free Trade *versus* Protection must be argued in relation to the balance of *trade* and not of *payments*, but the fact to which he calls attention, that extreme currency depreciation tends to deplete industrial capital, and so impoverish the country concerned, is important, as the experience of Germany in 1923-24 showed.—Ed., *Econ.*]

RIGHTS OF PREFERENCE SHAREHOLDERS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In the excellent article on the "Responsibilities of Directors," in your issue of November 14th, you mention the increasing tendency on the part of the proprietors and shareholders of limited companies to resign their control to the directors, and attribute this in a general way to the fact that the share capital is split up into large numbers of small holdings, which makes it increasingly difficult to get any coherent or definite policy expressed by the shareholders as a body.

May I call your attention to a feature of the capital structure of many modern concerns, mainly those built up by amalgamation, namely, the preponderance of *non-voting* preference shareholders in the total share value involved.

Many of our principal industrial companies are capitalised as to more than 60 per cent. of the total by means of such preference shares, the owners of which have absolutely no control whatsoever of the policy of the company.

The debenture-holders are protected more or less effectively by their debenture trust, but the non-voting preference shareholders have no power whatsoever to influence or determine the policy of the concern, or to protect their interests when threatened by an inefficient or dishonest directorate; and are, in the end, only consulted when reconstruction proposals are made main, only consulted when reconstruction interests, namely, in bad times which affect their preferential interests, namely, in an adverse sense.

In such companies as I refer to, sometimes the preference shareholders have voting rights, but the ordinary shares are of such a denomination and are so great in number that, although they may represent only 10 per cent. or even less of total share value, they are actually able to sway a meeting to the detriment of the preference shareholders, and a comparatively small proportion of the ordinary shareholders can, in practice, control the company.

When times are bright and dividends are being paid freely the preference shareholders have no particular grievance, and are quite satisfied with their position, but in times of depression, when first-class direction and good management are of vital importance, they have no effective power to make themselves heard. In such times, moreover, the market price of the ordinary shares is the first to suffer, and this permits the ambitious promoter or business magnate to acquire, for a ridiculously small outlay, the complete control of many millions of capital, and I venture to suggest that a number of the outstanding failures of the past few years can be traced to these circumstances.

While, as is frequently the case, particularly in amalgamations, the ordinary shares remain the property of the original vendors, who are probably active and able business men, they, by the effluxion of time, pass into the hands of legatees and others who may not be so active or capable, and who, furthermore, have little or no intelligent interest in the business itself, and in the hands of such people they are still more likely to be manipulated in favour of the ambitious City man.

It seems to be that, when the Companies Acts are amended, as they must be in the near future, provision should be made to render it illegal for any company to be capitalised in such a way that any large proportion of the shareholders are deprived of any effective control, and voting power should not be estimated on a *share* basis, but on a *share value* basis, i.e., twenty ordinary 1s. shares should not have twenty times the voting power of a preferred £1 share.

The very use of the term "Preference" share is in itself misleading. The average investor does not take the trouble, as a rule, to ascertain from the "Articles of Association" what his rights and powers are, and, as a rule, purchases a preference share because it seems to promise him a really steady income upon which he can rely. It is, however, obvious that a 7 per cent. preference share in a company which is losing money is of no more real value than an ordinary share in a similar company, and all that "Preference" means is that the preference shareholders have the first right to whatever profits may be earned.

In my opinion all shares should be of one class and par value and should have equal voting rights in the control of the company, and, if special inducements must be offered to investors, they should take the form of definite bonus payments which do not affect the general capital structure of the company.—Yours faithfully,
R. R. GRAY CHISHOLM.

22, Billiter Street, London, E.C. 3.

[There may be force in Mr Chisholm's contention that preference shareholders are required to relinquish a great deal as regards earnings, voting power, etc., in return for priority in the distribution of profits, when these are available. Wider appreciation of this contention may be reflected in the diminution of the popularity of preference shares in this country since the war. Some of Mr Chisholm's suggestions, however—particularly that of his last paragraph, which would involve the complete disappearance of the preference share—appear to go beyond progressive contemporary opinion.—Ed., *Econ.*]

BOOKS RECEIVED.

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

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

The Monopoly of Credit. By C. H. Douglas. (London) Chapman and Hall, Ltd., 11, Henrietta Street. 3s. 6d. net.

Major Douglas, who has already broken many lances against the existing financial system, has returned to the charge. He advocates the abolition, not only of "bankers as at present understood," but of an economic system based on the theory of rewards and punishments.

The Bankers' Almanac and Year Book, 1931-32. (London) Thomas Skinner and Company, Old Broad Street, and Waterlow and Sons, Ltd., Great Winchester Street. 42s. net.

An invaluable work of reference, containing full particulars of the principal banks of the world and also a variety of convenient tables showing discount rates, exchange rates, Consol prices, gold points, and gold and silver prices. As a financial directory and reference book it has no rival.

OFFICIAL PUBLICATIONS.

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

Board of Trade: Statement of the Imports into the United Kingdom of Commodities included in the Abnormal Importations (Customs Duties) No. 1 Order, 1931. Cmd. 3970, 1d. net. No. 2 Order, 1931, Cmd. 3974, 1d. net.

Special Report from the Select Committee on Procedure on Public Business. 14s. net.

Department of Overseas Trade: Report on Economic Conditions in Peru, August, 1931. 2s. 6d. net.

"INVESTMENT"

AND

"THE COURSE OF THE COMING BOOM"

by

L. L. B. ANGAS

The first general reaction in the market, which was forecast in "The Course of the Coming Boom," published on September 21st, has now occurred. A further upswing is now indicated.

The above two books, which are recognised as authoritative text books on the subject, explain the action to be followed by investors with a view to maximum capital appreciation in the course of the rising half of this trade cycle.

"Investment": Macmillan & Co., St. Martin's Street, W.C.2. 4s.
"The Course of the Coming Boom":
St. Clements Press, Portugal Street, W.C.2. 5/-

The Stock Exchange.

AMERICAN RAILROADS.

THE fall in the market value of American railroad securities has assumed the proportions of a catastrophe. Between September 1, 1929, and October 1, 1931, the market value of all the bonds, preferred stocks and common stocks of Class I railroads listed on the New York Stock Exchange (covering over 90 per cent. of Class I railroad securities) declined from \$20,368,265,000 to \$12,142,538,000, a fall of over 40 per cent. This does not tell the whole story, for in the same period \$596.8 millions of additional par value of bonds was added to those already quoted on the New York Stock Exchange; while as an offset to a slight decrease in the amount of preferred stock outstanding, the number of common shares issued increased by over 16 per cent. The actual depreciation in the market value of bonds was \$1,004 millions (11 per cent.), of preferred stocks \$966 millions (58 per cent.) and of common shares \$6,256 millions (more than 65 per cent.). The fact that bonds of railroad companies have been widely held by savings banks, insurance companies, trust funds, and commercial banks, and the preferred stocks and common stocks by large numbers of conservative investors, emphasises the national character of these losses.

It is idle for American investors to lament the competition to which all railroads are exposed from other agencies of transportation, since one cannot put back the clock. Actually, between 1920 and 1930, passenger traffic on the American railroads declined by 40.6 per cent., while the freight carried by rail in 1929 was only 9 per cent greater than in 1920, despite the very considerable increase in economic activity in the latter as compared with the former year. Railroad security holders, however, must accept, with as good a grace as possible, the implications of the permanent exploitation of other forms of transport. Individuals will use their own motor cars whenever convenient, commercial firms will carry their merchandise by motor truck whenever the distance is within their economic range, waterways will continue to be used wherever available, oil will always be moved by pipeline (since for a liquid there is no more efficient or cheaper way), and, when time-saving is important, passengers and mails will be carried by air. Similar problems exist (except as regards oil) in railway administration in Great Britain. Indeed, as regards road competition, the problem is more acute in this country, for British distances are much shorter than American. For example, the average length of haul on the Union Pacific system is 403 miles and on the Santa Fé system 325 miles, as compared with an

average haul of approximately 57 miles in Great Britain. The only effective reply to road competition is the development of more efficient means of transportation—such as the exploitation of motor vehicles as feeders to the railway, and, wherever possible, the introduction of the container which can be lifted bodily from road to railway wagon.

It would seem, however, that the extent of the competition of motor trucks in America has been exaggerated. The available truck capacity in the United States is estimated at 5,570,000 tons, of which about half is believed to be employed in freight movements within towns, and is, therefore, not competitive with the railroads. In contrast with a competitive truck tonnage of 2,785,000 tons, the total freight car capacity of the railroads amounts to 115,000,000 tons. A liberal estimate puts the competitive ton-mileage of commercial motor vehicles in the United States at 30,000 millions, while the ton-mileage of the railroads in 1930 was 383,000 millions. There is a wide range of heavy materials which cannot be economically handled on the roads. Moreover, in the matter of terminal facilities in the great cities, the railroads hold a unique position. In New York City, for example, about 16,000 milk wagons start out at midnight to deliver milk which has been hauled for distances up to 350 miles by the railroads during the day. Transshipment to so many delivery vehicles could not be undertaken without extensive terminal facilities which the railroads alone can offer. As in the big cities, so in the ports. Where terminal facilities can be utilised and long hauls are involved, the railroads are supreme. On the other hand, few railwaymen in America would deny that a reduction in the cost of carrying passenger traffic is imperative, and especially that the elimination of duplicate and competitive passenger facilities by parallel railroads is urgent. The general conclusion regarding the competitive position of the American railroads was, however, well expressed by the Interstate Commerce Commission in its recent findings:—"The railroads now furnish the backbone and most of the other vital bones of the transportation system of the country, and we believe this will be the situation for a long time to come."

Apart from the question of competition—which is, after all, a necessary "evil" of any business—the American railroad companies have two major problems—rates and wages. On the question of rates they have some ground for complaint in the measure and the form of public con-

dition to which they are subjected. It may be doubted, in a first place, whether the financial consequences of the "recapture clause" of the Transportation Act of 1920 have been fortunate. When net operating income in excess of 6 per cent. on the value of properties must be paid in part to the Interstate Commerce Commission as contribution to a general railroad contingent fund, there is every incentive to press forward with capital expenditure to the maximum extent, instead of building up liquid reserve funds, in good years, against a period of depression. In the second place, the railroads have serious ground for complaint against the fixing of rates through the medium of public hearings, a procedure which is businesslike and wasteful of time and money. If a motor transport company quotes a rate under the established tariff of a railroad, the railroad is required to obtain the consent of the Interstate Commerce Commission before it can meet the competitive rate. The railroads recently applied for a flat increase of 15 per cent. in the level of freight rates. This, *prima facie*, would appear extraordinary at a time of widespread business depression. The companies, however, contended that public regulations prohibited them from sharing to the same extent as private industry in the profits of good times, while their present low earnings imperilled the credit and, therefore, the stability, of an industry on which all others were dependent.

The Interstate Commerce Commission, after a series of nationwide hearings, refused the application, but granted increases on certain commodities, which are expected to bring in additional revenue of \$100-\$125 millions, subject to a pooling of the additional earnings for the assistance of companies in need of funds to cover their fixed charges. The increased rates are to apply to heavy railroad traffics, such as minerals, etc., which are unlikely to be diverted to competitive means of transport. His concession by the Interstate Commerce Commission is as declared to be dependent on the working out by the railroads of a plan for the pooling of the increased funds by December 1st. The big railroads have asked whether the Commission will consider a scheme of loans from the pool, and, at the moment of writing, it is uncertain whether the Commission will agree. It is true that the new rates will more than cover the estimated deficits of the railroads not in receivership, which, it is intimated, will fail to earn their fixed charges this year by \$50 millions, but it is clear that the leading railroads find no satisfaction in the Commission's decision, and, as far as security markets are concerned, the scheme has failed entirely to benefit railroad credit.

The problem of wages is considered to be of greater importance than that of increased rates. The wages paid to railway employees are almost twice as high as the average for motor truck operatives. The total payroll of all railroads in 1930 was \$2,614 millions, as compared with \$2,965 millions in 1929. The payroll for 1931 is estimated at \$2,118 millions. It will be seen that even a 10 per cent. reduction would mean more to the companies than the increase of rates suggested by the Interstate Commerce Commission. A revision of wage rates is now being discussed individually by the companies with the leaders of the Railway Brotherhoods. No public reports of these conferences have been issued, and so far no agreement has been reached.

What is the present financial position of the leading railroads? The gross operating revenues of Class I railroads for the first nine months of this year totalled \$3,279,306,284, as compared with \$4,083,333,088 for the same period of 1930, a decline of 19.7 per cent. The operating expenses amounted to \$2,524,542,897, as compared with \$3,052,972,873, a decline of 17.3 per cent. The net operating income in the first nine months of this year amounted to \$407,660,068, which was at the annual rate of return of 2.08 per cent. on the property investment of the railroads. In the first nine months of 1930 net railway operating income was \$660,901,036, or at the annual rate of 3.44 per cent. of the property investment. Thirty-six Class I railroads have operated at a loss

over the first nine months of 1931, of which twelve were in the Eastern, seven in the Southern and seventeen in the Western District.

The principal railroads which are not expected to earn their fixed charges in 1931, according to the estimates of the Standard Statistics Company, are as follows:—

Alton Railroad.	Lehigh Valley.
Buffalo, Rochester and Pittsburgh.	Milwaukee, St. Paul and Sault
Chicago and Eastern Illinois.	St. Marie.
Chicago, Indianapolis and Louisville.	Mobile and Ohio.
Chicago, Milwaukee St. Paul and Pacific.	Nashville, Chattanooga and St. Louis.
Chicago and North-western.	Norfolk Southern.
Chicago, St. Paul, Minneapolis and Omaha.	Pere Marquette.
Denver and Rio Grande Western.	St. Louis-St. Francisco.
Illinois Central.	Southern Railway.
	Wabash.
	Western Pacific.

The following table gives the financial position of 15 of the leading railroad companies, showing the income available for the fixed charges for 1931, together with the earnings and dividends per common share in 1930 and 1931 (estimated):—

	Estimated Income available for Fixed Charges, 1931.	Estimated Fixed Charges, 1931.	Earnings Per Share.	
			1930.	1931 (est.).
Atchison, Topeka and S.F.	\$44,600,000	\$12,861,700	\$12.86	\$8.40
Baltimore and Ohio	38,340,000	31,000,000	7.44	2.00
Chesapeake and Ohio	39,407,200	10,950,000	4.44	3.90
Chicago and North-Western	14,060,000	15,835,000	4.27	Def.
Chicago, R. I. and Pacific	17,675,000	14,025,000	5.56	Def.
Erie	15,530,000	15,700,000	1.07	Def.
Great Northern	25,000,000	19,282,500	7.24	1.70*
Missouri Pacific	24,465,000	20,555,000	3.82	Def.
New York Central	69,955,000	60,470,000	7.01	1.20
New York, New Haven	25,290,000	16,910,000	7.33	2.80
Norfolk and Western	27,230,000	4,970,000	21.96	15.30
Pennsylvania	102,375,000	82,120,000	5.28	1.70
Southern Pacific	47,600,000	32,655,000	8.24	2.90
Southern Railway	14,880,000	17,830,000	4.72	Def.
Union Pacific	40,345,000	16,000,000	15.63	8.10

* Refers to preferred stock.

The table at the foot of the previous page gives the present prices and yields of the bonds and common shares of the same companies, the highest and lowest prices touched this year being shown for purposes of comparison. It will be seen that at the moment of writing the present market prices are in many cases the lowest so far recorded this year.

A comparison of present share prices with the highest reached this year—which, in turn, were not much more than half those of the peak of 1929 boom in many cases—makes sad reading. The losses of American railroad shareholders, like those of their British colleagues, have been heavy indeed. New York Central, for example, was regarded before the slump as among the soundest and safest investment shares in the market. Dividends of \$8 were being paid, but this year cuts have been made in each quarterly dividend, until an annual rate of \$4 has been reached. Even so, this dividend will not be fully earned this year, and may be cut again. Investors may frame their own estimates of the benefits which will accrue from the rate increase authorised by the Interstate Commerce Commission and the extra gains which may follow if a reduction in wages is agreed upon with the railroad unions. It would appear that the bulk of the increase from the new rates will come from mineral traffic and miscellaneous merchandise. On this assumption, Pennsylvania and New York Central will, it is expected, be the heaviest contributors to the pool, collecting together about 19.5 per cent. of the total increment. Baltimore and Ohio, Atchison, Southern Pacific, Chesapeake and Ohio and Union Pacific should follow in the order named. According to Messrs. Baker, Weeks and Harden, to whom we are indebted for a very thorough report on the railroad situation, the estimated savings on a 15 per cent. cut in wages for the chief railroads would be as follows:—(Estimated savings per share) Atchison, \$2.59; Baltimore, \$2.84; Chesapeake, \$0.55; Chicago, Rock Island, \$6; Erie, \$2.54; Missouri Pacific, \$4.88; New York Central, \$3.51; Norfolk and Western, \$2.18; Pennsylvania, \$1.72; Southern Pacific, \$1.81; Southern Railway, \$3.78; and Union Pacific,

	Rate and Redemption.	BONDS.				Yield %	COMMON SHARES.						
		Prices, 1931.			Yield %		Prices, 1931.			Divs., 1930.	Total 1931 Divs. to Date (Dec.1)	Present Qtrly. Rate.	Yield %
		High.	Low.	Pre-sent.			High.	Low.	Pre-sent.				
Atchison, Topeka and S.F.	4 % (1995)	101	87 ⁵ / ₈	89 ¹ / ₂	4.48	203 ³ / ₈	93 ¹ / ₂	93 ¹ / ₂	\$ 10	\$ 10	\$ 2.50	10.70	
Baltimore and Ohio	4 ¹ / ₂ % (1933)	101 ³ / ₄	77	77	5.84	87 ⁵ / ₈	25	25	7	5.25	1.00	16.00	
Chesapeake and Ohio	4 ¹ / ₂ % (1992)	106 ³ / ₄	91	93 ¹ / ₂	4.81	46 ¹ / ₂	23 ¹ / ₂	29 ¹ / ₂	10**	2.50	62 ¹ / ₂ c.	8.58	
Chicago, R.I. and Pacific.....	4 % (1939)	96	57 ¹ / ₂	57 ¹ / ₂	6.96	65 ¹ / ₂	12 ¹ / ₂	12 ¹ / ₂	7	2.25	...	...	
Erie	4 % (1996)	89 ³ / ₄	51	51	7.84	39 ³ / ₄	8 ¹ / ₂	8 ¹ / ₂	...	...	...	...	
Missouri Pacific	5 % (1965)	100	57	67	7.46	42 ³ / ₄	10	11 ¹ / ₂	...	...	...	...	
New York Central	6 % (1935)	97 ³ / ₄	79	86	6.98	132 ¹ / ₂	32 ³ / ₈	32 ³ / ₈	8	6	1.0	12.36	
Norfolk and Western.....	4 % (1996)	100 ³ / ₄	87 ¹ / ₂	95	4.21	217	112	131	10	10	2.50	7.63	
Pennsylvania	4 ¹ / ₂ % (1964)	105 ³ / ₄	82 ⁷ / ₈	82 ⁷ / ₈	5.43	64	22 ¹ / ₂	22 ¹ / ₂	4	3.25	50c.	2.41	
Southern Pacific	4 % (1955)	99 ¹ / ₂	70	81 ¹ / ₂	4.92	109 ¹ / ₂	34	34	6	6	1.00	11.76	
Southern Railway (1st)	5 % (1934)	111	80 ³ / ₄	80 ³ / ₄	6.19	65 ¹ / ₂	11	11	8	6	...	...	
Union Pacific	4 ¹ / ₂ % (1967)	102 ¹ / ₈	87 ¹ / ₂	92	4.89	205 ¹ / ₂	80 ¹ / ₂	80 ¹ / ₂	10	10	2.50	12.46	

** On old shares which were \$100

* N

** On old shares which were \$100.

* No regular rate.

\$3.22. In the case of Erie, Missouri Pacific, and Southern Railway, the figures do not allow for any deficiency in this year's earnings for preferred requirements.

We do not suggest, however, that the investor should anticipate anything like such extensive savings. Until there are genuine signs of a trade recovery, a purchase of railroad equity shares would be premature. But a wage cut would immediately improve the status of the railroad prior charges.

UNION MINIERE DU HAUT-KATANGA.

(BY A CORRESPONDENT.)

THE departure of the Belgian delegates from the recent New York copper conference was followed by a fresh decline in prices to the lowest figure on record. Before last week-end, however, news was received, simultaneously, of the Belgian acceptance of the output restriction proposals made in New York, and the withdrawal of the Phelps Dodge Corporation, the third largest of United States producers, from Copper Exporters, Incorporated. What exactly lies behind these moves, and what their ultimate consequences are likely to be, the market finds itself at a loss to say. For the present, however, the hard facts of the position are sufficient to occupy all minds. Six months' world supplies of new copper are in hand, together with large quantities of reclaimed metal. Current production is running about twenty per cent. ahead of absorption. Consumers, therefore, have little fear that any new arrangements are likely to cause a shortage of available supplies for a considerable time to come.

In the meantime, it is not irrelevant to ask why a corporation working in the heart of Africa, whose products were unknown twenty-five years ago, should have dominated the New York conference of world producers. A short résumé of the present position of the Union Minière du Haut-Katanga may, therefore, be of interest.

The Katanga copper belt of the Belgian Congo State is a range of hills and hillocks roughly 250 miles in length, running east and west near its southern border, with the tail of the lodes dipping south-east into the adjacent British Colony of Northern Rhodesia. Along this range at frequent intervals cupriferous deposits have been proved. In point of combined magnitude and grade of ores the area is, possibly, the richest of all known copper locations.

In the past three years, the copper output has been, respectively, 112,455, 136,992 and 138,949 tons. Each year mining development, maintained in full, has proved ore reserves containing over 5,000,000 tons of metal, the average copper contents of the ore being over 6½ per cent. At the beginning of the last decade a long equipment programme was inaugurated, aiming, on completion, at an annual output of 300,000 tons of refined copper. Half this scheme has now been carried out. The remainder, since the opening of the Benguella railway route, depends mainly on the course of trade conditions. A reduction and refining plant, costing £6,000,000, has been erected. Housing colonies and modern hospital accommodation have been built. From two to three millions sterling has been allocated for amortisation and reserves. Ordinary share dividends in the last three years (to 1930) have been 300 per cent., 300 per cent. and 240 per cent. respectively. The nominal capital, at present (inclusive of prior obligations), stands at £4,300,000, at par of exchange.

The ore is obtained by quarrying—a particularly cheap form of mining. The labourers' work is done by natives, of whom 13,700 were in employ last December. Machine-power is obtained in large and increasing measure from the corporation's own hydro-electric schemes, water energy being abundant. Until lately transport communication with the outer world was southward, the shortest rail journey from the border being 1,467 miles to the port of Beira, on the east coast of Africa. The new Benguella route through Portuguese Angola, which is 837 miles from border to port, runs almost due west, and saves a considerable mileage of sea journey to western markets. Electrolytic refining is carried out either by the company's own plant or by the Hoboken Company, in which Union

Minière holds a 50 per cent. interest. The latter's selling organisation is of world-wide scope and, despite the unfavourable conditions prevailing last year, sales in 1930 exceeded output. Control, financially, is permanently vested in the Congo State Government.

From mine to market, in short, Union Minière is virtually a self-contained unit, apart only from the railways over which its product is transported. At the present juncture, costs of production are obviously a deciding factor with all copper mining concerns. To ascertain the actual Union Minière figures, in this regard, would call for an intricate analysis of results, but it is doubtful how far past records would be a reliable indication of the corporation's competitive power. Its fields, in general, contain higher grade ores than those of other mines. Its profits can be largely determined by the grade of ore it chooses to treat, without impairing its future welfare, in view of its very extensive reserves.

The advantages which have brought Union Minière to the forefront of modern producers may thus be summarised as a practically unlimited copper deposit of great aggregate richness; an independent selling organisation with international ramifications; a plant capable of ready expansion, and unified direction of all its operations. Given these benefits, the influence of the corporation in the market, in future, seems likely to wax rather than wane.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
December 15.

ACCOUNT.
December 17.

THE falling pound affected the course of market prices to a much smaller extent than had been anticipated. The atmosphere of the "House" naturally was gloomy, and the volume of business was still further reduced, but at no time were signs observable of a considerable "flight" from fixed-interest stocks to equities. Gilt-edged securities were heavy at times, some of the Amsterdam banks being reported sellers of War Loan and other issues, but quotations became harder before the end of the week, and for any but large amounts the market was reasonably "free." Industrials opened badly, but the decline in sterling sufficed, subsequently, to keep quotations relatively steady on balance, though not appreciably to raise them. Altogether, events suggested that the eleven weeks which have elapsed since the departure from gold have served not merely to destroy some illusions regarding the extent of the "benefits" of devaluation, but also to habituate investors to the ups and downs of an unconvertible currency and to put a brake on over-hasty action.

The turnover was only moderate in the Gilt-edged market, but the decline in values was arrested, though little evidence was forthcoming of inside support. Five per Cent. War Loan was easier, but Funding Loan strengthened, and Four per Cent. Consols were harder. The Prime Minister's statement to the Round Table Conference scarcely affected India loans either way, but the announcement that the Indian Government would redeem the £15,011,500 5½ per cent. 1932 Loan on January 15th next was well received, the market canvassing the possibility of the whole being paid off without a funding offer. Although political news from Australia was satisfactory, the bonds were weak at the outset on reports (afterwards denied) that the City of Brisbane would pay the coupon of a New York gold loan into a local fund, pending an improvement in the exchange position.

Business in the Foreign Bond market was further contracted, except as regards loans payable in gold values, particularly French Rentes, which were active with the falling exchange. Other European issues were heavy. Far Eastern stocks were generally maintained, but South Americans lost ground, Brazilians showing a slight recovery after marked initial weakness.

A steady trickle of buying from the provinces was sufficient to keep Home Rails fairly steady, though the week's

traffic figures made the worst comparison with 1930 for some time past. Undergrounds were harder. A Note on the unofficial agitation against the terms of the London Traffic Bill appears on page 1084. Argentine rails failed to advance at the outset, despite satisfactory crop estimates and reassuring election news, but rallied when the peso rose—or, to be more correct, when sterling fell. The week's traffic returns, however, were uninspiring. American railroads—whose position is analysed in a leading article on an earlier page—moved irregularly, but Canadian Pacific were firmer.

The industrial markets opened very unsettled, but the tone improved with the decline in sterling, though signs of "panic" buying were absent. Dealings never reached large dimensions, and prices showed only a moderate advance. Courtaulds, Dunlops and Imperial Chemical responded to the change of tone, but did not hold all their gains. Textile shares were harder on fresh rumours of the improved trade, partially confirmed by the Bulletin of the Cotton Trade Statistical Bureau, but fears of labour troubles following the threatened denunciation of the 1919 agreement by the Master Cotton Spinners prevented the movement from going far. Coal and steel shares were easier following the publication of the poor Dorman Long results (dealt with on page 1086). Electrical shares were firm, particularly General Electric, and motor issues gained a few pence on a number of Midland buying orders. The Carreras profit figures were regarded as fairly satisfactory, and tobacco shares generally had a harder tone, but brewery shares remained undecided. The Electric and Music Industries report had, naturally, a depressing effect on the shares, which suffered a sharp setback on Monday. Furness Withy fell back despite the hopeful statement of the chairman, who declared, at this week's meeting, that assets exceeded issued capital by £6 millions. The P. & O. report (dealt with on page 1085) was regarded as moderately reassuring, but an initial rise in the £1 deferred units was not maintained. Bank shares were irregular, and both the volume of business and the price level of insurance shares tended to decline.

The oil share market had a steadier tendency, due rather to movements in sterling than to any change in the industry's outlook, although crude production in the United States again showed a decline. Royal Dutch were firm, and Paris was an intermittent buyer of "Shell" in a market not well provided with bearer stock. The dulness of rubber shares was accentuated by the absence of authentic news of developments in the industry. Anglo-Dutch showed a moderate recovery after their recent weakness. Tea shares, similarly, attracted little attention, Ceylon issues being considered fully valued at their present level, while Indian shares lacked support owing to the recent unfavourable trend of prices at the auctions.

Although the price of gold was adjusted in accordance with the lower sterling exchange, activity in Kaffirs did not last long. Tuesday's brisk buying being followed by recession, Paris and Johannesburg holding off. Rhodesians remained quiet. Rio Tinto failed to maintain a rise following the marking up of the price of copper, and tin shares weakened with the metal, the gold price of which reflected the disappointing delivery figures for November.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Nov. 26, 1931.	Nov. 27, 1931.	Nov. 28, 1931.	Nov. 30, 1931.	Dec. 1, 1931.	Dec. 2, 1931.	Dec. 3, 1931.
Government and Municipal Loans	1,197	1,104	735	1,148	1,348	1,278	1,311
Transport, Communications, and Public Utilities...	821	765	397	715	775	764	698
Commercial and Industrial	1,508	1,614	737	1,486	1,457	1,365	1,211
Banks, Insurance and Financial...	430	433	255	405	357	375	392
Mines (including Nitrates)	379	381	191	452	704	669	490
Oil	99	95	32	87	84	82	94
Rubber, Tea and Coffee	137	96	39	50	73	52	68
Total	4,571	4,488	2,386	4,343	4,798	4,585	4,264

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Nov. 26, 1931.	Nov. 27, 1931.	Nov. 28, 1931.	Nov. 30, 1931.	Dec. 1, 1931.	Dec. 2, 1931.	Dec. 3, 1931.
72.3	53.1	63.5	61.6	61.6	60.3	61.8	62.0	61.9

The Stock Exchange will be closed on Saturday, January 2, 1932, in order to expedite certain structural alterations.

FOREIGN STOCK EXCHANGES.

NEW YORK.

After rallying at the beginning of the week, the stock markets again became depressed, and a number of shares broke new low levels. Despite the continuance of partial restrictions on short selling, the bear interest has increased recently, and there is an absence, at the moment, of factors which can be given a favourable interpretation. Railroad shares reached new low levels, the possibility of a speedy wage cut, by mutual consent, being regarded less hopefully. Sentiment was also affected by the application for a receivership for the Wabash Railroad. President Hoover's Annual Message to Congress, next week, is eagerly awaited, the general opinion being that an effort will be made, aiming at some improvement in sentiment, though on what lines is not clear. The practicability of a Government plan to aid the weak railroads is being canvassed, though the financial position militates against such a scheme. A more encouraging factor has been the attitude adopted by the New York Federal Reserve Bank, which, in its current monthly review, has pointed out that the banking situation has markedly improved, the reversal of the gold flow having been followed by a lessened demand

(Continued on page 1082.)

The Economic Journal.

The Quarterly Journal of The Royal Economic Society.

December, 1931.

CONTENTS.

THE CHANGED OUTLOOK IN REGARD TO POPULATION, 1831-1931. Prof. E. Cannan.
READJUSTMENT IN AUSTRALIA. Prof. D. B. Copland.
THE WORLD'S WHEAT SITUATION. R. R. Enfield.
THE LAW OF DECREASING COSTS. R. Harrod.
THE RESULTS OF THE 1928 NEW ISSUE BOOM.
REVIEWS.
RECENT PERIODICALS AND NEW BOOKS.

Price Six Shillings net.

London: MACMILLAN & CO., LTD.,
St. Martin's Street, London, W.C.

Application for Fellowship to the Secretary, Royal Economic Society, 9 Adelphi Terrace, London, W.C.2. Annual Subscription £1 ls. The subscription includes the quarterly *Economic Journal*, and *Economic History Series*, Special Memoranda, Statistical Bulletins and sundry important publications at reduced prices. Life Composition, £10 10s.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

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

Prices Year 1931 Jan. 1 to Dec. 2 (Inclusive).							Prices Year 1931 Jan. 1 to Dec. 2 (Inclusive).										
High.	Low.	High.	Low.	Name of Security.	Price Nov. 25, 1931.	Price Dec. 2, 1931.	Rise or Fall.	Present Yield.	High.	Low.	High.	Low.	Name of Security.	Price Nov. 25, 1931.	Price Dec. 2, 1931.	Rise or Fall.	Present Yield.
British Funds.																	
59 1/2	57 1/2	60 1/2	49 1/2	Consols 2 1/2 %	53	52 1/2	+ 1/2	4 15 3	53 1/2	52 1/2	53 1/2	52 1/2	Consols 2 1/2 %	53	52 1/2	+ 1/2	4 15 3
94 1/2	82 1/2	97 1/2	77 1/2	Consols 4 %	82	81 1/2	+ 1/2	4 10 8	82 1/2	81 1/2	82 1/2	81 1/2	Consols 4 %	82	81 1/2	+ 1/2	4 10 8
103 1/2	94 1/2	104 1/2	88 1/2	Cons. Loan 3 1/2 %	72	71 1/2	+ 1/2	4 19 3	72 1/2	71 1/2	72 1/2	71 1/2	Cons. Loan 3 1/2 %	72	71 1/2	+ 1/2	4 19 3
106 1/2	102 1/2	108 1/2	93 1/2	Do. 4 1/2 % 1940-44	95	93 1/2	+ 1 1/2	5 5 4	95 1/2	93 1/2	95 1/2	93 1/2	Do. 4 1/2 % 1940-44	95	93 1/2	+ 1 1/2	5 5 4
96 1/2	85 1/2	97 1/2	78 1/2	Funding 4 1/2 % 1960-90	83	82 1/2	+ 1/2	5 0 2	83 1/2	82 1/2	83 1/2	82 1/2	Funding 4 1/2 % 1960-90	83	82 1/2	+ 1/2	5 0 2
102 1/2	98 1/2	102 1/2	93 1/2	Treasury 4 1/2 % 1932-34	97	95 1/2	+ 1 1/2	6 1 0	97 1/2	95 1/2	97 1/2	95 1/2	Treasury 4 1/2 % 1932-34	97	95 1/2	+ 1 1/2	6 1 0
103 1/2	100 1/2	103 1/2	93 1/2	Treasury 5 % 1933-35	98	96 1/2	+ 1 1/2	5 19 6	98 1/2	96 1/2	98 1/2	96 1/2	Treasury 5 % 1933-35	98	96 1/2	+ 1 1/2	5 19 6
97 1/2	91 1/2	98 1/2	85 1/2	Victory Bonds 4 1/2 %	90	88 1/2	+ 1 1/2	4 11 6	90 1/2	88 1/2	90 1/2	88 1/2	Victory Bonds 4 1/2 %	90	88 1/2	+ 1 1/2	4 11 6
105 1/2	100 1/2	104 1/2	90 1/2	War Loan 5 % 1929-47	96 1/2	95 1/2	+ 1 1/2	5 9 7	96 1/2	95 1/2	96 1/2	95 1/2	War Loan 5 % 1929-47	96 1/2	95 1/2	+ 1 1/2	5 9 7
69 1/2	61 1/2	70 1/2	50 1/2	Local Loans 3 %	61	60 1/2	+ 1/2	4 19 2	61 1/2	60 1/2	61 1/2	60 1/2	Local Loans 3 %	61	60 1/2	+ 1/2	4 19 2
49 1/2	40 1/2	46 1/2	29 1/2	India 2 1/2 %	37	35 1/2	+ 1 1/2	7 10 0	37 1/2	35 1/2	37 1/2	35 1/2	India 2 1/2 %	37	35 1/2	+ 1 1/2	7 10 0
59 1/2	47 1/2	55 1/2	34 1/2	Do. 3 %	43	40 1/2	+ 2 1/2	7 4 4	43 1/2	40 1/2	43 1/2	40 1/2	Do. 3 %	43	40 1/2	+ 2 1/2	7 4 4
69 1/2	57 1/2	64 1/2	41 1/2	Do. 3 1/2 %	51	48 1/2	+ 2 1/2	6 14 8	51 1/2	48 1/2	51 1/2	48 1/2	Do. 3 1/2 %	51	48 1/2	+ 2 1/2	6 14 8
90 1/2	78 1/2	86 1/2	64 1/2	Do. 4 1/2 % 1958-68	72	70 1/2	+ 1 1/2	5 2 0	72 1/2	70 1/2	72 1/2	70 1/2	Do. 4 1/2 % 1958-68	72	70 1/2	+ 1 1/2	5 2 0
106 1/2	100 1/2	106 1/2	94 1/2	Palestine 5 % 1942-67	100	99 1/2	+ 1/2	5 4 3	100 1/2	99 1/2	100 1/2	99 1/2	Palestine 5 % 1942-67	100	99 1/2	+ 1/2	5 4 3
109 1/2	104 1/2	110 1/2	90 1/2	Sudan 5 1/2 % Bonds	105 1/2	104 1/2	+ 1/2	5 4 3	105 1/2	104 1/2	105 1/2	104 1/2	Sudan 5 1/2 % Bonds	105 1/2	104 1/2	+ 1/2	5 4 3
99 1/2	87 1/2	99 1/2	77 1/2	Ulster 4 1/2 % 1945-75	91 1/2	89 1/2	+ 1 1/2	5 2 0	91 1/2	89 1/2	91 1/2	89 1/2	Ulster 4 1/2 % 1945-75	91 1/2	89 1/2	+ 1 1/2	5 2 0
Dom. & Colonial Govts.																	
95 1/2	76 1/2	85 1/2	58 1/2	Australia 5 % 1945-75	81 1/2	75 1/2	- 3 1/2	6 15 0	81 1/2	75 1/2	81 1/2	75 1/2	Australia 5 % 1945-75	81 1/2	75 1/2	- 3 1/2	6 15 0
95 1/2	86 1/2	96 1/2	75 1/2	Canada 4 % 1940-60	86 1/2	85 1/2	+ 1/2	4 18 0	86 1/2	85 1/2	86 1/2	85 1/2	Canada 4 % 1940-60	86 1/2	85 1/2	+ 1/2	4 18 0
106 1/2	102 1/2	105 1/2	97 1/2	Ceylon 6 % 1936-61	103 1/2	101 1/2	+ 1 1/2	5 13 0	103 1/2	101 1/2	103 1/2	101 1/2	Ceylon 6 % 1936-61	103 1/2	101 1/2	+ 1 1/2	5 13 0
98 1/2	92 1/2	101 1/2	87 1/2	Gold Coast 4 1/2 % 1956-...	91 1/2	89 1/2	+ 1 1/2	5 19 1	91 1/2	89 1/2	91 1/2	89 1/2	Gold Coast 4 1/2 % 1956-...	91 1/2	89 1/2	+ 1 1/2	5 19 1
105 1/2	100 1/2	105 1/2	90 1/2	Kenya 5 % 1946-58	99 1/2	98 1/2	+ 1/2	5 4 2	99 1/2	98 1/2	99 1/2	98 1/2	Kenya 5 % 1946-58	99 1/2	98 1/2	+ 1/2	5 4 2
92 1/2	80 1/2	86 1/2	65 1/2	Nigeria 5 % 1950-60	98 1/2	97 1/2	+ 1/2	5 4 0	98 1/2	97 1/2	98 1/2	97 1/2	Nigeria 5 % 1950-60	98 1/2	97 1/2	+ 1/2	5 4 0
92 1/2	80 1/2	86 1/2	65 1/2	N.S. Wales 5 % 35-55	72 1/2	69 1/2	- 3 1/2	8 1 3	72 1/2	69 1/2	72 1/2	69 1/2	N.S. Wales 5 % 35-55	72 1/2	69 1/2	- 3 1/2	8 1 3
105 1/2	99 1/2	102 1/2	85 1/2	N. Zealand 5 % 1946-...	94 1/2	92 1/2	+ 2 1/2	5 15 0	94 1/2	92 1/2	94 1/2	92 1/2	N. Zealand 5 % 1946-...	94 1/2	92 1/2	+ 2 1/2	5 15 0
92 1/2	80 1/2	86 1/2	65 1/2	Queensland 5 % 40-60	75 1/2	73 1/2	+ 2 1/2	7 6 6	75 1/2	73 1/2	75 1/2	73 1/2	Queensland 5 % 40-60	75 1/2	73 1/2	+ 2 1/2	7 6 6
104 1/2	99 1/2	105 1/2	88 1/2	S. Africa 5 % 1945-75	97 1/2	94 1/2	+ 3 1/2	5 9 0	97 1/2	94 1/2	97 1/2	94 1/2	S. Africa 5 % 1945-75	97 1/2	94 1/2	+ 3 1/2	5 9 0
98 1/2	83 1/2	93 1/2	70 1/2	Stras. Sec. 4 1/2 % 35-45	91 1/2	91 1/2	+ 1/2	5 7 9	91 1/2	91 1/2	91 1/2	91 1/2	Stras. Sec. 4 1/2 % 35-45	91 1/2	91 1/2	+ 1/2	5 7 9
Foreign Governments.																	
89 1/2	82 1/2	88 1/2	53 1/2	Argentina 4 % Recies	76 1/2	72 1/2	- 3 1/2	7 1 0	76 1/2	72 1/2	76 1/2	72 1/2	Argentina 4 % Recies	76 1/2	72 1/2	- 3 1/2	7 1 0
105 1/2	100 1/2	105 1/2	87 1/2	Austrian 6 % 1923-43	97 1/2	97 1/2	- 6 1/2	7 12 0	97 1/2	97 1/2	97 1/2	97 1/2	Austrian 6 % 1923-43	97 1/2	97 1/2	- 6 1/2	7 12 0
96 1/2	89 1/2	98 1/2	74 1/2	Do. 7 1/2 % Int. Deb. 1957	47 1/2	42 1/2	- 5 1/2	16 9 3	47 1/2	42 1/2	47 1/2	42 1/2	Do. 7 1/2 % Int. Deb. 1957	47 1/2	42 1/2	- 5 1/2	16 9 3
61 1/2	51 1/2	56 1/2	29 1/2	B. Aires (Prov.) 3 1/2 %	38 1/2	34 1/2	- 4 1/2	10 2 9	38 1/2	34 1/2	38 1/2	34 1/2	B. Aires (Prov.) 3 1/2 %	38 1/2	34 1/2	- 4 1/2	10 2 9
113 1/2	108 1/2	112 1/2	89 1/2	Belgian 7 % red. by 1956	101 1/2	96 1/2	- 5 1/2	7 7 0	101 1/2	96 1/2	101 1/2	96 1/2	Belgian 7 % red. by 1956	101 1/2	96 1/2	- 5 1/2	7 7 0
92 1/2	84 1/2	88 1/2	63 1/2	Bulgaria 7 1/2 % Loan	47 1/2	45 1/2	- 2 1/2	16 13 3	47 1/2	45 1/2	47 1/2	45 1/2	Bulgaria 7 1/2 % Loan	47 1/2	45 1/2	- 2 1/2	16 13 3
87 1/2	82 1/2	85 1/2	59 1/2	Brazil 5 % Fund. 1914	60 1/2	57 1/2	- 2 1/2	8 13 0	60 1/2	57 1/2	60 1/2	57 1/2	Brazil 5 % Fund. 1914	60 1/2	57 1/2	- 2 1/2	8 13 0
94 1/2	84 1/2	90 1/2	67 1/2	Do. 6 1/2 % (1927)	40 1/2	36 1/2	- 3 1/2	...	40 1/2	36 1/2	40 1/2	36 1/2	Do. 6 1/2 % (1927)	40 1/2	36 1/2	- 3 1/2	...
99 1/2	79 1/2	94 1/2	57 1/2	Chili 6 % (1929)	35 1/2	28 1/2	- 7 1/2	...	35 1/2	28 1/2	35 1/2	28 1/2	Chili 6 % (1929)	35 1/2	28 1/2	- 7 1/2	...
55 1/2	27 1/2	52 1/2	23 1/2	China 5 % (1912)	40 1/2	38 1/2	- 2 1/2	13 3 3	40 1/2	38 1/2	40 1/2	38 1/2	China 5 % (1912)	40 1/2	38 1/2	- 2 1/2	13 3 3
69 1/2	54 1/2	70 1/2	40 1/2	Do. 5 % (1913)	61 1/2	60 1/2	- 1 1/2	8 6 9	61 1/2	60 1/2	61 1/2	60 1/2	Do. 5 % (1913)	61 1/2	60 1/2	- 1 1/2	8 6 9
115 1/2	103 1/2	113 1/2	83 1/2	Czechoslovakia 8 %	100 1/2	91 1/2	- 8 1/2	8 18 0	100 1/2	91 1/2	100 1/2	91 1/2	Czechoslovakia 8 %	100 1/2	91 1/2	- 8 1/2	8 18 0
82 1/2	74 1/2	86 1/2	60 1/2	Danish 5 %	70 1/2	70 1/2	- 5 1/2	4 6 9	70 1/2	70 1/2	70 1/2	70 1/2	Danish 5 %	70 1/2	70 1/2	- 5 1/2	4 6 9
96 1/2	87 1/2	98 1/2	75 1/2	Danish 6 %	60 1/2	60 1/2	- 10 1/2	9 3 7	60 1/2	60 1/2	60 1/2	60 1/2	Danish 6 %	60 1/2	60 1/2	- 10 1/2	9 3 7
80 1/2	70 1/2	85 1/2	66 1/2	Egypt United 4 1/2 %	79 1/2	84 1/2	+ 4 1/2	4 15 3	79 1/2	84 1/2	79 1/2	84 1/2	Egypt United 4 1/2 %	79 1/2	84 1/2	+ 4 1/2	4 15 3
92 1/2	75 1/2	97 1/2	65 1/2	Estonia 7 % 1927	43 1/2	45 1/2	+ 2 1/2	15 10 0	43 1/2	45 1/2	43 1/2	45 1/2	Estonia 7 % 1927	43 1/2	45 1/2	+ 2 1/2	15 10 0
100 1/2	91 1/2	92 1/2	70 1/2	Finland 6 % 1923	75 1/2	70 1/2	- 5 1/2	8 11 0	75 1/2	70 1/2	75 1/2	70 1/2	Finland 6 % 1923	75 1/2	70 1/2	- 5 1/2	8 11 0
21 1/2	19 1/2	21 1/2	10 1/2	French 4 % (British)	26 1/2	29 1/2	+ 3 1/2	4 2 0	26 1/2	29 1/2	26 1/2	29 1/2	French 4 % (British)	26 1/2	29 1/2	+ 3 1/2	4 2 0
109 1/2	99 1/2	106 1/2	81 1/2	Do. 5 %	27 1/2	30 1/2	+ 3 1/2	5 2 0	27 1/2	30 1/2	27 1/2	30 1/2	Do. 5 %	27 1/2	30 1/2	+ 3 1/2	5 2 0
90 1/2	81 1/2	93 1/2	67 1/2	German 7 %	65 1/2	57 1/2	- 8 1/2	12 3 6	65 1/2	57 1/2	65 1/2	57 1/2	German 7 %	65 1/2	57 1/2	- 8 1/2	12 3 6
93 1/2	86 1/2	97 1/2	76 1/2	Do. 5 1/2 % Stg. Bids. 1930	52 1/2	48											

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Nov. 25, 1931.	Price, Dec. 2, 1931.
Associated Electrical New Ord.	21/-	...	95½-96½	1½ddia-4½d. pm
Central Electricity Board 5% A. Stk.	93	25	176-186	2-1 dia
Galloway Water Power 5% (Feb. 1947-91)	£1	fy. pd.	176-186	16/9-17/9
Great Universal Stores Ord. (5/-)	£1	fy. pd.	18/6-19/6	18/-19/-
Great Universal Stores Prof.	...	...	1½-1½½	1½-1½
Grootvlei Prop. Mines	...	...	...	...
London and Thames Haven Oil New Ord.	50/-	40/-	15/6-16/6 pm	15/-16/- pm
L.G.O.C. New 5% Inc. Deb.	...	...	92½-93½	92½-93½
Midland Counties Electric Supply New Ord.	24/-	...	1/6-2/- pm	1/6-2/- pm
Savory and Moore 7½% Deb.	99½	20	par-1 pm	99-101
Tilling (Thos.) New Ord. £1	30/-	10/-	18/9-19/9 pm	19/6-20/6 pm

(Continued from page 1079.)

for currency, fewer bank failures, and a less rapid liquidation of bank credit. The slightly harder tendency of wheat prices, on balance, has also tended partially to offset the pessimistic tone of the share markets, but metal prices have remained unstable. General trade has continued to recede, with signs that Christmas retail buying will be less than normal. Freight car loadings for the week ended November 21st were 653,600, compared with 690,463 in the previous week, 779,757 in the corresponding week of 1930, and an average of 943,720 during the seven years 1924-30. Stock markets had a firmer appearance at the close of Thursday's session, changes on the day having been largely in favour of holders.

	Nov. 19, 1931.	Nov. 25, 1931.	Dec. 3, 1931.		Nov. 19, 1931.	Nov. 25, 1931.	Dec. 3, 1931.
U.S. 3½% T. Bds.	100½	100	99½	Natl. Biscuit	48	43½	42½
Do. 4½% 32-47	100½	99½	99½	Phelps Dodge	7	7	7
Do. 4½% 32-47	101½	100½	100½	Pullman	23½	22½	20
Do. 4½% 33-38	101½	101½	100½	Sears-Roebuck	41½	38½	38
Atchafalpa	105	94½	93½	Studebaker	14½	12½	12½
Ches. & Ohio	31	28½	29½	Un. Fruit	30	30	27½
Erie	11½	9½	8½	U.S. Leather	3	3	3
Illinois Central	17½	13½	12	U.S. Rubber	6½	6	4½
N.Y. Central	40	34	33	U.S. Steel	64½	57½	53½
Pennsylvania	28½	24½	22½	Westinghouse	38	35½	32½
Southern Pacific	44	35½	35	Woolworth	48½	45½	46½
Southern Ry.	15½	12½	10	Am. Tel. & Tlg.	134½	128½	128½
Union Pacific	95½	86½	80	Interboro R.T.	8	7½	7½
Am. Can.	76	71½	66½	Int. Tel. Teleg.	14½	11½	11½
Amer. Smelting	24½	22½	21	Radio Corp.	9	8½	8½
Anacosta	13½	13½	12½	Utilities P. & L.	12½	11½	12½
Bohlehem Steel	27½	25	25½	W. Union Tlg.	57	51½	48½
Chrysler Motor	15½	14½	14½	Associated Gas "A" ..	6½	6	5½
Corn Produce Rf.	50½	46	46½	Pan. Amer. B.	23	23	22½
Eastman Kodak	101½	93½	94½	Shell	11	10	7
Gen. Electric (New) ..	28½	26½	26½	Shell Union	4½	4½	4½
Gen. Motors	26	24½	24½	Sinclair Oil	7½	6½	6½
Int. Harvester	32½	29	27	Std. California	32½	31	30½
Montg. Ward	11½	10½	9½	Do. N.J.	33½	32	31½

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Nov. 25.	Dec. 2.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	62.4	60.1
33 Rails	127.8	173.5	89.1	145.6	92.0	39.3	36.2
34 Utilities	177.6	330.4	153.2	267.4	158.1	107.2	103.5
Total, 404 stocks...	140.3	228.1	105.5	184.2	107.6	66.0	63.4
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	7.98%	8.38%

OFFER TO NEW READERS.

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

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

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

Name.....

Address.....

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

Highest of 1931 (Feb. 24).	Lowest of 1931 (Oct. 5).	Nov. 18, 1931.	Nov. 19, 1931.	Nov. 20, 1931.	Nov. 21, 1931.	Nov. 23, 1931.	Nov. 24, 1931.	Nov. 25, 1931.
140.2	67.8	79.0	78.4	76.1	75.4	75.0	76.5	73.8

Highest of 1931 (Feb. 24).	Lowest of 1931 (Oct. 5).	Nov. 26, 1931.	Nov. 27, 1931.	Nov. 28, 1931.	Nov. 30, 1931.	Dec. 1, 1931.	Dec. 2, 1931.
140.2	67.8	*	72.3	71.3	73.8	72.5	69.9

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Nov. 26, 1931.	Nov. 27, 1931.	Nov. 28, 1931.	Nov. 30, 1931.	Dec. 1, 1931.	Dec. 2, 1931.	Dec. 3, 1931.
Stock Exchange—Shares (Thous.)	†	1,800	900	2,000	2,000	1,900	1,800
Bonds (Value Thous. \$) ...	†	13,859	5,452	12,666	11,054	11,952	14,521
Over-the-Counter—Shares (Thous.)	†	300	150	300	190	270	290

* 2-hour session.

† Holiday.

PARIS.

The tone of the Paris Bourse was depressed early in the week, sentiment in practically every market being depressed by the break in sterling. Many shares reached new low levels, industrials and speculative issues alike sharing in the decline. On Tuesday, bank stocks same under pressure, and the "Dawes" and "Young" loans were liquidated. On Wednesday, the downward tendency persisted till the last hour of the session, when the recovery in sterling started a brisk rally which carried prices in some cases above the previous night's close. Thursday saw a further relapse, however, relieved by a welcome improvement in the Dawes 7 per cent. loan.

	Nov. 26, 1931.	Nov. 30, 1931.	Dec. 3, 1931.		Nov. 26, 1931.	Nov. 30, 1931.	Dec. 3, 1931.
Banque de France	11,205	10,810	10,075	Wagons Lits	93	92	93
Crédit Lyonnais	1,742	1,580	1,210	Mexican Eagle	28	27	26
Suez Canal	12,730	12,550	11,625	"Chartered"	81	77	70
Chargeurs Réunis	246	238	215	Ford	111	104	111
Rio Tinto	1,547	1,500	1,405	De Beers	304	301	285
Royal Dutch	12,995	12,700	12,300	"Johnnies"	113	108	101

AMSTERDAM.

The Amsterdam Bourse opened in irregular fashion. Netherlands Bank shares declined sharply following the announcement of the Bank's sterling losses. Unilever had a weak appearance, but Philips Lamps showed some improvement and Royal Dutch and Amsterdam Trading were firmer. A listless tone subsequently spread to most markets, in sympathy with the trend of sterling. The volume of business contracted sharply, and many prices were marked down. In common with other centres, Amsterdam enjoyed a partial recovery in mid-week, when sterling took an upward turn, but the more speculative shares still continued to wear a friendless appearance.

	Nov. 26, 1931.	Nov. 30, 1931.	Dec. 3, 1931.		Nov. 26, 1931.	Nov. 30, 1931.	Dec. 3, 1931.
5½% German	35½	30½	29½	Steel Common	59½	65½	62½
Unilever N.V.	113	102½	96½	A. K. U.	44½	43½	40
Philips' Lamps	92½	91½	87½	Ford Motor	205	190½	190
Netherlands Ship Union	77	76½	73	Dell Batavia	135	130	...
Java Cultuur	...	146	133½	Royal Dutch	128½	125½	119½

OTHER CENTRES.

Irregular conditions prevailed on the majority of other Continental Bourses, the international situation being interpreted in somewhat pessimistic terms. Brussels recovered on Wednesday after a weak opening and Copenhagen was better, but Stockholm remained depressed. The Italian Bourses reported a limited business, at generally lower prices. Unofficial quotations in Berlin showed further declines, of much greater extent than in recent weeks. Dye Trust was done at 87.50 (against 95.00), Siemens at 108.75 (against 120.75), A.E.G. at 28.00 (against 29.50), and Reichsbank at 73.50 (against 89.50).

INVESTMENT NOTES.

Industrial Share Movements.—We show in the chart at the bottom of this page the course of individual share values during the last, and most unquiet, half-year, according to the daily index of thirty representative shares compiled by the *Financial News*. The major influences of the "Hoover" debt period were the announcement of the "Hoover" debt moratorium in June and the devaluation of sterling in September. The second, it will be observed, raised prices by twice as much as the first, but each movement was followed by a severe reaction. Broadly speaking, the "over rise" lasted a fortnight, the "devaluation" some six or seven weeks. The latter's force appears spent itself before the General Election, the subsequent upturn being very slight and short-lived. About the September-October rise occurred immediately on the announcement of the suspension of gold payments, represented, in the main, the adjustment of equity to the depreciated pound. The remainder of the year was covered by the month of October, mainly reflected in the redence given to reports of improved prospects in the export trades, while last month's fall (which, significantly, reflected the whole of the October movement) was due to disquietude regarding the international situation and growing scepticism regarding the adequacy of the depreciation, or any other purely internal factor, to restore moderate prosperity to British trade, independently of a revival in the world as a whole. Present prices are slightly higher than at the end of November, the fall-tendency of industrial values at the beginning of this year having been checked by a tendency on the part of holders to switch again into equities on the rapid rise of the pound. On the whole, although the chart does not disprove the views of those who maintain that the September "trough" may be a low point of the present depression, it is difficult to discover any evidence that a healthy recovery in ordinary share values has been effected.

More "Anti-Dumping" Shares.—The second order issued by the Board of Trade under the Abnormal Importation (Customs Duties) Act has not added to the Stock Exchange interest in industrial shares, which is at a low ebb. There are, however, a few companies which will be

assisted by the second order, notably United Glass Bottles, Linen Thread and Robinson and Cleaver. United Glass Bottles, which took over certain of the assets of British Glass Industries, one of the original Hatry promotions, has been enjoying prosperity for the last three years, and, apart from the domestic market, in which it holds a dominating position, is developing a successful export trade, which may be assisted by the depreciation of sterling. Linen Thread is the leading manufacturer of linen for the piece-goods trade, and has subsidiaries in the United States of America. Last year the writing down of stocks to current market values involved a substantial loss which wiped out all the company's trading profits. The company passed the 2½ per cent. bonus which had been declared for the previous three years, but maintained its dividend at 6 per cent., tax free. The earnings, dividends and market prices of United Glass Bottles and Linen Thread ordinary shares are shown in the table which follows:—

	Prices, 1931.			Earnings % Last 2 years.	Divs. % Last 2 years.	Yield %
	High.	Low.	Present			
United Glass Bottles £1	25/3	13/6	25/-	26.0	19.4	7.5
Linen Thread £1	28/3	15/-	25/-	8.7	Nil	6 plus 2½% bonus tax free

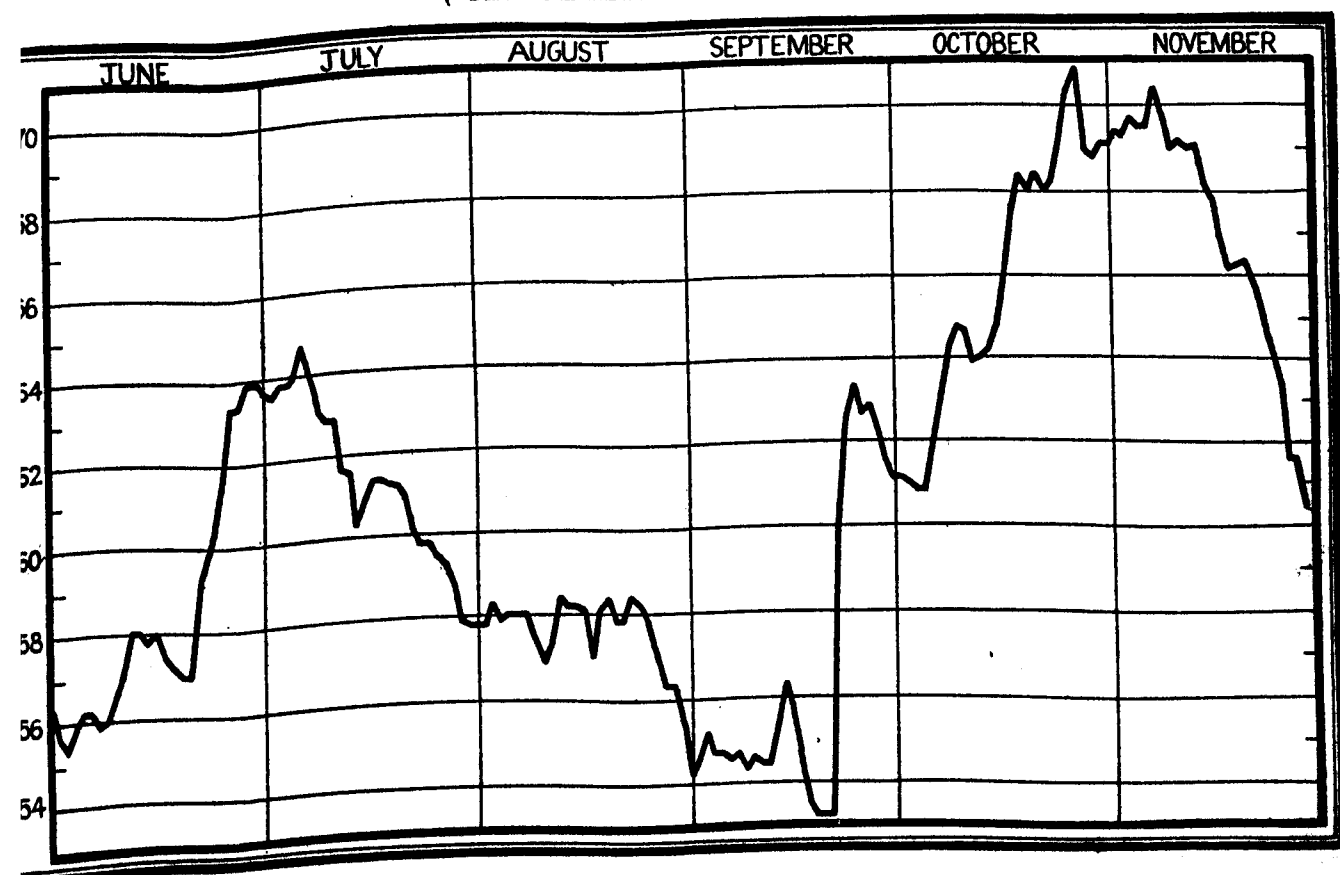
Both these companies have maintained a strong financial position. Robinson and Cleaver are the well-known firm of linen manufacturers and outfitters, and, in the year to July, 1931, suffered a diminution in profits, the ordinary shares earning 9.2 per cent., as against 19½ per cent. This company reduced its ordinary dividends from 10 per cent. to 6 per cent. The ordinary shares are privately held, but the Stock Exchange is interested in the 5 per cent. preference shares, which are quoted at 14s. 6d.

American Company Earnings.—The reaction in the New York stock markets, which is proceeding as we write, invites attention to the facts regarding American industrial earnings this year. The company reports for the third quarter of the year were disappointing. The National City Bank of New York, in its latest bulletin, gives a tabulation of the reports of 205 companies engaged in the major manufacturing industries and in retail trades. This

AVERAGE PRICE OF 30 BRITISH INDUSTRIAL SHARES.

JUNE TO NOVEMBER, 1931.

("FINANCIAL NEWS" INDEX: 1928=100).



discloses a total net profit, after all charges and losses, but before dividends, of \$97 millions in the third quarter, as compared with \$167 millions in the second quarter and \$131 millions in the first quarter. As compared with 1930, the September quarter reports showed a decline of no less than 49.2 per cent. Sixty companies reported deficits aggregating \$22.3 millions, while in the corresponding quarter of 1930 forty-two companies reported deficits aggregating \$12.1 millions. Forty-nine companies, however, improved their results as compared with September quarter of 1930. The tabulation is given as follows:—

		(000's omitted.)		% Change.
No. of Cos.	Industry.	Net Profits, 9 Months.		
		1930.	1931.	
		\$	\$	
1	Autos—General Motors ...	131,403	97,455	— 25.8
12	Automobiles—Other	22,873	9,606	— 58.0
18	Auto accessories.....	21,549	10,517	— 51.2
4	Aviation	1,524	3,831	+151.4*
9	Baking.....	34,475	28,590	— 17.1
6	Building materials	7,228	5,336	— 26.2
12	Chemicals	90,168	71,641	— 20.5
5	Coal mining	978	1,130	+ 15.5*
9	Electrical equipment.....	56,638	30,463	— 46.2
16	Food products — Miscellaneous	75,163	64,645	— 14.0
5	Household goods.....	7,743	5,901	— 23.8
1	Iron and steel—U.S. steel	92,100	17,344	— 81.2
16	Iron and steel—other.....	51,478	<i>Dr. 14,578</i>	...
10	Machinery.....	15,591	5,451	— 65.0
5	Merchandising	8,453	7,617	— 9.9
5	Mining, non-ferrous.....	4,536	584	— 87.1
4	Paper products.....	3,947	1,901	— 51.8
10	Petroleum	25,739	<i>Dr. 10,468</i>	...
3	Printing and publishing....	19,830	11,867	— 40.2
4	Railway equipment.....	11,601	5,585	— 51.9
4	Restaurant chains	3,377	2,867	— 15.1
6	Textiles	2,278	2,929	+ 28.6
6	Tobacco (cigars).....	5,693	3,963	— 30.4
34	Miscellaneous	46,490	28,349	— 39.0
205	Total	740,855	392,526	— 47.0

* Gain due to one company.

If profits for the first nine months of this year be compared with those for the first nine months of 1930, on the basis of the returns obtained on capital, at book value, the percentage for the 205 companies is 4.9 per cent., against 9.5 per cent. Utility companies are not included in this table, but for the first eight months of the year the gross earnings of electric light and power companies were less than 1 per cent. below those for the corresponding period of 1930, an increase of 8 per cent. in the consumption of electricity by domestic users being offset by decreased sales to industrial plants and municipalities. Among other utility companies, the American Telephone and Telegraph established a new high record in earnings for the first nine months, the total being 4 per cent. above that of 1930. The railroads, however, have made the most disappointing showing. On the basis of complete reports for nine months, net operating income for the full year will be in the neighbourhood of \$543,000,000, which compares with \$885,000,000 in 1930, \$1,275,000,000 in 1929. This would give a rate of return on property investment of only 2.08 per cent. The report that the New York Central, which earned over \$15 per share in 1929, would earn only \$1.20 this year came as a profound shock to the market.

Royal Mail Company's Future.—The meetings of the first and second debenture stockholders of the Royal Mail Steam Packet Company and the guaranteed preference shareholders of the White Star Line on Monday agreed by overwhelming majorities to the extension of the moratorium until March 31, 1932—this date having been substituted for June 30, 1932, as originally proposed, to meet the wishes of the trustees of the first debenture stockholders. A proviso has, however, been inserted in the scheme to the effect that if a comprehensive scheme of arrangement is submitted and approved, the date may be extended to enable the necessary legal formalities to be carried through. Sir William McIntock stated that the Voting Trustees had discussed the position with

representatives of all the financial creditors (whose total claims amounted to over £50 millions), and sufficient acquiescence had been expressed, on general lines, to satisfy the Voting Trustees of the practicability of a solution, although the final settlement must inevitably occupy a considerable time. The scheme which the Trustees have in mind, apparently, is to be based on the consolidation of the operations of vessels directly owned by the Royal Mail and its "hundred per cent. subsidiaries" trading with South America, and the securing of the maximum economy and efficiency in working, independently of the present capital ownership of any particular vessel. The rights of creditors, however, will be preserved, and where security exists it will be maintained, although possibly not in its original form. All creditors throughout the group, however, will be asked to agree not to claim repayment or to enforce the realisation of their securities for a specified period—which, according to present intentions, will extend until December 31, 1934. These are, of course, only the broadest outlines, the working out of which will naturally present problems of the greatest complexity. Sir William gave no intimation of the taking of any steps to raise new capital, which would appear indispensable before the group can be put in a sound trading position. The willingness of the Voting Trustees, however, to accept a shortening of the period within which the detailed scheme is to be produced is of hopeful augury, since it suggests that matters are in a fairly forward state, and that no insuperable difficulties of principle are foreseen. Meanwhile, at the Furness Withy meeting on Wednesday (which approved an increase in the company's capital by 2,000,000 £1 ordinary shares), Sir Frederick Lewis denied the existence of negotiations for acquiring additional assets, but added, significantly, that his company had recently had such negotiations and it was always possible they might be revived. It is understood that Sir Frederick's statement had reference to discussions regarding the purchase, from the Royal Mail group, of the White Star or of certain refrigerator ships on the South American trade.

London Passenger Transport Bill.—In a Note in our issue of November 14th last we discussed the objections which the Metropolitan Railway had raised to the London Passenger Transport Bill in its present form. While we endorsed the principles of the Bill, we made it clear that the stockholders of the Metropolitan Railway had certain grievances which should be taken into consideration. A voluminous correspondence which has subsequently reached us suggests the real basis of the opposition which is now developing from other interests beside the Metropolitan Railway. It is that, when Lord Ashfield negotiated the settlement with the Labour Government, he made it clear that, if the compromise reached, as a result of months of negotiation, were not accepted, the Labour Government could be expected to impose far less advantageous terms on the shareholders. In other words, it is contended that the shareholders were subjected to political blackmail, and that now there is a National Government, with a different political bias, the stockholders should be able to get better terms. We question the wisdom of upsetting the compromise which, as we have said, has been arrived at after patient negotiation and a careful balancing of conflicting interests. Another argument is that, since this country suspended the gold standard, the London Passenger Transport Board "C" stock, which is to be given mainly to the equity shareholders of the Underground and Metropolitan groups, will have all the disadvantages of being a fixed-interest stock and none of the advantages of an equity stock, which by nature it is. This argument, however, depends on the assumption that Great Britain intends to remain off the gold standard indefinitely and that an inflationary rise of prices cannot be avoided. This appears to us untenable. A comparison between the London Passenger

Transport scheme and the Cables and Wireless merger is inadmissible, for the latter merger was devised at a time of active trade and widespread optimism to meet the potentialities of wireless telegraphy—a new invention, not comparable with the transport of London's passengers by electric or motor traction. To reject the London Passenger Transport Bill at this stage would be a dangerous proceeding. The problem of co-ordinating London passenger transport will brook no delay.

Electric and Musical Industries.—Unfavourable comment has been provoked by two features of the initial statement on behalf of Electric and Musical Industries, the holding company which has amalgamated the Gramophone Company and Columbia Graphophone. The first is the drop in earnings for the two constituent companies to £160,893 for the year to June 30, 1931 (when the merger took effect), as compared with a combined figure of £1,422,090 for the two concerns in the previous year, and the absence of a final dividend. The second is the obdurate policy which the board is apparently pursuing. The two constituent concerns have been converted into private companies, as a result of which the obligation to hold meetings in respect of the year to June 30th last is avoided. It might have been assumed, therefore, that a very full report on the position would have been provided in the directors' statement. On the contrary, the report merely declares that while the home factories are busy, the foreign subsidiaries have been seriously affected by trade depression, that competition between the two major concerns is being maintained in sales, though production is being centralised and rationalised, and that more than £200,000 has been charged to provide for rebates in selling prices to customers and to cover raw material losses. Had the two companies remained separate, each would have been under a legal obligation to state whether any subsidiaries had made losses and how far these had been taken up by the parent company. As each main concern is now a subsidiary, within the meaning of the Companies Act, of Electric and Musical Industries, the former subsidiaries (which have become sub-subsidiaries of Electric and Musical Industries) do not come within the provisions of the Companies Act as to disclosure. For the future, therefore, an important source of information regarding the trading results of the combine will be closed to shareholders. This is the more important as the very heavy drop in earnings to June 30th last suggests that some of the foreign subsidiaries must actually have made trading losses. This would not be surprising in view of the fact that the combine has subsidiaries, *inter alia*, in Germany, South America and the Far East—where depression has become acute. For the next few months, apparently, shareholders must remain in ignorance of the position in this respect. The board, doubtless, would defend its action on the ground that fuller disclosure might have given valuable information to competitors; but it is difficult to believe that this contention would have had any relevance as regards the very modest amount of information which the boards of the two constituent companies would have been required to give, had they remained under separate control. The statement, in short, calls attention to a serious omission in the present Companies Act, which, as a result of faulty draughtsmanship, covers only subsidiaries and not sub-subsidiaries. A summary of the combined balance-sheet statement appears on page 1100.

Aerated Bread Meeting.—Shareholders who attended the annual meeting of this catering company on Friday, November 27th, were quick to show their appreciation of the rigorous reorganisation which has raised the company's fortunes out of the deplorable condition into which they had fallen in 1929. In that year, earnings were insufficient to cover the preference dividend, and after an official investigation the board was reconstructed, and the management overhauled. In 1930, the ordinary capital earned 5½ per cent. and in the year to September 30th

last 9½ per cent. Presiding at the annual meeting, Lord Greenwood referred to the developments, extensions and improvements set out in the directors' report, and stated that the company was still acquiring premises for the purpose of opening further depots. The period covered by the accounts had not been an easy one, as a result of the curtailed spending power of the public consequent upon the general trade depression. The wave of economy which was sweeping over the country would naturally emphasise the reduction in purchasing power, while the abandonment of the gold standard, in so far as it made imports dearer in terms of sterling, would mean higher costs for food which had to be imported, because it could not be produced here. On the other hand, the company was now well prepared to take advantage of the first signs of trade expansion and returning prosperity. Ample provision had been made for depreciation, income tax, and all liabilities. Every asset in the balance sheet was properly valued, and there was nothing for goodwill, there were no mortgages and no loan debt. Instead of a bank overdraft they had a substantial credit balance, and after providing for the dividend recommended they were able to carry forward over £53,000. Altogether, the board deserves credit for ruthlessly carrying out a difficult task.

Peninsular and Oriental.—In view of certain historic P. & O. balance sheets, which raised obscurantism to a fine art, the directors deserve the warmest congratulation on the increasing intelligibility of their accounts—though, unfortunately, in their case well begun is not, as yet, more than half done. For the twelve months to September 30th last gross profit—i.e., results of voyages, interest, dividends, etc., rents of properties, after deducting administrative expenses and "an amount" for depreciation of steamers—totals £947,802, compared with £1,165,044 for the previous financial year. Net profit, after deduction of £100,000, against £90,000, for debenture redemption, amounts to £428,327, compared with

INCOME-TAX PAYERS

OLD and NEW

Under the terms of the EMERGENCY BUDGET every £10 saved by means of life assurance secures a rebate of Income Tax of no less than 25/-

subject to the usual conditions.

Write for "INEXPENSIVE" leaflet describing life assurance plans specially designed for hard times.



THE HALL MARK OF
STERLING QUALITY IN
MUTUAL LIFE ASSURANCE

SCOTTISH WIDOWS' FUND

Write to the Secretary

Head Office:

9 ST. ANDREW SQUARE, EDINBURGH

London Offices:

28 CORNHILL, E.C.3 & 17 WATERLOO PLACE, S.W.1
Tel.: Mansion House 9066. Tel.: Whitehall 6041.

£605,439. Earnings on the deferred shares are paid out "to the hilt," the dividend being 6 per cent., against 10 per cent. for the year. In view of the difficult trading conditions which have obtained in the company's "sphere of influence" during the past year, shareholders may be content that a tax-free payment of 6 per cent. has been found possible. At the same time, it is noteworthy that the distribution is facilitated by "assistance from some of our allies"—an unusual phrase, with regard to which further enlightenment will doubtless be sought at the meeting. It is not clear, indeed, to what extent trading activities contributed to the total income. The balance sheet shows gilt-edged securities aggregating nearly £7 millions, from which a revenue might be expected of something like £350,000, or over 80 per cent. of the net income.

	Year to September 30,		
	1929.	1930.	1931.
	£	£	£
Gross profit	1,241,602	1,165,004	947,802
Net profit	702,037	605,439	428,237
Brought forward	121,930	120,865	115,052
Preferred dividend.....	152,000	152,000	152,000
No. of times covered.....	4.6	4.0	2.8
Deferred dividend:—			
Amount	551,102	459,252	275,551
Earned %†	12.0	9.9	6.0
Paid %†	12	10	6
Reserve	Nil	Nil	Nil
Carried forward	120,865	115,052	115,738

† Free of tax.

The balance sheet is a much more informative document than ever before. The total has increased from £26,714,671 to £40,105,398 as a result of the fact that investments and loans are shown in full, on opposite sides of the balance sheet, instead of last year's "sundry investments (less loans)." "Sundry loans against security" appear at £6,389,000 and "sundry deposits and loans from associated and subsidiary companies" at £7,291,105. Investments are divided into their various categories, and cash is shown separately. There is still no indication, however, as to whether the £13,654,071 of investments in subsidiary companies includes loans to subsidiaries, or whether the two items embracing loans from subsidiaries are really shown "net." The auditor's certificate states that the securities of the company have been "examined and verified," but the balance sheet itself fails to say whether liquid investments appear at cost or at market prices. At 24s. 6d. the £1 deferred units give a yield of about £5 1s. per cent. free of tax.

Rolls-Royce Purchase of Bentley.—The disposal of Bentley Motors, Ltd., which went into voluntary liquidation last July, has been the cause of a sequence of surprises. At the moment when acquisition by D. Napier and Sons, Ltd., seemed certain a higher bid was made by the British Equitable Central Trust, Ltd., which, it is understood, intended to merge Bentley with certain steel interests in the North of England. The final acquisition by Rolls-Royce, Ltd., places two of the highest-powered and highest-priced cars of British manufacture in the hands of a single company. Rolls-Royce, whose engines have already achieved sensational records on land, water and in the air, have doubtless had in view the fact that the Bentley product has built up an amazing reputation on the race tracks of the world. Trade depression is naturally felt first and foremost by the highest grades of a luxury industry. It is not surprising, therefore, to find that sales of the 44-h.p. Rolls have fallen from 456 in the year ending September 30, 1930, to 211 in the year ending September 30, 1931, though the introduction, some two years ago, of a model paying a lower annual tax has done much to maintain the company's business. Recently an arrangement was announced, writes a trade correspondent, with Messrs Rootes, Ltd., the car dealers, under which the Rolls-Royce subsidiaries in France and India were to undertake the distribution for Messrs Rootes of the Humber, Hillman and Commer cars and trucks in those countries, the heavy costs of maintaining sales and servicing organisations being thereby shared. There was recently a report

that shareholders in the American Rolls-Royce company were asking for a revision of the basic arrangement with the parent company, by which they were compelled to accept a quota of five cars a week from the Derby factory. The drop in sterling, however, has recently enabled the American organisation to reduce its prices. The number of Rolls-Royce cars in the United States has been put at about 2,000—the extremely high quality and long life of the product naturally resulting in a lower ratio of "replacement demand" than in the case of other makers. A recently rumoured arrangement, suggestive of the high value of the company's research work and of its technical achievements—and, incidentally, of the Schneider Trophy race—is that Delage, the French automobile manufacturer, has secured manufacturing rights for the Rolls-Royce Model R aircraft engine. The terms of the negotiation are said to include a payment of between three and four million francs for the blueprints, an order for between five and six million francs' worth of parts, and a royalty of 15,000 francs for each engine built.

Dorman, Long.—The latest accounts of this large North-East Coast iron and steel group of manufacturers present a picture of expensive stagnation. Trading profit at £340,905 compares not unfavourably with £347,824 for the preceding twelve months, but of the sum £215,961 is absorbed for "maintenance of idle collieries, mines and works." Stocks have been written down by £38,161, and £129,677 has been provided to cover exchange losses on the transfer of Australian payments. In order to meet these items (which, it is to be hoped, will be non-recurring) some £242,642—constituting the whole of the general reserve—is transferred to the profit and loss account. Interest on the two classes of debenture stock requires £306,188, leaving a balance of £10,376 to be carried forward, against £174,954 brought in. The net loss for the year is thus £435,865, compared with a previous profit of £22,844, and no preference dividend is recommended.

	Year to September 30,		
	1929.	1930.	1931.
	£	£	£
Trading profit	405,044	347,824	340,905
Other income	38,284	146,720	63,415
Maintenance	...	...	215,961
Writing down stocks.....	...	...	38,161
Provision for exchange loss	...	...	129,677
Directors' fees, &c.	2,000	2,000	2,715
Pension fund	23,006	26,509	28,445
Interest	28,923	73,929	90,393
Debenture charges.....	265,700	369,262	306,188
Net profit	123,699	22,844	Dr. 435,865
Brought forward	4,622	97,820	174,954

Preference dividend 31.083 51,205 Nil

Transfer from general reserve ... 242,642

Carried forward 97,820* 174,954† 10,376

* After bringing in £582, being part of taxation reserve not required.

† After bringing in £105,495, being provision for Government liabilities not required.

The board is well advised to make immediate provision for the year's losses. Apart from the value of the fixed assets (on the subject of which an auditor's note is appended to the financial statement), the balance sheet fails to reveal a liquid position, debts to the company of £942,550 being swamped by "debts owing" of £3,819,526, of which £2,941,700 is due to bankers. No profits on completed bridge contracts have been included in the accounts, though full provision has been made for losses arising on contracts completed during the year. It remains to be seen how far the company will benefit from the "exchange bounty" which has followed the abandonment of the gold standard and from any import duty which may be imposed.

Offer to Magadi Debenture Holders.—The Magadi Soda Company, Ltd., is a concern registered in 1924 in reconstruction of a company of the same name registered in 1911. The company owns a lease of territory with soda

deposits in Kenya, and has had an unfortunate career, earnings on more than one occasion having failed to cover the interest on its 6 per cent. first mortgage debentures, of which £425,700 are now outstanding. Imperial Chemical Industries, which holds all the ordinary shares, has now made an offer to buy out the debenture stockholders by issuing 7 per cent. Imperial Chemical preference shares at the rate of 40 £1 preference shares for £100 debentures. The offer also involves the issue of £250,000 in exchange for the existing debentures, which are to be cancelled. The circular to the debenture holders points out that the low price and apparently permanent contraction in the market for the grade of soda manufactured by the company appears likely to render the working of the deposits uneconomic for some considerable time. Further, the company is under an obligation to the Kenya Government to provide a minimum output of 100,000 tons of soda goods per annum. Imperial Chemical Industries, however, has made a tentative arrangement with that Government for a moratorium, during the period of which the Government will receive an annual payment of £10,000. Under present conditions, the directors believe, the alternative to the scheme would be default and a receivership for the debenture holders. In a liquidation, they estimate, assets would suffice for the repayment to debenture holders of less than 50 per cent. of their principal. The holders of less than 50 per cent. of the acceptance of 40 per cent. of their principal in preference shares of Imperial Chemical Industries now standing at par, which would yield them in interest £2 16s. for every £6 they formerly received. This is, indeed, Hobson's choice, but the balance of advantage appears to incline to acceptance of the Imperial Chemical offer. The latter represents a nice calculation of the Magadi debenture stockholders' "nuisance value." Presumably, though Imperial Chemical already has complete control of the Magadi Company's operations, it is prepared to pay a certain price to obviate the danger of the deposits being purchased, from a receiver, by a rival interest. Imperial Chemical Industries claim already to have given the company considerable assistance, partly by way of advances without security and partly by returning to it for its products a price "far less" than that realised from sales by the companies controlled by Imperial Chemical. Further, a liquidation would leave Imperial Chemical with a liability to contribute £154,000 of uncalled capital.

Tin Restriction Criticised.—The chairman of Pahang Consolidated, Mr Frisby, at the recent general meeting of his shareholders, freely expressed his objections to the of his shareholders, freely expressed his objections to the tin restriction scheme. He alleged that the scheme was ruining hundreds of miners in the Malay States and, if kept on long enough, would ruin all but a few mines. The basis of the Pahang Company's objections to restriction are, however, moral rather than financial, so far as its latest results are concerned. Its production of black tin last year was a record, being 2,835 tons, as compared with 2,698 tons in the previous year. The company appealed against the action of the State of Pahang in restricting its output, but lost its case. It is now appealing against the decision, relying upon a clause in its old lease which says that it shall have "full and free liberty to mine," and another which declares that it is not liable to any mining law, past, present or future, which interferes with any part of the lease. Whether there is any possibility of the abandonment of compulsory tin restriction in the near future, however, is more than doubtful. As we showed last week, the screw is to be tightened, as from next month. The November statistics now show that American deliveries have slumped to 3,550 tons, as compared with 5,385 tons for October and 6,270 tons for November, 1930. On the other hand, deliveries in Great Britain show an increase. The visible supply figures are nearly 10,000 tons more than a year ago. The chief difficulty which has

beset the supporters of restriction so far has been the continued fall in consumption, which succeeded in out-running every attempt to reduce world production.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Charterhouse Investment Trust, Wankie Colliery, Consolidated Gold Fields of South Africa, Tate and Lyle, Ansell's Brewery, Strand Hotel, Peter Walker (Warrington) and Robert Cain and Sons, and Luipaards Vlei Estate and Gold Mining. At the annual meeting of Ansell's Brewery, Mr J. A. Fairhurst pointed out that before 1914 the taxation on beer per barrel was 7s. 9d., whereas to-day it was 11s. per barrel, though during the same period the duty on tea had fallen from 1s. per lb. to nothing. The point was also emphasised at the meeting of Peter Walker (Warrington), when the chairman said that they hoped some method of raising revenue might be found less burdensome to the consumer, when the failure of the beer duty to produce an increased return had been proved beyond question. At the Luipaards Vlei meeting, Mr E. Turk said that the benefits to the company which would be derived if South African currency were linked with English sterling would be very marked, because not only would they be able to bring into production large quantities of ore at present considered below the pay limit, but their profit would increase in a much greater proportion than that of mines which were working richer areas on the Rand.

CAPITAL ISSUES.

Although the Galloway issue, discussed in this column last week, was not well subscribed, market omens have been deemed sufficiently favourable to encourage the *début* of an industrial concern, E. K. Cole, offering £1 preference shares and 5s. ordinary shares—a capital structure with which the years 1928 and 1929 familiarised British investors. The company manufactures all-electric radio apparatus, and has had a short but highly successful career since 1925. Profits have risen from £12,070 in the ten months ended January 31, 1929, to £114,493 in the year to January 31st last. The company has been enterprising and well managed, but investors cannot assume that future profits will increase at anything like the same rate as those of the last few years. We believe that it would be regrettable, whenever new industrial borrowing is resumed on a normal scale, if the old and bad arrangement is perpetuated, under which the public are required to subscribe (as in the present case) 20s. of preference capital to obtain the right to take up 5s. of ordinary capital.

BARCLAYS BANK LIMITED

The Bank issues Drafts and Letters of Credit on all the principal towns of the World; makes Mail and Telegraphic Transfers; effects Foreign Collections; establishes Documentary Credits and generally undertakes every description of British and Foreign Banking Business.

CHIEF FOREIGN BRANCH:
168, Fenchurch St., London, E.C.3

HEAD OFFICE:
54, LOMBARD STREET, LONDON, E.C.3
And over 2,100 Branches in England and Wales.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Nov. 28, 1931, £99,676,143.*
Total, including conversion, recorded Jan. 1 to Nov. 28, 1931, £110,555,128.*
* Adjusted figure.

National Savings Certificates.
Net receipts, week ended November 28, 1931, £50,000.
Total net receipts, April 1, 1931, to November 28, 1931, £4,300,000

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
E. K. Cole, 140,000 ord. 5s. at par	35,000	...	35,000	17,500	17,500
Do., 140,000 7% Red. Cum.	...	...	...	...	...
Prof. £1 at par	140,000	...	140,000	17,500	122,500
Total offered to the Public, week ended Dec. 5, 1931	175,000	...	175,000	35,000	140,000

To Shareholders only.					
Associated Electrical Industries, 1,399,560 Ord. shares £1 at 2s.	1,399,560	1,369,390	100,148	209,934	1,259,604
Kerala Tea, £15,000 8% Pz.	15,000	...	15,000	3,750	12,250
Debs. at par	...	...	...	...	...
Odams Press, £100,000 7% B.	100,000	...	98,000	5,000	93,000
Mt. Debs. at 98%	...	...	...	...	...
Rushden and District Electric Supply, 15,000 ord. £1 at 2s.	15,000	...	18,750	7,500	11,250

Total offered to Shareholders only, week ended Dec. 5, 1931 1,529,560 1,369,390 231,898 226,184 1,376,104

	Including Conversions.	Excluding Conversions.	Total
Jan. 1 to date—			
1931	112,379,415	100,133,041	212,512,456
1930	421,594,686	239,202,055	660,796,741
1929	485,619,963	281,294,363	766,914,326
1928	530,194,284	355,813,301	886,007,585
1927	...	343,533,205	...
1926	...	216,756,575	...
1925	...	219,310,790	...
1924	...	194,618,824	...

Nature of Borrowing.

	Debtors, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	75,024,349	6,911,859	18,196,833	100,133,041
1930	201,667,354	15,694,638	21,840,059	239,202,055
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,300	45,062,600	111,177,600	375,057,500
1927	228,958,000	38,630,600	89,371,400	356,959,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount.	Prices at which Introduced.	Total Cash Involved.
Amount previously recorded	8,757,183	...	8,883,558
Total for week ended December 5, 1931	Nil	...	Nil
Total to date	8,757,183	...	8,883,558
Total to date, 1930	21,634,980	...	23,407,828

E. K. Cole.—Issue of 140,000 7 per cent. redeemable cumulative preference shares of £1 each and 140,000 ordinary shares of 5s. each at par, in the proportion of one ordinary share for each preference share applied for and allotted. The business of the company, operating under the trade mark "EKCO" was founded in 1925 to manufacture and sell radio products. Net profit for the year 1931 amounted to £114,498. The directors estimate that the profits for the current year will be sufficient to allow of a dividend of not less than 40 per cent. on the ordinary shares.

Littlehampton Gas Company.—Issue by tender of £28,700 5½ per cent. redeemable debenture stock, redeemable at par on January 1, 1942, at a minimum price of issue of £98 per £100 stock, yielding at that price £5 15s. 10d. per cent., allowing for redemption. The net revenue of the company for the year to December 31st last was £7,130, covering interest on the debenture stock, including the present issue, more than four times.

OIL OUTPUTS.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of August amounted to 106,106 barrels, or approximately 15,158 tons. The total production during the month of September amounted to 104,984 barrels, or approximately 14,998 tons. The total production during the month of October amounted to 107,618 barrels, or about 15,374 tons.

PHOENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix group of companies for September was 50,433 tons. Production for October was 44,532 tons.

SERVICE PETROLEUM COMPANY, LIMITED.—Returns from Romano-Africana S.A.R. show the production from the company's oil wells at Gura-Oenitzi, Ceptura and Moreni, for the week ended October 18th totalling 4,232 tons (29,624 barrels).

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND.

	Week ended Nov. 29, 1931. (000's omitted.)						Aggregate 48 weeks, 1931. (000's omitted.)					
	Miles Open.	Passenger.	Goods.	Coal and Coke.	Merchandise.	Total.	Miles Open.	Passenger.	Goods.	Coal and Coke.	Merchandise.	Total.
Great Western	3,761	165	194	109	305	470	10,475	9,165	5,028	14,193	24,668	
Do. for 1930	3,761	182	198	147	345	522	11,419	10,082	5,709	15,791	27,210	
L.N. & N. (c)	6,349	252	365	250	615	877	15,561	16,363	11,215	27,578	43,139	
Do. for 1930	6,349	285	430	329	759	1,043	17,030	18,679	12,554	31,033	48,063	
L.M. & Scot.	6,958	380	489	248	737	1,117	23,491	22,429	14,624	34,047	57,538	
Do. for 1930	6,958	417	490	324	814	1,251	25,230	25,163	12,668	37,331	62,661	
Southern	2,180	234	73	37	110	344	14,481	3,429	1,500	4,929	19,410	
Do. for 1930	2,179	248	82	48	130	378	15,360	3,734	1,450	5,184	20,540	
Total, 1931	19,248	1,031	1,123	644	1,767	2,798	64,008	51,380	29,367	80,747	144,755	
Do. for 1930	19,245	1,132	1,200	848	2,048	3,180	69,039	57,658	31,681	89,339	158,378	

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1931. + or -	1931. + or -
INDIAN.					
Assam Bengal	30	Oct. 24	1,330	3,16,700	1,08,54,452
Barsi Lt. Ry.	32	Nov. 7	202	28,800	11,76,500
Bengalee N. Western	5	7	2,119	4,94,330	1,21,473
Bengalee N. Eastern	31	Oct. 31	3,199	12,41,900	2,31,519
Bombay, Bar. & C.I.	32	Nov. 28	3,084	21,69,000	1,35,000
Madras & S. Mahr.	5	7	3,250	12,58,000	20,772
North Indian	32	Nov. 28	7,516	95,688	9,899
South Indian	32	Nov. 28	7,249	10,56,476	1,21,569
† Including Lucknow-Bareilly State Railway.					
CANADIAN.					
Canadian National	46	Nov. 21	20,465	39,37,178	2,61,108
Canadian Pacific	46	Nov. 21	15,721	3,080,000	396,000
SOUTH AMERICAN.					
Antofagasta (Chili and Bolivia)	48	Nov. 29	804	10,400	10,950
Argentine N.E.	22	28	753	13,700	300
Argentine Trans. and Gen. Ry.	22	28	111	2,056	3,319
B.A. and Pacific	22	28	2,806	125,000	15,000
B.A. Central	22	29	...	10,476	1,539
B.A. Gt. Southern	22	28	5,075	191,000	44,000
B.A. Western	22	28	1,926	75,000	1,530,000
Central Argentine	22	28	3,442	208,000	9,000
Central Uruguayana	22	28	273	18,412	7,382
C. Ur. (East Ext.)	22	28	111	5,784	2,372
C. Ur. (N. Ext.)	22	28	185	1,940	1,054
C. Ur. (W. Ext.)	22	28	211	1,136	871
Cordoba Central	22	28	1,218	47,000	4,000
Entre Rios	22	28	810	20,300	4,600
G. Western of Brazil	48	28	1,052	14,500	200
Leopoldina	48	28	1,918	30,444	1,763
Leopoldina Term. and Nitrate	48	28	...	...	...
Paraguay Central	11	22	411	2,399	13,049
Salvador	22	28	274	2,200	950
San Paulo	47	28	...	2,248	1,183
United of Havana	22	28	1,531	37,812	2,882
	22	28	1,367	16,286	13,826

OTHER OVERSEAS.

Gt. Southern of Spain	47	Nov. 21	104	15,033	42,503	3,398,450	1,208,037
Mexican Railway	23	21	483	150,300	57,500	3,509,400	1,091,600

TRAMWAYS WEEKLY GROSS RECEIPTS.

	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1931. + or -	1931. + or -
Anglo-Argentine	47	Nov. 25	329	11,540	8,344
B. Aires Lacroze	21	29	...	10,738	629
Liverpool Corp.	33	18	124	30,080	1,127
Madras Electric	11	30	...	42,050	5,999
L.O.O. Tramways	34	25	166	78,180	4,476

MONTHLY TRAFFICS.

Company.	Month.	Ending 1931.	Description.	Receipts for Month.	Receipts to Date.
				1931. + or -	1931. + or -
Mexico Tramways Co.	10	Oct. 31	Gross	+795,510	19,490
			Net	-79,440	64,600
Mexican Light and Power Co.	10	Oct. 31	Gross	+2,034,200	47,760
			Net	-199,920	8,200
Canadian Pacific Railway	10	Oct. 31	Gross	+13,501,000	-3,772,000
			Net	-4,652,000	-1,962,000
Hydro-Electric Securities	12	Sept. 30	Gross	+11,241,342	757,571
			Net	-5,169,081	-115,786
Imperial Airways	7	Oct. 31	Gross	+85,958	15,795
Cape Electric Tramways	1	Oct. 31	Gross	+35,049	...
			Net	-43,795	...
La Guaira and Caracas	11	Nov. 30	Gross	+8,555	-1,445

† Pence.

COMPANY MEETINGS, &c.

TATE AND LYLE, LIMITED.

IMPROVED RESULTS DESPITE COMPETITION.

FUTURE OF THE BRITISH SUGAR INDUSTRY.

SIR ERNEST TATE'S REVIEW.

The twenty-ninth ordinary general meeting of Tate and Lyle, Limited, was held, on the 3rd instant, at Southern House, Cannon Street, London, E.C., Sir Ernest William Tate, Bt. (the president), in the chair.

The secretary (Mr W. Herbert Dickie) having read the notice convening the meeting and the auditors' report,

The President said: Gentlemen, before proceeding with the formal business, I wish to refer to the loss which the company has sustained by the death of their secretary, Mr Charles R. Hutchinson, in which took place suddenly about a month ago. He had been in our employ since the amalgamation in 1921, and previous to that had thirty-five years' service with Messrs Abram Lyle and Sons. He was a man who was a general favourite with all who knew him, and he will be greatly missed. I will ask you to stand for a moment as a tribute to his memory.

Those present having stood in silence for a few moments,

The President said: When we met here last year, it was my unpleasant duty to inform you that the good work of our refineries and sales organisation had been—to a large extent—nullified by a rapid and unprecedented fall in the raw sugar market, which had the effect of wiping out a large proportion of the refining profits owing to the loss on our stock of raw material.

This year, I am happy to say, we have not been faced by any abnormal circumstances, and I think you will agree that the balance sheet now placed before you is a satisfactory one. (Hear, hear.)

LARGE ALLOCATION TO RESERVES.

You will notice that, while recommending the payment of a reasonable dividend, we have allocated the large sum of £350,000 to various reserves. This figure is equal to over 10 per cent. dividend on the ordinary capital.

The dividend reserve, which we were compelled to draw upon last year, has been restored to the original figure. I should like to point out that the investment reserve, which stands at £261,000, represents the whole of the dividends received from the various beet sugar factories in which we are interested, after deducting 5 per cent. on the capital invested.

The figure standing to the credit of investment revenue in the profit and loss account is, you will notice, less than last year. This is mainly accounted for by the lower dividends received from the various beet sugar factories, and in a smaller degree to the fact that—in pursuance of our declared policy—the remainder of our gilt-edged securities have been sold to pay off the bank overdraft.

TREND OF SUGAR PRICES.

On October 1, 1930, the raw-sugar market was at about its lowest. Since then there has been a gradual upward tendency, with occasional spurts which have not been maintained for any length of time. Owing to the general world conditions, the market has been dull and lifeless, and the average level of prices has remained low. When this country went off the gold standard and the £ became worth about 16s., there was an immediate rise in the price of about 1s. 6d. per cwt., namely, from 5s. 6d. to about 7s. per cwt., but this rise has not been wholly maintained.

It is obvious, of course, that the raw sugar which we buy from dollar countries will cost us more, but this country is dependent upon countries with dollar currency only to the extent of 50 per cent. of its requirements, and it is perhaps due to this fact that the whole effect of the depreciation of sterling is not felt in the price of sugar here—part of it being borne by the dollar countries themselves.

I must point out, however, that the statistical position is becoming considerably stronger. The estimates for the production of sugar in Europe show a very large decrease, and the reserve stocks in Cuba are disappearing. It may take some time, but I am convinced that there is a tendency for the price to go up all over the world. Indeed, had it not been for the general trade depression, the facts I have stated would have caused a rise before this.

INCREASED SALES FOR HOME CONSUMPTION.

The output from our various refineries has been practically the same as last year. Our sales for home consumption have increased, but there has been a falling off in export business.

During the past year, competition has been very keen, which has caused a great deal of price cutting with a consequent loss of profit to all concerned. Owing to the fact that a number of beet sugar factories melt—and turn out in the form of refined—imported raw sugar, during the time when all the home-grown beetroots have been worked up, the refining capacity of this country is becoming greater than its requirements. Under these circumstances, competition is bound to be keen, but as I have said before, our sales for home consumption increased during the last year, and I have no doubt that with skilful management both in the refineries and salerooms, we shall be able to maintain our output, and thus keep our cost of production low. It is really on this feature, and with due care in the purchasing of raw sugar, that the success of the business depends.

HOME-GROWN BEET SUGAR INDUSTRY.

A gratifying feature is the increasing proportion of raw sugar which is reaching us from the home-grown beet factories.

What the future may have in store for that industry can only be guessed, but it seems fairly certain that further assistance will be sought from H.M. Government. I cannot imagine that the Government will ask the taxpayers of this country for further sacrifices in order to provide increased assistance or a permanent subsidy for beet sugar, unless the request comes from the British sugar industry as a whole. We can hardly be expected to do anything but oppose with all the power at our command, any attempt to further subsidise the production of white sugar, which competes directly with our finished products. (Hear, hear.)

We have always contended that the most economic and satisfactory method of working was for home-grown factories to use their plant to its utmost capacity in extracting raw sugar from as large a quantity of beets as possible, leaving the refining of the sugar to the old-established sugar refineries, which are specially equipped for this purpose.

We are pleased to see that—after trial—this method is being more generally adopted.

It is only on such lines that the British sugar industry as a whole can be united in a common policy.

EFFICIENCY OF THE REFINERIES.

I need hardly add that our refineries have been kept in a high state of efficiency owing to the skill and energy of the various heads of departments and the workpeople under them, and to these the board of directors wish to tender their sincere thanks for their loyalty and co-operation.

We also wish to tender our thanks to our sales managers, agents, office staffs, and all others connected in the ramifications of our business for the good work performed in the past.

After two years' service as manager, we have invited Mr Geoffrey Fairrie to join the board, and, being eligible, he will offer himself for election.

Mr W. H. Dickie, who has been assistant secretary for some years, has been appointed secretary in place of the late Mr Charles R. Hutchinson.

The President then moved the adoption of the report and accounts, and the declaration of the dividends as recommended.

Sir Leonard Lyle (chairman of the company) seconded the resolution.

DIRECTORS AND STAFF CONGRATULATED.

Lt.-Col. Sir Assheton Pownall, M.P.: Mr Chairman, if I might, I should like just to say a few words of appreciation on the very remarkable results which have been put before us this morning. You, sir, said there was nothing abnormal in the figures, but I venture to think that the year 1931 was really quite abnormal, and we, the members of Tate and Lyle, Limited, are lucky to have an increased dividend this year. I happen to have had a business career of some 36 years, and one has never known industrial companies to have such difficult times as those they have been passing through in the year

happy position of having an appreciable increase in the dividend paid in respect of the year 1931. I do just want to thank you most warmly—the board and the staff—for these very excellent results.

There is one special feature, I notice, in connection with the accounts: last year I think you said that the sum of £80,000 had been withdrawn for reasons which you then explained; this year we are not only replacing that £80,000—you, sir, were unduly modest, if I may say so, on that score—but I make out that we have not only replaced that £80,000, but £370,000 has been put to various reserves, including, of course, the extra £20,000 you are carrying forward. In other words, anything that was short-earned last year has this year been replaced five times over, and on balance we have strengthened our company by £270,000 in the two years. That, I think, is quite a unique state of affairs in a year like 1931, and I do most cordially thank all concerned for having done so much to sweeten our Christmas. (Laughter.)

SKILFUL ADMINISTRATION.

Sir Douglas Newton, K.B.E., M.P.: Mr. Chairman, I should like to endorse what has been said by the previous speaker. I think the results reflect the highest possible credit on the board and those engaged in the administration of the company's affairs. Their skilful administration has meant that at a time of great financial depression we are reaping a very great reward from their work. The signal success which they have achieved is not for us alone: it is for the coal miner and for the income-tax payer, for we are one of the few companies which is going to contribute a really substantial sum to the Chancellor of the Exchequer, and in that respect also the board deserves the very hearty thanks of all we poor income-tax payers. (Hear, hear.)

The President: On behalf of the board generally, I wish to thank Col. Sir Assheton Pownall and Sir Douglas Newton for their very kind remarks. It is a great satisfaction to us to have been able to put such an excellent balance sheet before you, and it is also a great pleasure to know that our efforts have been appreciated. (Hear, hear.)

The resolution was then put to the meeting and carried unanimously.

The retiring directors were re-elected, and the auditors were reappointed.

The President having announced that the dividend warrants would be posted to the shareholders on Tuesday, the 15th instant, the proceedings terminated.

THE STRAND HOTEL, LIMITED.

ANOTHER PROSPEROUS YEAR.

The twenty-fourth ordinary general meeting of the Strand Hotel, Limited, was held, on the 3rd instant, at the Trocadero Restaurant, Shaftesbury Avenue, London.

Major M. Gluckstein (the chairman) said that the accounts submitted indicated that the company had enjoyed another prosperous year, and this was especially gratifying in view of the general conditions in this country. Their turnover again showed an increase—a fact which could be regarded as more than satisfactory—and this increased turnover had been secured notwithstanding that, or perhaps because, the prices charged to their customers had been reduced from time to time, consistent with lower costs of foodstuffs.

The balance from trading account was £130,541, an increase of £5,892, and out of this they had placed £30,000 to reserve, bringing it up to £180,000. The dividend for the year on the participating preferred ordinary shares was 14 per cent., being 1 per cent. more than that paid for the previous year.

A separate company had recently been registered for the purpose of the development of the Marble Arch site, and the capital would be provided equally by Messrs. J. Lyons and Company, Limited, and this company. Work on the new building, which was to be called the Cumberland Hotel, was now well in hand and would be finished in about one and a half year's time.

Having remarked that the accounts disclosed a financial record which he hoped shareholders would regard as very creditable, the chairman concluded by moving the adoption of the report and accounts and the declaration of the dividends recommended.

Mr Maurice Salmon, in seconding the motion, said that owing to the depreciation of sterling abroad, prices in this country were now more attractive to the overseas visitor, and a revival in the number of such visitors might reasonably be expected. On the other hand, additional burdens had been laid upon industry by the higher taxation imposed by the second Budget, but he hoped that, in spite of this, they might look forward to a welcome return of general prosperity, in which the hotel industry would share.

The resolution was unanimously adopted.

WANKIE COLLIERY COMPANY, LIMITED.

POTENTIALITIES OF THE MINE.

The eighth ordinary general meeting of this company was held, on the 1st instant, at the Abercorn Rooms, London, Sir Edmund Davis (chairman and managing director) presiding.

The Secretary (Mr H. W. Lampard) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said that shareholders would have realised from the report that the company had not altogether escaped the industrial depression which had unfortunately prevailed throughout the world. A large tonnage of the fuel supplied by the company was used in connection with the mining and transport of base metals, the market prices of which during the year under review had receded to such a low level as to cause severe restrictions in mining operations, naturally followed by smaller requirements of fuel compared with the previous financial year. Owing to judicious economies, the directors were able to submit what they considered to be, under existing conditions, a satisfactory report and accounts. Coal and coke sales for the period covered by the accounts amounted to 576,380 tons and 65,586 tons respectively, as compared with 855,088 tons and 97,855 tons during the previous year.

PROFIT AND LOSS ACCOUNT

The profit and loss account showed that the sales of coal, coke, and other products had produced a revenue of £407,539, as compared with £596,001 last year, while rents and sundry receipts in South Africa produced £13,244, as compared with £14,022. The cost of production amounted to £210,378, as compared with £329,671 last year. They had written off £46,024 on account of depreciation, as compared with £66,001 last year. The balance of profit for the year was £139,823, and after adding the balance brought forward, £73,690, and deducting the final dividend for last year, amounting to £49,778, there was a net total of £141,957. During the year two interim dividends had been paid, and the directors now recommended a final dividend of 2½ per cent., making 12½ per cent. for the year, as compared with 17½ per cent. for the previous year, and leaving £17,511 to be carried forward.

The restrictions in trade had meant the reduction of the European employees from 166 to 135, and of those remaining 57 per cent. were married, and the natives from 4,136 to 2,589, and of those remaining 31 per cent. were married. Of this married native percentage one-third was housed in good, permanent buildings which should last indefinitely. During the year the native labour supply had been ample for all requirements, making it possible to select candidates for employment, with the result that native labour efficiency was higher to-day than it had ever been.

GOOD PROSPECTS

He did not think that the reduction in output would be of long duration, as, with an increased price for copper, the Union Minière du Haut Katanga and the Chemin de Fer du Bas-Congo au Katanga would, no doubt, add to their requirements. In addition, the company was now beginning to derive some benefit from the very large expenditure they had incurred, so that they should be in a position to meet the full demands of the Northern Rhodesian copper companies. In this connection they had entered into contracts for the whole of their supplies for 13 years from October 1, 1931.

For the five months to October 31, 1931, they supplied the following tonnages of coal:—To Mufulira Copper Mines, Limited, 11,014 tons; to Rhokana Corporation, Limited, 12,123 tons; to Roan Antelope Copper Mines, Limited, 17,645 tons, making a total of 40,782 tons.

In order to show the progress of the sales to the Northern Rhodesian copper companies he might mention that in June they took a total of 4,600 tons, in July 6,105 tons, in August 8,787 tons, in September 9,859 tons, and in October 11,421 tons. They looked for a gradual increase in consumption for several months to come until those mines reached the maximum requirements on the basis of the initial plant they had now installed.

In conclusion, the Chairman said that since the date of the last meeting they had elected Mr A. R. Thomson, who had been the general manager of the company for 23 years, to a seat on the board. The resolution was seconded by Mr D. N. Shaw and unanimously adopted.

Mr D. N. Shaw said he had visited the mine during the year, and, having been there on many occasions, he had noticed the tremendous improvements effected. The mine was now at its very best, and in a position to supply enormous quantities of coal for any requirements that might be necessary. It was a great mine and a splendid asset for the shareholders.

ANSSELLS BREWERY, LIMITED.

CHAIRMAN'S REFERENCE TO HEAVY TAXATION.

The thirty-first ordinary general meeting of the shareholders of Ansell's Brewery, Limited, was held, on the 1st instant, at the Queen's Hotel, Birmingham, Mr James A. Fairlurst (chairman) presiding.

The Chairman, in moving the adoption of the reports and statements of accounts, said:

Gentlemen,—The directors' report and statement of accounts have been circulated amongst you and I presume that, as usual, you wish to take them as read.

None of the individual items calls for comment, but I should like to draw your attention to the fact that our licensed properties have increased from £2,051,462 to £2,099,042; our reserves from £320,000 to £340,000; and our carry-forward from £253,147 to £261,800.

TRADING RESULTS.

Now, turning to the trade results of our financial year, which ended on September 30th last, I should like to say that the results of our acquisition in Lucas and Company, Limited, have been disappointing, and the explanation may be the very depressing period the country has passed through since the acquisition was made. Nevertheless, you will see that we made a net profit of £166,200, against £174,734 last year, which shows a decrease of £8,600. I am sure that you will agree with me that such a result, having regard to the extraordinarily difficult circumstances in which it was attained, and to the fact that we had to bear the full incidence of the extra duty of 3s. per barrel imposed in April, 1930, is satisfactory and reflects great credit on the staff and workpeople.

When addressing you on the last occasion I ventured to say that:—

"The situation is now so bad that men of all classes are co-operating to remedy it, irrespective of any political bias which they previously had when circumstances were different."

A FORECAST JUSTIFIED.

I must confess that I did not realise that those words would prove to be so true that the next time I spoke to you there would be in power a National Government composed of all parties with an overwhelming mandate from the country to put right the situation to which I alluded and to protect and foster our industries and put the finances of our country in order.

It cannot be over-emphasised that this mandate was obtained in response to deliberate statements on the part of our leading statesmen and banking experts that our country was in an unprecedented crisis from which only swift and prompt action could save us. No Government will ever have a greater opportunity than the present one, and it is earnestly to be hoped that swift and prompt action will be taken in carrying out the necessary measures. Debating and theorising about such measures, in my opinion, will mean invaluable time wasted and will inevitably create such a disappointing result in the electorate that the consequences may be disastrous.

In the changed circumstances, it is reasonable to expect that the trade in which your company is legitimately engaged will receive a fairer and more reasonable treatment. Good beer is a healthy drink and one which for centuries has been treated as the climatic conditions. Yet our trade has been treated as the "Cinderella" of all trades and singled out for exceptional legislative interference and oppressive taxation. Such treatment is wrong, both socially and otherwise.

Although not affecting the figures under review, I must say something with regard to the additional beer duty of one penny per pint imposed by the recent supplementary Budget. It can only be described as a crushing tax. It has had and will have the effect of considerably reducing our output, and may possibly affect the method of payment and the amount of future dividends.

GROWING BURDEN OF TAXATION.

Prior to 1914 the taxation on beer per barrel was 7s. 9d., whereas to-day it is 114s. per barrel; contrasted, for instance, with the duty on tea, which has fallen from 1s. per lb. to nothing. The result is that working people, who have always been our best customers, have now, owing to their straitened circumstances, to forgo the beer which they have usually drunk with pleasure, simply and solely because they cannot afford it. They quite naturally resent this invidious and unnecessary deprivation. Apart from this, our decrease in output must inevitably react adversely upon those trades and occupations which depend upon us, and in particular it must postpone those schemes which we always have in hand for the

rebuilding and the alteration and improvement of properties which we either own or control.

I quite agree that these and other disadvantages which I could mention resulting from the increased taxation must be borne if our national revenue in the present crisis would thereby be improved, but I fear that the opposite will be the result, and therefore the sooner the taxation is remitted the better for the country.

THE BREWING INDUSTRY.

The history of the brewing industry is one of continuous improvement and progress, and from whatever angle it is viewed, whether socially, philanthropically or financially, it compares most favourably with any other industry in the land. The people have just demonstrated in a remarkable manner that they can be trusted, and as a consequence our trade should now be encouraged to supply them with the national beverage as cheaply and of as good a quality and in as comfortable and healthy surroundings and conditions as possible. With such encouragement our company, I can assure you, will not fail to do its share in the future, as it always has done in the past.

I now beg to move the following resolution: That the Reports and Accounts be received and adopted and that the following final dividends be paid for the half-year ended September 30, 1931, viz.: At the rate of 5 per cent. per annum (less income tax) on the preference shares and at the rate of 12½ per cent. per annum (making 12½ per cent. for the year) together with a bonus of 2½ per cent. on the ordinary shares (both less income tax).

Mr T. Ansell formally seconded, and the resolution was carried.

PETER WALKER (WARRINGTON) AND ROBERT CAIN AND SONS, LIMITED.

PROHIBITION BY TAXATION.

The tenth ordinary annual general meeting of this company was held, on the 27th ultimo, at Winchester House, London, E.C. Sir Charles A. Nall-Cain, Bart., J.P., D.L. (chairman and managing director), presided.

The Chairman, in moving the adoption of the report and accounts, said:—The profit and loss account, I am sorry to say, shows a reduction from £570,804 to £523,337, and is the lowest figure we have shown during the ten years the company has been in existence.

Last year we experienced the full twelve months of the increased duty of 3s. per standard barrel levied in April, 1930. This coming year, or at any rate for the first few months, we have to face the further impost of 31s. per standard barrel. The effect of this has already proved disastrous to the trade. It is plain that the duty is ceasing to answer the purpose for which it was imposed—that of revenue production—and is tending towards prohibition by taxation. The increase was proposed as an emergency measure simply, and we hope and believe when its failure to produce an increased revenue has been proved beyond all question, that other ways may be found of raising revenue, and that the beer duty may be reduced to a figure which will not be so burdensome to the consumer.

In spite of the adverse circumstances we have been called to face in the past year, we have persevered in our policy of modernising, improving and rebuilding our houses. Many thousands of pounds have again been spent during the past year in pursuance of that policy. We feel confident in so doing we are safeguarding our interests by studying the increasing demands of the public for facilities both for food and drink in a better environment.

Looking forward, I think it only right to warn you that if no improvement in trade or relief from taxation occurs very shortly, you must not rely on receiving the usual interim dividend in June; your directors will wait for the full year's results before coming to a decision regarding the ordinary dividend. There are those who urged us to reduce the final dividend for the year just closed, but we felt whatever the future may hold the dividend had been earned, and the shareholders were entitled to it.

Mr Arthur E. Pattinson (deputy chairman) seconded the motion, which was carried unanimously.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

LUIPAARDS VLEI ESTATE AND GOLD MINING COMPANY, LIMITED.

STEADY AND SUBSTANTIAL PROGRESS.

The ordinary general meeting of this company was held, on the 2nd instant, at Winchester House, London, E.C.

Mr E. Turk (the chairman), in moving the adoption of the report, said: The report and accounts show steady and substantial progress; in fact, the results of operations constitute a record in the history of the company, both in regard to tonnage of ore treated and revenue and profit obtained therefrom. Comparing results with the preceding twelve months, the plant had crushed 369,200 tons, against 294,800 tons; yield therefrom had been £395,796, as against £317,978; the net profit, as per profit and loss account, amounted to £44,829 against £37,633. The reduction in working costs was evidence of the efficiency of their manager and staff.

Developments in the mine had shown satisfactory progress. Of 18,095 ft. developed on reef and sampled 11,110 ft. disclosed ore of an average value of 6.4 dwts. over a stoping width of 42 in., equal to a payability of 61.4 per cent. That was an improvement on last year's figure amounting to 4 dwts. The ore reserve position remains a satisfactory one. The computation of the manager at June 30 shows fully and partially developed 1,102,500 tons, of an average value of 5.4 dwts. The increase for the year after crushing 369,200 tons of ore is 45,300 tons over the ore reserve total of last year. Our equipment is in a position to deal with 35,000 tons per month. Our recent crushings have averaged 31,500 tons, and we hope soon to reach the higher figure. The decision taken last week by the Union Government to remain on the existing gold standard and to put an increased duty on imports is likely to add to the burdens resting on the mining industry.

SOUTH AFRICA AND THE GOLD STANDARD.

Without wishing to go into any political question, as obviously the Union of South Africa must know best what is good for them in the national interest, I would like to give expression to the great disappointment which a company like ours was bound to feel when the South African Government decided to remain on the gold standard. The benefits to be derived from linking the South African currency with English sterling would be especially marked in a case like ours, because not only would we be able to bring into production large quantities of ore at present considered below the pay limit, but our profit would increase in a much greater proportion than that of mines which are working richer areas on the Rand. To illustrate this briefly: If, as a result of the gold premium we were to obtain only 2s. 6d. more per ton crushed—everything else remaining as at present—our profits would double, and the effect on the dividend-earning capacity of the company would be very great indeed, having regard to the fact that our share capital is only £224,000. Taking yesterday's price of gold in the London market, the premium should, however, work out at a very much higher figure than 2s. 6d. per ton crushed. At present the life of our mine is estimated to be 25 years or more, but with the gold premium it would become greatly extended.

IMPROVED PROSPECTS FOR CURRENT YEAR.

We look forward to the current year with a good deal of confidence. The company is now definitely established on a steady and progressive profit-earning basis, the ore reserve position is sound, the mine is developing well, and the financial position has been satisfactorily consolidated. In these days one is always reluctant to indulge in any predictions, but it seems reasonably safe to express the expectation that in the absence of any unforeseen factor the company during the forthcoming year will be in a position of considering the resumption of dividends.

Mr F. H. Hamilton, in seconding the adoption of the accounts, dealt in detail with the advantages of South Africa going off the gold standard.

Speaking at the meeting of Luipaards Vlei Estate and Gold Mining Company, held at Winchester House on December 2nd, Mr. E. Turk, the chairman, stated that the report and accounts showed substantial progress, the results constituting a record in the company's history, both in regard to tonnage of ore treated and revenue and profit obtained. The Chairman added that they looked forward to the current year with confidence, and hoped that in the absence of any unforeseen factor in the coming year they will be in a position of considering the resumption of dividends.

The report and accounts were unanimously adopted, and the proceedings closed with a vote of thanks to the chairman, directors, and the managers and staff in South Africa.

THE CONSOLIDATED GOLD FIELDS OF SOUTH AFRICA.

EFFECTS OF GENERAL DEPRESSION.

LORD BRABOURNE'S SPEECH.

The ordinary general meeting of the Consolidated Gold Fields of South Africa, Limited, was held, on the 3rd instant, at River Plate House, London, E.C.

Lord Brabourne (the chairman of the company), who presided, and moved the adoption of the report and accounts, said that the temporary postponement of the payment of the dividend on the second preference shares due on October 1st last must have prepared shareholders for a disappointing report. The steady downward trend of prices of all commodities, and the absence of any kind of encouragement to the stock markets, had continued throughout the company's financial year, and nothing short of a miracle could have averted the necessity of a heavy writing down of the great majority of the holdings—the sole cause of the unsatisfactory showing now made. Nearly every company had the same tale to tell, but political and other events of the last three months gave reason to hope that the beginning of the turn of the tide was discernible. The fly in their ointment was the very large figure of £713,225, which had had to be written off as a reserve for depreciation, a large part of which would be recovered as soon as general conditions improved. There was the whole story of the past year summed up in the one word "depreciation," but for the necessity of providing for that the profits earned would have justified payment of a satisfactory dividend.

The accounts of the old company might be disposed of in a very few words. The failure of the New Consolidated Gold Fields the operating company, to make a distribution on its ordinary shares had reduced the dividend item by £180,584; therefore after providing for both classes of preference shares, there remained a balance of £59,114, which was sufficient to allow the payment of a dividend on the ordinary shares and had been carried forward. The question would be asked why in view of the balance of £59,000 and of £32,000 in the New Company, and a reserve of £200,000, there should have been hesitation as to the payment of the second preference dividend, which required only £30,000, on October 1st. The answer was that the board were bound not to jeopardise the payment of the dividend on January 1st on the first preference shares. After that had been paid they would expect to clear off the arrears of the second preference dividend so soon as the general recovery which now seemed to be near was an actuality, and not merely a hope.

SOUTH AFRICA AND AUSTRALIA.

Having commented on the satisfactory position disclosed by the company's chief South African gold-mining interests, including Simmer and Jack, Robinson Deep, Sub Nigel and Consolidated Main Reef, the chairman said shareholders should understand that so long as the South African Government succeeded in its struggle to adhere to the gold standard, shareholders resident in Great Britain would receive an addition to future dividends on South African mining shares according to the rate of exchange ruling at the date of remittance. If, however, as all gold producers hoped would be the case, the South African Government found it was unavoidable to link its currency to sterling, it was estimated that the devaluation would be equivalent to an average reduction of two shillings a ton in working costs, and would enable vast

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31.12.30)
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

quantities of low-grade ore to be worked and so prolong the life of the Rand gold industry by many years.

Dealing with Australian interests, he said that while they had been greatly disappointed that operations on the Wiluna property since the plant started up had not turned out as satisfactory as anticipated, the board still had complete confidence that the enterprise would fulfil all that had been claimed for it. This company, as well as the Lake View and Star, in which they were also interested, in addition to their normal mining profit received a very important increment from the exchange premium of about 20½ per cent., the increase in the price of gold, the result of England's abandonment of the gold standard, and the gold bounty payable by the Australian Government.

They had acquired a further interest in Australian mining, viz., in the Gold Mines of Australia, Limited, which had recently exercised an option held on the Mount Coolon and Native Bear properties in Queensland. The recoverable value of the ore exposed there to date was confidently stated to be more than sufficient to cover the purchase price of the properties, the amount spent to date on their development, and the equipment of the mines with a plant capable of treating up to 200 tons per day. The outlook for further extension of the main ore body in depth and in length was regarded as very promising.

THE SILVER QUESTION.

The Mexican Corporation, dependent as it was on the prices obtainable for zinc, lead, copper and silver, had naturally been one of the chief sufferers from the long continued and, until recently, daily accentuated depression. Last year he expressed the belief that the fall in the price of silver was one of the chief causes of the world-wide trade depression, owing to the insufficiency of gold to meet the world's credit needs, and to the halving of the purchasing power of 700,000,000 Indians and Chinese. He was glad to note that the great majority of practical business men had come to the conclusion that something must be done to increase the purchasing power of silver-using and hoarding countries, and to diminish the world's dependence on the supply of gold, three quarters of which was sterilised in French and American hands. It had been stated that the remonetisation of silver on a 20 to 1 basis would increase India's savings by £600,000,000, and those of China by an incalculable amount. If Great Britain, India and the United States would co-operate to stabilise the price of silver, the benefit to the trade of the world would be immense, and at the same time in the judgment of many of those best qualified to express their opinions one of the fundamental causes of political unrest in the Far East would be removed.

Generally, he thought that they had weathered the storm, and now that the Country had the benefit of a Government not hostile but sympathetic to the development of British trade and industry they might look to the future with some confidence.

The report and accounts were unanimously adopted.

THE CHARTERHOUSE INVESTMENT TRUST, LIMITED.

AN OFFER TO THE SHAREHOLDERS.

The sixth annual general meeting of the Charterhouse Investment Trust, Limited, was held, on the 27th ultimo, at Southern House, London.

Sir Arthur Marshall, the Chairman, said that the report and accounts reflected a deliberate policy of the board in strengthening the financial position of the Trust. Dealing with the entry "Quoted Stocks and Shares in Subsidiary Companies as defined by Section 127 of the Companies Act, 1929," the Chairman said that they still retained, as part of their policy, the holding of Monument Property Trust, whose shares were quoted at a figure in excess of book value and formed a valuable asset. The other holding under that heading was in Associated British Maltsters. Describing how that undertaking had come into being through the purchase by the Trust in 1928 of the whole of the ordinary capital of the by the Trust in 1928 of the whole of the ordinary capital of the sub-fine old business of Gilstrap, Earp and Company, and the subsequent acquisition and amalgamation with four other first-class malting concerns, the Chairman explained the intention of the Trust in connection with their holding of ordinary shares in that company, which represented control of the largest undertaking of its kind in the country, had been to dispose of the holding either as control, or to the investing public, a course which at that time had appeared practicable.

The general collapse had rendered neither course practicable, and the Trust, while retaining the shares, had co-operated with the management of the merger, which in the three financial years since September 1, 1928, had shown profits of £114,938, £133,883 and £138,216 respectively, and had paid a dividend for each year of 15 per cent.

At the same time, the board did not regard it as the Trust's normal business to have so large a proportion of its funds employed in any one security as a long-term investment. They felt also that by disposing of a part of this holding, the funds so released could be used to advantage in the expected approaching revival of new issue activity. The board had, therefore, decided to offer to shareholders of the Charterhouse Investment Trust 500,000 of the Trust's holding of ordinary shares in Associated British Maltsters at 7s. each on the basis of one share in respect of each two Charterhouse shares held.

The report and accounts were adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended November 28, 1931, amounted to £6,916,300 against ordinary expenditure of £8,696,900. After allocating £190,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £60,643, the operations for the week, as shown below, increased the National Debt by £1,910,000 to £7,729,974,000:—

(000's omitted.)

Treasury Bills	+ 11,970	Public Department Advances	9,050
Nat. Savings Certificates	+ 50	Nat. Debt Commissioners	290
		Road Fund	370
		P.O. and Telegraph Money	400
	+ 12,020		—10,110

A complete analysis of the National Debt at September 30, 1931, was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Nov. 28, 1931.	April 1, 1930, to Nov. 29, 1930.	Week ended Nov. 28, 1931.	Week ended Nov. 29, 1930.
ORDINARY REVENUE.	£	£	£	£	£
Inland Revenue—					
Income Tax	272,000,000	68,207,000	74,159,000	1,063,000	678,000
Sur-tax, including Arrears of Super-Tax	73,000,000	18,600,000	15,970,000	—370,000	200,000
Estate, &c., Duties	83,000,000	43,220,000	54,540,000	—1,500,000	1,470,000
Stamp	20,000,000	8,470,000	10,610,000	20,000	450,000
Excess Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	180,000	160,000	...	...
Total Inland Revenue ...	451,000,000	138,677,000	155,439,000	2,953,000	2,798,000
Customs and Excise—					
Customs	131,770,000	88,830,000	80,685,000	3,191,000	2,289,000
Excise	121,230,000	79,188,000	84,200,000	1,288,000	1,400,000
Total Customs and Excise ...	253,000,000	168,018,000	164,885,000	4,479,000	3,689,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,734,000	1,749,298	—125,000	111,000
Post Office (Net Receipts)	12,200,000	9,650,000	8,900,000	Dr 100,000	Dr 300,000
Crown Lands	1,300,000	980,000	1,010,000	120,000	110,000
Receipts from Sundry Loans	15,400,000	12,229,890	22,975,144	...	...
Miscellaneous Receipts	42,800,000	11,774,106	20,021,809	239,335	90,514
Appropriation from Rating Relief Suspense Account ...	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	346,962,996	390,980,251	6,916,335	6,498,514
SELF-BALANCING REVENUE.					
Post Office	58,232,000	36,850,000	37,500,000	2,100,000	1,400,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	8,442,000	8,714,702	...	...
Total Self-Balancing Revenue	81,582,000	45,292,000	46,214,702	2,100,000	1,400,000
Total		392,254,996	437,194,953	9,016,335	7,898,514

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Nov. 28, 1931.	April 1, 1930, to Nov. 29, 1930.	Week ended Nov. 28, 1931.	Week ended Nov. 29, 1930.
ORDINARY EXPENDITURE.	£	£	£	£	£
Interest and Management of National Debt	289,400,000	194,674,725	186,454,669	997,835	1,628,681
Payments to Northern Ireland	6,350,000	3,455,218	3,507,147	201,786	215,765
Other Consolidated Fund Services	3,000,000	1,781,318	1,582,603	15,009	11,261
Total	298,750,000	199,911,261	191,544,419	1,214,630	1,855,707
Total Supply Services (excluding Post Office)	451,829,000	275,151,592	276,582,467	7,482,288	7,555,000
Total ordinary expenditure ...	750,579,000	475,062,853	468,126,886	8,696,918	9,410,707
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	36,850,000	37,500,000	2,100,000	1,400,000
Road Fund	23,350,000	8,442,000	8,714,702	...	...
Total Self-Balancing Expenditure	81,582,000	45,292,000	46,214,702	2,100,000	1,400,000
Total Ordinary and Self-Balancing Expenditure ...	832,161,000	520,354,853	514,341,588	10,796,918	10,810,707
New Sinking Fund (1928)	32,600,000	22,084,803	29,206,599	190,000	490,000
Total, including New Sinking Fund		542,439,656	543,548,187	10,986,918	11,300,707

The aggregate revenue and expenditure to November 28th, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO NOVEMBER 28TH.

(000's omitted.)

	£	Revenue	£
Expenditure	475,063	Revenue	346,963
New Sinking Fund	22,084	Decreases in balances	3,211
		Net amount borrowed	146,973
	497,147		497,147

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Nov. 29, '30.	Mar. 31, '31.	Nov. 28, '31.	Nov. 28, '31. week ended
Advances by Bank of England	£	£	£	£
Advances by Public Departments	24,350,000	24,500,000	32,050,000	9,050,000
Treasury Bills outstanding	681,700,000	569,825,000	637,770,000*	11,980,000
Total Floating Debt	706,050,000	594,325,000	669,820,000	+ 2,930,000

* Includes £17,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on November 27, 1931, and the total amount applied for was £53,195,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £98 12s. 1d., about 96 per cent., and above in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931	£	£	£ s. d.
November 6	40,000,000	55,340,000	5 10 8.47
November 13	40,000,000	59,160,000	5 10 0.35
November 20	45,000,000	60,645,000	5 11 11.03
November 27	45,000,000	53,195,000	5 11 6.27

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

ASSETS - - - - - £29,046,500

CLAIMS PAID - - - - - £26,933,000

Accidents and Illness.
Employers' Liability. Fidelity Guarantees.
Burglary, Fire, Motor Cars. Public Liability.
Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts.
Executors and Trusteeships.

Head Office: 38-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, December 2, 1931.

ISSUE DEPARTMENT.

Notes issued:—	£	Government Debt	£
In Circulation	358,457,650	Other Government Securities	245,309,382
In Banking Department	37,253,475	Other Securities	14,623,990
		Silver Coin	4,051,528
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,711,125
	£395,711,125		£395,711,125

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Rest	14,553,000	Other Securities	70,015,906
Public Deposits*	3,287,692	Discounts and Advances	£12,344,094
Other Deposits	8,593,824	Securities	31,406,850
Bankers	86,176,003	Notes	43,750,944
Other Accounts	39,296,419	Gold and Silver Coin	37,253,475
	125,472,422		888,219
7-Day and other Bills	1,606		
	£151,908,544		£151,908,544

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

Both Departments.	Amount, Dec. 2, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£	£	£
Public deposits	358,457,650	+ 4,056,771	+ 761,043
Bankers' deposits	8,593,824	+ 18,439,912	+ 750,585
Other deposits	86,176,003	+ 26,331,565	+ 4,317,762
Seven-day bills	39,296,419	+ 1,156,253	+ 8,069,147
Total, outside liabilities	1,606	+ 136	+ 158
Capital and rest	492,525,502	+ 13,104,813	+ 9,376,293
	17,840,692	+ 65,097	+ 4,232
Government debt and securities	326,340,388	+ 14,955,802	+ 23,316,296
Discounts and advances	12,344,094	+ 354,099	+ 7,737,832
Other securities	46,030,840	+ 1,348,623	+ 12,762,747
Silver coin in issue department	4,051,528	+ 1,748	+ 415,364
Coin and bullion (bank's reserve)	121,599,344	+ 84,918	+ 34,031,450
Reserve of notes and coin in banking department	38,141,694	+ 4,141,689	+ 18,270,407
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	28 1/2 %	— 5 1/2 %	— 16 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	24 1/2 %	— 4 %	— 71 %

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	£	£	£	£	£	£	%
Oct. 21	410,674	355,231	19,094	60,515	52,777	Nil	6
Nov. 4	410,677	355,031	17,257	61,478	52,645	Nil	6
Nov. 11	395,690	358,857	19,877	60,936	52,609	14,999	out
Nov. 18	395,698	357,195	19,143	60,461	52,343	Nil	6
Nov. 25	395,704	354,615	21,213	59,662	52,343	Nil	6
Dec. 2	395,710	354,401	27,034	59,844	52,343	Nil	6
	395,711	58,458	8,594	86,176	39,296	Nil	6

(000's omitted.)									
Date.	Issue Department.		Both Depts.		Banking Department.				
	Govt. Debt and Securities.	Other Securities.	Gold Coin & Bullion and Reserve Ratio.		Govt. Securities.	Dis- counts & Ad- vances.	Other Securities.	Reserve & the " Pro- portion."	
1931.	£	£	£	%	£	£	£	£	%
Oct. 21	251,599	19,371	137,035	28 1/2	53,801	10,422	29,047	56,804	42 1/2
Nov. 4	254,529	16,430	136,937	27 1/2	50,536	10,548	34,063	55,906	41 1/2
Nov. 11	251,288	19,671	121,909	25 1/2	57,826	10,751	32,090	38,052	31 1/2
Nov. 18	254,945	16,001	121,837	25 1/2	54,996	11,677	29,356	39,641	33 1/2
Nov. 25	254,242	16,720	121,156	25 1/2	51,006	12,068	31,000	42,156	35 1/2
Dec. 2	254,804	16,147	121,684	25 1/2	56,581	12,698	31,233	42,283	35 1/2
	256,324	14,624	121,599	24 1/2	70,016	12,344	31,407	38,142	28 1/2

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.	£	£	£	£
January 1 to November 18	29,115,745	1,486,459	2,445,382	33,047,586
Week ended November 25	412,490	28,592	46,387	489,469
Week ended December 2	512,135	29,098	48,972	589,205
Total to date, 1931	30,040,370	1,544,149	2,540,741	34,125,260
Total to date, 1930	36,212,675	1,679,015	2,747,749	40,639,439
Increase or decrease in 1931	-6,172,305	-134,866	-207,008	-6,514,179
	-17.0 %	-8.0 %	-7.5 %	-16.0 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do, 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2.9 %	-3.7 %	-3.7 %	-2.9 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended November 28.		Month of November.		Inc. or Dec.	Aggregate Totals, January 1 to November 28.	
	1930.	1931.	1930.	1931.		1930.	1931.
Number of working days	25	25	25	25			
BIRMINGHAM	£ 2,061	£ 1,613	£ 9,662	£ 8,546	- 13.6	£ 111,184	£ 100,600
BRADFORD	972	1,156	3,205	3,355	+ 4.6	40,051	34,384
BRISTOL	1,020	997	4,520	4,563	+ 0.9	52,660	52,330
DUBLIN	4,611	3,909	3,000	2,915	- 2.8	229,631	229,480
LIVERPOOL	635	706	3,658	3,331	- 8.9	37,139	33,600
LEICESTER	543	506	2,898	2,628	- 9.3	43,032	39,480
LIVERPOOL	5,144	4,620	25,978	23,619	- 9.0	300,141	258,217
MANCHESTER	8,584	7,991	40,016	38,352	- 4.1	490,331	424,140
NEWCASTLE	1,311	1,110	5,972	5,044	- 15.5	65,883	58,832
NOTTINGHAM	425	369	2,296	1,799	- 21.6	27,524	20,566
SHEFFIELD	615	475	3,343	2,870	- 14.1	41,377	34,535
Total	26,678	24,217	104,548	96,822	- 7.3	1,471,931	1,314,991

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; National Bank of Egypt, Denmark, and Bank for International Settlements in November 14; Canada, Lithuania, Danzig, Czechoslovakia, Roumania, in November 28.

	U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).	
	Dec. 4, 1930.	Nov. 12, 1931.
RESOURCES.		
Total gold reserve	3,007,490	2,826,680
Total bills discounted	250,930	683,780
Total U.S. Govt. securities	602,190	596,750
Total bills and securities	1,078,410	1,270,530
Total resources	4,953,740	5,704,200
LIABILITIES.		
Federal Reserve notes in actual circulation	1,450,900	2,449,960
Deposits—Memberbank—reserve account	2,423,930	2,098,530
Total deposits	2,492,270	2,333,350
Capital paid in and surplus	4,953,740	439,080
Total liabilities	4,953,740	5,704,200
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	79.8 %	62.5 %

	NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).	
	Dec. 4, 1930.	Nov. 12, 1931.
RESOURCES.		
Total gold reserves	1,054,770	975,040
Total bills discounted	46,960	116,200
Total U.S. Govt. securities	68,670	163,770
Total bills and securities	192,370	241,990
Deposits—Memberbank—reserve account	312,250	537,140
Total liabilities	1,013,240	903,180
Ratio of total res. to dep. and Federal Res. note liabilities combined	83.4 %	68.8 %

FEDERAL RESERVE MEMBER BANKS.

In \$'s (000,000's omitted).

	Nov. 19, 1930.	Oct. 21, 1931.	Oct. 28, 1931.	Nov. 4, 1931.	Nov. 11, 1931.	Nov. 18, 1931.
ASSETS.						
Gold coin and bullion	16,690	13,541	13,521	13,510	13,421	13,442
Subsidiary coin	6,804	7,748	7,700	7,637	7,612	7,560
Time deposits	13,974	12,521	12,449	12,343	12,287	12,279
Due from banks	7,486	6,418	6,358	6,297	6,256	6,241
Due to banks	1,658	1,039	981	1,043	1,057	1,020
Federal reserve borrowings	3,499	2,624	2,528	2,654	2,626	2,543
	62	451	453	428	411	385

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Nov. 7, 1930.	Oct. 9, 1931.	Oct. 16, 1931.	Oct. 23, 1931.	Oct. 30, 1931.	Nov. 6, 1931.
ASSETS.						
Gold coin and bullion	6,532	8,036	8,843	6,729	6,189	6,072
Subsidiary coin	196	380	388	392	386	383
Bills discounted	6,676	2,401	2,802	4,139	4,570	4,533
Investments	659	1,785	1,609	1,459	1,626	1,445
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	802	802	802	802	802
Notes in circulation	7,763	7,415	6,803	6,679	8,340	7,842
Government deposits	1,557	1,226	1,708	2,147	1,986	1,319
Bankers' deposits	4,451	4,267	4,271	4,342	4,300	4,461
Ratio of cash reserves to liabilities to public	47.5 %	60.8 %	55 %	51 %	44.2 %	45.7 %

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

	Nov. 7, 1930.	Oct. 16, 1931.	Oct. 23, 1931.	Oct. 30, 1931.	Nov. 6, 1931.
ASSETS.					
Total securities	28,64,34	33,16,12	32,54,85	31,94,95	32,24,77
Loans	16,22,05	10,32,36	9,55,67	8,92,18	8,91,61
Cash credits	26,98,12	24,20,75	24,91,02	23,72,47	23,80,65
Inland bills	1,59,27	32,58	41,14	5,00,42	4,77,14
Foreign bills	2,78,64	2,73,48	2,73,58	2,73,97	2,71,16
Dead stock	19,25	4,42	21,47	44,93	9,97
Bal. with other banks	24,44,82	8,18,34	9,23,08	11,69,26	8,19,10
Cash	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
LIABILITIES.					
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,37,50	71,02,06	71,13,28	72,62,26	70,73,09
Total deposits	89,61,43	87	837	845	808
The above includes—					
Deposits in London	6,927	850	844	801	809
Advances in London	6,840				
Cash, &c., at other banks in London	144	35	163	340	76

BANK OF FRANCE.—In francs (000's omitted).

	Nov. 28, 1930.	Nov. 6, 1931.	Nov. 13, 1931.	Nov. 20, 1931.	Nov
--	----------------	---------------	----------------	----------------	-----

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

ASSETS.	Oct. 31, 1931.	Nov. 8, 1931.	Nov. 15, 1931.	Nov. 22, 1931.
Cash reserve:—				
Gold at home and abroad.....	1,756,674	1,756,693	1,756,864	1,757,232
Foreign exchange.....	569,315	531,702	429,044	371,496
Other foreign exchange.....	87,435	92,617	88,317	91,218
Bills and advances against security.....	2,087,765	2,096,569	2,126,551	2,122,921
Government advances.....	1,824,529	1,824,529	1,824,458	1,824,627
LIABILITIES.				
Notes in circulation.....	5,301,657	5,301,316	5,210,852	5,077,527
Sight deposits.....	870,579	849,788	665,357	648,534

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

ASSETS.	Nov. 23, 1930.	Oct. 23, 1931.	Nov. 7, 1931.	Nov. 15, 1931.
Gold and silver holdings.....	1,447,566	1,509,892	1,510,242	1,510,431
Balances abroad and foreign currencies.....	1,147,147	416,171	455,223	486,002
Discounts and advances.....	679,184	811,772	812,871	808,829
Advances to the Treasury.....	3,265,370	3,029,989	3,029,989	3,030,573
LIABILITIES.				
Capital paid up.....	500,000	500,000	500,000	500,000
Reserves.....	1,214,409	1,184,534	1,184,422	1,184,325
Bank notes in circulation.....	3,670,302	3,286,254	3,184,805	3,176,362
Sight liabilities.....	1,398,494	1,150,729	1,274,262	1,375,053
Deposits.....	274,876	251,528	251,245	246,405

BANK OF GREECE.—In drachma (000's omitted).

ASSETS.	Nov. 23, 1930.	Oct. 31, 1931.	Nov. 7, 1931.	Nov. 15, 1931.	Nov. 23, 1931.
Gold.....	527,445	868,534	868,387	868,446	868,460
Gold exchange.....	3,360,993	1,709,828	1,625,012	1,653,218	1,565,424
Other foreign exchange.....	3,317	3,600	2,968	2,891	6,097
Bills discounted.....	138,178	160,701	161,823	165,736	163,113
Advances.....	173,084	282,481	291,052	364,241	362,518
Debt to the State.....	3,388,763	3,148,042	3,128,042	3,128,042	3,128,042
LIABILITIES.					
Capital paid up.....	400,000	400,000	400,000	400,000	400,000
Notes in circulation.....	4,897,782	4,296,645	4,244,103	4,153,093	4,039,908
Deposits and current accounts.....	1,782,766	761,668	720,301	943,238	899,764
Foreign exchange liabilities.....	668,661	200,662	235,514	204,369	209,019

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Nov. 20, 1930.	Oct. 20, 1931.	Oct. 31, 1931.	Nov. 10, 1931.	Nov. 20, 1931.
Gold.....	562,034	585,009	594,014	595,826	595,851
Of which held abroad.....	77,396	98,640	107,627	109,422	109,422
Foreign currencies.....	424,599	213,146	209,850	212,179	210,252
Bills discounted.....	666,802	621,462	652,147	623,792	620,812
Loans against securities.....	87,091	126,102	126,787	127,017	127,451
Reserve fund securities.....	66,396	53,121	53,121	93,100	93,100
LIABILITIES.					
Share capital.....	150,000	150,000	150,000	150,000	150,000
Reserve funds.....	110,000	114,000	114,000	114,000	114,000
Notes in circulation.....	1,251,287	1,153,547	1,254,025	1,176,794	1,126,290
Current accounts.....	291,256	236,770	246,606	218,594	263,579

* As from October 27, 1927, 8-91 zlotys equals 1 U.S. dollar.

RUSSIAN STATE BANK.—Note-Issuing Department.

(In Tchervonetz—000's omitted.) (NOTE: 1 Tchervonetz = 10 gold roubles.)

ASSETS.	Dec. 1, 1930.	Sept. 1, 1931.	Oct. 1, 1931.	Nov. 1, 1931.	Dec. 1, 1931.
Gold in coin and bullion.....	47,407	54,416	56,931	60,025	61,257
Other precious metals.....	2,472	2,347	2,238	2,226	2,224
Foreign currency.....	4,188	5,016	5,030	4,617	4,605
Drafts in foreign currency.....	284	228	229	191	163
Collateral for short-term loans.....	153,649	180,993	188,572	195,441	200,252
LIABILITIES.					
Bank notes transferred to State Bank.....	208,012	240,346	252,715	259,633	267,321
Balance to which notes may still be issued.....	988	2,654	285	287	11,788

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Nov. 23, 1930.	Oct. 31, 1931.	Nov. 7, 1931.	Nov. 15, 1931.	Nov. 23, 1931.
Gold coin and bullion.....	6,540	6,549	6,550	6,550	6,557
Net foreign exchange.....	17,428	15,927	15,624	15,208	14,762
Subsidiary Estonian coin.....	1,505	1,617	1,669	1,719	1,581
Home bills discounted.....	13,904	10,540	10,351	10,575	10,407
Loans and advances.....	11,856	13,018	11,864	11,753	11,777
Thereof loans to Government.....	...	2,300	1,800	1,800	1,800
LIABILITIES.					
Notes in circulation.....	34,447	38,094	36,853	36,453	38,283
Sight deposits and current liabilities.....	14,090	10,735	10,315	10,276	8,499
Ratio of reserve to current liabilities.....	49.38%	46.03%	47.01%	46.56%	45.56%

* Includes Ekr. 4,381,042-55 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Nov. 26, 1930.	Oct. 26, 1931.	Nov. 2, 1931.	Nov. 9, 1931.	Nov. 16, 1931.	Nov. 23, 1931.
Gold bullion and coins.....	24,061	31,530	31,533	31,536	31,537	31,539
Silver coin.....	6,172	10,200	12,858	12,717	12,534	12,473
Balance abroad.....	38,595	13,514	13,777	13,383	13,299	13,221
Treas. notes and sm. change.....	11,286	10,138	9,272	80,224	11,277	12,096
Short term bills.....	87,210	81,206	81,272	80,224	79,971	79,397
Loans against securities.....	61,338	59,265	59,282	59,098	59,056	59,035
Other assets.....	18,124	17,440	17,410	17,366	17,067	17,025
LIABILITIES.						
Notes in circulation.....	49,647	42,436	42,969	41,813	40,936	40,323
Capital paid up.....	18,735	19,676	19,676	19,676	19,676	19,676
Reserve.....	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve.....	3,500	3,500	3,500	3,500	3,500	3,500
Deposits.....	19,702	18,674	18,503	18,303	18,255	18,084
Current accounts.....	53,536	66,551	66,356	67,408	68,558	68,558
Government accounts.....	85,035	58,464	60,174	60,144	60,139	59,885
Other liabilities.....	11,882	9,363	9,491	9,373	9,356	9,751

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position June 30, 1914.	Nov. 8, 1930.	Oct. 17, 1931.	Oct. 24, 1931.	Oct. 31, 1931.	Nov. 7, 1931.
Gold coin and bullion.....	221,320	824,175	760,613	715,920	686,364	648,809
Other coin and bullion.....	...	59,769	67,039	67,069	66,785	66,579
Discounts.....	41,740	664,594	631,966	632,81	675,392	669,348
Advances.....	70,540	85,252	56,022	56,025	56,923	56,356
LIABILITIES.						
Notes.....	362,270	1,043,679	979,397	1,010,797	1,093,170	974,513
Govt. deposits.....	87,340	541,387	439,866	404,518	381,985	448,354
Other deposits.....	11,440	176,869	136,858	91,412	76,801	76,072

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	Oct. 31, 1930.	Oct. 9, 1931.	Oct. 16, 1931.	Oct. 23, 1931.	Oct. 30, 1931.
Gold at home.....	61,563	66,664	66,683	66,711	66,721
Gold abroad.....	331,800	128,338	129,265	127,837	128,747
Discounts and advances.....	44,058	94,576	87,595	70,171	81,809
LIABILITIES.					
Notes of the bank in circulation.....	303,818	300,448	296,439	295,252	300,759
Deposits.....	48,966	89,180	93,507	73,075	84,719
Paid-up capital.....	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	Nov. 26, 1931.	Nov. 27, 1931.	Nov. 28, 1931.	Nov. 30, 1931.	Dec. 1, 1931.	Dec. 2, 1931.	Dec. 3, 1931.
Bank rate (changed from 4½% Sept. 21, 1931).....	6%	6%	6%	6%	6%	6%	6%
Market rates of discount:							
60 days' bankers' drafts.....	5½	5½-½	5½-½	5½-½	5½-½	5½-½	5½
3 months' do.....	5½-½	5½-½	5½-½	5½-½	5½-½	5½-½	5½
4 months' do.....	5½-½	5½-½	5½-½	5½-½	5½-½	5½-½	5½-½
6 months' do.....	6-½	6-½	6-½	6-½	6-½	6-½	6-½
Discount Treasury Bills—							
2 months'.....	5½-½	5½-½	5½-½	5½-½	5½-½	5½-½	5½
3 months'.....	5½-½	5½-½	5½-½	5½-½	5½-½	5½-½	5½
Loans—Day-to-day.....	5-½	4½-½	4½-½	4½-½	4½-½	4½-½	4½
Short.....	5-½	4½-½	4½-½	4½-½	4½-½	4½-½	4½
Deposit allowances: Bank.....	5-½	5-½	5-½	5-½	5-½	5-½	5-½
Discount houses at call.....	4½	4½	4½	4½	4½	4½	4½
At notice.....	4½	4½	4½	4½	4½	4½	4½

Comparison with previous week—

Previous week									
		Short Loans.	Bank Bills.			Trade Bills.			
			3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.	
1931.	%	%	%	%	%	%	%	%	
Nov. 12	5%	5½	5½-6	5½-6	6-6½	6	6½	7	
" 19	5-5½	5½	5½-6	5½-6	6-6½	6	6½	7	
" 26	5-5½	5½	5½-6	5½-6	6-6½	6	6½	7	
Dec. 3	4½	5½	5½-6	5½-6	6-6½	6	6½	7	

RATES OF EXCHANGE.

At 4 p.m.

London on		Usance.	Par.	Dec. 3, 1930.	Nov. 26, 1931.	Dec. 3, 1931.
New York	dollars to £1	Cable	4.86½	4.85½-½	3.59½-½	3.57½-½
Montreal	dollars to £1	Cable	4.86½	4.85½-½	4.13-½	3.91-3½
Paris	francs to £1	T.T.	124.21	123.54-56	91½-92	86-86½
Berlin	marks to £1	T.T.	20.43	35½-36½	15½-16	14½-15
Amsterdam	florins to £1	T.T.	12.107	12.06½-8	8½-9.00	8½-8½
Brussels	belgas to £1	T.T.	35.00	34.79½-80	25½-26	24½-24
Milan	lire to £1	T.T.	92.46	92.65-67	70-70½	65½-65½
Zurich	francs to £1	T.T.	25.22½	25.06-06½	18½-19	17½-17
Oslo	kroner to £1	T.T.	18.159	18.15½-16	18½-19	18½-18
Stockholm	kronor to £1	T.T.	18.159	18.09½-10	18½-19	18½-18
Copenhagen	kroner to £1	T.T.	18.159	18.15½-16	18½-19	18½-18
Madrid	pesetas to £1	T.T.	25.22½	43.55-65	42½-43	40½-40
Lisbon	escudo to £1	T.T.	110	108½-110	109½-110½	109½-110½
Vienna	schillgs. to £1	T.T.	34.58½	34.48-50	29½	29½
Prague	kroner to £1	T.T.	164½	163½-164	121-123	112½-114
Belgrade	dinars to £1	T.T.	275.316	274½-1	190-210	180-190
Budapest	pengo to £1	T.T.	27.82	27.76-79	25½	25½
Bucharest	lei to £1	T.T.	813.6	817-819	600-620	560-580
Sofia	leva to £1	T.T.	673.659	668-673	500-550	470½
Athens	drachma to £1	T.T.	375	374½-375½	265-290	250-275
Constantinople	piastres to £1	T.T.	110	102½ sellers	7501	685½
Moscow	roubles to £1	T.T.	9.46	9.427-9.446	7.15½-17½	6.82-6.85
Warsaw	zloty to £1	T.T.	43.38	43½-44	31-34	29½-30½
Helsingfors	F. marks to £1	T.T.	193.23	192½-193	194½	194½
Kovno	litas to £1	T.T.	48.66	48½-49	37-40	32-36
Reval	kron to £1	T.T.	18.159	18.20-27	13½-14½	11½-13½
Riga	lata to £1	T.T.	25.22½	25.18-28	18½-21	16-19
Alexandria	piastres to £1	Sight	97½	97½-98	97½-98	97½-98
Buenos Aires	pence to peso	T.T.	47.62d.	38½-1	38½-1	40½-1
Rio de Janeiro	pence to peso	90 days	5.899	4½-½	3½-4½	4-4½
Montevideo	pence to peso	T.T.	51	38½-1	38½-1	31-32½
Valparaiso	pence to peso	90 days	40	39-69	30-20	28-00
Lima	soles to £1	90 days	17.5	15.87½	13-05	12-00
Calcutta	pence to rupee	T.T.	18	1½-1½½	1½-1½½	1½-1½½
Bombay	ster. to dollar	T.T.	...	1½-1½½	1½-1½½	1½-1½½
Madras	ster. to dollar	T.T.	...	1½-1½½	1½-1½½	1½-1½½
Hong Kong	ster. to dollar	T.T.	...	1½-1½½	1½-1½½	1½-1½½
Shanghai	ster. to dollar	T.T.	...	1½-1½½	1½-1½½	1½-1½½
Singapore	ster. to dollar	T.T.	24.4d.	2½-2½½	2½-2½½	2½-2½½
Kobe	ster. to yen	T.T.	24.582d.	2½-2½½	2½-2½½	2½-2½½
Manila	ster. to peso	T.T.	24.066d.	2½-2½½	2½-2½½	2½-2½½
Mexico	pesos to £	T.T.	9.76	10.60-80	9.00-50	8½-9
Siam	ster. to baht.	T.T.	21.82d.	1½-1½½	1½-1½½	1½-1½½

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver— Per Ounce.		Date.	Silver. Cash
		Cash	Forward		
1931.	s. d.	d.	d.		d.
Nov. 27.....	115 0	19½	19½	Dec. 4, 1925	32½
" 28.....	116 6	19½	19½	" 3, 1926	24½
" 30.....	117 11	18½	19	" 2, 1927	26½
Dec. 1.....	125 0	19½	19½	" 6, 1928	26½
" 2.....	126 7	19½	19½	" 5, 1929	22½
" 3.....	122 3	19½	19½	" 4, 1930	16

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. • Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
BANKS.					
Bank of New South Wales	6/- p.a.*	...	...	% 8	%
Bank of Nova Scotia	4%*	...	Quarterly	...	...
Imperial Bank of Persia	4/- p.a.*	Jan. 21	Tax free	...	...
National Bank of New Zealand ..	8%*	Jan. 2	Tax free	...	...
TEA AND RUBBER.					
Deamoolie Tea	7½%*	Dec. 14	...	...	...
Dekhali Tea	5%*	...	Less tax	...	...
Doom Dooma Tea	2½%*	Dec. 17	...	...	10(a)
Eastern Assam Tea	5%*	Dec. 18	Less tax	...	...
James Finlay and Co.	4%*	Dec. 31	...	...	...
Jorehaut Tea	2½%*	Jan. 8	Less tax	...	...
Kanan Devan Hills	2½%*	...	...	...	...
Malaya General	...	Dec. 10	...	2½	5
Rajmal Tea	27½%*	Nov. 25	...	...	...
Rupai Tea	2½%*	Dec. 15	Less tax	...	...
Scottish Tea and Lands	7%†	...	...	12	16
Tara Tea	7½%*	Dec. 15	Less tax	...	...
MINING.					
Ashanti Goldfields	20%*	Dec. 10	...	...	...
Kampong Lanjut Tin Dredging ..	6d. p.a.*	Dec. 16	...	...	...
Kramat Tin Dredging	6d. p.a.*	Dec. 19	...	...	...
OTHER COMPANIES.					
Albert Turner and Co.	...	...	Less tax	5	5
Alex. Pirie and Sons	2½%*	...	...	9	8½
Allsopp	...	...	Tax free	17(b)	17(b)
Ashley Garden Properties ..	11/- p.a.†	...	...	6	11½
Bengal Telephone	...	...	...	10(a)	10(a)
Benskin's Brewery	6½%†	...	...	11½	17½
Bernard Hughes	...	...	Tax free	13(p)	13(p)
Birmingham Rowton Houses ..	...	...	...	1/3 p.a.	11½
British Tabulating Machine ..	...	...	...	8	12
British Tobacco Co. (Australia) ..	...	...	...	4	5
Burma Electric Supply	...	...	...	35	50
Carreras	20%†	...	...	10	...
Cheltenham Original	5%†	...	...	35	50
Cooper and Co.'s Stores	2½%†	...	Less tax	5	5
Daily Mirror Newspapers	3½%*	...	...	...	...
Edinburgh and Dundee Invest-ment ..	5%*	Dec. 31	Less tax	...	...
Foreign Securities Investment ..	...	...	...	2½	2½
Grange Trust	11%*	Dec. 1	Less tax	...	...
Halford Cycle	15%†	...	Less tax	10(f)	10(g)
Hull Brewery	...	...	...	22½	25
Ind. Coops	...	...	...	8	10
International Tea	12%*	...	Less tax	4	10
J. Hey and Co.	...	...	...	6	8
Kia-Ora	3%†	...	...	10½	10½
Leeds Fireclay	...	...	...	5	10
Lloyds Packing Warehouses	...	...	...	25	50
Madame Tussaud's (def.)	...	...	...	14	16
Manbré and Garton	...	...	...	...	...
Malta and Mediterranean Gas ..	5%*	...	Tax free	12½(c)	...
Mappin's Masbro' Old Brewery ..	10%†	...	Less tax	...	...
Marks and Spencer	10%†	...	Less tax	...	...
Methuen and Co.	2½%*	Dec. 5	Less tax	...	...
Morrison and Gibb	6%*	...	...	...	...
Nalder and Collyer's Brewery ..	25%*	Dec. 10	...	...	...
Nelson Financial Trust	2%†	...	...	4	...
Ocean Salvage and Towage	1d. p.a.	...	Tax free	...	...
Peter Walker and Robert Cairn...	5%†	...	...	7½	11
Pinner's Hall (Austin Friars) ..	...	...	...	10	11
Power Gas Corporation	6%†	...	...	15	15
Provincial Laundries	10%†	...	...	15	15
Reckitt and Sons	1/- p.a.*	Dec. 31	Quarterly	...	...
Rhodesia Railways Trust	5%*	Nov. 28	Tax free	10	15
Robert Younger	4%*	...	Tax free	10	15
Sawers	10%*	...	...	17½	20
Scottish Investment Trust	10%*	...	...	...	...
Scribbans and Co.	...	...	Less tax	2½	...
Second Anglo Celtic	1%*	Dec. 1	...	5	7
Second Corporation Inv. Trust ..	2½%*	...	...	20	20
Spicers	10%*	...	...	5	10
Stockholders' Investment Trust ..	...	...	...	12½	10
Strong and Co.	10%†	...	...	13½	10
Stuttford and Co.	...	...	...	17½	18
Sunday Pictorial Newspapers ..	3½%*	...	...	...	...
Tadcaster Tower	...	...	...	...	...
Tate and Lyle	...	...	...	...	...
Tobacco Securities Trust	...	...	...	...	...
Tredegar Iron	2%*	...	Tax free	...	...
Trust Union	4%*	Dec. 15	Less tax	...	...
Twyford	3%*	...	...	...	...
Usher's Wiltshire Brewery	3½%†	...	Less tax	7½	10
W. Butler and Co.	5†	...	...	10 (d)	10(c)
Warwicks and Richardsons	6%†	plus bon	us of 3%	13	...
Wardale Steel (def.)	...	...	...	6	6
William Murray and Co.	...	...	Tax free	10	10

(a) Plus bonus of 6d. p.a. (b) Plus bonus of 3/- p.a.
(c) 2½ per cent. tax free. (d) Plus bonus of 2½ per cent.
(e) Plus bonus of 7 per cent. (f) Plus bonus of 5½ per cent.
(g) Plus bonus of 7½ p.a.

AGAR, CROSS AND COMPANY, LTD.—The directors announce that, as the trading results of the company for the year ending June 30, 1931, had resulted in a loss, no dividend would be payable on the ordinary shares. The half-year's dividends on both classes of preference shares, will, however, be paid as usual on December 31st next. It is proposed to hold the annual meeting on Friday, December 10th, The notice calling the meeting will be posted to shareholders on December 3rd.

THE ASSAM COMPANY, LTD.—The directors have decided, in view of the unsatisfactory condition of the tea industry, not to pay an interim dividend for year 1931.

THE CANADIAN BANK OF COMMERCE.—The board of directors have decided to pay dividends to shareholders on the London register in sterling at the current rate of exchange, instead of at the par of exchange as in the past. During the past year the bank's earnings, naturally, have been reduced by the marked contraction in the activity of all lines of business, and the directors therefore decided it was sound policy to omit the declaration of the bonus of 1 per cent. which of recent years it has been customary to pay to shareholders at this season.

CRÉDIT FONCIER D'ALGERIE ET DE TUNISIE.—An interim dividend of Frs. 16-50 per share has been declared by the board of this bank, payable on or after January 1, 1932, against coupon No. 48. This dividend is in respect of the bank's year ending December 31, 1931, and is the same as declared last year.

THE FORESTAL LAND, TIMBER AND RAILWAYS COMPANY, LTD.—In view of the adverse trading conditions prevailing throughout the current year, it has been decided to postpone consideration of a dividend payment on the ordinary shares until the final results for 1931 are available.

TADCASTER TOWER BREWERY COMPANY, LTD., announces that the net profits for the year ending September 30, 1931, after providing for debenture interest and depreciation, amount to £46,712, as compared with £49,379 for the year ended September 30, 1930, and the available balance, including the amount brought forward from last year to £61,642. Whilst the net profit would have warranted the payment of a total dividend upon the ordinary shares equivalent to that for the preceding year (12½ per cent.), the directors, in view of the decline in the company's trade since the imposition of the increased beer duty have come to the conclusion that it is in the best interest of the shareholders that the cash resources should be conserved by limiting the ordinary dividend to 10 per cent. for the year and carrying forward to next account £37,542.

REPORTS AND NOTICES.

The General Investors and Trustees, Ltd., announces the appointment of Mr Eric Davenport, C.A., as a director of the company.

Mr E. H. Blackith having asked to be allowed to retire from the position of London Marine Underwriter to the Phoenix group of companies (Phoenix Assurance Company, Limited, London Guarantee and Accident Company, Limited, and Union Marine and General Insurance Company, Limited), the directors have acceded to his request. The retirement takes effect on December 31st.

To succeed Mr E. H. Blackith, the London Marine Underwriter to the Phoenix group of companies, whose retirement is announced above, the directors of those companies have appointed Mr A. M. Richardson, at present assistant underwriter. The appointment takes effect from January 1, 1932.

RAILWAYS.

MEXICAN RAILWAY COMPANY, LTD.—Gross receipts for half-year to June 30, 1931, amounted to \$5,400,057, as compared with \$6,579,686 for corresponding period of 1930. Receipts from passengers and luggage decreased \$300,252, from express traffic \$52,427, from goods traffic \$779,561, from import traffic \$373,172, and from national goods traffic \$406,389; sundry earnings were less by \$47,389. From July to September (as advised by telegraph) receipts were \$2,241,800 against \$2,990,000, and expenses \$2,516,000 (\$2,856,000). Average sterling value of peso, at which remittances were received during half-year was 20-16d. against 21-41d. Monetary Law on July 27th made silver peso legal tender in Mexico. Exchange value since ranged from \$16-72 to \$9-02 to £. Credit of indemnity account is £1,620,073. Government's "extraordinary tax on receipts," based on gross receipts of previous year and payable in three instalments before end of present year, imposes burden on company of £124,000. Working of line for nine months (January to September) shows a deficit of \$70,200. The meeting will be held at Winchester House, E.C., December 9th, 2.30.

BANKS.

BANK OF MONTREAL.—Particulars of the annual statement received by cable reveal total assets are \$794,000,000, of which quickly available resources amount to \$417,000,000, equal to 52.11 per cent. of liabilities to the public. Included in the liquid assets are bonds and debentures, value \$236,000,000, gilt-edged securities, the majority of which mature at early dates, and of these, Dominion and provincial securities total \$169,000,000. Current loans in Canada amount to \$291,000,000, and deposits bearing interest a year ago. Profits total \$5,386,379, from which is deducted dividends amounting to \$4,320,000, provision for Dominion taxes of \$610,000, reservations for bank premises \$300,000, leaving a balance of \$156,379, making the total profit and loss carried forward \$1,103,426.

MISCELLANEOUS.

CHRISTMAS GREETINGS BY TELEGRAPH.—Imperial and International Communications Limited announces that reduced rates will be offered to the public between December 14th and January 6th, for overseas telegrams containing Christmas and New Year greetings. These messages always prove popular with the public, and last year a record total of over 120,000 was dealt with by the company. The charges for messages of ten words are extremely moderate, specimen rates being: 2s. 6d. to Eastern Canada, India and Burma, 3s. to South Africa, 4s. to the United States of America, Australia and New Zealand. Telegrams will be accepted

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefee.	Ordinary.					
						Amount.	Rate.				
					Amount.	Rate.					
Banks.											
Bank of London and South America	Sept. 30	181,445	331,898	513,343	...	177,000	5	150,000	186,343	390,472	9
Breweries.											
Benskin's Watford Brewery	Sept. 30	74,881	215,674	290,555	19,500	104,880	11½	58,180	107,995	179,370	17½
Butler (W.) and Co.	Sept. 30	34,921	105,959	140,880	18,000	50,000	12½†	35,000	37,880	121,629	15½
Cheltenham Original Brewery ..	Sept. 30	19,850	66,918	86,768	26,242	18,000	10	13,500	29,026	64,857	12½
Ind. Coops and Company ..	Sept. 30	206,646	260,666	467,312	23,053	149,163	22½	21,919	273,177	313,789	25
Massey's Burnley Brewery	Oct. 31	5,880	9,436	15,316	...	...	...	...	15,316	36,958	5
Wolverhampton and Dudley ..	Sept. 30	101,824	200,566	302,490	5,250	100,000	20	83,000	114,240	213,455	25
Wolverhampton and Dudley ..	Sept. 30	15,877	31,462	47,339	7,500	15,000	15	7,500	17,339	37,188	17½
Yates's Castle Brewery	Sept. 30	16,948	17,701	34,649	5,000	8,000	10†	5,000	16,649	24,027	15†
Younger (Robert), Ltd.											
Financial Land, &c.											
Anglo-Belgian Co. of Egypt ..	July 31	186	1,835	2,021	...	1,728	2½	...	293	758	1
East African Estates	Mar. 31	Dr. 27,896	Dr. 2,009	Dr. 29,905	...	...	...	...	Dr. 29,905	9,028	...
Hotels, Restaurants, &c.											
Callard, Stewart and Watt ..	Oct. 3	13,769	19,777	33,546	10,500	8,000	5	500	14,546	32,234	10
Iron, Coal and Steel.											
Blaenavon Company	Sept. 30	Dr. 88,512	11,630	Dr. 76,882	...	...	...	...	Dr. 76,882	18,155	...
Dorman, Long and Co.	Sept. 30	174,954	Dr. 277,543	Dr. 102,589	...	...	...	...	Dr. 112,964	86,448	...
Sheffield Steel Products	May 31	15,420	1,844	17,264	...	...	...	...	Dr. 5,528	11,736	...
Motor and Cycle.											
S. Smith and Sons (Motor Accessories)	Aug. 1	42,597	53,232	95,829	51,500	...	...	...	44,329	96,547	{12½a 18½b
Oil.											
British Burmah Petroleum Co.	July 31	3,982	124,935	128,917	...	71,384	5d. p.a.†	51,562	5,971	136,404	6½dps†
Rubber, &c.											
Castlefield (Klang) Rubber	June 30	2,385	393	2,778	...	...	...	...	2,778	356	...
Djasinga Rubber & Produce ..	June 30	12,381	Dr. 20,418	Dr. 8,037	...	...	...	...	Dr. 8,037	Dr. 1,355	...
Killinghall (Rubber) De-velopment	June 30	6,461	738	7,199	...	...	...	...	7,199	3,644	...
Lumut Rubber Estates	Sept. 30	25,927	4,159	30,086	...	3,965	2½	...	26,121	9,150	5
Malaya General Co.	Aug. 31	25,653	Dr. 4,164	21,489	...	4,873	2½	...	16,616	12,027	5
Shipping.											
British India Steam Navigation	Sept. 30	26,912	222,091	249,003	145,000	76,576	8†	...	27,427	219,268	8†
Peninsular and Oriental Steam Navigation	Sept. 30	115,052	528,237	643,289	152,000	275,551	6†	100,000	115,738	745,437	10†
Shops and Stores.											
Cooper and Co.'s Stores	Oct. 13	20,328	59,105	79,433	28,000	20,000	5	10,000	21,433	56,742	5
Harrods (Buenos Aires), Ltd.	Aug. 31	...	75,704	75,704	188,000	...	...	Dr. 112,296	...	465,706	5
South American Stores (Gath and Chaves)	Aug. 31	...	Dr. 99	Dr. 99	24,000	...	...	Dr. 24,099	...	356,439	{160. 93½D
Tramways and Omnibuses.											
Belfast Omnibus Co.	Sept. 30	15	39,254	39,269	...	4,498	{2½ ord. 11.244d}	34,118	653	11,945	Nil
Ceara Tramway, &c.	June 30	9,216	3,327	12,543	...	...	...	3,000	9,543	19,954	5†
Trust.											
Foreign Securities Invest. ...	Oct. 15	653	4,927	5,580	3,300	1,100	2½	500	680	6,026	2½
Other Companies.											
Anglo-Continental Guano Works	June 30	28,265	33,901	62,166	28,125	...	...	10,412	23,629	46,692	...
Associated Brick and Tile Works	Sept. 30	6,003	4,835	10,838	4,673	...	...	...	6,165	6,933	...
Bernard Hughes, Ltd.	Oct. 31	8,314	6,459	14,773	1,575	4,655	12½	...	8,543	9,420	12½
Dick (R. and J.), Ltd.	Aug. 31	16,815	15,728	32,543	14,625	4,722	...	...	13,196	58,026	37½
Electric and Musical Industries	June 30	...	160,893	160,893	27,600	...	...	...	133,293	1,422,090	...
Financial News, Ltd.	June 30	94,837	Dr. 10,533	84,304	10,538	...	...	...	73,766	...	...
Financial Newspaper Proprietors	Aug. 31	43,124	8,372	51,496	...	...	...	2,506	48,990	28,463	...
Paterson, Laing and Bruce	July 31	17,681	Dr. 115,756	Dr. 98,075	...	...	...	Dr. 11,969	Dr. 86,106	27,970	3
San Paulo Coffee Estates	Dec. 31	7,381	Dr. 36,418	Dr. 29,037	...	...	...	Dr. 30,000	963	Dr. 53,393	...
Seacox Brick Company	Sept. 30	9,855	24,034	33,889	9,000	9,000	6	5,000	10,889	34,587	22½

the year, against 50 per cent. paid last year. Tax provision takes £32,545, compared with £204,655, and £10,000 is taken to reserve for fluctuation in exchange. The carry-forward is £1,104,918 against £1,057,160 brought in.

FINANCIAL NEWSPAPER PROPRIETORS, LIMITED.—The Revenue account for year ended August 31, 1931, shows that dividends received (gross) less loan interest to August 31, 1931, amounted to £11,760, against £32,893 received in previous year. Rents receivable again amounted to £6,791. Transfer fees amounted to £77, against £31. The total revenue was £18,559 against £39,715. All dividends received from subsidiary and allied companies during this period have been included in revenue account. Otherwise no account has been taken of the profits earned by the subsidiary and allied companies to August 31, 1931. The net profit secured was £8,372, as compared with £28,462. Adding £43,124 brought in there is £51,496 available. The directors have appropriated £2,506 for income tax, and recommend that the remaining £48,990 be carried forward. The report states that during the very unfavourable period under review, the company received no dividend from its holding of the ordinary share capital of Financial News, Limited, but the profits of the other controlled publications were on the average fairly well maintained. The balance sheet is clearly set out, showing comparative figures side by side with those for August 31, 1931. Total assets are £870,050, against £877,909. Investments are shown at cost. In subsidiary companies they amount to £738,948, and in associated companies to £57,000. Leasehold premises, at cost, stand at £65,331. Cash is at £4,527, compared with £14,101. With regard to liabilities, loan from bankers is at £20,000, against nil. Loan from Financial News has been reduced from £215,760 to £184,660. The meeting will be held at Winchester House, Old Broad Street, on December 9th, at 12.30 p.m.

SUMMARY OF BALANCE SHEETS.

THE GRAMOPHONE COMPANY, LIMITED, AND COLUMBIA GRAPHOPHONE COMPANY, LIMITED.

(Now amalgamated as Electric and Musical Industries, Limited).
Combined Statement as at June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital issued—		Patents, goodwill, and trade marks.....	2
The Gramophone Co., Ltd.—		Matrices.....	30,000
5 per cent. preference shares		Land and Buildings, at cost,	
100,000 of £1 each.....	100,000	less depreciation.....	1,090,502
Ordinary shares—		Machinery and plant, at cost,	
3,240,000 of £1 each.....	3,240,000	less depreciation.....	886,925
Columbia Graphophone Co., Ltd.—		Furniture and fittings, at cost,	
7 per cent. preference shares		less depreciation.....	54,168
300,000 of £1 each.....	300,000	Investments in subsidiary	
Ordinary shares—		companies at or under cost,	
2,555,742 of 10s. each.....	1,282,371	and advances to subsidiary	
Creditors—		companies.....	3,546,762
Creditors, trade reserves and		Trade investments at or under	
reserves for income tax		cost.....	7,322
and contingencies.....	1,202,771	Stock in trade and work in	
Due to associated companies	33,262	progress.....	1,282,674
Reserves, profit and loss		Debtors and payments in	
account, &c.....	4,151,240	advance, less reserves for	
		bad debts.....	667,385
		Investments in Government	
		securities at or under cost	1,583,743
		Cash in hand and at bank.....	1,160,661
	10,310,144		10,310,144

NOTE.—Since the date of the above statement, dividends amounting in all, after deduction of tax, to £711,540 have been paid, reducing the items "Cash in hand at Bank" and "Reserves, Profit and Loss Account, &c." accordingly.

DORMAN, LONG AND COMPANY, LIMITED.

September 30, 1931.

LIABILITIES.	Amount.	£	ASSETS.	Amount.	£
Ord. shares (£1)	8,311,482		Land, buildings,		
8% pref. ord.....	2,052,746		&c.....	14,217,985 +	29,926
8% cum. pref.	883,918		Investments.....	3,338,478 +	224,807
4% perp. deb.	400,000		Stocks.....	1,826,041 -	176,408
Interest accrued.	4,000		Bridge expendi-		
5% deb.....	5,250,901 -	98,737	ture.....	939,436 -	128,044
Interest accrued.	120,333 -	2,263	Debtors.....	942,550 -	8,276
Creditors.....	877,827 +	58,264	Cash and bills.....	11,199 -	764
Bank overdrafts	2,941,700 +	476,088	Short rents.....	19,115 +	5,661
Reserve accounts	439,722 -	295,155			
Profit and loss.....	12,175 -	191,295			
Total.....	21,294,804 -	53,098	Total.....	21,294,804 -	53,098

TATE AND LYLE, LIMITED.

September 30, 1931.

LIABILITIES.	Amount.	£	ASSETS.	Amount.	£
2½% cum. pref.			Freehold proper-		
shares.....	1,100,000		ties.....	1,945,737 +	33,247
Ord. shares.....	3,400,000		Leaseholds.....	11,714	
4½% deb. stock.....	500,000		Cottage property..	46,470 +	134
5½% deb. stock.....	1,250,000		Plant.....	3,626,317 +	106,302
Deb. interest ac-			Investments.....	611,062	
crued.....	5,625 -	23,854	Stocks.....	1,465,829 -	202,142
Unpresented in-			Debtors.....	1,215,254 +	282,105
terest warrants	4,175 +	3,980	Deposit account		
Creditors.....	665,152 -	17,446	at bank.....	420,000 +	180,000
Depreciation reserve	500,000		Cash.....	99,976 +	49,036
General reserve ..	1,250,000		Bank.....	4,175 +	3,980
Investment re-					
serve.....	261,000 +	70,090			
Div. reserve.....	90,000 +	80,000			
Profit and loss ..	420,582 +	139,982			
Total.....	9,446,534 +	452,752	Total.....	9,446,534 +	452,752

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.

LIABILITIES.	Sept. 30, 1931.	Sept. 30, 1930.	ASSETS.	Sept. 30, 1931.	Sept. 30, 1930.
5% cum. pref. stk.	3,040,000	3,040,000	Steamers at cost,		
Deferred stock ..	4,592,518	4,592,518	less deprecia- tion.....	14,962,399	13,021,693
3½% deb. stock ..	1,487,560	1,487,560	Payments on ac-		
5½% deb. stock ..	3,500,000	3,500,000	count of new		
5% int. accrued...	72,188	74,593	steamers.....		1,722,541
Reserve fund.....	65,625	67,812	Tugs, &c.....		50,000
Contingent fund...	1,700,000	1,700,000	Freehold and		
Insurance fund...	1,000,000	1,000,000	other property	961,739	968,547
Provident fund...	450,000	450,000	Coal, naval and		
Reserve for re-			virtualising stores	199,127	183,457
demption of			Debtors.....		739,365
deb. stock ..	1,640,000	1,540,000	Cash and sundry		
Profit-Sharing			fixed deposits..		303,673
scheme.....	1,405,061	1,313,025	Sundry invest-		
Bills payable.....	1,309,000		ments, cash and		
Creditors.....	218,580		debts.....	9,051,406	
Sundry balances...	979,092		Investments in—		
Ships pending			British Govern-		
voyages.....	113,194		ment stocks ..		6,679,200
Bills payable,			Indian, Colonial		
sundry balances			and Foreign		
and accounts			Govt. stocks...		
not closed		3,028,483	Railways, docks,		523,565
Sundry loans.....	6,389,000		&c., British,		
Sundry deposits...	7,291,105		Indian and		
Profit and loss ..	352,476		Foreign.....		147,773
			Industrials.....		471,515
			Subsidiary cos.		13,654,071
			Reserve for re-		
			demption of		
			deb. stock in-		
			vestment ac-		
			count.....	15,400,000	1,640,000
Total.....	40,105,399	26,714,671	Total.....	26,714,671	40,105,399

Commercial Reports.

MARKET SUMMARY.

In view of the continued shrinkage in industrial activity and international trade and the restrictions imposed by many countries on the movement of commodities, the downward movement in the gold price of the principal primary products has not yet been arrested. Among cereals, maize, oats, barley and rye declined further in New York. On the other hand, the market in wheat has been steadier. Coffee was a little firmer, but cocoa was again cheaper. The market in sugar has remained weak owing to the difficulties experienced by Cuba and Java in disposing of the quotas allotted to them under the Chadbourne scheme. Little interest was shown in cotton despite lower quotations, and the poor demand for rubber caused a setback in the price of that raw material. Non-ferrous metals, with the exception of copper and lead, continued to decline. Copper was a shade dearer, but it failed to recover to the level prevailing before the recent international conference of copper producers. Sterling quotations of commodities, such as wheat, raw sugar, and non-ferrous metals, which lend themselves to international arbitrage, have moved in sympathy with international values. Most of the other commodities have not risen in proportion to the sharp fall in the gold value of sterling. The principal commodity markets in this country have been dull in the absence of demand. According to reports from industrial centres, the demand for coal, iron and steel shows little improvement. In the textile trades, a slight expansion has taken place in the activity of the cotton and wool industries.

THE COAL TRADE.

SHEFFIELD.—The situation in the South Yorkshire coal market has shown no improvement. Actual bookings of business in the export section have fallen off somewhat, although the price of best steams continues steady at 18s. 6d. f.o.b. Quieter conditions are reported in industrial coal, and the tonnage of house coal going out is below the level of a year ago. Blast furnace coke has recovered somewhat, and makers are getting better prices than a month ago, good qualities being worth 12s. at ovens. Best house coal is quoted at 22s.

CARDIFF.—The only notable development on the Cardiff coal market this week has been the concession by the Marketing Association of 2s. per ton on sales of banked small coals. It is estimated that between 800,000 and 1,000,000 tons of slack have been dumped in the neighbourhood of the mines, and some time ago an award was given by an arbitrator in favour of a revision of the minimum schedule so far as it applied to those particular coals. The conditions, however, which have been laid down by the Executive Committee for the sale of banked smalls at the reduced price have not been favourably received by the market, and it is quite possible that the matter may be reconsidered at an early date. There has been no expansion in business during the week, and the Exporters' Federation has been informed by the Mines Department that as from December 1st the French import restriction decree will limit external supplies to 72 per cent. of the average monthly imports in 1928-30. South Wales normally contributes about 55 per cent. of the total coals exported from the United Kingdom to France, and will, therefore, be more affected by this further reduction in the quota than any other British mining district. Dry large and dry nuts are the only grades in the steam coal area that are commanding prices above the minimum schedule. Supplies of all other grades are greatly in excess of the demand.

The South Wales coal audit for the three months ended October shows a loss of £57,481, or 1.52d. per ton, on an output of just over nine million tons. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubble culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 24s.

GLASGOW.—The Scottish coal market remains firm in tone, with the bigger sizes of nuts, and particularly trebles, a strong feature. The collieries report that export business has fallen away again during the past few weeks, but they are still fairly well engaged on orders booked some time ago. In Fife and the Lothians the position has been somewhat complicated as a result of the quota system. Several collieries in these districts report that at the present rate of production they will have reached their quotas by the middle of the month, and that unless they slow down operations it will be necessary to close pits then. They cannot see their way to pay quota prices, which have been substantially advanced, and they are refusing business which would involve buying from other collieries. Current prices for the shipping trade are approximately as follows (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s. 6d.; splint best, 15s.-15s. 3d.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 9d.; trebles, 16s.; doubles, 13s.-13s. 6d.; singles, 10s.; pearls, 9s.; dross, 9s. FIFE.—Screened navigation, 17s.; first-class steam, 13s. 3d.; third-class steam, 12s. 6d.; trebles, 17s.-18s. 6d.; doubles, 13s. 6d.-14s. 6d.; singles, 10s.; pearls, 9s. 6d. LOTHIAN.—Prime steam, 12s. 6d.; secondary steam, 12s.; trebles, 16s. 6d.; doubles, 13s. 6d.; singles, 10s.; pearls, 9s. 6d. Ayrshire.—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 16s.; doubles, 13s. 9d.; singles, 10s.; pearls, 9s. 3d.; dross, 9s.

IRON AND STEEL.

SHEFFIELD.—There are several disturbing influences at work to prevent the steel trade from developing. Mainly, these consist of the uncertainty of the exchanges and of the intentions of the Government regarding tariffs. Local trade is quieter than ever in both the heavy and light steel branches, with instances of improvement in certain lines of goods manufactured from steel. There is a general indisposition to buy on a speculative scale. The pursuance of a waiting policy is in evidence in many directions. Buying and consumption of the various alloying materials of steel is at a low ebb. The recent advance of 20 per cent. on tungsten prices is maintained, and ferro-molybdenum has gone up 45 per cent. Steel prices are steady, and no advance in acid steel is contemplated. Quotations for basic steel may be increased in the new year. Local trade is not benefiting much by the new duties, as there are large stocks in this country of imported tools. Makers of scissors, razor blades and some kinds of tools are fairly busy.

MIDDLESBROUGH.—The market for Cleveland iron has become extremely quiet, due, no doubt, to tariff uncertainties and the adverse rates of exchange. There is a little buying yet to be done to cover requirements up to the end of the year, but consumers do not appear to be in any hurry to complete their arrangements, and are buying very sparingly. It was expected that by now a substantial move would have been made in regard to covering requirements for January onwards, but an altered tone seems to have come over the market, and buyers are now more inclined to await developments. Makers are well placed for orders up to the end of the year, and are optimistic as to future prospects. They made no change in official prices at Tuesday's market, which therefore remain: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. per ton f.o.b. or f.o.t. Hematite iron is also sharing in the lull in buying, and transactions recently have been on a small scale, and mostly for early delivery. Makers, however, show no weakening in regard to price, and adhere to 65s. for ordinary mixed numbers for December delivery, and 65s. 3d. to 65s. 6d. for the first quarter. Shipments of pig iron last month turned out rather disappointing, being nearly 2,000 tons less than in October. The details of the different clearances are as follows:—

	November, 1931.	October, 1931.	November, 1930.
Pig iron.....	13,956	15,901	12,301
Manufactured iron.....	2,052	3,403	4,369
Manufactured steel.....	33,911	26,143	30,748
	49,919	45,447	47,418

In the finished trades, very little new business of importance is coming to hand, but some departments are fairly well employed on old contracts, and are expecting new work. Prices of steel materials for home consumption under the rebate scheme are unchanged, viz.:—Plates, ½ in. up, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other quotations are: iron crown bars, £10; heavy steel rails, £8 10s.; 24-gauge black sheets, £8 5s.; and 24-gauge galvanised corrugated sheets, £9 5s., all for home use. In shipbuilding, an order for two colliers of about 2,000 tons d.w. each have been placed with the firm of S.P. Austin and Son, of Sunderland, the engines for which will be built by Messrs. Dickinsons, Sunderland. The ore trade continues practically stagnant. Best rubio is nominally 16s. 6d. c.i.f., and the current freight Bilbao/Middlesbrough is 5s. Imports of all kinds of ore into Middlesbrough during November totalled 47,059 tons, against 45,774 tons in October. Coke is weaker, and supplies of ordinary furnace qualities for early delivery can now be secured at 16s. 6d. to 16s. 9d. delivered works. The number of blast-furnaces in operation on the North-East Coast is unchanged at eighteen.

GLASGOW.—This week the outlook in the West of Scotland appears more cheerful, although there is still no great amount of important work being placed in this district. However, steelmakers are now to a small extent benefitting from the work recently contracted for at Clyde shipyards, and anticipate a steady demand for this class of material for some little time to come. It is reported this week that a contract for a cargo vessel of about 5,000 tons gross has been placed with Messrs Lithgows, Limited, of Port Glasgow. The demand for engineers' sections and also for semis remains quiet, and also that for steel bars and wrought iron bars. Tube makers have secured very little new business during the present week although there are many inquiries on the market. Sheet makers have booked a fair tonnage, chiefly of thin black sheets, and sheet rolling mills continue fairly well employed.

CARDIFF.—Business in the Welsh tinplate trade continues quiet. Some orders have been placed on Continental and Far Eastern account, and prices have been steady at from 13s. 9d. to 14s. 3d. per basis box. The volume of the export trade is increasing, and for the four weeks ended November 22nd last, shows an increase of 9,000 tons over the corresponding period last year. Prices of both native and foreign steel bars are unaltered at £5 delivered, and £4 5s. c.i.f., respectively. Galvanised sheets are a shade easier at £9.

OTHER METALS.

TIN.—Despite the decision of the International Tin Committee to curtail the output of tin by a further 15,000 tons during 1932, and the withholding of stocks from the market by the Tin Pool, the market in tin failed to improve. Not even the fact that there has been no further addition to the world's visible supply of the metal had any influence on its price. According to the London Metal Exchange, the visible supply of tin at the end of November, at 50,583 tons, of which about 15,000 tons are held by the Tin Pool, shows a reduction of 19 tons on the month. Throughout the week, buying in this country and in the United States has been on a small scale, and the gold price of the metal tended to sag. In New York the metal was quoted at 21.37 cents per lb. on Wednesday, against 22.87 cents per lb. a week ago, and 22.15 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £137 5s. to £137 7s. 6d. per ton, compares with £137 2s. 6d. to £137 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 30,510 tons, show a decrease of 40 tons on the week.

COPPER.—A slight spurt in copper values was caused at the end of last week by the news that the Belgian interests would accept the terms proposed at the New York Conference. Although this was subsequently denied in Belgium, the advance was only partly lost owing to an announcement that a conference of American producers will take place shortly for the purpose of discussing the situation. The market was further strengthened by a report that the Phelps Dodge Corporation will rejoin the Copper Exporters, Incorporated, after a change in the rules for marketing copper abroad. Buying was quite active in New York and London. In this country prices advanced sharply in proportion to the fall in the gold value of sterling. On Wednesday "Domestic" spot was quoted officially at 6.50 cents per lb. in New York, against 6.25 cents a week ago and 7 cents a month ago. Wednesday's official closing price for "standard cash" in London in terms of sterling, at £37 7s. 6d. to £37 10s., compares with £33 15s. to £33 16s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 21,023 tons, show an increase of 293 tons, while stocks of rough copper, at 772 tons, were 1 ton smaller.

LEAD.—There has been no improvement in the demand for lead. The fall in the gold value of sterling caused a slight advance in sterling prices. At the beginning of the week the metal received support in London from buyers, but later the market became inactive and prices declined a little. Stocks of lead in official warehouses at the end of November, at 12,498 tons, show a decrease of 32 tons on the month. In New York the metal was quoted at 3.85 cents per lb. on Wednesday, against 3.85 cents a week ago and 3.85 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £15 1s. 3d. to £15 5s. per ton, compares with £14 10s. to £14 16s. on the corresponding day last week.

CANADIAN CLUB tobacco

Navy Cut • Flake • Curly Cut • Mixture and Rough Cut

Grown next door to Virginia In
America's sunniest spot

11½^D per oz. for 2 oz. 1/10

Issued by the proprietors, Godfrey Phillips Limited. Established 1844.

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,600,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh 35, St. Andrew Square.
 London: 5, Walbrook. E.C.4. and 4, St. James's Street, S.W.1

SPELTER.—In the absence of any favourable trade development, there was a renewed decline in the price of this metal in New York. The depreciation of sterling gave a slight stimulus to buying in London. Stocks of spelter in official warehouses in this country amounted to 21,439 tons at the end of November, against 21,766 a month ago. Wednesday's quotation in New York, at 3.125 cents per lb., shows a decline of 0.025 cent per lb. as compared with that of the corresponding day last week. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," at £14 7s. 6d. to £14 17s. 6d. per ton, against £14 to £14 6s. 3d. a week ago.

OTHER NON-FERROUS METALS.—Despite the sharp decline in the gold value of sterling, the quotation for aluminium was maintained at £95 per ton. "Foreign" antimony at £28 5s.—£28 10s. per ton, was slightly easier, and quicksilver was nominal. On the other hand, the price of nickel has been advanced from £225-£230 to £250-£255 per ton.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week November 26th to December 2nd (inclusive) are 110,356 bales, of which 51,243 bales are American, 2,765 Brazilian, 2,610 Peruvian, 1,679 Argentine, 20,174 Egyptian, 4,321 African, 2,922 East Indian, 24,360 Russian, and 282 sundries.

Manchester.—The tone of the market has been rather steadier in sympathy with the firmer rates in raw cotton. Traders have been harassed by the wide fluctuations in the price of sterling, and although the further decline in the pound favours exporters, too much nervousness exists as to conditions throughout the world for trade to be active. A considerable inquiry has been experienced in cloth for India, and a fair turnover has taken place, chiefly in light fabrics and fancies. Most of the buying has again been for Karachi. The less satisfactory conditions in China are indicated by the decision to suspend temporarily the Thursday auction sale in Shanghai. Some business has been done, however, in white shirtings for Shanghai and Hong Kong. Fine goods and fancies have attracted attention for Java, Singapore and the Straits Settlements. The offtake for Egypt and the Near East remains poor. Only scattered sales have been mentioned for South America. Although mixed reports have been received from the home trade, some manufacturers have had a good week, and even been able to extend their order lists. The threat of a labour crisis has caused much discussion, but so far the market has not been vitally affected. Rates in American and Egyptian yarns have been rather firmer, but the turnover continues smaller, and it is now very difficult to sell the present output. Home counts have been sold in retail quantities, and not much has been done in export numbers.

Cotton Prices.

	1931.				Corresponding Date.	
	Nov. 11.	Nov. 18.	Nov. 25.	Dec. 2.	1929.	1930.
Raw Cotton—Mid. American..... per lb.	4.98	4.98	4.97	5.12	9.67	5.75
" Sakellaridis Fully Good Fair..... per lb.	7.40	7.50	7.40	7.30	14.65	8.75
Yarns—32's twist..... per lb.	9.1	9.1	9.1	9.1	14.1	9.1
" 40's twist..... per lb.	9.1	9.1	9.1	9.1	14.1	9.1
" 60's twist (Egyptian)..... per lb.	16	16	15.5	15.5	24	17.5
32-in. Printers, 116 yds., 16 by 16, 32's and 40's.....	18	18	18	18	17 10 1/2	24
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	20	20	20	20	19 7 1/2	26
38-in. ditto, 38 yds., 18 by 18, 10 lb.....	11	11	11	11	11	11
39-in. ditto, 34 yds., 16 by 16, 8 1/2 lb.....	10	10	10	10	9 11	13

THE WOOL TRADE.—Bradford.—The wool market has suffered a reaction. No doubt, writes our correspondent, a big change came over the situation just prior to the commencement of the current series of London sales, and instead of big advances now being in evidence, the best that can be said about most descriptions of the raw material is that they are holding their own compared with the close of the October auctions. Financial considerations have exerted a very great influence. It is recognised by consumers that there are big supplies of all descriptions of wool in sight, and it will need no small measure of patience to lift the current New Zealand clip, and the still unconsumed surplus from last season. Meanwhile, wool is selling in London rather more freely, without any advance on the lower level seen at the end of last week. Better support is being given by the Continent, particularly Germany, than was originally expected, and the sales are at least being partially helped by the excellence of the supplies. All good greasy merino and crossbred wools are commanding considerable attention, though scouring merinos are holding their own in price. Another feature is that clothing wools, particularly of really good quality, are selling relatively better than combing qualities, which is due to the improvement in the conditions of woollen manufacture. The Bradford market is perhaps just a shade steadier. Leading top makers are refusing to accept less than 24½d. for good 64's warp.

The best feature is the continued large consumption of merino and fine crossbred qualities. Spinners are pressing for deliveries against contracts, and topmakers are hoping for a renewal of demand to enable them to get back at least a small part of the depreciation in prices seen during the past fortnight.

THE GRAIN MARKETS.

WHEAT.—The downward movement in the gold value of wheat, following the sharp advance in October-November, appears to have spent itself, while leaving quotations about 20 per cent. above the low level prevailing throughout autumn. Among the factors making for greater steadiness are the increase in buying from the Continent, unfavourable weather in Argentina, lack of rain in parts of the United States winter wheat belt, and smaller primary receipts in North America. It is also expected that China will import considerably this year. In view of these factors, to which might be added the delay caused to sowing in certain districts of Europe by snowfall, it seems improbable that the gold value of wheat will again decline to the low level of last summer. Weather conditions in this country have become unfavourable, but fortunately sowing is almost completed. The outstanding event is the announcement of Sir G. Gilmour, Minister of Agriculture, to apply the principle of a wheat quota to home-grown wheat of milling quality. The carrying-out of such a policy, though it may help the farmer, means a tax on bread. On Wednesday, "December" futures were quoted at 54 cents per bushel in Chicago, against 54½ cents on the corresponding day last week, and 64½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 36s. per 496 lbs., as compared with 34s. 3d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 32s. 6d., against 31s. 6d.; No. 3 Northern Manitoba, Atlantic, ex ship, 31s. 6d., against 30s. 6d.; Russian, on sample, 27s. 6d. to 30s., against 29s. to 31s.; Australian, ex ship, 30s. 6d., against 30s. 9d. to 33s. a week ago.

WHEAT FLOUR.—There has been less demand for flour this week, and prices were easier in New York. North American shipments, at 228,000 sacks, show a decrease of 19,000 sacks as compared with the previous week. Of this total, 79,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, 25s. 6d. last week; delivered London, 24s. 6d., against 24s. 6d. Manitoba patents, ex store, 27s. to 31s. 6d., against 26s. 6d. to 29s. 6d.; and Australian, ex store, 21s. 6d. to 22s. 6d., against 21s. 6d. to 22s. 6d. a week ago.

BARLEY.—Barley has remained relatively steady. The recent advance has been practically maintained owing to the scarcity of offers. On Wednesday, "December" futures were quoted at 39½ cents per bushel in Winnipeg, against 41½ cents last week and 43½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.b., per 48 lbs., 25s. to 26s., as compared with 25s. to 26s.; Russian, landed, 23s. 6d. per 400 lbs., against 23s. a week ago.

OATS.—There has been a decline in the price of oats used for feeding purposes during the past week, which is partly due to the continued cheapness of maize. "December" futures, which last week stood at 26½ cents per bushel in Chicago, sold at 24½ cents per bushel on Wednesday this week, against 26 cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 19s. per 320 lbs., as compared with 19s. last week; "River Plate," ex ship, 17s. 9d., against 18s.; "Chilean White," landed, 28s., against 28s. a week ago.

MAIZE.—The downward movement in maize prices continued throughout the week. Argentina is still shipping heavily, but there has been a shrinkage in demand. Wednesday's quotation in Chicago for "December" futures, at 36½ cents, shows a fall of 3 cents per bushel on the week, and one of 2 cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 19s. 3d. per 480 lbs., as compared with 18s. 9d. last week; "Plate," ex ship, 18s. 3d., as against 17s. 6d.; "Plate," December-January, 19s. 6d., as against 18s. Yellow maize meal, ex wharf, was quoted at £5 15s. per ton, against £5 17s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to November 28.....	Cwts. 77,941	Cwts. 119,674	Cwts. 234,909	Cwts. 245,726
13 weeks to November 28.....	975,372	1,839,270	3,622,745	3,930,467
Average price of English wheat per cwt.....	s. d. 6 9	s. d. 6 5	s. d. 9 3	s. d. 9 10

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Nov. 21, 1931.....	Cwts. 73,670	Cwts. 501,688	Cwts. 55,803	s. d. 6 10	s. d. 9 1	s. d. 7 0
Nov. 28, 1931.....	77,941	431,379	60,861	6 9	8 10	7 0
Nov. 26, 1927.....	273,435	516,573	93,889	9 11	11 7	9 1
Dec. 1, 1928.....	245,726	533,870	75,957	9 10	10 7	9 2
Nov. 30, 1929.....	234,909	461,568	52,001	9 3	8 11	7 3
Nov. 29, 1930.....	119,674	427,366	47,544	6 5	8 8	5 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

WHEAT FUTURE.	Jan. 2, 1930.	Dec. 3, 1930.	Jan. 2, 1931.	Nov. 17, 1931.	Nov. 25, 1931.	Dec. 2, 1931.
Winnipeg (No. 1 Manitoba).....	148½	58½	56½	64½	60½	59
Chicago (No. 2 Winter).....	130½	76	79½	59½	54½	54
Chicago (No. 2).....						

The visible supply of wheat in Canada, at 58,742,000 bushels, shows a decrease on the week of 837,000 bushels. Supplies a year ago stood at 57,723,000 bushels.

OTHER FOODS.

SUGAR.—There has been no improvement in sugar values in terms of gold. The weakness has been caused mainly by the difficulties experienced by Cuba and Java in exporting the quotas allotted to them in the United States and in the Far East respectively. Messrs Willet and Gray's estimate of this season's world crop, which shows an output appreciably below that of last year, comes therefore as a relief. The figures are 25,925,000 tons (cane and beet) for the current season, against 28,660,000 tons a year ago. Raw sugar advanced in this country owing to the depreciation in the gold value of the £, and last week's reduction of 3d. per cwt. for "British refined" sugar was restored on Tuesday. "December" futures in New York were quoted at 1.11 cents per lb. on Wednesday, against 1.11 cents per lb. a week ago. Wednesday's sales of "raws" include "March delivery" at 6s. 10½d. to 6s. 11d. per cwt., against 6s. 6½d. to 6s. 7d., and "May," 1932, at 7s. to 7s. 1½d., against 6s. 8½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	686	1,194	904	1,310	5,048	25,362
Liverpool.....	11,360	23,645	12,109	13,033	73,503	98,356
Total ...	12,046	24,839	13,013	14,343	78,551	123,718
Last week	46,789	27,544	13,168	14,450	79,518	113,422

COFFEE.—A strong demand was experienced at the auctions last Tuesday. The prices realised were generally higher than a week ago. Brazilian, landed, 176; delivered for home consumption, 145 bags; exported, 176; stocks, 2,320 bags, against 2,174 bags last year. Central American, landed, 5,162 packages; delivered for home consumption, 1,907; exported, 2,163; stocks, 63,079 packages, against 40,745 a year ago. Other kinds, landed, 4,773 packages; delivered for home consumption, 2,689; exported, 2,013; stocks, 48,254 packages, against 49,238 a year ago.

COCOA.—In the absence of an improvement in demand the gold price of cocoa continued to decline this week, but sterling prices show a slight advance owing to the depreciation in sterling. "December" futures were quoted at 4.24 cents per lb. in New York on Wednesday, against 4.39 cents per lb. a week ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, December-February, at 24s. 9d. per cwt. f.o.b. London contract, shows a rise of 6d. Last week's movements of cocoa in London were as follows: Landed, 937 bags; delivered for home consumption, 4,204 bags; exported, 407 bags; stocks, 136,909 bags, as against 162,061 last year.

TEA.—The quantities catalogued for this week's auction comprised 52,206 packages of Indian, 17,607 packages of Ceylon, and 13,535 packages of Java and Sumatra tea. At Monday's Indian auctions common and medium qualities were well supported, Most Ceylon grades remained unchanged on Tuesday's sales, while on Wednesday there was keen competition for Indian teas and prices hardened a little. Nevertheless, tea prices generally have by no means risen in proportion to the decline in the gold value of the £. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyassa-land.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
Nov. 27, 1930	1 2-65	1 3-07	1 7-18	1 0-72	1 0-23	0 10-04	1 3-38						
Nov. 5, 1931	1 0-44	0 11-28	1 6-05	0 9-55	0 7-46	0 6-61	1 0-96						
Nov. 12 "	0 11-67	0 11-11	1 5-73	0 8-49	0 7-46	0 6-90	1 0-35						
Nov. 19 "	0 11-27	0 11-60	1 4-68	0 9-12	0 7-45	0 6-74	1 0-03						
Nov. 26 "	0 10-86	0 11-67	1 5-53	0 8-51	0 7-81	0 6-99	0 11-83						

RICE.—Rice has suffered a slight setback this week and spot quotations were lower. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 9s. 9d. per cwt., shows a decline of 3d. as compared with last week. Movements in London during the past week were as follows: Landed, 192 tons; delivered, 80 tons; stocks, 1,834 tons, as against 2,143 tons last year.

POTATOES.—The principal markets were abundantly supplied with potatoes this week, but the recent advance in prices was maintained. At the Borough Market, "Best King Edward" sold at from 9s. to 10s. per cwt., as compared with 9s. to 10s. per cwt. a week ago.

SPICES.—The market in spices was active this week, and prices were generally higher. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a rise of ½d. per lb. on the week

Movements of pepper in London during the past week were as follows: Black, landed, 3 tons; delivered, 37 tons; stocks, 336 tons, against 523 tons last year. White, landed, 91 tons; delivered, 66 tons; stocks, 529 tons, against 338 tons a year ago.

MEAT.—No improvement has taken place in meat prices this week. Despite the further decline in the gold value of the £, Argentine beef and New Zealand mutton was slightly easier. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 3s. 8d. to 4s. 2d. per 8 lbs., against 3s. 8d. to 4s. 2d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 8d. to 3s. 2d., as against 2s. 8d. to 3s. 4d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,468 tons, as compared with 8,959 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.7 per cent. of the supplies, as against 82.5 per cent. a year ago; and imported mutton, mainly New Zealand, formed 71.4 per cent. of the total supply, as against 73.4 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Generally quiet conditions have again prevailed in the markets for oilseeds and their products. Apart from the slowness of demand business has been hampered by the wide exchange fluctuations. Linseed is firmer in consequence of the depreciation in sterling, and old Plate on spot is held for £9 15s. and afloat for £9 10s. Business in new crop for January-February shipment has been done at £8 15s. to £8 17s. 6d., but for the same position £9 2s. 6d. is now asked. The quantity afloat for Europe has been reduced to 131,000 tons, including 8,300 tons from India. The results of the harvest in the northern provinces of Argentina are reported to be satisfactory, and private estimates anticipate a record out-turn of no less than two-and-a-half million tons. Cotton seed is a poor trade and prices have sagged, but are again advanced by reason of the altered exchange. Black Egyptian on spot and afloat is quoted £6 5s. and December loading £6 7s. 6d. Hopes of an import duty on linseed oil having been disappointed there is rather more pressure to sell and prices have fallen, raw oil on spot ex Hull mill at one time being purchasable at £15. Prices have been advanced in sympathy with seed, current value being around £16, while for January-April delivery the same figure is indicated. Cotton oil is dull and crude Egyptian quoted £19 10s. and common edible £22 10s. ex Hull mill. There is no improvement in the demand for oilcakes and meals and mill prices have been reduced 5s. per ton.

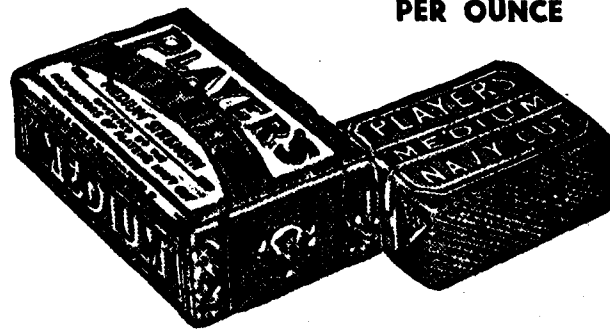
HIDE, LEATHER AND ALLIED TRADES.—Although a steady demand is experienced for hides from domestic cattle, writes our correspondent, the market is not quite so firm in regard to values

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

In the calm contemplation of a pipe of good tobacco new hopes are born and life's little problems are viewed in their true perspective.

1/1
PER OUNCE



N.O.T. 2.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.		LARD—		WOOL—		Market Hides, London—	
GRAIN, &c.		Irish bladders.....		English Southdown, washed		Best heavy ox and beef	
Wheat, No. 2, N. Man. 496 lb.....	32 6	American, boxes, 56 lb. 54		per lb. 13		Best cow	
Eng. Gas. av., per cwt.	8 10	POTATOES—		Tyne hog, washed		Best calf	
Barley, Eng. Gas. av.	7 0	Good English, per cwt. 9		Queensland, scd. super cmhg.		INDIGO—	
Oats,	7 0	SPICES—		N.S.W. greasy, super		Bengal gd. red-vio. to	
Maise, La Plata, landed, 480 lb.....	19 3	Pepper, per lb.—		N.Z., grey, half-bred 50-56		fine—per lb.	
Flour, Lon. stan. ex mill, s. d.	23 3	Muntok, fair White		Crombred 40-44		LEATHER—	
280 lb. 2 Burma, per cwt.	8 6	Black Lampong		Merinos 70's		Sole Bends 6/14 lb.—	
Sago, Pearl, per cwt.	16 6	Cinnamon—1st sort, per lb.		" 64's		per lb.	
Tapioca, per cwt.	24 0	Cloves—Zanzibar per lb.		Crombred 48's		Bark Tanned Sole	
Fine Java, spot	11 9	Ginger—per cwt.—		" 46's		Do. Eng. or W.S. do	
Fair Flakes, Singapore.	11 9	African		MINERALS.		Belles from D.S. do	
MEAT—		Jamaica, ord. to good,		Welsh, best Ad'ty ... ton 19		Do. Eng. or W.S. do	
Beef, per 8 lbs.	4 0	Mace—65's		Durham, best gas, f.o.b.		Dressing Hides	
English long sides	4 0	SUGAR—		Sheffield, best house, at		Ro. Eng. Calf, 20/30 lb.	
Argentine chilled hinds.	3 8	(Duty, 11s. 8d. per cwt.)		pils		Aut. Bends	
Mutton, per 8 lbs.—	4 0	B.W.I., crystallised		IRON AND STEEL—		V. ROETABLE OILS—	
English wethers	4 0	Java, white, c. & f. India		Pig, Cleveland No. 3, ton 58		Linsed, naked, p. ton net	
N.Z. frozen	2 8	November-December		Bars, M'brough		Rape, refined	
Pork, English, per 8 lbs.	5 0	Yellow Crystals		Steel Ralls, heavy		Cotton-seed, crude	
OTHER FOODS.		Crushed		Tin Plates, per box		Coconut, crude	
Irish	55 0	Granulated		MISCELLANEOUS.		Oil Cakes, Linsed, Eng.	
Danish	50 0	Home Grown		CHEMICALS—		per ton	
Dutch	47 0	TEA—		Acid, citric, per lb. less 5%		Oil Seeds—Linsed—	
HAMS—Irish	0 0	Indian—per lb.—		Oxalic		La Plata, p. ton —	
Canadian	66 0	Pekoe		Tartaric, English less 5%		January-February	
American	90 0	Broken Pekoe		Alcohol, Plate Ethyl		Calcutta—per ton —	
BUTTER—		Orange Pekoe		Alum, lump		PETROLEUM PRODUCTS—	
Irish creamery per cwt.	0 0	Broken Orange Pekoe		Ammonia, carb.		Motor spirit, No. 1, Lon-	
Australian	108 0	Ceylon—per lb.—		Sulphate		don	
New Zealand	108 0	Pekoe		Arsenic, lump		Petrolium, Amer. ref.	
Danish	128 0	Broken Pekoe		Bleaching powder, per cwt.		bri. London per gal.	
CHEESE—		Orange Pekoe		7/10/0 6/12/6		Fuel oil, in bulk, for	
Canadian	58 0	Dutch		BORAX, gran.		contract, ex instal.,	
New Zealand	62 0	DUTY 9/6-10/6 per lb.		Nitrate of Soda		Thames	
English Cheddars	82 0	Simple growths, 7/5/-		Potash—Chlorate, net		Burness	
Dutch	62 0	8/3/- per lb.		Sulphate		Diesel	
OCCO—		Virginia leaf		Arsenic, lump		Lubricating oil ex store,	
(Duty, British grown,	24 0	Common to fine		Bleaching powder, per cwt.		London—per ton —	
11s. 8d.; foreign, 14s. cwt.)	30 0	Rhodesian leaf		7/10/0 6/12/6		Pales	
Acacia, f.f.	24 0	Nyassaland leaf		BORAX, gran.		Roda	
Trinidad	42 0	" strips		Nitrate of Soda		Cylinder	
Grenada	32 0	East Indian leaf		Potash—Chlorate, net		ROBIN—	
COFFEE—		COTTON— TEXTILES.		Sulphate		American	
(Duty, British grown,	58 0	Mid-American		Sal-Ammoniac		St. ribbed smoked sheet	
11s. 8d.; foreign, 14s. cwt.)	102 0	Sakalrida, f.f.		Soda Ricarb.		per lb.	
Santos sup., c. & f. cwt.	78 0	Yarns, 32's twist		Crystals		Fine Hard Para per lb.	
Colombian, good	85 0	60's twist		Sulphate of Copper per ton		per lb.	
Costa Rica, med. to good	90 0	FLAX—		O.B.M.T., London—		SHELLS—	
East Indian	80 0	Livonian ZK		Portland, best Eng. pr. ton		W. Aust. M.-o.-P. ..	
Kenya, medium	16 6	Pernau HD		COPRA		TALLOW	
EGGS—		Slanetz Medium 1st sort		S.D. Straits c.f.f., per ton		London Town per cwt.	
English	18 6	HEMP—		Smoked South Sea		23 0	
Danish	18 6	Italian P.O.		DRUGS—		TIMBER—	
FRUIT—		Manila, Nov.-Jan. "J2"		Camphor		Swedish u/s 3 x 8	
Oranges	0 0	N.Z. African, Dec. Feb.		Japan, refined		Do. 2 1/2 x 7	
South African ..boxes	14 0	Mexican		Castor-oil		Do. 2 1/2 x 4	
Lemons, Sicilian ..cases	16 0	JUTE—		Ipecacuanha		Pitchpine	
Malaga ..cases 420 No. 1	0 0	Native 1st mks.		Peppermint, Wayne Co.		Rio Deale	
Apples—Amer. (var.) bria.	15 0	December-January		HIDES—		Teak	
" (var.) boxes	21 0	Dalsee 2/3 c.f.f. Dundee ..		Wet salted—Australian		Honduras Mahg. logs	
" Australian	0 0	December-January		per lb.		c. f.	
ONIONS—		SILK—		West Indian		African	
Valencia, case, 4s.	6 0	Canton		Cape		Amer. Oak Bark	
Egyptian Bags	0 0	Tusah		Dry and Drysalted Cape ..		Do. Ash	
Grapes, Lisbon ..boxes	0 0	Japan				Do. Ash	
" Almeria ..bria.	5 0	Italian—Raw, fr. Milan					

despite the fact that quotations were unchanged at the sales held in Manchester this week. It would seem that for the time being, at any rate, tanners are not prepared to pay advances, and it is quite possible that some easing of values will shortly become apparent. Calfskins are likely to maintain firm figures as supplies at the moment are not large, but the demand for sheepskins is not so good, and here also lower prices are a possibility. Sales of imported hides have not been so frequent, and generally speaking there is a weaker tendency in regard to values. In South American wet salted, business has been done in Argentine ox on the basis of 5½d., while seconds have sold at 4½d. Little change has been noticed in the position of dry South American hides, and orders have been put through for M. V. Americanos at 7d., B. A. Americanos at 6½d., and Cuyabano at 5½d., while in regard to African descriptions sales have included dry Capes at 7½d. and 6½d. for first and seconds, with ½d. less accepted for dry salted 20/30 lbs. Nigerians at 8½d., and unbathed Adis Ababas at 5½d. Only small sales are being made of Australian hides and although so far there is no change in quotations the tendency is towards lower figures. Business on account of sole leather has been quiet, and it is quite possible there will be no improvement until the New Year. Shoe manufacturers have been inquiring for limited supplies of dry hide bends in certain weights, but actual sales are usually for small quantities only. In English and wet salted descriptions trade has been quiet; the bulk of the business done in these has been on account of the repairing section, which has, of late, been clip, and water off for trade. Pinned bellies and shoulders have been on the lower level seen at small. Sales of upper leathers also have been given by the Continch the bulk of the business passing on by the excellence of the supsmall quantities, in addition to which scoured merinos are commanding done in patent. Swede and reptile that clothing wools, particularly of.

Bradford market is perhaps just a s. terms of gold declined further, makers are refusing to accept less than on the week, despite the

official closing price for standard ribbed smoked sheet in London, at 2½d. per lb., shows no change as compared with the corresponding day last week. In forward positions, business has been done at 3½d. to 3½d. for January-March, against 3d. to 3½d.; and at 3½d. to 3½d. for April-June, 1932, as against 3½d. to 3½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,031 tons; delivered, 2,119 tons; stocks at the end of last week, at 129,573 tons, show a decrease of 1,088 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Nov. 4.	Nov. 25.	Dec. 2.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	64½	54½	54
Maize, nearest future, Chicago, per bushel	44½	41½	30½
Oats, nearest future, Chicago, per bushel	20½	26	24½
Rye, nearest future, Chicago, per bushel	47½	47½	42½
Coffee, Rio No. 7, cash, per lb.	6	6½	6½
" Santos No. 4, cash, per lb.	8	8½	8½
Cocoa, Acra, nearest future, per lb.	4-05	4-30	4-24
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-42	3-20	3-20
Cotton, New Orleans, middling, spot, per lb.	6-50	6-05	5-98
Rubber, smoked sheet, spot, per lb.	4½	4½	4½
Petroleum, Pennsylvania crude, standard grades, per barrel	170-185	170-185	170-185
Copper, "Electrolytic," Domestic, spot, per lb.	7-00	6-25	6-50
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	7-50	7-00	7-00
Spelter, East St. Louis, spot, per lb.	3-15	3-15	3-125
Lead, spot, per lb.	3-85	3-85	3-85
Tin, "Straita," spot, per lb.	29-15	29-1	29-1

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, DECEMBER 12, 1931.

No. 4,607.

TABLE OF CONTENTS.

The Money Market.....	1105	Foreign Stock Exchanges—	
Leading Articles—		New York	1133
The First Round	1107	Paris	1136
The Standstill Agreement	1108	Amsterdam	1136
The Politics of Islam.....	1109	Other Centres	1136
Britain's Balance of Pay- ments	1110	Investment Notes—	
Canada's Railway Prob- lem—II.	1112	Building Societies—Im- portant Developments....	1136
American Politics	1113	Brewery Company Profits	1137
Notes of the Week—		Australian Trade	1137
The Vote of Censure		Industrial Profits	1137
Debate	1114	P. and O. Meeting	1137
The Outlook in India	1115	Richard Thomas	1138
Germany's Fourth Decree	1115	Carreras	1138
The Basle Committee	1115	United Africa	1138
Washington Resumes	1116	Anglo-Argentine Tram- ways Moratorium	1139
The League and Man- churia	1116	New Issues in November	1139
The New Spanish Consti- tution	1117	De Beers Consolidated	1140
November Trade Returns	1117	Roan Antelope	1140
Sterling and Gold Prices	1117	Broken Hill South	1140
Prices and Monetary Policy	1118	Pahang Consolidated	1140
Steel and Tariffs	1118	Lake View and Star	1141
The Social Services	1118	Company Meetings of the Week	1141
The Dockers' Wage Cut... ..	1118	Capital Issues	1141
Cotton Trade Dispute	1119	Company Meetings, &c....	1142
American Cotton Crop	1119	Government Returns, &c.—	
The Commercial Bank of Scotland	1119	National Accounts	1148
The Banque de France and Sterling	1119	Treasury Bills by Public Tender	1148
Banque Italo-Belge	1120	The Bankers' Gazette—	
National Income of the U.S.S.R.	1120	Bank of England	1149
The Development of Memel	1120	Bankers' Clearing Re- turns	1149
The Deep Sea Fisheries... ..	1121	Provincial Clearing Re- turns	1149
Overseas Correspondence—		Overseas Bank Returns... ..	1149
United States	1121	Loan and Discount Rates	1151
Germany	1122	Rates of Exchange	1151
Hungary	1124	Overseas Bank Rates	1151
Holland	1124	Bullion	1152
Poland	1125	Gold and Silver Prices... ..	1153
Sweden	1126	Company News—	
Norway	1127	Reports and Notices	1153
Japan	1127	Weekly Traffic Returns... ..	1153
New Zealand	1128	Summary of Balance Sheets	1154
Argentina	1129	Dividend Announcements	1154
Letters to the Editor—		Profit and Loss Accounts	1155
Currency Depreciation and Exports	1129	Oil Outputs	1156
Books Received	1130	Commercial Reports—	
The Stock Exchange—		Market Summary	1156
Holding Company Fin- ance	1131	The Coal Trade	1156
The Week in the Markets	1132	Iron and Steel	1156
London Active Security Prices	1134	Other Metals	1156
New Issue Prices	1136	Textiles	1157
		The Grain Markets	1157
		Other Foods	1158
		Miscellaneous Commodi- ties	1158
		Commodity Prices in the United States	1160
		Prices Current	1160

begin in a few weeks' time. Meanwhile money has remained extremely easy, as the War Loan dividend has only been partially re-absorbed, and the Christmas expansion in the note circulation is for the moment hanging fire. Rates running from 4 down to 3 per cent. have been common all the week, and on Wednesday, when some Irish money reached the market, money was said to be unlendable. The following day calling by one of the clearing banks made money somewhat more usable. Renewals were arranged at 4 per cent. during the whole of the week.

The discount market has again been inactive, with a very limited foreign demand for bills. Last week some special selling of February Treasuries at 5½ per cent. was reported, presumably with the object of counteracting the relaxation caused by the War Loan dividend payment. Commercial bills are still eagerly sought for in special quarters, for use as collateral against the New York and Paris credits arranged last August. "Hot" Treasury bills were dealt in at 5½ per cent., and three months' bank bills were still quoted at 5½-6 per cent. The agreement among London acceptance houses to renew German bills drawn under the standstill agreement up to February 29th is generally regarded in the market as giving Germany an additional three months' lease of credit, and also as extending the acceptor's period of risk for three months. The market continues to take such bills only at Bank rate.

The most significant feature in the Bank return is the absence of any further expansion in the note circulation. It looks as if Christmas trade is being retarded by the general lack of purchasing power and in particular by the imminence of the January income-tax payments. Elsewhere, the Bank return mainly reveals the aftermath of the War Loan dividend payments, for Government Securities, which the previous week had risen by £15.0 millions, are this week reduced by £10.1 millions; while last week's increase of £26.3 millions in Bankers' Deposits has been followed by a contraction of £11.0 millions, the latest figure being one of £75.1 millions.

	Nov. 19, 1931.	Nov. 26, 1931.	Dec. 3, 1931.	Dec. 10, 1931.	Previous Rate and Date Changed.
Bank Rate	6	6	6	6	4½ (Sept. 21, '31)
Bankers' Deposit Rate..	4	4	4	4	2½ (Sept. 21, '31)
Discount { Call	4	4	4	4	2½ (Sept. 21, '31)
Houses { Notice ...	4½	4½	4½	4½	2½ (Sept. 21, '31)
Market rate (3 months' bills)	5½-7	5½-6	5½-7	5½-6	...

The Floating Debt statement for last Saturday included advances from the Bank on Ways and Means of £2.5 millions. This looks as if on December 1st the Treasury had borrowed a fair amount from the Bank, most of which was repaid by the end of the week. The contraction in Government Securities, however, may be to a limited extent due to sales of Treasury bills by the Bank. Bankers' Deposits still remain at a relatively high level, but there are no signs that any further steps are being taken to remove money from the market. No special sales of bills could be traced this week, and only a maximum of £40.0 millions of Treasury bills are being offered this week against £45.0 millions last week.

Little significance is attached in the market to the reduction in the Reichsbank's rediscount rate from 8 to 7 per cent. It has been made in sympathy with the clauses of the latest Government decree reducing interest rates, and so is looked upon as a purely domestic event. Nor can it exercise its usual effect upon the exchanges, owing to the restrictions now in force governing transfers of funds from Germany, the artificial state of the foreign exchange market, and the virtual suspension of forward exchange dealings. Generally, the market still takes a serious view of the German outlook.

The November averages of the nine English clearing banks reveal a setback of £17.4 millions in deposits and a contraction of £5.7 millions in acceptances.

	November, 1930.	August, 1931.	September, 1931.	October, 1931.	November, 1931.
Capital and reserves.....	132-1	132-1	132-1	132-1	132-1
Acceptances.....	116-3	112-6	118-3	111-2	102-5
Deposits (including undivided profits, &c.).....	1,800-8	1,708-6	1,675-7	1,687-8	1,670-4
Total liabilities.....	2,049-2	1,953-3	1,926-1	1,931-1	1,905-0
Coin, notes, balance at bank, and cheques in course of collection	237-8	223-0	218-2	223-5	221-3
Money at call.....	135-1	110-5	104-2	111-7	106-6
Investments.....	291-0	311-2	313-4	313-0	309-0
Discounts.....	309-5	261-3	234-5	235-0	238-2
Loans and advances.....	918-7	892-4	895-0	894-4	884-6
Cover for accept., premises, &c.....	157-1	154-9	160-8	153-5	145-3
Total assets.....	2,049-2	1,953-3	1,926-1	1,931-1	1,905-0

Cash is practically unchanged, and call money reduced by £5.1 millions. Discounts are a shade higher at £238.2 millions, but investments have fallen from £313.0 to £309.0 millions, and advances from £894.4 to £884.6 millions. The averages generally bear evidence of a certain contraction in credit.

New York money rates are unchanged on the week, with call rate still 2½ per cent. and 3½-3 per cent. quoted in the open market for 90-day bankers' acceptances. The arrival of a further \$1,994,000 of gold from Canada was announced on Tuesday, and earmarkings upon foreign account have decreased by \$2,000,000. Business is perhaps a little better than a few weeks ago, but there are still no signs of real recovery. The new Budget proposals include a two-cent stamp upon cheques, and it will be of interest to see what effect this has on the quantity of currency in circulation.

The foreign exchange market was inactive this week, and fluctuations were less violent and between narrower margins than of late. Sterling was again weak against the principal currencies, but closed better than the levels touched towards the middle of the week. The New York rate went from 3.38 to 3.30, after touching 3.23. Montreal moved in our favour to 3.97. Paris, after falling to 82½, went to 84½, against 85½ last week. Milan improved by 1½ points to 64. Madrid was fractionally better at 40½. Amsterdam gained ½ at 8½, and Berlin ½ at 14, after 14½. Switzerland improved by ½ to 17. The Scandinavian exchanges all moved in our favour from their last week's common level of 18.10, Stockholm and Copenhagen going to 18.15 and Oslo to 18.25. The quotations for South American currencies were still largely nominal, Rio being better at 4½d., as was Buenos Aires at 41d., while Montevideo was unchanged at 31½d. In the Far East the rupee was better by ½d. at 1s. 6½d., as was the yen by ½d. at 8s. as a result of the weakness in sterling. Batavia was at 8½. In the forward market, New York was quoted at ½ cent and 1 cent premium. Paris at ½ franc and ¾ franc premium was rather weaker than last week. Brussels followed Paris and declined from ¾ to ½ belga premium for one week and from ½ to ¼ belga premium for three weeks. Milan was fractionally weaker at ¾ lira and 1½ lire discount, but Madrid improved from ½ peseta and ¾ peseta discount to ¾ peseta and ¾ peseta discount for one and three months respectively. Amsterdam was at 1 cent and 3 cents premium, exactly half of last week's quotations in each case. Berlin was again not quoted, and Switzerland remained at last week's level of par for one month and ½ franc premium for three. Silver prices rose by ½d. to 19½d. for cash, after touching 20½d. and by the same margin to 19½d. for forward, after touching 20½d. as a result of some speculative and general buying and little offering. The China silver exchanges rose in sympathy, Hong Kong from 1s. 4½d. to 1s. 5½d. and Shanghai from 1s. 10½d. to 1s. 11½d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Beaufort Street, London, E.C.4.

THE FIRST ROUND.

THE first session of the new Parliament, which is closing as we write, has lasted five weeks—a short spell for a normal autumn session, but too long under the abnormal circumstances of to-day. For we live in times when the whole attention of the Executive needs to be concentrated upon economic and financial problems of unprecedented complexity. In saying this we do not mean that Parliament should abrogate its ultimate responsibility for the policy of the country—far from it. It is more necessary than ever before that the vital decisions which our rulers have to take should receive the sanction of the elected representatives of the people. Nevertheless, it has become clearer every day that this session has lasted that the House of Commons has been operating as a hindrance, rather than a help, to the Government in framing a policy suited to the needs of the domestic and the international situation. The arrival of the Recess is welcome, not because wholesome Parliamentary criticism is silenced, but because Ministers, upon whose shoulders rests a responsibility for difficult decisions, which must be arrived at in the interests of the nation as a whole, are given a respite from the harassing daily pressure of relentless partisans.

It is a truism of British Parliamentary history that huge majorities never make for effectiveness; and certainly the present House of Commons provides no exception to that rule. The Cabinet have, on the whole, shown recognition of the fact that, on October 28th, the electorate voted "national" and not "party." Both the Prime Minister and Mr Baldwin have kept the national aspect of the Government in the foreground, while the Liberal Ministers (and, on the whole, their followers) have, in the cause of unity, shown a forbearance which extends even to acquiescence in the breach of long-cherished principles. Unfortunately, neither the loyal correctitude of Mr Baldwin and his Conservative fellow-Ministers nor the forbearance of the Liberals has found any adequate counterpart among the Conservative rank and file. Even the Chairman of that Party has given Mr Baldwin the lie direct by claiming that the country has given "a mandate for Tory policy," while the incessant anti-Government agitation stimulated by the Press Lords and carried on at Westminster by groups surrounding the persons of Mr Churchill, Mr Amery and Sir Henry Page Croft forms one of the least creditable episodes in the political history of this century. So far the Government have triumphed against the forces of disruption. But how long can they prevail? The autumn session ends on that disquieting note of interrogation. The Government have won the first round in the fight against the high Protectionists—but they have only won on points.

As to the work of the session, apart from routine and a curiously unnecessary controversy over the passing of the Statute of Westminster, two topics have completely monopolised the time and attention of the House—namely, tariffs and India. A full-dress debate on India in both Houses, following the Prime Minister's statement of policy, found Parliament at its best. Although Mr Churchill, in the Commons, and Lord Lloyd, in the Upper House, led the reactionaries in a much-advertised attack and sought to annul the good work by which Mr MacDonald and Sir Samuel Hoare rescued the Round Table Conference from disaster, Parliament triumphantly and overwhelmingly reaffirmed the determination of Britain to redeem her pledges and to press forward through a sea of difficulties to the fulfilment of India's ambition for self-Government. On the tariff discussions a similar story cannot be told, and at times both the Government and the House of Commons have been seen at their worst. Harassed by party pressure, which should not have been exerted upon a national Administration so recently given a free hand by the electorate, Mr Runciman and his colleagues were soon driven into dubious courses.

We do not cavil at the introduction by the Government of a Bill to give the Board of Trade power to impose duties up to 100 per cent. on imports, if exclusion proved, after

the fullest consideration of our balance of payments and the movement of the exchanges, to be the only way temporarily to apply a quick enough check to dangerously extreme depreciation of the pound sterling. To take such powers was in keeping with the doctrine of the free hand, and the Bill itself was devised to meet a possible emergency which, in the view of a large number of people, both in Parliament and outside, might occur, and occur suddenly. It is rather with the method chosen for the utilisation of these powers that we find fault. Had Mr Runciman, in composing his list of "unessential" imports, or of those in whose cases he considered an immediate check to be necessary, pursued the method of applying the full 100 per cent. duty, he would have shown the world that he was merely indulging in a temporary emergency measure which had no relation whatever to permanent fiscal policy. But by adopting the rate of 50 per cent. and imposing it on a wide range of imports, he has aggravated the fears of foreign countries that Britain has really embarked on a high Protectionist policy, and this false step has already produced two serious results. The first is that the heightened belief abroad in the imminence of British Protection automatically stimulates the efforts of foreign exporters and home importers to forestall threatened duties. Secondly, the conception of his action more as a first step than as an emergency measure has led to vigorous retaliation on the part of countries whose interests are damaged, and, for the moment at any rate, the tariff war in Europe has been intensified and embittered. Moreover, in his choice of goods Mr Runciman has not always been happy. Even if one were to grant the necessity for checking the flow of certain goods in the present abnormal circumstances into this country, it would not be easy to condone the inclusion in the lists of dutiable goods a number of articles which are primarily used as raw materials, of which woollen and worsted yarns are the most conspicuous example.

The fact, however, is, and we trust that in spite of present tempers the truth will be realised abroad, that the future fiscal policy of Britain has not yet been decided. Realisation of this fact should be rendered easier by the Cabinet's firm refusal to be hustled by noisy clamour into the hasty adoption of Protective measures for the basic industries of iron and steel and cotton. Having resisted this clamour, it may be said of Mr Runciman and his colleagues that, although they may have queered the pitch, they have by no means sold the pass. In the crucial international conferences which lie ahead, and in which tariff discussions will play a vital part, Britain's National Government retains its complete freedom of action. It would, however, be idle to pretend that time does not press or that, unless it can be shown that there is some progress in Europe towards a wide adoption of economic policies calculated to remove the present trade paralysis and revive the shrinking volume of international commerce, the clamour in this country for the adoption, not merely of fiscal Protection, but of other policies of economic nationalism, may not become irresistible. Parliament is to reassemble on February 2nd. The future course of the economic history both of Britain and of Europe depends in no small measure on what happens in the interval.

Upon the developments in this short period also depends the fate of the Government. Is its life to be reckoned in months or years? An early break-up of the National Government, called into being by the instinctive voice of the nation to tide the country over a supreme emergency, would mark the biggest failure in the history of British democratic institutions, and to those who would lightly risk such a calamity we would recommend a little hard thinking. Obviously, there must be a limit to the price which the "moderates" in the Cabinet are prepared to pay for unity; and, if the National Government were to split up under pressure, what next? Presumably, either a Dissolution and all the accompanying danger and disturbance of another election; or a Conservative Govern-

ment under the guidance of those who, in the past critical month, have shown themselves narrow in vision and reckless in tactics. In the latter case the result, in our view, would be a serious decline of England's world prestige, an intensification of all the ills from which Europe is suffering, including especially the strangling of trade between nations, and at home, in all probability—and perhaps this thought may shake the nerves even of the Conservative rebels—a swing of the political pendulum which would, in a short time, send the Conservative Party indefinitely into the wilderness. Those who retain in these mad times an instinctive belief in the underlying political wisdom of the British people will not yet bring themselves to believe that 1932 will witness so tragic a failure on the part of our political leaders.

THE STANDSTILL AGREEMENT.

WHILE the Advisory Committee, convened in accordance with the Young Plan, has begun this week at Basle its deliberations on Germany's external indebtedness from the angle of her reparation liabilities, an international Committee representing Germany's short-term banking creditors has proceeded to Berlin, after some preliminary meetings in Paris, to consider the policy to be adopted when the "standstill" agreement expires on February 29, 1932. Since the attitude of all foreign bankers to whom German banks or firms are indebted on short-term must be contingent on a general settlement of Germany's future liabilities, including her political obligations, it is obvious that any decisions now taken by the Committee are likely to be of a provisional nature dependent on the results of the conference of Governments whose assembly is foreshadowed after the Young Plan experts have presented their report. Next to nothing has so far emerged in the Press with regard to the course of the bankers' negotiations, and though statements more or less well-informed have been published suggesting that this or that section of the Committee has been inclined to press for such and such a rate of repayment of the now "frozen" indebtedness or for the prior claims of particular forms of credits, all such considerations of detailed technique are clearly at present premature. The main issues on which the bankers have in the first instance to make up their minds are of a much more general nature.

To begin with, it is necessary to bear in mind that the question of Germany's short-term indebtedness, and the steps which have been taken, and may have to be taken to deal with it, are single aspects only of a much wider problem which arises in connection with the liabilities of the great majority of the world's debtor countries. The roots of this problem of "frozen" credit, which extends far beyond the bounds of Central Europe only, are to be found in a whole nexus of causal factors—political obligations, high tariffs, rigidity of the structure of prices and wages, loss of mobility of capital and, finally, growing illiquidity in creditor countries themselves. As matters stand, to suggest that a short-cut solution is to be sought along the lines of a sudden reversion to *laissez-faire* is politically and psychologically out of the question. Except on the vast assumption that the conditions precedent of free trade, mobility of capital and labour, abolition of foreign exchange restrictions, etc., could be immediately realised without friction, unrestricted application of the traditional nineteenth century purge of bankruptcy might, under present conditions, lead to economic disturbances so violent that democratic governments could hardly be expected to contemplate them. But if, for these reasons, it is essential to think ahead in terms of collective agreements for the regulation of outstanding credit, it is none the less desirable that we should consider carefully what are the eventual implications of this policy.

"Standstill" arrangements, of which the German *Stillhalte* is so far the most notable example, represent, when all is said, a remarkable, and in some ways disquieting departure from the classic system of individual relationships between creditor and debtor on which the modern world's economic structure has hitherto been developed. To-day, so far as international finance is con-

cerned, banking creditors are being constrained to think in terms not of individual debtors, but of communities accidentally encircled by a political frontier. In this conception of commercial obligations several obvious disadvantages arise. In particular, there is inevitably a tendency for the least solvent debtor to play too large a part in determining the credit-worthiness of a nation, and for sound potential debtors to be debarred from access to fresh credit facilities by the fact that credit has become immobilised by unsound debtors. Thus, on general grounds, we suggest that though instant reversion to individualist freedom in the sphere of international finance is not practical politics, the aim should be to avoid as far as possible courses obstructing gradual progress towards a return to greater freedom and elasticity.

We have emphasised these considerations because they appear to us to be relevant to all negotiations with reference to the future of the short-term capital now immobilised. In the case of Germany—and this, *mutatis mutandis*, applies to every debtor country—the further question has to be decided by banking creditors whether the objective is to re-establish credits at a level calculated to facilitate the maximum expansion of international trade or whether the aim is to be a general liquidation of the credit system to which the world has been accustomed in the past half century. To a large extent the answer depends on the actions of statesmen. If political relationships internationally are to be such that there can be no revival of confidence in international lending, then there is no option for the world but "economic nationalism" in finance, which must result in a universal degradation of material standards. But if the obstacles, whose removal lies in the competence of statesmen, are got out of the way, it is of prime importance that the givers of credit should envisage their policy in terms of the maintenance of maximum facilities to sound borrowers, and not of their progressive contraction. However weighty, for example, may be the reasons prompting, say, American banks to desire to "shorten sail" in their international short-term commitments, undue insistence on this policy would lead inevitably to greater impoverishment of the world.

How do these general principles apply to the particular case of the German "standstill" agreement, whose future after the end of February is to-day under consideration in Berlin? The broad elements of the problem are by now sufficiently familiar. Allowing for the milliard of reichsmarks estimated to have been repaid by Germany to foreign creditors since July, German short-term indebtedness amounts to about 11 milliards reichsmarks, of which about one milliard is due to the B.I.S. and other central banks, while some seven milliards are believed to be owed by German banks and firms to commercial banks abroad and are covered by the *Stillhalte* agreement. The remainder may be taken as representing the short-term legal liabilities of German debtors to other non-banking foreign creditors, though the question naturally arises of the extent to which the beneficial holders of these liabilities are foreign affiliates of German concerns. The banking credits are obviously of major importance, and these may be classified roughly under three heads:—

- (1) Self-liquidating credits based on actual goods forming part of Germany's foreign trade.
- (2) Self-liquidating credits based on actual goods whose movement is internal to Germany.
- (3) Credits utilised in the development of Germany's industrial production and in other forms of capital investment (including municipal borrowing), with the intention that they should be subsequently funded. In this category may be included advances which, in course of time, or by the force of events, have been relegated from categories (1) and (2) to that of pure finance bills.

This summary analysis represents, it should be appreciated, the existing situation of Germany's foreign credits rather than their original allocation. That is to say, it does not attempt to distinguish between direct credit lines opened in favour of individual German concerns and advances made in the first instance to German banks; nor does it attempt to differentiate between acceptance credits and time deposits. Within its limits, however,

it prompts the reflection that whereas category (1), involving no transfer problem, would be easiest of repayment, contraction of credit under this head would do the maximum harm to international trade. On the other hand, liquidation of credits under category (2) might be such a strain on the mark exchange, if the proceeds were transferred abroad with any rapidity, that the security on which category (1) reposes would thereby be impaired. In the case of category (3), funding in some form—so far as individual debtors may be solvent—appears to be the only possible course.

The amount of money involved in each of the three above categories has not so far been revealed, but it is probable *prima facie* that if it were thought advisable to wait for a year or two before attempting the refunding of category (3) credits, the problem of nursing temporarily this particular amount of immobilised advances—reduced, it may be, by a percentage of losses "written off"—would not be insuperable. With regard to the other two categories, an estimation to-day of Germany's future short-term credit needs depends on the incalculable factor of Europe's international trade future. On general principles we would suggest that financial policy should be directed to concentrating primarily on the maintenance of facilities under category (1) and to securing the contraction to what may be regarded as safe limits of the liabilities covered by category (2). It would seem advisable, however, that pressure should be confined in the first instance to their liquidation into reichsmarks whose transference abroad should be conditional on the situation of the Reichsbank, with which realised proceeds of credits called in might well be deposited.

To some extent, it is true, the question of partial repayment of the least indispensable of Germany's practically recallable short-term credits must depend on the needs of the creditors themselves, and it may be presumed that banks who have been inclined in the past to make advances "on trust" will feel themselves entitled to insist upon more specific security. Where assets have evaporated, losses may have to be faced. To seek an undertaking whereby the debtor community guarantees every individual debt would be mistaken policy, since it would impair the future credit-worthiness of sound potential borrowers. The question of "pooling" losses among creditors is obviously one for individual market arrangement. But, first and last, it is essential, we feel, that so far as possible Germany's foreign short-term creditors should endeavour to avoid a rigidly mechanical plan for the solution of their problem and should aim gradually at restoring the maximum elasticity of individual relationships between debtor and creditor. As matters stand to-day, the position and the outlook are so obscure that a plan based on fixed arithmetical calculations of future periodic percentage repayments might either result in harmful and unnecessary contraction of credit or in failure to save the creditors from enormous losses should their policy be interpreted as one of "putting in the broker's man." For, apart from all the minor questions of detail on which the Bankers' Committee will doubtless be deliberating (*e.g.*, whether it might be desirable that time deposits should have priority of repayment over acceptances in the interests of liquidity in creditor countries), the essence of the situation, as we see it, is that the problem of the *Stillhalte* agreement is by no means of unmanageable proportions, always given the one essential requisite of confidence that Germany will not be forced by her aggregate foreign liabilities of all sorts into a general moratorium or currency collapse. If that condition of confidence cannot be realised, the Bankers' Committee is wasting its time, for its problem admits of no solution.

THE POLITICS OF ISLAM.

ISLAM, like our own mediæval Western Christendom, is a political as well as a religious society. The Caliphate, which stands (or, rather, stood) for the unity of Islam, is a temporal office—the Caliph being the Islamic counterpart of the Holy Roman Emperor and not of the Pope. In contrast to this once actual and latterly

The MERCANTILE BANK of INDIA

LIMITED.

Head Office: 15, Gracechurch St., London, E.C.3

Branches and Agencies throughout the East.

BILLS OF EXCHANGE accepted for collection or advance

Enquiries from merchants regarding shipments to the East and the special facilities available are invited.

theoretical unity of Islam on the political plane, which the Caliphate embodied, Islamic unity on the religious plane has rested on the much looser and more casual basis of a *de facto* consensus among the doctors of the religious law. Whereas, in mediæval Western Christendom, the Papacy was the effective force and the Empire the shadow, in Islam the relative efficiency of the temporal and spiritual institution has been reversed.

It will be seen that there is some ground for regarding Islam as a political society first and foremost, and a militant society into the bargain. If we turn back to the founder's career, we find that Muhammad lived through years of frustration and adversity as a prophet without honour in his own country; and that his success began when he accepted an invitation to leave his native Mecca for the rival Medina and to divert part of his attention from theology to politics. At Medina, he performed brilliantly what had been asked of him. He created a polity out of a political vacuum, and he made full use of the military power which this political achievement placed in his hands. Before he died, he had imposed his will on Mecca by force of arms; and his Arabian principality became the nucleus of an empire which, under the Umayyad Caliphs, expanded to Morocco and Portugal in one direction and to Kashgar and Sind in the other.

Is Islam capable of repeating the military and political achievements which it performed in its youth, during the first century after the Hejira? This question is implicit in the word Pan-Islamism—a word which has been coined within the last half-century in order to express certain supposed Islamic aspirations and certain corresponding Western anxieties. The modern empire-builders of the West, while they have been extending their dominions far and wide over Islamic populations in Europe, Asia and Africa, have been haunted all the time by an uneasy feeling that they were challenging a tremendous latent social force which might one day erupt again and overwhelm the rash intruders upon the Islamic domain. In the Western mind, Pan-Islamism has figured as a bogey of the same tribe as Pan-Slavism or the Yellow Peril or the Rising Tide of Colour or the Jewish Hidden Hand. In Muslim minds, on the other hand, Pan-Islamism has been essentially a movement of self-defence. During the century which ended in the Great War, the Muslims were finding themselves worsted everywhere by Western aggression; and, in face of this formidable external danger, they have instinctively closed their ranks, as a herd of buffalo bunch together, heads outward and horns down, when attacked by a tiger. In such circumstances the herd-instinct naturally asserts itself. There is a sense of there being a strength in union and a safety in numbers; and Islam lends itself readily to a movement of this kind; for uniformity and fraternity are its key-notes. Islam is a brotherhood embracing millions of human beings of all races in three continents.

This aspect of Pan-Islamism as an instinctive mass-movement for self-defence is the reality. The Pan-Islamic bogey of Western scaremongers is a hallucination. It is not until we have dismissed this mirage from our minds that we can understand the contemporary politics of Islam as these have developed in our day, and especially during these "post-war" years.

When we look at the landscape of the Islamic world as it now presents itself, we at once notice certain striking contrasts. To begin with, there is a solid core of the

Islamic world, from Egypt to Afghanistan and from Arabia to Turkey, in which the Muslims are obviously masters in their own house. In this region regarded as a whole—and we shall notice certain exceptions in a moment—the Muslims constitute an overwhelming majority of the population, and most of these predominantly Muslim peoples and lands are politically independent already or else are well on their way towards independence at the present time. This solid core of Dar-al-Islam—compacted of Turkey, Persia, and Afghanistan and the Arab countries of Asia, with an African bridge-head in Egypt—presents a remarkable contrast in every way to the scattered fringe or penumbra of Islam around it: a Muslim fringe which extends in a vast circle from North-West Africa through Tropical Africa, India and Indonesia, China and the U.S.S.R., to the Balkans. These Muslims of the fringe are more numerous in the aggregate than the Muslims of the core; but they are everywhere under non-Muslim rule, and in many places—e.g., in Yugoslavia and in India and in European Russia—they are also a minority among the local population. This pronounced difference in situation and in circumstance between the Muslims of the fringe and the Muslims of the core is reflected in their respective political outlooks.

Broadly speaking, one may say that Pan-Islamism is the political creed of the fringe, while the Islamic peoples of the core have become converts to the neo-pagan polytheistic community-worship which has spread over the modern world from the West and which is commonly known as Nationalism. The reason for this differentiation of outlook between the two portions of Islamic society is not far to seek. It is in the fringe, among non-Islamic majorities and under non-Islamic regimes, that the sense of pressure and danger from alien aggression is the most acute; and it is here, therefore, that the Pan-Islamic manifestation of the herd-instinct on the defensive is most evident. At the opposite end of the scale we see Turkey assured of her power to hold her own under the strenuous conditions of the modern world since her victory over the Greeks—and over the principal Allied Powers incidentally—in the War of 1919-1922. In this assurance Turkey has thrown the cumbrous panoply of Islam aside. She has turned herself from a monarchy into a republic, abolished the Caliphate (which had been arrogated by the Ottoman Dynasty for the last four centuries), disestablished Islam, and in fact reconstituted herself as an *état laïque* on a purely Turkish national basis and a purely Western cultural basis, in the image of modern France. Between these two extremes we see the Indian Muslims hesitating in a choice of incompatible policies: on the one hand a policy of maintaining their solidarity with their fellow-Muslims outside India as a makeweight against the superior strength of the Hindu majority in India itself; on the other hand, a policy of trusting in their own strength to hold their own in a self-governing India.

Thus we see two movements, the Pan-Islamic and the Nationalistic, contending for the mastery of the Islamic world. Which of the two seems the more likely to prevail? Since the war the nationalistic movement has been unmistakably in the ascendant; and it has certain advantages over the Pan-Islamic which are likely to be decisive. It has the supreme advantage of being in harmony (a most pernicious unison) with the general spirit of the age, whereas Pan-Islamism is more and more losing its hold as the pressure upon the Islamic world from the West, which originally called Pan-Islamism into existence, is becoming less and less insistent.

The present weakness of Pan-Islamism was revealed at the Caliphate Conference, which met in Cairo in 1926 in order to consider what should or could be done to fill the void created by the Turkish Government's revolutionary step of abolishing the Ottoman Caliphate in 1924. The abolition of the Ottoman Caliphate had given Islamic society a shock, especially on the fringes, yet this Caliphate Conference assembled and dispersed without anything practical being accomplished.

This week another general Islamic Conference has opened its session at Jerusalem; and it will be interesting to see whether this latest attempt at keeping a Pan-Islamic spirit alive fares any better than its predecessor

fares five years ago. The place of meeting is well chosen, for Jerusalem is the next most holy city of Islam after Mecca and Medina; and, moreover, Palestine is the only piece of solid central core of the Islamic world in which the Muslims are, or at any rate feel themselves to be, threatened seriously now with the prospect of a permanent alien domination. On this account, one party among the Palestinian Arab Muslims, with the Mufti of Jerusalem at their head, are making a deliberate attempt to create, in Jerusalem, a social and religious centre for the whole Islamic world, in the hope that, in their struggle with Zionism, they may have at their backs the full force of Islam, as the Zionists, on their side, are backed by world-wide Jewry. This is an intelligent move, but it has great difficulties to contend with: the personal feuds among the Palestinian Muslims themselves; the jealousy of the theological university of Al Ashar at Cairo, and the hostility of the nationalists in Islam, first and foremost the Turks. The Turkish Government has actually sought and obtained assurances from the British Government, as Mandatory Power in Palestine, that, in this Jerusalem Muslim Conference, no questions that are controversial in a political sense will be discussed; that no action likely to disturb Turkey will be permitted; and that the question of the Caliphate will not be raised. This Turkish *démarche* is another indication that the days of Pan-Islamism are numbered; for a house that is so deeply divided against itself can hardly stand.

BRITAIN'S BALANCE OF PAYMENTS.

WHEN the National Government were seeking the suffrages of the electorate, their plea for a "free hand" to concert means for securing the stability of sterling was based on the assumption—indeed, the explicit assertion—that, on assuming office, they would make it their first pre-occupation to study our national balance of payments, in order to see whether, in the last resort, restriction of imports by tariffs ("not excluded" from their prospective purview) might be required in order to save the pound from dangerously extreme depreciation. The election won, the implied procedure has been curiously reversed. Tariffs we have had; but, in contrast with the vociferous applause which has greeted each new Abnormal Importations Duty, the Cabinet's lucubrations in the matter of our balance of foreign payments have been conducted in a secrecy impenetrable, apparently, by the brightest of our Lobby Correspondents, inviolable even by the lordliest of our ultra-patriotic Press magnates.

This reticence, however greatly we may value the silent service of the Departments, has its disadvantages. For, earnestly though the Board of Trade may be striving to supply the Cabinet with the most reliable of data for its painstaking consideration, the absence of any official pronouncement has allowed full play for the creation by our restrictionist politicians of a "myth," based on questionable evidence, which the public is in danger of accepting as a statistically established, incontrovertible fact. Our debit balance of transactions, we are told, will amount in 1931 to £100 millions (Lord Brentford, reluctantly relinquishing the meticulous accuracy of pounds, shillings and pence, has fixed it *ex cathedra* at £120 millions); and on this so-called "deficit" the whole case for trade contraction is made to repose. What form of capital transaction has filled this apparent gap? To this question our political pundits have vouchsafed no answer. Since we have raised no long-term loan abroad, they presumably mean (unless they conceive a nation's debit balance of payments to hang *in vacuo* as a depressing weight on the foreign exchange market) that we have borrowed (net) this sum on short-term account during the calendar year, or that individual British residents have—for reasons of their own—sold this amount of foreign investments since last January. Weighing all the considerations, and taking into account both the withdrawals of short-term balances from London and the transference of sterling into dollar and franc obligations represented by the Bank of England and Treasury borrowings last August, this hypothesis is *prima facie* extremely improbable. For though we were probably

borrowers (net) of a considerable sum on short term during the first six months of the year, the process, since July 1st, has almost certainly been reversed to a substantial degree; and there is no compelling evidence whatever to suggest that there has been any large-scale repatriation of our overseas investments.

Premising, then, the inherent improbability of the figures whose repetitive assertion has been used to justify a revolution in our fiscal policy, we may proceed to examine such data relating to our balance of foreign payments as our statistical organisation provides. Lean harvest, we are forced to admit. For the estimates of our 1931 "deficit" depend largely on the 1930 calculations of the Board of Trade with reference to our "invisible" exports; and those calculations, as the Macmillan Committee ruefully discovered, admit a margin of error and guess-work so large that little confidence can be placed in exact deductions drawn from their conclusions.

With this general reservation, we suggested three months ago (*Economist*, September 12th, p. 463) that, leaving out of account our exports of gold, our 1931 balance of transactions might result in a debit balance of £50 millions. To this preliminary forecast we return; and we propose to consider the various items in greater detail. As a starting point we may take the visible adverse balance of merchandise trade, which amounted in the first eleven months of this year to £369 millions, as compared with £341 millions in January-November, 1930. (Against this we had net exports of £28 millions, as compared with this we had net imports of £12 millions, of bullion.) From this we turn to the "invisible" items, which may conveniently be dealt with in inverse ratio to their quantitative importance.

(1) *Excess of Government receipts*.—In 1930 net Government receipts were officially computed at £21 millions, as compared with £24 millions in 1929. In 1931, allowing £5 millions for the loss on balance in the calendar year under the Hoover moratorium, we may reduce this figure to £16 millions.

(2a) *Net receipts from short interest and commissions*. Here we enter into the jungle of imponderable uncertainties. The Macmillan Report urged the need of the collection of figures of foreign bills and balances as a basis for estimation. Pending the publication of definitive official data in this connection, all that can safely be done on the strength of probability is to scale down the official estimate of £55 millions for 1930 (against £65 millions in 1929) to a guess of £40-45 millions (we cannot allow accurately for defaulted acceptances) for 1931.

(2b) *Miscellaneous receipts*.—This estimate is almost incredibly haphazard, since it takes no account of such important items as our net debit balance in payment of cinema royalties, and makes no real attempt to assess the positive and negative balances arising from tourists' expenditure. The official estimate for 1929 and 1930 was a credit of £15 millions. For 1931 we may be safer in tentatively hazarding a figure of £5-15 millions.

(3) *Net national shipping income*.—Here we dive still deeper into uncharted seas of conjecture. Based apparently on a prolongation of a rather crude and precarious computation, made years ago, and never pretending to assess the actual amount of currency earnings converted in a particular period into sterling, the 1930 official estimate of net shipping earnings was £130 millions in 1929 and £105 millions in 1930. Writing in September, we suggested that in 1931 this credit item might fall to £80 millions. Since then Suez Canal dues have been reduced, while sterling freights for whole cargoes have risen by 10-15 per cent. Making due allowance for the unemployment of cargo tonnage and the contraction of revenue from passengers, we may perhaps estimate this item for 1931 at £85-90 millions, with the reservation that there is probably a margin of error of £10 millions in either direction.

(4) *Net Income from Overseas Investment*.—As the Macmillan Report pointed out, the official estimates of this predominantly large item in our invisible exports have been subject to disconcertingly frequent and large revisions after publication. The most recent Board of

Trade figures appear to be an incrustation of many years' guess-work grown over an antiquated private estimate of British capital abroad. The estimate for 1929 was £270 millions (scaled down from an original figure of £285 millions) and for 1930 it was £235 millions; but it has never been clearly explained whether these estimates make allowance or not for the accretion of the overseas reserves of British companies or for repayments of capital.

As an alternative basis for estimation there are, however, the useful figures published by the Board of Inland Revenue, which have received less attention than they deserve. We give below the latest available return (i.e., that for 1928-29), adding for purposes of comparison the results of the 1927-28 sample inquiry published in these columns on November 1, 1930, and the calculations relating to 1929 published recently by Sir Robert Kindersley.

Class of Investment.	Inland Revenue, 1928-29.	<i>Economist</i> , 1927-28.	Kindersley, 1929.
	Mn. £	Mn. £	Mn. £
Overseas Governments ...	63.6	63.6	58.2
Overseas Municipalities ...		6.1	6.4
Companies not registered in Britain	45.2	56.7	61.7
Companies registered in Britain	130.0	65.3	86.0
Unlisted securities and other interests		70.0	19.0
Total	239	254	231

The Inland Revenue figures refer to *income*; the others exclude *undistributed profits*. Examination of our statistics of distribution of company earnings suggests that, making allowance for remittances to meet London office expenses, etc., we should "write up" the *Economist* and the "Kindersley" figures by £20-30 millions to make them comparable with those of the Inland Revenue. In the next place, it should be appreciated that the figure of £45.2 millions in the Inland Revenue return refers only to income paid through paying agents in this country, while the total excludes income arising from operations overseas of companies operating mainly at home. The addition to be made on this account may be put at perhaps £20-30 millions. Finally, though the income derived from unlisted securities, bearer bonds, real estate privately held and so forth is necessarily conjectural, we incline to the view that the "Kindersley" figure is considerably too low, whereas the *Economist* estimate was stated at the time of publication to be an "upper" figure.

Making the various adjustments indicated above, we arrive tentatively at the conclusion that the probable figure of gross income applicable more or less indifferently to 1928 and 1929 lies between the limits of £260-280 millions. To arrive at the balance of payments figure we may perhaps deduct £15-20 millions on account of interest and dividends on foreign investments in Britain, leaving £240-265 millions *net*.

Coming to later years, we have the Board of Trade estimate that net income from overseas investments declined in 1930 by £35 millions, and the suggestion of Sir Robert Kindersley that the fall between 1929 and 1931 may be expected to be "something like £70 millions." With regard to 1930 we are inclined to consider the official calculation an overstatement of the drop, which appears more likely to be of the order of 10-12 per cent.—say, £25-30 millions. In respect of 1931, defaults on Government bonds and other fixed-interest securities have not had an enormous effect on the income (perhaps 40 per cent. of the total) from these sources. On variable dividends (particularly those of plantation companies) and on other items the loss has been severe; but we see little reason to modify substantially the suggestion which we made last September, that the total fall under all heads would be of the order of at least £50 millions. We are inclined, having regard to the width of error possible at the margin, to hazard a figure of £45-55 millions. This gives us an aggregate decline of £70-85 millions since 1929, as compared with Sir Robert Kindersley's suggestion of about £70 millions.

We may now attempt to gather together these tentative conclusions in summary form, premising (i) that, as regards merchandise trade, "forestalling" imports, pro-

voked by our Protectionists' clamour, have added a complication which otherwise we might have avoided; and (ii) that though bullion imports and exports are strictly not eligible for inclusion in an income account, they may legitimately be included—as the Board of Trade does, and as we do below—when the object of inquiry is to ascertain how far excessive demand for *devisen*, arising from a debtor balance, is straining the sterling exchange.

ESTIMATED BALANCE OF PAYMENTS. (£ Millions.)

	1929. 366	1930. 392	1931. 380-385
Excess of visible imports			
Balance of Govt. transactions	24	21	16
Net shipping income	130*	100-105	85-90
Net income from investments	240-265	210-235	155-190
Finance Commissions and Miscellaneous	80*	70*	45-60
Total invisible exports	474-499	401-431	301-356
Balance of transactions.....	+ 108 or + 133	+ 9 or + 39	- 24 or - 84

* Official figures, probably including a margin of error though included here, *faute de mieux*, as approximations without upper and lower range.

We make no claim that this table presents anything like a closely accurate picture of our balance of payments. All that it purports to do is to indicate what, in our judgment, are the approximate limits of probability. The very fact that the data are so flimsy, and the margins of error so wide, reinforces powerfully a plea which we would strongly urge, that the Government should institute, if they have not done so, a searching inquiry into a vital matter which should long ago have been put on a sounder statistical basis. If our estimates contain a kernel of truth, and our debit balance of payments in 1931 lies—perhaps about mid-way—between £20 millions and £80 millions (and in view of the probable “swing-over” of tourist expenditure our estimate for 1931 may overstate the deficit as easily as that for 1930 may exaggerate the surplus), the alleged necessity for rushing through measures of trade contraction is strangely unconvincing. For the further factor has to be borne in mind that this year new issues in the London capital market on overseas account will probably be of the order of £50 millions, as compared with something like £100 millions in 1930 and £90 millions in 1929. When allowance is made for this, it is questionable whether the pressure on the pound would have been as great in 1931 as in 1930, had it not been that the influx of short money which enabled us in the former year to lend very much more than our apparent credit balance was converted by the world crisis into the efflux which drove us off the gold standard.

The behaviour and prospects of the sterling exchange are by no means matters for satisfaction or complacency; but, in the din of tariff importunities, sense of perspective and sanity with regard to our balance of payments are being lost. Apart from the fact that such relatively small debtor balance as may temporarily exist is due predominantly to the decline in the income from overseas investments which protectionism in this country would gravely jeopardise, panic use of restrictionist measures is being justified on grounds which wholly overlook the corrective effects of the depreciation of sterling, and which appear fantastically to assume that our reduced ability to obtain short credits and our investors' loss of income from abroad will not inevitably result in checking our foreign purchases. To clap on tariffs and justify them by reference to an unproved figure of £100 millions “deficit,” and to allow that figure to become a popularly accepted “myth,” is scarcely the part of statesmanship or honesty.

CANADA'S RAILWAY PROBLEM.—II.

A previous article appeared in our issue of November 28.

At the end of 1930 the Canadian National Railways reported gross assets of \$2,344,690,787, and on this huge sum it was able to report earnings of \$26,510,957, or less than 2 per cent. Allowing for provision for all charges, including interest on advances from the Federal Treasury,

there was a deficit of \$61,287,201 on the year's operations. The Canadian Pacific Railway, on its balance sheet at December 31, 1930, showed gross assets of \$1,371,969,694, and its gross income for the year (including special income, part of which was drawn from surplus) was \$58,291,581. After providing for all charges, including the old dividend of 10 per cent. on the common stock, there was a surplus for the year of \$133,186. The Canadian Pacific thus made much the better showing, but the returns of both railways could only be considered unsatisfactory in relation to the invested capital, as shown by their respective balance sheets.

The C.P.R. owes its relatively better position to its greater ability to cut expenditure. The following table reveals what it has accomplished in this direction in the last three years:—

	C.P.R.	
	Maintenance of Way and Structures.	Maintenance of Equipment.
1928	\$ 35,812,413	\$ 43,493,153
1929	33,325,104	39,853,871
1930	25,043,282	29,933,803

On the other hand, the C.N.R., as a State-owned system, could not hope to escape the restraints which politicians, fearful of losing votes, are wont to impose upon economies. As the following figures show, it was unable to curtail its maintenance accounts to the same degree:—

	C.N.R.	
	Maintenance of Way and Structures.	Maintenance of Equipment.
1928	\$ 45,010,559	\$ 47,918,236
1929	46,868,217	49,527,851
1930	39,777,566	43,091,329

But the view is held in many quarters that the troubles of the two railways have been greatly aggravated by the unprofitable character of some of their subsidiary activities. At the close of 1930 the Canadian Pacific had \$114,135,161 invested in steamships, ocean and coastal, and the net return upon this for the year was \$1,331,919, or 1.1 per cent.; in the preceding year the steamship investment had stood at \$100,992,262 and the return at \$3,219,638, or 3.2 per cent. But these records are magnified by comparison with those of the Canadian Government Mercantile Marine, which is operated in close alliance with the Canadian National, although as a distinct organisation. For seven years it has shown a succession of deficits, ranging from a “low” of \$90,160 in 1926 to a “high” of \$1,440,880, and amounting to \$834,211 in 1930; and in these no account is taken of very heavy depreciation of the ships. If depreciation had been included the loss in 1930 would have been nearly \$6 millions, and the last balance sheet shows an aggregate debit balance to profit and loss account of \$57,640,000. The special West Indian service, which was established in 1929, has been equally unprofitable; and the loss on it, after allowing for interest and depreciation, amounted to \$1,117,869 in 1929 and \$1,362,655 in 1930.

There was a time when the C.P.R. derived a very comfortable annual revenue from its lands and town sites. The last balance sheet showed deferred payments on these properties amounting to \$55,310,829, and “assets” in lands and properties valued at \$62,678,850. But the income from this source has been falling ominously, and the net return of the C.P.R. from land sales in the last three years has been as follows:—

	Sales.	Cancellations.
1928	\$ 4,420,317	\$
1929	2,735,317	
1930	521,965	

The last balance sheet of the C.N.R. carried an item headed “Miscellaneous Physical Property,” whose value was placed at \$57,178,042. Here are the data about the land transactions of the C.N.R. for the last three years:—

	Sales.	Cancellations.
1928	\$ 1,232,170	\$ 309,378
1929	974,760	301,387
1930	398,882	267,400

These figures make it plain that the C.N.R. is deriving no tangible income from these assets.

Both railways own their own express systems—run through subsidiary companies, which contribute substantial sums to the parent corporation for the use of their transportation facilities—but in neither case is the return upon the capital satisfactory. The Canadian Pacific Express has a capital of \$5,400,000, whereof the parent company owns \$5,000,000, and during 1930 this company showed a deficit of \$1,170,501. The Canadian National Express has a capital of \$3,352,213, and its net income in 1930 was \$369,405.

The C.N. Telegraph Company has a nominal capital of \$1,673,625, but the cost of its property and equipment had, at the end of 1930, amounted to \$19,041,453; and in 1930 its net income dropped to \$810,207. According to the telegraphic statistics published by the Bureau of Statistics, the C.P.R., at the end of 1930, had \$15,728,708 invested in its telegraph system and its earnings in that year were \$2,136,564. It is understood that the sleeping-car equipment of both companies yields profitable returns, but the dining- and buffet-car services are apparently run at a loss.

Both companies conduct a large string of hotels, some of them situated in large towns with a permanent clientele, and others utilised only by tourists in the summer. No detailed data about the investment or returns are accessible, but the former in each case runs into millions of dollars, and considerable scepticism is evinced about the profit-making capacities. Some hotels are said to be on a sound paying basis, but others are certainly not; it is known, for instance, that the C.N.R.'s Chateau Laurier, in Ottawa, is operated at a heavy annual loss. In no department of their activities has the wasteful rivalry between the two systems been carried to such a pitch as in the hotel business. The City of Halifax is the classic example; for, with a population of less than 70,000, it has been provided within the last three years with two large modern hotels, either one of which could take care of all the business available, and, after a short spell of very unprofitable operation, the “Lord Nelson,” sponsored by the C.P.R., has been converted into an apartment house.

With regard to the investments carried on its books, neither company is in a happy position. At the end of 1930 the C.P.R. statement showed miscellaneous securities valued at their cost of \$31,701,679, and representing a par value of \$48,146,000; but the market value of these securities is now well below their cost. The C.P.R. owns \$11,100,000 worth of preferred and common stock in the Duluth South Shore and Atlantic Railway, which at present have no value, and it holds \$6,711,800 preferred and \$12,723,500 common stock of the Minneapolis, St. Paul and Sault Ste. Marie Railway, whose combined market value to-day is below a million dollars. A number of the company's other stockholding are of very dubious value, and the same description can be applied to a large majority of the investments of the Canadian National system in subsidiary or affiliated companies.

One of the big problems, therefore, which the Railway Commission will have to tackle, will be the question of the subsidiary activities and frozen investments of the two companies. It is admitted that some of these services are useful ancillaries to railway operations, but the feeling prevails both among railway experts and in financial circles that the capital outlay on these enterprises is disproportionate to the benefits derived from them. An amalgamation of both the telegraph and express systems could yield great economies. In Toronto, for example, the Canadian National has fifteen telegraph offices, each hard by a competing C.P.R. telegraph office, and half a dozen others at points where there is no competition. In scores of towns with a population of less than 2,000 there are two rival telegraph offices where one would easily suffice.

It is argued by many that nothing short of a complete amalgamation of the two systems by some form of partnership between the Government and the C.P.R. can produce the necessary economies in Canada's transportation bill, and it is claimed that in this way savings to the tune of \$100 millions could be effected. But, clearly, the time is not ripe for any scheme of complete amalgamation. For one thing it bristles with political complications and difficulties. It would entail a drastic curtailment of the

number of railway operatives, and every railwayman in Canada would apprehend that his particular job might be imperilled. Furthermore, every little hamlet that saw a prospect of being deprived of its railway connection and relegated to dependence upon a bus system would be up in arms and sending angry deputations to Ottawa to protest. Parliamentary authority would be required for any such amalgamation, and no Opposition could resist the temptation to make political capital out of the fears and discontents which would be generated. A plan of complete amalgamation could hardly be essayed except by a National Government with all parties sharing the responsibility; and at present there is no sign of any such development upon the horizon.

Meanwhile, the fundamental problem which is being set the Railway Commission is to discover ways and means of cutting down the nation's transportation bill to at least manageable dimensions. It can be relied upon to make recommendations which will eliminate many of the duplications in services now existing, but there are obvious political and other difficulties which will set a limit to this form of economy. It is also understood that serious consideration will be given to the problem of segregating such assets as represent interests only indirectly connected with railway operations proper. Such a process of clarification would enable the exact position of the railways in regard to earnings arising out of purely transportation activities to be determined, and would pave the way for the evolution of a freight rate structure and other plans which ought to result in a strengthening of both the financial and operating fortunes of both railways.

AMERICAN POLITICS.

(BY A TRANSATLANTIC CORRESPONDENT.)

THE Seventy-second Congress of the United States is likely to bring into high relief the remarkable change in American political sentiment and conditions which has developed in the last two years. At the general Congressional elections held a year ago the Democrats made very heavy gains and came within an ace of securing control of both the House of Representatives and the Senate. Since then a succession of by-elections for the Lower House has revealed a tide of popular disfavour flowing more strongly than ever against the Republican Party; and the Democrats have now secured definite control of the House of Representatives. The Democratic margin of superiority is narrow, but it will be sufficient for them to elect their nominee to the important office of Speaker, and to secure the chairmanship of the different committees, which play such a large part in the evolution of the legislative programme. In the Senate the Republicans, with forty-eight members as against forty-seven Democrats and one Farmer-Labourite, can nominally command a majority with the aid of the casting vote of the Vice-President, but, as at least a dozen Progressive Republicans headed by Senators Borah and Norris are completely at odds with the Hoover administration on most issues, the latter cannot hope for any more favourable reception for its policies in the Senate than was accorded to them in the last Congress by the coalition of Democrats and Progressive Republicans which was in operation.

The consequence is that President Hoover finds himself faced in the closing stages of his term of office with the embarrassing prospect of hostile majorities in both Houses of Congress. But the supporters of the administration are taking comfort in the fact that the Democrats, being in control of the Lower House, cannot escape responsibility for the sessional programme of legislation. Next to unemployment, taxation is going to be one of the most important issues of the coming session, and the Constitution provides that all revenue measures must originate in the Lower House. President Hoover may make recommendations and suggestions, and his Secretary of the Treasury, Mr. Mellon, may present figures and plans; but the actual taxation bill will be formulated by the Ways and Means Committee of the House of Representatives which the Democrats will control. In view of the

huge deficit, it is taken for granted that a heavy increase of taxation cannot be avoided, but the character of the levies will be a subject of prolonged and bitter controversy.

The Hoover administration and the official Republicans naturally want to avoid as far as possible responsibility for any imposts which would add to their present heavy burden of unpopularity, and Senator Smoot, who is chairman of the Finance Committee of the Senate, has been advocating the imposition of what he calls "luxury taxes" on a heavy scale, though his proposals, which include a Federal tax on motor vehicles, have raised the usual controversy about what constitutes a luxury and what a necessity. The richer elements in the Republican Party, disliking the idea of higher income taxes, are disposed to favour the introduction of a general sales tax. On the other hand, the Progressive Republicans and also some of the "regulars" want to raise the necessary additional revenues by heavy increases of tax on incomes in excess of \$20,000 and by raising the Federal death duties. The determining factor will be the attitude of the Democratic leaders, among whom a similar cleavage of opinion is visible. The more radical elements in the party are sympathetic with the idea of "soaking the rich," but most of the party leaders are indisposed to sponsor any taxation programme calculated to antagonise "big business," and thereby revive its now wavering affections for the Republican Party. As public opinion, however, in its present temper inclines to stiff increases in the tax burdens of the rich, they may not be able to resist the pressure of their followers and their allies, the Progressive Republicans. Indeed, the calculation of President Hoover and his friends is that the Progressive Republican group will try to impose their own taxation and other policies upon the Democrats and will at least partially succeed. The result, according to this calculation, will be an output from the present Congress of a mass of very radical legislation. President Hoover can then recover prestige, at least with the "big business" elements, by exercising his right of veto.

The tariff question is also bound to figure prominently on the stage. The regular Republican politicians give no indication of any recantation of their faith in the merits of high protectionism, but from all quarters of the country there is evidence of a steadily growing disillusionment about its virtues as a promoter of prosperity. Encouraged by this evidence, Senator Cordell Hull, of Tennessee, an able politician, who is the recognised leader of the low tariff wing of the Democratic Party, advocates a resolute drive against the Smoot-Hawley tariff and an amending measure which would restore the rates prevailing before its passage and even bring some of them lower. But notoriously the Smoot-Hawley Bill could never have become law without the support of Democrats who were interested in securing higher protection for industries in their own localities; and it is predicted that these high protectionist Democrats will not abandon their sectional outlook and will be strong enough to prevent anything like a complete reversal of the Smoot-Hawley policy.

On the whole the Hoover administration has a more successful record with its foreign policy than in the domestic field. Public opinion has given widespread support to its attitude about the Manchurian imbroglio and its co-operation with the League of Nations in seeking a peaceful solution. It has also backed President Hoover's actions to further the cause of disarmament and taken his side in his strange controversy with the officials of the Navy League. The President will have to seek from Congress the ratification of his moratorium on war debts and reparations. As the Democratic leaders are firmly pledged to back them, the only serious opposition, which will be easily overcome, will come from the group of intransigent "isolationists" in the Senate headed by Senator Hiram Johnson of California. Within the last year public sentiment in the United States has undergone a remarkable change in its attitude towards European problems and international co-operation; doubts are now expressed whether a proposal for the drastic abatement

of war debts would encounter the widespread popular opposition which two years ago was reckoned as certain.

With the Presidential election now less than a year distant, the preliminary manoeuvres and intrigues are now in full swing and there is great activity in both the Democratic and Republican camps. There have been no developments to suggest that President Hoover will have any difficulty in securing renomination from the Republican Convention, but he will be renominated without any enthusiasm on the part of his followers and with grave misgiving in the bosoms of its party managers. He has his admirers and champions, but he has accumulated for himself a fund of personal unpopularity unequalled by any President since the Civil War, and his relations with the Press have been peculiarly unhappy. The liquor issue is still a constant source of embarrassment to him, and lately the arrest of his own brother-in-law on a charge of "bootlegging" in California has provided the "wets" with material for sarcastic mirth at his expense. The Republican "wets" are still determined to make an effort to insert in the Republican platform a plank which will favour liberalisation of the present prohibition laws, but they are not likely to succeed in this move.

The liquor issue also threatens to split the Democratic Party. Mr Raskob, the chairman of the Democratic National Committee, is campaigning strenuously for a definite commitment of the party to "wetness," and for this purpose has recently sent out a questionnaire to everybody who subscribed to the Democratic campaign fund in 1928 in the hopes that an overwhelming majority of replies in favour of a forthright "wet" plank will have an effect upon the deliberations of the Convention. But the Southern Democratic "drys" are up in arms at these tactics and vow that they will never countenance the selling of their party to the "wets." Governor Roosevelt of New York still remains the first favourite for the Democratic nomination for the Presidency, but his chances of securing it are thought to have weakened in recent weeks.

Notes of the Week.

The Vote of Censure Debate.—On the motion for the adjournment of the House of Commons for the Christmas recess the exiguous official Opposition moved, in accordance with precedent, a vote of censure upon the Government. The Government, also following precedent, allowed two days for the debate, thereby incurring the wrath of the Protectionist group, which had hoped to procure one full day for a debate on tariffs for iron and steel and to secure a straight vote of the House upon that issue. The motion, moved by Sir Stafford Cripps, accused the Government of failure to deal effectively with currency and trade policy or with unemployment, and the chief points in Sir Stafford's speech were a declaration against a return to the gold standard and a demand for British initiative in international action to revive commerce. The Prime Minister, in reply, took occasion to remind the House of the "national" nature of the Government's mandate, and defended his Cabinet not merely against the attack of the Official Opposition, but against Conservative critics who accused the Executive of dilatoriness. Mr MacDonald's most important announcement was that an international conference would quickly follow the deliberations of the Young Plan Advisory Committee. He went on to add that, in his view, "immediate action should be taken" as soon as the experts' findings are available. Mr Amery followed on behalf of the Conservative malcontents, and threatened the Government with disruption if they did not speedily produce a full-blown tariff for iron and steel. But the edge of his attack was blunted by several Conservative speakers, who deplored all attempts to force the Government into ill-considered action; and, finally, Mr Runciman had a sympathetic reception for a speech in which a firm refusal to be coerced was coupled with a brilliant analysis of the complexities of the iron and steel trade and of the

extreme difficulties which they present even to a keen tariff-builder. Mr Runciman clearly impressed the House, and prevented any fresh recruitment to the ranks of the rebels.

The Outlook in India.—While Mr Gandhi, now touring Europe on his way back to his "sunbaked" land, has left these shores with an open mind, Congress is doing its best to force his hand. Mr Gandhi has yet to make his fateful choice between co-operation in the building of a constitution and a re-adoption of his former policy of boycott and civil disobedience. But the Working Committee of the Bengal Provincial Congress has initiated a new campaign for the boycott of everything British, and the Congress Press are asserting that Mr Gandhi on his return will lead a campaign which will speedily land him in gaol. Such action and such assertions are completely out of tune with the non-committal statement issued by the Mahatma at his departure from London last week-end. Meanwhile two pronouncements upon India of unusual importance have been made, one by the present Viceroy, Lord Willingdon, at Calcutta on Monday, and the other by the late Viceroy, Lord Irwin, in a debate on the Round Table Conference in the House of Lords on Tuesday. The former, while frankly admitting the delicacy of the position, especially in Bengal, and reaffirming the Government's unshaken determination to enforce the law and maintain order, welcomed the Prime Minister's statement of policy, and, with words of sturdy optimism, expressed the hope that during his present term of office he would find himself in the position of a "constitutional Governor-General." Lord Irwin, in the House of Lords, where Lord Lloyd fared no better than did Mr Churchill in the Commons in attacking the Government's policy, considered that the chances of an Indian settlement had been "immeasurably advanced" by the Round Table, and made an eloquent appeal for real efforts on both sides for a successful and constructive approach to the task of building the Indian constitution. There is need for response to this appeal in this country as in India. For although the British Government and people have proved that they will keep faith with India, we have our own intransigents here, as Lord Incheape showed in his address on Wednesday to the P. & O. shareholders. Lord Incheape would put the clock back; the extremists of Congress would put it forward. Each provides the other with the powder and shot of embittered controversy and the material of suspicion and distrust. Each equally embarrasses the efforts of statesmen of the West and the East to allow the hands of the clock to move according to plan until the hour strikes for the peaceful evolution of India's constitutional destiny.

Germany's Fourth Decree.—The new Emergency Decree, signed by President von Hindenburg on Tuesday night, may fairly be regarded as Dr. Brüning's last card in the fulfilment of his policy. Stoutly defended by the Chancellor in a broadcast address in which he roundly challenged extremists on either flank and threatened to impose in the last resort martial law, the Decree represents a degree of State interference with economic liberty unparalleled outside the territory of the U.S.S.R. The main features of the enactment are as follows:—

The turnover tax is to be increased from 0.85 to 2 per cent. Wages and salaries are to be cut down to the level prevailing in 1927, and there are to be drastic revisions of official salaries and pensions.

Railway freight rates are to be reduced by 5 to 25 per cent. and similar reductions are to be made in postal rates and charges of such public services as gas, water and electricity.

All prices fixed by cartel conventions are to be reduced to 10 per cent. below the level of last July, and corresponding reductions of other prices are to be secured by a price regulation Commissioner with fairly despotic powers.

The interest rate on fixed-interest-bearing securities, mortgages, etc., other than foreign obligations, is reduced to 6 per cent., with the exception that current interest charges at higher rates than 8 per cent. are to be reduced by amounts ranging from a quarter to a half. Rents are to be reduced by 10 per cent.

Finally, the punishment for treason against the State is increased; the wearing of party uniform is forbidden; and a ban is placed on all political demonstrations and meetings from December 20th to January 3rd.

Westminster Bank Leaflets

For the benefit of that large section of the public which finds itself bewildered by business language, the Westminster Bank issues from time to time simply worded explanations of various ways in which it is able and glad to be of use to its customers. Amongst its publications are the following: *3 Points before Travelling*, notes on the Protection of Travellers from Loss. *3 Thirty-nine Advantages of an Account with the Bank*. *3 The Saving Habit*, an outline of the Home Safe system. *3 Safeguards for Travellers*, a warning against carrying foreign notes. *3 Securities*, their Custody and Supervision. *3 Wills, Trusts, and Settlements*, the Bank as an Executor. Copies may be had on asking at almost any branch, or by addressing a postcard to the Secretary, Westminster Bank Limited.

41 LOTHBURY, LONDON, E.C.2

Coming on top of three previous Emergency Decrees, which have already reduced terribly the German standard of life, and imposed, as it is, in the middle of a crisis in which Germany has five million unemployed, her stock markets closed, her tale of bankruptcies mounting to catastrophic figures, and her whole economic system "frozen" by credit restrictions and standstill agreements, this latest "turn of the screw" will undoubtedly place a dangerous strain on the psychology of the German people. Moreover, we consider one of Dr. Brüning's expedients, the compulsory reduction of interest, to be a perilous step. A call for further sacrifices, it may be argued, was inevitable, and Dr. Brüning may doubtless have feared that it would be impossible to retain Social Democratic support for the Government unless he could point to "deflation" of the rentier. Nevertheless, it is idle to disguise the fact that the Decree has gone much further than its predecessors, in that it enforces by law the definite breach of contractual obligations by methods which recall those practised in the Middle Ages against usurious Jewry. This opens up disquieting possibilities of promises to secure still lower rents and interest rates being made future electoral issues—a prospect not conducive to the retention or investment in Germany of capital owned by German nationals. Moreover, it remains to be seen whether this arbitrary State action in the matter of prices will not ultimately impair rather than improve the security on which Germany's foreign credits repose. Driven to the wall, Germany is making a last heroic effort to meet a desperate situation; and we salute Dr. Brüning's courage. But the outlook, political and economic, in Germany is not rendered more reassuring by this Decree, however cogently the Chancellor may plead that under *force majeure* he had no other alternative.

The Basle Committee.—The Young Plan Advisory Committee assembled formally on Monday, and, to judge by its daily *communiqués*, its deliberations, covering a vast field, seem likely to occupy some weeks. At the first session Signor Beneduce (Italy) was elected chairman of the Committee. It had been decided in advance to co-opt four additional delegates, as provided under the Young Plan, and the choice fell upon Dr. Bindschedler (Switzerland), M. Rydbeck (Sweden), M. Colijn (Holland) and M. Juritch (Yugoslavia). On Tuesday Dr. Melchior (Germany) began a detailed statement on the general economic and financial situation of Germany, in the course of which he emphasised the firm intention of the German Government to maintain the gold standard. A sub-committee was appointed to examine in detail the various German statistics which Dr. Melchior had pro-

duced. On the following day Dr. Melchior continued his exposition of the economic state of Germany, with particular reference to the German balance of payments. Having dealt in detail with the categories of German debts which necessitate external payments, Dr. Melchior explained that the favourable balance of merchandise trade, which had amounted to a monthly average of Rm. 350 millions during the past half-year, reflected partly drastic curtailment of imports, even raw materials, and partly liquidation of German stocks under pressure of high interest rates and withdrawals of credits. With regard to the future, he submitted that the tendency was likely to be reversed in view of the difficulty of finding fresh credits, the repercussions of currency depreciation abroad and the increase in foreign Customs tariffs, exchange restrictions, quotas and other measures of import contraction—factors to which our Berlin correspondent refers in his letter on a later page. On Thursday, examination of the situation of the Reich Budget was begun. So much for the proceedings at Basle, which suggest that the whole question of German capacity will be thoroughly examined by the experts as expeditiously as possible. It would be idle at this juncture to speculate on the scope or terms of their report, which will form material for consideration by the conference of Governments early next year. In this connection the *Times* published on Tuesday a summary of an official Note which the French Government had communicated to all the Governments interested. If the summary is accurate, this Note embodied more or less the views which M. Laval's speeches in the Chamber of Deputies had already revealed. With regard to the Young Plan Advisory Committee, it stated that the French Government preserves a free hand because the terms of the German application for it, "although known in Paris, were not submitted for its final approbation." The indication was given that the French Government considers that the present financial crisis in Germany is not favourable to an inquiry of a final nature into Germany's capacity to pay, and that only "temporary" measures can be recommended for the solution of a "transitional state of affairs." Other Governments, we suggest, are more likely to be impressed with the consideration that any solution which merely "played for time," or perpetuated the atmosphere of crisis by requiring frequent revision, might prolong the state of uncertainty whose continuance helped to render the Hoover moratorium plan ineffective in realising its objects—restoration of confidence and revival of trade.

Washington Resumes.—The seventy-second Congress of the United States was opened on Tuesday. On that day President Hoover read a message of a general nature, which was amplified by special statements on Wednesday on the Budget position and on Thursday on America's foreign policy. In view of the international crisis the third of these messages was naturally awaited with the greatest interest, but as its full terms are not available at the time of writing, comment at the moment must be confined to the two first statements. In the first and more general message Mr Hoover gave a broad sketch of the causes underlying the world crisis and touched upon the steps taken by his Government to co-operate with other Governments in attempting to remove them. Of that we expect to hear more in the statement on foreign policy. To European eyes the most noteworthy passages in the general message were those which emphasised the comparative self-sufficiency of the United States and described measures for organising an internal American revival of activity. With regard to the former, foreign critics (and, indeed, we note, some home critics) find Mr Hoover's speech somewhat contradictory. For his description of the way in which the difficulties of the outside world had upset America contrast rather noticeably with his assertion of America's ability to recover in isolation. Compilers of "parallel columns" might place in curious juxtaposition the admission that "our difficulties in the past year have mainly originated in large degree" from international developments, and that "if we can put our financial resources to work and can ameliorate the financial situation in the railways, I am confident we can

make a large measure of recovery independent of the rest of the world." If international factors were the arbiter of America's fortunes in 1931, how can their influence be disregarded in 1932? It would seem that Mr Hoover may be flying a kite for a policy of isolation. Nor do his proposed measures for internal reorganisation escape criticism on this side; for they appear to savour of an inflationary expansion of banking credit, through the foundation and financing by the Treasury of a huge finance corporation which in its turn would support a network of industrial and agricultural credit institutions. Meanwhile Mr Hoover's Budget message announced definite steps for meeting enormous prospective deficits of \$1,416,989,448 (say £285 millions at par of exchange) for the year ending June 30, 1933, and of \$2,122,683,685 (say £425 millions) for the current financial year. (The deficit for the year 1930-31 was \$902,716,845.) New taxation is proposed to yield \$920 millions. Income tax is to be levied on all incomes over \$20 per week, and over 1,700,000 wage earners will be brought within its scope. Exemptions are also to be reduced, while new or increased taxes are to be placed upon telephones and telegrams, radio gramophones, motor cars, cheques, amusements, jewellery, cigarettes and tobacco, etc. There is also to be an increase from 12 to 12½ per cent. in the corporation tax. It does not follow that this tax programme will pass intact; for, as a correspondent points out on a previous page, Mr Hoover and Mr Mellon submit a programme, but the final composition of the tax schedule is in the hands of the Finance Committee of Congress, upon which Mr Hoover does not command a majority. If the taxpayer in Europe is being chastised with scorpions, the American taxpayer is threatened with whips; but it remains to be seen how far Congress will prefer to borrow rather than to tax.

The League and Manchuria.—In Manchuria, up to the moment of going to press, there has been no change during the week. The south-western corner, including the city of Chinchow, remains under Chinese administration, and is still held by the previous Chinese garrison. Meanwhile, in Paris, the faint improvement which we were able to record last week has faded away, and the Council's retreat has been resumed. The resolution, with a covering statement by Monsieur Briand, which the Council drafted last week, has not commended itself to the authorities in Tokyo. "The whole tone of Monsieur Briand's declaration is declared to be objectionable, as conveying the impression that the Chinese are the wronged parties and that the Japanese are on trial." As for the draft resolution, the Japanese Government has demanded the withdrawal of Paragraph V., which provided that, in case the Japanese troops had not been withdrawn within the Japanese Zone by the time the League Commission reached the spot, the Commission should report to the Council and make recommendations as to what action should be taken. In place of this paragraph, which they propose to delete, the Japanese have suggested the insertion—not in the resolution but in the covering statement—of a passage to the effect that the Council may instruct the Commission to furnish information concerning progress made towards the carrying out of the resolution of September 30th. In other words, the Japanese Government does not repudiate outright its pledge to withdraw to its own zone some time or other, but it rejects any suggestion of a time-limit in any form. The Council is disposed to accept this Japanese amendment, and not to oppose a unilateral declaration by the Japanese delegation, reserving the right to take action against Chinese bandits, if only the Chinese delegation can be persuaded to agree. The Council has also failed to secure the establishment of a neutral zone between the Japanese and Chinese forces; for on this point the Japanese have insisted, not only that the Chinese shall retire to the south of the Great Wall, but that Chinchow, when the Chinese evacuate it, shall not be included in the neutral zone, but shall pass under Japanese occupation. Accordingly, the Council has abandoned the attempt to establish a neutral zone altogether; and, in these circumstances, there is obviously a serious danger that, before the League Commission has started for Manchuria, or has even been appointed, the

Japanese Army may return to the charge and present the Government of Tokyo and the Council at Paris with a fresh *jait accompli* by forcibly ejecting the Chinese garrison and administration from the corner of Manchuria which the Chinese still hold. The humiliation of the League in the Far East is almost complete; and the future effects of this upon the problem of security and disarmament in other parts of the world are incalculable.

The New Spanish Constitution.—On Wednesday the Constituent Assembly (*Cortes Constituyentes*) at Madrid voted the new constitution of the Spanish Republic. This constitution is on "advanced" lines. It sets a good example by incorporating in its provisions the obligations which are entailed in membership of the League and in adherence to the Kellogg Pact. It entitles the Spanish State a "workers' republic"; institutes single-chamber government; allows a referendum on the initiative of 15 per cent. of the electorate; and reflects the recent conflict between the Crown and the Nation in the severity of the penalties which it provides for bringing the executive head of the Government to book should he exceed his powers. Another recent Spanish conflict is reflected in those provisions of the new constitution which relate to the Catholic Church. Religious orders are forbidden to teach or to carry on a trade of any kind; and the Jesuits are disbanded (though not expelled) and are deprived of their property. On the mind of the foreign observer who wishes the Spanish Republic well, the new constitution leaves a certain disquieting sense of unreality. For example, on Tuesday the Cortes carried a Government motion that the recently passed Defence of the Republic Act should be incorporated temporarily in the constitution itself. It is, indeed, paradoxical that a constitution which is intended to secure to Spaniards their classic personal rights should be inaugurated with a rider which gives the Republican Government greater dictatorial powers than those which were previously possessed by the Monarchy. The fact is that the major troubles of the Spanish Republic have still to be faced. The Republic has still to settle its relations with the peasantry, who constitute the vast majority of the population all over the Peninsula, and who have displayed an inclination towards "direct action" in Andalusia; with the church, which has been knocked on the head but not dislodged from its stronghold in the hearts of many millions of Spanish men and women; with Navarre and the Basque Provinces, which are overwhelmingly clerical in sentiment; and with Catalonia, which is determined to enjoy the reality of Catalan self-government. This is a formidable list of imminent problems. In face of them the Provisional Government has shown sound statesmanship in supporting the candidature for the Presidency of the Republic of Señor Alcalá Zamora, notwithstanding the fact that he has lately resigned from the Premiership of the Provisional Government because he differed from his colleagues on the crucial question of the Republic's policy towards the Church. He is both a sincere Republican and a good Catholic. This combination of loyalties is none too common in a country where the relations between Church and people have been what they have been in modern Spain. In supporting the candidature for the Presidency of his late colleague and chief in the Provisional Government, Señor Azaña has shown a broadminded statesmanship which will certainly have its reward.

November Trade Returns.—The preliminary figures for November trade published in the *Board of Trade Journal* are in one respect more encouraging than might have been expected, for raw material imports at £15.8 millions are noticeably better than in previous months and do not compare too unfavourably with those of November, 1930. It is true that the value of raw material imports is now raised owing to the depreciation of sterling, but the decline in their value since November, 1930, is one of only 7.4 per cent., a figure which is almost identical with the decline in wholesale sterling prices of raw materials. Hence it is reasonable to suppose that their



DAME FORTUNE

will smile upon your children
if they have the privilege of a
Sound Education.

Write for a copy of the booklet
"EDUCATION"

LEGAL & GENERAL ASSURANCE SOCIETY LTD.
Head Office: 10 Fleet Street, London, E.C.4 *Estd. 1836*

volume has recovered to approximately that of a year ago. The following are the actual returns:—

	November, 1930.	October, 1931.	November, 1931.	First Eleven Months	
				1930.	1931.
Imports	£ thou. 79,412	£ thou. 80,685	£ thou. 83,231	£ thou. 955,181	£ thou. 785,206
Exports	44,057	32,832	31,863	532,094	357,086
Re-exports	6,848	5,277	4,967	81,736	58,499
Total exports	50,905	38,109	36,830	613,830	415,585
Excess of imports over total exports	28,507	42,576	46,401	341,351	369,621

November imports of manufactured goods were not greatly in excess of those for October, but were some seven or eight millions higher than those of previous months. Here due allowance must be made for the depreciation of sterling, as well as for "forestalling." Exports so far have shown no improvement. It is clear that stimulus from the depreciation of sterling is slow in taking effect. In view of the world's present policy of trade contraction this is scarcely surprising.

Sterling and Gold Prices.—During the past fortnight, notwithstanding a fall of some 30 cents in the dollar quotation, British wholesale prices, as measured by our index number, have kept relatively steady. We give below the comparative figures of our complete index based on fifty-eight commodity prices:—

"ECONOMIST" INDEX
(1927 = 100).

	Sept. 18, 1931.	Nov. 25, 1931.	Dec. 9, 1931.
Cereals and wheat	64.5	70.4	70.2
Other foods	62.2	65.4	66.3
Textiles	43.7	53.7	55.0
Minerals	67.4	74.5	75.4
Miscellaneous	65.8	66.6	67.0
Complete Index	60.4	65.9	66.6
1913 = 100	83.1	90.7	91.7
1924 = 100	52.2	57.0	57.6

The recent apparent stability of the British wholesale price level in face of exchange depreciation must be read in conjunction with a further abrupt fall in the gold prices of primary commodities. Moreover, as will be seen from the following table, the sterling price of primary products rose by an appreciably larger percentage than did our complete index number:—

SEPTEMBER 18TH = 100.

Date.	Economist Indices.			Irving Fisher, U.S.A.	Statist- ique Générale France.	Milan Chamber of Com- merce, Italy.	Statist- ische Bureau, Germany.
	Complete Index (sterling).	Primary Products (sterling).	Gold Prices.				
Sept. 30th ...	107.8	112.0	94.7	98.7	96.9	98.8	98.9
Oct. 14th ...	108.3	114.3	95.7	98.9	96.9	99.7	98.0
Oct. 28th ...	108.4	114.4	101.4	99.3	95.6	99.9	98.7
Nov. 11th ...	110.3	119.3	103.5	99.3	96.0	99.3	98.3
Nov. 25th ...	109.1	114.8	98.0	98.3	94.2	98.8	97.6
Dec. 9th ...	110.3	117.3	93.0	...	...	...	...

It will be seen that gold prices have suffered in less than a month the catastrophic drop of 10 per cent. Movements in foreign indices, which we reprint from the *Financial Times*, have so far been less violent.

Prices and Monetary Policy.—In the course of his interesting Ludwig Mond lecture, delivered last Monday at Manchester University, Sir Josiah Stamp observed that three statements of policy were likely to be prominent in the near future:—(1) That we should endeavour to gravitate to an exchange rate corresponding with a price level at which our economic machine would function smoothly and at which employment and profits would be satisfactory. (2) That we should test that rate out in its *de facto* stability for a reasonable period before formally stabilising. (3) That we should not in any case formally stabilise until we had secured by international co-operation an understanding about the management of gold. With regard to the third point, we agree with Sir Josiah that to secure identity of view on the international gold problem may be a long and painful task, and we also share his opinion that a period of a constant gold price level and stable exchange level would not necessarily offer a sufficient guarantee against further inconvenient movements in the value of gold which might be accentuated by the resumption of the gold standard by a number of countries at present off that standard. We are unable, however, to follow Sir Josiah in all that he had to say with reference to the first point of policy which he mentioned. If we understand his meaning correctly, he appears to have suggested that while money wages should be pegged at their present level, we should deliberately aim at a general rise in the wholesale level of the order of 25 per cent.—carrying with it an increase of perhaps 10 per cent. in the cost of living—in order to correct the present unstable and artificial distribution of the national income. Presumably Sir Josiah is suggesting that before there can be full employment of our productive capacity there must be an increase in the profitability of enterprise. But he appears to assume that this can be achieved safely by a sort of “selective inflation.” Since money wages are to remain unchanged, he is apparently thinking not in terms of increased consumers’ demand, but on the lines of extension of credit to enterprise and the stimulation, one assumes, of demand for capital goods by public subsidies or State expenditure. Sir Josiah’s ideas are always interesting and rightly provocative of thought, but in this case he appears to us to be suggesting perilous courses. We agree that the effect of exchange depreciation on the wholesale prices of imported commodities will not of itself suffice to correct all the disequilibria which existed before September 21st within our structure of prices and wages; but even if the policy which he appears to contemplate could be carried out without provoking irresistible demands for higher wages at an early stage in the process, it is difficult to see how we could obviate consequent progressive depreciation of sterling which would recreate disequilibrium in our price structure and make the beginning of an all-round inflationary spiral a certainty.

Steel and Tariffs.—In an article published in last week’s *Economist* we endeavoured to set out some of the difficulties and complexities which beset the would-be tariff maker when he comes to the iron and steel trade. Having read the able review of the problem which Mr Runciman gave to the House of Commons on Wednesday, we are surprised at the moderation with which we stated the case. In arguing that the importance of steel users in the life of the nation was greater than that of steel makers, we made a rough computation that, while the heavy iron and steel trades employ about 188,000 workers, nearly 1,405,000 derived their livelihood from “steel using” industries. Apparently, the latter figure was too low, for the President of the Board of Trade gives the figures for employment in the latter category as 1,825,000. “I just put this single appeal to the House,” said Mr Runciman, “when we are dealing with this question do not let us underrate the 1,800,000 and give the whole of our sympathy to the 188,000. That would be unbalanced judgment.” Steel makers, Mr Runciman explained, are more “vocal” than steel users; and, bad though the plight of the British iron and steel industry may be, he pointed out that the comparable industries of the United States and Germany (both Protectionist countries) have

suffered worse than our own. Those who turn to *Hansard* will find columns devoted to an analysis of the component parts of the industry and an exposition of the many complicated factors which merge from any study of it. No impartial observer, we believe, could read the speech without agreeing with Mr Runciman that any attempt to introduce tariffs in connection with this basic industry would, to say the least of it, be “a great gambling risk.”

The Social Services.—At a time when it is so important to watch carefully the trend of public expenditure, it is unfortunate that the Government’s annual White Paper* on what are commonly known as the “social services” should once more make so belated an appearance. The return issued last week refers to the financial year 1929-30 and gives figures of total expenditure under the main heads including sums spent from local rates, parliamentary grants and other receipts (e.g., unemployment and health contributions, fees, rents, etc.), but excluding payments out of loans for capital purposes. We show below comparable figures for England, Scotland and Wales in recent years:—

	“SOCIAL SERVICES” EXPENDITURE. (In Millions.)				
	1921.	1924.	1928.	1929.	1930.
Unemployment insurance...	10.8	48.0	42.8	53.8	53.3
Health insurance	29.9	30.9	37.6	39.9	38.8
War pensions	100.9	69.6	56.9	54.0	54.1
Other pensions	20.8	24.0	45.6†	58.7†	62.2†
Education	88.8	86.6	94.4	97.0	100.5
Working-class housing	4.7	16.6	26.7	31.6	35.6
Poor relief	34.3	41.9	45.5	43.9	50.0
Miscellaneous‡	16.5	14.5	16.5	16.9	12.2
Total	306.7	332.1	366.0	395.8	406.7
Total, less War pensions...	205.8	262.5	309.1	341.8	352.6

† Includes widows’, orphans’ and old age contributory pensions under the Act of 1926.
‡ Including expenditure on hospitals, maternity and lunacy.

The outstanding feature of the foregoing table is the steady growth of these forms of expenditure, which, in the last six years for which figures are available, have increased by over 20 per cent. despite the automatic decline in war pensions, and compare with a pre-war figure of £63.2 millions, expended in 1911. The extent to which the increase between 1923-24 and 1929-30 has been met by local rates, parliamentary grants and “other” receipts, respectively, is shown below:—

	1923-24.	1929-30.
Local rates	£ Mn.	£ Mn.
Parliamentary votes and grants	78.8	93.0
“Other” receipts	175.3	184.0
	86.7	124.3

The growth in “other” receipts is chiefly accounted for by contributory pensions (+ £24 millions) and rents (+ £12.8 millions); unemployment and health insurance contributions both show small declines.

The Dockers’ Wage Out.—The negotiations for a reduction in the wages of dock workers, which were opened as long ago as last May, have at last been brought to a peaceful termination. The original attitude of the men was as uncompromising as the demands of the employers, which involved a reduction in wages of two shillings a day and far-reaching alterations in conditions, were drastic. In consequence, a deadlock was at first reached, but subsequent conversations led to a resumption of the negotiations with both sides in a much more accommodating frame of mind, and the modified proposals of the employers were referred to a sub-committee of the Industrial Council for the Port Industry. The settlement which has now been reached, after prolonged work on the part of this body, involves a reduction of 10d. a day for time workers and a similar cut of 7 per cent. for piece-workers, with a minor modification relating to week-end overtime. The other conditions based on the 1919 agreement and the terms of the Lord Shaw agreement are unchanged. An improve-

ment in the machinery of negotiation has incidentally resulted. This is the first change in dockers’ wages since 1924, and they therefore formed an outstanding example of the rigidity of sheltered wages in face of the steady fall in prices. The determination of the dockers to make “a stand against deflation,” which was the cause of the deadlock throughout the summer, had necessarily to be reconsidered in face of the present extreme shipping depression. Mr Bevin has made a fair bargain for his members by good generalship. He was wise not to make the depreciation of sterling the ground for insistence on the maintenance of wages. In accepting this urgently needed reduction in the margin between sheltered and unsheltered wages, he has contributed in a reasonable spirit to the solution of our burden of high transport costs.

Cotton Trade Disputes.—In one respect the outlook with regard to the threatened troubles in the Lancashire cotton industry, which we discussed in a leading article last week, has improved. “At the end of last week,” writes our Manchester correspondent, “there was an unexpected development in connection with the hours and wages question in the Lancashire cotton industry. At a meeting in Manchester on Friday of the Central Committee of the Cotton Spinners’ and Manufacturers’ Association reports were received from the District Associations with regard to the recommendation of the Central Committee that they should be empowered to give one month’s notice to the operatives of the abrogation of the uniform list of weavers’ wages and all wages agreements. It was announced at the close that whilst the replies showed a large majority in favour of taking the action recommended, it was felt that the majority was not sufficient to justify the giving of the notices determining the wages agreements, and it was decided not to give them. The votes taken at the district associations showed that only 68 per cent. of the members were in favour of action only 68 per cent. of the members were in favour of action being taken. A crisis in the weaving section of the industry, therefore, has been removed for the time being. It is understood that many employers refused to support the Association on this matter owing to uncertainty as to the terms of any new agreement on wages. The Manufacturers’ Association is now compiling an alternative wages list, which in due course will be submitted to the members for their consideration, and if this is adopted the trade unions affected will be approached. So far as can be gathered, the employers in the spinning branch are determined to press their claim for an increase in working hours in the mills. The several trade unions have held meetings and decided to accept the invitation of the Masters’ Federation to a joint conference to discuss the demand. It is expected that this joint meeting will take place in Manchester early next week. A factor of importance, especially in the weaving section, at the moment is that more sheds are being reopened after standing idle, on special terms with the operatives as to wages and working conditions. It is estimated that about 100 mills are running under conditions which are not in accordance with the agreements previously entered into between the Manufacturers’ Association and the Operative Weavers’ Amalgamation. This situation is causing much irregularity, and there is a good deal of undercutting in the market by these firms that are working on advantageous terms with regard to labour costs. There are rumours that more manufacturers will be compelled to resign from the Association, and it is quite evident in many districts the trade union is unable to control its members.” Thus, in spite of the respite from deadlock in the weaving section, the situation in the spinning section remains dangerous.

American Cotton Crop.—On Tuesday last, writes our Manchester correspondent, the Department of Agriculture of the United States Government published what is known as the preliminary final estimate of the cotton crop for this season, the amount being given as 16,918,000 bales, as compared with 16,903,000 bales a month earlier. The forecast was rather below market expecta-

tions, but prices have shown practically no change. The carry-over from last season was about 9,000,000 bales, so the total supplies available are about 26,000,000 bales. It is not likely that world consumption this season will be more than 13,000,000 bales. During the last few weeks a feature of the cotton situation has been the success of the “holding” movement in the United States, and despite the big supplies there is relatively little pressure to sell. An outstanding factor in connection with this year’s cotton crop in America is the large production per acre. This is rather surprising in view of the reports last spring of a decrease in the use of fertilisers. The Department of Agriculture now estimates the output per acre at 200.1 lb. This is the largest figure since 1914, and the total growth will be the second largest on record. Up to the end of November 15,023,000 bales had been ginned. During the last few weeks “gold” cotton prices have been steady, but it is believed in some quarters that early in 1932 the proposals relating to the cutting down of the acreage for next season will have some effect upon the situation. This week the Egyptian Government has estimated the cotton crop there at 6,204,922 cantars, against 6,415,798 cantars a month earlier. The Egyptian cotton crop for last season was 7,552,000 cantars.

The Commercial Bank of Scotland.—The accounts of this institution for the year ended October 31, 1931, are on the whole a good omen for the general British banking results of the current year. Net profits at £386,000 compare very favourably with those of the two preceding years, and the directors have only thought it necessary to allocate £50,000 to contingencies and have not felt obliged to make any reduction in the dividend. It is true that this bank is not implicated in the world crisis to the same extent as the big English banks: for, two years ago, its acceptances only reached the relatively small figure of £586,000. On the other hand, certain Scottish industries have shared to the full in the British trade depression, and so it is a testimony to the bank’s innate strength that its earnings have not been depleted to a greater extent. The principal items in its accounts are given below:—

	1929.	October 31, 1930.	1931.
	£ thou.	£ thou.	£ thou.
Capital paid up	2,250	2,250	2,250
Reserve fund	2,800	2,850	2,850
Deposits	35,229	33,182	32,112
Notes in circulation	3,231	3,418	3,510
Cash	4,133	4,241	4,152
Call money	4,554	4,179	2,165
British Government securities ..	9,530	10,838	12,492
Other investments	648	575	772
Advances	18,637	18,548	16,808
Discounts	3,500	1,818	2,511
Net profits	368	390	386
Reserve fund	50	50	—
Contingencies	—	—	50
Dividend:			
“A” shares	16%	16%	16%
“B” shares	10%	10%	10%

Deposits have not fallen unduly when the circumstances of last October are taken into account, while the contraction in advances is also relatively moderate. There is a fairly big increase in the bank’s holding of British Government securities, which becomes more pronounced when allowance is made for the depreciation in their value which occurred during the bank’s last accounting year.

The Banque de France and Sterling.—It was common knowledge that the Banque de France, together with other foreign banks both central and commercial, had been involved in heavy losses in respect of its sterling balances by the depreciation of the pound. So long as the Banque de France did not draw on its sterling balances, the loss might be regarded in some respects as a matter of bookkeeping; but it was clear that prudence demanded that adequate provision should be made for eventualities. Were the Bank to attempt to meet this loss itself it would more than exhaust its capital and reserves, for these stand at only Frs. 481 millions, whereas if, as stated in the French Chamber this week,

the Bank's sterling holdings amount to £62 millions, the loss between September 21st and this week is of the order of Frs. 2,500 millions. In these circumstances the French Government has decided to give assistance to the Banque de France, and a Bill has been introduced to that effect. The Treasury are to hand to the Banque de France a bond for the amount of the loss, to be exchanged later for negotiable bonds of the sinking fund administration. These bonds will be redeemed progressively with those received by the Bank at the time of the stabilisation of the franc in exchange for old Russian bonds. The Bank will itself contribute towards the amortisation of the bonds by means of an immediate payment and by further annual payments in proportion to its gross profits.

Banque Italo-Belge.—The report of this well-known bank, possessing interests both on the Continent and in South America, shows that the directors have been properly impressed with a need for caution. During the past two years, while not denying commerce legitimate assistance, the board has gradually been restricting the bank's engagements, and consequently has been able to present satisfactory results, notwithstanding the decrease in its operations, South American exchange fluctuations, and other difficulties. This year's dividend policy is equally conservative. The dividend has been reduced from 12 to 10 per cent., and Frs. 3.9 millions added to the bank's undistributed profits. The salient features in the accounts are reproduced below:—

	June 30th.	1929. Frs. mill.	1930. Frs. mill.	1931. Frs. mill.
Liabilities—				
Capital	100.0	100.0	100.0	100.0
Reserves	90.0	100.0	100.0	100.0
Deposits	1,237.2	1,023.7	1,144.7	1,144.7
Correspondents	1,130.0	1,002.5	895.6	895.6
Bills payable	203.3	199.5	229.8	229.8
Assets—				
Cash	370.5	331.4	365.1	365.1
Bills receivable	1,015.5	1,017.8	859.4	859.4
Investments	98.2	91.0	83.1	83.1
Correspondents	542.5	298.1	353.4	353.4
Debtors, current account	742.4	690.3	813.0	813.0
Net profits	22.9	20.0	16.0	16.0
Dividend	12%	12%	10%	10%
Increase (+) or decrease (–) in undistributed profits	–1.8	+4.8	+3.9	+3.9

The decrease in the bank's engagements is reflected mainly in a contraction in balances held with it by its agents and correspondents. Deposits owned by private customers are somewhat higher. The cash position has been strengthened, and the fall in its resources has been met by allowing bills to run off. The maintenance of assistance to commerce is well illustrated by the expansion in the item debtors, current account, which represents short-term advances to the bank's clients.

National Income of the U.S.S.R.—An interesting brochure has been published by the Russian Department of the University of Birmingham dealing with the growth since the war of the national income of the U.S.S.R. in comparison with its 1913 level. The authors have necessarily had to employ official Soviet data as a basis for their calculations, but they have made certain modifications which from their inquiries appear to them to be necessary in the Gosplan figures. As a result, they arrive at the following estimate:—

NATIONAL INCOME.			
(Million Pre-War Roubles)			
	Total.	Index.	Increase.
1913	13,896	100	%
1922-23	8,061	58.0	...
1924-25	10,759	77.4	16.7
1925-26	13,162	94.7	22.3
1926-27	14,086	101.4	7.0
1927-28	15,137	108.9	7.5
1928-29	16,649	119.8	10.0
1929-30	20,407	147.6	22.6
1931 (estimates)	27,185	195.6	33.2

On the basis of the foregoing figures, the index of income per head of the population (1913=100) had risen from 59.7

in 1922-23 to 127.8 in 1929-30, and is provisionally estimated to reach 165.6 in 1931. The rise, *prima facie*, is impressive; but the compilers of the brochure add the important qualification that "the fundamental shortcoming of all calculations of the national income of the U.S.S.R. for the period 1922-31 lies in the failure to recognise the decline in the quality of the goods and commodities produced." This is found to have been the result of two factors—concentration on quantity production, and pressure by the "planning" authorities to secure, often somewhat arbitrarily, a reduction of factory costs. For example, the brochure suggests that, whereas the production of galoshes from the factories of the Rubber Trust in 1928-29 showed a quantitative increase of 48 per cent. of the 1913 level, a statistical "correction," based on comparative durability of pre-war and post-war qualities, would yield a true production figure 26 per cent. below the pre-war datum line. Such "corrections" must obviously be tentative and open to large margins of error, but there seems to be sufficient evidence to warrant the conclusion that U.S.S.R. estimates of the value of national production based on quantity require to be discounted to some extent by considerations of the factor of quality. In considering the finance of the planned development of the U.S.S.R., the report bears testimony to the extraordinary rate of enforced national accumulation of capital which has been brought about by State control through the medium of (1) high prices paid by the consumer for the produce of industry, (2) high trade charges in State trade, (3) drastic taxation, and (4) compulsory subscription to State loans. During the last two years approximately one-third of the national income appears to have been compulsorily saved for capital investment. As a result, even on the questionable assumption that the quality of industrial production of primary commodities is of pre-war standard, personal consumption per head of the population is estimated to be still 5 per cent. below the pre-war level, notwithstanding the large increase shown above in aggregate national production.

The Development of Memel.—An official periodical publication of the Lithuanian Finance Department contained, in its issue of November 10th, an interesting article on the port of Memel. Founded in 1252, five years earlier than Königsberg, this city was dogged for centuries by a series of misfortunes which prevented it from keeping pace with its junior rival. More than once laid waste by fire and sword, it suffered in addition a more permanent handicap in its five hundred years' separation from the Lithuanian hinterland, a separation which was only terminated in 1923. The history of Memel's rise to importance, in part the history of the transformation of Baltic trade, is therefore also largely the history of the development of communication between Memel and its Lithuanian hinterland. Before the war the trade of Memel was thus relatively unimportant. During the war, with the inevitable shift of trade from the ocean to the railways, Memel's connection with her hinterland was greatly improved by the construction, in 1916, of the Klaipėda (Memel)-Prekula and the Pagėiai-Radviliskis lines. During the period of French occupation, in 1920-23, the import trade expanded, but the export of agricultural products, which was later to become so important for Memel, was still mainly carried on through Libau. With the incorporation into Lithuania in 1923 the development of trade with the hinterland began in real earnest; imports expanded more rapidly than exports, but it is confidently anticipated that, as the reorganisation of agriculture proceeds, a substantial agricultural export trade will grow up in place of the timber trade which was formerly the mainstay of Memel but has recently declined. The Finance Department adduces an abundance of statistics in illustration of the growth of the trade of the port. The number of ships entered rose from 694 in 1924 to 980 in 1930, and their registered tonnage from 287,000 to 500,000. Though the average turnover of merchandise trade in 1925-27 was 12 per cent. lower than in 1909-13, the corresponding fall in the turnover of Libau was 74 per cent., and average imports through Memel rose in the same period by

42½ per cent., against a decline of 64 per cent. in those of Libau, so that the relative growth of Memel has been very rapid. In 1927 it enjoyed 29.7 per cent. of the total export trade of Lithuania and 41.85 per cent. of the import trade. The extraordinary severity of the competition of the Vistula ports is, however, signalled by the fact that while the turnover of Königsberg only rose by 37 per cent. between 1924 and 1929 and that of Memel by 61 per cent., the turnovers of Dantzig and Edingen were multiplied fourfold and two thousandfold respectively. The movement southward of the centre of gravity of Baltic trade has, none the less, greatly profited Memel, and a great volume of shipping, including transatlantic passenger lines, enters that port which before the war never entered those waters at all. In consequence, though Memel has lost much of its importance as a timber port, it has made good a claim to the title of the Port of Lithuania.

The Deep-Sea Fisheries.—The returns relating to the deep-sea fisheries in the third quarter of the year show some diminution both in quantity and aggregate first-hand value. Yet, including foreign landings and imports, the supplies of wet fish realised more than £5 millions sterling. The details following are compiled from the statement issued by the Ministry of Agriculture and Fisheries:—

July-September.	Weight in Cwts.		Value.	
	1930.	1931.	1930.	1931.
British caught.				
England and Wales	3,533,414	3,500,008	3,256,325	2,903,080
Scotland	2,358,924	1,926,639	1,602,693	1,278,441
Shetland	...	...	104,694	103,747
Total	5,892,338	5,426,647	4,963,712	4,285,268
Foreign caught	240,996	253,140	295,378	297,868
Imports	244,973	269,534	813,254	762,219

It will be noted that there was a falling off in the quantities of British-caught fish both in England and Wales and Scotland, together nearly half a million cwts. Also a substantial decline in the aggregate realised first hand. Smaller English supplies apparently did nothing to increase the average value during the quarter, that for England and Wales working out at 16s. 7d. per cwt. as against 18s. 4d. per cwt. in the corresponding quarter of last year. In Scotland the reverse was the case, the average being 15s. per cwt., as against 18s. 7½d. The landing of wet fish from the deep-sea fisheries by foreign-owned vessels were slightly heavier, with only a small appreciation in the aggregate sum realised. Imports of wet fish (including herrings from Norway) were more but the value less. In the same period Great Britain exported 125,504 cwts. of wet fish, valued at £207,413, as against 107,588 cwts. and £205,760 in the July-September quarter of last year; also considerable quantities of cured or salted herrings, etc.

Overseas Correspondence.

UNITED STATES.

Industry — International Debts — Congress — Money.

(FROM OUR CORRESPONDENT.)

NEW YORK, December 1.

THE persistent decline in security and commodity markets with the advance of autumn has sapped some of the confidence which had sprung up; but in spite of the obviously unfavourable factors in the situation, hope is still held of trade improvement before the winter is out. The country has seen little of the usual seasonal increase in business. After a mild expansion, the steel industry has again dropped below 30 per cent. of capacity, and railroad freight traffic is falling. The October rise in wheat encouraged farmers who held grain to tighten their grasp, for very little came to market, and thus the paper increase in wealth for the agricultural communities did not become

real. Coal and petroleum production increased this autumn, but unseasonably warm weather until recently has hampered the sale of coal and winter goods. Holiday trade promises to be only fair.

Factory employment has been decreasing since the middle of September, even in woollen mills, where there is usually a seasonal increase. The Federal Reserve Board's index of manufacturing and mining output for October was 74 per cent. of the 1923-25 average, compared with 76 per cent. in the previous month. However, the head of the American Federation of Labor found that his organisation's figures showed the drop in employment for November to be no greater than seasonal, and the same thing was true for October. Nevertheless, he estimated the unemployed at 6,000,000, and thought this figure might rise to 7,500,000 in the next two months.

Railroad net earnings in October, as indicated by reports from a majority of the roads, were about 40 per cent. under a year ago, a somewhat better comparative showing than that for the previous month. Next week railroad labour union leaders will meet in Chicago to decide whether to accede to the request of the railroads for a 10 per cent. cut in wages. There is an even chance they will accept the cut, even though they failed to agree with the railroad executives at the meeting here recently. At any rate, the railroads have served notice on their employees that, failing voluntary reductions soon, they intend to take active steps for lower wages, a process which, if successful, will involve four or five months.

No great surprise was felt here at the news of the Belgian reconsideration of the copper curtailment matter and their acceptance of the compromise offered by American and British interests. It is thought here that Katanga will be allowed to produce for sale approximately 115,000,000 pounds, or 26 per cent. of estimated capacity, that being the percentage which the British and large American producers agreed to take. In addition, it is likely that the Belgians will be allowed to produce 66,000,000 pounds, with provision for holding it off the market, on such terms as would prevent dumping at expiration of the agreement. The way is apparently once more open for further discussion of selling practices for the export association. Dissatisfaction with that phase of the business resulted this week in the withdrawal from the Export Association of the Phelps Dodge Company, which is reported to desire closer adjustment of the Association's price to actual sales made in the domestic market.

At present there are frequently two markets for copper. One is the price at which sales are made by custom smelters who refine for small producers, and the other is the asking price of the large companies. Export price is now fixed on the big producers' asking price, and, consequently, is usually out of line with the actual domestic market. Another proposed change is for the Export Association to handle fire-refined metal as well as electrolytic. It is predicted that Phelps Dodge will rejoin the Association, given Belgian agreement on production and revision of selling rules. Meanwhile an effort is being made to bring small producers into line. Hudson Bay Copper Company and Miami Copper Company, for instance, have not yet agreed to cut in accordance with the latest plan, although Miami was in the 1930 agreement. Hudson Bay, it is understood, is operating at capacity.

Mr Albert H. Wiggin, chairman of the governing board of the Chase National Bank, and Mr Walter Stewart, of Case, Pomeroy and Company, have left for Europe. Wall Street is confident of a favourable outcome to the negotiations on German short-term credits and at least hopeful on the question of reparations. In most quarters here it is still strongly felt that France should be given the lead in the reparations task, and that while the Young Plan should be made to fit new conditions, it should not be scrapped outright. Bankers here have announced a settlement with the German Government, the Reichsbank and the private banks on disputed matters relative to treatment of drafts and acceptances of ninety days' maturity drawn after December 1. Incidentally, repayments under the "standstill" agreement have been larger than permitted withdrawals. Repayments for all countries are estimated at \$250 millions, and it is now believed that

the new agreement will only need to cover \$850 millions. Under the new agreement reached with Germany, American banks are not obliged to accept drafts maturing after the end of February, and may carry such amounts as cash advances. No discrimination will be made in the event of a later settlement against drafts drawn under the present agreement, regardless of maturity. The Gold-diskontbank will extend its guarantee to drafts of ninety days or less accepted by creditor banks before the end of February.

Congress meets next week after more than a year's holiday. Apart from ratification of the German and foreign debt moratorium, its principal task will be to devise a tax and revenue-raising plan to make good the two-billion dollar deficit, which is a certainty for the current fiscal year. The deficit is already in excess of \$800 millions. Higher income taxes are a foregone conclusion; but, in addition, certain forms of luxury taxes are in prospect. Congress is unlikely to tinker with the tariff this session, but it may be asked to make some amendments to the Federal Reserve and the banking acts, and there will, of course, be an attempt to get some new form of farm aid. The close party division is calculated to keep accomplishment low.

Great interest is taken in the Treasury's financing plans for the December 15th tax date, when maturities of \$1,000 millions will have to be met. A long-term issue is not expected, but there is some talk of 1- to 3-year notes. Money conditions have been easier owing to recent gold imports and releases from earmark, along with slack business and lower prices. The gold gain in November was approximately \$105 millions. Money circulation was up \$8 millions last week, but the usual weekly rise at this season is \$50 to \$100 millions. Liquidation in bank loans on securities and in bank investments continues. Reporting member banks of the Reserve system cut their security loans \$37 millions last week, and brokers' loans have dropped further to a new low level around three-quarters of a billion. After reaching a new peak in October, bank failures have diminished rapidly and are now no longer giving much concern. However, the large number of failures has denuded many communities of all banking service. This has compelled people to use currency instead of bank checks for ordinary business transactions and has much to do with the rise in currency circulation. Hoarding alone has by no means been responsible.

GERMANY.

Currency — Foreign Trade — Industry — Politics.
(FROM OUR CORRESPONDENT.)

BERLIN, December 8.

THE strength of the opposition in Germany to any experiment with the currency has been clearly illustrated during the last two weeks by the attitude of the Press to a proposal for the devaluation of the mark. The proposal emanated from a well-known journalist, the chief trade editor of the *Berliner Tageblatt*, Dr. Felix Pinner. Dr. Pinner is opposed, not only to inflation but to imitation of the English example of unlimited depreciation in the external value of the currency. Instead, he proposes that Germany should at one stroke reduce the parity of the mark. He does not advocate the abandonment of the gold standard, but the adoption of a new gold standard on a 20 per cent. lower basis. Despite its cautious form, this proposal has been decisively rejected by all serious financiers and economists in Germany and has encountered severe criticism in the Press. The President of the Bureau of Statistics and head of the Konjunkturinstitut, Professor Wagemann, is also emphatically opposed to any form of devaluation. The danger that a currency once allowed to fall might prove impossible to hold at the desired point is rightly estimated in Germany as exceedingly serious, and the devastating consequences of inflation, for both home conditions and foreign relations, are fully appreciated. No premium on exports would be regarded as compensation, as this rejection of the Pinner proposal once more proves.

How much that means can only be appreciated in the light of the present state of Germany's foreign trade

relations. Until late autumn the German trade balance continued to show increasing export balances, and the October figure constituted a record. Meanwhile, however, a flood tide of protectionism has broken over Europe, and even the tariff increases, detrimental as they are to German exports, are not its worst feature. Their effects are reinforced by exchange depreciation, especially in England, and in many countries, especially those of the north and of the south-east, by exchange regulations, which in many cases have practically the same effect as import prohibitions. According to a publication of the Institut für Konjunkturforschung, exports to Argentina, Egypt, Australia, Bolivia, Brazil, British India, Denmark, Ecuador, Finland, Great Britain, Canada, Mexico, New Zealand, Portugal and Uruguay were hampered by suspension of gold payments, gold export prohibitions or exchange depreciations, and exports to Brazil, Bulgaria, Estonia, Finland, Yugoslavia, Latvia, Austria, Persia, Spain, Czechoslovakia, Turkey and Hungary by the rationing of foreign exchange.

Exchange rationing in most cases means that foreign exchange is provided by the central bank for so-called indispensable exports, and that in consequence the import of finished industrial products, in which Germany is principally interested, gradually has to cease because the exporter receives no payment. In these circumstances the idea is being seriously considered in Germany of establishing with the countries of South-East Europe a sort of exchange clearing arrangement by which the claims of German exporters, as they arise, would be set off against the debts of German importers arising concurrently. An agreement on similar lines has recently been concluded between Germany and Poland. Such a system is likely, however, for practical reasons, to lead to a situation in which imports into a given country are limited by the amount which can be paid for by exports. In trade with South-East Europe that would lead to a great reduction in German exports, as Germany in her trade, for example with Austria, has hitherto had a substantial export surplus. With other South-Eastern States, as for example Roumania and Hungary, equilibrium might perhaps be established, without detriment to the German trade balance, by Germany's importing from these countries grain, especially fodder grain, which she would otherwise have to buy in overseas markets.

The danger of these clearing schemes lies in the fact that if Germany adopts them in her trade with the East she cannot continue to resist their adoption in the West as firmly as she has hitherto done. That, however, would mean that she would also have a balanced trade with those countries with whom she is absolutely obliged to maintain an export surplus, if her balance of payments as a whole is to be maintained. The attainment of these surpluses is of paramount importance not only for Germany but for her commercial and political creditors. Germany will only be able to pay in the measure that she is allowed to export. From this point of view, the destruction of international merchandise trade which is now proceeding everywhere is an unfavourable omen for the success of the reparations and standstill negotiations—or, rather, it is a warning not to expect success from these negotiations alone, but to supplement them by new international agreements on money and merchandise trade and the complex of problems that is involved therewith.

The latest quarterly report of the Institut für Konjunkturforschung gives the following indices of production:—

	Coal.	Rolling Mills.	Ma- chines.	Cement.	Textiles.	Shoes.	China.	Pro- ducers' Goods.	Con- sumers' Goods.
1928 = 100									
1929*	108.3	106.2	100.9	94.5	91.1	103.8	87.4	105.9	93.5
1930	85.4	71.8	88.2	75.5	85.4	80.2	81.6	78.8	84.0
July	90.7	64.9	85.2	82.7	85.9	102.7	73.1	76.1	83.5
September ..	92.3	67.9	86.6	78.2	84.5	108.3	75.3	75.7	84.4
1931	90.2	60.7	54.8	39.0	78.4	78.7	68.0	66.1	70.8
January	79.3	65.5	66.4	48.9	85.6	108.3	61.9	68.6	88.0
April	74.6	63.1	65.2	75.3	86.0	78.8	61.6	66.3	82.1
August	73.5	55.4	61.9	88.2	87.1	81.7	87.7	81.7	74.7
September ..	76.0	60.6	58.0	67.1	87.6	99.7	81.6	84.4	80.0
October	76.7	49.3	...	56.6	...	...	...	...	...

* Monthly average.

In September, 1931, the total index was 66.8 against 78.8 in September, 1930.

At the moment of writing, domestic politics are overshadowed by the anticipation of the new burdens which the emergency decree will impose upon the German taxpayer and on the recipients of wages and salaries. Herr Hitler's reception of foreign Press representatives, and the decision of the National Socialist leader to send Herr Rosenberg, whose views are identical with his own, on a tour of the European capitals as a sort of emissary extraordinary, is a gesture the importance of which has apparently been over-rated abroad. There are no legal means of preventing Herr Hitler from indulging in such gestures: it is not illegal to act as though one were the coming dictator. Other countries ought to realise, however, that this is a trick designed primarily to produce an effect at home—Herr Hitler would like to show that he is taken seriously abroad. There can be no doubt, in spite of the intensification of the danger signals in home politics, that the Brüning Government will remain in power at least until the conclusion of the international negotiations, and longer if the result of the negotiations renders it in any way possible. Even at the Stuttgart election, where the National Socialists have just secured a fresh success by polling double the number of votes they received at the Reichstag elections, they only mustered one-fifth of the electorate, and although their influence in rural sections of the community is stronger, there can be no question of their carrying a majority of the German people, either alone or in combination with the German Nationalists.

AUSTRIA.

Stock Exchange Room — Foreign Trade — Revenue.
(FROM OUR CORRESPONDENT.)

VIENNA, December 7.

FOR the last few days there has been a boom on the Vienna Stock Exchange, and in a very short time many shares have risen as much as 30 per cent. and 40 per cent., and individual shares still more. This movement is all the more remarkable as it is taking place during a period in which most of the share markets of the world are in a state of depression, and the Berlin exchange, which is of the most importance for the Vienna market, has been closed for months. From November 16th to December 4th some of the shares which are known to have registered price increases as follows:—Austrian National Bank from 195 to 261, Alpine Montangesellschaft from 11.50 to 16.95, Gösser Brauerei from 131 to 179.50, Danube Steamship Company from 8.60 to 11, A.E.G. from 9.50 to 15.

The generally accepted explanation of this boom is the desire of the public to have their money placed in some substantial way, as the foreign currency control regulations in the different countries make it impossible to convert the money into foreign means of payment or to invest it in foreign business. It is probable that foreign interests have played an important part in the movement. As the Austrian schilling is being traded in at a discount abroad have registered price increases as follows:—Austrian National Bank from 195 to 261, Alpine Montangesellschaft from 11.50 to 16.95, Gösser Brauerei from 131 to 179.50, Danube Steamship Company from 8.60 to 11, A.E.G. from 9.50 to 15.

There is a strong preference for securities in foreign, especially Czechoslovakian, currencies. The same shares do not by any means show the same tendency in Vienna and in Prague. For instance, during the period mentioned above the shares of the Berg- und Hüttenwerke rose by Sch. 91 in Vienna and by only 25 Czech crowns in Prague (according to the official rate of conversion this amounts to about Sch. 6). Prague iron shares rose by Sch. 45 in Vienna and by Kc. 25 in Prague, and Nordbahn shares by Sch. 370 in Vienna and by only Kc. 250 in Prague. There have even been cases of contrary development; for example, the price of Skoda Works shares rose

by Sch. 38 in Vienna and fell by 30 Czech crowns in Prague. The preference for shares in foreign currency is also illustrated by the fact that the League of Nations loan is quoted at 125, because the coupons are still actually met in dollars. Discount obligations in foreign currencies were also firm. On the other hand, Austrian schilling bonds have depreciated; the Federal Loan of 1930 has fallen from Sch. 85.50 to Sch. 76.10. The Hungarian securities which are dealt in in Vienna are also very firm, though there is no official quotation for these, as the Budapest Stock Exchange is closed. Within the last few weeks, in private dealings, Rima have risen from 21 to 27, Salgo from 23 to 49, Hungarian Coal from 290 to 580, and Hungarian Sugar from 68 to 106 schillings.

The great differences in share prices between Vienna and Prague are partly due to the difficulties placed in the way of share trading. The export of shares of any kind is subject to proof that the securities in question have been brought into Austria at most six months before the date of application for export, and then only for office purposes, for example, for the renewal of the interest sheets. Otherwise, export of shares is in general not permitted.

The obstruction of merchandise traffic in consequence of the foreign currency regulations is still unchanged. Attempts have been made to bridge it by means of clearing treaties with foreign States, and it is said that negotiations will shortly be opened with England with a view to arranging some kind of clearing understanding. The Austrian Parliament has already passed an Act prohibiting the making of payments for import and export purposes between Austria and any country with which such a treaty shall have been made, otherwise than within the clearing agreement. Up to the present only one treaty has been made, and that is with Switzerland. It does not provide for any absolute limitation of exchange of goods, but merely lays it down as a rule that Switzerland may deliver to Austria values amounting to three-quarters of the sum of the values exported by Austria to Switzerland. The remaining 25 per cent. will, however, be used, not to strengthen Austrian holdings of foreign currency, but to meet Austrian financial obligations in Switzerland. The negotiations with Czechoslovakia have so far been abortive, while those with Hungary and Poland may be perfected shortly.

The most difficult part of these negotiations is to check imports. So far, the foreign currency regulations have not caused any great diminution in imports, and the boom in the Austrian coal industry, for instance, seems to be almost over. The Alpine Montangesellschaft, which recently took on 1,000 men, has now given notice to 880. The development of imports also plays an important part in regard to Customs revenues. During the first eleven months of this year Customs duties have amounted to 243 million schillings and have fallen short of estimates by only 11 millions. The drop will be much larger for the whole year, but the fall in imports is partly offset by the increase in duties which was imposed a few months ago.

Every item of the Budget has this year fallen short of the estimates. On the basis of the results from January to October, the year's receipts should be, for example: Excise stamps and legal fees, 114 millions, against an estimate of 119 millions; merchandise turnover tax, 21 millions, against an estimate of 255 million schillings. Direct taxes will yield about 67 million schillings less than was estimated, but it is hoped that the new amolument tax and crisis tax, which are expected to yield 6 million schillings, will help to right matters in the coming year.

There is strong opposition to the latest agreement of the Credit Anstalt with the English creditors, which provides for the nomination of a foreign general manager and political difficulties may ensue. The Government is trying to get the upper hand in these difficulties, and is negotiating with a view to having an Austrian general manager appointed with a foreign director as co-manager. How urgent a solution of the Credit Anstalt problem has become can be seen from the latest report of the Austri-

ational Bank, which shows serious tension. The bill portfolio has risen by 62 millions to the unprecedented high level of 820 million schillings, total circulation has gone up by 68 millions, while the cover has been reduced by 27.3 per cent. In the bill portfolio there are acceptances of the Credit Anstalt amounting to about 600 million schillings.

HUNGARY.

Politics — Budget — Transfer Moratorium — Speculation.

(FROM OUR CORRESPONDENT.)

BUDAPEST, December 7.

THE *Putsch*, planned by a few dangerous hotheads, which was revealed and checked by the police on November 27th, had no connection whatsoever with Legitimist politicians, who are in favour of the reinstallation of the Hapsburg dynasty in Hungary. The Minister of the Interior, speaking in Parliament, rightly called the plotters "desperadoes," who apparently wished to set up a Hungarian Hitler régime, accompanied by looting. After ten days of investigations there is no trace that the plotters had any connection with responsible politicians, neither could they boast an organised following like that of the Nazis in Germany. Though the whole story is not known yet, it seems that its importance had been somewhat exaggerated. This can be explained only by the political uncertainty which has prevailed in Hungary since Count Bethlen resigned.

Parliament is still discussing the League Report on the financial situation of the country. In spite of a six weeks' deluge of oratory, no contribution whatever was made to the real issue; the fundamental fact that the country has been overborrowed from 1927 has been almost totally ignored, and members of all political parties, instead of dealing with the menacing budgetary situation, have lamoured for financial palliatives such as veiled inflation or further borrowing, which, if put into effect, would no doubt ruin what was left from the sound financial structure of the past. In order to preserve the basic financial structure, it is absolutely necessary that current budgetary expenditure should be met from current revenue. Roughly, it is estimated that the first six months will ring in a revenue of 400 million pengö and expenditure will total about 470 million pengö. As the Government has pledged itself to the Financial Committee of the League to reduce the total expenditure of the Administration budget to 890 million pengö, it will be necessary to curtail monthly expenditure in the following six months by 10 million pengö per month. In order to achieve this Count Karolyi will announce shortly what measures the Government has already undertaken and what it further proposes to do. Considering the huge ratio of expenditure on personnel—55 per cent. of the total budget—it is obvious that retrenchment in this category must be forthcoming. Nevertheless, the parties supporting the Government, for petty personal reasons, are obstructing the cutting down of pensions, which would mean a saving of 6 million pengö in the present financial year, and would lower expenditure by 20 millions in a full financial year.

Baron Karolyi, the prospective Finance Minister, went to London to negotiate with the creditors for a suitable standstill agreement and to discuss the terms of the transfer moratorium, which can no longer be postponed, as the National Bank cannot afford to lose from its gold over the 30 million pengö which are necessary to meet the total interest and sinking fund payments due on foreign loans within the next six weeks. It is generally believed here that a transfer moratorium will be declared by the Hungarian Government before Christmas on all foreign obligations, except the interest service of the State loans and the B.I.S. rediscount credit to the National Bank of Hungary. Taking into account the depreciation of the pengö, in which nearly half of Hungary's State debt is contracted, the interest service (without amortisation) of the League Loan of 1924 and the Treasury Bills of 1930 and 1931 amount to approximately 80 million pengö, that the pre-war gold rentes, called the *Caisse Commune*

debts, to 13.5 million pengö, and that of the B.I.S. loan to approximately 10 million pengö—making a total of 53.5 million pengö. As for the rest of Hungary's foreign obligations, short and long term, public and private, a funding agreement will be offered after consultation with the creditors' representatives at an early date. It would be desirable both for Hungary and her creditors to set up a Creditors' Committee, similar to that dealing with frozen German credits, which could deal efficiently with the highly complicated debt situation.

Hungary's ability to pay depends upon what merchandise trade surplus she is able to achieve. Reckoning with a total export of about 500 million pengö in the next twelve months, a merchandise trade surplus of 100 million pengö is the best the country can hope for. The trade situation is becoming worse every day. The clearing agreements upon which the success of all commercial treaties now ultimately depends leave a very meagre, if any, margin in favour of Hungary from which to pay interest on her foreign debts. If Hungary is able in the next six months to meet the interest on her State debts amidst the chaotic condition of foreign trade now prevalent in the Danube Valley, she will have done very well.

The gold pengö experiment, which had worked so well since its introduction in August, did not prove effective enough in the last two weeks to stop an unwarranted rise in stock-market prices which was dangerously inflationary in its character. Consequently the Government was compelled to prohibit dealings in stocks, and newspapers are not allowed to publish quotations of such private dealings as take place in the future. The Hungarian ban on stock-price publications has been issued for precisely the opposite reason to that of Germany. In Berlin and in other German exchanges stocks were quoted very much below the July level, whereas in Hungary gambling—which was, unfortunately, not checked by the banks—brought about a purely inflationary increase of some 50 to 60 per cent.

The old-established banking firm Adolf Kohner and Sons has applied for compulsory composition. Their total liabilities amount to about 15 million pengö and are covered on paper by assets valued at the same figure, but it is very doubtful whether these immobilised assets could be fully realised. A number of British bankers are among the creditors, but no heavy losses need be feared. The liquidation of the firm does not affect the market to any appreciable extent.

HOLLAND.

British Duties — Quota Act — Stock Exchange — New Issues.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, December 9.

THE imposition by England of the import duty of 50 per cent. on an additional list of articles strikes yet another heavy blow at Dutch industries. The Dutch glass industry, in particular, worked principally for the English market, and is now doomed to destruction through the English import duty. The total exports of bottles, etc., from the Netherlands amounted to 1,322,000 guilders in January-October, 1931, as compared with 1,661,000 in the same period of 1930; of these England took 989,000 guilders' worth in 1931 and 1,178,000 guilders' worth in 1930. The *Vereenigde Glasfabrieken*, which had an export quota of 31.3 million bottles in the international bottle-selling syndicate in 1930, and accordingly ranks among the foremost glassworks, is closing down all sections of the factories in the second half of this month. In consequence of the depreciation of sterling, it had already been found necessary to restrict production, so that notice of dismissal had to be given to 550 of the employees; additional discharges will now be entailed by the consequences of the 50 per cent. anti-dumping duties. In January operations will only be resumed in such sections of the works as are necessary for supplying the requirements of the home and the Belgian markets.

A report from the Tilburg woollen fabrics manufacturers states:—"For us the loss of the English market involves a considerable proportion of our turnover, and this applies, generally speaking, to the entire Dutch woollen industry, as Great Britain took fully 40 per cent. of the total exports. In consequence of the severe decline in the value of the English currency, the loss is not only confined to our market in England, but also applies to the other markets to which we have hitherto been exporting, where England, temporarily at least, now has a decided advantage. It is therefore no exaggeration to say that the prospects of that part of our industry which works for the export markets are most precarious. Seeing that increasing protectionism and currency depreciation are keeping out our goods abroad the only possibility of keeping production going at anything like a satisfactory level is provided by the home market. Only 45 per cent. of Netherlands requirements of woollen fabrics is supplied by the home industry, so that there is the possibility of regaining some of the 55 per cent. imported from abroad. This possibility, however, can only be materialised if the Government provides the necessary support by imposing quota measures in good time."

The Dutch leather industry is also menaced, as England takes about 60 per cent. of our production of leather. For our roofing tile industry England is the best customer, and it will hardly be possible to find another outlet. The only hope is, therefore, the retention of the Dutch market for the home industry by means of the restriction of imports. Similar reports have been issued by the bicycle tyre and earthenware industries.

In these circumstances it is not to be wondered at that the Bill for rationing imports was passed unanimously in the Second Chamber this week. This law empowers the Government to fix quotas on the basis of quantity, value or weight; and, maintaining the most-favoured-nation clause, it is to deal with all countries on equal terms. During the discussion of the Bill an amendment was passed requiring all orders issued by the Minister under this quota law to be subsequently ratified by Parliament. Before proceeding to the voting on the quota Bill, the Minister of Labour delivered an address on the economic situation in the Netherlands. According to Mr Verschuur, the situation of trade and industry can, generally speaking, be described as precarious. The state of affairs revealed by the inquiry into the situation on October 1st, the Minister remarked, was *El Dorado* compared with the conditions prevailing to-day. Holland has so far done everything possible to maintain the principles of free trade, the Minister stated. What we have advocated with regard to international trade we have acted upon with complete conviction. So far this country has refrained from retaliation. Now, however, we are being compelled to take measures in self-defence, and in doing so we can only assume the honour of being the last nation to have recourse to measures which, from an international standpoint, can be regarded as wrong. If, by means of this quota scheme, we succeed in alleviating the worst of the blows suffered recently, we shall have to be content. From the outset the object of the Bill has been to limit excessive imports, not by protectionism but by means of quotas. It is important to save the home market as far as possible for the national industries in compensation for the lost outlets abroad. The danger threatening our industry, the Minister said, has to be averted.

On the Amsterdam investment market the tendency last week was extremely weak. The chief reason was the fact that the Minister of Finance did not give notice on December 1st of the earlier redemption of the 6 per cent. Netherlands loan, 1922, which had originally been promised. The Minister had already been given authority to make the bonds for this loan redeemable in March, 1932, and at the same time to conclude a new loan for such amount as was not available for the redemption of this loan. It was considered that 240 million guilders would suffice for this purpose. Many financial institutions which had already counted upon the conversion and had bought the bonds as a purely temporary investment now hastened to liquidate their holdings, and a considerable all-round drop in quotations was the result. The renewed

stream of municipal loans, which at first met with very fair success on the issues market, now proved a disappointment. The disquietude on the bonds market is greater than ever before, and any conversion transaction is totally out of the question.

From the reply of the Minister of Finance to questions in the Second Chamber, it now appears that the Netherlands Bank held £11 millions in sterling balances, and has sold at round 9 and 9.35 guilders to the pound, so that the total loss is about 30 million guilders. For the redemption of the Dutch East Indies sterling loans, the East Indian Government has apparently bought £8½ millions from the Netherlands Bank and £2½ millions from the Java Bank. A Bill has been introduced into Parliament for a new Indies loan of 150 million guilders for the consolidation of floating debt, for which, for the first time, the State of the Netherlands is to give a guarantee. Most of the loan will be marketed abroad; presumably France or possibly Switzerland will be chosen for the purpose.

POLAND.

Frontiers — Bank — Gold Standard — Industry — Agriculture.

(FROM OUR CORRESPONDENT.)

WARSAW, December 8.

PUBLIC opinion has been greatly disturbed over the renewed discussion in the foreign Press—dating from Premier Laval's visit to the United States and the outbreak of Senator Borah—concerning treaty revision and Germany's eastern frontier. This is a subject about which there is no division of opinion in Poland. No matter what other countries think, or what foreign publicists write, all Poles stand very emphatically for existing treaties and frontiers, and they are not in the least doubtful about French support. There is no conceivable pressure that would make Poland voluntarily relinquish her right to the "Corridor" and Polish Upper Silesia. The Foreign Minister, M. Zaleski, will no doubt make this quite clear to British statesmen when he visits London in the near future—if such assurance is necessary.

The statement of the Bank Polski for the end of November shows an increase in gold bullion to 597.7 million zlotys, against 594.0 millions at the end of October and 586.1 millions at the end of September. During the same period foreign exchange holdings serving as cover have declined from 115.8 to 84.4 million zlotys; while *devisen* not serving as cover has declined from 184.1 to 126.5 million zlotys. The total of bills discounted has increased from 634.5 millions on September 30th to 636.0 millions on November 30th, but currency circulation during the same period has been contracted from 1,224.8 to 1,210.9 millions. The gold and gold cover reserve against outstanding currency and sight liabilities was 48.04 per cent. at the close of November, with 42.10 per cent. in actual metal. It is understood that the Bank Polski has adjusted its holdings of *devisen* to allow for the depreciation of sterling, of which the amount owned by the bank was reported to be of minor importance.

There has been no wavering in the Government's determination to maintain the gold standard; nor any development in the situation to indicate that its abandonment may be likely in the near future—desirable as such action might be from the point of view of bacon, coal and other exporting interests which are in direct contact with the British market or British competition in other countries. The financial authorities seem equally determined to avoid the imposition of any restrictions on the movement of foreign exchange. Close attention is undoubtedly being paid to the trade balance, but so long as this continues "active" to the point where adequate exchange is available to meet foreign debt services and commercial debt charges, it is not expected that a general tariff increase or any other form of additional import restriction will be put into effect.

There has been a further sharp decline in industrial output during the past two months, the index of producers

goods compiled by the Institute for Economic Research falling to 81.0 on October 31st. This index is based on a figure of 100.00 for the average of 1925-27. There was undoubtedly a further drop in November. Besides the suspension of building activities for the winter, there has been a very marked decline during the last two months in exports of iron and steel products to the U.S.S.R., on which existing contracts call for execution on a sterling basis. The Upper Silesian mills have suffered heavily because of their acceptance of this business for payment in sterling, but probably nothing like so heavily as the German banks, which have discounted a large volume of these bills during the last two years. Whether or not the Upper Silesian mills intend (or will be able) to complete the execution of their Soviet contracts on a sterling basis is reported to be the subject of discussions now taking place between the Soviet authorities and representatives of the industry; but, in any event, the curtailment in deliveries during the past two months has seriously complicated the industrial situation in Upper Silesia. On the other hand, however, coal orders from the Baltic and Scandinavian countries, payment for which is likewise contracted for in sterling, are being executed promptly, and there has been no diminution in Poland's coal exports because of the depreciation of the pound. But heavy losses are undoubtedly being taken in this connection, despite the further measure of relief which the Government are reported to have granted the coal exporters in the form of lower rates for transport by railway from Upper Silesia to the Baltic seaboard.

Very difficult conditions also prevail in the Lodz textile industry, the spinning and weaving mills having served notice of their intention to shut down entirely from December 15th to January 15th owing to the accumulation of stocks of piece-goods. With the impoverishment of the agricultural community because of low grain and produce prices, the principal market for the products of the Lodz textile industry has been very greatly curtailed. The situation of many of the Lodz mills is believed to be little short of desperate; and, while the Government are supporting two or three of the largest enterprises in order to avoid aggravation of the unemployment problem, the Lodz situation appears to be so badly complicated that the entire available resources of the Government would probably be ineffectual at this stage to save many of the mills, unless there is a speedy improvement in general conditions. The difficulties of the woollen industry, moreover, have been increased by the recent British tariff on clothing and woollen yarn.

The experts are now explaining that Polish agriculture has entered the second phase of the depression represented by low cattle and meat prices. The first phase was low grain prices, with the bottom of that cycle apparently having been reached in the latter part of 1930. Grain price quotations are now substantially higher than they were a year ago, but cattle and meat prices are much lower, as farmers, dissatisfied with low grain prices, have preferred to increase their cattle holdings, employing the grain as feed. In this way, according to the latest animal census figures, the number of pigs increased from 6,047,000 in the middle of 1930 to 7,314,000 one year later; the number of horned cattle likewise increasing from 9,400,000 to 9,782,000. The result during recent weeks has been a catastrophic fall in cattle and meat prices, with the landowners having derived little or no benefit from this year's improvement in grain prices. This improvement, in any event, is more apparent than real, as the present season's rye crop is decidedly below the post-war average. The latest official estimate of grain crops is as follows:—

(In millions of metric quintals.)			
	Average yield 1924-29.	Yield in 1930.	Estimated yield in 1931.
Wheat	17.5	22.4	22.0
Rye	62.3	69.6	56.6
Barley	14.3	14.6	14.7
Oats	23.8	23.5	23.9

As there was no substantial carry-over of grain from previous crops, this year's rye harvest will not be sufficient for domestic needs until the next crop is gathered. A small amount of wheat may also have to

be imported, but barley and oats will be more than adequate. Reports are current that the Government are negotiating for the purchase of a substantial quantity of rye from the U.S.S.R., and it is officially admitted that small amounts of grain have recently been purchased abroad in order to meet certain export commitments. The diminishing use of fertilisers by the peasants, their inability to obtain adequate credits, and the increasing difficulty which is being experienced in arranging for the purchase of tools and implements, all point towards a further curtailment in grain production next year.

SWEDEN.

Fluctuating Crown — Effects on Trade.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, December 5.

Has the rockbottom level for the Swedish crown been reached? Affairs are in a state of flux and it is too early for this question to be answered with any certainty. It can only be stated that this should approximately be the case so long as the depreciation of other paper currencies and, in particular, sterling, does not continue to a more pronounced degree and that the tariff war now commenced does not assume too desperate forms. It can scarcely, however, be contested that the present circumstances have been utilised to the breaking point by speculators. When it was not thought possible to drive the crown any further in a downward direction, the sellers came into the market, both those who purchased currencies as a speculation and those who accumulated export currencies. It would, however, appear wise not to count on any considerable degree of stability for the Swedish crown for the time being. The first days of the present week have shown this clearly, the crown having again followed sterling in its new downhill march, although naturally in this connection the special requirements at the end of the month have played a part. Apart from these factors, however, the fluctuations must be greater than normally so long as the State Bank lacks means of balancing the stresses and the supply of currencies in the market is comparatively limited.

It is, however, manifest that the market cannot actually be so bare of currencies as at one time appeared to be the case. It may be worth bearing in mind that the export figure for October is a record for the year, that capital movements have recently resulted in an import of capital and that our short-term liabilities towards places abroad have now been reduced to insignificance. With regard to the first-mentioned of these factors, October certainly brought a surplus of imports of 22 million crowns, whilst last year it did not exceed 15 million crowns, and the norm for the month has been a surplus of exports of nearly 10 million crowns during the last few years. It must, however, be remembered that the effect of the currency depreciation in stimulating exports and curbing imports can only be expected to reveal itself slowly. In fact the temporary effect upon the balance of trade may even be in the opposite direction. As, moreover, the surplus of imports for the first ten months of the year amounted to Kr. 278,000,000, it therefore appears by no means out of the question that the result for the whole year will be a balance on the import side of about 300 million crowns, as against 250,000 crowns last year.

With a reservation as to the effect which the new trade policy in Europe may have, it may be said that the change for the worse in the balance of payments should not be so large as that shown by the figures of visible trade. As mentioned above, the movements of capital have taken quite a different course from last year. No accurate statistics are available, but the tendency may be said to be indicated pretty well by the monthly figures published by the Inspectorate of Banks. For the first three quarters of 1931, these gave a net import of capital of four million crowns, compared with a surplus of exports for the same period of the previous year of 89 million crowns, and for October the net import amounted to

11 million crowns, which means that the first ten months of the year brought an import of capital of 15 million crowns net, whilst the corresponding figure last year showed an export of capital of 94 million crowns net. It is possible that net shipping earnings for 1931 will be considerably smaller than that for 1931. This does not prevent the balance of payments for 1931 showing a considerably lesser change for the worse than that for 1930.

Output statistics for our most important industries during October show that production has been strikingly uneven. Changes as compared with September indicate a reduction in employment and which in many cases is very pronounced. Last year, the production index of *Svensk Finanstidning* fell from 127 in September to 126 in October (1923-24 = 100), but in such a typically boom year as 1927 a decline took place from 117 to 110. It can therefore scarcely be said that the fall from 114 to 110 last month is particularly remarkable, but the figures give little guidance in forming a judgment as to the general position of affairs.

The labour statistics for the month of October have a clearer meaning. The average figure for the number of applicants for work per 100 vacancies at the public labour bureau rose from 197 in September to 257. It is true that the supply of labour in Sweden is always liable to seasonal fluctuations. The change for the worse which has now taken place cannot, however, be regarded as purely seasonal, as October figures for previous years (with the exception of those for 1921) were considerably better than those for the present year. Last October, for instance, the figure only rose from 146 to 175. Even more instructive are the particulars relative to the number of people employed at the reserve works of the Unemployment Commission. This number rose during the month from 6,700 to 7,200, whilst the corresponding number for a year ago was 2,100. The number of unemployed seeking assistance was, at the beginning of October 40,400, as compared with 35,700 one month earlier and only 8,600 a year ago. It is possible that this, compared with the majority of other countries, is still relatively a very low figure. The unemployment problem is, nevertheless, most serious, the more so because the uncertainty in the currency situation has so far rendered impossible any settlement of the number of important working agreements which are due to expire at the end of the year. The uncertainty created for industry by currency instability is the most serious aspect of the situation.

NORWAY.

Krone Fluctuations — Gold Standard — Stocks.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, December 7.

THE fluctuations of the krone, in relation to the pound as well as to other currencies, have again attracted special interest during the last two weeks. When, during the earlier part of November, the sterling rate was gradually raised from 17.50 to 18.15, it was the general belief that it was intended to maintain this level, which differs from gold parity by 3 points only. However, this rate by no means corresponded to the international value of the krone, and, after a few days of stability, this intention had to be given up. The result was a violent rise of the sterling rate, from 18.15 on November 23rd to 18.70 the next day, followed by a further rise to 18.85 on November 25th. At the same time dollars rose from 4.85 to 5.12, and the other currencies, with the exception of Swedish and Danish kroner, followed suit. Since then sterling has been extremely erratic, the rate being down to 17.70 on December 2nd, while dollars, guilders and other gold currencies have been moving steadily against us.

To Norway, some of whose most vital interests are closely tied to the pound, these fluctuations are most unpleasant, and have caused uneasiness in business circles. The regulations that have been introduced by voluntary arrangement between exporters, importers and bankers are now being put into operation, but obviously their effects

of these measures will not make themselves felt for some time to come. Meanwhile there does not seem to be much that can be done to bring about an improvement of the situation, which is clearly not an outcome of internal conditions in Norway, but a reflection of the general state of affairs all over the world.

With regard to the future of the krone, a subject which has been freely discussed, not without very definite intentions in certain quarters, the Premier recently expressed his opinion in an interview. The gist of his remarks was that the suspension of the gold standard has rather aggravated than improved conditions in the country, and the conclusion drawn in financial circles seems to be that a return to the gold standard is not altogether out of the question.

On account of the heavy rise of the dollar rate, Norwegian dollar bonds have appreciated in a marked degree, while ordinary Government stocks have declined. Shipping shares have been weaker, on account of the numerous restrictions and regulations with regard to international trade, while industrials have been erratic. The report of the Norsk Hydro was published some time ago, showing a heavy contraction of net profits, and the De-No-Fa annual report appeared on Saturday last, likewise evidencing the serious effects of the world depression. It is proposed that the capital of the company, now amounting to 13 million kroner, be written down to 6.5 million kroner.

JAPAN.

Money — Foreign Trade — Crops — Prices — Shipping.

(FROM OUR CORRESPONDENT.)

TOKYO, November 18.

THE attention of the nation is divided between the large gold exports and the Manchurian troubles. The outflow of gold from Japan, which set in after the British suspension of the gold standard, is progressing on a disquietingly large scale, and Japan has lost 204.5 million yen of gold during the past eight weeks. Despite the Government's repeated announcements that Japan will maintain the gold standard, the purchase of foreign bills by Japanese nationals is not proving easy to check. A further 30 million yen of gold shipments is scheduled during the current month. In order to check the gold efflux, the Bank of Japan, on November 5th, again raised its official minimum rate to 6.57 per cent. from 5.84 per cent., to which it had been raised just a month ago. The last bank return records several wide changes. As compared with the last week of September, gold losses amount to 191.6 million yen, and the bank's gold holdings at 626 millions are the lowest since November, 1917. But the note circulation has decreased by only 49.2 millions, and the fiduciary issue has expanded from 170.6 millions to 313 millions. Bankers' deposits are 81 millions lower, while discounts and advances have risen by 52.2 millions. The reserve ratio of gold to outside liabilities has fallen from 57 per cent. to 43 per cent.

The huge gold efflux has naturally caused monetary stringency. Short loans are only available at rates running up to 5½ per cent., and discount rates are up to 6½ per cent. On Friday last week the Tokyo clearing banks' committee agreed upon an increase of the deposit rate by ½ per cent. as from December 1st, but they were still unable to arrive at an agreement with the Osaka and Nagoya bankers in respect of the time and rate of the advance.

The foreign trade returns for October recorded a further heavy decline in the value of both imports and exports compared with October last year. Imports were valued at 77,278,000 yen, a decrease of 25,243,000 yen; while exports by 97,798,000 yen declined by 30,714,000 yen. Omitting the movements of gold bullion, the export balance of trade was 20,520,000 yen, against 25,991,000 yen in October, 1930. Imports were not only the smallest so far this year, but the lowest for any month since August, 1917; while exports were the lowest for any October since 1915. The decline in imports is accounted

for chiefly by raw cotton, sugar, rice and oils; while, on the other hand, cotton piece-goods, refined sugar, marine products, wheat flour, silk piece-goods and paper are largely responsible for the decrease in exports. The decreased Chinese takings are well reflected on the marked contraction in these export items. Among others, cotton piece-goods exports to China shrank to only 8,552,000 square yards, as against 22,930,000 square yards in September and 31,546,000 square yards in October, 1930.

Crop conditions deteriorated during October as a result of the unfavourable weather prevailing in the ripening period. The second official forecast placed this year's rice crop at 55,028,000 koku, or a decrease of a little more than 5 per cent. upon the previous estimate, and of 17.7 per cent. upon the actual yield of last year. The Korean crop also was reported to be poor. The crop in the peninsula was put at 15,911,000 koku, a decrease of 17 per cent. upon the actual yield of 1930. Taking arrivals from Korea and Formosa into account, supplies for home consumption are estimated to fall short by 5.2 million koku, which will be imported in the course of the next twelve months. Rice, however, did not react to the official crop report, and was quoted at far below the "official standard price." The Farm Board decided to continue the duty on rice for another year and to purchase another million koku.

Commodity prices are still falling with undiminished severity. The Bank of Japan's wholesale index number for October registered a further sharp drop of fractionally above 1½ per cent. on the month, and is now 10½ per cent. lower than a year ago. Thirty-one articles out of fifty-six participated in the decline. There was a further general downward movement in the quotations for cereals and textile materials.

Shipping is the worst sufferer from the Chinese boycott and the British suspension of the gold standard. At the middle of November the idle shipping in this country amounted to an unprecedented figure of 420,000 net tons, as compared with 290,000 net tons at the middle of October and 248,000 net tons a year ago. The seasonal inactivity in chartering has driven a number of ocean-going vessels into coastwise services, and competition in home waters is now rather acute.

NEW ZEALAND.

Political Coalition — Supplementary Budget — Reduced Borrowing — Arbitration Reform — Trade.

(FROM OUR CORRESPONDENT.)

CHRISTCHURCH, October 14.

SIGNIFICANT political changes have occurred since the presentation of the Budget on July 30th last. The debate on the Budget was interrupted by the decision to set up a Special Economic Committee to explore the general financial situation. The Committee included three members from the United Government Party, three Reform, three Labour, and one Independent member, under the chairmanship of the Prime Minister. Evidence was taken from representatives of farming, trade, industry, finance and from economists. Meantime, Parliament continued to meet, but little was done pending the report of the Committee. After some weeks, however, a Coalition Government of the United and Reform Parties was agreed upon. The United Ministers resigned, and a new Cabinet was appointed under the leadership of the United Prime Minister, the Rt. Hon. G. W. Forbes, consisting of five United and five Reform Ministers. The Rt. Hon. J. G. Coates, leader of the Reform Party, became Minister of Public Works and Unemployment, and the Hon. W. Downie Stewart resumed the portfolios of Finance and Customs which he had held under the Reform Government.

No report has been presented by the Economic Committee, but it is generally believed that no agreement was practicable between the Labour members and other parties on the Committee, and that the new Coalition has been formed to give effect to the views of the United and Reform members. A supplementary Budget, which may be taken to embody these views, was presented by the

Finance Minister on October 6th. Revision of the Budget, it was stated, was made necessary by the fact that, on account of changing conditions, it had been impossible to secure reliable estimates of revenue. The Minister's statement reviewed the Budget presented last July, which anticipated and attempted to cover a prospective deficit of £6,850,000, and which was based mainly on figures up to March 31st, the end of the financial year. Returns for the first half of 1931-32 showed Customs duties to be £750,000 below the estimates, and indicate the probability of further declines in death duties, land revenue and interest on railway capital. The supplementary Budget estimated that the decreased yield from these sources would bring revenue £1,250,000 below the estimates of last July. In addition, relief to farmers (abolition of graduated land tax, £320,000, and subsidy on purchase of fertilisers, £100,000) and to hospitals (£75,000 additional subsidy), less certain exchange profits and interest savings, brought the total estimated deficit up to £1,595,000. This is to be met by further economies yielding £400,000 during the remainder of the present year (and £1,000,000 in a full year), by drawing on reserves for £350,000; by additional Customs duties, £240,000 (mainly 2d. a gallon extra on petrol and heavier tobacco duties); and additional income tax, £550,000. After making these adjustments, revenue for the complete year is estimated at £24,666,000, and expenditure at £24,540,000, leaving a surplus of £126,000.

Both the Coalition Government and the Supplementary Budget have been well received. It is known that unorthodox proposals, for compulsory reduction of all interest on public debt held locally, on mortgages, etc., and for further depreciation of exchange rates, were submitted to the Economic Committee, but these have been firmly rejected, and the Finance Minister has followed orthodox lines in balancing the Budget, mainly by reduction of expenditure and increases of revenue. Reserves are drawn on because it is thought that the depression for the time being is so severe as to justify using emergency funds, which may be repaid when revenue recovers.

Two radical changes are indicated in the statement. The graduated land tax, which is supposed to discourage the holding of large estates, and which has been part of New Zealand's taxation for forty years, has been twice condemned by recent taxation commissions, and is now abolished. In its place is a flat rate of 1d. in the £ on unimproved value, and farmers are to pay income tax, subject to the usual exemptions. It is announced, too, that the Compulsory Arbitration system, which has been in operation since 1894, is to be modified so as to provide for compulsory conciliation and optional arbitration, as recommended by the employers' delegation to the 1928 Industrial Conference. Details of the proposed modification are not yet known, but it may mean the end of compulsory arbitration in industrial disputes for New Zealand.

A further indication that the Government is determined upon sounder financial policy is found in the adoption by Parliament, by a large majority and despite strenuous opposition, of the Report of the Railway Board on Railway Construction. Legislation was passed last session to remove railway administration from political control, and a Railway Board of six members was appointed to undertake the management of railway operation from April 1st last. It was also empowered to report to Parliament on new railway construction. A heavy cut was made in the railway building programme some time ago. Now the Board has reviewed all the new lines under construction, estimated to cost over £12,000,000, of which almost half has been spent, and has recommended in each case that, as further additions must add to the already heavy losses on the railways, construction work should be stopped at once. The adoption of the Report means the cessation of uneconomic railway building and the cessation of overseas borrowing for new railways. The Minister of Finance announces also that no new funds are to be raised this year for State advances, which must be limited to the funds coming in from repayments of mortgages. Consequently the Government's needs for new loan money will be reduced very substantially.

These changes in policy are mainly the result of the difficult economic situation. Comparing the first eight

months of each year, exports were valued at £25,600,000 in 1931, against £43,000,000 in 1929, while imports have declined to £17,000,000 in 1931 from £31,200,000 in 1929. Export prices for the whole of last season were below 1914 levels; internal prices and costs of production, though falling slowly, are still about 40 per cent. above that level. Farmers have suffered heavy losses, and their depression has been passed on to the sheltered industries. Unemployment is severe, and is costing the Government about £2,500,000 for relief work. Meanwhile Government revenue, and particularly customs revenue, has fallen heavily, and taxpayers are protesting against their burdens. It was generally agreed that the situation was serious enough to demand a strong Government to deal effectively with national finance, and the measures adopted, though they imposed greater burdens on income-tax payers, particularly on unearned incomes, and upon motorists, are accepted as probably the best practicable under the circumstances.

It is possible that New Zealand possesses the optimism of youth, but it is widely believed that the present heavy taxation will not be long necessary, and that the clouds of depression are destined soon to lift. This feeling of optimism has been strengthened by Britain's suspension of the gold standard, for New Zealand's currency is closely linked with that of Britain's through the sterling exchange standard that has long been in operation, and prices received for primary products exported have already risen appreciably. A recovery of export prices during the coming season would probably stimulate a large volume of exports, and be followed by rapid expansion of imports and a recovery of buoyancy in Government revenue.

ARGENTINA.

Business Situation — Money — Restrictive Policy.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, November 21.

TRANQUILLITY and order throughout the Republic characterised the General Elections, but although a fortnight has elapsed, final results are not yet obtainable, as the scrutiny under the system of proportional representation takes time. It is nevertheless clear that although General Justo—who may be regarded as likely to carry on the policy that has been followed by the actual provisional Government—will probably be the future President, the Social Democrats will form a strong and, it is to be hoped, an effective opposition in Congress. Effective in the sense that a check will thereby be established on a tendency to ultra-protectionism and accentuated nationalism increasingly in evidence during the last few months.

The balance of trade is now in favour of Argentina, and although this does not mean that the balance of payments has been wholly righted, seeing that the principal invisible imports are constant, even the balance of payments is coming nearer to an equilibrium. Remittances abroad are necessarily reduced by quiet trade and unfavourable exchanges, while debt services have been met with unfailing regularity. Exchange control continues and, though its pros and cons are debated in the Press, a consensus of opinion holds that it has hitherto proved serviceable and that it will perforce be removed if good crops and a fair demand for Argentine produce generally marks the 1931-32 export season. All cereal prices have fallen during November, the latest quotations being \$6.95 paper per 100 kilos. for spot wheat, \$4.90 for maize, \$10.40 for linseed, and \$6.10 for oats. This is roughly a drop of 90 cents to \$1 as compared with the end of October, and, taken in conjunction with the lower quotation for cattle bought by the freezers, explains the local reaction from the obviously excessive optimism that prevailed a month ago.

The general situation is nevertheless healthier than it has been, thanks to enforced economy in all quarters, and it is significant that the reduction of railway wages has been accepted without protest on the part of the unions. Financially, also, the outlook may be considered satisfactory, though the demand for funds wherewith to lift the crops will almost certainly bring about higher rates than

those of 7 to 8 per cent. per annum now ruling. The latest statistics of the Ministry of Finance show that bank deposits are falling, a normal consequence of reduced trade and unemployment, while it is also clear that substantial recourse to the faculty of re-discount must be had between now and the end of the year. Fiscal receipts for the first ten months are \$225,513,771 paper, as against \$247,304,886 for the same period last year, nor can the additional dues recently imposed be expected to make up the difference in what remains of the current year. A spell of dear money is therefore indicated, while the continued limitation of imports, at a time when exports promise to move freely, may be expected to improve the quotation of the Argentine peso, now at 37½d. London and 170 New York, banks' cable drawing rates. The fear of a flight from the peso is believed in many quarters to have been somewhat exaggerated, and the steady improvement in the quotation for national bonds and the cédulas of the National Mortgage Bank must be regarded as a healthy symptom.

Less satisfactory is the apparent indifference of the Argentine in general to the unfavourable position in which foreign investments here stand to-day, their returns being reduced to a level that is almost without precedent. More especially does this apply to transport interests, particularly hard hit by exchange depreciation inasmuch as they collect their freight and passage money in pesos and incur the bulk of their expenditure in foreign currencies. From an external standpoint, improvement in exchange is not only eminently desirable to private interests, but is the one thing calculated to restore general belief in Argentina's immediate prospects.

A policy of restriction and limitation of trade, based on motives of economy, can be carried too far, and the fact that immigration during the first ten months of 1931 only totalled 47,308 persons as against 94,041 last year, is not a healthy sign for a vast and fertile country, however temporarily beneficial it may be to local labour. The sharp rise in the price of all imported goods, which carries with it an almost equivalent increase in the price of similar articles made locally, may also prove a source of trouble in the near future. It is, however, hoped that when Congress assembles the whole question of duties and revenue production will be examined without delay. At present there is a feeling of expectancy in the air, optimistic rather than the reverse, but, pending political certitude, new business enterprise is inclined to hold back until more is known of the state of the harvest, the world demand for Argentine produce, and the financial policy to be adopted by the coming Government.

Letters to the Editor.

CURRENCY DEPRECIATION AND EXPORTS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—There is so much loose and dangerous optimism about the benefits to be obtained in industry from depreciation of our currency that I consider the point raised by Mr Strakosch in his letter published in your issue of December 5th cannot be too often mentioned.

In your comment on this letter you speak of the tendency of extreme currency depreciation to deplete industrial capital. I

"INVESTMENT" AND "THE COURSE OF THE COMING BOOM"

by
L. L. B. ANGAS

The first general reaction in the market, which was forecast in "The Course of the Coming Boom," published on September 21st, has now occurred. A further upswing is now indicated.

The above two books, which are recognised as authoritative text books on the subject, explain the action to be followed by investors with a view to maximum capital appreciation in the course of the rising half of this trade cycle.

"Investment": Macmillan & Co., St. Martin's Street, W.C.2. 6s.
"The Course of the Coming Boom":
St. Clements Press, Portugal Street, W.C.2. 5s.

THE BIRMINGHAM BUREAU OF RESEARCH ON RUSSIAN ECONOMIC CONDITIONS

attached to the Russian Department of the UNIVERSITY OF BIRMINGHAM is issuing a series of MEMORANDA on Vital Issues in the Russia of To-day. The cost of the Service is 8/6 and includes four to six Memoranda per annum. Copies are not sold separately. Cheques should be made payable to the "Birmingham Bureau of Research," and all communications addressed to the Secretary, Russian Department, The University, Birmingham.

The following Memoranda have already appeared:
 May 1931. No. 1. Remarks on the Five Year Plan.
 July 1931. No. 2. The Foreign Trade of the U.S.S.R.
 November 1931. No. 3. The National Income of the U.S.S.R.
 A Fourth Memorandum will be issued in January 1932.

think, for the reasons given below, it would have been better to ascribe this result to all but relatively slight currency depreciation.

Industries benefit from currency depreciation at the expense of the rest of the community in inverse ratio to the proportion of working capital which they require. The heavy industries benefit more, and the finishing industries, which work on large stocks of partly manufactured goods carried on bank credits, benefit less. The finishing industries, which work up imported materials, benefit least of all.

Even with careful management, the finishing industries are likely to find themselves embarrassed by shortage of working capital, owing to the greater sums required to carry work in process so soon as prices begin to rise; but the danger of such embarrassment is multiplied many times by the tendency of suppliers to overlook the elementary fact that any sale at less than replacement value, while providing a tempting book profit, really represents a gift to the purchaser. In the case of a home sale, this is a loss merely to the manufacturer; in the case of a sale abroad, it represents a loss to the community at a time when national resources ought to be husbanded.

In Germany, in the later stages of their currency depreciation, this phenomenon became so marked that even the popular press noticed it and an outcry arose against the "selling up" (Ausverkauf) of Germany. Anyone who crossed the Swiss-German frontier in 1923 will have bitter memories of the rigorous customs examinations both at the last German and the first Swiss station. I myself had all the trouble in the world to persuade a German official that a freshly laundered dress shirt which I had owned for ten years was not newly bought in Germany and therefore subject to the prevailing export prohibition. But the case of Germany in 1923 is different only in degree from that of a country which, like ourselves, is looking forward to "enjoying" the benefits of currency depreciation.

The inevitable tendency of depreciation is to make certain classes of industry more dependent on the banks. The increasing influence of German banks in German industry has, I believe, been a feature of post-war years, and I venture to hazard the suggestion that shortage of working capital owing to inflation has been one of the numerous causes.

The process, however, goes further. The decline in the purchasing power of the fund of deposits out of which banks provide working capital lessens their capacity to help just when help is most needed, and two further consequences ensue, both of which have been most marked in Germany, namely, dear money and increased dependence on foreign credit. I do not think enough attention has been paid to the fact that one of the major causes of Germany's present distresses is the wiping out of the savings of her middle classes, which rendered it necessary for her industry to be financed from abroad, either indirectly through her banks or by direct foreign investment in German businesses. This process was accelerated by the "bargain-hunting" of enterprising foreign capitalists who thought they could get good businesses cheap, but it was inherent in the situation and inevitable.

The optimists among us say that if only we can get cheap money, we can look forward in due course to a boom in industry, and particularly in our exporting industries. In Germany currency depreciation led to years of very dear money and to partial prohibition of exports. It is true that Germany drained to the very dregs the cup which we are sipping, but the conclusion surely is that currency depreciation is far more likely to leave the country concerned burdened with a high bank rate and heavy obligations to foreign banks and capitalists than to put it in a privileged position among industrial States—Yours faithfully,
 GEOFFREY TOULMIN.
 Hampstead.

BOOKS RECEIVED.

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

Gladstone as Financier and Economist. By Francis W. Hirst. With an Introduction by Henry Neville Gladstone. (London) Ernest Benn, Ltd., 154, Fleet Street. 15s. net.

Mr Hirst's attractive style and analytical ability present readers with a new and pleasant opportunity to examine Gladstonian policy, and there is much in the book which is worthy of the close attention of those who are grappling with modern financial problems.

The Bank of England from Within, 1694-1900. By W. Marston Acres. In two volumes. (London) Oxford University Press, Warwick Square. 30s. net.

An intimate account, based principally upon the documents in the possession of the Bank. The author's object, as stated in the preface, has been to subordinate financial matters "to the main purpose of bringing into prominence the human element in the Bank's history," but in doing so he has by no means detracted from its interest to the economist. The book is beautifully printed and illustrated.

Behind the Scenes of International Finance. By Paul Einzig. (London) Macmillan and Company, Ltd., St. Martin's Street. 7s. 6d. net.

The thesis is that the present international crisis is largely due to the financial weapons adopted by France for the purpose of acquiring political hegemony in Europe.

Property. By Ernest Beaglehole. (London) George Allen and Unwin, Ltd., 40, Museum Street. 10s. 6d. net.

A study of the psychological basis of the institution of property which should be of interest to the general reader as well as to the student.

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

Includes, *inter alia*, the inaugural address of the President of the Institute of Bankers, and editorial articles on "The Government's Tasks" and "The Standstill Agreement and Reparations."

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

Includes a reprint of the inaugural address of the President of the Institute of Bankers, and also addresses by Mr Beaumont Pease and Sir Ernest Benn on "The Financial Outlook" and "Public Economy" respectively.

OFFICIAL PUBLICATIONS.

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

Public Social Services: Return showing Expenditure in England and Wales under Certain Acts of Parliament during the Financial Years 1890, 1900, 1910, 1920, 1929 and 1930 respectively. Cmd. 8971. 4d. net.

Sixty-first Annual Report of the Deputy Master and Comptroller of the Royal Mint, 1930. 4s. 6d. net.

Colonial Reports: No. 1550. Jamaica, 1930. 1s. 3d. net; No. 1551. Trinidad and Tobago, 1930. 2s. net.

British and Foreign State Papers: 1926. Part II. £1 7s. 6d. net.

Just Published

Dr. EINZIG'S NEW BOOK BEHIND THE SCENES OF INTERNATIONAL FINANCE

This work discloses the aims, methods, and consequences of recent French financial policy. 7s. 6d. net.

"Dr. Einzig presents a case which makes a remarkably convincing story."—*Morning Post*.

MACMILLAN & CO. LTD. LONDON

The Stock Exchange:

HOLDING COMPANY FINANCE.

If only for its flexibility, British company law deserves the Gilbertian Lord Chancellor's encomium as the embodiment of everything that is excellent. Its further claim, however, to have "no kind of fault or flaw" can scarcely be substantiated, in view of the conclusions reached by Sir Gilbert Garnsey in the latest edition of his classic work on "Holding Companies."* Sir Gilbert is a foremost authority on this type of concern, whose importance has increased in recent years, *pari passu* with the growth in the size of the average unit of industrial production.

Up to three years ago holding companies had no specific legal recognition. The Departmental Committee on Company Law Amendment, whose report was published in May, 1926 (which incidentally recommended that all companies, for the first time, should be under a direct statutory obligation to keep proper books), declared that holding companies should be distinguished from non-holding concerns, suggested a definition, and recommended the addition to the balance sheet of a certificate by the directors, stating how the aggregate profits and losses of subsidiary companies had been dealt with. The new Companies' Act, 1929, embodies these provisions. British shareholders will learn, therefore, with the greater dismay, that the results of Sir Gilbert Garnsey's exhaustive survey, reinforced by the advice of eminent counsel, is the statement that the law, in its new form, "has preserved to a considerable extent the opportunities of avoiding a clear presentation of the true position which existed before the Companies Act, 1929, came into operation."

To describe this state of affairs as regrettable is a serious understatement. The holding company is an ingenious financial and legal device, which enables effective amalgamation and "rationalisation" to be brought about without the loss, on the part of the constituent companies, of their separate *ego*—which means, in the business world, their names, goodwill and established reputation. It enables any group of companies to exploit the advantages of new organisation without relinquishing any intangible assets attaching to the old regime. It has penetrated every branch of industry, and scarcely a single large British concern exists to-day which is not a holding company. Highly complex industrial reconstructions, like the Vickers-Armstrong arrangements, have been enormously helped by resort to it. In short, the holding concern appears destined to be the paramount form of company organisation of the future, and it is the duty of all concerned—Parliament, the law, accountants, directors, investors, and the Stock Exchange—to ensure that it is exploited and regulated in the best interests of the community.

A disadvantage of the holding company, from the investor's point of view, is that it interposes a screen, which may be transparent or extremely opaque, between a group's capital ownership and its actual trading operations. Shareholders are not necessarily informed as to the assets, liabilities or earnings of the subsidiaries which carry on a group's business, but only their financial relations with the holding company. To the extent that the two fail to coincide, an undesirable state of affairs may ensue. How greatly the worth of holding company shares depends on the fortunes of subsidiary concerns is strikingly revealed by the table in the next column, in which we show the proportion of "subsidiary" items to total balance-sheet assets in the case of fourteen large British industrial concerns.

* "Holding Companies and their Published Accounts." By Sir Gilbert Garnsey, K.B.E., F.C.A. Second edition, 1931. (London) Gee and Co. (Publishers), Ltd. 15s.

Name of Company.	Date of last Balance Sheet.	Investments in Subsidiaries and Associated Cos.	Method of Valuation.	Amount loaned to Subsidiaries (net).	Total Assets shown in Balance Sheet.	(5) as % of (6).
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Amalgamated Anthracite.	31-12-30	£ 2,226,585	At cost, less reserves for losses.	£ 277,067	£ 12,453,041	20.1
Associated Electrical Industries.	31-12-30	2,264,967	At cost.	1,295,823	8,846,994	40.3
Associated Portland Cement.	31-12-30	1,815,995	At cost or under.	707,644	10,262,121	24.6
Cables and Wireless.	31-12-30	52,561,249	At cost.	—24,944	53,663,944	97.8
Debenham's Securities.	30-9-31	4,499,993	At cost.	Nil	4,774,370	94.2
Distillers.	15-5-31	15,245,043	At or under cost.	1,078,547	24,142,806	67.6
Guest, Keen and Nettelfolds.	31-3-31	17,260,547	At or under cost.	—162,855	21,365,253	80.0
Imperial Chemical.	31-12-30	60,971,801	" "	16,738,452	99,353,492	78.2
Jute Industries.	30-9-30	2,809,489	At cost, less amt. written off.	—641,589	2,920,686	74.3
Shell Transport.	31-12-30	30,382,602	At cost or under.	Nil	49,152,125	61.8
Tube Investments.	31-10-31	2,745,368	At cost, less capital reserve.	—27,618	3,708,867	73.3
Turner and Newall.	30-9-30	4,353,909	At cost.	57,726	8,842,870	49.9
Unilever Ltd.	31-12-30	16,670,174	At cost.	4,048,862	20,996,443	98.7
Vickers.	31-12-30	12,221,911	Various.	2,451,689	21,972,210	66.8

* At or under cost or as revalued on basis of earning capacity on liquidation of Nobel Industries in 1928.
 † Including advances.

In nine instances, "subsidiary" entries account for over two-thirds of the balance-sheet total. In five cases, the proportion is over three-fourths. Taking the fourteen companies as a whole, investments in subsidiaries and associated companies account for £226 millions, and amounts loaned to subsidiaries (after deducting amounts loaned by them to the holding concern), for £26 millions, out of total balance-sheet assets of £342½ millions. In other words, these companies must stand or fall by the fate of an unknown number of other companies, whose identity, status and condition are hidden in one or two "omnibus" items, representing over 73 per cent., on the average, of each parent company's assets.

What, then, are the provisions made by British Law for publicity regarding the trading affairs of a group, as distinguished from those of its titular head? The answer is disquieting. Sir Gilbert Garnsey's survey suggests that legal provision for disclosure may be rendered largely nugatory by the interposition of one or more secondary holding concerns between the main company and its trading subsidiaries, since the Companies Act does not cover "sub-subsidiaries." A recent example gives point to this contention. When the Gramophone Company and Columbia Graphophone were separate concerns, both were required to state, *inter alia*, how and to what extent provision had been made for any losses of their subsidiary companies, and how far such losses had been taken into account in arriving at their own profit-and-loss statements. Both concerns are now owned by a new holding company, Electric and Musical Industries, which has converted them into private companies. Henceforth, under the Companies Act, the only "subsidiaries" of the new company are Gramophone and Columbia, and investors have no means of learning whether any of the sub-subsidiaries—which actually carry on the lion's share of the combine's trading operations—have made losses. This is highly regrettable, in view of the recent fall in the combine's earning power, to which reference was made on page 1085 of last week's *Economist*.

The Companies Act, in fact, makes provision for the disclosure of the following items in a holding company's legal accounts:—(a) Shares in subsidiary companies; (b) amounts owing from subsidiary companies; (c) amounts owing to subsidiaries; (d) a statement in regard to sub-

subsidiary company results (which does not include disclosure of the actual profits or losses made by any subsidiary); (e) qualifications in the reports of auditors on subsidiary company balance sheets; (f) a statement whenever information regarding subsidiaries is unavailable; and (g) particulars of directors' remuneration in respect of subsidiaries. The law, it will be seen, makes no provision for the publication of consolidated accounts, which treat the subsidiaries as branches of the main business.

Sir Gilbert Garnsey endeavours to do justice to such "advantages" as exist in the present state of the law, which results, e.g., in the setting out of the assets against which alone investors and creditors have a right to proceed, and the avoidance of the "risk" of giving too much information to competitors. The last contention, however, has been the excuse for any and every degree of obscurantism since the company world began, and Sir Gilbert is much more convincing when he proceeds coldly and mercilessly to analyse the defects of the present system. An investor may have a wholly inadequate idea of the assets behind his shares, if a holding company allows profits to accumulate in the hands of its subsidiaries (which pay only small dividends) and fulfils its legal obligations by a statement that "subsidiary profits have been taken into account only to the extent of dividends declared." Again, according to eminent counsel, the holding company's statutory declaration need cover only subsidiary results for a particular year, so that if the accumulated losses of subsidiaries leave the combine as a whole with an adverse balance, there is no obligation to disclose it. Further, if one or more subsidiaries make a loss bringing the whole business to the verge of liquidation, the holding company directors may declare nothing more than that "one or more subsidiaries have incurred a loss which has been carried forward in their accounts and not dealt with in those of the holding company." Finally, the law makes no provision for the writing down of shares in subsidiaries whose assets have deteriorated, as a result of losses, since the shares were acquired.

Thus, the balance sheet as by law established stands condemned as an inadequate statement of the true position. To the publication of the separate balance sheets of all the subsidiaries there are two objections. First, the physical bulk of a year's reports would be enormous. Some holding companies have over a hundred subsidiaries. Secondly, few investors would have the time, skill, patience and knowledge required for a perusal of the resulting mass of figures, and, for various technical reasons, might obtain a misleading impression in any case. By elimination, one arrives at the conclusion that the only satisfactory method is to supplement the legal accounts with a consolidated balance sheet for the whole group of companies. Such a statement is practically universal in America, and in Europe it has been largely adopted by companies which have sought international financial facilities. The Company Law Amendment Committee refused to recommend its compulsory use in Great Britain on the oracular ground that "it might be in the best interests of the shareholders themselves that the accounts should be in a certain form." Sir Gilbert distinguishes a number of more concrete disadvantages of consolidated statements—the most important of which is their failure to show which subsidiaries are making profits and losses, respectively—but nevertheless arrives without difficulty at the conclusion that amalgamated accounts are essential if a shareholder is to form an opinion of the true financial status of the whole of the undertaking. That such a statement is *rara avis* in this country, he attributes partly to opposition from directors "who are not all imbued with the desire to give their shareholders as much information as possible" and to the wide distribution of shareholdings, which tends to make the proprietors an inarticulate body.

Opinion in the British accountancy profession has hardened appreciably in favour of the publication of consolidated balance sheets during the five years since the report of the Company Law Committee was published. The case for their adoption, indeed, appears overwhelming. If shareholders have a legal right to information regarding the assets and trading results of a non-holding company—as they clearly have under the present law—what sound

reason exists for denying them similar information as regards holding companies, merely because the latter's results accrue, as it were, at second rather than first hand? Changes in the law, however, can seldom be speedily effected, and we believe that the ground can best be prepared by the action of influential bodies. In America the enlightened example of the United States Steel Corporation has been a potent influence, and the insistence of the New York Stock Exchange on the filing of consolidated statements has been an effective spur to the weaker brethren. We would urge the directors of great British concerns to emulate the Steel Corporation, and the London Stock Exchange Committee to consider the possibility of anticipating a change in the law, which must come eventually, by making the issue of consolidated accounts a condition precedent to the official quotation of holding company shares.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. December 15.	ACCOUNT. December 17.
-------------------------	--------------------------

The stock markets continued to drift, the unsettled tendency of the pound being partially responsible for a decline in Gilt-edged values in the first part of the week, while the general situation was regarded as too uncertain to encourage further investment in industrials. Disappointment was again expressed over the absence of tangible signs of increased trade, the railway traffic figures being colourless, while unemployment showed a small increase. The November overseas trade figures showed an expansion in imports of raw materials and in the daily average value of British exports, but afforded no conclusive evidence of definite revival, while the decline in certain "gold" bonds and the revelation by President Hoover of America's huge budgetary deficit came as unpleasant reminders of disturbed conditions overseas.

The weakness of Gilt-edged stocks at the beginning of the week was due only in part to foreign liquidation, the market being narrow and dealers inclined to mark down prices for precautionary reasons. War Loan and Funding Loan were particularly affected, the latter losing a whole point on Tuesday. After further selling, a moderate rally occurred, which reached fair proportions on Thursday, though again the extent of changes was disproportionate to the volume of business. India loans were lower on a meagre turnover. Dominion issues held their ground at the outset, but had a less stable tendency in mid-week.

Business in the foreign bond market was of limited extent. Weakness in the sterling bonds of the French railways suggested a flight of foreign holders from their own sterling issues. The weakness of French Rentes was ascribed not only to the partial mid-week recovery in the pound, but to bear selling by French holders apprehensive of the outcome of the Basle Conference. Belgian Sevens were weak, and other European issues unsettled. Among South Americans, Brazilians were dull, though San Paulo issues, by contrast, had a firm appearance, a moderate demand finding the market short of stock. Japanese loans lost ground, and Chinese Boxer Loan suffered from profit-taking after rising as a "gold" stock early in the week.

Dealings in home rails were at a low ebb, a slight excess of sales putting prices lower all round. Argentine issues similarly suffered from scattered liquidation, but became firmer on a rise in the peso and a very slight change for the better in the week's traffic figures. Canadian Pacifics were unable to hold an initial rise, being lower in sympathy with American railroads after the passing of the New York Central dividend.

The Industrial Markets were idle and irregular, with few price changes. International stocks were lower on the absence of American support, while professional operators were disinclined to undertake new commitments in domestic issues. Electrical shares remained uncertain, with a small turnover. No interest was taken in iron and steel shares, the market correctly judging that Mr Runciman would maintain his decision to impose no import

duties for the present. Motor shares remained out of favour. Fords had a heavy tendency, the report of record sales by the French company being offset by fears that other Continental subsidiaries, particularly those operating in Central Europe, were being affected by prevailing depression. Unilever issues were marked up at the outset, following judgment for the company in the whale oil case, but subsequently became easier. Brewery shares remained on offer, a fair amount of selling coming from Scotland and Northern England. Trading in tobacco shares was quiet, but prices were maintained for the most part. Textiles attracted only sporadic interest, Courtaulds being unable to maintain a mid-week rise on provincial inquiries. P. & O. were unaffected by Lord Inchcape's speech (discussed on page 1137). Furness Withy old and new shares weakened slightly, the latter being dealt in around par. Cunard were dull on the report that work on the new liner was being suspended. Insurance shares were dull in sympathy with Gilt-edged, and appreciable selling took place of British bank shares, on fears of a reduction in the final dividends. Both groups, however, benefited from the recovery in Gilt-edged stocks on Thursday.

After an appearance of activity on Monday, the oil share market became quiet and dull. No adverse development was announced, but American influences were chiefly responsible for a steady stream of selling. Rubber shares were featureless until Thursday, when activity developed in some of the leading issues, following a rise in the price of the commodity on reports of a pending agreement to enforce a 50 per cent. cut in production and exports. This outcome, however, of the visit of certain Dutch growers to London, was not well regarded in usually informed quarters. Tea shares again attracted little attention, unfavourable dividend announcements continuing to depress market sentiment.

The mining markets were inactive, and prices showed small movements. The announcement that the South African mines would pay their forthcoming half-yearly dividends in South African currency was expected, and failed to revive activity in the face of French selling. The fall in the price of copper induced heavy offers of Rhodesians. Tin shares were similarly dull on the easier tendency of the commodity, the publication of relatively satisfactory reports by Malayan, Southern Malayan, and Southern Perak failing to arouse interest.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Dec. 3, 1931.	Dec. 4, 1931.	Dec. 5, 1931.	Dec. 7, 1931.	Dec. 8, 1931.	Dec. 9, 1931.	Dec. 10, 1931.
Government and Municipal Loans	1,311	958	581	1,014	1,377	1,230	1,206
Transport, Communications, and Public Utilities	698	700	262	530	678	695	663
Commercial and Industrial	1,211	1,327	525	1,164	1,307	1,423	1,270
Banks, Insurance and Financial	392	404	175	291	416	410	385
Mines (including Nitrates)	490	371	260	555	549	655	458
Oil	94	68	30	85	84	71	118
Rubber, Tea and Coffee	68	84	24	79	99	69	106
Total	4,264	3,912	1,857	3,728	4,510	4,553	4,206

* Including iron and steel and breweries.

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

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19.)	Dec. 3, 1931.	Dec. 4, 1931.	Dec. 5, 1931.	Dec. 7, 1931.	Dec. 8, 1931.	Dec. 9, 1931.	Dec. 10, 1931.
72.3	53.1	61.9	62.0	61.9	61.9	61.7	61.4	60.8

FOREIGN STOCK EXCHANGES. NEW YORK.

The week opened with a certain amount of short covering, due to anticipations that the President's message to Congress would include proposals for an Emergency Finance Corporation, and partly to the unexpected decision of the Interstate Commerce Commission to approve of railroad rate increases, on the lines of its former award, but without making the resulting revenues

subject to a pooling plan. The belief that the Commission had adopted this attitude with foreknowledge of the contents of President Hoover's message was confirmed; but, unfortunately, the message contained other matter which was less to the market's liking. The statement that the budgetary position would require increased taxation for a two-year period, subsequently implemented by the proposals of Mr Mellon, Secretary to the Treasury, had, naturally, a depressing effect on all the markets. Bonds were particularly weak, and numerous shares reached new low levels. Railroads again came heavily on offer, on the passing of the New York Central dividend, which confirmed the market's worst fears. On Thursday, while changes were mostly adverse to holders, bear covering brought an upward reaction in the stocks of the Central Railroad. At the same time, it was understood that the feeling of the conference of railroad workers' representatives at Chicago was against acceptance of a voluntary cut in wages. In general, the view was expressed that the effect of the new tax proposals on industry would more than offset any improvement in sentiment likely to follow the decision to create a Finance Corporation. Trade remains undecided, with Christmas seasonal retail purchasing showing the inevitable results of the hard times through which most parts of the country are passing. Industrial shares, on the average, are at the lowest level since 1923. Freight car loadings in the week ended November 28th were 558,904, as compared with 653,600 in the previous week, 702,085 in the corresponding week of 1930, and an average of 887,285 for the seven years 1924-1930.

	Nov. 25, 1931.	Dec. 3, 1931.	Dec. 10, 1931.		Nov. 25, 1931.	Dec. 3, 1931.	Dec. 10, 1931.
U.S. 3½% T. Bds.	100	99½	98½	Natl. Biscuit	43½	42½	39½
U.S. 4½% 32-47	99½	99	98½	Phelps Dodge	7½	7	6½
Do. 4½% 32-47	100½	100	100	Pullman	22½	20	17½
Do. 4½% 33-34	101½	100½	100½	Sears-Roebuck	38½	38	34½
Atchafalpa	94½	93½	86½	Studebaker	12½	12½	12½
Ches. & Ohio	28½	29½	28	Un. Fruit	30½	27½	23½
Erie	9½	8½	6½	U.S. Leather	3½	3½	2½
Illinois Central	13½	12	10½	U.S. Rubber	6½	4½	4½
N.Y. Central	34½	33	27½	U.S. Steel	57½	53½	48½
Pennsylvania	24½	22½	20½	Westinghouse	35½	32½	27½
Southern Pacific	35½	35	32½	Woolworth	45½	46½	43½
Southern Ry.	12½	10	10	Am. Tel. & Tlg.	128½	128½	123½
Union Pacific	86½	80	75½	Interboro R.T.	7½	7½	6½
Am. Can.	71½	66½	61½	Int. Tel. Telegr.	11½	11½	9½
Amer. Smelting	22½	21	20	Radio Corp.	8½	8½	6½
Anaconda	13½	12½	10½	Utilities P. & L.	11½	12½	8½
Bethlehem Steel	25	25½	23½	W. Union Tlg.	51½	45½	45
Chrysler Motor	14½	14½	13½	Associated Gas "A"	6½	5½	5½
Corn Producers Ref.	46	46½	41½	Fan. Amer. B.	23	22½	22½
Eastman Kodak	93½	94½	84	Shell	10	7	5
Gen. Electric (New)	26½	26½	25½	Shell Union	4½	4½	3½
Gen. Motors	24½	23½	22½	Sinclair Oil	6½	6½	5½
Int. Harvester	29	27½	25½	Std. California	31	30½	28½
Montg. Ward	10½	9½	8	Do. N.J.	32½	31½	30½

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Dec. 2.	Dec. 9.
33 Industrials	134.5	218.9	98.2	174.1	89.6	60.1	56.9
33 Rails	127.8	173.5	89.1	145.6	92.6	36.2	34.4
34 Utilities	177.6	330.4	153.2	267.4	158.1	103.6	101.2
Total, 404 stocks	140.3	228.1	105.5	184.2	107.6	63.4	60.6
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	6.95%	5.91%	8.38%	8.61%

(Continued on page 1136).



ROYAL INSURANCE COMPANY LIMITED

SECURITY FIRST

**Total Funds :
£41,373,928**

**ALL CLASSES OF
INSURANCE
TRANSACTION**

**Head Offices:
LIVERPOOL and LONDON.**

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Dec. 2, 1931.	Price, Dec. 9, 1931.
Associated Electrical New Ord.	21/-	...	14 1/2-14 3/4	14 1/2-14 3/4
Central Electricity Board 5% "A" Stk.	5/-	...	95-96	93 1/2-94
Cole (E. K.) Ord. 5/-	5/-	...	...	11 1/2-11 9/16
Do., 7% Red. Pref. £1	41	10/-	...	3 1/2-2 9/16
Furness Withy New Ord. £1	21/-	...	...	3d. dis-3d. pm
Galloway Water Power 5% Deb. 1947-91	93	25	2-1 1/2	2 1/2-1 1/2
Grootvlei Prop. Mines	...	...	1 1/2-1 1/2	1 1/2-1 1/2
London and Thames Haven Oil New Ord.	50/-	...	15 1/2-16/-	15 1/2-16/-
L.G.O.C. New 5% Inc. Deb.	...	...	92 1/2-93 1/2	92 1/2-93 1/2
Midland Counties Electric Supply New Ord. £1	...	...	...	...
Odams Press New 7% "B" Deb.	24/-	...	1 1/2-2/-	1 1/2-2/-
Savory and Moore 7 1/2% Deb.	98	20	99-101	99-101
Tilling (Thos.) New Ord. £1	30/-	10/-	19 1/2-20 1/2	17 1/2-18 1/2

(Continued from page 1133.)

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

Highest of 1931 (Feb. 24).	Lowest of 1931 (Dec. 9).	Dec. 2, 1931.	Dec. 3, 1931.	Dec. 4, 1931.	Dec. 5, 1931.	Dec. 7, 1931.	Dec. 8, 1931.	Dec. 9, 1931.
140.2	67.8	69.9	71.1	69.4	71.1	71.5	69.3	67.8

TOTAL DEALINGS IN NEW YORK.

	Dec. 3, 1931.	Dec. 4, 1931.	Dec. 5, 1931.	Dec. 7, 1931.	Dec. 8, 1931.	Dec. 9, 1931.	Dec. 10, 1931.
Stock Exchange—Shares (Thous.)	1,800	1,900	900	1,900	1,600	2,300	2,700
Bonds (Value Thous. \$) ...	14,521	11,027	5,679	10,049	10,117	11,786	12,822
Over—Shares (Thous.)	290	330	134	280	260	370	540

* 2-hour session.

PARIS.

The Paris Bourse opened with a more cheerful aspect. The announcement of the special Government measures in connection with the Bank of France's potential losses on its sterling holdings caused a sharp rise in the Bank's stock, while elsewhere the declaration by the Suez Canal Company of a higher dividend than had been anticipated caused a favourable impression. The improved tone, unfortunately, was not maintained. The weakness of Rentes cast a shadow over all markets, the continued liquidation being attributed in some quarters to end-year realisation to satisfy monetary requirements. In the later sessions all the leaders were marked down, Bank of France, Crédit Foncier and Suez Canal ordinary being among the worst sufferers, while on Thursday Rentes were again a shade off.

	Dec. 3, 1931.	Dec. 7, 1931.	Dec. 10, 1931.
Banque de France	10,075	10,400	10,700
Crédit Lyonnais	1,210	1,487	1,465
Suez Canal	11,625	11,850	11,580
Chargeurs Réunis	215	200	201
Rio Tinto	1,405	1,350	1,301
Royal Dutch	12,300	12,150	11,610

AMSTERDAM.

Firm conditions prevailed at the opening of the Amsterdam stock markets, with Unilever N.V. in strong demand following the favourable outcome of the London lawsuit in connection with whale oil contracts. Philips Lamps and Royal Dutch were both harder, and sugar shares improved. A listless tone developed in mid-week, however, with restricted business. Weakness, which gradually spread to most sections, was due in part to the influence of a depressed bond market. On Wednesday, many issues reached fresh low levels, Amsterdam Trading in particular losing five points in a single session. Tin and shipping shares were especially heavy.

	Dec. 3, 1931.	Dec. 7, 1931.	Dec. 10, 1931.
5 1/2% German	29 1/2	28 1/2	29 1/2
Unilever N.V.	96 1/2	100 1/2	91
Philips Lamps	87 1/2	88 1/2	80
Netherlands Ship Union	73	68 1/2	61
Java Cultuur	133 1/2	128	124 1/2

OTHER CENTRES.

Conditions on other European Bourses also deteriorated, with a slightly better tendency later. Brussels was dull, and Stockholm became heavy after an initial show of strength. Prices opened irregularly at Copenhagen, and subsequently trended downwards. Unofficial quotations in Berlin were weaker on the severity of Dr. Brüning's latest decree, and on unofficial versions of the nature of the facts Dr. Melchior was putting before the Basle Conference. Dye Trust was done at 84.00 (against 87.50), Siemens at 108.00 (against 108.75), General Electric at 27.75 (against 28.00), and Reichsbank at 67.75 (against 73.50).

INVESTMENT NOTES.

Building Societies—Important Development.—At a meeting of the Midland Association of Building Societies, held at Birmingham on Tuesday, Mr Harold Bellman, managing director of the Abbey Road Building Society, made an important pronouncement on the policy of the movement. He declared that, as early as the spring of last year, the large societies were seriously considering the possibility that economic depression, combined with the relative saturation of the market for new house property in some areas, might result, in certain instances, in the passing of the limits of prudent lending. The fact is that, even in the absence of the present slump, the societies could not hope to maintain indefinitely their rate of progress of the last decade—during which, as Mr Bellman admitted on Tuesday, four-fifths of the movement's £370 millions of resources have been accumulated—without the setting-up of various stresses and strains. One of these has been due to the greater rapidity of post-war development of the Southern than the Northern societies. This is partially explainable on historical and economic grounds, but it has given rise to what Mr Bellman, in a speech of studiously restrained phraseology, describes as "problems and jealousies." Far more insidious, however, has been the danger that some of the weaker societies may become mere appanages of speculative builders, agents, and other interests concerned with "housing-estate" exploitation. Depression is beginning seriously to affect this form of activity, the number of unemployed workers in the building trades having increased from 147,699 in October, 1930, to 211,565 in October, 1931. This very condition, which suggests to prudent societies the need for still greater prudence, is calculated to incite builders to seek increasing facilities for the disposal of their wares. In point of fact, it was recently discovered that the old rule that a building society borrower should himself find at least 10 per cent. of the purchase price was being broken by some societies; that the latter were advancing, without collateral security, much more than the traditional limit of 75 per cent. of a conservative valuation (the remainder being provided by second mortgage); that they were extending the periods over which repayment was to be made, paying extensive commissions to agents, etc., for bringing new mortgage business, and dealing with borrowers and building trade firms, etc., of doubtful reputation in certain cases. Some areas, consequently, were being over-built. House purchasers, tempted by "small deposit" or "no deposit" terms, were paying builders' prices without due regard to value. The largest societies, and many of the smaller societies (which were, and are, justly proud of the soundness of their methods), steadfastly refused to countenance such practices. The whole movement, however, would have been damaged had the action of a minority of societies accentuated the effects of a decline in property values—the possibility of which has been in the minds of the leaders of the movement for some time past—and caused a serious depreciation in the security behind all building society advances. Investors and depositors in every society will, therefore, be reassured by Mr Bellman's disclosure that efforts to secure, by collective action, a common definition of the limits of prudent lending have been so far successful that the Executive Committee of the National Association of Building Societies has prepared a confidential circular

which has been sent to every society. It is desirable that the task should be completed by an undertaking that the suggestions of the circular will be followed in every case. Garbled versions of the latter's contents have appeared in certain newspapers, which have suggested, for example, that the circular deals with rates to be charged to borrowers or paid to investors. An interview which Mr. Bellman has given to *The Financial News*, however, makes it clear that the terms are confined to the matters referred to in the course of this Note, i.e., to the limits of "prudent lending," and fully deserve the moral support of all building society investors.

Brewery Company Profits.—The accounts published from time to time by companies engaged in the hitherto highly prosperous industry of brewing have taken on a new interest during the last few weeks. Though there has not been time for the effects of the recent increase in the beer tax to be reflected in published balance sheets, the falling off in beer consumption since its imposition suggests that the point of diminishing returns to taxation may have been reached. In the following table we give a list of those companies which have published their results since the beginning of November. The figures suggest that profits had already begun to decline before the recent tax addition:—

Name of Company.	Net Profit, 1929-30.	Ord. Div.	Net Profit, 1930-31.	Ord. Div.	Price, 1931.	Price, Dec. 7, 1931.	Present Yield.
	£	%	£	%	High.	Low.	
"Hoopp & Sons"	145,324	8 1/2	174,111	9	23/9	17/9	20/-
sell's Brewery (£1) ..	174,733	15	166,153	15	...	...	...
as Ratcliff (£1) ..	538,969	19 1/2	522,059	17 1/2	62/-	46/-	47/-x
askin's Watford Brewery (£1) ..	203,352	17 1/2	210,674	11 1/2	37/6	25/-	27/-
atol United (£1) ..	89,296	15 1/2	84,692	16 1/2	44/3	35/-	38/-x
Butler and Co.	121,623	15 1/2	105,959	12 1/2	...	...	...
mlin's	96,130	10	74,314	9	23/6	18/6	19/-
ll Brewery	100,731	17 1/2	83,739	12 1/2	...	...	...
l Cooke (£1) ..	315,791	25	260,666	22 1/2	62/3	44/-	48/9
asey's Burnley (£1) ..	35,958	5	9,436	Nil	10/6	6/-	6/-
rgan's Brewery (£1) ..	65,119	15	59,565	15	32/6	30/6	32/6
ter Walker and Robert Cain (£1) ..	413,006	7 1/2	365,458	7 1/2	18/6	14/3	15/-x
Phelps	123,539	1 3/4	115,625	12 1/2	44/6	37/6	37/6
retton's Derby ..	125,282	30	118,281	30	...	...	...
idcaster Tower ..	45,380	12 1/2	40,713	10	...	...	...
enlock Brewery ..	109,649	17 1/2	90,527	15	67/6	49/3	50/-

* Tax free.

the aggregate, net profits have declined from £2,700,888 in 1929-30 to £2,481,972 in 1930-31, a falling off of just over 8 per cent. Shareholders, however, have had little reason for complaint. In most cases, where the dividend has been reduced, the "cut" may be regarded rather as a precautionary measure than as the result of financial exigencies. The future is clearly dependent, less on the first than on the means of consumers.

Australian Trade.—In our leading article of November 21st on "The Outlook for Australian Securities" we quoted aggregate figures of Australian exports and imports for the months of July and August last. These figures, as given, were in Australian pounds, whereas our table of external trade for the three financial years ended June 30, 1931, gave the figures in British pounds. The September, 1931, figures have since been received, and to avoid misunderstanding we show below the results for the first quarter of the current financial year in British £s:—

BRITISH CURRENCY.
(000's omitted.)

	Imports.	Exports.
	Merchan. Bullion	Merchan. Bullion
	dis. and Specie. Total.	dis. and Specie. Total.
1931.	£	£
July ...	3,079	4,335
August ...	3,795	3,290
Sept. ...	3,357	4,603

Imports have been running so far at the average rate of £42,000,000 per annum. It is hoped that for the whole year the imports will not exceed £40,000,000. Exports year the imports will not exceed £40,000,000. Exports have been estimated by Professor Copland (in the *Economic Review* for December) at £75,000,000. This

(disregarding the depreciation of sterling) would give Australia a favourable balance of trade of £35,000,000, which should provide sufficient to meet the current external interest payments, with a small margin. It is, of course, very necessary that Australia should begin again to build up reserves in London. According to Professor Copland, the London balance of the trading banks had fallen from £30 millions in the middle of 1929 to £10 millions in the middle of 1931.

Industrial Profits.—The company reports received by us during the month of November revealed a slight improvement on those for last month, the percentage fall in profits being only 35.59 per cent. compared with 58.26 per cent. for October. The number of reports received, and the percentage declines in profits shown, month by month, have been as follows:—

Reports Published in 1931.	No. of Companies.	Variation in Net Profits (1931 compared with 1930).
April	217	— 10.49
May	211	— 22.3
June	192	— 21.93
July	185	— 39.46
August	55	— 19.59
September	74	— 44.02
October	170	— 58.26
November	147	— 35.59

We set out below the figures for various industrial groups, according to reports received during the last two months.

INDUSTRIAL PROFITS—MONTHS OF OCTOBER AND NOVEMBER, 1931.

Group.	No. of Companies.	Net Profit (after Payment of Debenture Interest). Reports received during Oct. and Nov., 1931.		Increase or Decrease.
		1929-30.	1930-31.	
		£	£	%
Breweries.....	23	1,945,007	1,761,103	- 9.45
Canal and docks.....	1	27,536	<i>Dr. 16,383</i>	- 155.86
Financial land and invest- ment.....	24	1,802,94	737,681	- 59.08
Hotels, restaurants, &c.....	13	498,145	402,792	- 19.14
Iron, coal and steel.....	18	1,346,166	400,461	- 70.26
Motor and cycle.....	9	866,226	33,396	- 96.15
Oil.....	3	355,048	83,032	- 76.62
Rubber.....	67	303,795	<i>Dr. 110,138</i>	- 136.25
Shipping.....	6	128,050	<i>Dr. 400,700</i>	- 483.40
Tea.....	8	177,484	114,038	- 35.74
Telegraphs, &c.....	1	<i>Dr. 8,408</i>	12,450	-
Textiles.....	6	439,585	<i>Dr. 339,760</i>	- 177.28
Tramways.....	3	91,676	61,396	- 33.02
Trusts.....	42	3,289,151	2,547,588	- 22.55
Other companies.....	93	5,739,635	4,101,379	- 28.54
Total.....	318	17,002,042	9,299,345	- 45.31

A noticeable feature was the relatively small decline in brewery profits, Bass, Ratcliff and Gretton falling from £538,970 to £523,059 and Peter Walker from £418,005 to £370,458. Wall Paper Manufacturers recorded a profit of £496,766 against £585,200, while Birmingham Small Arms suffered a loss of £204,194, instead of a profit of £148,026. One of the few companies to maintain its position was the Daily Mail Trust, which increased its income from £367,019 to £370,954.

P. & O. Meeting.—In the absence of Lord Inchcape, owing to temporary ill-health, his speech at Wednesday's meeting of the Peninsular and Oriental was read by the Hon. Alexander Shaw. The scope of Lord Inchcape's annual review bears an increasing resemblance to that of the speeches of many British bank chairmen, who say little regarding the figures of their own institutions and a great deal regarding matters at large. Lord Inchcape has deservedly a world-wide reputation as a doughty champion of the best British traditions of conservative finance, sound administration and business enterprise. He may therefore be forgiven the irrelevancy, at a meeting convened to consider the accounts of a shipping company, of extended comments on home and overseas politics. But as regards the obscure passages in the company's accounts, to which reference was made in our Note last week, Lord Inchcape's speech was lamentably uninformative. For example, it merely repeated the cryptic statement that the ability to pay last year's dividend was due, *inter alia*, to "help . . . received

from some of our allies"; but gave no indication of the nature or extent of this help, such as would have enabled stockholders to assess even approximately the company's actual earning power. The book value of the 355 steamers entirely owned by the P. & O. Company was revealed as standing at something like £10 millions less than if depreciation had been allowed merely at 5 per cent. per annum on original cost, and it was shown that a conservative valuation had been applied to the steamers of controlled companies. This is gratifying information, but it adds little to the particulars of the company's internal position which were given in an official statement at the time of the Royal Mail revelations. Lord Inchcape, again, failed to say whether liquid investments were taken at cost or market value, merely declaring that "investments, taken all together, stood at a conservative figure." Throughout Lord Inchcape's speech ran a note of pride in the achievements of the company over whose affairs he has presided so long—which none will begrudge him—and of confidence in its future—which is well-founded. The P. & O. is, indeed, one of the two strongest British shipping concerns. To take its proprietors into its confidence regarding financial matters—at least to the extent laid down by law in the case of concerns registered under the Companies Acts and not, like the P. & O., under Royal Charter—would be a graceful act. More correctly, it would be a fitting consummation of the policy of more complete disclosure which has been inaugurated since the war with Lord Inchcape's approval.

Richard Thomas.—In an article on iron and steel company finance in the *Economist* of November 28th last (page 1,017) it was shown that this South Wales tinplate company, despite its recovery in profits in 1929-30, was still carrying nearly a million pounds of preference dividend arrears, and would be compelled, sooner or later, to effect a capital reconstruction. The accounts now published for the financial year to September 30th last confirm these views. Trading profit has declined from £296,504 to £130,694 and last year's net profit of £203,991 has become a loss of £986. This is struck after crediting £57,861, the balance standing to the account "Reserve for Taxation and Contingencies," debiting £20,000 "provision for anticipated loss on advances made to a subsidiary—Brimtoy, Limited," and making £33,316 "provision for trading losses in excess of undistributed profits of the subsidiary companies":—

	1929.	1930.	1931.
Year to September 30.	£	£	£
Trading profit	173,978	296,504	130,694
Divs. from subsidiaries	57,150	95,069	49,415
Directors' fees	5,928	6,709	5,572
Depreciation	67,336	57,505	65,000
Other charges	130,298	126,368	168,385†
Net profit	27,566	203,991	Dr. 986
Brought forward	232,852	260,418	214,409
Other allocations	...	250,000	Dr. 57,861*
Carried forward	260,418	214,409	213,423

* Transferred from "Reserve for Taxation and Contingencies."
† Including £20,000 anticipated loss on advances and £33,316 provision for losses of subsidiaries.

Comment on the balance sheet can have little value until the various items have been thoroughly overhauled. As far back as October, 1930, it was estimated that £8,500,000 of the company's share capital had been lost or was unrepresented by available assets. The postponement of reconstruction, pending the time when it may be possible to raise fresh money, is comprehensible, but it is unfortunate that general financial depression should have resulted in further delay. The £1 ordinary shares are quoted at 1s. 9d. and the £1 preference shares at 7s.

Carreras.—The latest accounts of these tobacco manufacturers, whose post-war growth has been among the most remarkable features of the trade, give no inkling of the cause of the decline in gross profits last year, from £1,001,870 to £769,518, or roughly by 23 per cent. The report shows, indeed, that only £82,545 has been set

aside for taxation purposes, against £204,655 last year, but the size of the taxation reserve is unknown, since it is lumped, in the balance sheet, in a composite item: "sundry creditors, including reserve for taxes," which stands at £518,732. The net profit is £687,806, compared with £758,308, and the ordinary dividend is cut from 50 per cent. to 35 per cent., less tax:—

	1929.	1930.	1931.
Year to October 31.	£	£	£
Gross profit	1,316,945	1,001,370	769,518
Taxation	263,828	204,655	32,545
Pension Fund	4,524	5,241	5,841
Fees	746	953	1,000
Depreciation	31,045	32,213	42,326†
Net profit	1,016,802	758,308	687,806
Brought forward	1,219,889	1,059,165	1,057,160
Preference dividends	20,000	20,000	20,000
No. of times covered	60.5	52.5	34.4
Ordinary dividends—			
Amount	703,125	686,482	620,047
Earned %	70.9*	53.8†	37.7†
Paid %	50.0*	50.0†	35†
Written off issue expenses	2,838	3,831	...
Development fund	100,000	50,000	...
Carried forward	1,059,165	1,057,160	1,104,918

* Tax free.
† Less tax.
‡ Including £10,000 reserve for fluctuations in exchange.

The balance sheet reveals few major changes. Cash is slightly down at £194,959 and "sundry debtors" show a decrease from £1,001,299 to £887,986. "Stocks" have advanced insignificantly. There can be little doubt as to the fundamental strength of the financial position. The reserve fund stands at £972,777 and liquidity has been maintained. There is, however, ample scope for an informative chairman's speech at the forthcoming meeting. At 3½, the £1 ordinary shares yield £9 17s. per cent.

United Africa.—The United Africa Company was formed in 1929 to amalgamate the interests of the African and Eastern Trade Corporation and the Niger Company, and later the West African interests of Margarine Union. The second report discloses a loss of £1,288,123 against a net profit in the initial year of £24,143. The directors vouchsafe no explanation, but the shareholders are well aware that the company is a victim of the slump in the prices of vegetable oils, which has reduced the West African native to something like penury and seriously diminished the value of the West African export trade. A comparison of the trading results of United Africa for the past two years (treating subsidiary companies as branches) follows:—

	(Years ended April 30th.)	
	1930.	1931.
Trading profits	386,407	Dr. 949,940
Depreciation	276,275	272,899
Income tax	38,616	13,171
Miscellaneous overheads	28,360	35,584
Preliminary expenses, etc.	19,013	16,529
Balance	24,143	Dr. 1,288,123
Carried forward	24,143	Dr. 1,283,980

The balance sheet shows a surplus of current assets (£6,720,208) over current liabilities (£8,845,507) of £3,874,696. No depreciation, however, has been provided in respect of the fixed assets—land and buildings and shares—other than those belonging to the manufacturing subsidiary companies. Land, buildings and goodwill are valued at £5,249,852 and shares in subsidiary companies at £7,576,053. It is obvious that a revaluation of the fixed assets, which has now been promised for two years, will involve a drastic writing down of the share capital. Since the date of the first report the capital has been increased by the issue of £2,781,600 shares and now stands at £15,731,600 in £1 shares. Of this total, it is understood, African and Eastern and the Niger Company each hold £7,100,000 and the Margarine Union the balance. The African and Eastern Company's income is entirely derived from interest on sundry investments (£128,864)

and on the mortgage of £450,000 secured on Africa House, Kingsway, as no dividends are being received from its investment in United Africa. The company discloses a slightly increased profit which is sufficient to cover the dividends on its 6 per cent. "A" preference shares, which are quoted in the market at 14s. 6d. A comparison of its past two years' results is as follows:—

	(Years ended April 30)	
	1930.	1931.
Net profit	17,136	17,470
Directors' fees	2,333	2,000
"A" Preference dividend	14,250	13,800
Carried forward	37,883	39,553

The directors of Lever Brothers have issued a statement to the effect that the proportion of the United Africa loss accruing to them as the parent of the Niger Company has been fully provided for out of revenue, which, nevertheless, will be in excess of the revenue for 1930. The latter permitted of a 10 per cent. dividend on the ordinary capital, held by Unilever. Such a result is gratifying, and it will be of interest both to shareholders and consumers of the company's products to learn, in due course, how it has been brought about.

Anglo-Argentine Tramways Moratorium.—A steady decline in traffic receipts and exchange losses for which the recent rise in the peso-sterling quotation has not yet compensated, have caused the directors of this South American tramway company to seek a moratorium for the interest on the £5,730,132 of 5 per cent. debenture stock. In a circular dated November 17th last, holders of this stock were informed that liquid resources showed a large deficiency as compared with current and loan liabilities, while existing financial conditions made it impossible to obtain further temporary assistance. It had therefore been found impracticable to provide the sinking fund instalment of £22,860 on the 5 per cent. debenture stock and the £142,740 of interest which was due on December 1st last. The scheme of arrangement proposed (a) that payment of the half-yearly interest falling due on December 1, 1931, June 1, 1932, December 1, 1932, and June 1, 1933, should be postponed until December 1, 1936, and that the company should be released from any obligation as regards the sinking fund for the years 1931 and 1932, and (b) that if the trustees prior to December 1, 1933, should notify the company that in their opinion the financial position of the company was not such as to warrant payment by the company of the interest on its due date, the half-yearly payments of interest due on December 1, 1933, and June 1, 1934, should be similarly postponed, and that the company should be released from the sinking fund obligation for 1933. The scheme further proposed that the payments in arrear should carry simple interest at 6 per cent. per annum, and that no dividends should be paid on the share capital until all the arrears of interest on the stock and interest thereon had been paid in full and the sinking fund payments resumed. Two additional directors were to be nominated by the trustees to represent the interests of the 5 per cent. debenture holders during the currency of the scheme. At the meeting of holders convened for November 30th last, however, a quorum (which required holders of 50 per cent. of the stock) was not present, and the decision was postponed till December 15th next. In the meantime, a committee appointed to represent a body of 5 per cent. debenture holders has suggested amendments which are to be submitted for approval. Under the revised scheme, the moratorium is to cover instalments of interest up to and including December 1, 1932, instead of June 1, 1933. A stockholders' committee is to be formed, together with one representative of the trustees, which will be empowered, after consultation with the trustees, to grant a further moratorium in respect of either or both of the half-yearly instalments of interest on the stock for the half-years ending June 1, 1933, and December 1, 1933, if necessary. It is suggested, further, that the company should not declare or pay any dividends until it has applied in purchase or redemption of the stock until the sum of £45,720, or if the moratorium is extended, a

further sum of £22,860. These amounts, after all postponed instalments of interest and interest thereon have been paid in full, may be applied in purchase of the stock in the market or by tender at a price not exceeding par, or in redemption at par by drawings on six months' notice.

New Issues in November.—In the following table we show the new capital raised in London by issue to the public or to shareholders, in November, and in recent years:—

	United Kingdom.	(000's omitted) British Possessions.	Foreign Countries.	Total.
Monthly Average.	£	£	£	£
1924	7,051	6,023	4,370	17,444
1925	12,918	5,077	1,356	19,351
1926	10,765	4,431	4,036	19,232
1927	17,240	8,318	4,039	29,597
1928	21,965	5,263	3,526	30,754
1929	16,502	5,081	2,186	23,769
1930	14,220	5,121	2,975	22,316
Monthly Average.	Govt.	Other.		
Jan.-Mar., 1930...	450	24,326	5,360	31,256
Jan.-Mar., 1931...	2,000	7,013	5,112	15,972
Apr.-June, 1930...	567	10,233	7,025	25,621
Apr.-June, 1931...	1,117	4,401	6,751	13,323
July-Sept., 1930	367	5,074	925	7,895
July-Sept., 1931	767	1,251	952	2,997
Oct., 1930	850	11,839	12,000	26,961
Oct., 1931	Dr. 1,350	684	49	Dr. 877
Nov., 1930	1,050	6,479	6,158	16,580
Nov., 1931	Dr. 450	2,468	Nil	2,028

Encashments of National Savings Certificates during the month exceeded sales by £450,000. The only issue to the public was the £1,400,000 debenture stock of the Gallo-way Water Power under Government guarantee. Shareholders were asked to subscribe for 300,000 ordinary shares of the Midland Counties Electric Supply Company, for 527,350 £1 ordinary shares of Thomas Tilling at 30s. per share, for 20,167 10s. ordinary shares of Clark's Bread at 15s., and for £10,000 of 10 per cent. debenture stock of the San Finx Tin Mines.



In view of the many claims recently made by Petrol Distributing Companies the proprietors of Shell think it desirable to remind the public that—

1

There is more British labour employed in the Shell organisation—

2

There is more British capital invested in the Shell interests—

3

There are more British vessels engaged in transporting Shell products—

than in any other concern dealing in Petroleum Products

4

Every Gallon of Shell Lubricating Oil is blended and packed in this country

De Beers Consolidated.—This important undertaking, writes our mining correspondent, proves to have fared even worse than might have been inferred from the non-payment of the preference dividend in respect of the second half of the financial year. The net profit amounted to no more than £133,740; the preference distribution absorbed £400,000. The carry-forward is reduced by the difference between these two amounts, no appropriation being required for taxation. These disappointing results are, of course, a reflex of the depression which has ruled all over the world, and especially in North and South America—the chief markets for diamonds. So far as can be judged there is little hope of improvement in the immediate future. Our usual tabulated comparison is appended:—

	Year ended June			
	1928.	1929.	1930.	1931.
Diamond sales.....	3,311,780	3,255,790	3,262,670	679,550
Other income.....	588,370	554,000	535,810	750,240
Expenditure, depreciation, &c.	1,707,900	1,761,780	1,671,570	1,296,050
Net profit.....	2,192,250	2,047,010	2,126,910	133,740
To taxation.....	321,970	303,250	302,590	...
Dividend on deferred shares	817,890	817,890	...	...
Rate per share	15/-	15/-	...	...
To reserves	100,000	250,000	...	...
Carried forward.....	500,020	377,400	1,401,720	1,535,460

As a result of the measures taken with a view to the consolidation and control of the diamond industry in South Africa, the balance sheet reveals important changes. So much opposition was aroused by the proposed allotment of deferred shares in exchange for holdings in the New Jagersfontein, the Consolidated Diamond and the Cape Coast Exploration that £2,414,600 debentures were issued for these interests. To take up its proportion of the increased capital of the Diamond Corporation—£812,500—the De Beers transferred the necessary amount from reserve. Thus the appropriation for stabilisation of the diamond trade is increased to £4,238,860 and the reserve reduced to £1,638,850. Investments in other companies have risen by £251,600 to £875,800. Naturally, the financial position has not improved. The surplus of cash assets over liabilities now amounts to £882,000, as against £1,404,650 twelve months ago; and, as previously pointed out, the liquidity of some of the items is doubtful. The current quotation of the deferred shares is about £3 2s. 6d. and of the preferred £5, or less than half the figures ruling a year ago, when a cautionary note was sounded in our columns.

Roan Antelope.—Special interest attaches to the results of this company by reason of the fact that it is the first of the new Northern Rhodesian copper propositions to enter the producing list. Shareholders are called upon to digest the annual report simultaneously with the statement for the quarter ended September 30th. The former document shows important changes in the finances. The debenture issue of £1,500,000 is now fully paid. During the year, no less than £1,708,500 was expended upon development and equipment—including a small deficit on the first three months' output. On June 30th the net

OFFER TO NEW READERS.

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

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

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

Name.....

Address.....

cash surplus, irrespective of investments, amounted to £228,000. This is relatively moderate; but no great amount of capital outlay remained to be covered. The ore reserves are again given as 108,000,000 tons, value 3.44 per cent. copper, no further drilling having been carried out during the period. In the September quarter 7,370 long tons of electrolytic copper were produced at an operating cost of just over £36 per ton, or 7.85 cents per lb., exclusive of allowances for interest and depreciation. We find that in respect of a score of leading American copper companies the costs, including depreciation, in 1930 ranged from 6.81 cents to 16.69 cents, the general average being between 8.50 and 10.50 cents. With some plant still to come into operation, the Roan is turning out the equivalent of about 4,000 tons of copper per month. Allowing for a moderate further increase, the total may be put at 50,000 tons per annum. It is calculated that costs will be brought down to under £30 per ton, irrespective of the advantage to be derived from the depreciation in sterling. If these results were, in fact, secured, the profits on the basis of the current price of the metal would be sufficient to provide between 40 per cent. and 50 per cent. upon the capital after deduction of debenture interest and a substantial appropriation for depreciation. Uncertain factors in the future, however, are the course of sterling and the possibility of output restriction. The question of debenture redemption should also be kept in mind, though it will not arise for several years.

Broken Hill South.—The full text of the report for the year ended June 30th brings to light the fact that but for the income from investments the accounts would have shown a loss. Mining resulted in a deficit of £65,400; but dividends, interest and sundries made up a net total of £115,700, giving a surplus of £50,300. The dividend (7½ per cent.) absorbed £60,000. An appropriation of £65,000 was made for new plant and development; the unexpended balance of this account from 1930 being £17,850. Thus, £124,840 remains to go forward, against £181,700 brought in. It may be noted that the debenture issue has now been entirely extinguished. At £600,560 the surplus and cash assets (excluding shares in other companies) is £117,300 below the figure of twelve months ago. The disappointing character of last year's results is, of course, attributable to the abnormally low prices ruling for lead, zinc and silver—even though the effects were in an appreciable measure counteracted by the exchange premiums on realisations of metals and by a substantial reduction in working costs. The necessity of further economies is emphasised by the board. At 4,000,000 tons the ore reserves are down 250,000 tons. The difference is fully explained by the suspension of development work, 334,540 tons having meanwhile been extracted. Some months ago an announcement was made to the effect that in the event of maintenance of the improvement in metal prices, a dividend would be declared towards the end of the year. In accordance with this forecast, an interim distribution of 5 per cent. was announced on November 9th. Purchases of these and other Broken Hill shares were recently made by Australian operators on the strength of the recovery in wheat and wool, and by local operators on the strength of rumours as to the imposition of a 10 per cent. tariff on foreign metal imports. In both cases the buyers found themselves a little ahead of events.

Pahang Consolidated.—The average realised for the black tin sold having been £78 9s., against £114 2s. previously, it is no matter for surprise that the profits for the year ended July 31st fell substantially short of the 1929-30 total. Indeed, but for the treatment of higher grade ore, and a substantial saving in costs, the difference would have been greater. The mining profit of £37,200 compares with £63,690 and £98,240 in respect of the two preceding periods. In disbursing only the fixed dividend of 7 per cent. on the cumulative preference shares, absorbing £7,000, the directors have adopted a very conservative policy. The carry-forward of £89,600

represents rather more than double the amount brought in, while the balance sheet indicates a cash surplus of £115,300, subject to the final dividend on the preference shares and a call of £10,000 on an addition to the company's holding of Kuala Keman rubber shares. Apparently the directors were influenced by general conditions as well as by past and prospective litigation relative to the Tin Restriction Act, the claim being made that the company is in a different position from other producers in Malaya. Owing partly to output restriction, and partly to the desirability of "conserving the cash resources in view of the low price of tin," development work was severely cut down. Despite the performance of only 18,920 ft. of driving, etc., against 40,800 ft. in 1929-30, the ore reserves are estimated to be up by approximately 70,000 tons. This is a distinctly favourable feature, placing the company in a position to expand its output if and when conditions permit.

Lake View and Star.—The report to June 30th indicates that the shareholders still require to exercise patience. Operations last year resulted in a net profit of £102,100. Of this, £85,000 has been written off to special development on various leases and £14,300 to depreciation on plant and machinery. Credit is presumably taken for the exchange premium, but not for the gold bounty of 10s. per ounce, as the amount cannot be ascertained until the whole production of Australasia for the year is known. Some time ago a rumour gained currency as to the intention of the Lake View directors to make a note issue something on the lines followed by the Wiluna. Thanks to the increase of earnings by the exchange premium and to a temporary advance from the New Consolidated Gold Fields, this onerous method of financing was avoided. Provision has been made in the accounts for the capitalised Australian expenditure on plant and the like, which has been converted into English currency; but as the floating assets and liabilities in Australia approximately balance each other, it has not been considered necessary to convert these. Note should be taken of the imposition by the Federal Government of fresh duties and taxes, as well as of the action of the State Government in increasing the water rate from 3s. to 5s. 1d. per thousand gallons. These additional changes will largely counteract the effect of the gold bonus. At present the company is dealing with 20-22,000 tons of ore per month. The new treatment plant, having a capacity of 30,000 tons per month, should be completed early next year. A central crushing plant is already operating satisfactorily; a further power unit will be available about the end of this month. The outlay will be presumably be covered in the same way as the capital expenditure of 1930-31. Development—largely concentrated on the Nos. 2 and 4 lodes of the Horseshoe Mine—has proved fruitful. Including probable ore, the reserves are now placed at 1,431,450 tons, averaging 34.45s. an expansion of 863,800 tons in quantity and of 3.85s. in value. At Thursday's meeting a substantial dividend was foreshadowed next year. Lake View 4s. shares now stand at 8s. 6d., comparing with 12s. earlier in the year.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Peninsular and Oriental Steam Navigation, Mexican Railway, Imperial Smelting, Lake View and Star, Luipaards Vlei Estates and Gold Mining, British Burmah Petroleum, Malaya General, Lewis Berger and Sons, and Petroleum. Presiding at the annual meeting of the Mexican Railway, Mr Vincent Yorke said that the management were to be congratulated on having reduced expenses as compared with the corresponding half-year by \$542,000, or about 9½ per cent., in the face of a fall in exchange which had affected adversely the purchase of stores and materials bought at gold prices. At the meeting of the British Burmah Petroleum Company the chairman said that the company gave employment in Burmah to some 2,000 men, and were called upon last year to contribute in taxes, royalties, and excise duties nearly £200,000 to the Indian Government, a sum greatly in excess of the whole

of their divisible profits. At the annual meeting of Lake View and Star, the chairman pointed out that the net result of their development work to the end of June last showed that the ore reserves, proved and probable, totalled 1,431,000 tons, of an average value of just under 35s. 6d. per ton. The P. & O. meeting is discussed in a Note on page 1137.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Dec. 5, 1931, £100,133,041.
Total, including conversion, recorded Jan. 1 to Dec. 5, 1931, £112,379,416.

National Savings Certificates.
Net receipts, week ended December 5, 1931, Dr. £50,000.
Total net receipts, April 1, 1931, to December 5, 1931, £4,250,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscription.	First Payment.	Further Liability.
Nil	£ Nil	£ Nil	£ Nil	£ Nil	£ Nil
To Shareholders only.					
Furness, Withy and Company, 2,000,000 ordinary shares £1, at 21s.	2,000,000	...	2,100,000	250,000	1,850,000
Total offered to Shareholders only, week ended Dec. 12, 1931	2,000,000	...	2,100,000	250,000	1,850,000
Total Offered for Subscription—		Total Offered for Subscription—			
Including Conversions.		Including Conversions.		Excluding Conversions.	
Jan. 1 to date—			Whole year—		
1931	114,429,416	102,183,041	1930	454,888,784	267,800,700
1930	430,304,936	247,892,305	1929	488,764,940	285,239,400
1929	485,966,698	281,491,098	1928	693,100,056	269,058,073
1928	538,263,908	363,882,925	1927	...	355,165,970
1927	...	353,507,382	1926	...	230,782,600
1926	...	227,321,825	1925	...	232,214,500
1925	...	229,414,290	1924	...	209,326,101
1924	...	207,054,575	1923	...	271,599,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	74,974,349	6,911,859	20,296,833	102,183,041
1930	210,147,608	15,754,638	21,990,059	247,892,305
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	555,156,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced. £	Prices at which Dealings Began. £	Total Cash Involved. £
Amount previously recorded	8,757,183	...	8,883,556
Total for week ended December 12, 1931...	Nil	...	Nil
Total to date	8,757,183	...	8,883,556
Total to date, 1930	21,825,980	...	23,598,828

[Other Stock Exchange information, including the latest reports and notices, weekly traffic returns, summary of balance sheets, dividend announcements, and profit and loss accounts, will be found on page 1153 under the heading "Company News."]

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative

148 Leadenhall St.

London, E.C. 3.

COMPANY MEETINGS, &c.

PENINSULAR AND ORIENTAL STEAM
NAVIGATION COMPANY.

DIFFICULT TRADING CONDITIONS THROUGHOUT THE YEAR.

GREAT BRITAIN'S SPLENDID RECORD IN INDIA.

CRITICISMS OF DOMINION STATUS PROPOSALS.

LORD INCHCAPE ON POSITION AND OUTLOOK.

The ninety-first ordinary general meeting of the Peninsular and Oriental Steam Navigation Company was held, on the 9th instant, at the offices, 122 Leadenhall Street, London, E.C.

The Hon. Alexander Shaw (one of the deputy-chairmen), who presided, said that he knew the stockholders would share the great regret which was felt by the Board that Lord Inchcape, the chairman of the company, was unable to be present personally. Although temporarily laid up, he was dealing day by day—and, indeed, hour by hour—with the business of the company, and his thoughts were certainly with them all at this ninety-first annual meeting.

Mr Donald N. Black, C.A. (the secretary), read the notice convening the meeting and the auditors' report.

LORD INCHCAPE'S ADDRESS.

THE DIVIDEND

The Chairman then read the speech which had been prepared for the meeting by Lord Inchcape, in the course of which he said that, considering the deplorable conditions the company had encountered, the proposed dividend of 6 per cent., free of income tax, would cause no surprise. For the Board's ability to propose that dividend they were indebted partly to the surplus earnings of the P. & O. steamers, but mainly to dividends from outside investments and to help from some of their allies.

A reduction of 10 per cent. in pay of their staff afloat and ashore, which applied also to the Board, had been made on August 1st and loyally accepted. He, the Chairman, might be permitted to add that when the outlook some years ago had become less rosy a considerable sacrifice in his emoluments had been made by a member of the Board, which still continued.

TRADE

He had never known such a period of depression as had endured during the past eighteen months. Steamers had left, week after week, for the company's Eastern ports with thousands of tons of unfilled space, and this had occurred also in many of the homeward ships.

A year ago he had given some statistical figures which made doleful reading. During the year ended September 30th last there had been a further drop in nearly every direction. Only in a very few instances did the figures show an improvement; mostly they were worse.

TRADING CONDITIONS UNDER THE NATIONAL GOVERNMENT.

As to the future of their trade, all the world over, although there were anxious times ahead, he did not view it with dismay. By the common sense of the people the country had now got a strong National Government, and he thought they might confidently look forward to peace in the land, free from the danger of that Bolshevism and Communism which had ruined Russia.

He felt assured we should hear no more of nationalisation, and that industry would be allowed, as heretofore, to work out its own salvation. He was glad to think we now had a man of sound business experience as President of the Board of Trade in the Right Honourable Walter Runciman, than whom there was no one in the country better qualified to fill the office. (Hear, hear.)

BOOK VALUE OF THE FLEETS.

Thanks to the Board's conservative policy in the past, the book value of the 355 steamers entirely owned by the P. & O. Company stood at something like ten millions less than if they had been written down at the rate of 5 per cent. per annum.

If they had reduced the values by only 4 per cent. per annum, the rate allowed for income tax purposes, the steamers would stand in the books at about 12 millions more than they did now.

The book values of the steamers of the companies in which the P. & O. had a controlling interest, but which they did not entirely own, stood very much below their original cost, less 5 per cent. per annum depreciation, but, he added, it mattered little how low the book value of steamers might be if they could not be run to leave a margin of profit on their voyages, which had been too often the case in the past twelve months.

INVESTMENTS.

Their investments, taken altogether, stood at a conservative figure, but it would, of course, be impossible to realise many of them at present, even if it were desirable to do so, which it was not.

There could be but few among those present who had not suffered severely in capital and income during the last two years. It was to be hoped that the Government's reduction in national expenditure might before long enable them to reduce direct taxation, which had for some years been eating up the capital of the country and the savings of the people.

P. AND O. DEBENTURES.

They, the stockholders, would observe from the accounts that there were seven millions of debenture stock falling due in 1940. Up to September 30, 1930, they had provided a special fund of £1,540,000 towards its redemption, and this year had added £100,000, bringing the amount up to £1,640,000, which was invested in Government securities and shown on both sides of the balance sheet. All additions would be similarly dealt with. The board would go on adding to this as far as possible, year by year, and by 1940 he hoped they would have sufficient to discharge the main portion, if not the whole, of the issue. He, the speaker, could not expect to be here in 1940, but he was confident that his successors would carry on the honest, prudent and conservative policy of their forebears.

THE BOARD'S POLICY—ECONOMY WITH EFFICIENCY.

Every effort was being made to keep down the company's expenditure and that of its allies without impairing efficiency. He could not speak too highly of the devotion and endeavour of all their people afloat, ashore at home and abroad, to help the old P. and O. Company in these dreadful times.

Their repairs committee met weekly, when all indents for material and labour were discussed. Repairs and overhauls to hulls and machinery were carried out by Messrs R. and H. Green and Silley Weir in London and Falmouth, where they had up-to-date workshops and dry docks. The head of the firm, Mr Silley, had worked for them for many years most satisfactorily, and had rightly earned the title from all his customers of "Honest John."

No effort was being spared, in London and at all the company's agencies, to give passengers the accommodation they required, and their captains, officers, engineers, doctors, pursers, nursing sisters, stewards, stewardesses and cooks were doing all in their power for passengers' comfort. The convenience and requirements of shippers and consignees were studied in every way and an endeavour made to retain the goodwill which the company was fortunate enough to possess.

Together with Lady Inchcape, he had spent some hours lately inspecting the "Viceroy of India" on the day of her sailing from Tilbury. They found her to be in the most perfect condition to receive her full complement of passengers, notwithstanding that she had arrived from her previous voyage only three days before; and it had been a great pleasure to congratulate her commander, his officers and the company's superintendents on the admirable condition of the ship.

ALLIED MANAGERMENTS—THEIR CORDIAL CO-OPERATION.

He was, he continued, kept in close touch with the working of the company's allies by friendly consultation with the chairmen and their managements, but he never had occasion to interfere with their proposals, as for the most part they knew far more about their particular business than he did, and the attention they devoted to the various interests they controlled was all that could be desired. He would like to express his thanks to Mr Cowan, the chairman of the New Zealand Shipping Company and of the Federal Company; to Sir James Mills, the chairman, and to Mr Aiken, the managing director, of the Union Company of New Zealand; to Mr Christopher, of the Hain Line; Mr Hampton, of the Nourse Line; and to Mr McAllister, the chairman of the General Steam Navigation Company, for the excellent arrangements at the Ballard Pier provided by the Bombay

years. He could not very well thank the Chairman of the British India Company, as he held that office himself—(laughter)—but he desired to thank all the members of the various companies' staffs for their most loyal and efficient service.

The board received many letters of appreciation from passengers in the course of the year and some criticisms. All were courteously acknowledged, and endeavour made to put right anything complained of.

LOSS OF ONLY ONE STEAMER.

During the past year one of the steamers owned by our ally, the Hain Company, came to brief in a dense fog in the Black Sea, and, although salvaged, was so badly damaged that the cost of repairs would have amounted to a disproportionate sum. A compromise was made with the underwriters to treat the vessel as a constructive total loss, and the full insured value was not claimed. This was the only loss, in a good hour be it spoken, during the year in the 356 steamers entirely owned by the P. & O. Company, and it spoke well for the care and capacity of the commanders, officers and engineers not only of the P. & O. Company but also those of their allies. Of course, accidents would happen in entering and leaving port, as their ships had to do thousands of times every year, often in bad weather and fog, but, he added, the watchword of all the skippers and officers was "Safety First."

NEW STEAMERS.

The "Strathnaver" lately left on her maiden voyage to Bombay, Colombo and Australia with 1,416 passengers, the largest number ever carried by a P. & O. steamer. At his (the Chairman's) suggestion their colleague, Lord Glenapp, went out in her to see how things were working and to look into matters in Bombay, Ceylon, Australia, Hong Kong, Shanghai and the Straits Settlements, and they had had some interesting reports from him about the ship and the arrangements on board. Everything went well, and the passengers were all pleased.

Lord Glenapp had made several suggestions, which were being considered. The fuel consumption had been extremely moderate, the speed highly satisfactory and the vibration nil, thanks to Messrs Vickers-Armstrongs, the builders, and to the company's superintendent engineer, Mr. Clarke.

The "Strathnaver," of 22,500 tons gross register, 664 ft. over all, the largest P. & O. steamer which had ever passed through the Suez Canal, made the transit from Port Said to Suez in eleven hours, which spoke well for her manoeuvring and steering qualities, and also for the careful and skilful handling which characterises the canal pilots.

Lord Glenapp was returning from China by the new steamer "Corfu," and would in due course make his report on that vessel and on his inspection of their agencies in the Far East.

LETTERS OF APPRECIATION FROM GOVERNOR OF SUDAN.

Recently he had had a letter from Sir John Maffey, Governor of the Sudan, who wrote:—

"We had most excellent accommodation given us on 'Corfu'; the commander was most helpful and courteous, and everybody on board thought her a delightful ship. The P. & O. deserve the highest measure of success and appreciation for the splendid craft they are putting on the sea, as in these days courage and purpose are not very common qualities."

He, Lord Inchcape, had been to the trial of the sister ship, the "Carthage," on the Clyde a week ago, and made a thorough inspection of the steamer. She would, he was satisfied, prove as favourite a vessel on the Ceylon and China line as the "Corfu." Her speed on trial in rather bad weather was 19½ knots, not fully opened out, and her fuel consumption was quite satisfactory.

MAIL SERVICES.

The mail services had been maintained with unfailing regularity, as mentioned in the report. The mail matter carried by the P. & O. Company during the year was about 96,880 tons.

THE PORT OF LONDON AUTHORITY.

He desired to thank the Port of London Authority for their constant improvements in the facilities for working the port and for the great civility and assistance rendered to all the Authority's constituents by the Chairman, Lord Ritchie, the staff and the workmen.

PORT TRUST AND RAILWAY ARRANGEMENTS AT BOMBAY—PASSENGERS' SATISFACTION.

During last year 8,918 passengers were landed in Bombay from Europe, and not one of their packages had gone astray, which spoke well for their officers, their baggage masters and their stewards.

He would like again to express the Board's appreciation of the excellent arrangements at the Ballard Pier provided by the Bombay

Port Trust for the shipping, landing and distribution of mails and baggage, as well as for the deepening of the approaches to the pier, which enabled the mail steamers to tie up or leave at any time of the day or night. He would also like to thank the railway administration for their admirable service of special trains which arrived and left the Ballard Pier within a few yards of the steamers.

CARGO-WORKING COSTS IN GREAT BRITAIN.

A NEGOTIATED ADJUSTMENT.

For some months past negotiations had been in progress to reduce the costs of working cargo in Great Britain with a view to assist trade and avoid an increase in unemployment. A tentative agreement had now been reached for a modest reduction operative as from January 4th. Mr E. Bevin and Mr F. C. Allen between them had succeeded in putting terms of friendly agreement before both sides which were likely to be accepted, and he (Lord Inchcape) hoped there was now no possibility of a strike which would have been fatal to both sides.

SUEZ CANAL DUES.

The President (the Marquis de Vogüé) and the managing directors of the Suez Canal Company had decided two months ago to make a reduction in the canal dues as from November 15th of 65 gold centimes per ton of 100 cubic feet for ships with cargo and 32½ gold centimes per ton for ships in ballast. This recommendation was arrived at with a view to assisting the shipowners and the Eastern and Australian traders in these bad times, but also in the interests of the shareholders of the Canal Company, as vessels were being diverted to the Cape route by the paucity of cargo, and the Canal traffic was decreasing. This reduction, equivalent to 10 per cent. in the dues, had been much appreciated by foreign as well as by British shipowners, and the London Chamber of Commerce and the Chamber of Shipping had, he noticed, thanked the Canal Company for their decision, which he was sure the stockholders would appreciate.

POSITION IN INDIA.

To those who thought they knew something of India, the proposals put forward in certain quarters were beyond understanding. What had Great Britain done for India in the last seventy or eighty years? She had preserved peace in the country up to two or three years ago, and administered equal justice to all, as she continued to do now. She had given Indians the opportunity to serve in the administration of the country in many capacities, from subordinates in the Civil Service to Collectors, Commissioners of Districts and Governors of Provinces, and to be High Court judges and members of the Executive Council of the Viceroy and the various Presidency Governments. It was true that the offices of Governor-General and Commander-in-Chief of the Army had always been, and were still, held by Britons. It would be an evil day for India and Great Britain if that was ever reversed. (Hear, hear.)

BRITAIN'S PART IN DEVELOPMENT OF INDUSTRY.

When he went to India, nearly sixty years ago, there were 6,200 miles of open railways, mainly constructed by private enterprise. Now there were 42,000 miles, costing about 600 millions sterling, practically all subscribed by Great Britain, with Government guarantee of interest on the capital. There were but few jute mills, woollen, cotton, paper or rice mills; few coal mines, gold mines, iron and steel works. Look, he said, at their numbers now. There were practically no tea gardens or coffee plantations of any size. To-day there were thousands of acres. The oilfields were entirely undeveloped. There were no banking or insurance facilities such as there were now. There were few steamers on the rivers of Bengal or on the Irrawaddy, while to-day there were legions. The coastal trade of India was then a flea-bite compared with what it was to-day, and there had been for many years past an adequate, frequent and regular service by high-class steamers between India, the Persian Gulf, Mauritius, the Straits Settlements, Hong Kong, Shanghai, Japan, Australia, New Zealand and East and South Africa.

Into all these industries hundreds of thousands of British capital had been invested, and the trade of the country had increased by leaps and bounds, providing employment for millions.

He had been a director of the East Indian Railway Company for many years under the chairmanship of that able business man, General Sir Richard Strachey—from whom he had learned much—before it was taken over by the Government. Gradually Government acquired most of the railways, or secured the option of purchase, paying for them by terminable annuities or issues of India stock, which at present was proving rather unfortunate for the country financially. The result of this policy in India might teach the authorities at home not to buy up the railways, but to leave them and their management to private enterprise.

The ports, docks and dry-docks in Calcutta, Bombay, Madras, Rangoon, Karachi, Chittagong, Akyab and many other places had been constructed by the genius of British engineers, and had not

cost the taxpayers of India a penny. Interest on their cost and their working and upkeep were paid for by shipping and trade.

The relations between the British and Indian mercantile communities had always been, as they were to-day, of the most agreeable and friendly description, but that boycott and civil disobedience had been allowed to be preached had, to some extent, shaken confidence in the British Raj.

CONGRESS PARTY'S DEMAND.

Among many interests in India, such as tea gardens, jute mills, coal mines, cotton mills, woollen mills, his firms had two long-established cotton mills and factories in Madras. Relations with their workmen had always been those of mutual friendship. When the mills did fairly well, as they generally did, the workpeople shared in the profits by way of a bonus. The mills were limited liability companies, the shares being on the market in Madras. Last week he had received advices from his partner in Madras stating that the Congress party had intimated that a boycott against the sale of their manufactures would be put up unless they subscribed to the following declarations:—

"That not less than 75 per cent. of the share capital of the company is held by Indians.

"That not less than 66 per cent. of the directors of the company, apart from the ex-officio directors, are and will continue to be Indians.

"That the partners of the agent's firm or the firm itself are not in any way interested in the import trade of foreign yarn or foreign piece goods.

"That the personnel of the management is Indian in outlook and spirit and is pledged to safeguard Indian interests. In pursuance of the above declaration we hereby undertake to do as follows until the Congress ban is removed:—

"No person connected with the management of the mills will engage himself in propaganda hostile to the national movement or participate in any activity organised voluntarily or at the instance or on behalf of the British Government in India in opposition to the movement.

"Recruitment of staff will be restricted to Indians except for special reasons.

"As far as possible we shall pass our insurance, banking and shipping business to Indian insurance companies, Indian banks and Indian steamship companies.

"We shall purchase, as far as possible, store articles of Indian manufacture and will buy such foreign articles as are indispensable and as cannot be replaced by Indian Swadeshi articles.

"We shall not make use of any kind of foreign yarn or foreign silk or artificial silk or thread or yarn made in mills on the boycott list.

"Persons connected with the management of the mills will wear Swadeshi cloth."

PERFECTLY MONSTROUS PROPOSALS

This meant that all cotton or woollen mills owned or managed by British companies or firms were to be compelled to close. It was, as an important London newspaper said a few days ago, "an outrage upon the liberty of British subjects." It meant nothing less than driving the British commercial community out of India, which surely no British Government would ever sanction. (Hear, hear.) He remembered some years ago when discrimination against the British began to be preached he put it before the late Lord Birkenhead, who was then Secretary of State for India, and whose reply was, "The proposal is perfectly monstrous."

If, his lordship continued, the unrest in India and the boycott of British goods and the disposition to turn the British out of the country were abandoned, trade would improve and confidence would be restored. It was his belief that, were the British to give up government of India at the centre, chaos, civil war and slaughter would follow and the country would go to the devil. (Hear, hear.)

Recalling the recent riots and murders, the attempts to assassinate the Viceroy, the Governor of the North-West Province and the Governor of Bombay, he was of the opinion that, if firm action, similar to that which the Governor, Sir Ronald Storrs, and the Secretary of State for the Colonies, Mr Thomas, took when trouble recently broke out in Cyprus, had been taken in India three years ago, things there would have been very different to-day. (Hear, hear.)

DOMINION STATUS FOR INDIA IMPRACTICABLE

He desired to refrain from anything in the nature of intemperate criticism, but, in his humble judgment, the suggestion to give Dominion status to India, a country composed of numerous races of different nationalities, religion and creeds, was a profound mistake. Let his hearers think what Dominion status for India would mean. The British Army would be withdrawn, the King's representative would have no executive power and no right to take part in any way in the government of the country. Australia, New Zealand and Canada had Dominion status, but the population of those countries was entirely British, with one faith. There were

no Indian Princes there, with practically plenary powers over their territories, holding their mandates from the King. Were those powers to be abrogated? How, under Dominion status, was an Indian Prime Minister, with his Cabinet, to rule the country, with its great diversities of people and race? The proposal, so far as he could judge, if adopted, would play havoc all round with the population of over three hundred and fifty millions and with the prosperity which, under British rule, all subjects in India had enjoyed.

What was wanted in India was a firm Central Government to preserve law and order, to continue to give equal justice to all in the country and to put up with no nonsense. (Hear, hear.) He was glad to see that the present Secretary of State, Sir Samuel Hoare, was putting his foot down and was determined to stop the preaching of sedition, murder and outrage.

A NATIONAL DISASTER AVERTED.

The country had gone through an anxious time in the last two years. Socialistic inroads upon the nation's wealth, combined with the drain of war debts, had threatened us with financial disaster and forced us off the gold standard. Our pound note fell in the eyes of the world to not more than 15s., and had since gone lower, and had it not been for the courageous action of our Prime Minister—Mr Ramsay MacDonald—Viscount Snowden, Mr Thomas, Mr Baldwin, Lord Sankey, Lord Hailsham, Mr Neville Chamberlain, Sir Herbert Samuel, Sir Samuel Hoare, Mr Walter Runciman, Sir John Simon, and, among others, their esteemed colleague Sir Robert Horne—(applause)—in deciding to establish a National Government, altogether away from party, and their determination to see that our expenditure did not exceed our income, the pound note might soon have been worth no more internationally than 5s., or even less.

Our grateful thanks were due to these patriotic statesmen, but if he might, with all humility, venture to say so, everyone throughout the country and the British Dominions beyond the seas, from the highest to the lowest, must feel immensely indebted to His Most Gracious Majesty King George the Fifth, Emperor of India, for the part he played in averting what would have been a disastrous calamity for the whole Empire. (Hear, hear.) Well might we all sing from the bottom of our hearts, "God Save the King." (Applause.)

The Chairman concluded by moving the adoption of the report and account, which was seconded by Sir Charles S. Addis, K.C.M.G., and, no questions being asked, it was carried unanimously.

On the motion of the Chairman, seconded by the Rt. Hon. Viscount Churchill, G.C.V.O., a dividend for the half-year ended September 30th last, of 2½ per cent. on the preferred stock, less income tax, and a dividend of 3½ per cent. on the deferred stock, free of income tax, was declared, payment to be made on and after December 16th.

The retiring directors, Mr H. N. Gladstone and the Rt. Hon. Lord Kilbracken, G.C.B., were re-elected.

TRIBUTE TO DIRECTORS AND STAFF.

Mr T. Sandeman, in proposing a cordial vote of thanks to the Chairman, directors and staff for their continued successful management of the company's business, said he would first like to voice the deep regret of the stockholders that Lord Inchcape was unable to be present. They fully sympathised with what had been said, through the Vice-Chairman, about the difficulties connected with the working of this vast concern, but they knew that the officials and staff had all done their best. It was a matter of regret that it had been necessary to make a cut in their salaries, but there was no doubt that the reduction was justified all round. That was especially so when they considered the fact that 8 per cent. was being paid on the deferred stock, which was practically 1½ per cent. on the entire amount of the assets employed in the company. He thought all would agree that they should thank the directors for their labours, hoping that, with renewed prosperity, which they trusted would come, their endeavours would be more successful and they would be relieved of some of their troubles. (Applause.)

Mr Charles T. Green seconded the vote, which was cordially approved.

The Chairman, in acknowledging the compliment, said that he had worked for a great many years in one capacity or another in close touch with, and under, Lord Inchcape, and the more he saw of him the more he marvelled at the wonderful combination of broad vision and genius for detail which he possessed. He (the speaker) believed there was no other man in the country to-day who possessed those two qualities in the same degree, and that went right down not only to his immediate colleagues, but through the whole of the staff, at home, abroad and afloat. To work with him and under him was an inspiration, and he would certainly lose no time in conveying to Lord Inchcape the kind remarks which had been made about him.

On the motion of a stockholder it was resolved to send a special message to Lord Inchcape expressing the regret of the stockholders at his inability to be present.

The proceedings then terminated.

MEXICAN RAILWAY COMPANY, LIMITED.

THE FALL IN COMMODITY PRICES.

MR VINCENT YORKE'S SPEECH.

The 133rd ordinary general meeting of the Mexican Railway Company, Limited, was held, on the 9th instant, at Winchester House, Old Broad Street, London, E.C.

Mr Vincent W. Yorke (the chairman) said: All that I have to say to you to-day might really be summed up in three words, and those are "want of business"! Adequate turnover is necessary for every commercial concern, and especially in a railway where the bulk of the expenses are constant and cannot be reduced, whatever efforts may be made, below a certain level. The reason for this lack of business is not far to seek. As I have indicated at our two last meetings, a country which is dependent for its living on the production of such commodities as oil, silver, lead and copper must suffer severely when these, practically in every case, have fallen to unprecedentedly low prices. Since our last meeting in June, with the exception of silver, in which there has been an appreciation in the last few weeks, these commodities have shown no recovery whatever. I cannot pretend that there has been any improvement of conditions in Mexico, while our own situation has distinctly deteriorated in the last six months.

Passenger revenue has again been adversely affected by commercial depression and road competition, while of the large falling off in receipts for goods traffic, amounting to £780,000, nearly half is in foreign or import traffic, which constitutes our best-earning traffic. The uncertain condition of exchange during the half-year, and a vigorous campaign in favour of national production and national purchases, has very materially affected the volume of importations.

The average daily takings for the half-year are only \$29,800, as compared with \$36,300 for the first half of 1930 and \$35,500 for the first half of 1929, and at this low level of receipts it is almost impossible to make both ends meet.

REDUCTION IN EXPENSES.

Nevertheless, the management are to be congratulated on having reduced expenses as compared with the corresponding half-year by \$542,000, or about 9½ per cent.; and this has been done in the face of a fall in exchange which affects adversely the purchase of stores and materials bought at gold prices. If due allowance be made for this difference in exchange, which is outside our control, made for this difference in exchange, which is outside our control, the saving in expenses would have reached the substantial figure of \$813,000. With a view to further economy, we have felt constrained to authorise the closing for the time being of the Pachuca-Tampico branch, which, for various reasons, had ceased to pay its way.

The net result of the half-year, after deducting loss on exchange and crediting interest on investments, is a deficiency of just over £80,000, which brings up the total of the debit to net revenue to £1,033,000.

I wish that I could speak more hopefully of the results of the current half-year, but traffic have fallen even more heavily since July 1st last, the average takings to date being only \$24,500 per diem, as compared with \$29,800 per diem for the first half-year. These poor returns have resulted in an operating deficit averaging \$91,400 for the months of July, August and September, but I am glad to say that continuous efforts to reduce expenditure have reduced the deficit for October to \$19,400. It is, therefore, practically certain that the results of the half-year will show a substantial loss on operation.

I most sincerely wish that I could find some favourable features in the situation, or some symptoms of recovery in our business, but I have failed to do so. Commercial depression is probably more intense in the United States to-day than in any other part of the world, and Mexico, being contiguous to that country, must inevitably suffer to an equal degree. A substantial and permanent recovery in the price of silver is much to be hoped for, and would do more than anything else to improve business in Mexico. About 60 per cent. of the world's production of silver comes from Mexico, and her currency is now on a silver basis. As you may have noticed, there has been a definite appreciation of silver in terms of gold during the last few weeks, though it does not amount to more than a rise of, say, from 12 pence to 14 pence, but the consensus of informed opinion would seem, I am sorry to say, to be that such a rise as has taken place is due to the activities of speculators and not to natural causes, and under existing conditions no permanent improvement in price can be expected. The question is one of world-wide importance and affects vitally the interests of the Eastern and Western Hemispheres.

EXCHANGE POSITION.

As regards exchange, I informed you at our last meeting that silver currency, in which the bulk of our receipts is paid, stood at a discount of 27 per cent., and shortly afterwards it fell to as low

as 40 per cent. This depreciation brought great inconvenience to commerce, and in July the Government decreed a new monetary law making silver currency legal tender to any amount. Though this amounted to a departure from the gold standard which has stood Mexico and our railway in good stead for the last ten years or more, the result on the exchange value of the silver peso has been hitherto surprisingly satisfactory. The rate of exchange has remained steady for some time past at a figure below 3 pesos to the American dollar, and is to-day at a premium to the pound sterling, being \$8.65, or 27½ pence per peso. In fact, the present position of exchange is the one bright feature to which I can direct your attention to-day. It would be brighter still if there were any prospect of money being available for remittance, but without earnings one cannot remit.

About the same time as the enactment of the new monetary law, a serious effort to balance the budget was made by the Government. This took the form of increased taxation in every direction, and amongst other things a tax on turnover. This is, to my mind, the most unfair tax that human ingenuity has yet discovered, and we ourselves have to pay at the rate of 1 per cent. on our receipts, in spite of our having made an operating loss for the first nine months of the year of \$73,000, the tax at this rate amounting to \$124,000. We have solemnly protested against this imposition, but without avail.

NEW LABOUR LAW.

There remains only for me to say a few words about the new labour law which came into force about two months ago, and it is difficult for me to speak at all definitely with regard to it. It has, on the one hand, certain advantages from our point of view, as it defines more clearly than was defined before the duties of the employees towards the employer; but, on the other hand, it has aroused suspicion in the minds of the workers as to the intentions of the masters. It is probable, therefore, that they may strongly oppose the revision of their contracts which the law entitles us to demand. We had obtained in March last concessions from our men to the extent of a reduction of 10 per cent. in wages by reason of the bad times, and these concessions, which are really vital to our existence, we are most anxious to continue. Much will depend upon the interpretation of the law given by the authorities, and we propose, jointly with the National Railways and the Southern Pacific, to make the strongest possible representations to the Government in the hope of arriving at a satisfactory arrangement for the whole of the railways of the country.

I am afraid that I must end these remarks on the same note of despondency as that on which I began, distasteful as I confess it is to me to do so. But I will say this, that I do not believe that things in Mexico are worse than in most countries of the world; what I have told you as to exchange shows that in this respect, at any rate for the time being, the Mexicans are better off than ourselves. I would also point out that the depression in Mexican commerce does not represent the enormous drop in prosperity which the United States have had to face. For political and possibly sentimental reasons the North American boom never extended to Mexico, and, therefore, the decline in commercial activity has been much slighter and more gradual than with her powerful neighbour. Honest endeavours have been made to balance the budget, the balance of trade is still a favourable one, and political conditions seem to be absolutely stable. From which it follows that Mexico should be in a better condition than many countries to take every advantage of a recovery in business, if and when it sets in.

LATEST INFORMATION.

I will now read a cable just received from the general manager. He says: "Heavy movement of La Villa pilgrims has started. Cereal crops good, but coffee production 30 per cent. below last year. Potrero factory not buying sugar from producers on Vera Cruz al Istmo Railway, but approximately 8,000 tons more sugar will be ground. Rise of banana prices in United States is not expected to increase all rail movement. Imports slightly improving, but Vera Cruz entries greatly below normal. Owing to lower prices, English tinplates, iron sheets and steel sheets being ordered in preference American. High duties, national campaign, and trade depression severely affect imports of high-class goods. Textile mills Orizaba temporarily closed, but can execute orders from stock for a long time. Puebla textile and flour mills working short hours. Owing to decreased traffics intend closing Orizaba locomotive workshop and concentrating Apizaco, saving 31,313 Mexican pesos monthly; discharging 194 men. Rate of exchange to-day, 8 pesos 65 cents to pound sterling. Banco de Mexico notes appearing in limited quantities. Negotiating 10 per cent. decrease in all wages with the labour unions."

That, I think you may take it, is in all the circumstances a satisfactory message.

The report and accounts were unanimously adopted.

When times became more normal, and the Government could see their way to take off the extra duty recently imposed, there was little doubt that their company would be in an excellent position to take advantage of the improved trading conditions.

The report and accounts were unanimously adopted.

MALAYA GENERAL COMPANY, LIMITED.

DIVIDEND OF 2½ PER CENT. DECLARED.

The twenty-third ordinary general meeting of the Malaya General Company, Limited, was held on the 8th instant, at 7 Great Winchester Street, London, E.C.

Mr George M. Weekley (the chairman), in the course of his speech, said: Our rubber realised £30,000 less than in the previous year, the average selling price having dropped from 6½d. to 3½d. per pound, and it is, therefore, surprising that, after allowing £3,132 for depreciation of buildings and machinery, we made a loss of only £2,049. This, of course, was due to our getting down the cost of production to a figure which a year or two ago would have been regarded as impossible. Incidentally, we have now written down our buildings, plant, machinery and furniture to about 20 per cent. of their original cost; and our 5,264 acres of planted rubber stand in the books at only £42 12s. per planted acre, leaving out of account altogether the remaining 2,485 acres of reserve land, &c.

Of the reserve account (now standing at £96,000), £87,201 is represented by actual investments, the great bulk of it being in Government securities, which are worth to-day about 95 per cent. of their cost. Under the circumstances, the directors feel quite justified in recommending a small dividend of 2½ per cent. After meeting the dividend there will still remain at the credit of profit and loss account a balance of £16,600, or about 8½ per cent. on the issued capital. The estate is being maintained in very good condition. The visiting agent reports very favourably upon the standard of upkeep and maintenance throughout the estate.

The year under review has been a most difficult one for all concerned. Unfortunately, many growers continue to produce enormous quantities of rubber in an endeavour to reduce costs, and while doing so they automatically bring down the selling price. We have endeavoured to steer a middle course, by voluntarily confining our output to less than three-fourths of our potential crop. The future of rubber is at the moment a difficult subject to deal with, but having become a vital necessity of modern civilisation it must surely, in the long run, resume its place as a successful industry. Further uses must be found for it, and sooner or later very much larger quantities will be consumed for roadmaking.

Shareholders can all assist in the revival of the industry by using more and more rubber articles in everyday life, and our attention has been called to the excellent qualities of such things as pneumatic upholstery for cars and rubber cushions, &c. Another field which rubber has recently entered is that of furniture upholstery.

The report and accounts were unanimously adopted, and a vote of thanks was accorded to the agents and staff in the East and the secretaries in London.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended December 5, 1931, amounted to £8,503,500 against ordinary expenditure of £8,766,000. After allocating £340,500 to Sinking Fund and having allowed for an increase in Exchequer Balances of £397,435, the operations for the week, as shown below, increased the National Debt by £50,206,000 to £7,780,280,000:—

(000's omitted.)	
Bank of England Advances	2,500
Public Department Advances	18,550
Treasury Bills	29,799
Undries	13
Mat. Savings Certificates	50
Nat. Debt Commissioners	290
Road Fund	316
	— 656
	+ 50,862

A complete analysis of the National Debt at September 30, 1931, was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Dec. 5, 1931.	April 1, 1930, to Dec. 6, 1930.	Week ended Dec. 5, 1931.	Week ended Dec. 6, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	272,000,000	69,391,000	75,441,000	1,184,000	1,282,000
Sur-tax, including Arrears of Super-Tax	73,000,000	19,050,000	16,280,000	450,000	310,000
Stamps, &c., Duties	83,000,000	44,130,000	55,750,000	910,000	1,210,000
Stamps	20,000,000	6,920,000	10,930,000	450,000	320,000
Excise Profits Duty and Corporation Profits Tax	2,200,000	—	—	—	—
Land Tax and Mineral Rights Duty	800,000	180,000	160,000	—	—
Total Inland Revenue	451,000,000	141,671,000	168,561,000	2,994,000	3,122,000

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.			
		April 1, 1931, to Dec. 5, 1931.	April 1, 1930, to Dec. 6, 1930.	Week ended Dec. 5, 1931.	Week ended Dec. 6, 1930.
Customs and Excise—					
Customs	131,770,000	91,560,000	83,179,000	2,730,000	2,494,000
Excise	121,230,000	80,800,000	85,900,000	1,612,000	1,700,000
Total Customs and Excise	253,000,000	172,360,000	169,079,000	4,342,000	4,194,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,630,000	1,679,041	Dr. 104,000	Dr. 70,257
Post Office (Net Receipts)	12,200,000	10,350,000	9,450,000	700,000	550,000
Crown Lands	1,300,000	980,000	1,010,000	—	—
Receipts from Sundry Loans	15,400,000	12,515,277	24,857,869	285,387	1,882,725
Miscellaneous Receipts	42,800,000	12,060,186	20,548,466	286,080	524,657
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	—	—
Total Ordinary Revenue	784,700,000	355,466,463	401,183,376	8,503,467	10,203,125
SELF-BALANCING REVENUE.					
Post Office	58,232,000	37,350,000	38,250,000	500,000	750,000
Motor Vehicle Duties apportioned to Road Fund	23,350,000	8,546,000	8,784,959	104,000	70,257
Total Self-Balancing Revenue	81,582,000	45,896,000	47,034,959	604,000	820,257
Total		401,362,463	448,218,335	9,107,467	11,023,382

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.			
		April 1, 1931, to Dec. 5, 1931.	April 1, 1930, to Dec. 6, 1930.	Week ended Dec. 5, 1931.	Week ended Dec. 6, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	289,400,000	243,089,032	234,608,246	48,414,307	48,153,577
Payments to Northern Ireland	6,350,000	3,657,004	3,709,611	201,785	202,464
Other Consolidated Fund Services	3,000,000	1,839,215	1,752,604	57,897	170,001
Total	298,750,000	248,585,251	240,070,461	48,673,990	48,526,042
Total Supply Services (excluding Post Office)	481,829,000	285,243,592	284,541,467	10,092,000	7,959,000
Total ordinary expenditure	780,579,000	533,828,843	524,611,928	58,765,990	56,485,042
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	37,350,000	38,250,000	500,000	750,000
Road Fund	23,350,000	8,546,000	8,784,959	104,000	70,257
Total Self-Balancing Expenditure	81,582,000	45,896,000	47,034,959	604,000	820,257
Total Ordinary and Self-Balancing Expenditure	862,161,000	579,724,843	571,646,887	59,369,990	57,305,299
New Sinking Fund (1928)	32,600,000	22,425,351	29,839,113	340,548	632,514
Total, including New Sinking Fund		602,150,194	601,486,000	59,710,538	57,937,813

The aggregate revenue and expenditure to December 5th, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO DECEMBER 5TH.			
(000's omitted.)		£	
Expenditure	533,829	Revenue	386,466
New Sinking Fund	22,425	Decreases in balances	3,509
		Net amount borrowed	197,179
	556,254		586,084

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Dec. 6, '30.	Mar. 31, '31.	Dec. 5, '31.	Dec. 5, '31. Movement week ended
Advances by Bank of England	16,250,000	—	2,500,000	+ 2,500,000
Advances by Public Departments	31,100,000	24,600,000	50,600,000	+ 18,550,000
Treasury Bills outstanding	700,295,000	569,825,000	667,600,000*	+ 29,830,000
Total Floating Debt	747,645,000	594,425,000	720,700,000	+ 50,880,000

* Includes £48,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on December 4, 1931, and the total amount applied for was £49,745,000. Tenders were accepted for bills at three months, dated Monday to Saturday at 98 12s. Od., and above in full. The amount allotted was £44,570,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
1931			
November 13	40,000,000	59,160,000	£ 10 0-35
November 20	45,000,000	60,645,000	£ 11 11-03
November 27	45,000,000	53,195,000	£ 11 8-27
December 5	45,000,000	49,745,000	£ 12 0-78

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, December 9, 1931.

ISSUE DEPARTMENT.		£	
Notes issued:—			
In Circulation	358,850,201	Government Debt	11,015,100
In Banking Department	36,861,961	Other Government Securities	244,595,632
		Other Securities	15,342,866
		Silver Coin	4,046,402
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,712,162
	£395,712,162		£395,712,162

BANKING DEPARTMENT.

£		£	
Proprietors' Capital	14,553,000	Government Securities	60,615,906
Reserve	3,322,966	Other Securities—	
Public Deposits*	10,673,881	Discounts and	
Other Deposits	75,139,775	Advances	£12,550,675
Bankers'	38,543,299	Securities	31,400,812
Other Accounts	113,683,074		
7-Day and other Bills	1,511	Notes	43,951,467
		Gold and Silver Coin	36,861,961
			805,078
	£142,234,432		£142,234,432

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

Both Departments.		Amount, Dec. 9, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation		358,850,201	+ 392,551	— 5,623,485
Public deposits		10,673,881	+ 2,080,057	+ 4,782,485
Bankers' deposits		75,139,775	— 11,036,228	+ 3,017,392
Other deposits		38,543,299	+ 753,120	+ 5,079,843
Seven-day bills		1,511	— 95	— 583
Total outside liabilities		483,208,667	+ 9,316,835	+ 7,245,652
Capital and reserve		17,875,966	+ 35,274	+ 3,753
Government debt and securities		316,226,638	— 10,113,750	+ 17,877,479
Discounts and advances		12,550,675	+ 206,581	+ 7,639,253
Other securities		46,743,678	+ 712,838	+ 13,075,019
Silver coin in issue department		4,046,402	— 5,126	— 418,316
Coin and bullion (bank's reserve)		121,517,240	+ 82,104	+ 30,931,536
Reserve of notes and coin in banking department		37,667,039	— 474,655	— 10,308,051
Proportion of reserve to outside liabilities—				
(a) Banking department only		30.4%	+ 1.4%	— 12.4%
(b) Gold stocks to deposits and notes ("reserve ratio")		25.4%	+ .4%	— 6.4%

Date.		Issue Department.		Banking Department.		Gold in or out of Bank.		Bank Rate.	
		Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.			
1931.									
Oct. 28	410,677	356,031	17,254	63,478	52,645	Nil	6		
Nov. 4	395,690	358,857	19,877	60,336	40,209	14,999 out	6		
11	395,698	357,195	19,443	60,461	38,343	Nil	6		
18	395,704	354,615	21,213	59,562	37,617	Nil	6		
25	395,710	354,401	27,034	59,644	38,140	Nil	6		
Dec. 2	395,711	358,458	8,594	86,176	39,296	Nil	6		
9	395,712	358,850	10,674	75,140	38,543	Nil	6		

Date.		Issue Department.		Both Depts.		Banking Department.		Gold in or out of Bank.		Bank Rate.	
		Govt. Securities.	Other Securities.	Govt. Securities.	Dis- counts & Advances.	Other Securities.	Reserve & the "Pro- portion."				
1931.											
Oct. 28	254,529	16,430	136,937	27.4%	50,536	10,548	34,063	55,906	41.4%		
Nov. 4	251,288	19,671	121,909	25.4%	57,826	10,751	32,090	38,052	31.4%		
11	254,945	16,001	121,837	25.4%	54,996	11,677	29,356	39,641	33.4%		
18	254,242	16,720	121,156	25.4%	51,006	12,698	31,000	42,156	35.4%		
25	254,804	16,147	121,684	25.4%	56,581	12,698	31,233	42,283	33.4%		
Dec. 2	256,324	14,624	121,593	24.4%	70,016	12,344	31,407	38,142	28.4%		
9	255,611	15,343	121,517	25.4%	60,616	12,551	31,401	37,667	30.4%		

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

ASSETS.	Nov. 14, 1930.	Oct. 16, 1931.	Oct. 23, 1931.	Oct. 30, 1931.	Nov. 6, 1931.	Nov. 13, 1931.
Gold coin and bullion.....	6,804	6,843	6,729	6,189	6,072	6,789
Subsidiary coin.....	203	388	392	386	385	394
Bills discounted.....	6,677	2,802	4,139	4,570	4,533	4,305
Investments.....	1,498	1,609	1,459	1,626	1,445	1,309
LIABILITIES.						
Capital.....	1,000	1,000	1,000	1,000	1,000	1,000
Reserve.....	720	802	802	802	802	802
Notes in circulation.....	7,186	6,803	6,679	8,340	7,842	7,435
Government deposits.....	2,499	1,708	2,147	1,986	1,319	1,442
Bankers' deposits.....	4,627	4,271	4,342	4,300	4,461	4,795
Ratio of cash reserve to liabilities to public.....	47.6%	55%	51%	44.2%	45.7%	49.9%

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

ASSETS.	Nov. 14, 1930.	Oct. 16, 1931.	Oct. 23, 1931.	Oct. 30, 1931.	Nov. 6, 1931.	Nov. 13, 1931.
Total securities.....	28,81,93	32,54,85	31,94,95	32,24,77	32,19,58	31,82,71
Loans.....	15,86,75	9,55,67	8,92,18	8,91,61	8,97,94	9,03,57
Cash credits.....	26,44,16	24,91,02	23,72,47	23,80,65	23,61,71	23,54,54
Inland bills.....	1,68,99	4,30,59	4,65,02	5,00,42	4,77,14	4,66,73
Foreign bills.....	4,114	33,50	30,67	30,98	30,59	30,59
Dead stock.....	2,78,90	2,73,58	2,73,89	2,73,97	2,74,16	2,74,34
Bal. with other banks.....	13,36	21,47	44,93	9,97	5,71	16,74
Cash.....	24,86,65	9,29,08	10,56,24	11,69,26	8,19,10	9,14,21
LIABILITIES.						
Capital paid up.....	5,02,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve.....	5,37,50	5,42,50	5,42,50	5,42,50	5,42,50	5,42,50
Total deposits.....	89,43,94	71,02,06	71,13,28	72,62,26	70,73,09	70,30,04
The above includes—						
Deposits in London.....	£ 6,796	£ 837	£ 846	£ 808	£ 776	£ 820
Advances in London.....	£ 6,743	£ 844	£ 841	£ 801	£ 809	£ 810
Cash, &c., at other banks in London.....	103	163	340	76	45	128

BANK OF FRANCE.—In francs (000's omitted).

ASSETS.	Dec. 5, 1930.	Nov. 13, 1931.	Nov. 20, 1931.	Nov. 27, 1931.	Dec. 4, 1931.
Gold.....	52,351,980	67,580,325	67,675,698	67,844,126	67,953,568
Foreign assets—					
Sight deposits.....	6,912,167	13,094,879	15,660,709	15,940,659	16,159,339
Bills, &c.....	19,141,702	11,326,374	8,749,684	8,532,738	8,532,738
Home bills.....	7,106,556	6,970,505	6,816,012	7,766,084	7,766,084
Advances against sec.	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
To the State.....	3,000,147	2,799,395	2,726,676	2,730,800	2,844,087
Other advances.....	5,034,399	5,064,318	5,064,818	5,064,818	5,064,818
Net assets.....	75,838,195	82,276,258	81,644,657	82,542,895	83,021,952
LIABILITIES.					
Notes in circulation.....	13,074,568	8,268,232	6,067,879	7,170,250	6,339,548
Public deposits.....	8,964,060	21,920,719	22,726,787	23,583,933	22,969,809
Other liabilities.....	2,915,538	2,933,881	2,949,446	3,028,761	3,028,761

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

ASSETS.	Dec. 6, 1930.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.
Gold.....	2,190,277	1,008,551	1,004,928	1,005,116
Of which deposited abroad.....	222,017	84,458	80,388	129,951
Reserve in foreign currencies.....	536,922	167,517	170,270	170,466
Bills of exchange and cheques.....	2,056,522	3,655,016	3,957,065	3,903,847
Silver and other coin.....	148,225	162,340	107,258	122,246
Notes of other German banks.....	12,346	11,012	2,171	5,145
Advances.....	75,733	118,964	254,274	190,882
Investments.....	102,474	102,884	102,885	102,889
Other assets.....	465,700	849,056	871,065	853,754
LIABILITIES.				
Share capital.....	122,788	150,000	150,000	150,000
Reserve.....	371,139	337,331	337,331	337,331
Notes in circulation.....	4,459,599	4,277,191	4,640,603	4,591,576
Other daily maturing obligations.....	344,410	424,433	505,086	415,950
Other liabilities.....	320,307	866,385	833,899	859,488

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

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

ASSETS.	Position, May 30, 1914.	Dec. 4, 1930.	Nov. 12, 1931.	Nov. 19, 1931.	Nov. 26, 1931.	Dec. 3, 1931.
Gold.....	232,650	895,720	2,558,573	2,557,505	2,557,992	2,557,582
Foreign bills and balances abroad.....	4,349	29,613	32,160	33,687	34,520	34,520
Silver and other coin.....	697,600	743,390	921,113	915,580	936,456	928,384
LIABILITIES.						
Notes in circulation.....	934,150	3,172,068	3,588,805	3,549,685	3,549,564	3,586,326
Current accounts.....	112,125	94,196	273,240	298,419	336,847	266,346

(b) In thousand francs.

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

ASSETS.	Position, May 30, 1914.	Dec. 6, 1930.	Nov. 14, 1931.	Nov. 21, 1931.	Nov. 28, 1931.	Dec. 5, 1931.
Gold.....	22,971	138,763	176,400	176,900	177,700	177,700
Silver.....	29,785	38,000	176,400	176,900	177,700	177,700
Discounts, advances, and other investments.....	77,567	100,228	77,400	73,900	72,700	83,400
LIABILITIES.						
Notes in circulation.....	109,499	260,392	240,800	235,000	234,200	238,200
Deposits and bills payable.....	11,250	37,351	25,900	28,200	29,000	32,500

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	Nov. 30, 1930.	Oct. 31, 1931.	Nov. 10, 1931.	Nov. 20, 1931.	Nov. 30, 1931.
Gold, coin and bullion.....	5,294,700	5,570,800	5,626,000	5,626,000	5,626,000
Foreign bills and balances abroad.....	4,496,700	2,748,800	2,436,800	2,412,900	2,361,500
Other cash.....	677,200	269,300	269,400	274,200	271,200
Gold deposited abroad due by the State.....	1,786,200	1,772,800	1,772,800	1,772,800	1,772,800
Discounts.....	2,862,300	3,710,500	3,818,200	3,828,500	3,924,500
Advances.....	1,489,700	2,540,500	1,374,000	1,262,000	1,181,900
Credit with "Istituto di Liquidazione".....	628,000	1,478,400	1,528,400	1,528,400	1,528,400
Government securities.....	1,164,600	1,377,400	1,378,000	1,377,100	1,377,000
LIABILITIES.					
Notes in circulation.....	15,678,400	14,441,200	14,360,000	14,332,200	14,254,000
Public deposits.....	300,000	343,500	300,000	300,000	300,000
Other deposits and drafts.....	1,591,200	1,451,500	1,534,400	1,757,300	1,906,000
Ratio of reserve to note and sight liabilities combined.....	55.74%	50.14%	49.79%	49.05%	48.53%

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

ASSETS.	Position, May 31, 1914.	Dec. 6, 1930.	Nov. 14, 1931.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.
Gold.....	171,175	190,600	219,791	2,200,767	2,200,925	2,200,850
Foreign bills and Bal.	...	332,175	102,588	112,431	131,069	145,086
Discounts.....	...	25,778	74,596	31,394	30,666	30,933
Advances.....	103,000	38,924	53,029	52,381	53,287	49,813
LIABILITIES.						
Notes in circulation.....	275,925	948,366	1,431,332	1,413,766	1,476,529	1,458,268
Deposits.....	33,750	204,320	1,014,177	1,002,296	953,176	977,184

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

ASSETS.	Dec. 6, 1930.	Nov. 14, 1931.	Nov. 21, 1931.	Nov. 28, 1931.	Dec. 5, 1931.
Gold reserve.....	241,382	213,380	205,886	205,803	205,792
Government Securities—Swedish.....	9,540	4,131	4,131	4,131	4,131
Other Swedish securities—foreign.....	65,992	...	...	1,830	...
Foreign bonds quoted on foreign exchanges.....	84	103	103	103	96
Bills payable in Sweden.....	145,735	356,155	369,374	385,415	486,186
" " abroad.....	80,193	342	342	326	327
Balance abroad.....	246,979	21,094	18,897	19,916	25,085
Advances made on Government securities and bonds.....	49,487	30,520	28,154	35,915	46,981
LIABILITIES.					
Notes in circulation.....	529,987	534,759	521,002	557,391	542,889
Government deposits.....	275,155	77,652	75,226	74,009	143,933
Private deposits.....	8,400	36,743	37,170	30,763	31,716

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

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

ASSETS.	Position, May 31, 1914.	Nov. 29, 1930.	Nov. 16, 1931.	Nov. 23, 1931.	Nov. 30, 1931.
Coin and bullion.....	19,144	146,436	118,078	118,076	118,075
Balance abroad and foreign bills.....	28,533	33,342	11,014	9,441	8,312
Notes and Foreign Government securities.....	8,416	48,239	36,065	33,683	33,682
Discounts and loans.....	76,911	200,158	223,447	225,494	235,796
LIABILITIES.					
Notes in circulation.....	113,484	302,669	282,797	279,825	288,165
Deposits at sight.....	7,188	58,401	90,889	91,524	87,513

* In addition the Bank has at its free disposal abroad Kr. 39,776,000.

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

ASSETS.	Position, May 30, 1914.	Nov. 29, 1930.	Nov. 16, 1931.	Nov. 23, 1931.	Nov. 30, 1931.
Coin and bullion.....	76,644	172,091	171,652	164,121	144,267
Loans and discounts.....	88,470	100,558	126,517	139,978	174,796
Debtors abroad.....	24,102	79,560	43,957	51,978	42,881
Securities.....	11,988	47,592	38,881	38,226	38,722
LIABILITIES.					
Circulation.....	157,266	354,191	330,469	335,579	356,252
Deposits.....	6,698	30,252	29,518	36,358	41,272

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

ASSETS.	Position, May 30, 1914.	Nov. 29, 1930.	Nov. 16, 1931.	Nov. 23, 1931.	Nov. 30, 1931.
Gold.....	521,775	2,457,888	2,246,778	2,246,861	2,246,833
Silver.....	728,600	706,025	523,073	521,061	522,930
Loans and discounts.....	809,725	2,193,532	3,317,801	3,272,018	3,355,042
Spanish 4% stock.....	344,475	344,475	344,475	344,475	344,475
Advances.....	150,000	150,000	150,000	150,000	150,000
LIABILITIES.					
Circulation.....	901,550	4,642,042	5,123,794	5,070,742	4,996,497
Deposits.....	477,500	848,630	1,116,075	1,146,511	1,138,077

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

ASSETS.	Nov. 30, 1930.	Nov. 13, 1931.	Nov. 15, 1931.	Nov. 23, 1931.	Nov. 30, 1931.
Cash Reserve.....	1930.	1931.	1931.	1931.	1931.
Gold coin and bullion.....	214,349	189,539	189,539	189,539	189,539
Foreign exchange.....	199,979	112,317	112,479	112,672	115,745
Other foreign exchange.....	490,676	42,970	43,309	43,761	41,147
Bills discounted.....	129,964	760,940	759,767	757,135	819,726
Govt. debt.....	101,256	95,647	95,647	95,647	95,643
LIABILITIES.					
Share capital.....	43,200	43,200	43,200	43,200	43,200
Reserve fund.....	10,272	10,803	10,803	10,803	10,803
Notes in circulation.....	1,042,498	1,061,866	1,046,237	1,005,875	1,130,187
Deposits.....	96,566	157,316	164,961	198,527	140,121

* In dollar and sterling only.

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

ASSETS.	Nov. 30, 193
---------	--------------

Rates of Exchange, New York on—	Par Level.	Dec. 10, 1930.	Nov. 25, 1931.	Dec. 2, 1931.	Dec. 9, 1931.
London—					
60 days		4-8666	4-83	3-56	3-29
Cable			4-85	3-62	3-35
Cheques			4-85	3-61	3-34
Paris—					
Cheques		3-918	3-92	3-91	3-92
Brussels—					
Cheques		13-90	13-90	13-89	13-90
Switzerland—					
Cheques		19-30	19-30	19-30	19-30
Italy—					
Cheques		5-263	5-23	5-00	5-14
Berlin—					
Cheques		23-82	23-84	23-77	23-58
Vienna—					
Cheques		14-07	14-08	14-08	14-08
Madrid—					
Cheques		19-30	19-30	19-30	19-30
Amsterdam—					
Cheques		40-195	40-27	40-11	40-32
Copenhagen—					
Cheques		26-80	26-74	26-74	26-74
Stockholm—					
Cheques		26-80	26-74	26-74	26-74
Athens—					
Cheques		1-297	1-297	1-297	1-297
Montreal—					
Cheques		100	100	100	100
Yokohama—					
Cheques		49-85	49-85	49-85	49-85
Hong Kong—					
Cheques		28-55	28-55	28-55	28-55
Shanghai—					
Cheques		36-25	36-25	36-25	36-25
Calcutta—					
Cheques		36-50	36-50	36-50	36-50
Buenos Aires—					
Cheques		103-65	103-65	103-65	103-65
Rio de Janeiro—					
Cheques		11-96	11-96	11-96	11-96
Valparaiso—					
Cheques		12-125	12-125	12-125	12-125

* No quotation.

SOUTH AFRICAN EXCHANGE RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia—	14% dis.	1% dis.	1% dis.	24% dis.	34% dis.
South Africa—	31% pm.	30% pm.	29% pm.	28% pm.	27% pm.

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
London on—		
Rhodesia—	99 17 6	99 15 0
South Africa—	69 5 0	69 0 0

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Sucres to £	24-3325	Sight London	20-30
Venezuela	Bolivares to £	25-2215	"	23-00
Colombia (Bogota)	Pesos to £	5	"	4-104
Nicaragua	Coronas to £	4-8665	"	4-96
Salvador	Colonos to £	9-73	"	7-89
Bolivia	Bolivianos to £	13-33	"	13-03

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London.*			
	Buying.		Selling.		Buying.		Selling.	
	Aus. traia.	New Zealand.	Aus. traia.	New Zealand.	Aus. traia.	New Zealand.	Aus. traia.	New Zealand.
T.T.	125	109	125	109	125	109	125	109
Sight	125	111	125	110	125	109	125	109
30 days	125	111	125	110	125	109	125	109
60 days	125	111	125	110	125	109	125	109
90 days	125	111	125	110	125	109	125	109

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY

	During the week ending 1 to Dec. 5, 1931.	From April 1 to Dec. 5, 1931.
Sterling purchased in India	1,266,000	6,965,000
Net transfer to Home Treasury—		
From paper currency reserve in England	...	...
From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve	...	23,047,804
Less sales of sterling	1,266,000	30,012,804
Net remittance to Home Treasury	1,266,000	15,965,000

BULLION.

The following statistics of imports and exports of gold for week ended December 3, 1931, are issued by the Statistical Department of H M Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Netherlands	43,037	Poland	4,14
British S. Africa	892,850	Germany	147,42
Kenya	19,480	Netherlands	733,87
Aden	4,849	France	922,17
British India	660,439	Switzerland	2,347,13
Straits Settlements	11,662	Austria	27,78
New Zealand	19,860	Hungary	1,16
Other countries	775	U.S.A.	876,53
		Other countries	9,04
Total declared value of imports	1,652,952	Total declared value of exports	5,069,26

GOLD MOVEMENTS.

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

1931.	ARRIVALS.	£	1931.	WITHDRAWALS.	£
Dec. 4	Nil		Dec. 4	Nil	
5	Nil		5	Nil	
6	Nil		6	Nil	
7	Nil		7	Nil	
8	Nil		8	Nil	
9	Nil		9	Nil	
10	Nil		10	Nil	

Messrs Samuel Montagu and Company write on December 9, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,711,125 on the 2nd instant, as compared with £120,709,600 on the previous Wednesday. About £750,000 in bar gold arrived from India by the s.s. "Ranpara" on Friday last, but the bulk of this amount had been sold forward, and only a small balance was available for disposal in the open market. A considerable business continues to be done in gold consigned from India, and large amounts have already been engaged for shipment by the s.s. "Viceroy of India," sailing from Bombay this week. On the 11th instant the s.s. "Naldra" is due to arrive in London with £1,800,000 bar gold, and on the 18th instant the s.s. "Kaiser-i-Hind" with £1,600,000. The small quantities of gold offered in the open market during the week have been disposed of to the Continent.

Quotations during the week:—

	Per fine ounce.	Equivalent value of £ sterling.
December 3rd	122s. 3d.	13s. 10-8d.
" 4th	122s. 0d.	13s. 11-1d.
" 5th	124s. 1d.	13s. 8-3d.
" 6th	126s. 2d.	13s. 5-6d.
" 7th	126s. 10d.	13s. 4-8d.
" 8th	126s. 6d.	13s. 5-1d.
" 9th	126s. 7-7d.	13s. 7-6d.
Average		

SILVER.

After a fall of $\frac{1}{2}$ d. on the 3rd instant, recovered in full on the following day, prices have followed a pronounced upward trend, and with small buying orders on a poorly supplied market, this was continued until 20 $\frac{1}{2}$ d. and 20 $\frac{1}{2}$ d. were quoted for cash and forward delivery respectively on the 8th instant. Purchases on Continental account have again been a feature. At the higher level speculators have sold and America has forsaken the reluctance to do so, which has been in evidence for the greater part of the week. In consequence, and with some improvement in sterling, prices have reacted sharply to-day.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 30th ultimo to mid-day on the 7th instant:—

	£	Exports.	£
Imports.			
Mexico	55,769	Germany	33,320
U.S.A.	22,289	U.S.A.	29,500
Canada	8,250	British India	75,654
Other countries	8,387	Other countries	12,740
	94,695		151,214

Quotations during the week:—

	IN LONDON.	IN NEW YORK.
	Bar Silver per oz. std. delivery.	Cash Two Months delivery.
December 3rd ..	19 $\frac{1}{2}$ d.	19 $\frac{1}{2}$ d.
" 4th ..	19 $\frac{1}{2}$ d.	19 $\frac{1}{2}$ d.
" 5th ..	19 $\frac{1}{2}$ d.	19 $\frac{1}{2}$ d.
" 6th ..	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.
" 7th ..	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.
" 8th ..	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.
" 9th ..	19 $\frac{1}{2}$ d.	19 $\frac{1}{2}$ d.
Average	19-854d.	20-042d.

The highest rate of exchange recorded on New York during the period from the 3rd to the 9th instant was \$3.40, and the lowest \$3.23 $\frac{1}{2}$.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Nov. 30.	Nov. 22.	Nov. 15.
Notes in circulation	16,236	16,289	16,311
Silver coin and bullion in India	12,936	12,989	13,011
Gold coin and bullion in India	448	448	440
Securities (Indian Government)	2,852	2,852	2,860

The stocks in Shanghai on the 5th instant consisted of about 58,800,000 ounces in sycee and 165,000,000 dollars, as compared with 59,800,000 ounces in sycee and 169,000,000 dollars on the 28th ultimo.

Statistics for the month of November last are appended:—

	BAR SILVER per oz. std.	BAR GOLD
	Cash delivery.	Two Months' delivery.
Highest price	21 $\frac{1}{2}$ d.	117s. 11d.
Lowest price	18d.	108s. 2d.
Average price	19-392d.	110s. 8-95d.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver. Cash.
	s. d.	d.		d.
Dec. 4	122 0	19 $\frac{1}{2}$	Dec. 11, 1925	31 $\frac{1}{2}$
" 5	124 1	19 $\frac{1}{2}$	" 10, 1926	24 $\frac{1}{2}$
" 6	126 2	20 $\frac{1}{2}$	" 9, 1927	26 $\frac{1}{2}$
" 7	126 10	20 $\frac{1}{2}$	" 13, 1928	26 $\frac{1}{2}$
" 8	126 6	19 $\frac{1}{2}$	" 12, 1929	22 $\frac{1}{2}$
" 9	125 3	20 $\frac{1}{2}$	" 11, 1930	15 $\frac{1}{2}$

NOTICES.

Barclays Bank, Ltd., announce the opening of new branches at 82 Westmount Road, Eltham Park, S.E. 9, and at 114 Alexandra Park Road, N.10.

The Swiss Bank Corporation announce that the board of directors have appointed Mr Maurice Golay, hitherto manager of the London office, and Dr Rodolphe Speich, hitherto manager and general secretary in Basle, to be general managers of the Corporation as from January 1, 1932.

Company News.

REPORTS AND NOTICES.

The annual general meeting of the British Overseas Bank, Ltd., provisionally arranged for Tuesday, December 8th, has been postponed until the following Tuesday, December 15th.

The directors of the Central Argentine Railway, Ltd., have unanimously elected the Rt. Hon. Lord Forbes to fill the vacancy on the board caused by the death of his father, the late Rt. Hon. Lord Forbes, P.C.

BANKS.

THE NATIONAL BANK OF SCOTLAND, LIMITED.—The report and balance sheet for the year to October 31, 1931, shows only a small reduction in profits. The dividend is at the rate of 16 per cent., a rate which has been maintained for the past seventeen years. The allocations to various funds are made in different proportions to those of last year, contingent fund receiving £100,000 this time to £20,000 going to heritable property account and £20,000 to the officers' pension fund. The balance carried forward is slightly exceeding the paid-up capital of £1,550,000, considerably less at £72,700. The reserve fund stands at £1,100,000. The balance sheet totals show a contraction from those of the previous year, deposits exceeding the paid-up capital of about £3,000,000. The acceptances at £29,000,000 being lower by about £3,000,000. The acceptances at £2763,000 are again rather higher, but note circulation shows a slight contraction. The Bank holds over £11,000,000 of British Government securities. Advances, combining loans against securities and advances on current account, stand at practically the same figures as a year ago, viz., £13,500,000. The Bank, which was the first of the Scottish banks to open an office in the City of London as far back as 1864, has now opened a branch in the West End of London, the office being situated at 18-20 Regent Street, Piccadilly. In addition, five branches were opened in Scotland during the year.

MISCELLANEOUS.

THE CHARTERED INSTITUTE OF SECRETARIES (HONORARY OFFICERS).—Mr. Francis Robert Edward Davis, O.B.E., secretary of the Great Western Railway Company, has been elected President of the Institute in succession to Mr. Edward Wilshaw. Mr. F. G. Palin, secretary of the British Metal Corporation, Ltd., and Mr. W. G. Hielop, London secretary of Rand Mines, Limited, have been elected Vice-Presidents. Mr. Hildred Carlisle, secretary of the Investment Trust Corporation Limited, has been elected Treasurer.

EASTBOURNE CORPORATION 3 PER CENT. STOCK, 1920-40.—Williams Deacon's Bank, Ltd., give notice that in order to prepare the interest warrants due on December 24, 1931, on the Eastbourne Corporation 3% Stock, 1920-40, the books will be closed from December 11th to December 24th inclusive.

LOW TEMPERATURE CARBONISATION, LTD.—The sales of "Coalite" smokeless fuel and by-products have reached £194,810, a considerable increase over last year. On these sales there is a profit of £25,128, and this does not include a profit on the works' fuel purchased from Doncaster Coalite, Ltd., amounting to about £80,000, the profit on which is retained in the accounts of that company. After paying all the head office expenses, of technical and research staffs, laboratories, &c., there remains a net trading profit of £17,730 10s. 1d. Trading conditions during the year have been more difficult than in the whole history of the company and prices for by-products reached new low levels. In spite of abnormal difficulties, the two works ran at full pressure output was put through, and considerable general progress was made. The directors have deemed it wise to make a large reserve in respect of possible depreciation in the value of securities held in respect of the deposit with M.I.G. Trust, and the loan to Petroleum Refineries, Ltd. The meeting will be held at Cannon Street Hotel on December 15th at 11.30 a.m.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

	Week ended Dec. 6, 1931. (000's omitted.)						Aggregate 49 weeks, 1931. (000's omitted.)					
(b) Week ended Dec. 4, 1931. (c) Week ended Dec. 5, 1931.	Miles Open.	Passenger-gor. &c.	Merchandise, disc. &c.	Coal and Coke.	Total Goods.	Total for Week.	Passenger-gor. &c.	Merchandise, disc. &c.	Coal and Coke.	Total Goods.	Total Receipts.	
		£	£	£	£	£	£	£	£	£	£	
Great Western	3,761	174	196	107	303	477	10,649	9,361	5,135	14,496	25,145	
Do. for 1930	3,761	192	199	136	335	527	11,611	10,281	5,845	16,126	27,737	
L.&N. Eastern(c)	6,349	265	360	258	618	887	15,826	16,723	11,473	28,196	44,022	
Do. for 1930	6,349	299	379	259	638	937	17,329	19,058	12,613	31,671	49,000	
L.M. & Scot.	6,958	392	500	259	759	1,151	23,883	22,924	11,882	34,806	56,889	
Do. for 1930	6,958	414	501	325	826	1,240	25,644	25,664	12,493	38,157	63,801	
Southern	2,180	229	68	28	96	325	14,710	3,497	1,528	5,025	19,735	
Do. for 1930	2,179	246	64	27	91	337	15,606	3,797	1,478	5,275	20,881	
Total, 1931	19,248	1,060	1,124	652	1,776	2,836	65,068	62,505	30,018	82,523	147,591	
Do. for 1930	19,248	1,151	1,143	747	1,890	3,041	70,190	58,800	32,429	91,229	161,419	
Metropolitan(c)	59	29-1	...	3-7	32-8	1,523-9	...	...	...	188-0	1,711-9	
Do. for 1930	59	31-4	...	4-0	35-4	1,593-4	...	...	...	197-3	1,790-7	
Unigd. E.R. (c)	...	285-1	...	...	285-1	1,443-0	...	...	...	144-3-9	...	
Do. for 1930	...	299-2	...	...	299-2	1,473-9	...	...	...	147-3-9	...	
Green Buses, &c.	...	21-8	...	...	21-8	1,211-7	...	...	...	1,211-7	...	
L. & S. Gr. (c)	...	41-9	...	...	41-9	2,138-8	...	...	...	2,138-8	...	
Do. for 1930	...	43-5	...	...	43-5	2,172-2	...	...	...	2,172-2	...	
B'fst. & Colnab	80	...	...	0-8	2-5	126-2	...	...	...	33-8	160-0	
Do. for 1930	80	1-7	...	0-9	2-6	132-0	...	...	...	36-7	168-7	
G. Northn (b)	562	8-9	...	13-6	22-5	543-3	...	...	...	704-3	1,247-6	
Do. for 1930	562	9-6	...	16-8	26-6	596-7	...	...	...	719-9	1,316-6	
Gt. Southn (b)	2,188	22-5	...	43-2	65-7	1,238-9	...	...	...	2,952-6	3,231-5	
Do. for 1930	2,188	23-8	...	50-2	74-0	1,369-3	...	...	...	2,195-8	3,525-1	

SUMMARY OF BALANCE SHEETS.

AERATED BREAD COMPANY, LIMITED.					
September 26, 1931.					
LIABILITIES.			ASSETS.		
	Amount.	Compared with Sept. 27, 1930.		Amount.	Compared with Sept. 27, 1930.
	£	£		£	£
Ord. shares, £1	1,250,000	...	Property	1,054,918	— 107
6½% cum. pref., £1	500,000	...	Plant & machinery	484,076	+ 230
Sundry creditors	222,541	+ 30,423	Stocks	53,601	— 10,566
Unclaimed divs.	996	+ 37	Sundry debtors	105,561	— 11,188
Staff pension fund	37,000	...	Staff pensions fund	37,000	...
Bank loan	Nil	— 49,698	Investments	337,084	+ 537
Profit and loss	100,325	+ 31,041	Cash	38,615	+ 32,637
Total	2,110,862	+ 11,803	Total	2,110,862	+ 11,803

BRITISH OVERSEAS BANK, LIMITED.					
LIABILITIES.	Oct. 31, 1930.	Oct. 31, 1931.	ASSETS.	Oct. 31, 1930.	Oct. 31, 1931.
	£	£		£	£
"A" ord. shares, £5	1,000,000	1,000,000	Cash	293,712	196,843
"B" ord. shares, £5	1,000,000	1,000,000	Money at call and notice	1,820,320	1,266,850
Current deposit and other aces.	4,549,187	3,046,880	Balances with bankers abroad	214,749	201,259
Owing to sub- sidiaries	100	100	Bills discounted..	1,071,400	205,056
Reserve fund	225,000	225,000	Government se- curities	353,943	469,629
Acceptances	3,927,317	4,277,291	Investments in subsidiary cos.	56,925	56,925
Profit and loss....	73,577	59,707	Other invest- ments, includ- ing sharehold- ing interests in foreign banks	532,682	565,727
			Bankers' Indus- trial develop- ment.....	100	100
			Advances	2,148,941	1,981,370
			Owing from sub- sidiaries	19,355	52,191
			Acceptances	3,927,317	4,277,291
			Bank premises....	355,737	355,737
Total.....	10,775,181	9,608,978	Total	10,775,181	9,608,978

DENNIS BROTHERS, LIMITED.				
September 30, 1931.				
LIABILITIES.		Compared with Sept.	ASSETS.	
	Amount.	30, 1930.		Compared with Sept.
	£	£		Amount. 30, 1930
Ord. shares (1/-) (fully paid).....	75,124		Properties	189,976 = 9,268
Creditors	115,421	- 35,335	Stocks	286,865 = 23,544
General reserve ...	650,000		Debtors	161,540 = 61,577
Profit and loss.....	193,526	- 64,587	Investments in Brit. Govt. securities at or under market value	151,118 ...
			Invest. in White and Poppe at cost ..	100,748 ...
			Dennis contracts ..	800 ...
			Cash	153,024 = 5,533
Total.....	1,034,071	- 99,922	Total	1,034,071 - 99,922

IND COOPE AND COMPANY, LIMITED.				
September 30, 1931.				
LIABILITIES.		Compared with Sept. 30, 1930.	ASSETS.	
Amount. £	£	£	Amount. £	Compared with Sept. 30, 1930 £
6% non-cum. pref. £1	512,289	...	Freehold breweries and maltings at cost	390,167 + 1,37
Ord. shares £1 ..	874,218	...	Fixed plant and machinery at cost	75,932 - 6,17
5% cons. deb. stock	1,980,041	+ 240,215	Freehold and lease- hold licensed and unlicensed prop- erties at cost...	3,010,627 + 380,79
Int. accrued ...	37,126	+ 3,417	Furniture, &c. ...	212,628 + 6,53
Loans	171,066	- 250	Debtors	264,259 - 15,09
Int. accrued ...	2,542	- 25	Trade investments	7,973 - 6,98
Due to subsidiaries	22,950	+ 1,897	Shares in subsidi- aries at cost ...	309,860 + 42
Creditors	249,250	+ 28,013	Loans to subsidi- aries	183,911 + 19,86
Beer duty	135,139	+ 13,889	Govt. securities at cost	153,024 + 153,02
Reserve for im- provements ...	128,082	+ 28,082	Cash	372,138 - 223,40
Deb. redemption reserve	27,757	+ 9,748	Cash for deb. stk. holders	502 - 3,44
General reserve ..	750,000	+ 50,000	Stocks	169,042 + 34,91
Profit and loss ...	404,587	- 32,537	Insur. premiums ..	4,984 + 61
			Goodwill	140,000
Total ...	5,295,047	+ 342,449	Total	5,295,047 + 342,44

WEARDALE STEEL, COAL AND COKE COMPANY, LIMITED.				
September 30, 1931.				
LIABILITIES.		▲ASSETS.		
	Compared		Compared	
Amount.	with Sept.	Amount.	with Sept.	
£	30, 1930.	£	30, 1930.	£
6% cum. pref. ord.		Collieries and other		
£1	500,000	properties	1,048,922	+ 19,020
Deferred £1	225,000	Deb. stk. trustees		
4% deb. stock	287,302	cash	8,765	+ 2,900
Interest accrued	4,788	Investments in sub-		
Creditors	106,571	sidiary cos.	51,638	...
Reserve account	765,000	Workmen's houses		
Reserve for work-	+ 30,000	under purchase		
men's compensa-		scheme	25,668	- 2,700
tion	1,626	Short rents	5,786	+
Profit and loss	73,838	Government securi-		
	- 4,939	ties	487,607	+ 3,100
		Other investments	168,846	+ 500
		Stocks	76,952	- 5,500
		Debtors	89,511	+ 17,700
		Cash	430	- 400
Total	1,964,125	Total	1,964,125	+ 34,556
	+ 34,556			

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.	Interim div.	Final div.	Dividend for Whole Year.	Latest Year.	Previous Year.
BANKS.						
British Overseas Bank, Ltd.	...	...	...	...	10	12
Commercial Bk. of Scotland	...	...	...	...	10	12
INSURANCE.						
Italo-Belgian Bank, Ltd.	...	...	...	...	10	12
TEA AND RUBBER.						
South British Insurance Co., Ltd.	...	...	...	...	10	12
Chokindong Tea Co., Ltd.	...	...	...	...	10	12
Lunat Rubber Co., Ltd.	...	...	...	...	10	12
MINING.						
Arncliffe Coal Co., Ltd.	...	...	...	...	10	12
Clydesdale (Transvaal) Gold Mines, Ltd.	...	...	...	...	10	12
Frontino Gold Mines, Ltd.	...	...	...	...	10	12
Hallamshire Coal Supplies, Ltd.	...	...	...	...	10	12
Kramat Pulai Tin Mines, Ltd.	...	...	...	...	10	12
Malayan Tin Dredging Co., Ltd.	...	...	...	...	10	12
New Kallang Colliery, Ltd.	...	...	...	...	10	12
South Kallang Colliery, Ltd.	...	...	...	...	10	12
Southern Malayan Tin Co., Ltd.	...	...	...	...	10	12
Wankie Colliery, Ltd.	...	...	...	...	10	12
Wath Main Colliery, Ltd.	...	...	...	...	10	12
OTHER COMPANIES.						
Bentley's Yorkshire Breweries, Ltd.	...	...	...	...	10	12
Blackpool Tower, Ltd.	...	...	...	...	10	12
British Industries, Ltd.	...	...	...	...	10	12
British Syphon Co., Ltd.	...	...	...	...	10	12
British Tar Products, Ltd.	...	...	...	...	10	12
Cakebread, Robey and Co., Ltd.	...	...	...	...	10	12
Camperdown Trust, Ltd.	...	...	...	...	10	12
Central Portland Cement Co., Ltd.	...	...	...	...	10	12
Cornbrook Brewery, Ltd.	...	...	...	...	10	12
D. Smith and Sons, Ltd.	...	...	...	...	10	12
East African Power and Lighting Co., Ltd.	...	...	...	...	10	12
East Kent Road Car Co., Ltd.	...	...	...	...	10	12
Edinburgh United Breweries, Ltd.	...	...	...	...	10	12
Estates and Agency Co., Ltd.	...	...	...	...	10	12
Finlay and Co., Ltd.	...	...	...	...	10	12
Furness Withy & Co., Ltd.	...	...	...	...	10	12
General Securities Inv. Co., Ltd.	...	...	...	...	10	12
Grand Hotel, Eastbourne, Ltd.	...	...	...	...	10	12
Ilford, Ltd.	...	...	...	...	10	12
John Fraser and Sons, Ltd.	...	...	...	...	10	12
Kelly's Directories, Ltd.	...	...	...	...	10	12
London and New York Invest. Co., Ltd.	...	...	...	...	10	12
Marcroft Wagons, Ltd.	...	...	...	...	10	12
Metropolitan Railway Country Estates, Ltd.	...	...	...	...	10	12
Monotype Corporation, Ltd.	...	...	...	...	10	12
Montgomery and Co., Ltd.	...	...	...	...	10	12
Nantyllo and Bladna Estates, Ltd.	...	...	...	...	10	12
Newcastle Breweries, Ltd.	...	...	...	...	10	12
Orient Steam Navigation Co., Ltd.	...	...	...	...	10	12
Power Gas Corporation, Ltd.	...	...	...	...	10	12
P. Phipps and Co., Ltd.	...	...	...	...	10	12
Samuel Allsopp and Sons, Ltd.	...	...	...	...	10	12
Scottish Ice Rinks, Ltd.	...	...	...	...	10	12
Truwell's Brewery, Ltd.	...	...	...	...	10	12
Viking Whaling Co., Ltd.	...	...	...	...	10	12
W. and H. M. Goulding, Ltd.	...	...	...	...	10	12
William Crystal Glass, Ltd.	...	...	...	...	10	12
William Faton, Ltd.	...	...	...	...	10	12
Yarrow and Co., Ltd.	...	...	...	...	10	12
Yat's Castle, Ltd.	...	...	...	...	10	12
Youngs, Crumshaw and Youngs, Ltd.	...	...	...	...	10	12

(a) Tax free.

HUDSON'S BAY COMPANY.—As foreshadowed by the Governor at the annual general meeting on July 29, 1931, owing to the existing difficult trade conditions, the company is faced with a heavy loss on the operations of the current year, which ends on May 31st next, and, in these circumstances, the Governor and committee much regret their inability to declare interim dividends on the preference and ordinary shares.

THE CORNBROOK BREWERY COMPANY, LTD.—The net profits for the year ended September 30, 1931, after providing for depreciation and interest, amount to £43,541, as compared with £44,711 for the year ended September 30, 1930, and the available balance, including the amount brought forward from last year, to £52,744, after providing for the dividend on the preference shares and the 5 per cent. already paid on the ordinary shares, and transferring £10,000 to reserve. The directors recommend a payment of final dividend of 5 per cent. on the ordinary shares, making 10 per cent. for the year, and that the balance of £58,369 be carried forward, as against £58,516 brought in.

JOSEPH NATHAN AND COMPANY, LTD.—The directors report that called and preliminary information indicate that the company's accounts for the year ended September 30, 1931, will show a net profit, subject to audit, of £52,137, as compared with £58,065 last year. Trading conditions and exchange restrictions have been so abnormal during the year that the directors regard the results as satisfactory. The report and accounts will be issued in March, when the annual meeting will be held, at which the payment of the usual dividend on the 8 per cent. preferred ordinary shares will be recommended. Warrants for the half-yearly dividend on the 7 per cent. preference shares will be posted on December 31.

SALISBURY, SOUTHERN RHODESIA, £100,000 4½ PER CENT. MUNICIPAL LOAN.—The Standard Bank of South Africa, Ltd., 10 Clements Lane, E.C.4, notify members of certain bonds drawn for redemption at par on December 31, 1931.

TOKYO ELECTRIC LIGHT CO., LTD.—(6 per cent. first mortgage bonds, sterling series).—According to the conditions of the bond, the principal and interest are payable in pounds in gold coin of the United Kingdom of Great Britain and Northern Ireland or of equal to the standard of weight and fineness ruling on June 15, 1928, at the offices of Messrs. Lazard Frères and Co. (Company), Ltd., in London, or in U.S. gold dollars of the standard weight and fineness ruling on June 15, 1928, at the rate of \$4.8665 to the pound sterling, at the principal office of the Guaranty Trust Company of New York in New York. The bondholders can therefore receive payment of the coupon due on December 15, 1931, in sterling calculated at the sight rate of exchange on New York on the day on which the coupon is presented. For example, should the sight rate on New York on the day of presentation be: (a) \$3.40 to the £, a holder of £100 bond would be entitled to receive \$340, less tax, in respect of each coupon of £3; (b) \$3.10 to the £, the holder of such bond would be entitled to receive \$310, less tax, in respect of each coupon of £3.

THE UNITED MOLASSES COMPANY, LTD.—The directors announce that, in view of the position as outlined in the interim report issued to shareholders in September, payment of the preference dividend due on December 15, 1931, will not be made.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefere.	Ordinary.					
						Amount.	Rate.				
		£	£	£	£	£	%	£	£	£	%
Banks.											
British Overseas Bank	Oct. 31	73,577	166,131	239,708	...	60,000	6A	100,000	59,708	140,446	6A 6B 16A 10B
						20,000	2B				
						213,500	16A				
Commercial Bk. of Scotland	Oct. 31	71,659	385,736	457,395	...	38,125	10B	130,000	75,770	389,857	
Breweries.											
Allsopp (Samuel) and Sons	Sept. 30	59,769	174,111	233,880	52,760	83,953	9	25,000	72,167	145,324	8½
Alton and Company	Sept. 30	44,521	49,488	94,009	10,000	35,000	35	...	49,009	51,730	35
Carter's Knottingley Brwy.	Sept. 30	14,326	7,959	22,285	3,000	4,800	8	...	14,485	9,494	10
Fremfins, Ltd.	Sept. 30	26,449	74,315	100,764	26,250	31,500	9	10,000	33,014	85,130	10
Officers' Brewery	Sept. 30	72,023	57,933	129,956	2,400	27,000	22½	25,000	75,556	61,288	25
Phipps (P.) and Company ...	Sept. 30	65,784	115,625	181,409	8,750	83,012	12½	20,000	69,647	123,539	13½
Showells Brewery	Sept. 30	16,715	35,918	52,633	13,800	18,000	22½	5,000	15,833	39,013	22½
Starkley, Knight and Ford ...	Oct. 3	24,687	59,870	84,557	6,000	32,500	12½	20,000	26,057	...	...
Stretton Derby Brewery ...	Sept. 30	44,058	118,281	162,339	12,600	90,000	30	...	59,739	125,282	30
Tadcaster Tower Brewery ...	Sept. 30	27,829	46,713	74,542	5,000	26,000	10	6,000	37,542	49,381	12½
Warwicks and Richardsons ..	Sept. 30	27,806	72,346	100,152	15,000	39,000	13	19,000	27,152	80,680	14
Wenlock Brewery	Oct. 31	134,758	90,527	225,285	7,500	45,000	15½	45,397	127,388	109,649	17½
Financial Land, &c.											
Government and General Investment	Nov. 30	2,377	14,662	17,039	4,222	10,297	14½	2,520	...	21,648	15
Iron, Coal and Steel.											
Bertrams, Ltd.	Sept. 30	2,825	1,693	4,518	...	2,531	7½	500	1,487	7,101	7½
Hill (Richard) and Company ..	Sept. 30	Dr. 25,313	147	Dr. 25,166	...	...	...	...	Dr. 25,166	5,557	...
Thomas (Richard) and Co.	Sept. 30	214,409	59,469	273,878	...	...	...	60,455	213,423	203,991	...
Yarrow and Company	June 30	9,670	16,212	25,882	...	7,500	5	...	18,382	9,696	5
Motor and Cycle.											
Halford Cycle Company ...	Oct. 31	16,532	28,554	45,086	...	21,761	17½	1,000	22,325	41,844	15½
Maudslay Motor Company ...	Aug. 31	18,452	Dr. 13,847	4,605	...	...	...	...	4,605	Dr. 19,845	...
Rossleigh, Ltd.	Sept. 30	24,117	18,150	42,267	450	6,750	10	...	35,067	20,039	15
Oil.											
Tampico Oil	June 30	Dr. 471	Dr. 296	Dr. 767	...	...	...	...	Dr. 767	Dr. 471	...
Rubber, &c.											
Hevea (Johore) Plantations ..	June 30	4,517	758	5,275	335	...	...	...	4,940	...	...
Kolantan Rubber	June 30	5,998	Dr. 5,716	282	...	...	...	...	282	Dr. 3,548	...
Kong Loe (Perak)	Aug. 31	1,663	139	1,802	...	...	...	150	1,652	1,046	...
Sungei Kari Rubber	June 30	134	Dr. 26,113	Dr. 2,476	...	...	...	...	Dr. 2,476	Dr. 449	...
Tenasserim Hevea Plantation ..	May 31	811	Dr. 4,972	Dr. 4,161	...	...	...	Dr. 7,000	2,839	Dr. 3,964	...
Shipping.											
Orient Steam Navigation ...	June 30	101,341	86,284	187,625	82,260	52,044	5½	Dr. 100,000	153,321	237,644	7½
Shops and Stores.											
Finlay and Company	Sept. 30	23,099	40,286	63,385	1,875	28,875	11	6,000	26,635	40,028	11
Mappin Stores (Brazil)	Feb. 28	18,871	Dr. 35,029	Dr. 16,158	...	...	...	Dr. 20,000	3,842	5,881	...
Textiles.											
Shannon (John) and Son ...	Oct. 31	22,191	21,534	43,725	8,178	4,404	...	7,000	24,143	21,882	...
Tramways and Omnibuses.											
East Kent Road Car Co. ...	Sept. 30	13,163	28,112	41,275	13,000	21,000	6	1,000	6,275	32,153	10
United Electric Tramways of Caracas	June 30	61,077	3,146	64,223	...	...	...	...	64,223	7,379	...
Trusts.											
London Scottish American	Oct. 31	88,315	70,108	158,423	16,875	47,500	12½	...	94,048	79,750	12½
Nelson Financial Trust	Oct. 31	37,570	22,894	60,464	13,650	16,470	4	...	30,344	32,486	6½
Other Companies.											
African and Eastern Trade	Apr. 30	37,883	15,470	53,353	13,800	...	...	...	39,553	14,803	...
Agar, Cross and Company ...	June 30	26,531	Dr. 23,586	Dr. 20,945	49,000	...	...	Dr. 27,3267	14,812	120,495	11½
Aston Construction Co.	Sept. 30	7,922	1,149	9,071	1,050	...	...	...	8,021	...	...
Blackpool Tower Company	Oct. 31	28,300	85,208	113,508	1,800	54,141	17½	25,000	32,567	91,913	20
Blackpool Winter Gardens ...	Oct. 31	3,803	12,830	16,633	...	13,781	17½	...	2,852	25,300	20
Bristol Industries	Oct. 31	4,621	13,059	17,680	3,940	6,417	4	...	7,323	11,635	3½
British Benzol and Coal ...	Oct. 31	Dr. 3,210	Dr. 36,832	Dr. 40,042	...	...	...	...	Dr. 40,042	Dr. 2,724	...
British Syphon Company ...	Sept. 30	1,353	11,432	12,785	7,000	2,500	2½	...	3,285	11,297	4½
Carreras, Ltd.	Oct. 31	1,057,160	697,806	1,754,966	20,000	620,048	35	10,000	1,104,918	959,131	50
Central Portland Cement ...	Sept. 30	21,899	12,155	34,054	...	10,500	7½	1,325	22,229	11,144	7½
Duffield Coal Products	Sept. 30	Dr. 2,734	297	Dr. 2,437	...	...	...	...	Dr. 2,437	35	...
Gardner (John), London ...	Sept. 30	5,587	15,695	21,282	7,500	6,000	4	...	7,782	...	...
Greenwich Inlaid Linoleum ..	Sept. 30	13,389	32,931	46,320	6,000	22,570	6	2,500	15,250	56,208	10
Ildris, Limited	Oct. 31	4,765	13,847	18,612	7,300	6,800	10	...	4,512	15,238	10
Ilford, Ltd.	Oct. 31	15,977	100,546	116,523	43,900	43,065	7½	10,000	19,558	135,218	15
India Rubber, Gutta Percha, &c.	Sept. 30	Dr. 72,162	Dr. 51,593	Dr. 123,755	...	...	...	...	Dr. 123,755	Dr. 95,978	...
Low Temperature Carbonisation	Oct. 31	Dr. 13,811	764	Dr. 13,047	...	...	...	8,000	Dr. 21,047	...	...
Marcus Clark and Company ..	Aug. 1	9,348	Dr. 66,381	Dr. 47,033	...	...	...	Dr. 50,000	2,967	...	...
McEvoy (P.), Sons & Co.	Oct. 31	50,616	391	51,007	1,800	1,500	5	...	47,707	188	10
Ocean Salvage and Towing ..	Sept. 30	1,133	3,345	4,478	...	3,250	5½	...	1,228	...	...
Pound (John) and Company ..	Aug. 31	2,334	5,059	7,393	3,750	...	...	1,000	2,643	11,706	7
Power-Gas Corporation	Sept. 30	15,240	14,649	29,889	...	18,000	6	2,500	9,389	24,581	6
Radiovisor Parent, Ltd.	Aug. 31	Dr. 18,442	Dr. 25,218	Dr. 43,660	...	...	...	...	Dr. 43,660	...	...
Southern Brick and Tile ...	Sept. 30	Dr. 11,805	Dr. 4,784	Dr. 16,589	...	4,200	1,252	...	Dr. 16,589	Dr. 6,061	...
Sportg. & Dramatic Publg. ..	Sept. 30	2,581	5,849	8,430	...	...	4	...	2,978	9,737	7½
Sunlight Laundries	Nov. 30	4,575	43,581	48,156	13,078	12,708	16½	14,000	8,370	34,840	16½
Tennamaram Palm Oil	June 30	8,920	Dr. 2,226	6,694	...	...	...	...	6,694	8,250	...
Tobacco Co. of Rhodesia ...	June 30	Dr. 31,904	Dr. 1,144	Dr. 33,048	...	...	...	...	Dr. 33,048	Dr. 1,905	...
United Africa Company ...	Apr. 30	24,143	Dr. 12,881	Dr. 12,639	...	2,680	41,466	12	1,263,980	43,156	...
Viking Whaling Company ...	Oct. 31	9,063	187,209	196,272	...	...	...	99,798	52,328	126,554	13½
Waterlow and Sons	Sept. 30	47,251	87,485	134,736	56,700	51,750	7½	...	26,286	162,305	11½

OIL OUTPUTS.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of November are as follows: Production of oil, 40,600 tons; deliveries, 40,590 tons.

ATROCK OIL CO.—Production for October, 11,611 barrels. Production for November, 12,827 barrels.

TAMPICO OIL, LTD.—The total output on the properties in Mexico during October was 19,611 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,471 barrels. Production on the company's properties in Mexico during November was 17,842 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,338 barrels.

TOCUYO OILFIELDS OF VENEZUELA, LTD.—Oil produced during October, 1931, 1,911 tons. Produced during November, 1931, 1,619 tons.

Commercial Reports.

MARKET SUMMARY.

The progressive deepening of the economic depression in almost every country of the world is naturally limiting the market for raw materials to an increasing extent. On the other hand, the production of many primary products has not yet been adjusted to the lower level of consumption with a consequent increase in available supplies. The continuous downward movement in the price of raw materials in terms of gold is therefore scarcely surprising. Among non-ferrous metals, the poor demand for tin caused a further decline in its price in New York, while copper, lead and spelter remained barely steady. In view of the low level of activity in the motor-car industry, there has been little demand for rubber. In textile raw materials, cotton suffered a further setback. Among cereals, wheat, maize, barley, oats and rye were all cheaper in New York. Cocoa and sugar, too, continued to decline. In order to arrest the downward movement in the latter commodity, Mr. T. Chadbourne is credited with the intention of recommending a further cut in world production at the forthcoming International Sugar Conference in Paris. Coffee is one of the few commodities which show a slight improvement. Sterling quotations of commodities which lend themselves to grading and therefore to international arbitrage, are moving largely in sympathy with international values. The sterling values of most of the other commodities have not yet risen in proportion to the fall in the value of the £ in terms of gold. Markets in this country have again been quiet and turnover was generally on a small scale. Foodstuffs, such as meat, butter and cheese have not so far increased in price despite the depreciation in the £. According to reports from various industrial centres the coal trade and the iron and steel industry remain depressed in most districts, and there has been little expansion in exports. On the other hand, the improvement in the cotton, wool and jute trades has been maintained.

THE COAL TRADE.

SHEFFIELD.—Little change has taken place in the South Yorkshire coal market except a reduction of exports to France. The tendency of the market is downward. New export contracts are scarce, although deliveries under old contracts and prices of best steams are maintained. Quotations for the latter are firm at 18s. to 18s. 6d. f.o.b. Demand for industrial fuels has eased, and the quietude of house coal has brought about individual reductions of price. Reductions at this period of the year are exceptional, if not unique. Best ordinary house coal is quoted at from 20s. to 22s. at pits. The improvement in blast-furnace coke continues, and good brands are worth 12s. at ovens.

CARDIFF.—Extremely depressed conditions have continued to prevail on the Cardiff coal market, and both production and exports are considerably less than those in the first half of December last year. Collieries are working very irregularly, and throughout the present week roughly about one-third of the tips at the South Wales ports have been idle. Dry large and dry washed smalls are still firm and commanding prices above the schedule; there is a fairly good inquiry also for anthracite qualities; but for all other grades supplies are excessive and quotations are ruling nominally on the basis of the minimum schedule. At Cairo on Tuesday the tenders were opened for alternative supplies of 140,000 tons and 105,000 tons c.i.f. Alexandria, and 35,000 tons f.o.b. for the Egyptian State Railways, and it transpires that the lowest prices tendered had been submitted by Cardiff firms on the basis of 24s. 11d. c.i.f., and of 17s. 7d. and 17s. 9d. for the f.o.b. supplies. Contractors generally, however, are abstaining from purchases for delivery over 1932 owing to the instability of the exchange position. The following are the current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; cargo smalls, 11s. 6d. to 12s. 6d.; anthracite, best large, 36s. to 38s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 48s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 24s. to 24s. 6d.

GLASGOW.—Some stringency has developed in the Scottish coal market as a result of the working of the quota scheme, which has compelled some companies to slow down their rate of production in order to avoid a complete stoppage at an early date. Some

collieries have in fact intimated that pits will cease to produce on the 15th inst. This position has apparently arisen as a result of the increased business done immediately after the departure from the gold standard, which enabled collieries then to enlarge their outputs. The districts mainly affected are Fife and the Lothians, the leading shipping districts. In the markets all sizes of nuts are showing an upward tendency in price, with troubles and doubles scarce. Steam coals are also very firm. Current prices for the shipping trade are approximately as follows (f.o.b. district ports):—**LANARKSHIRE.**—Ell best, 14s. 6d.; splint best, 15s. 15s. 3d.; splint second, 14s. 3d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 9d.; trebles, 16s.; doubles, 13s. 13s. 6d.; singles, 10s.; pearls, 9s.; dross, 9s. **FIFE.**—Screened navigation, 17s.; first-class steam, 13s. 3d.; third-class steam, 12s. 6d.; troubles, 17s. 18s. 6d.; doubles, 13s. 6d. 14s. 6d.; singles, 10s.; pearls, 9s. 6d. **LOTHIANS.**—Prime steam, 12s. 6d. 12s. 9d.; secondary steam, 12s. 3d.; trebles, 16s.; doubles, 13s. 6d.; singles, 10s.; pearls, 9s. 6d. **AYRSHIRE.**—Unscreened navigation, 16s.; jewel, 17s.; steam, 13s. 6d.; trebles, 16s.; doubles, 13s. 9d.; singles, 10s.; pearls, 9s. 3d.; dross, 9s.

IRON AND STEEL.

SHEFFIELD.—The prevailing quietude in iron and steel is being accentuated by preparations for the Christmas holidays, which in most cases will be longer than usual. Business consists largely of oddment orders, and is patchy, consumers being indisposed to make forward commitments until the present financial and fiscal uncertainty is cleared away. A few lines are active. The departments producing large hollow-forged, one-piece drums for high-pressure boilers and containers have been on full time for a long period. The largest individual contract yet booked was for 44 drums for the mammoth Cunarder under construction at Clydebank. A drum weighing more than 100 tons has been produced. Export trade is generally flat. Increased home business in certain descriptions of hand tools is reported. Prices of finished products of steel remain steady, notwithstanding the increased cost of imported materials used in their manufacture. This is due to the existence of large stocks and the paucity of demand. Many selling prices will have to be advanced in the New Year. Extreme slackness prevailed in the cutlery and electro-plate branches. There is a brisk demand for permanent magnets.

MIDDLESBROUGH.—The pig iron markets are extremely quiet. The position of makers of Cleveland iron is that as a result of the spurt of buying a few weeks ago, they have satisfactory order books up to the end of the year, and have been able to reduce stocks to an important extent, but beyond December they require fresh contracts, which are difficult to secure under present conditions. Official prices were unchanged at Tuesday's market, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. Hematite makers are pretty much in the same position as producers of Cleveland. They are fairly well sold up to the end of the year, but find confidence lacking in regard to forward purchases. They offer ordinary mixed numbers for early delivery at the unchanged figure of 86s., and at 65s. 3d. to 65s. 6d. a few months ahead, although ore prices threaten to advance on account of the adverse exchanges. In the finished trades very little new business of importance is reported, and prices are generally unchanged. The ore market remains almost idle. Best rubio is nominally 16s. 6d. c.i.f., and the current freight Bilbao-Middlesbrough is about 5s. Coke is weak, and supplies of ordinary blast-furnace qualities are now obtainable for early delivery at 16s. 6d. delivered works. The number of blast-furnaces in operation in the district is unchanged at eighteen.

GLASGOW.—The situation in the West of Scotland shows little change from that reported a week ago. At the steel-making plants there are still no signs of any great increase in demand, and makers of semis are also finding business dull. Sheetmakers continue to be well employed, and are doing a steady trade in the thinner gauges, both of black and galvanised, although all plants are not equally well-employed. Tube makers are also slightly better off this week. It is reported that the Lanarkshire County Council have agreed to accept a tender by Messrs. Stewart and Lloyds for pipes to the value of slightly over £10,000. During the week several structural orders have been placed with Glasgow firms, aggregating a quite considerable sum. Another important contract which has come to the West of Scotland this week is one for plant and equipment for a cabinet factory for the Co-operative Wholesale Society at Manchester, which has been secured by the Paisley Engineering firm, Messrs. Thomas White and Sons, Ltd.

CARDIFF.—General conditions in the Welsh tinplate trade are unaltered, prices remaining at 13s. 9d. to 14s. 3d. per basis box. Steel bars are also unchanged at £5 per ton for locally-manufactured material and at about £4 5s. per ton for imported bars. Galvanised sheets are still easy on the basis of £9 2s. 6d. to £9 5s. per ton. The recent improvement in the volume of shipments has been maintained, and stocks are lower than they have been for a considerable period.

OTHER METALS.

TIN.—The declining rate of consumption, which is discouraging purchases, caused a further downward movement in the price of tin in terms of gold. In New York the metal was quoted at 20.56 cents per lb. on Wednesday, against 21.37 cents per lb. a week ago, and 23.12 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £137 5s. to £137 7s. 6d. per ton, compares with £137 5s. to £137 7s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 30,400 tons, show a decrease of 110 tons on the week.

COPPER.—The slight recovery in copper prices, following the sharp break in values after the failure of the international conference of producers, has been maintained during the past week. On Wednesday "Domestic" spot was quoted officially at 6.50 cents per lb. in New York, against 6.50 cents a week ago and 7 cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £38 to £38 2s. 6d., compares with £37 7s. 6d. to £37 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 20,930 tons, show a decrease of 93 tons, while stocks of rough copper, at 772 tons, remain unchanged.

LEAD.—The market in lead has been steady both in New York and London. This steadiness has been due rather to the scarcity of offers than to an increase in demand. In New York the metal was quoted at 3.85 cents per lb. on Wednesday, against 3.85 cents a week ago and 4.05 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £15 6s. 3d. to £15 7s. 6d. per ton, compares with £15 1s. 3d. to £15 5s. on the corresponding day last week.

SPELTER.—A slight spurt in buying caused a small advance in New York early this week. Subsequently the demand subsided, but New York quotations were maintained at the higher level. The turnover in London was small, and values in terms of sterling are a little easier on the week. Wednesday's quotation in New York, at 3.175 cents per lb., shows a rise of 0.05 cent per lb., as compared with that of the corresponding day last week. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," at £14 3s. 9d. to £14 12s. 6d. per ton, against £14 7s. 6d. to £14 17s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £95 per ton, and at £250-£255 per ton respectively, have been maintained at last week's level. Antimony again sold at from £28 5s. to £28 10s.; last week's silver. On the spot remained nominally at £20 10s. to £21 per flask, quicksilver was again cheaper at £19 to £19 15s. per bottle, against £19 2s. 6d. to £19 17s. 6d. a week ago.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Imports for the week December 3rd to 9th (inclusive) are 82,782 bales, of which 56,451 are American, 2,312 Argentine, 8,375 Russian, 1,422 Peruvian, 11,248 Egyptian, 1,000 African, 626 East Indian and 1,348 sundries.

Manchester.—There has been no expansion in the volume of transactions, but in certain quarters inquiry has been rather more encouraging, and in small lots a fair turnover has taken place. After some falling off in demand, rather more trade has been under consideration for China, shippers being encouraged by the further rise in the price of silver and the favourable Shanghai exchange rate. Certain makers of grey and white shirtings have sold rather more freely. Useful lines have also been booked for the minor outlets of the Far East, such as Singapore and the Straits Settlements. A substantial inquiry has come through for India, but most of the offers remain disappointing. A fair business, however, has been done in light whites, chiefly for Karachi and Madras, but indications of increased activity before very long for Calcutta, but the political situation abroad causes some uneasiness. There have been a few more bids in standard makes for Egypt and printing cloth have attracted increased attention for the Near East. Very little has been done for South America and the Continent. Casement cloths and furnishing fabrics have been in request for the home trade. The yarn market has presented very little life. Irregularities in quotations for American and Egyptian qualities rather tend to increase. Fair lots of bundles have been sold for China, and trade has also been reported in fine counts for India.

Cotton Prices.

	1931.				Corresponding Date.	
	Nov. 18.	Nov. 25.	Dec. 2.	Dec. 9.	1929.	1930.
Raw Cotton—Mid. American	d. 4-98	d. 4-97	d. 5-12	d. 5-30	d. 9-53	d. 6-63
" Sakellaridis Fully Good Fair	7-50	7-40	7-30	7-30	14-40	8-00
" Egyptian	9 1/2	9 1/2	9 1/2	9 1/2	14	9 1/2
Yarns—32's twist	9 1/2	9 1/2	9 1/2	9 1/2	14 1/2	9 1/2
" 40's twist	16	15 1/2	15 1/2	15 1/2	24	16 1/2
" 50's twist (Egyptian)	a. d. 18	a. d. 18	a. d. 17 10 1/2	a. d. 17 10 1/2	a. d. 23	a. d. 9 18
32-in. Printers, 116 yds., 16 by 16, 32's and	18	18	17 10 1/2	17 10 1/2	23	9 18
36-in. Shirtings, 78 yds., 19 by 19, 32's and	20	19	19	19	26	20
40's	11	11	11	11	14	11
50-in. ditto, 38 yds., 18 by 18, 10 lb.	11	11	11	11	13	11
50-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	10	9 11	9 11	9 11	13	10 4 1/2

THE WOOL TRADE.—Bradford.—There have been fewer withdrawals at the auctions in Coleman Street this week, writes our correspondent, but scarcely any description is selling at a better price than in October, and in some cases even the highest point of the current sales appears to have been passed. Home and Continental buyers are agreed that there is not likely to be anything gained by securing any big weight of wool to-day beyond prospective requirements. Fine crossbred greasy wool is comparatively dearer than the finer qualities of merinos, but this is purely a reflection of the current demand, and in all descriptions there is every probability of supplies being adequate. The new clip merinos are attracting considerable attention, but prices are quite reasonable, and in the case of superior qualities, sellers could well do with additional competition to lift prices on to a parity which is justified according to the prices forthcoming for average wools. The big supplies of to the prices forthcoming for average wools. Greasy half-breds crossbreds are passing out of hand fairly well. Greasy half-breds are perhaps not realising as much money as last week, but these are

holding their own better than 50's and below. The South American market is in a very similar position to the South African, owing to the adverse rate of exchange, and it is impossible for importers here to make firm offers to the former source. For the time being, this is no doubt helping crossbreds in London, but slipe half-bred lambs are perhaps just a shade in buyers' favour, and three-quarter-bred lambs are very reasonable. For any new business offered in Bradford, topmakers are disposed to sell reasonably. A satisfactory volume of business has again been done within the past few days, including some substantial sales on export account. For the moment these seem to be the standby of the top market, but generally speaking, a selling policy is being pursued so long as wool can be secured on a basis which leaves a slight margin.

THE JUTE TRADE.—Dundee.—There is an undercurrent of steadiness in the jute trade. The raw material is inclined to fluctuate slightly, but on the whole sellers display reserve, and offers are not freely made. Speculators in the Futka market in India have dominated prices of the fibre by their operations and the mills, coming into the market for fair supplies last week, caused an advance. Trade in Calcutta goods has improved recently, and this, combined with a considerable reduction in stocks of goods in the hands of the mills, has had a firmer effect on values. The stocks of hessian in Calcutta were reduced by 11 per cent. at the end of November, compared with those at the end of October, while heavy goods were reduced by 30 per cent. The latter are now under normal, and these have shown the greater tendency to advance, Liverpool twills now being quoted at 61s. 6d., and "B" twills at 56s. for January-March shipment. The value of Daisee assortment is £20 15s. generally asked, but if there were a buyer, he could obtain a limited quantity at £20 10s. for the full group, with three's quoted at that rate, and four's at from £19. Tossa assortment is named at £22 5s. for full group, £22 for three's, and £20 15s. for four's, December-January. White jute is not in much request in this market now, and prices of First Marks and Lightnings are more or less nominal at from £25 and £23 respectively, same shipment. Only a few small sales are taking place meantime. Jute yarns are quiet, but very firm in price. Spinners are quoting not less than 2s. 5d. for common 8 lb. cops, and 2s. 6d. for 8 lb. spools, at which a small business is passing. Twist is firm at from 4½d. to 4½d. for 3-ply 8 lb., and sacking yarns rule unchanged at from 2½d. for 24-lb. weft, and from 3½d. for 8-lb. chains. A few transactions are occurring in Rove at from £22 for 48 lb., and £19 10s. for 200 lb., and carpet yarns are now quite busy at from 3½d. for 14-lb. warp. The finer yarns continue to be quoted at 3s. 1d. for second quality 8 lb. Rio warp, 2s. 10d. for third, and 2s. 8d. for fourth. A large volume of inquiry is being made for jute cloth of all kinds, yet business on the whole remains quiet. Manufacturers are adhering to their prices, however, and 3½d. is firm for 10½ oz. 40 in. hessians, and 2½d. for 8 oz. Considerable quantities of tarpauling are inquired for, and altogether the position holds the promise of much more doing. The linoleum hessian market is practically idle, but prices are firm. Calcutta hessians have been raised to 21s. 11d. for 10 oz. 40 in. and 17s. 10d. for 8 oz., December, and 22s. 2d. and 17s. 11d. for January-March. Spot prices are nominal at 22s. 3d. for 10 oz. and 17s. 3d. for 8 oz.

THE GRAIN MARKETS.

WHEAT.—There has been little change in the international wheat situation this week. The turnover at the principal markets has been on a small scale, but values in terms of gold remained steady until Tuesday. On Wednesday, however, there was a sharp decline in prices which was partly ascribed to Russian and Argentine selling pressure. Despite many favourable factors, such as the decline in the acreage sown this year and the bad start made by the United States winter wheat crop, markets are adversely affected by the deepening of the world depression. The Australian and Argentine crops are now being harvested, but so far weather conditions have been none too favourable. According to the preliminary official estimate, the yield of the Argentine crop, at 27,000,000 quarters, shows a reduction of 2,500,000 quarters on that of a year ago. Sowing in this country has been practically completed. It now appears that the acreage under wheat has been extended considerably in the hope of a guaranteed price following the introduction of a wheat quota next year. On Wednesday, "December" futures were quoted at 52½ cents per bushel in Chicago, against 54 cents on the corresponding day last week, and 63½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Atlantic, ex ship, 34s. 9d. per 496 lbs., as compared with 36s. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 31s. 6d., against 32s. 6d.; No. 3 Northern Manitoba, Atlantic, ex ship, 30s. 6d., against 31s. 6d.; Russian, on sample, 27s. 6d. to 30s., against 27s. 6d. to 30s.; Australian, ex ship, 29s. 9d. to 30s. 9d., against 30s. 6d. a week ago.

WHEAT FLOUR.—The international markets in flour have been steady. In this country the demand for flour has been quiet in view of the advance in the price of home-milled qualities. North American shipments, at 273,000 sacks, show an increase of 45,000 sacks as compared with the previous week. Of this total, 72,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 26s. 6d. per sack of 280 lbs., as compared with 25s. 6d. last week; delivered London, 25s. 6d., against 24s. 6d. Manitoba patents, ex store, 26s. 9d. to 31s., against 27s. to 31s. 6d.; and Australian, ex store, 21s. to 23s. 6d., against 21s. 6d. to 22s. 6d. a week ago.

BARLEY.—In view of the increase in offers from Russia and the small volume of buying, feeding barley suffered a slight setback this week in terms of gold. On Wednesday, "December" futures were quoted at 37 cents per bushel in Winnipeg, against 39½ cents last week and 42½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 48 lbs., 25s. to 26s., as compared with 25s. to 26s.; Russian, landed, 23s. per 400 lbs., against 23s. 6d. a week ago.

OATS.—The demand for oats has been on a small scale. Although this cereal was offered at a lower price in terms of gold than last week, buyers failed to respond. "December" futures, which last week stood at 24½ cents per bushel in Chicago, sold at 23½ cents per bushel on Wednesday this week, against 26½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 18s. 6d. per 320 lbs., as compared with 19s. last week; "River Plate," ex ship, 17s. 6d., against 17s. 9d.; "Chilean White," landed, 27s. 6d., against 28s. a week ago.

MAIZE.—The continued heavy shipments of maize by Argentina have resulted in a further downward movement of prices. This is mainly ascribed to the fact that many consumers have now covered their requirements several months ahead. Wednesday's quotation in Chicago for "December" futures, at 35½ cents, shows a fall of 1½ cents per bushel on the week, and one of 9½ cents as compared with the price a month earlier. Quotations in London, Wednesday: "Plate," landed, 17s. 9d. per 480 lbs., as compared with 19s. 3d. last week; "Plate," ex ship, 16s. 6d., as against 18s. 3d.; "Plate," December-January, 17s. 3d., as against 19s. 3d. Yellow maize meal, ex wharf, was quoted at £5 7s. 6d. per ton, against £5 15s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat—				
1 week to December 5.....	Cwts. 61,685	Cwts. 105,929	Cwts. 273,751	Cwts. 261,543
14 weeks to December 5	1,037,057	2,047,452	4,156,789	4,436,829
Average price of English wheat per cwt.	s. d. 6 7	s. d. 6 2	s. d. 9 6	s. d. 9 7

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Nov. 28, 1931.....	Cwts. 77,941	Cwts. 431,379	Cwts. 60,861	s. d. 6 9	s. d. 8 10	s. d. 7 0
Dec. 5, 1931.....	61,685	405,398	54,592	6 7	8 5	7 0
Dec. 3, 1927.....	264,574	469,255	91,489	9 10	11 2	9 2
Dec. 8, 1928.....	244,819	473,911	66,252	9 9	10 5	9 1
Dec. 7, 1929.....	260,293	389,605	48,502	9 4	8 11	7 3
Dec. 6, 1930.....	102,253	324,310	34,274	6 4	8 5	5 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Dec. 10, 1930.	Jan. 2, 1931.	Nov. 25, 1931.	Dec. 2, 1931.	Dec. 9, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	58½	56½	60½	59	57½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	77½	79½	54½	54	52½

The visible supply of wheat in Canada, at 56,543,000 bushels, shows a decrease on the week of 2,199,000 bushels. Supplies a year ago stood at 55,717,000 bushels.

OTHER FOODS.

SUGAR.—In the absence of buying by refiners, raw-sugar values continued to sag in terms of gold. The decline in prices in terms of gold during the past four weeks amounts to no less than 25 per cent. In view of this situation, Mr T. L. Chadbourne, who will attend the International Sugar Conference in Paris, is credited with the intention of demanding the segregation of an increased quantity of sugar by Java, and of recommending the reduction of next year's international crop by the amount by which it was over-produced this year. The principal markets of raw sugar have been dull this week. "British refined" was advanced 3d. per cwt. on Tuesday. "December" futures in New York were quoted at 1.04 cents per lb. on Wednesday, against 1.11 cents per lb. a week ago, and 1.31 cents per lb. a month earlier. Wednesday's sales of "raws" include "March delivery" at 7s. 0½d. to 7s. 1d. per cwt., against 6s. 10½d. to 6s. 11d., and "May," 1932, at 7s. 2½d. to 7s. 3d., against 7s. to 7s. 1½d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1930.	1930.
London	Tons. 1,113	Tons. 1,801	Tons. 1,025	Tons. 1,395	Tons. 5,136	Tons. 25,768
Liverpool ...	13,138	33,973	12,365	13,217	74,276	119,112
Total	14,251	35,774	13,390	14,612	79,412	144,880
Last week ...	12,046	24,839	13,013	14,343	78,551	123,718

COFFEE.—The international coffee situation has been improving recently. In New York, the quotation for Rio No. 7 advanced from 6½ cents per lb. on Wednesday last week to 7 cents per lb. on the corresponding day this week. At Tuesday's auctions in London, there was a keen demand, particularly for the finer varieties, which realised prices considerably above those prevailing during recent weeks. The prices realised were generally higher than a week ago. Brazilian, landed, 751; delivered for home consumption,

106 bags; exported, 159; stocks, 2,806 bags, against 2,449 bags last year. Central American, landed, 2,619 packages; delivered for home consumption, 2,715; exported, 2,158; stocks, 60,825 packages, against 42,458 a year ago. Other kinds, landed, 3,814 packages; delivered for home consumption, 2,543; exported, 689; stocks, 48,836 packages, against 56,106 a year ago.

COCOA.—The market in cocoa has again been dull, and there was a further downward movement in prices in terms of gold. "December" futures were quoted at 4.00 cents per lb. in New York on Wednesday, against 4.24 cents per lb. a week ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, now crop, December-February, at 23s. 6d. per cwt. f.o.b. London contract, shows a fall of 1s. 3d. Last week's movements of cocoa in London were as follows: Landed, 3,232 bags; delivered for home consumption, 6,953 bags; exported, 791 bags; stocks, 132,397 bags, against 163,118 last year.

TEA.—The quantities catalogued for this week's auction comprised 51,264 packages of Indian, 27,223 packages of Ceylon, and 10,887 packages of Java and Sumatra tea. Monday's "Indian" auctions opened with a keen demand and a firm tendency in prices. The quantity of Ceylon tea offered for sale on Tuesday was considerably in excess of that put up for auction a week ago. As a result, prices showed a sagging tendency in the afternoon. The second "Indian" auctions on Wednesday, however, were again characterised by a steady demand at firm prices. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	AVERAGE PRICE PER LB.						Total.
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasa-land.	
Dec. 4, 1930	s. d. 1 2-41	s. d. 1 3-27	s. d. 1 7-24	s. d. 0 11-92	s. d. 0 10-76	s. d. 0 10-45	s. d. 1 2-91
Nov. 12, 1931	0 11-67	0 11-11	1 5-73	0 8-49	0 7-46	0 6-90	1 0-35
Nov. 19 "	0 11-27	0 11-60	1 4-68	0 9-12	0 7-45	0 6-74	1 0-03
Nov. 26 "	0 10-86	0 11-67	1 5-33	0 8-51	0 7-81	0 6-99	0 11-83
Dec. 3 "	0 10-72	1 0-63	1 5-33	0 8-20	0 7-69	0 7-41	0 11-72

RICE.—The market in rice has been steady. There has been no recovery in "spot" prices, although "forward" rates were slightly higher. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 9s. 9d. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 95 tons; delivered, 83 tons; stocks, 1,846 tons, as against 1,872 tons last year.

POTATOES.—There was no lack of supplies at the principal markets, but in view of a steady demand, prices remained firm. At the Borough Market, "Best King Edward" sold at from 9s. to 10s. per cwt., as compared with 9s. to 10s. per cwt. a week ago.

SPICES.—The market in spices has been a little steadier. Wednesday's quotation for "Black Singapore" pepper, at 6½d. per lb., shows a rise of ¼d. per lb. on the week. A fortnight ago a similar advance had taken place. Movements of pepper in London during the past week were as follows: Black, landed, 3 tons; delivered, 37 tons; stocks, 336 tons, against 523 tons last year. White, landed, 91 tons; delivered, 66 tons; stocks, 529 tons, against 338 tons a year ago.

MEAT.—Meat values at Smithfield Market showed a slightly firmer tendency this week. English beef, mutton and lamb, and pork realised higher prices. Among foreign meat, Argentine beef was also dearer, but New Zealand mutton declined further. On Wednesday, Argentine beef (chilled hindquarters) was sold at 3s. 10d. to 4s. 4d. per 8 lbs., against 3s. 8d. to 4s. 2d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 2d., as against 2s. 8d. to 3s. 2d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,599 tons, as compared with 10,010 tons in the corresponding week last year. Imported beef, principally Argentine, formed 82.9 per cent. of the supplies, as against 81.9 per cent. a year ago; and imported mutton, mainly New Zealand, formed 68.9 per cent. of the total supply, as against 75.1 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Quiet and rather variable conditions rule in the markets for oilseeds and their products. On reports of harvesting in Argentina being delayed by rains, linseed has a firmer tone, but prices are still mainly subject to exchange fluctuations. Demand, however, is very poor. Old crop Plate on spot or afloat is held for £9 10s., and trading in new crop January-February shipment is recorded at £9, since when 2s. 6d. advance is asked. The quantity of linseed on passage to Europe, at 130,000 tons, is approximately the same as a week ago. New crop Plate is expected to commence shipment any time now. Indian linseed is inactive. Baltic on spot at Hull offers at £10. Cottonseed is quiet, values being above buyers' ideas. Egyptian (black) on spot has been done at £6 and for shipment £6 2s. 6d. to £6 7s. 6d. is quoted. Linseed oil continues to fluctuate widely, with consumers as a rule indifferent. Raw oil on spot ex Hull mill is now worth about £15 10s., while for January-April delivery £15 5s. is the value. Cotton oil is neglected, and lower crude Egyptian ex Hull being obtainable at £18 10s. and common edible at £21 10s. Other seed oils are in quiet demand and about unchanged. Oilcakes are a poor trade for the season and prices are steady.

HIDE, LEATHER AND ALLIED TRADES.—Cattle hides were slightly easier at the auctions held in Manchester this week, several

THIS WINTER- travel safely on DUNLOP



BUY BRITISH
BUY DUNLOP

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.			LARD—			WOOL—			Market Hides, London—		
GRAIN, &c.—			Irish bladders.....			English Southdown, washed			Best heavy ox and heifer		
Wheat, No. 2, N. Man. 496 lb.....	31	6	58	0	70	0	14	0	0	0	0
Eng. Gaz. av., per cwt.....	6	7	POTATOES—			Lincoln hog, washed	8	0	0	0	0
Barley, Eng. Gaz. av.	8	5	Good English, per cwt.	9	0	10	0	0	0	0	0
Oats,	7	0	SPICES—			Queensland, and super comb.	23	0	0	0	0
Maize, La Plata, landed, 480 lb.....	17	9	Pepper, per lb.—			N.S.W. grey, super	12	0	0	0	0
Flour, Lon. stan. ex mill, s. d.	24	3	Muntok, fair White	0	9	0	0	0	0	0	0
280 lb.....	24	3	Black Lampung	0	8	0	0	0	0	0	0
Rice, No. 2 Burma, per cwt.	9	0	Cinamon—1st sort, per lb.	0	8	0	0	0	0	0	0
Sago, Pearl, per cwt.	16	6	Cloves—Zanzibar per lb.	0	8	0	0	0	0	0	0
Tapoca, per cwt.—			Ginger—per cwt.—			Crossbred 40-44	6	0	0	0	0
Fine Java, spot	24	0	African	32	0	0	0	0	0	0	0
Fair Flake, Singapore.	11	6	Jamaica, ord. to good.....	55	0	90	0	0	0	0	0
MEAT—			Mace	10	10	10	0	0	0	0	0
Beef, per 8 lbs.—			Nutmegs 65s	1	8	0	0	0	0	0	0
English long sides	4	4	SUGAR—								
Argentine chilled hinds	4	4	(Duty, 11s. 8d. per cwt.)								
Mutton, per 8 lbs.—			B.W.I., crystallised	18	6	21	3				
English wethers.....	4	4	Java, white, c. & f. India								
N.Z. frozen	2	6	November-December	9	3	0	0				
Pork, English, per 8 lbs.	5	0	REFINED—London—								
OTHER FOODS.			Yellow Crystals	19	4	0	0				
BACON—			Culves	23	9	24	3				
Irish	62	0	Crushed	22	3	22	9				
Danish	47	0	Granulated	20	1	20	10				
Dutch	44	0	Home Grown	19	6	19	9				
HAMS—Irish	0	0	TEA—								
Canadian	70	0	Indian—per lb.—								
American	92	0	Pekoe	0	6	1	2				
BUTTER—			Broken Pekoe	0	6	2	5				
Irish creamery per cwt.	0	0	Orange Pekoe	0	7	1	10				
Australian	103	0	Broken Orange Pekoe.....	0	7	3	5				
New Zealand	104	0	Ceylon—per lb.—								
Danish	134	0	Pekoe	0	6	2	2				
CHEESE—			Broken Pekoe	0	8	1	10				
Canadian	66	0	Orange Pekoe	0	10	2	5				
New Zealand	61	0	Broken Orange	0	9	2	4				
English Cheddars	82	0	TOBACCO—								
Dutch	64	0	(Duty 9/6-10/6 per lb.)								
COCOA—			Empire growths, 7/5-8/3								
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)			8/3 per lb.)								
Accra, f.f.	24	0	Virginia leaf	0	9	2	9				
Trinidad	42	0	Rhodesian leaf	0	10	1	6				
Grenada	32	0	Nyasaland leaf	0	9	1	6				
COFFEE—			East Indian leaf	0	10	1	8				
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)			strips	0	5	1	0				
Santos sup., c. & f. cwt.	64	0	COTTON—								
Colombian, good	80	0	Mid-American	5	30						
Oceña Rica, med. to good	90	0	Sakellariadis, f.f.	7	30						
East India	92	0	Yarna, 32's twist	9							
Kenya, medium	85	0	60's twist	15							
EGGS—			FLAX—								
English	15	9	Livonian ZK	40	0	42	0				
Danish	18	6	Fernau HD	39	0	0	0				
FRUIT—			Santa's Medium 1st sort	48	0	0	0				
Oranges—			HEMP								
South African ..boxes	0	0	Italian P.O.	35	0	0	0				
Lemons, Sicilian ..boxes	14	0	Manila, Nov.-Jan. "J2" ..	21	0	0	0				
Malaga ..cases 420 No. 1	0	0	N.Z.	nom.							
Apples—Amer. (var.) bria.	12	0	Shal. African, Dec. Feb.	16	10	17	10				
(var.) boxes	10	6	Mexican	nom.							
Australian	0	0	JUTE—								
Onions—			Native 1st mks.	per ton							
Valencia, case, 4s.	6	6	c.f.f. H.A.R.B.	£22/0/0							
Egyptian Bage	0	0	Dalase 2/3 c.f.f. Dundee ..	£20/15/0							
Grapes, Lisbon ..boxes	0	0	December-January								
Almeria ..bria.	5	0	SILK—								
			Antion	per lb.	9	0	12	0			
			Tussah	4	0	6	0				
			Japan	12	0	16	0				
			Italian—Raw, fr. Milan	12	0	14	6				

weights in first clear ox and heifers realising 3d. per lb. less money. Cows also were cheaper, while the market for calf skins was about unchanged. Sheepskins are not a good market at the present time and generally lower prices have to be accepted. Business in foreign hides is not large and tanners are only buying sufficient to cover present needs. In the Frigorifico market sales have been made of Argentine ox at a fraction over 5d., while light ox have changed hands at 5d. Sales have also been made of cows at about 5d., while 5d. is asked for Uruguay ox. Dry South American hides are practically unchanged in value, 6d. being asked for B.A. Americanos, 7d. for M.V. Americanos, and just under 4d. for B.A. Inservibles. Africans seem to evince most interest at the moment and some fair business has been done in these. Dry Capes have changed hands at 7d. and 8d. for firsts and seconds, while unbathed Adis Abebas have realised up to 5d., and Nigerians 6d. Dry-salted Australians are inclined to be weaker in price, with moderate business passing. Business in sole leather continues on the small side, all things considered, and the majority of buyers are now confining their purchases to just sufficient to cover the orders for footwear they have on hand. As a consequence, sales of dry hide bends, although perhaps rather larger than the previous week, are still confined to certain weights and business in English and wet-salted to mediums. Both bellies and shoulders remain a slow market, the only kind in which there is any movement being rough on in the latter. Producers and distributors of upper stock also are finding trade becoming less. Orders for box and willow calf and glacé kid account for the bulk of what trade there is passing, in addition to which sales of patent are made regularly. Rather more interest is being taken in the position of the reptile skin market, but up to the present there has not been much movement in this direction. Carriers of upper leathers experience difficulty in obtaining fresh business and orders are usually confined to small lots of particular lines.

RUBBER.—It appears that a small committee of Dutch rubber experts has been in London to discuss with the Colonial Office and British interests the possibilities of restriction of output. Nothing is known as yet about the results of the negotiations. The news of this move on the part of Dutch producers has scarcely enlivened the market this week. In New York, too, Wednesday's spot price for rubber at 4½ cents per lb. showed no change on the week.

Wednesday's official closing price for standard ribbed smoked sheet in London, at 3d. per lb., shows a rise of 0½d. as compared with the corresponding day last week. In forward positions, business has been done at 3½d. to 3½d. for January-March, against 3½d. to 3½d. and at 3½d. to 3½d. for April-June, 1932, as against 3½d. to 3½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,759 tons; delivered, 1,527 tons; stocks at the end of last week, at 129,805 tons, show an increase of 232 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Nov. 11.	Dec. 2.	Dec. 9.
	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	63½	54	52½
Maize, nearest future, Chicago, per bushel	44½	36½	35½
Oats, nearest future, Chicago, per bushel	26½	24½	23½
Rye, nearest future, Chicago, per bushel	62	42½	38½
Coffee, Rio No. 7, cash, per lb.	6½	6½	7
" Santos No. 4, cash, per lb.	8½	8½	8½
Cocoa, Accra, nearest future, per lb.	4-90	4-24	4-00
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-38	3-20	3-13
Cotton, New Orleans, middling, spot, per lb.	0-65	5-98	5-92
Rubber, smoked sheet, spot, per lb.	4½	4½	4½
Petroleum, Pennsylvania crude, standard grades, per barrel	170-185	170-185	170-185
Copper, "Electrolytic," Domestic, spot, per lb.	7-00	6-50	6-50
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	7-50	7-00	7-00
Spelter, East St. Louis, spot, per lb.	3-25	3-125	3-85
Lead, spot, per lb.	4-05	3-85	3-85
Tin, "Straits," spot, per lb.	23½	21½	20-55

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, DECEMBER 19, 1931.

No. 4,608.

GUARANTEED INCOME

You can secure this
(1) FOR YOUR WIFE AND FAMILY
By effecting a "FAMILY
PROVISION" Policy.
(2) FOR YOURSELF
By purchasing an Annuity.

Write for
(1) New "Family Provision" Scheme leaflet
or (2) New "Immediate Annuity" leaflet
to The Manager

EQUITY & LAW
LIFE ASSURANCE SOCIETY
18 Lincoln's Inn Fields, W.C.2
Established 1844 Funds £9,800,000



You cannot afford to ignore
an immediate and certain
Bonus of £30
per cent.

This is secured
at early and middle ages under the
Distinctive System
of Whole Life Assurance of
The Scottish Provident Institution

The Ideal System for present-day requirements.

A prospectus giving full particulars will be sent on application
London (City) Office - 3 Lombard Street, E.C.3
HEAD OFFICE - 6 St. Andrew Square, EDINBURGH
FUNDS £22,500,000

BANCA COMMERCIALE ITALIANA.

Limited Company Incorporated in Italy.

Established in 1894. Head Office: MILAN.
Capital 700 million Lire. Reserves 580 millions.
Deposits 8,395 millions.

Branches in every centre of commercial and industrial importance in Italy; also in London, New York, Istanbul (Constantinople), and Izmir (Smyrna)

Affiliated and Auxiliary Institutions in France (Paris and Riviera), Switzerland, Czechoslovakia, Poland, Yugoslavia, Austria, Hungary, Bulgaria, Roumania, Greece, Egypt, Morocco, U.S.A., Brazil, Argentina, Chile, Uruguay, Peru, Colombia, Ecuador, etc.

London Office:

32, Threadneedle Street, E.C.2.

A. JOEL, Manager.

Correspondents to the Italian Treasury.

TABLE OF CONTENTS.

The Money Market.....	1161	Foreign Stock Exchanges—	
Leading Articles—		New York	1187
War Debts and Realities	1163	Paris	1187
The League and Japan: Act One	1164	Amsterdam	1187
The Quota Quandary	1166	Other Centres	1187
Lancashire's Reorganisation Scheme	1167	Investment Notes—	
The Malayan Rubber Position	1168	Japanese Bonds	1190
The Cunarder	1169	Cunard and White Star	1190
Notes of the Week—		Royal Mail Report	1190
Storm Clouds over India	1170	United Africa Reconstruction	1191
Dr. Brüning's Position	1170	Dorman Long Meeting	1191
Progress at Basle	1170	South Durham and Cargo Fleet	1191
Government Changes at Nanking	1170	American Railroads and Wage Cuts	1192
—and at Tokyo	1171	Rubber Restriction?	1192
The Burma Conference	1171	Silver and the Investor	1193
The Disarmament Service at St. Paul's	1171	Tin Dredging Results	1193
Cotton Trade Hours	1171	Rhokana Corporation	1193
Wages in the Mercantile Marine	1172	Company Meetings of the Week	1194
International Production Japan Suspends Gold Payments	1172	Capital Issues	1194
Germany's Export Surplus	1172	Dividend Announcements	1194
Iron and Steel Production in November	1173	Company Meetings, &c....	1195
American Motor Car Production	1173	Government Returns, &c.—	
The Canadian Census	1173	National Accounts	1204
The Burden of Taxation National Bank of Scotland	1174	Treasury Bills by Public Tender	1204
British Overseas Bank	1174	The Bankers' Gazette—	
Ionian Bank	1174	Bank of England	1205
Overseas Correspondence—		Bankers' Clearing Returns	1205
United States	1175	Provincial Clearing Returns	1205
France	1176	Overseas Bank Returns	1205
Germany	1176	Monthly Statement of London Clearing Banks	1206
Austria	1178	Loan and Discount Rates	1207
Hungary	1179	Rates of Exchange	1207
Holland	1179	Overseas Bank Rates	1207
Greece	1180	Bullion	1208
Turkey	1181	Gold and Silver Prices	1209
Hongkong	1182	Company News—	
Letters to the Editor—		Summary of Balance Sheets	1209
Currency Depreciation and Exports	1182	Reports and Notices	1209
Books and Publications—		Profit and Loss Accounts	1210
Germany's Statistical Abstract	1183	Weekly Traffic Returns	1211
Books Received	1183	Commercial Reports—	
The Stock Exchange—		Market Summary	1211
Brewery Shares and Taxation	1184	The Coal Trade	1211
The Week in the Markets	1186	Iron and Steel	1212
London Active Security Prices	1188	Other Metals	1212
New Issue Prices	1190	Textiles	1212
		The Grain Markets	1213
		Other Foods	1214
		Miscellaneous Commodities	1215
		Overseas Trade Returns	1215
		Commodity Prices in the United States	1216
		Prices Current	1216

THE MONEY MARKET.

MONEY has remained very easy again this week. Over the week-end new money was quoted down to 2 per cent., and by the close of business on Saturday was practically unobtainable. Renewals were arranged at 4 per cent. On Monday, when no calling was in evidence, money was again very easy at 4-3½ per cent., but the following day supplies became less plentiful at 4-4½ per cent., owing to

calling by one of the clearing banks and to payments for Treasury bills. On Wednesday no calling took place, and so money was once more in abundance, but on Thursday the clearing bank of the day decided to call, and the rate for new money rose to $4\frac{1}{2}$ per cent. Renewals have been arranged at 4 per cent. all the week. These rates are all extremely low in comparison with discount rates, and so yield bill-brokers an unusually wide margin.

While it is natural for money to be easy immediately after the War Loan dividend payment, it is not usual for extreme ease to persist for so long. No special effort is being made at present to deplete supplies, for no special selling of bills is reported, and this week, as last week, the Treasury bill issue is reduced from £45 to £40 millions. This, however, is not in itself sufficient to explain the ease, especially as this week's Bank return shows that the pre-Christmas expansion in the note circulation has been resumed. One explanation heard in the market is that funds are being accumulated and held in readiness for the big income tax payments due at the end of the month, and that for the moment these are available in the market. In particular, it is suggested that whereas, as a rule, a large portion of the War Loan dividend is reinvested by its recipients immediately after its distribution, on this occasion the money is being kept in reserve for income tax purposes. In any case, it seems likely that the coming tax payments will, owing to their magnitude, create greater seasonal stringency than usual.

	Nov. 26, 1931.	Dec. 3, 1931.	Dec. 10, 1931.	Dec. 17, 1931.	Previous Rate and Date Changed.
Bank Rate	6%	6%	6%	6%	$4\frac{1}{2}$ (Sept. 21, '31)
Banks' Deposit Rate...	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
Discount / Call	4	4	4	4	$2\frac{1}{2}$ (Sept. 21, '31)
Houses / Notice ...	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$4\frac{1}{2}$	$2\frac{1}{2}$ (Sept. 21, '31)
Market rate (3 months' bills)	$5\frac{1}{2}$ -6	$5\frac{1}{2}$ - $\frac{3}{4}$	$5\frac{1}{2}$ -6	$5\frac{1}{2}$ -6	...

In the meantime, conditions in the discount market remain absolutely unchanged. Last week's Treasury bills went at an average rate of £5 12s. 2.91d., against £5 12s. 0.76d. per cent. the week before, and "hot" Treasury bills were this week dealt in at $5\frac{1}{2}$ per cent., which, incidentally, is the current rate for all maturities of Treasury bills. Three months' bank bills continue to be dealt in at rates of $5\frac{1}{2}$ per cent. upwards. Bank rate being charged for German renewals. A line of £4,000,000 six months' New Zealand bills was placed this week at a shade under $6\frac{1}{8}$ per cent. A fair demand has since sprung up for them, and as they are tightly held, those available have commanded rates in the market down to $6\frac{1}{8}$ per cent.

This week the note circulation has risen, seasonally, by £4.7 millions. It is believed that Christmas trade, which earlier in the month was developing unusually slowly, has lately shown signs of more normal activity. In so far as the Banking Department is concerned, the only significant change is the drop of £4.8 millions in the Reserve due to the expansion of £4.7 millions in the note circulation. This brings the Proportion down to 26.6 per cent. Public Deposits are £1.4 millions higher, and Bankers' Deposits £1.8 millions lower, but the last still stand at the high level of £73.3 millions. Taking both departments together, Government Securities are £2.3 millions higher, and Other Securities £1.4 millions higher. Next week's Bank return will be made up on the evening of December 23rd. This will reflect the full Christmas expansion in the note circulation, but will be a day too early to include the first of the market borrowings in preparation for the end of the year. The following return will include most of the preparations, but by then the notes will be coming back from circulation.

Thus it looks as if, at any rate, next week the Proportion will not fall below 20 per cent., and in these circumstances there was not the smallest need to increase the fiduciary limit. Thus the Bank and the Treasury were fully justifi-

fied in continuing the present limit of £275 millions over Christmas and the New Year, the more so as their decision has had a distinctly reassuring effect abroad. In fact, the recent sharp recovery in sterling is in part attributable to the co-incidence of this decision with the recent speech by Mr Chamberlain in the House of Commons, in which he insisted that the Budget would be balanced in fact as well as in theory.

There are, of course, other explanations of the recovery in sterling. A Boston bank failure has given rise to some further anxiety as to the American position, and notice has been taken of the fact that both the French and American Budgets are unbalanced. Foreign banks are again seeking to strengthen their position by withdrawals of funds from New York, and gold shipments and earmarkings have been renewed. Apart from this, the recent low level of sterling appears to have been due to special and non-recurrent causes which are now rapidly ceasing to apply. Though the outlook is conditioned by incalculable political factors, the market is inclined to think that further early recovery is by no means improbable.

The general tone on Wall Street has been extremely dismal, and the failure this week of a medium-sized Boston bank has not improved confidence. Thus there has been a general disposition for foreign holders of dollars to realise, and this is one explanation of the week's recovery in sterling. For the same reason the United States are beginning to lose gold again. During the past week France has shipped nearly \$3,000,000, Holland has taken just over \$1,000,000 in small shipments, and gold has also gone to Belgium and Switzerland. In addition, earmarkings on foreign account have increased by approximately \$4,000,000. Money rates are so far unchanged. Call money is available at $2\frac{1}{2}$ per cent., and $3\frac{1}{2}$ per cent. is quoted in the market for 90-day bankers' acceptances.

The foreign exchange market was inactive, with narrow fluctuations. Sterling appreciated steadily against nearly all the principal currencies, but by Thursday had fallen to rather below the best. New York went from 8.80 to 3.45, after touching 3.47 $\frac{1}{2}$. Montreal was very variable and uncertain at round about 4.20. Paris weakened to 87 $\frac{1}{2}$ from 84 $\frac{1}{2}$, after touching 88 $\frac{1}{2}$. Brussels was steadier at 24 $\frac{1}{2}$, against 23 $\frac{1}{2}$ last week. Milan and Madrid rose to 67 $\frac{1}{2}$ and 40 $\frac{1}{2}$, against 64 and 40 $\frac{1}{2}$. Amsterdam, though hesitant, with doubts prevailing as to the maintenance of the gold standard, was hardly changed on balance at 8 $\frac{1}{2}$. Berlin lost $\frac{1}{4}$ at 14 $\frac{1}{2}$, and Switzerland weakened from 17.00 to 17.70. The Scandinavian exchanges were better on the whole, Stockholm moving against us from 18.15 to 18.00, Copenhagen being unchanged at 18.15, while Oslo weakened from 18.25 to 18.40. Helsingfors was quoted at 235, Bucharest at 580 and Constantinople at 710. The South American exchanges are still largely nominal, with the prevailing restrictions, Rio being weaker by $\frac{1}{8}$ d. at 45 $\frac{1}{2}$ d., Buenos Aires by $\frac{1}{4}$ d. at 40 $\frac{1}{2}$ d., and Montevideo by $\frac{1}{4}$ d. at 31 $\frac{1}{2}$ d. In the Far East the rupee was very firm, and gained $\frac{1}{2}$ d. at 1s. 6 $\frac{3}{4}$ d.; the yen, which fell from 8s. 0d. to 2s. 8d. on the abandonment of the gold standard, has since improved to 2s. 6d. Batavia was quoted at 8.60. In the forward market, New York weakened to round about par for both periods. Paris one month fell from $\frac{1}{4}$ to $\frac{1}{8}$ franc premium, but was unchanged for three months at a premium of $\frac{1}{4}$ franc. Brussels was little changed at $\frac{1}{8}$ belga and $\frac{1}{8}$ belga premium for one and three months respectively. Milan remained at last week's levels. The discount on forward Madrid narrowed to $\frac{1}{2}$ peseta for both periods, as against $\frac{3}{4}$ and $\frac{1}{2}$ peseta last week. Amsterdam went from 1 and 3 cents premium to 5 and 11 cents discount. Berlin is still not quotable. Switzerland was again at par and $\frac{1}{4}$ franc premium. The silver market was firmer in spite of the improvement in sterling, cash rising by $\frac{1}{4}$ d. to 10 $\frac{1}{2}$ d. and forward by the same margin to 20 $\frac{1}{2}$ d. The market was very narrow, and so was easily affected. The China silver exchanges were steady and firm, Hong Kong being unmoved at 1s. 5 $\frac{1}{2}$ d. whilst Shanghai improved by $\frac{1}{4}$ d. to 1s. 11 $\frac{1}{2}$ d.

WAR DEBTS—AND REALITIES.

REPLYING, over eleven years ago, to the British proposal that the United States should cancel the war debt owed by this country to the American Treasury, amounting then to some £850 millions, on condition that Great Britain cancelled the debts (about £1,100 millions, apart from advances of over £500 millions to Russia) due from her late Allies, President Wilson offered little hope of this suggestion being accepted by any United States Government. It was highly improbable, he wrote, that Congress or popular opinion in America would ever permit a cancellation of any part of the British or any Allied Government's debt to the United States as an inducement either to a remission of war debts by Great Britain or to a practical settlement of reparations. A settlement of Germany's reparations obligations within the limits of her capacity to pay would be desirable? Eminently; but the United States Government could not assent to the principle that reparations and governmental indebtedness arising out of the war were mutually inter-connected.

Since 1920 much water—increasingly muddy in texture—has flowed under the world's economic bridges. Into the detailed history of the various debt settlements concluded between 1923 and 1928 we do not propose to enter. We have recalled the attitude adopted by President Wilson a year after the signature of the Treaty of Versailles, because his words were re-echoed in form, albeit with important qualifications, by President Hoover in his message to the Congress Foreign Relations Committee on Thursday of last week. "I do not approve," he said, "even in any remote sense, of the cancellation of debts to the United States. World confidence would not be enhanced by any such action. Reparations are a wholly European problem with which we have no relations."

Had Mr Hoover ended there, the Presidential message would have been of singularly cold comfort to the world outside the United States. He went on, however, to re-state the thesis on which he has relied as justification for the Moratorium Year. The American people, he suggested, should "be wise creditors in their own interest and be good neighbours." The basis of settlement of the debts due to the United States had been the capacity of the debtor to pay; that capacity had been affected by the "abnormal situation now existing in the world"; a number of Governments would be unable to meet further payments to the United States pending the recovery of economic life; and it would therefore be "necessary in some cases to make still further temporary adjustments," i.e., beyond the scope of the present Hoover Year. The President concluded with the recommendation that Congress should re-create the World War Foreign Debt Commission (originally appointed in August, 1922, to negotiate the debt settlements) with "authority to examine the problems that may arise" and report to Congress.

Thus President Hoover, like M. Laval, stands *coram senatu populo-que* on the letter of the legal bond; and, in his insistence on "the abnormal situation" and "temporary adjustments," he appears to share with the French Premier a propensity still to think in terms of giving countries who are garrotted by external indebtedness, first, a whiff of oxygen, and then—another turn of the screw. Nevertheless, his implication that, under the circumstances of to-day, inter-governmental debts represent a problem which demands fresh examination is a significant lead from a President who is only too well aware that "No cancellation" might be made an inconvenient party cry in the forthcoming Presidential election, and that opposition even to revision—illustrated by the present delay in ratifying the twelve months' moratorium—is a potent factor at Washington, whatever views may be held in Wall Street. Such opposition, already strident in the Senate—and that body controls, in a way frequently overlooked in Europe, the foreign policy of the Executive—arises, we believe, not from any lack of goodwill towards America's European debtors, but from a lack of the sense of realities, for whose exercise Mr Mellon, the Secretary to the U.S. Treasury,

pleaded cogently last Friday, when he reminded Congress that the depreciation of sterling—to take one example of freshly-created difficulties—had increased the annual liability of Great Britain on her debt to the United States by 47 per cent., whereas debts due to us from late Allies are payable in sterling.

It is in no way our desire to underline Mr Mellon's emphasis on the burdens of the British taxpayer in particular; nor do we advocate Europe's basing the case for revision of inter-Allied debts on appeals *ad misericordiam* to the United States. After all, though America is a relatively lightly-taxed country, the U.S. Treasury is faced with a deficit running into millions, and the American taxpayer, in the depths of acute industrial depression, may retort that, if it be a question of pity, the shoe pinches West, and not only East, of the Atlantic. If inter-governmental debts are wiped out, it will be, we suggest, not on grounds of compassion or equity, nor even because the debtors promise good behaviour in the matter of armaments (what is the value of a promise extorted from a nation under financial duress?), but because their fulfilment is pronounced to be economically impracticable and their maintenance psychologically vicious.

Let us summarise the essentials of the situation which confronts the world at the end of the Hoover Year next July. To begin with, we must recall the results of the debt settlements themselves. Briefly, Great Britain funded on various dates in 1925-27 war debts from her allies (excluding Russia) amounting, with interest accrued, to about £1,300 millions. The funding agreements provided for payment, ending in 1988, of annuities totalling some £1,190 millions. Calculated on the basis of $4\frac{1}{2}$ per cent. interest (this was the rate at which, for the most part, Liberty Bonds were raised in the United States), the present value of the annuities amounted to rather less than £880 millions, so that the settlements represented in effect a remission of approximately 70 per cent. of the debts incurred. The funding agreements made by the United States with her Allied debtors covered total indebtedness (including some £350 millions of interest accrued) amounting to approximately £2,370 millions—the references throughout are to "gold" pounds—and provided for the payment of annuities, terminating in 1987, of an aggregate amount of about £4,550 millions, with a present value, on a $4\frac{1}{2}$ per cent. basis, of about £1,410 millions. Thus, the effective remission of debt represented by the American settlements amounted on the average to a fraction over 40 per cent.; and, in the case of Great Britain, who undertook to meet annuities totalling over £2,280 millions in respect to a funded debt of £945 millions (including £108 millions of interest) the remission was less than 18 per cent.

It is arguable that Great Britain has treated her debtors on governmental account with a magnanimity not paralleled in the American settlements, but this is not an aspect of the issue on which we desire to lay particular stress. The Governments of each country pursued a policy which at the time seemed to them to be just and advantageous; and what was done was done. In any case, the British policy, crystallised in 1922 by the Balfour Note, was to recover in respect of War Loans to the Allies such a sum as would suffice, together with reparations receipts, to cover the annual payments due to the United States. Accordingly there was included in the British funding agreements a proviso that any excess of receipts by Great Britain would be credited proportionately to the Allied debtors, who on their part agreed to make good proportionately any accruing deficit up to the limits of the credit placed under this arrangement to their name. As matters stand under the terms of the Young Plan and the debt-funding agreements, in the year 1932-33 Great Britain is due to pay to the United States £87 millions (gold), whereas her share of the Young Plan annuities would amount to £18 $\frac{1}{2}$ millions (gold) and her receipts from war debts would be £18 $\frac{1}{2}$ millions (st—).

It is obvious that the cancellation or the drastic downward revision of reparation payments would intimately affect the position of the taxpayers of the Allied countries in relation to their Governments' obligations to the United States. However true it may be, as President Hoover argues, that America has no direct interest in German reparations, it would be idle to disguise the possibility of popular opinion in, say, France or, for the matter of that, Great Britain, being unwilling, in the absence of reparations receipts from Germany, to continue for the next two generations the repayment of principal and interest on account of debts incurred for the purpose of a common war madness for which already no living person under the age of thirty-five can be held to have been remotely responsible. This, however, is a political issue. Economically, the problem is one not so much of the collection of taxes for the annuities payable as of the effects of their transfer from Europe to the United States. On commercial account America is in any case a heavy creditor of Europe as a result of her (now abruptly suspended) post-war foreign lending activity. The payment of interest and amortisation on these commercial loans is in itself calculated to place a considerable strain on the exchanges, and if the United States Senators, who stand four-square for a policy of debt fulfilment, insist on the remittance of European governmental annuities rising from nearly £60 millions (gold) in 1932-33 to £70 millions (gold) in 1940 and nearly £90 millions (gold) in 1980, they may fairly be required to indicate in what form the transfers are to be made. This problem (rendered immeasurably greater by the fall of prices) arises irrespective of the question whether Germany continues or not to make any reparation payments to the Allied Governments.

We would remind the anti-revisionists at Washington that whereas the goods supplied on credit (which the American Treasury provided in turn by borrowing from its nationals) to the Allied Governments were consumed in the rapid crucible of war, the return flow of repayment goods and services—and, with two qualifications, there are no other means by which these obligations can be settled—must be absorbed directly or indirectly by the American market itself. The two qualifications are, firstly, that for purposes of the settlement of international obligations gold is, theoretically, an alternative means of payment. Practically, if the American tariff wall precludes payment in full by direct shipment of a sufficient net surplus of goods, there is no option for the European debtors—who must in any case forfeit power to purchase American exports—but to endeavour to complete the fulfilment of their liabilities by shipments of gold. This process has already been witnessed; and its results have contributed to the maldistribution of gold, the dislocation of credit, the deflation of prices, the catastrophic depression of world trade and the breakdown of the gold standard—a tragic sequence from whose efforts America, in common with other countries, is now suffering grievous distress. The other possibility is that the disturbance might be neutralised temporarily by the resumption of large scale American lending to Europe. In other words, instead of European goods and services being transferred to the United States, American claims on them would be left *in situ* in the form of a growing American ownership of European real assets and instruments of production. But, apart from the political implications of this process, its result would merely be to postpone the evil day and ultimately to produce for the whole of the countries indebted to the United States the same *impasse* as has been created by the application of an analogous process to the particular case of Germany in the years 1924-30. Moreover, so long as the fulfilment of obligations depended on continuous borrowing to meet annuities, there would be a fatal sense of insecurity and fear lest a crisis should recur every time the "lending creditor's" flow of loans was checked, as at present, by domestic disabilities.

In short, we do not believe that the existing programme of inter-Allied debt repayment can be carried out without grave detriment to the economy either of the debtors or of the United States, whose citizens would find it much easier to shoulder the burden of that portion of the United States Treasury's internal indebtedness represented by

war credits than to endure the repercussions on the world's normal industry and commerce occasioned by the enforced accumulation of dollar balances by the debtor countries. The proceedings at Washington this week show that a section at least of American political opinion is still some way from recognition of these unpalatable truths, but American business opinion is probably much nearer accepting the inevitability of dealing drastically with inter-governmental debts than President Hoover's cautious official standpoint would suggest.

THE LEAGUE AND JAPAN: ACT ONE.

THE first act in the Manchurian drama came to an end last week. On Wednesday, December 9th, the text of the Council's new draft resolution, with the covering Presidential declaration, was formally read out in a public meeting. Next day the resolution was unanimously adopted—the Japanese, as well as the Chinese, representative voting this time in the same sense as the rest of the Council—and thereafter, when both Mr Yoshizawa and Dr. Sze had made an interpretative declaration, the special session of the Council, which opened on November 16th, was brought to a close. In the present interval between the end of the first act and the opening of the second, it may be convenient to take stock of the situation and to "look before and after"—a useful exercise, whether we be inclined or disinclined to "pine for what is not."

The Council's new resolution begins by reaffirming the previous unanimous resolution of September 30th. (The intervening draft resolution of October 22nd, in which the Japanese were called upon to withdraw their troops within their own zone by November 16th, never, of course, became operative, because of the single adverse Japanese vote.) The Council now "calls upon the Chinese and Japanese Governments to take all steps necessary to assure the execution of the original resolution, so that the withdrawal of the Japanese troops within the railway zone may be effected as speedily as possible." The Council further "decides to appoint a Commission of five members to study on the spot and to report to the Council on any circumstance which, affecting international relations, threatens to disturb the peace between China and Japan or the good understanding between them on which peace depends." The Chinese and Japanese Governments undertake to afford the Commission all facilities to obtain on the spot whatever information it may require, and they are each to have the right of nominating one assessor. The Commission's activities are subjected to two express limitations. It is not to take a hand in any Sino-Japanese negotiations that may be started, and it has no competence for interfering with "the military arrangements" of either party. On the other hand, the appointment and deliberations of the Commission are not to prejudice in any way the undertaking given by the Japanese Government in the resolution of September 30th as regards the withdrawal of the Japanese troops within the railway zone. Moreover, it is laid down—not, indeed, in the resolution itself, but in the covering declaration—that "if the undertakings given by the two parties according to the resolution of September 30th have not been carried out by the time of the arrival of the Commission, the Commission should report to the Council on the situation as speedily as possible."

As for the Japanese and Chinese reservations, Japan claims a right—notwithstanding the terms of the resolution, though, "admittedly," as "an exceptional measure"—to take military measures against bandits where the lives or property of Japanese subjects are directly involved. China, on her side, enters the caveat that the whole of the Council's resolution will be invalidated by failure to carry out any one of certain principles embodied in it, and the further caveat that her right to reparations and damages remains intact.

This is the situation at the moment. The next act will open with the appointment of the League Commissioners and the arrival of the Commission upon the scene of the conflict. Meanwhile, let us try to cast up a rough interim balance of gain and loss on the proceedings up to date.

The New York Trust Company

Capital, Surplus and Undivided Profits \$48,000,000

COMPLETE INTERNATIONAL
BANKING FACILITIES

100 BROADWAY, NEW YORK CITY

CABLE ADDRESS: NYTRUSTCO

EUROPEAN REPRESENTATIVE'S OFFICE:

8 KING WILLIAM STREET, LONDON, E.C.4

The fundamental issue is raised by the statement, in Monsieur Briand's declaration, that "the exceptional treatment of an exceptional question" leaves the Covenant and the Kellogg Pact intact. In what sense is this Manchurian affair "exceptional"? In the sense that Manchuria is a remote and obscure country at the end of the earth? But that is only how Manchuria appears from the European angle of vision; and in this case the European perspective distorts the reality. In reality, as was pointed out in the *Economist* several weeks ago, Manchuria lies as close to the political and the economic heart of the contemporary world as, let us say, Upper Silesia. Or is the Manchurian dispute exceptional because one of the two Powers that are parties to it is in a state of internal turmoil and is at present unable to keep its own house in order, either in Manchuria or elsewhere? In this contention there is evidently some substance; yet before we acquiesce in "exceptional treatment" on that ground, let us pause a moment for reflection. Are we really prepared to concede that the safeguards of the Covenant and the Kellogg Pact shall be suspended to the disadvantage of countries that are passing through internal troubles? Surely there is better ground for contending that it is in these very circumstances that a country is most in need of some kind of organised international protection against aggression at the hands of predatory neighbours. Indeed, it was just for this purpose that the Nine Power Treaty regarding China—an instrument which bears Japan's signature—was negotiated at the Washington Conference. Before we cast our stone at China, let us all be quite sure that we are not living in glass houses. In the present strange state of the world, what country, however orderly and stable it may have been for however many centuries, can be perfectly sure of retaining its internal order and stability in the immediate future? To vary our metaphor, we had better think twice about throwing China to the wolves, in case it may be Europe's turn next. On this showing, it would be improvident as well as immoral to make the present internal disorder of China a ground for regarding the Manchurian affair as an "exceptional question" for which some kind of "exceptional treatment" is to be condoned.

In our judgment, the Manchurian question is not "exceptional" but "crucial"; for it raises the fundamental issue on which the destinies of the League, and the peoples and Governments of the world, co-operating through the instrumentality of the League, are capable of making world law prevail over the lawless will of a "Great Power." This issue came within an ace of being raised eight years ago over the Corfu incident. It loomed up again when the Permanent Mandates Commission had to take France to task, some six years ago, over the administration of her mandate for Syria. On each of these previous occasions the perilous issue was just avoided by compromise, tact and diplomacy. Yet it is an issue which sooner or later is bound to be faced; and the position of the League will remain precarious until it has been faced and

settled by the Great Power, and not the League, having to give way. The crucial importance of this Manchurian affair lies in the fact that, this time, the fat is in the fire. This time, there has been an open conflict of wills between the League Council and Japan over the question whether an international dispute is to be settled by a process which is both international and pacific or by the private military force of one of the parties. The issue is fairly joined, and we have to admit that, in the first round, the lawless Great Power has gained the advantage; but at the same time we must point out that the struggle is not yet finished nor its outcome decided.

What has happened so far? The Japanese have sought to cut the knot of Sino-Japanese complications in Manchuria with the sword. They have overrun, by military operations, vast territories which even the treaties imposed by Japan on China have left under Chinese rule. The Japanese have done this in violation of the Covenant and the Pact and the Nine Power Treaty. They have resorted to acts of war as an instrument of national policy, and the League has failed to restrain them. On the other hand, the Japanese have been compelled by the League to pledge themselves, vis-à-vis the comity of nations, to evacuate, some time or other, the Chinese territories which they have overrun; and they have been compelled to agree to the despatch of a League commission of investigation.

How is the next act likely to develop? We shall hardly be in danger of doing an injustice to Japan if we anticipate that she will try to capitalise the present situation, if she can, to her own permanent advantage. Her policy, we imagine, will be to utilise her military occupation in order to set up, in each of the occupied Chinese provinces, a puppet Government with a Chinese façade and a Japanese interior—local Governments which will depend on Japanese support for arms and funds, and which will therefore have to do whatever the Japanese tell them. When, but only when, these mannikins have been set up in the shop window, the Japanese will withdraw; and they will protest to the world that the *status quo* in Manchuria has been restored and that Japan has fulfilled her bond. That is the natural game for Japan to play; and the first task of the League Commission is surely to see that she does not play it without being shown up. The Commission's second and ultimately more important task is to report on ways and means of enabling the lion and the lamb to lie down together.

In Manchuria, after all, the economic interests of the Chinese and the Japanese are not incompatible but actually complementary. Assuredly there is some basis for a political settlement here; and it is in the measure that the League's emissaries succeed in bringing about a just and acceptable concordat that the League's moral losses in this autumn's Far Eastern crisis will be retrieved. Convinced as we are that the maintenance of civilisation depends on the League's authority, and idle though it be to pretend that that authority has not suffered a serious setback, we are not disposed to agree that the last

ord of the League on Manchuria has yet been said, still as that the League's future influence and efficacy are permanently destroyed. After all, the machinery of the League is still in an experimental stage, which demands flexible use. If it has failed to make Japan bow to its will, has at least focussed on Japanese Manchurian policy the restraining light of world publicity. Swords are sheathed not simply "in silence and injustice," but on the understanding that an international inquiry is to be made, under whose pressure a just peace is to be ensued. The moral, at the moment, is not that tears should be shed over the League's untimely grave, but that every force of sanity and goodwill should be mobilised to reinvigorate its influence.

THE QUOTA QUANDARY.

UNSHAKEN by the opposition of the milling industry, the Government is clearly persevering in its determination to introduce the policy of the quota system for wheat. This policy has two aspects—assistance for the British wheat grower, and assistance for the Dominion wheat grower, the latter to be used as a bargaining weapon in negotiating with the Dominions for preferential treatment of British manufactures. A full statement of policy regarding the British wheat quota will presumably not be made until Parliament reassembles in February; while the Dominion quota scheme will wait to be hammered out at the Imperial Economic Conference at Ottawa in the summer of 1932. But Ministerial statements and inspired Press paragraphs provide a broad outline of the scheme which is likely to be adopted.

It all sounds so facile. British wheat farmers are in trouble. How easy to help them by decreeing that every loaf of bread baked in this country should contain a certain percentage of home-grown wheat, thereby giving the home farmer a certain market. But, like so many things that look easy on the surface, this wheat quota problem bristles with complexities and difficulties. The first is that an assured market is no use to the farmer unless he is also assured a remunerative price. World wheat prices are now depressed, and the farmer can obtain only about 26s. per quarter for his wheat. He is demanding 50s. per quarter, and it is believed that the Government will give it him, in addition to the promise that he shall provide 15 per cent. of all the wheat milled in this country. Either the taxpayer or the consumer has to pay the difference between 26s. and 50s. per quarter. The Government have decided that no public subsidy is to be given; therefore the consumer will pay the difference in the shape of a dearer loaf and there will be a rise in the cost of living which will not be negligible to the biggest bread consumers, who happen to be the poorest section of the community. The quota will in effect impose a tax whose amount will be in inverse proportion to the capacity to pay. That is both morally wrong and economically undesirable.

As to the machinery for enforcing the quota system, it cannot fail to be cumbersome in the extreme. A Monopoly Board, to be run in the interests of the wheat producers, and later actually by producers, has been stressed by the Ministry as a fundamental feature of the scheme. Wheat producers who refuse to tie themselves by contract to the monopoly will necessarily be denied any benefit, and this provision may conflict with the traditional individualism of our farmers. Moreover, the very words "producers' monopoly" applied to a vital necessity are scarcely calculated to commend themselves to consumers, and the precedents for a board, set up by Government, buying and selling wheat are not encouraging—Russia, the U.S. Federal Farm Board, and our own war-time experience being the leading examples.

Administratively the scheme will require an army of officials in order to prevent fraud or evasion. All millers' books and records are to be open to frequent inspection by officials of the Ministry or of the monopoly—a provision which while doubtless necessary, the millers describe as

intolerable bureaucratic interference. Beyond question, the aggravation of bureaucracy in so many countries which are experimenting with wheat quotas has already had a serious effect on the world wheat market. Mill inspection will, however, be a relatively small fraction of the total administrative apparatus involved. A grading and inspection service is to be set up to decide what constitutes "millable wheat," and to assess discounts for varying qualities. Grading wheat is a much more intricate task than marking a side of beef, for instance; and the grading will need to refer not to a small high-grade fraction—as is the case with most of the national marks—but to the bulk of an extraordinarily heterogeneous crop. In borderline cases the decision of the grading official will mean a difference of about 100 per cent. in the price paid to the farmer, since the quota price anticipated is about double the present world price at which non-millable wheat will tend to sell.

There is another factor. The country buyers will be licensed agents of the monopoly and will be authorised to issue quota certificates only on original sales by farmers. It is contemplated, however, that millers will return considerable quantities of wheat to farms for poultry feed, preferring to cut their loss rather than to mill the wheat and disturb their established flour brands—the Ministry definitely advocates this course of action. But if a country buyer could be induced—either by fraud or connivance—to issue a second certificate for such wheat, or for any English wheat sale other than an original sale from first hands, or for any imported wheat, the defrauder would make a profit of some 24s. a quarter at current price levels. To realise the magnitude of this inducement to evasion, it need only be said that normally grain merchants work on a margin of 1½d. a quarter. It should be realised also that numerous wheats grown on the Continent are indistinguishable from certain types of English wheat. Considerable bootlegging of this kind is reported to have occurred in the Continental quota-using countries.

If the machinery can be made to work, the wheat grower will benefit at the cost of the community. But whether the agricultural industry as a whole will benefit is extremely doubtful. Wheat growing represents only a small fraction of the total value of our agricultural output—some 3 per cent. Our farmers are purchasers of wheat in the form of wheat feeds (mill offals), feed wheat, flour, baked goods and seed to a much larger extent than they are sellers of millable wheat. Exact statistics are not available either as to their sales or their purchases, but the latter may well exceed the former five-fold or more. Will our farmers as a whole benefit from the adoption of price-raising restrictions on an article whereof they buy overwhelmingly more than they sell?

Without enumerating any more of the host of difficulties surrounding the home quota scheme, let us turn to the position as it will be when complicated by the superimposition of a Dominion quota. The Canadian Prime Minister, Mr. Bennett, who was in London recently, has announced that the Dominion quota is to be 70 per cent. If so, then we shall only be allowed to purchase 15 per cent. of our wheat from foreign countries. How great a diversion of trade this implies will be seen from the figures of our wheat imports in recent years.

	(Million cwt.)				
	1926.	1927.	1928.	1929.	1930.
Total imports	96.3	110.4	103.6	111.8	104.8
From the Empire	47.6	52.1	52.8	40.3	42.4
From foreign countries ...	48.7	58.3	50.8	71.5	62.4

In only one of the last five years have the Dominions supplied as much as 50 per cent. of our imports, and in the last two years together less than 40 per cent. Under our present free system we are able to draw our supplies at the lowest world prices, and our takings from the chief producing countries vary largely in accordance with harvest features in two hemispheres. This important advantage is now to be sacrificed. How the figures for

the chief suppliers vary year by year is shown in the following table:—

From	IMPORTS OF WHEAT. (Million cwt.)				
	1926.	1927.	1928.	1929.	1930.
British India	2.7	5.0	1.5	0.1	3.3
Australia	9.2	14.8	10.2	12.8	12.7
Canada	35.7	32.2	41.2	27.2	26.2
United States	31.2	35.6	23.7	22.3	21.0
Argentina	11.9	19.5	24.4	45.4	15.2

No longer, if the Government's intention is carried out, are we to be able to take advantage of a bumper crop in Argentina or U.S.A., if the weather is unpropitious in Australia or Canada. The fixation of an Empire quota at the beginning of a season, when no man can forecast the nature of the crop, is likely to produce in some years a chaotic position. We would say to Sir John Gilmour, "Can'st thou bind the sweet influences of the Pleiades or loose the bands of Orion?"

It is self-evident from the figures given above that diversion of the grain trade on the scale threatened would seriously affect our general trade with America and Argentina, where the drastic curtailment of exports of wheat to Britain could not fail to produce a lessened demand for British goods. Can we believe that Canada and Australia, with a total population between them no greater than that of New York and Pennsylvania, could quickly make up to us for our inevitable export losses in North and South America? Moreover, the quota system is bound to produce grave dislocation in our grain markets. Because they have so far been free from political interference, our wheat markets have established themselves as focal centres of world trade in this most important of all commodities. The volume of wheat moving in international trade, whose price is registered by reference to the Liverpool wheat futures market, is far larger than our own imports. This business of international price registration and world price-level insurance is far more important than is commonly realised, and brings incidental support to almost every item of our invisible exports. Chicago and Rotterdam are anxious enough to secure the business in place of Liverpool. If our markets are to be parcelled out into one section for English wheat, another section for Dominion wheat, and a further section for foreign wheats, it is difficult to see how we are to retain our focal position.

We have not the space here to discuss the problem of how to obviate the danger of Dominion "pools" exploiting the British consumer, or the many other difficulties that beset the operation of the Empire quota, nor to discuss the vexed question of foreign flour. But we have said enough, perhaps, to indicate the vast range of the disturbance and interference which is entailed by the Government's decision to single out for the receipt of State aid a comparatively unimportant branch of our agricultural industry, and in which, generally speaking, the British farmer is unable (by no means entirely through his own fault) to compete successfully with growers in other climes. Before it is too late will not the Government carefully consider whether the game is worth the candle?

LANCASHIRE'S REORGANISATION SCHEME.

At last there appears to be a real hope that the Lancashire cotton industry is to make a co-operative effort to achieve constructive reorganisation. The Joint Committee of Cotton Trade Organisations has issued drastic proposals with a view to eliminating redundant plant. The gist of the Committee's plan is that money should be raised by a levy upon existing looms and spindles and should be used to immobilise surplus machinery, thereby freeing the industry from the economic waste of inter-necine competition between mills and sheds few of which for years past have been working to anything like full capacity.

The Committee's inquiries revealed that at the end of June "mills containing over 11½ million spindles and 150,000 looms were closed, and that the remainder were working far below their normal capacity." What hope

All Baltic and Scandinavian Currencies bought and sold by

SKANDINAVISKA KREDITAKTIEBOLAGET

Phone Stockholm 0101

is there of a trade recovery adequate to occupy all these productive resources? The Committee see no hope, for they point out that even an increase of 20 to 25 per cent. over the volume of production of 1930 would still leave one-fifth of the industry's capacity unfilled. Since, therefore, they believe that trade will not expand enough to employ the machinery, they have decided that the only course is to decrease output capacity to a level more in consonance with any probable trade demand. To achieve this end they propose that a body of three trustees should be appointed by Parliament for three or five years, and should be empowered to purchase machinery from any willing seller with a view to its immobilisation. The funds for such purpose, it is proposed, should be provided by a levy not exceeding 3d. per spindle and 7s. 6d. per loom (with correspondingly appropriate rates for other sections) and that the levy should be universal and compulsory; and on the security of the levy the trustees would raise loans redeemable in ten years. For the purposes of the scheme the industry is to be divided into five sections:—(1) Spinning (excluding doubling); (2) weaving; (3) bleaching; (4) dyeing; (5) printing. The equivalent of the levy in each section would be applied to the purchase and immobilisation of surplus machinery in that section. Panels of assessors would be set up in each section, with whom the trustees would consult. The magnitude of the task cannot be accurately foretold. But to illustrate the working of the scheme, let it be supposed that the trustees after consulting the assessors decided that their purpose could be achieved by acquiring mills and plant equivalent to 10,000,000 spindles and 100,000 looms. Let the cost be put, as a guess, at from £2,500,000 to £2,750,000. The annual service on a loan for that amount repayable in ten years, bearing interest at 6 per cent., with an amortisation fund invested to yield 4 per cent., would not exceed £400,000. Such a burden, unwelcome though any addition to overhead costs must be, is of lesser magnitude than has sometimes been assumed to be inevitable in a reorganisation scheme of this kind.

Such an outline is the scheme which the Joint Committee of Cotton Trade Organisations has produced—over eighteen months since the Government Committee of Inquiry into the cotton industry reported—to give effect to the principle, now at length agreed, that co-operative efforts at reorganisation are necessary and that such efforts are impeded by the present large excess of productive capacity. It would be idle to pretend that the plan is ideal. Based, as it is, on lines analogous to those instituted for a similar purpose by the shipbuilders, it is open to the criticism that, however moderate may be the levy to be raised on the remaining spindles and looms, the cost of eliminating redundant units will form an uneconomic addition to the overhead charges of the producers on whom the industry's competitive future is to depend. Another weakness is that only such plant can be acquired out of the proceeds of the compulsory levy as the owners are willing to sell. Though a greater departure from *laissez faire* would perhaps be unacceptable in Lancashire, even under the duress of the present trade depression, more scientific and effective rationalisation would be likely to accrue were the authorities entrusted with the administration of the scheme vested with powers to decide what mills should be regarded as redundant or incapable of fitting into the structure of an efficient, well-organised industry.

With these reservations, we nevertheless welcome this tardy scheme for co-operative effort in Lancashire as a

highly preferable alternative to the long-continued policy of wasteful internecine competition, under-employment and drift. We hope, therefore, that the cotton industry will adopt the proposal, and that its rather cool reception in Lancashire will not prove to be the forerunner of obstructive opposition. There is this which may be said in favour of the scheme: the application of the healthy, though in these later days, unpopular purge of bankruptcy has been obstructed in Lancashire not only by lack of decision and common purpose on the part of the creditor banks, but by the fact that, owing to the cotton industry's system of capitalisation, many millions of uncalled capital could be wrung from reluctant shareholders before closing down became inevitable. The process of economic attrition is, in fact, so slow that it involves the prolongation of intolerable waste and the risk of the strongest concerns being so reduced by inordinate competition towards the level of the weakest, that enterprise for reorganisation might in the end prove to be as lacking as capital for re-equipment. If the premise of the Joint Committee of Cotton Trade Organisations be accepted—and it is difficult to dissent with any confidence—that there is no prospect of Lancashire's existing plant ever again being employed up to 100 per cent. of its capacity, then the scheme which has now been evolved is probably the best solution of the immediate difficulty which could be found. We trust, however, that Lancashire will realise, if the scheme is adopted and implemented by the legislation which Parliament is to be asked to pass, that this negative side of rationalisation, i.e., the scrapping of redundant plant, must find its complement in the effective reorganisation of the remaining productive capacity, on a competitive basis, if any recovery of Lancashire's lost prosperity is to be assured.

THE MALAYAN RUBBER POSITION.

The following account of the situation in Malaya, sent us by a correspondent now visiting the Straits Settlements, was written before the recent developments in connection with restriction plans, on which we comment in an Investment Note on a later page.

THE effect of continued low prices for rubber is visible in many drastic changes in Malayan estate practice. Costs have had to be reduced and much has been accomplished in this direction. Estates which previously worked at a cost of about 5½d. are now working at 2½d. f.o.b., and this figure in many cases has been reduced to 2d. Although these extreme low figures may be temporary, nothing short of a world trade boom is likely to raise them to their previous level, unless it be a widespread and fatal disease amongst rubber trees.

Among the chief measures adopted to reduce costs, coolie wages have been reduced by at least 20 per cent. and a higher standard of work has been introduced. This has facilitated the reduction of labour forces and only the healthiest and most efficient have been retained. Periodic tapping has been widely adopted because it produces a higher rate of yield, even though the actual annual yield may be lower (e.g., an area formerly yielding 400 lbs. per acre per year will usually yield at the rate of 500 or 600 lbs. per acre for several months after a rest). This enables the tapper to bring in more latex each day, which reduces the tapping cost. Supervision has been reduced by periodic tapping because areas out of tapping require little European supervision. In this way the acreage of rubber per assistant has been increased from five hundred to two thousand or more. Asiatic supervision under European superintendents is the solution that has been most frequently adopted. Weeding or similar cultivation is either included in the tapper's task or done by the tapper as afternoon work at a low rate of pay. Actually very few places attempt to keep the ground clear of weeds and practice varies as to which of the many indigenous growths are removed. So far nothing but benefit seems to have accrued to the rubber from this policy.

The contract system of tapping with Chinese has been widely adopted. Owing to the low price of tin there are many Chinese coolies out of work. Contractors employ

them on estates and pay them little more than their food. Malayan law allows the Chinese contractor to supply food to his coolies and make a profit out of the transaction, whereas the estate owner employing Tamils is not allowed to do this. At present the Chinese contractors realise the position, and if they can keep their labour together and avoid a loss on the contract they are content. Many have resorted to keeping pigs, the care of which provides occupation for the coolies' spare time. The disadvantage of this system from the estate point of view is that trees may be wounded by bad tapping and too much bark may be consumed; but employment is now so scarce that a high standard of work can be obtained with comparatively little supervision.

Such conditions are obviously temporary, and the present must be regarded as a period of transition. For twenty-five years Malaya has depended solely upon rubber and tin, because no other activity offered similar rewards. Paddy growing was restricted to certain districts and, broadly, Malaya imported rice, tinned foods and frozen meat for the entire population. Husbandry was unattractive compared with rubber growing. Now this has changed: the kampong holder has little bark left on his trees and he is growing vegetables instead of buying tinned fish. Thousands of acres of paddy are being planted in isolated plots that were merely abandoned swamps. Tobacco is proving a profitable and popular crop. The leaf is sold for local consumption. Maize and vegetables are to be seen everywhere, and pigs are kept to supply the Chinese population of the towns.

Both Indian and Chinese coolies who have been a long time in the country are becoming permanent settlers and husbandry is increasing. Ultimately this must be for the good of Malaya. Although many of the unemployed labourers elect to remain in Malaya, over a hundred thousand have returned to India and China. Lines stand empty and shops are closed all over the country, but what is left is much sounder than the somewhat hectic prosperity of six years ago.

During the transitional period while Malaya is getting her population back to the normal habits of an agricultural community, shipments of rubber may be expected to keep up. Asiatic owners of small areas either tap the rubber themselves or employ one or two coolies to help them. By paying the coolies little more than their food and by keeping pigs and growing vegetables the small holders make a living. In the meantime they are becoming more and more self supporting, so that they have less need of the rubber revenue to buy food. The large estate owners have either succeeded in getting their costs down to the market price or so near to that figure that they can carry on for a long time out of reserves, or they are still hoping for a restriction scheme which will enable them to avoid liquidation. Rumours of restriction have hitherto stimulated the flow of latex more successfully than cultivation, fertilisation, or even budgrafting.

The outlook for rubber from the point of view of the shareholder in public companies is obscure. Unlike the native the company cannot grow its own livelihood. So far the alternatives appear to be whether to produce rubber or nothing. The potential output of rubber is already in the neighbourhood of a million tons a year and consumption is apparently some three hundred thousand tons less. The native will always be attracted by rubber because it is the most easily negotiable form of produce. It can be tapped and sold within a few hours, so that as long as there is a market for native rubber a considerable supply is assured. Moreover, the work of tapping and coagulating is probably the easiest and most congenial of all the tasks involved in collecting and preparing a crop for sale.

But the outlook for the shareholder in the best rubber companies is by no means hopeless. Generally, costs have been reduced by treating rubber more like a forest product and less like a market garden crop. Clean weeding has given way to selective weeding and selective weeding may have to give way to maintaining tapping paths. The economic unit of management is increasing in size; the factory practice is being rendered more efficient. The large tyre companies appear to prefer the uniform product of the European-owned estate. It is, therefore, probable that by further economies and close attention to

manufacturers' requirements estates will be able to make profits. But if this proves impossible the estates will either be taken over by natives, or the estate management will have to accept the work of distribution, and not merely sell, but market and distribute the rubber. Hitherto the rubber industry has been divided into growers, distributors and manufacturers. It is becoming increasingly obvious that distribution is a function of production. Certain manufacturers have recognised that collection is a function of consumption and have established not merely buying departments but dealing departments. They found that they could buy more advantageously by dealing, and the existence of dealers proves that they can sell more advantageously by dealing than estates can sell by not dealing. Small estate companies are at a disadvantage if they try to deal. The ultimate hope of the shareholders should, therefore, be that such companies may amalgamate, reduce overhead expenses and be in a position, if necessary, to become dealers and distributors.

THE CUNARD.

ON December 10th the Cunard Steam Ship Company announced their decision to suspend work upon the new giant liner, "No. 534," under construction at Clydebank. In their statement, which they issued to their shareholders, the directors observed that whereas it is the policy of the company ultimately to replace the three large ships at present carrying on their weekly Atlantic express sailings with two ships of just sufficient size and power to carry on this service, world conditions have now arisen of an unprecedented character which render some postponement of the plan advisable as a proper precaution. Furthermore, the company is not at present earning its depreciation on the old ships; there is as yet no apparent limit to the decline in the North Atlantic passenger and freight traffic; and there is a glut of tonnage in this trade, including vessels partially subsidised by foreign Governments and which, therefore, need not earn enough to meet their full depreciation charge. A final point in the directors' statement is that whereas it has been their practice to finance construction out of depreciation account, meanwhile drawing and discounting bills of exchange, the international crisis has changed the whole financial background and made continued use of this type of finance less easy than before. Thus construction of this vessel is suspended pending some change in prospects.

The Cunard Company's decision naturally came as a shock to the public. At Clydebank alone some 3,000 men have suddenly been thrown out of work, while many thousands in subsidiary trades will also be affected. More than this, the ideal of British maritime supremacy has always had a firm hold on the imagination of the man in the street, and the postponement of the much-heralded attempt to regain the "blue riband" of the Atlantic from the new German liner "Bremen" caused widespread dismay, as if it were a symbol of Britain's "hauling down the flag." The Government was pressed in Parliament for an indication that assistance, whether by loan or guarantee, might be forthcoming; but the President of the Board of Trade stated that financial help had not been solicited by the company and would in any case have to be refused. Subsequently, public interest in the fate of the Cunarder has been almost pathetically illustrated by offers of small financial contributions made by individuals through the medium of the popular Press, and plans have been vaguely canvassed whereby the company might be enabled to proceed with the construction by the provision of capital raised on some form of novel "patriotic" lines.

C'est magnifique, mais ce n'est pas la guerre. So far as the question of Government assistance is concerned, it is easy to make out a *prima facie* case for special help, and such a case need not be wholly based on sentimental grounds. The majority of the men thrown out of work by the decision to suspend the construction of the new liner will not be able to find other employment, and will

become a charge upon the Unemployment Insurance Fund, while the restriction of purchasing power and loss of orders in many directions consequent upon the decision will react unfavourably upon the Exchequer in other ways. Nevertheless, we find it difficult to quarrel with the Government's attitude. Whatever case there may be for the expenditure of public money in productive capital development in contradistinction to purely eleemosynary relief work, the completion of a gigantic floating hotel, designed to meet a special luxury need, whose upkeep and operation after completion would require enormous outlay—whatever might be the income receipts—on the part of its owners, is by no means a convincingly obvious channel into which State funds should be poured. Moreover, so much economic damage has been done by State subventions to shipping of other countries during the past decade, and so vigorously have we denounced these policies of subsidy, that the Government would have been inconsistent had it now decided to join in the costly game of State competition in the stimulation of tonnage construction.

The fact remains, moreover, that, apart from the Insurance Agreement Act of 1930, the Cunard Line did not ask the Government to give it financial aid. It should be borne in mind that "No. 534" was intended to be not a net addition to the company's assets, but a replacement vessel. Whatever may be said as to the technical merits of utilising bill market finance in this connection, it is clear that the cost of replacement construction should properly be borne out of depreciation account, and that there would be objections on several grounds to such construction being financed by a long-term loan issue ranking prior to the equity, to say nothing of existing obligations. During the early stages of the new vessel's construction the company had the advantage of being able to place their bills at extremely low rates; they were aware when they made their plans that discount rates are subject to wide fluctuations; and though they cannot be blamed for failure to foresee a 6 per cent. Bank rate, we find it difficult to believe that the effect of having to place bills for remaining contracts at possibly 7 per cent. would of itself have been sufficient to determine the company's decision to suspend building had they been satisfied that, on completion, "No. 534" would be a profit-earning unit of their fleet.

In fact, the implications of the Cunard Line's circular, with its reference to the glut of tonnage in the North Atlantic trade, the inability of existing vessels to earn their depreciation, and the "grave outlook" for 1932 are all to the contrary. The plain truth is that whatever was the position when the vessel was first laid down, to-day the prospect of future demand for this class of luxury vessel is highly questionable. The basis of the Cunard Line's calculation in planning their construction programme was that two vessels should do the work of three, and until the completion of "No. 534's" contemplated sister ship—say, in 1937, or so—the new giant liner would presumably not have been utilised to her maximum economic capacity. What conditions are likely to be six or seven years hence, no man can say; but what can be said is that, at present, the North Atlantic express services, based, as they are, on extremely high passage rates, conditioned by the inordinate cost of extra speed, combined with absurd extravagances of cocktail bars, gymnasias, rows of shops and swimming pools, are already far in excess of traffic requirements; and if and when the French liner now under construction with Government assistance is completed, the saturation point will be still further exceeded.

National pride in the possession of the world's largest and fastest vessel is all very well; indeed, it is a highly commendable instinct. The evidence of popular desire that a great British steamship company should not be defeated by adverse circumstances is a welcome sign of national confidence in the future. But business remains business, and the Cunard Line may be trusted to know their own business best. If, weighing all the circumstances, not excluding the risk of damage to the structure of the half-completed hull, the company decide not to continue construction until they have better assurance that the completed vessel will be an asset rather than a liability, all we can say is that, on many grounds, the decision is to be regretted. But that does not mean that it is not the only possible decision to take.

Notes of the Week.

Storm Clouds over India.—The news from India is frankly disquieting. In the United Provinces the "No-Rent" campaign, launched by Congress agitators, has reached dimensions so threatening that an Ordinance has been issued by the Viceroy giving the Provincial Government drastic powers to deal with persons suspected of incitement. In Bengal, to which the campaign for non-payment of land rents shows signs of spreading, the police are conducting systematic searches for suspects under the powers given them by the recent Ordinance applicable to that Province; and a number of arrests have been made. There have been renewed threats of organised boycott, and last Sunday the District Magistrate of Comilla was shot dead by two young Bengali girls, students at the local Government High School. The utilisation of women as agents of terrorist murder is a new and revolting departure in the history of Indian political outrage. Meanwhile, Mr Gandhi, passing through Italy on his return journey to India, has accorded an interview to the *Giornale d'Italia* in which, if he is correctly reported, he shows regrettable signs of closing the open mind which he professed to have at the termination of the Round Table Conference in London. "I return to India," he is said to have declared, "to continue the struggle against England, which will be, as heretofore, without violence. But in passive resistance India has formidable reserves of strength and means which England has every reason to fear. . . . England will be badly hit by the boycotting movement which will be a powerful means of aggravating the British crisis." If this, indeed, be the spirit in which Mr Gandhi is returning to India, the outlook is dark. However much Mr Gandhi, with his curious capacity for verbal mystification, may talk of a struggle without violence and of "the emergence of the cream of India" as "the centre of the spiritual and economic development of Asia," he must realise only too clearly, in the face of the already threatening tendencies in Bengal and the United Provinces, that unless he rises to the height of his responsibilities and uses his unmatched influence in favour of co-operation and constitutional progress, he is invoking for India a dismal future of disorder and bloodshed in which all sane councils of goodwill must founder.

Dr. Brüning's Position.—In view of the drastic terms of the fourth Emergency Decree, whose provisions were briefly noted in last week's *Economist* and are reviewed in greater detail in the despatch from our Berlin correspondent which we print on a later page of this issue, there was some reason for apprehension as to the political consequences which this Draconian measure might have in Germany. Happily Dr. Brüning so far appears to be riding the storm without serious difficulty. The Procedure Committee of the Reichstag rejected on Wednesday a proposal that the Reichstag, which adjourned from October 16th to February 23rd, should be immediately reconvened. The Communists, the Nazis and the German People's Party supported the application, but the Government retained the support of the Social Democrats and of the Centre elements other than the Volkspartei. The Landvolkspartei, which was not represented at the meeting of the Committee, intimated to the chairman that the Decree to some extent met the wishes of the agrarians and that they saw no advantage in summoning the Reichstag. Meanwhile, Herr Hitler, having been prevented from transmitting a broadcast talk to America, has beguiled himself by allowing it to leak out that he has issued an "order paper," somewhat ludicrously, for the formation of a Nazi flying corps and has issued a lengthy reply to the Chancellor's broadcast speech in a special article in his journal, the *Völkischer Beobachter*. In his manifesto he proclaims that the Nazis will come to power by legal means; but unless Herr Hitler is prepared to enter a coalition of the Right and the Centre, which would give him a limited scope for the fulfilment of his idealistic programme, if programme he can be said to have, it is not easy to see how the Nazi leader envisages

an open avenue to absolute power on constitutional lines. If, on the other hand, he resorts to extra-constitutional methods, he runs a grave risk of annihilation. In this dilemma he is not in a position at this moment effectively to challenge Dr. Brüning's position. Economic, rather than political chaos, is the immediate danger with which the present German Government has to deal.

Progress at Basle.—While the negotiations in Berlin between the representatives of the German debtors and the banks of the creditor countries in the Standstill Agreement appear to be making slow progress (and until the Governmental conference on the future of reparations next year has reached finality, it is difficult to see how any but temporary or tentative decisions can be reached), the Young Plan Advisory Committee has got to grips, more rapidly than might have been expected, with the crux of its task. The Experts have communicated very little to the Press this week as to the course of the proceedings, but it is known that the objective survey of the factual data relating to Germany's economic position is now more or less completed and the work of drafting the Committee's conclusions has begun. It remains to be seen how far the text of the report, when finally formulated, will contain clear-cut proposals for the statesmen to endorse, modify or reject. It may be that the Experts will deem it to be of greatest service that they should confine themselves largely to marshalling the facts, indicating what appear to them to be their implications, and leaving it to the Governments and to public opinion to draw the conclusions. The correspondents of the English Press at Basle speak hopefully of the report being ready by Christmas. If these hopes are fulfilled the Committee will have carried out its functions with commendable rapidity. If all the countries concerned have a few weeks to study the report before the plenary Reparations Conference meets, it will be all to the good.

Government Changes at Nanking.—Last Tuesday's concourse of Chinese students at Nanking wrecked the Foreign Ministry of the Chinese Republic and attacked the party headquarters of the Kuomintang. There are reported to be 60,000 students already congregated in Nanking and 20,000 more on their way thither. Dictator by students is a well-known political malady which attacks countries that are politically immature when they are in a revolutionary condition. The first signal example in modern history was the student unrest in Germany during the period of reaction after the Befreiungskrieg, and the same phenomenon has presented itself at later dates in Russia and Egypt and India, and now in China. This week's *émeute* of students at Nanking has had important consequences or coincidences—whichever they may be. On the same day, the Nanking Government resigned. The most sensational resignation is that of Marshal Chiang Kai-shek from the Presidency of the Republic. Yet Marshal Chiang, when one comes to think of it, has resigned high office and gone into retirement two or three times before during the last half-dozen years, and each time he has emerged and come into power again. We prophesy that this time, once more, when the Chinese Central Government is reconstructed, the Marshal will be found in high military command, though he may temporarily divest himself of his civil functions. As for Mr Wellington Koo's resignation of the Foreign Ministry, this is less significant; for Mr Koo has only taken office at Nanking since the beginning of the crisis, and neither he nor any other Foreign Minister in his position could expect to survive the outcome of the first act of the Manchurian drama. Perhaps the most serious of the resignations is that of Mr T. V. Soong, the Minister of Finance. Mr Soong is Marshal Chiang's brother-in-law; but it was not inevitable that Soong's fall should be involved in Chiang's, for Mr Soong is an independent force in Chinese politics, and he holds his thankless office by right of personal merit. Mr Soong has never wearied of well-doing in circumstances which have conspired to break any Finance Minister's heart, and though he is a

young man, even for a Chinese politician, he has already achieved more solid work for his country than any other single man who has come into the front rank since the beginning of the Chinese Revolution. It is to be hoped that Mr Soong's resignation may be reconsidered, for at the Ministry of Finance he is almost indispensable. His elimination will help none of the causes which his colleagues or rivals have at heart. It will neither promote amity between Nanking and Canton, nor help China as a whole to put her house in order for her security against Japanese aggression.

and at Tokyo.—On December 11th, the day after the close of the League Council's session at Paris, Baron Wakatsuki's Government at Tokyo tendered its resignation. A new Government was formed last Sunday, and its first act was to go off the gold standard. This act—on whose economic effects we comment in a later Note—was evidently the point of policy on which the new Government came in and the old Government went out. It is evident that Baron Wakatsuki did not fall by reason of the Manchurian crisis; for the close of the League Council's special session had registered a substantial success for Japan in the first round of her struggle with the League. At most we may conjecture that a change of Government, which was already inevitable for other reasons, was postponed, by consent, until the outcome of the proceedings at Paris was assured. For the rest, the change may be put down to personal and party considerations—the Minseitō Party going out of office into opposition and the Seiyūkai coming out of opposition into office. When all is said, however, it is a remarkable coincidence that, within a week of the adoption of the League Council's resolution of December 12th, there should have been a change of Government both in Tokyo and at Nanking.

The Burma Conference.—The event tenor of the Burma Round Table Conference was temporarily interrupted on Monday, when three delegates representing the more advanced wing of Burmese politicians walked out of the Conference as a protest against the statement of Government policy made by the chairman, Lord Peel, last week. Harmony was, however, restored on Wednesday, when, following speeches by Lord Peel and Lord Lothian on the scope of the Conference, the three protesters expressed themselves sufficiently satisfied to resume participation in the discussions. Lord Peel said that the object of the Conference was "to frame a Constitution embodying responsible government in Central as well as Provincial matters, subject to reservations and safeguards"; while Lord Lothian, who made it clear that the Prime Minister's policy declaration to the India Round Table Conference was applicable to the future constitution of Burma, said that what remained to be done was to have a discussion and hear views from all sides before the Government made up its mind on the nature of the reservations and safeguards. On the whole the Conference appears to be making smooth progress. Although one or two of the delegates make play with such phrases as "complete independence" and "Dominion status," the majority clearly accept the necessity for "reserving" the army for at least an initial period, during which gradual "Burmanisation" may be attempted. Nor does agreement appear difficult over the exclusion of the "backward" States from the Constitutional scheme, the chief matter of controversy in this connection being how far the Central Legislature should be concerned with the control of those "States" and how far the Governor should be responsible for them. Burma looks like beating India in the race for self-government.

The Disarmament Service at St. Paul's.—The national service of prayer on behalf of the World Disarmament Conference, held in St. Paul's last Tuesday, was a remarkable demonstration. The Government was represented by the Prime Minister, the Lord President of the Council, and the Foreign Secretary; and other Ministers

present included the Secretary for Air, the Under-Secretary for War, and the Parliamentary Secretary to the Admiralty. The foreign diplomatic missions accredited to the Court of St. James's were represented, among others, by the French, Japanese and Polish Ambassadors, the Italian Chargé d'Affaires, and the German Counsellor of Embassy. There were leading representatives of all the Protestant Churches in this country; of the City of London and the London boroughs; and of a number of philanthropic organisations, religious and secular. The service was presided over by the Archbishop of Canterbury; and, in the address which he delivered, Dr. Lang said the tremendous things that have to be said in sober but not obscure or unemphatic language. "The civilised world," he began, "is approaching one of the turning-points in its history. Beyond question the International Conference on Disarmament which is to meet at Geneva next February will be the most momentous assembly which has taken place since the Peace Conference at the end of the war. . . . And who can doubt that in another world war civilisation itself might perish?" The Archbishop went on to quote the passage in the Versailles Treaty in which the Allied and Associated Powers have pledged themselves to make the compulsory unilateral disarmament of Germany the first step towards voluntary disarmament all round. He quoted Sir John Simon's authority for calling armaments the symptom of a disease—"and that disease is fear." Citing the 300 bilateral treaties which have been concluded since the war, and the Kellogg Pact, which has received the adherence of sixty-one States, he asked his congregation: "Are not such solemn pledges enough to banish fear? If they are not, the question arises whether these States are to be trusted to mean what they have said and to stand by their pledged word. If there be any doubt as to the answer, the very grave and ominous question remains: Has civilisation itself the strength of will, of conviction, of courage, to maintain the ideals on which its very existence depends?" This is indeed the fateful question which this present generation is doomed to answer, one way or the other.

Cotton Trade Hours.—On Tuesday last, writes our Manchester correspondent, there was a further development in connection with the demand of the Lancashire cotton-spinning employers for increased hours in the mills. The Masters' Federation had given the trade unions notice that the agreement of 1919, which reduced the hours from 55½ to 48 per week, would be terminated on December 31st. The joint conference on Tuesday met to discuss the situation; and Mr F. Mills, the President of the Federation, made a comprehensive statement giving the reasons for the action of the employers. He emphasised the fact that during the depression many attempts had been made to reduce the costs of production, without any success; and although the employers did not want to interfere with the standard of living which had been secured by the operatives, they were of opinion that if this standard was false it could not be maintained. After a lengthy discussion, the Masters' Federation asked the trade union representatives if they were prepared to negotiate a new agreement to take the place of the 1919 agreement. The operatives considered this request in private, and later replied that with regret they were unable to accede to the request. The conference therefore resulted in a deadlock. It is possible that some further action will be taken before the end of the month, but it is assumed that from January 1st work will be carried on in the mills on day-to-day agreements. Should the proprietors of any mills endeavour to fix terms with their workpeople which are less favourable than under the 1919 agreement the Operative Spinners' Amalgamation will, of course, be compelled to take action. Such an irregular position cannot be considered satisfactory, and it is hoped that some way out of the difficulty will be found. The attitude of the spinning employers on this question has undoubtedly been affected by the success during the last few months of doublers in Yorkshire, where the operatives have reverted to a working week of 55½ hours. It should be appreciated

that, although the weaving employers were present at the conference in Manchester this week as signatories to the 1919 agreement, they have not so far joined the Master Spinners' Federation in the claim for longer hours.

Wages in the Mercantile Marine.—The agreement announced this week whereby the wages of navigating and engine-room officers in the British Mercantile Marine will be reduced as from January 31st by 10 per cent. represents, presumably, one portion of an all-round readjustment of labour costs in the Merchant Service so far as the personnel afloat is concerned. Combined with the 7 per cent. reduction which comes into operation at the beginning of January in the wage payments to dock workers, this lightening of the burden of wage costs should offer some relief to the shipping industry at a time when the acuteness of the trade depression is illustrated by an unparalleled volume of unemployed tonnage. Judged by comparison with the remuneration of shore workers, the emoluments of certificated officers in the Mercantile Marine are not high (the first mate, for example, of a large cargo liner will in future receive something of the order of £200 a year, plus his keep while on board), but there appears to have been no previous alteration in the standard scales of pay since 1925, and since that year not only has the cost of living fallen considerably, but the earnings of shipping and the industry's capacity to provide wages have been progressively reduced. The shipping industry has a Joint Board which has functioned successfully for many years in the negotiation of wages and conditions of employment, and it is satisfactory that the present agreement has been reached without disturbance of the good relations existing between employers and employed. In view of the consideration that emoluments attractive enough under present circumstances to an unmarried man, whose expenses on board ship are practically negligible, may be inadequate for an officer who has a family to support on shore, it is curious that the shipping industry has not explored the possibilities of adopting a scheme of family allowances, whose application to the peculiar circumstances of this employment seems particularly suitable.

International Production.—The partial collapse of the world's credit structure caused, as might be expected, a sharp contraction in industrial activity during the third quarter of the current year. In the following table we have converted the indices of the physical volume of production of various countries to a percentage of the average of 1928:—

INTERNATIONAL PRODUCTION INDICES.
(1928 = 100.)

Period.	Canada.	France.	Germany.	Poland.	Sweden.	United Kingdom.	United States.
1929 average	111.6	109.4	101.8	99.8	122.7	106.0	107.2
1930	94.9	110.2	84.3	82.2	119.1	97.9	86.5
1930—First Quarter	100.1	113.1	89.3	84.6	134.6	105.1	94.6
Second "	101.2	113.1	89.3	84.6	134.6	105.1	94.6
Third "	91.7	109.4	79.5	79.9	124.9	97.7	93.1
Fourth "	86.7	106.3	75.0	82.2	114.3	94.3	83.2
1931—First Quarter	84.9	104.4	70.2	72.0	108.5	90.0	77.2
Second "	84.3	101.3	74.9	72.3	100.0	87.1	78.7
Third "	78.3(e)	95.0	68.2(d)	71.4	98.2	84.9	71.5(d)

(a) Quarterly Index. (b) Adjusted for seasonal variations. (c) Partly adjusted for seasonal variations. (d) Provisional. (e) July, August.

A comparison of the past quarter with the April-June period of 1931 shows that none of the principal industrial countries escaped the effects of the financial crisis. The decline was most pronounced in France, Germany and the United States. Compared with the average volume of production in 1928, Germany and the United States show

a drop of 31.8 per cent. and 28.5 per cent. respectively. The index for France, on the other hand, records a decrease of only 5 per cent. The monthly indices, which are available for all countries, with the exception of the United Kingdom, reveal a steady decline from July to September. According to present information, the direction of the production curve of most countries is still downwards.

Japan Suspends Gold Payments.—One of the first actions of the new Japanese Government has been to suspend the gold standard, for on December 13th it was announced that gold exports would be prohibited as from the following day. Four days later, the convertibility into gold of the notes of the Bank of Japan, the Bank of Chosen, and the Bank of Taiwan was suspended. The decision hardly took the London money market by surprise, for during the past few months there has been a very heavy drain of gold from Japan to the United States, amounting, it is believed, to a net 265 million yen. This has reduced the Bank of Japan's gold stocks to 560 million yen. Such a drain could not be endured indefinitely, and, as under present conditions it was impossible to arrange foreign credits, Japan had no option but to depart from gold. The yen immediately fell from 2s. 9d. to 2s. 4d., and after minor fluctuations closed on Thursday at 2s. 5½d., or only 5d. above parity with sterling. Japan's decision will undoubtedly have some reactions upon our Far Eastern trade, for it has largely nullified the competitive advantage Lancashire gained when we suspended the gold standard, and it is possible that considerations of this kind were in the minds of the Japanese Government when they reached this week's decision. At the same time, Far Eastern trade has lately been so much upset by "nationalist" anti-pathies, often culminating in the boycott of goods, that the exchange and price factors have been of less importance than they would be in less disturbed political conditions.

Germany's Export Surplus.—In the obscure circumstances of the moment, the estimation of Germany's future capacity to create a surplus of merchandise exports is obviously one of the problems of major complexity to which the Young Plan Advisory Committee is now having to give consideration. The latest figures, relating to the month of November, show a distinct change in the recent trend:—

GERMANY'S FOREIGN TRADE.
(Millions of Reichsmark).

Period.	Exports of German Produce.		
	Not Imports.	Excluding Reparations.	Reparations.
1928 Monthly Average	1,167	968	55
1929 " "	1,121	1,055	68
1930 " "	866	944	59
1931 Monthly Average,			
1931 January-June	634	753	41
July	563	792	35
August	454	777	26
September	448	812	23
October	483	866	13
November	482	738	10

It will be seen that net imports reached their lowest point of contraction in September, and the repetition in November of the October increase suggests that notwithstanding the curtailment of German purchasing power the necessity to effect replacements of raw materials may reverse, for a time at least, the declining movement of the first nine months of the year. On the other side of the account, the fall in exports is presumably a not surprising reflection of the growing impediments to foreign trade created by the tightening stranglehold of exchange restrictions throughout Europe. Reviewing the figures for the past five months, it may be inferred with comparative certainty that the upward fluctuation in September and October represented to a large extent "forced sales" of goods in the hands of liquidators of bankrupt concerns. It remains to be seen whether it will be possible for Germany to maintain her exports at some 70 per cent. of the 1929 level without allowing imports to exceed considerably the 45 per cent. of that level which they now represent.

Iron and Steel Production in November.—A further slight improvement in the production of pig iron took place in November, the number of blast furnaces in operation increasing by four to 70, and the output of pig iron rising from 284,200 tons in October to 296,400 tons, an increase in the daily rate of 8 per cent. Steel production remained practically stationary at 459,200 tons. As was anticipated, imports of iron and steel, at 379,400 tons, showed a substantial rise; for it was obvious that efforts would be made by the Continent to increase their exports to this market in view of the possibilities of a tariff. The excess of imports over exports also increased substantially, for exports rose by only 36,900 tons to 195,700 tons. The principal items contributing to the increase in imports were pig iron, which increased by 6,500 tons to 35,600 tons; sheet and tinplate bars, which increased by 40,800 tons to 109,400 tons; billets, blooms and slabs, which increased by 5,700 tons to 68,400 tons; and steel bars, rods, etc., which increased by 8,900 tons to 35,400 tons. The principal items responsible for the slight increase in exports were sleepers and fishplates, which rose by 7,500 tons to 9,500 tons, pig iron by 4,200 tons to 18,000 tons, thick plates and sheets by 5,800 tons to 8,800 tons, and black plates and sheets by 3,300 tons to 16,100 tons. Unemployment in the industry at the end of October was 44.1 per cent., a figure higher than in any other large industry except shipbuilding (59 per cent.) and marine engineering (49.7 per cent.). In order to overcome the effects of the depreciation of sterling Continental makers still further reduced their prices. The gold prices of sheet bars, f.o.b. Antwerp, declined from £2 18s. per ton at the end of September to £2 16s. at the end of October and to £2 12s. at the end of November; prices of girders declined from £3 1s. to £2 19s. and to £2 16s.; and merchant bars from £3 2s. to £3 1s. and to £2 17s.

American Motor Car Production.—The American motor car manufacturing industry affords an outstanding example of the effect of the world depression upon the demand for non-essential commodities and services. The decrease in purchasing power has reduced the volume of sales of motor cars during recent months to a mere fraction of what they were in 1929. The following table shows the production and exports of vehicles since 1928 for the United States and Canada:—

PRODUCTION AND EXPORTS OF MOTOR VEHICLES.
(Thousands.)

Period.	U.S.A.				Canada.			
	Production.		Exports.		Production.		Exports.	
	Total No.	Private Cars.	Total No.	Per-centage of Production.	Total No.	Private Cars.	Total No.	Per-centage of Production.
1928 Monthly Av.	363.2	318.0	42.3	11.6	20.2	16.4	6.6	32.9
1929 Monthly Av.	446.5	382.3	44.7	10.0	21.9	17.3	8.5	38.6
1930 Monthly Av.	279.6	234.5	19.8	7.1	12.8	10.5	3.9	30.2
1931 Jan. - July Monthly Av.	262.2	219.8	13.9	5.3	11.0	8.8	1.7	15.5
1931 July	218.5	184.2	10.0	4.6	4.2	3.2	0.9	22.1
1931 August	187.2	155.4	8.1	4.3	4.5	3.4	0.7	16.3
1931 September	140.6	109.2	6.7	6.2	2.6	2.1	0.7	26.1
1931 October	80.1	58.4	...	...	1.4	0.8	...	...

It will be seen that a sharp decline in production during 1930 was followed by a period of relative stability during the first half of the current year. Since July last, however, factory sales have been decreasing rapidly, and it is significant that the decrease in exports has been even more pronounced than that of home sales. In October, production in the United States had fallen to 18 per cent. of the monthly average for 1929. The corresponding figure for Canada, at 6.4 per cent., shows an even greater drop. An interesting feature is the relatively smaller decrease in the output of commercial vehicles as compared with private cars. Under these circumstances the sharp decline in the profits recorded by the principal American companies is by no means astonishing.

The Canadian Census.—Our Ottawa correspondent writes:—The Dominion Statistician, who is the Chief Census Commissioner, has now made public a preliminary return of the population of Canada as recorded by the seventh census taken last June, and the total, as well as the detailed figures, for provinces with comparative data are given below:—

Province.	Population.		Increase or decrease 1931 over 1921.	
	1921.	1931.	Number.	Per cent.
Canada	8,787,949	10,353,778	1,565,829	17.82
Prince Edward Island	88,615	88,040	-575	-0.65
Nova Scotia	523,837	512,027	-11,810	-2.25
New Brunswick	387,876	408,255	20,379	5.25
Quebec	2,360,665	2,869,793	508,888	21.56
Ontario	2,933,662	3,426,488	492,826	16.80
Manitoba	610,118	699,841	89,723	14.71
Saskatchewan	757,510	921,281	163,771	21.62
Alberta	588,454	727,497	139,043	23.63
British Columbia	524,582	689,210	164,628	31.38
Yukon	4,157	4,213	56	1.35
Northwest Territories	7,988	7,133	-855	-10.70
Canadian Navy	485	...	...	...

The gain of 17.82 for the decade represents a steady growth of population, but it is substantially smaller than the percentage gain in the previous decade, which was 21.95, and in view of the fact that since June, 1921, there have been admitted to Canada more than 1,200,000 immigrants it is decidedly disappointing. If Canada had been able to retain her immigrants as well as her natural increase, her population would now have been approaching twelve million souls instead of 10,353,778. The heavy loss is accounted for partly by the steady southward exodus to the United States which was in progress until the slump began and partly to a backward movement of population to Europe. The largest percentage gain (31.38 per cent.) is in British Columbia, followed by Alberta (23.63 per cent.), Saskatchewan (21.62 per cent.) and Quebec (21.56 per cent.); the Maritime provinces, which have suffered most from emigration are virtually stagnant, as their aggregate increase is only some 8,000. Quebec has the largest aggregate gain (508,888), and as it is the "key" province whose population divided by 65, the fixed number of its seats in the Federal House of Commons, furnishes the quota used to determine the number of Federal seats allocated to the other provinces, the redistribution which must follow each census will produce this time very little shifting of the balance of political power. British Columbia will gain two seats and Alberta one, while Nova Scotia will lose two and New Brunswick one, and the representation of the other provinces will be unchanged.

The Burden of Taxation.—In a paper read this week before the Manchester Statistical Society, Dr. W. H. Coates offered an estimate of the national income for 1931 on the lines of that made by Dr. Bowley and Sir Josiah Stamp for 1924. He arrived at a total of £3,842 millions, against £4,213 millions for 1924, and further suggested that, as the national income was substantially higher in 1929 than in 1924, the drop between 1929 and 1931 must have been at least £500 millions. The distribution of the income tax payable on this reduced income is so uneven that, on Dr. Coates' estimate, the 85,000 people who are liable to surtax and who have a total income of £467 millions, had to provide a total of £183½ millions in income tax and surtax as well as some £19 millions in death duties, that is to say, very considerably more than half their income. This is a burden which, in Dr. Coates' view, if it continues to press for more than a limited period upon our shrunken national income, is bound to endanger the economic structure. In spite of the exchange losses which may be sustained by exporters of capital, extortionate taxation is bound to lead to a fight from the currency, and a point will be reached when this movement will affect not only new savings, but funds which should have been devoted to maintenance and replacement. If taxation continues so high as to produce this destructive effect upon capital, Dr. Coates considers (and, given his premises, it is difficult to see on what grounds it would be possible to differ from him) that the general rate of interest would rise and the distribution of income

would shift to the disadvantage of labour. Thus the incidence of taxation would automatically be spread in the long run over the whole community. This is a warning which those who clamour for the unconditional maintenance of public expenditure at the expense of the taxpayer would do well to heed. It might also be well if those who are responsible for the administration of the national finances would take note of his suggestion that regard must be had, not merely to the scientific view of the effect of taxation, but to the popular view, since this is one of the matters in which what people believe to be true is almost as important as what is actually true.

National Bank of Scotland.—Like other Scottish institutions, this bank, which is affiliated to Lloyds Bank, has well maintained its profits in the face of adverse circumstances. The allocation to contingencies has been very properly raised from £50,000 to £100,000, but the dividend of 16 per cent. is unaltered, and as less provision is required this year for internal funds such as the Heritable Property account and the Officers' Pension Scheme, the increased needs of contingencies are met without any appreciable reduction in the carry-forward. The salient items in the bank's accounts are summarised below:—

October 31st.	1929.	1930.	1931.
Liabilities:—	£ thou.	£ thou.	£ thou.
Capital paid up	1,100	1,100	1,100
Reserve fund	1,550	1,550	1,550
Note circulation	2,601	2,420	2,299
Deposits	32,155	32,266	29,077
Acceptances	512	705	763
Endorsements, &c.	963	741	769
Assets:—			
Cash	2,820	2,679	2,525
Balances with other banks, &c. ...	1,638	1,815	1,427
Call money	2,760	3,058	2,728
Investments	11,036	11,761	11,683
Bills	4,515	3,883	1,769
Loans on stocks	1,522	2,396	2,022
Advances	12,695	11,364	11,456
Net profits	281	277	270
To reserve fund	50	...	...
To contingencies	...	50	100
Dividend	16%	16%	16%

The contraction in the bank's deposits is definitely ascribed in the directors' report to the autumn withdrawal of foreign funds, and the slight depletion of the bank's cash resources may be due to the same cause. In the main, however, the loss of funds has been met by allowing bills to run off, for the bank's bill portfolio has been reduced to the low level of £1,769,000. Investments and advances are well maintained, and there is a slight but welcome increase in acceptances.

British Overseas Bank.—In his annual address to the shareholders, on December 15th, Viscount Churchill, the chairman of the British Overseas Bank, began by reviewing the world crisis of 1931—with its progress first from Austria to Germany, and thence to England and the United States. This naturally led him to a discussion of our suspension of the gold standard, and, in particular, to our current monetary policy. He conceded that the immediate effect of the suspension had been that British industry had benefited, but he contended that this benefit was transient and illusory, and that with the present depression in world conditions, and with our vital dependence upon foreign trade, we could not look for any substantial improvement. "Until the exchanges of the world become freer," he said, "and an effective forward exchange market has been restored to enable traders to cover their exchange risks, our prospects remain uncertain." Lord Churchill, however, did not favour the immediate stabilisation of sterling. He thought it best for us to preserve a free hand, and to wait until there was better assurance of international co-operation directed towards the proper working of the gold standard. Above all, it was first necessary to revive the normal flow of surplus funds from the short-term to the long-term market, where they would no longer be the menace to monetary stability that they have proved to be in the immediate past. Referring to

the bank's own affairs, Lord Churchill explained that the position of outstanding German, Austrian and Hungarian credits in no way gave rise to anxiety, for the reason that the bank had been conducting this class of business on the very lines laid down later by the Standstill Committee. Surprisingly little provision had been required for bad debts; nor had the bank's holdings of Government securities and shares in the Anglo-Polish Bank been a source of trouble. Unfortunately, the bank's remaining investments, whose book value was £565,000, have involved the bank in considerable loss, and this explains the current allocation of £100,000 to contingencies. A small part of the loss arises from exchange and price fluctuations, accentuated by the closing of so many foreign bourses, but the British Overseas Bank was unlucky enough to hold a large block of Credit-Anstalt shares, and these show a deficiency of their book value of £99,563. Mr A. C. D. Gairdner, who also spoke at the meeting, laid stress upon the fact that credit rests not on gold, but upon confidence and on the belief that the borrower will carry out his obligations to the lender. He deprecated the excessive degree to which credit is to-day related to gold and measured by percentages. Speaking as an "old-fashioned banker," he insisted upon the need for reducing debt and expenditure.

Ionian Bank.—The report and accounts of this bank both show that the past year has been extremely difficult. In particular, special provision of £105,000 has had to be made for bad and doubtful debts. To meet this, £50,000 has had to be transferred from the reserve fund to current profit and loss, and the year's dividend is reduced to 2 per cent. To cover the depreciation on the bank's investments, £75,000 has also had to be allocated from the reserve fund to investments reserve. These operations reduce the reserve fund from £225,000 to £100,000. The main items in the accounts are summarised below:—

	1929.	1930.	1931.
Liabilities:—	£ thou.	£ thou.	£ thou.
Issued capital	600	600	600
Reserve fund	200	225	100
Investments reserve	50	25	100
Deposits	3,849	3,844	3,413
Outstanding advices, exchange contracts, &c.	524	291	453
Acceptances	32	60	122
Assets:—			
Cash	715	631	476
Balances with correspondents	84	129	138
Investments	908	975	1,256
Bills receivable	911	793	518
Advances	2,568	2,300	1,987
Outstanding advices, exchange contracts, &c.	338	179	174
Gross profits	408	408	356
Net profits	48	40	47
To or from reserve fund	Nil	Nil	50*
Dividend	7%	6%	2%

* Excluding transfer to investment reserve.

Many of the changes in the bank's accounts are familiar in the current year's banking history. On the liabilities side, the item of "outstanding advices, etc.," includes contingencies; and this may explain its large increase, especially as the contra item on the assets side is practically unchanged. The doubling of the bank's acceptances in the face of the growing trade depression may be due to seasonal causes, but may equally arise from the immobilisation under one of the many standstill agreements of some of the bank's credits. The elucidation of this point would be of value. The big increase in investments other than British Government securities (from £250,000 to £537,000) also needs explanation, in view of the depreciation of many classes of securities and the need for making the special provision alluded to above. Doubtless there is a simple explanation of all these points; but in these days, when it is so necessary to maintain confidence, bank directorates would do well to give their shareholders and customers the fullest amount of information that is permissible. The shareholders' meeting is due to take place on December 31st.

Overseas Correspondence.

UNITED STATES.

Railroads — Treasury — Banking — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, December 5.

RUMOURS of the growing strength of Hitlerism in Germany and of the possible abandonment of gold by that country have been somewhat disturbing to markets here, but on the whole the disposition has been to put a pleasant face on the matter. Immediate interest is more closely connected with German repayment of short-term loans and bank balances than with reparations.

No decided change in domestic business conditions has taken place in the past week, but the cumulative effects of slack trade were made more manifest in the receivership proceedings for two railroads. A large bank consolidation in New York appears to have been misinterpreted abroad and, combined with the anxiety over German debts, and revived fears over the banking situation; but the atmosphere is now clearer, and it can be said with assurance that the position is stronger now than it has been.

The National Credit Corporation, formed at the suggestion of President Hoover to aid banks, has made another announcement, reiterating in effect its former statements that all applications for loans receive prompt response, but that the amount borrowed so far has not been large enough to warrant payment by subscribing banks of their quota. Funds are obtained locally on notes of the Credit Corporation. The ease and promptness with which aid may now be secured has undoubtedly done much to restore the serenity over the banking situation and to diminish the call for funds. The Corporation says that so far no applications for loans have been refused.

Receivership for the Wabash Railway, followed by one for the Ann Arbor lines, controlled and largely supported by the former, was more or less of a foregone conclusion, based on trade conditions. The Wabash was brought into prominence a few years ago because of its purchase by speculative interests in their fight for a strong strategic position in the eastern merger movement. Virtual control was obtained at an enormous price by the Pennsylvania Railroad, as a check to the New York Central, Baltimore and Ohio, and Van Sweringen interests, principally since Wabash itself had borrowed money and bought control of the Lehigh Valley, a road important in itself. For a while during prosperous times the Wabash was helped by diversion of traffic, but depression forced this traffic to follow the cheapest routes, and with revenues thus reduced and the fixed charges greatly increased as a result of the bonds sold to buy Lehigh Valley, Ann Arbor and other railroad stocks, the Wabash was forced to go under. It had been supposed that the strong Pennsylvania would keep Wabash a going concern, but receivership, under a friendly receiver, doubtless held more advantages, and in any case, since it had ordered Pennsylvania to dispose of Wabash, the Interstate Commerce Commission might have frowned on advance of money from that source.

Since the depression began in 1929 there have been four major railroad receiverships—the Seaboard Air Line, the Florida East Coast, the Wabash and the Ann Arbor. As a partial offset, the Chicago and Alton, forced into difficulties during the war-time recession, was reorganised under Baltimore and Ohio ownership. Two other roads, the Minneapolis and St. Louis and the Iowa Central, have been operated by receivers for a good many years.

A number of unimportant short lines are in receivership or virtually there, but their fate is bound up with neighbouring large systems. In 1916, a bad year for the railroads, just before Government war-time operation, railroad bonds and notes in default totalled \$885 millions. The total is now \$420 millions, the largest since that time. The decline in a dozen or more railroad stocks to prices of a few dollars a share indicates the likelihood of other

receiverships. Five or six roads are having difficulty in financing current operations and meeting early obligations, but in the main they are lines which had expanded on more or less illegitimate prosperity a few years ago and paid out large dividends instead of providing for a rainy day.

The trunk line roads with permanent traffic connections are certain to weather the depression, and while some of them have had to resort to large bank loans as a stop gap pending a better bond market which will permit long-term financing, and while their dividends will probably be omitted, there is no question of the safety of their bonds. New York Central, Pennsylvania, Union Pacific, Santa Fé, Southern Pacific, Baltimore and Ohio, Great Northern, Northern Pacific, Burlington, Chesapeake and Ohio, and Norfolk and Western are roads included in this category.

The Treasury is expected to announce on Monday its financing plans for the December 15th tax date. Most bankers in Wall Street look for loans of well over \$1,000 millions to meet maturities of a little over \$900 millions, and short-term borrowing is likely. Possibly the Treasury will not wish to borrow at longer than two years. Private capital flotations continue small, being almost wholly confined to municipal loans, averaging \$15 to \$20 millions weekly.

Tax collections for the fourth quarter are not expected to exceed \$250 millions, or about half the payments during the period of prosperity. The first work of the new Congress, which meets next week, will be, after approval of the Hoover moratorium, to consider the Budget for the next fiscal year. This will involve as an immediate measure the establishment of new income-tax schedules. Probably the base will be widened considerably and rates increased as well, the old 1924 schedules being regarded as the most that can be expected at first. In addition to the income-tax rates provided therein, the probability of excise-duty impositions is large. These will include theatre tickets, luxuries of various sorts, and possibly an automobile sales tax. An earnest attempt will be made by the Administration to provide as much money as possible from taxation and as little as possible from new borrowing, although some new loans will be unavoidable.

Much can be done by the Government in reducing expenditures. Not only is a wide field open to Congress in cutting off enormous appropriations for the various forms of subsidies, such as those given the Shipping Board and the Farm Board, but great savings can doubtless be made in administrative expenditure. Current expenditure is much in excess of those of the years of greatest prosperity, and it is not too much to expect a reduction in the coming year of at least \$300 millions.

Gold shipped this week to France was of a special nature, though bankers would not be surprised, nor at all chagrined, if another large part of the French balances here were repatriated. For the first time for months the Reserve System reduced its holdings of Government securities, the item for the week of December 2nd dropping \$10 millions, but this was not significant of a change in policy. Bill holdings also ran off sharply, and in spite of larger borrowings by member banks, the total Reserve Bank credit outstanding dropped \$37 millions, with a slight increase in the reserve ratio on a mild increase in currency circulation, due to month-end operations.

Seasonal trade expansion is very slight. The steel industry has lost further ground and is operating around 20 per cent. of capacity. Railroad traffic is now following the seasonal downward trend. October net earnings were down 43 per cent. for the railroads, and it is estimated that income in 1931 will be the smallest ever earned. The decline from 1929 is placed at 57 per cent. Earnings for 1931 will amount to about 2 per cent. on valuation for the roads as a whole. Motor output for November is estimated at the National Automobile Chamber of Commerce at slightly above 65,000 vehicles, the smallest for any month since the records were first compiled in 1921. Little is expected of the current month, but the New Year may bring improvement with the introduction of new models.

FRANCE.

Electoral Law — Bank's Sterling Losses — Prices — Industry — Foreign Trade.

(FROM OUR CORRESPONDENT.)

PARIS, December 16.

THE Chamber, after a night sitting which lasted until two o'clock yesterday, and which was characterised by stubborn Socialist and Radical-Socialist opposition, has adopted the new convention between the Government and the Bank of France, which has for its object the recoupment of the Bank for the loss it has suffered, in regard to its holdings in sterling exchange, as a consequence of the abandonment of the gold standard by Great Britain.

The preamble to the Bill embodying the new conventions between the State and the Bank of France sets forth that the Bank's stock of sterling exchange, at the moment the British Government announced its intention to abandon the gold standard, amounted to £62,000,000, and that the loss automatically involved, on the basis of exchange rates actually applied, was about 2,500,000,000 francs. The Bill provides that on December 24th next, when the bank usually closes its financial year, it shall revalue its holdings of sterling on the basis of the then existing rate of exchange, and that the loss incurred shall be made good by the State, by the handing to the bank of a Treasury Bond, maturing in 1945, the date of the expiration of the present charter, this Bond being exchangeable against negotiable bonds issued by the Caisse d'Amortissement, and of the same kind as those which the bank received, on the stabilisation of the franc, in respect of its holding of what are known as "the Russian Bonds." The amount of this Bond will be revised half-yearly, in order to cover possible losses of the same character. Its definite amount will be fixed only at such date as the convertibility of sterling currency into gold has been re-established. The progressive reimbursement of the new bonds will be assured from the profits on minting of silver, the budget annuity of one per cent. applicable to non-amortised bonds, and other resources covered by the currency laws and conventions. The budget annuity already existing will be automatically increased in proportion to the amount of the new bonds, and its service will be undertaken by the Caisse d'Amortissement. The bank, further, will contribute towards the amortissement a sum of 200,000,000 francs, which will be payable in full on December 24th next, and in addition one-fifth of its own share in the annual gross profits shown by the bank over and above a total of 650,000,000 francs. The extinction of the loss falling on the bank, it is pointed out, will thus be progressively assured by new contributions from the bank itself and, thanks to the intervention of the Caisse d'Amortissement, will involve no immediate burden on the Treasury. The Bill, after a rather exciting debate, was adopted (on a vote of confidence) by 307 votes against 274, the minority including 110 Socialists, 103 Radicals and the eleven Communist deputies.

To-night has been fixed for the opening of the discussion on the Bill to amend the electoral law in respect of the present system of second ballots. Under the present law, if no candidate secures a clear majority of the votes cast at the first ballot, a second ballot is necessary, a fortnight later, on which occasion a bare majority over the candidate obtaining the next largest number of votes is sufficient to secure election. The effect of this system hitherto has been largely to vitiate the real object of the electoral law by fostering an exaggerated number of three-cornered contests, with the inevitable result of an extraordinary proportion of second ballots, which have given rise to all kinds of inter-party alliances of questionable character. The success of the Cartel des Gauches at the 1924 elections, for example, was largely due to Socialist and Radical-Socialist candidates pooling their votes in cases in which fighting independently would undoubtedly have resulted in the return of Moderate candidates. The fact that the Socialists now form the

largest party in the Chamber (with 111 seats against 110 held by the Radicals) has been largely due to the fact that moderate and reactionary electors at several recent by-elections have cast their votes for extremist candidates, in order to keep out followers of M. Herriot, whose return to power is regarded by Clericalists as much more likely, and therefore likely to prove more dangerous, than the advent of a Socialist Cabinet.

The Bill provides that candidates, in order to secure election at the first ballot, must receive the votes of at least one-fourth of the electors on the roll and 40 per cent. of the votes cast. If no candidate satisfies these two stipulations, a second ballot under similar conditions must take place two Sundays later. Radicals and Socialists, who appear to have everything to lose and nothing to gain from the adoption of the new method, have decided to fight the Bill by every means in their power, which is understood to mean unrestricted obstruction. All parties regard the Bill as of vital importance, and its adoption is likely to settle the question whether Socialists-cum-Radicals will assume power after the pending general elections. From the international point of view, the result of the debate just beginning is of the highest importance, as any shifting of the majority in the Chamber towards the Left would undoubtedly have an enormous effect on French policy in regard to disarmament, German reparations and other vital questions.

With the slowly but steadily growing pressure due to the general economic crisis, wholesale and retail prices continue to fall. The general index for wholesale prices at the end of November is returned by the Statistique Générale as 417 (July, 1914 = 100), as compared with 423 in October and 504 in November last year. The drop in the general figure has been due chiefly to the decline in raw material prices, which dropped nine points (textiles being 11 points lower), while that representing foodstuffs is only four points lower. The figure for wheat prices (official quotations in Paris market) fell from 583 to 570 during the month (585 in November, 1930). The index of retail prices in Paris of thirteen commodities of common household use is returned for November as 529 (113 gold), against 541 in the previous month and 687 in November last year.

Industrial production indices for October, as issued by the Statistique Générale, show a continued drop in output, although this is surprisingly small. The general index figure for the month is 117 (1913 = 100), a drop of two points on the month as compared with a mean of 110 in 1930 (the high record year), 139 in 1929 and 127 in 1928. Engineering is three points lower on the month; metallurgy five, textiles two, leather two, paper three, motor-car output 22 and rubber 13. Building, the situation of which is popularly regarded here as indicative, remains stationary at 121, as in August and September, as compared with means of 137 in 1930 and 122 in 1929.

The foreign trade returns for November indicate a decline in both exports and imports on the month, but an appreciable diminution in the adverse balance. Exports are returned as 2,385,081,000 francs (or the smallest in value since the stabilisation of the franc), against 2,534,630,000 francs in October. Imports were 2,890,990,000 francs (the first time for many years when the monthly total has dropped below 3,000 millions), against 3,128,199,000 francs in the previous month.

GERMANY.

Emergency Decree — Government and Nazis.

(FROM OUR CORRESPONDENT.)

BERLIN, December 15.

IN issuing the "Fourth Emergency Decree for the Safeguarding of Economy and Finance and for the Protection of Internal Peace," the Government followed the following train of reasoning: Germany must have low prices in order to maintain her exports in face of the new wave of protectionism and exchange depreciation. To make possible a reduction of prices, a sudden substantial reduction of wages is necessary (the emergency decree provides

for a reduction of wages to the level of January 10, 1927, that is to say, by 10 per cent., and in many cases even by 15 per cent.). So great a reduction of wages is, however, impossible without an immediate sensible reduction in the cost of living; it is impossible to wait until the general reduction in prices has produced its effect on the cost of living. It is therefore essential that some item which plays an essential part in the wage-earner's budget be immediately reduced by law. The only item which lends itself to such treatment is rent. But rents cannot be reduced without a reduction in mortgage interest, and so the Chancellor arrived at his decision to reduce the rate of interest by decree, although the warnings which have been uttered on this subject had made a great impression upon him, and such serious interference with the structure of the economic system is not in accordance with his principles.

Whatever the objections to the reduction in the rate of interest, it is impossible not to recognise that the Government's chain of argument is logical. Nobody who considers as rapid and severe a reduction of wages as this decree introduces to be unconditionally necessary can avoid a conclusion in favour of interest reduction, even if he is as familiar with the arguments against it as is Dr. Brüning. The method by which the interest reduction is to be carried out does, however, betray the hasty character of the decision. Interest rates on all mortgages and public and private mortgage bonds are reduced in so far as they exceed 6 per cent. Debts at 8 per cent. are to be charged 6 per cent.; interest from 8-12 per cent. is to be reduced by a quarter, and on interest in excess of 12 per cent. there will be a reduction of a quarter in the part between 6 and 12 per cent. and of a half in the part of it which exceeds 12 per cent. Interest of 6 per cent. and under is not affected. Thus anybody who bought Berlin 6 per cent. loan at the current rate of 67½ at the end of 1930 will retain his interest unchanged, although it represents a yield of 8.8 per cent. on his investment. A person, on the other hand, who bought 7 per cent. Berlin Transport loan at the same date, at the rate of 85½, and has so far had almost exactly the same yield 85½, and will now be mulcted of one-seventh of his from it, will now be mulcted of one of the 8 per cent. city receipts, and if he preferred higher price he will even lose loans at a correspondingly higher price he will even lose a quarter. As bond quotations have promptly adjusted themselves, this means a corresponding loss of capital.

Foreign loans are, of course, excluded from the conversion, as also are mortgages which were pledged as security for foreign loans. These absolutely necessary exceptions create further special difficulties; for example, house owners who have built their houses with money borrowed abroad cannot reduce their rents, while their tenants are suffering the same curtailments of income as everybody else.

The reduction of rents which constitutes the kernel of the price reduction programme amounts, in the case of the older houses, to 10 per cent. of the pre-war rent, which means 7.8 per cent. of the present rent. In the case of houses built since the war, the relief arising from the reduction of mortgage interest will be distributed among the tenants. This is bound to create great inequalities, but, in general, the reduction will be much the greatest where rents have hitherto, owing to mortgages at high rates, been the dearest. Moreover, all tenants will have the right to give notice if their rents are not reduced 20 per cent. below the level of the beginning of 1931.

The reduction of commodity prices is to be achieved by a Government threat to all cartels and other price associations of compulsory dissolution if prices are not reduced by 10 per cent. below those of June 30, 1931. The prices of coal and potash, which are subject to Government control, will be reduced forthwith by 10 per cent. In order to supervise the execution of these provisions and, further, to bring about a reduction of retail prices, Dr. Goerdeler, the former Mayor of Leipzig, has been appointed Price Commissioner. Part of his duty is to induce the municipalities to reduce the charges of their public utility undertakings. His powers are very extensive; he can, for example, close down undertakings which keep their prices too high in defiance of his regulations. Herr Goerdeler

has, however, announced that he does not believe in the possibility of reducing prices by order, that he does not wish to be hailed as a worker of miracles, and that he does not intend to be arbitrary in the exercise of his plenary powers.

The emergency decree has restored the balance of the Budget. The Minister of Finance has announced that without it there would have been a fresh deficit of Rm. 400-450 millions. The provisions of the decree and the steps which are being taken in connection with it will result in the following increases of income and reductions of expenditure by the Reich: reduction of official salaries, 50 million marks; earlier income-tax payments 50 millions; increase of turnover tax, 120 millions; profits from coinage and economies, 230 millions, making a total of 450 millions.

The necessity of increasing the turnover tax in order to balance the Budget is a weakness in the programme, as a rise in this particular tax tends to counteract the movement for a reduction in prices, but the Government had no choice in this matter. They had to produce additional income, and this was the only tax whose yield it seemed possible to increase. It is being raised from 0.85 per cent. to 2 per cent., but a modification is planned which will avoid or, at any rate, reduce the accumulation of the tax burden where the same commodity changes hands repeatedly, especially at different stages of manufacture.

Everybody in Germany realises that the emergency decree involves a serious attack upon the security of contracts. It is generally felt that the Government has taken upon itself tasks which cannot, in a capitalistically-organised society, be recognised as proper to a Government, and upon which even the Socialist Governments immediately after the revolution would not have ventured. It is, however, a question of emergency Government action. The Brüning Government themselves do not regard their action as desirable in principle, but as a chain of necessities from which they could not extricate themselves. The determination with which the Chancellor undertook tasks of such immense difficulty has strengthened the position of his Cabinet.

In spite of the severe wage reductions, the Parliamentary Social Democratic Party, which had hitherto been somewhat critical of the Government, has recently decided to continue the policy of "toleration." The 1931 report of the Zentralverband des deutschen Bank- und Bankiergewerbes which has just appeared, shows plainly that Dr. Brüning has also gained ground in business circles. It contains the following comment on the new decree:—

To the very last moment we resisted with the greatest determination the attacks on private property, and especially upon the rights of German holders of capital and of loans, which have now succeeded. We did so, not in defence of the material interests of our members, but in grave anxiety as to the consequences which must arise from such violation of pledges, and in defence of convictions which are widely shared by economists, by the technical Press and even by members of the Government itself. Even now we are surrendering none of these convictions. We bow, for the time being, to the necessity of the moment, for in the foreground of all our deliberations stands the consciousness that it is just now a question of life and death for the German people. The Government, who at such a moment are defending against the foreigner the Fatherland's right to existence, have the right to demand that everyone who calls himself a German shall stand by them firmly.

The Bankenverband adds:—

If the German Government now summons our Fatherland to a last effort in order to make one more attempt to overcome our difficulties until a final international settlement is reached, it must be clearly and unmistakably stated that all these endeavours will be in vain if this settlement does not at last create a true peace, and if it is not so framed as to meet the economic needs of the world.

In the broadcast speech in which he made the decree public, Dr. Brüning declared very severely that he would take extensive and forcible measures to counter any attack upon the authority of the Government, and that he would regard no movement as legitimate, even if it intended to keep within the law until it came into power, if its purpose was afterwards to interfere illegally with the personal and political rights of its opponents. That was a comprehensive and unequivocal rejection of the claim of the National Socialists to rank as a Party with legal aims. Herr Hitler is not to think that Dr. Brüning will voluntarily hand over the helm to him, or that he regards

him as an eligible ally, and as the National Socialists, according to the various by-election results, are far from commanding a majority of the German electors, Herr Hitler will have to confine himself to creating parliamentary difficulties, with the aid of the Communists. The political provisions of the decree show that the Chancellor is in earnest: the regulations relating to the possession of arms are made more strict, the wearing of political badges or uniforms except at home is forbidden, and political meetings and political pamphlets are prohibited during Christmas.

AUSTRIA.

Stock Exchange — Banking — Foreign Trade.

(FROM OUR CORRESPONDENT.)

VIENNA, December 14.

THE boom on the Vienna Stock Exchange has ceased just as quickly as it began. No change has taken place in the prospects which the general economic position indicates for price levels of shares, but the banks seem to be following a different policy on the exchange. This has probably been done at the suggestion of the National Bank, which probably regarded the rise in share prices as an undesirable symptom of fear of the schilling. As, in addition, reports from foreign markets all showed weakness, and the Prague market in particular was sluggish, there were reductions all along the line in Vienna, though a few securities were well maintained.

Czechoslovakian shares were also weaker, which means that the question of exchange rates was not taken into consideration, but, on the whole, the drop in Vienna was much greater on this occasion than that in Prague. The decline in the share quotations was accompanied by a recovery in most of the loan scrip also placed abroad. For instance, League of Nations Loan improved from 125 to 131.50, Federal Loan of 1930 from 76.10 to 77.75, Housing Scheme Loan from 74.50 to 75.35. In the second week of December the shares of the Austrian National Bank sank from 261 to 239, Austrian Building Company from 31.25 to 27.25, State Railway Company from 22.50 to 21.90, Gösser Brewery from 179.50 to 150, A.E.G. from 15 to 13.80, Elin Elektrizität from 24.25 to 20.80, Styrian Magnesite from 45 to 36.50, Alpine Montangesellschaft from 16.95 to 12.50, Oesterreichische Eisenbahnverkehrsanstalt von 33.50 to 31, Semperit Rubber from 62 to 53. Some securities were well maintained; for example, Felten and Guillaume eased only from 183.75 to 182.50, and Grazer Waggon from 12 to 11.25.

The values of securities bearing fixed rates of interest were possibly influenced by a belief that the current urgent demand for a reduction of the bank rate might be conceded. In the position of the National Bank there is, however, no indication which would justify this hope. After great stringency at the close of November, the relaxation experienced during the first week of December was extremely slight. Withdrawals from the financial institutions are again increasing, a fact which is partly explained by preparation for Christmas purchasing, and also by the circumstance that the usual Christmas gratuities are this year being paid to employees very tardily and are in many cases much reduced. In the first week of December the bill portfolio and the total circulation each receded by only four million schillings, and even this recession, modest though it is, was accompanied by a decrease in holdings of foreign values amounting to about 500,000 schillings. Furthermore, the mortgage credits of the National Bank have recently been greatly increased. On December 7th they stood at 20 million schillings, in comparison with 3.5 millions two months ago, which, however, indicates that the National Bank is devoting some attention to investment in share values, which it had previously neglected completely. The cover ratio still remains at 27.8 per cent.

In the circumstances, it is only natural that considerable anxiety is felt in regard to the handling of affairs at

the end of the year. The rumours spread by the Opposition to the effect that the Federal Railways will not be able to pay the wages of the staff in January are certainly exaggerated, but there can be no doubt that all enterprises, both public and private, are approaching the National Bank with tremendous demands, while, on the other hand, the position of exchange rates calls for the greatest caution and stringency in the according of credits. The foreign attacks upon the schilling, which were most noticeable in Germany and in Switzerland, have so far been repulsed. In regard to the Swiss bear movement, in particular, the clearance contract between Austria and Switzerland, which has just come into force, has removed all possibility of advancing the pretext that a possible schilling offer in Zurich or Basle has anything to do with actual supply and demand. In the clearing treaty it is provided that payments for merchandise trade may be effected only through the Austrian and the Swiss National Banks, and that the surplus of foreign trade, which is guaranteed to Austria under the treaty to an extent of 33 per cent., is to go to liquidate Swiss financial claims. As far as purely legitimate business is concerned, the schilling may, therefore, quite well disappear from the Swiss markets.

Commercially, however, little satisfaction is felt in Vienna at this treaty, which will be the pattern of a number of other similar treaties with England, France, Hungary, Poland, Yugoslavia and other countries. It is true that the importer is relieved of anxiety about procuring the means of payment of the delivering country, but he must deposit with the National Bank, even before receipt of the goods, 100 per cent. of the total value of the invoices marked with import sanction. Only people who are acquainted with the tardiness of payments in Central European business life can comprehend the significance of this decree. On the other hand, the exporter does not get as heretofore the proceeds of the exports in foreign exchange for the purpose of purchasing raw materials, as no foreign exchange at all comes into the country, as it is all booked for clearing. It remains to be seen whether this exchange, which is really nothing but primitive barter, will satisfy modern requirements. In any case, it is hard to see how the deficit in the balance of foreign trade can be remedied by this means; it is just those countries with which Austrian foreign trade shows a marked deficit which will not conclude clearing treaties.

The deficit in the balance of foreign trade, which in recent years has averaged about 900 million schillings, will probably amount to 800 schillings this year, but this recession is not due to limitation of imports, but chiefly to the general decline in foreign trade turnover caused by the crisis. In one direction very energetic measures are to be taken against imports. The import of coal, which in previous years amounted to 200 to 250 million schillings, is to be reduced by the introduction of compulsory measures to ensure the use of Austrian coal. A committee elected for this special purpose will decide in which cases Austrian coal must be used partially or exclusively. In particular, the coal merchants are to be obliged to sell a certain percentage of Austrian coal along with the foreign coal. Austria has only brown coal, of which three million tons were raised in the year 1930, as compared with two million tons in 1919. Foreign brown coal has been thrust off the Austrian market, as Austrian brown coal now fills 88 per cent. of the total requirement. But Austria has practically no hard coal, and in the year 1930 she had to import four million tons of this product. The new law is designed to increase the use of brown coal, but this is only possible if suitable adaptation of furnaces is made. In spite of the foreign currency restrictions, offers of foreign coal have been very large, and include offers from England.

The affairs of the Credit-Anstalt have not yet been settled. The carrying out of the arrangement made with the English creditors is meeting with difficulties. The nomination of the managing director is not yet decided; and the proposed cancellation of the collective agreement with the employees is also meeting with obstructions, and it is not certain when these will be removed, for political complications are feared.

HUNGARY.

Politics — Banking — Investment.

(FROM OUR CORRESPONDENT.)

BUDAPEST, December 14.

COUNT KÁROLYI has emerged with strengthened prestige from a political crisis which threatened to bring down his Cabinet owing to the unwillingness of the Government's supporting parties to vote the proposed economies on pension and rent allowances. In spite of the resignation of the representative of the Christian Party in the Cabinet and the menacing party split, the Prime Minister, supported by Count Bethlen, the leader of the United Party, issued an Emergency Decree by whose provisions the necessary reduction of pensions will take effect on January 1st, and that of the rent allowances on May 1, 1932. The saving in the present financial year will be only 6 million pengő, but in a full budget year it will amount to 15 million pengő. Further economies were announced—though not in detail—by the Prime Minister in his parliamentary *exposé* closing the debate on the league Report. Count Károlyi has emphasised the firm intention of the Government to keep budgetary expenditure within 890 millions for the present financial year, as promised to the Financial Committee of the League.

The members of the Christian Party and the Opposition have left the Committee of Thirty-three, an emergency advisory committee specially created in August to deal with urgent financial questions. The resigning Opposition members have explained their discontent by the lack of determined policy on the part of the Government to balance the budget, while those of the Christian Party have resigned because their counter-proposals to save on other than pension services were not accepted by the Government. Count Károlyi retorted that as in the past so in the future every suggestion, coming either from private members of his own party or of the Opposition, to cut down expenditure will receive his utmost consideration. Both the Cabinet and the Committee, which has only 23 members at present, will be reorganised. Baron Kórányi is expected to take the portfolio of Finances after his return from London; the Ministry of Labour and Welfare will be merged into the Ministry of Commerce for reasons of administrative economy.

The Prime Minister has emphatically stated that the Government will not inflate and will, by pursuing a sound budgetary policy in the future, assist the National Bank to safeguard the stability of the pengő on the gold standard. So far as the internal purchasing power of the pengő is concerned, the National Bank has been successful. On the other hand, owing to the restrictions in foreign exchange dealings the pengő cannot be sold at par abroad, and dollar rates occasionally find a premium of 50 per cent. and more in the "black" market. But, in spite of that, the basic financial structure of the country is still standing, and it can be maintained provided, first, that the budget is balanced; second, that the transfer moratorium is declared, and third, that the note circulation remains on its present level.

The weekly balance sheets of the National Bank reflects the paradoxical phenomenon of a deflated note circulation accompanied by an inflated bill portfolio. The note circulation, having reached its peak at 507 million pengő in August, has oscillated between 335 and 400 million pengő in October, November and the first two weeks of December, which is about 15 per cent. less than the average circulation in the same period of last year. On the other hand, the bill portfolio has more than doubled, i.e., from an average of 200-250 million pengő to more than 500 million pengő if we add the \$20 million rediscount credit of the B.I.S. to the National Bank's own bill holding, which has oscillated between 360 and 421.8 million in the last three months. From these figures it is quite clear that the complaints which have been made in Parliament of credit restriction by the National Bank are wholly unfounded. On the contrary, the bill portfolio is too high, and under normal circumstances it would undoubtedly cause a credit inflation. But this is not the case now.

New credits are not granted, and the banks' idle money is lying at the National Bank, whose sight deposits oscillate between 140-160 million pengő, as against 30-40 million pengő a year ago. Fear and nervousness are responsible for the increased liquid reserves of the banks and for the contraction of the note circulation which is attributed by the ignorant to a deflationist policy on the part of the National Bank.

The amount of total saving deposits and current accounts placed with the twelve biggest banking institutions and the Postal Savings Bank has decreased from 1,448.5 million pengő at the end of 1930 to 1,200.7 million pengő on October 31, 1931, a decrease of 247.8 million pengő in ten months, of which 41.0 million pengő occurred in October. Further decreases must be reckoned with in November and in December. The fall in deposits and current accounts in the first half of the year is due mainly to the withdrawal of foreign credits and the domestic flight of capital, amounting probably to 100 million pengő, and in the second half of the year mostly to the self-liquidation process by withdrawal of deposits and repayment of debts, repayment of taxes and living on capital in the absence of a sufficient current income.

The decrease of the volume of credit corresponding to the withdrawal of deposits for direct investments is a desirable development, because it lessens the risk of sudden runs on the banks, which cannot be foreseen. The gold pengő experiment, which was intended to create confidence in bank deposits, has worked very well so far, but nevertheless in the last weeks signs of converting cash and savings into *Sachwerte* (investments backed by commodities) are more and more apparent. This development originated in recent weeks in Austria, where banking deposits are not provided with the gold clause and has resulted in a boom of the hitherto neglected stocks. The scramble for securities quietened down in Budapest owing to the prohibition of quotations, but there is an increasing demand for real estate, and some of the retail traders record good business, which shows that money is taking refuge in *Sachwerte*. So far so good, provided that the market is carefully watched by the National Bank and the authorities, and unwarranted inflationary price increases are ruthlessly checked. There are plenty of over-indebted real estates and stocks awaiting liquidation which could not be disposed of until recently. If this natural process proceeds smoothly, the economic and financial structure of the country can only gain by it, as the commercial banks will be able to thaw out some of their frozen assets and reduce their huge portfolio at the National Bank, whose rate has hitherto been ineffective.

HOLLAND.

Loss of Markets — Industry — Exchanges.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, December 15.

THE distress in Dutch industry is becoming more and more acute, especially now that in addition to the loss of the English market our outlet in Germany is being menaced too. The new emergency decree there, with its reductions in wages, interest and rents, provides such a cut in costs for the German exporting industries that it is now entirely out of the question for Dutch goods to compete, so still more markets will thus be lost to our products. The movement for extending the domestic market by means of customs unions with other countries is therefore growing more and more insistent. In this connection the Committee for Economic Defence of the agricultural and horticultural organisations, comprising all organised growers in these branches, presented a petition to the Minister of Home Affairs and Agriculture, stating:—

Since the difficulties with payments in Germany seriously curtailed our outlet to that country, France has instituted a quota system which not only represents a great obstacle to export to that country, but renders it impossible to continue normal commercial intercourse built up by years of arduous labour. In Austria there are foreign exchange regulations which make it practically impossible

to export to that country, while Britain daily publishes lists of articles subjected to such high duties as to be ruinous to any export to her. In considering what means of defence are available, our thoughts turn in the first place to the Oslo convention.

The measures adopted by Germany, France and England, may not be equally onerous for all the signatories of the Oslo pact, but it is undeniable that they have all been badly hit by them. All the signatory States are no doubt considering what steps can be taken for the defence of their own industries. How much stronger would the efforts in that direction be if only each State did not act independently, but resorted to concerted action. Taking the populations of the five signatories to the Oslo treaty (Netherlands, 8 millions; Belgium, 8 millions; Denmark, 3.5 millions; Sweden, 6 millions; Norway, 3 millions), it will be seen that the group represents 28.5 million inhabitants, which does not make a bad showing in comparison with France (41 millions), Great Britain (45 millions), and Germany (64 millions), especially considering that the Oslo signatories have so far been countries of good purchasing power. We are convinced that if the Oslo powers were to present themselves as one united block, the three big nations referred to would listen to their views with far more deference than they do now.

With regard to the treaty of Oslo, the memorandum in connection with the discussions in the First Chamber states that:—

Now that the parties are voluntarily applying the treaty pending its ratification, the simple regulations are being put into practice in such a way as to give rise to no objection or lack of uniformity.

The Ministers are also of opinion that the economic position of Belgium, and the Netherlands, is such that intensive commercial intercourse between the two countries is possible, and should be encouraged, now that our exports in other directions are encountering more and more obstacles. The Government is devoting its full attention to economic co-operation between the Netherlands and Belgium, as is evident from the fact that negotiations are in progress for a new commercial treaty with Belgium.

The Ministers are in agreement with the members who considered that the co-operation between the five signatory States should not lead to mutual preferential duties, which would not be applicable to non-signatory States. The point is in fact, that the most-favoured-nation clause remains inviolate. As far as can be ascertained, England also does not intend to diverge from the strict application of the clause.

The state of affairs in the Twente textile industry is already such that a second wage cut of 5 per cent. has had to be announced. The result has been that last Monday the employees of about 20 factories went on strike. According to preliminary figures, 12,000 to 13,000 employees are involved in the conflict, and practically the entire industry is now idle. On the whole, the situation is quiet in the strike district.

The distress in the Netherlands boot and shoe industry has also reached a critical point. One of the largest of the shoe manufacturers in Brabant, Van Schyndel, has already been declared bankrupt. Unemployment in this branch of industry is increasing day by day in consequence of the loss of foreign markets, coupled with the increasing imports of boots and shoes from abroad. A petition has been presented to the Government setting forth the seriousness of the menace which is threatening the existence of the Dutch boot and shoe industry, the effect which the present import regulations involve on employment, and the urgency of subjecting imports of boots and shoes to a drastic system of quotas.

With regard to the Amsterdam foreign exchange market, the pound sterling and the yen reached new low records again. The suspension of the gold standard in Japan is of particular significance for the Dutch East Indies, where Japan does considerable trade, as will be seen from the following table:—

JAPANESE EXPORTS TO DUTCH EAST INDIES.

	Value in Million Guilders.	Percentage of E. Indies Total Imports.
1926	82.17	9.60
1927	90.12	10.51
1928	93.68	9.88
1929	114.84	10.91
1930	100.12	12.01

It will be seen that there has been an increase in Japan's exports to the Dutch East Indies the last three years, expressed as a percentage of the latter's total imports. No doubt this tendency will be still further accentuated through the depreciation of the yen, to the detriment of Dutch industries exporting to the Indies.

The Netherlands exchequer is once more resorting to the issue of exchequer bonds, to an amount of 110 million guilders at the most. On the bonds market the tendency

has been very depressed, and first-class State and municipal loans reached new low records. The share market also was very weak, although in the last few days a slight recovery has manifested itself, both for bonds and for shares.

During the past week there have again been considerable imports of gold into Holland, comprising two big shipments from Paris and one from New York, so that the gold position of the Netherlands bank has once more been strengthened. Rumours circulated in England, to the effect that Holland was also to abandon the gold standard very shortly, were officially denied here.

GREECE.

Mr Maximos' Suggestions — Bank of Greece.

(FROM OUR CORRESPONDENT.)

ATHENS, December 10.

A SENSATION was produced the other day by an article published in the Athenian Press and written by the retired governor of the National Bank of Greece, M. D. Maximos, whose opinions carry great weight here. M. Maximos considers that the restrictive measures taken by the authorities for the protection of the national currency are not sufficient; that, owing to the world crisis, the balance of international payments of Greece seems to be passive and to be becoming still more passive; that the bank of issue has to fill the gap from its holdings of foreign exchange, which serve as cover for the note circulation, with a corresponding contraction of the latter; and that this method leads to a perilous path, for the cover of the circulation must be preserved by all means. He, therefore, proposes that, in addition to the measures already taken, a decision should be adopted by virtue of which the coupons of the Greek external loans shall be payable in drachmas. Bondholders residing in Greece will receive drachmas, while foreign bondholders will be paid by scrips issued and payable—by drawings—in the foreign currency in which their coupons would normally be payable.

M. Maximos further suggested, for the sake of a unified regulation of credit and the circulation, that the Bank of Greece—the bank of issue established in 1928 for the stabilisation of the drachma—and the National Bank of Greece—the former bank of issue and by far the most powerful credit institution of the country—should be governed by a common board of directors, thus making a *de facto* fusion of the two institutions, and avoiding the great risks which are entailed, according to him, by the separation of the central bank functions from the National Bank of Greece.

After the publication of this article, made with the knowledge and the consent of the Prime Minister, M. Maximos had a long interview with M. Venizelos, after which the following statement was made by the latter:—

The Prime Minister received M. Maximos and congratulated him upon the fact that the suggestions contained in his article are based on the cardinal necessity of preserving the stabilisation of the drachma. He added, however, that he does not approve at all of the measures proposed by M. Maximos. These measures, in fact, presuppose that the efforts being made for an understanding among the great Powers with a view to restoring normal economic conditions in the world, will definitely fail. M. Venizelos, without overlooking the gravity of the international situation, thinks that hopes still exist that an understanding among the Great Powers will be reached, an understanding which will allow the financing by external loans of the public productive works carried on in Greece to be continued. In this way, both the reserve of the Bank of Greece will be maintained—in conjunction, moreover, with the restrictive measures adopted—and the national income will increase after the completion of the productive works, so that there will not exist in future any danger for the equilibrium of the international accounts of the country. Should these hopes be frustrated, we shall be in time to take then the measures indicated for safeguarding the stability of the currency (which constitutes the fundamental basis of the policy not only of the Government but of all the political parties, as recent debates in Parliament have proved), and securing the continuation of the execution of the public works. In arriving at these measures, however, our action must have as a fundamental principle that a unilateral repudiation of our contractual obligations cannot fail to have the worst results both for our public and our private credit.

It will be noticed that, in the above statement of M. Venizelos, no mention is made of the second part of M. Maximos' proposal concerning the co-ordination of the policies of the Bank of Greece and the National Bank by the creation of a common board of directors for the two banks. The attitude of the Government on this question has not been officially stated. In the meantime, the newly-elected Governor of the Bank of Greece has gone abroad to meet the Governors of the Bank of England, the Banque de France and the B.I.S. The report, according to which he is authorised to negotiate the granting of foreign credits to Greece, is officially denied. On the other hand, a Bill has been presented to Parliament providing, *inter alia*, for the writing-off of the loss sustained by the Bank of Greece from its sterling holdings, partly by an immediate transfer from its reserves, and partly by instalments spread over five years.

A reduction, varying from 5 to 10 per cent., of the salaries of public employees has been decided upon by the Government, effective from January 1st.

TURKEY.

Revenue — Import Restrictions — Trade Treaties — Banking.

(FROM OUR CORRESPONDENT.)

CONSTANTINOPLE, December 2.

THE Turkish Minister of Finance, answering an objection in the Assembly about the new "crisis tax," said: "I have no doubt that our functionaries are hard hit, but so is the Treasury." These words were sufficient to persuade the Assembly to bring the tax into operation from the first day of this month. Otherwise the Treasury would have lost 800,000 Turkish pounds, of which it is badly in need to meet the deficit in the Budget receipts of 1931-32. The Minister of Finance estimates that the deficit which will have to be met at the end of the financial year will be at least 20 million Turkish pounds. The statistics of the first four months of the financial year (which began in June) show that there has been a year (which began in June) show that there has been a diminution in receipts of six millions as compared with the 1930-31, and seventeen millions as compared with the average receipts of the same period in the previous three years. The decrease appears to be progressive, and the estimated deficit of twenty millions which is now mentioned as likely will probably be exceeded.

At present there seems to be no light on the situation from any quarter. The provinces are calling heavily on the central Treasury to meet their deficits, and owing to these calls the Treasury currency reserve has fallen from 100 million French francs a year ago to 42 millions. The railways, from which an increase of revenue had been hoped, have disappointed expectations despite a heavier traffic, and it appears that hardly more than a third of the three million Turkish pounds which were anticipated from this source will be realised. In the first nine months of 1931 exports went down by 17 per cent.—from 99 million Turkish pounds to 82 millions—or, say, 25 to 30 millions for the year. Contraband imports across the Syrian and eastern frontier are estimated, after an official inquiry, at the colossal sum of 50 millions, and this smugglers' trade is said to have a strong organisation which it will be difficult and, in view of the huge area involved, very costly to break. The Government has also to pay some 15 millions for orders in foreign countries.

It is evident from this that the Finance Minister has to look far and wide for new resources beyond the 7 or 8 millions which the "crisis tax" may bring in, and which will hardly do more than fill the leakage caused by the restriction of imports. Since the "crisis tax" only covers salaried workers, the Cabinet is at present devising further taxes of a special kind upon capitalists, house-property owners, and the rentier class, as well as the professional class. It is possible that the salaries of the highest State officials will be cut to 400 Turkish pounds. At the same time the various measures contemplated to compress the State monopoly organisations, to find new outlets for exports if possible, and to stop all non-essential State works (while not losing ground on what has already

NATIONAL BANK OF GREECE Established 1841

Head Office: Athens.
Branches throughout Greece.
New York Agency, 51 Maiden Lane.

THE BANK OFFERS EXCEPTIONAL
FACILITIES FOR BUSINESS WITH GREECE

Capital paid up and Reserves Drs. 1,205,000,000.

been achieved), will do something to give the Finance Ministry the extra aid it needs. It is recognised, however, that these are not fundamental measures, and that the limit has already been almost reached in these economies.

Owing to the serious outlook and to the fact that economic factors must now govern the parliamentary arrangements of the State, a law has been passed making it possible to submit the Budget, in future, three months before the beginning of the financial year. At present it is submitted six or seven months before. The financial year is to begin in March instead of June, and the Assembly is to have two sessions instead of a continuous six-month session as at present. One will be held in November and part of December, and the second from February to some time after the end of June according to business. This will make it possible to re-present the 1932-33 Budget in February next, after its estimate of revenue at 184 million Turkish pounds has been cut down to the 150 millions which the current year has shown to be the extreme limit of possibility.

The quota system which has been put into force to restrict imports is working more smoothly. It is, however, only the advance guard of the "compensation" system which the Government is determined to establish, as far as it can, in its exchanges with foreign countries and its commercial treaties. Most of Turkey's commercial treaties expire next year, and the Government will notify the countries concerned, according as they expire, that future treaties must aim at "compensation." This has been achieved in the recently negotiated treaties with Czechoslovakia, Poland and Hungary. These countries have agreed to take Turkish tobacco to make up the excess of their imports into Turkey as compared with Turkey's exports to them. But the Finance Minister pointed out in the Assembly that there would be difficulties in applying such a system to countries which have no State factories or other organisations to absorb the purchases stipulated. He emphasised, however, that where the trade balance of a country is very seriously against Turkey, and consistently so over a number of years past, the Government will insist on an equilibrium being established, though it does not intend to use the new decree-law restricting imports to bring this about *de facto* in contravention of the existing treaties. The present restrictions are only in the proportion of 20 to 25 per cent., and will be diminished if speculation is found to arise on any item. It appears that many quotas will be made more favourable to importers in the coming three-monthly list which will be published in ten days, while luxury quotas will be made practically prohibitive. Three million dollars' worth of gold bars have just come across Europe from Cherbourg and America, and have been sent down to Angora to be placed in the new Central Bank of Issue and to constitute the beginning of a gold reserve for the national currency. The purchase was made by the Agricultural Bank, which will re-sell to the Central Bank. The Agricultural Bank is about to issue new

bonds to the amount of 6,000,000 Turkish pounds, bearing interest at 6 per cent., for the purpose of buying uncultivated land to be distributed to the poorer peasants who are at present obliged to work as labourers. The peasants will pay interest at 6½ per cent. These bonds will be guaranteed by the Treasury, apart from the guarantee of the Bank. In the present year this Turkish bank realised a profit of 701,905 Turkish pounds, which has been used to cover the fall in the value of the bank's reserve, due to the decline in sterling.

HONGKONG.

Currency Situation — Budget — Census — Manchuria.
(FROM OUR CORRESPONDENT.)

HONGKONG, November 12.

For the past two years Hongkong has been one of the very few commercial centres of the world free from trade depression. The collapse in exchange was, from a trade point of view, a blessing in disguise, and however hardly it bore on the foreign resident with home commitments it cleared the godowns of stocks, attracted money to the Colony, and stimulated local industries. Generally speaking, Chinese dealers have profited by the situation and have been enabled to clear off old indebtedness. Money has circulated more freely, and the drop in world commodity prices has, to a large extent, offset the lower purchasing power of the dollar.

The departure from the gold standard in England has, however, created a new situation. Chinese dealers, who had already covered their exchange requirements for goods arriving in the autumn, are at a big disadvantage against those who took the chance of a rise in exchange; and the members of the Piece Goods Guild, who have bound themselves to refrain from buying for six months from September 21st, may find themselves threatened by outsiders who can import piece-goods on a basis of exchange 50 per cent. higher than the level at which bulk business for next spring has been booked. The fact that the rate of the Hongkong dollar has risen from under 1s. to over 1s. 6d. in the course of seven weeks has completely upset confidence. The extensive purchases of bar silver in New York are unaccountable, for there seems to be no reason to suppose that the world supply of silver has suddenly changed from a glut to a shortage. Yet the price of silver is tending steadily upwards, and although many people predict a crash in the near future few of them are bold enough to back their opinion. In the meantime merchants and dealers are holding off from entering into sterling transactions until the outlook is clearer, and for the moment trade is more or less at a standstill.

The Hongkong Budget for 1932, which was recently introduced, creates a fresh record for the figures of revenue and expenditure. Nearly \$34 millions has to be provided to meet an expenditure estimated at 20 per cent. more than that for 1930, and only a very small proportion of the extra amount is being devoted to development work. The Government are still pursuing a very cautious policy, and are not yet in a position to carry out schemes which were contemplated as far back as 1925, when the anti-British boycott called a halt to many desirable developments. A large civil service, recruited on a sterling basis of pay, accounts for much of the increased expenditure, as the drop in the value of the Hongkong dollar has sent up the cost of salaries by nearly 100 per cent. compared with 1929. The present Budget has been based on an exchange rate of 1s., and as the revenue is raised almost entirely in local currency any permanent improvement in exchange during 1932 will leave a surplus at the end of the year. New taxation has been estimated to produce over \$2 millions, and during the coming year it is proposed to institute a betting tax which should bring in considerably more than the 250,000 which the Government expect. As usual, the official Budget speech contains a reference to Hongkong as a lightly-taxed Colony, but while this may be true in

comparison with other Crown Colonies, the fact remains that the cost of living mounts steadily and each year seems to bring some additional burden to trade.

The census of the Colony, taken on March 7th, shows a total population of 849,751, an increase of 215,307 over the figures for 1921. There has been a remarkable increase in the population of Kowloon, situated on the mainland opposite the City of Victoria. Kowloon, which has an area of 18.7 square miles, now has over 264,000 inhabitants as compared with 125,000 in 1921, an increase of 113 per cent. The defence forces stationed in the Colony, 7,682, outnumber the civil population of British race, which is returned as 6,684. Of the total population of the Colony, persons of Chinese race form 96.67 per cent. There are about 1,000 Eurasians and nearly 3,000 Portuguese, and of the other communities the Japanese are the largest with over 2,000. In one portion of the City of Victoria the density of the population is about 1,200 to the acre, the average for the main part of the city, 211 acres in extent, being 916.95 persons per acre.

The reunion of Canton and Nanking has still to be accomplished. A fortnight ago a strong delegation set out from Canton to heal the breach, and so confident were they that their mission would succeed that the newspapers were provided with ample material to celebrate the re-establishment of a united Kuomintang Government and made use of it somewhat prematurely. It was erroneously assumed that Chiang Kai-Shek would efface himself, and so the Canton delegates received a very rude shock when they discovered that Chiang had no such intention. Fruitless negotiations have ended in a part of the delegation returning to Canton, but the remainder are in Shanghai searching for a way out of the impasse. It is, however, significant that Li Chai Sum, who has been Chiang's prisoner for the past two and a half years, has been allowed to pay an unofficial visit to Canton, and it is quite possible that he may shortly resume his post as Governor of the two Kwang provinces. There seems to be no doubt that the party in control of Canton is anxious to join up with the Central Government, but it looks as if they will only be allowed to do so by accepting Chiang Kai-Shek as their chief. It is evident that Chiang is in a stronger position than most people assumed, and if he can bring back the dissenters to the Kuomintang fold he will add still further to a prestige which took a long time to establish but is now widely acknowledged.

Letters to the Editor.

CURRENCY DEPRECIATION AND EXPORTS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Mr G. Strakosch defines "the balance of trade" as the excess of the value of home-owned output of goods and services (other than gold) placed at the disposal of foreigners over the value of the corresponding foreign-owned output placed at our disposal. No one will question the validity of this definition, but it is permissible to question its implications as drawn by your correspondent. Trade between England and other countries, in the limited sense of goods and services, is, of course, extremely unlikely to "balance." This is due to the

"INVESTMENT" AND "THE COURSE OF THE COMING BOOM"

by
L. L. B. ANGLAS

The first general reaction in the market, which was forecast in "The Course of the Coming Boom," published on September 21st, has now occurred. A further upswing is now indicated.

The above two books, which are recognised as authoritative text books on the subject, explain the action to be followed by investors with a view to maximum capital appreciation in the course of the rising half of the trade cycle.

"Investment" : Macmillan & Co., St. Martin's Street, W.C.2. 4s.
"The Course of the Coming Boom" : St. Clements Press, Portugal Street, W.C.2. 5s.

fact that we are a large creditor nation, and also to other considerations, such as foreign investment of sterling balances in this country, and so on. Naturally, your correspondent appreciates this, and I do not gather that he takes exception to these conditions. But he is impressed by the fact that any sudden withdrawal of sterling balances falsifies "the balance of trade," as defined by him, owing to the inelasticity of the foreign demand for our goods.

This is true, but I would point out, first, that this falsification is practically unavoidable, and, secondly, that it is a purely temporary phenomenon. If, for example, someone attempted to sell, say, £100 millions of War Loan on the Stock Exchange in one day, the price realised would be out of all proportion to the real value of the stock, but the injury would chiefly accrue to the seller, and not the buyer. So it is with the withdrawal by the foreigner of his sterling balances. But your correspondent goes further than this. He is concerned with the fact of our existing adverse trade balance, which, to the extent that it is not explained by our creditor position, etc., he apparently thinks, though he does not say so explicitly, should be rectified by tariffs. My answer is that an adverse trade balance (apart from these factors) is a myth, and that no individual—and a fortiori no nation—buys goods and services at a higher price than it can realise in its own market, and therefore the definition of a balance of trade as "excess of value" is inapplicable in the present circumstances.

In any case, tariffs are no remedy for an artificial rate of exchange, or, at best, a very bad one, though there may be something to be said in the present abnormal circumstances for some control of the foreign exchanges, and much to be said for an early stabilisation of the pound. I agree that artificially depressed rates of exchange are injurious to this country; but depressed rates, even for an abnormal situation, are useless, the reason for which can be best given by an example. If a man is absorbing a certain amount of poison in his general diet (artificial exchange), the remedy is not to reduce the total amount of his food, a procedure which might starve the patient, but to give him food without the poison. Your correspondent, if I understand him correctly, wishes to roast a pig by burning down the house.—Yours faithfully,

FRANK MORRIS.
Constitutional Club,
Northumberland Avenue, W.C.
December 8, 1931.

Books and Publications.

GERMANY'S STATISTICAL ABSTRACT.*

NOBODY goes very far in economic or political argument without reference to "The Statistical Abstract of the United Kingdom." Now that Germany is constantly in the forefront of such argument, a corresponding volume of official German statistics is an asset to the reference shelf, and the German statistical year book has the additional advantage of an international section which gives comparative statistics of population, with the most important census classifications, agricultural production, industrial activity, transport and communications, trade, prices, labour and finance. The purely German figures cover a very wide range in great detail, and are for the most part subdivided by States and provinces. Though the headings are in German only, anybody who is accustomed to statistical tables would have little difficulty, even without any knowledge of the language, in understanding them with the aid of a good dictionary.

BOOKS RECEIVED.

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

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

Slovakia Then and Now. Arranged by R. W. Seton-Watson. (London) George Allen and Unwin, 40, Museum Street. 12s. 6d. net.

A collection of illustrated articles by a number of Slovak authors. They deal with a wide range of cultural and economic aspects of life in Slovakia.

"Statistisches Jahrbuch für das Deutsche Reich." 1931 (lin) Verlag von Reimar Hobbing.

This Money Maze. By Robert Eisler. Preface by Sir Josiah Stamp; Foreword by Sir Thomas Barclay. (London) The Search Publishing Company, Ltd., 53, Basset Road. 1s.

A description of the causes which led up to the present crisis, and a suggested solution.

Rural Banking Reform. By Charles W. Collins. (London) Macmillan and Company, St. Martin's Street. 10s. net.

A study of the effect on rural communities of current movements in banking organisation in the United States.

Whitaker's Almanack, 1932. (London) 12, Warwick Lane. 3s. and 6s. net.

The saying that "good wine needs no bush" is very true of "Whitaker's." Perhaps no other single reference book of convenient size offers answers to such a wide range of likely questions, ranging from the food imports of Great Britain to hall-marks on porcelain.

Genetic Principles in Medicine and Social Science. By Lancelot Hogben. (London) Williams and Norgate, Ltd., 38, Great Ormond Street. 15s. net.

A discussion of the material available to the human geneticist and of the extent to which genetical concepts can profitably be brought into the field of sociological discussion.

The Methods of Statistics. By L. H. C. Tippett. (London) Williams and Norgate, Ltd., 38, Great Ormond Street, W.C.1. 15s.

A treatise designed primarily for biologists. The mathematical knowledge required of the reader does not extend beyond the binomial theorem and elementary calculus.

Transport and Communications. By K. G. Fendon. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 2s. 6d. net.

A description of the economic characteristics and recent growth of the principal modes of transport.

The Gold Standard and the Crisis. By C. Ralph Curtis. (London) Charles Griffin and Company, Ltd., 42, Drury Lane. 2s. net.

A booklet designed to enable the ordinary business man to understand the present crisis.

The League of Nations Hand Map of the World. Edited by George Philip. (London) George Philip and Son, Ltd., 32, Fleet Street. 3s. 6d.

This folding map illustrates the activities of the League all over the world and the territorial changes that have occurred since 1914.

The Round Table, December, 1931. (London) Macmillan and Company, Ltd., St. Martin's Street. 5s. net.

Includes articles on "Great Britain and the Financial Earthquake"; "The European Problems of the United States"; "The World and the Crisis" and "Germany in the Storm."

OFFICIAL PUBLICATIONS.

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

National Health Insurance: Report by the Government Actuary on the Third Valuation of the Assets and Liabilities of Approved Societies. Cmd. 3978. 1s. 6d. net.

Road Vehicles—Great Britain: Return showing the number of Mechanically-Propelled Vehicles registered for the first time under the Roads Act, 1920, by each Licensing and Registration Authority during October, 1931. 2s. 6d. net.

Bankruptcy, 1930: Forty-eighth General Annual Report by the Board of Trade. 9d. net.

Empire Marketing Board: Australian and New Zealand Fruit Shipments, November, 1931. 1s. net.

Just Published

J. M. KEYNES' NEW BOOK

ESSAYS IN PERSUASION

10s. 6d. net

These Essays deal with Reparations, Deflation, the Gold Standard, Politics and The Future.

MACMILLAN & CO. LTD. LONDON W.C.2

The Stock Exchange:

BREWERY SHARES AND TAXATION.

"I PROPOSE to increase both the Customs and Excise duties on all the ordinary descriptions of beer by 31s. per standard barrel. That increase represents one penny per pint on beer of average gravity and price."

With these words Mr (now Viscount) Snowden, in the course of his Emergency Budget speech on September 10th, informed the House of Commons of his decision to bring the beer duty up to nearly fifteen times the pre-war rate. He thus conferred on beer, which had contributed £75,698,000 of a total tax revenue of £681,294,000 in the financial year 1930-31, the privilege of finding an extra (estimated) £4,500,000 before next April and an additional £10,000,000 in 1932-33. The new duty has provoked a storm of opposition from the trade. By all appearances, a vigorous campaign may be launched to secure some modification of the duty in the next Budget. In the meantime, how far has the duty affected the outlook for brewery shares?

There is no question but that production and consumption have fallen steeply since the duty was introduced. The number of standard barrels charged with duty in October was 26.8 per cent. and the number in November 21.9 per cent. below the corresponding monthly figures of last year. But the conclusion drawn in some quarters—that the average of these figures, say, 24½ per cent., can be taken as a rough indication of the decline which is likely to occur next year, solely as a result of the higher duty—obviously cannot be substantiated. In the first place, conditions since September have been abnormal. The *Brewers' Journal* itself, a month ago, described comparisons between the post-Budget output figures and the corresponding returns for 1930 as "unreal," since they reflected numerous exceptional factors. These, it was declared, included increased pre-Budget brewings and enhanced accumulation of stocks by retailers in anticipation of a higher duty, the reluctance of the public to pay an extra penny per pint (a psychological factor which might tend to "wear off"), the differing incidence of higher prices as between bottled and draught beers, and

what was described as the "very general" brewing of new beers of lower gravity.

This last point is important. Beer is anything but a uniform product. It is brewed in varying qualities and types ranging from gravities of 1,023 degrees to 1,115 degrees. Large breweries may turn out as many as thirty different varieties. In the case of certain breweries whose reputations have been largely founded on beers of a gravity of approximately 1,055 degrees, an extra penny per pint to the public would represent an additional 24s. per standard barrel, against the 31s. payable to the Exchequer. In many cases, however, the whole of the impost has been passed on. Bottlers, in general, have passed on to retailers an additional 8d. per dozen half pints, and the corresponding increase to the consumer has varied considerably. Bottled beers are estimated to account for between 15 and 20 per cent. of the total consumption, but in the case of some companies, like Bass and Guinness, the proportion is very much higher. In general, there has been a tendency to meet the consumer's unwillingness to pay more by giving him a product of lower average specific gravity, and obviously a period of weeks or months must elapse before "stability" in these respects can be even approximately expected.

A second reason for not regarding the fall in production in October and November last (as compared with the corresponding figures of last year) as a reliable index of the "permanent" decline in demand to be expected as a consequence of the higher duty alone, is based on the fact that a considerable falling off, as compared with 1930, must necessarily have been expected in the absence of any change in taxation. The average number of standard barrels charged with duty in the first nine months of this year was 9 per cent. below the average for the whole of last year, the decrease reflecting in part the historic long-term decline in the trend of beer consumption, but mainly the effect of prolonged industrial depression on general purchasing power. The enhanced sacrifices imposed on all classes under the September Budget must needs have

accentuated this tendency. This was doubtless in Lord Snowden's mind when he budgeted (so far as can be deduced from his revenue estimate) for a falling off in consumption, after the higher duty, of between 17½ and 20 per cent. Actually, the November drop of 21.9 per cent. was not much above the higher of these two figures. As the discrepancy is believed to be decreasing week by week further experience may well show that the late Chancellor's estimate was not very far out. Even if the full revenue budgeted for is not realised in what remains of the present financial year, it may be that the Treasury will obtain higher total revenue under the new regime than the old, and will, therefore, be loath to lower the duty. Incidentally, although the average decline in the barrelage charged with duty over the two months of October-November comes out at 24.37 per cent. expressed in standard barrels, the decline in terms of bulk barrels, as a result of changes in gravity, is estimated to have been only about 18 per cent.

If brewery shareholders are to be required to face the unpleasant prospect of a period of reduced profits, it may, at least, be urged that this contingency has been forced on them somewhat later than on their colleagues in most other industries. Since the war, brewery earnings have been distinguished, in the majority of cases, both by their stability and their high average level. An analysis of figures given in the *Brewery Manual* last September, supplemented by particulars up to the present month, shows that, even in a period of trade depression, out of 222 that, even in a period of trade depression, out of 222 breweries with an ordinary capital of £75 millions, some 169 companies, representing 83 per cent. of the total capital, paid dividends of 10 per cent. and over, while 47, accounting for nearly one-third of the capital, paid dividends ranging from 20 to over 35 per cent. Our own regular compilations of British industrial profits show the following results over the last eleven years:—

Reports Published during Twelve Months to June 30.	Breweries.			All Groups Analysed.*		
	No. of Companies.	Earnings per Ord. Share.	Dividends per Ord. Share.	No. of Companies.	Earnings per Ord. Share.	Dividends per Ord. Share.
1921	101	19.5	11.8	1,353	17.8	11.8
1922	90	16.8	12.8	1,386	7.8	8.6
1923	89	19.5	13.6	1,358	11.2	9.0
1924	83	19.3	14.8	1,406	12.7	9.5
1925	86	21.3	14.5	1,443	13.8	9.9
1926	81	24.6	16.2	1,475	14.9	11.1
1927	106	21.5	15.9	1,700	14.1	10.5
1928	94	22.5	17.6	1,742	13.8	10.3
1929	97	23.5	16.4	1,771	13.4	10.3
1930	93	21.9	16.6	2,053†	10.6	8.4
1931	108‡	22.3	16.6			

* Including electrical, financial, catering, textile, iron and steel, engineering, shipping, plantation &c., trades.

† Total ordinary capital, £73,749,408.

‡ Total ordinary capital, £1,367,036,006.

How far has brewery output, during the present depression, fluctuated by comparison with that of industry as a whole? An approximate answer is given in the table below, which sets out, quarter by quarter, since the beginning of 1929, (a) the Board of Trade's index of production in ten of the leading British groups of industries, and (b) the beer of the leading British groups of industries, and (c) the beer brewing figures, estimated in terms of bulk barrelage, which is a better index of "factory activity" than the standard barrelage figures, which are affected by variations in gravities. The average for the year 1929 is taken as 100 in each case.

The beer brewing figures have a wider seasonal fluctuation than those of British industry generally. The nine-month and yearly averages, however, suggest that, up to last September, the brewing industry had taken the impact of economic depression later than most other trades, and had shown an appreciably smaller decline during the period of the slump. The above figures do not include imported beers, which represent almost exclusively the produce of the Irish factories of Arthur Guinness. Following the latter company's extensive advertising campaign, a marked rise occurred in imports in 1930. A slight decline was registered, however, in the eight months to August this year, followed by a drop of 23½ per cent. in October and November (as compared with the same months of 1930) after the imposition of the higher duty.

PRODUCTION IN TEN BRITISH INDUSTRIAL GROUPS, AND IN BEER INDUSTRY (BULK BARRELS).

(Average, 1929 = 100.)

		British Industrial Activity (Board of Trade Index).	Bulk Barrelage of Beer Brewed.
1929	1st quarter	98.9	83.0
	2nd "	100.2	103.6
	3rd "	99.0	114.2
	4th "	101.9	99.2
1930	1st quarter	99.3	85.5
	2nd "	92.2	102.0
	3rd "	89.0	107.8
	4th "	88.7	94.8
1931	1st quarter	84.9	79.2
	2nd "	82.2	93.1
	3rd "	80.1	96.6
Whole year, 1929		100	100
Whole year, 1930		92.3	97.6
Average, 1929		99.4	100.3
First Nine Months 1930		93.5	98.4
Months 1931		82.4	89.6

On whatever lines responsibility for the drop in beer consumption be apportioned, as between decreased national purchasing power and increased taxation, a decline in brewery profits during the next few months would appear to be a contingency of which shareholders should take due cognisance. They will look, naturally, for greatest relative stability in profits to those companies whose efficiency is high, whose internal finances are strong, and whose capital structure is relatively "low-gearred," i.e., contains the lowest proportion of fixed interest to equity stocks. The post-war financial policy of the brewery industry has been commendably conservative, and the reserve position of most companies is strong above the average, though a higher proportion of reserves is frequently invested "in the business" than in outside securities. On the other hand, most breweries have large amounts of debentures and preference shares outstanding. The table at the foot of the previous page gives relevant particulars for a number of breweries, and enables the investor to see how far recent profits have fluctuated, what are the dimensions of "free reserves," and of "outside securities," and how different stocks ranked for priority in the distribution of earnings in respect of the last complete year.

The figures may tend to reassure nervous holders as to the prospects of brewery shares in the immediate future. They show that earnings could fall by one-half to two-thirds without encroaching on the requirements of preference shares, and by one-fifth to one-fourth without necessitating any drafts on reserves and amounts carried forward, in order to maintain ordinary dividends at last year's levels. That there will be some reduction of dividends is more than probable, but the figures in the last two lines of the table suggest that the share market has already discounted this possibility to a considerable extent. Earnings over the next few months will be governed not merely by factors resulting from the maintenance or possible modification of the present level of taxation, but even more by prospects of economic recovery in the world in general and Great Britain in particular. Shareholders, however, may desire to look a little further ahead. The future historian, who is in the happy position of regarding even the cataclysm of 1930-31, in perspective, as a melancholy episode in the world's onward march, may deem the period, nevertheless, a decisive one for the brewery industry. He may find that a hard-pressed Chancellor of the Exchequer, in September, 1931, unwittingly brought the industry sharply against a problem which, in any case, it must have faced sooner or later—that of maintaining a rate of profit, well above the average for most other industries, in the face of a steady decline in consumption. The industry has not been unaware of the latter's long-term trend, which has been attributable mainly to a historical change in national habits, whose roots go deep.

The brewery trade's efforts to meet this situation have comprised, on the one hand, a progressive reduction in working costs through closer organisation and enhanced internal efficiency, and, on the other, a rebuilding and modernisation of retail premises and a gradual but steady

	Samuel Allsopp.	Bass, Ratchiff and Grotton.	Bonakin's, Watford.	Arthur Guinness.	Hoare and Co.	Ind. Coops.	Mitchells and Butlers.	Watney, Combe, Reid.
Date of last balance sheet (1931).....	Sept. 30	Sept. 30	Sept. 30	June 30	April 18	Sept. 30	June 30	June 30
Net earnings, last three years (before debenture interest)	(£'000.) 212 229 258	(£'000.) 751 746 728	(£'000.) 172 234 241	(£'000.) 2,209 2,522 2,380	(£'000.) 545 623 610	(£'000.) 368 392 346	(£'000.) 642 697 652	(£'000.) 1,557 1,632 1,489
Last balance sheet:								
Surplus liquid assets	103	2,271	Dr. 128	6,226	Dr. 248	401	565	650
"Free" reserves§	391	1,674	338	3,561	1,401	1,023	1,688	1,344
Total marketable securities held.....	68	799	75	4,924	26	153	24	1,035
Total debenture capital	1,553	4,122	768	Nil	1,200	1,980	613	6,651
Total preference (and preferred)	754	1,360	390	2,000	...	512	1,000	4,870
Total ordinary (and preferred)	933	2,236	912	7,500	1,949	874	3,498(b)	3,185
Cumulative percentage of last complete year's earnings taken by:								
Debentures	(%) 0-32½	(%) 0-28	(%) 0-12½	(%) ...	(%) 0-11½	(%) 0-25	(%) 0-4	(%) 0-19
Preference	32½-53	28-37½	12½-20½	0-4	...	25-31½	4-11	19-33
Ordinary	53-85½	37½-90	20½-64	4-89½	11½-78½	31½-74½	11-83½	33-74
Reserves, etc.†	85½-100	90-100	64-100	89½-100	78½-100	74½-100	83½-100	74-100
Ordinary (£1):								
Earned last year	14.3%	20.3%	24.1%	39.4%(a)	29.8%	35.8%	18.6%	34.8%(a)
Paid last year	9.0%	17.0%	11.5%	35.0%(a)	21.0%	22.5%	15.0%(a)	19.0%(a)
Present price, £1 shares.....	20/-	46/-	27/-	81/3	40/-	46/3	40/-	35/-
Yield on earnings (%)	£14 6 0	£8 16 0	£17 16 0	£9 14 0	£14 18 0	£15 9 0	£9 6 0	£19 8 0
Yield on dividends (%).....	£9 0 0	£7 8 0†	£8 10 0	£8 12 0	£10 10 0	£9 14 6	£7 10 0	£10 17 0

* Latest available year. † Free of income tax. § Including share premium account and "carry-forward."

† Including amounts carried forward.

(a) 21 unit of stock. (b) Including 7 per cent. maximum ordinary shares. (c) Of which 5 per cent. free of tax.

movement away from the mere selling of drink towards "refreshment catering" in a broader sense. It may be surmised that what the trade really fears, at the moment, is not a temporary period of lower earnings, due to abnormal depression and taxation, but the possibility that part of the resultant drop in consumption may be permanent—that those, in short, who drink less beer from compulsion now may drink less from choice later on. This is a question whose implications brewery directors and shareholders will not overlook. Disregarding the purely short-term aspects of the matter, the net result of Lord Snowden's intervention two months ago may be that the pace of the "silent revolution" in the industry's methods, scope and objectives, which has been proceeding for at least a decade, may be considerably expedited. It remains to be seen whether the process, meanwhile, will call for lower dividends and the retention of even larger earnings for capital purposes.

THE WEEK IN THE MARKETS. THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
January 5.

ACCOUNT.
January 7.

MARKET conditions remained dull and largely featureless, the volume of business showing a daily decline. Apart from Japan's decision to leave gold (the effect of which is discussed in an Investment Note on page 1190), the week's news was colourless, all concerned preferring to await the issue of the report of the Basle Committee before committing themselves either way. The eloquence of American Congressmen was scarcely a market factor, though the appreciable hardening of American political opinion against war debt "concessions" provoked a certain misgiving. The pound sterling remained relatively stable, immediate interest being transferred to the Dutch guilder as the possible next object of "attack" in the "gold struggle."

The Gilt-edged market proved surprisingly sensitive, prices receding at the outset, after the previous week's recovery. Although the market believed that some large interests might desire to lighten their holdings, they were regarded as strong enough to nurse the market on any reaction. Prices, indeed, were firm again in mid-week, but reacted after the Bank of England's decision not to alter its discount rate. Long-dated India loans had an easier tone, but the official statement that Australia would meet her January 1st commitments in London without difficulty caused a moderate marking-up of prices of Commonwealth issues.

The Foreign Bond market was subdued and generally depressed. German issues were unable to maintain their initial firmness, and French railway sterling bonds further lost ground despite the steadier exchange. Argentine issues were in moderate demand, but Brazilian bonds lost ground on the restrained references to the outlook in the speech of the chairman of the Bank of London and South America. A pessimistic construction was placed on the news from the East, the abandonment of the gold standard being regarded as a sign of a difficult Japanese financial situation, while the resignation of the Chinese President and the Nanking student disturbances were taken as auguries of further political instability in China.

Home Rails were lower on scattered selling, the market choosing to regard the week's traffic figures as unfavourable, although the aggregate decline was little more than that of the previous week's returns. Great Western was among the worst sufferers, despite an estimate that the company would pay a dividend of 3 per cent. for 1931. Among foreign railways, Argentines were firm at the outset on favourable crop reports, but were subsequently neglected. Canadian Pacific were steady.

The Industrial markets were dull, listless and unsettled, operators seeing little to "go for" at home or abroad, while the mood both of New York and the European centres was unfavourable. Textile shares were easier on fears that Japan's departure from gold would remove the differential advantages of British producers

in Eastern markets. Speculative activity in rayon shares was damped by Mr Samuel Courtauld's announcement that any remission of the Excise duty would be immediately passed on to consumers. Apart from a few investment orders, electrical shares were comparatively neglected. London Electric Supply, however, were firm on the decision to capitalise £150,000 of reserves as a one in four bonus to existing holders. The provinces continued to offer motor shares, particularly Leyland, while Ford showed weakness on fears regarding the results of the Central and Northern European subsidiaries for 1931. Breweries were irregular, the market being affected by the intimation that, in the absence of a change in present duties, Mitchells and Butlers might find it necessary to reduce their final dividend. The outlook for the industry is discussed in a leading article on an earlier page. The news of the abandonment of work on the new Cunard liner produced a wave of mild pessimism in the market, and may have contributed to the small response to the Furness Withy issue. Coal and steel shares remained out of favour, Babcock and Wilcox being pressed for sale from the North. Dorman Long were easier on the eloquent picture drawn by the chairman of the industry's difficulties. Bank shares, as always, reflected the movements of Gilt-edged at one remove, being firmer on balance but irregular at times. Business in insurance shares was of small dimensions, without measurable price changes in most instances.

Oil shares opened dull, Paris sending over numerous small selling orders, while unfavourable financial reports from Amsterdam caused selling of Royal Dutch. Later in the week, however, a temporary cessation of selling encouraged a few cautious bargain hunters. The rubber industry, after last week's brief speculative flash, settled back into a semi-comatose condition. The commodity failed to hold its rise, and the absence of official confirmation of the reported restriction negotiations discussed on page 1192, left the share market unsupported in the face of the poor American rubber consumption figures for November. Tea shares remained quiet and uninteresting, though prices, with a few exceptions, were maintained. The prevailing apathy made the mining share markets even less responsive than before to moderately favourable developments. Kaffirs showed not a spark of life on the publication of the batches of December dividends. The East Rand payment alone—the first since 1924—aroused any enthusiasm, payments in some other cases failing to come up to the highest market expectation. Among Rhodesians, Rhokana were weak, the speech of the chairman at the annual meeting suggesting that the percentage of copper restriction at present under discussion among the world's producers, was much more severe than had been anticipated. Tintos slumped further, though reports of a pending capital issue were discredited. Tin shares failed to respond to the higher price of the metal. The market received a pleasant surprise when the Burma Corporation, which had passed its final dividend, declared an interim dividend and bonus totalling 2 annas per share.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

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

	Dec. 10, 1931.	Dec. 11, 1931.	Dec. 12, 1931.	Dec. 14, 1931.	Dec. 15, 1931.	Dec. 16, 1931.	Dec. 17, 1931.
Government and Municipal Loans	1,206	940	714	1,214	1,225	1,081	1,047
Transport, Communications, and Public Utilities	663	661	328	648	541	609	550
Commercial and Industrial	1,270	1,362	595	1,225	1,114	1,156	934
Banks, Insurance and Financial	385	411	208	410	324	346	301
Mines (including Nitrate)	458	522	252	531	389	345	340
Oil	118	97	40	90	87	88	80
Rubber, Tea and Coffee	106	344	106	108	86	55	71
Total	4,206	4,337	2,243	4,226	3,765	3,679	3,323

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Sept. 19)	Dec. 10, 1931.	Dec. 11, 1931.	Dec. 12, 1931.	Dec. 14, 1931.	Dec. 15, 1931.	Dec. 16, 1931.	Dec. 17, 1931.
72.3	53.1	60.8	60.8	60.8	60.3	59.5	58.8	58.7

FOREIGN STOCK EXCHANGES.

NEW YORK.

The week opened inauspiciously, with many prominent issues at new low levels. Among the more serious features was the weakness of bonds, which continued to be offered on behalf of investment trusts and banks, as well as private individuals. Selling of Japanese bonds was limited by the general belief that Japan would be able to maintain her dollar payments, but in other parts of the bond market the selling was undoubtedly of a forced character. The instability of share prices at the outset was due to conditions ruling in earlier weeks, including depressed trade, higher taxation prospects and, to some extent, bear speculation. The Stock Exchange, however, during the week, has published a survey showing that although the short interest increased during November by more than 1,000,000 shares to a total of 3,500,000, it was widely distributed over many stocks. Mr Whitney, the President of the Stock Exchange, has deprecated the giving of exaggerated significance to short sales as a depressing factor in market prices, his analysis showing that frequently such sales account for a limited proportion of the total transactions, and that, in any case, the real factors determining the level of prices are outside the control of any market operators. Railroad stocks were steadier than in recent weeks. The passing of the Common dividend of the Baltimore and Ohio was expected. Official news of the attitude of the Union representatives towards the proposed wage cuts was still lacking, but it was understood that the determined attitude of the railroad executives had somewhat influenced the Union leaders, who were discussing the advisability of acceptance of a 10 per cent. reduction, as an alternative to involuntary acceptance of a larger and unconditional cut later on. On Thursday renewed weakness occurred all down the list, and prices generally sought lower levels.

Commodity prices were uncertain, wheat breaking sharply on Wednesday. Steel operations are now estimated at 25 per cent. of capacity. Freight car loadings for the week ended December 5th were 636,463, against 558,904 in the previous week, 787,173 in the corresponding week of 1930, and an average of 937,959 over the period 1924-30. The New York Times business index for the week to December 5th was 63.8, against 63.7 for the previous week.

	Dec. 10, 1931.	Dec. 11, 1931.	Dec. 12, 1931.	Dec. 14, 1931.	Dec. 15, 1931.	Dec. 16, 1931.	Dec. 17, 1931.
U.S. 3½% T. Bds.	99½	98½	97½	98½	98½	98½	98½
U.S. 4½% T. Bds.	100½	100½	100½	100½	100½	100½	100½
U.S. 4½% T. Bds.	100½	100½	100½	100½	100½	100½	100½
Atchafalpa	93½	86½	81	81	81	81	81
Ches. & Ohio	29½	28	23½	23½	23½	23½	23½
Illinois Central	12	10½	9½	9½	9½	9½	9½
N.Y. Central	33	27½	27	27	27	27	27
Pennsylvania	22½	20½	16½	16½	16½	16½	16½
Southern Pacific	35	32½	27½	27½	27½	27½	27½
Southern Ry.	10	10	7½	7½	7½	7½	7½
Union Pacific	80	79½	72½	72½	72½	72½	72½
Am. Can.	66½	61½	59½	59½	59½	59½	59½
Amer. Smelting	21	20	18½	18½	18½	18½	18½
Anacosta	12½	10½	10½	10½	10½	10½	10½
Bethlehem Steel	25½	23½	20½	20½	20½	20½	20½
Chrysler Motor	14½	13½	12½	12½	12½	12½	12½
Corn Producers Rf.	46½	41½	37	37	37	37	37
Eastman Kodak	94½	84	74	74	74	74	74
Gen. Electric (New)	26½	25½	24	24	24	24	24
Gen. Motors	25½	24½	23	23	23	23	23
Int. Harvester	27½	25½	23	23	23	23	23
Montg. Ward	9½	8	6½	6½	6½	6½	6½
Natl. Biscuit	42½	39½	37½	37½	37½	37½	37½
Phelps Dodge	7	6½	6½	6½	6½	6½	6½
Pullman	20	17½	16½	16½	16½	16½	16½
Sears-Roebuck	38	34½	31½	31½	31½	31½	31½
Studebaker	12½	12½	10½	10½	10½	10½	10½
Un. Fruit	27½	27	23	23	23	23	23
U.S. Leather	43½	41	37	37	37	37	37
U.S. Rubber	53½	48½	37½	37½	37½	37½	37½
U.S. Steel	44½	43	37	37	37	37	37
Westinghouse	32½	27½	26½	26½	26½	26½	26½
Woolworth	46½	43½	36½	36½	36½	36½	36½
Am. Tel. & Tlg.	128½	123½	116½	116½	116½	116½	116½
Interboro R.T.	7½	6½	5½	5½	5½	5½	5½
Int. Tel. Teleg.	11½	9½	7½	7½	7½	7½	7½
Radio Corp.	52½	48½	45	45	45	45	45
Utilities F. & L.	12½	12	8	8	8	8	8
W. Union Tlg.	45½	45	42½	42½	42½	42½	42½
Associated Gas "A"	5½	5	3½	3½	3½	3½	3½
Pan. Amer. B.	22½	22½	16½	16½	16½	16½	16½
Shell	7	5	5	5	5	5	5
Shell Union	4½	3½	3	3	3	3	3
Sinclair Oil	6½	5½	4½	4½	4½	4½	4½
Std. California	30½	28½	24½	24½	24½	24½	24½
Do. N.J.	31½	30½	27½	27½	27½	27½	27½

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

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be-	Dec.	Dec.
					ginning	9.	16.
					ing of	Year.	
337 Industrials ...	134.6	218.9	98.2	174.1	99.6	56.9	51.4
33 Bails	127.8	173.5	89.1	145.6	92.0	34.4	31.3
34 Utilities	177.6	330.4	153.2	267.4	158.1	101.2	90.6
Total, 404 stocks...	140.3	228.1	106.8	184.2	107.6	60.6	54.7
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.18%	5.95%	5.91%	5.61%	9.47%

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

Highest of 1931 (Feb. 24.)	Lowest of 1931 (Dec. 16.)	Dec. 9, 1931.	Dec. 10, 1931.	Dec. 11, 1931.	Dec. 12, 1931.	Dec. 14, 1931.	Dec. 15, 1931.	Dec. 16, 1931.
140.2	61.6	67.8	66.1	64.2	63.5	62.5	63.3	61.6

TOTAL DEALINGS IN NEW YORK.

	Dec. 10, 1931.	Dec. 11, 1931.	Dec. 12, 1931.	Dec. 14, 1931.	Dec. 15, 1931.	Dec. 16, 1931.	Dec. 17, 1931.
Stock Exchange— Shares (Thous.)	2,700	2,400	1,500	2,900	2,600	2,000	2,000
Bonds (Value Thous. \$) ...	12,822	14,240	10,115	16,873	17,392	15,354	20,244
Curb— Shares (Thous.)	540	470	331	670	680	470	640

* 2-hour session.

PARIS.

The Paris Bourse opened with a dull appearance on Monday, quotations showing considerable irregularity, with a downward movement on balance. The abandonment of the gold standard by Japan produced an unfavourable impression, and in other respects the market was inclined to take a restrained view of international possibilities. On the other hand, a keen demand was in evidence for Rentes from certain public institutions, prices rising steadily. Rio Tintos were out of favour, though the fall was checked by bear covering. The mid-month settlement was carried out under depressing conditions. A firm tone obtained on Thursday in most sections, Rentes continuing in demand.

	Dec. 10, 1931.	Dec. 11, 1931.	Dec. 12, 1931.	Dec. 14, 1931.	Dec. 15, 1931.	Dec. 16, 1931.	Dec. 17, 1931.
Banque de France	10,700	11,305	11,190	10,700	10,700	10,700	10,700
Crédit Lyonnais	1,465	1,520	1,550	1,465	1,465	1,465	1,465
Suez Canal	11,580	11,860	11,875	11,580	11,580	11,580	11,580
Chargeurs Réunis	201	202	196	201	201	201	201
Rio Tinto	1,301	1,115	1,175	1,301	1,301	1,301	1,301
Royal Dutch	11,610	11,740	10,950	11,610	11,610	11,610	11,610
Wagons Lits	100	100	94	100	100	100	100
Mexican Eagle	25	26	26	25	25	25	25
"Chartered"	69	72	71	69	69	69	69
Ford	105	104	103	105	105	105	105
De Beers	270	265	265	270	270	270	270
"Johnnies"	95	99	94	95	95	95	95

AMSTERDAM.

A better initial tone obtained on the Amsterdam Bourse, though business continued of small proportions. The appreciation of sterling was favourably regarded, but the depreciation of the Dutch florin checked speculative operations in the home market, though its effect on quotations, with a few exceptions, was not considerable. Unilevers, Philips Lamps, and Royal Dutch all opened firmer, but failed to hold their rise, Royal Dutch falling on Wednesday week to a new low level. Rubber shares relapsed into idleness on the absence of authentic news regarding the London negotiations. The bond market was relatively firm, but "Young" bonds were again largely on offer.

	Dec. 10, 1931.	Dec. 11, 1931.	Dec. 12, 1931.	Dec. 14, 1931.	Dec. 15, 1931.	Dec. 16, 1931.	Dec. 17, 1931.
5½% German	29½	29½	24	29½	29½	29½	29½
Unilever N.V.	91	92½	90	91	91	91	91
Philips' Lamps	80	83½	83	80	80	80	80
Netherlands Ship	61	59½	55	61	61	61	61
Union	124½	123	114	124½	124½	124½	124½
Java Cultuur	124½	123	114	124½	124½	124½	124½
Steel Common	51	46½	41	51	51	51	51
A. K. U.	37½	38	34½	37½	37½	37½	37½
Ford Motor	162	181	175	162	162	162	162
Dei Batavia	111	124	120	111	111	111	111
Royal Dutch	111	115½	109	111	111	111	111

OTHER CENTRES.

In most of the minor European centres Bourse conditions were dull and inactive. Brussels made a fair start, but profit-taking occurred in mid-week. Milan had a heavy appearance, the sharp fall in Banca Commerciale causing sympathetic weakness in other markets. Copenhagen remained depressed, and Stockholm was quiet, while the unexpected announcement of two important bank failures tended still further to retard business at Oslo. Permission has now been granted to members of the Berlin Bourse to meet for one hour each week to discuss questions of the moment, but not to deal or make prices. Unofficial quotations have shown a further decline, Dye Trust being done at 71.50 (against 84.00), Siemens at 105.00 (against 108.00), A.E.G. at 25.25 (against 27.75), and Reichsbank at 65.50 (against 67.75).

LONDON ACTIVE SECURITY PRICES AND YIELDS.

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

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a $\frac{1}{2}\%$ in the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices Year 1930.		Prices Year 1931 Jan. 1 to Dec. 16 (inclusive).		Name of Security.	Price Dec. 9, 1931.	Price Dec. 16, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.		Prices Year 1931 Jan. 1 to Dec. 16 (inclusive).		Name of Security.	Price Dec. 9, 1931.	Price Dec. 16, 1931.	Rise or Fall.	Present Yield.	
High- est.	Low- est.	High- est.	Low- est.						High- est.	Low- est.	High- est.	Low- est.						
British Funds																		
94 1/2	94 1/2	60 1/2	49 1/2	Consols 2 1/2%	51 1/2	53 1/2	+2 1/2	4 13 6	83 3/4	84 1/2	43 1/2	In. Ry. U. Am. No par	14 1/2	15 1/2	1 1/2	5 0/0	NI	
94 1/2	94 1/2	87 1/2	77 1/2	Consols 4%	79 1/2	82 1/2	+3 1/2	5 0/0	87 1/2	88 1/2	26 1/2	Leopoldina Ord. Stk.	27 1/2	29 1/2	+2 1/2	5 0/0	NI	
85 1/2	85 1/2	87 1/2	87 1/2	Con. Loan 3 1/2%	69 1/2	72 1/2	+3 1/2	4 18 7	83 1/2	85 1/2	50 1/2	Do. 5 1/2% Cum. Pr. Stk.	20 1/2	22 1/2	+2 1/2	5 0/0	0	
106 1/2	102 1/2	108 1/2	98 1/2	Do. 4 1/2% 1940-44	89 1/2	92 1/2	+3 1/2	5 7 8	97 1/2	99 1/2	15 1/2	Nitrata Rtya. (E10)	20 1/2	20 1/2	0	20	0	
96 1/2	85 1/2	97 1/2	78 1/2	Do. 5% 1944-44	95 1/2	97 1/2	+2 1/2	5 3 9	42	19	21 1/2	Paraguay Gen. D. D.	7 1/2	7 1/2	0	9	0	
102 1/2	98 1/2	102 1/2	93 1/2	Funding 4 1/2% 1960-90	79 1/2	83 1/2	+4 1/2	5 16 3	85 1/2	85 1/2	70 1/2	Salvador Ord. (E10)	7 1/2	7 1/2	0	13	0	
103 1/2	100 1/2	103 1/2	93 1/2	Treasury 4 1/2% 1932-34	95 1/2	96 1/2	+1 1/2	5 16 3	198	130	150	San Paulo Ord. Stk.	100 1/2	102 1/2	+2 1/2	5 0/0	0	
97 1/2	91 1/2	98 1/2	85 1/2	Treasury 5% 1933-35	96 1/2	97 1/2	+1 1/2	5 14 0	200 1/2	150	200 1/2	Tatui Ry. Ord. Stk.	25 1/2	25 1/2	0	10	0	
105 1/2	100 1/2	104 1/2	90 1/2	Victory Bonds 4 1/2%	87 1/2	88 1/2	+1 1/2	4 12 6	26 1/2	65 1/2	21	Utd Havana Ord. Stk.	5 1/2	5 1/2	0	NI		
60 1/2	41 1/2	50 1/2	37 1/2	War Loan 5% 1929-47	93 1/2	95 1/2	+2 1/2	5 9 6										
49 1/2	40 1/2	46 1/2	29 1/2	Local Loans 3%	58 1/2	60 1/2	+2 1/2	5 0/0										
59 1/2	47 1/2	55 1/2	34 1/2	India 2 1/2%	35 1/2	35 1/2	0	7 0 1 1/2	11 7/8	14 1/2	16 1/2	Anglo-French (E1)	6 1/2	6 1/2	0	9	0	
52 1/2	47 1/2	55 1/2	34 1/2	Do. 3%	40 1/2	42 1/2	+2 1/2	7 0 1 1/2	12 1/2	16 1/2	11 1/2	Anglo-Internat. (E1)	10 1/2	10 1/2	0	NI		
54 1/2	45 1/2	54 1/2	41 1/2	Do. 3 1/2%	48 1/2	48 1/2	0	7 4 4	7 1/2	4 1/2	6 1/2	Anglo S. A. S. 10 1/2% pd.	13 1/2	13 1/2	0	16	0	
98 1/2	90 1/2	106 1/2	85 1/2	Do. 4 1/2% 1958-68	68 1/2	68 1/2	0	6 17 0	26 1/2	23 1/2	12 1/2	American B. E1 1/2 pd.	13 1/2	13 1/2	0	10	0	
100 1/2	94 1/2	106 1/2	90 1/2	Palatine 5% 1942-67	95 1/2	97 1/2	+2 1/2	5 3 3	59 1/2	47 1/2	55 1/2	Bank of N. Zealand 5 1/2%	52 1/2	50 1/2	-2 1/2	5	0	
102 1/2	97 1/2	110 1/2	90 1/2	Sudan 5 1/2% Bonds	104 1/2	104 1/2	0	5 5 3	27 1/2	24 1/2	23 1/2	Bank of N. Zealand 5 1/2% pd.	24 1/2	26 1/2	+2 1/2	4	0	
99 1/2	87 1/2	99 1/2	87 1/2	Uster 4 1/2% 1945-75	88 1/2	88 1/2	0	5 3 3	58 1/2	53 1/2	58 1/2	Bank of N. Zealand 5 1/2% pd.	47 1/2	47 1/2	0	15	0	
Dom. & Colonial Govts.																		
95 1/2	76 1/2	85 1/2	58 1/2	Australia 5% 1945-75	76 1/2	77 1/2	+1 1/2	6 11 0	12 1/2	14 1/2	16 1/2	Bk. of Australasia (E5)	6 1/2	6 1/2	0	7	0	
95 1/2	86 1/2	96 1/2	75 1/2	Canada 4 1/2% 1940-60	85 1/2	84 1/2	-1 1/2	5 1 0	69 1/2	66 1/2	63 1/2	Bk. of Montreal (E100)	25 1/2	25 1/2	0	14	0	
106 1/2	102 1/2	105 1/2	87 1/2	Ceylon 6% 1936-51	101 1/2	100 1/2	-1 1/2	5 17 0	38 1/2	28 1/2	26 1/2	Bk. of N.S.W. (E20)	22 1/2	22 1/2	0	7	0	
108 1/2	99 1/2	105 1/2	89 1/2	Gold Coast 4 1/2% 1956-61	89 1/2	89 1/2	0	5 6 6	19 1/2	15 1/2	17 1/2	British Overseas E5	12 1/2	12 1/2	0	8	0	
105 1/2	101 1/2	104 1/2	92 1/2	Kenya 5% 1948-58	98 1/2	94 1/2	-4 1/2	5 8 3	24 1/2	14 1/2	14 1/2	Obtd. of India (E5)	12 1/2	12 1/2	0	7	0	
92 1/2	70 1/2	80 1/2	46 1/2	Nigeria 5% 1950-60	98 1/2	96 1/2	-2 1/2	7 14 0	68 1/2	56 1/2	66 1/2	Com. Bk. of Aus 10 1/2%	15 1/2	15 1/2	0	2	0	
105 1/2	99 1/2	102 1/2	85 1/2	N.S. Wales 5% 35-55	70 1/2	71 1/2	+1 1/2	7 3 0	42 1/2	37 1/2	42 1/2	Distric. A. 85, E1, 10 1/2%	40 1/2	40 1/2	0	5	0	
92 1/2	70 1/2	81 1/2	48 1/2	N. Zealand 5% 1946-51	92 1/2	93 1/2	+1 1/2	6 3 0	9 1/2	8 1/2	8 1/2	Do. B. E1 fully paid	44 1/2	44 1/2	0	5	0	
104 1/2	99 1/2	105 1/2	82 1/2	Queensland 5% 40-60	73 1/2	73 1/2	0	7 0 0	120	99 1/2	113 1/2	Eng. Scot. & Aust. E5, 5 1/2% pd.	6 1/2	6 1/2	0	7	0	
94 1/2	93 1/2	100 1/2	85 1/2	S. Africa 5% 1945-75	93 1/2	92 1/2	-1 1/2	5 9 0	66 1/2	59 1/2	63 1/2	Hawson E10, 5 1/2% pd.	18 1/2	18 1/2	0	6	0	
Foreign Governments																		
84 1/2	82 1/2	88 1/2	53 1/2	Argentina 4 1/2% Bds. 1930	72 1/2	76 1/2	+4 1/2	6 15 0	82 1/2	73 1/2	80 1/2	Hong. & H. (E125)	210 1/2	210 1/2	0	6	0	
105 1/2	100 1/2	105 1/2	87 1/2	Austrian 6% 1923-43	83 1/2	88 1/2	+5 1/2	7 9 0	34 1/2	31 1/2	31 1/2	Lloyds E5, with 1 1/2 pd.	42 1/2	42 1/2	0	7	0	
96 1/2	89 1/2	98 1/2	33 1/2	Do. 7% Intred by 1937	34 1/2	35 1/2	+1 1/2	10 0 0	46 1/2	38 1/2	43 1/2	Martine E20, E2 1/2 pd.	63 1/2	63 1/2	0	5	0	
61 1/2	51 1/2	56 1/2	29 1/2	B. Aires (Prov.) 3 1/2%	34 1/2	35 1/2	+1 1/2	10 0 0	36 1/2	33 1/2	37 1/2	Nat. of Egypt E25, E12 1/2 pd.	228 1/2	228 1/2	0	17	0	
113 1/2	108 1/2	112 1/2	89 1/2	Belgian 7% (Red.) by 1956	94 1/2	91 1/2	-3 1/2	7 16 6	10 1/2	12 1/2	14 1/2	Nat. of India E25, E12 1/2 pd.	20 1/2	20 1/2	0	8	0	
92 1/2	74 1/2	83 1/2	36 1/2	Bulgaria 7 1/2% Loan	40 1/2	37 1/2	-3 1/2	20 0 0	10 1/2	13 1/2	14 1/2	Nat. Prov. E20, E4 pd.	9 1/2	9 1/2	0	5	0	
87 1/2	62 1/2	75 1/2	43 1/2	Brazil 5% Fund, 1914	52 1/2	52 1/2	0	9 12 3	80 1/2	74 1/2	80 1/2	Royal Bk. of Scotland	53 1/2	53 1/2	0	7	0	
99 1/2	79 1/2	99 1/2	28 1/2	Do. 6 1/2% (1927)	35 1/2	34 1/2	-1 1/2	...	15 1/2	14 1/2	14 1/2	St. of S. A. E20, E5 pd.	52 1/2	56 1/2	+4 1/2	3	0	
55 1/2	27 1/2	52 1/2	33 1/2	Chili 6% (1929)	28 1/2	25 1/2	-3 1/2	...	7 1/2	6 1/2	6 1/2	Westminster E20, E5 pd.	52 1/2	56 1/2	+4 1/2	3	0	
69 1/2	54 1/2	70 1/2	55 1/2	China 5% (1913)	63 1/2	59 1/2	-4 1/2	13 6 0	21 1/2	17 1/2	41 1/2	Assurance E1, fully pd.	17 1/2	16 1/2	-1 1/2	5	0	
115 1/2	109 1/2	113 1/2	78 1/2	Czechoslovakia 8%	83 1/2	78 1/2	-5 1/2	8 15 6	26 1/2	21 1/2	24 1/2	Atlas E5, E1 1/2 pd.	102 1/2	102 1/2	0	3	0	
82 1/2	78 1/2	86 1/2	70 1/2	Danish 3%	70 1/2	70 1/2	0	9 14 8	16 1/2	13 1/2	15 1/2	Com. Un. E2 1/2, fully pd.	17 1/2	17 1/2	0	5	0	
92 1/2	73 1/2	76 1/2	55 1/2	Danzig 6 1/2%	60 1/2	65 1/2	+5 1/2	10 0 0	30 1/2	26 1/2	28 1/2	Gen. Accident E5, E1 pd.	12 1/2	11 1/2	-1 1/2	5	0	
100 1/2	91 1/2	92 1/2	72 1/2	Egypt Unified 4%	79 1/2	81 1/2	+2 1/2	4 18 3	37 1/2	30 1/2	34 1/2	Lon. & Lanc. E5, E2 pd.	21 1/2	20 1/2	-1 1/2	4	0	
21 1/2	15 1/2	21 1/2	20 1/2	Estonia 7% 1927	48 1/2	48 1/2	0	11 11 9	13 1/2	12 1/2	13 1/2	N. Brit. & Mer E5, E1 pd.	12 1/2	12 1/2	0	6	0	
21 1/2	15 1/2	21 1/2	20 1/2	Finland 6% 1923	70 1/2	70 1/2	0	8 11 0	15 1/2	12 1/2	13 1/2	Northern E10, E1 pd.	27 1/2	27 1/2	0	6	0	
109 1/2	99 1/2	106 1/2	63 1/2	French 4% (British)	27 1/2	26 1/2	-1 1/2	4 0 0	25 1/2	24 1/2	24 1/2	Pearl (E1), fully paid	11 1/2	11 1/2	0	5	0	
90 1/2	68 1/2	81 1/2	37 1/2	Do. 5%	29 1/2	28 1/2	-1 1/2	12 0 6	41 1/2	36 1/2	40 1/2	Rhenish E1, fully pd.	18 1/2	18 1/2	0	4	0	
93 1/2	86 1/2	93 1/2	59 1/2	Do. 5 1/2%	55 1/2	55 1/2	0	11 19 3	7 1/2	6 1/2	6 1/2	Do. E1, w/ 1/2% pd.	30 1/2	30 1/2	0	5	0	
104 1/2	100 1/2	104 1/2	73 1/2	Greek 6% Bds. 1930	46 1/2	46 1/2	0	9 18 3	8 1/2	7 1/2	8 1/2	Royal E1, 10a paid	6 1/2	6 1/2	0	5	0	
104 1/2	98 1/2	103 1/2	42 1/2	Do. 7% Refugee	60 1/2	60 1/2	0	3 3 3	3 1/2	3 1/2	3 1/2	Royal E1, 10a paid	6 1/2	6 1/2	0	5	0	
96 1/2	91 1/2	98 1/2	42 1/2	Hungary 7 1/2%	52 1/2	49 1/2	-3 1/2	15 0 0	5 1/2	5 1/2	5 1/2	Sea Insur., E1 fully pd.	3 1/2	3 1/2	0	4	0	
102 1/2	98 1/2	105 1/2	77 1/2	Japanese 5 1/2% 1935-65	104 1/2	95 1/2	-9 1/2	8 7 3	14 1/2	12 1/2	14 1/2	Sun Insur., E1 1/2% pd.	2 1/2	2 1/2	0	3	0	
25 1/2	12 1/2	14 1/2	5 1/2	Do. 6% (1924)	85 1/2	77 1/2	-8 1/2	8 7 3	14 1/2	12 1/2	14 1/2	Sun Insur., E1 1/2% pd.	2 1/2	2 1/2	0	3	0	
106 1/2	99 1/2	107 1/2	84 1/2	Mexican 5% (1899)	7													

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Dec. 9, 1931.	Price, Dec. 16, 1931.
Associated Electrical New Ord.	21/-	...	14 1/2-15 1/2 pm	9 1/2-10 1/2 dis
Central Electricity Board 5% "A" Stk.	...	...	94 1/2-95 1/2	94 1/2-95 1/2
Cole (R. K.) Ord. 5/-	5/-	10/-	11/3-11/9	10/9-11/3
Do., 7% Red. Pref. 21/-	21/-	10/-	3/9-2/9 dis	4/--3/3 dis
Furness Withy New Ord. £1	21/-	25	3 1/2-4 1/2 pm	1/3-9d. dis
Galloway Water Power 5% Deb. 1947-91	93	...	2 1/2-1 1/2 dis	3-2 dis
Grootvlei Prop. Mines	...	...	1 1/2-1 1/2	1 1/2-1 1/2
London and Thames Haven Oil New Ord.	50/-	10/-	3 1/2-3 1/2	3 1/2-3 1/2
L.G.O.C. New 5% Inc. Deb.	...	...	92 1/2-93 1/2	92 1/2-93 1/2
Midland Counties Electric Supply New Ord. £1	24/-	...	1 1/4-1 1/4 pm	1 1/4-1 1/4 pm
Oldams Press New 7% "B" Deb.	98	5	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
Savory and Moore 7 1/2% Deb.	99 1/2	20	99-101	99-101
Tilling (Thos.) New Ord. £1	30/-	10/-	17/6-18/6 pm	17/-18/- pm

INVESTMENT NOTES.

Japanese Bonds.—The suspension of the gold standard by Japan was the signal for a general marking down of Japanese Government bonds—a procedure not entirely logical, since the external trading position of Japan should be assisted by the depreciation of the yen. Japan may, for example, recover some of the textile business she has tended to lose to Lancashire since Great Britain suspended the gold standard last September. It is true that the burden of Japan's external debt will be heavier in so far as its service must be met in gold dollars, but, fortunately for the country, the major proportion of its external debt is due to Great Britain, whose currency is also on a non-gold basis. According to Moody's "Government and Municipal Record" 63.36 per cent. of the Japanese external Government debt is held in sterling and 25.99 per cent. in dollars. Of the sterling loans only the 5 1/2 per cent. Conversion Loan of 1930 carries the privilege of interest payments in dollars or sterling at a fixed rate of exchange of \$4.8665 to the £. The following table shows the decline in Japanese bonds which has occurred since September 29th:—

	Sept. 29.	Oct. 14.	Dec. 12.	Dec. 17.	Flat Yield %
Japanese Govt. {					
4% 1899	62 1/2	58	57	53	7.55
5% 1907	74 1/2	70	71	66	7.58
4% 1910	59 1/2	53	54 1/2	52	7.69
6% 1924	92 1/2	87	81	78	7.69
5 1/2% Conv. 1930	107 1/2	104 1/2	103	96	8.09†
City of Tokyo 5 1/2% 1926 ...	84 1/2	77 1/2	79	75	7.33
City of Osaka 5% Ster.* ...	89	87	87	85	5.88
City of Yokohama 5% ster.*	97 1/2	95	98	67	7.46

* Not guaranteed by Japanese Government.

† Allowing for gold premium on dollar interest.

The market in Japanese bonds had been reactionary before the gold suspension, on account of the Sino-Japanese dispute. The political factor, however, is now regarded as less important than the economic. If the yen maintains a stable front at its lower levels a more confident view may be taken of Japanese Government securities, though there are certain features in the financial position on which the London market is not well informed.

Cunard and White Star.—The suspension of work on the new Cunard liner took the share market by surprise. Though its causes were clearly understood, it was regarded as, to say the least, a bad national advertisement. The market had already discounted the probability of a further passing of the ordinary dividend, and the shares, which were 8s. on the eve of the announcement, are now no lower than 6s. 6d. The preference stocks were more greatly affected, the 5 per cent. cumulative falling from 53 to 40 on the company's statement that after providing for depreciation there would be no profits out of which to pay the dividend for the half-year to December 31st next. The suspension of building of "Ship No. 534" is discussed elsewhere in this issue. The company's circular to shareholders, in addition, gives valuable information regarding recent abortive negotiations for the purchase of the White Star Atlantic fleet. It would appear that the initiative came originally from the Voting Trustees of the Royal Mail Company. In October, 1930, at the latter's

request, the Cunard directors offered to purchase certain White Star ships for a "substantial" cash amount but made their acceptance conditional on the Treasury extending towards the company, in respect of "Ship No. 534" and her projected sister ship, the financial terms under which the "Mauretania" and the "Lusitania" were built. These not being forthcoming, the Cunard's offer was refused, and the matter remained in abeyance for eight months. Last June, however, the Cunard was again asked to take an interest. By that time, presumably, the effect of depression on Cunard profits precluded a cash offer, and the Cunard suggested that payment for White Star ships should take the form of Cunard ordinary shares. This suggestion, in turn, was refused; but last October the directors were again pressed to make an offer, considerations of "the national interest" being invoked on this occasion. They departed, accordingly, sufficiently from their previous standpoint to offer for the White Star fleet (including a new ship, the "Georgie," then under construction) some £500,000 in cash, and an undisclosed balance in income debenture stock, with an over-riding guarantee that, up to 4 1/2 per cent., the interest on such stock would not be less than any dividend paid on Cunard ordinary shares. This offer was also refused. It would appear, indeed, between the lines, that the two parties were never in sight of an agreement. The Cunard statement suggests that accord could not be reached as regards fundamental matters such as the valuation of the White Star ships, the terms of payment, or the conditions surrounding the purchase of the "Georgie"—the Royal Mail trustees apparently desiring that the Cunard should assume liability for a bank loan of £670,000 and should accept £453,000 of bills drawn by the builders. In the light of last week's news it would seem that the Cunard Company went to the extreme limit of concession, having regard to its own financial position, without being able to satisfy the legitimate desires of the Royal Mail trustees. It is, indeed, unfortunate from many points of view that an offer which the Cunard Company would doubtless have welcomed in normal times should have fallen to be made under present conditions of world-wide shipping depression. As Sir Frederick Lewis hinted at the last Furness Withy meeting, negotiations between the latter company and the Royal Mail trustees have also been broken off, for the present at least, and it is evident that the task of easing the Royal Mail group's position by judicious disposal of certain of its saleable assets is proving anything but easy.

Royal Mail Report.—The report of the Royal Mail Steam Packet Company for the year ended December 31st last serves merely a formal purpose. The group's position was explained in painful detail as long ago as last February by Sir William McIntock, and the real interest of debenture and stockholders lies in the scheme of re-arrangement which the voting trustees have the onerous duty of formulating early next year. The report gives the loss for 1930 as £566,219. This figure affords some indication of the company's trading difficulties during that year, but has little precise significance, since it has been struck before making any allowance for depreciation. It naturally does not include any receipts by way of profit on the sale of ships and investments. These have been put to reserve and are shown separately at £308,289. They appear to have arisen mainly from the sale of the company's holding of the ordinary and preference shares of the Argentine Navigation Company. Sir William McIntock's estimate of the company's 1930 net loss, last February, appeared to have been conservatively framed, the figure given in the present report, on a comparable basis, being appreciably less. A comparison of the present balance sheet with its predecessor appears on a later page, and a summary of the Cunard Company's statement with regard to negotiations with the Royal Mail voting trustees for the purchase of certain White Star ships is given in the preceding "Note." The Voting Trustees are apparently tackling their task, the difficulties of which have significantly increased since their first appointment, with a determination to face up to realities on the one hand, and to give nothing away needlessly on the other. Mr P. G. Mylne Mitchell has

become chairman of the Royal Mail Company, and further changes are announced in the board—whose members, at their own request, are receiving no fees. Mr Walter Runciman has resigned his deputy-chairmanship on his acceptance of office in the Government, Mr W. Lewis having taken his place.

United Africa Reconstruction.—In a "Note" in our last week's issue, dealing with the accounts of United Africa, we remarked that a revaluation of the fixed assets, which had been promised for two years, would involve a drastic writing-down of the share capital. The chairman of African and Eastern Trade Corporation, at the shareholders' meeting on Wednesday, announced that a reconstruction scheme had, in fact, been prepared in collaboration with the Unilever group, involving the writing-down of the United Africa assets by about £8 millions, a rearrangement of the equity interest (giving the Unilever group 80 per cent. of the ordinary shares against the present 55 per cent.), and a diminution of the 50 per cent. voting rights now held by African and Eastern. This appears to be a hard bargain which the shareholders of the African and Eastern should not accept without careful consideration of the facts. Colonel Beddington, their chairman, explained the tight corner in which United Africa found itself. As is usual, the banks and acceptance houses, which he called "the credit-givers," were blamed for the trouble. In view of the limited facilities which the credit-givers were prepared to grant for 1932, it was found that a sum of not less than £3 1/2 millions of fresh capital would have to be introduced into the business. This would involve a subscription by African and Eastern, in proportion to its existing equity interest, of £1,579,623. Unfortunately, the African and Eastern had only £500,000 available. The Unilever group suggested that they would be willing to subscribe £3 millions of fresh capital if the African and Eastern subscribed £500,000, on condition that the capital of the United Africa should be written down from £15,731,600 to about £7,750,000, that the total share capital should be of one class, held as to 20 per cent. by the African and Eastern and as to 80 per cent. by the Unilever group, and that the articles be altered so that African and Eastern should cease to have an equal vote in the affairs of United Africa and should be represented on the board in future by three directors only. Further conditions were that in the event of new capital being subscribed the African and Eastern should be invited to subscribe pro rata, and that if the profits of United Africa available for distribution permitted it, the Unilever group would agree to such a distribution as allowed African and Eastern to receive by way of dividend on its holding of the reduced share capital a sum equal to the annual dividend of £18,000, payable on its present issue of the "A" preference capital, any disagreement about distribution of profits being settled by arbitration. A special meeting of the shareholders of African and Eastern has been called for December 30th. The chairman intimated that the question of a writing down of the capital of African and Eastern would also have to be considered in due course. With regard to the outlook of United Africa, Colonel Beddington referred both to the serious fall in commodity prices and the competition of plantation-grown palm oil from the Dutch East Indies. Obviously, the company's position, at the moment, is difficult, but African and Eastern shareholders, nevertheless, will regard the terms offered as severe. In particular, they are likely to ask why no effort is being made as regards the "B" preference shares, of which £3,066,165 is issued as against £300,000 of "A" preference capital.

Dorman Long Meeting.—At the annual meeting of this famous iron and steel company, whose accounts we discussed last week, Mr Charles Mitchell drew an objective picture of conditions in the industry. He dwelt upon the indispensability of technical rationalisation for the industry as a whole, and the efforts his own company had made to maintain their technique and organisation at the

highest level by research on a national and international basis. Mr Mitchell pointed out that it was not the material which was at fault, but the market for it—that provided the company could get a sufficient volume of work to enable it to keep up a fair percentage of production, reasonable profits would be realised even at to-day's prices. He adduced the following figures of output in support of his point:—

	Year to Sept. 30, 1930.	Year to Sept. 30, 1931.	Reduction This Year.
	Tons.	Tons.	%
Coal	3,197,942	2,244,690	29.81
Coke	1,141,257	680,137	40.40
Pig iron	1,036,270	588,511	43.21
Steel ingots	1,039,298	617,506	40.58
Finished steel	792,835	492,668	37.86
Invoiced value of sales (excluding bridges)...	£10,340,297	£6,665,489	35.54

With regard to rumoured merger schemes on the North-East Coast, Mr Mitchell emphasised the necessity of large-scale reconstruction, but dropped no hint as to the stage reached in any specific negotiations. He insisted that to be effective every scheme would necessarily involve specialisation of output and a higher degree of concentration than had yet been realised in this country. The capital expenditure would be heavy, and there would not have to be any misdirection of effort or unnecessary duplication of outlay.

South Durham and Cargo Fleet.—The latest results of these "Furness," North-East Coast iron and steel companies may be read side by side with those of Dorman, Long, with whose name they have been linked in recent unofficial reports of merger negotiations. South Durham Steel and Iron shows a trading profit of £56,411, compared with £85,044 for 1930. After deduction of the usual

THE STANDARD BANK OF SOUTH AFRICA LIMITED

Bankers to the Imperial Government in South Africa; and to the Governments of Northern Rhodesia, Southern Rhodesia, Nyasaland and Tanganyika.

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£3,164,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

Board of Directors.

William Relferson Arbuthnot, Esq. Rt. Hon. the Earl of Athlone, K.G. Rt. Hon. Lord Balfour of Burleigh. Stanley Christopher, Esq. Edward Clifton-Brown, Esq. Robert E. Dickinson, Esq.	Horace Peel, Esq. Rt. Hon. the Earl of Selborne, K.G. William Smart, Esq. Rt. Hon. Lord Sydenham. G.C.S.I., F.R.S. Sir Roderick Roy Wilson.
---	--

Joint General Managers in South Africa—James S. Shiel, G. F. Le Sueur, W. K. Robertson.
Deputy General Managers in South Africa—Francis E. King, Herbert G. Hoey.
Assistant General Manager in South Africa—E. C. Frost.
London Manager—Bertram Lowndes.
Secretary—T. D. Williams.

Head Office: 10 CLEMENTS LANE, LOMBARD STREET, and 77, KING WILLIAM STREET, LONDON, E.C. 4.
London Wall Branch: 63, LONDON WALL, E.C. 2.

West End Branch: 9, NORTHUMBERLAND AVENUE, W.C. 2.
NEW YORK BRANCH: 67, WALL STREET.

HAMBURG BRANCH: 40-53, SOHNAUENBURGER-STRASSE.
Bank of British West Africa, Ltd., 40-53, SOHNAUENBURGER-STRASSE.
Over 370 Branches, Sub-Branches, and Agencies in SOUTH, EAST and CENTRAL AFRICA.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE.

The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the World. The closest touch with Trade and Industrial conditions is maintained, with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

THE STANDARD BANK MONTHLY REVIEW is sent post free on application. It gives the latest information on all South, East and Central African matters of Trade and Commercial Interest.

charges, and the addition of £24,472 made up of "surpluses on the sale of Government securities and on income tax account," net profit at £35,068 compares with £39,229 for the previous twelve months:—

	Year to September 30,		
	1929.	1930.	1931.
Profit	95,471	85,044	80,883
Fees	2,315	2,315	2,315
Depreciation	40,000	30,000	30,000
Debt interest	13,500	13,500	13,500
Net profit	39,656	39,229	35,068
Brought forward	138,008	138,664	138,893
Preference dividend	18,000	18,000	18,000
No. of times covered	2.2	2.2	1.9
Ordinary dividend:—			
Amount	21,000	21,000	14,000
Earned %	6.1	6.1	4.8
Paid %	6	6	4
Carried forward	138,664	138,893	141,961

The Cargo Fleet company has suffered less from the prevailing depression. Profit has actually increased from £88,809 to £85,667, and £45,000 is allocated to depreciation instead of £43,000. Net profit is £1,473, compared with £976. For the tenth year in succession no dividend is paid. The carry-forward is increased from £186,431 to £187,904. Both companies have maintained their liquid position. In the case of South Durham a reserve £1,285,000 is held against an ordinary capital of £350,000 and "B" ordinary shares of £578,624 (which have not yet received a dividend). The £1 ordinary shares at par yield about £4 3s. per cent., less tax, allowing for dividend. The "B" shares are quoted at 7s. 6d.

American Railroads and Wage Cuts.—In a leading article, which appeared in our issue of December 5th last, (page 1076), on the position of American Railroads, reference was made to the counter-proposals of the railroad executives to the proposition of the Interstate Commerce Commission regarding the increase in rates. The Commission suggested that the additional revenues should be pooled and the proceeds distributed among the weaker companies which were unable to meet their fixed charges. The big railroads, however, proposed that the distribution should be by way of loans from the pool. The Commission has now completely abandoned its high intentions. It has approved of the rate increases without a pooling plan at all, merely expressing a hope that the strong companies will make voluntary loans to the weaker lines, but declaring that it has no jurisdiction over such matters. It was believed that this change of tone anticipated President Hoover's reference to a proposed new finance corporation to make loans direct to railroads and render a pooling plan unnecessary. The big railroads, however, having gained their point, appear to have been willing to adhere to their first suggestion, for the latest reports refer to the formation of a Railroad Credit Corporation to administer the revenues accruing from the increased rates and to make loans as required to the weak companies. With regard to the wage problem, the railway union leaders are still deliberating

OFFER TO NEW READERS.

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

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

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

Name.....

Address.....

over the reduction proposals, and the executives show signs of impatience. The Chicago and North Western has ordered a cut in the maintenance-day wages of 12½ per cent., to be enforced immediately without waiting for the result of arbitration. A strike may follow on this line. The President of the Atchison Topeka and Santa Fé will shortly move a 15 per cent. reduction in wages under the procedure of the Railway Labour Act unless the men place into effect immediately the 10 per cent. reduction which has been ordered. It is considered possible that the union leaders may eventually decide to discuss the possibility of a wage reduction provided the executives promise greater security of employment, and, in particular, offer to "spread over" the work on hand to avoid any further dismissals of men.

Rubber Restriction?—In the last ten days rubber has been as high as 3½d. before falling back to 3d. The rise followed a newspaper report that an agreement in principle had been reached between the Colonial Office and the Dutch rubber growers providing for restriction of rubber production in Malaya and of rubber exports from the Dutch East Indies by as much as 50 per cent., and that Dutch representatives, who had been in England, had returned to Holland to secure the necessary consent to the scheme from a large majority of growers. The market had received earlier and less circumstantial rumours with scepticism, but gave some credence to last week's report. Hitherto, the Dutch Government has refused to move without a virtually unanimous appeal from its growers, which has not been forthcoming. Recently, however, Dutch opinion has hardened in favour of restriction, and Britain's departure from the gold standard has brought matters to a head. The depreciation of the pound affords British producers an important differential advantage, and the attitude of some Dutch growers is expressed by the statement that they desire either that Holland should come off gold and enable them to compete with British growers on equal terms at the present low scale of values, or that, if their country remains on gold, steps should be taken to bring about a rise of prices which would benefit British and Dutch producers alike. How far the British Colonial Office has consulted its own growers is uncertain. It is understood that representatives of the Rubber Growers' Association have been called for discussions at the Colonial Office during recent weeks, but the trade as a whole is entirely in the dark as to the ground covered in these talks, and merely regards the terms unofficially disclosed last week as probably near the mark because of the strength of the rebuke they provoke from the authorities. Meanwhile, rubber production and consumption are a little nearer a state of balance than can be said of many other commodities. The world's shipments for the ten months to October are put at 667,000 tons, against 693,000 tons in the corresponding period of 1930, exports from Malaya having fallen off by 5½ per cent., and from Ceylon by 21 per cent. Dutch East Indies exports, however, have risen by 6 per cent., the increase being traceable more to estate than to native rubber. On the demand side, American consumption has proved disappointing, the low car production figures (particularly those for October), showing that rubber demand at present is chiefly for "replacement" purposes. Rubber stocks in America increased during November by 18,989 tons to a total of 292,501 tons, while rubber afloat for the United States at the end of last month increased by 10,350 tons to a total of 77,443 tons. British stocks, on the other hand, over the last four months have actually fallen. The consumption of countries outside the United States is keeping up relatively well, Russia's takings, in particular, being well above those of 1930. In these circumstances, restriction of anything like 50 per cent., even if it fell short of complete enforcement in some producing areas, might be sufficient to force up market prices, though whether it would be in the best interests of the industry is another matter. It would, of course, largely increase production costs. Indeed, unless quotations rose to something between 6d. and 8d., its effect in Malaya might be the reverse of that intended, since it might drive out of production the "margin"

estates which are now existing on the brink of starvation by tapping "all out". Temporary and non-economic price rises in the past have been the bane of the rubber industry. For an appreciation of the long-term prospect of rubber growers, in the absence of arbitrary measures, we would refer our readers to an article from a correspondent which appears on page 1168 of this issue.

Silver and the Investor.—An informative Supplement on "Silver," published this week by *The Financial News*, contains a fair statement of the case for and against bimetalism—a controversy, once regarded as extinct, which has been given an apparent lease of life by the recent "revolt" of numerous countries against the Gold Standard. The Supplement, from the investor's point of view, enforces the lesson that silver, as a direct or indirect investment medium, is among the most speculative of all commodities. Apart altogether from any possible future changes in the nature and volume of demand, the metal is found in association with many others, and is seldom or never mined as an end in itself. Consequently, it is practically impossible to ascertain the economic cost of silver production in any single mine, and the amount produced is influenced by the price of the metal only to the extent that variations in the latter may affect a company's policy in treating ore with a relatively high or low silver proportion. Hence, speculative investment based on the adoption of any particular view with regard to the future of silver, may take the form of a purchase of the commodity, or of Mexican Government bonds (whose future prospects depend primarily on the course of silver), or even of the shares of large British companies—like P. and O., Indo-China Steam Navigation, or British-American Tobacco. These companies, having a significant stake in the East, are likely to benefit from any rise in the value of the circulating medium of many Eastern countries. The shares of companies which are predominantly silver producers (situated mainly in Mexico and Canada), are affected, at the moment, not only by depressed metal market conditions which give an uncertain quality to many balance-sheet valuations, but also by the fact that development in some cases, particularly in Canada, is not yet at an advanced stage. Some of the largest producers are, in fact, "mixed" concerns, like Burma Corporation, Confact, American Smelting and Refining, the Broken Hill group of Australian concerns, and the Electrolytic Zinc Company of Australasia. A purchaser of the shares of these companies, however, is a "bull" not merely of silver, but in equal or greater measure of metals like copper, lead and zinc.

Tin-Dredging Results.—The annual reports of an important trio of the well-known Cornish group of Malayan Eastern tin-dredging enterprises—the Malayan, Southern Malayan and Perak—strikingly reflect the results of restriction of output in conjunction with fall in the price of the metal. They also indicate what can be done by efficient management even under disadvantageous conditions. Despite the conduct of operations on a reduced scale, the Malayan Dredging last year reduced its mine costs to the equivalent of £59 15s. per ton of metallic tin. A net profit of £38,000 resulted (including £1,300 from realisation of investments), permitting the payment of dividends totalling 17½ per cent. In respect of the year ended June 30, 1930, the shareholders received 47½ per cent., but the earnings were swollen by £26,900 from realisations. Last year the substantial sum of £79,300 was expended upon additional dredging and other plant. The charge against profit and loss was supplemented by the transfer of £10,000 from share premium account, leaving the balance-sheet entry at the very moderate figure of £150,000. Investments at £231,900 are £62,000 down. Of the company's area of 2,177 acres, 953 have been worked out. The Southern Malayan—a subsidiary of the Malayan Dredging made a net profit of £43,400, against £96,700, and paid 10 per cent. in place of a total of 27½ per cent. By the year's depreciation allowance of £20,200, the book value of the plant and machinery has

been written down to £180,000. At £50,500 the investments show an increase of £15,500. The area worked out amounted to 64 acres, but 30 acres were acquired. Southern Perak earned only £1,900, an individual adverse factor being the low values carried by the ground treated. By drawing to some extent upon the carry-forward, the directors were able to squeeze out a dividend of 2½ per cent. For 1929-30 an aggregate of 18½ per cent. was disbursed, leaving the enhanced balance of £15,650 to go forward. During the past session 40½ acres were dredged out, making a total of 286 acres; but leases for an additional 140 acres are in course of issue. By allotment of the 17,000 reserve shares at 25s., the company has paid off the balance of the Trade Facilities loan and placed itself in a better financial position. The report of the Kamunting reflects the acquisition of the Pangnga undertaking—though the former property is situated in Malaya and the latter in Siam. Hence the fact that, despite restriction, the output amounted to 1,228 tons, as against 1,097 tons for the Kamunting only in 1929-30. The gross profit amounted to £37,900. Of this £11,780 was required for service of the debentures issued in connection with the absorption, the balance being carried forward. The directors, however, consider that the position warrants the declaration of an interim dividend of 3 per cent. upon the increased capital of £625,000. The last distribution was 10 per cent. in respect of 1928-29. Of the book premium of £50,000 arising from the issue of 1,000,000 shares to the Pangnga company, £48,160 has been written off to depreciation and the like. In the circumstances no significance would attach to any comparison of operating results. From the dividend receivable upon its holding of Kamunting shares, the Pangnga declares 2½ per cent. This is the first distribution. The company was registered in April, 1927.

Rhokana Corporation.—The report now presented covers the acquisition of the N'Changa and Bwana M'Kubwa undertakings. The accounts are therefore of a somewhat complicated character. In the balance sheet the shares allotted to the Bwana are taken at their former current value of £6 5s., representing £3,343,750. From this is deducted the par value of the shares (£500,000), plus £522,350 for writing down the Bwana assets. Then the shares exchanged for N'Changas are taken at £6 7s., representing £800,670. The deduction of par value, with £484,300 for writing down, leaves £210,300. From the net grand total of £1,195,100, the sum of £119,000 is transferred to property reserve account. Amalgamation and debenture issue expenses—£181,600—are extinguished by the transfer of a corresponding amount from capital reserve account. The same fund is called upon to wipe out the £101,750 working debit in respect of the Bwana Mine (now shut down), also the shareholdings in concerns other than the Mufulira. Some 2½ million 2s. shares in the latter concern figure at £822,100, plus £22,000 advances. The cash resources on June 30th were substantial, and about 1½ millions remained to be called up on the debenture issue. The total indicated ore reserves in the N'Kana-N'Changa properties are set out as 270,780,000

FIGURES OF A.M.P. ASSURANCE

By careful and prudent administration the A.M.P. has made more than £42,000,000 for the benefit of its Policyholders since its establishment in 1849, and this, after providing for all expenses of management, commission, taxes, etc. A.M.P. premiums are low, Bonuses high and policies, as before the largest British Mutual Life Office, world-wide. Assets £33,000,000. Annual Income £11,800,000. Full particulars on application.

MUTUAL PROVIDENT SOCIETY
73-76 King William St., London, E.C.4.
Established 1849.

D. E. WALKER, Manager for the United Kingdom.

tons, averaging 4.3 per cent. copper—equivalent to 11,788,560 short tons. The concentrator is now in operation, and the smelter is due to start early next year. Presumably the scale of output by the Rhokana and the policy to be adopted in reference to the Mufulira await the outcome of the copper negotiations. At the meeting Sir Auckland Geddes, the chairman, stated that "a satisfactory arrangement had been practically arrived at with regard to curtailment (of production)—dependent, of course, upon a further agreement being made on marketing. The cut proposed is no less than 75 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: British Overseas Bank, Bank of London and South America, National Bank of Scotland, Central Uruguay Railway of Monte Video, Orient Steam Navigation, India Rubber, Gutta Percha and Telegraph Works, Richard Thomas and Co., Agar Cross and Co., Hall's Oxford Brewery, Samuel Allsopp and Sons, Showell's Brewery, Camp Bird, and Santa Gertrudis. At the annual meeting of the Bank of London and South America, Mr Beaumont Pease observed that the trade balance in favour of Argentina for the ten months ended October 31st last was 76,954,000 gold dollars, but that this figure did not include the value of invisible imports, an amount which it was difficult to calculate exactly, but which was estimated by some to be in the neighbourhood of £30,000,000 per annum. At the annual meeting of Camp Bird, the chairman, Mr F. W. Baker, pointed out that the sulphur supply of Australia was of very material importance to that country, for it was used in the manufacture of superphosphates, necessary to Australia as an agricultural country. Reference is made to the question of taxation, dealt with at the Brewery Company meetings, in a leading article on an earlier page.

CAPITAL ISSUES.

It is announced that the result of the offer by Furness Withy of 2,000,000 new £1 ordinary shares to existing holders at 21s. has been as follows:—

	£
Rights to new shares exercised by shareholders.....	417,715
Applications for excess shares	50,904
Balance to be taken up by guarantors.....	1,531,381
	2,000,000

This disappointing result is due entirely to unfavourable market conditions, which prejudiced the success of an issue of admittedly high standing.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Dec. 12, 1931, £102,183,041.
Total, including conversion, recorded Jan. 1 to Dec. 12, 1931, £114,429,416.

National Savings Certificates.					
Net receipts, week ended December 12, 1931, Dr. £150,000.					
Total net receipts, April 1, 1931, to December 12, 1931, £4,100,000.					
To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Nil	£	£	£	£	£
To Shareholders only.					
Lancashire Traction £15,000	15,000	...	11,250	5,625	5,625
6% debts, £10 at 75%	...	...	...	...	...
Total offered to Shareholders only, week ended Dec. 19, 1931	15,000	...	11,250	5,625	5,625
Total Offered for Subscription—					
Including Conversions.	Excluding Conversions.	Including Conversions.	Excluding Conversions.	Whole year—	
Jan. 1 to date—	£	£	£	1930	£
1931	114,290,665	102,044,291	1930	454,888,784	267,800,700
1930	454,888,784	268,279,539	1929	488,764,940	285,239,400
1929	486,111,244	281,635,644	1928	693,100,056	269,058,073
1928	542,634,256	368,253,273	1927	...	355,165,970
1927	...	353,939,312	1926	...	230,782,600
1926	...	230,732,601	1925	...	232,214,500
1925	...	231,914,268	1924	...	209,326,101
1924	...	209,326,100	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	239,364,842	15,824,638	22,090,059	268,279,539
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,062,000	111,177,600	369,058,100
1927	228,958,000	56,836,600	83,371,400	355,156,600
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	8,757,183	...	8,883,558
Total for week ended December 19, 1931	Nil	...	Nil
Total to date	8,757,183	...	8,883,558
Total to date, 1930	22,158,480	...	23,944,453

New Zealand Government Treasury Bills.—Issue by tender of New Zealand Government Treasury Bills to the amount of approximately £4,000,000 to provide funds for the repayment of the whole of the Treasury Bills now outstanding. The bills are in amounts of £1,000, £5,000, and £10,000.

South Essex Waterworks.—Issue by tender of £100,000 5 per cent. preference stock ranking *pari passu* with existing irredeemable preference stock. Minimum price of issue, £98 per £100 stock. The stock is a full trustee investment.

Godalming Gas and Coke Company.—Issue by tender of £50,000 six per cent. debentures of £100 each redeemable at par on January 1, 1942. Minimum price of issue, par. The net profits of the company for the year to June 30th last were £5,506, covering interest on the loan capital, including the present issue, more than four times.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Bengal and North-Western	8%†	Feb. 1	Less tax of 2/10 in £.	16	15
Rohilkund and Kumaon	9%†	Jan. 25	Less tax of 2/10 in £.	15	18
BANKS.					
Ionian Bank	2%†	...	Less tax	2	6
INSURANCE.					
Eagle Star, &c., Insurance	5%†	...	Less tax	20	20
Northern Assur. 6% Ptg. Pref.	4/6 p.s.	Jan. 1	Less tax	...	...
TEA AND RUBBER.					
Associated Tea Ceylon (Pref.) ...	3%*	Dec. 31	Less tax	...	...
Darjeeling Consolidated Tea ...	7½%*	Dec. 22	Less tax	...	...
Jhazite Tea	Nil*	...	...	...	...
Dejao Tea	2½%*	...	Less tax	...	...
Moran Tea	5%*	...	Less tax	...	...
Ragalla Tea	5%*	Jan. 1	Less tax	...	...
Zaluti Tea	5%*	Dec. 17	Less tax	...	...
MINING.					
Brakpan Mines	4/- p.s.	Feb. 17	In S. African currency	...	...
Cant and Motor Gold	10%*	...	Less tax	...	...
Consolidated Main Reef Mines	6¼%*	Feb. 18	In S. African currency	...	...
Crown Mines	35%*	Feb. 18	In S. African currency	...	...
Durban Roodpoort Deep	7½%*	Feb. 18	In S. African currency	...	...
East Rand Proprietary Mines	5%*	Feb. 18	In S. African currency	...	...
Geduld Proprietary Mines	17½%*	Feb. 18	In S. African currency	...	...
Goldfields Deep	5%*	Feb. 18	In S. African currency	...	...
Gopeng Consolidated	3d. p.s.	Jan. 7	Less tax	...	...
Modderfontein "B" Gold Mines	30%*	Feb. 18	In S. African currency	...	...
Modderfontein East	10%*	Feb. 18	In S. African currency	...	...
New Modderfontein Gold Mining	55%*	Feb. 18	In S. African currency	...	...
Nourse Mines	3½%*	Feb. 18	In S. African currency	...	...
Rand Mines	40%*	Feb. 18	In S. African currency	...	...
Rezende Mines	2/6 p.s.	Feb. 17	In S. African currency	...	...
Robinson Deep "A"	1/6 p.s.	Feb. 17	In S. African currency	...	...
Do, "B"	6d. p.s.	Feb. 17	In S. African currency	...	...
Rose Deep	2½%*	Feb. 18	In S. African currency	...	...
Sherwood Starr Gold	15%*	...	Less tax	...	...
Simmer and Jack	2d. p.s.	Feb. 17	In S. African currency	...	...
South African Coal	6d. p.s.	Feb. 17	...	...	...
Springs Mines	4/- p.s.	Feb. 17	In S. African currency	...	...
Sub Nigel	3/6 p.s.	Feb. 17	In S. African currency	...	...
West Springs Mines	9d. p.s.	Feb. 17	In S. African currency	...	...
OTHER COMPANIES.					
Amalgamated Metal (Pref.)	3%*	Jan. 1	Less tax	...	...
Associated Blacitt	2%*	Jan. 1	Tax free	...	...
British Steamship Invest Trust, Def.	3½%*	Jan. 1	Less tax	...	...
Compania Hispano-Americana	6%* (40 ld)	...	...	6	8
Great Northern Investment	...	...	Less tax	...	...
Greene, King and Sons	6%*	...	Less tax	...	...
Hardy's Crown Brewery	2½%*	...	Less tax	...	...
Hemel Hempstead Patent Brick	10%*	...	Less tax	...	...
Lisbon Electric Tramways	3%*	Jan. 1	Net	...	...
Ohlsson's Cape Breweries	3%*	Jan. 8	Less tax of 2/6 in £	2/6 in £	...
Phosphorine	2½%*	Dec. 31	Less tax	...	...
Second British Steamship Trust	2%*	Dec. 31	Less tax	...	...
Thames Brit. &c.	5%*	Jan. 1	Less tax	...	...
Vero Drug 8% Pref.	4%*	Dec. 19	Less tax	...	...
Do, 12% Pref. Ord.	6%*	Dec. 19	Less tax	...	...
Wethered (Thomas) and Sons	15%†	...	Tax free	30	30
United Tobacco (South)	12½%*	Dec. 31	Tax free	22½	22½

COMPANY MEETINGS, &c.

BRITISH OVERSEAS BANK, LIMITED.

A YEAR OF FINANCIAL CRISES.

WORLDWIDE ECONOMIC DEPRESSION.

EFFECTS OF "STANDSTILL" AGREEMENTS.

TRADE SITUATION AT HOME.

SUSPENSION OF GOLD STANDARD.

A TEMPORARY AND ILLUSORY REMEDY.

VISCOUNT CHURCHILL'S ADDRESS.

The twelfth annual general meeting of the British Overseas Bank, Limited, was held at the Bank's premises, 33, Gracechurch Street, London, E.C., on December 15th.

The Right Hon. Viscount Churchill, G.C.V.O. (chairman of the bank), presided.

The Chairman: Ladies and Gentlemen, I will ask the Secretary to read the notice convening the meeting.

The Deputy-Manager and Secretary (Mr. A. E. Thorne) read the notice convening the meeting.

The Chairman: The Secretary will now read the report of the auditors.

Mr. Thorne then read the report of the auditors. The Chairman: Ladies and Gentlemen, I now rise to submit the report and accounts. As you know, they have been circulated and, as is usual, you will doubtless agree that we should take them as read. (Agreed.)

During the last six months the situation both here and in the rest of the world has suffered rapid and fundamental changes. What will come out of them in the end it is impossible to say, but there is no doubt that difficult as the last period has been there are as great or greater problems ahead which must be solved before recovery can be looked for. In this country at least, and none too soon, we are making a vigorous effort to face and overcome our difficulties. But the struggle has only now started and the end is not yet clear.

SPREAD OF DEPRESSION

At our meeting last year I referred to the causes that had led to the change from comparative prosperity to severe depression—that is to say, war debts, tariffs, taxation, maldistribution of gold, and so on, which by their cumulative effect had wiped out most of the progress made during the post-war decade, and had reduced the economic life of the world to a condition of complete uncertainty and obscurity. Throughout this year the level of economic activity has fallen steadily, and as it fell new weak spots in the structure began to be disclosed. Economic depression has led to financial crisis, and this crisis has spread rapidly from one country to another, so that by to-day none has escaped. The collapse of the Credit Anstalt in May was the first sign. This, the largest bank in Vienna, had interests not only in Austria but in all the neighbouring countries, and, although the intervention of the Austrian Government averted an immediate banking breakdown in Austria itself, this could not prevent the repercussions of the affair spreading widely in Europe.

GERMANY'S CREDITS

Germany was the next country to be affected. Her foreign exchange position was already known to be precarious, and the resemblance of the German banking structure to that of Austria gave rise to general anxiety to an extent that may have been unjustified at the time. In any case, withdrawals of foreign funds began in June, and in spite of President Hoover's intervention and of the concerted action of foreign central banks in granting credits to assist the Reichsbank, these withdrawals persisted with increasing intensity. Finally, the Darmstadter, one of the most important of the German banks, was forced to close its doors.

A complete upset of German banking and exchange ensued. The German Government intervened and instituted a drastic control over foreign exchange and stock exchange dealings and over other financial activities.

In order to avert the political consequences of a public recognition of the breakdown which had in fact taken place, the interested Powers met hurriedly in London and requested the bankers who had advanced short-term credits to Germany to relieve the situa-

tion for the time being by not insisting on repayment. In this way was brought about the so-called Standstill Agreement between Germany and her foreign creditors, regulating all the short-term indebtedness of German concerns to foreign bankers. In the meantime the intimate connection in the public mind between one of the largest banks in Hungary and the Credit Anstalt brought about a similar attempt to withdraw funds from Hungary, where the position was aggravated by the complete collapse in price of all its exports. There, too, the situation was only prevented from falling into chaos by the arrangement of a Standstill Agreement.

FAR-REACHING RESULTS

The German, even more than the Austrian and the Hungarian crisis, led to far-reaching results abroad. The short-term position of Great Britain was already known to be none too strong, and the budgetary fears and unfavourable trade balance added to anxiety both here and abroad. In addition, many foreign banks, finding themselves gravely embarrassed by the German crisis, which had immobilised a large quantity of their funds, were forced to reduce their balances in London in order to maintain their own liquidity. In consequence a rush of foreign withdrawals set in. Now, although we have enormous foreign assets, the proportion available in liquid form is insufficient to deal with a situation of this nature. And so it followed that in spite of the credits raised abroad by the Bank of England and the Treasury, the pressure on sterling proved too great, and finally, on September 21st, the obligation of the Bank of England to pay gold on demand was suspended.

THE AMERICAN PHASE

The next phase of the world panic centred in America. There for some time past the banking structure had not inspired confidence and hoarding of coin and notes had been going on for many months. On the top of this the breakdown of the gold standard in England aroused fears among foreign holders of dollars and an enormous rush of withdrawals occurred. Gold was exported at an unheard-of rate, mostly to France and also to Switzerland, Holland and Belgium. Fortunately, owing to its vast gold holdings, America was not particularly susceptible to attacks of this kind, and the drain, after some weeks of anxiety, diminished in volume and has now practically ceased. On the other hand, however, the hoped-for industrial recovery in the United States has not taken place, unemployment continues on an unprecedented level, and attempt after attempt has failed to restore confidence in an early improvement. In the meantime, in addition to Great Britain, most of the Dominions and India, South America, Scandinavia and some other countries of Europe, and now Japan, have been forced off the gold standard; whilst Germany, Austria and many other important countries are maintained on it only by such stringent regulations that amount, in fact, if not in name, to a moratorium on foreign obligations. For the rest, official intervention and control so hamper payments in every part of the world that, apart from ourselves, the United States, France, Switzerland, Holland and Belgium remain the only countries with anything approaching a free exchange market.

DESTRUCTION OF CONFIDENCE

As I said, confidence has been destroyed throughout the world, and this has disclosed with catastrophic results the weaknesses inherent in the present structure. In Europe, reparations and war debt levies, and nationalism carried to excess—both in tariff walls and expenditure on armaments—have disorganised the flow of trade and capital, straining the resources of some countries almost to exhaustion and piling up gold in others who were incapable of turning it to any constructive use. Such a situation obviously

The Chairman: Those in favour kindly hold up their hands; on the contrary; carried unanimously. I now call upon Mr Hindley to move a resolution.

MR HINDLEY'S SPEECH.

Mr R. T. Hindley (advisory director): My Lord, ladies and gentlemen, the resolution which I have the privilege to move is:— "That the directors retiring by rotation—Mr Nigel L. Campbell and Sir George E. May, Bart.—be re-elected, and that Mr Duncan Alexander Stirling's appointment to the board be confirmed." It gives me very great pleasure to move that.

The speeches of our chairman and Mr Gairdner have brought home to us, if it was necessary to do so, that banking is more than routine and that those who control, on your behalf, the policy of the bank should be men of vision as well as men of ability. We have had the pleasure of working together with the present directors for many years. We have learned to respect them and we have earned to know something of their very great ability and character. Mr. Campbell, whose business is partly that of banking and partly that of an advisor who is called into council in many difficult cases—you might almost call him a specialist—is so well known in the City that I am certain that we are envious in having him constantly on our board to help in the elucidation of problems which come before the directors week by week.

In Sir George May we have one who was called in when affairs had got to such a state that they could not be allowed to go on any longer, and I think the whole country—I might say the whole Empire—is indebted to Sir George May for the report of his committee, which brought home to everyone the fundamental difficulties in which this country was placed. (Hear, hear.) We are very proud to have him connected with us, and we are very grateful for the help that he gives us. (Hear, hear.)

Then in Mr Stirling we have a newcomer who is well known in the City. I had the privilege of meeting Mr Stirling for the first time in somewhat difficult circumstances about twelve months ago, when I can only say that Mr Stirling was of the greatest help.

I appreciated in a very high degree what Mr Stirling did on that occasion, and I was doubly pleased when a few months later I found that he had become closely associated with our bank. It is because of the feeling that I have personally, and, if I may say so, on your behalf, towards those three gentlemen, that I have the greatest pleasure in proposing the resolution which I have read to you. (Applause.)

I will ask Mr Norman Hird to second the resolution.

Mr Norman L. Hird (advisory director): Lord Churchill, ladies and gentlemen, I have very much pleasure in seconding the resolution. Mr Hindley has dealt with it very fully and nothing remains for me to say.

The Chairman: Those in favour kindly hold up their hands; on the contrary; carried unanimously. I will now ask Mr Donne to propose a resolution.

Mr E. F. Donne: I have pleasure in proposing:—"That the retiring auditors, Messrs George A. Touche and Company and Messrs McClelland, Ker and Company, be re-appointed as auditors of the company for the current year at the same remuneration, namely, a collective fee of seven hundred and fifty pounds."

Mr E. S. Bishop: Mr. Chairman, ladies and gentlemen, I beg to second the resolution.

The Chairman: Those in favour kindly hold up their hands; on the contrary; carried unanimously. That, ladies and gentlemen, concludes our business. I thank you very much indeed for coming here.

VOTE OF THANKS.

Mr E. Grant Hooper: Ladies and gentlemen, before we part I feel sure that you will agree with me that someone on this side of the table should express our obligation to the chairman for his most interesting address, to the managing director for his interesting speech, to the board generally and to the officials and staff of the company for the admirable work which they have done for us and which is represented by the balance sheet we are considering to-day. (Hear, hear.)

As a previous speaker said, I think that to most of us the report was almost an agreeable surprise. I feel sure that all of us who have any interest in public affairs must have been aware of the very difficult times that everybody connected with banking or finance must have passed through during the past year. I have been very interested in the two addresses which you, Sir, and Mr Gairdner, have been good enough to deliver to us. I am sure at my friend who raised the point will find them fully reported, and the world generally will have the advantage of considering the views which have been placed before us to-day. (Hear, hear.) I again express our thanks to you, Sir, and I beg to move:—"That the best thanks of the meeting be tendered to the chair-

man, the directors and the staff." (Applause.) I feel sure that somebody will be good enough to second that.

Mr F. Hewson: I shall be very pleased to second that. Mr Grant Hooper: I put that to you, ladies and gentlemen. All those in favour; on the contrary; carried unanimously.

The Chairman: I am extremely grateful to Mr Grant Hooper for the kind words he has used in proposing this vote of thanks to us. I am sure we all appreciate the way in which you have acquiesced in it, ladies and gentlemen. I hope that the change of date of our meeting from December 8th to December 15th has not put any of you to serious inconvenience. It was necessary to do that as our friend Mr Gairdner was, I am sorry to say, unwell, and I felt that it was most important that we should postpone the meeting in order that he might be able to attend. He has got to take care of himself, and that is a matter into which I always have to look very closely. I can assure you that we missed him very much when he was away. However, the board carried on in a most admirable manner. They gave me, personally, whenever I wanted it, most kindly, sensible and proper advice, and I can assure you that the team work—and I call it team work advisedly—which goes on in this bank is to a great extent the reason why our results are as good as they are (Applause.) I thank you very much for coming here to-day.

The proceedings then terminated.

ORIENT STEAM NAVIGATION COMPANY, LIMITED.

REVIEW OF A DIFFICULT YEAR.

The thirty-second ordinary general meeting of Orient Steam Navigation Company, Limited, was held, on the 15th instant, at 3 and 5, Fenchurch Avenue, London, Sir Alan G. Anderson presiding.

The Chairman, in the course of his speech, said: The accounts do not show the full disturbance of the economic typhoon and next year will certainly be much worse, but we have known for years that the danger was approaching and have had time to prepare. Through a generation of reasonably prosperous trading you have always supported the managers in putting by to depreciation, reserves and contingencies, sums, the full amount of which has never been disclosed, and, while you have denied yourselves unknown dividends by this prudent policy, you have provided generously and in advance to meet the misfortune which comes to all shipping lines and may fall more heavily upon us than upon our neighbours, whose investments are more scattered.

The results of working and income from investments leave a margin over expenses, which is swelled this year by a profit of £100,596 on the sale of certain investments at a price exceeding their cost to us. With the addition of this non-recurrent item, the revenue for the year meets all the year's expenditure and leaves £308,095, which suffices to meet the statutory depreciation of 4 per cent. on first cost of ships, to pay the preference dividends, and by taking £48,020 from the carry-forward, to pay a 5 per cent. dividend on the ordinary shares, which we recommend. In the circumstances, we are pleased with this result, and we hope you will be. We recommend the transfer of £100,000 from contingencies to increase the carry-over to £153,321.

While the immediate future looks very black, we can congratulate ourselves on having passed through these two years without loss, and, as this dividend will deplete our savings by less than the amount we put to reserve last year, our position after two years of storm will be as strong as before the storm broke. We owe nothing to bankers or shipbuilders, nor have we any debenture debt, and the whole of our depreciation, which is shown this year as £219,810, goes to swell our liquid resources.

Turning to the detail of our work, the passenger trade has been deplorable and is getting worse. So far as we can calculate, of the berths offered by all British lines for saloon passengers less than one-third were occupied on reaching Australia. This was not so bad, but for the return voyage only some 17 per cent. of the berths were occupied on leaving Australia, which is not half the normal load, and means heavy loss next year for all first-class carriers. It is clear that, until our customers have restored their economic position and can afford to spend a few months abroad, no competitive effort by shipowners will materially increase the saloon traffic. In third class no new settlers are needed in Australia, so Government-assisted migration by all lines has practically ceased, falling 97 per cent. in three years.

We despatched the Orford, Orontes and Oronsay on fourteen pleasure cruises, the same number as the previous year, and earned almost exactly the same revenue. This result, in a year in which resort hotels are reported to have suffered declines ranging from 15 per cent. to 30 per cent., shows that the public increasingly realise what a good holiday they can have at sea and at how little cost and trouble.

Australia has the resilience of youth and will, we hope, rapidly correct her own economic mistakes, just as England is now correcting hers, but it is Great Britain and not Australia which must make the move and give the lead to the world out of an economic morass in which we need never have stuck. So long as great creditor nations press their exports on the world's market and insist on being paid what is owed them for exports and for loans and at the same time refuse to accept payment in goods and services, so long gold will rise in price, commodities will fall in price, debts will become impossible to repay, men everywhere will be unemployed and the shareholders of the Orient Line will go without their reward for providing a modern, well-designed and, I hope, well-managed fleet.

The report and accounts were unanimously adopted.

CENTRAL URUGUAY RAILWAY COMPANY OF MONTE VIDEO, LIMITED.

TRAFFICS WELL MAINTAINED.

The ordinary general meeting of the Central Uruguay Railway Company of Monte Video, Limited, was held, on the 17th instant, at River Plate House, Finsbury Circus, London.

Mr Frank Henderson (the chairman) said that the year had been one of extreme and unprecedented difficulty. An adverse trade balance and an unbalanced Budget, followed by a rapid fall in the exchange value of the dollar, and acute commercial depression generally, had contributed to a final result previously unknown in the annals of this company.

The year's traffic from a currency point of view had not been altogether unsatisfactory, and the total decrease in the currency earnings from all sources had been only 2 per cent., and was more than off-set by a reduction of 6 per cent. in the total expenditure. The continued depreciation in the sterling value of the dollar, however, which was the root cause of all the trouble, rendered comparisons of no practical value. Unfortunately, the remedy did not lie with them. All they could do was to economise in expenditure and increase rates in so far as local ability to pay and road competition would permit. The raising of the tariffs had not come into force until October, so that the full effect of this and of economies would not be felt until the current year, but no one could forecast what course the exchange rate would pursue.

A study of the revenue account showed that, in spite of the spreading of the loss on exchange, they had not been able to make provision for all charges without drawing upon the balance of revenue brought in from the previous year to the extent of some £17,500, which precluded a final dividend upon the preference shares being now recommended.

A law, hurriedly passed without warning on October 14th, had prohibited, up to December 31st, the remittance by foreign companies of funds for debenture interest and dividend purposes, the equivalent pesos to be deposited in a local bank, to be released as to 25 per cent. monthly from January 1st. That law was no doubt designed to improve the exchange value of the dollar, and, whether from this cause or not, an improvement had taken place. The remittance of funds, however, even for general purposes here, was a matter of extreme difficulty. It was a very unsatisfactory state of affairs, but the company would meet its commitments on January 1st next.

The report and accounts were unanimously adopted.

Banking in Finland

CAPITAL AND RESERVES:
Fmk. 428,000,000.
TOTAL ASSETS (31/12/30):
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1839.

INDIA RUBBER, GUTTA PERCHA, AND TELEGRAPH WORKS COMPANY, LIMITED.

IMPROVED TRADING RESULTS DESPITE DIFFICULT CONDITIONS

The sixty-eighth ordinary general meeting of the India Rubber, Gutta Percha, and Telegraph Works Company, Limited, was held, on the 15th instant, at Southern House, London, E.C., Sir John Ferguson, K.B.E., M.P. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said: While the result of the year's trading shows a marked improvement on that of the previous year, your directors very much regret that the loss for the period under review amounts to £51,593, as compared with £95,977 in the previous year.

The improvement, therefore, over last year's results, has been secured in the face of conditions of extreme difficulty, and there is no doubt whatever that the wide-reaching economies and reorganisation which have been put into effect, have very materially contributed to keeping the loss down to the figures mentioned. It also must be borne in mind that the company has by no means reaped the full benefit during the period under review of many of these economies.

PROFIT AND LOSS ACCOUNT.

With reference to the profit and loss account, I do not propose to enter into a comparison with the previous year, inasmuch as a different system of allocating and analysing our expenditure has now been adopted, and, for the sake of economy in internal work, we have completely merged the detailed trading accounts resulting from the management of the Palmer Tyre, Limited, with our own figures, instead of bringing merely the final result of that subsidiary into account, as was formerly the practice.

Dealing with the loss for the year, I wish to emphasise that this has been arrived at after charging depreciation of fixed assets, amounting to £49,926, and depreciation of stock amounting to approximately £33,000, but it also includes a credit of £8,602, being excessive provision for income tax which is no longer required. As a matter of interest, I might mention here that approximately £48,000 was spent out of revenue for maintaining our plant, buildings and equipment in an efficient condition.

In spite of the fact that Silvertown's turnover in money decreased by about 10 per cent. compared with the previous thirteen months 1929-30, yet I am pleased to say that the trading result shows a very substantial improvement. This has been made possible by the extensive reduction in overhead expenditure which has been effected by the reorganisation and consequent economies.

With regard to wages, I would like to repeat the statement made last year, that it is not the board's policy to reduce these. Our experience during the period under review has fully justified this policy.

I must now refer to the reconstruction that has been taking place at Silvertown, owing to the decision to close our Burton factory and transfer to Silvertown all Burton's manufacturing plant. When I tell you that the plans for this work were commenced at the end of June, and at the present date all the production plant from Burton is installed and is mostly in operation, you will appreciate that the task has been carried out in a way which reflects the greatest credit upon all the officials concerned.

POPULARITY OF PALMER PRODUCTS.

We are satisfied that in our Palmer motor tyre we now have a product which fully meets the requirements of the public, and which gives better service in relation to price than any other tyre on the market. Our sales of these tyres show a substantial increase over the preceding year.

In the new range of motor cycle and cycle tyres which we have just introduced we are satisfied that we have products which have never been surpassed in appearance and serviceability. We are confident of securing a marked increase in their sales.

Our improved "Silver King" and "Lynx" golf balls are becoming increasingly popular, and the new "Long Range Plus Silver King" for the low handicap golfer has been very well received.

The reorganisation of all sections of the company's business has continued throughout the period under review, and is, in fact, still continuing.

As to the future, this largely depends upon the development of industrial and commercial conditions. I would emphasise that definite trade revival necessitates improvement in world conditions and the stimulation of international trade. There are very few signs of this at present.

I can, however, say with the utmost confidence that, as a consequence of reorganisation, the company is now in a better position than it has been for many years past to take full advantage of every opportunity that the business revival may offer.

The report and accounts were adopted.

BANK OF LONDON AND SOUTH AMERICA, LIMITED

DIFFICULTIES OF PAST YEAR.

MR BEAUMONT PEASE ON CONDITIONS IN SOUTH AMERICA.

The sixty-ninth ordinary general meeting of the Bank of London and South America, Limited, was held, on the 15th instant, at the head office of the Bank, 6, 7, and 8, Tokenhouse Yard, London.

Mr J. W. Beaumont Pease (the chairman) presided, and in the course of his speech, said: Before analysing the accounts, I must impress upon you that the world-wide financial and trade depression has been very acutely felt in the countries in which we operate. The difficulties cannot be lightly dismissed, and the end of them is not yet in sight. The hopes of better conditions in South America which were entertained at the beginning of the year were unfulfilled, as the benefits of large harvests were minimised by abnormally low and unremunerative prices, and commercial failures have this year taken place on a scale without precedent. Political unrest in some parts of that Continent has had an unsettling effect in others, and financial troubles have harassed the Governments who have honourably striven to meet their commitments, and protect the credit that is essential to their progress. In spite of the trade restrictions which they were compelled to impose, and other expedients to which they had recourse, their efforts, in some cases, have not obviated default in the service of their foreign debts. But let me add that although things have been so bad they might have been worse. Little imagination is required to envisage the distress which would have prevailed had the harvests been meagre, had the political turmoils not been strongly handled, and had the countries allowed their finances to drift.

TRADE BALANCE DIFFICULTIES.

One of the main factors in the financial difficulties of the South American Republics, and one that is common to all, is the trade balance, which, where not actually adverse, has not reached the figure necessary to provide a sufficient margin for the service of the foreign loans and other invisible imports. The diminished trade balances have brought in their train a fall in exchange rates, only partially checked by the outflow of available gold, and accentuated by the inability to obtain fresh credits from former money-lending centres. Eventually each nation, for the protection of its currency, was forced to adopt a system of exchange control which, with slight local differences in working, consists of a species of exchange clearing, where drawings on the exterior can be effected only against available supplies of foreign currencies.

Unbalanced Budgets were a corollary of diminished income and the greater cost of remittances for debt service at a lower exchange. Increased tariffs have been imposed with the object, on the one hand, of restricting imports to improve the trade balance, and on the other hand to provide revenue for Budget-balancing purposes. Without going into the debatable question as to whether this expedient can perform the double rôle for an indefinite period, the effect from the South American importer's point of view has been discouraging, and a limitation of commerce has ensued: and this limited movement is further hampered by the frequent inability of a merchant to pay his matured bills for lack of available exchange.

The foregoing brief outline of the influences which have been general in those countries where we are interested will, I hope, have conveyed some idea of the impediments which trade, and its ally banking, have encountered during the past year.

BOARD'S FINANCIAL POLICY.

In view of the foregoing, and of the prevailing situation, your board felt that the time had arrived when it was desirable to strengthen the inner reserve of your bank, which has been done by a transfer of £1,500,000 from published reserve, leaving the latter at £1,500,000. This enabled us to provide for depreciation on capital employed abroad, all bad and doubtful debts, and leave a substantially increased balance in contingency reserve for eventualities should they arise. Since the books were closed on September 30th, there has been a considerable recovery in South American exchanges in terms of sterling, with the result that there has been a material improvement in the value of our capital employed abroad which, for the moment, is in excess of our book value. Nevertheless, the course of those exchanges is still undefined, and it will be a matter of satisfaction to you that additional provision has thus been created in the bank's inner reserve to meet an unfavourable reaction in rates, should it recur. Moreover, it would be unwise at this juncture to conclude that, in the process of world-wide readjustment of values, further embarrassment may not be caused to traders, and immunity from bad and doubtful debts cannot be taken for granted. Your published reserve was built up as a fortification against such times as the present, and I am sure you will approve of the board's action. You

will readily understand that at a time of universal difficulty it is more than ever necessary for your bank, true to its tradition of primarily safeguarding the interests of its depositors, to keep a strong financial position, and so it is that our cash in hand and at bankers at £10,575,000 is higher by £1,870,000 than last year's figure, and is equivalent to nearly 31 per cent. of current and deposit accounts, etc., which stand at £34,312,000, as against £39,363,000 last year. Had the rates of exchange of the previous year been applicable, cash would have shown as £12,800,000, while the actual deposits of the public, which are included in the item current and deposit accounts, would have stood at £1,578,000 higher than last year, or, say, £35,683,000, as compared with £34,105,000. These figures will convince you not only of our strength, but of the confidence of depositors in the bank.

This year, as already stated, we have dealt with our bad and doubtful debts through contingency reserve, which leaves the gross profit at £1,455,000, a reduction of £299,000 as compared with last year's figure of £1,754,000, which latter, however, was arrived at after providing for normal bad and doubtful debts. Charges at head office and branches, amounting to £1,105,000, are less by £241,000. Lower exchange rates have been principally responsible for the reductions in both gross profit and charges. The former, however, has fallen in a greater proportion than the latter, but effective measures are being taken to meet the harder conditions of profit-making, and an appreciable reduction in charges will be reflected in the current year's working.

PROFIT AND ALLOCATIONS.

Adding to the profit for the year, viz., £331,897 15s. the sum of £181,444 17s. 8d. brought forward from last year, we arrive at a total of £513,342 12s. 8d. An interim dividend of 3 per cent. was paid to you in June last, and the directors now recommend a final distribution of a further 2 per cent., making 5 per cent., less income tax, in all, which absorbs £177,000. It is further proposed to allocate to contingency account the sum of £150,000, and this will leave £186,342 12s. 8d. to be carried forward in profit and loss account.

I do not pretend that these results can be other than disappointing to shareholders if looked at from the point of view of the dividend alone, but I am asking you to take a much wider view than this of the responsibilities of bankers. They have a threefold public to whom they are responsible: firstly, their depositors; secondly, the trading and commercial public; and, thirdly, the shareholders. In so far as they fulfil their duty to the first two categories so also will they be working in the interests of the last. In these times of uncertainty we have thought it desirable to maintain a position of cash liquidity surpassed, I imagine, by few, if any, banks. But, obviously, to hold nearly a third of our total commitments to the public in actual cash is not a profitable procedure, and this is one of the principal causes of our reduced profits. We feel confident, however, that our shareholders will applaud our action, and realise that a very conservative policy in these days must be to their ultimate advantage.

CONDITIONS IN ARGENTINA.

The beginning of the year saw Argentina with a new and strong provisional Government, a firm resolve to set her financial affairs in order, and a harvest of abundant promise which was later amply fulfilled. It was recognised that the country had many difficulties to overcome, but that if rapid reorganisation were possible her vigour and wealth would certainly achieve it. Circumstances beyond her control have, however, checked her speed, but that it has been possible, in a period of universal dejection, not only to pay the interest on her external indebtedness but to reduce it by 212 million paper pesos, upholds what I stated last year as regards her affairs.

The trade balance in favour of Argentina for the ten months ended October 31st last was 76,954,000 gold dollars, but this figure does not include the value of the invisible imports—viz., debt service, freights, interest on foreign capital and the like, an amount which it is difficult to calculate exactly, but which is estimated by some to be in the neighbourhood of £30,000,000 per annum.

The abandonment of the gold standard by Great Britain has brought forward prominently the possibility of obtaining supplies from the United Kingdom of goods hitherto furnished by our competitors. This aspect of affairs will appeal to British manufacturers, who are able also to profit from the efforts made by His Royal Highness the Prince of Wales to promote an increase in our export trade to Argentina.

BRAZIL AND OTHER COUNTRIES.

During the past year many aspects of Brazil's foreign trade have given cause for satisfaction. The volume of merchandise exported,

CAMP BIRD, LIMITED.

YEAR'S RESULTS—LAKE GEORGE MINE.

The thirtieth ordinary general meeting of Camp Bird, Limited, was held, on the 11th instant, at River Plate House, Finsbury Circus, London, Mr F. W. Baker, the chairman, presiding.

The Secretary (Mr E. C. Leaman, F.C.I.S.), having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said that interest and dividends on investments were very much down this year, and profit on realisation of investments also showed a very large decrease. The heavy reductions in the company's income from these two items, coupled with the fact that there was no balance of profit from the Camp Bird Mine this year, as against £7,000 last year, practically halved the company's income for the year under review. Practically the whole of the balance of £67,161 remaining was absorbed in paying the preference dividend for the half-year ended December 31, 1930, interest on the seven per cent. debentures of the company, income tax, and the writing off the balance of capital reorganisation expenses. These expenses have now been finally liquidated. There remained a balance of £18,908 on the debit side of this year's profit and loss account which had been deducted from the amount of £73,286 brought forward from the previous year, leaving a balance of £54,377 which the board proposed to carry forward to next year.

PROBLEM OF OUTPUT.

The Chairman, having detailed their various interests, continued: As to the future, there seems some hope that the New Year may see some enhancement in the commodity prices in which we are interested, by reason of the arrangements and understandings which have been arrived at by the big world producers to curtail production. Negotiations were started in the States dealing with copper, and now I gather are being continued on this side, to bring about a serious reduction in output in the leading copper mines of the world. Cartel arrangements have been definitely effected for the curtailment of zinc and lead production, and the automatic reduction in output in these three commodities must affect the world's production of silver, as silver in a number of world mines is secured as a by-product in the mining of copper, zinc, and lead.

I will now turn to the several properties in which we are interested. As you know, the Camp Bird Mine has been worked by tributors. Last year's result gave us a profit of over £7,000 after meeting all expenses at the property. This year's result was only £3,460, which is absorbed in the maintenance of the mine and tunnel plant, and payment of taxes, insurance and general expenses, leaving a small debit balance of £175.

LAKE GEORGE MINE.

Referring to Lake George Metal Corporation. With the completion of the development work mentioned in last year's report, the Lake George Mine was completely closed down during the year as the tonnage of ore reserves was sufficiently large to cover many years' operations. The work done prior to the suspension of operations effectively solved the metallurgical difficulties and made the ore reserve position secure. Plans have been prepared for a plant to treat 1,000 tons per day, and an enabling Bill for the construction of a railway to the property has been passed by the New South Wales Government.

The company's advisers are actively engaged in developing a process for the recovery of sulphur from Lake George ores, which, if successful, will materially affect the type of plant to be erected.

The Lake George ore contains about 40 per cent. pyrites, the pyrites yielding 50 per cent. sulphur. The possible solution of a process to treat and recover the sulphur contained in the pyritic ore would result in our being able to furnish Australia with a very substantial part of its supply of sulphur, nearly all of which is now imported into Australia from abroad at an annual cost to Australia of over £500,000.

The sulphur supply for Australia is a very material question to that country, for it is used in the manufacture of superphosphates which Australia as an agricultural country needs, and statistics show consumption to be on a steadily increasing yearly basis. Furthermore, it may interest you to know that sulphur produced in New South Wales is subject to a substantial bounty from its Government, that Government being keenly interested in the development of its own sulphur supplies.

I feel justified in saying that with a higher range of metal prices for zinc and lead, and a successful outcome of this sulphur recovery process, we shall have in the Lake George Mine, when equipped and in operation, an interest which should furnish us with very large revenue for many years to come.

The report and accounts were adopted.

although some 80,000 tons below last year's movement, was considerably in excess of previous years; the sterling value of exports was less than in recent years, but on the other hand, the volume of imports this year has shown a remarkable diminution of 1,200,000 tons. By the end of October the surplus value of exports over imports was £16,891,000, the highest on record for many years past, and indicates the possibility of a net surplus for the year of approximately £20,000,000.

A favourable augury is the probability of a period of political stability in Chile. In October, Don Juan Esteban Montero, who represents the more conservative element of the country, was elected to the Presidency by a vote that was nearly double that of his nearest rival. He assumed office on the 5th instant, and will have the country behind him in his endeavours to solve its many problems.

The financial difficulties which I have had occasion to mention on previous occasions as weighing on Colombia have persisted during the past year.

Paraguay, although not wholly immune from the universal troubles, has been less affected than many other of the South American Republics. The demand for her products by her big neighbours is constant, and while here, as elsewhere, values have fallen, good crops have been obtained.

From the short review that I have given you of the countries with which we are concerned, you will, I think, appreciate the very stormy waters in which we have been navigating for some time past, particularly during the last year. That our ship has come through the economic blast and is safe and sound must be a satisfaction to you all. The storm may have lost some of its intensity, but it would be foolish to think or say that South American waters are smooth once more. This may happen in one, two or even more years: the date is beyond my powers of prediction. Meanwhile, we shall carry on as we have done during the last sixty-nine years. The earning of profits may be difficult, and in some places may even be impossible for a time, but safety and liquidity are the order of our day, and this to our shareholders and to our depositors is the fundamental consideration.

Mr Richard Foster (deputy-chairman) seconded the resolution, which was carried unanimously. The retiring directors were re-elected, the auditors reappointed, and cordial votes of thanks to the chairman, managers and staff both in London and abroad terminated the proceedings.

THE NATIONAL BANK OF SCOTLAND, LIMITED.

The 106th annual general meeting of the proprietors of the National Bank of Scotland, Ltd., was held in the bank's head office, Edinburgh, on the 17th instant, the Most Honourable the Marquess of Zetland, P.C., G.C.S.I., G.C.I.E., the Governor of the Bank, presiding.

The Lord Marquess, in moving the adoption of the report and accounts, having dealt with the economic conditions, said:—It is a matter for congratulation that in a period marked by unusually difficult conditions the results shown are reasonably satisfactory. It will be noted that of the balance at profit and loss account available for distribution, namely £344,727, the amount proposed to be dispensed in dividend, namely £132,000, is a small proportion, considerably less than one-half, indeed, it is only 38 per cent. of the total. Of the balance a sum of £100,000 has been allocated to contingent fund, £20,000 to heritable property account, £20,000 to staff pension fund, and the remainder £72,727 falls to be carried forward. All bad and doubtful debts have been duly provided for. While the deposits show a substantial reduction from the high level of the previous year, this is accounted for, not by the contraction of the ordinary business of the bank, which has been well maintained despite adverse conditions, but by the withdrawals during the autumn of substantial amounts of foreign money repatriated by holders abroad for their own needs. Deposit accounts continue to be more and more taken advantage of, and now constitute an important part of the Bank's business, giving scope also for still further development and extension. The reserve fund stands at £1,550,000, being £450,000 in excess of the paid up capital of the bank, while a sum of £72,000 is carried forward to next year's accounts.

On the assets side, the immediately liquid resources stand at a relatively high level, not taking into account a considerable holding of Treasury bills, while the bank's investments in British Government securities appear in the balance sheet at £11,173,000. These figures are lower than the market value at October 31st. It will be seen from the balance sheet and from the figures I have quoted, that the extent and liquidity of the bank's resources place it in a favourable position to meet, on the revival of business, the requirements of trade and industry which are meantime receiving the generous support of the bank.

The resolution was carried unanimously.

SANTA GERTRUDIS COMPANY, LIMITED.**MR. F. W. BAKER ON THE SILVER POSITION.**

The twenty-third ordinary general meeting of the Santa Gertrudis Company, Limited, was held, on the 11th instant, at River Plate House, Finsbury Circus, London, Mr F. W. Baker, the chairman, presiding.

The Chairman, in moving the adoption of the report and statement of accounts, said that the profit for the year amounted to £205,091, as against £317,522 last year, and after providing for reserve for income tax and a small item of £562 for a bad debt there was carried to the balance sheet £171,461, being the net profit for the year. By adding the balance of £39,063 brought forward from the previous accounts they arrived at a total of £210,524, out of which dividends amounting to 2s. 3d. per share, which absorbed £174,757, were paid, leaving a balance of £35,767 to be carried forward to next year. Having regard to the extremely low average price of silver ruling during the past year the profits made by the company and the dividends paid in respect of that year must be considered satisfactory.

Since the end of the company's financial year the price of silver had shown some violent fluctuations. It should be remembered that spasmodic high prices with a persistent low level could not materially affect the company's income. The sterling prices of silver were now, of course, considerably higher than they were in September last by reason of the depreciated value of the pound in terms of gold. Consequently the company stood to make a profit on exchange as regarded the actual remittance of funds to this country.

SILVER MARKET AND DIVIDEND PROSPECTS.

The prospect of a continuance of dividend payments entirely depended on the trend of the silver market. If, instead of having a widely fluctuating price, there was a steady silver market around the present level he saw no reason why they should not be in a position to continue dividend distributions half-yearly, but the basis obviously would be dependent on the tonnage treated and the trend of silver prices. The monthly profits since the commencement of the present financial year had, on the average, been lower than the average monthly profits of last year, and the average silver prices had also been lower in terms of gold. Consequently a policy of caution was indicated in the payment of dividends and the directors were of opinion that this would be followed by declaring an interim dividend of 6d. per share, less income tax, payable on January 21st next, which had been done and was announced in the Press. If they maintained the present range of prices he was hopeful that they might be able to pay an increased dividend in June.

Referring at length to some of the salient features of the year's operations, the chairman said, in the course of his remarks, that the company retained a very substantial interest in the Mexican Corporation which, through its Mexican Company, held a 50 per cent. interest in both the Fresnillo and the Teixitlan mines. Developments at the Fresnillo mine during the year had shown exceedingly good results. There had been a diminution in the reserves of oxide ore and a large increase in the reserves of sulphide ore. These excellent results had put the ore reserves in a strong position, so that the development programme, which was reduced to some extent during the period under review, would be further curtailed during the current year, with a resulting reduction in working expenses.

Unfortunately, neither the excellent ore disclosures made nor the successful efforts of the local management to reduce costs had been or could be productive of profitable results in the face of prevailing conditions of world trade, which had caused metal prices to descend to record low levels, and, in addition, had lessened the demand for concentrates, resulting in limitation of output and the accumulation of stocks.

APPRECIABLE INCREASE IN METAL PRICES.

As to the future prices for metals, which had so important a bearing on the company's earning power from the various properties in which they were interested, there had within the last two months been an appreciable increase in the price of silver, zinc and lead.

At the meeting last year he told the shareholders that reserves had been created over past years to meet a position which the directors had realised would have to be faced—namely, the possible exhaustion of the company's existing mines, and he stated that the directors, after consultation with some of the large shareholders, had before them a policy of meeting any diminution in Santa Gertrudis earnings by the investment of such an amount as might be necessary of these reserves in the acquisition of some other mining property that would enable the company to continue as a dividend-earning organisation. He reported to them that it was for this purpose that they had acquired an interest in the Lake George Mine. They were now on the eve of closing a negotiation for a lease of a zinc-lead-silver mine at Zacatecas, one of the oldest silver camps in Mexico.

Mr J. A. Agnew seconded the resolution, which was unanimously adopted.

AGAR, CROSS AND COMPANY, LIMITED.**YEAR OF ABNORMAL CONDITIONS.**

The twenty-fifth ordinary general meeting of Agar, Cross and Company, Limited, was held, on the 11th instant, at Dorland House, Regent Street, London, S.W.1.

Mr Thomas F. Agar (the chairman), who presided, said: All over the world trading conditions during the year under review were entirely abnormal, the prices of commodities having actually in many cases fallen below the cost of production.

The Argentine Republic has come through a particularly trying time, but the careful way in which the Argentine Provisional Government has been handling the financial position shows that everything possible is being done by the Government to foster the well-being of the country.

The Argentine, as you are all aware, is largely dependent on its exports of cereals and meat, and, if only the improvement in the prices of cereals which took place some weeks ago could be maintained, there should be a quick and rapid improvement in business conditions ruling there. This price for cereals is, to my mind, the most important matter which could affect the position, as a good harvest with improved prices would obviously affect the value of the Argentine peso as compared with foreign currencies, and for companies such as ours the welfare of the farmer and the rate of exchange at which we can make our remittances to the United States of America and Great Britain, with which to pay for the goods we export to the Argentine, are the all-important factors to an improvement in the welfare of our company.

The latest reports of the wheat and linseed crops are good, and camp conditions are excellent. With regard to maize we understand there is a talk of a record acreage in Argentina this coming season.

Continuing, he said: Turning now more particularly to the position of our own company, when we issued our report last year, namely, in November, 1930, we had no anticipation of the conditions which subsequently supervened. In the preceding year the country had passed through a very bad crop year, which had had a serious effect on the demand for all requirements, particularly those which our company supplies; but, on the other hand, the crop prospects were then splendid, and it was then hoped that with such crop prospects realised, the demand would be greatly stimulated and that the country would quickly recover.

Prices of cereals had been falling, but at the beginning of November, 1930, wheat was still at over \$7 c/l per 100 kilos, and, even up to the middle of December it had not fallen below \$6. Later on, the price fell to \$4.70, and no one could possibly have imagined that such could happen.

EXCHANGE.

Again, there was exchange. Until the middle of December, 1930, exchange had ranged round about 38½d. on London and 128 on New York. In January it went down to 32½d. on London and 140 on New York, and since then, as is well known, it has fluctuated wildly, and has been as low as 29d. on London and 183 on New York. Such extreme falls in exchange, of course, were quite impossible to recover in sale prices.

Our expectations a year ago for the sales of harvester thrashers and tractors were quite good. These expectations, unfortunately, were entirely falsified, and this radical change in the position in this one line gives you an indication of what generally happened to our sales through the catastrophic fall in the grain and linseed prices.

Briefly put, I would summarise the main causes which adversely affected the company's results for the last year as (1) The extraordinarily low level to which the prices of cereals fell; (2) depreciated exchange; (3) abnormal bad debts; (4) abnormal trade interest charges.

The chairman then referred to the prospects for the current year as being still unfavourable, although there were signs of improvement to some extent in cereal prices and notably in the exchanges.

Mr Henry S. F. Alexander then dealt with the balance sheet and accounts, comparing the figures with those of the previous year and in particular referring to any notable changes. He commented on the reduction in stock and the reduction in the amount due to sundry creditors, and explained that before arriving at the profits the company had made their usual very ample allowance for depreciation, not only on buildings, but on their plant, machinery, motor vehicles, &c.

The Chairman then moved the formal resolution regarding the accounts, and in doing so said that he would like to tell the shareholders that some months ago the directors had appointed Mr Henry S. F. Alexander to be one of the joint managing directors of the company.

The report and accounts were unanimously adopted.

RICHARD THOMAS AND COMPANY, LIMITED.**THE DUMPING OF FOREIGN STEEL.**

The eighty-second ordinary general meeting of Richard Thomas and Company, Limited, was held, on the 17th instant, at River Plate House, London, E.C.

Mr W. J. Firth (chairman and managing director) said that the total gross profit for the year was £180,017, less £33,316 provision for trading losses in excess of undistributed profits of subsidiaries. The financial year under review had opened not unfavourably, but, as the months passed, conditions had become steadily worse. Their difficulties had been greatly aggravated by the importation by their competitors of Continental steel at a price 20s. to 25s. per ton below cost of manufacture in this country and, he believed, on the Continent. Supported by that low raw-material cost, competitors had been able to quote 5s. to 10s. per ton below this company's production cost and still secure for themselves a very handsome margin of profit.

Their company was responsible, as manufacturers and exporters, for over 40 per cent. of the total British exports of tinplates, and a not unimportant percentage of the total exports of galvanised sheets, until they were forced some fifteen months ago to close down their Redbourn works and curtail their production of steel in Wales and, in self defence, to import Continental steel for a portion of their steel requirements. The lower prices had not brought increased trade to this country, or increased trade to the company. The demand had been governed, as it always would be, by world conditions, and the world during the past eighteen months had been consuming substantially less tinplates and galvanised sheets than normally.

NEED OF PROTECTION.

The present poor demand was due to nothing more or less than lack of confidence in future values, and that briefly was the malady from which the whole business world to-day suffered. It could not be cured by any one country, but it was in the power of the Government of every country to make a maximum effort to put the affairs of their own country in order, and it obviously lay within the power of our Government to create confidence in the steel trade by giving ample protection against the poisonous effect the importation of these "dumped" bars had on the power of the steel trade to find increased employment for the workpeople.

For many months the whole sheet and tinplate trade of the country had been working 40 per cent. to 50 per cent. below production capacity, and the steel trade, on which the sheet and tinplate trade depended, had suffered a still greater percentage of idleness.

Since the end of their financial year they had somewhat increased their production activities at the finished end, aiming at finding work for as many of their workpeople as was practicable without increasing their losses, but trading conditions to-day were worse than they had been in September last, and their order book showed them little or no profit, so that, unless conditions substantially improved during the second half of the year, they would again have to present disappointing results. He took the view, however, that the tide was about to turn and was hopeful that when they met again in July he would be able to report an improved outlook, but only provided that the steel trade had meanwhile been given some measure of protection.

Protection for their steel industry would not, of course, wholly solve the world depression. Before that was completely solved four first-class problems must be disposed of—the reparation, the Indian question, the re-valuation of silver, and a absurdity, the world recognition that prohibitive tariff walls caused a contraction world recognition that prohibitive tariff walls caused a contraction and not an expansion of world business. He took the view that national aspirations could be carried too far and that tariffs would one day have to be replaced by international agreements. Meanwhile, arguments between nations must be carried on tariff to tariff.

They had no ground for apprehension in regard to pressure from their bankers, who held securities against the loans amounting to £1,238,893, and also a mortgage on the New Sharlston Collieries. But for the invaluable support which their bankers had given them throughout the most critical period in their history, it would have been impossible, unless new capital had been provided, for the company to carry on. English banks, like English justice, stood high—examples to the whole world of British integrity and reliability.

With regard to reconstruction, while it was intended to place a scheme before the shareholders at the earliest possible moment, the board felt that the world-wide apprehension of what would happen in February or June if France persisted in her present attitude made it premature for the board to indicate a reconstruction date now.

The report and accounts were unanimously adopted.

SHOWELL'S BREWERY COMPANY, LIMITED.**MR JAMES DAVENPORT ON SOUND FINANCIAL POSITION.**

The annual meeting of Showell's Brewery Company was held at Winchester House, Old Broad Street, on the 16th instant. Mr James Davenport, chairman, presided.

Mr James Davenport, in moving the adoption of the report and accounts, said the directors were proud of the balance sheet. The position it disclosed had not been attained in a night, but it had come from the persistent following, through all the years the present board had been in charge, of a policy of conservative and prudent finance. He had told them at their annual meetings that stored away in the balance sheet were substantial inner reserves, apart from the open reserve, which with the allocation they asked them to approve had been brought up to the round figure of £103,000. This year they had transferred from the sundry creditors and contingencies fund £87,645, being inner reserves which had accumulated in the seventeen years their present board had been in control. He summed up the balance sheet as one of great strength and one which in these dark and troubled days it was a comfort to look at.

The profit and loss account showed, after providing for debenture interest requiring £10,300, a net profit of just under £36,000, against £39,000 twelve months ago. It permitted them to pay the same dividend of 2½ per cent. on the ordinary shares, to carry to reserve account £5,000 as before, and to carry forward just under £16,000. They would agree that these were gratifying results in these difficult and trying times.

A word as to the future. Their barrelage during the year had of course declined; it could not be otherwise with the abnormal unemployment and depression. It had declined farther since the additional duty imposed in September last. Conditions had proved that the limits of taxation on beer—now nearly fifteen times what it was pre-war, had been overstepped, and damage was being done not only to the brewing industry itself but to many associated industries, with no benefit whatever to the Exchequer. The total amount they had paid on last year's trading for beer duty, income tax, licences and other direct payments to the Exchequer amounted to over £263,000. The profit available for the shareholders of the Company was £36,000. The country was being strangled with taxation.

The reports and accounts were unanimously adopted.

HALL'S OXFORD BREWERY, LIMITED.**EXCESSIVE BEER DUTY CAUSING DISCONTENT.**

The annual meeting of Hall's Oxford Brewery, Limited, was held, on the 16th instant, at Winchester House, Old Broad Street, London, Sir Rhys Williams, Bart. (chairman of the company), presiding.

The Chairman said:—This is the thirty-fifth annual meeting of Hall's Oxford Brewery Company. I regret to say that the profits for the year ended September 30th last are less than for the previous years, but considering the depression in all trades in this country a decrease of £2,000 is not a very serious matter and less than might have been anticipated. The company has continued its policy of expending substantial sums on the improvement of its licensed houses, and there is little doubt that the added comfort and smart appearance of our licensed premises have done a great deal towards retaining our trade. The company has also spent considerable sums on plant of the most modern type in our bottling department, and our output of bottled beer continues to improve. Our trade for the past year considering the conditions has not been unsatisfactory, but the future is uncertain.

The imposition of an extra duty of 31s. per standard barrel has come at a most unfortunate time, and its results are far-reaching. Wages are down and working men cannot afford to pay, and refuse to pay, the higher price for beer. The resentment is growing apace. As the majority of working men are beer drinkers it is a very serious matter for any Government to cause such universal discontent. For the months of October and November the output throughout the country shows a decrease equal to 20 to 30 per cent. This tax will cause decreases in the staffs of brewery companies, disastrous loss of profits to licence holders, loss of trade to growers of barley and hops, to maltsters, transport workers and all the trades dependent on the brewing industry, with a consequent increase of unemployment. I trust that the repeal of this duty will be one of the first acts of the Government when Parliament meets again.

He moved that the directors' statement and accounts for the year ended September 30th be adopted and that a dividend of 12 per cent. be paid, making with the interim dividend already paid 22 per cent. for the year, free of income tax.

Mr J. J. Calder seconded, and it was carried. A vote of thanks to the chairman, directors and staff terminated the proceedings.

SAMUEL ALLSOPP AND SONS, LIMITED.

EFFECT OF INCREASED BEER DUTY.

The forty-third annual general meeting of Samuel Allsopp and Sons, Limited, was held, on the 16th instant, at Winchester House, London, Sir William B. Peat, C.V.O. (the chairman), presiding.

The Secretary (Mr T. H. Collinson) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said that the profits for the year, after deduction of interest, sinking fund, repairs, depreciation, etc., amounted to £174,111, as compared with £145,323 in the preceding year. The directors proposed to transfer £25,000 to reserve, thereby increasing the published reserve to £285,000, to pay a dividend of 9 per cent. on the ordinary shares, as against 8½ per cent. last year, and to carry forward £72,187, an increase of £12,397 over the amount brought in. The profit on trading was practically the same as in the previous year, while interest and dividends had increased by £20,283. With regard to the trade as a whole, he would point out that the barrellage upon which duty was charged had gone down in 1931, by comparison with 1914, by about 50 per cent. The reason for that was undoubtedly the heavy taxation which had been imposed in the form of beer duty. The net amount of duty received by the Government in 1931 was close on £70,000,000. No chairman of any considerable brewery enterprise had failed to call the attention of the shareholders to the unfortunate conditions of their trade, and he was compelled to endorse the views generally expressed on this subject. The crisis in the beer trade arose when the new duty of 31s. per standard barrel, which equalled more than 1d. per pint, was put on in September last, and some of the brewers passed on that extra duty to their customers or, alternatively, sold a beer of less gravity. Whichever course was adopted aroused the hostility of their licensed holders and their customers and further diminished the output of the brewing trade by anything between 20 per cent. and 30 per cent. The ultimate result to the industry remained to be seen. The present general outcry was raised, not only against the additional tax of 1d. per pint, but against the enormous increase in the duty from 7s. 9d. per barrel at the beginning of the war to £5 14s. at the present time. Those who were paying that duty considered themselves entitled to raise a serious objection and ask redress at the hands of the Government.

The resolution was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended December 12, 1931, amounted to £8,470,000 against ordinary expenditure of £16,285,900. After allocating £190,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £139,852, the operations for the week, as shown below, increased the National Debt by £8,146,000 to £7,788,426,000:—

(000's omitted.)

Treasury Bills	£	Bank of England Advances	£
+ 14,046		— 2,500	
		Public Department Advances	— 1,600
		Nat. Savings Certificates	— 150
		Nat. Debt Commissioners	— 290
		Road Fund	— 960
		P.O. and Telegraph Money	— 400
			— 5,900

A complete analysis of the National Debt at September 30, 1931, was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	April 1, 1931, to Dec. 12, 1931.	April 1, 1930, to Dec. 13, 1930.	Week ended Dec. 12, 1931.	Week ended Dec. 13, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	272,000,000	69,956,000	75,946,000	565,000	505,000
Sur-tax, including Amounts of Super-Tax	73,000,000	19,710,000	16,680,000	660,000	400,000
Metals, &c., Duties	83,000,000	45,150,000	56,930,000	1,020,000	1,180,000
Stamps	20,000,000	10,170,000	12,240,000	1,250,000	1,310,000
Excise Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...
Land Tax and Mineral Rights Duty	800,000	180,000	160,000	...	...
Total Inland Revenue	451,000,000	145,166,000	161,956,000	3,495,000	3,395,000
Customs and Excise—					
Customs	131,770,000	94,115,000	85,823,000	2,555,000	2,644,000
Excise	121,230,000	82,500,000	87,800,000	1,700,000	1,900,000
Total Customs and Excise	253,000,000	176,615,000	173,623,000	4,255,000	4,544,000

REVENUE.	Revised Estimate for the year 1931-32.	April 1, 1931, to Dec. 12, 1931.	April 1, 1930, to Dec. 13, 1930.	Week ended Dec. 12, 1931.	Week ended Dec. 13, 1930.
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,630,000	1,815,041	...	136,0
Post Office (Net Receipts)	12,200,000	11,050,000	9,900,000	700,000	450,0
Crown Lands	1,500,000	980,000	1,010,000	...	...
Receipts from Sundry Loans	15,400,000	12,517,881	24,857,869	2,604	15,0
Miscellaneous Receipts	42,800,000	12,077,591	20,561,466	17,405	...
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...
Total Ordinary Revenue	784,700,000	363,936,472	409,723,376	8,470,009	8,540,0
SELF-BALANCING REVENUE.					
Post Office	58,232,000	37,850,000	39,000,000	500,000	750,0
Motor Vehicle Duties apportioned to Road Fund	23,350,000	8,546,000	8,784,959	...	...
Total Self-Balancing Revenue	81,582,000	46,396,000	47,784,959	500,000	750,0
Total		410,332,472	457,508,335	8,970,009	9,290,0

EXPENDITURE.	Revised Estimate for the year 1931-32.	April 1, 1931, to Dec. 12, 1931.	April 1, 1930, to Dec. 13, 1930.	Week ended Dec. 12, 1931.	Week ended Dec. 13, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	289,400,000	247,327,815	237,243,055	4,238,783	2,634,8
Payments to Northern Ireland Exchequer	6,350,000	3,657,004	3,709,611	...	...
Other Consolidated Fund Services	3,000,000	1,896,347	1,752,604	57,132	...
Total	298,750,000	252,881,166	242,705,270	4,295,915	2,634,8
Total Supply Services (excluding Post Office)	451,829,000	297,233,592	296,251,467	11,990,000	11,710,0
Total ordinary expenditure	750,579,000	550,114,758	538,956,737	16,285,915	14,344,8
SELF-BALANCING EXPENDITURE.					
Post Office	58,232,000	37,850,000	39,000,000	500,000	750,0
Road Fund	23,350,000	8,546,000	8,784,959	...	...
Total Self-Balancing Expenditure	81,582,000	46,396,000	47,784,959	500,000	750,0
Total Ordinary and Self-Balancing Expenditure	832,161,000	596,510,758	586,741,696	16,785,915	15,094,8
New Sinking Fund (1928)	32,500,000	22,615,351	30,329,113	190,000	490,0
Total, including New Sinking Fund		619,126,109	617,070,809	16,975,915	15,584,8

The aggregate revenue and expenditure to December 12th, 1931 is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO DECEMBER 12TH.

(000's omitted.)

Expenditure	£	Revenue	£
New Sinking Fund	550,115	Decreases in balances	361,8
	22,615	Net amount borrowed	205,3
	572,730		572,73

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out—standing—	Dec. 13, '30.	Mar. 31, '31.	Dec. 12, '31.	Dec. 12, '30.
Advances by Bank of England	13,250,000	...	...	— 2,800,000
Advances by Public Department	31,100,000	24,500,000	49,000,000	— 1,600,000
Treasury Bills outstanding	706,410,000	569,825,000	681,620,000*	+ 14,020,000
Total Floating Debt	750,760,000	594,325,000	730,620,000	+ 8,920,000

* Includes £22,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on December 11, 1931, and the total amount applied for was £45,930,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £98 11s. 11d., about 85 per cent., and above in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months Average Rate.
1931			
November 20	45,000,000	60,845,000	£ 11 11-05
November 27	45,000,000	53,198,000	£ 11 6-21
December 4	45,000,000	49,745,000	£ 12 0-76
December 11	40,000,000	45,930,000	£ 12 2-90

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, December 16, 1931.

ISSUE DEPARTMENT.		Banking Department.	
Notes issued—	£	Government Debt	£
In Circulation	363,534,400	Other Government Securities	11,015,100
In Banking Department	32,179,813	Other Securities	13,918,92
		Silver Coin	4,049,720
		Amount of Fiduciary Issue	275,000,000
		Gold Coin and Bullion	120,714,213
			£395,714,213

BANKING DEPARTMENT.

BANKING DEPARTMENT.		BANKING DEPARTMENT.	
Proprietors Capital	£	Government Securities	£
Reserve	14,553,000	Other Securities	61,465,906
Public Deposits	3,343,692	Discounts and Advances	£12,871,998
Other Deposits	12,026,544	Securities	34,209,492
Bankers' Capital	73,337,785	Notes	47,081,490
Other Accounts	38,179,248	Gold and Silver Coin	32,179,813
7-Day and other Bills	1,091		714,151
	£141,441,360		£141,441,360

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

Both Departments.	Amount, Dec. 16, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Notes in circulation	363,534,400	+ 4,684,199	+ 8,606,647
Public deposits	12,026,544	+ 1,352,663	+ 5,502,547
Bankers' deposits	73,337,785	+ 1,801,990	+ 9,042,847
Other deposits	38,179,248	+ 264,051	+ 4,699,828
Seven-day bills	1,091	+ 420	+ 687
Total, outside liabilities	487,079,068	+ 3,870,401	+ 10,637,888
Capital and reserve	17,896,692	+ 20,726	+ 10,997
Government debt and securities	318,497,794	+ 2,271,156	+ 20,552,952
Discounts and advances	12,871,998	+ 321,323	+ 7,530,877
Other securities	48,127,884	+ 1,384,206	+ 12,866,640
Silver coin in issue department	4,049,720	+ 3,318	+ 413,721
Coin and bullion (bank's reserve)	121,428,364	+ 88,876	+ 29,887,863
Reserve of notes and coin in banking department	32,893,964	+ 4,773,075	+ 6,281,216
Proportion of reserve to outside liabilities—			
(a) Banking department only	26½%	— 3½%	— 10½%
(b) Gold stocks to deposits and notes ("reserve ratio")	24½%	— ½%	— 6½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	\$	\$	\$	\$	\$	\$	%
Nov. 4	395,690	358,857	19,877	60,936	40,209	14,999 out	6
11	395,698	357,195	19,143	60,461	38,343	NII	6
18	395,704	354,615	21,213	59,662	37,617	NII	6
25	395,710	354,401	21,034	59,844	38,140	NII	6
Dec. 2	395,711	358,458	8,594	86,176	39,296	NII	6
9	395,712	358,850	10,674	75,140	38,543	NII	6
16	395,714	363,534	12,027	73,338	38,179	NII	6

(000's omitted.)

Date.	Issue Department.		Banking Department.				Gold in or out of Bank.	Bank Rate.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Advan- ces.	Other Securities.		
1931.								
Nov. 4	251,288	19,671	121,909	57,826	10,751	32,090	38,052	31½%
11	254,945	16,001	121,837	54,995	11,577	29,356	39,641	33½%
18	254,242	16,720	121,156	51,005	12,698	31,233	42,283	33½%
25	254,804	16,147	121,684	56,581	12,344	31,407	38,142	28½%
Dec. 2	256,324	14,624	121,599	60,616	12,551	31,401	37,667	30½%
9	255,611	15,343	121,517	61,466	12,872	34,209	32,894	26½%
16	257,032	13,918	121,428	61,466	12,872	34,209	32,894	26½%

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1931.				
January 1 to December 2	30,040,370	1,544,149	2,540,741	34,125,260
Week ended December 9	455,565	34,002	52,532	553,377
Week ended December 16	478,492	29,447	52,532	560,471
Total to date, 1931	30,974,427	1,607,598	2,657,083	35,239,108
Total to date, 1930	37,426,837	1,747,131	2,867,381	42,041,349
Increase or decrease in 1931	- 6,452,410	- 139,533	- 210,298	- 6,802,241
	- 17.2%	- 8.0%	- 7.3%	- 16.2%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	- 1,153,347	- 69,843	- 115,133	- 1,338,323
	- 2.9%	- 3.7%	- 3.7%	- 2.9%

PROVINCIAL CLEARING RETURNS. (000's omitted.)

	Week ended December 12.		Month of November.			Aggregate Totals January 1 to December 12.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
	£	£	£	£	£	£	£
Number of working days	25	25	25	25			
BIRMINGHAM	2,272	2,289	9,662	8,346	- 13.6	116,859	105,897
BRISTOL	670	868	3,205	3,355	+ 4.6	41,542	36,138
DUBLIN	1,034	1,022	4,520	4,563	+ 0.9	54,844	54,486
LONDON	4,829	7,230	3,000	2,915	- 2.8	240,094	241,554
LEEDS	666	606	3,658	3,331	- 8.9	44,668	40,983
LIVERPOOL	871	732	2,898	2,628	- 9.3	34,649	30,359
MANCHESTER	5,791	5,349	25,978	23,619	- 9.0	312,597	269,125
NEWCASTLE	8,855	8,562	40,016	38,352	- 4.1	510,476	443,425
NOTTINGHAM	1,145	977	5,972	5,044	- 15.5	68,357	61,356
SHEFFIELD	563	368	2,296	1,799	- 21.6	28,817	21,477
.....	661	571	3,343	2,870	- 14.1	43,085	36,057
Total	28,061	29,270	104,548	96,822	- 7.3	1,534,564	1,373,893

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted.)

Average Weekly Balances. NOVEMBER, 1931.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provincial Bank, Limited.	West- minster Bank, Limited.	Williams Bank, Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of Eng- land	32,624	1,411	2,796	34,266	7,469	37,122	3,011	24,990	26,562	2,874	173,125
Balances with and cheques in course of collection on other banks in the United Kingdom	8,458	528	1,075	7,964	2,003	13,378	171	6,812	6,451	894	47,734
Items in transit	...	...	...	2,987	742	...	...	...	...	...	3,729
Money at call and short notice	20,891	1,640	3,954	23,676	6,620	14,130	2,804	14,349	18,511	2,788	109,363
Bills discounted	52,170	1,138	987	44,985	6,271	57,232	2,338	35,858	38,198	1,318	240,495
Investments	59,618	4,054	5,670	54,571	19,349	43,490	15,923	35,846	53,338	7,803	299,662
Advances to customers and other accounts	171,010	9,355	12,901	173,483	35,894	198,479	15,552	139,954	129,414	14,114	900,156
Liabilities of customers for ac- ceptances, endorsements, &c.	11,651	503	2,145	34,142	4,070	19,918	27	9,594	19,438	1,097	102,585
Bank premises account	6,490	380	695	7,872	2,771	10,894	773	6,980	5,601	1,008	43,464
Investments in affiliated banks	6,844	...	...	5,681	...	7,281	...	2,914	2,992	...	25,312
	369,756	19,009	30,223	389,627	85,189	401,924	40,599	276,897	300,505	31,896	1,945,625
Ratio of cash to current, deposit and other accounts	9.82	8.54	10.64	10.39	10.17	10.50	8.28	10.06	10.12	10.29	10.14
LIABILITIES.											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	10,000	3,508	14,248	1,485	9,479	9,320	1,000	60,820
Current, deposit and other ac- counts	331,997	16,506	26,259	329,670	73,435	353,510	36,324	248,345	262,413	27,924	1,706,383
Acceptances, endorsements, &c.	11,651	503	2,145	34,142	4,070	19,918	27	9,594	19,438	1,097	102,585
Notes in circulation	...	...	...	5	16	...	1,263	...	14	...	1,298
Reduction of bank premises ac- count	...	...	229	...	...	...	...	...	...	...	229
	369,756	19,009	30,223	389,627	85,189	401,924	40,599	276,897	300,505	31,896	1,945,625

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

ASSETS.	Dec. 15, 1931.	Nov. 30, 1931.	Dec. 7, 1931.	Dec. 15, 1931.
Gold	2,215,702	1,004,928	1,005,116	1,002,174
Of which deposited abroad	222,017	80,388	129,951	126,600
Reserve in foreign currencies	530,866	170,270	170,466	158,355
Bills of exchange and cheques	1,831,107	3,957,065	3,903,847	3,792,175
Silver and other coin	161,473	107,258	122,246	159,855
Notes of other German banks	17,421	2,173	5,145	7,442
Advances	81,430	254,274	190,882	222,219
Investments	102,474	102,885	102,889	102,892
Other assets	470,477	871,055	853,754	866,693
LIABILITIES.				
Share capital	122,768	150,000	150,000	150,000
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	4,256,065	4,640,603	4,591,576	4,538,137
Other daily maturing obligations	301,307	506,086	415,950	434,112
Other liabilities	379,651	835,896	859,488	852,225

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

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

ASSETS.	Position, May 30, 1914.	Dec. 11, 1931.	Nov. 19, 1931.	Nov. 26, 1931.	Dec. 3, 1931.	Dec. 10, 1931.
Gold	232,650	903,022	2,557,505	2,557,992	2,557,582	2,556,884
Foreign bills and Balances Abroad	...	4,115	32,160	33,687	34,520	36,700
Silver and other coin	697,600	749,364	915,580	936,456	928,384	930,891
LIABILITIES.						
Notes in circulation	934,150	3,158,068	3,549,685	3,549,564	3,586,326	3,573,597
Current accounts	112,125	152,302	298,419	336,847	266,346	309,625

(b) In thousand francs.

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

ASSETS.	Position, May 30, 1914.	Dec. 15, 1931.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.	Dec. 14, 1931.
Gold	163,092	426,194	877,181	901,154	903,888	906,967
Silver	8,436	24,652	28,120	27,499	26,894	27,925
Home bills discounted	...	48,680	110,228	105,994	86,946	85,539
Foreign bills	243,504	247,876	75,124	66,413	84,945	87,513
Loans and advances in current account	...	89,187	109,067	113,430	109,826	109,612
LIABILITIES.						
Notes in circulation	316,632	818,622	1,023,236	1,050,890	1,031,361	1,017,039
Deposits	5,018	42,770	225,548	199,132	198,246	214,571

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

ASSETS.	Position, May 30, 1914.	Dec. 13, 1931.	Nov. 21, 1931.	Nov. 28, 1931.	Dec. 5, 1931.	Dec. 12, 1931.
Gold	22,971	138,608	176,900	177,700	177,700	170,331
Silver	29,785	36,674	...	...	...	...
Discounts, advances, and other investments	77,867	102,048	73,900	72,700	83,400	83,100
LIABILITIES.						
Notes in circulation	109,499	260,590	234,000	234,200	238,200	237,500
Deposits and bills payable	11,260	39,553	24,200	29,000	31,500	31,700

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

ASSETS.	Position, May 31, 1914.	Dec. 8, 1931.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.
Coin and bullion—Gold	19,194	1930	1931	1931	1931
Balances abroad and foreign bills	28,533	146,446	118,076	118,075	118,075
Notes and Foreign Govern- ment securities	8,816	48,239	33,583	33,582	33,582
Discounts and loans	76,911	186,209	225,494	235,796	231,223
LIABILITIES.					
Notes in circulation	113,484	298,548	279,828	288,165	286,462
Deposits at sight	7,188	52,184	91,524	87,613	83,808

* In addition the Bank has at its free disposal approx. Kr. 39,776,000.

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

ASSETS.	Dec. 7, 1931.	Nov. 15, 1931.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.
Cash Reserve	1930	1931	1931	1931	1931
Gold coin and bullion	214,412	189,539	189,539	189,539	189,539
Foreign exchange	197,190	112,479	112,672	115,745	115,415
Other foreign exchange	489,883	43,309	43,761	41,147	41,014
Hills discounted	120,580	759,767	757,135	819,726	815,536
Govt. debt	101,211	95,647	95,647	95,643	95,643
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,272	10,803	10,803	10,803	10,803
Notes in circulation	987,161	1,046,237	1,003,675	1,130,187	1,104,779
Deposits	129,203	164,961	158,527	140,121	161,466

* In dollar and sterling only.

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

ASSETS.	Dec. 7, 1931.	Nov. 15, 1931.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.
Metal reserve	162,653	104,796	104,796	104,796	104,796
Gold coin and bullion	23,484	12,372	11,269	11,566	12,539
Silver coin and bullion	9,829	6,134	6,670	6,987	6,656
Inland bills, warrants and securities	332,825	398,886	388,752	421,343	410,810
Advances to the Treasury	66,600	58,462	58,462	58,462	58,438
LIABILITIES.					
Share capital (gold crowns 30,000,000)	34,786	34,786	34,786	34,786	34,786
Current accounts, deposits, &c.	409,097	379,510	379,510	391,886	385,362
	37,755	138,646	138,646	148,317	143,558

* Calculated at pre-war parity of exchange.

BANK OF LATVIA.—In late (gold francs) (000's omitted).

ASSETS.	Dec. 10, 1931.	Nov. 9, 1931.	Nov. 16, 1931.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.
Gold bullion and coins	14,735	19,476	19,476	19,476	19,476	19,476
Balance abroad	6,142	12,717	12,534	12,534	12,534	12,534
Treas. notes and m. change	36,532	13,383	13,299	13,275	13,275	13,275
Short term bills	12,146	10,821	11,277	12,096	10,412	10,191
Loans against securities	87,116	80,224	79,971	79,329	78,508	78,508
Other assets	63,876	59,098	59,056	59,056	59,056	59,056
LIABILITIES.						
Notes in circulation	48,169	41,813	40,936	40,323	40,551	40,708
Capital paid up	14,735	19,476	19,476	19,476	19,476	19,476
Reserve	4,382	4,728	4,728	4,728	4,728	4,728
Special reserve	5,500	5,500	5,500	5,500	5,500	5,500
Deposits	19,801	18,203	18,256	18,084	18,084	17,997
Current accounts	83,029	87,408	88,150	88,858	88,858	88,858
Government accounts	66,754	60,144	60,144	60,144	60,144	60,144
Other liabilities	1,4621	6,373	6,356	6,356	6,356	6,356

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

ASSETS.	Position, May 30, 1914.	Dec. 7, 1931.	Nov. 14, 1931.	Nov. 21, 1931.	Nov. 28, 1931.	Dec. 5, 1931.
Gold	821,775	2,461,324	2,461,324	2,461,324	2,461,324	2,461,324
Balance abroad and foreign currencies	728,600	703,572	703,572	703,572	703,572	703,572
Loans and Discounts	800,725	1,63,379	1,63,379	1,63,379	1,63,379	1,63,379
Spanish 4% stock	344,478	344,478	344,478	344,478	344,478	344,478
Advances to Treasury	180,000	180,000	180,000	180,000	180,000	180,000
LIABILITIES.						
Notes in circulation	801,550	4,688,112	4,688,112	4,688,112	4,688,112	4,688,112
Deposits	477,500	835,607	1,146,511	1,136,077	1,143,646	1,123,134

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Dec. 7, 1931.	Nov. 15, 1931.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.
Gold	1,546,036	1,590,514	1,567,284	1,566,986	1,566,180
Balance abroad and foreign currencies	2,366,651	1,126,201	1,140,549	1,145,726	1,146,567
Discounts and advances	3,476,330	3,229,267	3,225,006	3,221,963	3,218,119
State notes debt balance	975,168	660,362	654,578	662,767	656,723
Other assets	7,011,729	6,617,841	6,586,186	7,165,913	6,892,867
LIABILITIES.					
Notes in circulation	654,687	637,862	691,503	193,887	521,190
Check account balances	352,760	368,656	386,194	383,059	346,006
Other liabilities	...	...	...	...	...

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

NATIONAL BANK OF CANADA				
ASSETS.	Nov. 16, 1931.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.
Cash reserve	1,756,864	1,757,252	1,757,635	1,757,981
Gold at home and abroad	429,044	371,496	402,266	379,497
Foreign exchange	88,317	91,218	89,104	91,328
Other foreign exchange	2,126,581	2,122,961	2,121,210	2,126,328
Bills and advances against security	1,824,458	1,824,627	1,824,659	1,824,764
Government advances				
LIABILITIES.				
Notes in circulation	5,210,857	5,077,527	5,239,196	5,273,148
Bank deposits	668,367	648,534	551,625	482,486

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Dec. 17, 1930.	Nov. 18, 1930.	Nov. 25, 1930.	Dec. 2, 1930.	Dec. 9, 1930.	Dec. 16, 1930.
Call money	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Time money (90 days' mixed coll.) ..	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Bank acceptances:—						
Members—eligible, 90 days	2 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Non-mem.—eligible, 90 days	2 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Ineligible, 90 days	2 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Commercial accept., 90 days	3 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2

Rates of Exchange, New York on—	Par Level.	Dec. 17, 1930.	Dec. 2, 1931.	Dec. 9, 1931.	Dec. 16, 1931.
London—					
60 days		4.8666	4.83 1/2	3.29 1/2	3.41
Cable			4.85 1/2	3.35	3.46 1/2
Cheques			4.85 1/2	3.34 1/2	3.46 1/2
Paris			3.918	3.92 1/2	3.92 1/2
Brussels			13.90	13.96 1/2	13.90
Switzerland			19.30	19.40 1/2	19.45
Italy			5.25 1/2	5.23 1/2	5.15 1/2
Berlin			23.82	23.83 1/2	23.74
Vienna			14.07	14.08	14.08
Madrid			19.30	19.30	19.30
Amsterdam			40.195	40.195	40.195
Copenhagen			26.73	26.73	26.73
Oslo			26.80 1/2	26.82 1/2	26.80 1/2
Stockholm			1.297	1.297	1.297
Athens			100	100	100
Montreal			49.85	49.85	49.85
Yokohama			24.50	24.50	24.50
Hong Kong			35.50	35.50	35.50
Shanghai			103.65	103.65	103.65
Calcutta			11.96	11.96	11.96
Buenos Aires			12.125	12.07	12.07
Rio de Janeiro					
Valparaiso					

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.

	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on:—					
Rhodesia	1 1/2% dis.	1 1/2% dis.	1 1/2% dis.	2 1/4% dis.	3 1/4% dis.
South Africa	2 1/4% pm.	2 1/4% pm.	2 1/4% pm.	2 1/4% pm.	2 1/4% pm.

SELLING RATES PER £100 (STERLING).

	Sight.	Telegraphic.
THE	73 0 0	72 15 0

AM. AND SOUTH AMERICAN EXCHANGE RATES.

	Par Value.	Usance.	Latest Rate.
Gold			
Of which deposited abt. American Bank, Limited, quotes the following			
Reserve in foreign currencies			
Notes of exchange and cheques			
Notes of other German banks			
Advances			
Investments			
Other assets			
Share capital			
Reserve			
Notes in circulation			
Other daily maturing obligations			
Other liabilities			

* Equal to one billion paper ms.
The gold reserve is calculated as DOMINION RATES.
pound of fine gold equals 1,392 B.

AUSTRALIA AND DOMINION OF NEW ZEALAND.

	Position, May 28, 1931.	(b)	Selling.	Buying.	Selling.
Gold					
Foreign bills					
Foreign bills					
Foreign bills					
Foreign bills					
Foreign bills					
Foreign bills					
Foreign bills					
Foreign bills					
Foreign bills					

alla and New Zealand) now based on £100—LONDON.

NETHERLANDS REMITTANCES TO THE HOME TREASURY.

	During week ending 1 to Dec. 12, 1931.	From April week ending 1 to Dec. 12, 1931.
Gold		
Silver		
Home bills		
Foreign bills		
Loans and currency reserve		
From gold standard reserve in England		
From gold standard reserve in England against gold transferred in India from paper currency reserve to gold standard reserve		
Less sales of sterling		
Net remittance to Home Treasury		

India Office, S.W.1.
December 16th, 1931.

INDIAN GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on November 30, 1931:—

	£	₹
In India:—		
Gold	2,492	27,736,200
In England:—		
Cash at the Bank of England	2,152,334	
Gold	7,725,258	
British Treasury Bills:—Value as on November 30, 1931	2,383,716	
Other British and Dominion Government Securities:—At market value on November 30, 1931	12,263,800	
		₹40,000,000

India Office,
December 11, 1931.

SIDNEY TURNER,
Accountant-General.

BULLION.

The following statistics of imports and exports of gold for week ended December 17, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From:—	To:—
Netherlands	Sweden
Dutch Possessions	Poland
Iran	Germany
U.S.A.	Netherlands
British W. Africa	Belgium
British S. Africa	France
Kenya	Switzerland
Anglo-Egyptian Sudan	Austria
British India	Czechoslovakia
Straits Settlements	U.S.A.
Australia	
New Zealand	
Other countries	
Total declared value of imports	Total declared value of exports

GOLD MOVEMENTS.

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

1931.	ARRIVALS.	£	1931.	WITHDRAWALS.	£
Dec. 11			Dec. 11		
12			12		
13			13		
14			14		
15			15		
16			16		
17			17		

Messrs Samuel Montagu and Company write on December 16, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £120,712,162 on the 9th instant, as compared with £120,711,125 on the previous Wednesday. About £1,800,000 in bar gold arrived from India by the s.s. "Nahdera" on Friday last, but the bulk of this amount had been sold forward and only a small balance was available for disposal in the open market, together with small supplies from outside sources. There is no diminution in the gold shipments from India and a large amount has been engaged for the s.s. "Strathnaver," sailing from Bombay this week. On the 25th instant the s.s. "Mooltan" is due to arrive in London from Bombay with £1,800,000 bar gold, and on January 1, 1932, the s.s. "Viceroy of India" with £3,300,000.

Quotations during the week:—

	Per fine ounce.	Equivalent value
December 10	125s. 3d.	13s. 6-8d.
" 11	125s. 0d.	13s. 7-1d.
" 12	122s. 9d.	13s. 10-1d.
" 13	118s. 9d.	14s. 3-7d.
" 14	119s. 1d.	14s. 3-2d.
" 15	119s. 7d.	14s. 2-5d.
" 16	121s. 8-8d.	13s. 11-6d.
Average		

SILVER.

Prices have continued to fluctuate under the influence of sterling exchange and of speculative operations, but business has again been on rather a small scale. America has sent fairly prominent buying orders for forward delivery but has been inclined to offer spot, and yesterday the premium on forward delivery widened to 1d. To-day, however, the premium on forward delivery widened to 1d. Continent have both bought and sold moderately, but operators in general are still showing hesitation. Advice from the Far East reflect only in comparatively small degree recent developments in China and Japan, and the ultimate effect, if any, upon the price of silver, of the Japanese Decree of the 13th instant placing an embargo upon the export of gold, is awaited with interest. The following were the United Kingdom imports and exports of silver registered from mid-day on the 7th instant to mid-day on the 14th instant:—

	£	₹
Imports.		
United States	143,286	
Egypt	28,130	
Other countries	17,094	
	188,510	
Exports.		
Germany	55,650	
British India	45,812	
Other countries	8,358	
	109,820	

Quotations during the week:—

	In LONDON.	In New York.
	Bar silver per oz. std. delivery.	Cents per fine ounce .999.
December 10	20 1/2d.	29 1/2
" 11	20 1/2d.	29 1/2
" 12	20 1/2d.	29 1/2
" 13	20 1/2d.	29 1/2
" 14	20 1/2d.	29 1/2
" 15	20 1/2d.	29 1/2
" 16	20 1/2d.	29 1/2
Average	20 1/2d.	29 1/2

The highest rate of exchange recorded on New York during the period from the 10th to the 16th instant was \$3.49 and the lowest \$3.29.

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Dec. 7.	Nov. 30.	Nov. 22.
Notes in circulation	16,550	16,236	16,289
Silver coin and bullion in India	12,857	12,936	12,989
Gold coin and bullion in India	456	448	448
Securities (Indian Government)	3,237	2,852	2,852

The stocks in Shanghai on the 12th instant consisted of about 57,000,000 ounces in sycee, 165,000,000 ounces in sycee and bars, as compared with about 58,800,000 ounces in sycee and 165,000,000 ounces on the 5th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash Forward		Cash.
1931.	a. d.	d.	Dec. 18, 1925	31 1/2
Dec. 11	125 0	20 1/2	" 17, 1926	24 1/2
" 12	122 9	20 1/2	" 16, 1927	26 1/2
" 13	118 9	19 1/2	" 20, 1928	26 1/2
" 14	119 1	19 1/2	" 19, 1929	22 1/2
" 15	119 7	20 1/2	" 18, 1930	14 1/2
" 16	119 6	20 1/2		
" 17	119 6	20 1/2		

NOTICE.

The directors of the Anglo-South American Bank, Ltd., announce that Mr. R. J. Hose has been obliged through ill health to retire from the position of chairman of the board of directors, and that, after consultation with the Governor of the Bank of England, they have elected Sir Bertram Hornsby, C.B.E., to be a director, and have appointed him to be chairman of the board.

Company News.

SUMMARY OF BALANCE SHEETS.

	LIABILITIES.	ASSETS.
	Dec. 31, 1930.	Dec. 31, 1930.
5% non-cum. pref. stock	900,000	900,000
6 1/2% cum. pref. stock	2,900,000	2,900,000
Ord. stock	5,000,000	5,000,000
Reserve account	2,490,133	2,492,627
Insurance account	1,400,000	1,400,000
4 1/2% deb. stock	5,100,000	5,100,000
Debenture interest	127,200	123,225
Divs. and deb. int.	1,068	250,000
Loan from bankers	269,016	215,000
Bills payable	206,405	139,453
Passage money pre-paid	551,860	356,106
Trade creditors by subsidiaries	216,783	274,798
Deposits by allied	41,316	26,004
Call on investments		610,479
Due and unpaid		527,940
Made but not due		11,372
Provision for int.		2,350,000
International Marine		125,937
White Star Line	151,423	
Profit and loss		
Total	19,368,207	23,294,626

RICHARD THOMAS AND COMPANY, LIMITED.

	September 30, 1931.	September 30, 1930.
LIABILITIES.	Amount.	Amount.
6 1/2% tax-free cum. pref. 21 shares	3,120,346	3,120,346
Ord. shares, £1	2,790,560	2,790,560
7% deb. stk. and int. accrued	889,971	18,453
Loans	509,506	1,986
Due to bankers	285,644	10,820
Reserve fund	202,484	565
Special reserve	400,000	
Reserve for depleted stocks	23,983	1,459
Employees' de-		
posits	130,791	26,048
Due by company	226,321	251,504
Due to subsidiaries	171,802	7,194
Profit and loss	213,423	986
Total	8,963,431	314,967
ASSETS.	Amount.	Amount.
Freehold and leasehold works, &c.	6,695,898	4,529
Development expenditure, Red-bourn Works	222,133	11,652
Plant and tools	180,048	401
Investments in subsidiaries	1,884,724	121,605
Advances to subsidiaries	302,717	61,243
Other investments	126,608	121,045
Less reserve for depreciation, &c.	1,099,844	113,860
Stocks	8,214,284	36,379
Amounts due to company	122,258	110,099
Special deposit acc.	257,893	2,211
Cash	3,006	20,366
Total	8,963,431	314,967

REPORTS AND NOTICES.

MISCELLANEOUS.

ABBEY ROAD BUILDING SOCIETY.—The management of the Abbey Road Building Society announces that no reduction of the rate paid to shareholders or depositors is contemplated in 1932. Dividends and interest at the rates already announced for the current half-year will be posted to all concerned on the 31st instant.

HYDRO-ELECTRIC CAPITAL SCHEME.—The Hydro-Electric Securities Corporation proposes to reduce the preferred capital from £20,000,000 to £10,062,000, and to reduce the capital, represented by common stock, from £34,190,860 to £7,381,965. In regard to the preferred capital, the board has received an offer from the International Holding and Investment Company, Ltd., and the Société Anonyme de Placement whereby these companies surrender for cancellation 993,800 \$10 preferred shares, and in consideration of this, are relieved of their liability to subscribe the \$20 uncalled of the subscription price of, respectively, 465,000 and 31,900 common shares, of which \$5 per share has been paid by them. Having regard to the shrinkage in the market value of assets, the directors will not declare any common dividend in respect of the final quarter of 1931, although the estimated ordinary income for this period would have permitted of a distribution of 25 cents a share for the quarter. The necessary meeting will be held in Montreal on January 8, 1932.

LAUTARO NITRATE.—Against a trading profit of £747,815 in 1929-30, there is a trading loss of £81,662. Adding thereto expenses, interest, depreciation, &c., the total loss is £856,511, from which is deducted £320,356 brought in, leaving a final deficit of £536,155. The net profit a year ago was £32,543. Production amounted to 367,606 metric tons, against 640,178 in the previous year. Three of the plants which were in production during the year are now closed. There is an increase in bank overdrafts by over £1,040,000, to £2,243,980.

The Investors' Chronicle and Money Market Review

This Week's Contents:
AMERICA AS A MENACE TO THE INVESTOR

THE WOOLLEN AND WORSTED TRADES

Obtainable at all bookstalls and newsagents throughout the country, price 6d., or from

The Publisher:
"THE INVESTORS' CHRONICLE"
20 BISHOPSGATE, LONDON, E.C.2.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.				Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.
					Prefer.	Ordinary.	Rate.			
					Amount	Amount.	Rate.			%
Banks.										
Ionian Bank, Ltd.	Aug. 31	28,589	47,114	75,703	...	12,000	2	55,000	8,703	39,531
National Bank of Scotland...	Oct. 31	74,294	270,433	344,727	...	132,000	16	140,000	72,727	276,928
Breweries.										
Ashby's Staines Brewery...	Sept. 30	34,523	36,849	71,372	5,672	22,500	10	8,849	34,350	53,233
Bell and Company, Ltd.	Oct. 31	11,855	25,423	37,278	5,279	5,338	5	12,000	14,661	27,817
Bentley's Yorks. Breweries	Sept. 30	30,007	44,638	74,645	14,210	25,850	11	5,000	29,585	51,978
Leeds & Wakefield Breweries	Sept. 30	27,276	38,241	65,517	14,500	16,000	8	6,820	28,197	49,319
Financial Land, &c.										
Cheapside Land Developm't	Sept. 30	1,938	12,781	14,719	...	10,000	5	2,000	2,719	13,520
Scottish Australian Invest-	June 30	13,445	Dr. 4,798	8,647	32,000	25,000	5	Dr. 77,493	29,140	Dr. 70,251
Hotels, Restaurants, &c.										
Cadena Cafés, Ltd.	Sept. 30	17,948	41,131	59,079	14,464	26,570	20	...	18,045	41,477
Iron, Coal and Steel.										
Cargo Fleet Iron Company...	Sept. 30	186,431	46,473	232,904	...	...	...	45,000	187,904	43,976
Cleveland Bridge and Engi-	Sept. 30	8,587	24,046	32,633	1,848	17,538	6†	5,000	8,247	25,535
North Lonsdale Iron & Steel	Oct. 31	19,778	4,192	23,970	...	...	...	...	23,970	10,335
Redpath, Brown and Co.	Oct. 31	46,443	32,897	79,340	10,500	21,000	6†	...	47,840	71,730
Shotts Iron Company	Sept. 30	36,394	18,010	54,404	5,104	...	...	25,000	24,300	28,378
South Durham Steel & Iron	Sept. 30	138,893	65,068	203,961	18,000	14,000	4	30,000	141,961	69,229
Stewarts and Lloyds of South	June 30	3,603	36,724	40,327	35,500	...	...	2,202	2,625	40,349
Rubber, &c.										
Biting Rubber Estates	Mar. 31	2,347	Dr. 2,383	Dr. 36	...	...	...	...	Dr. 36	1,256
Bukit Kajang Rubber	June 30	7,492	Dr. 3,440	4,052	...	...	...	...	4,052	949
Glen Muir Estates	July 31	1,589	5,897	7,486	...	...	...	2,000	5,486	2,034
Sembilan Estates Company	July 31	...	Dr. 7,467	Dr. 7,467	...	...	...	Dr. 7,467	...	Dr. 6,620
Shipping.										
Royal Mail Steam Packet Co.	Dec. 31	151,423	Dr. 666,219	Dr. 414,796	...	...	...	...	Dr. 414,796	336,149
Shops and Stores.										
Taylor's (Cash Chemists),	Oct. 3	659	21,876	22,535	21,319	...	...	...	1,216	50,397
London	Sept. 30	12,792	(t) 130,011	142,803	111,559	17,404	7	...	13,840	114,824
Timothy Whites (1928)	Sept. 30	...	...	...	...	...	...	...	...	...
Tea.										
Rajawalla Produce Company	June 30	8,164	4,883	13,047	9,150	...	...	3,000	897	32,556
Textiles.										
Fison (Wm.) and Company	Oct. 31	Dr. 6,292	Dr. 32,637	Dr. 38,929	...	...	...	...	Dr. 38,929	Dr. 17,804
Trusts.										
Army and Navy Investment	Nov. 30	17,598	46,107	63,704	13,500	22,650	15	9,900	17,654	57,823
Scottish Allied Investors	Nov. 15	8,450	14,095	22,545	11,469	...	...	698	10,378	25,293
Other Companies.										
Acme Tea Chest Company...	Aug. 31	9,550	Dr. 984	8,566	...	...	...	...	8,566	3,671
Amal, Ltd.	July 31	11,651	Dr. 18,446	Dr. 7,195	...	...	...	...	571	Dr. 7,788
Amalgamated Cotton Mills										
Trust	Oct. 31	8,929	2,531	11,460	...	...	...	11,460	5,246	...
Angostura Bitters	Sept. 30	547	13,559	14,106	6,800	...	...	430	76	20,734
Bruce (Henry) and Sons	Sept. 30	4,123	(s) Dr. 6,779	Dr. 2,656	6,696	...	...	Dr. 10,000	648	Dr. 1,194
Chemical & Wood Industries	Aug. 31	9,486	2,601	12,087	...	...	...	2,119	9,968	38,822
Chinese Engineer & Mining	June 30	3,888	44,054	47,942	...	...	...	Dr. 2,500	1,442	154,850
Cow and Gate, Ltd.	Sept. 30	6,868	50,158	57,026	12,188	8,437	18d. ps.	28,318	8,083	45,399
Crittall Manufacturing	Aug. 31	8,669	94,007	102,676	35,000	25,000	2†	25,000	17,676	130,669
Crompton Parkinson, Ltd.	Sept. 30	60,708	(m) 100,021	160,729	39,501	48,285	30	15,000	57,943	103,614
Davies Brothers (Timber and Joinery)										
Sept. 30	3,534	Dr. 7,252	Dr. 3,718	...	...	...	...	Dr. 3,718	...	8,940
Dec. 31	Dr. 43,773	Dr. 81,092	Dr. 124,865	...	...	...	...	Dr. 32,100	Dr. 92,765	Dr. 74,176
Oct. 31	51,637	30,070	81,707	4,000	24,000	10	...	10,000	43,707	46,620
Sept. 30	3,449	14,404	17,854	14,180	...	...	...	...	3,674	21,736
June 30	25,137	19,578	44,715	30,000	4,000	...	...	Dr. 10,000	20,715	77,989
Marathi High Speed Circular Knitting Machines										
June 30	Dr. 6,322	Dr. 1,710	Dr. 7,032	...	...	...	...	Dr. 7,032	Dr. 2,861	...
Sept. 30	13,077	15,301	28,378	2,500	13,125	8†	...	...	12,753	22,484

(m) Fifteen months.

(s) Eleven months.

(t) Fourteen months.

† Free of income tax.

MAGADI SODA COMPANY (REJECTION OF IMPERIAL CHEMICAL INDUSTRIES OFFER).—The offer of compromise of the rights of the debenture holders of the Magadi Soda Company made by Imperial Chemical Industries was rejected at the meeting held on December 10th. Sir Harry McGowan, who presided, said that proxies had been deposited amounting to £73,200 definitely voting against the resolution, and it was clear that it was impossible to secure the three-quarters majority necessary for carrying the resolution. A proposal for the adjournment of the meeting was also lost.

STEWARTS AND LLOYDS AND SCOTTISH TUBE. SHARE EXCHANGE OFFER.—An offer is now being made by Stewart and Lloyds for shares of the Scottish Tube Company. The terms proposed are that for each 5 per cent. cumulative preference share in the Scottish Tube there will be issued one 5 per cent. cumulative preference share in Stewart and Lloyds, Ltd., and for each six Scottish Tube £1 ordinary shares there will be issued five £1 Deferred shares of Stewart and Lloyds. The offer is conditional on its acceptance by 90 per cent. of each class of Scottish Tube shareholders. If, however, less than 90 per cent. but not less than 75 per cent. of each class accept and special resolutions are passed by the latter percentage putting the Scottish Tube Company into liquidation

and providing for the purchase by Stewart and Lloyds of the Scottish Tube Company's assets, Stewart and Lloyds will carry the matter through.

THE UNION-CASTLE MAIL STEAMSHIP COMPANY, LIMITED.—The directors have had under anxious consideration for some time past the question of the dividends on the company's 4½ per cent. "A" and 6½ per cent. cumulative preference shares, and it had been their earnest hope and desire that circumstances would have permitted payment to be made at least of the dividends that were due on July 1, 1931, even if it was found necessary to defer, for the present, the payment of those due on January 1st next. After surveying the matter from every angle, however, the board has decided, with the utmost reluctance, that it is not expedient, under existing conditions, for the Company to make a payment on account of the preference dividends. The trading results of the company for the latter half of the year have not shown the improvement that had been hoped for, as a continued world depression has tended detrimentally to affect the South African trade to a greater extent than heretofore, with consequent diminution in the volume of passenger and cargo business. The maintenance of the gold standard by South Africa has reacted adversely upon the overseas trade of the Union. The company's outstanding

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

Railway.	Miles Open.	1931. (000's omitted.)					(000's omitted.)				
		Passen-ger.	Merchandise.	Coal and Coke.	Total Goods.	Total for Week.	Passen-ger.	Merchandise.	Coal and Coke.	Total Goods.	Total Receipts.
(c) Week ended Dec. 11, 1931.		£	£	£	£	£	£	£	£	£	
(c) Week ended Dec. 12, 1931.		£	£	£	£	£	£	£	£	£	
Great Western	3,761	173	195	113	308	481	10,822	9,556	5,248	14,804	25,626
Do. for 1930	3,761	197	195	113	308	527	11,808	10,476	5,980	16,456	28,264
L.N.E.R. (a)	6,349	271	350	266	615	887	16,097	17,073	11,739	28,812	44,909
Do. for 1930	6,349	295	386	294	680	1,178	17,624	19,444	12,807	32,352	49,875
L.M. & S.C. (a)	6,958	405	489	279	680	1,178	24,268	23,413	12,161	39,574	59,842
Do. for 1930	6,958	438	494	313	805	1,245	26,082	26,158	12,805	38,964	65,046
Southern	2,179	260	74	36	113	343	14,950	3,566	1,562	5,128	20,078
Do. for 1930	2,179	260	74	36	110	374	15,866	3,872	1,513	5,385	21,251
Total, 1931	19,248	1,089	1,104	691	1,795	2,884	65,157	56,008	30,710	84,318	150,475
Do. for 1930	19,242	1,190	1,149	778	1,927	3,117	71,380	59,950	32,206	93,156	163,536
Metropolitan (c)											
Do. for 1930	59	29	6	3	37	53	1,553	5	...	191	1,745
Do. for 1931	59	32	6	3	40	56	1,625	7	...	201	1,827
Do. for 1930	59	302	4	...	303	3	14,733	...	...	...	14,733
Do. for 1931	59	303	4	...	303	3	15,562	...	...	...	15,562
Do. for 1930	59	303	4	...	303	3	1,235	...	...	...	1,235
Do. for 1931	59	303	4	...	303	3	1,283	...	...	...	1,283
Do. for 1930	59	23	6	...	24	8	2,216	...	...	...	2,216
Do. for 1931	59	44	6	...	44	3	2,216	...	...	...	2,216
Do. for 1930	80	1	...	...	1	2	127	...	...	...	127
Do. for 1931	80	1	...	...	1	2	133	...	...	...	133
Do. for 1930	80	1	...	...	1	2	606	...	...	...	606
Do. for 1931	80	1	...	...	1	2	606	...	...	...	606
Do. for 1930	562	8	...	...	17	26	1,261	...	...	...	1,261
Do. for 1931	562	8	...	...	17	26	1,393	...	...	...	1,393
Do. for 1930	2,188	22	...	...	41	2	...	...	...	...	...
Do. for 1931	2,188	22	...	...	41	2	...	...	...	...	...

RAILWAY RECEIPTS.

CARDIFF.—There has been no appreciable improvement this week in the state of business on the Cardiff coal market. With the approach of the holidays the stem sheets of the collieries are a little better than they have been recently, but there has been no pressure of prompt business, and little inquiry for contract supplies over next year. The allocation of the usual contracts of the Egyptian State Railways, the Brazilian Central Railways, and the Spanish M.Z.A. Railways, is expected shortly. Dry coals are the only grade to show any firmness, and for all other qualities quotations are on the basis of the minimum schedule. The reduction of 2s. per ton in the schedule price of banked smalls has led to a slight increase in sales, but the current supply of slack is still considerably in excess of the current effective demand. The mild weather is reacting unfavourably on the house coal market, and there has been only a very slight expansion in industrial consumption as the result of the effects of the sterling depreciation on the iron and steel trades. The following are the current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 4½d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 17s. 9d. to 18s.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite best, large, 30s. to 38s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; French nuts, 40s. to 48s. 6d.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 3d. to 8s. 9d.; foundry coke, 32s. 6d. to 36s.; patent fuel, 19s.; pitwood, ex ship, 24s. to 24s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—Extreme quietness prevails on the market for Cleveland iron. The approaching holidays and reduced requirements are causing deliveries of pig iron to be curtailed, as consumers do not wish to carry more stock over the end of the year than is necessary. Practically all supplies required before closing down have already been arranged. Some further purchases will be necessary for the new year, but consumers are in no hurry and seem inclined to wait as long as possible. Very little business was reported at the weekly market on Tuesday, and official prices were unchanged, viz., No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s. f.o.b. or f.o.t. Hematite is also a dull market. Small quantities have been sold within the last few days to complete requirements for this year, but although enquiries have been circulating for the first quarter, and even further ahead very little business has matured. Prompt lots of ordinary mixed numbers are offered at 65s. per ton, or possibly a shade less, and it would now be possible to buy at this figure for January-March. Stocks in makers' hands continue to decline, and there will be no increase in the production at present. Shipments of pig iron are only on a poor scale, the clearances to 15th inst. totalling only 5,682 tons, against 8,504 tons to same date in November. In the finished departments new business is very scarce, but structural works have a fair amount of work still to execute, and sheets are in rather better demand, 24-gauge galvanized corrugated sheets are 19 5s.; and 24-gauge black sheets 18. The British Steel Makers, at a meeting in London this week, decided to make no change in prices. The Furness Shipbuilding Company, Ltd., on the Tees, have just secured an order for an oil tank steamer of about 3,000 tons deadweight, for Canadian owners, against keen competition. The ore market remains practically idle, best rubio is nominally 16s. 6d. c.i.f. for prompt delivery, and a small boat was fixed Bilbao/Middlesbrough last week at 6s. 1½d. Coke is in quiet demand, and ordinary blast-furnace qualities are offering at 16s. 6d. delivered consuming works. The number of furnaces in operation on the North-East Coast is now 17, one recently producing basic having just gone out at Cargo Fleet Works for repairs.

SHEFFIELD.—Production of open-hearth steel increased in November, but most of the improvement has since disappeared, and the position at the moment is quiet. Several of the large works have arranged for an extended stoppage at Christmas. The experience of firms engaged in other branches of steel is similar. The spurt which occurred on the abandonment of the gold standard has nearly expended itself. The market for steel-making alloys is almost stagnant as regards forward business, very few contracts for next year's supplies having been placed. Producers on the Continent are unwilling to contract, owing to the uncertainty of the exchanges, and prefer to deal in oddment quantities. Prices of such materials are stiffening. The Board of Trade returns for November indicate that the depreciation of sterling has not benefited the export trade in steel, tools or cutlery. The figures relating to these commodities were very low. On the other hand, imports of tools and cutlery were the largest ever recorded in a month. This trade, however, has now practically ceased. Prices of Sheffield commodities continue steady, but those of foreign tools have in some cases been advanced. Unemployment is increasing.

GLASGOW.—Almost every section of the industrial world of the Clyde district is seriously concerned over the suspension of work on the Cunarder at Clydebank. In addition to the thousands of men

who have been engaged on the construction of the vessel being thrown out of employment, a number of local firms who had received orders in connection with the equipment have been asked to suspend operations meantime. Steelmakers and makers of semi-continues to find business quiet. Sheet makers are able to keep mills going at practically output capacity, and there is a steady flow of orders coming in, although prices are not attractive from the seller's point of view. Manufacturers are obtaining a good amount of work, orders coming in being described as small but fairly numerous.

ARDIFF.—Fairly steady conditions have ruled this week in the South Wales tinplate trade. The recent improvement in output has been maintained, and prices are fairly firm, round about 14s. per basis box. Foreign steel bars are still being delivered in large quantities, at between £4 2s. 6d. and £4 5s. per ton, while Welsh bars are unchanged at £5 per ton. Galvanized sheets are slightly firmer at £9 5s. per ton f.o.b.

OTHER METALS.

TIN.—In the absence of an increase in buying in the United States, the market in tin was dull this week. A slight improvement became noticeable on Wednesday owing to the steady demand of the metal in London. In New York the metal was quoted at 21.85 cents per lb. on Wednesday, against 20.55 cents per lb. a week ago, and 22.85 a month ago. Wednesday's official closing quotations in London in terms of sterling for "standard" cash, at £138 2s. 6d. to £138 5s. per ton, compares with £137 5s. to £137 7s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 30,798 tons, show an increase of 398 tons on the week.

COPPER.—Business in copper remained quiet, and in New York sales took place below the official quotations. On Wednesday, the markets were enlivened a little by a report that an agreement had been reached whereby the operations of the Copper Exporters, Inc., had been revised, and that domestic and export prices would in future be brought into line. On Wednesday, "Domestic" spot was quoted officially at 6.75 cents per lb. in New York, against 6.50 cents a week ago and 6.75 cents a month ago. Wednesday's official closing price for "standard cash" in London, in terms of sterling, at £37 17s. 6d. to £37 18s. 9d., compares with £38 to £38 2s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 20,586 tons, show a decrease of 345 tons, while stocks of rough copper, at 722 tons, were 50 tons smaller.

LEAD.—Little interest has been shown for lead this week, but owing to the attitude of reserve of sellers, prices remained steady. In New York the metal was quoted at 3.75 cents per lb. on Wednesday, against 3.85 cents a week ago and 4.05 cents a month ago. Wednesday's official closing quotation for "soft foreign" in London in terms of sterling, at £14 7s. 6d. to £15 2s. 6d. per ton, compares with £15 6s. 3d. to £15 7s. 6d. on the corresponding day last week.

SPELTER.—Last week's improvement in demand has not been maintained, and prices recorded a slight decline. Wednesday's quotation in New York, at 3.15 cents per lb., shows a fall of 0.025 cent per lb., as compared with that of the corresponding day last week. Wednesday's official closing quotations in London in terms of sterling for "good ordinary brands," were £14 2s. 6d. to £14 12s. 6d. per ton, against £14 3s. 9d. to £14 12s. 6d. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and foreign antimony, at £95 per ton and at £28 5s. to £28 10s. per ton respectively, have been maintained at last week's level. In view of the appreciation of the £ in terms of gold, nickel was reduced from £250-£255 to £245-£250 per ton. Quicksilver, on the spot, was nominal at £20-£20 10s. against £20 10s.-£21 a week ago.

TEXTILES.

THE COTTON TRADE.—Liverpool.—The imports for the week December 10th to 16th (inclusive) are 95,934 bales, of which 37,735 bales are American, 557 Argentine, 3,051 Brazilian, 5,727 Peruvian, 26,419 Egyptian, 323 African, 225 East Indian, 21,453 Russian, and 444 sundries.

Manchester.—The market has continued generally steady, but business has not flowed freely. The number of inquiries warrants the assumption that goods are wanted, but great difficulties are met with in arranging terms of contracts. It is quite evident that, owing to the unsettled world situation, buyers are afraid to commit themselves very far ahead. The outlook in India continues very uncertain and, according to Mr. Gandhi, the boycott will be intensified on his return. Fair scattered cloth sales, however, have been put through for Karachi and Madras in light whites and bids for Calcutta remain very poor. It is feared that Japan's decision to go off the gold standard will affect adversely business with the Far East, but if the boycott of Japanese goods continues there is every likelihood of Lancashire's bigger trade being maintained. During the last few days fair quantities of white shirtings have been booked for Shanghai and Hong Kong. Printing cloths have attracted a fair amount of attention for several outlets East and West. Not much has been done for Egypt and only a restricted turnover has taken place for South America and the Continent. Favourable reports on the whole continue to be received from the home trade. Prices of American and Egyptian yarns have been rather easier when tested. A limited business has been done in home counts, the sales being less than the production. A moderate turnover has been reported in export yarns for China, India and the Near East.

Cotton Prices.

	1931.				Corresponding Date.	
	Nov. 25.	Dec. 2.	Dec. 9.	Dec. 16.	1929.	1930.
Raw Cotton—Mid. American per lb.	4.97	5.12	5.30	5.11	9.37	5.24
" Sakellaridis Fully Good Fair Egyptian..... per lb.	7.40	7.30	7.30	7.15	14.10	7.75
Yarns—32's twist..... per lb.	94	94	94	94	134	94
" 40's twist..... per lb.	94	94	94	94	144	94
" 50's twist (Egyptian)..... per lb.	154	154	154	154	234	164
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	18 0	17 104	17 104	17 74	23 74	18 0
36-in. ditto, 38 yds., 18 by 16, 10 lb.....	19 9	19 74	19 74	19 44	26 44	20 3
36-in. ditto, 38 yds., 18 by 16, 10 lb.....	11 1	11 0	11 0	10 10	14 44	11 4
39-in. ditto, 374 yds., 16 by 16, 14 lb.....	9 11	9 11	9 11	9 9	13 0	10 3

THE WOOL TRADE.—Bradford.—Last Thursday the final series of Colonial sales for the year came to a close. All things considered, writes our correspondent, the series has been generally good, although values for every class of the raw material declined during the latter half of the series. This is to be regretted, because a weak finish always sends back buyers to consuming centres with less confidence than if the close were strong and values firm. The less disturbing factors in the commercial world in general have no doubt operated adversely upon the course of the auctions, and the uncertainty prevailing generally about the future of business has caused buyers to lower their limits, and they were not prepared to buy as freely as they might have done. Some Continental sections have been very limited in their operations, but Germany and Belgium have taken more wool than the majority expected. Now that French manufacturers have had cut off an important market for its dress goods means that new markets must be found for the sale of her yarns and pieces. The sales finished with the bulk of the opening advances wiped out. The best showing was made by fine crossbreds and superfine quality merinos. All sections of the trade seem to be working on a 7½ to 10 per cent. decline. The difficulties in connection with the sale of the South African clip remain, though exchange rates are a little lower this week than last. There is no change in consuming centres, although tops are generally a trifle cheaper.

THE GRAIN MARKETS.

WHEAT.—The reaction in wheat values following upon the rapid advance of prices in October and early November appears to have been arrested. There has been a decided improvement in the international wheat situation during the past week. Russia is now shipping small quantities, and exports from Danubian countries also continue to decline. On the other hand, Argentina and Australia are now shipping large quantities of new wheat, though not enough to affect markets adversely. Primary receipts in North America continue on a small scale. There is, therefore, no undue pressure on the markets, and our forecast, that quotations would

not react to the low level prevailing in August and September, have proved correct. At the same time it must be remembered that France, Germany and Italy can only mill small quantities of foreign wheat, owing to restrictive measures. Native supplies will, however, probably be exhausted in spring, and the buying movement which is then to be expected should have a steadying influence on the market. Incidentally, the Dominion Bureau of Statistics (Canada) has just published a report of the value of the principal field crops during the past season. The total amount realised by farmers for wheat has been estimated at \$108,000,000 against \$174,000,000 a year ago. Mr. J. H. Thomas has announced last week that the Government is prepared to offer the Dominions a wheat quota, provided that a genuine *quid pro quo* can be obtained. Reference to this scheme, and to a statement by Mr. Bennett, Prime Minister of Canada, is made on an earlier page. On Wednesday, "December" futures were quoted at 54½ cents per bushel in Chicago, against 52½ cents on the corresponding day last week, and 63½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, Vancouver, ex ship, 33s. 6d. per 496 lbs., as compared with 34s. 9d. a week ago; No. 2 Northern Manitoba, Vancouver, ex ship, 30s. 6d. to 31s. 9d., against 31s. 6d.; No. 3 Northern Manitoba, Vancouver, ex ship, 29s. 6d. to 30s. 9d., against 30s. 6d.; Russian, on sample, 27s. 6d. to 30s., against 27s. 6d. to 30s.; Australian, ex ship, 29s. 6d. to 30s. 3d., against 29s. 9d. to 30s. 9d. a week ago.

WHEAT FLOUR.—The market in flour has been quiet, and prices in terms of gold have been slightly lower: North American shipments, at 186,000 sacks, show a decrease of 87,000 sacks as compared with the previous week. Of this total, 28,000 sacks have been consigned to Europe. Quotations in London, Wednesday: Straight run, delivered country, 26s. per sack of 280 lbs., as compared with 26s. 6d. last week; delivered London, 25s., against 25s. 6d. Manitoba patents, ex store, 26s. to 30s., against 26s. 9d. to 31s.; and Australian, ex store, 20s. 6d. to 21s. 6d., against 21s. to 22s. 6d. a week ago.

BARLEY.—Offerings of feeding barley have not been on a big scale this week. As a consequence, prices in terms of gold hardened a little. On Wednesday, "December" futures were quoted at 38½ cents per bushel in Winnipeg, against 37 cents last week and 43½ cents a month ago. Quotations in London, Wednesday: "English feeding," f.o.r., per 48 lbs., 25s. to 26s., as compared with 25s. to 26s.; Russian, landed, 22s. 6d. per 400 lbs., against 23s. a week ago.

OATS.—There has been a slight increase in the demand for oats, and prices in terms of gold subsequently recovered a little. "December" futures, which last week stood at 24½ cents per bushel in Chicago, sold at 24½ cents per bushel on Wednesday this week, against 26½ cents a month ago. Quotations in London, Wednesday: "River Plate," landed, 17s. 6d. per 320 lbs., as compared with 18s. 6d. last week; "River Plate," ex ship, 16s. 6d., against 17s. 6d.; "Chilean White," landed, 27s. 6d., against 27s. 6d. a week ago.

MAILE.—After the recent period of heavy shipments from Argentina, and the consequent decline in prices, a slight reduction, in exports last week brought about a rally in quotations. Wednes-

The Frankfurter Zeitung

the leading German economic Journal, will inform you fully and systematically in a thoroughly objective manner regarding German financial and economic conditions and with regard to the general international business situation in Germany.

The 75th Anniversary Edition of the Frankfurter Zeitung has just appeared. Post-war world economic developments—the requirements, as seen by internationally famous experts, for constructing a successful economic system that is based on free enterprise and upon which can be built a sound general prosperity.... are the subjects which comprise the keynote of this 75th Anniversary Edition of the Frankfurter Zeitung.

The price of the „75th Anniversary Edition of the Frankfurter Zeitung“ is RM 10.—

Subscription Rates for the „Frankfurter Zeitung“ are RM17.50 monthly

Specimen copies free by the „Frankfurter Zeitung“, Frankfurt am Main, Große Eschenheimer Straße 31-37 Germany

THE
FIVE YEAR PLAN
of the
NATIONAL PROVIDENT INSTITUTION
will be of interest to all Business Men. It is specially designed to assist them in the present period of Economic Reconstruction.
48 GRACECHURCH ST., LONDON, E.C.3

day's quotation in Chicago for "December" futures, at 37 cents, shows a rise of 1½ cents per bushel on the week, but a fall of 1½ cents as compared with the price a month earlier. Quotations in London on Wednesday: "Plate," landed, 18s. 3d. per 480 lbs., as compared with 17s. 9d. last week; "Plate," ex ship, 17s., as against 16s. 6d.; "Plate," December-January, 17s. 9d., as against 17s. 3d. Yellow maize meal, ex wharf, was quoted at £5 7s. 6d. per ton, against £5 7s. 6d. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1931-32, 1930-31, 1929-30, 1928-29:—

	1931-1932.	1930-1931.	1929-1930.	1928-1929.
Estimated sales of home-grown wheat:				
1 week to December 12	Owta. 82,018	Owta. 105,929	Owta. 273,751	Owta. 281,543
15 weeks to December 12	1,119,075	2,047,452	4,156,789	4,436,829
Average price of English wheat per cwt.	s. d.	s. d.	s. d.	s. d.
	6 5	6 2	9 6	9 7

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
	Owts.	Owts.	Owts.	s. d.	s. d.	s. d.
Dec. 5, 1931.....	£61,685	405,398	54,592	6 7	8 5	7 0
Dec. 12, 1931.....	82,018	363,143	52,183	6 5	8 6	7 2
Dec. 10, 1927.....	238,640	414,177	87,736	9 10	11 2	9 2
Dec. 15, 1928.....	261,543	424,169	76,619	9 7	10 2	9 2
Dec. 14, 1929.....	273,751	370,417	34,448	9 6	8 11	7 3
Dec. 13, 1930.....	105,929	358,394	43,522	6 2	8 3	5 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks, with comparative figures for 1930 :—

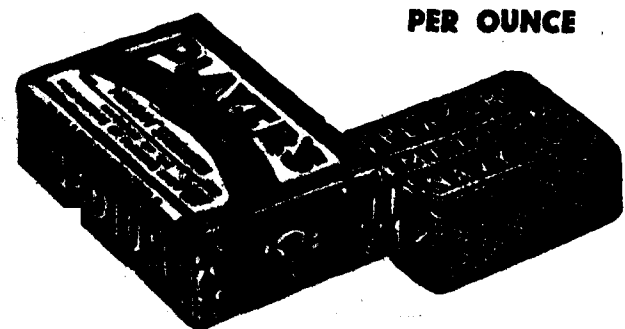
NEAREST FUTURE.	Jan. 2, 1930.	Dec. 17, 1930.	Jan. 2, 1931.	Dec. 2, 1931.	Dec. 9, 1931.	Dec. 16 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	54	56½	59	57½	60½
Chicago (No. 2 Winter)— Cents per 60 lb.	130½	76½	79½	54	52½	54½

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

In the calm contemplation of a pipe of good tobacco new hopes are born and life's little problems are viewed in their true perspective.

1/1
PER OUNCE



NOTES

The visible supply of wheat in Canada, at 56,859,000 bushels, shows an increase on the week of 316,000 bushels. Supplies a year ago stood at 59,418,000 bushels.

OTHER FOODS.

SUGAR.—Refiners in North America continued to purchase for immediate requirements only, which caused prices in terms of gold to decline further. Meanwhile, the market is eagerly awaiting the outcome of the International Sugar Conference in Paris. The raw sugar markets have again been inactive during the past week. "December" futures in New York were quoted at 1·02 cents per lb. on Wednesday, against 1·04 cents per lb. a week ago, and 1·27 cents per lb. a month earlier. Wednesday's sales of "raws" include "March delivery" at 6s. 9½d. to 6s. 10d. per cwt., against 7s. 0½d. to 7s. 1d., and "May," 1932, at 7s., against 7s. 2½d. to 7s. 3d. on the corresponding day last week. The movements of raw sugar in London and Liverpool during last week are set out in the table below :—

	Imports.		Deliveries.		Stocks.	
	1931. Tons.	1930. Tons.	1931. Tons.	1930. Tons.	1931. Tons.	1930. Tons.
London ...	1,189	294	1,180	1,728	5,145	24,334
Liverpool	9,507	24,261	12,267	13,054	71,516	130,319
Total	10,676	24,555	13,427	14,782	76,661	154,653
Last week	14,251	35,774	13,390	14,612	79,412	144,880

COFFEE.—The recent improvement in the situation of coffee has been maintained, and Rio No. 7 was again quoted at 7 cents per lb. in New York. The quantities offered at Tuesday's auctions in London met a good demand at firm prices. Last week's movements of coffee in London were as follows:—Brazilian, landed, nil; delivered for home consumption, 128 bags; exported, 41; stocks, 2,637 bags, against 2,820 bags last year. Central American, landed, 6,917 packages; delivered for home consumption, 2,407; exported, 4,089; stocks, 61,266 packages, against 40,326 a year ago. Other kinds, landed, 929 packages; delivered for home consumption, 2,408; exported, 1,818; stocks, 45,539 packages, against 60,227 a year ago.

COCOA.—Despite the sharp decline in prices during recent weeks, there has been no revival in demand. On the contrary, values continued to sag during the past week. "December" futures were quoted at 3-99 cents per lb. in New York on Wednesday, against 4-00 cents per lb. a week ago. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, new crop, January-March, at 23s. per cwt. f.o.b. London contract, shows a fall of 6d. per cwt. Last week's movements of cocoa in London were as follows: Landed, 6,216 bags; delivered for home consumption, 5,486 bags; exported, 110 bags; stocks, 133,017 bags, as against 158,596 last year.

TEA.—The quantities catalogued for this week's auction comprised 55,492 packages of Indian, 30,407 packages of Ceylon, and 8,877 packages of Java and Sumatra tea. Monday's Indian auctions opened a little quieter than a week ago. There was no improvement at the "Ceylon" sales on Tuesday, although they were the last before the holidays. Indian tea was again in quiet demand on Wednesday. On the whole, values showed a weaker tendency, with the exception of high grade varieties. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

ACCOUNT:

AVERAGE PRICE PER LB.

Week ending	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyasaland.	Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Dec. 11, 1930	1 2 00	1 3 02	1 6 95	0 11 10	0 11 87	0 10 25	1 2 84
Nov. 19, 1931	0 11 27	0 11 60	1 4 68	0 9 12	0 7 45	0 6 74	0 0 03
Nov. 25 "	"	"	"	"	"	"	"
Dec. 3 "	" 0 10 86	" 11 67	1 5 33	0 8 51	0 7 81	0 6 99	0 11 43
Dec. 10 "	" 0 10 72	" 11 63	1 5 33	0 8 26	0 7 69	0 7 41	0 11 72
Dec. 10 "	" 0 10 56	" 1 0 27	1 4 70	0 8 95	0 7 77	0 7 21	0 1 06

RICE.—The demand for rice has been steady and prices have been maintained. Wednesday's "spot" quotation for Burma No. 2, cleaned, at 9s. 9d. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 109 tons; delivered, 130 tons; stocks, 1,817 tons, as against 1,396 tons last year.

POTATOES.—Supplies have been less abundant in relation to demand, and prices generally advanced 6d. per cwt. At the Borough Market, "Best King Edward" sold at from 9s. 6d. to 10s. 6d. per cwt., as compared with 8s. to 10s. per cwt. a week ago.

SPICES.—The spot market for spices has been quiet, and the forward market was slightly easier. Wednesday's quotation for the "Black Singapore" pepper, at 6½d. per lb., shows no change on the week. Movements in pepper in London during the past week were as follows: Black, landed, 6 tons; delivered, 0 tons; stocks, 328 tons, against 466 tons last year. White, landed, 90 tons; delivered, 76 tons; stocks, 502 tons, against 313 tons a year ago.

MEAT.—Both home-killed and foreign beef has again been *scarce* at Smithfield Market this week. Pork has also been slightly dearer, but mutton and lamb remained unchanged. On Wednesday, Argentine beef (chilled hindquarters) was sold at 4s. to 4s. 6d. per lb., against 3s. 10d. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 6d. to 3s. 2d., as against 2s. 6d. to 3s. 2d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended November 30		Eleven Month ended November 30.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	6,179,779	5,704,134	66,049,257	50,684,748
B. Feeding stuffs for animals	407,997	530,843	5,285,440	4,732,371
C. Meat	7,864,220	7,017,269	107,675,067	85,201,762
D. Animals, living, for food	2,134,950	1,864,014	16,334,173	14,704,482
E. Other food and drink, non-dutiable	16,546,631	16,812,297	174,568,347	164,665,157
F. Other food and drink, dutiable	5,235,445	5,420,840	47,513,680	47,513,680
G. Tobacco	2,219,874	1,932,825	13,824,841	9,864,406
Total, Class I.	40,588,896	38,642,222	431,181,055	377,366,610
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,770	4,111	26,764	31,720
B. Other non-metallic mining and quarry products and the like	332,648	391,462	4,904,189	3,613,171
C. Iron ore and scrap	247,391	155,385	4,890,484	2,062,857
D. Non-ferrous metalliferous ores and scrap	811,971	575,585	11,439,876	6,574,898
E. Wood and timber	3,265,553	3,714,970	39,501,254	26,844,624
F. Raw cotton and cotton waste	5,948,145	2,812,002	39,668,474	22,553,983
G. Wool, raw and waste, and woollen rags	2,222,546	2,018,100	41,682,746	31,118,342
H. Silk, raw, knubs and noils	105,193	96,517	3,399,851	1,114,213
I. Other textile materials	442,070	172,023	8,929,741	5,828,016
J. Oil seeds, nuts, oils, fats, resins and gums	1,989,141	2,032,635	31,471,809	23,204,426
K. Hides and skins, undressed	822,846	860,394	14,993,702	10,593,089
L. Paper-making materials	936,051	936,448	10,926,640	8,781,262
M. Rubber	607,360	189,321	10,061,039	4,179,558
N. Miscellaneous raw materials and articles mainly unmanufactured	784,865	859,928	10,307,079	8,391,233
Total, Class II.	16,518,550	15,336,881	230,203,212	154,891,392
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	131	3,195	7,484	15,164
B. Earthenware, glass, abrasives, &c.	870,990	1,164,457	9,889,969	9,018,986
C. Iron and steel and manufactures thereof	1,613,136	2,570,770	21,266,801	17,903,154
D. Non-ferrous metals and manufactures thereof	1,858,162	2,125,122	27,390,195	19,599,667
E. Outlay, hardware, implements, and instruments	623,141	1,070,924	7,063,987	6,914,555
F. Electrical goods and apparatus	593,040	1,141,751	6,363,088	5,829,100
G. Machinery	1,145,014	1,725,066	16,453,202	14,040,975
H. Manufactures of wood and timber	554,156	780,621	7,973,644	6,782,730
I. Cotton yarns and manufactures	777,716	1,037,092	8,916,419	8,514,647
J. Woolen and worsted yarns and manufactures	1,005,258	1,739,629	13,077,706	13,175,667
K. Silk and silk manufactures	769,850	668,389	10,485,775	7,990,154
L. Manufactures of other textile materials	1,095,945	1,553,881	14,210,177	14,130,499
M. Apparel	1,324,515	1,881,642	17,963,138	19,211,167
N. Chemicals, drugs, resins and colours	858,442	1,839,393	12,430,903	12,657,103
O. Oils, fats, and resins manufactured	2,547,624	2,212,563	43,623,007	26,803,745
P. Leather and manufactures thereof	1,193,590	1,673,345	13,852,220	12,229,727
Q. Paper and cardboard	1,463,972	1,879,082	16,517,445	14,992,059
R. Vehicles (including locomotives, ships, and aircraft)	481,275	329,997	6,470,193	4,064,072
S. Rubber manufactures	281,030	351,272	3,624,081	3,213,438
T. Miscellaneous articles, mainly or wholly manufactured	2,564,151	2,928,979	26,123,023	26,689,911
Total, Class III.	21,621,136	28,677,170	283,452,778	243,778,520
IV.—Animals, not for food	210,146	164,701	3,414,748	3,139,492
V.—Parcel Post, non-dutiable articles	493,236	410,469	6,704,318	6,031,972
Total	79,431,964	83,231,443	955,225,830	785,205,986

to 10,402 tons, as compared with 9,822 tons in the corresponding week last year. Imported beef, principally Argentine, formed 82.1 per cent. of the supplies, as against 82.4 per cent. a year ago; and imported mutton, mainly New Zealand, formed 73 per cent. of the total supply, as against 69.2 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Quiet and on the whole easy conditions rule in the markets for oilseeds and their products. Demand, both for oils and oilcakes, is disappointing, and this is affecting the demand for seeds, &c. Values of linseed are somewhat lower following an improvement in sterling, current quotations for Plate, on spot and *afloat*, being around £9 7s. 6d.; while new seed, January to March shipment, is quoted £9 2s. 6d., after £9 paid for January-February and £9 2s. 6d. December clearance. Calcutta to London, December-January, has been done at £10 16s. 3d. The quantity of linseed *afloat* for Europe has been reduced to 124,800 tons. On the basis of the official report as to condition, Argentina is estimated to have next year an exportable surplus of over two million tons, and Uruguay 150,000 tons, but in trade circles these figures are regarded as erring on the side of caution. Cottonseed is very quiet and lower in forward positions, Egyptian (black) for December loading quoting £8 2s. 6d. and February-March £8 5s. Linseed oil has been very erratic, but is now rather steadier. Raw oil on spot, ex Hull, is quoted £15, and January-April delivery £14 15s. Cotton oil is neglected, and crude Egyptian, ex Hull mill, is obtainable at £18 and common edible at £21 per ton. Oilcakes and meals are quiet, but quotations are about unchanged.

EXPORTS of PRODUCE and MANUFACTURES of the UNITED KINGDOM (Value F.O.B.).

	Month ended November 30.		Eleven Months ended November 30.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and foodstuffs.....	£ 309,285	£ 314,223	£ 3,977,775	£ 3,036,630
B. Feeding stuffs for animals.....	185,437	132,473	1,980,141	1,911,355
C. Meat.....	158,876	124,932	1,255,348	1,124,200
D. Animals, living, for food.....	31,880	16,353	185,532	161,532
E. & F. Other food and drink.....	3,440,226	2,419,807	29,351,947	21,496,482
G. Tobacco.....	636,584	371,248	7,872,729	4,854,429
Total, Class I.....	4,762,288	3,429,036	44,721,472	32,590,628
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal.....	3,325,032	2,890,134	42,206,794	31,720,810
B. Other non-metallic mining and quarry products and the like.....	117,286	76,290	1,530,577	1,021,948
C. Iron ore and scrap.....	59,254	36,273	518,155	406,774
D. Non-ferrous metalliferous ores and scrap.....	36,860	39,652	739,711	419,689
E. Wood and timber.....	14,521	29,210	263,263	215,177
F. Raw cotton and cotton waste.....	28,597	30,191	565,889	287,478
G. Wool, raw and waste, and woollen rage.....	395,739	362,846	4,531,084	2,960,112
H. Silk, raw, knubs and holls.....	1,276	1,856	13,700	11,039
I. Other textile materials.....	10,182	20,887	252,954	178,868
J. Oil seeds, nuts, oils, fats, resins, and gums.....	286,489	226,931	3,363,399	2,524,819
K. Flax and stalks, undressed.....	93,787	61,723	1,342,267	678,994
L. Paper-making materials.....	79,853	65,535	980,044	631,317
M. Rubber.....	12,276	9,996	161,992	93,410
N. Miscellaneous raw materials and articles mainly unmanufactured.....	221,417	199,332	2,621,754	2,175,170
Total, Class II.....	4,682,569	4,050,756	59,093,583	43,055,555
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel.....	291,029	301,405	3,213,184	2,679,731
B. Earthenware, glass, abrasives, &c.....	854,786	714,258	11,152,703	7,785,537
C. Iron and steel and manufactures thereof.....	3,489,249	2,841,884	46,347,546	27,869,383
D. Non-ferrous metals and manufactures thereof.....	926,591	513,623	11,297,510	6,369,577
E. Cutlery, hardware, implements, and instruments.....	555,625	452,700	6,833,479	4,884,752
F. Electrical goods and apparatus.....	842,422	534,111	11,085,768	6,991,932
G. Machinery.....	3,520,491	2,811,078	43,595,967	29,910,649
H. Manufactures of wood and timber.....	164,005	101,752	2,060,493	1,322,768
I. Cotton yarns and manufactures.....	5,138,322	4,329,842	82,582,088	51,670,247
J. Woollen and worsted yarns and manufactures.....	2,631,559	1,828,601	34,668,920	23,082,437
K. Silk and silk manufactures.....	99,519	70,844	1,459,234	866,547
L. Manufactures of other textile materials.....	1,303,359	1,104,494	18,416,618	11,891,450
M. Apparel.....	1,405,318	1,021,409	18,724,972	13,112,209
N. Chemicals, drugs, dyes, and colours.....	1,569,001	1,450,924	20,447,167	17,720,763
O. Oil, fats and resins, manufactured.....	601,378	455,199	6,962,354	4,894,411
P. Leather and manufactures thereof.....	380,108	308,542	4,981,049	3,066,775
Q. Paper and cardboard.....	643,771	592,580	7,915,069	5,803,883
R. Vehicles (including locomotives, ships and aircrafts).....	5,620,750	1,347,621	47,334,944	27,113,820
S. Rubber manufactures.....	220,875	154,178	2,644,138	1,987,887
T. Miscellaneous articles mainly or wholly manufactured.....	2,490,132	1,950,837	28,389,034	20,838,785
Total, Class III.....	32,748,291	22,885,882	412,112,413	267,911,243
IV.—Animals, not for food.....	90,036	72,160	1,345,506	390,679
V.—Parcel Post.....	1,774,122	1,425,615	14,821,475	12,598,287
Total.....	44,057,306	31,863,449	532,094,450	357,086,392

HIDE, LEATHER AND ALLIED TRADES.—Hides from home-slaughtered cattle were weaker in price at the sales held in Manchester this week. All first clear ox and heifers were reduced by 4d. to 4d. per lb. "Seconds," with the exception of 60/69 lbs. which declined 4d. per lb., remained unchanged, but for cows from 4d. to 4d. less was accepted. Calfskins also show a slight advance. Sheepskins are a poor market, and are making from 3d. to 6d. each less. Sales of foreign hides have been of small dimensions, and quotations for most descriptions are lower in view of the appreciation of sterling. In the South American market, Argentine ox are now being offered at 4d., with 4d. being asked for seconds. Dry hides are also inclined to be weaker, B.A. Americanos having changed hands at 6 1/2d., while 3 1/2d. has been accepted for Inservibles. Turnover in Africans has been small, with 7d. and 6d. paid for first and second dries, and 1d. less for drysalted 20/30 lbs. Few transactions have been concluded in Australians, which are still considered too high in price. Demand for sole leather this week has further diminished, and producers and distributors do not look for any improvement in the position until the New Year. A moderate turnover has been done in English and wet-salted bonds for repairing purposes, and this class of trade has accounted for the bulk of the business done. The requirements of manufacturers have been slight, and have consisted mainly of small lots which have been urgently required. Some fair sales have been made of pinned shoulders and bellies, but the call for rough offal has been further restricted. Quiet conditions are also noticeable in regard to upper leathers, and what business there is being done is usually in connection with small parcels of the staple lines. There have been inquiries for low-

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

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

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—				
CEREALS AND MEAT.				Irish bladders—				English Southdown, washed				Best heavy ox and heifer				
GRAIN, &c.	s. d.	s. d.	s. d.	58	0	70	0	per lb.	d.	s. d.	13	4	0	6	0	
Wheat—				51	0	52	6	Good English, per cwt.	9	6	10	6	Best cow	4	0	
No. 2, N. Man. 496 lb.	30	6	31	POTATOES—				SPICES—					Best calf	4	0	
Eng. Gas. av., per cwt.	6	5	6	Good English, per cwt.	9	6	10	6	Pepper, per lb.	0	8	0	INDIGO—	5	6	
Barley, Eng. Gas. av.	8	6	8	Mustok, fair White	0	8	0	0	Black Lampung	0	7	0	Bengal gd. red-vio. to	11		
Oats,	7	2	7	Cinnamon—1st sort, per lb.	0	8	0	0	Cloves—Zanzibar per lb.	0	8	0	one—per lb.	5	6	
Mais, La Plata, landed, 480 lb.	18	3		Ginger—per cwt.	32	0	0	0	Jamaica, ord. to good	55	0	90	0	LEATHER—		
Flour, Lon. stan. ex mill, s. d.	23	9	0	Mace	0	10	1	10	Nutmegs 65s	1	8	0	0	Sole Bends 8/14 lb.—		
280 lb.	23	9	0	SUGAR—					(Duty, 11s. 8d. per cwt.)	18	6	21	3	per lb.	1	2
Rice, No. 2 Burma, per cwt.	8	9	0	Java, white, c. & f. India	9	4	0	0	B.W.I., crystallised	9	4	0	0	Bark Tanned Sole	2	4
Tapoca, per cwt.	24	0	0	November—December	9	4	0	0	Refined	18	6	21	3	Shoulders from Dn Hides	0	6
Fine Java, spot	24	0	0	REPINE—London—					Sheffield, best house, at	14	6	14	9	Do. Eng. or W8 do	0	9
Fair Flake, Singapore	11	3	0	Yellow Crystals	19	4	0	0	plata	24	0	25	0	Do. Eng. or W8 do	0	7
MEAT—				Crushed	22	3	22	9	IRON AND STEEL—					Ro. Eng. Calf, 20/30 lb.	1	3
Beef, per 8 lbs.	4	0	5	Granulated	20	1	20	10	Pig, Cleveland No. 3, ton	58	0	0	0	Dressing Hides	0	7
English long sides	4	0	5	Home Grown	19	6	19	9	Bars, M'brough	200	0	0	0	Ro. Eng. Calf, 20/30 lb.	1	3
Argentine chilled hinds	4	0	4	TEA—						Steel Rails, heavy	170	0	0	Aust. Bends	2	8
Mutton, per 8 lbs.	4	0	5	Indian—per lb.	0	6	1	5	Tin Plates, per box	14	0	0	0	1	0	1
English wethers	4	0	5	Pekoe	0	6	1	5	METALS—					Linseed, naked, p. ton net	14	15
N.Z. frozen	2	6	3	Broken Pekoe	0	6	1	5	Copper, Electrolytic, ton	43/0	0	45/0	0	Rape, refined	28	10
Pork, English, per 8 lbs.	6	0	5	Orange Pekoe	0	7	1	10	Sheets (strong)	75/0	0	77/0	0	Cotton-seed, crude	20	0
OTHER FOODS.				Broken Orange Pekoe	0	7	2	2	Standard	37/10	0	37/10	0	Coconut, crude	20	0
Irish	60	0	69	Ceylon—per lb.	0	7	2	2	Lead Eng. Pig. "s" per ton	16/10	0	16/10	0	Palm	24	0
Danish	45	0	0	Pekoe	0	7	2	2	Soft Foreign	14/17/6	15/2/6			Oil Cakes, Linseed, Eng.	18	12
Dutch	42	0	43	Broken Pekoe	0	7	2	2	Spelter G.O.B.	14/2/6	14/2/6			per ton	7	10
HAMS—Irish	0	0	0	Orange Pekoe	0	10	2	4	Tin—English Ingots	140	5/0	0		Oil Seeds—Linseed	7	10
Canadian	72	0	72	Broken Orange	0	8	2	3	Standard cash.	138	2/6	138	5/0	La Plata, p. ton	9	0
American	92	0	0	TOBACCO—								January-February	9	0		
BUTTER—				(Duty 9/6-10/6 per lb.)									Calcutta—per ton	11	1	
Irish creamery per cwt.	0	0	0	Empire growths, 7/5												
Australian	98	0	100	8/3 per lb.)												
New Zealand	98	0	102	Virginia leaf	0	9	2	9								
Danish	136	0	138	Common to fine	0	9	2	9								
CHEESE—				Rhodesian leaf	0	10	1	6								
Canadian	66	0	70	Nyasaland leaf	0	9	1	6								
New Zealand	55	0	57	strips	0	10	1	8								
English Cheddars	82	0	100	East Indian leaf	0	4	0	8								
Dutch	62	0	71	strips	0	5	1	0								
COCOA—				COTTON—												
(Duty, British grown,				Mid-American	5	11										
11s. 8d.; foreign, 14s. cwt.)				Sakellaria, f.g.f.	7	15										
Accra, f.f.	24	0	30	Yarns, 32's twist	9											
Trinidad	42	0	50	60's twist	15											
Grenada	32	0	38	FLAX—												
COFFEE—				Livonian ZK	41	0	42	0								
(Duty, British grown,				Fernau HD	39	0	0	0								
11s. 8d.; foreign, 14s. cwt.)				Singapore Medium 1st sort	46	0	47	0								
Santos sup. c. & f. cwt.	61	9	0	HEMP												
Colombian, good	80	0	105	Italian P.O.	41	0	0	0								
Costa Rica, med. to good	80	0	135	Manila, Nov.-Jan. "J2"	20	10	0	0								
East Indian	92	0	130	N.Z.	nom.											
Kenya, medium	85	0	105	Sisal, African, Dec. Feb.	16	0	17	0								
EGGS—				JUTE—												
English	14	9	17	Native 1st mks. per ton												
Danish	18	0	20	c.i.f. H.A.R.B.												
FRUIT—				December-January												
Oranges—				Dulse 2/3 c.i.f. Dundee												
South African boxes	0	0	0	December-January												
Lemons, Sicilian boxes	0	0	0	SILK—												
Malaga cases 420 No. 1	0	0	0	Canton	9	0	12	0								
Apples: Amer. (var.) bris.	12	0	24	Tussock	4	0	6	0								
" (var.) boxes	10	0	13	Japan	10	6	13	6								
" Australian	0	0	0	Italian—Raw, fr. Milan	11	0	13	6								
ONIONS—																
Valencia, case, 4s.	8	6	10													
Egyptian Bage	0	0	0													
Grapes, Lisbon boxes	0	0	0													
" Almeria bris.	0	0	0													

priced reptile skins, but so far it would seem that holders of stock have not been able to get down to the low level of prices mentioned by buyers.

RUBBER.—At the end of last week the market in London has been active, following rumours that Dutch interests had accepted a proposal of a cut of 50 per cent. in output. Prices advanced rapidly, and on Friday last week 3½d. per lb. was paid. This rumour was, however, denied, and quotations quickly fell back to a lower level. It seems, nevertheless, probable that the Dutch interests may, after all, agree to a scheme of restriction in the near future. Meanwhile, the statistical position of rubber continues to deteriorate. As we show on an earlier page, the output of motor vehicles in America during October has declined to a mere fraction of the level of 1929. In New York, Wednesday's spot price for rubber at 4½ cents per lb. shows an advance of ¼ cent on the week.

CANADIAN CLUB tobacco

Navy Cut · Flake · Curly Cut · Mixture and Rough Cut

Grown next door to Virginia in America's sunniest spot

11½^{d.} per oz. for 2 oz. 1/10

Issued by Godfrey Phillips Limited, proprietors. Established 1844.

Wednesday's official closing price for standard ribbed smoked sheet in London, at 3d. per lb., shows no change as compared with the corresponding day last week. In forward positions, business has been done at 3½d. to 3¼d. for January-March, against 3½d. to 3¼d.; and at 3¼d. to 3½d. for April-June, 1932, against 3¼d. to 3½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,642 tons; delivered, 1,505 tons; stocks at the end of last week, at 129,942 tons, show an increase of 137 tons as compared with the preceding week.

COMMODITY PRICES IN THE UNITED STATES.

(New York quotations, unless otherwise stated.)

	Nov. 18.	Dec. 9.	Dec. 16.
Cents.	Cents.	Cents.	Cents.
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	59½	52½	54½
Maize, nearest future, Chicago, per bushel	44½	35½	37
Oats, nearest future, Chicago, per bushel	26½	23½	24½
Rye, nearest future, Chicago, per bushel	49½	38½	43
Coffee, Rio No. 7, cash, per lb.	8½	7	7
" Santos No. 4, cash, per lb.	8½	8½	8½
Cocoa, Accra, nearest future, per lb.	4.80	4.00	3.99
Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3.35	3.13	3.12
Cotton, New Orleans, middling, spot, per lb.	6.19	5.92	6.07
Rubber, smoked sheet, spot, per lb.	4½	4½	4½
Petroleum, Pennsylvania crude, standard grades, per barrel	170-185	170-185	155-170
Copper, "Electrolytic," Domestic, spot, per lb.	6.75	6.60	6.75
Copper, "Electrolytic," Copper Exporters, Inc., spot, per lb.	7.50	7.00	7.00
Spelter, East St. Louis, spot, per lb.	3.25	3.175	3.15
Lead, spot, per lb.	4.05	3.85	3.75
Tin, "Straits," spot, per lb.	22.85	20.55	21.75

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXIII.

SATURDAY, DECEMBER 26, 1931.

No. 4,609.

ALLIANCE

ASSURANCE COMPANY, LIMITED.
(Established in 1824.) ASSETS EXCEED £30,000,000
HEAD OFFICE: BARTHOLOMEW LANE, LONDON, E.C.

LIONEL N. DE ROTHSCHILD, O.B.E., Chairman.
INSURANCES OF EVERY KIND.
LIFE DEPARTMENT.

Children's Deferred Assurances with Educational Option.
Assurances with Disability Benefits (including Income Benefit).
Staff Assurances and Pension Schemes.

MOTOR INSURANCE.

The Company's Comprehensive policies comprise all the latest developments of this class of insurance, including Unlimited Third Party Indemnity.
For full information apply to the Head Office or to any of the Offices or Agents of the Company.
A. LEVINE, General Manager.

CHRISTIANIA BANK OG KREDITKASSE OSLO

Established 1848.

Paid-up Capital and Reserve Funds,
Kr. 40,000,000.—

Oldest Norwegian Private Joint Stock Bank.
Direct correspondents throughout the country.
Offering complete services to banks and firms doing business on Norway
Correspondence invited.

CREDITO ITALIANO

Limited Company Incorporated in Italy.

Capital fully-paid : : : Lire 500,000,000
Reserve : : : Lire 300,000,000

Head Office of the Bank: MILAN.
THE BANK HAS BRANCHES AND CORRESPONDENTS THROUGHOUT ITALY.
London Branch: 2 ROYAL EXCHANGE AVENUE, E.C.3.

Transacts a general Foreign Banking Business.
STERLING DRAFTS AND DOCUMENTS ON ITALY
COLLECTED ON SPECIALLY FAVOURABLE TERMS.
CORRESPONDENT OF THE ROYAL ITALIAN TREASURY.
Telegrams: "Italo credit, London."
Telephone: Avenue 8081-6.

TABLE OF CONTENTS.

The Money Market	1217	Foreign Stock Exchanges—	
Leading Articles—		New York	1239
Winter Solstice	1219	Canada	1239
Mr Runciman's Third Schedule	1220	Investment Notes—	
The Progress of Tan- ganyika	1222	Publicity in Company Accounts	1239
The Year's New Capital	1223	The "Bear" Defended	1239
De Minimis	1224	London Hotel Companies	1240
Notes of the Week—		Royal Mail Meeting	1240
The Week in Manchuria	1225	Richard Thomas' Assets	1240
The Australian Elections	1225	British American Tobacco	1240
Mr Gandhi's Denial.....	1226	Crittall Manufacturing ...	1241
The Egyptian Parliament Reassembles	1226	Tin Restriction and the Tin Pool	1241
A Hungarian Moratorium	1226	The Rand December Dividends	1241
The End of the Muslim Congress	1226	Trepca	1242
The Fascist Oath and Academic Liberty	1227	Sulphide Corporation ...	1242
Cotton Trade Labour Problems	1227	Capital Issues	1242
Census of Production— Iron and Steel	1227	Company Meetings, &c....	1243
Employment and the Cost of Living in November	1228	Government Returns, &c.—	
Benefit Rules and Unem- ployment Data	1228	National Accounts	1244
An Upper Silesian Failure	1228	Treasury Bills by Public Tender	1244
Norwegian Banking Troubles	1228	The Bankers' Gazette—	
Banking in Spain	1228	Provincial Clearing Re- turns	1244
Overseas Correspondence—		Overseas Bank Returns.....	1244
United States	1229	Loan and Discount Rates	1245
France	1230	Rates of Exchange	1245
Germany	1230	Bullion	1246
Hungary	1231	Gold and Silver Prices	1246
Italy	1232	Company News—	
Czechoslovakia	1233	Oil Outputs	1246
Switzerland	1233	Dividend Announcements	1246
Canada	1234	Profit and Loss Accounts	1247
Irish Free State	1235	Summary of Balance Sheets	1247
Books and Publications—		Reports and Notices	1247
Books Received	1235	Transvaal Gold Output Statistics	1248
The Stock Exchange—		Commercial Reports—	
The Oil Position	1236	Market Summary	1248
The Week in the Markets	1236		

Treasury bill payments have to be crowded into four days. Money into the New Year was quoted at 5½-6 per cent., and the rate is expected to harden before the end of the month.

This change in the situation was not unexpected. In all probability Christmas currency requirements have made further inroads alike on the joint-stock banks' cash holdings and on the Bank of England Reserve. Owing to the Christmas holidays the *Economist* goes to press before the publication of this week's Bank return, but it is reasonable to look for an expansion in the note circulation to about £368 millions, and a reduction in the Reserve to about £28 millions. Provided that the Banking Department's liabilities remain unchanged, this would reduce the Proportion to about 25 per cent., but inasmuch as the increased monetary stringency points to a contraction in Bankers' Deposits, the Proportion may turn out to be slightly higher. At its lowest, the Proportion is large enough to show that the corner of the Christmas currency expansion has been safely turned without having to authorise a further increase in the fiduciary note issue, and so on every ground it is a matter for congratulation that any temptation to make such an increase was resisted.

	Dec. 3, 1931.	Dec. 10, 1931.	Dec. 17, 1931.	Dec. 22, 1931.	Previous Rate and Date Changed.
Bank Rate	6%	6%	6%	6%	4½ (Sept. 21, '31)
Banks' Deposit Rate...	4	4	4	4	2½ (Sept. 21, '31)
Discount / Call	4	4	4	4	2½ (Sept. 21, '31)
Houses { Notice ...	4½	4½	4½	4½	2½ (Sept. 21, '31)
Market rate (3 months bills)	5½-6	5½-6	5½-6	5½-6	...

Last week's Treasury bill issue was for £40 millions, or the same as the preceding week, but the increased monetary stringency and the approach of the New Year reduced applications slightly from £45.9 to £42.4 millions. For the same reason the average tender rate advanced a trifle from 5½ 12s. 2.91d. to 5½ 13s. 1.65d. per cent. The rate for "hot" Treasury bills also hardened from 5½ first to 5½ and later to 5½ per cent. This again reflects the approach of the turn of the year. Three months' bank bills are still quoted at 5½ per cent. and upwards to Bank rate. The progress of events abroad, and especially the uncompromising attitude of Congress at Washington, has not been such as to bring German renewal bills more into favour. Business in the discount market has, in fact, been very restricted, and is likely to remain so until after the New Year and until the world outlook becomes more settled. There were some dealings in December bills this week. Originally they were quoted at 4½ per cent., but by Tuesday afternoon more were available and the rate went to 4½ per cent.

Market borrowing in anticipation of the end of the year was due to begin on Christmas Eve, and from then until December 31st money is expected to be unobtainable, except in the case of loans into next year. It is as yet impossible to tell how severe will be the pressure on December 31st. The restrictions on forward exchange dealings mean that there will not be the usual foreign exchange settlement, and this will ease the situation to some extent. The interesting point is whether the banks will be influenced at all by the Macmillan Report's strictures on the practice of "window-dressing," so that they do not call at the end of this year so heavily as in the past. From this point of view it will be of interest, when their balance sheets appear next month, to compare their cash ratios for December 31, 1931, with those of previous years.

On many grounds it is to be hoped that the banks will be influenced by this section of the Macmillan Report, for, apart from the general arguments against the practice, it is particularly desirable this year that temporary inflation of credit—which is what market borrowings at the Bank and the big increase in Bankers' Deposits both mean—

should be avoided. Rightly or wrongly, the Bank will not lend for less than a week, and at the end of the year many loans can only be arranged for longer periods. The result is that this credit inflation lasts to a greater or less degree for over a fortnight, and this year, with the Banking Department's Reserve depleted by gold losses, the Proportion might well be during this fortnight run down to a low level. This, in turn, might give rise to misconception and needless apprehension abroad, which might have undesirable consequences. We hope, therefore, that the authorities concerned will bear these possibilities in mind, and, while we agree that it is essential that our banks should show that they are able to augment their cash resources whenever it is desirable, we suggest that on this occasion at least they should be guided by the need of preserving a proper balance in all the components of the credit structure of the country.

Call money has stiffened up in New York, the current rate being 3 per cent. this week, against 2½ per cent. a week ago. This rise is probably due to greater activity in the stock markets, for the monetary position is unchanged. Ninety-day bankers' acceptances are still quoted in the open market at 3½-3 per cent. The gold efflux, in evidence last week, has for the moment been checked. There is a net decrease of \$1,300,000 in earmarkings, and only a small shipment of \$140,000 to Holland was reported.

The foreign exchange market has not been very active since our note of last week, but in the interval the £ broke very sharply only to recover, though not entirely, later. New York moved from 3.45 to 3.30½ after 3.84. Montreal rallied at one time to 4.12½, but was finally unchanged on balance at 4.20. Paris went at one time to 84½, but recovered to 86½. Brussels went fractionally against us at 24½, as did Madrid at 40.00, against 40.75 last week. Milan hardened from 67½ to 69½. Amsterdam, after some hesitation, gained ½ at 8.42. Berlin was unchanged at 14½. Switzerland was 17.35 against 17.80 last week. The Scandinavian exchanges were steady and firm, Stockholm being unchanged at 18.00, Oslo gaining 15 points at 18.25, and Copenhagen ½ at 18½. Helsinki, Bucharest and Constantinople were all fractionally against us at 240, 565 and 700 respectively. The South American exchanges were still largely nominal, Rio losing ½d. at 4½d., whilst Buenos Aires gained ½d. at 41½d. and Montevideo ½d. at 31½d. In the Far East the rupee remained firm at last week's quotation of 1s. 6½d. The yen lost a penny at 2s. 5d., and Batavia gained 20 points to 8.40. In the forward market dollars went to ½ cent discount for both periods. Paris weakened by ½ to ½ franc premium for one month, and by ½ to ½ franc premium for three. Forward belgas and lire were unchanged. One month's Madrid remained at ½ peseta discount, but three months widened to ½ peseta discount, against ½ peseta last week. Amsterdam, after being higher, settled down to 4 and 8 cents discount, or rather lower than last week. No quotation was available for Berlin, and Switzerland was unchanged at par and ½ franc premiums. The silver market was quiet and trading small. In the absence of offers and with some speculative buying prices rose by ½d. to 20½d. for cash, and by ½d. to 20½d. for forward. The China silver exchanges were but little affected, Hong Kong being unchanged at 1s. 5½d., whilst Shanghai rose by ½d. to 1s. 11½d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Beaverly Street, London, E.C.4.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade activity.

WINTER SOLSTICE.

At this moment, when the sun has reached his greatest southern declination, Europe is suffering from more than normal wintry weather; politically a cold wind is blowing eastward across the Atlantic. As we write, the fate of the President Hoover's Moratorium Resolution is still in the balance; the Senate at Washington has still to pronounce its verdict. But on Saturday last the House of Representatives, which passed the Resolution by 317 votes to 100, appended to it a rider without which the voting would, to all appearances, have been very different. The amendment, whose wording implies the rejection of the President's proposal that the War Debt Funding Commission should be re-established, reads as follows:—

"It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner cancelled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy, or as implying that favourable consideration will be given at any time to a change in the policy hereby declared." The amendment, it will be seen, makes no explicit reference to prolongation of the twelve months' moratorium—an omission which the Senate may yet rectify—but for all practical purposes it effectively ties the hands of the Administration in any forthcoming negotiations of the whole interconnected issue of reparation with regard to war debts. It is plain that—notwithstanding the serious warning which Mr Stimson appears to have conveyed to the Ways and Means Committee of the House of Representatives, and the equally plain speaking of the President of the National City Bank before the Finance Committee of the Senate—the elected representatives of the American people, in a sort of angry revulsion from a world crisis whose repercussions on the United States they may resent, but cannot ignore, have once more retreated into "isolationism."

The situation thus revealed contrasts sadly with that which existed six months ago. Midsummer saw one bright gleam of hope on the horizon. President Hoover's Administration had taken the bold and far-sighted step of endeavouring to arrest the drift towards international monetary collapse by proposing the suspension for a year of all payments on account of inter-governmental indebtedness. That step had received the support of leading members of both parties in Congress and had touched the imagination of the great majority of the American people as an act of statesmanship which bade fair to give the United States a dominant rôle in world affairs. For a moment it looked as though the countries of the world, under America's lead, would have a unique chance of co-operating effectively in a joint approach to the many inter-related problems of financial obligations, tariffs, armaments and political security with which they were confronted, and under whose weight their economic life was staggering.

Dis aliter visum. Chilled at the outset by what appeared in American eyes to be the cold and calculating reception by France of their President's generous proposal, enthusiasm in the United States for the Hoover Plan waned progressively as its fruits were seen to be materially meagre. Reparations and war debts had played a large part in contributing to the world depression? Very well; but they had been suspended for a year, and, if its cause had been correctly analysed, the depression should lift. But the depression did not lift; on the contrary, with uncertainty as to the future of events after July, 1932, still unresolved, "safety first" liquidation of international credits still continued; restriction was piled on trade restriction in a desperate effort to maintain the stability of currencies threatened by excessive withdrawals; potential foreign purchasers of American manufactures were less and less able to buy; and the United States had to shoulder a still heavier burden of distressful unemployment, widespread bank suspensions, and mounting budget deficits.

Thus, having failed at the very beginning to appreciate that the Hoover scheme was flung into the international

field with too little preparation of French opinion in advance, and having failed throughout to realise that no mere breathing space for twelve months could recreate the necessary spirit of lost confidence and enterprise until the suspended problems had been resolutely faced and solved, the American people are now evidently inclined to adopt the illogical attitude of having as little more to do as possible with an outside world which has responded so unsatisfactorily to their President's stimulus. Just as "no political entanglement" was a compelling slogan a decade ago, so "no financial interdependence" seems likely to-day to hypnotise America as a 100 per cent. definition of "patriotic" foreign policy.

On the "long-run" implications of America's present reversion to type, we do not propose to speculate. It may be that all forecasts of world development based on the supposition that America was destined to be one of the world's great lending countries must be revised; or it may be that "isolationism" in the United States, no less than the "Buy British" movement in this country, will prove to be a passing phenomenon created—like many another curious economic manifestation—by the fear and bewilderment begotten of the present crisis. We are concerned to-day with the immediate future, and it would be idle to disguise the fact that the attitude of the Congress at Washington has imported a new and serious complication into the problem which the Governments of Europe have got to face next January. By then the Young Plan Advisory Committee will have presented its report; it will have marshalled all the available data relating to the capacity of Germany to make reparation payments; and on such data a decision will have to be reached—whether or not the experts make any specific recommendations—as to the amount which the German Government is to be asked to pay either, say, in the next two years or in the more distant future. But is there any economist or statesman in the world who is prepared to say that a politically acceptable answer which will "work" can be given to this question if a decision has to proceed on the assumption that the payment of war debts to America is an unconditional obligation susceptible of no modification?

So closely related to each other are the problems of various nations' capacity and willingness to make international payments on governmental account, the future of tariff barriers, the future of the world's monetary policy, and, in particular, the future working of the gold standard in its bearing on the level of prices, that a section of opinion in this country appears to favour the inclusion of all these matters on the agenda of next month's assembly of statesmen, which would then take the form of an economic conference complementary in scope, and presumably coincident in time, with the Disarmament Conference, within whose ambit will fall the remaining issue of political security. We are inclined to question the advisability of pursuing at one conference such a wide and ambitious programme. However intimate may be the relation of one aspect of the problem to another, it may be better to proceed by stages and to deal first with the most urgent question, the reparation obligations of Germany. Yet, if the Administration of the United States, with its hands tied in advance by the resolution of Congress on policy, is precluded from doing more than sending to this conference an observer who will be debarred by his instructions from participating in any discussion as to the possible revision of debts, how is the almost inevitable resulting impasse to be resolved?

For, let us speak bluntly, though France may be alone in having officially stated that she will consent to no downward revision of the full Young Plan annuities unless there is a proportionate scaling down of her indebtedness to the United States, there is little room for doubt that the Parliament at Westminster—though it might be readier than the Chamber in Paris to see a clean sweep made of all reparation payments for ever—would be no more

inclined than the Palais Bourbon to vote a budget containing provision for payment of the annuity to America if there were no credit item of reparations to set on the other side of the account.

In saying this we are far from implying that we should regard an enforced European default as other than a deplorable development. There is no absolute injustice in America's insistence on the repayment of her war advances to the European Allied countries, and to depict the United States as Shylock demanding his pound of flesh is both to overlook the facts of the American Treasury situation and to be inconsistent with Europe's own decision, not so many years ago, to enter into agreements, duly ratified by the various Parliaments, for settlement of the debts due. Moreover, though it be true that political debts incurred by Governments do not possess the same moral sanction in practice as private obligations (to suggest that individuals feel as deeply with regard to the probity of their State in matters of this sort as they do with reference to their personal debts, is to overstrain the conception of the *volonté générale*); nevertheless a general default by Europe in respect of Government debts to America would be one more shock, and a very ugly shock, to financial confidence.

We do not believe that American opinion would welcome such a development or regard it with less regret than we should ourselves; but the danger is that unless a fresh helpful line of action can be devised, matters will drift into an *impasse* from which there are only two ways out—maintenance on paper of reparations at a figure which will force Germany into catastrophic default, or settlement of reparations on a basis which will force the reparation creditors into repudiation. And obviously the only difference between these alternatives is one of time.

What, then, is to be done? The Governments of Europe cannot wait for the slow process of economic education to filter through the United States, nor is much good likely to be achieved by a long-range bombardment of Washington by foreign ministerial speeches or diplomatic Notes. It is tempting to suggest that President Hoover might be induced to send to next month's reparation conference not a member or members of his Executive, but a Congressional delegation, who would thus be brought face to face with the difficulties, from a sense of whose reality Congress appears at present to be so hopelessly divorced. It may well be that hopes of a definite settlement should in any case not be placed too high. We may perhaps have to reconcile ourselves to the prospect of yet another interim step towards removing the cancer of intolerable international indebtedness from the body of the world politic. But, at least, if a representative body of American politicians were to attend the conference, the hopes of American co-operation, which ran high when this year's sun stood at its summer solstice and which have been sadly dimmed in this winter of world discontent, might not be wholly lost.

We cry for the moon? It may be so. Yet, if—as we are reluctant to believe—the past week's debate represents the last word of Congress on the question of war debts, then Europe, with a definite lead (we hope) from the British Government, must perforce re-orientate its policies in face of the fact that American co-operation in "freeing the ship" from wrecked financial "top-hammer" cannot be relied upon in practical calculations. And, in stating the implications of this development, it is as well to be frank. The refusal of Congress to recognise that recent developments in prices, currency values and tariff policy are contingencies which were never contemplated when the debt settlements were signed, creates a position with which the debtors, with the best will in the world, can no longer cope. Greatly as we should regret the emergence of a situation in which Europe found, at last, a unity of purpose in concerting—albeit under *force majeure*—a formal joint repudiation of trans-Atlantic obligations, it is vital for the future of civilisation that the States of Europe should not be robbed, next month, of the chance of mutual agreement by the single obstacle presented by the claims of another Continent whose people, when all is said, must learn with us, however reluctantly, the bitter lesson that war does not pay.

MR RUNCIMAN'S THIRD SCHEDULE.

On the opposite page we print an analysis of the trade affected by Mr Runciman's third—and, we sincerely hope, last—Order under the Abnormal Importations Act. On the basis of 1930 figures his first Order affected imports to the value of about £28 millions; his second, imports to the value of £6½ millions, and his third restrictive effort is aimed at imports which last year amounted to £20½ millions. His first schedule suggested a careful avoidance of taxing important raw materials; his second brought under its operation such essential raw materials as woollen and worsted yarns; and now in his third Order the President of the Board of Trade—fresh from his valiant stand against the insistent demands of the iron and steel industries—has given heed to a still small voice from Lancashire, and imposed 50 per cent. duties on cotton piece-goods.

This concession to Protectionism is small, statistically, but not in principle. Even in the bad year 1930 Lancashire produced 3,500 million square yards of piece-goods, of which 1,050 million square yards were sold in the home market. In that year the aggregate foreign imports amounted to no more than 70 million square yards. They are now to be prohibited—for a duty of 50 per cent. plus the effect of exchange depreciation amounts to that. By this one item in his schedule Mr Runciman has surely stirred up a hornet's nest. What about the finishing industry, which was interested in these specialised imports? What are the feelings of the yarn manufacturers, who, without protection themselves, know that foreign weavers, now shut out from the British market, will of obvious necessity restrict their yarn purchases from Lancashire? Mr Runciman seems, indeed, to have outrun any efforts that might have been expected from the most enthusiastic protectionist (who would, one supposes, hesitate to introduce protection into the Lancashire Free Trade citadel), in order to shut out certain classes of goods, mainly specialities not produced in this country, which, in so far as they come in, are the raw material of finishing industries. In the first schedule we hoped that we could detect some logic in Mr Runciman's fiscal madness; in his third schedule we search rather despairingly for any.

A statistical White Paper* has been issued, presumably to explain the third Order. We survey the figures without discovering any idea of a guiding principle. Some of the goods now subjected to duty came into our ports in substantially increased quantities in November, and some did not. Those that did so, doubtless did so on Mr Runciman's indirect invitation. Foreign exporters, and home importers, of some goods sensed the probability that they would shortly engage the attention of the Board of Trade, and took the obvious steps. In many such cases the threat of tariffs is the only reason why imports have increased, and this fact leads us to ask the question whether by these emergency duties the Government have not taken the most effective steps open to them to prevent the balance of payments from correcting itself automatically under the natural working of the depreciated exchange. The importers have behaved according to the everlasting canons of human nature. Mr Runciman, in the rôle of bar tender, has warned them that in a few minutes he will be calling "Time, gentlemen, please," and they have promptly given their orders.

The third schedule is also noteworthy as a good example of the inextricable tangles which always beset the feet of the tariff-maker at all times and in all lands. Here is an instance. Electric light bulbs are imported into this country by manufacturers who use them in the construction of electric lamps. These manufacturers, scenting the danger of a duty, have rapidly laid in such stocks as they can afford. Therefore, in the eyes of the Board of Trade, there is a case of "abnormal imports," and a case for a duty. But the resultant duty is applied not merely to electric bulbs, but to a much wider class of goods, classified as "illuminating glassware." What

* Cmd. 3983. Price 1d.
(Continued on page 1222.)

THE THIRD SCHEDULE.

TOTAL IMPORTS DURING 1929 AND 1930 OF ARTICLES LIABLE TO DUTY UNDER THE "ABNORMAL IMPORTATIONS (CUSTOMS DUTIES) No. 3 ORDER, 1931."

Item.	1929.			1930.			Principal Sources.	
	From Foreign Countries.	From British Countries.	Total Imports.	From Foreign Countries.	From British Countries.	Total Imports.	Country.	Value in 1930.
A.—Illuminating Glassware :	£	£	£	£	£	£		£
Electric lamp bulbs.....	39,907	Nil	39,907	36,519	Nil	36,519	Holland	27,269
Globes and shades.....	375,241	357	375,598	385,566	214	385,780	Germany.....	278,972
Other descriptions.....	23,506	37	23,543	24,123	30	24,153	Germany.....	11,580
B.—Photographic Cameras	130,879	266	131,145	51,297	83	51,380	Germany.....	24,617
							U.S.A.....	20,699
C.—Unexposed Photographic Plates, &c.								
Sensitised photographic paper	191,756	16,515	208,271	100,599	6,427	107,026	Belgium	53,294
Sensitised photographic plates	390,972	317,563	708,535	302,621	375,673	678,294	Canada	371,326
and films.....							U.S.A.....	149,121
D.—Wireless Valves.....	229,018	1,568	230,586	195,998	2,057	198,055	Austria	119,581
E.—Electric Glow Lamps and Parts :								
Gas filled	179,118	27	179,145	259,270	5	259,275	Austria	149,536
Other	210,567	92	210,659	210,794	104	210,898	Holland	97,474
							Austria	130,664
							Holland	41,233
F.—Electric Lighting Fittings.....	501,329	690	502,019	489,703	601	490,304	Germany.....	272,558
G.—Grass and Lawn Mowers :								
Hand driven.....	44,238	3,403	47,641	48,649	2,564	51,213	Germany.....	26,591
Animal and mechanically drawn	27,313	14,407	41,720	39,442	9,765	49,207	U.S.A.....	19,111
							U.S.A.....	24,834
H.—Cotton Manufactures :								
Piece-goods grey, unbleached....	266,531	16,910	283,441	195,581	10,114	205,695	U.S.A.....	156,247
" " " white, bleached.....	160,462	3,360	163,822	144,875	2,073	146,948	Belgium	42,545
" " " printed.....	463,575	22,038	485,613	435,958	11,640	447,598	France.....	150,805
" " " dyed in the piece.....	3,840,730	26,946	3,867,676	3,578,670	18,865	3,597,535	Belgium	1,552,110
" " " coloured cottons.....	192,454	140,045	332,499	205,955	94,930	300,885	Germany.....	737,182
Not in the piece	146,325	4,128	150,453	109,741	3,046	112,787	Belgium	95,520
Lace and net.....	383,221	5,762	388,983	258,995	3,568	262,563	British India	94,699
Small wares	738,127	2,688	740,815	728,815	973	729,788	Switzerland...	96,316
Made up for household purposes	2,327,163	26,404	2,353,567	2,378,980	26,227	2,405,207	Germany.....	117,332
							France.....	103,251
							Germany.....	275,423
							Germany.....	717,000
I.—Cordage, Ropes, &c. :								
Of hemp	545,411	6,927	552,338	613,785	55,650	669,435	Belgium	208,201
Of other materials.....	40,146	5,511	45,657	32,502	9,351	41,853	Holland	12,026
							U.S.A.....	13,359
J.—Outer Garments and Hosiery* :								
Outer garments, proofed.....	122,094	967	123,061	64,803	746	65,549	France.....	28,476
" leather clothing	11,845	96	11,941	22,702	332	23,034	U.S.A.....	28,962
" women's costumes, dresses.....	3,239,353	12,096	3,242,449	3,151,245	15,164	3,166,409	U.S.A.....	13,966
" blouses, mantles, cloaks	160,914	13,347	174,261	129,520	4,439	133,959	Germany.....	1,068,064
" aprons, overalls	1,068,778	29,626	1,098,404	909,438	20,223	929,661	France.....	1,047,502
" overalls, aprons, all rubber.....	165,624	Nil	165,624	181,678	44	181,722	Germany.....	48,592
" fur clothing	836,143	2,658	838,801	612,953	1,698	614,651	Germany.....	46,835
Hosiery, hose, mainly cotton....	1,843,959	4,441	1,848,400	1,809,075	2,267	1,811,342	Germany.....	292,876
" " mainly wool.....	78,404	26,648	105,052	48,496	20,072	68,568	Germany.....	175,846
" fancy, mainly cotton.....	132,409	85	132,494	364,967	321	365,288	France.....	443,771
" " mainly wool.....	308,447	7,342	315,789	545,180	5,843	551,023	Germany.....	1,316,315
" other materials	24,762	21	24,783	22,792	41	22,833	Germany.....	20,136
							Irish F. State	20,066
							Germany.....	227,228
							Belgium.....	238,887
							Germany.....	192,145
							Germany.....	8,699
K.—Citric and Tartaric Acid, &c. :								
Citric acid	131,438	12	131,450	42,132	Nil	42,132	Italy.....	38,252
Tartaric acid	247,064	2	247,066	218,512	Nil	218,512	Germany.....	84,276
Cream of tartar.....	176,739	554	177,293	141,490	21	141,511	Italy.....	60,601
							Italy.....	59,790
							France.....	56,802
L.—Sulphate of Alumina, Potash Alum, Ammonia Alum	143,503	109	143,612	132,351	96	132,447	Germany.....	62,588
							France.....	44,494
M.—Ammonium Chloride	46,074	4	46,078	44,131	25	44,156	Germany.....	25,911
N.—Lithopone.....	424,262	168	424,430	401,444	Nil	401,444	Holland	167,327
							Germany.....	137,153
O.—Rubberproof Cloth.....	42,215	204	42,419	62,377	106	62,483	U.S.A.....	38,086
P.—Sporting Ammunition	65,583	320	65,903	63,855	109	63,964	Belgium	22,230
Total	20,708,599	714,344	21,422,943	19,797,679	705,507	20,503,086	...	...

* Excluding various items, already subject to duty under the "Abnormal Importations (Customs Duties) No. 1 Order, 1931."

is the result? The duty falls on lamp globes and lamp shades, of which there is normally a big importation, which, as it happens, has not been swollen in recent weeks. The reason why "forestalling imports" have not taken place in this category is that foreign suppliers and their British customers never conceived a duty to be likely, for the simple reason that our home factories cannot cope with more than a small fraction of the home demand. Various estimates have been made of the capacity of British glassworks to cater for the lighting glassware (lamp and shades) market. The estimates, we are told, vary between 0.6 per cent. and 4 per cent. Careful investigators believe that in the whole of this country there are less than 150 skilled blowers of moulds in the lighting glass industry, whereas, if Britain were to supply the requirements of the home market, thousands would be immediately required. Thus in the middle of winter, the busy season for artificial lighting, the Board of Trade has suddenly clapped a 50 per cent. duty on essential goods which we do not adequately produce in this country, in addition to the 40 per cent. handicap already imposed upon imports by the depreciation of sterling (for most of these imports come from countries adhering to the gold standard). Moreover, in the electric bulb industry in this country a "ring" already exists, which is making fat profits out of the home consumer. Unless the Board of Trade admit and rectify a serious mistake, not only will an essential utility article reach prohibitive prices shortly through lack of supplies, but also the "ring," producing a sectionalised product, will be able to exaggerate the monopoly profits already exacted from the helpless consumer. If Mr Runciman had wished to give the country a pretty little illustration of the pitfalls of protection, he could hardly have done better.

The cotton duties, too, quite apart from the principle involved, present special difficulties of their own. The duty is imposed on goods "wholly or partly of cotton." This means that piece-goods which have any trace of cotton in them will be subject to a full tax of 50 per cent. Hat-makers will pay more for their satin linings; the materials used by makers up of "mixed" rayon piece goods purchased from abroad will carry the new 50 per cent. duty in addition to the duty of 88½ per cent. imposed by Mr. Churchill.

And what, after all, is the economic justification for these essays in protection? Now that the pound is divorced from gold, the balance of payments, if left to itself, will and must automatically regain an even keel. Fears or threats of tariffs retard the natural process by increasing imports as far as is feasible; but even in the presence of such fears and threats there is a very effective check to a big inflow of imports, namely the barrier already erected by the exchange conditions against the goods originating in gold countries. In a word, Mr Runciman is fighting an unreal bogey; but the weapons which he selects threaten to produce a very real rise in the prices of some of the essential commodities selected for his attack. Moreover, it is only necessary to glance at the annexed page of statistics to realise the measure of disturbance caused to the trade of countries which, already in dire difficulties, will find it harder than ever to meet their obligations to this country.

In connection with this third Order we find only one consolation. In the case of many of the goods scheduled, the duty imposed is not protective, but prohibitive, and therefore obviously of a temporary or "emergency" nature. Goods taxed, in cases where they come from gold countries, have to face a duty ranging up to over 100 per cent., and some of them have to add to this a previously existing duty of 88½ per cent. That is prohibition, and cannot be claimed or used as the basis for building up a permanent tariff. We wonder whether Mr Runciman has deliberately introduced this aspect into his third Order, with the object of showing the world that he is attempting merely to deal with the emergency of the moment, without in any way prejudicing the future fiscal policy of this country, in the formation of which the National Government retains a free hand. If so, it is just conceivable that the third Order, bad as it seems, may be the best of the three. But, in any case, it is a dangerous game.

THE PROGRESS OF TANGANYIKA.

(BY A CORRESPONDENT.)

TANGANYIKA is the largest single territory under British administration, outside the self-governing Dominions, seven times the size of Great Britain and larger than any Crown colony. It has an area of 374,000 square miles, with a coast line of over 500 miles, and at least one good harbour at Dar-es-Salaam, which is the chief town. It has a population of 5,000,000 natives, and some 33,000 non-natives, of whom 25,000 are Indian. Yet it is only a part of the former German colony of East Africa; for a part of that territory was allotted to Portugal, and another part—and that the most populous—was given under a mandate to Belgium, and is known as Ruanda Urundi. By its situation Tanganyika is destined to play a dominant part in the future of British East Africa, since it lies in the centre of a ring of British colonies and protectorates, Kenya and Uganda to the north, Nyasaland and Northern Rhodesia to the south, and the island of Zanzibar on the east. The policy pursued in Tanganyika must inevitably influence the policy in these other territories, for, as the Hilton-Young Commission recommended and as the Government has recognised, there must be one principle of native policy in the vast East African region. Now the policy which the administration is to pursue in Tanganyika is defined with some exactness in the deed of trust under which Great Britain rules the country. The mandatory shall "promote, to the utmost, the material and moral well-being and the social progress of the inhabitants. He shall prohibit all forms of compulsory and forced labour except for essential public works, and then only in return for adequate remuneration; protect the natives from abuse and measures of fraud by the careful supervision of labour contracts; in the framing of laws relating to the holding of land, take into consideration native customs and respect the rights and safeguard the interests of the natives, and shall prohibit the transfer of native land, except to other natives, without the consent of the public authorities."

The administration has acted according to the spirit and the letter of this mandate. It regards the native as the primary element of the country, and the white settler as an experimental factor. There are no native reserves of land as in Kenya, but the Government regards itself throughout as the trustee for the natives. It allows transfer of land to non-natives only on leasehold tenure and for a term not exceeding 99 years, and subject to the condition that enough land remains for the native tribes, and that the land transferred will be used for productive development and its produce can be readily marketed. In fact, less than 1 per cent. of the soil has hitherto been alienated to non-natives. The Hilton-Young Commission pointed out that part of the territory was fitted for large farming and part for corporate exploitation, and that there was more land than the inhabitants required, so that there is room for fresh settlement. The trust for humanity, therefore, which is implicit in the mandate, the development of the vast economic resources, can be executed without derogating from the primary trust for the well-being of the native inhabitants; and, indeed, they are complementary parts of a single obligation which cannot be fully performed if any part is neglected.

The British administration has in recent years done much for the development of the resources of the territory. It devoted part of the loan of 10 millions, raised with a Treasury guarantee under the East Africa Loans Act of 1926, to the construction of railways. From the east to west, 770 miles, from Dar-es-Salaam to Kigoma on Lake Tanganyika, and now it has built a branch of 250 miles to Mwanza on Lake Victoria, linking that lake also with the sea, and is building another from Moshi to Arusha, which will link the territory with Uganda and Kenya. There are motor roads in dry weather extending over 10,000 miles; and, since the beginning of this year, a regular air mail has been instituted from England to Mwanza in nine days, thus reducing the time for the post to the mandated territory by twenty-three days. The Joint Committee of Parliament on Closer Union in East Africa, which recommended the formation of a

opposed to

any attempt at political federation, urged that there was a real field for co-ordination and co-operation in the administration of transport, including railways and ports, Customs, and technical services. There should be an Adviser on transport for the different regions, who would be a member of the Governors' Conference and secure uniform treatment in place of the present competing rates.

The principal trade of the country is with Great Britain, though, by the self-denying ordinance of the mandatory regime, no preferential tariff in favour of British goods may be passed. Great Britain, on the other hand, has granted to Tanganyika products the benefit of Imperial preference, for she may confer, though she may not receive, benefits. The total imports of last year represented a value of just under £4,000,000, a decrease of £800,000 from 1929; and the total exports were of a value of £2,600,000, which represented a decrease of over a million pounds from the previous year. Imports from the British Empire accounted for 60 per cent. of the total. There was an increase of the quantities of the principal exports, sisal, ground-nuts and coffee, and a decline only in cotton; so that the marked fall in value is due to the general fall of prices and not to a failure of production. A beginning has been made with mining development, and the territory has exports of gold, diamonds and mica. The annual revenue and expenditure of the Government are about £2,000,000, which, having regard to the area and the size of the population, is a modest figure, and works out at a taxation of 12s. per head. But in view of the general economic crisis, the administration has appointed a committee to consider means of retrenchment.

The political development of the territory is characterised by the introduction of the system known as indirect administration, or ruling by native chiefs, who are regarded as an integral part of the machinery of government, with defined powers of taxation and administration, and not dependent on the will of English executive officers. The system has been introduced from Nigeria with happy results, and is an earnest of the determination of the mandatory to train the people to self-government. A college has been established at Tabora for the sons of chiefs, where they are educated, on the lines of an English public school, to take their part in ruling their peoples. The mandatory holds that the best safeguard of the interests of the white settler is the building up of a contented law-abiding native community taking its share of the administration. At the same time, it has set up a legislative council composed of fourteen official members and ten non-official members, of whom seven are Europeans and three Indians. The native interests are protected by the official majority. The council has to deal with the larger functions of government, such as taxation, customs, health, the improvement of agriculture and public works. The tribal concerns are left to the chiefs and their native councillors. By this parallel fostering of representative and native institutions the Government of Tanganyika is tackling the main problem of Central Africa, to discover the basis on which the white and black races can live together under conditions of rapid economic change, and with adequate opportunity for political development. As the Joint Committee pointed out, the principle of trusteeship implies not only the avoidance of injustice to the natives, but also the time and opportunity to develop their latent aspirations, and play such part as they may eventually be capable of playing in the ultimate destiny of the country.

THE YEAR'S NEW CAPITAL.

THE most cursory glance at the statistics of London's new capital issues in the past year, which, according to custom, we present in this article, will reveal the blight that fell upon the operation of new financing after the turn of the year. In the first half of 1931 the total output of London's new capital market was slightly more than half the total recorded for the first half of 1930. Thereafter the world crisis hit London with relentless force, and we find that in the second half of this year new

capital applications reached the puny total of £12.9 millions, in comparison with £98.2 and £110.9 respectively in the corresponding periods of 1930 and 1929. A close observer of the London money market, had he awakened to-day after a year's sleep, would first rub his eyes and then refuse to admit the accuracy of the following table:—

CLASSES OF BORROWERS.
(£ million.)

	Total.	British Government.	Foreign and Colonial Govt.	British Colonial and Foreign Corpns.	Foreign Railways.	Mines, Finance, and Exploitation.	Rubber and Oil.	Balance (Mainly Home Industry).
Total whole year, 1929	271.4	77.7	95.4	4.8	5.4	15.5	7.7	64.5
Total whole year, 1930	209.3	13.7	90.6	18.8	1.0	12.7	2.3	70.2
Total whole year, 1925	232.2	45.6	30.7	25.3	3.8	18.0	19.1	69.7
Total whole year, 1926	230.7	4.7	54.6	49.2	8.2	26.9	6.2	80.9
Total whole year, 1927	355.1	66.0	67.5	37.9	5.4	33.2	11.0	154.1
Total whole year, 1928	369.0	83.8	55.1	25.4	5.1	49.7	8.7	141.2
1929—1st quarter	96.9	1.9	27.2	0.3	3.8	21.2	4.9	37.6
2nd "	77.4	Dr. 0.3	NH	11.4	NH	12.9	0.1	63.3
3rd "	18.7	Dr. 1.4	2.8	0.4	NH	2.4	1.1	13.4
4th "	92.2	65.2	NH	NH	4.0	5.0	0.3	17.7
Total whole year, 1929	285.2	65.4	30.0	12.1	7.8	41.5	6.4	122.0
1930—1st quarter	87.7	38.4	14.6	15.9	2.7	1.0	6.7	8.4
2nd "	81.9	1.6	30.9	18.8	NH	6.3	2.0	22.3
3rd "	22.9	3.8	3.0	NH	0.8	3.0	0.8	12.8
4th "	75.3	21.8	21.8	10.0	4.1	1.2	0.1	16.3
Total whole year, 1930	267.8	65.6	70.3	44.7	7.6	11.5	9.3	68.8
1931—1st quarter	45.2	6.1	14.5	2.7	NH	5.6	0.1	16.2
2nd "	44.0	4.1	14.9	3.6	2.8	5.9	0.1	12.7
3rd "	9.0	2.3	2.8	0.5	0.1	0.7	...	2.6
4th "	3.9	Dr. 1.8	NH	1.3	NH	...	...	4.4
Total whole year, 1931	102.1	10.7	32.2	8.0	2.9	12.2	0.2	35.9

A mere £4 millions represents the total new financing in the December quarter by home trade and industry. No foreign or colonial government or corporation, no foreign railway, no rubber, oil or mining company, floated an issue in London between October 1st and the end of the year. The British Government, despite the Treasury's difficulties, floated no loan. The figures in the above table under the heading "British Government" refer entirely to National Savings Certificates. In the first three quarters of the year it was a healthy sign that, in spite of the trade malaise and widespread unemployment, new sales of Savings Certificates steadily and regularly exceeded encashments. It is one of the disquieting signs of the December quarter that the tide has turned and that encashments are exceeding new sales. The classification of issues is given in more detailed form in the next table:—

Description.	Whole Year, 1930.	Year, 1931.		
		Three Quarters to Sept. 30.	Fourth Quarter.	Total, Whole Year, 1931.
British Government loans.....	65,640,000	12,550,000	Dr. 1,850,000	10,700,000
Dominion and Colonial Government loans	49,081,300	30,571,600	NH	30,571,600
Foreign Government loans	21,330,000	1,740,000	NH	1,740,000
British Corporations, County and Public Board Loans	41,657,600	6,705,300	1,302,000	8,007,300
Colonial Corporations and Public Board Loans	3,001,500	NH	NH	NH
Foreign Corporations	16,119,500	NH	NH	NH
Colonial railways	2,875,600	NH	NH	NH
Foreign railways	7,615,000	2,910,000	NH	2,910,000
Australasian mines.....	257,800	NH	NH	NH
South African mines	493,500	371,900	NH	371,900
Other mines	4,597,500	8,953,300	10,000	8,963,300
Exploration, financial and investment trusts	6,316,000	2,949,500	NH	2,949,500
Breweries and distilleries	2,078,500	112,500	NH	112,500
Merchants, importers, &c.	NH	337,500	NH	337,500
Stores and trading	3,220,300	10,401,300	NH	10,401,300
Estate and land	445,400	124,700	15,000	139,700
Rubber.....	1,160,000	151,000	23,800	174,800
Oil.....	8,050,000	NH	NH	NH
Iron, steel, coal, and engineering	1,285,000	42,500	25,000	67,500
Electric light, power, and telegraph	3,728,400	3,838,300	378,800	4,217,100
Tramways and omnibuses	NH	98,000	NH	98,000
Motor traction and manufacturing	681,600	6,300,000	802,300	7,102,300
Gas and water	5,393,300	429,000	NH	429,000
Hotels, theatres, and entertainments	20,000	82,500	NH	82,500
Patents and proprietary articles	367,500	500,000	NH	500,000
Docks, harbours, and shipping	NH	1,020,000	2,100,000	3,120,000
Banks and insurance	3,023,600	136,400	NH	136,400
Manufacturing and miscellaneous	21,361,800	8,139,900	1,072,300	9,212,200
	267,800,700	98,265,200	3,879,200	102,144,400

The year's total, after separating British Government operations from the rest, was £92 millions, against £202

reasonable views. The moral is that Australia has "had some." In general, the election shows that in Australia, as in other countries, the electorate are willing to face up to the hard facts of the world crisis provided that they are put fairly and squarely before them.

Mr Gandhi's Denial.—We quoted in these columns last week an interview with Mr Gandhi, which was published in the well-known Italian journal, the *Giornale d'Italia*. This interview aroused widespread interest and anxiety, because it represented the Mahatma as stating his definite decision to resume his passive resistance campaign upon his return to India. Mr Gandhi has since denied that he gave this interview. On the other hand, Signor Gayda, the correspondent of the *Giornale d'Italia*, refuses to accept the denial, and affirms that he made notes of the precise words used by Mr Gandhi in the presence of witnesses. There is no ground whatever for impugning the good faith either of the newspaper or its correspondent. But, on the other hand, Mr Gandhi's denial of the most unfortunate utterances is very welcome in that, publicly, at any rate, he remains uncommitted to any obstructive line of policy. So while sympathising with the position into which the *Giornale d'Italia* has been placed, the most helpful view to take in the interests of India and Britain is that the incident of the interview is a mystery. Meanwhile let us cling to the hope that in his return journey "across the summery seas to his sun-baked land" the Congress leader will reach at last the realisation that it is only by adopting the very reverse of the policy attributed to him in this interview that he can use his influence to save his own countrymen from untold and unnecessary misfortunes.

The Egyptian Parliament Reassembles.—The second session of the Egyptian Parliament under the new constitution was opened on December 17th. Its opening neither follows nor heralds any substantial change in the political situation—internal or external. The internal political situation in Egypt is still governed by the refusal of both the Wafd and the Liberal Party to recognise the constitutionality of Sidky Pasha's regime, and *a fortiori* the legitimacy of the anti-democratic constitutional changes which have been put into force, under this regime, by royal decree. The Opposition maintain that the democratic constitution of 1923 has not ceased to be valid; and they give expression to their protest by boycotting the new Parliament. This boycott is being maintained against the second session as well as the first, and the internal political situation is not materially altered by the individual secession of Ziwar Pasha, a former Prime Minister who played a rather docile part in one tense phase of Anglo-Egyptian relations, from the ranks of the Opposition to the Government's side. Ziwar Pasha signed the joint Wafdist-Liberal Resolution of May 7th last on the constitutional issue; he has now accepted a seat in the Senate at Sidky Pasha's hands. His action, however, does not appear to portend any widespread breach in the solidarity of the Opposition; and, if the contemporary history of other Islamic countries—e.g., Turkey—is any guide, we may expect the Opposition not only to hold its ground but to win the day in the long run over the King and "the King's friends." As for the political relations between Egypt and Great Britain, these remain unaffected. There is at present no prospect of Anglo-Egyptian negotiations being resumed, though we may take it as certain that one day they will not only be resumed but will be carried to a successful issue. The goal at which all parties in both countries are aiming is a comprehensive settlement on a treaty basis, in lieu of the present anomalous relation resting on the unilateral British declaration of February, 1922. This goal will assuredly be reached in the end; but there is one proviso on which any British Government is bound to insist. We shall only be willing to conclude a treaty of this permanent importance with an Egyptian Government which is able to satisfy us that it is genuinely representative of the Egyptian people. Meanwhile, in Egypt, as in Britain

and in the world at large, political aspirations have temporarily been driven into the background by economic and financial anxieties. As one of the countries which depend for their livelihood on selling abroad some single, staple product, Egypt is peculiarly hard hit by the crisis. And whatever may be the merits or demerits of Sidky Pasha's politics, there seems little doubt that he is a capable man of business. From the preceding Wafd Government he inherited an unsuccessful attempt to maintain the price of Egyptian cotton by Government purchases of surplus stocks, and he has been wrestling with the cotton problem—and the whole agrarian problem which is bound up with it—ever since. He is now attempting to restrict the cultivation of cotton and to stimulate alternative crops and industries.

A Hungarian Moratorium.—From the letter of our Budapest correspondent which is printed on a later page of this issue, it appears that by the time these words are in print a moratorium on transfers will have been declared in Hungary. This will not come as a surprise to those readers who have followed week by week our correspondent's survey of the steady march of Hungary's economic position towards the brink of this necessary decision. The only bright spots in the situation are that Hungary now has a strong hand in control of her finances and that the Government has firmly announced its refusal to contemplate a policy of inflation. Nevertheless, and in spite of the fact that the declaration of the moratorium was fully expected, the event must be regarded as a grave warning of the growing paralysis of trade and credit which is slowly but surely strengthening and extending its grip upon large areas of the European continent. It serves also as a reminder that unless concerted remedial policies are adopted, Hungary may not long remain the only country which is driven to resort to this drastic expedient. The event, therefore, emphasises the extreme urgency for co-operative international adoption of policies which, by freeing trade from some of its shackles, will gradually unfreeze the frozen and restore a little circulation to the numbed system of credit. What precise reactions the declaration of the transfer moratorium in Hungary will have upon other individual countries cannot at the moment be gauged. But it is understood that this new Christmas "frost" will be felt most severely in the first instance by American and British creditors.

The End of the Muslim Congress.—The Jerusalem Congress terminated its session in the small hours on the morning of December 17th; and it is now possible, to some extent, to gauge its significance and estimate its prospects. On the personal issue which caused some disturbance at the opening meetings, it looks as though the Mufti of Jerusalem had won a decided victory over his opponents in the Palestinian Muslim community. At any rate, he has been elected chairman of the permanent executive committee. For the rest, it would appear that the Congress, which set out to be an Islamic affair, ended by crystallising into an Arab affair. More than 70 per cent. of the delegates came from Syria in the widest sense (including Palestine and Transjordan, as well as the territories under French mandate) and from Egypt; and when the Congress was being addressed by an Indian delegate it responded enthusiastically to his declaration that a union of the Arabic-speaking countries would ensure the future security of Islam. Unity was also preached by a Shi'i delegate from Najaf, one of the Shi'i holy cities in Iraq. This was a remarkable portent; for the Shi'ah have hitherto held themselves rather sullenly aloof from movements for the promotion of Pan-Islamic solidarity. Here again, however, the fraternal gesture of an Iraqi Shi'i towards the Sunni world may resolve itself into a *rapprochement* of the Iraqi Arabs towards their fellow Arabs of Syria and Egypt. We may also note that the life-membership on themselves; that one prominent Indian delegate, Mawlana Shawgat Ali, who had been elected to the permanent executive, has withdrawn his

acceptance; and that the point over which the Congress, during its session, took the strongest line was the alleged barbarity of the Italian repressive measures in the African Arab country of Libya. Indeed, one of the Egyptian delegates, 'Abdurrahman Bey 'Azzam, has been deported by the Palestinian Government on account of the violence of his anti-Italian pronouncements. All these facts point to the same conclusion: the Congress, if it achieves permanence at all, will achieve it as an Arab rather than as an Islamic organisation. And this is, of course, what we should expect *a priori*; for the general tendency in the Islamic world since the war has been for the old solidarity of Islam—a politico-religious society transcending nationality and race—to break up under the impact of the disintegrating Occidental force of nationalism. In this matter the revolutionary action of the Turks, who are the leading Islamic people, has probably been decisive. The Indian Muslims, again, are displaying a tendency to think more and more in terms of a local Indian political development. In these circumstances, Pan-Islamism naturally tends to contract into Pan-Arabism—that is, into another local national movement which is neither a Turkish nor an Indian Muslim concern. For Pan-Arabism there may still be a future, for the Arab peoples are drawn together not only by their common national language but by their common aspiration to throw off the ascendancy of the Western Powers. Except for the two Arab States of the Arabian Peninsula—the Yemen and the Najd-Hijaz—the Arab countries from Morocco to Iraq inclusive are all at this moment in some degree under the domination of either France or Italy or Great Britain. Here is a practical motive for co-operation and this co-operation is likely to be particularly strong and effective between the Egyptians on the one hand and the Syrians (in the widest sense) on the other; for there is a specially close political intimacy between Islamic Syria and Islamic Egypt which has asserted itself repeatedly being the union of these millennium—the last occasion being the rule of Muhammad 'Ali in two Arab countries under the nineteenth century. If we hear the "thirties" of the nineteenth century, it will almost certainly be in this connection.

The Fascist Oath and Academic Liberty.—At a time when Fascist foreign policy—as expounded by the Duce himself as well as by Signor Grandi—is so much in consonance with the best sense and the truest interests of the world in general, it is more than ever unfortunate that, in home affairs, the Fascist Government should continue to steer a different course. An Italian Royal Decree, which was published last August, requires all teachers in Italian Government institutions for higher education to take an oath of allegiance not only to the Crown, but to the Fascist regime, and to inculcate loyalty to Fascism into the minds of their pupils. The Fascist authorities claim that this requirement is merely an adaptation of an old practice to the new situation. In Italy, as in the majority of Continental European countries, professors are Government employees, who have to take an oath of allegiance like other civil servants. In a Fascist State, it is argued, it is logical that the customary oath should carry with it an obligation to foster the now established political creed. The dissenting professors justly reply that there is a vast difference in this matter between the general and the particular. A general oath of allegiance to the State in whose service they work does no violence to their conscience. A particular oath to preach the doctrines—their science. A particular oath of one political party, with a contentious revolutionary creed, which has seized a monopoly of political power by main force, is a wholly different matter. These open dissentients, as was to be expected in the circumstances, are not numerous. Out of 1,225 teachers affected, 1,132 have taken the oath already, while 81 of the rest have only delayed through absence on sick leave or for some other temporary reason. This leaves only twelve who have refused, but these twelve include some distinguished scholars: for example, Signor Orlando, former Prime Minister, and Senator Ruffini, a former Minister of Education and former member of the League

of Nations Committee of Intellectual Co-operation. It is also noteworthy that the twelve dissentients include professors of mathematics and the physical sciences as well as the humanities—though, in the teaching of these non-human subjects, the case of conscience would seldom arise directly. The twelve are to lose their posts; but the protest which they have made at the cost of this personal sacrifice will not have been in vain. The world has reason to be grateful to them for being faithful to the cause of intellectual liberty and intellectual honesty—a common cause which is always in jeopardy in bad times like these.

Cotton Trade Labour Problems.—Our Manchester correspondent writes:—There are no signs at the time of writing of any fresh action being taken with regard to the hours and wages question in the Lancashire cotton industry. The Master Spinners' Federation has, it will be recalled, decided to terminate the agreement of 1919 on December 31st, and the operatives have refused to negotiate a new agreement with the employers. The situation was considered by the General Committee of the Master Spinners' Federation at the end of last week, and it was decided not to make any further move in the matter. Everything points, therefore, to the old agreement being abrogated at the end of the year, and from the beginning of January the mills will work according to day-to-day agreements. It remains to be seen what will happen if any employers attempt to make special arrangements with their workpeople with regard to hours and wages. The agreement of 1919 provided for a reduction in working hours from 55½ to 48 per week, and also an increase in wages of 30 per cent. on list rates to compensate the workpeople for the shorter hours. From January 1st, therefore, should any employers persuade their operatives to work longer hours or at reduced wages, there will not be any technical breach on their part of an agreement with the trade unions. It may be admitted that the employers anticipate that firms in certain outside districts may be able to secure concessions in labour conditions from their workpeople. Such a development, however, if extended, would mean much irregularity and a certain amount of chaos. The operatives in the weaving branch have again had under consideration the more looms per weaver system. Although no particulars have been announced, it is understood that the Operative Weavers' Amalgamation is about to place certain proposals before the Cotton Spinners' and Manufacturers' Association. This system of more looms per weaver is growing steadily in Lancashire despite the opposition of the trade unions. More cases are also reported of sheds being reopened on special terms with the operatives, and manufacturing concerns who are members of the Manufacturers' Association, and who have to be loyal to the agreements with the trade unions, are feeling this outside competition rather severely.

Census of Production—Iron and Steel.—The first volume of the preliminary reports of the census of production for 1930 appeared, with commendable promptitude, as a supplement to *The Board of Trade Journal* for December 10th, and deals with the metal trades. The following table, compiled from the more detailed tables in the separate sections, shows the value of the net output (i.e., gross value less cost of materials and work given out to other firms) for each category, in 1924 and in 1930:—

	Net Output (000's omitted).		Net output per Employee.		Price, 1930, as percentage of 1924.*
	1924.	1930.	1924.	1930.	
Blast furnaces	5,257	3,882	195	204	71-77
Steel smelting works and rolling mills....	30,906	24,800	202	187	74-86
Tinplate.....	6,372	4,909	228	198	67-79
Wrought iron and steel tubes and fit- tings.....	5,382	5,347	217	221	73-83
Wire and wire manu- factures	6,029	4,082	243	200	70-80

* The figures here given show the range of price changes among principal classes included in each group.

Allowing for the fall in prices, the actual output, and still more the net output per employee, has been somewhat better maintained than most people would probably have expected. The decline in gross output is illustrated by the following table of certain of the most important products:—

	Total Output (In thousand tons).	
	1924.	1930.
Pig iron and ferro-alloys.....	7,359.8	6,186.3
Steel ingots, other than electric and crucible steel.....	7,715.6	6,882.0
Steel plates and sheets not under $\frac{1}{2}$ in.....	1,123.5	1,078.7
Tinplate bars.....	1,222.9	919.5
Sheet bars.....	891.0	737.9
Tinned plates.....	733.1	673.7
Wrought iron and steel tubes.....	406.9	449.4
Iron and steel wire.....	275.6	234.2

There is some evidence here that the depression has been more serious among the less fully-manufactured goods than among the more finished products. The output of wrought iron and steel tubes has actually increased, whereas the production of pig iron has fallen about 16 per cent.; and the output of tinned plates has fallen little over 8 per cent., whereas that of tinplate bars has declined by over a quarter.

Employment and the Cost of Living in November.—

Taking the country as a whole, there was a further slight improvement in employment during November. According to the *Ministry of Labour Gazette*, among insured workers in Great Britain and Northern Ireland the percentage unemployed on November 23rd was 21.4, as compared with 21.9 per cent. on October 26th and 18.9 per cent. a year ago. It is estimated that the number of insured persons in employment on November 23rd amounted to approximately 9,510,500—74,500 more than at the end of October, but 53,400 less than a year ago. The total number of persons registered as wholly unemployed on November 23rd was 2,070,442, as compared with 2,127,943 last month and 1,659,867 at the end of November, 1930. Those temporarily without work numbered 435,705—46,848 less than a month ago and 85,600 less than a year ago—while the unemployed among those usually in casual employment amounted to 108,968 at November 23rd, as compared with 115,596 in October and 105,288 last year. With regard to the cost of living, there was a seasonal increase during the month, and the index number of the Ministry of Labour stood on December 1st at 48 per cent. above the level of July, 1914, as compared with 46 per cent. on November 1st and 55 per cent. a year ago. For food alone the corresponding figures were 32, 30 and 41 per cent. respectively.

Benefit Rules and Unemployment Data.—The use of unemployment statistics to illustrate the movement of industrial activity in Great Britain has been somewhat hampered during recent weeks by the difficulty of distinguishing the effects upon the numbers of registered unemployed of changes in the regulations governing the payment of benefit. The Ministry of Labour now explains, in the current issue of its *Gazette*, that persons whose claims to unemployment benefit have been disallowed are entitled, and have certain inducements, to continue to register as applicants for work, and as long as they do so they are counted on the registers. If they do not continue to register, their books are removed into the "two months' file" and continue for two months to be included in the statistics. Thus the changes in benefit regulations which came into effect in November will not be reflected in the statistics until next January. The first date on which they could have influenced the numbers on the registers was November 23rd, and at that date the numbers had fallen by approximately 123,000 since October 19th. Of this decline, the Ministry of Labour attributes 68,000 to improvement in employment and 55,000 to the new conditions for receipt of benefit. No doubt the Ministry will furnish a similar estimate for the larger changes which are to be anticipated in January.

An Upper Silesian Failure.—Our Warsaw correspondent writes:—The depreciation of the pound sterling is ascribed as the reason for the "Huta Pokoj" (Friedenshütte) Company having this week made application for judicial supervision. In its application to the courts "Huta Pokoj" claims to have assets in excess of liabilities of more than 40 million zlotys (almost one million sterling at gold parity), but, of course, a considerable part of these assets are frozen. "Huta Pokoj" is one of the largest coal, iron and steel enterprises of Polish Upper Silesia, employing more than 6,000 workers when operating in full. This enterprise for the past three years has been one of the principal Polish suppliers of iron and steel products to Soviet Russia, which business has been done wholly on a sterling basis. The company's coal contracts with the Baltic and Scandinavian markets have likewise called for payment in sterling. Representatives of the Upper Silesian industry have been trying to persuade the Soviet authorities to meet their sterling bills at gold parity, but the Soviets have apparently refused to discuss such a proposal, because they claim to have suffered much more in London by the fall of sterling than they have gained through their Polish contracts. The Upper Silesian mills are hoping, however, to secure at least some postponement in the execution of the balance of their Soviet orders. If they were forced to complete them at the present depreciation of the pound, and with no means available at the moment for discounting the Soviet bills, no doubt other mills would be quickly forced to follow the example of "Huta Pokoj" in applying for court protection.

Norwegian Banking Troubles.—After three or four years of steady banking development, writes our Trondheim correspondent, the news to-day that two of our leading banks, Den Norske Creditbank and the Bergens Privatbank, had suspended their payments came like a bolt from the blue. One of our smaller banks, the Oplands Privatbank, also had to stop payments as from to-day. At a Cabinet meeting last night a resolution was passed, on the authority of the Bank Acts of 1924, granting the two former banks a three months' moratorium, during which the banks will have the necessary time to arrange for the continuance of their operations. A communiqué has been published to-day by each of the two banks, from which it appears that the step just taken is due chiefly to the present difficult conditions of trade and industry all over the world, aggravated by the setback from the protracted labour dispute in this country, and also—especially as far as the Bergens Privatbank is concerned—by the precarious position of the shipping industry. It is expressly stated that depositors need have no fear for their capital, and that their interests are fully safeguarded. Sufficient capital is also believed to be left to enable the banks to continue their widespread operations. The news seems to have caused no real anxiety among the public; conditions in the banks in Oslo, Bergen, and other cities to-day were quiet; and it is the general feeling that there is every reason to believe that these important banks will be able to restore confidence both abroad and at home.

Banking in Spain.—Our Madrid correspondent writes:—The new Banking Law, affecting principally the Bank of Spain, has been approved in spite of the protests of the national bank, and is now in force. The articles of the law to which the Bank of Spain principally takes exception are, first, that which increases the credits to be extended by the Bank to the State from 10 to 12 per cent. of the annual budget expenditure when the latter exceeds 8,500 million pesetas, and stipulates further more, that these advances must be made in gold or silver at the option of the Minister of Finance. The Bank points out that, under the conditions of Article 8, the transfer of gold to the Treasury in the form of advances makes them liable to a proportionately higher tax on the

December 26, 1931.]

circulation of bank notes, which they consider very unjust. In the second place, they strongly object to the article which transfers to the Government the right to fix the official rates for discounts and advances. As a matter of fact, the whole of the report of the Bank of Spain seems to be an insinuation that the new law is an abuse of power by the Government and that its respective stipulations are based on what is called over here "the law of the funnel," which may be translated as "heads I win, tails you lose." The protest has, however, come to nothing, and, apart from small modifications of detail, the fundamental principles of the law are being put into practice without delay. In an attempt to minimise the effects of the restrictions on commercial operations in foreign currencies which coincide with the beginning of the orange export season, the Bank of Spain has now agreed to discount the bills in foreign currencies which result from the export of Spanish products, the operations being effected through the intermediary of the Banco Exterior de España instead of direct with the central banking institution. This measure removes a serious difficulty from the paths of the private banks which have hitherto been compelled to sell their sight drafts to the Bank of Spain against their purchases of long bills in foreign currencies.

Overseas Correspondence.

UNITED STATES.

Budget — Wages — Railroads.

(FROM OUR CORRESPONDENT.)

NEW YORK, December 11.

THE reaction of Wall Street to the Administration's programme for balancing the Budget is at best one of patient resignation. It feels that at least a beginning has been made and is happy to note that there is less attempt at Washington to live on the happy assumption that trade depression will soon be over. Nevertheless, most people would rather have seen even less optimism in that respect than plainly is entertained by the backers of the new tax and expenditure programme. In brief, the new taxes are based on the supposition that there will be only two more years of slow business, and that improvement will begin next year. Everyone would like to see this implied prophecy become a reality, but it is felt that taxation should be based on the opposite assumption, and even more so that Government expenditures should be so planned.

The essence of the opposition which has developed in Wall Street to the insufficiency of the Hoover programme is that it puts too little stress on reduction of expenditure. It does not attempt a completely balanced budget before the 1934 fiscal year, and in the next two years leaves virtually half the estimated deficits to be raised by Treasury borrowing. This, of course, acts as an invitation to Congress to spend money, on the assumption that, if a billion must be raised anyhow with new loans, a billion and a half might as well be found.

For all that, financial leaders believe that the country is at last so thoroughly alive to the seriousness of the situation that Congress will not dare to jeopardise Government credit by adding to the deficit, and that the worst excess of expenditure over receipts is over. The new tax Bill, as proposed, doubles the number of prospective taxpayers, and this, along with higher rates and special Excise taxes, will bring in about \$400 millions in the last half of the fiscal year ending June 30th next, and will produce about \$900 millions in the following twelve months. The deficit for the last fiscal year was \$903 millions. It is estimated at \$2,123,000,000 for the current year and at \$1,750,000,000 for the following year. If the new taxes yield according to the estimates they will cut down the

deficit to \$1,733,000,000 for this fiscal year and to \$497,000,000 for the next year. This reduction of the prospective deficit is to be accomplished to a greater extent by new Excise taxes than by higher income taxes. Articles affected include motor cars, radios and phonographs, bank cheques, telegraph and telephone messages, "transfers" and tobacco. Vocal opposition to the programme has already developed in Congress, directed partly against the nature of the Excise taxes and partly against the effort to cover so much of the deficit by taxes rather than by borrowing. When the smoke clears, however, it is likely that Congress, realising its responsibilities, may widen the Excise tax field.

President Hoover has put forward numerous and varied proposals. He would form a finance body, which he terms the Emergency Reconstruction Corporation, to take a loan from the Treasury and sell its own debentures and lend money to all sorts of industries in distress. This plan, while not particularly liked for itself, may prove, in the present state of public nervous disorder, to be a confidence restorative as was the National Credit Corporation, floated by the banks to help banks. If properly administered, it might have a soothing effect without too much expense to the country.

Wall Street, also, is hopeful that proposals to help the railroads by empowering the Interstate Commerce Commission to exercise more regulation over competitors such as water and motor transport may be adopted. It is not particularly sanguine of a change in the Federal Reserve Banking Act to widen the field for eligible paper, of which it approves, but which it does not think would be of much use in ending the business depression. Plenty of eligible paper is in existence; the trouble is insufficient trade activity to use credit which might be built upon it.

The December financing plans of the Treasury, as was expected, were confined to short-term issues. Subscriptions were asked for \$1,300,000,000 of six months' to one year obligations. In addition to maturities, the new financing will increase the public debt by a little over \$300 millions. The Treasury overdraft at the December 15 tax date will probably be from \$200 to \$250 millions, causing a temporary ease in the money market.

No decision has yet been reached at the meeting of labour leaders on wage cuts. Individual railroads are announcing their intention of reducing trainmen's wages by 10 per cent. if no voluntary agreement is arrived at; and it is still felt that, in order to obtain concessions, if not on the amount of the cut, at least on working rules, the unions will make a voluntary reduction, but the leaders, naturally, do not wish to be in the position of giving up without a struggle. In any event, the question of strikes is rather remote. Rules of seniority have placed the older men in most jobs, and they, also, are high in union offices. Their feeling is one of conciliation.

The Interstate Commerce Commission has suddenly withdrawn from its stand on freight rate increases. In answer to the proposal of the roads, which were prepared to accept the increases allowed a few months ago with the proviso that added revenues be turned into a pool and given to needy roads unable to cover interest charges, and that the pooled funds be lent instead of given outright, the Commission has withdrawn its insistence on the pooling plan. The roads have decided to establish this pool in any case, but on a loan basis; and the new and higher rates ought to be in effect early in the year. The new schedule may add \$100 millions in annual revenue, but it is of much less importance than lower wages. Railroad securities continue weak, with further dividend omissions, including that of the New York Central, which had paid dividends without interruption for over 60 years, but some help has been given savings banks and insurance companies through a recommendation of a New York State legislative committee that the law be amended to suspend the provisions as applied to this year of the State's legal requirements on bonds.

FRANCE.

Defeat of Electoral Bill — Bank's Sterling Losses — Revenue.

(FROM OUR CORRESPONDENT.)

PARIS, December 21.

THE proposal for the modification of the electoral system by what amounted for all practical purposes to the suppression of the system of "second ballots," and from which so much had been expected in regard to the pending general elections, resulted in a fiasco last week, when it was formally brought before the Chamber. The Government ranks, who were somewhat divided among themselves, showed little interest in the subject, when it was first brought before the Chamber last Wednesday, with the result that, in the preliminary skirmishing, the Socialist-Radical Opposition only just failed (by nine votes) to secure the positive rejection of the proposal. When the debate was continued, on the following day, the dislike of even Government supporters for the measure appeared to have been accentuated. After a spirited speech against the measure by M. Herriot, the Government proposal to fix the following Wednesday for a full-dress debate on the Bill was defeated by 234 votes against 228 (with no fewer than 124 abstentions, involving every party in the Chamber), so that the proposal may now be regarded as stillborn.

As the Government did not make the question one of confidence, this rather unexpected result has had no serious effect on their tenure of office. At the same time, the incident has had an unpleasant effect, and it is more than probable that only the uncertain general situation in respect of the German application for a moratorium has induced the Opposition to refrain from pressing their victory to a more serious conclusion. The whole matter may probably be explained by the fact that a good many supporters of the Government itself have not yet forgotten that M. Mandel, the prime mover of the measure, filled a particularly active rôle during M. Clemenceau's historic war Cabinet, which resulted in much heart-burning among members of a large number of politicians of widely differing parties. For the rest, on all essential questions the Laval Cabinet's situation apparently remains strong and unshaken.

The vote on the measure by which the State, through the Caisse d'Amortissement, will compensate the Bank of France for the diminution in the value of its stock of sterling exchange due to the abandonment of the gold standard by Great Britain, has been the subject of much comment in the French Press. On the whole, however, the step taken by the Government has been received with satisfaction by public opinion. The Finance Minister, M. Flandin, in his speech in the Chamber in regard to the Bill for the relief of the Bank of France, pointed out that, shortly before the stabilisation of the franc, M. Poincaré declared that "the State's stock of foreign exchange would remain at the bank, but that the State would receive the profits therefrom and also assume the losses." The Government's proposal to compensate the bank for its sterling exchange losses was a question of loyalty to the bank. From the moment when the State participated in the profits made by the bank, it was impossible to suggest that it should not participate in the losses.

Replying to Socialist criticisms of the Government policy and to the assertion that the bank had made a profit of "over 2,000,000,000 francs" from its exchange transactions, and that this was concealed under the heading of "sundries" in its balance sheet, the Finance Minister justified the policy pursued by the institution and admitted, for the sake of argument, that the profit from this source might be fixed at about 1,500,000,000 francs. M. Germain Martin, the present Minister's predecessor, pointed out that the accounts contained no entry in regard to this 1,500,000,000 francs, and asked if it were included under "sundries." M. Flandin retorted that possibly the bank would communicate direct to

M. Germain Martin its sundries account, but that for his part, in this delicate question of the relations between the bank and the State, he desired the bank to preserve its absolute independence in the management of its business.

The revenue returns for November, which were issued this evening, indicate total recoveries from all budgetary sources of 3,957,000,000 francs, of which 3,909,973,000 francs were from normal and permanent sources, as compared with 4,022,000,000 francs in November, 1930, and 4,113,898,000 francs in November, 1929. Indirect taxation and monopolies yielded 76,431,000 francs more than Budget estimates, against a deficit of 1,078,000 francs in October. Customs produced 44 millions more than in November, 1930, while the taxes on turnover tax were 70 millions, or about 10 per cent. lower.

GERMANY.

Price Reductions — Insolvencies.

(FROM OUR CORRESPONDENT.)

BERLIN, December 20.

THE latest quarterly report of the Institut für Konjunkturforschung gives a most gloomy economic forecast both for Germany and for the world. According to the report, Great Britain alone shows any signs of economic activity, and these are due to the depreciation of sterling. Everywhere else there has been a further setback, especially in the industries which manufacture producers' goods, which have been severely hit by the credit crisis. The markets for agricultural products, after a transitory rise, have also again become weak.

The Institut regards the paralysis of the credit markets as the primary cause of the continued deterioration in the economic position: "With the extension of the crisis to the credit and currency mechanism," says the report, "the world economic depression has entered upon a new and decisive stage. As long as this acute stringency and this 'strike' of lenders persists even in the creditor countries, there can be no improvement. All such price recoveries as have been seen in individual markets during the last few weeks can only be temporary, as long as stocks remain so excessive, unless they are supported by a simultaneous revival in consumption. Recovery can only set in when the liquidity of the credit apparatus is restored and an adequate supply of credit is ensured, and this has not yet been done, even in the creditor countries."

Great as is the importance of psychological influences, the Konjunkturinstitut does not regard the credit crisis purely as a crisis of confidence or even as a "chance accompaniment of the process of world economic liquidation." The Institut is of opinion that the world banking and credit system was still in a sound condition at the turn of the trade cycle, and that its position was only impaired, and confidence undermined, when the decline in the prices of goods on the world markets brought about a depreciation in the foundations upon which credit is based.

According to the Institut, the decline of activity in Germany has accelerated during the last few months. Unemployment has increased, apart from the seasonal movement, and the Institut lays special stress on the fact that the consumption of rolled iron has been halved since July. The consumers' industries are in a somewhat better position, and "this is in part attributable to the fact that the greater the lack of confidence in the money and credit system, the more savings are devoted to consumption."

The reduction of 10 per cent. in the maximum price of coal, which was introduced by the emergency decree, has now been followed by an average reduction of 10 per cent. in the iron industry. The industry proposes at the same time to effect a further reduction for those customers who can prove that they never buy iron from works outside the German iron syndicate, which means in practice that the use of foreign iron is to be discouraged. The reduction in the price of iron is probably less than the users and the authorities had hoped for.

The Price Supervisory Commissioner, who was appointed under the emergency decree to effect reductions in the prices of the necessities of life, has given his first attention to the prices of bread and meat, and has achieved substantial reductions in several towns. He has met with greater opposition in respect of the charges of public utility undertakings, as these are for the most part owned by local authorities, whose financial difficulties are intensified by any reduction. The reduction of tramway fares is being facilitated by the Reich, which is itself assuming part of the loss by exempting the tramways from the transport tax.

Negotiations are also proceeding with the Post Office for a reduction of its charges. Such a reduction is being demanded by the public with especial insistence, as the State Railways, simultaneously with the publication of the emergency decree, reduced their rates, especially rates for goods in the higher classes, for which road competition was particularly serious. There seems, however, to be resistance in influential quarters to the reduction in postal charges, as the increased profits from the Post Office which are to arise from the reduction in official salaries were included in the latest Budget estimates.

One of the oldest industrial undertakings in Germany, the Maschinenfabrik A. Borsig G.m.b.H. of Berlin-Tegel, has had to announce its insolvency. The firm is almost a hundred years old and was one of the earliest firms to whom Germany owes her position among the industrial countries of the world. The Maschinenfabrik Borsig constitutes only a part, albeit the most important part, of the Borsig concern. At the head of the group is the Handelsgesellschaft Borsig, which holds all the shares of the now insolvent company and also all the shares of the Borsig-Werke A.G. in Upper Silesia, and shares of the Borsig-Lokomotiv-Werke G.m.b.H. 40 per cent. of the Borsig-Lokomotiv-Werke G.m.b.H. The last-named was only founded a few months ago, when the A.E.G. took 60 per cent. of the shares of the Borsig Lokomotivfabrik for 7½ million marks and thereby relieved Borsig of a financial burden. The Borsig-Werke A.G. in Upper Silesia has large ironfoundries and coal mines. Nothing is known of its financial condition, but there is no doubt that, in common with the rest of the mining industry of Upper Silesia, it has been severely hit by the crisis. The financial position of the now insolvent Maschinenfabrik Borsig has not yet been made known to the public. As the company has never published balance sheets, its financial structure is not known. There are rumours of debts of some 20 millions. The principal creditor is the D.D. Bank, whose recent refusal of a supplementary credit of 200,000 marks was the final inducement to the declaration of insolvency.

Borsig's financial difficulties are of long standing. Political, technical and personal conditions have led to the decline of the house. After the war, Borsig, like Krupp's, which, though much larger, was also constructed as a purely family undertaking, underwent a complete technical transformation upon the cessation of army orders, which had played a very large part in its business. This transformation was, however, far less successful than that of Krupp, owing in part to the partition of Upper Silesia, and in part to the weakening of the domestic market, and in part to inadequate leadership. In the end, the Maschinenfabrik Borsig was only producing 20 per cent. of its output for the German market, and of the other 80 per cent. half went to Russia. The crisis in the world market was therefore particularly devastating to this firm, and the fact that the Borsig brothers obstinately insisted on keeping it a family business and refused to turn it into a joint stock company meant that the opportunity of financial reconstruction, during the years when capital was easier to obtain, was allowed to slip. Negotiations with the banks and other creditors are now in progress with a view to maintaining the firm in existence. It still has Rm. 12 millions of unfulfilled orders on its books.

Two other large industrial undertakings have declared themselves insolvent this week. One is the Hannoversche Maschinenbau A.G. (Hanomag), which wrote down its capital from 14 to 8.74 millions last July. In this case also the crisis was rendered acute by the refusal of the

banks to grant fresh credits. Since, like Borsig, it sold its locomotive works, a few months ago, its principal activity has been the production of small cars and agricultural tractors. The third big engineering failure this week was that of the firm of Adolf Bleichert and Company of Leipzig, about half of whose share capital is held by Fette and Guilleaume of Cologne. This company also has an international reputation and the Saxon State Bank Adka is trying to keep it afloat.

HUNGARY.

Moratorium — Politics — Finance — Exchange Rationing.

(FROM OUR CORRESPONDENT.)

BUDAPEST, December 19.

THE transfer moratorium on Hungary's frozen short-term debts and the interest and amortisation service of her foreign obligations, so it is rumoured, will be declared by the Government on Wednesday, December 23rd. It is certain that the service of the League Loan of 1924, both interest and sinking fund, amounting to some 30 million pengő, will be met in foreign exchanges as and when due, and in all probability other State obligations will have priority over private debts.

During the debate on the League Report in the Upper House, both the rapporteur, Dr. Egry, and Dr. Teleszky, the chief financial adviser to the Government, have paid high tribute to the comments of the *Economist*, the former having quoted the editorial view taken on November 7th as justifying his thesis that a poor debtor nation cannot meet the nearly 300 million pengő annual service of her foreign debts by producing a corresponding merchandise trade surplus at a time when exports are falling and markets are barred. The latter fully endorsed the figure of 100 million pengő mentioned in these columns on December 12th as the maximum sum for which Hungary could obtain foreign exchange, out of a merchandise trade surplus, for the service of her foreign debt in the next year. Closing the debate of the Upper House, Count Károlyi, the Prime Minister, again emphatically declared that Hungary will not inflate, and that the safeguarding of the stability of the currency will be his chief endeavour. The Government's position was greatly strengthened by the acceptance by Baron Korányi of the portfolio of Finances, which had not been filled since August, owing to the reluctance of parliamentarians and financiers to take responsibility for the drastic measures needed to preserve the basic financial structure of the country. Baron Korányi assumed a thankless job, but his prestige and his experience as Finance Minister in 1919 and in 1924, when he collaborated with the League authorities, affords good reason to hope that he will be able to deal with the situation.

The monthly statement of the Treasury for the first four months of the financial year disclosed a revenue of 292.1 million pengő and an actual expenditure of 306.3 million pengő, leaving a deficit of 74.2 million pengő. In addition to the deficit, advances of 19.4 million pengő were made by the Treasury, of which 10 millions were to the State railways, 4.4 million pengő to the State ironworks and 5 million pengő to other purposes. The budget of the State undertakings shows in the same period a revenue of 197.4 million pengő and an actual expenditure of 183.7 million pengő, leaving a surplus of 3.7 million pengő. The deficit on the Administration Budget was met from the proceeds of loans amounting to 126.1 million pengő, in which the French loan of 354 million francs contracted in the form of one-year Treasury Bonds is included. The cash position of the State Administration at the end of October shows 75.8 million pengő. As the November receipts were greatly in excess of the estimates and of the actual expenditure, the budgetary position is much better now than it was expected to be a month ago. The new Finance Minister has already declared that he will cut down expenditure, as he fully realises that the depressed

economic conditions make impossible any recourse to further taxation to fill the budgetary deficit.

The National Bank has issued an interesting statement of its policy of foreign exchange rationing since the control of all transactions in *divisen* was assumed by the Bank. Between August 1st and December 9th the Bank obtained from the proceeds of the Treasury Bonds (in August) 87.7 million pengö, from the surrender of private holdings 15.8 million pengö, and from export *divisen* 53.8 million pengö; scarcely 150 million pengö in all. Therefrom the bank allowed 90.5 million pengö for the payment of interest and amortisation of foreign debts, 38.5 million pengö for merchandise imports, and about 1.8 million pengö for other purposes. These figures clearly demonstrate that the National Bank did its utmost to meet the payments due on Hungary's foreign debt, even at the expense of the vital interests of the production and trade of the country. In view of the fact that the total gold and foreign exchange of the bank on December 15th amounted to 117 million pengö, the holding which is absolutely essential as cover for the note circulation of 350-450 million pengö, it is obvious that the declaration of the transfer moratorium could not have been longer delayed.

ITALY.

Istituto Mobiliare — Bank of Italy — Trade.

(FROM OUR CORRESPONDENT.)

TURIN, December 14.

ON December 5th the first meeting took place of the promoters of the new Istituto Mobiliare Italiano, all of them representatives of public departments, public bodies and savings banks. Subscriptions to capital amounted to 550 million lire, instead of the statutory 500 millions. Directors will not receive fees for their work, and will not contract any personal liability in consequence of their administration. They will only be responsible for the execution of their mandate, which probably means that directors, being mostly public servants or nominees of public bodies, will be responsible for the faithful carrying out of orders of their constituent bodies. At the subsequent first meeting of the board of directors, Signor Mussolini pointed out that the aim of the Institute is not the salvage of worthless organisations, but aid to sound economic firms which have been shaken by the crisis. No catastrophic revolution in the economic structure of Italian companies is contemplated. Senator Mayer, the chairman, enlarged on this topic, insisting that nobody aimed at introducing, under the cloak of the Institute, socialisation of industry. The Institute will not accept responsibility for transactions or mistakes prior to its birth, and is to maintain absolute independence of private interests.

These statements were aimed clearly at reassuring public opinion against misgivings about excessive State intervention in business life and the possibility of the Institute's taking excessive risks in its long-term operations. The Banca Commerciale seems thus to have been only an incident in promoting the creation of a body whose scope is much larger. From a passing hint of Senator Mayer it may be supposed that the State will give its guarantee to all debentures issued by the Institute. It would have been difficult, indeed, to issue successfully two sorts of debentures, as the non-guaranteed series would have been deemed by the public as of inferior standing and not so desirable as the guaranteed. Senator Mayer hopes at the same time that the Institute will never be obliged to call upon the State to make good its guarantee.

The changes in the balance sheet items of the Bank of Italy after the suspension of the gold standard in England are important, but limited to gold reserve and discounts and advances. The appreciable increase between

September 20th and November 30th of the gold reserve by 218.3 million lire has been offset by the diminution of the foreign bills and securities reserve by about one milliard lire. The resulting decrease in the *total* reserve is 746.7 million lire, not an excessive price to pay for the maintenance of the stability of the lira. Speculations are keen as to the loss sustained by the Bank of Italy on account of sterling reserves held on September 20th and as to the amount of sterling bills sold in the meantime; but the Bank is keeping its own counsel.

The counterpart of the decrease in the gold reserve is not to be sought in a decrease of current liabilities, as the total of notes issued, plus State and private deposits, including all categories of State current accounts, is unchanged. The proceeds from gold reserve sales were used in the internal market, increasing discounts and advances by 892.4 million lire. As, however, during the past year, between the same dates, gold reserves also decreased by 502.5 and discounts and advances increased by 507 million lire, it may be that the increase of internal discounts and the reduction of foreign assets are due to ordinary seasonal influences. It looks as though the circulation had reached bottom, and the situation requires most careful handling of credit policy by the Central Bank, especially as the ordinary banks seem to be more dependent on the Bank of Italy than they used to be. If the note issues are to be kept at the present level the influence of the Central Bank should therefore be exercised in favour of credit restriction. The task is not at present very difficult, as the financial requirements of the market are not heavy.

The wheat quota system established by a decree of June 30, 1931, providing that wheat flour should contain only 5 per cent. of foreign wheat, raised the internal wheat price, which rose from 750 to about 1,000 lire per ton. A new decree of October 22nd therefore increased the permitted quota of foreign wheat from 5 to 25 per cent. The Italian Press is making no fuss about the new British Customs duties on imports. According to Italian statistics imports from Great Britain were 1,821.2 million lire in 1927, 1,777.2 in 1928, 2,089.6 in 1929, and 1,673.3 in 1930; exports to Great Britain 1,527.6 in 1927, 1,399.1 in 1928, 1,459.6 in 1929, and 1,185.4 in 1930. For the first seven months of 1931 imports were 761.7 million lire and exports 725.3 million lire. The most important item hit by the new British duties is leather gloves, of which 56 million lire worth were exported to Great Britain for the first eight months of the year.

Nobody suggests that contraction of foreign trade is good; but some consolation is drawn from the fact that imports decreased in the first ten months from 14.9 in 1930 to 9.9 billion lire in 1931, or 31 per cent.; while exports decreased only from 10.1 to 8.2 billion lire, or 18 per cent. As the average price of exported goods was reduced from 19.7 per cent., it appears that we were able to sell only a slightly increased quantity. The trade deficit decreased, therefore, from 5.5 billion lire in the first ten months of 1929 to 4.3 in the corresponding period of 1930 and 1.7 in 1931. As the invisible exports, however, were certainly not entirely wiped out, it appears as though the international current payments account will balance in 1931. If, therefore, the gold reserves are declining—the decrease in total reserves was from 9,624.8 million lire at December 31, 1930, to 7,987.5 at November 30, 1931—the causes are to be sought elsewhere. That exporters are depositing in foreign banks part of the sums due to them is improbable, as their need of funds is great and their unfortunate experience with sterling assets has made everybody shy of foreign investments. A few currents of capital export toward France and Switzerland persist; but they are subterranean and very slight, as foreign exchange regulations are strict and strictly enforced. Exchange is sold only on presentation of invoices and of customers' or other documents stating that the goods to be paid for have been already received. The most likely explanation is that foreign deposits have been recalled, forcing the Central Bank to sell exchange against discount of internal papers.

CZECHOSLOVAKIA.

Unemployment — Exchanges — Commercial Relations.

(FROM OUR CORRESPONDENT.)

PRAGUE, December 15.

THE number of unemployed in Czechoslovakia rose to 336,874 in November, which is 33 per cent. more than in the preceding month. The method of computing these figures is said not to be up to date, and their accuracy is being challenged on the ground that seasonal workers, who are normally unemployed at this time, are included. To alleviate unemployment the Minister for Social Welfare has put forward a Bill to curtail working hours from 48 to 40 weekly. This Bill is being opposed by industrialists, who point out that with employment as uneven as it is at present such uniform reduction would be difficult to put into effect and would also increase the cost of production. As Czechoslovakia adheres to the principle of monetary stability, these steps would not be in harmony with her general line of policy, especially with regard to the price level. The establishment of a State Unemployment Fund is also proposed by the Minister.

Those industries which are dependent on exports are the greatest sufferers. The export trade everywhere encounters insuperable obstacles in the shape of tariff duties or foreign exchange restrictions. It suffers in the first place through the way in which foreign exchange abroad is apportioned and through the means by which payments for exports are made impossible. In this respect a clear arrangement has been concluded with Austria and an agreement with Hungary is being negotiated. On the other hand, the competition of countries with depreciated currencies as, for instance, that of British woollens, is keenly felt. Under these conditions it is probable that Czechoslovakia will have to adopt some form of rationing of foreign exchange and to make still stricter her system of import licences.

Home consumption has diminished as a result of the reduction of the buying power of the consumer, which has been further lowered by the reduction of salaries and wages of public employees on the one hand, and by the raising of the income tax on the other. A general drop in sales and production is noticeable in the heavy iron and engineering trades; out of the twenty-seven blast furnaces only eight are working. A considerable decline of dividends may therefore be expected.

The foreign exchange restrictions lately introduced are showing, in one sense, favourable results. The adverse flow has been stopped and the supplies at the National Bank have risen. The money market is fairly stringent. The banks and other financial institutions are trying to keep larger cash reserves, but deposits, although irregular, are showing an upward tendency. The Bourse has been inactive, both in gilt-edged securities and in shares. The Stock Exchange index dropped further in November and reached the lowest level for years. An unusual decline was registered in the Skoda Works shares and the Hungarian gold rente, and other industrial shares have been very low. The prices of commodities have been declining further; the wholesale price index in gold fell at the end of November to 104.3.

The Ministry of Finance, in their efforts to find new revenue, propose to raise the match and lighter tax. All offices have been given strict orders to effect economies in the current year. The negotiations to raise a new French loan have reached an advanced stage. If they are brought to a successful conclusion, a considerable relaxation on the money market may be expected, and business interests would expect a reduction of the discount rate, in the hope that that would lead to a general reduction of rates. The negotiations with Hungary for a new commercial treaty continue and it is hoped that they may be concluded before the end of this month.

SWITZERLAND.

Industrial Depression — Wage Reduction Proposals.

(FROM OUR CORRESPONDENT.)

GENEVA, December 10.

THANKS to the fact that she is not over-industrialised, Switzerland remained untouched by the economic crisis longer than other countries, but she is now in the grip of it, and conditions seem to grow worse week after week. Trade and industry are equally hit by the slump, and the situation has grown much worse in the watchmaking, textiles, machines and hotel industries. Several big watchmaking factories in the Jura region and Geneva are now closing down; one of the oldest silk weaving manufactures in Zurich has gone bankrupt; one of the most ancient and reputed machine factories in Zurich is now in difficulties and has obtained from the Court a moratorium for the payment of its dividend and other debts, and it is now being reorganised on a new basis; many textiles manufactures in Eastern Switzerland have been closed and several others are in a difficult position.

These difficulties are due, on the one hand, to the general slump in foreign trade, and, on the other hand, to the drop in sterling value and other currencies. The crisis is serious in the hotel industry, and it is probable that the coming winter season will be a bad one despite the reductions and facilities offered to foreign visitors by the Swiss railways, though Swiss hotel keepers have agreed on a reduction of from 10 to 20 per cent. in their pension prices. It is hoped that these measures will help in minimising the effects of the crisis in the tourist industry, which is so seriously hit that a number of hotels will not be opened during the winter, and that it was at one time suggested that the train service on some mountain railways should be stopped.

Switzerland is feeling the effects of the crisis all the more, as, owing to the comparatively high production cost of her products, she finds it hard to compete with other countries on the international market. Prices, generally, are high in Switzerland, mainly in consequence of Customs duties and taxation, on the one hand, and of transport rates and wages, on the other hand. This is shown by the fact that the cost of living index was 149 (1913 = 100) in September, compared with 145 in Britain, 134 in Germany, 131 in Italy, and 122 in France, and that the wholesale index (1914 = 100) was 106 in September.

A sensation was created here the other day when M. Musy, chief of the Federal Finance Department, boldly stated in public that the moment was coming when it would be necessary to agree on a general reduction of wages and salaries. That statement was welcomed by employers in general and by taxpayers, who are of opinion that taxes might be reduced when the salaries of State officials have been lowered. It met with a cold reception at the hands of workers and employees, who think that a reduction in their wages would not be followed by a drop in the cost of living. M. Musy has not yet made any definite proposal, and his statement should be regarded as a *ballon d'essai* for the purpose of sounding the country's feelings. Should some definite proposal be made by the Government, it would meet with the opposition of the Socialists and syndicates, and might be the beginning of a period of unrest. On the other hand, any independent and impartial person will agree that a general reduction in salaries should be the beginning of a reduction in the cost of living; it would enable the Federal Government to lower transport rates on the railways and postal charges, and it also should induce it to lower the Customs barriers, which are heavily handicapping trade and industry.

It is, moreover, felt that a reduction in salaries would have a great influence on Cantonal and Communal finances, and consequently on taxation, as the wages bill is a heavy burden for all Cantons. Should the crisis grow worse, the Government might be compelled to bring about in the near future a reduction of salaries and pensions in order not to endanger the financial situation of the country, and to ease the very serious condition of trade and industry.

CANADA.

Agriculture — New Loan — Trade — Business.

(FROM OUR CORRESPONDENT.)

OTTAWA, December 1.

THE West has had low temperatures, but in Eastern Canada livestock in many places is still out of doors, and the farmers have been able to make great headway in their autumn cultivation. Farmers in the West are for the time being greatly discouraged about the downward trend of wheat prices, with which the fall in sterling is principally credited. Thanks to the fact that navigation on the St. Lawrence will close in the near future, there have been heavy shipments of grain out of Montreal in the past fortnight. According to the Bureau of Statistics the stocks of Canadian grain in store in Canada and the United States amounted, on November 20th, to 182,330,072 bushels, a gain of 8,000,000 bushels over the previous week, but 22,000,000 bushels below the figure for the corresponding date in 1930. There has been some discussion in the Press about the suggestion that the Canadian Government intended to ask that any preference granted by Britain to Canadian products should only be made available to such as were shipped direct from Canadian ports, the object being mainly to divert to St. John and Halifax shipments of Canadian grain now made out of American ports like Boston and Baltimore; but, judging by the attitude of the *Montreal Gazette*, this proposal is not popular in Montreal for, if carried into effect, it would invite reprisals from the United States which would deprive the port of Montreal of the substantial export trade in American grain now enjoyed by it.

Tariff developments in Great Britain are being followed with keen interest in Canada, but no tangible results are anticipated until the Imperial Economic Conference meets. However, in some quarters the view is advanced that the emergency tariff, with its preferences for imports from the Dominions, may induce more American manufacturers to cross over into Canada, and the United Typewriter Company, which has been the assembling and distributing organisation in Canada for the Underwood Typewriter Company, has announced its intention of building a plant in Canada to produce for its British market.

The past week has witnessed the successful flotation of the Dominion of Canada National Service Loan. It was offered to the public in bonds of five and ten years, the former at 99 and the latter at 99½, giving a yield of rather over 5 per cent. to the investor. The Government has had the satisfaction of being able to make a complete success of this loan. The books were opened to the public on November 23rd, and by the end of the month, thanks largely to heavy subscriptions from the United States and applications of \$5,000,000 each from the Canadian Pacific Railway Company and the Sun Life Insurance Company, the limit of \$150,000,000 which had been set for the loan had been reached. However, Mr Rhodes, the acting Finance Minister, announced that the books would be kept open until November 30th in order to permit people who had been holding back their subscriptions until the end of the month so as to get interest on their savings accounts for the full month, to have an opportunity of subscribing. It is now predicted that the total amount of the applications will be near the 200 million dollar mark, and the Government, in view of the continuing shrinkage in revenues, will probably accept the whole sum offered.

The latest trade returns for October continue to make very depressing reading, and the following are the figures, with the corresponding data for October, 1930:—

	October, 1930.	October, 1931.
Imports	78,358,351	45,932,572
Exports	82,781,428	55,537,917

There was thus a favourable balance of trade of, roughly, \$10,000,000, and the decline in imports has been pro-

portionately greater than that in exports. Trade figures recently published in Washington give evidence of a tremendous curtailment of the trade exchanges of Canada and the United States as a result of their high tariff policies. In the fiscal year ending June 30, 1931, American exports to Canada and Newfoundland were valued at \$530,000,000, as compared with \$830,000,000 in 1930 and \$999,000,000 in 1929. Imports from Canada and Newfoundland showed a smaller shrinkage, and the respective figures for the same three years are \$334,000,000, \$487,000,000 and \$516,000,000.

The Government is, despite the imminence of the Imperial Conference, apparently bent upon anticipating it by further trade treaties with the other Dominions. At any rate, arrangements have been made that, presuming the Forbes Ministry is returned to power at the general election on December 2, Mr Stevens, Canada's Minister of Trade and Commerce, and Mr Downie Stewart, New Zealand's Minister of Finance, will set forth simultaneously and meet in Honolulu in order to carry on by personal discussion the negotiations for a new trade treaty which were renewed last summer. The Government has also arranged for a ship called "The New Northland" to leave Halifax on January 8th on what is styled a Canadian trade exhibition cruise to the West Indies, the enterprise being an effort to increase the interchange of products between the Dominion and the British West Indian Islands.

General business conditions show if anything a slight recession. The car-loading figure for the week ending November 21st at 53,164 cars shows declines of 2,801 cars and 7,182 cars respectively from the figures for the previous week and the corresponding week of 1930. An analysis of car-loading statistics made by the Bureau of Statistics after adjustment for seasonal variations shows that loadings are currently 21 per cent. below normal, and the usual autumnal upturn, which ordinarily reaches its peak about the end of October, failed to materialise this year. The continuance of mild weather, while it has helped the unemployment situation, has retarded the sale of winter seasonal goods, and both wholesale and retail merchants report business as dull and requiring stimulation by special sales. New building construction is at a low ebb, and the value of building permits authorised in 61 cities during October was only \$8,718,402, a decline of 31.7 per cent. compared with October, 1930. The value of permits for the first ten months is substantially lower than the average for the ten-year period 1930.

Manufacturing industry remains very uneven, and, while some industries are profiting by the exchange situation, which gives them substantial extra protection against American imports, others are working well below capacity. The industries engaged in the production of goods like food and clothing for direct consumption are faring best, and the equipment industries are suffering most. The index of employment in manufacturing stood on November 1st at 88.8, as compared with 104.6 and 117.2 on November 1, 1930 and 1929, respectively, and is at its lowest point since November 1, 1921. Liberal papers are quoting these statistics to draw the moral that the high tariff policy of the Ministry has not restored prosperity to industry and has aggravated unemployment. The newspaper industry showed some improvement in its export figures in October, but its difficulties are still serious. However, hopes are entertained that conferences which have been taking place once more in Montreal between leaders of the industry will result in a merger of most of the leading companies, which will make possible great operating economies.

On December 1st, in accordance with legislation passed at the last session of the Canadian Parliament, the Mint at Ottawa, which has for years been operated as a branch of the Royal Mint in London, passed under the control of the Canadian Government. No change is being made in its methods of operation or staff, but the latter now become members of the Canadian, instead of the British, Civil Service.

IRISH FREE STATE.

British Tariff — Transport Legislation — Drumm Battery.

(FROM OUR CORRESPONDENT.)

DUBLIN, December 12.

THE Anglo-Irish Treaty has now been in operation for ten years, and on the whole both parties have every reason to be satisfied with its results. The Treaty has been modified in one or two respects, but on each occasion the modification has been made with the fullest consent of both parties. The letter and the spirit of the agreement have been scrupulously observed by Great Britain and the Free State, and the relations between the two countries have been uniformly friendly and cordial. The proposed amendment to the Statute of Westminster caused a certain amount of alarm, but the threatened dangers were avoided by the correct and sensible attitude of the British Government. It is impossible to be blind to the fact that the coming general election in the Free State may possibly create a difficult situation in respect of some of the clauses of the Treaty, but it may perhaps legitimately be hoped that the closeness of the economic and financial ties between the two countries concerned will stand in the way of mutual forbearance and underdictate the necessity of the delicate issues that may arise.

The adoption by Great Britain of measures which are protective in effect if not in intention has naturally aroused the keenest interest in the Free State. It is not perhaps sufficiently realised that, not only is Great Britain the Free State's best customer, but also that the Free State has proved to be the largest market in the world for British exports this year. The fiscal policies of two countries so situated cannot be a matter of indifference to each other. The fact that the Abnormal Importations Act contains no provision for drawbacks may have important repercussions on the re-export trade to the Free State, and it is possible that direct trading with Continental exporters may be one result of the anti-dumping measure. Moreover, the British wheat quota scheme, in so far as it raises the cost of production of flour in England, may assist the Free State mills. The protection which has been so clamorously demanded for the flour-milling industry may be thus afforded as the result of the change of policy in Great Britain. Farmers are naturally anxious regarding the further measures that will be taken to protect British agriculture. Will cattle and dairy products be protected, and, if so, what degree of Imperial preference will be allowed? These are questions of vital importance to the Free State.

Two Bills dealing with the transport problem have been introduced in the Dail by the Government. The first, which deals with road transport, provides that all passenger road services must be licensed by the Minister for Industry and Commerce. The Minister has complete discretion to grant or refuse a licence having regard to the adequacy of the existing services and the equipment of the applicant. Conditions may be imposed respecting the terminal points, the frequency of services, and the type of vehicle used. In granting licences the Minister will give preferential treatment to applicants who propose to employ Free State labour in the construction or repair of vehicles. Existing services will not be refused licences except when it can be proved that they are inadequate or inefficient. The right to fix maximum charges for new and existing services is conferred on the Minister.

The second Bill deals with rail transport. The Minister may modify the statutory minimum services required of baronially guaranteed railways, or may dispense with such services altogether if satisfactory alternative means of transport are available. The number of directors of the Great Southern Railway is to be reduced to eight. The running of road services by the railways is declared to be an ancillary or secondary function of their business, and is thus taken out of the control of the Railway Tribunal. The result of these two measures will be to rationalise passenger transport in the Free State, by restricting unreasonable cut-throat competition by mushroom bus companies and by increasing the competitive power of the

railway companies on the roads. The question of the road transport of goods, which has become so pressing in recent years, is not affected by these Bills, and still awaits solution.

BOOKS RECEIVED.

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

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

Nationhood for India. By Lord Meston. (London) Oxford University Press, Warwick Square. 5s. net.

The author's object in this very readable little book is to furnish "a certain amount of intelligible material . . . to those who, though not intimate with Indian conditions, wish to follow with understanding the coming changes in the Indian scene."

Survey of American Foreign Relations, 1931. By Charles P. Howland. (London) Oxford University Press, Warwick Square. 28s. net.

Section I. of this very valuable volume is devoted to relations with Mexico, which are considered in great detail against an historical background; Section II. to the armaments limitation question; and Section III. to post-war financial relations.

Archiv für Eisenbahnwesen, November-December, 1930. (Berlin) Verlag von Julius Springer.

This number contains the concluding article of the series by Dr. Merkert on price formation in transport industries. There are also articles on State supervision of the Reichsbahn, and on the Reichsbahn pensions and insurance systems.

Bulletin of the National Association of Wool Manufacturers, October, 1931. (Boston) National Association of Wool Manufacturers, 80, Federal Street. 50 cents.

A quarterly bulletin containing woollen news and statistics of the United States and other countries.

International Labour Review, November, 1931. (London) George Allen and Unwin, Ltd., 30, Museum Street. 2s. 6d.

Includes an article by G. de Michelis on "A World Programme of Organic Economic Reconstruction."

Oil Facts and Figures, November, 1931. Compiled and published by Fredo. C. Mathieson and Sons, 16, Copthall Avenue, London. 1s. 6d.

A convenient pocket tabulation of the financial results of oil companies, which shows also the area of their territory, the number of wells, and the number of wells producing.

Club Accounts and their Control. By Harold Tansley Witt. Second Edition. (London) Gee and Company (Publishers), Limited, 8, Kirby Street. 5s. net.

A little book which should be useful to all club secretaries.

Deutschland und die Weltwirtschaft. By Gregor Bienstock. (Berlin) J. H. W. Dietz Nachf.

An attempt to show Germany's place in a cross-section of world economy.

Rubber Facts and Figures, October, 1931. (London) Fredo. C. Mathieson and Sons, 16, Copthall Avenue. 2s.

A useful pocket collection of statistics.

Annali di Economia. (Milan) Università Bocconi Editrice.

A treatise on the war-time and post-war history of the German mark.

A Register of Civilian Aircraft. Compiled by W. O. Manning and R. L. Preston. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 2s. 6d. net.

European Exchange Tables. By L. S. Dee. (London) Gall and Inglis, 13, Henrietta Street. 2s. net.

A useful "ready reckoner" of sterling equivalents in the principal European currencies.

India Chamber of Commerce Calcutta. Annual Report of the Committee for the year 1930. (Calcutta) Indian Chamber of Commerce, 135, Canning Street.

New York Insurance Report. Part I. Joint Stock and Mutual Fire and Marine Insurance Companies, Lloyds and Inter-Insurers. (New York) Insurance Department.

The report for the year ended December, 1930.

The Stock Exchange:

THE OIL POSITION.

THE experience of recent months has been discouraging to those who have regarded effective international co-operation in the oil-producing industry as a practical proposition. It might have been thought that, if anything could have brought about such a development, it would have been the disastrous conditions of this year, when crude oil in America has been almost given away. Strenuous efforts have, in fact, been made to bring producers of all countries into line on a restriction policy, but they have always ended in complete failure.

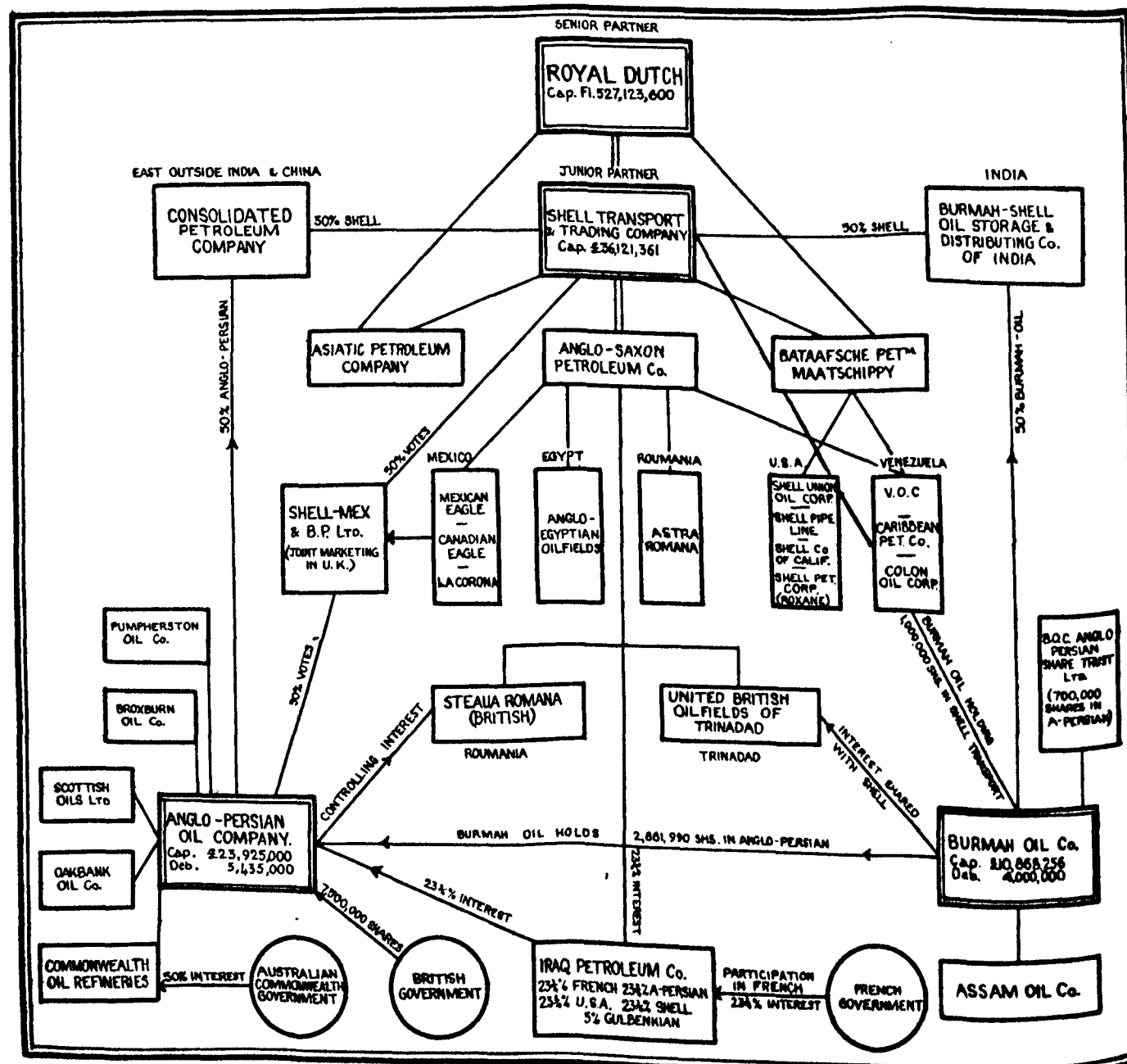
Estimates of world production this year, which have been prepared by Mr Garfias, the foreign manager of the Cities Service Oil Company, show that three-quarters of the decline in the production of the United States has been offset by an increase in the production of Russia and Roumania—a striking commentary on “the futility of trying to remedy world-wide conditions in any commodity by controlling only a few of the sources of supply.” If the estimates of Mr Garfias are correct, there will be only a slight decline in world production this year:—

	(000's omitted.)		
	1930.	1931.	Change.
United States	Barrels. 898,000	Barrels. 856,000	- 4.7
Russia	135,165	158,000	+ 16.9
Venezuela	137,675	118,000	- 14.3
Roumania	41,680	48,000	+ 15.2
Persia	45,420	47,000	+ 3.5
Dutch East Indies ..	40,150	39,000	- 2.9
Mexico	39,530	34,000	- 14.0
Colombia	20,346	18,000	- 11.5
Peru	12,458	11,500	- 7.7
Others	48,300	49,500	+ 2.5
	1,418,724	1,379,000	- 2.6

The big international oil combines have always declared their willingness to enter into a world restriction scheme. Mr Kessler, of the Royal Dutch-Shell group, propounded an elaborate scheme this year for grouping producing countries into five, allotting quotas and penalising those who produced in excess of their quota by a cash payment, which would be pooled and distributed to those producers

INTERNATIONAL OIL GROUPING.

BASIS OF PARTNERSHIP IN ROYAL DUTCH-SHELL GROUP IS 60 PER CENT. TO ROYAL DUTCH AND 40 PER CENT. TO SHELL TRANSPORT.



December 26, 1931.]

who kept within their quotas. This plan found little favour in America. A conference of American oil producers at Tulsa, Oklahoma, in November put forward an alternative “world stabilisation scheme” which contained the following provisions:—

- (1) The limitation of American production by inter-State compacts;
- (2) The curtailment of foreign imports into the U.S.A. to 140,000 barrels daily;
- (3) An absolute embargo on the imports into the U.S.A. of refined oils;
- (4) The curtailment of production of American-owned foreign fields;
- (5) The limitation of foreign production by international treaty.

It was understood that the Royal-Dutch-Shell and Anglo-Persian-Burmah Oil groups were prepared to collaborate by restricting production in Burma, the Dutch East Indies, Persia and Iraq. The independently-minded American companies operating in Venezuela, however, were opposed to any scheme which prohibited the free entry of their oil into the American market. Due account should, of course, be taken of the anxiety of producers outside the big oil combines to secure an outlet for their surplus production. This may explain why the restriction agreement in Roumania was broken by the Steaua agreement in Roumania was broken by the difficulties encountered in the restriction movement in America.

It was pointed out recently in a report of a well-known Stock Exchange firm that it is a common fallacy that individual operators in America can combine to reduce production. In the first place, such a combination is illegal. In the second place, there are far too many producers—by tens of thousands—to make any agreement practicable. In the third place, the royalty owners or lessors could and would object. The only possibility is State action. An individual State, like California, can enact laws to prevent “waste” which the operators can render effective, but this does not go very far. That is why the Governors of Texas and Oklahoma this year disregarded the law, and, for a hectic period, closed down production in the flush-producing fields actually by force of arms. A certain producing oil company had no difficulty in obtaining a ruling in the courts that this high-handed action was illegal, but in the flush areas of Oklahoma and East Texas was supported the two militaristic Governors, for no fair-minded citizen desired to see the natural wealth of his land being run to waste. Thus it was due to admittedly extra-legal action that restriction was made effective in two oil-producing States; the oil operators individually could have accomplished nothing. If production can be controlled only by illegal methods in America, there is little hope of controlling it by legal methods internationally.

At the present time world production is again running in excess of world consumption. For the first ten months of the year production was restricted in America below the

SUPPLY AND DEMAND OF ALL OILS.

	(Thousand barrels.)		
	January to October, 1930.	1931.	Increase (+) or Decrease (—) compared with the same period in 1930.
United States production...	809,444	741,996	- 8.33
Imports	90,307	72,681	- 1.95
Total new supplies	899,751	814,677	- 9.48
United States domestic consumption	778,971	760,147	- 5.24
Exports	135,899	106,825	- 21.39
Total consumption	914,870	866,972	- 2.42
Excess consumption	15,119	52,295	...
Stocks on hand (end Sept.)	674,378	616,176	- 8.63
Days' supply	224	216	...

level of consumption, and a welcome reduction in stocks was effected, as is shown by the figures in the previous column, supplied by the U.S. Bureau of Mines.

International co-operation in marketing is a more feasible proposition than co-operation in production. The large petrol companies have always sold at agreed prices in Great Britain, and similar price agreements have been in force from time to time in Europe. But this co-operation was carried a big step forward this year, when the Royal Dutch-Shell group and the Anglo-Persian Oil Company agreed to pool their distributing organisations in Great Britain and to form a new company called Shell-Mex and B.P., Ltd. This new combine is marketing the petrols of the two groups without favouring one against another, the sole idea being to eliminate duplication in storage and distributing plant, and to avoid unnecessary transport. It is understood that the British subsidiaries of the Standard Oil Company of New Jersey (Anglo-American Oil Company, Red Line Motor Spirit Company, and Glico Petroleum) were invited to enter the combine, and in some quarters it is believed to be only a matter of time before these companies join hands with their British competitors. The chart which we show at the bottom of the preceding page reveals the intimate degree to which the Royal Dutch-Shell groups and Anglo-Persian-Burmah Oil groups are now associated. In their most important markets—India, the Eastern markets outside India, and Great Britain—these groups are now absolutely identical as regards the organisation of distribution. In each theatre a different arrangement exists regarding the distribution of profits, but as regards actual trade operations, rationalisation is complete. It is surprising that the disastrous trading conditions of this year have not driven other rival groups into similarly close partnership.

Some idea of the trading conditions of 1931 may be obtained from the following table of crude oil and gasoline prices in America:—

At end of Month.	GASOLINE PRICES.		CRUDE OIL PRICES.			
	“U.S.” Motor Grade ex Oklahoma Refinery.		Sante Fe Springs Crude (Gravity 29° A.P.I.).		Mid-Continent Crude (Gravity 36° A.P.I.).	
	1930.	1931.	1930.	1931.	1930.	1931.
January	Cents per gallon. 6.25	4.25	Dollars per barrel. 1.15	1.28	Dollars per barrel. 1.45	0.95
February	6.00	4.00	1.15	1.28	1.20	0.95
March	6.50	3.50	1.37	0.38	1.20	0.59
April	7.25	3.25	1.37	0.38	1.29	0.59
May	7.00	2.75	0.62	0.38	1.29	0.59
June	6.25	2.50	1.37	0.73	1.29	0.33
July	5.50	3.25	1.37	0.73	1.29	0.38*
August	5.50	5.25	1.37	0.73	1.29	0.62
September	6.50	2.75	1.28	0.73	1.29	0.62
October	5.00	4.00	1.28	0.73	0.95	0.62
November	4.50	4.25	1.28	0.73	0.95	0.77
December	4.00	3.50	1.28	0.73	0.95	0.77
Yearly Average ...	5.85	3.60	1.24	0.73	1.20	0.65

* During July the price of highest gravity crude was reduced to 32 cents, but subsequently increased.

Refined oil prices have been, on the average, 38½ per cent. below the level of last year. This figure may be taken as a rough index of the fall in market prices throughout the world, but it must not be construed as an

UNITED STATES OIL COMPANY EARNINGS.

Company.	January-September, 1930.	1931.
Amerasia Corp.	\$4,173,871	Dr. \$68,060
Associated Oil Co. and subs.	4,596,561	1,859,054
Atlantic Refining Co. and subs.	4,844,000	Dr. 2,771,400
Barnsdall Corp.	4,710,607	Dr. 2,538,551
Continental Oil Co.	14,002,794	Dr. 9,484,163
Mid-Continent Pet. Corp.	3,987,446	Dr. 4,154,729
Phillips Petroleum Co.	7,644,768	Dr. 2,410,253
Prairie Pipe Line Co.	14,041,000	3,550,000
Shell Union Oil Corp.	823,316	Dr. 24,741,127
Simms Petroleum Co.	195,523	Dr. 2,357,508
Standard Oil Co. of California	30,435,563	11,941,787
Tide Water Associated Oil Co. and subs.	4,588,720	Dr. 3,121,265
Tide Water Oil Co. and subs.	3,240,341	Dr. 2,226,875
Union Oil Co.	8,000,000	3,200,000
	95,284,510	Dr. 34,223,090

* Includes profit from sale of properties.

† Before Federal taxes.

index of the fall in oil company profits. As stocks of oil have necessarily been written down out of revenue to new low prices, oil profits in 1931 will be evanescent. For example, the earnings of the leading oil companies in America, reporting for the first nine months of this year, which are shown in the preceding column, indicate that the writing down of stocks has involved the majority of concerns in heavy losses, while, in the case of the few companies which have made a profit, the decline in earnings ranges from 60 per cent. to 75 per cent.

Under these adverse trading conditions, the dividend policy of the leading oil companies must inevitably be conservative. The Burmah Oil has halved its interim dividend, paying only 5 per cent., while the Royal Dutch-Shell Transport and Anglo-Persian companies have decided to postpone their interim dividends altogether. The following table shows the highest and lowest prices this year, the present market price, and the yields, on the assumption that the final dividends will be repeated at the reduced levels of last year:—

Company.	Dividends %, 1930.		Prices, 1931.		Present Middle Price.	Pre-estimated Div. %	Approx. Yield %
	Interim.	Final.	Highest.	Lowest.			
Anglo-Persian Oil £1	5	10	56/10½	26/6	30/7½	10	6.53
Burmah Oil Co. £1	10	12½	73/1½	33/1½	33/1½	12½	7.55
Royal Dutch £100	10	7	26½	13	33/9	7	6.15
Shell Transport £1	10 free	7½ free	77/6	28/1½	33/9	7½	5.93*
Venezuelan Oil £1	5	12½	35/11½	15/7½	16/10½	12½	14.82

* Gross.

† Free of tax.

Investors may be driven to the conclusion that it is unwise to buy the equity stocks of the large oil combines while there is no sign of any improvement in retail prices. The increase in the price of petrol in this country, which is foreshadowed for next month, is due entirely to the depreciation of sterling in terms of gold, and should not be construed as an indication that the oil markets have taken a turn for the better. Efforts further to restrict production in America are being renewed—the last suggestion being to shut down all wells on Sunday so as to reduce production by one-seventh—and it is generally felt that, if no new prolific oilfield is developed, crude oil prices will not find lower levels. The past history of the American oil industry, however, gives no great confidence that production will be kept within the bounds dictated by consumption. In all probability the consumption of gasoline, which in America has actually increased by 1½ per cent. this year, is only now beginning to feel the full effects of the world trade depression. So far the American refiners have given no sign that they are aware of the urgent need of reducing their refining operations.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
January 5.

ACCOUNT.
January 7.

THE volume of business declined progressively before the holidays. Despite the week-end recovery in New York, the tone remained dull in all markets, though, in many cases, dealings were insufficient to test prices. Part of the scattered selling of Gilt-edged was attributed to fears that the report of the Basle Committee would put prices temporarily lower after the holidays, and partly to the imminence of the income-tax date. The relative firmness of commodity prices had only a slightly stimulative effect on the more speculative markets, its causes being regarded as largely psychological, in connection with restriction schemes and rumours of schemes, with no evidence of a healthy revival in consumption. The shortening of Saturday business hours by closure at noon, which came into operation last Saturday, imposed no hardship on the "House," which would in any case have transacted a lower volume of business last Saturday than for many weeks past. A moderate amount of option business was done, following the raising of the Stock Exchange Committee's ban as from Monday, but it would require much

more than the restoration of normal speculative facilities, at the moment, to restore normal speculative enterprise.

Gilt-edged opened dull, and quotable declines were recorded throughout the list as the week's dealings progressed. India loans showed slight change, and the expected victory of the Labour Party's opponents in the Australian elections failed to produce a renewal of activity in Commonwealth issues.

Business in foreign bonds was restricted, though prices on the whole were somewhat firmer. German bonds enjoyed a slight temporary recovery on Mr Lamont's declaration at Washington of faith in Germany's ability eventually to meet her indebtedness. Hungarian issues reacted less than had been expected to the moratorium announcement. Chinese loans were in moderate demand, the 1913 issue being quietly absorbed in anticipation of forthcoming drawings. Japanese showed a slight recovery, South Manchurian railway stocks being inquired for.

Home rails remained quiet, with a slightly easier tendency. Argentine rails were steady on satisfactory crop forecasts and slightly harder wheat prices.

Business before the Christmas holidays remained on a progressively restricted scale in the industrial share markets. The permanence of the American improvement was distrusted, and profit-taking occurred before Wall Street opened on Monday. Movements in domestic share prices were narrow and irregular. Cables and Wireless were firmer on the November figures, which suggested that part of the competitive advantage following the devaluation of the pound had been retained. Electrical shares were neglected. Among motor shares, Leyland and Ford showed a modest recovery. The profit and dividend figures of British-American Tobacco (set out on p. 1240) were regarded as very satisfactory, but the shares failed to benefit. Textile issues were a shade firmer, but interest in brewery shares continued to dwindle. Option dealings were restarted in "international" shares, like Hydro Electric, International Nickel, and Electric and Musical Industries, and in leading British counters like Courtaulds, Vickers and British Celanese, without appreciably affecting prices either way.

Oil shares remained outside the scope of the New York week-end recovery, and remained a dull market, Royal Dutch being again pressed from the Continent. Rubber shares were firm with the commodity, diplomatic denials of restriction negotiations being scarcely given serious consideration. The tea share market showed few signs of life, prices continuing slowly to recede. Although option business was reopened in shares like Sub Nigel and East Rand, Kaffirs generally had an undecided tendency, and failed to attract even professional interest. The rise in copper prices on circumstantial reports of a restriction agreement to take effect with the New Year was not proportionately reflected in the share market, Tintos suffering another decline, and Rhodesians being idle, with the exception of "Chartered," which were purchased on the imminence of a dividend declaration. A slight demand occurred for low-cost tin shares on the improvement in the price of the metal.

OFFER TO NEW READERS.

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

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

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

Name.....

Address.....

December 26, 1931.]

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets enjoyed a short but sharp recovery at the end of last week, bonds and railroad issues being prominent in the movement. Technical conditions were chiefly responsible for the temporary up-turn, many markets being over-sold and ready to react to favourable rumours, including a report that the banks had formed a pool to support bonds. The rise was unable to maintain itself in the face of profit-taking and selling for tax losses, and before Monday evening prices were trending downwards from the best. Much discussion centred round the possibility that the Pennsylvania Railroad might pass its dividends for the first time since 1856, partly owing to reduced earnings and partly to the reported tendency of dividends a condition of leaders to make the suspension of dividends a condition of agreement to a 10 per cent. wage reduction. The present omens are, however, that wages will be reduced in any case. Christmas trade has continued to run below last year's levels. Steel production stands around 25 per cent. of capacity. The New York Times business index for the week ended December 12th was 62.2, against 63.8 in the previous week.

CANADA.

From the middle of November until the New York rally, last week-end, a series of sharp recessions wiped out more than all the gains recorded in the first half of the month. Undoubtedly a difficult winter lies ahead for industrial companies, but an encouraging factor has been the halt in the downward trend of commodity prices, and hopes are entertained that the Special Railway Commission may offer some solution of a baffling railway problem. The Federal Government has had a sympathetic response to its new loan. The original issue of \$150 millions was oversubscribed by \$65 millions, and the whole amount was taken up. The generous rate of interest offered (5 per cent.) has, however, tended to depress the bonds of provinces and municipalities.

INVESTMENT NOTES.

Publicity in Company Accounts.—Three important contributions have recently been made to contemporary discussion of the contents and utility of company accounts. The first comes from the Council of the Institute of Chartered Accountants. Although the outcome of the Kysant case was satisfactory to accountants, the company's auditor being acquitted, the case raised a number of important questions. Regarding these, the Opinion given to the Institute by Mr Wilfrid Greene, K.C., and Mr. Cecil W. Turner is, in effect, an expressing of unwillingness to give any opinion at all, since the Kysant case was criminal and not civil, related to a Chartered and not an ordinary limited company, and rested upon a complicated set of facts and figures peculiar to itself. That a judgment should be construed with special reference to the facts of each case is a familiar rule of law, but it is difficult to see how any case can ever be brought forward, on such a question as "secret reserves," on which the issue will not turn on special facts and figures. As the Council's *ex cathedra* pronouncements have a semi-judicial character, this reticence is comprehensible, though it is none the less regrettable from the investor's point of view. On one single point, however, counsel are positive—that auditors cannot dissociate themselves from all responsibility for a company's profit and loss account, as distinct from its balance sheet, since the latter includes among its statutory items the balance brought in from profit and loss. In a speech at Leeds, on December 11th, Mr Henry Morgan, President of the Society of Incorporated Accountants and Auditors, appears to take a different view, suggesting that an auditor's responsibility in this respect is "indefinite," and should be defined by fresh provisions in the Companies' Acts. Mr Morgan rightly insists on the crucial nature of the information in the profit and loss account, since earning capacity is the ultimate basis of the valuation of such balance-sheet

assets as buildings, plant and machinery. Meanwhile, shareholders who are anxious to make the most of what directors and auditors actually send them will find useful hints in a paper on "Financial Accounts in Management Control," read by Mr B. Biddle before the Business Research and Management Association on December 10th. Much of Mr Biddle's address was concerned with internal administration, and related to figures of turnover, orders received, etc., regarding which shareholders are not taken into their directors' confidence. As regards published balance sheets, however, Mr Biddle's contention was that much could be learned regarding the financial health of a business by calculating, over periods of years, the ratios between different sets of items. He instanced, in this connection, the ratios of current assets to current liabilities, of total "real" assets to total liabilities, of "net worth" ("real" assets of all kinds, less external liabilities), to total assets, of sales (where given), to fixed assets, net profits to net worth, etc. The aim of the author of the paper, apparently, was less to urge the merits of any special ratios than to emphasise the importance of compiling regular series of such figures. Various points of criticism arise, and, generally speaking, published accounts vary so considerably, both as regards their contents and their faithfulness as reproductions of the true position, that any "ratios" an outside shareholder can compute are bound to be much less reliable and informative than those which the manless reliable and informative than those which the management, with its fuller material, is able to construct for its own guidance. Nevertheless, Mr Biddle has indicated an avenue which has been explored much less in this country than in America, and his detailed suggestions may be commended in particular to those who are responsible for advising investors as to the purchase of particular stocks and shares.

The "Bear" Defended.—As from Monday last, the Stock Exchange Committee has repealed its temporary regulation prohibiting the transaction of fresh option business. This is a welcome sign of returning tranquillity



Truth

"Truth lies at the bottom of a well," said a philosopher, but this is only half a truth.

Truth may be a living thing both in our ordinary and business life, for a sincere attachment to truth, modern and scientific, is a sure bulwark for the mind.

The habit of truth makes a man exact in all his relations with his fellow men. His word is his bond. It means that in business the thing he sells is exactly what he says it is without equivocation.

The Chatwood Security stands for truth. It is exactly what we say it is. It is not offered on a price competitive basis, but to those who desire to have the best. We refuse business offered at a price which would require us to lower our standard of craftsmanship.

J. E. S.

THE CHATWOOD SECURITY

Folder No. 10—
Classified Service

THE CHATWOOD SAFE CO., LTD.
Bankers' Engineers,
SHREWSBURY, England.

at the Treasury, at whose request, it would appear, the ban was originally imposed. For the present, however, the prohibition of fresh continuation business remains, and it would be interesting to know whether the powers that be are apprehensive of a renewed outbreak of "bull" or of "bear" activity. Whenever prices are weak the "bear" is generally singled out as a scapegoat. This has happened in America, and has provoked a vigorous defence of the bear from no less a person than Mr Richard Whitney, the President of the New York Stock Exchange, who, in a nation-wide broadcast speech, has quoted statistics showing that the short interest has, in effect, steadied the market and restricted price fluctuations. The President of the New York Stock Exchange (writes a "House" correspondent) occupies a position very different indeed from that of the Chairman of the London Stock Exchange Committee. He is an apostle of Stock Exchange propaganda, who writes, lectures, broadcasts, "campaigns" against the bucket shop, and explains publicly the importance of Stock Exchange ramifications. The Chairman of the London Stock Exchange Committee probably puts in as many hours of work per diem, but has no direct contact with the outside public. The bear is probably hated more heartily here than in America. Nine out of ten Britons have never been a bear in their lives, and are never likely to be. Bear selling is confined largely to the professional and semi-professional speculator, who is under no delusion as to the risk he is taking. There is a wide difference between the "covered" and "uncovered" bear. Apart from the case in which a seller is protected by shares available under option, the ordinary covered bear actually owns the shares that he sells. If the market goes against him, he can deliver what he has sold and take the money. The uncovered bear, however, who has neither the shares nor the assurance that he will be able to borrow them, naturally has a far more dangerous position. A bear account can frequently be built up, in the Stock Exchange, almost involuntarily. Dealers who have sold shares to brokers in the ordinary way of business, without any intention of "going short," may decide to wait before buying back what they are not required to deliver until the next settling day. Thus a bear account, as Mr Richard Whitney has pointed out, has a hidden reserve of strength, since the bears must come in as buyers sooner or later. Under a system of cash dealings, which precludes any but limited bear speculation, violent price fluctuations are liable to occur. The real reason for the bear's unpopularity is ignorance of his real function, on the part of a public which is ineradicably a bull.

London Hotel Companies.—Industrial depressions invariably tend to restrict the mobility of the population, both for "pleasure" and commercial purposes. The accounts of a representative selection of hotel companies (operating predominantly in London), which have published their results since the beginning of the current year, reveal a sharp fall in net profits. The aggregate earnings of the eleven companies shown below reveal a decline of 23.5 per cent. in their latest accounts:—

Name of Company.	Previous Year.		Latest Year.		Price, 1931.		Present Price.	Yield %.
	Net Profit.	Ord. Div.	Net Profit.	Ord. Div.	High.	Low.		
Burlington Hotels (£1).....	4,905	5	1,731	Nil	2/6	2/-	2/6	Nil
Carlton Hotel (£1).....	48,190	13	3,424	3	24/8	9/6	12/6	4 16 0
Cranston's Hotels.....	26,097	25	30,037	25	...	...	...	...
Fraser & Neave (£1).....	50,229	68	30,674	Nil	6/-	2/3	4/3	Nil
Gordon Hotel (£1).....	119,332	64	102,271	5	12/6	3/6	3/9	26 13 3
Hyde Park Hotel.....	13,249	5	5,697	Nil	...	...	...	...
Langham Hotel.....	8,257	12½	4,151	12½	...	...	...	...
Rubens Rembrandt (£1).....	15,771	8	673	Nil	11/-	6/3	6/3	Nil
Savoy Hotel (£1).....	151,467	10	119,178	10	29/9	15/-	17/-	11 15 0
Strand Hotel (£1).....	113,490	13½	119,182	14	68/6	55/-	63/9	8 0 0
Waldorf Hotel (£1).....	42,653	15	37,184	10	...	...	16/-	12 10 0

* Tax free. † Prof. ord.

Only two companies of the eleven—Cranston's Hotels and the Strand Hotel—have recorded an increased profit, while in some instances, particularly the Carlton Hotel and Rubens Rembrandt, net earnings have fallen nearly to vanishing point. As regards dividends, three companies

have maintained their rate of distribution, and one, the Strand Hotel, has increased it, while four have decided to conserve their resources and make no payment whatever.

Royal Mail Meeting.—Royal Mail debenture and stockholders derived tangible comfort from Monday's meeting, which made fairly clear two matters in doubt a few months ago—that the Royal Mail had hopes of salvation and that enough would remain, after the surgeon's knife, to be worth saving. The 1930 accounts were discussed in our last issue. Although the new chairman, Mr P. G. Mylne Mitchell, declared on Monday that traffic and rates conditions had shown no general improvement this year, abler management has converted a working deficit of £126,000 in 1930 into a surplus of over £100,000 in 1931, before providing for interest and depreciation. Given even a slight world trade revival, Mr Mitchell believes, the fleet is capable of earning satisfactory profits. Sir William McIntock, dealing with the financial position, repeated his figures, given last February, to the effect that about £9 millions out of Royal Mail Company assets of £17½ millions was valueless—or worse than valueless, since £1,138,418 was due and unpaid in respect of calls on investments. The larger part of the loss on the company's operations in 1930 was attributable to the payment of interest on obligations which the company had contracted to meet, irrespective of trading results. Substantial progress, Sir William declared, had been made towards a comprehensive scheme of re-arrangement, the aim of the voting trustees being to secure agreement among the multitude of different interests concerned before submitting their scheme to the court. An operating company would be formed to control all the ships of the group in the South American trade, the board of which would be elected by the creditors, the Royal Mail Company itself becoming merely a holding concern. On the same day, Mr Justice Eve sanctioned the company's application for a scheme of arrangement, extending for a further three months (to March 31, 1932), the moratorium previously granted, subject to a question raised by counsel for the trustees for the first debenture holders regarding a specific charge in the latter's favour of the fully-paid shares owned by the Royal Mail in other companies.

Richard Thomas' Assets.—At last Thursday's meeting the new chairman, Mr W. J. Firth, declared that the total assets of the Richard Thomas group, which amounted on paper to £10,000,000, were overvalued to the extent of approximately £4,000,000, representing money lost through excess expenditure on the company's Redbourn property. After deduction from "real" assets of £6,000,000 (including approximately £2,000,000, "which might almost be considered as liquid") of total liabilities of £3,568,541, a surplus of £2,436,459 remained. The whole of the ordinary capital had therefore been lost, but slightly more than 15s. in the £ of the preference capital remained intact. The necessity of replacing the lost capital had involved the board in borrowings from their bankers in order to carry on their business, and the interest on such borrowings was a great handicap from the dividend point of view. There was no reason for apprehension with regard to pressure from the bankers, who held securities against the loans amounting to £1,238,899 and also a mortgage on the New Charlston Collieries. It was proposed to place a reconstruction scheme before shareholders at the earliest possible moment, though world-wide depression made it impossible for the board to give a definite date.

British American Tobacco.—In a preliminary statement the directors report a decline in net profits from £8,501,560 to £5,394,448 for the year to September 30, 1931. Preference dividend absorbs £585,000, against £555,000, and a final dividend on the ordinary capital is recommended of 8d. per £1 of stock, tax free, making 20 per cent., tax free, for the year against 25 per cent. for the previous twelve months.

	Year to September 30,		
	1929.	1930.	1931.
Profit (after tax).....	6,357,772	6,501,560	5,334,448
Brought forward.....	1,608,218	1,748,764	1,800,144
Preference dividend.....	225,000	355,000	585,000
No. of times covered.....	28	12	9
Ordinary dividend:			
Amount.....	5,892,218	5,895,180	4,716,552
* Earned %.....	25.9	25.2	20.1
* Paid %.....	25	25	20
Benevolent fund.....	100,000	...	...
Carried forward.....	1,748,772	1,800,144	1,833,040

* Free of tax.

The carry forward item is increased slightly from £1,800,144 to £1,833,040. Accompanying the preliminary statement is an interim ordinary dividend declaration of 10d. per £1 of stock, tax free, on account of the year ending September 30, 1932. This represents a payment of 4.17 per cent., and is at the same rate as last year. At 3½ the £1 stock units give a yield of £5 9s. 6d. per cent., tax free, allowing for the final dividend of 3½ per cent.

Crittall Manufacturing.—The latest accounts are not unsatisfactory in view of the prevailing conditions. Gross profit at £203,351 compares with £250,204 for 1930, while net profit amounts to £94,007 against £105,669. The directors, however, have taken the prudent course of making no further addition to the 2½ per cent. ordinary dividend declared in March, and have set up instead a contingencies reserve with an initial allocation of £25,000:—

	Year to August 31.		
	1929.	1930.	1931.
Gross profit.....	240,652	250,204	203,351
Depreciation.....	50,000	25,000	...
General expenses.....	16,725	43,035	32,844
Directors' fees.....	1,500	1,500	1,500
Debenture interest, &c.....	73,613	65,000	75,000
Net profit.....	98,814	105,669	94,007
Brought forward.....	10,036	6,376	8,669
Preference dividend.....	33,921	35,000	35,000
No. of times covered.....	2.9	3.0	2.7
Ordinary dividend:—			
Amount.....	87,500	75,000	25,000
Earned %.....	7.4	7.1	5.9
Paid %.....	10	7½	2½
General reserve.....	...	20,000	...
Other allocations.....	Dr. 18,948†	Dr. 26,624†	25,000†
Carried forward.....	6,376	8,669	17,676

† Transferred from share premium account.

‡ Contingency reserve.

The accounts show that amounts previously set aside for depreciation reserve, totalling £150,000, have this year been deducted from fixed assets, while a sum in excess of £48,000 has been charged on the £1,132,051 of fixed capital before arriving at the profit figure. Stock, it is stated, has been valued "with full regard to prevailing conditions," while the directors are satisfied that the "temporary depreciation which may have arisen in the company's interest in Germany and the U.S.A." is amply covered by reserves, which stand in the balance sheet at £270,000, or more than 40 per cent. of the investment valuation. Debtors account for £1,189,775, and debts for only £488,605. The current ordinary share quotation of 18s., allowing a yield of only £3 17s. per cent., discounts a revival in future earnings.

Tin Restriction and the Tin Pool.—The speeches of chairmen at recent meetings of tin-producing companies show that the industry is by no means united in its attitude towards the restriction scheme. For example, Mr C. V. Stephens, chairman of the Malayan Tin, Southern Malayan and Southern Perak Dredging Companies, formerly an opponent of restriction, appears now to have accepted it, *faute de mieux*. He informed his shareholders at the general meetings on Tuesday last week that the industry would have been in a deplorable condition in the absence of Government measures, but agreed that the adoption of 1929 as a datum year had placed Malaya in an unfavourable comparative position with some other countries,

whose output had shown less expansion in 1930. Even Mr Stephens' grudging complacency is not shared, however, by certain other chairmen, such as Mr Frisby, of Pahang Consolidated (to whose views we referred in a Note in the Economist of December 5th), or Mr. F. E. Mair, chairman of Gopeng Consolidated, and other tin companies. There is, however, another aspect of the present arrangements upon which no company chairman appears to have commented. The International Tin Pool, which was formed in August "to work in close co-operation with the International Tin Committee," with the immediate object of acquiring a substantial portion of the world's existing stocks, is a private enterprise whose avowed aim is the maintenance and ultimate raising of tin prices. The Pool was not formed until the Governments, which are parties to the international restriction scheme, had declared that the quota agreement would be continued for a period not exceeding three years—that is, to August 12, 1934, providing that the Pool's stocks had not previously been liquidated. The chairman of the Committee of Control of the Pool, we understand, is Sir John Campbell, Financial Adviser to the Colonial Office and representative of the Malayan and Nigerian Governments on the International Tin Committee. It appears anomalous that an expert who represents Government interests on the restriction committee should also represent private interests on the Tin Pool. No objection could be raised if the Governments concerned were participating in the Pool by way of profit, but they are not; nor do they exercise direct control over the operations of the Pool, although the details of the Pool Agreement have been "communicated confidentially" to the various Governments. The world's visible supplies of tin are now approximately 50,000 tons. The Pool has acquired approximately 19,000 tons of tin, the whole of which appears in "visible supplies," and it has given out that it does not intend to liquidate an initial 5 per cent. of its holding until the price has reached £165 (originally fixed at £150) per ton for a calendar month on the London Metal Exchange. The present price is £142.

The Rand December Dividends.—As a whole, writes our mining correspondent, the distributions of the Witwatersrand gold mining companies for the second half of the current year were regarded as slightly disappointing. In some degree this may be attributed to the unduly optimistic nature of the expectations entertained in certain quarters. Numerous shareholders thought that the rates would be increased by the "gold premium"—an idea in which they had been encouraged by not a few lay papers. Others, looking solely at the monthly output figures, ignored counterbalancing factors. A striking example is provided by the Sub Nigel. For the final six months of 1931 (estimating the December result at the same as November's) the mine profits have totalled



ESTABLISHED at the most important commercial centres in South America and Portugal, the Bank of London & South America Ltd. is particularly well equipped to carry out modern banking business of every description.

ARGENTINA—BRAZIL—COLOMBIA
CHILE—PARAGUAY—URUGUAY
PORTUGAL

**BANK OF LONDON
& SOUTH AMERICA
LIMITED**

6, 7 & 8, TOKENHOUSE YARD, LONDON, E.C.2

MANCHESTER: 38, Charlotte St. Affiliated to: Lloyds Bank Limited. BRADFORD: 33, Hunsletgate.
And at NEW YORK, PARIS and ANTWERP.

£397,730, against £705,650 for the financial year ended June 30th. But under the terms upon which the exploitation of the "Lease" area was granted, the Union Government is taking an increased share of profits. For 1930-31 this sum amounted to £79,260, as compared with £11,880 in 1928-29. Hence the increase of no more than 5 per cent in dividend. Hopes regarding the Randfontein, again, were pitched in too high a key. The official forecast of a return to the dividend list this December has been borne out by events, but the rate of payment falls substantially below that generally looked for. On the other hand, the declaration of the East Rand—the first since 1924—was fully up to expectations.

Company.	Dec., 1930.	Total, 1930.	June, 1931.	Dec., 1931.	Total, 1931.
Brakpan	22½	43½	20	20	40
Consol. Main Reef	6½	10	6½	6½	12½
Crown Mines	35	67½	35	35	70
Durban Deep	5	7½	7½	7½	15
East Rand Proprietary	...	...	...	5	5
Geduld Proprietary	16½	32½	16½	17½	33½
Goldenhuis Deep	5	8½	5	5	10
Government Areas	45	90	45	45	90
Langlaagte Estate	10	20	10	10	20
Modderfontein B.	40	80	30	30	60
Modderfontein Deep	65	130	60	60	120
Modder East	10	20	10	10	20
New Modderfontein	65	132½	60	55	115
New State Areas	10	17½	10	10	20
Nourse	3½	6½	3½	3½	7½
Randfontein	...	...	...	-6	-6
Robinson Deep	...	7½d.	4½d.	6d.	10½d.
Rose Deep	2½	5	...	2½	2½
Simmer and Jack	...	1½d.	...	2d.	2d.
Springs Mines	20	37½	18½	20	38½
Sub Nigel	30	50	30	35	65
Van Ryn Gold	2½*	5*	2½*	3½*	6½*
Van Ryn Deep	15	30	12½	12½	25
West Springs	5	10	3½	3½	7½
Witwatersrand Gold	5	10	2½	2½	5
Johannesburg Consol.	...	7½	7½	...	7½
New Era Consol.	...	...	5	...	5
Rand Mines	40	90	40	40	80

* Tax free.

This table does not include declarations made at dates other than June and December.

In most cases the dividends for the second are the same as for the first half of 1931, but in several the total slightly exceeds that of the preceding year. The most important exception to this rule is provided by the New Modder, whose earnings shrink with the "life" of the mine. As regards the finance concerns, the "Johnnies" company announces that although the profits earned for the half year would in ordinary circumstances fully justify a distribution, the directors have decided not to make any interim payment owing to the unsettled financial conditions now prevailing. A year ago, similarly, there was no interim distribution, but 1s. 6d. less tax was paid for the financial period ended June 30th last. Contrariwise, the New Era, which returned to the list with an interim dividend in June, will make no final payment, the profits earned being required to cover depreciation on holdings. On the present occasion a new point arises consequent upon Great Britain's departure from the gold standard. The dividends due to British holders will be paid at the rate of exchange ruling on January 19th—the day the warrants will be sent out from the Johannesburg offices to local holders. Unless any very marked alteration in the exchange rate takes place in the meantime, holders in this country will receive in sterling a premium of between 40 and 50 per cent. upon the amounts declared in South African pounds.

Castbury
Maker
of Fine Chocolates.

Trepca.—Encouraging results have been secured by this member of the Chester-Beatty group, whose property is situated in Yugoslavia. Production started in August, 1930. For the year ended September 30th last a net profit was made of £109,800. Preliminary expenses absorbed £36,740, and £55,000 was required for a dividend of 5 per cent. The financial position is comfortable, permitting an increase of 50 per cent. in the capacity of the treatment plant. The latter has exceeded expectations in regard both to quantity of ore treated and percentage of extraction. At 2,100,000 tons, value 10.5 per cent. lead and 7.8 per cent. zinc, the latest ore reserve estimate shows an increase in quantity, with a decrease in grade, compared with its predecessor. These features are explained by the inclusion of low-grade material which can be worked profitably at the current level of costs. For last year the average was only 18s. 8d. per ton. This compares with 30s. 1d. at the Broken Hill South, operating on a larger scale. The value of the ore treated was somewhat above the average of the reserves—a point to be kept in mind in any endeavour to compute the effect upon the company's fortunes of a rally in metals. Still it is apparent that the concern stands to benefit in a marked degree from any improvement in the demand for its products.

Sulphide Corporation.—For the year ended June 30, 1930, this Australasian undertaking was only able to pay 5 per cent. upon its preference shares, as compared with 15 per cent. on both classes of capital in the preceding period. Operations during the past session resulted in an actual net loss of £87,700. For this the "disastrous fall in metal prices" and the restriction of output at the company's treatment works were jointly responsible. Towards meeting the position, economies in costs were effected at the properties, while the directors and salaried staff agreed to cuts in their emoluments. Nevertheless, increased burdens were placed upon industries by enactments of the New South Wales Legislature in disregard of the proverbial danger of "killing the goose."

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversions, Jan. 1 to Dec. 19, 1931, £162,044,293
Total, including conversions, recorded Jan. 1 to Dec. 19, 1931, £114,250,664.

National Savings Certificate.
Net receipts, week ended December 12, 1931, Dr. £150,000.
Total net receipts, April 1, 1931, to December 12, 1931, £4,100,000.

To the Public.	Nominal Capital.	Conversion of Repayments.	New Money Cash Subscription.	First Payment.	Further Liability.
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date—					
1931	114,250,666	102,044,291			
1930	454,888,784	267,800,700			
1929	488,784,940	285,239,400			
1928	693,100,056	369,058,073			
1927	...	355,165,970			
1926	...	230,782,601			
1925	...	232,214,500			
1924	...	209,326,100			
Whole year—					
1931	454,888,784	267,800,700			
1929	488,784,940	285,239,400			
1928	693,100,056	369,058,073			
1927	...	355,165,970			
1926	...	230,782,601			
1925	...	232,214,500			
1924	...	209,326,100			

Nature of Borrowing.

Whole year—	Debt-ture, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total
1931	74,835,599	6,911,859	20,296,833	102,044,291
1930	227,658,500	15,548,800	24,593,300	267,800,700
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,900	45,082,500	121,177,600	369,058,073
1927	228,958,000	36,836,600	89,371,400	355,165,970
1926	145,180,000	39,393,200	46,209,400	230,782,601

By Stock Exchange Introduction.

Amount previously recorded	Amount of Capital Introduced.	Price at which Dealings Began.	Total Cash Involved.
£8,757,183	Nil	...	£8,757,183
Total for week ended December 26, 1931	Nil	...	Nil
Total, Year 1931	£8,757,183	...	£8,757,183
Total, Year 1930	22,158,400	...	22,158,400

COMPANY MEETINGS, &c.

CARRERAS LIMITED.

GRATIFYING RESULTS IN A DIFFICULT YEAR.

The twenty-eighth annual general meeting of Carreras, Limited, was held, on the 18th instant, at Arcadia Works, Hampstead Road, London, Sir Louis B. Baron, Bart. (chairman and managing director), presiding.

The Chairman, in moving the adoption of the report and accounts, said: After writing off all expenses, including a contribution to the staff superannuation fund, and making full provision for depreciations, the net profit for the year amounts to £736,192, and the amount available for disposal, including the net amount brought forward, is £1,777,511. This sum your directors propose to appropriate as set out in the report, leaving a balance of £1,104,918 to carry forward to next year.

At our last annual general meeting, you may remember that I referred to the year which had just closed as a very difficult one. Whilst that was correct, I am sure you will appreciate that the year we have just completed was beset with even greater problems than any that has gone before—problems which affected not only our own industry, but which were common to all large manufacturing and trading concerns throughout the country.

POSITION OF COMPANY FULLY MAINTAINED.

Your directors feel that, although conditions have been so adverse, the company has achieved a result on which you, as shareholders, are to be congratulated. Although the net profit is lower than in some recent years, it will probably interest you to know that we made as much gross profit as in the last year, and but for the fact that abnormal selling and advertising costs were necessitated through the general depression and intensive competition we have experienced during the year under review, the figures would have been up to or beyond last year's level. Taking all these facts into consideration, your directors feel that there is reason for gratification that, during an exceedingly difficult period, the high position of the company in the tobacco industry has been fully maintained. You, as shareholders, can rest assured that, during this trying period of transition, our aim will be, not so much to show outstanding and immediate results, as to preserve unimpaired the strength of our business, and the best way to accomplish this is by using all possible means and resources to maintain the quality and turnover of the company's brands, and to keep their merits prominently before the smoking public.

We continue to keep a very strong position in practically all our export markets, which will show you that there is no reason to lose confidence in regard to our foreign trade, and I believe that, as soon as the re-adjustment of world conditions takes effect, and things get back to normal again, we shall be able, not only to maintain our position, but to show progress.

Turning to the home trade, the difficult conditions and intensive competition which I indicated in my speech last year have become still more intensified, and the cost of advertising and selling our products, as I previously mentioned, has exceeded by a considerable amount the figure for any preceding year, but you will appreciate that, in a period of increasing competition, such expenditure had to be made, and you will be gratified to know that the expenditure has fully justified itself. We have been able to stand up against heavy odds, and retain the goodwill both of the public and the trade, while we have employed our entire staff of contented work-people at full wages throughout the whole year.

BURDEN OF NEW DUTY.

In September last, the Chancellor of the Exchequer increased the duty on tobacco by 8d. per lb., and we now have to pay 9s. 6d. per lb. for all the tobacco we clear from bond—a very heavy rate indeed. This increase of 8d. per lb., so far as cigarettes are concerned, has been borne entirely by us and other manufacturers; it was in operation for about six weeks of the financial year under review, and has of course contributed to the increase of our costs and the reduction of our profits. This extra burden has had to be shouldered by our company, in common with others, during the current year, and as this, in my opinion, is the limit of taxation which the industry can stand, it is to be hoped that this extra duty will be one of the first to be removed when the finances of the country begin to recover from their present embarrassed state.

Within the last three months we have entered a new field in the cigarette world, with a brand of the "5 for 2d." standard. It is called Carreras' "Clubs," and this tobacco has been carefully blended to meet the taste of that very large section of the community who prefer a cigarette of the size and character represented by our latest product. Although only a short time has elapsed since "Clubs" were introduced, I am pleased to tell you that

our anticipations as to the figures we expected to reach have been surpassed.

With regard to the coming year, you will not expect me to attempt to forecast in any detail the course of events in the immediate future, but in spite of the difficulties which confront the business community, I look forward with hope and optimism.

Mr. William J. Yapp seconded the resolution, which was carried unanimously.

ROAN ANTELOPE COPPER MINES, LIMITED.

GRATIFYING RESULTS—LOW PRODUCTION COSTS.

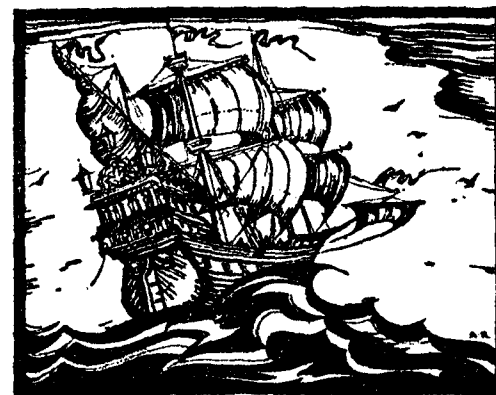
The fourth ordinary general meeting of the Roan Antelope Copper Mines, Limited, was held, on the 18th instant, at Winchester House, Old Broad Street, London, Mr. A. Chester Beatty (chairman of the company) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—The current operating cost of about £30 per ton makes your company one of the cheapest copper producers in the world. This may be taken as a representative cost on the tonnage treated. These costs represent "all-in" costs of electrolytic copper at the refinery, the London price of which is now about £44 per long ton. The costs include all charges, with the exception of interest and depreciation. Copper production up to the end of November has all been sold, and at an average figure which leaves an operating surplus.

Roan copper is exceptionally free from impurities, and the blister copper now being produced assays over 99.5 per cent. copper. We expect to establish a considerable market for our product, both as blister copper and as fire refined copper.

I have recently returned from a conference of all the important copper producers of the world, and am glad to say that a scheme of restriction of output is practically agreed. The Rhodesian mines have decided to join in this restriction scheme.

I should like briefly to summarise what your company has achieved to date: We have proved over one hundred million tons of ore with an average copper content of about 3.44 per cent., and there still remain over four thousand acres not tested, but on which it is known that the Roan series of ore-bearing rocks exist. The plant has been proved to have a capacity of 75,000 short tons of copper per annum, which can be produced at a cost below our most sanguine expectations, showing a substantial margin of operating surplus even with copper selling at its unprecedentedly low level of to-day.



ENTERPRISE!

¶ The intrepid enterprise of Columbus over four centuries ago opened up all the possibilities of an undeveloped Continent.

¶ Since then, the enterprise of succeeding generations has resulted in phenomenal development of the vast resources of the New World.

¶ To-day a great and growing volume of overseas trade is transacted annually by the Latin American Republics, and complete facilities for every description of modern banking business are afforded by

THE ANGLO-SOUTH AMERICAN BANK LTD
117 OLD BROAD ST. LONDON, E.C2

The average price of copper during the last thirty years has been about £68 per long ton of electrolytic copper, and had we now anything like normal times we should have been making enormous profits. We have only completed the first construction and development stage. It has always been intended, when circumstances warrant, to duplicate the plant, which can be done at a comparatively moderate cost.

In spite of the existing difficult circumstances, I feel we can face the future of our business with the utmost confidence.

A cable has just been received from the mine giving the December half-monthly production as follows: "83,800 tons milled (all produced from underground, as stock pile has been exhausted). Average grade 3.85 per cent. copper. Smelter production 2,557 short tons of blister copper.

The report and accounts were adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

The total ordinary revenue for the week ended December 19, 1931, amounted to £10,999,000 against ordinary expenditure of £9,867,200. After allocating £325,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £570,383, the operations for the week, as shown below, decreased the National Debt by £237,000 to £7,788,189,000:—

(000's omitted.)

Treasury Bills	£	Public Department Advances	£
1,305		750	
		150	
		290	
		350	
		2	
		— 1,542	

A complete analysis of the National Debt at September 30, 1931, was printed in the *Economist* of October 3.

REVENUE.	Revised Estimate for the year 1931-32.	Total Receipts into the Exchequer.	April 1, 1931, to Dec. 19, 1931.	April 1, 1930, to Dec. 20, 1930.	Week ended Dec. 19, 1931.	Week ended Dec. 20, 1930.
ORDINARY REVENUE.						
Inland Revenue—						
Income Tax	272,000,000	70,534,000	76,851,000	578,000	905,000	
Sur-tax, including Arrears of Super-Tax	73,000,000	20,430,000	17,120,000	720,000	440,000	
Excise, &c., Duties	83,000,000	45,460,000	53,160,000	1,310,000	2,230,000	
Stamps	20,000,000	10,170,000	12,780,000	...	540,000	
Excise Profits Duty and Corporation Profits Tax	2,200,000	...	...	...	...	
Land Tax and Mineral Rights Duty	800,000	180,000	170,000	...	10,000	
Total Inland Revenue	451,000,000	147,774,000	166,081,000	2,608,000	4,125,000	
Customs and Excise—						
Customs	131,770,000	96,571,000	88,119,000	2,456,000	2,296,000	
Excise	121,230,000	89,485,000	94,295,000	6,985,000	6,495,000	
Total Customs and Excise	253,000,000	186,056,000	182,414,000	9,441,000	8,791,000	
Motor Vehicle Duties (Exchequer Share)	5,000,000	1,630,000	1,702,041	Dr 113,000	Dr 750,000	
Post Office (Net Receipts)	12,200,000	9,900,000	9,150,000	Dr 115,000	Dr 750,000	
Crown Lands	1,300,000	980,000	1,010,000	...	...	
Receipts from Sundry Loans	15,400,000	12,517,881	26,407,869	...	1,550,000	
Miscellaneous Receipts	42,800,000	12,177,591	22,055,730	100,000	1,494,264	
Appropriation from Rating Relief Suspense Account	4,000,000	3,900,000	16,000,000	...	...	
Total Ordinary Revenue	784,700,000	374,935,472	424,820,640	10,999,000	15,097,264	
SELF-BALANCING REVENUE.						
Post Office	58,232,000	39,750,000	40,750,000	1,900,000	1,750,000	
Motor Vehicle Duties apportioned to Road Fund	23,350,000	8,546,000	8,897,959	...	113,000	
Total Self-Balancing Revenue	81,582,000	48,296,000	49,647,959	1,900,000	1,863,000	
Total	866,282,000	423,231,472	474,468,599	12,899,000	16,960,264	

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.	April 1, 1931, to Dec. 19, 1931.	April 1, 1930, to Dec. 20, 1930.	Week ended Dec. 19, 1931.	Week ended Dec. 20, 1930.
ORDINARY EXPENDITURE.						
Interest and Management of National Debt	289,400,000	249,174,977	252,332,061	1,847,162	15,089,006	
Payments to Northern Ireland	6,350,000	3,677,004	3,728,611	20,000	19,000	
Exchequer	3,000,000	1,896,347	1,809,740	...	57,136	
Total	298,750,000	254,748,328	257,870,412	1,867,162	15,165,142	
Total Supply Services (excluding Post Office)	451,829,000	305,233,592	304,251,467	8,000,000	8,000,000	
Total ordinary expenditure	750,579,000	559,981,920	562,121,879	9,867,162	23,165,142	

EXPENDITURE.	Revised Estimate for the year 1931-32.	Total Issues out of the Exchequer to meet payments.	April 1, 1931, to Dec. 19, 1931.	April 1, 1930, to Dec. 20, 1930.	Week ended Dec. 19, 1931.	Week ended Dec. 20, 1930.
SELF-BALANCING EXPENDITURE.						
Post Office	58,232,000	39,750,000	40,750,000	1,900,000	1,750,000	
Road Fund	23,350,000	8,546,000	8,897,959	...	113,000	
Total Self-Balancing Expenditure	81,582,000	48,296,000	49,647,959	1,900,000	1,863,000	
Total Ordinary and Self-Balancing Expenditure	832,161,000	608,277,920	611,769,838	11,767,162	25,028,142	
New Sinking Fund (1928)	32,600,000	22,940,351	37,949,537	325,000	7,620,424	
Total, including New Sinking Fund	864,761,000	631,218,271	649,719,375	12,092,161	32,648,566	

The aggregate revenue and expenditure to December 19th, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO DECEMBER 19TH. (000's omitted.)

EXPENDITURE	Revenue	£
Expenditure	659,982	374,935
New Sinking Fund	22,940	2,899
	582,922	205,088
		582,922

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-standings	Dec. 20, '30.	Mar. 31, '31.	Dec. 19, '31.	Dec. 19, '31.
Advances by Bank of England	3,750,000	48,250,000	—	780,000
Advances by Public Departments	47,100,000	24,500,000	—	780,000
Treasury Bills outstanding	713,145,000	569,825,400	682,920,000	+ 1,300,000
Total Floating Debt	763,995,000	594,325,000	731,170,000	+ 550,000

* Includes £17,000, the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on December 18, 1931, and the total amount applied for was £42,365,000. Tenders were accepted for bills at three months, dated Monday to Thursday at £98 11s. 8d., about 77 per cent., and above in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months' Average Rate.
November 27	45,000,000	53,195,000	£ 4 s. d.
December 4	45,000,000	49,745,000	5 11 6 27
December 11	40,000,000	45,930,000	5 12 2 75
December 18	40,000,000	42,365,000	5 12 2 91
			5 13 1 65

The Bankers' Gazette.

PROVINCIAL CLEARING RETURNS.

RETURNS.

(000's omitted.)

	Week ended December 19,		Month of November,			Aggregate Totals, January 1 to December 19,	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days			25	25			
BIRMINGHAM	£ 2,284	£ 2,104	9,662	8,346	- 13-6	£ 119,143	£ 108,001
BRADFORD	538	603	3,205	3,355	+ 4-6	42,079	36,741
BRISTOL	1,113	1,081	4,520	4,563	+ 0-9	55,957	55,567
DUBLIN	5,290	5,004				245,383	246,558
LIVERPOOL	813	712	3,000	2,915	- 2-8	39,345	35,768
LEICESTER	864	1,066	3,658	3,331	- 8-9	45,532	42,029
MANCHESTER	6,809	5,421	25,978	23,619	- 9-3	352,291	311,048
NEWCASTLE	9,173	8,910	40,016	38,352	- 4-1	519,408	474,438
NOTTINGHAM	1,359	1,273	5,972	5,044	- 15-5	69,716	62,429
SHEFFIELD	558	594	2,496	1,799	- 21-6	29,375	21,871
Total	732	840	3,343	2,870	- 14-1	43,817	36,897
Total	30,175	28,095	104,548	96,822		1,564,693	1,403,787

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Portugal appeared in the *Economist* of August 8; Canada, Lithuania, and Danzig in November 18; Russia in December 6; Italy, Denmark, Bank for International Settlements, Poland, Sweden, and National Bank of Egypt, in December 12; Reichbank, U.S. Federal Reserve, New York Federal Reserve, Imperial Bank of India, Franco, Belgium, Netherlands, Java, Norway, Austria, Latvia, Spain, Czechoslovakia, Roumania, Greece, Estonia, Yugoslavia, Finland and Chile in December 19.

FEDERAL RESERVE MEMBER BANKS.

	Dec. 3, 1930.	Nov. 4, 1931.	Nov. 11, 1931.	Nov. 18, 1931.	Nov. 25, 1931.	Dec. 2, 1931.
Loans	16,516	13,510	13,421	13,442	13,405	13,350
Investments	6,800	7,637	7,612	7,569	7,503	7,506
Time deposits	13,908	12,343	12,287	12,279	12,208	12,199
Due from banks	7,372	6,297	6,268	6,241	6,211	6,142
Due to banks	1,826	1,043	1,087	1,020	982	988
Federal reserve borrowings	3,455	2,654	2,626	2,643	2,452	2,513
Total	99	428	411	386	397	41

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Nov. 26, 1930.	Nov. 6, 1931.	Nov. 13, 1931.	Nov. 20, 1931.	Nov. 27, 1931.
ASSETS.					
Gold coin and bullion	1,163	6,189	6,072	6,789	7,700
Subsidiary coin	162	386	394	402	402
Bills discounted	7,147	4,570	4,533	4,003	3,721
Investments	1,532	1,626	1,445	1,309	1,143
LIABILITIES.					
Capital	1,000	1,000	1,000	1,000	1,000
Reserve	8,462	802	802	802	802
Notes in circulation	1,765	1,986	1,942	1,985	1,672
Government deposits	4,530	4,300	4,461	4,795	5,089
Bankers' deposits	...	...	...	...	...
Ratio of cash reserves to liabilities to public	48.2%	44.2%	45.7%	49.9%	55.6%

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

	Position, May 31, 1931.	Dec. 15, 1930.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.	Dec. 15, 1931.
ASSETS.						
Gold	171,175	671,989	2,200,767	2,200,925	2,200,850	2,228,492
Foreign Bills and Balances abroad	...	334,773	112,431	131,069	145,086	142,094
Discounts	...	30,904	31,354	30,666	30,933	30,576
Advances	103,000	38,620	52,381	53,287	49,813	48,653
LIABILITIES.						
Notes in circulation	275,925	938,853	1,413,766	1,476,529	1,458,268	1,459,690
Deposits	33,750	238,016	1,002,596	953,176	977,184	1,007,231

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

	Dec. 15, 1930.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.	Dec. 15, 1931.
ASSETS.					
Gold reserve	162,651	104,796	104,795	104,796	104,796
Gold coin and bullion	20,561	11,267	11,586	12,539	12,180
Foreign bills and balances	10,498	388,752	421,343	410,810	399,408
Advances	218,487	58,462	58,462	58,438	58,438
LIABILITIES.					
Notes in circulation	34,756	34,756	34,756	34,756	34,756
Share capital (gold crowns 30,000,000)	393,273	379,510	391,885	385,362	375,991
Current accounts, deposits, &c.	38,111	138,646	146,317	143,655	140,339

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

	Dec. 15, 1930.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.	Dec. 15, 1931.
ASSETS.					
Gold	1,545,686	1,567,284	1,566,986	1,566,180	1,599,086
Balance abroad and foreign currency	2,370,914	1,140,549	1,145,725	1,146,567	1,113,195
Discounts and advances	149,823	1,387,377	1,656,329	1,683,385	1,660,085
State notes debt balance	3,471,002	3,225,000	3,221,963	3,218,119	3,166,548
Other assets	1,018,771	654,578	662,767	656,723	587,810
LIABILITIES.					
Bank notes in circulation	6,829,416	6,386,186	7,165,913	6,892,657	6,724,032
Check account balances	858,074	691,503	193,887	521,190	552,693
Other liabilities	360,318	386,194	383,059	346,006	339,088

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

NATIONAL BANK OF BULGARIA						
	Dec. 7, 1930.	Nov. 15, 1931.	Nov. 23, 1931.	Nov. 30, 1931.	Dec. 7, 1931.	Dec. 15, 1931.
ASSETS.						
Gold and silver holdings	1,450,968	1,510,431	1,510,406	1,510,343	1,511,024	
Balances abroad and foreign currencies	1,111,736	522,822	486,329	477,999	480,346	
Discounts and advances	648,981	887,334	887,216	881,295	860,793	
Advances to the Treasury	3,161,845	3,030,573	3,030,593	3,030,593	3,030,593	
LIABILITIES.						
Capital paid up	500,000	500,000	500,000	500,000	500,000	
Reserves	1,154,486	1,184,252	1,184,617	1,184,629	1,184,648	
Reserves	3,484,837	3,176,053	3,097,646	2,980,717	2,978,856	
Bank notes in circulation	1,385,065	1,375,053	1,382,649	1,460,134	1,408,422	
Sight liabilities	273,427	246,405	245,752	245,368	245,217	
Deposits						

In 1931 (000's omitted).

SOUTH AFRICAN EXCHANGE RATES.

BUYING RATES.					
	T.T.	Sight.	30 days' sight.	60 days' sight.	90 days' sight.
London on—					
Rhodesia.....	1 1/2% dia.	1 1/2% dia.	1 1/2% dia.	2 1/2% dia.	3 1/2% dia.
South Africa ..	2 1/2% pm.	2 1/2% pm.	2 1/2% pm.	2 1/2% pm.	2 1/2% pm.
SELLING RATES PER £100 (STERLING).					
		Sight.		Telegraphic.	
London on—					
Rhodesia.....	£ s. d.	£ s. d.			
South Africa ..	99 17 6	99 15 0			
	72 0 0	71 15 0			

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

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

Country.	Method of Quoting.	Per Value.	Usance.	Latest Rate.
Ecuador	Sucres to £	24-3325	Sight London	20-20
Venezuela	Bolivar to £	25-2215	"	24-00
Colombia (Bogota)	Pesos to £	5	"	4-10 1/2
Nicaragua	Colonias to £	4-8665	"	4-96
Salvador	Colonias to £	9-75	"	8-35
Bolivia	Bolivianos to £	13-33	"	13-03

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

London on Australia and New Zealand.				Australia and New Zealand on London.*			
Buying.		Selling.		Buying.		Selling.	
Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.	Aus- tra- lia.	New Zealand.
T.T.	125 1/2	111 1/2	125 1/2	109 1/2	125 1/2	110 1/2	125 1/2
Sight ..	125 1/2	111 1/2	125 1/2	109 1/2	125 1/2	110 1/2	125 1/2
30 days	125 1/2	111 1/2	125 1/2	109 1/2	125 1/2	110 1/2	125 1/2
60 days	125 1/2	111 1/2	125 1/2	109 1/2	125 1/2	110 1/2	125 1/2
90 days	125 1/2	111 1/2	125 1/2	109 1/2	125 1/2	110 1/2	125 1/2

All rates (Australia and New Zealand) now based on £100—LONDON.

BULLION.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Date.	Silver. Cash.
		Cash	Forward		
1931.					
Dec. 16.....	119 6	20 1/2	20 1/2	Dec. 18, 1925	31 1/2
" 17.....	119 6	20 1/2	20 1/2	" 17, 1926	24 1/2
" 18.....	122 2	20 1/2	20 1/2	" 16, 1927	26 1/2
" 19.....	122 3	20 1/2	20 1/2	" 20, 1928	26 1/2
" 21.....	122 1	20 1/2	20 1/2	" 19, 1929	22 1/2
" 22.....	121 10	20 1/2	20 1/2	" 18, 1930	14 1/2

NOTICES.

The Westminster Bank have opened a new branch at 249 Banbury Road, Summertown, Oxford.

Messrs Coutts and Company, the bankers, announce that Mr David John Roberts has been elected a director of the company.

Barclays Bank, Ltd., announce the opening of a new branch at 568 North Circular Road, Neasden, N.W.2.

Lord Luke of Pavenham has accepted a seat on the London Board of Advice of the National Bank of Australasia, Ltd., in succession to the late Right Hon. Lord Stanley of Alderley, K.C.M.G.

Company News.

OIL OUTPUTS.

HAMILTON'S OIL CONCESSIONS (ROMANIA), LTD.—Production for month of November, 1931, 6,775 tons=47,425 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of November amounted to 100,234 barrels, or approximately 14,319 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—The production for the week ended October 24, 1931, was 184,000 barrels. Production for the week ended October 31, 1931, was 189,000 barrels. Production for the week ended November 7, 1931, was 174,000 barrels. Production for the week ended November 14, 1931, was 198,000 barrels. Production for the week ended November 21, 1931, was 198,000 barrels. Production for the week ended November 28, 1931, was 197,000 barrels. Production for the week ended December 5, 1931, was 208,000 barrels. Production for the week ended December 12, 1931, was 225,000 barrels.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or stated in Cash.		Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Latest Year.	Previous Year.
BANKS.				
Barclays (Dominion and Overseas) "A"	5 1/2	Dec. 31	...	...
Do. "B"	5 1/2	Dec. 31	...	...
TEA AND RUBBER.				
Anderson's Rubber	2 1/2%	Dec. 21	...	...
Bordabai Tea	10%	Dec. 28	Less tax	...
Mohand Tea	10%	Dec. 23	...	...
MINING.				
Apex Mines	5%	...	...	...
Armstrong Coal	...	...	5	7 1/2
Burma Corporation	1 1/2%	Feb. 15	Free of Indian and British Income Tax.	...
Government Gold Mining	...	...	45	...
Langlaagte Estate	...	...	10	...
New State Areas	...	...	10	...
Randfontein Estates	...	...	2 1/2	...
Van Ryn Deep	...	...	12 1/2	...
Witwatersrand Gold	...	...	2 1/2	...
OTHER COMPANIES.				
Aberthaw and Bristol Channel	3%	...	...	...
Baker Perkins	3%	Dec. 31	...	...
Berkeley Property	2 1/2%	...	Less tax	...
Bowater's Paper Mills	...	...	7 1/2	5 1/2
British American Tobacco	...	...	20	25
Colombo Commercial	...	...	12 1/2	14
Falvey Aviation	...	...	10	7
Fortnum and Mason	...	...	18	23
Forton Trust	2%	...	...	...
Gen. Barnett and Company	1/6 p.a.	...	5	5
Ginner Investment Trust	2 1/2%	...	22	22
Hall's Oxford Brewery	...	...	3	5
John Barran and Sons	...	...	50	75
Midland Trust	...	...	...	...
Noakes and Company	...	...	...	...
Second Scottish Eastern Investment	3%	...	...	...
Scottish International Trust	5%	Jan. 19	Tax free	...
South African Breweries	...	...	6	10
South American Cattle Farms	2%	Jan. 1	...	...
South British Investment Trust	...	...	4	...
South Western Investment	2 1/2%	Jan. 14	...	...
Telephone Rentals	...	...	6	10
William Dillan and Sons	...	...	...	...
Wilton Investment	10%	Jan. 15	...	...

UNITED RAILWAYS OF THE HAVANA AND REGIA WAREHOUSES, LIMITED.—The transfer books of the 4 per cent. redeemable debenture stock have been closed from December 1 to 15, 1931, inclusive, for the preparation of warrants for interest due January 1, 1932. The holders of the 4 per cent. debentures and debenture stock are notified that as regards the half-yearly interest due on January 1 and July 1, 1932, such interest is, under the scheme of arrangement sanctioned by the Court in July, 1930, payable out of the dividends on the shares of the American and Foreign Power Company, Inc., held by the trustees of the trust deed securing those debentures and debenture stock. As such dividends are payable quarterly and those for the quarters ending January 1 and July 1, 1932, will not be received before those dates, the respective payment of the January and July, 1932, coupons of the debentures and the respective issue of the warrants for the interest on the debenture stock will be made immediately after the dividends on the shares for the respective complete half years to January 1 and July 1, 1932, are available to meet such coupons and interest warrants.

WANKIN COLLINS COMPANY, LTD.—At the annual general meeting of the company, a final dividend of 2 1/2 per cent., less income tax, was declared in respect of the company's financial year ended August 31, 1931, making 2 1/2 per cent. less income tax, for the year, payable on December 4, 1931, to all shareholders registered on the books of the company as at November 9, 1931.

THE WHITEHEAD IRON AND STEEL COMPANY, LTD.—The directors of the Whitehead Iron and Steel Company, Ltd., report that the trading profit for the half-year ending September 30, 1931, maintains approximately the same level as the preceding half-year. The directors state that this is considered satisfactory having regard firstly to the abnormally difficult trading conditions of the last quarter and, secondly, to the period being a transitional one in which the company's business was being entirely reorganised. This reorganisation is now completed; a new semi-continuous mill has been put into successful operation; the Frodoz works have been closed, and the whole of the company's production and offices have been centralised at the Newport works. This has effected a very substantial reduction in costs, which has only been slightly felt in the past half-year. Having regard, however, to the continued uncertainty to the industrial outlook, the directors consider the proper course is to conserve the company's resources, and defer consideration of a dividend until conditions become more stabilised.

DEBENHAMS SECURITIES, LIMITED.—After consultation with the directors of Debenhams Limited, it has been decided to postpone the declaration of the dividend on the 7 1/2 per cent. cumulative preference shares, due on December 31, 1931. It has been provided by the sum required for the payment of this dividend would have been provided by the payment of an interim dividend on the ordinary shares of Debenhams Limited, but in view of the prevailing conditions the directors of that company deem it prudent not to declare an interim dividend on their ordinary shares at the present time. The sales of the popular-priced businesses have been well maintained, but the higher-grade businesses are suffering from the restricted spending power of their customers, consequent upon high taxation and trade depression. As these influences seem likely to continue to operate for some time, it is to be feared that no pronounced improvement in this section can be anticipated in the immediate future. The directors, while regretting the disappointment this will cause to shareholders, are satisfied that the decision of the board of Debenhams Limited to postpone the declaration of a dividend on the ordinary shares of that company until such time as the results of the whole year's trading can be more clearly foreseen, is a right and proper one in present circumstances.

THE UNION-CARTER MAIL STEAMSHIP COMPANY, LTD.—The half-year's debenture interest payable on February 1, 1932, will be met in due course.

THE MILLON AND ASKAM HEMATITE IRON COMPANY, LTD.—After full consideration the directors have decided to withhold the payment of the preference dividend due on January 1st. The directors regret the decision, but believe it prudent in view of the serious depression which still continues in the iron trade.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.			Corresponding Period Last Year.	
					Dividend.		Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.
					Prefere.	Ordinary.			
					Amount.	Amount.	Rate.		%
Breweries.									
Hall's Oxford Brewery	Sept. 30	59,316	54,931	114,247	11,000	44,000	22	59,247	56,967
Simonds (H. and G.)	Sept. 30	88,184	140,789	228,973	26,075	51,053	12 1/2	94,673	116,463
St. Louis Breweries	Sept. 30	2,521	Dr. 657	1,864	...	...	...	1,864	Dr. 665
Financial Land, &c.									
Agricultural Credit Corpora- tion	Oct. 31	9,842	16,406	26,248	...	13,126	5	9,842	16,406
South American Cattle Farms	Sept. 30	4,309	35,903	40,212	...	11,250	5	26,300	48,818
Iron, Coal and Steel.									
Armistead Coal Company	Sept. 30	11,529	14,213	25,742	1,145	6,094	5	5,000	13,503
Ordem Coal Mines	Sept. 30	Dr. 33,829	Dr. 20,004	Dr. 53,833	...	...	...	Dr. 53,833	Dr. 27,160
Nitrate.									
Lautaro Nitrate	June 30	320,356	Dr. 656,511	Dr. 336,155	...	...	...	Dr. 336,155	287,337
Rubber, &c.									
Aboyné-Clyde Rubber	June 30	3,951	Dr. 5,179	Dr. 1,228	...	...	...	Dr. 1,228	154
Krubong (Malacca) Rubber	Sept. 30	340	Dr. 1,015	Dr. 675	...	...	...	Dr. 830	155
Pontian (Malay) Rubber	Sept. 30	1,650	220	1,870	...	...	...	Dr. 886	1,870
Rembia Rubber Estates	Sept. 30	3,055	Dr. 10,949	Dr. 7,894	...	...	...	Dr. 7,008	Dr. 6,441
Sungei Puntar Rubber	Sept. 30	20	Dr. 14	6	...	...	...	6	Dr. 1,109
Textiles.									
Combined Egyptian Mills	Sept. 30	Dr. 429,174	Dr. 357,527	Dr. 849,701	17,550	4,966	3	5,955	24,220
Barran (John) and Sons	Oct. 31	8,984	19,487	28,471	17,156	6,862	3	272	19,670
Trusts.									
Scottish Consolidated Trust	Nov. 30	14,270	29,690	43,960	4,687	3,750	4	4,363	6,397
Second British Steamship	Dec. 1	...	19,197	19,197	16,875	7 1/2	55,000	42,598	105,210
Other Companies.									
Bowater's Paper Mills	Sept. 30	38,763	98,210	136,973	22,500	...	...	Dr. 182,569	...
British and Dominion Film	Oct. 31	Dr. 199,573	17,004	Dr. 182,569	5,625	...	...	8,000	Dr. 50,219
Corporation	Sept. 30	14,829	Dr. 51,423	Dr. 36,594	...	...	...	Dr. 20,159	5,966
Edison Bell, Ltd.	Sept. 30	11,586	Dr. 31,745	Dr. 20,159	...	...	...	5,275	Dr. 1,257
Edison Bell International	Sept. 30	2,045	3,230	5,275	...	6,452	5 1/2	2,404	...
Ford Paper Mills	Sept. 30	1,171	7,685	8,856	...	...	...	...	...
London Trading Estates	Aug. 31	...	...	...	...	...	...	...	...

† Free of Income Tax.

SUMMARY OF BALANCE SHEETS.

LIABILITIES.				ASSETS.			
Amount.		Compared with Aug. 31, 1930.		Amount.		Compared with Aug. 31, 1930.	
£	£	£	£	£	£	£	£
4% cum. pref. £1 2,350,000	...	...	...	Properties, &c. ...	1,544,938	24,880	...
Ord. shares (15s. fully paid) ...	3,011,439	...	...	Fixtures, &c. ...	278,283	26,273	...
Prof. shares ...	12,000	...	...	Plant ...	9,534	1,591	...
Ord. shares ...	76,468	34,634	...	Shares of South American stores	2,574,234	...	...
Unclaimed divs., &c. ...	3,881	394	...	Deb. stock, Alma- cenos (Oath and Chaves) ...	484,500	8,000	...
Reserve ...	52,278	33,778	...	Stocks ...	450,615	77,591	...
Special reserve ...	Nil	68,414	...	Debtors ...	153,304	6,279	...
Insurance funds	86,371	45,546	...	Divs. S. American Stores ...	15,757	241,698	...
Exchange reserve	138,414	68,414	...	British Govt. se- curities, at mar- ket value ...	375,550	108,548	...
Ord. shareholders' div. account ...	122,592	122,592	...	Short-dated loan ...	44,470	18,632	...
Accrued int. fund- ing certs. ...	77,642	5,895	...	Cash ...	...	...	...
Undivided profits	...	122,029	...				
Profit and loss ...	...	268,540	...				
Total ...	5,931,085	299,132	...	Total ...	5,931,085	299,132	...

UNITED AFRICA COMPANY, LIMITED.

		April 30, 1931.				ASSETS.		Compared with April 30, 1930.	
LIABILITIES.		Compared with April 30, 1930.						£	
		£						£	
A shares	7,100,000	£	600,000	Land, buildings and goodwill ...	5,249,852	+	441,114		
B shares	7,100,000		600,000	Shares in subsidiary cos. as at April 30, 1929...	7,576,050	-	718,116		
C shares	1,531,600		1,531,600	Stocks of merchandise	2,891,453	-	695,138		
Trade drafts	169,560		705,131	Stocks to produce	2,375,755	-	798,430		
Acceptances	343,923		1,186,672	Debtors	1,037,488	-	136,539		
Bank overdrafts...	1,401,334		2,352,391	Cash and bills receivable	268,112	+	11,440		
Creditors	1,430,690		695,818	Investments in shares of other cos. at cost ...	147,395				
Due to subsidiaries	4,965,972		24,143	Due by subsidiaries	3,232,994	-	78,490		
Profit and loss ...				Profit and loss ...	1,263,980	-	126,980		
Total	24,043,079		890,179	Total	24,043,079	-	890,179		

Total value of £68,193 had a market value at April 30, 1931.

The Economist

MONTHLY SUPPLEMENT.

SATURDAY, JULY 25, 1931.

No. 98.

New Series.

The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

THE business world has lately been completely over shadowed by the international crisis, and it is hardly an exaggeration to say that the outlook changes from day to day, and even from hour to hour. The Hoover declaration, calling for a year's reparations and debt moratorium, had an immediate effect upon the world's commodity markets and stock exchanges. Prices shot up smartly, the most depressed industries. For a few days there was a disposition to hope for signs of broadening trade inquiry.

Then followed delays, hesitations and doubts. Markets which had been revived by sentiment alone promptly reacted, and prices sagged towards the levels at which they had previously stood. Moreover, the German situation rapidly deteriorated, until it reached the critical days of the past two weeks. It was inevitable that world trade and finance should have been involved in these uncertainties. To mention but one obvious example, the wool trade in London and Bradford, in Roubaix and Tourcoing, and also in the wool-growing centres immediately felt the effects of the big Nordwolle failure in Germany, with its severance of so many of the links of the international wool trade. The German banking suspensions and the partial moratorium at once affected every financial centre and every holder and acceptor of bills drawn against German credits. Banks all over the world at once began to strengthen and conserve their cash resources, and to do so drew freely on their London balances. This in turn moved all the leading exchanges against the pound, and led to an immediate and heavy drain of gold from London to all important foreign centres, with the honourable exception of New York. A state of strain at once developed in the London discount market, and spread into the country's banking system and so into the industrial life of the nation.

In these circumstances pages are useful mainly for purposes of record, for the situation is changing every day, and the alternatives of a German collapse or a permanent solution of the crisis condition every present estimate of our industrial situation. To-day, there is no doubt that the long continuance of the crisis and the present uncertainty are weighing somewhat heavily upon British industrialists, who to-day are inclined to confess that they can see no immediate ground for hope. It must be remembered, too, that the holiday season is almost upon us, and that, even if times were normal, business would be beginning to fall away. In these conditions it is hardly a matter for surprise that unemployment shows no signs of decreasing, that the June trade returns were again disappointing, and that regarding the normal indications

of the business activity of the nation, signs of improvement are few and far between.

Moreover, granted that a general breakdown in Central Europe can be avoided, the whole situation, from the point of view of international trade, holds elements of grave uncertainty. There is no doubt that Germany's reparations obligations have forced her to sacrifice everything to the task of building up an adequate export surplus. She has done so, but at a heavy price, and our share of that price has been to suffer intense German competition in all our markets. A permanent reduction of Germany's reparation burden would doubtless have the effect of diminishing that competition to some extent. On the other hand, for the early future, if Germany has to make a desperate effort to reduce, or even support the present reduction of her foreign short-term credits, she may be compelled to "dump" exports on a scale highly upsetting to the rest of Europe's commerce.

Thus, for the moment, we are forced to derive such consolation as may be from minor points of advantage. Whatever view be taken in the long run of the decision to facilitate Russian purchases in this country of machinery, it will be of immediate benefit to the industries directly concerned. So, too, will be the modification of the Chinese Boxer Indemnity, with its provisions for the Chinese purchase of British railway material. The electrical engineering industry is progressing in the face of current adversities, and in a number of minor industries activity is being fairly well maintained. For example, makers of pedal cycles tell a quite encouraging story. Finally, and in some ways the most important of all, the fall in wholesale prices appears to have been checked, though here judgment must be reserved until the international situation becomes clearer.

For this, patience is still needed; and even when international politics become more settled it must not be ignored that the problems of previous months still await solution. Disparities between prices and costs must still be bridged, stocks of staple commodities must still be liquidated, and budgets must still be brought within the taxpayer's capacity to bear them. An international settlement, and even a reparations and debt moratorium will not by themselves solve these problems; but at the best will facilitate their solution. For industrial recovery, it is not enough to live from day to day. Real expansion of trade and greater employment in industry cannot be looked for with confidence until there are clearer signs that the whole intricate nexus of economic difficulties from which the world is suffering is at least on the way to being disentangled.

GOVERNMENT, &c.

SAN PAULO COFFEE REALISATION LOAN, 1930.—The returns for the fourth month of the second year's operation of the scheme in connection with the above loan as compared with the fixed minimum figures are as follows:—

	Month ending October 31, 1931.	Total for Four Months from July 1, 1931.	Minimum to be Received for Year ending June 30, 1932.*
Special tax at 73 cents (3s.) per bag on port entries.....	\$718,336.06	\$276,583 12s. 8d. and \$1,631,164.31	\$7,299,750 (£1,500,000)
Redemptions. Government coffee.....	\$304,156.25†	\$99,933 17s. 11d. and \$730,296.71	\$3,649,875 (£750,000) being 300,000 bags at \$12.16625 (£2 10s.) per bag
Planters' coffee.....	\$547,481.24†	\$198,123 15s. and \$1,225,755.71	\$5,569,775 (£1,350,000) being 1,350,000 bags at \$4.8665 (£1) per bag

Port entries 1,178,483 bags. 4,217,124 bags. 10,000,000 bags.
* As from September 28, 1931, all remittances are to be made in dollars at the exchange rate of \$4.8665 = £1.
† These figures include £11,448 4s. 5d. already remitted and F. Fca. 4,800,000 for which exchange has been secured in respect of coffee sold and awaiting shipment. For the purpose of this statement these sums have been converted into dollars at current rates of exchange.

Santos stock available on October 31, 1931, was 791,204 bags, as against a fixed minimum of 1,000,000 bags. The shortage is reported to be due to the fact that the large amount of coffee shipped during the last few days of the month was in excess of the capacity of the railways to bring in fresh coffee to replenish the stock; this fixed minimum is expected to be again attained shortly. Up to October 31, 1931, the proceeds of the export tax of 10s. per bag had been applied by the National Coffee Council in the purchase for destruction of 2,057,116 bags of coffee, 1,861,419 bags of which had actually been destroyed.

MISCELLANEOUS.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY.—The earnings report for the past nine months, compared with corresponding period a year ago, is as follows:—

	9 Months Ending Sept. 30, 1930.	9 Months Ending Sept. 30, 1931.
Earnings:		
Dividends.....	110,383,792.58	114,057,112.83
Interest.....	20,256,179.08	20,384,135.33
Telephone operating revenues.....	86,065,210.71	82,995,474.65
Miscellaneous revenues.....	1,008,418.91	1,063,454.15
Total.....	217,713,601.28	219,100,176.96
Expenses, including taxes.....	69,623,407.51	66,933,643.43
Net earnings.....	148,090,193.77	152,166,533.53
Deduct interest.....	24,640,011.17	23,710,218.38
Net income.....	123,450,182.60	128,456,315.15
Deduct dividends.....	101,119,330.84	121,646,888.75
Balance.....	22,330,851.76	6,809,426.40

Net income per share \$8.13 \$7.00

* Subject to minor changes when final figures for September are available.

THE COLNE VALLEY WATER COMPANY.—The Colne Valley Water Company have decided to reduce still further their charges by 10 per cent. of the authorised increase of charges under their Act of 1922, as from the quarter commencing December 26, 1931. The effect of this reduction is to reduce the charges for domestic supplies of water to the equivalent of the pre-war authorised charges of the company.

IMPERIAL AND INTERNATIONAL COMMUNICATIONS, LTD.—Estimated traffic receipts for eleven months ended November 30, 1930 and 1931:—

	1930.	1931.	Rise or Fall.
January.....	519,485	412,908	- 106,577
February.....	460,052	390,461	- 69,591
March.....	492,316	447,668	- 44,648
April.....	456,120	386,706	- 69,414
May.....	466,279	371,704	- 94,575
June.....	413,471	374,502	- 38,969
July.....	437,220	377,774	- 59,446
August.....	411,090	334,325	- 76,764
September.....	424,138	410,216	- 13,922
October.....	446,097	454,279	+ 8,182
November.....	402,886	427,062	+ 24,176

Aggregate for eleven months, January to November, 1930 and 1931..... 4,929,154 4,387,606† - 541,548

* The sum of £21,000 must be deducted from the message receipts for November, 1931, in making a comparison with November, 1930, owing to changed conditions of sharing traffic.

† In comparing aggregates, regard must be had to the notes issued with the traffic figures for March to November, 1931.

DENMAN PICTURE HOUSES, LTD.—The third annual report and accounts shows net profit for the year, including income from investments, &c., £335,859, against £265,567 for the preceding year. Adding balance brought forward, there is an available total of £402,696; last year, £309,194. The following appropriations and distributions have been made: Amount written off preliminary formation and debenture stock issue expenses, £12,853 against nil; reserve for amortisation and depreciation of leaseholds, £22,000 against £10,937; interest on debenture stock to March 31, 1931, £208,323 against £210,000; first mortgage debenture stock sinking fund, £35,000 against nil; income tax, nil against £21,419; interim

dividend of 2½ per cent. on ordinary shares, £35,000 against nil, leaving a balance of £88,918 against £66,837 to go forward. The whole of the issued and fully-paid share capital, with the exception of a very small number of shares, is held by Gaumont-British Picture Corporation, Ltd. Referring to the balance sheet, the only alterations of note on the assets side are: Freehold and leasehold theatre properties, &c., at £1,975,149, show an increase of £282,352 over last year's figure of £1,692,797; cash at bank and in hand, £144,166 (last year, £387,101); £12,853 has been written off preliminary and formation expenses, which now stand at £20,000. On the liabilities side: Amounts owing to subsidiary companies on loan and current accounts, £41,338 (last year, £4,102); other creditors and credit balances, £62,192 (last year, £47,636); reserve for amortisation and depreciation of leaseholds, &c., £61,604, against £41,875 last year.

TRANSVAAL GOLD OUTPUT STATISTICS.

Name of Mine.	October, 1931.			November, 1931.		
	Ore.	Yield.	Est. Profit.	Ore.	Yield.	Est. Profit.
Brakpan.....	104,000	156,075	50,967	97,000	147,381	45,004
City Deep.....	81,000	88,029	3,505	69,000	79,788	1,556
Consolidated Main Reef.....	67,000	96,782	15,561	66,000	95,920	15,774
Crown Mines (10s. sbs.).....	271,000	357,277	92,658	261,000	346,815	90,026
Durban Deep.....	49,000	66,682	8,020	48,200	66,815	8,060
East Rand Proprietary.....	160,500	181,845	14,505	156,000	174,259	12,575
Geduld Proprietary.....	86,500	118,393	48,057	83,600	114,351	46,400
Goldenbush Deep.....	74,500	74,542	6,763	75,000	71,028	6,480
Glyn's Lydenburg.....	6,400	11,272	1,053	6,400	11,964	1,330
Government Areas.....	210,000	415,823	241,098	196,000	388,372	224,028
Kleinfontein, New.....	52,100	42,014	3,234*	50,900	42,079	2,658*
Langlaagte Estate.....	84,000	114,804	32,144	75,000	105,526	31,041
Lupat's Vlei.....	32,000	33,892	4,487	30,700	32,459	4,830
Meyer and Charlton.....	18,300	19,569	4,276	9,920	12,612	3,308*
Modderfontein B.....	76,000	97,616	36,023	74,500	94,857	35,153
Modderfontein Deep.....	46,000	96,957	62,054	44,000	92,794	59,760
Modderfontein East.....	75,000	93,147	16,069	72,000	90,093	16,249
Modderfontein, New.....	170,000	288,879	157,440	161,000	272,999	148,485
New State Areas.....	87,000	89,253	7,130	87,000	160,947	75,054
Nourse Mines.....	70,000	89,253	7,130	69,000	87,917	6,843
Randfontein Estates.....	250,000	286,180	67,558	240,000	272,387	55,055
Robinson Deep.....	109,000	121,298	26,607	96,000	117,789	26,589
Rose Deep.....	64,000	55,521	2,830	62,000	54,068	2,988
Simmer and Jack.....	77,300	96,047	14,028	75,200	88,985	10,426
Spring Mines.....	76,000	152,478	72,985	70,000	143,942	70,252
Sub-Nigel.....	36,500	129,528	66,105	36,000	110,518	68,103
Transvaal G.M. Estates.....	16,600	21,753	2,939	16,200	22,454	3,107
Van Ryn Deep.....	46,000	44,521	5,057	46,000	43,742	5,510
West Rand Consolidated.....	67,000	97,420	29,073	62,000	92,864	28,535
West Springs.....	94,500	106,502	25,019	91,500	103,506	24,533
Witwatersrand Knight.....	76,500	78,078	14,127	73,100	73,636	13,630
	64,000	54,706	3,231			...

* Loss.

Commercial Reports.

MARKET SUMMARY.

In view of the approach of the Christmas holidays the principal international commodity markets have been quiet and turnover has, consequently, been on a small scale. The general tendency of prices in terms of gold has been irregular, and in many cases the slight improvement recorded last week has been lost.

CEREALS.—The advance in the gold price of cereals which took place last week has not been maintained. Wheat, maize, oats and rye were all cheaper this week. The weakness of wheat prices is ascribed mainly to the small volume of "cash" demand and to liquidation.

OTHER FOODS.—The recent improvement in coffee prices has been maintained. Dr. Osvaldo Aranha, Minister of Finance of Brazil, has announced that it was the intention of the National Coffee Council to eliminate the lower grades in order to maintain prices. On the other hand, cocoa and sugar suffered a further setback. It appears that the International Sugar Council will meet in Paris on January 5th with the purpose of discussing the reduction of the export quotas fixed on May 9th last. Another subject for discussion will be the possibility of Russia's entry into the Council.

COTTON.—Towards the end of last week there was a sharp advance in American cotton prices, following an expansion of buying by consuming interests. On Monday, however, a considerable amount of liquidation caused a slight setback.

RUBBER.—Rumours that the Dutch Government had agreed to the adoption of a restriction scheme led to an improvement in prices. These rumours have subsequently been denied at the Hague, with a consequent weakening of prices. It appears, however, that the Dutch Government are considering the restriction problem in the light of the report on the recent discussions in London.

NON-FERROUS METALS.—The outstanding event of the week in the metal markets has been a report that an agreement between American, British, Belgian and Rhodesian copper producers on a restriction scheme is on the point of being reached in New York, and will come into force on January 1st. Prices of copper show a sharp advance on last week. Spelter and lead have been neglected, but tin experienced a slight improvement following the announcement of the Committee of Control of the International Tin Pool that the Pool's holding has been increased to 19,000 tons, and that the sliding scale of prices originally fixed for the release of the Pool's holding had been revised in an upward direction.

HOME TRADE STATISTICS.—JUNE, 1931.

	May	June, '30.	June, '31.
UNEMPLOYMENT— (State Insurance %)	20.8	21.8	+ 6.4
PRODUCTION— Coal (million tons)*	4.2	4.2	+ 0.1
Iron (thous. ")	347	324	- 239
Steel (")	435	429	- 171
FOREIGN TRADE— Imports (million £'s)	69.6	68.6	- 14.8
Re-exports (")	5.7	6.0	- 1.9
British Exports (")	33.9	29.4	- 13.4
TRANSPORT— Railway Receipts* (£0,000)	297	301	- 32
Shipping Freights (av. level†)	81.8	78.1	+ 2.4
COMMODITY PRICES (")	63.6	63.6	- 15.2
TRADE DISPUTES (thous. working days lost)	214	116	- 313
SECURITY VALUES (av. level‡) 108.0	108.6	- 10.4	
FINANCIAL DATA— Bnk. of Eng. Notes (mill. £'s)*	354	354	- 7
Bank Deposits (")	1,738	1,782	- 47
Bank Advances (")	935	923	- 54
Banks Cash Ratio (%)	10.3	10.5	Nil
Bank Clearings: London (million £'s)*	824	697	- 162
Manchester (")	8.8	8.4	- 0.7
Three months' Bank Drafts (Discount Rate %)*	2½	2½	- ½
Day-to-day Loans (%)	1½	1½	- ½
(*) 1913 = 100. (†) Economist Index No.; 1927 = 100. (‡) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (†) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.			

* Average weekly figures.

HOME INDUSTRIES AND TRADE.

The following reports on British industries cover, in most cases, the period to the middle of July; in the remainder they relate to the month of June.

THE COAL TRADE.

Although a general coal stoppage was averted at the eleventh hour by new legislation extending the *status quo* for one year, a considerable amount of harm was done to the industry by the uncertainty that prevailed right up to the last moment. Forward business during June was inevitably checked, and in the South Wales area July shipments have suffered accordingly. The main news of interest from Cardiff is the gaining of an Egyptian State Railways contract for 100,000 tons of Monmouthshire coals on the basis of 24s. 1d., c.i.f. Alexandria. On the North-East Coast there is a slightly better demand for patent oven foundry coke, and prices have advanced a shilling a ton from their recent low level. Durham coals remain weak. Demand for house coal is limited, but certain Lancashire qualities are in request. Export orders for South Yorkshire steams are restricted, and the home demand for industrial fuel is still disappointing.

IRON AND STEEL.

The June production figures were again disappointing. Pig iron output was two per cent. below the May level, after allowing for the one day's less production, and the number of furnaces in blast fell during June from 80 to 76. Pig iron output for the first half of 1931 was only 2,000,600 tons, against a corresponding figure of 3,720,100 tons for 1930. The steel output figures for the first half-year were nearly as disappointing, 2,650,100 tons for 1931 compared with 4,361,700 tons for 1930. Steel imports for June, at 246,300 tons, were the highest for the year, but even so imports for the first half of 1931 were only 1,276,900 tons, against 1,533,000 tons in the first half of 1930. This emphasises the salient fact of the situation, namely, the lack of demand for steel. As a result the industry has been living mainly on sentiment, having improved with the Hoover declaration and having since reacted. Prices of Continental "semis," it is true, are a little firmer, but consumers are well supplied, and so English makers have not benefited. Stagnation in the shipyards means that there is no demand for steel plates, and the recent improvement in the tinplate industry is so far one in tone rather than in actual business. In other branches of the industry some dissatisfaction was felt at the failure of steel-makers to reduce their prices, and orders are still only coming forward very slowly.

ENGINEERING.

The state of the industry remains very bad, and a despondent view is taken of the outlook. It is true that a settlement was successfully reached on the wages question, which at one time threatened to end in a deadlock, but unemployment remains at the high figure of 26 per cent., June machinery exports were worse than ever, and orders remain very scarce. The recent decision of the Exports Credits Advisory Committee to recommend the granting of extended credits to Russia for the purchase of heavy machinery should bring forward fresh orders, particularly for textile machinists, and British manufacturers are being advised to accept Russian business (with proper caution), mainly on the ground that if they refuse it will go to some other country. Some hopes are placed upon the recent institution of the Chinese Purchasing Commission, set up under the terms of the new Boxer Indemnity Agreement. This is to direct the expenditure by China of £3,500,000 on engineering and railway orders—mainly upon locomotives, boilers and equipment plant—and should prove of benefit to the industries concerned. Lloyd's shipbuilding returns are most disappointing. Tonnage under construction at the end of June, at 555,603 gross tons, was the lowest since December, 1887, and 836,460 tons less than a year ago.

ELECTRICAL INDUSTRY.

Conditions have greatly improved from the manufacturing point of view, and June, in fact, has been the best month of the year. Orders to the value of £400,000 were received during that month. July also promises well. Two large orders for generating plant totalling 40,000 kw. have come from South Africa; while on home account the extension of the Lots Road Power Station of the London Underground Railways has led to the placing of an order for a 18,750 kw. turbo-alternator set.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1931—June	59	212	98
July	55	232	100
August	63	245	109
September	63	221	103
October	64	181	94
November	61	171	89
December	75	152	95
1931—January	69	150	90
February	66	123	75
March	62	126	74
April	63	130	76
May	63	137	79
June	65	128	78

* Copyright of the British Electrical and Allied Manufacturers' Association.

These figures represent a twelve-months' moving average ending with the month specified in the table. This explains why the June activity is not reflected in a corresponding increase in the June indices.

PRODUCTION OF ELECTRICITY.

In the *Economist* of July 10, 1928 (pages 57-8), we published a new index of electrical generation in the chief industrial areas of Great Britain. We show below a résumé of the results achieved during recent periods:—

INDEX OF GENERATION OF ELECTRICITY.*

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship-building, Heavy Engineering.	General Engineering and Automobile Construction.	Chemical.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	156
1931—June	140	130	177	208	175	127
July	143	127	193	220	182	137
August	133	117	165	192	184	111
September	156	137	223	282	205	144
October	161	150	195	244	222	158
November	188	188	226	246	285	185
December	194	169	260	207	267	189
1931—January	197	169	271	209	274	195
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	125	193	205	206	151

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

† Increase due to special causes.

The "corrected" figure, allowing for seasonal fluctuations and the steady expansion in the use of electricity, was 90.0 in June, against 84.2 in May and 89.0 in June last year. It will be noticed that the corrected figure shows an increase on last month.

MOTOR INDUSTRY.

Trade remains very quiet in the motor-car section. Manufacturers are already beginning to concentrate upon next season's production. In the commercial section there is a fairly keen demand for light lorries, but demand for heavy lorries is not so good. The motor-cycle trade is very dull, but sales of pedal cycles are reported to have improved over last year.

THE COTTON TRADE.

Conditions recently have not been favourable. The German crisis has had its effect upon operations, and the wider fluctuations in raw material prices have also had a disturbing influence. Nevertheless, the tone of the Manchester market has recently improved, and rather more business has been done. Much uncertainty exists as to future raw material supplies. The acreage in the American belt has been officially estimated by the Government at a reduction of 10 per cent. on last year. Cloth manufacturers have continued to meet with rather more inquiry. A few more sales have taken place for India in light whites and printed and dyed goods, and the political situation seems to be rather quieter. Very little has been done in standard makes for China, but further operations have occurred in fancies. The Egyptian and Near East markets have been disappointing. A fair business has been done for the West Coast of Africa, and there are indications of rather more activity for South America. Home demand has kept up fairly well. Taking the situation as a whole, it is difficult for manufacturers to restart idle machinery and improve prices, but prospects appear to be a little brighter. It has been another unsatisfactory month for spinners of American yarns, and much difficulty has been experienced in clearing the limited output. Some producers of Egyptian counts have sold rather more freely, but in most instances very unremunerative prices have had to be taken.

THE WOOL TEXTILE TRADE.

This industry has responded very closely to the fluctuations in the international situation. The opening of the July London sales was relatively encouraging, greasy combing merinos only falling by 5 per cent. in price, greasy fine half-breds $7\frac{1}{2}$ per cent., and other cross-breeds 10 to 15 per cent. as compared with the close of the previous sales. Those reductions were less than was at one time anticipated, and Bradford top-makers were correspondingly strengthened. As the sales progressed the German crisis and the repercussions of the German wool failure had their effect, and in the end the sales were closed two days before their proper date. These difficulties have also brought to an end the German business of Bradford export houses. The French strike, which had lasted three months, is now being settled, but Bradford in its turn is faced with labour trouble among the wool combers. Top prices are still firm, but business in yarns and piece-goods is very limited, makers of yarns for export being particularly hard hit by the international crisis.

THE RAYON TRADE.

The turnover in rayon yarns and fabrics for the home trade has been very well maintained during the past month, especially in view of the fact that a seasonal decline might have been expected. Overseas business has been disappointing, though there has been more inquiry. Consumption by the weaving trade is much larger than that of the hosiery and knitting trade.

THE LINEN TRADE.

Advances have been paid on June quotations for Russian flaxes, both Baltic and Soviet. Very little flax is offering, and values are likely to go higher owing to the lack of supplies. Yarns have come in for more attention, and producers are refusing new business at recent prices. In view of the general heavy decline in the textile export returns for June, the returns for linen piece goods are relatively excellent and the outlook encouraging.

BOOTS AND SHOES.

A few Northampton manufacturers are busy, but this month is regarded as being "between seasons," and retailers are not placing forward orders. Consequently, many makers are unable to work at full capacity, and they also complain of price-cutting and of competition from users of inferior materials. Leicester reports moderate home business, and no improvement in export business, which is very limited. There has been a further moderate recovery in the Bristol heavy boot trade.

THE POTTERY TRADE.

Business is still very disappointing, and manufacturers are as yet unable to take advantage of further technical improvements recently made in certain sections of the industry. Some manufacturers profess to have noticed a slight improvement in tone, but with the approach of the holidays this has not succeeded in stimulating any appreciable increase in orders.

THE CHEMICAL INDUSTRY.

There is no great improvement in the volume of business, but there is undoubtedly a brighter tone in some sections. Among heavy chemicals, sales of alkali and chlorine products continue poor. Exports of caustic have declined in comparison with June last year, and competition from the Russian production is very keen. The demand for acids has also been slack. Exports of coal tar products were actually higher in June, 1931, than in the corresponding period of last year, this being largely due to an advance in creosote. Trade in refined tar also steadily improved during the month. Pitch has been the subject of a certain number of inquiries, but the improvement seems to have been of rather a temporary nature. Pharmaceutical business is at a low level. Bismuth salts have been advanced in price, but most other price changes have been downwards. Reports of the dyestuffs industries

have not been very encouraging. Essential oils have been the best feature of the month, the improvement in these products, both in the amount of business, and in price, being very marked.

AGRICULTURE.

Unfavourable weather during the greater part of June somewhat discounted the early promise shown by corn crops. Wheat, barley and oats were expected to yield crops slightly below average. The quality of early potatoes was usually good and yields were about average. The appearance of the main crop was promising. Root crops were rather backward. Hops appeared likely to yield below average crops. Haymaking started later than usual, but was general at the end of June. It was expected that the yield of both seeds and meadow hay will be above average. Grass was abundant in the pastures and livestock on the whole were doing well. Milk yields were about normal.

SHIPPING.

After having been relatively stable in January-May, on the low level established last winter, shipping freights underwent a rather sharp reaction in June. Growing nervousness on account of the financial crisis in Central Europe and uncertainty as to the probable volume of 1931-32 Russian exports have, since then, further restricted business in the grain markets; the coal trade has been dull; miscellaneous cargoes have been scanty; and chartering on all routes has been on a very disappointing scale.

BUILDING.

As reflected in the unemployment statistics compiled by the Ministry of Labour, employment in June was slightly worse than in the preceding month, the actual percentage being 18.6 per cent. It was only fairly good in a few centres, notably on the outskirts of London. According to returns furnished by 145 urban authorities, plans passed for new buildings during June amounted to a total estimated cost of £5,217,000, against £5,698,000 in May, and £5,517,800 in June last year. Dwelling-houses accounted for £3,471,900 of this total.

RETAIL TRADE.

A London store reports that up to the end of June business was very encouraging, but since then sales have fallen away.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.																	
Period.	Net Imports.		Consumption of		Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.						
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1924	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1925	107	107	89	116	137	93	101	90	103	103	95.5	88	94	103.5	90	109	101.5
1926	107a	100	57	98	175	72	92	57	101	104	105	99	102	109.5	105	117	104.5
1927	113a	106	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108
1928	101	113	88	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109
1929	113	120	103.5	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5
1930	101	117	103														
"Corrected" average for 3 months ended:																	
1930—June	97	129	118	71	350	100	104	79	103	113	104.5	87	91	116	112	143	87
July	95	121	102	61	303	96	98	76.5	102	113.5	104	87	90	115	117	144	89
August	88	118	90	58	314	96	93	75.5	101	113.5	103	83	88	114	117	138	85
Sept.	84	108	89	65	454	109	100	74	99.5	113	101.5	85	85	114	118	135	84
Oct.	87	110	89	68	337	109	112	73.5	99	112	100.5	87	86	116	111	141	82
Nov.	91	115	89	81	381	111	120	73	98	111.5	99.5	85	91	117.5	106	138	79
Dec.	106	110															
1931—Jan.	111	107	92	79	247	112	128	73.5	96	110	98.5	81	94	119	100	143	74
Feb.	107	107	90	70	418	111	123	73	95	109.5	98	78	95	120.5	94	144	67
Mar.	98	102	84	64	355	112	126	71	96	110	98	78	94	120	93	139	63
Apr.	92a	117	78	64	371	108	118	70	97	111	98.5	...	93	118	99	142	66d
May	96d	118	82	66	309	102	108	68.5	97	111.5	98	...	91	115.5	103	143	63
June	93	126	83	68	323	96	101	67	97	111.5	98	...	91	115.5	103	143	63
June, 1924	84	99	101	87	73	95	94	102.5	100.5	100	101	98	101	100	100	103	99
June, 1925	91	111	100	118	57	89	94	88.5	103	103	101	94	104	102.5	98	104	94
June, 1926	101	100	32	83	177	34	83	49.5	100.5	104.5	94	79	93	96.5	80	109	84
June, 1927	107a	111	142	110	206	96	103	87.5	108.5	108.5	105.5	98	101	108.5	106	118	100
June, 1928	99	118	87	104	152	93	101	83.5	108.5	109	105.5	90	102	111	107	126	103
June, 1929	105	135	106	103	265	98	108	84.5	110.5	113	107.5	94	98	114.5	113	126	106
June, 1930	97	129	118	71	350	100	104	79	103	113	104.5	87	91	116	112	143	87
June, 1931	93	126	83	68	323	96	101	67	97	111.5	98	...	91	115.5	103	143	63

a Excluding coal imports.

d Revised figures.

STATE OF TRADE ABROAD.

The Central European crisis has had its repercussions in practically every country, and prices and the tone of business have fluctuated in accordance with successive developments. There is as yet no indication of any genuine improvement in trade.

BRITISH EMPIRE.

Australia.—Excessive rains have caused floods and soaked wheat fields in New South Wales and Victoria, but a wheat yield equal to a five-year average is still possible. Pastoral conditions are satisfactory. A larger wool clip and increased lamb exports are expected. Trade generally is no better, and buying demand is concentrated upon necessities and low-priced goods. For the past eleven months a favourable trade balance of £27,000,000 (Australian) is reported.

Canada.—June trade statistics suggest a slight business improvement, and retail sales have expanded. Crop prospects are excellent in the east, but rain is needed in Southern Alberta and most of Saskatchewan. Drought and winds have done disastrous damage in the three Prairie Provinces, and prospects there are very adverse. Recent wheat shipments have been on a scale double that of last year, but at poor prices.

India.—The Bombay raw cotton market rallied towards the end of June, on the Hoover declaration and Mr MacDonald's statement on Indian credit, and also owing to a good demand from home mills and from China and Japan. In the piece-goods trade, Japanese goods sold plentifully, though at unremunerative prices, but there was little demand for British goods. Sales generally were affected by the delay in the arrival of the monsoon, and stocks of local goods have increased.

South Africa.—Good early rains have fallen throughout the winter rainfall area, and very extensive ploughing and sowing of winter grain and fodder crops is reported. Stock is in good condition, and a successful winter lambing season is expected. Exports of citrus fruits for 1931 are estimated at 2,147,000 cases, which exceeds the figure for last year by 137,206 cases. The maize crop is expected to be below the average. Indications point to the larger portion of the crop being yellow maize, as, owing to the lateness of the rain, planting of white maize was affected. Estimates on April 25th were 15,953,000 bags, but the forecast may have to be reduced. Sugar sales for May were greater than in the same month of last year. Estimate of the new crop is 365,000 tons, a decrease of 25,000 tons over last year. Manufacturers generally show a slight improvement, but competition is very keen and trade still difficult. Business conditions generally show a slightly better tone. Wholesale trade is a little more active, but definite signs of an approaching return to normal business are still absent.

EUROPE.

France.—The dispute in the textile industries is now coming to an end, and the workers are gradually returning to the mills. The wool industry is still very depressed, and its difficulties have been accentuated by several local financial troubles and by the German crisis, with its reaction upon the international wool trade. The difficulties of the coal trade continue, and it is estimated that during the current year stocks at pithead have risen from 1,200,000 to over 4,000,000 tons. Measures are being taken for restricting, by means of a quota system, the importation of foreign coal. In the heavy industries there is no improvement in the demand for pig iron, but there is a slightly better export demand for steel, though this is hardly sufficient to absorb existing stocks.

Belgium.—Conditions in the Belgian iron and steel trades are much the same as in the French industry, a slightly better demand for steel products having become noticeable. In the coal trades, the anthracite market is a little more active, but further reductions in industrial fuel prices have failed to bring about any additional sales. The majority of textile undertakings are still working short time, and in the glass industry output, especially of bottles, is still in excess of demand.

Germany.—It is still too early to measure the full effect of the crisis upon German industry, but so far as can be told manufacturers are carrying on as best they can in face of the recent banking suspensions, the imposition of penalty high money rates, and the new regulations governing and rationing internal and external money payments. Even so, the Nordwolle failure has had wide commercial as well as financial repercussions, and such an event as the temporary closing of the Ford motor works at Cologne, due to the crisis, is indicative of what is happening. There is no doubt that unless the present state of financial tension is quickly relieved, German industry will find it increasingly difficult to obtain the finance it needs, and that this will bring about a steady increase in industrial stagnation.

Holland.—Dutch finance and trade are so closely connected with Germany, of which Holland is one of the natural outlets, that no real progress is possible so long as the German crisis continues. Unemployment, consequently, remains unchanged, and only the usual slight seasonal improvement in business has taken place. Money is extremely plentiful, but under present conditions there is no demand. New capital issues are largely confined to conversion operations.

Scandinavia.—The timber trade is dull and inactive, the market for planed wood being particularly unsatisfactory. A new agreement providing for the restriction of wood pulp output by a further 15 per cent. (making 30 per cent. in all) has been made between Scandinavian and Central European interests. Danish trade with Germany has been interrupted by the crisis, but every effort is being made to maintain butter exports.

Spain.—Drought, followed by excessive rains, has affected the harvest, both in quality and quantity. Efforts are being made to develop the Spanish motor industry by means of granting rebates

on the duties on imported parts. The intention is to stimulate the assembly of cars in Spain built partly out of foreign and as far as possible out of home-made parts.

UNITED STATES OF AMERICA.

The seasonal decline in industry and trade continued during early June, but the Hoover moratorium proposals had a transitory effect, and commodity prices turned upwards after a steady decline that had lasted three months, while stock prices registered their most spectacular improvements since 1929. The decline in the steel industry was too great to be wholly a seasonal movement, and activity fell to as low as 35 per cent. of capacity. Automobile production fell seasonally, the month's output being estimated at 250,000 vehicles. Freight movements were 18 per cent. below last year's level, but textile mills continued their improvement. Brokers' loans have again contracted, notwithstanding the rise in stock prices. Money remains abundant and rates low.

The following indices of American economic conditions have been forwarded to us by Moody's Investors' Service, of New York and London:—

AMERICAN TRADE STATISTICS—JUNE, 1931.

	May.	June	June '30.
EMPLOYMENT —(June, 1914=100)†	89.6	87.8	14.3
PRODUCTION —			
Bituminous coal (Thous. tons).....	28,333	27,600*	4,842
Pig-iron (" ").....	1,994	1,693	1,296
Steel (" ").....	2,505	2,076	1,364
Unfilled orders, U.S.			
Steel Corporation (Thous. tons)...	3,620	3,479	489
Building permits (Thous. \$).....	123,509	89,837	61,211
CONSUMPTION OF ELECTRIC ENERGY (1923-25=100).....	109.8	104.8	...
FOREIGN TRADE —			
Imports (Thous. \$).....	180,164	176,000*	74,221
Exports (" ").....	199,244	187,000*	112,000
TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars).....	747	748	181
SECURITIES —			
20 industrial stocks—Highest quotations†.....	154.41	156.93	117.52
Lowest quotations†.....	128.46	121.70	90.14
Thous. shares sold during month—(New York).....	46,663	58,719	17,875
New securities issued (Thous. \$).....	359,111	341,194	418,223
BANK CLEARINGS —			
New York (Million \$).....	24,944	26,060	7,089
Other cities (" ").....	11,862	12,800	3,962
RETAIL BUSINESS —			
Total sales, mail order houses (Thous. \$).....	52,002	51,163	6,300

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

The sowing of wheat in Argentina is practically finished, and the early-sown grain is germinating well. Ploughing and sowing for the linseed and other crops are proceeding. The sterling value of the peso is fractionally lower than a month ago, but the official returns of Argentine foreign trade for the first five months of 1931 reveal a surplus of merchandise exports of some 20 million pesos gold, against an excess of imports of 29 million pesos in the corresponding months of 1930. Gold exports were 89,021,000 pesos, against only 928,000 pesos. Brazilian conditions show no appreciable improvement, although the various measures instituted to support the coffee market are being actively applied. Chile is taking special steps to prevent depreciation in the exchange value of the currency, and, pending a comprehensive arrangement to deal with the credit situation, is suspending remittances for the service of the external debt during the current month, lodging the corresponding amounts in legal currency in a special account at the Banco Central de Chile. In Peru, the political situation appears slightly better. Generally, it may be said that progress in commercial conditions in the South and Central American countries must await an increase in international credit facilities, which, in turn, will be dependent upon clarification of the financial situation in Europe.

FAR EAST.

Japanese exports for the first half of 1931 amounted to only Y. 577 millions and imports to only Y. 690 millions. The combined figure of Y. 1,267 millions is the lowest on record for recent years, but this contraction has had one good result in that it has reduced the adverse visible trade balance to Y. 113 millions, or 49 per cent. below that of the first half of 1930. The net gold outflow for the first half of 1931 was only Y. 8 millions, against Y. 223 millions in the first six months of 1930. The stock and commodity markets improved on the first news of the Hoover moratorium proposals, and the general tone is much better than it has been for some months past.

Recent Shanghai cables state that the market is quiet and that prices are lower. Trade with Korea is suspended owing to Chinese disturbances, and Yangtse orders for piece-goods are seriously curtailed.

PRODUCTION. (Thousands of Metric Tons.)

	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Netherlands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hungary.
COAL.																
Monthly Average.	24,337	1,903	1,189	3,338	15,842	156	748	2,203	1,119	665	1,511	1,776	43,088	1,927	7,269	460
1913.....	24,337	1,903	1,189	3,338	15,842	156	748	2,203	1,119	665	1,511	1,776	43,088	1,927	7,269	460
1926.....	21,272	2,296	1,168	4,316	12,108	717	2,979	2,683	1,028	1,008	1,790	2,794	45,197	1,543	11,596	485
1927.....	21,272	2,296	1,168	4,316	12,108	717	2,979	2,683	1,028	1,008	1,790	2,794	45,197	1,543	11,596	485
1928.....	20,107	2,298	1,213	4,280	12,572	891	3,385	2,885	1,037	1,013	1,826	2,822	43,052	1,704	13,799	543
1929.....	21,837	2,244	1,377	4,486	13,620	m965	3,853	3,362	1,023	1,052	1,893	2,663	45,510	1,880	14,598	587
1930.....	20,639	2,284	1,214	4,499	11,891	m1,018	3,126	3,932	864	1,028	1,912	2,441	40,047	1,602	12,159	...
1931—June.....	17,225	2,054	1,054	4,126	10,805	916	2,591	3,856	925	993	1,782	2,434	35,287	1,349	11,746	414
July.....	18,163	2,212	1,180	4,599	11,605	1,097	2,975	3,332	872	1,057	1,619	2,389	36,626	1,458	12,250	437
August.....	18,199	2,223	1,200	4,599	11,471	1,010	3,062	2,915	856	996	1,933	2,146	39,848	1,711	12,820	528
September.....	19,878	2,293	1,261	4,584	12,217	1,101	3,662	3,951	928	1,002	1,751	2,390	46,517	1,779	13,141	619
October.....	21,375	2,486	1,284	4,290	10,816	987	3,478	4,232	846	942	1,979	2,409	41,551	1,727	11,689	578
November.....	20,139	2,195	1,277	4,372	11,516	1,013	3,478	4,232	752	916	2,092	2,450	40,550	1,571	11,028	560
December.....	20,936	2,298	1,262	4,543	11,527	1,018	3,460	...	687	840	2,295	2,116	33,384	1,456	9,514	488
1931—January.....	19,481	2,444	1,051	4,244	9,794	938	2,784	...	709	865	1,921	...	31,006	1,486	9,597	422
February.....	19,224	2,179	1,118	4,555	9,506	1,060	2,902	4,056	700	857	1,697	...	30,226	1,223	10,497	...
March.....	19,702	2,407	1,081	4,203	10,507	997	2,677	3,910	737	...	...	...	29,590	...	...	...
April.....	18,872	2,318	960	4,014	9,337	...	...	...	...	...	...	...	...	...	...	...
May.....	17,564	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
June.....	17,138	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

PIG IRON.

	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Canada.	United States.
STEEL.																	
Monthly Average.	669	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564
1913.....	669	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,564
1926.....	608	494	786	135	803	39	204	64	3,277	308	465	718	145	1,028	44	66	3,794
1927.....	617	537	775	148	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77	3,675
1928.....	560	552	832	161	984	35	281	88	3,167	722	539	792	173	1,205	51	105	4,222
1929.....	643	583	864	175	1,117	41	360	92	3,580	816	569	808	184	1,354	60	117	4,599
1930.....	525	489	842	159	808	38	418	63	2,659	618	471	784	161	962	54	86	3,526
1931—June.....	572	443	841	158	767	29	441	67	2,981	610	403	753	148	859	42	97	3,473
July.....	494	445	861	169	771	38	428	66	2,682	631	429	790	169	906	53	70	2,969
August.....	423	444	800	147	653	37	395	49	2,564	459	422	775	152	897	62	59	3,110
September.....	432	440	827	146	687	37	407	41	2,200	521	447	796	141	856	62	66	2,736
October.....	422	418	781	138	637	35	410	47	1,897	441	391	705	135	739	49	73	2,248
November.....	390	455	800	145	603	34	414	36	1,742	410	435	746	169	773	33	59	2,498
December.....	355	453	801	138	520	35	414	47	1,734	494	389	693	140	760	44	84	2,545
1931—January.....	323	409	726	149	560	38	414	55	2,052	508	420	722	150	811	49	101	2,945
February.....	363	441	775	136	529	42	413	65	2,052	404	417	675	142	743	52	93	2,766
March.....	328	429	725	130	555	...	410	51	1,665	436	...	...	...	...	...	...	2,546
April.....	352	440	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
May.....	329	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
June.....	329	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Figures for Luxembourg communicated by the "Groupement des Industries Siderurgiques." Including ferro alloys. Excluding castings. Saleable coal; since end 1921 excluding Ireland. British Provinces only. Establishments whose production in 1930 amounted to 95-21% of the total. Excluding Luxembourg. Provisional figure. Since 1922, excluding Polish Upper Silesia. Coal sold. Until end 1928 saleable coal. Including lignite.

WHOLESALE PRICES.

WHOLESALE PRICES—Continued.																		
Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bach).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1926.....	148.1	143.4	744	958	165	702.6	134.4	145	605	198	181.2	185	181	149	144.5	168.4	148	156
1927.....	141.6	137.7	847	979	153	617.2	137.6	148	495	167	118.6	173	167	146	142.2	167.0	148	152
1928.....	140.3	135.1	843	979	153	617.2	137.6	148	495	167	118.6	173	167	146	142.2	167.0	148	152
1929.....	136.5	127.6	851	924	150	611.4	137.2	142	446	163	113.4	180	171	140	141.2	165.7	141	150
1930.....	119.5	108.1	744	911.7	130	535.5	124.6	117	386	143	97.6	...	...	122	126.5	146.7	116	135
1930—June	120.7	108.6	750	919.7	130	532.7	124.5	118	382	143	98.5	189	166	123	126.2	152.3	118	137
July	119.2	106.8	739	118.1	129	837.6	125.1	115	375	142	99.5	188	170	121	125.8	151.1	118	134
August	117.8	104.7	729	115.1	128	531.7	124.7	114	379	141	98.9	188	170	121	125.8	148.9	118	134
September	115.8	104.7	712	113.1	128	523.9	122.8	112	375	141	94.9	187	173	121	125.8	140.8	111	128
October	115.0	99.7	705	112.7	123	508.2	120.2	111	369	140	92.3	187	174	119	123.0	135.9	107	127
November	112.0	97.6	693	111.1	122	493.5	120.1	111	361	139	93.1	188	175	117	119.6	132.1	104	124
December	108.9	96.6	679	110.0	120	487.6	117.8	107	350	136	90.3	...	175	117	117.0	128.6	101	121
1931—January	106.9	91.3	661	108.9	118	483.7	115.2	105	342	135	84.8	...	173	115	115.2	130.4	98	119
February	106.2	91.6	658	108.8	117	481.7	114.0	104	338	133	85.4	...	175	114	114.7	129.1	99	118
March	105.9	91.1	650	110.5	116	481.7	113.9	103	339	131	85.9	...	174	113	113.6	128.4	100	117
April	105.7	90.0	652	110.3	115	483.7	113.7	102	337	130	87.8	...	172	112	112.2	129.1	98	116
May	104.4	87.5	640	108.7	113	470.1	113.3	102	332	128	88.4	...	...	111	110.8	123.1	...	...
June	104.2	87.5	642	...	110	468.1	112.8	...	327	127	...	...	...	...	...	...	...	...
e 15th of month. d Beginning of the following month. e Official. f Second half of month. g Since January, 1928, new index.																		
h End year. i Average last week of month. p																		

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Italy.	Japan.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank" Notes.	Bank Notes.	Bank Notes.	Bank Notes.	State Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markka.	Francs.	Reichsmark.	Reichsmark.	Pengö.	Dinars.	Gulden.	Gulden.
1913	29.6	...	1,067	189	...	152	113	5,714	2,742	...	...	...	...	...
1925	385.3	890	7,814	3,555	8,408	438	1,309	49,993	2,900	1,476	5,339	875	17	...
1926	381.0	847	7,646	3,481	8,203	395	1,346	52,449	2,900	1,476	5,339	875	17	...
1927	382.3	1,005	10,951	3,727	8,417	354	1,514	56,301	4,500	716	4,966	875	17	...
1928	378.3	1,067	12,358	4,173	8,466	369	1,514	52,141	4,900	590	5,690	875	17	...
1929	369.8	1,094	14,683	3,604	8,230	367	1,361	68,571	5,043	307	5,193	875	17	...
1930	368.8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	439	4,903	875	17	...
1930-May	356.1	1,022	14,547	3,364	6,896	371	1,392	73,079	4,812	351	4,943	875	17	...
June	363.6	1,028	14,857	3,396	7,196	366	1,373	72,594	4,685	437	4,894	875	17	...
July	368.4	1,021	15,416	3,435	6,877	347	1,355	74,008	4,638	435	4,816	875	17	...
Aug.	360.9	1,018	15,278	3,435	6,877	347	1,355	74,008	4,638	435	4,816	875	17	...
Sept.	359.4	1,008	15,648	3,660	7,198	345	1,350	73,053	4,744	443	4,707	875	17	...
Oct.	355.6	1,035	15,637	3,666	7,144	370	1,313	74,787	4,675	438	5,077	875	17	...
Nov.	359.2	1,042	15,783	3,562	7,278	354	1,263	75,951	4,601	437	4,761	875	17	...
Dec.	368.8	1,090	16,031	3,059	6,508	341	1,231	76,436	4,778	439	4,903	875	17	...
1931-Jan.	346.8	979	16,067	3,029	6,571	340	1,105	78,947	4,383	441	4,521	875	17	...
Feb.	347.7	976	15,822	3,129	6,699	341	1,320	77,864	4,456	439	4,654	875	17	...
Mar.	348.8	979	16,334	3,212	6,609	354	1,101	77,231	4,077	433	4,436	875	17	...
Apr.	349.8	984	16,092	3,183	6,732	342	1,257	78,185	4,297	423	4,304	875	17	...
May	354.9	1,141	16,092	3,183	6,732	342	1,257	78,185	4,297	423	4,304	875	17	...
June	352.8	1,111	15,967	...	6,988	343	1,232	76,927	4,295	426	4,255	875	17	...

Period.	Italy.	Norway.	Poland.	Romania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	Lira.	Lira.	Kroner.	Zloty.	Leu.	Id. Rbla.	Rbla.	Kronor.	Francs.	£	Dollars.	£	Yen.
1913	42,284	499	108	...	...	...	...	...	...	...	...	...	...
1925	19,350	2,100	363	381	440	20,126	388	727	530	876	53.9	176	7.2
1926	18,340	1,793	337	593	428	20,951	398	797	525	874	49.9	190	6.8
1927	17,992	783	331	1,001	309	21,025	480	1,003	526	917	51.8	192	7.2
1928	17,295	161	316	1,295	244	21,211	730	1,091	546	955	48.7	193	7.6
1929	16,774	80	318	1,340	259	21,144	1,028	1,501	569	999	45.3	184	7.5
1930	15,680	...	312	1,328	241	19,605	...	2,100	594	1,062	48.2	201	7.1
1930-May	15,944	68	308	1,333	230	18,521	1,230	1,671	557	908	44.9	174	7.5
June	15,846	68	316	1,317	227	18,190	1,349	1,843	594	929	44.9	176	7.2
July	16,182	...	315	1,321	222	18,644	1,534	2,055	551	928	44.8	169	7.1
Aug.	16,074	...	315	1,355	223	19,134	1,737	2,162	570	943	44.8	180	7.1
Sept.	16,172	...	309	1,373	230	19,307	1,859	2,130	613	987	44.4	175	6.9
Oct.	15,738	...	312	1,408	233	18,860	1,943	2,094	581	989	45.2	177	7.0
Nov.	15,679	...	303	1,332	239	18,726	1,951	2,065	588	968	45.7	174	7.0
Dec.	15,680	...	312	1,328	238	19,605	1,943	2,080	594	1,062	48.2	201	7.1
1931-Jan.	15,680	...	290	1,277	241	18,449	1,929	2,108	533	948	45.7	181	6.8
Feb.	15,129	...	287	1,284	236	18,105	...	2,108	545	961	47.2	189	6.9
Mar.	15,034	...	296	1,261	241	18,341	...	2,194	580	994	48.2	194	6.9
Apr.	14,883	...	296	1,259	238	18,630	...	2,246	548	988	50.7	151	6.8
May	14,722	...	291	1,222	237	18,709	...	2,245	542	990	...	...	7.0
June	...	...	296	1,230	238	...	...	2,234	587	1,078	...	...	...

a Until November, 1928, including State notes, then transferred to Bank. d In terms of new lire = 8,373 millions. e Excluding Government notes.
 g Marks—including Reichs- and Darlehenkassenscheine. f Excluding notes held by Reichsbank. m Taken into 256 million slot. o Gross issue. p Excluding
 State notes held as reserve by Chartered Bank. q Since January, 1926, excluding notes held by Bank of Poland. r Since 1920, including Austrian-
 Hungarian and other notes converted after the war into National Currency. s Since 1926, excluding notes held by the State Bank. u In terms of new lire = 1,829 millions.
 v In terms of new francs. w Since May, 1922, including Luxembourg. x Since Oct., 1926, including Government Notes of 5 and 10 francs to value of 700 to 750 million
 francs, replacing similar bank notes.

LONDON RATES OF EXCHANGE.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amster- dam.	Stock- holm.	Oso.	Open- haugen.	Berlin.	Vienna.	New York.	Buenos Aires.
	Francs to £1.	Belgas to £1.	Lira to £1.	Francs to £1.	Pescetas to £1.	Florins to £1.	Kronor to £1.	Kronor to £1.	Kronor to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pesos to Dollars.
Par level	124.21	35.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159	20.43	34.58½	4.86½	47.62
Highest, 1930	124.34	34.96½	93.22	25.22	51.00	12.13½	18.15½	18.21½	18.20½	20.44½	34.68	4.86½	46½
Lowest, "	123.50	34.73½	92.62	24.99½	35.65	12.04	18.08½	18.14½	18.15½	20.35½	34.40	4.85½	47½
Beginning of—													
July, 1914	25.15	† 25.35½	25.25½	21.16½	26.10	12.11½	18.30	18.25	18.30	20.49½	† 24.65	4.87½	47½
January, 1924	87.85	† 99.45	100.4	24.63½	33.58½	11.36½	18.26½	29.82½	24.44½	19.11½	305.600	4.29	40½
January, 1925	87.40	† 94.79	112.35	24.34	33.95	11.71½	17.62½	31.37	26.85½	19.94	317.600	4.74	46½
January, 1926	129.51	† 107.00	120	25.08	34.31	12.05	18.08	23.83	19.60	20.37	337.600	4.74	46½
January, 1927	122.81½	34.89	109.62½	25.16½	31.23	12.12½	18.15½	19.04	18.20	20.43	34.37	4.85½	46½
January, 1928	124.00	34.92	92.34	25.27½	28.24	12.09½	18.11½	18.54	18.20	20.45	34.42	4.85½	46½
January, 1929	124.10½	34.88	92.64	25.18½	29.74	12.08	18.13	18.19	18.17	20.38	34.62	4.87½	47½
January, 1930	123.91	34.88	93.22	25.13½	36.62	12.09½	18.13	18.20½	18.20	20.43	34.44	4.85½	46½
January, 1931	123.66½	34.76	92.74	25.04	46.30	12.05½	18.13	18.16	18.16	20.38	34.65	4.87½	46½
March, "	124.01	34.85	92.73	25.23½	45.27	12.12½	18.13	18.16	18.16	20.43	34.48	4.85½	46½
April, "	124.17	34.94	92.73	25.25½	44.40	12.12½	18.15	18.16	18.16	20.43	34.56	4.85½	46½
May, "	124.47	34.78	92.92	25.24½	47.10	12.10	18.14	18.16	18.16	20.42	34.54	4.85½	46½
June, "	124.25	34.93	92.96	25.08½	50.87	12.09	18.15	18.16	18.16	20.50	34.67	4.86½	46½
July, "	124.24	34.90	92.91	25.11½	51.40	12.09½	18.14	18.16	18.16	20.50	34.62	4.86½	46½

	Rio de Janeiro.	Monte Video.	Valpa- raiso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singa- pore.	Place.	Method of Quoting.	June Quotations.		
	Pence to Milreis.	Pence to Dollar.	Pence to £1.	Pence to Rupee.	Sterling to Dollar.	Sterling to Tael.	Sterling to Yen.	Sterling to Dollar.			Highest.	Lowest.	Average.
Par level	16	51	40	a. d. 1 6	a. d. 1 ...	a. d. 2 ...	a. d. 2 0½	a. d. 2 ...	New York.				
Highest, 1930	5½	46½	40.02	1 5½	1 8½	2 1½	2 0½	2 ...	June, 1930	Dollars to £1.	4.86½	4.85½	4.857
Lowest, "	4½	35	39.57	1 5½	1 0½	1 4½	2 0½	2 3½	May, 1931	Dollars to £1.	4.86½	4.86½	4.864
									June, 1931	Dollars to £1.	4.86½	4.86½	4.865
Beginning of—									Paris.				
July, 1914	16½	51½	49½	1 3½	1 10½	2 6½	2 0½	2 ...	June, 1930	Francs to £1.	125.95	123.10	123.806
January, 1924	5½	43½	40.30	1 5½	2 4½	3 4½	2 1½	2 ...	May, 1931	Francs to £1.	124.80	124.10	124.344
January, 1925	6½	50½	40.30	1 6½	2 3½	3 1½	2 1½	2 4½	June, 1931	Francs to £1.	124.07	124.30	124.236
January, 1926	7½	50½	40.30	1 6½	2 4½	3 1½	2 1½	2 4½	Amsterdam.				
January, 1927	6½	50½	39.65	1 6½	1 11½	2 9½	1 9½	2 4½	June, 1930	Florins to £1.	12.09	12.07	12.086
January, 1928	5½	51	39.35	1 6½	2 0½	2 5½	2 0½	2 3½	May, 1931	Florins to £1.	12.11	12.08	12.103
January, 1929	5½	51	39.64	1 6½	2 0½	2 7½	1 10½	2 4½	June, 1931	Florins to £1.	12.07	12.09	12.088
January, 1930	5½	51	39.64	1 6½	2 0½	2 7½	1 10½	2 4½	Berlin.				
January, 1931	5½	46½	39.80	1 5½	1 8½	2 1½	2 0½	2 3½	June, 1930	Reichsmarks to £1.	20.41	20.36	20.386
February, "	4½	35½	39.89	1 5½	1 1½	1 5	2 0½	2 3½	May, 1931	Reichsmarks to £1.	20.49	20.40	20.433
March, "	4½	35½	39.93	1 5½	0 11½	1 2½	2 0½	2 3½	June, 1931	Reichsmarks to £1.	20.47	20.51	20.497
April, "	3½	36½	39.95	1 5½	0 11½	1 2½	2 0½	2 3½					
May, "	3½	31	39.98	1 5½	0 10½	1 3½	2 0½	2 3½					
June, "	3½	29	39.90	1 5½	0 10½	1 3½	2 0½	2 3½					
July, "	3½	28½	39.95	1 5½	1 0½	1 4½	2 0½	2 3½					

† Francs to £1. § Pence to Peco. † Kronor to £1. s. Dollars to £1.

† Francs to £1.

‡ Pence to £1.

§ Kronor to £1.

• Daily rates.

THE ECONOMIST MONTHLY SUPPLEMENT.

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

IMPORTS for Domestic Consumption																			United States.
Period.	U.K.	Irish Free State.	Belgium.	Bulgar-ia.	Den-mark.	France.	Fin-land.	Germany.	Greece.	Italy.	Jugo-Slavia.	Nether-land.	Poland.	Swed-n.	Switzer-land.	Russia.	Egypt.	United States.	
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Francs.	Markka.	Mark.	Drach-m.	Lira.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.	Roubles or Gold Rbl.	£E.	Dollars.	
	54,931	...	386,384	15,775	64,785	701,778	41,035	897,474	14,628	303,803	...	325,231	...	70,545	155,985	...	2,271	147,932	
1913	97,223	5,162	1,920,450	606,958	161,362	3,712,700	459,959	1,030,171	843,745	2,183,374	...	729,407	...	204,583	229,589	...	61,445	348,018	
1925	92,989	5,043	1,920,450	620,578	157,319	3,712,700	459,959	1,030,171	843,745	2,183,374	...	729,407	...	204,583	229,589	...	61,445	348,018	
1926	92,989	5,012	2,422,921	510,749	131,508	4,136,334	532,157	1,185,672	1,050,162	1,697,900	...	607,191	...	212,408	240,998	...	54,439	339,828	
1927	91,282	4,928	2,668,664	586,745	137,276	4,452,963	567,742	1,166,772	1,035,760	1,826,702	...	652,944	...	232,658	280,140	...	63,940	333,828	
1928	89,610	4,928	2,668,664	586,745	137,276	4,452,963	567,742	1,166,772	1,035,760	1,826,702	...	652,944	...	232,658	280,140	...	63,940	333,828	
1929	79,829	5,020	2,951,520	693,719	142,907	4,851,719	585,020	1,120,556	1,106,294	1,805,397	...	632,896	...	232,658	289,248	...	61,517	345,568	
1930	79,829	4,630	2,576,812	686,627	136,201	4,362,031	437,325	866,096	1,034,034	1,445,920	...	580,009	...	201,521	187,164	...	3,844	260,000	
	81,962	4,985	2,866,465	403,704	132,462	4,012,929	518,859	830,150	832,511	1,489,619	...	608,444	...	223,880	196,685	...	77,000	256,744	
1930-May	75,563	4,514	2,486,856	332,109	133,076	4,165,326	453,421	813,516	886,855	1,984,315	...	504,701	...	201,441	172,401	...	2,816	230,598	
June	75,563	4,780	2,543,336	358,921	126,747	4,119,972	457,225	809,165	879,090	1,078,733	...	577,409	...	203,666	195,306	...	3,024	218,089	
July	78,567	4,209	2,535,964	360,836	126,747	4,067,871	443,764	849,297	1,061,636	1,231,151	...	577,409	...	203,666	195,306	...	3,024	218,089	
Aug.	73,563	4,751	2,378,737	420,664	144,377	4,250,516	488,839	736,544	1,002,186	1,281,855	...	649,255	...	196,049	190,443	...	3,508	215,920	
Sept.	73,563	4,751	2,378,737	420,664	144,377	4,250,516	488,839	736,544	1,002,186	1,281,855	...	649,255	...	196,049	190,443	...	3,508	215,920	
Oct.	73,563	4,893	2,520,217	415,004	130,610	4,249,795	518,919	734,307	900,304	1,303,951	...	670,704	...	197,971	202,201	...	3,752	245,443	
Nov.	72,664	4,157	2,139,633	390,207	124,203	4,303,435	223,294	900,822	1,009,913	1,224,665	...	622,469	...	165,215	158,907	...	3,300	201,367	
Dec.	84,386	4,118	2,340,623	296,495	120,399	3,616,897	126,620	617,347	1,303,900	1,024,778	...	522,363	...	178,752	153,622	...	3,752	245,443	
1931-Jan.	69,532	3,555	2,054,449	380,421	103,660	4,064,872	192,066	584,029	805,500	1,032,077	...	388,328	...	149,398	116,566	...	3,237	185,747	
Feb.	57,794	3,993	1,957,921	374,092	103,660	3,929,424	246,230	584,029	805,500	1,032,077	...	388,328	...	149,398	116,566	...	3,237	185,747	
Mar.	65,226	4,827	2,293,950	450,561	112,323	3,901,650	271,783	679,359	1,176,641	1,084,185	...	461,569	...	168,732	124,859	...	3,237	185,747	
Apr.	64,342	3,900	2,222,594	506,972	115,377	3,574,706	328,990	599,763	761,764	1,068,155	...	...	...	161,051	137,140	...	...	176,000	
May	63,886	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
June	62,598	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
Domestic Produce—Merchandise Only. (000's omitted.)																			

The Economist

MONTHLY SUPPLEMENT.

New Series.

SATURDAY, AUGUST 29, 1931.

No. 99.

The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD

AUGUST is the holiday month, and business is normally at a low ebb and subject to certain interruptions. When to this seasonal influence are added the repercussions of the crisis both at home and abroad, culminating in a threat to the stability of sterling and the fall of the Labour Government, it is scarcely surprising that a review of the trade situation should fail to elicit any signs of recovery from the already acute pre-existing depression. Wholesale prices respects the position has grown worse. Wholesale prices have definitely reacted both at home and abroad after their momentary rally inspired by the Hoover declaration. Unemployment in Great Britain rose from a percentage of 21.8 in June to one of 22.6 in July, and the absolute figure for August 17th was as high as 2,719,376. With the exception of a slight improvement in the iron and steel and tinplate industries, the gradual deterioration was spread over most of our staple trades.

Of the evidence afforded by our series of indices of business activity (the complete table will be found on a later page), the best that can be said is that, though the volume of employment, particularly in "heavy" industry, continues its progressive decline and many of the "key" figures (e.g., exports, shipping movement, railway freight traffic, etc.) stand sadly lower than a year ago, there are no signs of any catastrophically rapid worsening of the position during the past two months. Indeed, the indices of consumption of cotton and of iron and steel provide this month a little of encouragement, and the apparent rate of consumption of power suggests that, allowing for the time of year, a moderate volume of industrial activity in some directions at least is still being maintained.

Apart, however, from these crumbs of comfort, the extent of the economic malaise needs little emphasis, and it is quite impossible this year to formulate any views on the autumn outlook. The effect upon trade of such recent and important developments as the inauguration of a "national" government pledged to drastic economies in Great Britain, and the recommendations of the Basle Committee, designed to give Germany a breathing space of six months are still incalculable; and, while there is ground for hope that both will be ultimately beneficial to commerce, it cannot be said how soon such benefits will begin to show themselves.

Furthermore, it must be emphasised that the enforcement of economy in Great Britain and the relief proposed to Germany are steps which, though essential, are calculated to deal only with the immediate and pressing needs of the situation. In both countries long-term and more fundamental remedies are also required. In Germany's case the Basle Committee has pointed the way. Her political relations with her neighbours and her external liabilities must both be so adjusted as to render her a desirable country in which to invest long-term capital. England's long-term remedy must equally be enunciated in no less unequivocal terms. It is that British costs, and indeed the whole British scale of values, must be re-adjusted in consonance with the heavy fall in primary prices of the past few years and with the scale of values existing in the world at large to-day.

When reference is made to the fall in world prices, wholesale prices are usually understood; and reference to the list of commodities that go to make up the Economist or any other standard wholesale price index number quickly shows that wholesale prices in this sense a synonym for "retail" prices really stand for consumers' prices. This is the crux of the whole situation. It is producers' prices that have fallen so drastically during the past two years, and it is consumers' prices that have lagged behind, to some extent in all countries, but particularly so in England. Now consumers' prices are built up of producers' prices plus transport, distribution and other charges, most of which in practice consist of wages, rent, interest and other fixed charges. Once this point is appreciated, it is clear that all the items specified in the last sentence hold each other up by a species of mutual support, and the producer, too, is faced with the necessity of paying wages and all his other costs on this inflated scale.

It is this reduction of costs all along the line that is the long-term problem before the Government and the country to-day. As a laboratory experiment it should not be insoluble, for if wages, rent, interest and also consumers' prices (or the cost of living) all came down equally and at once, no one would be the worse off. Unfortunately it cannot be solved in a laboratory, but must be dealt with amidst the contending claims and arguments advanced by the bulk of the population of the country. It will take a strong and resolute Government to brush aside these claims, to ensure that each makes his due contribution and, above all, that a minimum of time-lag occurs between wages and prices in their joint readjustment.

HOME TRADE STATISTICS—JULY, 1931.

	June	July	July, '30.
UNEMPLOYMENT— (State Insurance %)	21.8	22.6	+ 5.9
PRODUCTION— Coal (million tons)*	4.2	3.8	- 0.4
Iron (thous. ")	324	317	- 169
Steel (" ")	429	429	- 192
FOREIGN TRADE— Imports (million £'s)	68.6	70.1	- 15.1
Re-exports (" ")	6.0	4.9	- 1.8
British Exports (" ")	29.4	34.3	- 16.4
TRANSPORT— Railway Receipts* (£0,000)	301	325	- 25
Shipping Freights (av. level)*	78.1	75.0	- 3.1
COMMODITY PRICES (" ")	63.6	62.5	- 15.1
TRADE DISPUTES (thous. ")	116	194	+ 105
SECURITY VALUES (av. level)*	108.6	109.3	- 11.0
FINANCIAL DATA— Bank of Eng. Notes (mill. £'s)*	354	358	- 7
Bank Deposits (" ")	1,782	1,788	- 43
Bank Advances (" ")	923	913	- 54
Bank Cash Ratio (%)	10.5	10.3	- 0.3
Bank Clearings: London (million £'s)*	697	802	- 100
Manchester (" ")	8.4	9.3	- 0.9
Three months' Bank Drafts (Discount Rate %)*	2½	2½	+ ½
Day-to-day Loans (%)	2½	2½	+ ½
(*) 1913 = 100. (†) Economist Index No.; 1927 = 100. (*) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (†) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.			

* Average weekly figures.

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	U.S.S.R.	Japan.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lira.	Gulden.	Zloty.	Lei.	Kroner.	Frank.	Rupia.	Yen.	Dollars.
1913	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...
1926	19.2	2.7	37	401	74.8	473	48	6.1	516	13	59	16	228	529
1927	29.6	10.5	31	616	114.1	264	43	17.7	271	22	73	17	255	649
1928	30.8	12.0	60	876	110.0	450	50	27.1	344	31	57	24	335	679
1929	25.8	8.6	55	1,259	80.2	607	29	17.8	318	23	81	56	222	846
1930	22.3	4.8	38	1,832	46.6	514	47	17.8	460	21	125	24	205	587
1931	...	...	...	...	...	...	...	...	...	...	...	...	...	...
July-Sept. 1930	6.2	3.9	108	993	54.9	546	15	11.3	295	15	30	34	200	1,017
Oct.-Dec. 1930	30.6	14.8	51	1,741	34.6	594	33	23.4	173	32	47	25	139	566
Jan.-Mar. 1931	31.3	4.0	32	2,309	73.5	474	52	15.2	379	17	134	34	133	715
Apr.-June 1931	25.6	5.7	51	1,582	31.3	856	66	21.9	702	16	148	18	21	906
July-Sept. 1931	24.4	5.6	38	1,073	50.4	534	25	14.7	594	24	104	18	183	379
Oct.-Dec. 1931	3.7	3.8	28	2,365	31.4	211	45	17.3	164	28	116	29	285	346
Jan.-Mar. 1932	5.6	3.6	35	2,005	45.6	193	...	6.4	127	58	157	22	313	414
Apr.-June 1932	19.1	10.4	13	1,304	14.3	178	35	3.2	271	28	366	25	363	560
July-Sept. 1932	7.0	0.3	41	1,163	14.2	370	21	2.1	24	57	161	35	...	368
Oct.-Dec. 1932	11.9	3.6	42	1,957	27.9	397	...	...	525	29	86	16	...	341
Jan.-Mar. 1933	21.0	0.1	...	...	...	...	...	...	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Romania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. * Excluding Treasury Bills. † Excl. large railway issues. ‡ "Trivista" Bankers' Magazine. § Since 1924, excluding amalgamations and conversions. || Until end 1922, paper mark. ¶ Since 1922, excluding amalgamations and conversions. ** Commercial & Financial Chronicle. †† Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory. ‡‡ Average of two months.

BANK RATES.

	1925.	1926.	1927.	1928.	1929.	1930.	1931.
End of	June	Dec.	June	Dec.	June	Dec.	June
London	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Paris	7.0	6.0	6.0	6.0	6.0	6.0	6.0
Berlin	9.0	6.0	6.0	6.0	6.0	6.0	6.0
New York*	34.3	34.3	34.3	34.3	34.3	34.3	34.3
Amsterdam	4.3	3.4	3.4	3.4	3.4	3.4	3.4
Brussels	5.4	7.7	7.7	7.7	7.7	7.7	7.7
Rome	7.7	7.7	7.7	7.7	7.7	7.7	7.7
Switzerland	4.3	3.4	3.4	3.4	3.4	3.4	3.4
Vienna	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Warsaw	7.3	7.3	7.3	7.3	7.3	7.3	7.3
Tokyo	5.1	6.4	6.4	6.4	6.4	6.4	6.4
Calcutta	5.1	6.4	6.4	6.4	6.4	6.4	6.4

* Federal Reserve.
† 10% as from July 15.
‡ 10% as from July 22.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
1913	14,191,275	855,648	1,389,481	16,436,404
1924	15,038,605	1,594,114	2,500,145	19,132,864
1925	35,801,264	1,678,347	2,957,508	40,437,119
1926	35,346,429	1,660,757	2,817,868	39,825,054
1927	36,819,682	1,758,032	2,977,827	41,555,541
1928	39,311,117	1,854,190	3,039,422	44,204,729
1929	38,782,577	1,812,146	2,963,631	43,558,354
1930 (July 15)	21,916,940	1,020,531	1,660,850	24,598,321
1931 (July 15)	19,428,177	947,542	1,525,152	21,900,871

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lamb's Wool.	Iron and Steel.
1913	24.2	2.7	23.5	5.8	16.1	8.8	1.8	0.7	0.6	0.41
1924	47.6	4.7	33.4	8.9	25.0	34.3	1.8	0.6	0.6	0.32
1925	47.6	4.6	35.4	7.0	26.7	51.5	1.3	0.6	0.6	0.31
1926	41.9	4.2	32.7	3.9	26.3	44.9	1.6	0.6	0.6	0.31
1927	44.4	4.4	29.3	6.4	26.9	47.0	1.5	0.7	0.7	0.26
1928	44.3	4.5	21.9	5.8	25.7	48.2	1.3	0.7	0.7	0.35
1929	39.8	4.0	20.9	6.6	27.9	47.8	1.1	0.7	0.7	0.36
1930	36.2	3.7	17.9	5.3	25.6	46.6	1.3	0.7	0.7	0.36
1931	30.0	2.8	13.3	3.7	19.5	28.7	1.1	1.0	1.0	0.28
January	32.6	3.0	15.1	4.1	22.3	24.0	0.7	0.8	0.8	0.17
February	32.5	2.9	15.5	4.1	20.9	25.6	0.7	1.0	1.0	0.17
March	33.3	2.8	14.6	4.0	21.0	26.0	0.7	1.3	1.3	0.19
April	33.4	2.6	14.1	4.0	20.2	21.7	0.7	0.7	0.7	0.17
May	...	...	...	...	...	...	...	...	...	...
June	...	...	...	...	...	...	...	...	...	...

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).		Freight Traffic (f).		Austria.		Germany.		Italy.		Canada.		United States.	
	Passengers.	Freight.	Merchandise.*	Coal, &c.	Minerals and Other Merchandise.	Total.	(b) (A)	(c) (A)	(d) (A)	(e) (A)	(f) (A)	(g) (A)	(h) (A)	(i) (A)
1926—June	4.4	6.3	4.7	1.9	3.6	10.2	1,392	1,202	4,695	1,132	22,446	439,237	439,237	439,237
December	6.1	8.5	4.9	15.9	4.1	24.8	1,401	1,321	5,641	1,094	43,541	440,096	440,096	440,096
1927—June	4.8	8.7	5.1	17.2	4.8	27.2	1,400	1,249	5,126	1,095	42,611	438,483	438,483	438,483
December	4.6	8.3	4.8	14.9	5.3	25.0	1,324	1,209	5,398	928	44,128	434,504	434,504	434,504
1928—June	5.5	8.5	4.7	16.1	4.8	25.6	1,352	1,325	5,528	1,038	45,129	437,504	437,504	437,504
December	4.5	8.4	4.8	15.7	5.6	26.1	1,392	1,332	5,715	1,030	46,808	438,483	438,483	438,483
1929—June	5.2	8.4	4.7	17.6	5.0	27.3	1,426	1,323	5,603	1,087	44,846	438,483	438,483	438,483
December	4.7	8.2	4.5	15.4	4.7	24.2	1,196	1,306	4,814	1,031	3,767	43,541	43,541	43,541
1930—June	4.3	8.1	4.4	16.9	4.2	25.5	1,384	1,179	4,502	1,044	4,323	47,150	47,150	47,150
December	3.5	8.0	4.4	15.3	4.1	23.8	1,388	1,145	3,846	889	4,194	43,541	43,541	43,541
1931—January	3.0	7.4	3.9	14.7	3.7	22.3	1,373	1,064	3,768	879	3,607	43,541	43,541	43,541
February	3.4	8.0	4.4	15.7	4.2	24.3	1,253	960	3,706	852	3,547	43,541	43,541	43,541
March	4.3	7.5	4.3	14.3	4.0	22.6	1,252	1,107	4,041	...	3,480	43,541	43,541	43,541

* Inc. live-stock. (a) " Reichsbahn." Excl. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenue at least \$500,000. (d) Ton-miles. (e) Including free-hauled. (f) Excluding free-hauled. (g) Long ton = kg. 1,016.05; mile = metre 1,609.34. (h) Gross tonnage. (i) Fiscal year ending June 30. † Provisional; May, 1931.

c Provisional figures.

STATE OF TRADE ABROAD.

The European crisis continues to affect business in nearly every country. There is as yet no indication of any genuine improvement in trade.

BRITISH EMPIRE.

Australia.—The political situation is definitely clearer as the result of the adoption of definite economy measures and the progress of the internal loans conversion scheme towards success. The reductions in wages, salaries, pensions and interest rates have been accepted without any marked resistance. General business conditions are no better, but the winter season has ended with less difficulty than was expected. The approaching wool clip is expected to be large and well grown.

Canada.—July crop reports were again disconcerting, and over huge areas wheat crops have been destroyed by drought. There was no improvement in business conditions during July and the bad harvest will inevitably depress rural purchasing power during the coming winter. Coal and automobile production declined during July, and newspaper showed no real signs of recovery. There was, however, a welcome revival in lumber exports.

India.—Though somewhat below normal, the monsoon has proved adequate, and at the end of July standing crops were in fair condition. Bombay raw cotton prices reacted in sympathy with the American break, but there were fair sales to Far East consumers. Dealings in piece-goods were confined mainly to Japanese goods, but fair sales of local goods are reported, and many mills are booked ahead for some months. Tea prices remain low, but the market tone is more satisfactory, and at times bidding was keen. Rangoon reports a sharp rise in paddy prices, due to the possibilities of serious damage to the Chinese rice crop by the Yangtze floods.

South Africa.—Dry weather conditions have prevailed, but winter prospects are good, with stock and veld in satisfactory condition. The April maize estimate of 15,953,000 bags is likely to prove excessive, owing to damage to late maize by frost. Plantings of wheat and feed crops have been considerably increased in the Eastern Cape Province. Industrial conditions are, on the whole, quiet, but some activity is to be found in the Johannesburg engineering and building trades. There is a decided improvement in the ostrich feather market. Business generally is quiet, due partly to a seasonal recession but partly to a weaker tendency of wool and skin prices and to the uncertainty regarding maize prices.

EUROPE.

France.—The coal trade was interrupted in August by public holidays. Demand is no better, and the new measures regulating imports have not yet made their effect felt. There is keen competition among pig-iron producers, and, in view of the recent reduction in coke prices, it is thought that next month pig-iron prices will be lowered, perhaps by Frs. 10 per ton. The steel trade is dull and unsettled by the announcement by the new Comptoir of a basis price of Frs. 500 per ton for steel bars. Confidence is still lacking in the textile trades. Lille linen weavers are now busy on a big Government contract. The Roubaix strike is definitely at an end, and the workers have had to accept a 4 per cent. wage reduction. Business is bad, and short time very general. German difficulties have had serious repercussions.

Belgium.—The coal trade is dull, and interest is centred mainly upon the negotiations now in progress with Germany for a mutual import agreement. Iron and steel prices are weak, with French and German competition in greater evidence. The break-up of the Foundry Iron Comptoir is foreshadowed owing to the threatened withdrawal of the most important member. Conditions in the glass industry are no better.

Germany.—In some respects the financial aspect is clearer, for the banks have been reopened without any trouble arising, and a reduction in the Reichsbank rate from 15 per cent. to 10 per cent. has proved practicable. The Basle report, too, foreshadows measures which will give Germany six months' respite from the withdrawal of foreign funds. On the other hand, foreign exchange dealings are still controlled, the bourses remain closed, and business and production are still hampered by the financial situation. Evidence of this is found in the postponement of building operations, and this is reacting upon makers of steel joists, concrete and other building material. Merchants in general are finding it difficult to take delivery of goods under existing contracts, owing to the falling off in their own sales.

Holland.—The international crisis has restricted Stock Exchange dealings and new capital issues, but there is no sign of weakness. There have been heavy imports of gold from abroad during the past month. The difficulty of selling goods to Germany has been felt with particular severity by agriculturists, and trade in perishable products has suffered very much. The coal export trade has been severely hit by the recent restrictions on import into France. The disparity between wholesale and retail prices persists, and to it is attributed a large share in the present labour unrest.

Scandinavia.—The situation in the Norwegian whaling industry has changed, and it is now possible that activities will not be suspended this season. Some uncertainty in the timber trade has arisen from the issue of a decree regulating timber imports. It is designed to protect the Norwegian industry, but its exact scope is not very clear. Business in planed wood is still very quiet. The general labour dispute is still unsettled. Sweden reports a better demand for strong sulphate cellulose wood pulp. Timber exports are still affected by Russian shipments. There has been a welcome improvement in Danish butter and bacon prices.

Switzerland.—The watch industry is to be reorganised under the direction of a new holding company, to be called the Société

Générale de l'Horlogerie Suisse, S.A. This has the support of the chief banks, and may receive Government financial assistance. Industrial conditions are still depressed, and tourist trade has suffered from the German crisis and the absence of German visitors.

Austria.—Business has been greatly restricted by the crisis, leading to prolonged banking troubles and acute monetary stringency. Unemployment has steadily increased since the middle of June, and in some industries employment available is less than half that of two years ago. The Stock Exchange has been influenced by the crisis, and, in particular by the suspension of dealings in Hungarian securities.

UNITED STATES OF AMERICA.

During July business was at a seasonally low ebb. Steel mills were working at an average of 34 per cent. of capacity, falling to 32 per cent. at the end of the month. Automobile output was estimated at 210,000 units, a figure which though in accordance with current demand was 14 per cent. below the June level. Stocks of copper have again risen, and now stand at a record height. There is the possibility of a complete closing down of mines in the autumn. Car loadings, at a weekly average of 733,000 cars, were slightly below the June figure, and freight movements were 18 per cent. below last year. Dealings on Wall Street were limited in volume. Money was plentiful and rates very low.

The following indices of American economic conditions have been forwarded to us by Moody's Investors' Service, of New York and London:—

AMERICAN TRADE STATISTICS—JULY, 1931.

	June, 1931	July, 1931	July, '30
EMPLOYMENT —(June, 1914=100)†	87.8	86.0	13.4
PRODUCTION —			
Bituminous coal (Thous. tons).....	29,185	29,653*	4,981
Pig-iron (" ").....	1,693	1,463	1,177
Steel (" ").....	2,076	1,876	1,057
Unfilled orders, U.S.:			
Steel Corporation (Thous. tons)....	3,479	3,405	617
Building permits (Thous. \$).....	89,607	101,553*	57,576
CONSUMPTION OF ELECTRIC ENERGY (1923-25=100).....	101.7	97.9	...
FOREIGN TRADE —			
Imports (Thous. \$).....	173,534	175,000*	45,000
Exports (" ").....	187,190	183,000*	79,000
TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars).....	748	732	157
SECURITIES —			
30 industrial stocks—Highest quotations.....	156.93	155.26	85.55
Lowest quotations.....	121.70	135.39	82.94
Thous. shares sold during month—(New York)....	58,719	33,540	14,206
New securities issued (Thous. \$).....	341,194	213,104	530,631
BANK CLEARINGS —			
New York (Million \$).....	26,060	21,926	4,134
Other cities (" ").....	12,800	12,413	387
RETAIL BUSINESS —			
Total sales, mail order houses (Thous. \$).....	49,416	43,817	3,620

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

The trade situation in the South American countries continues to be adversely affected by the uncertainty of world conditions and the absence of any appreciable recovery in the primary commodity markets. Large shipments of grain are being made from Argentina, the maize crop being very heavy, but the benefit to the Republic is offset by the low level of prices. On the other hand, it is to be noted that the drastic curtailment of imports has resulted in a favourable trade balance for the first half of 1931 of some 41,000,000 pesos (gold), against an adverse balance of 36,000,000 pesos in January-June, 1930. In Brazil trade is still depressed, but there are signs of an improvement in basic economic conditions. Inactivity in Chilean trade has rendered the national financial situation very difficult, and has necessitated the complete postponement of payments on the external debt until next year. In Peru, the whole trade situation is extremely difficult and the outlook obscure. Colombian trade is still quiet, although the increased confidence recently in evidence in that country is maintained. Business conditions in Venezuela, Ecuador and Salvador continue dull.

FAR EAST.

Business with China has been seriously affected by the Yangtze floods, and trade at Hankow is, in the ordinary sense of the term, now practically impossible. The Shanghai market is consequently very dull, and clearances are poor.

Japanese exports of cotton piece-goods to China were accelerated during July in anticipation of a threatened boycott. A small rice crop is expected, as a result of bad weather, and the Department of Agriculture will cease exporting on the completion of existing contracts. The Mitsui and Mitsubishi shipbuilding interests have entered into an agreement to co-operate, and all orders will be accepted jointly. Money was stringent during July, partly because of the withdrawal of foreign balances owing to the German crisis.

PRODUCTION. (Thousands of Metric Tons.)

COAL.														LIGNITE.			
Period.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Netherlands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hungary.	
Monthly Average.																	
1913.....	24,337	1,903	1,189	3,338	15,842	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460	
1926.....	20,692	2,108	1,181	4,283	12,108	717	2,979	2,203	974	1,038	1,703	2,619	49,729	1,943	11,596	485	
1927.....	21,272	2,296	1,168	4,316	12,800	777	3,174	2,683	1,028	1,006	1,790	2,794	45,197	1,635	12,542	520	
1928.....	20,107	2,298	1,213	4,280	12,574	891	3,385	2,885	1,037	1,013	1,826	2,822	43,052	1,704	13,799	543	
1929.....	21,837	2,244	1,377	4,486	13,620	965	3,553	3,362	1,025	1,052	1,893	2,663	45,510	1,880	14,598	587	
1930.....	20,639	2,284	1,214	4,499	11,891	m1,013	3,126	3,932	864	1,028	1,912	2,441	40,047	1,602	12,159	...	
1931—July.....	19,163	2,212	1,180	4,599	11,603	1,097	2,975	3,332	872	1,060	1,619	2,369	36,626	1,458	12,250	437	
August.....	18,199	2,223	1,200	4,356	11,471	1,010	3,062	3,915	856	987	1,607	2,256	37,967	1,567	12,285	446	
September.....	19,878	2,293	1,261	4,513	11,729	1,052	3,417	3,970	831	996	1,933	2,146	39,848	1,711	12,820	628	
October.....	21,375	2,195	1,277	4,290	10,818	1,011	3,662	3,951	928	1,002	1,751	2,390	46,517	1,779	13,141	619	
November.....	20,139	2,298	1,262	4,372	11,515	987	3,478	4,232	813	868	1,726	2,250	39,307	1,711	11,692	580	
December.....	20,936	2,284	1,175	4,543	11,527	1,018	3,460	...	752	916	2,092	2,409	41,551	1,727	11,689	578	
1931—January.....	19,481	2,444	1,057	4,244	9,794	938	2,784	...	687	840	2,092	2,250	33,384	1,456	10,064	475	
February.....	19,224	2,179	1,057	4,535	10,607	1,077	2,998	3,878	700	857	1,921	2,171	31,006	1,486	9,597	422	
March.....	19,702	2,407	1,081	4,203	9,506	1,060	2,902	4,056	737	894	1,684	2,110	30,226	1,232	10,497	390	
April.....	18,872	2,318	960	4,014	9,337	997	2,677	3,910	707	915	1,591	...	30,598	1,249	11,827	...	
May.....	17,564	2,096	998	4,087	9,492	1,106	2,784	...	...	...	...	...	30,482	...	...	...	
June.....	18,118	2,293	...	4,076	...	...	...	...	...	...	...	...	...	...	...	...	
July.....	19,196	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	

STEEL.																	
Period.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Canada.	United States.
Monthly Average.																	
1913.....	869	419	434	114	1,397	61	...	85	2,601	649	307	391	189	1,467	62	88	2,564
1926.....	208	494	786	135	1,803	39	204	64	3,277	705	455	718	145	1,028	44	66	3,794
1927.....	617	537	775	148	1,091	35	252	60	3,036	370	513	656	138	1,359	44	75	3,675
1928.....	560	552	832	161	984	33	281	88	3,167	722	539	752	173	1,205	51	105	4,222
1929.....	643	585	864	175	1,117	41	360	92	3,580	816	569	808	184	1,354	60	117	4,599
1930.....	525	489	842	159	808	38	418	63	2,659	618	471	784	161	962	54	86	3,326
1931—July.....	494	445	861	160	771	38	428	66	2,682	631	429	790	169	906	53	70	2,989
August.....	432	445	861	160	771	38	403	58	2,564	459	422	775	152	897	62	59	3,110
September.....	432	443	827	147	653	37	395	49	2,313	590	441	767	147	814	55	57	2,886
October.....	390	418	781	138	687	42	407	41	2,200	521	447	795	141	815	46	42	2,736
November.....	355	453	801	149	605	34	414	39	1,692	343	455	756	149	744	43	73	2,011
December.....	343	453	726	138	520	35	414	36	1,742	410	435	746	159	773	33	59	2,498
1931—January.....	323	441	775	149	580	38	474	48	1,734	494	389	693	140	760	44	54	2,543
February.....	363	429	733	135	529	32	414	58	2,065	508	420	722	150	811	49	101	3,042
March.....	328	440	725	130	555	42	413	55	2,052	404	417	675	142	743	52	93	2,766
April.....	352	429	733	135	529	32	414	51	2,026	442	418	674	135	744	49	76	2,546
May.....	329	450	695	119	575	29	314	57	1,665	436	445	649	121	779	37	56	2,109
June.....	322	...	...	...	...	...	...	...	1,487	436	...	...	...	...	...	...	1,906
July.....	322	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Source: Luxembourg communicated by the "Groupement des Industries Siderurgiques." d Including ferrous alloys. e Including castings. f Saleable coal; since end of 1930 amounted to 95-21% of the total. g Including Luxembourg. h Provisional figure.

PIG IRON.

Period. Monthly Average.	PIG IRON.																
	United King- dom.	Bel- gium & Luxem- burg.	France.	Saar. *	Ger- many.	Sweden.	Russia.	Canada.	United States.	United King- dom.	Bel- gium & Luxem- burg.	France.	Saar.	Ger- many.	Sweden.	Canada.	United States.
	<i>b</i>	<i>a</i>			<i>g</i>					<i>a</i>				<i>g</i>			<i>c</i>
1913.....	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62	88	2,554
	208	494	786	135	1,803	39	204	64	3,277	308	465	718	145	1,028	44	66	3,794
1926.....	617	537	775	147	1,091	35	252	60	3,036	770	513	696	158	1,359	44	77	3,675
1927.....	560	552	832	161	984	33	281	88	3,167	722	539	792	173	1,205	51	105	4,222
1928.....	643	583	864	175	1,117	41	360	92	3,580	816	569	808	184	1,354	60	117	4,599
1929.....	525	489	842	159	808	38	418	65	2,659	618	471	784	161	962	54	86	3,326
1930.....																	
1931—July.....	494	445	861	160	771	38	428	66	2,682	631	429	790	169	906	53	70	2,969
August.....	423	444	845	157	739	38	403	54	2,564	459	422	775	152	897	62	59	3,110
September.....	432	440	800	147	653	37	395	49	2,513	590	441	767	147	814	55	87	2,885
October.....	422	443	827	146	687	42	407	41	2,800	591	447	796	141	856	62	66	2,736
November.....	390	418	800	145	615	38	414	39	1,897	441	391	705	135	739	43	73	2,248
December.....	355	455	801	149	603	34	414	36	1,742	410	385	746	159	773	33	59	2,498
1931—January.....	343	409	726	138	520	38	414	47	1,734	494	389	693	140	760	44	84	2,543
February.....	323	441	775	149	529	38	414	58	2,065	508	420	722	150	811	49	101	3,042
March.....	363	429	734	136	555	37	410	51	2,026	442	418	674	135	744	52	93	2,765
April.....	328	440	725	130	575	29	314	57	1,865	436	445	649	121	779	37	56	2,109
May.....	352	450	695	119	...	...	...	...	1,487	436	...	...	...	...	...	...	1,906
June.....	329	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
July.....	322	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

... to Luxembourg communicated by the "Groupement des Industries Siderurgiques." *b* Including ferro alloys. *c* Excluding castings. *d* Saleable coal; since end of 1930 amounted to 95-21% of the total. *e* Including Luxembourg. *f* Establishments whose production is 100% saleable coal. *g* Including coal waste. *h* Including coal waste. *i* Including lignite. *j* Provisional figure.

a Figures for Luxembourg communicated by the "Groupement des Industries Sidérurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95.21% of the total. g Excluding Luxembourg. h Since 1922, excluding Polish Upper Silesia. i Coal sold. j Until end 1928 saleable coal. k Including coal waste. l Including lignite. m Provisional figure.

WHOLESALE PRICES.

WHOLESALE PRICES																		
Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1926.....	148.1	143.2	744	958	163	702.6	134.4	145	603	198	181.2	185	181	149	144.5	168.4	148	156.3
1927.....	141.5	137.6	847	979	153	617.2	137.6	148	495	167	118.6	174	172	146	142.2	167.0	148	152.7
1928.....	140.3	135.1	843	979	153	619.6	140.0	149	461	161	119.8	173	167	148	144.6	164.7	145	150.6
1929.....	136.5	127.2	851	924	150	611.4	137.2	142	446	153	113.4	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	106.8	844	917.9	130	535.5	124.6	117	386	143	97.6	...	...	122	126.5	146.7	116	135.8
1930—July	119.2	106.8	739	118.1	129	537.6	125.1	115	375	142	99.3	142	170	121	128.8	151.1	115	134.1
August	117.8	104.7	729	115.1	128	531.7	124.7	114	379	141	96.9	187	173	131	128.5	148.9	115	131.4
September	115.5	100.7	712	113.3	126	523.9	122.8	112	375	141	94.3	187	174	119	123.0	140.8	111	128.9
October	113.0	99.7	693	112.7	123	508.2	120.2	111	364	140	92.9	187	175	118	122.4	135.9	107	127.2
November.....	112.0	97.6	685	111.1	122	493.5	120.1	110	361	139	93.1	188	175	117	119.6	132.1	104	124.7
December.....	108.9	94.6	679	110.0	120	487.6	117.8	107	350	133	85.4	...	175	115	115.2	130.4	98	119.8
1931—January	106.8	91.3	661	108.6	117	481.7	114.0	104	338	133	85.4	...	175	114	114.7	129.1	99	118.8
February.....	106.8	91.6	658	110.5	116	481.7	113.9	103	339	131	85.9	...	174	113	113.6	128.4	100	117.3
March	105.7	90.1	653	110.3	115	483.7	113.7	102	337	130	87.8	...	172	112	112.2	129.1	98	116.4
April	104.4	87.5	642	108.7	113	470.1	113.3	102	332	128	88.6	...	169	111	110.8	123.1	97	114.1
May	103.2	87.5	642	112.1	110	467.1	112.3	100	327	127	87.0	...	169	110	110.4	...	93	112.8
June	102.2	86.0	635	...	110	451.3	110.1	...	324	127	...	...	...	...	...	...	...	...
July	102.2	86.0	635	...	110	451.3	110.1	...	324	127	...	...	...	...	...	...	...	...
d Beginning of the following month. e Official. f Second half of month.																		
g End year. h Average last week of month. i Since January, 1925, new index.																		
j 15th of month. k 1914.																		

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Italy.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank" Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Levs.	Koruna.	Kron.	Markat.	Francs.	Reichsbank.	Reichsbank.	Drachma.	Pengö.	Dinars.
1913	29.6	...	1,067	189	...	152	113	5,714	2,742	...	...	...	...
1925	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
1926	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
1927	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
1928	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
1929	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
1930	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
1931-June	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
July	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
Aug.	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
Sept.	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
Oct.	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
Nov.	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
Dec.	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
1931-Jan.	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
Feb.	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
Mar.	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
Apr.	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
May	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
June	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...
July	38.3	890	7,814	3,655	8,408	438	1,309	49,993	2,742	...	...	...	...

Period.	Italy.	Norway.	Poland.	Roumania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	Lira.	Lira.	Kroner.	Zloty.	Leu.	Rbl.	Rbl.	Dollars.	Dollars.	£	£	Dollars.	Yen.
1913	2,284	499	108	...	...	...	...	...	...	...	...	...	...
1925	19,350	2,100	363	...	...	...	...	...	...	...	...	...	...
1926	18,340	1,793	337	...	...	...	...	...	...	...	...	...	...
1927	17,992	783	331	...	...	...	...	...	...	...	...	...	...
1928	17,256	161	315	...	...	...	...	...	...	...	...	...	...
1929	16,774	80	318	...	...	...	...	...	...	...	...	...	...
1930	16,680	...	312	...	...	...	...	...	...	...	...	...	...
1931-June	15,846	68	316	...	...	...	...	...	...	...	...	...	...
July	16,182	...	315	...	...	...	...	...	...	...	...	...	...
Aug.	16,074	...	315	...	...	...	...	...	...	...	...	...	...
Sept.	16,172	...	315	...	...	...	...	...	...	...	...	...	...
Oct.	15,738	...	312	...	...	...	...	...	...	...	...	...	...
Nov.	15,679	...	303	...	...	...	...	...	...	...	...	...	...
Dec.	15,680	...	312	...	...	...	...	...	...	...	...	...	...
1931-Jan.	15,212	...	290	...	...	...	...	...	...	...	...	...	...
Feb.	15,129	...	287	...	...	...	...	...	...	...	...	...	...
Mar.	15,034	...	286	...	...	...	...	...	...	...	...	...	...
Apr.	14,883	...	286	...	...	...	...	...	...	...	...	...	...
May	14,722	...	281	...	...	...	...	...	...	...	...	...	...
June	14,683	...	286	...	...	...	...	...	...	...	...	...	...
July	14,678	...	286	...	...	...	...	...	...	...	...	...	...

a Until November, 1928, including State notes, then transferred to Bank.
 b Marks—including Reichs- and Danenbanknoten, then transferred to Bank.
 c Excluding Government notes.
 d In terms of new lire—8,373 millions.
 e Excluding Government notes.
 f Since January, 1926, excluding notes held by Bank of Poland.
 g Since 1920, including Australian notes held by the State Bank.
 h Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 i Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 j Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 k Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 l Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 m Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 n Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 o Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 p Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 q Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 r Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 s Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 t Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 u Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 v Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 w Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 x Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 y Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
 z Since 1920, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.

LONDON RATES OF EXCHANGE.

Period.	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oslo.	Copenhagen.	Berlin.	Vienna.	New York.	Buenos Aires.
End of	Francs to £.	Belgas to £.	Lira to £.	Francs to £.	Pesetas to £.	Florins to £.	Kroner to £.	Kroner to £.	Kroner to £.	Marks to £.	Schillings to £.	Dollars to £.	Pesos to £.
Far level	124.21	35.00	92.46	25.22	25.22	12.107	18.159	18.159	18.159	20.43	34.55	4.88	47.62
Highest, 1930	124.34	34.96	92.22	25.22	25.22	12.13	18.15	18.15	18.15	20.44	34.58	4.88	47.62
Lowest, 1930	124.34	34.96	92.22	25.22	25.22	12.13	18.15	18.15	18.15	20.44	34.58	4.88	47.62
Beginning of—													
July, 1914	25.15	25.35	25.25	21.16	26.10	12.114	18.30	18.25	18.30	20.49	34.55	4.87	47.62
January, 1924	87.85	29.45	100.4	24.63	11.36	12.114	18.30	18.25	18.30	20.49	34.55	4.87	47.62
January, 1925	87.40	29.45	100.4	24.63	11.36	12.114	18.30	18.25	18.30	20.49	34.55	4.87	47.62
January, 1926	129.31	34.96	109.62	25.22	25.22	12.13	18.15	18.15	18.15	20.44	34.58	4.88	47.62
January, 1927	129.31	34.96	109.62	25.22	25.22	12.13	18.15	18.15	18.15	20.44	34.58	4.88	47.62
January, 1928	124.00	34.88	92.46	25.22	25.22	12.13	18.15	18.15	18.15	20.44	34.58	4.88	47.62
January, 1929	124.00	34.88	92.46	25.22	25.22	12.13	18.15	18.15	18.15	20.44	34.58	4.88	47.62
January, 1930	123.66	34.78	92.22	25.22	25.22	12.13	18.15	18.15	18.15	20.44	34.58	4.88	47.62
April, 1930	124.17	34.94	92.78	25.22	25.22	12.13	18.15	18.15	18.15	20.44	34.58	4.88	47.62
May, 1930	124.25	34.93	92.96	25.22	25.22	12.13	18.15	18.15	18.15	20.44	34.58	4.88	47.62
June, 1930	124.24	34.93	92.91	25.22	25.22	12.13	18.15	18.15	18.15	20.44	34.58	4.88	47.62
July, 1930	123.88	34.82	92.82	24.85	25.62	12.04	18.15	18.15	18.15	20.50	34.55	4.85	47.62
August, 1930	123.88	34.82	92.82	24.85	25.62	12.04	18.15	18.15	18.15	20.50	34.55	4.85	47.62

Period.	Rio de Janeiro.	Monte Video.	Valparaiso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singapore.	Place.	Method of Quoting.	July Quotations.
End of	Pence to £.	Pence to £.	Pence to £.	Pence to £.	Sterling to £.	Sterling to £.	Sterling to £.	Sterling to £.			Highest.
Far level	16	51	40	1 6	1 6	1 6	1 6	1 6	New York.	Dollars to £.	4.87
Highest, 1930	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1930	Dollars to £.	4.87
Lowest, 1930	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
Beginning of—											
July, 1914	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1930	Dollars to £.	4.87
January, 1924	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
January, 1925	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
January, 1926	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
January, 1927	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
January, 1928	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
January, 1929	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
January, 1930	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
January, 1931	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
April, 1931	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
May, 1931	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
June, 1931	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
July, 1931	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85
August, 1931	16	51	40	1 6	1 6	1 6	1 6	1 6	July, 1931	Dollars to £.	4.85

† Francs to £.

‡ Pence to £.

§ Pence to £.

|| Pence to £.

¶ Pence to £.

||| Pence to £.

|||| Pence to £.

||||| Pence to £.

|||||| Pence to £.

||||||| Pence to £.

||||||| Pence to £.

||||||| Pence to £.

||||||| Pence to £.

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

IMPORTS for Domestic Consumption																		
Period.	U.K.	Irish Free State.	Belgium.	Bulgaria.	Denmark.	France.	Finland.	Germany.	Greece.	Italy.	Jugo-Slavia.	Netherlands.	Poland.	Sweden.	Switzerland.	Russia.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Levs.	Kroner.	Francs.	Markka.	Mark.	Drachma.	Lira.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.	Roubles or Gold Rbl.	£	Dollars.
1913	54,931	...	366,384	15,775	64,785	701,777	41,035	897,474	14,828	303,803	...	325,231	...	70,845	155,985	...	2,271	147,532
1925	97,223	5,162	1,488,376	606,958	161,382	3,712,700	459,959	1,030,171	848,069	2,183,374	229,589	128,242	124,151	120,555	219,427	61,445	4,678	348,018
1926	92,923	5,043	1,920,460	606,958	127,319	4,986,932	459,959	833,454	833,745	2,185,374	232,982	131,495	128,242	124,151	201,209	50,941	4,199	367,300
1927	91,282	5,012	2,422,460	606,958	127,319	4,986,932	459,959	1,185,672	1,050,162	2,185,374	232,982	131,495	128,242	124,151	201,209	50,941	3,896	348,018
1928	89,610	4,928	2,422,460	606,958	127,319	4,986,932	459,959	1,185,672	1,050,162	2,185,374	232,982	131,495	128,242	124,151	201,209	50,941	4,123	338,828
1929	92,589	5,076	2,422,460	606,958	127,319	4,986,932	459,959	1,185,672	1,050,162	2,185,374	232,982	131,495	128,242	124,151	201,209	50,941	4,453	361,548
1930	79,822	4,630	2,576,812	386,627	136,201	4,352,013	437,325	866,096	913,034	1,445,920	580,009	201,521	187,164	137,324	202,017	76,068	3,844	260,000
1930 - June	75,563	4,514	2,486,836	332,109	133,076	4,165,326	453,421	815,516	886,855	1,984,315	504,704	201,441	177,368	124,101	200,818	72,300	3,912	320,198
July	78,587	4,780	2,543,534	358,921	126,756	4,054,972	457,225	909,165	849,897	1,074,733	577,409	203,666	198,308	140,884	238,429	70,500	2,924	218,089
Aug.	73,563	4,209	2,595,384	368,921	131,247	4,055,877	443,764	795,535	849,897	1,161,636	571,767	198,308	188,491	130,384	281,700	82,700	3,088	216,920
Sept.	73,563	4,751	2,578,127	410,064	127,027	4,205,516	488,839	736,585	1,007,872	1,281,855	649,250	196,045	190,443	146,102	221,805	84,000	3,731	227,767
Oct.	83,852	4,855	2,578,127	410,064	127,027	4,205,516	488,839	736,585	1,007,872	1,281,855	649,250	196,045	190,443	146,102	221,805	84,000	3,731	227,767
Nov.	72,564	4,157	2,340,623	360,497	124,203	4,330,435	418,389	734,307	900,304	1,305,902	540,381	180,816	155,843	133,632	201,209	50,941	3,752	245,405
Dec.	64,306	4,114	2,340,623	360,497	124,203	4,330,435	418,389	734,307	900,304	1,305,902	540,381	180,816	155,843	133,632	201,209	50,941	3,752	245,405
1931 - Jan.	69,532	3,555	2,054,449	304,021	103,660	4,064,872	224,260	715,377	749,574	1,094,778	388,328	149,398	116,565	102,164	173,937	51,922	2,330	175,108
Feb.	67,794	3,993	1,957,497	308,492	116,050	3,993,425	217,783	684,029	688,774	1,027,111	343,164	160,781	125,474	111,845	192,588	112,632	2,345	209,607
Mar.	65,226	4,827	2,431,055	450,851	112,393	3,901,650	271,783	675,359	717,641	1,084,385	461,569	168,711	142,890	129,075	189,435	...	2,237	185,747
Apr.	63,432	3,890	2,431,055	450,851	112,393	3,901,650	271,783	675,359	717,641	1,084,385	461,569	168,711	142,890	129,075	189,435	...	2,468	180,164
May	63,850	4,171	2,096,576	406,576	115,377	3,574,706	328,900	599,157	767,704	1,067,377	395,451	160,876	131,140	125,071	189,435	...	2,257	175,534
June	62,598	4,265	1,989,630	483,360	113,116	3,914,315	304,013	607,362	779,704	1,377,044	385,000	163,452	129,430	114,446	188,247	...	...	175,000
July	65,810	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Merchandise Only. (000's omitted.)																		

The Economist

MONTHLY SUPPLEMENT.

SATURDAY, SEPTEMBER 26, 1931.

No. 100.

New Series.

The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

The review of business conditions at home and abroad contained in this issue of the Trade Supplement relates almost entirely to the period immediately preceding the suspension of the gold standard in this country, it presents a picture of how matters stood when the breaking-point was reached, and it therefore provides a datum line from which future progress or retrogression can be measured. The picture, however, is a blurred one, for the business world was beset with perplexities arising from the rapid sequence of events beginning with the Austrian and German crisis and ending with the formation of the National Government in Great Britain and the presentation of the new Budget and Economy Bill. The industrial world realised that financial affairs were falling into a state of confusion, and, up to a point, were prepared to entrust their rectification to those best qualified to undertake the task. Both before and after the suspension of the gold standard, however, industrialists did not feel able to lay their own plans ahead, and for this, among other reasons the depression became steadily more accentuated during August and early September.

Evidence of this is to be found both in our series of indices of business activity, published on a later page, and in the adjacent statistics. Unemployment, it is true, was only fractionally higher in August than in July, and the increase is probably fully explained by the holidays. Coming to actual details, improvements in coal mining, jute manufacture and the boot and shoe trades, largely offset a further deterioration in the heavy industries. The August trades, and in building and allied industries, while iron and steel production figures were deplorable, there was a marked setback in the overseas trade returns. Railway receipts were inflated by the holiday traffic, but there was a further small setback in shipping freights. Commodity and security prices fell to new low levels, this being the inevitable consequence of foreign funds from increases, the heavy withdrawal of foreign funds from London, and the many political and financial uncertainties both at home and abroad. Further contributory causes were such events as the August American cotton crop estimates and the resultant heavy break in cotton prices. Such was the position when England had to abandon the gold standard. At the moment British industry is faced with a high Bank rate, and political uncertainty,

and it is to be hoped that in both respects the situation will be improved before long. Even so, it is still quite impossible to say how future developments will affect British industry. There is now a disposition to argue that the depreciation of the pound has presented the country with a joint tariff against imports and a bounty upon exports, and in certain quarters an optimistic view of our industrial outlook is being advanced, encouraged perhaps by the advances in commodity prices that have already taken place. Such a view is, to say the least of it, premature. For one thing, past experience has shown that in course of time internal prices, wages, and production costs adjust themselves to changes in the external value of a nation's currency, though if the latter is fluctuating violently, there may never be time for the adjustment to be effected. Still, such adjustment involves the automatic disappearance of both the tariff and bounty element in the initial depreciation of the currency, and all that remains is a lightening of the burden of both public and private debts—with a corresponding loss to the creditors—and probably some reduction in real wages.

Again, it is most likely that England's abandonment of gold will be followed by other countries. Denmark has already followed the lead, and similar decisions elsewhere are expected. In fact the repercussions in many Continental centres are likely to be very serious indeed, and even the strongest centres cannot wholly disregard the losses they will inevitably incur through the depreciation of their sterling holdings. British trade after all depends in an exceptional degree on world trade. If this declines more acutely than in past months, we cannot remain immune. The real consequences of our abandonment of the gold standard have yet to take effect.

This view is confirmed by the foreign reports contained on later pages of the Supplement, which, of course, refer to the position immediately before September 21st. To judge from these, France, Germany, the United States are all experiencing serious difficulties both commercial and financial, and these are shared in not only by the countries of Central Europe that have long been in trouble, but also by countries such as Holland, Switzerland and the Scandinavian nations, which hitherto have been considered sound. Such an atmosphere is not likely to bring about a speedy improvement in business.

HOME TRADE STATISTICS.—AUGUST, 1931.

	July	Aug.	Aug., '30.
UNEMPLOYMENT— (State Insurance %)	22.6	22.7	+ 5.6
PRODUCTION— Coal (million tons)*	3.8	3.8	— 0.4
Iron (thous.) "	317	276	— 141
Steel (") "	429	357	— 94
FOREIGN TRADE— Imports (million £s).....	70.1	65.3	— 14.6
Re-exports (").....	4.9	3.9	— 2.4
British Exports (").....	34.3	29.1	— 13.7
TRANSPORT— Railway Receipts* (£0,000).....	325	342	— 17
Shipping Freights (av. level) ¹	75.0	74.4	— 8.2
COMMODITY PRICES (").....	62.5	62.3	— 13.8
TRADE DISPUTES (av. level) ²	194	349	+ 300
SECURITY VALUES (av. level) ³	109.3	104.3	— 13.8
FINANCIAL DATA— Bank of Eng. Notes (mill. £s)*.....	358	358	— 5
Bank Deposits (").....	1,788	1,745	— 59
Bank Advances (").....	913	909	— 42
Bank Cash Ratio (%).....	10.3	10.3	— 0.3
Bank Clearings: London (million £s)*.....	802	664	— 108
Manchester (").....	9.3	6.3	— 2.4
Three months' Bank Drafts (Discount Rate %)*.....	2½	4½	+ 2½
Day-to-day Loans (%).....	2½	3½	+ 1½

* 1913 = 100. ⁽¹⁾ Economist Index No.; 1927 = 100. ⁽²⁾ Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. ⁽³⁾ Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	U.S.S.R.	Japan.	U.S.A.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lire.	Guilder.	Zloty.	Lei.	Kroner.	Francs.	Rubles.	Yen.	Dollars.
1913.....	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...
1926.....	19.2	2.7	37	401	60	23	13	20	18	44	56	45	...	...
1927.....	29.6	10.9	31	616	114.1	264	43	17.7	271	22	59	16	228	529
1928.....	30.8	12.0	60	875	110.0	450	50	27.1	344	31	57	17	255	649
1929.....	23.8	8.6	55	1,259	80.2	637	29	17.8	318	23	81	56	222	849
1930.....	22.3	4.8	38	1,832	46.6	514	47	17.8	460	21	125	24	205	587
1931.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...
July-Sept.	6.2	3.9	108	993	54.9	546	15	11.3	295	15	30	34	200	1,017
Oct.-Dec.	30.6	14.8	51	1,741	34.6	594	33	23.4	179	33	47	25	139	566
Jan.-Mar.	31.3	4.0	32	2,309	73.5	474	52	15.3	379	17	134	34	133	715
Apr.-June	25.6	5.7	51	1,582	31.3	836	66	21.9	702	16	148	18	218	908
July-Sept.	24.4	5.6	38	1,073	50.4	534	25	14.7	594	24	104	18	183	379
Oct.-Dec.	24.8	3.7	28	2,365	31.4	211	45	17.3	164	28	116	26	285	346
1931.....	15.0	5.6	38	2,008	45.6	193	20	6.4	127	58	157	22	313	411
Jan.-Mar.	13.3	3.6	35	1,413	110.3	533	...	...	492	33	111	25	...	320
Apr.-June	11.9	3.6	42	1,457	259.8	397	77	...	525	29	486	16	226	341
July-Sept.	23.0	4.8	17.5	1,619	57.0	832	...	...	926	14	486	25	...	250
Oct.-Dec.	6.7	1.1	...	1,002	...	...	...	...	...	...	...	...	...	226

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Romania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are included. ^a Excluding Treasury Bills. ^b Excluding large railway issues. ^c "Rivista Bancaria." ^d Issues exceeding Fl. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. ^e Since 1924, excluding amalgamations and conversions. ^f Until end 1922 paper mark. ^g Société de Banque Suisse. ^h Invitation for subscriptions on Swiss market including obligations and Local Govt. loans. ⁱ India, compiled by "Commercial & Financial Chronicle." ^j Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory. ^k Average of two months.

UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	Denmark.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	U.S.S.R.	Japan.	U.S.A.
1921—June.....	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2	...	...	...	...	...
December.....	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1	...	...	...	...	...
1925—June.....	11.9	1.0	9.3	3.5	5.6	8.9	8.2	10.2	6.3	...	...	...	...	...
December.....	10.4	2.8	31.1	19.4	16.0	23.7	19.4	8.1	7.9	...	...	...	...	...
1926—June.....	11.6	0.9	15.6	18.1	5.9	22.6	9.6	6.7	4.1	...	...	...	...	...
December.....	11.9	2.6	32.2	16.7	12.1	27.7	19.0	5.7	5.9	...	...	...	...	...
1927—June.....	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2	...	...	...	...	...
December.....	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6	...	...	...	...	...
1928—June.....	10.7	0.6	15.8	8.2	4.4	14.4	7.3	11.2	3.2	...	...	...	...	...
December.....	11.7	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.2	...	...	...	...	...
1929—June.....	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.2	...	...	...	...	...
December.....	11.1	2.4	22.4	20.1	12.3	18.9	16.9	11.1	11.4	...	...	...	...	...
1930—June.....	15.8	1.9	8.7	19.6	8.5	10.8	8.3	18.5	10.6	...	...	...	...	...
September.....	17.6	3.8	9.4	22.5	8.2	18.7	9.8	20.8	9.4	...	...	...	...	...
October.....	18.7	4.3	11.4	23.6	9.6	18.0	12.8	...	...	...	...	...	...	...
November.....	19.1	6.1	15.5	26.0	12.5	21.4	15.6	...	...	...	...	...	...	...
December.....	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.4	17.0	...	...	...	...	...
1931—January.....	21.5	11.1	24.2	34.2	23.2	26.3	19.9	...	...	...	...	...	...	...
February.....	21.7	11.7	26.0	34.5	25.5	26.5	18.4	...	...	...	...	...	...	...
March.....	21.5	11.3	22.1	33.6	21.8	24.9	19.6	...	...	...	...	...	...	...
April.....	20.9	10.0	15.5	31.8	14.3	...	...	...	...	...	...	...	...	...
May.....	20.8	7.9	13.1	29.9	12.4	...	...	...	...	...	...	...	...	...
June.....	21.8	9.0	11.6	29.7	13.1	...	...	...	...	...	...	...	...	...
July.....	22.6	...	12.4	...	...	...	...	...	...	...	...	...	...	...

Number of Workers Covered by Last Returns.

Millions.	U.K.	Belgium.	Denmark.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	U.S.S.R.	Japan.	U.S.A.
1921—June.....	12.1	0.6	0.3	4.8	10.4	0.04	0.4	0.4	0.7	...	...	...	...	...

† Ex. Irish Free State since Mar., 1923.

* Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure. † Provisional figure.

BANK RATES.

1925.	1926.	1927.	1928.	1929.	1930.	1931.
End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June
London.....	7.5	6.5	6.5	6.5	6.5	6.5
Paris.....	7.5	6.5	6.5	6.5	6.5	6.5
Berlin.....	7.5	6.5	6.5	6.5	6.5	6.5
New York.....	7.5	6.5	6.5	6.5	6.5	6.5
Amsterdam.....	7.5	6.5	6.5	6.5	6.5	6.5
Brussels.....	7.5	6.5	6.5	6.5	6.5	6.5
Rome.....	7.5	6.5	6.5	6.5	6.5	6.5
Switzerland.....	7.5	6.5	6.5	6.5	6.5	6.5
Vienna.....	7.5	6.5	6.5	6.5	6.5	6.5
Warsaw.....	7.5	6.5	6.5	6.5	6.5	6.5
Tokyo.....	7.5	6.5	6.5	6.5	6.5	6.5
Calcutta.....	7.5	6.5	6.5	6.5	6.5	6.5

* Federal Reserve. † 10% as from Aug. 12. 17% as from Aug. 6.

SECURITY VALUES.

United Kingdom.	Netherlands.	Sweden.	Switzerland.	Canada.	United States.
"Bankers' Magazine."	Official.	Official.	Official.	Official.	Standard.
365 representative securities.	Official.	Official.	Official.	Official.	Standard.
Base.	Dec., 1921 = 100.	Dec., 1921 = 100.	Dec., 1921 = 100.	Dec., 1921 = 100.	Dec., 1921 = 100.
1925—June.....	108.6	125.5	114.1	134.4	134.4
December.....	108.6	132.5	116.5	144.6	144.6
1926—June.....	110.0	136.5	118.0	176.9	176.9
December.....	109.3	135.7	118.0	175.4	175.4
1927—June.....	110.1	141.5	120.4	189.9	189.9
December.....	111.2	146.9	120.4	223.2	223.2
1928—June.....	112.4	152.7	125.4	243.6	243.6
December.....	112.1	158.8	127.3	243.6	243.6
1929—June.....	109.8	157.9	125.4	243.6	243.6
December.....	108.5	147.1	121.0	243.6	243.6
1930—June.....	110.0	135.5	119.0	243.6	243.6
November.....	112.8	128.2	116.8	243.6	243.6
December.....	112.5	118.5	114.4	243.6	243.6
1931—Jan.....	112.8	118.5	114.4	243.6	243.6
Feb.....	109.7	119.2	114.9	243.6	243.6
Mar.....	111.6	119.0	114.1	243.6	243.6
Apr.....	111.3	113.3	111.9	243.6	243.6
May.....	110.8	102.2	108.0	243.6	243.6
June.....	111.1	103.6	108.6	243.6	243.6
July.....	111.2	105.4	109.3	243.6	243.6

(a) Fixed interest. (b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest quotations on each Wednesday. (f) Shares of companies with capital of more than 5 million francs. (g) On 25th of month. (h) End of month. (i) Since Jan., 1929, 92 shares. (j) Average of closing prices on each Thursday of month.

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of			Exports of		
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lamb's Wool.	Cotton Piece Goods.	Iron and Steel.	Total.
Monthly Averages.	£	£	£	£	£	£	Cwt.	Centals.	Centals.	Sq. Yds.	Tons.	Tons.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589	0.41	1.1
1924	47.6	4.7	33.4	8.9	25.0	51.5	9.9	1.3	0.6	370	0.32	5.1
1925	47.6	4.6	35.4	7.0	26.7	51.4	8.1	1.6	0.6	370	0.31	4.2
1926	41.9	4.2	32.7	3.9	28.3	44.9	8.1	1.5	0.7	319	0.26	1.7
1927	44.9	4.4	29.3	5.8	25.9	47.0	9.2	1.3	0.7	343	0.35	4.3
1928	44.3	4.5	27.9	5.8	25.7	48.2	8.6	1.1	0.7	322	0.36	4.2
1929	44.7	4.6	28.3	6.6	27.9	47.4	8.3	1.5	0.7	506	0.36	5.0
1930	39.8	4.0	20.9	5.3	25.6	36.6	8.8	1.0	0.7	201	0.26	4.6
1931—February	30.0	2.8	13.3	3.8	19.5	24.0	5.1	0.7	0.8	146	0.14	3.6
March	32.6	3.0	15.1	4.1	22.3	25.6	9.6	1.0	1.0	136	0.17	3.6
April	32.5	2.9	15.5	4.1	20.9	24.3	8.2	0.7	1.3	135	0.19	3.6
May	33.3	2.8	14.6	4.0	21.0	26.0	7.7	0.7	1.0	141	0.17	3.6
June	33.4	2.6	14.1	4.0	20.2	21.7	8.1	0.7	0.8	133	0.16	3.6
July	35.1	2.7	13.6	3.8	20.7	26.5	12.0	0.5	0.4	173	0.17	3.6

HOME INDUSTRIES AND TRADE.

The following reports on British industries cover, in most cases, the period to the middle of September. In the remainder they relate to the month of August. It will be noted that all reports were received prior to the suspension of the gold standard.

THE COAL TRADE.

House coal prices were increased by 1s. 6d. a ton at the beginning of September, but demand, though fair, has since been somewhat below average. Gas coal and fuel for electricity works have lately been moving off well, but home sales of industrial fuel are affected by the stagnation in the heavy trades. There is, however, a good demand for large Northumberland coals, and some collieries have exhausted their quotas. South Wales reported some revival in export business at the end of August, but trade has since fallen away, partly because of the French import restrictions.

IRON AND STEEL.

The August production figures were extremely disappointing, being, in fact, the lowest recorded for any month since the war, except when production was interrupted by labour troubles. Demand from the shipyards is now reduced to a minimum, and owing to the depression on the Continent foreign semi-manufactured steel has been available at prices well below the cost of production. It remains to be seen what effect the depreciation of sterling will have; but early this week the opinion was expressed that it would not be sufficient to give any real stimulus to the industry.

ENGINEERING.

The industry has lately become very depressed, and the latest unemployment returns give a figure of 27.1 per cent. In the marine engineering branch unemployment runs as high as 50 per cent., and as many men normally employed in this branch have been transferred to other work, the real stagnation is still more pronounced. Elsewhere the volume of new orders has become very much reduced, and at the moment industrialists are perplexed as to the financial outlook. Makers of locomotives and rolling stock are far less active than a year ago, and textile machinists are practically idle. The machine tool trade is better employed, mainly on replacement orders. The additional allowance for obsolescence conceded in the recent Budget is welcomed, but it is thought that it will have little actual effect upon the industry.

PRODUCTION OF ELECTRICITY.

In the *Economist* of July 10, 1926 (pages 57-8), we published a new index of electrical generation in the chief industrial areas of Great Britain. We show below a résumé of the results achieved during recent periods:—

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24 = 100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Shipbuilding, Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	156
1930—August	133	117	165	192	184	111
September	156	137	223	282†	203	144
October	161	150	195	244	222	158
November	188	167	226	246	255	185
December	194	169	260	207	267	189
1931—January	197	169	271	209	274	195
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	153	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	151
July	142	117	204	209	192	143
August	143	121	182	197	197	145

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.
† Increase due to special causes.

The "corrected" figure, allowing for seasonal fluctuations and the steady expansion in the use of electricity, was 90.3 in August, against 88.0 in July and 88.3 in August of last year.

ELECTRICAL INDUSTRY.

Manufacturing activity in August was quiet, but not to the extent suggested by the index numbers, which represent a twelve months' moving average. September shows little improvement, no order of outstanding importance having been received on home account, while the only export order of note was for turbo-generator equipments for Russia totalling 10,000 kw.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*

(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	85
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1930—July	55	232	100
August	63	245	109
September	63	221	103
October	64	181	94
November	61	171	89
December	75	152	95
1931—January	69	150	90
February	66	123	76
March	62	126	74
April	60	130	76
May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70

* Copyright of the British Electrical and Allied Manufacturers' Association.

MOTOR INDUSTRY.

During the past month the motor industry has been busily engaged on the manufacture of their 1932 models in readiness for the coming Exhibition. Sales have started earlier this year than is usual, with the result that many factories are now in full production. The export of motors continues to be considerably below the comparable figures for the corresponding months of 1929 and 1930, though in New Zealand a greater proportion of the available market has been secured. There has so far been no unseasonal decline in the commercial vehicle industry, but the motor cycle trade continues extremely quiet.

THE COTTON TRADE.

No improvement has taken place in the cotton industry, and in spite of fluctuations in raw material rates there has been little actual change in the level of values. Supplies continue abundant and, with favourable reports regarding American and Egyptian crops, higher gold prices can hardly be looked for. There has been an increased inquiry for piece-goods on behalf of China, the bulk of the business being done in cloths suitable for printing and dyeing, though a few contracts have been arranged in bleached shirtings. Very little business has been done with India, though Karachi and Madras have taken a certain amount of light fabrics. South American business has been adversely affected by the fall in exchange rates, and the home trade is influenced by the financial crisis, wholesale houses fearing that clearances will be affected by the reduced spending power of the public. In the yarn trade it has been quite exceptional for more than retail lots to be sold in American and Egyptian counts, and ruling prices continue very poor.

THE WOOL TEXTILE TRADES.

The fifth series of London sales opened on September 15th, and initial results, though showing declines of 10 to 16 per cent. on the July prices, were rather better than had been expected. In spite of the continued disparity between raw wool and top prices, top makers were also somewhat more cheerful. Yarns were subject to keen competition at unremunerative prices, and the market was further depressed by the existence of heavy stocks. Business in piece-goods is limited. Following the suspension of the gold standard, raw wool prices at the London sales were advanced by 5 per cent., while at Bradford most top makers withdrew their quotations.

THE RAYON TRADE.

There has been a substantial increase in the demand for rayon yarns during the last month, but prices are very irregular with a great deal of bargaining on big orders. The home trade has been responsible for the greater part of the business, though a slight improvement has recently taken place in Dominion markets. All classes of goods have shared in the general improvement.

THE LINEN TRADE.

Although flax purchases are mainly confined to bare necessities there have been some small speculative contracts for new crop Russian material. European crops, including those of the U.S.S.R. and the Balkan States, are 30 per cent. below those of last year. Yarns are in medium demand, and cloth orders are expanding.

BOOTS AND SHOES.

Trade is still slow with keen competition for orders, and many Northampton factories are working short time. Leicester reports a slight recovery in home demand, and Bristol makers of heavy foot-wear received a fair number of orders for the autumn and winter.

THE POTTERY TRADE.

Business remains very quiet, but Christmas orders are beginning to come to hand, and this is improving the situation.

THE CHEMICAL INDUSTRY.

Business has been very restricted, but prices for the most part have remained fairly steady, with slight reductions in formaldehyde, lead acetate and potassium carbonate. Sales of acetone have been satisfactory, and those of charcoal, naphtha and general solvents have improved. A steady increase in demand for coal tar products has resulted in higher prices and lower stocks. In the pharmaceutical chemicals there has been little of interest with the exception of the bromide position, in which British makers have been experiencing severe German competition. In overseas trade there was a slightly smaller decrease in exports as compared with the corresponding month last year than was the case last July, while imports show a decline in nearly every item.

AGRICULTURE.

The harvest has been late this year owing to the slow maturity of crops in the sunless weather, while some damage has been done by heavy rains. The quality of grain generally is moderate, though yield per acre of the main potato crop is about average, though owing to disease there will be a larger proportion of unsound produce. Roots have been badly in need of sun and warmth, and it is expected that the yield will be below the normal. Hop picking has begun late, and yields are expected to be high. The yield of both seed and meadow hay was expected to be high, but later cuts have been badly weathered. Grass continues plentiful, and livestock have done well with milk yields about normal.

SHIPPING.

Quiet conditions generally continue to prevail in the whole-cargo shipping trade, which has been further hampered latterly by uncertainty in regard to the financial situation. A fair volume of business has been transacted for the carriage of Plate grain at steady rates on the whole, and chartering from the Black Sea and Danube has also been moderately active. On the other hand, the North American market remains dull and featureless, and requirements east of the Suez Canal have been comparatively few; while the outward coal trade has been on a limited scale, with values displaying an irregular tendency on most routes.

BUILDING.

According to the Ministry of Labour's returns, employment was again fractionally worse, the August percentage being 19.7, against 18.9 per cent. for July. It was still good at Hull and Oxford. According to returns furnished by 142 urban authorities, plans passed for new buildings during July comprised a total estimated cost of £3,046,300, as compared with £7,556,400 in July, and £3,514,700 in August, 1930. Dwelling houses accounted for £2,001,400 of this total.

RETAIL TRADE.

A London store reports that the month began well. The announcement, however, of the Budget and Economy Bill details caused a slight falling-off in business, owing to fears by the public that their spending power would be reduced. According to the calculations of Incorporated Association of Retail Distributors, published in the *Board of Trade Journal*, the money value of total sales during August was 4.8 per cent. below those of August last year. Allowing for the holidays, the figure agrees very closely with the decline of 4.3 per cent. for the current year to date, and, having regard to the fall in retail prices since a year ago, it seems probable that the volume of retail trade has been maintained. As regards detailed changes, food sales for August showed a decline of 6.0 per cent., and other departments only 2.8 per cent. Stocks, again expressed in value, showed a decline of 6.8 per cent., while employment was slightly better than a year ago.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1924	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107 ^a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100
1927	113 ^a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	101	108	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	113	120	103.5	106	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
1930	101	117	103	76														
"Corrected" average for 3 months ended:																		
1930—August	88	116	90	58	314	96	93	75.5	101	113.5	103	83	88	114	117	138	85	} 96
Sept. ...	84	108	85	53	370	102	96	74.5	100.5	113	101.5	85	85	114	118	135	84	
Oct. ...	87	110	89	65	454	109	100	74	99.5	112.5	101	86	84	114.5	116	136	82	
Nov. ...	91	115	89	68	337	109	112	73.5	99	112	100.5	87	86	116	111	141	82	
Dec. ...	106	110	91	81	381	111	120	73	98	111.5	99.5	85	91	117.5	106	138	79	} 105
1931—Jan. ...	111	107	92	79	247	112	128	73.5	96	110	98.5	81	94	119	100	143	74	
Feb. ...	107	107	90	70	418	111	123	73	95	109.5	98	78	95	120.5	94	144	67	
Mar. ...	98	102	84	64	355	112	126	71	95	109	98	79	95	121.5	92	146	66	
Apr. ...	92	117	78	64	371	108	118	70	96	110	98	78	94	120	93	139	63	} 91
May ...	96	118	83	66	309	102	108	68.5	97	111	98.5	78	93	118	99	142	66	
June ...	93	126	83	68	323	96	101	67	97	111.5	98.5	76	91	115.5	103	143	63	
July ...	91 ^c	118	83	68	323	96	101	65	96	112	98	...	92	114.5	109	148	64 ^c	
Aug. ...	89 ^c	111	83	72	410	90	96	64	95	112	97.5	...	92	113.5	111	139	61 ^c	...
August, 1924...	88	105	94	79	87	86	89	100	100	101	100.5	96	98	100	107	99	104	...
August, 1925...	79	119	82	100	145	88	87	86	102.5	104	100.5	93	98	102	103	102	98	...
August, 1926...	91 ^a	98	17	79	178	31	76	28.5	98	104	89	80	88	101	90	108	91	...
August, 1927...	91 ^a	107	121	103	159	95	93	86	108.5	109.5	105.5	96	99 [*]	107	112	110	102	...
August, 1928...	92	113	83	98	143	88	95	79.5	107	109	104.5	90	96	110.5	114	123	109	...
August, 1929...	92	123	114	85	299	95	102	84	110.5	114	108	94	96	113	122	129	109	...
August, 1930...	88	116	90	58	314	96	93	75.5	101	113	103	83	88	114	117	138	85	...
August, 1931...	89 ^c	111	83	72	410	90	96	64	95	112	97.5	...	92	113.5	111	139	61 ^c	...

Excluding coal imports.

c Provisional figures.

a Excluding coal imports.

c Provisional figures.

STATE OF TRADE ABROAD.

The European crisis continues to affect business in nearly every country. There is as yet no indication of any genuine improvement in trade.

BRITISH EMPIRE.

Australia.—Substantial Government and private economies are failing to compensate for the effects of unsettlement abroad. Still, there has been a 55 per cent. contraction in imports, while exports of merchandise are well maintained, and a large rural production is anticipated. Both internal trade and secondary industry are dull, with unemployment increasing. There has been a large wool clip and good lambing, but the wool market is tending towards a lower level. Butter exports have been heavy.

Canada.—The harvest was nearly completed by the end of August, and it was then clear that, in accordance with previous forecasts, the total yield would be low. Quality, however, is described as a good average. Eastern Canada reports an excellent fruit crop, but prices are deplorably low. The general business depression was accentuated during August by the holidays, and most industries were operating well below capacity.

India.—The monsoon has been satisfactory, and, with the exception of the Northern and Eastern parts of Bengal and Assam, where much damage has been done by floods, the prospects of standing crops are generally fair. Prior to the unsettlements caused by the suspension of the gold standard in England prices of cotton fell in sympathy with those for American cotton, and sales were extremely poor, especially as foreign growths were being imported at competitive prices. The acreage estimate shows a reduction of 6 per cent. as compared with this time last year at 13,926,000 acres, against 14,875,000 acres. Dealings in piece-goods have been extremely poor following the heavy fall in the price of cotton on the publication of the American Bureau Report.

South Africa.—Excellent rains have fallen throughout the greater part of the country and have greatly improved agricultural and pastoral prospects. Wheat crops are very promising. Business generally remains quiet, but the Rand engineering industries and sheeting and blanket factories at East London and Durban are well employed.

EUROPE.

France.—Restriction of imports has so far not had any appreciable effect on the coal trade, and it is unlikely that any improvement will result until the large stocks accumulated in anticipation have been consumed. The heavy industries continue dull, and there has been a continued fall in the prices of iron and steel, which has reduced considerably the margin of profit to producers, so that exports have been virtually non-existent. Activity in the cotton industry continues to decline, and many spindles are now standing idle. The wool trade is also operating on a very restricted basis, due to the uncertainty in Central Europe, the further fall in raw wool prices and recent business difficulties. Many jute factories have closed down through lack of orders.

Belgium.—The coal trade continues dull with no demand, and many pits in the Borinage district are closing down. An agreement has been reached with Germany with regard to the importation of coal, which provides for a reduction both in production and imports. The latter will be reduced to 200,000 tons, and will be subject to licence. Both the cotton and woollen industries have lost further ground and are now very depressed.

Germany.—The standstill agreement with foreign bank creditors has now been signed, and the necessary emergency decrees have been issued. It is felt that the terms of the agreement impose heavy burdens upon German industry, and the clause authorising the partial release of foreign holdings of marks may lead to a further outflow of gold. A big winter increase in unemployment is anticipated, and relief schemes are now under discussion. Reports from the steel trades state that export business and prices are falling away, while home demand is seriously restricted by the financial crisis.

Holland.—That the influence of the general depression is being felt on the national revenue is reflected in the Budget, which has just been published, for after showing a surplus on the "ordinary" services from 1924 to 1930 amounting in the aggregate to about £27,000,000, the deficit on the ordinary services for 1931 is estimated at about £2,250,000. This does not include the requirements of the special "crisis" services, which will have to be covered. Customs duties which were 8 per cent. are being raised to 10 per cent., civil service salaries are being subjected to cuts, and other economies are being effected. Trade and banking have been affected by the German and British crises, and the coal industry by the recent French and Belgian restrictions upon imports. Reports from the East Indies are very discouraging.

Scandinavia.—The one bright feature in Norwegian news is the termination of the most protracted labour conflict the country has ever seen. It is not yet known what permanent effect the five months' stoppage will prove to have had on Norwegian export industries—particularly on the paper trade, which has been largely captured by Finnish, Swedish, German and Canadian mills. The planned wood market, too, has continued to go from bad to worse, and there is likelihood of still further declines in shipments. Meanwhile mills are heavily overstocked, and there is little need for the cutting of logs this autumn. In Sweden the violent fall in prices suffered by the Kreuger concern on the New York and London Stock Exchanges has done a fair amount of harm. The depreciation of leading securities amounted to 16 per cent., while that of

the Kreuger concern alone was as much as 25 per cent. There is no change in the timber situation. In Denmark bacon prices have been weak, but butter prices retained most of their rise of a month ago.

Switzerland.—Economic conditions continue to be influenced by the world crisis, and apart from heavy gold imports amounting to 88.4 million francs in August, both imports and exports show a further decline. Prices of raw materials are still falling, and foreign competition is increasing, while the prospect of a British tariff is causing some alarm. The tourist season has been bad, and, coupled with a fall in goods traffic, railway revenues have decreased. Business with Russia has increased.

UNITED STATES OF AMERICA.

Trade continues dull, with further declines in the basic industries. Steel mill operations average only 32 per cent. of capacity, and automobile production is substantially lower, with an estimated output of 175,000 units. There is some improvement in the tin, shoe and textile industries. Freight movements have expanded, but are still well below the normal for the time of year. Railway gross earnings are 17 per cent. below those for last year. There is greater steadiness in commodity prices despite the recent net decline.

The following indices of American economic conditions have been forwarded to us by Moody's Investors' Service of New York and London:—

AMERICAN TRADE STATISTICS—AUGUST, 1931.			
	July.	Aug.	Aug., '30.
EMPLOYMENT—(June, 1914=100)†	86.0	...	...
PRODUCTION—			
Bituminous coal (Thous. tons)	29,653	32,000*	3,661
Pig-iron { " " }	1,463	1,281	1,243
Steel { " " }	1,886	1,719	1,376
Unfilled orders, U.S.	3,405	3,169	411
Steel Corporation (Thous. tons)	101,553	96,845	36,033
Building permits (Thous. \$)	...	...	...

CONSUMPTION OF ELECTRIC ENERGY (1923-25=100)			
97.9	97.3	...	...
FOREIGN TRADE—			
Imports (Thous. \$)	174,474	166,000*	52,000
Exports (" ")	176,925	165,000*	129,000
TRANSPORT—			
Monthly average of weekly car loadings (Thous. cars)	738	747	187

SECURITIES—			
30 industrial stocks—Highest quotations	155.26	145.80	94.62
Lowest quotations	135.39	133.77	83.47
Thous. shares sold during month—(New York)	33,540	24,890	14,980
New securities issued (Thous. \$)	213,104	116,713	368,269

BANK CLEARINGS—			
New York (Million \$)	21,926	18,039	5,966
Other cities (" ")	12,413	10,869	3,516
RETAIL BUSINESS—			
Total sales, mail order houses† (Thous. \$)	42,761	42,723	8,027

LATIN AMERICA.			
While the situation in South America continues to be affected by world conditions, the Argentine is enjoying a fair measure of prosperity. The latest official trade returns disclose the fact that an adverse balance of merchandise trade in the first seven months of 1930, amounting to 50,000,000 pesos (gold), has been converted into a surplus of exports of a similar amount for the corresponding period of the current year. The aggregate value of imports has considerably decreased, while exports have increased by as much as 74 per cent., which has limited the decline in total values to less than 3 per cent. Exchange rates for both the Argentine and Uruguay have continued weak. The lower level of exchange in Brazil has assisted local industries there, particularly in the textile trade centres at San Paulo. Chilean commerce continues inactive, and Peruvian trade is depressed owing to political uncertainties and the fall in cotton prices.			

FAR EAST.

Business with China continues to be affected by the disastrous floods, and may be said to be almost at a standstill. Japan raw silk sales have been decidedly favourable, and markets are firm on reports of the short crop of cocoons. Cotton yarns continue to show a falling tendency on account of the increase in American cotton crop estimates.

PRODUCTION. (Thousands of Metric Tons.)

COAL.														LIGNITE.		
Period.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Netherlands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hungary.
Monthly Average.																
1913.....	24,337	1,903	1,189	3,338	15,842	156	748	2,203	1,119	665	2,312	1,776	43,088	1,927	7,269	460
1926.....	10,692	2,105	1,181	4,283	12,108	177	2,979	2,203	1,028	1,038	1,703	2,619	49,729	1,543	11,596	489
1927.....	21,272	2,296	1,168	4,316	12,800	777	3,174	2,682	1,037	1,006	1,790	2,794	45,197	1,635	12,542	520
1928.....	20,107	2,298	1,215	4,280	12,572	891	3,585	2,885	1,023	1,052	1,893	2,822	43,052	1,704	13,799	543
1929.....	21,837	2,244	1,317	4,486	13,620	m,965	3,853	3,362	864	1,028	1,912	2,441	40,047	1,602	12,159	587
1930.....	20,639	2,284	1,314	4,499	11,891	m,818	3,126	5,932	864	1,028	1,912	2,441	40,047	1,602	12,159	587
1931—August.....	18,199	2,223	1,200	4,356	11,471	1,010	3,062	2,915	856	987	1,607	2,256	37,967	1,567	12,288	446
September.....	19,874	2,293	1,261	4,513	11,729	1,052	3,417	2,970	831	996	1,933	2,146	39,848	1,711	12,820	528
October.....	21,375	2,486	1,284	4,690	12,217	1,101	3,662	3,951	928	1,002	1,751	2,390	46,517	1,779	13,141	619
November.....	20,139	2,195	1,277	4,372	11,516	1,018	3,399	4,629	846	942	1,978	2,409	39,307	1,711	11,692	680
December.....	20,936	2,298	1,175	4,543	11,527	1,018	3,399	4,629	846	942	1,978	2,409	39,307	1,711	11,692	680
1931—January.....	19,481	2,444	1,057	4,244	10,607	1,077	2,998	3,878	709	865	2,098	2,312	35,031	1,520	10,064	475
February.....	19,224	2,179	1,118	4,555	9,506	1,660	2,902	4,056	709	865	2,098	2,312	35,031	1,520	10,064	475
March.....	19,702	2,318	1,081	4,014	9,337	997	2,677	3,910	746	915	1,593	...	30,598	1,249	11,827	462
April.....	18,972	2,096	998	4,106	9,492	1,106	2,784	...	...	982	1,410	...	30,612	1,338	12,052	...
May.....	18,118	2,293	1,082	4,000	10,039	1,167	3,197	...	...	...	...	...	33,000	...	...	...
June.....	17,357	2,306	...	3,987	...	...	...	...	...	...	...	...	...	...	...	...
July.....	17,357	2,306	...	3,987	...	...	...	...	...	...	...	...	...	...	...	...
August.....	17,357	2,306	...	3,987	...	...	...	...	...	...	...	...	...	...	...	...

STEEL.														LIGNITE.		
Period.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Netherlands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hungary.
Monthly Average.																
1913.....	2,601	649	307	391	1,467	62	88	2,564	459	422	775	152	897	62	59	3,110
1926.....	3,277	308	465	718	1,028	44	66	3,794	521	447	796	141	856	62	66	2,736
1927.....	3,036	710	515	696	1,359	44	77	3,675	521	447	796	141	856	62	66	2,736
1928.....	3,167	722	519	702	1,205	41	105	4,222	521	447	796	141	856	62	66	2,736
1929.....	3,580	816	569	808	1,354	60	117	4,359	521	447	796	141	856	62	66	2,736
1930.....	2,559	618	471	784	1,61	962	54	86	2,559	618	471	784	1,61	962	54	86
1931—August.....	2,564	459	422	775	1,467	62	88	2,564	459	422	775	152	897	62	59	3,110
September.....	2,313	490	441	767	1,47	814	55	57	2,313	490	441	767	1,47	814	55	57
October.....	2,200	521	447	796	1,41	856	62	66	2,200	521	447	796	1,41	856	62	66
November.....	1,897	441	391	705	1,35	739	49	73	1,897	441	391	705	1,35	739	49	73
December.....	1,692	441	391	705	1,35	739	49	73	1,692	441	391	705	1,35	739	49	73
1931—January.....	1,742	410	435	746	169	773	33	59	1,742	410	435	746	169	773	33	59
February.....	1,734	494	439	693	140	760	44	84	1,734	494	439	693	140	760	44	84
March.....	2,065	508	420	722	150	811	49	101	2,065	508	420	722	150	811	49	101
April.....	2,052	404	417	675	142	743	52	93	2,052	404	417	675	142	743	52	93
May.....	2,026	442	418	674	135	744	49	76	2,026	442	418	674	135	744	49	76
June.....	1,665	436	445	650	121	779	37	56	1,665	436	445	650	121	779	37	56
July.....	1,487	366	466	650	120	803	...	46	1,487	366	466	650	120	803	...	46
August.....	1,501	363	...	...	...	...	...	1,501	363	...	...	...	...	...	...	1,501

a Figures for Luxembourg communicated by the "Groupe des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end of 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. h Provisional figure. i Since 1922, excluding Polish Upper Silesia. j Coal sold. k Until end 1928 saleable coal. l Including coal waste. m Including lignite. n Excluding lignite. o Excluding ferro alloys. p Excluding castings. q Excluding Luxembourg. r Provisional figure. s Since 1922, excluding Polish Upper Silesia. t Coal sold. u Until end 1928 saleable coal. v Including coal waste. w Including lignite. x Excluding lignite. y Excluding ferro alloys. z Excluding castings. aa Saleable coal; since end of 1921 excluding Ireland. ab British Provinces only. ac Establishments whose production in 1930 amounted to 95-21% of the total. ad Excluding Luxembourg. ae Provisional figure. af Since 1922, excluding Polish Upper Silesia. ag Coal sold. ah Until end 1928 saleable coal. ai Including coal waste. aj Including lignite. ak Excluding lignite. al Excluding ferro alloys. am Excluding castings. an Saleable coal; since end of 1921 excluding Ireland. ao British Provinces only. ap Establishments whose production in 1930 amounted to 95-21% of the total. aq Excluding Luxembourg. ar Provisional figure. as Since 1922, excluding Polish Upper Silesia. at Coal sold. au Until end 1928 saleable coal. av Including coal waste. aw Including lignite. ax Excluding lignite. ay Excluding ferro alloys. az Excluding castings. ba Saleable coal; since end of 1921 excluding Ireland. bb British Provinces only. bc Establishments whose production in 1930 amounted to 95-21% of the total. bd Excluding Luxembourg. be Provisional figure. bf Since 1922, excluding Polish Upper Silesia. bg Coal sold. bh Until end 1928 saleable coal. bi Including coal waste. bj Including lignite. bk Excluding lignite. bl Excluding ferro alloys. bm Excluding castings. bn Saleable coal; since end of 1921 excluding Ireland. bo British Provinces only. bp Establishments whose production in 1930 amounted to 95-21% of the total. bq Excluding Luxembourg. br Provisional figure. bs Since 1922, excluding Polish Upper Silesia. bt Coal sold. bu Until end 1928 saleable coal. bv Including coal waste. bw Including lignite. bx Excluding lignite. by Excluding ferro alloys. bz Excluding castings. ca Saleable coal; since end of 1921 excluding Ireland. cb British Provinces only. cc Establishments whose production in 1930 amounted to 95-21% of the total. cd Excluding Luxembourg. ce Provisional figure. cf Since 1922, excluding Polish Upper Silesia. cg Coal sold. ch Until end 1928 saleable coal. ci Including coal waste. cj Including lignite. ck Excluding lignite. cl Excluding ferro alloys. cm Excluding castings. cn Saleable coal; since end of 1921 excluding Ireland. co British Provinces only. cp Establishments whose production in 1930 amounted to 95-21% of the total. cq Excluding Luxembourg. cr Provisional figure. cs Since 1922, excluding Polish Upper Silesia. ct Coal sold. cu Until end 1928 saleable coal. cv Including coal waste. cw Including lignite. cx Excluding lignite. cy Excluding ferro alloys. cz Excluding castings. da Saleable coal; since end of 1921 excluding Ireland. db British Provinces only. dc Establishments whose production in 1930 amounted to 95-21% of the total. dd Excluding Luxembourg. de Provisional figure. df Since 1922, excluding Polish Upper Silesia. dg Coal sold. dh Until end 1928 saleable coal. di Including coal waste. dj Including lignite. dk Excluding lignite. dl Excluding ferro alloys. dm Excluding castings. dn Saleable coal; since end of 1921 excluding Ireland. do British Provinces only. dp Establishments whose production in 1930 amounted to 95-21% of the total. dq Excluding Luxembourg. dr Provisional figure. ds Since 1922, excluding Polish Upper Silesia. dt Coal sold. du Until end 1928 saleable coal. dv Including coal waste. dw Including lignite. dx Excluding lignite. dy Excluding ferro alloys. dz Excluding castings. ea Saleable coal; since end of 1921 excluding Ireland. eb British Provinces only. ec Establishments whose production in 1930 amounted to 95-21% of the total. ed Excluding Luxembourg. ee Provisional figure. ef Since 1922, excluding Polish Upper Silesia. eg Coal sold. eh Until end 1928 saleable coal. ei Including coal waste. ej Including lignite. ek Excluding lignite. el Excluding ferro alloys. em Excluding castings. en Saleable coal; since end of 1921 excluding Ireland. eo British Provinces only. ep Establishments whose production in 1930 amounted to 95-21% of the total. eq Excluding Luxembourg. er Provisional figure. es Since 1922, excluding Polish Upper Silesia. et Coal sold. eu Until end 1928 saleable coal. ev Including coal waste. ew Including lignite. ex Excluding lignite. ey Excluding ferro alloys. ez Excluding castings. fa Saleable coal; since end of 1921 excluding Ireland. fb British Provinces only. fc Establishments whose production in 1930 amounted to 95-21% of the total. fd Excluding Luxembourg. fe Provisional figure. ff Since 1922, excluding Polish Upper Silesia. fg Coal sold. fh Until end 1928 saleable coal. fi Including coal waste. fj Including lignite. fk Excluding lignite. fl Excluding ferro alloys. fm Excluding castings. fn Saleable coal; since end of 1921 excluding Ireland. fo British Provinces only. fp Establishments whose production in 1930 amounted to 95-21% of the total. fq Excluding Luxembourg. fr Provisional figure. fs Since 1922, excluding Polish Upper Silesia. ft Coal sold. fu Until end

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Italy.	Japan.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markat.	Francs.	Reichsmark.	Drachma.	Forint.	Lira.	Yen.	Guilder.
1913	29-6	...	1,067	189	...	152	113	95,714	2,742	...	...	...	...	...
1925	385-3	...	890	7,814	3,655	4,408	1,309	49,993	1,476	...	...	...	...	...
1926	381-0	947	9,646	3,491	8,203	386	1,346	52,449	1,154	...	...	...	...	...
1927	382-3	1,005	10,951	3,727	8,417	354	1,514	56,301	1,164	...	...	...	...	...
1928	378-3	1,067	10,951	3,727	8,417	354	1,514	56,301	1,164	...	...	...	...	...
1929	369-8	1,094	14,683	3,609	8,230	367	1,561	62,181	1,154	...	...	...	...	...
1930	368-8	1,090	16,419	3,296	7,824	360	1,279	76,486	1,154	...	...	...	...	...
1930-July	368-4	1,021	15,416	3,435	8,397	347	1,355	74,008	1,154	...	...	...	...	...
Aug.	360-9	1,018	15,276	3,683	7,077	350	1,352	73,677	1,154	...	...	...	...	...
Sept.	359-4	1,008	15,416	3,680	7,198	345	1,350	73,053	1,154	...	...	...	...	...
Oct.	358-6	1,035	15,637	3,656	7,144	370	1,313	74,787	1,154	...	...	...	...	...
Nov.	359-2	1,042	15,783	3,562	7,278	354	1,263	75,951	1,154	...	...	...	...	...
Dec.	368-8	1,093	16,419	3,296	7,824	360	1,279	76,486	1,154	...	...	...	...	...
1931-Jan.	346-8	979	16,031	3,059	6,808	341	1,231	76,559	1,154	...	...	...	...	...
Feb.	347-7	976	16,067	3,029	6,571	340	1,305	78,947	1,154	...	...	...	...	...
Mar.	348-8	978	15,822	3,129	6,609	354	1,301	77,431	1,154	...	...	...	...	...
Apr.	348-8	984	16,334	3,212	6,609	354	1,301	77,431	1,154	...	...	...	...	...
May	354-9	1,141	16,092	3,183	6,732	342	1,257	78,185	1,154	...	...	...	...	...
June	352-8	1,111	15,967	3,283	6,988	343	1,232	76,321	1,154	...	...	...	...	...
July	359-4	1,205	16,791	3,209	7,017	336	1,204	79,852	1,154	...	...	...	...	...
August	350-3	1,095	16,613	3,338	6,979	330	1,181	78,635	1,154	...	...	...	...	...

Period.	Italy.	Norway.	Poland.	Roumania.	Russia.	Sweden.	Switzerland.	Thailand.	United States.	Japan.
End of	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	Lira.	Lira.	Kroner.	Zloty.	Leu.	Jd. Rbla.	Rbla.	Kronor.	Francs.	Yen.
1913	4,284	499	108	...	437	...	...	...	...	...
1925	18,340	1,793	337	653	428	20,351	398	727	334	426
1926	18,340	1,793	337	653	428	20,351	398	727	334	426
1927	17,992	743	331	1,003	309	21,025	480	1,093	528	1,870
1928	17,992	743	331	1,003	309	21,025	480	1,093	528	1,870
1929	17,295	161	315	1,295	244	21,211	730	1,091	546	1,739
1930	16,774	80	318	1,340	259	21,144	1,028	1,091	546	1,739
1930-July	16,680	...	312	1,328	241	19,605	...	1,062	594	1,409
Aug.	16,182	...	315	1,321	222	18,684	1,534	2,055	551	1,288
Sept.	16,074	...	318	1,353	223	19,134	1,737	2,162	570	1,185
Oct.	16,178	...	309	1,375	230	19,307	1,859	2,130	613	1,262
Nov.	16,679	...	312	1,408	233	18,860	1,943	2,094	681	1,161
Dec.	16,680	...	312	1,328	238	18,626	1,946	2,065	681	1,161
1931-Jan.	15,121	...	290	1,277	241	18,449	1,949	2,080	694	1,101
Feb.	15,129	...	287	1,284	236	18,105	...	2,108	633	1,215
Mar.	15,054	...	296	1,261	241	18,341	...	2,194	648	1,168
Apr.	14,883	...	296	1,259	238	18,630	...	2,246	648	1,168
May	14,722	...	291	1,222	237	18,709	...	2,245	647	1,147
June	14,658	...	296	1,230	238	18,715	...	2,234	587	1,078
July	14,678	...	296	1,254	237	19,401	...	2,315	593	1,110
August	14,323	...	284	1,245	240	21,161	...	2,403	567	1,015

a Until November, 1928, including State notes, then transferred to Bank.
 b Marks—including Reichs- and Darlehenkassenscheine.
 c Excluding notes held by Reichsbank.
 d In terms of new lire = 5,573 millions.
 e Excluding Government notes.
 f Gross issue.
 g Excluding Government notes.
 h Since January, 1926, excluding notes held by Bank of Poland.
 i Since 1920, including Austrian.
 j In terms of new francs.
 k Since May, 1922, including Luxembourg.
 l Since Oct., 1926, including Government notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.

LONDON RATES OF EXCHANGE.

Period.	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oporto.	Copenhagen.	Berlin.	Vienna.	New York.	Buenos Aires.
Far level	124-21	35-00	92-46	25-22	25-22	12-107	18-159	18-159	18-159	20-43	34-58	4-88	47-83
Highest, 1930	124-34	34-90	93-22	25-22	25-22	12-134	18-151	18-151	18-151	20-44	34-68	4-88	48-40
Lowest, "	123-50	34-73	92-62	24-99	25-00	12-04	18-08	18-14	18-14	20-35	34-40	4-85	47-34
Beginning of—													
July, 1914	25-15	25-35	25-25	21-16	26-10	12-11	18-30	18-30	18-30	20-49	34-55	4-87	47-40
January, 1924	87-85	99-45	100-4	24-63	33-68	11-36	16-26	16-26	16-26	20-49	34-55	4-87	47-40
January, 1925	87-40	94-79	112-35	24-34	33-95	11-71	17-62	17-62	17-62	20-49	34-55	4-87	47-40
January, 1926	129-51	107-00	120	25-08	34-31	12-05	18-08	18-08	18-08	20-49	34-55	4-87	47-40
January, 1927	122-81	34-89	109-62	25-14	31-25	12-12	18-15	18-15	18-15	20-49	34-55	4-87	47-40
January, 1928	124-00	34-82	92-32	25-27	28-24	12-09	18-11	18-11	18-11	20-49	34-55	4-87	47-40
January, 1929	123-81	34-88	92-64	25-18	28-24	12-08	18-13	18-13	18-13	20-49	34-55	4-87	47-40
January, 1930	123-91	34-82	92-74	25-04	28-24	12-05	18-13	18-13	18-13	20-49	34-55	4-87	47-40
January, 1931	123-66	34-76	92-74	25-13	28-24	12-09	18-13	18-13	18-13	20-49	34-55	4-87	47-40
May	124-47	34-78	92-92	25-08	28-24	12-09	18-13	18-13	18-13	20-49	34-55	4-87	47-40
June	124-25	34-93	92-96	25-08	28-24	12-09	18-13	18-13	18-13	20-49	34-55	4-87	47-40
July	124-24	34-90	92-91	25-11	28-24	12-09	18-13	18-13	18-13	20-49	34-55	4-87	47-40
August	123-88	34-82	92-82	24-85	28-24	12-04	18-13	18-13	18-13	20-50	34-60	4-87	47-40
September	123-95	34-94	92-91	24-91	28-24	12-04	18-15	18-15	18-15	20-50	34-60	4-87	47-40

Period.	Rio de Janeiro.	Monte Video.	Valparaiso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singapore.	Place.	Method of Quoting.	Highest.	Lowest.	Average.
Far level	16	51	40	a. d.	a. d.	a. d.	a. d.	a. d.	New York	Dollars to £1.	4-87	4-88	4-87
Highest, 1930	16	51	40-02	1 8	1 8	1 8	1 8	1 8	Paris	Francs to £1.	123-88	123-74	123-81
Lowest, "	16	51	39-57	1 8	1 8	1 8	1 8	1 8	Amsterdam	Florins to £1.	12-09	12-08	12-09
Beginning of—									Berlin	Reichsmarks to £1.	20-39	20-37	20-38
July, 1914	16	51	40-30	1 3	1 10	2 6	2 0	2 0	London	Pounds to £1.	4-87	4-88	4-87
January, 1924	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
January, 1925	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
January, 1926	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
January, 1927	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
January, 1928	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
January, 1929	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
January, 1930	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
January, 1931	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
May	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
June	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
July	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
August	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09
September	16	51	40-30	1 6	2 3	3 4	2 1	2 1	Amsterdam	Florins to £1.	12-09	12-08	12-09

↑ Francs to £1.

↑ Pounds to £1.

↑ Kronen to £1.

↑ Daily rates.

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

IMPORTS for Domestic Consumption.																
Period.	Belgium.	Bulgaria.	Denmark.	France.	Finland.	Germany.	Greece.	Italy.	Jugo-Slavia.	Netherlands.	Poland.	Sweden.	Switzerland.	Russia.	Egypt.	United States.
Month.	Belgium.	Bulgaria.	Denmark.	France.	Finland.	Germany.	Greece.	Italy.	Jugo-Slavia.	Netherlands.	Poland.	Sweden.	Switzerland.	Russia.	Egypt.	United States.
Average.	Belgium.	Bulgaria.	Denmark.	France.	Finland.	Germany.	Greece.	Italy.	Jugo-Slavia.	Netherlands.	Poland.	Sweden.	Switzerland.	Russia.	Egypt.	United States.
1913	54,931	1,468,378	606,958	161,352	3,712,700	459,959	1,030,171	835,454	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171
1925	97,223	5,162	1,468,378	606,958	161,352	3,712,700	459,959	1,030,171	835,454	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171
1926	92,989	5,043	1,468,378	606,958	161,352	3,712,700	459,959	1,030,171	835,454	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171
1927	91,282	5,012	1,468,378	606,958	161,352	3,712,700	459,959	1,030,171	835,454	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171
1928	92,589	5,020	1,468,378	606,958	161,352	3,712,700	459,959	1,030,171	835,454	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171
1929	92,589	5,020	1,468,378	606,958	161,352	3,712,700	459,959	1,030,171	835,454	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171
1930	79,522	4,630	2,551,820	386,527	136,201	4,362,031	437,325	866,096	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171	1,030,171
1930—July	76,567	4,780	2,543,336	358,821	126,756	4,119,972	457,225	909,165	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
Aug.	73,563	4,209	2,328,994	360,438	131,247	4,067,977	443,764	795,535	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
Sept.	73,558	4,751	2,378,777	420,064	143,377	4,520,134	556,912	835,589	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
Oct.	83,911	4,893	2,129,633	380,437	130,610	4,249,795	518,589	734,307	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
Nov.	72,564	4,157	2,159,633	380,437	130,610	4,249,795	518,589	734,307	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
Dec.	84,366	4,118	2,340,623	390,207	120,399	4,316,897	223,294	681,547	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
1931—Jan.	69,532	3,993	2,057,921	308,421	103,660	4,064,872	192,066	620,270	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
Feb.	65,422	3,827	2,293,055	405,951	112,323	3,901,660	271,783	679,359	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
Mar.	67,704	4,300	2,222,094	374,992	116,056	3,574,706	346,230	805,601	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
Apr.	63,626	4,177	2,096,876	483,360	113,116	3,343,315	304,013	607,362	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
May	64,886	4,265	1,989,636	441,249	107,497	3,635,953	303,429	562,552	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
June	62,598	4,265	1,973,509	...	...	...	...	...	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
July	62,510	...	...	...	...	...	...	...	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924
Aug.	61,411	...	...	...	...	...	...	...	1,078,733	571,409	303,666	195,308	140,884	238,429	70,500	2,924

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	Belgium.	Japan.	United States.
Monthly Average.	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1913.....	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...
1926.....	19.2	2.7	37	401	74.8	23	13	20	18	44	56	45	...	...
1927.....	29.6	10.5	31	616	114.1	264	43	17.7	271	22	73	24	258	649
1928.....	30.8	12.0	60	875	110.0	450	50	27.1	344	21	75	24	335	676
1929.....	23.8	8.6	55	1,259	80.2	607	29	17.8	518	23	81	56	222	819
1930.....	22.5	4.8	38	1,832	46.6	514	47	17.8	460	21	125	24	205	587
1931.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...
July-Sept.	6.2	3.9	108	993	54.9	546	15	11.3	295	15	30	34	200	1,017
Oct.-Dec.	30.6	14.8	51	1,741	34.6	594	33	23.4	179	32	47	25	139	566
1930.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	31.3	4.0	32	2,309	73.5	474	52	15.2	379	17	134	34	133	715
Apr.-June	25.6	5.7	51	1,582	31.3	836	66	12.9	292	16	148	18	218	906
July-Sept.	24.4	5.6	38	1,073	50.4	534	25	14.7	594	24	104	18	183	379
Oct.-Dec.	24.8	3.7	28	2,365	41.4	211	45	17.3	164	28	116	26	285	346
1931.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	16.0	5.6	36	2,008	45.6	193	20	6.4	127	58	157	22	313	411
Apr.-June	13.3	1.8	85	1,413	110.3	533	...	8.8	492	33	111	25	...	320
July-Sept.	21.0	0.8	175	1,619	57.0	832	...	3.3	926	14	69	25	...	250
Oct.-Dec.	6.7	5.0	23	1,002	19.9	262	...	...	118	15	11	110	...	226
1931.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.K., both bonus shares and conversions are excluded. In the case of the Netherlands and the railway issues. "Rijksbank" and "Rijksbank" issues exceeding Fls. 100,000 on the Dutch market and conversions. Until end 1922 paper mark. "Société de Banque Suisse" incorporation for subscriptions on Swiss market including obligations and Local Govt. loans. India, compiled by "Commercial & Financial Chronicle." † Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES.

	1925.	1926.	1927.	1928.	1929.	1930.	1931.
End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.
London.....	5%	5%	5%	5%	5%	5%	5%
Paris.....	7%	6%	6%	6%	5%	5%	5%
Berlin.....	9%	9%	6%	6%	7%	7%	7%
New York.....	3%	3%	3%	3%	4%	4%	4%
Amsterdam.....	5%	5%	5%	5%	5%	5%	5%
Brussels.....	4%	4%	4%	4%	5%	5%	5%
Rome.....	7%	7%	7%	7%	5%	5%	5%
Switzerland.....	4%	3%	3%	3%	3%	3%	3%
Vienna.....	11%	9%	7%	6%	6%	6%	6%
Warsaw.....	12%	12%	9%	8%	8%	8%	8%
Tokyo.....	7-3/4%	7-3/4%	6-5/8%	5-8/8%	5-4/8%	5-4/8%	5-4/8%
Calcutta.....	5%	6%	4%	5%	7%	6%	6%

* Federal Reserve. † 8% as from Sept. 2.

‡ 8% as from Sept. 22.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
1913.....	14,191,275	855,648	1,389,481	16,436,404
1924.....	35,038,605	1,594,114	2,500,145	39,132,864
1925.....	35,801,264	1,678,737	2,957,508	40,347,119
1926.....	35,345,429	1,660,757	2,817,868	39,823,054
1927.....	36,819,682	1,750,032	2,973,827	41,550,541
1928.....	39,311,117	1,854,190	3,039,422	44,204,729
1929.....	38,782,577	1,812,146	2,963,531	43,558,254
1930 (Sept. 15).....	28,155,120	1,305,938	2,135,802	31,596,920
1931 (Sept. 15).....	24,673,767	1,209,202	1,968,793	27,851,762

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

Monthly Average.	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lambs' Wool.	Other Goods.
1913.....	24.2	2.7	23.5	5.8	16.1	34.3	0.2	1.8	0.7	5.89
1924.....	47.6	4.7	33.4	8.9	25.0	51.5	0.9	1.3	0.6	370
1925.....	47.6	4.6	35.4	7.0	26.7	51.4	0.9	1.3	0.6	370
1926.....	41.9	4.2	32.7	3.9	26.3	44.9	0.8	1.2	0.7	319
1927.....	44.9	4.4	29.3	6.4	26.9	47.0	0.9	1.3	0.7	343
1928.....	44.3	4.5	27.9	5.8	25.7	48.2	0.8	1.1	0.7	322
1929.....	44.7	4.6	28.3	6.6	27.9	47.8	0.9	1.3	0.7	306
1930.....	39.8	4.0	20.9	5.3	25.6	24.3	0.7	1.0	0.7	201
1931—March.....	32.6	3.0	15.1	4.1	22.3	24.3	0.7	1.0	0.7	136
April.....	32.5	2.9	15.5	4.1	20.9	24.3	0.7	1.0	0.7	135
May.....	33.3	2.8	14.6	4.0	21.0	26.0	0.7	1.0	0.7	141
June.....	33.4	2.6	14.1	4.0	20.2	21.7	0.7	1.0	0.7	133
July.....	35.1	2.7	13.6	3.8	20.7	26.5	0.5	0.4	0.4	177
August.....	31.8	2.6	12.5	3.4	20.1	22.0	0.8	0.2	0.2	144

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).										Austria.	Germany.	Italy.	Canada.	United States.
	Gross Receipts.		Freight Traffic (f).												
	Passengers.	Freight.	Merchandise.*	Coal, &c.	Minerals and Other Merchandise	Total.	Ton-Miles.								
£	#	Tons.	Tons.	Tons.	Tons.	Ton-Miles.	Tonnes-Km	Tonnes-Km	Tonnes-Km	Tonnes-Km	Tonnes-Km	Tonnes-Km			
1926—June	4.4	5.3	4.7	1.9	3.6	10.2	1,202	4,695	1,132	2,848	439,257	439,257			
December	4.7	8.5	4.9	15.9	4.1	24.8	1,321	5,641	1,094	5,641	440,096	440,096			
1927—June	6.1	8.8	5.1	15.5	5.8	26.4	1,401	5,126	1,095	5,126	438,483	438,483			
December	4.8	8.7	5.1	17.2	4.8	27.2	1,400	5,398	928	5,398	434,580	434,580			
1928—June	5.5	8.3	4.8	14.9	5.3	25.0	1,324	5,528	1,038	5,528	437,304	437,304			
December	4.6	8.4	4.7	16.1	4.8	25.6	1,352	5,282	1,030	5,282	436,081	436,081			
1929—June	5.2	8.4	4.8	15.7	5.6	26.1	1,392	5,803	1,030	5,803	436,081	436,081			
December	4.5	8.2	4.7	17.6	5.0	27.3	1,426	5,814	1,031	5,814	436,618	436,618			
1930—June	5.7	7.3	4.4	13.2	4.7	22.2	1,196	5,306	1,044	5,306	425,251	425,251			
December	4.3	8.1	4.4	16.9	4.2	25.5	1,388	5,145	879	5,145	423,377	423,377			
1931—February	3.0	7.4	3.9	14.7	3.7	22.3	1,253	5,060	1,001	5,060	419,915	419,915			
March	3.4	8.0	4.3	15.7	4.2	24.3	1,340	5,122	860	5,122	415,229	415,229			
April	4.3	7.5	4.3	14.3	4.0	22.6	1,252	5,107	946	5,107	412,255	412,255			
May	4.5	7.1	4.0	13.2	4.2	21.4	1,203	5,004	944	5,004	408,255	408,255			
June	4.7	7.4	4.2	13.8	4.2	22.2	1,250	5,190	944	5,190	408,255	408,255			

* Inc. live stock. (a) "Reichsbahn." Excl. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenues of at least \$500,000. (d) Ton-miles. (e) Including free-hauled. (f) Excluding free-hauled. (g) Long ton = kg. 1,016.05; mile = metre 1,609.34. (h) Gross tonnage. (i) Fiscal year ending June 30.

London: Printed for the Proprietors THE ECONOMIST NEWSPAPER, LTD., by EYRE AND SPOTTISWOODE LIMITED, His Majesty's Printers, East Harding Street, London, E.C. 4. Published by the Proprietors at 8, Boulevard Street, Fleet Street, E.C. 4.—Saturday, September 26, 1931.

The Economist

MONTHLY SUPPLEMENT.

SATURDAY, OCTOBER 31, 1931.

No. 101.

New Series.

The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

THE current review of business conditions at home and abroad carries the story until the first month of the October, and so covers roughly the first month of the suspension of the gold standard. The impression to be gleaned from the reports published upon subsequent pages and also from such general indicators as commodity prices and the unemployment returns is that the stimulus afforded to the British export trades by the pension of gold payments is so far acting slowly and irregularly. Certain trades, it is true, have definitely

the business world was so convinced of the dangerous consequences of a Labour victory that there was a distinct disinclination to enter into fresh commitments until the result of the polls was known. The financial world took a slightly different view, for during the progress of the election sterling strengthened, and Stock Exchange prices improved. Clearly large repatriations of British funds from abroad have been taking place, though this may have been as much due to lack of confidence in foreign centres as a return of confidence in London.

Some observers are inclined to believe that the 6 per cent. Bank rate was maintained in force during the election primarily as a precautionary measure against any unsettling effects that the election might have at home and abroad. Be that as it may, there is little doubt that so high a rate, if indefinitely continued, would have a deterrent affect upon trade, both because it directly raises the cost of bank advances, and also because it tends to deflect funds into the money market and more particularly into Treasury bills. Now that the election is over there would, perhaps, be ground for hoping for an early reduction in the rate, were it not for the upward trend of rediscount rates abroad, with the prospect of further increases in important centres. If the authorities decide to make no change immediately, it can only be because they are influenced by the position in foreign centres.

improved, and these include some of our most depressed industries. Cotton is a prominent example, and so are certain sections of the export coal trade. The lighter branches of the steel trade are also more active; there is a bigger business in merino tops; and encouraging reports come from motor manufacturers and from the linen and rayon trades. On the other hand, railway traffics are still disappointing, and there is some reason to fear that even where there has been a revival it possesses a somewhat shallow basis. For example, the recent wool sales proved so satisfactory that it was decided to extend them by three days. This was done, but in the end demand began to fall away and prices became noticeably weaker. Finally, there is little evidence of movement in the heavier industries, such as makers of constructional steel or of big engineering plant. In short, there is as yet no disposition to launch out into new capital expenditure, and the continued lack of business in the new capital market firms this from the financial angle.

This lack of enterprise is due to several causes. First and foremost no one is able to "take a view." No one knows when or where sterling will settle down, or what is going to happen in foreign countries. The solvency of different financial centres, the ability or desire of other countries to remain upon the gold standard, the basis of new contracts, tariff changes, currency movements, all factors attended to-day with the utmost uncertainty, yet they are equally factors which are vital to the conduct of business. At home, too, there have been two serious obstacles in the way of immediate business progress. One is the general election and the other is the 6 per cent. Bank rate.

A general election always delays business, and this election has been no exception to the rule. Though there was never any real doubt as to a Government majority,

HOME TRADE STATISTICS.—SEPTEMBER, 1931

	Aug.	Sept.	Sept., '30.
UNEMPLOYMENT—			
(State Insurance %)	22.7	23.2	+ 5.6
PRODUCTION—			
Coal (million tons)*	3.8	4.2	— 0.4
Iron (thous. ")	276	248	— 177
Steel (" ")	357	401	— 180
FOREIGN TRADE—			
Imports (million £'s)	65.3	68.3	— 10.4
Re-exports (" ")	3.9	3.8	— 1.6
British Exports (" ")	29.1	29.8	— 12.9
TRANSPORT—			
Railway Receipts* (£0,000)	342	314	+ 21
Shipping Freights (av. level†)	74.4	74.7	— 8.9
COMMODITY PRICES (" ")	62.3	65.1	— 8

HOME INDUSTRIES AND TRADE.

The following reports on British industries cover, in most cases, the period to the middle of October. In the remainder they relate to the month of September.

THE COAL TRADE.

Export trade possesses distinctly better prospects than for some time past. The South Wales steam-coal trade is steadier, employment is more regular, and shipments are expanding. There is little improvement in Durham, but Northumberland collieries have booked so many new orders that the quota for the last quarter of the year has been raised from 80 to 94 per cent. In Scotland, however, a lull has succeeded the initial rush immediately after the suspension of the gold standard. So far, home industrial demand is slow in materialising, and current orders are being met out of stock. The house coal trade has been retarded by the warm weather.

IRON AND STEEL.

The general tone of the industry is appreciably better. There are more inquiries and orders for pig iron, and stocks are being substantially reduced. There is a prospect of three fresh furnaces being blown in. Makers of semi-manufactured steel on the North-East Coast are better employed, and foreign competition has become a less serious factor. A good demand has arisen for light material such as galvanised sheets, but orders for heavy steel, such as joists and girders, are hanging back. It is believed that capital expenditure generally is being held up until after the result of the election is known.

ENGINEERING.

Apart from some increase in the number of inquiries, no real improvement is yet noticeable, and it is believed that orders are being delayed until after the election. There is, however, a slightly better feeling in the machine tool trades, and as these are one of the "key industries" of the country, such a movement may indicate an approaching revival in industrial activity generally. Locomotive and rolling-stock builders report a better inquiry, but textile machinists and makers of agricultural machinery remain inactive. The September shipbuilding returns were very bad, and marine engineers are still suffering from the depression in this industry. Some hopes, however, are rested upon the fact that the first part of the new shipyard wages agreement came into force at the beginning of October.

PRODUCTION OF ELECTRICITY.

In the *Economist* of July 10, 1926 (pages 57-8), we published a new index of electrical generation in the chief industrial areas of Great Britain. We show below a résumé of the results achieved during recent periods:—

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24 = 100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Shipbuilding, and Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	156
1930—September	156	137	223	282†	203	144
October	161	150	195	244	222	158
November	188	167	226	246	235	185
December	194	169	260	207	267	189
1931—January	197	169	271	209	274	195
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	131
July	142	117	204	209	192	143
August	143	121	182	197	197	145
September	157	130	222	213	158	158

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.
† Increase due to special causes.

The general improvement in the figures is of a purely seasonal character. The corrected figure for September, allowing for seasonal fluctuations and the steady expansion in the use of electricity, was 89.0 against 90.3 in August and 92.6 in September of last year.

ELECTRICAL INDUSTRY.

No export orders were received during early October. Home orders amounting to 25,000 k.w. were placed by the Government and by railway undertakings for turbines and rotary converters.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*

(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1930—August	63	245	109
September	63	221	103
October	64	181	94
November	61	171	89
December	75	152	95
1931—January	69	150	90
February	66	123	75
March	62	126	74
April	60	130	76
May	63	137	79
June	65	128	78
July	62	142	80
August	51	132	70
September	47	130	67

* Copyright of the British Electrical and Allied Manufacturers' Association.

MOTOR INDUSTRY.

Motor manufacturing activity is now showing definite signs of increase. The percentage of unemployment in the chief centres is dropping, and there is every reason to expect that this decrease will continue. Considering the general depression, the commercial vehicle industry, in particular, has maintained a high level. Exports of vehicles for September, 1931, show an increase of over 2 per cent. when compared with 1930. The total for the nine months, however, is still down by about 25 per cent. It is thought that this decrease will be much smaller by the end of the year if the exchange value of the £ remains at its present level.

THE COTTON TRADE.

A definite change for the better has shown itself, due almost entirely to the suspension of the gold standard. The hardening movement in raw material rates as a result of the depreciation in the value of the £ has stimulated activity in manufactured goods, and exporters have now a decided advantage in competing against countries that are still on the gold standard. There has not been much alteration in prospective supplies of raw cotton. It is now recognised that the output throughout the world this season will be abundant. In the weaving branch the feature of interest has been the revival of demand for China, where a big business has been done in standard makes and fancies. India has been disappointing, but inquiry has lately broadened, and more trade has been put through in fine goods, especially for Karachi and Madras. Increased activity has been reported in bleached shirtings for Egypt. More business has been done for Java and Singapore. Heavy goods have moved off more freely for certain African outlets, and cloths suitable for printing and dyeing have attracted considerable attention for South America and the Continent. When prices began to advance, home houses were caught short of supplies, and substantial contracts have been arranged with makers. There is now a tendency for production to increase in most Lancashire weaving towns. Spinners of yarn have gained definite ground, and prices in American and Egyptian counts have been put up to a greater extent than the rise in the raw material. A big business has been done in twist and weft. The extensive buying in two-fold yarns for China has caused much comment. During the last few days rather more demand has been experienced in bundle yarns for India. Doublers have sold freely and are now busier than for a long time back.

THE WOOL TEXTILE TRADES.

The suspension of the gold standard gave an initial stimulus to the wool trade, and it was possible to extend the recent London sales for three days and dispose of an additional 24,000 bales. It was noticeable, however, that prices weakened towards the end of the sales, and it was then apparent that a big expansion in business was not likely until after the election. Top prices hardened appreciably in the last week of September, and have since been steady at the new levels. There has been a good consumption of merino, but there is scope for more movement in medium and low cross-breeds.

THE RAYON TRADE.

The turnover in rayon yarns has been at a higher level than for some months past, and most of the factories are better employed. There has been no upward movement in viscose prices following the suspension of the gold standard, but there has been a much firmer tendency. Acetate yarns are weak in price, but demand is now improving. In both fabrics and yarns domestic demand is providing most of the orders, though there has been rather more moving with the Dominions and China.

THE LINEN TRADE.

The suspension of the gold standard led to an immediate withdrawal of all flax offering from abroad. Subsequently isolated parcels were negotiated at sharply advanced limits, and values are now 15 per cent. up on August levels, but holders are not selling. Very large transactions have taken place in all classes of linen yarns and cloth, both for home and export. In the North of Ireland most mills and factories are now working to capacity, and have contracts to cover production for four to six months ahead. Prices are very firm at advanced rates.

BOOTS AND SHOES.

The Northampton boot and shoe trade reports that the suspension of the gold standard has stimulated business, and that home retailers are busily replenishing their stocks. Export orders at Northampton are also better, but Leicester believes that foreign business is being held back by the uncertain outlook abroad. Leather prices have risen appreciably, and shoe manufacturers have bought heavily ahead. Stocks, consequently, are being rapidly exhausted, and some anxiety is felt as to the price basis upon which future supplies will have to be bought.

THE POTTERY TRADE.

There has been a definite improvement in tone. Many earthenware manufacturers are now working full time, and there is much less unemployment in the pottery section.

THE CHEMICAL INDUSTRY.

Business was limited during the greater part of September, but at the beginning of the present month increased activity was experienced and now there is a very fair demand in the home market for a large number of items. Increased interest in industrial chemicals has been particularly noticeable. There has been a general advance in the price of imported products owing to the fall of sterling, but in the price of home-made products there has been very little alteration. Markets for pharmaceuticals and essential oils have been very erratic, and a macerated chemicals and essential oils pending more settled conditions. Number of sellers have withdrawn pending more settled conditions. The question of Conventions, in which both British and foreign makers are interested, has not yet been considered, and rates are nominally unchanged. Business in coal-tar products has been satisfactory, the export trade, especially in tar oil and creosote oil, showing a considerable improvement.

AGRICULTURE.

According to an official report, the excessive wet and lack of sunshine during September resulted in a good deal of corn being harvested in damp and soft condition. The yield per acre of wheat and barley was forecasted to be below and that of oats slightly above average. Disease amongst potatoes will materially reduce the crop of sound tubers going into clamps, and the yield per acre below average was forecasted. Yields of root crops will be somewhat below average. Some progress was made in ploughing leys, but little cleaning was possible of fallow and stubbles, which were rather dirty. Cattle and sheep generally did well, and milk yields were well maintained on the whole, though showing a seasonal tendency to fall.

SHIPPING.

Business has suffered considerable dislocation as a result of the British suspension of the gold standard. Except for Argentine grain, however, cargo traffic has been inactive, but there has been a better inquiry for colliers. Freight rates quoted in sterling have risen as a result of the depreciation of the pound, but the rise has been irregular.

BUILDING.

According to the Ministry of Labour's returns, employment was again worse, the September percentage being 21.7, against 19.7 per cent. in August. The percentage in September last year was 15.5 per cent. Employment at present is fairly good in some centres, including Coventry, Hull, Leicester, Nottingham and Plymouth. According to returns furnished by 145 urban authorities, plans passed for new buildings during September comprised a total estimated cost of £5,456,300, against £3,143,000 in August and £6,908,200 in September last year. Dwelling-houses accounted for £3,933,700 of this total, factories and workshops for £163,600, business premises, shops and warehouses for £316,700, and other buildings and additions and alterations for £1,042,300.

RETAIL TRADE.

A London store reports business to be difficult. More customers are being served, but returns are reduced by the low level of prices and by the efforts towards personal economy being made by the general public.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1924	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107 ^a	100	133	113	197	106	109	87	101	104	95.5	88	94	103.5	90	109	94	100
1927	113 ^a	106	88	103	212	99	110	82	108	110	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1929	113	120	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
1930	101	117																
"Corrected" average for 3 months ended:																		
1930—Sept.	84	108	85	53	370	102	96	74.5	100.5	113	101.5	85	85	114	118	135	84	96
Oct.	87	110	89	65	454	109	100	74	99.5	112.5	101	86	84	114.5	116	136	82	105
Nov.	91	115	89	68	337	109	112	73.5	99	112	100.5	87	86	116	111	141	82	
Dec.	106	110	91	81	381	111	120	73	98	111.5	99.5	85	91	117.5	106	138	79	
1931—Jan.	111	107	92	79	247	112	128	73.5	96	110	98.5	81	94	119	100	143	74	91
Feb.	107	107	90	70	418	111	123	73	95	109	98	78	95	120.5	94	144	67	
Mar.	98	102	84	64	355	112	126	71	95	109	98	79	95	121.5	92	146	66	
Apr.	92	117	82	66	309	102	108	68.5	97	111	98.5	78	94	120	93	139	63	91
May	96	118	83	68	323	96	101	67	97	111.5	98.5	76	91	115.5	103	143	63	
June	93	126	88	74	354	93	97	65	96	112	98	77	92	114.5	109	148	66d	
July	88d	118	83	72	410	90	96	64	95	112	97.5	...	92	113.5	111	139	64d	93
Aug.	83d	111	77	75	365	90	98	65	94.5	111	97	...	89	112	110	131	66	
Sept.	78	109																
Sept. 1924.....	92	105	99	81	187	93	92	98.5	100	100.5	100	100	96	100	108	96	103	...
Sept. 1925.....	78	108	78	95	191	90	92	86	102.5	104	100.5	97	96	102.5	102	97	100	...
Sept. 1926.....	87 ^a	92	40	79	202	46	78	31	99	104	91	81	86	101	94	103	94	...
Sept. 1927.....	90 ^a	105	113	102	135	98	95	86	108.5	109.5	105.5	98	98	107.5	113	109	106	...
Sept. 1928.....	84	104	83	87	181	89	96	79	107	110	104	90	90	111	114	123	108	...
Sept. 1929.....	96	117	118	76	354	96	102	84.5	110.5	114	108	95	95	113	123	129	111	...
Sept. 1930.....	84	108	85	53	370	102	96	74.5	100.5	115	101.5	85	85	114	118	135	84	...
Sept. 1931.....	78	109	77	75	365	90	98	65	94.5	111	97	...	89	112	110	131	66	...

a Excluding coal imports.

d Revised figures.

a Excluding coal imports.

d Revised figures.

STATE OF TRADE ABROAD.

Reports from all quarters tell of the serious dislocation to trade caused by the British suspension of the gold standard. In Germany and Central Europe the situation remains very difficult and uncertain.

BRITISH EMPIRE.

Australia.—Export trade has been stimulated by exchange movements subsequent to Great Britain's suspension of the gold standard and by the fact that the Australian pound still remains in the same relation to sterling as it did two months ago. Prices and markets for exports of Australian primary products alike are better. Internal trade, however, shows no improvement. The wool clip is large and well-grown, but though demand is stronger prices are still below costs of production. There is an exceptionally heavy surplus of butter and fat lambs available for export.

Canada.—On October 19th an Order-in-Council was issued prohibiting the export of gold except under licence, and this implies the virtual abandonment of the gold standard. The Canadian dollar is at a premium on sterling, but at a discount against gold currencies. Business conditions show but little change. Exporters to the British market are finding trade checked by the depreciation of the pound, and the basic industries are working below capacity. The wheat position remains unsatisfactory, with prices still low and foreign demand declining.

India.—The Bombay raw cotton market rose sharply on the suspension of the gold standard in England, and there was more interest shown by Lancashire and Chinese buyers. September demand for Manchester goods was very limited, notwithstanding the rise in cotton prices, but heavy sales of Indian goods took place, owing to fears that the new Budget would contain an excise duty. The increase in the Customs duties and the failure to impose an excise duty will, it is believed, react in favour of Indian goods, and will, consequently, lead to a diminished Japanese demand for raw cotton. The Calcutta jute market experienced a strong demand immediately after the British suspension of the gold standard, but prices have advanced and this has checked business.

South Africa.—Trade has been checked by the depreciation of sterling and other currencies, and dealers are exercising great caution. A heavy decline is expected in exports. Wool prices fell at the opening of the season, and most manufacturers report decreased activity. Drought conditions during September caused serious damage in most sections, but good rains fell in early October and the outlook is in this respect much better.

EUROPE.

France.—There is a keen demand for house coal, but the market for industrial fuel is no better. Output of pig iron is still excessive and competition is keen. It is not believed, however, that in exchange of Frs. 100 is low enough to give British pig iron much of an opening. The textile trades are very dull, the Roubaix woolen industry being particularly hard hit by the depreciation of the pound, which has closed the English market to cloth manufacturers, and may expose spinners to the competition of British yarn.

Belgium.—The iron and steel trades, with their big export trade to England, are feeling acutely the depreciation of the pound, the more so as all contracts have habitually been arranged in sterling, which no longer provides a reliable basis. Coal imports are henceforward to be regulated on a quota basis, and it is hoped that this will enable existing stocks at Belgian pits to be cleared, especially as Belgian owners have agreed to reduce output by 10 per cent.

Germany.—The coal trade is at the moment more active, as during the summer the financial stringency had forced consumers to reduce their stocks to a minimum, and these are now having to be replenished. The heavy industries have been placed in a difficult position by the depreciation of sterling, which has upset the whole basis of Continental iron and steel prices. The internal situation remains very difficult. Notwithstanding the standstill agreement, there has been a further drain of funds from Germany, with further demands on the Reichsbank. Unemployment rose to 3,550,000 by the end of September, but the increase during the month was only 140,000, which is a comparatively small figure.

Holland.—The British suspension of the gold standard has inflicted considerable losses upon Dutch traders who had sterling contracts outstanding, and the recent development of dealings in forward exchange have been generally welcomed. There has been a serious increase in unemployment, but the winter outlook is not so assuring.

Scandinavia.—The main event of recent weeks has been the suspension of the gold standard in all three Scandinavian countries. The Norwegian timber trade has been very unsettled owing to difficulties of arranging a basis for prices to be paid by British importers, and later in the month, owing to the suspension of gold payments by Finland. In Sweden, however, timber sales have been more active, and sterling prices have risen by 10s. to £1 per standard. Prices of Danish agricultural produce have been erratic, but farmers have, so far, not yet derived any real assistance from the depreciation of the krone.

Switzerland.—As in other countries, exporters are seriously perurbed by the depreciation of sterling, and the German situation is a cause of further anxiety. This explains the general weakness of the Bourse, particularly in Swiss bank shares.

Central Europe.—Austrian trade is depressed owing to the difficulty of collecting outstanding debts from Hungary, and trade with

Jugoslavia, Poland and Czechoslovakia is also hampered by exchange restrictions and financial stringency.

UNITED STATES OF AMERICA.

During September the industrial situation was practically unchanged, and the normal seasonal expansion was lacking. Steel mill operations have again contracted and early in October stood at only 29 per cent. of capacity. Automobile production also decreased during September from 175,000 to 160,000 units. Construction contracts were above the August level, but were still 20 per cent. below last year. There was an inadequate improvement in freight movements, accompanied by a further decline in railroad earnings. The following indices of American economic conditions have been forwarded to us by Moody's Investors' Service of New York and London:—

AMERICAN TRADE STATISTICS—SEPTEMBER 1931.

	Aug.	Sept.	Sept., '30.
EMPLOYMENT —(June, 1914=100)†	74.3	...	...
PRODUCTION —			
Bituminous coal (Thous. tons)	30,534	31,800*	6,800
Pig-iron (" ")	1,281	1,170	1,107
Steel (" ")	1,719	1,548	1,320
Unfilled orders, U.S.			
Steel Corporation (Thous. tons)	3,169	3,145	279
Building permits (Thous. \$)	96,845	79,589	63,817
CONSUMPTION OF ELECTRIC ENERGY (1923-25=100)	97.3	100.4	...
FOREIGN TRADE —			
Imports (Thous. \$)	166,670	171,000*	55,310
Exports (" ")	164,822	181,000*	130,890
TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars)	747	727	204
SECURITIES —			
30 industrial stocks—Highest quotations	145.80	140.13	104.96
Lowest quotations	133.77	96.61	108.29
Thous. shares sold during month			
—(New York)	24,890	51,140	2,205
New securities issued (Thous. \$)	116,713	189,424	280,402
BANK CLEARINGS —			
New York (Million \$)	18,039	19,666	5,734
Other cities (" ")	10,869	11,044	3,457
RETAIL BUSINESS —			
Total sales, mail order houses (Thous. \$)	43,149	43,682*	11,120

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

In Argentina growing wheat is in excellent condition, except that there have been spasmodic appearances of rust, which so far do not appear to be spreading. The linseed and oats crops are excellent, and the maize already sprouting is in satisfactory condition. During the past week, an Exchange Control Commission has been established in Argentina, charged with imposing regulations upon dealings, and with fixing rates for the purchase of foreign currencies. In Chile, commercial conditions remain dull, although it is to be noted that, as a result of the restriction of imports, a surplus of exports was established in the first six months of 1931 of some 42,000,000 pesos, against an import surplus of 21,000,000 pesos in January-June, 1930. The victory of Senor Juan Esteban Montero in the recent Presidential elections is regarded with satisfaction in commercial quarters. In Brazil there has been some improvement in the Sao Paulo coffee market, and prices have advanced slightly, while exports have been more active. There has as yet been no relief from the commercial depression in Peru, but increased trading activity and greater confidence is observed in certain directions in Colombia. Trade is somewhat difficult in Ecuador, Venezuela and the other Central American countries.

FAR EAST.

Generally speaking, Chinese trade has been stimulated by the rise in the sterling price of silver. Due to the depreciation of the pound offerings at the Shanghai piece-goods auctions have become heavier and are being well absorbed. Demand from the North of China, however, has been checked by the Manchurian troubles. Japanese trade has been gravely disturbed by the British suspension of the gold standard, the main reason being that all foreign trade is habitually conducted in sterling. Exports to China have also been put an end to by the Manchurian dispute. These events have made the outlook very obscure, and brought about a heavy fall in share prices at the end of September, so much so that it was necessary to close the Stock Exchanges for a week. Large gold shipments have been made to the United States, but it has been announced that there is no intention of suspending the gold standard.

PRODUCTION. (Thousands of Metric Tons.)

	United Kingdom	Belgium	Czechoslovakia	France	Germany	Netherlands	Poland	Russia	Canada	South Africa	India	Japan	United States	Czechoslovakia	Germany	Hungary
COAL.																
Monthly Average.																
1913	24,337	1,903	1,189	3,338	15,842	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460
1924	10,692	2,108	1,181	4,285	12,108	717	2,979	2,203	974	1,038	1,703	2,519	45,729	1,543	11,596	485
1927	21,272	2,298	1,168	4,316	12,800	777	3,174	2,683	1,028	1,006	1,790	2,794	48,197	1,635	12,542	520
1928	20,107	2,259	1,213	4,280	12,572	891	3,385	2,885	1,037	1,013	1,826	2,822	43,052	1,704	13,799	545
1929	21,337	2,244	1,377	4,496	13,620	m.965	3,853	3,362	1,023	1,052	1,893	2,663	45,510	1,800	14,598	587
1930	20,639	2,284	1,214	4,499	11,891	m.1,018	3,126	3,352	864	1,028	1,912	2,441	40,047	1,602	12,159	515
1930—September	19,878	2,293	1,261	4,513	11,729	1,092	3,417	2,970	831	996	1,933	2,146	39,848	1,711	12,820	528
October	21,375	2,486	1,277	4,290	12,217	1,101	3,662	3,951	928	1,002	1,751	2,390	46,517	1,779	13,141	619
November	20,139	2,199	1,262	4,372	10,816	987	3,478	4,232	815	868	1,726	2,290	39,307	1,711	11,693	580
December	20,936	2,444	1,175	4,545	11,527	1,013	3,399	4,629	846	949	1,979	2,409	41,551	1,727	11,689	578
1931—January	19,481	2,139	1,057	4,535	10,607	1,077	2,998	4,056	709	863	2,098	2,312	35,031	1,520	10,064	476
February	19,702	2,407	1,118	4,203	9,506	1,600	2,902	3,910	737	894	1,684	2,110	30,226	1,223	10,497	390
March	18,872	2,318	1,081	4,014	9,337	1,106	2,677	...	747	915	1,593	2,032	30,598	1,249	11,627	394
April	17,564	2,196	998	4,106	9,492	1,167	3,197	...	684	882	1,410	2,130	30,612	1,338	12,052	445
May	18,118	2,293	1,082	4,037	10,039	1,068	3,293	...	...	914	1,301	...	31,614	1,368	11,021	...
June	17,357	2,306	1,057	3,909	9,518	...	...	...	...	...	...	...	...	...	...	...
July	16,368	2,189	...	n.4,151	...	...	...	...	...	...	...	...	...	...	...	...
August	17,189	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
September	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

	United Kingdom	Belgium	France	Germany	Sweden	Russia	Canada	United States	United Kingdom	Belgium	France	Germany	Sweden	Canada	United States
STEEL.															
Monthly Average.															
1913	669	307	391	159	1,467	62	88	2,564	649	307	391	159	1,467	62	88
1924	508	465	718	145	1,028	44	66	3,794	508	465	718	145	1,028	44	66
1927	770	515	696	158	1,359	44	77	3,675	770	515	696	158	1,359	44	77
1928	722	519	792	173	1,205	51	105	4,222	722	519	792	173	1,205	51	105
1929	618	471	784	161	962	54	86	3,326	618	471	784	161	962	54	86
1930	690	441	767	147	814	55	57	2,886	690	441	767	147	814	55	57
1930—September	521	447	796	141	856	62	66	2,736	521	447	796	141	856	62	66
October	441	391	705	135	739	49	73	2,448	441	391	705	135	739	49	73
November	343	455	756	149	744	43	57	2,011	343	455	756	149	744	43	57
December	410	435	746	159	773	33	59	2,498	410	435	746	159	773	33	59
1931—January	494	389	693	140	760	44	84	2,545	494	389	693	140	760	44	84
February	420	322	550	121	642	42	93	2,766	420	322	550	121	642	42	93
March	417	417	675	142	743	52	93	2,546	417	417	675	142	743	52	93
April	418	418	674	135	744	49	76	2,546	418	418	674	135	744	49	76
May	445	445	650	121	779	37	56	2,109	445	445	650	121	779	37	56
June	466	466	650	120	803	40	46	1,916	466	466	650	120	803	40	46
July	465	465	645	119	689	45	53	1,747	465	465	645	119	689	45	53
August	406	...	...	...	...	...	...	1,576	406	...	...	...	...	...	...
September	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

a Figures for Luxembourg communicated by the "Groupement des Industries Sidérurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal, since end of 1921, excluding Ireland. e British Provinces only. f Establishments whose production in 1930 amounted to 95-21% of the total. g Excluding Luxembourg. h Provisional figure. Since 1922, excluding Polish Upper Silesia. i Coal sold. j Until end 1928 saleable coal. k Including coal waste. l Including lignite. m Provisional figure.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1926.....	148 1	143 2	744	956	163	702 6	134 4	145	603	198	181 2	189	181	149	144 5	168 4	148	156 3
1927.....	141 6	137 6	847	979	153	617 2	137 6	148	495	167	118 6	174	174	146	142 2	167 0	144	152 7
1928.....	140 3	135 1	843	979	153	619 6	140 0	149	462	161	119 8	173	168	144	164 7	165	150 6	146
1929.....	136 5	127 2	857	924	150	611 4	137 2	142	446	153	113 4	171	171	140	141 2	163 7	147	148 8
1930.....	119 5	106 8	744	917 9	130	535 5	124 6	117	386	143	97 8	182	122	126 5	146 7	116	138 8	100
1930—September	115 8	100 8	712	113 3	126	523 9	122 8	112	378	141	94 3	187	174	119	123 0	140 8	111	128 9
October ..	113 0	99 7	705	112 7	123	508 2	120 2	111	364	140	92 9	187	174	118	122 4	135 9	107	127 2
November ..	112 0	97 6	685	111 1	122	493 5	120 1	110	361	139	93 1	188	174	117	119 6	132 1	104	124 7
December ..	108 9	94 6	661	110 0	120	487 6	117 8	107	350	136	90 5	187	174	117	117 0	128 6	101	121 6
1931—January	106 9	91 3	661	110 0	120	487 6	115 2	105	342	135	84 8	187	174	117	115 2	133 6	98	119 8
February ..	106 2	91 6	658	108 9	118	481 7	114 0	104	338	133	83 4	187	174	117	114 1	133 1	97	118 8
March	105 8	91 1	652	110 8	116	481 7	113 9	103	339	132	85 9	187	174	113	113 6	130 8	100	117 3
April	105 7	90 0	640	110 7	115	483 7	113 7	102	337	128	88 6	187	174	112	112 2	133 0	98	116 4
May	104 4	87 5	642	110 3	113	470 1	113 3	102	332	127	86 7	187	174	111	110 8	132 4	97	114 1
June	103 2	87 5	642	112 1	110	467 1	112 3	100	327	127	83 7	187	174	109	109 5	131 3	93	112 8
July	102 2	86 0	635	110 8	110	456 3	111 7	97	324	127	83 7	187	174	109	109 5	131 3	93	112 8
August	99 5	85 7	616	108 2	109	445 6	110 2	94	322	126	83 4	187	174	108 1	108 1	128 1	92	110 8
September ..	99 2	89 6	597	109 2	109	427 9	108 6	...	319	123	82 1	187	174	108 1	108 1	128 1	92	110 8
a Beginning of the following month. e Official. f Second half of month.																		
b End of month. d Average last week of month. g Since January, 1926, new index.																		
h 15th of month. i 1914.																		

The Economist

MONTHLY SUPPLEMENT

21 DEC 1931

New Series. SATURDAY, NOVEMBER 28, 1931. No. 102.

The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

Now that two months have elapsed since the suspension of gold payments, it is possible to assess the immediate effects. It is clear that certain industries have benefited to a moderate extent. The textile trades are definitely more active, and are also able to hold out for better prices. The general tone in the engineering industries is more hopeful; unemployment is a little less serious, and inquiries are beginning to circulate more freely, though it is generally admitted that order books are not so far any fuller. On the other hand, many of the advan-

tages conferred upon the export coal trade by the depreciation of sterling have already been neutralised by such developments as the French surtax upon British imports and the determination of Poland to maintain her subsidised coal exports at all costs. Again, the improvement in the iron and steel trades is confined to the lighter branches, which require only a relatively small tonnage of steel. The heavier branches are suffering from the continued depression in shipbuilding and the reluctance of industrialists generally to launch out into new capital expenditure, or, indeed, to bring out new issues of capital. Finally, the Continental steel trade is so disorganised and so badly in need of orders that attempts are being made to undercut British prices even at the present level of sterling.

To a certain degree the initial favourable impact of the depreciation of sterling upon British industry is beginning to wear off, and the fact is having to be faced that world trade as a whole is still in a desperate position. In certain directions, it is true, relief has been forthcoming, for the recent rise in wheat, wool and silver prices has enhanced the purchasing power of the countries directly concerned. It is still doubtful, however, how sound a basis these price increases possess, and last week's reaction in wheat and silver prices confirms these doubts. Financially, Europe is still hanging upon a successful solution of the problems of German reparations and the standstill agreement; and, unless favourable developments in these directions, commanding favourable developments in money and credit, is bound to be lacking, the news received from abroad almost every day of fresh restrictions upon ports and exchange dealings shows that the world is rapidly drifting into a position where international trade will be brought to a standstill, for the simple reason that no country will be willing to buy. The effect of this upon standing international debts, both public and private, and also upon the export trade of this and other countries, is unpleasant to contemplate. International trade and exchange, above all, needs a free market in which to operate, and a free market is rapidly disappearing. In these circumstances it is not surprising that the decline in unemployment has been very moderate, amounting to only 249,000 since September 21st. October changes in various industries included a marked improvement in employment in all textile industries, and also some improvement in mining, metal manufacture, general engineering, motor vehicles, and in clothing, boots and shoes, glass and paper. There was the usual seasonal decline in building and public works, in hotel services, and in the distributive and transport trades. Early November witnessed a further decline in the total of unemployment, but this was largely due to the coming into force of the new Act striking "anomalous" classes of unemployed workers off the lists.

Money has become more stringent, and present indications are that the uncertainty abroad and the Bank's gold losses at the end of October have between them minimised all chances of an early reduction in Bank rate. The discount market has been inactive, and the prevailing lack of confidence is well illustrated by a reluctance to take up not only German renewal bills drawn under the standstill agreement, but also a certain number of other commercial bills. Finally, sterling has

lately depreciated to under \$8.65. Too much significance must not be attached to this fall, especially as it occurred in a very narrow market. In any case, the decline is readily explained by seasonal pressure upon sterling, the covering of goods imported in anticipation of any British tariff, and the natural reaction after exchange speculation on the result of the election.

The truth is that the world's troubles are far from being at an end. At home, income-tax demands are likely to have a further adverse effect both upon purchasing power and upon the public's ability or will to provide industry with fresh capital. Abroad, the difficulties of Germany and of Central and South-Eastern Europe will equally be a deterrent to trade and enterprise, until a solution is reached. In Germany's case international action is now being taken, but time is very short and the work to be got through is very intricate and arduous. It is no exaggeration to say that only the utmost international goodwill can relieve an almost desperate situation.

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	United States.	Japan.	Others.
Monthly Average.	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1913.....	16.3	2.7	37	401	60	23	13	20	18	44	66	45	7	7
1926.....	19.2	2.7	37	401	60	23	13	20	18	44	66	45	7	7
1927.....	29.6	10.5	31	616	114.1	473	48	16.1	516	13	59	16	228	629
1928.....	30.8	12.0	60	875	110.0	260	43	17.7	271	22	73	17	255	649
1929.....	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	81	58	335	676
1930.....	22.3	4.8	38	1,832	46.6	514	47	17.8	460	21	125	24	205	587
1931.....	6.2	3.9	108	993	54.9	546	15	11.3	295	15	30	34	200	1,017
July-Sept.	30.6	14.8	51	1,741	34.6	594	33	23.4	179	32	47	25	139	566
1930.....	31.3	4.0	32	2,309	73.5	474	82	18.2	379	17	134	34	153	715
Jan.-Mar.	23.6	5.7	51	1,582	31.7	836	68	21.9	702	18	148	18	181	906
Apr.-June	24.4	5.6	58	1,073	30.4	834	25	14.7	894	24	104	16	183	579
July-Sept.	24.8	3.7	28	2,365	31.4	211	45	17.3	164	28	116	26	285	546
1931.....	16.0	5.6	36	2,008	45.6	193	20	6.4	127	58	157	22	213	411
Jan.-Mar.	13.3	1.6	86	1,413	110.3	533	36	8.8	492	33	111	25	240	320
Apr.-June	6.7	4.5	23	1,002	19.9	262	28	...	118	15	21	10	267	226
July-Sept.	1.6	1.0	31	351	213.5	...	21	...	80	6	...	...	14	120
Oct.-Dec.	0.7	...	...	341	...	...	...	...	11	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issues of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Romania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are included. Excluding Treasury Bills, a £50 large including Colonial and other issues, 1925, foreign issues, since 1924, excluding amalgamations and conversions. Until 1922 paper marks, "Société de Banque Suisse," invitation for subscriptions on Swiss market including obligations and Local Govt. loans. p India controlled by "Commercial & Financial Chronicle." y Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	United States.	Japan.	Others.
1921 June.....	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.9	13.9	15.1	15.1	15.1	15.1
December.....	16.2	6.6	25.2	1.6	16.8	23.4	33.2	9.9	15.1	15.1	15.1	15.1	15.1
1925 June.....	11.9	1.0	9.3	5.5	6.6	8.9	8.2	10.2	6.1	7.9	7.9	7.9	7.9
December.....	10.4	2.8	11.1	19.4	16.0	23.7	19.4	8.1	7.9	7.9	7.9	7.9	7.9
1926 June.....	11.6	0.9	15.6	18.1	8.9	22.6	9.8	6.7	6.9	6.9	6.9	6.9	6.9
December.....	11.9	2.6	12.4	16.7	12.1	27.7	19.0	5.7	6.9	6.9	6.9	6.9	6.9
1927 June.....	8.8	1.4	18.0	6.5	16.0	22.8	9.5	6.9	6.9	6.9	6.9	6.9	6.9
December.....	9.8	5.6	11.6	12.9	14.9	24.0	16.8	6.9	6.9	6.9	6.9	6.9	6.9
1928 June.....	10.7	0.6	13.6	6.2	4.4	14.4	7.7	11.2	3.3	3.3	3.3	3.3	3.3
December.....	11.1	1.9	28.4	16.7	11.8	22.1	17.3	9.9	6.9	6.9	6.9	6.9	6.9
1929 June.....	9.6	0.4	10.0	8.5	2.6	11.3	7.5	10.0	2.9	2.9	2.9	2.9	2.9
December.....	11.1	2.4	22.4	20.1	12.3	18.9	16.9	11.1	11.4	11.4	11.4	11.4	11.4
1930 June.....	15.8	1.9	8.7	19.6	8.8	10.8	8.3	18.8	10.6	10.6	10.6	10.6	10.6
December.....	19.1	6.1	15.5	28.0	12.5	21.4	18.6	13.9	13.9	13.9	13.9	13.9	13.9
1931 January.....	20.2	9.2	25.1	31.7	18.2	25.6	23.3	23.4	23.4	23.4	23.4	23.4	23.4
February.....	2.5	11.1	4.4	34.2	23.2	26.1	19.0	...	...	...	...	...	...
March.....	2.5	11.1	25.1	31.7	18.2	25.6	23.3	23.4	23.4	23.4	23.4	23.4	23.4
April.....	20.9	10.0	15.5	3.6	14.3	...	...	...	...	...	...	...	...
May.....	0.8	7.9	11.1	29.9	12.2	...	...	...	...	...	...	...	...
June.....	21.8	9.0	13.3	29.7	11.7	...	...	...	...	...	...	...	...
July.....	22.6	8.8	11.8	31.0	15.3	...	...	...	...	...	...	...	...
August.....	22.7	...	12.2	33.6	114.8	...	...	...	...	...	...	...	...
September.....	23.2	...	...	...	...	...	...	...	...	...	...	...	...

Number of Workers Covered by Last Return.

Millions.	U.K.	Belgium.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	United States.	Japan.	Others.
1921.....	12.1	0.6	0.5	4.8	10.4	0.04	0.4	0.4	0.1	0.1	0.1	0.1	0.1

Ex. Irish Free State since Mar., 1923. Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure. † Provisional figure.

SECURITY VALUES.

	United Kingdom.	Netherlands.	Sweden.	Switzerland.	United States.
Bankers' Magazine.	Official.	Official.	Official.	Official.	Official.
365 representative securities.	Official.	Official.	Official.	Official.	Official.
Index.	Dec. 1921 = 100.	1921-25 = 100.	Dec. 1924 = 100.	1913 = 100.	1913 = 100.
1925 June.....	108.6	125.5	124.1	96	134.4
December.....	108.8	132.5	116.5	95	144.6
1926 June.....	110.0	135.6	118.7	91	176.9
December.....	109.3	135.7	120.4	92	183.2
1927 June.....	110.1	141.5	118.0	21	175.4
December.....	111.2	146.9	122.4	102	185.2
1928 June.....	112.4	162.7	125.4	111	185.2
December.....	112.1	158.8	127.3	115	170.4(d)
1929 June.....	109.8	157.9	128.4	121	188.9
December.....	108.5	147.1	121.0	100	184.4
1930 June.....	110.0	135.6	119.0	85	148.2
December.....	112.8	118.8	114.4	60	131.8
1931 Feb.-	109.7	118.8	112.8	67	130.4
Mar.	111.6	119.0	114.1	69	128.8
Apr.	111.3	115.3	111.9	64	120.1
May	110.8	102.2	108.0	56	120.1
June	111.1	103.6	108.6	50	120.1
July	111.2	105.4	109.3	61	107.6
Aug.	107.2	98.2	104.3	45	99.0
Sept.	103.5	89.5	99.0	37	84.8

(a) Fixed interest. (b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest quotations on each Wednesday. (f) Shares of companies with capital of more than 5 million francs. (g) On 28th of month. (h) End of month. (i) Since Jan., 1929, 92 shares.

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

Monthly Average.	Food.		Raw Materials.		Manufactures.		Imports of			Exports of		
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lamb's Wool.	Cotton Yarn (bales).	Iron and Steel.	Coal.
	\$	£	\$	£	\$	£	Ozts.	Centims.	Centims.	Sp. Yds.	Tons	Tons
1913	24.2	2.7	23.5	5.8	16.1	34.3	4.8	1.4	0.7	589	0.41	4.1
1924	47.6	4.7	33.4	8.9	25.0	51.8	9.9	1.3	0.6	370	0.32	4.1
1925	47.6	4.6	35.4	7.0	26.7	51.4	8.1	1.6	0.6	370	0.31	4.1
1926	41.9	4.2	32.7	3.9	26.3	44.9	8.1	1.6	0.6	319	0.31	1.7
1927	44.9	4.4	29.3	6.4	26.9	47.0	9.2	1.3	0.7	343	0.35	4.3
1928	44.3	4.5	27.9	6.8	25.7	48.2	8.6	1.1	0.7	322	0.38	4.0
1929	44.7	4.6	28.3	6.3	27.9	47.8	9.3	1.3	0.7	306	0.38	4.0
1930	39.8	4.0	20.9	8.6	26.4	36.6	8.8	1.0	0.7	201	0.26	4.0
1931	32.5	2.9	18.6	4.1	20.9	24.3	8.2	0.7	0.7	136	0.19	3.5
April	33.3	2.8	14.6	4.0	21.0	26.0	7.7	0.7	1.0	141	0.17	3.6
May	33.4	2.6	14.1	4.0	20.2	21.7	6.1	0.7	0.8	133	0.16	3.6
June	35.1	2.7	13.6	3.8	20.7	26.5	12.0	0.5	0.4	177	0.17	3.6
July	31.8	2.6	12.8	3.4	22.0	22.0	11.8	0.6	0.2	144	0.14	3.2
August	33.6	2.7	11.2	3.7	22.6	22.2	16.2	0.4	0.3	124	0.13	3.2
September												

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).							(Continued.)				
	Gross Receipts.		Freight Traffic (f).					Austria.	Germany.	Italy.	Canada.	United States.
	Passengers.	Freight.	Merchandise.*	Coal, &c.	Minerals and Other Merchandise.	Total.						
	£	£	Tons.	Tons.	Tons.	Tons.	Ton-Miles.	(b) (h)	(a)	(c) (f)	(c) (d)	(e)
1926—June	4.4	5.3	4.7	1.9	3.6	10.2	704	1,202	4,695	1,132	42,846	430,257
December	4.7	5.5	4.9	15.9	3.1	24.8	1,392	1,321	5,641	1,094	42,846	440,096
1927—June	6.1	8.8	5.1	15.5	5.8	26.4	1,401	1,249	5,126	1,095	42,811	434,588
December	4.8	8.7	5.1	17.2	4.8	27.2	1,400	1,209	5,399	928	40,128	427,304
1928—June	5.5	8.3	4.8	14.9	5.3	25.0	1,324	1,325	5,528	1,038	42,179	441,941
December	4.6	8.3	4.7	16.1	4.8	25.6	1,352	1,282	4,712	1,030	40,678	439,165
1929—June	5.2	8.4	4.8	17.6	5.0	27.3	1,392	1,356	5,603	1,030	42,179	441,941
December	4.5	8.4	4.7	17.6	5.0	27.3	1,392	1,356	5,603	1,030	42,179	441,941
1930—June	5.7	7.3	4.4	13.3	4.7	22.9	1,146	1,323	4,814	1,031	3,797	428,111
December	4.3	8.1	4.4	16.9	4.2	25.8	1,196	1,306	4,502	1,044	4,233	432,377
1931—March	3.4	8.0	4.4	15.7	4.2	24.3	1,348	1,145	3,946	879	3,807	435,741
April	4.3	7.5	4.3	14.3	4.0	22.6	1,340	1,145	4,289	860	3,480	431,911
May	4.5	7.1	4.0	13.2	4.2	21.4	1,203	1,107	4,041	947	3,548	433,288
June	4.7	7.4	4.3	13.6	4.2	22.2	1,203	1,200	4,044	947	3,548	433,288
July	6.6	7.4	4.3	13.6	4.2	22.2	1,200	1,190	4,044	946	3,548	433,288

HOME INDUSTRIES AND TRADE.

The following reports on British industries cover, in most cases, the period to the middle of November. In the remainder they relate to the month of October.

THE COAL TRADE.

Export trade is dull as the advantages derived from the depreciation of sterling have been largely offset by foreign quotas and other restrictions upon imports, and, in particular, by the new French countervailing import surtax of 15 per cent. upon British coal, which for the moment has brought Cardiff export business with France to a standstill. Glasgow reports a fair amount of prompt business, but forward demand is slow. In Yorkshire a steady sale of house coal is noticeable, but other centres state that demand is not increasing as quickly as might be expected at this time of year. There is a better tone in the market for industrial fuel, but actual off-take is only improving very slowly.

IRON AND STEEL.

The suspension of the gold standard led to a certain scramble to cover immediate and early commitments, and, as a result, stocks of pig iron were reduced and output was increased. The October production figures were 284,200 tons, against 248,000 tons the previous month, and during October the number of furnaces in blast rose from 62 to 66. Steel production expanded from 400,500 to 457,000 tons. The outlook, however, is still very doubtful, as the suspension of gold payments has added nothing to the purchasing power of world consumers, and the Continental trade is still making heavy sacrifices to obtain business, even to the extent of undercutting British sterling prices in the British market. Heavy imports of semi-manufactured steel are believed to have been made during early November. As regards home demand for steel, the lighter trades, such as wire and sheets, are now more active, but these only absorb a small tonnage of steel, and there is no improvement in the heavier industries. Shipbuilding is as depressed as ever, and the absence of new capital issues shows that no early demand for structural steel, machinery, or other "capital" goods can be expected.

ENGINEERING.

Since the election a feeling of greater confidence has become noticeable, and, while it is premature to say that there is any appreciable improvement in the state of order books, employment is a little better. The machine-tool trades are a shade more active, and locomotive builders are expecting a few more foreign orders. The revival in the textile trades should eventually help textile machinists, but the marine engineering section is still very depressed, and it is the wrong time of year for any revival among makers of agricultural machinery.

PRODUCTION OF ELECTRICITY.

In the *Economist* of July 10, 1926 (pages 57-8), we published a new index of electrical generation in the chief industrial areas of Great Britain. We show below a résumé of the results achieved during recent periods:—

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24 = 100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Shipbuilding, Heavy Engineering.	General Engineering and Automobile Construction.	Chemical.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1925—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	156
1930—October	161	150	195	244	222	158
November	188	167	226	246	255	185
December	194	169	250	207	267	189
1931—January	197	169	271	209	274	195
February	193	164	253	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	148	124	196	178	191	135
June	149	126	193	205	206	161
July	142	117	184	208	192	145
August	143	121	182	197	197	145
September	157	130	222	213	212	158
October	176	149	240	219	232	160

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.
† Increase due to special causes.

These figures represent a genuine, as opposed to a seasonal, improvement. The corrected figure for October, allowing for seasonal fluctuation and the steady expansion in the use of electricity, was 91.8, against 89.0 in September and 88.2 in October of last year. The current figure is the highest recorded since last January.

ELECTRICAL INDUSTRY.

The export market remains depressed. On home account, an important order was received for two hydro-electric generating sets for installation in the Central Scotland electricity scheme. These are the first large hydro-electric generating plants built for use in this country.

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*

		(1920=100.)		
Period.		Home.	Export.	Total.
1926—Monthly Average		84	100	88
1927		87	195	114
1928		75	112	85
1929		83	157	102
1930		66	211	105
1930—September		63	221	103
October		64	181	94
November		61	171	89
December		75	152	95
1931—January		69	150	90
February		66	123	75
March		62	126	74
April		60	130	76
May		63	137	79
June		65	128	78
July		62	142	80
August		51	132	70
September		47	150	67
October		48	119	62

* Copyright of the British Electrical and Allied Manufacturers' Association.

MOTOR INDUSTRY.

Most motor manufacturers are very satisfied with the orders taken at the recent Shows at Olympia, and report that inquiries are coming through at a fairly normal rate. Unemployment in the industry is still on the decline, and, although the exports are below the 1930 level, orders from abroad are increasing. The estimated production year, October-September, 1931, in the private car section is only 5.3 per cent. below that of 1930, whilst the goods vehicles show an increase of 0.7 per cent. This gives a total decrease of 4.3 per cent. The Motor Cycle Show opens on November 30th, and it is hoped that it will result in renewed activity in that branch of the industry.

THE COTTON TRADE.

Although lately the tone of the Manchester market has been rather quieter, the increased activity has been generally well maintained. Spinners and manufacturers have met with a persistent demand, and most producers have been enabled to extend their order lists. Sellers are now presenting a much stiffer front to customers, and it is difficult for buyers to obtain price concessions. There has been very little change in raw material values, but the demand from spinners has fallen off somewhat. In the cloth section a favourable development has been the expansion in the inquiry for India, and, although most of the offers have been a long way out, there has been some improvement in sales for Calcutta, Karachi, Madras and the up-country markets. Most of the buying has been in light goods, and, to a lesser degree, in white shirtings. Trade for China has been checked by the reaction in the price of silver, but an encouraging business has been put through in standard makes and fancies. Merchants are very anxious that manufacturers should keep up to contract time with deliveries. Rather more has been done in fine goods for Singapore. Turnover for Egypt and the Near East is disappointing, but useful support has come from East and West Africa, and printing and finishing styles have been in request for South America and the Continent. The healthier demand in home trade fabrics has continued. Most manufacturers have now more work in hand, but the restarting of idle looms has not been very rapid. Yarn prices have continued much firmer. There has been a further expansion of production, and the output is now about 75 per cent. of full capacity. A considerable turnover has again taken place in bundle yarns for China, and there are signs of rather more activity for India.

THE WOOL TEXTILE TRADES.

The industry has definitely improved, and, according to one estimate, 15 per cent. more machinery is in operation than two months ago. Raw material prices are substantially higher, and Tuesday's opening quotations at the London sales registered an advance over October of 5-15 per cent. Top-makers are now displaying some reluctance to accept fresh business at current rates. Spinners and makers of woollen goods are well booked ahead, in some cases into next year. The worsted branch of the industry is less satisfactory.

THE JUTE TRADE.

Conditions are steadily improving, and spinners and manufacturers are increasing their output. The raw jute market has been strong, partly owing to this season's short crop. In these circumstances yarn and cloth prices are hardening, and this upward trend is bringing out fresh business. There is a general impression at Dundee that the corner has been definitely turned.

THE RAYON TRADE.

Demand is at a very high level, and most of the yarn producers are booked well ahead. Home orders have accounted for the bulk of the production, and the new restricting duty on imported hose is certain to result in a big rush to buy rayon yarns in Nottingham and Leicester.

THE LINEN TRADE.

All classes of flax are firm at recent advances. The non-arrival of Soviet supplies purchased for delivery several months ago has caused grave concern to spinners. The new crop of Irish flax is the smallest on record, and growers are most reluctant sellers. Yarn and cloth on record are finding buyers, and potential purchasers are finding business continues to expand, and potential purchasers are finding difficulty in fixing delivery terms owing to the volume of orders already in hand.

BOOTS AND SHOES.

While several factories at Northampton have had to work full time to deal with a rush of orders, activity generally has been irregular, and the industry is still working below normal capacity. Home orders for the spring trade are very slow in coming forward, while in the export branch the advantages of the depreciation of sterling are in some markets being offset by special anti-dumping surtaxes. Leather prices are steady, and many consumers are believed to hold good stocks.

THE POTTERY TRADE.

China manufacturers are now less active as Christmas orders have already been largely completed. Makers of earthenware are still relatively busy.

THE CHEMICAL INDUSTRY.

The home chemical market experienced greatly increased activity during the month of October, but business is now rather quiet. Industrial chemicals have been in satisfactory demand, business having improved considerably during the past two months. Amongst the products which have increased in price are chlorates, oxalic acid and improved grades of acetic acid. The Convention rates for lead oxides have also advanced. Coal-tar products have been in good demand, the best items being refined pitch and some grades of pyridine have increased in price. A fair volume of business has continued in Xylol, toluole, naphthalene, pitch and some grades of pyridine have been in demand. Quotations for hexamine and lactic acid have been in the new levels. Aspirin, hexamine and lactic acid have been in good demand. The tone of the essential oils market is satisfactory. No appreciable improvement has yet occurred in the export trade, and the returns for October were mostly well below those of the corresponding month of the previous year. Amongst the few items the export of which have increased are potassium nitrate, chromate

and bichromate and coal tar dyes. As contrasted with the decrease in exports, imports increased by £336,941 over the total for October last year.

AGRICULTURE.

According to an official report, in most districts the lifting and clamping of potatoes was nearing completion by the end of October. Quality was variable, and most of the crop was considerably affected by disease. Root crops have benefited from better weather conditions, but yields will be under average in most areas. Sugar beet crops, but yields will be under average in most areas. Good progress was made with cultivation, except on heavy lands, which had become hardened. Pasture was generally abundant, and the outlook for winter keep satisfactory. Stock was in good condition, and milk yields about normal.

SHIPPING.

Freights, quoted in sterling, have risen by 10-15 per cent. on most routes as the result of the fall in the pound, but the volume of business tends to decline rather than increase. The Plate market, in particular, has absorbed less tonnage.

BUILDING.

According to the Ministry of Labour's returns, there was a further general decline in employment during October, in spite of the fact that weather conditions were generally favourable for outside work. The October unemployment percentage was 24.7, against 21.0 in September and 17.7 in October of last year. According to returns furnished by 142 urban authorities, plans passed for new buildings during October comprised a total estimated cost of £4,717,100, against £5,391,200 in September and £7,832,700 in October, 1930. Dwelling-houses accounted for £2,739,200 of this total, factories and workshops for £117,900, business premises, shops and warehouses for £912,200, and other buildings and additions and alterations for £947,800.

RETAIL TRADE.

A London store reports that trade has been depressed by unseasonable weather and the political situation, but that better business is hoped for with the opening of the Christmas season. Retail trade throughout the country showed a relatively heavy decline of 6.1 per cent. in October as compared with October last year. This may be due to the General Election.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.					Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.								
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
1924	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1925	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107
1926	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107	107
1927	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113
1928	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101
1929	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113
1930	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101	101
"Corrected" average for 3 months ended:																			
1930—Oct. ...	87	110	89	65	454	109	100	74	99.5	112.5	101	86	84	114.5	116	136	82	105	105
Nov. ...	91	115	89	68	337	109	112	73.5	99	112	100.5	87	86	116	111	141	82	91	91
Dec. ...	106	110	91	81	381	111	120	73	98	111.5	99.5	85	91	117.5	106	138	79	91	91
1931—Jan. ...	111	107	92	79	247	112	128	73	96	111.5	99	81	94	119	100	143	74	91	91
Feb. ...	107	107	90	70	418	111	123	72	95	113	98	79	95	121.5	92	146	66	91	91
Mar. ...	98	102	84	64	355	112	126	70	96	114.5	98.5	78	94	120	93	139	63	91	91
Apr. ...	92	117	82	66	309	102	108	67	97	115	99	78	93	118	99	142	66	91	91
May ...	96	118	83	68	323	96	101	65	97	116	99.5	76	91	115.5	103	143	63	91	91
June ...	93	126	88	74	354	93	97	63	96	116	98.5	77	92	114.5	109	148	66	91	91
July ...	88	118	83	72	410	90	96	62	95	115.5	98.5	77	92	113.5	111	139	64	91	91
Aug. ...	83	111	77	75	365	90	98	62.5	94.5	115	98.5	77	89	112	110	131	66	91	91
Sept. ...	78	109	77	70	365	93	105	63.5	95	115	98.5	77	88	112	108	120	64	91	91
Oct. ...	75	103	79	70	365	93	105	63.5	95	115	98.5	77	88	112	108	120	64	91	91
Oct. 1924	96	99	103	98	223	97	94	97	100	100.5	100	103	96	100	107	93	100	...	...
Oct. 1925	85	101	71	96	158	91	100	85	103.5	104	100.5	99	87	103	102	99	103	...	...
Oct. 1926	90	97	111	107	197	95	103	79	107	109.5	105.5	100	100	108.5	112	111	105	...	...
Oct. 1927	95	102	83	92	257	95	103	79	107	109.5	104	95	91	114	117	122	110	...	...
Oct. 1928	86	104	85	85	358	99	109	84.5	110	113.5	108	98	92	114	121	125	109	...	...
Oct. 1929	104	117	69	65	454	109	100	74	99.5	112.5	101	86	84	114.5	116	136	82	...	...
Oct. 1930	87	110	69	70	365	93	105	63.5	95	115	98.5	77	88	112	108	120	64	...	...
Oct. 1931	75	103	79	70	365	93	105	63.5	95	115	98.5	77	88	112	108	120	64	...	...

c Provisional figures.

d Revised figures.

a Excluding coal imports.

c Provisional figures.

d Revised figures.

37

Wholesale Prices—Continued.					Index Numbers of Retail Prices.										Cost of Living.—(Base = 100.)			
Monthly Average.	South Africa.	China.	Japan.	United States Bureau of Labour.	No. of Towns and Localities.	U.K.	Irish Free State.	Austria.	Belgium.	Bulgaria.	France.	Germany.	Italy.	Spain.	Canada.	U.S.A.		
						630	105	Vienna.	59	65 1/2	Paris.	72	Milan.	Madrid.	50	Whole Country		
1915.....	100	...	100	100	Base.	July, 1914.	July, 1914.	July, 1914.	1921.	1914.	1914.	Oct., 1913, Jan., April, June, 1914.	Jan.-June, 1914.	1914.	1926.	July 1914.		
1924.....	126.7	97.9	206.6	140.5	1925-July ...	170	183	103	174	288.6	48.5	142.4	64.9	187	100.0	103.8		
1925.....	127.6	99.3	201.7	143.3	1927-July ...	164	171	106	204	273.8	52.5	150.0	54.8	189	98.5	101.6		
1926.....	123.3	100.0	176.8	143.3	1928-July ...	165	173	108	205	291.1	50.5	152.6	54.3	176	98.9	100.4		
1927.....	124.0	104.4	169.8	140.0	1929-July ...	163	174	112	216	122.7	11.3	154.4	14.8	181	100.0	100.0		
1928.....	120.4	101.7	170.9	138.3	1930-July ...	157	168	112	229	98.7	11.6	154.4	14.5	180	99.6	96.2		
1929.....	116.0	104.5	136.8	123.4	1931-July ...	157	168	112	229	98.7	11.6	154.4	14.5	180	99.6	96.2		
1930.....	102.6	114.8	129.6	118.3	1931-October	157	168	112	229	98.7	11.6	154.4	14.5	180	99.6	96.2		
1930-September ..	118.4	129.6	118.3	118.3	Nov. ...	155	...	104	223	85.4	12.1	141.6	13.9	194	96.0	92.6		
October.....	99.5	114.1	132.6	112.3	Dec. ...	153	...	106	219	85.4	12.1	140.4	13.3	198	95.2	91.1		
November.....	...	115.6	121.5	112.3	1931-Feb. ...	150	...	105	212	85.0	...	138.8	13.5	196	94.1	89.6		
December.....	...	...	...	...	Mar. ...	147	...	105	209	82.5	120	137.7	13.9	194	92.5	89.1		
1931-January.....	102.0	119.7	129.8	110.3	Apr. ...	147	...	104	207	80.7	...	137.2	13.5	190	91.7	88.2		
February.....	...	126.1	119.7	106.7	May ...	145	156	104	205	81.4	...	137.3	13.4	189	90.4	86.9		
March.....	...	126.2	119.2	105.0	June ...	147	...	106	205	81.3	120	137.8	13.3	195	88.9	85.9		
April.....	99.1	127.5	116.9	100.3	July ...	145	...	107	203	81.6	...	137.4	13.5	195	88.8	85.9		
May.....	...	129.2	115.6	100.3	August ...	145	157	107	201	79.3	...	134.9	13.4	191	89.1	85.9		
June.....	...	127.4	115.6	100.6	Sept. ...	145	...	107	201	76.2	115	134.0	13.0	...	88.0	...		
July.....	98.1	130.3	114.7	99.0	Oct. ...	146	...	108	200	...	...	133.1	12.9	...	...	...		
August.....	...	129.2	113.1	...	...	...	...	...	...	...	...	...	...	...	...	...		
September.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...		
October.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...		

a The first of the following month.

b Yearly average.

c Excluding rent and clothing.

d Since 1923 gold prices, since 1926 new series.

e Average of second quarter.

f Since November, 1927, new series.

g Year

FINANCE.

Notes in Circulation (000,000's omitted.)

Period	United Kingdom	Austria	Belgium	Denmark	France	Germany	Greece	Hungary	Italy	Netherlands	Poland	Sweden	Switzerland	United States
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Levs	Koruna	Kron	Mark	Francs	Belchmark	Bentonsniks	Drachma	Peng	Dinars	Guineas
1913	285.6	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
1925	385.3	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
1926	381.0	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
1927	382.3	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
1928	378.3	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
1929	369.8	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
1930	368.4	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
1930-Sept.	359.4	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
Oct.	355.6	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
Nov.	359.2	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
Dec.	368.4	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
1931-Jan.	368.4	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
Feb.	347.7	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
Mar.	348.8	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
Apr.	349.8	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
May	354.9	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
June	352.9	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
July	359.4	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
Aug.	359.4	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
Sept.	357.2	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...
Oct.	356.0	...	1,057	189	...	152	115	95,714	22,742	...	...	...	...	...

Period	Italy	Norway	Poland	Romania	Russia	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes
	Lire	Kroner	Zloty	Leu	G.J. Rbla.	Rbla.	Kroner	Francs	Dollars	£	£	Dollars	Yen
1913	12,284	...	108	...	...	...	...	...	...	...	...	...	...
1925	19,350	...	108	...	...	...	...	...	...	...	...	...	...
1926	18,340	...	108	...	...	...	...	...	...	...	...	...	...
1927	17,992	...	108	...	...	...	...	...	...	...	...	...	...
1928	17,295	...	108	...	...	...	...	...	...	...	...	...	...
1929	16,774	...	108	...	...	...	...	...	...	...	...	...	...
1930	15,680	...	108	...	...	...	...	...	...	...	...	...	...
1930-Sept.	16,172	...	108	...	...	...	...	...	...	...	...	...	...
Oct.	15,738	...	108	...	...	...	...	...	...	...	...	...	...
Nov.	15,680	...	108	...	...	...	...	...	...	...	...	...	...
Dec.	15,212	...	108	...	...	...	...	...	...	...	...	...	...
1931-Jan.	15,212	...	108	...	...	...	...	...	...	...	...	...	...
Feb.	15,212	...	108	...	...	...	...	...	...	...	...	...	...
Mar.	15,212	...	108	...	...	...	...	...	...	...	...	...	...
Apr.	15,212	...	108	...	...	...	...	...	...	...	...	...	...
May	14,722	...	108	...	...	...	...	...	...	...	...	...	...
June	14,683	...	108	...	...	...	...	...	...	...	...	...	...
July	14,678	...	108	...	...	...	...	...	...	...	...	...	...
Aug.	14,374	...	108	...	...	...	...	...	...	...	...	...	...
Sept.	14,414	...	108	...	...	...	...	...	...	...	...	...	...
Oct.	14,441	...	108	...	...	...	...	...	...	...	...	...	...

a Until November, 1928, including State notes, then transferred to Bank of Italy. b Including Reichs- und Darlehenkassenscheine. c Excluding notes held by Reichsbank. d In terms of new lire - 5,373 millions. e Excluding Government notes. f Gross issue. g Excluding notes held by Bank of Poland. h Since January, 1925, excluding notes held by Bank of Poland. i Since 1926, excluding notes held by Bank of Poland. j In terms of new franc. k Since May, 1922, including Luxembourg. l Since Oct., 1926, including Government Notes of 5 and 10 francs to value of 700 to 150 millions.

LONDON RATES OF EXCHANGE.

Period	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Copenhagen	Berlin	Vienna	New York	Buenos Aires
End of	Francs to £1.	Belgas to £1.	Lire to £1.	Francs to £1.	Pecas to £1.	Florins to £1.	Kroner to £1.	Kroner to £1.	Mark to £1.	Schillings to £1.	Dollars to £1.	Pesos to £1.
1913	124.21	35.00	92.46	25.22	25.22	12.107	18.159	18.159	18.159	30.43	4.84	47.82
Highest, 1930	124.34	34.96	92.46	25.22	25.22	12.134	18.159	18.159	18.159	30.44	4.84	47.82
Lowest, 1930	123.60	34.73	92.62	24.99	25.05	12.04	18.08	18.14	18.15	30.36	4.84	47.82
Beginning of -												
July, 1914	25.15	25.35	25.25	21.16	26.10	14.11	18.30	18.25	18.30	20.49	4.87	47.82
January, 1924	87.85	99.45	100.45	24.63	33.88	11.56	18.30	18.25	18.30	20.49	4.87	47.82
January, 1925	87.40	94.79	100.45	24.34	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
January, 1926	129.31	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
January, 1927	122.81	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
January, 1928	124.00	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
January, 1929	124.10	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
January, 1930	123.91	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
January, 1931	123.66	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
July	124.24	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
August	123.88	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
September	123.95	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
October	100.00	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82
November	95.31	107.00	120	25.08	33.88	11.71	18.30	18.25	18.30	20.49	4.87	47.82

Period	Rio de Janeiro	Monte Video	Valparaiso	Bombay	Hong Kong	Shanghai	Japan	Singapore	Place	Method of Quoting	Highest	Lowest	Average
End of	Pence to £1.	Pence to £1.	Pence to £1.	Pence to £1.	Sterling to £1.	Sterling to £1.	Sterling to £1.	Sterling to £1.					
1913	16	51	40	1 5	1 5	1 5	1 5	1 5	New York	Dollars to £1.	4.84	4.85	4.84
Highest, 1930	51	46	40.02	1 5	1 5	1 5	1 5	1 5	Oct., 1930	Dollars to £1.	4.84	4.85	4.84
Lowest, 1930	44	35	39.57	1 5	1 5	1 5	1 5	1 5	Sept., 1931	Dollars to £1.	4.84	4.85	4.84
Beginning of -									Oct., 1931	Dollars to £1.	4.84	4.85	4.84
July, 1914	16	51	40	1 5	1 5	1 5	1 5	1 5	Paris	Francs to £1.	121.96	123.77	123.44
January, 1924	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Oct., 1924	Francs to £1.	121.96	123.77	123.44
January, 1925	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Sept., 1925	Francs to £1.	121.96	123.77	123.44
January, 1926	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Oct., 1926	Francs to £1.	121.96	123.77	123.44
January, 1927	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Sept., 1927	Francs to £1.	121.96	123.77	123.44
January, 1928	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Oct., 1928	Francs to £1.	121.96	123.77	123.44
January, 1929	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Sept., 1929	Francs to £1.	121.96	123.77	123.44
January, 1930	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Oct., 1930	Francs to £1.	121.96	123.77	123.44
January, 1931	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Sept., 1931	Francs to £1.	121.96	123.77	123.44
July	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Amsterdam	Florins to £1.	12.07	12.04	12.04
August	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Oct., 1930	Florins to £1.	12.07	12.04	12.04
September	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Sept., 1931	Florins to £1.	12.07	12.04	12.04
October	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Oct., 1931	Florins to £1.	12.07	12.04	12.04
November	51	43	40.30	1 5	1 5	1 5	1 5	1 5	Berlin	Reichmarks to £1.	20.45	20.37	20.41

† Francs to £1.

‡ Pence to £1.

§ Kroner to £1.

• Daily rates.

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

IMPORTS for Domestic Consumption																		
Period	U.K.	Irish Free State	Belgium	Bulgaria	Denmark	France	Finland	Germany	Greece	Italy	Japan	Netherlands	Poland	Sweden	Switzerland	Russia	Egypt	United States
Monthly Average	£	£	Francs	Levs	Kroner	Francs	Markka	Mark	Drachmas	Lira	Dinars	Gulden	Zloty	Kronor	Francs	Roubles or Gold Rbl.	£	Dollars
1913	54,931	...	3,366,384	15,775	64,785	701,778	41,035	8,377,474	1,428,883	303,803	...	323,231	...	70,645	221,805	84,000	3,731	147,932
1925	97,223	5,162	1,488,378	66,958	161,382	3,712,700	459,959	1,030,171	843,069	2,153,374	629,407	204,583	229,598	120,530	219,477	61,445	4,779	348,018
1926	92,989	6,043	1,488,378	66,958	161,382	3,712,700	459,959	1,030,171	843,069	2,153,374	629,407	204,583	229,598	120,530	219,477	61,445	4,779	348,018
1927	91,282	5,012	1,488,378	66,958	161,382	3,712,700	459,959	1,030,171	843,069	2,153,374	629,407	204,583	229,598	120,530	219,477	61,445	4,779	348,018
1928	91,810	4,928	1,488,378	66,958	161,382	3,712,700	459,959	1,030,171	843,069	2,153,374	629,407	204,583	229,598	120,530	219,477	61,445	4,779	348,018
1929	92,580	4,720	1,488,378	66,958	161,382	3,712,700	459,959	1,030,171	843,069	2,153,374	629,407	204,583	229,598	120,530	219,477	61,445	4,779	348,018
1930	79,822	4,630	1,488,378	66,958	161,382	3,712,700	459,959	1,030,171	843,069	2,153,374	629,407	204,583	229,598	120,530	219,477	61,445	4,779	348,018
1930—Sept.	73,258	4,781	2,876,812	420,063	163,979	4,205,516	488,839	736,544	1,001,196	1,281,655	649,250	196,049	187,143	146,102	221,805	84,000	3,731	227,767
Oct.	72,584	4,893	2,876,812	420,063	163,979	4,205,516	488,839	736,544	1,001,196	1,281,655	649,250	196,049	187,143	146,102	221,805	84,000	3,731	227,767
Nov.	71,286	4,197	2,876,812	420,063	163,979	4,205,516	488,839	736,544	1,001,196	1,281,655	649,250	196,049	187,143	146,102	221,805	84,000	3,731	227,767
Dec.	64,366	4,118	2,876,812	420,063	163,979	4,205,516	488,839	736,544	1,001,196	1,281,655	649,250	196,049	187,143	146,102	221,805	84,000	3,731	227,767
1931—Jan.	69,532	3,588	2,034,449	390,207	123,323	3,929,424	328,900	584,029	805,500	1,032,071	348,548	149,398	136,566	109,164	173,197	51,924	2,504	177,485
Feb.	57,794	3,993	1,997,921	370,922	116,056	3,929,424	328,900	584,029	805,500	1,032,071	348,548	149,398	136,566	109,164	173,197	51,924	2,504	177,485
Mar.	65,226	4,827	2,293,058	404,951	123,323	3,929,424	328,900	584,029	805,500	1,032,071	348,548	149,398	136,566	109,164	173,197	51,924	2,504	177,485
Apr.	63,432	3,900	2,292,096	406,972	113,377	3,929,424	328,900	584,029	805,500	1,032,071	348,548	149,398	136,566	109,164	173,197	51,924	2,504	177,485
May	63,885	4,177	2,046,830	483,360	113,377	3,929,424	328,900	584,029	805,500	1,032,071	348,548	149,398	136,566	109,164	173,197	51,924	2,504	177,485
June	62,598	4,265	1,989,830	441,249	107,490	3,929,424	328,900	584,029	805,500	1,032,071	348,548	149,398	136,566	109,164	173,197	51,924	2,504	177,485
July	65,210	3,382	1,846,632	390,627	115,350	3,929,424	328,900	584,029	805,500	1,032,071	348,548	149,398	136,566	109,164	173,197	51,924	2,504	177,485
Aug.	61,411	3,582	1,846,632	390,627	115,350	3,929,424	328,900	584,029	805,500	1,032,071	348,548	149,398	136,566	109,164	173,197	51,924	2,504	177,485
Sep.	64,557	4,144	1,925,890	356,680	119,444	3,929,424	328,900	584,029	805,500	1,032,071	348,548	149,398	136,566	109,164	173,197	51,924	2,504	177,485
Oct.	75,409	...	...	...	...	...	...	482,794	...	...	...	...	119,410	...	203,014	...	...	179,566
Merchandise Only. (000's omitted.)																		

New Series.

The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

HOME AND ABROAD

THE STATE OF TRADE AT HOME AND ABROAD.

THE STATE OF TRADE

THREE months have now elapsed since the British suspension of gold payments, and it is becoming clear that the resulting stimulus to British industry is being neutralised by the curtailment in the volume of world trade as a whole, and that no real permanent benefit has so far materialised. The November iron and steel production figures were, it is true, a shade better than in October, and four more furnaces came into operation. Later reports, however, show that this improvement was only temporary, for business is now slipping back to its former level.

more depleted than ever, and a whole host of new import duties and embargoes, foreign exchange restrictions and the like are springing up all over the world, with such avowed objects as checking "exchange dumping" by countries off the gold standard and of preserving the stability of different countries' currency. The French customs surtax, which has so badly damaged the Cardiff coal trade, is one example of this. The drastic exchange restrictions in force in Central Europe and South America are other examples. Matters in Central Europe have virtually reached a *reductio ad absurdum*, for special "clearing" arrangements

NOVEMBER, 1931.

virtually reached a *reductio ad absurdum*, for special "clearing" arrangements are now being elaborated, under which payments for imports and exports are made direct into a special account in the central bank of the importers' country and then set off directly against each other. Such a scheme is in force not only between countries whose finances are in a critical condition, but also between those countries and more stable countries such as Switzerland. Austria hopes to conclude a similar arrangement with England. Apart from these reversions to quasi-barter trade, exporters in all countries are experiencing considerable difficulty in repatriating the money obtained for their goods, and in some cases are having to lock it up indefinitely in a foreign bank. Germany's recent losses of *devisen* in the face of her big export surplus of the early autumn are to some extent explained by this difficulty.

HOME TRADE STATISTICS.—NOVEMBER, 1931.
Compared with

HOME TRADE STATISTICS.—		Oct.	Nov.	Nov., '30.
UNEMPLOYMENT—				
(State Insurance %)	21.9	21.4	+	2.3
PRODUCTION—				
Coal (million tons)*	4.4	4.5	—	0.4
Iron (thous. ")	284	296	—	88
Steel (" ")	457	459	—	25
FOREIGN TRADE—				
Imports (million £'s)	80.7	83.2	—	3.8
Re-exports (" ")	5.3	5.0	—	1.8
British Exports (" ")	32.8	31.9	—	12.2
TRANSPORT—				
Railway Receipts* (£0,000)	300	284	—	24
Railway Freight (av. level†)	81.7	82.3	—	3.0
Shipping Freight (" ")	65.5	65.9	—	5.0
COMMODITY PRICES (" ")				
TRADE DISPUTES (thous. } working days lost)	55	42	—	22
SECURITY VALUES (av. level‡)	103.1	103.1	—	13.7
FINANCIAL DATA—				
Bank of Eng. Notes (mill. £'s)*	357	356	—	2
Bank Deposits (" ")	1,724	1,706	—	132
Bank Advances (" ")	910	900	—	35
Banks' Cash Ratio (%)	10.2	10.1	—	0.3
Bank Clearings:				
London (million £'s)*	579	536	—	285
Manchester (" ")	9.5	9.0	—	0.8
Three months' Bank Drafts	5½	5½	—	3½
(Discount Rate %)*	4½	5½	—	1½
Day-to-day Loans (%)	4½	5½	—	1½

(*) 1913 = 100. (†) Economist Index No.; 1927 = 100.
 (‡) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (§) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.
 * Average weekly figures.

There are, it is true, some brighter features in the picture. Some industries report fair progress, among them being the locomotive and motor-building trades, and the rayon and linen textile industries. The unemployment returns for November, published in the Labour Gazette, also show that improvements occurred in the coal-mining, glass, tinplate, general engineering, textiles, leather, paper, dock and harbour services, and the distribution trades. Against these, setbacks have to be recorded in iron and steel, shipbuilding, and building and contracting. In the field of distribution, Christmas trade, which early in December seemed to be hanging fire, has since picked up, though the increase in the note circulation registered during the week ended December 16th was of less than normal dimensions.

Exports of British goods have so far failed to record an improvement. This is not surprising, as any stimulus arising from the suspension of the gold standard was not expected to reveal itself before the January returns at the earliest. Unfortunately it is by no means certain that any such improvement will occur. Purchasing power abroad is

Internal prices have remained steady during the past month. The external depreciation of sterling was, in fact, offset by a fall in gold prices, but a more potent factor is possibly the steady growth in the number of countries on the gold standard who are beginning to form a "sterling pool." Most of the Empire, Scandinavia, Japan, the South American republics are all to-day nearer to sterling than gold, and many of the countries nominally on the gold standard only adhere to it in name and not in fact. It is not impossible that the time is approaching when sterling will re-establish itself as the world's standard of value, and when the gold standard countries will form a minority, with the value of gold subordinated to and governed by that of sterling. But though that would certainly be one solution of the world's monetary problems, conjectures on these lines to-day are premature. The salient fact of the moment is that world confidence is lacking and world trade is shrinking. The restoration of confidence, and the freeing and revival of commerce are the aims which world statesmen have to pursue in the New Year.

UNEMPLOYMENT.

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	British India.	Japan.	United States.
Monthly Average.	£	Scal-ling.	Corru-ption.	France.	Mark.	Lire.	Guilder.	Zloty.	Lei.	Krone.	Franc.	Rup-pee.	Yen.	Dollars.
1913	16.5	...	...	...	...	...	...	...	...	...	...	...	...	...
1926	14.2	2.7	37	401	74.8	478	48	...	20	18	44	56	45	...
1927	29.6	10.5	51	616	114.1	264	45	17.7	271	24	15	17	255	649
1928	26.8	12.0	66	87	110.6	450	29	17.1	344	31	57	24	355	676
1929	26.8	12.0	66	87	110.6	450	29	17.1	344	31	57	24	355	676
1930	23.3	4.8	38	1,832	46.6	514	47	17.8	460	21	125	24	205	587
1929.	...	...	...	...	...	...	...	...	...	...	...	...	...	...
July-Sept.	6.2	3.2	108	93	54.9	546	15	...	...	...	...	...	...	...
Oct.-Dec.	30.6	14.5	51	1,741	51.6	594	33	11.3	295	15	39	34	209	1,017
1930.	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	31.5	4.0	22	2,599	73.5	44	52	15.2	379	17	134	34	153	715
Apr.-June	25.6	5.7	51	1,582	31.7	456	66	21.9	704	16	148	18	218	906
July-Sept.	24.4	5.6	38	1,073	50.4	514	25	14.7	594	24	104	18	185	379
Oct.-Dec.	24.8	3.7	28	2,365	31.4	211	45	17.3	164	28	116	22	285	546
1931.	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	16.0	5.6	36	2,008	45.6	193	20	6.4	127	58	157	22	313	411
Apr.-June	13.3	1.6	36	1,413	110.5	555	36	8.8	492	33	111	25	240	320
Aug.	1.6	1.6	31	321	215.5	555	21	6.0	89	6	14	183	129	...
Sept.	0.7	1.7	7	11	22.5	596	...	10.6	...	11	...	11	...	258
Oct.	...	1.0	...	2,645	8.1	...	...	...	...	7	...	...	...	...

Unless otherwise stated, the figures represent authorized share issue of new joint stock companies at home, and the figures of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Rumania, Argentina and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. c Excluding Treasury Bills. d Excl. large railway issues. e Includes Panama. f Includes Fla. 100,000 on the Dutch market including Colonial, and since Jan. 1925, foreign issues. g Since 1924, ex. Indian amalgamations and conversions. h Until end 1922 paper mark. i Excluded from Banque Suisse. j Includes for subscriptions on Swiss market including obligations and Local Govt. India, compiled by "Commercial & Financial Chronicle." k Up to 1927, authorized issues, excluding western departments; since 1928 amounts actually issued, whole territory. l Pr. 0.65.

BANK RATES

	RATES.											
	1926.		1927.		1928.		1929.		1930.		1931.	
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Oct.
London	5	5	4	4	4	4	5	5	5	5	2	4
Paris	6	6	5	5	3	3	3	3	2	2	2	2
Berlin	6	6	6	7	7	7	7	7	4	5	7	7
Amsterdam	3	4	4	3	4	5	5	4	4	3	2	2
Brussels	3	3	3	3	4	4	5	4	3	3	2	3
Rome	7	7	5	4	4	4	4	3	3	2	2	2
Switzerland	3	3	3	3	5	5	7	7	5	5	2	2
Vienna	3	3	3	3	3	3	3	3	2	2	2	2
Warsaw	12	9	8	8	6	6	7	7	7	7	7	10
Tokyo	7-3	5-57	5-45	5-4	4-5	4-5	5-48	5-4	5-4	6-1	5-1	5-48
Calcutta	4	4	4	4	4	4	6	6	6	6	5	8

LONDON BANKERS' CLEARING RETURNS.

[illegible]

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

EXPORTS AND IMPORTS. (100,000 £ omitted.)												
	Food.		Raw Materials.		Manufactures.		Imports of			Exports of		
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lambs' Wool.	Cotton Piece Goods.	Iron and Steel.	Coal.
Monthly Average.	£	£	£	£	£	£	Cwts.	Centals.	Centals.	Sq. Yds.	Tons.	Tons.
1913	24.2	2.7	23.5	5.8	18.1	34.3	8.8	1.8	0.7	589	0.41	5.1
1924	47.6	4.7	33.4	8.9	25.0	51.5	9.9	1.3	0.6	370	0.32	4.2
1925	47.6	4.8	35.4	7.0	26.7	51.4	8.1	1.6	0.6	370	0.31	4.2
1926	41.9	4.2	32.7	3.9	26.3	44.9	8.1	1.5	0.7	319	0.28	4.3
1927	44.9	4.4	39.3	6.4	26.9	47.0	9.2	1.3	0.7	343	0.33	4.7
1928	48.3	4.5	27.9	5.8	25.7	48.2	8.6	1.1	0.7	322	0.38	4.2
1929	44.7	4.6	28.3	6.5	27.9	47.8	9.3	1.3	0.7	306	0.38	5.0
1930	39.8	4.0	20.9	8.3	25.8	46.6	8.8	1.0	0.7	201	0.26	4.6
1931—May	33.3	2.8	14.6	4.0	21.0	26.0	7.7	0.7	1.0	141	0.17	3.8
June	33.4	2.6	14.1	4.0	20.2	21.7	8.1	0.7	0.8	133	0.16	3.8
July	35.1	2.7	13.6	3.8	20.7	26.5	12.0	0.5	0.4	177	0.17	3.8
August	31.8	2.6	12.8	3.4	20.1	22.0	11.8	0.6	0.2	144	0.14	3.2
September	33.6	2.7	11.2	3.7	22.6	22.2	16.2	0.4	0.3	128	0.14	3.0
October	40.8	3.4	11.9	4.3	27.2	24.0	14.5	0.6				

RAILWAY STATISTICS.—(000,000's omitted.)

Great Britain (p).														Austria.	Germany.	Italy.	Canada.	United States.
Gross Receipts.		Freight Traffic (f).																
Passengers.	Freight.	Mer- chandise.	Coal, &c.	Minerals and Other Merchandise	Total.													
	E	F	Tons.	Tons.	Tons.	Tons.	Ton-Miles.	(b) (h). Tonnes Km.	(i) Tonnes Km.	(j) (t) Tonnes Km.	(k) (e) Tonnes Km.	(l) Tonnes Km.						
1926 - June	4.4	5.5	4.7	1.9	3.6	10.2	704	1,202	1,132	4,695	4,846	439,237						
December	4.7	8.1	4.9	15.9	4.1	24.8	1,392	1,521	1,561	1,094	4,641	440,096						
1927 - June	6.1	8.8	5.1	15.5	5.8	26.4	1,401	1,249	1,126	1,095	4,611	438,443						
December	4.8	8.7	5.1	17.2	4.8	27.2	1,400	1,299	1,398	928	4,128	434,880						
1928 - June	5.5	8.3	4.8	14.9	5.3	25.0	1,324	1,324	1,324	1,038	4,128	437,304						
December	5.2	8.4	4.7	16.1	4.8	25.6	1,352	1,282	1,282	1,038	4,128	437,304						
1929 - June	5.2	8.4	4.7	16.1	4.8	25.6	1,352	1,282	1,282	1,038	4,128	437,304						
December	4.9	8.2	4.7	17.6	5.0	26.1	1,392	1,335	1,335	1,038	4,128	437,304						
1930 - June	5.7	7.3	4.4	13.2	4.2	27.3	1,426	1,343	1,343	1,038	4,128	437,304						
December	4.3	8.1	4.4	16.9	4.2	22.2	1,196	1,066	1,066	1,044	4,202	402,851						
1931 - April	4.3	7.5	4.3	14.3	4.0	22.6	1,348	1,145	1,145	879	3,607	43,377						
May	4.5	7.6	4.0	13.2	4.2	21.4	1,252	1,200	1,200	947	3,648	43,377						
June	4.7	7.1	4.2	13.8	4.2	22.2	1,203	1,200	1,200	947	3,648	43,377						
July	6.6	7.4	4.2	13.8	4.2	22.2	1,250	1,190	1,190	956	3,626	43,377						
August	6.7	6.9	4.3	12.7	4.2	21.9	1,269	1,303	1,303	936	3,629	43,377						

August	6.7	6.9	3.9	12.7	3.5	20.2	1.269	1.303	3.874	...	2.961	44,202
* Inc. live-stock.	(a)	* Reichsbahn.	(b) Exe. free-banded.	(c) State and private railways, including freight on foreign lines.	(d) Bredling free-banded.	(e) Long ton = kg. 1,016.05.	(f) Railways with annual operating revenue at least \$500,000.	(g) Ton-miles.	(h) Including free-banded.	(i) Gross tonnage.		
	(d)		(e)	(f)	(g)	(h)	(i)					

London: Printed for the Proprietors THE ECONOMIST NEWSPAPER, Ltd., by EYRE AND SPOTTISWOODS LIMITED, His Majesty's Printers, East Harding Street, London, E.C. 4. Published by the Proprietors at 8, Bouverie Street, Fleet Street, E.C. 4.—Saturday, November 23, 1961.

In the home trade, the Metropolitan Railway has just placed a large contract for a 25,000 k.w. turbine for its generating station at Neasden. A number of small orders for generating equipment for industrial purposes have also been received. Export trade remains depressed, but as a result of orders placed during December next month's output should record an improvement.

Business remains steady, with raw material prices only fluctuating slightly and sellers displaying some reserve. Calcutta stocks have been reduced, and the mills have been buying more freely. Dundee yarn prices are very firm, but business is quiet. There is a big inquiry for all descriptions of jute cloth, but so far orders have been limited in size, as manufacturers have refused to make any price concessions.

According to a report by a London store, Christmas trade was slow in starting, but towards the middle of December there was a decided improvement.

• Provisional figures.

FINANCE.

Notes in Circulation 100,000's omitted.

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Italy.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank.	Reichsbank.	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Mark.	Francs.	Reichsmark.	Reichsmark.	Drachma.	Peng.	Dinar.
1913	29-6	...	1,067	189	...	152	113	5,714	2,742	...	245	...	513
1925	385-3	890	7,314	3,655	3,498	152	1,309	49,993	2,950	1,376	5,334	416	6,063
1926	381-0	847	9,546	5,481	8,205	356	1,346	52,419	3,756	1,164	4,668	471	5,812
1927	382-3	1,067	10,951	5,727	8,411	354	1,514	56,501	4,254	...	4,866	487	5,743
1928	378-3	1,067	10,951	5,727	8,411	354	1,514	56,501	4,254	...	4,866	487	5,743
1929	369-8	1,094	14,683	3,699	8,230	367	1,361	68,571	5,144	344	5,193	501	6,818
1930	368-8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	434	4,803	469	5,397
1930 Oct.	358-6	1,035	15,637	3,656	7,144	370	1,313	74,787	4,675	438	5,055	800	5,872
Nov.	359-2	1,042	15,783	3,562	7,278	374	1,263	75,951	4,571	476	4,761	439	5,404
Dec.	368-8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	434	4,803	469	5,397
1931 Jan.	348-8	979	16,031	3,053	6,608	341	1,231	78,559	4,383	441	4,521	448	5,064
Feb.	347-7	976	16,067	3,029	6,571	340	1,205	74,947	4,428	439	4,417	400	4,917
Mar.	348-8	978	16,067	3,029	6,571	340	1,205	74,947	4,428	439	4,417	400	4,917
Apr.	349-8	984	16,344	3,212	6,609	354	1,01	77,231	4,077	433	4,436	406	4,692
May	349-8	984	16,344	3,212	6,609	354	1,01	77,231	4,077	433	4,436	406	4,692
June	352-4	1,111	15,967	3,283	6,988	341	1,257	78,185	4,299	426	4,255	385	4,564
July	352-4	1,111	15,967	3,283	6,988	341	1,257	78,185	4,299	426	4,255	385	4,564
Aug.	350-3	1,095	16,613	3,338	6,979	330	1,182	78,635	4,384	420	4,153	418	4,903
Sept.	357-2	1,111	17,283	3,355	7,172	331	1,201	78,173	4,609	422	4,222	383	5,197
Oct.	356-0	1,134	16,008	3,165	7,218	366	1,164	83,639	4,746	421	4,237	436	5,392
Nov.	354-4	1,137	17,748	2,981	7,166	340	1,237	82,543	4,641	420	3,987	392	5,239

Period.	Italy.	Norway.	Poland.	Romania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	Lira.	Lira.	Kroner.	Zloty.	Leu.	G.I. Rbla.	Rbls.	Kroner.	Francs.	£	Sh.	Dollars.	Yen.
1913	12,284	499	108	...	437	...	234	314	10-0	116	2-5	2-2	728
1925	19,350	2,100	363	381	440	20,126	388	727	530	876	53-9	176	1-2
1926	18,340	1,793	337	593	428	20,951	358	797	525	874	49-9	176	1-2
1927	17,992	783	331	1,001	309	21,025	480	1,007	526	917	51-8	192	7-2
1928	17,425	161	316	1,295	244	21,211	730	1,091	546	973	48-7	193	7-6
1929	16,774	80	318	1,340	259	21,144	1,028	1,301	569	999	45-3	188	7-5
1930	15,680	...	312	1,328	241	19,605	...	1,062	594	1,062	48-2	201	7-1
1930 Oct.	15,738	...	312	1,408	233	18,860	1,943	2,094	581	989	45-2	177	7-0
Nov.	15,679	...	303	1,352	239	18,726	1,951	2,065	588	989	45-2	177	7-0
Dec.	15,680	...	303	1,352	239	18,726	1,951	2,065	588	989	45-2	177	7-0
1931 Jan.	15,218	...	302	1,328	238	18,608	1,948	2,080	594	1,002	48-2	177	7-1
Feb.	15,129	...	247	1,284	236	18,105	1,947	2,108	545	961	45-7	159	6-9
Mar.	15,034	...	296	1,261	241	18,341	1,992	2,191	580	994	47-2	154	6-9
Apr.	14,883	...	296	1,259	238	18,630	1,993	2,246	548	988	48-2	151	6-8
May	14,722	...	291	1,222	237	18,709	1,891	2,245	542	990	50-7	157	7-0
June	14,685	...	296	1,259	237	19,401	...	2,315	562	1,258	51-2	164	7-1
July	14,678	...	294	1,245	240	21,161	...	2,403	567	1,293	52-2	165	6-9
Aug.	14,323	...	302	1,275	242	21,861	...	2,457	594	1,462	52-1	166	6-8
Sept.	14,474	...	295	1,254	242	23,243	...	2,596	479	1,498	52-1	166	7-2
Oct.	14,441	...	288	1,211	...	23,519	...	2,673	576	1,477	...	...	7-2
Nov.	15,678	...	288	1,211	...	23,519	...	2,673	576	1,477	...	...	7-2

a Until November, 1928, including State notes, then transferred to Bank.
 b Marks—Including Reichsbank and Dannebergkassencheine.
 c Excluding notes held by Reichsbank.
 d In terms of new lire—8,573 millions.
 e Excluding Government notes.
 f Gross issue.
 g Rounding figures.
 h Since January, 1926, excluding notes held by Bank of Poland.
 i Since 1926, excluding notes held by the State Bank.
 j In terms of new lire—1,829 millions.
 k Since May, 1922, including Luxembourg.
 l Since Oct., 1926, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.

LONDON RATES OF EXCHANGE.

Period.	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oporto.	Copenhagen.	Berlin.	Vienna.	New York.	Buenos Aires.
End of	Francs to £1.	Belgas to £1.	Lira to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kroner to £1.	Kroner to £1.	Kroner to £1.	Marka to £1.	Schillings to £1.	Dollars to £1.	Pesos to £1.
Par level	124-21	35-00	92-46	25-22	25-22	12-107	18-169	18-159	18-159	20-45	34-58	4-88	47-63
Highest, 1930	124-34	34-96	92-22	25-22	25-22	12-13	18-15	18-21	18-20	20-44	34-88	4-88	48
Lowest, 1930	123-60	34-73	92-62	24-99	25-08	12-04	18-08	18-14	18-13	20-35	34-40	4-88	47
Beginning of—													
July, 1914	25-15	1-25-35	25-25	21-16	26-10	12-11	18-30	18-25	18-30	20-44	24-68	4-87	47
January, 1924	87-85	1-98-45	100-4	24-63	33-58	11-36	16-26	29-82	24-44	19-94	30-50	4-79	40
January, 1925	87-40	1-94-79	100-4	24-34	33-95	11-71	17-62	31-57	26-85	19-94	30-50	4-79	40
January, 1926	129-31	1107-00	120	25-08	34-31	12-05	18-08	23-85	19-60	20-37	34-37	4-85	46
January, 1927	122-81	34-89	109-62	25-14	31-23	12-12	18-15	18-34	18-20	20-43	34-42	4-85	46
January, 1928	124-00	34-92	92-32	25-27	28-24	12-09	18-11	18-34	18-20	20-46	34-52	4-87	47
January, 1929	124-10	34-88	92-64	25-18	28-24	12-08	18-13	18-19	18-17	20-36	34-44	4-87	47
January, 1930	123-91	34-84	92-22	25-17	28-24	12-08	18-13	18-19	18-17	20-36	34-44	4-87	47
January, 1931	123-68	34-76	92-74	25-04	28-24	12-05	18-13	18-16	18-16	20-36	34-44	4-87	47
August	123-88	34-72	92-81	24-85	28-24	12-04	18-13	18-16	18-16	20-36	34-44	4-87	47
September	123-95	34-94	92-91	24-91	28-24	12-04	18-16	18-16	18-16	20-36	34-44	4-87	47
October	100-00	28-12	77-12	20-12	43-75	9-78	16-87	17-87	17-87	20-36	34-44	4-87	47
November	95-31	25-84	72-25	19-21	42-62	9-28	17-31	17-65	17-37	15-78	28-00	3-74	36
December	86-25	24-25	65-67	17-18	40-37	8-34	18-12	18-25	18-25	14-25	29-00	3-77	40

Period.	Rio de Janeiro.	Monte Video.	Valparaiso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singapore.	Place.	Method of Quoting.	November Quotations.
End of	Pence to £1.	Pence to £1.	Pence to £1.	Pence to Rupee.	Sterling to Dollar.	Sterling to Yen.	Sterling to Yen.	Sterling to Dollar.			Highest. Lowest. Average.
Par level	16	51	40	n.d.	n.d.	n.d.	n.d.	n.d.	New York.	Dollars to £1.	4-85 4-85 4-85
Highest, 1930	5	46	40-02	1 5	1 8	2 1	2 0	2 4	Nov., 1930	Dollars to £1.	3-98 3-77 3-68
Lowest, 1930	4	35	39-57	1 5	1 8	2 1	2 0	2 3	Oct., 1931	Dollars to £1.	3-98 3-77 3-68
Beginning of—									Nov., 1931	Dollars to £1.	3-98 3-77 3-68
July, 1914	16	51	40	1 3	1 10	2 8	2 0	2 4	Paris.	Francs to £1.	123-81 123-80 123-80
January, 1924	5	43	40-30	1 5	2 4	3 4	2 0	2 4	Oct., 1931	Francs to £1.	100-76 98-50 98-60
January, 1925	5	43	40-30	1 5	2 4	3 4	2 0	2 4	Nov., 1931	Francs to £1.	97-37 98-60 98-60
January, 1926	5	43	40-30	1 5	2 4	3 4	2 0	2 4	Amsterdam.	Florins to £1.	12-07 12-06 12-06
January, 1927	5	43	40-30	1 5	2 4	3 4	2 0	2 4	Nov., 1931	Florins to £1.	12-07 12-06 12-06
January, 1928	5	43	40-30	1 5	2 4	3 4	2 0	2 4	Oct., 1931	Florins to £1.	12-07 12-06 12-06
January, 1929	5	43	40-30	1 5	2 4	3 4	2 0	2 4	Nov., 1931	Florins to £1.	12-07 12-06 12-06
January, 1930	5	43	40-30	1 5	2 4	3 4	2 0	2 4	Berlin.	Reichsmark to £1.	20-39 20-36 20-36
January, 1931	5	43	40-30	1 5	2 4	3 4	2 0	2 4	Oct., 1931	Reichsmark to £1.	17-12 16-12 16-12
July	5	43	40-30	1 5	2 4	3 4	2 0	2 4	Nov., 1931	Reichsmark to £1.	16-28 16-28 16-28
August	5	43	40-30	1 5	2 4	3 4	2 0	2 4			
September	5	43	40-30	1 5	2 4	3 4	2 0	2 4			
October	5	43	40-30	1 5	2 4	3 4	2 0	2 4			
November	5	43	40-30	1 5	2 4	3 4	2 0	2 4			
December	5	43	40-30	1 5	2 4	3 4	2 0	2 4			

† Pence to £1.

‡ Pence to £1.

§ Pence to £1.

|| Pence to £1.

• Daily rates.

FOREIGN TRADE.

Imports for Domestic Consumption—Merchandise Only. (000's omitted.)

IMPORTS FOR DOMESTIC CONSUMPTION—MERCHANDISE															United States			
Period.	U.K.	Irish Free State.	Belgium.	Bulgaria.	Denmark.	France.	Finland.	Germany.	Greece.	Italy.	Japan.	Netherlands.	Poland.	Sweden.	Switzerland.	Russia.	Egypt.	Dollars.
Monthly Average.	£	£	Francs.	Lvsa.	Kronor.	Francs.	Markka.	Mark.	Draohm.	Lire.	Dinars.	Guilder.	Zloty.	Kronor.	Francs.	Roubles or Gold Rubl.	£	Dollars.
1913	54,931	5,162	186,504	606,984	157,778	64,765	701,778	459,959	87,474	14,828	303,803	729,407	204,583	325,251	70,545	159,985	2,271	147,332
1912	97,223	9,043	1,920,460	1,486,378	161,382	3,712,700	472,309	833,454	1,030,171	2,183,374	635,982	201,496	128,242	124,157	201,299	61,445	4,678	348,018
1911	92,998	8,117	1,840,623	1,486,378	161,382	3,712,700	472,309	833,454	1,030,171	2,183,374	635,982	201,496	128,242	124,157	201,299	61,445	4,678	348,018
1910	91,282	5,012	1,422,921	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1909	89,610	4,928	1,468,884	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1908	97,549	5,700	1,951,830	1,486,378	161,382	3,712,700	472,309	833,454	1,030,171	2,183,374	635,982	201,496	128,242	124,157	201,299	61,445	4,678	348,018
1907	78,422	4,830	1,576,818	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1906	83,851	4,993	1,820,217	1,486,378	161,382	3,712,700	472,309	833,454	1,030,171	2,183,374	635,982	201,496	128,242	124,157	201,299	61,445	4,678	348,018
1905	72,564	4,157	1,316,333	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1904	69,532	3,555	1,054,441	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1903	57,794	3,993	1,957,921	1,486,378	161,382	3,712,700	472,309	833,454	1,030,171	2,183,374	635,982	201,496	128,242	124,157	201,299	61,445	4,678	348,018
1902	65,226	4,827	2,223,054	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1901	63,432	3,900	2,292,076	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1900	61,986	4,177	1,809,876	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1899	65,210	4,285	1,897,830	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1898	61,421	3,582	1,846,613	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1897	64,557	4,144	1,925,890	1,486,378	161,382	3,712,700	472,309	833,454	1,030,171	2,183,374	635,982	201,496	128,242	124,157	201,299	61,445	4,678	348,018
1896	75,408	...	1,941,941	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
1895	72,564	...	...	1,066,745	131,578	4,116,354	533,157	1,185,472	1,050,162	1,697,900	607,481	212,405	204,998	133,150	213,650	54,439	3,996	346,924
Domestic Produce—Merchandise (000's omitted.)																		
1913	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1912	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1911	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1910	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1909	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1908	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1907	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1906	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1905	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1904	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1903	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1902	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1901	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1900	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1899	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1898	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1897	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1896	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1895	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1894	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1893	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1892	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1891	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1890	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1889	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1888	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1887	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1886	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1885	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1884	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1883	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1882	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1881	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1880	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1879	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1878	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1877	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1876	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1875	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1874	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1873	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1872	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1871	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1870	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1869	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1868	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1867	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1866	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1865	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1864	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1863	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1862	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1861	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1860	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1859	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1858	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1857	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1856	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1855	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1854	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1853	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1852	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1851	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1850	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1849	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1848	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1847	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1846	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1845	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1844	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1843	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1842	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1841	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1840	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1839	...																	

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	Belgium.	India.	Japan.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lira.	Gulden.	Zloty.	Lei.	Kroner.	Francs.	Rupies.	Yen.	Dollars.	Dollars.
1913.....	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1926.....	19.2	2.7	37	401	74.8	473	48	6.1	816	13	59	16	228	529	...
1927.....	29.6	10.5	31	616	114.1	264	43	17.7	271	22	73	17	251	649	...
1928.....	30.8	12.0	60	876	110.0	450	50	27.1	384	31	57	24	335	876	...
1929.....	23.8	8.6	55	1,259	80.2	607	29	17.8	318	25	81	56	222	849	...
1930.....	22.3	4.8	38	1,432	46.6	514	47	17.8	460	21	125	24	205	587	...
1931.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
July-Sept.	6.2	3.9	108	993	54.9	546	15	11.3	295	15	30	34	200	1,017	...
Oct.-Dec.	50.6	14.8	51	1,741	34.6	594	33	25.4	179	32	47	26	139	566	...
1930.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	31.3	4.0	32	2,309	73.5	474	52	18.2	379	17	134	34	133	715	...
Apr.-June	23.6	6.7	51	1,582	31.3	836	25	21.9	702	16	148	14	218	906	...
July-Sept.	24.4	5.6	38	1,073	50.4	534	25	14.7	594	24	104	18	183	379	...
Oct.-Dec.	24.8	3.7	28	2,365	31.4	211	45	17.3	164	28	116	26	285	346	...
1931.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	16.0	5.6	36	2,008	45.6	193	20	6.4	127	58	157	22	513	411	...
Apr.-June	13.3	1.6	86	1,413	110.3	533	36	8.8	492	33	111	25	240	320	...
July-Sept.	0.7	1.6	7	341	22.9	506	3	20.6	23	11	196	11	...	268	...
Oct.-Dec.	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Nov.	2.0	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.K.A., Romania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K., both bonus shares and conversions are excluded. c. Re-issuing Treasury Bills. d. Excl. large railway issues. f. "Rijksbank" issues exceeding Fls. 100,000 on the Dutch market. g. Including Colonial, and since Jan. 1925, foreign issues. h. Since 1924, excluding amalgamations and conversions. i. Until end 1924 paper market. j. "Société de Banque Belge" invitation for subscriptions on Swiss market including obligations and Local Govt. loans. k. India, compiled by "Commercial & Financial Chronicle." l. Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory. † Dr. O. G.

UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Switzerland.	Austria.	Canada.
1921—June.....	17.8	9.9	16.4	3.0	8.1	20.4	27.7	12.8	13.3	13.3
December.....	16.2	6.6	25.2	1.6	16.6	23.4	13.2	9.5	15.1	15.1
1925—June.....	11.9	1.0	9.3	3.6	4.6	8.9	8.2	10.2	6.1	6.1
December.....	10.4	2.8	11.1	19.4	16.0	23.7	19.4	8.1	7.9	7.9
1926—June.....	14.6	0.8	15.6	18.1	5.9	22.6	19.6	8.7	4.1	4.1
December.....	11.9	2.4	32.2	16.7	12.1	27.7	19.0	8.7	3.9	3.9
1927—June.....	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.3	3.3
December.....	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6	6.6
1928—June.....	10.7	0.6	13.8	6.2	4.4	14.4	7.4	11.2	3.3	3.3
December.....	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.6	6.6
1929—June.....	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9	2.9
December.....	11.3	2.4	22.4	20.1	12.3	16.9	16.9	13.1	11.4	11.4
1930—June.....	15.8	1.9	8.7	19.6	8.9	10.8	8.3	18.8	10.6	10.6
December.....	20.2	9.2	25.3	31.7	18.9	10.8	8.3	18.8	10.6	10.6
1931—February.....	21.7	11.7	26.0	34.5	23.5	25.8	23.5	23.4	17.6	17.6
March.....	21.5	11.3	22.1	33.6	21.8	24.9	19.6	18.4	16.6	16.6
April.....	20.9	10.0	18.5	31.8	14.3	1	17.4	25.8	14.9	14.9
May.....	20.8	7.9	13.1	29.9	12.2	...	13.4	...	16.2	16.2
June.....	21.8	9.0	11.3	29.7	11.7	...	12.3	27.6	16.3	16.3
July.....	22.6	9.0	11.8	31.0	13.3	...	12.4	...	16.3	16.3
August.....	22.7	9.9	11.8	33.6	15.3	...	13.2	...	15.8	15.8
September.....	22.6	10.2	12.1	35.0	11.5	...	13.7	28.3	18.3	18.3
October.....	21.9	11.3	22.6	36.6	11.8	...	...	...	...	...
November.....	21.4	...	...	...	...	...	...	...	...	...

Number of Workers Covered by Last Return.

Millions.....	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Switzerland.	Austria.	Canada.
1921.....	12.4	0.7	0.3	4.1	10.4	0.04	0.4	0.4	0.4	0.4

Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure. † Provisional figure.
‡ No figures since April, 1931, owing to labour dispute.

BANK RATES.

	1926.	1927.	1928.	1929.	1930.	1931.
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.
London.....	5%	5%	5%	5%	5%	5%
Paris.....	6%	6%	6%	6%	6%	6%
Berlin.....	6%	6%	6%	6%	6%	6%
New York.....	3%	3%	3%	3%	3%	3%
Amsterdam.....	3%	3%	3%	3%	3%	3%
Brussels.....	7%	7%	7%	7%	7%	7%
Rome.....	7%	7%	7%	7%	7%	7%
Switzerland.....	3%	3%	3%	3%	3%	3%
Vienna.....	7%	7%	7%	7%	7%	7%
Warsaw.....	12%	12%	12%	12%	12%	12%
Tokyo.....	7%	7%	7%	7%	7%	7%
Calcutta.....	4%	4%	4%	4%	4%	4%

* Federal Reserve.

† 7% as from Dec. 9.

LONDON BANKERS' CLEARING RETURNS.

(000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1913.....	14,191,275	855,648	1,369,481	16,416,404
1924.....	35,038,605	1,894,114	2,900,145	39,832,864
1925.....	35,801,264	1,678,347	2,957,508	40,437,119
1926.....	35,345,429	1,660,757	2,817,858	39,823,044
1927.....	36,819,682	1,754,032	2,972,827	41,546,541
1928.....	39,311,117	1,854,190	3,039,422	44,204,729
1929.....	38,782,577	1,812,146	2,963,531	43,558,254
1930 (Dec. 16).....	37,426,837	1,747,131	2,867,381	42,041,349
1931 (Dec. 16).....	30,374,427	1,607,598	2,657,083	35,239,108

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lamb's Wool.	Cotton Piece Goods.
Monthly Average.	£	£	£	£	£	£	£	£	£	£
1913.....	24.2	2.7	23.5	6.8	16.1	34.3	8.8	1.8	0.7	589
1924.....	47.6	4.7	33.4	8.9	25.0	51.5	9.9	2.3	0.6	370
1925.....	47.6	4.6	35.4	7.0	26.7	51.4	8.1	1.6	0.6	370
1926.....	41.9	4.2	32.7	3.9	26.3	44.9	8.1	1.5	0.6	370
1927.....	44.9	4.4	29.3	6.4	26.9	47.0	9.2	1.3	0.7	319
1928.....	44.3	4.5	27.9	6.8	25.7	48.2	8.6	1.1	0.7	343
1929.....	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	322
1930.....	39.8	4.0	20.9	5.3	25.6	36.4	8.8	1.0	0.7	306
1931—June.....	33.4	2.6	14.1	4.0	20.2	21.7	8.1	0.7	0.8	133
July.....	35.1	2.7	13.6	3.8	20.2	26.5	12.0	0.8	0.4	177
August.....	31.8	2.6	12.6	3.8	20.1	22.0	11.8	0.6	0.2	144
September.....	33.6	2.7	11.2	3.7	22.6	22.2	16.2	0.4	0.3	128
October.....	40.8	3.4	11.9	4.3	27.2	24.0	16.2	0.6	0.3	243
November.....	38.6	3.4	15.3	4.1	28.7	22.9	11.3	1.7	0.5	126

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).										Austria.	Germany.	Italy.	Canada.	Total Stats
	Gross Receipts.		Freight Traffic (f).												
	Passengers.	Freight.	Mar- chandise.*	Coal, &c.	Wine- ries and Other Merchandise	Total.									
1926—June.....	4.4	8.3	Tons.	Tons.	Tons.	Tons.	Ton-Miles.	(b) (h) Tonnes Km	(a) Tonnes Km	(e) (i) Tonnes Km	(c) (e) Tonnes Km	(d) Tonnes			
December.....	4.7	8.5	4.7	1.9	3.6	10.2	704	1,202	4,695	1,132	4,846	439.5			
1927—June.....	6.1	8.8	4.9	15.9	4.1	24.8	1,392	1,321	5,641	1,094	4,841	440.99			
December.....	4.8	8.7	5.1	15.5	5.8	26.4	1,401	1,249	5,126	1,095	4,841	440.99			
1928—June.....	5.5	8.3	5.1	17.2	4.8	27.2	1,400	1,209	5,398	928	4,128	434.88			
December.....	4.6	8.3	4.7	14.9	5.3	25.0	1,324	1,325	5,828	1,038	4,128	437.50			
1929—June.....	5.2	8.4	4.8	16.1	4.8	25.6	1,352	1,282	4,715	1,030	4,808	449.98			
December.....	4.5	8.2	4.7	18.7	5.6	26.1	1,392	1,336	5,603	1,087	4,846	449.45			
1930—June.....	5.7	7.3	4.4	13.2	5.0	27.3	1,426	1,323	4,814	1,031	3,787	426.11			
December.....	4.5	8.1	4.4	16.9	4.2	25.5	1,196	1,306	4,802	1,044	4,222	426.28			
1931—May.....	4.7	7.1	4.0	13.2	4.2	21.4	1,388	1,145	3,846	879	3,607	423.77			
June.....	4.7	7.4	4.2	13.8	4.2	22.2	1,203	1,200	4,044	894	3,628	423.88			
July.....	6.6	7.4	4.3	13.4	4.2	21.9	1,269	1,190	4,162	921	3,629	423.88			
August.....	6.7	6.9	3.9	12.7	3.5	20.2	1,186	1,248	3,575	...	2,951	423.88			
September.....	4.7	7.6	4.4	14.0	3.7	22.0	1,263	1,194	3,834	...	2,798	423.88			

* Inc. live stock. (a) Reichsbahn. (b) Free-trade. (c) State and private railways, including freight on frontier lines. (d) Railways with annual operating revenues at least \$500,000. (e) Including free-trade. (f) Including free-trade. (g) Long ton = 2,240 lbs. (h) Gross tonnage. (i) Short ton = 2,000 lbs. (j) Gross tonnage. (k) Gross tonnage. (l) Gross tonnage. (m) Gross tonnage. (n) Gross tonnage. (o) Gross tonnage. (p) Gross tonnage. (q) Gross tonnage. (r) Gross tonnage. (s) Gross tonnage. (t) Gross tonnage. (u) Gross tonnage. (v) Gross tonnage. (w) Gross tonnage. (x) Gross tonnage. (y) Gross tonnage. (z) Gross tonnage. (aa) Gross tonnage. (ab) Gross tonnage. (ac) Gross tonnage. (ad) Gross tonnage. (ae) Gross tonnage. (af) Gross tonnage. (ag) Gross tonnage. (ah) Gross tonnage. (ai) Gross tonnage. (aj) Gross tonnage. (ak) Gross tonnage. (al) Gross tonnage. (am) Gross tonnage. (an) Gross tonnage. (ao) Gross tonnage. (ap) Gross tonnage. (aq) Gross tonnage. (ar) Gross tonnage. (as) Gross tonnage. (at) Gross tonnage. (au) Gross tonnage. (av) Gross tonnage. (aw) Gross tonnage. (ax) Gross tonnage. (ay) Gross tonnage. (az) Gross tonnage. (ba) Gross tonnage. (bb) Gross tonnage. (bc) Gross tonnage. (bd) Gross tonnage. (be) Gross tonnage. (bf) Gross tonnage. (bg) Gross tonnage. (bh) Gross tonnage. (bi) Gross tonnage. (bj) Gross tonnage. (bk) Gross tonnage. (bl) Gross tonnage. (bm) Gross tonnage. (bn) Gross tonnage. (bo) Gross tonnage. (bp) Gross tonnage. (bq) Gross tonnage. (br) Gross tonnage. (bs) Gross tonnage. (bt) Gross tonnage. (bu) Gross tonnage. (bv) Gross tonnage. (bw) Gross tonnage. (bx) Gross tonnage. (by) Gross tonnage. (bz) Gross tonnage. (ca) Gross tonnage. (cb) Gross tonnage. (cc) Gross tonnage. (cd) Gross tonnage. (ce) Gross tonnage. (cf) Gross tonnage. (cg) Gross tonnage. (ch) Gross tonnage. (ci) Gross tonnage. (cj) Gross tonnage. (ck) Gross tonnage. (cl) Gross tonnage. (cm) Gross tonnage. (cn) Gross tonnage. (co) Gross tonnage. (cp) Gross tonnage. (cq) Gross tonnage. (cr) Gross tonnage. (cs) Gross tonnage. (ct) Gross tonnage. (cu

AN EXPRESSION OF PUBLIC CONFIDENCE

Twenty-eight million insurance contracts are held to-day by the people of the British Isles with

THE PRUDENTIAL ASSURANCE CO. LTD.

THE LARGEST INSURANCE INSTITUTION IN THE BRITISH EMPIRE

The total income of the Company last year was £44,500,000, a sum GREATER THAN THE COMBINED REVENUES OF SWITZERLAND, BULGARIA AND DENMARK.

All classes of Insurance business transacted.

CLAIMS PAID
EXCEED
£
360,000,000

Chief Office:
HOLBORN BARS,
LONDON, E.C.1.

REPRESENTATIVES EVERYWHERE

FUNDS
EXCEED
£
240,000,000



SESQUICENTENARY

THE YEAR 1931 IS THE
150th YEAR
OF THE COMPANY'S EXISTENCE

To signalise the completion of a century-and-a-half of public usefulness, readers are invited to assist in making this year a notable one by placing their own Insurances with the Company and endeavouring to interest their friends in its activities.

THE "PHŒNIX" TRANSACTS
ALL CLASSES OF INSURANCE

**FIRE, LIFE, ACCIDENT,
MARINE**

Enquiries are invited and will be dealt with promptly.

PHŒNIX
ASSURANCE COMPANY, LIMITED

HEAD OFFICE:
PHŒNIX HOUSE, KING WILLIAM STREET, LONDON, E.C.4

150th YEAR

FACTS about THE LIVERPOOL AND LONDON AND GLOBE

INSURANCE COMPANY LIMITED

- q Has operated successfully for 95 years.
- q Is represented in 98 different countries, colonies or dependencies throughout the world.
- q Its policies and contracts are printed in 18 different languages.
- q It transacts 50 forms of insurance.
- q Its total funds are £24,892,646.
- q Its total income in 1930 was £12,671,193.
- q Its total claim payments amount to £19,058,195.

THE
LIVERPOOL & LONDON & GLOBE

places at your disposal a world-wide organisation for which no insurance is either too great or too small.

Head Office: 1, Dale Street, Liverpool.
London (Chief Office): 1, Cornhill, E.C.3.

Branches and Agencies throughout the World.

INSURANCE IN 1930.

A Review of Progress and Prospects.

Vol. CXIII.

SATURDAY, JULY 11, 1931.

No. 4,585.

CONTENTS.

	PAGE		PAGE
General Results of the Year	3	Expense Ratios	6
Life Assurance	4	Rates of Interest	7
General Features of the Year	4	Life Office Investments	8
New Business	4	Valuation Results	8
Single Premium Policies	5	Fire Insurance	16
		American Fire Business	16
		Marine Insurance	18
		Miscellaneous Insurance	19

GENERAL RESULTS OF THE YEAR.

Insurance is one of our major industries. Life assurance is represented by 5 million policies in force for a face value in sums assured and bonuses of over £1,500 millions; the accumulated total life funds exceed £250 millions and the funds of industrial companies total some £125 millions. Fire and accident insurance, which is largely an export trade, is responsible for premiums of £125 millions, while marine insurance, excluding Lloyds, controls a premium income of £13 millions. Each separate branch of insurance has its own peculiar problems and features; but, unfortunately, these are often so technical in character that the layman quickly finds the penetration of this insurance jungle to be no light task. Nor are the published accounts susceptible of ready analysis by any but the trained observer. The purpose, then, of this introductory article will be to consider the results of representative companies as a whole, reserving for more detailed analysis on later pages the individual figures and features of each department. Experience has shown this method of treatment to be the most suitable for a general understanding, and the fact that the results are presented throughout on a uniform basis facilitates comparison between one office and another, and between the results of different years.

The table which follows sets out the relevant figures for twenty-two of the largest companies, and invites their consideration under three main heads:—

(1) The Underwriting Profits.

At the outset it is necessary to explain that the figures in columns (2), (3) and (5) do not necessarily agree with the profits shown in the companies' own accounts. Accounting practices vary with the idiosyncrasies of managements; and, in order to secure uniformity, the fire and accident profits have been recalculated, where necessary, on the basis of the commonly accepted standard of a reserve for unexpired risks on December 31st equal to 40 per cent. of the premiums, and they exclude also any interest earnings left in the departmental accounts. In the case of marine insurance, the company's own practice has been followed, except that interest earnings when left in the account have been deducted from underwriting profits. From the sum of the departmental profits thus obtained has been deducted the balance of items shown direct in the profit and loss accounts and properly appertaining to the business as a whole.

Column (4) shows the contribution to net trading surplus from the operations of the life, annuity and sinking fund accounts. The profits in these departments are not merely, as in the case of fire, accident and marine

Company.	Total Premium Income (excluding Life, Annuity, and Sinking Fund).	Underwriting Profits.				Dividend Position.			Reserve Position.	
		Net Trading Surplus after deducting charges direct to Profit and Loss Account (excluding Life, Annuity, and Sinking Fund).	Ratio of Net Trading Surplus to Premiums.	Contribution to Net Trading Surplus from Life, Annuity, and Sinking Fund.	Total Net Trading Surplus.	Net Interest Earnings after deducting Debenture Interest and Preference Dividends.	Cost of Dividend on Ordinary Shares.	Proportion of Dividend met by Interest Earnings.	Funds (excluding Life, Annuity, and Sinking Fund), including all other reserve funds but excluding outstanding liabilities and share capital.	Ratio—Funds to Premium Income.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Alliance	3,773,404	247,020	6.5	22,390	247,020	355,160	488,250	73	6,823,494	181
Atlas	2,819,228	91,783	3.3	39,181	114,173	140,715	176,000	80	3,420,826	121
Caledonian	1,415,821	8,209	.6	83,088	47,390	96,703	105,109	92	2,065,702	146
Commercial Union	16,151,601	172,882	1.1		255,970	958,857	1,139,948	84	18,864,246	117
Eagle Star and British Dominions	3,005,002	87,431	2.9	97,518	10,087	128,931	125,473	103	3,015,032	100
Employers' Liability	7,430,057	7,929	.1	55,588	7,929	298,327	298,199	100	5,636,251	76
General Accident	7,385,288	7,625	.1	44,860	63,213	257,245	189,874	135	4,285,498	58
Guardian	2,061,446	27,317	1.3		72,177	166,275	172,595	96	3,227,414	157
Liverpool and London and Globe	10,751,346	96,466	.9	23,000	119,466	498,912	560,092	89	9,989,774	93
London Assurance	2,614,508	66,052	2.5	12,500	53,552	270,507	217,367	124	3,961,813	152
London and Lancashire	6,850,691	395,885	5.8	35,191	431,076	525,184	577,740	91	9,791,241	143
North British and Mercantile	5,784,060	278,648	4.8	422,046	700,694	496,360	493,060	101	11,799,489	204
Northern	4,802,083	73,201	1.5	130,000	203,201	207,831	266,728	78	5,718,145	119
Norwich Union	4,117,738	71,269	1.7		71,269	186,724	213,018	88	3,062,623	74
Pearl	664,568	17,563	2.6	543,692	561,255	26,238	530,050	5	1,588,630	239
Phoenix	7,590,662	27,409	.4	75,000	47,591	502,870	545,213	92	9,413,454	124
Prudential	1,664,981	63,510	3.8	3,350	60,160	110,405	66,667	166	4,252,025	255
Royal	13,201,775	388,801	2.9	40,000	428,801	1,355,518	1,421,101	95	15,675,998	119
Royal Exchange	3,599,835	67,641	1.9	38,894	106,535	199,410	198,162	101	4,050,456	113
Scottish Union & National	1,889,440	21,451	1.1		21,451	160,762	151,125	106	2,878,679	152
Son	4,472,922	114,361	2.6		114,361	251,770	250,762	100	6,093,464	136
Yorkshire	2,917,955	25,606	.9	9,610	35,216	125,871	135,779	93	3,427,531	117
Totals	114,944,401	1,996,275	1.7	1,669,208	3,665,483	7,320,575	8,322,312	88	139,041,785	121

insurance, the balance of the premiums remaining after deducting claims, expenses and reserve for unexpired risk. The process here involves a complete actuarial valuation of the existing contracts and a comparison between their present value and the value of the assets comprising the fund. In most cases this valuation is made every five years, but some offices make a triennial and others an annual valuation. It follows therefore that the absence of a contribution in 1930 from these sources merely means that no periodical valuation was due to be made last year. The actual contributions in some cases represent three or five years' profits, and in others one-third or one-fifth of the total valuation profits, where the company's practice is to credit an equal amount each year to profit and loss account.

(2) The Dividend Position.

Insurance companies are by nature conservative institutions, and this traditional characteristic is strongly reflected in their dividend policy. As a general rule, the net trading surplus is left to augment reserves, and companies seek to limit dividends to an amount which can be met out of interest earnings. The practice has much to commend it, since undesirable fluctuations in dividends are thereby avoided, and increases are conditioned by the expansion of the premium income.

(3) The Reserve Position.

The reserves, excluding for this purpose those belonging to the life department, are made up of a number of different items. The first line of defence is the departmental unexpired risk reserves supplemented by any additional reserves left in the departmental accounts.

Year.	Total Premium Income ex Life and Sinking Fund.	Underwriting Profits.		Dividend Position.			Reserve Position.	
		Net Trading Surplus ex Life and Sinking Fund.		Total Net Interest Earnings.	Cost of Ordinary Share Dividend.	Proportion of Dividend Met Out of Interest Earnings.	Funds (excluding Life, Annuity and Sinking Fund) including all General Reserve Funds, but excluding outstanding Liabilities and Share Capital.	Ratio—Funds to Premium Income.
		Amount.	Percentage of Premium Income.					
1926	£ 114,837,122	£ 3,347,358	2.9	£ 6,466,932	£ 6,949,787	93	£ ...	% ...
1927	117,497,744	3,662,059	3.1	6,698,877	7,438,554	90	...	...
1928	119,033,070	4,784,189	4.0	7,021,928	7,963,381	88	135,288,563	114
1929	119,734,910	2,851,132	2.4	7,368,926	8,219,274	90	138,843,244	116
1930	114,944,401	1,996,275	1.7	7,320,575	8,322,312	88	139,041,785	121

LIFE ASSURANCE.

FEATURES OF THE YEAR 1930.

In spite of the steady deepening of the trade depression throughout the whole of last year, the volume of new life policies effected has shown an increased rate of growth. This is perhaps the most striking feature of the year. For whereas trade conditions have left their mark on the fire and accident departments in the shape of reduced premiums, and a tendency towards higher claims, the life offices have been quick to point the moral and turn the situation to their advantage. Continued depreciation of Stock Exchange securities has gradually reduced confidence in that medium of investment to a low ebb, and in these circumstances the stability and strength of British Life Offices have shone forth in added contrast. Again, the necessity of taking some steps to restore losses suffered by depreciation has furnished an additional motive for effecting a life policy. Other factors which have played a part have been the automatically increased value of the rebate of income tax following from the imposition of a higher standard rate of tax, the higher death duties, and the cumulative effect of the ceaseless propaganda carried out by the offices themselves. A filip has been provided by the development of a new type of policy supplying a greatly increased measure of protection for the family man at a very small extra outlay. The benefits offered vary with different offices, but, in general, conform to the general plan of a whole life assurance for, say, £1,000, coupled with an annual payment of £120, commencing on death within the first twenty years and continuing until the end of that period. Thus, in the event of premature death just

Next there are the general and special reserves appearing in the balance sheet, and the profit and loss account balance and, lastly, the share capital. The catastrophe hazard inherent in insurance requires the constant building up of reserves commensurate with expansion of premium income, and the relation between the two is a valuable criterion of financial strength. The ideal position is generally considered to have been reached when total resources, apart from share capital, are equal to one year's premium income. The figures in columns (9) and (10) indicate that this exacting standard has now in many cases been surpassed.

In order to facilitate comparison with previous years, the following summary has been added, showing the aggregate figures for each of the past five years. Reference to this composite table brings out clearly the unfavourable features of 1930, namely, a reduced premium income and a smaller trading surplus. The 1930 net trading surplus of 1.7 per cent. of the premiums is the smallest of any in the last five years, and this low rate illustrates the narrow margin between profit and loss. The smaller premium income is reflected in lower interest earnings, and the reduction in the latter has meant that a larger proportion of trading surplus has been drawn upon to meet dividend payments. Although the circumstance is largely due to the reduced premiums, it is, nevertheless, satisfactory to observe the general improvement in the reserve position last year. We may conclude this preliminary analysis with the feeling that, though 1930 has been less favourable than earlier years, the comparison is with a period of abnormal prosperity.

when the need is greatest, the dependents will have an income of approximately £170 per annum instead of a mere £50 per annum as would be the case but for the additional income benefit.

The larger new business of 1930 has been achieved in spite of the cessation of surtax single-premium policies, which though relatively few in number have artificially inflated the business of those offices which have catered for this class of business. This question of surtax policies is referred to in greater detail in an article dealing with single-premium business.

In the management of the invested funds, the year 1930 has provided a succession of anxious problems. Declining industrial profits, political instability, and the slump in commodity prices all over the world led to heavy Stock Exchange depreciation in many classes of security. The only really bright spot was the progressive cheapening of money reflected in a 10 per cent. rise in British Government securities during the year.

NEW BUSINESS.

FIGURES relating to the volume of new business transacted are published annually in the Board of Trade Returns, and from these the following table has been compiled:—

Year.	Aggregate Net New Sum Assured under New Policies.	Increase or Decrease per cent. compared with Preceding Year.	Year.	Aggregate Net New Sum Assured under New Policies.	Increase or Decrease per cent. compared with Preceding Year.
1919	131 millions	+ 79.5	1925	130 millions	+ 4.8
1920	146 "	+ 11.5	1926	129 "	- .8
1921	109 "	- 25.3	1927	148 "	+ 14.7
1922	106 "	- 2.8	1928	160 "	+ 8.1
1923	112 "	+ 5.7	1929	162 "	+ 1.2
1924	124 "	+ 10.7			

July 11, 1931.]

The foregoing figures carry the position up to the year 1929 and the table which follows shows the 1930 total for a number of representative offices, both individually and in the aggregate:—

NEW NEW BUSINESS.	1929.		1930.	
	No. of Policies.	Sum Assured.	No. of Policies.	Sum Assured.
Mutual Offices—				
Equitable	2,823	965,264	2,127	974,550
London and Scottish	2,875	1,645,844	2,783	1,846,728
Friends' Provident and Century	2,051	2,927,508	2,206	3,126,514
London Life and Metropolitan	681	333,606	697	358,871
Marine and General	709	899,535	767	806,975
National Mutual	2,089	1,215,234	2,707	1,639,337
National Provident	12,896	1,991,265	21,270	4,037,534
Norwich Union	17,643	1,235,527	1,659	2,297,457
Provident Mutual	1,484	1,530,047	1,642	1,450,570
Scottish Amicable	1,867	3,098,580	1,759	2,891,393
Scottish Equitable	3,688	1,221,840	5,175	1,122,311
Scottish Provident	1,888	2,899,759	5,175	3,492,000
Scottish Temperance	4,498	2,899,759	4,478	3,141,200
Scottish Widows	4,548	2,899,759	5,292	3,079,723
Standard	5,239	3,335,080		
United Kingdom	64,569	33,901,420	68,203	35,571,110
Proprietary Offices—				
Colonial, Medical and General	2,111	1,700,842	2,313	1,913,711
Equity and Law	469	1,846,345	554	1,867,878
Grantham	5,738	2,240,389	5,276	2,225,511
Scottish Life	1,319	1,539,441	1,289	1,161,741
Sun Life	21,165	16,014,342	20,663	13,323,524
Industrial-cum-Ordinary Offices—				
Britannic	30,792	22,941,339	30,095	20,492,365
Co-operative	15,347	2,514,360	15,728	2,518,217
Imperial	12,236	1,233,900	12,517	1,314,006
Imperial	40,308	11,682,887	40,062	10,377,395
Imperial	1,295	620,700	1,328	590,500
Imperial	1,295	17,606,949	77,581	17,728,892
Imperial	80,532	6,479,796	49,951	6,481,784
Imperial	80,454	1,149,558	7,316	1,108,030
Imperial	7,918			
Imperial	208,090	41,258,150	204,483	40,078,824
Composite Offices—				
Abolitioners and General	2,915	790,288	2,822	738,661
Alliance	4,503	3,027,438	4,682	3,210,646
Atlas	5,233	3,919,560	5,104	4,243,948
British Equitable	874	516,325	1,067	508,154
British General	1,101	482,131	2,247	1,568,915
Caledonian	1,913	1,381,265	8,030	4,385,556
Commercial Union	7,440	3,975,945	2,104	2,352,501
Imperial	3,348	2,613,125	1,790	1,523,404
Imperial	2,959	1,985,540	1,790	1,523,404
Imperial	1,989	1,332,770	2,800	1,646,429
Imperial	1,989	2,161,004	2,800	1,646,429
Imperial	3,198	2,161,004	2,800	1,646,429
Imperial	14,820	7,953,864	16,801	11,532,705
Imperial	3,364	1,715,731	3,356	1,903,289
Imperial				

	1929.		1930.	
	No. of Policies.	Sum Assured.	No. of Policies.	Sum Assured.
Composite Offices (continued)—				
London and Scottish	1,400	778,634	1,438	825,157
London Assurance	2,268	1,978,853	2,609	2,055,975
North British and Mercantile	2,830	4,020,453	8,532	4,105,329
Northern	1,771	950,586	2,027	1,227,116
Phoenix	3,965	2,965,530	3,998	2,934,512
Royal	6,123	3,699,593	6,124	3,825,842
Royal Exchange	5,934	2,273,907	4,131	2,501,132
Scottish Union and National	3,165	2,085,022	3,256	2,225,538
Yorkshire	2,737	1,570,160	2,825	1,653,048
Total of British Offices	87,840	52,177,825	97,318,947	57,318,947
Domestic Offices—				
Australian Mutual Provident	360,489	150,278,734		153,461,246
Canada Life	28,457	14,951,065	21,231	10,527,962
Manufacturers' Life	28,457	28,234,702		21,233,456
National Mutual of Australasia	37,534	18,393,962	34,356	16,398,371
Southern Life	19,995	9,868,350†	20,980	9,207,023†
Sun Life of Canada	4,870	2,710,276	6,075	3,405,481
Total	161,391	134,476,262	175,682	145,002,492
Total		208,654,617		205,769,285

* Figures relate to period 21st November 1929 to 31st December 1930.

† Gross Figures.

It will be observed that the aggregate total of British offices for 1930 shows an increase of 2.1 per cent. over the 1929 figure. Of the individual groups of offices, the composite companies make the best showing with an increase of 10 per cent., while in the case of the mutual offices the increase is 5 per cent. The 1930 totals, both of the proprietary life offices and of the industrial-cum-ordinary company life offices are lower than those of 1929, but the decline is more apparent than real. In each case the aggregate results are weighted by one large office, the Sun Life in the former group and the Pearl in the latter. These companies, and more particularly the Sun Life, have been affected by the cessation of policies offered for super tax saving purposes by way of single premiums. Among the mutual companies the largest increases are shown by the Provident Mutual, the Scottish Widows and the Standard, while in the composite group the continued expansion of the Legal and General is outstanding, though the Northern has achieved a considerably larger total.

Commercial Union Assurance



HEAD OFFICE:
24 CORNHILL, LONDON, E.C.3

INSURANCES of Every Description

TOTAL ASSETS (INCLUDING LIFE FUNDS)
AT 31st DECEMBER, 1930, EXCEEDED

£60,000,000

Head Office:
18, LINCOLN'S INN FIELDS, W.C.2.
Established 1844 Funds £8,300,0 0

	1913.	1928.	1929.	1930.
Law Union and Rock	£ 4 4 7	£ 4 13 8	£ 4 15 6	£ 4 10 9
Legal and General	4 15 0	4 11 6	4 17 7	4 17 0
Liverpool and London and Globe	3 16 6	4 11 6	4 10 5	4 13 6
London and Scottish	4 2 8	4 12 6	4 13 5	4 11 11
London Assurance	3 19 8	4 15 0	4 15 2	4 12 7
North British and Mercantile	4 5 2	4 10 9	4 12 9	4 12 8
Northern	3 14 0	4 9 1	4 9 4	4 8 9
Phoenix	4 1 10	4 12 7	4 15 6	4 13 8
Royal	3 18 8	4 8 0	4 8 5	4 5 6
Royal Exchange	4 0 11	5 0 5	5 0 0	5 0 0
Scottish Union and National	4 0 10	4 7 10	4 9 0	4 8 4
Yorkshire	4 3 10	4 17 11	4 16 1	4 11 10
Average of British Offices	£ 4 1 3	£ 4 14 2	£ 4 15 0	£ 4 13 0
Dominion Offices—				
Australian Mutual Provident	4 12 3	5 13 7	5 10 3	5 9 1
Canada Life	5 11 3	5 17 3	5 17 10	5 15 11
Manufacturers' Life	4 18 3	5 14 1	5 8 11	5 9 10
National Mutual of Australasia	4 18 3	5 14 1	5 8 11	5 9 10
Southern Life	6 7 8	6 3 6	6 5 11	...

* Adjusted figures. Reversionary Securities are assumed to earn 6 per cent. net.

The figures in the table exhibit the greatly increased importance of the interest factor in total profits since 1913. In that year the margin over 3 per cent. was for the whole group of offices £1 1s. 8d. per cent., whereas in 1930 the margin amounted to £1 14s. 6d. per cent., an increase of 60 per cent. For the first time for some years the rate of earnings has declined, from £4 16s. 2d. per cent. in 1929 to £4 14s. 6d. per cent. in 1930. This decline is, of course, due to the rise in the standard rate of income tax from 4s. to 4s. 6d. in the £, but since this rise of itself might have been expected to reduce the net interest rate by some 2s. 6d. per cent., it seems clear that there has been some small increase in the gross earnings. The range from the lowest to the highest interest earnings of individual British offices as shown in our table is very wide. The lowest rate shown is £4 4s. 4d. per cent. and the highest £5 5s. 8d. per cent., and there are several instances of rates under 4½ per cent. and over 5 per cent. Having regard to the recent establishment of British Government long-term securities on a definitely lower yield basis, to the gradual lowering of interest rate on first-class mortgages, and to the general expectation of cheap money, it seems likely that no further improvement in interest earnings can be anticipated. If the average rate of interest is maintained a little longer at its present level it will probably be by reason of a lessening of the extreme spread now prevailing between individual offices, though the immediate effect of depreciation on foreign Government bonds and on industrial fixed-interest stocks may possibly defer the general tendency.

LIFE OFFICE INVESTMENTS.

Events of the past two years have severely tested the financial strength of British life offices, for 1929 was responsible for heavy depreciation in all the stock exchanges of the world, and 1930, though it had its bright spots, was little better. The progressive deterioration in the economic position of certain European and South American countries, and, amongst the Dominions, of Australia, has been reflected in continuous depreciation of their respective securities. At home the weekly traffic losses of the group railways has been accompanied by a steady fall in the price of the prior charge stocks as well as by a slump in the ordinary stocks; while the deepening of the trade depression was responsible for a general collapse in industrial ordinary shares. Certain offices have substantial interests in Australia, in home rail prior-charge stocks, and in foreign Government bonds, and probably all have suffered losses of varying degree from investments in these classes; and those offices which pursue a more aggressive policy have experienced the added depreciation from ordinary shareholdings. The only important source of appreciation last year lay in the 10 per cent. rise in British Government securities, which, in fact, more than recovered the whole of the ground lost in 1929. The average investment in British Government securities is still appreciable—some 17 per cent.—and to this is due the fact that, in spite of everything, certain companies were able to report a net gain in capital values last year.

We have been accustomed to publish a table in this section showing the investments classified under four broad divisions:—(1) mortgages and loans; (2) British Government securities; (3) other Stock Exchange

securities; (4) properties, reversionary investments and miscellaneous assets. In the circumstances the importance of more complete information in regard to Stock Exchange securities is obvious, and the constitution of this group has, therefore, been shown in greater detail in the table which follows.

The table clearly illustrates the great divergence of view on investment policy. In the form in which the figures are now presented, the first group—mortgages and loans—is the largest; and, taking the mutual offices by way of example, the proportion of total assets so invested ranges from 12 per cent. to 45 per cent. Again, the percentage invested in British Government securities varies among the mutual offices from 6 per cent. to 33 per cent. The table illustrates also the extent of the interest now taken in ordinary shares, for the average percentage in this type of investment is now 5.4 per cent. (in the mutual office group it is 8.1 per cent.). Moreover, it is not confined to one or two offices. In the mutual office group, comprising fifteen companies, five have invested upwards of 11 per cent. of their funds in this way, and four other companies between 5 per cent. and 10 per cent. of their funds.

Office.	Mortgages and Loans on Policies.	British Government Securities.	Indian, Colonial and Foreign Government Securities.	British Municipal and County Stocks.	Indian, Colonial and Foreign Municipal and County Stocks.	Debenture Stocks.	Preference and Guaranteed Stocks.	Ordinary Stocks.	Reversionary Investments, Properties, and Other Assets.
Mutual Offices.	%	%	%	%	%	%	%	%	%
Equitable	27.3	10.9	10.0	1.5	2.6	13.6	5.3	3.3	25.0
Friends' Provident	44.6	6.3	9.4	0.2	3.2	11.7	3.9	11.9	8.8
London Life and Marine	36.3	11.9	12.2	1.2	2.8	12.4	10.9	5.4	6.9
Marine and General	16.6	15.2	16.6	3.5	6.5	26.5	9.4	4.0	1.7
National Mutual	12.1	15.8	6.0	...	0.3	20.6	17.2	19.2	11.4
National Provident	39.9	18.0	6.2	3.2	2.8	14.5	2.8	18.3	10.2
Norwich Union	44.4	7.2	8.1	0.6	3.8	18.4	16.3	14.8	7.8
Provident Mutual	12.1	10.6	15.3	0.9	1.3	19.9	20.9	9.6	5.1
Scottish Amicable	17.4	16.7	8.1	1.1	1.3	19.9	20.9	9.6	5.1
Scottish Equitable	17.5	21.6	11.5	4.8	4.8	18.7	6.6	5.1	7.4
Scottish Provident	14.9	19.9	12.9	0.8	4.8	17.0	13.4	11.5	4.8
Scottish Temperance	38.3	5.9	5.2	2.4	4.3	14.8	10.3	3.5	15.3
Scottish Widows	13.4	32.7	10.5	2.2	1.9	20.3	10.8	4.0	4.5
Standard	16.8	20.1	7.2	0.5	2.5	27.4	11.9	9.2	6.3
United Kingdom	20.0	17.9	13.7	1.4	4.7	14.5	9.6	2.0	16.2
Proprietary Offices.									
Clerical, Medical and General	46.0	7.4	12.7	...	1.8	9.7	0.3	3.9	18.2
Equity and Law	61.6	8.6	4.0	0.7	0.9	4.5	2.2	0.4	17.1
Grainham	19.2	20.2	18.2	0.2	5.2	17.3	2.8	4.5	12.4
Scottish Life	20.2	16.4	9.5	0.9	2.9	26.9	14.5	3.5	5.2
Sun Life	32.6	8.7	18.6	3.0	6.7	24.7	0.9	0.1	4.5
Industrial-cum-Ordinary Offices.									
Britannic	19.3	17.6	15.7	5.2	5.6	12.8	8.8	10.6	4.4
Pearl	8.7	36.7	19.9	3.7	5.5	9.8	5.5	3.9	8.3
Provident Association	58.7	6.7	19.3	2.6	5.9	3.4	0.1	0.3	3.0
Prudential	18.4	22.9	8.5	2.5	3.2	15.8	8.4	12.7	7.6
Refuge	23.5	21.6	7.0	2.5	2.6	24.6	10.6	2.9	4.7
Wesleyan and General	33.5	26.8	9.0	5.1	2.6	11.8	5.1	...	6.1
Composite Offices.									
Alliance	46.7	7.5	10.3	1.6	3.4	14.2	6.5	3.5	6.3
Atlas	15.3	8.8	22.0	0.9	8.3	25.9	7.8	6.0	5.0
British Equitable	14.9	14.4	11.3	3.6	6.5	17.3	6.4	2.5	24.1
Caledonian	24.3	12.2	9.7	...	4.9	20.6	7.1	11.6	9.7
Commercial Union	36.8	37.8	4.9	2.7	2.1	12.3	2.1	0.5	1.8
Eagle Star & British	37.7	28.9	3.3	1.4	2.3	8.7	4.8	3.3	9.8
Dominions	50.2	15.3	4.4	2.6	0.7	14.6	4.7	1.8	6.9
Guardian	37.6	37.3	8.4	1.9	1.0	7.6	3.6	3.8	10.9
Law Union and Rock	52.9	6.3	3.1	0.4	1.4	6.1	3.1	3.6	23.1
Legal and General	32.8	22.7	3.4	2.2	2.6	15.3	1.0	1.7	18.3
London Assurance	36.3	21.9	9.6	2.2	4.5	14.4	3.8	1.5	6.8
North British and Mercantile	29.2	11.5	14.8	2.5	6.1	19.9	7.4	1.1	7.6
Phoenix	15.9	22.1	10.8	1.0	2.8	26.4	6.4	1.3	13.3
Royal Exchange	33.0	18.2	8.9	1.7	3.5	15.8	6.0	3.1	11.0
Average of all offices	29.3	16.9	10.6	1.9	3.6	16.0	7.0	5.2	9.6

VALUATION RESULTS.

This review of life assurance during 1930 is concluded with a detailed analysis of the results of valuations made last year by those offices which were due to conduct these periodical investigations. The process of a valuation consists in comparing the actuarial present value of the liabilities represented by the policies in force with the value of the assets comprising the funds. The difference is the surplus available for distribution to the policyholders in the form of reversionary bonus. In the case of mutual offices the whole of this surplus belongs to the members, the with-profits policyholders. In the case of proprietary companies, usually 90 per cent. belongs to the policyholders and 10 per cent. to the shareholders, though, in some few instances, the basis of division is 95 per cent. and 5 per cent. Others, again, have an arrangement whereby the with-profits fund belongs wholly

to the policyholders, the shareholders taking the profits on the without-profits fund and annuities, while a further variation is sometimes encountered where the shareholders take a certain percentage of the premium income. In the analyses which follow the exact basis of division is everywhere indicated.

In order to facilitate reference and comparison, analysis of the results has been made on a uniform method. In-vestment profits and losses, to the extent to which these are shown in the revenue accounts for each year, have been extracted and are shown separately from interest profit, be termed the trading surplus arising from interest profit, from favourable mortality, and from economical administration. The distinction in these times is obviously important, though, owing to official reticence on the subject of investment profits and losses, it is seldom possible to make it. Transfers to reserve and to staff pension funds, where these are shown either in the accounts or in the valuation report, have been treated as allocations from profits.

The results themselves indicate in nearly every case increased trading surpluses, and in most cases higher rates of bonus. Bearing in mind the review already made of the various factors involved, it is probable that the increased surpluses are mostly indicative of still greater prosperity, but, from the published figures, it is not easy to determine how much of the increase is due to mere expansion in the business, and how much to improved profit-earning capacity.

	1929.	1930.
Britannic.	£	£
Ordinary Branch—		
Surplus earned during year	289,602	300,332
Brought forward from previous year	96,073	117,306
	385,675	417,638
Allocations—		
To Bonuses to policyholders	201,130	219,058
Shareholders (10 per cent. of surplus)	22,239	24,182
Investment reserve fund	45,000	40,000
Carried forward to next year	117,306	134,398
	385,675	417,638

	1929.	1930.
Industrial Branch—		
Surplus earned during year	423,525	493,708
Brought forward from previous year	104,750	113,275
	528,275	606,983
Allocations—		
To Bonuses to policyholders	50,000	70,000
Shareholders' account	200,000	210,000
Staff pension fund	90,000	110,000
Investment reserve fund	75,000	75,000
Written off cost of British Legal	113,275	141,983
Carried forward to next year	528,275	606,983

The Ordinary Branch with-profits policyholders will receive the same rate of reversionary bonus as before, namely, 42s. per cent. on the sums assured. The whole of the Industrial Branch surplus belongs to the shareholders, but two years ago the Board conceded voluntarily to the with-profits policyholders a small share. The 1930 share is increased to £70,000 (out of a total surplus of £494,000) and is to be utilised for increasing the sums payable on claims by death or maturity during the current year.

	1929.	1930.
London Life.		
Reduction of Premium Fund—		
Surplus earned during year	164,551	174,323
Investment profits realised	77,393	74,805
Brought forward from previous year	34,076	31,999
	276,020	281,127
Allocations—		
To Strengthening of valuation reserves	33,693	32,690
Provision for increase in rates of reduction of premium	129,060	90,364
Investment reserve fund	77,687	38,400
Written off investments	3,581	100,856
Staff superannuation fund	31,999	18,817
Carried forward to next year	276,020	281,127
Reversionary Bonus Fund—		
Surplus earned during year	166,438	148,877
Investment profits realised	23,013	24,263
Brought forward from previous year	20,438	27,648
	209,889	201,388

THE INSURE WITH LONDON ASSURANCE

All Classes of Insurance Transacted.

Head Office:
1, KING WILLIAM STREET, E.C.4.

Marine Dept.:
157, Leadenhall Street, E.C.3

Applications for Agencies invited.

Branches and Agencies throughout the world.

CLAIMS PAID

A PIONEER OF

SECURITY & SERVICE
210 YEARS OF

EXCEED £62,000,000
INSURANCE A.D. 1720

THE LATEST DEVELOPMENT IN LIFE ASSURANCE

Those things about us which are connected with our home life all reflect the march of progress. The motor-car is a wonder of mechanical invention and perfection. It is elegant, comfortable and, above all, cheap. Electric lighting has displaced gas, oil lamps or candles, and fittings are designed to diffuse a soft and efficient light. Central heating keeps the whole house warm, does the work of many fires cleanly and cheaply. Just as these things minister to our material comfort, so does Life Assurance minister to our peace of mind. Life Assurance is indispensable to the security of those we love and who depend on us. Exemplifying the latest development in Life Assurance is the Triple Benefit Policy. The benefits under this policy have been carefully planned in order to meet fully and completely the needs of the young married man. The policy provides:—A payment on death before age 65, for use in paying Death Duties and other expenses and to reorganise the home. Payments of Monthly Instalments, not subject to Income Tax, from the date of death until the expiration of 20 years from the date of the policy, and a further substantial sum at the end of that period to assist materially in meeting the living expenses of a widow and/or children; and a payment of a substantial sum if age 65 be attained as provision for Old Age. Premiums may be paid monthly by Banker's Order and the usual abatement of Income Tax may be obtained. Think of it! For a few pounds a month a man may obtain complete freedom from responsibility as to the financial position of his wife and family after his death; and, furthermore, he will find that at age 65, when the policy matures, that the cost of the Assurance cover during all the years has been provided out of interest on his premiums—i.e., he withdraws at maturity an amount about equal to his outlay.

Write for particulars, mentioning "The Economist," to:—

THE WESLEYAN & GENERAL ASSURANCE SOCIETY

Steelhouse Lane, Birmingham

Allocations—	1929.	1930.
To Bonuses to policyholders	£ 122,667	£ 134,421
„ Strengthening of valuation reserves ..	29,794	33,522
„ Written off investments	28,463	15,701
„ Investment reserve fund	1,317	1,317
„ Staff superannuation fund	27,648	17,740
„ Carried forward to next year	209,889	201,388

The London Life is a mutual society, and the profits belong exclusively to the with-profits policyholders, of which there are two classes. In the Reduction of Premiums fund the profits are allotted in the form of a reduction, after the first seven years, from the full rates of premium payable. The existing rates of reduction have been increased, as a result of the 1930 valuation, by 2 per cent., compared with 3 per cent. in each of the last few years, and now range from 138 per cent. in the oldest series to 48 per cent. in the current series. In the Reversionary Bonus fund the bonus has been maintained for 1930 at the same rate as formerly, namely, 40s. per cent. on the sums assured and existing bonuses.

Trading profits earned during year	1929.	1930.
Losses on securities	£ 149,403	£ 141,487
Brought forward from previous year	317,420	179,733
	877,524	386,016
	709,507	347,773

Allocations—	1929.	1930.
To Ordinary bonuses to policyholders	129,270	133,992
„ Centenary bonus to policyholders	162,421	18,417
„ Pension fund	18,417	5,476
„ Valuation and centenary expenses	13,380	3,000
„ Carried forward to next year	386,019	205,305
	709,507	347,773

Notwithstanding the heavy depreciation on securities during the last two years, the exceptionally large undivided surplus carried forward from previous years has enabled this Society to maintain the previous high rates of bonus. Thus for whole life assurances the reversionary bonus is 51s. per cent. compound, and for endowment assurances the rate is 45s. per cent. compound.

Ordinary Branch—	1929.	1930.
Surplus earned during year	£ 980,508	£ 1,105,580
Brought forward from previous year	113,113	76,355
	1,093,621	1,181,935
Allocations—		
To Policyholders' bonus (80 per cent. of surplus)	684,132	738,013
„ Shareholders' account (20 per cent. of surplus)	171,033	183,692
„ Investment reserve fund	135,196	150,000
„ Staff pension fund	26,905	26,274
„ Carried forward to next year	76,355	85,956
	1,093,621	1,181,935

Industrial Branch—	1929.	1930.
Surplus earned during year	£ 1,004,895	£ 1,208,679
Brought forward from previous year	96,959	117,284
	1,101,854	1,325,963

Allocations—	1929.	1930.
To Policyholders' bonus	506,671	553,850
„ Shareholders' account	340,000	360,000
„ Investment reserve fund	64,804	200,000
„ Staff pension fund	73,095	73,726
„ Carried forward to next year	117,284	138,387
	1,101,854	1,325,963

The 1930 reversionary bonus for Ordinary Branch policyholders is the same as before, viz., 40s. per cent. on the sum assured.

In common with other leading industrial companies, the Pearl inaugurated two years ago a profit-sharing scheme for the industrial policyholders. The amount appropriated for this in 1930 shows a substantial increase, and absorbs some 45 per cent. of the total surplus. The scheme takes the form of a reversionary bonus varying directly with the premiums paid. For whole life assurances effected prior to 1924 at a weekly premium of 1s. the bonus is 16s., and for endowment assurances the bonus is 12s. for corresponding policies at the same weekly premium.

Prudential.	1929.	1930.
Ordinary Branch—		
Surplus earned during year	£ 3,203,959	£ 3,355,794
Capital profits	51,490	...
Brought forward from previous year	201,743	205,913
	3,457,192	3,561,707

Allocations—	1929.	1930.
To Bonuses to policyholders (90 per cent. of surplus)	£ 2,477,808	£ 2,567,217
„ Writing off investments	500,000	500,000
„ Investment reserve fund	273,471	283,578
„ Shareholders' account (10 per cent. of surplus)	205,913	210,912
„ Carried forward to next year	3,457,192	3,561,707

Industrial Branch—	1929.	1930.
Surplus earned during year	£ 5,739,419	£ 6,156,705
Brought forward from previous year	276,572	286,570
	6,015,991	6,443,275

Allocations—	1929.	1930.
To Bonuses to policyholders	3,316,062	3,712,388
„ Writing off investments	500,000	500,000
„ Investment reserve fund	250,000	250,000
„ Common contingency fund	483,333	458,333
„ Special contingency fund	528,497	642,209
„ Bonuses to outside staff	651,529	841,422
„ Shareholders' account	286,570	288,923
„ Carried forward to next year	6,015,991	6,443,275

In the Ordinary Branch the 1930 reversionary bonus or whole life assurances has been raised from 50s. per cent. on the sum assured to 52s. per cent., while for endowment assurances the rate remains the same as before, viz., 40s. per cent. on the sum assured.

Industrial Branch policyholders have enjoyed the benefit of a definite profit-sharing scheme since 1907. The benefit of a definite profit-sharing scheme in 1930 was in excess of 60 per cent. For policies effected on or after January 1, 1923, the bonus is now on the same familiar lines as that granted to Ordinary Branch policies, namely, a reversionary addition to the sum assured whenever the matter is payable. The 1930 rate is 84s. per cent., the same as before. Under pre-1923 policies the bonus is payable only in the event of a claim arising within a period of years, now increased from 15 to 16. The actual rate varies with the duration in force.

Refuge.	1929.	1930.
Ordinary Branch—		
Surplus earned during the year	£ 1,089,490	£ 1,108,804
Brought forward from previous year	725,592	537,821
	1,815,082	1,646,625

Allocations—	1929.	1930.
To Bonuses to policyholders (90 per cent. of surplus)	£ 924,535	£ 964,691
„ Shareholders' account (10 per cent. of surplus)	102,726	107,188
„ Investment reserve fund	250,000	250,000
„ Carried forward to next year	537,821	574,746
	1,815,082	1,646,625

Industrial Branch—	1929.	1930.
Surplus earned during the year	£ 467,092	£ 481,463
Brought forward from previous year ..	44,715	49,691
	511,807	531,154

Allocations—	1929.	1930.
To Bonuses to policyholders	164,842	164,948
„ Shareholders' account	47,274	42,812
„ Investment reserve fund	250,000	250,000
„ Carried forward to next year	49,691	73,394
	511,807	531,154

A reversionary bonus of 44s. per cent. on the sums assured (the same rate as before) has been declared in the Ordinary Branch. Policyholders in the Industrial Branch were conceded for the first time in 1928 a share of the surplus. The 1930 allocations to the policyholders is practically the same amount as that for 1929, and has been utilised for the same purpose, namely, to increase the benefits under different classes of policy in order to bring them into line with the more favourable contracts now offered by the company in its current prospectus.

Standard.	1928-29.	1929-30.
Surplus earned during year	£ 363,988	£ 374,287
Surplus income transferred from guarantee fund ..	30,923	36,944
Brought forward from previous year	21,811	25,717
	416,722	436,948

Allocations—	1928-29.	1929-30.
To Bonuses to policyholders	£ 291,005	£ 308,428
„ Guarantee fund	100,000	100,000
„ Carried forward to next year	25,717	28,520
	416,722	436,948

The Standard's financial year ends on November 15th. The most recent valuation is the fourth to be made under the present system of annual valuations and distributions of bonus. Previous to that the company had valued quinquennially until 1920, and then triennially. The change

The UNITED FRIENDLY

INSURANCE COMPANY, LIMITED
42, Southwark Bridge Road,
London

are offering SPECIAL TERMS
to men of proved ability.

Departments :
Fire, Burglary, Plate Glass,
Sickness, Drivers' Risks,
House Purchase,
Endowments,
&c., &c.

E. R. BALDING, Managing Director.

Have you ever
considered that
your Life Assurance
invested at 5% may
be totally insufficient
to meet the needs of
your family ???

IF so you should see
"The Family Safeguard"

Scheme of the

BRITISH GENERAL
INSURANCE COMPANY, LIMITED.

Send for particulars

Head Office: 9 Basinghall Street, E.C.2
West End Office: 66 Haymarket, S.W.1

Managing Director :
NORMAN M. WALKER

to annual valuations was inaugurated with an increase in the reversionary bonus from 40s. per cent. simple to 42s. per cent. compound, and this rate has been maintained ever since. The company has also "mutualised" itself by the acquisition from the shareholders of their capital and participating rights in consideration of the creation of a new fixed 5 per cent. stock. The interest on this stock is covered by the interest earnings of a Guarantee Fund established for the purpose, so that in practice the whole of the life profits now belong to the policyholders.

Wesleyan and General.		1929.	1930.
Ordinary Branch.		£	£
Surplus earned during year	125,682	131,829	
Investment profits realised	25,462	13,270	
Transferred from industrial branch	18,739	21,215	
Brought forward from previous year	74,890	70,717	
	244,773	237,031	
Allocations:—			
To Bonuses to policyholders	111,256	118,290	
Investment reserve fund	41,800	30,000	
Staff pension fund	21,000	10,000	
Carried forward to next year	70,717	78,741	
	244,773	237,031	
Industrial Branch.			
Surplus earned during year	139,462	171,143	
Investment profits realised	28,452	14,817	
Brought forward from previous year	34,617	37,837	
	202,531	223,797	
Allocations:—			
To Bonuses to policyholders	56,216	63,645	
Investment reserve fund	47,000	35,000	
Staff pension fund	24,000	40,000	
Bonus to outdoor staff	18,739	21,215	
Ordinary branch	18,739	21,215	
Carried forward to next year	37,837	42,722	
	202,531	223,797	

The Wesleyan and General is the only example of an Industrial-cum-Ordinary Company operating on Mutual lines. The 1930 bonus in the Ordinary Branch is the same as before, viz., 48s. per cent. of the sums assured for whole life assurances and 42s. per cent. for endowment assurances. In the Industrial Branch the scheme of dis-

tribution in force since 1927 provides for three-fifths of the profits being allocated to the policyholders and one-fifth each to the Ordinary Branch and Outside Staff respectively. The policyholders' portion is utilised each year for the purpose of gradually waiving payment of all premiums after age 65 and so brings existing policies into line with those offered under the Society's current prospectus. In accordance with this arrangement, the premiums on all those policies entitled to share in the 1930 distribution will cease after age 71 provided 21 years' premiums have then been paid.

Caledonian.		Triennial Valuations.	
		1923-27.	1928-30.
		£	£
Trading surplus earned during period	526,935	466,032	
Profits from securities	130,000	186,000	
Brought forward	50,148	80,176	
	447,083	732,208	
Allocations:—			
To Bonuses to policyholders (90 per cent. of profits)	330,216	352,629	
Shareholders (10 per cent. of profits)	36,691	39,181	
Staff pension fund	20,000	20,000	
Strengthening of actuarial reserves	20,000	20,000	
Contingency fund	200,000	200,000	
Carried forward	80,176	100,398	
	447,083	732,208	

Hitherto the Caledonian has made a quinquennial distribution of profits. The present distribution, however, is for a period of three years and the company intends to distribute triennially in future. The reversionary bonus for the valuation period 1923-1927 was 48s. per cent. per annum on the sums assured. For this first triennial period the same rate has been declared for endowment assurance policies, while the rate for whole-life assurances has been raised to 50s. per cent. per annum. In thus differentiating between the two classes of policy the Company has followed the practice of a number of other offices and has given practical recognition to the superior bonus-earning power, under present circumstances, of whole-life policies.

July 11, 1931.]

Life Association of Scotland.		Apr. 6, 1924- Apr. 6, 1927.	Apr. 7, 1927- Dec. 31, 1930.
		£	£
Surplus earned during valuation period	375,738	585,944	
Profits from securities	24,563	...	
Brought forward from previous valuation period	142,772	147,767	
	543,073	733,711	
Allocations:—			
To Bonuses to policyholders (90 per cent. of profits)	337,176	499,402	
Shareholders (10 per cent. of profits)	38,130	50,000	
Staff pension fund	20,000	30,000	
Carried forward to next triennium	147,767	154,309	
	543,073	733,711	

For the triennium now concluded a reversionary bonus at the rate of 44s. per cent. per annum of the sums assured has been declared, compared with 42s. per cent. per annum for the preceding valuation period.

National Provident Institution.		Nov. 21, 1923- Nov. 20, 1927.	Nov. 21, 1927- Dec. 31, 1930.
		£	£
Trading profits earned during valuation period	1,105,267	1,571,345	
Capital profits taken credit for during period	...	126,013	
Brought forward from previous valuation period	392,261	162,617	
	1,497,528	1,859,975	
Allocations:—			
To Bonuses to policyholders	964,608	1,249,714	
Reserve for interim bonus	103,225	160,000	
Staff superannuation fund	20,000	58,000	
Carried forward to next period	409,695	392,261	
	1,497,528	1,859,975	

The Institution has no shareholders and is conducted on "mutual" principles. This is another company which has abandoned quinquennial distributions in favour of triennial distributions. In addition, the financial year of triennial distributions. In addition, the financial year has been altered to coincide with the calendar year, so that the valuation period covers slightly more than three years. The profits are allocated in the form of reversionary bonuses calculated on the sum assured and the following table exhibits a comparison of the rates now declared with those for the preceding quinquennium.

Annual Rates of Reversionary Bonus.		1927 Valuation.		1930 Valuation.	
		50/- %	60/- %	50/- %	60/- %
Whole life assurances	Duration 15 years or less.	39/- %	49/- %	39/- %	49/- %
Endowment assurances—	Age at maturity 50	43/- %	53/- %	43/- %	53/- %
	" " 55	48/- %	58/- %	48/- %	58/- %
	" " 60	53/- %	63/- %	53/- %	63/- %
	" " 65	58/- %	68/- %	58/- %	68/- %
	Plus 5/- % payable on survival only.	Plus 10/- % payable on survival only.			

Quinquennial Valuations

Equitable.		1922-26.	1927-30.
		£	£
Trading surplus earned during valuation period	670,412	543,226	
Investment profits realised	53,790	14,603	
Brought forward	160,000	215,517	
	884,202	773,346	
Allocations:—			
To Bonuses to policyholders	651,510	605,996	
General reserve fund	17,175	...	
Carried forward	215,517	167,350	
	884,202	773,346	

Although the above figures relate to the results of the valuation on a net premium of 2½ per cent. basis, the Society has decided henceforward to abandon this method and in the future to conduct valuations on an experience basis. This is an important innovation which has much to commend it and the decision has given rise to a good deal of discussion in actuarial circles. The new basis (a valuation on which has been made and is published along with the results of the old method) utilises for mortality with the Eastern Counties Rural Districts table founded on the 1921 Census, a rate of interest of 4 per cent., and a provision for future expenses approximately equal to the present expense ratio. Further, and this is really the crux of the new method, specific provision for future bonuses as a liability will be made and included in the total liabilities.

With regard to the bonuses now declared, these are at varying rates for whole-life assurances and range from

THE MERCANTILE & GENERAL INSURANCE COMPANY, LIMITED.

**Reinsurance only—
Home and Foreign**
by Treaty and/or Facultatively.

**FIRE. LIFE.
ACCIDENT. MARINE.**

Net Premium Income for 1930, £937,081
Investments and Cash at Bankers on 31st December, 1930, exceeded £1,000,000.

**25-31, MOORGATE,
LONDON, E.C.2.**

Accident Manager: CARLTON HALL.
Secretary: H. P. HEWITT.
General Manager: FREDK. C. POOK.

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY

Founded 1826.

At the latest Division of Profits on 31st December, 1930, the Bonus Additions to participating Policies ranged from
£2 2 6% to £5 17 6% per annum
and the reserves for future profits were further strengthened.

Head Office:
35, ST. VINCENT PLACE, GLASGOW.

London Office:
17, TOKENHOUSE YARD, E.C.2.

EAGLE STAR BRITISH DOMINIONS INSURANCE COMPANY LIMITED

*The Independent and
Progressive Office for
All Classes of
Insurance.*

**FIRE — LIFE — MARINE
ACCIDENT — MOTOR
INDEMNITY — ENGINEERING**
RISKS RATED ON THEIR MERITS.

Head Office:
No. 1 Threadneedle Street, E.C.2.

ASSETS EXCEED £22,000,000

Royal London

Mutual Insurance Society, Ltd.

Founded 1861.

A Strictly Mutual Office transacting Assurance
business at the lowest possible rates consistent
with prudence and safety.

ASSETS EXCEED
£24,000,000
Mutual Life Assurance
Ordinary and Industrial.

Fire, Accident, Motor,
and General Insurance.

For prospectuses and particulars apply:

Head Office:

**ROYAL LONDON HOUSE,
FINSBURY SQUARE, LONDON, E.C.2.**

City Office:

Queen's Buildings, 52, Queen Victoria Street, E.C.4.

APPLICATIONS FOR AGENCIES INVITED.

ALFRED SKEGGS, F.C.I.I., MANAGING DIRECTOR.

32s. 6d. per cent. per annum on the sums assured to over £10 per cent. For endowment assurances the reversionary bonus is 32s. 6d. per cent. per annum (calculated on the sum assured and existing bonuses) plus a further 15s. per cent. per annum of the sum assured payable only on survival of the endowment assurance term. At the 1926 valuation the bonuses ranged from 30s. per cent. to £8½ per cent. for whole life assurances, while for endowment assurances the ordinary compound bonus of 30s. per cent. was supplemented by a further 15s. per cent. of the sum assured payable only on survival.

	1921-25.	1926-30.
Surplus earned during quinquennium	£ 528,165	£ 870,840
Brought forward from previous quinquennium	31,226	191,823
Allocations—	559,391	1,062,663
To Bonuses to policyholders	308,800	578,402
„ Shareholders	58,768	96,350
„ Strengthening of actuarial reserves	...	282,000
„ Carried forward to next quinquennium	191,823	106,911
	559,391	1,063,663

This statement shows the true trading surplus, but since the published figure represents the balance after adding £282,000 to internal reserves. The shareholders' rights are based on the published figures and are rather more than usually favourable since they take 20 per cent. of profits from pre-1911 policies and 10 per cent. from post-1910 policies. The rate of reversionary bonus for the with-profits policyholders has been raised from 40s. per cent. per annum (calculated on the sum assured and existing bonuses) to 45s. per cent. per annum—and is obviously well within the disclosed earnings.

	1923-25.	1926-30.
Trading surplus earned during period	£ 1,224,313	£ 3,205,479
Investment profits brought into account	...	26,436
Brought forward	37,148	54,880
	1,261,461	3,286,795

	1923-25.	1926-30.
Allocations—	£	£
To Bonuses to policyholders	1,125,241	2,739,235
„ Shareholders	81,340	422,046
„ Carried forward	54,880	125,514
	1,261,461	3,286,795

The foregoing figures are indicative of the rapid expansion of the Company's business. For the quinquennium now ended the rate of reversionary bonus is 40s. per cent. per annum (calculated on the sum assured and existing bonuses), compared with 36s. per cent. per annum for the preceding valuation period.

The with-profits policyholders are entitled to 90 per cent. of the profits of the life assurance fund, while the shareholders take the remaining 10 per cent. as well as the whole of the annuity fund and sinking fund profits. Thus, of the above sum of £422,046 allocated to shareholders, £304,359 was derived from the life assurance fund.

	1921-25.	1926-30.
Trading surplus earned during valuation period—	£	£
With profits fund	19,072	717,878
Non profits fund	131,319	125,448
Annuity fund	7,476	53,097
Investment profits taken credit for during valuation period—		
With profits fund	267,497	17,960
Non profits fund	55,085	7,281
Annuity fund	44,460	...
Brought forward	15,957	87,280
	540,866	1,008,944

	1923-25.	1926-30.
Allocations—	£	£
To Bonuses to policyholders	278,586	665,542
„ Shareholders—		
From non-profits fund	125,000	100,000
From annuity fund	50,000	25,000
„ Investment reserve—		
Non-profits fund	...	25,000
Annuity fund	...	15,000
„ Carried forward	87,280	178,402
	540,866	1,008,944

A.M.P.

THE BIGGEST BRITISH
MUTUAL LIFE OFFICE
Funds: £83,000,000

LONDON BOARD:
Sir H. SEYMOUR KING, K.C.I.E. (Chairman)
The Rt. Hon. LORD HUNSDON
The Rt. Hon. LORD BALFOUR OF BURLEIGH
The Rt. Hon. LORD FORSTER, P.C., G.C.M.G.
The Rt. Hon. EARL JELlicoe, G.C.B., O.M., G.C.V.O.

★ The London Board Issues
Policies and Settles Claims
in British Currency.

AUSTRALIAN MUTUAL PROVIDENT SOCIETY

(Established in Australia in 1849)
London Office: 73-76, KING WILLIAM STREET, E.C.4. MANAGER FOR THE UNITED KINGDOM: D. E. WALKER

MUNICH REINSURANCE COMPANY OF MUNICH

Münchener Rückversicherungs-Gesellschaft.

On the 30th of June, 1930, the resources of the Company were:

Capital fully subscribed	RM 20,007,500
General Reserves	„ 15,200,000
Premium- and Loss-Reserves	„ 237,359,969
Carry-forward to new account	„ 144,724

Total: RM 272,712,193

A reversionary bonus for the quinquennium 1926-1930 has been declared at the rate of 50s. per cent. per annum on the sums assured (compared with 55s. per cent. per annum for the preceding valuation period), but the interim bonus for the quinquennium now current has been limited to 45s. per cent. The results of the previous valuation in so far as they relate to the with-profits fund are for a period of two years only and are therefore not comparable with those for the quinquennial period now under review. The shareholders have no interest in the profits of the with-profits fund and derive their portion from the whole of the profits of the non-profits fund and of the annuity fund.

	1921-25.	1926-30.
Surplus earned during quinquennium	£ 2,787,769	£ 4,526,338
Profit or loss on securities	37,361	-338,334
Brought forward from previous quinquennium	21,087	254,385
	2,846,217	4,442,389
Allocations—	£	£
To Bonuses to policyholders	2,591,832	3,991,370
„ Carried forward to next quinquennium	254,385	451,019
	2,846,217	4,442,389

The surplus, the whole of which belongs to the with-profits policyholders, is distributed in the form of a reversionary bonus at rates varying according to age at entry, to duration, and to class of policy, and exact comparison with the bonuses declared five years previously is difficult. It is stated, however, in the report that the actual rates now declared work out on the average at between 10 per cent. and 15 per cent. greater than the 1925 rates. For whole-life policies the rates range from 54s. per cent. per annum to 95s. per cent. per annum (calculated on the sums assured) and for endowment from 38s. per cent. to 60s. per cent.

	1921-25.	1926-30.
Phoenix.	£	£
Trading surplus earned during quinquennium	700,424	1,046,734
Investment profits taken credit for in quinquennium	137,820	98,011
Brought forward from previous quinquennium	84,370	128,045
	922,614	1,272,790
Allocations—	£	£
To Bonuses to policyholders	589,569	864,933
„ Shareholders	155,000	200,000
„ Staff pension fund	50,000	26,492
„ Carried forward to next quinquennium	128,045	181,365
	922,614	1,272,790

The whole of the profits in the with-profits fund belong to the with-profits policyholders, and the shareholders' interest is confined to the non-profits fund and the annuity fund.

In its 1930 distribution the company has adopted the practice of declaring a higher rate of bonus to whole-life policies, the rate for this class being 50s. per cent. per annum of the sum assured, compared with 46s. per cent. per annum for endowment assurances. The rate of bonus declared at the 1925 valuation was 45s. per cent. per annum for all classes of policy.

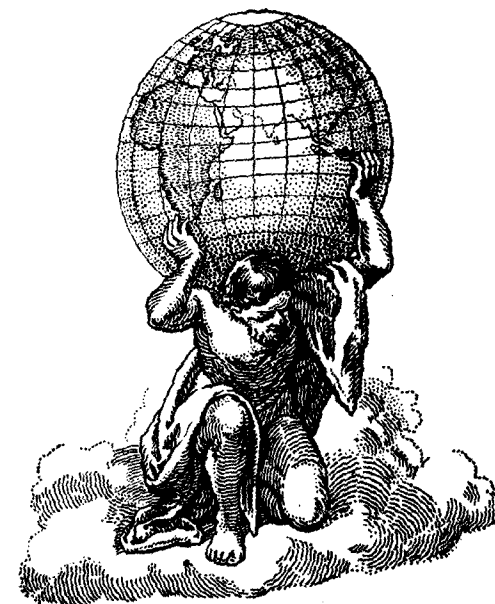
	1921-25.	1926-30.
Royal Exchange.	£	£
Surplus earned during quinquennium :—	702,366	1,327,783
Life assurance fund	41,243	52,250
Annuity fund	51,984	127,027
Brought forward from previous quinquennium	795,593	1,507,060
	551,888	895,909
Allocations—	£	£
To Bonuses to Policyholders	75,435	130,755
„ Shareholders' account :—		
Life assurance fund (10 per cent. of profits)	41,243	52,250
Annuity fund (100 per cent. of profits)	...	250,000
Bonus equalisation fund	127,027	178,146
Carried forward to next quinquennium	795,593	1,507,060

ATLAS

ASSURANCE CO. LTD.

HEAD OFFICE: 92, OHEAPSIDE, LONDON, E.O. 2.

ESTABLISHED 1808.



INSURANCE BUSINESS OF
EVERY KIND TRANSACTED.

ESTABLISHED 1809

NORTH BRITISH & MERCANTILE INSURANCE COMPANY LIMITED

FIRE
LIFE
ANNUITIES
ACCIDENT
BURGLARY
MOTOR
MARINE

AND OTHER CLASSES OF INSURANCE

Total Funds - £40,328,000
Total Income - £10,187,400

CHIEF OFFICES:

LONDON
61, Threadneedle
Street, E.C.2

EDINBURGH
64, Prince Street

The reversionary bonus for the five years ended December 31, 1930, is at the rate of 40s. per cent. per annum of the sums assured and existing bonuses and compares with 35s. per cent. per annum for the preceding five years. As the figures indicate this is a conservative distribution and absorbs only two-thirds of the profits available.

	1921-25.	1926-30.
Surplus earned during quinquennium	978,257	1,144,498
Brought forward from previous quinquennium	101,443	189,024
	1,079,700	1,333,522
Allocations—		
To Bonuses to policyholders	790,676	1,071,836
General reserve	100,000	100,000
Carried forward to next quinquennium	189,024	161,686
	1,079,700	1,333,522

On this occasion the valuation has been made on a 2½ per cent. interest basis, instead of 3 per cent. as hitherto. The amount required so to strengthen the reserves is not disclosed, but it is clear that the real undistributed balance of trading surplus is appreciably greater than appears from the published figures.

The reversionary bonus has been raised from 40s. per cent. per annum (calculated on the sums assured and existing bonuses) to 42s. 6d. per cent. per annum.

The Society is a mutual office with no shareholders.

	1921-25.	1926-30.
Trading surplus during quinquennium	606,404	861,455
Profits from securities realised	23,712	...
Brought forward from previous quinquennium	11,550	25,376
	641,666	886,831
Allocations—		
To Bonuses to policyholders (95 per cent. of profits)	560,837	769,057
Strengthening of actuarial reserves	25,935	28,313
Shareholders (5 per cent. of profits)	29,518	40,471
Staff pension fund	...	17,000
Carried forward to next quinquennium	25,376	31,990
	641,666	886,831

REFUGE ASSURANCE CO. LTD.

ESTABLISHED 1864

Chief Office:
OXFORD STREET
MANCHESTER

ANNUAL INCOME EXCEEDS
£11,000,000
ASSETS EXCEED
£49,000,000
CLAIMS PAID EXCEED
£66,000,000

For the five years 1926-1930 the Company has declared a reversionary bonus at the rate of 48s. per cent. per annum of the sum assured. This rate compares with 43s. per cent. per annum declared five years previously.

FIRE INSURANCE.

From an underwriting point of view the year 1930 may be regarded with some degree of satisfaction; for the detailed figures set out in the table opposite show that the aggregate rate of profit for 23 of the principal companies works out at 5.8 per cent. of the premiums, and compares with 6.2 per cent. of the premiums, and adverse trading conditions and falling commodity prices usually combine to increase moral hazard, and this factor no doubt operated adversely on claims costs last year. So far as this country is concerned, statistics of fire wastage compiled and published by the *Times* indicate an actual reduction from £11,784,000 in 1929 to £9,016,000 in 1930, but the reverse has been true in the United States and Canada (whence upwards of 50 per cent. of total premiums are derived). In U.S.A. the cost of fires is estimated to have increased from \$421,704,000 in 1929 to \$464,116,000 in 1930, a difference of 10 per cent.

The disturbing feature of 1930 has been the pronounced, and almost universal decline in premium incomes. Falling commodity prices, with the concomitant of reduced volume of production, and of movement of goods, have, of course, rendered a falling off inevitable; though it is probable that this has been accentuated in certain directions by manufacturers seeking economies at the expense of their insurance cover. Some compensation for this fall in premiums has been automatically derived from the release from underwriting reserves of 40 per cent. of the reduction in premiums, but approximately half of this advantage has been offset by higher commission and expenses. For the purpose of comparing the aggregate results with those of former years, a supplementary table has been added above showing the total results in each of the past five years from 1926.

FIRE.

Company.		Claims.		Commission.		Expenses.		Reserve for Unexpired Risk 40% of Increase in Premium Income.		Profit.		Premiums.
		Amount.	Per-centage of Pre-miums.	Amount.	Per-centage of Pre-miums.	Amount.	Per-centage of Pre-miums.	Amount.	Per-centage of Pre-miums.	Amount.	Per-centage of Pre-miums.	
Alliance	1929	851,032	41.3	327,048	15.9	543,569	26.4	6,812	0.3	331,548	16.1	2,059,609
	1930	832,868	40.7	332,486	16.2	561,469	27.4	5,455	0.2	324,793	15.9	2,046,171
Atlas	1929	1,168,846	50.1	542,409	23.2	449,414	19.3	23,190	1.0	194,090	8.3	2,551,569
	1930	1,084,197	49.9	503,983	23.2	453,830	20.9	63,356	2.9	194,625	8.9	2,173,179
Caledonian	1929	510,758	22.1	181,866	20.8	201,486	24.0	1,547	0.1	13,356	1.5	862,212
	1930	452,453	22.1	195,330	22.5	206,620	25.0	1,644	0.5	13,362	1.4	823,685
Century	1929	172,822	34.8	66,779	20.7	86,828	25.3	7,522	2.2	19,012	5.5	342,488
	1930	187,560	50.5	79,590	23.2	2,048,676	26.8	46,821	0.6	306,823	4.0	1,640,967
Commercial Union	1929	5,861,971	54.8	1,376,916	18.0	1,969,387	29.0	346,660	5.1	195,374	2.9	986,324
	1930	3,712,346	54.8	1,243,889	18.4	1,969,387	21.9	2,576	0.5	13,409	1.6	867,803
Eagle Star and British Dominions	1929	531,505	53.9	199,776	20.2	215,891	24.9	12,100	2.8	4,639	1.1	438,810
	1930	510,205	58.8	175,706	20.8	71,430	26.3	2,185	0.4	27,385	6.3	433,348
Employers' Liability	1929	259,103	59.0	77,180	17.8	88,175	28.9	4,469	1.0	23,677	2.1	1,108,845
	1930	242,793	53.9	175,601	15.8	320,419	29.8	11,003	0.7	87,235	8.1	1,081,337
Guardian	1929	597,222	37.6	167,490	15.5	125,319	19.1	6,076	0.9	79,886	12.2	656,869
	1930	615,196	47.6	118,558	18.0	131,103	21.7	20,829	1.2	260,242	5.4	4,846,322
General Accident	1929	327,330	49.8	109,304	18.1	1,275,736	26.3	59,289	1.3	266,340	5.5	4,699,244
	1930	312,954	47.8	933,320	20.0	1,221,239	26.2	58,831	1.3	17,886	1.3	1,381,230
Liverpool and London and Globe	1929	2,317,735	49.6	943,300	16.4	422,038	30.6	4,392	0.3	16,751	1.3	1,273,884
	1930	2,337,196	52.0	226,717	17.6	397,193	27.2	14,500	0.4	397,548	12.7	3,410,039
London Assurance	1929	718,981	53.3	223,418	14.5	924,105	27.9	74,500	2.5	324,132	10.1	3,223,835
	1930	679,520	48.0	496,693	16.3	896,694	23.3	20,390	1.5	56,690	18.4	1,999,904
London and Lancashire	1929	1,602,176	48.0	526,613	25.8	46,597	23.3	1,353	0.7	188,439	9.9	4,462,981
	1930	1,548,294	61.7	50,348	25.2	26,728	14.2	4,586	0.8	443,544	6.7	3,900,709
Motor Union	1929	160,769	47.3	48,625	19.6	1,068,907	24.0	34,527	0.8	23,188	0.9	2,546,697
	1930	116,321	54.7	875,714	19.6	965,871	24.8	21,050	0.8	53,515	2.3	2,333,411
North British and Mercantile	1929	2,109,343	54.7	765,712	19.0	671,325	26.4	85,314	3.7	100,333	4.6	2,179,076
	1930	1,390,256	54.5	482,974	19.7	619,028	25.4	30,576	1.4	66,248	8.2	2,076,567
Northern	1929	1,287,770	55.2	408,120	18.7	535,483	25.8	41,364	2.0	120,809	3.7	3,235,203
	1930	1,149,094	52.7	406,277	19.6	751,469	23.2	60,000	0.0	76,262	2.5	3,090,624
Norwich Union	1929	1,109,024	52.3	720,439	22.3	792,559	25.6	124,562	3.5	6,909	0.8	839,712
	1930	1,692,486	54.3	667,638	21.6	167,692	20.0	29,677	0.6	59,767	7.1	841,869
Phoenix	1929	1,678,726	56.2	177,220	20.9	160,752	19.1	44,801	1.1	562,541	8.1	6,964,621
	1930	474,207	52.8	176,281	18.3	1,749,308	25.1	150,612	2.3	446,692	6.8	6,588,990
Prudential	1929	3,335,759	47.9	1,272,212	19.4	1,662,172	23.6	4,916	0.3	75,135	4.3	1,756,189
	1930	3,353,683	50.9	1,276,155	19.8	415,571	23.2	28,299	1.7	129,095	7.7	1,685,442
Royal	1929	912,774	52.0	347,683	20.0	390,692	24.2	4,674	0.4	117,792	8.9	1,326,479
	1930	856,890	50.8	229,970	17.3	322,001	24.6	5,917	0.2	224,633	8.7	2,571,945
Royal Exchange	1929	653,111	49.2	246,962	18.8	320,732	24.2	27,528	0.9	46,612	3.5	1,311,486
	1930	701,828	48.4	387,868	15.2	728,965	29.4	1,423	0.2	74,044	6.9	1,066,377
Scottish Union and National	1929	1,244,740	50.4	376,732	13.7	268,971	25.2	16,637	1.6	93,316	9.1	1,026,185
	1930	1,249,192	54.0	146,543	14.0	265,102	25.8	14,976	...	3,330,954	6.2	63,207,531
Sea	1929	877,392	52.7	143,541	18.5	9,482,196	26.1	1,375,120	2.8	2,892,334	5.8	49,910,176
	1930	843,463	51.9	9,482,196	19.0	13,438,720	26.1	1,375,120	2.8	2,892,334	5.8	49,910,176
Yorkshire	1929	26,616,711	50.0	9,836,123	18.5	13,438,720	26.1	1,375,120	2.8	2,892,334	5.8	49,910,176
	1930	25,885,985	51.9	9,482,196	19.0	13,438,720	26.1	1,375,120	2.8	2,892,334	5.8	49,910,176
Totals	1929	25,885,985	51.9	9,482,196	19.0	13,438,720	26.1	1,375,120	2.8	2,892,334	5.8	49,910,176
	1930	25,885,985	51.9	9,482,196	19.0	13,438,720	26.1	1,375,120	2.8	2,892,334	5.8	49,910,176



THE HALL MARK OF
STERLING QUALITY IN
MUTUAL LIFE ASSURANCE

SCOTTISH WIDOWS
FUND

A LIFE POLICY THAT GROWS AFTER PAYMENTS CEASE

At the age of 30 you may obtain immediate life assurance cover for a minimum of £1,000 at little more than £30 a year.

After 20 years you make no further payments. Your policy will show Sum Assured and Bonuses £1,420. Ten years later it will amount to £1,630 and will keep increasing.

Ask for quotation at your own age.

(In the above example the present rate of Bonus and the existing Income Tax Abatement are assumed.)

BRITANNIC ASSURANCE COMPANY LIMITED

Chief Offices: (Est. 1866)
BROAD STREET CORNER, BIRMINGHAM

All classes of Life, Fire, Accident and General Insurance

NATIONAL PROVIDENT INSTITUTION

for
Mutual Life Assurance

Established 1835.

At the 1930 Distribution of Profits the
Minimum Rate of Reversionary Bonus

declared on Whole Life Full Profit policies
was no less than

THREE PER CENT.

Write for information to:

48 GRACECHURCH STREET,
LONDON, —E.C.3

FIRE.

	1926.		1927.		1928.		1929.		1930.	
	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.
Claims	26,668,443	49.4	25,102,161	46.8	25,310,549	47.3	26,616,711	50.0	25,885,985	51.9
Commission	9,415,706	17.4	9,497,781	17.7	9,516,665	17.8	9,836,122	18.5	9,482,196	19.0
Expenses	13,113,696	24.3	13,473,217	25.2	13,653,056	25.5	13,438,720	25.3	13,024,791	26.1
Reserve for Unexpired Risk 40 per cent. of Increase in Premiums	607,755	1.1	606,462	1.1	29,520	0.1	14,976	0.0	1,375,120	2.8
Profit	4,239,223	7.8	6,114,575	11.4	5,047,278	9.4	3,330,954	6.2	2,892,334	5.8
Premiums	54,044,823		53,581,272		53,498,028		53,207,531		49,910,176	

From this table it will be seen that commission has absorbed 19 per cent. of the 1930 premiums, and that the percentage has been steadily rising each year. The provisions of the tariff presumably set a limit on commission on home business, and the rise can, therefore, be attributed to the foreign business, and represents, no doubt, the cost of the concessions made to retain connections against the rising influence of native companies. The same disquieting tendency is evident in the ratio of expenses to premiums. The increased pressure of overhead charges on the lower premiums has made some increase in the ratio unavoidable; and yet with 26 per cent. of the premiums gone in expenses, the offices expose themselves to a good deal of justifiable criticism.

Reference to the detailed results of individual offices shows that, on the whole, those companies which have produced satisfactory results in past years have maintained their reputation for consistency. The Alliance, with its comparative freedom from foreign business, and a very high-class home connection, has again achieved the largest rate of profit, and the General Accident and the London and Lancashire are not far behind. Three companies, the Caledonian, the Motor Union, and the Prudential, have converted a loss in 1929 into a profit last year. The only company which realised a loss in 1930 was the Century.

MARINE INSURANCE.

Those companies which transact marine insurance only or mainly, adopt the practice of presenting their accounts in a form which indicates the results of the underwriting of two years previously. The method adopted is to keep open each year's underwriting account for two years, and thereafter to close it by a transfer to suspense account, any balance remaining being regarded as profit. So it is that the 1930 reports of those companies exhibit results for the most part of the underwriting account of the year 1929. These results for a number of representative companies are shown below, and it is satisfactory to find that in nearly every case the 1929 account yielded a better result than its predecessor. In addition to the figures relating to marine companies the results of the marine departments of a number of large composite offices are also set out in detail. It is the usual practice for the marine account of a composite office to be drawn up on the same form as for fire and accident business, so that claims are completely unrelated to the premiums. But it is clear that here, too, there has been some improvement, and also that a number of companies whose marine account had previously given rise to heavy losses and great anxiety have materially strengthened their position.

A number of factors have combined to reduce the volume of business offering, with the result that competition in an already too large market has been intensified. The trade depression, indeed, has had the double effect of reducing the volume and value of cargoes requiring cover, and also of producing an ever growing total of idle tonnage. A heavy decline in premiums, which will be more marked when the returns of the 1930 account become available, is the result. Nevertheless, it is believed that, although hull business has been unsatisfactory, cargo business has produced a profit. London, moreover, has been able to maintain her position as the leading market. As always, the security afforded in London is unquestionable, and the security factor has been given added importance by the failure during 1930 of certain Continental companies with substantial marine accounts.

Office.	Account.	Premiums.	Claims and Suspense.	Expenses.	Surplus or Deficit.
British and Foreign	1925	489,382	343,807	92,018	5,560
	1926	469,493	366,979	96,482	6,038
	1927	602,387	385,100	93,182	24,134
	1928	611,729	481,141	99,239	51,349
	1929	650,408	436,184	96,222	20,028
Indemnity	1925	613,170	811,621	32,106	Def. 20,228
	1926	611,616	714,929	31,647	Def. 136,469
	1927	630,100	897,984	32,116	None
	1928	458,016	424,511	33,505	None
	1929	378,231	348,312	29,919	None
Merchants	1925	335,857	388,656	43,644	Def. 89,742
	1926	328,939	472,049	41,301	Def. 187,111
	1927	396,295	533,169	38,902	Def. 174,778
	1928	367,999	325,872	42,128	Def. 40,800
	1929	285,659	272,988	43,370	Def. 89,600
Ocean	1925	393,048	362,760	30,288	30,000
	1926	435,227	376,309	33,918	26,000
	1927	418,262	359,442	34,718	36,000
	1928	406,428	336,710	36,128	58,000
	1929	334,580	284,482	39,463	40,878
Sea	1925	431,854	351,723	36,938	11,133
	1926	417,617	369,547	39,290	32,146
	1927	483,716	412,280	43,585	32,481
	1928	541,721	465,855	42,781	34,843
	1929	614,650	537,027		

Office.	Premiums.	Claims.	Expenses.
British Dominions—			
1925	824,939	469,420	78,741
1926	668,386	529,370	89,308
1927	735,644	646,281	90,338
1928	791,343	730,600	90,708
1929	638,814	643,131	90,228
1930	481,194	474,806	78,990
	3,837,240	3,491,878	538,997
		-91.8%	-13.5%

Office.	Premiums.	Claims.	Expenses.
Commercial Union—			
1925	496,881	288,112	80,862
1926	560,181	329,427	89,265
1927	591,086	376,588	100,618
1928	636,926	369,237	110,956
1929	684,887	404,853	129,152
1930	698,828	319,700	140,191
	3,668,789	2,087,927	551,042
		-56.9%	-17.7%
Liverpool and London and Globe—			
1925	356,666	278,933	42,509
1926	313,796	325,489	42,817
1927	368,501	291,615	43,703
1928	411,072	324,920	44,006
1929	401,947	330,376	41,785
1930	356,212	307,404	38,024
	2,208,194	1,858,737	252,845
		-84.2%	-11.5%
London and Lancashire—			
1925	1,133,404	845,148	164,691
1926	1,194,205	948,756	152,582
1927	1,322,455	1,024,850	168,866
1928	1,475,945	1,074,396	177,069
1929	1,469,096	1,053,016	191,653
1930	1,268,516	995,057	174,848
	7,943,621	5,941,223	1,029,719
		-74.8%	-13.0%
Royal Exchange—			
1925	639,867	573,846	88,252
1926	734,720	686,099	87,174
1927	651,496	827,746	92,415
1928	683,808	689,507	83,644
1929	743,507	610,721	89,361
1930	652,893	602,438	91,133
	4,006,291	3,990,357	531,979
		-99.6%	-13.3%

ACCIDENT INSURANCE.

INCLUDING ACCIDENT, EMPLOYERS' LIABILITY AND MISCELLANEOUS.

Personal accident business has a limited appeal, and the premium income is small. Although the aggregate figures indicate a small increase in the rate of profit, from 5.8 per cent. to 6.2 per cent., the total is weighted by the extraordinarily fine profit of 32.7 per cent. earned by the Eagle Star and British Dominions. This result, it may be noted, is due as much to low commission cost (10.6 per cent.) compared with an average of 21 per cent. and moderate expenses, as to favourable claims experience. The premium income for employers' liability business, the figures for which relate to home business, has been

reasonably well maintained in view of its close relation to pay rolls. The rate of profit pursues an unexciting course, and is stabilised at around 10 per cent. as a result of the Home Office agreement. Under this agreement commission is limited to 10 per cent., and the account is managed in order to show a claims ratio of 62½ per cent., any difference above or below this figure being made the subject of an adjustment in the succeeding year's premium.

In the Miscellaneous section the premium income shows a small increase. Although the figures include American "casualty" business, which has suffered a heavy fall in premiums, they include a number of miscellaneous forms of insurance, which still afford chances of increased revenue, and the exploitation of these new fields has counteracted the fall in other directions. In one important respect 1930 has yielded a substantial increase in premiums, namely, motor-car insurance. The provisions of Part II. of the Road Traffic Act, 1930, which came into force on January 1, 1931, virtually compelled motor-vehicle owners to effect insurance policies to cover their third-party liabilities. The bulk of the new policies came from motor-cycle owners who were notoriously an under-insured class. The effect on underwriting of these provisions of the new Act will not, of course, be seen until the 1931 results are available. The aggregate underwriting results of 1930 have been coloured by the poor underwriting of only 2.7 per cent. is a poor return for the anxieties of managing so large a premium revenue as £53 millions.

The meagre profit yielded by the miscellaneous section in recent years is exhibited in the following summary table:—

Year.	Premium Income.	Underwriting Profit.	
		Amount.	Percentage of Premiums.
1925	44,954,285	1,677,820	3.7
1926	47,507,426	1,520,341	3.2
1927	50,580,499	1,142,985	2.3
1928	52,416,470	2,194,102	4.2
1929	52,315,029	1,873,650	3.6
1930	53,078,687	1,409,390	2.7

FAMILY FIRST

£1,000 WITH PROFITS At Death
AND
£200 per Year

during a definite period

FOR AN ANNUAL PAYMENT

OF

£30 . 2 . 6 . at Age 25
or **£33 . 10 . 10 . at Age 30**
or **£38 . 16 . 8 . at Age 35**
or **£46 . 9 . 2 . at Age 40**

□ □ □

Larger or Smaller Amounts at
Proportionate Payments

□ □ □

PEARL ASSURANCE CO., LTD.

Chief Offices:

HIGH HOLBORN, LONDON, W.C.1.

PEARL POLICY

EXCEPTIONALLY LOW RATES

FOR

WITHOUT-PROFIT POLICIES

Annual Premiums to assure £100 at Death.
Sum assured not less than

Age next birthday.	£500	£5,000	£10,000
25	1 7 6	1 6 10	1 6 2
30	1 11 8	1 10 10	1 10 1
35	1 17 4	1 16 5	1 15 6
40	2 5 0	2 4 0	2 3 0
45	2 14 8	2 13 8	2 12 8
50	3 7 4	3 6 4	3 5 4
55	4 3 8	4 2 8	4 1 8
60	5 6 6	5 5 6	5 4 6

Equally favourable rates for Endowment Assurances
Liberal Surrender Values are allowed after payment of
two years' Premiums and are guaranteed in the Policy

UNITED KINGDOM
PROVIDENT INSTITUTION
196, Strand, London, W.C.2.

Funds: £19,000,000.

Chairman: The Rt. Hon. WALTER RUNCIMAN

London & Manchester

Assurance Company, Ltd.

ESTABLISHED 1869.

CHIEF OFFICE:

50, FINSBURY SQUARE, LONDON, E.C.2.

YEARLY INCOME

£3,000,000

FUNDS EXCEED

£11,000,000

ORDINARY AND INDUSTRIAL BUSINESS
TRANSACTION.

LIFE AND ENDOWMENT ASSURANCES
AND ANNUITIES.

FIRE & GENERAL BUSINESS (except Marine).

CLAIMS PAID

£12,000,000

PROMPT SETTLEMENTS.

AMPLE SECURITY FOR POLICYHOLDERS.

EMPLOYERS' LIABILITY.

Company.		Claims.		Commission.		Expenses.		Reserve for Unexpired Risk 40% of Increase in Premium Income.		Profit.		Premiums.
		Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	
Alliance.....	1929	111,305	49.2	20,180	8.9	51,387	23.6	13,708	6.1	27,579	12.2	226,159
	1930	113,389	52.7	20,676	9.6	53,209	24.7	12,962	5.9	40,676	18.9	214,991
Caledonian.....	1929	24,881	60.1	3,980	9.6	11,042	26.7	1,323	3.2	178	0.4	41,004
	1930	21,658	49.9	4,099	9.4	12,142	27.9	5,268	12.2	279	0.6	43,446
Marble Star and British Dominions.....	1929	110,600	58.2	20,970	11.0	45,501	24.0	12,113	6.4	742	0.3	189,926
	1930	126,768	66.3	21,217	11.1	43,234	22.6	1,184	- 6	1,092	0.6	191,127
Liverpool and London and Globe.....	1929	87,868	50.4	15,903	9.1	47,170	27.0	3,298	1.9	20,142	11.6	174,381
	1930	90,305	54.3	15,021	9.0	44,887	27.0	10,202	6.1	26,239	15.8	166,280
London Assurance.....	1929	26,993	55.2	3,790	7.8	13,533	27.7	5,450	11.2	10,006	20.5	48,872
	1930	22,202	47.7	3,538	8.4	14,339	30.8	2,903	6.2	8,983	19.3	46,569
Motor Union.....	1929	15,419	29.8	5,537	10.7	14,638	28.3	1,074	2.2	14,932	29.0	51,658
	1930	22,964	45.4	5,249	10.4	14,984	29.6	950	1.9	8,353	16.5	50,600
Norwich Union.....	1929	149,128	59.2	23,276	9.2	74,361	29.6	12,372	- 2	17,682	7.0	250,075
	1930	151,885	60.6	22,766	9.1	71,948	28.7	386	- 2	14,480	1.8	250,693
Phoenix.....	1929	88,644	58.3	12,128	8.0	47,095	31.0	12,000	7.9	16,082	10.6	151,949
	1930	89,191	56.8	11,136	7.1	49,433	31.5	1,500	1.0	8,846	5.6	157,106
Prudential.....	1929	42,806	45.6	8,933	9.2	26,002	26.7	14,601	15.6	1,774	1.9	93,534
	1930	44,067	45.3	8,164	8.7	26,489	28.2	421	- 5	17,790	18.3	97,213
Royal.....	1929	194,378	52.1	35,637	9.6	95,006	24.9	8,000	2.2	58,844	15.8	373,027
	1930	206,254	54.2	36,668	9.6	95,006	24.9	10,754	2.8	32,236	8.5	380,818
Scottish Union and National.....	1929	23,921	44.1	5,407	10.0	16,271	30.5	4,429	8.2	4,172	7.7	54,200
	1930	27,717	51.0	5,152	9.5	16,572	30.5	401	- 8	4,467	8.2	54,309
Sun.....	1929	81,967	55.7	13,839	9.4	38,637	26.3	7,276	4.9	5,504	3.7	147,223
	1930	85,173	57.7	13,874	9.4	37,640	25.5	7,731	5.2	18,637	12.6	147,593
Totals.....	1929	957,910	53.1	168,811	9.4	480,292	26.6	19,998	1.1	177,697	9.8	1,804,708
	1930	1,001,573	55.6	168,629	9.4	479,396	26.6	20,974	1.2	172,080	9.6	1,800,704

ACCIDENT.

Company.		Claims.		Commission.		Expenses.		Unexpired Risk Reserve 40% of Increase in Premiums.		Profit.		Premiums.
		Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	
Alliance.....	1929	21,549	50.4	11,316	26.5	7,453	17.4	2,411	5.7	12	...	42,717
	1930	20,816	50.9	9,834	24.1	7,214	17.4	437	1.1	2,487	6.0	40,884
Caledonian.....	1929	2,586	41.0	899	14.2	1,727	27.6	260	4.1	839	13.3	6,311
	1930	2,625	36.0	1,046	14.9	1,933	27.6	273	3.9	1,241	17.7	7,018
Marble Star and British Dominions.....	1929	68,093	43.7	14,530	9.3	24,819	15.9	11,985	7.7	36,470	23.4	155,897
	1930	60,976	46.1	14,042	10.6	21,389	16.2	7,363	5.6	43,228	32.7	132,288
Liverpool and London and Globe.....	1929	141,404	52.6	72,580	27.0	51,040	19.0	2,767	- 4	900	- 4	268,891
	1930	139,639	56.4	69,141	27.8	48,140	19.4	11,467	1.0	2,248	1.0	247,488
London Assurance.....	1929	8,682	59.6	2,510	18.9	4,030	27.7	846	4.4	1,110	7.6	14,338
	1930	11,556	68.2	3,194	18.8	5,090	30.0	733	4.3	3,618	21.5	16,965
Motor Union.....	1929	13,039	32.7	5,690	16.8	12,893	32.3	632	1.6	6,646	16.6	39,900
	1930	17,864	47.6	5,463	14.6	12,893	32.3	948	2.5	5,608	14.9	37,529
Norwich Union.....	1929	68,600	52.7	23,496	18.1	33,693	26.8	2,139	1.6	2,287	1.8	130,215
	1930	67,555	53.0	22,664	17.7	33,089	26.8	3,783	3.0	582	- 4	127,373
Phoenix.....	1929	92,015	55.9	31,126	18.9	37,720	22.9	...	...	3,625	2.2	164,486
	1930	93,448	53.6	33,360	19.1	40,912	23.6	5,833	3.2	1,003	- 6	174,446
Royal.....	1929	117,074	53.2	53,324	24.2	44,167	20.1	4,800	1.3	7,263	2.2	218,991
	1930	118,444	51.1	56,544	24.4	47,162	20.3	3,388	1.0	7,263	3.2	231,793
Scottish Union and National.....	1929	12,929	50.7	4,950	18.5	6,016	23.6	1,678	6.8	982	3.7	25,525
	1930	13,161	49.0	4,350	16.2	6,713	26.0	788	2.9	1,830	6.6	26,651
Sun.....	1929	17,084	34.6	10,378	21.0	9,488	19.2	2,844	8.8	9,869	19.4	49,360
	1930	21,774	40.8	10,720	20.1	10,614	19.9	4,426	8.3	5,831	10.9	53,365
Totals.....	1929	563,055	50.4	230,599	20.6	233,043	20.9	25,988	2.3	64,966	5.8	1,117,651
	1930	567,758	51.8	230,257	21.0	232,799	21.2	21,191	2.2	67,687	6.2	1,096,280

MISCELLANEOUS.

Company.		Claims.		Commission.		Expenses.		Unexpired Risk Reserve 40% of Increase in Premiums.		Profit.		Premiums.
		Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.	
Alliance.....	1929	490,067	51.1	153,313	16.0	181,211	18.9	69,014	7.2	65,266	6.8	958,660
	1930	501,361	53.6	149,719	16.0	193,424	20.6	8,400	- 9	101,788	10.8	937,889
Atlas.....	1929	231,427	49.6	65,242	14.0	122,776	26.3	28,049	6.0	19,445	4.1	466,940
	1930	247,421	51.6	66,265	13.8	124,806	26.0	4,480	1.0	36,398	7.6	478,089
Caledonian.....	1929	182,375	49.2	89,097	24.0	68,269	18.4	21,642	8.8	9,122	2.6	370,505
	1930	195,553	53.0	89,349	24.2	70,288	19.0	494	- 1	14,577	3.9	369,370
Century.....	1929	142,096	54.2	48,136	18.4	58,887	26.3	646	- 2	2,136	- 9	261,799
	1930	126,020	47.5	48,700	18.3	53,708	27.8	15,242	5.7	1,765	- 7	266,422
Commercial Union.....	1929	5,081,758	57.8	1,647,613	18.8	1,891,657	21.6	9,218	- 1	185,336	1.8	8,785,583
	1930	5,178,022	59.8	1,667,063	19.3	1,869,792	21.6	50,880	- 7	5,670	...	8,689,487
Marble Star and British Dominions.....	1929	616,958	50.2	242,660	19.8	292,643	23.6	36,019	2.9	40,341	3.3	1,222,521
	1930	668,494	49.4	263,403	19.8	316,518	23.6	61,836	3.1	52,899	5.9	1,332,410
Employers' Liability.....	1929	4,316,374	62.9	950,687	13.7	1,267,287	18.5	59,940	1.0	266,603	3.9	6,860,887
	1930	4,372,068	66.2	1,196,675	18.1	981,681	14.9	102,894	1.6	186,167	2.4	6,860,887
Guardian.....	1929	376,256	47.2	136,730	17.1	210,058	26.3	28,449	- 1	1,197	- 1	798,312
	1930	403,033	52.0	129,404	16.7	226,943	29.1	9,197	1.1	26,137	3.3	798,312
General Accident.....	1929	4,068,330	58.4	1,377,601	19.9	893,818	12.8	377,466	- 4	244,267	3.6	6,964,023
	1930	4,117,710	61.4	1,327,717	19.8	966,710	14.4	28,282	- 4	323,619	4.8	6,707,994
Liverpool and London and Globe.....	1929	3,136,737	57.8	1,081,315	19.9	903,949	16.7	159,041	2.9	146,632	2.7	6,427,094
	1930	3,151,937	59.7	1,066,031	20.2	900,339	17.1	228,803	4.3	64,968	- 1.5	6,427,094
London Assurance.....	1929	210,636	58.2	64,041	17.7	100,086	27.7	42,624	11.8	58,676	- 15.4	361,711
	1930	222,878	67.4	59,547	18.0	99,675	30.2	11,328	- 3.4	40,314	- 12.2	330,461
London and Lancashire.....	1929	1,374,326	56.0	435,409	17.7	617,713	21.1	7,500	- 3	120,788	4.9	2,455,736
	1930	1,363,078	57.4	431,583	18.3	627,482	22.4	36,000	- 1.7	86,199	3.6	2,368,341
Motor Union.....	1929	1,037,539	61.2	348,510	20.5	291,364	17.2	26,272	1.5	8,199	- 8	1,698,794
	1930	953,011	60.1	320,917	20.2	315,075	19.9	43,390	2.7	5,961	- 4	1,668,633
North British and Mercantile (Railway Passengers).....	1929	605,465	50.2	197,544	16.4	273,472	22.7	32,052	2.7	96,613	2.8	1,208,146
	1930	670,863	47.6	198,441	16.6	289,098	24.1	27,288	2.3	112,480	8.0	1,198,170
Northern.....	1929	768,476	47.9	267,340	16.6	371,578	23.2	45,447	2.8	152,566	9.6	1,606,408
	1930	778,476	47.9	267,680	16.4	394,382	24.2	47,402	2.9	136,567	8.6	1,627,477
Norwich Union.....	1929	856,250	56.0	275,820	18.0	294,920	19.3	42,182	2.7	61,373	4.0	1,430,114
	1930	898,229	60.1	263,870	17.6	291,649	19.6	14,634	1.9	86,614	3.9	1,443,228
Phoenix.....	1929	2,101,041	58.0	712,288	19.7	758,619	21.4	21,000	- 6	34,321	- 9	3,635,228
	1930	2,078,683	60.1	682,807	19.7	739,619	21.4	71,810	- 2.1	30,390	- 9	3,635,228
Prudential.....	1929	201,104	44.2	86,747	19.0	101,511	22.3	49,391	1	18,269	- 8	656,022
	1930	300,626	49.8	122,998	20.4	126,601	20.9	69,666	9.6	8,717	- 9	604,074
Royal.....	1929	2,748,467	64.8	914,316	18.2	1,083,030	21.6	25,903	- 5	292,817	5.8	6,012,737
	1930	2,836,642	66.4	947,814	18.8	1,066,218	21.2	8,359	- 8	272,893	3.4	6,035,683
Royal Exchange.....	1929	627,224	49.1	221,729	17.4	274,888	21.5	110,580	8.7	41,482	3.2	1,278,833
	1930	668,871	52.2	219,608	17.4	285,021	22.6	58,913	4.7	38,387	3.1	1,281,620
Scottish Union and National.....	1929	79,863	48.3	22,393	13.5	42,954	26.9	9,714	5.9	10,616	6.4	168,460
	1930	75,834	44.6	21,216	13.8	46,818	27.8	1,333	- 8	22,440	13.4	1,116,598
Sun.....	1929	617,729	55.3	201,326	18.0	207,660	18.6	14,437	1.7	75,666	6.2	1,194,943
	1930	662,411	64.6	218,672	18.3	229,619	22.4	31,747	2.7	62,794	6.8	1,194,943
Yorkshire.....	1929	746,934	64.0	238,533	17.3	312,042	22.6	56,217	- 4	28,919	2.1	1,348,010
	1930	761,292	66.5	235,812	17.5	313,363	23.4	12,266	- 9	49,919	- 9	1,348,010
Totals.....	1929	29,581,493	56.8	9,429,470	18.0	10,255,885	19.6	1,194,923	2.3	1,873,660	3.6	62,316,089
	1930	31,094,816	58.6	9,396,669	18.8	10,446,778	19.7	132,246	- 2	1,408,380	2.7	63,078,687

BARCLAYS BANK

LIMITED.

Head Office - - 54, Lombard Street, London, E.C.3;

and over 2,100 Branches in England and Wales, and Agents and
Correspondents in all the principal towns throughout the World.

FREDERICK CRAUFURD GOODENOUGH, Esq., Chairman.
Sir HERBERT HAMBLING, Bart., Deputy-Chairman.
WILLIAM FAVILL TUKE, Esq., Vice-Chairman.

GENERAL MANAGERS:

EDWIN FISHER. HENRY THOMAS MITCHELL.
ANTHONY WILLIAM TUKE. NORMAN SHILLINGFORD JONES.
FOREIGN GENERAL MANAGER: WALTER OSBORNE STEVENSON.

Authorised Capital	£20,000,000
Issued and Paid-up Capital... ..	£15,858,217
Reserve Fund	£10,250,000
Deposits, etc. (30th June, 1931)	£342,450,383

EXECUTORSHIPS AND TRUSTEESHIPS UNDERTAKEN.

EVERY DESCRIPTION OF BRITISH AND FOREIGN BANKING BUSINESS TRANSACTED.

FOREIGN BRANCHES:

CHIEF FOREIGN BRANCH: 168, Fenchurch Street, London, E.C.3.

WEST END (LONDON): LIVERPOOL: BRADFORD: MANCHESTER: BIRMINGHAM:
1, Pall Mall East, S.W.1 45, Castle Street. 13, Market Street. 94, Portland Street. 63, Colmore Row.

Affiliated Banks:

BARCLAYS BANK (DOMINION, COLONIAL AND
OVERSEAS). Head Office: 54, Lombard Street,
London, E.C.3.
BARCLAYS BANK (CANADA): Montreal and Toronto.
BARCLAYS BANK (FRANCE), LIMITED. Chief Office:
Paris. Branches in France and Algeria.

BARCLAYS BANK S.A.L.: Rome and Genoa.
THE BRITISH LINEN BANK. Head Office: Edinburgh.
206 Branches in Scotland.
THE UNION BANK OF MANCHESTER LIMITED.
Head Office: Manchester. 168 Branches in Lancashire,
Cheshire and the West Riding of Yorkshire.



Hambros Bank Limited.

41. Bishopsgate,
London E.C.2.

The Economist Banking Supplement

A SURVEY OF BRITISH AND FOREIGN BANKING

Vol. CXIII.]

SATURDAY, OCTOBER 10, 1931.

[No. 4,598.]

CONTENTS.

	PAGE
British Banking and the Crisis	4
The Macmillan Report in Retrospect.....	6
The Niemeyer Report on New Zealand.....	7
British Bank Shares	8
American Banking Developments.....	9
The Banking Position in France.....	10
The Banking Crisis in Germany	12
Central European Banking.....	13
The Australian Banking Year	14
Banking in Canada	16
Indian Banking.....	18
Irish Free State Banking	20
South African Banking	21
Colonial Joint Stock Banks with London Offices.....	22

DOMINION BANKS WITH OFFICES IN LONDON.

(1) IRISH FREE STATE BANKS.		Commercial Banking Company of Sydney, Ltd.	32
Bank of Ireland	24	English, Scottish, and Australian Bank, Ltd.	32
Hibernian Bank, Limited	24	National Bank of Australasia, Ltd.	35
Munster and Leinster Bank, Ltd.	24	National Bank of New Zealand, Ltd.	36
National Bank, Limited	25	Queensland National Bank, Ltd.	35
Provincial Bank of Ireland, Ltd.	25	Union Bank of Australia, Ltd.	36
Royal Bank of Ireland	25		
(2) AFRICAN BANKS.		(4) CANADIAN BANKS.	
Barclays Bank (Dominion, Colonial, and Overseas)	26	Bank of Montreal	36
Bank of British West Africa, Ltd.	26	Bank of Nova Scotia	39
Standard Bank of S. Africa, Ltd.	26	Canadian Bank of Commerce	39
Netherlands Bank of S. Africa	27	Dominion Bank	39
		Royal Bank of Canada	40
(3) AUSTRALASIAN BANKS.		(5) INDIAN BANKS.	
Commonwealth Bank of Australia	27	Imperial Bank of India	40
Australian Bank of Commerce, Ltd.	28	Mercantile Bank of India, Ltd.	40
Bank of Adelaide	28	Chartered Bank of India, Australia, and China	42
Bank of Australasia	28	Eastern Bank, Limited	42
Bank of New South Wales	31	National Bank of India, Limited	42
Bank of New Zealand	31	The P. & O. Banking Corporation, Limited	44
Commercial Bank of Australia, Ltd.	31		

JOINT STOCK BANKS OF ENGLAND AND WALES.

Bank of England	44	National Provincial Bank Limited	47
Barclays Bank Limited	44	Williams Deacon's Bank, Limited	47
Croft and Co.	44	Yorkshire Penny Bank, Limited	47
District Bank Limited	44		
Glyn, Mills and Co.	46	PRIVATE BANKS	
Lloyds Bank Limited	46	Grace Brothers and Co., Limited	47
Manchester and County Bank, Ltd.	46	Charles Hoare and Co.	47
Martineau Bank Limited	46		
Midland Bank Limited	46	LONDON DISCOUNT COMPANIES.	
Westminster Bank, Ltd.	46	Gillett Brothers Discount Co., Ltd.	47

LATEST BALANCE SHEETS OF FOREIGN BANKS HAVING
LONDON OFFICES AND OF BRITISH BANKS TRADING ABROAD.

Anglo-International Bank, Limited	47	Com. Bank of the Near East, Ltd.	56
Anglo-Czechoslovak and Prague Credit Bank	48	Com. National Bank and Trust Company of New York	56
Anglo-French Banking Corporation, Limited	48	Comptoir Nat. d'Escompte de Paris Crédit Foncier d'Algérie et de Tunisie	56
Anglo-Portuguese Colonial and Overseas Bank, Limited	48	Crédit Lyonnais	56
Anglo-South American Bank, Ltd.	48	Crédito Italiano	58
Banco Commerciale Italiana	49	Guaranty Trust Co. of New York	58
Bank of Athens	49	Hambros Bank, Limited	58
Bankers Trust Company	49	Hong Kong & Shanghai Bkg. Corp.	58
Banco de Bilbao	49	Ionian Bank, Limited	58
Banco de Chile	50	Imperial Bank of Persia	60
Banco Español del Río de la Plata	50	International Banking Corporation Limited	60
Banco di Roma	50	Italo-Beigian Bank	60
Bank of London & S. America, Ltd.	50	London and Eastern Trade Bank, Limited	60
British Bank for Foreign Trade, Ltd.	52	Mitsui Bank, Limited	60
Bank of Bonanza, Limited	52	Mitsui Bussan Kaisha, Limited	60
Bank for Russian Trade, Limited	52	Moscow Narodny Bank, Limited	60
Bank of Taiwan, Limited	52	National City Bank of New York	62
Banque Belge pour l'Étranger	52	National Bank of Egypt	62
Banque Commerciale du Congo	52	Ottoman Bank	62
Banque Nationale de Crédit	52	Société Générale	62
British Overseas Bank, Limited	52	Société Générale de Crédit Indus- trial et Commercial	62
British National Bank	54	Sanitomo Bank, Limited	62
City Bank Farmers' Trust Company	54	Serie Bank Corporation	62
Thos. Cook and Sons (Bankers), Ltd.	54	Yokohama Specie Bank, Limited	62
Com. Bank of Spanish America, Ltd.	54		

BROWN, SHIPLEY & COMPANY, LONDON.

FOUNDERS COURT, LOTHBURY, E.C.2.

OFFICE FOR TRAVELLERS:
123, PALL MALL, S.W.1.

ESTABLISHED 1810.

COMMERCIAL CREDITS
& CONSIGNMENTS.

FOREIGN EXCHANGE.

CABLE TRANSFERS.

FOREIGN COLLECTIONS.

TRAVELLING CREDITS.

DIVIDENDS COLLECTED.

COUPONS PURCHASED.

DEPOSIT and CURRENT
ACCOUNTS OPENED.

AGENTS and CORRESPONDENTS
ALL OVER THE WORLD.

BROWN BROTHERS HARRIMAN & COMPANY, NEW YORK.

59, Wall Street.

PHILADELPHIA.
1531, Walnut Street.

BOSTON.
60, State Street.

BALTIMORE.
(Alexr. Brown & Sons.)

BRITISH BANKING AND THE CRISIS.

In reviewing recent banking history it is impossible to dissociate it from the crisis both at home and abroad, or even to ignore the many political attacks and criticisms that have been launched against the banks since the change of Government. The main details of the political end of the story are already fairly well known, and, in any case, do not concern this review. There are, however, certain banking aspects that can usefully be discussed.

It is first necessary to clear the ground. The average man, and even many politicians, fall into the mistake of regarding the "City" as a single homogeneous unit acting with a single mind and following a unified plan. Thus the complaint has been launched that the City has been borrowing short from one centre in order to lend short to another centre; or has over-borrowed short and over-lent long. Whether or not this has happened, it must be emphasised that in the vast majority of cases the borrowing and lending are two separate operations, usually undertaken by separate individuals or houses. There has been no conscious design of borrowing in order to lend as part of a single deliberate plan.

Again, the average man should remember that there is no single cause of the crisis. It has arisen from a whole host of circumstances, some good and some bad, some within the control of the City of London, others within the field of international finance, and still others quite unconnected with finance at all. Some of these are outlined below, roughly in chronological order.

(a) London has long acted as the world's bank and in the unsettled post-war years became the repository of large foreign balances, which were sent to London as one of the few safe centres. This explained the accumulation of London's large French balances of several years ago. This function of London's has for long been profitable to the country, and an important favourable item in our balance of payments, but it exposes London to the risk of a run that every banker has to face when confidence either in his stability or in that of the financial world begins to deteriorate.

(b) The war, with its legacy of war debts and reparations, set up all sorts of undesirable financial cross-currents. These have contributed to a serious mal-adjustment and maldistribution of the world's monetary gold, which precipitated a serious fall in world prices, thereby, among other unwelcome consequences, increasing the burden of war debts and reparations to an intolerable degree.

(c) The stabilisation of the franc, the recovery of France, and other technical causes connected with the French banking and financial system had led since 1929 to the steady repatriation of French balances held in London. All the way through it had been necessary to cover this movement mainly by gold shipments, or, alternatively, to take special measures to attract foreign funds to London. In short, for some time London had been having to re-borrow in order to meet the French demands.

(d) Partly as a result of factors already mentioned, the world has for nearly two years been in the throes of a major trade depression. This has led in England to a vast increase in unemployment, to a serious shrinkage of our visible and invisible exports, and to a contraction of budget revenue.

(e) Consequently the British Budget, like those of other countries, was thrown out of balance. Also, the growth of unemployment temporarily threw out of balance the unemployment insurance fund, and forced it to run up a heavy debt to meet its current expenditure. This gave the impression that while we purported to balance our budget, in actual fact we were only doing so by regarding as recoverable in the future certain expenditure which in all probability would eventually have to be written off as a loss.

(f) To meet the above exigencies London was having to borrow short abroad. Last winter's open market policy of the Bank was designed to establish London

discount rates at above the world level and so attract money to London. Of recent years most London banks have, as a result of competition between themselves, been offering relatively high rates for fixed deposits. Even so, the fruits of these operations did not offset the French repatriations already mentioned, for the Macmillan Report calculates that between the end of 1928, and March, 1931, the net short-term liability of London was reduced from £302 to £254 millions. Later events were to show that even that last figure was sufficiently formidable.

(g) In the early summer came the Austrian and German crises, with their repercussions first throughout Central Europe and then throughout the world. By the middle of July, the world's financial nerves were badly on edge, especially as the Hoover declaration had been accepted too late.

(h) Then followed the drain of funds from London, due to a combination of the above causes, and met in the first place by gold shipments amounting to £84 millions. At the end of July came the announcement of the Bank of England foreign credits for £50 millions, only a day before the revelations of the May Report, with its shock to financial opinion both at home and abroad.

This, roughly, is the background to the crisis, which first brought down the Labour Government and then led to the suspension of the gold standard. In a complex situation dominated by world-wide disturbance and disequilibrium the part played by individual banking action was relatively small. The immediate cause of the crisis was the big drain from London on capital account. The sudden disappearance, under the stress of the world trade depression, of our normal favourable balance of payments, was to a limited extent a contributory factor. Yet it was then, and still is, of only minor consequence for the most pessimistic estimate was only one of £2 millions a week, whereas on occasions in August, funds of several times that amount were withdrawn on capital account in a single day, and it has since been announced that withdrawals between the middle of July and the suspension of the gold standard on September 21st were over £200,000,000, or at a rate of not two but of over twenty millions a week. These withdrawals, huge though they were, were not due to any international conspiracy against London, nor to any attempt by foreign banking interests to dictate terms to the British Government. Indeed, in the matter of the Bank and Treasury credits both Paris and New York rendered all the assistance that lay within their powers. Paradoxically enough, in their later stages they were due to an increasing degree to banking and financial weakness abroad. Foreign banks drew upon their London balances, not so much because of the doubts they felt in London's stability, as because of their need to reinforce their cash against the doubts their customers were beginning to feel in their own stability.

The suspension of the gold standard is still far too recent an event for its consequences to be ripe for considered review. From the purely banking standpoint, the immediate results were a tribute to the strength of British banks and the confidence rightly placed in them by the public. It was not necessary to proclaim a Bank Holiday on September 21st, and probably not one person in a thousand ever suspected that such a course of action might have been desirable. Yet in the majority of foreign countries the temporary closing of the banks would, under parallel circumstances, have been imperative. Again, there has been no increase in the note circulation, which by pointing to withdrawals of deposits is the first sign of a lack of confidence in the banking system; this is in sharp contrast to the recent experience of France and the United States.

October 10, 1931.]

(In Million £.)

June 30.	Capital and Reserves.										Acceptances and Endorsements.										Deposits (including Undivided Profits, &c.)										Total Liabilities.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
	1914.					1926.					1927.					1928.					1929.					1930.					1931.					1914.					1926.					1927.					1928.					1929.					1930.					1931.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£

* Includes Money at Call and Short Notice.

THE MACMILLAN REPORT IN RETROSPECT.

(BY A CORRESPONDENT.)

No one who read the Macmillan Report when it was published in July can have been surprised by the events of the weeks that followed. The point which the Committee regarded as being of supreme importance was that immediate steps should be taken to check the "violent down turn of prices, the effects of which upon political and social stability have already been very great. The problems thus raised transcend in importance any others of our time and generation, and we have regarded it as our main task to expound their significance and to bring forward suggestions for their solution."

These suggestions form Part II of the Report, but unhappily few of the foreign bankers who could have learned most from the Report seem to have studied these chapters. If they began to finger the Report, they got no further than Section 260, which revealed for the first time the extent of the net liability of London in respect of funds deposited here for a short period. It is ironical to trace the extent to which the Macmillan Report, which preached the paramount importance of raising prices, by alarming foreign bankers as to the position of London, became a contributory factor in the headlong course of deflation that has done such damage since the Report was published. The systematic freezing of German liabilities, the default of Chile and Brazil, the Budget introduced by a National Government in its struggle to keep this country on the gold standard which nevertheless had to be abandoned on September 21st after over £200,000,000 had been withdrawn from London—these are the major events in this chronicle of deflation. Ordinary mortals have felt its effects in the form of increased unemployment, lower wages (notably in U.S.A.), still lower commodity and Stock Exchange prices and higher taxation.

These wider aspects of the situation are generally overlooked, because the abandonment of the gold standard and the uncertainty of the future state of Parties has concentrated attention upon England. For the moment it appears to the newspaper reader that conditions have so changed that the Macmillan Report may now be shelved. When the pound is only worth \$3.90 and when the apologists of the National Government make our flesh creep with fear of the horrors of inflation, we quickly forget that the Macmillan Committee urged us to take steps to avoid further deflation; and yet it is now more than ever important that these recommendations should not be lost sight of.

There are two facts to be observed:—

(1) Provided a tight hold is kept over the Budget, the note circulation and bank credit, there is no serious danger of inflation in England. Manufacturers, merchants, stockbrokers and bankers have all felt the strong hold which the Central Institution has over the monetary system; the grip is even so tight that unless it is relaxed in due course it may prevent trade from making full use of the depreciation of the pound.

(2) France, the United States, Germany, Holland and other countries that have remained on a gold standard are still pursuing a deflationary course which daily aggravates the burden of all indebtedness fixed in terms of money.

These are gloomy observations, but there is one encouraging feature in the whole situation. England and the countries who have followed her in suspending the gold standard have regained their freedom of choice and are no longer bound to follow the monetary policy of the two gold-holding nations. Rather it is now possible for England and the Empire to lead the way out of the depression.

How England will use her opportunity has yet to be seen. Our political leaders have, since September 21st, thought only of the combinations and permutations of Party politics, while our financial leaders

have been busied with the purely negative task of preventing the pound from falling below \$3.50. It is no reflection upon those who control our destinies to say that they have no policy at this moment. On the other hand it is a compliment, for it is evidence that they recognise that "these problems transcend in importance any others of our time." It would be a nightmare if there were any reason to fear that the Treasury and the Bank of England had closed their minds to any other idea except the return to the status quo vaguely shadowed in the announcement of the suspension of the gold standard made on September 21st. "It has become necessary to suspend for the time being the operation of Sub-section 2 of Section 1 of the Gold Standard Act of 1925, which requires the Banks to sell gold at a fixed price. . . . The ultimate resources of this country are enormous, and there is no doubt that the present exchange difficulties will prove only temporary."

A statement was made by the board of directors of the Netherlands Bank on September 26th that "by virtue of conversations recently held with the Bank of England, and in view of the particular character of our sterling assets, we have every reason to believe that we need not fear any loss on these assets." This has been read to mean that at least one well-informed Central Bank believes that it will again be possible to buy \$4.86 with one pound. Instinctively we may feel that it is our bounden duty to push the pound uphill and wages down dale until we can pay our creditors and collect our debts at par. But before instinct runs away with us again as it did in 1925, let us read the Macmillan Report and remember that between 1925 and 1931 "the difficulty of our national problem was most increased by the relative over-valuation of the pound sterling." The Hebrew prophets tried to justify God's ways to man by saying: "Woe unto you; you are punished because you have done evil." The Macmillan Report says the same thing in the language proper to Blue Books: "The recent world-wide fall of prices is best described as a monetary phenomenon which has occurred as the result of the monetary system failing to solve successfully a problem of unprecedented difficulty and complexity set it by a conjunction of highly intractable non-monetary phenomena." Let us heed the prophets of 1931 and err no more. "It should be our object to increase the power to exercise deliberate control over the price level. . . . With the gradual growth of knowledge and experience, and particularly with the further development of suitable machinery for regular international co-operation, the possibility of such deliberate control should steadily increase; we should forward these ends to the best of our powers by being ready to attempt the task and to gain experience by practice."

The Committee were rather cautious in their advice as to what should be done, because they were fettered by the existence of the gold standard. They did not explain what they understood by stabilisation of prices, and explanation is necessary because, as Professor D. H. Robertson has pointed out in the *Banker* (August, 1931): "After what was hailed at the time as the most successful experiment in stabilisation has turned out in retrospect to be one of the greatest over-investment booms in history, it is no longer possible to pretend that everybody knows, near enough for practical purposes, what stability means."

At a moment when no one has any decided policy the members of the Macmillan Committee could render a great public service by writing a second volume to tell us what to do next. Perhaps in such a second volume the Report would be shorter and the addenda more numerous. The Report itself might consist only of a sound rating of the Joint-Bank Banks and the other parties concerned for having

taken no notice of the "Proposals Relating to Information and Statistics" contained in chapter V of Part II. But even if there were no agreement as to the future of the pound, the careful study of the question would be of great importance in emphasising the complexity of the problems involved and preventing us from making any rash attempt to restore the

Golden Age. It may be fanciful to suggest that the busy men who formed the Macmillan Committee should resume their work in order to write a second volume. But this is the more reason why the rest of us should make the fullest possible use of the Report which they have given us by thinking hard about the suggestions they have made.

THE NIEMEYER REPORT ON NEW ZEALAND.

(BY OUR CHRISTCHURCH CORRESPONDENT.)

This report was issued before the suspension of the gold standard in Great Britain, and its conclusions will obviously have to be reconsidered or modified in the light of that event.

On the outbreak of war in 1914 New Zealand, together with other parts of the Empire, suspended the existing gold standard regulations. The Banking Amendment Act, 1914, permitted the issue of proclamations decreeing that bank notes should be full legal tender for periods specified. Since then, successive proclamations have maintained a purely paper standard, and the latest proclamation, gazetted in December, 1928, expires on January 10, 1932. Despite the absence of effective currency regulation, however, New Zealand's exchanges have been maintained throughout the whole period fairly close to parity with sterling. The fact is that the standard actually in operation before the war was not a gold standard, though all the regulations of a gold standard were present, but a sterling exchange standard operated not through cash but through credit. It had become an established practice of the banks which financed overseas trade transactions to maintain reserves against overseas payments, not in New Zealand, which is far from the centre for the clearing of international trade payments. Hence all of the banks operating in New Zealand had offices in London, and held there considerable funds used mainly for exchange purposes. In exchange for credit in New Zealand, these banks would buy or sell credit in sterling at rates fixed from time to time and usually maintained within the gold points. Throughout the years of the war and up till the present time this system has been maintained, and only once during the period since the suspension of gold has there appeared evidence of in the New Zealand balance of payments evidence of conditions which would be likely to cause market appreciation or depreciation of exchange rates. Australia, however, has operated practically the same system, and five of the six banks operating in New Zealand operate also in Australia. It is generally believed that the banks pool their exchange funds from different sources and make little distinction between amounts held in London on New Zealand and on Australian account. In consequence, the New Zealand exchange rate on London is likely to be affected by the Australian rate. In 1921 a very heavy adverse balance of trade occurred in both countries and the exchange moved about 3 per cent. against New Zealand. In 1928-29, owing entirely to Australian influences, the exchange moved about 8 per cent. against sterling. Again in 1930-31, though the New Zealand balance of international payments appears to be little, if any, worse than in 1926-27, when the exchange moved 1 per cent. only, the rates quoted by the banks show a depreciation of New Zealand currency of about 9 per cent. This is held locally to be due very largely to the influence of Australia's much more unfavourable rates.

It was mainly the unaccustomed variations in exchange rates that prompted the Government to invite Sir Otto Niemeier, who happened to be in Australia, to visit New Zealand about September, 1930, and to report on the regulation of New Zealand currency and exchange. His report, which was presented to the New Zealand Government some months ago, and was issued with the New Zealand Budget at

the end of July, is a model of clearness and condensation, and reviews briefly the main features of the monetary standard operated in New Zealand. It points out that in New Zealand credit is a much more important factor than currency, that gold circulation is neither necessary nor desirable, and that the sterling exchange standard in operation can be maintained effectively without the need for gold reserves in New Zealand. It recommends a uniform legal tender note issue—at present notes are issued by all of the six trading banks—and considers possible issuing authorities. A Note Issue Board would have no effective means of regulating exchanges; a currency and Exchange Board might issue notes and buy or sell exchange at fixed rates against reserves held abroad, but it would have little influence over credit conditions, which are all important in New Zealand. Sir Otto recommends, therefore, the establishment of a Central Reserve Bank, which must be entirely independent of any political control. The bank should hold all Government accounts, together with deposits from other banks, amounting to at least 7 per cent. of their demand liabilities and 3 per cent. of their time liabilities. It should be responsible for the management of a uniform note issue and should hold a reserve in gold and short-term credits, mainly in London, amounting to 30 per cent. of its notes and demand liabilities combined. With one small exception, it should pay no interest on deposit or current accounts, and its powers and duties generally are those of a central reserve bank maintaining its assets in very liquid form. The bank also is to be obliged to buy or sell sterling in amounts of not less than £5,000 at rates corresponding to the gold export and import points, which are about 1½ per cent. above and below parity. Its notes are to be legal tender within New Zealand, and the existing prohibition on the export of gold is to be withdrawn.

These recommendations follow very closely the main outlines of modern central reserve banks in other countries, with some modifications suited to the special conditions to be met. Some objection will perhaps be raised to the proposals on the ground that there is in New Zealand no bill market, no short loan market, and, generally speaking, no money market in the full sense of the term. This anticipated objection has been countered in the report with the statement that in the absence of such factors there is a gap in the financial structure of the country, and that this gap can be filled in no more effective way than by the establishment of a reserve bank. In any case, it is now well established that the methods of control adopted by a central reserve bank must be suited to the market in which it works, and, given full co-operation with the ordinary trading banks, there need be little fear that effective methods of control will be evolved. Effective co-operation with the existing banks, however, will probably be essential to a central bank's success in its initial stages.

So far, the banks have expressed no opinion on the report. In addition, there is a considerable body of opinion in New Zealand which leans towards State banking. The report is most emphatic, and in view of recent events in this part of the world, is undoubtedly right in its opposition to political influence in any form whatever. It explicitly disqualifies

members of Parliament and civil servants from the bank's directorate. Some discussion is probable on this aspect of its constitution. On the other hand, the proposals made in the report are a bold attempt to establish machinery which will not only stabilise New Zealand currency and exchange on a secure basis and on a definite relationship with gold, but will also centralise both the note issue and the banking system. If adopted, the recommendations should make it pos-

sible to export for profitable use abroad the present note reserve held in gold and amounting to £7 millions, and to effect other appreciable economies throughout the banking system. In effect, the report suggests the establishment of a pivotal piece of machinery necessary for the rationalisation of currency, banking and exchange, not only within New Zealand, but between New Zealand and the rest of the Empire as well.

BRITISH BANK SHARES.

BRITISH bank shares, which remained comparatively steady during the early stages of the long decline in Stock Exchange values, which began in February, 1929, have recently shown a perceptibly downward tendency. The following table, based on "The Actuaries' Investment Index," shows how the prices and yields of eleven bank and discount company ordinary shares have fluctuated in comparison with those of 131 industrial ordinary shares:—

	Price Index.							
	Dec. 31, 1928.	Dec. 31, 1929.	Dec. 30, 1930.	June 30, 1931.	July 28, 1931.	Sept. 1, 1931.	Sept. 15, 1931.	Sept. 23, 1931.
Bank and Discount Company Shares	100.0	90.2	96.8	89.1	86.2	78.7	78.1	72.7
Industrial Shares	100.0	81.9	64.3	55.8	52.9	47.4	46.7	49.4
	Average Yields (Per Cent.).							
	Dec. 31, 1928.	Dec. 31, 1929.	Dec. 30, 1930.	June 30, 1931.	July 28, 1931.	Sept. 1, 1931.	Sept. 15, 1931.	Sept. 23, 1931.
Bank and Discount Company Shares	5.19	5.78	5.38	5.83	5.82	6.37	6.42	6.91
Industrial Shares	5.14	6.81	7.21	6.63	6.98	7.75	7.90	7.66

The initial depreciation in bank shares was much less than in ordinary shares as a whole. During 1930, indeed, bank shares rose on balance while other equities continued rapidly to depreciate. In the last nine months, however, the prices of bank shares have fallen on the average by nearly 25 per cent., and although their depreciation from the highest level before the slump is still much less than that which has occurred in industrials, the "boom" movement in equities which followed the unlinking of sterling from gold on September 20th was the signal, actually, for further selling of the equities of the banks. An average yield of nearly 7 per cent. on the shares of the great British banks and discount houses is in itself a symbol of abnormal conditions.

The main factors in the decline in values are readily ascertainable. The policy of conservative distribution of profits, followed by every great British banking institution without exception after the war, the stability of bank dividends, and the admittedly strong internal reserve position of the great British institutions—all these factors tended to provide bank shares with a "gilt-edged" clientèle. When the banks, however, reduced their dividends this year, in respect of profits earned in 1930, their decision (which reflected a true appraisal of the difficult economic outlook, and was in harmony with every traditional cause of sound finance) tended to disappoint some investors who had cherished the illusion that banking profits had little direct correlation with industrial conditions.

The psychological effects of the European crisis in July further were accentuated in the market by irresponsible quasi-political attacks on the British banking system. The failure of certain Continental institutions of the first importance—including the Austrian Credit Anstalt in May, the German Danatbank in July, and the French Banque Nationale de Credit in September—further affected investment sentiment. The economic tribulations of British Dominions like Canada, Australia and New Zealand, the plight of Eastern silver-using countries, and the exchange diffi-

culties and defaults of various South American States combined to depress the shares of banks doing specialised overseas business. The decision of September 20th to suspend the convertibility of sterling, finally, was regarded by some short-sighted holders as a "bear point" for British banks, which, with very few exceptions, had been prominently identified with the return to gold six years earlier.

The fall in values has been greatest in the case of shares with an uncalled liability, a selection of which is given below:—

Share.	Amt. of Share.	Paid up.	High-est Price, 1930.	Price, End June, 1931.	Price, Oct. 5, 1931.	Yield, Per Cent.
Lloyds	5	1	66/-	55/-	44/6	8 14 9
Martins	20	24	7 1/2	5 1/2	4 1/2	8 0 0
Midland	12	24	9 1/2	6 1/2	5 1/2	6 15 10
National Provincial	20	4	14 1/2	12 1/2	9 1/2	7 12 0
Westminster	4	1	80/7 1/2	73/-	56/6	7 0 0
English, Scottish and Australian	5	3	7 1/2	4 1/2	3 1/2	12 10 0
National of Australasia	8	7 1/2	3 1/2	3 1/2	3 1/2	12 2 0
National of New Zealand	7 1/2	2 1/2	6 1/2	4 1/2	3 1/2	7 8 0
Union of Australia	15	2 1/2	12 1/2	6 1/2	5 1/2	7 0 0
Eastern	10	5	6 1/2	4 1/2	3 1/2	8 17 0
National of India	25	12 1/2	46 1/2	33 1/2	27 1/2	9 0 0
Anglo-South American	10	5	7 1/2	4 1/2	2 1/2	15 0 0
Bank of British West Africa	10	4	79/9	45/-	40/-	8 0 0
Standard of South Africa	20	5	15 1/2	13 1/2	11 1/2	6 13 3

† Free of income tax.

The disinclination of some investors to any share with a heavy financial liability in present conditions may be readily understood. It cannot be too strongly emphasised, however, that analogies between the position of British and of many Continental and other foreign institutions may be dangerously misleading. The financial position of the big British joint-stock banks remains strong, for reasons discussed at length on other pages of this Supplement. It is improbable that the banks will call up unpaid capital, to provide additional resources of which they have no present need, merely as a "gesture," since the latter's moral effect on depositors and shareholders might be the reverse of that intended. For those who dislike partly-paid shares on principle, however, a separate table is given below, confined to fully-paid shares:—

Bank.	Denom-ination.	Highest Price, 1930.	Price, End June, 1931.	Price, Oct. 5, 1931.	Yield per Cent.
Agricultural Bank of Egypt	£ 5	7 1/2	7	5 1/2	9 1 9
Anglo-International Bank	1	12/6	11/-	10/-	NU
Australian Bank of Commerce	1	28/6	13/9	12/6	11 4 0
Bank of Australia	5	12 1/2	8 1/2	7 1/2	9 0 0
Bank of London and South America	5	9 1/2	6 1/2	5 1/2	11 9 0
Bank of New South Wales	20	38 1/2	23 1/2	21 1/2	9 8 0
Bank of New Zealand	1	59/-	48/9	47/6	6 0 0
Bank of Roumania	6	76/-	37/8	30/-	NU
Barclays "A"	4	8 1/2	8 1/2	8	5 0 0
Do. "B"	1	58/10 1/2	54/6	48/-	6 1 0
British Overseas "A" ord.	5	5 1/2	5 1/2	4	7 10 0
Chartered Bank of India, &c.	5	19 1/2	14	11 1/2	8 16 0
Commercial Bank of Scotland "B"	1	43/3	42/9	43/-	4 13 0
Imperial Bank of Persia	6 1/2	11	9 1/2	7	12 0 0
Ionian Bank	5	98/9	65/-	50/-	5 0 0
Ionian Bank "B" shares	1	42/-	40/-	40/-	5 0 0
Lloyds	1	22/10 1/2	22/6	21/-	14 0 0
Martins	1	66/9	61/-	49/-	6 10 0
Midland	2 1/2	10 1/2	8 1/2	8	5 12 0
Do.	1	82/-	73/6	65/-	5 11 0
National Bank of Egypt	10	34	28	20	9 0 0
National Provincial Bank	5	19 1/2	16 1/2	13 1/2	6 13 3
Westminster	1	53/9	54/-	48/6	8 1 0

† Free of income tax.

In the past the yield on fully-paid shares in the leading British banks has normally been little higher than that obtainable on British stocks, though shares in other banks, even when fully paid, have been regarded as somewhat more speculative. Until the present world crisis is resolved, even the strongest institutions will probably deem a conservative dividend policy indispensable. As long-term holdings, however, the shares of British banks, with their inherent strength, will remain sound investments on every assumption but that of a complete collapse in sterling. If this possibility may be ruled out, the present discrepancy between the yields on fully- and partly-paid shares of domestic institutions appears greater than facts can justify. Indeed, many investors would

doubtless regard a calling up of capital at, or near par, as an excellent opportunity to "get in on the ground floor."

The interests of British banks doing a large business in areas like South America, Australia and the East, however, must necessarily be bound up with the prospects of recovery, in these countries, from severe economic depression. The investor's safeguard, in all these cases, is the strong internal position of the institutions concerned, built up by years of conservative finance, pursued with an eye precisely to the occurrence of conditions like the present. It need scarcely be said that a policy of selectivity in investment has as much relevance during an economic blizzard as in more normal times.

AMERICAN BANKING DEVELOPMENTS. (BY AN AMERICAN CORRESPONDENT.)

In the United States, as in other parts of the world, the summer of 1931 is likely to be long remembered as a period of striking and anxious occurrences in finance and banking. These occurrences have been, it is true, of a nature not precisely the same as the parallel events taking place elsewhere, but beneath the surface they have been calculated in some particulars to arouse the same sort of anxiety that has been inspired abroad.

The underlying position and background of the situation has, however, in some respects at least, been favourable. In order to understand the basic facts in the situation, it is worth while to note the principal changes in bank conditions that have occurred. In the following brief table is afforded a digest of the major items furnished weekly by the reporting member banks of the Federal Reserve System.

	Sept. 2, 1931.	Increase or Decrease since Sept. 3, 1930.
Loans and investments, total	\$ 22,063	- 1,105
Loans, total	14,398	- 2,432
On securities	6,519	- 1,838
All other	7,879	+ 594
Investments, total	7,665	+ 1,327
United States Government securities	4,046	+ 191
Other securities	3,619	+ 21
Reserve with Federal Reserve banks	1,807	+ 20
Cash in vault	227	+ 385
Net demand deposits	13,244	+ 468
Time deposits	7,003	+ 26
Government deposits	42	+ 205
Due from banks	1,374	- 302
Due to banks	3,192	+ 28
Borrowing from Federal Reserve banks	107	+ 28

From these figures it will be observed that large progress has been made in the direction of liquidation of the frozen assets left by the panic of 1929. Loans on securities now amount to little more than \$6,500,000,000, and this represents a drop of about \$2,000,000,000 from high point in the late spring of 1930. It is to be noted, of course, that there has been a corresponding increase in investments, which are now \$1,827,000,000 higher than they were a year ago; and, as compared with low point somewhat earlier, are nearly as much increased as the loans on securities have been decreased. The investment portfolio, however, is, on the whole, much more liquid than the loans on securities, and the situation of the banks correspondingly improved. Among the investments, as the more complete statements of portfolio published from time to time for all banks demonstrate, is now incurring, enormous deficit which the Treasury is now incurring, from month to month, and which has been in course of development for more than a year. The absorption of the sum of \$2,000,000,000 in secured loans, liquidated by throwing the collateral on the market, would go far to account for the weakness of security prices during the past twelve months.

In view of these general developments, the question may be asked what is the true condition of the banks themselves at the end of such a period of rectification. The number of bank failures has been somewhat reduced, no doubt, but not very much. Nearly 100 banks a month are still, more or less regularly, being placed in the hands of receivers, nor can it be said that they are all "small" institutions. The event in Chicago earlier in the summer, where over thirty banks were closed or consolidated with others in the course of a week—among them being one considerable institution—illustrates the true nature of things. More recently the closing of all the banks in one of the larger manufacturing towns of Ohio gave another view of the banking situation. In the South, where many banks hold cotton paper in great quantities, the very low price of cotton renders the paper impossible to collect, at present at least, and a large crop of bank failures must be the inevitable result during the winter. Nevertheless, and in spite of the pessimistic assertions of some who believe that the widespread hoarding of money is equal in bad effect to the existence of the "frozen loans" of last year, a dispassionate judgment would be unquestionably that the banks have gone a long way toward clearing up the conditions that preceded the panic of 1929. There is still, however, much to be done.

This process of restoration would be much more promising and better assured of success were it possible to feel that there had not been deterioration in other respects. But, during the summer, the Hoover "war debt holiday" brought to a head, or at least recognised, the existence of other conditions which had been known and admitted by a few but had not been generally spoken of. For years past there has been growing up a dangerous and inflationary use of the bankers' acceptance, which is now admitted to be little more than a finance bill or piece of accommodation paper. Particularly during the year 1930 was there a disposition to take on as elements in bank portfolios more and more bills, nominally representing the financing of trade between European countries, but really representing goods stored in such countries, especially in Central Europe. These goods had been purchased largely at high prices prevailing before, or soon after, the breakdown of 1929; and to expect liquidation without loss was obviously out of the question. For a good while, therefore, there had been expectation in informed quarters of a collapse of some sort. This came when it was announced that Germany could not pay her short-term credits. Then ensued the negotiations whose outcome are common knowledge. These make it plain that lines are common knowledge. These make it plain that the eventual collection, if effected, will be merely as the result of very slow processes. In short, both the banks and the Reserve System have had to reconcile themselves to the fact that what was being held as a secondary reserve is, in truth, frozen credit, and likely to remain such. This state of things is manifestly the hardest on a small number of banks, although the

German paper had been pretty well diffused throughout the country.

In distributing the large British credit of this summer the New York banks have likewise taken on a substantial burden of some \$200,000,000 of one-year notes revolving on a sixty to ninety-day basis. These are, of course, not eligible for discount at Reserve banks. They are thus in a sense "frozen"—that is to say, would not be available for quick conversion into cash if needed. Then, to cap the climax, the banks have had to absorb about \$300,000,000 of Treasury short-dated bills (above what had been expected or considered normal at this season) while they have likewise had to share a good deal in the placing of the \$800,000,000 of long-term bonds which the Treasury had thought to sell at 8 per cent. to the private investor, but which have been received without enthusiasm. All these operations—necessary or unavoidable as they may have been when viewed from an immediate standpoint—have, of course, tended to "tie up" bank funds still more.

Probably, one result of what has thus taken place has been the steady liquidating sales of corporation and foreign bonds that have come upon the market in recent times. Among them have been a good many foreign securities of the better class which had been widely purchased by commercial banks. Hard pressed by necessities of various kinds, and among others by the desire to share in the financing operations attendant upon the German and British credit negotiations, the banks have found in some respects the easiest plan that of selling bonds, taking losses if any and realising cash. Of course, this has absorbed popular buying power and kept the market from getting the support it might otherwise have had, so that one result of the summer's financing and banking has unquestionably

been that of lessening the position of domestic and foreign corporate securities of the better grades. Yet the action so taken has tended to keep the balance of the bank portfolios more nearly even than would otherwise have been the case, and has prevented institutions from becoming hopelessly waterlogged with long-term notes, bonds and credits.

The flow of gold into the United States continued into September, mainly from South America and the East. Official statements then recognised the existence of some \$5,000,000,000 of gold in the United States. According to the spokesmen of the Government regarding gold, about \$2,000,000,000 of this great accumulation represented money that had been driven out from its original places of deposit by "lack of confidence" in the conditions existing abroad. This influx prevented banks from feeling the pinch otherwise caused by their own unliquid position as seriously as they ordinarily would. On the other hand, the hoarding of sums now estimated with apparent reliability as high as \$1,000,000,000 in some measure offset the inward flow of gold in its effects on banking. Still, a good deal of the hoarding has evidently taken the form of Federal Reserve notes, leaving the new importations of the specie to go into the vaults of the banks with the results already outlined. Since then the movement has been reversed, for from September 16th to October 4th, the Federal Reserve system lost through exports or earmarking \$400,000,000 of gold. Much of this loss was due to the decision of certain European central banks to abandon the gold exchange standard, and to turn their holdings of dollars into gold. It is estimated that, in theory, the United States can lose another \$1,000,000,000 of gold without reaching the danger point, but it seems likely that further losses will cause some stringency and inconvenience.

THE BANKING POSITION IN FRANCE.

(BY A CORRESPONDENT.)

THE French banking system has just gone through a somewhat critical period. The Banque Nationale de Crédit, which after the Crédit Lyonnais, the Société Générale and the Comptoir National d'Escompte, is the most important French deposit bank, has threatened to break down. It has only been able to continue its operations thanks to the immediate intervention of the Banque de France and several big banking establishments who have consented to advance the necessary funds to allow it to fulfil all its engagements.

For several months it was known that the position of the Banque Nationale de Crédit was a rather difficult one. This establishment had followed an imprudent policy, for it had not taken care to preserve liquid or easily realisable funds in counterpart of its engagements at sight, and it had not hesitated to immobilise an important part of its capital in industry. Besides, it had not sufficiently spread its risks.

The economic crisis having gravely compromised the solvency of the principal debtors of the Banque Nationale de Crédit, depositors got frightened and withdrew their deposits. For a time the Banque Nationale de Crédit could face the situation by utilising the margin of its rediscount facilities at the Banque de France, but as the withdrawals went on they finally lost their last resources, and had to solicit the help of the other banks which, in agreement with the Issue Institute, supplied the necessary funds to enable it to fulfil its engagements.

That the failure of the Banque Nationale de Crédit was easily prevented is partly due to the excellent position of the other big French deposit banks. In the course of the last years, the Crédit Lyonnais, the Société Générale, the Comptoir National d'Escompte and the Crédit Industriel et Commercial, which constitute the principal pillars of the French banking structure, have followed an extremely wise policy. They have constantly striven to maintain assets easily realisable to meet their engagements at sight. They have

systematically refused to have recourse to investments which, although more remunerative, were of an illiquid character.

In the course of the last few months they have shown themselves even more rigorous than in the past. Not only have they avoided more or less risky investments but they have constantly tried to increase their liquidity. This is proved by the statement below.

PRINCIPAL ITEMS OF THE BALANCES OF THE BIG FRENCH DEPOSIT BANKS.

(Crédit Lyonnais, Société Générale, Comptoir National d'Escompte and Crédit Industriel Commercial.)

ASSETS.	Dec. 31, 1930.	Mar. 31, 1931.	June 30, 1931.	July 31, 1931.
			France, million.	
Cash and bank balances	3,957	4,359	5,499	8,179
Balances with correspondents	4,642	4,644	4,995	2,916
Commercial portfolio	20,224	21,221	22,336	20,734
Advances and "reports" (debtors)	1,577	1,509	1,345	1,338
Account-currents	10,119	10,009	9,281	8,797
LIABILITIES.	Dec. 31, 1930.	Mar. 31, 1931.	June 30, 1931.	July 31, 1931.
			France, million.	
Current and deposit accounts:				
At sight	35,284	36,106	37,938	36,642
Fixed term	1,397	1,669	1,564	1,539
Bills payable	921	1,076	1,020	848
Portfolio of securities	212	213	223	228

The Crédit Lyonnais, the Société Générale, the Comptoir National d'Escompte, the Crédit Industriel and Commercial are the only French banks who publish a monthly balance sheet. Although the Banque Nationale de Crédit shows a bigger amount of deposits than the Crédit Industriel and Commercial, it has never considered it expedient to publish a monthly balance sheet.

It will be seen that the cash resources have greatly increased, particularly between June and July. The

October 10, 1931.]

figures for August and September are not known yet, but they do not seem to indicate a fresh increase, as the credits accorded to the Bank of England have probably contributed to weaken their treasury.

Why did the French banks so strongly increase their cash balances last July? Two reasons have guided their policy. First of all they tried to prevent too marked a depression in money rates. Since 1929 the outside discount rate has fallen in Paris from 3½ to 1½ per cent., and the banks were unable to make equivalent reductions in the rate of interest allowed to their own depositors. This meant a contraction in the bank's margin of profit, and to keep this within bounds the big banks came to an understanding to limit the supply of liquid funds and thus to check the fall in money rates.

Furthermore, the banks considered themselves bound to strengthen their cash resources so as to be in a position to face a "run," for the French public is rather distrustful and apprehensive, as was seen last year when the breakdown of the Banque Adam, which was an establishment of secondary importance, provoked a panic amongst the public. On that occasion there were formidable withdrawals of deposits from banks which were considered safe and solid, and the Banque de France had to advance to the banks, last November, nearly two milliards to allow them to pass through this totally unjustifiable crisis.

Now the big deposit banks had realised for some time the difficult position of the Banque Nationale de Crédit, and so endeavoured to increase their cash balances so as to always enable them to meet their engagements and if necessary to give their help to the defaulting establishment. They were well inspired, because, thanks to their strong position, they could take over the engagements of the Banque Nationale de Crédit and avoid the closing of this establishment.

By what means did the banks increase their cash balances? In the first place they benefited by fresh deposits. Between December 31, 1930, and July 31, 1931, the total of their accounts-current rose from 86,681 millions to 88,181 millions. The French banks did not lend these funds to the market, but retained them. In the second place, they reduced their credits. The amount of their loans, commercial, portfolio, advances and "reports," accounts-current (debtors) diminished from 81,920 millions in December, 1930, to 80,869 millions in July, 1931, i.e., a reduction of 1,051 millions. Lastly, the banks have reduced their foreign balances.

The monthly balance sheets do not give the exact figure of the foreign balances of the French banks, but the variations of the item "Balances with correspondents" are very symptomatic. During the period in question they diminished from 4,642 to 2,916 millions, i.e., by 1,726 millions. This is the item which has proportionally registered the heaviest reduction.

The position of the Bank of France was at the same time much strengthened. During the month of July alone its gold reserve ("Encaisse-or") increased by two million of francs. The chief items are shown below:—

ASSETS.	End Dec., 1930.	End Mar., 1931.	End June, 1931.	Sept. 18, 1931.
			France, million.	
Gold "encaisse-or"	53,578	56,116	56,426	58,575
Foreign bills	26,147	26,278	26,188	25,121
Commercial Portfolio	8,460	7,112	5,597	6,855
LIABILITIES.	End Dec., 1930.	End Mar., 1931.	End June, 1931.	Sept. 18, 1931.
Note circulation	76,436	77,864	76,927	77,575
Private current accounts	11,126	12,049	14,600	18,084
Public and Treasury accounts	4,639	2,399	888	1,417
Ante-mortem cash	7,986	9,374	7,625	6,761
Percentage of gold cover	53.17	54.90	56.07	56.23

The percentage of gold cover has gone up from 53.17 per cent. to 56.23 per cent., while private accounts-current have risen from 11,126 millions in September, 1930, to 18,084 millions in September, 1931.

BANCA COMMERCIALE ITALIANA

(Limited Company incorporated in Italy.)

Established in 1894. Head Office: MILAN. Capital: 700 million Lire. Reserves 580 million Lire.

Branches in every centre of commercial and industrial importance in Italy, and in most of the best known tourist resorts; also in London, New York, Istanbul (Constantinople) and Izmir (Smyrna).

Affiliated and Auxiliary Institutions in France (Paris and Riviera), Switzerland, Czecho-Slovakia, Poland, Yugoslavia, Austria, Hungary, Bulgaria, Roumania, Greece, Egypt, Morocco, U.S.A., Brazil, Argentina, Chile, Uruguay, Peru, Colombia, Ecuador, etc. Representative in Berlin.

ALL OF WHOM
TRANSACT BANK-
ING BUSINESS IN
ALL BRANCHES.

TRAVELLERS' CHEQUES ISSUED,
free of charge, in Pounds Sterling, Dollars, Lire
and Francs, payable in all parts of the world.

London Office:
32, Threadneedle St., E.C. 2
A. JOEL, Manager.

Correspondents to the Italian Treasury.

Still, as we have seen, it is little likely that she would make use of it. The four big deposit banks are in an extremely solid and liquid position. It is true that they

(BY A CORRESPONDENT.)

Immediately after the return to Berlin of the President of the Reichsbank the currency crisis developed into a banking crisis. For days the condition of the Darmstädter Bank, in particular, had been recognised as very dangerous. On Sunday, July 12th, it was announced that it was impossible to help it out of its difficulties, and on the 13th the public learned that the Darmstädter Bank had closed and the Reich had taken over the guarantee of its debts. This decision precipitated a run on all banks and savings societies, for which they were not prepared; so on July 14th two general bank holidays were proclaimed; since then Germany has led an isolated existence as far as finance is concerned, completely cut off from external events.

It is certainly possible that other French banks may find themselves in difficulties; but there is no risk of any serious shock to the French banking structure. If banks should be obliged to solicit help, it would only be establishments of secondary importance. Their deposits are not large, and it would be easy to come to their assistance. The means at disposal of the Bank of France, and the extremely strong position of the big establishments are guarantees for the future of the French banking organisation as a whole.

Meanwhile negotiations had been opened with foreign bank creditors for a standstill agreement in respect of short-term foreign loans which had not already been withdrawn. The proceedings were started by the London Conference on July 23rd, and the details were agreed upon by a bankers' committee meeting at the B.I.S. on August 18th, but the Basle agreement left a large number of points open. It had first to be submitted to the national committees of creditors in the respective countries, and the standstill agreement did not come into force until September 17th, retrospectively as from September 1st, for six months. This agreement only

In the Dresdner Bank, of which the Reich has become the principal shareholder by taking over the preference shares, the reorganisation of the directorate is already complete. Of the former directors all but two have gone, and of those two Herr Nathan may very likely

CENTRAL EUROPEAN BANKING.
(CORRESPONDENT.)

TRAL EUROPEAN
(BY A CORRESPONDENT.)

The Austro-Hungarian monarchy was a debtor State in the pre-war period, but it was less dependent on foreign funds than its impoverished succession States in the post-war years. With the possible exception of Czechoslovakia, which is more or less a creditor nation, the other succession States are all debtor nations. Austria and Hungary, after the League of Nations intervention to reconstruct their finances in 1922 and 1924 borrowed mainly in London and New York. Thanks to the old-established banking institutes in Vienna and in Budapest, and their good connection with the British and American banking houses, credits were easily obtained both at long and short terms in London and in New York, and, to a lesser extent, in the auxiliary markets of Switzerland, Holland and Sweden. French capital played a minor part in the

Bank. An such foundation. In addition to these concrete banking problems, the Government has also been intensively preoccupied during recent weeks with the problem of bank control in general. The outcome has been the establishment of a "Reich Commissioner for Banking" who is subordinate to the Minister for Economics. In addition, a Board of Banking Control is to be appointed at the Reichsbank, consisting of the President of the Reichsbank as chairman, the Secretaries to the Ministries of Finance and Economics, a member of the Reichsbank directorate and the Commissioner. The Board of Control is to lay down the lines on which the Commissioner is to carry out his duties. He is to keep himself continuously informed of the state of German banking credit, especially in their relations with other countries, and to influence general banking policy in the economic interest of Germany as a whole. As to exactly what that means the Government itself does not seem quite clear. The Commissioner is empowered to demand from the banks any information he considers necessary, to take part in general meetings and directors' meetings, and to demand the calling of a general meeting. The former Stock Exchange Commissioner of the Prussian Ministry of Commerce has been appointed to the office of Banking Commissioner. It is too soon to say how this system of supervision will work out in practice.

The banking system of the Central European countries is similar to that of Germany. The banks and, in some cases, the saving banks, notably in Hungary, are *banques d'affaires*, and are not only interested in accumulating deposits and making advances to their customers, but are more or less engaged in financing and participating in commercial and industrial undertakings. Foreign capital is interested in almost all Austrian and Hungarian banking institutions and, to a lesser extent, in the banks of the other succession States. Shareholders include British, German, French, Swiss, Belgian, Dutch, Italian and American interests. The close connection between banks and industry is partly responsible for the frozen assets of the banks, which led to difficulties when foreign credits borrowed on short term were withdrawn from the Austrian and the Hungarian banks. It is well known that all foreign creditors of the Austrian Credit Anstalt obtained a guarantee from the Austrian Government for a two years' prolongation of their short-term claims, which are estimated at \$78,000,000, or more than 500 million Austrian schilling. The amount due to British banks is \$27,000,000, and to Americans \$24,000,000, while the remainder is due to French, Dutch, Swiss, German and other banks. The other Austrian banks concluded recently an agreement with their foreign creditors for the prolongation and the gradual repayment of 210 million schilling (\$30,000,000).

The standstill agreement of the Hungarian banks is being negotiated. The total short-term debts of the Hungarian banks (State and municipal debts not included) is estimated at about \$75,000,000. As there is no chance of immediate repayment, foreign bankers would do well to agree to a standstill agreement without further delay. Czechoslovak banks are not directly involved in the psychological crisis which resulted in the withdrawal of foreign funds from the other Central

European countries, as they are working mainly with domestic resources. The Roumanian and Yugoslav banks were not so hardly hit as the Austrian and Hungarian banking institutions, because they could not borrow directly in the London and New York markets to a great extent. On the contrary, Roumania, Yugoslavia, etc., absorbed a considerable part of the foreign credits of the Austrian Credit Anstalt, and as these credits were frozen in industrial undertakings, they have aggravated the position of the Credit Anstalt.

As the half-yearly balance sheets of the banks are not available, it is difficult to see the losses sustained by them, the more so because the crisis only reached its climax in July and August. There is little doubt that the resources of the banks in all Central European countries have considerably diminished on account of the bad debts of their customers and through the fall of security prices. It would be desirable that the Central European banks should disclose monthly or, at least, quarterly balance sheets on the pattern provided by the Niemeyer Report for Brazil. Recent German and Swiss legislation and the proposal in the Niemeyer Report for the supervision of all banks either by the State or through the Central Bank provide precedents which are certainly desirable for all Central European countries. It is satisfactory that the Financial Committee of the League of Nations has realised this necessity and has asked the Austrian Government to change the existing Banking Law.

With the exception of Austria, there are too many banks in Central Europe. The earlier concentration process of the Austrian banks was necessitated by their high working expenses and heavy losses resulting from

the dismemberment of the Austro-Hungarian monarchy. In Hungary so far no mergers have taken place, but they cannot be long delayed. It is important that the Government and the National Bank should extend the necessary assistance to the amalgamations which are in preparation. While the Austrian and Hungarian banks played a very essential part in the recovery of their countries after the inflation period, which destroyed practically all mobile capital in Austria and Hungary, they are not free from blame for not having restricted their foreign short-term commitments in time.

The future of the Central European banks is closely connected with the monetary policy of the big creditor nations. It would certainly be in the interest of all Central European countries and banks that wholesale prices should rise on the world markets, because that would help those countries to sell their goods abroad, and without an export surplus or new credits it is difficult to see how they can possibly pay their old debts. Nevertheless, it is essential that the stability of all Central European currencies should be maintained on the gold standard, as no small borrowing nation can depart from the gold standard without risking an endless currency depreciation. It should be remembered that, with the exception of Czechoslovakia, all Central European countries are debtor nations, with heavy obligations fixed in gold currencies. Still, Great Britain's suspension of the gold standard should benefit considerably the Central European countries if they succeed in maintaining their currencies on the gold standard, as a great portion of their foreign debts are contracted in sterling.

HUNGARIAN BANKS' BALANCE SHEETS PER DECEMBER 31, 1930.
(In million pengő.)

	Cash in hand and with banks.	Bills discounted.	Debtors.	Government and other securities.	Participations.	Mortgage loans.	Guarantee funds.	Real property.	Pension funds.	Sundry.	Capital and reserves.	Creditors.	Mortgage loans assigned.	Outstanding mortgage bonds.	Transfer acc. and sundry.	Profit and loss.
Hungarian General Credit Bank	29.2	102.7	216.4	18.4	35.3	42.3	1.4	11.0	7.4	...	66.5	344.8	11.7	26.1	10.4	6.8
Hungarian Commercial Bank of Pest	40.6	119.8	103.5	3.9	42.1	79.2	3.0	6.1	9.5	...	54.5	287.4	28.2	49.8	12.8	5.9
British and Hungarian Bank, Ltd.	15.7	64.4	80.8	2.1	20.8	17.5	1.0	5.6	3.5	...	39.4	146.5	5.0	11.1	8.1	3.4
First National Savings Bank Corp. of Pest	29.2	102.4	40.1	5.8	8.5	72.3	1.2	8.8	3.8	...	33.8	179.8	25.5	20.5	5.8	5.8
Hungarian General Savings Bank Co., Ltd.	12.4	68.7	35.5	3.0	7.0	42.4	1.4	3.6	1.9	...	33.3	102.2	5.7	37.0	5.0	2.7
Hungarian Italian Bank, Ltd.	12.9	68.8	44.5	2.4	3.5	56.6	2.6	2.4	2.4	...	26.0	108.9	9.0	44.9	4.4	2.8
National Central Savings Bank of Hungary	17.0	53.7	45.2	4.6	12.8	26.9	1.0	2.4	1.6	...	21.2	120.6	...	14.9	3.3	2.4
Hungarian Discount and Exchange Bank	13.1	53.1	47.6	5.1	14.8	58.6	2.1	2.4	3.8	1.3	21.0	116.8	19.2	36.8	6.9	2.5
National Banking Corporation, Ltd.	4.3	23.3	24.6	2.3	5.6	...	...	1.4	0.7	...	17.5	41.2	...	...	2.2	1.4
The City Savings Bank Co., Ltd.	6.1	23.8	20.4	1.1	4.1	32.2	2.5	2.9	0.6	...	18.0	42.2	...	39.5	1.1	1.6
Total	180.5	680.7	658.6	46.7	154.4	427.9	16.1	46.6	34.9	1.3	327.2	1,460.4	104.3	265.6	57.0	33.2

THE AUSTRALIAN BANKING YEAR.

As was inevitable, recent Australian banking history has been inextricably bound up with the development of the political situation from the investigations of the Niemeyer Commission to the comprehensive scheme of voluntary debt conversion and economies put through last August by the Government with the active co-operation of the banks. All through the political and financial vicissitudes of this year, which included the temporary *de facto* abandonment of the gold standard, the banks have followed a clear-cut line of policy. On the one hand they have felt it their duty to assist the Government in its legitimate and practical proposals to the full limit of their powers. On the other hand, they have felt bound to warn the Governments, both of the Commonwealth and the States, whenever they began to depart from the limits of sound financial policy.

Evidence of practical assistance afforded by the banks can readily be cited. In the summer of 1930, when the financial situation first became acute, the trading banks agreed to create an exchange pool of their sterling

resources and to give the Governments first call upon this pool for the purpose of meeting the service of their external debts. This decision was not a light one, for it forced the banks to ration the normal and legitimate demands of their customers for sterling, and numerous and notorious cases of hardship were recorded. It is true that early in 1931 one of the leading banks broke away from the pool, but by this time the pool had outlived its usefulness, for an unofficial market in exchange had sprung up, and it was clearly advisable to abandon the pool and recognise the undoubted fact that the Australian pound had fallen to a substantial discount and that for the moment Australia was off the gold standard. Even so, the maintenance of the pool for six months had been of material assistance to the Governments.

Furthermore, the banking world in both Australia and London again and again helped the Government to borrow against short-term debt maturities at times when potential lenders were inclined to askance at Australia's finances. In September,

October 10, 1931.]

THE ECONOMIST.

[Banking
Supplement.]

15

£5,000,000 of maturing short-term Treasury bills were replaced by six months bills at the relatively favourable rate of £8 0s. 2d. per cent. At the same time the Bank of England agreed to help in providing for the repayment of further loans maturing that year. The Australian banks had a prominent share in the success of the £28,000,000 Conversion Loan launched internally at the end of 1930. Finally, when after repeated warnings from the banks, some of which are cited below, the Commonwealth Government adopted the recommendations of the Melbourne Conference and carried through a comprehensive plan of financial reform on sound lines, the banks gave all the support within their powers. The plan rested on the one side upon a general reduction of wages, salaries, pensions and also of interest rates, and, on the other side, upon a scheme of voluntary debt conversion designed to reduce the interest on the internal debt by 22½ per cent. The banks helped in many ways. They agreed to reduce their own interest rates both on deposits and advances,

provided, of course, that rates agreed for fixed deposits remained intact pending the expiry of such agreements. They, no doubt, gave technical advice regarding the terms of the conversion scheme. Most important of all, when the time came for offers of voluntary conversion to be made, the banks, as important holders of Australian Government stock, were the first to volunteer in accordance with the terms of the plan.

At the same time it can fairly be claimed that the banks, by their repeated warnings during the past fifteen months, have helped to turn Australian finance onto the right lines. The first and most comprehensive of these warnings were those uttered by the Niemeyer Commission just over a year ago; for it must not be forgotten that Sir Otto Niemeyer and his colleagues were despatched by the Bank of England at the invitation of the Australian Government, following an appeal by the latter for aid in dealing with its indebtedness in London. The following spring, when bills were introduced with the open design of inflating the Australian

	Year Ended	Net Profit.	Dividend.	To Reserve, &c.	Pre-mises.	Staff Funds.	Carried Forward.	Profit and Dividend for Preceding Year.
		£	£	£	£	£	£	%
Australian Bank of Commerce ...	June 30	84,904	88,320	4	...	...	3,416	180,693
Bank of Adelaide, Limited ...	Mar. 31	91,813	87,500	7	...	...	4,313	138,107
Bank of Australia, Limited ...	Oct. 14 '29	615,084	585,000	13*	...	...	30,084	677,183
Bank of Australasia ...	Sept. 30 '29	734,699	731,250	14†	25,000	...	3,449	994,825
Bank of New South Wales ...	Mar. 31	845,814	817,969	11†	13,399	20,000	2,845	948,534
Bank of New Zealand ...	June 30	308,449	305,263	8†	...	...	30,213	389,841
Commercial Bk. of Australia, Lim.	June 30	441,816	402,816	12†	150,000	50,000	42,264	601,263
Comm. Banking Co. of Sydney ...	June 30 '29	542,736	375,000	8†	100,000	50,000	13,794	655,134
English, Scottish, and Australian	Mar. 31	561,206	425,000	10*	...	...	5,714	282,917
National Bk. of Australasia, Lim.	Mar. 31	208,286	200,000	6†	20,000	...	1,458	194,956
National Bk. of New Zealand, Lim.	June 30	132,292	113,750	7†	...	...	3,019	525,656
Queensland National Bank, Lim.	Feb. 28	283,019	280,000	...	...	...	14,149	6,226,728
Union Bank of Australia, Lim....								...
Total.....		4,850,118	4,411,868	...	308,399	120,000	24,000	...

* Free of tax.

† Free of U.K. tax.

INTERNATIONAL ACCEPTANCE BANK, INC.

A Unit of The Manhattan Company

31 Pine Street, New York

International Banking Transactions

Reimbursement Credits Foreign Exchange
Bullion and Currency Collections

F. ABBOT GOODHUE
President

PAUL M. WARBURG
Chairman

London Representative: L. S. CHANLER, JR., Vice-President, 4 ADAMS COURT, E.C.2.

currency and of restoring the 1929 price-level, the banks felt bound to protest, just as the Commonwealth Bank felt obliged last April to warn the Government that it was approaching the limit of the bank's powers to provide the administration with fresh financial accommodation. The failure of the New South Wales State Savings Banks came as a swift and unpleasant confirmation of the justice of this warning and of the dangers of the financial extravagances of the Government of that particular State.

A month later, when giving evidence before the Senate on the Commonwealth Bank Act Amendment Bill—one of the inflationary measures referred to above—Sir Robert Gibson, the chairman of the Commonwealth Bank, felt bound to return to the charge. He opposed definitely any permanent departure from the gold standard, and while he objected to the clause in the Bill forcing the Commonwealth Bank to ship part of its minimum gold stocks to London, stated that he regarded such gold shipments as a lesser evil than that of default. He warned the Senate, and through them the Government, that Australia's financial situation at the time was such as to preclude any re-borrowing in London upon reasonable terms. There is every reason to regard this statement of Sir Robert Gibson as having

helped to pave the way for the financial reforms of recent months. The banks, however, are still exercising vigilance. As recently as last month they warned the Government against further borrowing.

A year which witnessed the virtual abandonment of the gold standard, numerous and serious financial vicissitudes, and a world-wide trade depression from which Australia as a primary producer has suffered to the full, has inevitably been an unremunerative and difficult year for the banks. Some indication of their troubles is given in the accounts quoted below, though it must be emphasised that the accounts equally reveal the success with which the banks are weathering the storm with unimpaired strength. There has been a general contraction in acceptances and deposits, but cash and investments have on the whole been maintained, and the fall in deposits has been met by a contraction in earning assets comprised under the heading "bills, loans and advances." This explains the decline in net profits, necessarily reflected in dividend reductions, but the bank accounts equally make it plain that the exchange depreciation of the Australian pound has not been accompanied by credit inflation, and that the banks have increased their liquidity. In the circumstances this is no mean achievement.

AUSTRALASIAN BANKS WITH LONDON OFFICES.

Year.	Banks.	No. of Branches.	Capital and Reserves.	% of Liabilities.	Notes.	% of Liabilities.	Deposits.	% of Liabilities.	Total Assets or Liabilities.	Cash in Hand and Money at Call and Notice.	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
1920	19	1,538	24,424,100	13.2	4,821,800	2.6	138,065,900	74.7	184,931,200	26,919,000	14.6	6,808,100	3.7	145,535,900	78.7
1921	16	1,338	30,307,100	19.1	4,348,700	2.8	107,408,600	68.4	157,299,500	33,165,500	21.1	12,831,900	8.2	102,820,200	65.3
1922	17	1,965	33,612,300	16.3	5,198,100	2.4	152,885,400	71.9	212,615,200	54,575,000	25.8	17,105,000	8.1	132,956,900	62.5
1923	16	2,393	51,248,171	13.4	8,511,692	2.2	281,477,007	73.4	383,470,259	88,133,890	23.2	68,431,168	17.8	214,736,390	56.0
1924	15	2,364	53,991,389	14.1	7,854,758	2.1	273,364,790	71.8	381,546,279	81,024,813	21.3	39,911,344	10.5	251,737,300	66.0
1925	14	2,495	58,731,923	15.3	8,029,220	2.1	278,162,328	72.5	384,576,016	89,307,562	23.3	38,400,133	10.0	247,031,583	64.3
1926	14	2,585	61,599,404	15.3	7,928,290	2.0	296,565,646	73.4	404,606,678	85,877,405	21.2	46,722,824	11.6	261,325,689	64.9
1927	14	2,633	66,098,630	15.8	6,973,808	1.7	304,880,617	73.0	417,885,511	85,097,837	20.4	41,379,111	9.9	280,193,236	67.1
1928	14	2,687	70,965,534	16.5	6,870,095	1.6	311,517,521	72.3	430,939,351	82,997,550	19.3	43,250,682	10.1	293,292,117	68.0
1929	14	2,788	75,294,960	16.8	7,320,202	1.6	321,525,986	72.0	447,133,140	84,338,608	18.9	52,358,405	11.7	298,281,030	66.7
1930	12	3,141	75,807,689	16.8	6,693,730	1.5	324,226,350	71.8	451,388,933	77,213,749	17.1	44,157,047	9.8	317,923,542	70.4
1931	12	3,199	83,274,577	17.5	6,940,801	1.5	341,310,252	71.8	474,657,248	82,573,158	17.4	55,565,857	11.7	330,126,109	69.6
1932	12	3,292	86,623,990	17.5	7,543,645	1.5	358,172,387	72.5	494,326,268	78,048,713	15.8	63,589,822	12.8	339,648,856	68.7
1933	12	3,372	88,074,940	18.2	6,792,206	1.4	350,095,968	72.2	484,659,471	71,442,573	14.8	44,948,658	9.3	351,619,883	73.0
1934	12	3,358	89,436,041	19.5	6,346,137	1.4	331,378,067	72.1	458,147,765	71,023,589	15.5	45,317,529	9.4	326,111,993	73.2

BANKING IN CANADA.

(BY A CORRESPONDENT.)

The Canadian banks have been passing through a difficult and trying year, for the Dominion has felt the full impact of the world-wide economic depression, and bankers have had to struggle with the problems created by hard times both for agriculture and industry. During the recent boom years, when money was being eagerly sought for all kinds of new enterprises, the banks had to exercise careful judgment about their loans and to function as a restraining conservative force; but the drastic contraction of business and, consequently, of the demand for credit has materially altered their problems. Their chief difficulties have come through frozen credits and the embarrassments of corporations and individuals who had borrowed heavily and been unable to meet their obligations. It is an open secret that the serious financial plight of a number of the pulp and paper companies has been a source of worry to certain banks for the past two years, but this particular burden has been substantially alleviated by the

reorganisation of the capital structure of the Canada Power and Paper Co. The agricultural depression in the prairie country, aggravated this year by a partial crop failure, has left the banks with a quantity of loan to farmers whose liquidation must perforce be postponed, and they have been subjected to a considerable barrage of criticism from western politicians for their present conservative attitude towards further loans to farmers. Indeed, during the past year the banking system of Canada has been the target for almost continuous attack, and there have been put forward, both inside and outside of Parliament, a variety of reforming proposals ranging from the establishment of a central bank of rediscount to the abandonment of the gold standard and deliberate depreciation of the currency, the latter course being urged on the ground that it would operate as a bonus for the export of agricultural products. Considerable support has also developed for bimetallism, and Mr J. F. Darling, during a visit to

the Dominion, received a good deal of encouragement for his propaganda in favour of the stabilisation of silver at a fixed ratio value to gold; among others, Mr Arthur Meighen, a former Conservative Premier, has lent his high authority to the idea.

The latest banking statement, covering up to the end of July, tells the story of the present situation, the comparative data for June, 1930, and July, 1931, being appended:—

		ASSETS.		LIABILITIES.	
		July, 1931.	June, 1931.	July, 1930.	Change.
		\$	\$	\$	\$
		846,991,944	907,491,394	833,690,527	+ 13,301,417
		1,873,537,246	1,892,044,245	1,996,746,655	- 123,209,409
		182,358,454	189,661,883	201,052,341	- 18,693,887
		6,834,017	6,986,035	6,740,624	+ 93,393
		105,676,772	132,561,684	132,496,798	- 26,820,026
		3,015,398,433	3,128,745,241	3,170,726,945	- 155,328,512
		137,098,642	142,558,937	152,177,140	- 15,078,498
		53,462,800	84,158,550	105,969,191	- 52,506,391
		561,274,437	600,747,340	605,281,927	- 44,007,490
		1,451,275,655	1,450,356,954	1,402,027,676	+ 49,247,979
		330,635,497	355,929,759	383,624,477	- 52,988,980
		144,167,231	158,296,532	178,457,639	- 34,290,408
		11,135,075	12,916,577	11,347,692	- 212,617
		1,355,896	788,162	1,369,789	- 13,893
		162,000,000	162,000,000	160,847,293	+ 1,152,707
		144,500,000	144,500,000	144,756,089	- 256,089
		2,996,905,233	3,112,253,811	3,145,858,913	- 148,953,680
		64.0%	63.8%	75.2%	- 11.2%
		64.0%	63.8%	75.2%	- 11.2%

Total Liabilities.....
Credit Index*.....

* Ratio of current and call loans in Canada to demand and savings deposits in Canada.
One of its most significant items is the gain of 49 million dollars in savings deposits in the last twelve months. In July, 1930, they stood at \$1,402,000,000, having dropped 128 million dollars from their peak figure of January, 1929; but their recovery to

Guinness, Mahon & Co.

ESTABLISHED 1836.

53, Cornhill,
LONDON, E.C.3.

17, College Green,
DUBLIN, C.1.

situation than the somewhat over-extended position in which the banks found themselves two years ago before the great stock market débâcle began. As the result of the increase in savings and the decrease in outstanding loans, the banks have found themselves in a single year with roughly 370 million dollars of funds available for investment. \$24,000,000 of advances secured from the Dominion Government under the Finance Act have been repaid, and only two of the banks are under any liability under this head to the Federal Treasury. The shrinkage in stock-market speculation has shut off in a large measure one profitable outlet for the surplus money of the Canadian banks in the New York call market, and, as a consequence, they have turned to the policy of investing a much larger proportion of their funds in bonds, with the result that during the year the security holdings of the banks have increased from 447 to 693 million dollars. The proportion of total bank assets invested in

securities is now almost as high as it was before the last business boom began, and presumably the banks will hold their security investments until such time as revived business needs generate a demand for loans. Undoubtedly the present year will witness a substantial diminution of the profits of the Canadian banks, but although the market values of all their stocks have shown a notable recession, in some cases the drop being 30 per cent., there is no apprehension that any dividends will have to be cut this year. On the whole the Canadian banks seem to be weathering the economic blizzard very comfortably; they are now reduced to ten in number through the disappearance of the Weyburn Securities Bank, a small western institution which, although not in a state of insolvency, had become involved in difficulties through frozen loans to farmers, and was, with the approval of the Finance Department, taken over by the Imperial Bank of Canada.

	Year Ended	Net Profit.	Dividend.	To Reserve, &c.	Pre-mises.	Staff Funds.	Carried Forward.	Profit and Dividend for Preceding Year.
Bank of Montreal	Oct. 31	£ 1,303,806	£ 1,009,517	£ 91,996	£ 160,000	£ ...	+ 42,293	£ 1,414,178
Bank of Nova Scotia	Dec. 31	507,129	367,241	16 223,090	80,000	23,000	- 186,202	552,223
Canadian Bank of Commerce ...	Nov. 30	1,105,155	800,550	13 140,753	52,639	+ 8,473	1,041,006	13
Dominion Bank	Dec. 31	281,949	181,999	13 36,016	40,000	10,000	+ 13,934	304,562
Royal Bank of Canada	Nov. 30	1,314,525	980,000	14 108,000	80,000	40,000	+ 106,525	1,429,027
Total		4,512,564	3,339,307	...	599,855	462,740	- 14,977	4,740,996

CANADIAN BANKS WITH OFFICES IN LONDON.

Year.	Banks.	No. of Branches.	Capital and Reserves.	% of Liabilities.	Notes.	% of Liabilities.	Deposits.	% of Liabilities.	Total Assets or Liabilities.	Cash in Hand, Money at Call and Short Notice.	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
1900	4	95	£ 6,679,100	21.8	£ 2,448,500	8.0	£ 17,584,600	52.6	£ 30,544,200	£ 4,567,900	14.9	£ 2,099,600	6.9	£ 23,488,000	77.0
1905	4	254	9,541,500	16.2	4,221,500	7.2	40,706,900	69.2	58,981,200	18,677,200	31.8	4,814,500	8.2	34,721,100	58.8
1910	5	590	13,122,300	12.1	6,670,700	6.7	83,600,500	72.4	107,995,700	42,605,600	39.5	9,799,100	9.1	54,269,400	50.3
1915	7	1,473	23,730,164	12.3	12,034,445	6.3	145,911,275	75.8	192,384,515	64,458,514	33.5	14,516,943	7.5	103,977,449	52.4
1920	8	2,653	36,524,247	7.5	35,302,963	7.2	386,047,299	79.1	487,330,996	149,427,464	30.5	78,768,170	15.2	242,618,337	49.8
1921	8	2,784	39,247,988	8.2	33,519,151	7.0	377,965,484	79.1	477,958,871	167,415,626	35.0	52,812,744	11.1	238,425,284	49.8
1922	7	2,724	37,564,384	8.8	25,620,491	6.0	344,088,345	80.7	426,239,292	150,734,764	35.3	50,518,770	11.8	209,336,821	49.0
1923	7	2,606	37,724,384	9.0	24,882,513	5.9	334,606,154	79.5	419,597,232	152,142,922	36.2	53,558,759	12.7	197,246,623	47.0
1924	7	2,649	38,929,178	8.8	25,965,566	5.9	352,144,276	79.4	443,435,332	144,569,111	32.6	72,210,490	16.3	201,044,015	45.4
1925	7	2,630	39,995,858	8.5	26,394,806	5.6	375,209,695	79.7	470,860,643	154,092,281	32.7	89,880,069	19.1	197,741,138	42.0
1926	5	2,474	38,415,858	8.1	25,939,835	5.4	385,393,155	80.8	477,841,903	154,047,581	32.3	90,122,316	18.9	205,901,531	43.1
1927	5	2,466	40,223,662	8.2	26,194,912	5.3	397,786,877	80.7	493,059,087	162,919,668	33.0	80,431,781	16.3	221,202,443	44.9
1928	5	2,505	41,185,858	7.4	26,385,035	4.7	450,992,247	81.2	554,038,983	185,633,263	33.5	86,622,130	15.6	251,172,326	45.3
1929	5	2,583	46,648,894	7.7	28,655,249	4.7	479,968,383	78.5	610,518,741	207,758,213	33.9	88,158,967	14.4	280,876,805	45.9
1930	5	2,855	50,244,170	8.5	27,176,974	4.6	460,794,286	77.9	591,477,354	185,319,528	31.4	70,001,712	11.8	299,788,584	50.4
1931	5	2,800	51,528,768	9.4	23,334,906	4.2	434,987,223	79.0	550,282,378	155,264,111	28.4	101,219,272	18.4	261,641,613	47.5

INDIAN BANKING.

In view of India's peculiar political, economic and financial difficulties, super-imposed upon the general world depression, it was inevitable that the leading bank balance sheets for the end of 1930 should have registered a definite contraction. At home, 1930 witnessed a contraction in imports and exports of the order of 25 per cent., a heavy fall in the internal price-level, heavy deficits in both the Central and Provincial Budgets, and a period of continued political unrest, which found vent in riots, faction fights and boycotts. Abroad, there was the world trade depression and the collapse of world prices, which particularly affected India, as a producer of primary commodities. In short, the impairment of her general financial situation was such as to necessitate in the summer of 1931 the announcement by the British Government that, should need arise, they were prepared to apply to the British Parliament for authority to give financial support under suitable conditions to the Government of India in order to maintain the credit of the country pending the settlement of the constitutional problem and the formulation of provisions for the future maintenance of India's credit. Even though this undertaking had a definitely contingent character, it emphasised the difficult position

of Indian finances. Further evidence of this difficulty is to be found in the abnormal increase in Bank rate on August 6th from 6 to 7 per cent.

The summary of Indian banking accounts given below in the main reflects these adverse developments. The note circulation and deposits have both fallen in consonance with the decline of prices, while the contraction in discounts and advances can be traced to the same cause. Bad trade and the uncertain outlook have partly forced and partly induced Indian bankers to add to their liquidity by increasing the less remunerative portions of their assets such as cash and investments. The net result is that, as has happened in other countries, the Indian banks, though in a stronger position, are contributing less to the productive activity of the country.

When the gold standard was suspended in Great Britain three weeks ago, a decree was issued in India "suspending the obligation of the Government of India to sell sterling or gold against rupees," and it was simultaneously decided to endeavour to maintain the link with sterling on the fixed rupee-sterling rate of 1s. 6d. This decision evoked some political opposition, but those who remember the commercial difficulties of India immediately after the war, when the rupee was tem-

porarily upon a gold basis, will not question its wisdom. The Government is now exercising its powers under the above decree by only selling sterling for genuine trade purposes, for the fulfilment of obligations incurred before September 21st, and for reasonable domestic requirements. This follows closely the present practice of the British Treasury. These initial steps were followed up by fresh budgetary proposals, consisting of both new taxation and economics designed to meet the

existing deficit due to short-fall of revenue. This was essential, if the stability of the rupee were to be maintained, but, apart from this, India's own position, and the suspension of the gold standard in London, may make it more difficult for her to borrow afresh or to replace maturing debt. Thus, despite the existence of a gold and sterling currency reserve of nearly £40,000,000, the financial outlook is not free from anxiety.

	Year Ended.	Net Profit.	Dividend.	To Reserve, &c.	Pre-mises.	Staff Funds.	Carried Forward.	Profit and Dividend for Preceding Year.
Chartered Bank of India, Australia, and China	Dec. 31	£ 634,343	£ 607,500	204†	£ 30,000	£ ...	£ 3,157	£ 661,598
Eastern Bank, Limited	Dec. 31	116,694	90,000	16	25,000	10,000	+ 1,694	123,521
Mercantile Bank of India, Lim.	Dec. 31	213,340	168,000	20*	20,000	15,000	+ 340	257,459
National Bank of India, Lim.	Dec. 31	480,329	400,000	...	30,000	50,000	+ 329	511,133
Total		1,444,706	1,265,500	...	105,000	10,000	- 794	1,553,711

* Free of tax. † 7% of which free of tax.

INDIAN BANKS WITH OFFICES IN LONDON.

Year.	Banks.	No. of Branches.	Capital and Reserves.	% of Liabilities.	Notes.	% of Liabilities.	Deposits.	% of Liabilities.	Total Assets or Liabilities.	Cash in Hand, Money at Call and Short Notice.	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
1899	5	50	£ 4,347,200	12.1	£ 1,241,000	3.4	£ 17,964,400	50.0	£ 36,003,400	£ 4,321,200	12.0	£ 2,930,500	8.1	£ 27,541,300	76.5
1900	5	54	3,186,800	10.5	699,800	2.3	18,084,800	58.5	30,207,600	4,704,900	15.5	2,794,600	9.3	22,147,300	72.5
1905	4	63	3,735,100	10.6	639,100	1.8	23,473,900	66.5	35,268,500	6,507,100	18.4	3,119,500	8.8	23,634,900	69.6
1910	5	87	6,100,000	12.9	515,600	1.1	34,547,000	72.9	47,339,600	8,312,300	17.6	4,139,400	8.7	32,101,200	67.8
1915	5	91	7,323,485	11.1	1,085,514	1.6	48,782,482	73.8	66,017,462	12,512,987	18.9	8,002,065	12.1	42,085,918	63.6
1920	4	94	14,171,476	8.9	2,995,124	1.9	118,352,583	74.1	159,492,420	28,521,284	17.9	10,424,084	6.5	108,740,228	68.0
1921	4	97	14,850,000	11.7	2,354,045	1.9	93,221,399	73.5	126,410,917	15,600,241	12.3	27,936,054	22.0	75,787,137	59.8
1922	4	97	14,850,000	11.7	2,354,045	1.9	90,619,019	73.3	123,728,318	16,978,419	13.7	35,943,579	29.1	62,428,849	50.5
1923	4	102	15,120,000	11.7	2,569,875	2.1	92,244,551	71.5	128,580,610	19,415,164	15.1	31,045,838	24.1	68,572,830	53.2
1924	4	103	15,340,000	11.9	1,924,625	1.5	104,713,687	74.8	140,044,291	20,018,291	14.7	39,554,406	29.1	80,928,390	57.8
1925	4	106	15,560,000	11.1	1,682,651	1.2	102,987,832	75.7	135,837,427	17,470,182	12.5	31,021,988	22.1	68,514,158	50.5
1926	4	109	15,665,000	11.5	2,424,847	1.8	99,421,137	73.0	136,121,504	12,722,522	9.3	36,496,821	26.8	76,954,934	56.5
1927	4	110	15,770,000	11.6	2,218,870	1.8	97,756,492	73.4	133,222,009	14,267,964	10.7	35,275,577	26.5	74,758,105	58.1
1928	4	113	15,875,000	11.9	1,977,396	1.5	95,286,461	74.0	128,696,924	13,485,072	10.5	33,001,599	25.6	74,758,105	58.1
1929	4	113	15,980,000	12.4	2,351,788	1.8	91,250,356	75.6	120,695,667	14,444,621	12.0	36,683,818	30.4	62,450,479	51.8
1930	4	113	16,030,000	13.3	2,184,761	1.8	...	...	...	...	...	...	...	...	...

HIGGINSON & CO.

Merchant Bankers

80 Lombard Street
and 12 Cornhill,
LONDON, E.C.3

LEE, HIGGINSON & CO.,
BOSTON, NEW YORK,
CHICAGO, U.S.A.

LEE, HIGGINSON ET CIE.,
PARIS.

(BY A CORRESPONDENT.)

in the country were not sound. In fact, last year was a period of relative prosperity in the Free State. While all prices fell, the price of exports, especially live stock, fell far less rapidly and disastrously than that of imports, and the terms of trade moved distinctly in favour of the country. The collapse in the price of cereals and animal feeding stuffs was beneficial to Irish farmers by lowering the cost of their raw materials, while the price of their principal product was maintained at a relatively satisfactory level.

To what extent this prosperity can be expected to continue is difficult to say. Within the last month the first really serious fall in livestock prices has been felt. Naturally the Irish farmer's lot depends upon the conditions of purchasing power in England, and recent events have exercised an unsettling influence in his chief market. It is now hoped that the depreciation of the pound will cause a rise in food prices which will benefit farmers, and it is hoped in some quarters that Great Britain will impose a tariff on foodstuffs with imperial preference.

The Free State currency is, of course, linked to sterling into which it is convertible. When the British pound depreciates, the Irish pound automatically depreciates by exactly the same amount. The Free State has thus been driven off the gold standard through no fault of its own. None of the conditions that gave rise to difficulties in Great Britain are present in the Free State. The Budget is balanced, the balance of payments is almost certainly favourable, and the dole is

This table shows the changes that took place in Irish banking during last year. It also shows the different ratio between advances and deposits in the Free State and in Northern Ireland. As one would have suspected, the ratio is small in the Free State, where a very large part of the banks' assets are held in the form of investments. Indeed, the Free State banks have been described by disappointed borrowers as glorified investment trusts. The general nature of their business enables them to work on a very small cash reserve, so that the proportion of their earning assets is abnormally high.

Last year was a period of prosperity for Irish banks, many of which earned increased profits. The half-

IRISH FREE STATE BANKS

	Year Ended	Net Profit.	Dividend.		To Reserve, &c.	Pre- mises.	Staff Funds.	Carried Forward.	Profit and Dividend, Previous Year.	
		£	£	%	£	£	£	£	£	%
Bank of Ireland	Dec. 31	537,145	411,923	17½	130,000	...	...	£ 4,778	542,088	17½
Hibernian Bank	June 30	109,114	67,500	13½	20,000	12,500	...	+ 9,114	99,609	13½
Munster and Leinster Bank	June 30	186,888	105,000	14*	30,000	30,000	20,000	+ 1,888	180,884	14*
National Bank	June 30	270,034	210,000	14	40,000	20,000	...	+ 34	261,803	14
Provincial Bank of Ireland	June 30	110,512	60,682	14½	40,000	10,000	...	+ 170	103,758	14½
Royal Bank of Ireland	Aug. 31	65,446	25,500	10	40,000	...	...	— 54	64,672	10
		1,279,139	880,605	...	300,000	72,500	20,000	+ 6,034	1,252,814	...

* Free of income tax

yearly statements issued in July indicate that profits have been maintained in all cases, and no bank has thought it necessary to diminish the rate of dividend distribution. This prosperity is largely the result of the cheap money rates which prevailed until this summer. Irish banks always derive advantages from cheap money. They employ only a small part of their assets in the London short-money market, and succeed in securing a wide margin between their deposit rate and the rate of interest on their advances. These conditions, however, would not in themselves suffice to make banking prosperous if the underlying conditions

non-existent. The inherently sound condition of the country's finance is reflected in the refusal of the Irish banks to raise their rate following the raising of Bank rate in London to 6 per cent.

The Currency Amendment Act, 1930, has removed the limitation previously in force whereby the British Government securities which might be held as backing for the legal tender notes should be of a kind maturing within twelve months. In exercise of the discretion conferred by this Act, the Currency Commission has acquired British Government securities of maturity exceeding twelve months amounting to £1,470,552.

JOINT-STOCK BANKS OF IRELAND.

Year.	Bank.	No. of Branches	Capital and Reserves.	% of Liabilities.	Deposits.	% of Liabilities.	Notes.	% of Liabilities.	Total Liabilities.	Cash in Hand, Money at Call and Short Notice	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
			£		£		£		£	£		£		£	
1895	9	496	10,200,000	16.5	44,390,000	72.0	6,143,000	9.9	61,663,000	11,253,000	18.3	17,934,000	29.1	31,182,000	50.5
1900	9	543	10,894,000	16.0	49,449,000	72.8	6,708,000	9.9	67,988,000	11,697,000	17.2	17,719,000	26.1	37,464,000	55.0
1910	9	663	11,475,000	13.9	62,508,000	76.0	7,211,000	8.8	82,150,000	13,762,000	16.7	23,215,000	28.2	44,127,000	53.7
1920	9	912	12,899,000	5.4	200,441,000	83.2	24,717,000	10.3	240,391,000	46,698,000	19.4	80,959,000	33.5	109,623,000	45.6
1921	9	947	13,154,000	5.3	212,860,000	86.1	19,052,000	7.7	246,881,000	42,887,000	17.4	81,670,000	33.0	119,275,000	44.1
1922	9	986	13,779,000	5.7	209,777,000	86.0	17,321,000	7.1	242,199,000	31,834,000	13.1	103,019,000	42.5	104,554,000	43.1
1922	6*	719	10,429,000	5.9	153,091,000	86.6	12,332,000	7.0	176,603,000	23,660,500	13.4	79,797,500	45.1	70,982,000	40.2
1923	6*	736	11,029,000	6.4	149,695,000	86.4	11,688,000	6.7	173,320,000	27,192,000	15.7	73,788,000	42.6	69,885,000	40.8
1924	6*	764	11,259,000	6.5	147,105,000	86.0	12,025,000	7.0	171,164,000	24,510,000	14.3	72,063,000	42.1	72,158,000	42.2
1925	6*	766	12,356,000	7.5	140,569,000	85.3	11,276,000	6.8	164,957,000	19,973,000	11.9	72,592,000	44.0	70,452,000	42.7
1926	6*	773	12,743,000	8.1	133,035,000	84.6	10,690,000	6.8	157,377,000	17,974,000	11.4	68,437,000	43.5	68,483,000	43.6
1927	6*	786	13,053,000	8.6	127,593,000	84.0	10,579,000	7.0	151,997,000	18,540,000	12.2	63,914,000	42.0	67,144,000	44.3
1928	6*	784	13,319,231	8.7	128,280,338	83.9	10,467,485	6.8	153,020,542	20,603,358	13.6	62,921,757	41.5	66,980,637	43.7
1929	6*	798	13,549,231	9.0	128,212,719	85.0	8,384,891	5.5	151,006,928	19,097,681	12.6	63,327,301	41.9	66,109,058	43.7
1930	6*	808	13,744,231	9.3	126,913,785	85.8	6,513,849	4.4	148,029,152	16,100,407	10.9	65,094,325	44.0	64,377,598	43.7
1931	6*	807	13,934,231	9.4	127,984,313	86.1	5,850,791	2.9	148,613,574	14,921,624	10.0	67,622,666	45.6	63,560,931	42.8

* Irish Free State.

Provision is further made in this Act for widening the class of securities that may be held as backing for the legal tender notes by means of a unanimous request by the Currency Commission followed by an order of the Minister for Finance subject to the approval of both Houses. This procedure may possibly be utilised if there is any desire to acquire securities other than British in face of the present crisis.

The volume of the legal tender notes issued fluctuated last year between a minimum of £6,632,767 and a maximum of £8,019,408. The consolidated bank notes amounting to £6,000,000 continued in circulation. Efforts are being made to withdraw from circulation the old private issues of the banks, and in this

connection a dispute has arisen between the British and Free State Governments regarding the "dead" notes, to which both Governments lay claim. Negotiations in this matter are pending. The banks have been required by the Currency Commission to lodge security for the protection of the consolidated bank notes. The interest on securities so lodged is still the property of the banks.

The surplus income of the Currency Commission for the year 1930-31 amounted to £227,946, of which £103,000 was paid to the Exchequer. The decline in the surplus income from the 1929-30 figures of £324,267 was caused by the fall in the rates for short-term investment.

SOUTH AFRICAN BANKING.

IF it were possible for any one country to remain prosperous while all others were overshadowed in deep industrial and financial depression, South Africa, as the principal producer of the world's supply of gold, should be that one; for gold is the one commodity of which there is a scarcity to-day and the only metal whose price can never fall below a fixed and quite profitable limit. Moreover, with prices of everything else going down, it has been possible in recent times in many cases to effect appreciable reductions in costs of production. In fact, though agriculture, which is, of course, one of the chief industries of South Africa, has been sharing the fate of agriculture in every other country, and other minor industries are almost equally depressed, in a large

£89,773,659, and with £51,245,432 in 1929. Cash, at £28,082,764, is lower by nearly one million pounds, but this does not represent more than a fractional decline in liquidity. Investments show an increase of about half a million. Profits, however, are in all cases lower, and in the case of one bank operating outside South Africa have fallen heavily. As a result of the financial crisis in Great Britain, gold has gone to a very substantial premium, which, of course, fluctuates widely according to the prevailing value of sterling. The South African pound, which before the crisis was normally at about $\frac{1}{4}$ per cent. discount on the British pound for cable transfers, stood immediately after the suspension of the gold standard at a buying rate of £85 per £100 sterling and a selling rate of £90 per £100 sterling. A few days

	Year Ended	Net Profit.	Dividend.		To Reserve, &c.	Premises.	Staff Funds.	Carried Forward.	Profit and Dividend for Preceding Year.	
		£	£	%	£	£	£	£	£	%
Bank of British West Africa, Lim.	Mar. 31	24,568	48,000	4	...	...	...	-23,432	121,822	6
Barclays Bank (Dominion, Colonial and Overseas),	Sept. 30	465,071	228,322	4½	210,000	...	...	+26,750	516,594	4½
Netherlands Bk. of South Africa	Dec. 31	51,517	28,113	6	8,089	14,426	...	+889	60,078	7
Standard of South Africa, Lim.	Mar. 31	567,620	375,000	15	...	75,000	100,000	+17,620	652,478	17
Total		1,108,776	679,435	...	218,089	89,426	100,000	+21,827	1,350,972	...

Notes:—Figures for 1913 are preliminary. South African banks announced later, however, the South African banks announced that the exchange rates for selling in South Africa were 10s. 6d. for the pound sterling.

measure, to judge from the banking figures, South Africa has actually escaped much of the sufferings of other nations. Unfortunately, banking experience in other parts of Africa has been such as to suggest that those areas have not escaped the consequences of the trade depression.

Even so, the table of aggregate figures given below reveals, in comparison with other countries, quite a remarkable state of affairs, for in many items of the banks' accounts increases have been recorded. Deposits in 1931 again show an increase over the previous year, and among assets, discounts and advances are up to £91,744,800, compared with last year's figures of

later, however, the South African banks announced that the exchange rates for selling in South Africa were cancelled, and that quotations would only be given on application for spot transactions. Meanwhile, difficult as it may be to maintain its decision in view of the increasing demand for her gold by foreign countries, the Union Government of South Africa has decided to adhere to the gold standard, though it is possible that an embargo may be placed upon the export of South African sovereigns. In any case, it is possible to view the future of South Africa with considerable hope, and the strong position of her banks will enable her to take full advantage of any improvement in business.

AFRICAN BANKS WITH OFFICES IN LONDON.

and among assets, discount with last year's figures

£91,744,800, compared with last year's figures

AFRICAN BANKS WITH OFFICES IN LONDON.

Year.	Banks.	No. of Branches.	Capital and Reserves.	% of Liabilities.	Notes.	% of Liabilities.	Deposits.	% of Liabilities.	Total Assets or Liabilities.	Cash in Hand and Money at Call.	% of Liabilities.	Investments.	% of Liabilities.	Discounts and Advances.	% of Liabilities.
			£		£		£		£	£		£		£	
1880	2	90	2,005,800	12-0	1,081,300	6-5	10,408,600	62-4	16,672,400	3,887,700	23-3	1,582,300	9-5	10,920,700	65-4
1900	5	165	4,684,000	13-3	1,852,200	5-2	24,424,900	69-0	35,306,300	11,511,900	32-6	4,092,200	11-6	18,559,700	52-5
1910	9	444	8,289,700	13-4	2,035,300	3-3	43,628,800	71-2	61,144,200	17,755,900	29-0	5,374,400	10-4	30,509,200	49-9
1920	7	873	17,046,427	6-8	8,988,619	3-6	189,892,101	76-0	249,256,327	46,066,481	18-5	37,267,885	14-9	139,946,510	56-0
1921	6	979	17,975,721	8-5	9,244,449	4-4	151,698,145	71-8	211,874,720	35,568,723	16-8	20,852,477	9-9	126,626,573	60-0
1922	6	899	17,620,100	9-7	8,706,569	4-8	128,532,959	71-0	180,687,942	37,851,939	20-9	19,377,552	10-7	99,519,441	55-0
1923	6	857	16,684,960	9-7	1,281,777	0-7	127,608,097	74-3	171,330,264	29,845,362	17-2	29,847,989	17-4	91,226,581	53-3
1923	4	812	10,002,152	7-6	1,281,777	0-9	95,457,147	72-9	131,045,290	23,949,679	18-3	14,329,448	10-9	73,106,390	55-8
1924	4	675	9,101,413	7-6	992,511	0-8	90,165,360	75-7	119,310,068	23,724,032	19-9	12,999,288	10-9	63,316,384	53-2
1925	4	670	9,263,096	7-9	718,821	0-6	86,577,974	74-3	116,650,849	25,107,838	19-8	10,890,089	9-3	64,380,473	55-2
1926	3	410	7,348,125	9-6	480,697	0-6	57,459,817	74-7	76,933,189	14,182,719	14-6	6,893,959	8-7	45,897,132	62-5
1927	3	420	7,357,709	9-5	504,711	0-6	56,306,737	72-8	77,325,277	13,377,431	15-4	6,624,270	8-6	45,571,980	60-9
1928	3	427	7,357,708	9-1	605,370	0-8	60,588,019	70-9	80,540,832	12,872,067	16-0	6,897,660	8-6	46,001,585	57-1
1929	3	436	7,899,379	9-2	603,642	0-7	60,588,019	72-5	85,387,066	12,957,712	15-2	6,962,200	8-9	51,245,432	60-1
1930	4	916	14,434,879	9-3	1,573,114	1-0	120,580,725	77-6	155,295,437	28,909,836	18-6	17,016,869	10-2	89,773,659	57-8
1931	4	945	14,434,879	9-2	1,514,816	1-0	122,585,149	78-5	156,264,587	28,082,764	18-0	17,661,256	11-3	91,744,360	58-6

COLONIAL JOINT STOCK BANKS WITH LONDON OFFICES.

IRISH FREE STATE BANKS.

1 Name of Bank.	2 Date.	3 No. of Branches and Sub-branches.	4 Capital Subscribed.	5 Uncalled Capital.		6 Capital Paid-up.	7 Reserve Fund.	8 Un-divided Profits.	9 Notes in Circulation.	10 Acceptances and Bills for Collection.
				Callible.	Reserved.					
Bank of Ireland	Dec.31	100	£ 2,769,231	£ ...	£ ...	£ 2,769,231	£ 3,480,000	£ 293,327	£ 2,321,802	£ 33,334
Hibernian Bank	Jne.30	62	2,000,000	500,000	1,000,000	500,000	700,000	79,997	391,057	...
Munster and Leinster Bank	Jne.30	199	1,875,000	1,125,000	...	750,000	1,000,000	98,403	734,435	...
National Bank	Jne.30	269	7,500,000	1,000,000	5,000,000	1,500,000	1,475,000	166,126	1,285,363	31,343
Provincial Bank of Ireland Do., New	Jne.30	135	4,080,000	1,500,000	2,040,000	540,000	670,000	69,048	871,980	...
Royal Bank of Ireland	Aug.31	42	1,500,000	300,000	900,000	300,000	250,000	25,963	246,154	...
Total		807	19,724,231	4,425,000	8,940,000	6,359,231	7,575,000	732,864	5,850,791	64,677

AFRICAN BANKS.

Bank of British West Africa, Limited... Mar.31	56	3,000,000	300,000	1,500,000	1,200,000	400,000	48,001	...	1,131,347
Barclays Bank (Dominion, Colonial & Overseas)..... Mar.31	486	6,975,500	2,000,000	3,024,500	4,975,500	1,550,000	...	988,253	3,718,780
Netherlands Bank of South Africa	Dec.31	19	468,542	Nil	Nil	468,542	176,667	37,337	273,905
Standard Bank of South Africa, Limited	Mar.31	384	10,000,000	7,500,000	Nil	2,500,000	3,164,170	442,622	11,841,652
Total		945	20,444,042	9,800,000	4,524,500	9,144,042	5,290,837	527,960	16,965,684

AUSTRALASIAN BANKS.

Commonwealth Bank of Australia	Jne.30	92	20,000,000	...	...	4,000,000	1,185,718	...	...	492,157
Australian Bank of Commerce, Limited	Jne.30	154	2,208,000	Nil	Nil	2,208,000	1,111,880	59,507	...	...
Bank of Adelaide	Mar.31	131	1,250,000	Nil	1,250,000	1,250,000	1,000,000	91,295	6,661	...
	1929									
Bank of Australasia	Oct.14	238	4,500,000	Nil	4,500,000	4,500,000	4,475,000	462,027	401,137	170,262
Bank of New South Wales	Sep.30	594	7,500,000	Nil	7,500,000	7,500,000	6,150,000	335,678	527,026	2,408,971
Bank of New Zealand	Mar.31	236	7,465,164	Nil	Nil	7,465,164	3,550,000	1,102,694	3,679,957	19,455
Commercial Bank of Australia, Ltd....	Jne.30	371	2,000,000	76,601	Nil	4,117,350	2,250,000	207,683	184,082	2567,323
Commercial Banking Co. of Sydney, Ltd.	Jne.30	460	9,478,025	Nil	4,739,012	4,739,012	4,300,000	313,786	13,868	...
English, Scottish & Aust. Bank, Ltd....	Jne.30	459	6,000,000	2,000,000	Nil	4,872,966	3,095,000	725,478	1,062	...
	1929									
National Bank of Australasia, Limited	Mar.31	334	6,800,000	1,800,000	Nil	5,000,000	3,300,000	349,113	47,827	...
National Bank of New Zealand, Limited	Mar.31	59	6,000,000	4,000,000	Nil	2,000,000	2,000,000	248,457	940,476	...
Queensland National Bank, Limited...	Jne.30	102	1,750,000	Nil	Nil	4,841,669	860,000	43,307	...	...
Union Bank of Australia, Limited	Feb.28	220	12,000,000	Nil	8,000,000	4,000,000	4,850,000	170,010	544,041	...
Total (excluding Commonwealth Bank)		3,358	65,951,180	7,876,601	25,989,012	52,494,161	36,941,880	4,109,035	6,346,137	3,166,011

a Contingent liabilities.

CANADIAN BANKS.

Bank of Montreal	Apr.30	648	7,200,000	Nil	7,200,000	7,200,000	7,600,000	434,254	6,733,589	...
Bank of Nova Scotia	Dec.31	335	2,000,000	Nil	2,000,000	2,400,000	4,800,000	203,015	2,793,469	...
Canadian Bank of Commerce	Nov.30	782	6,122,879	Nil	6,122,879	6,164,384	6,164,384	353,543	5,994,748	...
Dominion Bank	Dec.31	145	1,400,000	Nil	1,400,000	1,400,000	1,800,000	144,958	1,315,443	...
Royal Bank of Canada	May.31	890	7,000,000	Nil	7,000,000	7,000,000	7,000,000	1,031,356	6,497,657	...
Total		2,800	23,722,879	Nil	23,722,879	24,164,384	27,364,384	2,167,126	23,334,906	...

INDIAN BANKS.

Chartered Bank of India, Aust. & China	Dec.31	47	3,000,000	Nil	3,000,000	3,000,000	4,000,000	615,097	1,909,534	988,559
Eastern Bank, Limited	Dec.31	12	2,000,000	Nil	1,000,000	1,000,000	480,000	124,685	...	1,789,414
Mercantile Bank of India, Limited....	Dec.31	25	750,000	187,500	187,500	1050,000	1,500,000	250,846	275,227	149,109
Do., B shares			750,000	187,500	187,500	...	...	...	...	...
Do., C shares			300,000	Nil	Nil	...	...	...	...	...
National Bank of India, Limited	Dec.31	29	4,000,000	2,000,000	Nil	2,000,000	3,000,000	558,791	...	491,788
Total		113	10,300,000	2,375,000	4,375,000	7,050,000	8,980,000	1,549,419	2,184,761	3,418,870

COLONIAL JOINT STOCK BANKS WITH LONDON OFFICES.

IRISH FREE STATE BANKS.

10 Miscellaneous Liabilities.	11 Deposits.	12 Total Liabilities.	13 Cash in Hand and Money at Call and Short Notice.		14 Investments.	15 Bills Discounted or Purchased (when shown separately).	16 Bills, Loans, and Advances.	17 Premises and Sundries (including Cover for Acceptances).	18 Total Assets.	19 Name of Bank.
			Cash in Hand, with Banks and in Transit.	Money at Call and Short Notice.						
£ ...	£ 33,291,755	£ 42,189,449	£ 1,967,920	£ 1,663,967	£ 22,433,176	£ ...	£ 15,432,714	£ 6,431,923	£ 681,672	Bank of Ireland.
46,498	11,633,730	13,351,282	467,682	...	6,231,332	...	6,431,923	220,345	13,351,282	Hibernian Bank.
...	27,340,943	1,420,601	1,420,601	1,000,000	12,115,142	1,268,647	11,182,102	354,451	27,340,943	Munster & Leinster.
...	37,047,568	41,505,400	3,047,440	3,336,731	16,109,568	1,831,638	16,364,264	815,959	41,505,400	National Bank.
200	14,679,913	16,831,141	793,104	700,000	8,360,431	1,039,696	5,736,984	200,926	16,831,141	Provincial Bk. of Ire. Do., New.
...	6,573,242	7,395,359	524,179	...	2,373,217	116,619	4,156,344	225,000	7,395,359	Royal Bank of Ireland.
46,698	127,984,313	148,613,574	8,220,926	6,700,698	67,622,666	4,256,600	59,304,331	2,508,353	148,613,574	Total.

AFRICAN BANKS.

196,630	5,909,445	8,885,423	1,524,399	...	1,948,285	1,326,922	3,432,092	653,725	8,885,423	Bank of Brit. W. Africa.
...	62,842,834	74,075,367	12,580,020	3,333,800	10,069,388	15,694,112	26,684,030	5,714,017	74,075,367	Barclays Bank (Dom., Colonial & Overseas).
39,469	1,898,809	2,894,729	407,402	...	224,334	1,015,621	873,919	373,453	2,894,729	Netherlands Bk. of S.A.
...	51,934,061	70,409,068	7,012,143	3,225,000	5,419,249	5,240,821	37,476,843	12,035,012	70,409,068	Standard Bk. of S.A.
236,099	122,585,149	156,264,587	21,523,964	6,558,800	17,661,256	23,277,476	68,466,884	18,776,207	156,264,587	Total.

AUSTRALASIAN BANKS.

4,674,402	57,679,083	65,031,360	2,231,878	...	4,993,480	25,491,469	18,687,805	...	17,635,205	1,223,401	68,031,360	Comwth. Bk. of Aust.
695,581	11,190,708	15,265,876	1,278,700	596,574	...	...	460,492	...	5,454,843	345,067	15,265,876	Aust. Bk. of Commerce.
343,423	5,762,326	8,453,705	6,111,127	495,000	4,896,383	...	778,521	...	35,963,357	570,519	48,036,386	Bank of Australasia.
3,795,376	34,232,584	48,036,386	12,259,787	1,650,000	7,509,414	...	...	...	63,800,206	4,008,971	89,228,378	Bank of New S. Wales.
8,068,480	66,238,223	89,228,378	7,302,709	...	12,280,336	1,112,960	...	...	30,332,868	1,930,389	52,958,262	Bank of New Zealand.
4,817,307	32,324,685	52,958,262	4,372,338	125,000	2,663,825	...	...	...	20,505,593	1,675,219	29,341,975	Com. Bk. of Australia.
1,161,752	20,853,785	29,341,975	8,098,750	700,000	6,569,119	...	...	...	37,665,288	1,318,720	54,351,877	Com. Bkg. Co., Sydney.
971,105	44,014,106	54,351,877	5,397,738	1,380,000	1,795,012	...	...	...	31,547,565	739,423	40,659,738	Eng., Scottish & Aust.
1,883,539	30,281,693	40,859,738	6,641,892	...	2,532,641	...	568,056	...	33,152,125	1,469,961	43,027,837	Nat. Bk. of Australasia.
1,024,820	33,306,077	43,027,837	1,873,102	...	1,650,330	...	...	...	12,281,763	653,215	17,908,777	Nat. Bk. of N. Zealand.
1,062,541	11,657,303	17,908,777	1,993,393	80,000	2,407,597	...	...	...	10,265,955	524,923	14,514,599	Queensland Nat. Bank.
437,459	8,332,164	14,514,599	7,995,603	440,000	...	...	...	...	32,973,829	382,526	44,199,555	Union Bk. of Australia.
1,451,091	33,184,413	44,199,555	65,557,015	5,466,574	45,317,529	1,681,016	326,111,993	14,013,638	458,147,765	...	...	Total.
23,712,474	331,378,067	458,147,765	...	...	...	...	...	...	...	...	...	Excluding Com'wealth Bank of Australia.

CANADIAN BANKS.

5,196,649	130,215,049	135,739,541	26,601,844	9,077,651	43,525,885	...	72,383,649	5,790,512	157,379,541	Bank of Montreal.
2,418,197	40,008,451	52,623,132	9,226,861	7,622,235	9,750,524	...	23,174,023	2,849,489	52,623,132	Bank of Nova Scotia.
13,408,681	109,102,609	141,188,549	25,915,886	26,621,655	18,278,427	...	60,532,443	9,840,138	141,188,549	Canad. Bk. of Commerce.
1,797,888	21,886,481	28,344,770	5,092,814	3,551,750	4,334,705	...	13,369,135	1,996,366	28,344,770	Dominion Bank.
15,442,740	133,774,633	170,746,386	24,594,412	16,959,003	25,329,731	...	92,182,363	11,680,877	170,746,386	Royal Bank of Canada.
38,264,355	434,997,223	550,282,378	91,431,617	63,832,294	101,219,272	...	261,641,613	32,157,382	550,282,378	Total.

INDIAN BANKS.

455,436	40,833,796	54,802,422	5,961,121	...	13,838,039	11,036,567	21,027,232	2,939,463	54,802,422	Ch. of Ind., A. & China.
603,973	5,576,819	10,574,891	1,260,932	...	3,161,022	1,587,637	2,678,263	1,887,037	10,574,891	Eastern Bank.
438,173	13,979,289	17,843,624	1,266,812	...	5,719,963	2,575,373	5,449,422	1,232,054	17,843,624	Mercantile Bk. of India.
763,679	30,860,472	37,674,730	4,553,756	...	13,984,704	5,783,508	12,312,477	1,058,195	37,674,730	National Bank of India.
122,261	91,280,366	120,895,667	14,444,621	...	36,683,818	20,983,085	41,467,394	7,116,749	120,895,667	Total.

DOMINION BANKS WITH OFFICES IN LONDON.

(1) IRISH FREE STATE BANKS.

BANK OF IRELAND.

ESTABLISHED 1783.

CAPITAL				Market Value.	PROFITS AND DIVIDENDS.						Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callible.	Reserved.		Year Ended Dec. 31.	Net Profit.	Per Cent. of Resources.	Dividends Amount.	Rate.	Reserves, &c.		
£	£	£	£	£	1920	546,540	1.07	232,616	12	310,000	42,460	
2,769,231	2,769,231	—	—	9,562,141	1921	513,168	0.97	252,000	13	260,000	43,528	
					1922	533,943	1.01	265,846	13	260,000	51,725	
					1923	549,620	0.98	332,308	16	200,000	69,038	
					1924	590,724	1.22	387,692	14	207,351	70,687	
					1925	595,821	1.10	360,000	13	230,000	74,858	
					1926	542,289	1.19	394,846	17	150,000	68,100	
					1927	571,884	1.24	405,665	17	150,000	83,349	
					1928	664,667	1.31	411,923	17	150,000	86,094	
					1929	542,088	1.28	411,923	17	150,000	86,094	
					1930	537,145	1.28	411,923	17	150,000	81,481	

Stock is fully paid, but the liability of holders for debts of the Bank has not been decided. Price September 30, 1931, 344.

Authorized Note Issue:

Irish Free State, £1,760,000

Northern Ireland, £410,000.

Year ended Dec. 31.	Number of Branches.	LIABILITIES.						Total Liabilities or Assets.	ASSETS.												
		Capital and Reserves.	Per Cent.	Balance of Profit and Loss.	Per Cent.	Notes.	Per Cent.		Deposit and Current Accounts.	Per Cent.	Cash in Hand and at Bank.	Per Cent.	Cash at Call and Short Notice.	Per Cent.	Investments.	Per Cent.	Discounts and Advances.	Per Cent.	Pre-mi-ums.	Per Cent.	
1920	78	£ 3,739,231	7.3	£ 158,767.0	3.3	£ 10,926,457	21.4	£ 36,355,856	71.0	£ 51,180,311	8.6	£ 8,602,365	16.8	£ 820,740	1.6	£ 23,476,885	45.9	£ 17,625,805	34.8	£ 454,516	0.9
1921	82	3,909,231	7.3	179,318.0	3.3	8,905,340	16.8	40,018,828	75.5	53,012,717	6.4	8,442,853	12.2	1,992,272	3.8	25,476,095	47.6	18,601,824	34.9	525,777	1.0
1922	84	4,169,231	7.8	197,107.0	4.4	7,637,285	14.4	41,026,150	77.4	53,029,753	4,709,498	5,167,889	9.3	1,990,079	3.6	30,370,059	57.6	18,601,824	34.9	525,777	1.0
1923	84	4,369,231	7.8	255,958.0	5.9	7,407,112	13.3	43,790,302	78.6	55,822,603	5,225,774	5,167,889	9.3	1,990,079	3.6	30,370,059	57.6	18,601,824	34.9	525,777	1.0
1924	85	5,331,231	9.9	282,548.0	5.3	6,508,004	12.0	41,860,437	77.6	53,982,220	5,236,011	5,167,889	9.3	1,990,079	3.6	30,370,059	57.6	18,601,824	34.9	525,777	1.0
1925	86	5,538,462	11.2	292,195.0	5.3	6,031,764	12.2	37,630,783	76.0	49,493,204	4,458,813	5,167,889	9.3	1,990,079	3.6	30,370,059	57.6	18,601,824	34.9	525,777	1.0
1926	88	5,688,462	12.8	271,166.0	4.8	5,850,634	13.1	32,628,222	73.5	44,434,484	3,116,293	5,167,889	9.3	1,990,079	3.6	30,370,059	57.6	18,601,824	34.9	525,777	1.0
1927	91	5,839,231	12.7	292,080.0	5.0	5,973,013	13.0	35,979,103	73.7	46,085,427	3,554,298	5,167,889	9.3	1,990,079	3.6	30,370,059	57.6	18,601,824	34.9	525,777	1.0
1928	94	5,989,231	13.8	297,940.0	5.0	4,264,358	9.9	32,670,425	75.6	43,221,954	1,789,906	5,167,889	9.3	1,990,079	3.6	30,370,059	57.6	18,601,824	34.9	525,777	1.0
1929	100	6,119,231	14.5	298,105.0	4.9	2,799,398	6.6	33,124,690	78.2	42,341,474	2,037,952	5,167,889	9.3	1,990,079	3.6	30,370,059	57.6	18,601,824	34.9	525,777	1.0
1930	100	6,249,231	14.8	293,327.0	4.7	2,321,802	5.5	33,325,089	79.0	42,189,449	1,967,920	5,167,889	9.3	1,990,079	3.6	30,370,059	57.6	18,601,824	34.9	525,777	1.0

* Includes £33,334 acceptances.

THE HIBERNIAN BANK, LIMITED.

ESTABLISHED 1825.

CAPITAL				Market Value.	PROFITS AND DIVIDENDS.						Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callible.	Reserved.		Year Ended Dec. 31.	Net Profit.	Per Cent. of Resources.	Dividends Amount.	Rate.	Reserves, &c.		
£	£	£	£	£	1920	82,992	0.55	40,000	9	45,000	15,288	
2,000,000	500,000	500,000	1,000,000		1921	90,021	0.53	45,000	9	47,500	12,809	
					1922	107,422	0.64	47,500	9	48,500	14,229	
					1923	109,969	0.78	50,000	10	49,600	15,081	
					1924	109,278	0.77	50,000	10	50,000	16,198	
					1925	103,197	0.78	50,000	10	50,000	17,148	
					1926	103,865	0.78	50,000	10	50,000	17,148	
					1927	104,546	0.81	50,000	10	50,000	17,148	
					1928	97,944	0.73	50,000	10	50,000	17,148	
					1929	99,609	0.74	50,000	10	50,000	17,148	
					1930	109,114	0.82	50,000	10	50,000	17,148	

* Free of income tax.

Year ended Dec. 31.	Number of Branches.	LIABILITIES.				Total Liabilities or Assets.	ASSETS.							
		Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.		Cash in Hand and at Bank.	Per Cent.	Investments.	Per Cent.	Treasury Bills.	Per Cent.	Discounts and Advances.	Per Cent.
1920	55	£ 680,000	4.5	£ 35,288.0	0.2	£ 12,422.0	£ 0.1	£ 14,236,307	94.9	£ 15,007,710	£ 2,743,437	18.2	£ 5,884,480	39.1
1921	56	710,000	4.2	40,309.0	0.2	12,792.0	0.1	16,181,223	95.5	16,944,324	1,692,769	10.0	7,751,350	45.8
1922	58	900,000	5.3	44,229.0	0.3	8,772.0	0.1	15,937,467	94.3	16,890,468	1,710,046	10.1	8,172,352	54.2
1923	61	1,045,000	7.0	58,081.0	0.4	10,304.0	0.1	13,744,588	92.5	16,857,973	839,295	5.7	6,900,982	46.4
1924	58	1,075,000	7.7	54,009.0	0.4	12,693.0	0.1	12,874,912	91.8	14,016,614	453,688	3.2	5,910,018	42.1
1925	58	1,100,000	8.2	59,918.0	0.4	12,072.0	0.1	12,282,453	91.3	13,494,443	431,049	3.2	5,168,752	38.4
1926	58	1,120,000	8.4	66,283.0	0.5	11,456.0	0.1	11,754,058	90.6	12,977,454	398,403	3.0	5,244,703	40.3
1927	61	1,140,000	8.7	73,329.0	0.6	10,027.0	0.1	11,754,058	90.6	12,977,454	398,403	3.0	5,244,703	40.3
1928	61	1,140,000	8.7	73,329.0	0.6	8,713.0	0.1	11,754,058	90.6	12,977,454	398,403	3.0	5,244,703	40.3
1929	62	1,180,000	8.9	68,382.0	0.5	8,423.0	0.1	11,669,407	87.7	13,314,739	525,192	4.0	5,980,581	44.9
1930	62	1,200,000	9.0	79,997.0	0.6	8,188.0	0.1	11,672,040	87.5	13,351,282	467,682	3.5	6,331,332	46.6

† Includes Discounts.

‡ Staff fund.

§ Excluding Agencies.

¶ June 30.

MUNSTER AND LEINSTER BANK, LIMITED.

1885—Assets of Munster Bank, Limited, acquired.

CAPITAL				Market Value.	PROFITS AND DIVIDENDS.						Reserves, &c.	Carried Forward.
Subscribed.	Paid-up.	Callible.	Reserved.		Year Ended Dec. 31.	Net Profit.	Per Cent. of Resources.	Dividends Amount.	Rate.	Reserves, &c.		
£	£	£	£	£	1920	152,328	0.55	50,000	20	90,000	30,962	
1,875,000	750,000	1,125,000	1,000,000	2,226,555	1921	172,832	0.55	50,000	20	110,000	37,394	
					1922	183,637	0.57	50,000	20	120,000	41,033	
					1923	194,609	0.69	75,833	20	120,000	44,031	
					1924	190,727	0.70	82,708	19	100,000	46,181	
					1925	184,169	0.72	90,000	18	90,000	46,181	
					1926	181,178	0.69	90,000	18	90,000	46,181	
					1927	180,785	0.68	100,000	19	80,000	43,130	
					1928	179,979	0.68	100,000	19	80,000	43,130	
					1929	180,884	0.68	100,000	19	80,000	43,130	
					1930	186,588	0.62	105,000	14	80,000	45,903	

* Free of income tax.

‡ 9 per cent. tax free.

Continued on page 26.

October 10, 1931.]

Munster and Leinster Bank, Limited.—Continued from page 24.														ASSETS.													
Year ended Dec. 31.	Number of Branches.	LIABILITIES.						Total Liabilities or Assets.	Cash in Hand and with Bankers.	Cash at Call and Short Notice.	Per Cent.	Investments.	Per Cent.	Bills Receivable.	Per Cent.	Advances.	Per Cent.	Premises.	Per Cent.								
		Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Deposit and Current Accounts, Rebates, &c.	Per Cent.																				
		£	%	£	%	£	%	£	£	£	%	£	%	£	%	£	%	£	%								
1920	146	1,300,000	4.7	58,582	0.2	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1921	146	1,300,000	4.7	65,394	0.2	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1922	146	1,300,000	4.7	71,032	0.3	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1923	146	1,300,000	4.7	82,345	0.3	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1924	146	1,300,000	4.7	92,031	0.3	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1925	146	1,300,000	4.7	92,031	0.3	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1926	146	1,300,000	4.7	92,031	0.3	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1927	146	1,300,000	4.7	92,031	0.3	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1928	146	1,300,000	4.7	92,031	0.3	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1929	146	1,300,000	4.7	92,031	0.3	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1930	146	1,300,000	4.7	92,031	0.3	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							
1931	146	1,300,000	4.7	92,031	0.3	26,351,085	95.1	27,709,647	2,648,123	9.5	2,618,599	9.1	7,356,362	26.6	4,869,537	16.9	10,305,871	37.8	111,555	0.4							

• Includes Treasury Bills.

† June 30.

‡ Includes note circulation.

Royal Bank of Ireland—Continued from page 25.

Year ended Aug. 31.	Number of Branches.	LIABILITIES.								Total Liabilities or Assets.	ASSETS.											
		Capital and Reserves.	Per Cent.	Un- divided Profits.	Per Cent.	Staff Fund.	Per Cent.	Post Bills and Circular Notes.	Per Cent.		Deposit and Current Accounts.	Per Cent.	Cash in Hand, at Bank, and at Call.	Per Cent.	Invest- ments.	Per Cent.	Bills Dis- counted.	Per Cent.	Advances.	Per Cent.	Pre- mises.	Per Cent.
1895	7	£ 500,000	20.4	£ 31,725	1.3	£ 16,162	0.7	£ 12,820	0.5	£ 1,898,264	77.1	£ 2,548,971	328.15	13.3	£ 1,080,267	44.0	£ 310,749	12.6	£ 711,299	29.0	£ 28,508	1.1
1900	7	500,000	19.8	40,776	1.6	22,539	0.9	30,264	1.2	1,938,143	76.5	2,531,722	201,536	8.0	1,052,178	41.6	289,101	11.4	963,144	34.1	23,782	0.9
1910	11	500,000	21.2	32,555	1.4	31,843	1.4	10,028	0.4	1,781,988	75.6	2,556,414	185,793	7.9	892,615	37.9	1,042,426	41.3	1,042,426	41.3	20,437	0.8
1920	12	380,000	8.1	15,283	0.3	23,385	0.5	...	...	4,285,371	91.1	4,704,037	161,257	3.4	1,619,881	34.4	112,499	2.4	2,768,081	89.9	23,516	0.9
1921	19	400,000	8.1	16,349	0.3	22,845	0.5	...	...	4,510,214	91.1	4,549,409	299,989	6.0	1,574,549	31.8	108,972	2.2	2,913,193	58.9	62,706	1.1
1922	20	420,000	8.0	19,456	0.4	...	...	...	...	4,793,215	91.6	4,532,671	244,077	4.7	1,658,190	32.5	117,219	2.3	2,136,185	60.1	75,000	1.4
1923	43	450,000	6.5	21,205	0.3	...	...	...	...	7,321,867	93.6	7,819,960	928,164	11.8	2,049,606	25.3	692,495	8.5	2,012,723	51.6	225,000	2.4
1924	43	475,000	6.1	23,093	0.3	...	...	...	...	6,817,949	92.9	7,341,609	391,891	5.3	2,039,955	26.1	396,471	4.0	1,641,872	59.4	225,000	2.4
1925	43	500,000	6.8	23,660	0.3	...	...	...	...	6,792,983	92.7	7,341,609	497,639	6.8	2,190,923	28.0	198,500	2.7	1,366,995	59.1	225,000	2.4
1926	42	510,000	7.0	25,104	0.3	...	...	...	...	6,899,212	92.7	7,444,750	643,142	6.2	2,201,776	29.6	181,360	2.3	1,233,628	57.7	225,000	2.4
1927	42	520,000	7.0	25,538	0.3	...	...	...	...	6,758,579	92.4	7,315,424	521,874	7.1	2,221,773	30.4	125,770	1.7	1,400,426	56.9	225,000	2.4
1928	42	530,000	7.2	26,845	0.4	...	...	...	...	6,646,842	88.8	7,485,859	501,527	6.7	2,443,155	32.6	116,576	1.6	1,199,601	56.1	225,000	2.4
1929	42	540,000	7.2	26,017	0.3	...	...	...	...	6,573,242	88.9	7,395,359	524,179	7.1	2,435,217	32.1	116,519	1.6	1,136,344	54.2	225,000	2.4
1930	42	550,000	7.4	25,963	0.4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

* Notes in circulation.

(2) AFRICAN BANKS.

BARCLAY'S BANK (DOMINION, COLONIAL AND OVERSEAS).

1836.—Established by Royal Charter as the Colonial Bank.
1925.—Reincorporated by Act of Parliament and acquired the National Bank of South Africa, Limited, and the Anglo-Egyptian Bank, Limited.

CAPITAL				Price				September 30, 1931				Year ended				To Reserve,				Carried	
Subscribed.	£	Paid up.	£	Callable.	£	Reserved.	£	"A" shares £1 f.p.	20s. 6d.	8% Cum. Pref.	27s. 6d.	September 30.	Net Profit.	Dividend.	£	&c.	£	Forward	£	£	
6,975,500		4,975,500		2,000,000		3,024,500		8% Cum. Pref. <td></td> <td></td> <td></td> <td>Market Value.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>				Market Value.									
Per share.		Per share.		Nil		4s		"A" Shares	12,749,462												
"A" shares £1				Nil		4s		8% Cum. Pref.	12,465,375												
"B" shares £15				Nil		4s															
% Cum. Pref.				Nil		4s															
	£1			4s		4s															

BANK OF BRITISH WEST AFRICA, LIMITED.

REGISTERED 1894.

CAPITAL				Market Value.	Year Ended March 31.	Net Profit £	Dividend. %	To Reserve, &c. £	(Carried Forward.
Subscribed. £	Paid-up. £	Callable. £	Reserved. £						
3,000,000	1,200,000	300,000	1,500,000	600,000	1921	139,803	5	40,000	50,190
					1922	105,935	5	50,000	14,118
Per Share.	Per Share.	Per Share.	Per Share.	Per Share.	1923	100,574	5	40,000	24,600
£10	£4	£1	£5	£2	1924	95,990	5	35,000	35,650
In August, 1920, 200,000 new shares of £10 each were created, of which 100,000 (£4 paid), were allotted in equal proportions to the Washington Bank Limited, the National Provincial Bank Limited, and the Standard Bank of South Africa, Limited.					1925	112,352	5	50,000	38,352
					1926	114,368	5	50,000	42,400
					1927	118,930	5	50,000	48,330
					1928	124,850	5	50,000	82,290
					1929	128,331	5	55,000	53,611
					1930	121,622	6	55,000	51,433
					1931	24,568	4	...	50,000

Year ended Mar. 31.	Number of Branches.	LIABILITIES.										Total Liabili- ties or Assets.	ASSETS.										
		Capital and Re- serves.	Per Cent.	Un- divided Profits.	Per Cent.	Bills for Collection and Liability on Ac- ceptances.	Per Cent.	Drafts Issued and Rebate.	Per Cent.	Deposit and Current Accounts.	Per Cent.		Cash in Hand, at Bankers, and in Transit.	Per Cent.	Invest- ments.	Per Cent.	Bills of Ex- change.	Per Cent.	Loans, Ad- vances, and Current ac- counts.	Per Cent.	Premiums and Cover for Ac- ceptances and Bills.	Per Cent.	
1920	47	1,200,000	7.3	78,377	0.5	2,605,108	15.8	807,097	4.9	11,810,340	71.5	18,500,922	100.0	2,951,334	17.9	791,583	4.8	4,940,678	29.3	5,003,204	30.3	2,614,151	17.1
1921	50	1,225,000	13.0	98,180	0.7	2,695,706	21.4	838,080	4.7	12,016,670	72.9	18,500,922	100.0	2,951,334	17.9	791,583	4.8	5,302,317	29.1	5,683,686	30.7	3,196,943	21.6
1922	51	1,600,000	13.0	70,116	0.6	2,447,625	15.8	874,506	4.7	12,016,670	72.9	18,500,922	100.0	2,951,334	17.9	791,583	4.8	5,279,947	28.6	6,240,132	33.9	2,843,448	15.3
1923	52	1,600,000	13.0	70,690	0.8	2,236,002	13.3	641,607	5.9	8,235,332	68.6	9,273,631	100.0	2,602,942	1.3	1,167,586	9.8	2,379,947	28.6	6,240,132	33.9	2,843,448	15.3
1924	52	1,600,000	16.8	71,680	0.8	1,069,804	10.6	306,998	3.9	5,540,011	68.6	6,528,493	100.0	1,436,440	1.3	1,211,166	12.2	2,121,321	21.3	4,028,409	21.9	1,947,183	17.1
1925	52	1,600,000	15.8	74,032	0.7	1,270,350	12.6	432,414	3.3	6,726,491	66.6	10,103,267	100.0	1,251,178	1.2	1,216,665	12.0	2,484,727	29.8	12,991,311	31.2	2,417,009	20.8
1926	52	1,600,000	17.8	78,460	0.9	945,197	10.6	284,900	3.0	6,668,803	67.7	9,957,300	100.0	1,391,498	1.6	1,465,090	16.0	3,131,643	31.0	11,810,875	30.0	1,696,333	14.2
1927	53	1,600,000	17.8	85,330	1.0	1,308,757	12.7	315,147	3.0	6,975,748	67.7	9,982,982	100.0	1,288,282	1.6	1,579,034	16.0	3,196,733	31.9	12,991,327	32.3	1,696,333	14.2
1928	54	1,600,000	16.0	100,280	1.1	1,000,000	10.0	272,500	3.0	7,171,225	67.7	10,286,927	100.0	1,991,285	19.0	1,580,462	16.0	3,144,102	31.0	12,928,813	32.3	1,631,585	14.2
1929	54	1,600,000	15.8	95,611	0.9	1,439,133	13.5	370,024	3.0	6,875,555	66.6	9,967,371	100.0	1,558,162	1.6	1,604,475	16.0	3,066,807	30.0	12,324,623	31.1	1,784,182	17.1
1930	57	1,600,000	16.0	95,433	1.0	1,089,494	11.2	273,276	3.0	6,549,175	68.6	9,607,371	100.0	1,378,349	1.6	1,604,475	16.0	3,126,398	32.0	12,324,623	31.1	1,784,182	17.1
1931	58	1,600,000	18.0	48,001	0.5	1,131,347	12.7	196,330	2.2	5,909,445	66.6	8,885,423	100.0	724,399	1.6	1,604,475	16.0	3,126,398	32.0	12,324,623	31.1	1,784,182	17.1

STANDARD BANK OF SOUTH AFRICA LIMITED.

ESTABLISHED 1862.

1920—Absorbed African Banking Corporation.

CAPITAL				Market Value.	Year	Net		To Reserve,	Carried
Subscribed.	Paid-up.	Callable.	Reserved.	Sept. 30, 1931.	Ended	Profit.	Dividend.	&c.	Forward.
\$	\$	\$	\$	\$	Mar. 31.	\$	%		\$
10,000,000	2,500,000	7,500,000	Nil.	5,875,000	1922	502,313	15 1/2	180,000	117,226
					1923	386,825	15 1/2	180,000	117,967
					1924	456,397	15 1/2	200,000	112,341
					1925	608,982	15 1/2	200,000	109,120
					1926	570,999	15 1/2	200,000	112,356
					1927	543,801	15 1/2	200,000	112,356
Per Share.	Per Share.	Per Share	Per Share.	Per Share.	1928	686,998	15 1/2	225,000	122,099
\$20	\$5	\$15	Nil.	\$11 1/2	1929	652,478	17	225,000	122,099
					1930	567,620	17	225,000	122,099
					1931	567,620	17	225,000	122,099

AUSTRALIAN BANK OF COMMERCE, LIMITED.

In 1909 acquired the business of the Australian Joint Stock Bank, founded in 1853.
In 1917 purchased City Bank of Sydney.

CAPITAL					Market Value.	Year Ended June 30.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.							
£	£	£	£	£	£	£	£	£	£	£
2,208,000	2,208,000	Nil.	Nil.	1,380,000	1921	139,578	6 1/2	60,000	30,391	30,391
					1922	137,195	7	50,000	33,587	33,587
					1923	140,678	7	50,000	40,265	40,265
					1924	143,253	7	50,000	49,818	49,818
					1925	180,766	7 1/2	50,124	54,560	54,560
					1926	207,943	8	60,000	55,303	55,303
					1927	218,067	8	88,880	26,644	26,644
					1928	216,741	8	40,000	26,765	26,765
					1929	218,546	8	40,000	28,670	28,670
					1930	180,693	7	25,000	29,803	29,803
					1931	84,904	4		26,587	26,587

Reserve fund, £1,111,880.

CAPITAL					Market Value.	Year Ended March.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.							
£	£	£	£	£	£	£	£	£	£	£
1,250,000	1,250,000	Nil.	1,250,000		1920	87,694	10	35,000	16,571	16,571
					1921	88,108	10	20,000	22,179	22,179
					1922	92,633	10	30,000	22,312	22,312
					1923	94,889	10	20,000	29,701	29,701
					1924	115,823	10	30,000	24,024	24,024
					1925	117,216	10	30,000	27,740	27,740
					1926	104,734	10	20,000	24,974	24,974
					1927	104,645	10	20,000	39,427	39,427
					1928	128,637	10	20,000	35,466	35,466
					1929	145,411	10	15,000	58,575	58,575
					1930	138,107	9	15,000	49,482	49,482
					1931	81,813	7		53,795	53,795

CAPITAL					Market Value.	Year Ended October.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.							
£	£	£	£	£	£	£	£	£	£	£
4,500,000	4,500,000	Nil.	4,500,000	7,200,000	1920	573,052	13 1/2	100,000	145,874	145,874
					1921	588,389	13 1/2	125,000	121,763	121,763
					1922	620,106	13 1/2	100,000	121,869	121,869
					1923	618,559	13 1/2	100,000	120,428	120,428
					1924	629,904	13 1/2	100,000	130,332	130,332
					1925	635,555	13 1/2	100,000	132,847	132,847
					1926	652,621	14	90,000	135,508	135,508
					1927	654,060	14	40,000	139,567	139,567
					1928	675,192	14	80,000	139,760	139,760
					1929	677,183	14	25,000	161,943	161,943
					1930	615,084	13 1/2		192,027	192,027

* Tax free.

CAPITAL					Market Value.	Year Ended April.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callable.	Reserved.							
£	£	£	£	£	£	£	£	£	£	£
204,675,000	204,675,000	Nil.	204,675,000	204,675,000	1920	37,374	0.9	571,205	14,526,303	14,526,303
					1921	387,417	1.0	4,116,504	10,925,603	10,925,603
					1922	381,869	1.0	3,440,885	9,725,661	9,725,661
					1923	380,428	1.0	4,233,689	11,156,947	11,156,947
					1924	390,332	1.0	3,396,147	8,528,010	8,528,010
					1925	392,887	1.0	4,376,226	10,187,702	10,187,702
					1926	435,508	1.0	4,384,849	10,430,226	10,430,226
					1927	419,568	1.0	4,275,542	10,441,994	10,441,994
					1928	454,760	1.0	4,288,222	10,909,217	10,909,217
					1929	476,943	0.9	4,343,328	9,502,528	9,502,528
					1930	462,021	1.0	4,011,371	8,396,638	8,396,638

MIDLAND BANK LIMITED

"The Service of the Midland Bank"

The first customer of the Midland Bank could never have foreseen the breadth and variety of the facilities available to his countless successors. It is the aim of the booklet bearing the above title to describe some of the services which the Bank now offers to actual and potential customers

A copy of the booklet is obtainable at any of the 2,100 branches of the Bank

HEAD OFFICE: POULTRY, LONDON, E.C.2

Affiliations: Belfast Banking Co. Ltd., Northern Ireland; The Clydesdale Bank Ltd. and North of Scotland Bank Ltd., Scotland; Midland Bank Executor and Trustee Co. Ltd.

National Provincial Bank LIMITED

Subscribed Capital - £43,617,080
Paid-up Capital - 9,479,416
Reserve Fund - 9,479,416
Deposits, &c. (30th June, 1931) - 267,275,144

DIRECTORS:
Mr HARRY GOSCHEN, Bart., K.B.E., Chairman.
COLIN FREDERICK CAMPBELL, Esq., Deputy Chairman.
The Right Hon. The EARL OF INCHCAPE, G.C.S.I., G.C.M.G., K.C.I.E.
FRANCIS ALEXANDER JOHNSTON, Esq., K.B.E.
Sir ALFRED EDWARD LEWIS, K.B.E.
Sir JOHN BUCK LLOYD.
Sir AUSTIN LOW, C.I.E.
RONALD MALCOLM, Esq.
Sir GEORGE JOHN MARJORIBANKS, K.C.V.O.
Sir WILLIAM BARCLAY PEAT, C.V.O.
Sir PERCIVAL LEA DEWHURST PERRY, K.B.E.
The Most Hon. The MARQUESS OF READING, P.C., G.C.B., G.C.S.I., G.C.I.E., G.C.V.O.
JOHN ROBERTS, Esq.
Sir FELIX SCHUSTER, Bart.
EUSTACE ABEL SMITH, Esq.
Capt. EVAN CADOGAN ERIC SMITH, M.C.

CHIEF GENERAL MANAGER:
Sir ALFRED E. LEWIS, K.B.E.
JOINT GENERAL MANAGERS:
F. WALLER.
A. S. TAWELL.
W. HADWICK.
G. H. WHITEHURST.
E. CORNWALL.
Head Office: 15, BISHOPSGATE, LONDON, E.C.2.
AGENTS EVERYWHERE.
OVER 1,350 OFFICES.
EVERY DESCRIPTION OF BRITISH AND OVERSEAS BANKING BUSINESS TRANSACTED.
COUTTS & CO.
GRINDLAY & CO., LTD.

The BRITISH OVERSEAS BANK LIMITED

CAPITAL AUTHORISED £5,000,000 ISSUED AND PAID UP £2,000,000
RESERVE FUND £225,000

THROUGH its world-wide connections and agencies the Bank is able to offer to its clients at home and abroad exceptional facilities in foreign exchange and in the financing of every form of foreign trade, and also to provide up-to-date credit reports and information as to international business conditions. Correspondence invited.

33, GRACECHURCH STREET, Lombard Court, LONDON, E.C.3

TELEGRAPHIC ADDRESS

Inland: "SAESREVO, WIRE, LONDON" Foreign: "SAESREVO, LONDON"
TELEPHONE NO. MANSION HOUSE 7842

Affiliated Institution in Poland: ANGLO-POLISH BANK, LIMITED, WARSAW

THE STANDARD BANK of SOUTH AFRICA LIMITED.

Bankers to the Imperial Government in South Africa and to the Governments of Northern Rhodesia, Southern Rhodesia, Nyasaland and Tanganyika.

CAPITAL AUTHORISED & SUBSCRIBED £10,000,000
CAPITAL PAID-UP - - - - - £2,500,000
RESERVE FUND - - - - - £3,164,170
CAPITAL UNCALLED - - - - - £7,500,000

Head Office: 10, CLEMENTS LANE, LOMBARD STREET,
and 77, KING WILLIAM STREET, LONDON, E.C.4

LONDON WALL BRANCH: 63, London Wall, E.C.2. WEST END BRANCH: 9, Northumberland Ave., W.C.2.
New York Agency: 67, WALL STREET.

Hamburg Agency: BANK OF BRITISH WEST AFRICA, Ltd., 49-53, Schauenburgerstrasse.

Over 370 Branches, Sub-Branchees, and Agencies in South, East and Central Africa.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE

The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the world. The closest touch with Trade and Industrial conditions is maintained, with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

THE STANDARD BANK MONTHLY REVIEW is sent post free on application. It gives the latest information on all South, East and Central African matters of trade and Commercial Interest.

BERTRAM LOWNDES, London Manager.

BANK OF NEW SOUTH WALES.

ESTABLISHED 1817, AND INCORPORATED IN 1850.

1927.—Absorbed Western Australian Bank.

CAPITAL				Market	Year	Net	Dividend.	To Reserve,	Carried
Subscribed.	Paid-up.	Callable.	Reserved.	Value.	Ended	Profit.	%	&c.	Forward.
1,500,000	1,500,000	NIL	7,500,000	8,250,000	March 31.	752,565	12½	160,000	126,098
					1921	708,619	10	175,000	160,133
					1922	771,102	10	200,000	161,645
					1923	851,514	10	250,000	163,169
					1924	388,213	10	100,000	151,372
					1925	979,383	12½	250,000	130,755
					1926	1,099,599	12½	350,000	130,315
					1927	1,226,247	12½	340,760	170,616
					1928	1,184,943	12½	250,000	168,554
					1929	994,825	10	250,000	165,479
					1930	734,699	9½	...	166,928

Per Share. £20

Per Share. £20

Per Share. NIL

Per Share. £20

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

Per Share. £22

BANK OF NEW ZEALAND.

INCORPORATED WITH LIMITED LIABILITY IN NEW ZEALAND IN 1861.

CAPITAL				Year	Net	Dividend.	To Reserve,	Carried
Subscribed.	Paid-up.	Callable.	Reserved.	Ended	Profit.	%	&c.	Forward.
£3,750,000	£1,875,000	NIL	NIL	March 31.	827,255	13½	200,000	361,276
				1921	682,043	13½	200,000	430,819
				1922	553,639	13½	150,000	421,987
				1923	735,832	13½	163,969	508,514
				1924	819,285	13½	250,000	513,299
				1925	921,160	13½	250,000	565,378
				1926	991,091	13½	275,000	584,656
				1927	915,389	13½	275,000	617,691
				1928	1,124,959	13½	275,000	623,157
				1929	948,534	13½	25,000	629,002
				1930	845,814	13½	...	...

Ordinary Shares ...

CAPITAL				Year	Net	Dividend.	To Reserve,	Carried
Subscribed.	Paid-up.	Callable.	Reserved.	Ended	Profit.	%	&c.	Forward.
£3,750,000	£1,875,000	NIL	NIL	March 31.	827,255	13½	200,000	361,276
				1921	682,043	13½	200,000	430,819
				1922	553,639	13½	150,000	421,987
				1923	735,832	13½	163,969	508,514
				1924	819,285	13½	250,000	513,299
				1925	921,160	13½	250,000	565,378
				1926	991,091	13½	275,000	584,656
				1927	915,389	13½	275,000	617,691
				1928	1,124,959	13½	275,000	623,157
				1929	948,534	13½	25,000	629,002
				1930	845,814	13½	...	...

Ordinary Shares ...

COMMERCIAL BANK OF AUSTRALIA, LIMITED.

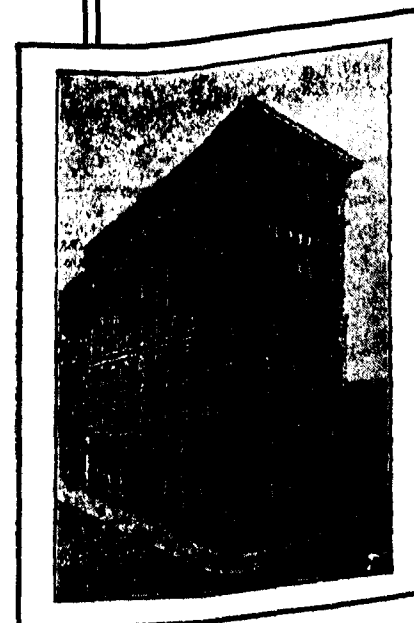
ESTABLISHED 1856.

1918.—National Bank of Tasmania purchased, March 1, 1918.

CAPITAL				Year	Net	Dividend.	To Reserve,	Carried
Subscribed.	Paid-up.	Callable.	Reserved.	Ended	Profit.	%	&c.	Forward.
£2,000,000	£2,000,000	NIL	NIL	June 30.	237,772	15	145,000	13,323
				1921	228,081	15	75,725	43,209
				1922	234,419	15	96,066	44,786
				1923	264,542	15	101,948	64,954
				1924	305,636	15	116,124	82,970
				1925	317,707	15	110,083	86,141
				1926	341,111	15	81,671	90,468
				1927	364,000	15	75,662	94,180
				1928	392,634	15	75,788	95,540
				1929	388,941	15	42,851	66,336
				1930	308,449	12½	35,399	...

Continued on page 32.

Wales.
LONDON BRANCH: 8 OLD JEWRY, E.C.2.
J. S. SCOTT, Manager.



BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

OVER 400 BRANCHES IN
THE UNION OF SOUTH AFRICA
NORTHERN & SOUTHERN RHODESIA
KENYA . TANGANYIKA . UGANDA . NYASALAND
PORTUGUESE EAST AFRICA . SOUTH WEST AFRICA
BRITISH WEST AFRICA . MAURITIUS . BRITISH WEST INDIES
BRITISH GUIANA . EGYPT . SUDAN . PALESTINE . MALTA . GIBRALTAR
LONDON . LIVERPOOL . MANCHESTER . HAMBURG . (Agency) NEW YORK

CORRESPONDENCE INVITED FROM BUSINESS HOUSES, SETTLERS AND
TRAVELLERS INTERESTED IN THE ABOVE TERRITORIES.

Head Office: 54, LOMBARD STREET, LONDON, E.C.3
Barclays Bank (Canada). Montreal and Toronto.

THE MITSUI BANK, LIMITED, JAPAN.

(The Oldest Banking Institution in Japan—Founded in 1823.)

Capital Subscribed	Yen 100,000,000.00	Special Reserve Fund	Yen 27,000,000.00
Capital Paid up	80,000,000.00	Reserve Fund for Dividend	8,000,000.00
Reserve Fund	30,700,000.00	Undivided Profits	1,887,457.00

HEAD OFFICE: No. 1, SURUGA-CHO, NIIHONBASHI-KU, TOKYO, JAPAN.

Inland Branches:

Fukuoka, Hiroshima, Kobe, Kyoto, Marunouchi (Tokyo), Mito, Nagasaki, Nagoya, Nagoya-Kamimatsu, Niihonsashi (Tokyo), Osaka, Osaka-Dofjima, Osaka-Kawaguchi, Osaka-Nishi, Osaka-Senba, Otaru, Shimizu, Wakamatsu (Kyushu), Yokohama.

Foreign Branches: Bombay, London, New York, Shanghai, Sourabaya.

Foreign Bankers:

London—Barclays Bank Ltd.; Midland Bank Ltd.

New York—Bankers Trust Company; The Chase National Bank of the City of New York; The National City Bank of New York.

Paris—Banque de l'Union Parisienne; Comptoir National d'Escompte de Paris.
Berlin—Commerz- und Privat-Bank A.G.
Hamburg—Commerz- und Privat-Bank A.G.
Bombay—National Bank of India, Ltd., Lloyds Bank Ltd., Cox's Branch.

CONDENSED BALANCE SHEET. 30th June, 1931.

Dr.	Liabilities.	Yen.	Assets.	Yen.
Deposits (current, fixed, etc.)	...	710,018,308.44	Cash in hand and at the Bank of Japan	47,064,620.00
Foreign bills sold	...	810,374.86	Money at call and short notice	31,600,000.00
Due to foreign banks (including discounts)	...	12,173,126.10	Japanese and Foreign Government Bonds	156,266,988.00
Due to inland correspondents	...	534,861.87	Municipal and other Bonds	115,679,364.00
Outstanding cheques	...	245,837.16	Stocks	1,144,579.79
Liabilities under L/C, etc.	...	4,611,106.40	Loans and Discounts	418,115,469.00
Interest accrued on deposits not due	...	6,823,629.01	Foreign Bills purchased	84,405,648.00
Rebate on bills not due	...	2,234,518.12	Due from Foreign Banks	22,079,184.00
Provisional receipts, etc.	...	298,142.43	Due from Inland Correspondents	4,611,106.40
Capital	...	100,000,000.00	Customers' Liabilities under L/C, etc., per contra	159,194.85
Reserve Funds	...	65,200,000.00	Office Buildings under construction	4,511,106.40
Pension Fund	...	3,817,281.54	Provisional Payments	2,940,824.10
Profit for the half-year	...	6,351,657.00	Bank Premises and Real Estates	87,135.15
Including:			Capital uncalled	12,907,567.00
Balance from last account, Y. 2,205,305.17				40,000,000.00
Transferred from Pension Fund, Y. 328,111.43				
		Y. 912,111,644.41		Y. 912,111,644.41

Dr.	APPROPRIATION OF PROFIT.	Yen.	Cr.	
Reserve Fund	...	500,000.00	Profit for the half-year	5,351,657.00
Pension Fund	...	534,200.00		
Bonus	...	250,000.00		
Dividend to Shareholders	...	2,400,000.00		
Balance carried forward to next account...	...	1,957,457.00		
		Y. 5,351,657.00		Y. 5,351,657.00

The Bank sells Drafts and Telegraphic Transfers, buys approved inward and outward Bills, grants Commercial Credits, issues Travellers' Letters of Credit available in all important places in the World, and makes collections.

London Office: WINCHESTER HOUSE, OLD BROAD STREET, E.C.2.

Telephone Nos.: London Wall 3221, 3222.
Foreign Exchange: London Wall 4229

Inland Telegram Address: "Mitsui Bank, London."
Cable Address: "Mitsui Bank, London."

NATIONAL BANK OF AUSTRALASIA, LIMITED.

INCORPORATED 1858.

1918.—Amalgamated with Colonial Bank of Australasia, Limited.
1922.—Absorbed Bank of Queensland, Limited.

Year ended March 31.	Subscribed.	Paid-up.	Callible.	Reserved.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
1921	£5,000,000	£5,000,000	£1,800,000	NR.	336,610	10%	140,000	56,625
1922	£5,000,000	£5,000,000	£1,800,000	NR.	350,168	10%	110,000	69,743
1923	£5,000,000	£5,000,000	£1,800,000	NR.	442,178	10%	157,097	81,324
1924	£5,000,000	£5,000,000	£1,800,000	NR.	498,168	10%	161,177	106,542
1925	£5,000,000	£5,000,000	£1,800,000	NR.	538,852	10%	132,471	114,704
1926	£5,000,000	£5,000,000	£1,800,000	NR.	561,646	10%	160,000	123,859
1927	£5,000,000	£5,000,000	£1,800,000	NR.	640,401	10%	158,423	144,663
1928	£5,000,000	£5,000,000	£1,800,000	NR.	659,278	10%	150,000	157,737
1929	£5,000,000	£5,000,000	£1,800,000	NR.	655,134	10%	150,000	162,907
1930	£5,000,000	£5,000,000	£1,800,000	NR.	561,206	10%	150,000	149,113

Ordinary £5 shares with £5 paid, September 30, 1931.

Year ended March 31.	Capital and Reserves.	Notes.	Bills in Circulation, &c.	Deposit and Current Accounts.	Total Liabilities or Assets.	Cash in Hand and at Bank.	Investments.	Bills and Remittances in Transit.	Discounts and Advances.	Real Estate and Premises.
1920	£219,320,000	£11.5	£130,015	£0.5	£49,810	£0.2	£962,908	£5.5	£23,598,202	£4.3
1921	£226,532,000	£11.5	£136,625	£0.5	£49,824	£0.2	£1,124,292	£5.5	£24,124,531	£4.3
1922	£268,454,289	£12.8	£171,793	£0.6	£49,004	£0.2	£1,124,292	£5.5	£24,124,531	£4.3
1923	£287,445,000	£12.8	£217,574	£0.7	£48,874	£0.2	£1,124,292	£5.5	£24,124,531	£4.3
1924	£292,546,000	£15.4	£289,592	£0.7	£48,122	£0.2	£1,124,292	£5.5	£24,124,531	£4.3
1925	£299,530,000	£15.4	£314,704	£0.8	£48,185	£0.2	£1,124,292	£5.5	£24,124,531	£4.3
1926	£300,000,000	£15.4	£322,958	£0.8	£48,034	£0.2	£1,124,292	£5.5	£24,124,531	£4.3
1927	£300,000,000	£15.4	£344,603	£0.9	£48,014	£0.2	£1,124,292	£5.5	£24,124,531	£4.3
1928	£300,000,000	£15.4	£344,603	£0.9	£48,014	£0.2	£1,124,292	£5.5	£24,124,531	£4.3
1929	£300,000,000	£15.4	£344,603	£0.9	£48,014	£0.2	£1,124,292	£5.5	£24,124,531	£4.3
1930	£300,000,000	£15.4	£344,603	£0.9	£48,014	£0.2	£1,124,292	£5.5	£24,124,531	£4.3
1931	£300,000,000	£15.4	£344,603	£0.9	£48,014	£0.2	£1,124,292	£5.5	£24,124,531	£4.3

NATIONAL BANK OF NEW ZEALAND, LIMITED.

REGISTERED 1872.

Year ended March 31.	Subscribed.	Paid-up.	Callible.	Reserved.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
1921	£6,000,000	£2,000,000	£4,000,000	Nil.	326,821	14%	141,000	115,894
1922	£6,000,000	£2,000,000	£4,000,000	Nil.	212,726	14%	141,000	142,121
1923	£6,000,000	£2,000,000	£4,000,000	Nil.	228,747	14%	141,000	145,567
1924	£6,000,000	£2,000,000	£4,000,000	Nil.	243,935	14%	141,000	155,588
1925	£6,000,000	£2,000,000	£4,000,000	Nil.	279,826	14%	141,000	167,698
1926	£6,000,000	£2,000,000	£4,000,000	Nil.	333,087	14%	141,000	175,044
1927	£6,000,000	£2,000,000	£4,000,000	Nil.	312,275	14%	141,000	175,769
1928	£6,000,000	£2,000,000	£4,000,000	Nil.	289,803	14%	141,000	165,572
1929	£6,000,000	£2,000,000	£4,000,000	Nil.	290,582	12%	141,000	165,164
1930	£6,000,000	£2,000,000	£4,000,000	Nil.	282,917	10%	141,000	174,171
1931	£6,000,000	£2,000,000	£4,000,000	Nil.	208,286	10%	141,000	168,457

Year ended March 31.	Capital and Reserves.	Notes.	Bills Payable, &c.	Deposit and Current Accounts.	Total Liabilities or Assets.	Cash in Hand and at Bank.	Investments.	Bills and Remittances in Transit.	Discounts and Advances.	Land & Property, &c.
1920	£46,200,000	£14.8	£174,873	£1.3	£28,009	£6.1	£1,719,729	£12.7	£8,556,133	£5.1
1921	£49,020,000	£12.9	£228,394	£1.4	£81,762	£6.3	£1,719,729	£12.7	£8,556,133	£5.1
1922	£51,204,000	£14.4	£236,627	£1.7	£1,221,313	£10.4	£1,719,729	£12.7	£8,556,133	£5.1
1923	£53,200,000	£16.6	£294,602	£1.7	£36,541	£5.4	£1,719,729	£12.7	£8,556,133	£5.1
1924	£53,210,000	£16.6	£306,699	£1.8	£55,629	£5.2	£1,719,729	£12.7	£8,556,133	£5.1
1925	£53,270,000	£17.1	£306,699	£1.8	£55,629	£5.2	£1,719,729	£12.7	£8,556,133	£5.1
1926	£53,270,000	£17.1	£306,699	£1.8	£55,629	£5.2	£1,719,729	£12.7	£8,556,133	£5.1
1927	£53,270,000	£17.1	£306,699	£1.8	£55,629	£5.2	£1,719,729	£12.7	£8,556,133	£5.1
1928	£53,270,000	£17.1	£306,699	£1.8	£55,629	£5.2	£1,719,729	£12.7	£8,556,133	£5.1
1929	£53,270,000	£17.1	£306,699	£1.8	£55,629	£5.2	£1,719,729	£12.7	£8,556,133	£5.1
1930	£53,270,000	£17.1	£306,699	£1.8	£55,629	£5.2	£1,719,729	£12.7	£8,556,133	£5.1
1931	£53,270,000	£17.1	£306,699	£1.8	£55,629	£5.2	£1,719,729	£12.7	£8,556,133	£5.1

QUEENSLAND NATIONAL BANK, LIMITED.

INCORPORATED 1872.

Year ended June 30.	Subscribed.	Paid-up.	Callible.	Reserved.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
1921	£1,780,000	£1,780,000	£NR.	NR.	117,541	10%	27,000	15,999
1922	£1,780,000	£1,780,000	£NR.	NR.	128,819	10%	37,000	8,227
1923	£1,780,000	£1,780,000	£NR.	NR.	149,351	10%	40,000	14,177
1924	£1,780,000	£1,780,000	£NR.	NR.	176,446	10%	40,000	16,688
1925	£1,780,000	£1,780,000	£NR.	NR.	194,576	10%	40,000	18,680
1926	£1,780,000	£1,780,000	£NR.	NR.	202,202	10%	40,000	11,540
1927	£1,780,000	£1,780,000	£NR.	NR.	202,202	10%	40,000	13,451
1928	£1,780,000	£1,780,000	£NR.	NR.	194,956	10%	40,000	14,872
1929	£1,780,000	£1,780,000	£NR.	NR.	132,292	10%	40,000	15,000
1930	£1,780,000	£1,780,000	£NR.	NR.	132,292	10%	40,000	15,000
1931	£1,780,000	£1,780,000	£NR.	NR.	132,292	10%	40,000	15,000

Interim dividend on deposited stock, £3,091,669.

Continued on page 36.

Queensland National Bank, Limited—Continued from page 35.

Year ended June 30	Number of Branches.	LIABILITIES.										Total Liabilities or Assets.	ASSETS.								
		Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Bills Payable to the Government of Queensland.	Per Cent.	Miscellaneous Credits, Rebates, &c.	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bankers.	Per Cent.	Cash at Call and Short Notice in London.	Per Cent.	Investments.	Per Cent.	Discounts, Advances, and Bills in Transit.	Per Cent.	Premises and Sundries.
1920	90	£ 4,188,325	31.6	£ 25,081	0.2	£	...	£ 570,075	4.3	£ 8,427,076	63.9	£ 13,211,557	3.7	£ 1,045,600	7.9	£ 7,929,921	60.2	£	...	£ 370,300	2.8
1921	89	4,214,672	36.5	38,909	0.3	...	...	483,753	4.2	8,854,743	59.0	11,592,077	2.4	1,001,319	8.7	7,592,584	65.4	...	...	398,425	1.5
1922	91	4,251,669	36.9	50,827	0.4	...	...	350,078	3.0	8,898,730	59.7	11,551,304	1.8	1,001,319	8.7	7,592,584	65.4	...	...	500,421	1.7
1923	89	4,291,669	34.9	58,177	0.5	...	...	415,263	3.4	7,519,294	61.2	12,284,403	1.2	1,001,319	8.7	7,592,584	65.4	...	...	398,425	1.5
1924	91	4,229,229	36.8	74,044	0.6	...	...	487,656	3.7	7,229,732	58.9	13,120,665	1.2	1,001,319	8.7	7,592,584	65.4	...	...	500,421	1.7
1925	91	5,205,220	38.3	51,757	0.4	...	...	401,757	3.0	7,920,651	59.3	13,579,387	1.3	1,001,319	8.7	7,592,584	65.4	...	...	500,421	1.7
1926	95	5,301,669	36.7	49,149	0.3	...	...	542,493	3.7	8,566,481	59.3	14,459,766	1.4	1,001,319	8.7	7,592,584	65.4	...	...	500,421	1.7
1927	99	5,448,834	36.6	51,351	0.3	...	...	712,405	4.8	8,574,176	58.1	14,786,766	1.4	1,001,319	8.7	7,592,584	65.4	...	...	500,421	1.7
1928	102	5,626,627	37.2	52,421	0.3	...	...	431,621	2.9	9,026,995	59.6	15,137,664	1.3	1,001,319	8.7	7,592,584	65.4	...	...	500,421	1.7
1929	102	5,656,689	36.9	49,809	0.3	...	...	407,581	2.6	9,404,099	60.6	15,518,158	1.3	1,001,319	8.7	7,592,584	65.4	...	...	500,421	1.7
1930	102	5,681,669	38.5	53,515	0.4	...	...	348,219	2.4	8,657,228	58.7	14,740,631	1.3	1,001,319	8.7	7,592,584	65.4	...	...	500,421	1.7
1931	102	5,701,669	39.3	43,307	0.3	...	...	437,459	3.0	8,332,164	57.4	14,514,699	1.3	1,001,319	8.7	7,592,584	65.4	...	...	500,421	1.7

THE UNION BANK OF AUSTRALIA, LIMITED.

ESTABLISHED 1837.

Subscribed.	Paid-up.	Callable.	Reserve.	Market Value.	Year ended Feb. 28.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
£	£	£	£	£	1921	516,341	15%	140,000	83,057
12,000,000	4,000,000	N/A.	8,000,000	4,200,000	1922	536,261	15%	120,000	85,818
					1923	552,894	15%	100,000	89,712
					1924	550,292	15%	100,000	90,003
					1925	590,398	15%	100,000	92,902
					1926	627,426	15%	100,000	95,513
					1927	638,966	15%	100,000	97,939
					1928	611,932	15%	75,000	99,404
					1929	625,656	12½%	25,000	86,335
					1930	283,019	7½%	25,000	86,992
					1931				90,010

(a) Free of tax.

Year ended February 28.	Number of Branches	LIABILITIES.							Total Liabilities or Assets	ASSETS.						
		Paid up Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes	Per Cent.	Bills Payable, &c.		Cash in Hand and at Bankers	Per Cent.	Money at Call and Short Notice in London	Per Cent.	Investments	Per Cent.	Remittances and Drafts in Transit, Discounts and Advances
1920	180	5,130,000	12.5	281,716	0.7	628,667	1.5	3,128,504	7.6	31,840,563	77.7	41,009,450	5.6	1,140,000	2.8	2,034,392
1921	182	5,250,000	13.2	270,557	0.7	676,909	1.7	4,003,958	10.1	33,531,558	74.3	39,732,982	7.0	1,055,000	2.7	2,016,736
1922	186	6,250,000	15.5	311,818	0.8	559,186	1.4	4,037,788	10.0	38,187,724	72.3	40,346,516	7.3	1,125,000	2.8	2,173,750
1923	190	6,500,000	15.0	314,712	0.8	562,081	1.3	3,707,570	8.8	31,390,819	74.2	42,325,182	7.6	1,060,000	2.5	2,200,000
1924	192	6,450,000	14.5	315,003	0.7	674,610	1.5	4,115,663	9.2	32,438,019	74.1	44,393,295	7.6	1,060,000	2.5	2,200,000
1925	192	7,650,000	16.4	355,402	0.8	721,031	1.5	4,005,166	8.6	33,995,484	72.7	46,727,083	7.8	1,060,000	2.5	2,200,000
1926	197	7,700,000	17.4	358,013	0.8	772,245	1.7	3,668,443	8.2	32,038,237	72.0	44,536,938	7.6	1,060,000	2.5	2,200,000
1927	196	7,750,000	17.0	360,439	0.8	692,084	1.3	3,478,574	9.6	32,545,478	71.3	45,626,575	7.8	1,060,000	2.5	2,200,000
1928	207	8,850,000	18.8	399,404	0.8	679,729	1.2	3,507,051	7.2	33,978,582	72.0	47,144,289	7.8	1,060,000	2.5	2,200,000
1929	216	8,850,000	18.0	386,336	0.8	603,109	1.3	3,286,052	5.1	34,584,517	73.9	46,760,670	7.6	1,060,000	2.5	2,200,000
1930	218	8,850,000	19.0	386,992	0.7	544,041	1.2	3,451,091	3.3	33,124,413	73.5	44,199,555	7.9	1,060,000	2.5	2,200,000
1931	220	8,850,000	20.0	170,010	0.4											

(4) CANADIAN BANKS.

BANK OF MONTREAL.

ESTABLISHED 1817.

Acquired Exchange Bank of Yarmouth, 1903.
Acquired People's Bank of Halifax, 1905.
Acquired People's Bank of New Brunswick, 1907.

Acquired Bank of British North America, October, 1918.
Acquired Merchants' Bank of Canada, March, 1922.
Acquired Molsons Bank, January, 1925.

Subscribed.	Paid-up.	Callable.	Reserve Liability.	Year ended Oct. 31.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
£	£	£	£	1921	3,949,796	14	620,000	1,501,646
36,000,000	36,000,000	...	36,000,000	1922	4,756,668	14	8,242,000	858,815
				1923	4,496,417	14	680,650	659,582
				1924	4,454,504	14	637,600	761,585
				1925	4,978,963	14	608,090	696,788
				1926	5,299,888	14	619,167	767,416
				1927	5,847,327	14	1,724,167	154,799
				1928	7,070,892	14	1,100,000	713,789
				1929	6,519,032	14	2,355,865	735,582
				1930			1,311,439*	947,047

* Including \$51,460 premiums on new stock, carried to reserve.

(Dollars converted to sterling at \$5 to £1.)

Year ended April 30.	No. of Branches	LIABILITIES.							Total Liabilities or Assets	ASSETS.						
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Notes	Per Cent.	Balances Due to Other Banks in Canada, &c.		Cash in Hand and Due by Agencies	Per Cent.	Cash at Call and Short Notice in G. Britain & U.S.A.	Per Cent.	Investments	Per Cent.	Discounts and Advances
1920	311	8,000,000	7.0	539,915	0.5	9,025,732	7.0	3,642,941	3.2	94,021,439	82.3	114,230,027	22.2	2,763,019	20.0	11,485,118
1921	320	8,800,000	8.7	440,429	0.4	7,014,061	6.9	1,865,311	1.8	83,320,188	82.2	101,439,989	22,882,294	15,022,038	15.0	11,571,182
1922	343	10,900,000	8.4	282,446	0.3	2,924,895	6.0	2,780,792	1.4	108,688,681	84.0	130,773,814	31,633,221	21,677,887	16.0	11,571,182
1923	349	10,900,000	8.3	342,635	0.3	3,847,204	6.0	2,317,371	1.8	109,714,356	83.6	131,121,649	29,976,138	22,858,463	16.0	11,571,182
1924	343	10,900,000	8.0	361,239	0.3	3,744,643	5.6	2,443,626	1.8	114,737,305	84.3	135,986,813	27,099,401	19,265,148	15.0	11,571,182
1925	317	11,966,680	8.3	352,511	0.3	2,747,922	5.5	3,148,951	2.2	120,322,895	83.3	145,638,959	25,223,653	17,629,714	13.0	11,571,182
1926	314	11,966,680	8.0	367,980	0.3	2,834,888	5.6	4,321,421	2.9	124,835,502	83.3	148,626,471	26,732,226	17,288,499	13.0	11,571,182
1927	320	11,966,680	7.8	442,165	0.3	3,655,260	5.5	3,944,662	2.5	131,815,788	84.1	156,422,555	31,149,028	19,299,939	15.0	11,571,182
1928	326	12,166,680	7.6	442,165	0.3	3,655,260	5.5	5,339,807	3.1	147,270,037	84.8	175,637,523	32,772,922	19,299,939	15.0	11,571,182
1929	332	14,019,504	7.8	602,115	0.4	3,678,700	4.7	12,470,402	7.2	146,670,410	80.2	183,141,131	34,141,104	18,358,630	15.0	11,571,182
1930	375	14,800,000	9.0	474,198	0.3	3,694,629	4.7	5,298,057	3.2	136,255,945	82.8	164,519,929	31,075,406	18,358,630	15.0	11,571,182
1931	348	14,800,000	9.4	434,254	0.3	3,733,589	4.3	5,196,649	3.3	130,215,049	82.7	157,379,541	26,601,844	16,907,651	15.0	11,571,182



EVERY MODERN BANKING SERVICE

TO INDIVIDUALS

All classes of trusteeship and executorship can be entrusted to the House, thus relieving you of responsibility and anxiety and ensuring expert management. The House will also serve you in practically all your affairs with which the handling of money or property is concerned; such as, for example, income tax and surtax returns, letters of credit for foreign travel, etc.

TO COMPANIES

The special and responsible duties of stock and share registration and transfer cannot usually be handled so efficiently as a department of your own business. These duties can be undertaken by the House both efficiently and economically.

GLYN, MILLS & CO
BANKERS

42, Gracechurch Street, E.C.3.
(Temporary Head Office during rebuilding of 67 Lombard Street, E.C.3.)

TELEPHONE: Mansion House 8371
Incorporating

CHILD & CO.
1 FLEET STREET
E.C.4
Telephone: Central 2965

HOLT & CO.
KIRKLAND HOUSE
WHITEHALL, S.W.1
Telephone: Whitehall 1701

OTTOMAN BANK

(INCORPORATED IN TURKEY WITH LIMITED LIABILITY.)
Founded 1863.

Capital - £10,000,000.
Paid-up - £5,000,000.
Reserve Fund - £1,250,000.

GENERAL COMMITTEE.

LONDON.
General the Hon. SIR HERBERT A. LAWRENCE, G.C.B.
E. W. H. BARRY.
ALBERT S. GLADSTONE.
VISCOUNT DUNDALK, P.C. G.C.B., G.C.I.E., G.C.E., V.O.
SIR W. GUY GRANET, B.B.E.

PARIS.
RAOUL MALLE.
RENÉ BECHMANN.
JEAN BOISSONNAS.
CHARLES DE GENJAY.
HONORÉ FINLAY.

PARIS.
BARON HENRI NOTTINGHUE.
JACQUES DE NEUFVILLE.
LE COMTE PILLET-WILL.
ANATHESE ROUDY.
FELIX VERNES.

LONDON Office: 26, THROGMORTON STREET, E.C.2.
Manager: E. W. H. Barry.
Deputy Manager: R. S. C. Pearce.

MANCHESTER:
56-60 Cross Street.

THE P. & O. BANKING CORPORATION LTD.

BALANCE SHEET—March 31, 1931.

LIABILITIES.		ASSETS.	
Capital issued, 259,416 shares of £10 each fully paid up	2,594,160	Cash at bankers and in hand	£ 627,310
Reserve fund	180,000	Bullion in hand and in transit	31,699
Current, deposit, and other accounts, including provision for bad and doubtful debts, contingency reserve, &c.	7,712,779	Money at call and short notice	67,500
Loans payable against security	7,550,000	Bills receivable in hand and in transit, including Treasury Bills	3,405,340
Balance of accounts with subsidiary company	44,853	Investments at or below market value—British Government securities, £300,584; Indian Government securities, £3,844,427; Foreign Government and municipal and other securities, £47,807; Indian Railway debentures, guaranteed by Indian Government, £251,250	4,444,068
Acceptances, endorsements, &c., as per contra	181,740	Investment in subsidiary company, at cost—Allahabad Bank, Ltd.—23,403 ordinary shares of Rs. 100 each, of which 14,565 are fully paid and 8,738 are paid up to the extent of Rs. 50 per share	589,569
Bills receivable for collection, as per contra	288,324	Advances to customers, and other accounts	4,638,000
Profit and loss account—Balance brought forward from March 31, 1930, £23,668; net profit for the year ended March 31, 1931, £108,450	134,118	Bank premises and furniture at cost, less amounts written off	167,855
Notes.—There is a contingent liability in respect of bills re-discounted amounting to £5,508,251 of which £4,307,965 had run off by June 30. Outstanding forward exchange contracts for purchase and sale of bills and telegraphic transfers, &c., £18,455,644.		Liabilities of customers for acceptances, endorsements, &c., as per contra	181,740
The rupee, tal, Straits dollar and Hong Kong dollar assets and liabilities are converted at the rates of 1s. 6d., 1s. 4d., 2s. 4d. and 1s. respectively, with the exception of the Allahabad Bank, Ltd., investment which is at cost, viz., 1s. 5jd.		Bills receivable for collection, as per contra	288,324
	18,685,974		18,685,974

PROFIT AND LOSS ACCOUNT.

DEBIT.		CREDIT.	
Directors' fees and income tax thereon	£ 3,809	Profit, after providing for bad and doubtful debts and payment of income tax	£ 112,259
Net profit carried down	108,450		112,259
	112,259		112,259
Proposed dividend at the rate of 5 per cent. per annum for the twelve months ended March 31, less tax	102,529	Net profit brought down	108,450
Balance to be carried forward	31,589	Balance brought forward from March 31, 1930	25,668
	134,118		134,118

JOINT-STOCK BANKS OF ENGLAND AND WALES.

BANK OF ENGLAND.

The profits for the half year ended August 31st last, after making provision for all contingencies, were £875,704, making the amount of the "Rest" £3,699,114. After providing for a dividend of 6 per cent., less income tax, the "Rest" was £3,044,229.

SEPTEMBER 30, 1931.

ISSUE DEPARTMENT.

NOTES ISSUED—		GOVERNMENT DEBT.	
In circulation	357,208,682	Other Government securities	235,440,046
In banking department	52,609,183	Other securities	24,502,193
		Silver coin	4,042,662
		Amount of fiduciary issue	275,000,000
		Gold coin and bullion	134,817,865
	409,817,865		409,817,865

BANKING DEPARTMENT.

PROPRIETORS' CAPITAL		GOVERNMENT SECURITIES	
Proprietors' capital	£ 14,553,000	Other securities	£ 68,975,906
Reserve fund	3,725,425	Discounts and advances, £14,713,558; securities, £25,875,770	40,649,324
Public deposits (including Exchange, Savings Banks, Commissioners of National Debt, and dividend accounts)	30,089,090	Notes	52,609,183
Other deposits—Bankers, £62,642,289; other accounts, £52,564,680	115,206,969	Gold and silver coin	1,341,829
7-Day and other bills	1,762		163,576,246
	163,576,246		163,576,246

COUTTS AND COMPANY.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
Capital issued and paid up	£ 1,000,000	Coin, bank notes and balances with the Bank of England	£ 1,878,213
Reserve fund	1,000,000	Balances with, and cheques in course of collection on, other banks in the United Kingdom and Ireland, and cheques, drafts, &c., in transit	674,965
Current, deposit and other accounts, including rebate on bills not due, provisions for bad and doubtful debts, contingencies, &c., and including the account of Queen Anne's Bounty for which securities of the aggregate market value of £306,000 have been lodged	17,520,645	Money at call and short notice Investments—British Government stocks, £3,503,522; Colonial Government stocks, corporation stocks, and other investments, £535,904	2,435,618
Liabilities for acceptances, endorsements, engagements, &c., as per contra	519,347	Bills discounted—Payable by British firms and institutions in the United Kingdom, and Treasury bills	4,039,426
		Advances to customers and other accounts	1,709,145
		Bank premises at cost, less amounts written off	8,403,778
		Liabilities of customers for acceptances, endorsements, engagements, &c., as per contra	379,500
	20,039,992		519,347
			20,039,992

BARCLAYS BANK, LTD.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
Current, deposit and other accounts, including reserve for income tax and contingencies and balance of profit and loss	£ 329,439,754	Cash in hand and with the Bank of England	£ 47,153,111
Balances in account with subsidiary banks	13,010,628	Balances with other British banks and cheques in course of collection	9,143,916
Acceptances and endorsements, &c., for account of customers	11,674,776	Money at call and short notice	22,708,950
Capital issued—£57,589 "A" shares of £4 each, fully paid, £23,430,356; 11,760,811 "B" shares of £1 each, fully paid, £11,760,811; 667,050 "C" shares of £1 each, fully paid, £667,050	15,858,217	Bills discounted	43,854,805
Reserve fund	10,250,000	Investments (including £609,051 lodged as security for public authority and other accounts):—Securities of, or guaranteed by, the British Government	55,985,407
		British Dominions and Colonial Government Securities, Bank of England and British Corporation stocks	1,916,584
		Other investments	743,495
		Investments in subsidiary banks (at cost, less amounts written off):—The British Linen Bank, £1,238,019 stock	3,714,057
		Union Bank of Manchester, Limited, 300,000 shares of £5 each, £2 10s. paid	900,000
		Other subsidiary banks (including fully paid shares and 500,000 "B" shares of £5 each, £1 per share paid up, in Barclays Bank (Donation), Colonial and Overseas)	2,220,830
		Advances—Customers and other accounts, £175,083,604; Staff for purchase of Barclays Bank Limited "C" Shares, £47,358; Balances in account with subsidiary banks, £604,084	173,735,646
		Liability of customers for acceptances and endorsements, &c.	11,674,776
		Bank premises and adjoining properties (at cost, less amounts written off)	6,501,798
	380,233,375		380,233,375

DISTRICT BANK, LTD.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
Issued capital: 1,896,000 "A" shares of £5 each, £1 paid, £1,896,000; 316,000 "B" shares of £1 each, fully paid, £316,000	2,212,000	Cash in hand and at the Bank of England	£ 6,193,485
Reserve fund	2,000,000	Money at call and short notice Bills of exchange (including Treasury bills)	4,183,520
Current, deposit and other accounts (including £174,904 on public accounts in respect of which security has been given, and the balance of profit and loss)	50,032,876	British Government securities	3,411,840
Accounts of subsidiary companies	400	British railway debentures, corporation stocks, &c.	573,987
Acceptances and confirmed credits on account of customers	116,767	Investments in subsidiary companies	400
Endorsements, guarantees and other obligations on account of customers	704,526	Advances to customers and other accounts	20,765,777
		Liabilities of customers for acceptances, confirmed credits and other obligations	821,293
		Bank property, at cost, less amounts written off	760,298
			55,066,569

INSURE WITH

ALL CLASSES OF INSURANCE TRANS-
ACTED AND THE DUTIES OF EXECUTOR
AND TRUSTEE UNDERTAKEN.

Head Office:
1 KING WILLIAM ST., LONDON, E.C.4

Marine Department:
157 LEADENHALL ST., LONDON, E.C.3

Applications for Agencies invited

Branches and Agencies
throughout the world



THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LTD.,

and its Associated Offices,

Clerical, Medical & General Life Assurance Society
and
The Merchants' Marine Insurance Co., Ltd.,

TRANSACT

INSURANCES OF ALL KINDS

City Branch:
13, KING WILLIAM STREET, E.C.4.
Telephone: MANSION HOUSE 8801.

West End Branch:
15, ST. JAMES'S SQUARE, S.W.1.
Telephone: WHITEHALL 3302.

Head Office:
HAMILTON HOUSE, VICTORIA EMBANKMENT,
LONDON, E.C.4.
Telephone: CENTRAL 5260.

REFUGE ASSURANCE CO. LTD.

ESTABLISHED 1864

Chief Office:
OXFORD STREET
MANCHESTER

ANNUAL INCOME EXCEEDS
£11,000,000

ASSETS EXCEED
£49,000,000

CLAIMS PAID EXCEED
£66,000,000

ROYAL BANK OF CANADA.

Incorporated in 1869 as Merchants' Bank of Halifax. Name changed in 1901.

Absorbed Union Bank of Halifax, 1910.

Absorbed Traders Bank of Canada, 1912.

Absorbed Quebec Bank, October, 1916.

Absorbed Northern Crown Bank, 1918.

Absorbed Union Bank of Canada, 1925.

CAPITAL.		Callible.		Reserved.	
Authorised.	Paid-up.				
\$	\$	\$	\$	\$	\$
50,000,000	35,000,000	Nil.		35,000,000	
Per Share.	Per Share.	Per Share.	Per Share.	Per Share.	Per Share.
\$100	\$100	Nil		\$100	

Year Ended Nov. 30.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
1921	807,567	14	167,230	181,009
1922	791,694	14	200,000	201,503
1923	781,863	14	193,000	217,166
1924	775,795	14	193,000	226,761
1925	816,326	14	188,000	249,657
1926	903,244	14	188,000	281,915
1927	1,074,029	14	197,000	361,966
1928	1,176,251	14	226,000	472,217
1929	1,429,027	14	242,000	714,830
1930	1,314,525	14	108,000	821,356

(Dollars converted into sterling at rate of 5s to £1.)

Year Ended December 31.	LIABILITIES.										ASSETS.											
	No. of Branches.	Capital and Reserves.	Per Cent.	Undivided Profits.	Per Cent.	Notes.	Per Cent.	Miscellaneous Credits.	Per Cent.	Deposit and Current Ac- counts.	Per Cent.	Total Liabilities or Assets.	Cash in Hand and Due from Other Banks & Agents.	Per Cent.	Cash at Call and Short Notice.	Per Cent.	Investments.	Per Cent.	Discounts and Advances.	Per Cent.	Prepaid Liabilities, Loss of Customers, &c.	Per Cent.
1920	721	\$ 8,053,604	6.8	\$ 309,339	0.3	\$ 8,334,595	7.0	\$ 11,232,987	9.4	\$ 91,003,477	76.5	\$ 118,934,002	\$ 34,201,877	28.7	\$ 11,572,513	9.7	\$ 10,065,182	8.5	\$ 57,284,324	48.2	\$ 5,810,156	4.9
1921	695	\$ 8,160,000	6.7	\$ 303,409	0.3	\$ 8,532,474	6.0	\$ 4,194,848	4.4	\$ 75,889,405	80.6	\$ 94,180,136	\$ 21,917,424	23.2	\$ 8,583,614	9.1	\$ 9,956,005	10.6	\$ 49,980,754	53.1	\$ 1,744,339	1.8
1922	682	\$ 8,160,000	6.5	\$ 407,232	0.4	\$ 8,529,180	5.6	\$ 7,573,269	7.8	\$ 74,400,792	77.7	\$ 95,872,473	\$ 24,624,798	25.6	\$ 9,722,024	10.2	\$ 8,862,844	9.3	\$ 48,498,546	50.6	\$ 4,184,261	4.3
1923	670	\$ 8,160,000	7.6	\$ 434,324	0.4	\$ 8,594,388	5.1	\$ 9,833,456	8.4	\$ 92,365,754	79.1	\$ 107,871,111	\$ 26,526,507	24.5	\$ 9,274,515	8.6	\$ 11,024,073	10.2	\$ 52,944,594	49.2	\$ 8,102,022	7.5
1924	655	\$ 8,160,000	6.7	\$ 351,162	0.4	\$ 8,530,977	4.6	\$ 9,376,397	7.8	\$ 96,347,508	80.1	\$ 116,756,800	\$ 29,484,158	25.2	\$ 6,850,330	5.9	\$ 19,270,460	16.5	\$ 51,445,071	44.1	\$ 19,707,883	16.8
1925	646	\$ 8,160,000	6.6	\$ 396,287	0.4	\$ 8,530,977	4.6	\$ 9,376,397	7.8	\$ 96,347,508	80.1	\$ 116,756,800	\$ 29,484,158	25.2	\$ 6,850,330	5.9	\$ 19,270,460	16.5	\$ 51,445,071	44.1	\$ 19,707,883	16.8
1926	646	\$ 8,160,000	6.7	\$ 396,287	0.4	\$ 8,530,977	4.6	\$ 9,376,397	7.8	\$ 96,347,508	80.1	\$ 116,756,800	\$ 29,484,158	25.2	\$ 6,850,330	5.9	\$ 19,270,460	16.5	\$ 51,445,071	44.1	\$ 19,707,883	16.8
1927	673	\$ 11,537,804	7.4	\$ 455,818	0.3	\$ 12,034,642	6.7	\$ 12,665,033	8.1	\$ 124,221,545	79.6	\$ 156,006,547	\$ 22,981,247	14.7	\$ 22,211,618	14.1	\$ 24,469,871	15.5	\$ 127,169,197	78.6	\$ 9,843,133	6.2
1928	678	\$ 12,000,000	6.5	\$ 541,966	0.3	\$ 12,541,966	6.5	\$ 14,583,929	8.0	\$ 148,954,192	79.8	\$ 168,538,929	\$ 23,629,649	16.1	\$ 24,698,526	13.5	\$ 24,052,827	15.5	\$ 109,890,717	64.6	\$ 9,095,556	5.2
1929	697	\$ 13,627,992	7.2	\$ 679,694	0.4	\$ 14,307,686	7.2	\$ 14,772,953	10.0	\$ 147,156,238	78.3	\$ 187,898,992	\$ 25,775,196	13.7	\$ 26,075,556	13.9	\$ 26,182,108	13.9	\$ 96,703,477	51.6	\$ 13,166,659	7.0
1930	713	\$ 14,000,000	7.9	\$ 924,830	0.6	\$ 14,924,830	7.9	\$ 15,846,369	9.8	\$ 136,329,551	78.4	\$ 176,607,449	\$ 23,495,413	13.2	\$ 24,005,121	13.6	\$ 24,184,338	13.6	\$ 100,329,731	56.7	\$ 13,261,915	7.1
1931	890	\$ 14,000,000	8.2	\$ 1,031,356	0.6	\$ 15,031,356	8.2	\$ 15,442,740	9.8	\$ 133,779,633	78.4	\$ 170,776,386	\$ 24,594,412	14.4	\$ 24,969,003	13.9	\$ 25,329,731	14.4	\$ 92,182,363	54.1	\$ 11,680,778	6.7

• November 30.

† February 28.

‡ Mar 31.

* November 30. † February 28. ‡ May 31.

(5) INDIAN BANKS.

IMPERIAL BANK OF INDIA.

BALANCE SHEET.

LIABILITIES.	June 30, 1929.			June 30, 1930.			June 30, 1931.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Capital paid up	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000	5,62,50,000
Reserve	5,27,50,000	5,27,50,000	5,27,50,000	5,27,50,000	5,27,50,000	5,27,50,000	5,27,50,000	5,27,50,000	5,27,50,000
Public deposits	20,74,36,243	13,91,45,199	15,96,88,877	13,91,45,199	15,96,88,877	13,91,45,199	15,96,88,877	13,91,45,199	15,96,88,877
Other deposits	72,33,05,054	70,03,57,913	66,15,34,491	70,03,57,913	66,15,34,491	70,03,57,913	66,15,34,491	70,03,57,913	66,15,34,491
Sundries	61,21,073	2,56,66,721	94,48,731	2,56,66,721	94,48,731	2,56,66,721	94,48,731	2,56,66,721	94,48,731
	104,58,62,370	97,51,69,833	94,11,72,099	97,51,69,833	94,11,72,099	97,51,69,833	94,11,72,099	97,51,69,833	94,11,72,099

ASSETS.	June 30, 1929.			June 30, 1930.			June 30, 1931.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Government securities	21,21,55,480	26,98,02,708	24,18,53,199	26,98,02,708	24,18,53,199	26,98,02,708	24,18,53,199	26,98,02,708	24,18,53,199
Other securities	2,88,03,596	2,71,71,353	2,89,38,868	2,71,71,353	2,89,38,868	2,71,71,353	2,89,38,868	2,71,71,353	2,89,38,868
Loans	11,49,29,649	11,28,36,718	9,08,91,176	11,28,36,718	9,08,91,176	11,28,36,718	9,08,91,176	11,28,36,718	9,08,91,176
Cash credits	50,62,78,865	32,81,13,036	30,69,11,768	32,81,13,036	30,69,11,768	32,81,13,036	30,69,11,768	32,81,13,036	30,69,11,768
Inland bills discounted and purchased	4,59,19,581	3,09,03,892	3,56,92,533	3,09,03,892	3,56,92,533	3,09,03,892	3,56,92,533	3,09,03,892	3,56,92,533
Foreign bills discounted and purchased	2,01,663	1,57,476	2,27,287	1,57,476	2,27,287	1,57,476	2,27,287	1,57,476	2,27,287
Dead stock	2,81,24,542	2,77,68,415	2,71,99,349	2,77,68,415	2,71,99,349	2,77,68,415	2,71,99,349	2,77,68,415	2,71,99,349
Sundries	49,30,115	61,70,691	67,50,781	61,70,691	67,50,781	61,70,691	67,50,781	61,70,691	67,50,781
Balance with other banks	3,73,672	25,70,794	9,22,490	25,70,794	9,22,490	25,70,794	9,22,490	25,70,794	9,22,490
Cash	30,41,45,209	16,96,74,750	17,17,85,006	16,96,74,750	17,17,85,006	16,96,74,750	17,17,85,006	16,96,74,750	17,17,85,006
	104,58,62,370	97,51,69,833	94,11,72,099	97,51,69,833	94,11,72,099	97,51,69,833	94,11,72,099	97,51,69,833	94,11,72,099

THE MERCANTILE BANK OF INDIA, LIMITED.

REGISTERED 1892.

Absorbed the Bank of Mauritius, Limited, as from January 1, 1916.

Absorbed the Bank of Calcutta, Limited, as from March 31, 1906.

CAPITAL.		Callible.		Reserved.	
Subscribed.	Paid-up.				
£750,000	£375,000	£187,500	£187,500	£187,500	£187,500
Per Share.	Per Share.	Per Share.	Per Share.	Per Share.	Per Share.
£25	£12 10s.	£6 5s.	£6 5s.	£6 5s.	£6 5s.
Subscribed.	Paid-up.	Callible.	Reserved.		
£750,000	£375,000	£187,500	£187,500		
Per Share.	Per Share.	Per Share.	Per Share.		
£25	£12 10s.	£6 5s.	£6 5s.		
Subscribed.	Paid-up.	Callible.	Reserved.		
£300,000	£300,000	Nil.	Nil.		
Per Share.	Per Share.	Per Share.	Per Share.		
£5	£5	Nil.	Nil.		

Year Ended December 31.	No. of Branches.	LIABILITIES.										ASSETS.										
		Capital and Reserves.	Per Cent.	Undi- vided Profits.	Per Cent.	Notes in Circulation.	Per Cent.	Accept- ances.	Per Cent.	Miscel- laneous Credits, Sta- bate, &c.	Per Cent.	Deposit and Current Accounts.	Per Cent.	Total Liabili- ties or Assets.	Cash in Hand, at Bankers and at Call.	Per Cent.	Invest- ments.	Per Cent.	Mis- cous and Ad- vances.	Per Cent.	Buildings and Sundries, including Over for Accept- ances.	Per Cent.
1900	9	602,500	17.1	33,250	1.0	...	...	84,965	2.4	1,181,107	33.6	1,614,110	45.9	3,515,932	402,440	11.4	442,943	12.6	2,471,798	70.4	188,751	5.3
1910	14	887,500	11.7	49,022	0.6	...	...	234,026	3.1	1,066,944	14.1	6,349,908	70.5	7,587,400	839,738	11.0	638,914	8.4	5,761,456	76.3	327,292	4.3
1920	19	2,150,000	10.6	211,638	1.0	...	...	819,594	4.0	925,474	4.6	15,693,766	79.0	20,157,778	1,496,758	7.4	1,332,378	6.4	13,332,378	64.2	1,497,970	7.1
1921	20	2,200,000	13.4	221,671	1.3	...	...	325,476	1.7	207,698	1.0	653,409	4.0	12,743,991	77.6	16,429,435	3,038,513	18.7	1,894,018	11.4	10,239,843	62.4
1922	20	2,250,000	13.6	236,105	1.3	...	...	325,476	1.7	207,698	1.0	654,896	3.0	13,112,733	77.9	16,643,701	2,743,536	22.8	1,844,684	19.7	7,235,311	43.6
1923	22	2,300,000	15.0	241,811	1.6	...	...	172,800	1.0	759,784	4.6	12,831,536	77.9	16,599,678	2,638,303	16.0	1,894,018	11.4	10,239,843	62.4	779,087	4.7
1924	23	2,350,000	14.2	242,222	1.5	...	...	138,609	1.9	1,199,805	9.1	12,158,015	73.9	16,460,758	2,638,303	16.0	1,894,018	11.4	10,239,843	62.4	1,311,679	8.1
1925	23	2,400,000	15.0	246,885	1.3	...	...	200,971	1.1	2,995,470	16.6	557,320	3.0	14,727,982	80.1	16,418,528	2,638,303	16.0	1,894,018	11.4	1,311,283	8.1
1926	24	2,435,000	12.9	244,667	1.3	...	...	253,815	3.3	691,766	3.7	14,957,987	77.9	18,800,720	2,049,256	11.1	6,038,567	32.8	9,466,046	51.6	814,387	4.6
1927	24	2,470,000	13.4	248,846	1.3	...	...	234,536	1.7	300,186	1.2	14,442,526	78.6	18,989,409	2,089,454	11.0	6,038,567	32.8	9,466,046	51.6	814,387	4.6
1928	25	2,500,000	13.2	246,047	1.3	...	...	328,371	2.1	300,186	1.2	15,493,253	71.7	18,857,416	2,182,479	11.6	6,038,567	32.8	9,466,046	51.6	814,387	4.6
1929	25	2,530,000	14.2	250,506	1.4	...	...	246,566	1.3	247,024	1.4	1,908,194	10.7	17,857,416	2,182,479	12.0	6,038,567	32.8	9,466,046	51.6	814,387	4.6
1930	25	2,550,000	14.4	250,846	1.4	...	...	275,227	1.6	149,109	0.8	439,173	2.6	15,979,268	71.3	18,857,416	2,182,479	12.0	6,038,567	32.8	9,466,046	51.6

CHARTERED BANK OF INDIA, AUSTRALIA, AND CHINA.
INCORPORATED 1853.

CAPITAL.					Market Value.	Year.	Net Profit.	Dividend and Bonus.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callible.	Reserve.	Value.						
£	£	£	£	£	£	£	£	£	£	£
3,000,000	3,000,000	Nil.	3,000,000	7,200,000						
Per Share.					Per Share, Sept. 30, 1931.	<th><th><th><th></th></th></th></th>	<th><th><th></th></th></th>	<th><th></th></th>	<th></th>	
£5	£5	Nil.	£5	£12	<th><th><th><th><th></th></th></th></th></th>	<th><th><th><th></th></th></th></th>	<th><th><th></th></th></th>	<th><th></th></th>	<th></th>	
1921	788,079	20½	175,000		1921	788,079	20½	175,000		215,170
1922	789,531	20½	175,000		1922	789,531	20½	175,000		222,201
1923	782,707	20½	175,000		1923	782,707	20½	175,000		222,408
1924	770,716	20½	175,000		1924	770,716	20½	175,000		210,624
1925	756,154	20½	150,000		1925	756,154	20½	150,000		209,274
1926	778,576	20½	165,000		1926	778,576	20½	165,000		216,354
1927	724,079	20½	125,000		1927	724,079	20½	125,000		206,895
1928	627,263	20½	40,000		1928	627,263	20½	40,000		186,686
1929	651,598	20½	50,000		1929	651,598	20½	50,000		190,756
1930	654,343	20½	30,000		1930	654,343	20½	30,000		187,597
							* Free of tax.		† Of which 7½% free of tax.	

Year ended Dec. 31.	No. of Branches.	LIABILITIES.						Total Liabilities or Assets.	ASSETS.													
		Capital and Reserves.	Per Cent.	Un-divided Profits.	Per Cent.	Notes.	Per Cent.		Acceptances, Bills Payable, Rebates, &c.	Per Cent.	Deposit and Current Accounts.	Per Cent.	Cash in Hand, at Bankers, and in Transit.	Per Cent.	Investments.	Per Cent.	Bills of Exchange.	Per Cent.	Discounts and Loans.	Per Cent.	Buildings and Sundries, including Cover for Acceptances.	Per Cent.
1900	22	1,325,000	9-1	111,533-0	8	734,684-5	5-0	3,210,267	22-0	9,175,272	63-1	14,556,756	3,594,718	24-7	1,324,966	9-0	4,424,101	30-4	4,518,358	31-1	894,613	4-8
1910	30	2,800,000	12-1	276,364-1	2	647,993-3	5-0	3,650,830	15-8	15,625,289	67-9	23,000,476	3,688,880	16-0	2,092,239	9-1	7,148,577	31-1	8,439,197	36-7	1,624,883	7-1
1920	37	6,000,000	10-7	787,670-1	3	3,192,623-3	1-1	12,182,991	17-2	48,702,334	68-6	70,932,744	11,126,378	15-8	4,886,091	6-9	21,131,473	29-9	28,585,931	40-1	5,202,871	7-3
1921	39	6,700,000	11-1	794,701-1	3	3,206,541-3	1-1	15,503,828	15-4	42,949,360	69-5	61,767,781	7,138,297	11-6	10,992,797	17-8	16,422,954	26-5	22,426,852	34-4	4,786,879	7-7
1922	41	6,800,000	11-6	794,908-1	3	3,226,128-3	9	17,304,472	16-4	42,408,290	70-6	60,153,373	5,071,497	8-4	14,242,314	23-6	17,932,445	29-7	17,692,262	30-4	5,445,871	9-4
1923	42	6,800,000	11-1	783,124-1	3	3,173,521-2	8	18,107,300	16-8	42,408,290	70-6	60,153,373	5,071,497	8-4	14,242,314	23-6	17,932,445	29-7	17,692,262	30-4	5,445,871	9-4
1924	43	7,000,000	9-9	756,778-1	1	1,931,942-2	7	10,043,446	14-2	51,134,282	72-1	70,868,448	7,507,510	10-6	14,413,311	21-6	17,392,620	26-1	18,074,732	30-4	2,032,199	9-1
1925	44	7,000,000	10-5	777,854-1	2	2,207,356-3	3	6,593,640	9-9	50,067,105	75-1	66,645,956	10,635,074	16-0	14,413,311	21-6	17,392,620	26-1	18,074,732	30-4	2,032,199	9-1
1926	46	7,000,000	10-9	729,393-1	1	1,198,334-3	1	9,607,195	14-9	45,121,907	70-0	64,442,829	4,371,710	6-6	13,670,279	21-2	19,761,881	30-4	20,679,408	32-2	4,101,420	6-3
1927	47	7,000,000	11-5	638,255-1	0	1,058,222-3	4	6,420,718	10-5	44,917,490	73-6	61,081,685	5,145,593	8-4	13,521,919	22-2	14,819,601	23-9	24,182,091	39-6	5,612,481	4-1
1928	47	7,000,000	11-5	638,255-1	0	1,058,222-3	4	6,420,718	10-5	44,917,490	73-6	61,081,685	5,145,593	8-4	13,521,919	22-2	14,819,601	23-9	24,182,091	39-6	5,612,481	4-1
1929	47	7,000,000	11-5	638,255-1	0	1,058,222-3	4	6,420,718	10-5	44,917,490	73-6	61,081,685	5,145,593	8-4	13,521,919	22-2	14,819,601	23-9	24,182,091	39-6	5,612,481	4-1
1930	47	7,000,000	12-7	615,097-1	1	1,909,534-3	5	4,443,995	8-1	40,833,796	74-6	54,802,422	5,961,121	10-9	13,538,039	25-2	11,036,567	20-1	12,027,232	38-4	2,939,463	5-4

* Includes Treasury Bills.

THE EASTERN BANK, LIMITED.
REGISTERED 1900.

CAPITAL.				Market Value.	Year.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Reserve Liability of Shareholders.	Nil.						
£	£	£	£	£					
2,000,000	1,000,000	1,000,000	950,000						
Per Share.				Per Share,					
£10	£5	£5	£4	Sept. 30, 1931.					
					1921	144,171	9	54,000	31,181
					1922	120,320	9	30,000	31,501
					1923	121,847	9	30,000	31,148
					1924	122,052	9	30,000	35,400
					1925	122,503	9	30,000	37,903
					1926	120,538	9	30,000	38,441
					1927	121,911	9	30,000	40,351
					1928	124,119	9	30,000	44,470
					1929	123,521	9	30,000	47,991
					1930	116,694	9	25,000	

NATIONAL BANK OF INDIA, LIMITED.
ESTABLISHED 1863.

CAPITAL.					Market Value.	Year.	Net Profit.	Dividend.	To Reserve, &c.	Carried Forward.
Subscribed.	Paid-up.	Callible.	Reservcd.							
£	£	£	£	£						
4,000,000	2,000,000	2,000,000	Nil.	4,560,000	1921	555,061	20%	140,000	164,096	
					1922	535,160	20%	140,000	159,556	
					1923	534,799	20%	95,000	192,065	
					1924	535,925	20%	110,000	224,890	
					1925	536,105	20%	120,000	241,085	
					1926	534,316	20%	120,000	255,401	
					1927	541,059	20%	120,000	276,500	
					1928	530,829	20%	130,000	277,329	
					1929	511,133	20%	110,000	278,462	
					1930	480,329	20%			
Per Share.	Per Share.	Per Share.	Per Share.	Per Share.						
£25	£12 10s.	£12 10s.	Nil.	Sept. 30, 1931. £28½						

* Includes Treasury Bills.

ESTABLISHED 1821.
GUARDIAN ASSURANCE COMPANY LIMITED.

Subscribed Capital - £2,059,971
Capital Paid Up - £1,024,578
Total Income - £3,160,000
Total Assets - £12,736,000

All the principal classes of Insurance Business are transacted by the Company.

HEAD OFFICE:
68, KING WILLIAM STREET,
LONDON, E.C.4.

Law Courts Branch: 21, FLEET STREET, E.C.4
Westminster Branch: 28, KING STREET, COVENT GARDEN, W.C.2



Place
SECURITY FIRST
by insuring with the
"ROYAL"

TOTAL FUNDS EXCEED - £42,000,000
TOTAL CLAIMS PAID, over - £200,000,000

Head Offices:
North John St. LIVERPOOL
Lombard St. LONDON.

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY
Founded 1826.

At the latest Division of Profits on 31st December, 1930, the Bonus Additions to participating Policies ranged from £2 2 6% to £5 17 6% per annum and the reserves for future profits were further strengthened.

Head Office:
35, ST. VINCENT PLACE, GLASGOW.
London Office:
17, TOKENHOUSE YARD, E.C.2

STOCK MARKET LOSSES.

£10.2.1 a month enables a healthy man aged 40 next birthday to re-create his estate to the extent of £5,000 (Larger or smaller amounts proportionately)

Write today for full particulars to
THE
LIVERPOOL AND GLOBE INSURANCE CO., LTD.

HEAD OFFICE:
1, Dale Street, Liverpool.
Chief Office: 1 Cornhill, E.C.3

THE P. & O. BANKING CORPORATION LTD.

BALANCE SHEET—March 31, 1931.

LIABILITIES.		ASSETS.	
Capital issued, 259,416 shares of £10 each fully paid up	2,594,160	Cash at bankers and in hand	827,316
Reserve fund	180,000	Billions in hand and in transit	31,699
Current, deposit, and other accounts, including provision for bad and doubtful debts, contingency reserve, &c.	7,112,779	Money at call and short notice	67,900
Loans payable against security	7,550,000	Bills receivable in hand and in transit, including Treasury Bills	3,405,540
Balance of accounts with subsidiary company	44,853	Investments at or below market value—British Government securities, £300,584; Indian Government securities, £444,427; Foreign Government and municipal and other securities, £47,897; Indian Railway debentures, guaranteed by Indian Government, £251,250	4,444,064
Acceptances, endorsements, &c., as per contra	181,740	Investment in subsidiary company, at cost (Allahabad Bank, Ltd.)	589,569
Bills receivable for collection, as per contra	288,524	25,403 ordinary shares of Rs. 100 each, of which 14,565 are fully paid and 8,738 are paid up to the extent of Rs. 50 per share	4,693,000
Profit and loss account—Balance brought forward from March 31, 1930, £25,668; net profit for the year ended March 31, 1931, £108,450	134,118	Advances to customers, and other accounts	4,187,759
NOTE.—There is a contingent liability in respect of bills re-discounted amounting to £5,508,251 of which £4,307,965 had run off by June 30.		Bank premises and furniture at cost, less amounts written off	167,545
Outstanding forward exchange contracts for purchase and sale of bills and telegraphic transfers, &c., £18,455,644.		Liabilities of customers for acceptances, endorsements, &c., as per contra	181,740
The rupee, tael, Straits dollar and Hong Kong dollar assets and liabilities are converted at the rates of 1s. 6d., 1s. 4d., 2s. 4d. and 1s. respectively, with the exception of the Allahabad Bank, Ltd., investment which is at cost, viz., 1s. 5d.		Bills receivable for collection, as per contra	288,524
	18,685,974		18,685,974

PROFIT AND LOSS ACCOUNT.

DR.		CR.	
Directors' fees and income tax thereon	3,809	Profit, after providing for bad and doubtful debts and payment of income tax	112,259
Net profit carried down	108,450		112,259
	112,259		112,259
Proposed dividend at the rate of 5 per cent. per annum for the twelve months ended March 31, less tax	102,529	Net profit brought down	108,450
Balance to be carried forward	31,589	Balance brought forward from March 31, 1930	25,668
	134,118		134,118

JOINT-STOCK BANKS OF ENGLAND AND WALES.

BANK OF ENGLAND.

The profits for the half year ended August 31st last, after making provision for all contingencies, were £875,704, making the amount of the "Rest" £3,699,114. After providing for a dividend of 6 per cent., less income tax, the "Rest" was £3,044,229.

SEPTEMBER 30, 1931.

ISSUE DEPARTMENT.

£		£	
Notes Issued—		Government debt	11,015,100
In circulation	357,208,682	Other Government securities	235,440,045
In banking department	52,609,183	Other securities	24,502,193
		Silver coin	4,042,562
		Amount of fiduciary issue	275,000,000
		Gold coin and bullion	134,817,865
	409,817,865		409,817,865

BANKING DEPARTMENT.

£		£	
Proprietors' capital	14,553,000	Government securities	68,975,906
Rest	3,725,425	Other securities—	
Public deposits (including		Discounts and advances,	
Exchequer, Savings banks,		£14,773,558; securities,	
Commissioners of National		£25,875,770	40,649,324
Debt, and dividend ac-		Notes	52,609,183
counts)	30,089,090	Gold and silver coin	1,341,829
Other deposits—			
Bankers, £62,642,289; other			
accounts, £52,564,680	115,206,969		
7-Day and other bills	1,762		
	163,576,246		163,576,246

COUTTS AND COMPANY.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
Capital issued and paid up	1,000,000	Cash, bank notes and balances with the Bank of England	1,878,213
Reserve fund	1,000,000	Balance with, and cheques in course of collection on, other banks in the United Kingdom and Ireland, and cheques, drafts, &c., in transit	674,965
Current, deposit and other accounts, including rebate on bills not due, provisions for bad and doubtful debts, contingencies, &c., and including the account of Queen Anne's Bounty for which securities of the aggregate market value of £206,000 have been lodged	17,520,645	Money at call and short notice	2,435,518
Liabilities for acceptances, endorsements, engagements, &c., as per contra	519,347	Investments—British Government stocks, £3,503,522; Colonial Government stocks, and other investments, £555,904	4,039,426
		Bills (discounted)—Payable by British firms and institutions in the United Kingdom, and Treasury bills	1,709,145
		Advances to customers and other accounts	8,405,778
		Bank premises at cost, less amounts written off	379,500
		Liabilities of customers for acceptances, endorsements, engagements, &c., as per contra	519,347
	20,039,992		20,039,992

BARCLAYS BANK, LTD.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
Current, deposit and other accounts, including reserve for income tax and contingencies and balance of profit and loss	329,439,754	Cash in hand and with the Bank of England	47,153,111
Balance in account with subsidiary banks	13,010,628	Balance with other British banks and cheques in course of collection	9,145,916
Acceptances and endorsements, &c., for account of customers	11,674,776	Money at call and short notice	22,708,950
Capital issued 857,589 "A" shares of £4 each, fully paid, £3,430,356; 11,760,811 "B" shares of £1 each, fully paid, £11,760,811; 857,059 "C" shares of £1 each, fully paid, £857,059	15,858,217	Bills discounted	43,834,805
Reserve fund	10,250,000	Investments (including £609,051 lodged as security for public authority and other accounts)	55,985,407
		Securities of, or guaranteed by, the British Government	
		British Dominions and Colonial Government securities, Bank of England and British Corporation stocks	1,916,584
		Other investments	743,495
		Investments in subsidiary banks (at cost, less amounts written off)	
		The British Linen Bank, £1,218,019 at cost	3,714,057
		Union Bank of Manchester, Limited, 500,000 shares of £5 each, £2 10s.	900,000
		Other subsidiary banks (including fully paid shares and 500,000 "B" shares of £5 each, £1 per share paid up, in Barclays Bank (Dominion, Colonial and Overseas))	2,220,850
		Advances (customers and other accounts, £173,043,604; staff for purchase of Barclays Bank Limited "C" shares, £47,980; balance in account with subsidiary banks, £604,046)	173,733,646
		Liability of customers for acceptances and endorsements, &c.	11,674,776
		Bank premises and adjoining properties (at cost, less amounts written off)	6,801,798
	380,233,375		380,233,375

DISTRICT BANK, LTD.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
Issued capital: 1,896,000 "A" shares of £5 each, £1 paid, £1,896,000; 316,000 "B" shares of £1 each, fully paid, £316,000	2,212,000	Cash in hand and at the Bank of England	6,193,485
Current, deposit and other accounts (including £174,904 on public accounts in respect of which security has been given, and the balance of profit and loss)	2,000,000	Money at call and short notice	4,183,520
Investments—British Government stocks, £3,503,522; Colonial Government stocks, and other investments, £555,904	4,039,426	Bills of exchange (including Treasury bills)	3,411,840
Bills (discounted)—Payable by British firms and institutions in the United Kingdom, and Treasury bills	1,709,145	British Government securities, corporation stocks, &c.	873,987
Advances to customers and other accounts	8,405,778	Investments in subsidiary companies	400
Bank premises at cost, less amounts written off	379,500	Advances to customers and other accounts	20,768,717
Liabilities of customers for acceptances, endorsements, engagements, &c., as per contra	519,347	Liabilities of customers for acceptances, confirmed credits and other obligations	821,293
		Bank property, at cost, less amounts written off	760,398
	704,526		
There is a liability of £124,900 on shares in Yorkshire Penny Bank, Ltd., and Bankers Industrial Development Company, Ltd.			
	55,066,569		55,066,569

INSURE WITH

ALL CLASSES OF INSURANCE TRANS-
ACTED AND THE DUTIES OF EXECUTOR
AND TRUSTEE UNDERTAKEN.

Head Office:
1 KING WILLIAM ST., LONDON, E.C.4

Marine Department:
157 LEADENHALL ST., LONDON, E.C.3

Applications for Agencies invited

Branches and Agencies
throughout the world



THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LTD.,

and its Associated Offices,
Clerical, Medical & General Life Assurance Society
and
The Merchants' Marine Insurance Co., Ltd.,

TRANSACT INSURANCES OF ALL KINDS

City Branch:
13, KING WILLIAM STREET, E.C.4.
Telephone: MANSION HOUSE 8801.

West End Branch:
15, ST. JAMES'S SQUARE, S.W.1.
Telephone: WHITEHALL 3802.

Head Office:
HAMILTON HOUSE, VICTORIA EMBANKMENT,
LONDON, E.C.4.
Telephone: CENTRAL 5260.

REFUGE ASSURANCE CO. LTD.

ESTABLISHED 1864

Chief Office:
OXFORD STREET
MANCHESTER

ANNUAL INCOME EXCEEDS
£11,000,000
ASSETS EXCEED
£49,000,000
CLAIMS PAID EXCEED
£66,000,000

GLYN MILLS AND COMPANY.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Capital authorised and issued	Cash in hand and at Bank of England
Reserve fund	Balances with, and cheques in course of collection on, other banks in the United Kingdom
Current deposit and other accounts (including provision for contingencies)	Money at call and at short notice
Acceptances and engagements on account of customers	Bills discounted
	Investments: British Government securities, £6,030,235; other securities, £844,015...
	Advances to customers and other accounts
	Liabilities of customers for acceptances and engagements as per contra
	Bank premises (at cost, less amounts written off: Freehold, £520,000; leasehold, £75,000)
37,047,967	37,047,967

LLOYDS BANK, LTD.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Capital paid up	Cash in hand and with the Bank of England
Reserve fund	Balances with, and cheques in course of collection on, other banks in the United Kingdom
Current, deposit and other accounts, including provision for contingencies (public and other accounts secured as per contra are also included), £348,814,965; balances in account with subsidiary companies, £34,366	Money at call and short notice
Notes in circulation (Isle of Man), secured as per contra	Balances with banks abroad
Acceptances	Treasury bills
Endorsements, guarantees and other obligations	British bills of exchange
	Colonial and foreign bills
	Treasury bonds and other short-term securities of, or guaranteed by, the British Government
	Other British Government securities (of which £515,622 15s. nominal, is lodged for public and other accounts and for the note issue in the Isle of Man)
	Indian and Colonial Government securities and British Corporation stocks
	Other investments (there is a contingent liability for uncalled capital in respect of a portion of these investments)
	The National Bank of Scotland, Ltd., £4,892,025 (nominal) stock (£1,076,245 10s. paid up) taken at capital paid up, plus proportion of reserve fund and undivided profits
	Bank of London and South America, Ltd., 402,670 shares of £5 each, fully paid, at £6 per share
	Indian Premises Co., Ltd., 7,000 shares of Rs. 100 each, fully paid, at cost
	Lloyds and National Provincial Foreign Bank, Ltd., 12,000 shares of £50 each, fully paid, at £50 per share
	Loans and advances, £172,049,143; balances in account with subsidiary companies, £318,226
	Items in transit
	Other assets and accounts (including sundry properties at cost, less amounts written off)
	Bank premises, at cost, less amounts written off
	Liabilities of customers for acceptances, as per contra
	Liabilities of customers for endorsements, &c., as per contra
421,729,900	421,729,900

THE MANCHESTER AND COUNTY BANK, LTD.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Capital issued—273,010 shares—£20 each, £4 paid	Cash on hand, at call, and at short notice
Reserve fund	Bills of exchange, less rebate
Unclaimed dividends	Investments: Securities of, or guaranteed by, the British Government; and Bank of England stock, £4,039,608; India stocks, stocks guaranteed by the Indian Government, and other securities, £951,912
Due by the bank on current, deposit, and other accounts (including balance of profit and loss account)	(NOTE.—There is a contingent liability for uncalled capital in respect of a portion of these investments.)
Acceptances by the bank on account of customers per contra	Advances on current and other accounts less provision for bad and doubtful debts
	Liability of customers on acceptances by the bank per contra
	Bank property account: Premises in Manchester, and branch offices taken at proportion of cost
19,086,064	19,086,064

MARTINS BANK, LTD.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Capital—939,556 shares of £20 each, £2 10s. per share paid up, £2,348,890; and 1,811,152 shares of £1 each, fully paid, £1,811,152	Cash in hand and at Bank of England
Reserve fund	Balances with, and cheques in course of collection on, other banks
Current, deposit and other accounts (including provision for contingencies)	Money at call and short notice
Notes in circulation (Isle of Man)	Balances with banks abroad
Acceptances on account of customers, as per contra	Treasury bills
Endorsements, guarantees and other obligations on account of customers, as per contra	Colonial and foreign bills
	Investments: British Government securities, £17,786,253; Indian and Colonial Government securities, and British Corporation stocks (including £9,000 securities lodged against note circulation in the Isle of Man), £878,564; other first-class securities, £811,886
	Loans and advances
	Items in transit
	Other assets and accounts
	Bank premises, at cost, less amounts written off
	Liability of customers for acceptances
	Liability of customers for endorsements, guarantees, &c.
86,652,243	86,652,243

MIDLAND BANK LTD.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Share capital issued: 2,869,079 shares of £12 each, £2 10s. paid, £7,174,597; 1,921,677 shares of £2 10s. each, fully paid, £4,804,193; 2,271,122 shares of £1 each, fully paid, £2,271,122	Cash in hand and at Bank of England
Reserve fund	Balances with, and cheques in course of collection on, other banks in Great Britain and Ireland
Current, deposit and other accounts (including balance of profit and loss account, also £267,542 10s. on public and other accounts secured as per contra)	Money at call and short notice
Balances due to affiliated companies	Investments at or under market value: War Loan and other British Government securities (of which £411,401 5s. is lodged for public and other accounts), £30,890,523; British Corporation stocks, £260,698; Colonial and Foreign Government stocks and bonds, £701,297; sundry investments, £1,056,849
Acceptances and confirmed credits on account of customers	Bills discounted
Engagements on account of customers	Advances to customers and other accounts
	Midland Bank Executor and Trustee Co., Ltd.: Loans on behalf of clients
	Belfast Banking Company, Ltd.: Government of Northern Ireland guaranteed loans account
	Liabilities of customers for acceptances, confirmed credits and engagements
	Bank premises at head office and branches, at cost, less amounts written off
	Other properties and work in progress for extension of business, at cost, less amounts written off
	Shares in affiliated companies
	Belfast Banking Co., Ltd.: 200,000 shares of £12 10s. each, £4 paid, £600,000; reserve and undivided profits, £697,962
	The Clydesdale Bank, Ltd.: 100,000 shares of £50 each, £10 paid, and 30,000 shares of £10 each, fully paid, £1,300,000; reserve and undivided profits, £1,692,542
	North of Scotland Bank, Ltd.: 163,000 shares of £20 each, £7 paid, £1,141,000; reserve and undivided profits, £1,268,748
	Midland Bank Executor and Trustee Co., Ltd.: 200,000 shares of £5 each, £1 paid, £200,000; reserve and undivided profits, £182,379
428,905,511	428,905,511

WESTMINSTER BANK, LTD.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Capital, paid up	Cash in hand and at Bank of England
Reserve fund	Balances with, and cheques in course of collection on, other banks in Great Britain and Ireland
Current, deposit and other accounts	Money at call and short notice
Liabilities for acceptances, endorsements, &c., as per contra	Bills discounted
Notes in circulation in the Isle of Man	Investments in affiliated banks
	Advances to customers and other accounts
	Bank premises account
	Liabilities of customers for acceptances, endorsements, &c., as per contra
318,967,243	318,967,243

NATIONAL PROVINCIAL BANK, LTD.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Capital paid up	Cash in hand and at Bank of England
Reserve fund	Balances with, and cheques in course of collection on, other banks in the United Kingdom and Ireland, and cheques, drafts, etc., in transit
Current, deposit and other accounts, including the accounts of public bodies, for which securities of the aggregate market value of £106,799 17s. 5d. have been lodged	Money at call and short notice
Amounts due to subsidiary companies	Investments in subsidiary companies at cost or under market value
Liabilities for acceptances, endorsements, etc., as per contra	Bills discounted—Bills payable by British firms and institutions in the United Kingdom and Treasury bills, £36,172,023; other bills, £2,335,843
	Advances to customers and other accounts
	Amounts due by subsidiary companies
	Bank premises at cost, less amounts written off
	Liabilities of customers for acceptances, endorsements, etc., as per contra
294,584,537	294,584,537

WILLIAMS DEACON'S BANK LTD., ED.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Capital issued: 1,562,500 £5 "A" shares, £1 paid, £1,562,500; 312,500 £1 "B" shares, £312,500	Cash in hand and currency notes, and balances with the Bank of England
Reserve fund	Balances with, and cheques in course of collection on other banks in the United Kingdom
Current, deposit, and other accounts	Money at call and short notice
Acceptances and credits opened on account of customers	Bills discounted
Endorsements and other obligations on account of customers	British Government securities
	Other investments
	Advances to customers and other accounts
	Bank premises account
	Liabilities of customers for acceptances and credits opened
	Liabilities of customers for endorsements and other obligations
33,425,487	33,425,487

THE YORKSHIRE PENNY BANK, LTD.

BALANCE SHEET—June 30, 1931.	
LIABILITIES.	ASSETS.
Capital paid up—250,000 £5 shares, £3 paid, £750,000; 250,000 £1 shares, fully paid, £250,000	Cash in hand, at Bank of England and at short notice
Reserve fund	British Government Treasury bills
Amount due to depositors and other accounts (including provision for contingencies), £29,335,594; amount due to subsidiary company, £100	Investments—at or below market price: British Government redeemable securities—4% Treasury bonds, 1934-36, £2,897,587; 4% Conversion Loan, 1940-44, £5,951,543; 5% War Loan, 1929-47, £6,725,000
Uncalled capital, £500,000.	Colonial Government and English corporation redeemable stocks
	3% Local Loans and Bank of England stocks
	Loans to local authorities
	Loans on security and other accounts (including sundry properties at cost, less amounts written off)
	Shares in subsidiary company
	Bank premises (at cost, less amounts written off)
	31,335,694

PRIVATE BANKS.

GRACE BROTHERS AND CO., LIMITED.

BALANCE SHEET—June 30, 1931.	
CAPITAL AND LIABILITIES.	ASSETS.
Capital (authorised and issued)—750,000 ordinary shares, £750,000; 280,000 preference shares, £280,000; 15,000 deferred shares, £15,000	Cash at call, at bankers and in hand
Reserve	Foreign banks—Balances on current accounts
Acceptances on behalf of customers	Bills receivable, £354,950; less under discount, £55,567
Deposit, current and other accounts, including reserves for bad and doubtful debts and contingencies	British Government Treasury bills
Balance of profit and loss	British Government securities
	Bonds, stocks and shares (this item includes an investment on which there is an uncalled liability of £99,900)
	Liabilities of customers for acceptances and current accounts, advances, &c.
	Freehold property—at cost less amounts written off
	Leasehold property—at cost less amounts written off
	Furniture and fittings—at cost less amounts written off
	2,875,673

C. HOARE AND COMPANY.

BALANCE SHEET—July 6, 1931.	
LIABILITIES.	ASSETS.
Capital authorised and issued	Cash in hand and at bankers
Reserve	Cash at call
Current, deposit and other accounts (including provision for contingencies)	Investments: British Government stocks at market price, £647,550; Dominion Government stocks at market price, £40,600; other securities at market price, £81,178; subsidiary company
	Loans, overdrafts and bills discounted
	Freehold bank premises at cost, less amounts written off
3,129,718	3,129,718

LONDON DISCOUNT COMPANIES.
GILLETT BROTHERS DISCOUNT CO., LIMITED.

BALANCE SHEET—July 31, 1931.	
LIABILITIES.	ASSETS.
Capital issued, fully paid—20,000 "A" shares of £5 each, £100,000; 10,000 "B" shares of £10 each, £100,000	Cash at bankers and in hand
Reserve fund	British, New Zealand and Indian Government securities (maturing 1931-1938)
Deposits, loans, bills re-discounted and sundry accounts, including rebate on bills, investments reserve fund and balance of profit and loss account	Bills discounted (including re-discounts)
	Loans on security and sundry accounts
	NOTE.—Assets of the face value of £11,806,352 are held by depositors and others as cover for liabilities per contra.
12,084,556	12,084,556

LATEST BALANCE SHEETS OF FOREIGN
BANKS HAVING LONDON OFFICES AND
OF BRITISH BANKS TRADING ABROAD.

ANGLO-INTERNATIONAL BANK, LTD.

The report of the directors, submitted on Friday, March 6, 1931, stated that the profit for the year ended December 31, 1930, amounted to £120,475, to which must be added the balance brought forward from the previous year's accounts £28,227, the available balance thus being £148,702, from

FAMILY
PROTECTION!

Here is a new Policy which provides for the payment of £120 per annum from the date of the father's death until youngest child is 21!

MORE.—The protection is automatically adjusted to meet the circumstances.

AND MORE.—After the last annual payment has been made a substantial capital sum is payable.

Send for Leaflet "A.J. 11" giving full particulars and ask us to plan out a policy to suit your circumstances—without obligation on your part.

Mutual Life
Assurance

All Profits
to members

The STANDARD LIFE
ASSURANCE COMPANY

LONDON DUBLIN
48 QUEEN VICTORIA ST. EC4 1825 59 DAWSON STREET
15a PALM MALL S.W.

HEAD OFFICE—3 GEORGE STREET
EDINBURGH

which it is proposed to place to reserve account £50,000, to premises amortisation £10,000, and to contingencies £65,000—£125,000; leaving a balance to be carried forward of £23,702.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Share capital—Issued, 1,960,000 shares of £1 each fully paid...	1,960,000	Cash with bankers in London and cash in hand—London and branches	198,524
Current, deposit and other accounts—Including reserve for contingencies	4,548,453	Money at call	525,000
Amount owing to subsidiary company on current account	2,135	Balances with banks abroad	170,624
Acceptances and guarantees for account of customers	3,030,449	Bills receivable	751,254
Profit and loss account—Balance brought forward, £28,227; profit for the year 1930, £120,475	148,702	British Government securities and Treasury bills	688,925
There are contingent liabilities in respect of bills of exchange discounted amounting to £311,305; also liabilities in respect of instalments on British Government securities due in 1931 (since paid).		Foreign Government securities	159,968
		Investments in banking, industrial and other undertakings in England and abroad	593,008
		Investment in subsidiary company	15,000
		Advance to subsidiary company	50,000
		Advances to customers and other accounts less reserves	3,324,431
		Customers for acceptances and guarantees on their behalf, as per contra	3,030,449
		Premises abroad and furniture and fittings, at cost, less amounts written off	182,564
			9,689,747

PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Directors' fees	2,200	Balance brought forward from last year	28,227
Balance carried to balance sheet	148,702	Profit for the year before charging directors' fees	122,675
			150,902

ANGLO-CZECHOSLOVAK AND PRAGUE CREDIT BANK.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	Kc.	ASSETS.	Kc.
Share capital—Authorized, issued and fully paid	235,000,000	Cash in hand	123,289,405
Reserves	140,786,211	Balance at call with National Bank and local banks	198,082,518
Staff pension fund	54,959,262	Balances with banks abroad	117,461,367
Deposit accounts	1,345,331,989	Foreign currency bills and cheques	77,305,244
Current accounts—Banking institutions	1,062,347,947	Bills receivable	426,016,742
Others	1,618,095,373	Investments in Czechoslovak	319,130,350
Acceptances on account of clients	93,400,239	Foreign	38,719,026
Items in transit	60,729,412	Sundries	1,135,182
Unclaimed dividends	162,323	Participations	209,000,000
Net profit—Brought forward from 1929, Kc. 2,532,586; net profit for 1930, Kc. 14,580,448	20,833,034	Debtors—Advances against securities	220,094,280
		Others	2,700,374,816
		Liability of customers for acceptances, per contra	93,400,239
		Bank premises at head office and branches—Buildings, Kc. 87,898,693; fittings, Kc. 2,766,414	90,665,107
		Items in transit	16,971,514
			4,631,645,790
Contra accounts	Kc. 1,032,231,341	Contra accounts	Kc. 1,032,231,341

THE ANGLO-FRENCH BANKING CORPORATION, LIMITED.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Capital issued—1,250,000 shares of £1 each fully paid	1,250,000	Cash in hand, and at clearing banks	82,050
NOTE.—Option certificates have been issued entitling the holders to take up at par, 500,000 shares of £1 each, at any time up to and including December 31, 1931.		Money at call and short notice	1,080,000
Reserve account	30,000	Balances with banks abroad	114,748
Current, deposit and other accounts, including provision for taxation and contingencies	3,811,880	British Treasury bills and bills accepted and/or endorsed by London banks	517,976
Liability in respect of funds lent under our guarantee against securities for account of third parties	40,000	Sundry bills discounted	102,466
Due for exchange and securities purchased	402,858	British Government and corporation securities at or under market value—British Government short-term securities, £844,075; British corporation short-term securities, £180,440; other British Government securities, £50,321	1,074,836
Acceptances and confirmed credits for account of customers, £5,574,174; against which cover in cash has been received, £52,077	5,522,097	Other securities at or under market value—Government and corporation short-term securities, £161,061; Government, Government guaranteed, and corporation securities, £71,072; sundry securities, £6,384	258,517
Shareholders' dividend	29,062	Securities purchased, not delivered, at or under market value—British Government securities, £176,250; other securities, £27,738	203,989
Balance of profit and loss account carried forward on December 31, 1929, £2,190; profit for the year 1930, £72,480—£74,640. Less appropriations as per profit and loss account, £72,062	2,578	Fixed deposits with foreign banks—maturing within 1 month, £40,000; maturing within 2 months, £480,706; maturing within 3 months, £138,433	659,139
Contingent liabilities in respect of: Forward exchange contracts, £1,828,235; endorsements, £1,020,199; amount unclaimed on Treasury 4% Bonds, 1934-36, £227,008		Loans, advances and other accounts	1,296,831
		Debtors for exchange and customers' securities purchased	205,825
		Liability of customers for acceptances and confirmed credits, per contra	3,522,097
		Furniture and installation	1
			8,088,478

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK, LIMITED.

The report submitted at the first meeting held on Tuesday, March 31, 1931, states that the profit amounts to £21,447. The directors propose that the preliminary expenses of £17,637 be written off, and that the balance of £3,810 be carried forward.

BALANCE SHEET—January 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital issued: 1,000,000 ordinary shares of £1 each, fully paid	1,000,000	Cash at bankers, at call and in hand—England	303,486
Loans at call and at short notice (secured)	195,500	Balances with banks abroad	38,003
Current, deposit and other accounts	551,759	Bills discounted: United Kingdom, £156,007; foreign, £36,840	192,847
Acceptances and confirmed credits (as per contra)	651,612	Investments—British Government and Indian securities	137,266
Profit and loss account	21,447	Investments in associated companies	182,003
NOTE.—There are contingent liabilities in respect of: Forward exchange contracts, purchases and sales, £1,388,859; endorsements on bills discounted (excluding Treasury bills) £1,233,590; guarantees given, covered by counter-guarantees £37,096		Advances to customers and other accounts	228,863
		Banco Nacional Ultramarino, Lisbon, and branches, accounts	467,174
		Liability of Banco Nacional Ultramarino and other customers for acceptances and confirmed credits (as per contra)	651,612
		Preliminary expenses	17,638
		Goodwill at cost	95,000
			2,420,318

THE ANGLO-SOUTH AMERICAN BANK, LIMITED.

The report of the directors states that the net profit to June 30, 1930, after making provision for all charges, rebate, &c., amounts to £491,409, which, together with £507,901 brought forward, makes a total of £999,310, of which £169,234 was absorbed by the interim dividend on the "A" shares, leaving an available balance of £830,076. In view of the world-wide depression in commodity prices, which has an important effect on all the countries in which the bank operates, the directors have deemed it prudent to strengthen the internal reserves by transferring to contingency account the premium received on the issue of "B" shares made in December last, after deducting the commission paid on such issue, and are also allocating to that account the sum of £350,000 from appropriation account. The directors accordingly recommend that £169,234 be applied to the payment of a final dividend of 6s. per "A" share, less 1s. come tax, making a total distribution for the year of 10 per cent.; £48,948 be applied to the payment of a dividend of 11s. 4d. per "B" share, less income tax, being a distribution at the rate of 10 per cent. per annum, calculated proportionately on the instalments of capital paid up as from the due dates thereof; £30,000 be added to the staff pension fund; £26,743 be placed to legal reserves in Chile, Colombia and Ecuador; £350,000 be transferred to contingency account; and that the balance of £207,151 be carried forward.

BALANCE SHEET—June 30, 1930.

LIABILITIES.	£	ASSETS.	£
Issued capital—£73,466 "A" shares of £10 each, £5 paid, £4,367,330; 1,265,340 "B" shares of £1 each, fully paid, £1,265,340	8,632,670	Cash in hand, at bankers and at short notice	7,490,092
Reserve fund	3,275,000	Balances with subsidiary banks	507,284
Legal reserves in Chile, Colombia and Ecuador	107,412	British Government securities	7,218,659
Slight drafts on head office and branches	772,889	Foreign Government, railway and other securities	2,146,534
Bills payable—drafts on head office and branches at usance	3,399,838	Bills receivable	9,020,126
Current, deposit and other accounts, including provision for bad and doubtful debts and contingencies	9,402,610	Holdings in subsidiary companies—British Bank of South America, Limited, 100,000 shares of £20 each, £10 paid, at £23 10s., £2,350,000; Commercial Bank of Spanish America, Limited, 498,988 shares of £1 each, fully paid, at cost £463,911; other subsidiary companies at cost (uncalled liability, £205,359), £1,128,859	3,942,770
Current accounts of subsidiary companies	1,905,092	Liability of customers for acceptances and engagements	8,673,728
Rebate of interest on bills, &c., not due	8,202,447	Liability of customers for acceptances and engagements for account of their customers	728,881
Profit and loss, £999,310; less interim dividend paid on April 28, 1930, £169,234; transfer to legal reserves, £26,743; transfer to contingency account, £350,000—£545,978	453,332	Advances to customers and other accounts	30,709,724
To liability on bills re-discounted, and on uncalled capital on investments held, £5,984,832, of which £5,171,556 has run off		Advances to subsidiary companies	701,251
		Bank premises and office furniture at cost less amounts written off	518,048
		Bills for collection per contra	8,202,447
			81,166,369

PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Charges at head office and branches, including British and other income taxes	1,515,916	Balance brought forward from last account	507,901
Directors' Remuneration, £18,641; less amount paid to subsidiary companies, £2,280	16,351	Gross profits and credits, after providing for bad and doubtful debts	2,129,363
Rebate of interest on bills, &c., not due	105,687		
Balance as per balance sheet	999,310		2,637,264

BANCA COMMERCIALE ITALIANA.

The report presented at the annual meeting, held in Milan on March 28, 1931, is as follows: Net profit, Lire 87,902,350; 5 per cent. dividend on the capital of Lire 700,000,000, Lire 35,000,000; 5 per cent. to the board of directors, Lire 2,645,118; leaving Lire 50,257,232. Out of this it is proposed to pay an additional dividend of 7 per cent. on the capital, Lire 49,000,000, which will leave a balance of Lire 1,257,232. To this is to be added the amount carried forward from previous years, Lire 28,437,043, leaving a balance to be carried forward of Lire 29,694,275.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	Lire.	ASSETS.	Lire.
Capital	700,000,000	Cash in hand	512,449,077
Reserve funds	248,686,390	Bills receivable, Treasury bonds and Government securities (Littoria loan)	4,162,996,573
Bills payable	689,384,019	Bills for collection	152,125,852
Commercial acceptances	8,537,300,004	Outstanding loans	690,359,095
Deposits and current accounts	252,636,100	Participations in other banks and syndicates	688,323,293
Creditors on collection accounts	801,923,127	Government securities, railway and other bonds and shares	698,983,767
Guarantees	323,789	Current accounts	4,174,229,094
Other liabilities	31,811,786	Bank premises	801,923,127
Rebates on bills	116,339,392	Guarantees as per contra	6,304,661,119
Net profit (including Lire 28,437,043 brought forward from December 31, 1929)	6,304,661,119	Securities as per contra	6,304,661,119
Securities deposited	18,263,065,816		18,263,065,816

BANK OF ATHENS.

BALANCE SHEET—July 31, 1931.

LIABILITIES.	Dr.	ASSETS.	Dr.
Capital fully paid	100,800,000	Cash in hand at banks, and Treasury bills	275,461,268
Reserves	226,200,000	Balances due from banks abroad	156,266,106
Sight deposits	967,222,266	Bills receivable	525,928,074
Fixed deposits	646,235,577	Loans, advances, bills discounted and other accounts	1,147,394,102
Deposits of security	682,752,980	Current accounts	402,782,608
Savings bank	229,535,516	Current accounts—Real estate bonds and mortgages	384,759,769
Current accounts	72,578,392	Investments	39,635,918
Cheques payable	6,918,867	Premises and property	74,673,157
Interim dividend	18,143,259	Furniture	113
Sundry accounts	3,006,901,115		3,006,901,115

BANKERS TRUST COMPANY.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	\$	ASSETS.	\$
Capital	25,000,000	Cash on hand and due from banks	83,809,107
Surplus fund	50,000,000	Exchange for clearing house	49,969,720
Undivided profits	37,875,632	Exchange for clearing house	123,051,270
Deposits	602,527,818	Demand loans and bills discounted	292,486,913
Outstanding and certified checks	29,750,186	U.S. Government securities	151,624,507
Dividends declared and unpaid	1,876,337	State and Municipal bonds	12,639,476
Accrued interest payable	883,285	Stock of Federal Reserve Bank	2,313,696
Unearned interest	885,074	Other bonds and securities	12,074,520
Reserves for taxes, &c.	1,683,709	Real estate bonds and mortgages	1,763,400
Outstanding acceptances	31,733,460	Bank premises	20,079,563
Acceptances, &c., sold with our endorsement	22,808,289	Accrued interest and accounts receivable	2,018,837
		Customers' liability on acceptances	29,785,482
		Liability of others on acceptances, &c., sold with our endorsement	22,808,289
			804,424,780

The above statement includes the net worth (with securities at market values) of Bankers Company of New York, a wholly owned subsidiary.

BANCO DE BILBAO.

BALANCE SHEET—August 31, 1931.

LIABILITIES.	Pesetas.	ASSETS.	Pesetas.
Capital	100,000,000	Cash in hand and at Bank of Spain	62,265,079
Reserve funds	76,235,075	Foreign money and notes, cash value	381,591
Deposits	748,781,260	Cash at other banks and bankers	77,243,728
Bills payable	15,353,122	Bills receivable	82,174,372
Acceptances for account of customers as per contra	7,778,587	Government securities	241,669,962
Current creditors	69,656,349	Railway and other industrial debentures	75,853,821
Profit and loss	19,230,546	Other securities	111,910,576
	1,037,034,939	Advances to customers against security	54,164,520
Depositors of securities, nominal value, as per contra	3,199,301,577	Banking correspondents, &c.	119,270,522
		Banking correspondents, &c., in foreign money (equivalents)	51,391,245

BANCO DE BILBAO (continued).

Premises account	19,974,292
Furniture and fittings	2,339,532
Liabilities of customers for acceptances	7,778,587
Unclaimed shares	25,000,000
Sundry accounts	105,717,112
Securities deposited, nominal value	1,037,034,939
	3,199,301,577
	4,236,366,516

BANCO DE CHILE.

The report states that the general balance of the operations of the bank for the half-year ended June 30, 1931, after writing off and providing for bad and doubtful debts, shows a net profit of \$6,103,408, which, added to the shareholders' fund of \$8,112,916, gives an available total of \$14,216,324. The board proposes to distribute the sum in the following form: To pay a dividend of \$6 per share, \$6,000,000; and to carry forward to shareholders' fund \$8,216,324.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	Chilean Currency.	ASSETS.	Chilean Currency.
Cash and deposit with Central Bank	21,195,940	Current accounts	99,039,379
Cash, foreign currency	21,644,573	Sight deposits, judicial deposits, &c.	12,462,782
Cheques on local banks	1,319,650	Guarantees at sight	567,039
Foreign banks and correspondents	2,024,679	Other obligations (dividends, drafts and telegraphic transfers pending)	17,848,558
Advances in account current loans	205,298,545	Term deposits	148,791,206
(a) Loans, guaranteed	162,818,205	Guarantees	26,360,718
(b) Loans, without special guarantee	50,377,058	Other obligations	5,758,386
Discounts	50,377,058	Obligations to bankers abroad	19,070,541
Loans to directors and employees	7,531,032	Mortgage debt	12,068,086
Obligations against guarantees given	31,664,917	Re-discounts with Bco. Central	64,467,848
Other advances	43,921,806	Income tax retained	49,339
Buildings and real estate	26,998,317	Exchange operations	10,195,936
State and municipal bonds	19,964,339	Letters of credit	7,377,011
Shares—Banco Central de Chile	23,596,806	Operations pending, &c.	28,403,835
Other bonds and shares	35,209,831	Profit and loss	6,103,408
Deposit with Superintendent of Banks	675,000	Capital and reserves—Paid up capital	100,000,000
Furniture and office material	888,232	Statutory reserve	25,000,000
Branches	2,257,361	Other reserves	101,112,916
Exchange operations	10,073,817		
Clients for letters of credit	7,371,011		
Operations pending, &c.	9,645,669		
	684,476,788		684,476,788

SALMON P. CHASE, Secretary of the U.S. Treasury under LINCOLN

Banking Facilities

All the facilities which a Bank with a world-wide establishment of offices and affiliations can offer are available to customers of The Chase National Bank of the City of New York.

Enquiries are invited by the Management

THE CHASE NATIONAL BANK of the City of New York

(Incorporated with limited liability under the National Bank Act of the U.S.A.)

LONDON OFFICES:

10 MOORGATE, E.C.2 & BUSH HOUSE, W.C.2

Capital \$14,000,000... Surplus \$14,000,000

PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Taxes and stamps	508,015	Balance at credit of this	
Salaries	4,355,425	account, less rebate and	
General expenses	1,378,787	provision for bad and	
Office expenses	347,509	doubtful debts	13,586,035
Remittance expenses	59,121		
Furniture and material written off	120,326		
Contributing to pension fund	600,000		
Directors' fees	90,000		
Real estate (repairs)	23,444		
Profit	6,103,408		
	13,586,035		13,586,035

BANCO ESPANOL DEL RIO DE LA PLATA.

Argentine paper dollar equal to 44 cents gold and gold dollar converted to sterling at 5-04 per £.

BALANCE SHEET—June 30, 1930.

LIABILITIES.	£	ASSETS.	£
Capital subscribed	4,365,080	Shareholders (liability on uncalled capital)	1,890,391
Reserve funds	31,917	Cash	4,624,435
Contingency fund	1,385,172	Bills discounted and advances in current accounts	26,261,463
Deposits	28,722,133	Advances on mortgage	2,359,616
Reductions	6,763,253	Loan on Bolsa de Comercio premises in Buenos Aires	524,038
Rebate, corresponding to next half-year	132,897	Accounts overdue and in process of liquidation	2,499,444
Sundries	344,971	Furniture and fittings	111,285
Operations in suspense (branches and agencies)	338,564	Bank premises	1,181,104
Profit and loss, less amortisation	106,125	Frehold properties received in payment of advances:	
Argentine Government Treasury bills	2,837,301	Head office	1,427,942
Other accounts (as per contra)		Branches	78,294
Shares deposited in guarantee (board of directors)	7,857	Securities	1,177,232
Securities deposited for safe custody	28,760,766	Investments in national loans:	
Securities deposited in guarantee	5,640,096	Account reserve	31,912
Branches and correspondents, account letters of credit	1,377,710	Account contingency fund	22,956
Bills for collection for account of third parties	3,031,922	Argentine Government Treasury bills	2,837,301
Credits secured on mortgage for collection for account of third parties	824,043	Other accounts (as per contra):	
Sundry internal accounts	1,937,483	Shares deposited in guarantee (board of directors)	7,857
		Securities deposited for safe custody	28,760,766
		Securities (account) received as collateral	5,640,096
		Letters of credit issued	1,377,710
		Bills for collection for account of third parties	3,031,922
		Mortgage loans for account of third parties	824,043
		Sundry internal accounts	1,937,483
	86,607,290		86,607,290

PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Amortisations: Bad and doubtful debts and furniture and fittings	265,397	Balance brought forward	7,595
General charges, legal expenses, salaries and rents	778,336	Interest, discount, commission and exchange, less rebate corresponding to next half-year	921,692
Taxes	50,294	Rebate brought forward from previous account	196,323
Balance	106,125	Dividends and interest on securities	74,542
	1,200,152		1,200,152

BANCO DI ROMA.

The directors submitted the following proposal for the allocation of the profits: Net profits, as per balance sheet, Lire 17,627,179; to ordinary reserve, Lire 2,000,000; to special reserve, Lire 2,000,000; 3 per cent. to the board of directors, Lire 528,815; 5 per cent. to provident fund, Lire 881,359; 1 per cent. at the disposal of the board, Lire 176,272, leaving lire 12,040,733. Balance brought forward from previous year, Lire 1,062,676—Lire 13,103,409. To the shareholders at the rate of Lire 6 per share, Lire 12,000,000; carry forward, Lire 1,103,409.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Share capital	200,000,000	Cash and funds with Central Bank	226,672,860
Ordinary reserve fund	17,000,000	Funds with other banks in Italy and abroad	221,718,196
Special Reserve fund	38,000,000	Portfolio and Treasury bills	907,984,490
Deposits on current and savings accounts	455,291,611	Investments	225,404,145
Deposits of securities on current account	107,426,400	Securities on deposit	107,426,400
Circular cheques	86,389,294	Banking participations and sundries	90,462,943
Ordinary cheques	5,567,240	Contingencies	182,802,042
Balances due to correspondents	1,804,974,112	Bank premises	29,500,000
Sundry creditors	9,591,181	Secured advances	91,643,576
Reductions	5,085,543	Balances due by correspondents	654,143,298
Acceptances on behalf of customers	81,563,102	Sundry debtors	10,256,286
Guarantees for third parties	127,480,245	Cover for acceptances	81,563,102
Profits brought forward	1,062,676	Liabilities of customers per guarantees	127,480,245
Net profits for current year	17,627,179	Contra accounts:	
Contra accounts:		Staff provident fund	21,650,321
Staff provident fund	21,650,321	Securities deposited:	
Sundry deposits	894,484,371	As collateral	263,325,526
Deposits with third parties	440,889,379	As guarantee	6,741,670
		In safe custody	624,417,175
		Deposits as per contra	440,889,379
	4,314,082,654		4,314,082,654

BANK OF LONDON AND SOUTH AMERICA, LIMITED.

The report for the year ended September 30, 1930, states that the net profit, after deducting all expenses, amounts to £390,472, to which has to be added £209,573 brought forward from last year, making a total of £600,045, out of which the interim dividend of 4 per cent., paid in June last, amounted to £141,000. From the unappropriated balance of £458,445 the directors recommend the following distribution:—To dividend of 5 per cent., payable December 22, 1930, making 9 per cent. for the year, subject to income tax, £177,000; to contingency reserve, £100,000; to profit and loss carried forward, £181,445—£458,445.

BALANCE SHEET—September 30, 1930.

LIABILITIES.	£	ASSETS.	£
Capital, 708,000 shares of £5 each, fully paid	3,540,000	Cash in hand, at bankers and at call	8,705,539
Reserve	3,000,000	Bills receivable	12,864,133
Current and deposit accounts, &c., and contingency reserve	39,362,782	Advances and other accounts receivable, securities, &c. (including £319,269 depreciation at current rates of exchange on capital employed abroad), after making provision for doubtful debts	26,118,297
Deposit in Brazilian Trust and Loan Corporation, Ltd.	68,954	Investment in Brazilian Trust and Loan Corporation, Ltd.	36,797
Bills payable	2,994,138	Liability of customers for acceptances, per contra	2,091,973
Acceptances on account of customers	2,091,973	Bills for collection, per contra	11,085,303
Bills for collection on account of customers	11,085,304	Bank premises and furniture, at cost, less amounts written off	1,850,252
Rebate of interest on bills not due	150,698		
Profit and loss account	458,445		
Notes.—Contingent liability as endorser of foreign bills discounted, £3,292,862, of which £2,373,456 has since run off.			
	62,752,294		62,752,294

In accordance with Section 126 of the Companies Act, 1929, we hereby state that the profit of the Brazilian Trust and Loan Corporation, Ltd. (the whole share capital of which is held by the bank) for the year ended June 30, 1930, has not been taken credit for in the bank's accounts.

BRITISH BANK FOR FOREIGN TRADE, LIMITED.

BALANCE SHEET—April 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital—Issued, 340,000 shares of £1 each	340,000	Cash in hand, at bankers in London and abroad	21
Current, deposit and other accounts, including loans and deposits against security, £158,215 s. 10d.	348,749	Premises account at written down value	46,000
Investment depreciation reserve	42,031	Investments—at cost	43,641
		Loans and advances (less Reserves)	533,633
		Subsidiary company—Shares, at cost, £5,933; advances against security, £72,001	77,924
		Profit and loss account—Loss for year now ended, £30,860; deduct balance at April 30, 1930, £1,299	29,561
	730,780		730,780

CABLE ADDRESS:
"KANEYAMA, OSAKA."

CODES:
A.B.C. 5TH & 6TH: LIEBER'S & BENTLEY'S
COMPLETE PHRASE CODES.

YAMASHITA SHOTEN

Importers, Exporters & General Merchants.
10, KITAKYUTARO-MACHI, OSAKA, JAPAN.

MARTINS BANK

LIMITED

CENTENARY

1831



1931

Head Office:

7, WATER STREET, LIVERPOOL.

London Office:—

68, LOMBARD STREET, E.C.3.

Manchester District Office:—

43, SPRING GARDENS.

Capital Paid Up and Reserves - £7,777,990
Deposits, etc., at 30th June, 1931 £74,922,230

The Bank has over 570 Offices, and Agents in all the principal towns at home and abroad.

All descriptions of Banking, Trustee and Foreign Exchange Business transacted. The Bank is prepared to act as Registrar for Public and Corporate Bodies.

Established 1829



HEAD OFFICE:

SPRING GARDENS, MANCHESTER.

LONDON OFFICES:

75, CORNHILL, E.C.3.
46, OLD BOND STREET, W.1.

FOREIGN DEPT.:

76, Cornhill, London, E.C.3.
13, Spring Gardens, Manchester.
2, Castle Street, Liverpool.

TRUSTEE DEPT.:

13, Spring Gardens, Manchester.
46, Old Bond Street, London, W.1.

DISTRICT BANK

LIMITED

395 BRANCHES.

AGENTS EVERYWHERE.

B.W. BLYDENSTEIN & Co.,

54-55-56, Threadneedle Street,
London, E.C.2.

BANKERS

ALL BANKING AND DISCOUNT
BUSINESS TRANSACTED.

Dealers in British Treasury
Bills of any Maturity.

Deposits received for short and longer periods at rates to be obtained on application.

Special Facilities for Business
with Holland.

FORWARD CONTRACTS IN FOREIGN
CURRENCIES.

The
ANGLO-FRENCH
BANKING
CORPORATION
LIMITED

CAPITAL

Authorised £2,000,000
Subscribed & Paid up £1,250,000

President:

The Rt. Hon. The EARL OF DERBY, K.G., G.C.B.,
G.C.V.O., P.C.

Directors:

CHARLES LAURENT (Vice-President).

F. A. SZARVASY (Chairman)

S. CHRISTOPHERSON

R. M. HOLLAND-
MARTIN, C.B.

PIERRE MIRABAUD

LORD CHARLES
MONTAGU, C.V.O., D.L.

VICOMTE DE LAPANOUSE,
K.C.M.G., K.C.V.O., C.B.

HENRIPOUYANNE, Joint
C.B.E. General
Manager

S. METZ.

The Bank undertakes commercial banking business of every description throughout the world and is specially equipped to assist in the development of trade between Great Britain and France.

Telephone: 31, LOMBARD ST.
Mansion House 7711.
(8 lines).

Cable Address:
Anglofrank,
London.

PROFIT AND LOSS ACCOUNT.	
Dr.	Cr.
Gross loss	£ 4,644
Office charges, including rent, salaries, and other expenses ..	10,145
Interest account	9,472
Amount written off investments ..	3,780
Directors' fees	2,825
	30,866

BANK OF ROUMANIA, LIMITED.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Capital	300,000	Cash in hand and at bankers, London	18,639
Reserve account, old, £19,693; new, £50,307; less transferred to profit and loss account, £50,000	30,000	Money at call and short notice	180,000
Current accounts, sight drafts, balance of contingency account, &c.—Sterling	139,875	Investments (at market value), £99,428; £1 2,085,800 at 817 per £, £2,553	101,981
Current accounts, sight drafts, &c.—Lei 251,137,664 at 817 per £	307,390	Subsidiary companies—Investments, £12,755; Lei 400,000 at 817 per £, £490	13,245
Subsidiary companies current accounts	2,293	Bills receivable, loans, current accounts, &c.—Sterling	91,413
		Bills receivable, loans, current accounts, &c.—Lei 205,544,046 at 817 per £	251,584
		Cash in hand and at bankers, Bucharest—Lei 55,219,546 at 817 per £	67,588
		Property account at cost, less depreciation—Lei 2,702,820 at 817 per £	3,308
		Furniture at cost, less amounts written off	1,800
	779,558		779,558

PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Provision for depreciation of investments, doubtful debts and contingencies	55,743	Balance after charging current expenses, income tax, &c.	5,743
	55,743	Transfer from reserve	50,000
			55,743

Provision has been made in the books of the bank for a subsidiary company's loss of £19, and no profit of the other subsidiary company has been brought into these accounts.

BANK FOR RUSSIAN TRADE, LIMITED.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Capital	750,000	Cash in hand and with bankers in London	232,476
Reserve	275,000	Cash with bankers abroad (France, United States of America, &c.)	123,871
Loans against investments and other security	1,104,447	Bills discounted	1,063,520
Current, deposit and other accounts (including balance of profit and loss account, and provision for taxation and contingencies)	1,027,643	Investments (British Government securities)	396,578
Acceptances and endorsements on account of customers against deposit of investments of £25,171	1,706,042	Shares in European trading banks, at cost	174,996
Bills rediscounted	2,234,110	Loans, advances and other accounts	1,165,649
Guarantees and other engagements for account of customers	1,265,839	Liabilities of customers for acceptances and endorsements, as per contra	1,706,042
Bills and documents for collection, per contra	1,137,765	Liabilities of customers on bills re-discounted, as per contra	2,234,110
	9,500,846	Liabilities of customers on guarantees and other engagements, as per contra	1,265,839
		Bills and documents for collection	1,137,765
			9,500,846

THE BANK OF TAIWAN, LIMITED.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	Yen.	ASSETS.	Yen.
Capital subscribed	15,000,000	Cash account	6,188,107
Reserve funds	414,000	In hand	3,777,553
Notes in circulation	39,907,552	At banks	14,173,117
Deposits, &c.	239,847,731	Bills discounted, loans, &c.	273,519,889
Bills payable	43,215,241	Interest bills, bills bought and export advances	35,337,499
Bills rediscounted	90,153,274	Acceptances and guarantees as per contra, &c.	9,271,119
Acceptances and guarantees, &c.	9,271,119	Government bonds, &c.	86,231,122
Due to correspondents	1,580,051	Due from correspondents	659,055
Dividends unclaimed	36,737	Bank premises and real estate, &c.	8,838,236
Profit and loss account—Brought forward from previous term, Yen 13,877; Profit for current term, Yen 431,115	444,992	Capital uncalled	1,875,000
	439,870,697		439,870,697

PROFIT AND LOSS ACCOUNT.

Dr.	Yen.	Cr.	Yen.
Current expenses, interest, &c.	18,762,771	Balance brought forward from last account	13,877
Reserve funds	400,000	Amount of gross profits for the half-year ending December 31, 1930	19,193,886
Balance carried forward to next account	44,992		19,207,763
	19,207,763		19,207,763

BANQUE BELGE POUR L'ÉTRANGER.

It is stated in the annual report for the year ended June 30, 1930, that the net profit of the business year amounts to Frs. 29,400,436, which, with the balance brought forward from the previous year, Frs. 1,454,163, makes Frs. 30,854,599. Appropriations proposed were: Reserves, Frs. 10,000,000; provision for taxes, Frs. 1,500,000; dividend at the rate of 10 per cent. (Belgian tax free), Frs. Frs. 15,842,412; directors' fees (tantièmes), Frs. 1,917,472; leaving a balance forward of Frs. 1,594,716.

BALANCE SHEET—June 30, 1930.	
LIABILITIES.	Fr.
Capital (issued): Frs. 200,000,000 in 289,131 shares of Frs. 500 each, fully paid, Frs. 144,565,500; 60,869 shares of Frs. 500 each, 25 per cent. paid, Frs. 7,608,625; 250,000 shares of Frs. 100 each, 25 per cent. paid, Frs. 6,250,000	152,424,125
Reserves	120,000,000
Sundry creditors	3,770,511,166
Note issue in China	6,432,179
Bonds	4,500,000
Acceptances	730,027,093
Profit and loss	30,854,599
Sundry accounts (Comptes d'ordre), per contra	8,341,678,984
	13,162,428,146
Assets.	Fr.
Shareholders' liability	11,379,938
Cash in hand and with bankers	320,480,881
Bills receivable	935,751,994
Sundry debtors	2,392,026,892
Investments at or under market value	175,683,069
Shares in allied and affiliated banks	177,183,203
Financial participations	41,005,752
Shares in subsidiary company, Hsinchongate, Kaitow, Ltd., 1,000 shares of £1 each at cost	175,000
Balance in account with subsidiary company	28,663,851
Bank premises at cost, less proceeds of sales and amounts written off	8,371,489
Liability of customers on acceptances	730,027,093
Sundry accounts (Comptes d'ordre), per contra (This item comprises mainly stocks, shares, &c., deposited for safe custody and as security, and also bills for collection)	8,341,678,984
	13,162,428,146

Directors' remuneration amounted to Frs. 1,917,472. Profit of subsidiary company has not been brought into this account, undistributed balance of such has been carried forward in the accounts of the said company.

BANQUE COMMERCIALE DU CONGO.

BALANCE SHEET—June 30, 1930.

LIABILITIES.	Fr.	ASSETS.	Fr.
Capital	25,000,000	Property and premises	2,208,000
Reserves	14,000,000	Furniture and fixtures	265,000
Dividend due	6,024,096	Cash in hand and at bank	22,428,237
Sundry creditors	127,987,705	Government securities	52,731,546
Advances against securities	1,440,059	Sundry debtors	53,292,910
Bills payable	13,014,590	Bills receivable	17,768,600
Balance of profit and loss	6,438	Investments	17,475,558
	187,472,888	Liabilities of customers for acceptances	11,301,000
			187,472,888

BANQUE NATIONALE DE CRÉDIT.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	Fr.	ASSETS.	Fr.
Capital	318,750,000	Cash, at Bank of France and in Treasury	353,725,739
Legal reserve	31,769,591	Cash at banks	557,166,565
Supplementary reserve	104,095,022	Commercial bills and deposit and current accounts	2,357,229,000
Premises reserve	40,000,000	National Defence bonds	120,181,490
Current, deposit and other accounts	4,627,772,728	Coupon advances against security	717,293,720
Cheques payable	71,945,490	Current accounts	975,263,295
Acceptances	207,549,666	Securities	47,297,267
Sundry accounts	42,409,801	Investments	21,599,644
Profit and loss	5,388,199	Acceptances	207,549,666
	44,640,560	Sundry accounts	38,857,889
		Premises	94,166,802
	5,494,321,057		5,494,321,057

THE BRITISH OVERSEAS BANK, LIMITED.

According to the report, submitted on December 9, 1930, the profit, after allowing rebate of interest and providing for all bad and doubtful debts, and income tax, for the year ended October 31, 1930, amounts to £140,446; the balance available from last account was £58,130, making a total of £198,576. The interim dividend paid on the "A" ordinary shares at the rate of 6 per cent. per annum (less income tax) for the half-year ended April 30, 1930, and income tax thereon, amounted to £30,000, leaving a balance of £168,576, which has been appropriated as follows:—In payment of a dividend on the "A" ordinary shares at the rate of 6 per cent. per annum (less income tax) for the half-year ended October 31, 1930, which together with income tax thereon, amounts to £30,000; in payment of a dividend on the "B" ordinary shares at the rate of 6 per cent. per annum (less income tax) for the year ended October 31, 1930, which, together with income tax thereon, amounts to £60,000; to reduction of premises account, £5,000, leaving a net balance to be carried forward to next year of £73,576.

BALANCE SHEET—October 31, 1930.

LIABILITIES.	£	ASSETS.	£
Capital subscribed and paid in full: 200,000 "A" ordinary shares of £5 each, £1,000,000; 200,000 "B" ordinary shares of £5 each, £1,000,000	2,000,000	Cash in hand and at bankers	293,118
Current, deposit and other accounts	4,549,187	Money at call and short notice	1,820,320
Amount owing to subsidiary company	100	Balance with bankers abroad	214,749
Reserve fund	225,000	Bills discounted	1,071,400
Acceptances, &c., for account of customers (per contra)	3,927,317	Government securities	353,943
Balance of profit and loss account	73,577	Investments in subsidiary companies	56,925
NOTE.—Contingent liability on account of endorsement on bills discounted, £707,828.		Other investments, including shareholding interests in foreign banks	532,683
		Bankers' Industrial Development Co., Ltd. One "A" ordinary share of £100,000 £100 paid	100
		Advances to customers and other accounts	2,148,941
		Amount owing from subsidiary company	19,365
		Liability of customers for acceptances, &c. (per contra)	3,927,317
		Bank premises, freehold at cost, less amounts written off	336,737
	10,775,181		10,775,181

THE COMMERCIAL BANK OF AUSTRALIA, LIMITED.

(INCORPORATED IN VICTORIA, AUSTRALIA.)

Registered Capital	£5,000,000	0s.	0d.
Subscribed Capital	£4,117,350	0s.	0d.
Reserve Fund (used in the business)	£2,250,000	0s.	0d.

DIRECTORS:

John L. Webb, Esq., Chairman.
R. C. Mearns, Esq., A. W. Palfreyman, Esq.
W. H. Swanton, Esq., A. S. Baillieu, Esq.
General Manager: C. M. Tranter.
Chief Inspector: E. T. Bailey.

HEAD OFFICE: 335-7-9, COLLINS ST., MELBOURNE.
Manager: R. D. Kennan. Accountant: G. A. Malloch.

LONDON OFFICE: 17, MOORGATE, E.C.2.

LONDON BOARD:
George Niven, Esq., Joseph White, Esq.
Manager: P. H. Gardner.

DRAFTS AND LETTERS OF CREDIT are issued by the London Office on the Head Office of the Bank and the Branches throughout Australia and New Zealand.
REMITTANCES made by CABLE TRANSFER, BILLS NEGOTIATED or sent for COLLECTION, BANKING and EXCHANGE BUSINESS of every description transacted with the various Australian States and New Zealand.

STATE BANK OF THE U.S.S.R.

Created by Decree of the Soviet Government of October 12th, 1921.

Capital	25,000,000
Bank Note Issue on Oct. 1st, 1931	252,715,008
Issue Dept.'s Gold, Platinum and Silver Reserve on Oct. 1st, 1931	59,169,579
Issue Dept.'s Foreign Currency Reserve on Oct. 1st, 1931	5,029,620

N.B.—1 Chevonets contains 119,426 grains of pure gold and equals £1 1s. 16d. or 35.14s.

Head Office and Foreign Department, MOSCOW.
500 BRANCHES.

FOREIGN BANKING BUSINESS OF EVERY DESCRIPTION TRANSACTED.

Deposits and Current Accounts in Foreign and Soviet Currency. Mail and Cable Remittances effected throughout the territories of the Soviet Union. Collections. Letters of Credit. Bills of exchange. The Bank is specially interested in facilitating trade with the Soviet Republics.

AGENTS AND CORRESPONDENTS IN ALL PARTS OF THE WORLD.

LONDON CORRESPONDENTS—Lloyds Bank Ltd.; Barclay Bank Ltd.; Midland Bank Ltd.; National Provincial Bank Ltd.; Westminster Bank Ltd.; Bank for Russian Trade Ltd.; Chase National Bank of the City of New York; Hambros Bank Ltd.; Fredk. Huth & Co.; S. Japhet and Co., Ltd.; Kiepert, Sons and Co.; Samuel Montagu and Co.; Moscow Banking Bank Ltd.; National City Bank of New York; N. M. Rothschild and Sons; J. Henry Schröder and Co.

THE BANK OF INDIA LIMITED

ESTABLISHED 7th SEPTEMBER, 1906.

CAPITAL SUBSCRIBED ..	Rs. 2,00,00,000
CAPITAL PAID UP ..	" 1,00,00,000
RESERVE FUND ..	" 92,00,000

HEAD OFFICE:—ORIENTAL BUILDINGS, BOMBAY.
BRANCHES:—BULLION EXCHANGE (Shaikh Memon Street, Bombay), BANDRA, AHMEDABAD, AHMEDABAD (Station Branch), CALCUTTA, POONA, POONA CITY, SURAT.

LONDON AGENTS:
The Westminster Bank, Ltd.

DIRECTORS:

Sir Cowasjee Jehangir, Baronet (Messrs. Cowasjee Jehangir & Co., Ltd., Bombay), Chairman.
Mr. F. E. Dinshaw (Messrs. Payne & Co., Bombay).
Mr. Ambalal Sarabhai (Ahmedabad).
Sir Joseph Kay, Knight, (Messrs. W. H. Brady & Co., Ltd., Bombay).
Mr. Andrew Geddis (Messrs. James Finlay & Co., Ltd., Bombay).
Sir Dinshaw Petit, Baronet (of Messrs. D. M. Petit Sons & Co., Bombay).
Sir Chinnilal V. Mehta, K.C.S.I., of Bombay.
Mr. Pallam Mathradas (Messrs. Ramnarain Sons, Ltd., Bombay).

Current Deposit Accounts.—From 25th December to 25th June, interest is allowed at 2½% on daily balance, Rs. 800 to Rs. 1,00,000. From 25th June to 25th December interest is allowed at 2% on daily balance. On sums exceeding Rs. 1,00,000 interest is allowed by special arrangement. No interest will be allowed which does not amount to Rs. 8 per half-year.

Fixed Deposits.—Deposits are received fixed for one year or for shorter periods at rates of interest which can be ascertained on application.

Savings Bank.—Accounts opened on favourable terms. Rules on application.

The Bank undertakes Executor and Trustee Business.—Rules may be obtained on application.

General Banking Business transacted, rules for which can be obtained upon application. A. G. GRAY, Manager.

Goldman, Sachs & Co. NEW YORK.

CHICAGO
SAN FRANCISCO
ST. LOUIS
BOSTON
PHILADELPHIA

Commercial Credits & Foreign Exchange

Travellers' Letters of Credit available in all parts of the World

Commercial Paper

London correspondents—Kleinwort, Sons & Co.

PROFIT AND LOSS ACCOUNT.	
Dr.	Cr.
Interim dividend on the "A" ordinary shares at the rate of 6 per cent. per annum, and income tax thereon	30,000
Final dividend on the "A" ordinary shares at the rate of 6 per cent. per annum, and income tax thereon	30,000
Dividend on the "B" ordinary shares at the rate of 6 per cent. per annum, and income tax thereon	60,000
Reduction of premises account	5,000
Balance carried to balance sheet	73,577
	198,577

THE BRITISH BANK OF SOUTH AMERICA, LIMITED.

The report for the financial year ended December 31st last states that the gross profits, after allowing for rebate of interest on current bills and drafts, for interest on deposits, and after making ample provision for bad and doubtful debts and contingencies, amount to £292,100; this, with the balance of £108,625 brought forward from the previous year, makes £400,725. After deducting all charges at the head office and branches, including directors' remuneration, government taxes in Brazil, &c., amounting to £201,965, there remains £198,760 available. A dividend on account of 10s. per share, amounting to £50,000, was paid in September, 1930, and it is recommended that a further dividend of 6s. per share, amounting to £30,000, be declared, making, for the year, a distribution of 16s. per share, or 8 per cent., subject to income tax, on the paid-up capital of the bank of £1,000,000. After making this transfer and paying this dividend, there will remain the sum of £118,760, which the directors propose to carry forward.

BALANCE SHEET—December 31, 1930.

LIABILITIES.		ASSETS.	
£		£	
Capital issued: 100,000 shares of £20 each, £10 paid	1,000,000	Cash in hand and at bankers	2,357,868
Reserve, as per balance sheet of December 31, 1929	1,000,000	Cash on deposit account dissentient shareholders	2,157
Amount due on current and deposit accounts	4,363,677	Bills receivable in hand	1,031,359
Dissentient Shareholders' account	2,157	Investments	152,877
Bills payable	3,961	Other accounts	4,115,642
Other accounts	1,756,733	Balance in account with subsidiary company	28,781
Bills for collection	1,038,756	Shares in subsidiary company at cost	1,999
Profit and loss account, as per statement below	148,760	Freehold and leasehold premises and furniture at cost	576,605
		Bills for collection as per contra	1,038,756
		The contingent liability on bills re-discounted at the date of the balance sheet was £433,659, of which £433,220 has since run off. The capital employed in Brazil shows an estimated unexpired depreciation of £36,092 at December 31, 1930.	
	9,314,044		9,314,044

PROFIT AND LOSS ACCOUNT.

Dr.	Cr.
General charges at head office and the branches, including Government taxes in Brazil, &c.	195,820
Directors' remuneration	5,145
Dividend on account for the half-year ended June 30, 1930	50,000
Balance carried down	148,760
	400,725

THE CHASE NATIONAL BANK.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
£		£	
Capital	148,000,000	Cash and due from banks	531,352,185
Surplus	148,000,000	Loans and discounts	1,295,485,754
Undivided profits	28,580,824	United States Government securities	281,785,521
Reserve for taxes, interest, contingencies, &c.	14,719,723	Other securities	183,381,029
Dividend payable July 1, 1931	7,400,000	Real estate	35,036,182
Deposits	1,897,544,373	Redemption fund—United States Treasurer	436,825
Circulating notes	8,632,900	Customers' acceptance liability, \$169,254,573; less amount in portfolio, \$70,016,267	99,238,307
Acceptances, \$174,251,870; less amount in portfolio, \$70,016,267	104,235,603	Other assets	2,595,414
Liability as endorser on acceptances and foreign bills	58,886,412		
Other liabilities	13,309,382		
	2,429,309,217		2,429,309,217

CITY BANK FARMERS TRUST COMPANY.

BALANCE SHEET—June 30, 1931.

LIABILITIES.		ASSETS.	
£		£	
Capital	10,000,000	Cash on hand and due from banks and bankers	37,193,335
Surplus	10,000,000	Loans and other secured advances	2,867,994
Undivided profits	3,078,689	United States Government bonds	1,200,000
Deposits	44,102,309	Other bonds, mortgages and securities	18,520,684
Reserve for dividends, interest, taxes and expenses	1,590,156	Bank building	5,587,000
	68,771,154	Other assets	3,402,141
			68,771,154

THOS. COOK & SON (BANKERS), LIMITED.

BALANCE SHEET—October 31, 1930.

LIABILITIES.		ASSETS.	
£		£	
Capital issued: 250,000 shares of £1 each, 10s. paid	125,000	Cash in hand and balances with bankers on current accounts	394,260
Reserve fund	125,000	Balances with Bankers on deposit accounts	641,721
Current, deposit and other accounts, including liability on travellers' cheques, letters of credit, and drafts sold; rebate on bills not due, provision for bad and doubtful debts, contingencies, &c., and the balance of profit and loss account	2,916,308	Currencies in transit	42,656
Liability to customers on account of bills receivable for collection and other engagements, as per contra	70,405	Money at call and short notice Bills discounted—Indian Government Treasury bills, £872,354; bank and other acceptances, £19,629	374,089
		Investments—	691,983
		British Government securities	249,888
		Corporation and county stocks, Great Britain	6,341
		Indian and Colonial Government securities	95,141
		Foreign Government and other securities	34,861
		Advances to customers and other accounts	261,423
		Bank premises and furniture, at cost less amounts written off	56,382
		Bills receivable for collection, &c., as per contra	70,405
	3,236,713		3,236,713

COMMERCIAL BANK OF SPANISH AMERICA, LIMITED.

BALANCE SHEET—June 30, 1930.

LIABILITIES.		ASSETS.	
£		£	
Capital issued, 500,000 shares of £1 each, fully paid	500,000	Cash at bankers and in hand	510,236
Sight drafts	594	Advances, &c.	12,893
Bills for collection	41,471	Bank premises	386
Current, deposit and other accounts (including balance of profit and loss account)	23,187	Bills for collection, per contra	41,471
	565,252	Bills receivable	266
			565,252



THE MITSUBISHI BANK, LTD.

(Incorporated in Japan.)

Subscribed Capital: Yen 100,000,000.

Paid-up Capital: Yen 62,500,000. Reserve Funds: Yen 44,145,929.

General Banking and Foreign Exchange Business. Deposit Rates on Application.

Head Office: TOKYO.

Branches: TOKYO, OSAKA, KOBE, KYOTO, NAGOYA, OTARU, SHANGHAI, NEW YORK, LONDON.

London Office: 3, BIRCHIN LANE, CORNHILL, E.C.3.

UNION BANK OF SWITZERLAND

Union de Banques Suisses

ZURICH.

AARAU, BADEN, BASLE, BERNE, LA CHAUX-DE-FONDS, GENEVA, LAUSANNE, LOCARNO, LUGANO, MONTREUX, RAPPERSWIL, ST. GALL, VEVEY, WINTERTHUR, &c.

CAPITAL (fully paid)	Swiss Francs 100,000,000
RESERVES	32,000,000
DEPOSITS	770,000,000
TOTAL ASSETS	1,018,000,000

WELL EQUIPPED TO HANDLE YOUR SWISS BANKING BUSINESS.

THE BANK OF AUSTRALASIA.

(Incorporated by Royal Charter, 1835.)

Head Office: 4 THREADNEEDLE STREET, LONDON, E.C.2.

West End Branch: 17 NORTHUMBERLAND AVENUE, W.C.2.

Paid-up Capital	£4,500,000
Reserve Fund	4,475,000
Reserve Liability of Proprietors under the Charter	4,500,000
	£13,475,000

DIRECTORS:

RIGHT HON. LORD ALDENHAM. T. R. JOHNSON, Esq. HAROLD NELSON, Esq.
CHARLES EDWARD BARNETT, Esq. FREDERICK V. C. LIVINGSTONE-
LEARMONTH, Esq., D.S.O. HORACE PERL, Esq.
J. F. G. GILLIAT, Esq. RIGHT HON. THE EARL OF JOHN SANDERSON, Esq.
KENNETH GOSCHEN, Esq. MIDLETON, K.P. ARTHUR WHITWORTH, Esq.
CHARLES GIPPS HAMILTON, Esq.

Numerous Branches throughout the States of VICTORIA, NEW SOUTH WALES, QUEENSLAND, SOUTH AUSTRALIA, WESTERN AUSTRALIA, TASMANIA, and the Dominion of NEW ZEALAND.

Letters of Credit and Bills of Exchange granted. Bills Negotiated or sent for Collection. Telegraphic Transfers made. Banking Business of every description transacted with Australia and New Zealand.

Deposits received in London at interest for fixed periods on terms which may be ascertained at the Office.

SOCIÉTÉ GÉNÉRALE DE BELGIQUE.

SOCIÉTÉ ANONYME.

Established at Brussels, August 28th, 1822.

Office: BRUSSELS, 38, Rue Royale.

Capital	frs. 1,000,000,000.00
Reserves	frs. 1,078,000,000.00
Fonds social	frs. 2,078,000,000.00

ADMINISTRATION:—Governor: M. Jean Jadot. Vice-Governor: M. Emile Franquiel. Director-Treasurer: M. Jules Bagage. Directors: MM. Gaston Blaes, Auguste Callens, le Baron Carton de Wiart, Félixien Cottier, Willy de Munk, Charles Fabri, Alexandre Galopin, Henry Le Boul, Adolphe Stoclet, Firmin Van Bree. Honorary Director: M. Edouard de Brabander.

AUDITING COMMISSARIES:—MM. Prince Jean de Merode, Edmond Solvay, G. H. Adan, Léon Eliat, Baron Adrien de Montpellier, Baron A. d'Huart, Baron de Trannoy, G. Mullie. Secretary: M. Camille Lepêche.

Every description of Banking business transacted.

The "Société Générale de Belgique" is represented in Belgian Provincial Places by over 375 Banking Establishments placed under its control and acting as its Agents.

London Correspondent of the Société Générale de Belgique: Banque Belge pour l'Etranger, 4, Bishopsgate, E.C.2.

BANQUE BELGE POUR L'ETRANGER, S.A.

Limited Company Incorporated in Belgium.

(Filiale de la Société Générale de Belgique.)

CAPITAL (subscribed)	Fr. 200,000,000
CAPITAL (paid up)	Fr. 158,424,125
RESERVES	Fr. 130,000,000

HEAD OFFICE: BRUSSELS, 66, rue des Colonies.

Branches:—PARIS (12, Place de la Bourse), NEW YORK (67, Wall Street), PEKING (PRIPING), SHANGHAI, TIENTSIN, HANKOW.

LONDON OFFICE: 4, Bishopsgate, E.C.2.

Manager: A. S. Donnay (Director).
London Committee: Messrs. J. S. Haakell, A. F. Buxton, Emile Franquiel, Chevalier de Wouters, F. Haegler (Honorary General Manager), and A. S. Donnay.

AFFILIATED BANKS throughout BELGIUM and LUXEMBURG, and also in FRANCE and GERMANY.
ALLIED BANKS in Austria, Bulgaria, Czechoslovakia, Egypt, Holland, Hungary, Italy (Tyrol), Morocco, Poland, Rumania, Spain and Yugoslavia.

CORRESPONDENTS IN ALL PARTS OF THE WORLD.

AGENTS IN THE UNITED KINGDOM FOR THE BELGIAN POSTAL CHEQUE SERVICE.

LETTERS OF CREDIT. COLLECTION OF CLEAN AND DOCUMENTARY DRAFTS.

FOREIGN EXCHANGE business a specialty: FOREIGN CURRENCIES bought and sold for immediate or forward delivery, enabling traders to secure the exchange for their contracts in the currency of the country of their customers.

ALL KINDS OF BANKING BUSINESS UNDERTAKEN.

COMMERCIAL BANK OF THE NEAR EAST,
LIMITED.

The directors presented the following statement of profits for the year ended December 31, 1930:—Net profit for the year, £8,236; add balance brought forward from the year ended December 31, 1929, £384—£8,620; deduct interim dividend at 5 per cent. per annum, less income tax, for the half-year ended June 30, 1930, which was paid on September 2, 1930, £3,875; leaving a balance of £4,745. The directors recommend the distribution of this amount as follows:—To transfer to reserve fund, including the 5 per cent. required by the articles of association, £500; to payment of a final dividend for the half-year to December 31, 1930, at the rate of 5 per cent. per annum, less income tax at 4s. 6d. per £, making a total payment for the year of 5 per cent., £3,875; to carry forward to the current year, £370—£4,745.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Share capital—Issued and fully paid, 40,000 shares of £5 each	200,000	Cash in hand and at London bankers	8,060
Reserve fund	15,000	Money at call	25,000
Current, deposit and other accounts	369,976	Remittances in transit	1,465
Bills for collection, per contra	95,531	Balances with foreign bankers and correspondents	33,530
Acceptances, endorsements, &c., on behalf of customers	37,171	Treasury bills	20,000
Profit and loss account—Balance brought forward as at December 31, 1929, including £150 adjustment of income tax on final dividend from 4s. to 4s. 6d., £383; add profit for year to date, £8,236—£8,619; less interim dividend at 5 per cent. per annum, less tax, paid for half-year to June 30, 1930, £3,875	4,744	Bills discounted	98,580
Contingent liability on bills rediscounted, £38,330, of which £31,968 have since run off		Investments—	
	722,422	British Government securities	60,351
		Foreign Government securities	76,603
		Bonds and shares of foreign banks	30,716
		Securities held by branches	14,685
		Advances to customers and other accounts	219,093
		Bills for collection, per contra	95,531
		Liability of customers for acceptances, endorsements, &c.	37,171
		Furniture and fittings (at cost less amounts written off)	1,637
			722,422

PROFIT AND LOSS ACCOUNT.

DR.	£	CR.	£
Directors' fees	1,107	Profit after making provision for bad and doubtful debts and rebate	11,337
Income tax	1,994		
Balance carried to balance sheet	8,236		
	11,337		11,337

THE COMMERCIAL NATIONAL BANK AND
TRUST COMPANY OF NEW YORK.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	\$	ASSETS.	\$
Capital	7,000,000	Cash on hand, in Federal Reserve Bank and due from banks and bankers	45,152,175
Surplus and undivided profits	10,158,048	U.S. Government bonds and certificates	12,768,035
Reserve for taxes, interest, &c.	1,012,733	Other bonds and investments	7,328,447
Dividend payable July 1, 1931	140,000	Loans and discounts	62,561,819
Liability as acceptor or endorser on acceptances and foreign bills	24,724,826	Customers' liability on acceptances (exclusive of acceptances discounted and anticipations)	15,158,489
Other liabilities	1,113,485	Interest accrued and other assets	1,259,272
Deposits	100,079,145		144,228,237
	144,228,237		144,228,237

THE PHILADELPHIA NATIONAL BANK

Organized 1898.

The Philadelphia National Company (Affiliate),
Combined Capital and Surplus \$47,500,000.

The Largest Bank in the State of Pennsylvania.

Complete International Banking Service of every Description.

LONDON CORRESPONDENTS:

Barclays Bank, Ltd.
Lloyds Bank, Ltd.

Westminster Bank, Ltd.
Midland Bank Ltd.

National Provincial Bank, Ltd.

COMPTOIR NATIONAL D'ESCOMPTE DE PARIS.

BALANCE SHEET—March 31, 1931.

LIABILITIES.	FR.	ASSETS.	FR.
Current and deposit accounts	9,020,173,906	Cash in hand and at bank	900,961,971
Fixed deposits	133,547,280	Bills of exchange discounted and French Treasury bills	5,131,416,571
Acceptances	246,895,980	Credit balances with banks and correspondents	2,171,471,233
Handy accounts	136,438,709	Advances against collateral	384,970,266
Shareholders' account	23,213,678	Investments	7,632,418
Reserves	433,585,159	Branches abroad	16,978,000
Capital	400,000,000	Current accounts	1,445,214,958
	10,395,854,712	Liability of customers on acceptances	246,808,528
		Handy accounts	75,361,300
		Bank premises	15,000,000
			10,395,854,712

CREDIT FONCIER D'ALGERIE ET DE TUNISIE.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	FR.	ASSETS.	FR.
Capital	150,000,000	Cash	99,209,089
Reserves	30,099,661	Bills	1,481,531,063
Superannuation fund	410,000	Correspondents	112,471,859
Credit Foncier de France	245,262,355	Investments	87,161,490
Credit Foncier d'Orient	19,212,750	Immovables, &c.	52,209,307
Calme Hypoth. d'Egypte	30,000,000	Calme de Prêts Immobiliers de Maroc	2,043,333
Current and deposit accs.	1,461,213,064	Credit Foncier de France	245,262,355
Deposits	561,884,394	Credit Foncier d'Orient	134,662,563
Correspondents & creditors	140,306,090	Calme Hyp. d'Egypte	43,451,041
Acceptances, &c.	25,423,714	Advances against securities	383,245,469
Handy accounts	3,878,066	Current accounts	50,468,517
Dividends payable	9,391,775	Syndicates	16,434,111
Profit and loss	712,098	Cover for acceptances	
	2,678,191,973		2,678,191,973

PROFIT AND LOSS ACCOUNT.

DR.	FR.	CR.	FR.
Rebates	5,162,086	Brought forward	612,125
Interest on deposit and current accounts, &c.	39,169,094	Discount	4,769,360
Costs of administration, taxes and fees	54,486,047	Net profit on banking operations	107,132,108
Written off furniture	1,581,179	Income from real property	852,190
Profits—	100,398,406	Credit Foncier de France	1,666,072
Brought fwd.	612,125		
Net profits, 1930	14,021,024		
	14,633,149		
	115,031,785		115,031,785

CREDIT LYONNAIS.

BALANCE SHEET—July 31, 1931.

LIABILITIES.	FR.	ASSETS.	FR.
Deposits at call	6,273,775,569	Cash in hand and at banks	5,827,366,066
Current accounts	7,254,498,313	Bills discounted & French Treasury bills	8,122,456,196
Accounts payable after collection	242,809,913	Loans and advances	362,824,398
Acceptances	359,677,794	Current accounts	4,204,419,173
Deposits for fixed periods	491,376,803	Investments	4,803,876
Handy liabilities	459,370,031	Handy	387,174,836
Unpaid dividend	44,293,880	Premises	38,000,000
Profit and loss	10,244,122		
Reserve fund	800,000,000		
Capital fully paid	408,000,000		
	16,344,042,836		16,344,042,836

The
NATIONAL BANK
OF NEW ZEALAND

Limited

DIRECTORS:

Hon. WILLIAM PEMBER REEVES, Chairman.
The Right Hon. LORD BALFOUR of BURLEIGH.
HENRY F. FRESEWATER, Esq.
The Right Hon. VISCOUNT HAMPTON, K.C.B.
C.M.G.
SIR AUSTIN E. HARRIS, K.B.E.
RICHARD DURANT TROTTER, Esq.

HEAD OFFICE: 8, MOORGATE, LONDON, E.C.3
Manager: Arthur Willis.

CHIEF OFFICE IN NEW ZEALAND:
WELLINGTON. General Manager: J. T. Cross.

Authorized & Sub-
scribed Capital - £6,000,000

Paid-up Capital - £2,000,000

Reserve Fund and
Undivided Profits - £2,168,457

The National Bank of New Zealand Limited undertakes the remittance of monies by mail or issues drafts and Travellers' credits, receives deposits and conducts every description of Banking Business connected with New Zealand.

Correspondents throughout the World.

93 Branches
and Agencies
in
NEW
ZEALAND

English, Scottish & Australian
Bank, Limited.

Head Office: 5, GRACECHURCH ST., E.C.3,
and 459 Branches and Agencies throughout Australia.

Subscribed Capital - £5,000,000
Paid-up Capital - £3,000,000
Further Liability of Proprietors £2,000,000
Reserve Fund - £3,160,000

Board of Directors:

ANDREW WILLIAMSON, Esq., Chairman.
JOHN PATERSON, Esq., Deputy Chairman.

C. L. BAILLIEU, Esq., C.M.G. SIDNEY M. WARD, Esq.
THE RIGHT HON. LORD THE RIGHT HON. LORD
FORSTER OF LEPE, P.C. WENLOCK, G.C.S.I.
G.C.M.G.
THE HON. WALTER D. GIBBS. SIR FREDERICK W. YOUNG.

Manager & Secretary—E. M. JANION.
Sub-Mgr.—J. A. ROBERTSON.
Asst. Mgr.—A. A. SHIPSTON.
Accountant—F. C. HOUNSFIELD.

Bankers: Bank of England; Westminster Bank Limited.

Chief Office in Australia:

COLLINS STREET, MELBOURNE.

Letters of Credit and Drafts on the Branches and Agencies of the Bank in Australia can be obtained at the Head Office, or through the Agents of the Bank in the Chief Provincial Towns throughout the United Kingdom.

Remittances made by Telegraphic Transfer.
Bills Negotiated or forwarded for Collection.
Banking and Exchange Business of every description transacted with Australia.

THE IMPERIAL
BANK OF PERSIA

(Incorporated by Royal Charter, 1889.)

And under a Special Concession Bankers
to the Imperial Government of Persia.

CAPITAL FULLY CALLED UP - £650,000
(With power to increase to £4,000,000)
RESERVE ACCOUNT - £670,000
RESERVE LIABILITY OF PROPRIETORS UNDER THE CHARTER - £1,000,000

LONDON OFFICE:

33/36, King William Street, London, E.C. 4.

CHIEF OFFICE IN PERSIA:
TEHERAN.

BRANCHES IN PERSIA:

Abadan, Ahwaz, Barfurush, Bunder Abbas,
Burujird, Bushire, Dizful, Hamadan,
Isfahan, Kerman, Kermanshah, Meshed,
Mohammerah, Pehlevi, Resht, Shiraz,
Sultanabad, Tabriz, Yazd, Zahedan (Duzdab).

BRANCHES IN IRAQ:

Baghdad, Basra.

BRANCH IN INDIA: Bombay.

The Bank is prepared to transact Banking business of every description in and connected with Persia, Mesopotamia, India and the Near East.

SWISS BANK
CORPORATION

(A COMPANY LIMITED BY SHARES, INCORPORATED IN SWITZERLAND)

1872.

BASLE, ZURICH, ST. GALL,
GENEVA, LAUSANNE,
LA CHAUX-DE-FONDS,
NEUCHÂTEL, SCHAFFHOUSE.

Capital paid-up - £6,400,000
Reserves - £2,160,000

LONDON OFFICE - 99, GRESHAM STREET, E.C.2
WEST END BRANCH: 11, REGENT STREET, (WATERLOO PLACE), S.W.1

EVERY DESCRIPTION OF
BANKING BUSINESS TRANSACTED.

Correspondents in all
Parts of the World

CREDITO ITALIANO.

BALANCE SHEET—December 31, 1930.

ASSETS.	£.	LIABILITIES.	£.
Cash and balances at call with banks	567,930,375	Capital	500,000,000
Bills receivable on Italy, England and other countries	3,958,138,999	Reserve fund	300,000,000
Loans against collateral securities	610,288,109	Deposits and savings accounts	1,356,837,320
Current accounts	2,488,615,962	Current account	6,002,065,751
Liabilities of customers for acceptances	329,477,432	Acceptances on account of customers	329,477,432
Investments—Italian Government securities and debentures	368,110,776	Cheques outstanding	205,047,256
Insurance companies, &c.	131,040,161	Sundry creditors	91,041,772
Shares in other banks	122,399,437	Guarantees on account of customers	397,769,873
Freehold bank premises	12,500,000	Rebate on bills receivable brought forward from 1929	24,804,125
Sundry debtors	256,004,967	Not profit for 1930	44,805,656
Liabilities of customers for guarantees	397,769,873	Clerks' provident fund	51,786,360
Clerks' provident fund	51,786,360	Securities deposited as collateral	12,418,995
Securities deposited as collateral	12,418,995	Securities deposited for safe custody	8,352,119,693
Securities deposited for safe custody	8,352,119,693		
	17,658,601,139		17,658,601,139

* Excluding premises of the late Banca Nazionale di Credito.

PROFIT AND LOSS ACCOUNT.

EXPENSES.	£.	INCOME.	£.
Interest	47,500,256	Balance brought forward from 1929	10,425,926
Taxes	34,868,154	Discount	226,989,289
Rebate on bills	24,804,125	Interest and dividends on investments	31,265,923
General charges	131,261,689	Sundry interest	6,407,129
Clerks' provident fund	3,250,528	Rent of freehold premises	7,632,534
Distribution of net profits—To directors	1,344,200	Profit on stocks, &c.	14,196,533
Shareholders 8 per cent. dividend	40,000,000		
Balance carried forward	13,888,382		
	296,917,334		296,917,334

GUARANTY TRUST COMPANY OF NEW YORK.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	\$	ASSETS.	\$
Capital	90,000,000	Cash in hand, in Federal Reserve Bank, and due from banks and bankers	368,242,526
Surplus fund	170,000,000	U.S. Government bonds and certificates	313,444,776
Undivided profits	38,426,965	Public securities	58,357,565
Outstanding foreign bills	291,808	Stock of the Federal Reserve Bank	7,800,000
Accrued interest, miscellaneous accounts payable, reserve for taxes, &c.	8,594,041	Other securities	48,236,634
Agreements to repurchase securities sold	4,615,072	Loans and bills purchased	911,945,373
Acceptances	117,787,803	Real estate bonds and mortgages	2,194,318
Liability as endorser on acceptances and foreign bills	80,665,917	Notes in transit with foreign branches	2,854,471
Deposits	1,288,048,551	Credits granted on acceptances	117,787,803
Outstanding cheques	64,686,383	Bank buildings	14,668,077
	1,863,116,541	Accrued interest and accounts receivable	7,584,998
			1,863,116,541

HAMBROS BANK LIMITED.

According to the report submitted at the general meeting on May 28, 1931, after payment of all expenses, making provision for rebate on bills discounted, bad and doubtful debts, and income tax, the accounts show a profit of £310,303. Deducting the directors' remuneration of £15,182 and adding the balance brought forward from last year of £91,792, there remains an available total of £386,913. After setting aside £100,000 to contingency reserve account and allowing the sum of £58,125 for the interim dividend on the £10 shares and £9,300 for the interim dividend on the £1 "A" shares paid on October 29, 1930, the directors now recommend the payment of a further dividend of 15 per cent., less income tax, on the £10 shares, making a total of 22½ per cent. for the year, less income tax, and a further dividend of 3 per cent., less income tax, on the £1 "A" shares, making a total of 6 per cent. for the year, less income tax, and that the balance of £93,938 be carried forward.

BALANCE SHEET—March 31, 1931.

LIABILITIES.	£	ASSETS.	£
Capital—£10s. per share on 400,000 shares of £10 each, £2,000,000; £1 per share on 400,000 "A" shares of £1 each, £400,000	2,400,000	Cash in hand, at bankers and at call	7,456,034
Reserve	1,050,000	Bills of exchange	3,987,264
Profit and loss account	219,488	Investments: Valued at or below prices current at March 31, 1931: British Government securities, £3,136,039; other investments, £1,011,319	4,147,358
Current, deposit and other accounts (including reserve for contingencies)	18,350,682	Hambros Bank (Nominée) Ltd., shares at cost	98
Hambros Bank (Nominée) Ltd., current account	26,118	Loans, advances and other accounts	5,002,014
Memorandum: Contingent liability as endorser of bills discounted, £2,325,106, and on guarantees given covered by counter guarantees of securities, £1,109,692.	10,984,551	Liabilities of customers for acceptances as per contra.	10,984,551
	32,034,806	Bank premises, at cost, less amounts written off	483,487
			32,034,806

PROFIT AND LOSS ACCOUNT.

Dr.	£	Cr.	£
Interim dividend of 7½% less income tax, on £10 shares	58,125	Balance brought forward from last account	91,792
Interim dividend of 3% less income tax, on £1 "A" shares	9,300	Net profit for the year	310,303
Directors' remuneration	15,182		
To contingency reserve account	100,000		
Balance carried to balance sheet	219,488		
	402,095		402,095

THE HONGKONG AND SHANGHAI BANKING CORPORATION.

The report presented to the meeting held on February 28, 1931, states that the net profits for the year, together with \$3,387,478 balance brought forward from last account, and making provision for bad and doubtful accounts and contingencies, amount to \$24,114,209. The directors recommend the transfer of \$500,000 from the profit and loss account to the silver reserve, which will then stand at \$10,000,000. They also recommend writing off bank premises account the sum of \$1,000,000. After making these transfers, deducting the interim dividend of £3 per share, paid on August 11th last, viz., £480,000 at 1s. 3½d. = \$7,432,258, and remuneration to directors, there remains for appropriation \$15,131,951, out of which the directors recommend the payment of a final dividend of £3 per share, viz., £480,000, and a bonus of £1 per share, viz., £160,000, amounting in all to £640,000, which, at 1s. 1½d., the rate of the day, will absorb \$11,702,867. The balance, \$3,429,093, to be carried to new profit and loss account.

BALANCE SHEET—December 31, 1930.

Sterling exchange taken at 1s. 1½d.

LIABILITIES.	£	ASSETS.	£
Issued and paid-up capital—150,000 shares of £125 each	1,875,000	Cash (including \$37,500,000 coin lodged with the Hongkong Government and \$2,700,000 coin lodged with H.M. Consul-General, Shanghai, against authorized and/or excess note circulation)	9,844,900
Reserve liability of proprietors: £125 per share on 150,000 shares issued, \$20,000,000.	1,093,750	Notes in circulation (authorized and additional issue against securities, bullion and coin, amounting to \$156,024,471, deposited with the Crown Agents for the Colonies, the Trustees, and the Hongkong Government)	5,917,433
Sterling reserve	8,500,000	Current accounts	34,419,898
Silver reserve	519,531	Fixed deposits	16,184,585
Notes in circulation (authorized and additional issue against securities, bullion and coin, amounting to \$156,024,471, deposited with the Crown Agents for the Colonies, the Trustees, and the Hongkong Government)	5,917,433	Bills payable (including call loans and short sight drawings on London office and drafts on London bankers)	14,668,077
Current accounts	34,419,898	Acceptances on account of constituents	608,032
Fixed deposits	16,184,585	Profit and loss account (Liability on bills of exchange re-discounted, £2,938,720, of which £2,992,870 have since run off.)	275,128
Bills payable (including call loans and short sight drawings on London office and drafts on London bankers)	14,668,077		909,560
Acceptances on account of constituents	608,032		
Profit and loss account (Liability on bills of exchange re-discounted, £2,938,720, of which £2,992,870 have since run off.)	275,128		
	86,427,917		86,427,917

IONIAN BANK, LIMITED.

The report presented at the meeting on December 16, 1930, states that the profits (provision having been made for expenses of management, losses, all bad and doubtful debts, rates, taxes, and income tax at the branches and in England) amount to £39,531; to which has to be added the balance brought forward from last year, £25,058—£64,589; from which there has been paid interim dividend for the year ended August 30, 1930, at 3s. per share, subject to income tax, paid June 3, 1930, £18,000; leaving available for distribution, £46,589. This the directors propose should be disposed of as follows:—Final dividend for the said period at 3s. per share, subject to income tax, £18,000; leaving a balance to be carried forward of £28,589.

BALANCE SHEET—August 30, 1930.

The exchange for drachmas is taken at 375 per £, and for £S. at 97-00 per £100.

LIABILITIES.	£	ASSETS.	£
Capital issued	600,000	Cash in hand, at bankers and in transit	631,408
Reserve fund	225,000	Agents' balances, including remittances in transit	128,286
Investments reserve	25,000	Investments—Securities of or guaranteed by the British Government, £784,841; British Dominions and Foreign Government securities and other investments, £160,403	975,044
Current and deposit accounts	3,844,301	Bills receivable	758,338
Balances due bankers abroad	86,349	Loans and advances	2,308,977
Bills payable	131,236	Outstanding advices, exchange contracts, letters of credit, unclaimed dividends and reserves for taxation, pensions and contingencies	291,358
Outstanding advices, exchange contracts, letters of credit, unclaimed dividends and reserves for taxation, pensions and contingencies	291,358	Liabilities for acceptances on account of customers	60,009
Liabilities for acceptances on account of customers	60,009	Rebate on bills discounted due	8,868
Rebate on bills discounted due	8,868	Profit and loss—balance of account as below	46,589
Profit and loss—balance of account as below	46,589	There are contingent liabilities in respect of participations in Greece with other banks.	
	5,297,736		5,297,736

THE MERCANTILE BANK OF INDIA, LIMITED.

HEAD OFFICE:
15, BRACECHURCH ST., LONDON, E.C. 3

Authorized Capital ... £3,000,000
Paid-up Capital ... £1,050,000
Reserve Fund and Undivided Profits ... £1,666,845

Branches and Agencies in:
INDIA, CEYLON, BURMA, SIAM,
STRAITS SETTLEMENTS, CHINA,
PORT LOUIS, MAURITIUS, and
DUTCH EAST INDIES.

The Bank buys and sells Bills of Exchange, issues Letters of Credit, and conducts every description of Banking Business both at Home and Abroad.

FIXED DEPOSIT RATES
will be quoted upon application.

EXECUTORSHIPS and TRUSTEESHIPS accepted.

On CURRENT ACCOUNTS interest is allowed at 2 per cent. per annum on Daily Balances, provided accrued interest for the half-year amounts to £1.

JAMES STEUART, Chief Manager.

ITALO-BELGIAN BANK.

(Banque Italo-Belge, Société Anonyme).
Incorporated in Belgium with Limited Liability.

Capital subscribed and paid - Frs. 100,000,000
Reserve Funds - Frs. 100,000,000

Head Office: ANTWERP.

London Office:
100 OLD BROAD STREET, E.C. 2

Branches:
FRANCE—Paris.
ARGENTINE—Buenos Aires.
URUGUAY—Montevideo.

BRAZIL—Sao Paulo, Rio de Janeiro, Santos, Campinas.

Correspondents in all the Principal Places in South America.

The Bank Transacts every description of Banking Business. Clean Bills and Documentary Bills negotiated, advanced upon, or sent for collection. Drafts and Letters of Credit issued and Cable and Mail Transfers effected on Branches and Correspondents. Documentary Credits opened or Confirmed. Coupons and Drawn Bonds collected and negotiated.

Telegrams: "Italo-Belge, London."
Telephone: London Wall 4914 (5 Lines).

THE UNION BANK OF AUSTRALIA Limited.

Established 1837. Incorporated 1880.

CAPITAL AUTHORIZED AND ISSUED - £12,000,000
Capital Paid-up - £4,000,000 } together £7,350,000
Reserve Fund - £3,350,000 }
Currency Reserve - £1,500,000
Reserve Liability of Proprietors - £8,000,000

DIRECTORS:

The Hon. EDMUND W. PARKER, Chairman.
The Rt. Hon. LORD ESBURY, SOMERVILLE B. LIVINGSTONE-LEARMONTH, Esq.
D.S.O., M.C. Brigadier-General Sir ARTHUR HUGH D. FLOWER, Esq. MAJ. W. L. K. O.B., G.M.G., D.S.O.
The Rt. Hon. LORD HILLINGDON, Esq. ROBERT C. WESBUTT, Esq.
Sir MALCOLM HOGG, Esq. ALFRED W. TURNBULL, Esq.
The Rt. Hon. LORD STONEHAVEN, P.C., G.C.M.G., D.S.O.

HEAD OFFICE:

71, Cornhill, London, E.C. 3.

Manager:—W. A. LAING. Assistant Manager:—G. B. GODDEN.
Secretary:—F. H. MCINTYRE.

BRANCHES THROUGHOUT AUSTRALIA AND NEW ZEALAND, viz.:

In VICTORIA ... 51
" SOUTH AUSTRALIA ... 15
" NEW SOUTH WALES ... 54
" WESTERN AUSTRALIA ... 24
" QUEENSLAND ... 18
" TASMANIA ... 47
" NEW ZEALAND ... 47

Total 212

Drafts upon the Branches are issued by Head Office, and may be obtained from the Bank's Agents throughout England, Scotland and Ireland.
Commercial and Circular Travelling Credits issued—available throughout the World.
Telegraphic Remittances are also made.
Bills on the Australian States and Dominion of New Zealand are purchased or sent for collection.
Deposits are received at Head Office at rates of interest and for periods which may be ascertained on application.

National Central Savings Bank of Hungary

UNGARISCHE LANDES CENTRAL SPARKASSA.

Budapest IV.

Deák Ferenc-utca 7.

Cable Address: MOKTAR.

Foreign Exchanges:

'Phone: Budapest Automat 825-18.

Established 1872.

Every description of Banking Business transacted.
Our foreign department furnishes all kinds of information.

Eleven Branches in Budapest, and Branches in Debrecen, Miskolc and Diosgyőr.

Exchange Offices:

Central Exchange Office, Limited, Budapest, IV.
Apponyi-tér 1, and V. Szabadsg-tér 3.
and in Vienna.

Central Wechselstuben A.G. Niederlassung
Vienna, I. Kärntnerstrasse 43.

THE IMPERIAL BANK OF PERSIA.

According to the directors' report, the profits for the year ended March 20, after making provision for expenses of management, general charges in London and at chief office and branches, income tax, royalty, and bad and doubtful debts, amount to £93,013, to which has to be added £44,880 brought forward from last account, making a total of £137,893. The assets and liabilities of the branches in Persia have been converted at the rate of exchange of 89½ Krans. per £ sterling, being the rate on March 20, 1931, as fixed by the Control Commission appointed by the Persian Government. The rate last year was Krans. 59½. The directors now recommend payment of a final dividend of 7s. per share, and a bonus of 2s. per share, making, with the interim dividend of 4s. per share, a total for the year of 13s., free of income tax. It is also proposed to add £20,000 to reserve, which is thereby increased to £670,000; to write off bank premises £10,000, and to carry forward £42,893.

BALANCE SHEET—March 20, 1931.

LIABILITIES.	£	ASSETS.	£
Capital—99,800 ordinary shares of £5 10s.; 200 founders shares of £5 10s.	650,000	Cash in hand, at bankers, and in transit and money at call and short notice, and bullion	3,030,434
Amount received from the Persian Government for surrender of note issue	200,000	Investments in British Government and other securities taken at or under prices ruling at March 20, 1931.	3,306,309
Reserve account	670,000	Bills discounted, loans and advances, past due bills, adjustments, and sums due to other banks	1,010,265
Notes in circulation	1,681,761	Bills receivable	532,154
Deposits	2,895,227	Liability of customers for acceptances, &c., as per contra	103,937
Bills payable, endorsements, adjustments, and sums due to other banks	1,697,244	Bank premises, furniture and stationery	2,963
Acceptances, &c., on behalf of customers	103,937		
Profit and loss account	87,893		
	7,986,062		7,986,062

* This includes £44,173 4s. 2d. value of funding loan deposited at Bank of England under Government regulations.

INTERNATIONAL BANKING CORPORATION.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	£	ASSETS.	£
Capital	2,500,000	Cash on hand and in local depositories	7,347,638
Surplus	2,500,000	Due from banks and bankers	7,765,113
Undivided profits	4,600,221	Loans, discounts and advances	8,852,928
Deposits	17,697,235	Bonds and securities	5,360,093
Notes in circulation in China	1,603,188	Customers' liability account of acceptances	4,710,124
Items in transit with branches	92,418	Other assets	118,019
Acceptances	4,710,124		
Reserves for: Taxes, accrued interest and expenses, \$302,141; contingencies, \$125,699	427,840		
Other liabilities	20,889		
	34,151,915		34,151,915

ITALO-BELGIAN BANK.

BALANCE SHEET—June 30, 1930.

LIABILITIES.	Fr.	ASSETS.	Fr.
Capital	100,000,000	Cash in hand and with banks	331,361,711
Reserves	100,000,000	Bills receivable	1,017,849,057
Current and deposit accounts	1,023,671,774	Securities: Government stock and Treasury bonds, Frs. 76,312,430; shares and bonds, Frs. 14,687,750	91,000,180
Bankers and correspondents	1,002,470,443	Bankers and correspondents	298,073,231
Bills payable	199,459,267	Current accounts	690,258,186
Dividends not claimed	176,396	Premises: Paris, Buenos Ayres, Montevideo, Rio de Janeiro, Sao Paulo, Santos, Campinas	21,000,000
Re-discount on bills	3,551,030	Furniture and fittings	1
Profit and loss	20,213,456		
	2,449,542,366		2,449,542,366
Depositors and sundry accounts as per contra	3,048,801,957	Securities deposited and sundry accounts as per contra	3,048,801,957
		PROFIT AND LOSS ACCOUNT.	
Dr.	Fr.	CR.	Fr.
Dividend at the rate of 12 per cent. per annum	12,000,000	Brought forward from the business year 1928-29	200,183
Directors' fees	2,251,991	Net profit for the year	20,013,274
Provision for taxes	1,000,000		
Balance forward	4,961,466		
	20,213,457		20,213,457

THE LONDON AND EASTERN TRADE BANK, LIMITED.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital—60,000 shares of £10 each, fully paid	600,000	Cash in hand and at bankers in London	104,705
Current, deposit and other accounts	1,004,795	Money at call and short notice	650,000
Acceptances per contra	1,200,950	Treasury bills	100,000
Profit and loss account	35,200	Bills discounted	14,114
Note.—Contingent liabilities: Redescribed bank bills, £53,633; guarantees, confirmed credits and forward foreign exchange contracts, £78,463.		Sundry securities (at under market value)	81,177
		Loans, overdrafts and other balances (including currency with bankers abroad, £109,234) (less reserve for doubtful debts)	689,999
		Customers' liabilities for acceptances	4,200,950
	2,840,945		2,840,945

The directors' report for the year ended June 30, 1931, states that after making provision for bad and doubtful debts, income tax, expenses of management and all other charges, and including £19,637 brought forward, there

remains to the credit of profit and loss account a balance of £35,200. The directors consider it prudent to conserve the bank's resources, and therefore recommend the placing of £25,000 to reserve for contingencies and the carrying forward of £10,200.

THE MITSUI BANK, LIMITED.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	Yen.	ASSETS.	Yen.
Deposits (current, fixed, &c.)	666,167,517	Cash in hand and at the Bank of Japan, &c.	53,047,580
Due to foreign banks (including discounts)	10,683,747	Money at call and short notice	34,510,000
Due to inland correspondents	427,499	Japanese and foreign Gov. bonds	102,971,415
Outstanding cheques	249,845	Municipal and other bonds	115,995,384
Liabilities under L/C, &c.	4,874,543	Stocks	431,000
Interest accrued on deposits not due	6,811,068	Loans and discounts	436,610,888
Rebate on bills not due	2,439,502	Foreign bills purchased	62,492,594
Provisional receipts, &c.	231,266	Due from foreign banks	2,653,748
Capital	100,000,000	Due from inland correspondents	142,509
Reserve funds	64,700,000	Customers' liabilities under L/C, &c., per contra	4,874,543
Pension fund	3,603,094	Office buildings under construction	4,558,723
Profit for the half-year	5,897,605	Provisional payments	35,061
Including balance from last account, Yen 2,024,255; transferred from reserve fund, for dividend, Yen 1,000,000; transferred from pension fund, Yen 229,599.		Bank premises and real estate	8,213,582
		Capital uncalled	40,000,000
	866,536,764		866,536,764

DR.	Yen.	CR.	Yen.
Reserve fund	500,000	Profit for the half-year	5,897,605
Pension fund	642,300		
Bonus	250,000		
Dividend to shareholders	2,400,000		
Balance carried forward to next account	2,205,305		
	5,897,605		5,897,605

THE MITSUBISHI BANK, LIMITED.

BALANCE SHEET—December 31, 1930.

LIABILITIES.	Yen.	ASSETS.	Yen.
Deposits	623,254,719	Cash on hand and in banks	53,166,346
Foreign bills sold	662,704	Money at call and short notice	17,576,667
Due to foreign banks	14,219,868	Government and Municipal bonds	132,840,098
Due to inland correspondents	448,257	Other bonds	189,094,246
Acceptances and guarantees	2,379,299	Stocks and shares	36,392,930
Interest accrued on deposits	5,848,915	Loans and bills discounted	319,350,543
Rebate on bills discounted not yet due	1,224,669	Bonds loaned to customers	2,694,965
Suspense accounts	250,236	Foreign bills bought	9,032,612
Outstanding cheques	174,312	Due from foreign banks	2,117,573
Account en route	1,229,869	Due from inland correspondents	654,858
Capital	100,000,000	Acceptances and guarantees as per contra	2,379,299
Reserve funds	42,727,493	Bank premises and real estate	14,646,087
Balance brought forward from last profit and loss account	2,505,000	Temporary payments	40,000
Profit for the current half year	4,137,894	Money in trust (pension reserve fund)	2,176,019
	799,083,235	Capital uncalled	37,500,000
			799,083,235

MOSCOW NARODNY BANK, LIMITED.

BALANCE SHEET—June 30, 1931.

LIABILITIES.	£	ASSETS.	£
Capital issued—50,000 shares of £10 each, fully paid, £500,000; 50,000 shares of £10 each, £7 14s. paid, £385,000	885,000	Cash at banks on current accounts and in hand	333,686
Reserve account	160,000	Loans at short notice (secured by bank and British Treasury bills)	300,000
Clients' current and deposit accounts	87,502	Investments—British Government securities deposit as collateral security (at market value), £5,985; Foreign Government securities (at market value), £502; Co-operative Transit Bank, Riga, 9,000 fully-paid shares of 100 gold lats each (at cost), £38,635; Banque Commerciale pour l'Europe du Nord, Paris, 20,000 fully-paid shares of fr. 500 each (at cost), £80,861	125,363
Correspondents of the bank	645,040	Loans and advances to clients (overseas) of the bank	131,684
Bills re-discounted	277,777	Bills discounted (including bills of £89,173 12s. 4d. deposited as collateral security against acceptances received)	499,537
Bills discounted (collateral security)	75,000	Bills receivable	37,680
Advances against goods	358,651	Advances against (goods and documents, £1,071,464; bills of exchange (collateral security), £923,718	1,994,183
Acceptances of other banks on security of goods and bills against advances (contra)	788,511	Miscellaneous debtors	6,677
Miscellaneous creditors and accrued charges	28,256	Office furniture and fittings at cost less sales and depreciation	5,367
Liabilities of the bank (as per contra) in respect of guarantees, £1,102,039; acceptances, £115,419	1,217,458	Leasehold premises at cost less depreciation	2,144
Documentary credits and creditors for bills for collection (as per contra)	1,067,085	Liabilities of customers (as per contra) in respect of guarantees issued, £1,102,039; acceptances, £115,419	1,217,458
Creditors for documentary collections (as per contra)	774,641	Debtors in respect of documentary credits and bills for collection (as per contra)	1,067,085
Profit and loss account	34,912	Documentary collections (as per contra)	774,641
	6,642,894		6,642,894

October 10, 1931.]

THE ECONOMIST.

[Banking
Supplement.]

61

GILLETT BROTHERS DISCOUNT CO., LTD.
27, CLEMENTS LANE, E.C.4.

BALANCE SHEET, 31st July, 1931.

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
CAPITAL AUTHORIZED—				CASH AT BANKERS AND IN HAND	113,971	7	2
20,000 "A" Shares of £5 each.	100,000	0	0	BRITISH AND INDIAN GOVERNMENT SECURITIES	856,100	0	0
10,000 "B" Shares of £10 each.	100,000	0	0	(Maturing 1931-1938)	10,337,227	17	4
20,000 "C" Shares of £5 each.	100,000	0	0	BILLS DISCOUNTED (including re-discounts)	777,256	9	4
	300,000	0	0	LOANS ON SECURITY AND SUNDRY ACCOUNTS			
INVESTED FULLY PAID—							
20,000 "A" Shares of £5 each.	100,000	0	0				
10,000 "B" Shares of £10 each.	100,000	0	0				
	200,000	0	0				
RESERVE FUND—							
20,000 "A" Shares of £5 each.	100,000	0	0				
10,000 "B" Shares of £10 each.	100,000	0	0				
	200,000	0	0				
DISCOUNTS, LOANS, BILLS RE-DISCOUNTED AND SUNDRY ACCOUNTS, including Rebates on Bills, Investments Reserve Fund and Balance of Profit and Loss Account							
	11,764,555	13	10				
	12,084,555	13	10				

We report to the Members that we have obtained all the information and explanations we have required. We have verified the Cash Balances and verified the Securities and Bills given as collateral security for Loans, and we have now reported to the Members that the foregoing accounts agree with the books, and that, in our opinion, the above Balance Sheet is properly drawn up, so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

DELOITTE, PLENDER, GRIFFITHS & CO., Chartered Accountants.

ESTABLISHED 1871.
THE DOMINION BANK.

Incorporated in Canada with Limited Liability.
Head Office: TORONTO.
\$7,000,000.00
\$9,700,000.00
A. W. AUSTIN, President.
C. A. BOGERT, Vice-President & General Manager.
C. S. BLACKWELL, Chairman of the Board.

BRANCHES THROUGHOUT CANADA.
Agents and Correspondents throughout the World.
Agency in NEW YORK: The Dominion Bank, 49, WALL STREET.
The LONDON BRANCH, at 3, King William St., E.C.4,
undertaking monetary business of every description, offers you prompt and efficient service.
THOMAS WILDING, Acting Manager, London Branch.
E. W. BOOTH, Assistant Manager.

BANK OF ATHENS

Head Office: ATHENS.
(Incorporated in Greece with Limited Liability.)
Paid-up Capital and Reserves,
Drs. 327,000,000

With offices in all the principal towns in Greece, Egypt and Cyprus, the Bank extends Facilities for Export and Import Trade between Great Britain and the Near East generally.

ENQUIRIES INVITED.
NEW YORK:
Bank of Athens Trust Company, 285 West 33rd Street.
BOSTON:
Athens Bankers' Corporation, 320 Tremont Street.
LONDON: 22 FENCHURCH STREET, E.C.3
CHICAGO:
Mr. J. Kokinatos, Representative,
33 South Clark Street.



THE CRAFT OF CRIME

When Bill Sykes and the Artful Dodger represented the craft of crime little ingenuity was needed to counter it. To-day the modern burglar commands all the resources of science. His ingenuity is wonderful. His knowledge of engineering practice is complete and his skill must be admitted—yet we in no way fear him. For almost one hundred years we have been at war with the burglar, and he has yet to win his first battle against The Chatwood Security. What The Chatwood Safe has it holds, for delivery only to the keeper of the key.

THE CHATWOOD SECURITY

THE CHATWOOD SAFE CO., LTD.
Bankers' Engineers,
SHREWSBURY, England.

Folder No. 10—
Classified Service

October 10, 1931.]

THE NATIONAL BANK OF EGYPT.

The report presented at the meeting held in Cairo on March 19, 1931, states that the gross profit for the year ended December 31, 1930, after providing for depreciation on the bank's buildings and furniture, for rebate of discount and for doubtful debts, amounts to £1,078,343. After deducting from this sum for directors' fees £15,250, for current expenses, £464,055, there remains £599,038. In conformity with Article 49 of the bank's statutes, a dividend of 4 per cent. is payable on the share capital, £120,000. After this distribution there remains £479,038; adding to this the balance brought forward from last year, £228,481, the amount available is £707,519. The directors consider it prudent to allocate to special reserve for contingencies a sum of £50,000, which leaves £657,519. From this amount the directors recommend the payment of an additional dividend of 14 per cent. on the share capital, which will absorb £420,000, and to carry forward the balance of £237,519.

OTTOMAN BANK.

According to the report, the accounts made up to December 31, 1930, after providing for bad and doubtful debts out of revenue and provisions previously made, show an amount available of £138,271, including £27,319 brought forward from the previous year. The committee recommend that a distribution be made at the rate of 3s. per share payable in Istanbul, London and Paris on June 29, 1931, and that, of the surplus, the sum of £40,000 be appropriated as provision for contingencies, leaving £23,271 to be carried forward to the current year.

SOCIÉTÉ GÉNÉRALE.

(Pour Favoriser le Développement du Commerce et de
l'Industrie en France.)

THE YOKOHAMA SPECIE BANK, LIMITED.

The report for the half-year ending December 31, 1930, states that the net profit of the bank, after providing for all bad and doubtful debts, rebate on bills, &c. shows 12,936,139 yen, inclusive of 6,353,667 yen brought forward from last account. The directors propose that 1,600,000 yen be added to the reserve fund, and recommend a dividend at the rate of 10 per cent. per annum, which will absorb 5,000,000 yen. The balance, 6,436,139 yen, will be carried forward to the credit of next account.

THE BANK OF ADELAIDE
(Incorporated with Limited Liability in Australia.)
SHEPHERD & CO. LTD.

EST. 1865		\$1,250,000
		<u>1,000,000</u>
Paid-up Capital		\$2,250,000
Reserve Fund		<u>1,250,000</u>
Reserve Liability of Shareholders		<u>\$3,500,000</u>

Reserve Library of

Head Office: Adelaide, South Australia.
MELBOURNE OFFICE: 267, COLLINS STREET.
SYDNEY OFFICE: 579, GEORGE STREET.
PERTH OFFICE: 224, QUEEN STREET.
PERTH (Western Australia) OFFICE: ST. GEORGE'S TERRACE.
PERMANENT OFFICE: 7880, HIGH STREET.

London Office:
11, LEADENHALL STREET, E.C.3.

NOTE on Applications purchased or collected.
 Terms and Conditions of Credit imposed, and Remittances called. Accounts
 opened in accordance with Quinceco Bank. Every other description of Banking
 and Finance business transacted.
 Agents for the American Trade Society.

Branches throughout Greece.

HEAD OFFICE IN ATHENS.
New York Agency: 51 MAIDEN LANE. Affiliated Institution in New York: Hellenic Bank Trust Company, 51 Maiden Lane. Correspondents in all parts of the world.
BRIEF DESCRIPTION.

COMPLETE INTERNATIONAL BANKING SERVICE OF EVERY DESCRIPTION.

GLO-INTERNATIONAL LIMITED.
24-28, Lombard Street, London, E.C.3.
 Telephone 6443 (9 lines).
 Telegrams: "ANGLANE, LONDON."

CAPITAL:
Authorised £2,000,000.
Paid Up - £1,960,008.

London Clearing Agents : Bank of England. Glyn, Mills & Co. National Provincial Bank, Ltd.
BOARD OF DIRECTORS:
 Mr. H. HERBERT A. LAWRENCE, G.C.B. (Chairman).
 Sir JAMES CLAPHAM, Bart. (President)
 Sir JOHN L. DICKSON, Bart. (Vice-President)

London Clearing Agents : Bank of England, Clyde, & Co.

BOARD OF DIRECTORS:
GENERAL THE HON. SIR HERBERT A. LAWRENCE, G.C.B. (Chairman).
H.E. PETER BARK, G.C.V.O. (Managing Director).
THE LORD FARINGDON, C.H.
SIR OTTO NIEMEYER, G.B.E., K.C.B.
SIR WILLIAM PEAT, C.V.O.
SIR HENRY STRAKOSCH, G.B.E.
ZOLTAN HAJDU, Esq.
SIR GORDON NAIRNE, BART.

Every description of Home and Foreign Banking transacted.
Current accounts opened and deposits for short periods accepted at rates which may be obtained on application.

E. W. H. BARRY, Esq.
JULIAN DAY, Esq., M.C.
A. G. M. DICKSON, Esq.

Chief Office:
7, Dale Street, LIVERPOOL.

Life Assurance Funds:
Exceed **£800,000**
Total Claims Paid:
Exceed **£1,300,000**

THE BANK OF ADELAIDE
(Incorporated with Limited Liability in Australia.)
SHEPHERD & CO. LTD. MANAGING DIRECTORS

(Incorporated with Limited Liability)		
EST. 1865		
Paid-up Capital	.	\$1,250,000
Reserve Fund	.	1,000,000
	.	<u>\$2,250,000</u>
	.	1,250,000
Reserve Liability of Shareholders	.	<u>\$3,500,000</u>

Reserve Library of

Head Office: Adelaide, South Australia.
MELBOURNE OFFICE: 267, COLLINS STREET.
SYDNEY OFFICE: 579, GEORGE STREET.
PERTH OFFICE: 224, QUEEN STREET.
PERTH (Western Australia) OFFICE: ST. GEORGE'S TERRACE.
PERMANENT OFFICE: 7880, HIGH STREET.

London Office:
11, LEADENHALL STREET, E.C.3.

NOTE on Applications purchased or collected.
 Terms and Conditions of Credit listed, and Remittances called. Accounts
 opened in America for Overseas Banks. Every other description of Banking
 and Finance business transacted.
 Agents for American Insurance and Trade listed.

Head Office : 5, Hybernska, PRAGUE

London Office :
48, BISHOPSGATE, E.C.2
Telephones :
Avenue 2866 (5 lines).
Telegraph :
"Anpraglon."

74686
Avenue 2866 (5 lines).

52 BRANCHES IN CZECHOSLOVAKIA.
JUGOSLAVIA
Beograd, Prestolonaslednikov Trg. 2.
ROUMANIA
Bucharest, Str. Lipscani 21
BULGARIA
Sofia, Boulevard Dondoukoff 39

Capital Fully Paid - 235,000,000 Czech Crowns
Reserves - - - 141,000,000 Czech Crowns

President:
KUNES SONNTAG*
President:

Vice-Presidents:
H.E. PETER BARK, G.C.V.O.

H.E. PETER
JOSEF PARA
LEO PETERKA
HENRICH SCHICHT

LEO PETER
Dr. HEINRICH SCHICK
JOSEF SIMONEK
Deceased March 29th.

JOSEF ...
 • Deceased March 29th.
 London Committee:
 W. S. DRAPER.

**BANKING BUSINESS OF EVERY DESCRIPTION
TRANSACTED. CORRESPONDENCE INVITED.**

THE NATIONAL BANK LIMITED.

ESTABLISHED 1835.

Head Offices: 13-17, OLD BROAD STREET, LONDON, E.C. 2, and 288 Branches and Sub-Offices in Gt. Britain and Ireland.
Capital Subscribed, £7,500,000. Paid up, £1,500,000. Reserve Fund, £1,485,000. Deposits, etc. (as at 30th June, 1931), £37,047,500

THE NATIONAL BANK AFFORDS A BANKING SERVICE COMPLETE IN EVERY RESPECT.

Current Accounts.—Current Accounts are conducted in conformity with the usual practice of Bankers. Intelligent may be made for the credit of customers' accounts at any Branch of the Bank, or at any of the Offices of its Agents in Great Britain, and, by arrangement, similar facilities are available for the encashment of cheques. Customers may obtain Advances upon negotiable securities and approved Bills are discounted.

Deposit Accounts.—Sums of money from £10 upwards are received from the public and interest allowed at the current rate as published from time to time. Small Savings Accounts of one shilling and upwards are also opened, on which interest is allowed and Home Safes are available for small depositors—explanatory leaflets may be had on application.

Collections and Remittances.—The collection of Bills, Dividends, Coupons, Annuities, Pensions, &c., is undertaken. Open credits arranged and telegraphic remittances effected.

Foreign and Colonial Business.—Drafts are issued on the Bank's Agents and Correspondents throughout the world. World-Wide Circular Letters of Credit and Circular Notes are also issued. Cable Transfers are effected. Documentary Credits established, approved Foreign Currency purchased, and every description of Foreign and Colonial Business transacted.

Income Tax Repayment Claims, Returns for Assessment, &c., prepared on behalf of Shareholders and Customers. Particulars may be obtained at all Branches or applications may be made direct to the Head Offices of the Bank.

Executor and Trustee.—The Bank is prepared, in approved cases, to act as Executor and Trustee of Wills, Trustees of Settlements, Trustee for Debenture Holders, &c. Particulars and terms may be obtained at all Branches or by direct application to the Head Offices of the Bank.

The Agency of Country, Colonial and Foreign Banks is undertaken by the Bank.



BANKING SERVICE

A SERVICE complete is available to customers of the Williams Deacon's Bank Ltd. Extensively developed in recent years—this service includes Intelligence Departments, the Managers of which are, at all times, prepared to give up-to-date information on questions relative to Trade, Financial and other conditions prevailing in any part of the world.

The Bank is a Trust Corporation, and as such is prepared to act as Trustee or Executor for most needs, either business or private.

Enquiries may be made at any branch of the Bank.

WILLIAMS DEACON'S BANK LIMITED.

ASSOCIATED WITH THE ROYAL BANK OF SCOTLAND.

London Offices:
20 Birch Lane, E.C. 3.
9 Pall Mall, S.W. 1.

Manchester Offices:
Mosley Street, St. Ann Street.
Other offices throughout London, Lancashire, Yorkshire, Cheshire, Derbyshire, Staffordshire and North Wales.

STOCKHOLMS ENSKILDA BANK

BANK WITH UNLIMITED LIABILITY.

Established in 1856.

TELEGRAPHIC ADDRESS:
NITTON-STOCKHOLM.

STOCKHOLM.

HEAD OFFICE:
STOCKHOLM 10

CAPITAL AND RESERVES Kr. 100,000,000:—

Banking and Exchange Business of every description.

Bills negotiated or forwarded for Collection.

Letters of Credit issued available in the principal Cities of the World.

Remittances made by Telegraphic Transfer.

Deposits received for fixed periods or at notice.

LONDON AGENTS:

WESTMINSTER BANK LIMITED, LOTHBURY, E.C.; HAMBROS BANK LIMITED; FREDK. HUTH & CO

PROVINCIAL BANK OF IRELAND LTD.

ESTABLISHED 1825.

Subscribed Capital - - - £4,080,000
Paid-up - - - - - £540,000
Divided into 40,000 Shares of £100 each, £12 10s. paid; and 4,000 Shares of £20 each, £10 paid.
Reserve Fund - - - - - £670,000

DIRECTORS:

RICHARD DURANT TROTTER, Esq., Chairman.
HENRY SAMUEL HOWARD GUINNESS, Esq.
EDWARD RALPHE DOURO HOARE, Esq.
ALEXANDER BRODRICK LESLIE-MELVILLE, Esq.
J. HAROLD PIM, Esq., F.C.A.
Captain GEORGE LESLIE POE, R.N. (Retired).
JOHN CHARLES DENTON CARLISLE, Esq.
JAMES MARMION CARROLL, Esq.
ROBERT JOHN FITZGERALD, Esq.
Hon. Sir WILLIAM HENRY GOSCHEN, K.B.E.
ROBERT ASHURST GRADWELL, Esq.

Head Office: 8 THROGMORTON AVENUE, LONDON, E.C. 2.
Telephone: Metropolitan 0311. Metropolitan 0323.
Secretary's Office.

Secretary: FRANCIS S. FORDE.

Manager: F. W. BROWN.

135 Branches and Sub-Branches throughout Ireland.
Chief Officer in Ireland: DAVID B. BRADSHAW.

CORRESPONDENTS AND AGENTS. The Bank has Correspondents and Agents throughout the British Isles and in all parts of the world, and conducts Overseas business of all kinds, including Collection of Foreign Bills and Cheques.
CURRENT ACCOUNTS OPENED; DEPOSITS RECEIVED, and general Banking business transacted.
INCOME TAX. Claims for recovery and for adjustment of Income Tax undertaken.
DIVIDENDS, ANNUITIES, COUPONS, etc., collected. Duties of Executor and Trustee undertaken.

BRITISH & HUNGARIAN BANK, Ltd.

Head Office: BUDAPEST, V., Vilmos császár-ut 32.
Established 1890.

Capital and Reserves fully paid up: 40,000,000 pengő.
11 BRANCHES IN BUDAPEST.

Country Branches:
Békéscsaba, Berettyóújfalú, Debrecen, Győr, Hatvan, Kiskunfélegyháza, Makó, Nagykanizsa, Nyiregyháza, Sopron, Szeged.

London Agents: The British Overseas Bank, Ltd., 33, Gracechurch Street, E.C. 3.
Midland Bank Limited, Overseas Branch, 122, Old Broad Street, E.C. 2.
The Anglo-International Bank, Ltd., 24/28, Lombard Street, E.C. 3.

Every kind of Banking Business Transacted.

BANK OF CZECHOSLOVAK LEGIONS PRAGUE

Telegraphic Address: "LEGIOBANKA."

22 Branches and 5 Exchange Offices in Czechoslovakia.

FOREIGN BANK AFFILIATIONS:
SVOBODA & CO., VIENNA I., Schottenring 18.
KOMERCIJALNA BANKA D.D., ZAGREB AND LJUBLJANA, JUGOSLAVIJA.
LATVIJAS PRIVATBANKA, RIGA, LATVIJA.

Capital Paid Up - - - - - Kč 70,000,000
Reserves - - - - - Kč 65,000,000

COMPLETE BANKING SERVICE

THE UNION BANK OF SCOTLAND, Ltd.

ESTABLISHED OVER 100 YEARS.

SUBSCRIBED CAPITAL	-	£5,200,000
PAID-UP	-	£1,200,000
RESERVE FUND	-	£1,800,000
DEPOSITS	-	£29,133,000

HEAD OFFICES:

GLASGOW—St. Vincent Street. EDINBURGH—George Street.
210 Branches throughout Scotland.

LONDON OFFICES: 62, CORNHILL, E.C.3.

Manager: JOHN THOMSON. Asst. Manager: JOHN A. MORRISON.

HAS FOREIGN EXCHANGE DEPARTMENT.

332, Oxford Street, W.1 - J. M. S. Lambie, Manager.
1, Regent Street, S.W.1 - John Macdonald, Manager.Adapted in every way to carry through all forms
of Banking Business in London and Scotland.Every description of Home and Foreign Banking transacted.
Letters of Credit issued on all places at Home and Abroad;
Cable Remittances, Freight Collections, Ship's Disbursements
Credits, Commercial Credits, &c., arranged. Bills of Exchange
and Shipping Documents collected or negotiated subject to
approval.The Bank also undertakes the duties of TRUSTEE and
EXECUTOR.SMALL DEPOSIT ACCOUNTS BEARING INTEREST.
Sums of 1/- and upwards received. PASS BOOKS
and HOME SAFES ISSUED. Strictest Secrecy is
observed by the Bank's Officials.At London Offices Current Accounts and other business
conducted on the usual terms of London Banks.

Deposits received at Interest.

NORMAN L. HIRD, General Manager.

NATIONAL DISCOUNT COMPANY, LIMITED.

ESTABLISHED 1884.

35, CORNHILL, LONDON, E.C.3

Telegraphic Address:
NATDIS, STROOK, LONDON."Telephone:
MARSHON HOUSE 6341 (3 lines)

SUBSCRIBED CAPITAL	-	£2,153,339
PAID-UP CAPITAL	-	£1,000,000
RESERVE FUND	-	£1,000,000

DIRECTORS:

Col. The Hon. SIDNEY PEEL, O.B., D.S.O., Chairman.
Lt.-Col. The Hon. GEORGE
AKERS-DOUGLAS. H. B. H. GUINNESS.
Hon. ARTHUR M. ASQUITH, K.B.E. Sir SIGISMUND F. MENDEL.
FREDERICK W. GREEN. CHARLES D. SELIGMAN.

Manager—FRANCIS GOLDSMITH.

Sub-Manager—SYDNEY N. LIGTON.

Asst. Sub-Managers:

R. E. de B. BATE & H. R. W. BROWN.

Secretary—CHARLES H. GOUGH.

Auditors:

FRANCIS W. FISKLEY (Jackson, Fiskley & Co.).

SIR ALBERT W. WYON, K.B.E. (Price, Waterhouse & Co.).

Bankers:

BANK OF ENGLAND.

NATIONAL PROVINCIAL BANK, LIMITED.

Treasury Bills, Bank and Mercantile Bills negotiated.
Money received on Deposits at Call and Short Notice at the
Current Market Rates of Interest, and for longer periods
upon specially agreed terms.

Loans granted upon approved securities.

All communications to be addressed to the Manager.

UNITED DOMINIONS TRUST LTD.

LONG TERM CREDIT facilities with con-
venient payments to suit individual
requirements for the distribution and
acquisition of all kinds of plant and
equipment.SPECIAL PLANS for small priced merchandise.
PLANS for financing improvements of buildings,
both domestic and commercial. (Struc-
tural alterations, Central Heating,
Parquet Flooring, etc.)

UNITED DOMINIONS TRUST (ELECTRIC) LTD.,

is organised specially for all the credit require-
ments of the Electrical Industry (associated Wiring
Schemes and the disposal of all types of machinery
and appliances).J. GIBSON JARVIS,
Chairman & Managing Director.KING'S HOUSE, KING ST., LONDON, E.C.3
and at MANCHESTER, GLASGOW,
LEEDS, BIRMINGHAM,
NEWCASTLE-ON-TYNE,
SOUTHAMPTON, and
NOTTINGHAM.PRE-EMINENT IN THE
PITTSBURGH DISTRICT

CORRESPONDENCE INVITED

MELLON NATIONAL BANK

PITTSBURGH, PA., U.S.A.

Cable Address . . . "Mellonson, Pittsburgh"

London Agents: National Provincial Bank, Ltd.

THE BRITISH LINEN BANK

Incorporated by Royal Charter, 1744.

Capital and Reserve Funds . . . £3,600,000

London Office . . . 38 Threadneedle Street, E.C.2,
where accounts may be opened on usual London terms.Head Office: 38 St. Andrew Square, Edinburgh.
200 Branches throughout Scotland.

Every Description of Banking Business transacted.

BANK OF NEW SOUTH WALES

(ESTABLISHED 1817.)

Incorporated in New South Wales with Limited Liability.
With Branches and Agencies (100) in all the Australian States, New Zealand, Fiji, Papua, and Mandated Territory of New Guinea.

Paid-up Capital	-	£7,500,000
Reserve Fund	-	6,150,000
Reserve Liability of Proprietors	-	7,500,000
		£21,150,000

Aggregate Assets to 30th September, 1930, £29,228,378 : 9 : 3
Head Office: SYDNEY, NEW SOUTH WALES.

General Manager: A. C. DAVIDSON.

LONDON DIRECTORS:

I. C. GEDDES, Esq. OSCAR LINES, Esq., Hon. Director.

M. L. M. TAYLOR, Esq., Chairman.

J. S. CARROLL, Manager.

The London Office issues drafts on demand on its Head Office (Sydney, N.S.W.) and all Branches. Makes Mail and Cable Transfers. Negotiates and Collects
Bills of Exchange. Arranges Freight and other Transport Credits. Receives Deposits for Fixed Periods on terms which may be known on application, and
transacts every description of Australian Banking Business.

London Office: 29, THREADNEEDLE STREET, E.C.2.

HUNGARIAN GENERAL CREDITBANK MAGYAR ÁLTALÁNOS HITELBANK.

Founded in
1867.

BUDAPEST—V. József-tér 3.

Telegrams:
"Credit."Share Capital and Reserves = 66,000,000 pengő
(about £2,360,000)

Seven Branches in Budapest.

Branches in Baja, Debreczen, Eger, Győr, Kecskemét, Miskolc, Nyiregyháza, Pécs, Sátorajauhely, Sopron,
Székesfehérvár, Szekszárd, Braszov, Oradea Mare, Timisoara, Fiume.Banking business of all descriptions transacted.
Correspondents throughout the world.

IONIAN BANK, LIMITED

ESTABLISHED 1899.

CAPITAL AUTHORISED . . . £1,000,000
CAPITAL PAID UP . . . £800,000RESERVE FUND . . . £225,000
TOTAL ASSETS . . . £5,297,736

HEAD OFFICE: 25/31, Moorgate, LONDON, E.C.2.

GREECE:

Central Office—ATHENS.
24 Branches and Agencies.

EGYPT:

Central Office—ALEXANDRIA.
10 Branches and Agencies.

CYPRUS:

Central Office—NICOSIA.
4 Branches and Agencies.EVERY FORM OF INTERNATIONAL BANKING SERVICE.
THE BRITISH BANK FOR THE NEAR EAST.

THE SUMITOMO BANK, LIMITED

(INCORPORATED IN JAPAN).
Head Office: OSAKA, JAPAN.

Capital Subscribed	-	-	-	Yen 70,000,000.00
Capital Paid-up	-	-	-	Yen 50,000,000.00
Reserve Fund	-	-	-	Yen 30,190,000.00

HOME OFFICES:—Fukuoka (2), Hiroshima (3), Kobe (3),
Kokura, Kumamoto, Kurume (2), Kyoto (3), Meji,
Nagoya (2), Niihama, Okayama, Onomichi, Osaka (27),
Shimonoseki, Tokyo (19), Wakamatsu, Yanai and Yokohama.

OFFICES in PACIFIC LINES:—M.S. "Asama Maru," M.S.
"Chichibu Maru" and M.S. "Tatsuta Maru."

FOREIGN OFFICES:—Shanghai, Bombay, London, New York,
San Francisco, and Los Angeles.

AFFILIATED BANKS:—The Sumitomo Bank of California,
Sacramento, California, U.S.A. The Sumitomo Bank of Hawaii,
Honolulu, Hawaii, U.S.A. The Sumitomo Bank of Seattle,
Seattle, Washington, U.S.A.

LONDON BANKERS:—Lloyds Bank Limited.

Correspondents in all important places at Home and Abroad.

GENERAL BANKING AND EXCHANGE BUSINESS.

London Office: 67, BISHOPSGATE, E.C.2.

Telephone: London Wall 1511 and 1512.

Cable Address: "Sumitbank, London."

BANK GOSPODARSTWA KRAJOWEGO

(NATIONAL ECONOMIC BANK).

KROLEWSKA 5, WARSAW.

Telegraphic Address: KRAJOBANK, WARSAW.

Paid-up Capital: Zl. 150,000,000

Reserve Fund: Zl. 58,192,236

Total of Balance Sheet, as on December 31, 1930.
Zl. 2,159,026,572.

19 Branches in Poland. Correspondents all over the world.

HANDLING OF BANKING TRANSACTIONS OF EVERY DESCRIPTION

THE LONDON & EASTERN TRADE BANK LTD.

(Established 1920)

61/62, GRACECHURCH STREET, LONDON, E.C.3.

Telegraphic Address: "EASTRABANK, LONDON"

CAPITAL: Authorised - - - £1,000,000
Subscribed and paid-up - £600,000

Specially organised for the financing of trade with Europe and the Near East.

ENQUIRIES INVITED.

THE INTERNATIONAL CRISIS

The Supplement to "The Economist" of Aug. 22nd, containing the verbatim Report, with annexes, of the

BASLE COMMITTEE ON THE CREDIT SITUATION OF GERMANY

is now obtainable separately,

Price 6d. per copy,

from the Publisher, "The Economist," 8 Boulevard Street, E.C.4.

ROYAL BANK OF SCOTLAND

Incorporated by Royal Charter, 1787.

Rest or Reserve Fund, £3,780,926

Capital (fully paid), £3,780,192

Deposits, £50,387,090

Correspondents
throughout
the World.

Total Number
of Offices
245.

OVER
200 YEARS OF COMMERCIAL BANKING

CORRESPONDENCE INVITED.

A COMPLETE BRITISH COLONIAL AND FOREIGN BANKING SERVICE.

LONDON OFFICES:—City: 3, BISHOPSGATE, E.C.2.
West End: DRUMMONDS—49, CHANCERY CROSS, S.W. 1.
WESTERN—1, BURLINGTON GARDENS, W.1. (formerly branch of Bank of England.)
and BOND STREET—64, NEW BOND STREET, W.1.

HEAD OFFICE

General Manager—SIR ALEXANDER KEMP WRIGHT, K.B.E., D.L., LL.D.
Affiliated Bank—Williams Deacon's Bank, Ltd. (Members of the London Bankers' Clearing House).

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT, 1695.

AUTHORISED CAPITAL	£4,500,000
PAID-UP CAPITAL	£1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD	£2,300,076
DEPOSITS and CREDIT BALANCES as at 28th February, 1931	£32,535,468

Governor: The Rt. Hon. LORD ELPHINSTONE, K.T. Deputy Governor: Sir RALPH ANSTRUTHER OF BALSASKIE, Bart.
GEORGE J. SCOTT, Treasurer.

Head Office: THE MOUND, EDINBURGH.

GLASGOW, Chief Office: 2, St. VINCENT PLACE. A. W. M. BEVERIDGE, Manager.
LONDON OFFICES: City Office—30, BISHOPSGATE, E.C.2. J. W. JOHNSTON, Manager.
Piccadilly Circus Branch—16/18, PICCADILLY, W. C. D. ALLISON, Manager.

244 Branches and Sub-Branches in Edinburgh, Glasgow, and throughout Scotland.
Every description of British and Foreign Banking Business transacted.

The Commercial Bank of Scotland Ltd.

ESTABLISHED 1810.

Subscribed Capital	£7,500,000
Paid up	£2,250,000
Reserve Fund	£2,850,000
Deposits (31st October, 1930)	£33,182,351

Head Office: 14 GEORGE STREET, EDINBURGH.
Asst. General Manager, JOHN M. ERSKINE. Secretary, MAGNUS IRVINE.
General Manager, ALEX. ROBB.
London, City Office: 62 LOMBARD STREET, E.C.3.
Joint Managers, ANDREW W. RUSSELL and JAMES W. ALSTON.

Kingsway Branch: IMPERIAL HOUSE, KINGSWAY, W.C.2.
Manager, JOHN ARCHIBALD.

Glasgow, Chief Office: 113-115 BUCHANAN STREET.
Asst. Manager, WILLIAM COCHRANE.
Manager, ANDREW SCOTT.
Princes Street, Edinburgh, Branch: 118 PRINCES STREET.
Agent, JAMES THOMSON.

The Bank has 841 Branches and Sub-Branches throughout Scotland, and Banking Correspondents in the principal Towns in the World.
Every description of British Banking and Foreign Exchange business transacted.
The Bank is prepared to undertake the duties of Executor or Trustee under wills and settlements, and to act as Trustee for Debenture Holders, and for Public Bodies and Institutions.

THE NATIONAL BANK OF SCOTLAND, LIMITED.

Established 1825.

Capital Subscribed, £5,000,000.	Uncalled, £3,900,000.
RESERVE FUND	£1,550,000
DEPOSITS, 1st November, 1930	£32,266,197

Head Office:—EDINBURGH.

LONDON OFFICES:

CITY OFFICE: 37, Nicholas Lane, E.C.4.
WEST END OFFICE: 18-20 Regent Street, Piccadilly Circus, S.W.1.

Branches in all the principal cities and places in Scotland.
The Bank undertakes the duties of Trustee or Executor under Wills, Trusts under Marriage and other Settlements, and Trustee for Debenture and other issues, etc.

BANK OF BRITISH WEST AFRICA LIMITED.

ESTABLISHED 1894.

Authorised Capital ...	£4,000,000
Subscribed Capital ...	£3,000,000
Paid-up Capital ...	£1,200,000
Reserve ...	£400,000

Bankers to the Governments of the Gambia,
Sierra Leone, Gold Coast and Nigeria.

Chairman:

THE EARL OF SELBORNE, K.G., G.C.M.G.

HEAD OFFICE:

37, GRACECHURCH STREET, LONDON, E.C.3.

GENERAL MANAGER:

D. W. PATERSON.

Liverpool, Manchester, Hamburg,
West Africa, Canary Islands, Morocco.

Agents in New York:
Standard Bank of South Africa, Ltd.

PRINCIPAL SHAREHOLDERS:

Lloyds Bank Limited; National Provincial Bank
Limited; Standard Bank of South Africa, Limited;
Westminster Bank Limited.

THE CENTRAL BANK OF INDIA, LTD.

ESTABLISHED 1911.

Head Office: BOMBAY.

Branches:

AHMEDABAD, AMINABAD, AMRITSAR, BARA
BAZAR (CALCUTTA), CALCUTTA, DELHI,
HAPUR, HYDERABAD (DECCAN), JAMNAGAR,
JHARIA, KARACHI, KASUR, LAHORE,
LAHORE CITY, LUCKNOW, LYALLPUR,
NEW MARKET (CALCUTTA), RANGOON,
SAMBHAR LAKE, SECUNDERABAD AND SURAT.

London Agents:

THE MIDLAND BANK LIMITED.

Paris Agents:

THE GUARANTY TRUST CO. OF NEW YORK

Berlin Agents:

THE DEUTSCHE BANK.

New York Agents:

THE GUARANTY TRUST CO. OF NEW YORK.

Subscribed Capital Rs. 3,36,00,000
Paid-up Capital - Rs. 1,68,00,000
Reserve and Contingency Fund
Rs. 86,20,000

S. N. POCHKHANAWALA, Managing Director.

HUNGARIAN LAND MORTGAGE INSTITUTE

Crédit Foncier de Hongrie.
Magyar Földhitelintézet.

BUDAPEST.

THE OLDEST FARM MORTGAGE BANK AND
MORTGAGE BOND ISSUING HOUSE IN HUNGARY.
ESTABLISHED 1863.

Every Description of Banking Business
transacted.

Telegraphic Address: HUMUS.

LONDON CORRESPONDENTS:

Swiss Bank Corporation, Hamburg Bank
Limited, Anglo-International Bank Limited,
M. Samuel & Co., Ltd.

NEW YORK CORRESPONDENTS:

Guaranty Trust Company of New York,
Irving Trust Company.

ISSUES from 1st January, 1928, to 30th JUNE, 1931.
£2,000,000 7½% Series "A" Sterling Land Mortgage Bonds (there-
from outstanding £1,850,000).
£700,000 7½% Series "B" Sterling Land Mortgage Bonds (there-
from outstanding £700,000).
Paying Agents: Hamburg Bank, Limited, London; and Anglo-
International Bank, Limited, London.
£8,000,000 7½% Series "A" Sinking Fund Land Mortgage Gold
Bonds (therefrom outstanding £3,850,000).
£8,000,000 7½% Series "B" Sinking Fund Land Mortgage Gold
Bonds (therefrom outstanding £2,850,000).
Paying Agents: Guaranty Trust Company of New York, New York.

ALEXANDERS DISCOUNT CO. LIMITED.

24 Lombard Street, E.C.3.

Capital Authorised - -	£1,800,000
Subscribed - - - -	1,800,000
Paid-up Preference Shares	200,000
Paid-up Ordinary Shares -	800,000
Reserve Fund - - - -	1,000,000

DIRECTORS.

COLIN FREDERICK CAMPBELL, Chairman.
GEORGE CLEVERLY ALEXANDER.
ERIC GORE BROWNE, D.S.O.
SIR AUSTIN EDWARD HARRIS, K.B.E.
FRANK NEWCOMB.

Manager—F. NEWCOMB.

Sub-Manager—B. F. CREWDSON, C.B.E.

Secretary—A. K. BRUCE.

Approved Mercantile Bills discounted. Loans
granted on negotiable securities. Money received
on deposit at call and short notices at current market
rates, as advertised from time to time in the daily
papers. For longer periods on specially agreed terms.

The Company deals in British Treasury
Bills of any maturity.

The Hongkong and Shanghai Banking Corporation

(Incorporated in the Colony of Hongkong. The liability of members
is limited to the extent and in a manner prescribed by Ordinance No. 6 of
1929 of the Colony.)

AUTHORISED CAPITAL	...	...	...	£50,000,000
ISSUED AND FULLY PAID UP	...	...	...	£20,000,000
RESERVE FUNDS (STERLING)	...	...	...	£6,500,000
SILVER	...	...	...	£10,000,000
RESERVE LIABILITY OF PROPRIETORS	...	...	...	£20,000,000

Head Office - HONGKONG.

BOARD OF DIRECTORS:

Hon. Mr. C. G. S. MACKIE, Chairman.
Hon. Mr. J. J. PATTERSON, Deputy-Chairman.
W. H. BELL, T. E. FRASER.
A. H. COMPTON, J. A. PLUMMER.
B. LANDER LEWIS, I. H. R. SHAW.
G. MISKIN, J. P. WARREN.
CHIEF MANAGER V. M. GRAYBURN.

BRANCHES:

Amoy, Bangkok, Batavia, Bombay, Calcutta, Canton, Cebu,
Colon, Dairen (Dairen), Foochow, Haiphong, Hankow,
Hankow, Harbin, Hongkong (Shanghai), Ipoh, Johore, Kobe,
Kowloon, Kuala Lumpur, London, Lyons, Malacca, Manila,
Moulmein, Muar, New York, Peking (Peking), Penang, Rangoon,
Saigon, San Francisco, Shanghai, Singapore, Sourabaya, Suva,
Tientsin, Yokohama.

COMMITTEE IN LONDON:

Mr. Charles Adde, K.C.M.G., Chairman.
The Rt. Hon.
D. G. M. Bernard, Lord Northbrook.
C. A. Campbell, Lord Northbrook.
Mr. George Manderson, Lord Northbrook.
G.E.B., K.C.B., K.C.M.G. A. M. Townsend.
C. F. Whigham.

MANAGERS IN LONDON:

Mr. Newton Stubb, M.D.C. Jones.
Sub-Managers, R. E. N. Piddell, Assistant, A. Menzies.

9, GRACECHURCH ST., LONDON, E.C.3

THE Commercial Banking Company of Sydney, LIMITED

(with which is amalgamated the BANK OF VICTORIA, LTD.)
ESTABLISHED 1854. INCORPORATED IN NEW SOUTH WALES WITH
LIMITED LIABILITY.

Authorised Capital	£12,000,000	0 0
Capital Paid up	£4,739,012	10 0
Reserve Fund	£4,300,000	0 0
Reserve Capital	£4,739,012	10 0
	£13,778,025	0 0

Total Assets
30th June, 1931 ... £24,351,877 0 0

Head Office: Sydney—345 George Street.
General Manager: J. R. Dryhurst.

438 Offices and Branches in New South Wales,
Queensland, Victoria, South Australia and Federal
Capital Territory. Agencies throughout Australia
and New Zealand, and all other parts of the world.
Drafts payable on demand and Letters of Credit
are issued by the London Branch on the Bank.
Office, Branches and Agencies of the Bank
in Australia are negotiated and collected.
Bills on Australia are cashed and mailed.

LONDON OFFICE:

18 BIRCHEN LANE, BOMBARD STREET, E.C.3
V. A. JONES, Manager.

THE P. & O. BANKING CORPORATION, LIMITED.

Head Office: 117-122, LEADENHALL ST., LONDON, E.C.3

AUTHORISED CAPITAL	£5,000,000
SUBSCRIBED CAPITAL	£2,594,160
PAID-UP CAPITAL	£2,594,160
RESERVE FUND	£180,000

Every description of Banking Business transacted.
Correspondents in all parts of the World.

BRANCHES:

14, Cockspur Street, London, S.W.1;
Bombay; Calcutta; Calicut;
Colombo; Hongkong; Madras;
Shanghai; Singapore.

AFFILIATED BANK:

THE ALLAHABAD BANK, LTD.

Head Office: CALCUTTA; with 36 Branches and
Sub-Agencies in India.

AUTHORISED CAPITAL	Rs. 40,00,000
SUBSCRIBED CAPITAL	Rs. 40,00,000
PAID-UP CAPITAL	Rs. 35,50,000
RESERVE FUND	Rs. 32,00,000

NETHERLANDS BANK OF SOUTH AFRICA

(Incorporated with limited liability under the laws of the Netherlands.)

Authorised Capital	£750,000
Subscribed and Paid-up Capital	£468,541 13s. 4d.
Reserve	£176,666 13s. 4d.

Head Office:

AMSTERDAM, HEERENGRACHT, 546.

London Office:

201, SALISBURY HOUSE, FINCHURCH
CIRCUS, E.C.2.

LONDON MANAGER: J. COST BUDDE.

Hamburg Office:

SCHAUENBURGERSTRASSE 32, HAMBURG.
Head Office in South Africa:
PRETORIA.

London Bankers: NATIONAL PROVINCIAL BANK, LTD.,
MIDLAND BANK LIMITED and Messrs. R. W. BLYDENSTEIN
& CO.

BRANCHES IN SOUTH AFRICA:

Bethlehem, Bloemfontein, Brita, Capetown, Dullstroom, Durban, East
London, Ermelo, Hartheim, Johannesburg, Pieterburg,
Port Elizabeth, Potchefstroom, Premier Mine, Pretoria, Waggaster.
The Bank is prepared to issue Drafts and Letters of Credit, and
to make Telegraphic Transfers upon its branches, as well as upon
its Agencies in the Cape Province, Natal, Orange Free State, and
Transvaal. Bills negotiated and collected, and every description of
Banking business transacted in connection with South Africa.
Current Accounts kept and Deposits received for fixed periods.

NATIONAL BANK OF INDIA. LIMITED.

Registered in London under the Companies Act of 1862 on the 23rd of March, 1864

Established in Calcutta on September, 1863.

Bankers to the Government of KENYA (E. Africa) and UGANDA.

Subscribed Capital - £4,000,000
Paid-up Capital - £2,000,000
Reserve Fund - £3,000,000

Head Office: 26 BISHOPSGATE, LONDON, E.C.2.

BRANCHES:

ADEN	CHITTAGONG	MADRAS	ELDORET	ENTEBBE
ADEN STEAMER	COCHIN (S. India)	MANDALAY	KISUMU	JINJA
POINT	COLOMBO	NUWARA ELIYA	MOMBASA	KAMPALA
AMRITSAR	DELHI	RANGOON	NAIROBI	DAR-ES-SALAAM
BOMBAY	KANDY	TUTICORIN	NAKURU	TANGA
CALCUTTA	KARACHI	ZANZIBAR		
CAWNPORE	LAHORE			

Kenya Colony, B.E.A. } Uganda. } Tanganyika Territory.

The Bank grants Drafts and Telegraphic Transfers on all places where it is represented; negotiates and collects Bills of Exchange; collects Pay, Pensions, and generally transacts every description of Eastern Banking business. The Bank receives Deposits for fixed periods, not exceeding one year, at rates to be obtained on application.

The Bank opens Current Accounts, and, provided they do not fall below £200, allows Two per cent. per annum interest on the minimum monthly balances.

Trusteeships and Executorships also undertaken.



ESTABLISHED at the most important commercial centres in South America and Portugal, the Bank of London & South America Ltd. is particularly well equipped to carry out modern banking business of every description.

Estd.
1862.

ARGENTINA — BRAZIL — COLOMBIA
CHILE — PARAGUAY — URUGUAY
PORTUGAL

BANK OF LONDON & SOUTH AMERICA LIMITED

Head Office: 6, 7 & 8, Tokenhouse Yard, London, E.C.2.

MANCHESTER:
36, Charlotte Street.

Affiliated to
Lloyds Bank Limited.

BRADFORD:
33, Hueston Road.

And at NEW YORK, PARIS and ANTWERP.